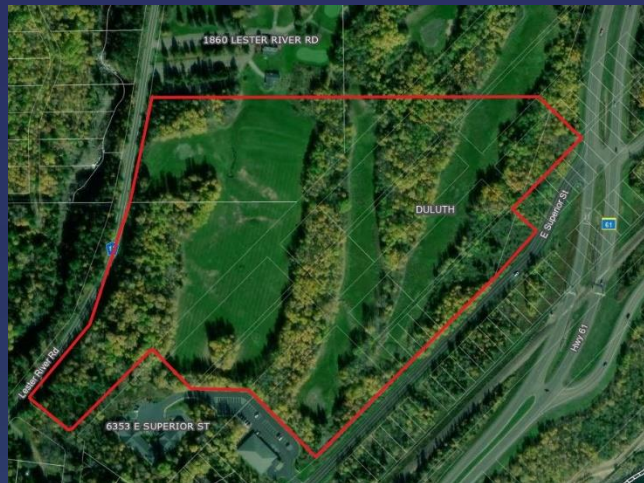




**Valbridge**  
PROPERTY ADVISORS

Lester Golf Course Land Parcel  
1860 Lester River Road  
Duluth, St. Louis County, Minnesota 55804

Report Date: July 31, 2023



FOR:

City of Duluth  
Theresa Bajda  
Senior Housing Development, Planning & Development  
411 West First Street  
Duluth, Minnesota 55802

**Valbridge Property Advisors |  
Minneapolis - St. Paul**

255 E. Kellogg Blvd., Suite 102A  
St. Paul, MN 55101  
651-370-1475 phone

*valbridge.com*

Valbridge File Number:  
MN02-23-0322-000



255 E. Kellogg Blvd., Suite 102A  
St. Paul, MN 55101  
651-370-1475 phone  
valbridge.com

July 31, 2023

Nathan Hansen, MAI  
651-370-1475  
nhansen@valbridge.com

Theresa Bajda  
Senior Housing Development, Planning & Development  
City of Duluth  
411 West First Street  
Duluth, Minnesota 55802

RE: Appraisal Report  
Lester Golf Course Land Parcel  
1860 Lester River Road  
Duluth, St. Louis County, Minnesota 55804

Dear Theresa Bajda:

In accordance with your request, an appraisal of the above referenced property was performed. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to the value opinions. This letter of transmittal does not constitute an appraisal report and the rationale behind the value opinion reported cannot be adequately understood without the accompanying appraisal report.

The subject property, as referenced above, is located between Lester River Road and East Superior Street and is further identified as tax parcel numbers 010-1410-00120, 010-2860-03030, 010-2860-01180, 010-2860-01710, 010-2860-01690, 010-2860-01480, 010-2860-01680, 010-2860-01440, 010-2860-02710, 010-2860-02910, 010-2860-02670, 010-2860-02390, 010-1410-00130, 010-1410-00110, 010-2860-01720. The subject property is an existing land site which was formerly operated as part of the city-owned Lester Park Golf Course. The subject contains no building improvements, with the storage building, clubhouse, and parking lot improvements all located to the north and outside of the subject site. The site was established as a golf course in the late 1980's. The golf course is now closed and unmaintained and is considered vacant land.

The analyses, opinions, and conclusions were developed, and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and the requirements of our client.

The client in this assignment is the City of Duluth and the intended user of this report is the Client and no others. The intended use is for internal decision making purposes. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

#### Extraordinary Assumptions:

- It is assumed that the information provided to us by the owner and city/county officials is accurate. Said information includes, but is not limited to, proposed permitted/required land use for development purposes. Any deviation from how this information was represented to us could result in a change in opinion of value.

#### Hypothetical Conditions:

- No hypothetical conditions were employed in this appraisal.

#### Other Important Risk Factors:

- The subject site consists of roughly 37 acres of usable site area at the southern end of the former Lester Park Golf Course. The site incorporates 13 total parcels, as well as 2 additional parcels which will be divided and included in the site. The subject has a hilly/rolling topography with a mixture of tree cover and open areas, which were formerly fairways. Currently, the site exists as raw land with no site work completed and utilities stubbed at the northwest corner of the site, to the former clubhouse, which would have to be carried out through the site. Overall, the site is an average development land site due to its negative factors such as rolling topography and lack of utilities throughout the site (though utilities are stubbed to the edge) as well as its positive factors including being fairly cleared of trees and being a good size for a mixed-use development.
- In regard to development specifically, we spoke with an official with the City of Duluth Planning Department who has knowledge of the site and plans for future development. The City intends for the site to be developed as a mixed-use area with both commercial and residential uses. For commercial development, there is to be no more than 80,000 sf of commercial space and no single commercial structure may exceed 20,000 sf. In regard to the residential development, there must be no less than 5 acres, totaling 80 units, dedicated to affordable housing for residents paying no more than 30% of their income in rent and utilities. The remaining site is to be developed with mixed-income housing, with buildings having no more than 20% of their units reserved for affordable housing. These are the only stipulations/guidelines we received from the Client, it is assumed this would impact the potential buyer. As a result, we have considered these within our analysis and value conclusion herein.
- We received a Phase 1 Environmental Assessment from the client dated June 2022, with a site review in April 2022. The Phase 1 lays out the history of the subject in terms of its development (consisting of vacant undisturbed land prior to becoming a part of the golf course in the late 1980's and continuing through the late 2010's). The current condition of the site, which remains unimproved aside from walking paths associated with the former golf course use. In addition, the Phase 1 noted adjacent site uses, particularly those that may

produce environmental hazards, with the Lester River Medical Center and Lester Park Golf Course both being identified and both considered not to represent REC's for the property. Lastly, the study laid out its conclusions which did not reveal any Recognized Environmental Conditions (RECs), Historical RECs (HRECs), Controlled RECs (CRECs), and/or Vapor Encroachment Concerns (VECs) related to the property. However, the report did state that the former occupier (Lester Park Golf Course) was a licensed herbicide and pesticide applicator in order to maintain the grounds. The legal application of the substances, in the course of standard and licensed operation, does not constitute a "release to the environment". Therefore, developers should consider the historical use and potential presence of agricultural chemicals in the soil/water.

- In addition to the Phase 1 Environmental Assessment, we also received a copy of the Wetland Delineation Report. The report delineates roughly 1 acre of wetlands across six (6) small sites. None of the sites are permanent wetlands nor swamps, rather they are primarily drainage low points as a result of the heavy slopes of the site. However, these wetlands would likely need to be considered in development of the site and we have subtracted them from the gross site area to reach our usable site area which we analyzed herein.
- The subject is located on the eastern edge of Duluth, just outside of the Lakeside/Lester Park neighborhood. The site is bounded by Lester River Road to the northwest and East Superior Street to the south, beyond which is Highway 61 and Lake Superior. Based on our property inspection, the site currently lacks views of Lake Superior due to tree cover and topography, but views could potentially be provided dependent on the height of future development.

The value conclusions are based on the analysis in the following report and presented in the following table:

### Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	June 20, 2023
<b>Value Conclusion</b>	<b>\$1,870,000</b>
	<b>\$50,048 per usable acre</b>

Respectfully submitted,  
 Valbridge Property Advisors | Minneapolis - St. Paul



Nathan Schumacher  
 Associate Appraiser  
 MN Appraiser Trainee 40670452



Nathan Hansen, MAI  
 Managing Director  
 MN Certified General 20302614

# Table of Contents

---

Cover Page	
Letter of Transmittal	
Table of Contents .....	5
Summary of Salient Facts .....	6
Aerial and Front Views.....	7
Location Map .....	8
Introduction.....	9
Scope of Work .....	11
Regional and Market Area Analysis.....	13
City and Neighborhood Analysis .....	17
Site Description .....	22
Subject Photographs.....	29
Assessment and Tax Data .....	31
Market Analysis .....	32
Highest and Best Use Analysis .....	36
Land Valuation.....	38
Reconciliation.....	57
Exposure Time and Marketing Period .....	57
National Quality Control.....	58
General Assumptions and Limiting Conditions .....	59
Certification – Nathan Schumacher.....	64
Certification – Nathan Hansen, MAI.....	65
Addenda .....	66
Additional Subject Photographs.....	67
Legal Description .....	68
Market Analysis .....	72
Regional and Market Reports.....	73
Glossary .....	78
Qualifications.....	85
Valbridge Property Advisors Information / Office Locations .....	89

# Summary of Salient Facts

## Property Identification

Property Name	Lester Golf Course Land Parcel
Property Address	1860 Lester River Road Duluth, St. Louis County, Minnesota 55804
Latitude & Longitude	46.850945, -91.998195
Tax Parcel Number	010-1410-00120, 010-2860-03030, 010-2860-01180, 010-2860-01710, 010-2860-01690, 010-2860-01480, 010-2860-01680, 010-2860-01440, 010-2860-02710, 010-2860-02910, 010-2860-02670, 010-2860-02390, 010-1410-00130, 010-1410-00110, 010-2860-01720
Property Owner	Duluth Economic Development Authority

## Site

Zoning	Mixed Use Neighborhood (MU-N)
FEMA Flood Map No.	2704210030C
Flood Zone	Zone C
Gross Land Area (Acres)	38.36 acres
Gross Land Area (Square Feet)	1,671,146 square feet
Usable Land Area (Acres)	37.36 acres
Usable Land Area (Square Feet)	1,627,576 square feet
Unusable Area (Wetlands)	43,570 square feet

## Valuation Opinions

Highest & Best Use - As Vacant	Immediate mixed-use development
Reasonable Exposure Time	12 months
Reasonable Marketing Time	12 months

## Value Indications

Approach to Value	As Is
Sales Comparison	\$1,870,000
Cost	Not Developed
Income Capitalization	Not Developed

## Value Conclusion

Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	June 20, 2023
<b>Value Conclusion</b>	<b>\$1,870,000</b>
	<b>\$50,048 per usable acre</b>



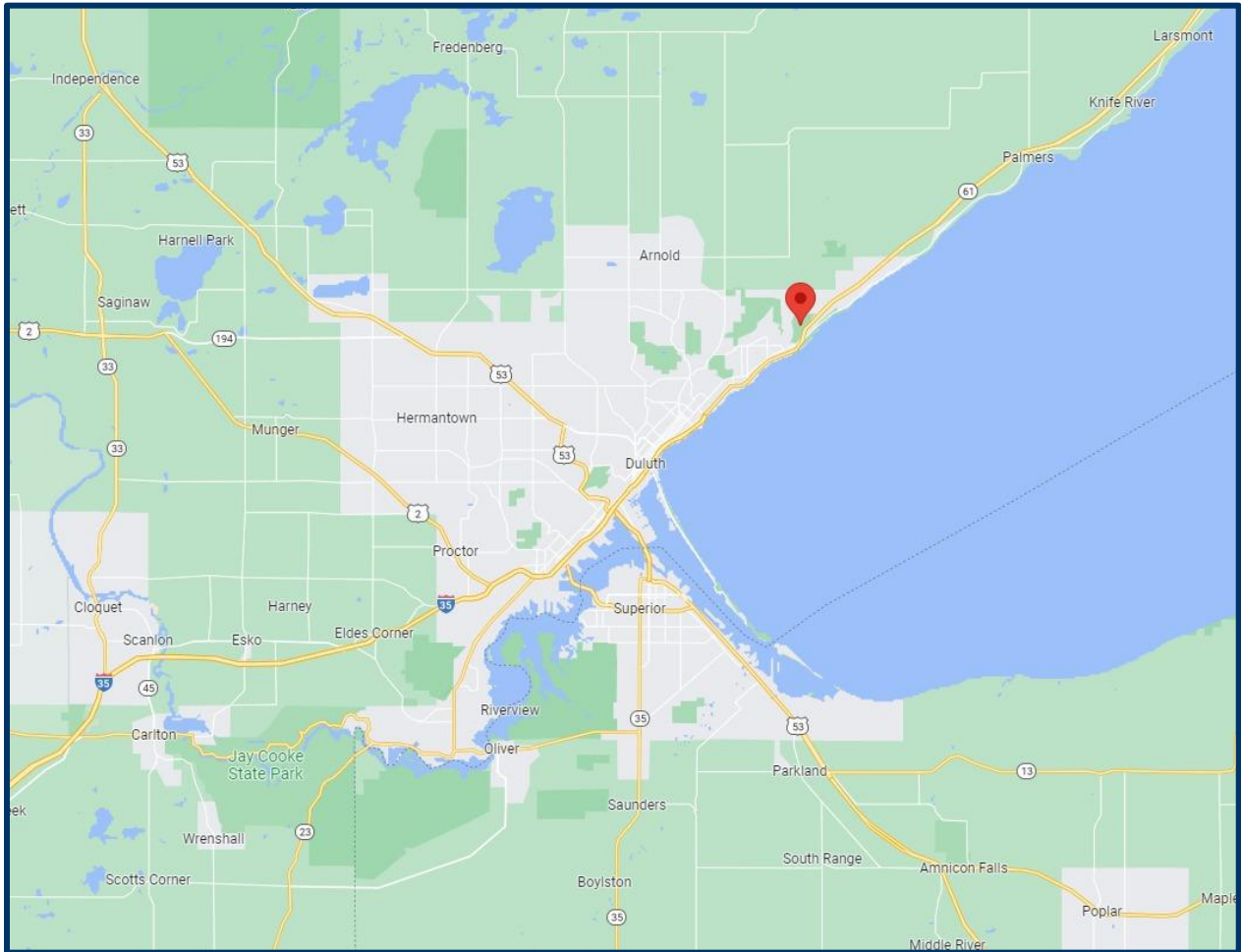
## Aerial and Front Views

---

### AERIAL VIEW



## Location Map





# Introduction

---

## Client and Intended Users of the Appraisal

The client in this assignment is City of Duluth and the intended user of this report is the Client. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

## Intended Use of the Appraisal

The intended use of this report is for internal decision making purposes.

## Real Estate Identification

The subject property is located at 1860 Lester River Road, Duluth, St. Louis County, Minnesota 55804. The subject property is further identified by the tax parcel number 010-1410-00120, 010-2860-03030, 010-2860-01180, 010-2860-01710, 010-2860-01690, 010-2860-01480, 010-2860-01680, 010-2860-01440, 010-2860-02710, 010-2860-02910, 010-2860-02670, 010-2860-02390, 010-1410-00130, 010-1410-00110, 010-2860-01720.

## Legal Description

See Addenda

## Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was a former golf course property.

## Use of Real Estate as Reflected in this Appraisal

The as is opinion of value for the subject property reflects use as a parcel of development land.

## Ownership of the Property

According to Title report, county records, and a development agreement, title to the subject property is vested in the Duluth Economic Development Authority.

## History of the Property

Ownership of the subject property has not changed within the past three years. Though we note that ownership has changed from the City of Duluth to the Duluth Economic Development Authority as of September 2022, as a result of a Development Agreement dated January 26, 2022. These are related entities and the City of Duluth will still determine to whom the site is sold and how the site is developed.

## Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. Market value is defined as the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale with 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:

- *buyer and seller are typically motivated;*
- *both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *a reasonable time is allowed for exposure in the open market;*
- *payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *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<sup>1</sup>*

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

## Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Opinions of value for the subject property were developed under the following valuation scenarios:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	June 20, 2023

## Date of Report

The date of this report is July 31, 2023.

## Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

### Extraordinary Assumptions

- It is assumed that the information provided to us by the owner and city/county officials is accurate. Said information includes, but is not limited to, proposed permitted/required land use for development purposes. Any deviation from how this information was represented to us could result in a change in opinion of value.

### Hypothetical Conditions

- No hypothetical conditions were employed in this appraisal.

---

<sup>1</sup> FIRREA Code of Federal Regulations, Title 12, Part 34 Subpart C - 34.42, 1990; also Interagency Appraisal and Evaluation Guidelines, Federal Register / Vol.75, No. 237, 2010

# Scope of Work

---

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

## Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via county records & survey.
- Economic Characteristics - The subject property economic characteristics were identified via information provided by the client, market participant interviews, our company database, and/or third party sources.
- Physical Characteristics - The subject property physical characteristics were identified via site survey, county records, and the appraiser's inspection of the subject property.

## Extent to Which the Property Was Inspected

A site inspection of the property was completed on June 20, 2023.

## Type and Extent of Data Researched

The following data was researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. Professionals familiar with the subject market/property type were also interviewed.

## Type and Extent of Analysis Applied (Valuation Methodology)

Surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations were observed in the process of concluding a highest and best use for the subject property. The subject property was then valued based on the highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct

capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All these approaches to value were considered. The availability of data and applicability of each approach to value within the context of the characteristics of the subject property, along with the needs and requirements of the client, were assessed. Based on this assessment, the Sales Comparison Approach was developed. The Cost and Income Approaches were not used as they are not used by market participants for properties such as the subject and, as a result, were excluded from the appraisal. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

### Appraisal Conformity and Report Type

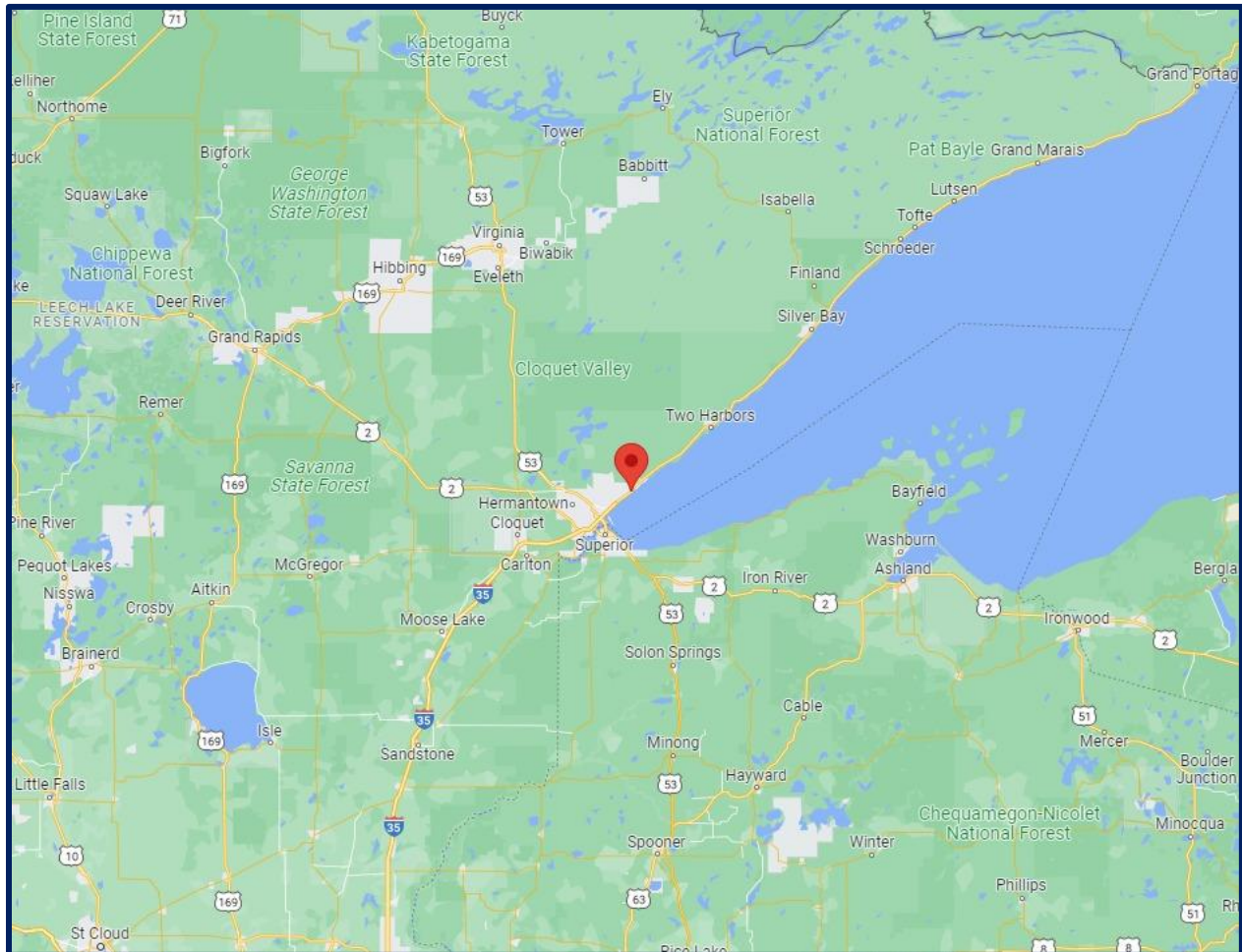
The analyses, opinions, and conclusions were developed and this report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute and the requirements of our client. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

### Personal Property/FF&E

All items of non-real estate are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

## Regional and Market Area Analysis

## REGIONAL MAP



## Overview

The subject is located in Duluth, in St. Louis County. It is part of the Duluth-Superior, MN-WI MSA. The Duluth, MN-WI MSA, commonly called the Twin Ports, is a small metropolitan area centered around the cities of Duluth, MN and Superior, WI located at the western part of Lake Superior. The MSA is approximately 150 miles north of the Twin Cities metro area and consists of three Minnesota counties (Carlton, Lake, and St. Louis) and one Wisconsin county (Douglas).



