An appraisal of the Concourse Hotel, One West Dayton Street, Madison, Wisconsin. July 1, 1983

Landmark Research, Inc.
[s.l.]: [s.n.], July 1, 1983

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Revised Edition

AN APPRAISAL OF
THE CONCOURSE HOTEL
MADISON, WISCONSIN

Landmark Research Inc.

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AN APPRAISAL OF

THE CONCOURSE HOTEL
ONE WEST DAYTON STREET
MADISON, WISCONSIN

AS OF

JULY 1, 1983

PREPARED FOR

DARRELL R. WILD, PRESIDENT
WILD, INC.
MADISON, WISCONSIN

PREPARED BY

LANDMARK RESEARCH, INC.

4610 University Avenue, Suite 105, Madison, Wisconsin 53705, 608-233-6400

Landmark Research Inc.

James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.
Jean B. Davis, M.S.

August 12, 1983

Mr. Darrell R. Wild, President
Wild, Inc.
131 West Wilson Street
Madison, WI 53703

RE: Appraisal of Concourse Hotel as of July 1, 1983, and the Appraisal of the Concourse Hotel if 120 Rooms are added as of July 1, 1983.

Dear Mr. Wild:

We are transmitting the analysis and report requested on the property known as the Concourse Hotel, located at One West Dayton Street, Madison, Wisconsin.

It is the opinion of the appraisers that the market value of the subject as it currently exists, as of July 1, 1983, reflecting the assumptions and limiting conditions presented in the attached report and financed with a non-participation, 13.75 percent, 20 year loan with a debt cover ratio of 1.50 in the first fiscal year, is:

TEN MILLION SIX HUNDRED THOUSAND DOLLARS
($10,600,000)

Furthermore, it is the opinion of the appraisers that the market value of the subject, if expanded by 120 guest rooms, 6,500 square feet of newly enclosed first floor area, and certain mechanical improvements, by January 1, 1985, and based on the assumptions and limiting conditions presented in the attached report and financed with a non-participation, 13.75 percent, 20 year loan with a debt cover ratio of 1.50 in the third fiscal year, as of July 1, 1983, is:

SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS
($16,500,000)

Our valuation of the existing 273 room Concourse Hotel indicates a value of $38,828 per room. Our valuation of the 393 room Concourse, assuming completion of the 120-room addition, indicates a value of $41,985 per room. The enhanced value of all the rooms results from increased room revenues from the additional rooms without having to markedly expand restaurant, bar, hotel service areas, or parking to properly support the additional rooms. The one added restaurant, though not

Mr. Darrell R. Wild
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required, is advisable in competing for market share. The value of the rooms is greater than the incremental cost of building them, which you have estimated in the range of $25,000 per room.

A basic element of these valuations is a Hotel/Motel market analysis of the Madison, particularly the downtown hotel, market within which the subject competes.

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

FOR LANDMARK RESEARCH, INC.

James A. Graaskamp

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

Fraser B. Gurd

Fraser B. Gurd

Enclosures

jc

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LIST OF EXHIBITS

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I. PURPOSE OF THE APPRAISAL

This appraisal is an estimate of the market value of the Concourse Hotel; a) in its current form as a 273-room operating hotel and; b) as it might operate with the addition of 120 rooms, additional restaurant space, and enhanced mechanical systems. The organization of this report follows the appraisal process and attempts to convey its essential elements and conclusions. Section II of this report presents a description and analysis of the subject property and Section III describes the valuation model and the final value estimate.

A. The Appraisal Problem

Authorized by Darrell R. Wild, General Partner and President of Wild, Inc., this appraisal is to be used in conjunction with an application for a mortgage loan that will refinance the existing facility and provide necessary funding for a proposed 120-unit addition to the property.

This appraisal includes both real and personal property associated with the existing operating 273-unit hotel and the proposed 120-room addition.

B. Identification of the Subject Property and the Legal Interest Appraised

1. Subject Property

The Concourse Hotel is a 273-room full-service hotel located in downtown Madison, Wisconsin (see Exhibit 1). The hotel contains three restaurants, meeting and banquet facilities, retail space, and underground parking. The subject, as shown in Exhibit 2, is located on West Dayton Street between Wisconsin Avenue and North Carroll Street. This is the back half of a city block; the front half faces directly on the State Capitol. The subject site contains a total ground area of 1.01 acres (43,891 square feet).

The subject of this appraisal is the Concourse Hotel (formerly the Hilton Hotel) presently owned by Madison Hotel Associates, a Wisconsin Limited Partnership for which the general partners are Darrell R. Wild and Wild, Inc.

Street Address of Property: 1 West Dayton Street

Tax Parcel Number: 0709-144-2501-6

Legal Description: Land located in the County of Dane, State of Wisconsin, and described as follows:

> Lots 1, 2, and 4, Block 83, in the City of Madison.
>
> Lot 3, Block 83, in the City of Madison, except for the southeast 4' feet thereof. A/K/A the northwest 128' of Lot 3, Block 83, in the City of Madison.

EXHIBIT 1
AREA MAP
MADISON HOTELS AND MOTELS

1. Aloha Inn (Y-3)
2. Bel-Aire Motel (X-0)
3. Capitol Motel (Z-2)
4. Chalet Landhaus Motel (Y-0)
5. The Coachman's Inn Motel (Y-0)
6. The Concourse (Z-0)
8. The Edgewater (Z-0)
9. Highlander Motor Inn (Z-1)
10. Holiday Inn Southeast (#2)(Z-3)
11. Howard Johnson's Motor Lodge Downtown (Z-0)
12. Inn On The Park (Z-0)
13. Ivy Inn Motor Hotel (Z-2)
14. King's Inn (Z-2)
15. Madison Inn (Z-0)
16. Mayflower Motel & Lounge (Z-2)
17. Midway Motor Lodge (X-3)
18. Motel Madison (Z-3)
19. Quality Inn (Z-3)
20. Quality Inn Northeast (X-3)
21. Ramada Inn (X-3)
22. Regal 8 (X-3)
23. Sands Motel (Z-2)
24. Sheraton Inn & Conference Center (Z-2)
25. Trails End Motel (Z-2)
26. University Inn (Z-0)
27. Westowner (Z-1)
28. Quality Inn West Towne Suites (Z-1)

★ = Hartmeyer & Madison Ice Arenas

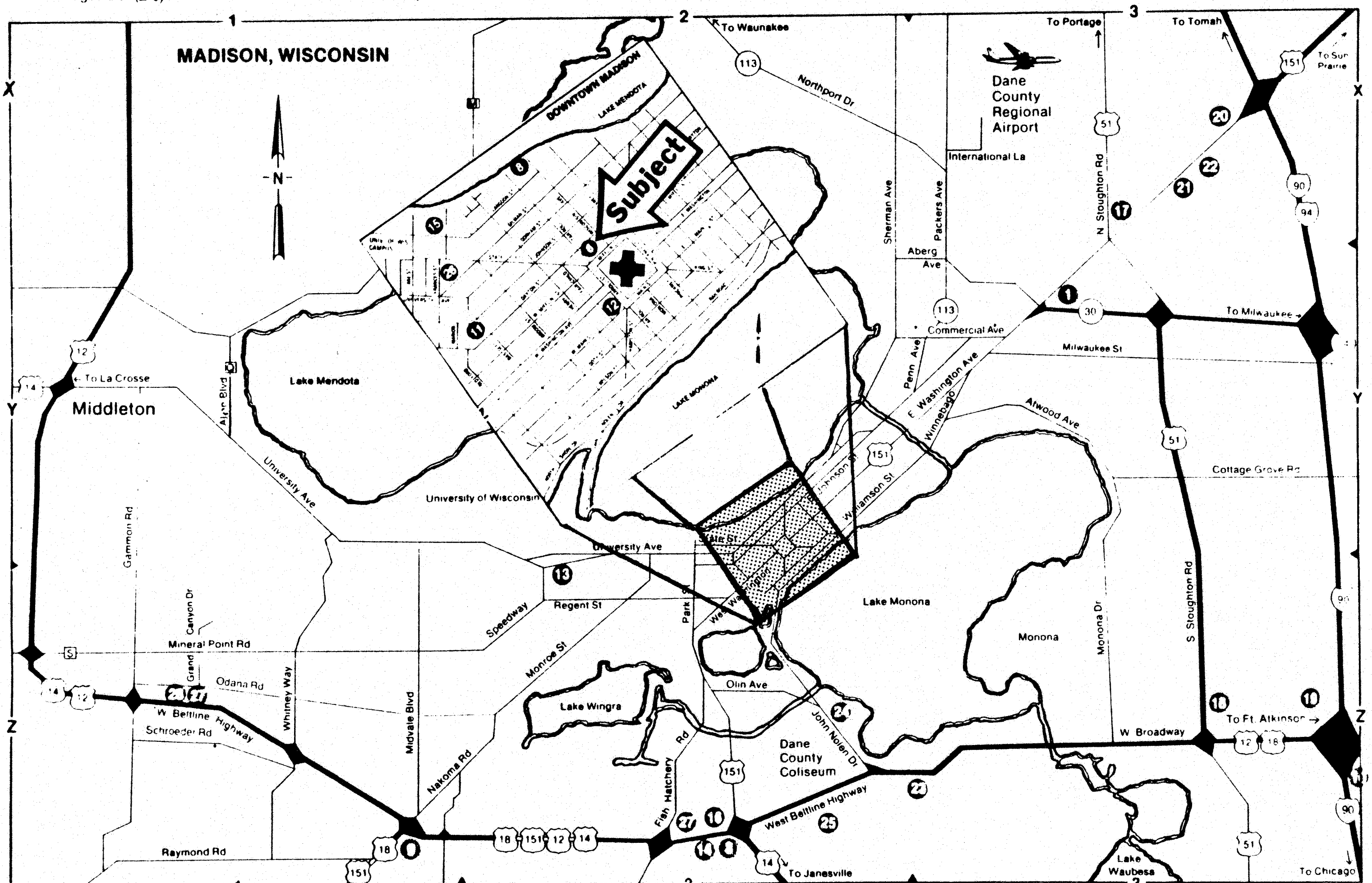

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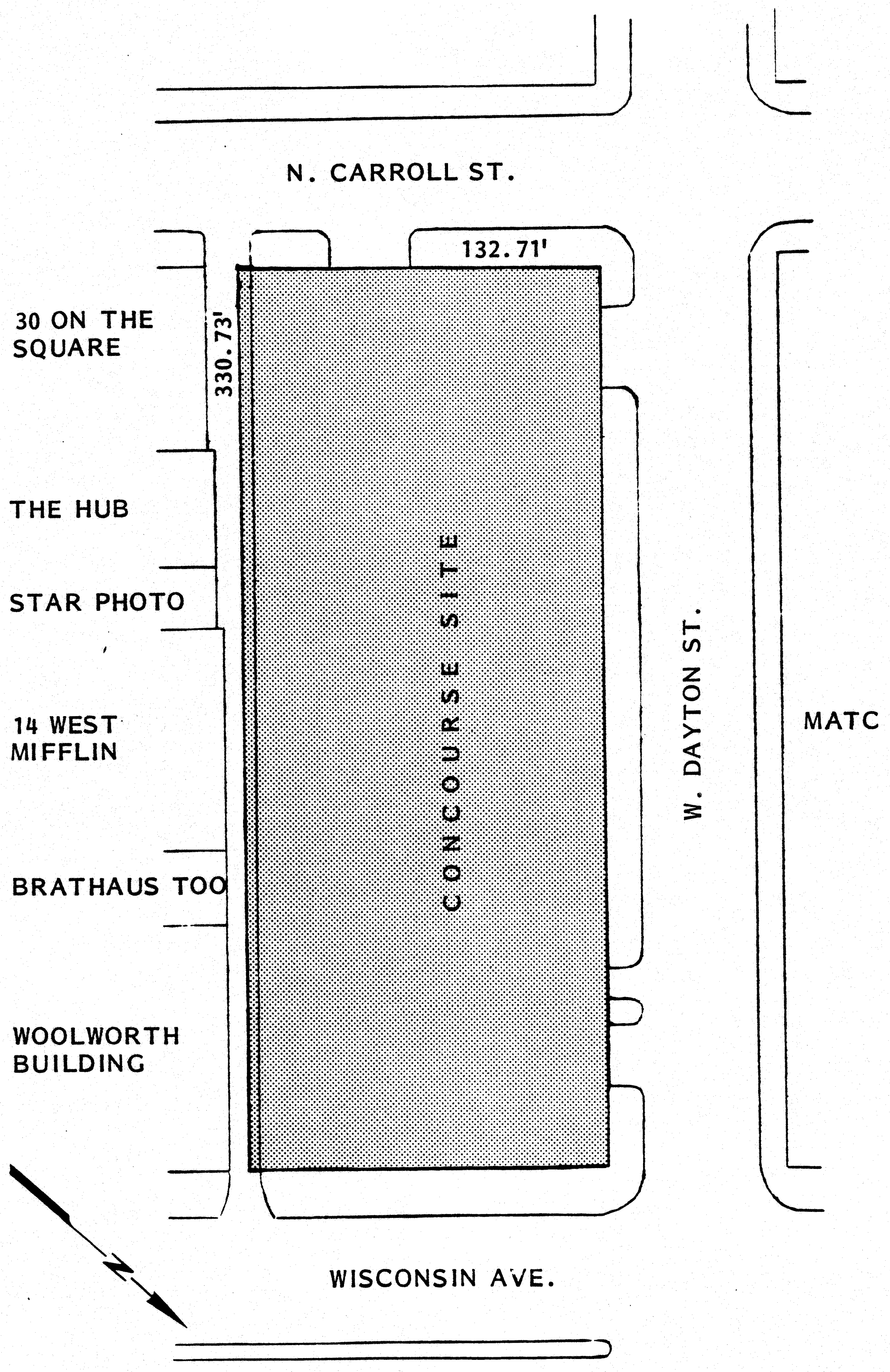
EXHIBIT 2

SITE PLAN



Lot 5, Block 83, in the City of Madison, except for the southeast 4' thereof. A/K/A the north west 62' of Lot 5, Block 83, in the City of Madison.

Subject to and together with the easements confirmed and created in Volume 131 of Miscellaneous, Page 282, Number 603380.

Description being a part of that certain Assignment of Lease executed by Madison Hotel Associates, a Wisconsin Limited Partnership as Assignor to the Trustees or as Trustees of Citizen's Mortgage Investment Trust, as Assignee, dated September 13, 1974.

2. Identification of the Interest Appraised

The ownership interest appraised is a fee simple interest in the property described above including land, improvements, and other personal property specifically identified in this report. Fee simple title assumption ignores current land lease, mortgage claims, and other operating leases which may exist, and treats the property as a single ownership interest. A search of the subject property's title was neither made nor provided for use in this appraisal.

However, the appraisal does recognize a four foot alley easement that runs along the entire rear of the property. The Concourse site is also subject to conditions and special assessments of the Madison Capitol Concourse special improvements with regard to its Wisconsin Avenue frontage.

C. Date of Appraisal

This appraisal is made as of July 1, 1983, and the analysis and conclusions are applicable to that date. The appraisal, therefore, represents the value of the subject property before and after the proposed addition as of the date of this appraisal.

D. Definition of Value

As used in this appraisal and report, the term "market value" is defined as:

> The most probable price in terms of money 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, 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 each acting in what they consider their own best interest.
> 3. a reasonable time is allowed for exposure in the open market.
> 4. payment is made in cash or its equivalent.
> 5. financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its locale.

6. the price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction. [1]

E. Statements of General Assumptions and Limiting Conditions

1. Contributions of Other Professionals

- Information furnished by others in this report, while believed to be reliable, is in no sense guaranteed by the appraisers.

- Because no legal advice was available, 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 this 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.

- Projections of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.

- 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.

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[1] Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass., 1981, pp. 160-161.

- 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 site 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.

- Although the arithmetic of the computer output has been hand checked for accuracy, no guarantee is made of the program's infallibility.

- Sketches in this 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.

- Possession of this 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 this 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.

- This report shall not be used in the client's reports or financial statements or other 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, Landmark Research, Inc., 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.

