Appraisal of the Anchor Building, Anchor Ramp, and Madison Newspapers Lot. October 2, 1992

Landmark Research, Inc.
[s.l.]: [s.n.], October 2, 1992

APPRAISAL OF
THE ANCHOR BUILDING,
ANCHOR RAMP, AND
MADISON NEWSPAPERS LOT
AS OF OCTOBER 2, 1992

PREPARED FOR
ANCHOR BANK
25 WEST MAIN STREET
MADISON, WISCONSIN 53703

PREPARED BY

FIRST FINANCIAL REALTY ADVISORS, INC.
245 SOUTH EXECUTIVE DRIVE, SUITE 130
BROOKFIELD, WISCONSIN 53005

IN CONJUNCTION WITH

LANDMARK RESEARCH, INC.
P. O. BOX 5633
MADISON, WISCONSIN 53703

First Financial Realty Advisors, Inc.

November 23, 1992

Mr. Douglas Timmerman, President
Anchor Bank
25 West Main Street
Madison, Wisconsin 53703

Dear Mr. Timmerman:

Enclosed for your review is the appraisal of the property known as the Anchor Building, a nine story office building located at 25 West Main Street in Madison, Wisconsin. This property was valued in conjunction with the Anchor Ramp, a 265 stall parking ramp located across Carroll Street from the Anchor Building, at 126 South Carroll Street. This appraisal also includes a separate value estimate for the Madison Newspapers Lot, which is a 16,500 square foot site located adjacent to and immediately behind the Anchor Building.

This appraisal was prepared in accordance with the Uniform Standards of Professional Appraisal Practice and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

This appraisal was made for the purpose of estimating the market value of the above properties as of October 2, 1992. The property rights appraised in this report with respect to the Anchor Bank and Anchor Ramp properties constitute the leased fee estate. The property rights appraised for the Madison Newspapers Lot constitute the fee simple estate.

This appraisal was authorized by Anchor Bank pursuant to a Letter Agreement dated July 2, 1992. This appraisal is intended to function as a part of an overall study of the properties owned by Anchor Bank that are located in downtown Madison.

Based upon a personal inspection of the above properties and giving consideration to the data, research, analyses, and conclusions set forth in the following report, it is our opinion that the market value of the properties known as the Anchor Building and Anchor Ramp located at 25 West Main Street and 126 South Carroll Street, respectively, in Madison, Wisconsin, as of October 2, 1992, is $6,725,000:

SIX MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS

245 South Executive Drive, Suite 130 • Brookfield, Wisconsin 53005 • 414-786-0809 • FAX 414-786-5118

It is our opinion that the market value of the fee simple interest in the property known as the Madison Newspapers Lot, located at 115 South Carroll Street, Madison, Wisconsin, as of October 2, 1992, is $550,000:

FIVE HUNDRED FIFTY THOUSAND DOLLARS

The value opinion expressed above is for a valuation scenario that assumes that Anchor Bank vacates the Anchor Building with the exception of retaining a retail banking operation and its executive offices in the building. The estimated value of the Anchor Building and Anchor Ramp properties, assuming Anchor Bank retains its current presence in the buildings on a long term basis is $7,465,000.

Conditions in the office rental market in downtown Madison currently favor landlords. There is zero effective vacancy in the Class A office sector in which the Anchor Building competes. However, the market for investment real estate is going through a difficult time at present. Office buildings are very much out of favor. This is compounded by difficult conditions in real estate debt and equity markets. Since the Madison market is too small to attract major institutional investors, if offered for sale today, the Anchor Building and Anchor Ramp would probably be purchased by a local investment partnership. Such an investor type would be opportunistic in today's market, and would only buy based on a favorable price. Such investors focus on receiving an adequate initial return on their equity investment as their primary criterion. Given the perceived risks of owning investment real estate in today's market, potential capital gains and projected increases in cash flow receive very little weight in terms of buyer calculus.

The above value estimates clearly show that the continued presence of Anchor Bank maximizes the value of the property. To realize this value on sale, Anchor would have to enter into a long term lease. For planning purposes, this incremental value versus the long term lease costs and loss of flexibility need to be weighed when making an occupancy decision. Further, the value scenario that assumes that Anchor leaves the building is predicated upon the structuring of some sort of master lease arrangement to guarantee the income on the space that is vacated. The building would not sell in today's market without such an arrangement. These costs must also be considered by Anchor when making an occupancy decision. The value estimate that assumes that Anchor leaves the property might even be viewed as optimistic, since even with a master lease arrangement, the property would be extremely difficult to finance.

This appraisal report includes this letter of transmittal, a report section which describes the properties and the processes by which they were analyzed, exhibits which help explain, illustrate, and support this appraisal and the conclusions reached herein, and a listing of the assumptions and limiting conditions to which this appraisal is subject.

We appreciate the opportunity to be of service and we are available to answer any questions with respect to this report.

Respectfully submitted,

Dean P. Larkin
First Financial Realty Advisors, Inc.

Jean B. Davis
Landmark Research, Inc.

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SUMMARY OF SALIENT FACTS & CONCLUSIONS

The Properties:	The Anchor Building 25 West Main Street The Anchor Ramp 126 South Carroll Street The Madison Newspapers Lot 115 South Carroll Street Madison, Wisconsin
Purpose of Appraisal:	To estimate the market value of the above properties.
Effective Date:	October 2, 1992
Properties Description:	The Anchor Building consists of a 9-story building with full basement that has a precast concrete frame and glass curtain wall construction with a total gross area of 130,795 square feet including the basement with a rentable area of 89,945 square feet and is situated on a 16,500 square foot site. The building was built in 2 phases; the original phase in 1963 and an addition in 1976. The building is in good condition. The roof on the original section of the Anchor Building is due for replacement. The Anchor Ramp is a precast concrete 8 level parking ramp with 265 stalls situated on a 16,035 square foot site. The Anchor Ramp is connected to the Anchor Building via a tunnel under South Carroll Street. The Madison Newspapers Lot is a 16,500 square foot site that adjoins the rear of the Anchor Building site. The Madison Newspapers Lot is improved as a surface parking lot, with 37 stalls. The above properties are located in the Capitol Square neighborhood in downtown Madison. The Anchor Building fronts the Square.
Zoning:	C4 Central Commercial District. The properties are in conformance with zoning.
Real Estate Taxes:	1991 real estate taxes for the properties, payable in 1992, included taxes of $233,450 for the Anchor Building, $71,704 for the Anchor Ramp, and $23,345 for the Madison Newspapers Lot. The Anchor Building and Anchor Ramp are over-assessed.

Utilities:	All usual utilities are available to each property.
Easements:	No adverse easements. The site of the addition to the Anchor Ramp is subject to a 15 foot side yard requirement along the east property line above the third floor of the building. The property adjoining to the east has a similar easement.
Flood Plain:	None of the properties are in a designated flood plain.
Occupancy as of 10/2/92:	The Anchor Building is effectively 100% occupied. There are small pockets of vacant office space which are reserved for Anchor's future use. Anchor Bank occupies 62% of the Anchor Building. The remainder is occupied by a total of 14 tenants.
Rental Structure:	The current average base rent for the tenants in the building is $16.08 per square foot.
Highest and Best Use:	As presently used and improved.
Estimated Value - Madison Newspapers Lot:	$550,000
Estimated Value - Anchor Building and Anchor Ramp, assuming Anchor remains in occupancy:	$7,465,000
Estimated Value - Anchor Building and Anchor Ramp, assuming Anchor relocates:	$6,725,000

SCOPE OF THE APPRAISAL

An appraisal involves a comprehensive program of research and analysis in the application of the valuation process to the subject property. General steps in the valuation process include:

1. Definition of the valuation problem.
2. Preliminary analysis and data selection and collection.
3. Highest and best use analysis.
4. Land valuation - land as if vacant.
5. Application of valuation methodologies.
6. Reconciliation of value indications and rendering of a final value estimate
7. Reporting of analysis and estimated value.

Specific research and analysis that have been performed as a part of this appraisal included the following:

1. The appraisers inspected the Anchor properties on October 2, 1992. Mr. Edwin Hill, Jr., Vice President and Property Manager for Anchor Bank, accompanied the appraisers on their inspections. The appraisers inspected every floor of the Anchor Headquarters Office Building (the "Anchor Building") as well as every floor of the Anchor Parking Ramp (the "Anchor Ramp"). In addition, the appraisers walked the site of the Madison Newspapers Lot. In addition to this inspection, Dean P. Larkin Revisited the Anchor Building on October 16, 1992 to confirm the tenant layout in the building.
2. The appraisers reviewed the original blueprints for both the original and new sections of the Anchor Building, as well as the blueprints for the parking ramp. Also, the appraisers reviewed the leasing plan that has been used by building management in order to ascertain the square footage of areas leased to tenants. The appraisers took representative measurements of the building areas to confirm the measurements shown on the blueprints.
3. Regional and city descriptions are based on information contained in the files of Landmark Research and First Financial Realty Advisors, which have been assembled from various

sources. The description and analysis of the neighborhood and relevant office market is based on a physical inspection of the area and various interviews (e.g., city officials, area property managers, area investors, real estate brokers, etc.).

4. In estimating the value of the subject property, we attempted to utilize the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. A description and definition of each of the valuation approaches is presented in the Valuation section of this report.

5. To estimate the value(s) of the property, we collected and analyzed market data to develop the valuation approaches. The data sources used include files maintained at the office of Landmark Research and First Financial Realty Advisors, published sources, interviews with assessors, and discussions with area property owners and managers, principals involved in sales transactions, city officials, mortgage brokers and others.

6. We reconciled the final value estimate(s) after analyzing the results of the valuation approaches discussed above, as applicable, with consideration given to the quality of data and reliability of each approach as it relates to the subject property.

Current appraisal standards, as set forth in the Uniform Standards of Professional Appraisal Practice ("USPAP") and the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute require appraisers to have the knowledge and experience to complete an assignment competently. Alternatively, an appraiser is required to disclose the lack of knowledge and/or experience to the client before accepting the assignment. In addition, the appraiser must take all steps necessary or appropriate to complete the assignment competently, and describe in the report the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

The appraisers have extensive experience in appraising and analyzing office properties. In addition, the appraisers have specific

experience in the appraisal of parking ramps and vacant land. Therefore, we posses the knowledge and experience to meet the competency provision of USPAP.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to provide an estimate of the Market Value of the leased fee interest in the identified Anchor Bank properties as of October 2, 1992. In essence, however, the appropriate interest to be valued if valuing the Anchor Building separately from the Madison Newspapers Lot and Anchor Ramp would be to value the leased fee interest for the office towers and the fee simple interest for the Madison Newspapers Lot and Anchor Ramp. This is because the Anchor Building is subject to leases to tenants, whereas the Madison Newspapers Lot is vacant land and the Anchor Ramp is subject to month-to-month leases which can be changed to market rent as prevailing market rates change.

DEFINITION OF MARKET VALUE

The term Market Value, as used in this report, is the definition that is the one used by many federal financial institutions. This definition was established under FIRREA. This definition of market value is:

> The most probable price 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 and 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 acting in what they consider their own best interests;

3. A reasonable time is allowed for exposure in the open market;

4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

This definition is held by the Appraisal Institute to be compatible with the commonly used definition published in The Dictionary of Real Estate Appraisal (second edition). Since Anchor is a federally insured institution, the preceding FIRREA definition was judged to be the most appropriate definition for use in this report.

PROPERTY RIGHTS APPRAISED

The opinion of market value expressed in this report is the value of the leased fee estate. "A leased fee estate is an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others; the rights of the lessor (leased fee owner) are specified by contract terms contained within the lease."[2]

The reason that the leased fee estate is the appropriate set of property rights to be valued is because the Anchor Office Towers are subject to leases, with tenants occupying certain office spaces in the building. Notice, however, that the package of properties being valued includes other properties that, if valued separately, would be valued in terms of the fee simple estate. The fee simple estate is defined as absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers

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[1] Federal Register, vol. 55, no. 163, August 22, 1990, pages 34228 and 34229; also quoted in the introduction to the Standards of Professional Appraisal Practice of the Appraisal Institute.

[2] Appraisal Institute, The Appraisal of Real Estate, Tenth Edition (Chicago, Illinois: Appraisal Institute, 1992) p. 123.

of taxation, eminent domain, police power, and escheat. The reason that the fee simple estate would be appropriate for valuing the Madison Newspapers Lot and the Anchor Ramp separately was mentioned earlier; i.e., these properties are not subject to leases that extend beyond month-to-month terms.

USE OF THE APPRAISAL

This appraisal is being performed as a part of an overall study of the downtown Madison real estate assets owned by Anchor Bank. The estimate(s) of market value will be used as a benchmark in the overall planning process for these Anchor Bank properties. In addition, Anchor Bank recently converted from a mutual savings institution to a publicly owned company. The value estimate(s) will be used to provide an estimate of the market value of the downtown Madison real estate assets owned by Anchor Bank. The properties that are the subject of this particular appraisal consist of three separate properties, which are summarized in the following section.

Given the purpose of this appraisal for planning purposes and given the functional integrations of the properties that are the subject of the appraisal, the Anchor Building and Anchor Ramp will be valued together as one property. This is because the parking is necessary to support the office building, which means these properties would not be sold separately. However, the Madison Newspapers Lot is considered excess land which by definition is a parcel large enough such that it could be sold on its own and accommodate some type of development. In addition, a buyer of the integrated Anchor Building and Anchor Ramp property may or may not pay extra to the full extent of value for the Madison Newspapers Lot if acquiring all three properties as a package. Therefore, even though the surface parking

on the Madison Newspapers Lot provides convenience parking for the Anchor Building, this is obviously an interim use rather than the highest and best use of the site. Since it could be sold separately to an adjoining user or to a developer, the maximum value obtainable for the site is best estimated by valuing it separately.

IDENTIFICATION OF THE PROPERTY

The properties being appraised include the following:

1. The Anchor Building, which consists of a nine story building with a full basement that has precast concrete frame and glass curtain wall construction situated on a 16,500 square foot site located on the southeast corner of West Main Street and South Carroll Street on the Capitol Square (the "Square"). The Anchor Building consists of two architecturally and structurally integrated phases that have a total gross area of 130,795 square feet.

