APPRAISAL REPORT

FOR

HILLSIDE MANORS

702 – 712 EAST FOURTH STREET

and

318 – 320 NORTH SEVENTH AVENUE EAST

DULUTH, MN 55805

(HILLSIDE MANORS, LLC)

DATE

JULY 22, 2019

CLIENT

MS. TANYA OAKLAND

COMMERCIAL LOAN ASSISTANT

PARK STATE BANK

331 NORTH CENTRAL AVENUE

DULUTH, MN 55807-2501

TWIN PORTS APPRAISALS
REAL ESTATE APPRAISING
315 WEST SUPERIOR STREET, SUITE 203
DULUTH, MN 55802

WILLIAM D. CLEMENTS

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315 WEST SUPERIOR STREET, SUITE 203 / DULUTH, MINNESOTA 55802 / PHONE (218) 727-5840 / FAX [218] 727-5671

Twin Ports Appraisals

REAL ESTATE APPRAISING AND MARKET STUDIES

August 7, 2019

Ms. Tanya Oakland
Commercial Loan Assistant
Park State Bank
331 North Central Avenue
Duluth, MN 55807-2501

RE: 702 – 712 East Fourth Street **&**
318 – 320 North Seventh Avenue East
Duluth, MN 55805
(Hillside Manors, LLC)

Dear Ms. Oakland,

In compliance with your request, the undersigned have prepared an appraisal of the above-referenced property, and the original of that report is attached for your reference. The purpose of that report is to estimate the market value of the subject property and function as a basis for possible mortgage loan financing. Predicated upon the data contained herein and our analysis of the market, it is the opinion of the undersigned that the market value of the subject property can reasonably be estimated at approximately:

$865,000

- EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS -

The subject property was appraised as a whole, owned in fee simple and unencumbered, subject to the contingent and limiting conditions outlined herein. The undersigned certifies that this appraisal assignment did not require a minimum valuation, nor a specific valuation. The attached report is intended to comply with the reporting requirements set forth under Standards Rule 2 of the Uniform Standards of Professional Appraisal. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file.

The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. It has been a pleasure to serve you; and should you desire further assistance, please call at your convenience.

Respectfully submitted,

Thomas J. Clements
Twin Ports Appraisals
(MN Lic. #20004365)

William D. Clements
Twin Ports Appraisals
(MN Lic. #4000779)

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ADDENDA

Letter of Engagement
Rent Roll
City of Duluth 2017 Housing Indicator Report
Pages 17, 18 and 21
RealtyRates.com Investor Survey

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property:	Hillside Manors 702-712 East Fourth Street **&** 318-320 North Seventh Avenue East Duluth, MN 55805
Legal Description:	Lots 1 through 7, Block 89 Portland Division
Site Data:	175 F. F. x 140 L. F. (24,500 SF)
Zoning:	F-6, Mid-Rise Neighborhood Shopping
Highest and Best Use:	Present Use – Multi-Family
Improvements:	Nineteen-Unit, Multi-Family Complex
Date of Valuation:	July 22, 2019
Property Rights Appraised:	Fee Simple Interest
Owner of Record:	Duluth 4th Street & 7th Avenue
Indicated Value Estimate:	Cost Approach $1,183,000 Market Approach $846,000 to $888,000 Income Approach $802,000
Final Value Estimate:	$865,000

PHOTOGRAPHS OF SUBJECT PROPERTY
HILLSIDE MANORS
702 – 712 EAST FOURTH STREET &
318 – 320 NORTH SEVENTH AVENUE EAST
DULUTH, MN 55805

FRONT VIEW
LOOKING NORTHEASTERLY

FRONT VIEW
LOOKING SOUTHWESTERLY

2

REAR VIEW
NOTE: PARKING AREA

REAR VIEW
LOOKING NORTHEASTERLY

3

FRONT VIEW
702 – 704 EAST FOURTH STREET

FRONT VIEW
706 – 708 EAST FOURTH STREET

4

FRONT VIEW
710 – 712 EAST FOURTH STREET

EAST FOURTH STREET
LOOKING SOUTHWESTERLY

5

FRONT VIEW
318 – 320 NORTH SEVENTH AVENUE EAST

REAR VIEW
318 – 320 NORTH SEVENTH AVENUE EAST

6

TYPICAL REAR EXPOSURE
NOTE: EXTERIOR STAIRWELL REMOVED, DOOR PERMANENTLY CLOSED

TYPICAL FRONT ENTRY
NOTE: WOOD SURFACES NEED TO BE REPAINTED/RESTAINED

SUBJECT BOILER

LAUNDRY ROOM

8

TYPICAL KITCHEN

TYPICAL LIVING ROOM / DINING ROOM
NOTE: COSMETIC FIREPLACE

9

TYPICAL BATH

TYPICAL FIREPLACE LOCALE
SECOND FLOOR

10

AREA MAP

County Land Explorer
St. Louis County, Minnesota
St. Louis County MN
732 E 4th St
N 8th Ave E
711 E 4th St
726 E 4th St
722 E 4th St
720 E 4th St
718 E 4th St
716 E 4th St
305 N 8th Ave E
727 E 3rd St
701 E 4th St
E 4th St
9
SUBJECT
706 E 4th St
721 E 3rd St
DULUTH
707 E 3rd St
630 E 4th St
N 7th Ave E
E 3rd St
716 E 3rd St
714 E 3rd St
631 E 3rd St
627 E 3rd St
702 E 3rd St
N
0 0.005 0.01 0.02 0.03
mi
706 East 4th Street
default author
Map created using County Land Explorer
www.stlouiscountymn.gov/explorer
County Land Explorer
St. Louis County www.stlouiscountymn.gov/explorer Minnesota
Disclaimer
This is a compilation of records as they appear in the Saint Louis County Offices affecting the area shown. This drawing is to be used only for reference purposes and the County is not responsible for any inaccuracies herein
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PURPOSE AND FUNCTION OF THE APPRAISAL

The intended use of this report is to analyze the herein described subject property and estimate the current market value. This appraisal is intended to function as a basis for possible mortgage loan purposes at Park State Bank in Duluth, Minnesota.

MARKET VALUE

Market Value as employed herein and contained in the Uniform Standards of Professional Appraisal Practice (USPAP) is defined 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, knowledgeable 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:

a. buyer and seller are typically motivated;
b. both parties are well informed or well advised, and acting in what they consider their best interest;
c. a reasonable time is allowed for exposure in the open market;
d. payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and
e. the price represents the normal considerations for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

As defined by the Appraisal Institute, Market Value is “the most probable price in terms of money which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus.”

SCOPE OF THE APPRAISAL

The Scope of the Appraisal encompasses the necessary research and analysis to prepare a report in accordance with the intended use, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. In regard to the subject property this involved the following steps.

1. The property was inspected on July 22, 2019, which is the effective date of the appraisal.

2. Physical data on the subject property was obtained from information provided to me by Ms. Savannah Norman, management agent.

3. Additional data on the subject and comparable sales was acquired by the appraisers from public records. Market data on comparable sales was obtained from our own records, from a search of public records and discussions with various parties to the transactions, and the St. Louis County assessor's office as well as via MLS records and discussions with local real-estate professionals.

4. The Highest and Best Use section of this report are based on our own research and analysis.

5. We have performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this agreement.

6. After assembling and analyzing the data defined in this Scope of the Appraisal, a final estimate of value was made.

IDENTITY OF THE PROPERTY

The subject property consists of a four-building, nineteen-unit, multi-family complex situated on a 24,500-SF site and has street addresses as follows:

702 – 712 East Fourth Street
and
318 – 320 North Seventh Avenue East

Duluth, MN 55805

A more detailed description of the site and improvements may be found elsewhere in this report.

LEGAL DESCRIPTION

Lots 1 through 7
Block 89
Portland Division of Duluth

FLOOD HAZARD DATA

A copy of the flood hazard map (270421 0025 C) dated April 2, 1982, will reflect that the subject site is situated in a "Zone C" or an area of minimal flood levels.

SALES HISTORY

According to public records, the subject property has not sold in the past 36 months. For informational purposes, public records indicate that the subject property was acquired in January 2002. The property was most recently listed for sale in March 2019 for $600,000 (LSAR MLS #6078707). While no current listings, options or agreements of sale of the subject property were discovered in the course of this analysis, a pending sale in the amount of $270,000 plus the assumption of a $570,000 +/- MHFA loan is the intended focus of this report.

PROPERTY RIGHTS APPRAISED

The property rights appraised consists of a fee simple estate. Fee simple is defined as the absolute ownership unencumbered by any other interest or estate – subject only to the limitations of eminent domain, escheat, police power and taxation.

IMPORTANT NOTE TO USER OF THIS APPRAISAL

In this appraisal assignment, the existence of potentially hazardous material used in construction of urea-formaldehyde foam insulation, asbestos, and/or the existence of substances such as toxic waste or radon gas, and/or the existence of any other environmental influence that may adversely affect the value of the property, was not observed by us; nor do we have any knowledge of the existence of such materials/substances/influences. The existence of urea-formaldehyde foam insulation, or other potentially hazardous material, or toxic waste or radon gas, may have an effect on the value of the property. We urge the client to retain an expert in this field if desired.

AMERICANS WITH DISABILITIES ACT – ADA

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 inspection 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.

REAL-ESTATE TAX AND ASSESSMENT DATA

Records maintained at the St. Louis County assessor's office reveal the following (2019) data:

Parcel	Land	Improvements	Total	R. E. Tax
010-3830-13740	$70,000	$898,800	$968,800	$11,930.00
010-3830-13750	3,500	----------	3,500	42.00
	$73,500	$898,800	$972,300	$11,972.00

