Appraisal Report

Former Frederick Douglass MPS School Building
3409 N. 37th Street
Milwaukee, Wisconsin

Appraisal Date:
March 23, 2016

THE NICHOLSON GROUP LLC

THE NICHOLSON GROUP LLC

555 S. Industrial Drive, Suite 207
Hartland, Wisconsin 53029
Phone (262) 369-5400 Fax (262) 369-5401
www.nicholson-group.com

April 12, 2016

Rhonda Szallai
City of Milwaukee, Department of City Development
809 N. Broadway
Milwaukee, Wisconsin 53202-3617

Subject: Former Frederick Douglass MPS School Building Appraisal
3409 N. 37th Street
Milwaukee, Wisconsin

We have completed an appraisal of the fee simple estate in the property identified above and submit our findings in this appraisal report. The subject property consists of the former Frederick Douglass School containing a gross building area ("GBA") of ±38,036 square feet situated on a ±1.05 acre parcel. The improvements were constructed in 1954. This appraisal reflects the property being able to be sold to an education operator without restriction.

It is our opinion that the market value of the fee simple estate in the property–as of March 23, 2016, under the extraordinary assumptions as stated herein is:

Two Hundred Forty Thousand Dollars
$240,000

This appraisal was made subject to the extraordinary assumptions summarized below; please refer to pages 8 and 9 for further descriptions:

1. That the gross building area ("GBA") is 38,036 square feet
2. That the mechanical systems are in working order and have been adequately maintained.
3. That the MPS deferred maintenance costs of $137,905 include all significant deferred maintenance items and that these deferred maintenance costs are complete and accurate.
4. That no immediate asbestos abatement is necessary. No asbestos abatement costs have been provided by the client or MPS and it is beyond the expertise of the appraisers and beyond the scope of this appraisal to estimate these costs. The property value as concluded herein has not considered any impact on value created by the presence of ACM's which would likely decrease value.

If at a later date any of these extraordinary assumptions are shown to be different than as stated, the value of the property will likely change and we reserve the right to revise our valuation analysis and amend our opinions.

The opinions expressed in this report can only be completely understood by reading the following report, exhibits, other data, assumptions and limiting conditions, and general service conditions. This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting and general service conditions as well as all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by The Nicholson Group, constitutes acceptance of all such limiting and general service conditions and terms.

Respectfully submitted,
THE NICHOLSON GROUP LLC

Lawrence R. Nicholson, MAI
Wisconsin Certified General Appraiser (#116)

Jacob L. Nicholson

Attachment
16-036

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Scope of Work

Property Appraised	Former Frederick Douglass MPS School Building 3409 N. 37th Street Milwaukee, Wisconsin
Appraisal & Inspection Date	March 23, 2016
Property Rights Appraised	Market value of the fee simple estate
Intended Users	The intended user of our opinions and this report is the City of Milwaukee Department of City Development ("client"). Use of this report by others is not intended by the appraiser. A party receiving a report copy from the client does not, as a consequence, become a party to the appraiser-client relationship. No third parties are authorized to rely upon our opinions or this report without the express written permission of The Nicholson Group.
Intended Use	The intended use of our opinions and this report is for possible sale of the property to an education operator.
Assets Included	Land, site improvements and building improvements
Scope of the Investigations	In developing this real property appraisal, the appraiser conducted a complete appraisal process which considered the use of the three traditional approaches to value: the Cost, Sales Comparison and Income Capitalization Approaches. The Sales Comparison Approach was used and is the most applicable approach. The Cost Approach was considered as part of this appraisal process, however, it was not utilized in arriving at our opinion of value. The Cost Approach is considered most reliable when the appraised improvements are new or relatively new and do not suffer from items of significant physical, functional, or external obsolescence. The subject building was originally constructed in 1954 and has an actual age of 62 years. There is an extensive amount of accrued depreciation and the Cost Approach is not one that the most probable buyer would use in determining an appropriate acquisition price for the property.

The most probable buyer for the subject property is an owner-user. The subject's location is not an active investment market for educational real estate. There is a lack of rental data for school properties in the market area from which market rent could be reliably ascertained. The same is true for overall capitalization rates. Given that the highest and best use of the subject property is as an owner-user building and not an income producing building (i.e. investment property), the Income Capitalization Approach was not used and is not necessary in order to provide a credible opinion of value.

Given the applicability and strength of the Sales Comparison Approach, the omission of the Cost Approach and Income Capitalization Approach does not weaken the credibility of the opinion of value concluded herein.

Jacob L. Nicholson and Lawrence R. Nicholson, MAI collected, researched and analyzed the information deemed necessary to develop credible assignment results, that is, being worthy of belief. Furthermore, the appraisers have: inspected the interior and exterior of the appraised property; reviewed subject property information provided by MPS; researched public records pertaining to the subject property; investigated market and neighborhood trends affecting the highest and best use; gathered information pertaining to comparable sales; analyzed the data; and, applied the Sales Comparison Approach to arrive at a reasonable and independent opinion of market value. . Jake Nicholson conducted the market research and valuation analyses under the direct supervision of Larry Nicholson; both appraisers worked on preparing this report.

Sources used in obtaining comparable data included: The Nicholson Group's proprietary database of sale transactions; public records; real estate sales data published by CoStar Group, MLS, Redi-net and tax assessor offices; other appraisers; and, real estate brokers. The comparable sales were inspected and the terms of the transactions were verified through public records and/or by interviewing a party to the transaction. Data may have been used without verification by a party to the transaction if attempts to contact these individuals were unsuccessful and/or if the data was obtained from a reliable source and appeared to be correct.

The opinions presented in this report are based upon review and analysis of the market conditions affecting real property value. The value opinion has been supported by relevant evidence and logic to the degree necessary for the intended use.

Information, estimates and opinions furnished to the appraiser and contained in this report and/or in the appraisal workfile were obtained from sources considered reliable and believed to be true and correct. However, we can assume no responsibility for the accuracy of such items furnished to the appraiser.

While reasonable care has been taken to ensure that the facts stated herein are accurate and that any expressed or implied opinions are fair and reasonable, the opinions, estimates and projections in this appraisal constitute judgments as of the date of this appraisal and there can be no assurance that future results or events will be consistent with any such opinions, estimates or projections.

This appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice ("USPAP") for an Appraisal Report. This report presents summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation that is not provided with the report concerning the data, reasoning and analyses is retained in the appraisal workfile. The depth of discussion contained in this report is specific to the needs of the client and for the intended use state in this report. The appraiser is not responsible for unauthorized use of this report.

Extraordinary Assumption

The Uniform Standards of Professional Appraisal Practice ("USPAP") defines an Extraordinary Assumption as: "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions." The following comment is offered directly after this definition: "Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

This appraisal has been made under the following extraordinary assumptions:

1. The gross building area ("GBA") used in this appraisal is 38,036 square feet whereas the GBA as reported by MPS is 45,110 square feet. The appraiser's GBA was based on measurements from reduced building floor plans as provided supplemented with measurements taken during the property inspection. MPS's figures appear to include above-grade open areas. This appraisal has been made under the extraordinary assumption that the appraiser's GBA is correct. If detailed information is provided showing a different GBA, the value of the property will likely change accordingly and we reserve the right to revise our valuation analysis and amend our opinions.

2. We understand that the subject building closed in 2009 and that the mechanical systems are in working order as they have been adequately maintained. This appraisal has been made under the extraordinary assumption that the building mechanical systems are in working order. If information is provided showing that this is not the case, the value of the property will likely change and we reserve the right to revise our analysis and amend our opinions.

3. Items of deferred maintenance were noted at the property during our inspection, a summary of which is presented on pages 24 through 26; however, it is beyond our expertise to identify all items of deferred maintenance and estimate the associated costs to cure. Information on the City of Milwaukee Department of City Development website (see below for the web link) indicates that the 2015 MPS deferred maintenance cost estimate is $137,905; detail was requested from MPS but was not provided. Deferred maintenance costs are a direct deduction from the property value and the MPS cost estimate was used in this appraisal. This appraisal has been made under the extraordinary assumption that the MPS deferred maintenance costs include all significant deferred maintenance items including the items we noticed and that these deferred maintenance costs are complete and accurate. If information is provided showing that this is not the case, the value of the property will likely change and we reserve the right to revise our analysis and amend our opinions.

http://city.milwaukee.gov/Surplus-School-Properties.htm#.VvwqEvldUk1

4. We understand that there are asbestos containing materials ("ACM's") present throughout the building. Milwaukee Public Schools is aware of this and has implemented an asbestos inspection and management plan. It is our understanding and it is an extraordinary assumption that no immediate abatement is necessary. No asbestos abatement costs have been provided by the client or MPS and it is beyond the expertise of the appraisers and beyond the scope of this appraisal to estimate these costs. The property value as concluded herein has not considered any impact on value created by the presence of ACM's which would decrease value. We reserve the right to revise our analysis and amend our opinions if it is later found that the ACM's present in the building requires abatement and the cost of this abatement becomes known.

Competency Statement

According to the Competency Rule as set forth by USPAP, competency applies to factors such as, but not limited to, specific types of property, a specific type of property or asset, a market, a geographic area, an intended use, specific laws and regulations, or an analytical method. The appraisers are familiar with the subject property type and market area. Furthermore, the appraisers have the education, experience and competency to appropriately utilize the analytical methods employed in this report. The appraisers certify that they have the ability to properly identify the problem to be addressed, the knowledge and experience to complete the assignment competently and recognition of and compliance with laws and regulations that apply to the appraiser or to the assignment.

Exposure Time

Exposure time is defined in USPAP as "estimated 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". Further, "Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market."

Exposure time is the amount of time necessary to expose a property to the open market in order to achieve a sale. The opinion of an exposure time is not intended to be a prediction of a date of sale. Furthermore, exposure time is always presumed to occur prior to the effective date of the appraisal. Implicit in this definition are the following characteristics:

- the property is actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by sellers of similar type property;
- the property is offered at a price reflecting the most probable markup over market value used by sellers of similar type property; and,
- sale is consummated under the terms and conditions of the definition of Market Value.

The subject property is a special use property for which there is a limited amount of demand; as such, the market exposure period could be quite long. It is our opinion that the reasonable exposure time, or the length of time necessary for the subject property to be exposed to the market prior to an arm's length sale occurring at the market value as concluded herein, is up to two or more years.

Definitions

Market Value is defined as: 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- 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.

[Source 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]

Fee Simple Estate is defined as: "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. [Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute), 2010]

Highest and Best Use is defined as: "The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity." [Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute), 2010]

Area Overview

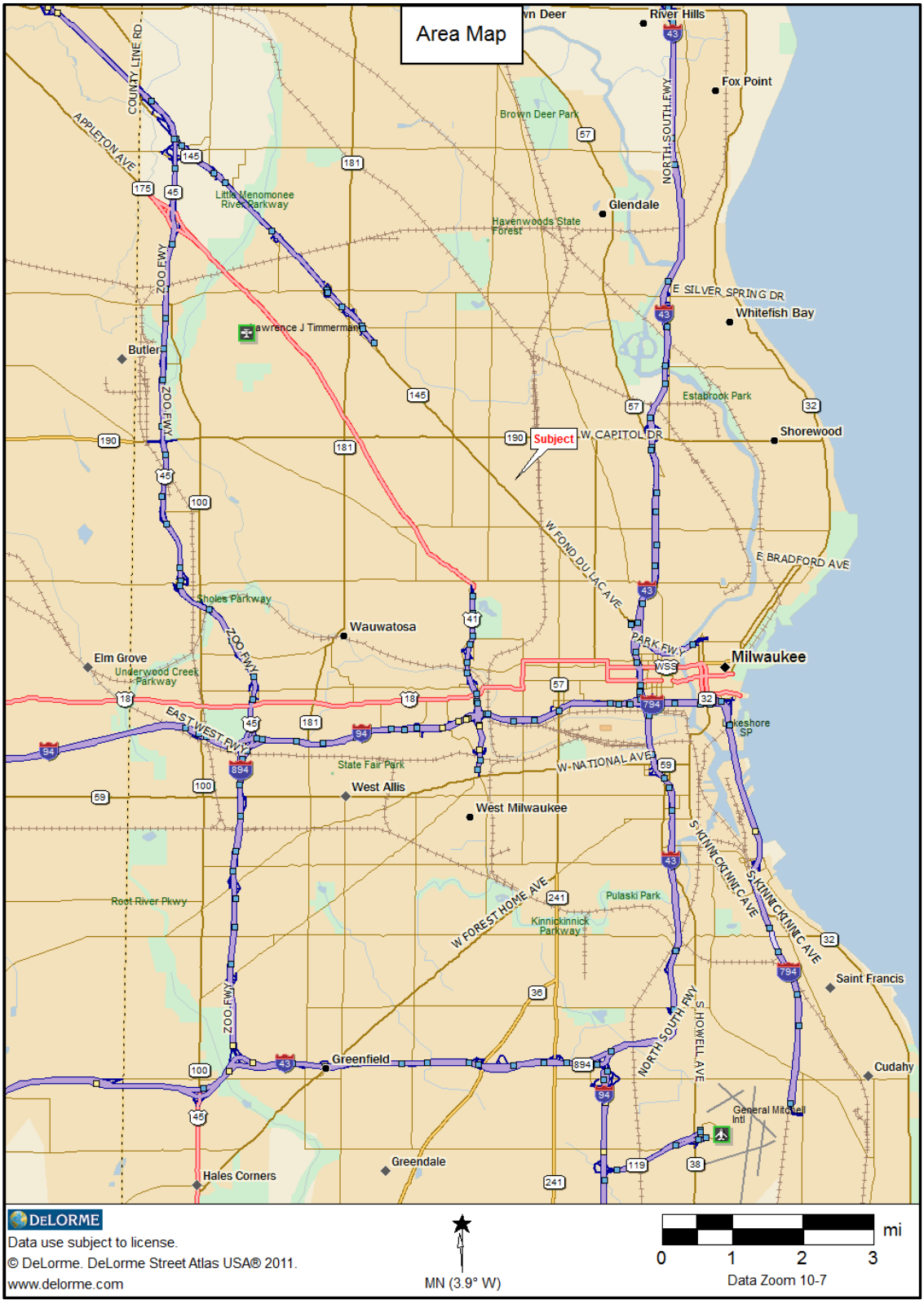
The subject property is located on the near-west side of the City of Milwaukee. Demographic data for the market area comprising 1, 3 and 5 mile radii from the subject property is presented on pages 15 to 17. An Area Map is presented on the following page.

The City of Milwaukee is the largest city in Wisconsin and is the major economic center in the State. With a trend toward urbanization, there has been a resurgence of new housing projects in the near periphery areas of downtown Milwaukee including the Third and Fifth Wards. This trend is fueled by empty nesters and young professionals living downtown to be closer to the areas cultural and entertainment districts.