   The address of the Anchor Building is 25 West Main Street. The property is further identified as tax parcel number 0709-242-0607-6.

   The legal description of the Anchor Building is as follows:

   > Original Plat of the City of Madison, Lot 1, and the Southwesterly 59 feet of Lot 2, Block 84.

2. The Madison Newspapers Lot (the "Madison Newspapers Lot"), which is a 16,500 square foot site improved as a surface parking lot that is situated immediately behind (or to the south of) and contiguous with the Anchor Building.

   The address of the Madison Newspapers Lot is 115 South Carroll Street. The property is further identified as tax parcel number 0709-242-0616-7.

   The legal description of the Madison Newspapers Lot is:

   > Lots 9 and 10 in Block 84 of the Original Plat of the City of Madison, Dane County, Wisconsin, excepting therefrom the northeast 7 feet of Lot 9.

3. The Anchor Ramp, which is an eight-level precast concrete parking ramp with 265 stalls. The Anchor Ramp is located to the south of and across Carroll Street from the Anchor Building and is connected to the Anchor Building via a tunnel below Carroll Street.

The address of the Anchor Ramp is 126 South Carroll Street. The Anchor Ramp is also identified as tax parcel number 0709-242-0902-0.

The legal description of the Anchor Ramp is:

> The NE 62′ of Lot 2 except that portion beginning at a point 91.33′ South and 66′ SW of North corner Lot 3, thence SE along SW line Lot 3, 5′, thence West to East line South Hamilton Street at right angles, thence North along said line to intersection W/SW line of said Lot 3, thence South to POB and including the SE 132′ of Lot 3, Block 72, Original Plat, City of Madison, Dane County, Wisconsin.

PROPERTY HISTORY

The Anchor Building was developed by Anchor Bank (f.k.a. Anchor Savings and Loan) in phases. According to a 1982 appraisal of the property prepared by Espeseth Appraisal Service, construction on the original section of the Anchor Building commenced in May of 1963 and was completed in the fall of 1964. Construction of the addition to the Anchor Building was commenced in the fall of 1975 and was completed in late 1976. Anchor Bank continues to own the building today, and the building is owned free and clear of any mortgage encumbrance.

The contiguous Madison Newspapers Lot was reportedly acquired in June of 1980 at a price of $578,520 ($35.06 per square foot). The purchase of the Madison Newspapers Lot involved the purchase of a larger site in conjunction with Affiliated Bank of Madison (now M&I Bank), with subsequent trading between Anchor and Affiliated Bank to create today's pattern of ownership. This price did not include any of the improvement costs that were necessary to create the surface parking lot that currently occupies the site. Anchor Bank has continued to own the Madison Newspapers Lot since the acquisition in June of 1980. The Madison Newspapers lot is not subject to a mortgage loan.

Finally, the Anchor Ramp was developed at the same time as the original section of the Anchor Building. The ownership of the Anchor Ramp has not changed since it was developed. Likewise, the property is not encumbered by a mortgage loan.

AREA ANALYSIS

INTRODUCTION

The purpose of the Area Analysis section of this report is two-fold. First, this report section is intended to acquaint the reader with the general area in which the subject property is located. Second, the appraiser needs to analyze the general data related to the four forces that influence property value, which are social, economic, government, and environmental. The analysis of this data will provide the basis for the conclusions reached later in this report.

The properties that are the subject of this appraisal are located in the downtown area of the City of Madison, which is the principal city and county seat of Dane County. Madison is also the capital of the State of Wisconsin. Madison is located in south central Wisconsin about 80 miles west of Milwaukee. A local map depicting Madison and its location is contained in Appendix A.

This appraisal is being performed for Anchor Bank. The executive officers of Anchor Bank, who will be reviewing the overall report, are very familiar with the Madison area. As such, a type of detailed description of the Madison area that might be done for a reader unfamiliar with the area is unnecessary in this case.

Notice, however, that current appraisal standards require that assignments not be so limited in scope that the resulting appraisal would be misleading or confusing to the client, users of the report, or the public. Further, appraisals need to contain sufficient

information to enable those relying on the report to understand it properly.

An appraisal must set forth the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions in the appraisal. Therefore, the Area Analysis section of this report will concentrate on those specific factors that impact on the subject. More general information that is viewed to be common knowledge will not be included in this report.

SOCIAL FACTORS

Social factors are exhibited primarily through population characteristics. The 1990 population of Dane County was 367,085 with the 1990 population for the City of Madison at 191,262. A comparison with 1980's population figures for the area indicate that the population is growing. In 1980, Dane County's population was 323,545 wrong 232,345 and Madison's population was 170,616. By the year 2000, the county's population is projected to increase to 389,852, an increase of approximately 6%. A breakdown of population figures by age group, for both the City of Madison and Dane County, indicates that the largest concentration of the population is between 18 to 44 years of age.

The projected continued growth in population is likely to occur based on current trends and will, therefore, have a positive effect on the area.

ECONOMIC FACTORS

Madison is the state capital, the county seat, and the location of the University of Wisconsin-Madison. Both the university and government play a large role as employers in the area. Other Madison-area private manufacturing employers include Oscar Mayer Foods Corporation, Swiss Colony, J.H. Findorff and Sons, Inc., and Ray-O-

Vac. These manufacturing firms also play an important role in the area's economy. There are also several commercial/industrial park locations around the perimeter of the city. Due to the presence of the University, Madison is becoming a noted location for high-tech companies.

The government and the education sectors in the work force have a dramatic effect on the area's unemployment figures. The unemployment figures for the Madison Metropolitan Statistical Area are the lowest in the state and are well below national averages due to the stability of employment within the government and education sectors. The average unemployment for 1991 was 3.1%, and the 9-month average for 1992 was also 3.1%. As of September, 1992, the seasonal unadjusted rate was 2.9% in comparison to 3% as of September, 1991. Information issued from the Wisconsin Department of Industry, Labor and Human Relations indicates that these rates have been between 2.5% and 3% since 1988.

To conclude, the area's economy is dominated by the government and education sectors. However, manufacturing and service sectors still play an important role in the area's economy. The strong influence of the government and education employment sectors in the area provides the basis for the area's favorable employment figures. In general, the area's stability is an attraction for employers and new business.

GOVERNMENT

City government is directed by the mayor, who is the chief executive officer of the city, and the common council. The City of Madison offers full service government with full time police and fire protection.

In terms of the area's property tax, the 1991 mill rate was $33.35 per $1000 of assessed value. All property in Madison is assessed at

100% of market value. It is reasonable to assume that given the increased demand for services, the local mill rate will increase in years to follow.

In addition to city government, county government has an impact on the area. The county's largest responsibilities, in terms of expenditures, are building and maintaining highways (including the expressway system) and operating welfare programs.

In summary, the full range of services offered by the City of Madison and Dane County, help foster a more stable environment. This has a positive influence on the subject property.

ENVIRONMENTAL FACTORS

Madison is located in south-central Wisconsin. The city's location between two lakes, Lake Mendota and Lake Monona, has a definite effect on the area's climate and provides recreational opportunities for residents.

The Madison area has an excellent city-owned bus system that provides the community with a high level of public transit service. The Madison Metro is a national leader in seat-miles per capita provided to its service area. The Madison Metro is designed to service physically disabled persons and has a fringe benefit bus-pass program that offers employers the opportunity to include bus fare as an employee benefit. The city's transportation links, along with the relatively small size of the area, generally allow for easy commutes to area employment centers.

Automobile access throughout the Madison area is regarded as average. The city lacks an efficient cross-town freeway system. The east-west arterial streets that run through Madison ultimately have to be routed through the isthmus between Lake Mendota and Lake Monona.

This 10 block-wide stretch of land is densely developed since it was one of the first areas of the city to be developed in the mid-1800s. Therefore, through traffic attempting to travel east-to-west or vice versa through Madison can sometimes experience congestion when going through the isthmus area. In order to compensate for this poor traffic circulation pattern, the City of Madison and Dane County have been working over the past years to develop a beltline highway system to ring the city. The beltline highway around the east, south, and west sides of the city is now complete. This provides much more efficient traffic circulation in these peripheral areas.

The Madison area is approximately 80 miles west of Milwaukee, 95 miles northeast of Dubuque, 142 miles northwest of Chicago and 256 miles southeast of the Twin Cities. The Madison Metropolitan area is serviced by a network of federal and state highways. Interstate 94 provides access to Milwaukee and north to the Twin Cities. Interstate 90 provides access south to Beloit and northwest to LaCrosse. US Highways 12, 14, 18, 51 and 151, as well as State Highways 30 and 113, also service the area.

The main flow of air traffic for the area is handled at the Dane County Regional Airport/Traux Field. This airport provides air service to Madison and the surrounding region. It is the second largest commercial airport in the state.

SUMMARY

The four forces analyzed generally indicate a favorable investment environment for the Madison area and the subject. Main points previously discussed are summarized as follow:

- Dane County and the City of Madison have had population increases throughout the 80s and the population is projected to continue increasing in the future.

- The area's employment is concentrated primarily within the government and education sectors. This has resulted in the stability of the area's unemployment figures, which are lower than national averages. The area typically has the lowest unemployment rate in the state.

- Government forces help foster an environment that is generally desirable as a residential or commercial location in Madison.

- The Madison area is well serviced by transportation systems, utilities and educational institutions. The area's quality of life is enhanced by its proximity to area lakes, parks and several cultural opportunities.

NEIGHBORHOOD ANALYSIS

The purpose of the Neighborhood Analysis is to refine the focus from the macro orientation of the Area Analysis, which looks at value influences on a regional basis, to a micro viewpoint that examines value influences in the environment immediately surrounding the subject property. In other words, neighborhood analysis establishes the context in which the value of the subject property is to be estimated. To perform a neighborhood analysis, one starts with the subject property and investigates the forces that influence value in the search pattern that radiates outward from the property. The appraiser then tries to establish the physical boundaries of the neighborhood. By closely studying the neighborhood, indications as to value trends, life state, and future desirability can be discerned.

A neighborhood is defined as a portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings, or business enterprises. Neighborhood boundaries may consist of well-defined natural or man-made barriers or they may be more or less well-defined by a distinct change in land use or in the character of the inhabitants.[1]

Alternatively, a simpler definition is an area comprised of a grouping of complimentary land uses affected by similar operation of

[1] The American Institute of Real Estate Appraisers, The Appraisal Real Estate, pp. 123-124.

the four forces (i.e., social, economic, governmental, and environmental) that affect property value. It should be noted that the term district is usually used to define a neighborhood comprised of a homogenous land use, such as an industrial district.[1]

The properties being appraised are part of a neighborhood that is know as the Capitol Square, or simply "the Square". This neighborhood is the heart of downtown Madison. The name is derived from the central feature of the area, which is the State Capitol Building. The Capitol Building is situated on a four square block site located on the hilltop of the isthmus between Lake Mendota to the north and Lake Monona to the south. The slope of this hill drops sharply to the levels of these two lakes within a few blocks of the Square, which gives prominence to the State Capitol Building and the major buildings located around the Square.

The Square neighborhood consists of an office, government and commercial district that has its primary focus within two blocks of the Capitol Square. The boundary of the neighborhood is established by the so-called "outer ring", which is a one-way traffic route that was established to direct automobile traffic around the Square. The outer ring is defined by Dayton Street on the north, Fairchild Street on the west, Doty Street on the south, and Webster Street on the east.

The Square neighborhood is the center for government offices for the State of Wisconsin, Dane County, and the City of Madison. In

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[1] The American Institute of Real Estate Appraisers, The Appraisal Real Estate, pp. 123-124.

addition, the Federal Building, which houses the Federal Courthouse and related agencies, is located within one block of the Square neighborhood at 120 North Henry Street.

The Square neighborhood was formerly regarded as Madison's primary commercial neighborhood. The importance of downtown Madison as a retail district declined during the 1960s, as suburban shopping centers began to be developed. This decline accelerated during the 1970s with the development of regional malls on the western and eastern peripheries of Madison. While retail uses continue to have a significant presence on State Street, retail uses are practically extinct around the Square. However, downtown Madison is still the city's primary office district, with the highest concentration of office development in the city and region. According to published sources, there is approximately 3.8 million square feet of office space in the central Madison area.

Although downtown Madison continues to be the city's primary office district, there has been a significant volume of office development in suburban locations in the past 10 years. This has served to reorient the mix of tenants in downtown Madison. Basically, many of those tenants that had no compelling need to be downtown have left, with those types of tenants that have remained having filled the voids that were created by this out-migration. The primary types of office uses that remain in the downtown area include government, office uses that are related to government (e.g., lobbyists, attorneys, trade groups, etc.), financial institutions, and tenants involved in the investment services industry (e.g., real estate professionals, stock brokers, investment advisors, etc.).

The development stage and life state of the neighborhood varies with land use type. As indicated, retail uses in the Square neighborhood have experienced an extended decline, with major retail extinct on the Square itself. The Square was formerly the location of Madison's major department stores and other retailers; only a few small retailers and specialty shops now remain. Again, State Street is still a thriving retail center, probably due to its proximity to the university campus. With respect to office uses, the neighborhood is in a stable to growing life state. The M&I Bank, in conjunction with Foley & Lardner, are in the final planning stages for a new building, which reportedly will have a total gross area of 160,000 square feet, consisting of 107,000 +/- square feet of new space that will envelop the existing M&I Bank Building. This development will be located on the southwest corner of West Main Street and Martin Luther King, Jr. Boulevard., next door to the Anchor Building. In addition, the State of Wisconsin recently purchased a newly developed 193,000 gross square foot building (160,000 square feet rentable) at 101 East Wilson Street. Also, the past decade has witnessed the development of a new building on the site of the former Manchester's Department Store at 2 East Mifflin Street, the redevelopment of the J.C. Penney's Store at 1 East Main Street into offices, and the addition of new office floors to the office building that was developed in the converted Emporium Department Store, which is now known as the AT&T Building. In terms of hotel uses, this market segment has apparently experienced a decline over recent years, with the Concourse Hotel having experienced bankruptcy twice during the 1980s. However, there are hopes that this market segment will improve when the development of the downtown convention center, which is slated for a site on John Nolen Drive just south of the Square neighborhood on Lake Monona,

comes to fruition. In terms of residential uses, the Square neighborhood itself does not have a significant residential component (although the area immediately surrounding the defined neighborhood does). However, Mr. Jerry Mullins has assembled a large portion of the East Mifflin Street block across the street from the Capitol Building and might develop a luxury condominium project on the site.