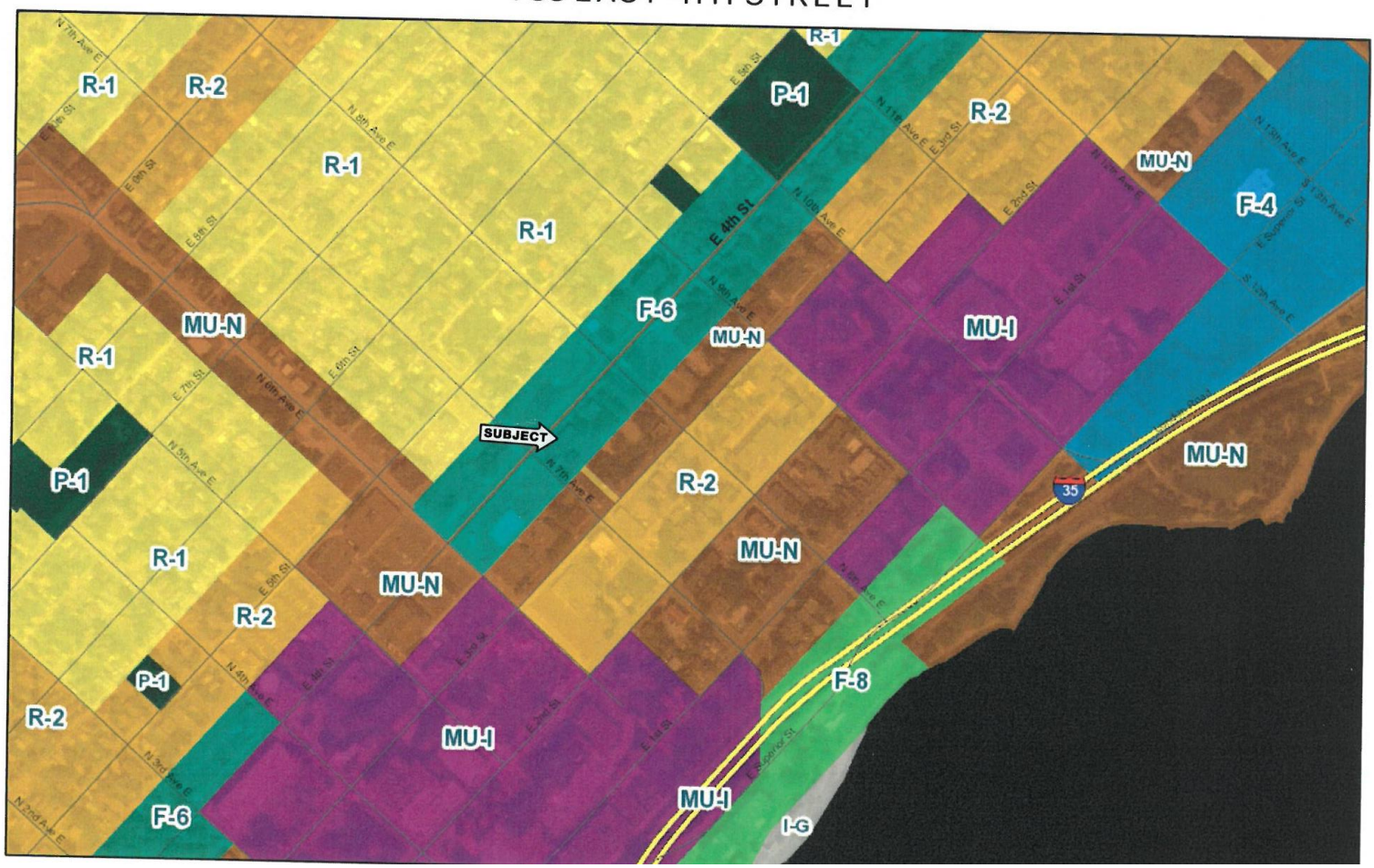
Please note that the proposed sale price ($270,000 plus $570,000 +/-) is well below the current assessor's estimate of market value. Consequently, it is reasonable to assume that a temporary reduction in the real-estate tax liability is possible.

ZONING

According to the 2007 City of Duluth zoning maps, the subject site was situated in a C-2, Highway Commercial, zoning district. This zoning category allows for a wide variety of commercial utilizations. The current use of the subject property is considered to be compatible with the surrounding environs, and we have assumed the subject property to be in conformity with all applicable codes and ordinances for purposes of this analysis. Please note, however, that on November 19, 2010, the new "Unified Development Chapter" of the City of Duluth legislative code (UDC) was adopted. When the UDC went in effect, the subject C-2, Highway Commercial, zoning district was converted into an F-6 (mid-rise neighborhood, shopping district). The F-6 district allows for multi-family development. The F-6 district was created to respond to the commercial nodes present in the Central Hillside neighborhood (14th Street from Mesaba Avenue to Third Avenue East). These nodes are separated by residential developments, which were not included in the study area. Main Street Building II, Corridor Building II, and Cottage Commercial Building I provide flexibility in the style of commercial building, with the Cottage Commercial building type especially applicable when it's located adjacent to residential development.

ZONING MAP

706 EAST 4TH STREET



16

NEIGHBORHOOD DATA

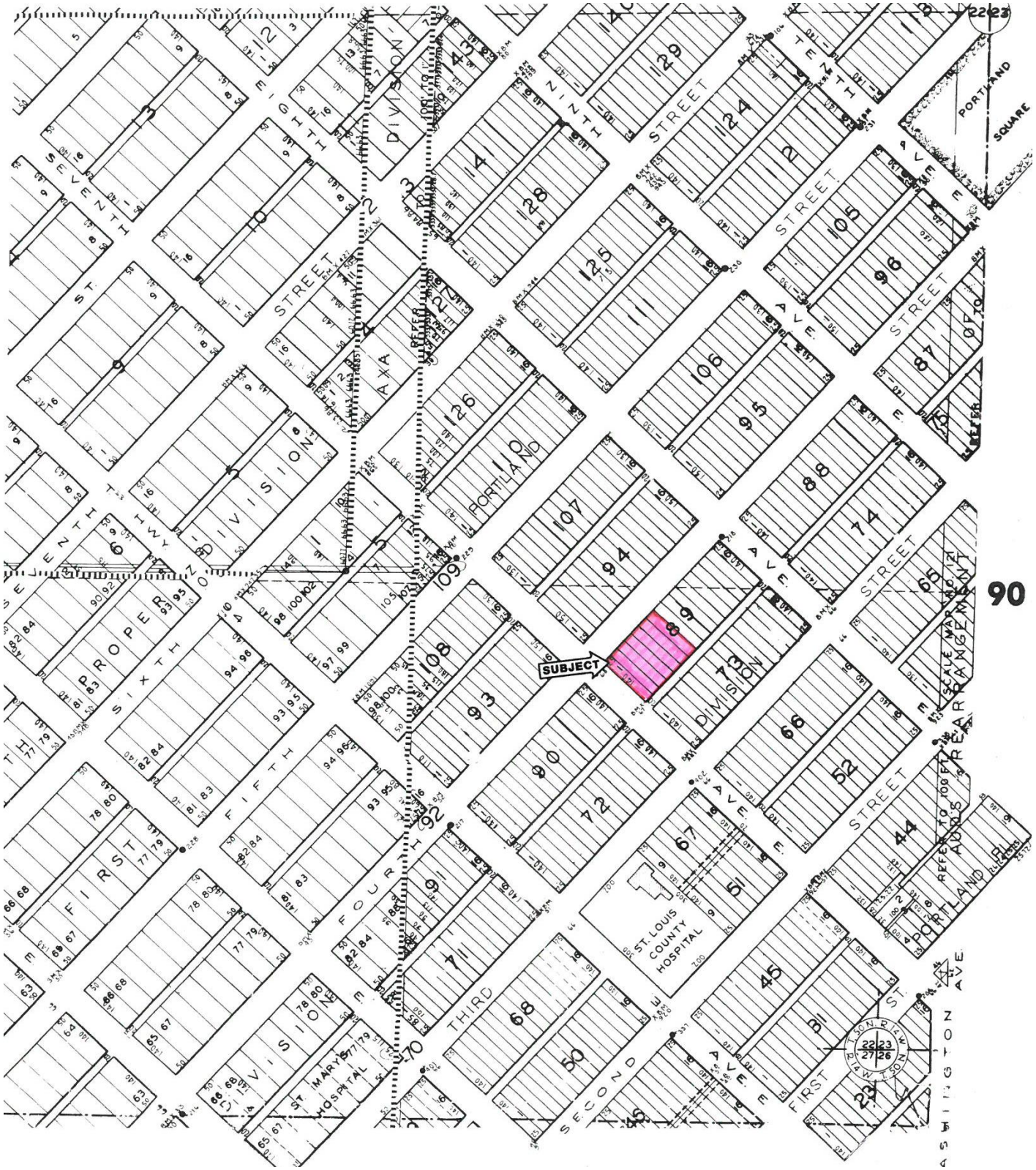
The subject property is situated in an urban "East Hillside" residential area. It enjoys good access to the central downtown business district as well as the nearby hospital district. Accordingly, it is well located to serve those major employment centers. The area will reflect a predominance of older-commercial and multi-family-residential structures.

SITE DATA

The subject site is rectangular in shape having dimensions of 175 F. F. x 140 L. F. resulting in an overall land area of 24,500 square feet. Situated on the northeast corner of the intersection of Seventh Avenue East and Fourth Street, the site has a hillside topography that slopes downwards from Fourth Street.

All municipal utilities are reported available to the site. Fourth Street is a two-way traffic artery, for traffic moving in an east to west direction. Seventh Avenue East is a two-way traffic artery, and both roadways function as connector streets. A copy of the applicable plat map depicting the subject land area may be found on the following page.

PLAT MAP


SUBJECT
PORTLAND
DIVISION
ST. LOUIS COUNTY HOSPITAL
ST. MARY'S HOSPITAL
PORTLAND SQUARE
90

IMPROVEMENT DATA

The subject improvements consist of four identical, irregular-shaped, two-story, brick-and-masonry structures, with each side of every structure, having the following approximate dimensions:

21.0' x 49' x 2 / basement	=	1,029	2,058 SF
7.0' x 12' x 2 / basement	=	84	168 SF
2.0' x 7' x 2 / basement	=	14	28 SF
1.5' x 28' x 2 / basement	=	42	84 SF
2.0' x 3' x 2 / basement	=	6	12 SF
Subtotals		1,175	2,350 SF
		x 8	x 8
Gross Square Feet		9,400	18,800 SF

Each structure will have an open, wood front porch on the main level spanning the front exposure and approximating 320 SF. A wood balcony with a similar square-foot area is on the rooftop of the front porch and is open to the second-floor units. An enclosed rear porch includes a wood stairwell, providing a secondary egress. It is our understanding, based upon information provided to this office, that those stairwells were identified as having lead-paint wall surfaces, a condition that inhibits Section 8 rentals.

Each building houses four six-room, three-bedroom, one-bath unit on the main floor and four five-room, two-bedroom, one-bath unit on the second floor. In addition, Units 702C, 712C and 318 C are located in the basement levels of the corresponding buildings. A laundry room featuring two washers and two dryers is located in the building at 704 East Fourth Street.