II. DESCRIPTION AND ANALYSIS OF THE SUBJECT PROPERTY

The economic productivity of the subject property depends on the interrelationship of the static or physical site characteristics of the parcel, the linkages of the location to generators of room and restaurant demand which contribute to its revenue potential, and the dynamics of people's perception of the location and related improvements.

A. Physical Attributes of the Site

The subject property is the rear half of the 100 block west facing the State Capitol Square in downtown Madison and is identified on Exhibit 1, and more specifically dimensioned in Exhibit 2, with approximately 330 front feet on West Dayton Street and an approximate depth of 132 feet on both North Carroll Street and Wisconsin Avenue. It adjoins a narrow alley to the rear of a series of retail and office buildings on the northwest side of Capitol Square. The site is relatively flat except for a six foot rise in grade from Dayton and Carroll to the alley on the Wisconsin Avenue side. In years past the site contained a very old church building, medical clinic, and some old retail space, but these were demolished and replaced with an asphalt parking lot serving Manchester's Department Store and others on the square, prior to development as a hotel.

Soil conditions are generally excellent with a deep sand and gravel base.

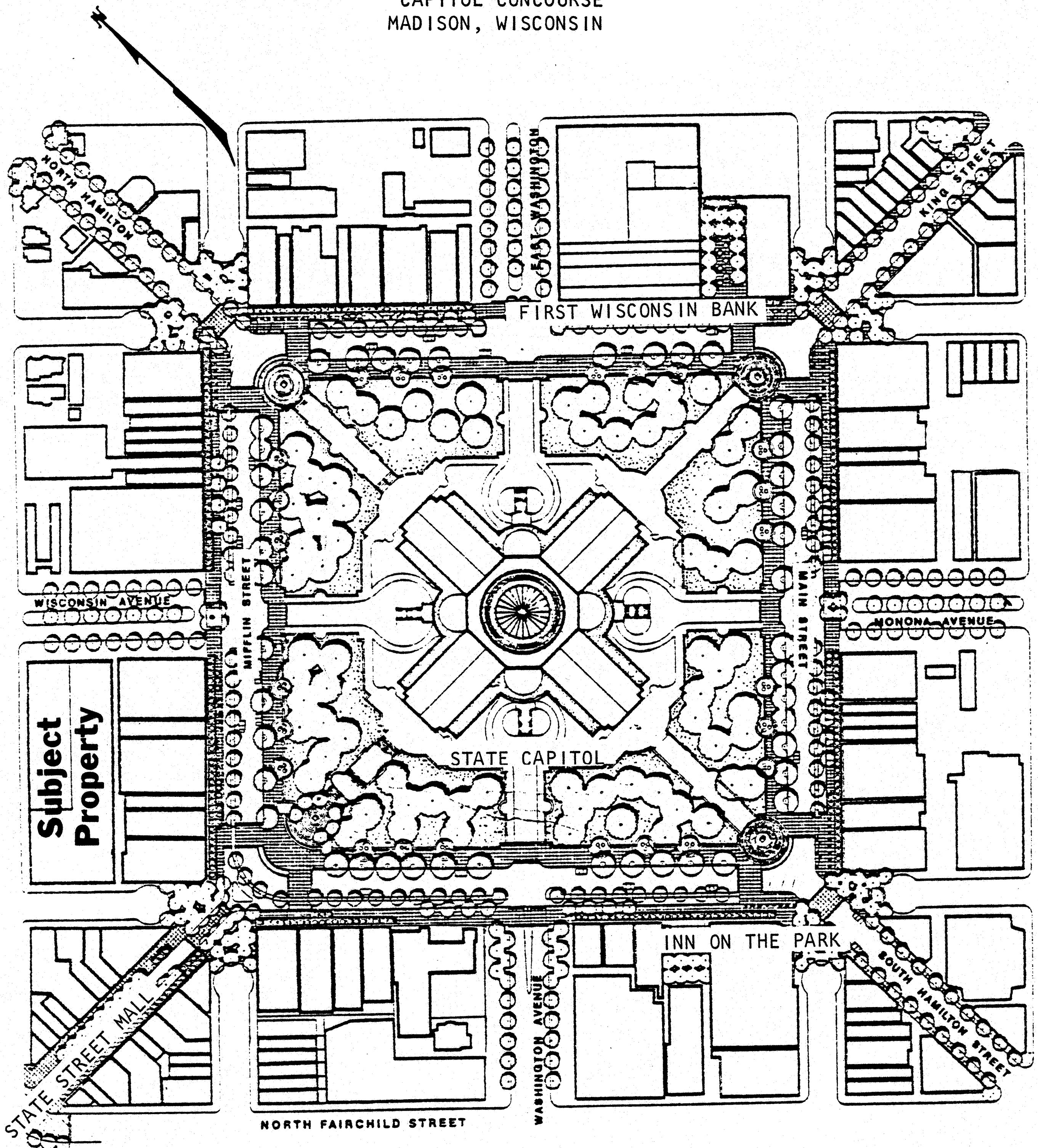
B. Site Linkages

The linkages of the site to immediate traffic and pedestrian patterns as well as to activity generators which complement and support the hotel underwent significant change during the 1970s. While the downtown retail sector has been shrinking, state government, financial, and office development as well as the Capitol Concourse have provided for a relatively stable environment in the immediate area.

1. The primary linkage for identification of the hotel is to the Capitol Square, now often referred to as the Capitol Concourse, center of state government and state offices, together with a major financial district on the southeast and southwest portions of the square. The First Wisconsin Bank building, the United Bank building, 44 on the Square (44 West Mifflin, formerly the Emporium building), renovations of the Hovde building, and Churchill buildings, as well as retail and office renovations of the Centre Seven and Atrium buildings have stabilized the commercial environment on the Square. The Madison Civic Center, the Federal Court House building, currently under construction,

EXHIBIT 3

CAPITOL CONCOURSE
MADISON, WISCONSIN



and a number of smaller retail and office renovations off the Square on the State Street access as well as planned renovations of 102 North Hamilton and the former Frauschi Furniture Store to the east of the Square are all contributing to a slow revitalization of the Square area.

2. Retailing in downtown Madison has been sharply curtailed as a result of shopping center development on the perimeter of the city to the east, west, and south. There are major retail vacancies adjacent to the subject site. The Manchester's Department Store building on the northeast corner of East Mifflin and Wisconsin Avenue has been vacant for two years. The Woolworth store on the northwest corner of East Mifflin and Wisconsin Avenue, and contiguous to the subject property, is expected to close within two years. The Penney's department store on East Main Street is likely to succumb in the near future, removing the last of the larger retailers on the square. As a result, city planning is encouraging study of a planning concept which might centralize remaining retailers around a proposed hotel on the southeast block with Penneys--a public relations concept called Olin Place. Other retailers and downtown leaders are advocating enhancement of the Mifflin/Wisconsin Avenue axis for retailing. For the foreseeable future, the subject property is the only hotel in town with a direct

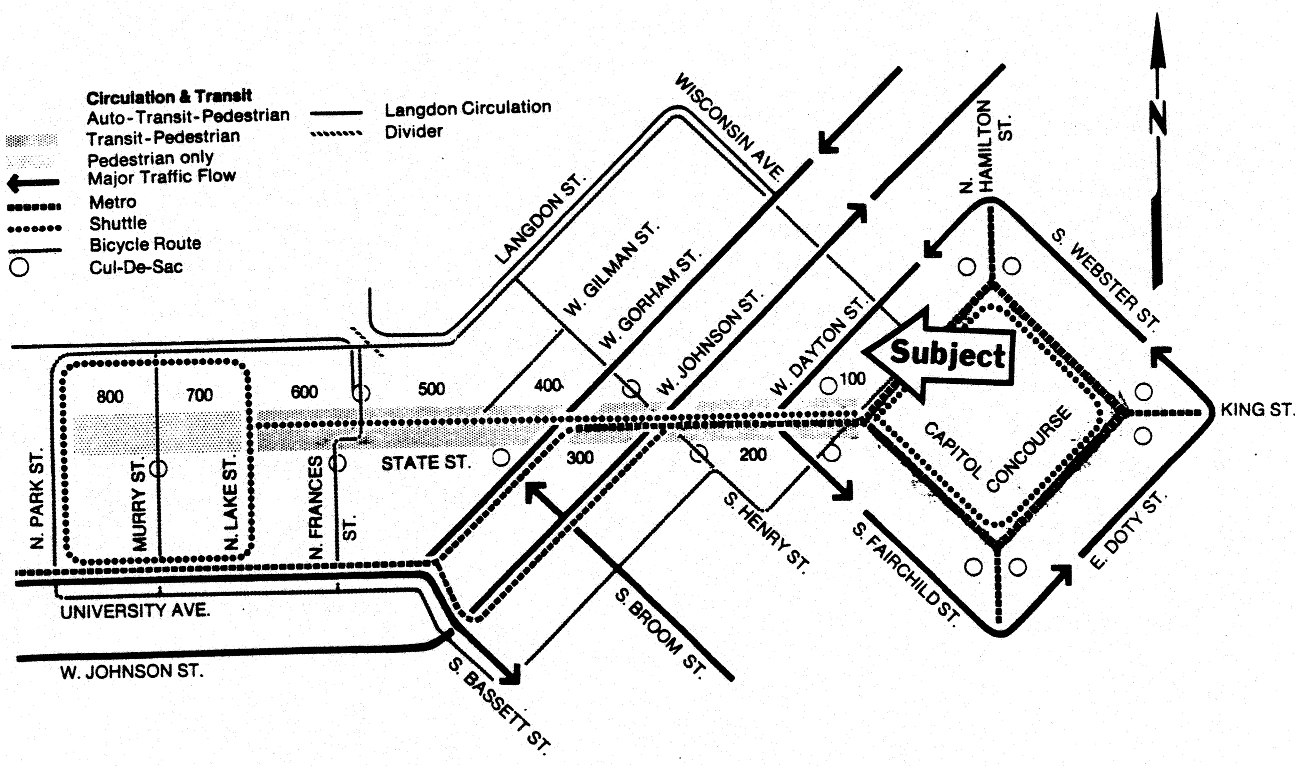
link to the recreational retailing on State Street and the Madison performing arts center.

3. The Capitol Concourse is complete and while its design has its critics, generally, it has served to link the relatively vibrant retail area of State Street with the office workers near the Capitol Square area. The Concourse special assessment on the subject property subsidized, in part, special weekend events on the Square and State Street, such as art shows, farmers markets, parades, etc.

4. The Capitol Concourse plan drastically reorganized the traffic plan in the area of the Square (see Exhibit 4). The inner ring which is on the Square proper, has limited use traffic lanes and restricted access for the purpose of reducing traffic volume on the Square. The outer ring, which includes Dayton Street on which the Concourse Hotel fronts, bears the majority of the circulation in the immeaiate area of the Square. The subject property, therefore, enjoys increased visibility and traffic volume as a result of the implementation of the Capitol Concourse plan. Unfortunately, cars must enter the auto ramp to unload from the right or stay on the street to unload to the curb on the left. A public ramp with 323 attended and 200 metered parking stalls is available directly west of the subject property. A major competitor, the Inn on the

EXHIBIT 4

CIRCULATION AND TRANSIT
CAPITOL CONCOURSE AND
STATE STREET MALL



Park, while directly on the Square, has reduced access as a result of the traffic reorganization. Access to the inner ring of the Capitol Concourse is confusing and since right turns are no longer allowed from South Carroll to West Main Street, Inn on the Park guests must follow a circuitous route to reach public parking when the hotel's small, on-site parking area is full. The subject property is, therefore, on a major traffic artery, has immediate name identification with the Capitol Concourse, and easy access to the State Street Mall with all of its small specialty shops and restaurants.

5. Three blocks north of the subject's immediate environment the student housing district begins. The University Adult Education Facilities at Lowell Hall and the Wisconsin Center are seven blocks to the west. Two blocks to the south on South Henry and West Mifflin the new Federal Courts building is under construction, while city and county government buildings are centered at the opposite side of the Square from the subject site on Monona Avenue. State government, over the last decade, has added some three-quarters of a million square feet of office space four blocks to the southeast of the subject in the General Executive Facilities complex.

6. The economics of a downtown hotel require close linkages to several generators of demand which require rooms at different times of the week. State government, particularly when the legislature is in session, generates room demand from Sunday night through Thursday, supported in part by the commercial office activities throughout the year. Small convention and University activities tend to favor the latter part of the week and weekend. Business meetings, as well as state association conventions, favor a site closely linked to the retail diversity and night life on State Street and the sports event of the University, together with cultural presentations at the Madison Civic Center and University Centers.

C. Site Dynamics

The subject site enjoys high visibility to auto traffic approaching from the east on Dayton Street and the north on Wisconsin Avenue. The technical college, directly across the street to the north, maintains a high pedestrian count of attractive young people so that the hotel has escaped the adverse image of low life pedestrians which characterize the other portions of the Capitol Square area. MATC will modernize and add additional parking in 1985 to enhance its draw as an adult education facility for Madison in the evening hours. The site lacks tight proximity to highways, airports, exhibition halls, major retailing, or major recreational draws which characterize the best hotel sites. However, it has just enough proximity to a diversity of necessary ancillary generators to do well. Current land uses do not suggest any major sites which would permit competitive interception of university, government, convention, or business travel.

D. Physical Attributes of the Subject Structure

The Concourse is 13 stories high with three sublevels with floors numbered 1 through 12 and 14 with sublevels A, B, and C.

1. All revenue and hotel facilities are located on the first floor and above, with the exception of the Low Score Bar and the parking garage of 250 stalls.
2. Level A, the first sublevel, houses most of the service areas of the hotel. Included on this level are the telephone room, T.V. repair room, the electrical rooms, the gas meter and sewer trap rooms, boilers, water heaters, water softeners for the common areas, corridors, kitchens, and restaurant areas, a number of large walk-in cooling refrigerator and freezer rooms for the kitchens, liquor lockers, dry good storage, repair shops, etc.

Gas and electricity are not metered separately to the kitchen areas or the restaurants. Their costs are included in the rent of 11 percent of gross receipts for food revenue and 15 percent for beverage revenue. There is one lecture/meeting room, which is leased almost entirely to the University Extension.

3. The Concourse maintains its own maintenance staff which is responsible for operation, general upkeep, and most repairs including rebuilding of chillers and other major mechanical work unless repairs are extremely large in scope. It is obvious both from the orderliness and the number of modernizations to the mechanicals that the staff is quite well equipped to perform these functions and that hotel management is effective in these respects.

Most of the service functions of the hotel are housed on service level A which has access to the rest of the hotel by two service elevators and a large elevator which goes to the first floor, banquet areas, and kitchen. In this way, contact between hourly service employees and the hotel guests is minimized while at the same time providing efficient service to all areas of the hotel. In the peak seasons, the hotel staff numbers approximately 280. The hotel has the character of an efficient large city hotel with respect to its centralized service areas, its large and flexible banquet and meetings areas, and the amenities of the several restaurants and bar/lounges in it.

Modernizations have occurred in the areas of water heating and circulation, telephone service, and energy management. Water heating and HVAC for the common areas and kitchens have been upgraded recently and appear to be quite adequate to the purpose. Water heating and circulation systems for the hotel rooms are located in the penthouse and are recent installations. Prior to the installation of the three water heater storage tanks, the early morning surge left the hotel short of hot water, but this has not been a problem since the system was upgraded. The mechanicals seem quite adequate for the purpose.

The conversion of the telephone system from electro-magnetic switching to solid state is underway and will be concluded within the next couple of months. This system plus deregulation of phone rates will convert telephones from traditional deficits to a minor profit center.

A computerized energy management system by Scientific Atlanta which makes the RCA energy management system is to be installed in the near future. It is anticipated that the peak electrical load requirements will be reduced by approximately 35 percent and that HVAC will be made much more efficient.

