

**APPRAISAL REPORT**

OF

**Acquisition of Land and Improvements for  
West Saint Paul Avenue Improvement Project  
Mountain Avenue to Madison Street  
Project I.D. 2718-04-21**

Located at 301-331 West St. Paul Avenue  
And 301-331 Mill Reserve Drive  
City of Waukesha, Waukesha County, Wisconsin  
Parcel No. 3

**DATE OF VALUE**

July 31, 2021

**PREPARED FOR**

Craig Ausen, P.E.  
Project Engineer  
City of Waukesha – Engineering Division  
130 Delafield St. Waukesha, WI 53188

**PREPARED BY**

**SINGLE SOURCE, INC.**

August 3, 2021

Craig Ausen, P.E.  
Project Engineer  
City of Waukesha – Engineering Division  
130 Delafield St. Waukesha, WI 53188

RE: **Project I.D. 2718-04-21**  
Located at 301-331 West St. Paul Avenue and 301-331 Mill Reserve Drive  
City of Waukesha, Waukesha County, Wisconsin  
Parcel No. 3

Dear Mr. Ausen:

At your request and authorization, the appraiser has evaluated the impact of the acquisition of land and improvement interest proposed to be acquired by the City of Waukesha, affecting the referenced real property. The purpose is to estimate the compensation due the owner under the provisions of 32.09 Wisconsin Statutes. As provided in Section 32.09, compensation shall be based on the fair market value of the property.

The subject parcel is located at the southeast corner of West Saint Paul Avenue and Wisconsin Avenue in the City of Waukesha, Waukesha County, Wisconsin. The street address is 301 through 331 West Saint Paul Avenue and 301 through 331 Mill Reserve Drive. The site is located on the north side of the Fox River. According to Public Records, the subject is comprised of a 1.3749-acre or 59,891-square foot site. Access is available from one driveway along the south side of West Saint Paul Avenue. Access and visibility are considered average. The property is improved with a three story condominium project. The balance of the site is zoned for multiple family residential development.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of and inseparable from this letter.

Based on our investigation as outlined, it is our opinion that the total compensation due the owner of the subject property located at 301-331 West St. Paul Avenue and 301-331 Mill Reserve Drive, City of Waukesha, Waukesha County, Wisconsin, as of July 31, 2021 is:

**TEN THOUSAND TWO HUNDRED DOLLARS**

**(\$10,200)**

The following table presents the conclusion and allocation.

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<b>Conclusion and Allocation</b>	
Market Value Before Acquisition:	\$3,162,700
Market Value Following Acquisition:	\$3,160,900
Loss in Market Value:	\$1,800
Temporary Limited Easement:	\$8,400
<b>Total Damages (Rounded):</b>	<b>\$10,200</b>
<b><u>Allocation of Damages</u></b>	
<b>Permanent Easement:</b>	<b>\$1,800</b>
<b>Temporary Limited Easement:</b>	<b>\$8,400</b>
<b>Total:</b>	<b>\$10,200</b>

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The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if Single Source, Inc. can be of further service, please do not hesitate to contact us.

Respectfully submitted,

**SINGLE SOURCE, INC.**

by:



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Marc McSorley  
Principal  
Wisconsin General Certified Appraiser No. 594-010  
Expiration Date: 12/14/21

**CERTIFICATION OF THE APPRAISER**

I certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event, such as the approval of a loan.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Marc McSorley has completed the requirements of the continuing education program for Wisconsin State Certification.
8. No one provided professional real property appraisal assistance to the persons signing this report.
9. Marc McSorley has extensive experience in the appraisal/review of similar property types.
10. Marc McSorley is currently certified in the state where the subject is located.
11. Any decrease or increase in the market value of the real property prior to the date of the valuation caused by the public improvements for which this property is to be acquired, or by the likelihood that this property would be acquired for such improvement, other than that due to physical deterioration within reasonable control of the owner, was disregarded in determining the compensation for this property.
12. I have not revealed the findings and results of this appraisal to anyone other than the client and will not do so until authorized by the said property owner, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified to such findings.
13. I have not given consideration to nor included in this appraisal any relocation assistance benefits.
14. I have not appraised the subject property in the past three years. I have not provided any other services in the past three years.
15. This appraisal has been made in conformity with appropriate Wisconsin Statutes, regulations, policies and procedures applicable to the appraisal of right of way.
16. My analyses, opinions and conclusions were developed, and this report has been prepared in compliance with the Relocation Assistance and Real Property Acquisition Policy Act of 1970.

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**CERTIFICATION OF THE APPRAISER**

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17. Marc McSorley invited the owners representative to join him on a site inspection. Ms. Sue Sardina declined the offer and allowed Mr. McSorley to inspect the subject property on his own on March 25, 2021. On July 31, 2021 Mr. McSorley inspected the subject property with Matt Severt, register agent for the condominium association. Marc McSorley made a field inspection of the sales relied on in making this appraisal. It is our opinion that as of July 31, 2021, the total loss in market value to the subject property herein described is \$10,200.



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Marc McSorley  
Principal  
Wisconsin General Certified Appraiser No. 594-010  
Expiration Date: 12/14/21

**Summary of Salient Facts**

Property Owner:	Mill Reserve LLC, a Wisconsin limited liability company, et al, And Town Homes at Mill Reserve Condominium Association, Inc.
Property Address:	Southeast Corner of West St. Paul Avenue and Wisconsin Avenue, City of Waukesha, Waukesha County, Wisconsin
Owner Address:	Mill Reserve LLC 2123 West Michigan Avenue Milwaukee, Wisconsin 53233 Town Homes at Mill Reserve Condominium Association, Inc., Matt Severt 329 Mill Reserve Drive Waukesha, Wisconsin 53188
Phone:	262-389-4222 (Sue) 414-559-9687 (Matt)
Total Land Area:	1.3749-acres or 59,891-square feet
Building Improvements:	The subject is unimproved land and condominiums
Current Zoning:	RM-3 PUD, Multi-Family Residential District
Five Year Sales History:	According to public records and verified by Ms. Sardina the vacant land at the subject property has not sold in the past five years. To the best of our knowledge, the subject property is not currently listed for sale. There have been many sales of the condominiums over the past five years and units are for sale.
<u>Highest and Best Use:</u>	
As Though Vacant:	Multiple Family Land
As Improved:	Condominium Building
Property Rights Appraised:	Fee Simple Estate
Date of Value:	July 31, 2021
Date of Inspections:	March 25, 2021 and July 31, 2021

**AREA AND INTEREST TO BE ACQUIRED**

Land (in fee):	None
Acquired Site Improvements:	None
Permanent Limited Easement:	0.0045-acres or 194-square feet
Temporary Limited Easement:	0.0820-acres or 3,575-square feet

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**Conclusion and Allocation**

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Market Value Before Acquisition:	\$3,162,700
Market Value Following Acquisition:	\$3,160,900
Loss in Market Value:	\$1,800
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<b>Total Damages (Rounded):</b>	<b>\$10,200</b>
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ADDENDA

- A Glossary of Terms
- B Subject Photographs
- C Comparable Land Sales
- D Zoning Map & Code
- E Legal Descriptions
- F Acquisition Plat
- G Flood Plain Map
- H Appraiser Qualifications



## **INTRODUCTION**

### **PROPERTY IDENTIFICATION**

The subject parcel is located at the southeast corner of West Saint Paul Avenue and Wisconsin Avenue in the City of Waukesha, Waukesha County, Wisconsin. The street address is 301 through 331 West Saint Paul Avenue and 301 through 331 Mill Reserve Drive. The site is located on the north side of the Fox River. According to Public Records, the subject is comprised of a 1.3749-acre or 59,891-square foot site. Access is available from one driveway along the south side of West Saint Paul Avenue. Access and visibility are considered average. The property is improved with a three story condominium project. The balance of the site is zoned for multiple family residential development.

### **DESCRIPTION OF THE PROJECT**

The City of Waukesha in conjunction with the Wisconsin Department of Transportation (WisDOT) will be reconstructing the roadway and replacing/rehabilitating utilities along W. St Paul Avenue (Mountain Avenue to Madison Street) and along Madison Street (Bank Street to Ann Street). Currently this project is scheduled for construction in the spring of 2022 with a completion in the fall of 2022. Prior to the start of the construction it is expected several utility companies will need to relocate existing utilities along the corridor. This work is expected to begin in the summer of 2021.

#### **Sanitary Sewer**

The sanitary sewer laterals will be replaced or rehabilitated from the sanitary main in the center of the road to outside the pavement limits – typically along the sidewalk. Although the responsibility for repair and/or replacement of the sanitary sewer lateral from the main to the house is the responsibility of the lot owner, the cost for rehabilitating the sanitary sewer laterals in the City right-of-way will be paid for by the City in this project.

#### **Water Main**

The water main work will include replacement of the existing water main and laterals. During the water main work disruption in water service will be experienced when water laterals are switched from the old water main to the new water main. Every effort will be made to notify the owner before this happens. In the event that the water needs to be shut off due to an emergency, such as a main breakage, notification will be made after the situation is under control. The owner may wish to keep a small supply of water to use in an emergency. Once the water is turned back on, the owner may experience some rusty water and/or air in their plumbing. If this does not clear up, the owner should contact the Waukesha Water Utility. The Waukesha Water Utility can be contacted at 262-521-5272 with any questions, concerns, or problems with the water service before, during, or after the construction.

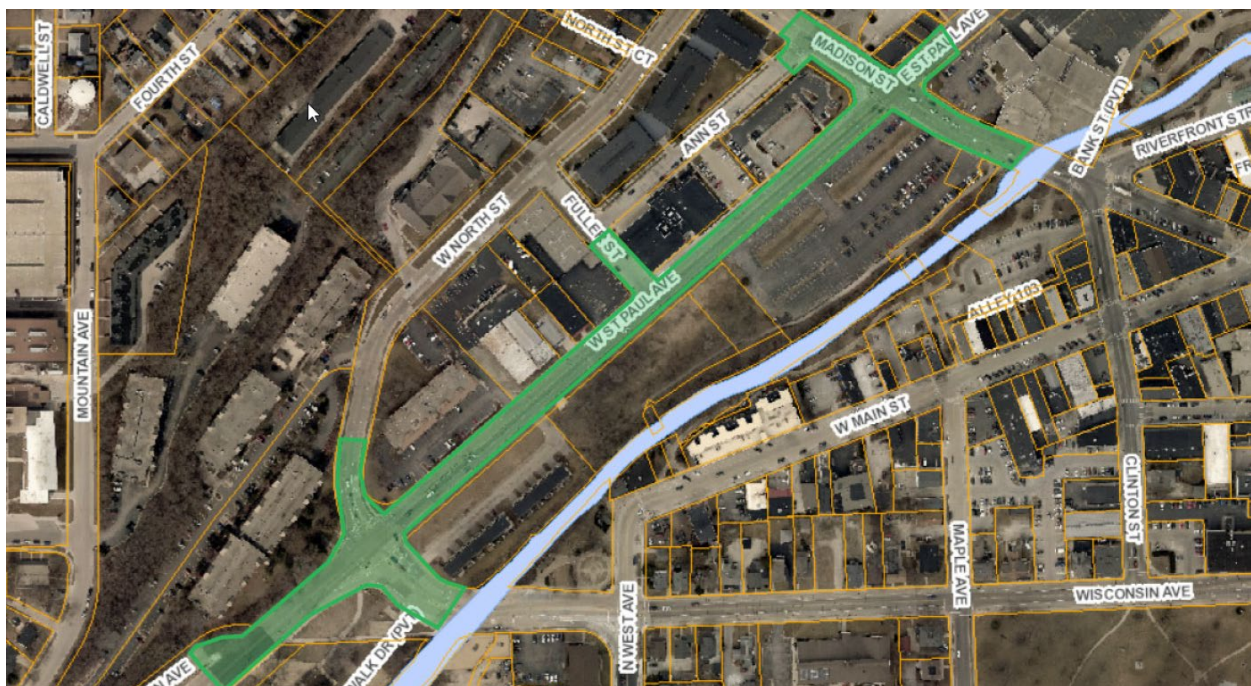
#### **Road Reconstruction**

This project will include complete road reconstruction of W. St Paul Avenue and Madison Street. The road reconstruction includes the complete removal and replacement of the existing curb and gutter, drive

approaches, and pavement. Carriage walks, which are sections of walk between the curb and sidewalk will be removed and replaced unless the owner contacts the City of Waukesha. Handicap ramps will be updated to current ADA standards. Drive approaches within the project limits will be replaced with concrete at the same width that presently exists. There will be no charge to replace an existing drive approach. If the existing width is less than 10 feet, the approach will be reinstalled at a 10-foot width at no additional cost to the lot owner. In its final configuration, W. St Paul Avenue will consist of one travel lane in each direction. Parking will be allowed on both sides of the roadway from Wisconsin Avenue to Fuller Street.

