

Integra Realty Resources
Minneapolis/St. Paul

Appraisal of Real Property

Oxbow Golf & Country Club

Golf Course Property
130 Oxbow Drive
Oxbow, Cass County, North Dakota 58047
Project Parcels 2313, 9631, 9632, 9633, 9652, 9653 and 9764

Prepared For:

Cass County Joint Water Resource District

Effective Date of the Appraisal:

November 26, 2013

Report Format:

Appraisal Report – Standard Format

IRR - Minneapolis/St. Paul

File Number: 124-2014-0020





Oxbow Golf & Country Club
130 Oxbow Drive
Oxbow, North Dakota



February 28, 2014

Mark Brodshaug
Cass County Joint Water Resource District
1201 Main Avenue West
West Fargo, ND 58078-1301

SUBJECT: Market Value Appraisal
 Oxbow Golf & Country Club
 130 Oxbow Drive
 Oxbow, Cass County, North Dakota 58047
 IRR - Minneapolis/St. Paul File No. 124-2014-0020
 Project Parcels 2313, 9631, 9632, 9633, 9652, 9653 and 9764

Dear Mr. Brodshaug:

Integra Realty Resources – Minneapolis/St. Paul is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop and opinion of the before project market value of the fee simple interest in the property. As requested we also develop and opinion of the After Project Market Value of the fee simple interest and report the Before and After Market Value Difference. The client for the assignment is Cass County Joint Water Resource District and the intended use is for partial acquisition compensation purposes arising from the Fargo-Moorhead Diversion Project.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of the 2014-2015 edition of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This type of report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. It meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

The subject is an existing private country club and 18-hole, 6,863 yard, par 72 golf course with practice area improved with a 13,879 square foot clubhouse, 1,600 square foot pool house and pool, and ancillary maintenance buildings totaling 8,960 square feet. The course was developed in 1974, has a 132 slope rating, has been updated over time, and is 100% owner occupied as a private golf and country club as of the effective appraisal date. Site area is 159.23 acres. This area includes two tax parcels owned by the Club located north of the maintenance buildings abutting Sunset Drive. These parcels are excluded having highest and best use as one or two housing lots and not conforming to the larger parcel highest and best use test of the appraised land used to serve the golf course and country club.

Construction of a flood levee through the site is planned in 2014. The project will effectively eliminate nine existing holes from the course as well as take the putting green and driving range, clubhouse and pool and its supporting building. We are informed the purchaser's intent is to provide compensation to Oxbow Country Club for costs necessary to reconstruct the course and improvements to similar pre-project quality making use of secured land adjacent south of the course.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinions of value are as follows:

Value Conclusion			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$3,250,000
After Project Market Value	Fee Simple	November 26, 2013	\$650,000
Before and After Market Value Difference		November 26, 2013	\$2,600,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is assumed the flood diversion project will proceed and affect the subject property as depicted with this appraisal report.
 2. It is assumed that historical financial information provided concerning the operation is accurate and as depicted in this report.
-

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Mark Brodshaug
Cass County Joint Water Resource District
February 28, 2014
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Minneapolis/St. Paul



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Summary of Salient Facts and Conclusions

Part One

Property Name	Oxbow Golf & Country Club
Address	130 Oxbow Drive Oxbow, Cass County, North Dakota 58047
Property Type	Golf Course - Private Golf Course
Owner of Record	Oxbow Golf and Country Club
Tax ID	78-0010-00220-000, 78-0010-00230-000, 78-0010-00520-000, 78-0010-00530-000, 78-0010-00540-000, 78-0010-01210-010, 78-0010-01620-010, 78-0010-01620-030, and 78-0010-01630-000

Before Land Area	159.23 acres; 6,936,148 SF
After Land Area	63.00 acres; 2,744,280 SF
Number of Holes - Before	18
Number of Holes - After	9
Gross Building Area - Before	24,439 SF
Gross Building Area - After	8,960 SF
Reported Approximate Annual Rounds Played	20,000
Percent Leased	NA
Year Built	1974 - 1988

Zoning Designation	R-1, Single Family Rural Residential
Highest and Best Use - As if Vacant	Low density residential use
Highest and Best Use - As Improved	Continued golf course and country club use
Exposure Time; Marketing Period	12 months; 12 months
Effective Date of the Appraisal	November 26, 2013
Date of the Report	February 28, 2014
Property Interest Appraised	Fee Simple

Before Project Market Value Indications		
Cost Approach	\$3,290,000	(\$182,778/Hole)
Sales Comparison Approach	\$3,330,000	(\$185,000/Hole)
Income Capitalization Approach	\$3,000,000	(\$166,667/Hole)
Reconciled	\$3,250,000	

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$3,250,000
After Project Market Value	Fee Simple	November 26, 2013	\$650,000
Before and After Market Value Difference		November 26, 2013	\$2,600,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Cass County Joint Water Resource District may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is assumed the flood diversion project will proceed and affect the subject property as depicted with this appraisal report.
 2. It is assumed that historical financial information provided concerning the operation is accurate and as depicted in this report.
-

General Information

Identification of Subject

The subject is an existing private country club and 18-hole, 6,863 yard, par 72 golf course with practice area improved with a 13,879 square foot clubhouse, 1,600 square foot pool house and pool, and ancillary maintenance buildings totaling 8,960 square feet. The course was developed in 1974, has a 132 slope rating, has been updated over time, and is 100% owner occupied as a private golf and country club as of the effective appraisal date. Site area is 159.23 acres. This area includes two tax parcels owned by the Club located north of the maintenance buildings abutting Sunset Drive. These parcels are excluded having highest and best use as one or two housing lots and not conforming to the larger parcel highest and best use test of the appraised land used to serve the golf course and country club.

Construction of a flood levee through the site is planned in 2014. The project will effectively eliminate nine existing holes from the course as well as take the putting green and driving range, clubhouse and pool and its supporting building. We are informed the purchaser's intent is to provide compensation to Oxbow Country Club for costs necessary to reconstruct the course and improvements to similar pre-project quality making use of secured land adjacent south of the course. The legal description of the property is provided in the Addenda.

Property Identification

Property Name	Oxbow Golf & Country Club
Address	130 Oxbow Drive Oxbow, North Dakota 58047
Tax ID	78-0010-00220-000, 78-0010-00230-000, 78-0010-00520-000, 78-0010-00530-000, 78-0010-00540-000, 78-0010-01210-010, 78-0010-01620-010, 78-0010-01620-030, and 78-0010-01630-000
Census Tract Number	0406.00

Use History

The improvements were specifically designed for their current use as the Oxbow Golf and Country Club. The facility is private and used for golf, swimming, dining and social use by membership. The improvements have been used exclusively by this ownership since development and have received improvements over time including development of the swimming pool and supporting building and improvements made to the practice (driving and putting) component.

Current Ownership and Sales History

The owner of record is Oxbow Golf and Country Club. To the best of our knowledge, no sale or transfer of ownership has occurred within the past 10 years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

Rental History

The subject has been 100% owner-occupied since inception and has no rental history.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the before project market value of the fee simple interest in the property as of the effective date of the appraisal, November 26, 2013. The date of the report is February 28, 2014. The appraisal is valid only as of the stated effective date or dates. It has been conveyed to use that the reason for the appraisal concerns the Fargo Moorhead Area Diversion Project (flood control) and a need for a check on reasonableness of necessary funds to be advanced to the Oxbow Country Club to allow it to cure a substantial loss of property being brought about by the project.

Definition of Market Value

Market value as defined as:

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

(Source: Uniform Standards of Federal Land Acquisitions, 2000 Edition, Appraisal Institute, Chicago, Illinois, 2000)

Summary of Appraisal Problems

This appraisal measures fee simple market value of the going concern of the Oxbow Golf Course and Country Club. This property type presents challenges in identifying appropriate market sales as the use type is limited with only a few golf courses usually present in a particular market, particularly one as small as Fargo/Moorhead. Furthermore, courses are segmented in the market relative to focused clientele and sales of one category, say public courses, may not provide a good basis for comparison with other types such as country clubs. The nature of this use requires appraisers to broaden the search for comparables and typically requires a regional or even national search of comparables to apply in the sales comparison approach and for ascertaining capitalization rates with the income approach.

From a cost perspective, development costs vary significantly and it is usually only possible for the appraiser to estimate replacement cost for a course within a fairly broad range reported by cost services for various types of courses (i.e. public, private, championship etc.). Lacking specific costs associated with the recent development of the subject course, or as provided by a course designer, renders the cost approach less reliable than may be the course with other more traditional forms of development.

Definition of Property Rights Appraised

Fee simple estate is defined as, "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)

Intended Use and User

The intended use of the appraisal is for partial acquisition compensation purposes concerning property to be taken for the Fargo Moorhead Area Diversion Project. The client and intended user is Cass County Joint Water Resource District. The appraisal is not intended for any other use or user. No party other than Cass County Joint Water Resource District may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of the 2014-2015 edition of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This type of report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. It meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP. For additional information, please refer to Addendum B – Comparison of Report Formats.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. In performing appraisal of the subject golf course and country club the following steps were taken. Additional relevant information concerning scope of work appears subsequently.

1. Inspected the property. A complete interior and exterior inspection was conducted by Dan Mueller, MAI, MRICS on November 26, 2013. Joel Livingood, Oxbow Country Club General Manager toured the property with the appraiser.
2. Gathered information relating to the physical aspects of the subject property.
3. Performed research and gathered information on the national golf course industry, the local golf course market, as well as the local real estate market in general.
4. Researched information concerning governmental influences of property including but not limited to real estate taxes, zoning information and flood zone information.
5. Assembled information relating to financial operations of the subject including historical and budgeted income and expense and typical annual rounds played.
6. Researched the local market for appropriate unimproved land sales. Researched sales included large tracts of approximately 40 acres or more having highest and best use for near term or foreseeable development consistent with that likely for the subject if vacant and available for development. Information concerning recent land sales having highest and best use for long term farming was also gathered as typical prices paid currently for farmland in the area establishes a floor value per acre for the subject.
7. Estimated replacement cost with aid of Marshall Valuation Service and applied appropriate physical and external obsolescence to replacement cost.
8. Applied sales comparison approach with gathered information concerning transactions of golf course properties. The nature of this form of property required a regional search. Sales applied and adjusted are country club oriented facilities located in Minnesota and Wisconsin. Listings of golf course properties were also researched to provide a check on reasonableness for the value indication provided by this method.
9. Developed income capitalization approach by projecting net operating income supported by historical operations with an alternate income and expense projection made presuming conversion to a public facility. This analysis was performed to provide a check on highest and best use and value supported by existing operations. Capitalization rates were estimated by a number of means including extraction from market sales. The rate applied to the net operating income projected for conversion to private use is somewhat higher than for the stabilized as is situation recognizing additional risk associated with less supported financial projections.

10. Reconciled indications provided by each valuation approach into a final market value conclusion.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is a market for golf course properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is applicable to the assignment considering the following:

- The subject represents well maintained construction, which increases the applicability of the cost approach.
- There is an active land market, making estimates of underlying land value reasonably reliable.
- Determination of underlying land value provides a basis for highest and best use of the property as improved as a golf course and country club.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

Dan Mueller, MAI, MRICS conducted an interior and exterior inspection of the property on November 26, 2013.

Significant Appraisal Assistance

It is acknowledged that Eric Nycklemoe made professional contribution to this appraisal, consisting of conducting research on the subject and transactions involving comparable properties and assisting in report writing, under the supervision of the persons signing the report.

Economic Analysis

Fargo MSA Area Analysis

The subject is located in the Fargo, ND-MN Metropolitan Statistical Area, hereinafter called the Fargo MSA, as defined by the U.S. Office of Management and Budget. The Fargo MSA is 2,810 square miles in size, and ranks 204 in population out of the nation’s 363 metropolitan statistical areas.

Population

The Fargo MSA has an estimated 2013 population of 216,164, which represents an average annual 1.2% increase over the 2010 census of 208,777. The Fargo MSA added an average of 2,462 residents per year over the 2010-2013 period and its annual growth rate is similar to that of the State of North Dakota.

	Population			Compound Ann. % Chng	
	2010 Census	2013 Est.	2018 Est.	2010 - 2013	2013 - 2018
Fargo MSA	208,777	216,164	229,150	1.2%	1.2%
North Dakota	672,591	697,214	740,453	1.2%	1.2%

Source: Claritas

Looking forward, the Fargo MSA's population is projected to increase at a 1.2% annual rate from 2013-2018, equivalent to the addition of an average of 2,597 residents per year. The Fargo MSA growth rate is expected to be similar to that of North Dakota.

Employment

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. Total employment in the Fargo MSA is currently estimated at 132,400 jobs. Between year-end 2002 and the present, employment rose by 25,900 jobs, equivalent to a 24.3% increase over the entire period. There were gains in employment in nine out of the past ten years despite two national economic downturns during this time. Job growth in the Fargo MSA turned positive in 2010 and has remained so.

Although the Fargo MSA's employment rose over the last decade, it was surpassed by North Dakota, which experienced an increase in employment of 26.8% or 89,800 jobs over this period. Employment data is shown in the table that follows.



Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Fargo MSA	% Change	North Dakota	% Change	Fargo MSA	North Dakota
2002	106,500		334,500		2.9%	3.6%
2003	108,400	1.8%	337,200	0.8%	3.1%	3.6%
2004	112,000	3.3%	343,900	2.0%	3.0%	3.5%
2005	115,300	2.9%	350,800	2.0%	2.9%	3.4%
2006	118,500	2.8%	359,000	2.3%	2.7%	3.2%
2007	122,400	3.3%	365,600	1.8%	2.8%	3.1%
2008	123,500	0.9%	372,100	1.8%	3.0%	3.1%
2009	122,200	-1.1%	372,100	0.0%	4.3%	4.1%
2010	124,000	1.5%	387,600	4.2%	4.1%	3.8%
2011	128,200	3.4%	410,400	5.9%	3.9%	3.5%
2012	132,400	3.3%	424,300	3.4%	3.4%	3.1%
Overall Change 2002-2012	25,900	24.3%	89,800	26.8%		
Avg Unemp. Rate 2002-2012					3.3%	3.5%
Unemployment Rate - January 2013					4.7%	4.2%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Unemployment rate trends are another way of gauging an area’s economic health. Over the past decade, the Fargo MSA unemployment rate has been slightly lower than that of North Dakota, with an average unemployment rate of 3.3% in comparison to a 3.5% rate for North Dakota. This is another indication of the strength of the Fargo MSA economy over the longer term.

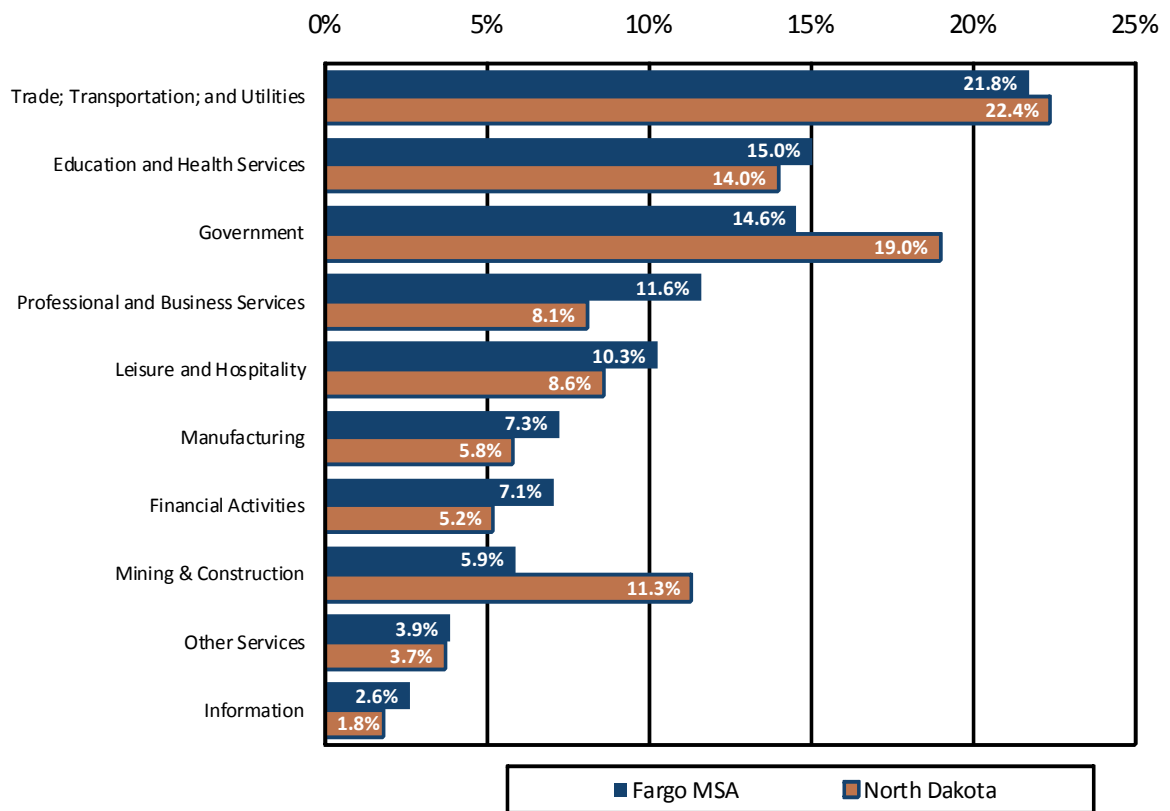
Recent data shows that the Fargo MSA unemployment rate is 4.7% in comparison to a 4.2% rate for North Dakota, a negative sign that is consistent with the fact that the Fargo MSA has underperformed North Dakota in the rate of job growth over the past two years.

Employment Sectors

The composition of the Fargo MSA job market is depicted in the following chart, along with that of North Dakota. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Fargo MSA jobs in each category.



Employment Sectors - 2012



Source: Bureau of Labor Statistics and Economy.com

The Fargo MSA has greater concentrations than North Dakota in the following employment sectors:

1. Education and Health Services, representing 15.0% of Fargo MSA payroll employment compared to 14.0% for North Dakota as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Professional and Business Services, representing 11.6% of Fargo MSA payroll employment compared to 8.1% for North Dakota as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Leisure and Hospitality, representing 10.3% of Fargo MSA payroll employment compared to 8.6% for North Dakota as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 7.3% of Fargo MSA payroll employment compared to 5.8% for North Dakota as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

The Fargo MSA is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 21.8% of Fargo MSA payroll employment compared to 22.4% for North Dakota as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Government, representing 14.6% of Fargo MSA payroll employment compared to 19.0% for North Dakota as a whole. This sector includes employment in local, state, and federal government agencies.
3. Mining & Construction, representing 5.9% of Fargo MSA payroll employment compared to 11.3% for North Dakota as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

Major Employers

Major employers in the Fargo MSA are shown in the following table.

Major Employers - Fargo MSA	
Name	Number of Employees
1 Sanford Health	6,739
2 North Dakota State University	2,339
3 Fargo Public Schools	1,762
4 Blue Cross Blue Shield of N.D./Noridian	1,345
5 Case New Holland	1,055
6 U.S. Bank Service Center	975
7 Microsoft	870
8 Fargo VA Medical Center	870
9 West Fargo Public Schools	786
10 City of Fargo	773

Source: Greater Fargo Moorhead Economic Development Corporation; www.gfmedc.com

Gross Domestic Product

The Fargo MSA ranks 156 in Gross Domestic Product (GDP) out of the nation’s 363 metropolitan statistical areas.

Economic growth, as measured by annual changes in GDP, has been considerably lower in the Fargo MSA than North Dakota overall during the past eight years. The Fargo MSA has grown at a 3.8% average annual rate while North Dakota has grown at a 5.2% rate. As the national economy recovers from the downturn of 2008-2009, the Fargo MSA continues to underperform North Dakota. GDP for the Fargo MSA rose by 4.1% in 2011 while North Dakota's GDP rose by 7.6%.

The Fargo MSA has a per capita GDP of \$51,223, which is 2% greater than North Dakota's GDP of \$50,096. This means that Fargo MSA industries and employers are adding relatively more value to the economy than their counterparts in North Dakota.



Gross Domestic Product

Year	(\$ Mil)		(\$ Mil)	
	Fargo MSA	% Change	North Dakota	% Change
2004	8,356		24,017	
2005	8,568	2.5%	24,670	2.7%
2006	8,810	2.8%	25,249	2.3%
2007	9,135	3.7%	26,397	4.5%
2008	9,846	7.8%	28,624	8.4%
2009	9,832	-0.1%	29,209	2.0%
2010	10,436	6.1%	31,833	9.0%
2011	10,868	4.1%	34,262	7.6%
Compound % Chg (2004-2011)		3.8%		5.2%
GDP Per Capita 2011	\$51,223		\$50,096	

Source: Bureau of Economic Analysis and Economy.com; data released February 2013. The release of state and local GDP data has a longer lag time than national data.

Gross Domestic Product is a measure of economic activity based on the total value of goods and services produced in a specific geographic area. The figures in the table above represent inflation adjusted “real” GDP stated in 2005 dollars.

Household Income

The Fargo MSA has a higher level of household income than North Dakota. Median household income for the Fargo MSA is \$49,940, which is 3.2% greater than the corresponding figure for North Dakota.

Median Household Income - 2013

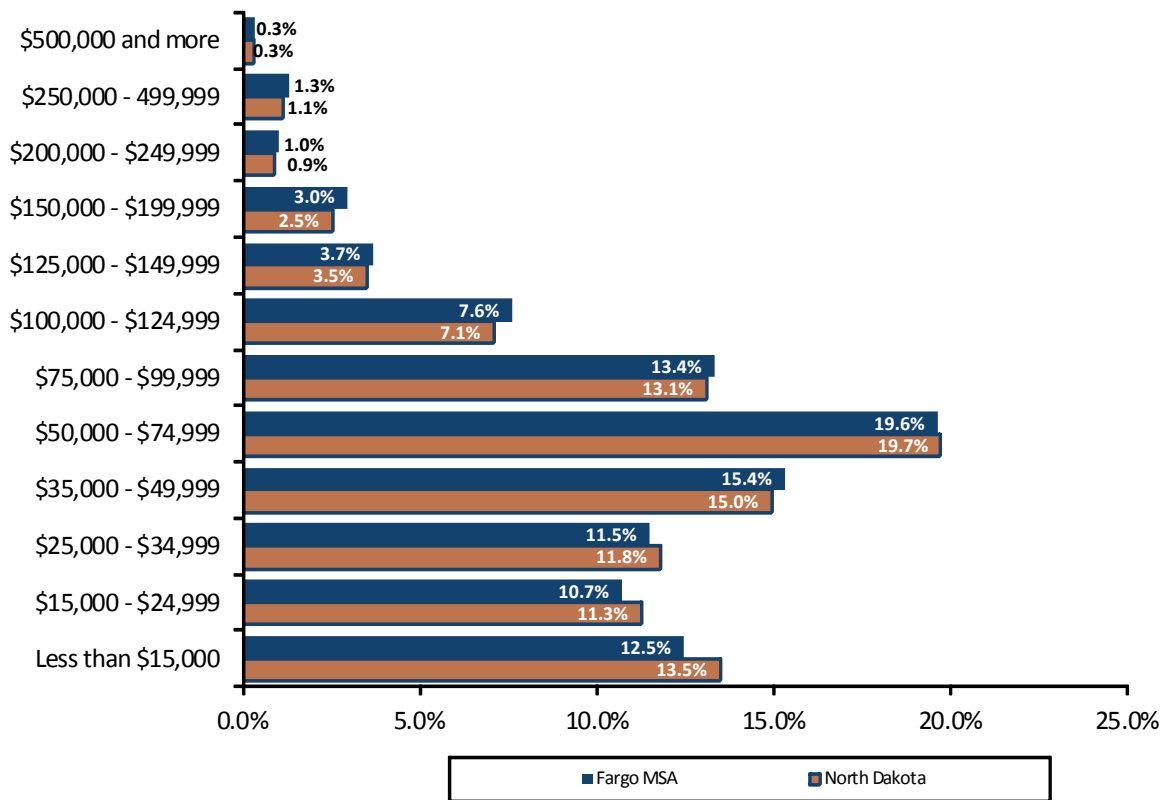
	Median
Fargo MSA	\$49,940
North Dakota	\$48,389
Comparison of Fargo MSA to North Dakota	+ 3.2%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. The Fargo MSA has a greater concentration of households in the higher income levels than North Dakota. Specifically, 30% of Fargo MSA households are at the \$75,000 or greater levels in household income as compared to 29% of North Dakota households. A lesser concentration of households is apparent in the lower income levels, as 35% of Fargo MSA households are below the \$35,000 level in household income versus 37% of North Dakota households.



Household Income Distribution - 2013

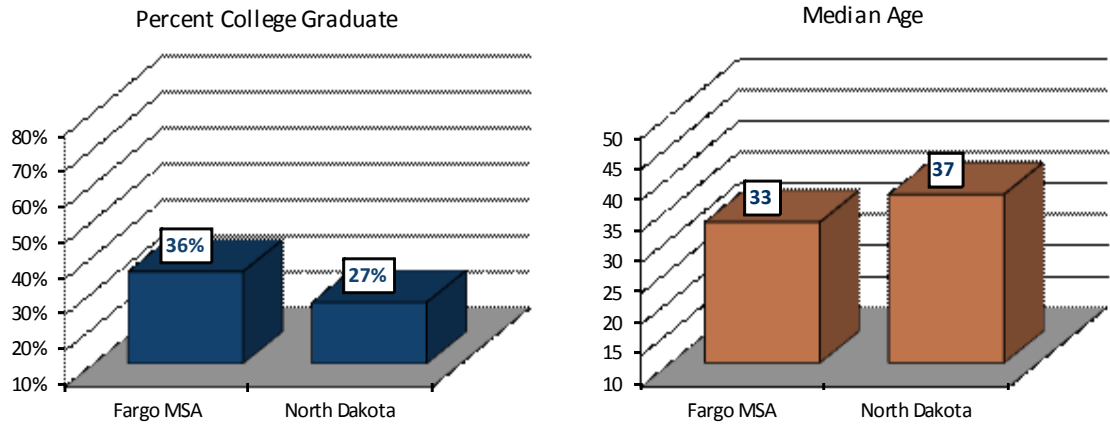


Source: Claritas

Education and Age

Residents of the Fargo MSA have a higher level of educational attainment than those of North Dakota. An estimated 36% of Fargo MSA residents are college graduates with four-year degrees, versus 27% of North Dakota residents. People in the Fargo MSA are younger than their North Dakota counterparts. The median age for the Fargo MSA is 33 years, while the median age for North Dakota is 37 years.

Education & Age - 2013



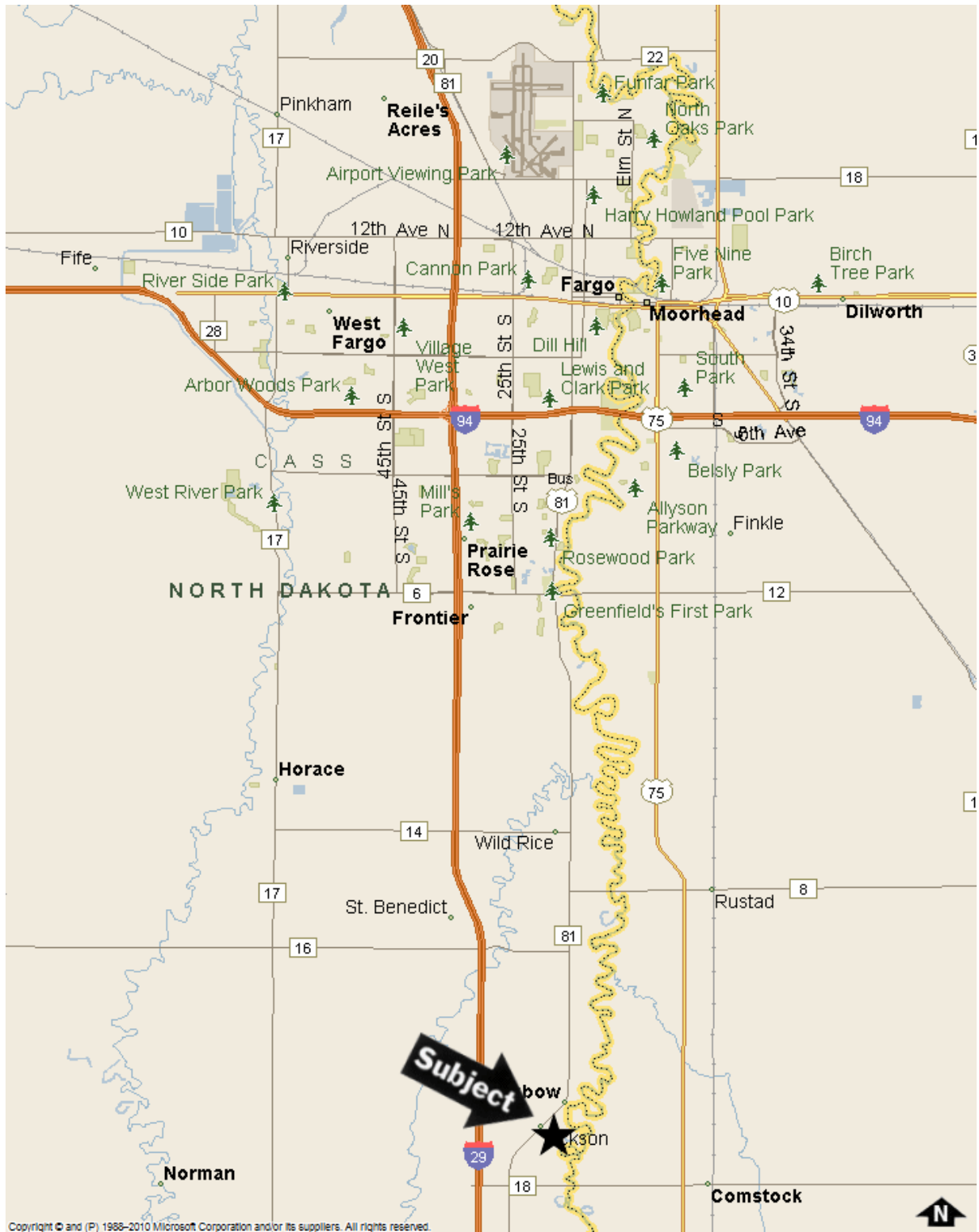
Source: Claritas

Conclusion

The national economic downturn of 2008-2009 had less of an impact on the Fargo MSA than on many areas of the country, and thus far the recovery is proceeding at a faster pace.

Over the long term, the Fargo MSA will benefit from a growing population base and higher income and education levels. The Fargo MSA experienced growth in the number of jobs and has maintained a slightly lower unemployment rate than North Dakota over the past decade. Moreover, the Fargo MSA generates a higher level of GDP per capita than North Dakota overall. Based on these factors, we anticipate that the Fargo MSA economy and employment base will grow, strengthening the demand for real estate.

Area Map



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Surrounding Area Analysis

Location

The subject is located eight miles south of Fargo and makes up the majority of the City of Oxbow.

Access and Linkages

Primary highway access to the area is via Interstates 90 and 29. Public transportation is provided by Metro Area Transit and provides access to the Fargo MSA. Overall, the primary mode of transportation in the area is the automobile.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2013 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Fargo MSA	North Dakota
Population 2010	454	716	1,279	208,777	672,591
Population 2013	456	719	1,290	216,164	697,214
Population 2018	466	734	1,326	229,150	740,453
Compound % Change 2010-2013	0.1%	0.1%	0.3%	1.2%	1.2%
Compound % Change 2013-2018	0.4%	0.4%	0.6%	1.2%	1.2%
Households 2010	164	261	466	86,178	281,192
Households 2013	164	262	471	89,748	293,994
Households 2018	167	268	485	95,693	315,026
Compound % Change 2010-2013	0.0%	0.1%	0.4%	1.4%	1.5%
Compound % Change 2013-2018	0.4%	0.5%	0.6%	1.3%	1.4%
Median Household Income 2013	\$94,068	\$89,529	\$84,709	\$49,940	\$48,389
Average Household Size	2.8	2.7	2.7	2.3	2.3
College Graduate %	37%	35%	34%	36%	27%
Median Age	42	42	41	33	37
Owner Occupied %	93%	93%	93%	57%	65%
Renter Occupied %	7%	7%	7%	43%	35%
Median Owner Occupied Housing Value	\$236,364	\$224,154	\$201,003	\$157,821	\$126,470
Median Year Structure Built	1981	1978	1977	1980	1974
Avg. Travel Time to Work in Min.	26	27	26	18	18

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 719, and the average household size is 2.7. Population in the area has been flat since the 2010 census, but the trend is projected to change to growth over the next five years. Compared to the Fargo MSA overall, the population within a 3-mile radius is projected to grow at a slower rate.

Median household income is \$89,529, which is higher than the household income for the Fargo MSA. Residents within a 3-mile radius have a similar level of educational attainment to those of the Fargo MSA, while median owner occupied home values are considerably higher.

Land Use

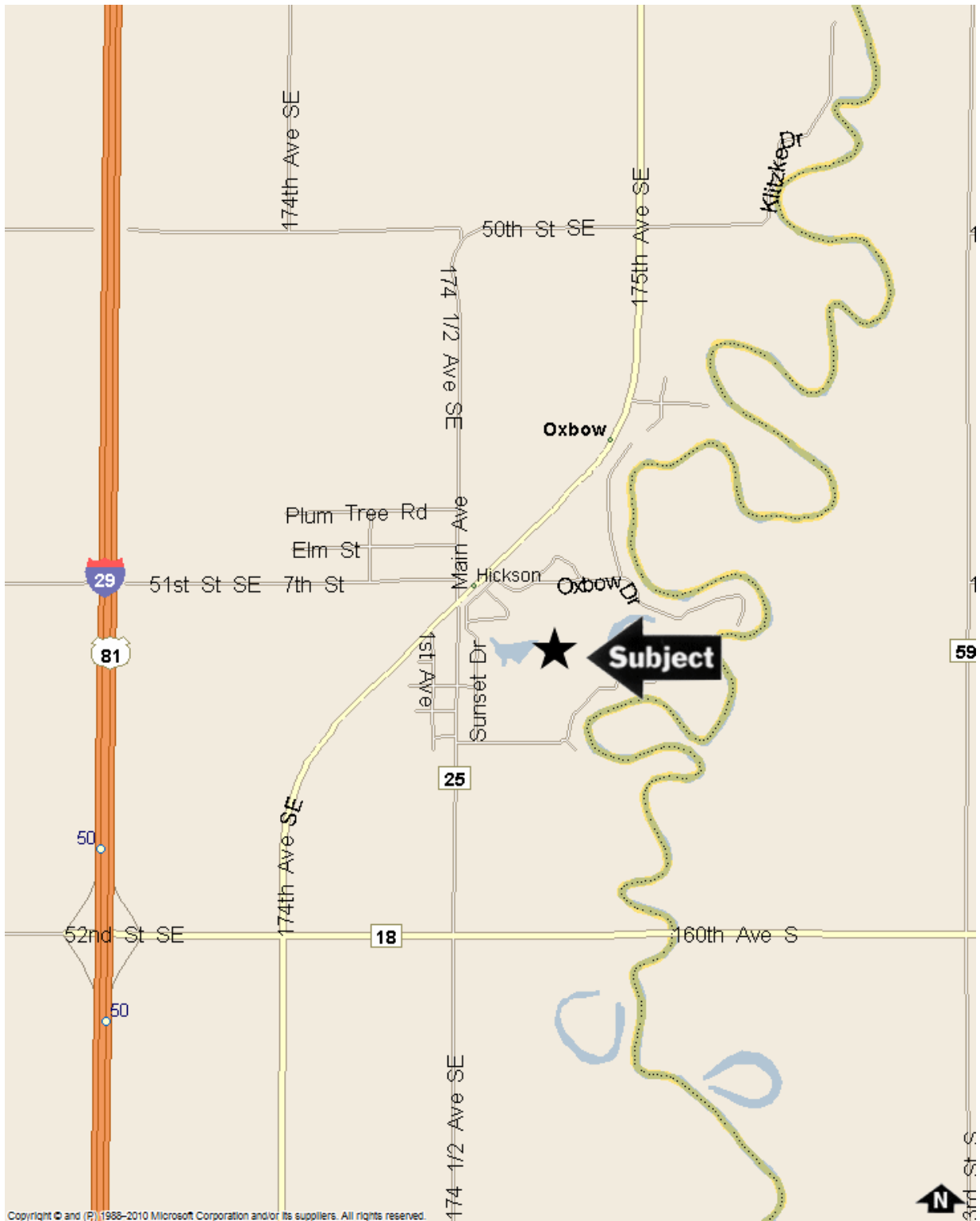
The area is rural in character and approximately 50% developed. Most development is with homes abutting and in close proximity to the course.

Land uses immediately surrounding the subject are predominantly residential with typical ages of building improvements ranging from 10 to 30 years.

Outlook and Conclusions

The area is in the stable stage of its life cycle. Recent development activity has been minimal. We anticipate that property values will remain stable in the near future.

Surrounding Area Map



Golf Course Market Analysis

The purpose of this section is to view the overall marketplace as it pertains to factors of supply, demand, trends and financial factors that impact the subject and the golf industry. The subject consists of a nine-hole public play golf course. The general location is suburban.

Real estate is generally classified by property type. Investors are classified by their buying criteria, which includes the type of property they purchase and the market or submarket (i.e., global, national, regional or local markets) in which they purchase.

We begin by briefly identifying national factors that apply to the subject's type, and then focus on the property's submarket. The subject's submarket can best be described as regional. The market boundaries extend beyond the general neighborhood borders outlined in a previous section.

While national factors may or may not be indicative of the subject's market area, the trending reflected when comparing period to period generally indicates movements in all submarkets. Today real estate is still analyzed on a market by market basis and will continue to be so into the foreseeable future. However, investors' purchasing habits move market to market depending on the strengths and weaknesses of different submarkets.

The national factors are based on the following publications from the National Golf Foundation: 2013 edition of Golf Facilities in the U.S; 2010 (most recent) edition of Operating and Financial Performance Profiles of 18 Hole Golf Facilities in the U.S. - Private Facilities and Daily Fee Facilities, and the 2012 Golf Industry Overview.

Types of Courses

Golf courses can be classified by length, playing difficulty, and/or financial structuring within the golf course management. Golf courses include regulation-length courses, par-3 courses, and executive-length (less than regulation) courses. Golf courses are also broken down further by access and/or management. According to GolfAmerica, 1996 InterZine Production, Inc., golf courses can be classified into five categories, which are described below:

Public: A public course may be owned by a municipality or privately owned, but both are open to the public on a daily fee basis.

Private: This refers to a club which requires a membership fee to belong to the club and restricts the access to the club and its facilities to its members and their guests. Sometimes certain private courses will allow members of other private courses certain reciprocal privileges. Private courses may or may not be operated as profit-making ventures.

Semi-Private: A semi-private course is a club that has members but also allows outside play. The members usually have preference with regard to tee times.

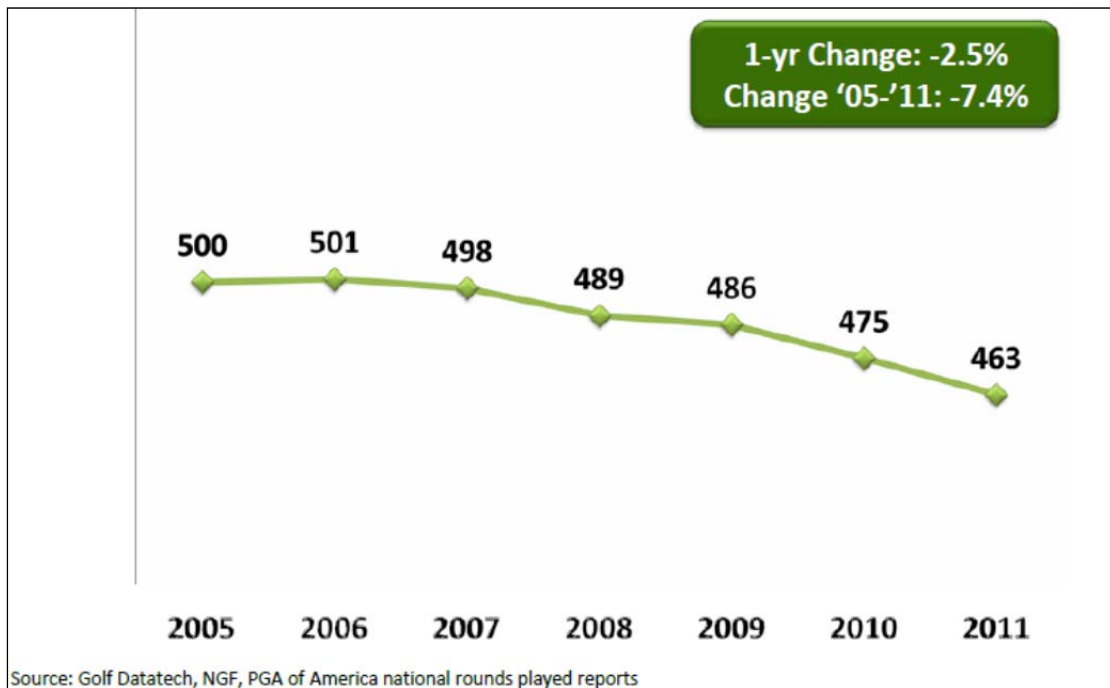
Resort: A resort course is one which is part of a resort facility where housing accommodations, food and other facilities are available to one where arrangements have been made with an adjacent facility to offer these services. Many such courses will have special golf packages available which will include rooms, food and greens fees for a discounted price. A resort can have either an open or closed guest policy. A closed guest policy means that the course can only be played by members of the resort or individuals who are staying at the resort.

Military: A military course is owned by the military. Some of these are open to the public and others are strictly for active and retired military personnel.

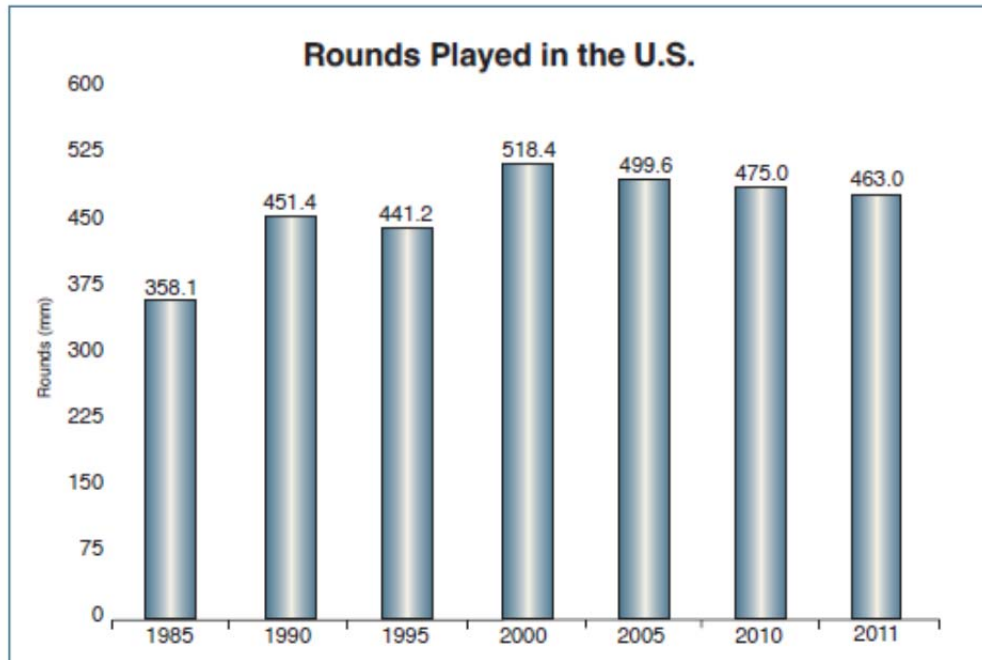
The subject operates as a private course.

National Golf Course Development Trends

Golf is enjoyed by an estimated 25.7 million Americans, providing approximately 2 million jobs. The National Golf Foundation publishes a State of the Golf Industry. We include the 2012 edition. In the overview, market conditions continue in a sideways to declining direction with little acceleration of value and in many situations, loss of value is indicated. Rounds played were down 5% in 2006 vs. 2007, down 1.8% in 2008 vs. 2007, down 0.6% in 2009 vs. 2008, down 2.1% in 2010 vs. 2009, and down 2.5% in 2011 vs. 2010. Since a peak in 2000, rounds played have fallen 10.7%. Also, according to this same source, the five-year compound annual growth rate for rounds played is down 7.4%.