As of 2013, the City of Milwaukee was the 31st largest city in the nation and the 39th largest metropolitan area. The City has a stable and diverse employment base and has many large employers, with no substantial reliance on any one employer or industry. Largest private-sector employees are summarized below:

Milwaukee's Largest Employers

AT&T Wisconsin	Medical College of Wisconsin
Aurora Health Care	Northwestern Mutual
BMO Harris	Potawatomi Bingo Casino
Briggs & Stratton Corp.	ProHealth Care, Inc.
Columbia St. Mary's	Quad/Graphics
Cooper Power Systems	Rockwell Automation
Froedtert Health	Roundy's Supermarkets, Inc.
GE Healthcare	SC Johnson
Harley-Davidson Inc.	U.S. Bank
Johnson Controls	We Energies
Kohl's Department Stores	Wheaton Franciscan Healthcare


Area Map
River Hills
Fox Point
Brown Deer Park
Glendale
Havenwoods State Forest
Whitefish Bay
Estabrook Park
Shorewood
Subject
W CAPITOL DR
E SILVER SPRING DR
E BRADFORD AVE
W FOND DU LAC AVE
Butler
Wauwatosa
Elm Grove
Underwood Creek Parkway
Sholes Parkway
Milwaukee
PARK FWY
EAST-WEST FWY
State Fair Park
West Allis
West Milwaukee
W NATIONAL AVE
Pulaski Park
Kinnickinnick Parkway
W FOREST HOME AVE
S KINNICKINNIC AVE
Saint Francis
Cudahy
Greenfield
Greendale
Hales Corners
Root River Pkwy
NORTH-SOUTH FWY
S HOWELL AVE
ZOO FWY
COUNTY LINE RD
APPLETON AVE
Lawrence J Timmerman
General Mitchell Intl
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www.delorme.com
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According to the Metropolitan Milwaukee Association of Commerce ("MMAC"), a large portion of the local labor force is employed in the manufacturing sector. Service businesses, however, constitute the largest sector of the local economy, with much of the growth occurring in financial and insurance services, including e-commerce and data processing services. Tourism is also a major contributor to the local economy. The area's many festivals and parades, as well as its nationally recognized museums and zoo, generate $2.5 billion annually. Milwaukee is home to many nationally and internationally known service companies in all major market segments, including insurance, financial services, utilities, retail and food services.

The city is home to major institutions of higher education: Marquette University, with an enrollment of 11,000 undergraduate and graduate students; and, the University of Wisconsin–Milwaukee, the second largest campus in the UW system with more than 27,000 students. Universities and colleges within the city include: Alverno College, Cardinal Stritch University, Keller Graduate School, Marquette University, Medical College of Wisconsin, Milwaukee Area Technical College, Milwaukee Institute of Art & Design, Milwaukee School of Engineering, Mount Mary College, Stratton College, University of Wisconsin – Milwaukee, and Wisconsin Lutheran College.

The City is served by several local bus routes and freeway flyer routes of the Milwaukee County Transit System. Elderly and disabled city residents have access to two specialized transportation programs provided by Milwaukee County.

1-, 3- & 5-Mile Demographics

esri

Executive Summary

Former Frederick Douglass School
3409 N 37th St, Milwaukee, Wisconsin, 53216
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 43.08129
Longitude: -87.95962

	1 mile	3 miles	5 miles
Population			
2000 Population	32,756	240,917	499,001
2010 Population	29,051	224,581	488,295
2015 Population	27,857	220,646	482,956
2020 Population	27,716	220,918	485,232
2000-2010 Annual Rate	-1.19%	-0.70%	-0.22%
2010-2015 Annual Rate	-0.80%	-0.34%	-0.21%
2015-2020 Annual Rate	-0.10%	0.02%	0.09%
2015 Male Population	45.0%	46.2%	48.0%
2015 Female Population	55.0%	53.8%	52.0%
2015 Median Age	31.6	31.4	31.3

In the identified area, the current year population is 482,956. In 2010, the Census count in the area was 488,295. The rate of change since 2010 was -0.21% annually. The five-year projection for the population in the area is 485,232 representing a change of 0.09% annually from 2015 to 2020. Currently, the population is 48.0% male and 52.0% female.

Median Age

The median age in this area is 31.6, compared to U.S. median age of 37.9.

Race and Ethnicity			
2015 White Alone	5.6%	20.3%	43.3%
2015 Black Alone	90.0%	71.2%	43.9%
2015 American Indian/Alaska Native Alone	0.3%	0.4%	0.6%
2015 Asian Alone	0.8%	3.2%	4.2%
2015 Pacific Islander Alone	0.0%	0.0%	0.0%
2015 Other Race	0.9%	1.7%	4.7%
2015 Two or More Races	2.3%	3.2%	3.3%
2015 Hispanic Origin (Any Race)	2.8%	4.8%	11.2%

Persons of Hispanic origin represent 11.2% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 69.4 in the identified area, compared to 63.0 for the U.S. as a whole.

Households			
2000 Households	11,083	87,901	194,753
2010 Households	10,248	84,441	192,627
2015 Total Households	9,903	83,470	192,013
2020 Total Households	9,858	83,638	193,292
2000-2010 Annual Rate	-0.78%	-0.40%	-0.11%
2010-2015 Annual Rate	-0.65%	-0.22%	-0.06%
2015-2020 Annual Rate	-0.09%	0.04%	0.13%
2015 Average Household Size	2.80	2.62	2.42

The household count in this area has changed from 192,627 in 2010 to 192,013 in the current year, a change of -0.06% annually. The five-year projection of households is 193,292, a change of 0.13% annually from the current year total. Average household size is currently 2.42, compared to 2.44 in the year 2010. The number of families in the current year is 104,323 in the specified area.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

1-, 3- & 5-Mile Demographics

esri

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	1 mile	3 miles	5 miles
Median Household Income			
2015 Median Household Income	$27,857	$29,898	$35,731
2020 Median Household Income	$30,759	$33,242	$39,864
2015-2020 Annual Rate	2.00%	2.14%	2.21%
Average Household Income			
2015 Average Household Income	$37,328	$41,139	$52,042
2020 Average Household Income	$41,927	$46,179	$59,508
2015-2020 Annual Rate	2.35%	2.34%	2.72%
Per Capita Income			
2015 Per Capita Income	$13,344	$15,662	$21,008
2020 Per Capita Income	$14,987	$17,586	$24,025
2015-2020 Annual Rate	2.35%	2.34%	2.72%
Households by Income			

Current median household income is $35,731 in the area, compared to $53,217 for all U.S. households. Median household income is projected to be $39,864 in five years, compared to $60,683 for all U.S. households

Current average household income is $52,042 in this area, compared to $74,699 for all U.S. households. Average household income is projected to be $59,508 in five years, compared to $84,910 for all U.S. households

Current per capita income is $21,008 in the area, compared to the U.S. per capita income of $28,597. The per capita income is projected to be $24,025 in five years, compared to $32,501 for all U.S. households

Housing			
2000 Total Housing Units	12,057	96,197	208,985
2000 Owner Occupied Housing Units	5,302	40,929	88,182
2000 Renter Occupied Housing Units	5,781	46,972	106,571
2000 Vacant Housing Units	974	8,296	14,232
2010 Total Housing Units	12,005	96,366	214,542
2010 Owner Occupied Housing Units	4,567	36,844	83,548
2010 Renter Occupied Housing Units	5,681	47,597	109,079
2010 Vacant Housing Units	1,757	11,925	21,915
2015 Total Housing Units	12,090	97,550	217,890
2015 Owner Occupied Housing Units	4,197	34,609	79,232
2015 Renter Occupied Housing Units	5,705	48,861	112,781
2015 Vacant Housing Units	2,187	14,080	25,877
2020 Total Housing Units	12,120	98,109	219,548
2020 Owner Occupied Housing Units	4,163	34,498	79,260
2020 Renter Occupied Housing Units	5,695	49,140	114,031
2020 Vacant Housing Units	2,262	14,471	26,256

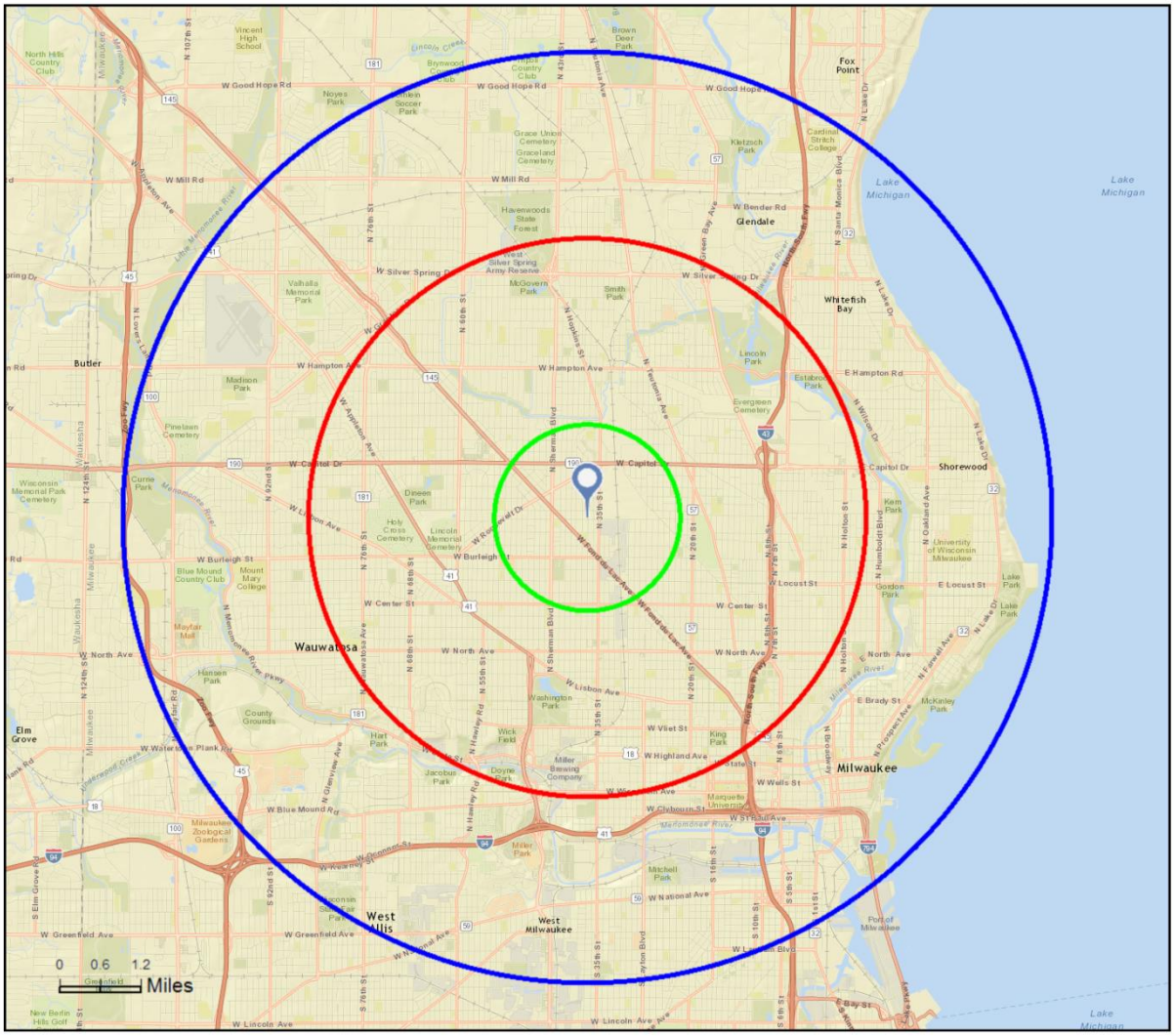
Currently, 36.4% of the 217,890 housing units in the area are owner occupied; 51.8%, renter occupied; and 11.9% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 214,542 housing units in the area - 38.9% owner occupied, 50.8% renter occupied, and 10.2% vacant. The annual rate of change in housing units since 2010 is 0.69%. Median home value in the area is $142,048, compared to a median home value of $200,006 for the U.S. In five years, median value is projected to change by 4.84% annually to $179,910.

Data Note: Income is expressed in current dollars
Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

Site Map

Former Frederick Douglass School
3409 N 37th St, Milwaukee, Wisconsin, 53216
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 43.08129
Longitude: -87.95962



Neighborhood Overview

The subject property is located at the northwest corner of W. Townsend Street and N. 37th Street. Land uses within the neighborhood are generally residential in nature with a large church complex being located adjacent to the north and west of the school property. The major thoroughfares in the area are W. Fond du Lac Avenue about four blocks to the west and W. Capitol Drive about one-half mile to the north.

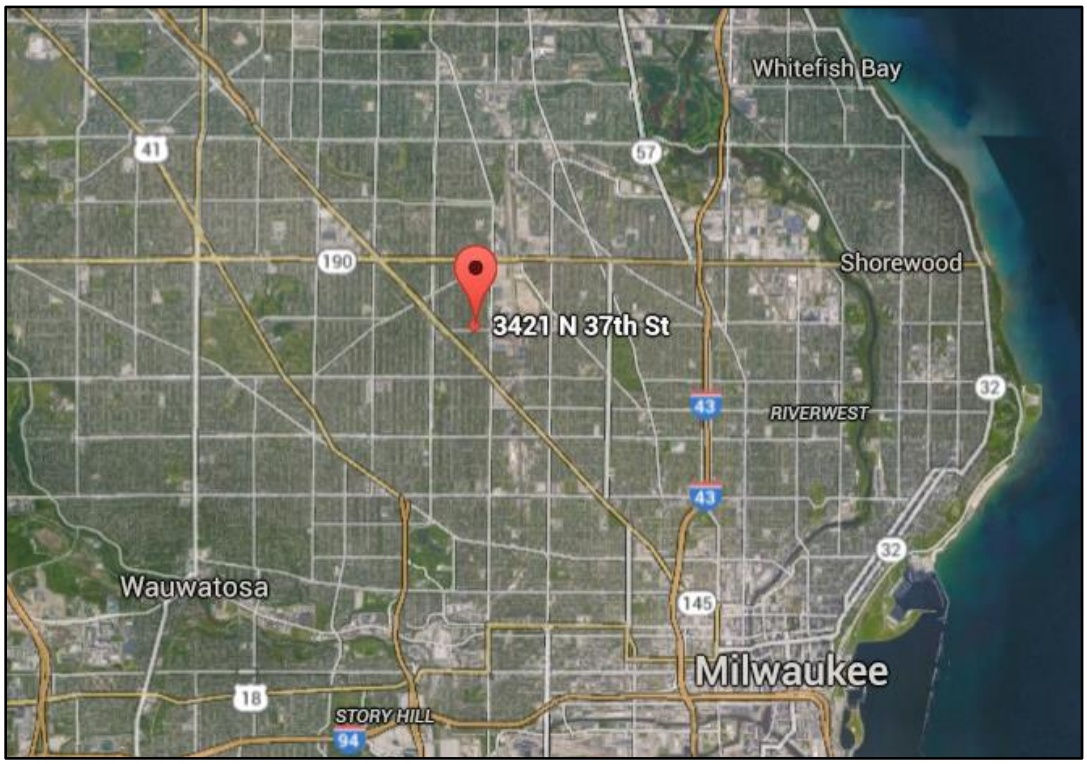
The neighborhood can generally be delineated on a geographic basis as: W. Capitol Drive on the north; N. Sherman Boulevard on the west; W. Burleigh Street on the south; and, N. 35th Street on the east. Uses adjacent to the subject property are summarized as follows:

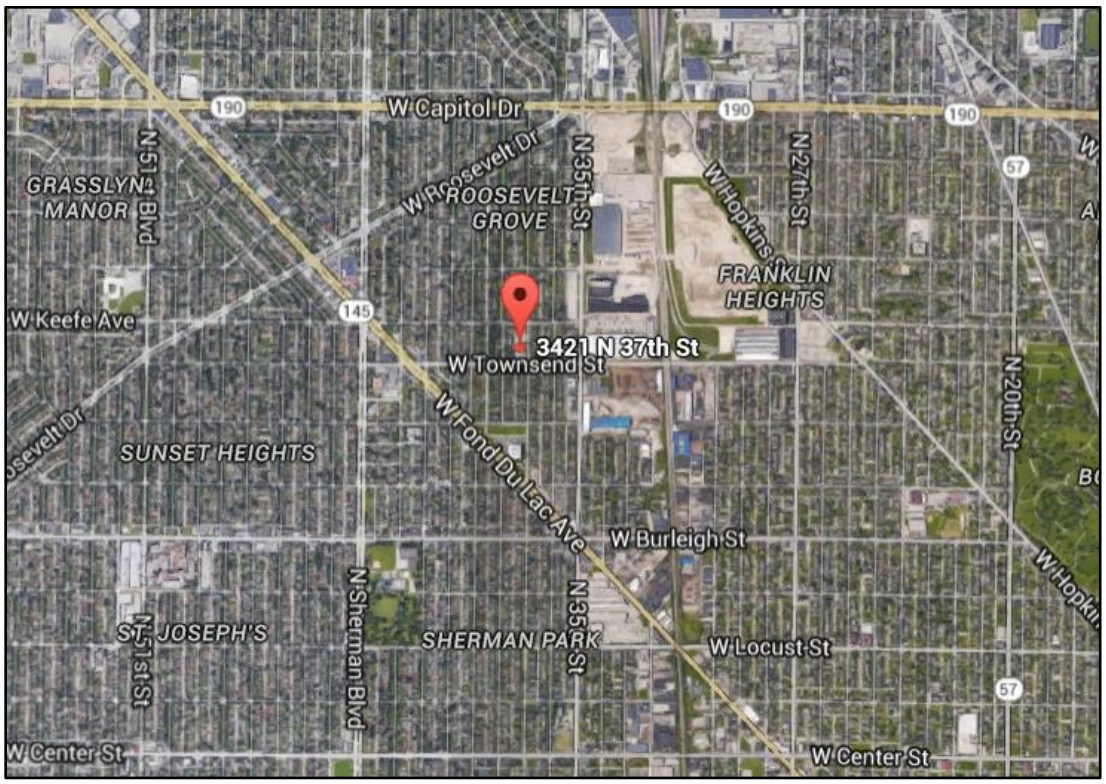
North	Pilgrim Rest Baptist Church complex and residential uses
East	Residential uses with industrial uses along N. 35th Street and beyond.
South	Residential uses
West	Residential uses with commercial and retail uses along W. Fond Du Lac Avenue.