Building improvements in the Square neighborhood range from post-Civil War buildings that have been preserved or restored to modern mid-rise office buildings that reflect various stages in the evolution of modern architecture. Building improvements on the Square are dominated by the State Capitol Building, and this dominance will continue due to the height limitation for buildings around the Square which was enacted to preserve views of the State Capitol Building. The Square neighborhood is basically 100% built up, with only a few vacant sites available for development. This means that any sort of major development in the area would most likely have to involve land assemblage and the demolition of existing buildings.

One of the major factors associated with the Square neighborhood is its "unfriendliness" to the automobile. Traffic circulation through and around the Square neighborhood is difficult at best. Past city planning policies intentionally made automobile circulation and parking more difficult in the Square neighborhood in order to discourage the use of the automobile downtown. Traffic around the Square has been rerouted via one-way streets. The main automobile route around the Square is so-called outer ring, which are the streets mentioned earlier as those that define the boundaries of the Square neighborhood. The policy of discouraging automobile traffic in the

neighborhood has apparently been somewhat successful. We compared traffic counts from 1982 and 1983 to 1991 levels and found that traffic around the inner and outer rings of the Square has not increased; it has remained virtually the same over those times periods. A 1991 traffic count map for downtown Madison is included in Appendix B. In addition, parking in the Square neighborhood is difficult given the lack of on-street parking and high demand placed on parking facilities because of the high concentration of office space. Notice also that the State of Wisconsin, which is a major office user in the Square neighborhood, has a tendency to build or own major buildings that do not have an adequate amount of parking.

In terms of planned developments for the Square neighborhood, two major developments besides the M&I Bank/Foley & Lardner Building require mention. The first is the new 4-story, minimum security Dane County Jail, which is slated for development on a site which is currently being cleared in the 100 block of West Doty Street. The jail is expected to be open in 1994. The second proposed project is the downtown convention center. As of the effective date of this appraisal, the fate of the proposed 63.5 million dollar convention center had not yet been decided. However, during the production of this report, a referendum regarding approval of the convention center passed on November 3, 1992. The Monona Terrace project, as the convention center is known, is based on a 1959 design by Frank Lloyd Wright. The Monona Terrace site is located between Olin Terrace and Lake Monona, three blocks south of the Anchor Building. The design for Monona Terrace features a 42,300 square foot exhibit hall, a 15,000 square foot ballroom and banquet hall, a multi-media auditorium with seating for more than 900 people, meeting rooms, and a roof-top

garden. The State of Wisconsin has pledged $14 million toward construction of a 550 car parking ramp adjoining the proposed convention center. However, critics of the convention center have pointed out that it lacks an adjacent hotel. As an aside, it is believed that the addition of a hotel as part of the convention center's facilities would have been politically infeasible. Certain advocates supported the convention center in hopes that the convention center would help the existing downtown hotels. Also, there would probably have been political resistance to using public dollars to subsidize a private business such as a hotel. In terms of impact, it is not likely that the convention center will have a major impact on the downtown office market. It might serve as an amenity factor in that it will provide meeting and banquet space, but at the same time it might serve to worsen the downtown traffic circulation and parking problems. It will probably have a much greater effect on the neighborhood hotel, restaurant, and bar business.

The downtown Madison office market will be analyzed in greater detail in the following section of this report. However, some background information is necessary to complete an analysis of the neighborhood. In general, the downtown market is healthy, with extremely tight market conditions in the Class A sector, and healthy occupancies in the Class B and C sectors as well. The vacancy rate for the Square office market for Class A office buildings is currently zero. Class A office rents range from $15.00 to $25.00 per square foot. According to a published local office survey, the overall vacancy in the downtown Madison market for 1992 is 8%. According to this survey, downtown office vacancy has exhibited a steady downward

trend since 1988, when vacancy downtown was estimated at 15%. With the current Class A at zero, the vacancy downtown is found in the Class B and C market.

Since parking is such a critical factor, the parking market will be analyzed in greater depth in a subsequent report section. In general, most new major office buildings have their own parking ramps. In addition, the City of Madison and Dane County have numerous public parking ramps in the downtown area. However, the high concentration of office uses makes the existing supply of parking inadequate. Further, although the City of Madison and Dane County do have ramps in the downtown area, there is no specific provision of a supply of this parking in proportion to the amount of downtown office space occupied by these entities. Further, the parking provided by the State for its buildings is far short of market standards for office buildings (they attempt to provide one stall per ten employees), which magnifies parking supply problems given the huge volume of office space owned by the State around the Square.

While automobile circulation and parking are difficult around the Square, public transportation is good. The City of Madison is served by numerous bus routes, with many of them circulating through the Square neighborhood. There is a bus stop in front of the Anchor Building.

To conclude, the Square neighborhood remains Madison's premier office district. The decline of retail uses around the Square as well as the out-migration of office uses that do not have a compelling reason to be downtown is probably close to complete. The fact that a major office development (the new State Office Building at 101 East Wilson Street) has just been completed coupled with the fact that

another major office project is in the final planning stages (the M&I Bank/Foley & Lardner Building) indicates that the office market is in a growth stage, albeit a very gradual one. In addition, the fact that virtually no vacant land is available along with the restrictive nature of today's financing markets would indicate that despite of the tight market, there should be no radical surge in vacancy due to a rapid addition to supply. The high concentration of government uses downtown is expected to remain intact over the long term. Therefore, the Square neighborhood should continue to provide a stable environment for office uses into the foreseeable future.

OFFICE MARKET ANALYSIS

INTRODUCTION

The Area Analysis section of this report points to the fact that Madison has a government and service based economy, and these sectors are major demand generators for office space. Downtown Madison is a center of government, finance, and education for Dane County, and south central Wisconsin. It is also the headquarters for State government.

As background information, a 1984 study prepared by Downtown Madison, Inc. indicated that there were 3.8 million net square feet of office in the central area of Madison. The survey indicated that just over 1.7 million square feet, or 45%, of this space was occupied by various branches of government. At that time, the State of Wisconsin was owner of approximately 800,000 square feet of office space, not including offices located in the State Capitol Building. The State was also a major tenant in downtown office space at that time, leasing nearly 150,000 square feet of downtown office space. The State continues to be a major tenant today.

In terms of downtown workday population, the 1980 Census indicated that just under 30,000 people worked in the central business district. At that time, almost 16,000 of these people were office workers involved in professional or related services or government and public administration activities.

Since this 1984 study, new office space has been added to the downtown inventory. State government has recently completed the purchase of a new, 160,000 square foot building at 101 East Wilson Street. Private sector additions to the inventory of downtown office space since the 1984 study have included Manchester Place, a 101,400 square foot building at Two East Mifflin developed in 1987. The addition of six upper floors to the AT&T Building at 44 East Mifflin added 40,000 square feet of office space to the downtown supply in 1990. The One East Main Building added 84,000 square feet of office space to the downtown with its development in 1987. Notice that the above square footages are expressed in terms of rentable area. Planned developments for the neighborhood include the net addition of approximately 107,000 square feet to the M&I Bank Building as part of the planned development involving the M&I Bank and Foley & Lardner. This project is reportedly in its final planning stages, with development expected to commence next year.

The above history indicates that the downtown Madison market has not been subject to radical increases in supply. The market has therefore avoided the over-supply conditions that have plagued office markets nationally. It is obvious that the State of Wisconsin plays a major role in terms of creating demand for office space. However, the State has exhibited a trend to own major buildings. Further,the long lead times involved in the planning of additions to office supply for

the State of Wisconsin generally means that by the time the planning process is completed, the State's needs have grown beyond what was planned. This means that the problem of the State leaving leased quarters in a mass exodus and thereby skewing vacancy figures upward has been avoided. This will be discussed in greater detail later in this report section.

Another factor that needs mention is the sheer difficulty of developing a new building downtown. First, a developer would probably need to conduct an assemblage to create a site large enough for a major office building downtown. This difficulty is compounded by the planning and review process in the City of Madison and the extremely difficult conditions in real estate debt and equity markets. Finally, the high land costs, coupled with high construction costs, combine to produce development costs of a magnitude that makes projects infeasible at current market rents unless such projects receive some sort of subsidy. Such subsidies have been achieved in Madison via the use of tax incremental financing (TIF) and/or the use of development bonds for debt financing. All of the private sector developments that were noted earlier in this report section as additions to the supply of office space since 1984 involved the use of these subsidy vehicles to some degree.

Another general market trend that is germane to a study of the downtown Madison office market includes the transition in tenant or user type. As discussed briefly in the Neighborhood Analysis section of this report, downtown Madison was formerly the retail, commercial, service, financial, as well as government center for the City of Madison, Dane County and regions beyond. As indicated, the retail component of the Square market has become virtually extinct. Further,

the development of suburban office parks with easier automobile access and free parking, has led to an out-migration of office tenants that had no compelling reason to be downtown. The Square continues to retain its role as a government and financial district. This implies that those uses that require close interaction with these downtown activity generators are also likely to be found downtown. It appears that the evolution or transition of downtown Madison is now virtually complete, which suggests a stabilization with respect to occupancy and tenant type in the market. Further, government has exhibited a major growth trend over recent years, and this growth plays a major role in fueling the demand for office space not only to accommodate government but also to accommodate those users who must interact with government agencies on a day-to-day basis.

Office Market Survey and Analysis

In order to draw conclusions regarding the competitive position of the Anchor Building in the marketplace, and estimate its economic potential, an analysis of the market for similar quality buildings in the neighborhood was undertaken. The steps in this analysis included establishing a basis for comparison, analyzing supply and current vacancy, establishing current rent levels and expense levels, and identifying potential new supply and occurrences that could affect the dynamics of the market.

The first step in this process was to establish comparison criteria among buildings; i.e., establish what constitutes Class A, B and C office buildings. Any comparisons made and conclusions drawn need to be based on information drawn from the sub-market in which the subject competes.

In order to facilitate this analysis, we established definitions or criteria in order to segregate Class A buildings, Class B buildings and Class C buildings. This was based not only on our own analysis but on interviews with brokers, property managers, and investors active in the downtown market. In terms of defining what constitutes a Class A office building in downtown Madison, our analysis and interviews indicated that such a building would have the following characteristics:

Class A Building
Characteristics

- A lobby of distinction.
- Adequate elevator service.
- On-site or easily accessible parking in sufficient quantity (e.g., one stall per 300 square feet +/- of rentable area).
- Good quality aesthetics for both the building exterior and interior spaces. The building should be a new or recently renovated building or it should have some sort of historical distinction.
- Good quality management and reputation.
- Adequate HVAC, with zone controls to allow for temperature controls in relatively small spaces (e.g., per private office).
- A high quality tenant population.
- Distinctive location (e.g., on the Square, good views, etc.).

A building might be considered a Class A building in the market without having all of the above characteristics, but it clearly needs the majority. Certain characteristics such as parking, elevators, and acceptable aesthetics are considered mandatory. Therefore, any building that lacks these critical characteristic will likely be perceived as a Class B building. The lack of a number of the critical

characteristics would cause a building to be perceived as a Class C building. It should be noted that the current tight office market has caused the demarcation between these distinctions to have become blurred. The high demand conditions and limited supply in the market has probably caused some tenants to accept a location in a lower class building than they would have otherwise preferred merely because there were no alternatives available that were more desirable.

With the above criteria in mind, major office buildings in the Square market were classified in terms of their rank as a Class A or a Class B office building in the following table. While there is no general agreement on what constitutes a Class A versus a Class B building, the following table is based on what was viewed as generally accepted in terms of our independent analysis and our interviews

Class A Office Building - Square Office Market

Building Name	Building Address
First Wisconsin Plaza	1 South Pinckney Street
Manchester Place	2 East Mifflin Street
AT&T Building	44 West Mifflin Street
One East Main	One East Main Street
Anchor Building	25 West Main Street

The One East Main was rated by some as Class B due to the fact that it has surface parking only, because its parking is in relatively short supply, and because it houses so many legislative offices (government is not generally perceived as a Class A tenant). In addition, some people interviewed would include the Valley Bank Building as a Class A building although most did not include it

because it is off the Square. Finally, the Anchor Building itself was viewed by most as a Class A building, primarily due to its location and because of its captive parking. However, it would probably best be described as a Class A Minus building because its architecture is becoming dated and due to the smaller floor plates.

