[Adjusted appraisal of property acquired by Madison Real Estate Investment Fund (MREIF) at 30 West Mifflin Street, Madison, Wisconsin].

Landmark Research, Inc.
[s.l.]: [s.n.], [s.d.]

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1501 Monroe Street, Madison, Wisconsin 53711, 608-256-1090

Landmark Research Inc.

James A. Graaskamp, Ph.D., SREA, CRE
Jean B. Davis, MS

January 17, 1983

Mr. Donald R. Huggett
DeWitt, Sundby, Huggett and Schumacher
P.O. Box 2509
Madison, WI 53701

Dear Don:

In response to Gordon Rice's letter of January 7, 1983 we have adjusted our income approach to the valuation of 30 West Mifflin Street for our appraisal report dated December 6, 1982.

We are pleased to report that the fair market value of the property right acquired by the Madison Real Estate Investment Fund (MREIF) as of January 31, 1983 is no less than

TWO MILLION SIX HUNDRED TWENTY THOUSAND DOLLARS

($2,620,000)

assuming that the rights acquired include:

1. Benefit of an existing land contract at 8 percent interest, payable in 431 monthly installments of principal and interest of $14,629.07 with a January 31, 1983 balance due of $2,009,082.57.

2. Sellers will provide additional financing of $350,000 at 9 percent interest only for six years with a balloon payment for the full balance at the end of the term.

3. The sellers will provide a rental guarantee for three years to provide sufficient income to service both the land contract and the interest payment of 9 percent on the $350,000 note, not to exceed a cumulative payment of $290,000.

4. The rental guarantee will be accomplished by an off-set on the $350,000 note, assumed by the appraiser to occur at the end of the sixth year against the balloon payment. This tends to overstate interest costs and understate appraised value.

5. Returns to the equity position include tax savings to other income given a marginal income tax rate to MREIF of 50 percent and an after-tax discount rate of 14 percent.

To support our valuation of the above value, subject to the stated conditions, within the input limits of our discounted cash flow model, MRCAP, a number of preliminary calculations were made which are identified on the attached listing of data shown in Exhibit 1.

Final output, shown in Exhibit 2, indicates in line 39 for the year 1988 an after-tax present value justified purchase price of $2,603,471 or a rounded value of $2,600,000. However, this value is understated because the 9 percent interest cost of $31,500 per year on the $350,000 note was applied each year for six years even though only $260,000 of the rental guarantee has been utilized by the end of 1985. In addition, 1985 effective rents were adjusted upward a net of $5,100 and 1986 rents were adjusted upward a net of $21,040 relative to the original output on Exhibit 27, page 87 of our December 6, 1982 report. (The net adjustment required a gross rent adjustment of $6,850 for 1985 and $26,620 for 1986 because the deduction for vacancy is a function of gross revenue.) In effect the worst case for negative cash flows was assumed to occur and all of the $290,000 guarantee was offset against the $350,000 note due the sellers. To reflect the offset the note was input as $60,000 but to maintain the interest expense of $31,500 per year interest was shown as 52.5 percent.

In order to establish depreciation on a purchase price of $2,620,000 and at the same time reflect the eventual note offset and down payment terms, it was necessary to create a dummy capital component variable called Guarantee Rental Adjustment of $550,000. This represents the $290,000 original understatement of the seller's note and the $260,000 placed in working capital reserve to simulate the impact of the rental guarantee for the first three years, assuming occupancy and operations to be those estimated in our full appraisal report dated December 6, 1982.

In the process of confirming fair market value we took the opportunity to eliminate our original premise of reserves accumulating at 5 percent of after-tax spendable cash in 1987 and 1988. We also had the computer report tax savings on other income available to the trust (lines 17 and 18). We also corrected the resale cost from 5 percent to 3 percent to reflect Executive Management Inc. agreements with MREIF.

This letter should be considered a clarification and amendment of fair market value as reported in our full appraisal report of December 6, 1982 and is therefore subject to the limiting conditions and critical assumptions stated therein.

Thank you for this opportunity to be of additional service.

Sincerely,

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

JAG/jc

cc: Mr. Gordon A. Rice

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*P!