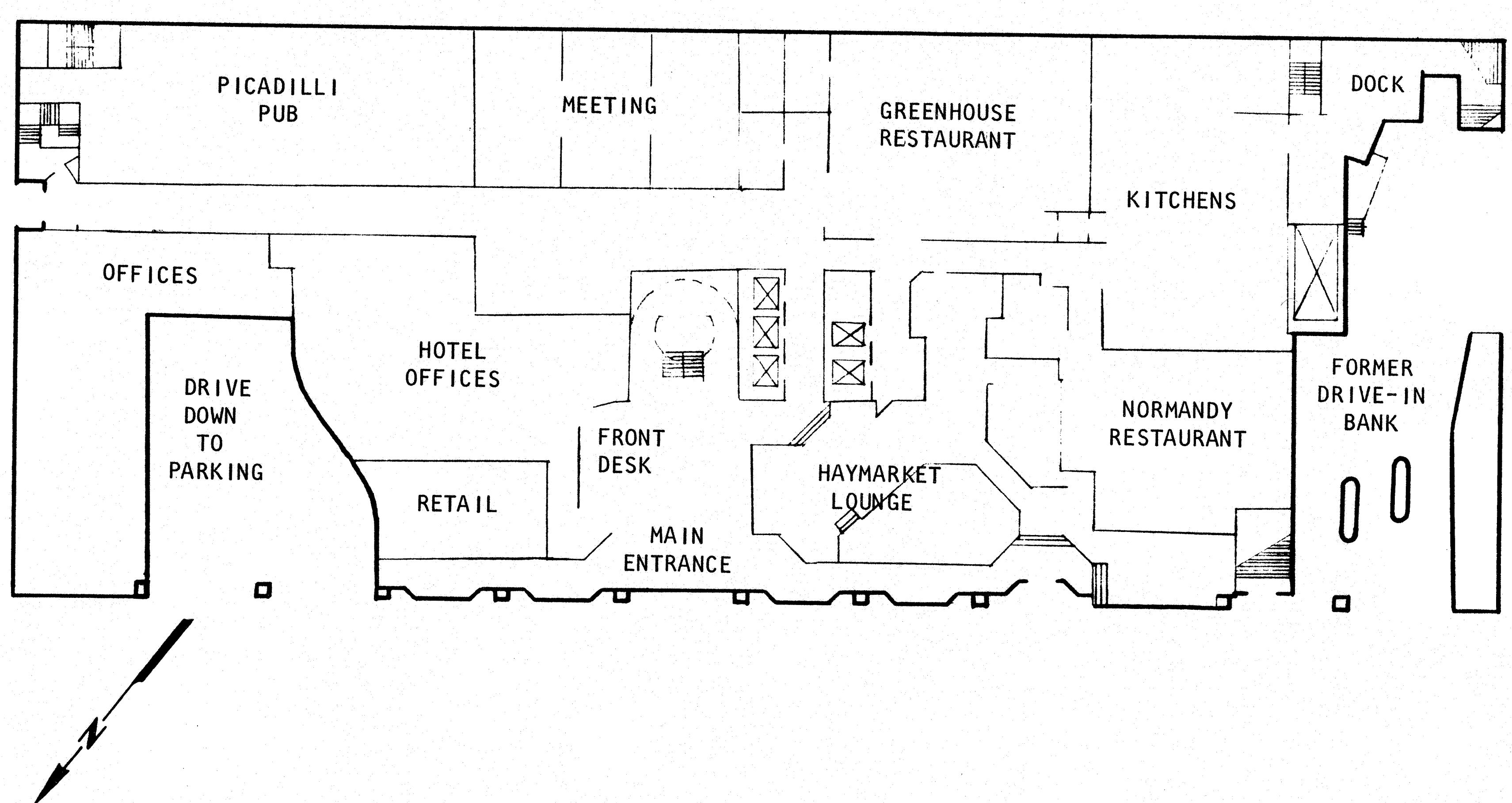
All service and utility areas were maintained in a professional manner. The inspection of the physical property was made on short notice.

Levels B and C are the parking garage.

4. The first floor (outlined in Exhibit 5), contains a main entrance lobby off West Dayton Street, the registration area tied to the hotel offices, an elevator lobby, and a grand ballroom staircase to the convention facilities on the second floor. The main cocktail lounge and dining room are accessible from a pedestrian gallery lighted from the street. The coffee shop and restaurant are tied to the kitchen and kitchen/receiving areas to the rear. Retail space totaling 625 square feet is also located in the first floor east corner of the building on a street side pedestrian gallery. Unfortunately, the meeting rooms and Picadilly Pub are accessed from a dark interior hall which needs relief from a skylight positioned on the roof deck patio above. The dining room and cocktail lounge have appropriate decore but the coffee shop is very dated. Space in the first floor west corner (West Dayton and North Carroll Street corner) had been leased to the Commercial State Bank as a triple lane drive-in bank facility. This use has terminated and renovation to be done at the same

EXHIBIT 5

FIRST FLOOR PLAN



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time as the proposed hotel expansion will turn this area into additional dining and lounge facilities.

5. The second floor of the hotel (Exhibit 6) contains convention facilities to accommodate 800 people in the banquet room, which can be subdivided as required. Since the guest rooms are contained in a narrow slab rising above only the smaller meeting rooms, the banquet room area and the spacious pool area are free span high ceiling areas. The pool area is supplemented with adjoining bathroom facilities and a small bar. Some guest rooms on the third floor overlook the pool area through sliding doors so that the pool area can be rented for private parties. The enclosed sundeck area of the pool has limited orientation to the summer sun.

6. The third floor contains 24 guest rooms including an elaborate honeymoon suite overlooking the pool, linen and service rooms, ice and vending areas, and mechanical rooms for the convention area below.

7. The slab tower containing the balance of the guest rooms (as in Exhibit 7) from floors 4 through 13. These floors all have 25 guest rooms of various layouts plus maids rooms and ice and vending areas. The room count is as follows:

EXHIBIT 6

SECOND FLOOR PLAN

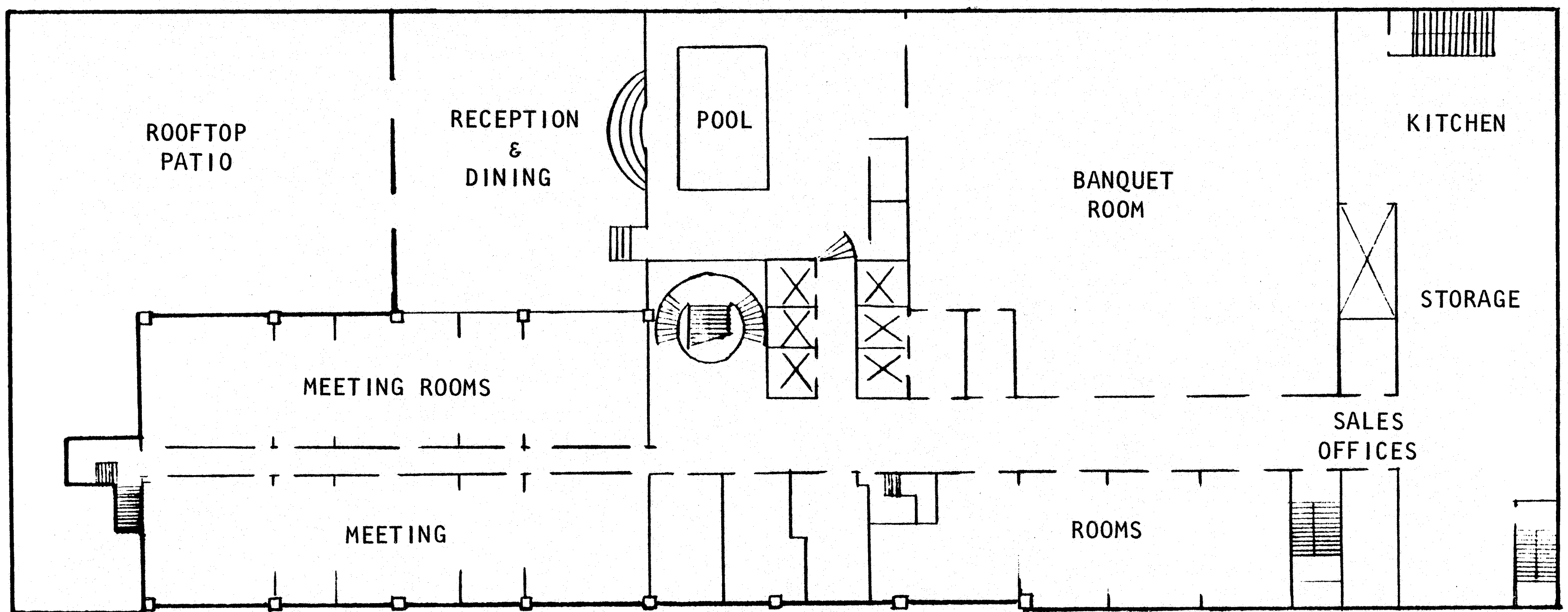


EXHIBIT 7

CONCOURSE HOTEL
TYPICAL GUEST ROOM FLOOR PLAN
(FOURTH FLOOR)

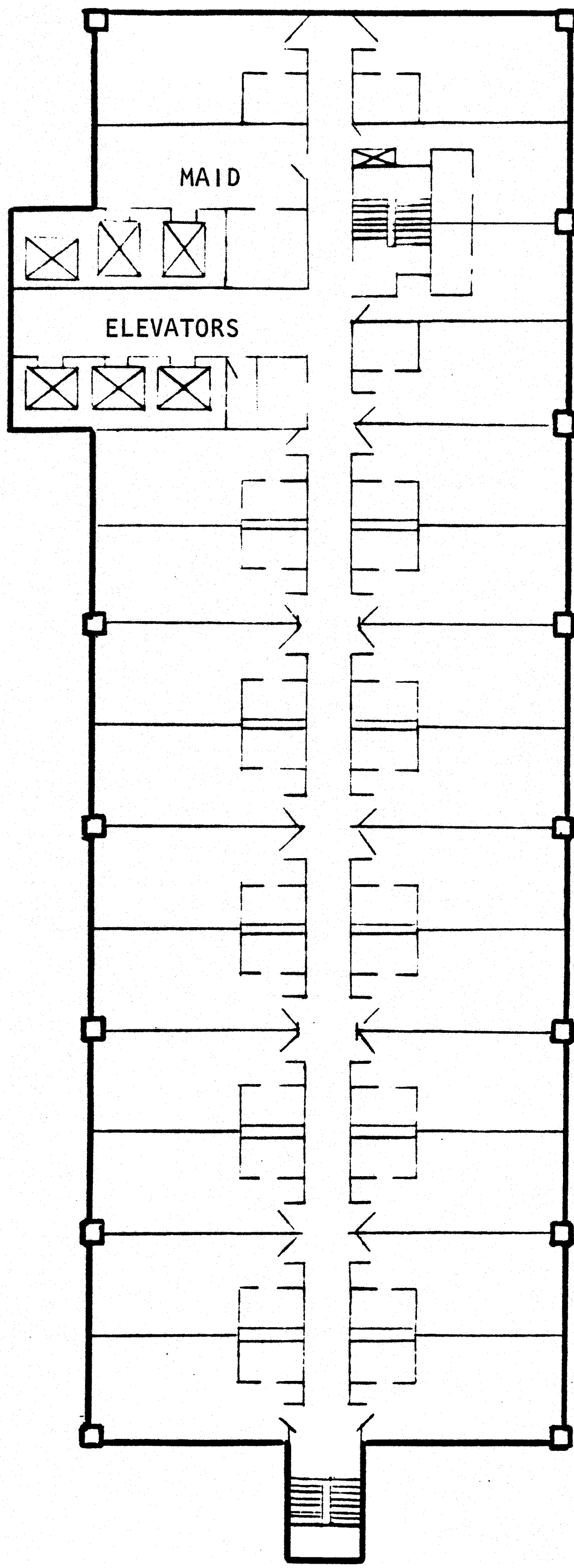


EXHIBIT 8

PHOTOGRAPHS

The Concourse
Guest Room Tower
View from the West

View from Wisconsin Avenue
towards the Capitol

Dayton Street main entrance
and Normandy Restaurant entrance

View from the Square
(Wisconsin Avenue & Mifflin Street)

West wing
Proposed addition to be built on top

Carroll Street cul-de-sac
View toward Square

Guest Room Tower,
pool and banquet
room. Roof
and patio deck

Area of roof on which
proposed addition is to be built

Front desk

Grand stairway

Elevator lobby

Retail areas
and kiosks

Meeting room subdividable

Small meeting room

Banquet hall also subdividable

Pool area and reception area
Foreground from balcony

Pool area

Patio deck off
reception and pool areas

Guest room
One of several equipped
with waterbeds

The waterbed equipped rooms bridge
the gap between the suites and the
standard room configurations

Guest room
King

Double double guest room

Double double guest room

Typical large suite

Large suite

View of State Capitol
from roof

View to the east
wing of State Capitol - right
First Wisconsin Bank Building (glass)
Center rear

View to the North
from roof

View to the West
from roof


Subject

176	Double Doubles
56	Kings
23	Queens
3	Waterbeds
1	Honey Moon Suite
3	Large Parlors
6	Small Parlors (with wet bars)
5	Small Parlors (without wet bars)
273	ROOMS

Room furnishings are attractive and appropriate. There are a number of different room decors and these are organized vertically so that the rooms below one another have the same wallpaper, drapes, furnishings, etc.

Replacement of furnishings and fixtures is not generally done on a room by room basis, but rather a category by category basis. For instance, much of the carpeting is being replaced this year as well as a regular rotation on bed springs, box springs, toilet seats, drapes, and other items as needed. It appears that this approach is effective and quite adequate, evidenced by the continued American Automobile Association (AAA) - Four Diamond rating of the Concourse Hotel.

8. The entire building from the third sub-basement to thirteenth floor is serviced by three passenger elevators, one maid's elevator, and one service elevator for room service, kitchen, etc. In addition, there is an automobile sized elevator serving the loading dock, first floor, first sub-basement, and banquet area. In the renovation of the

former drive-in bank area, this large elevator would be blocked off at the current loading dock to serve primarily as a kitchen elevator with stops at the first floor, first sub-basement, and banquet area. The shaft for the additional passenger elevator required by the 120-room expansion was built during original construction and is located behind knockout panels in the elevator lobbies.

9. Exterior materials are face brick panels, gold tinted glass with anodized gold aluminum trim, between accent columns rising to arches forming a top floor parapet wall which are covered with a white, textured epoxy surface.

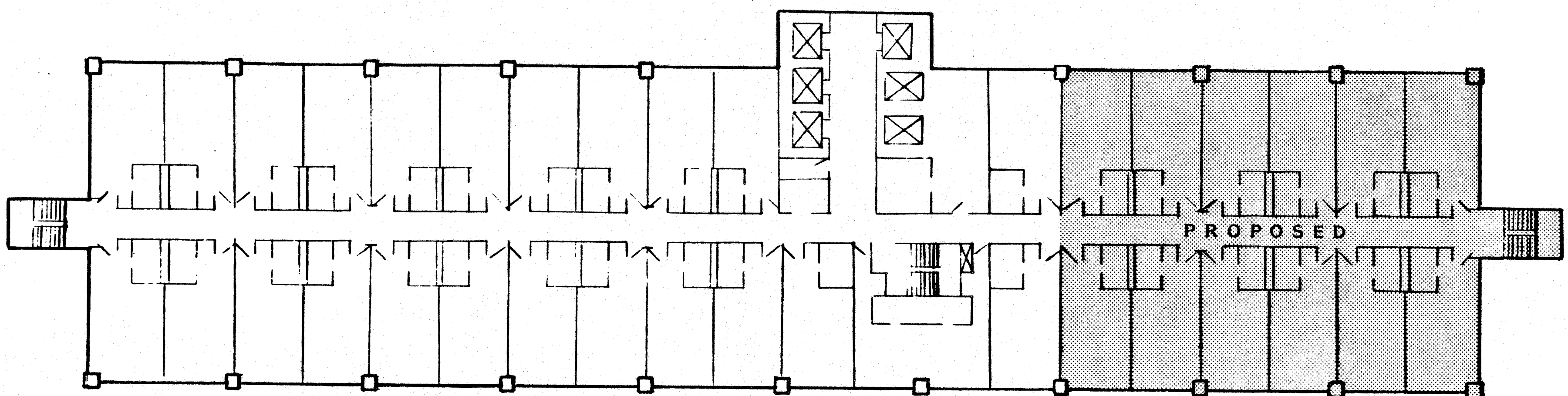
The roof appears to be well along in its useful life and may need replacement in the next several years.

