



# LIBRARIES

UNIVERSITY OF WISCONSIN-MADISON

## **An appraisal of the property known as Pitney Bowes, 4802-4804 East Broadway, Madison, Wisconsin. December 25, 1986**

Landmark Research, Inc.

[s.l.]: [s.n.], December 25, 1986

<https://digital.library.wisc.edu/1711.dl/HEJR2ZI3R57OS9D>

<http://rightsstatements.org/vocab/InC/1.0/>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

AN APPRAISAL OF THE PROPERTY

KNOWN AS

PITNEY BOWES

4802-4804 EAST BROADWAY

MADISON, WISCONSIN

*Landmark  
Research  
Inc.*

AN APPRAISAL OF THE PROPERTY  
KNOWN AS  
PITNEY BOWES  
4802-4804 EAST BROADWAY  
MADISON, WISCONSIN

AS OF  
DECEMBER 25, 1986

PREPARED FOR  
THE ESTATE OF ALFRED E. ANDING

PREPARED BY  
LANDMARK RESEARCH, INC.

Landmark  
Research  
Inc.

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.

Jean B. Davis, M.S.

June 29, 1987

Alfred E. Anding, Jr.  
A. E. Anding Estate  
5900 Monona Drive, Suite 401  
Monona, WI 53716

Dear Mr. Anding:

This letter transmits to you our appraisal of the office/storage property known as Pitney Bowes located at 4802-04 East Broadway, Madison, Wisconsin and owned by S & A Corporation.

We have established the Fair Market Value as of December 25, 1986, assuming cash to the seller, and subject to the assumptions and limiting conditions noted throughout the report. Market value of the property, subject to the existing lease, but sold for cash is:

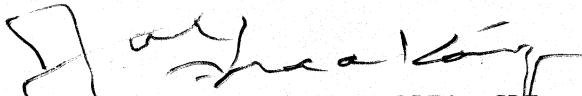
TWO HUNDRED SIX THOUSAND DOLLARS

(\$206,000)

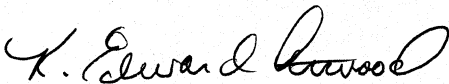
We further certify, that to the best of our knowledge, the statements made in this report are true, and we have not knowingly withheld any significant information; that Ed Atwood has personally inspected the subject property; that we have no interest, present or contemplated in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; that all contingent and limiting conditions are stated herein; and that the fee charged is consistent with our usual charge for appraisal services.

We are pleased to have been of service to you and remain available to answer questions you may have regarding this appraisal.

FOR LANDMARK RESEARCH, INC.,



James A. Graaskamp, Ph.D., SREA, CRE  
Urban Land Economist



K. Edward Atwood, Ph.D., CPA  
Real Estate Analyst/Appraiser

Enclosures

TABLE OF CONTENTS

	<u>PAGE</u>
LIST OF EXHIBITS . . . . .	iii
I. PURPOSE OF THE APPRAISAL . . . . .	1
II. DEFINITION OF FAIR MARKET VALUE. . . . .	1
III. DEFINITION OF INTERESTS TO BE APPRAISED. . . . .	2
A. Location of Subject Property . . . . .	2
B. Legal Description. . . . .	2
C. Tax Assessment as of January 1, 1986 . . . . .	2
D. Owner of Record. . . . .	2
E. Lease Encumbrance. . . . .	2
F. Mortgages Liens . . . . .	2
G. Other Licenses, Easements, and Encumbrances. . . . .	2
IV. APPRAISAL METHODOLOGY. . . . .	2
V. SITE DESCRIPTION . . . . .	3
VI. BUILDING DESCRIPTION . . . . .	3
VII. MOST PROBABLE USE AND MOST PROBABLE BUYER. . . . .	4
VIII. VALUATION OF THE SUBJECT PROPERTY. . . . .	4
A. Income Approach. . . . .	4
B. Market Comparison Approach . . . . .	5
C. Cost Approach. . . . .	7
D. Valuation of the Leasehold Interest. . . . .	7
IX. RECONCILIATION OF VALUE. . . . .	8
EXHIBITS . . . . .	9
CERTIFICATION OF VALUE . . . . .	40
STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS . . . . .	41
QUALIFICATIONS OF THE APPRAISERS . . . . .	43

LIST OF EXHIBITS

<u>EXHIBIT</u>		<u>PAGE</u>
1	Area Map Locating Subject. . . . .	10
2	Locational Map . . . . .	11
3	Plot Plan. . . . .	12
4	Zoning Map . . . . .	13
5	Interior Layout. . . . .	14
6	Photographs of the Subject Property. . . . .	15
7	Summary of Market Rents. . . . .	19
8	Vacant Land Sales. . . . .	20
9	After Tax Value at Market Rental Rates . . . . .	21
10	Location Map of Comparable Sales . . . . .	23
11	Comparable Sales . . . . .	24
12	Scale for Scoring Comparable Sales Based on Price Sensitive Attributes. . . . .	32
13	Point Score Analysis . . . . .	33
14	Marshall and Swift Assumptions . . . . .	35
15	Marshall and Swift Valuation . . . . .	37
16	After Tax Value Reflecting Leasehold Interest. . . . .	38

I. PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to determine the Fair Market Value of the defined property interest of the property described herein as of the date of death of Alfred E. Anding on December 25, 1986. The property interests, as encumbered, on that date were owned by the S & A Corporation in which A. E. Anding was the sole shareholder.

II. DEFINITION OF FAIR MARKET VALUE

The definition of Fair Market Value applicable to the appraisal is as follows: [1]

The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self interest, and assuming that neither is under undue duress.

Fundamental assumptions and conditions presumed in this definition are:

1. Buyer and seller are motivated by self interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

---

[1] American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, Chicago, IL, 1983, p. 33.

III. DEFINITION OF INTERESTS TO BE APPRAISED

A. Location of Subject Property

The subject property is located at 4802-4804 East Broadway in Madison, Wisconsin, as indicated in Exhibits 1 and 2.

B. Legal Description

Lot Five (5), Ellestad Drive Plat, in the City of Madison, Dane County, Wisconsin

C. Tax Assessment as of January 1, 1986

Parcel Tax Number: 0710-223-0314-4

Assessed Valuation - Land	\$ 43,000
- Improvements	<u>121,000</u>
TOTAL	\$164,000

D. Owner of Record

S & A Corporation, a Wisconsin corporation

E. Lease Encumbrance

The subject property is under lease to Pitney Bowes, Inc., a Delaware Corporation, initially dated October 7, 1971, and subsequently amended February 18, 1972, to include the total leasable area. The lease expires February 28, 1988. The terms of the lease provide for lessor payment of real estate taxes, insurance, and exterior maintenance. The current rent is \$2,400.00 per month.

F. Mortgages Liens

The property is assumed to be free of any mortgages.

G. Other Licenses, Easements, and Encumbrances

A public storm sewer easement exists over the easterly 10 feet of the subject parcel.

IV. APPRAISAL METHODOLOGY

The appraisal process seeks as a conclusion a defensible benchmark of value through the application of three approaches: the Cost Approach, the Market Comparison Approach and the Income Approach. The Cost Approach consists of determining the replacement cost of land to which is added the cost of duplicating the improvements. The result is reduced by the physical, functional and locational obsolescence to arrive at value by the Cost Approach. This approach is appropriate only for recently improved real estate.



The Market Comparison Approach consists of identifying sales of similar properties and, through an orderly process of comparing attributes of the comparables to the subject property, inferring from market price behavior of past transactions the probable price of a transaction involving the subject property.

The Income Approach involves discounting the future cash flows attributable to the subject real estate at a rate of return appropriate to potential investors. Cash inflows and outflows are estimated from past operating results as well as current market and financing conditions. The discounted amount indicates the value of the income characteristics of the subject property.

#### V. SITE DESCRIPTION

The subject site is situated on a service road off East Broadway, east of the intersection of South Stoughton Road and East Broadway, and is accessed via Dutch Mill Road; a locational map is shown in Exhibit 2. The site has good grade level access and high visibility to vehicular traffic along East Broadway. The site is flat in slope and rectangular in shape, averaging 289 feet in depth and 112.55 feet in width. Consisting of 33,022 square feet of land, it supports a 6,400 square foot one-story building. Approximately 16,254 square feet of the site is paved, with the remainder a grass covered area on the north end of the lot. A site drawing is shown as Exhibit 3.

The property is zoned C3L, Commercial Service and Distribution District (Nonresidential), along the service road and C3, Highway Commercial District, on approximately the north 20 percent of the site. A zoning map is shown as Exhibit 4. Site services are provided by the City of Madison.

#### VI. BUILDING DESCRIPTION

The structure, 80 feet long by 80 feet wide by 12 feet high, is constructed with a reinforced concrete slab on ground and reinforced concrete foundation walls. The framing is pre-engineered steel with steel joist supported gable metal roof. The exterior walls are insulated corrugated steel panels, finished with brick and windows at the front. No loading docks or overhead doors are present, though two rear entrances exist. The interior floor finish is carpet and tile. Interior walls are finished predominantly with wood panelling with drywall used on the remainder. Interior partitions are of wood studs. The ceiling is acoustical tile with recessed fluorescent lighting. No significant foundation or structural problems were noted.

Constructed in 1971, the building was originally designed to provide two symmetrical leasable office/storage units. Accordingly, the structure contains two sets of electrical panels, rest rooms, mechanicals, and central air conditioning units. However, Pitney Bowes elected to lease the entire space as of February 18, 1972. Modifications included the

removal of the front entrance door in the west unit and the relocation of the rear entrance door in the east unit as well as interior changes. Exhibit 5 shows the interior layout after the changes. Photos of the subject property are found in Exhibit 6. The exterior modifications can be discerned from the front and rear view photos.