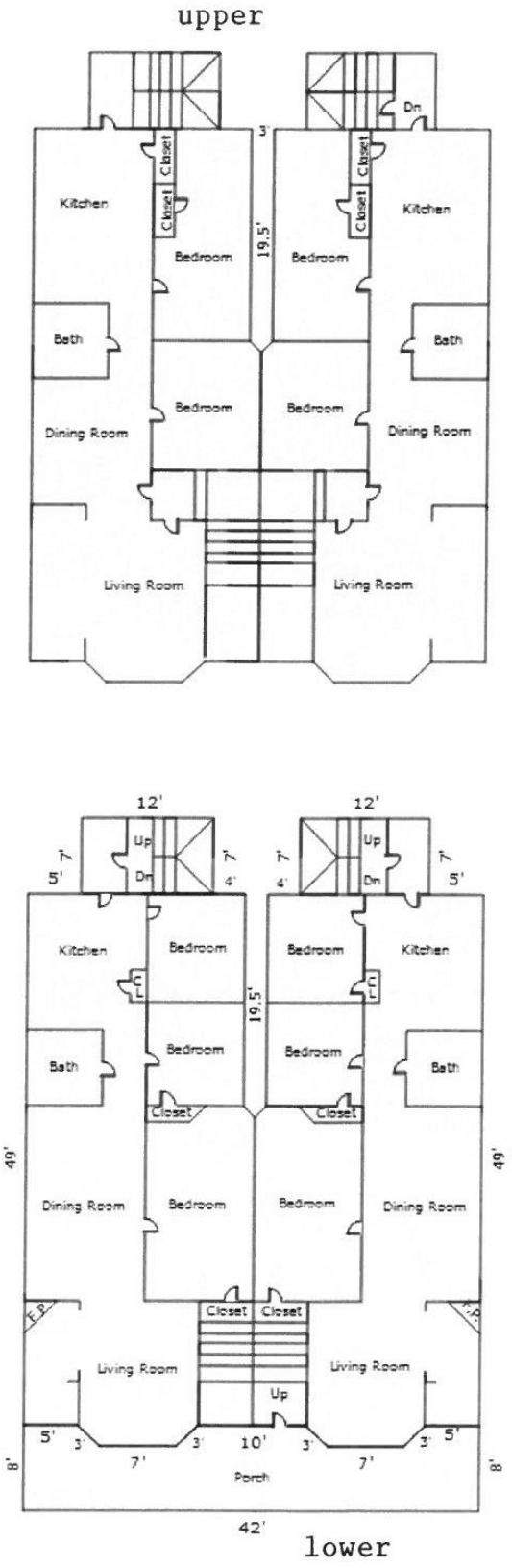
An older "Crane 402", gas-fired boiler is located in the building at 318-320 East Seventh Avenue East as is the 275-gallon water heater. It should be noted that the boiler appears to be older but is reported functional. Nonetheless, it must be anticipated that it is near the end of its economic life.

Exterior finish in addition to the brick-wall surfaces includes flat rubber-roof surfaces and replacement-type, double-hung windows. The hillside topography accommodates a walk-out basement function and, save for the three two-bedroom living units and laundry, the stone-basement areas are utilized for storage purposes.

Interior finish is generally plaster walls and ceilings, with carpeted floors. The bath and kitchen areas evidence vinyl flooring. In most circumstances, condition attributes are in average or better condition. It must be noted, however, that we were unable to view unit 318C insofar as a police raid about two months ago left the unit in disrepair, with exterior doors and windows boarded-up. In addition, vacant unit 710B is in need of cleaning and new floor coverings.

Other on-site improvements include, in addition to the aforementioned front porch and balcony, a concrete drive located between Unit 702 and Unit 318, which provides one handicapped parking space, and a gravel-surfaced, first-come-first-served parking area.

TYPICAL FLOOR PLAN



HIGHEST AND BEST USE

The principle of Highest and Best Use...or the most profitable, probable, and likely use to which a given site can be utilized is predicated upon many factors. The appraisers must consider zoning, local trends, the neighborhood, present uses, site analysis, and analysis of the market to determine what is most probable and economically feasible today, and in the future. USPAP augments the above definition of Highest and Best Use analysis to include the "effect on use and value of the following factors: existing land-use regulations, reasonable probable modifications of such land-use regulations, economic demand, the physical adaptability of the property, neighborhood trends, and the optimal usage of the property. In addition, the appraiser must consider the effect on the property being appraised of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements as of the appraisal date."

Since the site is valued as if vacant and able to be put to its Highest and Best Use that use for the vacant site must be analyzed. It has been noted that the subject property is used for multi-family residential purposes, and historically has reflected a similar utilization. In terms of the four criteria, the site is zoned for multi-family residential development and that type use is consistent with other land uses in the vicinity. The subject's topographical features are consistent with those found in the immediate neighborhood, of which it is part, and neighboring properties are improved with multi-family residential uses. Accordingly, it can be assumed that the (vacant) property would meet the test of physical possibility.

After determining the uses that are physically possible and legally permissible, it is necessary to analyze financial feasibility. Maximum productivity, or economic benefit, occurs as a result of highest and best use of the land. It is achieved through an economic gain for the property specific, as well as the community as a whole, and it is reflected through the creation of jobs in the construction industry, increased real-estate taxes, and an owner's contribution to the local economies. Assuming the land to be put to use for multi-family residential purposes, the test of maximum productively has been met.

The site provides a desirable location for any number of possible uses but is limited to those that are permitted by local zoning codes. Those codes permit the site to be used for multiple-family uses; therefore, any of those type uses would be a Highest and Best Use of the vacant site. The improvements conform to the applicable zoning requirements and can be considered legally permissible. Insofar as the improvements have been located on-site for one-hundred-fifteen plus years, the test of being physically possible has been met.

Therefore, the improvements are considered to be legally permissible, physically possible, and financially feasible. Under presently applicable zoning ordinances and in light of the surrounding environs, the appraisers are of the opinion that the current use of the subject site, as improved for (multi-family) residential utilization, represents a Highest and Best Use of the property.

VALUATION PROCEDURE

Appraisal methodology utilizes three indications of value: the Cost Approach, Income Analysis and the Sales (Market Data) Approach.

In the Cost Approach, land value is estimated by direct comparison to other known land sales in the vicinity and the depreciated value of any improvements is added. Income capitalization is predicated on existing, reported, or forecasted lease data attributable to the subject insofar as it coincides with actual market data. The Market Data Approach is predicated on comparable sales of similar properties in the market place.

The Income Approach will assume that the subject property is leased and occupied similar to its actual utilization. Standard appraisal criteria will be employed including current economic rental rates, vacancy and rent loss factors, normal building expenses, and reserves, etc. The basic premise of the Sales Comparison Approach is the comparison of the subject property with others of similar design, utility, and use that have sold in the recent past. Adjustments are made to the comparables for differences with the subject in order to derive an indication of value.

LAND VALUATION

Land value is typically estimated via direct comparison with known land sales in the subject vicinity, having similar zoning, physical and land-use characteristics. Recent sales of vacant lands within the immediate commercial area were examined and analyzed. Predicated upon our analysis of the available sales data, the appraisers will stabilize the subject's (land) unit value at approximately $4.00 per square foot of land area, or:

24,500 SF x $4.00 = $98,000

COST APPROACH TO VALUE

In the Cost Approach to Value, the appraisers estimated the cost new of the improvements, less an allowance for depreciation, plus the indicated value of the land. The appraisers have reviewed national cost indices such as Marshall & Swift Valuation Service and Means Cost Data. Information presented on the following pages is predicated primarily on the Marshall & Swift methodology but is supported by other cost indices.

Predicated upon that data plus the appraisers' general knowledge of construction costs in the area, the appraisers have estimated the replacement cost new of the subject property as follows:

Estimated Replacement Cost New (RCN)
Marshall & Swift Valuation Service: Section 12, Page 16, Average Class C

	Superstructure	**(Unfinished) Basement (1)**	**(Finished) Basement (2)**
Base SF Price	$79.50	$25.25	$65.00
Adjustment (Heat)	+ 6.34	--------	+ 3.17
	$85.84	$25.25	$68.17
Story-Height Multiplier	x 1.00	x 1.00	x 1.00
Floor-Area Multiplier	x 0.977	x 0.977	x 0.977
	$83.87	$24.67	$66.60
Current-Cost Multiplier	x 0.99	x 0.99	x 0.99
Local Multiplier	x 1.10	x 1.10	x 1.10
RCN	$91.33	$26.86	$72.53

Replacement Cost New (RCN)

Superstructure				
2,350 SF x $91.33	=	$214,626 x 8	=	$1,717,008
Basement (1)				
1,175 SF x $26.86	=	$31,561 x 6	=	189,366
Basement (2)				
1,175 SF x $72.53	=	$85,223 x 2	=	170,446
Add: Porches, Balconies		$14,966 x 4	=	59,864
		RCN		$2,136,684

DEPRECIATION

Depreciation is defined as:

> "DEPRECIATION - A loss of utility and hence value from any cause. An effect caused by deterioration and/or obsolescence. Deterioration or physical depreciation is evidenced by wear and tear, decay, dry rot, cracks, encrustation, or structural defects. Obsolescence is divisible into two parts, functional and economic. Functional obsolescence may be due to poor plan, mechanical inadequacy due to size, style, age, etc. It is evidenced by conditions within the property, such as neighborhood infiltrations etc."

With those considerations in mind, the analysis can proceed to an estimate of accrued depreciation. Accrued depreciation is an estimate of diminished utility as of the date of the appraisal, and in "as is" condition. It is a measure of the loss in utility to the subject property in its present condition in comparison with the utility it would have as a new improvement representing the highest and best use of the site. Depreciation is caused from physical deterioration, functional obsolescence, and economic (or external) obsolescence. The improvements may experience diminished utility from five basic causes, or sources, which follow:

1) Curable physical deterioration
2) Incurable physical deterioration
3) Curable functional obsolescence
4) Incurable functional obsolescence
5) External obsolescence

Physical depreciation for the structure will be based upon an overall age/life ratio concept. The complex is one hundred-fifteen years old, (2019-1904) and overall would appear to have a remaining economic life of approximately 30 years. Insofar as the subject complex reflects average condition attributes and maintenance levels can be considered to be about average, the appraisers have estimated the subject's effective age at something less than the actual (chronological) age. Depreciation can thus be computed as follows:

$$\frac{\text{Effective Age}}{\text{Age} + \text{Remaining Economic Life}}$$

$$25 / 25 + 30 = 0.455 \quad \text{Say } 46\%$$

A deferred-maintenance allowance has been made attributable to the older heating system, painting/repair of exterior wood surface, and new floor coverings in unit 710B.

PERSONAL PROPERTY

A comprehensive list of personalty items was not furnished to the appraisers. For purposes of our analysis, only the appliances have been considered in our estimate. The pertinent items incorporated into our value estimate are as follows:

19 – Refrigerators
19 – Ovens/Ranges
19 – Fans/Hoods
2 – Washers
2 – Dryers

Our own value allocation is predicated upon the Marshall & Swift Valuation Service Section 12, Page 41:

Replacement Cost

19 – Refrigerators	@ $810	=	$15,390
19 – Ovens/Ranges	@ $910	=	17,290
19 – Fans/Hoods	@ $164	=	3,116
2 – Washers	@ $745	=	1,490
2 – Dryers	@ $640	=	1,280
			$38,566
Local Multiplier			x 1.10
			$42,423

Depreciation - Chattels

The individual physical age of each of the chattels is unknown and will undoubtedly vary. It does appear that the personalty is slightly dated, that is to say approximately 5 to 15 years of age. For the most part, the personalty does appear to be serviceable and could be utilized if need be for another 10 years. Present ownership replaces units on an "as needed" basis. Some individual units may not have a full 10 years remaining life but, overall, 10 years is a reasonable estimate. Anticipating that the effective age of the chattels will approximate 50% of the economic life therein, overall depreciation will be estimated for purposes herein at 50%. Thus, the depreciated value of the chattels is estimated as follows:

$42,423 x 50% = $21,211

Say $21,000

APPLICATION OF THE COST APPROACH

Estimated Cost New of the Improvements			$2,136,684
Less:	Accrued Depreciation		
	$2,136,684 x 46%	=	(982,875)
	Deferred Maintenance		(110,000)
Depreciated Value of the Improvements			$1,043,809
Add:	Site Improvements (parking etc.)		20,000
	Land Value		98,000
Indicated Property Value via Cost Approach			$1,161,809
Add:	Depreciated Value of the Chattels		21,000
Indicated Property Value Inclusive of Chattels			$1,182,809
		Say	$1,183,000

MARKET APPROACH TO VALUE

The Market Approach to Value is an appraisal technique in which the market value estimate is predicated upon prices paid in actual market transactions and current listings, the former fixing the lower limit of value in a declining market and the latter fixing the higher limit in any market. It is the process of correlation and analysis of similar recently sold properties. The reliability of this technique is dependent upon: (a) the degree of comparability of each property and the property under appraisement, (b) the time of sale, (c) the verification of the sales data, and (d) the absence of unusual conditions affecting the sale.