Rounds Played in the U.S. (millions)							
	1985	1990	1995	2000	2005	2010	2011
Total Rounds	358.1	451.4	441.2	518.4	499.6	475.0	463.0

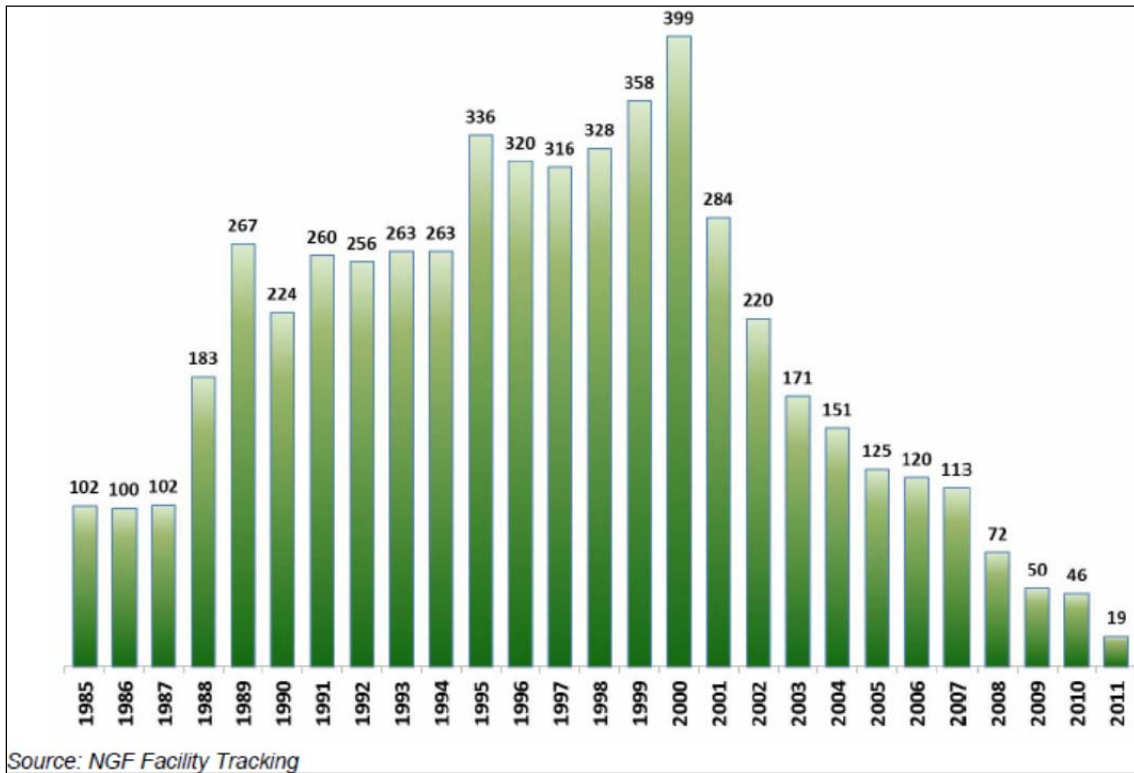


The 2011 NGF Rounds Played Report indicates that the West North Central region experienced a decrease in rounds played between 2010 and 2011, at -5.5%.

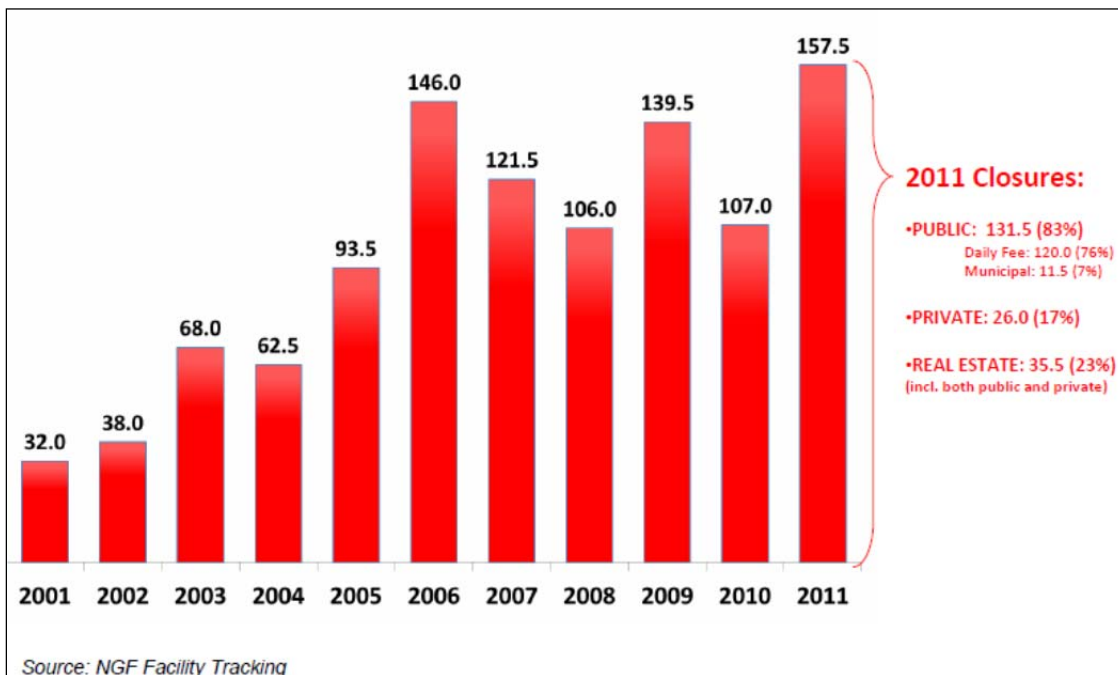
CENSUS REGIONS													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Pacific	5.3%	-2.4%	-15.5%	1.0%	-1.4%	-0.5%	0.7%	1.0%	1.3%	3.3%	5.1%	32.4%	1.2%
Mountain	9.4%	-1.5%	-5.5%	-4.5%	-7.0%	4.0%	-1.8%	-2.7%	1.3%	-2.0%	-2.4%	-13.0%	-2.1%
West North Central	10.9%	130.5%	-25.7%	-26.7%	-9.7%	0.6%	-6.4%	2.0%	1.9%	-7.0%	-3.7%	93.1%	-5.5%
East North Central	-23.8%	270.3%	-38.7%	-45.3%	-15.3%	1.0%	-3.5%	2.7%	-10.4%	-9.0%	-5.8%	370.7%	-9.3%
South Central	15.4%	55.3%	8.4%	-3.4%	-4.0%	-0.5%	-0.3%	-1.6%	0.5%	-5.2%	-2.3%	3.0%	1.1%
South Atlantic	7.1%	28.6%	5.0%	-4.6%	1.9%	2.5%	-0.1%	-0.9%	-3.0%	-8.4%	2.0%	52.5%	3.7%
Mid Atlantic	-89.2%	187.2%	-13.3%	-37.2%	-12.4%	0.0%	-1.5%	-11.0%	-15.5%	-15.6%	14.5%	238.2%	-9.6%
New England	-50.5%	290.4%	-41.7%	-19.0%	-8.6%	-1.1%	3.0%	-7.5%	-7.7%	-6.5%	28.2%	187.1%	-5.1%
United States	7.4%	19.4%	-5.9%	-16.7%	-7.0%	0.8%	-1.7%	-1.4%	-4.4%	-6.5%	1.7%	32.9%	-2.5%

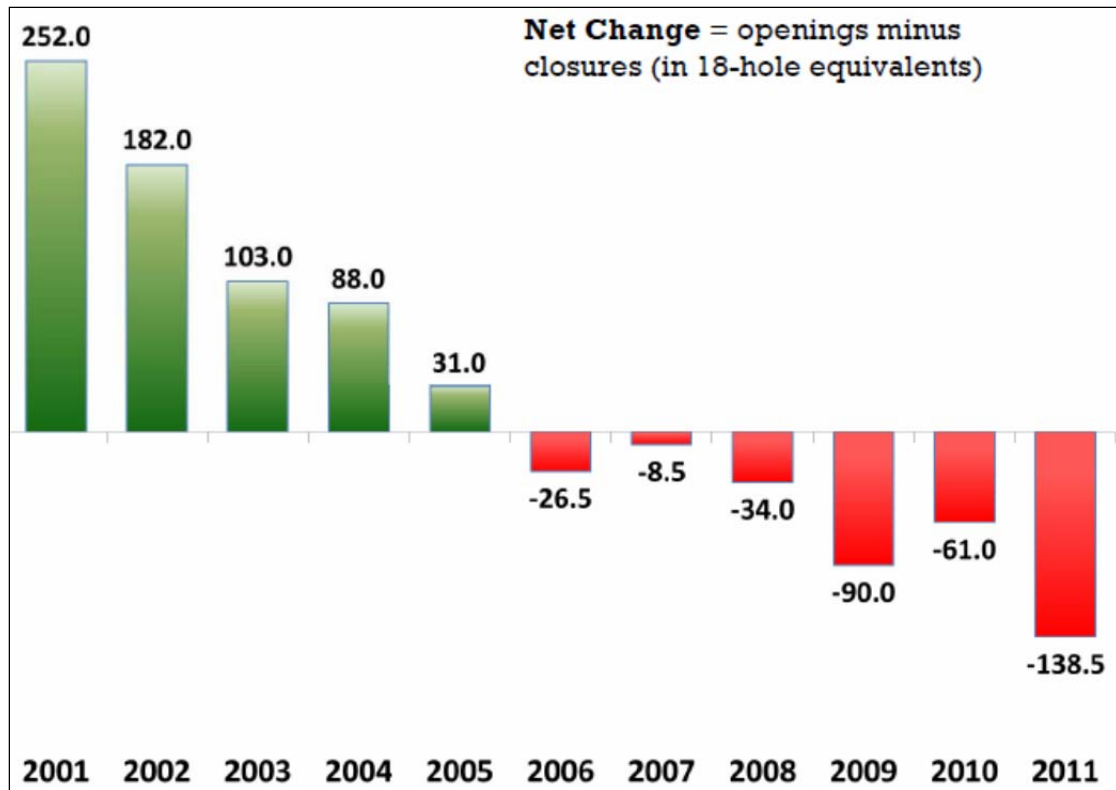
The NGF report indicates that Rounds of golf per 18-holes are down over 4,000 rounds per 18-hole course in the past decade. The report indicates affordability issues are driving decline, not deteriorating golf facilities or work commitments of prospective golfers. In 2011, there were 19 golf course openings of 18-hole courses against 157.5 closures or a net negative of 1.0% of total facilities. Since 2006, the net decline has been 2.4% of all facilities. The NGF course opening, closing, and net trends follow:

18-HOLE EQUIVALENT COURSE OPENINGS



18-HOLE EQUIVALENT COURSE CLOSINGS





The 2013 edition of the NGF “Golf Facilities in the U.S.” report indicates 15,619 facilities in 2012 and 14,672 of 18-hole equivalents. This number is up only 132 facilities and 404 18-hole equivalents over that of the year 2000.

Golf Facilities					
	1980	1990	2000	2010	2012
Public	7,166	8,036	11,197	11,628	11,683
Private	4,839	4,810	4,290	4,262	3,936
Total	12,005	12,846	15,487	15,890	15,619
Resort	N/A	6.7%	6.7%	7.6%	7.5%

18-hole Equivalents					
	1980	1990	2000	2010	2012
Public	5,756.5	6,796	10,057	10,621.5	10,696.5
Private	4,096	4,382.5	4,211	4,283	3,975
Total	9,852.5	11,178.5	14,268	14,904.5	14,671.5
Resort	N/A	8.3%	8.8%	9.4%	9.4%

Considering the number of golf facilities in the U.S. and that average rounds played per 18 holes continue to decline, the net closure of golf courses should benefit the industry in terms of the surviving courses.

The "Trends in the Future of Golf" reports six trends that are changing the golf landscape. They include social networking that is inclusive of ethnic and gender diverse golfers rather than the "Old Boys Network". Another trend is a pace of lifestyle that moves from all day golf to "short format fun". Trends include the evolution of the golfer from a "hierarchical model to a relational one"; an example is the attempt to connect a spouse and family to golf. Finally, additional trends in consumer traits include the consumer need for adventure, good health physicality and increased social conscience toward diminished resources.

This bodes poorly for the water, gas and chemical consumption for the maintenance of golf courses and suggests a growing impact on the future of golf. It also implies a possible conversion of configuration of courses to include more natural and non-maintained areas.

Given the recent downturn in the national economy, the NGF reports, in "The Golf Business During Recessions" article, that golf is not entirely recession-proof but does appear to be the last recreational activity to fall in a recession and the first to recover in the turn-around.

"Opportunity Created by Boomers" highlights a McKinsey research effort to analyze three segment of boomers: 1) the affluent 2) the U3 boomers who are "unprepared, uncompromising and undaunted for retirement" - they spend as much as they make and have low net worth but comprise the largest group of golfers and 3) the disadvantaged.

Trends in Golf Participation

The golf club is still considered to be the place to make connections, although exclusivity is not quite as important now as it has been historically. Membership has been declining since a peak in 2003 with a decline of 16% since this date. According to NGF reports, participation appears to be stabilizing, and some recovery is expected.

The following segment is the description of the types of golfers according to the National Golf Foundation:

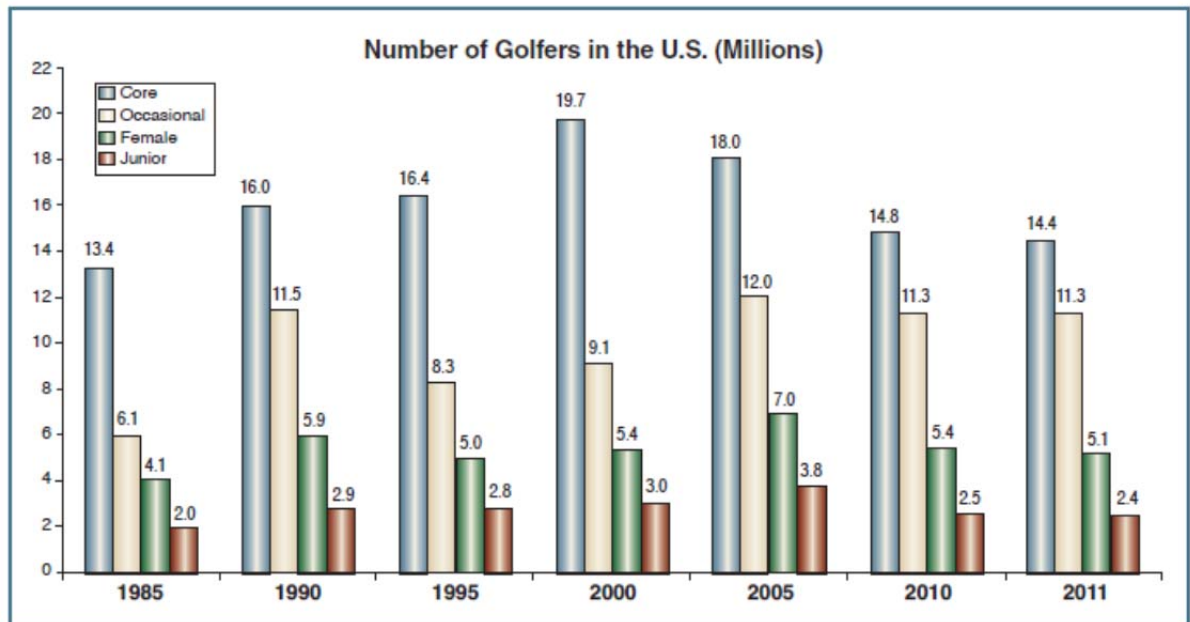
Avid Golfers (those playing 25+ rounds per year) Numbers dropped to 6.8 million in 2011, from 10.2 million in 2000.

Core Golfers (8+ rounds per year) Numbers dropped to 14.4 million in 2008, from 19.7 million in 2000. Core Golfers annually account for the majority of the rounds played and spending in golf. The average Core Golfer was 45.4 years old, had a household income of \$71,019 and recorded 38.4 rounds in 2000.

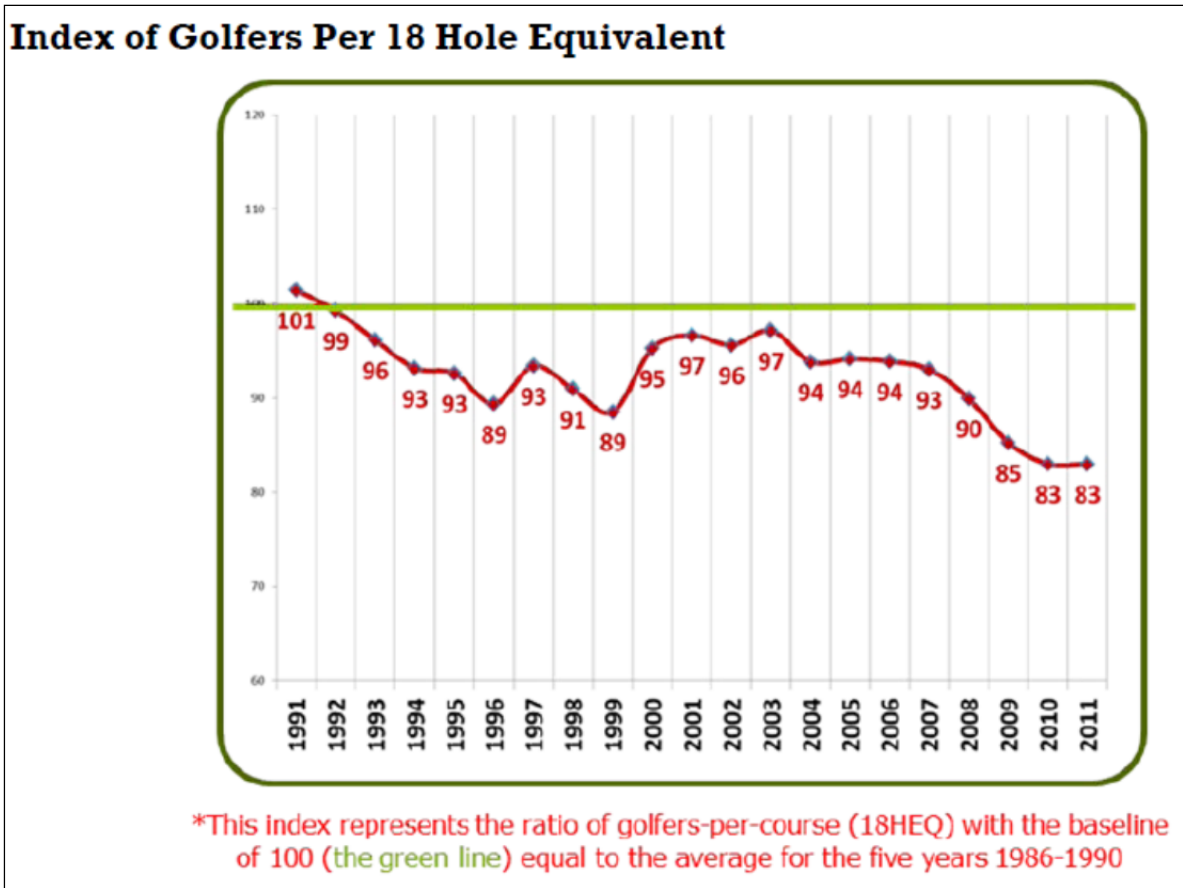
Occasional Golfers (1-7 rounds per year) Numbers increased to 11.3 million in 2011, from 9.1 million in 2000. The average Occasional Golfer was 38.9 years old, had a household income level of \$69,886 and played 3.1 rounds of golf in 2000.

Junior Golfers - This segment of the industry fell to 2.4 million in 2011, from 3 million in 2000. The average Junior Golfer was 14.6 years old, played 14.7 rounds in 2000 and came from a household that earned a total of \$70,839 in income.

Senior Golfers (aged 50 and over) - The average Senior Golfer was 62.2 years old, played 39.2 rounds during 2000 and had a household income of \$67,619.

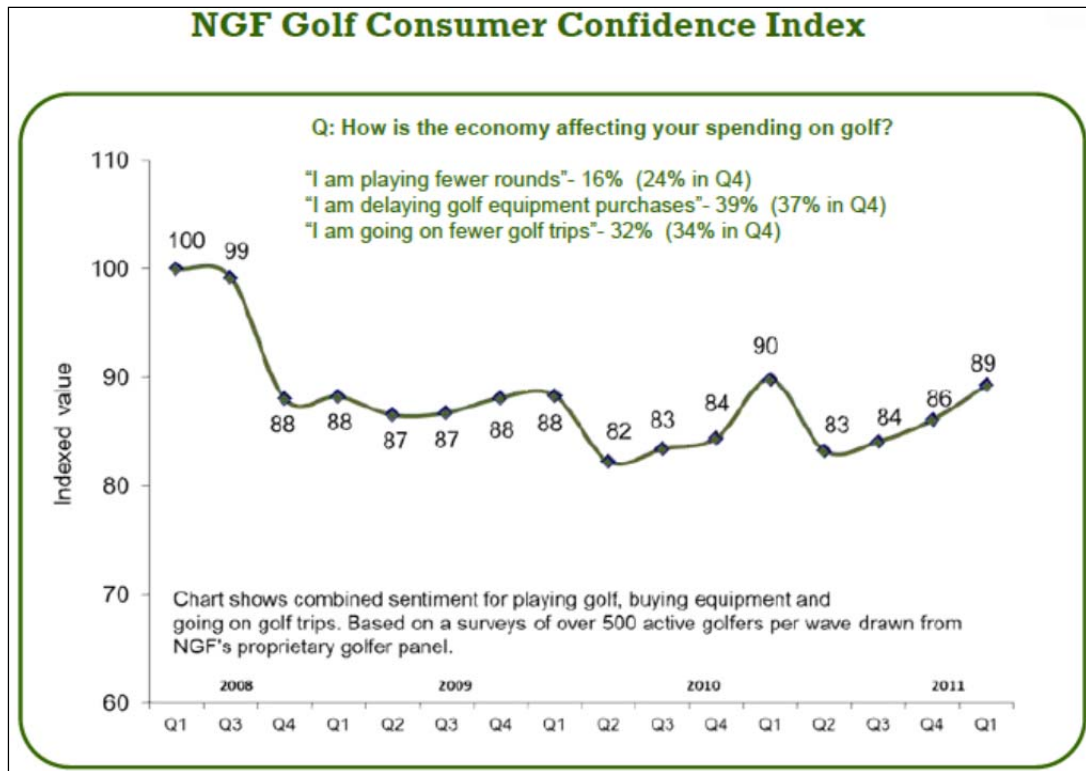


The chart that follows details the ratio of golfers per golf course, which has been declining, despite the net reduction in golf courses.



Consumer Confidence

According to the 2012 issue of NGF State of the Industry, consumer confidence increased to 70.2 in March 2012, the highest it has been since early 2008. In addition, golfer confidence has been trending upwards, but is still below early 2008 levels.

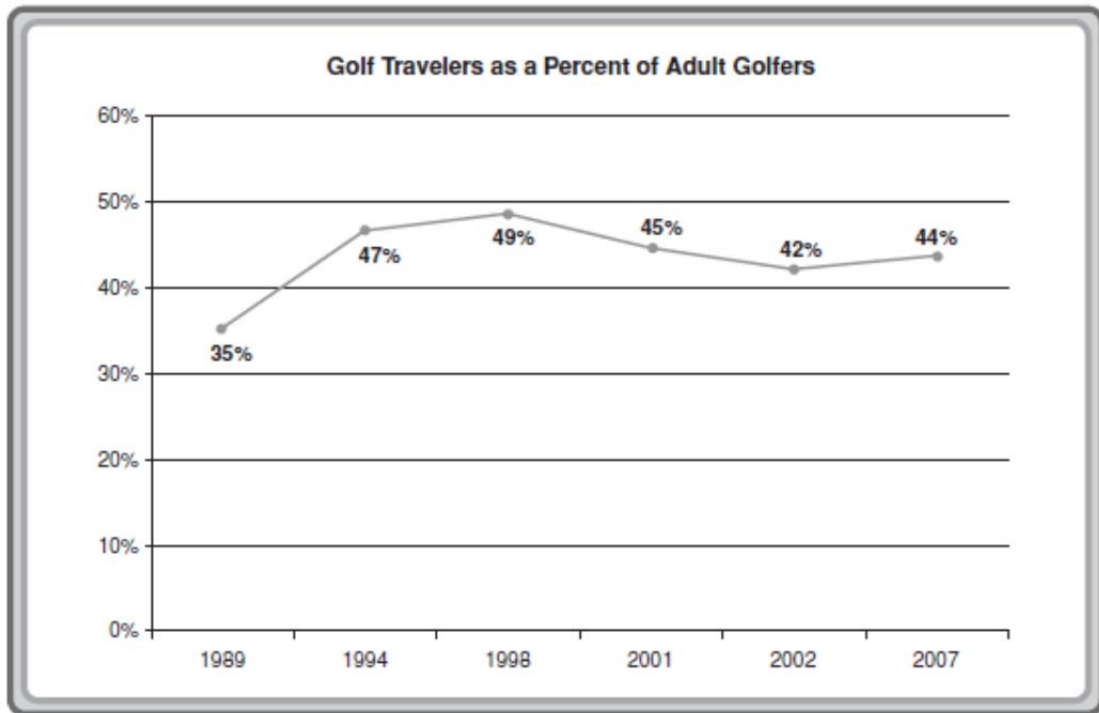


The NGF reports that indicators are mostly positive for there to be improvement in the golf economy.

Golf Travel

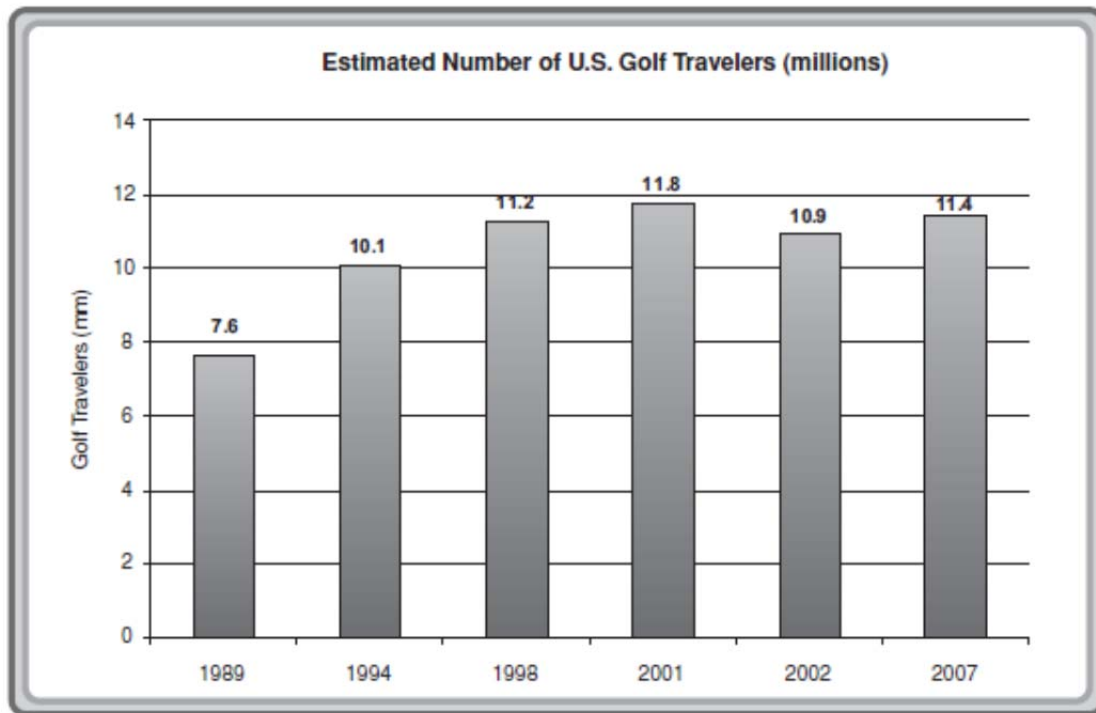
According to NGF's article "Golf Travel in the U.S." published in 2009 (the most recent), 44% of adult golfers played golf while traveling on business or vacation in 2007. This equates to 11.4 million golfers who played on vacation. Golfers played 67.8 million rounds of golf while traveling for business or pleasure in 2007, which represents approximately 14% of total rounds played that year.

The percentage of American golfers who engage in golf-related travel peaked in 1998, fell during the recession of 2001 and the travel slump following 9/11, but since recovered somewhat (at least through 2007).



Source: NGF Golf Travel in the US 2009

The NGF estimates that there are approximately 11.4 million golf travelers in the USA, slightly down from its peak in 2007. This amount is nearly double the estimate in 1989 of 7.6 million.



HISTORICAL SUMMARY

	1989	1994	1998	2001	2002	2007
Golf Travelers as a Percent of Adult Golfers	35.0%	46.6%	48.6%	44.6%	42.0%	43.6%
Estimated Number of Golf Travelers (mm)	7.6	10.1	11.2	11.8	10.9	11.4
% Male	82.6%	79.4%	77.1%	77.4%	77.3%	80.7%
% Female	17.4%	20.6%	22.9%	22.6%	22.7%	19.3%
Number of Non-traveling Golfers (mm)	14.2	11.5	11.9	14.6	15.1	14.7
Total Golfer Population (ages 18 and over) (mm)	21.8	21.6	23.1	26.4	26.0	26.1

Source: NGF Golf Travel in the US 2009

The same report shows that the incidence of golf travel increases with age and income. The 11.393 million represents approximately 43.6 % of all golfers, while this percentage increases to 49.6% for the 50-59 age group and 57.8% for the 60+ age group. In terms of income, the percentage rises to 62.7% for those with a household income of \$150,000 and higher.

	Percent of U.S. Golfers	Percent of U.S. Golf Travelers	Number of Golf Travelers	Incidence	Incidence Index ⁽¹⁾
Total	100.0%	100.0%	11,393	43.6%	100
Male	77.1%	80.7%	9,196	46.2%	106
Female	22.9%	19.3%	2,197	35.5%	81
Age					
18-29	19.9%	13.0%	1,479	28.4%	65
30-39	19.8%	19.3%	2,202	42.6%	98
40-49	21.1%	19.4%	2,212	40.2%	92
50-59	19.1%	21.7%	2,471	49.6%	114
60+	20.1%	26.6%	3,029	57.8%	132
Household Income (000)					
<\$25	6.3%	5.0%	566	35.3%	81
\$25-\$49	18.1%	10.4%	1,180	26.2%	60
\$50-\$74	19.9%	16.6%	1,886	37.5%	86
\$75-\$99	18.1%	17.1%	1,953	46.5%	107
\$100-\$149	24.1%	32.8%	3,734	50.1%	115
\$150+	13.4%	18.2%	2,074	62.7%	144

Source: NGF Golf Travel in the US 2009

The average number of rounds played during a business or vacation golf trip is 6.0, which rises to 9.1 for those at least 60 years old, and to 10.9 for those with a household income of over \$150,000. In general, golf travel appears to be most appealing to the older males with the highest income levels.

Area Golf Courses

The subject property is located in Oxbow, North Dakota in relative near proximity to Fargo, North Dakota and Moorhead, Minnesota. Outlined in the following table are courses in the near area including the subject. Those offering the most competition to the subject are the two other private clubs; Fargo Country Club and Moorhead Country Club. In the aggregate, these courses account for 144 golf holes.

Fargo-Moorhead Area Golf Courses											
No.	Course Name	Address	Holes	Par	Yardage	Rating	Slope	Green Fees	Year Opened	Reported Annual Rounds	Annual Dues
Subj	Oxbow Country Club**	130 Oxbow Dr, Oxbow, ND	18	72	6,863	73	132	N/A	1974	20,000 (approx.)	\$2,100
1	Fargo Country Club**	509 26th Ave S, Fargo, ND	18 and 9	72 and 27	6,754 and 823	71.6	131	N/A	1898		
2	Moorhead Country Club**	2101 River Dr N, Moorhead, MN	18	71	6,347	71	133	N/A	1937		\$1,548
3	Edgewood Golf Course	19 Golf Course Ave NE, Fargo, ND	18	71	6,413	69.7	125	\$25.50 to \$31.50; \$14.75 cart fee	1925	*34,907	N/A
4	Rose Creek Golf Course	1500 Rose Creek Pkwy, Fargo, ND	18	72	6,616	71.4	123	\$25.50 to \$31.50; \$14.75 cart fee	1993	*26,512	N/A
5	The Meadows	401 34th St S, Moorhead, MN	18	72	6,862	72.2	125	\$27.50 to \$31; \$15.50 cart fee	1992	Unknown	N/A
6	El Zagal Golf Course	1400 Elm St N, Fargo, ND	9	28	1,515	N/A	N/A	\$10.25; \$7.25 cart fee	1955	*18,374	N/A
7	Osgood Golf Course	4400 Clubhouse Dr, Fargo, ND	9	33	2,760	N/A	N/A	\$18; \$9 cart fee	1997	*33,139	N/A
8	Prairiewood Golf Course	22 Prairiewood Dr, Fargo, ND	9	32	2,547	N/A	N/A	\$14.25; \$9 cart fee	1978	*26,942	N/A
	* Non Flood Year										
	** Private course; all other public										

As shown in the previous table, the private courses do not report green fees. The upper end of the public courses is about \$30 per round. The private courses would likely support green fees above this level.

According to golfblogger.com, North Dakota has the highest ratio of golf courses per capita in the United States, with one course per every 5,468 people. This data for 2001 expresses 123 courses serving a population of 672,591. Minnesota is listed at ninth with one course per 9,224 people. Low population states tend to dominate the top of this list, with the top five being North Dakota, South Dakota, Iowa, Wyoming and Nebraska. Most populated California is last on the list with one course per 32,679 persons.

Summary

Demand throughout the entire golfing industry on a national basis was weak from 2009 through 2011, but appears to be increasing somewhat since 2012 in terms of the total numbers of golfers, number of rounds played, and spending on golf-related products and equipment. Golf course revenues are likely to remain at risk (as golfers try to reduce their cost per round) until the national and state economic climate stabilizes. Specifically NGF data cited four major areas of concern in terms of golf course openings: (1) waiting on the housing market to pick up, (2) construction taking longer than expected, (3) financing issues, and (4) difficulties in the permitting process. This outlook is further supported by the statistics of golf course openings: specifically that net closures versus openings were -1% in 2011 according to the NGF data. Since this report was published, arguably items (1) and (3) have improved substantially.

Property Analysis

Land Description and Analysis

Land Description

Land Area	159.23 acres; 6,936,148 SF
Source of Land Area	Cass County
Primary Street Frontage	Oxbow Drive
Shape	Irregular
Corner	No
Topography	Gently rolling
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	3802630025A
Date	February 3, 1982
Zone	Unknown
Description	Flood zone is unknown, however the map indicates that the majority of the property has moderate flood risk and some parts have high flood risk
Insurance Required?	Unknown

Zoning; Other Regulations

Zoning Jurisdiction	Pleasant Township
Zoning Designation	R-1, Single Family Rural Residential
Description	The Residential District is primarily established to promote a suitable residential rural environment and to accommodate low density detached single family residential units uninterrupted by conflicting uses and incompatible activities
Legally Conforming?	Yes
Zoning Change Likely?	No
Permitted Uses	Single family dwellings, churches, schools, and playgrounds. Conditional uses include parks, golf courses and multifamily dwellings
Minimum Lot Area	No requirement
Minimum Setbacks (Feet)	100 feet from township roads
Maximum Building Height	2.5 stories or 35 feet
Maximum Floor Area Ratio	No requirement
Parking Requirement	Private club or lodge: 1 per 200 SF of service area

Utilities

Service	Provider
Water	City of Oxbow
Sewer	City of Oxbow
Electricity	Cass County Electric
Natural Gas	N/A, propane tanks on site
Local Phone	CenturyLink

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Existing Course Site Plan



Improvements Description and Analysis

The subject is an existing private country club and 18-hole, 6,863 yard, par 72 golf course with practice area improved with a 13,879 square foot clubhouse, 1,600 square foot pool house and pool, and ancillary maintenance buildings totaling 8,960 square feet. The course was developed in 1974, has a 132 slope rating, has been updated over time, and is 100% owner occupied as a private golf and country club as of the effective appraisal date. Site area is 159.23 acres. This area includes two tax parcels owned by the Club located north of the maintenance buildings abutting Sunset Drive. These parcels are excluded having highest and best use as one or two housing lots and not conforming to the larger parcel highest and best use test of the appraised land used to serve the golf course and country club.

Construction of a flood levee through the site is planned in 2014. The project will effectively eliminate nine existing holes from the course as well as take the putting green and driving range, clubhouse and pool and its supporting building. We are informed the purchaser's intent is to provide compensation to Oxbow Country Club for costs necessary to reconstruct the course and improvements to similar pre-project quality making use of secured land adjacent south of the course.

Course architects play an important role in establishing the character of a development. Oxbow Country Club was professionally designed by Robert Trent Jones Jr., one of the most accomplished and well known golf course architects in the world. He has designed many golf courses throughout North America, as well as in Europe, Asia, South Africa, and the Pacific. Many of his courses have hosted major tournaments such as the World Cup of Golf, The Skins Games, and The Grand Slam. Both the U.S. Amateur and U.S. Open Championships will be played at one of his most famous courses, Chambers Bay, in University Place, Washington.

The course is a par 72 and is 6,863 yards in length from the black tee boxes. The slope rating, which is a rating system developed by the United States Golf Association (USGA) for comparing the level of difficulty from course to course so that players of different handicaps may compete equally, is 132 from the black tee length. The course rating, which is based on the course length and other obstacles that affect the scoring ability of a scratch player, is 73 from the black tee length.

Besides the golf course, the Oxbow Country Club features a full-size swimming pool with an adjacent kiddie pool and a clubhouse equipped with a full-size commercial kitchen, golf shop, bar and grill, and a casual/fine dining restaurant with event space. The improvements also include a newly constructed practice facility, completed in 2013. The practice facility consists of a driving range with five green-like targets, a 7,000 square foot putting green, and a practice bunker with a nearby green.

As previously mentioned, the introduction of the flood levee will majorly disrupt the layout of the course. Holes number one, nine through twelve, and fifteen through eighteen will be displaced, but nine replacement holes are planned to be constructed. During construction, the course will operate with nine holes.

Below is an aerial view of the existing course with drawings of the future levee and a proposed layout of the future holes.



Improvements Description

	Overall Property	Clubhouse	Pool House	Maintenance Buildings
Name of Property	Oxbow Golf & Country Club			
General Property Type	Golf Course	–	–	–
Property Sub Type	Private Golf Course	–	–	–
Occupancy Type	Owner Occupied	–	–	–
Number of Buildings	4	1	1	2
Stories	1 and 3	3	1	1
Construction Class	D	D	D	D
Construction Type	Wood frame	Wood frame	Wood frame	Wood frame
Construction Quality	Average	Average	Average	Low Cost
Condition	Good	Good	Good	Average
Gross Building Area (SF)	24,439	13,879	1,600	8,960
Approximate Rounds Played (Reported and Projected)	20,000	–	–	–
Land Area (SF)	6,936,148	–	–	–
Building Area Source	Past Appraisal	–	–	–
Year Built	1974 - 1988	1974	1988	1974
Actual Age (Yrs.)	–	39	25	39
Estimated Effective Age (Yrs.)	30	20	20	15
Estimated Economic Life (Yrs.)	45	45	40	25
Remaining Economic Life (Yrs.)	15	25	20	10
Number of Parking Spaces	90	–	–	–
Parking Type	Surface	–	–	–
Landscaping	Professional landscaping	–	–	–
Special Features	Full-size pool, kiddie pool, driving range, putting green, and practice bunker	Two story with partial walkout lower level. Full service country club facility with dining, locker rooms, pro shop, entertainment and catering facilities. Seating capacity is approximately 180 in the bar and two dining rooms. Total seating capacity on upper level is reported as 225. Seating for 80 in lower level grill and bar.	Snack and lounge area plus shower/restrooms	Partially heated; contains mid-course restrooms.

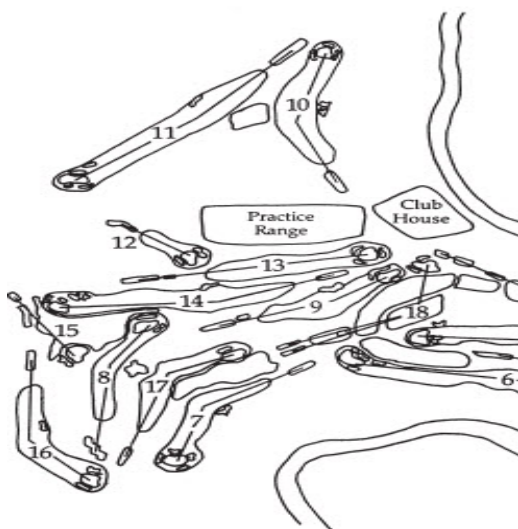
Construction Details

	Clubhouse	Pool House	Maintenance Buldings
Foundation	Concrete	Concrete	Concrete
Structural Frame	Wood	Wood	Wood
Exterior Walls	Wood	Wood	Metal
Roof	Shingled	Shingled	Metal
HVAC	Gas fired heat; fully air conditioned	Central combination	Partially heated with unit heaters
Elevators	None	NA	NA
Sprinklers	None	None	None

Specific course and hole statistics can be found in the scorecard on the following page.

HOLE	1	2	3	4	5	6	7	8	9	OUT
Black	339	180	554	377	158	536	407	420	430	3401
Black Handicap	14	16	12	8	18	4	10	6	2	
Gold	320	158	540	367	146	520	390	342	375	3158
Gold Handicap	14	16	8	4	18	2	6	12	10	
Par	4	3	5	4	3	5	4	4	4	36
Emerald	295	135	485	295	135	495	335	315	345	2835
Emerald Handicap	10	16	8	12	18	2	6	14	4	
Red/Silver	245	125	415	275	98	425	330	285	290	2550
Red/Silver Handicap	14	16	8	10	18	2	6	12	4	2478

John Dahl PGA Golf Professional				Joel Livingood General Manager				David Wood Superintendent					
10	11	12	13	14	15	16	17	18	IN	TOTAL	HDCP	NET	
389	548	185	427	522	190	425	421	355	3462	6863			
17	11	15	7	13	5	3	1	9					
372	529	166	405	501	156	388	390	338	3245	6403			
17	5	15	3	13	9	11	1	7					
4	5	3	4	5	3	4	4	4	36	72			
335	470	145	370	485	116	350	360	308	2939	5774			
11	13	15	3	7	17	9	1	5					
315	265	460	385	127	317	460	380	88	325	300	280	245	
13	11	15	3	9	17	5	7	1	2617	5167			



- USGA Rules shall govern all play except where local rules prevail.
- Water Hazards: defined by yellow stakes or lines. (#15 & #18 look for ball drop areas) Lateral Water Hazards: defined by red stakes or lines.
- Out of Bounds: defined by the inside edge of white stakes
 - Out of bounds stakes for #18 are obstructions when playing #9.
 - The river is out of bounds on #3, #4, & #5.
- Ground under Repair: A) Areas defined by white lines. B) French drains which are exposed trenches filled with rocks or stones.
 - All surfaced cart paths and the water treatment plant & shop on #8 are immovable obstructions. Free drop within 1 club length from nearest point of relief.
 - Please keep carts at least 30 feet from all greens, tees and bunkers and abide by the 90 degree rule on fairways.

	Men's	Rating/Slope	Women's	Rating/Slope
Black	73.0	132	Gold	77.8 141
Gold	71.0	129	Emerald	74.3 133
Emerald	68.2	122	Red/Silver	68.0 116

Please fix ball marks and repair divots!



Improvements Analysis

Quality and Condition

The quality and condition of the subject is considered to be consistent or superior with that of competing properties.

Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

Deferred Maintenance

No deferred maintenance is apparent from our inspection. The property appears as being very well maintained with repairs and maintenance performed as needed.

Planned Capital Expenditures

We are not aware of any planned capital expenditures.

ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Personal Property

Non-realty items necessary for the continued operation of the property include all golf carts, golf maintenance equipment, and trade fixtures within the clubhouse, pool and kitchen areas and so forth. This property is not appraised separately in the sales comparison and income approaches but is implicitly included with fee simple market value of the going concern. Allocation for FF&E is estimated in the cost approach on a price per whole basis based on a percentage of course costs. We are not expert in the appraisal of Furniture Fixtures and Equipment (FF&E). If such expertise is required it is advised that the client seek such assistance from an expert in this discipline.

Conclusion of Improvements Analysis

Overall, the quality, condition, and functional utility of the improvements are typical or better for their age and location.



Photo #1 - View of clubhouse, facing west
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #2 - View of clubhouse rear, facing north
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #3 - Dining room
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #4 - Event room
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #5 - Kitchen
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #6 - Golf shop
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #7 - Bar dining area
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #8 - Bar
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #9 - Locker room
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #10 - Office
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #11 - Maintenance buildings facing southeast
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #12 - Maintenance building interior
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #13 – Pool facing southeast
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #14 - Kiddie pool facing southeast
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #15 - Pool concession stand
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #16 - Main parking lot facing east
(Photo Taken on November 26, 2013)



Photo #17 - Driveway from overload parking lot to clubhouse facing south
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #18 - View of Oxbow Drive north of driving range, facing west
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #19 View of 1st tee box, facing south
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #20 - View of 1st fairway, facing east
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #21 - View of 3rd fairway, facing west
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #22 - View of 5th green, facing north
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #23 - View of 13th fairway, facing east
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)



Photo #24 - View of 18th fairway, facing east
(Photo Taken on November 26, 2013 by Dan Mueller, MAI, MRICS)

Real Estate Tax Analysis

Real estate taxes are a key determinant of value, because properties are taxed at rates that make taxes one of the largest expenses.