#### VII. MOST PROBABLE USE AND MOST PROBABLE BUYER

The southeast section of Madison in which the subject property is located is generally an area of highway-oriented commercial and light industrial development. Currently, the trend is toward developing general purpose structures that offer combinations of office-retail-warehouse space within a given facility. Interior partitioning and finishes vary with the type of space demanded by a particular lessee. The area immediately adjacent to the subject contains a Quality Inn motel as well as numerous office, retail, and light industrial properties.

After consideration, the appraiser believes the most probable use for the subject property is a combination of office and service/storage area, which is consistent with its current use. Potential buyers are those firms needing the visibility and access afforded by the site or a local investor seeking a long term income investment. The building is too small to be attractive to any institutional investor.

#### VIII. VALUATION OF THE SUBJECT PROPERTY

##### A. Income Approach

The Income Approach combines the present value of cash flows to the equity investor during the project holding period with the justified mortgage amount based on property income. The premise is that investment value is the sum of the present value of benefits to the owner plus the original balance to the loan since a loan is the present value of all the interest and principal payments due the lender under the financing contract.

The valuation process begins with a determination of the revenues and expenses expected during the project holding period. An analysis of market rents is presented in Exhibit 7. Annual market square foot rents range from \$5.50 to \$7.85, varying based on the extent of lessor responsible for various expenses. In situations in which the lessor is responsible only for taxes, insurance, and exterior maintenance, as is the case with the subject property, the rents range from \$5.50 to \$6.50/SF. The analysis is based on an average of \$6.00/SF. Vacancy can be expected to average six months out of 120 months, or 5 percent. Currently, property taxes are \$4,663 and are expected to increase by 5 percent per year because the city and school board are losing traditional sources of federal funds. Insurance currently costs \$523 per year and is expected to increase by 3 percent per year. Lease commissions are accrued and charged to effective gross income at 5 percent. The subject property is well maintained and no major expenses associated with exterior maintenance

are expected to be incurred during the holding period, assumed to be five years. Other costs associated with the property are assumed to be passed through to the tenant.

The financing parameters used in the analysis are based upon those reported in the Investment Bulletin by the American Council of Life Insurance for December 1986. A 9.5 percent, 20-year loan is assumed. The debt coverage ratio was adjusted upward to 1.5 to account for the additional risk associated with a smaller Class C type property rather than making an interest rate adjustment.

Investors seek an equity yield rate on this type of property in the range of 12 to 13 percent. A rate of 12 percent was used in the analysis, establishing the maximum possible value an investor would pay.

The cash flows, financing parameters, and equity return requirements were analyzed using an investment valuation model known as After Tax Value (ATV), developed by ValuSoft and Micromatrix, Inc. The model has a detailed revenue, expense, financing, and income tax format that permits one to solve for a value justified by the specified parameters and constraints. The income tax parameters specified are those that would be applicable to the most probable investor under the recent tax reform provisions. As part of the income tax format, the land value must be specified for the model to solve for the portion of the total value to be assigned to the depreciable improvements. (See Exhibit 8.). Likewise, the resale value must be specified in order to determine the after tax value of the reversion to the investor; the resale price is determined by capitalizing the fifth year net operating income by 11.0 percent.

The assumptions used in the discounted cash flow model are found in Exhibit 9. The discounted after tax value of the unencumbered subject property is \$243,377, or \$243,000 rounded, using a minimum 12 percent discount factor for all the benefits to the equity position.

B. Market Comparison Approach

It is possible to infer from market price behavior of past transactions the probable price and range of a transaction involving the subject property and a probable buyer of the type defined, assuming that a buyer will pay no more for a property than the amount another property offering similar utility would cost. Of course, properties sell with respect to their location, size, marketability, and other factors. It is therefore necessary to reduce these differences to a common denominator or unit within which price comparison and patterns can be identified. Each property is scored on a point system that is weighted for priorities of the investor in the current market. The price per square foot of each property is divided by its score to determine a price per square foot per point. The weighted points per square foot price is first tested as a pricing formula on comparable sales. If the predicted prices are similar to the actual prices paid, then the pricing formula which has the minimum dispersion in predicting prices is applied to the subject

property to determine the market comparison value of the subject parcel.

A map showing the location of each comparable is in Exhibit 10 and a description of each comparable sale is provided in Exhibit 11. First, financing terms, changes in the purchasing power of the dollar (inflation), and changes in market conditions and real growth must be considered in evaluating sales prices of comparables. No adjustments were made for these factors; all sales involved warranty deeds and are sufficiently recent. Real growth or decline was negligible during the period.

Each property has certain attributes that are observable and significant to the investor. In order to adjust for differences between the comparable sales and the subject property, a method of analyzing qualitative differences among the properties must be constructed. A list of price sensitive variables and corresponding ordinal scoring scales was developed to score each property, the intent being to simulate the buyer's logic in paying a sales price. (See Exhibit 12.) The differences are reduced to a common measure that reflects the significance each factor has on buyer perception.

Exhibit 13 provides the scoring results as well as the results of the remaining steps in the process described herein. An attribute scoring matrix for the comparables and the subject is presented with the corresponding price per square foot for each of the comparables. Next, the appraiser solves for the relative weights of the attributes that best predicts the price of the comparables. Based on that weighting scheme, a weighted matrix that reports the calculations of total point score for each comparable property and for the subject is established. The price per square foot for each comparable is divided by its point score to determine the price per point per square foot which is the basis for determining the mean price per point and unexplained dispersion for each comparable transaction. Next, the pricing formula of price per point per square foot is tested for its ability to predict the price of each comparable based on an acceptable variance from actual price. Having established an acceptable variance, the price algorithm is then applied to the subject property.

The market comparison model indicates a range in property values from \$26.93/SF to \$27.60/SF adjusted for specific attributes listed in Exhibit 12. When applied to the 6,400 SF of Gross Building Area (GBA) of the subject property, these convert to a range of values from \$172,323 to \$176,670, with a central tendency of \$174,497. The value conclusion from the market comparison approach is \$174,000, or \$17.19 per square foot of GBA.

#### C. Cost Approach

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structure from all causes plus the value

of the land and entrepreneurial profit. Current costs for constructing improvements are derived from cost estimators, cost estimating publications, builders, and contractors.

The Calculator Method, a computerized cost service of the Marshall and Swift Valuation Service, provides a check on the values estimated by both the Market Comparison Approach and the Income Approach. The Calculator Method was applied to the subject property based on the cost assumptions provided in Exhibit 14. The land value is estimated at \$1.25/SF based on land sales of comparable properties (see Exhibit 8), for a total of \$41,300. The computer analysis produced by the service is provided in Exhibit 15. The extras for paving and for the interior finish, such as carpet, tile, acoustical and recessed fluorescent fixtured ceiling, and partitioning, should be noted. The indicated value by the cost approach is \$175,000, or \$27.34/SF of GBA.

D. Valuation of the Leasehold Interest

The subject property is subject to a written lease initially dated October 7, 1971 and amended February 18, 1972 to include the total area of the building. The lease has been renewed at various dates, the most recent for the term of March 1, 1985 through February 28, 1988.

The contract rents are below market rates and have thus created a leasehold interest in the property. The value of a leasehold interest is the present (discounted) worth of the rent saving, when contractual rent at the time of appraisal is less than the current rent. To value the leasehold interest, the discounted cash flow model used in the Income Approach was modified to reflect the contract rents for the duration of the lease, holding the remaining factors constant. The current rent is \$2,400.00 per month, or \$4.50/SF per year. The value of the property encumbered by the leasehold is \$226,378, or \$226,000 rounded, as reflected in Exhibit 16. The difference between the value based on market rents and the value based on contract rents represents the value of the leasehold interest. It is determined as follows:

Indicated Income Value - Market Rents	\$243,000
Indicated Income Value - Contract Rents	<u>226,000</u>
Present Value of Leasehold Interest	\$ 17,000
	=====

IX. RECONCILIATION OF VALUE

The Income Approach, which is the primary indicator of value for this type of property, suggested a value of \$243,350. Accordingly, it is weighted most heavily in the determination of value. The Market Comparison Approach indicated a value of \$174,000 and is weighted less heavily than the Income Approach due to the diversity of uses noted in the comparables. The Cost Approach suggested a value for the subject property of \$175,000. However, this approach serves primarily as a check on the Income Approach and the Market Comparison Approach. It is

weighted equally with the Market Comparison Approach in the reconciliation of value. The reconciliation of value is as follows:

INCOME APPROACH	\$243,350 X .70 =	\$170,345
MARKET COMPARISON APPROACH	\$174,000 X .15 =	26,100
COST APPROACH	\$175,000 X .15 =	<u>26,250</u>
INDICATED VALUE, FREE OF ENCUMBRANCES		\$222,695
LESS: LEASEHOLD INTEREST		<u>(17,000)</u>
NET FAIR MARKET VALUE OF PROPERTY INTERESTS		\$205,695
ROUNDED		\$206,000 =====

THEREFORE, THE VALUE OF THE PROPERTY INTERESTS AS OF DECEMBER 25, 1986,  
IS:

TWO HUNDRED SIX THOUSAND DOLLARS

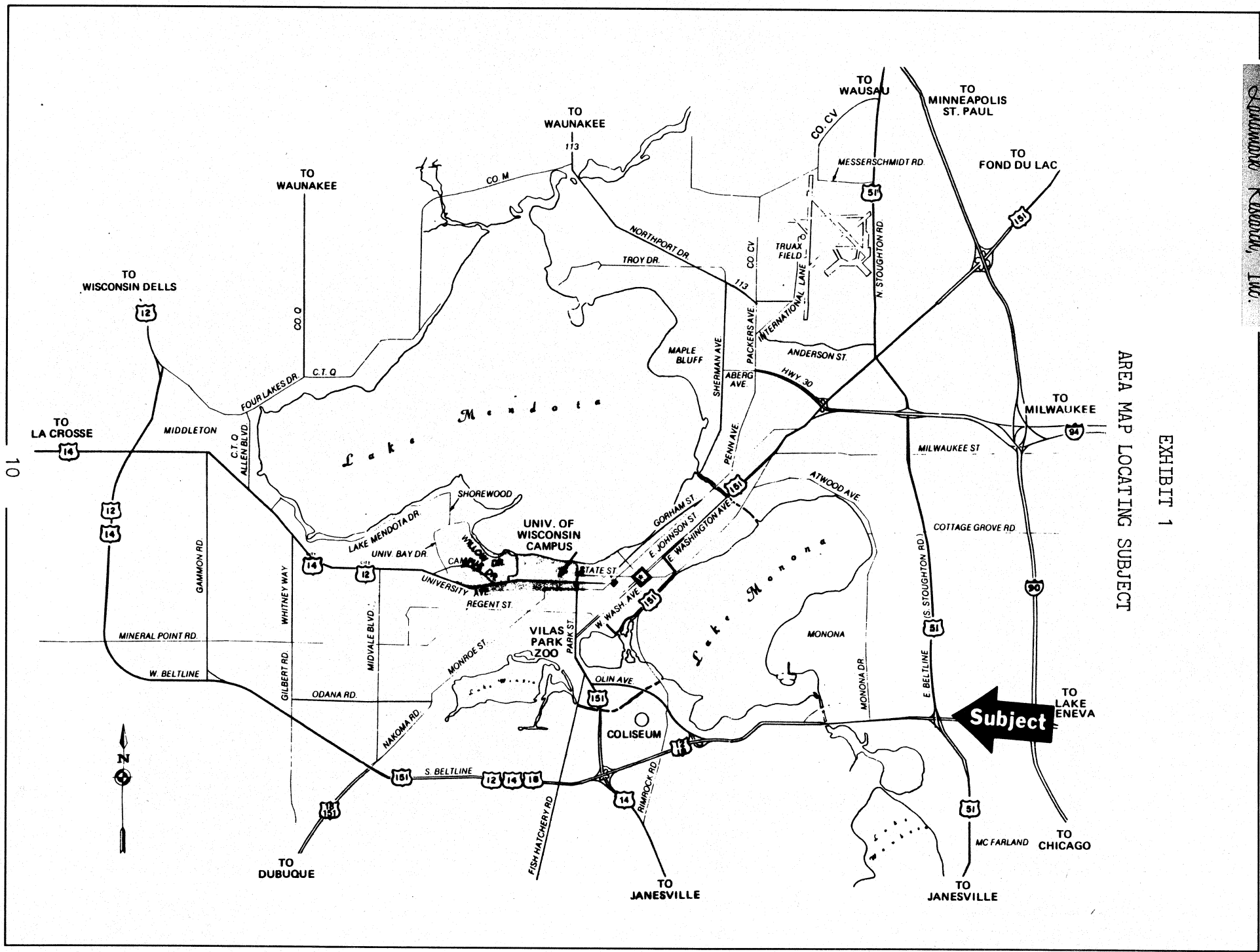
(\$206,000)