### **Right-of-Way**

As part of this project the City will be installing sidewalk along the South side of W. St Paul Avenue. Temporary Limited Easement (TLE) and purchasing of Right-of-Way will be needed for this installation.



### **PROPERTY OWNERSHIP AND SALES HISTORY**

The current owner of the subject property is Mill Reserve LLC, a Wisconsin limited liability company and multiple condominium unit owners. According to public records and verified by Ms. Sardina the vacant land at the subject property has not sold in the past five years. To the best of our knowledge, the subject property is not currently listed for sale. There have been many sales of the condominiums over the past five years and units are for sale.

### **DATES OF INSPECTION, VALUATION, AND REPORT**

Dates of Inspection:

March 25, 2021 and July 31, 2021

Date of Value: July 31, 2021

Date of Report: August 3, 2021

### **INTENDED USE, USER, AND CLIENT OF REPORT**

This report is being prepared for City of Waukesha and The Wisconsin Department of Transportation, the intended users, to estimate market value to be used in the determination of just compensation for the acquisition of real property interests for a transportation project. The purpose of this appraisal is to estimate compensation due the owner for the acquisition of property and property rights, as indicated above. This shall be done in accordance with the provisions of Sections 32.09 Wisconsin Statutes, which states that compensation shall be based on market value. This report may be relied upon by The City of Waukesha (client) and its successors and assigns. The report may not be relied upon by any rating agencies involved in rating securities secured by or representing an interest. This report may not be used in connection with materials offering for sale or an interest in the property and in presentations to any rating agency. With respect to the foregoing, the report speaks only as of the date of this report unless specifically updated through a supplemental report.

### **JURISDICTIONAL EXCEPTION**

This appraisal is done under the Jurisdictional Exception Rule of USPAP. The appraiser must comply with the overriding authority of State and Federal laws, rules and regulations including the Uniform Relocation and Real Property Acquisitions Policies Act of 1970 as amended, 49 Code of Federal Regulations (CFR) Part 24.103 and Wisconsin Statute 32.09. Only those valuation approaches that are applicable are included in this report. The elimination of approaches that are not applicable does not result in a departure from the Uniform Standards of Professional Appraisal Practice. The Jurisdictional Exception Rule allows law or public policy to supersede USPAP rules. There is no Jurisdictional Exception within the analysis.

### **SCOPE OF WORK**

The Appraiser has;

- a). Inspected the subject property to note the characteristics of the property that are relevant to its valuation;
- b). Investigated available market data for use in the sales comparison approach to value. The appraiser's investigations include research of public records through the use of commercial sources of data such as printed comparable data services and computerized databases. Search parameters such as dates of sales, leases, locations, sizes, types of properties and distances from the subject started with relatively narrow constraints and expanded until the appraiser has retrieved data sufficient (in the appraiser's opinion) to estimate market value. Researched sales were viewed and the appraiser considered any appropriate listings or properties found through observation during appraiser's data collection process. The appraiser reported only the data deemed to be pertinent to the valuation problem.
- c). Investigated and analyzed any pertinent easements or restrictions, on the fee simple ownership of the subject property. The client has supplied the appraiser with a title report.
- d). Analyzed the data found and reach conclusions regarding the market value, as defined in the report, of the subject property as of the date of value using appropriate valuation approach(es) identified above;
- e). Prepared the appraisal in compliance with the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation, the Code of Professional Ethics and Certification

Standard of the Appraisal Institute and the Federal Highway Administration Code of Federal Regulations (CFR), Part 24.103, Wisconsin Statute 32.09 and the Real Estate Program Manual of the Wisconsin Department of Transportation;

- f). Prepared an Appraisal Report, as defined in USPAP, which will include photographs of the subject property, descriptions of the subject neighborhood, the site, any improvements on the site, a description of the zoning, highest and best use analysis, as summary of the most important sales used in the appraiser's valuation, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property and other data deemed by the appraiser to be relevant to the assignment. Pertinent data and analyses not included in the report may be retained in appraiser's files.

## **APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

The following steps were completed by the appraiser for this assignment:

1. Analyzed regional, city, neighborhood, site, and improvement data.
2. Inspected the subject and the neighborhood.
3. Reviewed data regarding taxes, zoning, utilities, easements, and city services.
4. Considered comparable improved sales, comparable improved building rental information, and comparable site sales. Confirmed data with principals, managers, or real estate agents representing principals, unless otherwise noted.
5. Analyzed the data to arrive at conclusions via each approach to value used in this report.
6. Reconciled the results of each approach to value employed into a probable range of market data and finally an estimate of value for the subject, as defined herein.
7. Estimated a reasonable exposure time associated with the value estimate.

The subject site and improvement descriptions are based on a personal inspection of the property and a review of the relevant plat maps and site plans.

## **TYPE OF APPRAISAL**

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. In an appraisal, the appraiser uses all known applicable approaches to value. The value conclusion reflects all known information about the subject property, market conditions, and available data.

The Appraisal Report incorporates a practical explanation of the data, reasoning and analysis that were used to develop the opinions of value. It also includes thorough descriptions of the subject property and the market for the subject property type.

## **EXTRAORDINARY ASSUMPTION**

The Dictionary of Real Estate Appraisal (Appraisal Institute, 6th edition) defines an Extraordinary Assumption as follows:

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. 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.

An extraordinary assumption may be used in an assignment only if:

- a). It is required to properly develop credible opinions and conclusions;
- b). The appraiser has a reasonable basis for the extraordinary assumption;
- c). Use of the extraordinary assumption results in a credible analysis, and;
- d). The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

There are two extraordinary assumptions in the analysis. Generally, a contractor is unlikely to know the exact timing when the subject property will be utilized for its specific purpose under the Temporary Limited Easement. Because of this uncertainty of timing, the determination of the time period during which the Temporary Limited Easement will actually require physical possession of the property is estimated by the engineer who gives this information to the appraiser. The appraiser employs this as an extraordinary assumption within the appraisal report. The use of this extraordinary assumption may have altered the appraisal results.

As the construction project will not affect the highest and best use or utility of the building improvements, there are no damages to the building improvements. It is an extraordinary assumption of the appraisal that the improvements equalized assessed value is equivalent to the market value of the improvements. The appraiser reserves the right to amend the appraisal to value the improvements, if necessary. The use of this extraordinary assumption may have altered the appraisal results.

### **HYPOTHETICAL CONDITION**

The Dictionary of Real Estate Appraisal (Appraisal Institute, 6th edition) defines a Hypothetical Condition as follows:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

A Hypothetical Condition may be used in an assignment only if:

- a). Use of the Hypothetical Condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- b). Use of the Hypothetical Condition results in a credible analysis; and
- c). The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

In the before acquisition valuation, 49 CFR Part 24 and Section 32.09 Wisconsin Statutes requires the appraiser to disregard any decrease or increase in the market value of the property that has been caused directly by the project. 49 CFR 24.103(b) states, "The appraiser shall disregard any decrease or increase in the fair market value of the real property caused by the project for which the property is to be acquired, or by the likelihood that the

property would be acquired for the project, other than that due to physical deterioration within the reasonable control of the owner. This appraisal uses the hypothetical condition (in the before acquisition value) that the proposed public improvements do not exist, and have not been proposed. The proposed public improvement project is a condition external to the subject property, and as the before value does not recognize the existence of this proposed project, contrary to known fact, this hypothetical condition is required. The use of this hypothetical condition may have altered the appraisal results.

The after condition of the subject as though the project has been completed is a hypothetical condition.

## **MARKET VALUE**

Market value is defined as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. <sup>1</sup>

## **TERMS AND DEFINITIONS**

Please refer to the Addenda for a Glossary of the Terms and Definitions that are, and may be used in this appraisal. Special definitions for this specific report were obtained from pages 131 and 209 of the *Principles of Right of Way* published by The International Right of Way Association, and are as follows:

**Larger Parcel:** The larger parcel is the total parcel of which the right-of-way or partial taking is a part. Valuation of the larger parcel determines the unit value of the land and the highest and best use estimate for the property before the taking. It also defines the area regarded as “damaged” or “benefited” by the taking or project. The larger parcel is generally characterized as a parcel held in one ownership (vesting), consisting of contiguous land, and used (or best used) for a single purpose.

According to Public Records; the site includes a total of approximately 1.3749-acres or 59,891-square feet. The subject is a residential condominium project.

**Remainder Land:** Remainder land is that portion of the larger parcel that is not acquired for the right of way.

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<sup>1</sup> The definition of market value is taken from: The Interagency Appraisal and Evaluation Guidelines effective December 10, 2010.

Following the acquisition the subject site will be 1.3749-acres or 59,891-square feet. The subject is a residential condominium project.

**Severance Damage:** Severance damage is the loss in value to the portion of the larger parcel remaining after the taking and construction of the public improvement.

**Special Benefits:** Special benefits are improvements or value enhancements unique to that portion of the larger parcel remaining after the taking and resulting from the project.

**Easement:** A nonpossessing interest held by one person in land of another whereby the first person is accorded partial use of such land for a specific purpose. An easement restricts but does not abridge the rights of the fee owner to the use and enjoyment of his land.

The easement associated with the subject property is as follows:

A 0.0045-acre or 194-square foot Permanent Limited Easement.

A 0.0820-acre or 3,575-square foot Temporary Limited Easement.

#### **PROPERTY RIGHTS APPRAISED**

Fee Simple Estate.

#### **SPECIAL APPRAISAL INSTRUCTIONS**

According to the City of Waukesha Project Engineer, Mr. Craig Ausen the construction start date and completion date for this project should be February 1, 2022 through June 30, 2023 ( 17 months).

The duration of the Temporary Limited Easement is the time period between the date of appraisal (July 31, 2021) and the scheduled construction completion date (June 30, 2023) or approximately 23 months.

#### **OWNERS CONCERNS**

None noted.

#### **COMPETENCY OF THE APPRAISER**

The appraiser is uniquely qualified for this appraisal assignment having appraised many similar properties over the past 30 years. No additional steps were required to meet the Competency Rule under USPAP.

#### **EXPOSURE TIME**

The concept of market value assumes the hypothetical sale of a property given reasonable exposure on the market. Further, the exposure time is presumed to proceed the effective date of the appraisal. Exposure time is defined in Uniform Standards of Professional Appraisal Practice ("USPAP") Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Market Value Estimates" as:

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

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort. The best estimate of exposure time is a function of price, time, use, and current market conditions for the cost and availability of funds. This is seen as an integral part of the appraisal process and the estimate of market value.