MRCAP INPUTS FOR SCENARIO 4

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 1=1,30 ON THE SQUARE,MIFFLIN ASSOCIATES
 2=10,1983,0,1,1.0,6,64277
 3=40,607272,636866,679321,729952,729857 ----------- Adjusted to reflect rental guarantee of $5,100 and
 4=41,756671                                         $21,040 for years 1985 and 1986 respectively.
 5=60,.39,.33,.27,.21,.13
 6=61,.10,* ---------------------------------------- Adjusted 3 percent to maintain net income at level of
 7=70,48000,.04,*                                    previous year to avoid unintended deflation of resale price.
 8=80,235695,259816,286639,315619,347651
 9=81,376651
10=100,.14,.50,.12
11=101,0,10.25,2
12=102,0,1,.03,0 ---------------------------------- Adjusted down from 5 percent to reflect EMI agreement
13=103,.00,260000,.00,0 --------------------------- Interest earned on reserves eliminated as well as reserves
14=200,1,LAND                                        taken from after tax cash.
15=201,1,135000,0,0
16=202,1,1,30,0
17=200,2,BUILDING
18=201,2,1835000,1.0,2
19=202,2,1,15,0
20=200,3,MECHANICALS
21=201,3,650000,1.0,2
22=202,3,1,10,0
23=200,4,RENT GUARANTEE ADJUSTMENT ----------------- See attached letter for explanation.
24=201,4,-550000,0,0
25=202,4,1,15,0
26=300,1,MORTGAGE
27=301,1,2009083,.08,14629.07,31
28=302,1,12,1,31,0
29=300,2,NOTE ------------------------------------- See attached letter for explanation.
30=301,2,60000,.525,1.0,6
31=302,2,12,1,6,0
32=400,5
33=403,99
34=999,99
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*LOG
34 lines - 30.5V<40>

Landmark Research, Inc.

EXHIBIT 1

EXHIBIT 2

MRCAP OUTPUT FOR SCENARIO 4

R E P O R T   S E C T I O N   N U M B E R   9   PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 1835000.
DEPRECIATION METHOD 2   PERCENT DEPRECIABLE 1.000
USEFUL LIFE 15.   BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	122333.	122333.	0.	0.
2	122333.	244667.	0.	0.
3	122333.	367000.	0.	0.
4	122333.	489333.	0.	0.
5	122333.	611667.	0.	0.
6	122333.	734000.	0.	0.

DEPRECIATION SCHEDULE FOR MECHANICALS

INITIAL COST 650000.
DEPRECIATION METHOD 2   PERCENT DEPRECIABLE 1.000
USEFUL LIFE 10.   BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	65000.	65000.	0.	0.
2	65000.	130000.	0.	0.
3	65000.	195000.	0.	0.
4	65000.	260000.	0.	0.
5	65000.	325000.	0.	0.
6	65000.	390000.	0.	0.

EXHIBIT 1 (Continued)

RUN NUMBER 0

PRO FORMA

INVESTMENT ANALYSIS OF

30 ON THE SQUARE

FOR

MIFFLIN ASSOCIATES

REPORT SECTION NUMBER 1 PAGE 1

===

* GROSS RENT $	689990.	* RATE OF GROWTH OF GROSS RENT	0.0453
* EXPENSES $	303679.	* RATE OF GROWTH OF EXPENSES	0.0983
* R E TAXES $	53064.	* RATE OF GROWTH OF R E TAXES	0.0400
* INCOME TAX RATE	0.5000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE	0.2383	WORKING CAPITAL LOAN RATE	0.0000
EQUITY DISCOUNT	0.1400	EXTRAORDINARY EXPENSES $	0.
RESALE COST	0.0300	REINVESTMENT RATE	0.1200
WKG CAPITAL RS$	260000.	CAPITAL RESER INTEREST RATE	0.0000
INVESTOR TAX CLASS	0	OWNERSHIP FORM	1
INITIAL COST $	2070000.	INITIAL EQUITY REQUIRED $	260917.

ALL '*' VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 6 YRS.