This approach to value requires good verifiable sales data having similar utilizations, physical amenities, etc. The subject's immediate vicinity will reflect some recent sales of commercial structures, and those sales have been included herein in order to derive a geographical perspective. A summary of recent sales data in the immediate vicinity is included herein for informational purposes. The data for those sales follows.

Identification		Date	Sale Price	Area	$/SF
601 – 609 110 – 114	East First Street **&** North Sixth Avenue East	02-16	$674,000	16,363 SF	$41.19
621 – 633	East Fourth Street	05-16	$490,000	17,958 SF	$27.29
1017	London Road	01-17	$2,030,000	24,927 SF	$81.44
421	West Third Street	03-15	$655,000	11,760 SF	$55.70

Insofar as the individual motivational influences are complex and the variables many, the unit sale prices tend to be sporadic. The sales data listed above represent a general value range. Statistical data for these sales follows.

Comparable Sale No. 1:

Identification: 601 – 609 East First Street & 110 – 114 North Sixth Avenue East Duluth, MN

Sale Price: $674,000 (CRV #465191)

Date of Sale: February 2016

Site Data: 150 F. F. x 140 L. F. = 21,000 SF

Improvement Data: Four-building complex plus 24' x 48' (1,152-SF) garage structure. A listing of individual buildings, size and units follows:

Identification	Age	Size	Units
601	1909	4,872 SF	Three 2-BR, Three 3-BR
110 – 114	1909	4,592 SF	One 1-BR, One 2-BR, Two 3-BR
605	1915	2,460 SF	Two 2-BR
607 – 609	1891	4,439 SF	One 1-BR, Four 2-BR
		16,363 SF	17 Units

LSAR MLS Listings #6015803 & #60154804 reflect a total listing price of $734,000. Condition attributes are mixed, with new gas boilers reported in buildings 601 and 110-114 as well as a new roof on building 110-114. Building 607-609 is also reported to a have a new roof.

Comparable Sale No. 2:

Identification:	621 – 633 East Fourth Street Duluth, MN 55805
Sale Price:	$490,000
Date of Sale:	May 2016
Site Data:	130 F. F. x 150 L. F. = 19,500 SF

Improvement Data: Three-level, brick-and-masonry structure having 22 individual living units consisting of four two-bedroom, fifteen one-bedroom, and three efficiency units. Located virtually across the street from the subject, the sale property shares similar locational influences. Public records reflect an overall floor area of 17,958 square feet and an 1899 construction date. LSAR MLS #6017727 evidences an original $799,900 asking price. At the time of sale, gross income was reported at $107,579 for the calendar year.

Comparable Sale No. 3:

Identification:	Yorkleigh Apartments 1017 London Road Duluth, MN
Sale Price:	$2,030,000 (CRV #610491)
Date of Sale:	January 2017
Site Data:	Irregular – 14,245 SF +/-

Improvement Data: Built in 1922, this three-story, thirty-six-unit, brick-and-masonry structure has about 24,927 SF of living area. Public records indicate that the structure consists of twelve efficiency units, ten one-bedroom units, and fourteen two-bedroom units. Overall condition attributes are considered to be about average. Some units have a good lake-view amenity.

Comparable Sale No. 4:

Identification:	Bostwick Flats 421 West Third Street Duluth, MN
Sale Price:	$655,000
Date of Sale:	March 2011
Site Data:	125’ x 140’ = 17,500 SF

Improvement Data: Built in 1896, this four-story masonry structure has 11,760 SF of above-grade living area over a full-basement foundation. Sixteen-unit structure includes nine one-bedroom units and seven two-bedroom units. Upper-level units have Lake Superior views. Monthly rentals total $10,919 resulting in a GRM of 5.0. Tenants are responsible for electricity. The owner is responsible for all other expenses.

SUMMARY OF SALES DATA

Sale	Date	Sale Price	Size	$/SF	GRM	$/Unit	$/Room
1	02-16	$674,000	16,363 SF	$41.19	N/A	$39,647	$8,868
2	05-16	$490,000	17,958 SF	$27.29	4.55	$22,273	$7,656
3	01-17	$2,030,000	24,927 SF	$81.44	5.0	$56,389	$20,714
4	03-15	$655,000	11,760 SF	$55.70	4.64	$40,938	$28,478

(Multi-family residential properties are oftentimes compared on a per-room, or per-unit basis in addition to a rent multiplier.)

The appraisers are well aware that the comparable sales data tends to be limited, and requires significant allowances for condition and other characteristics. Nonetheless, more recent pertinent data is just not available in the subject area. It is necessary, therefore, to select the most comparable data from the limited sales and make adjustments as required. Notably, Comparable No. 2 is situated across the street from the subject on a fairly similar-sized site. Additionally, it has a reasonable architectural similarity to the subject, and the date of sale can be considered recent in the context of market activity for small multiple-family properties in this vicinity. Like the subject, Sale No. 2 is a multi-building complex, albeit one with mixed-condition attributes. Comparable No. 3 more closely approximates the subject finished living area; however, it is a market-rate complex having generally superior condition and view attributes. While Sale No. 4 is slightly dated, it provides a historical index.

Appraisal methodology presupposes that the date of a value estimate must be specified because the forces that influence real property value are constantly changing. Market value is generally seen as a reflection of market participants' perceptions of future economic conditions; these perceptions are based on market evidence at a specific point in time. Value influences reflect economic conditions at a particular time, and sudden changes in business and real-estate markets can dramatically influence value. Generally, resale-market activity for similar structures in the subject vicinity has been extremely limited in recent years.

It is necessary to adjust the market data in order to reflect those factors which will differ from the subject. Please note that the subject property has approximately 18,800 SF of above-grade living area plus an additional 2,350 SF of finished area in the basement level resulting in a total finished floor area of about 21,150 square feet. Those factors can include time, location, physical characteristics, zoning, use potential, etc. After allowances for time, condition, location and size, it appears reasonable, to stabilize the indicated unit price for the subject property at approximately $40 to $42 per square foot of finished improvement area, or:

21,150 SF x $40.00 = $846,000 **to** 21,150 SF x $42.00 = $888,300

Say $846,000 to $888,000

For informational purposes, the above indications compute to $44,526 to $46,737 per unit, or $8,214 to $8,621 per room. Those indications are within the parameters noted above.

COMPETITIVE LISTINGS

The local MLS listings system reflects an absence of (truly) competitive listings in the immediate geographical area of the subject. Local newspaper advertisements are monitored by this office, and no additional active listings were available from that source. A regional-statewide commercial listing service also is devoid of current listings for similar properties in this vicinity. This is not to say that other, similar properties are not available for sale, but only that none are actively marketed at this time, in this locale.

MARKETING TIME

Commercial real estate activity in the subject vicinity is inherently limited by the (population) demographics of the subject area. Properties, such as the subject, tend to be offered, if at all, on a private basis. Marketing times are rarely reported for these type properties. Insofar as these type sales transactions, for the most part, tend to occur outside of any form of reporting system, precise documentation of marketing time is difficult. Knowledgeable real estate persons in this vicinity opine that an appropriate marketing time should be anticipated at 180 to 270 days.

While the actual marketing times for all of the comparable sales is available, it would not be unusual for a buyer to approach the seller, thus reflecting no actual marketing period. Obviously, individual marketing times will vary and are dependent upon demand, initial pricing, seller motivations, and other factors. Generally, however, a reasonable marketing time is expected to be within the parameters noted above.

INCOME APPROACH

The Income Approach to Value is defined as "That procedure in appraisal analysis which converts anticipated benefits (dollar income of amenities) to be derived from the ownership of property into a value estimate." The appraisers have endeavored to estimate market rentals for the subject. It is our understanding that the subject has been and will continue to be essentially a multi-tenant facility.

The Income Approach to Value estimates the subject's worth by capitalization of the net economic rental income into value at an appropriate interest rate necessary to attract prudent equity capital into an investment of the subject's type. Simply put, the Income Approach to Value is a process of establishing an economic rental for the subject property, deducting expenses, and capitalizing the residual income into value. The basic premise for the Income Approach to Value is expressed by the following formula:

Income / Rate = Value

The "income" referred to in this formula is typically referred to as net operating income (NOI) and is usually developed by estimating the gross (rental) income potential of the property less a provision for vacancy and credit loss, and less estimated expenses. In order to adequately estimate potential income, the appraisers have compared various competitive local building facilities, occupancies where available, with a final analysis as follows.

Rentals

A rent roll for the subject property dated May 3, 2019, was furnished to this office and a copy is included in the Addenda of this report. That rent roll will evidence five vacant units; however, unit 318C is listed as current while on the date of our inspection, that unit was vacant subsequent to a no-knock police raid which left the unit in an uninhabitable condition. In any event, unit rentals vary from $700 per month to $857.50 per month. The current monthly income is reported at $11,037 which results in an annual revenue of $132,444. Management's website currently lists four units available for rent as follows:

Unit	Size	Rent
702A	1,064-SF, 3-BR	$820/month
704A	1,117-SF, 3-BR	$820/month
318A	1,064-SF, 3-BR	$845/month
320A	1,064-SF, 3-BR	$900/month

It should be noted that the preponderance (60%) of rentals in the subject facility are Section 8 subsidized rentals, having income limits dependent upon household size. In addition to the apartment rentals, the coin-operated laundry machines provide an additional revenue source which was reported at a modest $494/year in 2018 while other miscellaneous fees approximating $4,157 were reported in the same year.

Contract rental is the rental actually being paid, or contracted to be paid, by a tenant for the use of the space. It may or may not be specified under a written lease although, as the term implies, it often is. A lease is a contract between the lessor (landlord) and the lessee (tenant). Contract rental is used primarily as the basis for estimating investment value because it represents what a specific investor-purchaser will most probably receive under current or specified tenancy.

However, when contract rental falls within the reasonable range of market rental forecast for the property being appraised, it can be used to derive income forecasts that are capitalized to a market value estimate. It is apparent that rental rates will vary, and they are sometimes dependent upon the negotiating skills of the parties involved, in addition to the normal supply-and-demand forces at work. In our opinion, the (reported) apartment rentals are within anticipated market parameters, albeit at the low-end of the range.