## Population

Population characteristics relative to the subject property are presented in the following table.

### Population

Area	2020	Estimated 2023	Annual Δ 2020 - 23	Projected 2028	Annual Δ 2023 - 28
United States	331,449,281	335,707,897	0.4%	339,902,796	0.2%
Minnesota	5,303,925	5,798,827	3.0%	5,898,938	0.3%
Duluth, MN-WI (MSA)	290,637	291,194	0.1%	289,659	-0.1%
St. Louis County	200,226	199,418	-0.1%	198,263	-0.1%
Duluth city	86,473	86,612	0.1%	86,433	0.0%

Source: ESRI (ArcGIS)

## Transportation

Major transportation routes in the larger area include several major interstates, which are managed and maintained by the Minnesota Department of Transportation (MnDOT). Interstate 35 (I-35) is the primary north/south route, that runs from Duluth MN in northern Minnesota to Dallas TX to the south. US-Highway 53 links the city with Superior Wisconsin to the east and International Falls in the northwest. US-Highway 2 also connects the city with Superior Wisconsin in the east and continues west to Grand Forks, North Dakota. The last major roadway is Highway 61 which runs along Lake Superior to the northeast continuing to the Canadian border. The Duluth International Airport also serves the city, with daily flights to both Minneapolis-St. Paul International and Chicago as well as flights to Phoenix and Fort Myers

## Employment

The Duluth-Superior, MN-WI MSA has diverse employment base. The area is home to Essentia Health (which is currently constructing a \$900 million expansion and renovation of its downtown Duluth campus), University of Minnesota-Duluth, Maurice's, among others. Further, the area is home to numerous mining operations with coal, taconite, and iron ore all being transported from Duluth Harbor. The Duluth area is also a major tourist destination for the upper Midwest and is the municipal center for the area with the City of Duluth, St. Louis County, and Duluth Public Schools all being among the largest employers in the city.

### Employment by Industry - Duluth, MN-WI (MSA)

Industry	2023 Estimate	Percent of Employment
Agriculture/Forestry/Fishing/Hunting	1,514	1.10%
Mining/Quarrying/Oil & Gas Extraction	2,624	1.90%
Construction	10,145	7.35%
Manufacturing	10,992	7.96%
Wholesale Trade	2,187	1.58%
Retail Trade	15,407	11.16%
Transportation/Warehousing	7,386	5.35%
Utilities	2,142	1.55%
Information	1,299	0.94%
Finance/Insurance	5,765	4.18%
Real Estate/Rental/Leasing	1,997	1.45%
Professional/Scientific/Tech Services	6,050	4.38%
Management of Companies/Enterprises	96	0.07%
Admin/Support/Waste Management Services	4,506	3.26%
Educational Services	12,434	9.01%
Health Care/Social Assistance	26,669	19.32%
Arts/entertainment/Recreation	3,271	2.37%
Accommodation/Food Services	9,655	6.99%
Other Services (excl Public Administration)	6,422	4.65%
Public Administration	7,494	5.43%
<b>Total</b>	<b>138,055</b>	<b>100.0%</b>

Source: ESRI (ArcGIS)

## Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics.

### Unemployment Rates

Area	YE 2018	YE 2019	YE 2020	YE 2021	YE 2022	2023 <sup>1</sup>
United States	3.9%	3.7%	8.1%	5.3%	3.6%	3.8%
Minnesota	3.0%	3.3%	6.3%	3.8%	2.7%	3.4%
Duluth, MN-WI (MSA)	3.9%	4.1%	7.6%	4.3%	3.4%	3.7%
St. Louis County, MN	3.8%	4.0%	7.3%	4.2%	3.3%	3.5%
Duluth city, MN	3.0%	3.1%	6.7%	3.7%	2.4%	2.9%

Source: [www.bls.gov](http://www.bls.gov)

data not seasonally adjusted; <sup>1</sup>June - most recent for US, others lag by 1-2 mos.)

## Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare unfavorably to the state and favorably to the country.

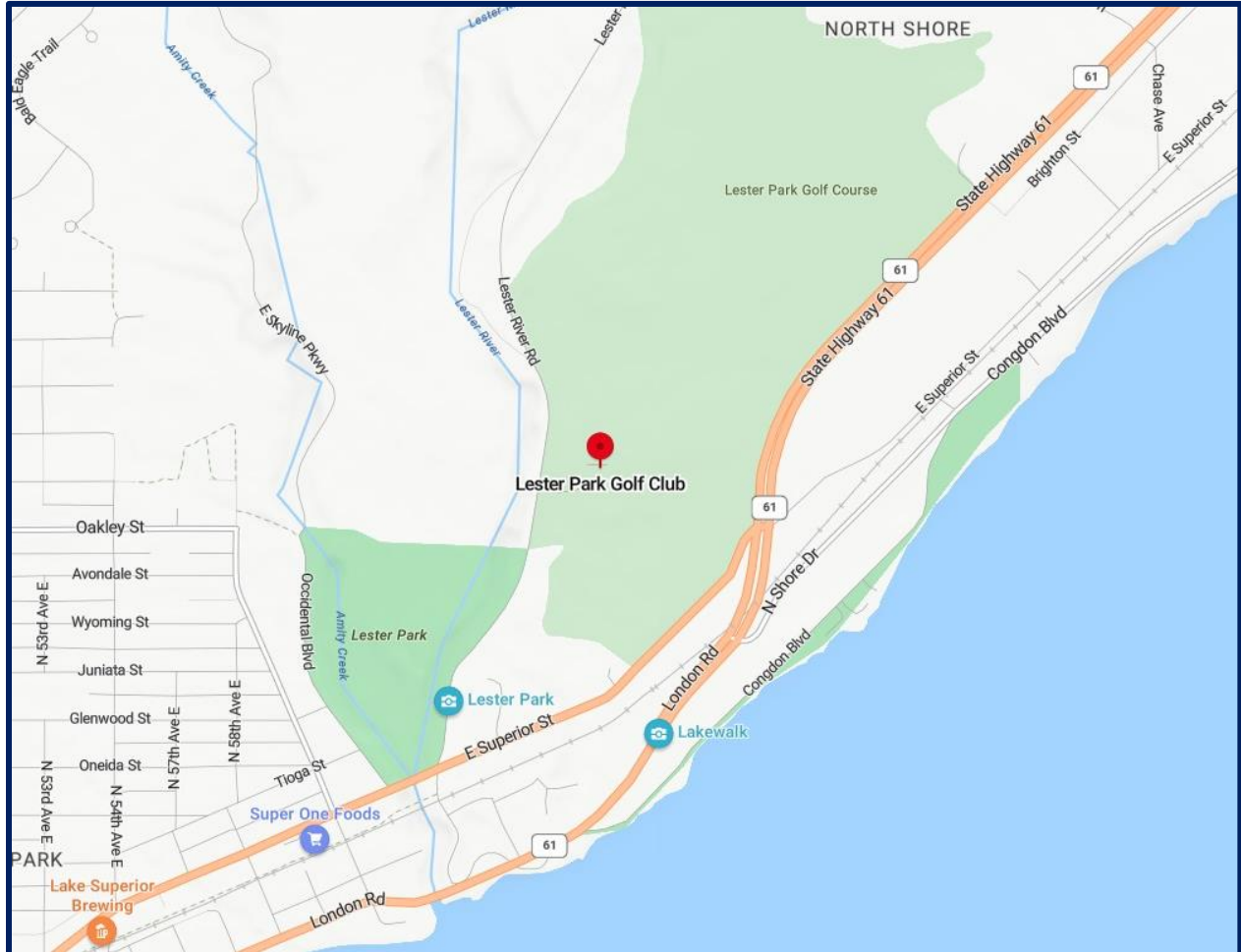
### Median Household Income

Area	Estimated 2023	Projected 2028	Annual Δ 2023 - 28
United States	\$62,203	\$67,325	1.6%
Minnesota	\$80,483	\$90,958	2.5%
Duluth, MN-WI (MSA)	\$63,952	\$73,179	2.7%
St. Louis County	\$63,547	\$72,825	2.8%
Duluth city	\$58,749	\$64,584	1.9%

Source: ESRI (ArcGIS)

# City and Neighborhood Analysis

## NEIGHBORHOOD MAP



## Overview

The subject is located in Duluth in St. Louis County. Duluth is the county seat of St. Louis County and is the primary commercial hub of northern Minnesota. Duluth is the 5<sup>th</sup> largest city in the state and along with Superior, Wisconsin is the center of the second largest metro area in Minnesota. The city is accessed via Interstate 35, and US Highways 2 and 53. Duluth is recognized as the furthest west point in the Great Lakes, for having the largest port on the Great Lakes (along with Superior), and for the transport of coal, taconite, and grain. The city population peaked in the 1960's and since then has been on a downward trajectory, with the downward trajectory in coal, iron and steel. As a result, the city has pivoted its focus to tourism, with the development of Canal Park and the revitalization of downtown, as well as health care and higher education, and the population has stabilized around 85,000. Notable land uses in the city include Canal Park, Duluth Harbor, The College of St. Scholastica and University of Minnesota Duluth, Essentia Health and St. Luke Medical Centers, and the Miller Hill Mall.

## Neighborhood Location and Boundaries

The subject neighborhood is located in the eastern section of Duluth. The area is suburban in nature.

The neighborhood is bounded by Duluth City Limits to the north, Lake Superior/Duluth City Limits to the east, Lake Superior to the south, and Amity Creek to the west.

## Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include Highway 61, as well as Lester River Road and East Superior Street which border the site to the northwest and south. Access to the area is considered average.

## Neighborhood Land Use

The subject neighborhood is located in an area with primarily vacant forest and recreational land. The subject is located on the eastern border of the city, with land uses in the area primarily being woodland, with residential properties south along Superior Street East, and west in the Lakeside/Lester Park neighborhood. The area's primary commercial corridor is located along Superior Street. This strip is comprised of restaurants, retail stores, banks, and municipal buildings. Notable land uses in the area include the University of Minnesota-Duluth, the Lester Park Trails & Playground, and Northland Country Club.

An approximate breakdown of the development in the area is as follows:

### LAND USES

<b>Developed</b>	20%
<i>Residential</i>	15%
<i>Lodging</i>	5%
<i>Retail</i>	0%
<i>Office</i>	0%
<i>Industrial</i>	0%
<b>Vacant</b>	80%
<hr/>	
<b>Total</b>	<b>100%</b>

## Land Use Trends

Aside from the potential redevelopment of the subject property and the larger Lester Park Golf property, the neighborhood is not experiencing a change in land use.



## Demographics

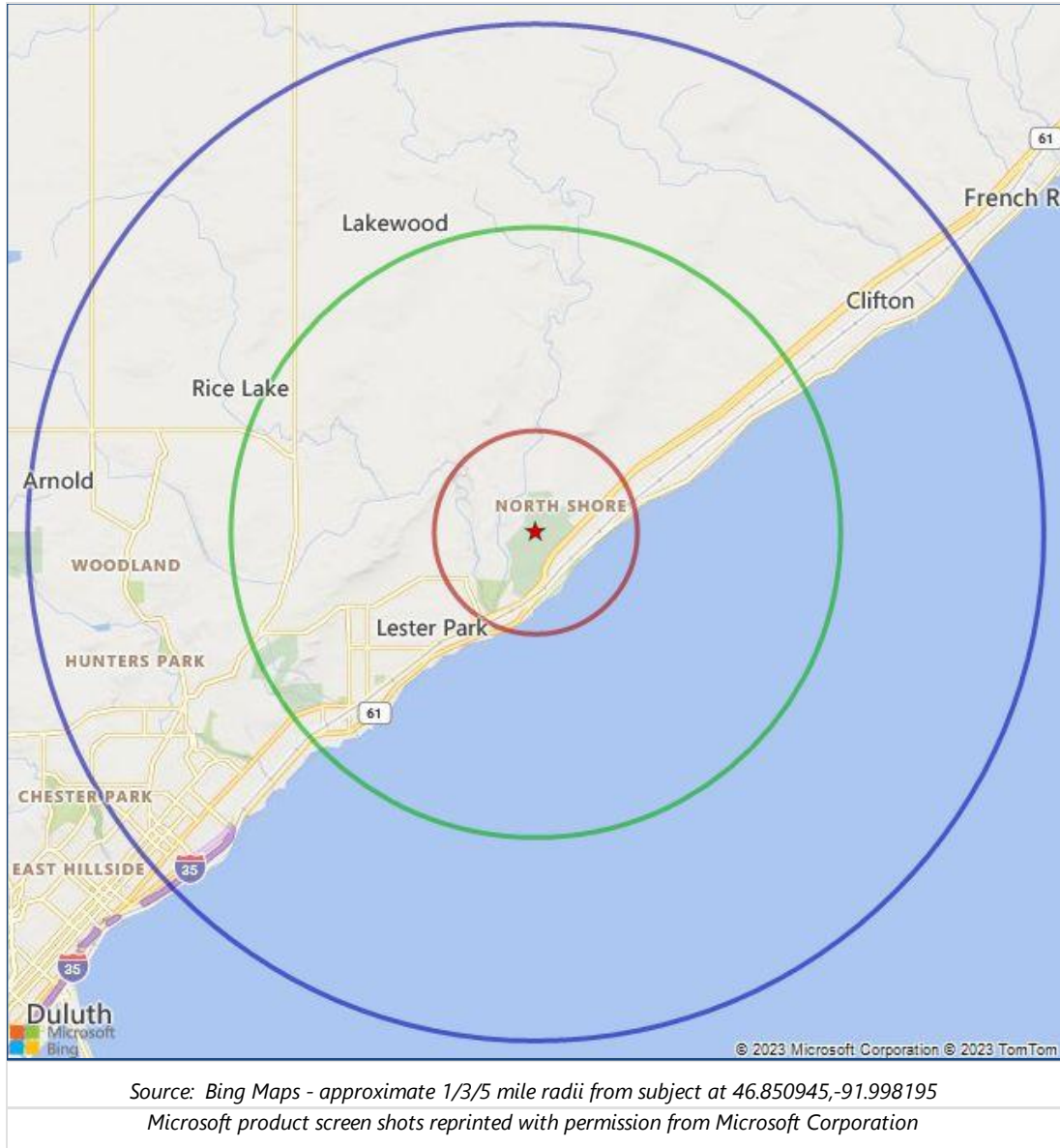
The following table depicts the area demographics in Duluth within a one-, three-, and five-mile radius from the subject.

### Neighborhood Demographics

Radius (Miles)	1 Mile	3 Mile	5 Mile
<b>Population Summary</b>			
2020 Population	1,135	10,402	31,812
2023 Population Estimate	1,299	10,979	32,315
2028 Population Projection	1,276	10,802	31,956
Annual % Change (2023 - 2028)	-0.4%	-0.3%	-0.2%
<b>Housing Unit Summary</b>			
2020 Housing Units	480	4,445	12,219
% Owner Occupied	82.9%	81.2%	71.9%
% Renter Occupied	13.5%	14.5%	23.6%
2023 Housing Units	525	4,578	12,910
% Owner Occupied	85.1%	83.5%	72.3%
% Renter Occupied	14.1%	12.4%	22.4%
2028 Housing Units	525	4,580	12,952
% Owner Occupied	85.3%	83.3%	72.6%
% Renter Occupied	12.8%	11.4%	21.3%
Annual % Change (2023 - 2028)	0.2%	0.0%	0.1%
<b>Income Summary</b>			
2023 Median Household Income Estimate	\$88,525	\$92,653	\$87,452
2028 Median Household Income Projection	\$98,470	\$101,459	\$98,331
Annual % Change	2.2%	1.8%	2.4%
2023 Per Capita Income Estimate	\$45,768	\$46,052	\$44,717
2028 Per Capita Income Projection	\$52,212	\$52,134	\$50,712
Annual % Change	2.7%	2.5%	2.6%

Source: ESRI (ArcGIS)

(Lat: 46.850945, Lon: -91.998195)



Within a three-mile radius, the reported population is 10,979 with a projected growth rate of approximately -0.3% annually. There are 4,578 housing units within that three-mile radius. The growth rate is expected to be 0.0% annually. Most of the housing is owner-occupied. Our research indicates that property values in the area are stable.

Within a three-mile radius, the median household income is \$92,653. Looking ahead, annual household income growth is projected at 1.8% per year. The average income figures suggest that the inhabitants are within the middle to upper income brackets.

### Nuisances & External Obsolescence

Neighborhood properties have adequate levels of maintenance. No adverse or unfavorable factors were observed.