A summary of those buildings that were generally ranked as Class B buildings is as follows:

Class B Office Building - Square Office Market

Building Name	Building Address
100 Hamilton Street	100 North Hamilton Street
Tenney Plaza	3 South Pinckney Street
Valley Bank Tower	222 West Washington Avenue
Hovde Building	122 West Washington Street
James Wilson Plaza	131 West Wilson Street
Commercial Bank Building	100 State Street
30 on the Square	30 West Mifflin Street
M&I Bank Building	1 West Main Street

The next step in our analysis of the market was to perform a survey of office buildings that might be competitive with the Anchor Building. The purpose of the survey was to attempt to ascertain current rental rates, vacancy, and expense levels and to obtain any other market information that will be useful in assessing the competitive position of the Anchor Building in the market. This analysis is also intended to gauge the near term outlook for the market. Given the ranking of the Anchor Building as a Class A or Class A Minus building, we concentrated our survey efforts among the

EXHIBIT 1

Building & Address	Class	Rental Sq. Ft.	Vacant Sq. Ft.	Parking Available	Rent per Sq. Ft. on Most Recent Lease Signed	Expenses (Taxes) Per Sq. Ft.	Contact
44 East Mifflin	A	86,000	0	220 in ramp	$19-$21 pass thru of expense increased over base year plus 3% inflation kicker	Est. $7.50 Total	Brad Binkowski 251-0706
One East Main	A	86,000	0	92 shared with adjacent Building	$17. Basement space at $12 and first floor space at $12-$14 per sq ft pass thru of expense increases over base per year plus 3% inflation kicker	Est. $7.50 Total	Brad Binkowski 251-0706
100 North Hamilton	B	39,507	0	Estimate 50 adjacent	100% leased to State of WI; $13.65 w/CPI escalations	$4.38? ($2.11)	Lisa Larson 831-2122
Tenney Plaza 3 South Pinckney	B	85,000	0	152 in adjacent ramp	$18 ("will go up on rollover")	$8.50 ($2.30)	Tom Phillips 356-3700
Valley Bank Tower 333 E. Washington	B	156,482	0	200 in adjacent ramp	$15-$16 with a pass thru of expenses over base year	$7.34 est.($2.30) on non WPL space	M. Jacobsen 257-0222
Hovde Building 122 W. Washington	B	62,500	0	None. Public parking near	$14.50 (includes est. $.50 RE tax pass thru)	$8.10 ($2.00)	Don Brum 257-2440
Manchester Building 2 E. Pinckney	A	101,400	0	240 in adjacent ramp	$18 (last lease is 5 yrs old; $18 includes est. $2.00 pass thru	$7.14 ($3.00)	Don Brum 257-2440
First Wisconsin Plaza 1 South Pinckney	A	283,301	0	278 in garage & Tenney Bldg	$25.16	$10** ($2.37)	Terry Chappell 252-4063
James Wilson Plaza 131 West Wilson	B	120,000	18,000***	214 under-ground stalls	$13-$16 pass thru of real estate taxes over base year. The bldg. is leased on BOMA rentable, so their rental is higher than shown.	WND Taxes are $1.85 per sq ft, energy costs are $1.85 per sq ft	Darryl Wild 251-8811

* In all cases, tenant pays electric, and it is not added back into these numbers.

** First Wisconsin Plaza expenses include almost $3,000/sq ft for "personnel", which may be what drives their expenses above the market norm.

*** The 18,000 sq ft of vacant space includes an 8,000 square foot tenant who has relocated but is still paying rent.

Class A buildings and better quality Class B buildings in the Square market. A summary of our survey findings is presented as Exhibit 1, on the facing page. In addition, we attempted to confirm the rents and lease terms gained by a direct interview with other brokers, property managers, and investors. We found during our survey that more than one source had information on a given building, which for an increased confidence level in the data.

It is important to point out that the rental information listed on the exhibit is dated. The tight market that currently exists in downtown Madison has existed for some time, so the lease rates obtained via survey tend to reflect older transactions. Very few lease transactions have been done recently. When conducting our research, a common theme among landlords and brokers was that they were anxious to experience some lease roll-over in order to raise rents. One of the main questions being pondered in the downtown market is just how high rents can be pushed given the tight market conditions.

In addition, while not listed in the above exhibit, our research found that basement storage space in the Class A downtown buildings ranged from approximately $7.00 to $9.00 per square foot.

Our survey work indicates that leasing commissions range from $2.50 to over $3.00 per square foot when paid up-front. In terms of tenant improvements, the tight market is such that smaller tenants are generally unable to obtain funds from a landlord toward tenant improvements. A tenant that is an anchor tenant to a new building can obtain a landlord contribution for tenant improvements. However, on roll-over, even key tenants are finding it difficult or impossible to get an improvement allowance from their current landlord. However, as

one progresses down through the Class B and into the Class C markets, some allowance or provision for tenant improvement contributions by landlords appears to become more common.

Another factor that requires consideration is the current style of expense pass-thrus. Typical lease terms in the Class A market include gross or full service leases with a pass-thru of increases over base year expenses, along with some increase for inflation (i.e., an inflation kicker). Inflation kickers in the market average approximately 3% per year and range as high as 4% to 5%. Lease terms are usually a minimum of 5 years with smaller tenants able to obtain 3 year leases (or even shorter leases) with lease terms for larger tenants ranging from 5 to 10 years. In the newer Class A Buildings, climate control is generally provided by an individual heat pump per zone and the electricity to run the fan for the heat pump is paid directly by the tenant, along with the electricity for lighting.

In terms of the area actually rented, buildings in the Square market lease space on what is referred to locally as rentable area, but which equates to BOMA usable area. In other words, the square footage upon which a lease payment is predicated is based only on that space actually occupied by a tenant. However, one building, The James Wilson Plaza, is leasing space on BOMA rentable, which means that some proportionate common area square footage is included in the square footage "leased" by a tenant. In addition, another building that displayed a departure from typical lease terms is City Station. While not included in the above survey because it is not in the Square market, City Station is currently leasing office space on a triple net basis. The base rent being reported at City Station is $15.00 to $16.00 per square foot with a pro-rata pass through of all

expenses which are estimated to be $5.00 per square foot. In addition, inflation kickers of 3% to 5% annually are layered on top of these rents.

Our survey research indicates that there is zero effective vacancy in the Class A market. Further, the parties interviewed for our research indicate significant pent-up demand for Class A space. Therefore, the general perception is that when Foley & Lardner vacates the First Wisconsin Plaza, internal growth will take up the space it vacates.

In terms of market dynamics, the State of Wisconsin is obviously a major factor for the Square and overall downtown Madison market. The State owns the following office buildings in downtown Madison: the Capitol Building, 1 West Wilson Street, General Executive Facilities (GEF) I, II, and III, 101 East Wilson Street, 149 East Wilson Street and the Lorraine Hotel. These buildings contain a total of approximately 1.5 million square feet of leasable space.

In addition, the state has a substantial lease presence in the following buildings:

Address	Building Rentable Square Feet	% of Space Lease by State
137 East Wilson Street	27,000	100% leased with option to purchase
121 East Wilson Street	56,000	80% occupied by State of Wisconsin Investment Board and State Commissioner of Insurance.
30 West Mifflin Street (30 on the Square)	62,000	80%-90% occupied by State Department of Veterans Affairs and other agencies
100 North Hamilton	39,500	100% occupied by state legislators, state reference library, and other state agencies.

As indicated earlier, the purchase of the 160,000 square feet building at 101 East Wilson Street was originally intended to provide space for agencies that were in leased quarters. The agencies originally slated for the building (Department of Administration) grew so much during the development process that they filled the building, leaving no room to bring in other agencies from leased quarters.

There are currently discussions going on about the possibility of building a GEF IV Building in order to accommodate the anticipated growth in State government. Certain State legislators, most notably Fred Risser, believe that if the state is going to occupy space, they might as well own it. Critics point out the expense potential of a new development or purchase of a new building (101 East Wilson reportedly cost a total $123.00 per square foot of net leasable area, not including the computer center), versus leased quarters. (However, the State has also historically purchased buildings there were rehabilitation opportunities at a lower cost and has rehabilitated such properties to suit.) Therefore, the possibility of a major move by the State out of leased quarters to a new facility is real, although not likely over the near term. Also, the State's attention with respect to a new building is now focused on the World Dairy Expo. Therefore, no dramatic increase in downtown office vacancy is likely due to a move by the State. In reality, the State is currently <u>creating</u> demand in the downtown office market due to the renovation of the State Capitol Building. The State Capitol Building is being renovated on a wing-by-wing basis with the completion of the north wing due in December of 1992. The west wing will be next, followed by the south wing, and the east wing and the rotunda will

either be done together or sequence. During the renovation, the legislators or agencies housed in a given wing get moved to private quarters for the duration of the renovation. Much of 100 North Hamilton was leased by the State due to this renovation process. The east wing houses the Supreme Court, the justices and their chambers, and the law library plus other support services and there are currently rumors floating around the office market regarding the relocation of the Supreme Court's law library. It reportedly takes approximately 2 to 2-1/2 years to renovate a wing. The major constraint on this process is the lack of skilled craftsman able to work with the type of construction and materials found in the Capitol Building. Other background information about the State's activities in the office market include the fact that the State has a style of leasing space for 5 years or less because any lease over 5 years has to be approved by the Building Commission, which makes the process more complicated. Also, the State does not usually require on-site parking but may do so when a specific agency has need for special vehicles. Other State criteria for office space includes flexible floor plates in a building in good physical condition. They generally look for spaces of 15,000 to 22,000 square feet, although smaller agencies are located throughout the Madison area. A listing of Madison area office space leased by the State, with associated rental rates, is found in Appendix C.

Conclusion

Our study of the downtown Madison office market indicates a very tight market in the Class A sector. The near term outlook for this market is good, with the limited supply and high demand conditions that currently exist expected to continue into the foreseeable future.

State government is apparently growing at a rather rapid rate, which implies that special interest groups, lobbyists, attorneys, and others that work with the State agencies will continue to demand space downtown. Further, city and county government are both firmly entrenched downtown. As indicated, it is our opinion that the evolution of the downtown is largely complete for now, with those tenants likely to move away from downtown already having done so. However, it should be pointed out that there are continually rumors that financial institutions have explored the notion of moving back room operations to cheaper space in the suburbs in order to create vacant space that can be leased at today's high rents. Further, Wisconsin Power and Light has considered the option of moving from downtown off and on over recent years, although current reports would indicate that they are staying downtown for now. Therefore, while tight market conditions are forecast to continue, factors exist that could upset this prediction.

In terms of establishing the Anchor Building's position in this market, the building has an excellent location relative to government centers. It is within walking distance of City, County and State government facilities. In addition, the Anchor Ramp provides parking of approximately 3 stalls per 1,000 square feet of rentable area in the Anchor Building, which is in keeping with market standards. Based on our interviews, and given the tight supply conditions in the face of pent up demand, it is our opinion that the rents for the better quality office spaces in the Anchor Building should be in excess of $18.00 per square foot. The top quality spaces should be able to command $19.00 per square foot. This is a premium over the lease rates set forth in Exhibit 1, but none of these lease rates included

the landlord paying electricity, which is the case in the Anchor Building. Also, the lease rates set forth in the Exhibit tend to be for older leases, with landlords and leasing agents anxious for rollover with the general feeling that there will be substantial rent increases over the near term. The less desirable spaces in the Anchor Building (e.g., basement, first floor) would command lesser rates as was suggested in the preceding analysis.

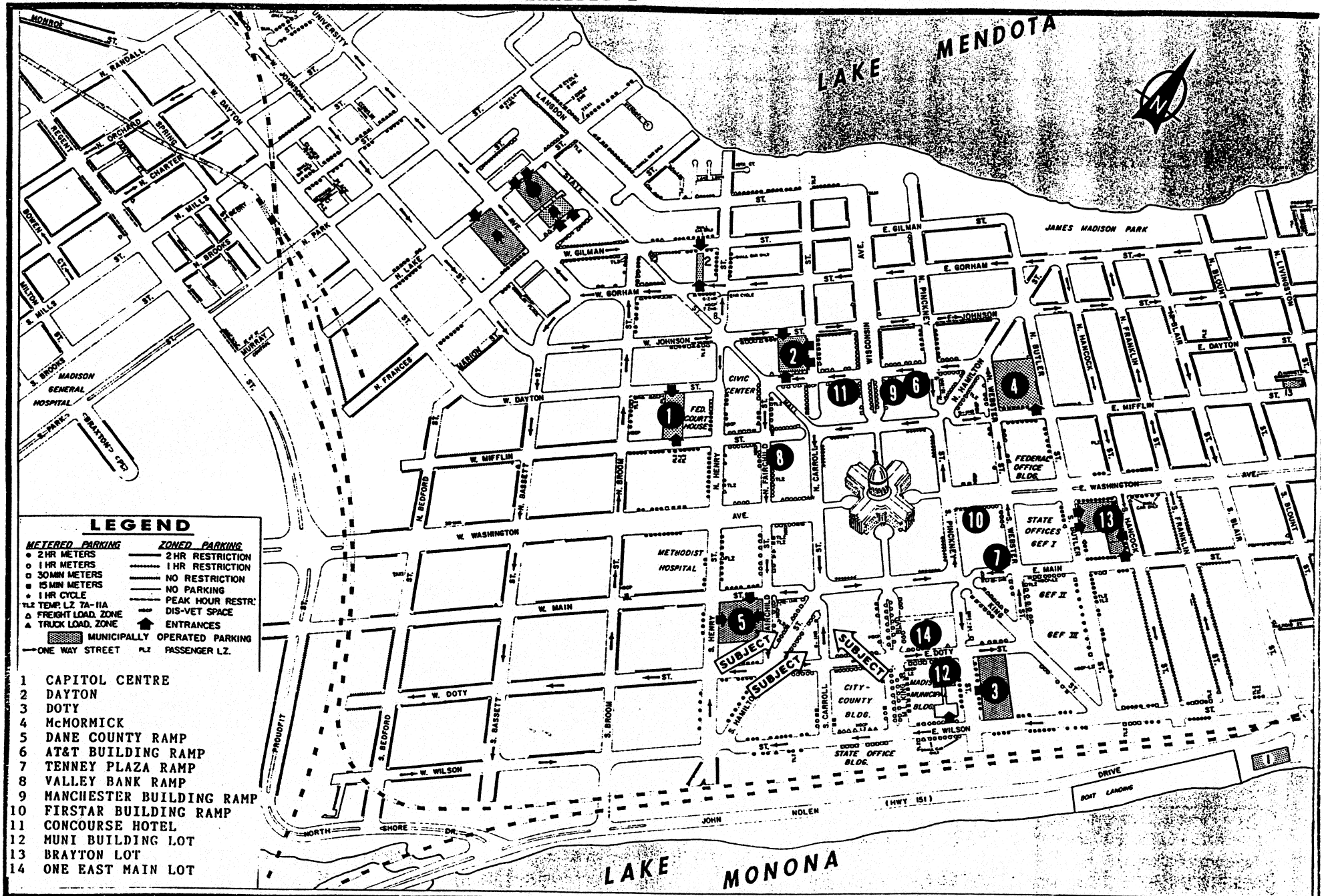
In terms of postulating a scenario in which Anchor leaves the building, it is difficult to gauge absorption given the size of the floor plates in the Anchor Building. In other words, the small floor plates of the Anchor Building suggest small tenants as logical, which means that a large number of tenants have to be obtained in order to fill the building. However, given the tight supply and pent up demand conditions, it is reasonable to expect that absorption of this space would occur at a rapid pace for the more desirable spaces in the building. Published reports indicate that downtown Madison typically absorbs 40,000 to 45,000 square feet of newly developed space annually. However, the pent-up demand in the market is generally held to be sufficient such that any major tenants creating vacancies would have their vacated space filled by tenants already existing in the market or even in the particular building being vacated. This would not be the case for the Anchor Building, since there are no large tenants in the building that could logically be expected to absorb the amount of space that would be made vacant should Anchor leave. However, it would be reasonable to expect some internal expansion, along with the leasing of space to new, albeit smaller, tenants. The addition of the planned M&I Bank/Foley & Lardner Building was viewed by most parties interviewed as not having any major effect in terms of

creating vacancy in the market. However, it should be noted in postulating an Anchor Leaves scenario, that the new M&I Bank/Foley & Lardner Building would be on line at about the same time Anchor would be assumed to leave. Given the reported design currently being considered for the M&I Bank/Foley & Lardner Building, it is logical to conclude that unless expansion options are prohibitive, the newer building will attract larger tenants, reinforcing the notion that the Anchor Bank Building will be relegated to capture the smaller tenants available in the market. Since any scenario which postulates Anchor leaving the building would include significant lead time for them to plan (and potentially build) and then move to a new facility, the space that would come vacant could in effect be preleased, which should help mitigate the vacancy problem caused by Anchor leaving. Therefore, it would be reasonable to expect that if current market conditions continue, some of the space that Anchor would be postulated to vacate would be occupied fairly quickly, with absorption of the balance of the space probably taking no more than two or three years.