E. Proposed 120-Room Addition

The proposed 120-room addition will add twelve guest rooms per floor on the 4th through 13th floors, as shown in Exhibit 9. Meeting rooms, kitchen, restaurant, service and utility areas are sufficient for the additional demands created by the new guest rooms since the hotel was initially designed for 393 rooms with an initial (the existing) phase and a second phase, execution of which is now planned. The footings and columns on which the addition will be built were designed for that purpose. With the addition of the fourth passenger elevator

EXHIBIT 9

ROOM FLOOR PLAN WITH ADDITION



mentioned previously, there will be ample capacity for the 393 room configuration.

The adding of 120 rooms presents the opportunity to upgrade certain systems on a hotel-wide basis. The telephone system and the energy management system (Scientific Atlanta) are slated to be modernized during this period. The telephone system will continue its conversion to solid state switching with the many advantages to guest and management alike--not the least of which is to convert telephones to a modest profit center.

The Commercial State Bank drive-in facility lease expired with the beginning of 1983. Concourse management plans to add a restaurant and lounge which will substantially increase the seating capacity which is appropriate to the increase in the number of guest rooms. It also provides the opportunity to showcase the "new" Concourse to the community on street level.

F. Madison Hotel Market

Although the number of hotel and motel rooms (in establishments of 31 rooms or more) has grown by approximately 42 percent since 1971, three-quarters of this growth occurred between 1971 and 1978. Between 1980 and 1982 there was less than a 1 percent increase. The percentage of hotel rooms dropped steadily during the years 1971 through 1980, but by 1982 a considerable shift had occurred and the percentages of hotels and motels of the total had reversed. This data comes from a 1982 University of Wisconsin Recreation Resources study of Dane County (see Exhibit 10) but the patterns demonstrated reflect, principally, the Madison market.

As has occurred nationally, the rate of growth of hotel room revenue has declined since 1978, until the change from 1981 to 1982, which indicates a significant gain. The cause for this increase has not yet been entirely determined. Since downtown major hotels and near west hotels and motels experienced a slower rate of growth during this period, it is possible that activity on the periphery at Interstate and Beltline locations experienced the indicated 1981-82 increase. Although the Westowner Motel has competed strongly with the Sheraton since it opened in mid-1982, its appearance in the market does not account for the city room revenue growth in 1982.

It can be seen from data in Exhibit 11 that the downtown major hotels have collectively experienced this room revenue rate of growth slowdown. With respect to three competing downtown hotels, the subject Concourse, the Edgewater, and the Inn on the Park, there have been varying individual rates of growth. The significant jump in room revenue for the Inn on the Park in the years 1978 to 1979 reflects the efforts of a new management group which took control at that time. The Inn on

EXHIBIT 10

NUMBER OF AVAILABLE HOTEL AND MOTEL ROOMS IN DANE COUNTY (In Establishments of 31 Rooms or More)

	1971	1978	1980	1982
HOTELS	1,360 (48%)	1,720 (46%)	1,760 (43%)	2,115 (52%)
MOTELS	1,472 (52%)	2,030 (54%)	2,312 (57%)	1,991 (48%)
HOTELS AND MOTELS	2,832	3,750	4,072	4,106

RATE OF GROWTH -- HOTELS AND MOTELS

|----32.4%----->|----8.5%----->|----0.8%----->|

|------------------40.9%----->|

|------------------------------------41.7%----->|

Source: University of Wisconsin Recreation Resources

EXHIBIT 11

COMPETITIVE LODGING ESTABLISHMENTS

JUNE 1983

MAP #	HOTEL/MOTEL NAME	NUMBER OF ROOMS	DINING	COCKTAIL LOUNGE	POOL	NUMBER MEETING ROOMS	CAPACITY MEETING ROOMS	ROOM RATES SINGLE	ROOM RATES DOUBLE
6	THE CONCOURSE	273	Restaurant	Yes	Indoor Sauna	17	1,880	$38-48	$46-56
8	The Edgewater	143	Restaurant	Yes	Lakefront	7	900	55	65
10	Holiday Inn Southeast	188	Restaurant	Yes	In/Outdoor Sauna	6	2,300	34	41
11	Howard Johnson's Motor Lodge Downtown	163	Restaurant	Yes	Indoor	3	300	37-49	44-56
12	Inn on the Park	148	Restaurant	Yes	Outdoor	16	700	38-48	46-56
17	Midway Motor Lodge	95	Coffee Shop Restaurant	Yes	Indoor	5	190	40	47
19	Quality Inn	156	Coffee Shop Restaurant	Yes	In/Outdoor	18	1,200	30	36
21	Ramada Inn	197	Coffee Shop Restaurant	Yes	Indoor	6	300	30-32	34-40
24	Sheraton Inn & Conference Center	240	Restaurant	Yes	In/Outdoor	16	1,800	41.50-54.50	48.50-61.50
27	The Westowner	96	Restaurant	Yes	Indoor	6-11	750-800	44-48	52-56

Source: Greater Madison Convention & Visitors Bureau

Map number refers to location on map (Exhibit 1).

the Park has gained market share during this period (see Exhibit 12), principally at the expense of the Concourse. It is felt that the Inn on the Park, while keeping its room rates competitive with the Concourse, has achieved a better mix of commercial business and pleasure travelers with respect to their convention business than has the Concourse.

The Concourse, with its large size of 273 rooms, is able to attract the business of the larger convention groups. In doing so, there is some squeezing out of room nights at published or "rack" rates in favor of higher occupancy at discounted rates. Part of this effect has been caused by the gradual growth in the delegate attendance as the various trade and professional associations have grown in membership and in the gradual increase in delegate days (see Exhibit 14). The result has been that, all other things constant, the Concourse has been discounting a greater and greater percent of their business while not being able, given the overall market, to increase the occupancy rates to compensate for this. Within their plans for an addition of 120 rooms, the Concourse management anticipates generally limiting these number of rooms to be allocated to convention attendees to 250 or 64 percent of the total capacity of 393 rooms. Their current operating limit on delegate rooms is 225 rooms which is 82 percent of the 273 existing rooms. Consequently, the Concourse would be able to serve slightly

EXHIBIT 12

ESTIMATED RATE OF GROWTH IN ROOM REVENUE
DOWNTOWN MADISON HOTELS

	1978-1979	1979-1980	1980-1981	1981-1982
Concourse	15%	8%	2%	4%
Edgewater	8%	17%	7%	2%
Inn on the Park	50%	8%	4%	3%
Downtown Major Hotels	20%	8%	4%	3%
Near West Hotel/Motels	10%	12%	6%	5%
All City of Madison Hotel/Motels	15%	11%	8%	23%
NATIONAL AVERAGE	17%	13%	8%	N/A

Source: Landmark Research, Inc.

EXHIBIT 13

ROOM REVENUE MARKET SHARE
OF THREE DOWNTOWN MADISON HOTELS

	1978	1979	1980	1981	1982
Concourse	56%	53%	53%	53%	52%
Edgewater	25	23	25	25	24
Inn on the Park	19	24	22	22	24
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Landmark Research, Inc.

EXHIBIT 14

MADISON CONVENTION ATTENDANCE
AND ROOM NIGHTS GENERATED

	AVERAGE ATTENDANCE PER CONVENTION	AVERAGE DELEGATE DAYS	ROOM NIGHTS GENERATED
1977	516	1.25	645
1978	542	1.38	748
1979	544	1.31	713
1980	515	1.31	675
1981	534	1.33	710

Source: Greater Madison Convention and Visitors Bureau larger conventions than they currently can and/or will be able to continue to grow with the attendances of their current convention clients while greatly decreasing the maximum percentage of rooms occupied at discount rates.

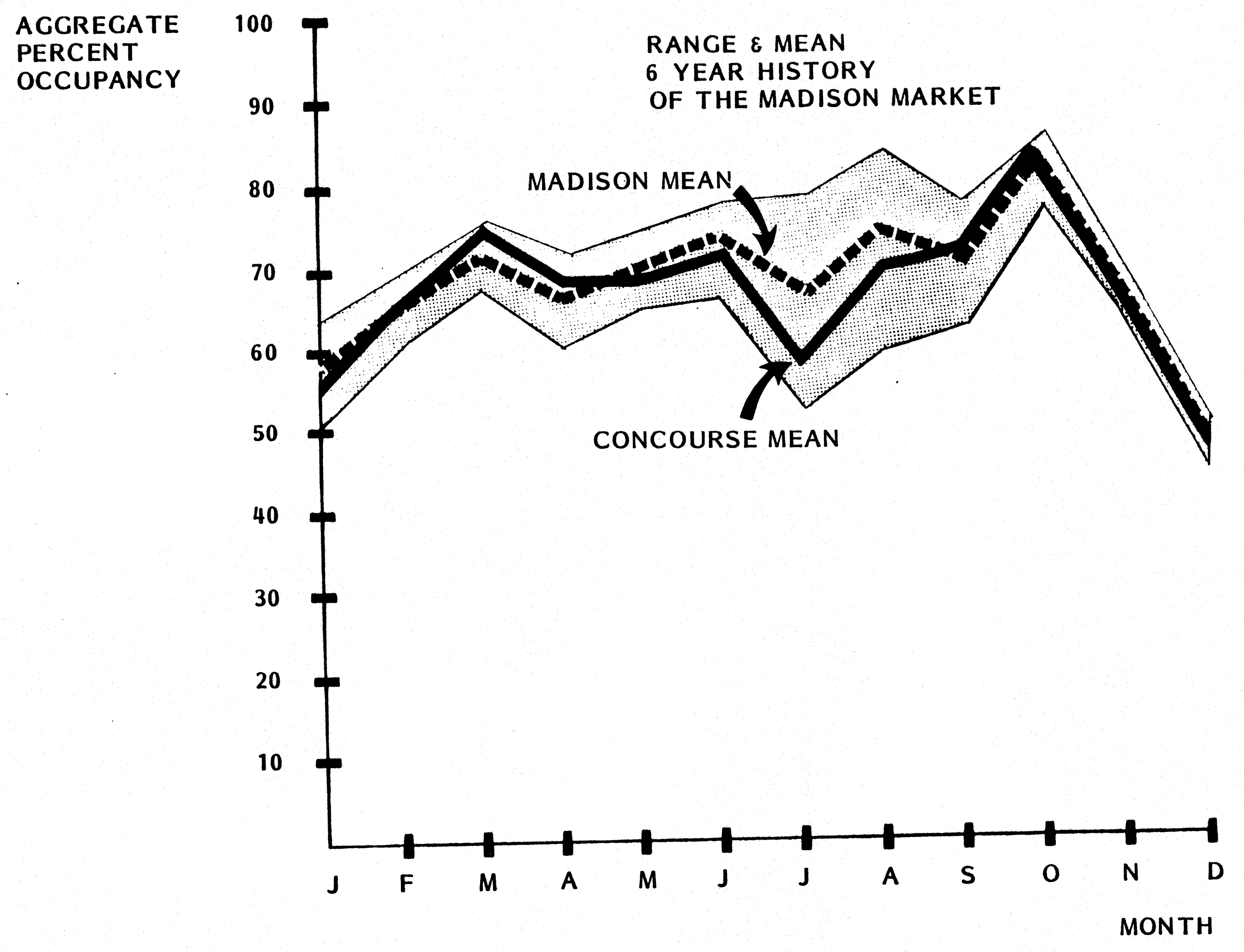
While having more rooms creates the problem of achieving satisfactory occupancy rates, it is generally anticipated that the downtown hotels which service much of the convention business, downtown business, University related functions and visitors, as well as the Madison Civic Center and other downtown attractions, will continue to be the strong principal market in the Madison community.

With respect to future convention business, Richard Skorupan, Executive Director of the Greater Madison Convention and Visitors Bureau, has indicated that, in his opinion, Madison needs one hotel of 350-plus rooms in order for Madison continue to successfully compete, as it has been, for convention business. Ideally, Mr. Skorupan would have such a hotel attached or adjacent to a 25,000 square foot exhibit hall similar in size to the Dane County Forum. Convention groups typically like to occupy a single hotel if possible, and currently exhibit space adjacent to hotel facilities doesn't exist in Madison. Mr. Skorupan suggested that exhibit space located in the Manchester Building across Wisconsin Avenue from the subject would fill these needs as he perceives them. Many cities, including several Wisconsin cities, have recently developed convention centers to import revenues into their economies, and it is felt that cities will increasingly have to compete for available convention dollars.

Exhibit 15, Seasonal Hotel/Motel Occupancy for the Entire Madison Market, 1977 through 1982, graphs the range and mean over the last six full years with respect to occupancy. The average (mean) experience over this period of the Concourse has been superimposed on the graph. The graph verifies the importance of spring and fall convention and University social and athletic activities to the Concourse. The effects of the summer months, during which University related and convention business decline and summer vacation travel shifts demand to lodging facilities at highway locations and to the budget motel sector, are also apparent.

It is evident that the Concourse must compete successfuly for convention business. Indeed its facilities are excellent for these purposes with the exception of a large exposition hall. Regardless, the Concourse must have a better ratio of published "rack" rate business to its discounted rates which relate to the convention business. While anticipated growth of the downtown hotel market is the primary reason for contemplating an addition to the Concourse at this time, this can also be seen as a defensive action to preserve and enhance

SEASONAL HOTEL/MOTEL OCCUPANCY
FOR THE ENTIRE MADISON MARKET
1977 THROUGH 1982



Graph: Landmark Research, Inc.

EXHIBIT 15

Landmark Research, Inc.

market share within the downtown hotel market and to increase average room rate by decreasing the percentage of room nights at discount rates. The Inn on the Park expansion plans have been on the back burner since 1977, but the owners have revived them recently and are reported to be pursuing plans for a 76-room addition. Other motel developments are less of a direct threat. The Westowner is adding 40 rooms and competes directly with the Sheraton and a new budget motel to be called the West Towne Inn. A second 100-unit motel will be built in late Fall 1983 on the northeast corner of Highland and University Avenues. It will compete directly with the Ivy Inn and Howard Johnsons for University and medical business. For these reasons the appraiser has held the average room rate for the Concourse income projection flat for the first two fiscal years of the projection until mid-1985.

G. Break Even Occupancy Requirement of the Concourse Addition

Analysis of the break-even occupancy requirement of the 120-room addition provides necessary perspective as to the feasibility of such an addition.

The estimated cost per room of the Concourse addition is a marginal cost of $25,000 because the public areas already exist. This cost is far lower than the $65,000 to $85,000 cost per room of building a new hotel in a second tier City Central

Business District (CBD.) The estimated cost, provided by Robert Alt, of Wild, Inc., for construction of the addition is approximately $3,000,000.

Assuming a loan at 13.75 percent, amortized over 20 years with a mortgage constant of .147049, the debt service requirement for the addition would be calculated as follows:

Cost of Addition:	$3,000,000
Mortgage Constant:	.147049
Debt Service:	$ 441,147

This assumes that the 120 rooms are 100 percent financed on the notion that the equity contribution is found in the existing hotel.

1. Assuming that 25 percent of the average room rate must be used to cover variable costs of occupancy, 75 percent of the average room rate would be available for debt service.

Average Room Rate (1984)	$45.70
Available for Debt Service	.75
Dollars Available for Debt Service	$34.28

The number of required room nights to support the estimated annual debt service requirement is calculated by dividing the debt service by the average room rate available for debt service.

$$\frac{\$\ 441{,}147}{\$\ 34.871}$$

Required Room Nights = 12,871

This means that approximately 35 room nights per night (12,871/365) are required from the 120-room addition in order to cover the debt service on it.

2. Twenty five percent of the average room rate covers the variable costs of occupancy and returns to the equity position.

$$\frac{\text{Required Room Nights to Cover Debt Service}}{\text{.75 of Average Room Rate}} = \text{Required room nights to cover debt service, variable costs and returns to equity for 120-room addition.}$$

$$\frac{12{,}871}{.75} = 17{,}161$$ Required room nights for 120-room addition.