Taxes are paid one year in arrears in North Dakota, which means that the taxes payable in 2013 relate to the February 1, 2012 assessor's estimated market values.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2013							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total
78-0010-00220-000	\$11,600		\$11,600	1.389937%	\$129.08	0.00	129.08
78-0010-00230-000	\$11,600		\$11,600	1.389937%	\$129.08	0.00	129.08
78-0010-00520-000	\$7,800		\$7,800	1.389937%	\$86.79	0.00	86.79
78-0010-00530-000	\$7,800		\$7,800	1.389937%	\$86.79	0.00	86.79
78-0010-00540-000	\$7,800		\$7,800	1.389937%	\$86.79	0.00	86.79
78-0010-01210-010	\$4,000		\$4,000	1.389937%	\$49.43	0.00	49.43
78-0010-01620-010	\$84,900		\$84,900	1.389937%	\$1,049.67	0.00	1,049.67
78-0010-01620-030	\$656,000	\$344,300	\$1,000,300	1.389937%	\$14,205.78	2,456.87	16,662.65
78-0010-01630-000	\$4,000		\$4,000	1.389937%	\$49.43	0.00	49.43
	\$795,500	\$344,300	\$1,139,800		\$15,872.84	2,456.87	18,329.71

According to Cass County, the 2014 real estate taxes are not yet paid. The first half is due by March 1, 2014, but to get a discounted rate the first half is due by February 17, 2014. The second half is due by October 15, 2014. Additionally, there are no prior year taxes due on this property.

The effective tax rate equates to 1.389937%. Based on our estimate of market value included herein, the subject's current AEMV and real estate taxes are considered reasonable and in line with the market.

Special Assessments

Special assessments are charges levied by the city and/or county on a property to pay for public infrastructure that directly benefits that property. In theory, the value of a property should increase at least by the amount of the special assessment.

Special assessments are often charged to property owners for public works such as streets and roads, water lines, sanitary sewer lines, storm sewer lines, and storm water retention areas.

According to the Cass County Treasurer's Office, \$2,457 in special assessments are currently levied against the subject property.

Our value estimate assumes special assessments are paid in full.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. The site has rolling terrain and is improved with many mature trees. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned R-1, Single Family Rural Residential. The Residential District is primarily established to promote a suitable residential rural environment and to accommodate low density detached single family residential units uninterrupted by conflicting uses and incompatible activities. Permitted uses include single family dwellings, churches, schools, and playgrounds. Conditional uses include parks, golf courses and multifamily dwellings. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only low density residential use and golf course use are given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

As reported in the National Golf Foundation 2012 edition State of the Golf Industry, market conditions continue in a sideways to declining direction with little acceleration of value and in many situations, loss of value is indicated. Rounds played were down 5% in 2006 vs. 2007, down 1.8% in 2008 vs. 2007, down 0.6% in 2009 vs. 2008, down 2.1% in 2010 vs. 2009, and down 2.5% in 2011 vs. 2010. Since a peak in 2000, rounds played have fallen 10.7%. Also, according to this same source, the five-year compound annual growth rate for rounds played during the reporting years is down 7.4%.

With highest and best use as vacant it is hypothetically presumed that the subject golf course and country club would not be a part of the market. With this assumption there would be increased demand relative to supply for golf course use which would have upward influence on feasibility. Nonetheless, market data in virtually all locations point to very soft industry conditions. The number of rounds played over the last several years has shown a steady decline as has the number of courses developed. In the most recent year reported only 19 courses were initiated across the entire United States.

Replacement cost developed with the cost approach far exceeds value as improved suggested by both income capitalization and comparison with market sales. Thus, based on our analysis of the market and the specific subject operation, there is clearly insufficient demand for additional golf course use at the current time. It appears that a newly developed golf course on the site would not have a value commensurate with its cost; therefore, golf course use is not considered to be financially feasible.

However, based on our analysis of the market, there is currently adequate demand for low density residential use in Fargo area. The state of North Dakota, including Fargo has generally avoided the market downturn dominating the nation since the onset of the recent recession. Employment and pace of development in this area have held firm, with continuous development of most traditional forms of property, including residential homes. It appears that a newly developed low density residential use on the site would have a value commensurate with its cost. Therefore, low density residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than low density residential use. Accordingly, it is our opinion that low density residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

As Improved

The subject site is developed with an 18-hole golf course and country club, which is not consistent with the highest and best use of the site as if it were vacant.

The existing golf course does operate at a profit with income to expense ratios being inside industry norms. The club operates with positive cash flow reported and we expect financial viability as improved to continue. Therefore, continuation of current use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued golf course and country club use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

The likely buyer is a golf course investor/operator.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

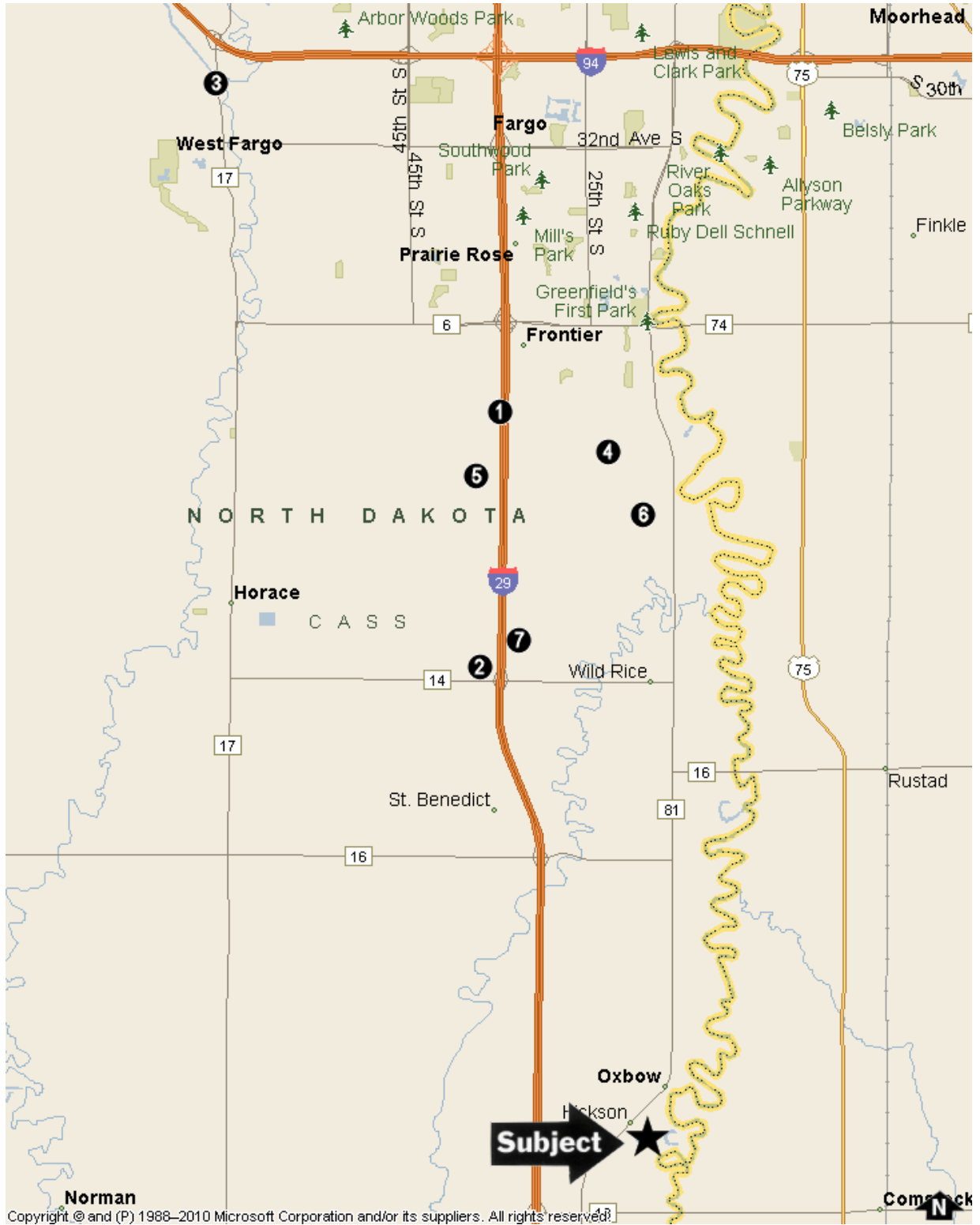
- Location: Fargo area
- Size: Large tracts in excess of 40 acres
- Use: Predominantly residential or speculative use
- Transaction Date: Last approximate five years
- A compilation of recent agricultural sales are also included as these sales are viewed to express a floor acre value for the subject.

For this analysis, we use price per acre as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	38th Street Site 6400 38th St. S. Fargo Cass County ND	Dec-13 Closed	\$2,325,000	3,885,116 89.19	Residential and Commercial	\$0.60	\$26,068
	<i>Comments: Arms length sales. Suitable tract for commercial and residential development located at 64th Avenue South and 38th Avenue South. Buyer is a residential developer. Amount of land in flood plain is reported as inconsequential. No abnormal influences/</i>						
2	Stanley Township Land 9635 and 9853 38th Street South Fargo Cass County ND	Oct-13 Closed	\$1,490,000	4,328,122 99.36	Agricultural	\$0.34	\$14,996
	<i>Comments: Undeveloped farm land adjacent to Interstate 29 interchange. Good visibility and access at corner of 100th Avenue and 38th Street South. Purchased for future development.</i>						
3	Residential Development Site 2500 Block of Sheyenne Street West Fargo Cass County ND	Dec-12 Closed	\$2,100,000	4,338,140 99.59	Agricultural	\$0.48	\$21,086
	<i>Comments: Approximate 100 acre parcel purchased for residential subdivision. Other development in area. Located south of I-94 and west of County Road 17.</i>						
4	Davies 2nd Addition Site 25th St. S. Fargo Cass County ND	Sep-11 Closed	\$1,200,000	1,903,136 43.69	Single family	\$0.63	\$27,466
5	Eagle Run Holdings Site 76th Avenue So. Fargo Cass County ND	Mar-10 Closed	\$2,250,000	6,203,380 142.41	Agriculture	\$0.36	\$15,799
6	76th Avenue South Site 76th Avenue S. Fargo Cass County ND	Sep-09 Closed	\$1,600,000	3,387,226 77.76	Agriculture	\$0.47	\$20,576
7	Park Site 9158 36th St. S. Fargo Cass County ND	Sep-07 Closed	\$1,000,000	5,663,671 130.02	Agriculture	\$0.18	\$7,691
	Subject			6,936,148			
	Oxbow Golf & Country Club			159.23			
	Oxbow, ND						

Comparable Land Sales Map

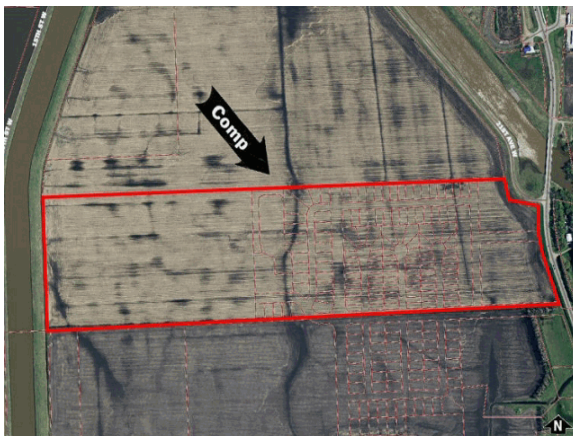




Sale 1
38th Street Site



Sale 2
Stanley Township Land



Sale 3
Residential Development Site



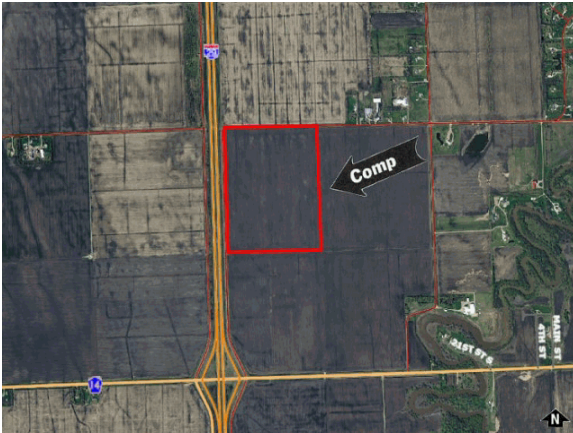
Sale 4
Davies 2nd Addition Site



Sale 5
Eagle Run Holdings Site



Sale 6
76th Avenue Site



Sale 7
Park Site

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Sale 6 is adjusted up, being sale of a 25% interest in the property, to reflect equivalent price for 100% interest.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All sales involve fee simple estates and no adjustments are made.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	Terms are at market and no adjustments are applied.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	Sale 5 is adjusted down relative to the buyer's comment that he felt he paid a premium for the site.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Fargo has held up well during the recession. Market conditions adjustments of 2% annually are applied.
Location	Market or submarket area influences on sale price; surrounding land use influences.	Most sales are located in areas of growth in Fargo whereas the subject area is more distant from the city and outside areas of highest demand. All comparables are adjusted down except dated number 7. Most that are proximate to freeways are adjusted down somewhat more. Recent sale 2 is adjusted down less being closer to the subject and more influenced by market dynamics distant south of Fargo.
Size	Inverse relationship that often exists between parcel size and unit value.	Five smaller sales are adjusted down.

Adjustment Factor	Accounts For	Comments
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Land topography in the Fargo area is generally flat. The subject has rolling topography and numerous mature trees favorable to residential development. Properties purchased with residential influence are adjusted up. Sale 5 receives no net adjustment as it needed fill.
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Sale 1 is part commercial guided and Sale 2 is by a freeway interchange These sales are adjusted down.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Name	Oxbow Golf & Country Club	38th Street Site	Stanley Township Land	Residential Development Site	Davies 2nd Addition Site	Eagle Run Holdings Site	76th Avenue South Site	Park Site
Address	130 Oxbow Drive	6400 38th St. S.	9635 and 9853 38th Street South	2500 Block of Shyenenne Street	25th St. S.	76th Avenue So.	76th Avenue S.	9158 36th St. S.
City	Oxbow	Fargo	Fargo	West Fargo	Fargo	Fargo	Fargo	Fargo
County	Cass	Cass	Cass	Cass	Cass	Cass	Cass	Cass
State	North Dakota	ND	ND	ND	ND	ND	ND	ND
Sale Date		Dec-13	Oct-13	Dec-12	Sep-11	Mar-10	Sep-09	Sep-07
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,325,000	\$1,490,000	\$2,100,000	\$1,200,000	\$2,250,000	\$400,000	\$1,000,000
Description of Adjustment							One quarter interest	
Effective Sale Price		\$2,325,000	\$1,490,000	\$2,100,000	\$1,200,000	\$2,250,000	\$1,600,000	\$1,000,000
Square Feet	6,936,148	3,885,116	4,328,122	4,338,140	1,903,136	6,203,380	3,387,226	5,663,671
Acres	159.23	89.19	99.36	99.59	43.69	142.41	77.76	130.02
Usable Square Feet	6,936,148	3,885,116	4,328,122	4,338,140	1,903,136	6,203,380	3,387,226	5,663,671
Usable Acres	159.23	89.19	99.36	99.59	43.69	142.41	77.76	130.02
Zoning Description	Residential	Residential and	Agricultural	Agricultural	Single family	Agriculture	Agriculture	Agriculture
Price per Acre		\$26,068	\$14,996	\$21,086	\$27,466	\$15,799	\$20,576	\$7,691
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-	-
% Adjustment		-	-	-	-	-5%	-	-
Market Conditions	11/26/2013	Dec-13	Oct-13	Dec-12	Sep-11	Mar-10	Sep-09	Sep-07
Annual % Adjustment	2%	-	-	2%	4%	7%	8%	12%
Cumulative Adjusted Price		\$26,068	\$14,996	\$21,508	\$28,565	\$16,060	\$22,222	\$8,614
Location		-25%	-15%	-25%	-20%	-25%	-20%	-
Size		-10%	-10%	-10%	-20%	-	-10%	-
Shape and Topography		10%	10%	10%	10%	-	10%	-
Zoning/Probable Use		-20%	-10%	-	-	-	-	-
Net \$ Adjustment		-\$11,731	-\$3,749	-\$5,377	-\$8,569	-\$4,015	-\$4,444	\$0
Net % Adjustment		-45%	-25%	-25%	-30%	-25%	-20%	0%
Final Adjusted Price		\$14,337	\$11,247	\$16,131	\$19,995	\$12,045	\$17,778	\$8,614
Overall Adjustment		-45%	-25%	-24%	-27%	-24%	-14%	12%
Range of Adjusted Prices		\$8,614 - \$19,995						
Average		\$14,307						
Indicated Value		\$10,000						

Agriculture Land Sales

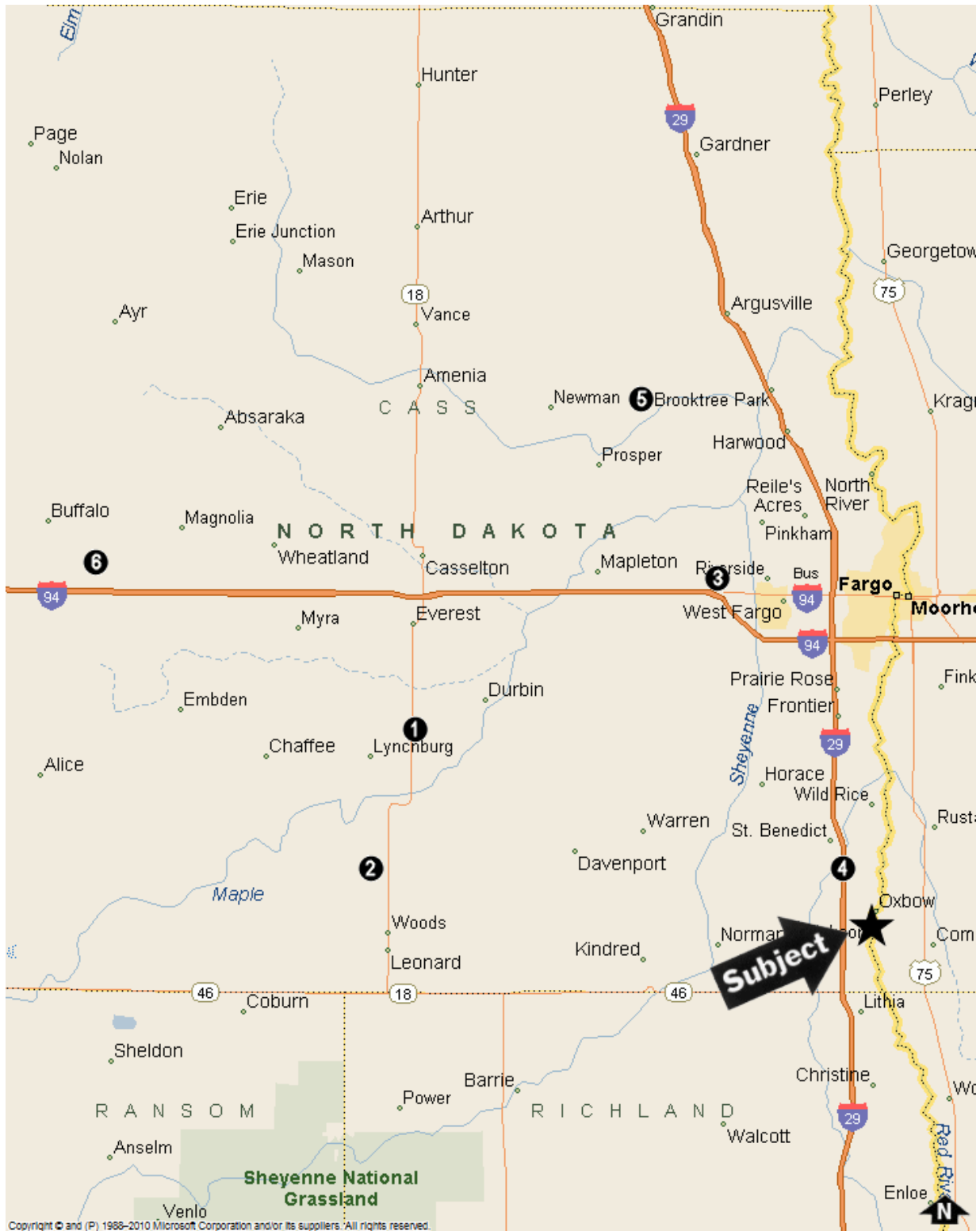
Below is a summary of recent agricultural land sales occurring near Fargo. Acre prices paid for farmland in the area represents the floor value probable for the subject, located some distance from developed Fargo in an agriculture dominated area, but that has features conducive to residential development.



Farm Land Sales

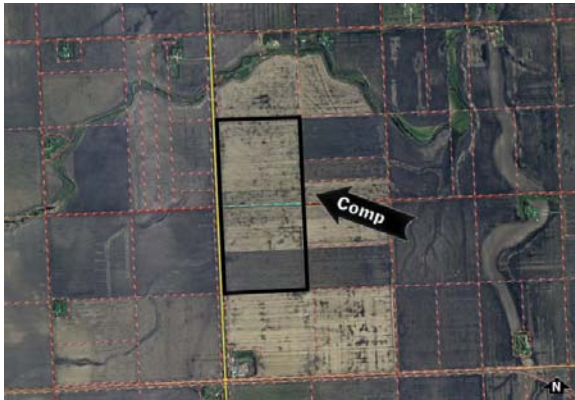
Seller/Buyer	Location/Legal Desc.	Sale Date	Price	Net Acres	Price Per Acre	
Jahnke / Belter	SW 1/4, LESS Hwy ROW in 2-138N-52W and NW 1/4, LESS Hwy ROW - 11-138N-52W; Maple River Township, Cass County, ND	8/1/2013	\$1,912,000	303.3	\$6,304	Written/sealed bid sale advertised and facilitated by Grand Forks law firm. Nearly level topography with average drainage to the northeast. Good access from the west off Hwy 18.
Keeney Family Trust / Wes Belter	SW1/4 - 4-137-52; Leonard Township, Cass County, ND	10/23/2013	\$1,150,000	159	\$7,233	Very good quality land. Sold at well-advertised public auction by FNC on 10-23-13.
Martin Trust / Leo & Shirley Richard	Lengthy legal: 58.02 acres located S of Sheyenne Diversion ditch & N of BNSF RR in S1/2NW1/4 & SW1/4NE1/4 - 1-139-50; City of West Fargo, Cass County, ND	11/25/2013	\$455,000	59.7	\$7,621	Property is located on the western edge of West Fargo--within city limits. There appears to be some development potential but does not appear to have been significantly price influencing.
Diane Maier & Lucille Sorby / Southeast Water Resource District	SE1/4 & 1/2 NE1/4 lying south of river less bldg site; N1/2 SW1/4 & E1/4 SW1/4 S2 T137N R49W	12/10/2013	\$1,636,000	251.7	\$6,500	Land 4-5 miles south of Fargo but not considered to have development potential at this time.
Gangness Land, LLP / James Ueland	Lengthy metes and bounds. Part of SE1/4 of Section 28, Township 141N, Range 50W.	12/10/2013	\$1,625,000	222.8	\$7,294	Written to oral bid sales. Top bidders were all area producers. Nearly level topography with productive soils.
Judith Bueno / Ron Holiday	SW1/4 - 33-140-54; Buffalo Township, Cass County, ND	12/17/2013	\$820,000	156.2	\$5,250	Property has frontage on and access from the south on 36th St SE and from the west on 141st Ave SE, both of which are gravel. I-94 is 1 mile south of the tract. Property located roughly 2 miles southeast of Buffalo, ND. Well advertised public auction.

Agricultural Land Sales Map



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Land Sale 1
Jahnke/Belter Sale



Land Sale 2
Keeney Family Trust/Wes Belter Sale



Land Sale 3
Martin Trust/Leo & Shirley Richard Sale



Land Sale 4
Diane Maier & Lucille Sorby/Southeast Water Resource District Sale



Land Sale 5
Gangness Land, LLP/James Ueland Sale



Land Sale 6
Judith Bueno/Ron Holiday Sale

Land Value Conclusion

Given the nature of development patterns in the Fargo area the direct sale comparison properties are all located some distance north of the subject. Aside from the Oxbow development influenced by the course, the area remains highly agricultural in nature. Farmland sales summarized to offer an understanding of floor acre value are in much closer proximity.

Prior to adjustment, the sales reflect a range of \$7,691 - \$27,466 per acre. After adjustment, the range is narrowed to \$8,614 - \$19,995 per acre, with an average of \$14,307 per acre. Aside from the least recent sale nearest the subject, all comparables require substantial adjustment, with net adjustment being down for all but dated comparable 7.

Reconcile is made below central tendency of the adjustment comparables and above the range of indicated acre value of area farmland, and arrive at a land value conclusion as follows:

Land Value Conclusion

Indicated Value per Acre	\$10,000
Subject Acres	<u>159.23</u>
Indicated Value	\$1,592,321
Rounded	<u>\$1,590,000</u>

Cost Approach

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the existing improvements using Marshall Valuation Service;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

The following tables summarize our valuation by the cost approach.

Replacement Cost

Replacement cost is the current cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs (also known as soft costs) and entrepreneurial profit.

Direct Costs

Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. We use Marshall Valuation Service (MVS) as the basis of our direct cost estimate. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction.

Indirect Costs

MVS does not include all of the indirect costs that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. We estimate that a 5% allowance for additional indirect costs is appropriate.

Entrepreneurial Profit

The final component of the replacement cost estimate is entrepreneurial profit, the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project. It is our estimate that an allowance of 10% of total direct and indirect costs is appropriate.

Replacement Cost New

The following tables show our replacement cost estimates for the subject building improvements and site improvements.

Replacement Cost Estimate

Building Improvements

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
Clubhouse	Country Clubs	D	Average	13,879	SF	\$142.12	\$1,972,483
Pool House	Recreational (Pool) Enclosures	D	Average	1,600	SF	\$82.54	\$132,064
Maintenance Buldings	Light Industrial Warehouse Shell	D	Low Cost	8,960	SF	\$23.02	\$206,259
Subtotal - Replacement Cost New							\$2,310,807
Plus: Indirect Cost						5%	\$115,540
Subtotal							\$2,426,347
Plus: Entrepreneurial Profit						10%	\$242,635
Total Replacement Cost New							\$2,668,982

Site Improvements

<i>Item</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Swimming Pool	Average	2,000	SF	\$74.24	\$148,480
Asphalt and Parking	Average	90	Space	\$321.69	\$28,952
Golf Course and Related Amenities	Class III Private	18	Hole	\$217,150.00	\$3,908,700
Landscape (Non Course)	Good	1	Total	\$25,250.00	\$25,250
FF&E	Average	18	Hole	\$43,000.00	\$774,000
Subtotal - Replacement Cost New					\$4,885,382
Plus: Indirect Cost				5%	\$244,269
Subtotal					\$5,129,651
Plus: Entrepreneurial Profit				10%	\$512,965
Total Replacement Cost New					\$5,642,616

Overall Property

Building Improvements	\$2,310,807
Site Improvements	\$4,885,382
Subtotal - Replacement Cost New	\$7,196,189
Plus: Indirect Cost	5% \$359,809
Subtotal	\$7,555,998
Plus: Entrepreneurial Profit	10% \$755,600
Total Replacement Cost New	\$8,311,598

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.

Building Improvements - Unit Costs

Building 1 Name: Clubhouse

MVS Building Type:	Country Clubs	Unit	SF	Current Multiplier	1.040
Const Class:	D	Unit Cost	\$118.20	Local Multiplier	1.010
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Average	HVAC Adjust	\$7.00	Perimeter Multiplier	1.020
Section/Page	11/31	Other:	\$7.45		
Economic Life	45	Subtotal:	\$132.65	Final Unit Cost	\$142.12

Building 2 Name: Pool House

MVS Building Type:	Recreational (Pool) Enclosures	Unit	SF	Current Multiplier	1.040
Const Class:	D	Unit Cost	\$66.48	Local Multiplier	1.010
Quality:	Average	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Good	HVAC Adjust	\$12.10	Perimeter Multiplier	1.000
Section/Page	11/29	Other:			
Economic Life	40	Subtotal:	\$78.58	Final Unit Cost	\$82.54

Building 3 Name: Maintenance Buldings

MVS Building Type:	Light Industrial Warehouse Shell	Unit	SF	Current Multiplier	1.010
Const Class:	D	Unit Cost	\$16.84	Local Multiplier	1.010
Quality:	Low Cost	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Low Cost	HVAC Adjust	\$3.22	Perimeter Multiplier	1.125
Section/Page	14/35	Other:			
Economic Life	25	Subtotal:	\$20.06	Final Unit Cost	\$23.02

Source: Marshall Valuation Service



Site Improvements - Unit Costs

Site Improvement 1 Name: Swimming Pool					
Quality:	Average	Unit Cost	\$75.00	Current Multiplier	0.980
Section:	66	Other:		Local Multiplier	1.010
Page:	7	Other:			
Unit:	SF	Subtotal:	\$75.00	Final Unit Cost	\$74.24
Site Improvement 2 Name: Asphalt and Parking					
Quality:	Average	Unit Cost	\$325.00	Current Multiplier	0.980
Section:	66	Other:		Local Multiplier	1.010
Page:	3	Other:			
Unit:	Space	Subtotal:	\$325.00	Final Unit Cost	\$321.69
Site Improvement 3 Name: Golf Course and Related Amenities					
Quality:	Class III Private	Unit Cost	\$215,000.00	Current Multiplier	1.000
Section:	67	FF&E		Local Multiplier	1.010
Page:	1	Other:			
Unit:	Hole	Subtotal:	\$215,000.00	Final Unit Cost	\$217,150.00
Site Improvement 4 Name: Landscape (Non Course)					
Quality:	Good	Unit Cost	\$25,000.00	Current Multiplier	1.000
Section:		Other:		Local Multiplier	1.010
Page:		Other:			
Unit:	Total	Subtotal:	\$25,000.00	Final Unit Cost	\$25,250.00
Site Improvement 5 Name: FF&E					
Quality:	Average	Unit Cost	\$43,000.00	Current Multiplier	1.000
Section:		Other:		Local Multiplier	1.000
Page:		Other:			
Unit:	Hole	Subtotal:	\$43,000.00	Final Unit Cost	\$43,000.00

Source: Marshall Valuation Service

For comparison purposes, the following table shows replacement cost plus land value in relation to the concluded market value.

Replacement Cost vs. Market Value

	Including Entrepreneurial Profit	Excluding Entrepreneurial Profit
Replacement Cost New	\$8,311,598	\$7,555,998
Land Value	\$1,590,000	\$1,590,000
Replacement Cost New Including Land Value	\$9,901,598	\$9,145,998
Rounded	\$9,900,000	\$9,150,000
Market Value Conclusion	\$3,250,000	\$3,250,000
Market Value as % of RCN Including Land Value	33%	36%

Replacement Cost Estimate

Building Improvements

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
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Site Improvements

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Building Improvements	\$2,310,807
Site Improvements	\$4,885,382
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Subtotal	\$7,555,998
Plus: Entrepreneurial Profit	10% \$755,600
Total Replacement Cost New	\$8,311,598

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.

Depreciation

Depreciation is the difference between the replacement cost new of the improvements and their contribution to overall property value on the effective date of the appraisal.

Deferred Maintenance

In the first step of estimating depreciation, we deduct the cost of curing deferred maintenance, which is discussed in the improvements description section of the report.

No items of deferred maintenance are identified; thus, no deductions for this form of depreciation are necessary.

Age-Life Depreciation

After deducting deferred maintenance, if any, we use the age-life method to estimate depreciation applicable to the remaining replacement costs. This method indicates the loss in value due to physical deterioration and some functional obsolescence based on the age and condition of the improvements. The age-life method is applied on a straight-line basis, by dividing the subject's effective age by its economic life. Age-life depreciation for the site improvements is estimated separately from the building improvements, based on their shorter economic lives.

Functional Obsolescence

Functional obsolescence is a loss in value due to changes in market tastes and standards. In the case of the subject, it is not necessary to make a deduction for additional functional obsolescence over and above that accounted for in the age-life method.

External Obsolescence

External obsolescence is a loss in value due to external causes, such as imbalances in supply and demand or negative location influences. The golf industry is oversupplied with courses. Market value with most facilities lies significantly below replacement cost less deduction for physical deterioration. This situation applies to the subject as supported by conclusions of the sales comparison and income approaches. As indicated by the market, deduction of 35% to value remaining after offset for age/life depreciation is made to account this situation that occurs outside the control of the subject property.

Final Estimate of Depreciation

Our estimate of depreciation and calculation of depreciated replacement cost are shown in the following tables.

Estimate of Depreciation

Building Improvements

Replacement Cost New		\$2,668,982
Less: Deferred Maintenance		\$0
Remaining Cost		\$2,668,982
Age-Life Depreciation	46%	-\$1,227,732
Additional Functional Obsolescence	0%	\$0
External Obsolescence	35%	-\$934,144
Total Depreciation		<u>-\$2,161,875</u>
<i>Depreciated Replacement Cost</i>		\$507,107

Site Improvements

Replacement Cost New		\$5,642,616
Less: Deferred Maintenance		\$0
Remaining Cost		\$5,642,616
Age-Life Depreciation	42%	-\$2,369,899
Additional Functional Obsolescence	0%	\$0
External Obsolescence	35%	-\$1,974,916
Total Depreciation		<u>-\$4,344,815</u>
<i>Depreciated Replacement Cost</i>		\$1,297,802

Overall Property

Replacement Cost New		\$8,311,598
Deferred Maintenance		<u>\$0</u>
Remaining Cost		\$8,311,598
Age-Life Depreciation		-\$3,597,630
Additional Functional Obsolescence		\$0
External Obsolescence		<u>-\$2,909,059</u>
Total Depreciation		<u>-\$6,506,690</u>

Depreciated Replacement Cost	\$1,804,908
Rounded:	\$1,800,000

Depreciation Worksheet - Building Improvements

Bldg #	Bldg Name	Effective Age (Yrs)	Economic Life (Yrs)	S/L Deprec. %	Other Deprec. %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Other Deprec.	S/L Deprec. \$	Other Deprec. \$
1	Clubhouse	20	45	44%	35%	\$2,278,218	85.4%	37.9%	29.9%	\$1,012,542	\$797,376
2	Pool House	20	40	50%	35%	\$152,534	5.7%	2.9%	2.0%	\$76,267	\$53,387
3	Maintenance Buildings	15	25	60%	35%	\$238,229	8.9%	5.4%	3.1%	\$142,938	\$83,380
						\$2,668,982	100.0%	46.2%	35.0%	\$1,231,746	\$934,144
Weighted Average Depreciation %										46.2%	35.0%
Rounded										46%	35%



Depreciation Worksheet - Site Improvements

Site Imp #	Item	Effect Age (Yrs)	Life Expect (Yrs)	S/L Deprec %	Depr. Override %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Depr. Override
1	Swimming Pool	15	30	50%	85%	\$171,494	3.3%	1.7%	2.8%
2	Asphalt and Parking	10	20	50%	85%	\$33,440	0.6%	0.3%	0.5%
3	Golf Course and Related Amenities	20	50	40%	75%	\$4,514,549	86.9%	34.8%	65.2%
4	Landscape (Non Course)	10	20	50%	85%	\$29,164	0.6%	0.3%	0.5%
5	FF&E	18	30	60%	85%	\$444,675	8.6%	5.1%	7.3%
						\$5,193,321	100.0%	42.2%	76.3%
Weighted Average Depreciation % Rounded								42%	76%

Estimate of Depreciation

Building Improvements

Replacement Cost New	\$2,668,982
Less: Deferred Maintenance	\$0
Remaining Cost	\$2,668,982
Age-Life Depreciation	46% -\$1,227,732
Additional Functional Obsolescence	0% \$0
External Obsolescence	35% -\$934,144
Total Depreciation	<u>-\$2,161,875</u>
Depreciated Replacement Cost	\$507,107

Site Improvements

Replacement Cost New	\$5,642,616
Less: Deferred Maintenance	\$0
Remaining Cost	\$5,642,616
Age-Life Depreciation	42% -\$2,369,899
Additional Functional Obsolescence	0% \$0
External Obsolescence	35% -\$1,974,916
Total Depreciation	<u>-\$4,344,815</u>
Depreciated Replacement Cost	\$1,297,802

Overall Property

Replacement Cost New	\$8,311,598
Deferred Maintenance	\$0
Remaining Cost	\$8,311,598
Age-Life Depreciation	-\$3,597,630
Additional Functional Obsolescence	\$0
External Obsolescence	<u>-\$2,909,059</u>
Total Depreciation	<u>-\$6,506,690</u>

Depreciated Replacement Cost	\$1,804,908
Rounded:	\$1,800,000

Value Indication

By combining our land value conclusion with the depreciated replacement cost of the improvements, we arrive at a value indication by the cost approach as shown in the following table.

Value Indication by Cost Approach

Depreciated Replacement Cost	\$1,800,000
Land Value	<u>\$1,590,000</u>
Indicated Property Value	\$3,390,000
Rounded	\$3,390,000

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Operating Courses
- Location: Minnesota and nearby states
- Size: 18 hole equivalents; one sale is of two 18 hole courses
- Age/Quality: Higher (Premium) quality
- Transaction Date: 2010 to present

For this analysis, we use price per hole as the appropriate unit of comparison because market participants typically compare sale prices and property values for golf courses on this basis. Recent sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales

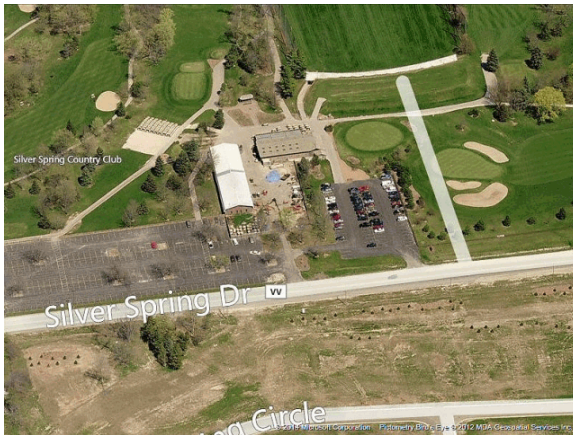
No.	Name/Address	Sale Date; Status	Yr. Built; # Stories	Acres; FAR; Parking Ratio	Subtype	# Holes; Rentable SF	Effective Sale Price	\$/Hole; \$/SF
1	Silver Spring Golf Club & Banquet Center N56 W21318 Silver Spring Drive Menomonee Falls Waukesha County WI	Dec-12 Closed	1985 -	278.00 -	Golf Course/Club	36 39,769	\$4,100,000	\$113,889 \$103.10
	<i>Comments: This is the REO Sale of Silver Spring Golf and Banquet Center. This is a semi-private club offering daily rate golf fees as well as memberships. The club features two 18-hole golf courses, Island Course and Falls Course. Island Course opened in 1986 and was designed by Ron Kuhlman. The Falls Course opened in 1995 and was designed also designed by Ron Kuhlman. The club also features a 450 person banquet center for hosting weddings and other various events.</i>							
2	Windsong Farm Golf Club 18 Golf Walk Independence Hennepin County MN	Jan-12 Closed	2003 -	237.45 -	Golf Course/Club	18 37,580	\$4,252,373	\$236,243 \$113.16
	<i>Comments: The property was on the verge of entering the foreclosure process through Commerce Bank and the sale price represents the balance due on the mortgage. The buyer reportedly assumed the mortgage. Windsong Farm Golf Club is a private golf course with member dues and initiation fees. Property previously sold in July 2008 for \$4,100,000 or \$227,778 per hole.</i>							
3	Wisconsin Club 6200 W. Good Hope Rd. Milwaukee Milwaukee County WI	Sep-11 Closed	1949 3	179.45 -	Golf Course/Club	18 39,976	\$4,000,000	\$222,222 \$100.06
	<i>Comments: Formerly the Brynwood Club located on far northwest side of Milwaukee. Buyers invested \$1,000,000 in capital renovations upon purchase. The golf club was purchased by membership of the downtown private social Wisconsin Club. Golf membership was 110 and the time of sale and increased by the buyer to a full 275. Non golf membership is targeted for 100. The two combined clubs have total membership of over 1,500.</i>							
4	Hillcrest Golf Club 2200 Larpenteur Ave E St. Paul Ramsey County MN	Feb-11 Closed	2000 2	112.39 -	Golf Course/Club	18 24,198	\$4,325,000	\$240,278 \$178.73
	<i>Comments: This is the sale of the Hillcrest Golf Club, which was originally established in 1921. The course fell on hard times in recent years and the members decided to sell. Membership capacity was about 325; however, there were only about 200 members at the time of sale. The property was purchased by the Steamfitters Pipefitters Local 455, who plan to use it for their members and possibly build an office building on the site. The clubhouse was built in 2000, replacing an older building. Improvements consisted of the clubhouse, maintenance sheds, and cart storage buildings. Purchase price also includes all golf course maintenance equipment. The property was listed for sale for several months, and received a significant amount of interest, including that of developers. The effective sale price is \$240,277.78 per hole.</i>							
5	Hudson Country Club 201 Carmichael Road Hudson St. Croix County WI	Apr-10 Closed	1999 -	140.91 -	Golf Course/Club	18 18,468	\$3,611,000	\$200,611 \$195.53
	<i>Comments: Long established private country club that was opened to the public after the sale and is now considered semi-private. The golf course features rolling hills, ponds, hardwood forested areas and bent grass tees and fairways.</i>							
	Subject		1974 -	159.23	Private Golf	18		
	Oxbow Golf & Country Club		1 and 3	0.0029	Course	24,439		
	Oxbow, ND			4.50/1,000				

Comparable Improved Sales Map



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Sale 1
Silver Spring Golf Club & Banquet Center



Sale 2
Windsong Farm Golf Club



Sale 3
Wisconsin Club



Sale 4
Hillcrest Golf Club



Sale 5
Hudson Country Club

Oxbow Golf & Country Club



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as excess land or non-realty components.	One property received significant investment by the buyer after closing.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	All of the sales involve the transfer of the fee simple interest.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All terms were reflective of market.
Conditions of Sale	Extraordinary motivation of buyer or seller.	Three properties are known to have been influenced by underperformance or distress and receive upward adjustment.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	The sales all took place after the onset of the recession and are similarly influenced by depressed conditions of the golf course industry.
Location	Market or submarket area influences on sale price; surrounding land use influences.	The subject is located near Fargo, a market that has held up well in comparison to most areas of the country. All sales are in or near large metropolitan areas where land values are stronger and area adjusted down.
Building Improvements	Size, age, quality, condition and amenities of structures.	The sales are generally viewed comparable. Sale two offers less amenities but is newer; issues applied as offsetting.
Golf Course Condition and Quality	This adjustment considers course playability, including course ratings, slope and overall conditions at the times of sale.	The subject is 6,863 yard par 72 with 72 course rating and 132 slope rating. One comparables is deemed inferior and one superior.

Issues requiring elaboration are addressed in the following paragraphs.

Market Conditions

The sales took place from April 2010 to December 2012 after the onset of the severe recession and are similarly influenced by depressed conditions of the golf course industry. No adjustments are applied.

Analysis and Adjustment of Sales

The analysis and adjustment of the comparable sales is discussed in the following paragraphs.

Sale 1 is Silver Spring Golf Club & Banquet Center, located at N56 W21318 Silver Spring Drive, Menomonee Falls, Waukesha County, WI, a 36 Hole office property. The property sold in December 2012 for \$2,500,000. Adjusting for post purchase renovation, the effective sale price is \$4,100,000, or \$113,889 per Hole. The sale is adjusted up for conditions of sale relating to distressed operations, for size as a 36 hole course and slighting for building improvements and amenities. The sale is adjusted down for location near a major metropolitan area.

Sale 2 is Windsong Farm Golf Club, located at 18 Golf Walk, Independence, Hennepin County, MN, an 18 Hole other property. The property sold in January 2012 for \$4,252,373, or \$236,243 per Hole. This property was near foreclosure and is adjusted up for conditions of sale. It is influenced by proximity to the metropolitan area of Minneapolis/St. Paul and adjusted down for location and up somewhat for offer fewer amenities than the subject.

Sale 3 is Wisconsin Club, located at 6200 W. Good Hope Rd., Milwaukee, Milwaukee County, WI, an 18 Hole other property. The property sold in September 2011 for \$3,000,000. Adjusting for post purchase renovation, the effective sale price is \$4,000,000, or \$222,222 per Hole. The sale is adjusted down for distressed circumstances. The facility is location influenced by a major metropolitan market and adjusted down. It is adjusted up slightly for amenities. No other adjustments are applied.

Sale 4 is Hillcrest Golf Club, located at 2200 Larpenteur Ave E, St. Paul, Ramsey County, MN, an 18 Hole other property. The property sold in February 2011 for \$4,325,000, or \$240,278 per Hole. This is a long established club in the central area of the Twin Cities metro. It is adjusted up for being distressed. Downward adjustment is applied for location and upward for general condition and quality of improvements at time of sale.

Sale 5 is Hudson Country Club, located at 201 Carmichael Road, Hudson, St. Croix County, WI, an 18 Hole other property. The property sold in April 2010 for \$3,611,000, or \$200,611 per Hole. This facility is located at the eastern fringe of the Twin Cities market and is adjusted down for location and up for amenities.