Actual income and expenses for the past three years were reported as follows:

	2016	2017	2018
Rental Income	$147,833	$119,773	$124,697
Other Income	3,640	6,239	4,651
	$151,473	$126,012	$129,348
Expenses:			
management	$ 22,582	$ 22,610	$ 22,519
administration	21,602	23,804	25,190
operating	58,816	60,930	105,419
utilities	44,973	41,609	32,635
tax & insurance	22,609	22,756	21,605
	(170,582)	(171,709)	(207,368)
Net Operating Income	$ (19,109)	$ (45,697)	$ (78,020)

Quite obviously, the subject facility is operating at a loss. Notably, management and administrative expenses approximate 29%, 37%, and 37% for 2016, 2017, and 2018 respectively. Those ratios tend to be excessive in comparison with industry averages. Predicated upon the rent roll provided, the current average rental rate is computed at only $788/ month, $11,037/14 units. Applied to the 19 total units, potential gross income can be computed as follows:

19 units x Average monthly rent x 12 months = Potential gross income

19 x $788 x 12 = $179,664

Potential gross income in comparison with the past year's actual income of $124,697 results in an approximate 69% occupancy rate or a 31% vacancy rate. In comparison, the City of Duluth housing report for 2017 reflects a 2.30% to 3.30% vacancy rate in District 6, the subject neighborhood, with an average overall rate of 4.80%. Consequently, the subject property can be characterized as underperforming for whatever reason.

Page 21 of the "City of Duluth 2017 Housing Indicator Report" published in December 2018 also evidences a 2.46% vacancy rate for housing-choice, voucher-type living units and a waiting list of 2,705 applicants. In addition, the HUD rental rate (listed on that same page in Table 22) for two-bedroom units is reported at $792/month, with three-bedroom units reported at $1,020 per month. Table 18 of the same report reflects the average cost of housing for two-bedroom and three-bedroom units at $1,062 and $1,124 respectively. That information suggests that it may be concluded that the subject rental structure and occupancy rate may be enhanced. For purposes herein, it appears reasonable to stabilize a *potential rental predicated upon those indications* for the subject units at $850 and $1,050 for the two-bedroom and three-bedroom units respectively. Rental rates for units with the owner paying utilities are even higher (Table 19 on page 18).

Occupancy Rate

At the time of our inspection, the subject property reported a 73.7% occupancy rate or, when adjusted for unit 318C, a 68.4% occupancy rate. Conversely, this represents about a 32% vacancy rate which management attributes to strict Section 8 requirements tied to lead-based paint identified in the rear stairwells. Still, it should be anticipated that the subject vacancy rate would more closely approximate community and neighborhood averages. Accordingly, a 5% vacancy rate will be applied for purposes herein.

Expenses

Save for management and administrative costs, the operating (2016 and 2017), utilities, and tax & insurance costs appear to be within anticipated market parameters. It might be anticipated that the existing boiler could be replaced by a more energy efficient system, thereby reducing *future* utility costs. For purposes herein, a 6% management fee will be projected, coupled with a 4% administrative charge. For *illustrative purposes*, a stabilized income-and-expense statement follows:

Potential Gross Income			
11 Units @ $850/month x 12	=	$112,200	
8 Units @ $1,050/month x 12	=	100,900	
			$213,000
Less: Vacancy & Credit Allowance			
$213,000 x 0.05	=		(10,650)
Add: Laundry Income			500
Effective Gross Income			$202,850
Less: Expenses	management (6%)	$ 12,171	
	administrative (4%)	8,114	
	tax & insurance	23,000	
	utilities	42,000	
	operating	50,000	
			(135,285)
Indicated Net Income (before debt service and depreciation)			$67,565

CAPITALIZATION RATE

Capitalization is the process of converting a series of anticipated future periodic installments of net income into present value. In this process, the overall capitalization rate is that ratio which expresses the relationship between annual net income and present worth. Derivation of the overall capitalization rate through appraisal analysis should reflect the behavior and thinking of an informed, prudent and rational investor. Typically, investments such as the subject reflect a 25% equity position. For purposes herein, the appraisers will assume a 75% mortgage amortized over 20 years at a 9.5% interest rate. We further expect a prudent investor would require at least a 10% yield over a 10-year holding period. For purposes herein, we have not employed an allowance for a depreciation/appreciation because of the speculative nature of that projection.

Amortization Period	20 Years
Holding Period	10 Years
Equity Yield	10%
Appreciation	Not Considered
Loan to Value	75%
Interest Rate	9.5%

Computations via HP-12C

c = .0057	
r = .0957	
R = .0957	Say 9.60%

It should be noted that the Ellwood Calculations are predicated upon historical, long-term assumptions and trends, whereas the actual mortgage terms may vary. In the short term, interest rates have declined to a level approximating 5% to 8%, and mortgage-equity ratios may fluctuate dependent upon lender requirements. Nevertheless, investor and long-term expectations must be based upon historical trends; thus, the above assumptions (for the Ellwood Calculation) are considered historically justified and, more importantly, reasonable within the context of good appraisal practice. The subject property has potentially multiple mortgages which will include the following anticipated rates and terms:

	Amount	Rate	Terms
First mortgage	$216,000	5.5%	30 years
Second mortgage	$570,000	1.0%	30 years

The second-mortgage position is reported to this office as an approximate amount based upon the assumption of an existing MHFA loan which can be extended to 30 years and payment-free, with a 1% interest accumulating until the mortgage expiration. Accordingly and for illustrative purposes, an overall capitalization rate utilizing the above terms can be computed as follows:

First mortgage	0.0681 x 0.2571 = 0.0175	
Second mortgage	0.0386 x 0.6786 = 0.0262	
Equity	0.090 x 0.0643 = 0.0058	
	0.0495	Say 4.95%

Direct capitalization rates derived from market sales are a more preferred indicator, providing income levels reflect market rate (economic) rentals, vacancy levels are normal, and actual expenses represent competent, sound management practices. However, the available sales information tends to lack sufficient depth so as to render this as something less than a good specific indicator of market-derived capitalization rates. Our computed rate coincides reasonably well with those most recently published at RealtyRates.com for 1st quarter, 2019. The weighted-composite rate was reported at 9.39%; however, the average capitalization rate for the apartment category was reported at 8.18%. We would acknowledge that the subject property is not a typical investment-grade property; still, the market-survey capitalization rate can provide a general barometer. Cognizant of the advantageous position provided by the 1% assumable mortgage-rate potential, the 8.18% apartment rate will be utilized herein.

For purposes herein, the appraisers will stabilize the indicated overall capitalization rate at 8.18% for the subject property, consistent with investor expectations as evidenced via the RealtyRates.com report. However, an amount of capital has necessarily been allocated for chattels. These items inherently reflect a shorter economic life than the subject improvements. It is, therefore, necessary to apply a somewhat shorter recapture period. Utilization of a 12% pure interest rate over a 10-year recapture period yields an indicated rate of 0.1769 or 17.7%.

APPLICATION OF THE INCOME APPROACH

Income / Rate = Value

Indicated Net Rental Income	$67,565
Less: Income Imputable to Chattels ($21,000 x 0.177)	(3,717)
Income Attributable to Real Estate	$63,848

Capitalized at 8.18% ($63,848 / 8.18%)	$780,538	
Add-back Chattels	21,000	
Indicated Value of Subject Property Including Chattels	$801,538	Say $802,000

Competent management is a basic assumption assuring that "value in use" will most probably continue and exceed the value estimate (of the real estate) noted herein. Business value, or going concern value, is defined as:

> "That value existing in a proven-property operation, considered as an entity with business established, as distinct from the value of real-estate only, ready to operate but without a going business. Includes consideration of the efficiency of plant, the know-how of management, and the sufficiency of capital."

CORRELATION

Indications of value reached via the three independent approaches to value are as follows:

Cost Approach	$1,183,000
Market Approach	$846,000 to $888,000
Income Approach	$802,000

The Cost Approach to Value is most reflective of increased building costs and tends to have most validity in new construction. In the Cost Approach, the cost new of the improvements less an allowance for depreciation (if applicable) plus the value of the land is computed to derive an estimate of value. This approach usually tends to set the upper limits of value, but the weakness of the Cost Approach is the difficulty in accurately estimating accrued depreciation; and, as a result, the Cost Approach is considered less reliable. Additionally, the Cost Approach has an inherent inability to reflect changing market conditions. In the Income Approach to Value the present worth, or the right to receive future income, is capitalized into an expression of value. The appraisers have projected income potential for the subject and capitalized the resultant net operating income into an expression of value. This approach to value, in this instance, is primarily *illustrative* but tends to have relevance insofar as it would appear to reflect more accurately the motivations of a potential investor. Comparisons of similar properties that have sold in the subject marketplace form the basis for the Market Data approach. In the Market Approach, the appraisers have analyzed available arm's length transactions in the subject area and have endeavored to compare those sales with the subject property on a unit basis. The results obtained tend to reasonably coincide with the market data presented, and the appraisers will place most emphasis on this approach. This approach is based upon the premise that the market value of a property is directly related to the prices of comparable, competitive properties.

In the correlation and reconciliation process, an appraiser considers and evaluates alternate value indications to arrive at a final value estimate. The appraiser weights the relative significance, applicability, and defensibility of each value indication and relies most heavily on the approach that is most appropriate to the purpose of the appraisal. Predicated upon the data contained herein and after consideration of the various factors that influence value, the undersigned are of the opinion that the subject property should substantiate a market value estimate, *inclusive of chattels,* of approximately:

$865,000

- EIGHT HUNDRED SIXTY-FIVE THOUSAND DOLLARS -

For informational purposes, this value estimate can be broken down as follows:

Land	$ 98,000
Improvements	746,000
Chattels	21,000
TOTAL	$865,000

CERTIFICATION

The undersigned hereby certify the statements, opinions and conclusions contained herein are true and correct to the best of our knowledge and belief; we have personally inspected the subject property and have no interest, present or contemplated, in the subject. We also certify that the fee is not predicated upon the value conclusion, and the report has been prepared in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice.

Additional Certifications

(1) "This appraisal assignment was not based on a requested minimum value, and was not based on a specific (dictated) value, and was not predicated in any way on the approval of the loan."

Thomas J. Clements
Twin Ports Appraisals
(MN Lic. #20004365)

William D. Clements
Twin Ports Appraisals
(MN Lic. #4000779)

CONTINGENT AND LIMITING CONDITIONS

The legal description is assumed to be correct.

We assume no responsibility for matters legal in character, nor do we render any opinions as to the title, which is assumed to be good. All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear under responsible ownership and competent management.

We have made no survey of the property and assume no responsibility for its accuracy.

The sketches included in this report are only for the purpose of aiding the reader in visualizing the property.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purposes by any but the client without the previous written consent of the appraisers and/or client.

The information supplied to the appraisers by others, and used in this report, is assumed to be correct; however, further responsibility and accuracy of the data cannot be assumed.

We are not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been previously made therefore.

We have no present or contemplated interest in the property appraised.

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization.

We assume that there are no hidden or unapparent conditions of the subsoil which would render it more or less valuable than otherwise comparable property.

