

May 7, 2018

City of Lakewood
attn: Mr. Bryce Sylvester, AICP
Director of Planning and Development
12650 Detroit Avenue
Lakewood, Ohio 44107

Re: Appraisal of
Former Lakewood Hospital Site
South Side of Detroit Avenue
(Between Belle and Marlowe Avenues)
Lakewood, Ohio
CMRA File No. 18-4744

Dear Mr. Sylvester:

In accordance with your request, an appraisal has been made of the property located at the above address. Our appraisal will be presented in a forthcoming narrative report. The purpose of the appraisal is to estimate the market value of the subject property in its present condition and under the hypothetical assumption that it is vacant and ready for development. The intended use of this appraisal is to assist the City of Lakewood in determining the value of this asset that the city has proposed investing as part of its redevelopment. No other uses are intended or permitted without the expressed written permission of Charles M. Ritley Associates LLC. This appraisal was prepared in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as set forth by the Appraisal Foundation and in accordance with the Appraisal Institute's Standards of Professional Appraisal Practice. It is our opinion that the market value of this property, subject to the assumptions, limitations and comments appearing in our appraisal report as of April 10, 2018 is:

“As Though Vacant Land” Value
FIVE MILLION TWO HUNDRED THOUSAND DOLLARS
(\$5,200,000)

“As Is” Value
ONE DOLLAR¹
(\$1.00)

The subject property is located on the south side of Detroit Avenue between and Belle and Marlow Avenues in Lakewood, Cuyahoga County, Ohio. This location is in downtown Lakewood and is ±seven miles west of downtown Cleveland. The City of Lakewood is a densely developed primarily residential community encompassing approximately 6.7 square miles. Detroit Avenue, in the vicinity of the subject, is principally developed with commercial land uses and is the city's main commercial corridor.

¹ Nominal contractual consideration only.

Mr. Bryce Sylvester, AICP
May 7, 2018

The subject property consists of a ± 5.65 acre¹ ($\pm 246,000$ square foot) parcel of land that is improved with the former Lakewood Hospital facility, the Curtis Block Building and the Marlowe Building. The former Lakewood Hospital Building contains 341,013 square feet of gross building area and was constructed in phases between 1917 and 2001. The hospital is only partially in use by Cleveland Clinic who utilizes its emergency room area. The Curtis Block is a two-story retail/apartment building (with a full basement) located at the southwest corner of Detroit and Marlowe Avenues. It was built in 1925 and contains 12,854 square feet. It is in fair condition and is vacant. The Marlowe Building is a one-story retail building located to the south of the Curtis Block building and fronts on Marlow Avenue. It was built in 1922 and contains 2,688 square feet. It too is in fair condition and is vacant.

Cleveland Clinic is constructing their new Family Health Center across Belle Avenue from the subject property. This facility is projected to be completed in July 2018. At that time Cleveland Clinic will relocate its remaining operations at Lakewood Hospital to the new Family Health Center facility, and the City of Lakewood will take complete control of the former hospital property. The former hospital building, as well as the Curtis Block and Marlowe Buildings, have extremely limited utility for adaptive reuse due to either their size, age, condition or design attributes. Therefore, the city plans on razing all of the improvements² and entering in an agreement with a developer to redevelop the subject property.

Our forthcoming report will summarize our analysis of the subject property's place in this market, the forces affecting its value (i.e., the current market for commercial development sites in the City of Lakewood, investor, tenant and developer attitudes, the status of roadways and other public service support systems serving the subject location, etc.) and conclude with estimates of its value.

¹ Based on our measurement using the Cuyahoga County GIS mapping system. Our size estimate is slightly larger than the size indicated in Cuyahoga County records of 5.45 acres (237,540 square feet).

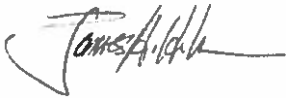
² The city has indicated that the Curtis Block building component, due to its design, may be incorporated in a proposed redevelopment of the property. However, the extent of repairs required to make it usable is judged to offset the contributory value of the improvements.

Mr. Bryce Sylvester, AICP
May 7, 2018

Note that our report contains certifications, assumptions and limiting conditions, definitions and other parameters which create a structure that leads to a value conclusion. The goal of our work is to provide you with an informed, unbiased estimate of value.

Very truly yours,

CHARLES M. RITLEY ASSOCIATES LLC

A handwritten signature in black ink, appearing to read "James A. Huber", with a stylized flourish at the end.

By: James A. Huber, MAI
Vice President
State Certified Real Estate Appraiser
General Certificate Number 450141

JAH/lbr