17,161/365	=	47	Required room nights per night
12,871/365	=	35	Required room nights per night to cover debt service
		12	Required room nights per night to cover variable costs and returns to equity

If the market penetration includes full price travelers, the ten room nights will produce an average of $50 per night which is one more room nights at the average rate.

3. Room profits from existing operations represent a (worst case scenario) cushion of approximately 13 room nights per night. [2]

4. Therefore, management will have to reach markets totaling 47 to 50 room nights per night in order to justify the addition and maintain or increase existing profits. This means that the addition must have a 40 percent occupancy rate. This increase represents the scale of market risk in the remodeling proposal.

Presently the Concourse has 48 percent of the three hotel downtown market with which they capture 52 percent of the room revenue. After expanding to 393 rooms they would have 57 percent of the rooms, all else remaining constant. If the Inn on the Park expanded by 76 rooms according to their plans, the Concourse would have 52 percent of the rooms of the three hotel total. The Concourse would, if all else remained constant, capture 56 percent of the room revenue with 52 percent of the three hotel total rooms.

The sources for these additional room nights are market growth and increased market share. Market growth is generally

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[2] Because all service operations have been charged a flat rent, no recognition is made of increased food and beverage sales due to increased occupancy.

not controllable by management. Market share can be dealt with by management.

H. Most Probable Use of Subject Property

Analysis of the property and the site and strength of effective market demand permits the appraiser to establish the critical assumption as to the most probable, productive use of the subject property. Once that assumption has been established, it is possible to infer the most probable buyer for this type of property investment.

1. Suitability of the site for hotel purposes has been significantly enhanced by:

   a. Construction of the Capitol Concourse and State Street Mall which has stimulated new retail development.

   b. New construction of the Madison Civic Center.

   c. Modernization now under way of the Madison Area Tehnical College building which faces the main hotel entrance on West Dayton Street.

   d. The probable renovation of the former Wolff-Kubly-Hirsig building at West Mifflin and North Carroll Streets by the State Historical Society of Wisconsin.

   e. Federal Courthouse building, currently under construction three blocks away.

2. Estimated effective demand for Class A hotel rooms in downtown Madison is adequate to sustain a well managed, high-rise, downtown hotel.

3. THEREFORE, THE ANALYST CONCLUDES THAT AS OF JULY 1, 1983, THE MOST PROBABLE USE FOR SITE AND STRUCTURE IN THE FORESEEABLE FUTURE MUST BE AS A DOWNTOWN MOTOR INN.

I. Most Probable Buyer-Investor

Determination of the most probable use permits the appraiser to make some inference about the most probable buyer for this type of property or investment, an inference which guides the appraiser in a search for comparable transactions in the marketplace which suggest the investment factors or assumptions which guide the investor in determining the most probable price such an investor would pay.

1. As a class, downtown hotel properties have represented poor investments for the original builders. Where they have succeeded, it has either been the second or third owner who bought at sharp discounts from cost to replace or the original builders who had hung on through the tight, competitive times of the late '70s and are now beginning to enjoy more stable profits. Profits are principally to be made in the management of the hotel, particularly in the marketing of conventions, restaurants, and bars. The management companies are typically compensated on both a percentage of gross and an incentive share of cash flow in excess of debt service requirements of the owner.

2. However, hotel ownership without operating responsibility does appeal to a variety of institutional and individual investors. A hotel is largely a fixed cost, variable revenue operation so that once it reaches break-even point, additional revenues as a result of sophisticated management can produce a very rapid increase in profits to the owner. Food and beverage prices and, to some degree, room prices, are tied directly to the general level of retail prices during a period of inflation. At the same time, the cost of duplicating facilities rises so quickly that in the long run, the modern high rise motor inn in a downtown location will enjoy monopoly characteristics since the cost of entry of a competitor is so prohibitively high. In addition, federal income tax laws typically recognize hotel investment as an operating business rather than rental real estate so that furnishings are eligible for an investment tax credit. There are more front-end costs which can be tax deductible in the first year than is true of many forms of real estate investment.

3. The long term potential in a period of inflation, together with a sensitivity of profits to sophisticated management has attracted some institutional investors to buy high rise hotels which are faltering financially but

which have essentially sound locations and facilities. A life insurance company, bank, or pension fund is willing to accept an 8 to 10 percent cash-on-cash return for the present and wait patiently for management and inflation to increase cash yields and resale values in the future. Tax advantages are of little significance to these second owners who are denied accelerated depreciation under the tax law and, for the most part, as are conduit intermediary institutions, are subject to low effective income tax rates.

4. Syndicates of individual investors are more interested in immediate cash tax shelters of the first owner position, including interest and real estate taxes during construction, start up costs of hiring and training of staff, and other expense elections which create accounting losses in lieu of cash income during the early years. A group of private investors would seek tax shelter in the early years, a gradual increase in cash returns on a cash investment and for some years thereafter, and then a sale for capital gain for the present value of income streams forecast from the established operating record of the motor inn.

III. VALUATION OF THE SUBJECT PROPERTY

A. The Valuation Method

When adequate data is available, the appraisal process traditionally applies three approaches to reach a value estimate: The Comparable Sales Approach, the Income Approach, and the Cost Approach. Each is based upon somewhat different assumptions and arrives at a value estimate from a somewhat different path. Under optimum conditions each of these approaches can be empirically supported by market data using inferential techniques. However, this type of inferential solution requires a large number of observations from sales transactions involving similar properties. In this case, the necessary sales data is not available.

Interviews were conducted with appraisers and real estate brokers who are active throughout the state and specialize in hotel and motel properties. This investigation resulted in the identification of more than 20 motel sales and offerings including a distressed sale of the Sheraton Inn and Conference Center in Madison. Without exception, the sales involved properties that were not comparable to the subject. A few were small operations without restaurant and banquet facilities. A few were resort type projects with seasonal markets. The others were distressed or obsolete facilities that were sold under threat of foreclosure or bankruptcy. None of these sales were, therefore, comparable to the Concourse facility. This lack of data precludes the Comparable Sales Approach. The appraiser must ascertain the criteria used by typical buyers and sellers to price properties that are similar to the subject. Using this information, the appraiser can develop a model which simulates buyer behavior and thereby derive an estimate of the subject property's market value. This methodology will be used to appraise the Concourse Hotel.

In this case, the most appropriate vehicle for application of the buyer simulation methodology is the Income Approach to value. The Income Approach appropriately views the Concourse in terms of its characteristics as an investment vehicle. The most probable purchaser of the property is an investor operator who would syndicate his interest to limited partners that would own the property solely for its investment potential. Several such syndicators who specialize in motel properties currently are based in the Madison area and are an excellent source of information regarding typical investment criteria. These syndicators typically develop their own properties but would certainly represent a likely market for the subject were it made available.

Although the most probable buyer group frequently builds the motel units which they own and syndicate, the Cost Approach is not a reliable valuation technique when applied to an established motel facility. Unlike most buildings, a hotel facility is inextricably related to the business that it houses. The Cost Approach may accurately reflect the cost of the physical facility and even the personal property, but it completely ignores the value associated with an established market for uses of the facility and the monopolistic market position inherent in the ownership of the real estate. For this reason the Cost Approach to value will not be used.

The following section of this report describes the application of the Income Approach to the valuation of the Concourse Hotel.

B. The Income Approach to Value

The Income Approach to value is an appraisal technique that is predicated upon the assumption that the present market value of the subject property is equal to the present value of cash flows which it is expected to produce. One method by which this approach is commonly applied, referred to as mortgage equity capitalization, values the property as the sum of two components: the value of the equity position and the value of the mortgage. The latter is derived from the current market norm for debt coverage ratios (DCR), annual mortgage constants for current market interest rates, and amortization schedules for conventional hotel/motel mortgage loans. The value of the equity is the capitalized value of the cash throw off (cash available after payment of operating expenses and the required debt service) based upon market derived equity dividend (cash-on-cash) requirements. The justified mortgage loan and the justified equity investment are summed together to arrive at the value of the hotel by the income approach.

C. Valuation of the 273-Room Hotel

The valuation of the Concourse is accomplished by valuing the annual cash flows to the equity investor, the annual cash flows to the mortgage lender, and the net reversion on sale at the end of the projection period, all in present value terms. The projection period is five years commencing July 1, 1983, and assumes a sale as of June 30, 1988.

There are two sources of annual cash flows to be considered: Net revenues from the rooms operation of the hotel and net revenues from parking, rental of retail space, office space, restaurant, bar, and kitchen. These two revenue streams less the fixed costs of insurance, real estate taxes, and personal property taxes equal the total project income before debt service. The amount of the total project income before debt service available for debt service is calculated by dividing total project income before debt service by the appropriate debt cover ratio. Project income after debt service represents cash throw-off to the equity position.

The project value is calculated by summing the present value at 16 percent of the net reversion plus the cumulative present value at 16 percent of the cash throw-off plus the original mortgage loan. The original mortgage loan is calculated by dividing the justified debt service by the mortgage constant.

The American Council of Life Insurance regularly publishes mortgage loan data. The Council's data, drawn from the statistics of the 15 largest life insurance companies in the United States, reflects the terms under which the majority of recent hotel loans have been made. The Council's fourth quarter 1982 data, which is the most recent published data at this time, indicates:

Debt Coverage Ratio = 1.50
Interest Rate = 14.70%

Mortgage rates have decreased since the fourth quarter of 1982. Based on interviews with knowledgeable appraisers, hotel/motel brokers and mortgage bankers, current interest rates are in the 13 to 14 percent range.[3] Although the lower interest rates have reduced the frequency of lender participation as a part of the financing, we choose the following loan parameters as appropriate to the current market (no participation reflected in 13-3/4 interest rate):

Annual Interest Rate	=	13.75%
Amortization Term	=	20 years
Constant (f)	=	.147049
Debt Cover Ratio (DCR)	=	1.50
Term	=	5 years

Given the Year 1 forecast of $1,457,037, total project income before debt service (I), the maximum debt service (DS) that can be supported is:

$$\text{Debt Service} = \frac{I}{DCR}$$

$$\text{Debt Service} = \$971,358$$

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[3] Frederick J. Alban, M.A.I., Chicago, Illinois; James Ablan, Prudential Life Insurance Company, Chicago, Illinois; Jenny A. Armstrong, motel broker, ABA Realty, Inc., Madison, Wisconsin; William Brash, motel broker, Brash Realty, Chicago, Illinois; Michael Rooney and Dean Larkin, The Rooney Group, Milwaukee, Wisconsin; Robert Pace, motel broker, Pace Westcor & Associates, Minneapolis, Minnesota; Donald Schink, Director, Recreational Resources Center, University of Wisconsin Extension, Madison, Wisconsin; Jared Shlaes, M.A.I., Shlaes & Co., Chicago, Illinois; Thomas Scholl, motel broker and investor, Smith Realty Company, Inc., Milwaukee, Wisconsin; Eugene W. Stunard, M.A.I., and Richard Cohen, Appraisal Research Counselors, Ltd., Chicago, Illinois.

The loan that can be supported by this debt service is:

$$\text{Loan} = \frac{DS}{f}$$

$$\text{Loan} = \$6,605,692$$

Exhibit 16, shows the calculation of the valuation of the subject 273 room Concourse Hotel as of July 1, 1983.

In Summary:

Mortgage @ 13.75% 20 year amortization, 5 year term	$ 6,605,692
Equity	$ 3,969,924
Total Value	$10,575,616
Debt Cover Ratio	1.50
Loan to Value Ratio	62%

D. Valuation of the Hotel With Addition - 393 Rooms Total

The valuation of the Concourse with the proposed 120-room addition as complete, 393 rooms total, is accomplished using the same methodology as was applied to the valuation of the existing 273 room Concourse Hotel. The present value of annual cash flows to the equity investor, annual cash flows to the mortgage lender, and the net reversion on sale at the end of the five year projection period from July 1, 1983, to June 30, 1988, are summed to reach the valuation by the income approach.

Again, two sources of annual cash flows considered: Net revenues from the rooms operation of the hotel and net revenues from parking, rental of retail space, office space, restaurant,

EXHIBIT 16

CONCOURSE HOTEL
Schedule of Projected Income & Expenses -- Room and Related Operations
For a Periodriod of 5 Years, Commencing July 1, 1983

Period	1983-84	1984-85	1985-86	1986-87	1987-88
Room Revenue:					
Available Rooms	273	273	273	273	273
Available Room Nights [1]	99645	99645	99645	99645	99645
Percent Occupancy [2]	68%	70%	70%	71%	71%
Rate Average [3]	45.70	45.70	47.95	50.70	52.70
Hotel Room Revenue	3096568	3187644	3344584	3586921	3728417
Public Rooms [4]	15600	16224	16873	17548	18250
Total Room Revenues	3112168	3203868	3361457	3604469	3746667
Cost and Expenses:					
Direct Room Costs % [5]	24%	24%	24%	23%	23%
$	746920	768928	806750	829028	861733
General and % [6]	5%	5%	5%	5%	5%
Administrative $	155608	160193	168073	180223	187333
Advertising & Bus- % [7]	5%	5%	5%	3.5%	3%
iness Promotion $	155608	160193	168073	126156	112400
Heat, Light & Power [8]	275000	302500	332750	366025	402628
Repairs & Maintenance [9]	225000	247500	272250	299475	329423
Replacement Reserve (FF&E) [10]	62243	64077	67229	72089	74933
Total Deductions	1620380	1703392	1815125	1872997	1968450
Gross Room Income Before Fixed Charges	1491788	1500475	1546333	1731472	1778217
Telephone Net (.1% of Total Room Revenues) [11]	3112	3204	3361	3604	3747
Other Income (.5% of Total Room Revenues - Valet, Laundry, Florist, etc.)[12]	15561	16019	16807	18022	18733
Gross Operating Income	1510461	1519698	1566501	1753099	1800697
Less: Hotel Management Fees of 6%	90628	91182	93990	105186	108042
Operating Income Before Real Estate Taxes, Insurance & Debt Service	1419833	1428517	1472511	1647913	1692655

EXHIBIT 16 (Continued)

CONCOURSE HOTEL
Total Project Income
For the 5 Year Period, Commencing July 1, 1983

	1983-84	1984-85	1985-86	1986-87	1987-88
Operating Income Before Real Estate Taxes, Insurance & Debt Service	1419833	1428517	1472511	1625601	1692655
Plus:					
Parking Revenue Contract Rents [13]	85200	88608	92152	95838	99672
Retail Space Rents [14]	5472	5700	5928	6165	6412
Office Space Rents [15]	19584	20400	21216	22065	22947
Restaurant & Bar Rents [16]	229855	245605	262569	280850	300559
	1759944	1788830	1854376	2030519	2122245
Less:					
Real Estate Space Management Fees @ 6%	20407	21619	22912	24295	25775
Gross Operating Revenue from Total Property	1739537	1767211	1831464	2006224	2096470
Less:					
Insurance [17]	27500	27500	30250	30250	30250
Real Estate Taxes [18]	220000	242000	266200	292820	322102
Personal Property Taxes [19]	35000	36750	38588	40517	42543
	282500	306250	335038	363587	394895
Total Project Income Before Debt Service	1457037	1460961	1496427	1642637	1701575
Debt Service (1.5 DCR) [20]	971358	971358	971358	971358	971358
Cash After Debt Service	485679	489603	525069	671279	730217
Present Value at 16% Per Annum	418689	363855	336389	370741	347666
Cummulative Present Value of Cash Throw-Off	418689	782544	1118933	1489674	1837340

1987-1988 Total Project Income	1701575
times	
Income Multiplier [21]	6.25
equals	
Predicted June 30, 1988 Sales Price	10634842
minus	
Mortgage Balance	6155688
equals	
Net Reversion (Before Taxes)	4479154
Present Value of Net Reversion at 16%	2132584
plus	
Cummulative Present Value of Cash Throw-Off	1837340
plus	
Mortgage Loan	6605692
equals	
Project Value	10575616

EXHIBIT 16 (Continued)

FOOTNOTES TO SCHEDULE OF INCOME AND EXPENSES, TOTAL PROJECT INCOME AND PROJECT VALUE FOR THE EXISTING 273 ROOM CONCOURSE HOTEL

[1] Available Room Nights

273 rooms x 365 nights

[2] Percent Occupancy

Subsequent to the effects of the recession which is currently ending and to the slight dip in occupancy attributable to rumors of financial problems due to the foreclosure procedures brought by Prudential Life Insurance Company, the occupancy rate is expected to increase slowly over the five-year projection period to a point several percentage points higher than currently is the case.

