

Summary of Review Appraiser's Report

I, Lee D. Peterson, the undersigned, hereby certify that I have reviewed the appraisal report submitted to me. A personal on-site review of the property listed below was considered necessary. I further certify that all improvements, structures, appurtenances, the determinations made as to various classes to types of real and personal property found therein, as well as other elements of value thereon and thereunder, were appraised in accordance with recognized appraisal practices. Any exceptions will be noted below.

DESCRIPTION: Commercial Property Located at 1215 Marshall Street NE, Minneapolis
APPRAISERS: Thomas J. Day, MAI, SRA, of The Valuation Group. ESTIMATED MARKET VALUE IN REPORT: \$50,000

Based upon my review of the appraisal updated report dated April 27, 2011, with an effective date of April 27, 2011, it is my considered opinion that the fair market value is as follows:

<i>Project</i>	<i>Block/Parcel</i>	<i>Name of Owner</i>	<i>Fair Market Value</i>
		City of Minneapolis	\$50,000

Comments:

There are four reporting methods that appraisers can use to convey their opinions of value; verbal report, restricted report, restricted use letter report, summary report, and self contained report. The appraisal report under review is a summary report. This report contains summary discussions of the data, reasoning, and analysis that are used in the appraisal process whereas supporting documentation is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

This appraisal report used the sales comparison approach to estimate the value of the subject property, as the sales comparison approach is considered the most applicable and appropriate valuation approach for vacant land like the property that is the subject of this appraisal. I know of no other methods or techniques that would be more appropriate for evaluating this property than the one used in this appraisal.

The appraisers determined that the subject is a former office building that is on the National Historic Register of Historic Places. The appraiser indicated that the building has a good structure, but needs extensive repairs, and has a water infiltration problem. The City of Minneapolis (seller) will correct the water problem. The appraisal is based on estimated renovation costs of \$1,500,000.

The Highest and Best Use of the property is as an office building.

Review Appraisal
1215 Marshall Street NE
Page 2

Due to subjects unique status as an historic office building in need of renovation, the appraiser 1st valued the subject as renovated, and then deducted the renovation costs to produce an "as is" value.

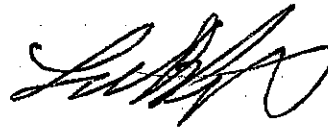
The appraiser identified six (6) comparable property sales, and I found the comparable data to be accurate

The appraiser then deducted the renovation costs to arrive at the "as is" value..

The analyses used in the appraisal are appropriate and reasonable for an evaluation of the subject property, and the opinions and conclusions also appear to be appropriate and reasonable.

The estimated market value is: \$50,000

The reviewer concurs with the value estimates.



Lee D. Peterson
CPED Appraiser
Comm. Planning & Economic Development
105 Fifth Avenue South, Suite 600
Minneapolis, Minnesota 55401-2538
(612) 673-5034

Date: April 28, 2011



2011 Market Value Summary Appraisal Report

**Grain Belt Office Building
1215 Marshall Street NE
Minneapolis, Minnesota**

**Owner is the City of Minneapolis
Department of Community Planning & Economic Development
Appraisal Assignment C-27582**



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Principals
Paul G. Bakken, MAI, MS, CCIM
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Thomas J. Day, MAI, SRA
David S. Reach, MAI

April 27, 2011

Lee D. Peterson, CPED Real Estate Appraiser
City of Minneapolis
Community Planning & Economic Development
Crown Roller Mill
105 5th Avenue South, Suite 200
Minneapolis, MN 55401

RE: Market value appraisal, summary report
Grain Belt Office Building
1215 Marshall Street NE
Minneapolis, Minnesota 55413
Owner is the City of Minneapolis, Department of Community Planning & Economic Development

Dear Mr. Peterson:

In accordance with your request, an inspection and a market value appraisal analysis on the referenced property have been completed. We have considered the relevant factors relating to the subject property and the current market forces. The attached report contains the summary of the analysis completed, commentary, and value conclusions. The appraisal as developed and reported is for your intended use for potential disposition purposes; there are no other intended uses or users. The Valuation Group, Inc. assumes no responsibility for any unintended uses or users of the appraisal. The prospective date of value is August 1, 2011, the fee simple interest has been appraised based upon its "as-is" status, and no personal property has been included in the valuation.

The subject property is the Grain Belt Office Building, placed on the National Register of Historic Places. It is located in a narrow interior site within the established average mixed-use Grain Belt district; it also benefits from an adjacent driveway easement. It has a good structure; the 2-story front portion was constructed in 1892, a 2-story rear addition was built in 1910 to match the original building, and a full basement. The rear portion of the basement has lookout windows, and the front portion has low headroom, used for mechanicals and storage.

The property has been vacant since 1998, is in poor condition and would need extensive renovations before it could be occupied. Its historic preservation designation requires many components to be salvaged and restored, rather than be replaced. Before it could be occupied, items requiring work include the roof, windows, tuckpointing, entry steps, installation of a new parking lot, retaining wall repairs, updated mechanicals, elevators, new restrooms, interior buildout and repairs (including restoration of the tile mosaic floor, woodwork, doors, office wainscot, stained-glass skylight, etc). The building has HVAC, electrical service, plumbing and a sprinkler system, yet it has been vacant for many years and significant repair and/or replacements of these components will be required. Asbestos, lead-based paint, tar and mold abatement is also needed. Included in this report is a discussion of past proposals and estimated renovation costs.

Much water infiltration has caused significant damage on first floor and in the basement in recent years. Numerous drainage issues to be corrected include groundwater seeping up through the basement and runoff draining into the building. The City is in the process of correcting many of the basement water infiltration

issues. This appraisal assumes the corrections have been completed; this is a condition of the appraisal. If funds become available, a future phase includes roof repairs and/or replacement--should this occur, the value of the subject would increase accordingly. See the body of the report for details on the subject features.

In the past, the City has sought developers via its "Requests for Proposals" (RFP) program for this property, or as an assemblage with the adjacent vacant multi-family residential site at 1219 Marshall St NE. As discussed in the attached report, there have been serious proposals, yet the agreements to purchase never closed due to the recent difficult market conditions and significant renovation costs. The significant work required and high costs to correct the water infiltration issues have been a hindrance to developers. The City hopes to generate more interest by having the basement water issues cured and intends to issue a new RFP, to be developed either by itself or jointly with the adjacent 1219 site.

This appraisal has been made in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), applicable local, state and federal regulations pertaining to appraisal practice and procedure, and the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. Attached is a summary report as defined by USPAP, with additional supporting data retained in our workfile.

We have completed a credible appraisal analysis consistent with the intended use of the appraisal, the requirements of the intended user, and within conformity of the Scope of Work Rule per USPAP. Please refer to the body of the attached report for descriptions of assignment conditions and the details of the scope of work employed in our development of the conclusions. The analysis includes development of all reliable valuation approaches. The appraisal is subject to the general limiting conditions, extraordinary assumptions and hypothetical conditions contained on pages 5 and 6 (please review these before any of the values or conclusions are relied upon). Water infiltration issues in the basement are assumed to be fully cured by the seller. Any funds left over will be applied towards roof repairs and/or replacement, thereby increasing the value of the property. The appraisal is based on estimated renovation costs of \$1,550,000; less or more extensive renovation scenarios proposed by a buyer would alter the subject's potential renovated value, with the result that its "as-is" value would be similar to our conclusion.

Neither our employment to make this appraisal nor the compensation received is contingent upon the conclusions or values reported herein. Based upon our investigation and analysis, it is our opinion that the subject will have a fee simple market value, subject to limitations and conditions as hereinafter stated, in the amount shown below:

FIFTY THOUSAND DOLLARS
(\$50,000)

It has been a pleasure to serve you in this manner. Feel free to contact me if you have any questions or concerns.

Respectfully submitted,

THE VALUATION GROUP, INC.



Thomas J. Day, MAI, SRA
Minnesota Certified General Real Property Appraiser #4000814

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IDENTIFICATION OF CLIENT, OTHER INTENDED USERS, AND INTENDED USE OF APPRAISAL

Client and Appraisal Engagement	
Minneapolis Community Planning and Economic Development (CPED)	
Crown Roller Mill	
105 5th Avenue South, Suite 200	
Minneapolis, MN 55401	
Engaged by: Lee D. Peterson, CPED Real Estate Appraiser	
Phone: 612-673-5034	

Previous Subject Appraisals	
X	Appraisers have not completed a prior appraisal within the past 3 years
	Appraisers have completed a prior appraisal for the same client within the past 3 years
	This is an updated appraisal assignment
	Appraisers have completed a prior appraisal during the past 3 years for a different client
	Current appraisal correlates well with the recent past appraisal
	Current appraisal notably differs from our recent past appraisal due to the following factors:

Other Intended Users	
None	

Intended Use of Appraisal	
The intended use of the appraisal is for disposition purposes. The City of Minneapolis intends to seek developers via its "Requests for Proposals" (RFP's) program for this property, or as an assemblage with the adjacent property at 1219 Marshall St NE. Use or reliance of the appraisal is only for the stated use	

Restriction on Use of Appraisal	
X	Differing intended users and appraisal problems/assignments involve different assignment conditions and scope of work. Hence, this appraisal as developed and reported is <u>only</u> for the intended user(s) and stated use. Neither the appraisers nor The Valuation Group, Inc. assume responsibility for any reliance by unintended users or uses of the appraisal
	This appraisal can not be used for a federally-regulated real estate transaction. FIRREA requires that the appraisal engagement not be from the borrower
X	Any unauthorized use or third party relying upon any portion of this report, does so at its own risk and liability

Appraiser	
All appraisers are with The Valuation Group, Inc. 3655 Plymouth Blvd, Suite 105 Plymouth, MN 55446 www.commercial-appraisal-group.com	
	
Thomas J. Day, MAI, SRA MN Certified General Real Property Appraiser #4000814 Phone 763-398-1130, email tday@valgroup.net	



SUBJECT IDENTIFICATION AND EXECUTIVE SUMMARY

Subject Property Name and Location

Grain Belt Office Building
 1215 Marshall Street NE
 Minneapolis, MN 55413

Subject Property Owner

City of Minneapolis
 Department of Community Planning & Economic Development
 Contact is Steve Maki (Staff Engineer)
 Phone 612-673-5033

Subject Occupancy

Vacant

Legal Description

Legal is Lot 1, Block 1, Minneapolis Brewing Company Addition to Minneapolis
 PID is 15-029-24-14-0110

The Valuation Group File Number

2011035

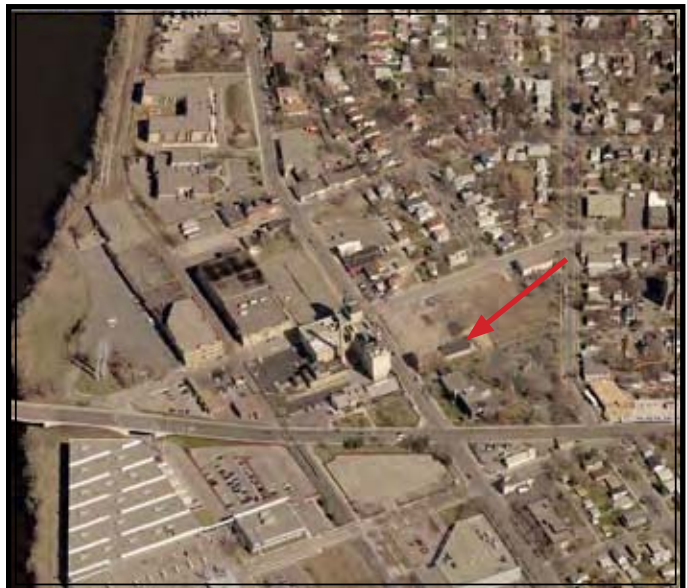
Client File Number

Appraisal Assignment C-27582

Subject Property Overview

Location	Average urban mixed-use location within the Grain Belt Brewery district, having close proximity to downtown, good access and average market appeal. Significant recent past redevelopment activity within district when market conditions were stronger
Site	Commercial site of 23,261 sf (.53 acre), generally level topo, zoned C1-Neighborhood Commercial District, narrow Marshall St NE exposure
Building Type and Features	Historic 2-story office building with a 1-story rear addition, plus full basement having some lookout windows and some low headroom portions
GBA	19,316 sf (11,094 sf above grade)
Year Built	1892 - original front 2-story portion, 1.5-story rear addition in 1910
L/B Ratio	1.20 L/B ratio based on total GBA 2.10 using above-grade GBA
Quality	Good structure having some appealing historical components. Fire sprinklered
Condition	Poor; subject has been vacant for many years and needs much work before it can be occupied. Issues include significant basement water infiltration (to be corrected by the City), roof concerns, hazardous materials, numerous repairs required on the exterior, mechanicals, elevators, restrooms and interior buildout. Some updating was done in 1991
History	Grain Belt Brewery office building, entered into the National Register of Historic Places in 1990. Used as City offices for several years in the 1990's, it has been vacant since 1998. There have been past offers to purchase for renovation, yet none of the projects have materialized due to water infiltration issues and high renovations costs
Current Use	Vacant historic office building
Highest and Best Use	To find a user of the facility, likely for office use, and renovate according to the user's requirements

District Aerial



SUBJECT IDENTIFICATION AND EXECUTIVE SUMMARY (CONTINUED)

County Parcel Map



Summary and Value Indications		
	Total	Per SF of Above-Grade Area (AGA)
Cost Approach	N/A	N/A
Sales Comparison Approach	\$50,000	\$4.51
Income Approach	(\$16,000)	(\$1.44)
Concluded Appraised "As-is" Value	\$50,000	\$4.51

CERTIFICATION OF APPRAISER

I certify that to the best of our knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- 8) I have made a personal inspection of the property that is the subject of this report.
- 9) Associate appraiser, Barbara L. Day (MN Certified General Real Property Appraiser License #AP-20318572) assisted in preliminary research, analysis and report writing. No one else provided significant real property appraisal assistance to the person signing this report.
- 10) The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 11) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

12) As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

13) I certify that I have adequate knowledge, experience, education and resources to competently complete this appraisal assignment.

14) I have not completed any services pertaining to the subject property within the prior three years, as an appraiser or in any other capacity.

Date: April 27, 2011

Signature: Thomas J. Day

Thomas J. Day, MAI, SRA

State Certification:
Minnesota Certified General Real Property Appraiser
#4000814

Expiration Date: 8/31/2012

ASSUMPTIONS AND LIMITING CONDITIONS

- 1) The appraisers assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do the appraisers render any opinion as to the title, which is assumed to be good and marketable.
- 2) The furnished legal description is assumed to be correct.
- 3) The property is appraised free and clear of all indebtedness, liens or encumbrances unless otherwise stated.
- 4) Responsible ownership and competent property management are assumed.
- 5) Any plat, site plan or sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraisers have made no survey of the property. It is assumed that the utilization of the subject land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted within the report.
- 6) The appraisers are not required to give further consultation, testimony, or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
- 7) Any allocation of the total value estimated in this report 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.
- 8) The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The appraisers assume no responsibility for such conditions, or for engineering which might be required to discover such factors. Stable soils are assumed unless otherwise stated.
- 9) Unless otherwise noted in this report, the subject is assumed to have no significant or value-impacting delineated wetlands. Since identifying these factors is beyond our area of expertise, we assume no responsibility for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 10) Depending upon the scope of work, the appraisers may have reviewed FEMA maps for determining the subject's Special Flood Hazard Area. Precise locations are difficult to make, and we can not guarantee such determinations. The client is urged to retain an expert in this field, if desired.
- 11) Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers. The appraisers have no knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The presence of substances such as petroleum products, asbestos, urea-formaldehyde foam insulation, radon gas, mold, or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 12) It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been identified, described and considered in the appraisal.
- 13) It is assumed 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 this report is based.
- 14) It is assumed that there is full compliance with all applicable local, state and federal environmental regulations unless a noncompliance has been stated, described, and considered in the appraisal report.
- 15) Information, estimates, and opinions furnished to the appraisers by others, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers can be assumed by the appraisers.
- 16) This appraisal does not affix or set the price of the property but offers only a supportable opinion as to the present worth of anticipated benefits subject to investment risk, measured mainly by the market data available at the valuation date. Therefore, we assume no liability for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.
- 17) Disclosure of the contents of the appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. No part of the contents of this report, or copy thereof (especially any conclusions as to value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which the appraisers is connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraisers.
- 18) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
- 19) Information in the appraisal report relating to the comparable market data is more fully documented in the confidential files in the office of the appraisers.
- 20) Possession of this report or a copy thereof does not carry with it the right of publication.
- 21) Differing intended users and appraisal problems/assignments involve different assignment conditions and scope of work. Hence, this appraisal as developed and reported is only for the intended user(s) and stated use. Neither the appraisers nor The Valuation Group, Inc. assume responsibility for any reliance by unintended users or uses of the appraisal. Any unauthorized use or third party relying upon any portion of this report, does so at its own risk and liability.



EXTRAORDINARY ASSUMPTIONS, SPECIAL LIMITING CONDITIONS, AND HYPOTHETICAL CONDITIONS

Definitions

Extraordinary assumptions or conditions affecting the appraisal are uncertain facts that are assumed to be accurate for purpose of the appraisal. Examples include a possible or probable rezoning which has not yet occurred, or possible contamination which is ignored in the value opinion.

Hypothetical conditions or assumptions are contrary to known facts or conditions. An example is ignoring known contamination for valuation purposes given a pending litigation in which damages are being sought due to the contamination.

Extraordinary and Special Assumptions and Limiting Conditions

X	A prospective value is used in our valuation. It is assumed that market conditions will be similar to those of today in that no major local, national or international events would impact the economy or real estate markets
X	Appraisal is subject to the completion of the proposed improvements: Water infiltration issues in the basement are assumed to be fully cured by the seller. Any future roof repairs and/or improvements made by the City will increase the value of the property to the degree to which the additional improvements are made. Good workmanship is assumed
	The appraisers assume that the user of this report has been provided with copies of available building plans and all leases and amendments, if any, that encumber the property
X	The building appears to encroach into the Marshall St ROW--continued legal use is assumed
X	Any levied special assessments, deferred taxes, delinquent taxes, unpaid utility bills or any other liens on the subject property are assumed to be paid in full
	The proposed lease(s) as summarized within this appraisal report is assumed to be fully executed without significant alteration or delay
	No legal description or survey was furnished. The property dimensions and size were determined from other sources. Should a survey prove this information incorrect, revised analysis may be required
X	The value opinion is linked to specific exposure/marketing periods. Please review these before relying upon the value conclusions
X	The land and/or building areas were obtained from submitted documents--they have been relied upon and are assumed to be accurate
X	In late 2010, the City installed a new storm sewer connection for the subject to 13th Ave NE, bisecting the adjacent property to the north near the ruins. An encumbering drainage/utility easement is assumed, yet it has not yet been defined
	The submitted financial documents have been relied upon, and are assumed to be accurate

Hypothetical Conditions

X	None
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TYPE AND DEFINITION OF APPRAISED VALUE

Type of Value

The type of value appraised is the market value of the subject property as of the date stated. Market value is purely an economic concept. It differs from intrinsic value, value in use (value based upon a specific use) investment value (value to a specific investor), going concern value (value of a proven property operation which can include personal property and business enterprise), insurable value, liquidation value, assessed value used for taxation purposes and based upon mass appraisal techniques, public interest value (e.g., conservation and preservation issues), and cost.

Value is created by utility, scarcity, desire and effective purchasing power.

From the 2010 - 2011 USPAP Edition, market value is "a type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal."

The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

- 1) The relationship, knowledge, and motivation of the parties (i.e., seller and buyer)
- 2) The terms of sale (e.g., cash, cash equivalent, or other terms)
- 3) The conditions of sale (e.g., exposure in a competitive market for a reasonable time period to sale)

Market Value Definition

The definition of "Market Value" as utilized in this report per federal agencies, such as the Office of the Comptroller of Currency, is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, 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 each acting in what they consider their own best interest;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

The above definition requires analysis on property value for any special or creative financing or sales concessions which can occur in transactions in depressed markets.

DATE OF APPRAISAL AND PROPERTY RIGHTS

Appraisal Dates

Date(s) of Value	8/1/2011
Date of Inspection	2/24/2011
Date of Report	4/27/2011
	With the date of value being subsequent to the inspection date, it is assumed that all physical and economic elements are the same
	The prospective value assumes that market conditions will be similar to those of today
X	The prospective value assumes that all proposed basement water infiltration correction measures will be completed; good workmanship is assumed
	The stabilized value assumes that the subject is occupied, and that all leasing costs and any TIs will have been paid for

Property Rights Appraised

X	Fee simple interest subject to normal easements for drainage, public streets and utilities, if any
X	Property is subject to the following known significant easements or encroachments: New (undefined) benefiting drainage/utility easement, plus benefiting 22' x 241.37' (5310 sf) driveway easement, both over the adjacent property to the north. The building appears to encroach into the Marshall St ROW. See Site Data and Analysis section of report for detailed descriptions)
	Leased fee interest
	Leasehold interest
X	No personal property or special trade fixtures included in value
	Value includes the following special trade fixtures:
	Value includes the following personal property needed for the operation of the project as a rental facility:
X	Any deferred taxes, delinquent taxes, special assessments, unpaid utility charges, payable association dues, or any other levies/liens on the subject are assumed to be paid
	Following special assessments <u>not</u> assumed to be paid:
	Impact of any existing mortgage is not included in appraisal
	Impact of any existing lease(s) is not included in appraisal



SIGNIFICANT ASSIGNMENT CONDITIONS

Summary of Appraisal Problem	
X	Elsewhere within this report are described the identification of client and intended users, the intended use of appraisal, the type and definition of value, the date of value, the identification of property characteristics and property rights, extraordinary assumptions and hypothetical assumptions
X	Overview: Subject is a vacant historic office building within the Grain Belt Brewery district, in need of complete renovation and build-out improvements before it could be occupied. It has a good structure. Adequate market data was available and analyzed in our development of a credible value opinion
X	No special appraisal problems were encountered, yet the degree and cost of renovation is difficult to quantify until specific bids are obtained
X	Appraiser(s) have the necessary State of MN appraisal certifications licenses, education, experience and resources to competently complete this appraisal assignment. Please refer to the Qualifications of Appraisers section of this report for additional background on the appraiser(s)

Significant Assignment Conditions	
X	Assignment includes an appraisal that has been completed in compliance with USPAP
X	Appraisal made in conformity to the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute
	Appraisal for use by a federally regulated financial institution; appraisal made in conformity to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA)
	Jurisdictional Exception Rule has been invoked in this appraisal:
	Appraisal prepared in conformity with established State of Minnesota eminent domain laws and regulations pertaining to appraisal practice and procedure
	Appraisal made in conformity to client's established appraisal standards:
	Assignment engagement stipulates a short completion date; adequate analysis has been completed to produce credible assignment results
	No interior subject inspection made; subject descriptive data obtained from a brief exterior inspection, available public data, and client-provided information
	For timing and/or fee limitations, appraisal assignment based upon development of only the most relevant valuation approach; other applicable approaches have not been developed
	For timing and/or fee limitations, appraisal assignment based upon development of two of the three traditional valuation approaches:
	Per scope of engagement, some valuation approaches are preliminary, or are based upon abbreviated analysis
	Subject trade fixtures or personal property have not been included
	Appraised value is based upon a continued highest and best use assumption
X	Appraisal is based upon the "as-is" status of the subject property
X	Appraisal includes proposed basement improvements: All basement water infiltration issues will be corrected by the seller
	Appraisal is based upon stabilized occupancy; no discount for current vacancy issues has been made
	While subject may contain excess land; the additional value attributed to it has not been fully considered/developed
	Subject environmental issues have not been considered
	Subject geotechnical issues have not been considered
X	Appraisal based upon the conditions stated within the prior Extraordinary Assumptions, Special Limiting Conditions, and Hypothetical Conditions section of this report
X	See Scope of Work Used to Develop Appraisal section of this report
X	There are no client assignment conditions that result in predetermined opinions or conclusions, that favor the cause of the client, result in favorable compensation, or precludes the appraiser's impartiality
X	No assignment conditions have been accepted that are based upon speculative/unsupported highest and best use conclusions, unaccepted appraisal theories, or upon unsubstantiated legal opinions

TYPE OF REPORT

Overview

The difference between the three following report options is the level of content, detail of information, and the presentation provided. The report option must be consistent with the intended use of the appraisal. Additional supporting documentation is retained in our workfile

Type of Report

<input type="checkbox"/>	Self-Contained
<input checked="" type="checkbox"/>	Summary
<input type="checkbox"/>	Restricted-Use

Definitions

Self-Contained Report	State, <u>describe and explain</u> in sufficient detail the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(a)
Summary Report	State and <u>summarize</u> in sufficient detail the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(b). Sufficient information should be provided for the intended user to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches
Restricted-Use Report	<u>State</u> the appraisal procedures, analysis and conclusions in compliance with USPAP SR 2-2(c). This report option can be used only when the client is the sole intended user

SCOPE OF WORK USED TO DEVELOP APPRAISAL

Scope of Work Definition and Overview

Scope of work is defined by USPAP as “the type and extent of research and analyses in an assignment.” Scope of work (SOW) includes:

1. The extent to which the property is identified
2. The extent to which tangible property is inspected
3. The type and extent of data researched
4. The type and extent of analysis applied to arrive at opinions or conclusion

The appraisal problem has been adequately disclosed within other sections of this report. On the following pages and within the various sections of this report, the SOW performed is shown.