EXHIBITS

FOR

PITNEY BOWES

*Spudman's Research, Inc.*



AREA MAP LOCATING SUBJECT

EXHIBIT 1

10

**Subject**



EXHIBIT 2  
LOCATIONAL MAP

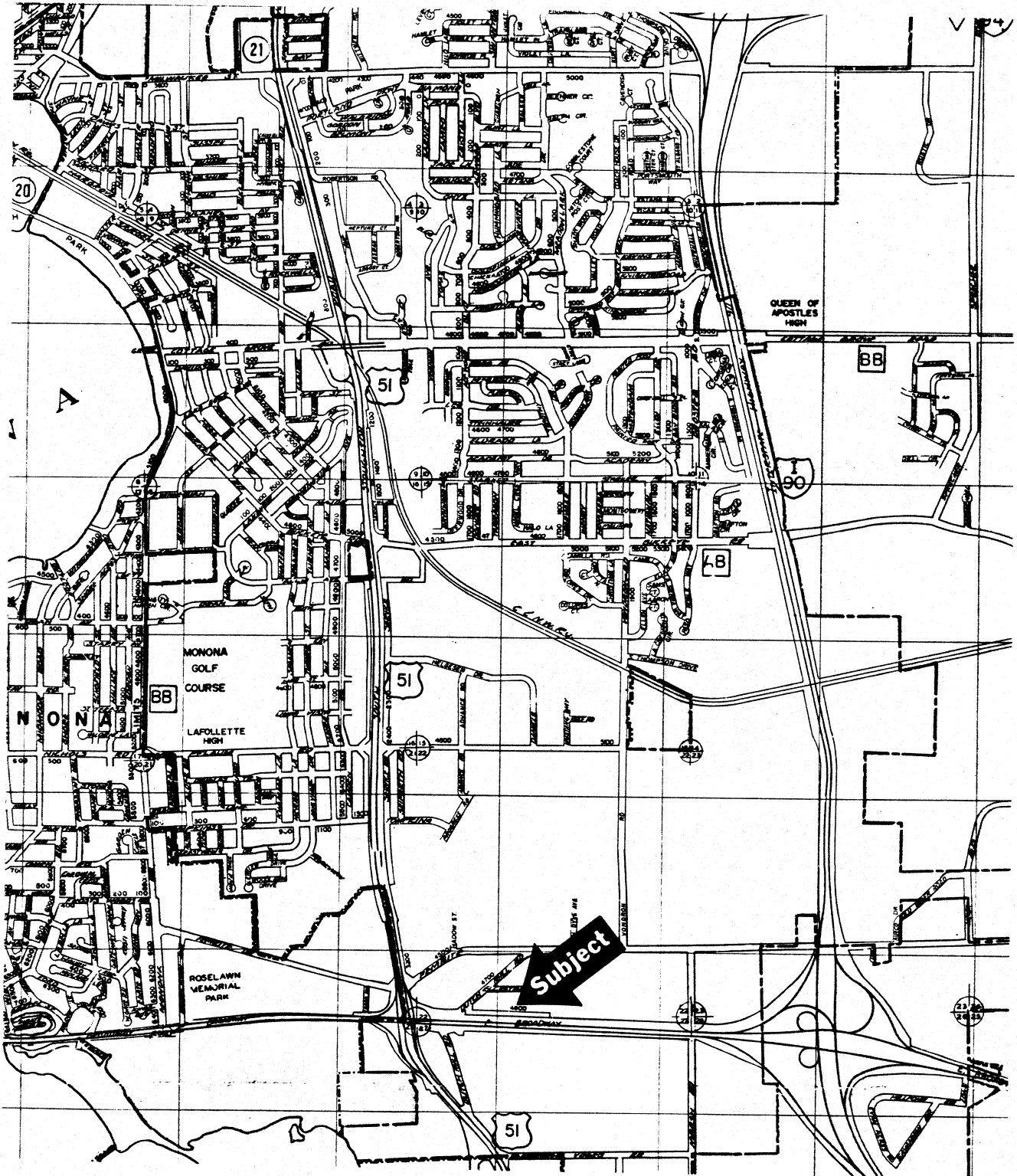


EXHIBIT 3

PLOT PLAN

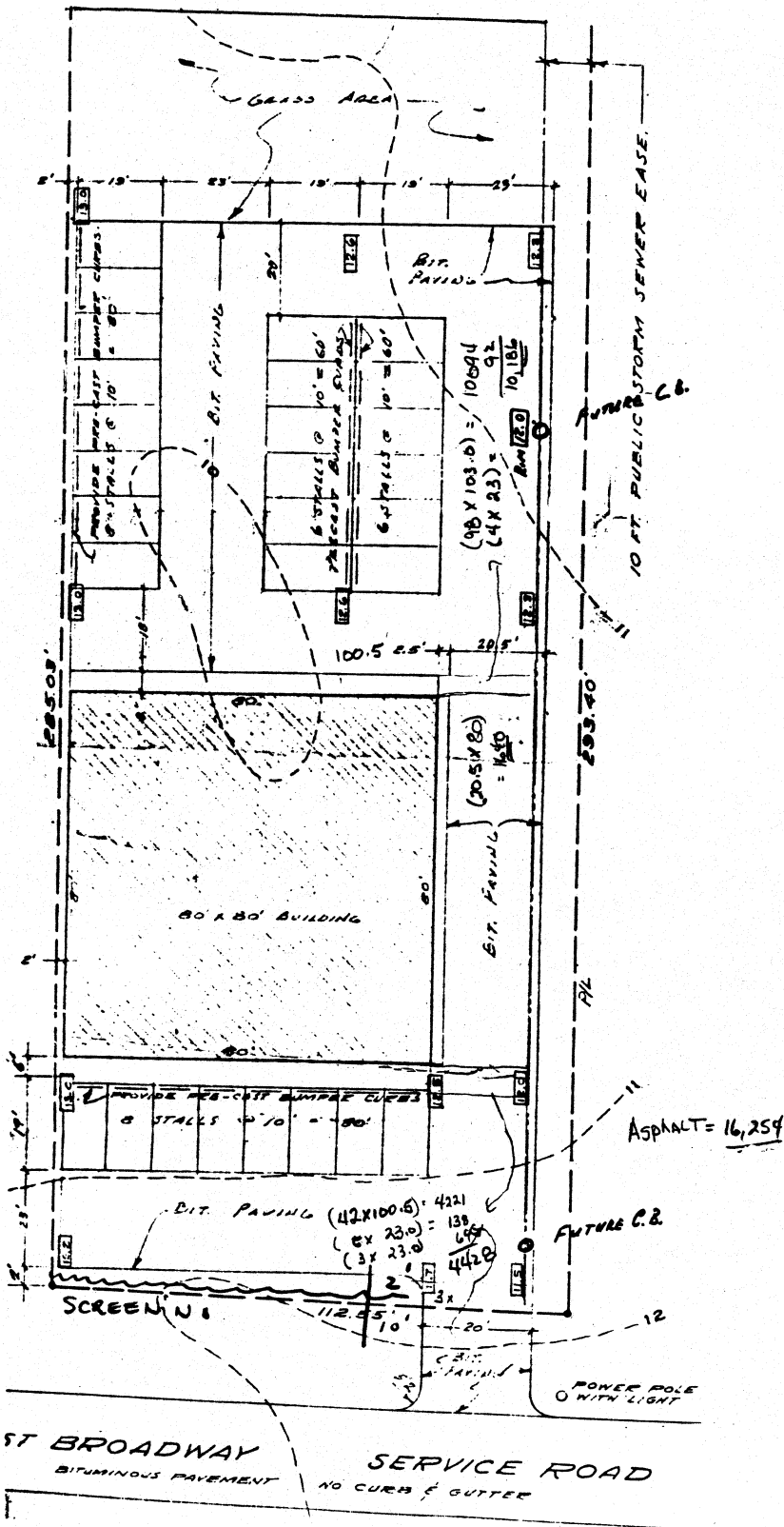


EXHIBIT 4  
ZONING MAP

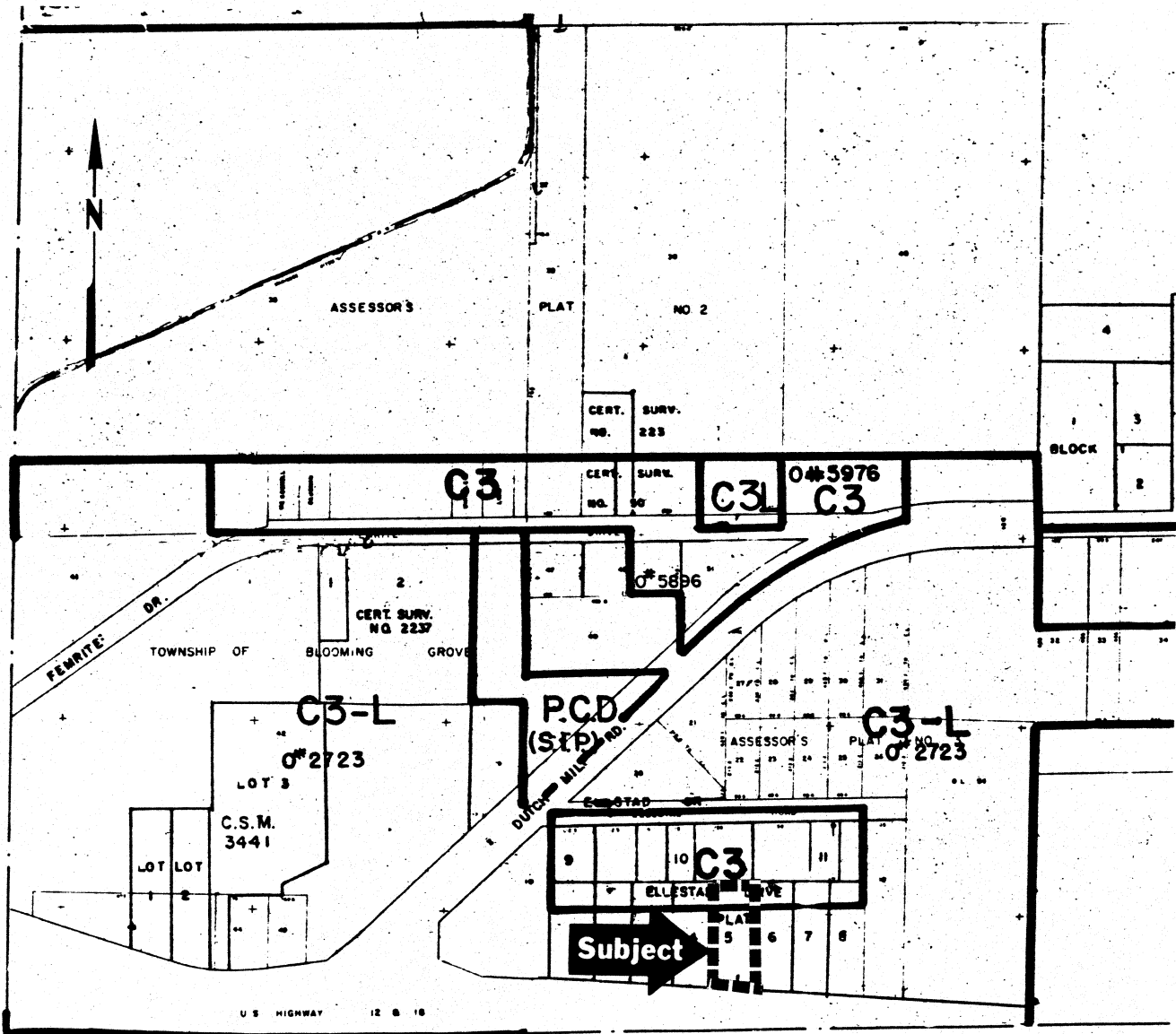


EXHIBIT 5  
INTERIOR LAYOUT

4802 EAST BROADWAY  
MADISON, WISCONSIN

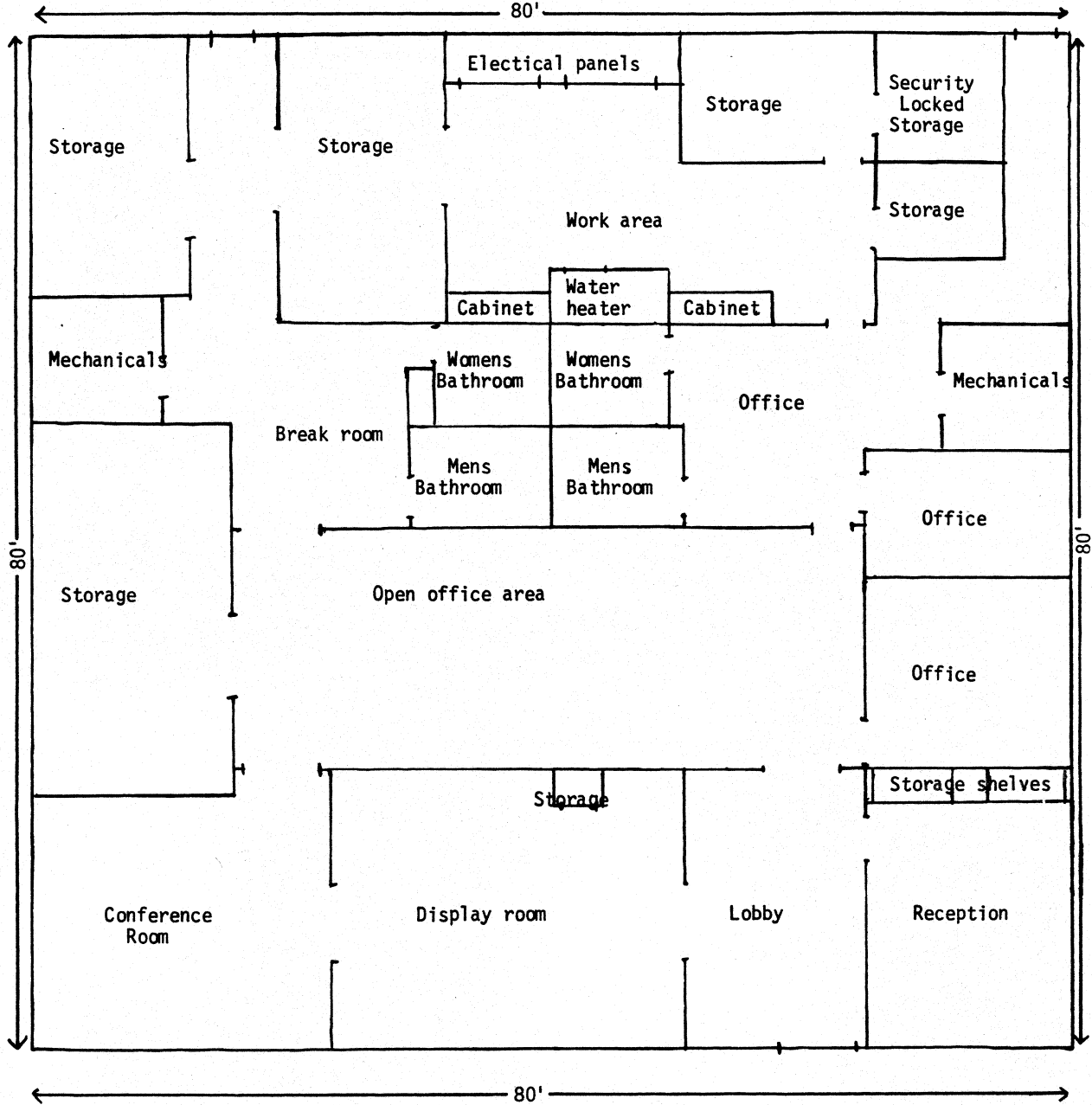


EXHIBIT 6  
PHOTOGRAPHS OF THE SUBJECT PROPERTY



4802-4804 East Broadway

EXHIBIT 6 (Continued)



Front and side view of subject



Back of building showing parking and rear entries.  
The double door has been sealed off as an entry.