PARKING MARKET ANALYSIS

Our analysis of the competitive position and economic potential of the Anchor Parking Ramp at 126 South Carroll and the Madison Newspapers Lot at 115 South Carroll is based on an analysis of the parking market within the downtown area. The supply and demand related to parking spaces both for ramps and surface lots was analyzed. Our analysis was concentrated in an area larger than the Square because many of the larger parking facilities downtown are located at the periphery of the Square neighborhood. The area researched is bounded by the following streets: Johnson Street,

EXHIBIT 2



CENTRAL AREA PARKING

CITY of MADISON DEPARTMENT of TRANSPORTATION PARKING DIVISION

TransMadison
The Word Is Getting Around

JANUARY 1992

Hancock Street, East Wilson Street and Broom Street. A map detailing this area is shown on Exhibit 2 on the facing page. Exhibit 3 on the next page breaks down the supply of parking spaces in the Square area in terms of ramps and surface lots.

Reserved parking around the Square area is typically on a monthly basis. Of the 265 stalls in the Anchor Ramp, 207 spaces are leased out on a monthly basis. One hundred eight (108) of the spaces are leased at $84.40 per month and the remaining 99 at $42.00 per month. The lesser rate is due to a discount being extended to certain Anchor employees. The remaining spaces in the ramp are for customer parking or staff cars.

Public Ramps

The first part of our study concentrated on public parking ramps. An advantage of studying public ramps is that occupancy statistics are kept for the ramps. The source of the occupancy rate information for each of the ramps and lots within this exhibit is the Parking Division of the Madison Department of Transportation, which takes counts on Tuesday, Wednesday or Thursday of the second or third week each month. Occupancy rates for each public ramp and lot from January, 1991 to August, 1992 are listed in Appendix D.

Each of the public ramps identified in Exhibit 3 are located one block off of the Square. The Capitol Centre Ramp is to the northwest, the Dayton Ramp is along the north, the McCormick Ramp to the northeast and the Doty Ramp at the southeast. The Dane County Ramp is located at the southwestern portion of the area previously mentioned.

The Doty Street Ramp has the highest demand among the City ramps due to its location within an area that has the highest concentration of government offices. The high demand for this ramp is reflected in

EXHIBIT 3

PARKING INVENTORY FOR DOWNTOWN SQUARE
PARKING RAMPS

PUBLIC RAMPS
****

NAME	CAPITOL CENTRE	DAYTON	DOTY	McCORMICK	DANE COUNTY RAMP
LOCATION	MIFFLIN/DAYTON	DAYTON/CARROLL	DOTY/PINCKNEY	MIFFLIN/WEBSTER	MAIN/FAIRCHILD
TOTAL SPACES	634	521	535	629	1002
RESERVED SPACES	50	53	107	160	225
RATE/MONTH	$75	$80	$85	$75	$80 W/ YEAR LEASE
OCCUPANCY PER CITY'S PHYSICAL COUNT					
FEB/1991	100%	NO MONTHLY	100%	100%	100%
AUG/1991	100%	60.4%	100%	100%	100%
AUG/1992	100%	100%	100%	58.1%	100%
OCT/1992					80%-85%
					OCT RATE PER COUNTY

PRIVATE RAMPS
****

BUILDING NAME	AT&T BUILDING	TENNEY PLAZA	VALLEY BANK TOWER	MANCHESTER BLDG	FIRSTAR BLDG	CONCOURSE HOTEL
LOCATION	44 EAST MIFFLIN	MAIN/PINCKNEY	WASH/FAIRCHILD	WISC/DAYTON	WASH/PINCKNEY	DAYTON/OFF WISC
TOTAL SPACES	220	152	200	238	400	260
RESERVED SPACES	MAJORITY	SOME METERS	100	134	278	32
RATE/MONTH	$85	$85	$80	$80	$90-$95	$75
OCCUPANCY PER BLDG CONTRACT						
OCT/1992	MANY	100%	100%	UNKNOWN	100%	82%
COMMENTS	NEW STRUCTURE OPEN TO PUBLIC PARK 7 DAYS, 24 HRS	NO RESERVED FOR PUBLIC WAITING LIST OF 40 PUBLIC METERS	NO RESERVED FOR PUBLIC PUBLIC HANDICAP ONLY PUBLIC METERS	NO RESERVED FOR PUBLIC PUBLIC METERS	WAITING LIST FOR RESERVED PUBLIC METERS	PARKING FOR GUESTS TYPICALLY 60% VACANT

PUBLIC LOTS
****

NAME	MUNI BLDG-BLOCK 88	BRAYTON
LOCATION	DOTY/PINCKNEY	WASH/BUTLER
TOTAL SPACES	20	186
RESERVED SPACES	NONE	NONE
RATE/MONTH	N/A	N/A
OCCUPANCY PER CITY'S PHY COUNT		
FEB/1991	100%	98.8%
AUG/1991	100%	88.7%
AUG/1992	94%	80.4%
COMMENTS	ALL METERS @ 0.60/HR	ABOVE RATES FOR TICKET PARK TICKET PARK @ 0.55/HR 16 METERS @ 0.50/HR

PRIVATE LOTS
****

NAME	ONE EAST MAIN
LOCATION	MAIN/MLK JR BLVD
TOTAL SPACES	92
RATE/MONTH	$65
OCCUPANCY	
OCT/1992	100%
COMMNETS	NO RESERVED FOR PUBLIC EMPLOYEES ONLY

its rate of $85.00 per month, which is at the upper end of the range for both public and private ramps. There are 107 reserved stalls in the Doty Ramp. Vacancy rates are minimal; the ramp is consistently full.

The Capitol Centre Ramp also has strong demand, due at least in part to its location adjacent to the Federal Court House. It is also in the vicinity of the Civic Center. In addition, the ramp is one block south of the State Street area and according to the City, some shoppers also park in this ramp. Only 8% of the spaces in this ramp are for reserved parking at $75.00 per month. Its percentage of reserved spaces is considerably lower than that of the Doty Street Ramp, which has 20% of its stalls reserved for monthly parking.

Just north of the Capitol Centre Ramp is the Dayton Ramp, where reserved parking has only been in effect since August, 1991. As noted on Exhibit 3, vacancy rates were relatively high during its first month; however, one year after that, the lot achieved 100% occupancy. The Dayton Ramp is located just east of the State Street Mall area and also within proximity of the Civic Center and the Madison Area Technical College (MATC) along Wisconsin Avenue. Approximately 10% of the total spaces in this ramp are for reserved parking at $80.00 per month.

The final ramp within the area that is owned by the City is the McCormick Ramp at the corner of Webster Street and West Mifflin Street. This ramp is considered to be in the outskirts of the main traffic flow. It is perceived by those involved in the Madison parking market as the ramp with the highest vacancies. Approximately 25% of this ramp is for reserved parking at $75.00 per month.

Dane County's only involvement within the Madison parking market is the county ramp that they operate along West Main Street between South Henry Street and South Fairchild. According to the Dane County Ramp supervisor, the ramp has 1002 spaces, including 225 which are for reserved parking. The rate charged by the county is $80.00 per month; however, a one year lease must be signed. The supervisor indicated that occupancy rates for October were between 80% and 85%. The supervisor also mentioned that the renters of the reserved spaces include neighboring business and that some spaces in the ramp are reserved for jurors attending court sessions. Forty percent of the ramp is allocated for parking by county employees. Note that according to the City there are 990 parking spaces in this ramp, of which 418 are reserved. The only occupancy figure received from the county was the October 1992 figure which is shown on Exhibit 3.

Private Ramps

Exhibit 3 also details ramps that are owned by private owners. The general range of rates for parking spaces within these ramps is between $80.00 to $85.00 per month. The reserved parking at each is primarily for clients, customers, and tenants with these ramps typically having waiting lists. These ramps are primarily located around the Square.

The AT&T Building has a ramp at the corner of Dayton and Pinckney Street. This is a new structure with the majority of its 220 spaces being for reserved parking at $85.00 per month. The structure is also open to the public. East of the Capitol is the Firstar Building Parking where approximately 70% of the parking spaces are for reserved parking. Firstar's rental rate is at the highest end of the range among private ramp rates within the Square area at $90.00 per month.

This is considered by many in the area a premium location, which is reflected not only in its rental and occupancy rates, but by the waiting list it has for reserved spaces.

The Tenney Plaza is just east of the Firstar Building. The majority of its spaces in its ramp are also for reserved parking. Its rate is $85.00 per month, with high occupancy rates and a waiting list. The Valley Bank Tower at the western end of the Square has a ramp with half of the spaces for reserved parking, at $80.00 per month. They presently do not have any vacant reserved spaces.

Northwest of the Square, the Manchester Building at 2 East Mifflin has a parking ramp off of Wisconsin and Dayton with approximately 77% of its spaces for reserved parking at $80.00 per month. Just west of this ramp is the Concourse Hotel which also has 12% of its ramp for reserved parking. The Concourse Hotel indicates that 60% of its lot is typically vacant, unless there is an event in the area. The final private ramp is the ramp for the 100 North Hamilton Building; it has 50 total spaces and is located at the northeastern end of the market analysis area. We were unable to obtain information regarding its parking rates and occupancy.

Private Surface Lots

In addition to ramp parking there is also parking on public surface lots and one private surface lot within the market area. The lots owned by the city within this area have metered parking. Public surface lots with reserved parking are primarily located outside the Square area and not within reasonable walking distance for those interested in parking around the Square. A listing of these lots is in Appendix E.

The Madison Newspapers Lot is located near the Anchor Ramp at the southwestern end of the market analysis area. The lot has 37 spaces; 80% are used by employees and leased for $42.00 per month. Again, this low rate is indicative of an employee perquisite as opposed to a market rate. The One East Main lot located one block to the east has 92 spaces which are leased for $65.00 per month. Only tenants of the building can park on this lot. At present there are no vacancies.

Public Surface Lots

One of the public lots in the area is immediately across the street from the One East Main Lot at the corner of Doty Street and South Pinckney Street, just east of the Madison Municipal Building and the Post Office. The Block 88 Lot is a 20 space lot, typically with occupancy above 90%, and containing all meters at $.60 per hour. Even though this lot is across the street from the Doty Street Ramp and the State offices, the demand for this lot is not as great as the demand for the Doty Street Ramp because it does not offer reserved spaces. It is assumed that workers in the area would prefer to pay for reserved parking instead of having to leave work and feed a meter at various intervals throughout the day.

The other parking lot operated by the city is the Brayton Lot at the corner of Washington and Butler. Vacancy rates for this lot vary throughout the year. The lot includes some meters; however, a larger percentage of the lot is ticket parking.

The above listing showing the supply of stalls in the major parking structures and surface lots as well as vacancy statistics and parking rates needs to be further analyzed in terms of the parking demand generators in order to provide a conclusion as to supply and demand relationships. The above data is clear in that while there is some

minor vacancy with respect to reserved stalls at the City and County ramps, there is virtually no vacancy in the private sector parking ramps that are associated with major office buildings. This suggests a preference for captive and/or convenient parking associated with an office building. In talking to downtown investors, brokers, and property managers, it has been suggested that a Class A office building needs one parking stall per 300 square feet in order to have a Class A image and be able to lease its space. This figure is approximate. Others have suggested ratios of one stall for every 450 square feet up to one stall per 200 square feet. However, our research and interviews indicate a central tendency at the one stall per 300 square feet of rentable area ratio mentioned above. The Class A buildings analyzed in our Office Market Analysis generally have parking ratios within the range described above. However, the apparent tremendous imbalance in the market is created by two factors. First, the State does not always provide parking for its buildings in keeping with market standards. Also, many of the Class B and C buildings have little or no parking at all. Downtown merchants and daytime visitors also generate parking demand.

In an attempt to quantify parking supply and demand, we used the figure mentioned earlier in this report of 3.8 million square feet of rentable office space in downtown Madison as a starting point. By adding up the reserved stalls in the publicly owned parking ramps researched for our analysis (801), the parking stalls in ramps associated with privately owned office building in the Square area (approximately 2,100) and the ramp or underground parking stalls directly associated with State-owned office buildings (1,100), there would be approximately 4,000 reserved parking stalls available to the

Square office market as well as offices in the blocks immediately surrounding the Square. This may not include the entire 3.8 million square foot inventory of office space mentioned above, but it would include the majority of this space. At 3.8 million square feet and using a ratio of 3 stalls per 1,000 square feet of rentable area, this volume of office space would require 11,400 parking stalls. Again, the number of reserved parking stalls that we analyzed in major parking structures and surface lots that are able to conveniently serve this market total approximately 4,000 stalls. While this analysis is not exhaustive in terms of the square footage of office space that would be directly be served by the parking structures and lots researched, clearly there is an imbalance.