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Oxbow Golf & Country Club	Silver Spring Golf Club & Banquet Center	Windsong Farm Golf Club	Wisconsin Club	Hillcrest Golf Club	Hudson Country Club
Address	130 Oxbow Drive	N56 W21318 Silver Spring Drive	18 Golf Walk	6200 W. Good Hope Rd.	2200 Larpenteur Ave E	201 Carmichael Road
City	Oxbow	Menomonee Falls	Independence	Milwaukee	St. Paul	Hudson
County	Cass	Waukesha	Hennepin	Milwaukee	Ramsey	St. Croix
State	North Dakota	WI	MN	WI	MN	WI
Sale Date		Dec-12	Jan-12	Sep-11	Feb-11	Apr-10
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,500,000	\$4,252,373	\$3,000,000	\$4,325,000	\$3,611,000
Other Adjustment		\$1,600,000	—	\$1,000,000	—	—
Description of Adjustment		Clubhouse renovation		Post purchase investment		
Effective Sale Price		\$4,100,000	\$4,252,373	\$4,000,000	\$4,325,000	\$3,611,000
Gross Building Area	24,439	39,769	37,580	39,976	24,198	18,468
Number of Holes	18	36	18	18	18	18
Price per Hole		\$113,889	\$236,243	\$222,222	\$240,278	\$200,611
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Assumption	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale						
% Adjustment		5%	5%	5%	5%	—
Market Conditions	11/26/2013	Dec-12	Jan-12	Sep-11	Feb-11	Apr-10
Annual % Adjustment		—	—	—	—	—
Cumulative Adjusted Price		\$119,583	\$248,055	\$233,333	\$252,292	\$200,611
Location		-20%	-25%	-25%	-25%	-20%
Building Improvements/Amenities		5%	5%	5%	10%	5%
Golf Course Condition and Quality		—	—	—	5%	—
Size		25%	—	—	—	—
Net \$ Adjustment		\$11,958	-\$49,611	-\$46,667	\$0	-\$30,092
Net % Adjustment		10%	-20%	-20%	0%	-15%
Final Adjusted Price		\$131,542	\$198,444	\$186,667	\$252,292	\$170,519
Overall Adjustment		16%	-16%	-16%	5%	-15%
Range of Adjusted Prices		\$131,542 - \$252,292				
Average		\$187,893				
Indicated Value		\$185,000				

For additional consideration shown below are courses being offered for sale in various locations of the United States.

Golf Course Listings

Property	Location	List Price	Holes	Asking Price Per Hole
Golf Club at Rancho CA	Murrieta, CA	\$5,800,000.00	18	\$322,222
Lynx Golf Course	Otsego, MI	\$1,450,000.00	18	\$80,556
St. Denis Golf Course	Chardon, OH	\$2,690,000.00	18	\$149,444
Chippewa Golf Course	Bentleyville, PA	\$1,750,000.00	18	\$97,222
Union Lake Golf Club	Commerce Township, MI	\$699,000.00	9	\$77,667
Willow Creek Golf Club	Spartanburg, SC	\$3,300,000.00	18	\$183,333
Carolina Crossing Drive	Greer, SC	\$1,200,000.00	18	\$66,667
Beckett Ridge Golf Club	West Chester, OH	\$2,900,000.00	18	\$161,111
Rustic Canyon Golf Club	Moorpark, CA	\$10,000,000.00	18	\$555,556
Ivy Hills Country Club	Newtown, OH	\$2,600,000.00	18	\$144,444
Briarwood Club of Ankeny	Ankeny, IA	\$5,800,000.00	18	\$322,222
Tres Rios Golf Course	Goodyear, AZ	\$1,500,000.00	18	\$83,333
Average List Price				\$186,981
Median List Price				\$146,944

Value Indication – Sale Price Analysis

We reconcile somewhat above central tendency of the adjusted sales and arrive at a value indication as follows:

Price per Hole Analysis

Indicated Value per Hole	\$185,000
Subject Holes	<u>18</u>
Indicated Value	\$3,330,000
Rounded	\$3,330,000

Effective Gross Income Multiplier

We also use the Effective Gross Income Multiplier (EGIM) method. The following table summarizes the effective gross income multipliers and operating expense ratios for a number of recent comparable sales that report financial information.

Comparable Sales Analysis EGIM Summary

Sale No.	Name	City	Operating Expense Ratio	EGIM
1	Emeral Greens Golf and Country Club	Tampa, FL	86.6%	1.24
2	Northville Golf Club	Northville Township, MI	81.0%	1.67
3	Fern Hills Golf Club	Clinton Township, MI	92.3%	1.73
4	The Preserve GC at Tara	Bradenton, FL	78.90%	1.61
5	The Florida Club	Stuart, FL	80.00%	1.75
6	Rainbow Springs G&CC	Dunnellon, FL	80.00%	1.35
7	The Hollows GC	Montpelier, VA	80.36%	2.86
8	Cheval G&CC	Lutz, FL	80.00%	2.00
9	Sandpipers GC	Lakeland, FL	75.61%	2.00
	Average	Lakeland, FL	81.64%	1.80
Subject	Oxbow Golf & Country Club	Oxbow	84.5%	

The average of the comparables suggests value for the subject as follows:

EGIM Conclusion

EGIM	1.8
Subject Effective Gross Income	\$1,860,000
Indicated Value	\$3,255,000
Rounded	\$3,260,000

Final Value Indication

Sales applied are all located near major metropolitan markets. Most exhibited some level of distress at the time of sale. Such is the nature with many golf course sales that have recently occurred due to softening of the industry over the last few years. All sales were researched and confirmed but not appraised in house so intimate details of operations are not clear. Placing reliance on both methods with rounding, we apply the approximate average adjusted price of the sales arrive at a final indication by the sales comparison approach as shown below.

Value Indication by Sales Comparison

Indicated Value per Hole	\$185,000
Subject Holes	18
Indicated Value	<u>\$3,330,000</u>

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only the direct capitalization method because of the subject's stabilized operating basis.

Market Green Fees Analysis

Detailed following is information obtained from survey of golf courses in the Fargo-Moorhead area. All courses are located in closer proximity to the core of Fargo-Moorhead. The competitive set includes three private clubs (including the subject) and six public courses. The high end of green fees for public courses is \$31.50 per round. The private clubs do not report green fees but appropriate rates would be above the high end of the range with public courses.

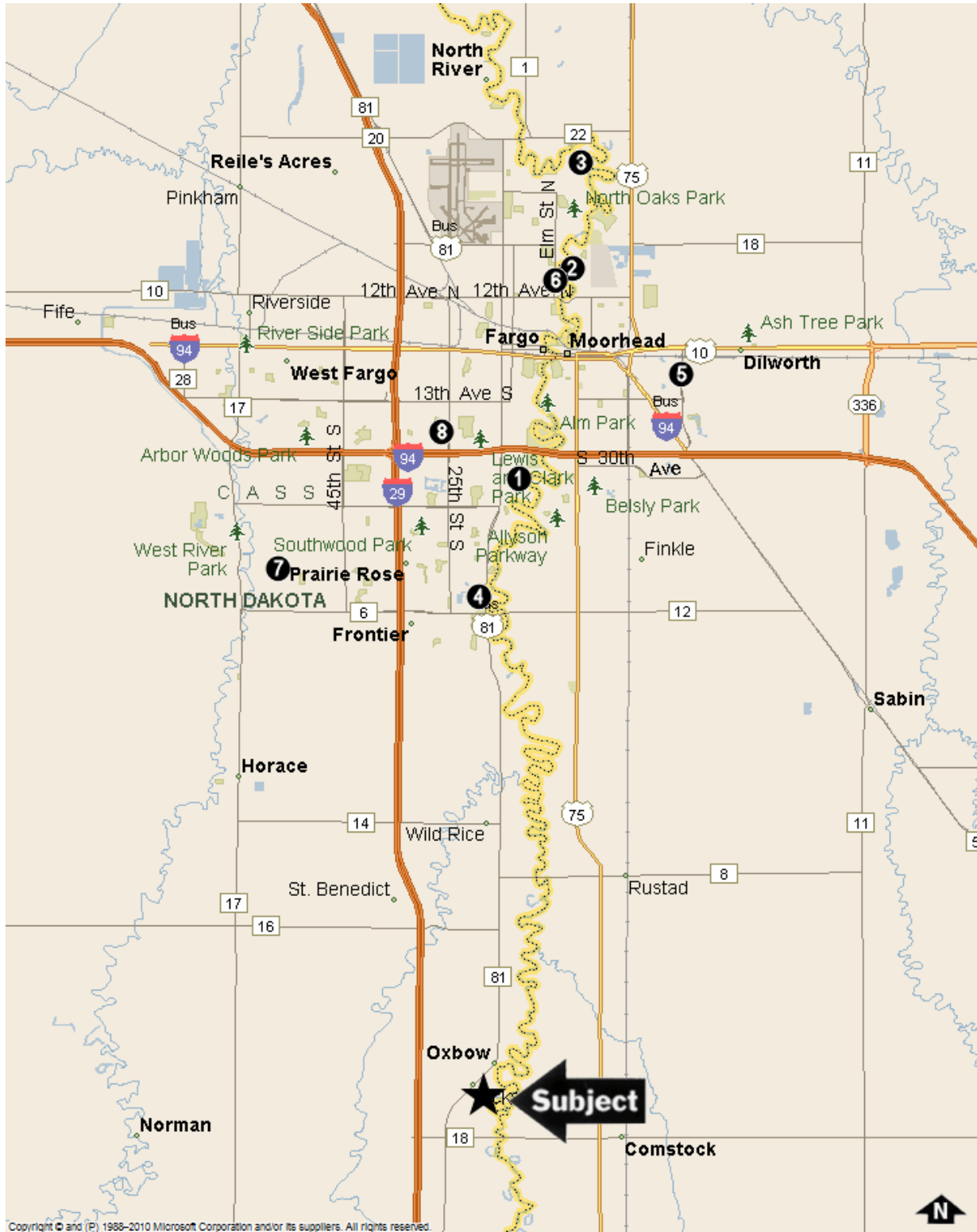
Fargo-Moorhead Area Golf Courses

No.	Course Name	Address	Holes	Par	Yardage	Rating	Slope	Green Fees	Year Opened	Reported Annual Rounds	Annual Dues
Subj	Oxbow Country Club**	130 Oxbow Dr, Oxbow, ND	18	72	6,863	73	132	N/A	1974	20,000 (approx.)	\$2,100
1	Fargo Country Club**	509 26th Ave S, Fargo, ND	18 and 9	72 and 27	6,754 and 823	71.6	131	N/A	1898		
2	Moorhead Country Club**	2101 River Dr N, Moorhead, MN	18	71	6,347	71	133	N/A	1937		\$1,548
3	Edgewood Golf Course	19 Golf Course Ave NE, Fargo, ND	18	71	6,413	69.7	125	\$25.50 to \$31.50; \$14.75 cart fee	1925	*34,907	N/A
4	Rose Creek Golf Course	1500 Rose Creek Pkwy, Fargo, ND	18	72	6,616	71.4	123	\$25.50 to \$31.50; \$14.75 cart fee	1993	*26,512	N/A
5	The Meadows	401 34th St S, Moorhead, MN	18	72	6,862	72.2	125	\$27.50 to \$31; \$15.50 cart fee	1992	Unknown	N/A
6	El Zagal Golf Course	1400 Elm St N, Fargo, ND	9	28	1,515	N/A	N/A	\$10.25; \$7.25 cart fee	1955	*18,374	N/A
7	Osgood Golf Course	4400 Clubhouse Dr, Fargo, ND	9	33	2,760	N/A	N/A	\$18; \$9 cart fee	1997	*33,139	N/A
8	Prairiewood Golf Course	22 Prairiewood Dr, Fargo, ND	9	32	2,547	N/A	N/A	\$14.25; \$9 cart fee	1978	*26,942	N/A

* Non Flood Year

** Private course; all other public

Area Golf Courses Map





Rent 1
Fargo Country Club



Rent 2
Moorhead Country Club



Rent 3
Edgewood Golf Course



Rent 4
Rose Creek Golf Course



Rent 5
The Meadows



Rent 6
El Zagal Golf Course

Oxbow Golf & Country Club





Rent 7
Osgood Golf Course



Rent 8
Prairiewood Golf Course

Stabilized Income and Expenses

The subject property operates as a private golf course and country club and includes amenities and services typical for a private club. It ranks as one of the top three courses in the Fargo-Moorhead market.

Our analysis from an income model considers the property from two perspectives; first in the as is condition with continued operation as a private club. For this projection we rely upon historical income and expense information. Certain reported income and expense items are re-categorized for purposes of display but in total represent actual reported data, aside from some slight modification for pool costs (excluding interest expense and depreciation). Some adjustment is made for administrative and utilities costs for operation of the pool under the premise that pool operation is a loss leader component of the going concern and some financial advantage may exist to exclude it with highest and best use.

A second income projection, performed to check highest and best use validity of as is valuation presumes the club hypothetically moves forward as catering to the public at large with golf income forecast by projected rounds, green fees and the like. Adjustments are made to some income and expense categories applied with the first analysis recognizing change from the existing environment that assures certain categories of income from captive membership.

Potential Gross Income

Displayed below is historical and 2014 budgeted income for the subject operation detailed by consolidated category.

Owner's Income					
Operating Data Type		In Place	In Place	In Place	Pro-forma Owner
Rounds Played (Estimate)		20,000	20,000	20,000	20,000
Number of Holes		18	18	18	18
Period Ending		12/31/2011	12/31/2012	12/31/2013	12/31/2014
		Full Year	Full Year	Full Year	
Category	Line Item Name	Actual	Actual	Actual	Budget
Dues & Membership	Dues & Membership	\$801,439.00	\$700,056.00	\$787,817.00	\$756,987.00
Golf	Green Fees	\$52,844.00	\$73,157.00	\$63,132.00	\$65,000.00
Golf	Cart Rental Fees	\$79,056.00	\$92,693.00	\$91,340.00	\$90,000.00
Golf	Tournament Income	\$92,059.00	\$123,262.00	\$115,101.00	\$115,000.00
Golf	Handicap Fees	\$7,135.00	\$4,800.00	\$7,500.00	\$7,000.00
Food & Beverage	Food & Beverage	\$549,871.00	\$686,055.00	\$652,595.00	\$649,000.00
Other Income	Other Income	\$56,383.00	\$124,035.00	\$170,446.00	\$65,500.00
	TOTAL INCOME	\$1,638,787.00	\$1,804,058.00	\$1,887,931.00	\$1,748,487.00

Dues and Membership

Dues and membership is projected with the as is operating projection based upon historical information bracketed by the last two reporting years. This category is excluded with the second projection.

Golf – General

Golf revenue is forecast for the existing operation based upon historical reports; nearest the upper end of the range of the four reported years. For hypothetical operation as a non-private club we make additional consideration noted following.

Golf - Rounds Played

The subject reports approximately 20,000 rounds played annually. Area courses reporting rounds played offer a range of about 18,300 to 35,000. Higher projected green fee for the subject compared to other local facilities would influence demand. We estimate a 20% increase from the current reported amount as a private operation, moving rounds played closer to a fair share of the market, resulting in 24,000 annually.

Golf - Green Fees

The Society of Golf Course Appraisers produced a report of income and expense benchmarks in 2006, and the average income for green fees and cart fees combined was \$35.92 per round for premium courses. Updating with a C.P.I adjustments suggests an appropriate current amount of about \$43 per round. The high end reported green fee for local courses is \$31.50 per round with the highest cart fee being \$14.75. The subject would justify a higher green fee than reporting.

All told we project \$50.50 per round including greens fee and cart rental, with green fees project at \$45.00 per round.

Golf - Driving Range Fees

An income opportunity available with private ownership is available from this source. The SGA report indicates average range fees of \$0.86 per round. We have noted this as being less with most courses we have appraised that report such income. We project \$0.50 with hypothetical operation as a public club.

Food and Beverage

For the existing operation we project food and beverage revenue bracketed by historical information, settling toward the upper end of the range. Much of the revenue with private clubs for this category is a required floor of contribution from membership. For the current operation we rely on historical information and project within the range of the last four years. We estimate a decline of 25% from this amount for a non-private operation.

Other Income

This amount is projected based upon historical operations bracketed most closely to 2012 reported amount. The projection is unchanged for the hypothetical second projection.

Total Effective Gross Income

Total projected effective gross income for the as is operation is \$1,860,000, or \$93.00 per reported approximate round with the existing operation and \$1,843,250, or \$76.80 per forecast round with hypothetical change in operational format.

Expenses

We requested three years of operating history and a 2014 budget, all of which was provided. We have reconstructed both income and expense information into a more condensed format but with all amounts included except excluded interest expense and depreciation. This information is displayed below.

Owner's Expenses					
Category	Line Item Name	12/31/11	12/31/12	12/31/13	Budget
Cost of Goods Sold	Cost of Goods Sold	\$213,372.00	\$277,317.00	\$219,829.00	\$219,200.00
Food & Beverage	Food & Beverage	\$250,118.00	\$258,058.00	\$229,627.00	\$258,400.00
Pro Shop	Pro Shop	\$113,550.00	\$119,964.00	\$119,199.00	\$124,467.00
Grounds	Grounds	\$355,371.00	\$374,878.00	\$436,611.00	\$361,582.00
Utilities	Utilities	\$85,036.00	\$97,280.00	\$93,528.00	\$100,206.00
Repairs & Maintenance	Clubhouse & Pool	\$93,132.00	\$87,619.00	\$74,024.00	\$80,350.00
Insurance	Insurance	\$14,077.00	\$15,000.00	\$14,895.00	\$17,000.00
Real Estate Taxes	Taxes	\$20,162.00	\$20,070.00	\$15,905.00	\$15,900.00
Administration	Administration	\$451,108.00	\$387,361.00	\$419,637.00	\$421,464.00
TOTAL EXPENSES		\$1,595,926.00	\$1,637,547.00	\$1,623,255.00	\$1,598,569.00

To develop projections of stabilized operating expenses, we analyze the subject's expenses and compare with other golf course operations. The following table summarizes our analysis. The income and expenses are shown on a lump sum basis then summarized on a value per approximate round played (as is) and projected (hypothetical) at the bottom of the chart.

Operating History and Projections

	Actual	Actual	Actual	Budget	IRR	IRR 2nd
	2011	2012	2013	2014	Projection - As Is	Projection - Hypothetical Public Course
Income						
Dues & Membership	801,439	700,056	787,817	756,987	775,000	0
Golf	231,094	293,912	277,073	277,000	285,000	1,212,000
Food & Beverage	549,871	686,055	652,595	649,000	675,000	506,250
Other Income	56,383	124,035	170,446	65,500	125,000	125,000
Effective Gross Income	\$1,638,787	\$1,804,058	\$1,887,931	\$1,748,487	\$1,860,000	\$1,843,250
Expenses						
Food & Beverage	\$250,118	\$258,058	\$229,627	\$258,400	\$250,000	\$200,000
Pro Shop	113,550	119,964	119,199	124,467	120,000	120,000
Grounds	355,371	374,878	436,611	361,582	380,000	380,000
Repairs & Maintenance	93,132	87,619	74,024	80,350	80,000	80,000
Management	0	0	0	0	0	0
Administration	451,108	387,361	419,637	421,464	400,000	400,000
Insurance	14,077	15,000	14,895	17,000	15,000	15,000
Real Estate Taxes	20,162	20,070	15,905	15,900	16,000	16,000
Cost of Goods Sold	213,372	277,317	219,829	219,200	220,000	220,000
Utilities	85,036	97,280	93,528	100,206	90,000	90,000
Total Expenses	\$1,595,926	\$1,637,547	\$1,623,255	\$1,598,569	\$1,571,000	\$1,521,000
Net Operating Income	\$42,861	\$166,511	\$264,676	\$149,918	\$289,000	\$322,250
Expense Ratio	97.4%	90.8%	86.0%	91.4%	84.5%	82.5%
Income per Reported Round						
Dues & Membership	40.07	35.00	39.39	37.85	38.75	0.00
Golf	11.55	14.70	13.85	13.85	14.25	50.50
Food & Beverage	27.49	34.30	32.63	32.45	33.75	21.09
Other Income	2.82	6.20	8.52	3.28	6.25	5.21
Effective Gross Income per Round	\$81.94	\$90.20	\$94.40	\$87.42	\$93.00	\$76.80
Expenses per Reported Round						
Food & Beverage	\$12.51	\$12.90	\$11.48	\$12.92	\$12.50	\$8.33
Pro Shop	5.68	6.00	5.96	6.22	6.00	5.00
Grounds	17.77	18.74	21.83	18.08	19.00	15.83
Repairs & Maintenance	4.66	4.38	3.70	4.02	4.00	3.33
Management	0.00	0.00	0.00	0.00	0.00	0.00
Administration	22.56	19.37	20.98	21.07	20.00	16.67
Insurance	0.70	0.75	0.74	0.85	0.75	0.63
Real Estate Taxes	1.01	1.00	0.80	0.80	0.80	0.67
Cost of Goods Sold	10.67	13.87	10.99	10.96	11.00	9.17
Utilities	4.25	4.86	4.68	5.01	4.50	3.75
Total Expenses per Reported Round	\$79.80	\$81.88	\$81.16	\$79.93	\$78.55	\$63.38
Expense Ratio	97.38%	90.77%	85.98%	91.43%	84.46%	82.52%
NOI per Reported Round	\$2.14	\$8.33	\$13.23	\$7.50	\$14.45	\$13.43
Rounds Played	20,000	20,000	20,000	20,000	20,000	24,000

*IRR projected income is the total potential income attributable to the property. Historical income is the actual income that has been collected by the property owner. Appropriate management expense is considered as contained within administrative costs.

Unit expense data (per hole) for the subject and market comparables are summarized in the following table.

Expense Analysis per Hole									
	Comp Data*			Subject					
	Comp 1	Comp 2	Comp 3	Historical and Projected Expenses					
Year Built	1999	1974	1968	1974 - 1988					
Holes	18	18	18	18					
Operating Data Type	Actual	Actual	Actual	Actual	Actual	Actual	Budget	IRR	IRR 2nd
Year	2011	2011	2011	2011	2012	2013	2014	Projection -	Projection -
Food & Beverage	\$10,229	\$11,412	\$14,722	\$13,895	\$14,337	\$12,757	\$14,356	\$13,889	\$11,111
Pro Shop	\$12,480	\$19,626	\$33,101	\$6,308	\$6,665	\$6,622	\$6,915	\$6,667	\$6,667
Grounds	\$22,155	\$35,816	\$35,622	\$19,743	\$20,827	\$24,256	\$20,088	\$21,111	\$21,111
Repairs & Maintenance	\$0	\$2,591	\$4,068	\$5,174	\$4,868	\$4,112	\$4,464	\$4,444	\$4,444
Management	\$6,667	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administration	\$820	\$13,151	\$14,336	\$25,062	\$21,520	\$23,313	\$23,415	\$22,222	\$22,222
Insurance	\$2,027	\$3,157	\$4,691	\$782	\$833	\$828	\$944	\$833	\$833
Real Estate Taxes	\$2,004	\$5,157	\$5,655	\$1,120	\$1,115	\$884	\$883	\$889	\$889
Cost of Goods Sold	\$0	\$0	\$0	\$11,854	\$15,407	\$12,213	\$12,178	\$12,222	\$12,222
Utilities	\$2,009	\$1,912	\$2,854	\$4,724	\$5,404	\$5,196	\$5,567	\$5,000	\$5,000
Golf Cart Expenses	\$3,808	\$1,298	\$1,297	\$0	\$0	\$0	\$0	\$0	\$0
Driving Range Expenses	\$85	\$2	\$702	\$0	\$0	\$0	\$0	\$0	\$0
Marketing and Entertainment	-\$111	\$308	\$752	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$289	\$167	\$174	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$62,463	\$94,596	\$117,973	\$88,663	\$90,975	\$90,181	\$88,809	\$87,278	\$84,500
*Comp 1: Deacon's Lodge, 9348 Arnold Palmer Drive, Breezy Point, MN									
Comp 2: Confidential									
Comp 3: Confidential									

Total Operating Expenses

Based on the preceding income and expense projections, stabilized net operating income is projected at \$1,571,000, or \$87,278 per reported approximate round under current format and \$1,521,000, or \$84,500 per projected round for hypothetical conversion to private use.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership.

We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables													
No.	Property Name	City	State	Year Built	Sale Date	Sale Price	Holes	Price Per Hole	Net Operating Income	Expense Ratio	Effective Gross Income Multiplier	Cap Rate	Comments
1	Emeral Greens Golf & Country	Tampa	FL	1971	6/4/2013	\$6,000,000	27	\$222,222	\$222,222	86.59%	1.24	10.83%	
2	Royal American Links and Bent	Galena	OH	1987 & 1990	6/20/2012	\$3,000,000	18	\$333,333	\$356,232	NA	NA	11.87%	
3	Eagles Landing Golf Club	Oregon	OH	1998	2/22/2012	\$1,050,000	18	\$58,333	\$111,245	NA	NA	10.59%	Short Sale
4	Northville Hills golf Club	Northville Township	MI	2000	1/26/2012	\$3,500,000	18	\$194,444	\$400,000	80.95%	1.67	11.43%	Arnold Palmer Designed Championship Course
5	Fern Hill Golf & Country Club	Clinton Township	MI	1979	1/26/2012	\$1,500,000	18	\$83,333	\$200,000	92.31%	1.73	13.33%	No duress. Includes 12 lane bowling alley
Average (Mean) Cap Rate:												11.47%	

Based on this information, a capitalization rate within a range of about 10.5% to 13.25% could be expected for the subject.

National Investor Surveys

The only national survey that publishes cap rate indications for golf courses is Realty Rates (realtyrates.com). An excerpt from their Fourth quarter 2013 issue is shown below with historical golf course capitalization information appearing in the second column.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2013*																								
CURRENT & HISTORICAL CAP RATE INDICES																								
Method-Weighted* Property Category Indices																								
Year	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MHRV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Weighted* Composite Indices	
	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg
	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP	BP
2013	8.39	14	11.91	-16	8.86	1	9.06	-3	10.59	2	9.18	10	9.26	-21	9.04	-11	11.82	6	9.96	-24	11.10	2	9.56	-4
3rd Qtr.	8.44	-10	12.00	32	8.99	17	9.18	22	10.78	34	9.39	34	9.23	11	9.13	17	11.98	36	9.99	26	11.15	15	9.65	17
2nd Qtr.	8.54	34	11.68	-36	8.82	4	8.96	-9	10.44	-12	9.05	-6	9.12	-32	8.96	-6	11.62	-24	9.73	-42	11.01	-14	9.48	-9
1st Qtr.	8.20	4	12.03	-1	8.78	-1	9.05	2	10.56	7	9.11	3	9.44	-1	9.02	-5	11.86	11	10.15	1	11.15	10	9.56	-4
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01	

*3rd Quarter 2013 Data

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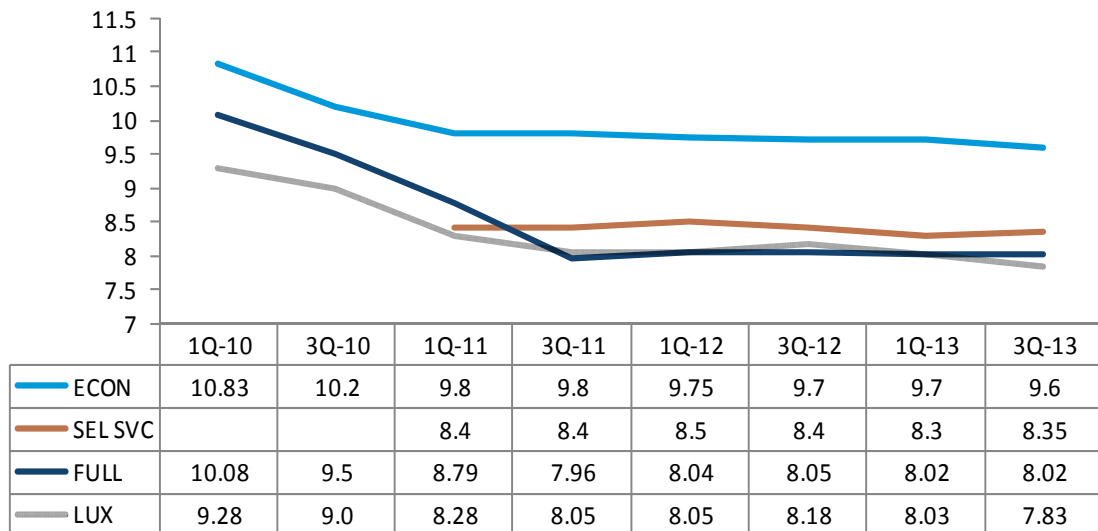
We also include data pertaining to hotel properties as reported by the PwC, ACLI, and Viewpoint surveys, summarized in the exhibits that follow. Of the property types surveyed by these sources, lodging provides the most integrated going concern component as compared to golf courses and country clubs and most closely mirrors appropriate market risk.

Capitalization Rate Surveys – Hotel Properties

	PwC 3Q-2013 Economy/Ltd Svc	PwC 3Q-2013 Select-Service	PwC 3Q-2013 Full Service	PwC 3Q-2013 Luxury/Upscale
Range	8.00% - 12.00%	5.00% - 12.00%	6.00% - 10.0%	4.00% -10.00%
Average	9.60%	8.35%	8.02%	7.83%

Source: PwC Real Estate Investor Survey

Hotel Capitalization Rate Trends



ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment (Data series began 1Q-2011.)

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

The most current national survey data indicates that a going-in capitalization rate for hotel properties ranges from about 8% to 12% for the highest risk category and averages 9.6%. We would expect the rate appropriate to the subject to be above the average rate in the survey data as a golf course property.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The rate indicated by this method is supported by the average rate reported by RealtyRate.com for golf course property and is shown in a following table.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2013*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.65%	1.09%	1.09%	0.95%	1.04%	0.99%	0.95%	2.24%	0.75%	1.05%	1.75%
Maximum	5.88%	11.50%	6.96%	5.85%	11.26%	8.22%	5.59%	11.52%	5.79%	5.96%	11.01%
Average	2.57%	4.99%	2.97%	2.68%	3.39%	3.64%	2.77%	4.30%	2.79%	3.78%	4.41%
Interest Rate											
Minimum	3.39%	3.83%	3.83%	3.69%	3.78%	3.73%	3.69%	4.98%	3.49%	3.49%	4.49%
Maximum	8.62%	14.24%	9.70%	8.59%	14.00%	10.96%	8.33%	14.26%	8.53%	8.53%	13.75%
Average	5.31%	7.73%	5.71%	5.42%	6.13%	6.38%	5.51%	7.04%	5.53%	5.53%	7.15%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.12	1.15	1.00	1.15	1.15	1.15	1.05	1.15	1.15
Maximum	1.96	2.25	2.30	2.15	3.00	2.05	2.25	2.25	2.25	2.75	2.10
Average	1.43	1.60	1.56	1.49	1.60	1.41	1.70	1.66	1.41	1.66	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	75%	90%	50%	80%
Average	73%	66%	71%	70%	67%	70%	73%	64%	70%	69%	64%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	27	22	25	24	22	25	30	21	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*3rd Quarter 2013 Data

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Band of Investment Method

Mortgage/Equity Assumptions

Loan To Value Ratio	65%
Interest Rate	7.75%
Amortization (Years)	25
Mortgage Constant	0.0906
Equity Ratio	35%
Equity Dividend Rate	12.00%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	65%	x	9.06% =	5.89%
Equity Requirement	35%	x	12.00% =	4.20%

Indicated Capitalization Rate	10.09%
Rounded	10.10%

Capitalization Rate Conclusion

Based on the preceding analysis, a going-in capitalization rate for the subject is indicated within a range of 10% to 11%.

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral impact of each factor.

Risk Factor	Issues	Impact on Rate
Competitive Market Position	Quality and supply demand relative to subject course.	↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Market demand trends, probability of future.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↓
Overall Impact		↓

Accordingly, we conclude a capitalization rate as follows. A higher rate is applied to the less certain Projection 2 as a hypothetical course open to the general public.

Capitalization Rate Conclusion

	Projection 1	Projection 2
Going-In Capitalization Rate	10.00%	10.50%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to arrive at a value indication by the income capitalization approach as follows:

Direct Capitalization

	IRR Projection - As Is	IRR 2nd Projection - Hypothetical Public Course
Effective Gross Income	\$1,860,000	\$1,843,250
Expenses	\$1,571,000	\$1,521,000
Net Operating Income	\$289,000	\$322,250
Capitalization Rate	10.00%	10.50%
Indicated Value	\$2,890,000	\$3,069,048
Rounded	\$2,890,000	\$3,070,000
Reconciled	\$3,000,000	

Reconciliation and Conclusion of Before Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications	
Cost Approach	\$3,390,000
Sales Comparison Approach	\$3,330,000
Income Capitalization Approach	\$3,000,000
Reconciled	\$3,250,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation.

Significant imbalance is apparent when comparing the cost approach, after deducting physical deterioration and functional obsolescence (if present) to market value driven by operational capitalized value. The gap is reflective of excessive external obsolescence attributable to excess supply and beyond the control of management. The high degree of external influence renders the cost approach far less reliable than with a balanced market. Nonetheless the cost approach is useful for support of the other approaches and with opining underlying land value.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

There is a reasonably active market for comparable properties, although many sales represent situations where some financial distress was present prior to the transaction. The sales, with reasonable adjustment applied, provide an acceptable range of value indications. Accordingly, the sales comparison approach is given considerable weight in the value conclusion.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income/expense ratios and required rates of return.

A buyer of the subject property would place much emphasis on the history of operation of the subject and net income available to support price. The income capitalization approach is also given considerable weight in the conclusion of value.

Final Opinion of Before Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Reconciliation is placed between indications of the income and sales comparison approaches. More weight is given the approach reflecting the highest value indication.

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$3,250,000

After Valuation

The Project

The subject property is influenced by the Fargo Moorhead (F-M) Area Diversion Project. The Fargo Moorhead area is prone to flood as a result of topography and proximity to the Red River. The project will establish permanent flood protection measures for the region. The current plan includes a 20,000 cubic feet per second, 36-mile long and 1,500 foot-wide diversion channel with 32,500 acres of upstream staging. The FM Diversion will reduce a 100-year flood event from 42.4 feet to 35 feet at the Fargo gage. Though not designed to prevent a 500-year flood event, the FM Diversion gives the area a chance by reducing the river level in Fargo from 46.7 feet to 40 feet during a 500-year event.

The subject is directly affected as the site will be split, with nine holes of the course and most of the amenities (clubhouse, pool, driving range, putting greens etc.) being placed on the wet-side of the project. Effectively the property is reduced to a nine-hole course with a functionally impacted layout and lacking a clubhouse and parking lot.

Identification of Subject

In the after situation, the subject is analyzed as a nine-hole golf course without clubhouse facilities. The remaining maintenance buildings were constructed in 1974. Site area in the after situation is reported as 63 acres or approximately 2,744,280 square feet. A legal description of the remainder property is shown by survey in the Addenda.

Property Identification	
Property Name	Oxbow Golf Course
Address	130 Oxbow Drive Oxbow, North Dakota 58047
Tax ID (all or parts)	78-0010-00930-020, 78-0010-00940-000, 78-0010-01620-010, and 78-0010-01620-030
Census Tract Number	0406.00

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is a market for golf course properties, and sales data pertaining to nine-hole courses is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is applicable to the assignment considering the following:

- The bulk of building improvements benefitting the course are no longer contributing, decreasing the subjectivity of the approach. Cost for replacement clubhouse and parking lot suited for use with a nine-hole course is derived from this approach.
- There is an active land market, making estimates of underlying land value reasonably reliable.
- Determination of underlying land value provides a basis for highest and best use of the property as improved in the after situation as a nine-hole golf course.

Property Analysis

After Land Description and Analysis

Land Description

Land Area	63.00 acres; 2,744,280 SF
Source of Land Area	Cass County
Primary Street Frontage	Oxbow Drive
Shape	Irregular
Corner	No
Topography	Gently rolling
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	3802630025A
Date	February 3, 1982
Zone	Unknown
Description	Flood zone is unknown. In the before situation the map indicates that the majority of the property has moderate flood risk and some parts have high flood risk. In the after project situation it is assumed the entire remainder will not have flood risk.
Insurance Required?	Asummed no

Zoning; Other Regulations

Zoning Jurisdiction	Pleasant Township
Zoning Designation	R-1, Single Family Rural Residential
Description	The Residential District is primarily established to promote a suitable residential rural environment and to accommodate low density detached single family residential units uninterrupted by conflicting uses and incompatible activities
Legally Conforming?	Yes
Zoning Change Likely?	No
Permitted Uses	Single family dwellings, churches, schools, and playgrounds. Conditional uses include parks, golf courses and multifamily dwellings
Minimum Lot Area	No requirement
Minimum Setbacks (Feet)	100 feet from township roads
Maximum Building Height	2.5 stories or 35 feet
Maximum Floor Area Ratio	No requirement
Parking Requirement	Private club or lodge: 1 per 200 SF of service area

Utilities

Service	Provider
Water	City of Oxbow
Sewer	City of Oxbow
Electricity	Cass County Electric
Natural Gas	N/A, propane tanks on site
Local Phone	CenturyLink

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development. Effective reduction in land size from the project reduces utility for golf course use, essentially repositioning the course from an 18 hole private club to general nine-hole format with hole layout dysfunction and no clubhouse or parking lot.

After Survey

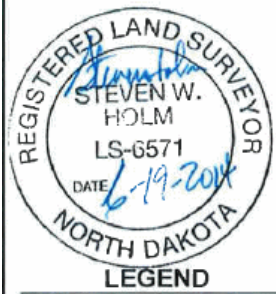
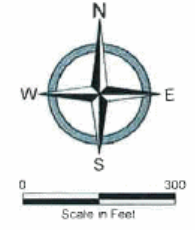
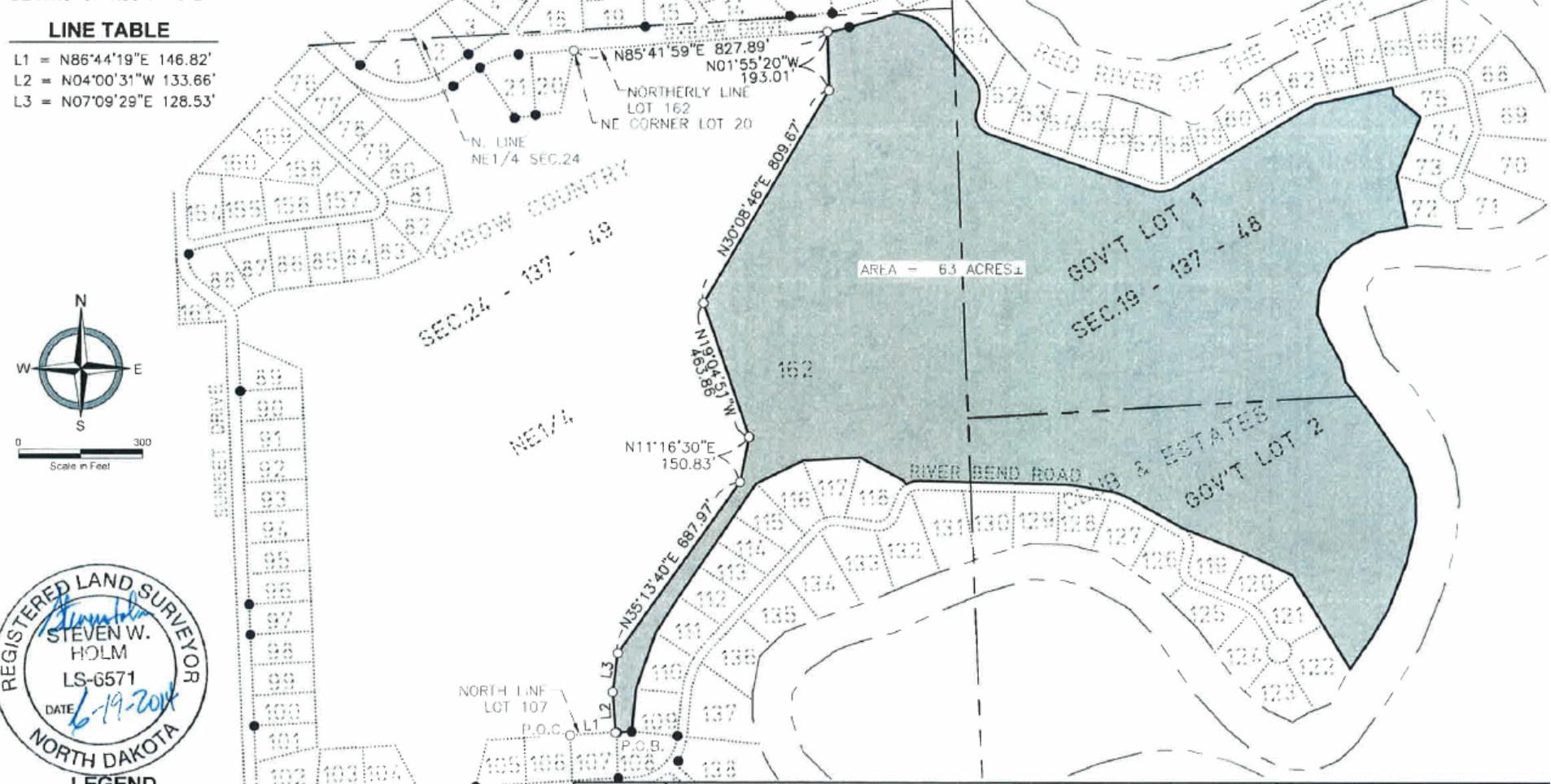
BASIS OF BEARING: THE NORTH LINE OF LOT 107, OXBOW COUNTRY CLUB & ESTATES HAS AN ASSUMED BEARING OF N86°44'19"E.

LINE TABLE

- L1 = N86°44'19"E 146.82'
- L2 = N04°00'31"W 133.66'
- L3 = N07°09'29"E 128.53'

CERTIFICATE OF SURVEY

PART OF LOT 162, OXBOW COUNTRY CLUB & ESTATES, SECTION 24, TOWNSHIP 137 NORTH, RANGE 48 WEST, CASS COUNTY, NORTH DAKOTA



- LEGEND**
- IRON MONUMENT FOUND
 - SET 5/8"x18" REBAR WITH YELLOW PLASTIC CAP #6571



CERTIFICATE OF SURVEY
FOR: FARGO MOORHEAD METRO DIVERSION

DATE	LAST DAY ON SITE	CH'D BY	PROJECT NO
06/12/14	06/11/14	CDH	17033-62
REVISED	SCALE	DRAWN BY	SHEET
06/19/14	1" = 400'	SWH	1 of 2



Improvements Description and Analysis

In the after situation, the subject is analyzed as a nine-hole golf course without clubhouse facilities. The remaining maintenance buildings were constructed in 1974. Site area in the after situation is reported as 63 acres or approximately 2,744,280 square feet.

Improvements Description

Name of Property	Oxbow Golf Course
General Property Type	Golf Course
Property Sub Type	9 Hole Golf Course
Occupancy Type	Owner Occupied
Number of Buildings	2
Stories	1
Construction Class	D
Construction Type	Wood frame
Construction Quality	Low Cost
Condition	Average
Gross Building Area (SF)	8,960
Forecast Rounds Played	25,000
Land Area (SF)	2,744,280
Building Area Source	Past Appraisal
Year Built	1974
Actual Age (Yrs.)	39
Estimated Effective Age (Yrs.)	35
Estimated Economic Life (Yrs.)	45
Remaining Economic Life (Yrs.)	10
Number of Parking Spaces	0
Parking Type	NA
Landscaping	Course
Special Features	None

Construction Details

Foundation	Concrete
Structural Frame	Wood
Exterior Walls	Metal
Roof	Metal
HVAC	Partially heated with unit heaters
Elevators	NA
Sprinklers	None

Improvements Analysis

Quality and Condition

The quality and condition of the subject in the after situation is considered to be inferior with that of competing properties in the after situation due to reduced functional utility of remaining holes, lack of a club house and other amenities and loss of parking.

Functional Utility

Remaining improvements will be suited to continued golf course use. However, market perception of the course will be downgraded significantly as remaining holes are not designed as complimentary being formerly situated within an 18-hole course, loss of the clubhouse and other amenities and lack of parking. Use of the course in the after situation will require additional investment to cure these issues.

Deferred Maintenance

No deferred maintenance is apparent from our inspection. The remainder property appears as being very well maintained with repairs and maintenance performed as needed.

Planned Capital Expenditures

We are not aware of any planned capital expenditures. Investment will be needed to cure functionality issues brought about by the project.

ADA Compliance

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

Personal Property

Non-realty items necessary for the continued operation of the property include all golf carts and golf maintenance equipment.

Conclusion of Improvements Analysis

Overall, the quality, condition, and functional utility of the improvements are typical or better for their age and location.

Real Estate Tax Analysis

Real estate taxes are a key determinant of value, because properties are taxed at rates that make taxes one of the largest expenses.

Taxes are paid one year in arrears in North Dakota, which means that the taxes payable in 2013 relate to the February 1, 2012 assessor's estimated market values.