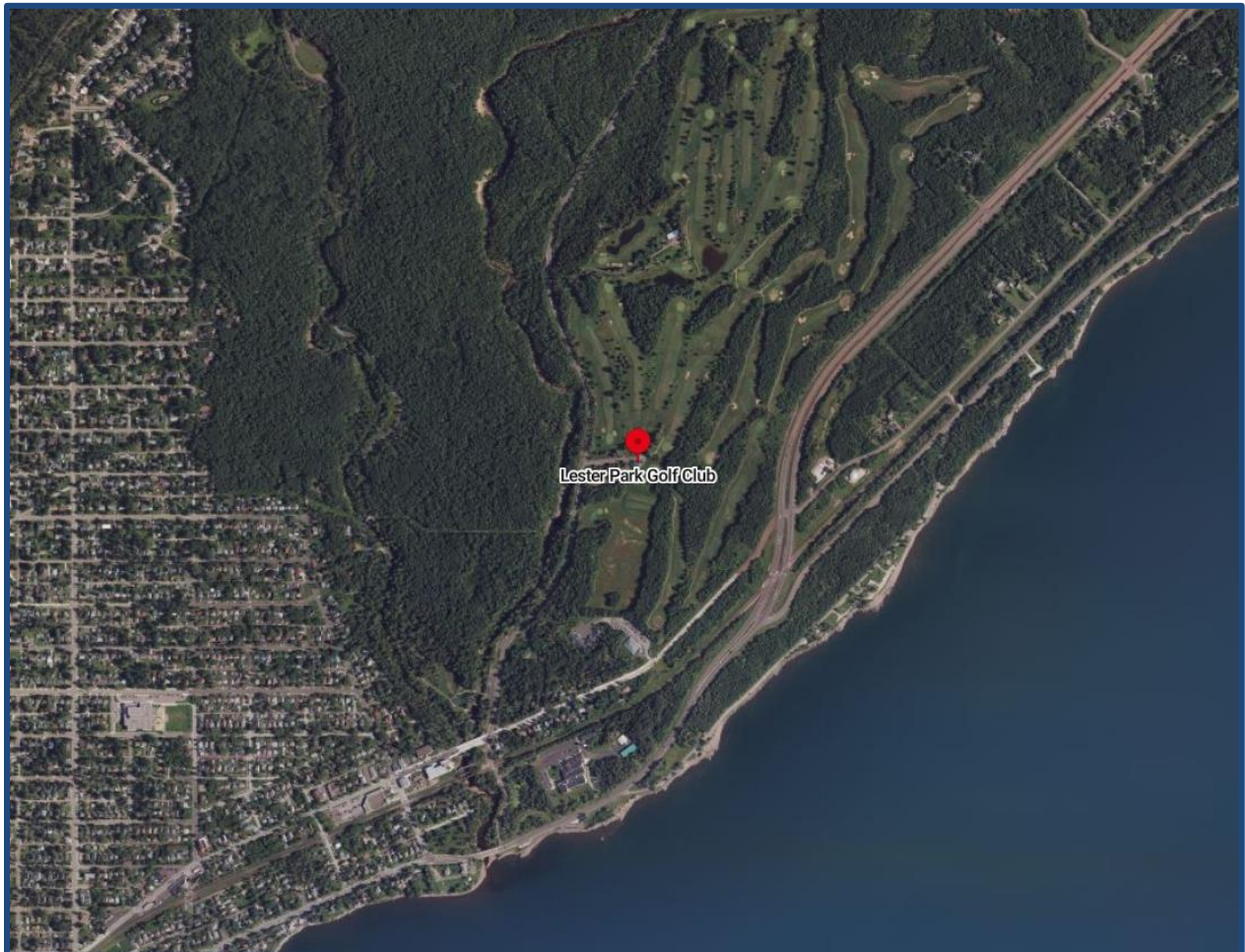
## Neighborhood Life Cycle

Most neighborhoods are classified as being in one of four stages: **growth**, **stability**, **decline**, or **renewal**. Overall, the subject neighborhood is in the stability stage of its life cycle.

## Immediate Area Uses

The below aerial photo exhibits the uses located in the subject's immediate vicinity.

### IMMEDIATE AREA USES



*Source: Bing Maps*

Uses along Lester River Road in the vicinity of the subject are primarily residential in nature. Recognized uses in the immediate area of the subject include scattered homesteads north of the property. As shown above, the density of uses in the area is sporadic with some vacant land remaining available in the area.

A drive of the neighborhood revealed that occupancies in the area are relatively high. The area was developed many years ago but has maintained a reasonable level of demand.

## Site Description

---

The subject site is located between Lester River Road and East Superior Street. The subject property is an existing land site which was formerly operated as part of the Lester Park Golf Course. The subject contains no building improvements, with the storage building, clubhouse, and parking lot improvements all located to the north and outside of the subject site. The site was established as a golf course in the late 1980's. The golf course is now closed and unmaintained and is considered vacant land.

The subject site consists of roughly 37 acres of usable site area at the southern end of the former Lester Park Golf Course. The site incorporates 13 total parcels, as well as 2 additional parcels which will be divided and included in the site. The subject has a hilly/rolling topography with a mixture of tree cover and open areas, which were formerly fairways. Currently, the site exists as raw land with no site work completed and utilities stubbed at the northwest corner of the site, to the former clubhouse, which would have to be carried out through the site. Overall, the site is an average development land site due to its negative factors such as rolling topography and lack of utilities throughout the site (though utilities are stubbed to the edge) as well as its positive factors including being fairly cleared of trees and being a good size for a mixed-use development.

The subject is located on the eastern edge of Duluth, just outside of the Lakeside/Lester Park neighborhood. The site is bounded by Lester River Road to the northwest and East Superior Street to the south, beyond which is Highway 61 and Lake Superior. Based on our property inspection, the site currently lacks views of Lake Superior due to tree cover and topography, but views could potentially be provided dependent on the height of future development.

The characteristics of the site are summarized as follows:

### Site Characteristics

Gross Land Area:	38.36 Acres or 1,671,146 SF
Usable Land Area:	37.36 Acres or 1,627,576 SF
Usable Land %:	97.4%
Shape:	Irregular
Topography:	Hilly, uneven land - slopes from 16% to 30%
Drainage:	Assumed Adequate
Grade:	At street grade
Utilities:	All are available to the site, currently stubbed at the northwest corner of the site at the former clubhouse. Utilities would have to be expanded and connected through the site. According to a planner with the city, the current utilities could support up to an estimated 760-ft elevation including building height.
Off-Site Improvements:	Minimal
Interior or Corner:	Interior
Signalized Intersection:	No
Excess/Surplus Land:	None

## Flood Zone Data

Flood Map Panel/Number:	2704210030C
Flood Map Date:	04-02-1982
Flood Zone:	Zone C Area of minimal flood hazard according to FEMA Flood Map Service Center website.
Portion in Flood Hazard Area:	0.00%

## Other Site Conditions

Soil Type:	Assumed Adequate
Environmental Issues:	We received a Phase 1 Environmental Assessment from the Client. The report indicated there are no known environmental factors that would impact the subject aside from typical golf course pesticide/weed killers, which the course was certified to apply. As a result, we conclude there are no environmental concerns for the owner or future buyers.
Easements/Encroachments:	We received a land survey and title report which did not denote any easements or encroachments aside from typical utility and right of way easements.
Wetlands Classification:	We received a Wetland Delineation Report which denoted approximately 1 acre of wetlands throughout the site. The wetlands were primarily transient, with water collecting in them as a result of the heavy slopes of the site.

## Adjacent Land Uses

North:	Golf Course Land
South:	E Superior St/Medical Office/Assisted Living
East:	E Superior St/Highway 61/Lake Superior
West:	Lester River Rd/Forest Land

## Site Ratings

Access:	Average
Visibility:	Average

## Zoning Designation

Zoning Jurisdiction:	City of Duluth
Zoning Classification:	MU-N, Mixed Use Neighborhood
General Plan Designation:	Neighborhood Mixed Use
Permitted Uses:	Single & multifamily residential, medical & professional office, retail, municipal, and similar uses
Zoning Comments:	The MU-N district is established to accommodate a mix of neighborhood-scale, neighborhood serving non-residential uses



and a range of residential uses located in close proximity. This district accommodates both horizontal (uses located in separate structures) and vertical (uses located in the same building) types of mixed use. Non-residential uses may include small-scale retail, service and professional offices that provide goods and services to the residents of the surrounding neighborhood.

#### Allowed Uses per City

The City intends for the site to be developed as a mixed-use area with both commercial and residential uses. For commercial development, there is to be no more than 80,000 sf of commercial space and no single commercial structure may exceed 20,000 sf. In regard to the residential development, there must be no less than 5 acres, totaling 80 units, dedicated to affordable housing for residents paying no more than 30% of their income in rent and utilities. The remaining site is to be developed with mixed-income housing, with buildings having no more than 20% of their units reserved for affordable housing.

#### Analysis/Comments on Site

The subject consists of 38.64 acres of gross land area at the southern tip of the former Lester Golf Course site. This site has a mix of open and wooded areas as well as a mix of topographies, with sloping topographies and some low lands. According to the Wetland Delineation Report we received, there is approximately 1 acre of low/wetlands throughout the site which primarily consist of alder thickets and areas where water accumulates due to slope. Overall, the site is deemed desirable for development but will require extensive sitework to minimize the topography issues.

SDH Project	DEAD 194215	Rev. #	Revision	Date	Drawn By	Designed By	Checked By
00	00	00	00	00	00	00	00
00	00	00	00	00	00	00	00
00	00	00	00	00	00	00	00

**SEH**

PHONE: 218.278.3000  
416 W SUPERIOR ST.  
DULUTH, MN 55803-1512  
www.sehinc.com

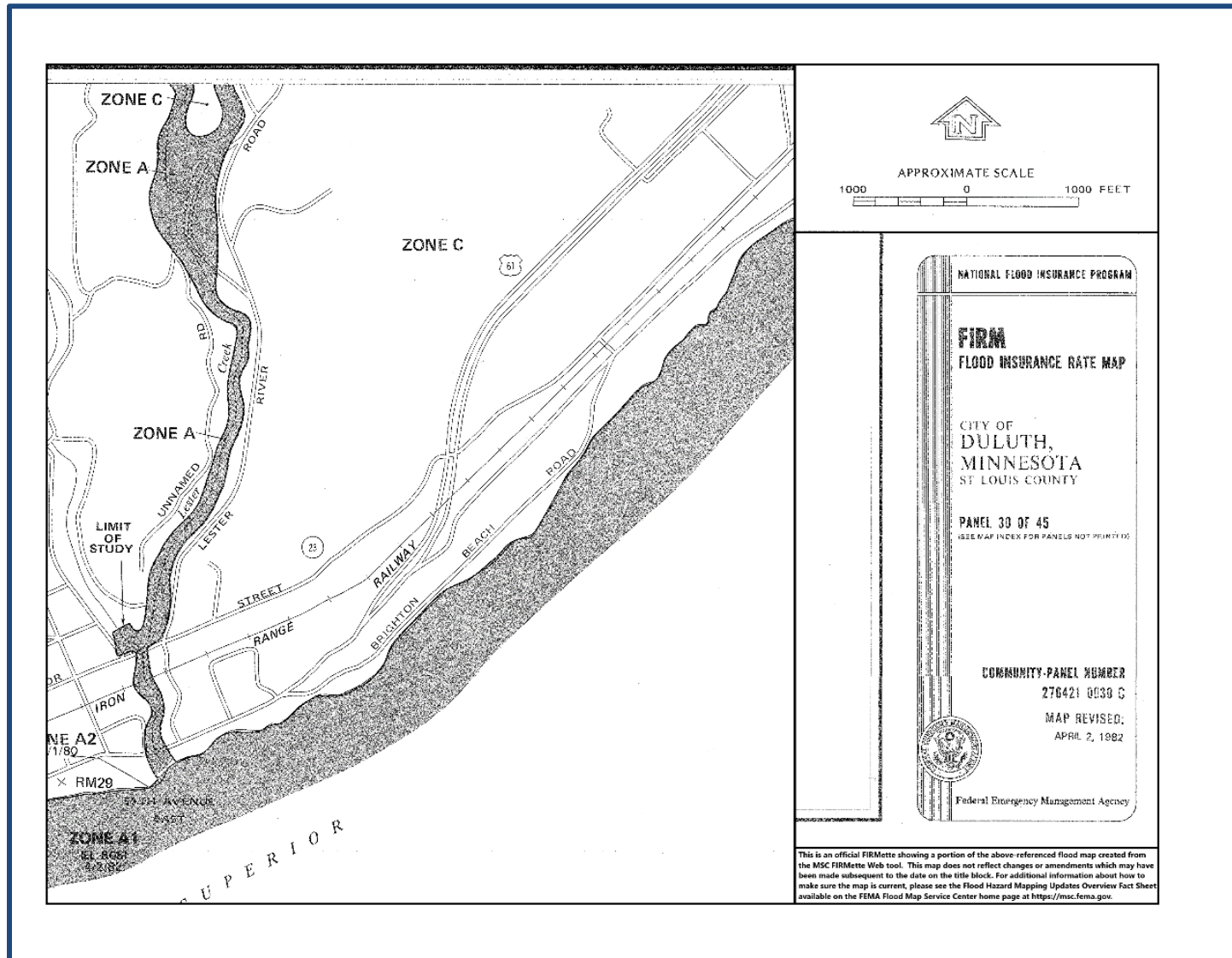
**ALTA/NSPS LAND TITLE SURVEY**

DULUTH, MN

**DULUTH ECONOMIC DEVELOPMENT AUTHORITY**

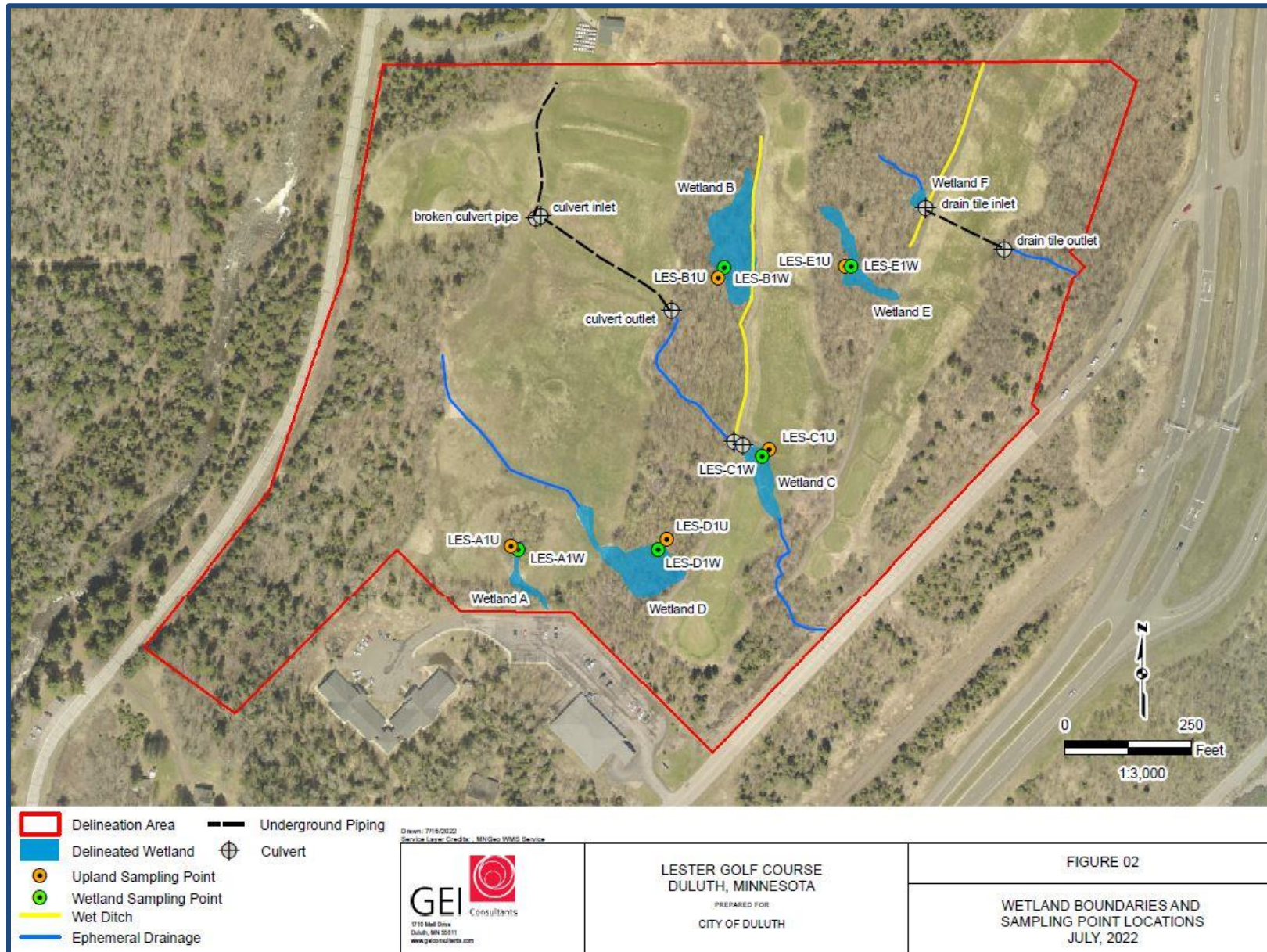
10/1/2010

# FLOOD MAP



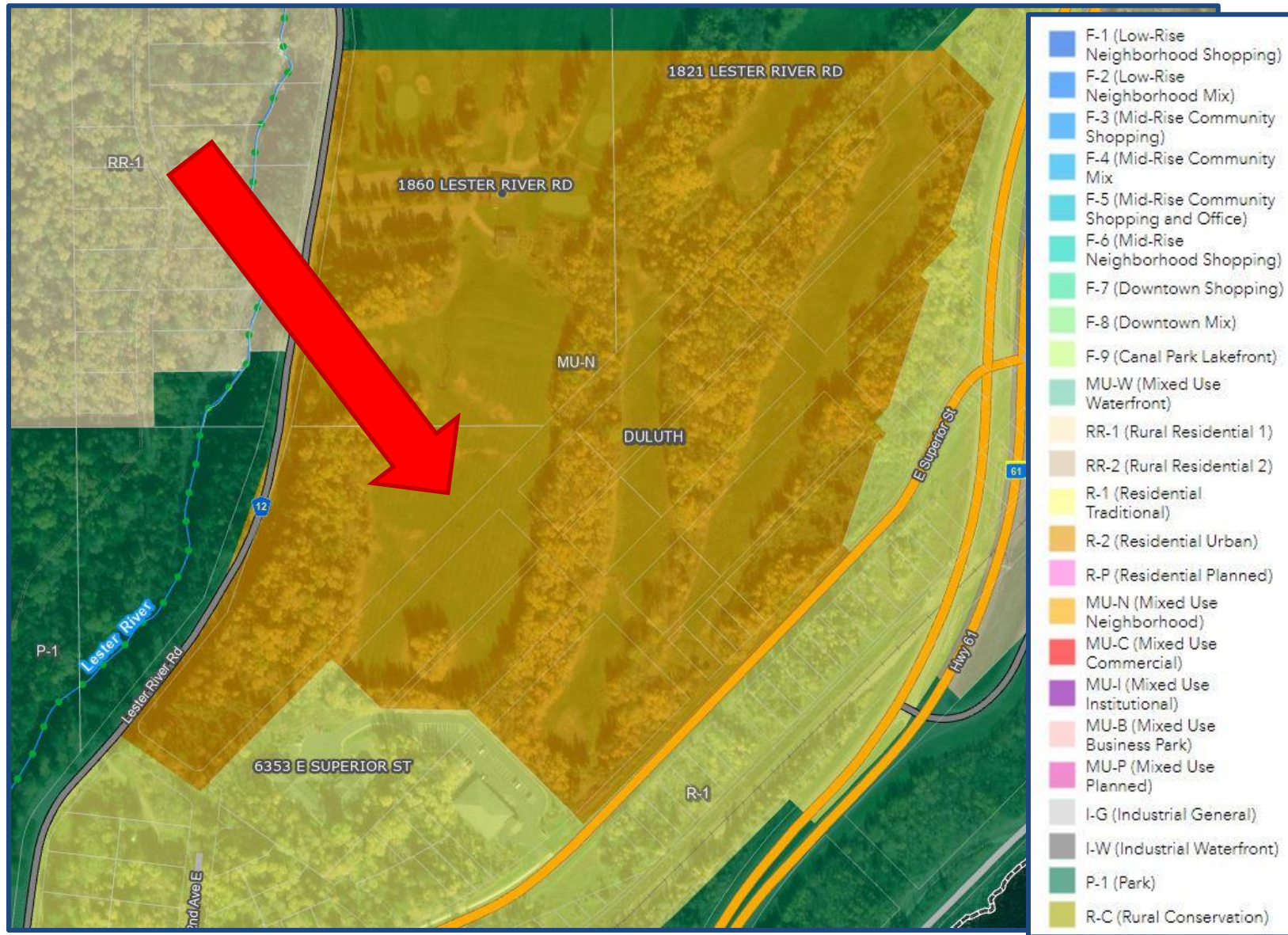


### WETLAND DELINEATION MAP





### ZONING MAP





## Subject Photographs

---



Subject Site



Subject Site





Subject Site



Subject Site

Additional photos are included in the Addenda.