[3] Rate Average

For the past several years, the Concourse has introduced a $2 increase to its published "rack" rates every six months. These increases have been introduced on the first of the year and approximately the first of July. The practice of the regular semi-annual increases has existed long enough so that much of the effect of the published rate increases is now reflected in the rate average. Guest parking is included in the rate average (see Footnote 13).

[4] Public Rooms

Income attributable to public rooms is generally expected to be between 1 and 2 percent of total income based on national averages. These projections are somewhat below those standards based on Concourse Hotel experience and the general assumption that there will continue to be significant discounting due to convention package deals.

EXHIBIT 16 (Continued)

[5] Direct Room Costs

Based on Concourse Hotel operating experience and national averages in Pannell Kerr Forster, Trends in the Hotel Industry - 1982 Edition for Hotels in the Northcentral Region and Comparable Size and Age, it is expected that direct room costs will be approximately 24 percent of room's department revenue with some slight economies several years down the road resulting in a small decrease to this figure.

[6] General and Administrative

The Concourse is well beyond its initial shake down period and is presumably past the significant legal expenses incurred over the last several years. It is expected that the hotel will operate with this cost category at 5 percent of revenues.

[7] Advertising and Business Promotion

In order to regain downtown lodging market share, it is anticipated that advertising and business promotion will have to exceed by 1 to 1-1/2 percent the normal 3 to 3-1/2 percent level (Pannell Kerr Forster, Trends in the Hotel Industry - 1982 Edition) for the next several years and then level off at more traditional cost levels.

[8] Heat, Light, and Power

Based on the Concourse Hotel operating experience of the last several years, it is estimated that 1983-1984 expenses will total some $275,000, 4 percent of total revenue, which is slightly better than appropriate national averages. It is expected that this category will increase by an average of 10 percent per year over the foreseeable future assuming few of the possible energy conservation measures are taken.

[9] Repairs and Maintenance

The budget for repairs and maintenance has been estimated by Concourse management.

EXHIBIT 16 (Continued)

[10] Replacement Reserve for Furniture, Fixtures, and Equipment

The Concourse has a regular program of replacement of furniture, fixtures, and equipment on a scheduled basis given continual monitoring of the condition of these items. Replacement schedules are generally set on an item-by-item basis rather than a room-by-room basis which has allowed more appropriate replacement of furniture and fixtures based on need. This has resulted in a fairly effective maintenance of overall quality without replacing things before they are due to be replaced.

[11] Telephone Net Income

Since January 1, 1983, telephone rate deregulation has allowed for the surcharging of telephone service. Previously it had generally been the case that telephone department revenue was effectively a loss item. This category with a 28 percent surcharge will produce a small revenue item.

[12] Other Income

Other income including valet, laundry, florist, etc., has produced approximately 1/2 of 1 percent of total room revenues in additional income.

[13] Parking Revenues of 250 Parking Stalls

Parking requirements average 1/2 space per room occupied. Therefore, 1/2 space x 70 percent occupancy x 273 rooms = 95 spaces required for hotel usage. These spaces are included in the overnight room rates, with a $5 internal accounting charge per space. The remaining 155 parking spaces are rented to the general public at $50 per month. Since there is, and will continue to be, a lack of parking in the Capitol Square area, monthly parking spaces will have a 100 percent occupancy.

EXHIBIT 16 (Continued)

[14] Retail Space Rents

Retail space rents are generated by 625 square feet of space on the ground floor of the hotel. The average rate per square foot is $8.75. Included in the retail space is in Kiosk, Showcase, and small area rentals.

[~~15~~] 16 Restaurant and Bar Rents

For appraisal purposes, restaurant, bar, and kitchen areas are considered on a market rent basis. These sources of income are detailed in Exhibit 17 following.

[~~16~~] 17 Insurance

These estimates are based on hotel management experience and are generally consistent with industry standards. Current insurance is at .4 percent, industry standards are .5 percent, and the estimate of .4 percent is assumed for the future for the existing 273 room hotel.

[~~17~~] 15 Office Space Rents

There are 2,550 square feet of office space rented at an average of $7.68 per square foot. The average rate of increase of office rents is stated conservatively as 4 percent per year. Office space rents are not deemed to be affected by the addition of rooms to the hotel operation.

[18] Real Estate Taxes

Valuation of Madison hotels and motels vary greatly on a per room basis. This projection is based on the current valuation of the hotel improvements by the City Assessor and a mill rate of .0222436 are estimated to increase at a rate of 10 percent per year. This rate increase is slightly in excess of the historical rate of increase because Madison is just beginning to feel the impact of reduced state and federal assistance.

EXHIBIT 16 (Continued)

[19] Personal Property Taxes

In general, the personal property tax schedule results in declining taxes as the productive assets age. However, since the hotel must necessarily engage in a program of continuous replacement of furniture, fixtures, and equipment which come on the books at their acquisition cost, personal property taxes will have increases which tend to offset the declines.

[20] Debt Service

Given an appropriate debt coverage ratio requirement of 1.5 based on recent data from the American Council of Life Insurance - Investment Bulletin, the justified debt service equals first year total project income before debt service divided by debt service.

[21] Income Multiplier

Market evidence exists to the effect that currently the value of a hotel is somewhere in the range of 6 to 6-1/2 times the net income (information gained from interviews--see footnote 3 on page 70.)

EXHIBIT 17

CONCOURSE HOTEL
Schedule of Projected Revenue and Expenses - Restaurant & Bar Space Rental
For the 5 Year Period, Commencing July 1, 1983

Period	Annual Increase	Square Feet	1983-84	1984-85	1985-86	1986-87	1987-88
Low Score							
Square Feet		3735					
Rent/SF	4%	$ 4.00	14940	15538	16159	16805	17478
Reimbursables/SF	10%	$ 3.50	13073	14380	15818	17399	19139
Green House							
Square Feet		3550					
Rent/SF	4%	$ 6.50	23075	23998	24958	25956	26994
Reimbursables/SF	10%	$ 3.50	12425	13668	15034	16538	18191
Normandy							
Square Feet		3000					
Rent/SF	6%	$ 9.00	27000	28620	30337	32157	34087
Reimbursables/SF	10%	$ 3.50	10500	11550	12705	13976	15373
Haymarket							
Square Feet		3235					
Rent/SF	6%	$ 12.00	38820	41149	43618	46235	49009
Reimbursables/SF	10%	$ 3.50	11323	12455	13700	15070	16577
Piccadilli Pub							
Square Feet		2600					
Rent/SF	6%	$ 9.00	23400	24804	26292	27870	29542
Reimbursables/SF	10%	$ 3.50	9100	10010	11011	12112	13323
Main Kitchen							
Square Feet		4620					
Rent/SF	4%	$ 5.00	23100	24024	24985	25984	27024
Reimbursables/SF	10%	$ 5.00	23100	25410	27951	30746	33821
Restaurant and Bar Rents plus Reimbursable Expenses Before Overage			229855	245605	262569	280850	300559
			=======	=======	=======	=======	=======

bar, and kitchen. These two revenue streams less the fixed costs of insurance, real estate taxes, and personal property taxes equal the total project income before debt service (I). It is assumed that because of construction and start-up of the expanded hotel that the permanent loan would close after the second year of the projection. Therefore, the 1985-86 Total Project Income Before Debt Service of $2,273,218 divided by the Debt Cover Ratio of 1.50 equals the portion of income before debt service available for debt service.

$$\text{Debt Service} = \frac{I}{DCR}$$

$$\frac{\$2,273,218}{1.50} = \$1,515,479$$

The loan that can be supported by this debt service:

$$\text{Loan} = \frac{DS}{f} = \frac{\$1,515,479}{.147049} = \$10,305,946$$

Exhibit 18, shows the calculation of the valuation of the Concourse Hotel assuming completion of the 120 room addition (393 rooms total) as of July 1, 1983.

In Summary:	Mortgage @ 13.75% 20 year amortization 5 year term	$10,305,946
	Equity	$ 6,240,850
	Total Value	$16,546,796
	Debt Cover Ratio	1.50
	Loan to Value Ratio	62%

EXHIBIT 18

CONCOURSE HOTEL
Schedule of Projected Income & Expenses — Room and Related Operations
For a Periodriod of 5 Years, Commencing July 1, 1983

Period		1983-84	1984-85	1985-86	1986-87	1987-88
Room Revenue:						
Available Rooms [1]		273	333	393	393	393
Available Room Nights [2]		99645	121545	143445	143445	143445
Percent Occupancy [3]		68%	68%	66%	68%	70%
Rate Average [4]		45.70	45.70	47.95	50.20	52.70
Hotel Room Revenue		3096568	3777132	4539604	4896639	5291686
Public Rooms [5]		15600	16224	16873	17548	18250
Total Room Revenues		3112168	3793356	4556477	4914186	5309936
Cost and Expenses:						
Direct Room Costs	% [6]	24%	24%	24%	23%	23%
	$	746920	910406	1093554	1130263	1221285
General and	% [7]	5%	5%	5%	5%	5%
Administrative	$	155608	189668	227824	245709	265497
Advertising & Bus-	% [8]	5%	5%	5%	4.5%	3.5%
iness Promotion	$	155608	189668	227824	221138	185848
Heat, Light & Power [9]		275000	302500	332750	366025	402628
Repairs & Maintenance [10]		225000	247500	272250	299475	329423
Replacement Reserve (FF&E) [11]		62243	75867	91130	98284	106199
Total Deductions		1620380	1915608	2245332	2360894	2510879
Gross Room Income Before Fixed Charges		1491788	1877748	2311145	2553292	2799057
Telephone Net (.1% of Total Room Revenues) [12]		3112	3793	4556	4914	5310
Other Income (.5% of Total Room Revenues - Valet, Laundry, Florist, etc.)[13]		15561	18967	22782	24571	26550
Gross Operating Income		1510461	1900508	2338484	2582777	2830917
Less: Hotel Management Fees of 6%		90628	114030	140309	154967	169855
Operating Income Before Real Estate Taxes, Insurance & Debt Service		1419833	1786478	2198175	2427811	2661062

EXHIBIT 18 (Continued)

CONCOURSE HOTEL
Total Project Income
For the 5 Year Period, Commencing July 1, 1983

	1983-84	1984-85	1985-86	1986-87	1987-88
Operating Income Before Real Estate Taxes, Insurance & Debt Service	1419833	1786478	2198175	2427811	2661062
Plus:					
Parking Revenue Contract Rents [14]	85200	79428	67200	69888	72684
Retail Space Rents [15]	5472	5700	5928	6165	6412
Office Space Rents [16]	19584	20400	21216	22065	22947
Restaurant & Bar Rents [17]	298855	319585	341912	365969	391904
	1828944	2211591	2634431	2891898	3155008
Less:					
Real Estate Space Management Fees @ 6%	24547	25507	26175	27845	29637
Gross Operating Revenue from Total Property	1804397	2186084	2608256	2864053	3125372
Less:					
Insurance [18]	27500	27500	30250	30250	30250
Real Estate Taxes [19]	220000	242000	266200	292820	322102
Personal Property Taxes [20]	35000	36750	38588	40517	42543
	282500	306250	335038	363587	394895
Total Project Income Before Debt Service	1521897	1879834	2273218	2500466	2730477
Debt Service (1.5 DCR) [21]	1014598	1014598	1515479	1515479	1515479
Cash After Debt Service	507299	865236	757739	984987	1214998
Present Value at 16% Per Annum	437327	643011	485452	544000	578476
Cummulative Present Value of Cash Throw-Off	437327	1080338	1565790	2109789	2688266

1987-1988 Total Project Income	2730477
times	
Income Multiplier [22]	6.25
equals	
Predicted June 30, 1988 Sales Price	17065481
minus	
Mortgage Balance	9603841
equals	
Net Reversion (Before Taxes)	7461640
Present Value of Net Reversion at 16%	3552584
plus	
Cummulative Present Value of Cash Throw-Off	2688266
plus	
Mortgage Loan	10305946
equals	
Project Value	16546796

EXHIBIT 18 (Continued)

FOOTNOTES TO SCHEDULE OF INCOME AND EXPENSES, TOTAL PROJECT INCOME AND PROJECT VALUE FOR THE CONCOURSE HOTEL WITH 120-ROOM ADDITION -- 393 ROOMS TOTAL

[1] Available Rooms

Tentative plans are to begin construction and have the additional 120-room addition ready for occupancy as of January 1, 1985. The first year of this projection, therefore, reflects solely the existing 273 rooms available. The second year of the projection would be 273 rooms available for the first half of the year and 393 rooms available for the second half of the year, resulting in an average available number of rooms of 333. In the third year and beyond, all 393 rooms are available.

[2] Available Room Nights

Available rooms x 365 nights

[3] Percent Occupancy

The first year estimate is the same as for the projection of the existing 273 room hotel. The second year does not include an increase in occupancy because of the addition in mid-year of 120 additional available rooms. The third year reflects a slightly lower occupancy because the 120 additional rooms are available for the full year. The fourth and fifth years reflect a gradual increase in occupancy due to growth and market acceptance.

[4] Rate Average

For the past several years, the Concourse has introduced a $2 increase to its published "rack" rates every six months. These increases have been introduced on the first of the year and approximately the first of July. The practice of the regular semi-annual increases has existed long enough so that most of the effect of the rate increases is now reflected in the rate average. Guest parking is included in the rate average (see Footnote 14).

[5] Public Rooms

Income attributable to public rooms is generally expected to be between 1 and 2 percent of total income based on

EXHIBIT 18 (Continued)

national averages. These projections are somewhat below those standards based on Concourse Hotel experience and the general assumption that there will continue to be significant discounting due to convention package deals.

[6] Direct Room Costs

Based on Concourse Hotel operating experience and national averages in Pannell Kerr Forster, Trends in the Hotel Industry - 1982 Edition for Hotels in the Northcentral Region and Comparable Size and Age, it is expected that direct room costs will be approximately 24 percent of room's department revenue with some slight economies several years down the road resulting in a small decrease to this figure.

[7] General and Administrative

The Concourse is well beyond its initial shake down period and is presumably past the significant legal expenses incurred over the last several years. It is expected that the hotel will operate with this cost category at 5 percent of revenues.

[8] Advertising and Business Promotion

With the addition of 120 rooms, the Concourse will necessarily have additional marketing and promotional expenses prior to, during, and after the new rooms come on stream. Only after the new rooms have been in operation for a couple of years will the marketing and promotion budget begin to drop to normal levels. For this reason the advertising and business promotion budget is at 5 percent for the first three years, 4-1/2 percent in the fourth year, and 3-1/2 percent, which is the average for this size and age of hotel, in the fifth year. The reason that the budget must remain high for so long is to insure continued growth in commercial business guests, and because convention business is booked long in advance.

EXHIBIT 18 (Continued)

[9] Heat, Light, and Power

It is estimated that the 1983-1984 expenses will total some $275,000 in the first year, $325,000 in the second year, and $380,000 as the hotel addition comes on line. The step up in this fashion is a result of increased energy consumption during construction and, principally, because occupancy of the new 120 rooms will begin in the middle of the second fiscal year. Thereafter it is expected that this category will increase by an average of 10 percent per year. The dollar estimates for the second and third years of this projection reflect additional energy saving steps to be taken with respect to the entire hotel as part of the construction program.

[10] Repairs and Maintenance

The budget for repairs and maintenance has been estimated by Concourse management.