While our research is not exhaustive, it clearly underlines the shortage of parking in the downtown Madison market. Demand for reserved spaces appears to be greatest in the southeast quadrant of the Square market, which is the location of the major State office buildings. Most privately owned ramps lease their spaces only to occupants of their building and our research indicates that a majority of these facilities have waiting lists. In terms of relating this to the potential of the Anchor Ramp and the Madison Newspapers Lot, these facilities are located such that they can take advantage of both private sector office users as well as government workers. Therefore, these facilities are in a favorable location and should command a premium price. Our research indicates that the current rates for reserved, sheltered parking ranges from $75.00 per month to $85.00 per month, with a central tendency in the $80.00 to $85.00 per month range. The best evidence of the economic potential of the Madison Newspapers Lot for surface parking is indicated by the lot at One East

Main lot at $65.00 per month.

Given the extremely tight parking market and the tremendous imbalance between supply and demand, it is probable that an owner of a favorably-positioned facility can achieve rate increases commensurate with or exceeding expected inflation. In other words, the owner of such a facility can charge a price more related to what demand conditions will warrant, and can adjust pricing based on experimenting with higher rates while attempting to keep occupancies at desired levels. In terms of the Anchor Ramp, a reasonably forecast rate for 1993 would be approximately $90.00 per month, which is about a 6% increase over the current level being achieved in 1992.

ZONING ANALYSIS

The purpose of the Zoning Analysis section is two-fold. First, the subject property will be studied to determine whether or not it is a legal, permitted use in terms of the ordinance that governs its location. Second, the permitted uses and limitations on those uses allowed within the zoning district will also be explored, with this information to be applied later in this report when determining the highest and best use of the subject property.

The subject is located within the C4 Central Commercial zoning district, in the City of Madison. This type of commercial district is intended to provide uses which are citywide, regional or state significance. All new buildings and any major alterations of an existing building phase must be approved by the City Planning Commission due to the community's objective of maintaining the aesthetic qualities of this district. Notice that on-site parking is not required in the C4 district.

Other provisions within this district include the following:

1. General Regulations.

   a. Uses permitted in the C4 district are subject to the fact that any new construction of a building addition to an existing building or major alteration of the exterior face of the building shall conform to the urban design guidelines for downtown Madison published by the Urban Design Commission.

2. Permitted Uses.

   a. Uses permitted in the C2 district (which includes uses permitted in the C1 district), except restaurants, are permitted.

      1. These include offices, financial institutions, department stores, hospitals, hotels/motels, and a variety of other retail business, and service oriented establishments.

3. Conditional Uses.

   a. Parking facilities, non-accessory and public/privately owned and operated parking for private passenger automobiles only, subject to the provisions of Section 28.11 and limited to those areas paved as of 1/77, or those owned by the parking utility as of 1/77.

4. Lot Area Requirement.

   a. In the C4 district, there shall be no lot area requirements.

5. Height Regulations.

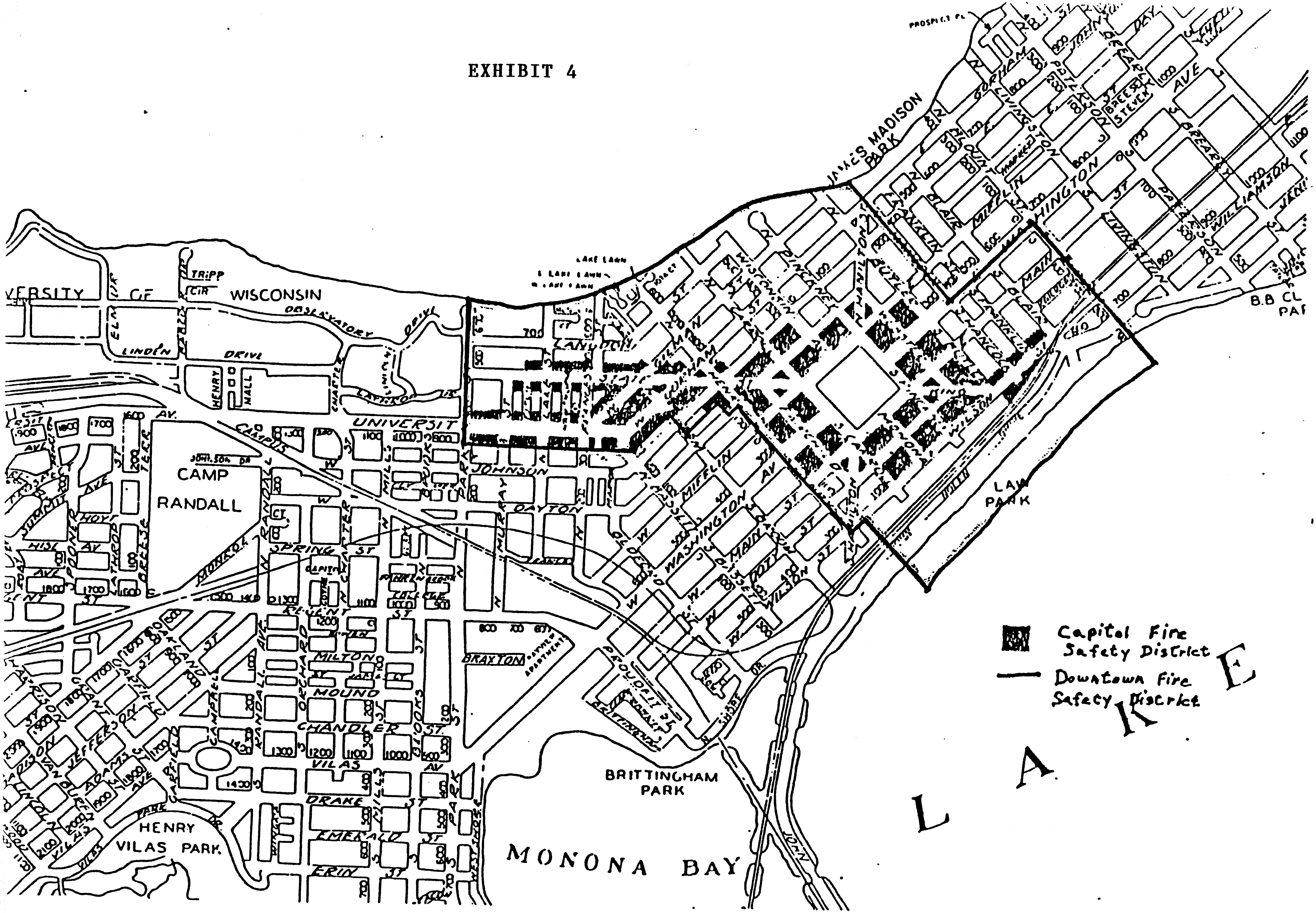
   a. Buildings on zoning lots having street frontage on the Capitol Square or West Washington, or Wisconsin Avenue or on Martin Luther King, Jr. Blvd. and buildings on zoning lots fronting on the southeast side of East and West Wilson Street shall not be less than three stories and not more than ten stories in height. The buildings on lots in this zoning district not having frontage on the above mentioned streets shall have a maximum height of eight stories.

6. Yard Requirements

   a. A minimum rear yard of ten (10) feet shall be provided for the purpose of loading and unloading from future alleyway systems. However, this requirement may be waived by the Zoning Board of Appeals only upon its findings that such rear yard is not necessary as a part of an alleyway system.

In addition to the C4 zoning regulations the property is also subject to the following:

EXHIBIT 4



UNIVERSITY OF WISCONSIN
JAMES MADISON PARK
CAMP RANDALL
BRITTINGHAM PARK
HENRY VILAS PARK
MONONA BAY
LAKE
LAW PARK
OBSERVATORY DRIVE
LINDEN DRIVE
UNIVERSITY AV.
JOHNSON
DAYTON
SPRING ST
REGENT ST
MILTON
MOUND
CHANDLER ST.
VILAS AV
DRAKE ST
EMERALD ST.
ERIN ST
BRAXTON
GORHAM
JOHNSON
LIVINGSTON
MIFFLIN
WASHINGTON
WILLIAMSON
MAIN
WILSON
DOTY
PROUDFIT ST
Capitol Fire Safety District
Downtown Fire Safety District

1. Capitol View Preservation.

   According to Section 28.04, general provisions of the city's zoning code, Section 14 notes that this ordinance was established to preserve as well as to promote and enhance the view of the State Capitol Building from various parts of the city.

   a. All buildings or structures erected, altered or enlarged shall be subject to the following regulation:

      No portion of any building or structure located within one mile of the center of the State Capitol Building shall exceed the elevation of the base of the columns of said Capitol Building or one hundred eighty-seven and two-tenths (187.2) feet, City datum. Provided, however, this prohibition shall not apply to any flagpoles, communication towers, except communication towers in residential districts which shall comply with the requirements of Section 28.08(1)(d), church spires, elevator penthouses, screened air conditioning equipment on existing buildings, and chimneys exceeding such elevation, when approved as conditional uses. For the purpose of this subsection, City datum zero (0.00) feet shall be established as eight hundred forty-five and six-tenths (845.6) feet above sea level as established by the United States Coast and Geodetic Survey.

2. Capitol Fire Safety District

   The property is located within the Capitol Fire Safety District. This indicates that alterations to existing structures must be of noncombustible metal studs. Wood framing members are prohibited.

3. Downtown Fire Safety District

   The property is also located within the Downtown Fire Safety District. A map showing the Capitol Fire Safety District and the Downtown Fire Safety District is on the facing page as Exhibit 4. In the Downtown Fire Safety District all new constructions must be Type 6 construction, indicating that there must be a metal frame. However, there can be wood partitions.

Section 28.11 of the zoning ordinance establishes off-street parking and loading facilities requirements. Regulations under this ordinance include the following:

1. Whenever the existing use of a building or a structure shall be hereinafter be changed to a new use, parking or loading facilities shall be provided as required per such new use.

2. Control of Off-Street Parking Facilities.

   a. In cases where parking facilities are permitted on land other than the zoning lot on which the building or use served is located, such facilities shall be in the same possession as the zoning lot occupied by the building to which the parking facilities are accessory.

      1. Exception: When such parking facilities are approved as a conditional use for sale or lease by the owner to an owner of business for use as accessory parking in the conduct of said business. Possession shall be by deed whereby requiring the owner to be bound by a covenant filed with the Register of Deeds requiring him, his heirs or assigns to maintain their net required number of parking facilities for the duration of the use served.

3. All parking spaces required by this ordinance shall be located on the same zoning lot as the building/use served except that parking facilities may be located on land other than the zoning lot on which the building is located, provided:

   a. Such parking facilities are located within 1000 feet walking distance of the main entrance to the use served.

4. Parking spaces required on an employee basis shall be based on the maximum number of employees on duty on the premise at one time.

Section 28.11(3) of the city's zoning code also gives specific regulations that are followed for off-street parking facilities accessory to uses allowed by the zoning ordinance. These include the utilization of parking spaces, the computations used to determine the number of spaces, the size of and access to the area as well as provisions for the design and maintenance of the parking area. The specific guidelines within the section of the zoning code indicate the city's interest and strict control over parking in the area. Provisions for these uses does not pertain to the Madison Newspapers Lot or Anchor Ramp since they are not accessory uses on the same parcel as the Anchor Building; they are separate uses on individual parcels.

Of all the commercial districts within Madison, the C4 district is the most comprehensive. There are a large variety of uses which are permitted in this district, including those permitted in the C1 Limited Commercial and C2 General Commercial Districts (with the exception of restaurants). Therefore, this would tend to allow a variety of users to locate within this area. However, as previously mentioned, the city is quite strict on restrictions for a change in use or a conditional use for a property. Approval from the Plan Commission is necessary in order to maintain the quality of this district.

In summary, the subject is considered to be a legal conforming use. Its use is permitted in this district, and it complies with height requirements. Its construction also complies with fire-safety regulations.

REAL ESTATE ASSESSMENT AND TAXES

The subject is identified on the City of Madison's tax roll by three separate parcel numbers. The following is a listing of each property and its corresponding parcel number.

Anchor Building
25 West Main
Parcel Number 0709-242-0607-6

Anchor Ramp
126 South Carroll
Parcel Number 0709-242-0902-0

Madison Newspapers Lot
115 South Carroll
Parcel Number 0709-242-0616-7

The total 1991 assessment for all three properties was as follows:

Land	$1,676,000
Improvements	7,874,000
Total	$9,550,000

The 1991 net tax rate was $33.35/$1,000 of assessed value. The total 1991 taxes were as follows:

Anchor Building	$ 223,449.69
Anchor Ramp	71,704.00
Madison Newspapers	23,345.49
Total 1991 Taxes	$ 318,499.18

Total taxes for each property have been steadily increasing for the last 5 years.

Exhibit 5 on the next page illustrates the changes in assessments and real estate taxes for each property from 1987 to 1992. The exhibit also details the net tax rates over the past 5 years. As previously mentioned, the tax rate has been increasing throughout these years with an average annual percentage increase of 3.25%.

According to the city, assessments in Madison should be at 100% of market value; however, they are typically around 94% to 98% of market according to state equalized values. Assessed values are reviewed each year.