# Assessment and Tax Data

---

## Assessment Methodology

Real estate taxes are a key determinant of value in Minnesota, because properties are taxed at rates that are higher than rates for comparable properties in neighboring states. Commercial properties are taxed at about 2% to 5% of the assessor's estimated market value of the property each year. Taxes are paid one year in arrears in Minnesota, which means that the taxes payable in 2023 relate to the January 2, 2022 assessor's estimated market values. Total real estate taxes payable each year may be a combination of:

- Base taxes (based on the type of property and its AEMV)
- Special assessments (property specific payments for public works)
- County / city service charges (annual fees charged fund certain programs)

## Assessed Values and Property Taxes

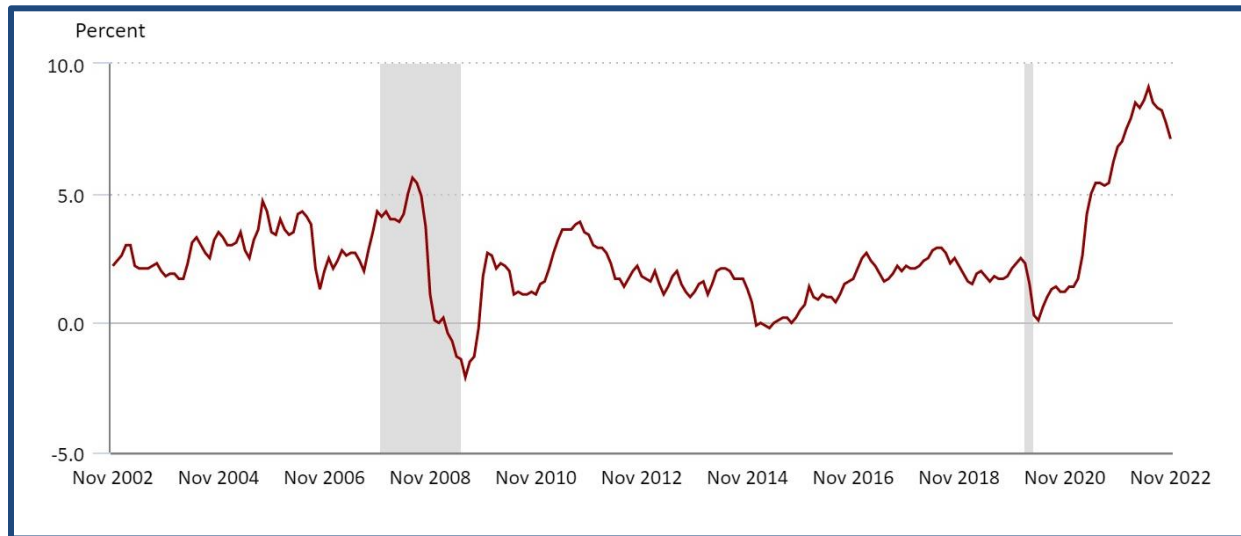
Due to the subject having been owned and operated by the City of Duluth, the site is not assessed and does not pay taxes.

# Market Analysis

## Inflation

Inflation is perhaps the biggest 2023 concern for CRE markets and investors. High inflation rates are being driven by both demand (stimulus, more businesses opening, high savings rates) and supply factors (labor shortages and supply chain disruptions). While at the highest rate in 30 years, inflation will likely stay high for the next year. The following table presents historical inflations rates:

### ANNUAL CPI RATE OF CHANGE



Source: U.S. Bureau of Labor Statistics

The November 2022 CPI reading was an annual rate of 7.1%, down from the annual rate of 9.0% in June, a pace not seen since 1990. Because of the unique nature of the causes of this rate of inflation, the demand outlook does not point to accelerating inflation over the medium term, which is most important for the overall economic outlook and for decision makers at the Federal Reserve. Market participants anticipate that the Fed will continue to hike interest rates in early 2023 to combat inflation. The biggest risk is that unexpected runaway inflation would be damaging to the economy and negatively affect commercial property markets. However, this is not the expected scenario and elevated inflation can have a net positive impact on commercial property values.

## Interest Rates

To combat inflation, the Federal Reserve raised the federal funds rate by 25 basis points in March 2022, reflecting the first increase since 2018. However, this increase had little to no impact in year over year inflation and the Federal Reserve raised rates by an additional 50 basis points in May 2022, followed by 75 basis points in June, July, September, and November 2022. Interest rate increases were moderated in December at 50 basis points in response to CPI rolling over.

Interest rate increases affect capital-intensive industries like real estate. As credit becomes more expensive, investor return requirements increase, which can lead to higher capitalization rates expectations. As inflation persists and the market anticipates additional rate hikes by the Fed, slower growth in CRE pricing and transactions is expected.



In general, nominal (non-inflation adjusted) real estate returns perform well under a variety of rate environments, while inflation-adjusted real estate returns are strongest during periods of stability, according to research done by Trepp. In a March 2022 report on interest rates and commercial real estate, moderate declines or slight increases (0 to 50 basis points) create the strongest returns, with median annual growth at 3.1%. Trepp outlined the following possible impacts of higher interest rates on major CRE sectors:

#### Multifamily

Issuance in this sector surged in the low-interest-rate environment of 2020 and 2021. Sharply higher interest rates put a dent in issuance in late 2022, as higher borrowing costs reduced demand for debt financing. In the long-term, issuance could rebound. Despite the current trend of declining unemployment and rising income, wage inflation is outpacing price inflation as of now. If this inflation trend continues, consumer demand could be pushed further toward rental properties.

However, the market is currently experiencing a shift away from renting. According to data from the United States Census Bureau, the homeownership rate increased to 65.5% in Q4 2021, a decline from the Q2 2020 peak of 67.9% (a rate height that has yet to be surpassed by those seen post-2008 financial crisis). Additionally, those between the ages of 25 to 29 have increased their homeownership share to 35.4%, up from 34.8% a year earlier, possibly suggesting that younger families are moving away from renting.

#### Office

The office sector also benefited from the low-interest-rate environment. However, rising interest rates have resulted in an overall drag on growth in 2022 with some companies reducing their projections for future office space needs. With that in mind, landlords have been more willing to lock in tenants at their current rates rather than risk losing them. However, firms are in the midst of the debate over hybrid, in-person, and fully remote expectations from employees, and some are choosing to offload their excess office spaces and either downsize or do away with their in-person spaces for good.

Additionally, rising rates have been problematic when it comes to refinancing. The office market is already in turmoil and rising interest rates are adding to the uncertainty in the market.

#### Retail

With rising interest rates and a slowing economy, some retailers may curtail plans for growth in response to an up-and-coming potential drop in disposable consumer income. This curtailment may make it more difficult to backfill vacant spaces and lead to consolidation by retailers. Investors could choose to approach 2023 with a more conservative view of retail occupancy going forward.

#### Lodging

The hotel industry faces challenges from both a supply and demand perspective. CMBS lenders abruptly stopped funding loans when the pandemic took effect in 2020, but, since then lodging loan issuance has picked up. While this seems like good news, the uptick in issuance could prove too fast and there is a potential for the supply to outpace demand. There may not be enough demand to absorb the new supply if consumers and businesses maintain and reduce their levels of spending.



### Conclusions

Various market participants will feel the effects of rising interest rates. As highlighted above, each sector of the CRE space will react differently to these rising rates. Ultimately there was some volatility in late 2022 experience across most CRE sectors, which is expected to continue until interest rates moderate.

### Market Participant Interviews

For this specific appraisal assignment, market participants were interviewed to discuss general market conditions, as well as specific factors influencing the subject property. A brief summary of the discussions is as follows:

- 1 – (Confidential Commercial Broker in the Duluth Market):

#### Comments:

- The broker has sold a number of development sites within Duluth throughout the last several years and is experienced within the market.
- In regard to the subject site, we discussed it broadly in regard to its desirability in the market. He reported that a site such as the subject would likely be in the typical land range of roughly \$45,000-\$65,000 per acre (\$1.00 to \$1.50 per square foot), depending on whether views of the lake could be achieved.
- He also reported that within the market more broadly, and particularly for development land, he has seen a slowdown over the past year. Due to the inflationary and interest rate environments it has led to a broad slowdown in real estate markets. He said that this has been felt more acutely for developers as Duluth has always had higher construction costs with labor and materials, so while higher rates have broadly brought inflation downward, in Duluth prices remain elevated and now higher interest rates are exacerbating that as well.

## SWOT Analysis

### Strengths

- The site is partially cleared, with fairways having been moderately maintained
- Good location near Lake Superior, Lester Park Trails, and Hawk Ridge Nature Preserve

### Weaknesses

- The sloping/hilly topography of the site which will likely require extensive site work
- Utilities and roadways are located at the border of the site and would have to be extended to provide access

### Opportunities

- Recent redevelopment in downtown and Lincoln Park has revitalized key areas of the city
- A diverse employment base driven by services, education, healthcare, and manufacturing

### Threats

- Weakness in the development market nationally and in Duluth due to high costs associated with interest rates and inflationary environment.
- A number of other sites have sold within Duluth for development over the past several years, risk of market becoming saturated

# Highest and Best Use Analysis

---

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

## Highest and Best Use As Though Vacant

The primary determinants of the highest and best use as though vacant are (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

### Legally Permissible

The subject site is zoned MU-N, Mixed Use Neighborhood, which controls the general nature of permissible uses and is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements or encroachments that would unduly limit or impede development. The city has established development requirements and land use goals around commercial and residential development, as well as affordable housing, which are additional restrictions and will impact the use of the site.

### Physically Possible

The physical characteristics of the subject site are presented in the Site Description and allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences were considered. The utility of the site is adversely impacted by the characteristics noted in the Site Description section of this report. The most probable use of the site is for mixed use development, including residential and commercial uses, which conforms to the pattern of land use in the immediate area.

### Financially Feasible

A review of published yield, rental and occupancy rates suggests that there is a balanced supply of mixed use including development including retail and commercial uses and demand is sufficient to support construction costs and timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is marginally financially feasible.

### Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for immediate mixed-use development.

### Highest and Best Use As Though Vacant Conclusion

The conclusion of the highest and best use as though vacant is for immediate mixed-use development.

### Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is a local or regional investor.

# Land Valuation

---

## Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

## Unit of Comparison

The unit of comparison selected depends on the appraisal problem and nature of the property and is intended to explain or mirror market behavior. The primary unit of comparison in the market and applied in this analysis is price per usable acre.

## Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

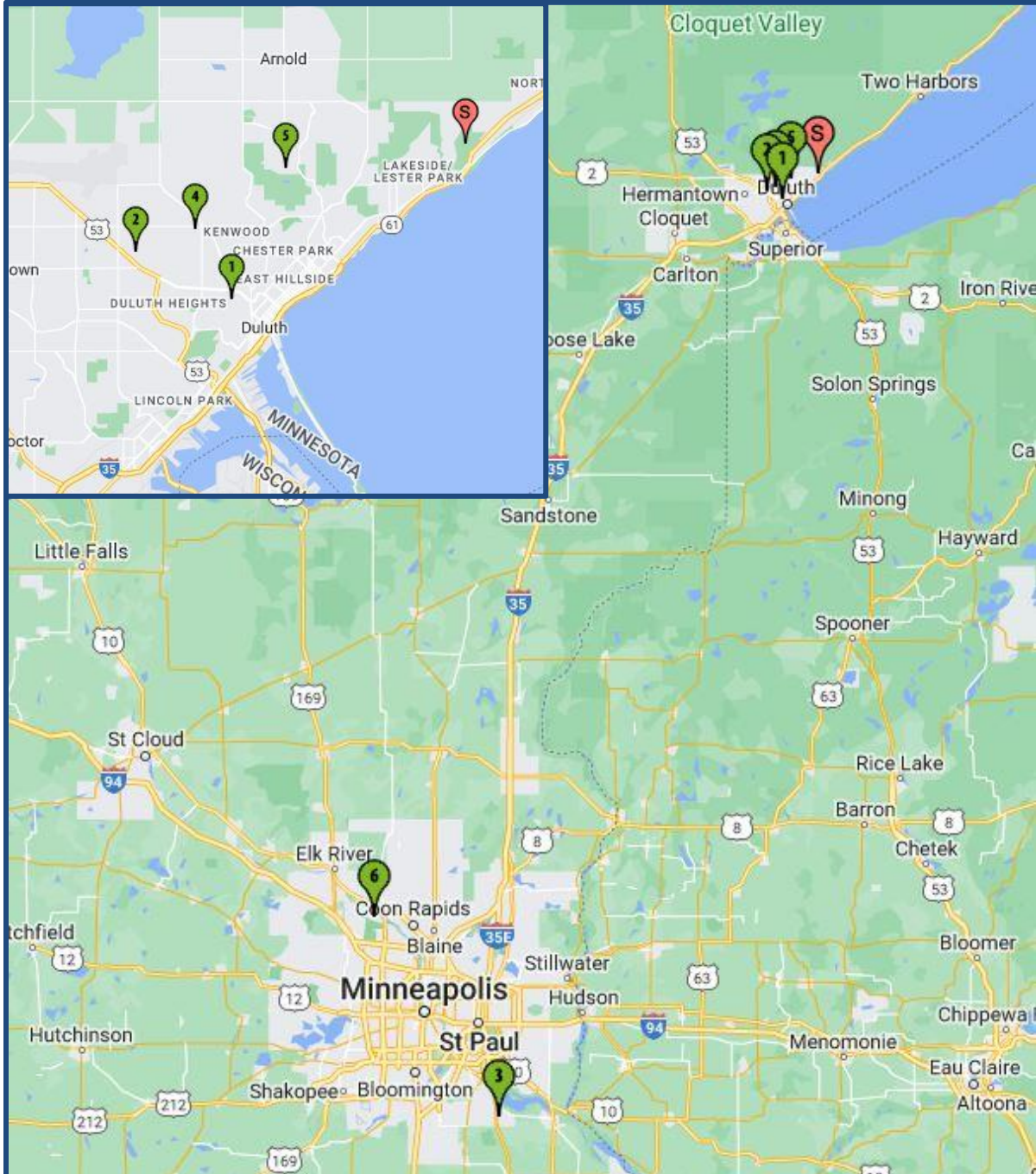
## Comparable Sales Data

The market was studied to identify sales and listings of comparable properties with a focus on those that appeal to the most probable buyer of the subject site. These properties typically have similar locations and physical characteristics. Of these transactions, sufficient sales data was available for the following sale comparables, which were analyzed to estimate a unit value for the subject property. The following table summarizes the sale comparables utilized and a map illustrating the location of each in relation to the subject property follows. Details of each comparable follow the location map.



**Land Sales Summary**

Comp. No.	Date of Sale	Usable Acres	Usable Sq. Ft.	Location	Zoning	Sales Price Adjusted	Per Acre
1	March-23	52.000	2,265,120	800 East Central Entrance Duluth, Minnesota	MU-P Mixed Use Planned	\$6,000,000	\$115,385
2	June-22	29.700	1,293,732	1710 Sundby Road Duluth, Minnesota	MU-C Mixed Use Commercial	\$1,480,000	\$49,832
3	May-22	117.720	5,127,883	3855 145th Street East Rosemount, Minnesota	GI - General Industrial & AG - Agricultural	\$11,830,256	\$100,495
4	October-21	18.840	820,670	XXXX Arrowhead Road Duluth, Minnesota	R1-Residential Traditional & R2-Residential Urban	\$990,000	\$52,548
5	July-20	11.000	479,160	XXXX Kolstad Avenue Duluth, Minnesota	R-1 Residential Traditional	\$430,000	\$39,091
6	April-18	80.700	3,515,292	13150 Deerwood Lane North Dayton, Minnesota	P-R & A-1 to R-3 PUD	\$3,718,000	\$46,072

**COMPARABLE SALES MAP**


## COMPARABLE 1



### Property Identification

<b>Property/Sale ID</b>	11163726/1545040
<b>Property Type</b>	Commercial
<b>Property Name</b>	Former Duluth School Site
<b>Address</b>	800 East Central Entrance
<b>City, State Zip</b>	Duluth, Minnesota 55811
<b>County</b>	Saint Louis
<b>MSA</b>	Duluth-Superior, MN-WI
<b>Latitude/Longitude</b>	46.796838/-92.116798

### Transaction Data

<b>Sale Date</b>	03-10-2023	<b>Financing</b>	Conventional
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Typical
<b>Grantor</b>	ISD No. 709	<b>Sale Price</b>	\$8,000,000
<b>Grantee</b>	STC Building LLC	<b>Adjusted Price</b>	\$6,000,000
<b>Property Rights</b>	Fee Simple		

### Property Description

<b>Gross Acres</b>	52.00	<b>Shape</b>	Irregular
<b>Gross SF</b>	2,265,120	<b>Topography</b>	Gently sloping
<b>Usable Acres</b>	52.00	<b>Utilities</b>	All Available
<b>Usable SF</b>	2,265,120	<b>Drainage</b>	Assumed Adequate
<b>Street Access</b>	Average	<b>Zoning</b>	MU-P Mixed Use Planned
<b>Visibility</b>	Average		

### Adjusted Sale Price Indicators

<b>\$/Gross Acre</b>	\$115,385	<b>\$/Usable Acre</b>	\$115,385
<b>\$/Gross SF</b>	\$2.65	<b>\$/Usable SF</b>	\$2.65

**Remarks**

---

This is the sale of a 52-acre parcel of land which was formerly Duluth Central High School. We spoke with the broker who confirmed the sale price as well as the land size. Further, he reported that the property was originally to be sold with the Historic Old Central High School, but the properties were then split and sold separately. After this, there was strong interest in this site and 3 parties came forward and bid on it. Further, he reported that the site had extensive infrastructure improvements, which increased the price, as well as a 53,000 sf building onsite which had value as well. Overall, he estimated these items added \$1.5 to \$2 million to the sale price, which we have subtracted to reach our effective sale price of \$6,000,000 for the land only value. Further, he reported this is one of the most desirable development sites in Duluth and in the region due to its views of downtown and Lake Superior. Development plans are still being finalized between the developer and the city.