EXHIBIT 6 (Continued)



Reception office area



Display Room at front of building

EXHIBIT 6 (Continued)



Large open office area



Break room with two rest rooms located adjacent to it



EXHIBIT 7  
SUMMARY OF MARKET RENTS

Address	Owner	SF	Rent/SF	Escalation Clause	Expens Responsibility : Owner (O) or Tenant (T)						
					Heat	Elec.	Water & Sewer	Int. Main.	Ext. Main.	Ins.	R.E. Tax
2027 S. Stoughton Rd. Beltline Commerce Park	Ross Menard	NA	\$6-6.50	3-4%/yr.	T	T	T	T	O	O	O
S. Stoughton Rd.	Ross Menard	20,000	\$5.50	3-4%/yr.	T	T	T	T	O	O	O
1128 Stewart	Al Vondra	6,000 (2,000 SF office & 4,000 SF open unfinished work area)	\$5.50	3%/yr.	T	T	T	T	T	T	T
1317 Applegate Rd.	Bruce Neviasser	5,000	\$6-6.50	5%/yr.	O	O	O	O	O	O	O
6414 Copps Ave. Beltline Office	Public Storage Rental Space	24,000	\$7.85	None in the past 2 yrs.	O	O	O	O	O	O	O

EXHIBIT 8  
VACANT LAND SALES

VACANT LAND SALES

Address	Zoning	Site Size (SF)	Sale Date	Sale Price	Price/SF
4713 Femrite	C3-L	6,585	11/14/85	\$11,500	\$1.75
Main Appliance 2217 S. Stoughton Rd.	M-1	48,003	4/1/85	\$65,000	\$1.35
American Mini Storage 2233 S. Stoughton Rd.	M-1	48,003	6/27/85	\$68,000	\$1.42
Hansen Construction 2225 S. Stoughton Rd.	M-1	48,003	7/15/85	\$60,000	\$1.25
M. & J. Truck & Auto Repair 2201 S. Stoughton Rd. Corner of Helgeson & S. Stoughton Rd.	M-1	44,716	9/9/85	\$89,000	\$1.99

EXHIBIT 9

AFTER TAX VALUE AT MARKET RENTAL RATES

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
GROSS INCOME	\$38,400	\$38,400	\$38,400	\$38,400	\$38,400
VACANCY	-\$1,920	-\$1,920	-\$1,920	-\$1,920	-\$1,920
EFF. GROSS INCOME	\$36,480	\$36,480	\$36,480	\$36,480	\$36,480
PROPERTY TAXES	\$4,663	\$4,896	\$5,141	\$5,398	\$5,667
INSURANCE	\$523	\$538	\$555	\$571	\$589
LEASE COMMISSIONS	\$1,824	\$1,824	\$1,824	\$1,824	\$1,824
TOTAL EXPENSES	-\$7,010	-\$7,258	-\$7,520	-\$7,793	-\$8,080
NET OPERATING INC.	\$29,470	\$29,222	\$28,960	\$28,687	\$28,400

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.09500
LOAN TERM	20.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.50000
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
RESALE PRICE	\$258,182.
LAND VALUE	\$41,300.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	\$29,470.
CHANGE IN NOI	-0.03631
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.07000

EXHIBIT 9 (Continued)

AFTER TAX VALUE AT MARKET RENTAL RATES (Continued)

PITNEY BOWES BLDG.  
4802-04 EAST BROADWAY  
MADISON , WI

By LANDMARK RESEARCH INC.

VALUE	<u>\$243,377.</u>
AFTER TAX YIELD	12.00000
OVERALL RATE	0.12109
MORTGAGE CONSTANT	0.11186
MORTGAGE VALUE	\$175,643.
BUILDING VALUE	\$202,077.
EQUITY VALUE	\$67,734.
EQUITY DIVIDEND	0.14503

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	\$29,470.	\$29,222.	\$28,960.	\$28,687.	\$28,400.
DEBT SER#1	-\$19,647.	-\$19,647.	-\$19,647.	-\$19,647.	-\$19,647.
BTCF	\$9,823.	\$9,575.	\$9,313.	\$9,040.	\$8,753.
NOI	\$29,470.	\$29,222.	\$28,960.	\$28,687.	\$28,400.
INTEREST 1	-\$16,554.	-\$16,247.	-\$15,909.	-\$15,538.	-\$15,131.
DEPREC	-\$6,415.	-\$6,415.	-\$6,415.	-\$6,415.	-\$6,415.
TAXABLE	\$6,501.	\$6,560.	\$6,636.	\$6,733.	\$6,854.
TAXES	\$2,145.	\$2,165.	\$2,190.	\$2,222.	\$2,262.
ATCF	\$7,678.	\$7,410.	\$7,124.	\$6,818.	\$6,491.

RESALE PRICE \$258,182.  
SELLING COST -\$18,073.  
LOAN BALANCE # 1 -\$156,789.

RESALE PRICE \$258,182.  
SELLING COST -\$18,073.  
ADJUSTED BASIS -\$211,301.  
TAXABLE GAIN \$28,808.  
LONG TERM GAIN \$28,808.  
ORDINARY TAXES \$0.  
CAPITAL GAINS TAX \$9,507.

BEFORE TAX PROCEEDS \$83,320.  
TAXES -\$9,507.  
AFTER TAX PROCEEDS \$73,814.

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	-\$67,734.
1	\$7,678.
2	\$7,410.
3	\$7,124.
4	\$6,818.
5	\$80,305.

EXHIBIT 10

LOCATION MAP OF COMPARABLE SALES

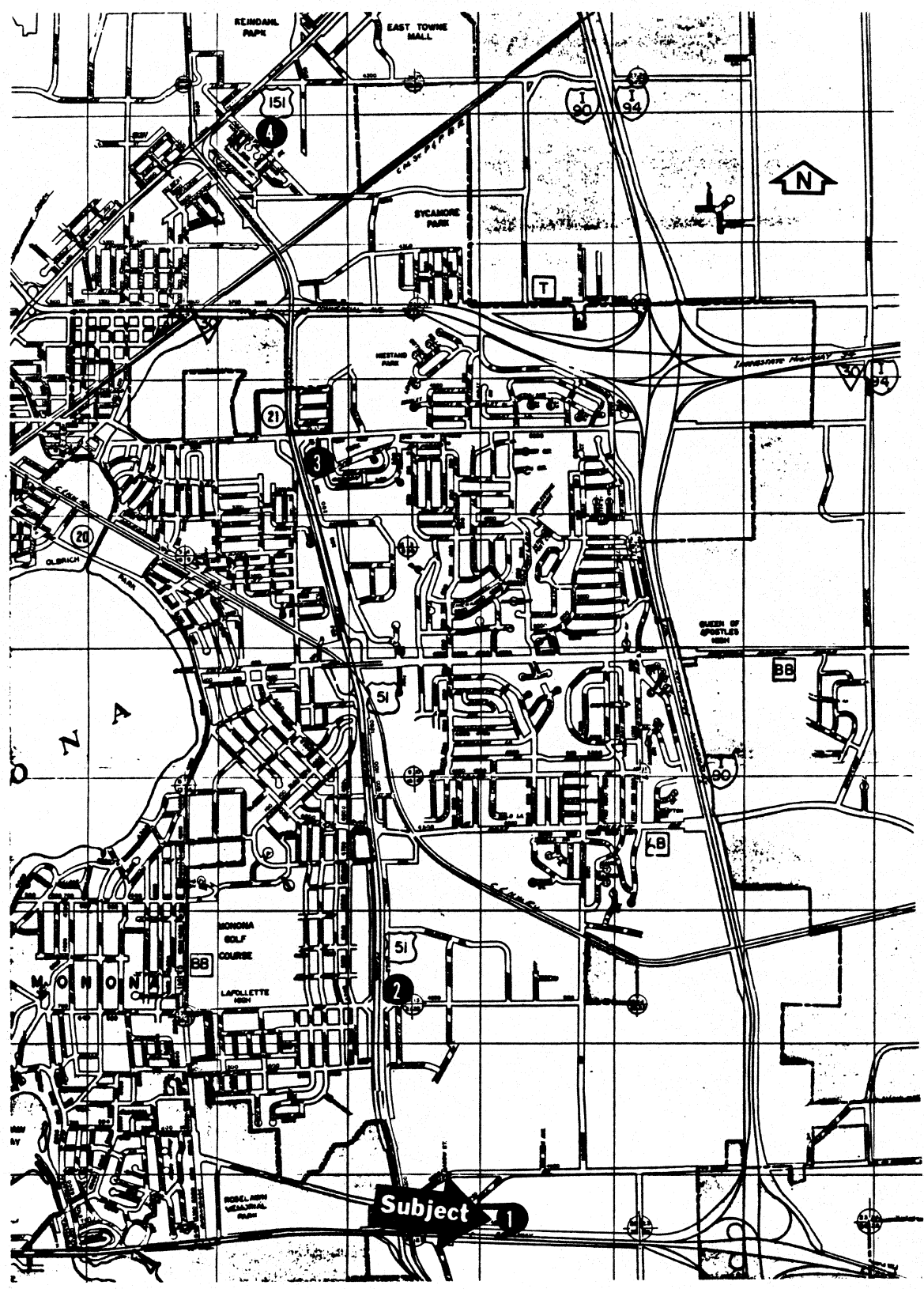


EXHIBIT 11

COMPARABLE SALE NO. 1



ADDRESS: 4806 East Broadway Street

LOCATION: Adjacent to subject property,  
on frontage road off Highways  
12 and 18.