[11] Replacement Reserve for Furniture, Fixtures, and Equipment

The Concourse has a regular program of replacement of furniture, fixtures, and equipment on a scheduled basis given continual monitoring of the condition of these items. Replacement schedules are generally set on an item by item basis rather than on a room by room basis which has allowed more appropriate replacement of furniture and fixtures based on need. This has resulted in a fairly effective maintenance of overall quality without replacing things before they are due to be replaced. The replacement reserve increases as soon as the additional rooms come on-stream in proportion to their magnitude with respect to the 273 room base. Replacement reserves begin immediately since the hotel is an on-going operation and replacements either need to be made or funds accumulated for future replacements from the very start.

EXHIBIT 18 (Continued)

[12] Telephone Net Income

Since January 1, 1983, telephone rate deregulation has allowed for the surcharging of telephone service. Previously it had generally been the case that telephone department revenue was a loss item as had been typical in the industry in general. This category with a 28 percent surcharge will produce a small revenue item.

[13] Other Income

Other income including valet, laundry, florist, etc., has produced approximately 1/2 of 1 percent of total room revenues in additional income.

[14] Parking Revenues of 250 Parking Stalls

With 273 rooms, 95 parking spaces must be left for use by hotel guests because 1/2 space per room (average) x 70 percent occupancy x 273 rooms = 95 required spaces. The remainder are available and currently are rented on a monthly basis to the general public at $50 per space per month. As soon as the additional 120 rooms come on-line, this calculation will be: 1/2 space per room x 70 percent occupancy x 393 rooms = 138 parking spaces required for overnight guests. The remaining 112 are available for rental to the general public. Since there is, and will continue to be, a lack of parking in the Capitol Square area, monthly parking space rental will have 100 percent occupancy.

[15] Retail Space Rents

Retail space rents are generated by 625 square feet of space on the ground floor of the hotel. The average rate per square foot is $8.25. Included in the retail space is Kiosk, Showcase, and small area rentals. Retail space rents are deemed not to be affected by the addition of hotel rooms.

EXHIBIT 18 (Continued)

[~~16~~] Restaurant and Bar Rents
17

For appraisal purposes, restaurant, bar, and kitchen areas are considered on a market rent basis to exclude income attributable to management. In fact, these spaces are now technically leased to an entity closely related to the management entity. These sources of income are detailed in Exhibit ~~18~~ 19 following.

[~~17~~] Insurance
18

These estimates are based on hotel management experience and are generally consistent with industry standards. Currently, insurance is at .4 percent, national industry standards are .5 percent, and with the 120-room addition it is expected to be .4 percent.

[~~18~~] Office Space Rents
16

There are 2,550 square feet of office space rented at an average of $7.68 per square foot. The average rate of increase of office rents is stated conservatively as 4 percent per year. Office space rents are not deemed to be affected by the addition of rooms to the hotel operation.

[19] Real Estate Taxes

Valuation of Madison hotels and motels vary greatly on a per room basis. This projection is based on the current valuation of the hotel improvements by the City Assessor and a mill rate of .0222436 are estimated to increase at a rate of 10 percent per year. This rate of increase is slightly in excess of the historical rate of increase because Madison is just beginning to feel the impact of reduced state and federal assistance.

It is possible that construction of 120 rooms will occasion a complete reassessment of the hotel. The 120-room addition results in an increased valuation as of January 1985, and therefore, beginning in the second year

EXHIBIT 18 (Continued)

due to partial completion and the third year due to completion of the addition, the real estate taxes will be increased.

[20] Personal Property Taxes

In general, the personal property tax schedule results in declining taxes as the productive assets age. However, since the hotel must necessarily engage in a program of continuous replacement of furniture, fixtures, and equipment which come on the books at their acquisition cost, personal property taxes will have increases which tend to offset the declines.

As of January 1, 1985, there will be additional personal property in the form of 120 rooms worth of furniture and fixtures at acquisition cost. This will result in an increase in the personal property tax category beginning in the following year of the projection (the third year).

[21] Debt Service

Given an appropriate debt coverage ratio requirement of 1.5, based on recent data from the American Council of Life Insurance, Investment Bulletin, the justified debt service equals first year total project income before debt service divided by debt service.

[22] Income Multiplier

Market evidence exists to the effect that currently the value of a hotel is somewhere in the range of 6 to 6-1/2 times the net income (information gained from interviews --see footnote 3 on page 70.) At 6-1/4 times the net, the project value is $16,546,796; at 6 times net, the project value is $16,221,792. In this case, the lower multiplier changes the total value conclusion by only $325,004. Therefore, our value conclusion is insensitive to an assumption as to the income multiplier within current parameters.

EXHIBIT 19

CONCOURSE HOTEL
Schedule of Projected Revenue and Expenses - Restaurant & Bar Space Rental
For the 5 Year Period, Commencing July 1, 1983

	Period	Annual Increase	Square Feet	1983-84	1984-85	1985-86	1986-87	1987-88
	Low Score							
	Square Feet		3735					
no	Rent/SF	4%	$ 4.00	14940	15538	16159	16805	17478
	Reimbursables/SF	10%	$ 3.50	13073	14380	15818	17399	19139
	Green House							
	Square Feet		3550					
yes	Rent/SF	4%	$ 6.50	23075	23998	24958	25956	26994
	Reimbursables/SF	10%	$ 3.50	12425	13668	15034	16538	18191
	Normandy							
	Square Feet		3000					
yes	Rent/SF	6%	$ 9.00	27000	28620	30337	32157	34087
	Reimbursables/SF	10%	$ 3.50	10500	11550	12705	13976	15373
	Haymarket							
	Square Feet		3235					
yes	Rent/SF	6%	$ 12.00	38820	41149	43618	46235	49009
	Reimbursables/SF	10%	$ 3.50	11323	12455	13700	15070	16577
	Piccadilli Pub							
	Square Feet		2600					
yes	Rent/SF	6%	$ 9.00	23400	24804	26292	27870	29542
	Reimbursables/SF	10%	$ 3.50	9100	10010	11011	12112	13323
	New Restaurant							
	Square Feet		6000					
no	Rent/SF	6%	$ 8.00	48000	50880	53933	57169	60599
	Reimbursables/SF	10%	$ 3.50	21000	23100	25410	27951	30746
	Main Kitchen							
	Square Feet		4620					
yes	Rent/SF	4%	$ 5.00	23100	24024	24985	25984	27024
	Reimbursables/SF	10%	$ 5.00	23100	25410	27951	30746	33821
	Restaurant and Bar Rents plus Reimbursable Expenses Before Overage			298855	319585	341912	365969	391904

246,644

As a further check upon these values, the VALTEST cash flow model was used to estimate the overall yield (more specifically the modified internal rate of return) that an investor who purchased the property at the appraised value, subject to the same financing, could expect. The VALTEST five-year projection is based upon the change in cash flows projected in Exhibits 16 and 18. The hotel, restaurant and bar, retail, and office space rents were forecast to realize a net appreciation of approximately 4 percent per year during the projection period. The output from these models are shown in Appendices E and F. Under these assumptions, a purchase of the existing hotel would anticipate a modified internal rate of return (MIRR) before taxes of 26.35 percent, and a MIRR after taxes of 22.27 percent. A purchase of the hotel and construction of a 120-room addition would anticipate a MIRR before taxes of 22.98 percent, and a MIRR after taxes of 19.30 percent. These calculations provide a check on and demonstrate the reasonableness of the appraised values.

Based on this analysis, the estimated market value of a fee simple interest in the existing 273-room Concourse Hotel as of July 1, 1983, assuming financing is available at 13.75 percent, 20 year amortization, and a five year roll-over with no participation is:

TEN MILLION SIX HUNDRED THOUSAND DOLLARS

($10,600,000)

The estimated market value of a fee simple interest in the Concourse Hotel assuming completion of the 120-room addition as proposed as of July 1, 1983, assuming financing is available at 13.75 percent, 20 year amortization, and a five year roll-over with no participation is:

SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS

($16,500,000)

CERTIFICATE OF APPRAISAL

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 existing Concourse Hotel financed with a non-participation, 13.75 percent, 20 year loan with a debt cover ratio of 1.50 in the first fiscal year, as of July 1, 1983, is:

TEN MILLION SIX HUNDRED THOUSAND DOLLARS

($10,600,000)

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 this property with completion of the contemplated 120-room addition by January 1, 1985, financed with a non-participation, 13.75 percent, 20 year loan with a debt cover ratio of 1.50 in the third fiscal year, as of July 1, 1983, is:

SIXTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS

($16,500,000)

James A. Graaskamp

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

Fraser B. Gurd

Fraser B. Gurd, MS

August 12, 1983

Date

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)
Urban Land Institute Trustee

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, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.

F R A S E R B. G U R D

EDUCATION

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

Bachelor of Science - Architecture, University of Wisconsin - Milwaukee

ACADEMIC HONORS

Graduate National Scholarship, American Institute of Real Estate Appraisers, 1977-1978

PROFESSIONAL EXPERIENCE

Mr. Gurd is a practicing real estate analyst and consultant. Previously he was a Lecturer in the Department of Real Estate and Urban Land Economics, School of Business, University of Wisconsin. His experience includes the valuation and analysis of commercial and residential properties, project feasibility studies, financial analysis, and computer applications in real estate valuation and financial analysis. He has been a Project Underwriter with a national residential mortgage guarantor.

APPENDICES

APPENDIX A

CONCOURSE HOTEL OCCUPANCY
VERSUS MADISON OVERALL SIX-YEAR AVERAGE
1977 - 1982

MONTH	CONCOURSE 6-YEAR AVERAGE OCCUPANCY RATE	6-YEAR AVERAGE MADISON OCCUPANCY RATE
January	56%	58%
February	64	66
March	74	72
April	68	67
May	67	71
June	70	74
July	57	67
August	69	74
September	71	71
October	83	81
November	64	65
December	46	46
	65.7	67.6

Source: Greater Madison Convention and Visitors Bureau
Concourse Hotel

APPENDIX B
PRO FORMA STATEMENT OF OPERATIONS - BASED ON 273 ROOMS

Concourse Hotel

PRO FORMA STATEMENT OF OPERATIONS
Based on 273 Rooms

	1983		1984		1985		1986		1987	
Occupancy		66.0%		66.0%		67.0%		68.0%		69.0%
Average Room Rate		$42.50		$45.00		$47.00		$50.00		$52.25
	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income
Revenue										
Rooms	$2 792 250	47.2%	$2 956 500	47.4%	$3 139 365	46.7%	$3 394 500	46.8%	$3 585 395	46.8%
Food	1 815 045	30.7	1 838 782	29.5	2 020 000	30.0	2 145 000	29.6	2 270 000	29.6
Beverage	920 075	15.5	1 039 028	16.6	1 154 453	17.2	1 288 359	17.8	1 373 825	17.9
Telephone	103 733	1.8	104 502	1.7	110 000	1.6	116 000	1.6	122 000	1.6
Other Operated Departments	20 890	.3	23 746	.4	25 000	.4	27 000	.4	29 000	.4
Other Income (Net) Parking, Lot, Etc.	268 897	4.5	273 759	4.4	275 000	4.1	280 000	3.8	285 000	3.7
Total Revenue	$5 920 890	100.0%	$6 236 317	100.0%	$6 723 818	100.0%	$7 250 859	100.0%	$7 665 220	100.0%
Departmental Costs and Expenses	3 138 071	53.0	3 227 023	51.8	3 482 938	51.8	3 755 945	51.8	3 970 584	51.8
Total Operated Departments Income	$2 782 819	47.0%	$3 009 294	48.2%	$3 240 880	48.2%	$3 494 914	48.2%	$3 694 636	48.2%
Undistributed Operating Expenses										
General and Administrative	$ 177 626	3.0%	$ 179 279	2.8%	$ 195 000	2.9%	$ 210 000	2.9%	$ 230 000	3.0%
Management Fee	160 688	2.7	161 351	2.6	177 094	2.6	186 746	2.6	193 732	2.5
Advertising and Business Promotion	144 000	2.4	192 000	3.1	200 000	3.0	200 000	2.8	200 000	2.6
Heat, Light and Power	266 440	4.5	280 870	4.5	292 000	4.4	305 000	4.2	315 000	4.1
Repairs and Maintenance	216 000	3.7	225 000	3.6	237 000	3.5	255 000	3.5	275 000	3.6
Total Undistributed Operating Expenses	$ 964 754	16.3%	$1 038 500	16.6%	$1 101 094	16.4%	$1 156 746	16.0%	$1 213 732	15.8%
Income Before Fixed Charges	$1 818 065	30.7%	$1 970 794	31.6%	$2 139 786	31.8%	$2 338 168	32.2%	$2 480 904	32.4%
Property Taxes and Insurance										
Property Taxes	$ 260 000	4.4%	$ 260 000	4.2%	$ 270 000	4.0%	$ 280 000	3.9%	$ 290 000	3.8%
Building and Contents Insurance	25 000	.4	25 000	.4	25 000	.4	30 000	.4	30 000	.4
Total Property Taxes and Insurance	$ 285 000	4.8%	$ 285 000	4.6%	$ 295 000	4.4%	$ 310 000	4.3%	$ 320 000	4.2%
Income Before Debt Service	$1 533 065	25.9%	$1 685 794	27.0%	$1 844 786	27.4%	$2 028 168	27.9%	$2 160 904	28.2%
Debt Service										
Interest Expense (Net)	890 840	15.1	905 000	14.5	919 000	13.7	932 000	12.8	945 000	12.3
Total Debt Service	$ 890 840	15.1%	$ 905 000	14.5%	$ 919 000	13.7%	$ 932 000	12.8%	$ 945 000	12.3%
Net Profit Before Depreciation	$ 642 225	10.8%	$ 780 794	12.5%	$ 925 786	13.7%	$1 096 168	15.1%	$1 215 904	15.9%
Depreciation	465 000	7.8	475 000	7.6	475 000	7.0	475 000	6.5	475 000	6.2
Net Profit	$ 177 225	3.0%	$ 305 794	4.9%	$ 450 786	6.7%	$ 621 168	8.6%	$ 740 904	9.7%

APPENDIX C
PRO FORMA STATEMENT OF OPERATIONS - BASED ON 393 ROOMS

Concourse Hotel

PRO FORMA STATEMENT OF OPERATIONS
Based on 393 Rooms

	1983		1984		1985		1986		1987	
Occupancy		66.0%		66.0%		63.0%		64.0%		66.0%
Average Room Rate		$42.50		$45.00	*	$47.00		$50.00		$52.25
	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income
Revenue										
Rooms and Guest Parking	$2 792 250	47.2%	$2 956 500	47.4%	$4 247 406	51.2%	$4 590 240	51.5%	$4 946 700	51.8%
Food	1 815 045	30.7	1 838 782	29.5	2 240 000	27.0	2 376 000	26.7	2 518 000	26.4
Beverage	920 075	15.5	1 039 028	16.6	1 265 000	15.3	1 390 000	15.6	1 515 000	15.9
Telephone	103 733	1.8	104 502	1.7	185 000	2.2	195 000	2.2	200 000	2.1
Other Operated Departments	20 890	.3	23 746	.4	33 000	.4	36 000	.4	38 000	.4
Other Income (Net) Parking Lot, Etc.	268 897	4.5	273 759	4.4	320 000	3.9	325 000	3.6	330 000	3.4
Total Revenue	$5 920 890	100.0%	$6 236 317	100.0%	$8 290 406	100.0%	$8 912 240	100.0%	$9 547 700	100.0%
Departmental Costs & Expenses	3 138 071	53.0	3 227 023	51.8	4 103 751	49.5	4 366 998	49.0	4 630 634	48.5
Total Operated Departments Income	$2 782 819	47.0%	$3 009 294	48.2%	$4 186 655	50.5%	$4 545 242	51.0%	$4 917 066	51.5%
Undistributed Operating Expenses										
General and Administrative	$ 177 626	3.0%	$ 179 279	2.8%	$ 240 000	2.9%	$ 255 000	2.9%	$ 265 000	2.8%
Management Fee	160 688	2.7	161 351	2.6	205 383	2.5	217 962	2.4	232 153	2.4
Advertising & Business Promotion	144 000	2.4	192 000	3.1	266 000	3.2	270 000	3.0	275 000	2.9
Heat, Light and Power	266 440	4.5	280 870	4.5	360 000	4.3	395 000	4.4	425 000	4.4
Repairs and Maintenance	216 000	3.7	225 000	3.6	275 000	3.3	300 000	3.4	320 000	3.4
Total Undistributed Operating Expenses	$ 964 754	16.3%	$1 038 500	16.6%	$1 346 383	16.2%	$1 437 962	16.1%	$1 517 153	15.9%
Income Before Fixed Charges	$1 818 065	30.7%	$1 970 794	31.6%	$2 840 272	34.3%	$3 107 280	34.9%	$3 399 913	35.6%
Property Taxes and Insurance										
Property Taxes	$ 260 000	4.4%	$ 260 000	4.2%	$ 420 000	5.1%	$ 445 000	5.0%	$ 465 000	4.9%
Building and Contents Insurance	25 000	.4	25 000	.4	38 000	.5	41 000	.5	44 000	.4
Total Property Taxes and Insurance	$ 285 000	4.8%	$ 285 000	4.6%	$ 458 000	5.6%	$ 486 000	5.5%	$ 509 000	5.3%
Income Before Debt Service	$1 533 065	25.9%	$1 685 794	27.0%	$2 382 272	28.7%	$2 621 280	29.4%	$2 890 913	30.3%
Debt Service	890 840	15.1	905 000	14.5	1 279 000	15.4	1 292 000	14.5	1 305 000	13.7
Total Debt Service	$ 890 840	15.1%	$ 905 000	14.5%	$1 279 000	15.4%	$1 292 000	14.5%	$1 305 000	13.7%
Net Profit Before Depreciation	$ 642 225	10.8%	$ 780 794	12.5%	$1 103 272	13.3%	$1 329 280	14.9%	$1 585 913	16.6%
Depreciation	465 000	7.8	475 000	7.6	875 000	10.5	875 000	9.8	875 000	9.2
Net Profit	$ 177 225	3.0%	$ 305 794	4.9%	$ 228 272	2.8%	$ 454 280	5.1%	$ 710 913	7.4%

*The above projections assume the hotel will be expanded by 120 rooms and that these rooms will be available for occupancy January 1, 1985.