## COMPARABLE 2



### Property Identification

<b>Property/Sale ID</b>	11329909/1655762
<b>Property Type</b>	Commercial
<b>Property Name</b>	Sundby Road Land
<b>Address</b>	1710 Sundby Road
<b>City, State Zip</b>	Duluth, Minnesota 55811
<b>County</b>	Saint Louis
<b>MSA</b>	Duluth-Superior, MN-WI
<b>Latitude/Longitude</b>	46.813331/-92.165583
<b>Tax ID</b>	010-2710-04594, 010-2710-04525, 010-2710-04565, 010-2710-04550, 010-2710-04555, 010-2710-04575, 010-2710-04570, 010-2710-04590, 010-3257-00020, 010-2710-04603, 010-2710-04605, 010-2710-04593, 010-3258-00010

### Transaction Data

<b>Sale Date</b>	06-22-2022	<b>Financing</b>	Conventional
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Typical
<b>Grantor</b>	Premier Bank	<b>Sale Price</b>	\$1,480,000
<b>Grantee</b>	Kinseth Invest 22 LLC	<b>Adjusted Price</b>	\$1,480,000
<b>Property Rights</b>	Fee Simple		

### Property Description

<b>Gross Acres</b>	45.00	<b>Topography</b>	Rolling
<b>Gross SF</b>	1,960,200	<b>Utilities</b>	All are available to the site
<b>Usable Acres</b>	29.70	<b>Zoning Jurisdiction</b>	City of Duluth
<b>Usable SF</b>	1,293,732	<b>Zoning</b>	MU-C Mixed Use
<b>Visibility</b>	Average		Commercial
<b>Shape</b>	Irregular		

### Adjusted Sale Price Indicators

<b>\$/Gross Acre</b>	\$32,889	<b>\$/Usable Acre</b>	\$49,832
<b>\$/Gross SF</b>	\$.76	<b>\$/Usable SF</b>	\$1.14

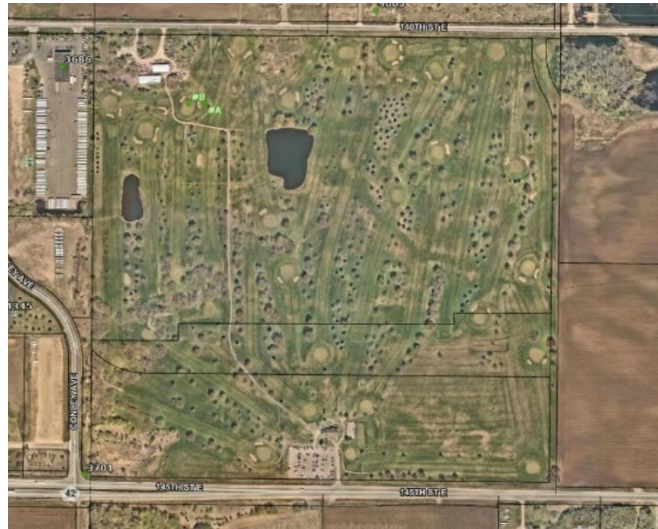
**Remarks**

---

This is the sale of multiple parcels that made up two (2) sites. The southern site is approximately 30 acres, though is bisected roughly in half by Sundby Road, and has access to Miller Trunk Highway to the south. Surrounding uses are commercial to the south and residential to the east and the site is zoned Mixed-Use Commercial. There is an additional roughly 15-acre site to the north which is zoned rural residential and which the broker said contributed minimal value to the buyer. Overall, the site has good development potential though has an irregular shape, and a road which bisects the site and could impact future development.



### COMPARABLE 3



#### Property Identification

<b>Property/Sale ID</b>	11330913/1656471
<b>Property Type</b>	Planned Development (PUD)
<b>Property Name</b>	Rich Valley Golf Course
<b>Address</b>	3855 145th Street East
<b>City, State Zip</b>	Rosemount, Minnesota 55068
<b>County</b>	Dakota
<b>MSA</b>	Minneapolis-St. Paul, MN-WI
<b>Latitude/Longitude</b>	44.739833/-93.025039
<b>Tax ID</b>	34-03000-09-012, 34-03000-30-010, 34-03000-25-012

#### Transaction Data

<b>Sale Date</b>	05-16-2022	<b>Property Rights</b>	Fee Simple
<b>Sale Status</b>	Closed	<b>Financing</b>	Cash
<b>Grantor</b>	Rahn Family LP	<b>Conditions of Sale</b>	See Comments
<b>Grantee</b>	Scannell Properties #527, LLC	<b>Sale Price</b>	\$11,830,256
		<b>Adjusted Price</b>	\$11,830,256

#### Property Description

<b>Gross Acres</b>	120.09	<b>Topography</b>	Rolling
<b>Gross SF</b>	5,231,120	<b>Utilities</b>	All are available to the site
<b>Usable Acres</b>	117.72	<b>Drainage</b>	Assumed Adequate
<b>Usable SF</b>	5,127,883	<b>Zoning Jurisdiction</b>	City of Rosemount
<b>Street Access</b>	Good	<b>Zoning</b>	GI - General Industrial & AG - Agricultural
<b>Visibility</b>	Average		
<b>Shape</b>	Rectangular		

#### Adjusted Sale Price Indicators

<b>\$/Gross Acre</b>	\$98,512	<b>\$/Usable Acre</b>	\$100,495
<b>\$/Gross SF</b>	\$2.26	<b>\$/Usable SF</b>	\$2.31

**Remarks**

---

This is the sale of the former Richland Valley Golf Course. According to the eCRV, the buyer reached out to the seller about selling the land and paid all cash for it. Further, prior to the sale during the due diligence period, the buyer had the site rezoned to GI General Industrial and the comprehensive plan amended for Light Industrial & Business Park uses. Further, the buyer also purchased 80 acres to the north of the site prior to this sale. The buyers had a tenant in hand and proposed a 548,000 sf FedEx distribution center at the time of rezoning (thus prior to closing). Therefore, this is effectively the sale of a former golf course to be redeveloped for commercial/industrial use.

### COMPARABLE 4



#### Property Identification

<b>Property/Sale ID</b>	11330001/1655838
<b>Property Type</b>	Multi-Family
<b>Property Name</b>	Arrowhead Road Parcel
<b>Address</b>	XXXX Arrowhead Road
<b>City, State Zip</b>	Duluth, Minnesota 55811
<b>County</b>	Saint Louis
<b>MSA</b>	Duluth-Superior, MN-WI
<b>Latitude/Longitude</b>	46.821210/-92.135739
<b>Tax ID</b>	010-2710-04170, 010-2710-04195, 010-2710-04196

#### Transaction Data

<b>Sale Date</b>	10-15-2021	<b>Financing</b>	Conventional
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Typical
<b>Grantor</b>	Eischen Family LLC	<b>Sale Price</b>	\$990,000
<b>Grantee</b>	Unique Opportunities LLC	<b>Adjusted Price</b>	\$990,000
<b>Property Rights</b>	Fee Simple		

#### Property Description

<b>Gross Acres</b>	18.84	<b>Shape</b>	Rectangular
<b>Gross SF</b>	820,670	<b>Topography</b>	Rolling
<b>Usable Acres</b>	18.84	<b>Zoning</b>	R1-Residential Traditional & R2-Residential Urban
<b>Usable SF</b>	820,670		
<b>Street Access</b>	Average		

#### Adjusted Sale Price Indicators

<b>\$/Gross Acre</b>	\$52,548	<b>\$/Usable Acre</b>	\$52,548
<b>\$/Gross SF</b>	\$1.21	<b>\$/Usable SF</b>	\$1.21

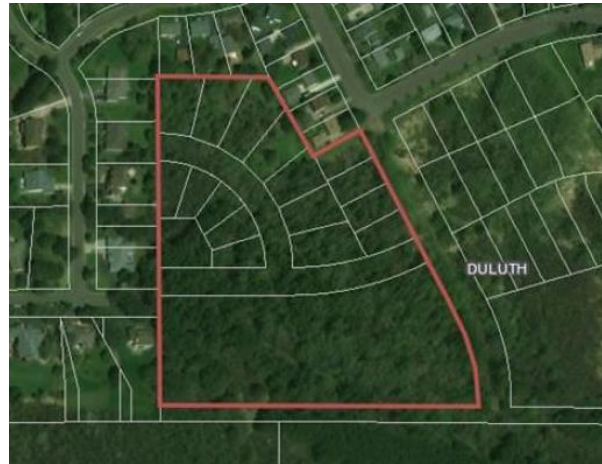
**Remarks**

---

This is the sale of two (2) parcels of land which total 18.84 acres. The land was marketed for residential development and was formerly agricultural land. The property was originally listed for \$1.6 million before being reduced to \$1.1 million and selling for \$990,000. According to the listing agent, there was a lengthy due diligence period as the buyer finalized plats for the site and got approval. The northern parcel was subdivided into four (4) parcels which are being developed in phases, while the southern parcel is zoned R-1 Residential Traditional which does not allow for as dense of a use. We also note that Stanford Avenue will be connected along the western boundary of the site and provide access to a cul-de-sac onsite.



## COMPARABLE 5



### Property Identification

<b>Property/Sale ID</b>	11330015/1655848
<b>Property Type</b>	Residential (Single-Family)
<b>Property Name</b>	Hartley Land
<b>Address</b>	XXXX Kolstad Avenue
<b>City, State Zip</b>	Duluth, Minnesota 55803
<b>County</b>	Saint Louis
<b>MSA</b>	Duluth-Superior, MN-WI
<b>Latitude/Longitude</b>	46.842285/-92.089800
<b>Tax ID</b>	010-2116-00180, 010-2116-00010, 010-2116-00020, 010-2116-00030, 010-2116-00040, 010-2116-00050, 010-2116-00060, 010-2116-00070, 010-2116-00080, 010-2116-00090, 010-2116-00100, 010-2116-00110, 010-2116-00120, 010-2116-00130, 010-2116-00140, 010-2116-00150, 010-2116-00160, 010-2116-00170

### Transaction Data

<b>Sale Date</b>	07-17-2020	<b>Property Rights</b>	Fee Simple
<b>Sale Status</b>	Closed	<b>Financing</b>	Conventional
<b>Grantor</b>	ISD No. 709	<b>Conditions of Sale</b>	Typical
<b>Grantee</b>	Hartley Hills Land Dvlpmnt LLC	<b>Sale Price</b>	\$430,000
		<b>Adjusted Price</b>	\$430,000

### Property Description

<b>Gross Acres</b>	11.00	<b>Shape</b>	Irregular
<b>Gross SF</b>	479,160	<b>Topography</b>	Rolling
<b>Usable Acres</b>	11.00	<b>Utilities</b>	All are available to the site
<b>Usable SF</b>	479,160	<b>Zoning</b>	R-1 Residential Traditional
<b>Street Access</b>	Average		

### Adjusted Sale Price Indicators

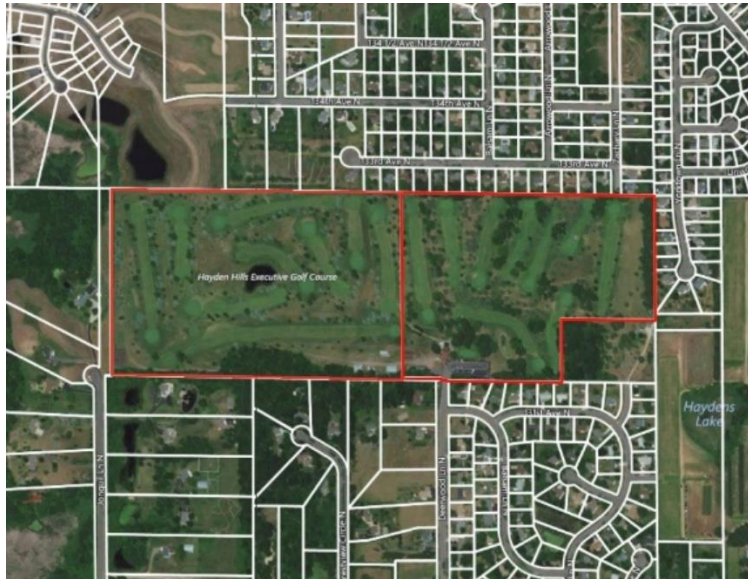
<b>\$/Gross Acre</b>	\$39,091	<b>\$/Usable Acre</b>	\$39,091
<b>\$/Gross SF</b>	\$.90	<b>\$/Usable SF</b>	\$.90

**Remarks**

---

This is the sale of an 11-acre parcel of residential land. The site was zoned R1 Residential Traditional and the buyer had it platted for 19 luxury homesites. The buyer also added fairly extensive infrastructure improvements, with roads and sidewalks constructed throughout the site. The site was heavily wooded at the time of sale and adjacent to Hartley Nature Center to the south.

## COMPARABLE 6



### Property Identification

<b>Property/Sale ID</b>	11330198/1656001
<b>Property Type</b>	Planned Development (PUD)
<b>Property Name</b>	Hayden Hills Golf Course
<b>Address</b>	13150 Deerwood Lane North
<b>City, State Zip</b>	Dayton, Minnesota 55327
<b>County</b>	Hennepin
<b>MSA</b>	Minneapolis-St. Paul, MN-WI
<b>Latitude/Longitude</b>	45.192593/-93.427216

### Transaction Data

<b>Sale Date</b>	04-26-2018	<b>Property Rights</b>	Fee Simple
<b>Sale Status</b>	Closed	<b>Financing</b>	Conventional
<b>Grantor</b>	Hayden Hills Properties, LLC	<b>Conditions of Sale</b>	Typical
<b>Grantee</b>	Landmark of Hayden Hills LLC	<b>Sale Price</b>	\$3,718,000
		<b>Adjusted Price</b>	\$3,718,000

### Property Description

<b>Gross Acres</b>	80.70	<b>Street Access</b>	Average
<b>Gross SF</b>	3,515,292	<b>Visibility</b>	Average
<b>Usable Acres</b>	80.70	<b>Shape</b>	Nearly Rectangular
<b>Usable SF</b>	3,515,292	<b>Topography</b>	Rolling
<b>No. of Units</b>	238	<b>Utilities</b>	All are available to the site
<b>Density (Units/Ac)</b>	2.95	<b>Zoning</b>	P-R & A-1 to R-3 PUD

### Adjusted Sale Price Indicators

<b>\$/Gross Acre</b>	\$46,072	<b>\$/Usable SF</b>	\$1.06
<b>\$/Gross SF</b>	\$1.06	<b>\$/Unit</b>	\$15,622
<b>\$/Usable Acre</b>	\$46,072		

**Remarks**

---

This is the sale of Hayden Hills Golf Course, purchased for development of single-family homes. The preliminary plat consists of 238 detached single-family lots. The property was not professionally marketed as the seller listed it himself. The sale price was reported to be reflective of market levels. The zoning was changed from P-R & A-1 to R-3 PUD. According to CoStar, the city was open to rezoning for new development. Low areas appear to be nominal. Based on conversations with a representative of the buyer, the soils were contaminated as a result of the golf course use, but was unable to recall a cost to cure the soils following the transaction.

Although an older transaction, and located outside the Duluth market, this sale was included as a comparable as it reflects a similar former golf course property acquired for redevelopment and is located in an area with similar/competing economic/demographic characteristics within the Twin Cities metro.

## Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, a negative adjustment was applied. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

### Transaction Adjustments

Transaction adjustments include: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

#### Real Property Rights Conveyed

Real property rights conveyed influence sales prices and must be considered when analyzing a sale comparable. The property rights appraised reflect the interest. All of the sale comparables conveyed the same interest; therefore, no adjustments were required.

#### Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms.

#### Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. No adjustments for atypical conditions or for-sale listings were warranted.

#### Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison. The details of each adjustment are located in the remarks of the respective sales profile.

### Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.



Discussions with market participants and a review of market data indicated overall market conditions for vacant land properties have been improving over the past several years, with recent transactions confirming this trend. An annual adjustment factor of 4.00% was applied to each comparable to account for changes in market conditions through June 1, 2022. Over the past year, the rising interest rate and inflationary environment have had a chilling effect on commercial real estate markets, particularly for development land which is especially impacted by rising labor and materials costs. As a result, we have not adjusted our comparables subsequent to June 1, 2022.

## Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments. The reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

### Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, proximity to major thoroughfares, proximity to employment centers and amenities, neighboring properties, and accessibility.

The subject site is located between Lester River Road and East Superior Street on the eastern edge of Duluth with average access and average visibility. Comparable 1 has a superior location to the subject, located immediately outside of downtown Duluth and with vast views of Lake Superior, with the broker describing it as one of the most prime development sites in the Midwest. This location is deemed superior, and a downward adjustment is applied. Comparables 2 and 4 have locations considered similar enough to the subject site to not warrant any adjustments for this category. Comparables 3 and 5 are located within the larger Twin Cities metro, which is deemed superior and downward adjustments are applied, with a further adjustment to Comparable 3 to account for its proximity to US-52. Comparable 5 is located in an area with inferior access and visibility as compared to the subject, which is deemed inferior, and an upward adjustment is applied.

### Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale."

The subject site consists of 37.36 acres of usable land and the comparables range from 11.000 to 117.720 acres. Adjustments were made as necessary, with Comparables 1, 3, and 6 being adjusted upward for their larger site sizes and Comparables 4 and 5 adjusted downward for their smaller site sizes.