Scope of Work Elements

Inspection	The appraiser has personally inspected the property. Owner representative, Steve Maki, Staff Engineer, accompanied the appraiser during the inspection
Site size	Dimensions, shape and size obtained from a 2009 preliminary plat map, and county records. These are assumed to be accurate
Building plans	Partial copies available to the appraiser
Building size	Measurements obtained from client-submitted documents. These are assumed to be accurate
Legal description	Obtained from public tax records
Documents available	Past RFP's & development proposals, copies of floor plans (no measurements), site & parking plan, other site & existing conditions plans, past appraisal reports by Nicollet Partners, past summary of renovation proposals, drainage correction documents & plans, past City directives pertaining to the subject, and other district planning documents from the City

Public Sources Reviewed

<input checked="" type="checkbox"/>	Current and preliminary plat maps
<input checked="" type="checkbox"/>	Site plans
<input checked="" type="checkbox"/>	District topographic map
<input checked="" type="checkbox"/>	Aerial photos
<input checked="" type="checkbox"/>	Tax records
<input checked="" type="checkbox"/>	FEMA flood hazard map
<input type="checkbox"/>	Past sale CREV
<input checked="" type="checkbox"/>	Published zoning map
<input checked="" type="checkbox"/>	Published Guide Plan map
<input checked="" type="checkbox"/>	Excerpts from published zoning code
<input checked="" type="checkbox"/>	Traffic count maps
<input checked="" type="checkbox"/>	Area demographic data

Scope of Work Analysis

Highest and Best Use	Developed
Land value analysis	Not developed
Cost Approach	Not developed due to its limited reliability for a property of the subject type
Sales Comparison Approach	Developed
Income Approach	Developed
Comparable verification and inspection	Comps not confirmed by our office were obtained from reliable sources. All have been inspected (exterior)



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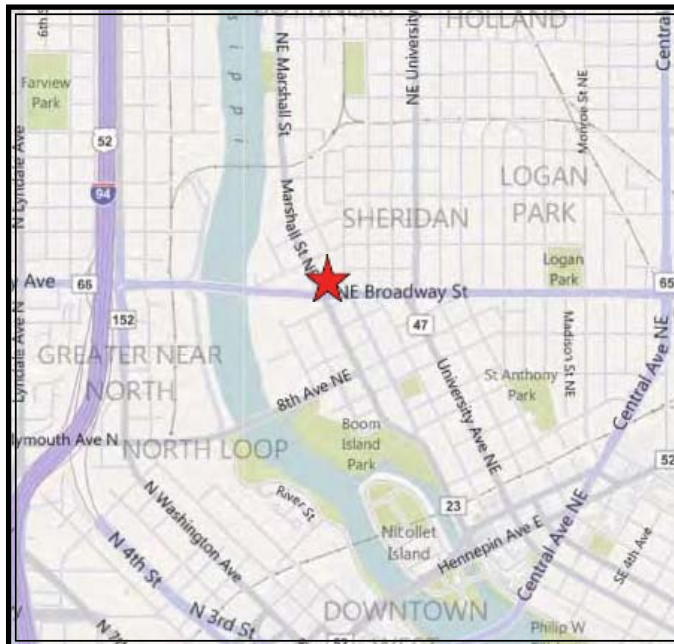
LOCATION ANALYSIS

Location Description			
County/community		Hennepin/Minneapolis	
X	Urban, Sheridan neighborhood		
	Suburban		
	Rural		
Proximity to downtown		1 mile north of downtown Minneapolis	
Population		382,605 for city, 2008 estimate	
Employment		Good, within city and suburbs	
Percent built-up		Near 100%, typical of urban districts	
Growth:		Nearby Uses:	
	Rapid	15%	SFR
	Significant	25%	Multi-family residential
	Moderate	30%	Commercial/retail
	Slow	30%	Industrial
	Near fully developed	0%	Vacant or other
X	Fully developed	100%	Total
New development or changing land uses		Fully developed neighborhood; some district commercial & mixed-use redevelopment likely once the economy recovers	
Age of development		Most development occurred around 1900. A number of older industrial buildings have been converted to studio space in recent years	
Appeal/appearance		Average	
Density of development		Typical for urban location	
Property compatibility		Average for urban mixed-use district	
Maintenance/condition		Some older buildings with deferred maintenance, yet conditions vary. Some renovation has occurred	
Transportation & access		Freeway access within 1/2 mile, good transportation routes and access. Average public transit service	
Adequacy of utilities		Average	
Police & fire protection		Good	
Schools		Average for urban setting	
Recreational facilities		Good	
Protection from adverse conditions/externalities		Nearby industrial, including heavy industrial across the river, yet this is acceptable within an urban mixed-use district	
Appeal to market		Average district appearance, yet distressed market conditions	
Balance of supply/demand		Current market conditions are distressed for all property types due to the overall economy. The subject district, however, is not more adversely impacted than other neighborhoods or communities. Demand is weak, rents are soft, concessions are prevalent, and vacancy is increased	
Rental demand & trend			
Vacancy trend			
Values: Average urban values, significantly declined since 2007 due to distressed economic conditions. Demand is weak, property fundamentals have deteriorated, securing financing is difficult, foreclosures are high, qualified interested buyers are limited, and continuing difficult market conditions are anticipated. In comparison to competing districts, subject location is rated average			
Future outlook: Continued distressed market conditions anticipated for the next several years			

Regional Map



Location Map



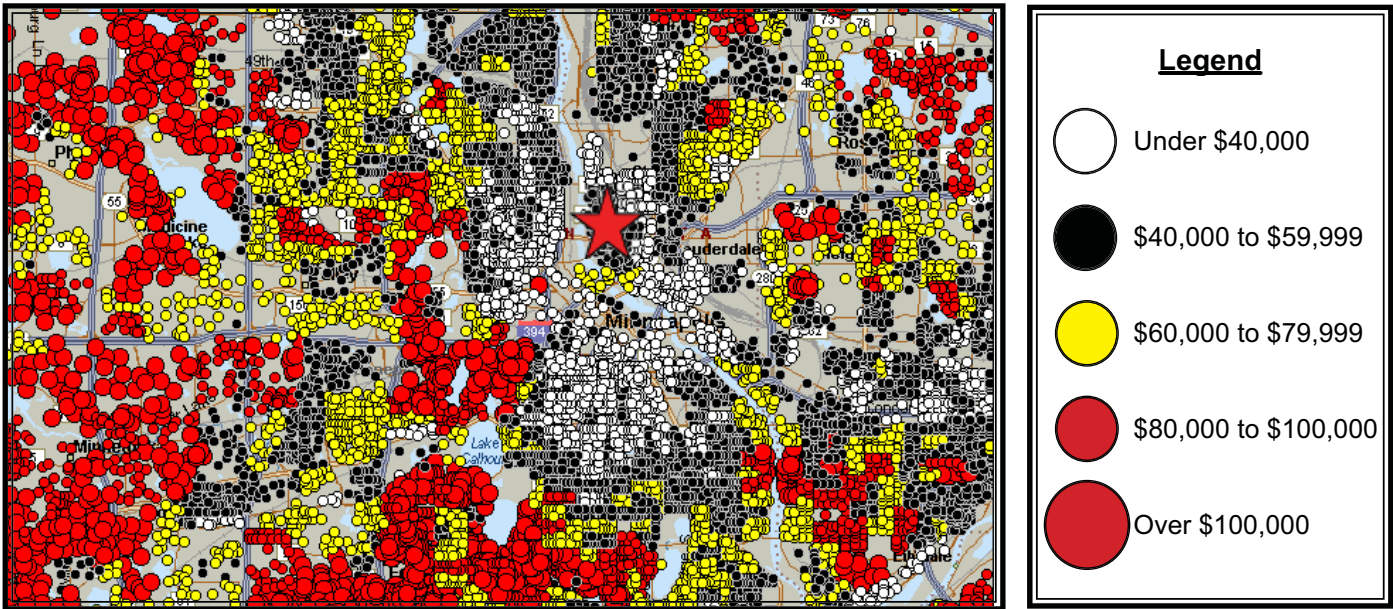
Conclusion and Comments

Overall, the subject has an average urban mixed-use location with close proximity to downtown, average demographics, market appeal and values. Major nearby uses include other renovated buildings within the former Grain Belt Brewing complex, offices, small retail, some large industrial facilities, dwellings and apartment buildings. The Mississippi River is 3 blocks to the west. Farther removed from the river are more consistent residential uses.

The subject is within an arts district node having a number of older industrial buildings renovated for multi-tenant studio use. Some mixed-use redevelopment and a stable-to-improving long-term future outlook, yet not until the economy and market conditions recover. Renovations or redevelopment will be required to meet numerous state & local standards. Real estate markets trail the economy with notable improvement a number of years away. There are no other significant adverse factors apparent impacting the subject.

LOCATION ANALYSIS (CONTINUED)

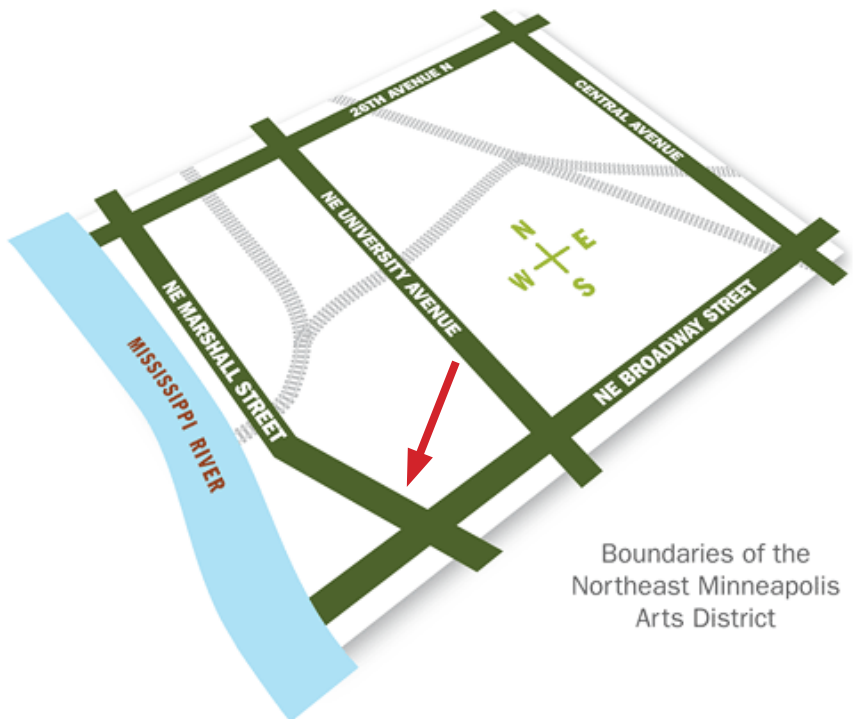
2008 Household Density and Median Household Income Map



The Northeast Minneapolis Arts District

The subject is within an arts district node, designated by the City of Minneapolis in 2003 as the Northeast Minneapolis Arts district. Per the district's web site, it "contains a diverse mix of businesses, restaurants, parks, art galleries and studios as well as industrial and residential property. Warehouses and rail yards are interspersed with homes, churches and family-run businesses. Artists populate many of the historic and formerly-industrial buildings, which have been re-purposed and renovated into studios, galleries and performance spaces. Independent galleries have sprung up throughout Northeast, with a concentration along the district's 13th Avenue." Over 400 artists live and work in the area.

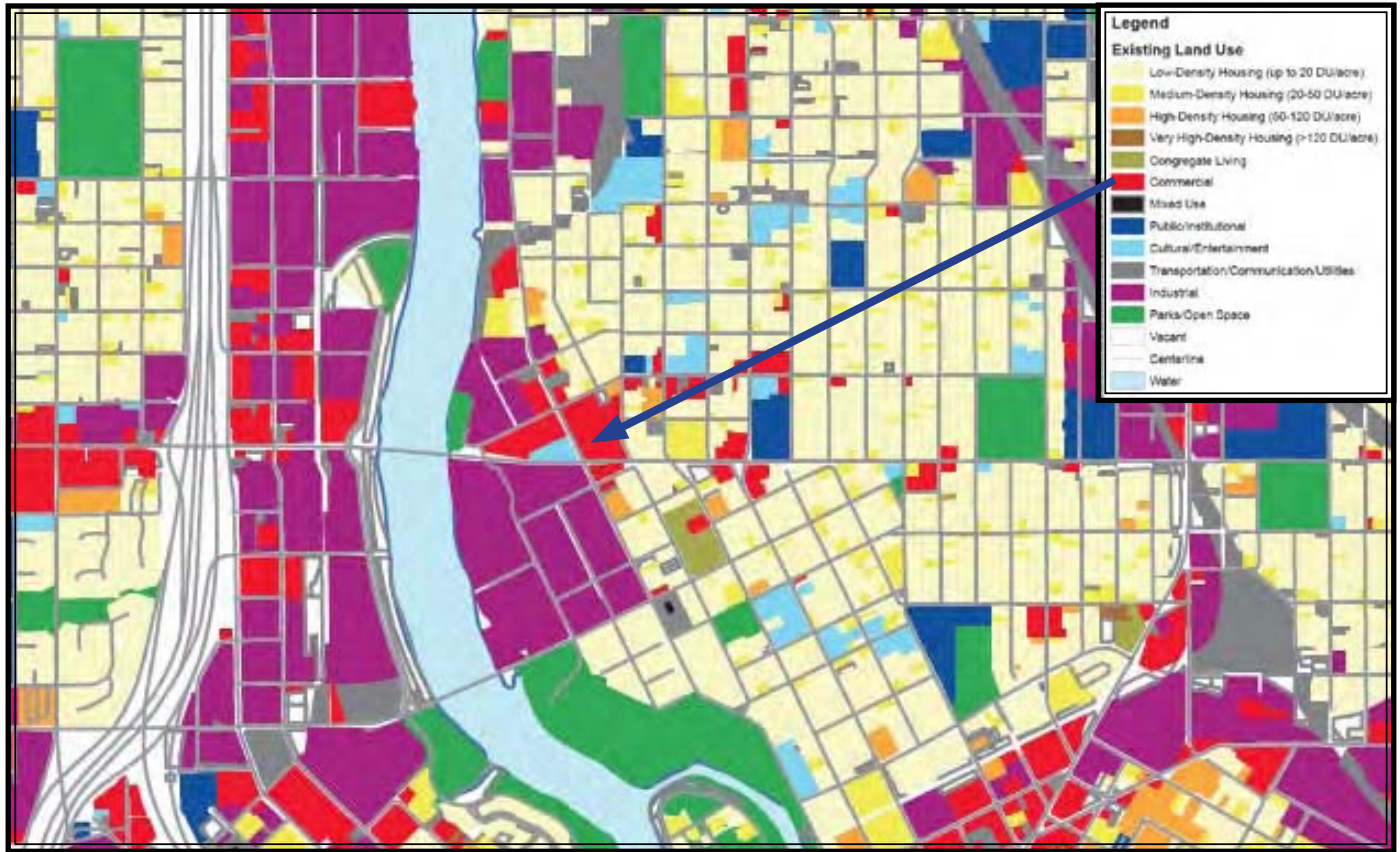
Redevelopment and renovations of historic buildings will likely resume after economic conditions improve, yet recovery is not expected to occur for at least several years. Ongoing maintenance and updating of older properties needed for district to maintain future attraction



Boundaries of the Northeast Minneapolis Arts District

LOCATION ANALYSIS (CONTINUED)

2009 Existing Land Use Map



2009 Future Land Use Map

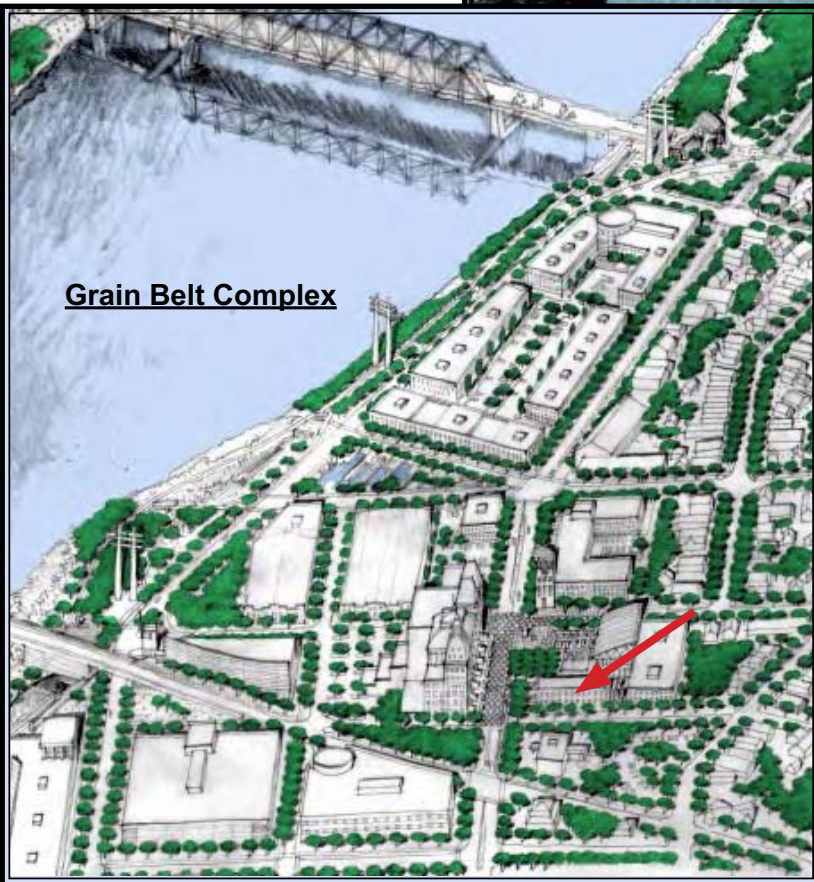
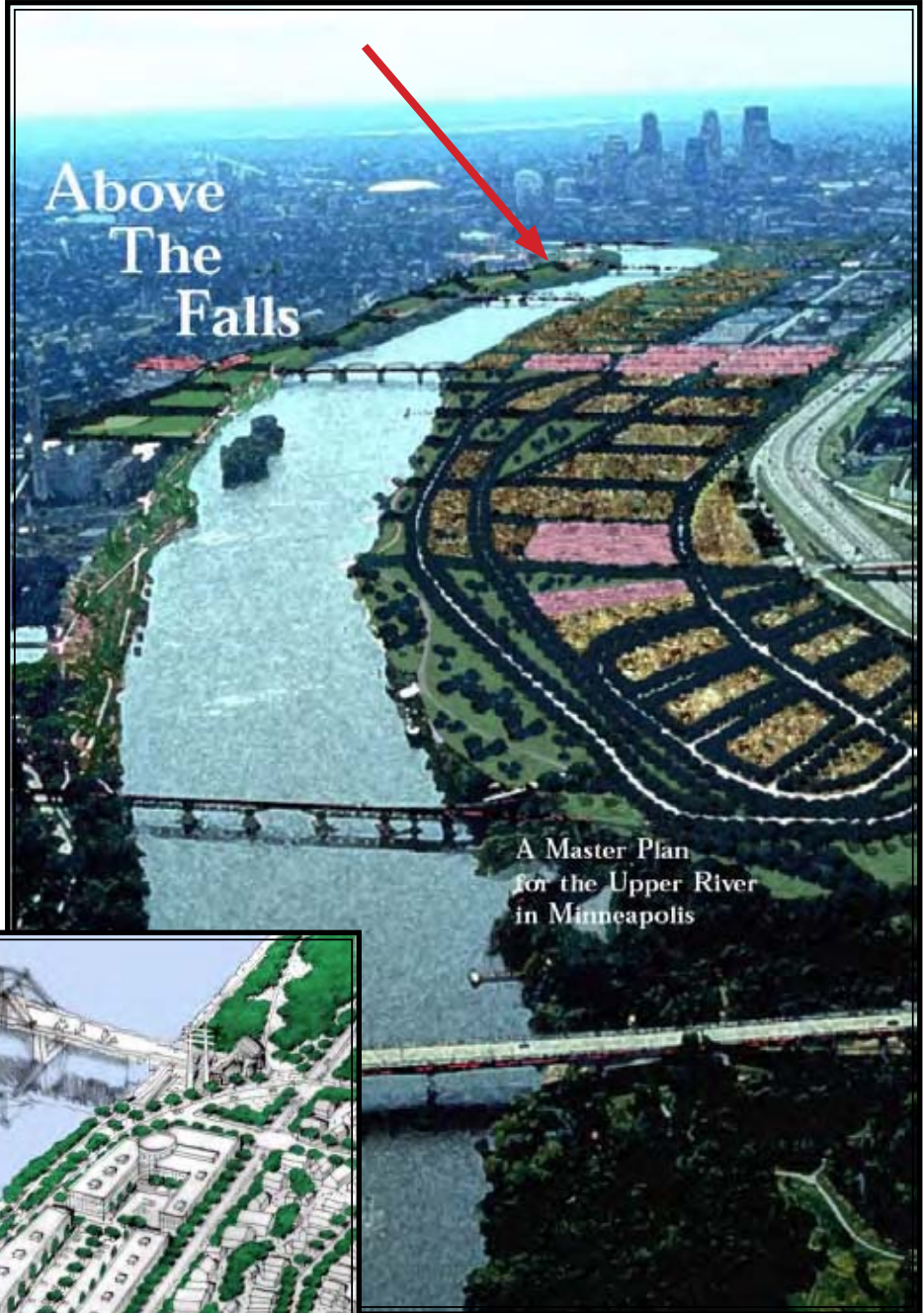


LOCATION ANALYSIS (CONTINUED)

Above the Falls Master Plan

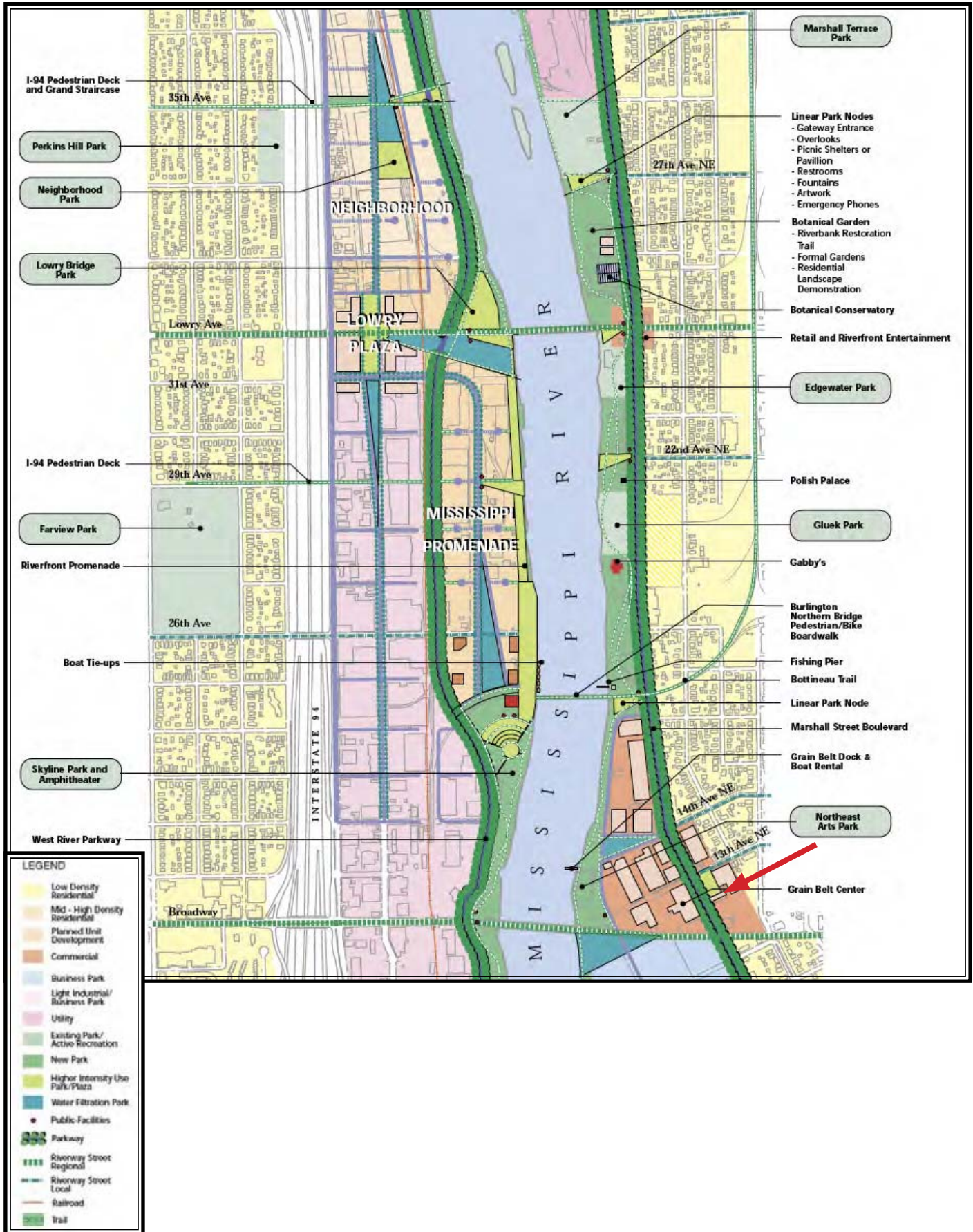
The subject is near the Mississippi River. City Council has approved an "Above The Falls" master plan for the river corridor above St. Anthony Falls. The vision is for phasing out heavy industrial uses, creating open space & trails along both banks, and providing public access to the river. The plan proposes a mixed-use development focusing on meeting, hospitality and entertainment facilities.

New PUD and mixed-use developments are planned for the west bank, and establish parkland along the east bank north of the Grain Belt Center



LOCATION ANALYSIS (CONTINUED)

Above The Falls Upper River Master Plan



LOCATION ANALYSIS (CONTINUED)

Aerial Photos of District



LOCATION ANALYSIS (CONTINUED)

Grain Belt Brewery Complex

The subject was originally an office building within the 14-acre former Grain Belt Brewery complex. The complex was placed on the National Register of Historic Places in 1990. It was originally established in 1890 by the Minneapolis Brewing and Malting Company, and consisted of seven structures including the brew house, offices and warehouses (a former bottling house has been razed). The facility was vacated in 1975 when brewing operations were relocated out of state. Most of the buildings have since been renovated into office space.

The City's vision is for "a varied yet cohesive mix of land uses complementing and enhancing the historic character of the brewery complex." Possible uses include neighborhood commercial services; residential, including residential above street-level commercial; arts-related; and some light industrial. In addition to the renovation of the historic buildings, objectives include improving public access to the Mississippi River, encouraging "appropriate residential development that maximizes the value of the riverfront amenity and the historic setting" and promoting nearby revitalization. Alterations or renovations to buildings within the complex must conform to City stipulations and state historic preservation standards.



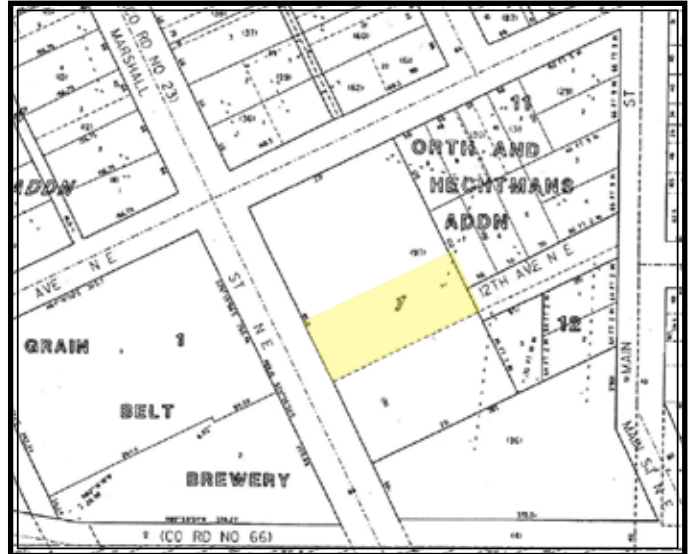
Photos of District Properties



SITE DATA AND ANALYSIS

Number of subject tax parcels		1	
Shape		Rectangular	
Gross size		23,261 sf (.53 acre)	
Usable size		Fully usable	
Corner site	X	Interior site	
Landlocked		Railroad access	
Significant wetlands on site		Excess or surplus land	
Public infrastructure/improvements:			
X	Public street frontage		Private street frontage
	No street frontage		Access via private easement
X	Paved street surface		Gravel street
X	Concrete curb & gutter		No curb & gutter
X	Average street lighting		Decorative street lighting
X	Public sidewalk		Public bike trail
X	Available street parking		No street parking allowed
X	No streetscape improvements		Good streetscape improvements
X	No alley		Alley access
X	Public sanitary sewer		Private septic system
X	Public water		Private well
X	Public storm sewer system		Roadside ditches/culverts
	Underground elect. service	X	Overhead electrical
X	Natural gas service		Private LP tank
Condition and comments on public improvements		Average public improvements, avg condition having remaining life	
Terrain/topography		Level, slightly above street grade	
Drainage		Average, no on-site ponding, district served by public storm sewer system	
FEMA special flood hazard area		Low risk zone X, map #27053C0357E, dated 9/2/2004	
Traffic visibility/exposure		Heavy; 2007-08 traffic counts on Marshall St, & nearby Broadway St of 12,700 & 22,900 vehicles per day, respectively	
Access, center medians, traffic patterns and curb cuts		Good access to & from Marshall St via 1 curb cut; no center median	
Views		Avg, good view of Brew House	
Adjacent uses		Average commercial uses	
Easements or encroachments: New benefiting drainage/utility easement over the adjacent property to the north, yet it has not yet been defined. Benefitting access drive easement. The building appears to encroach into the Marshall St ROW			
Soil condition issues		None apparent or assumed	
Environmental issues		None apparent or assumed. 9/1991 site closure on leaking underground storage tank	
Private deed restrictions		None known or assumed, yet re-development or renovations will be required to meet numerous state & local standards	
Comments and overall functional utility & appeal: Average commercial site having typical urban features and utility. No unusual conditions or factors apparent or assumed			

Plat Map



County Plat Map



County Parcel Map



SITE DATA AND ANALYSIS (CONTINUED)

Zoning

Subject is zoned C1, Neighborhood Commercial District

Current Predominant Zoning: C1, Neighborhood Commercial District. Allowed is a wide range of commercial uses including retail sales & services, professional and medical/dental office, restaurant, club or lodge, limited light industrial, place of assembly, some multi-family and mixed-use residential uses. There are no lot size requirements, max. building height 2.5 stories or 35', max. floor area ratio of 1.7.

Parking Requirements: For office - min. 1 space per 500 sf of GFA in excess of 4000 sf, and max of 1 space per 200 sf of GFA. Reception hall requires 30% of capacity.

Historic Preservation District: Major changes to buildings within the complex must go through an approval process to conform to City stipulations and state historic preservation standards.