N. 37th Street is a two-lane, two-way fully improved city street; it is asphalt paved, has curbs, gutters, sidewalks, runs north and south and has parking lanes on both sides. W. Townsend Street is a two-way street that runs east and west, perpendicular to N. 37th Street; it is a fully improved city street, with asphalt pavement, curbs, gutters and sidewalks.

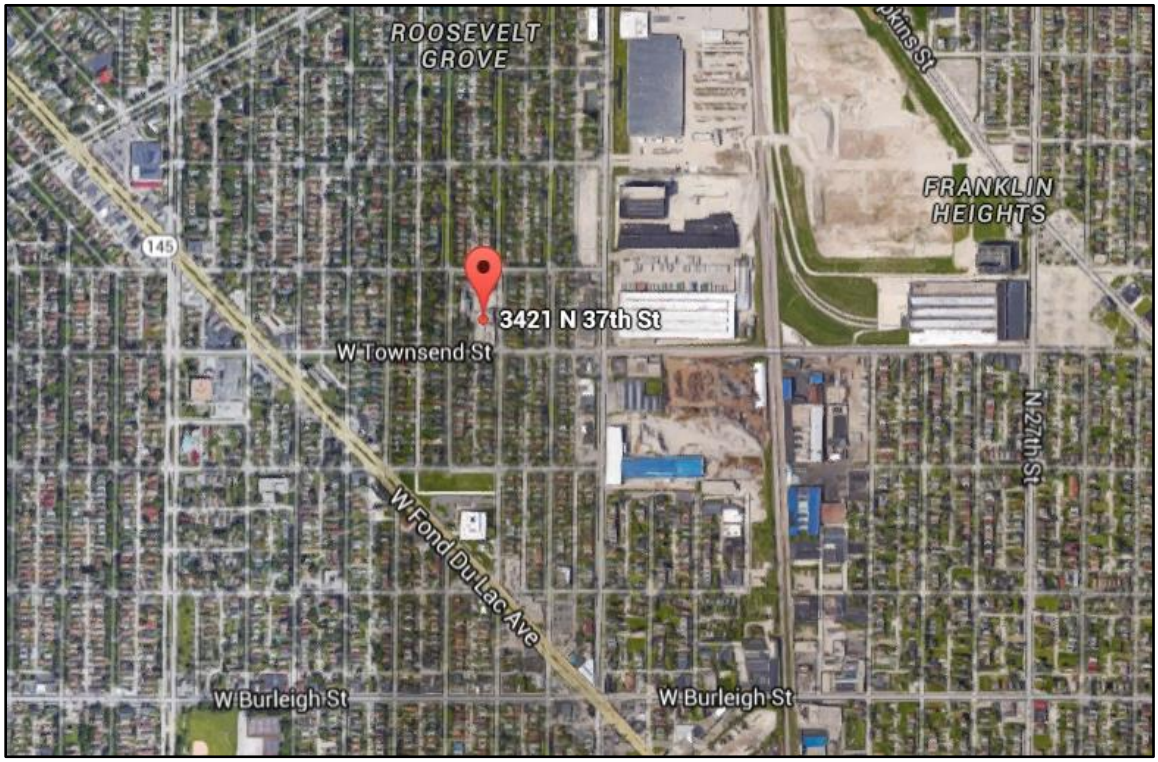
In terms of life cycle, the subject neighborhood is in a mature stage with little land available for development; development and redevelopment are not prevalent. From a development standpoint the subject area is stagnant with no known catalyst driving demand for new development.

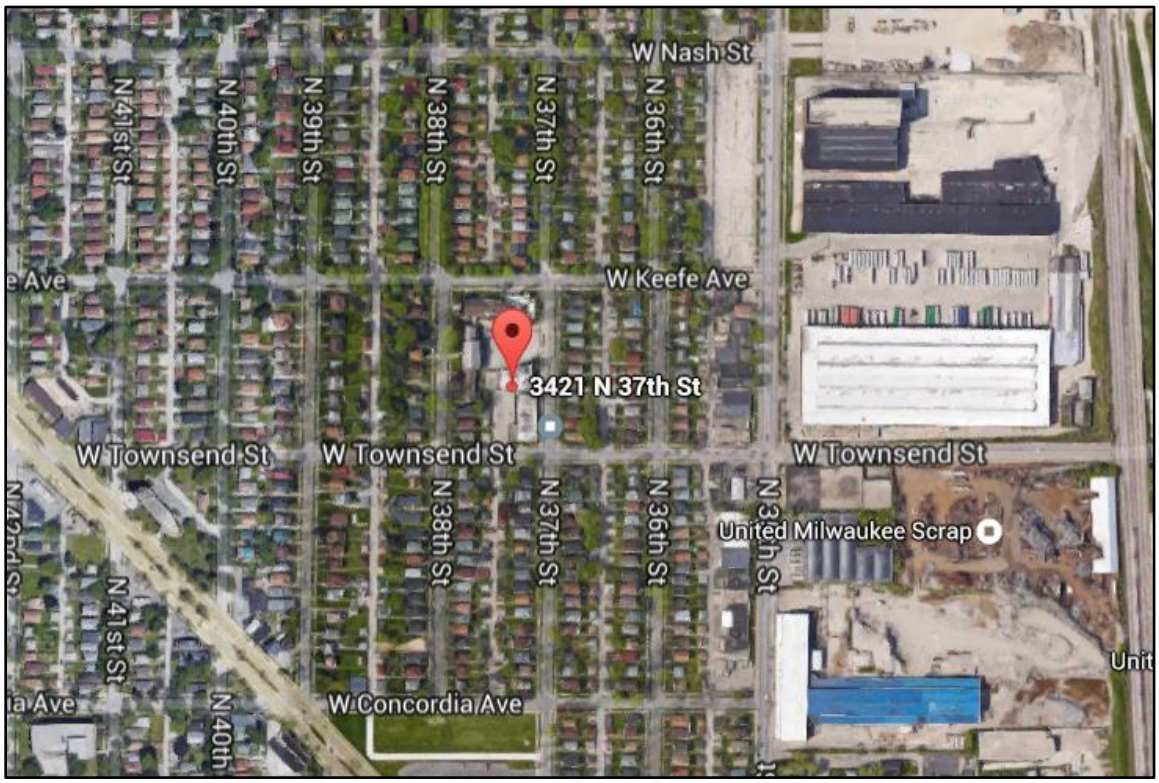
Aerial Photograph of Subject Neighborhood





Aerial Photographs of Subject Neighborhood





Summary of Property Appraised

Size — 1.05 acres

The parcel size was obtained from public records. Although considered reliable, should any future detailed measurements indicate a significant difference in the size, the value of the property may change and we reserve the right to revisit our analyses and amend our opinions.

Shape — Rectangular

Frontage — The property has frontage along the north side of W. Townsend Street and the west side of N. 37th Street as depicted above.

Visibility — The property is visible from both fronting streets.

Topography — The property is at grade with the fronting streets.

Access	As shown in the aerial photograph on the previous page, there is access via N. 37th Street and W. Townsend Street. Access is reasonable for the property's highest and best use.
Utility Services	All municipal utilities including sewer, water, gas, electricity and telephone are available to the site.
Soils	No subsurface investigations were conducted. The Nicholson Group is not responsible for and has not undertaken an investigation of unapparent conditions, and cannot render a definitive opinion about buildability. My conclusion of value is based upon the assumption that there are no hidden or unapparent conditions of the property that might impact upon buildability. We recommend due diligence be conducted through local building department or municipality to investigate buildability and whether property is suitable for intended use. The Nicholson Group makes no representations, guarantees or warranties.
Easements	We are not aware of any other easements which would adversely affect utility or marketability of the site. Standard utility easements likely exist but we have not investigated these. The Nicholson Group cannot guarantee that property is free of encroachments or easements and recommends further investigation and survey.
Site Improvements	The site improvements are common for urban school properties such as asphalt paved parking and playground areas, concrete sidewalks, chainlink fencing, landscaping and signage, among other items. Overall, the site improvements are in fair condition with the asphalt parking area having some cracking and heaving.

Building Improvements

The building improvements are identified and examined to determine functional utility, quality and condition. This overview is based on a physical inspection of the property and review of building floor plans as provided by MPS. Physical attributes of the improvements are summarized on the following two pages.

The gross building area ("GBA") used in this appraisal is 38,036 square feet whereas the GBA as reported by MPS is 45,110 square feet. The appraiser's GBA was based on measurements from reduced building floor plans as provided supplemented with measurements taken during the property inspection. MPS's figures appear to include above-grade open areas. This appraisal has been made under the extraordinary assumption that the appraiser's GBA is correct.

Building Area Summary

Level	GBA	% GBA
Sub-Basement	2,416	6.4%
Basement	19,000	50.0%
First Floor	9,275	24.4%
Second Floor	7,345	19.3%
Total GBA	38,036	100.0%

Building Physical Attributes Summary

Building Use	Former MPS School
Number of Buildings, Stories & Configuration	One, four-story building Sub-Basement – The sub-basement is a small area below the basement that is unfinished and includes building mechanical equipment. Basement Floor – The basement floor is about one-half to two-thirds below grade and is partially exposed with windows. Various classrooms are located throughout the basement floor along with the multi-purpose room, stage, kitchen, storage rooms, and a boiler room. The multi-purpose room, stage, kitchen and some classrooms extend through the first floor with the high ceilings in these areas. Stairways are present at each end of the building. First Floor – The first floor houses classrooms, teacher's lounge, boy's and girl's restrooms and library. Second Floor – The second floor houses various classrooms.
Size (GBA)	GBA: ±38,036 square feet
Year Built, Effective Age and Remaining Economic Life	The building was constructed in 1954 and has an actual age of 62 years. The effective age is estimated at ±60 years. The remaining economic life is near zero years unless and until significant capital expenditures are made for renovating the facility for school use; without such renovation and capital expenditure, the building is not functional for use.
Construction Type	Structural – Appears to be partially reinforced concrete framing, concrete block and brick exterior walls Walls – Brick Floors – Poured concrete slab Roof – Flat with membrane covering and stone ballast in some areas
Ceiling Heights	The ceiling height in the gym is 20'
HVAC	Heating is provided via a hot water steam boiler and furnace located in the basement floor and above the kitchen; there is no air conditioning.
Fire Alarm System	Yes, but the building is not sprinklered.
Elevator	Yes, one elevator which goes from the basement to the second floor
Interior Finish	The interior floor finish generally consists of: terrazzo tile in the hallways with hardwood flooring in the gym; there is carpeting in the library and classrooms. The walls are a mixture of painted drywall and concrete block. Lighting is provided through various ceiling mounted fluorescent and incandescent light fixtures. Large wood and glass doors are prevalent throughout the building.

Handicap Accessibility	Various entrances are available around the school with each floor accessible via elevator which is handicap accessible.
Parking	There is a parking lot located on the west side of the building. Please refer to the aerial photograph on page 21. There is also street parking available.

Condition and Deferred Maintenance

The building is at or near the end of is economic life due to its older age and condition. Items of deferred maintenance were noted at the property during our inspection and include the following:

- Water damaged walls and floors from a pipe bursting near room B13
- Water damaged floors and ceiling areas in lobby from roof leaking. A pipe burst in the lobby which caused the concrete floor to be opened up for repair
- Water damage in administrative office from roof leaking
- Peeling paint in some areas
- Gym floor is severely buckled from water damage caused by the roof leaking and a pipe that burst; the roof was leaking as of the inspection date; floor damage from burst pipe repair
- Ceilings are in poor condition throughout the building because of the roof leaking
- Musty smell throughout building
- Interior cluttered with furniture, supplies and other items
- General cleaning throughout

It is beyond our expertise to identify all items of deferred maintenance and estimate the associated costs to cure. Information on the City of Milwaukee Department of City Development website (see below for the web link) indicates that the 2015 MPS deferred maintenance cost estimate is $137,905; detail was requested from MPS but was not provided. Deferred maintenance costs are a direct deduction from the property value and the MPS cost estimate was used in this appraisal. This appraisal has been made under the extraordinary assumption that the MPS deferred maintenance costs include all significant deferred maintenance items including the items we noticed and that these deferred maintenance costs are complete and accurate.
(http://city.milwaukee.gov/Surplus-School-Properties.htm#.VvwqEvldUk1

Functional Utility	The building is functional for use as an educational facility with adequate capital expenditures; without renovation and capital expenditure, the building is not functional for use. Negative functional issues include: no cafeteria as the gym was utilized as a cafeteria; one bathroom for each gender for entire building; deferred maintenance items; and, below grade educational area. Positive attributes include: a generally functional layout with large classrooms; a large multi-purpose room; kitchen facilities; and, handicapped accessible with an elevator.
Occupancy Status	The property was vacant as of the date of appraisal.
History of Ownership and Property Sales	According to USPAP, an appraiser must analyze all agreements of sale, options, and listings of the subject property current as of the effective date of the appraisal; and, analyze all sales of the subject property that occurred within the three years prior to the effective date of the appraisal. Based on our investigations, the subject property is not currently listed for sale, there are no pending options or agreements of sale associated with the property, and there have been no sales of the property in the past three years.
Identifying Land Description	An identifying land description is contained in Exhibit A. The property can best be identified by its address and tax parcel numbers as presented herein. The identifying land description is assumed to be correct; however, any identifying land description presented in this appraisal report is not and should not be construed as a complete and accurate legal description of the subject property; it should only be used along with the tax parcel number and property address to identify the subject property for appraisal purposes. We do not guarantee or warrant the completeness, correctness or accuracy of the legal description of the subject property as provided and it should not be used for ownership transfer involving the subject property. The appraiser assumes no responsibility for matters legal in character, nor renders any opinions as to the title, which is assumed to be good.
Assessment and Taxes	The property is owned by the City of Milwaukee and is exempt from assessment and real estate taxes.