### Shape/Depth

Sites with an irregular shape may limit development options, including building placement and density. The subject site consists of an irregular-shaped tract considered similar enough to the land sales to not warrant an adjustment for this category, aside from Comparable 2 which is bisected by a roadway which will likely impact future development and an upward adjustment is applied.

### Utilities

The subject site had public utilities available as did all the comparables at the time of sale. Therefore, no adjustments were warranted for this category. All of the Comparables had a similar situation to the subject, with utilities stubbed to the site but requiring a future developer to extend them throughout the site. We note that Comparable 1 has utilities to the site, but this has already been considered in our deduction on the infrastructure and site improvements deduction to reach our effective sale price.

### Topography

The subject has a hilly/rolling topography typical of land sites within Duluth, as most of the city slopes to the southeast toward Lake Superior. As a result, Comparables 1, 2, 4, and 5 are all deemed similar, and no adjustments are applied. Further, Comparables 3 and 5 are similar former golf course properties which also have a similar rolling topography and no adjustments are applied.

### Zoning

The highest and best use of sale comparables should be very similar to that of the subject property. When comparables with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but a highest and use similar to that of the subject may be used as comparables. These comparables may require an adjustment for differences in utility if the market supports such adjustment.

The subject site is zoned Mixed Use Neighborhood which allows for a mix of housing types/densities as well as commercial uses including office and retail/services. In this case, Comparable 3 is deemed superior for its General Industrial zoning designation, as well as its Industrial and Business Park land use designation, which allows for a greater variety of uses and densities and a downward adjustment is applied. Conversely, Comparables 4-6 are all guided for residential use and for lower density than the subject which is deemed inferior, and upward adjustments are applied.

### Development Restrictions

The subject is currently owned by the Duluth Economic Development Authority, who has set standards for how the site can be developed. These restrictions include a limit on commercial development of the site, a requirement for affordable housing, and a mix of housing and density types throughout the site, which could hinder a potential buyer's/developer's appetite for the site. As a result, we have adjusted all six comparables downward as they did not include such covenants in their sale agreements.

### Summary of Adjustments

A summary of the adjustments made to the sale comparables is presented in the following table:

## LAND SALES ADJUSTMENT GRID

### Land Sales Adjustment Grid

Subject		Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
Sale ID		1545040	1655762	1656471	1655838	1655848	1656001
Date of Value & Sale		June-23	March-23	June-22	May-22	October-21	July-20
Unadjusted Sales Price		\$6,000,000	\$1,480,000	\$11,830,256	\$990,000	\$430,000	\$3,718,000
Usable Acres		37.364	52.000	29.700	117.720	18.840	80.700
Unadjusted Sales Price per Usable Acre		\$115,385	\$49,832	\$100,495	\$52,548	\$39,091	\$46,072
Transactional Adjustments							
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Sales Price		\$115,385	\$49,832	\$100,495	\$52,548	\$39,091	\$46,072
Financing Terms	Cash to Seller	Conventional	Conventional	Cash	Conventional	Conventional	Conventional
Adjusted Sales Price		\$115,385	\$49,832	\$100,495	\$52,548	\$39,091	\$46,072
Conditions of Sale	Typical	Typical	Typical	See Comments	Typical	Typical	Typical
Adjusted Sales Price		\$115,385	\$49,832	\$100,495	\$52,548	\$39,091	\$46,072
Expenditures after Sale							
Adjusted Sales Price		\$115,385	\$49,832	\$100,495	\$52,548	\$39,091	\$46,072
Market Conditions Adjustments							
Elapsed Time from Date of Value		0.28 years	0.99 years	1.10 years	1.68 years	2.93 years	5.15 years
Market Trend Through		June-22	-	0.2%	2.5%	7.5%	16.4%
Subsequent Trend Ending		June-23	-	-	-	-	-
Analyzed Sales Price		\$115,385	\$49,832	\$100,671	\$53,867	\$42,021	\$53,630
Physical Adjustments							
Location	1860 Lester River Road Duluth, Minnesota	800 East Central Entrance Duluth, Minnesota	1710 Sundby Road Duluth, Minnesota	3855 145th Street East Rosemount, Minnesota	XXXX Arrowhead Road Duluth, Minnesota	XXXX Kolstad Avenue Duluth, Minnesota	13150 Deerwood Lane North Dayton, Minnesota
Adjustment		-25.0%	-	-25.0%	-	10.0%	-15.0%
Size	37.364 acres	52.000 acres	29.700 acres	117.720 acres	18.840 acres	11.000 acres	80.700 acres
Adjustment		5.0%	-	15.0%	-5.0%	-10.0%	10.0%
Shape/Depth	Irregular	Irregular	Irregular	Rectangular	Rectangular	Irregular	Nearly Rectangular
Adjustment		-	10.0%	-	-	-	-
Utilities	All are available to the site	All Available	All are available to the site	All are available to the site		All are available to the site	All are available to the site
Adjustment		-	-	-	-	-	-
Topography	Hilly, uneven land - slopes from 16% to 30%	Gently sloping	Rolling	Rolling	Rolling	Rolling	Rolling
Adjustment		-	-	-	-	-	-
Zoning	MU-N	MU-P Mixed Use Planned	MU-C Mixed Use Commercial	GI - General Industrial & AG - Agricultural	R1-Residential Traditional & R2-Residential Urban	R-1 Residential Traditional	P-R & A-1 to R-3 PUD
Adjustment		-	-	-20.0%	10.0%	20.0%	10.0%
Development Restrictions							
Adjusted Sales Price per Usable Acre		\$80,769	\$49,832	\$60,403	\$51,173	\$46,223	\$50,949

## Conclusion

The land comparables were adjusted based on pertinent elements of comparison with the unadjusted and adjusted unit sales prices presented in the following table:

### Land Sale Statistics

Metric	Unadjusted	Analyzed	Adjusted
Min. Sales Price per Usable Acre	\$39,091	\$42,021	\$46,223
Max. Sales Price per Usable Acre	\$115,385	\$115,385	\$80,769
Median Sales Price per Usable Acre	\$51,190	\$53,748	\$51,061
Mean Sales Price per Usable Acre	\$67,237	\$69,234	\$56,558

Comparables 2 and 4 were considered the most comparable due to their similar locations within Duluth and their small net adjustment amounts and were given the most weight. Overall, the comparables present a relatively narrow range of adjusted sales prices with a unit value near the lower middle of the adjusted range, or \$50,000 per usable acre, was estimated for the subject site. Applying this to the subject land area resulted in a preliminary market value of \$1,870,000.

Based on this analysis, the land value indication is summarized as follows:

### Land Value Conclusion

Reasonable Adjusted Comparable Range			
37.364 acres	x	\$50,000 per acre =	\$1,868,191
37.364 acres	x	\$50,000 per acre =	\$1,868,210
<b>Market Value Opinion</b>			(Rounded)
37.364 acres	x	<b>\$50,000 per acre =</b>	<b>\$1,870,000</b>



# Reconciliation

## Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Sales Comparison	\$1,870,000
Cost	Not Developed
Income Capitalization	Not Developed
Value Conclusion	
Component	As Is
Value Type	Market Value
Real Property Interest	Fee Simple
Effective Date of Value	June 20, 2023
<b>Value Conclusion</b>	<b>\$1,870,000</b>
	<b>\$50,048 per usable acre</b>

To reach a final opinion of value, the reliability and relevance of each value indication was considered based upon the quality of the data and applicability of the assumptions underlying each approach. Furthermore, land properties such as the subject property are typically purchased by local or regional investors, who primarily rely upon the methods employed by the Sales Comparison Approach.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

### Extraordinary Assumptions:

- It is assumed that the information provided to us by the owner and city/county officials is accurate. Said information includes, but is not limited to, proposed permitted/required land use for development purposes. Any deviation from how this information was represented to us could result in a change in opinion of value.

### Hypothetical Conditions:

- No hypothetical conditions were employed in this appraisal.

### Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of and , respectively, are considered reasonable and appropriate for the subject property.

## National Quality Control

Valbridge's top priority is delivering a quality report. Valbridge requires all reports to be reviewed by an experienced director with the MAI designation. This quality control assessment consists of reading the report, checking calculations, and providing feedback on its quality and consistency prior to report delivery. All Valbridge reports are signed by an experienced appraiser with the MAI designation.

Valbridge values all clients' opinions, and any/all feedback is critical to the ongoing efforts to improve client servicing. Please feel free to contact the National Quality Control Director below with any feedback, questions, or comments.

Tye Neilson, MAI, SRA, MRICS, Esq.  
Senior Managing Director  
832.916.4608  
tneilson@valbridge.com

# General Assumptions and Limiting Conditions

---

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Minneapolis - St. Paul will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Minneapolis - St. Paul is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Minneapolis - St. Paul and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Minneapolis - St. Paul.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.



28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an 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 could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Minneapolis - St. Paul both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Minneapolis - St. Paul and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Minneapolis - St. Paul or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Minneapolis - St. Paul for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Minneapolis - St. Paul shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Minneapolis - St. Paul. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Minneapolis - St. Paul and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Minneapolis - St. Paul harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Minneapolis - St. Paul in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Minneapolis - St. Paul. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.
41. The global outbreak of a "novel coronavirus" (known as COVID-19) was officially declared a pandemic by the World Health Organization (WHO). It is currently unknown what direct, or indirect, effect, if any, this event may have on the national economy, the local economy or the market in which the subject property is located. The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

## Certification – Nathan Schumacher

---

I certify that, to the best of my 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. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Nathan Schumacher did not personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. 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.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.



Nathan Schumacher  
Associate Appraiser  
MN Appraiser Trainee 40670452

## Certification – Nathan Hansen, MAI

---

I certify that, to the best of my 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. The undersigned has not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Nathan Hansen has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. 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.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



Nathan Hansen, MAI  
Managing Director  
MN Certified General 20302614

# Addenda

---

Additional Subject Photographs

Legal Description

Market Analysis

Glossary

Qualifications

- Nathan Schumacher - Associate Appraiser
- Nathan Hansen, MAI - Senior Managing Director

Information on Valbridge Property Advisors

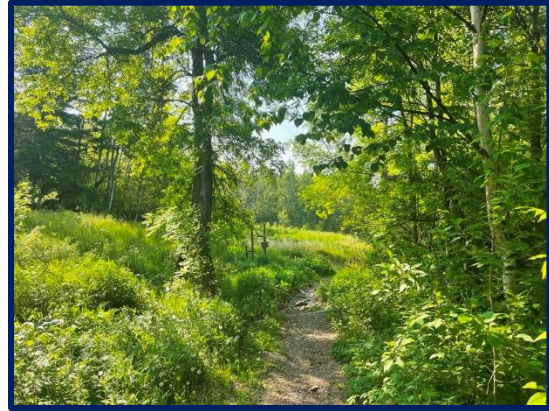
Office Locations



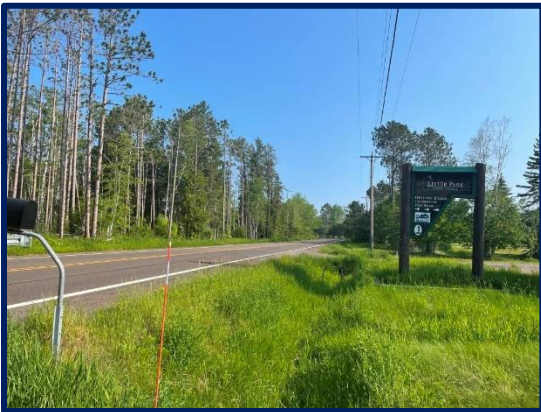
## Additional Subject Photographs



Subject Site



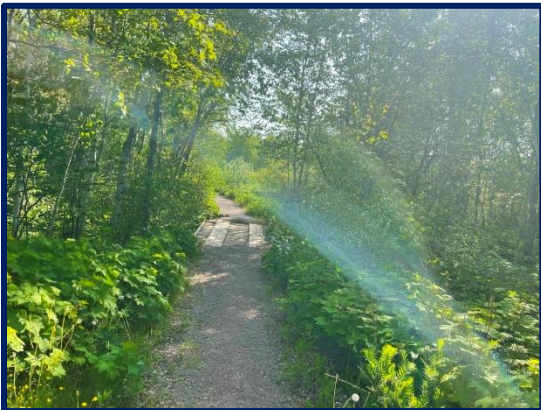
Subject Site



Subject Site



Subject Site



Subject Site



Subject Site

## Legal Description

Lots 9 through 24, inclusive, Block 57; Lots 1 through 28, inclusive, Block 58; Lots 1 through 6, inclusive, Block 59; Lots 1 through 28, inclusive, Block 63; and Lots 9 through 30 inclusive, Block 64, EXCEPT all those parts of Lots 28, 29, and 30, said Block 64, lying southerly of the following described line:

BEGINNING at a point where the north line of vacated Oneida Alley intersects the common boundary line between Lots 8 and 9, Block 64, thence run easterly to a point where the north line of vacated Tioga Street intersects the common boundary line between Lots 27 and 28, Block 64, and said line there terminating; all in LESTER PARK FOURTH DIVISION, according to the recorded plat thereof, Saint Louis County, Minnesota;

AND

Lot 11, EDGEWATER, according to the recorded plat thereof, Saint Louis County, Minnesota;

AND

All those parts of Lots 10 and 13, EDGEWATER, and Lots 1 through 4, inclusive, and Lots 23 through 28, inclusive, Block 62, LESTER PARK FOURTH DIVISION, lying southerly of the following described line:

Commencing at the West Quarter Corner of Section 4, Township 50 North, Range 13 West, Saint Louis County, Minnesota, according to the US Government Survey thereof, thence North 1 degree 04 minutes 21 seconds West, assigned bearing, along the west line of said Section 4, a distance of 381.59 feet; thence North 89 degrees 27 minutes 39 seconds East a distance of 567.80 feet to a point on the west line of said Lot 10, EDGEWATER, said west line of Lot 10 being the centerline of Benson Road, according to said plat of EDGEWATER, said Benson Road now being known as Lester River Road, and said point being the POINT OF BEGINNING; thence continuing North 89 degrees 27 minutes 39 seconds East a distance of 961.27 feet to the northwesterly line of East Oneida Street, LESTER PARK FOURTH DIVISION; said line also being the southeasterly line of said Lot 13, EDGEWATER; thence continuing North 89 degrees 27 minutes 39 seconds East a distance of 511.49 feet, more or less, to the southeast line of said Lot 23, Block 62, LESTER PARK FOURTH DIVISION, and there terminating.

To be split out of the following:

Parcel 1:

All of Lots 10, 12 and 13, Edgewater, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 70402.0)

Parcel 2:

Lot 11, Edgewater, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358402.0)

Parcel 3:

Lot 9, Block 57, Lester Park Fourth Division

Lot 10, Block 57, Lester Park Fourth Division

Lot 11, Block 57, Lester Park Fourth Division

Lot 12, Block 57, Lester Park Fourth Division

Lot 13, Block 57, Lester Park Fourth Division

Lot 14, Block 57, Lester Park Fourth Division

Lot 15, Block 57, Lester Park Fourth Division

Lot 16, Block 57, Lester Park Fourth Division

Lot 17, Block 57, Lester Park Fourth Division

Lot 19, Block 57, Lester Park Fourth Division

Lot 20, Block 57, Lester Park Fourth Division

Lot 21, Block 57, Lester Park Fourth Division

Lot 22, Block 57, Lester Park Fourth Division

Lot 23, Block 57, Lester Park Fourth Division

Lot 24, Block 57, Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358383.0)

AND

Lot 18, Block 57, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358377.0)

Parcel 4:

Lots 1, 2, 3 and 4, Block 58:

Lots 1, 2, 3, 4, 25, 26, 27 and 28, Block 63; and

Lots 9 to 30 inclusive, Block 64, Lester Park Fourth Division, St. Louis County, Minnesota,

Except all that part of Lots 28, 29 & 30, Block 64, Lester Park Fourth Division lying southerly of the following described line:

Beginning at a point where the north line of vacated Oneida Alley intersects the common boundary line between Lots 8 and 9, Block 64, Lester Park Fourth Division; thence run easterly to a point where the north line of vacated Tioga Street intersects the common boundary line between Lots 27 and 28, Block 64, Lester Park Fourth Division, an said line there terminating.

(Torrens Property, Certificate of Title No. 320488.0)

Parcel 5:

Lot 5, Block 58, Lester Park Fourth Division

Lot 6, Block 58, Lester Park Fourth Division

Lot 7, Block 58, Lester Park Fourth Division

Lot 8, Block 58, Lester Park Fourth Division

Lot 9, Block 58, Lester Park Fourth Division

Lot 10, Block 58, Lester Park Fourth Division

Lot 11, Block 58, Lester Park Fourth Division

Lot 12, Block 58, Lester Park Fourth Division

Lot 13, Block 58, Lester Park Fourth Division

Lot 14, Block 58, Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358385.0)

AND

Lot 15, Block 58, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358356.0)

AND

Lot 16, Block 58, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358358.0)

AND

Lot 17, Block 58, Lester Park Fourth Division

Lot 18, Block 58, Lester Park Fourth Division

Lot 19, Block 58, Lester Park Fourth Division

Lot 20, Block 58, Lester Park Fourth Division

Lot 21, Block 58, Lester Park Fourth Division

Lot 22, Block 58, Lester Park Fourth Division

Lot 23, Block 58, Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358347.0)

AND

Lot 24, Block 58, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358379.0)

AND

Lot 27, Block 58, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358381.0)

Parcel 6:

Lot 25, Block 58, Lester Park Fourth Division

Lot 26, Block 58, Lester Park Fourth Division

Lot 28, Block 58, Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 248185.0)

Parcel 7:

Lot 1, Block 59, Lester Park Fourth Division

Lot 2, Block 59, Lester Park Fourth Division

Lot 3, Block 59, Lester Park Fourth Division



Lot 4, Block 59, Lester Park Fourth Division

Lot 5, Block 59, Lester Park Fourth Division

Lot 6, Block 59, Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358360.0)

Parcel 8:

Lots 1 to 3, inclusive, and Lots 5 to 28, inclusive, Block 62;

Lots 5 to 24, inclusive, Block 63;

Lester Park Fourth Division, all in St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358516.0)

AND

Lot 4, Block 62, Lester Park Fourth Division, St. Louis County, Minnesota.

(Torrens Property, Certificate of Title No. 358518.0)



## Market Analysis

### Overview

Market Analysis identifies the interaction of the four forces on supply and demand, which in turn directly influences the value of real property. The four forces are categorized as follows:

- 1) Economic
- 2) Governmental
- 3) Social
- 4) Environmental

### Economic Analysis

The following profile of the Duluth-Superior, MN-WI MSA was provided by Moody's Economy.com. Economy.com's core assets of proprietary editorial and research content as well as economic and financial databases are a source of information on national and regional economies, industries, financial markets, and demographics.

