

GERALD ALCOCK COMPANY, L.L.C.

Real Estate Counseling and Appraising

APPRAISAL OF
480 East Second Street,
Rochester, Oakland County, Michigan

As of the Effective Date of September 25, 2015
For Independent Bank

GERALD ALCOCK COMPANY, LLC
Real Estate Counseling and Appraising

Principals
Julie M. Simpson
Marcel H. Vidovic, MAI
Michael T. Williams, MAI

Lorie D. Alcock
Susan B. Campbell, CPA
Stephen J. Simpson
Karen L. Paul
Glee R. Loman
David A. Williams, PGA
Joanne M. Stockman
Alexander J. Groves, MAI
Robert F. Elder, PGA

Gerald V. Alcock, MAI
Founder, 1977

October 6, 2015

Mr. Cazber Wolever, Treasury Services CSR
Independent Bank
227 West Main Street
Ionia, MI 48846

Re: Appraisal of the Industrial Building Located at 480 East Second Street, city
of Rochester, Oakland County, Michigan.

Dear Mr. Wolever:

As requested in the engagement letter, we have made an appraisal of the above referenced property, the findings of which are submitted in this report. The purpose of this appraisal is to express an opinion of the As Is market value of the leased fee title interest in the above referenced real estate.

This appraisal cannot be completely understood without reading the "General Assumptions and Limitations of Appraisal" and "Extraordinary Assumptions" sections of this report. Any reader of this report is advised to thoroughly read and understand said sections before relying on any information, analyses, or conclusions presented herein.

The appraisers prepared this report and the value estimate herein in compliance with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the Financial Institutions Reform and Recovery, and Enforcement Act of 1989 & 1994 (FIRREA), and according to Independent Bank's appraisal guidelines. This is an Appraisal Report. The "Required Statements" section of this report offers a description of this term.

It is the appraisers' opinion that the As Is market value of the leased fee title to the subject property, as of September 25, 2015, is:

Nine Hundred Ninety Five Thousand (\$995,000) Dollars

315 East Eisenhower
Parkway, Suite 5
Ann Arbor, Michigan
48108

Telephone:
(734) 994-0554

Facsimile:
(734) 939-1100

email:
manager@geraldalcock.com

Web:
www.geraldalcock.com



EXECUTIVE SUMMARY

Location: The subject property is located at the south side of East Second Street, east of Main and Elizabeth Streets, in the city of Rochester, Oakland County, Michigan.

Assessor's Valuations:

2015 Assessed Value (SEV)	\$319,230
2015 Taxable Value (TV)	\$310,390
2015 True Cash Value (TCV)	\$638,460

Property Owner: Sawmac Investment Company, LLC

Type of Report: Appraisal Report

Occupancy & Use: Based upon the information given to the appraisers, the appraisal property is subject to a lease to Excel Decorating and Finishing, Inc. which is an entity related to the property owner. Further, in January 2015, Excel Decorating and Finishing, Inc. subleased the appraisal property to the current occupant, Dakota Lighting Technologies, LLC, an arm's length contract, which terminates on January 1, 2016. It is our understanding that negotiations for possible lease renewal are not a consideration and the current tenant will no longer occupy the premises after January 1, 2016. Its current use is light manufacturing and assembly, warehousing and office purposes.

Site: The subject site is configured to an irregular shape having 253 feet along the south side of East Second Street, containing 1.66 acres or 72,090 square feet, which appears net of roadway. Topography is generally level to slightly sloping. The land-to-building ratio is 3.3 to one, indicating no excess land. The site has roughly 37 parking spaces. Utilities available to the site include natural gas, telephone, electricity, municipal water and sanitary sewer.

Improvements: The single tenant, one-story, industrial building contains 22,150 square feet. There is 1,500 square feet of administrative office, which equates to 7% of the total building area. Construction is masonry with built up roof system. There is one overhead door at grade and a loading dock with two dock high doors. There is



mezzanine area, excluded from the building square footage. Electrical service is 1200 amps, 240/480 volt, 3-phase. The subject was built in 1972 with a shop addition in 1987 and is in average condition. The effective age of the building is estimated at 18 years and the remaining economic life is estimated at 22 years.

Building	Year		Bldg Size (sf)	Shop (sf)	Office (sf)	Clear Shop Ht (f)	
	Built	%					
480 E. Second St	1972	52%	11,500	10,000	1,500	17	
Shop Addition	1987	48%	10,650	10,650		28	
Total			22,150	20,650	93%	1,500	7%

Zoning: I-1, Industrial 1 District

Highest & Best Use: Continued industrial use

Interest Appraised: Leased Fee

Estimated
Exposure Time: 12 Months

Est'd Market Value
of Property:

<u>Valuation Condition</u>	<u>Valuation Date</u>	<u>Value Estimate</u>
<i>As Is</i>	09/25/2015	\$995,000

General Assumptions: The preceding value estimate is made subject to the "General Assumptions and Limitations of Appraisal" of this report and to the following "Extraordinary Assumptions."