Zoning

The subject property is zoned RT2, Two-Family Family Residential District, by the City of Milwaukee. A school is a permitted use under the Rt2 zoning. However, it is assumed all necessary permits and approvals were secured and the building was constructed and complies with local zoning ordinances, building codes, and all other applicable regulations.

The existing improvements appear to represent a legally permitted use. However, it is likely that given the building's age, it is not in compliance with building codes and it is assumed that renovation will include bringing the building into code compliance.

The preceding description of the applicable subject zoning is a summary only and is not meant to be complete. The reader is strongly encouraged to obtain and read all applicable ordinances for complete zoning information. We make no guarantees or warranties pertaining to the zoning applicable to the subject property or to any of my interpretations of the zoning ordinance. Furthermore, we do not guarantee or warrant any zoning or building code compliance. If a user of this report has questions relating to the zoning or building codes as they pertain to the subject property, it is strongly recommended that any such user obtain professional zoning and/or building code consultation from a qualified person.

Hazardous Materials

We understand that there are asbestos containing materials ("ACM's") present throughout the building. Milwaukee Public Schools is aware of this and has implemented an asbestos inspection and management plan. It is our understanding and it is an extraordinary assumption that no immediate abatement is necessary. No asbestos abatement costs have been provided by the client or MPS and it is beyond the expertise of the appraisers and beyond the scope of this appraisal to estimate these costs which would decrease value. The property value as concluded herein has not considered any impact on value created by the presence of ACM's in the subject building. We reserve the right to amend our opinions if it is later found that the ACM's present requires immediate abatement and the cost of this abatement becomes known.

A cursory review of public records indicated no other contamination issues and upon physical inspection, no indication "to the untrained eye" of any environmental hazards were apparent. Refer to Exhibit A for information from the Wisconsin DNR BRRTS website regarding the subject property. We assume that there are no unresolved or unknown environmental problems within the boundaries of the subject property. However, an appraiser is not qualified to assess environmental issues and is not considered an expert in this field.

Substances such as asbestos, mold, lead paint, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the property. Unless otherwise stated in this report, the existence of hazardous substances, which may or may not be present on or in the property, was not considered by the appraiser in the development of the conclusion of value. The stated value estimate is predicated on the assumption that there is no material on or in the property that would cause such a loss in value. No responsibility is assumed for any such conditions, and the client and any reader of this report is hereby advised that the appraiser is not qualified to detect such substances or develop the remediation cost.

Full compliance with applicable federal, state, and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in the report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity organization either have been or can be obtained or renewed for any use which the report covers.

Highest and Best Use

Legally Permissible	Legal restrictions involve the public restrictions of zoning and the private restrictions of easements. The property is zoned RT2 District and the permitted uses include a variety of residential and institutional uses. We know of no easements that adversely impact value. The subject school building appears to represent a permitted use under the zoning and is compatible with surrounding land uses. There are no easements that have a negative impact on value. The property as improved appears to represent a legally permissible use.
Physically Possible	Physical aspects of the site impose constraints on possible uses of the property. Size, shape, topography, soils and access are key determinants of physically possible uses. The parcel's size, shape and topography are conducive to development and access is adequate, convenient and suitable. Based on a review of the physical aspects of the site, a variety of uses are possible including the legally permissible uses. The physical layout of the building on the site is designed to provide adequate safety features and allows reasonable ingress and egress from the site and building. The building was constructed in 1954 and has been maintained by MPS. However, the remaining economic life is near zero years unless and until significant capital expenditures are made for renovating the facility for school use; without such renovation and capital expenditure, the building is not functional for use.
Financially Feasible	The continued use of the subject improvements as an educational facility is financially feasible as evidenced by the sales of similar facilities that were purchased for continued educational use. These sales provide market evidence that there has been some market demand for older educational facilities, however, it has not been an overly-active market and there is a very thin pool of potential buyers that would be interested in purchasing a school property such as the subject.

Testing financial feasibility of the property as improved involves determining if the property as improved is more valuable than the underlying land parcel. That is, do the existing improvements add value to the land parcel or is it economically justifiable to demolish the improvements for redevelopment. The value of the property as improved exceeds the value of the underlying land. The existing improvements add value to the land parcel and no other alternative uses could economically justify demolition of the existing improvements.

The appraisal problem and scope of work did not warrant an intensive highest and best use study. Given the nature of the subject real estate, the conclusion of highest and best use was based on logic, observed evidence, and the valuation analyses as summarized within this appraisal report.

Most Productive Use

The most productive use of the property is to maximize its overall value given its legal, locational, physical and economic attributes. The maximally productive use of the subject property is as currently improved and for continued use as an educational facility.

Highest and Best Use

The highest and best use is the use that is legally permissible, physically possible and financially feasible and that generates the highest property value. The highest and best use of the subject property is as currently improved and for continued use as an educational facility under the condition that the deferred maintenance items are repaired and other capital expenditures are made to extend the property's useful life.

Overview of Valuation Procedures

Cost Approach	In the Cost Approach, an estimate is made of the replacement cost new of the improvements. This amount is then adjusted to reflect depreciation resulting from physical deterioration, as well as functional and external obsolescence. The adjusted cost indication is then added to the estimated market value of the land resulting in an indication of value.
Sales Comparison Approach	In the Sales Comparison Approach, similar properties that have recently sold in the market area are analyzed and compared with the property being appraised. Adjustments are typically considered for differences in such factors as property rights conveyed; financing; conditions of sale; market conditions (date of sale); location; size; and, other physical characteristics. Analysis of comparable sales provides a range of unit prices within which the current real estate market is operating and within which the appraised property might be expected to sell.
Income Capitalization Approach	The Income Capitalization Approach involves forecasting the income and expenses of the subject property based on analysis of comparable rentals and market trends, and obtaining capitalization or discount rates from the market to convert the financial forecasts into value estimates.
Approaches Used	As discussed in the scope of work section of this report, only the Sales Comparison Approach has been used.

Sales Comparison Approach

Introduction

In the Sales Comparison Approach to valuation, similar properties that have recently sold in the market area are analyzed and compared with the property being appraised. Adjustments are considered for such factors as property rights conveyed, financing, conditions of sale, market conditions (date of sale), location and physical characteristics of the property as compared to the subject property.

Comparable Sales

The following key attributes were considered in selecting the most appropriate comparable sales to use in valuing the property:

Property Type – Owner-user school buildings acquired for educational use

Property Rights – Fee simple estate

Location – Metropolitan Milwaukee

Sale Date – 2012 to present, that is, sales that occurred under market conditions generally similar to current market conditions.

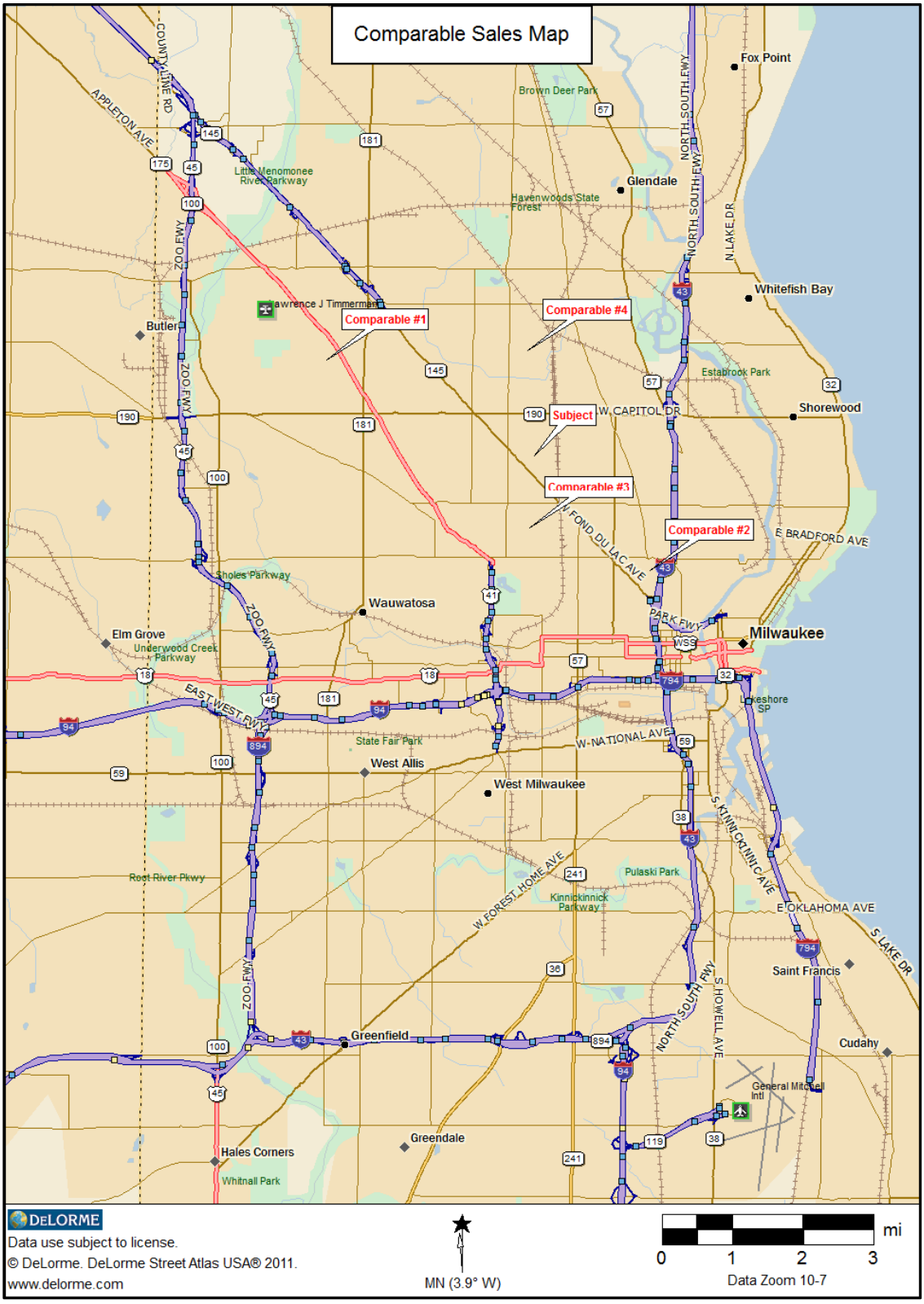
Building Size – 50,000+ square feet of GBA

Condition/Age – Older buildings in generally similar observed condition.

The subject property is unique in that former school buildings do not sell frequently. Based on the parameters outlined above, the comparable sales summarized on the following page were selected; a map showing their locations is presented on the subsequent page. These comparables are presented in detail in Exhibit B. In our opinion, these comparables are the best available and are reliable indicators of value for the subject property after appropriate comparative analysis considerations.

Comparable Sales Summary

Comp.	Property Type/Name Address City	Sale Price Sale Date	GBA (Sq. Ft.) Price/Sq. Ft.	Year Built # Stories	Land Area nd-to-Building Ratio ("LBR")
Subject	Former Frederick Douglass School 3409 N. 37th Street Milwaukee	23-Mar-16	38,036 sq. ft.	1954 Three (Two Above Grade & One Partially Below Grade)	1.050 acres 1.2 LBR
1	Hmong American Peace Academy 4601 N. 84th Street Milwaukee	$2,770,000 Feb-13	163,000 sq. ft. $16.99 /sq. ft.	1961-1963 One & Four (Three Above Grade & One Below Grade)	14.595 acres 3.9 LBR
	Buyer: Hmong American Peace Academy, Ltd. Seller: City of Milwaukee Public Schools				
2	Milwaukee College Prep School- Lloyd Street Campus 1228 W. Lloyd Street Milwaukee	$1,200,000 Jul-12	73,397 sq. ft. $16.35 /sq. ft.	1908, 1957, 2010 One & Three (Two Above Grade & One Partially Below Grade)	4.979 acres 3.0 LBR
	Buyer: M.C. Preparatory School of Wisconsin, Inc. Seller: City of Milwaukee Public Schools				
3	Milwaukee College Prep School- 38th Street Campus 2623 N. 38th Street Milwaukee	$1,220,000 Jul-12	73,975 sq. ft. $16.49 /sq. ft.	1911, 1914, 1972 Three (Two Above Grade & One Partially Below Grade)	2.775 acres 1.6 LBR
	Buyer: M.C. Preparatory School of Wisconsin, Inc. Seller: City of Milwaukee Public Schools				
4	Ceria M. Travis Academy 4700 N. 39th Street Milwaukee	$740,000 May-12	91,677 sq. ft. $8.07 /sq. ft.	1930-1950, 1953, 1958 Parts One, Two & Three in Three Buildings	2.780 acres 1.3 LBR
	Buyer: Ceria M. Travis Academy, Inc. Seller: Saint Catherine Congregation				


Comparable Sales Map
Comparable #1
Comparable #2
Comparable #3
Comparable #4
Subject
Fox Point
Brown Deer Park
Glendale
Havenwoods State Forest
Whitefish Bay
Estabrook Park
Shorewood
Butler
Wauwatosa
Elm Grove
Underwood Creek Parkway
Sholes Parkway
Milwaukee
State Fair Park
West Allis
West Milwaukee
Root River Pkwy
Pulaski Park
Kinnickinnick Parkway
Saint Francis
Cudahy
Greenfield
Greendale
Hales Corners
Whitnall Park
General Mitchell Intl
Little Menomonee River Parkway
APPLETON AVE
COUNTY LINE RD
ZOO FWY
NORTH SOUTH FWY
N LAKE DR
W CAPITOL DR
E BRADFORD AVE
W FOND DU LAC AVE
PARK FWY
EAST WEST FWY
W NATIONAL AVE
S KINNICKINNIC AVE
E OKLAHOMA AVE
S LAKE DR
W FOREST HOME AVE
S HOWELL AVE
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Comparable 1 – This is the February, 2013 sale of a ±163,000 square foot school building located along the west side of N. 84th Street, south of Hampton Avenue in the City of Milwaukee that sold for $2,770,000, or $16.99 per square foot of building area. The masonry building is a one and four story (three stories above grade and one partial story below grade) school building that was constructed between 1961 and 1963 and is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools; the building was formerly operated as the Samuel Morse Middle School. The grantee in this transaction operates a PK3-12 charter school at this building known as The Hmong American Peace Academy.

Comparable 2 – This is the July, 2012 sale of the ±73,397 square foot Lloyd Street School located along the north side of W. Lloyd Street, just south of W. North Avenue in the City of Milwaukee. The property sold for $1,200,000, or $16.35 per square foot of building area. The masonry building is a one and three story (two stories above grade and one story partially below grade) school building that was constructed in multiple phases in 1908, 1957 and 2010; it is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools. The grantee in this transaction operates a charter school at this building.

Comparable 3 – This is the July, 2012 sale of the former ±73,975 square foot 38th Street School located at the northwest corner of N. 38th Street and W. Clarke Street in the City of Milwaukee that sold for $1,220,000, or $16.49 per square foot of building area. The masonry building is a three story (two stories above grade and one story partially below grade) school building that was originally constructed in 1911 with additions occurring in 1914 and 1972; it is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools; the building was formerly operated as the 38th Street School. The grantee in this transaction operates a charter school at this building.

Comparable 4 – This is the May, 2012 sale of the former ±91,677 square foot Blessed Trinity Catholic School and religious complex located at the northeast corner of N. 39th Street and W. Courtland Avenue in the City of Milwaukee that sold for $740,000, or $8.07 per square foot of building area. The grantor in this transaction joined another parish and no longer needed this facility. The property is improved with three buildings. On the southern end of the property there is a ±30,059 square foot church that was constructed in 1958. Attached to the church is a small ±4,800 square foot office/rectory building. North of the church is a ±17,171 square foot convent facility that was constructed in 1953. North of the convent building is a ±39,647 square foot school building that was constructed over time between 1930 and 1950. The grantee in this transaction operates a charter school at this building known as The Ceria M. Travis Academy.