SALES PRICE: \$250,000

SALES DATE: February 23, 1984

SELLER: Budget Rent-A-Car

BUYER: Dean E. Schwark

RECORDING DATA: Volume 5392, Page 52, Dane  
County Register of Deeds

INSTRUMENT TYPE: Warranty Deed

SITE SIZE: 44,820 SF

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.1 (Continued)

ZONING:	C3/C3-L
PARKING:	Paved, 30 spaces
YEAR BUILT:	1971
CONSTRUCTION TYPE:	Masonry/steel
GROSS FLOOR AREA:	10,000 SF
OFFICE AREA:	4,000 SF
WAREHOUSE AREA:	6,000 SF
HEAT:	Gas forced air
AIR CONDITIONING:	Central
TRUCK DOCKS:	3

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.2



ADDRESS: 4402 Pflaum Road

LOCATION: North of subject at northeast corner of Pflaum Road and South Stoughton Road

SALES PRICE: \$201,000

SALES DATE: July 14, 1986

SELLER: Grace Baptist Church, Inc.

BUYER: John R. Fritz and Timothy A. Meilcarek

RECORDING DATA: Volume 8477, Page 90, Dane County Register of Deeds

INSTRUMENT TYPE: Warranty Deed

SITE SIZE: 58,783 SF



EXHIBIT 11 (Continued)

COMPARABLE SALE NO.2 (Continued)

ZONING:	C3-L
PARKING:	Unpaved, plentiful
YEAR BUILT:	1953; 1969 office addition
CONSTRUCTION TYPE:	Concrete block; brick on masonry in office area
GROSS FLOOR AREA:	10,873 SF
OFFICE AREA:	1,430 SF
WAREHOUSE AREA:	9,443 SF
HEAT:	Hot water with four electric boosters
AIR CONDITIONING:	None
TRUCK DOCKS:	None

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.3



ADDRESS: 43 South Stoughton Road

LOCATION: North of subject on frontage road off Highway 51

SALES PRICE: \$190,000

SALES DATE: Recorded November 25, 1986

SELLER: Janey Panetti

BUYER: James and Dora Lee Cecka

RECORDING DATA: Volume 9145, Page 41, Dane County Register of Deeds

INSTRUMENT TYPE: Warranty Deed

SITE SIZE: 23,985 SF

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.3 (Continued)

ZONING:	C3
PARKING:	Paved
YEAR BUILT:	1971
CONSTRUCTION TYPE:	Masonry/steel
GROSS FLOOR AREA:	9,800 SF
OFFICE AREA:	200 SF
WAREHOUSE AREA:	9,600 SF, approximately 7,000 SF of which is retail area
HEAT:	Gas forced air
AIR CONDITIONING:	Four roof-mounted units
TRUCK DOCKS:	One

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.4



ADDRESS: 1310 Mendota Street

LOCATION: East Towne Office Center, off  
East Washington Avenue behind  
K-Mart

SALES PRICE: \$585,000

SALES DATE: November 21, 1985

SELLER: Midstate Metal Building  
System, Inc.

BUYER: Mendota Court Associates

RECORDING DATA: Volume 7552, Page 1, Dane  
County Register of Deeds

INSTRUMENT TYPE: Warranty Deed

SITE SIZE: 57,902 SF

EXHIBIT 11 (Continued)

COMPARABLE SALE NO.4 (Continued)

ZONING:	C3-L
PARKING:	Paved
YEAR BUILT:	1978
CONSTRUCTION TYPE:	Masonry/steel
GROSS FLOOR AREA:	17,720 SF
OFFICE AREA:	100 percent; 12,724 leasable
WAREHOUSE AREA:	None
HEAT:	Gas forced air
AIR CONDITIONING:	Central
TRUCK DOCKS:	None

EXHIBIT 12

SCALE FOR SCORING COMPARABLE SALES  
BASED ON PRICE SENSITIVE ATTRIBUTES

OFFICE/GROSS BUILDING AREA RATIO:	5 - More than 65 percent 3 - 30 to 65 percent 1 - 0 to 30 percent
VISIBILITY ACCESS:	5 - High Visibility 3 - Moderate Visibility 1 - Low Visibility
SIZE:	5 - 1 to 10,000 SF 3 - 10,00 to 15,000 SF 1 - Over 15,000 SF
LAND/BUILDING RATIO:	5 - Greater than 4.0 3 - 3.1 to 4.0 1 - Less than 3.1
QUALITY:	7 - Very Good 5 - Good 3 - Average 1 - Below Average

EXHIBIT 13

POINT SCORE ANALYSIS

Project title: PITNEY BOWES PROPERTY

Unit prices Search interval = 5

	OFFIC	VISIB	SIZE	LAND/	QUALI	Price
Prel. wts.	0	5	15	30	50	-
4806 E. BRO	5	5	3	5	3	\$25.00
4402 PFLAUM	1	5	3	5	1	\$18.49
43 S. STOUG	3	5	5	1	3	\$19.38
1310 MENDOT	5	1	3	3	7	\$33.02
PITNEY BOWE	5	5	5	5	3	-

Weighted Matrix

Attribute	OFFICE/G	VISIBILI	SIZE	LAND/BLD	QUALITY	WtdScr
Initial weights	45	10	15	10	20	100
Final weights	0	5	15	30	50	100
4806 E. BROADW	5/ 0.00	5/ 0.25	3/ 0.45	5/ 1.50	3/ 1.50	3.70
4402 PFLAUM RO	1/ 0.00	5/ 0.25	3/ 0.45	5/ 1.50	1/ 0.50	2.70
43 S. STOUGHTO	3/ 0.00	5/ 0.25	5/ 0.75	1/ 0.30	3/ 1.50	2.80
1310 MENDOTA S	5/ 0.00	1/ 0.05	3/ 0.45	3/ 0.90	7/ 3.50	4.90
PITNEY BOWES B	5/ 0.00	5/ 0.25	5/ 0.75	5/ 1.50	3/ 1.50	4.00

Mean Price Per Point Method: Predicted vs. Actual Price for Comparables

	Predicted Price	Actual price	Error
4806 E. BROADWAY	\$25.22	\$25.00	\$0.22
4402 PFLAUM ROAD	\$18.40	\$18.49	-\$0.09
43 S. STOUGHTON RO	\$19.09	\$19.38	-\$0.29
1310 MENDOTA STREE	\$33.40	\$33.02	\$0.38

EXHIBIT 13 (Continued)

POINT SCORE ANALYSIS (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$6.82  
 Dispersion About the Mean: \$0.08  
 Coefficient of Variation : 0.01

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per SQUARE FOOT
Low Estimate	4.00	X	\$6.73	=	\$26.93
Central Tendency	4.00	X	\$6.82	=	\$27.27
High Estimate	4.00	X	\$6.90	=	\$27.60

Transaction Zone: Mean Price Per Point Method

Number of SQUARE FOOT in subject property: 6400

Low Estimate \$172,323 or \$172,000  
 Central Tendency \$174,497 or \$174,000  
 High Estimate \$176,670 or \$177,000  
 Coefficient of Variation = 0.01

Iterations

		OFFIC	VISIB	SIZE	LAND/	QUALI	S.D.	Mean
Prelim. Wts.	45	10	15	10	20		1.419086	6.957305
Pass # 1	35	10	10	20	25		.8546446	6.828974



EXHIBIT 14

MARSHALL AND SWIFT ASSUMPTIONS

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on  
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Pitney Bowes Bldg.  
 2) PROPERTY OWNER A. E. Anding Estate  
 3) ADDRESS 4802 E. Broadway, Madison, WI  
 4) SURVEYED BY Landmark Research, Inc.  
 5) DATE OF SURVEY 12/25/86

6) REGION: 1 Western. CLIMATE: 1 Extreme  
 2 Central 2 Moderate  
 3 Eastern 3 Mild

7) OCCUPANCY CODE 407 (Refer to back of Form)

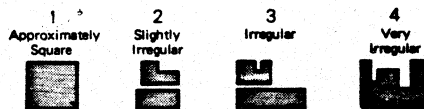
8) CONSTRUCTION CLASS:  
 A Fireproof Structural Steel Frame S Metal skin  
 B Reinforced Concrete Frame  
 C Masonry Bearing Walls  
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.04  
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:  
 1 Low 3 Above Average  
 2 Average 4 High

11) TOTAL FLOOR AREA 6400

12) SHAPE or PERIMETER 1



13) NUMBER OF STORIES 1

14) AVERAGE STORY HEIGHT 12

15) EFFECTIVE AGE 15

16) CONDITION:  
 1 Worn Out 4 Good  
 2 Badly Worn 5 V. Good  
 3 Average 6 Excellent

17) EXTERIOR WALL:

Masonry Walls

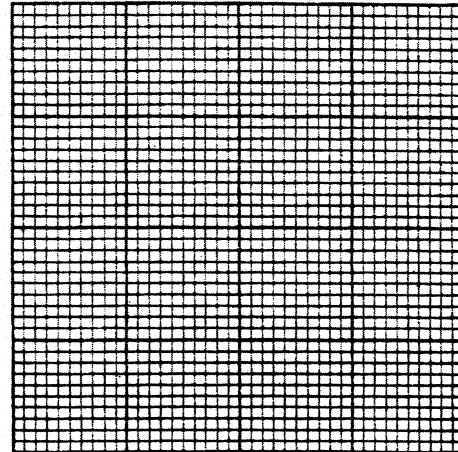
- 1 Adobe Block
- 2 Brick, Block Back-Up
- 3 Common
- 4 Cavity
- 5 Face Brick (Add)
- 6 Concrete Block
- 7 Concrete, Reinforced
- 8 Concrete, Tilt-Up
- 9 Stn. Ashlar Veneer, Block
- 10 Stone, Rubble
- 11 Pilaster
- 12 Bond Beams
- 13 Insulation (Add)