Exhibit 5 also identifies the change in total taxes for each property. The average annual percentage increase in total real estate taxes was 4.54%, 5.90%, and 4.0% for the Anchor Building, Anchor Ramp and Madison Newspapers Lot, respectively. For the Anchor Building, the largest increase in taxes was in 1990, when the assessment for improvements increased $300,000 and the tax rate increased 2.67% In 1989, the Anchor Ramp had an increase of 13.3% in its taxes with $150,000 increase in the assessment for improvements and a 5% increase in the tax rate. The 5% increase in the tax rate in 1989 also resulted in a 5% increase in taxes for the Madison Newspapers Lot for that year. A change in total real estate taxes for 1992 will be a direct result of the change in the tax rate, since the 1992 assessment for each property is identical to the previous year. However, the city is in the process of reviewing assessments for 1993. While we do

EXHIBIT 5

CHANGES IN ASSESSMENTS AND REAL ESTATE TAXES - 1987 TO 1992
ANCHOR BANK PROPERTIES IN DOWNTOWN MADISON

ANCHOR TOWERS
25 WEST MAIN PARCEL NO. 0709-242-0607-6

ASSESSMENT YEAR	LAND	IMPROVEMENTS	TOTAL	% CHANGE	NET TAX RATE	% CHANGE	REAL ESTATE TAXES	% CHANGE
1987	$620,000	$5,680,000	$6,300,000	0.00%	0.0297936	4.77%	$187,699.68	4.77%
1988	$620,000	$5,680,000	$6,300,000	0.00%	0.0301495	1.19%	$189,941.85	1.19%
1989	$620,000	$5,680,000	$6,300,000	0.00%	0.0316612	5.01%	$199,465.56	5.01%
1990	$620,000	$5,980,000	$6,600,000	4.76%	0.0325074	2.67%	$214,548.84	7.56%
1991	$620,000	$6,080,000	$6,700,000	1.52%	0.0333507	2.59%	$223,449.69	4.15%
1992	$620,000	$6,080,000	$6,700,000	0.00%	N/A	N/A	N/A	

NOTE: In 1979 the total assessment was $6,600,000, but in 1980 the assessment was reduced to $5,700,000.
In 1986 the mill rate was 0.0284369 and the 1986 assessment was $6,300,000 with real estate taxes of $179,152.47.

ANCHOR PARKING RAMP
126 SOUTH CARROLL PARCEL NO. 0709-242-0902-0

ASSESSMENT YEAR	LAND	IMPROVEMENTS	TOTAL	% CHANGE	NET TAX RATE	% CHANGE	REAL ESTATE TAXES	% CHANGE
1987	$400,000	$1,500,000	$1,900,000	0.00%	0.0297936	4.77%	$56,607.84	4.77%
1988	$400,000	$1,500,000	$1,900,000	0.00%	0.0301495	1.19%	$57,284.05	1.19%
1989	$400,000	$1,650,000	$2,050,000	7.89%	0.0316612	5.01%	$64,905.46	13.30%
1990	$450,000	$1,650,000	$2,100,000	2.44%	0.0325074	2.67%	$68,265.54	5.18%
1991	$450,000	$1,700,000	$2,150,000	2.38%	0.0333507	2.59%	$71,704.00	5.04%
1992	$450,000	$1,700,000	$2,150,000	0.00%	N/A	N/A	N/A	

NOTE: In 1986 the mill rate was 0.0284369 and the 1986 assessment was $1,900,000 and
real estate taxes were $54,030.11.

ANCHOR PARKING LOT
115 SOUTH CARROLL PARCEL NO. 0709-242-0616-7

ASSESSMENT YEAR	LAND	IMPROVEMENTS	TOTAL	% CHANGE	NET TAX RATE	% CHANGE	REAL ESTATE TAXES	% CHANGE
1987	$600,000	$75,000	$675,000	0.00%	0.0297936	4.77%	$20,110.68	4.77%
1988	$600,000	$75,000	$675,000	0.00%	0.0301495	1.19%	$20,350.91	1.19%
1989	$600,000	$75,000	$675,000	0.00%	0.0316612	5.01%	$21,371.31	5.01%
1990	$606,000	$84,000	$690,000	2.22%	0.0325074	2.67%	$22,430.11	4.95%
1991	$606,000	$94,000	$700,000	1.45%	0.0333507	2.59%	$23,345.49	4.08%
1992	$606,000	$94,000	$700,000	0.00%	N/A	N/A	N/A	N/A

not know what the results of this review will be, an increase in assessed value(s) appears likely.

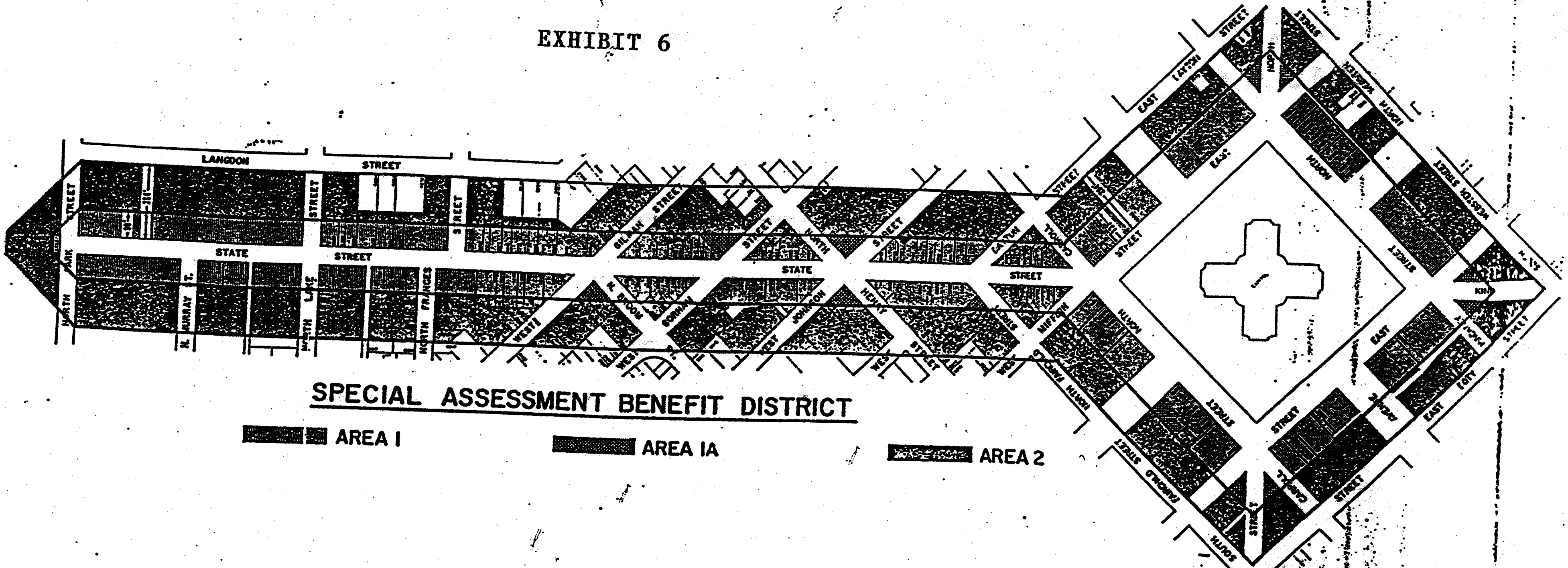
Each of the three properties, in addition to general taxes, is subject to a special assessment for mall maintenance expenses for the State Street and Capitol Concourse Mall.

Each year an annual estimate of the projected budget for maintenance is established, and any necessary budget variances from year to year for actual expenses are made. Then, after the City absorbs its share of the expense, as well as the State's share, a certain percentage of the expenses will be paid by the vendors. Following this, the remainder of the maintenance expenses are then pro-rated among the property owners within the mall assessment district. Exhibit 6 on the next page provides on outline of the district being discussed. Note the three different types of shading, indicating that the assessable area of each property may not equal its entire area. For instance, since the Anchor Building is located on the Square, it is assessed for 100% of its site. However, due to the location of the Anchor Ramp and Madison Newspapers Lot off the Square, each of their assessable areas is only 31% of their total site area.

The following is a breakdown of the pro-rata share of maintenance expenses for each property.

Parcel	Total Area	Assessed Area	Total Special Charges
Anchor Towers 25 West Main	16,500 sq ft	16,500 sq ft	$1,269.35
Anchor Parking Ramp 126 South Carroll Street	16,035 sq ft	5,020 sq ft	$ 386.22
Anchor Parking Lot 115 South Carroll Street	16,500 sq ft	5,099 sq ft	$ 392.27
Total Special Charges			$2,047.84

EXHIBIT 6


LANGDON
STREET
STATE
STREET
STATE
STREET
N. MURRAY ST.
NORTH LAKE
NORTH FRANCES
EAST
EAST
NORTH
SOUTH
STREET
KING
SPECIAL ASSESSMENT BENEFIT DISTRICT
AREA I
AREA IA
AREA 2

According to the above 1992 assessments, the assessment rate was $0.07693/square foot for each property's pro-rata share of the mall maintenance expenses, which is to be paid in full by January 31, 1993.

SITE DESCRIPTION AND ANALYSIS

ANCHOR BUILDING

The Anchor Building is situated on a site that has an indicated area of 16,500 square feet per City Records. The site has 125 feet of frontage on West Main Street, with a depth of 132 feet along South Carroll Street. The site has a slope toward Lake Monona to the south, with a downhill slope of approximately 8% to 10%. The site is basically square in shape and its configuration does not cause any limitation on its utility.

The blueprints for the original section of the Anchor Building contained soil boring records. Three soil borings were taken on the site, with a top layer of fill, a middle layer of brown silty clay, with the bottom of the core noted as brown slightly silty fine to medium sand with some small to medium gravel. The borings achieved a maximum depth of 25 feet, which is about the maximum depth of the building's foundation system. These types of soil are apparently common around the Square area, and given the mass of the improvements found around the Square apparently present no unusual constraints with respect to building construction. Further, our inspection of the Anchor Building did not reveal the presence of any apparent major soil problems. We did notice the presence of a minor stress crack in the building lobby, but there was no observed evidence of foundation crackage or building shifting.

In terms of infrastructure, the blueprints note that presence of a 6 inch sanitary sewer line, an 8 inch water line, and a 10 inch gas line in Main Street. There is also underground telephone and electric available in Main Street.

Traffic around the Square is one-way in a counter-clockwise pattern with a parking lane adjacent to the Capitol Square itself, a through-traffic lane next to that, and an outer restricted lane for bus traffic and right turns off the Square. South Carroll Street is a two lane street with one-way traffic directed toward the Square. The street has one traffic lane, with the other lane for metered angle parking. Streets in the vicinity of the subject are asphalt paved with concrete curb, gutter, and sidewalks. The streets are lighted.

Since no survey was provided by the owner for use with this report, it is difficult to ascertain via inspection where the site of the Anchor Building stops and the Madison Newspapers Lot commences. Given the lot coverage of the Anchor Building of about 85%, it is likely that part of the Madison Newspapers Lot surface parking area is actually situated on the site of the Anchor Building. Therefore, the curb cut on South Carroll Street, which is the only street access to the overall site, might be on the site of the Anchor Building as opposed to the Madison Newspapers Lot.

According to Mr. Edwin Hill, Jr., the Anchor Building site is subject to a 15 foot easement agreement along its eastern boundary, with no building allowed within 15 feet of the lot line above a third floor level. This easement agreement was implemented when Anchor purchased the fifteen feet of land from Affiliated Bank in 1975. Affiliated agreed to a similar easement on its adjoining site,

creating a 30 foot gap between the upper floors of the Anchor addition and any building built on the adjacent site. This is part of the site for the proposed M&I Bank/Foley & Lardner building. This easement is viewed as having a neutral or even positive effect on value, since it serves to preserve views.

ANCHOR RAMP

The Anchor Ramp is situated on a 16,035 square foot site per City Records. The site is basically square in shape, with a triangular section that is cut off of this square by Hamilton Street. The Anchor Ramp site occupies the northwest corner of West Doty Street and South Carroll Street with frontage on South Hamilton Street as indicated above. The site has approximately 108 feet of frontage on West Doty Street, 131 feet of frontage on South Carroll, and 52 feet of frontage on South Hamilton Street. This site also slopes off to the south towards Lake Monona with a slope of approximately 8%. The shape of the site does not necessarily limit its utility. However, the site is small for its use as a parking ramp. The ramp that was built on the site is inefficient due to the fact that the site is too small a site on which to build a functionally efficient parking ramp. Current standards call for gross ramp areas of between 285 square feet to 330 square feet of building per parking stall. The Anchor Ramp has a gross building area of almost 430 square feet per parking stall. This is due to the single-loaded design around a central core, which again is due to the constraints imposed by the application of the building technology of the parking ramp on the site.

The soil types indigenous to the Anchor Ramp site are basically the same as those described above. Again, the blueprints for the parking ramp contain the soil boring logs for borings at the lot corners. These borings were done down to a level of approximately 20

to 25 feet, and discovered the same type of soil materials as those discussed above with respect to the site of the Anchor Building. Our inspection of the Anchor Ramp did not indicate any type of soil problems such as foundation wall cracking, uneven settling, etc. According to the blueprints, all usual utilities are available to serve the site. There are sewer, water, gas, telephone, and electric lines available in Doty Street. A similar compliment of utility services is available in South Carroll Street.

In terms of street access, the main access to ramp is off of West Doty Street. The ramp formerly had a drive-thru facility for the savings and loan, but this is no longer used. The drive-thru banking facility involved the use of a driveway along the north side of the building between Carroll Street and Hamilton Street.

MADISON NEWSPAPERS LOT

The Madison Newspapers Lot is a 16,500 square foot lot with the same dimensions as those listed above for the site of the Anchor Building. The Madison Newspapers Lot is situated on the northeast corner of West Doty Street and South Carroll Street and has 125 feet of frontage on West Doty Street, with a depth of 132 feet on South Carroll Street. It is contiguous with the Anchor Building site; the rear lot lines of the respective sites abut one another. The Madison Newspapers Lot also slopes off to the south toward Lake Monona, with a slope similar to that described for the Anchor Building site.

The site referred to as the Madison Newspapers Lot was formerly improved with the building of Madison Newspapers, Inc., and it is believed there may have been other buildings on the site. The size, construction, and other details of these improvements are not known. All razing was done some years ago, and the scope of the razing

work is not known. It is likely that building foundations were left in place and the site filled at that time, prior to creation of the surface parking lot. Therefore, while the shape of the Madison Newspapers Lot offers similar utility to the Anchor Building site, the work that would be necessary to create a buildable site cannot be a ascertained. Also, according to Mr. Edwin Hill, Jr., there is an underground ink storage tank still present somewhere on the Madison Newspapers Lot. It is not known whether any environment contamination has been caused by presence of this tank. Also, Mr. Hill was not aware as to whether or not the tank was empty or if it still contained ink.