Unit of Comparison

The sale prices of the comparables were analyzed on a per square foot of GBA basis.

Valuation Discussion

Capital Expenditures/Deferred Maintenance – No adjustments were required for deferred maintenance.

Property Rights Conveyed – The comparable sales represented transfers of their fee simple estates; therefore, no sale price adjustments for ownership rights were required.

Financing Terms - No adjustments were required for financing.

Conditions of Sale – Comparable 1 sold under a land contract agreement. It is our understanding that the sale price in this transaction was based on a recent appraisal of the property. Comparables 2 and 3 were also sold by the City of Milwaukee Public Schools ("MPS") at sale prices equal to the concluded values of recent appraisals. These two comparables were warranty deed transactions that were financed at market terms. Comparables 1, 2, and 3 all were sold by MPS at their appraised market value indicating that the terms of Comparable 1's land contract agreement had no impact on sale price. Therefore, no adjustment was made to the sale price of Comparable 1 for conditions of sale.

Comparable 4 was listed as an REO sale; the bank had to agree to release the grantor in this transaction from their mortgage. An appraisal of this property at the time of sale was made at an appraised value of $850,000. Based on a sale price of $740,000, an upward conditions of sale adjustment of $110,000 is appropriate to reflect the impact that the motivated seller had on this transaction.

No adjustments were warranted to Comparables 2 and 3 for conditions of sale.

Market Conditions (Time) – No adjustments were made for market conditions as the comparables sold between May, 2012 and February, 2013. In our opinion old school properties do not appreciate overtime like other types of real estate due to their older age and the thin buyer market that exists.

Locational & Physical Attributes – Each of the comparable sales was compared and contrasted to the subject property relative to the locational and physical attributes that the drive value. The following are discussions of the characteristics of the comparables that differ from the subject property thereby necessitating adjustment. A summary of this analysis is presented in an adjustment grid format on page 42.

Building Age/Condition - The average condition and age of a property is reflected in its sale price. Based on our experience, once a property reaches ±20 years of age and/or has undergone substantial renovation, the condition/age adjustment cannot be quantified based on the number of years difference in the age of the comparable sales versus the subject property. Rather, condition is based upon observational comparisons and the adjustment is made based on a more subjective basis.

Each of the comparables was researched and inspected to ascertain condition at the date of sale. The condition of the subject property reflects the deferred maintenance items being repaired under the extraordinary assumption as previously described. Based on the age and condition of the comparables relative to the subject property, the following adjustments were concluded as being appropriate: Comparable 1 is superior to the subject property and received a downward -25% adjustment; and, Comparables 2, 3 and 4 are also superior to the subject property and received downward -15% adjustments.

Building Size – On a per square foot basis, smaller properties cost more to construct than larger properties and typically sell for more per square foot as well. Likewise, larger properties cost less to construct and typically sell for less per square foot. At ±163,000 square feet of GBA, Comparable 1 is much larger than the subject's ±38,036 square feet making it inferior for this factor; an upward adjustment of +20% has been made. At ±73,397 square feet, ±73,975 square feet and ±91,677 square feet, Comparables 2, 3 and 4 are similar to the subject's building size and no adjustments are warranted.

Overall Functional Utility – Factors considered as part of overall functional utility include lower level, number of buildings, number of stories and building layout. The subject is a three story building with a partially exposed lower level and sub-basement; Comparables 1, 2 and 3 are two and three story buildings with partially exposed lower levels. Partially exposed lower level area is less desirable and has lower contributory value than above grade space; furthermore, the building mechanical systems are typically in the lower level and are in unfinished areas. The lower level area has a contributory value of 75% of above ground area. The adjustment calculations on the following page quantify the difference in lower level functional utility between the subject and Comparables 1, 2 and 3; the applicable adjustments are also shown.

Comparable 4 is a former school and religious complex comprised of three buildings: a church/office/rectory building; a convent building; and a school building. Comparable 4's GBA also includes ±7,600 square feet of unfinished basement space. The grantee in this transaction operates a charter school at this property, which is its highest and best use. The ±39,647 square foot school building is a highly functional building while the church/rectory/convent space is significantly less functional/useable. The functional utility adjustment was calculated considering that church/rectory/convent space is less valuable than school space with this space concluded at 25% of the contributory value of school space. It has also been concluded that the unfinished basement space contributes 10% of the contributory value of the school space. The functional utility adjustment for Comparable 4 is calculated as presented on the following table. Note that the adjustment considers both Comparable 4's inferior building area functionality and multi-building layout.

Functional Utility Adjustment Calculations

	GBA (Sq. Ft.)	% of Total GBA		Contributory Value		Functional Utility Factor
Subject						
Above Grade Building Area	16,620	43.7%	x	100%	=	43.7%
Below Grade Building Area, Exposed	21,416	56.3%	x	75%	=	42.2%
	38,036	100.0%				85.9%
Comparable 1						
Above Grade Building Area	154,850	95.0%	x	100%	=	95.0%
Below Grade Building Area, Exposed	8,150	5.0%	x	75%	=	3.8%
	163,000	100%				98.8%
				Indicated Adjustment (1)		-13.1%
					Rounded	-13%
Comparable 2						
Above Grade Building Area	53,660	73.1%	x	100%	=	73.1%
Below Grade Building Area, Exposed	19,737	26.9%	x	75%	=	20.2%
	73,397	100%				93.3%
				Indicated Adjustment (1)		-7.9%
					Rounded	-8%
Comparable 3						
Above Grade Building Area	51,873	70.1%	x	100%	=	70.1%
Below Grade Building Area, Exposed	22,102	29.9%	x	75%	=	22.4%
	73,975	100%				92.5%
				Indicated Adjustment (1)		-7.1%
					Rounded	-7%
Comparable 4						
Above Grade Building Area	39,647	43.2%	x	100%	=	43.2%
Below Grade Building Area, Exposed	0	0.0%	x	75%		0.0%
Church/Rectory/Convent Area	44,430	48.5%	x	25%		12.1%
Unfinished Basement Area	7,600	8.3%	x	10%	=	0.8%
	91,677	100%				56.1%
				Indicated Adjustment (1)		53.1%
					Rounded	53%

Functional Utility – School Use – Numerous factors were considered when analyzing the overall comparability as a school use of each of the comparable sales versus the subject property. These factors include gymnasium, cafeteria, auditorium, kitchen and multi-purpose room, among others. Each of the comparables was compared to the subject with respect to these physical attributes, a summary of which is presented below. The applied sale price adjustments are also shown in the bottom row of the summary table.

Functional Utility - School Use
Overall Comparability Analysis

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Factor of Comparison					
Gymnasium	Yes, Adequate	Yes, 2 Gyms	Yes, Adequate	Yes, Adequate	None
Comparability	Multi-Purpose Room	Similar	Similar	Similar	Inferior
Cafeteria	None	Yes	Yes	None	Yes, Church Basement
Comparability	(Uses Gym/Multi-Purpose Room)	Superior	Superior	Similar	Slightly Superior
Auditorium	None	Yes	None	None	None
Comparability	(Stage in Gymnasium)	Superior	Similar	Similar	Similar
Kitchen	Adequate, Fair Condition	Adequate, Good Condition	Adequate, Good Conditon	Adequate, Good Conditon	Adequate, Good Conditon
Comparability	-	Superior	Superior	Superior	Superior
Multi-Purpose Room	None	None	None	None	Yes
Comparability	(In Gymnasium)	Similar	Similar	Similar	Similar
Handicap Accessibility	Partially Adequate (Elevator)	Adequate	Adequate	1st Floor Only	Adequate
Comparability	-	Similar	Similar	Similar	Similar
Elevator	Yes	Yes	Yes (Added 2010)	None	Yes
Comparability	-	Similar	Similar	Inferior	Similar
Restrooms	1 of each, Large on 1st Floor	Numerous on Each Floor	2 Large on Ground Floor 3 Small on 1st Floor	2 Large on Ground Floor 1 Large on 2nd Floor	Multiple
Comparability	-	Superior	Superior	Superior	Superior
Overall Comparability		Highly Superior	Superior	Slightly Superior	Slightly Superior
Concluded Adjustment		-20%	-15%	-10%	-5%

Land-to-Building Ratio – The land-to-building ratio ("LBR") of a property provides an indication of whether or not there is enough space for parking and whether or not there is surplus land for expansion. For school properties, it also suggests whether there is adequate outdoor playground area. The LBR is calculated by dividing a property's land area in square feet by the property's building square feet of GBA. The adjustments are summarized in the table below.

Land-To-Building Ratio Adjustment Calculation

Comp #	Land-to-Building Ratio Comp's	Subject	Diff.		Comp's GBA		Surplus Land Area		Surplus Land Value		Sale Price Adjustment: Surplus Value	$/Sq.Ft. Building		Comp's Adj'd Price		Adjustment
					sq. ft.		sq. ft.		$/sq. ft.			$/sq. ft.		$/sq. ft.		
1	3.9	1.2	2.7	x	163,000	=	440,100	x	$0.50	=	($220,050)	($1.35)	÷	$16.99	=	-7.9%
														Rounded		-10.0%
2	3.0	1.2	1.8	x	73,397	=	132,115	x	$0.50	=	($66,058)	($0.90)	÷	$16.35	=	-5.5%
														Rounded		-5.0%
3	1.6	1.2	0.4	x	73,975	=	29,590	x	$0.50	=	($14,795)	($0.20)	÷	$16.49	=	-1.2%
														Rounded		0.0%
4	1.3	1.2	0.1	x	91,677	=	9,168	x	$0.50	=	($4,584)	($0.05)	÷	$9.27	=	-0.5%
														Rounded		0.0%

Summary of Adjustments

The adjustments made to the sale prices per unit of the comparables are summarized in an adjustment grid presented on the following page.

Sales Adjustment Grid

Subject Property:	Former Frederick Douglass School
Address:	3409 N. 37th Street
City, State:	Milwaukee, WI
Property Size (GBA):	38,036 Sq. Ft.

		1	2	3	4
Property Address		4601 N. 84th Street	1228 W. Lloyd Street	2623 N. 38th Street	4700 N. 39th Street
Municipality		Milwaukee	Milwaukee	Milwaukee	Milwaukee
Building GBA (Sq. Ft.)		163,000 sq. ft.	73,397 sq. ft.	73,975 sq. ft.	91,677 sq. ft.
Sale Price		$2,770,000	$1,200,000	$1,220,000	$740,000
Deferred Maintenance		+ $0	+ $0	+ $0	+ $0
Adjusted Sale Price		$2,770,000	$1,200,000	$1,220,000	$740,000
	$/Sq.Ft.	$16.99	$16.35	$16.49	$8.07
Property Rights Conveyed					
Adjustment		$0	$0	$0	$0
Adjusted Sale Price		$2,770,000	$1,200,000	$1,220,000	$740,000
Financing Terms					
Adjustment		$0	$0	$0	$0
Adjusted Sale Price		$2,770,000	$1,200,000	$1,220,000	$740,000
Conditions of Sale					
Adjustment		$0	$0	$0	$110,000
Adjusted Sale Price		$2,770,000	$1,200,000	$1,220,000	$850,000
Market Conditions					
Appraisal Date		Mar-16	Mar-16	Mar-16	Mar-16
Comparable Sale Date		- Feb-13	- Jul-12	- Jul-12	- May-12
Years Since Sale		3.14 years	3.72 years	3.72 years	3.85 years
Adj. Factor @ 0%		x 1.00	x 1.00	x 1.00	x 1.00
Adjusted Sales Price		$2,770,000	$1,200,000	$1,220,000	$850,000
Unit of Comparison (Sq. Ft.)		÷ 163,000	÷ 73,397	÷ 73,975	÷ 91,677
Adjusted Price/Sq. Ft.		$16.99 / sq. ft.	$16.35 / sq. ft.	$16.49 / sq. ft.	$9.27 / sq. ft.
Locational & Physical Comparison					
Overall Location		*Comparable*	*Comparable*	*Comparable*	*Comparable*
Access/Visibility		*Comparable*	*Comparable*	*Comparable*	*Comparable*
Building Age/Condition		*Superior* -25%	*Superior* -15%	*Superior* -15%	*Superior* -15%
Building Size		*Inferior* 20%	*Comparable*	*Comparable*	*Comparable*
Construction Type		*Comparable*	*Comparable*	*Comparable*	*Comparable*
Functional Utility - Overall		*Superior* -13%	*Superior* -8%	*Superior* -7%	*Inferior* 53%
Functional Utility - School Use		*Superior* -20%	*Superior* -15%	*Superior* -10%	*Superior* -5%
Land-to-Building Ratio		*Superior* -10%	*Superior* -5%	*Comparable*	*Comparable*
Adjusted Price/Sq. Ft.		$8.83 / sq. ft.	$9.32 / sq. ft.	$11.21 / sq. ft.	$12.33 / sq. ft.

Indicated Value

Because of the nature of the adjustments, the adjusted unit price for each sale is not to be interpreted as the value of the subject, but part of a range within which the subject's value is expected to fall. The comparable sales have adjusted sale prices per square foot ranging from $8.83 to $12.33; the average and median adjusted per square foot prices are $10.42 and $10.27, respectively.

Comparables 1, 2 and 3 are all sales of school buildings located in the City of Milwaukee to educator-operators and provide good market evidence for the value of the subject property after appropriate adjustments are made. Comparable 4 is a sale of a school/religious facility also located in the City of Milwaukee. Comparables 1, 2 and 3 are generally similar from a physical standpoint and were adjusted for their differences. Comparable 4 was included as it is a sale where the grantor was not MPS and offers support for the concluded per square foot value of the subject property. All of the comparables occurred since mid-2012 under market conditions generally similar to the market conditions as of the appraisal date.

It is our opinion that the most probable sales price for the property, prior to deduction for deferred maintenance, is reasonably represented at $10.00 per square foot of building area. As previously discussed, the deferred maintenance amount was deducted from the indicated value resulting in the as-is market value of the property, calculated as shown below.

Value Conclusion

Concluded Value per Sq. Ft.		$10.00	/sq. ft.
Subject Property Building Area	x	38,036	sq. ft.
Market Value		$380,360	
Rounded		$380,000	
Deferred Maintenance per MPS	-	$137,905	
Indicated Value		$242,095	
Rounded		$240,000	

Correlation & Conclusion

In the reconciliation of the three approaches to value, the quantity and quality of the data under each approach was considered as was the advantages and/or disadvantages of each approach and the relevance of each to the subject property and appraisal problem.

The Sales Comparison Approach is the most applicable approach to arriving at an indicated value of the subject property and was the only approach to value used in this appraisal. The Sales Comparison Approach utilized comparable fee simple (i.e. owner-user) school building sales that were purchased for operation of a school which represent theoretical acquisition alternatives, an analysis of which should provide a reliable indication of value. Recent sales of school buildings located in the subject's market area were analyzed, compared and contrasted to the subject property. These comparables are the best available sales to use in this valuation analysis. Adjustments to the sales were reasonable and were substantiated with market evidence and logical rationale. The concluded value by the Sales Comparison Approach was considered credible and reliable.