Curtain Walls

- 14 Concrete, Precast
- 15 Concrete/Glass Panels
- 16 Metal/Glass Panels
- 17 Stainless Steel/Glass
- 18 Bronze and Glass
- 19 Stone Panels
- 20 Steel Studs/Stucco
- 21 Tile, Clay
- 22 Facing Tile (Add)

Wood or Steel Framed Walls

- 23 Aluminum Siding
- 24 Asbestos Siding
- 25 Asbestos Shingles
- 26 Shingles
- 27 Shakes
- 28 Stucco on Wire/Paper on Sheathing
- 29 Wood Siding on Paper on Sheathing
- 30 Veneer, Common Brick
- 31 Face Brick
- 32 Stone
- 33 Used Brick
- 34 Siding, Vinyl Surface
- 35 Hardboard
- 36 Textured Plywood
- 37 Board/Batten Box Frame
- 38 Log, Rustic
- 39 Insulation (Add)
- 40 Wood or Steel Skeleton Frames
- 41 Aluminum Cover
- 42 Sandwich Panels
- 43 Corr. Steel on Steel Frame on Wood Frame
- 44 Transite
- 45 Siding, Post/Girder Frame
- 46 Sheathing (Add)



18) HEATING, COOLING & VENTILATION:

- 1 Elec. (Cable, Panel/Baseboard) 12 Steam, with Boiler
- 2 Elec. Wall Heaters 13 Steam, without Boiler
- 3 Forced Air 14 Air Cond. Hot/Chilled Water
- 4 Floor Furnace 15 Air Cond. Warm/Cooled Air
- 5 Gas Steam Radiator 16 Package Heating/Cooling
- 6 Gravity Furnace 17 Heat Pump
- 7 Heaters, Vented 18 Evaporative Cooling
- 8 Hot Water 19 Refrigerated Cooling
- 9 Hot Water, Radiant 20 Ventilation
- 10 Space Heat, Gas 21 Wall Furnace
- 11 Space Heat, Steam

19) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 0 Sq. Ft.

21) TOTAL BASEMENT 0 Sq. Ft.

- 1 Unfinished 5 Utility
- 2 Finished 6 Resident Units
- 3 Parking 7 Display
- 4 Storage 8 Office

MISCELLANEOUS COST

LAN: 41300 Land  
 SIT: \_\_\_\_\_ Site Improvements  
 PHY: \_\_\_\_\_ Physical Depreciation  
 FUN: \_\_\_\_\_ Functional Depreciation  
 LOC: \_\_\_\_\_ Locational Depreciation  
 EXC: \_\_\_\_\_ Insurance Exclusions

EXHIBIT 14 (Continued)

MARSHALL AND SWIFT ASSUMPTIONS (Continued)

COST REFINEMENTS

<b>MZM:</b> _____	<b>Mezzanines</b> (Sq. Ft. of Mezzanines)	<b>UW:</b> _____	<b>Commercial and Institutional Built-ins</b> (Total Sq. Ft. of Building Area)
<b>MZB:</b> _____	Display	<b>UX:</b> _____	Bank Equipment (counters, vault doors, etc.)
<b>MZC:</b> _____	Office	<b>UY:</b> _____	Jail Equipment (cell blocks, locking devices, etc.)
<b>MZD:</b> _____	Storage	<b>UA:</b> _____	Hospital Equipment (Groups II and III)
	Open	<b>UAB:</b> _____	Hospital Pneumatic Conveyor System
		<b>UAC:</b> _____	College Commons Kitchen Equipment
			Science Building Laboratory Equipment
			<b>Bank Vaults</b> (Sq. Ft. of Vault Area)
		<b>UAD:</b> _____	Money
		<b>UAG:</b> _____	Record Storage
			<b>Stages &amp; Permanent Fixtures</b> (Sq. Ft. of Stage Area)
		<b>UAH:</b> _____	Live Performance
		<b>UAJ:</b> _____	Motion Picture Only
		<b>UAK:</b> _____	Speaker's Platform
			<b>High Rise Apartment Miscellaneous</b> (Number of Units)
		<b>APP:</b> _____	Appliance Allowance (enter # of apart. units)
		<b>UAM:</b> _____	Wall Air Conditioning (# of units)
			<b>Barns and Sheds</b> (Sq. Ft. of Loft)
		<b>LOF:</b> _____	Lofts for Barns or Sheds

**Balconies**  
(Sq. Ft. of Balconies)

**BCA:** \_\_\_\_\_ Apartment Exterior

**BCD:** \_\_\_\_\_ Auditorium

**BCC:** \_\_\_\_\_ Church

**BCT:** \_\_\_\_\_ Theater

**Docks**  
(Sq. Ft. of Dock Area)

**DLR:** \_\_\_\_\_ Loading with Roof

**DLW:** \_\_\_\_\_ Loading without Roof

**DOS:** \_\_\_\_\_ Shipping

**DOF:** \_\_\_\_\_ Dock Height Floors

**Parking Lots**  
(Sq. Ft. of Parking)

**PAS:** 16254 \_\_\_\_\_ Paving, Asphalt

**PCO:** \_\_\_\_\_ Paving, Concrete

**LIG:** \_\_\_\_\_ Parking Lot Lighting (Sq. Ft. of Area Served)

**BUM:** \_\_\_\_\_ Parking Bumpers (Lin. Ft.)

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTra (Depreciated), MIScellaneous (Not Depreciated))

	BRIEF DESCRIPTIONS	(+ or -) COST
EXT :	CARPET	\$ 3310
EXT :	TILE	\$ 1768
EXT :	CEILING	\$ 11097
EXT :	PARTITIONS	\$ 31825
:		\$

REMARKS

REM: \_\_\_\_\_

REM: \_\_\_\_\_

REM: \_\_\_\_\_

OCCUPANCY CODES

<b>300</b> Apartment (High Rise)	<b>316</b> Dairy & Milking Barn	<b>336</b> Laundromat	<b>357</b> Commons	<b>399</b> Shed, Cattle
<b>301</b> Armory	<b>317</b> Dairy Sales Building	<b>337</b> Library	<b>358</b> Gymnasium	<b>400</b> Shed, Hay
<b>302</b> Auditorium	<b>318</b> Department Store	<b>338</b> Loft	<b>359</b> Lecture Hall	<b>403</b> Shower Building
<b>303</b> Automobile Showroom	<b>319</b> Discount Store	<b>339</b> Lumber Stge., Horizontal	<b>360</b> Library	<b>378</b> Stable
<b>304</b> Bank	<b>320</b> Dispensary	<b>360</b> Lumber Stge., Vertical	<b>361</b> Manual Arts	<b>389</b> Storage, Equipment
<b>384</b> Barber Shop	<b>303</b> Dormitories (Labor)	<b>340</b> Market	<b>362</b> Multi-Purpose	<b>391</b> Storage, Material
<b>305</b> Barn	<b>321</b> Dormitory	<b>341</b> Medical Office	<b>363</b> Physical Education	<b>395</b> Storage, Potato or Vegetables
<b>396</b> Barn, Hog	<b>322</b> Fire Station	<b>342</b> Mortuary	<b>364</b> Science	<b>379</b> Theater, Stage Presentation
<b>397</b> Barn, Sheep	<b>323</b> Fraternal Building	<b>343</b> Motel	<b>365</b> Entire Elementary	<b>380</b> Theater, Motion Picture
<b>398</b> Barn, Fruit Packing	<b>324</b> Fraternity House	<b>344</b> Office Building	<b>366</b> Entire Secondary	<b>383</b> Tobacco Barn
<b>306</b> Bowling Alley	<b>325</b> Garage, Service	<b>345</b> Parking Structure	School, College	<b>404</b> Utility Building, Farm
<b>394</b> Cabins (Transient Labor)	<b>326</b> Garage, Storage	<b>388</b> Parking Structure, Underground	<b>367</b> Arts & Crafts	<b>381</b> Veterinary Hospital
<b>308</b> Church with Sunday School	<b>327</b> Governmental Building	<b>346</b> Post Office	<b>368</b> Classroom	<b>382</b> Warehouse
<b>309</b> Church without Sunday School	<b>328</b> Hangar, Storage	<b>347</b> Poultry House	<b>369</b> Commons	<b>386</b> Warehouse, Mini
<b>310</b> City Club	<b>329</b> Hangar, Maintenance & Office	<b>348</b> Rectory	<b>370</b> Gymnasium	<b>387</b> Warehouse, Transit
<b>311</b> Clubhouse	<b>330</b> Home for the Elderly	<b>349</b> Restaurant, Drive-in	<b>371</b> Lecture Hall	
<b>312</b> Coldwater Flat	<b>331</b> Hospital	<b>350</b> Restaurant, Table Serv.	<b>372</b> Library	
<b>313</b> Convalescent Hospital	<b>332</b> Hotel	<b>353</b> Retail Store	<b>373</b> Manual Arts	
<b>314</b> Country Club	<b>402</b> Hotels, Resort	School, Elem. & Sec.	<b>374</b> Multi-Purpose	
<b>315</b> Creamery & Milk Process	<b>334</b> Industrial, Manuf.	<b>355</b> Arts & Crafts	<b>375</b> Physical Education	
	<b>382</b> Industrial, Engineering	<b>356</b> Classroom	<b>376</b> Science	
	<b>335</b> Jail		<b>377</b> Entire College	

© 1979 - Copies of this form may be purchased from MARSHALL and SWIFT PUBLICATION COMPANY, 26307 Van Ness Blvd., P.O. Box 26307, Los Angeles, California 90026. \$2.50 per copy of 50. California subscribers add sales tax.