In the appraisal assignment, the existence of potentially hazardous materials used in the construction or maintenance of the building, such as the presence of urea-formaldehyde foam insulation, and/or the existence of toxic waste, which may or may not be present on the property, was not observed by us; nor do we have any knowledge of the existence of such materials on or in the property. The appraisers, however, are not qualified to detect such substances. The existence of urea-formaldehyde foam insulation, asbestos, radon, or other potentially hazardous waste material may have an effect on the value of the property. We urge the client to retain an expert in this field if desired.

QUALIFICATIONS OF THOMAS J. CLEMENTS

EDUCATION, PROFESSIONAL DESIGNATIONS AND LICENSES HELD:

DULUTH CENTRAL HIGH SCHOOL - DIPLOMA (1987)
NORTH DAKOTA STATE UNIVERSITY - BS DEGREE (1993)
STATE OF MINNESOTA REGISTERED REAL PROPERTY APPRAISER (LICENSE #20004365) (1994)
STATE OF MINNESOTA CERTIFIED GENERAL REAL PROPERTY APPRAISER (LICENSE #20004365) (1998)

ADDITIONAL APPRAISAL COURSES:

REAL ESTATE APPRAISAL PRINCIPLES 110 APPRAISAL INSTITUTE (1993)
REAL ESTATE APPRAISAL PROCEDURES 120 APPRAISAL INSTITUTE (1993)
STANDARDS OF PROFESSIONAL PRACTICE 410 PART A APPRAISAL INSTITUTE (1994)
BASIC INCOME CAPITALIZATION - COURSE 310 APPRAISAL INSTITUTE (1994)
PERSPECTIVE ON APPRAISALS SEMINAR, NORWEST MORTGAGE INC. (1994)
STANDARDS OF PROFESSIONAL PRACTICE 410 PART B APPRAISAL INSTITUTE (1995)
MN DOT SEMINAR, RIGHT-OF-WAY PROFESSIONS (1995)
APPRAISAL INSTITUTE SEMINAR, FAIR LENDING AND THE APPRAISER (1996)
THE APPRAISAL OF PARTIAL ACQUISITIONS - COURSE 401,
INTERNATIONAL RIGHT-OF-WAY ASSOCIATION (1996)
HOW TO PERFORM FHA APPRAISALS WITHIN HUD GUIDELINES - COURSE 204R PRO-SOURCE (1996)
MN DOT SEMINAR, RIGHT-OF-WAY PROFESSIONS (1996)
MN DOT SEMINAR, RIGHT-OF-WAY PROFESSIONS (1997)
FHA APPRAISER TRAINING, MAJOR CHANGES AND REVISIONS, EARL BROWN CENTER, ST. PAUL CAMPUS - UNIVERSITY OF MINNESOTA (1997)
FHA AND THE APPRAISAL PROCESS APPRAISAL INSTITUTE (1999)
USPAP UPDATE - APPRAISAL INSTITUTE (1999)
USPAP UPDATE - APPRAISAL INSTITUTE (2001)
APPLICATION AND USE OF THE STREAMLINED, APPRAISAL PROCESS - APPRAISAL INSTITUTE (2001)
REAL ESTATE FRAUD AND THE APPRAISER'S ROLE, MCKISSICK, INC. (2002)
USPAP 2003 UPDATE APPRAISAL INSTITUTE SEMINAR (2003)
HOW TO PREPARE THE NEW URAR SEMINAR - PROSOURCE (2005)
PRO-SOURCE SEMINAR - USPAP UPDATE (2006)
KAPLAN SEMINAR - USPAP UPDATE (2008)
KAPLAN SEMINAR - FHA APPRAISAL GUIDELINES
COMMERCIAL APPRAISER AND REVIEW, APPRAISAL INSTITUTE (2010)
KAPLAN SEMINAR - APPRAISAL UPDATE (2011)
APPRAISAL INSTITUTE SEMINAR, USPAP UPDATE (2012-2013)
APPRAISAL INSTITUTE SEMINAR, VALUATION BY COMPARISON (2019)
IAAO RESIDENTIAL APPRAISING, ONE-DAY FORUM 990 (2019)
IFA SEMINAR, USPAP UPDATE (2010-2011) (2014-2015) (2016-2017) (2018-2019)
MN DOT SEMINAR, RIGHT-OF-WAY PROFESSIONALS (1998, 1999, 2000, 2001, 2002, 2003, 2004 2005, 2006, 2007, 2008, 2010, 2011, 2012, 2013, 2014, 2015, 2017, 2018)

MEMBERSHIPS

INTERNATIONAL RIGHT-OF-WAY ASSOCIATION
DULUTH BOARD OF REALTORS

APPRAISAL EXPERIENCE

6/93 TO 8/93
1/94 TO PRESENT

25+ YEARS OF APPRAISAL EXPERIENCE AT TWIN PORTS APPRAISALS COMPLETING RESIDENTIAL AND COMMERCIAL APPRAISALS FOR MAJOR FINANCIAL INSTITUTIONS, INDIVIDUALS, AND LAW FIRMS IN DULUTH AND THE SURROUNDING AREAS.

APPOINTED A COMMISSIONER IN CONDEMNATION PROCEEDINGS BY THE DISTRICT COURT, 6TH JUDICIAL DISTRICT.

PARTIAL LIST OF CLIENTS SERVED

ASSOCIATED RELOCATION COMPANY
BEACON BANK
BENEFICIAL LOAN & TRUST
BYE, BOYD & AGNEW
DULUTH CITY AND COUNTY EMPLOYEE CREDIT UNION
EXPRESS FINANCIAL SERVICES
FIRST BANK TRUST DULUTH
FIRST MINNESOTA MORTGAGE
G.M.A.C. MORTGAGE
GRAND MARAIS STATE BANK
INVESTORS BANK
LENDERS SERVICE, INC.
M & I NATIONAL BANK
MINNESOTA GUARANTY MORTGAGE
MINNESOTA POWER EMPLOYEES CREDIT UNION
MERRILL LYNCH HOME MORTGAGE
MERRILL LYNCH RELOCATION
NORTH SHORE BANK OF COMMERCE
NORTH SHORE MORTGAGE
NORTHERN STATE BANK OF VIRGINIA
NORWEST BANK TRUST, DULUTH
PARK STATE BANK
PIONEER NATIONAL BANK
PHH U.S. MORTGAGE
PHH HOMEQUITY
PRUDENTIAL HOME MORTGAGE
PRUDENTIAL RELOCATION
REPUBLIC BANK, DULUTH
TCF MORTGAGE
TCF CONSUMER LENDING
WESTERN NATIONAL BANK

QUALIFICATIONS OF WILLIAM D. CLEMENTS

EDUCATION:

DULUTH CENTRAL HIGH SCHOOL - DIPLOMA
UNIVERSITY OF MINNESOTA, DULUTH - BA DEGREE

APPRAISAL SCHOOLS & SEMINARS ATTENDED:

SREA COURSE 101, MACALESTER COLLEGE
AN INTRODUCTION TO APPRAISING REAL PROPERTIES
SREA R-2, RESIDENTIAL EXAMINATION
SREA COURSE 201, WISCONSIN STATE UNIVERSITY, SUPERIOR
PRINCIPLES OF INCOME PROPERTY APPRAISING
SREA COURSE 202, UNIVERSITY OF WISCONSIN, MADISON
APPLIED INCOME PROPERTY VALUATION
MAAO COURSE B, RESIDENTIAL APPRAISING
MAAO COURSE C, NARRATIVE REPORT WRITING
MAAO COURSE D, APPRAISING INDUSTRIAL AND COMMERCIAL PROPERTY
IAAO COURSE 2A, APPRAISAL OF INCOME PRODUCING PROPERTY
IAAO COURSE 302, MASS APPRAISAL OF INCOME PRODUCING PROPERTY
SREA SEMINAR, R-41B, FHLBB APPRAISAL STANDARDS & GUIDELINES
SREA SEMINAR, NARRATIVE REPORT WRITING, AUGSBURG COLLEGE
SREA SEMINAR, PROFESSIONAL PRACTICE
SREA SEMINAR, BASIC INTRODUCTION TO INCOME CAPITALIZATION
SREA SEMINAR, MOTELS AND SHOPPING CENTER FEASIBILITY ANALYSIS
SREA SEMINAR, APPRAISING SECOND HOMES AND HOME SITES
SREA SEMINAR, TAX CONSIDERATION IN REAL ESTATE TRANSACTIONS
SREA SEMINAR, HOUSES, HOUSES, HOUSES
SREA SEMINAR, APPRAISING APARTMENTS
SREA SEMINAR, CREATIVE FINANCING/CASH EQUIVALENCY
SREA SEMINAR, UNIFORM RESIDENTIAL APPRAISAL REPORT
SREA SEMINAR, RADON GAS/ASBESTOS
D.O.E. SEMINAR, APPRAISAL TECHNIQUES IN THE VALUATION OF SOLAR BUILDINGS
E.H. BOECKH COMPANY, COST ESTIMATING SEMINAR
CRA SEMINAR, REVIEWING THE RESIDENTIAL APPRAISAL REPORT
CRA SEMINAR, MORTGAGE UNDERWRITING
KAPLAN SEMINAR, FHA APPRAISAL GUIDELINES
IRWA SEMINAR, EASEMENT VALUATION (1992)
APPRAISAL INSTITUTE SEMINAR, URAR (1993)
PRO-SOURCE SEMINAR, HOW TO PERFORM FHA APPRAISALS WITHIN HUD GUIDELINES (1994)
APPRAISAL INSTITUTE SEMINAR, APPRAISAL REPORTING OF COMPLEX RESIDENTIAL PROPERTIES (1994)
APPRAISAL INSTITUTE SEMINAR, UNDERSTANDING LIMITED APPRAISAL AND APPRAISAL REPORTING OPTIONS (1994)
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SEMINAR,
FHA APPRAISALS (1994)
HUD FHA 203 (K) APPRAISAL TRAINING SESSION (1995)
HUD FHA SINGLE FAMILY NEW CONSTRUCTION APPRAISAL TRAINING SESSION (1995)
APPRAISAL INSTITUTE SEMINAR, FAIR LENDING AND THE APPRAISER (1996)
FHA APPRAISAL TRAINING, MAJOR CHANGES AND REVISIONS, EARL BROWN CENTER, ST. PAUL CAMPUS - UNIVERSITY OF MINNESOTA (1997)
APPRAISAL INSTITUTE SEMINAR, FHA AND THE APPRAISAL PROCESS (1999)
APPRAISAL INSTITUTE SEMINAR, USPAP UPDATE (1999)
APPRAISAL INSTITUTE SEMINAR, APPRAISAL OF LOCAL RETAIL PROPERTIES (1999)
APPRAISAL INSTITUTE SEMINAR, EMINENT DOMAIN AND CONDEMNATION (1999)

(SEMINARS ATTENDED CONTINUED)