The following table presents the information derived from these sources based on a multiple family land use property:

<b>EXPOSURE TIME INFORMATION</b>		
<b>Data Source</b>	<b>Exposure Time (Months)</b>	
	<b>Range</b>	<b>Average</b>
Real Estate Investor Survey	2-12	9.00
Local Market Professionals	3-12	9.00
Compiled By: Single Source, Inc.		

In estimating the length of time the property would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of this appraisal, we considered information gathered on comparable sales, historical and current market conditions. According to real estate investment publications, typical buyers and sellers of commercial and residential properties are private investors. After analyzing the above factors, we believe the reasonable exposure time anticipated to sell a property similar to the subject property, at the estimated market value, would have been three to twelve months.

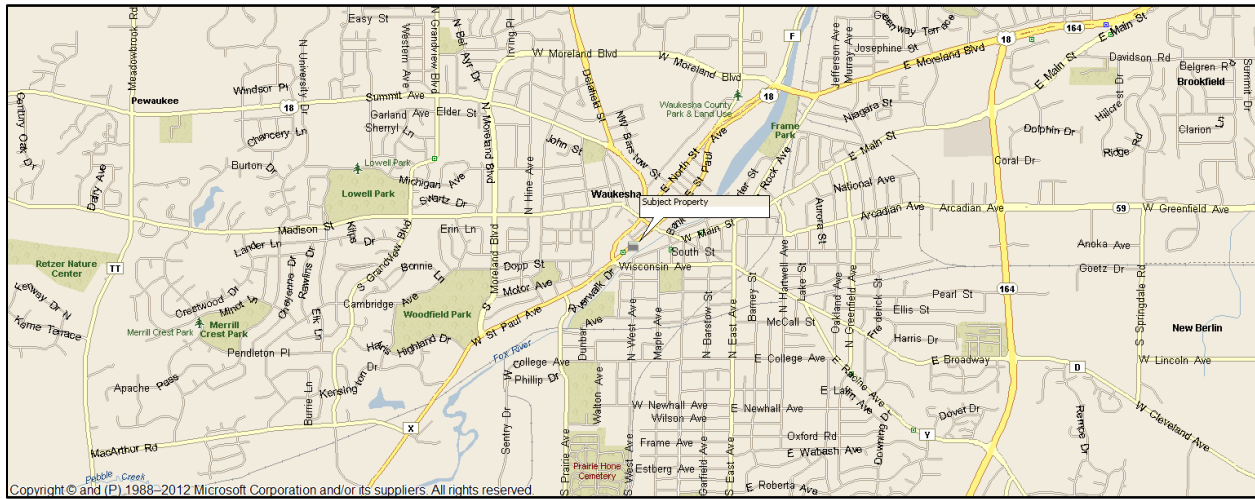


**MARKET AREA**

**Location**

The neighborhood is in the City of Waukesha. The subject neighborhood is located in east-central Waukesha County in the City of Waukesha. The location of the subject property can be seen on the following neighborhood map.

**Neighborhood Map**



**Boundaries**

The neighborhood boundaries are considered to be:

- North: West Moreland Boulevard
- South: Progress Avenue
- East: State Highway 164
- West: County Trunk Highway TT

**Land Use**

The neighborhood is a mix of existing and newer commercial development and an established residential area of western metropolitan Milwaukee. The subject and its neighborhood are located west of downtown Milwaukee in the east-central portion of Waukesha County. Development of the Waukesha area occurred mostly in the last 50 years that continues to expand and redevelopment.

Land uses within the subject neighborhood consist of a harmonious mixture of commercial, industrial, and residential development. The immediate area surrounding the subject is an area of existing development, consisting primarily of commercial and residential uses with a concentration of commercial development along Bluemound Road (US Highway 18), State Highway's 16, 18, 74, and 164, and intersections with Interstate 94. Additional commercial improvements include office and business park developments including Riverwood Corporate Center, Stoneridge, and Ridgeview Corporate Park. Residential uses are located off primary roadways. The improvements have good quality construction and are well maintained.

**Access**

Primary access to the subject neighborhood is provided by Interstate 94, Bluemound Road, Barker Road, State Highway's 16, 74, and 164, and US Highway 18. Interstate 94 is primarily a six-lane, variable width right-of-way and is located north of the subject property with access ramps on Grandview Boulevard, State Highway's 164, County Trunk Highway F, and US Highway 18. Interstate 94 provides linkage to Madison to the west and downtown Milwaukee to the east. Interstate 43 is primarily a four-lane, variable width right-of-way and is located south of the subject property with an access ramp at Moorland Road and State Highway 164. Bluemound Road (US Highway 18) is a major east/west roadway in Waukesha and Milwaukee Counties. Barker Road, Springdale Road, and State Highway 164 is a good north-south roadways in Waukesha County. West North Street and West St. Paul Avenue provide local access to the subject property. The commute to the Downtown Milwaukee Central Business District is approximately twenty-five minutes to the east, via Interstate 94.

**Conclusions and Relevance to the Subject**

The neighborhood currently has an average income demographic profile and the outlook for the neighborhood is for relatively average performance with modest improvement over the next few years. Overall, the neighborhood is stable to growing and in average overall condition with stable to increasing values. As a result, the demand for existing development is expected to be average. Generally, the neighborhood is expected to maintain a slow stable growth pattern in to the foreseeable future.

## **SITE ANALYSIS**

### **Location**

The subject parcel is located at the southeast corner of West Saint Paul Avenue and Wisconsin Avenue, on the north side of the Fox River in the City of Waukesha, Waukesha County, Wisconsin. The subject has a street address of 301-331 West St. Paul Avenue and Mill Reserve Drive. Mill Reserve Drive is an interior development roadway.

### **Access**

Access will be available from one point on the south side of West Saint Paul Avenue.

### **Visibility**

Overall the subject has good visibility from West Saint Paul Avenue and Wisconsin Avenue.

### **Land Area**

According to Public Records the subject is comprised of a 1.3749-acre or 59,891-square foot site.

### **Shape and Frontage**

The subject is rectangular in shape with frontage along the south side of West North Street and east side of Wisconsin Avenue.

### **Topography and Drainage**

The subject site topography is generally level and at grade with West Saint Paul Avenue and Wisconsin Avenue. Drainage follows the natural flow of the site, north to south.

### **Utilities**

The site is serviced by municipal sewer and water.

### **Soils**

No recent soil analysis was submitted for review. We assume soil conditions are adequate for development.

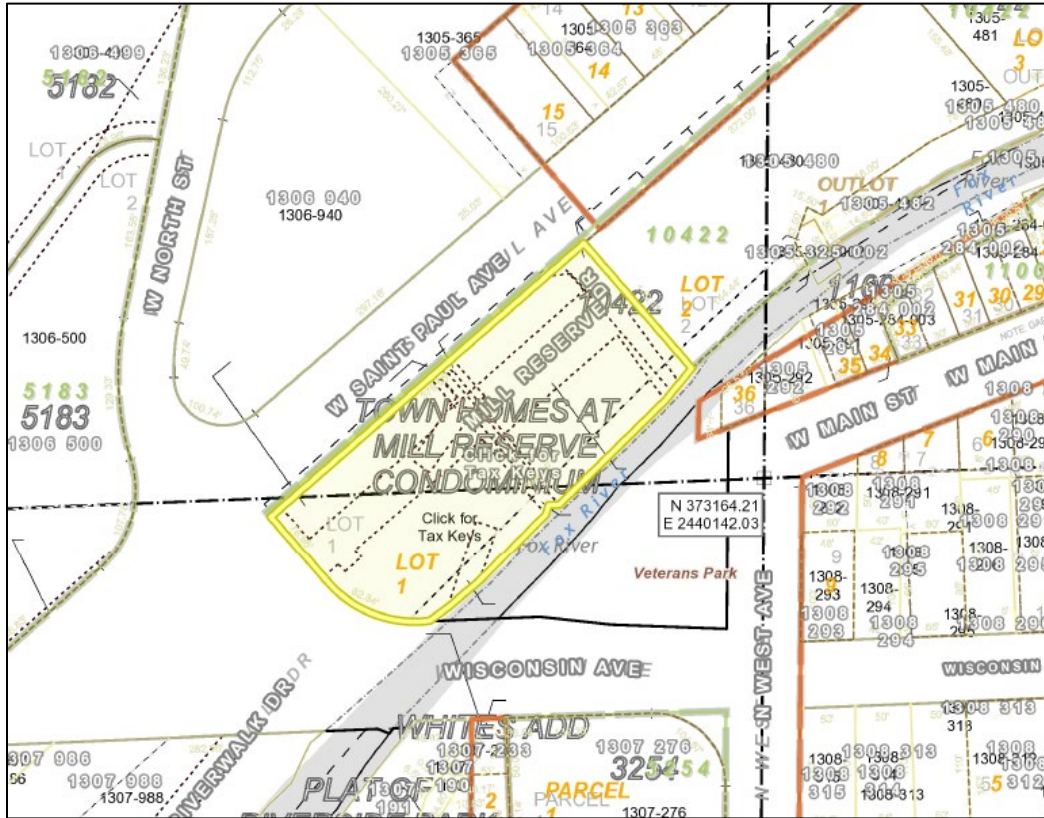
### **Easements**

No unusual or adverse easements appear to limit the utility of the site for development.

### **Covenants, Conditions, and Restrictions**

It is specifically assumed that any covenants would have no adverse impact on marketability or value.

Plat Map



**Flood Zone**

According to maps published by the Federal Emergency Management Agency (FEMA), the subject lies within Zones AE and X as indicated on FEMA Community Map Panel 55131C0213G dated November 5, 2014.

FEMA Zone AE: Special flood hazard areas subject to inundation by the 100-year flood determined in a Flood Insurance Study by detailed methods. Base flood elevations are shown within these zones. Mandatory flood insurance purchase requirements apply.

FEMA Zone X: Areas determined to be outside the 500 year flood plain.

**Environmental Issues**

For appraisal purposes, the appraiser discloses that no knowledge of the existence of the contamination on the subject property. The appraiser is not qualified to detect the extent of hazardous waste or toxic materials nor estimate the cost to cure. We will estimate the market value of the subject as if clean, but reserve the right to modify the opinion of market value if found otherwise.

**Site Improvements**

The site is improved with a three story condominium complex with additional development land.

## Aerial Map

**Larger Parcel**

According to Public Records; the site includes a total of approximately 1.3749-acres or 59,891-square feet. The subject is improved with a three story condominium complex with additional development land for 10 more condominium units. Per our research and consulting with the subject property owner, the owner does own additional property to the east that has been planned to be developed with 114 apartment units. In my opinion, there is no potential for the subject property to be split or subdivided into multiple parcels or uses and the subject property is planned to be developed with 10 additional condominium units.

**Conclusion**

The property is comprised of a single larger parcel containing 1.3749-acres or 59,891-square feet. The site topography is generally level and at grade with West St. Paul Avenue. The subject is generally rectangular in shape with frontage located along the south side of West Saint Paul Avenue.

## ZONING

The subject's zoning requirements are detailed below.

<b>Zoning Summary</b>	
Current Zoning:	RM-3 PUD, Multi-Family Residential District
Legally Conforming:	Yes
Uses Permitted:	Most multiple family uses
Zoning Change:	Not Likely
<b>Category</b>	<b>Zoning Requirement</b>
Front Setback:	25 feet
Rear Setback:	45 feet
Side Setback:	10 feet
Height Limit:	40 feet
Minimum Lot Size:	8,000 square feet
Minimum Lot Width:	70 feet
Source: City of Waukesha Zoning Department	
Compiled By: McSorley & McSorley Real Estate Services, Inc.	

The subject is a legal conforming use. The subject property has 11 condominium units with additional development land for 10 more units.