APPENDIX D

STATEMENT OF OPERATIONS - PAST OPERATING HISTORY 1978, 1979, 1980, 1981, and 1982

Concourse Hotel

STATEMENT OF OPERATIONS - PAST OPERATING HISTORY
1978, 1979, 1980, 1981 and 1982

	1978		1979		1980		1981		1982	
Occupancy		67.8%		69.4%		66.3%		64.5%		61.5%
Average Room Rate		$28.70		$32.78		$37.00		$39.05		$41.05
	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income	Amount	Percent of Income
Revenue										
Rooms	$1 978 608	41.4%	$2 267 615	43.4%	$2 451 146	44.7%	$2 509 259	44.9%	$2 454 612	45.8%
Food	1 513 723	31.6	1 650 041	31.6	1 687 467	30.8	1 679 862	30.0	1 527 674	28.5
Beverage	1 059 671	22.1	1 066 407	20.4	1 080 144	19.7	1 068 004	19.1	906 357	16.9
Telephone	87 277	1.8	91 340	1.7	103 108	1.9	106 679	1.9	109 509	2.1
Other Operated Departments	19 234	.4	19 929	.4	18 829	.3	27 998	.5	21 119	.4
Other Income (Net) Parking Lot Etc.	127 309	2.7	128 337	2.5	144 283	2.6	200 208	3.6	336 083	6.3
Total Revenue	$4 785 822	100.0%	$5 223 669	100.0%	$5 484 977	100.0%	$5 592 010	100.0%	$5 355 354	100.0%
Departmental Costs and Expenses	2 710 898	56.7	2 882 957	55.2	2 972 214	54.2	3 026 026	54.1	2 764 455	51.6
Total Opera'.d Departments Income	$2 074 924	43.3%	$2 340 712	44.8%	$2 512 763	45.8%	$2 565 984	45.9%	$2 590 899	48.4%
Undistributed Operating Expenses										
General and Administrative	$ 160 858	3.4%	$ 192 918	3.7%	$ 220 303	4.0%	$ 231 983	4.2%	$ 243 329	4.5%
Management Fee	123 774	2.6	139 849	2.7	144 235	2.6	148 415	2.6	147 718	2.7
Advertising and Business Promotion	226 086	4.7	204 206	3.9	185 676	3.4	189 696	3.4	170 430	3.2
Heat, Light and Power	216 750	4.5	213 597	4.1	234 395	4.3	249 349	4.5	292 705	5.5
Repairs and Maintenance	169 780	3.5	208 128	4.0	273 656	5.0	208 775	3.7	190 454	3.6
Total Undistributed Operating Expenses	$ 897 248	18.7%	$ 958 698	18.4%	$1 058 265	19.3%	$1 028 218	18.4%	$1 044 636	19.5%
Income Before Fixed Charges	$1 177 676	24.6%	$1 382 014	26.4%	$1 454 498	26.5%	$1 537 766	27.5%	$1 546 263	28.9%
Property Taxes and Insurance										
Property Taxes	$ 199 755	4.2%	$ 211 835	4.1%	$ 208 850	3.8%	$ 234 694	4.2%	$ 233 047	4.4%
Building and Contents Insurance	26 293	.5	22 533	.4	19 467	.4	18 372	.3	24 083	.4
Total Property Taxes and Insurance	$ 226 048	4.7%	$ 234 368	4.5%	$ 228 317	4.2%	$ 253 066	4.5%	$ 257 130	4.8%
Income Before Debt Service	$ 951 628	19.9%	$1 147 646	21.9%	$1 226 181	22.3%	$1 284 700	23.0%	$1 289 133	24.1%
Debt Service										
Interest Expense (Net)	807 107	16.9	866 355	16.6	878 254	16.0	860 124	15.4	851 106	15.9
Total Debt Service	$ 807 107	16.9%	$ 866 355	16.6%	$ 878 254	16.0%	$ 860 124	15.4%	$ 851 106	15.9%
Net Profit Before Depreciation	$ 144 521	3.0%	$ 281 291	5.3%	$ 347 927	6.3%	$ 424 576	7.6%	$ 438 027	8.2%
Depreciation	421 452	8.8	430 067	8.2	457 431	8.3	468 821	8.4%	480 711	9.0
Net Profit	($ 276 931)	(5.8%)	($ 148 776)	(2.9%)	($ 109 504)	(2.0%)	($ 44 245)	(.8%)	($ 42 684)	(.8%)

APPENDIX E

VALTEST CONFIRMATION OF 273 ROOM

CONCOURSE HOTEL VALUATION

INPUT ASSUMPTIONS
****

```
1. ENTER PROJECT NAME ? CONCOURSE - 273 ROOMS
2. ENTER PROJECTION PERIOD ?  5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 1532707
   N.O.I. YEAR  2? 1542093
   N.O.I. YEAR  3? 1583439
   N.O.I. YEAR  4? 1735985
   N.O.I. YEAR  5? 1801750
4. ACQUISITION COST: ? 9579419
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 6948738, .1375, 20, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .9, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
           70% (PRE-1981 LAW)
           50% (1981 LAW, EFFECTIVE 1982)

           (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 11260937
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  10
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  10
```

AFTER TAX CASH FLOW PROJECTION
CONCOURSE - 273 ROOMS
DATE 7/1/83

DATA SUMMARY
****

ACQUISTN COST: $9,579,419.   MTG. AMT.: $6,948,738.
NOI 1ST YR: $1,532,707.   MTG. INT.: 13.75%
ORG. EQUITY: $2,630,681.   MTG. TERM: 20. YRS
CTO 1ST YEAR: $510,904.   DEBT SERVICE 1ST YEAR: $1,021,803.
MTG. CONST.: .14704872
IMP. #1 VALUE: $8,621,477.   IMP. #1 LIFE: 15.
INC. TX RATE: 50%
SALE YR RATE: 50%   OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE   REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY LANDMARK RESEARCH INC. ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	1532707.	951106.	574765.	6836.	3418.	507486.
2.	1542093.	940749.	574765.	26579.	13290.	507000.
3.	1583439.	928874.	574765.	79800.	39900.	521736.
4.	1735985.	915260.	574765.	245960.	122980.	591202.
5.	1801750.	899650.	574765.	327335.	163668.	616279.
	--------	--------	-------	---------	---------	---------
	$8195974.	$4635639.	$2873826.	$686510.	$343256.	$2743703.

Landmark Research, Inc.

RESALE PRICE:	$11,260,937.	1ST YR BT TAX EQ DIV:	19.4210%
LESS MORTGAGE BALANCE:	$6,475,362.	AVG DEBT COVER RATIO:	1.6042
PROCEEDS BEFORE TAXES:	$4,785,575.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$4,785,575.		

RESALE PRICE:	$11,260,937.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$11,260,937.
LESS BASIS:	$6,705,593.
TOTAL GAIN:	$4,555,344.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$4,555,344.
ORDINARY GAIN:	$0.

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$911,069.
PLUS MORTGAGE BAL:	$6,475,362.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$7,386,431.

NET SALES PROCEEDS AFTER TAX:	$3,874,506.

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR $11,260,937.
THE MODIFIED I.R.R. BEFORE TAXES IS 26.3501% AND AFTER TAXES IS 22.2742%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 10%, AND OPPORTUNITY COST OF 10%

MORTGAGE ANALYSIS
CONCOURSE - 273 ROOMS
****

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	1532707.	951106.	70697.	1021803.	1.500	6878041.
2.	1542093.	940749.	81054.	1021803.	1.509	6796987.
3.	1583439.	928874.	92929.	1021803.	1.550	6704058.
4.	1735985.	915260.	106544.	1021803.	1.699	6597515.
5.	1801750.	899650.	122153.	1021803.	1.763	6475362.
AVG $1,639,195.					1.604	

EQUITY ANALYSIS
CONCOURSE - 273 ROOMS
****

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN ORG EQ	CASH RETURN CUR EQ
1.	$1,532,707.	$2,701,378.	$510,904.	.1942	.1891
2.	1,542,093.	2,782,432.	520,290.	.1978	.1870
3.	1,583,439.	2,875,361.	561,636.	.2135	.1953
4.	1,735,985.	2,981,905.	714,182.	.2715	.2395
5.	1,801,750.	3,104,057.	779,947.	.2965	.2513

ORIGINAL EQUITY: $ 2630681

DEPRECIATION SCHEDULE
CONCOURSE - 273 ROOMS
IMPROVEMENT # 1
STRAIGHT LINE
NON-RESIDENTIAL
****

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	574765.1	574765.1	.0	8046712.0
2.	574765.1	574765.1	.0	7471946.8
3.	574765.1	574765.1	.0	6897181.7
4.	574765.1	574765.1	.0	6322416.6
5.	574765.1	574765.1	.0	5747651.5
	========	========	========	
TOTAL	2873825.6	2873825.6	.0	

APPENDIX F

VALTEST CONFIRMATION OF 393 ROOM

CONCOURSE HOTEL VALUATION

```
                    INPUT ASSUMPTIONS
                   *********************

1. ENTER PROJECT NAME ? CONCOURSE - 393 ROOMS
2. ENTER PROJECTION PERIOD ?  5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 1521897
   N.O.I. YEAR  2? 1879834
   N.O.I. YEAR  3? 2273218
   N.O.I. YEAR  4? 2500466
   N.O.I. YEAR  5? 2730477
4. ACQUISITION COST: ? 12511856
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?N
   ENTER ORIGINAL MORTGAGE BALANCE:  6899744
   ENTER MORTGAGE TERM:  20

   ENTER INTEREST PAYMENTS:
INTEREST PAYMENT YEAR  1? 944400
INTEREST PAYMENT YEAR  2? 934116
INTEREST PAYMENT YEAR  3? 1410623
INTEREST PAYMENT YEAR  4? 1395261
INTEREST PAYMENT YEAR  5? 1377649

   ENTER PRINCIPAL PAYMENTS:
   PRINCIPAL PAYMENT YEAR  1? 70198
   PRINCIPAL PAYMENT YEAR  2? 80483
   PRINCIPAL PAYMENT YEAR  3? 104853
   PRINCIPAL PAYMENT YEAR  4? 120215
   PRINCIPAL PAYMENT YEAR  5? 137827

6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .9, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
           70% (PRE-1981 LAW)
           50% (1981 LAW, EFFECTIVE 1982)

           (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 17065481
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  10
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  10
```

AFTER TAX CASH FLOW PROJECTION
CONCOURSE - 393 ROOMS
DATE 7/1/83

DATA SUMMARY
****

ACQUISTN COST:$12,511,856.   MTG. AMT.: $6,899,744.
NOI 1ST YR: $1,521,897.   MTG. INT.:   ALTERNATE FORMAT
ORG. EQUITY: $5,612,112.   MTG. TERM: 20. YRS
CTO 1ST YEAR: $507,299.   DEBT SERVICE 1ST YEAR: $1,014,598.
MTG. CONST.: ALTERNATE FORMAT
IMP. #1 VALUE:$11,260,670.   IMP. #1 LIFE: 15.
INC. TX RATE: 50%
SALE YR RATE: 50%   OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE   REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY LANDMARK RESEARCH INC. ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	1521897.	944400.	750711.	-173215.	-86608.	593907.
2.	1879834.	934116.	750711.	195007.	97504.	767731.
3.	2273218.	1410623.	750711.	111884.	55942.	701800.
4.	2500466.	1395261.	750711.	354494.	177247.	807743.
5.	2730477.	1377649.	750711.	602117.	301059.	913942.
	$10905892.	$6062049.	$3753557.	$1090287.	$545144.	$3785123.

1ST YR B4 TAX EQ DIV:	9.0394%
AVG DEBT COVER RATIO:	1.6585

RESALE PRICE:	$17,065,481.
LESS MORTGAGE BALANCE:	$6,386,168.
PROCEEDS BEFORE TAXES:	$10,679,313.
LESS LENDER'S %:	$0.
NET SALES PROCEEDS BEFORE TAXES:	$10,679,313.
	============

RESALE PRICE:	$17,065,481.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$17,065,481.
LESS BASIS:	$8,758,299.
TOTAL GAIN:	$8,307,182.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$8,307,182.
ORDINARY GAIN:	$0.
	============

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$1,661,436.
PLUS MORTGAGE BAL:	$6,386,168.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$8,047,604.
	============

NET SALES PROCEEDS AFTER TAX:	$9,017,877.
	============

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR $17,065,481.
THE MODIFIED I.R.R. BEFORE TAXES IS 22.9832% AND AFTER TAXES IS 19.2978%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 10%, AND OPPORTUNITY COST OF 10%

MORTGAGE ANALYSIS
CONCOURSE - 393 ROOMS
****

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	1521897.	944400.	70198.	1014598.	1.500	6829546.
2.	1879834.	934116.	80483.	1014599.	1.853	6749063.
3.	2273218.	1410623.	104853.	1515476.	1.500	6644210.
4.	2500466.	1395261.	120215.	1515476.	1.650	6523995.
5.	2730477.	1377649.	137827.	1515476.	1.802	6386168.
AVG	$2,181,178.				1.659	

EQUITY ANALYSIS
CONCOURSE - 393 ROOMS
****

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN ORG EQ	CASH RETURN CUR EQ
1.	$1,521,897.	$5,682,310.	$507,299.	.0904	.0893
2.	1,879,834.	5,762,793.	865,235.	.1542	.1501
3.	2,273,218.	5,867,646.	757,742.	.1350	.1291
4.	2,500,466.	5,987,861.	984,990.	.1755	.1645
5.	2,730,477.	6,125,688.	1,215,001.	.2165	.1983

ORIGINAL EQUITY: $ 5612112

DEPRECIATION SCHEDULE
CONCOURSE - 393 ROOMS
IMPROVEMENT # 1
STRAIGHT LINE
NON-RESIDENTIAL
****

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	750711.3	750711.3	.0	10509959.0
2.	750711.3	750711.3	.0	9759247.0
3.	750711.3	750711.3	.0	9008536.0
4.	750711.3	750711.3	.0	8257825.0
5.	750711.3	750711.3	.0	7507113.0
	========	========	========	
TOTAL	3753556.6	3753556.6	.0	