APPRAISAL INSTITUTE SEMINAR, PARTIAL INTEREST VALUATION-DIVIDED (2000)
APPRAISAL INSTITUTE SEMINAR, APPLICATION AND USE OF THE STREAMLINED APPRAISAL PROCESS (2001)
APPRAISAL INSTITUTE SEMINAR, SPECIAL PURPOSE PROPERTIES (2003)
APPRAISAL INSTITUTE SEMINAR, USPAP UPDATE (2003)
APPRAISAL INSTITUTE SEMINAR, MINNESOTA LICENSE LAW UPDATE (2004)
MN DNR SEMINAR, APPRAISAL REVIEW (2005)
PRO-SOURCE SEMINAR, USPAP UPDATE (2006)
PRO-SOURCE SEMINAR, ADVANCED URAR AND FNMA GUIDELINES (2006)
KAPLAN SEMINAR, USPAP UPDATE (2008)
MHFA, THE FHA APPRAISAL (2009)
APPRAISAL INSTITUTE SEMINAR, COMMERCIAL APPRAISAL AND REVIEW (2010)
KAPLAN SEMINAR, APPRAISAL UPDATE (2011)
APPRAISAL INSTITUTE SEMINAR, USPAP UPDATE (2012-2013)
HUD, THE FHA APPRAISAL (2013)
APPRAISAL INSTITUTE SEMINAR, VALUATION BY COMPARISON (2019)
IAAO RESIDENTIAL APPRAISING, ONE-DAY FORUM 990 (2019)
IFA SEMINAR, USPAP UPDATE (2010-2011) (2014-2015) (2016-2017) (2018-2019)
MN DOT SEMINAR, RIGHT-OF-WAY PROFESSIONALS (1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018)

MEMBERSHIPS:

CERTIFIED STATE OF MINNESOTA GENERAL REAL PROPERTY, LICENSE #4000779
DULUTH BOARD OF REALTORS
CERTIFIED MINNESOTA ASSESSOR (1975)
NATIONAL ASSOCIATION OF REVIEW APPRAISERS (SENIOR MEMBER)

APPRAISAL EXPERIENCE:

(1972-1976)
FOUR YEARS APPRAISAL EXPERIENCE IN THE CITY OF DULUTH ASSESSOR'S OFFICE APPRAISING RESIDENTIAL, COMMERCIAL, INDUSTRIAL AND INCOME PROPERTIES FOR AD VALOREM TAXATION, ACQUISITION AND EASEMENT PURPOSES.

(1976-1987)
ELEVEN YEARS APPRAISAL EXPERIENCE APPRAISING RESIDENTIAL AND COMMERCIAL PROPERTIES IN DULUTH AND THE SURROUNDING AREA (EXECUTIVE VICE PRESIDENT, TWIN PORTS APPRAISALS, A SUBSIDIARY OF MIDWEST FEDERAL SAVINGS & LOAN ASSOCIATION OF MINNEAPOLIS, FORMERLY FIRST FEDERAL SAVINGS & LOAN ASSOCIATION OF DULUTH).

(1988-CURRENT)
OWNER TWIN PORTS APPRAISALS, INDEPENDENT REAL ESTATE APPRAISAL FIRM APPRAISING RESIDENTIAL AND COMMERCIAL PROPERTIES IN DULUTH AND THE SURROUNDING AREA.

QUALIFIED AS AN EXPERT WITNESS IN DISTRICT COURT, 6TH JUDICIAL DISTRICT
APPOINTED A COMMISSIONER IN CONDEMNATION PROCEEDINGS BY THE DISTRICT COURT, 6TH JUDICIAL DISTRICT
APPOINTED TO REAL ESTATE TAX BOARD OF REVIEW (1986-1995) BY CITY OF DULUTH
APPOINTED TO REAL ESTATE TAX BOARD OF REVIEW (1991-2012) BY ST. LOUIS COUNTY

PARTIAL LIST OF CLIENTS

ANHEUSER-BUSCH COMPANY
BEACON BANK
BESSEMER-ERIE RAILROAD
BETTER HOMES AND GARDENS RELOCATION
BOATMEN'S GENERAL RELOCATION COMPANY
BYE, BOYD, AGNEW
BYRON REED RELOCATION COMPANY
CARLTON COUNTY, MN
CHEMEXEC RELOCATION
CITY OF DULUTH
CITY OF GRAND RAPIDS, MN
COLDWELL BANK COMPANY
COMMERCIAL STATE BANK, TWO HARBORS
COOK COUNTY, MN
DULUTH CLINIC
DULUTH TRANSIT AUTHORITY
DUPONT COMPANY
EMPIRE RELOCATION AUTHORITY
EQUITABLE RELOCATION COMPANY
FALSANI, BALMER, BERGLUND & MERRITT
FBS MORTGAGE COMPANY
F. D. I. C.
FIRST BANK, DULUTH
FIRST BANK, HIBBING
FIRST FEDERAL SAVINGS & LOAN, DULUTH
FIRST FEDERAL SAVINGS & LOAN, GRAND RAPIDS
FIRST MINNESOTA SAVINGS BANK
FRANKLIN FOODS
GERLACH BEAUMIER
G. M. A. C. MORTGAGE
GRAND MARAIS STATE BANK
HANFT-FRIDE, PA
HERITAGE MUTUAL INSURANCE COMPANY
HOMEQUITY RELOCATION
HOWARD RELOCATION COMPANY
INTERBAY FUNDING
KNUTSON MORTGAGE COMPANY
LAKE BANK
LENDERS SERVICE, INC.
M & I BANK
MEMBERS CO-OP CREDIT UNION
MEREDITH MORTGAGE COMPANY
MERRILL LYNCH RELOCATION
MIDWEST FEDERAL SAVINGS & LOAN ASSOCIATION, FA
MINNESOTA DEPARTMENT OF TRANSPORTATION
NATIONAL BANK OF COMMERCE
NORTH SHORE BANK OF COMMERCE
NORTH SHORE FEDERAL CREDIT UNION
NORTH SHORE MORTGAGE
NORTH STAR TITLE, INC.
NORWEST BANK, APPROVED APPRAISER 2566
NORWEST BANK, DULUTH
PARK STATE BANK
PIONEER NATIONAL BANK
PREFERRED MORTGAGE EXPRESS COMPANY
PRUDENTIAL RELOCATION
REPUBLIC BANK, DULUTH
ROTHSCHILD MORTGAGE COMPANY
ST. LOUIS BANK FOR SAVINGS, FSB
ST. LOUIS COUNTY, MINNESOTA
ST. LOUIS COUNTY FEDERAL SAVINGS & LOAN ASSOCIATION
SUPERIOR COMMUNITY CREDIT UNION
TCF MORTGAGE COMPANY
U. S. BANK, N. A.
VA ADMINISTRATION
VAN EVERA, SLURE, BUTLER & MICHELSON
WELLS FARGO BANK
WELLS FARGO HOME MORTGAGE, INC.
WESTERN NATIONAL BANK
WESTERN LAKE SUPERIOR SANITARY DISTRICT
WOODLANDS NATIONAL BANK

ADDENDA

LETTER OF ENGAGEMENT

July 8th, 2019

Twin Ports Appraisals, Inc.
315 W Superior St. Suite 203
Duluth, MN 55802

RE: Commercial Appraisal

Property Addresses: 706 E 4th St
Duluth, MN 55805

Borrower: Hillside Manors, LLC

Bill,

Please accept this letter as a formal engagement of your services to conduct a commercial appraisal, on the property listed above.

Your contact for entry to the property will be Kristi DuCharme. You can reach her at 218-269-9750.

If you have any questions regarding the appraisal or need any additional information, please contact the lender, John Conley @ jconley@parkstatebank.com.

Sincerely,

Tanya Oakland
Commercial Loan Assistant

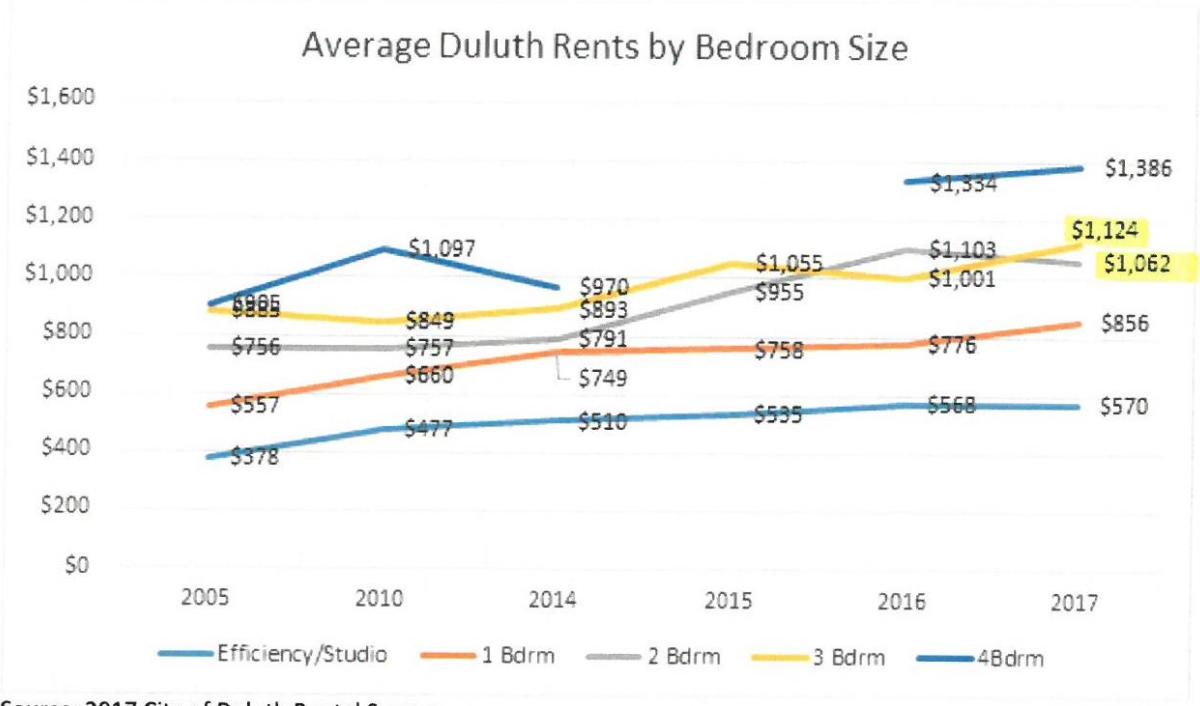
RENT ROLL

Rent Roll (Itemized)

Properties: Renaissance - 318 N 7th Ave E- 702 E 4th St Duluth, MN 55805
Units: Active
GL Accounts: None
As of: 05/03/2019