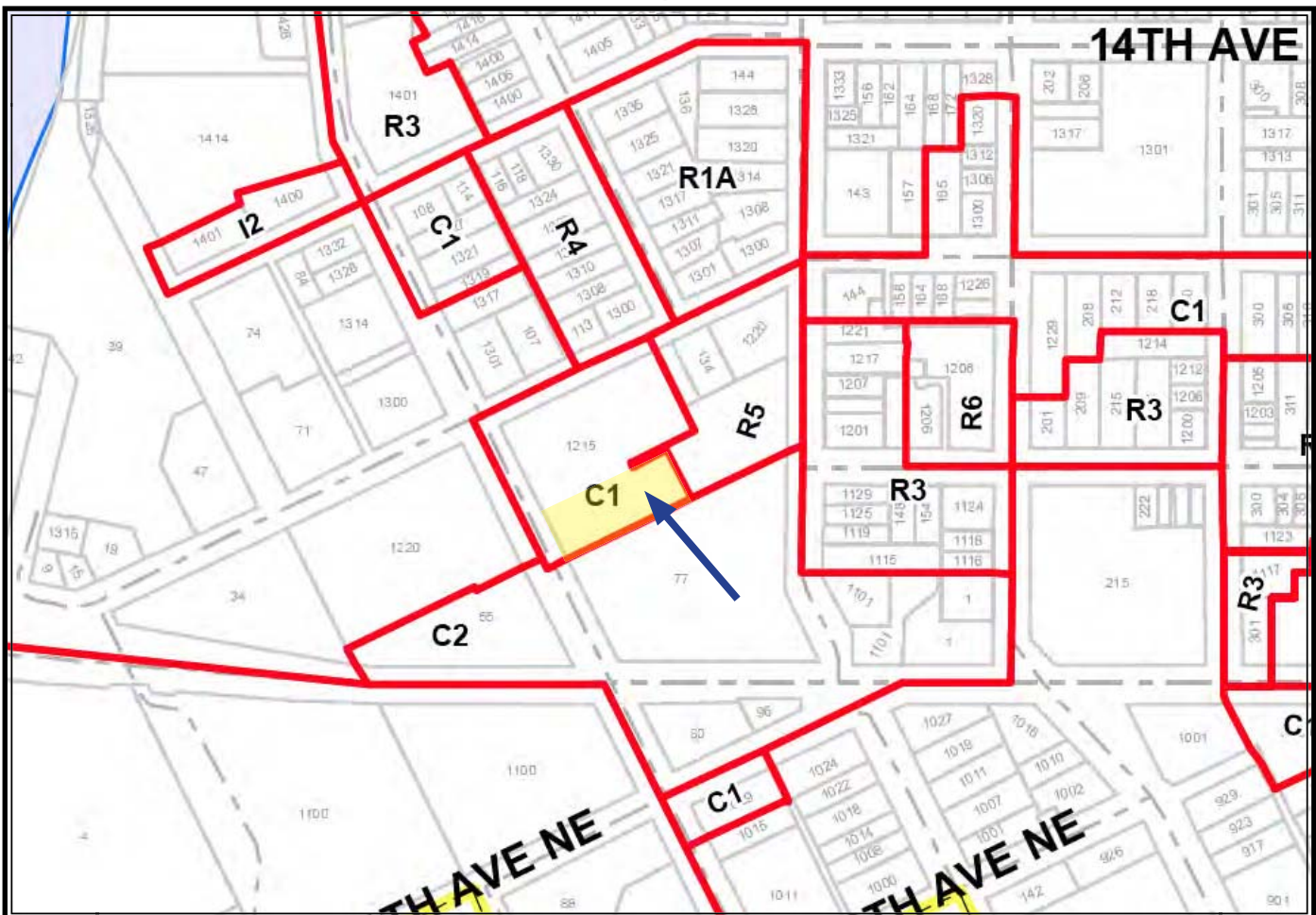
Grain Belt Brewery Area Development Objectives: The amended plan dated 8/11/2000 includes the requirement for a public plaza and suggests limiting building heights "within certain distances from the river, the primary design standard for the brewery area is that building heights and massing should be compatible with the existing historic buildings, and should preserve the vistas of the historic buildings."

Design objectives include: "In the area east of Marshall Street, new construction should be of the character, material and placement compatible with the existing Grain Belt office building. Such new construction should be limited in height so as not to obscure the easterly view of the brewhouse...It is generally expected that a high level of design quality and amenities will be incorporated into any new development in the brewery area."

Allowable Density: Mixed-Use and Multiple Family Zoning Districts

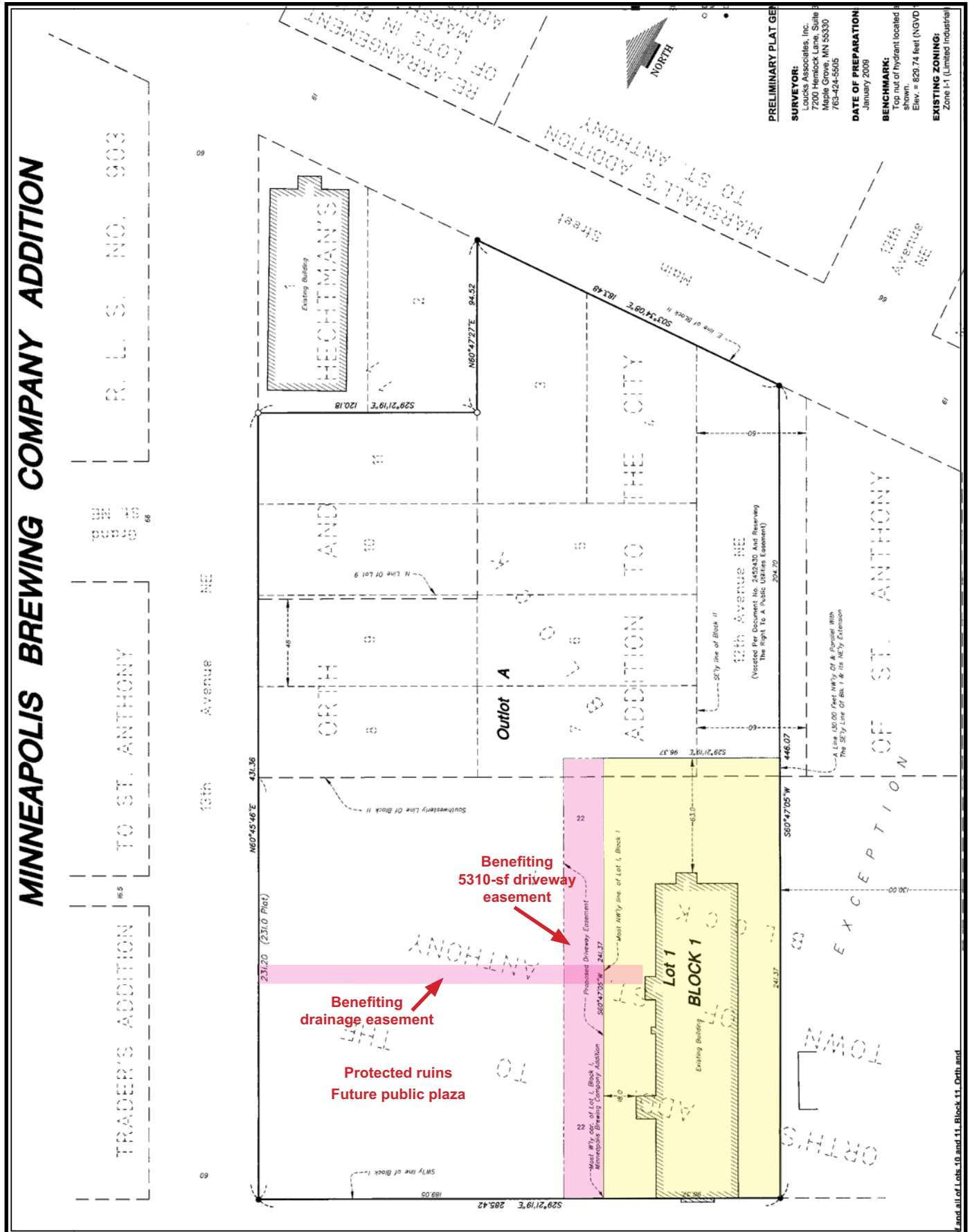
Zoning District	Name	required lot area per dwelling unit (sq. ft.)	base height limitation	base units per acre	base Floor Area Ratio maximum
Multiple Family Districts					
R3	Multiple Family District (Medium Density)	1,500	2.5	17	1.0
R4	Multiple Family District (Medium Density)	1,250	4	35	1.5
R5	Multiple Family District (High Density)	700	4	62	2.0
R6	Multiple Family District (High Density)	400	6	109	3.0
Office/Residence Districts					
OR1	Neighborhood Office Residence District	1,500	2.5	29	1.5
OR2	High Density Office Residence District	700	4	62	2.5
OR3	Institutional Office Residence District	300	6	145	3.5
Commercial Mixed-Use Districts					
C1	Neighborhood Commercial District	700	2.5/3	62	1.7
C2	Neighborhood Corridor Commercial District	700	4	62	1.7
C3A	Community Activity Center District	400	4	109	2.7
C3S	Community Shopping Center District	400	4	109	2.7
C4	General Commercial District	900	4	48	1.7

Zoning Map

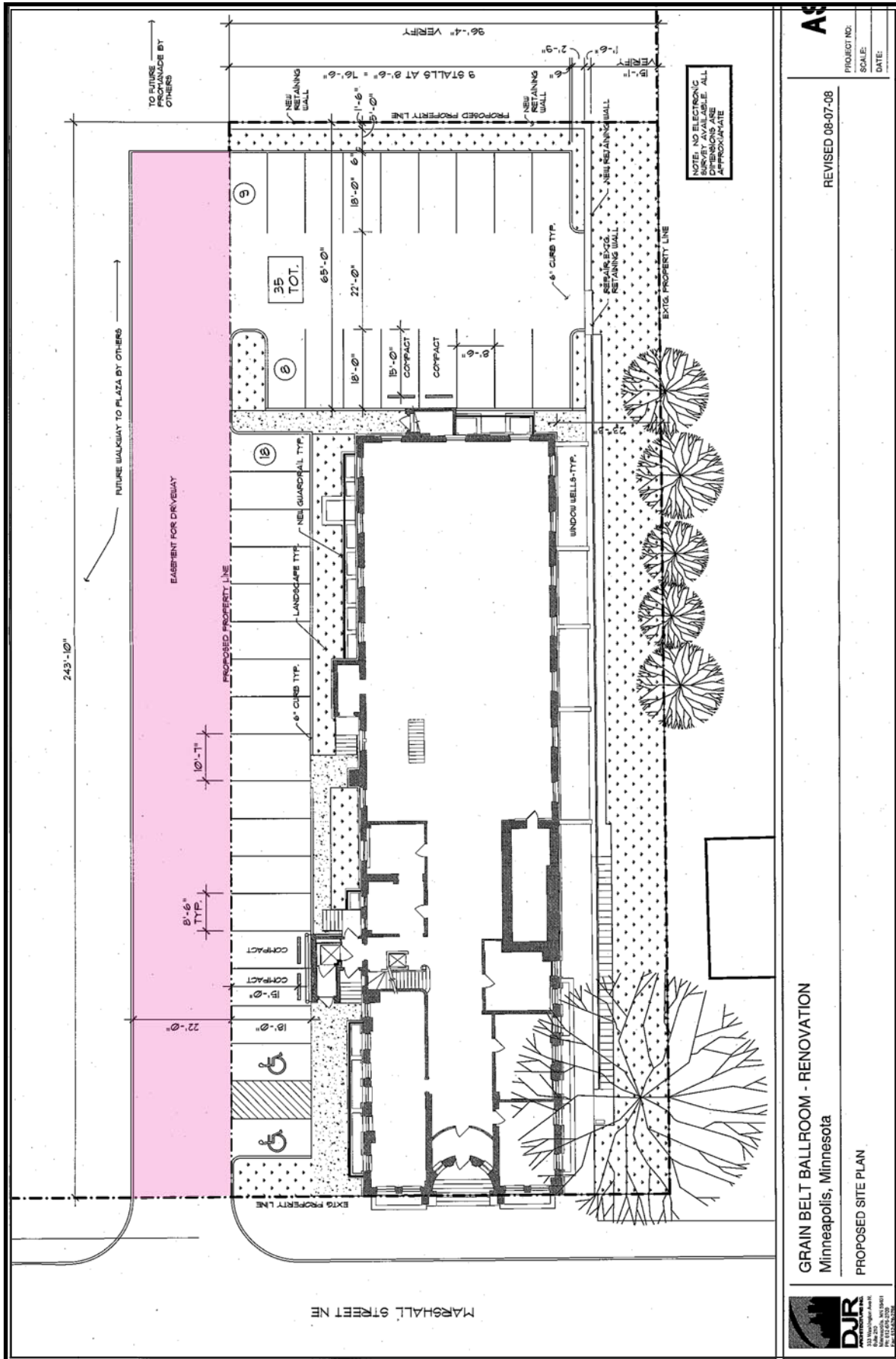


SITE DATA AND ANALYSIS (CONTINUED)

2009 Preliminary Plat (with approximate locations of easements)



2008 Proposed Site/Parking Plan



AS

PROJECT NO. _____
 SCALE: _____
 DATE: _____

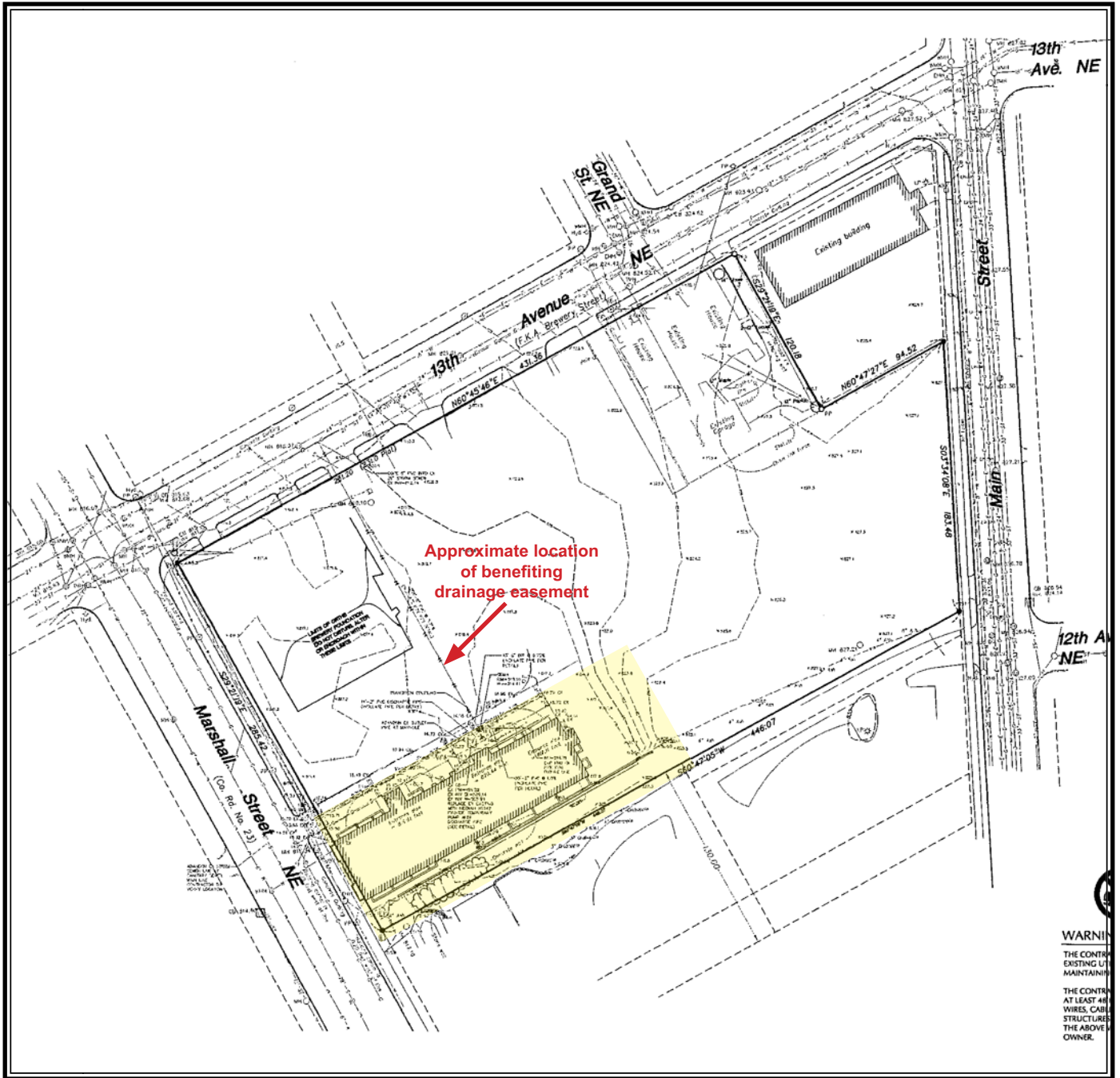
REVISED 08-07-08

GRAIN BELT BALLROOM - RENOVATION
 Minneapolis, Minnesota
 PROPOSED SITE PLAN

DJR
 224 West Superior Ave. #10
 Minneapolis, MN 55401
 Phone: 612-338-7222

SITE DATA AND ANALYSIS (CONTINUED)

2011 Drainage & Storm Sewer Improvements



Aerial Photos



Facing north



Facing south

Photos of Adjacent Properties



Street Scenes



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DESCRIPTION AND ANALYSIS OF IMPROVEMENTS

Descriptive Data	
Item	Description
Property Type	Historic office building
No. of Buildings/No. Stories	1 building having a 2-story front portion & 1-story rear addition
Elevator or Walkup	(2) passenger elevators; (1) very small between 1st & 2nd floors and (1) between 1st floor & basement. Staircases--(1) between 1st & 2nd floors, plus (2) interior & (2) exterior to basement
Building Height	Clear heights of 12.75' on 1st floor front portion, 17' perimeter/20' to peak in vaulted 1st floor rear portion, 11.5' on 2nd. Basement--9.3' in the rear & just under 7' in the front portion
Mezzanine	N/A
Foundation	Limestone with brick & block portions
Construction Type	Masonry; front 2-story portion has approx 3" x 14" timber construction with masonry center-bearing walls. Masonry center-bearing wall in basement with poured concrete deck in rear addition
Fire Protection/Security	Fully fire sprinklered
Basement	Full; low-clearance front portion used for mechanicals & storage. Rear portion with lookout windows contains (3) large rooms including a former pub with kitchen area. Total of 3 restrooms (modest components), records vault & storage closets
Year Built/Renovated	1892; 1+-story rear addition in 1910. Some renovations in the 1990's
Occupancy	Vacant for over 12 years; layout/design for single-user facility
Floor	Floorboards in front 2-story portion, poured concrete in addition & basement
Roof	Dated, much patching, past peaks, needs complete replacement. Generally level on 2-story portion has pitch/gravel cover, 1-story rear portion has asphalt shingle-covered gable roof (barrel-vaulted with stained glass skylights that have been covered)
Insulation	Assumed minimal, given its vintage
Exterior	Brick - needs tuckpointing; old wood double-hung windows in need of repair, aluminum combination storms, entry steps in poor condition, front wood glazed entry door & polished granite columns and side & rear metal entry doors. Many basement lookout windows have been sealed, yet could be opened & restored
HVAC	(2) boilers, reportedly installed in 1991, central AC has been stripped & needs repair/replacement

Other Mechanicals	Updated electrical service reported. Older electrical and plumbing lines, 100% fire sprinklered. The building has been vacant for many years; the copper has been stripped from the AC condenser, and mechanical systems are in need of significant repair or replacement
Loading Facilities	None
Layout/Demising	Generally perimeter offices with one large, open room in 1st floor rear. Each floor has a vault
Buildout Finishing	Generally carpet & terrazzo tiling, painted/wallpapered drywall & plaster, textured & suspended ceilings, original hardwood cove molding, wide trim & wainscots, original paneled solid hardwood doors & some replacement flush hollow-core hardwood doors, original brass ceiling-mounted lighting fixtures, and 3 records vaults (1 per level). 1st floor rear has a rear barrel-vaulted ceiling with stained-glass skylight covered by roof
Kitchen Facilities	Minimal/dated, in basement
Restroom Facilities	Ceramic tiled, (1) unisex on 1st floor, (1) set on 2nd floor & (3) in basement
Accessory Structures	None
Parking	Designed space for 35 vehicles, yet to be installed
Signage	None
Site Improvements	Pavement & retaining walls in poor condition; no landscaping or fencing
Special Trade Fixtures & Equipment	None included in appraisal

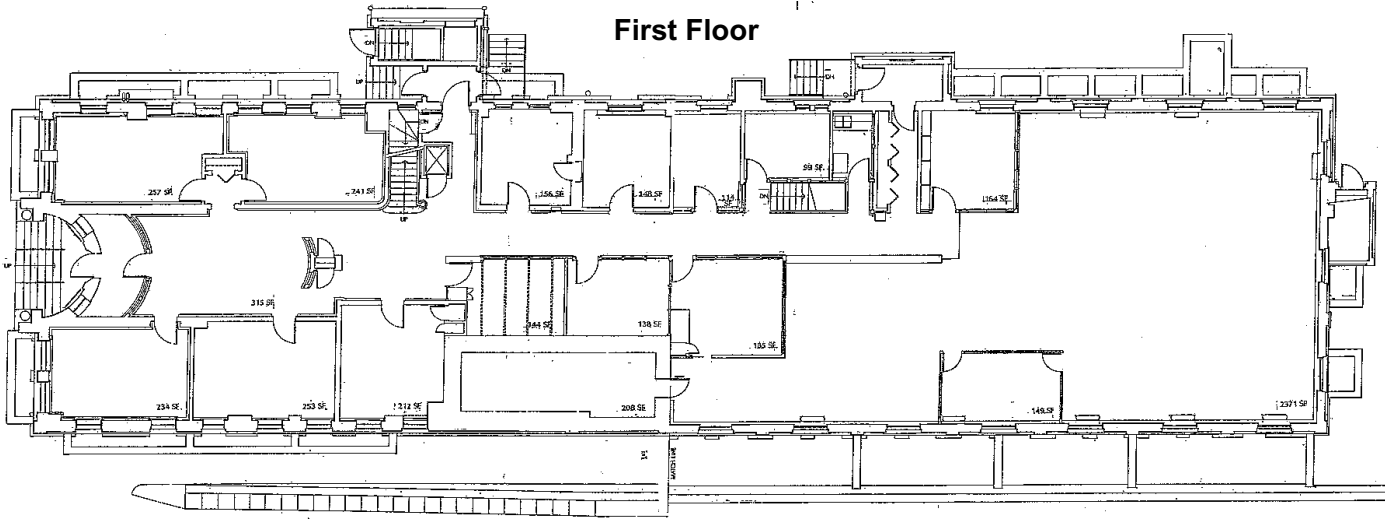
Building Areas Breakdown		
	SF	Use
Basement	8222	Low-headroom front portion for storage & utilities, Rear portion has lookout windows & features (3) large rooms including former pub, small kitchen area. Included are a vault & (3) restrooms
1st Floor	7895	Offices, vault & (1) unisex restroom
2nd Floor	3199	Offices, vault & (1) set restrooms
Total SF Above Grade	11,094	
Total Leasable SF	14,294	Above grade area + approx 3200 sf of usable basement with lookout windows
Total GBA	19,316	



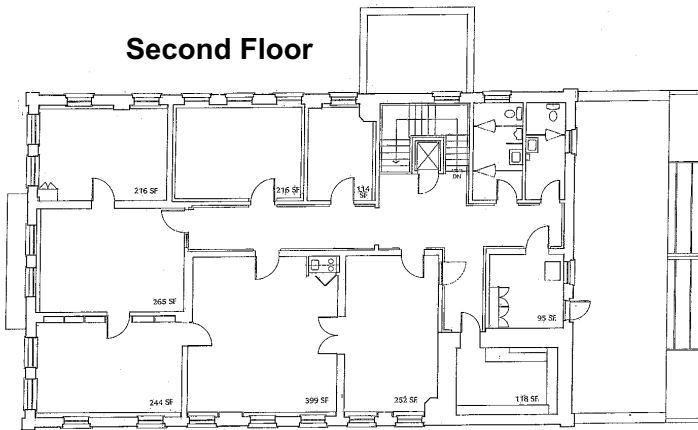
DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Building Plans

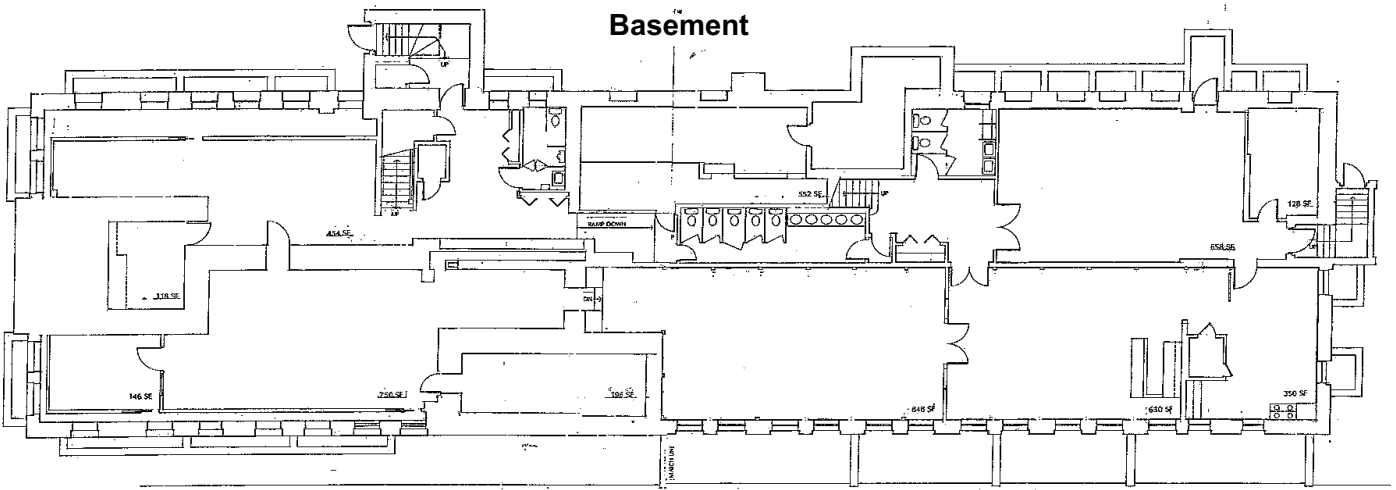
First Floor



Second Floor

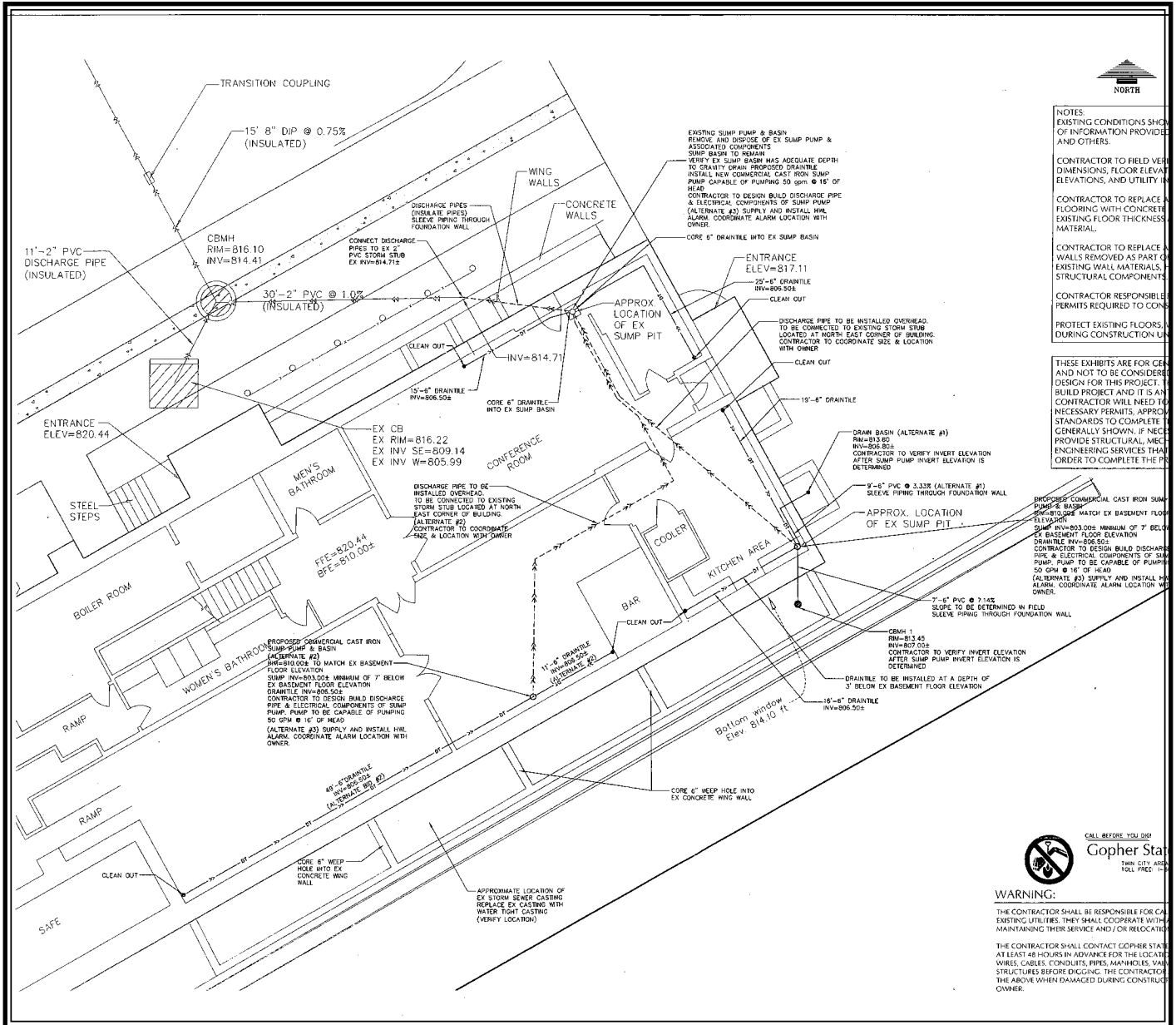


Basement



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Proposed Water Infiltration Correction Plan dated 2/14/2011



NOTES:
 EXISTING CONDITIONS SHOWN ON THIS PLAN ARE FOR INFORMATION ONLY AND NOT TO BE CONSIDERED AS PART OF THE DESIGN FOR THIS PROJECT. THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS, FLOOR ELEVATIONS, AND UTILITY LOCATIONS TO THE FIELD. CONTRACTOR TO REPLACE FLOORING WITH CONCRETE EXISTING FLOOR THICKNESS MATERIAL. CONTRACTOR TO REPLACE WALLS REMOVED AS PART OF EXISTING WALL MATERIALS, STRUCTURAL COMPONENTS. CONTRACTOR RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS REQUIRED TO COMPLETE THE PROJECT. PROTECT EXISTING FLOORS, STRUCTURES, UTILITIES DURING CONSTRUCTION.