The property immediately to the east has been proposed to be improved with a five story 114 unit apartment building. According to Charlie Griffith, Associate Planner with the City of Waukesha, the property has been through conceptual review and only one issue needs further refinement, parking. The proposed parking is under the current requirement. The February 2019 Housing Study and Needs Assessment prepared by Vierbicher indicated a current need for 508 units with an additional 2,898 units by 2038. The proposed density is 64.81 units per acre and is within market standards in downtown Waukesha. Please review the zoning code in Addendum E.

The property is a legal conforming use in the “before” and “after” condition.

**TAX AND ASSESSMENT DATA**

The subject's assessed value and taxes are summarized below.

<b>Parcel Nos.</b>	<b>Land</b>	<b>Improvements</b>	<b>Total</b>	<b>Taxes</b>
291- 1306- 502	\$45,000	\$197,600	\$242,600	\$4,606.84
291- 1306- 503	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 504	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 505	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 506	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 507	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 508	\$45,000	\$190,300	\$235,300	\$4,462.52
291- 1306- 509	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 510	\$45,000	\$173,000	\$218,000	\$4,120.46
291- 1306- 511	\$45,000	\$198,300	\$243,300	\$4,620.69
291- 1306- 512	\$45,000	\$185,300	\$230,300	\$4,363.66
291- 1306- 513	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 514	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 515	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 516	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 517	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 518	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 519	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 520	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 521	\$20,000	\$0	\$20,000	\$395.43
291- 1306- 522	\$20,000	\$0	\$20,000	\$395.43
Total	\$695,000	\$1,982,500	\$2,677,500	\$50,851.23
<b>Equilized Value</b>	<b>\$730,800</b>	<b>\$2,084,700</b>	<b>\$2,815,500</b>	

The assessment ratio is 95.10 percent and the tax rate for 2020 was \$19.77155 per \$1,000 of assessed value.

**Conclusion**

The City of Waukesha records indicate there are no delinquent property taxes. The appraiser assumes that all taxes are current.

## HIGHEST AND BEST USE

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet, as of the date of opinion, are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

Highest and best use analysis involves assessing the subject as if vacant and as improved.

### HIGHEST AND BEST USE AS THOUGH VACANT

#### Legal Permissibility

The legally permissible uses were discussed in detail in the site analysis and zoning sections of this report. Permissible uses are broad, allowing for most types of multiple family residential development.

#### Physical Possibility

The physical characteristics of the subject site were discussed in detail in the site analysis. Overall, a wide range of legally permissible uses would be physically possible.

#### Financial Feasibility

The financial feasibility of a specific property is market driven, and is influenced by surrounding land uses. Based on the subject's specific location and physical characteristics, it is our opinion that development of the site with a multiple family oriented use, which is complimentary to the surrounding land, uses would represent the most likely financially feasible option. The proximity to major thoroughfares and established multiple family and commercial neighborhoods provides sufficient basis to support a multiple family oriented use. Current economic conditions do support the cost of new multiple family development. This is evidenced by the fact there has been an uptick in development, stable occupancy and rental rates in the local market over the past few years.

#### Maximum Profitability

The use which results in the maximum profitability of the site is beyond the scope of this assignment. The recipient of the property's productivity (e.g., the lender, equity investor, the public, etc.) greatly determines what the use should be. Regardless, the use for the subject should conform to the neighborhood trends and be consistent with existing land uses.

#### Conclusion: Highest and Best Use As Though Vacant

The concluded highest and best use of the subject as though vacant for the site is multiple family development with similar density as the proposed property to the east.

### HIGHEST AND BEST USE AS IMPROVED

#### Legal Permissibility

The subject is a legal conforming use as improved.



**Physical Possibility**

The layout and positioning of the improvements are functional for use as a condominium building, and the improvement layout is reasonable based on market comparables. The improvements are most functional as a condominium building.

**Financial Feasibility**

Typically, for properties similar to the subject, the test of feasibility is based on a sales comparison and income capitalization approach analysis due to the ownership profile. There is a healthy and active market in the City of Waukesha and Waukesha County. The appraiser, therefore, concludes that the continued use of the improvements is a financially feasible use of the property as improved.

**Maximum Profitability**

The maximally profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. However, the recipient of the property’s productivity greatly determines what actual use maximizes profitability.

**Conclusion: Highest and Best Use as Improved**

Based on the foregoing discussions, the appraiser concludes the highest and best use of the property is consistent with its current use. There are no alternative uses of the improvements that would produce a higher net income and/or value over time than the current use. The current use is a legal conforming use and appears to represent the highest and best use as improved. Furthermore, the appraiser does not believe that conversion of the improvements or demolition is warranted or financially feasible at this time.

**Conclusion: Highest and Best Use – Before Acquisition**

The concluded highest and best use of the subject before the acquisition is a condominium building.

**Conclusion: Highest and Best Use – After Acquisition**

The concluded highest and best use of the subject after the acquisition is a condominium building.

**Remainder Land:** Remainder land is that portion of the larger parcel that is not acquired for the right of way. The subject property is 59,891-square feet or 1.3749-acres in the “before” and “after” condition. The subject is improved with a is a condominium building in the “before” and “after” condition. The property is a legal conforming use in the “before” and “after” condition.

## **APPRAISAL METHODOLOGY**

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Due to the nature of this appraisal assignment, we are valuing the land only.

### **COST APPROACH**

The Cost Approach is based upon the proposition the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements, which represent the highest and best use of the land, or when relatively unique or specialized improvements are located on the site and for which there exist few sales or leases of comparable properties. As the subject improvements are not being valued, the cost approach is not applicable.

### **SALES COMPARISON APPROACH**

The Sales Comparison Approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject property. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

### **INCOME CAPITALIZATION APPROACH**

The Income Capitalization Approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. As the subject improvements are not being valued, the income approach is not applicable.

### **APPRAISAL METHODOLOGY APPLICABLE TO THE SUBJECT**

In valuing the subject, the Sales Comparison Approach is an applicable valuation method for this type of appraisal. The Sales Comparison Approach is based on the principle of substitution. This principle is defined in the Appraisal Terminology and Handbook published by the Appraisal Institute as follows:

*“The principle of substitution affirms that the maximum value of a property tends to be set by the cost of acquisition of an equally desirable and valuable substitute property, assuming no costly delay is encountered in making the substitution.”*

**DESCRIPTION OF THE ACQUISITION**

The acquisition requirements from the property, all related to the West St. Paul Avenue Improvement Project, according to Project No. 2718-04-21 Schedule of Lands and Interests Required, Plat Sheet No. 4.02 Amendment No. 2 recorded May 5, 2021 are as shown below.

Subject Before Acquisition:	59,891 SF	1.3749-acres
Land (in fee):	None	
Permanent Easement:	194 SF	0.0045-acres
Temporary Limited Easement:	3,575 SF	0.0820-acres
Improvements:	None	
Other Interests:	None	
Access:	None	
Remainder Parcel:	59,891 SF	1.3749-acres

**Permanent Easement**

One Permanent Limited Easement area totaling 0.0045-acres or 194-square feet will encumber the subject. The Permanent Limited Easement area is located at the northwest corner of the site. These Permanent Limited Easement area is for sidewalk purposes.

**Temporary Limited Easement**

One Temporary Limited Easement area totaling 0.0820-acres or 3,575-square feet will encumber the subject. The Temporary Limited Easement area is located along the south side of West Saint Paul Avenue. This Temporary Limited Easement area is for grading purposes.

**Site Improvements**

There are no site improvements located within the acquisition areas.

LAND VALUE

*Land Valuation*--In determining the value of land, the Sales Comparison Approach was used.

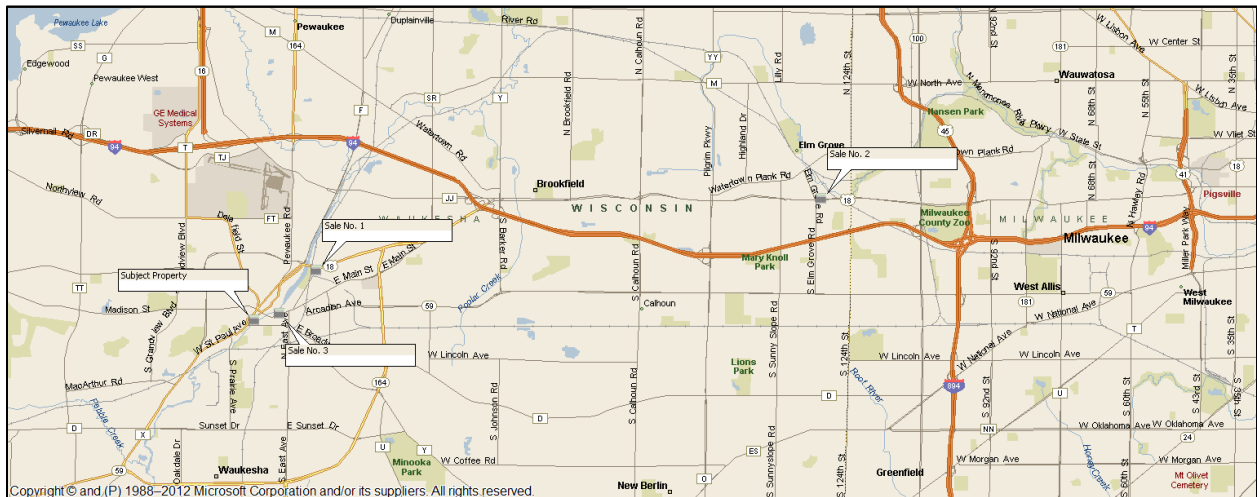
The Sales Comparison Approach relies on the principle of substitution. This principle states that when several similar commodities, goods, or services are available, the one with the lowest price attracts the greatest demand.

The Sales Comparison Approach is based on an analysis of actual market transactions of other similar properties that are compared with the subject. Comparable sales represent the actions of typical buyers and sellers in the marketplace and their actions determine the purchase price for the subject. When an adequate number of comparable sales exist, a range of value for the subject property can be determined.

The range of value determined, using units of comparison such as sales price per square foot of gross building area, can be analyzed and adjusted for differences between the comparable sales and the subject. An analysis of adjusted units of comparison then forms the basis for the market value of the property. A land sales adjustment grid has been included for the value conclusion.

Details regarding the attributes of the comparable sales, considered most similar to the subject, are presented on the following page. A more detailed description of each transaction is included in Addendum C.

Land Sale Map



ANALYSIS OF LAND SALES

The sales presented indicate a range of value from \$8.77 to \$20.02 per square foot of land area. The primary differences between the comparable sales and the subject include market conditions, location, physical characteristics, size, and zoning of the sale properties.

**Land Sale Summary**

No.	Location	Date of Sale	Size (S.F.)	Size (Acres)	Zoning	Sale Price	Price/ S.F.	Price/ Acre
S	SEC of West St. Paul & Wisconsin Avenue Waukesha, Wisconsin	--	59,891	1.3749	RM-3	--	--	--
1	SWC & SEC Whiterock & Moreland Waukesha, Wisconsin	Dec-19	101,974	2.3410	B-1	\$894,000	\$8.77	\$381,888
2	13040 West Bluemound Road Elm Grove, Wisconsin	Aug-19	87,120	2.0000	B-3	\$1,050,000	\$12.05	\$525,000
3	232 West Main Street Waukesha, Wisconsin	April-17	33,977	0.7800	B-2	\$680,300	\$20.02	\$872,179

**Compiled by: Single Source, Inc.**

**Terms of Sale**

None of the sales involved unusual or favorable financing terms so adjustments for cash equivalency are not required. All of the sales were found to be arm's length transactions. All the sales included the entire bundle of rights.

**Market Conditions**

Adjustments are necessary to account for inflationary forces in the market (time adjustment) and changes in supply/demand factors (market adjustments), which affect pricing levels. Inflation creates the need to apply an upward adjustment to pricing parameters to account for the long-term upward trend in price levels. Changing market conditions reflect either an upward or downward adjustment, depending on investors' perceived economic outlook and the supply/demand relationship in the market.