EXHIBIT 2 (Continued)

R E P O R T   S E C T I O N   N U M B E R   2

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C O M P O N E N T   S U M M A R Y

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD		COST	SCH
LAND	0.00	1	30.	0	$	135000.	0
BUILDING	1.00	1	15.	2	$	1835000.	0
MECHANICALS	1.00	1	10.	2	$	650000.	0
RENT GUARANTEE ADJUS	0.00	1	15.	0	$	-550000.	0

M O R T G A G E   S U M M A R Y

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM		ORIG BALC	PCT VALUE
MORTGAGE	0.0800	1	31	31	$	2009083.	0.971
NOTE	0.5250	1	6	6	$	60000.	0.029

EXHIBIT 2 (Continued)

R E P O R T   S E C T I O N   N U M B E R   3   PAGE 1

CASH FLOW ANALYSIS

		1983	1984	1985	1986	1987	1988
1	GROSS RENT	607272.	636866.	679321.	729952.	729857.	756671.
2	LESS VACANCY	236836.	210166.	183417.	153290.	94881.	75667.
3	LESS REAL ESTAE TAXES	48000.	49920.	51917.	53993.	56153.	58399.
4	LESS EXPENSES	235695.	259816.	286639.	315619.	347651.	376651.
5	NET INCOME	86741.	116964.	157349.	207050.	231171.	245954.
6	LESS DEPRECIATION	187333.	187333.	187333.	187333.	187333.	187333.
7	LESS INTEREST PMTS	191671.	190395.	189012.	187515.	185894.	184138.
8	TAXABLE INCOME	-292263.	-260764.	-218997.	-167799.	-142056.	-125518.
9	PLUS DEPRECIATION	187333.	187333.	187333.	187333.	187333.	187333.
10	LESS PRINCIPAL PMTS	15378.	16654.	18037.	19534.	21155.	22911.
11	CASH THROW-OFF	-120308.	-90085.	-49700.	1.	24123.	38905.
12	LESS INCOME TAXES	0.	0.	0.	0.	0.	0.
13	LESS RESERVES	0.	0.	0.	0.	0.	0.
14	CASH FROM OPERATIONS	0.	0.	-93.	1.	24123.	38905.
15	WORKING CAPITAL LOAN	0.	0.	93.	92.	0.	0.
16	DISTRIBUTABLE CASH AFTER TAX	0.	0.	0.	0.	24030.	38905.
17	TAX SAVINGS ON OTHER INCOME	146132.	130382.	109499.	83899.	71028.	62759.
18	SPENDABLE CASH AFTER TAXES	146132.	130382.	109499.	83899.	95058.	101664.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

		1983	1984	1985	1986	1987	1988
19	END OF YEAR MARKET VALUE	889095.	1198883.	1612823.	2122258.	2369507.	2521024.
20	LESS RESALE COST	26673.	35966.	48385.	63668.	71085.	75631.
21	LESS LOAN BALANCES	2053705.	2037051.	2019014.	1999481.	1978326.	1955415.
22	PLUS CUM. CASH RESERVES	139692.	49607.	0.	0.	0.	0.
23	BEFORE TAX NET WORTH	-1051591.	-824527.	-454669.	59018.	320096.	489978.
24	CAPITAL GAIN (IF SOLD)	-1020245.	-532417.	56438.	737924.	1165089.	1499393.
25	CAPITAL GAINS TAX	-204049.	-106483.	11288.	147585.	233018.	299879.
26	MINIMUM PREF. TAX	0.	0.	0.	0.	0.	0.
27	INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.	0.
28	TOTAL TAX ON SALE	-102024.	-53242.	11288.	147585.	233018.	299879.
29	AFTER TAX NET WORTH	-949567.	-771285.	-465957.	-88567.	87078.	190100.

BEFORE TAX RATIO ANALYSIS

CASH FLOW ANALYSIS

		1983	1984	1985	1986	1987	1988
30	RETURN ON NET WORTH B/4 TAX	-5.0304	-0.2159	-0.4486	-1.1298	4.8324	0.6523
31	CHANGE IN NET WORTH B/4 TAX	-1312508.	227065.	369857.	513687.	261078.	169882.
32	ORIG EQUITY CASH RTNB/4 TAX	-0.4611	-0.3453	-0.1905	0.0000	0.0925	0.1491
33	ORIG EQUITY PAYBACK B/4 TAX	-0.4611	-0.8064	-0.9972	-0.9975	-0.9051	-0.7560
34	B/4 TAX PRESENT VALUE	1041101.	1259786.	1553797.	1895630.	2039463.	2114167.