Unit	BD/BA	Status	Sqft	Total	Other Charges
Renaissance - 318 N 7th Ave E- 702 E 4th St Duluth, MN 55805					
318 N 7th Ave E - Apt. A	3/1.00	Vacant-Unrented	1,064		
318 N 7th Ave E - Apt. B	2/1.00	Vacant-Unrented	1,117		
318 N 7th Ave E - Apt. C	2/1.00	Current	1,146	775.00	775.00
320 N 7th Ave E - Apt. A	3/1.00	Vacant-Unrented	1,064		
320 N 7th Ave E - Apt. B	2/1.00	Current	1,117	700.00	700.00
702 E 4th St - Apt A	3/1.00	Vacant-Unrented	1,064		
702 E 4th St - Apt. B	2/1.00	Current	1,117	710.00	710.00
702 E 4th St - Apt. C	2/1.00	Current	1,146	795.00	795.00
704 E 4th St - Apt. A	3/1.00	Vacant-Unrented	1,117		
704 E 4th St - Apt. B	2/1.00	Current	1,117	795.00	795.00
706 E 4th St - Apt. A	3/1.00	Current	1,117	827.50	827.50
706 E 4th St - Apt. B	2/1.00	Current	1,117	857.50	857.50
708 E 4th St - Apt. A	3/1.00	Current	1,064	815.00	815.00
708 E 4th St - Apt. B	2/1.00	Current	1,117	807.50	807.50
710 E 4th St - Apt. A	3/1.00	Current	1,064	832.50	832.50
710 E 4th St - Apt. B	2/1.00	Current	1,117	720.00	720.00
712 E 4th St - Apt. A	3/1.00	Current	1,064	800.00	800.00
712 E 4th St - Apt. B	2/1.00	Current	1,117	842.50	842.50
712 E 4th St - Apt. C	2/1.00	Current	1,117	759.50	759.50
19 Units		**73.7% Occupied**	**20,963**	**11,037.00**	**11,037.00**
Total 19 Units		**73.7% Occupied**	**20,963**	**11,037.00**	**11,037.00**

Table 17. Rent and Number of Bedrooms



Source: 2017 City of Duluth Rental Survey

*Note, in 2014, the survey asked for homeowner information not four bedrooms which is why this information is missing

According to data from the US Department of Housing and Urban Development (HUD), a household should pay no more than 30% of its gross income on housing. Over half of Duluth's renters have reported being cost burdened, which has not changed from past years. While new housing continues to be built each year, the majority of recent construction has been for market rate development and has not favored those that are making less than $46,834, Duluth's average annual wage in 2017.

Table 18. Cost of Housing

	Studio Apartment	1 Bedroom Apartment	2 Bedroom Apartment	3 Bedroom Apartment
Avg. Monthly Costs	$570	$856	$1,062	$1,124
Income to Afford	$22,800	$34,240	$42,480	$44,960
Hourly Wage to Afford (40 hours/ week)	$11	$16	$20	$22
Hours/ Week at Minimum Wage ($9.65)	45	68	85	90
Hours/ Week at Minimum Wage ($7.87)	56	84	104	110

Source: 2017 City of Duluth Rental Survey

Table 19: Rent by who pays utilities

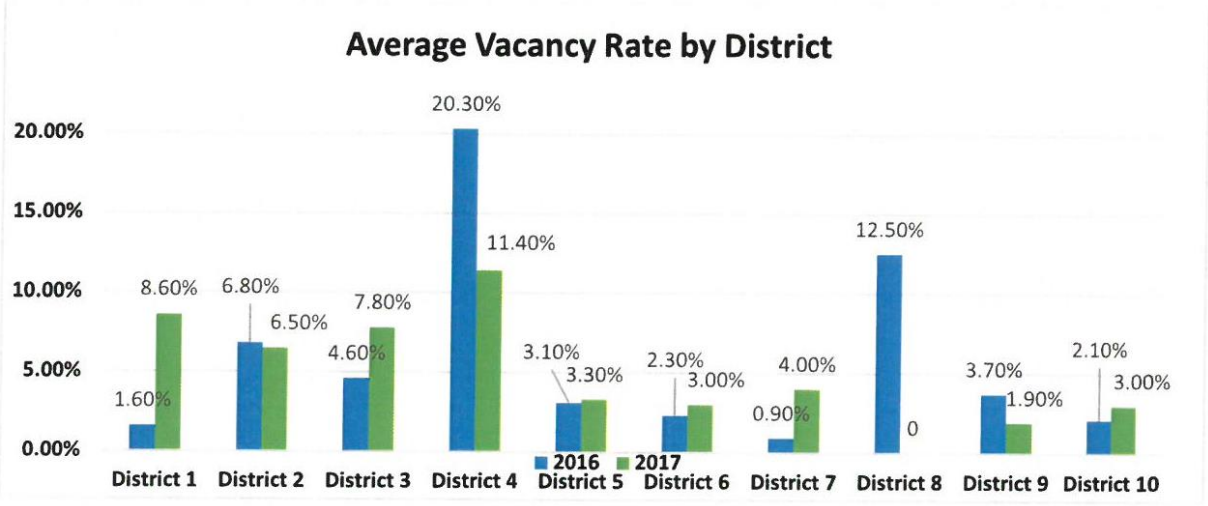
Unit Type	Utilities Paid By	Total Units	Average Rent	Vacancy Rate	Difference in Owner vs. Renter Paid Utilities
Studio/ Efficiency	Owner Paid Utilities	71	$541	1.40%	*
	Renter Paid Utilities	*	*	*	
1 Bedroom	Owner Paid Utilities	497	$888	4.80%	$140
	Renter Paid Utilities	147	$748	3.40%	
2 Bedroom	Owner Paid Utilities	336	$1,147	5.10%	$206
	Renter Paid Utilities	124	$941	6.70%	
3 Bedroom	Owner Paid Utilities	65	$1,226	10.80%	$155
	Renter Paid Utilities	124	$1,071	3.20%	
4 Bedroom	Owner Paid Utilities	*	*	*	*
	Renter Paid Utilities	50	$1,299	2.00%	

Source: 2017 City of Duluth Rental Survey

Neighborhood Analysis

Although the citywide 2017 market rate rental average was $985 a month and the vacancy rate was 4.8%, this number varies across the city. According to the 2017 City of Duluth Rental Survey, the lowest rent paid was District 1 (Morgan Park, Gary New Duluth, Fond du Lac, Smithsville, Riverside & Norton Park) with an average rent of $610 per month. In contrast, the highest average rent cost was District 9. at $1,860 per month.

District 9 (Lakeside, Lester & North Shore) had the lowest vacancy rate in 2017, at 1.9%. This may correspond to a change in pricing within District 9 from 2016 to 2017, where it had the highest average rental cost as owners and landlords increased pricing due to market demand and low vacancy rates. District 4 (Piedmont Heights & Duluth Heights) had the highest vacancy rate in 2017 at 11.4%, but District 4 featured a significantly decrease, since its much higher 2016 vacancy rate of 20.3%. A list of each neighborhood district along with average pricing can be found in the appendix.



Source: 2017 City of Duluth Rental Survey

Table 21: Public Housing Waiting Lists & Vacancy Rates

	2010	2011	2012	2013	2014	2015	2016	2017
Public Housing Vacancy %	1.30%	1.00%	3.00%	2.00%	2.00%	1.60%	2.20%	3.16%
Public Housing Avg. Waiting List	153	974	1,014	802	635	995	1,155	1,646
Housing Choice Voucher (unused)	0%	1.00%	1.00%	2.00%	7.00%	0%	1.90%	2.46%
Housing Choice Voucher Avg. Waiting List	1,623	1,800	2,376	1,477	1,464	1,320	1,820	2,705

Source: Duluth Housing and Redevelopment Authority

When looking at other public housing programs across Minnesota, a 2% vacancy rate is consistent. It is also consistent within other Housing Authorities to have a large wait list with a year or more time frame of being moved into a unit. Many cities like Duluth are dealing with an affordable housing shortage, in addition to having an older housing stock that require units to be improved and brought up to building code.

Table 22. HUD's Housing Choice Voucher Program

By Bedroom Size	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Efficiency/Studio	$433	$433	$504	$481	$481	$536	$543	$543
1 Bedrooms	$528	$528	$607	$579	$579	$627	$627	$627
2 Bedrooms	$666	$666	$725	$725	$725	$755	$792	$792
3 Bedrooms	$836	$836	$945	$945	$945	$984	$1,020	$1,020
4 Bedrooms	$1,064	$1,064	$1,099	$1,099	$1,099	$1,099	$1,180	$1,229
5 Bedrooms	$1,224	$1,224	$1,264	$1,264	$1,264	$1,264	$1,356	$1,413

Source: Duluth Housing and Redevelopment Authority

RealtyRates.com - Investor Survey ™

2nd Quarter, 2019

Market Commentary

RealtyRates.com™ *Investor Survey* Reports Cap Rate Index Decreases For All Property Types During 1st Quarter 2019

Coincident with a 44 basis point decrease in Treasury rates to which most commercial mortgage interest rates are indexed and a 14 basis point decrease in equity dividend rates, the RealtyRates.com *Weighted Composite (Cap Rate) Index*™ decreased 29 basis points, from 9.68 to 9.39 percent during the 1st Quarter of 2019.

The greatest quarter-over-quarter cap rate index decrease was recorded by the Lodging sector, down 35 basis points.

The smallest quarter-over-quarter cap rate index decrease was recorded by the Restaurant sector, down 26 basis points during the 1st Quarter.

Mortgage lending standards were relatively unchanged during the 1st Quarter, and as spreads were unchanged, average permanent mortgage interest rates were down 44 basis points.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2019*

CURRENT & HISTORICAL CAP RATE INDICES

	Method-Weighted* Property Category Indices																						Weighted^ Composite Indices	
	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MH/RV Park		Office		Retail		Restaurant		Self Storage		Special Purpose			
Year	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg	Rate	BP Chg
2019	8.18	-24	11.79	-23	8.78	-23	8.94	-25	10.18	-35	9.32	-24	8.78	-26	9.15	-23	11.36	-21	9.61	-26	11.44	-21	9.39	-25
1st Qtr	8.18	-28	11.79	-29	8.78	-29	8.94	-29	10.18	-35	9.32	-30	8.78	-30	9.15	-29	11.36	-26	9.61	-31	11.44	-27	9.39	-29
2018	8.42	26	12.02	30	9.01	14	9.19	23	10.53	25	9.56	30	9.04	10	9.38	20	11.57	15	9.86	29	11.64	40	9.64	22
4th Qtr	8.46	8	12.08	11	9.07	11	9.23	7	10.53	1	9.62	13	9.08	13	9.44	10	11.62	11	9.92	13	11.71	11	9.68	9
2017	8.16	4	11.73	-2	8.87	-6	8.96	-12	10.28	5	9.26	11	8.94	-22	9.19	-8	11.42	-15	9.57	-9	11.25	4	9.42	-6
2016	8.13	-2	11.75	6	8.92	12	9.08	15	10.22	0	9.15	15	9.16	16	9.27	12	11.57	-10	9.67	14	11.21	10	9.48	9
2015	8.15	-9	11.69	-14	8.80	-9	8.93	-10	10.22	-20	8.99	-18	9.00	-6	9.15	-11	11.66	-13	9.52	-22	11.11	-12	9.40	-12
2014	8.24	-15	11.83	-9	8.89	-1	9.03	-4	10.43	-17	9.17	-5	9.06	-22	9.26	15	11.79	-6	9.75	-20	11.24	14	9.52	-7
2013	8.39	14	11.92	-14	8.90	5	9.07	-2	10.60	3	9.22	14	9.28	-19	9.11	-4	11.86	9	9.95	-24	11.10	1	9.58	-2
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01	

* Weighted by methodology: Band-of-Investment, DCR Technique, Sales Survey

^ Further weighted by property category