EXHIBIT 15

MARSHALL AND SWIFT VALUATION

COST ESTIMATE FOR: PITNEY BOWES  
 PROPERTY OWNER: A.E. ANDING ESTATE  
 ADDRESS: 4802 E. BROADWAY  
 SURVEYED BY: LANDMARK RESEARCH, INC.  
 DATE OF SURVEY: 12/25/86

DESCRIPTION:

OCCUPANCY: DISTRIBUTION WAREHOUSE  
 FLOOR AREA: 6,400 Square Feet      AVERAGE STORY HEIGHT: 12.0 Feet  
 CLASS: S Steel      EFFECTIVE AGE: 15 Years  
 COST RANK: 1.0 Low      CONDITION: 3.0 Average  
 NUMBER OF STORIES: 1.0      COST AS OF: 12/86

EXTERIOR WALL:  
 Corrugated Steel, Steel Frame.. 100%  
 HEATING AND COOLING:  
 Warm and Cooled Air..... 100%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	6,400	17.54	112,241
EXTRAS:			
Paving, Asphalt.....	16,254	1.22	19,830
CARPET			3,310
TILE			1,768
CEILING			11,097
PARTITIONS			31,825
REPLACEMENT COST NEW.....			180,071
LESS DEPRECIATION:			
Physical and Functional.....	<26.0%>		<46,818>
DEPRECIATED COST.....			133,253
Estimated Land Value.....			41,300
INDICATED VALUE BY COST APPROACH:			174,553
ROUNDED TO NEAREST \$1,000			175,000

Cost Data by MARSHALL and SWIFT

EXHIBIT 16

AFTER TAX VALUE REFLECTING LEASEHOLD INTEREST

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
	\$28,800	\$36,800	\$38,400	\$38,400	\$38,400
GROSS INCOME	\$28,800	\$36,800	\$38,400	\$38,400	\$38,400
VACANCY	\$0	-\$1,680	-\$1,920	-\$1,920	-\$1,920
EFF. GROSS INCOME	\$28,800	\$35,120	\$36,480	\$36,480	\$36,480
PROPERTY TAXES	\$4,663	\$4,896	\$5,141	\$5,398	\$5,667
INSURANCE	\$523	\$538	\$555	\$571	\$589
LEASE COMMISSIONS	\$1,440	\$1,756	\$1,824	\$1,824	\$1,824
TOTAL EXPENSES	-\$6,626	-\$7,190	-\$7,520	-\$7,793	-\$8,080
NET OPERATING INC.	\$22,174	\$27,930	\$28,960	\$28,687	\$28,400

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.09500
LOAN TERM	20.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.50000
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
RESALE PRICE	\$258,182.
LAND VALUE	\$41,300.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	\$22,174.
CHANGE IN NOI	0.28078
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.07000

EXHIBIT 16 (Continued)

AFTER TAX VALUE REFLECTING LEASEHOLD INTEREST (Continued)

PITNEY BOWES BLDG.  
4802-04 EAST BROADWAY  
MADISON , WI

By LANDMARK RESEARCH INC.

VALUE	<u>\$226,378.</u>
AFTER TAX YIELD	12.00000
OVERALL RATE	0.09795
MORTGAGE CONSTANT	0.11186
MORTGAGE VALUE	\$132,159.
BUILDING VALUE	\$185,078.
EQUITY VALUE	\$94,220.
EQUITY DIVIDEND	0.07845

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	\$22,174.	\$27,930.	\$28,960.	\$28,687.	\$28,400.
DEBT SER#1	-\$14,783.	-\$14,783.	-\$14,783.	-\$14,783.	-\$14,783.
BTCF	\$7,391.	\$13,147.	\$14,177.	\$13,904.	\$13,617.
NOI	\$22,174.	\$27,930.	\$28,960.	\$28,687.	\$28,400.
INTEREST 1	-\$12,455.	-\$12,224.	-\$11,971.	-\$11,691.	-\$11,385.
DEPREC	-\$5,876.	-\$5,876.	-\$5,876.	-\$5,876.	-\$5,876.
TAXABLE	\$3,843.	\$9,830.	\$11,114.	\$11,120.	\$11,140.
TAXES	\$1,268.	\$3,244.	\$3,668.	\$3,670.	\$3,676.
ATCF	\$6,123.	\$9,903.	\$10,510.	\$10,235.	\$9,941.

RESALE PRICE	\$258,182.	RESALE PRICE	\$258,182.
SELLING COST	-\$18,073.	SELLING COST	-\$18,073.
LOAN BALANCE # 1	-\$117,972.	ADJUSTED BASIS	-\$197,001.
		TAXABLE GAIN	\$43,108.
		LONG TERM GAIN	\$43,108.
BEFORE TAX PROCEEDS	\$122,137.	ORDINARY TAXES	\$0.
TAXES	-\$14,226.	CAPITAL GAINS TAX	\$14,226.
AFTER TAX PROCEEDS	\$107,912.		

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	-\$94,220.
1	\$6,123.
2	\$9,903.
3	\$10,510.
4	\$10,235.
5	\$117,853.

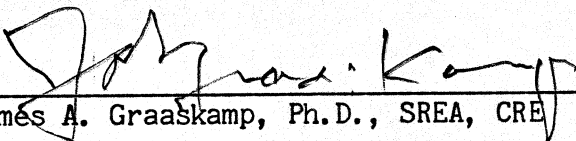
CERTIFICATION OF VALUE

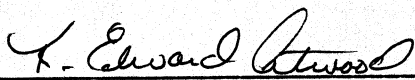
We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

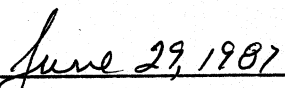
Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the market value as defined herein, of the fee title encumbered of the subject property located at 4802-04 East Broadway, Madison, Wisconsin as of December 25, 1986 is:

TWO HUNDRED SIX THOUSAND DOLLARS

(\$206,000)

  
James A. Graaskamp, Ph.D., SREA, CRE

  
K. Edward Atwood, Ph. D., Appraiser/Analyst

  
Date

STATEMENTS OF GENERAL ASSUMPTIONS AND  
LIMITING CONDITIONS

1. Contributions of Other Professionals

- . Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the appraisers.
- . The appraiser assumes no responsibility for legal matters.
- . All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

2. Facts and Forecasts Under Conditions of Uncertainty

- . The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- . Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.
- . Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.
- . Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.
- . Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

3. Controls on Use of Appraisal

- . Values for various components of the subject parcel as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

- . Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
- . Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
- . The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any document filed with the Securities and Exchange Commission or other governmental agency, the appraiser is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the appraiser; (2) in the appraiser's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the appraiser for these uses.
- . The appraiser shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.



QUALIFICATIONS OF THE APPRAISERS

J A M E S   A .   G R A A S K A M P

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers  
CRE, Counselor of Real Estate, American Society of Real Estate Counselors  
CPCU, Certified Property Casualty Underwriter, College of Property Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin  
Master of Business Administration, Security Analysis - Marquette University  
Bachelor of Arts - Rollins College

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics,  
School of Business, University of Wisconsin  
Urban Land Institute Research Fellow  
University of Wisconsin Fellow  
Omicron Delta Kappa  
Lambda Alpha - Ely Chapter  
Beta Gamma Sigma  
William Kiekhofer Teaching Award (1966)  
Larson Teaching Award (1985)  
Alfred E. Reirman, Jr. Award - Society of Real Estate Appraisers (1986)  
Urban Land Institute Trustee  
Research Committee - Pension Real Estate Association (PREA)  
Richard T. Ely Real Estate Educator Award from Lambda Alpha  
Homer Hoyt Foundation Fellow

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, Inc., a subsidiary of First Bank Minneapolis. He is the designer and instructor of the Urban Land Institute (ULI) School of Real Estate Development and the American Bankers Association (ABA) National School of Real Estate Finance. His work includes substantial and varied consulting and valuation assignments such as investment counseling to insurance companies and banks, court testimony as an expert witness and the market/financial analysis of various projects, both nationally and locally, for private and corporate investors and municipalities. Currently is a member of Salomon Brothers Real Estate Advisory Board.

QUALIFICATIONS OF THE APPRAISERS (Continued)

K. E D W A R D A T W O O D

PROFESSIONAL DESIGNATIONS

CPA, Certified Public Accountant, American Institute of Certified Public Accountants

EDUCATION

Ph.D., Accounting, Real Estate, and Law - University of Wisconsin

Master of Science, Real Estate Appraisal and Investment Analysis -  
University of Wisconsin

Master of Business Administration, Accounting - University of Wisconsin

Bachelor of Business Administration, Accounting - University of Wisconsin

ACADEMIC AND PROFESSIONAL HONORS

Beta Alpha Psi

Beta Gamma Sigma

American Accounting Association Doctoral Consortium Fellow

PROFESSIONAL EXPERIENCE

Dr. Atwood has extensive experience as both an educator and a consultant in real estate and tax related activities. His work includes varied appraisal, feasibility, development, and investment analysis assignments. Currently, he is associated with Landmark Research, Inc., as an appraiser and research consultant.