THESE EXHIBITS ARE FOR GENERAL INFORMATION ONLY AND NOT TO BE CONSIDERED AS PART OF THE DESIGN FOR THIS PROJECT. THE CONTRACTOR SHALL VERIFY ALL DIMENSIONS, FLOOR ELEVATIONS, AND UTILITY LOCATIONS TO THE FIELD. CONTRACTOR TO REPLACE FLOORING WITH CONCRETE EXISTING FLOOR THICKNESS MATERIAL. CONTRACTOR TO REPLACE WALLS REMOVED AS PART OF EXISTING WALL MATERIALS, STRUCTURAL COMPONENTS. CONTRACTOR RESPONSIBLE FOR OBTAINING ALL NECESSARY PERMITS REQUIRED TO COMPLETE THE PROJECT. PROTECT EXISTING FLOORS, STRUCTURES, UTILITIES DURING CONSTRUCTION.



WARNING:
 THE CONTRACTOR SHALL BE RESPONSIBLE FOR CALLING ALL EXISTING UTILITIES. THEY SHALL COOPERATE WITH MAINTAINING THEIR SERVICE AND/OR RELOCATION. THE CONTRACTOR SHALL CONTACT GOPHER STATE AT LEAST 48 HOURS IN ADVANCE FOR THE LOCATION OF ALL EXISTING UTILITIES, PIPES, MANHOLES, WALLS, STRUCTURES BEFORE DIGGING. THE CONTRACTOR SHALL BE RESPONSIBLE FOR THE PROTECTION OF THE ABOVE WHEN DAMAGED DURING CONSTRUCTION.

DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Quality & Condition Comments

Good structural components - historic brewery office. Included are good woodwork, appealing front entry, high ceilings, rear barrel-vaulted ceiling with stained glass skylights, 3 vaults, and rear basement lookout windows. Past enhancements included elevator access and fire sprinkling.

Subject needs much work/renovation; its historic preservation designation requires many components to be salvaged and restored, rather than be replaced. Before it could be occupied, items needing attention include the roof, windows, tuckpointing, entry steps, repair retaining walls, mechanicals, elevators, adding & updating restrooms, other plumbing & electrical work, construction of parking lot, interior buildout and repairs (including restoration of the tile mosaic floor, woodwork, doors, office wainscot, stained-glass skylight, etc).

The building has HVAC, electrical service, plumbing and a sprinkler system, yet it has been vacant for many years and significant repair and/or replacements of these components will be required. Asbestos, lead-based paint, tar and mold abatement is also needed.

Much water infiltration has caused significant damage on first floor and in the basement in recent years. Numerous drainage issues to be corrected include groundwater seeping up through the basement (NE corner lies below the water table) and runoff draining into the building. The City is in the process of correcting many of the water infiltration issues, including installing a new storm sewer to 13th Ave, replacing the sump & pump at the north manhole, drain tiling, adding/modifying retaining walls, window well repairs & drainage, slope corrections, gutter replacement, etc. This appraisal assumes the corrections have been completed; this is a condition of the appraisal. If funds become available, a future phase includes roof repairs and/or replacement--this would increase the value of the property if completed by the City.

Functional Utility Comments

The building has historic attraction in an average mixed-use district in NE Minneapolis with some views of downtown. There is room on the site for 35 parking stalls (ratio of 3.15 stalls per 1000 sf of above grade area), adequate for some uses, yet not all.

There are good clearances between floors, except for the front portion of the basement which is less than 7 feet (suitable for storage use); front and rear basement areas are at different elevations. The wide main entry hallway limits room sizes. Restrooms are needed on the first floor. Many of the basement lookout windows have been sealed, yet could be opened and restored. Given its vintage, handicapped-accessible components are lacking.

Effective Age and Remaining Economic Life

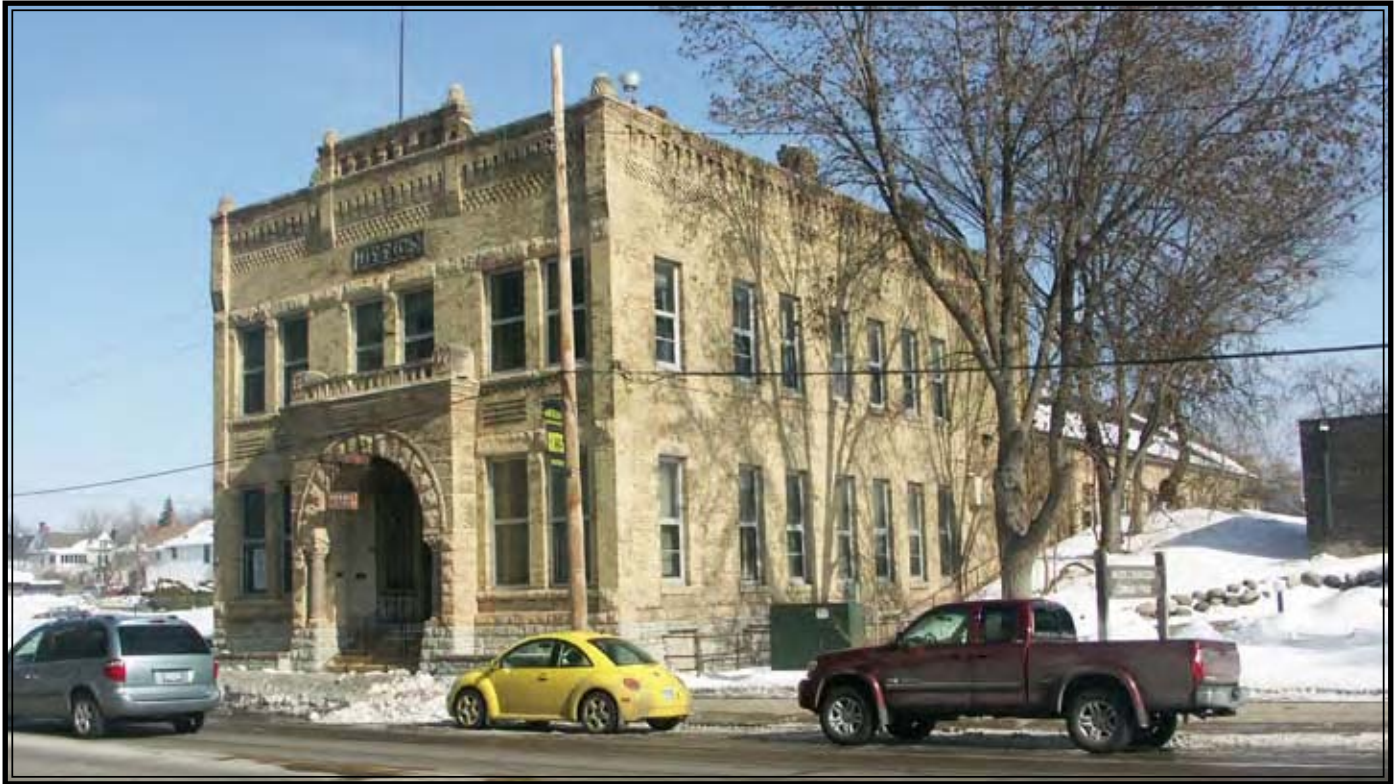
	Structure	Components
Chronological age	119 years	Dated
Overall effective age	70 years	45 years
Remaining economic life	10 - 20 years	0-10 years

Comments:

Subject is a historic building in poor condition and in need of full renovation. Hence, it has very few components of value. The structure is adequate. Upon renovation, remaining life would be greatly enhanced. To preserve the structure, exterior work is needed including roof repairs and/or replacement, window repairs and tuckpointing to keep water out

DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

First Floor



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

First Floor (continued)



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

First Floor (continued)



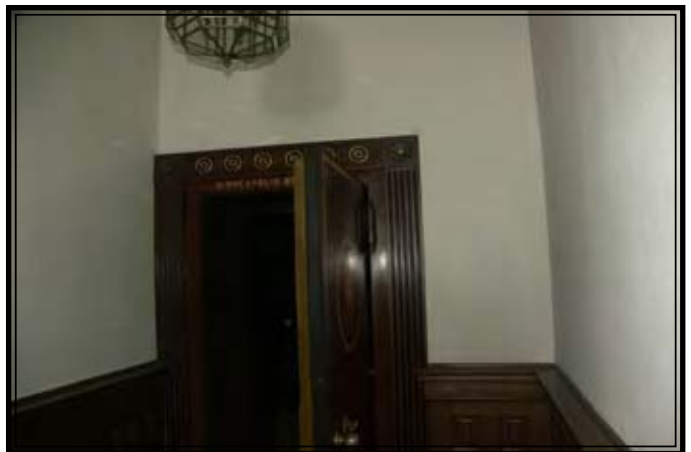
Second Floor



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

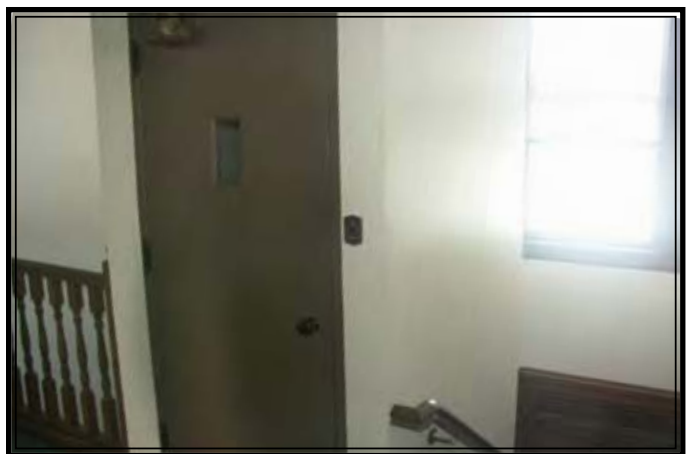
Second Floor (continued)



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

Second Floor (continued)



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

Basement



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

Basement (continued)



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

Basement (continued)



DESCRIPTION AND ANALYSIS OF IMPROVEMENTS (CONTINUED)

Subject Photographs

Basement (continued)



REAL ESTATE TAXES

Overview

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

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

Assessed Values and Taxes

	Payable 2010	Payable 2009
Land Assessed Market Value	\$254,500	\$243,900
Per SF	\$10.94	\$10.49
Building Assessed Market Value	\$1,000	\$358,100
Per Main GBA	\$0.09	\$32.28
Per Land SF	\$0.04	\$15.39
Total Assessed Market Value	\$255,500	\$602,000
Per Main GBA	\$23.03	\$54.26
Per Land SF	\$10.98	\$25.88
Net Taxes (non-homestead)	Exempt	Exempt
Special Assessment Payment	None known	None known
Total Tax Payment		
Remaining Special Assessment Balance	Unknown	Unknown

Tax Factors

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



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SUBJECT HISTORY

X	Year of original construction	2-story building constructed in 1893. In 1910, a 1.5-story addition was built using identical materials as the original construction
X	Original use	Grain Belt Brewery Office. The brewery was constructed in 1891 & ceased operations in 1975
X	Current use	Vacant office building
	Appraisers are aware of possible past hazardous uses within the property	
	Year of conversion	
X	Year of renovation	1991 - some asbestos removal, installed sprinkler system, (2) new boilers & HC accessible 1st floor restroom. The Minneapolis Community Development Authority (MCDA) used the building as a field office until 1998
	Subject sold within the past 5 years	
	Subject is under a pending purchase agreement	
X	Appraisers are aware of recent past listings for sale	The City of Minneapolis has sought developers via its "Requests for Proposals" (RFP's) program. See comments below
	Appraisers are <u>not</u> aware of a recent past sale or listing for sale	
	Subject is or will be owner-occupied	
	Subject is or will soon be leased	
	Copy of lease contained within the addenda of this report	
	Financial/operating data contained within the Income Approach of this report	

Comments:

The City of Minneapolis purchased 14 acres of the Grain Belt complex in 1989 for \$4,850,000 (\$64,297 allocated to subject Office Building). The Office Building is one of (7) historic structures within the Minneapolis Brewing Company Historic District that was entered into the National Register of Historic Places in 1990. For several years, the MCDA used the building for office space, vacating it in 1998, yet the City continues to heat the building in winters (\$12,797 annual heating costs). As of 1/2009, annual holding costs exceed \$50,000.

Past development proposals: Development Objectives for the subject district were approved by the City Council in 1996 & revised in 2000. In early 2001, Sheridan Development Company (Ross Fefercorn) was selected as the Grain Belt Housing Project developer for the adjacent vacant land parcel, and plans included renovating the subject.

Project approvals for Phase 1 and financing (including some TIF) were obtained in 2003. The following year, the Phase 1 housing project was approved for 177 condo units (including a corner building), 14,000 sf of retail/commercial & the subject renovation; 2004 & 2005 amendments reduced the number of units to 152, with no buildings near the ruins. The original 177-unit project costs were budgeted over \$42.9 million (including the 1215 building renovation), or \$242,372/unit before public subsidy. Condos were priced at \$190,000 to \$265,000. The revised 152-unit plan included 7000 sf of commercial/retail space, and condos were priced from \$200,000 to \$300,000. In 2006, it was discovered that the ruins impacted the site significantly more than originally thought, creating delays and eventually halting the project.

In 2006, the subject was severed from the housing project, and a RFP was issued. The City rezoned the Phase 1 site to C1 & R5, with the subject in the C1 portion. Reportedly, United Properties had offered \$650,000 to renovate the office building for a tenant to eventually purchase, yet the user passed on the project, and United Properties withdrew their offer. Seller was to cure environmental issues.

A sole offer was received in 12/2007 from Kristi Oman for \$400,000 to rehabilitate the subject as an event and wedding center. Subsequent renegotiation occurred due to extensive drainage issues.

In 2009, an RFP was issued for \$1, yet due to extensive redevelopment costs; there were no strong responses. The City reviewed an \$1 offer to purchase by Kristi Oman, yet she backed out several months later due to the costly drainage and mold correction that was needed. Other responses included Vesper Development for classroom/office space & R3 Verdant Development for its corporate headquarters, yet both plans were deemed not viable.

Water infiltration: As stated previously, the building has numerous water infiltration issues. City staff developed a 4-phase, \$500,000 stabilization strategy to be implemented as needed funding is obtained (increased to \$625,000 as of 4/2010). Since late 2009, the City has sought and received some public funding for correction. Remediation includes installing a new storm sewer connection to 13th Ave NE, soil grading away from foundation walls, replacing the sump & pump at the north manhole, window well repairs & drainage, slope corrections, gutter replacement, etc. To date, some work has been completed, including the new storm sewer connection; remaining work is to be completed by June 2011. A benefiting drainage/utility easement over the adjacent parcel for the new storm sewer connection to 13th Ave NE is assumed, yet has not yet been defined. If funds become available, a future phase includes roof repairs and/or replacement--this would effectively increase the "as-is" value of the subject property.



SUBJECT HISTORY (CONTINUED)

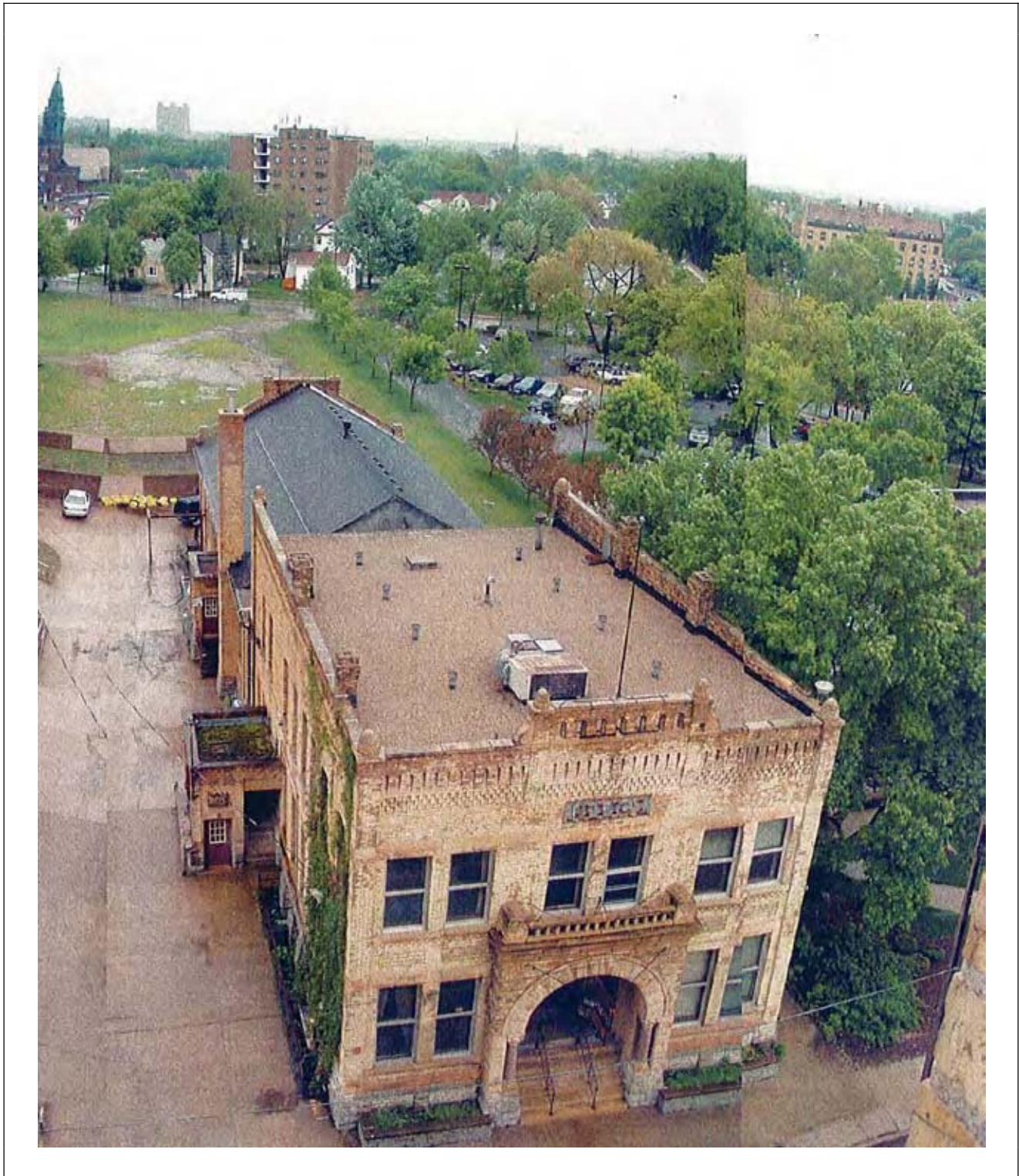


Figure 2. 1215 Marshall Street Northeast, 1972, source: CPED

MARKET OVERVIEW

Overview and Trends

The current poor economy has significantly impacted commercial properties, both nationally and locally. The recent deep recession created a lack of consumer confidence, reduced spending, outsourcing and changes in commercial lending. Increased spending and job growth will likely be significant factors for improvement in the commercial real estate market.

Rental rates are likely to remain depressed until more excess inventory is absorbed. 2011 rents are anticipated to remain relatively flat, not beginning to increase until 2012 or 2013.

Overall office vacancy rates are near 20%, unchanged since summer 2010, yet a positive sign, since vacancies had been steadily increasing since 2007. The graphs within this section clearly show the current trends as compared to historic levels. The Class A market is showing signs of revival, while the Class B & C markets will continue to see a lack of demand, increasing vacancies and declining rents. According to some real estate professionals, a slight reduction in vacancy rates is expected in 2011, particularly for the Minneapolis CBD, West & Southwest submarkets.

There has been little new construction, and financing continues to be difficult to obtain. Developers are reluctant to break ground until there are more positive economic signs. For the same reasons, recent office building sales transactions are rare.

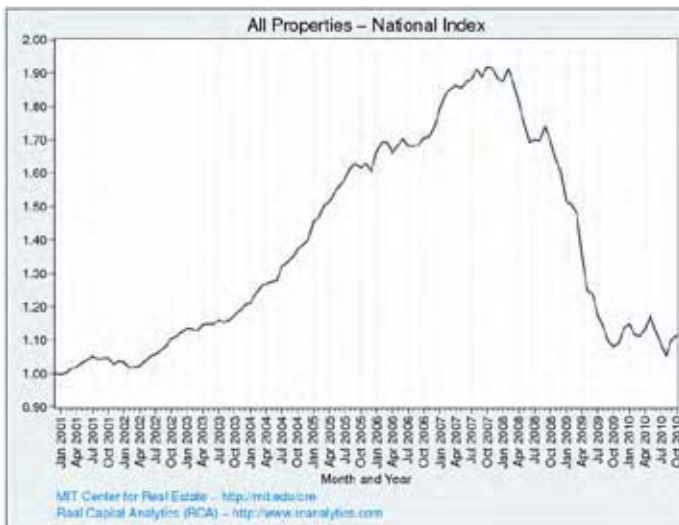
Due to deterioration in property fundamentals, cap rates had increased except for institutional-grade complexes where rates have reduced. Changes in rents, vacancy and cap rates have resulted in significant value decline since late 2007. Published surveys indicate some recent improvement in cap rates.

The subject district may experience future stability and growth, yet not until the economy and market conditions improve. In conclusion, market fundamentals are poor, including weak demand. Economic activity and consumer confidence need to improve, and credit requirements need to ease before market improvement can occur. Class A space is seeing the most activity. Demand and values to remain very soft likely thru 2012.

Metro Area - CBRE 4Q2010

	Current	Change from last	
		Yr.	Qtr.
Direct Vacancy	18.8%	↑	↑
Total Vacancy	20.2%	↑	↑
Lease Rates	\$12.05	↓	↓
Net Absorption	(26,000) SF	↓	↓
Construction	0 SF	↓	↔

National Value Trends from Moodys/REAL Commercial Property Price Index (CPPI)



MARKET OVERVIEW (CONTINUED)

13-County Minneapolis-St. Paul Metro Area

OFFICE ABSORPTION, CONSTRUCTION AND VACANCY



Cassidy Turley Office Market Snapshot

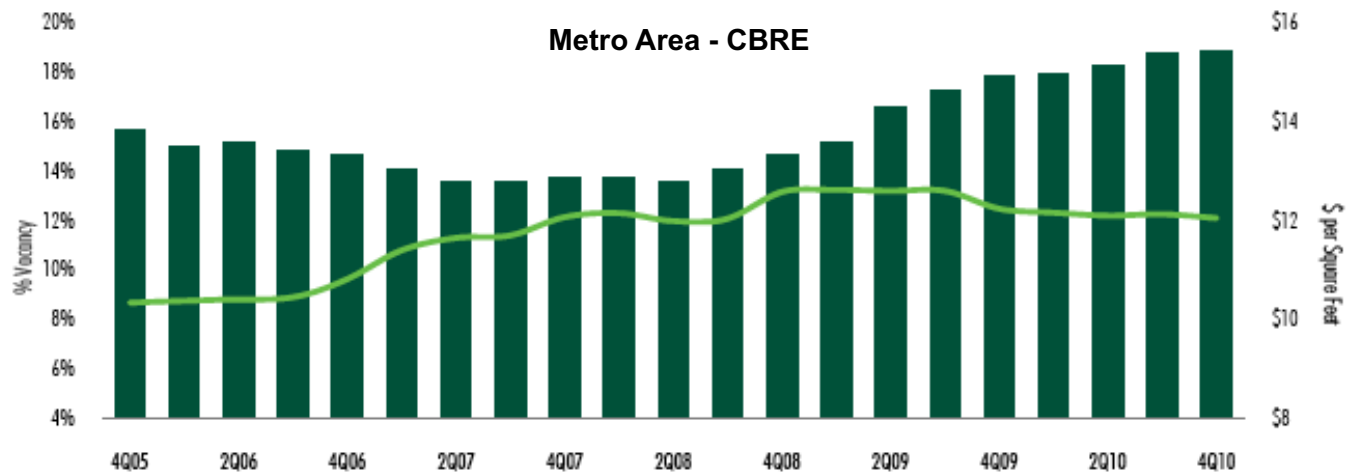
Minneapolis-St. Paul • Fourth Quarter • 2010

Office Market Statistics by Sector					
Sector	Inventory	Annual Absorption	Vacancy Rate		Vacancy Change
			Q4/09	Q4/10	
Anoka County	599,755	(23,419)	14.9%	18.8%	-3.9%
Dakota County	3,353,549	(155,108)	19.3%	24.0%	-4.7%
Minneapolis CBD	26,470,378	392,134	19.4%	17.9%	1.5%
Minneapolis Non-CBD	2,313,497	42,518	11.5%	14.5%	-3.0%
Northwest	2,604,961	(43,288)	21.5%	23.2%	-1.7%
Northwest	1,478,616	165,661	35.9%	24.7%	11.2%
Saint Paul CBD	7,044,021	(31,973)	22.8%	23.3%	-0.5%
Saint Paul Non-CBD	2,159,401	31,4697	16.3%	14.8%	1.5%
Southwest	15,290,380	367,754	22.3%	19.9%	2.4%
Washington County	864,103	(2,722)	28.6%	29.0%	-0.4%
West	9,118,925	(93,188)	16.2%	17.5%	-1.3%
Twin Cities Metro	71,297,586	649,838	20.1%	19.4%	0.7%

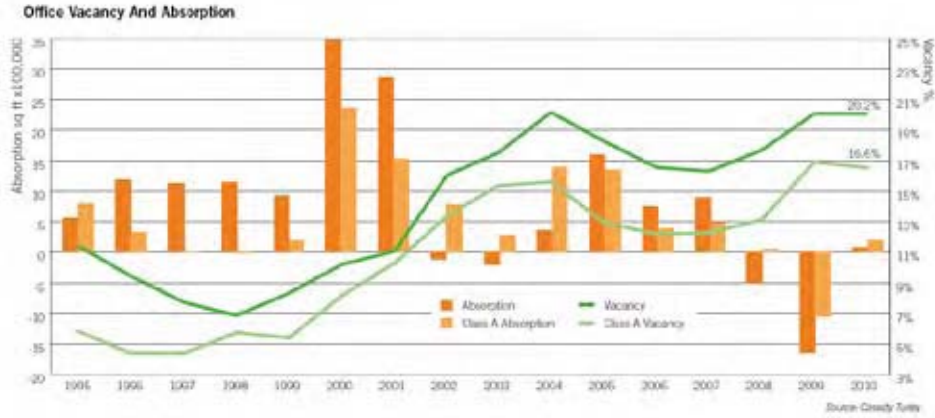
Source: Cassidy Turley

Vacancy Rate vs. Lease Rate

Lease Rate \$12.05
Vacancy Rate 18.8%



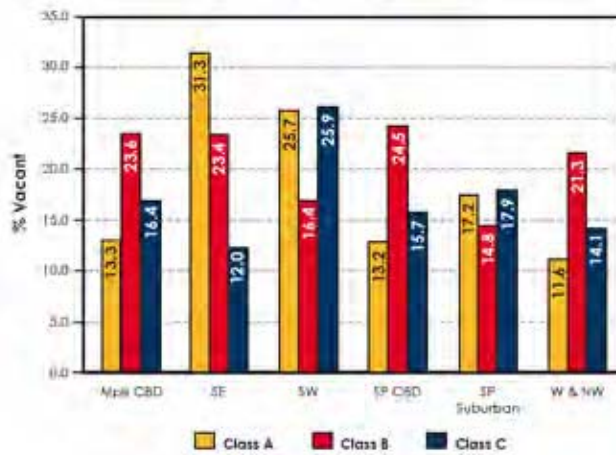
MARKET OVERVIEW (CONTINUED)