We have assumed a positive time adjustment factor for any sale one year past the date of valuation, due to the returned strength of the real estate markets. The inflationary increase is estimated at a modest 2 percent per year for the subject area. All sales require upward adjustment.

**Governmental/Environmental/and Off-Site Costs**

These costs are associated with impact fees charged for development, environmental cleanup or soil costs, and utility charges or off site costs. The subject site is serviced with municipal sewer and water. Sale No. 2 had sewer and water extension costs of \$150,000 which is included in the \$1,050,000 sale price. All comparable sales are similar to the subject and do not require adjustment.

**Size**

The subject site has a size of approximately 1.3749-acres or 59,891-square feet of land area. The comparable sales range from 33,977-square feet to 101,974-square feet. Typically the smaller the site size, the higher the sale price on a unit basis. Sale No. 3 is smaller and needs downward adjustment.

**Location**

The subject parcel is located at the southeast corner of West Saint Paul Avenue and Wisconsin Avenue in the City of Waukesha, Waukesha County, Wisconsin. All sales are deemed to have similar locations and do not require adjustment.

**Access/Visibility**

The subject property has good visibility from all directions on adjacent roadways. Additionally, access is good to State Highways. All the sales are deemed to have similar visibility and highway access and do not require adjustment.

**Physical Features**

The subject is rectangular in shape with level topography and is at road grade. All comparable sales have similar physical features and do not require adjustment.

**Zoning/Density**

The subject is zoned, RM-3 PUD, Multi-Family Residential District. The adjacent property has a proposed density is 64.81 units per acre, we have assumed the subject property as vacant and available for development and would have similar development density. Sale Nos. 1 and 2 have inferior density (30.76 and 37.50 units per acre, respectively) and require upward adjustment, while Sale No. 3 has superior density (79.49 units per acre) and indicated downward adjustment.

**Land Value Conclusion**

After adjustments, the sale prices range from \$10.85 to \$18.47 per square foot, with an average of \$14.78 per square foot. Based on these sales, the subject property is estimated to have a value above the average nearest to Sale No. 3 at \$18.00 per square foot.

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<b>Concluded Land Value Before Acquisition</b>					
Square Feet	X	Value/SF	=	Value	
59,891	X	\$18.00	=	\$1,078,038	
<b>Value Indication (Rounded):</b>				<b>\$1,078,000</b>	

**LAND SALE ADJUSTMENT GRID**

<b>DETAILS</b>	<b>SUBJECT</b>	<b>SALE No. 1</b>	<b>SALE No. 2</b>	<b>SALE No. 3</b>
Sale Price	--	\$894,000	\$1,050,000	\$680,300
Date of Sale	--	Dec-19	Aug-19	April-17
Site Size (SF)	59,891	101,974	87,120	33,977
Price/SF	--	\$ 8.77	\$ 12.05	\$ 20.02
<b>ADJUSTMENT PROCESS</b>		<b>\$/SF</b>	<b>\$/SF</b>	<b>\$/SF</b>
Unadjusted Sale Price		\$ 8.77	\$ 12.05	\$ 20.02
Terms of Sale		0.0%	0.0%	0.0%
Cash Equivalent Price/SF		\$ 8.77	\$ 12.05	\$ 20.02
Time/Market Conditions		3.17%	3.83%	8.50%
Current CE Price/SF		\$ 9.04	\$ 12.51	\$ 21.72
<b>DIRECT ADJUSTMENTS</b>				
Government Costs		0.0%	0.0%	0.0%
Soil/Environmental		0.0%	0.0%	0.0%
Utilities/Other Off-Site Costs		0.0%	0.0%	0.0%
Total Direct Adjustments		\$ -	\$ -	\$ -
Adjusted CE Sale Price/SF		\$ 9.04	\$ 12.51	\$ 21.72
<b>PERCENTAGE ADJUSTMENTS</b>				
Site Size	59,891	101,974 Similar 0%	87,120 Similar 0%	33,977 Smaller -5%
		\$ -	\$ -	\$ (1.09)
Location/Market Area	Waukesha	Similar 0%	Similar 0%	Similar 0%
		\$ -	\$ -	\$ -
Access	Good	Similar 0%	Similar 0%	Similar 0%
		\$ -	\$ -	\$ -
Visibility	Good	Similar 0%	Similar 0%	Similar 0%
		\$ -	\$ -	\$ -
Physical Features	Rectangular	Similar 0%	Similar 0%	Similar 0%
		\$ -	\$ -	\$ -
Zoning/Density	RM-3 64.81 units/Acre	Inferior 20%	Inferior 20%	Superior -10%
		\$ 1.81	\$ 2.50	\$ (2.17)
Total Dollar Adjustments		\$ 1.81	\$ 2.50	\$ (3.26)
<b>FINAL ADJUSTED SALES PRICE/SF</b>		<b>\$ 10.85</b>	<b>\$ 15.02</b>	<b>\$ 18.47</b>
<b>AVERAGE ADJUSTED SALES PRICE/SF</b>		<b>\$ 14.78</b>		
<b>CONCLUDED LAND VALUE/SF</b>		<b>\$ 18.00</b>		
<b>SUBJECT SQUARE FOOTAGE</b>		<b>59,891</b>		
<b>CONCLUDED LAND VALUE</b>		<b>\$ 1,078,038</b>		
<b>CONCLUDED LAND VALUE-ROUNDED</b>		<b>\$ 1,078,000</b>		
<b>Single Source, Inc.</b>				

**Before Value**

The total “before” value is \$3,162,700 (\$1,078,000 - land + \$2,084,700 - improvements, per assessment, rounded).

**Valuation of Permanent Limited Easement**

One Permanent Limited Easement (PLE) totaling 0.0045-acres or 194-square feet will encumber the subject. The Permanent Limited Easement area of land is located at the northwest corner of the site, required for sidewalk purposes.

It is our opinion that the Permanent Limited Easement area has some, but limited utility to the owner after the acquisition due to the presence of the sidewalks. The easement is located in the building setback area, hence, an area where improvements are not allowed to be built. The damages for Permanent Limited Easement are estimated at 50 percent of fee value or \$9.00 per square foot (\$18.00/ SF X 50%), or \$9.00 per square foot due to the loss of utility to the subject property in the "after" condition.

**Acquired Land Value Conclusion – Permanent Limited Easement**

<b>Acquired Land Value</b>				
<b>Permanent Limited Easement</b>				
SF	X	Value/SF	=	Value
194	X	\$9.00	=	\$1,746
<b>Land Value Indication (Rounded):</b>				<b>\$1,800</b>

The value of the land after the acquisition is \$1,076,200 (\$1,078,000 - \$1,800 (PLE) = \$1,076,200).

**Valuation of Temporary Limited Easement**

A Temporary Limited Easement area totaling 0.0820-acres or 3,575-square feet will encumber the subject. The Temporary Limited Easement is an area of land located along the south side of West Saint Paul Avenue. This Temporary Limited Easement areas are for grading purposes. According to the City of Waukesha project engineer, Mr. Craig Ausen the construction start date and completion date for this project should be February 1, 2022 through June 30, 2023 ( 17 months). The duration of the Temporary Limited Easement is the time period between the date of appraisal (July 31, 2021) and the scheduled construction completion date (June 30, 2023) or approximately 23 months.

The simplest way to compensate the landowner is through similar land rentals in the market. We were unable to locate any residential rentals in the subject area. The commercial land rents shown on below were obtained through primary market research.



## SALES COMPARISON APPROACH

No.	Location	Annual Rent./SF	Basis	Commencement Date	Term	Annual Escalation
1	Wausau, Wisconsin Confidential	\$2.61	ABS Net	2016	12.5 years	--
2	Oconomowoc, Wisconsin Confidential	\$1.53	ABS Net	Aug-18	25 years	1.5%
3	Sun Prairie, Wisconsin Confidential	\$1.10	ABS Net	2018	15 years	flat
4	Pewaukee, Wisconsin Confidential	\$1.58	ABS Net	Jun-18	15 years	5% every 5 years
5	West Allis, Wisconsin Confidential	\$2.96	ABS Net	Nov-16	15 years	9% every 5 years
6	Oconomowoc, Wisconsin Confidential	\$1.53	ABS Net	Aug-18	25 years	1.5%
7	Sun Prairie, Wisconsin Confidential	\$1.21	ABS Net	Feb-15	20 years	7.5% every 5 years
8	Milwaukee, Wisconsin Confidential	\$1.58	ABS Net	Mar-18	5 years	Flat
9	Delafield, Wisconsin Confidential	\$1.80	ABS Net	2020	20 years	10% in year 10 & 15
10	Pewaukee, Wisconsin Confidential	\$1.04	ABS Net	Mar-19	15 years	5% every 5 years
11	Sheboygan, Wisconsin Confidential	\$1.62	ABS Net	2020	15 years	10% every 5 years
12	Brookfield, Wisconsin Confidential	\$3.93	ABS Net	2017	15 years	5% every 5 years
13	Menomonee Falls, Wisconsin Confidential	\$0.86	ABS Net	Sep-19	20 years	5.0% Every 5 years
	<b>Average</b>	<b>\$1.80</b>				
	<b>Minimum</b>	<b>\$0.86</b>				
	<b>Maximum</b>	<b>\$3.93</b>				

**Compiled By: Single Source, Inc.**

The commercial land rental rates range from \$0.86 to \$3.93 per square foot with an average of \$1.80 per square foot.

In addition to the land rental rates, we have researched equity divided rates to determine an appropriate yield for the subject land.

The following table indicates current safe rates within the market.

<b>Current Safe Rates</b>		
<b>2nd Quarter 2021</b>		
	<b>Term</b>	<b>Rate</b>
US Treasury Rate	6 months	0.03%
US Treasury Rate	1 year	0.06%
US Treasury Rate	2 years	0.16%
US Treasury Rate	3 years	0.33%
Municipal Bonds	1 year	0.10%
Municipal Bonds	2 years	0.12%
Corporate Bonds AAA	1 year	2.02%
	<b>Average</b>	<b>0.40%</b>
	<b>Minimum</b>	<b>0.03%</b>
	<b>Maximum</b>	<b>2.02%</b>

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**Compiled By: Single Source, Inc.**

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The rates above would need to be built up to reflect real estate risk and liquidity issues.

### **Liquidity**

This adjustment addresses the difference in liquidity between the chosen safe rate investment alternative and the TLE. This adjustment is necessary because most alternative investments can be sold or traded. This would give the investor the opportunity to take advantage of beneficial fluctuations in the market that could potentially allow them to increase their annual rate of return. The TLE will be acquired until the completion of the construction project. The TLE is paid in full for the specified time period and cannot be sold or traded. This non-liquidity is an element that should be considered when estimating a rate of return. The longer the timeframe for the TLE, the greater the need for this adjustment. Typical adjustments for non-liquidity range from 1% to 3%. Taking into consideration the relatively long term of the proposed TLE, an adjustment toward the middle of the range at 2.0% is considered appropriate.

### **Risk**

This adjustment is tied to the uncertainty associated with the ultimate physical and financial impacts of the TLE on the encumbered areas. The risk is also tied to the impacts of the subsequent construction activities within the TLE, the risk level may be affected by the location and size of the TLE. Smaller TLEs, or TLEs that are situated in remote or unused areas of a property would have less risk. Larger TLEs, or TLEs located in prominent or heavily used areas of a property would have more risk. The adjustment for risk is directly tied to

the physical characteristics of the TLE being analyzed, its impact on the affected parcel and is tied to the property type or current use of the parcel. The adjustment for risk has the potential to be unique for each parcel. Typical adjustments for risk range from 2% to 4%. Taking into consideration the size and location of the proposed TLE, a 3% adjustment for risk is considered appropriate. Based on these conclusions, the annual rate of return is calculated as follows:

Safe Investment Rate	0.40%
Liquidity	+ 2.00%
Risk	+ 3.00%
Rate of Return	= 5.40%

The results of relevant published investor survey data are summarized in the following table.