It is our opinion that the market value of the fee simple estate in the property as of March 23, 2016, under the extraordinary assumptions as stated herein, is:

Two Hundred Forty Thousand Dollars
$240,000

EXHIBIT A

Subject Photographs and Property Information

Subject Photographs (3/23/2016)
Exterior

Looking northwest from the corner of W. Townsend Street & N. 37th Street

Looking west from N. 37th Street

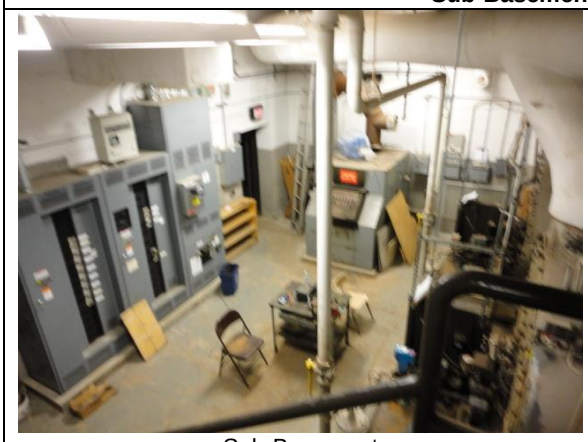
Looking south from north parking lot

Looking south from north parking lot

Looking northeast from W. Townsend Street

Looking easterly from west parking lot

Subject Photographs (3/23/2016)
Sub-Basement and Basement



Sub-Basement

Classroom

Classroom

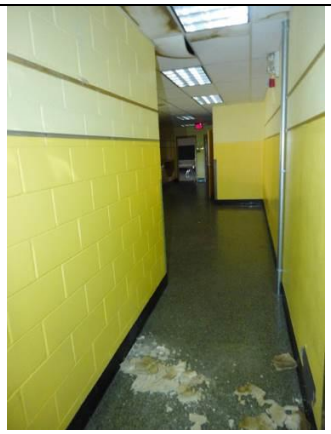
Lobby

Gym/Multi-purpose room

Kitchen

Subject Photographs (3/23/2016)
First Floor

Library



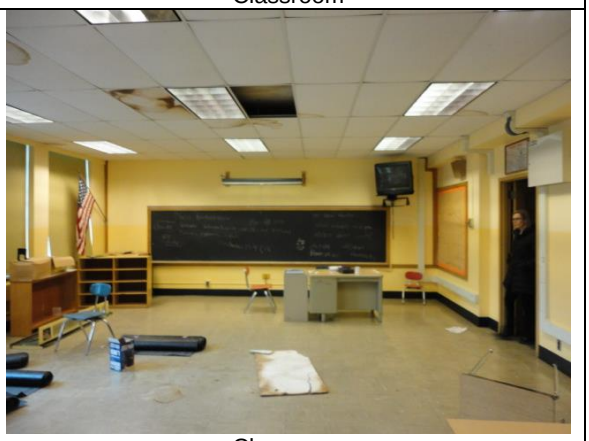
Hallway

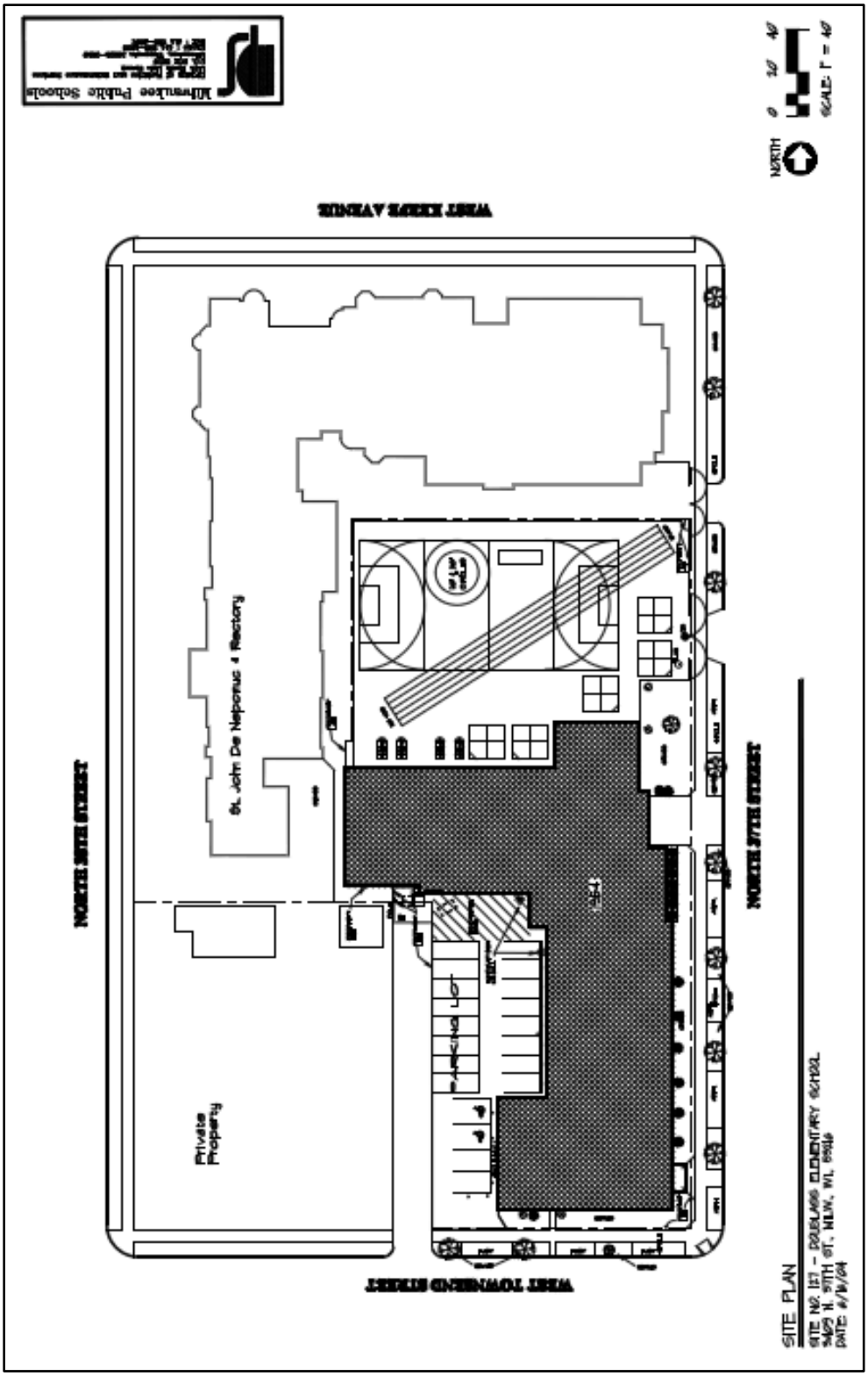
Classroom

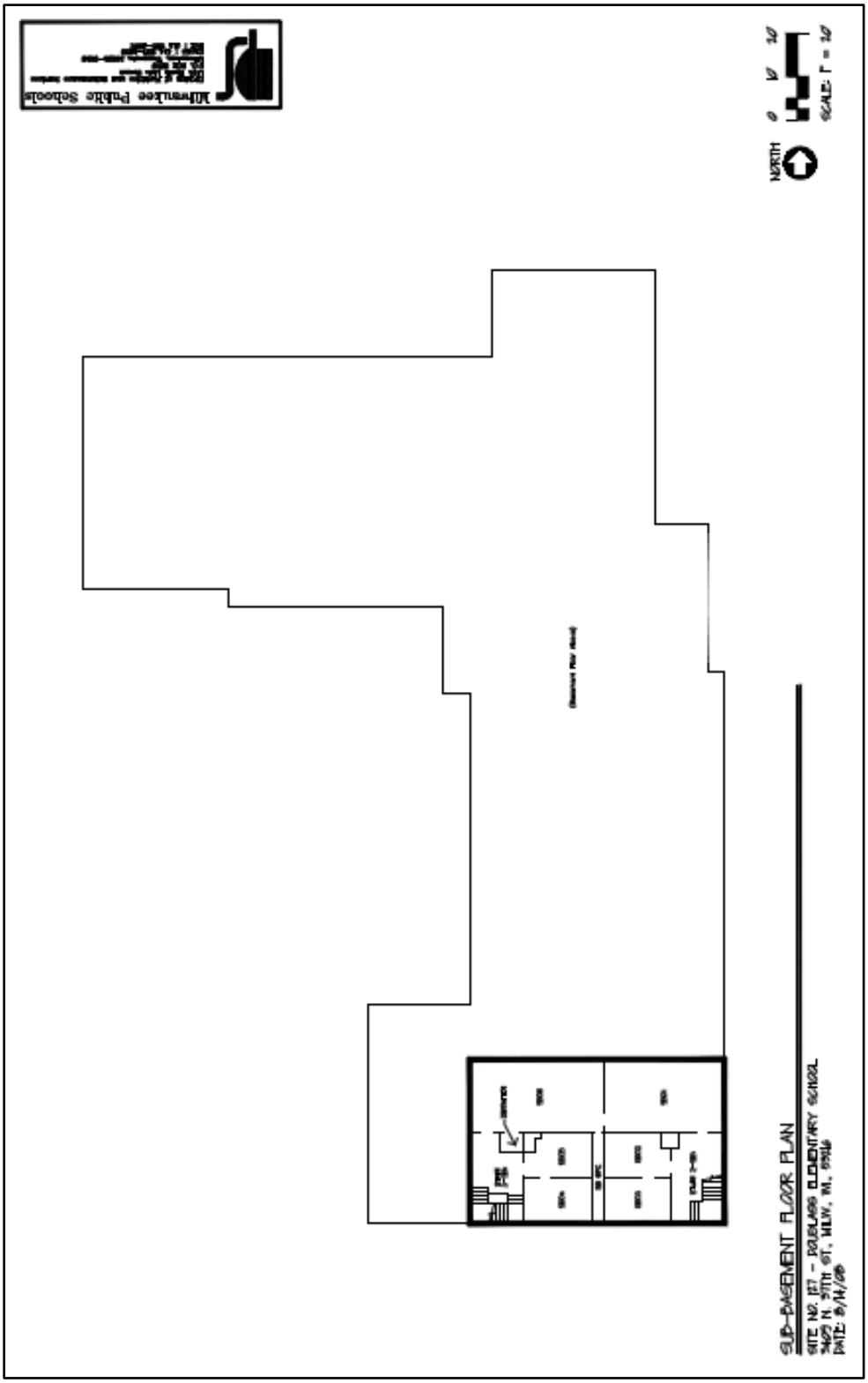
Classroom

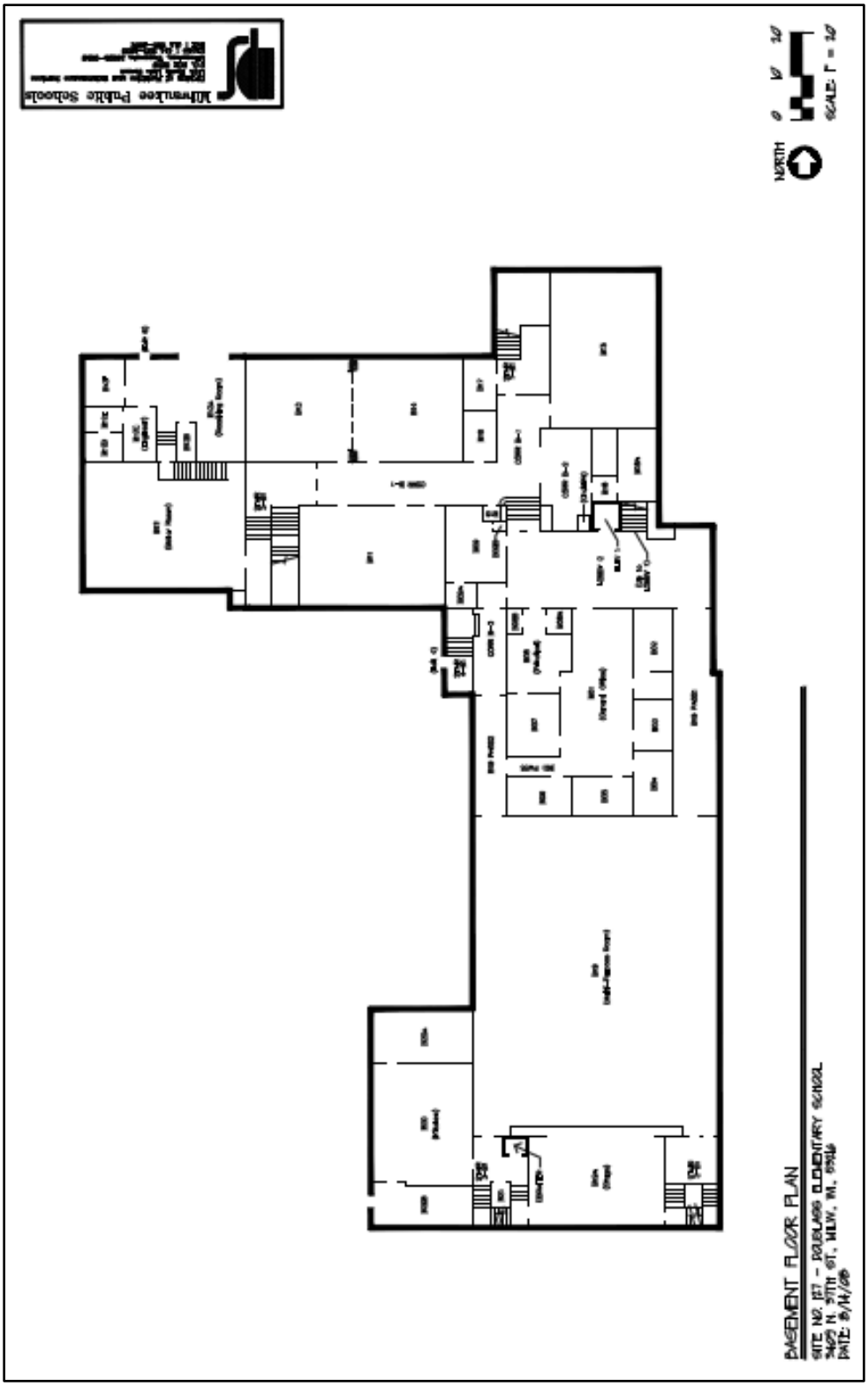
Classroom

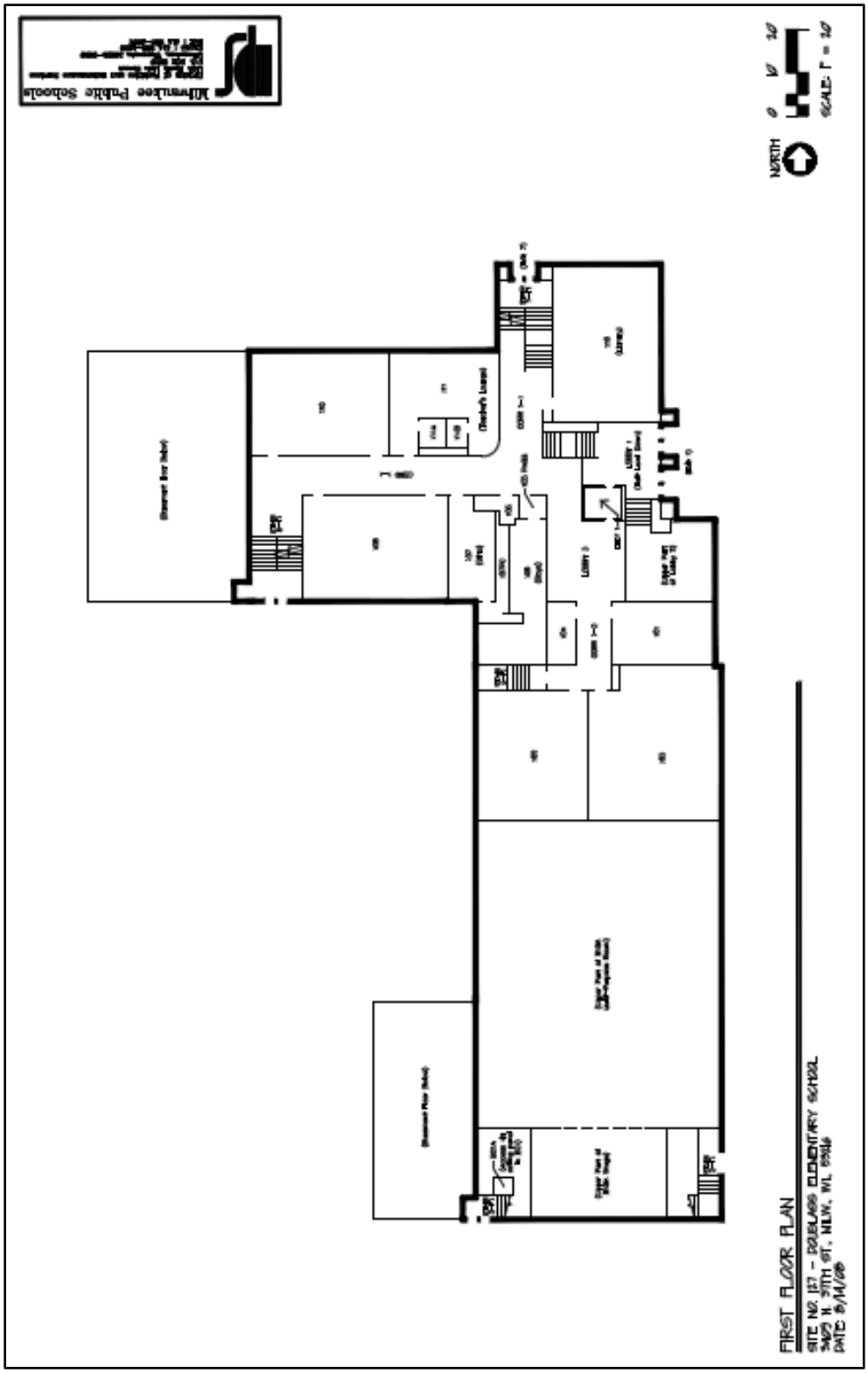
Hallway

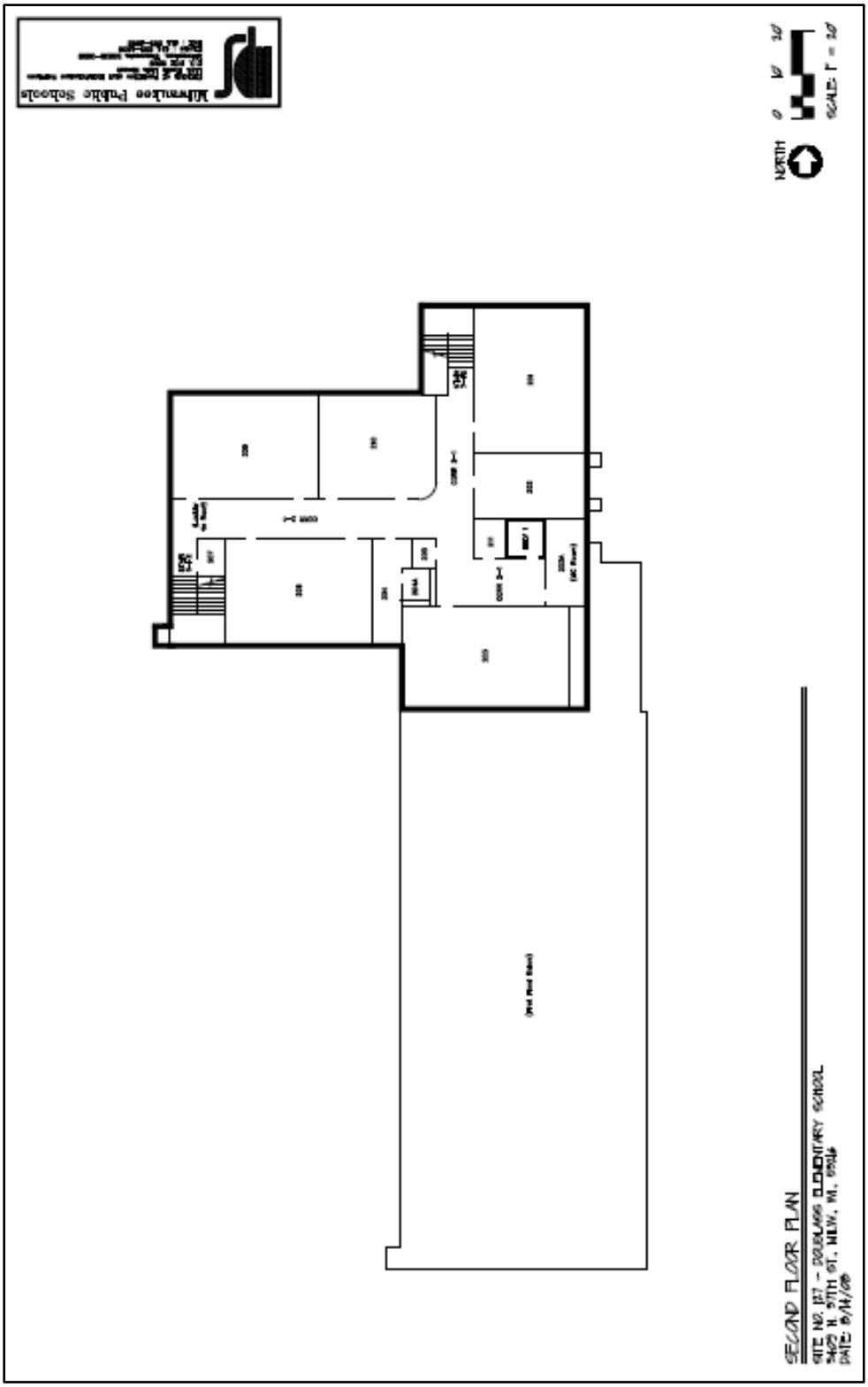
Subject Photographs (3/23/2016) Second Floor	
 Hallway	 Classroom
 Nurse's room	 Classroom
 Ceiling tiles	 Roof


Milwaukee Public Schools
NORTH
SCALE: 1" = 40'
WEST KEEFE AVENUE
NORTH 8TH STREET
St. John De Neponuc + Rectory
Private Property
PARKING LOT
NORTH 9TH STREET
WEST TOWNSEND STREET
SITE PLAN
SITE NO. 157 - DOUGLASS ELEMENTARY SCHOOL
9400 N. 95TH ST., MILW., WI. 53225
DATE: 4/8/04


Milwaukee Public Schools
NORTH
0 10' 20'
SCALE: 1" = 20'
SUB-BASEMENT FLOOR PLAN
SITE NO. 127 - DOUGLASS ELEMENTARY SCHOOL
3469 N. 37TH ST., MILW., WI. 53216
DATE: 8/14/06


Milwaukee Public Schools
NORTH
SCALE: 1" = 30'
BASEMENT FLOOR PLAN
SITE NO. 127 - DOUGLASS ELEMENTARY SCHOOL
3609 N. 37TH ST., MILW., WI. 53216
DATE: 8/14/08


Milwaukee Public Schools
NORTH
SCALE: 1" = 30'
FIRST FLOOR PLAN
SITE NO. 187 – DOUGLASS ELEMENTARY SCHOOL
3620 N. 37TH ST., MILW., WI. 53216
DATE: 8/14/08


Milwaukee Public Schools
NORTH
SCALE: 1" = 30'
SECOND FLOOR PLAN
SITE NO. 127 - DOUGLASS DOUGLAS/ARY SCHOOL
3620 N. 37TH ST., MILW., WI. 53216
DATE: 8/14/08

School Name/ Year property declared surplus by MPS	Address	Building SF/ Classroom SF/No. of classrooms	Facility condition index (2011 MPS estimate)	Deferred maintenance (2015 MPS estimate)	Letters of interest due to City Clerk	Letters of interest received as of 1/12/16*
37th Street/ 2015 Plans Photos History	1715 N. 37th St.	62,555/ 21,600/25	25.6%	$414,443	2/25/2016	1
**68th Street Plans Photos	6720 W. Moltke Ave.	22,259/ 7,776/9	36.0%	n/a	2/25/2016	1
Carleton/ 2012 Plans Photos	4116 W. Silver Spring Dr.	53,290/ 18,144/21	46.4%	$356,676	2/25/2016	1
Centro del Nino/ 2012 Plans Photos	500 E. Center St.	7,980/ 1,728/2	19.0%	n/a	2/25/2016	1
**Fletcher Plans	9520 W. Allyn St.	60,754/ 14,688/17	13.8%	n/a	2/25/2016	2
Frederick Douglass/ 2015 Plans	3409 N. 37th St.	45,110/ 12,096/14	30.9%	$137,905	2/25/2016	1

EXHIBIT B

Comparable Sales Information
Improved Sale No. 1

Property Identification	
Record ID	1726
Property Type	School
Property Name	Hmong American Peace Academy
Address	4601 N. 84th Street, Milwaukee, Milwaukee County, Wisconsin 53225
Location	West side of N. 84th St., south of Hampton Ave.
Tax ID	223-9998-100
MSA	Milwaukee
Market Type	Urban
Sale Data	
Grantor	City of Milwaukee Public Schools
Grantee	Hmong American Peace Academy, Ltd.
Sale Date	February 01, 2013
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Land Contract Agreement
Sale Price	$2,770,000
Land Data	
Land Size	14.595 Acres
Zoning	RS5, Single-Family Residential
Topography	Generally Level
Utilities	All Available
Shape	Irregular Rectangle
General Physical Data	
Building Type	Single Tenant
GBA SF	163,000
Construction Type	Concrete Block w/ Brick Exterior
Stories	1 & 4
Year Built	1961-1963
Condition	Fair
Indicators	
Sale Price/GBA SF	$16.99
Floor Area Ratio	0.26
Land to Building Ratio	3.90:1

Improved Sale No. 1 (Cont.)

Remarks

This is the February, 2013 sale of a ±163,000 square foot school building located along the west side of N. 84th Street, south of Hampton Avenue in the City of Milwaukee that sold for $2,770,000, or $16.99 per square foot of building area. The masonry building is a one and four story (three stories above grade and one partial story below grade) school building that was constructed between 1961 and 1963 and is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools; the building was formerly operated as the Samuel Morse Middle School. The grantee in this transaction operates a PK3-12 charter school at this building known as The Hmong American Peace Academy.