EXHIBIT 1 (Continued)

AFTER TAX RATIO ANALYSIS
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CASH FLOW ANALYSIS
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	1983	1984	1985	1986	1987	1988
35 RETURN ON NET WORTH AFR TAX	-4.0793	-0.3251	-0.5378	-0.9900	-3.0565	2.3506
36 CHANGE IN NET WORTH AFR TAX	-1210484.	178282.	305328.	377390.	175645.	103021.
37 ORIG EQUITY CASH RTNAFR TAX	0.5601	0.4997	0.4197	0.3216	0.3643	0.3896
38 ORIG EQUITY PAYBACK AFR TAX	0.5601	1.0598	1.4794	1.8010	2.1653	2.5550
39 AFTER TAX PRESENT VALUE	1364316.	1704115.	2056994.	2368738.	2515773.	2603471.

CASH FLOW ANALYSIS
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	1983	1984	1985	1986	1987	1988
40 NET INCOME-MARKET VALUE RTO	0.0976	0.0976	0.0976	0.0976	0.0976	0.0976
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
42 DEFAULT RATIO	0.8081	0.8114	0.8032	0.7901	0.8371	0.8486

MODIFIED INTERNAL RATE OF RETURN ANALYSIS
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RETURN ANALYSIS WITHOUT SALE
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CASH FLOW ANALYSIS
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	1983	1984	1985	1986	1987	1988
43 CUM. AFR TAX SPENDABLE CASH	146132.	294049.	438834.	575393.	739499.	929902.
44 MOD. I.R.R. ON ORIG EQUITY	-0.4399	0.0616	0.1892	0.2186	0.2316	0.2359
45 MOD. I.R.R. ON CUM. EQUITY	-0.4399	0.0616	0.1892	0.2186	0.2316	0.2359

RETURN ANALYSIS WITH SALE
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CASH FLOW ANALYSIS
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	1983	1984	1985	1986	1987	1988
46 CUM. CASH LESS ORIG EQUITY	-1166377.	-791394.	-288040.	225909.	565660.	859085.
47 CUM. CASH LESS CUM. EQUITY	-1166377.	-791394.	-288040.	225909.	565660.	859085.
48 MOD. I.R.R. ON ORIG EQUITY	-2.4703	-0.4259	0.5298	0.1687	0.2594	0.2748
49 MOD. I.R.R. ON CUM. EQUITY	-2.4703	-0.4259	0.5298	0.1687	0.2594	0.2748

STOP --

Ready

EXHIBIT 1 (Continued)

R E P O R T   S E C T I O N   N U M B E R   8   PAGE 1
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MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT	2009083.	TERM	31
INTEREST RATE	0.0800	MORTGAGE FACTOR	0.00728147
PERIOD PAYMENT	14629.07	PAYMENTS PER YEAR	12
BONUS INTEREST	0.0000	TYPE 0 GREATER THAN	0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	175549.	160171.	15378.	1993705.	0.
2	175549.	158895.	16654.	1977051.	0.
3	175549.	157512.	18037.	1959014.	0.
4	175549.	156015.	19534.	1939481.	0.
5	175549.	154394.	21155.	1918326.	0.
6	175549.	152638.	22911.	1895415.	0.

MORTGAGE AMORTIZATION SCHEDULE FOR NOTE

MORTGAGE AMOUNT	60000.	TERM	6
INTEREST RATE	0.5250	MORTGAGE FACTOR	0.00000000
PERIOD PAYMENT	1.00	PAYMENTS PER YEAR	12
BONUS INTEREST	0.0000	TYPE 0 GREATER THAN	0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	12.	31500.	0.	60000.	0.
2	12.	31500.	0.	60000.	0.
3	12.	31500.	0.	60000.	0.
4	12.	31500.	0.	60000.	0.
5	12.	31500.	0.	60000.	0.
6	12.	31500.	0.	60000.	0.