Real estate taxes and assessments for parcels that remain in all or part in the after situation are shown in the following table.

Taxes and Assessments - 2013							
Tax ID	Assessed Value			Taxes and Assessments			
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes	Direct Assessments	Total
78-0010-00930-020	\$11,600		\$11,600	1.389937%	\$129.08	0.00	129.08
78-0010-00940-000	\$11,600		\$11,600	1.389937%	\$129.08	0.00	129.08
78-0010-01620-010	\$7,800		\$7,800	1.389937%	\$86.79	0.00	86.79
78-0010-01620-030	\$7,800		\$7,800	1.389937%	\$86.79	0.00	86.79
	\$38,800	\$0	\$38,800		\$431.74	0.00	431.74

Special Assessments

Special assessments are charges levied by the city and/or county on a property to pay for public infrastructure that directly benefits that property. In theory, the value of a property should increase at least by the amount of the special assessment.

Special assessments are often charged to property owners for public works such as streets and roads, water lines, sanitary sewer lines, storm sewer lines, and storm water retention areas.

According to the Cass County Treasurer's Office, no in special assessments are currently levied against remainder property.

Our value estimate assumes special assessments are paid in full.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned R-1, Single Family Rural Residential. The Residential District is primarily established to promote a suitable residential rural environment and to accommodate low density detached single family residential units uninterrupted by conflicting uses and incompatible activities. Permitted uses include single family dwellings, churches, schools, and playgrounds. Conditional uses include parks, golf courses and multifamily dwellings. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only low density residential use and golf course use are given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

As reported in the National Golf Foundation 2012 edition State of the Golf Industry, market conditions continue in a sideways to declining direction with little acceleration of value and in many situations, loss of value is indicated. Rounds played were down 5% in 2006 vs. 2007, down 1.8% in 2008 vs. 2007, down 0.6% in 2009 vs. 2008, down 2.1% in 2010 vs. 2009, and down 2.5% in 2011 vs. 2010. Since a peak in 2000, rounds played have fallen 10.7%. Also, according to this same source, the five-year compound annual growth rate for rounds played during the reporting years is down 7.4%.

With highest and best use as vacant it is hypothetically presumed that the remainder golf course would not be a part of the market. With this assumption there would be increased demand relative to supply for golf course use which would have upward influence on feasibility. Nonetheless, market data in virtually all locations point to very soft industry conditions. The number of rounds played over the last several years has shown a steady decline as has the number of courses developed. In the most recent year reported only 19 courses were initiated across the entire United States.

Replacement cost developed with the cost approach far exceeds value as improved suggested by both income capitalization and comparison with market sales. Thus, based on our analysis of the market and the specific subject operation, there is clearly insufficient demand for additional golf course use at the current time. It appears that a newly developed golf course on the site would not have a value commensurate with its cost; therefore, golf course use is not considered to be financially feasible.

However, based on our analysis of the market, there is currently adequate demand for low density residential use in Fargo area. The state of North Dakota, including Fargo has generally avoided the market downturn dominating the nation since the onset of the recent recession. Employment and pace of development in this area have held firm, with continuous development of most traditional forms of property, including residential homes. It appears that a newly developed low density residential use on the site would have a value commensurate with its cost. Therefore, low density residential use is considered to be financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than low density residential use. Accordingly, it is our opinion that low density residential use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

As Improved

The subject site is repositioned as a nine-hole limited service golf course, which is not consistent with the highest and best use of the site as if it were vacant.

The remaining golf course is forecast to operate at a profit and we expect financial viability as improved to continue. Therefore, continuation of golf course use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the remainder use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, nine hole golf course use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

The likely buyer is a golf course investor/operator.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Applicable	Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Land Valuation

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions within the following parameters:

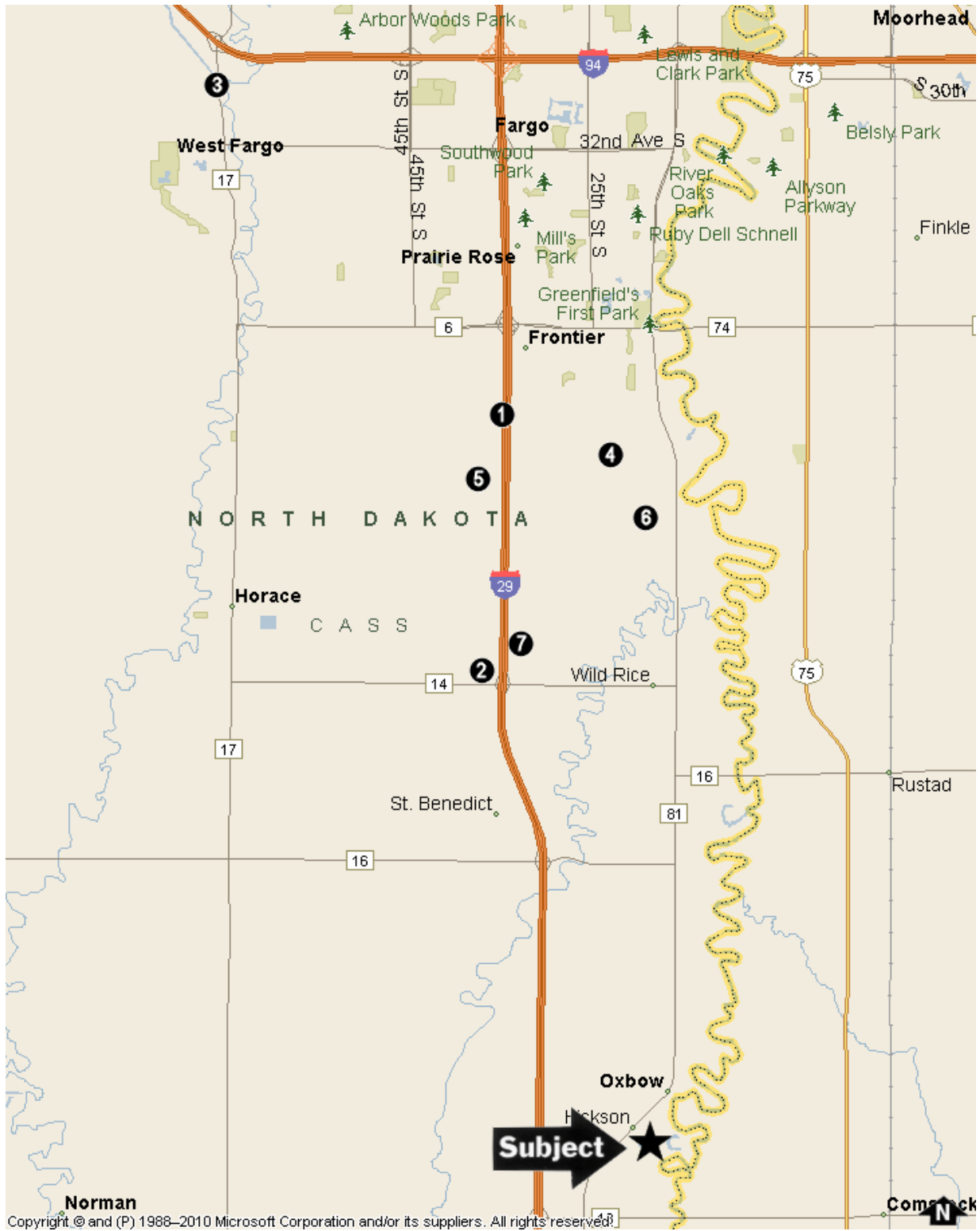
- Location: Fargo area
- Size: Large tracts in excess of 40 acres
- Use: Predominantly residential or speculative use
- Transaction Date: Last approximate five years
- A compilation of recent agricultural sales are also included as these sales are viewed to express a floor acre value for the subject.

For this analysis, we use price per acre as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Land Sales

No.	Name/Address	Sale Date; Status	Effective Sale Price	SF; Acres	Zoning	\$/SF Land	\$/Acre
1	38th Street Site 6400 38th St. S. Fargo Cass County ND	Dec-13 Closed	\$2,325,000	3,885,116 89.19	Residential and Commercial	\$0.60	\$26,068
2	37th St. Vacant Site 4401 37th St. N. Fargo Cass County ND	Nov-12 Closed	\$400,000	831,765 19.09	GC-General Commercial	\$0.48	\$20,953
3	Prinsco Vacant Land 4141 37th St. N Fargo Cass County ND	Sep-12 Closed	\$440,000	911,571 20.93	GC-General Commercial	\$0.48	\$21,022
4	Davies 2nd Addition Site 25th St. S. Fargo Cass County ND	Sep-11 Closed	\$1,200,000	1,903,136 43.69	Single family	\$0.63	\$27,466
5	Eagle Run Holdings Site 76th Avenue So. Fargo Cass County ND	Mar-10 Closed	\$2,250,000	6,203,380 142.41	Agriculture	\$0.36	\$15,799
6	76th Avenue South Site 76th Avenue S. Fargo Cass County ND	Sep-09 Closed	\$1,600,000	3,387,226 77.76	Agriculture	\$0.47	\$20,576
7	Park Site 9158 36th St. S. Fargo Cass County ND	Sep-07 Closed	\$1,000,000	5,663,671 130.02	Agriculture	\$0.18	\$7,691
	Subject Oxbow Golf Course Oxbow, ND			2,744,280 63.00	The Residential District is primarily		

Comparable Land Sales Map





Sale 1
38th Street Site



Sale 2
Stanley Township Land



Sale 3
Residential Development Site



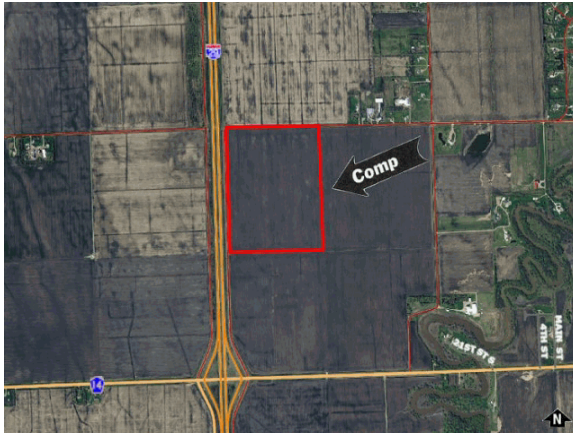
Sale 4
Davies 2nd Addition Site



Sale 5
Eagle Run Holdings Site



Sale 6
76th Avenue Site



Sale 7
Park Site

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as demolition cost or expenditures by buyer at time of purchase.	Sale 6 is adjusted up being sale of a 25% interest in the property.
Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.	All sales involve fee simple estates and no adjustments are made.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	Terms are at market and no adjustments are applied.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale.	No adjustments applied.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Fargo has held up well during the recession. Market conditions adjustments of 2% annually are applied.
Location	Market or submarket area influences on sale price; surrounding land use influences.	The sales are located in areas of growth in Fargo whereas the subject area is more distant from the city and outside areas of highest demand. All comparables are adjusted down except dated number 7.
Size	Inverse relationship that often exists between parcel size and unit value.	Sales of approximately 20 acres or less are adjusted down. Those larger than 100 acres are adjusted up.
Shape and Topography	Primary physical factors that affect the utility of a site for its highest and best use.	Land topography in the Fargo area is generally flat. The subject has rolling topography and numerous mature trees favorable to residential development. Properties purchased with residential influence are adjusted up. Industrial oriented sale 3 is in flood plain, requiring fill and adjusted up as well.

Adjustment Factor	Accounts For	Comments
Zoning	Government regulations that affect the types and intensities of uses allowable on a site.	Sale 1 is part commercial and sales 2 and 3 industrial. These sales are adjusted down.

The following table summarizes the adjustments we make to each sale.

Land Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Name	Oxbow Golf Course	38th Street Site	37th St. Vacant Site	Prinsco Vacant Land	Davies 2nd Addition Site	Eagle Run Holdings Site	76th Avenue South Site	Park Site
Address	130 Oxbow Drive	6400 38th St. S.	4401 37th St. N.	4141 37th St. N	25th St. S.	76th Avenue So.	76th Avenue S.	9158 36th St. S.
City	Oxbow	Fargo	Fargo	Fargo	Fargo	Fargo	Fargo	Fargo
County	Cass	Cass	Cass	Cass	Cass	Cass	Cass	Cass
State	North Dakota	ND	ND	ND	ND	ND	ND	ND
Sale Date		Dec-13	Nov-12	Sep-12	Sep-11	Mar-10	Sep-09	Sep-07
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$2,325,000	\$400,000	\$440,000	\$1,200,000	\$2,250,000	\$400,000	\$1,000,000
Description of Adjustment							One quarter interest	
Effective Sale Price		\$2,325,000	\$400,000	\$440,000	\$1,200,000	\$2,250,000	\$1,600,000	\$1,000,000
Square Feet	2,744,280	3,885,116	831,765	911,571	1,903,136	6,203,380	3,387,226	5,663,671
Acres	63.00	89.19	19.09	20.93	43.69	142.41	77.76	130.02
Usable Square Feet	2,744,280	3,885,116	831,560	911,571	1,903,136	6,203,380	3,387,226	5,663,671
Usable Acres	63.00	89.19	19.09	20.93	43.69	142.41	77.76	130.02
Zoning Description	Residential	Residential and Commercial	GC-General Commercial	GC-General Commercial	Single family	Agriculture	Agriculture	Agriculture
Price per Acre		\$26,068	\$20,953	\$21,022	\$27,466	\$15,799	\$20,576	\$7,691
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-	-
Financing Terms		Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		-	-	-	-	-	-	-
Conditions of Sale		-	-	-	-	-	-	-
% Adjustment		-	-	-	-	-	-	-
Market Conditions	11/26/2013	Dec-13	Nov-12	Sep-12	Sep-11	Mar-10	Sep-09	Sep-07
Annual % Adjustment	2%	-	2%	2%	4%	7%	8%	12%
Cumulative Adjusted Price		\$26,068	\$21,372	\$21,443	\$28,565	\$16,905	\$22,222	\$8,614
Location		-25%	-25%	-25%	-25%	-25%	-25%	-
Size		-	-10%	-10%	-	10%	-	10%
Shape and Topography		10%	-	10%	10%	10%	10%	-
Zoning		-20%	-20%	-20%	-	-	-	-
Net \$ Adjustment		-\$9,124	-\$11,755	-\$9,649	-\$4,285	-\$845	-\$3,333	\$861
Net % Adjustment		-35%	-55%	-45%	-15%	-5%	-15%	10%
Final Adjusted Price		\$16,944	\$9,618	\$11,794	\$24,280	\$16,060	\$18,889	\$9,475
Overall Adjustment		-35%	-54%	-44%	-12%	2%	-8%	23%
Range of Adjusted Prices		\$9,475 - \$24,280						
Average		\$15,294						
Indicated Value		\$10,000						



Agriculture Land Sales

Below is a summary of recent agricultural land sales occurring near Fargo. Acre prices paid for farmland in the area represents the floor value probable for the subject, located some distance from developed Fargo in an agriculture dominated area, but that has features conducive to residential development.

Farm Land Sales						
Seller/Buyer	Location/Legal Desc.	Sale Date	Price	Net Acres	Price Per Acre	
Jahnke / Belter	SW 1/4, LESS Hwy ROW in 2-138N-52W and NW 1/4, LESS Hwy ROW - 11-138N-52W; Maple River Township, Cass County, ND	8/1/2013	\$1,912,000	303.3	\$6,304	Written/sealed bid sale advertised and facilitated by Grand Forks law firm. Nearly level topography with average drainage to the northeast. Good access from the west off Hwy 18.
Keeney Family Trust / Wes Belter	SW1/4 - 4-137-52; Leonard Township, Cass County, ND	10/23/2013	\$1,150,000	159	\$7,233	Very good quality land. Sold at well-advertised public auction by FNC on 10-23-13.
Martin Trust / Leo & Shirley Richard	Lengthy legal: 58.02 acres located S of Sheyenne Diversion ditch & N of BNSF RR in S1/2NW1/4 & SW1/4NE1/4 - 1-139-50; City of West Fargo, Cass County, ND	11/25/2013	\$455,000	59.7	\$7,621	Property is located on the western edge of West Fargo-- within city limits. There appears to be some development potential but does not appear to have been significantly price influencing.
Diane Maier & Lucille Sorby / Southeast Water Resource District	SE1/4 & 1/2 NE1/4 lying south of river less bldg site; N1/2 SW1/4 & E1/4 SW1/4 S2 T137N R49W	12/10/2013	\$1,636,000	251.7	\$6,500	Land 4-5 miles south of Fargo but not considered to have development potential at this time.
Gangness Land, LLP / James Ueland	Lengthy metes and bounds. Part of SE1/4 of Section 28, Township 141N, Range 50W.	12/10/2013	\$1,625,000	222.8	\$7,294	Written to oral bid sales. Top bidders were all area producers. Nearly level topography with productive soils. Property has frontage on and access from the south on 36th St SE and from the west on 141st Ave SE, both of which are gravel. I-94 is 1 mile south of the tract.
Judith Bueno / Ron Holiday	SW1/4 - 33-140-54; Buffalo Township, Cass County, ND	12/17/2013	\$820,000	156.2	\$5,250	Property located roughly 2 miles southeast of Buffalo, ND. Well advertised public auction.

Land Value Conclusion

Prior to adjustment, the sales reflect a range of \$7,691 - \$27,466 per acre. After adjustment, the range is narrowed to \$9,475 - \$24,280 per acre, with an average of \$15,294 per acre. We give greatest weight to the lower end of the adjusted price range, but reconcile above the range of indicated acre value of area farmland, and arrive at a land value conclusion as follows:

Land Value Conclusion

Indicated Value per Acre	\$10,000
Subject Acres	<u>63.00</u>
Indicated Value	\$630,000
Rounded	\$630,000

Cost Approach

The steps taken to apply the cost approach are:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the replacement cost new of the existing improvements using Marshall Valuation Service;
- Estimate depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated replacement cost of the improvements to arrive at a market value indication for the property overall.

The following tables summarize our valuation by the cost approach.

Replacement Cost

Replacement cost is the current cost to construct improvements with equivalent utility to the subject, using modern materials and current standards, design, and layout. Estimates of replacement cost for the purpose of developing a market value opinion include three components: direct costs, indirect costs (also known as soft costs) and entrepreneurial profit.

Direct Costs

Direct costs are expenditures for labor, materials, equipment and contractor's overhead and profit. We use Marshall Valuation Service (MVS) as the basis of our direct cost estimate. In addition to direct costs, MVS includes certain indirect costs such as architectural and engineering fees, and interest on building loan funds during construction.

Indirect Costs

MVS does not include all of the indirect costs that are appropriate in a replacement cost estimate. Therefore, we add an allowance for the following indirect costs that are not contained within MVS: taxes and carrying costs on land during construction; legal and accounting fees; and marketing and finance costs prior to stabilization. We estimate that a 3% allowance for additional indirect costs is appropriate.

Entrepreneurial Profit

The final component of the replacement cost estimate is entrepreneurial profit, the financial reward that a developer would expect to receive in addition to recovering all direct and indirect costs. This is the expected compensation that would be necessary to motivate a developer to undertake the project. It is our estimate that an allowance of 10% of total direct and indirect costs is appropriate.

Replacement Cost New

The following tables show our replacement cost estimates for the subject building improvements and site improvements.

Replacement Cost Estimate

Building Improvements

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
Maintenance Buildings	Light Industrial Warehouse Shell	D	Low Cost	8,960	SF	\$23.02	\$206,259
Subtotal - Replacement Cost New							\$206,259
Plus: Indirect Cost						3%	\$6,188
Subtotal							\$212,447
Plus: Entrepreneurial Profit						10%	\$21,245
Total Replacement Cost New							\$233,692

Site Improvements

<i>Item</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Golf Course and Related Amenities	Class III Private	9	Hole	\$176,750.00	\$1,590,750
FF&E	Average	9	Hole	\$43,000.00	\$387,000
Subtotal - Replacement Cost New					\$1,977,750
Plus: Indirect Cost				3%	\$59,333
Subtotal					\$2,037,083
Plus: Entrepreneurial Profit				10%	\$203,708
Total Replacement Cost New					\$2,240,791

Overall Property

Building Improvements	\$206,259	
Site Improvements	\$1,977,750	
Subtotal - Replacement Cost New	\$2,184,009	
Plus: Indirect Cost	3%	\$65,520
Subtotal	\$2,249,529	
Plus: Entrepreneurial Profit	10%	\$224,953
Total Replacement Cost New	\$2,474,482	

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.

Building Improvements - Unit Costs

Building 1 Name: Maintenance Buildings

MVS Building Type:	Light Industrial Warehouse Shell	Unit	SF	Current Multiplier	1.010
Const Class:	D	Unit Cost	\$16.84	Local Multiplier	1.010
Quality:	Low Cost	Sprinklers:		Story Ht Multiplier	1.000
Quality Rating:	Low Cost	HVAC Adjust	\$3.22	Perimeter Multiplier	1.125
Section/Page	14/35	Other:			
Economic Life	45	Subtotal:	\$20.06	Final Unit Cost	\$23.02

Source: Marshall Valuation Service

Site Improvements - Unit Costs

Site Improvement 1 Name: Golf Course and Related Amenities					
Quality:	Class III Private	Unit Cost	\$175,000.00	Current Multiplier	1.000
Section:	67	Other:		Local Multiplier	1.010
Page:	1	Other:			
Unit:	Hole	Subtotal:	\$175,000.00	Final Unit Cost	\$176,750.00
Site Improvement 2 Name: FF&E					
Quality:	Average	Unit Cost	\$43,000.00	Current Multiplier	1.000
Section:		Other:		Local Multiplier	1.000
Page:		Other:			
Unit:	Hole	Subtotal:	\$43,000.00	Final Unit Cost	\$43,000.00
Source: Marshall Valuation Service					

Allocation for FF&E in the after situation modifies for loss of clubhouse related fixtures and equipment and conforms to a fixture appraisal provided by Crown Appraisals. A copy of this report is in the addenda. For comparison purposes, the following table shows replacement cost plus land value in relation to the concluded market value.

Replacement Cost vs. Market Value

	Including Entrepreneurial Profit	Excluding Entrepreneurial Profit
Replacement Cost New	\$2,474,482	\$2,249,529
Land Value	\$630,000	\$630,000
Replacement Cost New Including Land Value	\$3,104,482	\$2,879,529
Rounded	\$3,100,000	\$2,880,000
Market Value Conclusion	\$650,000	\$650,000
Market Value as % of RCN Including Land Value	21%	23%

Replacement Cost Estimate							
Building Improvements							
<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
Maintenance Buildings	Light Industrial Warehouse Shell	D	Low Cost	8,960	SF	\$23.02	\$206,259
Subtotal - Replacement Cost New							\$206,259
Plus: Indirect Cost						3%	\$6,188
Subtotal							\$212,447
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Total Replacement Cost New							\$233,692
Site Improvements							
<i>Item</i>		<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
Golf Course and Related Amenities		Class III Private		9	Hole	\$176,750.00	\$1,590,750
FF&E		Average		9	Hole	\$43,000.00	\$387,000
Subtotal - Replacement Cost New							\$1,977,750
Plus: Indirect Cost						3%	\$59,333
Subtotal							\$2,037,083
Plus: Entrepreneurial Profit						10%	\$203,708
Total Replacement Cost New							\$2,240,791
Overall Property							
Building Improvements							\$206,259
Site Improvements							\$1,977,750
Subtotal - Replacement Cost New							\$2,184,009
Plus: Indirect Cost						3%	\$65,520
Subtotal							\$2,249,529
Plus: Entrepreneurial Profit						10%	\$224,953
Total Replacement Cost New							\$2,474,482

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.

Depreciation

Depreciation is the difference between the replacement cost new of the improvements and their contribution to overall property value on the effective date of the appraisal.

Deferred Maintenance

In the first step of estimating depreciation, we deduct the cost of curing deferred maintenance, which is discussed in the improvements description section of the report.

No items of deferred maintenance are identified; thus, no deductions for this form of depreciation are necessary.

Age-Life Depreciation

After deducting deferred maintenance, if any, we use the age-life method to estimate depreciation applicable to the remaining replacement costs. This method indicates the loss in value due to physical deterioration and some functional obsolescence based on the age and condition of the improvements. The age-life method is applied on a straight-line basis, by dividing the subject's effective age by its economic life. Age-life depreciation for the site improvements is estimated separately from the building improvements, based on their shorter economic lives.

Functional Obsolescence

Functional obsolescence is a loss in value due to changes in market tastes and standards. In the case of the subject, conversion to a nine-hole course from its designed 18-hole layout results in functional obsolescence. A 10% allocation is applied to remaining building improvements. A 20% allocation is applied the golf course and site improvements.

External Obsolescence

External obsolescence is a loss in value due to external causes, such as imbalances in supply and demand or negative location influences. The golf course industry is oversupplied with courses. Market value with most facilities significantly below replacement cost after deduction for physical deterioration. This situation applies to the subject as supported by conclusions of the sales comparison and income approaches. We make a deduction of 10% to value remaining of the course after deduction of age/life depreciation to account this uncontrollable situation.

Final Estimate of Depreciation

Our estimate of depreciation and calculation of depreciated replacement cost are shown in the following tables.

Depreciation Worksheet - Building Improvements

Bldg #	Bldg Name	Effective Age (Yrs)	Economic Life (Yrs)	S/L Deprec. %	Other Deprec. %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Other Deprec.	S/L Deprec. \$	Other Deprec. \$
1	Maintenance Buildings	35	45	78%	15%	\$233,692	100.0%	77.8%	15.0%	\$181,760	\$35,054
						\$233,692	100.0%	77.8%	15.0%	\$181,760	\$35,054
Weighted Average Depreciation % Rounded								78%	15%		

Depreciation Worksheet - Site Improvements

Site Imp #	Item	Effect Age (Yrs)	Life Expect (Yrs)	S/L Deprec. %	Depr. Override %	Replacement Cost New	% of Overall RCN	Wtd. Avg. S/L Deprec.	Wtd. Avg. Depr. Override
1	Golf Course and Related Amenities	15	30	50%	85%	\$1,802,320	80.4%	40.2%	68.4%
2	FF&E	15	20	75%	90%	\$438,471	19.6%	14.7%	17.6%
						\$2,240,791	100.0%	54.9%	86.0%
Weighted Average Depreciation % Rounded								55%	86%



Estimate of Depreciation

Building Improvements

Replacement Cost New		\$233,692
Less: Deferred Maintenance		\$0
Remaining Cost		\$233,692
Age-Life Depreciation	78%	-\$182,280
Additional Functional Obsolescence	10%	-\$23,369
External Obsolescence	0%	\$0
Total Depreciation		<u>-\$205,649</u>
<i>Depreciated Replacement Cost</i>		<u>\$28,043</u>

Site Improvements

Replacement Cost New		\$2,240,791
Less: Deferred Maintenance		\$0
Remaining Cost		\$2,240,791
Age-Life Depreciation	55%	-\$1,232,435
Additional Functional Obsolescence	20%	-\$448,158
External Obsolescence	10%	-\$224,079
Total Depreciation		<u>-\$1,904,672</u>
<i>Depreciated Replacement Cost</i>		<u>\$336,119</u>

Overall Property

Replacement Cost New		\$2,474,482
Deferred Maintenance		<u>\$0</u>
Remaining Cost		\$2,474,482
Age-Life Depreciation		-\$1,414,714
Additional Functional Obsolescence		-\$471,527
External Obsolescence		<u>-\$224,079</u>
Total Depreciation		<u>-\$2,110,321</u>
Depreciated Replacement Cost		<u>\$364,162</u>
Rounded:		<u>\$360,000</u>

Cost to Cure Adjustment

As a result of the project the remainder course is left with no clubhouse or parking. A cost to cure adjustment is derived via cost analysis for construction of a suitable low cost clubhouse and a parking lot.

Cost to Cure Replacement Cost Estimate

Building Improvements

<i>Bldg Name</i>	<i>MVS Building Type</i>	<i>MVS</i>		<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
		<i>Class</i>	<i>Quality</i>				
Oxbow Golf Course	Country Clubs	D	Low Cost	8,960	SF	\$23.02	\$206,259
Subtotal - Replacement Cost New							\$206,259
Plus: Indirect Cost						3%	\$6,188
Subtotal							\$212,447
Plus: Entrepreneurial Profit						10%	\$21,245
Total Replacement Cost New							\$233,692

Site Improvements

<i>Item</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
Asphalt and Parking	Average	30	Stall	\$325.00	\$9,750
Subtotal - Replacement Cost New					\$9,750
Plus: Indirect Cost				3%	\$293
Subtotal					\$10,043
Plus: Entrepreneurial Profit				10%	\$1,004
Total Replacement Cost New					\$11,047

Overall Property

Building Improvements	\$206,259		
Site Improvements	\$9,750		
Furniture, Fixtures & Equipment	\$0		
Subtotal - Replacement Cost New		\$216,009	
Plus: Indirect Cost		3%	\$6,480
Subtotal		\$222,489	
Plus: Entrepreneurial Profit		10%	\$22,249
Total Cost to Cure Replacement Cost New		\$244,738	

Source: Marshall Valuation Service except for Indirect Costs and Entrepreneurial Profit, which are appraiser's estimates.

Value Indication

By combining our land value conclusion with the depreciated replacement cost of the improvements, we arrive at a value indication by the cost approach as shown in the following table.

Value Indication by Cost Approach

Depreciated Replacement Cost	\$360,000
Land Value	<u>\$630,000</u>
Indicated Property Value	\$990,000
Adjustments	
Cost to Cure	<u>-\$245,000</u>
Total Adjustments	-\$245,000
Indicated Value	\$745,000
Rounded	\$745,000

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Operating Courses
- Location: National search
- Size: Nine hole courses
- Age/Quality: Average quality
- Transaction Date: 2008 to present

For this analysis, we use price per hole as the appropriate unit of comparison because market participants typically compare sale prices and property values for golf courses on this basis. Sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Built; # Stories	Acres; FAR; Parking Ratio	Subtype	# Holes; Rentable SF	Sale Price	\$/Hole; \$/SF
1	Union Lake Golf Club 2280 Union Lake Rd. Commerce Township Oakland County MI	Jan-13 Listing	- -	61.73 -	Golf Course/Club	9 1,000	\$699,000	\$77,667 \$699.00
<i>Comments: The golf course was formerly listed at \$1,500,000. Green fees range from \$20-24 per round.</i>								
2	Hidden Meadows Golf Course 238 West Old Town Rd. Old Town Penobscot County ME	Apr-10 Closed	2005 2	58.00 -	Golf Course/Club	9 4,624	\$390,000	\$43,333 \$84.34
<i>Comments: Sale confirmed with tax assessor and John McCarthy of Prudential Northeast Properties 207-401-3135.</i>								
3	Island Green Route 1A Holden Penobscot County ME	May-10 Closed	- 1	46.00 -	Golf Course/Club	9 9,525	\$875,000	\$97,222 \$91.86
4	Hillcrest 8866 Sportsman Club Rd. Johnstown Licking County OH	Jun-08 Closed	1952 -	39.16 -	Golf Course/Club	9 4,250	\$690,000	\$76,667 \$162.35
<i>Comments: This is a 9 hole public course that opened in 1952. The weekday rate is \$12 and \$20 on the weekend which includes cart.</i>								
5	Twin Lakes Golf Course 100 Decker St. Bellevue Sandusky County OH	Jun-08 Closed	- -	46.32 -	Golf Course/Club	9 3,136	\$375,000	\$41,667 \$119.58
<i>Comments: A 9-hole, par 36 golf course in northwestern Ohio that includes a year-round restaurant with bar. It opened in 1963. The property was put on the market because, according to the broker involved, it would have gone to foreclosure. She estimated the market value may have been about \$100,000 more than the sale price; she was both the listing and buying broker. The grantees are a group of six local residents. Rates are about \$15, including cart. Single annual memberships are \$500 and couples are \$800. The broker stated that there was minimal net income at the time of sale. The population within 10 miles is 33,160 with a median household income of \$54,500.</i>								

Comparable Improved Sales Map



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Sale 1
Union Lake Golf Club



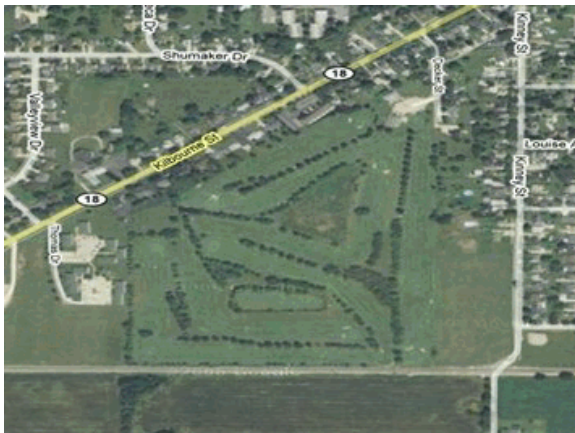
Sale 2
Hidden Meadows Golf Course



Sale 3
Island Green



Sale 4
Hillcrest



Sale 5
Twin Lakes Golf Course

Oxbow Golf & Country Club



Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factor	Accounts For	Comments
Effective Sale Price	Atypical economics of a transaction, such as excess land or non-realty components.	No adjustments are applied
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.	All of the sales involve the transfer of the fee simple interest.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.	All terms were or are anticipated to be reflective of market.
Conditions of Sale	Extraordinary motivation of buyer or seller.	One property was reported distressed selling substantially below market. It is adjusted up. A non-closed listing is adjusted down.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.	Two significantly dated sales receive upward adjustment.
Location	Market or submarket area influences on sale price; surrounding land use influences.	The subject is located near Fargo, a market that has held up well in comparison to most areas of the country. Most sales are in similar populated counties. Sale 5 is in a less populated area and adjusted up.
Building Improvements	Size, age, quality, condition and amenities of structures.	Sale 5 includes a restaurant and received downward adjustment.
Golf Course Condition and Quality	This adjustment considers course playability, including course ratings, slope and overall conditions at the times of sale.	The subject was developed as an 18-hole private club course. The remainder property has features remaining relating to that development. The comparables were all developed as less interesting nine-hole courses. All receive upward adjustment.

Issues requiring elaboration are addressed in the following paragraphs.

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Oxbow Golf Course	Union Lake Golf Club	Hidden Meadows Golf Course	Island Green	Hillcrest	Twin Lakes Golf Course
Address	130 Oxbow Drive	2280 Union Lake Rd.	238 West Old Town Rd.	Route 1A	8866 Sportsman Club Rd.	100 Decker St.
City	Oxbow	Commerce Township	Old Town	Holden	Johnstown	Bellevue
County	Cass	Oakland	Penobscot	Penobscot	Licking	Sandusky
State	North Dakota	MI	ME	ME	OH	OH
Sale Date		Jan-13	Apr-10	May-10	Jun-08	Jun-08
Sale Status		Listing	Closed	Closed	Closed	Closed
Sale Price		\$699,000	\$390,000	\$875,000	\$690,000	\$375,000
Gross Building Area	8,960	1,000	4,624	9,525	4,250	3,136
Number of Holes	9	9	9	9	9	9
Price per Hole		\$77,667	\$43,333	\$97,222	\$76,667	\$41,667
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-
Financing Terms		Cash to seller	Market	Market	Market	Market
% Adjustment		-	-	-	-	-
Conditions of Sale		-5%	-	-	-	25%
Market Conditions	11/26/2013	Jan-13	Apr-10	May-10	Jun-08	Jun-08
Annual % Adjustment		-	-	-	5%	5%
Cumulative Adjusted Price		\$73,783	\$43,333	\$97,222	\$80,500	\$54,688
Location		-	-	-	-	10%
Building Improvements		-	-	-	-	-10%
Golf Course Condition and Quality		20%	20%	20%	20%	20%
Cumulative Adjustment Factor		1.20	1.20	1.20	1.20	1.19
Adjusted Price		\$88,540	\$52,000	\$116,667	\$96,600	\$64,969
Overall Adjustment Factor		1.14	1.20	1.20	1.26	1.56
Range of Prices	\$52,000 - \$116,667					
Average	\$83,755					
Indicated Value	\$100,000					

Value Indication – Sale Price Analysis

We reconcile above the average of per hole sale prices because the subject property is of superior design, being originally a high amenity private course and analyzed with cost to cure analysis that hypothetically anticipates a new clubhouse and parking. Some downward consideration is made for dysfunction associated with after project course configuration. A value indication is concluded as follows:

Price per Hole Analysis

Indicated Value per Hole	\$100,000
Subject Holes	9
Indicated Value	\$900,000
Rounded	\$900,000

Final Value Indication

We arrive at a final indication by the sales comparison approach after cost-to-cure adjustment as shown below.

Value Indication by Sales Comparison

Indicated Value per Hole	\$100,000
Subject Holes	9
Indicated Value	\$900,000
Adjustments	
Cost to Cure	-\$245,000
Total Adjustments	-\$245,000
Indicated Value	\$655,000
Rounded	\$655,000

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only the direct capitalization method because of the subject's stabilized operating basis.

Market Green Fees Analysis

Detailed following is information obtained from survey of golf courses in the Fargo-Moorhead area. The competitive set includes three private clubs (including the subject) and six public courses. The high end of green fees for public courses is \$31.50 per round. The private clubs do not report green fees but appropriate rates would be above the high end of the range with public courses. Three nine hole courses report green fees ranging from \$10.25 to \$18 per round.

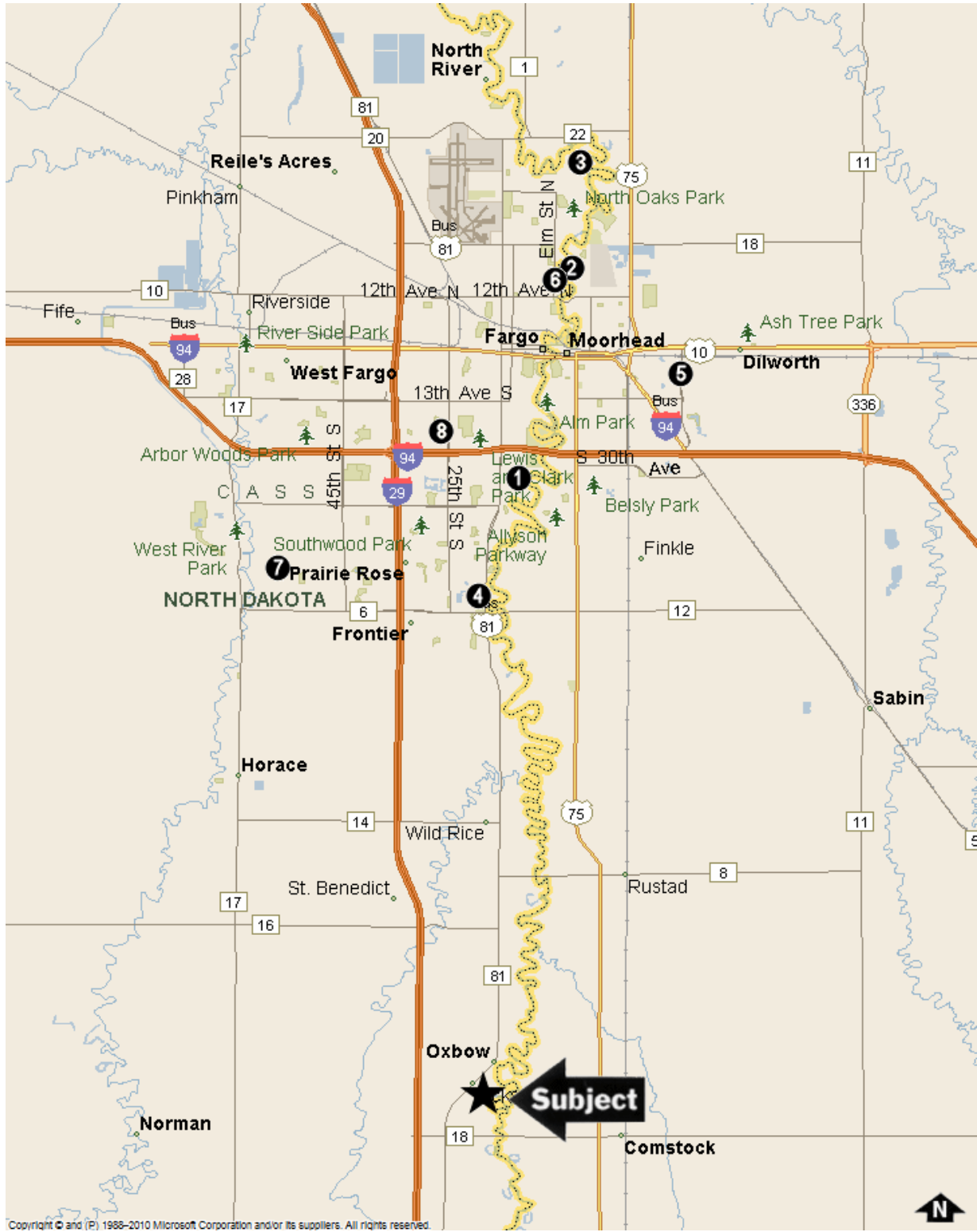
Fargo-Moorhead Area Golf Courses

Course Name	Address	Holes	Par	Green Fees	Year Opened	Reported Annual Rounds
Oxbow Country Club**	130 Oxbow Dr, Oxbow ND	18	72	N/A	1974	20,000 (approx.)
Fargo Country Club**	509 26th Ave S, Fargo, ND	18 and 9	72 and 27	N/A	1898	
Moorhead Country Club**	2101 River Dr N, Moorhead, MN	18	71	N/A	1937	
Edgewood Golf Course	19 Golf Course Ave NE, Fargo, ND	18	71	\$25.50 to \$31.50; \$14.75 cart fee	1925	*34,907
Rose Creek Golf Course	1500 Rose Creek Pkwy, Fargo, ND	18	72	\$25.50 to \$31.50; \$14.75 cart fee	1993	*26,512
The Meadows	401 34th St S, Moorhead, MN	18	72	\$27.50 to \$31; \$15.50 cart fee	1992	Unknown
El Zagal Golf Course	1400 Elm St N, Fargo, ND	9	28	\$10.25; \$7.25 cart fee	1955	*18,374
Osgood Golf Course	4400 Clubhouse Dr, Fargo, ND	9	33	\$18; \$9 cart fee	1997	*33,139
Prairiewood Golf Course	22 Prairiewood Dr, Fargo, ND	9	32	\$14.25; \$9 cart fee	1978	*26,942

* Non Flood Year
 ** Private course; all other



Area Golf Courses Map





Rent 1
El Zagal Golf Course



Rent 2
Osgood Golf Course



Rent 3
Prairiewood Golf Course

Oxbow Golf & Country Club



Stabilized Income and Expenses

In the before situation the subject property operates as a private golf course and country club and includes amenities and services typical for a private club. It ranks as one of the top three courses in the Fargo-Moorhead market. In the after situation the course is appraised as a nine-hole course, with nine-holes less the clubhouse, pool and pool-house, putting greens, driving range and parking lost to the diversion project. Cost to cure analysis is performed to compensate for a clubhouse and parking suitable for a nine-hole course. The remainder course has some obsolescence added due to course layout that does not fit with typical start and finish of a round.

Our analysis from an income model considers repositioning to a nine-hole course.

Potential Gross Income

In the after situation revenue is presumed from three sources, rounds, food and beverage and pro-shop oriented sales.

Golf – General

Golf revenue is forecast for the modified operation based upon market data for nine-hole courses with revenue per round project at the upper end of the range in consideration of higher course appeal than a typical nine-hole resulting from the original private 18 hole course development.

Golf - Rounds Played

The subject reports approximately 20,000 rounds played annually in the before situation. Area courses reporting rounds played offer a range of about 18,300 to 35,000. Area nine-hole courses report about 17,000 to 33,000 rounds annually. We again project 25,000.

Golf - Green Fees

The Society of Golf Course Appraisers produced a report of income and expense benchmarks in 2006, and the average income for green fees and cart fees combined was \$35.92 per round for premium courses. Updating with a C.P.I. adjustments suggests an appropriate current amount of about \$43 per round. The high end reported green fee for local courses is \$31.50 per round with the highest cart fee being \$14.75. Nine hole courses report green fees ranging from \$10.25 to \$18.00, with cart fees being \$7.75 to \$9.00. We look to the nine-hole information in projecting for the subject in the after situation and project toward the upper end for both green and cart fees.

Fargo-Moorhead Area Golf Courses						
Course Name	Address	Holes	Par	Green Fees	Year Opened	Reported Annual Rounds
Oxbow Country Club**	130 Oxbow Dr, Oxbow ND	18	72	N/A	1974	20,000 (approx.)
Fargo Country Club**	509 26th Ave S, Fargo, ND	18 and 9	72 and 27	N/A	1898	
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Prairiewood Golf Course	22 Prairiewood Dr, Fargo, ND	9	32	\$14.25; \$9 cart fee	1978	*26,942
* Non Flood Year						
** Private course; all other						

All told we project \$20.25 per round including greens fee and cart rental.

Food and Beverage

Food and beverage revenue will reduce substantially in the after situation due to repositioning of the business model of the facility. An amount of \$4.00 per round is projected.

Other Income

Revenue in this area relates to sale of gold related equipment and is project at \$3.00 per round.