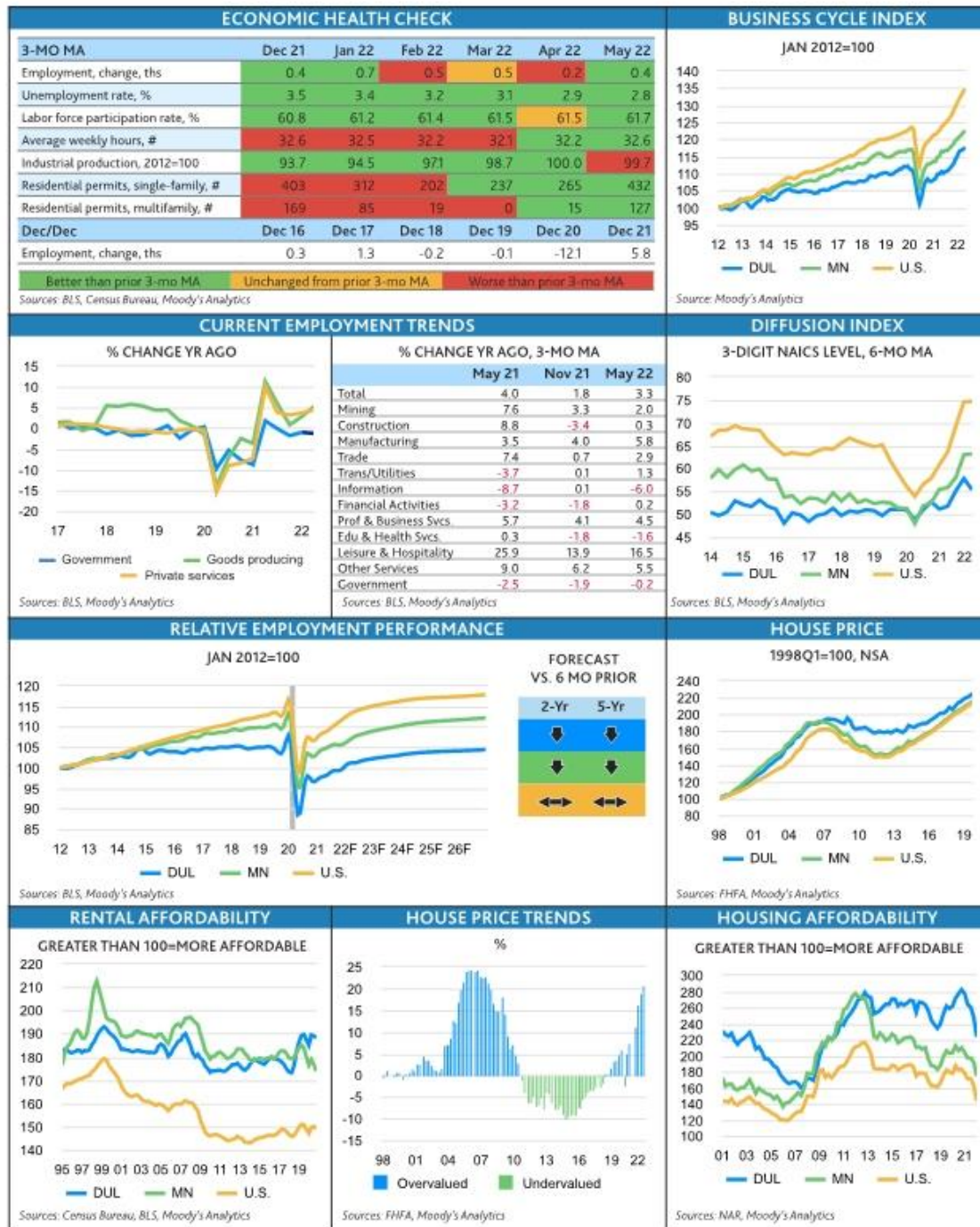
Economy.com's approach to the analysis of the U.S. economy consists of building a large-scale, simultaneous-equation econometric model, which they simulate and adjust with local market information, creating a model of the U.S. macro economy that is both top-down and bottom-up. In this model, those variables that are national in nature are modeled nationally while those that are regional in nature are modeled regionally. Interest rates, prices, and business investment are modeled as national variables; key sectors such as labor markets (employment, labor force), demographics (population, households, and migration), and construction activity (housing starts and sales) are modeled regionally and then aggregated to national totals. This approach allows local information to influence the macroeconomic outlook. Therefore, changes in fiscal policy at the national level (changes in tax rates, for example) are translated into their corresponding effects on state economies. At the same time, the growth patterns of large states, such as California, New York, and Texas, play a major role in shaping the national outlook. In addition, on a regional basis, the modeling system is explicitly linked to other states through migration flows and unemployment rates. Economy.com's model structure also takes into account migration between states.

## Regional and Market Reports



MOODY'S ANALYTICS / Précis® U.S. Metro / June 2022

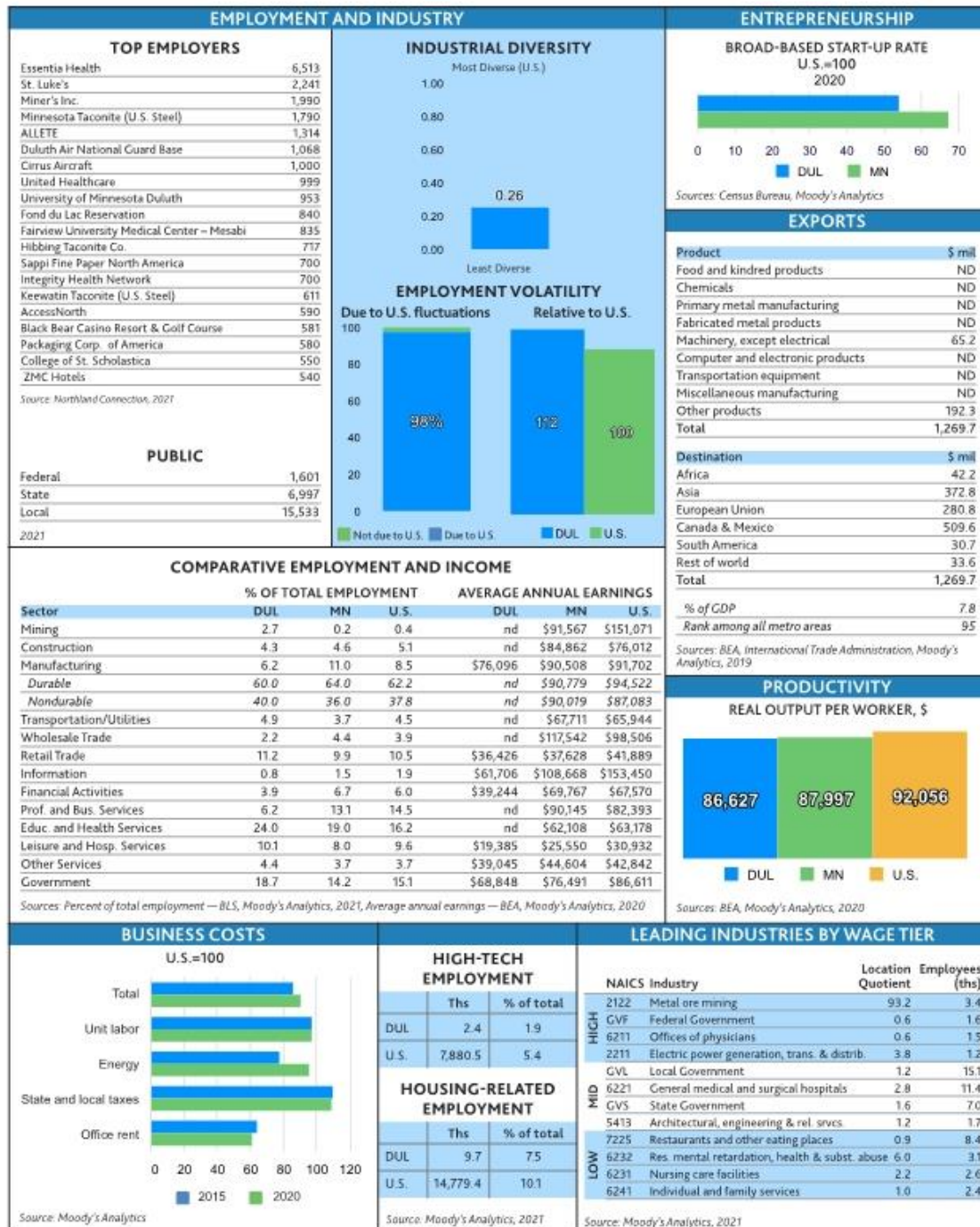
## PRÉCIS® U.S. METRO • Duluth MN-WI



MOODY'S ANALYTICS / Précis® U.S. Metro / June 2022

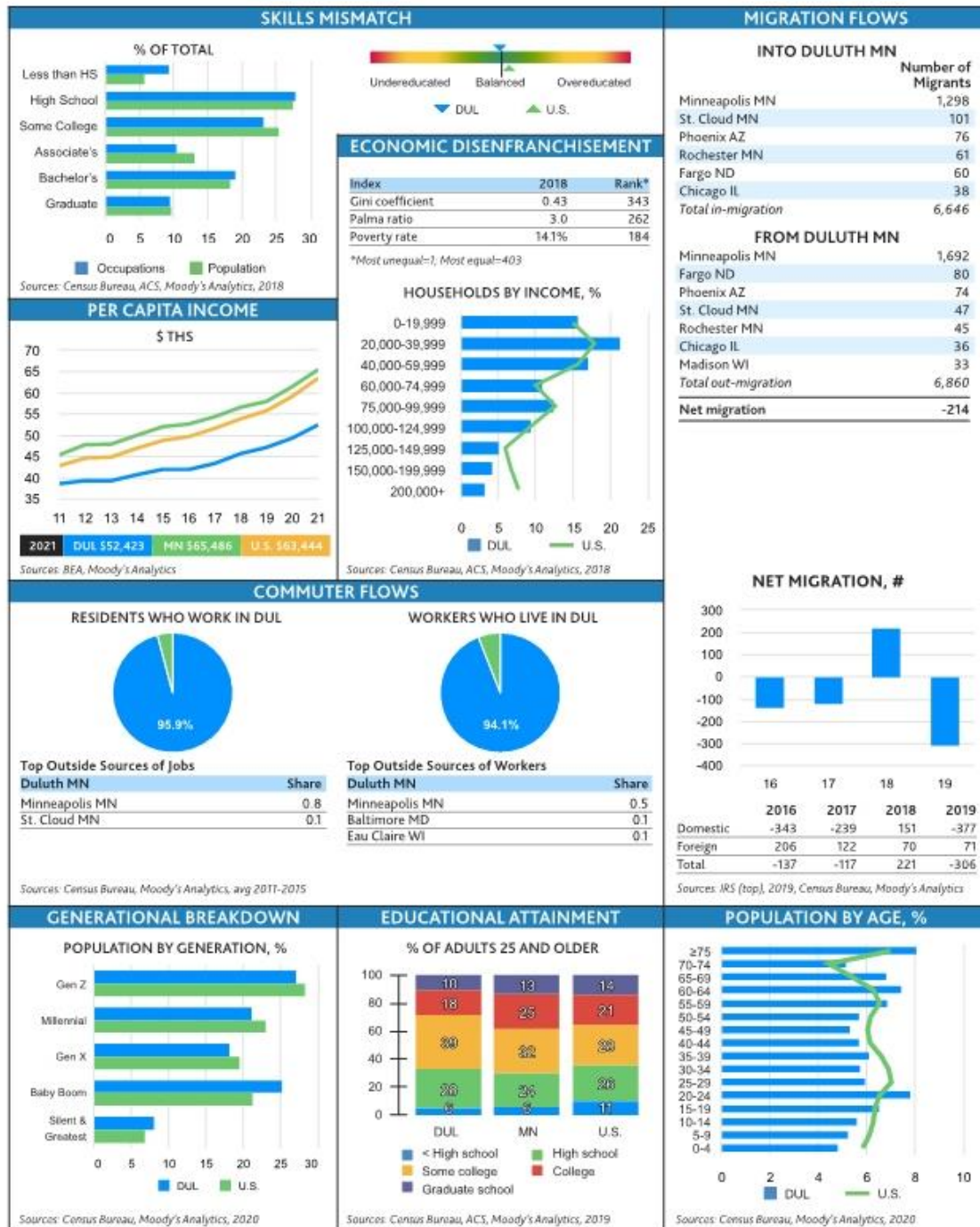


## PRÉCIS® U.S. METRO • Duluth MN-WI



MOODY'S ANALYTICS / Précis® U.S. Metro / June 2022

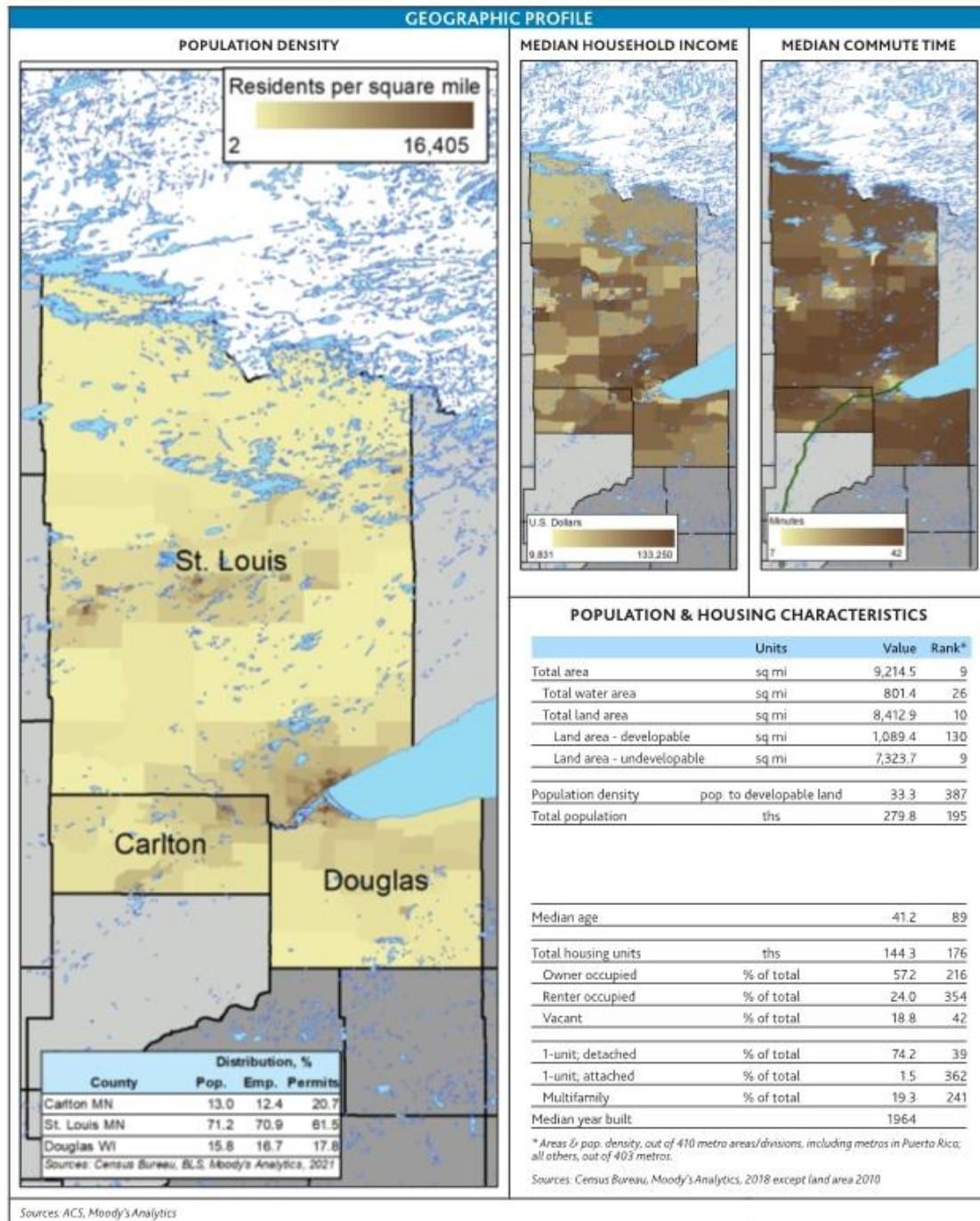
## PRÉCIS® U.S. METRO • Duluth MN-WI



MOODY'S ANALYTICS / Précis® U.S. Metro / June 2022



PRÉCIS® U.S. METRO • Duluth MN-WI



MOODY'S ANALYTICS / Précis® U.S. Metro / June 2022

«Insert\_From\_Library\_office\_Dynamic\_File\_MarketArea\_PropertyType\_Addenda»

## Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 7<sup>th</sup> Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

### Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards. (Dictionary)

### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### Building Common Area

In office buildings, the areas of the building that provide services to building tenants but that are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

### Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

### Bulk Value

The value of multiple units, subdivided plots, or properties in a portfolio as though sold together in a single transaction. (Dictionary)

### Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, [amenities,] and upkeep. (ICSC – International Council of Shopping Centers, 4<sup>th</sup> Ed.)

### Condominium

An attached, detached, or stacked unit within or attached to a structure with common areas that are held as tenants in common (an undivided interest) with other owners in the project. The units can be residential, commercial, industrial, or parking spaces or boat docks. These units are commonly defined by state laws in their locations. Because units can be stacked on top of other units, these units can be defined both vertically and horizontally. (Dictionary)

### Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement

may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

### Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ( $DCR = NOI \div I_m$ ), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

### Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

### Depreciation

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

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

### Disposition Value

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

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation;
3. Both the buyer and seller are acting prudently and knowledgeably;
4. The seller is under compulsion to sell;
5. The buyer is typically motivated;
6. Both parties are acting in what they consider to be their best interests;

7. An adequate marketing effort will be made during the exposure time;
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

This definition can also be modified to provide for valuation with specified financing terms. (Dictionary)

### Double Net (Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net lease is defined as a lease in which the tenant is responsible to pay both property taxes and premiums for insuring the building(s). (Valbridge)

(The market definition of a double net lease varies depending on the market)

### Easement

The right to use another's land for a stated purpose. (Dictionary)

### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

### Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as date of value. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect. (Dictionary)

### Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

### Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

### EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings.

### Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

### Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

### Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

### Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

### Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

### Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that 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. (USPAP, 2020-2021 ed.)

### Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

**Comment:** Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

### Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

### Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. In essence, floor common area represents all of the area on the floor that is common to that respective floor with the exception of those areas that penetrate through the floor, such as the elevator shaft and stairwell. The significant point to be made is that floor common area is not part of the tenant's usable area. (BOMA)

### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

### Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

### Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

### Gross Building Area (GBA)

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading



docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

### Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

### Gross Sellout Value (Sum of the Retail Values)

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values, aggregate retail selling price or sum of the retail values*. (Dictionary)

### Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

### Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

### HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

### Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset

when formulating the price that it would be willing to bid. (IVS)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

### Hypothetical Condition

1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

**Comment:** Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

### Insurable Value (Replacement Cost for Insurance Purposes)

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted). (Dictionary)

### Investment Value

1. The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)
2. The value of an asset to the owner or a prospective owner given individual investment or operational objectives (may also be known as worth). (IVS)

### Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

### Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified



in the lease plus the reversionary right when the lease expires. (Dictionary)

### Leasehold Interest (Leasehold Estate)

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

See also Positive Leasehold and Negative Leasehold.

### Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

### Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

### Liquidation Value

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

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

### Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

### Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or

telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

### Market Rent

The most probable rent that a property should bring in a competitive and open market under all the conditions requisite to a fair lease transaction, the lessee and the lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
4. The rent reflects specified terms and conditions, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, and tenant improvements (TIs). (Appraisal Institute)

### Market Value

The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States 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. (Dictionary; 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

### Master Lease

1. A lease in which a part or the entire property is leased to a single entity (the master lessee) in return for a stipulated rent. The master lessee then subleases the property to multiple tenants.
2. The first lease in a sandwich lease. (Dictionary)

### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

### Negative Leasehold

A lease situation in which the market rent is less than the contract rent. (Dictionary)

### Operating Expense Ratio

The ratio of total operating expenses to effective gross income ( $TOE/EGI$ ); the complement of the net income ratio, i.e.,  $OER = 1 - NIR$  (Dictionary)

### Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

### Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common or easement. (Dictionary)

### Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

### Percentage Lease

A lease in which the rent or some portion of the rent represents a specified percentage of the volume of business, productivity, or use achieved by the tenant. (Dictionary)

### Positive Leasehold

A lease situation in which the market rent is greater than the contract rent. (Dictionary)

### Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

### Prospective Opinion of Value

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

### Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

### Reproduction Cost

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

### Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

### Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

### Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

### Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make that claim junior, or subordinate, to the claims of another party. (Dictionary)

### Surplus Land

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

### TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

### Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance,

building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

### Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

### Value-in-Use

1. The amount determined by discounting the future cash flows (including the ultimate proceeds of disposal) expected to be derived from the use of an asset at an appropriate rate that allows for the risk of the activities concerned. (FASB Accounting Standards Codification, Master Glossary)
2. Formerly used in valuation practice as a synonym for *contributory value* or *use value*. (Dictionary)

### VTAB (Value of the Total Assets of a Business)

The total amount that the real property, tangible personal property, and intangible property assets of a business would sell for in an asset-based transaction. (Dictionary)



**Valbridge**  
PROPERTY ADVISORS

**INDEPENDENT VALUATIONS FOR  
A VARIABLE WORLD**



**Nathan Schumacher**

**Valbridge Property Advisors | Minneapolis – St. Paul**

[nschumacher@valbridge.com](mailto:nschumacher@valbridge.com)

Minneapolis-St. Paul Office

255 E. Kellogg Blvd

Suite 102A

St. Paul, MN 55101

651.370.1475 (office)

763.479.9583 (cell)

**STATE CERTIFICATIONS**

Minnesota

**EDUCATION**

Bachelor of Arts / Science – Real Estate and Finance

University of St. Thomas

[www.valbridge.com](http://www.valbridge.com)

## Nathan Schumacher

Associate Appraiser

**Valbridge Property Advisors | Minneapolis – St. Paul**

**APPRAISAL INSTITUTE & RELATED COURSES**

- Basic Appraisal Procedures
- Basic Appraisal Principles
- National USPAP
- Minnesota Supervisor / Trainee Appraiser Course
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Sales Comparison Approach
- General Appraiser Market Analysis and Highest & Best Use
- Real Estate Finance, Statistics, and Valuation Modeling
- General Appraiser Income Approach I & II
- Full course list upon request

**EXPERIENCE**

**Valbridge Property Advisors | Minneapolis – St. Paul**

- Associate Appraiser, 2019-Present

**Appraisal/valuation and consulting assignments include:**

The general property types including office, retail, industrial, and multifamily. In addition to specialized property types including agricultural & development land, mobile home parks, funeral homes, wedding/event centers, bowling alleys/entertainment venues, and airplane hangars.



**Valbridge**  
PROPERTY ADVISORS

## Nathan Schumacher

Associate Appraiser

**Valbridge Property Advisors | Minneapolis – St. Paul**

### CERTIFICATIONS

#### STATE OF MINNESOTA



#### Department of Commerce

NATHAN MICHAEL SCHUMACHER  
7120 71ST AVE. N  
GREENFIELD, MN 55357

The Undersigned **COMMISSIONER OF COMMERCE** for the State of Minnesota hereby certifies that  
**Nathan Michael Schumacher**

7120 71ST AVE. N  
GREENFIELD, MN 55357

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of

**Resident Appraiser : Trainee**

**License Number: 40670452**

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2023.

IN TESTIMONY WHEREOF, I have hereunto set my hand this September 01, 2021.

#### COMMISSIONER OF COMMERCE

Minnesota Department of Commerce  
Licensing Division  
85 7th Place East, Suite 500  
St. Paul, MN 55101-3165  
Telephone: (651) 539-1599  
Email: [licensing.commerce@state.mn.us](mailto:licensing.commerce@state.mn.us)  
Website: [commerce.state.mn.us](http://commerce.state.mn.us)

#### Notes:

- **Individual Licensees Only - 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](http://commerce.state.mn.us).





**Valbridge**  
PROPERTY ADVISORS

**INDEPENDENT VALUATIONS FOR  
A VARIABLE WORLD**



**Nathan Hansen, MAI**

**Valbridge Property Advisors | Minneapolis –  
St. Paul | Fargo**

[nhansen@valbridge.com](mailto:nhansen@valbridge.com)

Minneapolis-St. Paul Office

255 E. Kellogg Blvd  
Suite 102A  
St. Paul, MN 55101  
651.370.1475 (office)  
651.370.1466 (direct)

Fargo Office

118 Broadway North  
Suite 509  
Fargo, ND 58102  
701.289.1676 (office)  
701.289.1673 (direct)

**STATE CERTIFICATIONS**

Minnesota  
North Dakota  
Wisconsin  
Iowa

**EDUCATION**

Bachelor of Science - Business Administration  
North Dakota State University Fargo, ND

[www.valbridge.com](http://www.valbridge.com)

## **Nathan Hansen, MAI**

Senior Managing Director

**Valbridge Property Advisors | Minneapolis – St. Paul  
| Fargo**

**MEMBERSHIPS & AFFILIATIONS**

Appraisal Institute, Member

- MAI Designation

ASA/American Society of Appraisers, Member

- Candidate

IRWA/International Right of Way Association

- Member

**APPRAISAL INSTITUTE & RELATED COURSES**

- Pre-Licensing, Licensing, and Continuing education courses taken through the Appraisal Institute, American Society of Appraisers, and other real estate organizations.
- Introduction to Machinery and Equipment Valuation
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets
- Evaluation of Commercial Construction
- Full Course list upon request

**EXPERIENCE**

**Valbridge Property Advisors | Minneapolis – St. Paul**

- Senior Managing Director, 2019-Present

**Insight Realty Advisors, Inc.**

- Principal, 2016-2018

**Nagell Appraisal & Consulting**

- Commercial Appraiser, 2002-2016

**Appraisal/valuation and consulting assignments include:**

Eminent domain/condemnation, resorts and other lakefront commercial uses, golf courses, special purpose properties, apartments, vacant land, mobile home parks, office buildings, hotels/motels, service stations, retail, industrial, research and development, warehouses, self-storage, market studies, litigation support, and review appraisals. Court experience involves testifying in real estate commissioner hearings. Other experience includes valuation of personal property and furniture, fixtures & equipment (FF&E), including restaurant equipment, grocery store equipment, trade fixtures, and breweries.



**Valbridge**  
PROPERTY ADVISORS


## Nathan Hansen, MAI

Senior Managing Director

**Valbridge Property Advisors | Minneapolis – St. Paul  
| Fargo**

### CERTIFICATIONS

**STATE OF MINNESOTA**

  
**Department of Commerce**

NATHAN PORTER HANSEN  
255 E KELLOGG BOULEVARD, SUITE 102A  
ST. PAUL, MN 55101

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that  
**NATHAN PORTER HANSEN**


255 E KELLOGG BOULEVARD, SUITE 102A  
ST. PAUL, MN 55101

has complied with the laws of the State of Minnesota and is hereby licensed to transact the business of  
Resident Appraiser : Certified General

**License Number: 20302614**

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect  
until August 31, 2023.

IN TESTIMONY WHEREOF, I have hereunto set my hand this July 12, 2021.

  
ANNE ARNOLD  
COMMISSIONER OF COMMERCE  
Minnesota Department of Commerce  
Licensing Division  
85 7th Place East, Suite 500  
St. Paul, MN 55101-3165  
Telephone: (651) 539-1599  
Email: licensing.commerce@state.mn.us  
Website: commerce.state.mn.us

**Notes:**

- Individual Licensees Only - 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.

**North Dakota Real Estate Appraiser  
Qualifications and Ethics Board**

  
**Nathan P. Hansen**

Is fully qualified  
in the State of North Dakota as a

**CERTIFIED GENERAL APPRAISER**  
ND Permit Number: CG-219124

Date of Issuance: 01/01/2023  
Expiration Date: 12/31/2023

  
Appraiser Signature

Unless sooner suspended or revoked, as provided by law.

NO. 1666-10

**The State of Wisconsin  
Department of Safety and Professional Services**

EXPIRES 12/31/2023

Herby certifies that  
**NATHAN P. HANSEN**  
was granted a certificate to practice as a  
**CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY  
RELATED TRANSACTIONS IS AQB COMPLIANT**  
in the State of Wisconsin in accordance with Wisconsin Law  
on the 21st day of February in the year 2022.  
The authority granted herein must be renewed each biennium by the granting authority.  
In witness thereof, the State of Wisconsin  
Department of Safety and Professional Services  
has caused this certificate to be issued under  
its official seal.

  
  
David P. Smith  
2025 Secretary

This certificate was printed on the 15th day of November in the year 2021



**STATE OF IOWA**  
IOWA DEPARTMENT OF COMMERCE  
PROFESSIONAL LICENSING AND REGULATION

This is to certify that the below named has been granted a certification  
as: Certified General Appraiser.

Certification Number: CG03657 Expires: June 30, 2024

Status: Active

Mr. Nathan Porter Hansen  
Valbridge Property Advisors  
255 East Kellogg Boulevard, Suite 102A  
St. Paul, Minnesota 55101



# Valbridge

PROPERTY ADVISORS



## FAST FACTS

### COMPANY INFORMATION

- Valbridge is the largest independent commercial property valuation and advisory service firm in North America.
  - Total number of MAI-designated appraisers (200+ on staff)
  - Total number of office locations (80+ across the U.S.)
  - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge specializes in appraising all types of real property.
- Valbridge provides independent valuation services. We are NOT owned by a brokerage firm or investment company.
- Every Valbridge office is overseen by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by local offices.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market, and other bulk-property engagements.

### Valbridge Property Advisors, Inc.

3033 Riviera Drive, Suite 106  
Naples, FL 34103  
Phone: 888.981.2029



[valbridge.com](http://valbridge.com)







**Valbridge**  
PROPERTY ADVISORS

## VALBRIDGE PROPERTY ADVISORS OFFICE LOCATIONS

### ALABAMA

26241 Equity Dr., Ste. 101  
Daphne, AL 36526  
(251) 929-9090

3100 Lorna Rd., Ste. 201  
Birmingham, AL 35216  
(205) 440-2998

4732 Woodmere Blvd.  
Montgomery, AL 36106  
(334) 277-5077

### CALIFORNIA

3160 Crow Canyon Pl.  
San Ramon, CA 94583  
(925) 327-1660

825 Colorado Blvd., Ste. 243  
Los Angeles, CA 90041  
(626) 486-9327

17822 17<sup>th</sup> St., Ste. 211  
Tustin, CA 92780  
(714) 449-0852

775 Sunrise Ave., Ste. 260  
Roseville, CA 95661  
(916) 361-2509

1530 The Alameda, Ste. 100  
San Jose, CA 95126  
(408) 279-1520

### COLORADO

5345 Arapahoe Ave., Ste. 7  
Boulder, CO 80303  
(303) 867-1935

1099 Main Ave., Ste. 311  
Durango, CO 81301  
(970) 340-1016

### CONNECTICUT

17 Covewood Dr.  
Norwalk, CT 06853  
(860) 246-4606

15 Concord St.  
Glastonbury, CT 06033  
(860) 246-4606

### FLORIDA

10950 San José Blvd.  
Jacksonville, FL 32223  
(904) 608-2948

301 Almeria Ave., Ste. 350  
Coral Gables, FL 33134  
(305) 639-8029

734 Rugby St.  
Orlando, FL 32804  
(407) 493-6426

2711 Poinsettia Ave.  
West Palm Beach, FL 33407  
(561) 833-5331

3033 Riviera Dr., Ste. 106  
Naples, FL 34103  
(239) 514-4646

2601 West Horatio St. Unit 6  
Tampa, FL 33609  
(321) 228-6488

### GEORGIA

2675 Paces Ferry Rd., Ste. 425  
Atlanta, GA 30339  
(404) 354-2331

### IDAHO

1875 N. Lakewood Dr., Ste. 100  
Coeur d'Alene, ID 83814  
(208) 292-2965

### ILLINOIS

566 W. Lake St., Ste. 240  
Chicago, IL 60661  
(312) 429-0132

### INDIANA

6801 Lake Plaza Dr., Ste. C-301  
Indianapolis, IN 46220  
(317) 687-2747

### KANSAS

10990 Quivira Rd., Ste. 100  
Overland Park, KS 66210  
(913) 451-1451

### KENTUCKY

1890 Star Shoot Pkwy.  
Lexington, KY 40509  
(502) 585-3651

9401 Williamsburg Plaza, Ste. 204  
Louisville, KY 40222  
(502) 585-3651

### LOUISIANA

2030 Dickory Ave., Ste. 200  
Elmwood, LA 70123  
(504) 541-5100

### MARYLAND

11100 Dovedale Ct.  
Marriottsville, MD 21104  
(443) 333-5525

### MASSACHUSETTS

260 Bear Hill Rd., Ste. 106  
Waltham, MA 02451  
(781) 790-5645

### MICHIGAN

1420 Washington Blvd.  
Detroit, MI 48226  
(313) 986-3313

2127 University Park Dr.  
Okemos, MI 48864  
(517) 336-0001

### MINNESOTA

255 E. Kellogg Blvd., Ste. 102A  
St. Paul, MN 55101  
(651) 370-1475

### MISSISSIPPI

1010 Ford St.  
Gulfport, MS 39507  
(228) 604-1900

224 Avalon Cir.  
Brandon, MS 39047  
(601) 853-0736

501 Highway 12 W., Ste. 150-M  
Starkville, MS 39759  
(662) 617-2350

### CORPORATE OFFICE

3033 Riviera Drive, Suite 106, Naples, FL 34103 | Phone: (239) 325-8234 | Fax: (239) 325-8356  
Each Valbridge office is independently owned and operated.

**valbridge.com**

rev. 062723

### MISSOURI

1118 Hampton Ave., Ste. 208  
St. Louis, MO 63139  
(314) 255-1323

### NEVADA

3034 S. Durango Dr., Ste. 100  
Las Vegas, NV 89117  
(702) 242-9369

6490 S. McCarran Blvd., Ste. 51  
Reno, NV 89509  
(775) 204-4100

### NEW MEXICO

7000 Prospect Pl. NE, Ste. B  
Albuquerque, NM 87110  
(505) 884-4721

### NORTH CAROLINA

5950 Fairview Rd., Ste. 405  
Charlotte, NC 28210  
(704) 376-5400

412 E. Chatham St.  
Cary, NC 27511  
(919) 859-2666

### NORTH DAKOTA

118 Broadway N., Ste. 509  
Fargo, ND 58091  
(701) 289-1676

### OHIO

1655 W. Market St., Ste. 130  
Akron, OH 44313  
(330) 899-9900

8291 Beechmont Ave., Ste. B  
Cincinnati, OH 45255  
(513) 785-0820

1422 Euclid Ave., Ste. 1160  
Cleveland, OH 44115  
(216) 367-9690

### OKLAHOMA

6666 S. Sheridan Rd., Ste. 104  
Tulsa, OK 74133  
(918) 712-9992

3121 Quail Springs Pkwy., Ste. 150  
Oklahoma City, OK 73134  
(405) 603-1553

### PENNSYLVANIA

150 S. Warner Rd., Ste. 440  
King of Prussia, PA 19406  
(215) 545-1900

4701 Baptist Rd., Ste. 304  
Pittsburgh, PA 15227  
(412) 881-6080

### SOUTH CAROLINA

1250 Fairmont Ave.  
Mt. Pleasant, SC 29464  
(843) 884-1266

11 Cleveland Ct.  
Greenville, SC 29607  
(864) 233-6277

920 Bay St., Ste. 26  
Beaufort, SC 29902  
(843) 884-1266

### TENNESSEE

3500 Ringgold Rd., Ste. 3  
Chattanooga, TN 37412  
(423) 206-2677

213 Fox Rd.  
Knoxville, TN 37922  
(865) 522-2424

756 Ridge Lake Blvd., Ste. 225  
Memphis, TN 38120  
(901) 753-6977

5205 Maryland Way, Ste. 202  
Brentwood, TN 37027  
(615) 369-0670

### TEXAS

901 Mopac Expy. S., Bldg. 1, Ste. 300  
Austin, TX 78746  
(737) 242-8585

10210 North Central Expy., Ste. 115  
Dallas, TX 75231  
(214) 446-1611

974 Campbell Rd., Ste. 204  
Houston, TX 77024  
(713) 467-5858

2731 81st St.  
Lubbock, TX 79423  
(806) 744-1188

9901 IH-10 West, Ste. 1035  
San Antonio, TX 78230  
(210) 227-6229

### UTAH

527 E. Pioneer Rd., Ste. 240  
Draper, UT 84020  
(801) 262-3388

20 North Main St.  
St. George, UT 84770  
(435) 773-6300

321 N. County Blvd., Ste. D  
American Fork, UT 84003  
(801) 492-0000

### VIRGINIA

656 Independence Pkwy., Ste. 220  
Chesapeake, VA 23320  
(757) 410-1222

1231 Alverser Dr.  
Midlothian, VA 23113  
(757) 345-0010

5107 Center St., Ste. 2B  
Williamsburg, VA 23188  
(757) 345-0010

### WASHINGTON

8378 W. Grandridge Blvd., Ste. 110-D  
Kennewick, WA 99336  
(509) 221-1540

324 N. Mullan Rd.  
Spokane Valley, WA 99206  
(509) 747-0999

### WISCONSIN

12660 W. North Ave.  
Brookfield, WI 53005  
(262) 782-7990

NATIONAL COVERAGE. LOCAL KNOWLEDGE. TRUE VALUATION INDEPENDENCE.