The buyer leased and occupied the property and acquired it via land contract. We understand that the sale price was negotiated and based on appraisals of the property at the time of sale. The property was sold at its appraised market value without consideration of the existing lease terms. The seller and buyer indicated that the terms of the contract had no impact on sale price, that is, the price was not adjusted upwards or downwards for the fact that it sold via land contract. This is supported by the negotiated sale price being based on the property's appraised market value as well as comparison of the sale price to prices paid for other schools sold under warranty deeds. The property is a former public school for which there is thin market demand for this special use property and it is often necessary to sell a special use property via land contract in order to facilitate the sale as traditional financing may not be readily available. Since the sale price was not impacted by the land contract sale, a cash equivalency adjustment is not necessary.

Improved Sale No. 2

Property Identification	
Record ID	1727
Property Type	School
Property Name	Milwaukee College Prep School- Lloyd Street Campus
Address	1228 W. Lloyd Street, Milwaukee, Milwaukee County, Wisconsin 53205
Location	North side of W. Lloyd St.; south of W. North Ave.
Tax ID	351-0414-100
MSA	Milwaukee
Market Type	Urban
Sale Data	
Grantor	City of Milwaukee Public Schools
Grantee	M.C. Preparatory School of Wisconsin, Inc.
Sale Date	July 01, 2012
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$1,200,000
Land Data	
Land Size	4.979 Acres
Zoning	RS6, Single-Family Residential
Topography	Generally Level
Utilities	All Available
Shape	Irregular Rectangle
General Physical Data	
Building Type	Single Tenant
GBA SF	73,397
Construction Type	Mixed Construction w/ Brick & Stone Exterior
Stories	1 & 3
Year Built	1908, 1957, 2010
Condition	Fair
Indicators	
Sale Price/GBA SF	$16.35
Floor Area Ratio	0.34
Land to Building Ratio	2.95:1

Improved Sale No. 2 (Cont.)

Remarks

This is the July, 2012 sale of the ±73,397 square foot Lloyd Street School located along the north side of W. Lloyd Street, just south of W. North Avenue in the City of Milwaukee. The property sold for $1,200,000, or $16.35 per square foot of building area. The masonry building is a one and three story (two stories above grade and one story partially below grade) school building that was constructed in multiple phases in 1908, 1957 and 2010; it is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools. The grantee in this transaction operates a charter school at this building.

Improved Sale No. 3

Property Identification	
Record ID	1728
Property Type	School
Property Name	Milwaukee College Prep School- 38th Street Campus
Address	2623 N. 38th Street, Milwaukee, Milwaukee County, Wisconsin 53210
Location	Northwest corner of N. 38th St. & W. Clarke St.
Tax ID	327-1088-100
MSA	Milwaukee
Market Type	Urban
Sale Data	
Grantor	City of Milwaukee Public Schools
Grantee	M.C. Preparatory School of Wisconsin, Inc.
Sale Date	July 01, 2012
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$1,220,000
Land Data	
Land Size	2.775 Acres
Zoning	RT3, Two-Family Residential
Topography	Generally Level
Utilities	All Available
Shape	Rectangular
General Physical Data	
Building Type	Single Tenant
GBA SF	73,975
Construction Type	Load Bearing Masonry Construction w/ Brick Exterior
Stories	3
Year Built	1911, 1914, 1972
Condition	Fair
Indicators	
Sale Price/GBA SF	$16.49
Floor Area Ratio	0.61
Land to Building Ratio	1.64:1

Improved Sale No. 3 (Cont.)

Remarks

This is the July, 2012 sale of the former ±73,975 square foot 38th Street School located at the northwest corner of N. 38th Street and W. Clarke Street in the City of Milwaukee that sold for $1,220,000, or $16.49 per square foot of building area. The masonry building is a three story (two stories above grade and one story partially below grade) school building that was originally constructed in 1911 with additions occurring in 1914 and 1972; it is in fair condition. The grantor in this transaction is The City of Milwaukee Public Schools; the building was formerly operated as the 38th Street School. The grantee in this transaction operates a charter school at this building.

Improved Sale No. 4

Property Identification

Record ID	1733
Property Type	School
Property Name	Ceria M. Travis Academy
Address	4700 N. 39th Street, Milwaukee, Milwaukee County, Wisconsin 53209
Location	Northeast corner of N. 39th St. & W. Courtland Ave.
Tax ID	229-0633-111
MSA	Milwaukee
Market Type	Urban

Sale Data

Grantor	Saint Catherine Congregation
Grantee	Ceria M. Travis Academy, Inc.
Sale Date	May 01, 2012
Property Rights	Fee Simple
Conditions of Sale	Arm's Length
Financing	Cash to Seller
Sale Price	$740,000
Upward Adjustment	$110,000 (Conditions of Sale)
Adjusted Price	$850,000

Land Data

Land Size	2.780 Acres
Zoning	RT3, Two-Family Residential
Topography	Generally Level
Utilities	All Available
Shape	Generally Rectangular

General Physical Data

Building Type	Single Tenant
GBA SF	91,677
Construction Type	Mixed Construction & Exterior
Stories	1, 2 & 3
Year Built	1930-1950, 1953, 1958
Condition	Fair

Indicators

Sale Price/GBA SF	$9.27 Adjusted
Floor Area Ratio	0.76
Land to Building Ratio	1.32:1

Improved Sale No. 4 (Cont.)