Total Effective Gross Income

Total projected effective gross income for the as is operation is \$681,250, or \$27.25 per projected round.

Expenses

Income and expense information is presented in similar categorical format as expressed with the before situation. To develop projections of stabilized operating expenses, we consider a relationship with the subject's expenses in the before situation. The following table summarizes our analysis. The income and expenses are shown on a lump sum basis then summarized on a value per projected round played at the bottom of the chart.

Operating Projections

	IRR Projection -After Situation
Income	
Golf	506,250
Food & Beverage	100,000
Other Income	75,000
Effective Gross Income	\$681,250
Expenses	
Food & Beverage	\$60,000
Pro Shop	50,000
Grounds	200,000
Repairs & Maintenance	75,000
Administration	150,000
Insurance	8,750
Real Estate Taxes	10,000
Utilities	25,000
Total Expenses	\$578,750
Net Operating Income	\$102,500
Expense Ratio	85.0%
Income per Projected Round	
Golf	20.25
Food & Beverage	4.00
Other Income	3.00
Effective Gross Income per Round	\$27.25
Expenses per Projected Round	
Food & Beverage	\$2.40
Pro Shop	2.00
Grounds	8.00
Repairs & Maintenance	3.00
Administration	6.00
Insurance	0.35
Real Estate Taxes	0.40
Utilities	1.00
Total Expenses per Projected Round	\$23.15
Expense Ratio	84.95%
NOI per Projected Round	\$4.10
Rounds Played	25,000

*IRR projected income is the total potential income attributable to the property.
Historical income is the actual income that has been collected by the property owner.

We again compare with expenses reported with three comparables utilized in the before situation. With operations confined to a nine-hole low amenity format expense projection is made near the low end of the range.

Expense Analysis per Hole

	Comp Data *			Subject
	Comp 1	Comp 2	Comp 3	Historical and Projected Expenses
Year Built	1999	1974	1968	1974
Holes	18	18	18	9
Operating Data Type	Actual	Actual	Actual	
Year	2011	2011	2011	IRR Projection -After Situation
Total	\$62,463	\$94,596	\$117,973	\$64,306

*Comp 1: Deacon's Lodge, 9348 Arnold Palmer Drive, Breezy Point, MN

Comp 2: Confidential

Comp 3: Confidential

Total Operating Expenses

Based on the preceding income and expense projections, stabilized net operating income is projected at \$578,750, or \$23.15 per projected round.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership.

We use the following methods to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables

No.	Property Name	City	State	Year Built	Sale Date	Sale Price	Holes	Price Per Hole	Net Operating Income	Expense Ratio	Effective Gross Income Multiplier	Cap Rate	Comments
1	Emeral Greens Golf & Country	Tampa	FL	1971	6/4/2013	\$6,000,000	27	\$222,222	\$222,222	86.59%	1.24	10.83%	
2	Royal American Links and Bent	Galena	OH	1987 & 1990	6/20/2012	\$3,000,000	18	\$333,333	\$356,232	NA	NA	11.87%	
3	Eagles Landing Golf Club	Oregon	OH	1998	2/22/2012	\$1,050,000	18	\$58,333	\$111,245	NA	NA	10.59%	Short Sale
4	Northville Hills golf Club	Northville Township	MI	1952	1/26/2012	\$3,500,000	18	\$194,444	\$400,000	80.95%	1.67	11.43%	Arnold Palmer Designed Championship Course
5	Fern Hill Golf & Country Club	Clinton Township	MI	1979	1/26/2012	\$1,500,000	18	\$83,333	\$200,000	92.31%	1.73	13.33%	No duress. Includes 12 lane bowling alley
Average (Mean) Cap Rate:												11.47%	

Based on this information, a capitalization rate within a range of about 10.5% to 13.25% could be expected for the subject.

National Investor Surveys

The only national survey that publishes cap rate indications for golf courses is Realty Rates (realtyrates.com). An excerpt from their Fourth quarter 2013 issue is shown below with historical golf course capitalization information appearing in the second column.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2013*																								
CURRENT & HISTORICAL CAP RATE INDICES																								
Method-Weighted* Property Category Indices																								
Year	Apts		Golf		Healthcare Senior Housing		Industrial		Lodging		MHRV Park		Office		Retail		Restaurant		Self Storage		Special Purpose		Weighted* Composite Indices	
	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg	Rate	Chg
2013	8.39	14	11.91	-16	8.86	1	9.06	-3	10.59	2	9.18	10	9.26	-21	9.04	-11	11.82	6	9.96	-24	11.10	2	9.56	-4
3rd Qtr.	8.44	-10	12.00	32	8.99	17	9.18	22	10.78	34	9.39	34	9.23	11	9.13	17	11.98	36	9.99	26	11.15	15	9.65	17
2nd Qtr.	8.54	34	11.68	-36	8.82	4	8.96	-9	10.44	-12	9.05	-6	9.12	-32	8.96	-6	11.62	-24	9.73	-42	11.01	-14	9.48	-9
1st Qtr.	8.20	4	12.03	-1	8.78	-1	9.05	2	10.56	7	9.11	3	9.44	-1	9.02	-5	11.86	11	10.15	1	11.15	10	9.56	-4
2012	8.25	-35	12.07	6	8.85	-36	9.09	-40	10.57	-24	9.08	-39	9.47	3	9.15	-13	11.77	6	10.19	-49	11.09	-4	9.60	-21
2011	8.60	-29	12.00	-22	9.21	-40	9.49	-11	10.81	-24	9.48	-8	9.44	-10	9.28	-26	11.70	-14	10.69	-3	11.12	-17	9.81	-19
2010	8.89	4	12.22	5	9.62	15	9.60	12	11.05	7	9.55	22	9.54	16	9.54	25	11.84	12	10.72	21	11.30	0	10.00	13
2009	8.85	8	12.17	16	9.47	10	9.48	10	10.98	-7	9.33	1	9.38	29	9.29	20	11.72	15	10.50	37	11.30	8	9.87	14
2008	8.77	-4	12.01	29	9.37	-16	9.38	-14	11.05	56	9.32	-5	9.09	-16	9.09	-11	11.57	-28	10.13	20	11.22	-7	9.74	-1
2007	8.81	-45	11.72	-21	9.53	-65	9.52	-25	10.49	-28	9.37	-26	9.25	-47	9.20	-12	11.85	61	9.93	-38	11.29	-24	9.75	-28
2006	9.26	12	11.93	47	10.18	15	9.77	35	10.77	27	9.63	41	9.72	26	9.32	30	11.24	18	10.31	27	11.53	9	10.03	26
2005	9.14	14	11.46	80	10.03	-16	9.42	-30	10.50	-21	9.22	19	9.46	6	9.02	16	11.06	5	10.04	13	11.44	-30	9.77	2
2004	9.00	-19	10.66	28	10.19	-37	9.72	19	10.71	-98	9.03	-48	9.40	-4	8.86	-19	11.01	-15	9.91	-13	11.74	-30	9.75	-19
2003	9.19	-2	10.38	-32	10.56	64	9.53	33	11.69	56	9.51	-11	9.44	1	9.05	-18	11.16	8	10.04	-53	12.04	105	9.94	12
2002	9.21	-40	10.70	18	9.92	-39	9.20	-61	11.13	26	9.62	-60	9.43	-35	9.23	-62	11.08	-3	10.57	-12	10.99	-177	9.82	-41
2001	9.61	64	10.52	133	10.31	90	9.81	16	10.87	98	10.22	-68	9.78	-35	9.85	-53	11.11	47	10.69	13	12.76	32	10.23	21
2000	8.97		9.19		9.41		9.65		9.89		10.90		10.13		10.38		10.64		10.56		12.44		10.01	

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

^ Further weighted by property category

*3rd Quarter 2013 Data

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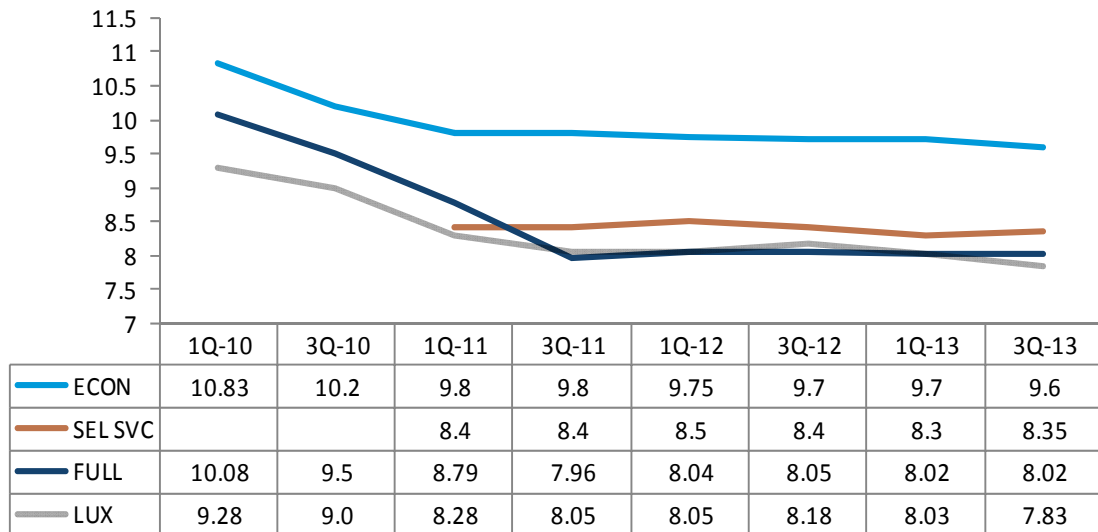
We also include data pertaining to hotel properties as reported by the PwC, ACLI, and Viewpoint surveys, summarized in the exhibits that follow. Of the property types surveyed by these sources, lodging provides the most integrated going concern component as compared to golf courses and country clubs and most closely mirrors appropriate market risk.

Capitalization Rate Surveys – Hotel Properties

	PwC 3Q-2013 Economy/Ltd Svc	PwC 3Q-2013 Select-Service	PwC 3Q-2013 Full Service	PwC 3Q-2013 Luxury/Upscale
Range	8.00% - 12.00%	5.00% - 12.00%	6.00% - 10.0%	4.00% - 10.00%
Average	9.60%	8.35%	8.02%	7.83%

Source: PwC Real Estate Investor Survey

Hotel Capitalization Rate Trends



ECON - PwC Real Estate Investor Survey - Economy/Ltd. Service Segment

SEL SVC - PwC Real Estate Investor Survey - Select Service Segment (Data series began 1Q-2011.)

FULL - PwC Real Estate Investor Survey - Full Service Segment

LUX - PwC Real Estate Investor Survey - Luxury/Upscale Segment.

The most current national survey data indicates that a going-in capitalization rate for hotel properties ranges from about 8% to 12% for the highest risk category and averages 9.6%. We would expect the rate appropriate to the subject to be above the average rate in the survey data as a golf course property.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The rate indicated by this method is supported by the average rate reported by RealtyRate.com for golf course property and is shown in a following table.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2013*											
PERMANENT FINANCING											
	Apt.	Golf	Health Senior Housing	Ind.	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base**											
Minimum	0.65%	1.09%	1.09%	0.95%	1.04%	0.99%	0.95%	2.24%	0.75%	1.05%	1.75%
Maximum	5.88%	11.50%	6.96%	5.85%	11.26%	8.22%	5.59%	11.52%	5.79%	5.96%	11.01%
Average	2.57%	4.99%	2.97%	2.68%	3.39%	3.64%	2.77%	4.30%	2.79%	3.78%	4.41%
Interest Rate											
Minimum	3.39%	3.83%	3.83%	3.69%	3.78%	3.73%	3.69%	4.98%	3.49%	3.49%	4.49%
Maximum	8.62%	14.24%	9.70%	8.59%	14.00%	10.96%	8.33%	14.26%	8.53%	8.53%	13.75%
Average	5.31%	7.73%	5.71%	5.42%	6.13%	6.38%	5.51%	7.04%	5.53%	5.53%	7.15%
Debt Coverage Ratio											
Minimum	1.10	1.20	1.12	1.15	1.00	1.15	1.15	1.15	1.05	1.15	1.15
Maximum	1.96	2.25	2.30	2.15	3.00	2.05	2.25	2.25	2.25	2.75	2.10
Average	1.43	1.60	1.56	1.49	1.60	1.41	1.70	1.66	1.41	1.66	1.70
Loan-to-Value Ratio											
Minimum	50%	50%	50%	50%	50%	50%	50%	50%	50%	90%	50%
Maximum	90%	80%	90%	90%	80%	90%	90%	75%	90%	50%	80%
Average	73%	66%	71%	70%	67%	70%	73%	64%	70%	69%	64%
Amortization (Yrs.)											
Minimum	15	15	15	15	15	15	15	15	15	40	15
Maximum	40	40	40	40	40	40	40	30	40	15	40
Average	27	22	25	24	22	25	30	21	25	28	22
Term (Yrs.)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
** 10-Year Treasury											

*3rd Quarter 2013 Data

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Band of Investment Method

Mortgage/Equity Assumptions

Loan To Value Ratio	60%
Interest Rate	7.75%
Amortization (Years)	20
Mortgage Constant	0.0985
Equity Ratio	40%
Equity Dividend Rate	12.00%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	60%	x	9.85% =	5.91%
Equity Requirement	40%	x	12.00% =	4.80%

Indicated Capitalization Rate

10.71%

Rounded

10.75%

Capitalization Rate Conclusion

With repositioning of the course to nine-hole format, upward modification to the capitalization rate applied in the before situation is appropriate. Various means of deriving a rate suggest a range from of 10% to 12%. Most relevance is placed on actual golf course sales.

To conclude a capitalization rate, we consider each of the following investment risk factors to determine its impact on the capitalization rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral impact of each factor.

Risk Factor	Issues	Impact on Rate
Competitive Market Position	Quality and supply demand relative to subject course.	↑
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Market demand trends, probability of future.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↓
Overall Impact		↔

Accordingly, we conclude a capitalization rate as follows

Capitalization Rate Conclusion	
Going-In Capitalization Rate	11.50%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to arrive at a value indication by the income capitalization approach as follows:

Direct Capitalization	
Effective Gross Income	\$681,250
Expenses	<u>\$578,750</u>
Net Operating Income	\$102,500
Capitalization Rate	<u>11.50%</u>
Indicated Value	\$891,304
Adjustments	
Cost to Cure	<u>-\$245,000</u>
Total Adjustments	-\$245,000
Stabilized Value Indication	\$646,304
Rounded	<u>\$650,000</u>

Reconciliation and Conclusion of After Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications

Cost Approach	\$745,000
Sales Comparison Approach	\$655,000
Income Capitalization Approach	\$650,000
Reconciled	\$650,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation.

Significant imbalance is apparent when comparing the cost approach, after deducting physical deterioration and functional obsolescence (if present) to market value driven by operational capitalized value. The gap is reflective of excessive external obsolescence attributable to excess supply and beyond the control of management. The high degree of external influence renders the cost approach far less reliable than with a balanced market. Nonetheless the cost approach is useful for support of the other approaches and with opining underlying land value which is a driving element with after project valuation.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

Emphasis was made to present sales or listings of nine-hole courses in the after situation. No local sales were identified and a limited quantity of other sales was found. The lack of local market transactions tarnishes this approach.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income/expense ratios and required rates of return.

A buyer of the subject property would place considerable emphasis on projected net income available to support price. The income capitalization approach is also given considerable weight in the conclusion of value.

Final Opinion of After Value

Reconciliation is made at the indication of the income approach. This is further supported by close proximity of the sales comparison approach and higher, but reasonably supportive indication of the cost approach. Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value in the after situation is as follows:

After Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$650,000

Before and After Valuation Summary

Indication of before and after market values and corresponding diminution are as follows:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$3,250,000
After Project Market Value	Fee Simple	November 26, 2013	\$650,000
Before and After Market Value Difference		November 26, 2013	\$2,600,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is assumed the flood diversion project will proceed and affect the subject property as depicted with this appraisal report.
2. It is assumed that historical financial information provided concerning the operation is accurate and as depicted in this report.

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Exposure and Marketing Times

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is an estimate of the

amount of time it might take to sell a property at the estimated market value immediately following the effective date of value.

Uniform Appraisal Standards for Federal Land Acquisitions market value definition does not call for the estimate of market value to be linked to a specific exposure time estimate, but merely that the property be exposed on the open market for a *reasonable* length of time, given the character of the property and the market. Therefore, specific exposure and marketing periods are not estimated with this appraisal.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Appraisal Standards of Federal Land Acquisitions as well as applicable state appraisal regulations.
9. the appraisal was made and the appraisal report prepared in conformity with the
10. Appraisal Foundation's Uniform Standards for Professional Appraisal Practice, except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-114 of the Uniform Appraisal Standards for Federal Land Acquisitions.
11. The appraiser had made a personal inspection of the property appraised and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection.
12. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

14. Dan Mueller, MAI, MRICS made a personal inspection of the property that is the subject of this report.
15. No one provided significant professional assistance to the appraiser. Research assistance was provided by Eric Nycklemoe who has not signed this certification.
16. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
17. As of the date of this report, Dan Mueller, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.
18. The appraiser’s opinions of market value for the subject property as of the effective date are:

Value Conclusion

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Before Project Market Value	Fee Simple	November 26, 2013	\$3,250,000
After Project Market Value	Fee Simple	November 26, 2013	\$650,000
Before and After Market Value Difference		November 26, 2013	\$2,600,000

Dan Mueller, MAI, MRICS
 Certified General Real Estate Appraiser
 Minnesota Certificate # 4003551



Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Personal property located on the premises has not been separately valued. The appraiser is not an expert in the valuation of Furniture Fixtures and Equipment (FF&E). Contribution of such property is necessary for operation of the golf course and country club property and is implicitly a part of the overall market value opinion.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.

16. The values found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Minneapolis/St. Paul, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.

22. Integra Realty Resources – Minneapolis/St. Paul is not a building or environmental inspector. Integra Minneapolis/St. Paul does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
24. Integra Realty Resources – Minneapolis/St. Paul, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
25. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
26. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

27. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. It is assumed the flood diversion project will proceed and affect the subject property as depicted with this appraisal report.
 2. It is assumed that historical financial information provided concerning the operation is accurate and as depicted in this report.
-

Addendum A
Appraiser Qualifications

Dan Mueller, MAI, MRICS

Experience

Director for Integra Realty Resources—Minneapolis/St. Paul of Minneapolis, Minnesota. Actively engaged in real estate valuation and consulting as an independent real estate broker since 1986 and independent real estate appraiser since 1993, entering the appraisal profession and working with several private firms in the Minneapolis/St. Paul area. Experience includes valuation and analysis of all types of real estate ranging from commercial, industrial, residential, and special purpose properties. Particular expertise in litigation matters such as condemnation, property taxation, and partnership disputes. Clients served include private and public agencies, lenders, law firms, and investment firms. Valuations have been performed for condemnation purposes, estates, financing, equity participation and due diligence support. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures. Valuations have been performed on various properties including, but not limited to, neighborhood and community shopping centers, apartment complexes, single and multi-tenant industrial buildings, low to high rise office buildings, mixed use facilities, and vacant land for different uses. Specialized real estate valued includes restaurants, regional malls, hotels, industrial plants, corporate headquarters offices, theaters, special purposes, land subdivisions, outdoor advertising and aggregate mines, treatment centers, nursing homes, convenience stores, and truck stop/travel centers.

Professional Activities & Affiliations

Appraisal Institute, Member (MAI)

Royal Institute of Chartered Surveyors, Member (MRICS)

Member: International Right of Way Association (IRWA)

Member: NAIOP Commercial Real Estate Development Association

Member: International Council of Shopping Centers (ICSC)

President: North Star Chapter of the Appraisal Institute, 2007

Vice President: North Star Chapter of the Appraisal Institute, 2006

Secretary: Metro Minnesota Chapter of the Appraisal Institute, 2005

Treasurer: Metro Minnesota Chapter of the Appraisal Institute, 2004

Member: Appraisal Institute National Comprehensive Exam Subcommittee/Panel, 1999-2013

Member: Appraisal Institute National Comprehensive Exam Chair, Income Approach Module

Member: Appraisal Institute National Comprehensive Exam Appointed Panel Chair, 2005-2008

Member: Appraisal Institute National Comprehensive Exam Appointed Subcommittee Chair, 2002-2004

Member: Appraisal Institute National Comprehensive Exam Appointed Subcommittee Vice-Chair, 2000

Member: Appraisal Institute Appraisal Journal Review Panel, 2001-2013

Member: Appraisal Institute Appraisal Journal Editorial Board, 2004

Member: Appraisal Institute General Appraiser Council Admissions Committee, 2002-2004

Member: Appraisal Institute Qualifying Education Committee, 2002-2004

Member: Appraisal Institute Curriculum Subcommittee, 2002

Member: Consulting task force to review Income Approach Chapters for 12th Ed. of The Appraisal of Real Estate

Instructor: Appraisal Institute Course 310, Basic Income Capitalization

Instructor: Highest & Best Use and Condemnation classes for Master's Degree at University of St. Thomas

Participant: Appraisal Institute Leadership Development and Advisory Counsel, Washington, DC, 2002-2004

Participant: Court Appointed Real Estate Commissioner - Ramsey County, Minnesota

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Dan Mueller, MAI, MRICS

Licenses

Minnesota, Certified General Real Property Appraiser, 4003551, Expires August 2015

Wisconsin, Certified General Appraiser, 1378-10, Expires December 2015

Iowa, Certified General Real Property Appraiser, CG02890, Expires June 2015

North Dakota, Certified General Appraiser, CG-21234, Expires December 2014

South Dakota, State Certified General Appraiser, 1208CG, Expires September 2014

Education

Bachelor of Science in Business Administration and Economics from Winona State University.

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, Commercial Investment Real Estate Institute, accredited universities, and others.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Qualified Before Courts & Administrative Bodies

Testifying in Federal and District Courts, Tax Court, Administrative Hearings, and at Real Estate Commissioner Hearings in and beyond the Twin Cities area.

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Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 62 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and all but one are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI, OH - Gary S. Wright, MAI, FRICS, SRA
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSON, MS - J. Walter Allen, MAI, FRICS
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Charles E. Jack IV, MAI
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS
MIAMI/PALM BEACH, FL - Scott M. Powell, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Barry J. Krauser, MAI, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter 'Tres' Winius III, MAI, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS
SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Robert E. Gray, MAI, FRICS
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

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Addendum B

Comparison of Report Formats



Comparison of Report Formats

Reporting Options in 2014-2015 Edition of USPAP	Integra Reporting Formats Effective January 1, 2014	Corresponding Reporting Options in 2012-2013 Edition of USPAP
Appraisal Report	Appraisal Report – Comprehensive Format	Self-Contained Appraisal Report
	Appraisal Report – Standard Format	Summary Appraisal Report
	Appraisal Report – Concise Summary Format	Minimum Requirements of Summary Appraisal Report
Restricted Appraisal Report	Restricted Appraisal Report	Restricted Use Appraisal Report



USPAP Reporting Options

The 2014-2015 edition of USPAP requires that all written appraisal reports be prepared under one of the following options: Appraisal Report or Restricted Appraisal Report.

An Appraisal Report summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. The requirements for an Appraisal Report are set forth in Standards Rule 2-2 (a) of USPAP.

A Restricted Appraisal Report states the appraisal methods employed and the conclusions reached but is not required to include the data and reasoning that supports the analyses, opinions, and conclusions. Because the supporting information may not be included, the use of the report is restricted to the client, and further, the appraiser must maintain a work file that contains sufficient information for the appraiser to produce an Appraisal Report if required. The requirements for a Restricted Appraisal Report are set forth in Standards Rule 2-2 (b).

Integra Reporting Formats under the Appraisal Report Option

USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. Accordingly, Integra Realty Resources has established internal standards for three alternative reporting formats that differ in depth and detail yet comply with the USPAP requirements for an Appraisal Report. The three Integra formats are:

- Appraisal Report – Comprehensive Format
- Appraisal Report – Standard Format
- Appraisal Report – Concise Summary Format

An Appraisal Report – Comprehensive Format has the greatest depth and detail of the three report types. It describes and explains the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Self-Contained Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report – Standard Format has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report - Concise Summary Format has less depth and detail than the Appraisal Report – Standard Format. It briefly summarizes the data, reasoning, and analyses used in the appraisal process while additional supporting documentation is retained in the work file. This format meets the minimum requirements of the former Summary Appraisal Report that were contained in the 2012-2013 edition of USPAP.

On occasion, clients will request, and Integra will agree to provide, a report that is labelled a Self-Contained Appraisal Report. Other than the label, there is no difference between a Self-Contained Appraisal Report and an Appraisal Report - Comprehensive Format. Both types of reports meet or exceed the former Self-Contained Appraisal Report requirements set forth in the 2012-2013 edition of USPAP.

Integra Reporting Format under Restricted Appraisal Report Option

Integra provides a Restricted Appraisal Report format under the USPAP Restricted Appraisal Report option. This format meets the requirements of the former Restricted Use Appraisal Report that were contained in the 2012-2013 edition of USPAP.

Addendum C

Property Information

Before Legal Description

PID 78-0010-00220-000: Lot 22, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-00230-000: Lot 23, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-00520-000: Lot 52, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-00530-000: Lot 53, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-00540-000: Lot 54, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-01210-010: Lots 121, 122, 123, 124 and 126, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-01620-010: Lot 163, Oxbow Country Club Estates, Cass County, North Dakota

PID 78-0010-01620-030: Lot 162 less the following: commencing at the southeast corner of Lot 94 of said Oxbow Country Club Estates, thence North 0 degrees 20 minutes 0 seconds West on a record bearing along the East line of said Lot 94 a distance of 75.70 feet, then North 90 degrees 0 minutes 0 seconds East 364.30 feet to the point of beginning; then South 80 degrees 44 minutes 01 seconds East 22.70 feet, then South 09 degrees 06 minutes 59 seconds West 74.50 feet, then North 80 degrees 44 minutes 01 seconds 22.70 feet, then North 09 degrees 06 minutes 59 seconds East 74.50 feet to the point of beginning, Cass County, North Dakota

PID 78-0010-01630-000: Lot 164 except the North 15 feet, Oxbow Country Club Estates, Cass County, North Dakota

Aerial View



Legal Description – After

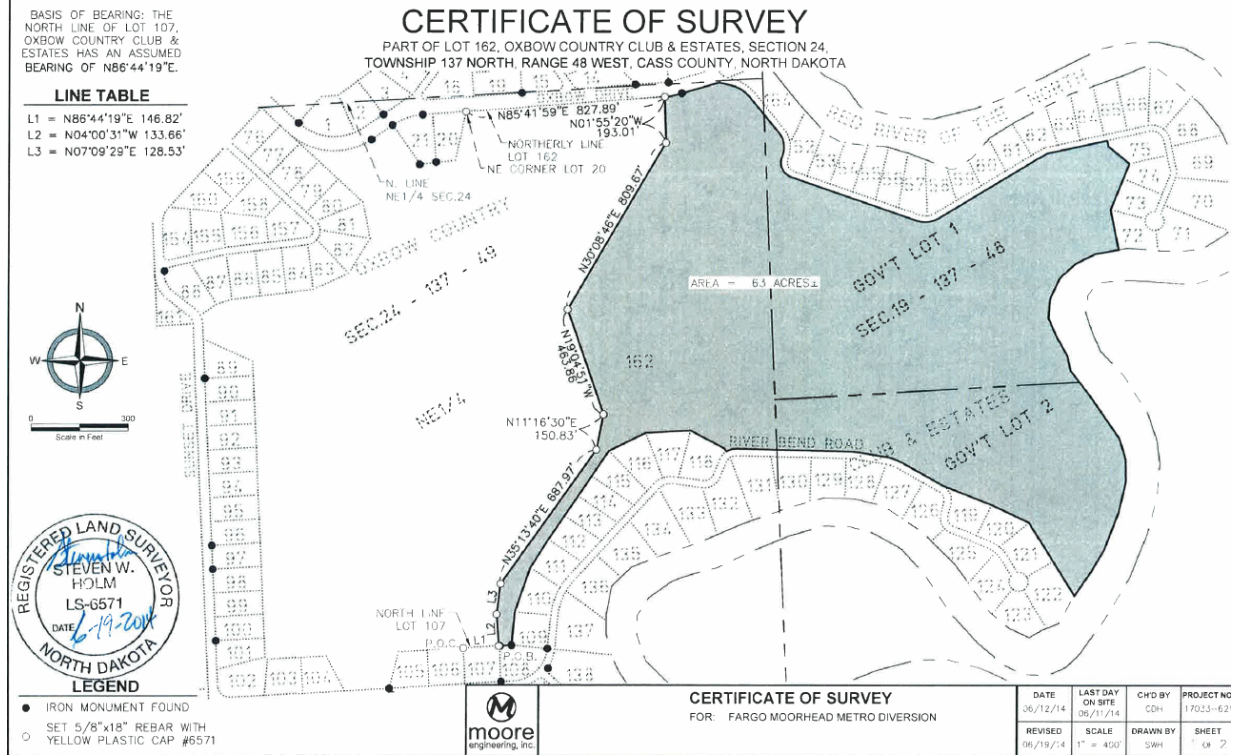
PROPOSED LEGAL DESCRIPTION

That part of Lot 162, OXBOW COUNTRY CLUB AND ESTATES, according to the recorded plat thereof on file and of record in the office of the Recorder, Cass County, North Dakota, lying easterly of a line described as follows:

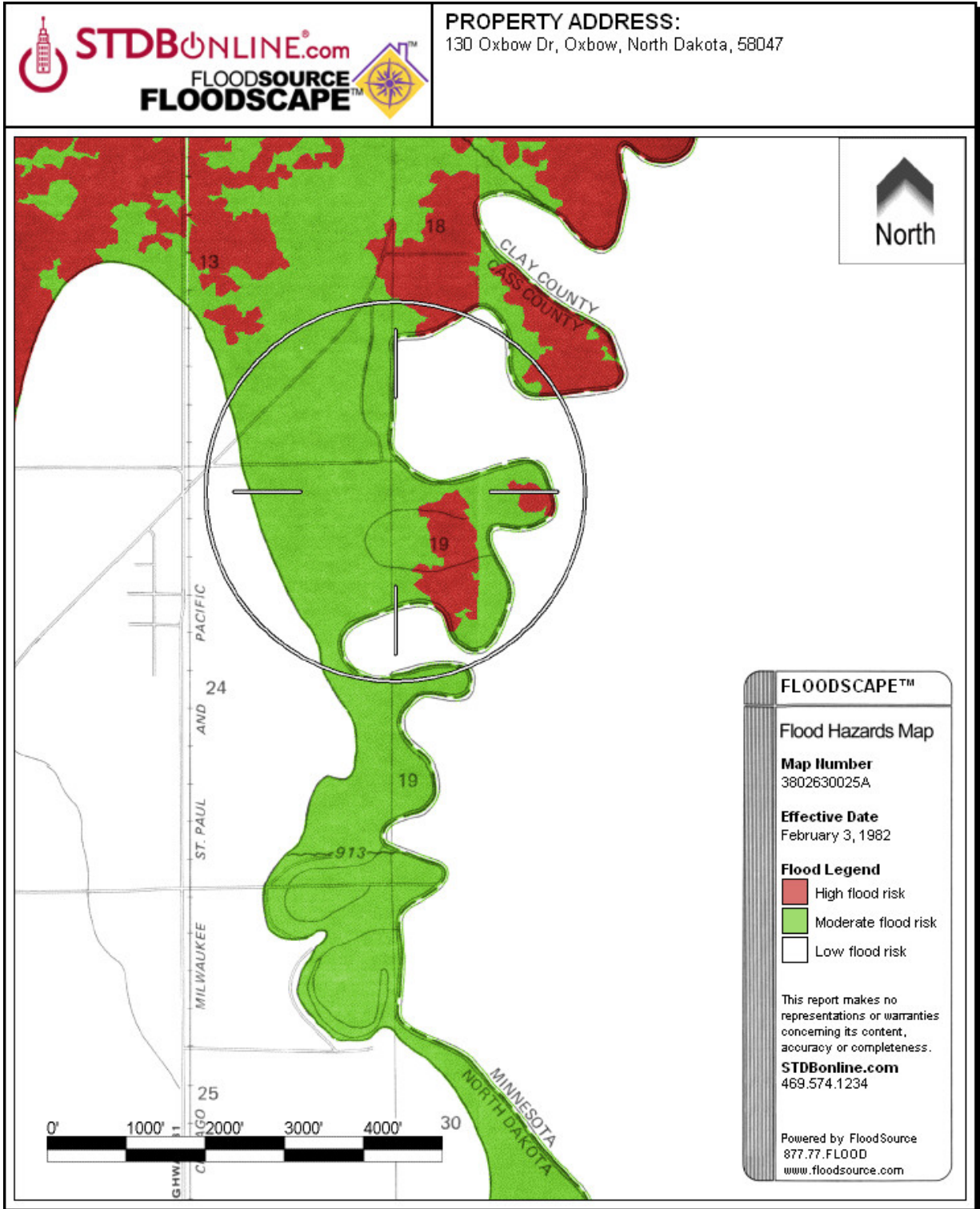
Commencing at an iron monument at the northwest corner of Lot 107, said plat; thence North 86 degrees 44 minutes 19 seconds East along the northerly line of said Lot 107 and the southerly line of said Lot 162 for a distance of 146.82 feet to an iron monument, the point of beginning of the line to be described; thence North 04 degrees 00 minutes 31 seconds West for a distance of 133.66 feet to an iron monument; thence North 07 degrees 09 minutes 29 seconds East for a distance of 128.53 feet to an iron monument; thence North 35 degrees 13 minutes 40 seconds East for a distance of 687.97 feet to an iron monument; thence North 11 degrees 16 minutes 30 seconds East for a distance of 150.83 feet to an iron monument; thence North 19 degrees 04 minutes 51 seconds West for a distance of 463.86 feet to an iron monument; thence North 30 degrees 08 minutes 46 seconds East for a distance of 809.67 feet to an iron monument; thence North 01 degree 55 minutes 20 seconds West for a distance of 193.01 feet an iron monument on the northerly line of said Lot 162 and said line there terminates, said point of termination lies North 85 degrees 41 minutes 59 seconds East a distance of 827.89 feet from an iron monument which designates the northeast corner of Lot 20, said plat.

Said tract contains 63 acres, more or less and is subject to all easements, restrictions and reservations of record, if any.

Site Survey – After



Flood Map



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Addendum D
Comparable Data



Before and After Land Sales

Location & Property Identification

Property Name:	38th Street Site
Sub-Property Type:	Land
Address:	6711 38th St. S.
City/State/Zip:	Fargo, ND 58104
County:	Cass
Market Orientation:	Suburban
Property Location:	The North 5/9 of the NE1/4 of Section 10, Township 138, Range 49



IRR Event ID (736529)

Sale Information

Sale Price:	\$2,325,000
Eff. R.E. Sale Price:	\$2,325,000
Sale Date:	12/18/2013
Sale Status:	Closed
\$/Acre (Gross):	\$26,068
\$/Land SF (Gross):	\$0.60
\$/Acre (Usable):	\$26,068
\$/Land SF (Usable):	\$0.60
Case Study Type:	None
Grantor/Seller:	Rick Flackbarth
Grantee/Buyer:	Dabbert Custom Homes LLC (Dan Dabbert)
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Warranty Deed
Verified By:	Dan Mueller, MAI, MRICS
Verification Date:	2/10/14
Verification Source:	Rick Flackbarth
Verification Type:	Confirmed-Seller

Proposed Use Desc.	Residential and Commercial
Entitlement @ T.O.S.:	No

Improvement and Site Data

MSA:	Fargo, ND-MN Metropolitan Statistical Area
Legal/Tax/Parcel ID:	64-0000-01070-020
Acres (Usable/Gross):	89.19/89.19
Land-SF (Usable/Gross):	3,885,116/3,885,116
Usable/Gross Ratio:	1.00
Shape:	Rectangular
Topography:	Level
Frontage Feet:	1460
Frontage Desc.	I-29
Traffic Count:	13055
Zoning Desc.	AG, Agriculture (Guided Commercial/Residential)
Flood Plain:	Yes
Flood Zone:	Predominantly Zone X; small area in SWC Zone A
Utilities Desc.	Public utilities in close proximity
Source of Land Info.	Broker

Sale Analysis

Current Use:	Agricultural
Proposed Use Change:	Yes

Comments

Arms length sales. Suitable tract for commercial and residential development located at 64th Avenue South

Comments (Cont'd)

and 38th Avenue South. Buyer is a residential developer. A small part of the site at the southwest corner is listed as being in Zone A (100 year Floodplain). Most of the site is shown to be in Zone X (500 year Floodplain). No abnormal circumstances influencing sale.

Location & Property Identification

Property Name: Stanley Township Land
Sub-Property Type: Land
Address: 9635 & 9853 38th St. S.
City/State/Zip: Fargo, ND 58102
County: Cass

Market Orientation: Rural
Property Location: S1/3 of N1/2SE1/4 and S1/2SE1/4 less ROW, Section 22, Township 138N, Range 29W



IRR Event ID (738253)

Sale Information

Sale Price: \$1,490,000
Eff. R.E. Sale Price: \$1,490,000
Sale Date: 10/11/2013
Sale Status: Closed
\$/Acre (Gross): \$14,996
\$/Land SF (Gross): \$0.34
\$/Acre (Usable): \$14,996
\$/Land SF (Usable): \$0.34
Case Study Type: None
Grantor/Seller: Marjorie Jordheim, et.al.
Grantee/Buyer: 29 Investments, LLC
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Cash to seller
Document Type: Warranty Deed
Recording No.: 1402329
Verified By: Dan Mueller, MAI, MRICS
Verification Date: 2/17/14
Verification Source: Dan Hicks - Property Resource Group 701-356-8888

Verification Type: Confirmed-Seller Broker

MSA: Fargo, ND-MN Metropolitan Statistical Area
Legal/Tax/Parcel ID: 64-0000-02220-010 and 64-0000-02220-030
Acres (Usable/Gross): 99.36/99.36
Land-SF (Usable/Gross): 4,328,121/4,328,121
Usable/Gross Ratio: 1.00
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Frontage Feet: 4000
Frontage Desc. 100th Ave. and 38th St. S
Zoning Desc. AG, Agricultural
Flood Plain: No
Utilities Desc. Rural site with rural water
Source of Land Info. Other

Comments

Undeveloped farm land adjacent to Interstate 29 interchange. Good visibility and access at corner of 100th Avenue and 38th Street South. Purchased for future development.

The broker had the listing from about 3.5 years. List price was inherited at \$22,000 per acre. During the list period three parties made offers of \$12K to \$13K per acre but the broker felt price should not go below \$15K per acre which

Improvement and Site Data

Comments (Cont'd)

was eventually achieved. A 50 acre site across the road that was somewhat lower but comparable sold in 2009 for \$15K per acre. This comparable was used as evidence in support of market value.

The site has public water but not sewer. The site is being subdivided with 10 acre home sites with roads installed. Development will include installation private septic systems.

The broker states seven of the twelve lots are spoken for at \$45 to \$50K per lot. A number of these buyers had expressed previous interest in buying part of the site but the seller would not split it up.

Location & Property Identification

Property Name: Residential Development Site

Sub-Property Type: Land

Address: 2500 Block of Sheyenne St.

City/State/Zip: West Fargo, ND 58078

County: Cass

Market Orientation: Urban

Property Location: Part of N1/2 of Section 19, Township 139, Range 49



IRR Event ID (738243)

Sale Information

Sale Price: \$2,100,000

Eff. R.E. Sale Price: \$2,100,000

Sale Date: 12/28/2012

Sale Status: Closed

\$/Acre (Gross): \$21,086

\$/Land SF (Gross): \$0.48

\$/Acre (Usable): \$21,086

\$/Land SF (Usable): \$0.48

Case Study Type: None

Grantor/Seller: Ronald Lobert

Grantee/Buyer: Tom McInnes

Assets Sold: Real estate only

Property Rights: Fee Simple

% of Interest Conveyed: 100.00

Financing: Cash to seller

Document Type: Warranty Deed

Recording No.: 1374985

Verification Source: Ben Saulke - Coldwell Banker
701-237-3369

Verification Type: Confirmed-Seller Broker

Acres (Usable/Gross): 99.59/99.59

Land-SF (Usable/Gross): 4,338,140/4,338,140

Usable/Gross Ratio: 1.00

Shape: Rectangular

Topography: Level

Corner Lot: No

Frontage Feet: 1128

Frontage Desc: Sheyenne Street

Zoning Desc: A, Agricultural

Environmental Issues: No

Flood Plain: No

Utilities: Electricity, Water Public, Sewer, Gas

Source of Land Info: Other

Comments

Approximate 100 acre parcel purchased for residential subdivision. Other development in area. Located south of I-94 and west of County Road 17.

Improvement and Site Data

MSA: Fargo, ND-MN Metropolitan Statistical Area

Legal/Tax/Parcel ID: 02-3000-1656-000

Location & Property Identification

Property Name: Davies 2nd Addition Site
 Sub-Property Type: Land
 Address: NEC of 25th St. S. & 70th Ave. S.
 City/State/Zip: Fargo, ND 58104
 County: Cass

Market Orientation: Small Town - Non Metro
 Property Location: Lot 1, Block 2, Davies 1st Addition (replatted after sale into Davies 2nd Addition)



IRR Event ID (736528)

Sale Information

Sale Price: \$1,200,000
 Eff. R.E. Sale Price: \$1,200,000
 Sale Date: 09/15/2011
 Sale Status: Closed
 \$/Acre (Gross): \$27,466
 \$/Land SF (Gross): \$0.63
 \$/Acre (Usable): \$27,466
 \$/Land SF (Usable): \$0.63
 Case Study Type: None
 Grantor/Seller: Fargo Public Schools
 Grantee/Buyer: Davies 2nd Addition, LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Document Type: Warranty Deed
 Verification Source: Broc Lietz Fargo Public Schools Business Manager 701-446-1026
 Verification Type: Confirmed-Buyer

Legal/Tax/Parcel ID: 01-8424-00030-000
 Acres (Usable/Gross): 43.69/43.69
 Land-SF (Usable/Gross): 1,903,136/1,903,136
 Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Frontage Desc. 25th St. S.
 Zoning Desc. SF-4, Single Family
 Utilities Desc. Adjacent development
 Source of Land Info. Other

Comments

Property has frontage on and access from the west on 25th Street South, which is currently gravel but is in the process of being paved. 70th Avenue South is also being constructed along the south side of the parcel. Highway 81 runs north/south about ¼ mile east of the property, paralleling the Red River. I-29 runs north/south 1 mile west of the subject. The new Fargo Davies High School is located adjacent to the south and Fargo Shanley High School/Sullivan Middle School is about 1 mile north. Construction of Davies HS was recently completed and opened in Fall 2011.

This was an advertised sale. Buyer assumed a balance of \$752,361 of unpaid special assessments, which is included

Improvement and Site Data

MSA: Fargo, ND-MN Metropolitan Statistical Area

Comments (Cont'd)

in the total sale price. Development began immediately after purchase. Property was platted into smaller, single family residential lots.

Location & Property Identification

Property Name:	Eagle Run Holdings Site
Sub-Property Type:	Land
Address:	SWQ of Hwy. 81 & 70th Ave. S.
City/State/Zip:	Fargo, ND 58104
County:	Cass
Market Orientation:	Suburban
Property Location:	SE1/4 less the East 100 feet of Lot 1 Block 1, Walsh's 1st Subdivision and less all of Chrisan 1st Subdivision, Section 12, Township 138, Range 49



IRR Event ID (736526)

Sale Information

Sale Price:	\$2,250,000
Eff. R.E. Sale Price:	\$2,250,000
Sale Date:	03/10/2010
Sale Status:	Closed
\$/Acre (Gross):	\$15,799
\$/Land SF (Gross):	\$0.36
\$/Acre (Usable):	\$15,799
\$/Land SF (Usable):	\$0.36
Case Study Type:	None
Grantor/Seller:	Gerald Johnson; Michael & Connie Walsh
Grantee/Buyer:	Eagle Run 13th Real Estate Holdings, LLP
Property Rights:	Fee Simple
Financing:	Cash to seller
Document Type:	Warranty Deed
Verification Source:	Jim Bullis 701-281-8001
Verification Type:	Confirmed-Buyer

MSA:	Fargo, ND-MN Metropolitan Statistical Area
Legal/Tax/Parcel ID:	01-3415-00030-000
Acres (Usable/Gross):	142.41/142.41
Land-SF (Usable/Gross):	6,203,379/6,203,379
Usable/Gross Ratio:	1.00
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Desc.	76th Ave. S.
Traffic Count:	Low
Zoning Desc.	Agricultural
Utilities Desc.	Adjacent development
Source of Land Info.	Other

Comments

Property has frontage on and access from the south on 76th Avenue South, which is gravel. Highway 81 (aka University Drive.) is a short distance east of the tract but there is no frontage or access to the property as there is already a single row of houses along Highway 81 adjacent to the east side of the property. 25th Street South is 1/2 mile west of the tract. The new Fargo Davies High School is under construction adjacent to the northwest side of

Comments (Cont'd)

the parcel.

Topography is relatively flat, but the elevation is low compared to other land in the area and the buyer stated that the land will require about 3.5' to 5' of fill material before construction. Buyer stated that fill material will come from barrow pits on the property. The pits will then be used as water retention ponds. The pits/water retention will occupy roughly 25% of the tract.