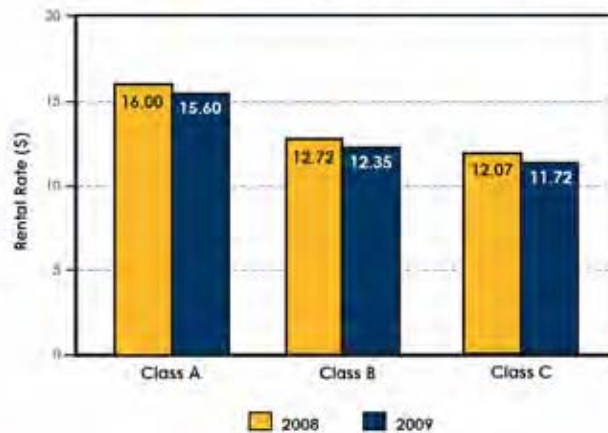
MNCAR 2010 Annual Report

Annual Office Market Report

VACANCY RATES BY SUBMARKET



AVERAGE QUOTED NET RENTAL RATES BY CLASS



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HIGHEST AND BEST USE

Definitions and Criteria Used

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

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

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

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

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

Highest and Best Use As Improved

Legal Factors	Subject design and use generally complies with zoning, and any non-conformity is assumed to have grandfathered rights. It is also encumbered with City requirements and historic structure preservation stipulations, whereby the structure cannot be razed
Physical Factors	Subject has a good structure, yet exhibits significant physical and functional depreciation. Complete renovation and build-out improvements are needed - including roof repairs or replacement, new windows, tuckpointing, entry steps, mechanicals, elevators, restrooms, hazardous materials remediation and build-out finishing, etc. Appraisal is based upon all of the basement water infiltration being corrected
Financial Factors	There is good historical appeal, a parking plan has been adopted to reduce the past parking shortages, and the basement water infiltration will be cured. Subject requires significant renovation. In addition, the economy and market conditions are distressed. A specific user needs to be identified, a developer would need a good renovation plan plus good financial resources. The motivating factor would be to earn a reasonable contractor's profit on the renovation, and not a large additional entrepreneurial profit

Highest and Best Use As Vacant

Legal Factors	The subject is zoned C1, which allows for a wide range of commercial uses including retail sales and office. For more information, see zoning section within the prior Site Data and Analysis section, and zoning excerpts within the addenda of this report. Subject benefits from an adjacent driveway easement.
Physical Factors	Subject is a narrow interior lot; there is no rear alley access. Soils are stable, public utilities are available, there is good access, and the size of the site can accommodate a small commercial facility
Financial Factors	The attractive renovated Brew House, appealing Arts District and good Marshall St traffic exposure lends itself for a commercial project
Conclusion	The location, features & zoning all support a commercial development. Since the current market is distressed, holding the site until market conditions improve may be needed

Additional Factors and Conclusion

X	As vacant, the subject would provide good appeal
X	As improved the subject commands some market appeal and acceptance for full renovation
X	The current value as improved does not exceed a vacant land value, yet the historic structure is protected and can not be razed
X	As improved, it is a suitable use of the site, yet renovation is required before it could be occupied
	Subject is <u>not</u> an appropriate use of the site, yet it commands a somewhat higher value than the vacant site
	The subject building is an interim use of the site; reuse pressure will likely increase in the foreseeable future making redevelopment feasible
X	As improved, subject enjoys “grandfathered” legal non-conforming rights
X	Subject exhibits deferred maintenance that should be corrected
X	Major renovation is needed
	Subject has significant remaining economic life
X	Subject has some remaining economic life - good structure; after renovation, a prolonged economic life would result
X	Subject best appeals to an owner-user
	Subject best appeals to an investor
	Subject similarly appeals to either an owner-user or an investor
	Subject best appeals to a speculator
X	A potential buyer will likely convert or reposition the property
	Subject has excess or surplus land
X	Comments and Conclusions: Poor-condition historic building needing renovation for commercial use. The highest and best use is to find a user of the facility, likely for office use, to renovate according to the user's requirements



HIGHEST AND BEST USE (CONTINUED)

Renovation Costs Overview

The subject has a good structure, yet it is in poor condition. Renovation is required before it could be occupied. Items include roof repairs and/or replacement, window restoration, tuckpointing, entry steps, installation of new parking lot, repairing retaining walls, updated mechanicals, elevators, new restrooms, interior buildout and repairs (including restoration of the tile mosaic floor, woodwork, doors, office wainscot, stained-glass skylight, etc). The building has HVAC, electrical service, plumbing and a sprinkler system, yet it has been vacant for many years and significant repair and/or replacements of these components will be required. Asbestos, lead-based paint, tar and mold abatement is also needed.

Following is a summary of costs from past renovation proposals, generally for office use. All included remediating the basement water infiltration issues and a new roof. The proposal generating the most study was by Kristi Oman for a wedding and event center. Her 2009 costs were much higher than the other proposals near the same time due to a commercial kitchen use for the low-headroom basement portion, generally unusable space (except for mechanicals & storage) in any other more traditional office use. In addition, costs to install a commercial kitchen are significant. See the Subject History section for additional project information.

Based upon a traditional office use, and where the basement water infiltrations issues are corrected, renovation costs are estimated at \$1,550,000, or \$140/sf of AGA, or \$108/sf of renovated area (includes approx 3200 sf of lookout basement space).

Summary of Past Renovation Proposal Costs

	2005 Nicollet Partners	2009 Nicollet Partners	Mid-2007 Oman Budget	Early 2009 Oman Budget	2009 Vesper Development Proposal	2009 R3 Verdant Development Proposal	2011 Conclusion	
Asbestos/Environmental	\$0	\$200,000	\$210,549	\$310,549	\$100,000	Incl in \$1.5 mil	\$200,000	
Basement water infiltration	\$0	\$400,000	\$0	\$638,932	\$213,000	\$500,000	Paid	
Roof	\$62,500	\$140,000	\$248,932	Incl above?	\$0	Incl above?	\$200,000	
Other renovation costs	<u>\$683,000</u>	<u>\$1,260,000</u>	<u>\$1,099,645</u>	<u>\$1,300,614</u>	<u>\$222,100</u>	<u>\$1,500,000</u>	<u>\$1,150,000</u>	
Total	\$745,500	\$2,000,000	\$1,559,126	\$2,250,095	\$535,100	\$2,000,000	\$1,550,000	
Net of basement water infiltration	\$745,500	\$1,600,000	\$1,559,126		\$322,100	\$1,500,000		
			Includes commercial kitchen					

COST APPROACH

Overview of Cost Approach

The Cost Approach is based upon the principle of substitution where an informed buyer would compare the worth of the subject property to the cost of a newly-constructed facility having optimal utility. An indicated value of the subject property is based on its current cost of replacement, deducting any depreciation which may have taken place, and including the estimated market value of the land.

Development of Cost Approach

Because of the subject's age and its significant accrued obsolescence, a Cost Approach cannot produce a meaningful or credible value indication. Market participants are relying on other more meaningful valuation approaches. Hence, no Cost Approach has been developed.



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SALES COMPARISON APPROACH

Applicability

Due to the subject's unique status as a historic office building in need of renovation before it could be occupied, similar status comps are not available. Our analysis 1st values the subject as a renovated property (based upon the scope of work described in the prior Highest & Best Use section), and then deducts the estimated \$1,550,000 renovation costs to produce an "as-is" value indication.

The subject would have appeal and value to an owner-user or investor (where a user is found) as a renovated office building. Sale prices of competing properties would be of interest to a potential buyer. Hence, the Sales Comparison Approach is a good valuation tool.

Comparable Selection

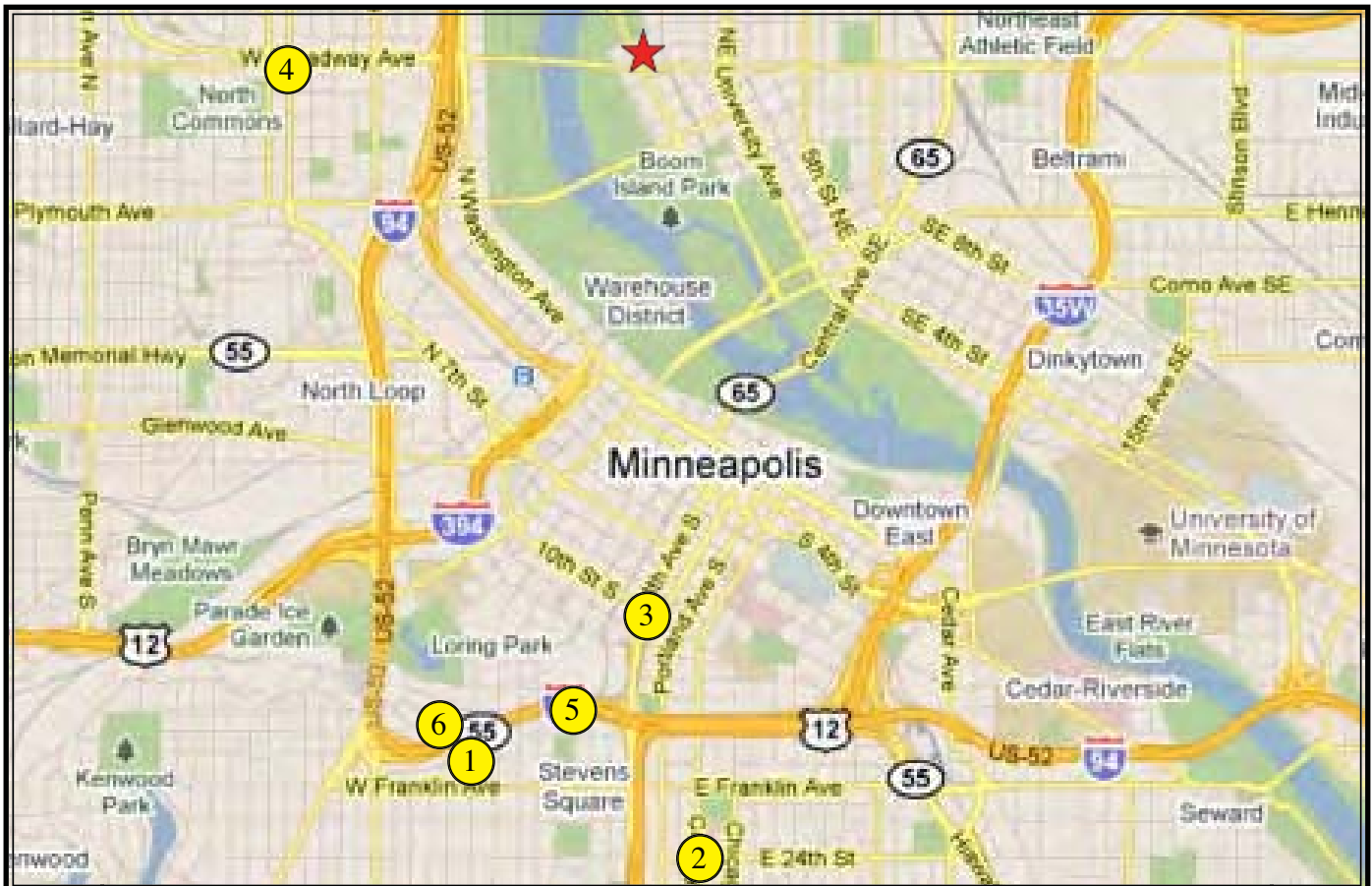
We have analyzed 6 comparable sales from Minneapolis, similar in use, vintage and features. All were purchased as renovated properties, or for renovation. Unadjusted, they range in value from \$82 to \$195/sf of above-grade GBA.

Following are a location map, summary information on each sale, and an adjustment analysis.

Summary Table of Comparable Sales

Comp. No.	Address	Year Built	Sale Date	Sale Price	Above-Grade GBA	Price Per SF of Above-Grade GBA
1	Van Dusen Mansion 1900 LaSalle Ave	1892, 1961 addn, 1990's renovation	Feb 2010	\$1,550,000	18,792 sf	\$82.48
2	Cowles Mansion 2318 Park Ave	1923, subsequent renovations	Feb 2010	\$1,650,000	10,251 sf	\$160.96
3	Enger Building 640 Grant St E	1932	May 2009	\$1,385,000	7758 sf	\$178.53
4	North Branch Library 1834 Emerson Ave N	1893, 1912 & 1950's additions	April 2009	\$585,000	6715 sf	\$87.12
5	Coe Mansion 1700 3rd Ave S	1883	Dec 2008	\$1,125,000	5767 sf	\$195.08
6	Clifton Mansion 309 Clifton Ave	1911	Aug 2008	\$1,556,345	10,633 sf	\$146.37

Comparable Location Map



SALES COMPARISON APPROACH (CONTINUED)

Comparable Sales

COMPARABLE 1

Van Dusen Mansion - Minneapolis



Price - \$/SF of GBA: \$82.48

Sale Date: February, 2010

Sale Price: \$1,550,000

Property:	<i>Van Dusen Mansion</i>	
Bldg. GBA:	18,792	
Rentable SF/Eff:	18,792	/ 100.0%
Built/Renovated:	1892	/
Site SF/Acres:	24,395	/ 0.6
L/B Ratio/Stories:	1.30	/ 3
Occupied at Sale:	100%	
Condition:	Good	
NOI (Net Income):		
Cap. Rate:		



Address: 1900 Lasalle Ave
2C-394

City: Minneapolis

Buyer: Van Dusen, LLC

Seller: R. J. Zayed, as receiver for
Oxford Global Advisors,

Sale Date: February, 2010

Purchase Price: \$1,550,000

Plus: Specials:

Other Costs:

Total Price: \$1,550,000

Price PSF GBA: \$82.48 ±/SF-GBA

Price PSF NRA: \$82.48 ±/SF-NRA

PID Number: 27-029-24-34-0065

Arm's length transaction of a 3-building office/event center facility consisting of a historic 3-story mansion, 2-story carriage house and a 1-story 1960's-built addition. Buyer intends to do some renovations for use as a bed-and-breakfast facility and event center. All buildings feature a high quality of construction and are in good condition. The 9832-sf mansion features a stone exterior, slate roof, copper trim, 10 fireplaces, numerous restrooms and 7 garages. Full basement (3453 sf, not included in GBA) is fully finished and contains a prep kitchen. No fire sprinkling, yet building is reportedly hard-wired with fire alarms throughout. The 2-story 3960-sf carriage house has been renovated for office space. 5000±-sf addition contains meeting room and some garage space. Parking is limited with 14 onsite parking spaces and street parking. Good corner location in an appealing mixed-use district near Loring Park with good access to downtown Minneapolis and Interstates 35W & 94. Building areas are per city records; overall above-grade GBA shown (includes all 3 buildings). Past renovations in the 1990's.

Property was added to the Historic Register in 1995. In April 2010, the previous owner, Trevor Cook, pleaded guilty to bilking investors and he went to prison. The mansion went into receivership and was listed @ \$1,995,000 in January 2010.

**The Valuation Group
3655 Plymouth Boulevard, Suite 105, Plymouth, MN**

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE 2

Cowles Mansion - Minneapolis



Price - \$/SF of GBA: \$115.89

Sale Date: February, 2010

Sale Price: \$1,650,000

Property:	<i>Cowles Mansion</i>	
Bldg. GBA:	14,238	
Rentable SF/Eff:	14,238	/ 100.0%
Built/Renovated:	1923	/
Site SF/Acres:	37,289	/ 0.9
L/B Ratio/Stories:	2.62	/ 3
Occupied at Sale:	0%	
Condition:	<i>Good with upgrades</i>	
NOI (Net Income):		
Cap. Rate:		



Address:	<i>2318 Park Avenue</i>	
City:	<i>Minneapolis</i>	
Buyer:	<i>ABSA Properties, LLC</i>	
Seller:	<i>Katahdin, Inc.</i>	
Sale Date:	<i>February, 2010</i>	
Purchase Price:	<i>\$950,000</i>	
Plus: Specials:	<i>\$0</i>	
Other Costs:	<i>\$700,000</i>	
Total Price:	<i>\$1,650,000</i>	
Price PSF GBA:	\$115.89	<i>±/SF-GBA</i>
Price PSF NRA:	\$115.89	<i>±/SF-NRA</i>
PID Number:	<i>35-029-24-22-0017</i>	

Was listed for sale for \$1,450,000 prior to the sale with The Ackerberg Group. The seller purchased the property in August 1996 for \$780,000 and used for Katahdin's Day Treatment Program (charter school). Buyer purchased for continued use as a treatment center to expand their business known as Park Avenue Center, a gender-specific drug and alcohol treatment center. Buyer spent \$700,000 on upgrades after the sale including new roof, A/C, new lighting, new window, interior paint and floor coverings.

The property consists of a 3-story Georgian-style building, 4-car detached garage, surface parking for approximately 26 vehicles and landscaped green space situated on approximately 37,289 square feet of land area. The building and garage were constructed in 1923. The 20-room building is well appointed with natural trim woodwork and hardwood flooring, building has been well maintained and preserved. The building's brick exterior, clay tile roof and interior are reminiscent of character, style and finish commonly used in the 1920's era. A grand foyer area on the first floor welcomes guests. The first, second and third floors consist of several large and small executive type offices, program space, classroom and educational space. The lower level contains a spacious dining room and updated commercial kitchen with a new hood and 273,000-BTU make-up air-system. A passenger elevator serves all floors along with a grand staircase leading to the upper two floors. The building contains seven operable wood burning fireplaces and nine bathrooms of which several contain bathtubs and showers. The property also contains a four-car garage and outdoor storage shed for grounds equipment. The building's low-pressure steam boiler provides radiant heat through in-floor ducted coils and freestanding cast iron radiators – boiler replaced with new in 2001. Forced-air cooling is provided from a combination of air handlers and condensing units. Gross Building Area: Basement 3,987; 1st Floor 3,987; 2nd Floor 3,320; 3rd Floor 2,944. Total above grade 10,251 sf, total overall 14,238 sf.

**The Valuation Group
3655 Plymouth Boulevard, Suite 105, Plymouth, MN**

SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE 3

Enger Building - Minneapolis



Price - \$/SF of GBA: \$178.53

Sale Date: May, 2009

Sale Price: \$1,385,000

Property:	<i>Enger Building</i>	
Bldg. GBA:	7,758	
Rentable SF/Eff:	7,758	/ 100.0%
Built/Renovated:	1932	/
Site SF/Acres:	19,602	/ 0.5
L/B Ratio/Stories:	2.53	/ 2
Occupied at Sale:	0%	
Condition:	Poor	
NOI (Net Income):		
Cap. Rate:		

Address:	1010 Park Ave
City:	Minneapolis
Buyer:	Economic Growth Centers Inc
Seller:	Minnwest Bank Central
Sale Date:	May, 2009

Purchase Price:	\$285,000
Plus: Specials:	
Other Costs:	\$1,100,000
Total Price:	\$1,385,000

Price PSF GBA:	\$178.53	±/SF-GBA
Price PSF NRA:	\$178.53	±/SF-NRA

PID Number: 26-029-24-32-0153

Also address of 640 Grant St E. P.A. dated 1/23/2009. Sale of a vacant 2-story single-tenant office building having a 3879-sf limited-utility storage basement (not included in GBA). Purchased by a non-profit developer intending to gut & remodel the building for professional office use (to be leased or resold); projected cost of the project is \$1.4 million, including land acquisition (project costs, net of site, shown in Other Costs above). Originally constructed as a funeral home, there are main floor entries on each side of the building with the main entrances on the south & east. 1st & 2nd floors both feature 11± offices & unisex restrooms; finishes include carpet, laminate, hardwood, ceramic tile quarry tile and fluorescent & incandescent lighting. Basement has low headroom & irregular floor plan. 100% AC, no sprinklers or elevators. Some deferred maintenance items included water infiltration, canopy needing to be razed, adequate mechanical systems in need of significant upgrades & broken windows. On-site parking for 12± vehicles, plus a non-striped parking area and 750-sf 3-car garage in average condition. Pavement was in fair condition. Corner site in an average mixed-use fringe downtown district within the Elliot Park neighborhood. Access to both directions of traffic on Grant St & northbound only on multi-lane, one-way Park Ave.

Originally a portion of an assemblage intended for condo development, yet was never built due to the market decline. The entire site was on the market as of 6/2008 for \$4.3 million, and under contract in 10/2008 for an unknown amount, yet sale never closed. Parcels are being sold individually. Buyer reportedly made an offer on this parcel after learning the owner was motivated to sell and felt he got a favorable price.

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SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE 4

North Branch Library - Minneapolis



Price - \$/SF of GBA: \$87.12

Sale Date: April, 2009

Sale Price: \$585,000

Property:	North Branch Library	
Bldg. GBA:	6,715	
Rentable SF/Eff:	6,715	/ 100.0%
Built/Renovated:	1893	/ 1912/1950's
Site SF/Acres:	13,583	/ 0.3
L/B Ratio/Stories:	2.02	/ 2
Occupied at Sale:	0%	
Condition:	Poor	
NOI (Net Income):		
Cap. Rate:		



Address:	1834 Emerson Ave N	
City:	Minneapolis	
Buyer:	Emerge Community Development	
Seller:	Vernon & Alean Burks	
Sale Date:	April, 2009	
Purchase Price:	\$585,000	
Plus: Specials:		
Other Costs:		
Total Price:	\$585,000	
Price PSF GBA:	\$87.12	±/SF-GBA
Price PSF NRA:	\$87.12	±/SF-NRA
PID Number:	16-029-24-42-0123	

P.A. signed 9/1/2008. Vacant former library building purchased by a non-profit organization for complete renovation into offices & classrooms for a community technology center and Pillsbury United Communities headquarters; total costs estimated at \$4 million (includes acquiring adjacent property to the south & razing house for additional parking). Operated as a public library until 1975, and designated for historic preservation in 2/2004. Built in 3 phases, the original front 2-story portion was used for library and the basement for mechanicals & storage. The center 1-story + basement section was added in 1912 & matched the original building. The upper floor has a 22' arched ceiling and the lower level (10' ceiling) was finished for library use. The concrete block rear 6-car (stacked) garage was built in the 1950's and used for library vehicles; it has a 14' ceiling and original finishes. Wood frame, brick exterior, floors are wood & concrete slab. Asphalt shingle roof over library portion is patched & in poor condition. No AC, mechanicals are older & in unknown condition. GBA shown is net of basement & garage; breakdown is 1st floor--4295 sf, 2nd floor--2420 sf, basement 4295 sf & garage 2703 sf. Minimal onsite parking & no available street parking in front of property. Access via alley to north and rear. Zoned C2 Neighborhood Corridor Commercial District at time of sale; rezoned in 8/2009 to OR2 High Density Office Residence District. Located on an interior site in an average mixed-use Near North neighborhood. Buyer reported the property was appraised for \$510,000 near time of sale.

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SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE 5

Coe Mansion - Minneapolis

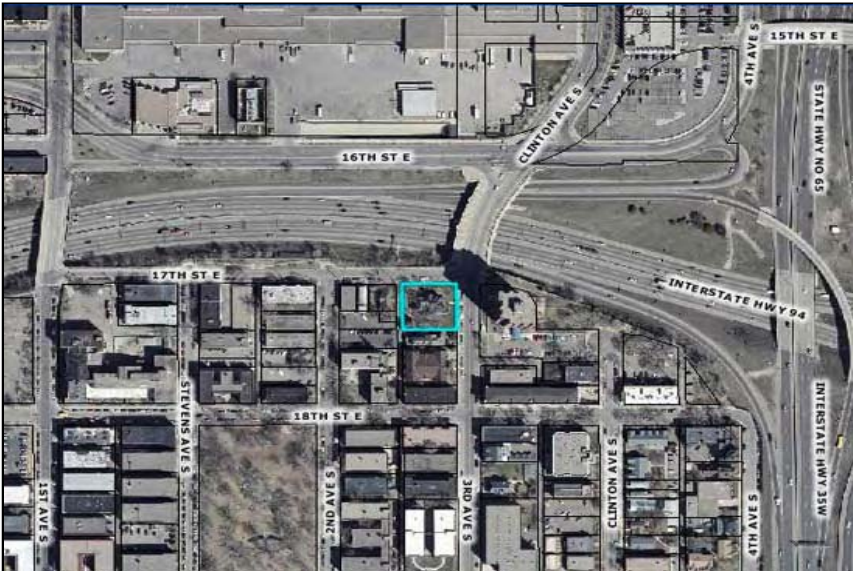


Price - \$/SF of GBA: \$195.08

Sale Date: December, 2008

Sale Price: \$1,125,000

Property:	<i>Coe Mansion</i>	
Bldg. GBA:	5,767	
Rentable SF/Eff:	5,767	/ 100.0%
Built/Renovated:	1883	/
Site SF/Acres:	15,961	/ 0.4
L/B Ratio/Stories:	2.77	/ 3
Occupied at Sale:	0%	
Condition:	Average	
NOI (Net Income):		
Cap. Rate:		



Address: 1700 3rd Ave S

City: Minneapolis

Buyer: Community Action of Mpls

Seller: Robert & Lila Wengler

Sale Date: December, 2008

Purchase Price:	\$1,125,000
Plus: Specials:	\$0
Other Costs:	\$0
Total Price:	\$1,125,000

Price PSF GBA:	\$195.08 ±SF-GBA
Price PSF NRA:	\$195.08 ±SF-NRA

PID Number: 27-029-24-43-0208

Sale of a vacant multi-family 23-room residence formerly used as rental housing; buyer plans to renovate into Minnesota's first African American Museum. The house went on the National Historic Registry in 1980, and had been sitting empty for almost a decade and a half. Building features include a wide formal staircase, unique-shaped rooms, elaborate wood carvings and (8) fireplaces. Roof was newer at the time of sale, the interior was in average condition per the buyer. Buyer stated they planned to replace the HVAC system and install an elevator as part of the renovation. Museum renovation costs estimated at \$2.8 million, which the buyer explained is above average and is because they are renovating into a museum; news articles report the renovation includes an 8000+ sf 3-story addition with theater. As of December 2010, the buyer is in the process of raising monies for the renovation including obtaining some government funding.

Building areas & breakdowns per city: House--Above-grade GBA 4599 sf / total GBA 6932 sf consisting of 2333-sf 1st floor, 2266-sf 2nd floor, and 2333-sf basement. 1168-sf carriage house (all above grade). Total above-grade GBA of 5767 sf shown above (includes carriage house). Total GBA (including carriage house & basement) of 8100 sf.

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SALES COMPARISON APPROACH (CONTINUED)

COMPARABLE 6

Clifton Mansion - Minneapolis



Price - \$/SF of GBA: \$146.37

Sale Date: August, 2008

Sale Price: \$1,556,345

Property:	<i>Clifton Mansion</i>	
Bldg. GBA:	10,633	
Rentable SF/Eff:	10,633	/ 100.0%
Built/Renovated:	1911	/
Site SF/Acres:	26,780	/ 0.6
L/B Ratio/Stories:	2.52	/ 3
Occupied at Sale:	0%	
Condition:	Above average	
NOI (Net Income):		
Cap. Rate:		



Address:	309 Clifton Ave 1C-394	
City:	Minneapolis	
Buyer:	El Ghazzawy Group LLC	
Seller:	Clifton Street Partners LLP	
Sale Date:	August, 2008	
Purchase Price:	\$1,450,000	
Plus: Specials:		
Other Costs:	\$106,345	
Total Price:	\$1,556,345	
Price PSF GBA:	\$146.37	±/SF-GBA
Price PSF NRA:	\$146.37	±/SF-NRA
PID Number:	27-029-24-33-0016	

P.A. signed 5/1/2008. Brokered, market sale of a converted mansion & carriage house used for professional offices. Buyer intends to remodel both buildings at a cost of approx \$106,345 (shown in Other Costs) & lease out a portion of the property. Original list price of \$2.2 million in mid-2006, reduced to \$1.8 million a year later; a subsequent \$1.3 million offer was rejected. Property consists of a 3-story main building with a full basement & 1.5-story carriage house with a full basement, yet its basement cannot be accessed via the carriage house. Both buildings are structurally sound & have above-average quality components; masonry construction, brick & stone exterior, gable-slate tile roof, no elevator, steam heat, one office w/central AC--no other AC. Features include ornate woodwork & wall paneling, and antique light fixtures. A 5' x 30' tunnel connects the basements. Combined above-grade GBA of both buildings shown; total overall GBA is 14,799 sf (including tunnel). Total main building GBA is 12,350 sf; above-grade GBA is 9170 sf consisting of 1st floor-3180 sf, 2nd floor-3080 sf, 3rd floor-2910 sf, basement 3180 sf. Carriage house total GBA is 2299 sf; above-grade GBA is 1463 sf with 1st floor-836 sf, 2nd floor-627 sf, basement-836 sf. In addition to offices, main building 1st floor features a kitchen & 2 restrooms, 2nd floor has 4 restrooms, 1 restroom on 3rd floor & 1 restroom in basement. Adequate onsite parking for approx. 22 vehicles; 1.65/1000 sf of above-grade GBA or 2.40/100 sf of total GBA. Interior site having frontages and curb cuts on Clifton & Groveland Aves; access only to the west on one-way Clifton Ave. Located in an appealing mixed-use district near Loring Park with good access to downtown Minneapolis & I-35W & I-94. No historic designation.