<b>SUMMARY OF INVESTOR SURVEYS</b>			
<b>DISCOUNT RATE</b>			
Investor Survey	Discount Rate Range	Average	Date of Survey
PWC Real Estate Investor Survey			
National Development Land Market	10.00%-20.00%	15.60%	4 <sup>th</sup> Qtr. 2020
Compiled by: Single Source, Inc.			

The subject property is in an average location and is considered to be within a stable market. The survey indicates an overall range of 10.00% to 20.00%. Because of the subject’s size, location, and type, it is likely that the appropriate capitalization rate would be below the bottom of the range indicated in the preceding table. The quoted rates are for undeveloped land with many risk factors; therefore, we believe a rate under 10.00 percent would be appropriate for the subject property.

A ground lease was purchased by a local investor. We obtained the pertinent factors of the deal (interest rate, amortization schedule, equity requirement, and capitalization rate) and solved for the Equity Dividend Rate. The yielding rate was 7.21 percent for a remaining three-year term. We believe the subject property would require a rate slightly below this market rate.

We believe an appropriate return rate for the subject property would be 7.0 percent per year, near the built up safe rate and referenced rate. This rate is applied for the time period both prior to construction and under construction, approximately 23 months.

Utilizing the unit value of \$18.00 per square foot would indicate a land value of \$64,350 (\$18.00/SF x 3,575 SF = \$64,350) which is the basis of our Temporary Limited Easement calculation.

**Discount Factor**

The TLE payment will be paid to the property owner as a lump sum rather than annual installments. Therefore, an annual return on investment must be identified to determine a discount factor used to calculate the present value (lump sum payment) of future annual rental payments for the use of the land contained within the TLE. The calculated rate is 7 percent and yields the following value.

**Acquired Land Value Conclusion – Temporary Limited Easement**

<b>Acquired Land Value Temporary Limited Easement</b>					
Year	Months	Land Value	Discount Rate	PV Factor	Value
1	12	\$64,350	7.00%	1.0000	\$4,504.50
2	11	\$64,350	7.00%	0.9345	\$3,858.67
Total					\$8,363.17
<b>Value Indication (Rounded):</b>					<b>\$8,400</b>

**Valuation of Site Improvements**

Any concrete, asphalt or grass within the Temporary Limited Easement area will be replaced in like kind as part of the project, therefore no compensation is allocated. There are no site improvements with the acquisition area.

**Severance Damage**

There is no severance damage associated with this acquisition.

**After Value**

The total “after” value is \$3,160,900 (\$1,076,200 – land + \$2,084,700 - improvements, per assessment, rounded).

The following table presents the conclusion and allocation.

<b>Conclusion and Allocation</b>	
Market Value Before Acquisition:	\$3,162,700
Market Value Following Acquisition:	\$3,160,900
Loss in Market Value:	\$1,800
Temporary Limited Easement:	\$8,400
<b>Total Damages (Rounded):</b>	<b>\$10,200</b>
<b>Allocation of Damages</b>	
<b>Permanent Easement:</b>	<b>\$1,800</b>
<b>Temporary Limited Easement:</b>	<b>\$8,400</b>
<b>Total:</b>	<b>\$10,200</b>

This market value is based on assumptions and limiting conditions stated throughout the report, including specific extraordinary assumption assumptions and limiting conditions.

**ASSUMPTIONS AND LIMITING CONDITIONS**

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to total that would adversely affect marketability or value. The appraiser is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. The appraiser, however, has not examined title and makes 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.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being 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 or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. The appraiser is not an engineer and not competent to judge matters of an engineering nature. The appraiser has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of the appraiser by ownership or management; the appraiser inspected less than 100% of the entire interior and exterior portions of the improvements; and the appraiser was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. 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, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, the appraiser reserves the right to amend the appraisal conclusions reported herein.

3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.

4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to the appraiser. This report may be subject to amendment upon re-inspection of the subject property subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, the appraiser has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, the appraiser reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify the appraiser of any questions or errors.
6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions, which occur subsequent

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## ASSUMPTIONS AND LIMITING CONDITIONS

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to the date of the appraisal. However, the appraiser will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.

7. The appraiser assumes no private deed restrictions, limiting the use of the subject property in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there is no mineral deposit 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.
9. The appraiser is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics 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 achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. The appraiser does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of the appraiser.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of the appraiser to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, 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 are being 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 on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of the appraiser nor may this report or copies hereof be transmitted to third parties without said consent, which consent the appraiser reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of the appraiser which consent the appraiser reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. The appraiser shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. 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. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to the appraiser unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no

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## ASSUMPTIONS AND LIMITING CONDITIONS

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responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. The appraiser assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. The Appraiser assumes no responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. The appraiser assumes that the subject property analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. Professional fees for additional services will be based on actual time spent at a regular hourly of \$200 per hour. Professional fees for Litigation Services will be based on actual time spent at a regular hourly of \$200 per hour.
22. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
23. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
24. The *Americans with Disabilities Act* (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, the appraiser has not made a specific compliance survey and analysis of this property to determine whether it is in conformance 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 ADA. If so, this fact could have a negative effect on the value estimated herein. Since the appraiser has no specific information relating to this issue, nor is the appraiser qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject property.
25. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.

ADDENDA



**ADDENDUM A  
GLOSSARY OF TERMS**

**assessed value** Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. †

**cash equivalency** The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

**contract, coupon, face, or nominal rent** The nominal rent payment specified in the lease contract. It does not reflect any offsets for free rent, unusual tenant improvement conditions, or other factors that may modify the effective rent payment.

**coupon rent**  
*See Contract, Coupon, Face, or Nominal Rent*

**effective rent** 1) The rental rate net of financial concessions such as periods of no rent during a lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ‡ 2) The economic rent paid by the lessee when normalized to account for financial concessions, such as escalation clauses, and other factors. Contract, or normal, rents must be converted to effective rents to form a consistent basis of comparison between comparables.

**face rent**  
*See Contract, Coupon, Face, or Nominal Rent*

**fee simple estate** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. ‡

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

**full service lease** A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop*, the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs*.

**going concern value** Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value. †

**gross building area (GBA)** The sum of all areas at each floor as measured to the exterior walls.

**insurable value** Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state. †

**investment value** Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects

the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser. †

**leased fee**  
*See leased fee estate*

**leased fee estate** An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease. ‡

**leasehold**  
*See leasehold estate*

**leasehold estate** The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions. ‡

**load factor** The amount added to usable area to calculate the rentable area. It is also referred to as a “rentable add-on factor” which, according to BOMA, “is computed by dividing the difference between the usable square footage and rentable square footage by the amount of the usable area. Convert the figure into a percentage by multiplying by 100.

**market value “as if complete” on the appraisal date** Market value as if complete on the appraisal date is an estimate of the market value of a property with all construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value should reflect the market value of the property as if complete and prepared for occupancy by tenants.

**market value “as is” on the appraisal date** Market value “as is” on the appraisal date is an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of appraisal.

**market value** Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. §

**marketing period** The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. ‡

**net lease** in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the

expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

**net rentable area (NRA)** 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. \*

**nominal rent**

*See* Contract, Coupon, Face, or Nominal Rent

**prospective future value “upon completion of construction”**

Prospective future value “upon completion of construction” is the prospective value of a property on the future date that construction is completed, based upon market conditions forecast to exist, as of that completion date. The value estimate at this stage is stated in current dollars unless otherwise indicated.

**prospective future value “upon reaching stabilized occupancy”**

Prospective future value “upon reaching stabilized occupancy” is the prospective value of a property at a future point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. The value estimate at this stage is stated in current dollars unless otherwise indicated.

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

**rent**

*see*

full service lease

net lease

contract, coupon, face, or nominal rent

effective rent

**shell space** which has not had any interior finishing installed, including even basic improvements such as ceilings and interior walls, as well as partitions, floor coverings, wall coverings, etc..

**Usable Area** 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. \*

**use value** Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property’s highest and best use or the monetary amount that might be realized upon its sale. †

**value appraised** During the real estate development process, a property typically progresses from a state of unimproved land to construction of improvements to stabilized occupancy. In general, the market value associated with the property increases during these stages of development. After reaching stabilized occupancy, ongoing forces affect the property during its life, including a physical wear and tear, changing market conditions, etc. These factors continually influence the property’s market value at any given point in time.

*See also*

market value “as is” on the appraisal date

market value “as if complete” on the appraisal date

prospective future value “upon completion of construction”

prospective future value “upon reaching stabilized occupancy”

**ADDENDUM B  
SUBJECT PHOTOGRAPHS**



FRONT OF SUBJECT PROPERTY LOOKING SOUTHWEST



TLE LOOKING WEST



PLE AND TLE LOOKING EAST



LOOKING SOUTH AT PLE AND TLE



**TLE LOOKING NORTH**



**LOOKING EAST ON WEST ST. PAUL AVENUE**

ADDENDUM C  
COMPARABLE LAND SALES



LAND SALE NO. 1



**Property Identification**

Location: East and West Sides of Whiterock Avenue  
Waukesha, Waukesha County, Wisconsin

**Property Description**

Land Area: Approximately 2.3410-acres  
Zoning: B-1, Neighborhood Business District  
Topography: Level  
Utilities: All  
Intended Use: Apartments  
Tax Key Number: 1003-271 and 272

**Sale Data**

Date of Sale: December 2019  
Sale Price: \$894,000  
Sale Price/SF: \$8.77  
Sale Price/Acre: \$381,888  
Sale Price/Unit: \$12,417  
Grantor: Hansen Brothers LLC, Stephan G. Weidman Trust, Simon & Paula Monreal, and Mark R. Sigala  
Grantee: White Rock MR, LLC  
Document No.: 4443623-4443626  
Conveyance: Warranty Deed and Trustee's Deed  
Financing: All cash to the seller  
Verified By: IPAS, broker

Verified To:

Marc McSorley

Legal Description:

Parcel 1: Lots 1 and 2 in Block "A", of T.D. Cook's Second Addition to the City of Waukesha, Waukesha County, Wisconsin, according to the recorded plat thereof. A part of the Southwest 1/4 of Section 35, Township 7 North, Range 19 East, bounded and described as follows: Beginning at the Northeast Corner of Block "A" of T.D. Cook's Second Addition to the City of Waukesha, Wisconsin; thence North 77° West 125 feet; thence North 10 3/4° East 44' 5"; thence South 77° East 143' 2" to the West line of White Rock Avenue; thence South 33° West along the West line of said road 47 feet to the place of beginning. Being a part of Lot 1, in Block "A" of Louis Yange's Addition to the City of Waukesha. Parcel 2: Lots 3 and 4 and Lot 6 and the East 1/2 of Lot 7, all in Block "A", of T.D. Cook's Second Addition to the City of Waukesha, Waukesha County, Wisconsin.

**Comments:**

This property represents two parcels to be improved with 72 units of market rate apartments developed by Bear Realty. The density is 30.76 units per acre.