Buyer is highly knowledgeable in the south Fargo development land market and has been a very active participant for several years. Development will begin immediately and buyer had actually pre-sold some lots in the development prior to purchase from the sellers. Buyer transferred the property to Carefree Investments, LLC on the same day as it was purchased on WD #1290181. A plat on the north half of the property was approved immediately after purchase as MGB 1st Addition.

Buyer stated that he felt they paid a premium for the property because they could plat and begin development right after the sale. Seller (M. Walsh) stated that the property was not listed for sale with an agent, but that he had contacted several potential buyers in the area, so this is an arm's-length transaction. There were several parties interested in the property. Seller based the sale price on nearby sales in the area. He stated that he had researched sales in the area for about two years prior to the sale. A purchase agreement was signed between the buyer and seller in early 2009. However, the sale did not close until March 2010 because the buyer wanted to wait to close until the land was ready to be developed immediately after purchase. Buyer also wanted to wait until it was determined how to best handle the potential flooding on the property. Although the purchase agreement was signed about one year prior to closing, there was no escalator clause.

Location & Property Identification

Property Name: 76th Avenue Site
 Sub-Property Type: Land
 Address: 1710 76th Ave. S.
 City/State/Zip: Fargo, ND 58104
 County: Cass

Market Orientation: Suburban

Property Location: An undivided 1/4 interest in the W1/2NE1/4 of Section 13, Township 138, Range 49



Lat. /Long.: 46.774467/-96.806519 IRR Event ID (736525)

Sale Information

Sale Price: \$400,000
 Eff. R.E. Sale Price: \$1,600,000
 Sale Date: 09/12/2009
 Sale Status: Closed
 \$/Acre (Gross): \$20,576
 \$/Land SF (Gross): \$0.47
 \$/Acre (Usable): \$20,576
 \$/Land SF (Usable): \$0.47
 Case Study Type: None
 Grantor/Seller: Erin Kerfoot
 Grantee/Buyer: JDC Real Estate I. LLC
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Financing: Cash to seller
 Terms of Sale: Actual price is sale of 1/4 interest
 Document Type: Warranty Deed
 Verified By: Dan Mueller, MAI, MRICS
 Verification Date: 2/17/14
 Verification Source: Seve Kiemele 701-356-5655
 Verification Type: Confirmed-Buyer

Legal/Tax/Parcel ID: 64-0000-01370-010
 Acres (Usable/Gross): 77.76/77.76
 Land-SF (Usable/Gross): 3,387,225/3,387,225
 Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Frontage Desc. 76th Ave. S.
 Zoning Desc. Agriculture
 Utilities Desc. In vicinity
 Source of Land Info. Other

Comments

Undivided 1/4 interest value per acre: \$20,576/acre. Property has frontage on and access from the north on gravel 76th Avenue South. Highway 81 is 1/2 mile east and I-29 is 1.5 miles west of the tract. The new Fargo Davies High School is under construction approximately 1/2 mile north/northwest of the tract. At the time of sale, the land was rented out to a local farmer for \$92/tillable acre cash rent on a 3-year contract. However, the land is considered to be transitioning into urban development land. Construction of the new school will likely spur development in the area, suggesting that the highest and best use of the land is development. Residential development is adjacent to the tract on the east and south sides.

A small 1.97 acre strip on the north end of the property

Improvement and Site Data

MSA: Fargo, ND-MN Metropolitan Statistical Area

Comments (Cont'd)

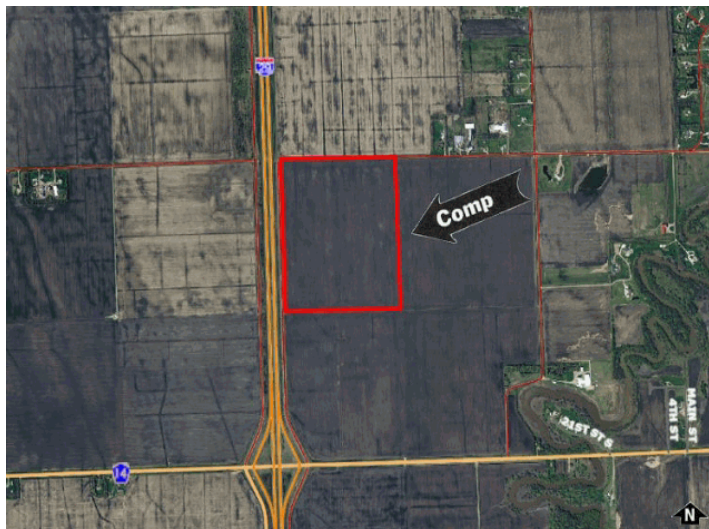
was annexed into Fargo city limits in January 2009 as right-of-way along 76th Avenue South. The remainder of the property is located within Fargo's extraterritorial area. This was a privately negotiated sale, although another party was competing for the purchase. Seller stated that she received an offer for \$20,000/acre from a neighboring landowner who wanted to construct a facility for troubled children on the property. Buyer is also a neighboring landowner and did not want the facility to be built, so an arrangement was made to sell a 1/4 interest. The 1/4 interest equates to a per acre value of \$20,576/acre.

The buyer is holding the property for speculation and will likely eventually resell to a developer. In his opinion the price paid for 25% interest, when multiplied by four was indicative of market value for the 100% fee interest. Land is flat and open. Utilities are in relative close proximity.

Location & Property Identification

Property Name: Park Site
 Sub-Property Type: Land
 Address: 9158 36th St. S.
 City/State/Zip: Fargo, ND 58104
 County: Cass

Market Orientation: Suburban
 Property Location: NW1/4 of Section 23,
 Township 138, Range 49, less
 right-of-way



Lat. /Long.: 46.779949/-96.819397 IRR Event ID (736518)

Sale Information

Sale Price: \$1,000,000
 Eff. R.E. Sale Price: \$1,000,000
 Sale Date: 09/01/2007
 Sale Status: Closed
 \$/Acre (Gross): \$7,691
 \$/Land SF (Gross): \$0.18
 \$/Acre (Usable): \$7,691
 \$/Land SF (Usable): \$0.18
 Case Study Type: None
 Grantor/Seller: Rutten Trust
 Grantee/Buyer: Fargo Park District
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 0.00 (months)
 Financing: Cash to seller
 Document Type: Warranty Deed
 Verified By: Dan Mueller, MAI, MRICS
 Verification Date: 2/14/14
 Verification Source: Jim Larson - Fargo Park
 District; 701-499-6072
 Verification Type: Confirmed-Buyer

Sale Analysis

Proposed Use Change: Yes
 Proposed Use Desc: Public Park

Improvement and Site Data

MSA: Fargo, ND-MN Metropolitan
 Statistical Area
 Legal/Tax/Parcel ID: 64-0000-02242-000
 Acres (Usable/Gross): 130.02/130.02
 Land-SF (Usable/Gross): 5,663,671/5,663,671
 Usable/Gross Ratio: 1.00
 Shape: Rectangular
 Topography: Level
 Corner Lot: Yes
 Frontage Desc: 88th Ave. S. and 36th St. S.
 Traffic Count: Low; gravel surface
 Zoning Desc: Agriculture
 Utilities Desc: Urban development nearby
 Source of Land Info: Other

Comments

Property has frontage on and access from the north on 88th Ave. S. and from the west on 36th St. S., both being gravel surfaced. I-29 is adjacent to the west and is accessed 0.1/2 mile south. Highway 81 is about 1.5 miles east.

The property was purchased out of trust (Wells Fargo) for future park use just before it was scheduled to be advertised in the paper. The buyer paid asking price

Comments (Cont'd)

established by independent appraisal with no contingencies. At the time of purchase the site was being farmed and still is in early 2014. The buyer agreed to preserve the seller's identity in naming the park. Terms were 50% down with short term contract and balance due January 2008.

Nearest development was about three miles away at 52nd Avenue and is now about one mile away at 75th. The public was aware of planned development for a new Fargo district high school about 1.5 miles away at the time of purchase.

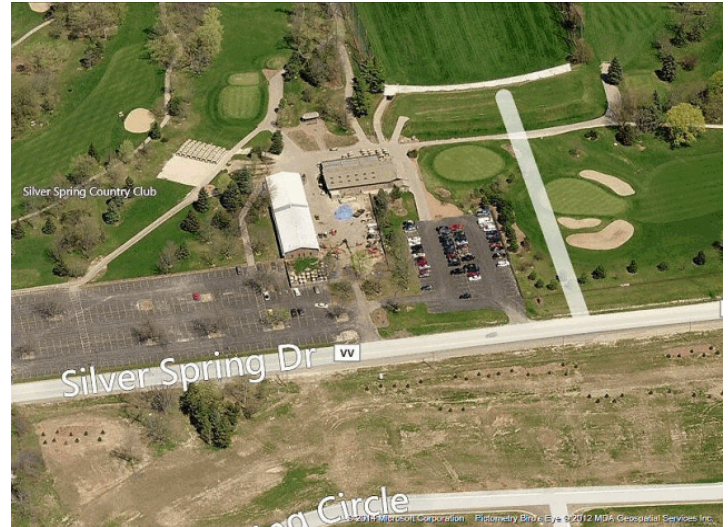
Sale confirmed 2/14/2014 with Jim Larson of Fargo Park District; phone number 701-499-6072.

Before Golf Course Sales



Location & Property Identification

Property Name:	Silver Spring Golf Club & Banquet Center
Sub-Property Type:	Sport & Entertainment: Golf Course/Club
Address:	N56 W21318 Silver Spring Drive
City/State/Zip:	Menomonee Falls, WI 53051
County:	Waukesha
Market Orientation:	Suburban



IRR Event ID (709478)

Sale Information

Sale Price:	\$2,500,000
Eff. R.E. Sale Price:	\$2,500,000
Sale Date:	12/26/2012
Sale Status:	Closed
\$/SF GBA:	\$62.86
\$/SF NRA:	\$62.86
Eff. Price/Unit:	\$69,444 /Unit
Case Study Type:	None
Grantor/Seller:	Capmark Financial Ground Inc.
Grantee/Buyer:	RN Realty, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	3980431
Verified By:	Dan Mueller, MAI, MRICS
Verification Date:	2/18/14
Verification Type:	Confirmed-Buyer

MSA:	Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area
Legal/Tax/Parcel ID:	MNFV-0120-991
GBA-SF:	39,769
NRA-SF:	39,769
Acres (Usable/Gross):	278.00/278.00
Land-SF (Usable/Gross):	12,109,680/12,109,680
Usable/Gross Ratio:	1.00
Year Built:	1985
Multi-Tenant/Condo.:	No/No
Density-Unit/Gross Acre:	0.13
Density-Unit/Usable Acre:	0.13
Source of Land Info.	Other

Comments

This is the REO Sale of Silver Spring Golf and Banquet Center. This is a semi-private club offering daily rate golf fees as well as memberships. The club features two 18-hole golf courses, Island Course and Falls Course.

Island Course opened in 1986 and was designed by Ron Kuhlman. The Falls Course opened in 1995 and was designed also designed by Ron Kuhlman. The club also features a 450 person banquet center for hosting weddings and other various events. The facility is about

Comments (Cont'd)

15 miles outside Milwaukee.

According to the buyer the clubhouse was in rough shape that reflected on food, beverage and event revenue. The courses were in good condition. A \$1.6 million renovation was made and banquet revenue has increased to \$1.4 million annually. Golf revenue has remained stable. Green fees are \$40 for the shorter Falls Course and \$55 for the premium Island Course. Approximately 35,000 public plus \$6,000 events rounds are played annually combined with the two courses.

Location & Property Identification

Property Name: Windsong Farm Golf Club
Sub-Property Type: Sport & Entertainment: Golf Course/Club
Address: 18 Golf Walk
City/State/Zip: Independence, MN 55359
County: Hennepin

Market Orientation: Suburban



Lat. /Long.: 44.984310/-93.738250 IRR Event ID (558493)

Sale Information

Sale Price: \$4,252,373
Eff. R.E. Sale Price: \$4,252,373
Sale Date: 01/17/2012
Sale Status: Closed
\$/SF GBA: \$113.16
\$/SF NRA: \$113.16
Eff. Price/Unit: \$236,243 /Unit
Case Study Type: None
Grantor/Seller: Windsong Farm Golf Club
Grantee/Buyer: Windsong Farm Golf Club, LLC

Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Financing: Assumption
Document Type: Warranty Deed
Verified By: Dan Mueller, MAI, MRICS
Verification Date: 2/18/14
Verification Source: Jim Kidd; 763-479-3535
Verification Type: Confirmed-Buyer

Improvement and Site Data

MSA: Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area

Legal/Tax/Parcel ID: 32-118-24-31-0001; -0002; -24-0001; 13-0001; -0002; 34-0002
GBA-SF: 37,580
NRA-SF: 37,580
Acres (Gross): 237.45
Land-SF (Gross): 10,343,322
Year Built: 2003
Density-Unit/Gross Acre: 0.08
Bldg. Phy. Info. Source: Public Records
Source of Land Info: Public Records

Comments

The property was on the verge of entering the foreclosure process through Commerce Bank and the sale price represents the balance due on the mortgage. Reportedly the board took on some unsustainable debt and membership suffered as continuation of the course became uncertain. The buyer assumed the mortgage.

Windsong Farm Golf Club is a private golf course with member dues and initiation fees. Property previously sold in July 2008 for \$4,100,000 or \$227,778 per hole.

The buyer is a Fargo ND businessman who is CEO of Titan Machinery, a farm and construction equipment dealer. He is originally from the area (Delano) and learned of the opportunity from his sisters who manage a public course,

Comments (Cont'd)

Pioneer Creek, located in very close proximity. The buyer subsequently purchased some adjoining land for personal use and possible future expansion of the golf course operation.

The club had about 120 members at the time of sale. Annual dues are \$7,600 with initial membership fee of \$15,000. The club is about 30 minutes west of the built-up Twin Cities metro and is located in an open area dominated by large acreage home sites and horse farms.

Private 18-hole, Par-71 golf course. 7,346 yard course designed by John Fought and Tom Lehman. Championship Tees: Rating-75.7/Slope 147.

Location & Property Identification

Property Name: Wisconsin Club
Sub-Property Type: Sport & Entertainment: Golf Course/Club
Address: 6200 W. Good Hope Rd.
City/State/Zip: Milwaukee, WI 53233
County: Milwaukee

Market Orientation: Urban



Lat. /Long.: 43.148682/-87.991211 IRR Event ID (623289)

Sale Information

Sale Price: \$3,000,000
Eff. R.E. Sale Price: \$4,000,000
Sale Date: 09/09/2011
Sale Status: Closed
\$/SF GBA: \$100.06
\$/SF NRA: \$100.06
Eff. Price/Unit: \$222,222 /Unit
Case Study Type: None
Grantor/Seller: Brynwood Country Club
Grantee/Buyer: Wisconsin Club
% of Interest Conveyed: 100.00
Document Type: Deed
Verification Type: Secondary Verification

Density-Unit/Gross Acre: 0.10
Density-Unit/Usable Acre: 0.10
Source of Land Info. Broker

Comments

The property is located on the far northwest side of Milwaukee. The purchase was made by a downtown Milwaukee social club (Wisconsin Club) The sale property had 110 golf members at the time of purchase and now is at full 275 capacity with intent for an additional approximate 100 social memberships that have access to the pool, tennis courts and other non-golf facilities. Buyers invested \$1,000,000 in capital renovations upon purchase.

City country club with 18 hole golf course.

Improvement and Site Data

MSA: Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area
GBA-SF: 39,976
NRA-SF: 39,976
Acres (Usable/Gross): 179.45/179.45
Land-SF (Usable/Gross): 7,816,842/7,816,842
Usable/Gross Ratio: 1.00
Year Built: 1949
No. of Buildings/Stories: 1/3

Location & Property Identification

Property Name: Hillcrest Golf Club
 Sub-Property Type: Sport & Entertainment: Golf Course/Club
 Address: 2200 Larpenteur Ave. E.
 City/State/Zip: St. Paul, MN 55109
 County: Ramsey
 Market Orientation: Urban



Lat. /Long.: 44.992012/-93.007584 IRR Event ID (680758)

Sale Information

Sale Price: \$4,325,000
 Eff. R.E. Sale Price: \$4,325,000
 Sale Date: 02/02/2011
 Sale Status: Closed
 \$/SF GBA: \$178.73
 \$/SF NRA: \$178.73
 Eff. Price/Unit: \$240,278 /Unit
 Case Study Type: None
 Grantor/Seller: Hillcrest Country Club, Inc.
 Grantee/Buyer: Hillcrest Country Club, LLC
 Assets Sold: Going concern, total assets of the business
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Terms of Sale: Cash to seller
 Document Type: Warranty Deed
 Verified By: Dan Mueller, MAI, MRICS
 Verification Date: 2/18/14
 Verification Source: Paul Hayne; 612-760-8152
 Verification Type: Confirmed-Buyer

MSA: Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area
 Legal/Tax/Parcel ID: 23-29-22-14-0002, -0003, -0004, -0006; 23-29-22-41-0001, -0002
 GBA-SF: 24,198
 NRA-SF: 24,198
 Acres (Usable/Gross): 112.39/112.39
 Land-SF (Usable/Gross): 4,895,708/4,895,708
 Usable/Gross Ratio: 1.00
 Year Built: 2000
 Construction Desc. Property consists of the main clubhouse, 3 maintenance buildings, 4 cart storages/garages for a total of 8 buildings.
 No. of Buildings/Stories: 8/2
 Shape: Rectangular
 Topography: Rolling
 Corner Lot: Yes
 Density-Unit/Gross Acre: 0.16
 Density-Unit/Usable Acre: 0.16
 Zoning Desc. R2
 Flood Zone Designation: X
 Utilities: Electricity, Water Public, Sewer, Gas, Telephone

Improvement and Site Data

Improvement and Site Data (Cont'd)

Source of Land Info.

Other

Comments

This is the sale of the Hillcrest Golf Club, which was originally established in 1921. The course fell on hard times in recent years and the members decided to sell. Financial distress was attributed to management taking on unmanageable debt combined with reduction in member dues.

Membership capacity was about 325; however, there were only about 92 members at the time of sale and the club had entered bankruptcy. Membership has increased to 192 as of February 2014.

The property was purchased by the Steamfitters Pipefitters Local 455, who plan to use it for their members and possibly build an office building on the site at some time in the future. The purchaser did not have the highest bid but was given preference due to a five year guarantee committing them to keep the course intact for at least five years.

The location of the course is at the extreme northwest corner of Ramsey County having the highest elevation in the county that affords excellent views from the course.

The clubhouse was built in 2000, replacing an older building. Improvements consisted of the clubhouse, maintenance sheds, and cart storage buildings. Purchase price also includes all golf course maintenance equipment. The property was listed for sale for several months, and received a significant amount of interest, including that of developers. The effective sale price is \$240,277.78 per hole. The purchased price included all FF&E.

The buyer indicated significant investment was made after purchase including refurbishment of the pool area with addition of a bar, renovation of the upstairs of the clubhouse and significant update in technology. The course is reported to also be in much better condition as maintenance was being neglected during the period of financial distress. The club previously was not equipped

to handle weddings or similar special events in its prior condition, due in part to proximity of the bar in the center of the event room. Nineteen weddings were held in 2013 with 25 anticipated in 2014.

This is a private, 18-hole, par-72 golf course with a total of 6,350 yards from the back tees, a slope rating of 127, and a course rating of 70.3. The property also features a pool and banquet facilities.

Location & Property Identification

Property Name:	Hudson Country Club
Sub-Property Type:	Sport & Entertainment: Golf Course/Club
Address:	201 Carmichael Road
City/State/Zip:	Hudson, WI 54016
County:	St. Croix
Market Orientation:	Suburban



Lat. /Long.: 44.968727/-92.721143 IRR Event ID (558364)

Sale Information

Sale Price:	\$3,611,000
Eff. R.E. Sale Price:	\$3,611,000
Sale Date:	04/01/2010
Sale Status:	Closed
\$/SF GBA:	\$195.53
\$/SF NRA:	\$195.53
Eff. Price/Unit:	\$200,611 /Unit
Case Study Type:	None
Grantor/Seller:	Hudson Wisconsin Country Club, Inc.
Grantee/Buyer:	Hanson Brothers XII, LLC
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	914058
Verified By:	Dan Mueller, MAI, MRICS
Verification Date:	2/18/14
Verification Source:	Doug Hanson
Verification Type:	Confirmed-Buyer

MSA:	Minneapolis-St. Paul-Bloomington, MN-WI Metropolitan Statistical Area
Legal/Tax/Parcel ID:	236-200-10-2001
GBA-SF:	18,468
NRA-SF:	18,468
Acres (Gross):	140.91
Land-SF (Gross):	6,138,039
Year Built:	1999
Construction Desc.	Clubhouse was built in 1999. Property also features a 5,280 square foot maintenance shed.
Shape:	Irregular
Topography:	Rolling
Density-Unit/Gross Acre:	0.13
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Other
Source of Land Info.	Public Records

Operating Data and Key Indicators

GRM Reported: 1.93

Improvement and Site Data

Comments

Long established private country club that was opened to the public after the sale and is now considered semi-private. The golf course features rolling hills, ponds, hardwood forested areas and bent grass tees and fairways with medium sized greens. The manager

Comments (Cont'd)

indicated a sale of the course was being negotiated as of February 2014 but would give no further information.

18-hole, Par 72. Yardage: 5,021 to 6,453. USGA Rating: 66.0 to 71.0. Slope: 131. Clubhouse was built in 1999 and the golf course was remodeled in 1999.

After Golf Course Sales



Location & Property Identification

Property Name: Union Lake Golf Club
 Sub-Property Type: Sport & Entertainment, Golf Course
 Address: 2280 Union Lake Rd.
 City/State/Zip: Commerce Township, MI 48382
 County: Oakland
 Market Orientation: Suburban
 Property Location: Southwest corner of Wise Road and Union Lake Road, north of Commerce



Lat. /Long.: 42.602564/-83.446510 IRR Event ID (615268)

Sale Information

Listing Price: \$699,000
 Eff. R.E. Listing Price: \$699,000
 Listing Date: 01/28/2013
 Sale Status: Listing
 \$/SF NRA: \$699.00
 Eff. Price/Unit: \$77,667 /Unit
 Case Study Type: None
 Grantor/Seller: Maleigh, Inc & Union Lake Golf Club, LLC
 Grantee/Buyer: Current listing
 Property Rights: Fee Simple
 % of Interest Conveyed: 100.00
 Exposure Time: 3.00 (months)
 Financing: Cash to seller
 Terms of Sale: Land contract, negotiable
 Document Type: Deed
 Verification Date: 1/18/13
 Verification Source: Joe Tuomikoski, Thomas Duke, 248-476-3700
 Verification Type: Confirmed-Seller Broker

Potential Gross Income: \$200,000
 Effective Gross Income: \$200,000
 Expenses: \$140,000
 Net Operating Income: \$60,000
 Operating Data Type: Pro-forma Broker
 GRM Actual: 3.50
 EGIM Actual: 3.50
 OAR (Cap. rate) Actual: 8.58%
 Expense Ratio: 70.00%

Improvement and Site Data

MSA: Detroit-Warren-Livonia, MI Metropolitan Statistical Area
 Legal/Tax/Parcel ID: 17-01-451-009, -010
 NRA-SF: 1,000
 Acres (Usable/Gross): 61.73/61.73
 Land-SF (Usable/Gross): 2,688,958/2,688,958
 Usable/Gross Ratio: 1.00
 Shape: Irregular
 Topography: Rolling
 Corner Lot: Yes
 Frontage Desc: 1045' on Wise & 160' on
 Density-Unit/Gross Acre: 0.15
 Density-Unit/Usable Acre: 0.15

Operating Data and Key Indicators

Improvement and Site Data (Cont'd)

Zoning Desc.	Single Family Residential
Utilities Desc.	Gas, electric, sewer and water
Source of Land Info.	Public Records

Comments

The golf course was formerly listed at \$1,500,000. Green fees range from \$20-24 per round.

A 9-hole, 2,363-yard golf course with 3 free customer appreciation holes and driving range. There is no liquor license and an older fleet of golf carts.

Location & Property Identification

Property Name: Hidden Meadows Golf Course

Sub-Property Type: Sport & Entertainment, Golf Course

Address: 238 West Old Town Rd.

City/State/Zip: Old Town, ME 04468

County: Penobscot

Market Orientation: Rural



Lat. /Long.: 44.963658/-68.716382 IRR Event ID (449613)

Sale Information

Sale Price: \$390,000

Eff. R.E. Sale Price: \$390,000

Sale Date: 04/20/2010

Sale Status: Closed

\$/SF GBA: \$84.34

\$/SF NRA: \$84.34

Eff. Price/Unit: \$43,333 /Unit

Case Study Type: None

Grantee/Buyer: Joe Purdue

% of Interest Conveyed: 100.00

Document Type: Deed

Recording No.: Book 12107, Page 233

Verification Type: Confirmed-Seller

Improvements Cond.: Good

Construction Desc. Clubhouse on the first floor and apartment on the second. Golf course is par 36.

No. of Buildings/Stories: 1/2

Multi-Tenant/Condo.: Yes/No

Density-Unit/Gross Acre: 0.16

Density-Unit/Usable Acre: 0.16

Zoning Code: Rural

Zoning Desc. Res Resource Protec.

Utilities: Electricity, Telephone

Source of Land Info. Public Records

Improvement and Site Data

MSA: Bangor, ME Metropolitan Statistical Area

Legal/Tax/Parcel ID: Map 6, Lot 72

GBA-SF: 4,624

NRA-SF: 4,624

Acres (Usable/Gross): 58.00/58.00

Land-SF (Usable/Gross): 2,526,480/2,526,480

Usable/Gross Ratio: 1.00

Year Built: 2005

Comments

Sale confirmed with tax assessor and John McCarthy of Prudential Northeast Properties 207-401-3135.

Location & Property Identification

Property Name: Island Green
Sub-Property Type: Sport & Entertainment, Golf Course
Address: Route 1A
City/State/Zip: Holden, ME 04429
County: Penobscot
Market Orientation: Rural



Lat. /Long.: 44.668737/-68.573556 IRR Event ID (449604)

Sale Information

Sale Price: \$875,000
Eff. R.E. Sale Price: \$875,000
Sale Date: 05/03/2010
Sale Status: Closed
\$/SF GBA: \$91.86
\$/SF NRA: \$91.86
Eff. Price/Unit: \$97,222 /Unit
Case Study Type: None
Grantor/Seller: Clayton Wallis
Grantee/Buyer: Traditions Golf Club
% of Interest Conveyed: 100.00
Document Type: Deed
Recording No.: Book 12118, Page 114
Verification Type: Confirmed-Seller

Density-Unit/Gross Acre: 0.20
Density-Unit/Usable Acre: 0.20
Utilities: Electricity, Telephone
Source of Land Info: Public Records

Comments

Nine hole golf course with clubhouse. The clubhouse has a pro-shop, full bar and kitchen, snack bar and arcade room. There is a 27-hole mini golf and driving range.

Improvement and Site Data

MSA: Bangor, ME Metropolitan Statistical Area
GBA-SF: 9,525
NRA-SF: 9,525
Acres (Usable/Gross): 46.00/46.00
Land-SF (Usable/Gross): 2,003,760/2,003,760
Usable/Gross Ratio: 1.00
No. of Buildings/Stories: 1/1
Multi-Tenant/Condo.: No/No

Location & Property Identification

Property Name: Hillcrest
Sub-Property Type: Sport & Entertainment, Golf Course
Address: 8866 Sportsman Club Rd.
City/State/Zip: Johnstown, OH 43031
County: Licking
Market Orientation: Rural



Lat. /Long.: 40.158911/-82.660480 IRR Event ID (322089)

Sale Information

Eff. R.E. Sale Price: \$690,000
Sale Date: 06/13/2008
Sale Status: Closed
\$/SF GBA: \$162.35
\$/SF NRA: \$162.35
Eff. Price/Unit: \$76,667 /Unit
Case Study Type: None
Grantor/Seller: James and Patricia Price
Grantee/Buyer: Ot Holding LLC
% of Interest Conveyed: 100.00
Document Type: Deed
Verification Type: Confirmed-Buyer

Source of Land Info.

Public Records

Comments

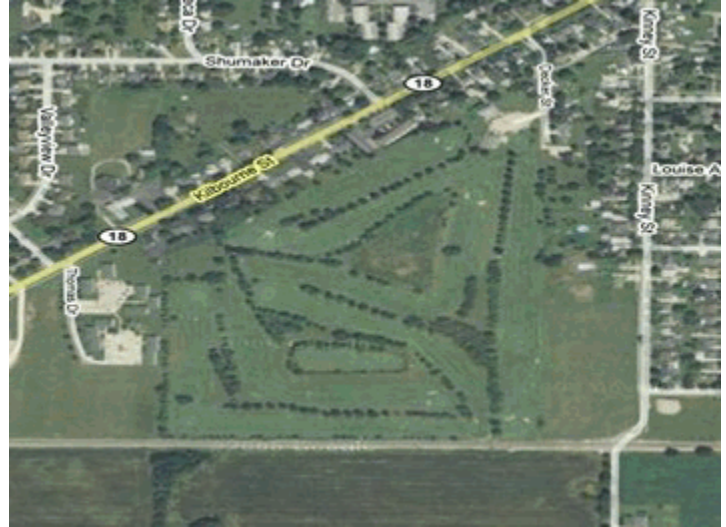
This is a 9 hole public course that opened in 1952. The weekday rate is \$12 and \$20 on the weekend which includes cart.

Improvement and Site Data

MSA: Columbus, OH Metropolitan Statistical Area
GBA-SF: 4,250
NRA-SF: 4,250
Acres (Usable/Gross): 39.16/39.16
Land-SF (Usable/Gross): 1,705,809/1,705,809
Usable/Gross Ratio: 1.00
Year Built: 1952
Density-Unit/Gross Acre: 0.23
Density-Unit/Usable Acre: 0.23

Location & Property Identification

Property Name: Twin Lakes Golf Course
Sub-Property Type: Sport & Entertainment, Golf Course
Address: 100 Decker St.
City/State/Zip: Bellevue, OH 44811
County: Sandusky
Market Orientation: Suburban



Lat. /Long.: 41.269040/-82.849759 IRR Event ID (323264)

Sale Information

Sale Price: \$375,000
Eff. R.E. Sale Price: \$375,000
Sale Date: 06/04/2008
Sale Status: Closed
\$/SF NRA: \$119.58
Eff. Price/Unit: \$41,667 /Unit
Case Study Type: None
Grantor/Seller: William & Valerie Magyar
Grantee/Buyer: Fore An Eagle, LLC
Property Rights: Fee Simple
% of Interest Conveyed: 100.00
Exposure Time: 6.00 (months)
Document Type: Deed
Recording No.: 20084062

NRA-SF: 3,136
Acres (Gross): 46.32
Land-SF (Gross): 2,017,699
Density-Unit/Gross Acre: 0.19
Source of Land Info. Public Records

Comments

A 9-hole, par 36 golf course in northwestern Ohio that includes a year-round restaurant with bar. It opened in 1963. The property was put on the market because, according to the broker involved, it would have gone to foreclosure. She estimated the market value may have been about \$100,000 more than the sale price; she was both the listing and buying broker. The grantees are a group of six local residents. Rates are about \$15, including cart. Single annual memberships are \$500 and couples are \$800. The broker stated that there was minimal net income at the time of sale. The population within 10 miles is 33,160 with a median household income of \$54,500.

Verification Date: 3/27/09
Verification Source: Fonda Risner, Bolte Real Estate
Verification Type: Confirmed-Seller Broker

Improvement and Site Data

MSA: Norwalk, OH Micropolitan Statistical Area
Legal/Tax/Parcel ID: 03600002903

Addendum E

Fixture Report



**OXBOW COUNTRY CLUB
130 OXBOW DRIVE
OXBOW, ND**

FURNITURE FIXTURES & EQUIPMENT APPRAISAL

**PREPARED FOR
ULTEIG ENGINEERS, INC.
BY CROWN APPRAISALS, INC.
AS OF MAY 30, 2014**

Crown Appraisals, Inc.

June 5, 2014

Ultieg Engineers Inc.
3350 38th Avenue South
Fargo, ND 58104

RE: Oxbow Country Club furniture, fixtures and equipment appraisal
Appraisal Request No. 05-16-14 per Gary Ness

To whom it may concern:

In accordance with the subcontractor agreement between Crown Appraisals, Inc. and Ultieg Engineers Inc. we have performed an appraisal of the various furniture, fixtures and equipment (FF&E) owned by the Oxbow Country Club (OCC) at its orderly liquidation market value (OLV) as of May 30, 2014. The subject assets are located at the OCC, 130 Oxbow Drive, Oxbow, ND. Crown Appraisals was provided with a list of the FF&E items to be included in the appraisal. Several additional items similar to those already on the list were added during the inspection and are included in the appraisal per Oly Olafson 6-3-14.

The intended use of this appraisal is negotiations surrounding the "taking" of the Oxbow CC Clubhouse and land for the Fargo flood diversion channel. Ultieg Engineers Inc. is the client and intended user of this report. According to the OCC manager, Oxbow CC has an agreement with the Fargo Flood Diversion Authority to be paid replacement cost for assets in the "take". Per the client, this appraisal utilizes the orderly liquidation value (OLV) definition not "replacement cost". Orderly liquidation value is considered to represent an asset's value based on sale prices obtained at well-advertised and professionally conducted auction sales and "un-forced" asset dispositions.

Jeff Berg and Dustan Waaraniemi inspected the subject property on May 30, 2014 in the company of Joel Livingood, Oxbow CC General Manager. Crown Appraisals has provided no services regarding the subject property in the past three years.

This appraisal for market value is based upon field examination, together with an investigation and analysis of all pertinent data. Property rights being appraised are fee simple. This is an appraisal report similar to the "summary report" level described in the 2012-13 version of USPAP. Market value utilized in this appraisal is defined later in this report. This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP).

Jeffrey Berg, ARA, ASA, FRICS
Accredited Rural Appraiser, Accredited Senior Appraiser
Fellow Royal Institution of Chartered Surveyors

© 2014 Crown Appraisals, Inc. 602 Front St. North - Barnesville, MN 56514-3118

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Email: jeffberg@crownappraisalsinc.com
www.crownappraisalsinc.com



American Society of Farm Managers and Rural Appraisers
American Society of Appraisers



Scope of work in this appraisal includes researching kitchen equipment & FF&E sale results from across the region. Research regarding the subject assets' replacement cost new is also necessary for this assignment. Auction companies and equipment dealers are sources of sale and cost data utilized in this appraisal. This is an appraisal of personal property (FF&E) only—not real estate. All real estate was appraised by another party not affiliated with Crown Appraisals.

All three classic approaches to value were considered, but only the sales comparison and cost approaches were utilized for valuing the property in preparation of this report. Income approach analysis is not applicable to appraisal of individual equipment assets, so it was not used in this appraisal, as it is quite difficult to accurately measure the income generated by any one piece of equipment. Most often, equipment is sold at a publically advertised auction sale; therefore, value based on actual recorded auction information is the best indicator of value.

If sale data concerning a particular piece of equipment is not reasonably available, cost approach techniques are utilized as a value indicator using appropriate depreciation rates. Retained in our files, are market abstracted depreciation rates obtained from comparable FF&E market sales. Depreciation rates are abstracted using the market sale price, the asset's effective age, and replacement cost new. Depreciation rates utilized in this analysis are from sales of similar FF&E in related industries, so they are applicable to the subject equipment.

The subject property includes numerous pieces of equipment necessary for operating the food and beverage services at the Oxbow CC. It is special use kitchen and bar equipment and is appraised at its highest and best as such equipment. Also included in the appraisal are several custom made wood installations (lockers, trophy case, etc.). Custom made items are special use assets and are appraised at their highest and best use as designed.

Subject kitchen fixtures, bar fixtures, and miscellaneous FF&E items are in working order and appear well maintained. Subject assets vary in age but an overall effective age of 15-20 years accurately dates the equipment as a whole, taking into account the individual asset's age and contribution to the whole.

This appraisal for market value is based upon field examination, together with an investigation and analysis of all pertinent data. Property rights being appraised are fee simple. Orderly Liquidation market Value (OLV) is the market value definition used in this appraisal and is defined on a following page of this report.

Page 3
Oxbow CC
6/5/14

Although the subject FF&E is utilized as an integral component of the "going concern" Oxbow CC operation, no intangible asset value is included in our OLV opinion. The intangible asset value attributable to OCC FF&E would be very difficult to quantify and would be highly subjective.

The OLV opinion expressed in this report considers the equipment installed and operational. If the items were torn out and sold individually a lower value would be expected. To be clear, this appraisal for orderly liquidation value considers the subject FF&E installed and assembled as a working unit.

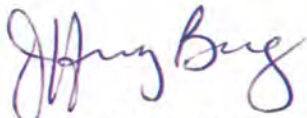
Jeff Berg & Dustan Waaraniemi inspected the subject property and interviewed Oxbow CC General Manager, Joel Livingood. Dustan Waaraniemi researched and analyzed market data, and wrote the report under the supervision of Jeffrey Berg. Dustan is a licensed apprentice appraiser in the state of North Dakota.

Subject to the contingent and limiting conditions attached to this appraisal, our final opinion of orderly liquidation market value for the subject property as of May, 30 2014 is:

ONE HUNDRED FIFTY FIVE THOUSAND DOLLARS
(\$155,000)

Thank you for this opportunity to be of service.

Sincerely,



Jeffrey L. Berg, ARA, ASA, FRICS
Appraiser License MN #: 4002404
SD #: 118CG-2014 ND #: CG-1050



Dustan Waaraniemi
Appraiser License MN # 40310636
ND #: AA-21350 SD #: 1261 SR

GENERAL INFORMATION

Purpose of the Appraisal:

The purpose of this appraisal is to estimate the orderly liquidation value of the FF&E owned by the Oxbow Country Club. The effective date of this appraisal is May 30, 2014 and is done at the request of Gary Ness, Ulteig Engineers, Inc. Intended use of this appraisal report is for negotiations surrounding the "taking" of the subject assets.

Market Value Defined:

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 best interests.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto.
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.*

*Federal Register, vol. 55, no. 163, August 22, 1990, pages 34228 and 34229.

Property Rights Appraised:

The property rights appraised in this appraisal problem are described as the "Fee Simple Estate", which is the highest degree of ownership. It is an estate which is limited only by the public powers of taxation, police power, eminent domain and escheat.

"The most complete form of ownership is title in fee. Such ownership establishes an interest in real property known as the fee simple estate--i.e., absolute ownership unencumbered by any other interest of estate, subject to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

**The Appraisal of Real Estate, Appraisal Institute, Twelfth Edition, Chicago, Illinois, Page 68

APPRAISAL PROCESS

In making this FF&E appraisal, sales comparison and cost approach techniques were used to calculate orderly liquidation value for the subject assets. Sales comparison analysis was performed where auction sale results were reasonably available.

An on site inspection was conducted on May 30, 2014 in the company of Oxbow CC management. The property is located at the Oxbow CC in Oxbow, ND about 12-15 miles south of Fargo.

To calculate OLV, the cost approach was viewed as the best indicator of value. Replacement Cost New (RCN) of the subject FF&E was researched, as well as the cost to install. The equipment was then depreciated based on its age and condition to conclude an OLV of the assets.

We were provided with a bid proposal that included the replacement cost for the majority of the items included in this appraisal. Contractor bid proposal prices appear competitive and in line with similar equipment bids we have encountered in our appraisal practice.

Sources for sale data and "new cost" used in this appraisal consisted of a number of fixture and equipment suppliers; online auction sites; and manufacturer's websites. A list of sources is retained in our files.

Orderly Liquidation Value Defined:

Estimated gross amount, expressed in terms of money which could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser(s), with the seller being compelled to sell on an as-is, where is basis, as of a specific date. The property can be sold either intact or piece meal. Source: Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, 2nd Edition, American Society of Appraisers, 2005.

COST APPROACH

What Is The Cost Approach?

The Cost Approach in appraisal analysis is based on the proposition that the informed purchaser would pay no more for an asset than the cost of producing a substitute with the same utility as the subject asset. This concept is also known as "the principle of substitution".

The Cost Approach considers the maximum value of an asset to a knowledgeable buyer to be the amount currently required to construct a new asset of equal utility. When the asset is not new, the current cost new must be adjusted for all forms of depreciation attributable to the asset at the date of the appraisal.

The basis of the Cost Approach is reproduction cost new or replacement cost new (RCN) or a combination of both.

Replacement Cost New:

Replacement cost new (RCN) is the current cost of a similar new property having the nearest equivalent utility as the property being appraised as of the date of the appraisal.

The Cost Approach is usually the starting point in the valuation process.

Depreciation:

Depreciation is a loss in value from all causes, including such factors as physical deterioration, functional obsolescence and economic obsolescence. Physical depreciation is a loss in value caused by wear and tear, etc.

Physical Conditions That Affect Value:

1. Deterioration from age.
2. Wear and tear from use.
3. Fatigue and stress.
4. Exposure to the elements.
5. Lack of maintenance.

Functional obsolescence is a loss in value caused by conditions within the property.

COST APPROACH

Causes of Functional Obsolescence:

1. Lack of utility.
2. Excess capacity.
3. Change in design.
4. Efficiency.

Economic Obsolescence:

Economic obsolescence is a loss in value caused by conditions external to the property.

Causes of Economic Obsolescence:

1. Government regulations.
2. Availability of raw materials.
3. Availability of labor supply.
4. Market accessibility.
5. Earning power.
6. Management concepts.

Age/Life Analysis:

An age/life analysis is part of a process by which a property's remaining useful life and consequently, its value may be established. This establishes the arithmetic life cycle of the assets at the date of the appraisal.

To make an age/life analysis, the normal useful life of the asset must first be established and then determine how much of that life has been exhausted. The chronological age of the item may have to be adjusted for excessive use or conversely, lack of use, or for good maintenance or lack of maintenance. The effective age of the asset is being determined. As an end result, the effective age plus the remaining useful life equals the normal useful life of the asset.

Application:

Expected normal useful life for tools and equipment are obtained from manufacturers, from used equipment dealers and from IRS Bulletin "F" Depreciation Rate Tables of Useful Lives. Effective age estimates are based on visual inspection, conversations with maintenance personnel and in conversations with used equipment dealers and equipment manufacturers. Age/life calculations are not presented in this report.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report and final estimate of value is made subject to the following assumptions and limiting conditions:

1. The opinion of value expressed in this appraisal is based on the appraiser's best judgment and opinion and is not a representation or warranty that the assets appraised will realize this reported value if offered for sale at auction or any other manner. The values expressed are based on current information based on the market value definition stated in the report, and no opinion is offered as to any future value. The appraiser disclaims any liability from the use of the value, and offers no specific advice for any action on the part of the client. By accepting this document, the client agrees that he/she understands and accepts this provision.
2. Responsibility is not assumed for legal issues relating to the subject property. Underlying this appraisal is the assumption that there are no restrictions on the sale of the assets in the marketplace. This would include there being present no covenants or restrictive agreements in place against the owning entity which would preclude the free sale of the assets. We also presume no legal or licensing barriers to a free sale of the assets, and no franchise contract or similar attachment which may dictate or restrict the sale or transfer of any of the appraised assets.
3. The appraiser has gathered information from sources believed to be reliable. In certain instances, information has been obtained from internal sources such as personal interviews with company management and staff pertaining to the appraisal. The appraiser cannot guarantee the accuracy of such data and information. The names and editions of all reference material are included in this report.
4. Testimony or appearance in court, by deposition, or at any other legal proceeding, will not be required by reasons of this appraisal unless arrangements for such service have been previously made.
5. This appraisal is valid only for the intended use stated herein. Any other use or reliance on this report by clients or third parties is invalid. The opinion shall not be revealed to unauthorized third parties without the consent of the appraiser. If any copies are subsequently made, or this report is provided to third parties, then the entire report shall be revealed, including all narrative, schedules, and limiting conditions.
6. Any Forced or Orderly Liquidation values are predicated on the sale of such assets being conducted by auctioneers or other liquidating parties familiar with the marketing of these particular asset types. This would include regional, national, or international advertising and marketing appropriate to the specific situation in order to maximize cash recovery.

ASSUMPTIONS AND LIMITING CONDITIONS

7. In the analysis leading up to our value conclusion, we have taken into account current local, regional, and national market trends, activity in the marketplace, economic considerations, and overall condition of the specific industrial or commercial sector in which the subject property is used.
8. Hazardous substances within a facility, machinery, equipment, or system can introduce an actual or potential liability that would adversely affect the marketability of such personal property. No consideration has been given to any environmental liabilities and the related impact on value.
9. Other limitations, conditions, and/or assumptions may be defined and individually set out at various points throughout this report, relating to that specific subject.
10. The appraiser may assign "general condition symbol" to each item, based on the following definitions.

GENERAL CONDITION SYMBOL DEFINITIONS

N - (New)	Item in new condition.
E - (Excellent)	Some use, but almost new.
VG - (Very Good)	In above-average condition; low hours (miles) or recently overhauled or refurbished.
G - (Good)	Condition is consistent with age of item and represents normal wear and tear.
F - (Fair)	In below-average condition; has been used considerably or is an older item.
P - (Poor)	Needs major repairs.
S - (Scrap)	Scrap value only -- The appraiser should adjust the value for cost of removal.