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SALES COMPARISON APPROACH (CONTINUED)

Adjustment Grid

FEATURE	SUBJECT	COMP #1	COMP #2	COMP #3	COMP #4	COMP #5	COMP #6
Property Name	Grain Belt Office Building	Van Dusen Mansion	Cowles Mansion	Enger Building	North Branch Library	Coe Mansion	Clifton Mansion
Property Address	1215 Marshall Ave NE, Minneapolis	1900 LaSalle Ave, Minneapolis	2318 Park Ave, Minneapolis	640 Grant St E, Minneapolis	1834 Emerson Ave N, Minneapolis	1700 3rd Ave S, Minneapolis	309 Clifton Ave, Minneapolis
Above grade GBA in SF	11,094	18,792	10,251	7,758	6,715	5,767	10,633
Site SF / LB Ratio	23,261 2.10	24,395 1.30	37,289 3.64	19,602 2.53	13,583 2.02	15,961 2.77	26,780 2.52
Sale Price		\$1,550,000	\$1,650,000	\$1,385,000	\$585,000	\$1,125,000	\$1,556,345
Price Per AGA		\$82.48	\$160.96	\$178.53	\$87.12	\$195.08	\$146.37
Property Rights & Economic Operation	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00
Financing Terms	Cash equivalent	Market terms	Market terms	Market terms	Market terms	Market terms	Market terms
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00
Conditions of Sale	Arm's length	Arm's length	Arm's length	Motivated seller	Arm's length	Arm's length	Arm's length
Adjustment Multiplier		1.00	1.00	1.01	1.00	1.00	1.00
Market Conditions	8/1/11	2/26/10	2/26/10	5/22/09	4/30/09	12/19/08	8/11/08
Adjustment Multiplier		1.00	1.00	0.95	0.95	0.85	0.85
Location (district appeal, exposure & access)	Avg NE Mpls, Grain Belt mixed-use district	Good mixed-use district between Franklin & I-94	Avg North Phillips mixed-use district near I-35W	Avg mixed-use district, downtown fringe	Avg North Mpls mixed-use district near W Broadway	Avg mixed-use Stevens Sq district, adjacent to I-94	Good mixed-use district near Loring Park
Adjustment Multiplier		0.85	1.00	0.85	1.15	1.00	0.85
L/B Area Ratio	2.10	1.30	3.64	2.53	2.02	2.77	2.52
Adjustment Multiplier		1.09	0.83	0.95	1.01	0.93	0.95
Site Features (streets & utilities, topo, soils, esmts)	Driveway esmt, good views of brewery house and future ruins plaza	Average	Average	Average	Average	Average	Average
Adjustment Multiplier		1.05	1.05	1.05	1.05	1.05	1.05
Building Class Quality, Features & Function	Historic 2-sty office w/ elevator, appealing features, some inutility with vaults and floor plan, good add'l bsmt areas with LO windows	Historic converted 3-sty mansion (gd features) with carriage hs & meeting rm addn, good add'l bsmt area; rated similar overall	Somewhat historic converted 3-sty mansion (gd features), very good add'l bsmt area; rated inferior overall	Somewhat historic converted 2-sty office building (gd features), add'l limited utility bsmt area; rated inferior overall	Historic 2-sty former library (gd features) with garage addn, good add'l bsmt area; rated inferior overall	Historic 3-sty residence (gd features) with carriage house, add'l bsmt area; rated much superior overall	Somewhat historic converted 3-sty mansion (gd features) with carriage house, good add'l bsmt area; rated inferior overall
Adjustment Multiplier		1.00	1.06	1.14	1.11	0.77	1.10
Year Built & Condition	1892 & 1910, value based upon complete new renovation	1892, 1961 addn, 1990s renovation, buyer to further renovate	1923, subsequent renovations, buyer to further renovate (incl in price)	1932, buyer to renovate (incl in price)	1893, 1912 & 1950s addns, buyer to further renovate	1883, avg condition, buyer to further renovate & build addition	1911, above avg condition, buyer to remodel (incl in price)
Adjustment Multiplier		1.40	1.00	1.00	1.40	1.30	1.15
Size (economies of scale)	11,094 AGA	18,792 AGA	10,251 AGA	7,758 AGA	6,715 AGA	5,767 AGA	10,633 AGA
Adjustment Multiplier		1.03	0.99	0.95	0.94	0.93	0.99
Site Improvements	New onsite parking lot, 35 spaces	Tight parking, 14 spaces + 7 garages	4-car det garage, 26-stall parking lot, shed	3-car det garage & 12 spaces + unstriped	Very tight, 6-car att garage & driveway	Very tight parking, 6 spaces	Adequate onsite parking, 22 spaces
Adjustment Multiplier		1.10	1.01	1.02	1.15	1.10	1.03
FF&E	None	None	None	None	None	None	None
Adjustment Multiplier		1.00	1.00	1.00	1.00	1.00	1.00
Composite Adj. Multip.		1.54	0.92	0.90	1.95	0.85	0.93
Adjusted Price / AGA		\$127.28	\$148.68	\$160.44	\$169.56	\$165.81	\$136.07

Low	\$127.28
High	\$169.56
Average	\$151.30

SALES COMPARISON APPROACH (CONTINUED)

Adjustment Analysis	
Category	Adjustment Comments
Unit of Comparison	Price per above-grade area (AGA) is used. The additional contributory value of the basement spaces is separately considered and adjusted for below
Property Rights and Economic Operation	No adjustment needed
Financing Terms	No adjustment needed
Conditions of Sale	Comp #3 may have sold below market due to a motivated seller; a moderate upward adjustment is made
Market Conditions	The distressed economy and market conditions have resulted in significant value decline since 2007. Market observations support adjustments of near -15% for 2008 sales, -5% for 2009 sales & no adjustment for 2010 sales
Location (district appeal, exposure & access)	Location is an important consideration for real estate appeal, rents and value. The subject is within the established mixed-use Grain Belt District just north of downtown Minneapolis having average Marshall Avenue exposure. Comparables are generally adjusted for their proximity to downtown & LRT, and exposure
Land-to-Building Area Ratio	Properties having large sites relative to building sizes sell for more--more room for parking, green space or future expansion. Comp #2 requires a more significant adjustment for its large green space
Site Features (streets & utilities, topo, soils, easements)	Adjustments are appropriate for interior site vs. corner exposure, traffic counts and visibility, access, public infrastructure, frontage, views, utility of shape, topography, soil conditions, easements and encroachments. Subject is rated superior due to its benefitting driveway easement
Building Class, Quality, Features & Function	The comparables are similar historic-appeal buildings having varying degrees of renovation. Adjustments made to reflect differences in building features, such as type of construction, historic attraction, building height, structural, exterior & interior components, extra features, mechanicals, elevators, additional basement space and functional utility
Year Built & Condition	The subject building is being analyzed as having completed renovation. Adjustments reflect differences in the age of the structures, the ages of additions, the degree of replacements, any major renovation, and the age/condition of the build-out finishing. Some comps in need of work require large adjustments
Size (economies of scale)	Generally, large buildings sell for less per sf than smaller ones due to economies of scale. Some moderate adjustments are made
Site Improvements	Adjustments reflect the contributory value of parking capacity relative to building size
FF&E	No adjustment needed

Reconciliation Comments	
<p>The comparables are generally similar to the subject as a renovated office building, with good market-supported adjustments being made for the variations. An average value of \$151.30/sf is indicated. An average value of \$144.46/sf is attained with using the four most similar comparables (Comps #1, #2, #5 & #6). The two scenarios support a value range of \$144.46/sf to \$151.30/sf for the subject. With placing the greatest emphasis on the most similar comparables, a rounded subject value of \$145/sf is concluded.</p> <p style="text-align: center;">11,094 sf @ \$145/sf = \$1,608,630</p> <p>A rounded mid-level subject value of \$1,600,000 is concluded, correlated at \$144.22/sf of AGA. Renovation costs, as previously discussed in the Highest and Best Use section, need to be deducted to reflect an "as-is" subject market value.</p>	
Potential Renovated Value	\$1,600,000
Less Renovation Costs:	\$1,550,000
Indicated "As-Is" Subject Value:	\$50,000 (\$4.51/sf of AGA)

INDICATED "AS-IS" VALUE BY SALES COMPARISON APPROACH :

\$50,000



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INCOME APPROACH

Overview of Income Approach

Due to the subject's unique status as a historic office building in need of renovation before it could be leased, our analysis first considers the subject as a renovated property (based upon the scope of work described in the prior Highest & Best Use section), and then deducts the estimated \$1,550,000 renovation costs to produce an "as-is" value indication.

The Income Approach considers an income-producing property from an investment point of view. It is based upon valuing the future anticipated benefits. These investment factors are primarily the income stream and possible value appreciation upon resale.

Development of Income Approach

Subject appeals to an owner-user, yet an income analysis has relevance to a potential buyer. An Income Approach has been developed with direct capitalization using an overall rate.

Outline of Income Approach

The following outline is used in this section:

- Summary of Income Approach
- Forecasted rent
- Vacancy & collection loss
- Operating expenses
- Overall capitalization rate

Expense Responsibilities Included in Our Analysis

Expense Category	Lessee	Lessor	Not Incl	Comments
Real estate taxes	X			
Insurance	X			
Utilities	X			
Common utilities	X			
Interior repairs & maintenance	X			
Common area repairs & maintenance	X			
Management	X			
Minor replacement	X			e.g., flooring, lighting
Major replacement			X	e.g., roof, parking lot, HVAC
Tenant improvements			X	
Leasing commissions			X	
Comments:				

INCOME APPROACH (CONTINUED)

Summary of Income Approach

Below, a renovated subject value indication of \$1,534,000 is shown using a direct capitalization analysis. Supporting data and analysis are on the following pages.

	Potential Renovated Building	Total	Per NRA	Per AGA	% of EGI
Potential Gross Income (PGI):					
1st floor net rent	7,895 sq. ft. @ \$12.00	\$94,740			
2nd floor net rent	3,199 sq. ft. @ \$12.00	\$38,388			
Garden level net rent	3,200 sq. ft. @ \$8.00	\$25,600			
Total base net rent	14,294	\$158,728			
Expense reimbursements	14,294 sq. ft. @ \$8.36	\$119,498			
Other income--storage basement gross rent	2,000 sq. ft. @ \$3.00	\$6,000			
Total PGI from all spaces		\$284,226			
Less Vacancy and Credit Loss	10.00%	(\$28,423)			
Effective Gross Income (EGI)		\$255,803	\$17.90	\$23.06	100.00%
Less Normal Stabilized Operating Expenses:					
Real estate taxes		(\$48,000)	(\$3.36)	(\$4.33)	18.76%
CAM (insurance, repairs, maintenance & mgmt)--\$5.00/NRA		(\$71,470)	(\$5.00)	(\$6.44)	27.94%
Total operating expenses (reimbursable)		(\$119,470)	(\$8.36)	(\$10.77)	46.70%
Less Owners Expense (\$.15/NRA)		(\$2,144)	(\$0.15)	(\$0.19)	0.84%
Total expenses		(\$121,614)	(\$8.51)	(\$10.96)	47.54%
Net Operating Income (NOI) Before Reserves, TIs & Leasing Commissions		\$134,189	\$9.39	\$12.10	52.46%
Divided by Direct Overall Cap. Rate		8.75%			
Indicated Renovated Market Value (rounded)		\$1,534,000	\$107.32	\$138.27	

Reconciliation Comments

A rounded subject value of \$1,534,000 is concluded. Renovation costs, as previously discussed in the Highest and Best Use section, need to be deducted to reflect an "as-is" subject market value.

Potential Renovated Value	\$1,534,000
Less Renovation Costs:	\$1,550,000
Indicated "As-Is" Subject Value:	-16,000

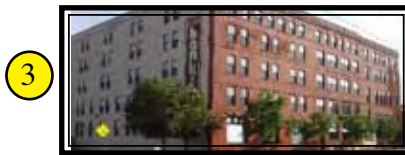
INDICATED "AS-IS" MARKET VALUE BY INCOME APPROACH:

-\$16,000

INCOME APPROACH (CONTINUED)

Forecasted Future Rent		
<p>The market rent opinions are analyzed using stabilized occupancy and rents in the years ahead. Due to the present difficult market conditions and the high vacancy rates, rents are soft.</p> <p>Market rents are used in our analysis of the subject. Below is a summary table of rental comparables; garden level/studio space rent comparables have been retained in our workfile and not fully reflected in the table.</p>		
	Street Level & Upper Floors	Garden Level
Current contract rents	N/A	N/A
Quoted rents	N/A	N/A
Comparable typical range of rents	Typical range of \$8.00 to \$14.00/ usf net	Similar to inferior studio space; typical range of \$5.00 to \$10.00/usf net
Forecasted rent conclusion	Current market rent of \$12.00/ usf net	Current market rent of \$8.00/ usf net
<p>Comments:</p> <p>We have investigated numerous lease quotes of renovated historic-appeal/ older office buildings within Northeast Minneapolis, and from other nearby districts. These support the market rent conclusions shown above. The above rents reflect near-future rents allowing for time to complete subject renovations and for the market to somewhat stabilize. To achieve higher rents, more buildout improvements/upgrades would be required.</p> <p>Typical quoted rents for storage basement space ranged from \$2.00 to \$4.00/sf gross. Additional rent for the subject's usable storage basement is estimated at \$3.00/sf gross.</p>		

Rental Comparables Summary Table					
Comp No.	Name/Location	Property Description	Type of Rent	Net Rent/SF	Operating Expenses
1	Grain Belt Keg House	Built in 1950, renovated 2004 Moderate-sized suites	Quoted	Up to \$10.00/sf - 1st floor Up to \$4.00/sf - basement	\$5.52/sf
2	Van Buren Building 1400 Van Buren St NE	Built in 1916, renovated	Quoted	Up to \$11.00/sf	
3	Banks Building 615 1st Ave NE	Built in 1905, renovated	Quoted	Up to \$10.00/sf	\$8.90/sf
4	Thorp Building 1618 & 1620 Central Ave NE	Built in 1901, renovated Moderate-sized suites	Quoted	Up to \$7.95/sf	\$3.98/sf
5	The Waterbury Building 1121 Jackson St NE	Built in 1932, renovated Moderate-sized suites	Quoted	Up to \$10.00/sf	\$3.26/sf
6	Pillsbury A Mill 300 Mill St SE	Built in 1881, renovated National Historic Landmark designation	Quoted	\$12.00 to \$14.00/sf	



INCOME APPROACH (CONTINUED)

Vacancy and Collection Loss

While improving, the overall office market remains soft. Published reports indicate recent urban non-CBD office market vacancy rates between 15% and 20%. Class A buildings enjoy better occupancy than Class B & C projects. In our analysis of the subject, which would likely be a more stable, single-user facility having a user in place, we have used a slightly lower 10% vacancy and collection loss rate

Conclusion: 10% market vacancy and collection loss

Operating Expenses

The subject is analyzed on a typical net basis where the tenants pays either directly, or fully reimburses for all taxes and operating expenses. The analysis is based upon the first year's projected expenses.

Estimated taxes are \$48,000, and are based upon a renovated subject. This amounts to \$3.36/sf of NRA (\$4.33/sf of AGA) and is reasonably supported by a review of other renovated office buildings.

CAM is estimated at \$5.00/sf of NRA and includes insurance, common utilities, repairs, maintenance and management. This is supported by a review of comparable office buildings. Combined taxes and CAM amount to a market-supported rate of \$8.36/sf of NRA (\$10.96/sf of AGA).

An additional owner's expense of \$.15/sf is also included. No provision for reserves is included in our direct capitalization analysis; the subject will be a renovated property in good condition, having many of its components replaced.

INCOME APPROACH (CONTINUED)

Overall Capitalization Rate

The subject property is analyzed via capitalization using an overall rate obtained directly from the market. It is simply the ratio between a property's NOI and its sale price. Some care must be given, however, that the NOIs reported from various sales were determined using the same operating expense categories (e.g., reserves, management, TIs and leasing commissions), had similar occupancy levels, and are based upon the same income period (i.e., last year's or first year's projection). Within our analysis, we have used the first year's projected income using market rents and likely expenses.

Cap rates had been increasing since 2008 due to tight credit and a deterioration in market fundamentals, hitting a peak in mid-2010 and appear to be trending slightly downward--see charts summarizing published national data on following page. Below is a table summarizing actual local neighborhood commercial building cap rates. Given the recent trends and the subject's vintage & features, a current cap rate of 8.75% is supported from the market.

Conclusion: 8.75% Overall Cap Rate

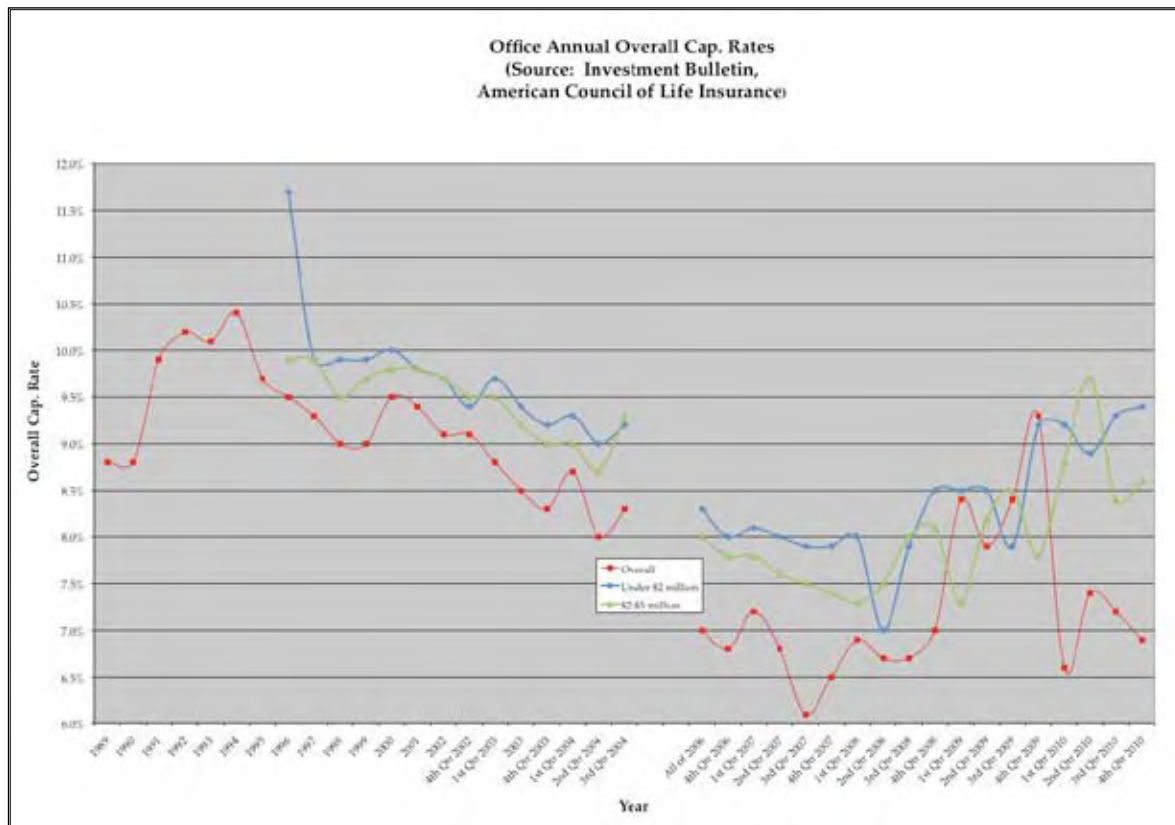
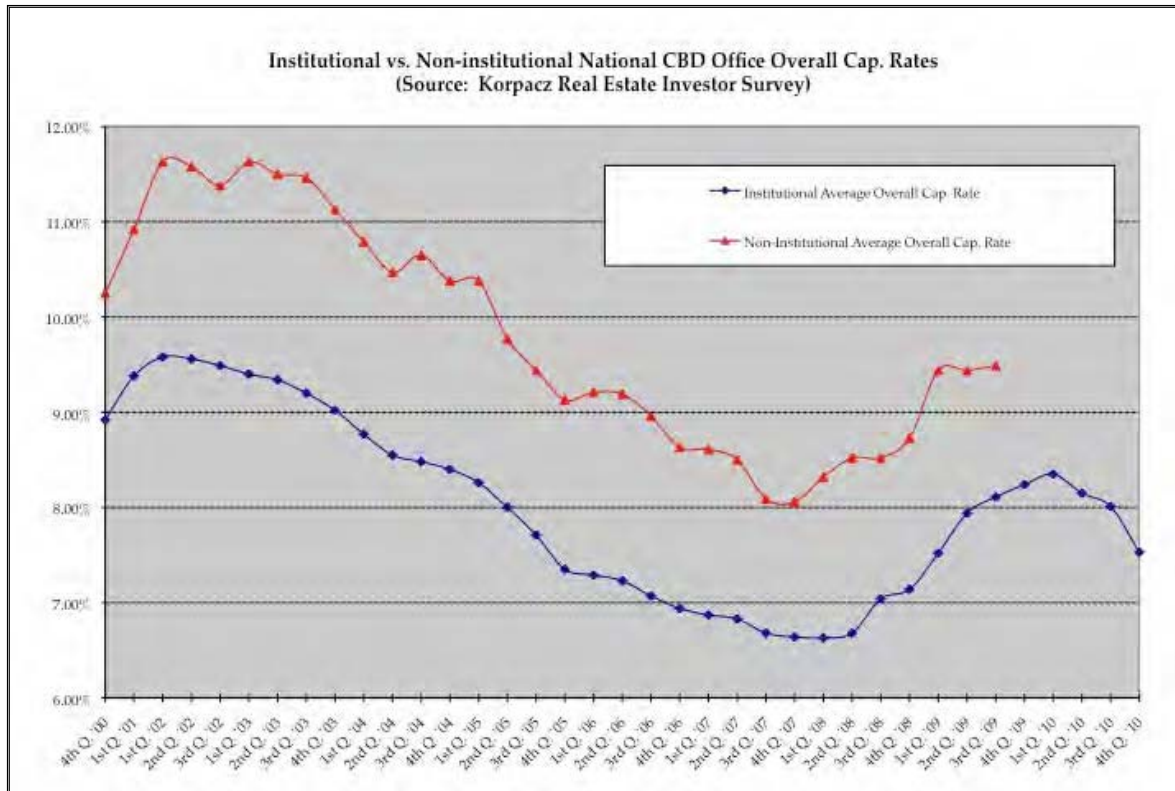


Cap Rate Summary Table

No.	Property/ City	Date Of Sale	Purchase Price	Gross Bldg. Area (SF)	Price \$/SF GBA	Rentable Area (SF)	Price \$/SF NRA	OAR
1	Millenia Wall Solutions Edina	Jan., 2008	\$2,100,000	12,078	\$173.87	10,334	\$203.21	7.1%
2	Crosstown Corp. Center Eden Prairie	Apr., 2008	\$10,575,000	91,197	\$115.96	60,000	\$176.25	8.0%
3	GE Security Building Arden Hills	May., 2008	\$8,500,000	75,601	\$112.43	75,601	\$112.43	8.0%
4	10801 Red Circle Drive Minnetonka	May., 2008	\$8,505,000	60,452	\$140.69	60,452	\$140.69	8.3%
5	First Cmty. Bank/Office Savage	Jan., 2008	\$2,200,000	14,326	\$153.57	13,178	\$166.94	8.4%
6	Roseville Rosegate Roseville	Jun., 2009	\$7,400,000	49,467	\$149.59	46,467	\$159.25	8.6%
7	SunGard Financial Facility Hopkins	Feb., 2010	\$2,875,000	29,660	\$96.93	29,660	\$96.93	8.8%
8	Roseville Office Plaza Roseville, MN 55113	Dec., 2008	\$5,645,000	55,858	\$101.06	45,300	\$124.61	9.0%
9	Mainstreet Exchange Waconia	Mar., 2008	\$2,675,000	22,419	\$119.32	20,161	\$132.68	9.1%
10	Brooklyn Crossing Brooklyn Center	Feb., 2010	\$1,530,000	55,000	\$27.82	52,090	\$29.37	9.9%
11	Eagle Pointe Office Center II Lake Elmo	Aug., 2009	\$4,650,000	30,578	\$152.07	30,578	\$152.07	10.2%
	High/Max.	Feb., 2010	\$10,575,000	91,197	\$173.87	75,601	\$203.21	10.2%
	Low/Min.	Jan., 2008	\$1,530,000	12,078	\$27.82	10,334	\$29.37	7.1%
	Average	Nov., 2008	\$5,150,455	45,149	\$122.12	40,347	\$135.86	8.7%



INCOME APPROACH (CONTINUED)



RECONCILIATION AND FINAL VALUE ESTIMATE

Summary and Value Indications		
	Total	Per SF of AGA
Cost Approach	N/A	N/A
Sales Comparison Approach	\$50,000	\$4.51
Income Approach	(\$16,000)	(\$1.44)
Concluded Appraised "As-is" Value	\$50,000	\$4.51

Reconciliation Comments

The subject is an historic office building in need of extensive renovation. The highest and best use is to find a user of the facility, likely for office use, and to renovate according to the user's requirements. The scope of renovation would likely include the roof, windows, tuckpointing, entry steps, installation of a new parking lot, repair retaining walls, updating mechanicals, elevators, new restrooms, interior buildout and repairs (including restoration of the tile mosaic floor, woodwork, doors, office wainscot, stained-glass skylight, antique lighting fixtures, etc); asbestos, lead-based paint, tar and mold abatement is also needed. The basement water infiltration issues are assumed to have been corrected by the City, and roof may be repaired or replaced at a later date if funds are available. Likely renovation costs are estimated at \$1,550,000.

Based on this level of renovation, indicated potential renovated values were estimated within the Sales Comparison & Income Approaches (\$1,600,000 & \$1,534,000, respectively), and the renovation costs were deducted to reflect "as-is" value indications.

The Sales Comparison Approach is the best valuation tool, with the Income Approach providing concurring support. The Cost Approach has not been developed since it can not produce a credible value indication.

With most emphasis accorded the Sales Comparison Approach, a rounded market total value opinion of \$50,000 is concluded "as-is." If the City is able to repair or replace the roof or a significant portion of it, this would be an enhancement to the property and its value would be increased accordingly.

Less or more extensive renovation scenarios proposed by a buyer would alter the subject's potential renovated value, with the result that its "as-is" value would be similar to our conclusion.

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

FINAL ESTIMATE OF FEE SIMPLE "AS-IS" MARKET VALUE:

\$50,000



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EXPOSURE & MARKETING TIME

Exposure Time	
Definition:	
Per the Appraisal Standards Board in its Statement on Appraisal Standards No. 6:	
<i>"The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market."</i>	
	Subject has broad market appeal
X	Subject has adequate market appeal given its historic attraction, yet complete renovation is needed. An extended exposure period would be required due to difficult market conditions, the RFP process, City requirements and historic structure preservation stipulations. There is weak demand in relation to the supply of properties on the market, some lower-priced foreclosure product is available, and financing is difficult to obtain
	Subject has limited market appeal
	Subject is a special purpose property having an extremely limited number of potential buyers
	Subject could easily be marketed without significant work being needed
X	Subject requires significant work to enhance its market acceptance--see highest and best use comments. A developer would need a good renovation plan where entrepreneurial profit is not the primary incentive, and significant financial resources
X	Exposure period conclusion is based upon market observations
X	Exposure period allows for marketing efforts, negotiating, required inspections, finding a user for the facility, developing a renovation plan, legal work, time to secure financing, and some time to coordinate a closing
X	Conclusion: 12 to 18 months
	Comments:

Marketing Time	
Definition:	
Per the Appraisal Standards Board in its Advisory Opinion No. 7:	
<i>"...an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."</i>	
While exposure time precedes the effective date of value, marketing time differs in that it is subsequent.	
X	Same marketing period applies in that market conditions are not anticipated to radically alter in terms of supply/demand, economic conditions, or significant national or local events
	A longer marketing period may occur due to changes in the economy, interest rates, capital markets or anticipated declining market conditions
	A shorter marketing period may occur due to improvement in the economy, interest rates, or market conditions
X	Conclusion: 12 to 18 months
	Comments:



Addenda



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EXCERPTS FROM ZONING CODE

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> [Title 20 - ZONING CODE](#) >>
[CHAPTER 548. - COMMERCIAL DISTRICTS](#) >> [ARTICLE I. - GENERAL PROVISIONS](#) >>

[ARTICLE I. - GENERAL PROVISIONS](#)

- [548.10. - Purpose.](#)
- [548.20. - District names.](#)
- [548.30. - Principal uses for the commercial districts.](#)
- [548.40. - Accessory uses and structures.](#)
- [548.50. - Maximum occupancy.](#)
- [548.60. - Hours open to the public.](#)
- [548.70. - Parking and loading requirements.](#)
- [548.80. - Truck and commercial](#)
- [548.90. - Signs.](#)
- [548.100. - Height.](#)
- [548.110. - Increasing maximum height.](#)
- [548.120. - Lot dimension and building bulk requirements.](#)
- [548.130. - Density bonuses.](#)
- [548.140. - Yard requirements.](#)
- [548.150. - Prohibition on decreasing front yards.](#)
- [548.160. - Landscaped yards for nonresidential uses.](#)
- [548.170. - Reserved.](#)
- [548.180. - Enclosed building requirement.](#)
- [548.190. - Compliance with performance standards.](#)

548.10. - Purpose.