**Parcel Map**

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LAND SALE NO. 2



**Property Identification**

Location: 13040 West Bluemound Road  
Elm Grove, Waukesha County, Wisconsin

**Property Description**

Land Area: Approximately 2.0000-acres  
Zoning: B-3, Mid-Rise Office and Professional District  
Topography: Level to sloping  
Utilities: All  
Intended Use: Senior Housing  
Tax Key Number: 1108-980-001

**Sale Data**

Date of Sale: August 2019  
Sale Price: \$1,050,000 (\$900,000 + \$150,000 sewer extension)  
Sale Price/SF: \$10.33  
Sale Price/Acre: \$450,000  
Sale Price/Unit: \$14,000  
Grantor: Lamplighter Corporation of Elm Grove  
Grantee: Elm Grove Heights, LLC  
Document No.: 4415212  
Conveyance: Warranty Deed  
Financing: All cash to the seller  
Verified By: IPAS, broker, Village of Elm Grove  
Verified To: Marc McSorley

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ADDENDUM C COMPARABLE LAND SALES

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Legal Description:

Lot Two (2) of Certified Survey Map No. 8351, being a redivision of Parcel 2 of Certified Survey Map No. 5703, being a part of the Southeast 1/4 of the Northwest 1/4, the Southwest 1/4 of the Northeast 1/4, and the Northwest 1/4 of the Southeast 1/4 of Section 25, Town 7 North, Range 20 East, in the Village of Elm Grove, Waukesha County, Wisconsin.

Comments:

This property represents a 2 acre site located along the north side of West Bluemound Road, just east of Elm Grove Road. Horizon will develop a 75-unit senior housing facility on the site. The asking price was \$945,900. There was also a charge of \$150,000 for sewer and water extension. The density is 37.50 units per acre.

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Parcel Map

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LAND SALE NO. 3



**Property Identification**

Location: 232 West Main Street  
Waukesha, Waukesha County, Wisconsin

**Property Description**

Land Area: Approximately 0.7800-acres  
Zoning: B-2, Central Business District  
Topography: Level  
Utilities: All  
Intended Use: Apartments  
Traffic Count: 2,400; West Main Street & 9,200 North Barstow Street  
Tax Key Number: 1375-174-001

**Sale Data**

Date of Sale: April 2017  
Sale Price: \$680,300  
Sale Price/SF: \$20.02  
Sale Price/Acre: \$872,179  
Sale Price/Unit: \$10,973  
Grantor: Main Street Plaza II, LLC  
Grantee: Sterling Investment Real Estate, LLC  
Document No.: 4272428  
Conveyance: Warranty Deed  
Financing: All cash to the seller  
Verified By: IPAS, buyer representative  
Verified To: Marc McSorley

Legal Description:

Parcel A All that part of Lots 3 and 4 in Block Lettered "B" of GALE, BARSTOW AND LOCKWOOD'S PLAT OF PRAIRIEVILLE, now City of Waukesha, County of Waukesha, State of Wisconsin, bounded and described as follows: Commencing at a point on the Northerly line of Main Street, distance Southwesterly from the Southeast corner of said Block Lettered "B", 140.8 feet, said point being also the Southwesterly corner of the building known as the Auditorium, and being the place of beginning; thence Northwesterly, at right angles and parallel to the side lines of Lot 3 in said Block Lettered "B", 150 feet to the rear line of said Block Lettered "B"; thence Southwesterly and at right angles along the rear line of said Block Lettered "B", 50 feet ; thence Southeasterly, at right angles and parallel to the side lines of said Lot 3, Block Lettered "B", 150 feet to the Northerly line of Main Street; thence Northeasterly along the Northerly line of Main Street, 50 feet to the place of beginning. Parcel B All that part of Lot 4, Block Lettered "B" of GALE, BARSTOW AND LOCKWOOD'S PLAT OF PRAIRIEVILLE, now City of Waukesha, County of Waukesha, State of Wisconsin

Comments:

This property represents a downtown site improved with a 62 unit five story apartment building. The density is 79.49 units per acre.

Parcel Map

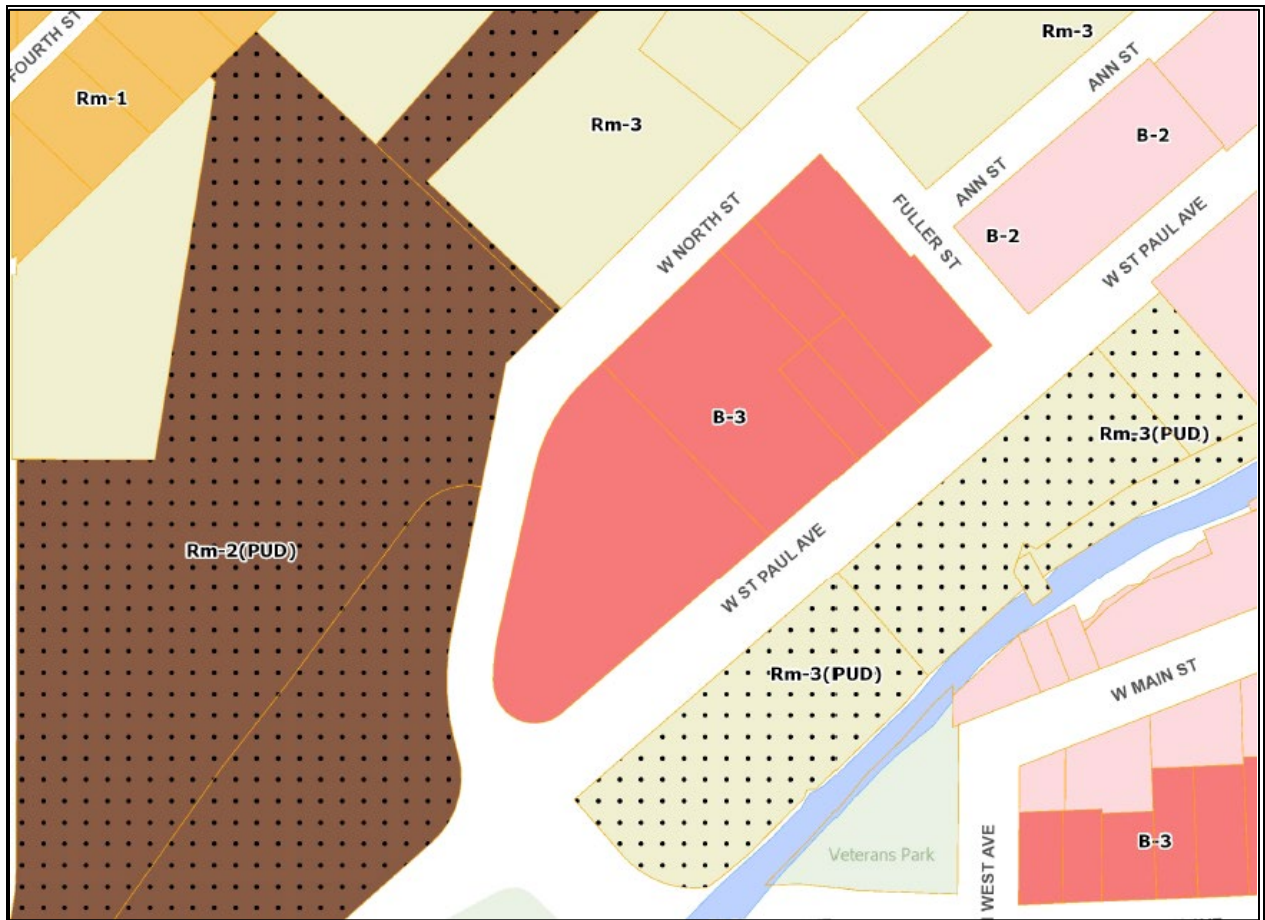




**ADDENDUM D  
ZONING MAP & CODE**



ZONING MAP



22.32 RM-3 Multi-Family Residential District (Rep. & recr. #66-01) (1) PURPOSE. To provide for multi-family residential development at densities not exceeding 21.8 dwelling units per net acre for efficiency apartments; 17.4 dwelling units per net acre for one-bedroom apartments, and 14.5 dwelling units per net acre for twobedroom apartments, and 12.4 dwelling units per net acre for three bedroom or larger apartments; 9.7 dwelling units per net acre for two-family units; and 5.5 dwelling units per net acre for single-family dwellings. (2) PERMITTED PRINCIPLE USES. a. Single-family dwellings. b. Two-family dwellings. c. Multi-family dwellings. d. Community living arrangements which have a capacity for fifteen (15) or fewer persons, subject to the limitations set forth in Section 62.23(7)(i) of the Wisconsin Statutes. e. Foster family homes. f. Family day care homes. g. Essential services. (3) PERMITTED ACCESSORY USES. a. Detached garages and carports. b. Gardening, tool, and storage sheds. c. Home occupations and professional home offices. d. Roof-mounted solar collectors provided that a registered engineer or registered architect shall certify that the structure is adequate to support the load. e. Earth station dish antennas located on the roof of the principal or accessory structure or in the rear yard. Where the earth station dish is roof-mounted, a registered engineer or registered architect shall certify that the structure is adequate to support the load. (4) CONDITIONAL USES. a. Bed and breakfast establishments as regulated in Section 22.24(4)(a). b. Churches and other places of worship and Sunday school buildings. c. Clubs, fraternities, and meeting places of a noncommercial nature

provided that no structure shall be erected closer than twenty-five (25) feet to any lot line. d. Community living arrangements which have a capacity of sixteen (16) or more persons. e. Home Industries. Page 2 of 3 CHAPTER 22 Zoning 22.32 RM-3 Multi-Family Residential District f. Housing for the elderly provided that the density of such housing shall not exceed twenty-two (22) units per acre and shall meet the minimum per unit building area specified below. g. Nursing homes and clinics provided that all principal structures are not closer than fifty (50) feet to a lot line. h. Rooming houses. i. Schools and colleges for academic instruction. j. (Am. #51-05) Utility substations, municipal wells, pumping stations, and towers. k. Wireless communications facilities as set forth and under conditions authorized in Section 22.21. (5) LOT AREA AND WIDTH. a. Lots shall be a minimum of eight thousand (8,000) square feet in area, and no dwelling unit shall have a lot area of less than the following: 1. Single-family dwellings - eight thousand (8,000) square feet per dwelling unit. 2. Two-family dwellings - four thousand five hundred (4,500) square feet per dwelling unit. 3. Efficiency apartments - two thousand (2,000) square feet per dwelling unit. 4. One-bedroom apartments - two thousand five hundred (2,500) square feet per dwelling unit. 5. Two-bedroom apartments - three thousand (3,000) square feet per dwelling unit. 6. Three-bedroom or larger apartments - three thousand five hundred (3,500) square feet per dwelling unit. b. No lot shall be less than seventy (70) feet in width. Corner lots shall be not less than eighty (80) feet in width. (6) BUILDING HEIGHT AND AREA. a. (Am. #11-16) No principal building or part of a principal building shall exceed forty (40) feet in height. No accessory building shall exceed twenty (20) feet in height. b. The total minimum floor area of a principal single-family building shall be one thousand (1,000) square feet. c. The total minimum floor area of a principal two-family building shall be one thousand eight hundred (1,800) square feet per structure and nine hundred (900) square feet per dwelling unit. d. The total minimum floor area of a multi-family building shall be as follows: Page 3 of 3 CHAPTER 22 Zoning 22.32 RM-3 Multi-Family Residential District 1. Efficiency dwelling unit - three hundred (300) square feet per dwelling unit. 2. One-bedroom dwelling unit - four hundred fifty (450) square feet per dwelling unit. 3. Two-bedroom or larger dwelling unit - six hundred (600) square feet per dwelling unit. 4. Three-bedroom or larger -- add one hundred (100) square feet of total floor area for each additional bedroom. (7) SETBACK AND YARDS. a. There shall be a minimum street yard setback of twenty-five (25) feet from any street right-of-way. b. There shall be a side yard on each side of all buildings of not less than ten (10) feet in width. c. There shall be a rear yard of not less than forty-five (45) feet. d. There shall be a minimum shoreyard setback of seventy-five (75) feet from the ordinary highwater mark of a navigable body of water. (8) EROSION CONTROL. The uses and structures in the RM-3 District are subject to Chapter 32 of the City of Waukesha Municipal Code, Chapter 21 of the Wisconsin Uniform Dwelling Code, and any other applicable State laws and administrative rules. (9) PLANS AND SPECIFICATIONS TO BE SUBMITTED TO THE PLAN COMMISSION. (Am. #38-02) To encourage a multi-family residential environment that is compatible with the residential character of the City, building permits for permitted uses in the RM-3 District, except single-family and two-family dwellings, shall not be issued nor shall any substantial changes be made to any site improvements without review and approval of the Plan Commission in accordance with Section 22.15. Plan Commission review shall include consideration of such factors as open space utilization, ingress, egress, parking, landscaping, building plans and the general layout in relationship to the surrounding area. (10) PLANNED UNIT DEVELOPMENTS. (Cr. #38-02) The restrictions on lot area, lot width, building height, setbacks, and yards may be reduced or increased if the property is part of a Planned Unit Development Overlay District in accordance with Section 22.52.