APPRAISER'S COMMENTS

Subject equipment was inspected on May 30, 2014 by Jeff Berg and Dustan Waaraniemi. Crown Appraisals was provided with a list of assets to be appraised. Several items were added to the list during the on-site inspection and are included in the appraisal per client. Effective date of this appraisal is May 30, 2014.

Subject assets are presented on the accompanying spreadsheet page, a brief description, quantity, and a market value for the asset or lot of assets is listed. We did not attempt to describe in detail each individual asset simply because it would not be cost effective to do so. Assets are divided into appropriate categories on the accompanying spreadsheet.

One market value definition is used for the Oxbow FF&E assets—orderly liquidation value.

Orderly Liquidation Value Defined:

Estimated gross amount, expressed in terms of money which could be typically realized from a liquidation sale, given a reasonable period of time to find a purchaser(s), with the seller being compelled to sell on an as-is, where is basis, as of a specific date. The property can be sold either intact or piece meal. Source: Valuing Machinery and Equipment: The Fundamentals of Appraising Machinery and Technical Assets, 2nd Edition, American Society of Appraisers, 2005.

Orderly liquidation value is represented by values attainable at well advertised auction sales. Auction sale data was utilized to estimate the orderly liquidation value of equipment assets. Auction sales are the preferred method for disposition of excess equipment assets and marketing of used construction tools and shop equipment. Terms of an auction sale merchandise the equipment on an "as is, where is" basis with no guarantee or warranty, no financing and no trade-ins. Equipment is also sold from dealer lots and may be sold at similar or slightly higher prices than auction sales because equipment dealers may offer limited warranties, financing and may take trade-ins. Some pricing sources used in this report include sale data from used equipment dealers, so that segment of the market is represented in this analysis. For purposes of this appraisal project, sale prices attainable at well-advertised auction sales are considered to be the most representative of the subject equipment's current market value.

The subject property consists of variety kitchen equipment, bar and liquor serving fixtures, cabinets, custom made lockers a few miscellaneous FF&E items. All assets in this appraisal are owned by the Oxbow CC.

FF&E orderly liquidation value is calculated using cost approach methods by determining rates of depreciation for the equipment based on the normal useful life (NUL) of the equipment. NUL of much of the subject equipment, assuming normal wear and tear and maintenance, is typically about 20-30 years. Some pieces of equipment can last considerably longer if well maintained. The effective age of each piece of equipment is estimated based on its age, physical condition and maintenance. A weighted average effective age (EA) of the entire FF&E line is estimated at 16 years out of a 26-27 year NUL.

APPRAISER'S COMMENT

It is necessary to appraise the entire line as one because all equipment assets are installed as part of the Oxbow CC operation. Since the subject FF&E line is appraised as one unit, the equipment is combined in the depreciation analysis.

The first step in determining total depreciation is to calculate current Replacement Cost New (RCN). RCN estimates include cost for freight, installation, taxes, calibrating, etc. RCN Installed figures are based on market research and equipment company interviews. Calculations on the following spreadsheet illustrate how depreciation analysis is applied to the subject's FF&E replacement cost to indicate OLV. Market data in our files indicate annual depreciation rates for similar fixtures and equipment are usually in the 3.5% to 4.5% neighborhood indicating economic lives of about 20-30 years. Our depreciation calculations are based on sales of grocery stores, and convenience stores where we abstracted depreciation rates for both real estate and equipment items. This analysis is consistent with those sales.

Estimated RCN Installed of the Oxbow FF&E is \$385,000. Total accrued depreciation is calculated by multiplying the equipment's 16 year effective age times a 3.75% annual depreciation rate for a total accrued depreciation of 60%. Remaining percentage good is 40% ($100\% - 60\% = 40\%$). Total depreciation of \$230,000 is then subtracted from the \$385,000 RCN, indicating a market value of about \$155,000 (rounded) for the subject fixtures and equipment.

A sales comparison analysis of the subject FF&E and similar items sold at recent auction sales indicates very similar values to those indicated in the cost approach analysis. Again, if the subject FF&E are de-installed from the facilities and sold piece meal, auction sale prices for the equipment would be considerably lower than if sold installed and operating in a facility. Sales comparison OLV indications provide support to the cost approach. Custom made lockers, trophy display, and various cabinets are not items that often sell at auction, so cost approach techniques are more reliable for those items.

Overall the subject FF&E line is in good condition relative to age and use. For the most part, the assets would be well received at an advertised auction sale. As previously mentioned, the cost and sales comparison approaches were utilized in this appraisal to determine the OLV of the subject assets. Used equipment sale data is compared to new cost, resulting in an indication of total accrued depreciation. In the absence of current sale data, age/life depreciation analysis can be a tool to estimate an asset's accrued depreciation. Refer to the accompanying spreadsheet for a presentation of the subject assets and an OLV indication.

The OLV opinion expressed in this report considers the equipment installed and operational. If the items were torn out and sold individually a lower value would be expected. This appraisal for orderly liquidation value considers the subject FF&E installed and assembled as part of the Oxbow CC enterprise.

Orderly Liquidation Market Value

Quantity	Fixture Description	Condition	RCN
1	Continental SS Beverage Cooler 28"x95"x32" high sliding top doors	G	
2	True SS beverage cooler 28x65x32h, model# TD65-24	G	
3	SS Ice bin, prep table and fountain line cooler, 2-4 sinks, 2-36", 1-54"	G	
2	SS Ice bin, ice dump with drain 36x24	G	
	<i>Subtotal</i>		\$ 35,000
3	30x48x32 SS Prep table with condiment cooler and table above with a fridge below	G	
3	Single bin ice machine 30x32x44, ice maker & storage bin, SS shroud	G	
1	True SS refrigerator, 26"x7"x30" deep, Model T-23	G	
1	Single Keg Kegerator Superior model BM23	G	
2	Small freezer approx. 27x28x32h	F	
	<i>Subtotal</i>		\$ 60,000
1	Steel exhaust hood 40" deep x 16'w x 48" high, fire suppression lines and lighting	G-F	
2	Saturn double basket gas fryer 16x32, 2 fryer baskets @	G	
1	Saturn SS gas range/oven; 6 burners, oven below	G	
2	Convection oven, 1-Hobart, 1- Vulcan, 3 racks @, approx. 40x32x32h	G	
1	Castle brand 36x32 SS flat top grill	G	
1	36" gas grill, SS shroud, 22x36 grill top	G	
1	3 Compartment hot-well contained in a 6'x36 SS table	G	
2	Single Door Alto-Shaam food warmers, on caster wheels, 24x36x32h	G	
	<i>Subtotal</i>		\$ 100,000
1	110x24 SS sink table, 3 sinks, two faucets, two prep areas, 6" SS back splash	G	
1	SS pre & post wash tables, sprayer faucet, drain, food disposal built in, 110" & 90" long, 24" deep with 5" backsplash	G	
1	Hobart AM-14 dishwasher w/Hatco hotwater booster, washer is SS--2'x2'	G	
1	SS Walk-in refrigerator with shelving, 90x124x84h, compressor unit above	G	
1	SS Walk-in freezer, 108x64x84h, compressor unit above	G	
1	SS prep tables, approximately 6'x3', SS backsplash; and miscellaneous SS kitchen shelving, tables and carts	G	
	<i>Subtotal</i>		\$ 90,000
1	Built-in 4-door beverage cooler and counter, each door 34x35x 28 deep, 150 linear inches of Formica counter space behind 2nd Floor bar	G	
1	10' laminate service counter - pool area	G	
34	Metal Lockers, 15x12" door @, 36" tall	G	
4	60" Double-sided golf club rack, flat-stock steel frame, in Golf Shop	F-G	
1	9x9 Custom-built oak fireplace, mantle and trophy case; 34x44 gas fire place, sliding glass doors & glass shelf trophy displays on either side (44x92 each); and two stand alone oak cabinets, approx. 20x36x40 @	G	
72	Custom built hardwood lockers, men's locker room, 44x15 door each, 18" deep, 84x94x18 deep custom hardwood supply cabinet with shelves	G	
1	525" "Zodiac Bar, Corian top", 44" bar height, 28" deep, wood front and back	G	
2	Oak liquor display 48" & 44", 2 stepped liquor shelves with mirrored back, upper cabinets, crown molding, oak face frame	G	
1	2nd floor "Wood Bar", oak top with serving rail, 10" oak step rail, 210"x22", wood panel front/back, wood soffit over bar 8x10; behind bar is a wood liquor display & stepped bottle shelving, total 68" tall 120" wide with a stained glass window inset.	G	
	<i>Subtotal</i>		\$ 100,000

Total RCN \$ 385,000

Total Life: 25-30 years

Effective Age: 16 years

Annual Deprec. 3.75%

Accr'd Deprec. \$230,000 (60%)

less accr. depr. \$ (230,000)

OLV \$ 155,000

Orderly Liquidation Market Value - Final Opinion \$ 155,000

Crown Appraisals, Inc.

APPRAISAL QUALIFICATIONS FOR JEFFREY BERG

MEMBER:

Accredited Rural Appraiser (A.R.A.) membership designation--the American Society of Farm Managers and Rural Appraisers, Inc.
Accredited Senior Appraiser (A.S.A.) membership designation--Machinery & Equipment Specialty--American Society of Appraisers
Fellow Royal Institution of Chartered Surveyors (FRICS)
Certified Federal General Appraiser License: MN #40360527; ND #CG-1050; SD #118CG-2014; IA #CG03191
Instructor: ASFMRA--Fundamentals, Principles, and Advanced Rural Appraisal Courses and numerous ASFMRA seminars
Instructor: National Uniform Standards of Professional Appraisal Practice (USPAP) Course, Recertified for 2014/2015 Course
ASFMRA National Appraisal Education Committee Chairman, 2002-2005; Accreditation Chairman, 2006-2008;
2005 recipient of H.E. "Buck" Stalcup Excellence in Education Award from ASFMRA
Recipient of 2008 ASFMRA Appraisal Professional of the Year Award
National ASFMRA President, 2011/2012

CORE APPRAISAL EDUCATION:

American Society of Farm Managers and Rural Appraisers, Inc. courses:

- A-27, Income Capitalization Unleveraged, December 1993, Denver, CO
- A-20, Principles of Rural Appraisal, August 1988, Rochester, MN
- A-25, Eminent Domain Seminar, February 1991, Denver, CO
- A-28, Income Capitalization Leveraged, January 1994, Denver, CO
- A-30, Advanced Rural Appraisal, February 1991, Wichita, KS
- A-35, Advanced Appraisal Review, March 2004, St. Cloud, MN
- A-40, Advanced Rural Appraisal Case Studies, June 1991, St. Paul, MN

American Society of Appraisers courses:

- ME201 Introduction to Machinery and Equipment Valuation, 7-93, Cleveland, OH
- ME202 Machinery and Equipment Valuation Methodology, 8-93, Atlanta, GA
- ME203 Machinery & Equipment Valuation: Advanced Topics & Case Studies, 3-94, Atlanta, GA
- ME204 Machinery & Equipment Valuation: Advanced Topics & Report Writing, 4-94, Washington, DC
- ME205 Income Approach, Discount Rate Development & Complex Case Studies, 2-98, San Francisco, CA

Appraisal Institute Courses:

- Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets, April 2012, St. Paul, MN
- B.A. Agriculture/Business Administration, Ambassador University, Big Sandy, TX, 1972

ASFMRA, ASA & RICS conduct mandatory programs of continuing education. I am current with the requirements of the programs. Continuing education classes are not listed.

BACKGROUND AND EXPERIENCE:

Crown Appraisals specializes in the appraisal of agricultural and commercial real estate. Commercial appraisal experience includes the following classes of real estate: feed mills, grain elevators, dry edible bean processing plants, seed plants, potato warehouses, food processing facilities, fertilizer facilities, convenience stores, bulk fuel facilities, manufacturing plants and equipment dealerships. Agricultural appraisal experience includes farmland, on-farm grain handling and storage facilities, feedlots, hog confinement facilities, large freestall dairy facilities and general farm buildings. Jeff Berg has extensive experience in the appraisal of aggregate and gravel reserves. Experience includes expert witness testimony in Federal Bankruptcy court, IRS Tax court and various district courts. Equipment appraisal experience includes food processing, grain handling, seed processing, industrial manufacturing, construction and agricultural equipment. Please refer to website at crownappraisalsinc.com.

Jeffrey Berg, ARA, ASA, FRICS
Accredited Rural Appraiser, Accredited Senior Appraiser
Fellow Royal Institution of Chartered Surveyors

602 Front St. North - Barnesville, MN 56514-3118
(218) 354-7000 • FAX (218) 354-7100
Email: jeffberg@crownappraisalsinc.com
www.crownappraisalsinc.com



American Society of Farm Managers and Rural Appraisers
American Society of Appraisers



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

This is to certify that: **Jeffrey L. Berg**

*Is fully qualified in the State of North Dakota as a:
Certified General Appraiser*

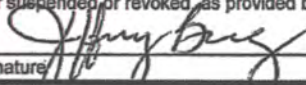
Permit Number: **CG-1050**

Date of Issuance: **01/01/14**

Expiration Date: **12/31/14**

Unless sooner suspended or revoked, as provided by law.

Appraiser Signature



STATE OF MINNESOTA



Department of Commerce

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that
JEFFREY L BERG

739 NORTHRIDGE WAY
WEST FARGO, ND 58078

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

Non-Resident Appraiser : Certified General

License Number: 40360527

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2015.

IN TESTIMONY WHEREOF, I have hereunto set my hand this December 02, 2013.



COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

STATE OF SOUTH DAKOTA

NO. 118CG

This is to certify that

JEFFREY L. BERG

is a **STATE CERTIFIED GENERAL APPRAISER**

Issued: **September 04, 2013**

2014

Expires: **September 30, 2014**

DEPARTMENT OF LABOR AND REGULATION

BY:



STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THE PERSON NAMED BELOW, HAVING MET THE REQUIREMENTS
AND BEING IN GOOD STANDING IN OTHER RESPECTS, IS ISSUED

**A CERTIFICATE AS A
GEN. REAL PROPERTY APPRAISER
BERG, JEFFREY
CERTIFICATE NO. CG03191**

EXPIRES 6/30/2016

Crown Appraisals, Inc.

APPRAISAL QUALIFICATIONS FOR DUSTAN WAARANIEMI

EDUCATION

American Society of Farm Managers and Rural Appraisers courses:

A301, Cost Approach for General Appraisers, January 2013, Louisville, KY
A302, Sales Comparison for General Appraisers, February 2013, Denver, CO
A302, Income Approach for General Appraisers Part I, April 2013, Denver, CO
A290, General Market Analysis Highest and Best Use, July 2013, Omaha, NE

Appraisal Institute courses:

N404G, General Appraisers Income Approach Part II, June 2013, St Paul, MN

St Cloud State University Real Estate Courses:

Bachelor's Degree in Business Administration with an Emphasis in Real Estate Appraisal
Graduation: December 2012

Real Estate Principles, Course # FIRE 378	December 2011
Real Estate Law, Course # BLAW 484	May 2012
Residential Appraisal, Course # FIRE 484	May 2012
Property Management, Course # FIRE 384	May 2012
Commercial Appraisal, Course # FIRE 499	December 2012
Real Estate Finance & Investments # FIRE 487	December 2012

Online courses:

15 hour USPAP course and exam, McKissock October 2012

LICENSING

MN License #: 40310636
ND License #: AA-21350
SD License #: 1261SR

BACKGROUND AND EXPERIENCE

Dustan graduated in December 2012 with a bachelor's degree in Business Administration with an emphasis in Real Estate Appraisal. A 5 month internship was completed with a commercial real estate appraisal firm in Minneapolis, MN. In October of 2012 Dustan completed the required examination by the State of Minnesota to become a licensed appraiser trainee. Dustan is also licensed in South Dakota and North Dakota as an apprentice appraiser. Knowledge and appraisal experience is courtesy of Crown Appraisals, Inc. Appraisal experience, among others, includes farmland, hunting land, grain elevators, seed cleaning plants, fertilizer/agronomy facilities, and commercial warehouse facilities.

Jeffrey Berg, ARA, ASA, FRICS
Accredited Rural Appraiser, Accredited Senior Appraiser
Fellow Royal Institution of Chartered Surveyors

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American Society of Farm Managers and Rural Appraisers
American Society of Appraisers



STATE OF MINNESOTA



Department of Commerce

DUSTAN JOHN WAARANIEMI
602 FRONT STREET NORTH
BARNESVILLE, MN 56514

The Undersigned COMMISSIONER OF COMMERCE for the State of Minnesota hereby certifies that
Dustan John Waaraniemi

602 FRONT STREET NORTH
BARNESVILLE, MN 56514

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

Resident Appraiser : Trainee

License Number: 40310636

unless this authority is suspended, revoked, or otherwise legally terminated. This license shall be in effect until August 31, 2014.

IN TESTIMONY WHEREOF, I have hereunto set my hand this November 05, 2012.

COMMISSIONER OF COMMERCE

Minnesota Department of Commerce

Licensing Division

85 7th Place East, Suite 500

St. Paul, MN 55101-3165

Telephone: (651) 296-6319

Email: licensing.commerce@state.mn.us

Website: commerce.state.mn.us

North Dakota Real Estate
Appraiser Qualifications and Ethics Board

This is to certify that: Dustan J. Waaraniemi

is fully qualified in the State of North Dakota as an
Apprentice Appraiser

Permit Number: AA-21350

Date of Issuance: 01/01/14

Expiration Date: 12/31/14

Unless sooner suspended or revoked, as provided by law.

Appraiser Signature

STATE OF SOUTH DAKOTA

NO. 1261SR

This is to certify that

DUSTAN JOHN WAARANIEMI

STATE REGISTERED APPRAISER

is a

Issued: October 30, 2013

Expires: September 30, 2014

2014

DEPARTMENT OF LABOR AND REGULATION

BY:

ADDENDUM

Certification: The appraiser certifies and agrees that to the best of my knowledge and beliefs:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved. Crown Appraisals, Inc. has provided no services regarding the subject property in the last three years.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results. No fees, commissions or things of value were paid by the appraiser in procurement of this appraisal assignment.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
8. Jeff Berg and Dustan Waaraniemi personally inspected the subject property in the company of Joel Livingood on May 30, 2014.
9. Jeff Berg & Dustan Waaraniemi inspected the subject property and researched and analyzed market data. Dustan Waaraniemi wrote the report under the direct supervision of Jeff Berg.

Final Opinion of Orderly Liquidation Value: \$155,000
 Effective date of appraisal: May 30, 2014
 Date of Inspection: May 30, 2014
 Date of Report: June 5, 2014
 Conforms to Uniform Standards of Professional Appraisal Standards (USPAP). X Yes No

Date: June 5, 2013 Appraiser: Jeff Berg
 MN #: 40360527; ND #: CG-1050; SD #: 118CG-2014; IA #: CG03191

Date: June 5, 2013 Appraiser: Dustan Waaraniemi
 MN #: 40310636; ND #: AA-22350; SD #: 1261SR



Oxbow Country Club FF&E

Photos by Dustan Waaraniemi on
5-28-2014.

“Zodiac” bar area



Fixtures in Zodiac bar; coolers, liquor
display, etc.



2nd floor “Wood” bar. Note soffit above
bar area



Hardwood lockers



Built-in cooler, 2nd floor bar



Kitchen equipment

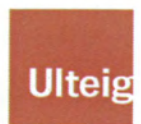
Subcontractor Agreement

between

Ulteig Engineers, Inc.

and

Crown Appraisals, Inc.



THIS SUBCONTRACTOR AGREEMENT, (the “Agreement”) is made and entered into as of the latter of the two signature dates below (the “Effective Date”) by and between Crown Appraisal, Inc. (the “Consultant”) and Ulteig Engineers, Inc. (“Ulteig”) (and, collectively herein, as the “Parties”).

1. SERVICES

1.1 Consultant shall perform the services set forth in Exhibit A to this Agreement (the “Services”). Consultant acknowledges having received copies of any prime agreement between Ulteig and Owner/Contractor and agrees to be bound to Ulteig by any provisions applicable to Consultant as a subcontractor or otherwise as contained in the prime agreement. Consultant shall be responsible for supplying all equipment, tools, labor, materials and/or supplies necessary to complete the Services.

1.2 Ulteig, without invalidating the Agreement, may at any time make changes to the Services or request additional services in writing (the “Change Order”).

1.3 If Consultant claims that the Change Order causes an increase or decrease in the cost of or the time required for performance of the Services, Consultant shall give Ulteig written notice of such increase or decrease within ten (10) days following the receipt of such a request.

1.4 Consultant shall provide sufficient documentation to Ulteig to justify any increase or decrease in the cost of or the time required for performance of the Services.

1.5 If accepted in writing by Ulteig, an equitable adjustment may be made in the price or schedule, or both, and the Change Order shall be deemed to modify this Agreement.

1.6 The authorization to proceed with changes to the Services or additional services as described in a Change Order may be communicated by email. However, no changes to the Services or additional services shall be commenced prior to the full execution of the Change Order. All Change Orders must reference the Agreement.

1.7 Consultant’s failure to comply with Section 1 shall constitute Consultant’s agreement to perform any such Change Order in accordance with the price and schedule specified in the original Exhibit A and/or subsequent revisions thereto.

1.8 Consultant shall bear sole responsibility for all expenses incurred in connection with the performance of the Services, including but not limited to, federal, state, and local taxes, withholding, social security, insurance and other benefits.

2. COMPENSATION

2.1 Ulteig shall pay Consultant for the Services it acceptably performs in the amount and on the basis set forth in Exhibit A (the “Fees”). The Fees shall include all state or local sales tax and other applicable taxes, which

shall be listed as separate line items on all invoices and applications for payment.

2.2 Consultant will submit monthly invoices for the percentage of the work completed no later than the fifth business day of the following month. Ulteig will promptly submit said invoice to the Owner and pay the Consultant’s monthly invoices within fifteen (15) days of receipt of payment from Owner.

2.3 Consultant irrevocably agrees that acceptance by Consultant of final payment shall fully and completely release Ulteig from all claims and demands that Consultant may have or has against Ulteig and/or its corporate affiliates and their respective officers, directors, employees, agents, or representatives arising out of, resulting from, or in any way connected with the Services. Consultant further acknowledges and agrees that such final payment, together with all payments made prior to the final payment, constitutes full payment of all amounts due Consultant under the Agreement and all amounts due for all claims of any type and all extra or additional services.

2.4 In accepting the final payment, Consultant further represents that all claims, bills, payrolls, expenses, costs, taxes, and other indebtedness incurred in connection with the Services have been paid in full.

2.5 If provided for in Exhibit A, Ulteig shall reimburse Consultant for all reasonable pre-approved out-of-pocket expenses which are incurred in connection with the performance of the duties hereunder. Unless specifically provided in Exhibit A, expenses for the time and expense spent by Consultant in traveling to and from Ulteig’s or Ulteig’s client’s facilities or work sites shall not be reimbursable.

3. SCHEDULE

3.1 Consultant shall commence the Services on written notice from Ulteig and shall complete the Services on the Schedule set forth in Exhibit A. The Parties may, by mutual consent, renegotiate the Schedule provided under this Agreement.

3.2 Consultant shall immediately notify Ulteig of any circumstances that it anticipates may lead to a deviation from the Schedule and any milestones agreed to by the Parties.

4. OWNERSHIP

4.1 To the extent that the Services delivered to Ulteig hereunder includes material subject to copyright, Consultant agrees that the Services are provided as a “Work For Hire” as that term is defined under federal

copyright law, and that as a result, Ulteig shall own all copyrights in the Services or work-product generated hereunder. To the extent that the Services do not qualify as a Work For Hire under applicable law, and to the extent that the Services include material subject to copyright, patent, trade secret, or other proprietary right protection, Consultant hereby assigns to Ulteig, its successors and assigns, all right, title and interest in and to the Services, including all copyrights, patents, trade secrets, and other proprietary rights therein (including renewals thereof).

4.2 Consultant shall execute and deliver such instruments and take such other action as may be required and requested by Ulteig to carry out the assignment made pursuant to this Section 4. Any documents, media, or other materials created by Consultant pursuant to this Agreement shall be owned by Ulteig and subject to the terms of this Section 4. To the maximum extent permitted by law, Consultant waives all moral rights in the Services.

5. REPRESENTATIONS

Consultant represents that:

5.1 Consultant shall perform the Services consistent with the terms and conditions of this Agreement;

5.2 Consultant shall not violate any agreement or obligation between Consultant and a third party in performing the Services;

5.3 Consultant will either originally create the Services and its work-product hereunder or will obtain all necessary rights to the Services and/or its work-product hereunder to transfer ownership to Ulteig as required by Section 4 above;

5.4 Consultant's Services shall not infringe any copyright, patent, trade secret, trademark, or other proprietary right held by any third party;

5.5 Consultant shall perform the Services consistent with the standard of care, diligence, and skill exercised by reputable members of its profession;

5.6 Consultant and the Services shall be in compliance with all applicable federal, state, and local laws and regulations; and

5.7 Consultant's employees, agents and sub-consultants shall perform the Services in accordance with Ulteig's Code of Conduct, as may be amended from time to time, which is available upon request.

6. INDEMNITY

6.1 Consultant agrees to hold harmless, pay the defense costs of, and indemnify Ulteig, and its successors, assigns, directors, officers, and employees, from and against claims, suits, actions, proceedings, or liabilities,

including reasonable attorneys' fees and expenses arising out of, resulting from, or associated with:

(a) Consultant's performance of the Services under this Agreement;

(b) Consultant's breach or default of any term or obligation under this Agreement;

(c) bodily injury or death to any person (and including specifically bodily injury or death to any employee of Consultant or any sub-consultant thereof), or loss, disappearance or damage to property of any person that results from Consultant's performance of the Services under this Agreement; or

(d) infringement or violation of any patent, trademark, service mark, trade secret, know-how or other intellectual property right by any person, entity or enterprise caused directly or indirectly by Consultant or any sub-consultant thereof; and

(e) Ulteig establishing the right to indemnification under this Agreement.

6.2 Consultant expressly waives its immunity under industrial insurance and/or worker's compensation laws, with respect to injuries or death suffered by employees of Consultant or any sub-consultant thereof.

6.3 Consultant and Ulteig agree that the indemnities set forth in this Section 6 shall survive and shall be enforceable beyond the termination or completion of this Agreement.

6.4 CONSULTANT AND ULTEIG EXPRESSLY AGREE THAT EACH HAS READ AND REVIEWED THIS SECTION ENTITLED INDEMNITY, THAT THIS SECTION HAS BEEN THE SUBJECT OF NEGOTIATION BETWEEN THE PARTIES, AND THAT CONSULTANT AGREES TO BE BOUND BY THE TERMS THEREOF.

7. CONFIDENTIALITY

7.1 Consultant acknowledges that during the engagement it may have access to and become acquainted with confidential and/or proprietary information of Ulteig or its clients, including but not limited to, trade secrets, client lists, inventions, innovations, processes, information, records and specifications owned or licensed by Ulteig and/or used by Ulteig in connection with the operation of its business (the "Confidential Information").

7.2 Except as permitted or directed by Ulteig, or, Consultant shall not, during the term of this Agreement or thereafter divulge, furnish or make accessible to anyone or use in any way (except as required by federal or state law or under subpoena) any Confidential Information which it

has acquired or become acquainted with during the term of this Agreement or prior thereto.

7.3 All files, records, documents, specifications, information, letters, notes and similar items relating to the business of Ulteig or its clients, whether prepared by the Consultant or otherwise coming into its possession, shall remain the exclusive property of Ulteig or its clients, respectively.

7.4 Consultant shall not retain any copies of the foregoing without Ulteig's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by, Consultant shall immediately deliver to Ulteig all such files, records, documents, specifications, information and other items in its possession or under its control.

7.5 Consultant further agrees that it will not disclose its retention as an independent contractor or the terms of this Agreement to any person without the prior written consent of Ulteig and shall at all times preserve the confidential nature of its relationship to Ulteig and of the Services hereunder.

8. TERMINATION

8.1 Ulteig may terminate this Agreement at any time without cause and without further obligation to Consultant except for payment due for services acceptably performed prior to the date of such termination (not to exceed the amount payable for the Services milestone immediately following the last accepted Services milestone, if any). In the event of termination of this Agreement and upon request by Ulteig, Consultant agrees to turn over to Ulteig all work, whether completed or in progress, within ten (10) days of such termination.

8.2 This Agreement shall terminate upon the occurrence of any of the following insolvency events, after which Ulteig's sole obligation shall be to pay Consultant for accepted Services performed as described in this Section 8: (a) Consultant admits in writing its inability to pay its debts generally or makes a general assignment for the benefit of its creditors; (b) a proceeding is instituted, voluntarily or otherwise, by or against Consultant seeking to adjudicate it as bankrupt or insolvent, or seeking reorganization, arrangement, adjustment or composition of it or its debt, which is not dismissed within thirty (30) days; (c) a proceeding is initiated against Consultant seeking to appoint a receiver, trustee or other similar official for it or for any substantial part of its property; or (d) Consultant ceases to pay its debts as they become due.

8.3 If this Agreement is terminated by Ulteig on account of Consultant's failure to meet its obligations under the Agreement, Consultant shall be held liable to and indemnify Ulteig for all damages sustained as a result of its

Consultant's failure to the maximum extent allowed by law.

9. INSURANCE

9.1 Consultant shall procure and maintain insurance coverage in a form and with insurers reasonably acceptable to Ulteig, and shall comply with the following minimum requirements:

(a) *Commercial General Liability Insurance.* Consultant must maintain commercial general liability insurance, on an occurrence basis, covering all operations by or on behalf of Consultant against bodily injury (including death) and property damage (including loss of use), including premises/operations, personal and advertising injury, products/completed operations, and contractual liability with limits of liability of not less than \$1,000,000 per occurrence, combined single limit for bodily injury and property damage, with a \$2,000,000 general aggregate. Such commercial general liability insurance shall include a full waiver of subrogation in favor of Ulteig, its affiliates and subsidiaries. Consultant shall name Ulteig, its subsidiaries and affiliates, and their respective directors, officers and employees as additional insureds under such policy to the extent of contractual liability assumed by Consultant within this Agreement.

(b) *Automobile Insurance.* Consultant must maintain business automobile liability insurance, including coverage for all owned, hired and non-owned automobiles in an amount not less than \$1,000,000 combined single limit each accident for bodily injury and property damage.

(c) *Workers' Compensation and Employer's Liability Insurance.* Consultant must maintain Workers' compensation insurance as mandated by state law at all locations where Consultant conducts operations. Further, Consultant must obtain and maintain Employer's liability insurance in an amount not less than \$1,000,000.

(d) *Umbrella/Excess Insurance.* Consultant must maintain an umbrella insurance policy, on an occurrence basis, providing coverage in excess of commercial general liability, business automobile liability, and employer's liability, in an amount not less than \$5,000,000 per occurrence, combined single limit for bodily injury and property damage.

(e) *Professional Liability Insurance.* Consultant must maintain Professional Liability Insurance covering Consultant's professional errors and/or omissions in an amount not less than \$2,000,000.00. If the policy is written on claims-made basis, then the coverage must remain in force for a period of two (2) years following the completion of Services.

9.2 The above-referenced insurance limits shall not in any way limit the liability of Consultant or any of its sub-consultants under this Agreement.

9.3 The policies described at Section 9.1(a),(b),(d), & (e) shall: (1) be endorsed to show that the insurers waive subrogation against Ulteig, its affiliates, directors, officers and employees, (2) provide primary and non-contributory insurance.

9.4 The policies described herein shall not expire, terminate or be materially altered except upon not less than sixty (60) days prior written notice to Ulteig.

9.5 Depending upon the work and nature of the Consultant's operations, Ulteig reserves the right to request additional types of insurance coverage.

9.6 Promptly upon execution of this Agreement, Consultant shall provide to Ulteig proof evidencing full compliance with the insurance requirements set forth herein.

9.7 Failure by Consultant or any sub-consultant thereof, to furnish certificates of insurance or failure by Ulteig to request same shall not constitute a waiver by Ulteig of the insurance requirements set forth herein. In the event of such failure on the part of Consultant or its sub-consultants to provide the certificates as required herein, Ulteig expressly reserves the right to enforce these requirements, and in the event of liability or expense incurred by Ulteig as a result of such failure by Consultant or any sub-consultant, Consultant hereby agrees to indemnify Ulteig for all liability and expense suffered by Ulteig that would have otherwise been covered by Consultant's insurance had the policy been maintained as required by this Section 9 (including reasonable attorneys' fees and expenses associated with establishing the right to indemnity).

10. RELATIONSHIP

10.1 Consultant is an independent contractor and shall not act as or represent itself to be an employee or agent of Ulteig. In particular, Consultant shall not be deemed to be an employee of Ulteig for the purposes of any employee benefits, income tax withholding, F.I.C.A. taxes, unemployment benefits, workers compensation benefits or otherwise.

10.2 Except as otherwise provided for in this Agreement, Consultant shall not enter into any agreement or incur any obligations on Ulteig's behalf, or commit Ulteig in any manner without Ulteig's prior written consent.

10.3 As an independent contractor, Consultant is solely responsible for the control and supervision of the means by which the Services are completed. Such means are subject to Consultant's discretion, which discretion must be exercised consistent with the goal of completing

the Services on Schedule and in accordance with the terms of this Agreement.

10.4 Consultant also understands and agrees that Ulteig will not provide Consultant any training related to the Services.

10.5 Consultant agrees to indemnify, defend and hold Ulteig harmless from any loss or damage (including attorneys' fees, court costs and regulatory penalties) that may be sustained as a result of, or in connection with, Consultant being treated as an employee or agent of Ulteig or Consultant's failure to satisfy the requirements set forth in this Section 10.

10.7 In no event shall Ulteig be liable to Consultant for any special, incidental, indirect, punitive or consequential loss or damage whether or not such loss or damage is caused by the fault or negligence of Ulteig, its employees, or agents. Ulteig's liability on any claim of any kind for any loss or damage arising out of or in connection with or resulting from this Agreement or from performance or breach thereof shall in no case exceed the dollar amounts paid under approved invoices to Consultant by Ulteig.

11. COMPLIANCE WITH LAWS

11.1 Consultant shall: (a) comply with all federal, state and local laws, ordinances, regulations and orders with respect to its performance of the Services; (b) file all reports relating to the Services (including, without limitation, tax returns); (c) pay all filing fees and federal, state and local taxes applicable to Consultant's business as the same will become due; and (d) comply with all federal, state and local employment and labor laws and regulations in all aspects of its operations, including, but not limited to, Executive Orders 11,246 and 13,201, as amended, Title VII of the Civil Rights Act of 1964, 38 USC 2012 Vietnam Era Readjustment Assistance Act of 1974 as amended, Section 503 of the Rehabilitation Act of 1973 as amended, OSHA, ADA, FMLA, WARN, ERISA, FLSA and NLRA, as well as all applicable state and local labor or employment laws.

11.2 Ulteig may, from time to time, at its sole discretion, seek and obtain a certification from Consultant that it is in compliance with the provisions of this Section 11. Consultant will provide, upon reasonable request by Ulteig, such documents and supporting materials to evidence Consultant's compliance with this Section 11.

11.3 Consultant acknowledges the right of Ulteig to require the immediate removal and prompt replacement of any employee, agent, sub-consultant or representative of Consultant who engages in any conduct prohibited by law or inconsistent with Ulteig policy or its Code of Conduct. Notwithstanding the preceding sentence, Ulteig shall not be required to demonstrate cause for requiring the removal of any Consultant, agent, employee, sub-consultant or representative.

12. SAFETY

12.1 Prior to commencement of the Services, Consultant shall inspect the job site specifically to ascertain the actual and potential existence and extent of any hazardous or dangerous conditions, and instruct its employees, agents, or sub-consultants with respect to such conditions and the safety measures to be taken in connection therewith.

12.2 Consultant and its sub-consultants are directly and solely responsible for the safety of their respective agents, employees and other representatives. Consultant shall take all measures deemed necessary or advisable to protect and safeguard the person and property of its employees, agents or sub-consultants and the general public against all hazardous or dangerous conditions as the same arise.

12.3 Consultant shall immediately report via telephone and in writing to Ulteig all accidents in connection with the Services that result in death, personal injury, or property damage.

12.4 Ulteig in no way assumes any of the duties, obligations or liabilities attributed to Consultant under the Agreement.

13. INSPECTION

13.1 Ulteig and any of its clients benefitting from the Services, have the right, at all reasonable times, to inspect or otherwise evaluate the Services performed or being performed by Consultant. If any inspection or evaluation is made on Consultant's premises, Consultant shall provide all reasonable facilities and assistance for the safety and convenience of the inspecting or evaluating party.

14. RIGHT TO AUDIT

14.1 Consultant shall maintain during the course of the Services, and retain not less than seven (7) years after completion thereof, complete and accurate records of all Consultant's records arising from, in connection with or incident to the Services, including without limitation, all (a) costs which are chargeable to Ulteig under the Agreement, and (b) documents, granted authority, permits and other data that evidence compliance with the Agreement and applicable laws.

14.2 Ulteig, or any third-party contract compliance auditing firm selected by Ulteig, shall have the right, during normal working hours, to inspect, reproduce, and audit such records of Consultant. The records maintained and retained by Consultant must provide sufficient detail to evidence the propriety of all such chargeable costs and compliance with the Agreement and applicable laws.

15. NO CONFLICT

15.1 Consultant covenants, agrees and promises that it shall not, during the term of Agreement, provide any services similar to, or the same as, Services provided hereunder that would constitute a professional conflict of interest or a violation of the confidentiality of this Agreement.

15.2 Consultant acknowledges that any remedy at law for the breach of the provisions of this Section would be inadequate, and Ulteig, in addition to all other remedies available to it at law or in equity, shall be entitled to injunctive relief if enforcement proceedings are required to enforce the terms hereof.

16. NO LIENS

16.1 All work to be performed by Consultant hereunder shall be delivered to Ulteig free and clear of all labor, material and mechanic's liens and any other encumbrances whatsoever, which might be occasioned by or permitted to be created by the Consultant. Ulteig may request that Consultant attest to same.

16.2 Consultant agrees to defend, indemnify, save and hold harmless Ulteig from and against all claims, damages and expenses, including liens of employees, sub-consultants, laborers, equipment suppliers, service providers and other material contracting persons or entities arising out of, resulting from, or in any way connected with the Services.

17. FORCE MAJEURE

17.1 Ulteig and Consultant shall be excused from performing in accordance with the Schedule set forth in Exhibit A in the event of an occurrence of "Force Majeure." Force Majeure is defined herein as fire, flood, explosion, catastrophe, declared war, riot, Acts of God, insurrection and applicable laws that prevent performance, to the extent (i) such event of Force Majeure is beyond the reasonable control of the party claiming Force Majeure, and (ii) the party claiming Force Majeure gives prompt written notice of the same to the other party.

17.2 In the event of any such delay, Consultant's sole remedy shall be a time extension for the completion dates required by the Schedule set forth in Exhibit A, which extension shall be the time period lost by reason of the Force Majeure.

18. MODIFICATION OR AMENDMENT

18.1 This Agreement shall not be deemed or construed to have been modified or amended in whole or in part, except in writing signed by all Parties.

19. ASSIGNMENT

19.1 Consultant may not assign this Agreement or delegate any duties or obligations under this Agreement without Ulteig’s prior written consent.

19.2 If, with Ulteig’s prior written consent, Consultant contracts with a sub-consultant to provide any Service under this Agreement, Consultant and the sub-consultant must provide the complete level of Services described in this Agreement. Consultant shall provide the sub-consultant with a copy of this Agreement to ensure full performance of the Services. In addition, an executed copy of the contract between Consultant and any sub-consultants shall be provided to Ulteig for its information and review.

20. WAIVER

20.1 Failure or delay by a party to exercise any right or remedy shall not be a waiver and shall not prevent the enforcement of that or any other right.

21. NOTICES

21.1 Any and all notices, demands or other communications required or desired to be given hereunder shall be in writing and shall be validly given or made to if personally served, or if deposited in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served personally, notice shall be deemed constructively made at the time of such personal service. If such notice, demand or other communication is given by mail; such notice shall be conclusively deemed given five (5) days after deposit thereof in the United States mail.

21.2 Notice, demands or other communications required or desired hereunder shall be addressed to the individuals indicated on the signature blocks below.

21.3 Any party hereto may change its address or authorized recipient for purposes of this paragraph by written notice given in the manner provided above.

22. SEVERABILITY

22.1 If a court of competent jurisdiction or governmental authority finds any clause or provision of Agreement to be unenforceable, then the Agreement shall be deemed amended to exclude the clause or provision and the remainder of the Agreement shall continue in full force and effect. However, if such court finds any of the provisions regarding the ownership and use of any deliverables, if any, and/or confidentiality, warranties and representations, or indemnification terms of the Agreement to be unenforceable, then Ulteig may elect to terminate the Agreement for convenience.

23. LAW AND INTERPRETATION

23.1 This Agreement shall be governed by the law of the State of North Dakota and Consultant consents to jurisdiction and venue in the state and federal courts in Cass County, North Dakota. In any action or suit to enforce any right or remedy under this Agreement or to interpret any provision of this Agreement, Ulteig shall be entitled to recover its costs, including reasonable attorneys’ fees.

23.2 The Parties understand and agree that every term and condition in this Agreement have or has been mutually negotiated, prepared and drafted. If at any time the Parties hereto desire or are required to interpret or construe any such term or condition or any agreement or instrument subject hereto, no consideration shall be given to the issue of which party hereto actually prepared, drafted or requested any term or condition of this Agreement or any agreement or instrument subject hereto.

24. ENTIRE AGREEMENT

24.1 This Agreement constitutes the complete and entire understanding of the Parties concerning the matters set forth herein. All prior negotiations, writings and understandings relating to the subject matter of this Agreement are merged herein and are superseded and cancelled by this Agreement.

25. ATTORNEYS’ FEES

25.1 If any legal action or proceeding is brought by Ulteig to enforce this Agreement, Ulteig shall be entitled to recover reasonable attorneys’ fees and other costs incurred in that action or proceeding (including, without limitation, expert witness fees), in addition to any other relief to which Ulteig may be entitled.

26. HEADINGS

26.1 The captions on the Sections of this Agreement are inserted only for the purposes of convenient reference. The captions shall not be used to construe or interpret the Agreement or to prescribe the scope or intent of the Agreement.

27. OTHER/MISCELLANEOUS PROVISIONS

27.1 Consultant shall comply with such Other Requirements as may be imposed by a client of Ulteig or by the Project or Services hereunder as set forth in Exhibit A.

28. COUNTERPARTS

28.1 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same.

IN WITNESS WHEREOF, the Parties hereto have executed and dated this Agreement.

ULTEIG ENGINEERS, INC
3350 38th Ave South
Fargo, ND 58104

Crown Appraisals, Inc.
602 Front Street North
Barnesville, MN 56514

Gary Ness
(Sign)

Brian Field
(Sign)

Gary Ness
Name (Print)

Brian Field
Name (Print)

Technical Director
Title

Appraiser
Title

5/16/14
Date

5-15-2014
Date

75-3040922
CONSULTANT'S ID NUMBER
[Insert Consultant's Federal Employee ID Number
Or Social Security number]

EXHIBIT A

1. **SCOPE OF SERVICES**

Sub-contractor shall complete appraisal of fixtures for the Oxbow Golf & County Club.

2. **ADDITIONAL SERVICES**

None

3. **SCHEDULE**

Sub-contractor will begin work immediately. All deliverables will be due on or before May 30, 2014.

LS
SW
2 1/2 weeks after receiving list of items to be appraised

4. **FEES**

Not to Exceed of \$6,500.00

5. **REIMBURSABLE EXPENSES**

N/A

6. **OTHER REQUIREMENTS**

Appraisal of items are specific to the Oxbow Golf & Country Club.

Addendum F
Engagement Letter

Ulteig

Master Subcontractor Agreement
Ulteig – Integra Realty Resources

EXHIBIT A

WORK ORDER NO. 12.00049.1 – Fargo Moorhead Area Diversion Project

In accordance with this Work Order No. 12.00049.1, made and entered into this 21 day of January, 2014, Integra Realty Resources (hereinafter "CONSULTANT"), agrees to perform and complete the following services ("Services") for ULTEIG ENGINEERS, INC. (hereinafter "ULTEIG"), in accordance with the terms and conditions of the Master Subcontractor Agreement ("Agreement"), dated May 15, 2013, all of which terms and conditions are incorporated herein by reference:

Project Location: Oxbow, North Dakota

Project Description: Appraisal Services

Scope of Services: 1 Appraisal for approximately 10 commercial parcels for golf course

Basic Services Compensation and Method of Payment: Consultant shall receive a lump sum payment of \$25,000

Schedule: All final deliverable as related to the appraisal services shall be delivered to Ulteig no later than February 28, 2014.

Other Considerations: N/A

ULTEIG ENGINEERS, INC.

BY: 

Typed Name: Joan Steiner

Title: Project Manager

INTEGRA REALTY RESOURCES

BY: 

Typed Name: Dan Marshall

Title: Executive Director