The commercial districts are established to provide a range of goods and services for city residents, to promote employment opportunities and the adaptive reuse of existing commercial buildings, and to maintain and improve compatibility with surrounding areas. In addition to commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed.

548.20. - District names.

The commercial district names are:

- C1 Neighborhood Commercial District
- C2 Neighborhood Corridor Commercial District
- C3A Community Activity Center District
- C3S Community Shopping Center District
- C4 General Commercial District

548.30. - Principal uses for the commercial districts.

(a) *In general.* Table 548-1, Principal Uses in the Commercial Districts, lists all permitted and conditional uses in the commercial districts.

- (b) *Permitted uses.* Uses specified with a "P" are permitted as of right in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish a permitted use shall obtain a zoning certificate for such use as specified in Chapter 525, Administration and Enforcement.
- (c) *Conditional uses.* Uses specified with a "C" are allowed as a conditional use in the district or districts where designated, provided that the use complies with all other applicable provisions of this ordinance. Persons wishing to establish or expand a conditional use shall obtain a conditional use permit for such use, as specified in Chapter 525, Administration and Enforcement.
- (d) *Prohibited uses.* Any use not listed as either "P" (permitted) or "C" (conditional) in a particular district or any use not determined by the zoning administrator to be substantially similar to a use listed as permitted or conditional shall be prohibited in that district.

EXCERPTS FROM ZONING CODE (CONTINUED)

- (e) *Specific development standards.* Permitted and conditional uses specified with an "■" under the Specific Development Standards column shall be subject to the specific development standards of Chapter 536, Specific Development Standards.
- (f) *General use categories.* Table 548-1 employs general use categories for some types of uses. A particular use may be determined to be within a general use category if not listed specifically elsewhere in Table 548-1 and if not determined to be within another general use category. Determination of whether a particular use is included within a general use category shall be made by the zoning administrator in the manner provided for in Chapter 525, Administration and Enforcement, governing determination of substantially similar uses.
- (1) *General retail sales and services.* General retail sales and services uses include the retail sale of products or the provision of services to the general public that produce minimal off-site impacts. General retail sales and services include but are not limited to the following uses:
- a. Bakery.
 - b. Barber shop/beauty salon.
 - c. Bicycle sales and repair.
 - d. Clothing and accessories.
 - e. Drug store.
 - f. Dry cleaning pick-up station.
 - g. Electronics.
 - h. Film developing.
 - i. Furniture store.
 - j. Hardware store.
 - k. Interior decorating/upholstery.
 - l. Jewelry store.
 - m. Locksmith.
 - n. Picture framing.
 - o. Radio and television service and repair.
 - p. Shoe repair/tailor.
- (2) *Limited production and processing.* Limited production and processing uses include activities that are consistent and compatible with retail sales and services. These uses produce minimal off-site impacts due to their limited nature and scale. Limited production and processing shall not include any use which may be classified as a medium industrial use or a general industrial use or any use which is first allowed in the I2 or I3 Districts. Limited production and processing is allowed as a principal use, and may include wholesale and off-premise sales, notwithstanding the restrictions of this chapter, provided the use shall not exceed one thousand two hundred (1,200) square feet of gross floor area, and the main entrance shall open to a retail or office component equal to not less than fifteen (15) percent of the floor area of the use, except in the C4 District where such district standards shall apply. Limited production and processing includes but is not limited to the following uses:
- a. Apparel, and other finished products made from fabrics.
 - b. Computers and accessories, including circuit boards and software.
 - c. Electronic components and accessories.
 - d. Film, video and audio production.
 - e. Food and beverage products, except no live slaughter, grain milling, cereal, vegetable oil or vinegar.
 - f. Precision medical and optical goods.
 - g. Printing and publishing.
 - h. Signs, including electric and neon signs.
 - i. Watches and clocks.
 - j. Wood crafting and carving.
 - k. Wood furniture and upholstery.

Table 548-1 Principal Uses in the Commercial Districts

Use	C1	C2	C3A	C3S	C4	Specific Development Standards
COMMERCIAL USES						
Retail Sales and Services						

EXCERPTS FROM ZONING CODE (CONTINUED)

General retail sales and services	P	P	P	P	P	
Antiques and collectibles store	P	P	P	P	P	
Art gallery	P	P	P	P	P	
Art studio	P	P	P	P	P	□
Bank or financial institution	P	P	P	P	P	
Bed and breakfast home	P					□
Bookstore, new or used	P	P	P	P	P	
Building material sales	P	P		P	C	
Child care center	P	P	P	P	P	□
Consignment clothing store	P	P	P	P	P	□
Contractor's office	C	C	C	C	C	
Currency exchange		P		P	P	□
Day labor agency					C	□
Exterminating shop					P	
Farmers' market	P	P	P	P	P	□
Firearms dealer					C	□
Funeral home	P	P	P	P	P	□
Greenhouse, lawn and garden supply store	P	P		P	P	
Grocery store	P	P	P	P	P	□
Laundry, self service	P	P	P	P	P	
Memorial monuments		P			P	□
Motorized scooter sales	P	P	P	P	P	
Neighborhood electric vehicle sales	P	P	P	P	P	
Office supplies sales and service	P	P	P	P	P	
Pawnshop					P	□
Performing, visual or martial arts school	P	P	P	P	P	
Pet store	P	P	P	P	P	□
Photocopying	P	P	P	P	P	
Rental of household goods and equipment		P	P	P	P	
Secondhand goods store	P	P	P	P	P	□
Shopping center	C	C	C	C	C	□
Small engine repair		C		P	P	□
Tattoo and body piercing parlor	P	P	P	P	P	
Tobacco shop		P	P	P	P	□
Veterinary clinic	P	P	P	P	P	□
Video store	P	P	P	P	P	
Offices	P	P	P	P	P	
Automobile Services						
Automobile convenience facility existing on the effective date of this ordinance	C	C		C	C	□
Automobile convenience facility		C		C	C	□
Automobile rental		C			C	□
Automobile repair, major					C	□
Automobile repair, minor		C		C	C	□
Automobile repair, minor, existing on the effective date	C	C		C	C	□

EXCERPTS FROM ZONING CODE (CONTINUED)

of this ordinance						
Automobile sales		C		C	C	□
Car wash		C		C	C	□
Food and Beverages						
Catering	P	P	P	P	P	
Coffee shop, with limited entertainment	P	P	P	P	P	□
Liquor store, off-sale		C	C	C	C	□
Nightclub			C			□
Restaurant, delicatessen	P	P	P	P	P	□
Restaurant, fast food	C	C	C	C	C	□
Restaurant, sit down, including the serving of alcoholic beverages, with limited entertainment	P	P	P	P	P	□
Restaurant, sit down, including the serving of alcoholic beverages, with general entertainment		P	P	P	P	□
Commercial Recreation, Entertainment and Lodging						
Hotel			P	P	P	□
Indoor recreation area		P	P	P	P	
Outdoor recreation area		C	C	C	C	□
Radio or television station	P	P	P	P	P	□
Reception or meeting hall		C	P	C	C	□
Regional sports arena			P			□
Sports and health facility, major		C	C	C	C	
Sports and health facility, minor	P	P	P	P	P	
Theater, indoor	P	P	P	P	P	□
Medical Facilities						
Blood/plasma collection facility					C	
Clinic, medical or dental	P	P	P	P	P	
Laboratory, medical or dental	P	P	P	P	P	
Planned Unit Development	C	C	C	C	C	□
Transportation						
Ambulance service					C	
Bus garage or maintenance facility					C	
Limousine service					C	
Package delivery service					C	□
Taxicab service					C	
Truck, trailer, boat, recreational vehicle or mobile home sales, service and rental					C	
PARKING FACILITIES						
Parking facility	C	C	C	C	C	
RESIDENTIAL USES						
Dwellings						
Single or two-family dwelling	P	P				
Single or two-family dwelling existing on the effective date of this ordinance			P	P	P	

EXCERPTS FROM ZONING CODE (CONTINUED)

Cluster development	C	C	C	C	C	□
One (1) to four (4) dwelling units, as part of a mixed use building	P	P	P	P	P	
Multiple-family dwelling, three (3) and four (4) units	P	P	P	P	P	
Multiple-family dwelling, five (5) units or more	C	C	C	C	C	
Planned Unit Development	C	C	C	C	C	□
Congregate Living						
Community residential facility serving six (6) or fewer persons	P	P	P	P	P	□
Community residential facility serving seven (7) to sixteen (16) persons	C	C	C	C	C	□
Community residential facility serving seventeen (17) to thirty-two (32) persons		C	C	C	C	□
Board and care home/Nursing home/Assisted living		C			C	□
Inebriate housing		C			C	□
Residential hospice		C			C	□
Supportive housing		C			C	□
INSTITUTIONAL AND PUBLIC USES						
Educational Facilities						
Early childhood learning center	P	P	P	P	P	□
Preschool	P	P	P	P	P	□
School, grades K–12	C	C	C	C	C	□
School, vocational or business	C	P	P	P	P	□
Social, Cultural, Charitable and Recreational Facilities						
Athletic field	C	C	C	C	C	□
Club or lodge, with limited entertainment	C	P	P	P	P	
Club or lodge, with general entertainment		P	P	P	P	
Community center	C	P	P	P	P	□
Community garden	P	P	P	P	P	□
Developmental achievement center	C	P	P	P	P	
Educational arts center	P	P	P	P	P	
Library	C	P	P	P	P	
Mission					C	□
Museum	C	P	P	P	P	
Park, public	P	P	P	P	P	
Religious Institutions						
Convent, monastery or religious retreat center	C	P	P	P	P	□
Place of assembly	P	P	P	P	P	
PRODUCTION, PROCESSING AND STORAGE						
Limited production and processing	C	C	C	C	C	
Dry cleaning establishment		C			C	□
Film, video and audio production		C	C		C	□

EXCERPTS FROM ZONING CODE (CONTINUED)

Furniture moving and storage					C	
Industrial machinery and equipment sales, service and rental					C	
Laundry, commercial		C			C	■
Packaging of finished goods					C	
Printing and publishing		C			C	
Self-service storage					C	
Wholesaling, warehousing and distribution					C	
PUBLIC SERVICES AND UTILITIES						
Bus turnaround	C	C	C	C	C	
Communication exchange	C	C	C	C	C	
Electric or gas substation	C	C	C	C	C	
Fire station	C	C	C	C	C	
Garage for public vehicles					C	
Heating or cooling facility	C	C	C	C	C	
Passenger transit station	C	C	C	C	C	
Police station	C	C	C	C	C	
Post office	C	C	C	C	C	
Railroad right-of-way	C	C	C	C	C	
Regional financial service center			C			■
Stormwater retention pond	C	C	C	C	C	
Street and equipment maintenance facility					C	
Water pumping and filtration facility	C	C	C	C	C	

(2000-Or-045, § 1, 5-19-2000; 2005-Or-045, § 1, 5-13-05; 2006-Or-015, § 1, 2-10-06; 2006-Or-089, § 1, 7-21-06; 2009-Or-035, § 1, 4-24-09; 2009-Or-088, § 1, 8-28-09; 2009-Or-101, § 1, 9-18-09; 2010-Or-015, § 1, 4-2-10; 2010-Or-056, § 1, 5-28-10)

548.40. - Accessory uses and structures.

Accessory uses and structures shall comply with the provisions of Chapter 537, Accessory Uses and Structures.

548.50. - Maximum occupancy.

(a) *Dwelling units.* The maximum occupancy of a dwelling unit located in the commercial districts shall not exceed one (1) family plus four (4) unrelated persons living together as a permanent household, provided that the family plus the unrelated persons shall not exceed a total of five (5) persons.

(b) *Rooming units.* The maximum occupancy of a rooming unit shall be as regulated by Chapter 244 of the Minneapolis Code of Ordinances, Housing Maintenance Code.

548.60. - Hours open to the public.

(a) *In general.* All uses located in the commercial districts, except residential uses, religious institutions and hotels, shall comply with the regulations governing maximum hours open to the public as set forth in each district, except where the city planning commission further restricts such hours.

(b) *Extension of hours open to the public.* The hours open to the public may be extended by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the hours open to the public:

- (1) Proximity to permitted or conditional residential uses.
- (2) Nature of the business and its impacts of noise, light and traffic.
- (3) Conformance with applicable zoning regulations, including but not limited to use, yards, gross floor area and specific development standards.

EXCERPTS FROM ZONING CODE (CONTINUED)

- (4) History of complaints related to the use.
- (c) *Uses licensed to sell alcoholic beverages.* The hours open to the public for uses licensed to sell alcoholic beverages shall be those permitted by the liquor, wine or beer license and any special late hours entertainment license approved for the facility. Hours open to the public beyond those permitted by the license may be requested by applying for a conditional use permit.
- (d) *Operations not open to the public.* Operations incidental to and commonly associated with the use and performed during the hours the use is closed to the public, for example production or processing activities or the stocking of inventory, may occur.

548.70. - Parking and loading requirements.

Parking and loading requirements for uses in the commercial districts shall be as set forth in Chapter 541, Off-Street Parking and Loading.

548.80. - Truck and commercial

vehicle parking. (a) *Residential uses.* Parking of commercial vehicles shall be prohibited.

- (b) *Nonresidential uses.* Regulations governing the parking of trucks and other commercial vehicles accessory to permitted or conditional nonresidential uses shall be as specified in each commercial district. These regulations shall apply only to vehicles that are parked regularly at a site and shall not apply to pick-up and delivery activities or to the temporary use of vehicles during construction. Outdoor storage of motorized equipment other than motor vehicles in operable condition shall be prohibited.

548.90. - Signs.

Sign requirements for uses in the commercial districts shall be as set forth in Chapter 543, On-Premise Signs.

548.100. - Height.

Except for communication antennas subject to Chapter 535, Regulations of General Applicability, the maximum height requirements of principal structures located in the commercial districts shall be as specified within each commercial district. Parapets not exceeding three (3) feet in height shall be exempt from such limitations, except where located on single or two-family dwellings or cluster developments.

548.110. - Increasing maximum height.

The height limitations of principal structures located in the commercial districts, except single and two-family dwellings, may be increased by conditional use permit, as provided in Chapter 525, Administration and Enforcement. In addition to the conditional use standards, the city planning commission shall consider, but not be limited to, the following factors when determining the maximum height:

- (1) Access to light and air of surrounding properties.
- (2) Shadowing of residential properties or significant public spaces.
- (3) The scale and character of surrounding uses.
- (4) Preservation of views of landmark buildings, significant open spaces or water bodies.

548.120. - Lot dimension and building bulk requirements.

(a) *Maximum floor area ratio.* The maximum floor area ratio of all structures located in the commercial districts shall be as set forth within each commercial district. The maximum floor area ratio (F.A.R.) may not be attainable without obtaining conditional use permit approval for increasing maximum height.

- (b) *Minimum lot dimension requirements.* Lot dimension requirements for all uses located in the commercial districts, except residential uses, shall be as specified in Table 548-2, Lot Dimension Requirements in the Commercial Districts. Lot dimension requirements for residential uses shall be as set forth in each commercial district.

Table 548-2 Lot Dimension Requirements in the Commercial Districts

Use	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)
COMMERCIAL USES		
Retail Sales and Services	None	None
With drive-through facility	12,000	100
Offices	None	None

EXCERPTS FROM ZONING CODE (CONTINUED)

Automobile Services	None	None
With car wash or fuel pump	12,000	100
Automobile sales	12,000	100
Food and Beverages	None	None
With drive-through facility	12,000	100
Commercial Recreation, Entertainment and Lodging	None	None
Medical Facilities	None	None
Planned Unit Development	1 acre	None
Transportation	12,000	100
PARKING FACILITIES	5,000	40
Institutional and Public Uses		
Educational Facilities		
Early childhood learning center	20,000	100
Preschool	None	None
School, grades K–12	20,000	100
School, vocational or business	None	None
Social, Cultural, Charitable and Recreational Facilities		
Athletic field	20,000	100
Club or lodge	None	None
Community center	None	None
Community garden	None	None
Developmental achievement center	None	None
Library	None	None
Mission	None	None
Museum	None	None
Park, public	None	None
Religious Institutions		
Convent, monastery or religious retreat center	As required for congregate living in each commercial district	40
Place of assembly	None	None
Production, Processing, and Storage	None	None
Public Services and Utilities	As approved by C.U.P.	As approved by C.U.P.

(2009-Or-088, § 2, 8-28-09)

548.130. - Density bonuses.

(a) *Bonus for enclosed parking.* The maximum number of dwelling units and the maximum floor area ratio of multiple-family dwellings may be increased by twenty (20) percent if all required parking is provided within the building, entirely below grade, or in a parking garage of at least two (2) levels.

- (b) *Bonus for mixed commercial-residential buildings.* The maximum number of dwelling units and the maximum floor area ratio may be increased by twenty (20) percent where residential uses are located above a ground floor in which at least fifty (50) percent of the gross floor area is devoted to commercial uses. In addition, in the C1 District, the maximum height of such structure may be increased to three (3) stories or forty-two (42) feet, whichever is less.
- (c) *Bonus for affordable housing.* The maximum number of dwelling units and the maximum floor area ratio of new cluster developments and new multiple-family dwellings of five (5) units or more may be increased by twenty (20) percent if at least twenty (20) percent of the dwelling units meet the definition of affordable housing. (2002-Or-183, § 1, 11-22-02)

548.140. - Yard requirements.

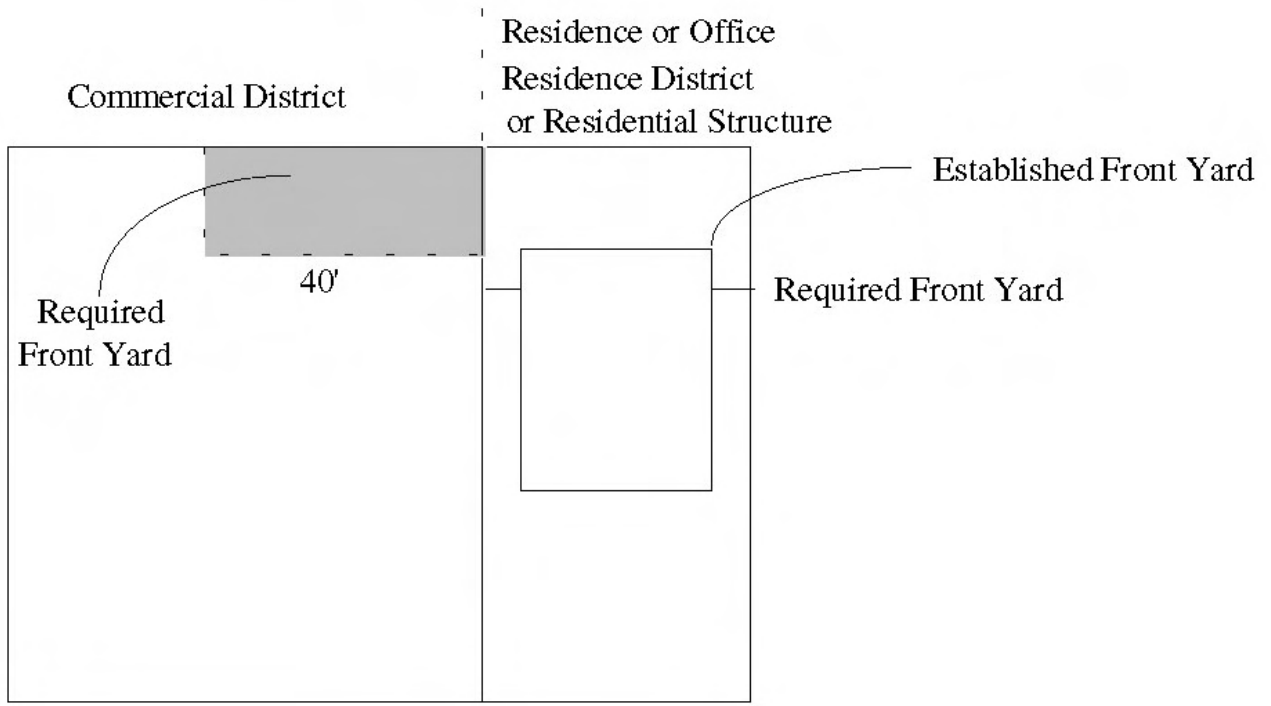
EXCERPTS FROM ZONING CODE (CONTINUED)

(a) *In general.* Unless subject to the provisions of sections (b) and (c) below, uses located in the commercial districts shall not be subject to minimum yard requirements.

(b) *Commercial districts near residence and office residence districts or residential structures.*

- (1) *Front yard requirements.* Where a street frontage includes property zoned as a residence or office residence district and property zoned as a commercial district, or where a street frontage includes structures used for permitted or conditional residential purposes, a front yard equal to the lesser of the front yard required by such residence or office residence district or the established front yard of such residential structure shall be provided in the commercial district for the first forty (40) feet from such residence or office residence district boundary or residential property.

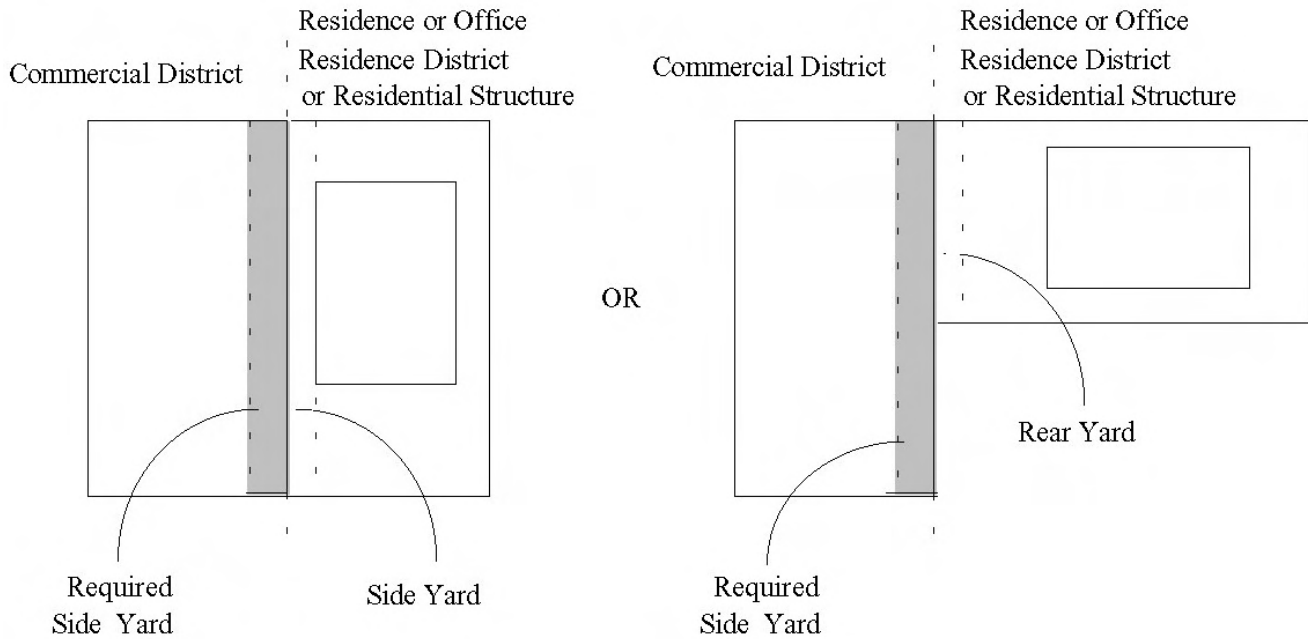
Front Yard Requirement



Commercial Districts: Front Yard Requirement

- (2) *Side yard requirements.* Where a side lot line abuts a side or rear lot line in a residence or office residence district, or abuts a side or rear lot line of a structure used for permitted or conditional residential purposes, a yard equal to the minimum side yard that would be required for a conditional use on the abutting residential lot shall be provided along such side lot line.

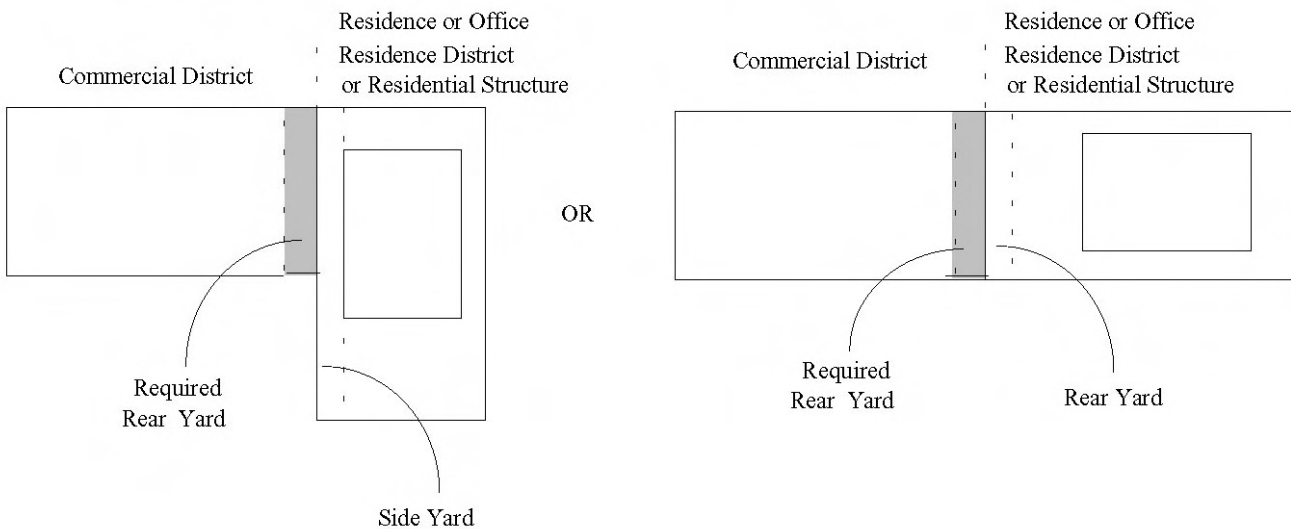
Side Yard Requirements



Commercial Districts: Side Yard Requirements

- (3) *Rear yard requirements.* Where a rear lot line abuts a side or rear lot line in a residence or office residence district, or abuts a side or rear lot line of a structure used for permitted or conditional residential purposes, a yard equal to the minimum side yard that would be required for a conditional use on the abutting residential lot shall be provided along such rear lot line.

Rear Yard Requirements



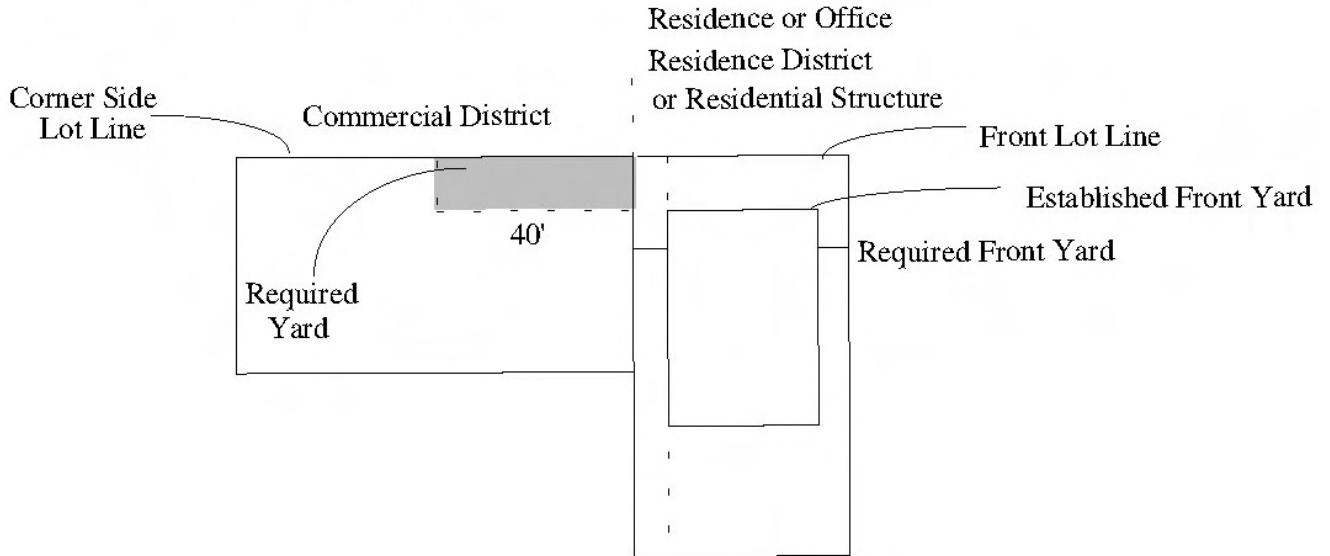
Commercial Districts: Rear Yard Requirements

- (4) *Reverse corner side yard requirements.* Where the extension of a corner side lot line coincides with a front lot line in an adjacent residence or office residence district, or with a front lot line of a structure used

EXCERPTS FROM ZONING CODE (CONTINUED)

for permitted or conditional residential purposes, a yard equal to the lesser of the front yard required by such residence or office residence district or the established front yard of such residential structure shall be provided along such side lot line for the first forty (40) feet from such residence or office residence district boundary or residential property.