**ADDENDUM E  
LEGAL DESCRIPTIONS**

**OUTLOT 1 AND LOTS 1, 2, AND 3 OF CSM NO. 10422, LOCATED ON PART OF THE NORTHEAST  $\frac{1}{4}$ , SOUTHWEST  $\frac{1}{4}$  AND NORTHWEST  $\frac{1}{4}$  OF SECTION NO. 3 TOWNSHIP 6 NORTH, RANGE 19 EAST, CITY OF WAUKESHA, WAUKESHA COUNTY, WISCONSIN.**

**LEGAL DESCRIPTION “ACQUISITION”**

**LEGAL DESCRIPTION**

Parcel 3 of Transportation Project Plat 2718-04-21 – 4.02 - Amendment No. 2, recorded as Document No. 4581418, at the Register of Deeds office in Waukesha County, Wisconsin.

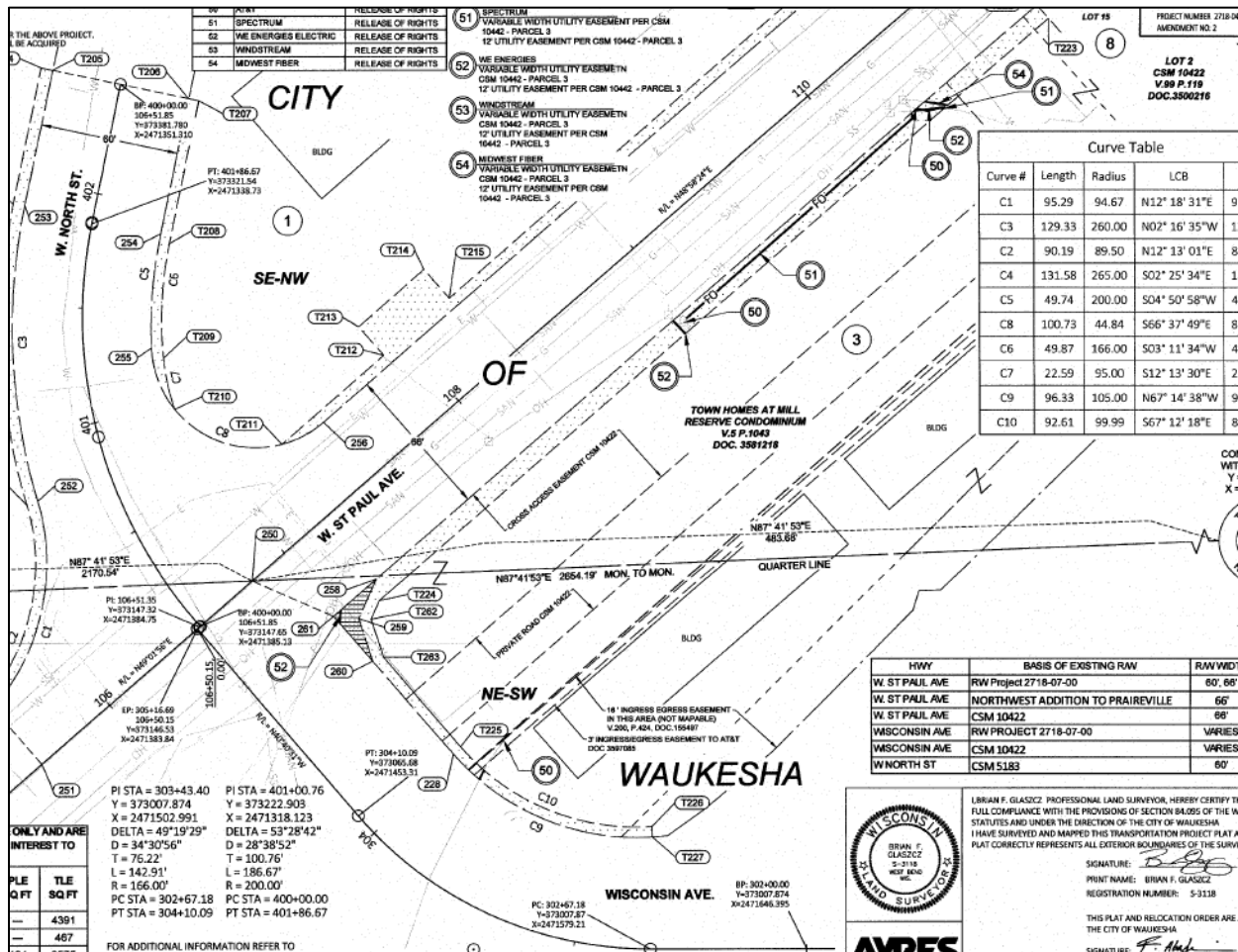
Property interests and rights of said Parcel 3 consist of:

**Permanent Limited Easement**

**Temporary Limited Easement**

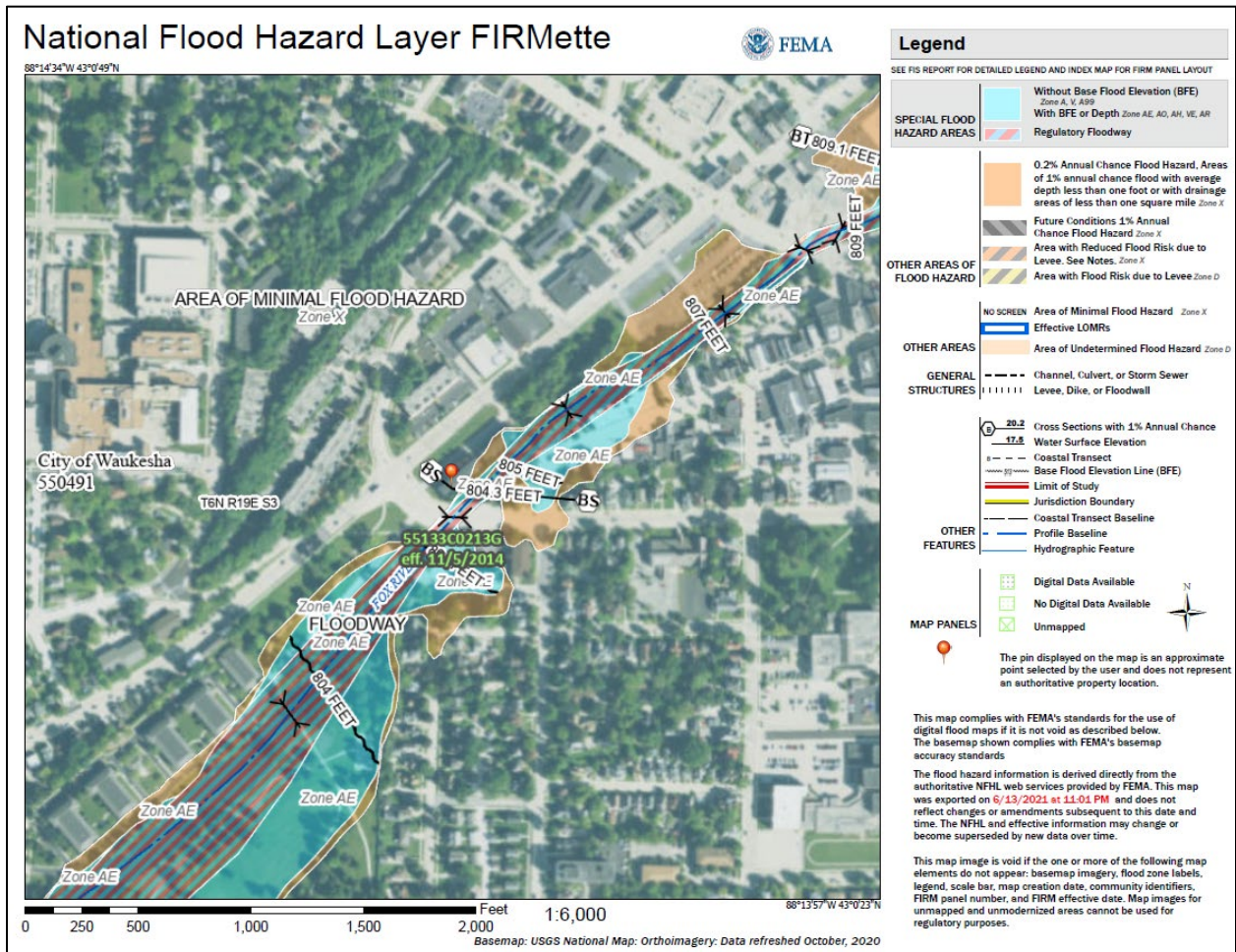
**ADDENDUM F  
ACQUISITION PLAT**

ACQUISITION PLAT



**ADDENDUM G  
FLOOD PLAIN MAP**





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**ADDENDUM H  
QUALIFICATIONS**

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**QUALIFICATIONS  
MARC MCSORLEY**

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**PROFESSIONAL POSITION:**

Counselor specializing in all phases of commercial and industrial real estate valuation and evaluation including appraisal, feasibility, ad valorem tax analysis, condemnation, and marketability studies. Interesting assignments include the appraisal of a resort in Aruba, Steel Mills in Ohio and Pennsylvania, vacant land in the Illinois Center Planned Development in Chicago, and numerous retail centers throughout the Midwest.

**EDUCATION:**

Bachelor of Business Administration, Real Estate and Urban Development, University of Wisconsin-Milwaukee, 1990

Successfully completed the following courses of the Appraisal Institute:

Real Estate Appraisal Principles  
Basic Valuation Procedures  
Capitalization Theory and Techniques, Part A  
Capitalization Theory and Techniques, Part B  
Standards of Professional Practice Parts A & B, 1999

International Right of Way Association Seminar–Sale Studies & Nominal Acquisition, 2000

International Right of Way Association Course 401–The Appraisal of Partial Acquisitions, 1999

Currently an International Right of Way Association candidate for the SR/WA designation

State of Wisconsin Certified General Appraiser No. 594, expiring December 14, 2021

**SKILLS**

Computer literate with the windows and machintosh environments; software literate with Word, Excel, DCF modeling software, and Argus.

Expert Witness for eminent domain and divorce cases in Milwaukee and Waukesha Counties.

Appraisal of partial interests for eminent domain and public projects, including Fee acquisition, Temporary Easement acquisition, Permanent Easement acquisition, and Highway Easement acquisition.

**PROFESSIONAL EXPERIENCE:**

1998 - Present.   McSorley & McSorley Real Estate Services, Inc. & Single Source, Inc. Principal.  
1993 - 1998.     McCartan Appraisal Company, Ltd. Vice President-Commercial Group.  
1990 - 1992.     Gloodt Associates, Inc. Associate Appraiser

**MAJOR CLIENTS SERVED:**

JP Morgan Chase Bank	First Federal Bank of Wisconsin
Associated Bank	BMOHarris Bank
US Bank	PNC Bank
Park Bank	Town Bank
Citizens Bank	Wells Fargo
City of Milwaukee	State of Wisconsin
Milwaukee County	Waukesha County