Remarks

This is the May, 2012 sale of the former ±91,677 square foot Blessed Trinity Catholic School and religious complex located at the northeast corner of N. 39th Street and W. Courtland Avenue in the City of Milwaukee that sold for $740,000, or $8.07 per square foot of building area. The grantor in this transaction joined another parish and no longer needed this facility. The property is improved with three buildings. On the southern end of the property there is a ±30,059 square foot church that was constructed in 1958. Attached to the church is a small ±4,800 square foot office/rectory building. North of the church is a ±17,171 square foot convent facility that was constructed in 1953. North of the convent building is a ±39,647 square foot school building that was constructed over time between 1930 and 1950. The grantee in this transaction operates a charter school at this building known as The Ceria M. Travis Academy.

The sale was controlled by the bank as the bank had to agree to release the grantor in this transaction from their mortgage; this appeared to be short sale. An appraisal of this property at the time of sale was made at an appraised value of $850,000. Based on a sale price of $740,000, an upward condition of sale adjustment of $110,000 is appropriate to reflect the impact that the highly motivated seller had on this transaction.

EXHIBIT C
Assumptions and Limiting Conditions

No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. The appraisal presumes, unless otherwise noted, that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.

Unless otherwise specifically noted within the appraisal report, it is assumed that title to the property appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions that would adversely affect marketability or value. We are not aware of any title defects nor have we been advised of any unless such is specifically noted in the report. We, however, have not examined title and make no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject property's title should be sought from a qualified title company that issues or insures title to real property.

It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in the appraisal report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis.

Land areas and descriptions used in this appraisal were either obtained from public records or furnished by the client and have not been verified by legal counsel or a licensed surveyor. The land description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size. All engineering studies are assumed to be correct. The plot and site plans and other illustrative material in this report are included only to help the reader visualize the property and they should not be scaled for size. Any survey or right-of-way plat sheet included was provided by the client and assumed accurate. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable.

Assumptions and Limiting Conditions, Continued

We have made a physical inspection of the property and noted any readily visibly apparent physical defects, if any, in our report. This inspection was made by individuals generally familiar with real estate and building construction; however, these individuals are not architectural or structural engineers who would have detailed knowledge of building design and structural integrity. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects that might exist. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property has been engineered in such a manner that the improvements conform to all applicable local, state, and federal building codes and ordinances. We are not engineers and are not competent to judge matters of an engineering nature. We have not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, make no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report, no problems were brought to our attention by ownership or management. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, we reserve the right to amend the appraisal conclusions reported herein.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect on the value of the property. We have not considered the possible noncompliance with the requirements of ADA in estimating the value of the property.

Assumptions and Limiting Conditions, Continued

No soil analysis or geological studies were ordered or made in conjunction with this appraisal, nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated, it is also assumed that there are no air or development rights of value that may be transferred. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the opinion of value, unless such proration or division of interests has been set forth in the report.

The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and projected stable economic conditions. These forecasts are, therefore, subject to changes with future conditions. Any cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future; rather, they are estimates of current market expectations of future income and expenses. The achievements of the financial forecasts are subject to fluctuating economic conditions and are dependent upon other projected future occurrences that obviously cannot be assured. Actual results will likely occur from the projections made herein and we cannot and do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond the current realm of our knowledge or control.

Unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape have been considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use for which the value estimates contained in this report is based, unless otherwise stated.

Testimony or attendance in court or at any other hearing is not required by reason of this appraisal unless arrangements are made within a reasonable time in advance for such testimony, and then such testimony shall be at the prevailing per diem for the individuals involved.

The date of value to which the conclusions and opinions expressed apply is set forth in this report. Unless otherwise noted, this date represents the last date of our physical inspection of the property. The value opinion herein rendered is based on the status of the national business economy and the purchasing power of the U.S. dollar as of that date.

EXHIBIT D

Appraisal Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- I have performed no services as an appraiser or in any other capacity regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- Jacob L. Nicholson provided significant professional assistance to the person signing this certification.
- 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the requirements under the continuing education program of the Appraisal Institute.

Lawrence R. Nicholson

Lawrence R. Nicholson, MAI
Wisconsin Certified General Appraiser (#116)

Appraisal Certification

I certify that, to the best of my knowledge and belief:

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- 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.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
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- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- Lawrence R. Nicholson, MAI provided significant professional assistance to the person signing this certification.
- 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 the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Jacob L. Nicholson

EXHIBIT E
Professional Qualifications

Lawrence R. Nicholson, MAI

Experience

Owner of The Nicholson Group LLC, a Milwaukee-based real estate valuation and consulting firm dedicated to providing reliable and well documented valuations, feasibility and market studies, litigation support and other consulting services in a personal and timely manner. Mr. Nicholson has over 30-years of real estate valuation and consulting experience. Mr. Nicholson has been an MAI since 1989 and a Certified General Appraiser in the State of Wisconsin since 1991. He also was a Counselor of Real Estate ("CRE") from 2000 through 2008.

Mr. Nicholson has extensive experience with a variety of property types including office buildings, shopping centers, apartment complexes, golf courses, waterparks, marinas, hotels, business/industrial parks, developmental land, self-storage facilities, and light and heavy industrial facilities. Mr. Nicholson is an expert in condemnation-related appraisals as well as in partial interest valuation. Mr. Nicholson has been appointed by the Governor to the Real Estate Appraisers Board for the State of Wisconsin within the Department of Safety and Professional Services. Mr. Nicholson has taught the Valuation of Real Estate course (Real Estate 415) at the University of Wisconsin-Madison School of Business. Mr. Nicholson is also an approved instructor of real estate appraisal principles and procedures in the State of Wisconsin. He also frequently participates as a speaker in numerous conferences, seminars and symposiums. Mr. Nicholson has a Bachelor of Business Administration degree (real estate and finance) and a Master of Science degree in Real Estate Appraisal and Investment Analysis from the University of Wisconsin – Madison.

Prior to forming The Nicholson Group in 1993, Mr. Nicholson was National Managing Director of the Real Estate Advisory Group (REAG) of American Appraisal Associates. As an operating unit of the world's largest independent valuation consulting firm, REAG specialized in providing appraisal, consulting, and market research services nationwide.

Academics

University of Wisconsin - Madison
- Master of Science - Real Estate Appraisal & Investment Analysis (1981)
- Bachelor of Business Administration - Finance & Urban Land Economics (1979)

Appraisal Institute
- Numerous real estate appraisal courses

American Society of Appraisers
- Business Valuation 201
- Business Valuation 202
- Business Valuation 203

Lawrence R. Nicholson, MAI
Professional Qualifications, continued

Court Experience

Mr. Nicholson has provided expert testimony concerning the market value of real estate and partial interests.

Professional Affiliations

Appraisal Institute, MAI Designation #8077 (1989)
Board of Directors, Wisconsin Chapter (2006 - 2009)
Ethics Administration Division - Assistant Regional Member
Admissions Committee (former)
Board of Directors, Badger Chapter (former)
Chairperson - Public Relations Committee (former)
Nonresidential Appraisal Reports Grader (former)

State of Wisconsin Department of Safety and Professional Services
Real Estate Appraisers Board, State of Wisconsin (5/1/2010 -)

- Chairman (2014 -)
- Member (2010 - 2014)

Real Estate Appraisers Application Advisory Committee

- Chairman (2013 - 2014)
- Member (2006 - 2010)

State Certification
Wisconsin Certified General Appraiser #116 (1991)

Commercial Association of Realtors Wisconsin
Board of Directors (2001-2004)

University of Wisconsin-Madison
Lecturer, Real Estate 415, Valuation of Real Estate (2008 - 2009)

State of Wisconsin
DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES
COMMITTED TO EQUAL OPPORTUNITY IN EMPLOYMENT AND LICENSING
CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT
No. 116-10
Expires: 12/14/2017
LAWRENCE R NICHOLSON
THE NICHOLSON GROUP LLC
555 S. INDUSTRIAL DRIVE # 207
HARTLAND WI 53029
UNITED STATES

Jacob L. Nicholson

The Nicholson Group LLC

Experience

An appraiser with The Nicholson Group LLC, a Milwaukee-based real estate valuation and consulting firm dedicated to providing reliable and well documented valuations, feasibility and market studies, litigation support and other consulting services in a personal and timely manner. Mr. Nicholson joined The Nicholson Group LLC in 2012.

Prior to joining the Nicholson Group, Mr. Nicholson studied Finance and Real Estate at The University of Wisconsin-Milwaukee. Mr. Nicholson is knowledgeable about many aspects of the real estate industry, including property management, zoning, land use, and particularly property valuation. In addition, his concentrated research on properties in both the Milwaukee and Madison metro area have afforded him a quality understanding of numerous real estate markets in Southern Wisconsin.

Mr. Nicholson has significant valuation experience with various property types, including developmental land, business/industrial parks, apartment complexes, office buildings, retail buildings, convenient stores, shopping centers, and light and heavy industrial facilities. Mr. Nicholson also has experience in condemnation-related appraisals and has worked on assignments for many well-known and respected real estate industry participants. He is an expert on the real estate markets of southeastern Wisconsin. He resides in Oconomowoc, Wisconsin with his fiancée Jackie and enjoys supporting local sports teams and outdoor activities, particularly fishing, hunting, hiking and boating.

Academic Background

The University of Wisconsin-Milwaukee
Bachelor of Business Administration
Finance with a specialty in Real Estate

Real Estate Courses Taken

Introduction to Real Estate Markets
Real Estate Finance
Valuation of Real Estate
Real Estate Law
Property Development / Management

Professional Affiliations

Practicing Affiliate Member of Appraisal Institute

Appraisal Institute Courses Taken

15-Hour National USPAP
Business Practices and Ethics
Basic Appraisal Principles
Basic Appraisal Procedures
Site Valuation & Cost Approach
Finance, Statistics, and Valuation Modeling
Sales Comparison Approach
General Appraiser Income Approach Part 1
General Appraiser Income Approach Part 2

Firm Overview

The Nicholson Group is a Milwaukee-based real estate valuation firm established in 1993 and has become one of the pre-eminent valuation consulting firms in Wisconsin. The Nicholson Group provides real estate appraisal services to a variety of clients including financial institutions, law firms, corporations, real estate operating companies, insurance companies and governmental bodies. We provide complete support from initial consultation through providing our ***independent and unbiased*** opinions in narrative reports and if requested, expert testimony. We pride ourselves in our ability to provide quality-oriented services with high established levels of ***integrity, trust and client commitment***.

The Nicholson Group is dedicated to providing reliable, well documented appraisals, market studies, review appraisals, expert testimony and litigation support services in a personal and timely manner. Our services are provided to the highest possible standards including complying with: the Uniform Standards of Professional Appraisal Practice ("USPAP"); and, the Standards of Professional Appraisal Practice and Code of Professional Ethics of the Appraisal Institute.

We are very experienced and proficient with many types of properties including industrial, office, shopping centers, apartments and land. Appraisers within the firm have particular specialties in the valuation of hotels, golf courses, waterparks and marinas as well as being recognized for expertise with senior-oriented enterprises such as skilled nursing facilities, CBRFs, assisted living facilities and RCACs. We are proficient in the use of Argus® software which is the appraisal industry standard for lease-by-lease discounted cash flow analysis.

Our firm is characterized by valuation ***knowledge and experience***, ***credibility***, ***objectivity*** and ***client commitment*** that have earned us high levels of respect throughout the real estate community.

Integrity matters at The Nicholson Group.

The Nicholson Group
Client Listing

Financial Institutions
Associated Bank
Badger Bank
Bank Mutual
Bridgewater Bank
BMO Harris Bank
Citizens Bank of Mukwonago
Farmers & Merchants Bank
First Bank
First Business Bank
First National Bank Fox Valley
Investors Bank
Ixonia Bank
Johnson Bank
JP Morgan Chase Bank
Layton State Bank
Marine Bank
North Milwaukee State Bank
Oostburg State Bank
Park Bank
PNC Bank
Pyramax Bank
TCF Bank
The Private Bank
Town Bank
Tri-City National Bank
U.S. Bank
Waterstone Bank
Waukesha State Bank
Wells Fargo Bank
Westbury Bank
Wintrust Financial Corporation

Insurance Companies
American Family Insurance
Fidelity Real Estate Group
Northwestern Mutual Life
Symetra Life Insurance Co

Real Estate Operating Companies
Fiduciary Real Estate
General Capital Group
Interstate Partners
Metropolitan Associates
Pabst Farms Development Co.
Public Storage, Inc
Zilber Ltd. & Towne Realty Inc.

Municipal/Public
Cardinal Stritch University
Carroll University
City of Delafield
City of Delavan
City of Glendale
City of Greenfield
City of Milwaukee
City of New Berlin
City of Oconomowoc
City of Pewaukee
City of Racine
City of Wausau
City of Wauwatosa
City of West Allis
Redevelopment Authority of the City of Milwaukee (RACM)
Milwaukee Area Technical College (MATC)
Milwaukee County
Milwaukee County Research Park
Milwaukee Metropolitan Sewerage District (MMSD)
Marquette University
Milwaukee Public Schools
Town of Brookfield
Town of Jackson
UW-Milwaukee Real Estate Foundation
Village of Greendale
Village of Hartland
Village of Kohler
Village of Menomonee Falls
Village of Pleasant Prairie
Village of Shorewood
Village of Wales
Village of West Milwaukee
Waukesha County
Waukesha School District
WI Department of Administration
WI Department of Justice
WI Department of Transportation
Wisconsin Lutheran College

Attorneys
Arenz, Molter, Macy, Riffle & Larson
Balisle & Roberson
Davis & Kuelthau
DeWitt, Ross & Stevens
Foley & Lardner
Friebert, Finerty & St. John
Godfrey & Kahn
Michael Best & Friedrich
O'Neil, Cannon, Hollman, DeJong
Quarles & Brady
Reinhart Boerner Van Duren
Stafford Rosenbaum
von Briesen & Roper
Weiss Berzowski Brady
Whyte Hirshboeck Dudek

Corporate
Abbott Laboratories
Agnesian HealthCare, Inc.
Boys & Girls Club of Milwaukee
Bradley Center Sports & Entertainment Corp.
Caterpillar Inc.
Grunau Company
Harley Davidson
Harmony Living Centers
Journal - Sentinel, Inc.
Lad Lake Inc.
Lake Country Manufacturing
Lauterbach Group
Milwaukee World Festivals Inc.
Noah's Ark Family Park, Inc.
Rockwell Automation
Sargento Foods
Skipper Buds
SkipperLiner Marine Group
Spancrete Industries
Target – Dayton Hudson
Teamsters General Local No. 200
The Conservation Fund
Trane
U-Haul International
Walgreen Company
Wal-Mart Stores & Wal-Mart Realty
Wisconsin Alumni Research Foundation (WARF)
Zilber Charitable Foundation

General Service Conditions

The services provided by The Nicholson Group LLC have been performed in accordance with professional appraisal standards. Our compensation was not contingent in any way upon our conclusions. We have assumed, without independent verification, the accuracy of all data provided to us. All files, work papers, or documents developed by us during the course of the engagement are our property. We will retain this data for at least five years.

Our opinions and report are to be used only for the specific purpose stated herein and any other use is invalid. No reliance may be made by any third party without our prior written consent. Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report shall be disseminated to the public through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of The Nicholson Group LLC.

You agree to indemnify and hold us harmless against and from any and all losses, claims, actions, damages, expenses, or liabilities, including reasonable attorneys' fees, to which we may become subject in connection with this engagement. The extent of The Nicholson Group LLC's liability as a result of any of the preceding items, or any other matter related to this engagement, is limited to the appraisal fee paid by the client for these appraisal services. Your obligation for indemnification and reimbursement shall extend to any controlling person of The Nicholson Group LLC, employee, affiliate or agent.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.