Reverse Corner Side Yard Requirements



- (c) *Residential uses and hotels.* Unless subject to a greater yard requirement in section (b) above, or in Chapter 535, Regulations of General Applicability, the uses listed in Table 548-3, Residential and Hotel Yard Requirements, shall be subject to the following minimum yard requirements:

Table 548-3 Residential and Hotel Yard Requirements

Yards	Required Yards for Single and Two-family Dwellings and Permitted Community Residential Facilities (Feet)	Required Yards for All Other Residential Uses and Hotels Where the Use Contains Windows Facing an Interior Side Yard or Rear Yard (Feet)
Front	15	0
Rear	5	5+2X provided that this section (c) shall not require a minimum rear yard greater than fifteen (15) feet.
Interior Side	5	5+2X provided that this section (c) shall not require a minimum interior side yard greater than fifteen (15) feet.
Corner Side	8	0

X = Number of stories above the first floor

(2000-Or-045, § 2, 5-19-00; 2005-Or-106, § 1, 11-4-05)

548.150. - Prohibition on decreasing front yards.

The established front yard of residential structures or structures originally designed as such shall not be decreased, except as a permitted obstruction, as specified in Chapter 535, Regulations of General Applicability, or as a variance of yard requirements, as specified in Chapter 525, Administration and Enforcement.

EXCERPTS FROM ZONING CODE (CONTINUED)

548.160. - Landscaped yards for nonresidential uses.

Required yards for nonresidential uses shall be landscaped as specified in Chapter 530, Site Plan Review. Notwithstanding the obstructions permitted in Chapter 535, Regulations of General Applicability, required interior side yards shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed. Where a rear yard abuts a required side yard, such rear yard shall remain unobstructed from the ground level to the sky, except that fencing shall be allowed.

548.170. - Reserved.

Editor's note— Ord. No. 2007-Or-041, § 1, adopted June 15, 2007, repealed § 548.170, which pertained to separate access required for commercial and residential uses. See also the Code Comparative Table.

548.180. - Enclosed building requirement.

(a) *In general.* All production, processing, storage, sales, display or other business activity shall be conducted within a completely enclosed building, except as otherwise provided in sections (b) and (c) below or elsewhere in this ordinance.

(b) *Outdoor dining.* Outdoor dining shall be allowed, provided the following conditions are met:

- (1) The outdoor dining area shall be no closer than twenty (20) feet from an adjacent residence or office residence district boundary or from an adjacent ground floor permitted or conditional residential use, and shall be screened from such district boundary or residential use, as specified in Chapter 530, Site Plan Review.
- (2) Sidewalk cafes shall comply with the requirements contained in Chapter 265 of the Minneapolis Code of Ordinances, Special Permits for Specific Businesses and Uses.

(c) *Outdoor sales and display.* The following may include outdoor sales and display provided such outdoor sales and display area shall be no closer than twenty (20) feet from an adjacent residence or office residence district boundary or from an adjacent ground floor permitted or conditional residential use, and shall be screened from such district boundary or residential use, as specified in Chapter 530, Site Plan Review:

- (1) Automobile sales.
- (2) Direct refueling of motor vehicles.
- (3) Lawn and garden sales, provided the outdoor sales and display area shall be included in the maximum gross floor area of such use, as regulated in each district.
- (4) Permitted drive-through facilities.
- (5) Building material sales located in the C4 District only.
- (6) Truck, trailer, boat or recreational vehicle sales, service or rental, subject to the regulations of the C4 District governing the outdoor parking of trucks and other commercial vehicles. (2002-Or-090, § 1, 9-13-02)

548.190. - Compliance with performance standards.

All uses in the commercial districts shall comply with all general performance standards contained in Chapter 535, Regulations of General Applicability, and with all other applicable regulations or law.

EXCERPTS FROM ZONING CODE (CONTINUED)

Minneapolis, Minnesota, Code of Ordinances >> - CODE OF ORDINANCES >> [Title 20 - ZONING CODE](#) >> [CHAPTER 548. - COMMERCIAL DISTRICTS](#) >> [ARTICLE II. - C1 NEIGHBORHOOD COMMERCIAL DISTRICT](#) >>

ARTICLE II. - C1 NEIGHBORHOOD COMMERCIAL DISTRICT

- [548.200. - Purpose.](#)
- [548.210. - Uses.](#)
- [548.220. - Lot dimension requirements.](#)
- [548.230. - Building bulk requirements.](#)
- [548.240. - General district regulations.](#)
- [548.250. - Truck and commercial vehicle parking for nonresidential uses.](#)

548.200. - Purpose.

The C1 Neighborhood Commercial District is established to provide a convenient shopping environment of small scale retail sales and commercial services that are compatible with adjacent residential uses. In addition to commercial uses, residential uses, institutional and public uses, parking facilities, limited production and processing and public services and utilities are allowed.

548.210. - Uses.

Permitted and conditional uses in the C1 District shall be as specified in section 548.30 and Table 548-1, Principal Uses in the Commercial Districts.

548.220. - Lot dimension requirements.

The minimum lot area and lot width for all nonresidential uses located in the C1 District shall be as specified in Table 548-2, Lot Dimension Requirements in the Commercial Districts. The minimum lot area and lot width for residential uses located in the C1 District shall be as specified in Table 548-4, Residential Lot Dimension Requirements in the C1 District.

Table 548-4 Residential Lot Dimension Requirements in the C1 District

Use	Minimum Lot Area (Square Feet)	Minimum Lot Width (Feet)
RESIDENTIAL USES		
Dwellings		
Single or two-family dwelling	5,000	40
Cluster development	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40
Dwelling unit, as part of a mixed use building	700 sq. ft. per dwelling unit	None
Multiple-family dwelling	5,000 or 700 sq. ft. per dwelling unit, whichever is greater	40
Planned unit development	1 acre or 700 sq. ft. per dwelling unit, whichever is greater	As approved by C.U.P.
Congregate Living		
Community residential facility serving six (6) or fewer persons	5,000	40
Community residential facility serving seven (7) to sixteen (16) persons	5,000 or 700 sq. ft. per rooming unit, whichever is greater	40

EXCERPTS FROM ZONING CODE (CONTINUED)

(2002-Or-057, § 1, 6-21-02; 2006-Or-070, § 1, 6-16-06; 2009-Or-028, § 1, 3-27-2009; 2009-Or-088, § 3, 8-28-09)

548.230. - Building bulk requirements.

The maximum height of all principal structures located in the C1 District shall be two and one-half (2.5) stories or thirty-five (35) feet, whichever is less. The maximum floor area ratio of all structures shall be one and seven-tenths (1.7).

548.240. - General district regulations.

The following conditions govern uses in the C1 District:

- (1) *Maximum floor area.*
 - a. In general. All commercial uses, including shopping centers, shall be limited to a maximum gross floor area of four thousand (4,000) square feet per use, except for planned unit developments and as provided in sections b. and c. below.
 - b. Bonus for no parking located between the principal structure and the street. If parking is not located between the principal structure and the street, the maximum gross floor area of a commercial use shall be increased to six thousand (6,000) square feet.
 - c. Bonus for additional stories. If parking is not located between the principal structure and the street, and the structure in which the commercial use is located is at least two (2) stories (not including the basement), the maximum gross floor area of a commercial use shall be increased to eight thousand (8,000) square feet.
- (2) *Maximum lot size.* All commercial uses, except for planned unit developments, shall be limited to a maximum zoning lot size of twenty thousand (20,000) square feet.
- (3) *Wholesale and off-premise sales.* Wholesale and off-premise sales accessory to retail sales shall be limited to two thousand (2,000) square feet of gross floor area or forty-five (45) percent of gross floor area, whichever is less, provided that the main entrance opens to the retail component of the establishment.
- (4) *Hours open to the public.* Hours open to the public shall be as follows:
Sunday through Thursday, from 6:00 a.m. to 10:00 p.m.
Friday and Saturday, from 6:00 a.m. to 11:00 p.m.
- (5) *Drive-through facilities and car washes prohibited.* Drive-through facilities and car washes shall be prohibited.
- (6) *Outdoor speakers prohibited.* Commercial outdoor speakers shall be prohibited, except when used in conjunction with self-service fuel pumps. Speaker boxes designed to communicate from pump islands shall not be audible from a residence or office residence district boundary or from a permitted or conditional residential use.
- (7) *Fast food restaurants.* Fast food restaurants shall be located only in storefront buildings existing on the effective date of this ordinance, provided further that no significant changes shall be made to the exterior of the structure and freestanding signs shall be prohibited.
- (8) *Automobile convenience facility and minor automobile repair.* Automobile convenience facilities and minor automobile repair uses shall not expand beyond the boundaries of the zoning lot existing on the effective date of this ordinance, and may not be reestablished if changed to another use.

548.250. - Truck and commercial vehicle parking for nonresidential uses.

Outdoor parking of trucks and other commercial vehicles shall be limited to operable, single rear axle vehicles of not more than fifteen thousand (15,000) pounds gross vehicle weight. All outdoor parking of trucks shall be screened from view, as specified in this zoning ordinance.

QUALIFICATIONS OF THOMAS J. DAY

The Valuation Group, Inc.

Thomas J. Day, MAI, SRA



Certified, experience, education, memberships, professionalism and integrity. Thomas Day has over 30 years of real estate appraisal and consulting experience. He is a principal, shareholder and officer of the Valuation Group, Inc. Prior to co-founding The Valuation Group, he was an owner and officer of the Lyle H. Nagell & Co., Inc.

Mr. Day has had extensive training and experience. After graduating from the University of Minnesota with a business degree having an emphasis in finance, he began his appraisal career in 1978. Numerous Appraisal Institute courses and educational offerings have been completed pertaining to real estate and valuation issues. He has a diverse appraisal practice, yet specializes in income producing properties and litigation matters. Challenging assignments include difficult highest and best use analyses, market studies, special use projects, and detailed analysis and support in eminent domain proceedings.

Tom maintains both his MAI and SRA memberships with The Appraisal Institute, and has served the North Star Chapter of the Appraisal Institute in numerous leadership capacities, including as past president. Other memberships include the International Right Of Way Association, and the Minneapolis Area Association of Realtors. He holds a Certified General Real Property appraisal license.

Mr. Day competently supports and communicates his professional findings and opinions, and has testified as an expert witness in District Court, Federal Court, and in condemnation proceedings before District Court-appointed county commissions.

EDUCATION

- Bachelor of Science Degree - Business Administration, 1978 honor graduate from the University of Minnesota, Minneapolis, Minnesota, with an emphasis in finance

APPRAISAL EDUCATION

The Appraisal Institute

- Capitalization Theory & Techniques, Part A
- Capitalization Theory & Techniques, Part B
- Case Studies in Commercial Highest And Best Use
- Income Property Valuation In The 1990s Seminar
- Evaluations & The Real Estate Appraisal Industry Seminar
- Case Studies In Real Estate Valuation
- Appraising Troubled Properties Seminar
- Eminent Domain and Condemnation Appraising
- Senior Demographics and its Impact on Senior Housing
- Attacking & Defending Appraisal in Litigation
- USPAP Update Courses
- Uniform Appraisal Standards for Federal Land Acquisitions
- Appraisal Report Writing Seminar
- Discounted Cash Flow Seminar
- Standards Of Professional Practice
- Subdivision Analysis
- Toxic Contamination
- Appraisal of Local Retail Properties
- Wetlands and Property Evaluations
- Upscale Urban Townhouse Development
- Multi-Family Housing—the Future
- Regional Retail Malls Seminar
- Eminent Domain
- Construction Disturbance & Temporary Loss of Going Concern



QUALIFICATIONS OF THOMAS J. DAY (CONTINUED)

The Society Of Real Estate Appraisers

- Introduction To Appraising Real Property, Course 101
- Applied Residential Appraising, Course 102
- Evaluating Residential Construction
- Building Codes and Inspections Seminar

Other Organizations

- Appraising Conservation Easements—American Society of Farm Managers & Rural Appraisers
 - State of Minnesota vs. Woodridge Plaza L.P. Seminar—International Right of Way Association
 - Mock Trial Seminar-- International Right of Way Association
 - FHA Single-Family New Construction Appraisal Training Seminar/HUD Training Seminar—HUD
 - Right of Way Professional Conferences—Minnesota Department of Transportation
 - Comprehensive Appraisal Workshop—Ted Whitmer
 - The Uniform Relocation and Real Property Acquisition Act-- International Right of Way Association
-

LICENCES AND AFFILIATIONS

- Minnesota General Real Property Appraiser No. 4000814
 - Member - MAI designated member of Appraisal Institute
 - Member - SRA designated member of Appraisal Institute
 - Past service of the North Star Chapter of the Appraisal Institute as President, Vice President, Secretary, Treasurer, Nominating Committee Chair, Education Committee Member, Finance Committee member, Residential Admissions Committee Chair, Bylaws Committee Chair, Program Committee Chair, Residential Associate Guidance Committee Chair, Pro-Bono Committee member, Peer Review Committee member, and Scholarship Committee member
 - Member - International Right Of Way Association
 - Member - National Association of Realtors
-

CLIENTS SERVED



Numerous individuals, attorneys, corporations, partnerships, non-profits, governmental agencies and lenders. Sample clients include the following:

- | | | |
|---------------------------------------|---|---------------------------------------|
| ■ Anchor Bank | ■ Hennepin County | ■ New Market Bank |
| ■ Anoka Electric Cooperative | ■ Highland Banks | ■ New York Life Insurance Company |
| ■ Bank of America | ■ Honeywell | ■ Park National Bank |
| ■ Briggs and Morgan | ■ Hopkins School District | ■ Phillips Neighborhood Housing Trust |
| ■ Bremer Bank | ■ Kennedy & Graven | ■ Powderhorn Residents Group |
| ■ Burnsville School District | ■ Lakeville School District | ■ Premier Bank |
| ■ The Business Bank | ■ M & I Bank | ■ Project For Pride in Living, Inc. |
| ■ Central Community Housing Trust | ■ Metropolitan Airports Commission | ■ Ramsey County |
| ■ Citizens Bank | ■ Midland Financial | ■ Richfield Bank and Trust |
| ■ City of Bloomington | ■ Midway National Bank | ■ Seward Redesign |
| ■ City of Circle Pines | ■ Minneapolis Planning and Economic Development | ■ Southside Neighborhood Housing |
| ■ City of Edina | ■ Minneapolis Library | ■ State of Minnesota |
| ■ City of Minnetonka | ■ Minneapolis Park and Recreation Board | ■ RBC Builder Finance |
| ■ City of Orono | ■ Minneapolis Public Works Department | ■ TCF Bank |
| ■ City of Plymouth | ■ Minneapolis School District | ■ Three Rivers Park District |
| ■ City of St. Louis Park | ■ Minnesota Attorney General Office | ■ Union Bank and Trust |
| ■ Fredrikson & Bryon | ■ Minnesota Department of Commerce | ■ U.S. Bank |
| ■ Firststar Bank | ■ MN Dept of Transportation | ■ U.S. Fish and Wildlife Service |
| ■ First Federal | | ■ Voyager Bank |
| ■ GE Capital | | |
| ■ Gray, Plant, Mooty, Mooty & Bennett | | |
| ■ Habitat For Humanity, Inc. | | |

QUALIFICATIONS OF THOMAS J. DAY (CONTINUED)

CURRENT APPRAISAL LICENSE

Thomas Day holds a Minnesota Certified General Real Property Appraiser license.

STATE OF MINNESOTA									
									
DAY, THOMAS J 12905 27TH PLACE NO PLYMOUTH, MN 55441	Department of Commerce								
<p>The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that THOMAS J DAY</p> <p>12905 27TH PLACE NO PLYMOUTH, MN 55441</p> <p>has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of</p> <p style="text-align: center;">Resident Appraiser : Certified General</p> <p style="text-align: center;">License Number: 4000814</p> <p>unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2012.</p> <p>IN TESTIMONY WHEREOF, I have hereunto set my hand this August 19, 2010.</p> <div style="text-align: center;"></div> <table border="0" style="width: 100%;"><tr><td style="width: 50%; vertical-align: top;"><p>COMMISSIONER OF COMMERCE Minnesota Department of Commerce Licensing Division 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 Telephone: (651) 296-6319 Email: licensing.commerce@state.mn.us Website: commerce.state.mn.us</p></td><td style="width: 50%; vertical-align: top;"><p>Continuing Education:</p><table border="0" style="width: 100%;"><thead><tr><th style="text-align: left;"><u>CE Requirement Type</u></th><th style="text-align: left;"><u>CE Required Hours</u></th></tr></thead><tbody><tr><td>Total - Appraiser</td><td>30</td></tr><tr><td>USPAP</td><td>7</td></tr></tbody></table></td></tr></table> <p>Notes:</p> <ul style="list-style-type: none">• Continuing Education: 15 hours is required in the first renewal period, which includes a 7 hour USPAP course. 30 hours is required for each subsequent renewal period, which includes a 7 hour USPAP course.• Appraisers: You must hold a licensed Residential, Certified Residential, or Certified General qualification in order to perform appraisals for federally-related transactions. Trainees do not qualify. For further details, please visit our website at commerce.state.mn.us.		<p>COMMISSIONER OF COMMERCE Minnesota Department of Commerce Licensing Division 85 7th Place East, Suite 500 St. Paul, MN 55101-3165 Telephone: (651) 296-6319 Email: licensing.commerce@state.mn.us Website: commerce.state.mn.us</p>	<p>Continuing Education:</p> <table border="0" style="width: 100%;"><thead><tr><th style="text-align: left;"><u>CE Requirement Type</u></th><th style="text-align: left;"><u>CE Required Hours</u></th></tr></thead><tbody><tr><td>Total - Appraiser</td><td>30</td></tr><tr><td>USPAP</td><td>7</td></tr></tbody></table>	<u>CE Requirement Type</u>	<u>CE Required Hours</u>	Total - Appraiser	30	USPAP	7
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USPAP	7								

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COMPANY PROFILE



The Valuation Group, Inc.
3655 Plymouth Boulevard
Minneapolis, Minnesota 55446
Phone 763-525-0000
Fax 763-525-8875

“A real estate valuation and consulting company committed to the highest standards of ethics, expertise, research and technological innovation.”



Formed in 1993, The Valuation Group is a Minneapolis-based provider of commercial real estate valuation and consulting services. The firm is lead by four MAI-designated partners that average 29 years of appraisal experience. Our continued success has led to our growth; we now have 13 appraisers, and are one of the largest commercial valuation firms in the Midwest.

The Valuation Group provides in-depth analytical services on a wide variety of real estate. We have created extensive market databases, and are dedicated to providing high level services tailored to each specific assignment. We are confident our knowledge, experience, size, resources, and commitment to professionalism will meet your real estate valuation and consulting needs.

Property Expertise

With our diverse practice, we have experts in the multi-faceted and complex real estate sub-markets, including:

- ✓ Retail centers
- ✓ Office complexes
- ✓ Corporate headquarters
- ✓ Industrial facilities
- ✓ Major manufacturing plants
- ✓ Multifamily residential properties
- ✓ Development projects
- ✓ Subdivision analysis
- ✓ Special use property
- ✓ Market feasibility studies
- ✓ Mixed-use projects
- ✓ Multi-property portfolios
- ✓ Affordable housing

COMPANY PROFILE (CONTINUED)

Who We Are

The Valuation Group, Inc. was formed to incorporate the talents and expertise of the following four experienced appraisers, all of whom are MAI-designated members of the Appraisal Institute, and hold Certified General appraisal licenses. All partners have a minimum of 26 years in the business with some having over 30 years.



Experience and staff to meet your needs



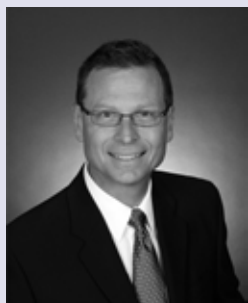
Partners



Paul Bakken, MAI, CCIM, MS



Cletus Liedl, MAI



Thomas Day, MAI, SRA



David Reach, MAI

Staff

Partners

Paul Bakken, MAI, CCIM, MS
Cletus Liedl, MAI
Thomas Day, MAI, SRA
David Reach, MAI

Staff Appraisers

Barbara Day
Jonathan Day
Ashley Ferguson
Brett Hall
Jonathan Hicks
Margaret Lindblad
Matthew Schroeder
Dylan Swanson

Office Manager

Sherill Coumbe

Full service and resources to handle all your real estate assignments



Services We Provide

With our experienced partners and quality staff, we provide a variety of real estate valuation and consulting services. These include:

- ✓ Lending valuations
- ✓ Tax appeal valuation & consulting
- ✓ Condemnation Just Compensation valuation
- ✓ Pre-condemnation scope of taking consultation
- ✓ Inverse condemnation
- ✓ Investment consultation
- ✓ Valuation for estate planning
- ✓ Special assessment appeals
- ✓ Valuation and consulting relating to partnership dissolution
- ✓ General disputes relating to real estate
- ✓ Review appraisals
- ✓ Expert witness testimony
- ✓ Litigation support
- ✓ Highest and Best Use studies
- ✓ Market feasibility studies
- ✓ Market rent studies
- ✓ Charitable contribution valuations
- ✓ Environmental impact valuations
- ✓ Insurance cost replacement analysis
- ✓ Easement valuations
- ✓ Marriage dissolution property valuations

Resources

With our commitment to professionalism and technological innovation, we have compiled extensive tools and resources for our valuation and consultation practice. These include:

- ✓ Extensive and up-to-date electronic databases useful for market studies and specific comparable analysis
- ✓ Access to a variety of market data resources
- ✓ Large professional staff researching and verifying real estate transactions
- ✓ Discounted cash flow software
- ✓ State-of-the-art report writing and graphics software
- ✓ Published cost manuals
- ✓ Published market studies and surveys
- ✓ Extensive library
- ✓ Computerized model valuation techniques
- ✓ Numerous office files on income, expense, cost, absorption, capitalization rates and other market data
- ✓ Trail exhibit generating resources
- ✓ Geographic Information Systems (GIS) software
- ✓ Demographic software

Clients Served

Our professional services have assisted many clients in their real estate valuation and consultation needs. These clients include individuals, corporations, attorneys, governmental agencies, lenders and partnerships.

Geographic Area

While our office is within the Twin Cities, we serve the entire state and beyond. Our appraisers are licensed in Minnesota and Wisconsin, and we have completed assignments within 17 states.

COMPANY PROFILE (CONTINUED)

Property Types

With our diverse practice, we have been involved with many property types, including:

- ✓ Office centers
 - ✓ Corporate headquarters
 - ✓ Medical office
 - ✓ Office condominium projects
 - ✓ Banks

 - ✓ Retail stores
 - ✓ Big box retail
 - ✓ Retail centers
 - ✓ Restaurants
 - ✓ Regional shopping centers
 - ✓ Convenience stores with fuel sales
 - ✓ Grocery stores
 - ✓ Funeral homes
 - ✓ Day care
 - ✓ Car wash
 - ✓ Auto dealerships
 - ✓ Auto repair
 - ✓ Auto malls

 - ✓ Industrial facilities and portfolios
 - ✓ Manufacturing plants
 - ✓ Research & development facilities
 - ✓ Distribution centers
 - ✓ Showroom facilities
 - ✓ Recycling center
 - ✓ Aircraft hangars
 - ✓ Lumber yards
 - ✓ Mini-storage facilities
- ✓ Land acreage and sites
 - ✓ Land development
 - ✓ Land subdivisions
 - ✓ Wetlands
 - ✓ Preservation land
 - ✓ Parkland

 - ✓ Variety of residential developments
 - ✓ Apartment complexes
 - ✓ Condominium conversions
 - ✓ Group homes
 - ✓ Nursing homes and care facilities
 - ✓ Affordable housing projects
 - ✓ Residential dwellings
 - ✓ Student housing
 - ✓ Hotels and motels
 - ✓ Mixed-use projects

 - ✓ Special use facilities
 - ✓ Places of worship
 - ✓ Civic and community centers
 - ✓ Entertainment facilities
 - ✓ Theatres
 - ✓ Resorts
 - ✓ Golf courses and clubs
 - ✓ Educational buildings and campuses
 - ✓ Fitness clubs
 - ✓ Parking ramps
 - ✓ Mobile home parks
 - ✓ Gravel mining
 - ✓ Media studios/stations



Sample Properties Appraised



Retail Properties

Southdale Regional Mall

Maplewood Mall

Rosedale Shopping Center

Burnsville Center

Galleria

Ridgedale Festival

Ridge Square North

Ridgehaven Mall

Burnside Shopping Center

Shingle Creek Shopping Center

Starlite Center

Peony Promenade

Kohl's/Media Play

Hawthorne Crossing

Cliff Lake Center

Highland Square

Round Lake Shoppes

Blaine Town Center

Pamida Discount Stores

Walgreens

Sunsets Restaurant

Blockbuster Video

Granada Center

Southridge Center

Golden Hills Center

Northgate Shoppes

Highland Square Shopping Center

Brandon Square

Westport Mall

Park Place Promenade

Canal Park Square

Slumberland

Seward Co-op



COMPANY PROFILE (CONTINUED)

Office Properties

Kinnard Office Building
Wayzata Executive
Minnesota Life
World Trade Center
Jewish Family Services
Grandview Square
HealthPartners Office
U.S. Bank Operations Center
H.B. Fuller Offices
Pioneer-Endicott Building
Northland Plaza
Interlachen Corporate Center
Griggs-Midway
Josten's Office Building
ADC Corporate HQ
Medtronic Corporate HQ
Court International
Deluxe Check
Southdale Office Center
First National Bank
LaSalle Plaza
Minnetonka Plaza
Flagship Office Building
Unisys Office Building
Chaska Business Center
Continental Professional Offices
Northwest Professional Building
Lowry Professional Building
Green Valley Office
Flying Cloud Business Center
301 Carlson Parkway
Crescent Ridge I & II
Marquette Plaza
Renaissance Square
Piper Jaffray Building
Welsh Companies Corporate Headquarters



COMPANY PROFILE (CONTINUED)

Industrial Properties

Rahr Malting Plant
Pillsbury R&D Facility
Merillat Corporation
Hormel Hog Plant
Johnson Brothers Warehouse
Recycling Center
Mars II Plant
Gannett/Printed Media
United Parcel Service
Water Tower Place
Grain Belt
Randy's Rentals
Federal Cartridge
Hoffman Enclosures
REXAM Beverage
Anvil Corporation
Magnetic Data
Farmland Foods
3M Plant - Cottage Grove
3M Plant - Cordova, IL
3M Plant - Nevada, MO
Honeywell Plant
Cooperative Printing
CalEast Industrial Portfolio
John Deere Facility
Clipay Corporation
Rogers Distribution Center
M.G. Walbaum Foods
Northern Wire
Grede Foundry
Entegris/FSI
Western Steel
Unisource Industrial
Graco
Federal Express
ConAgra Plant



COMPANY PROFILE (CONTINUED)

Multi-Family and Other Properties



Southfork Village
Calhoun Beach Club
Symphony Place
East River Plaza
Churchill Apartments
Marquette Place
One Ten Grant
Oakridge Apartments
Royal Park Apartments
301 St. Anthony
Western Row Condos
556 North Snelling
Highcrest Apartments
Stone Creek Village Apartments
City View Apartments
Louisiana Court Project
Churchill Apartments
Stone Arch Apartments
Central Avenue Lofts
Riverwalk Loft Condominiums
Highland Heights Condominiums
Winona Student Housing



Giants Ridge Lodge
Sheraton Hotel
Holiday Inn Express
Grace Church Edina
Lakeville 21 Theatre
Duluth 10 Theatre
Holy Angels Academy
Northwestern College Roseville
St. Mary's High School
Mesaba Airlines Hangar
Rand Tower Parking Garage
Green Lea Manor Nursing Home
Fergus Falls Regional Treatment Center