The exact soil type for the Madison Newspapers Lot could not be ascertained since no soil boring records were available for our examination. However, it is likely that the soil type is the same as that described above for the Anchor Building and the Anchor Ramp sites. The fact that the Madison Newspapers Lot is the site of a razed building(s), and was filled after razing, means that imported soils are present on the site.

Street access is afforded the Madison Newspapers Lot by a curb cut on South Carroll Street. There is no street access onto West Doty Street. It is likely such street access could no longer be obtained from the City of Madison given the way that Doty Street now functions as part of the so-called outer-loop. The 1991 traffic count in this vicinity of Doty Street was 13,500 automobiles per day, which implies that the city might be reluctant to grant street access at this point.

Conclusion

To conclude, the sizes, shapes, indigenous soils, and topography of the sites of the respective properties being appraised do not

EXHIBIT 7

ANCHOR BUILDING

Gross Building Areas

Floor	Original Tower	Addition	Total
Basement	10,570 sq ft	6,801 sq ft	17,371 sq ft
1	7,379 sq ft	6,749 sq ft	14,128 sq ft
2	7,334 sq ft	6,680 sq ft	14,014 sq ft
3	7,334 sq ft	4,634 sq ft	11,968 sq ft
4	7,373 sq ft	4,634 sq ft	12,007 sq ft
5	7,373 sq ft	4,634 sq ft	12,007 sq ft
6	7,373 sq ft	4,634 sq ft	12,007 sq ft
7	7,373 sq ft	4,634 sq ft	12,007 sq ft
8	7,373 sq ft	4,634 sq ft	12,007 sq ft
9 (Mechanicals) Under Roof	7,006 sq ft	5,229 sq ft	12,235 sq ft
Total Floor Area	8,050 sq ft	5,229 sq ft	13,279 sq ft
Totals			
1-8	58,912 sq ft	41,233 sq ft	100,145 sq ft
B-8	69,482 sq ft	48,034 sq ft	117,516 sq ft
1-9 (Under Roof)	72,719 sq ft	46,462 sq ft	112,380 sq ft
1-9 (Total Area)	66,962 sq ft	46,462 sq ft	113,424 sq ft
B-9 (Under Roof)	76,488 sq ft	53,263 sq ft	129,751 sq ft
B-9 (Total Area	77,532 sq ft	53,263 sq ft	130,795 sq ft

appear to cause any unusual development constraints. None of the sites are in a designated flood plain. None are known to be subject to unusual easement agreements that would impact on value. The size of the Anchor Ramp site is apparently not conducive to the development of the parking ramp given the relatively high gross building area per parking stall developed.

IMPROVEMENTS - DESCRIPTION AND ANALYSIS

ANCHOR BUILDING

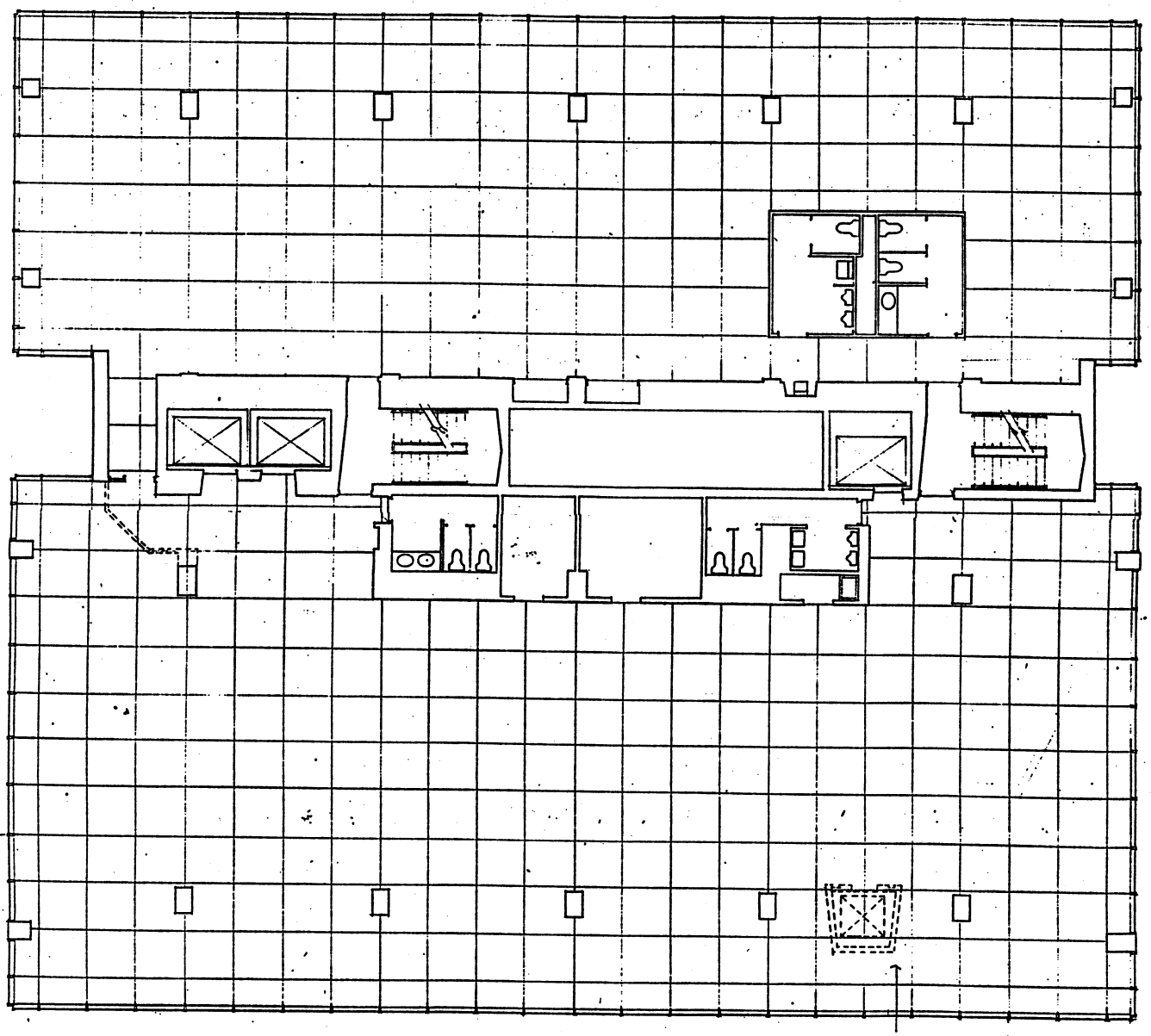
The Anchor Building is a 9 story building with a full basement that has a precast concrete frame and glass curtain wall construction. The Anchor Building consists of two architecturally and structurally integrated phases that have a total gross area (including basement) of 130,795 square feet.

The construction of the original section of the Anchor Building commenced in May of 1963 and was completed in the fall of 1964. Construction of the addition to the Anchor Building was commenced in the fall of 1975 and was completed in late 1976. The original section of the building accounts for 77,532 square feet of gross area, with the gross area of the addition estimated at 53,263 square feet.

A summary of the gross building areas of the Anchor Building is presented on Exhibit 7 on the facing page. Notice that the 9th floor houses the mechanical systems of the building. That part of the 9th floor on which the cooling tower is located is not under roof.

The Anchor Building sections are basically rectangular in shape. The basement of the original section is larger than the above-ground floors because the basement of the original building section extends under the sidewalks along both the West Main Street and South Carroll

EXHIBIT 8



TYPICAL FLOOR PLAN 3 THRU 8
1/8" = 1'-0"

Date 4/4/75	Drawn By	Project No. 74005	ANCHOR SAVINGS & LOAN TENANT: FLOOR:	Revisions

Flad & Associates, Inc.
Architects Engineers Planners
Madison and Milwaukee

Street frontages. The basement and first two floors of the addition to the Anchor Building are also larger then floors 3 through 8.

The entire Anchor Building is used as office space, except for a portion of the basement which is used for storage and the 9th floor, which houses the mechanical systems. The building has an elevation of approximately 99'-6" above grade along its Main Street elevation, with a height of approximately 112', if the penthouse on the roof is included. Since the grade of the site slopes off to the south, the rear of the building has an effective elevation that is higher than the previously stated figures.

The architecture of the Anchor Building could be described as modern for the era during which the original building section was built. The architectural style of the building's exterior is starting to become dated according to current market standards. However, in terms of market perception, the architecture of the building does not have a negative influence on the acceptability of the building.

The original tower of the Anchor Building was built with two distinct building sections. The eastern section of the building (about 10% of the area of a given floor) consists of front and rear stair towers and elevator shafts with the central portion of this eastern section devoted to pipe chases and air shafts. Immediately adjacent to this central air shaft and pipe shaft area are the men's and women's restrooms. Between the restrooms is the telephone and electrical closet and an area that is used as storage or as office space, depending on the floor. The balance of the floor to the west of the above-mentioned areas is utilized as office space.

A representative floor plan for the building is included on the facing page as Exhibit 8, with further building floor plan information in Appendix F. Also, representative building photographs are included in Appendix G.

The layout of the office space varies from floor to floor, depending on the location of the corridor on a given floor. The building was originally designed around the use of moveable partitions which are used to create office spaces and hallways. On some floors, this corridor extends further to the west, creating a 23′ bay depth from the western building facade, thereby creating a core office area. On other floors, this hallway runs immediately adjacent to the central restroom, core office/storage, and telephone/electrical closet area, with a 38′ bay depth from the western building facade.

The addition to the original Anchor Tower joins the original section to the east, connecting at the central core of the building. The new section of the building has its vertical shafts, in effect, layered next to the vertical shafts of the original section of the building. The addition shares the elevators and stairs of the original building. The corridor for the addition is of fixed construction and is adjacent to the shaft section discussed above. This creates a bay depth of approximately 33′ from the eastern facade of the addition. A hallway in the front of the building plus hallways through the front and rear stair towers connect the two building sections.

In effect, then, there is a circular hallway pattern that runs around a large central core area of the building, with the office areas of the building typically single loaded toward the glass sides of the building. This large central core area thus creates a rather inefficient building design. The ratio of rentable area to total gross building is approximately 69%.

It should again be pointed out that when discussing building efficiency and rentable area, that the definition of rentable area

EXHIBIT 9

ANCHOR BUILDING

Rentable Building Areas

	Rentable Building Areas			Rentable Building Areas Per Current Leasing		
	Original Tower	Addition	Total	Original Tower	Additional	Total
Basement	7,610 sq ft	5,455 sq ft	13,065 sq ft	7,610 sq ft	5,455 sq ft	13,065 sq ft
1	5,575 sq ft	5,646 sq ft	11,221 sq ft	5,575 sq ft	5,646 sq ft	11,221 sq ft
2	5,695 sq ft	5,660 sq ft	11,355 sq ft	5,695 sq ft	5,660 sq ft	11,355 sq ft
3	5,363 sq ft	3,660 sq ft	9,023 sq ft	5,415 sq ft	3,793 sq ft	9,208 sq ft
4	5,363 sq ft	3,660 sq ft	9,023 sq ft	5,565 sq ft	3,660 sq ft	9,225 sq ft
5	5,283 sq ft	3,660 sq ft	8,943 sq ft	5,283 sq ft	3,624 sq ft	8,907 sq ft
6	5,428 sq ft	3,660 sq ft	9,088 sq ft	5,428 sq ft	3,678 sq ft	9,106 sq ft
7	5,283 sq ft	3,660 sq ft	8,943 sq ft	5,340 sq ft	3,660 sq ft	9,000 sq ft
8	5,428 sq ft	3,660 sq ft	9,088 sq ft	5,198 sq ft	3,660 sq ft	8,858 sq ft
9 (Mechanicals) Under Roof		N/A			N/A	
Total Floor Area		N/A			N/A	
1-8		33,266 sq ft	76,684 sq ft			
B-8		38,721 sq ft	89,749 sq ft			89,945 sq ft

used in Madison differs from the definition of rentable area that is used as a national standard (BOMA Measurement). The Madison definition of rentable square footage typically includes only that space occupied and used by a tenant and does not typically include any add-on space for a pro-rata share of common areas on a given floor. This definition approximates the BOMA definition of useable square footage. However, since participants in the Madison office market use the term rentable for what is also referred to as useable square footage, the term rentable will be used throughout this report since this is the local standard.

Exhibit 9 on the facing page shows two versions of the rentable areas in the Anchor Building. The first set of rentable building area calculations is based on utilization of the leasing plan for the building without taking into account the current leases in place. The second portion of the exhibit reflects the rentable building area as the building is currently leased.

The overall construction of the Anchor Building is of good quality, reflecting the fact that the building was built by an institution. The following is a summary of the construction details for the Anchor Building, based on an examination of blueprints and actual inspection. This description of the building improvements will be presented in an outline format as follows:

Site Preparation and Excavation: Excavation for construction included excavation for the 17,371 square foot basement area. The basement of the original building section extends about 12 feet under the West Main Street and South Carroll Street sidewalks. The basement of the addition does not extend under the Main Street sidewalk. In addition, the excavation for the subject improvements includes the excavation for the tunnel that connects the original section of the Anchor Building to the Anchor Ramp. The tunnel has a gross width of 13'-10". It runs along the entire back of the original tower and

under Carroll Street to the parking ramp with a total length of approximately 140 feet. The basement of the Anchor Building is 12'-10" below the level of the first floor. Based on an examination of the blueprints, the deepest part of the foundation system is 22' below grade. The lot coverage of the Anchor Building is about 85% not including the Madison Newspapers Lot. However, this does not take into account the areas that are excavated below the sidewalk. In terms of site preparation, the site has a natural slope to the southeast towards Lake Monona. This natural slope was retained during the development of the building, with the first floor of the building approximately 2' above grade at the rear of the building.

Foundation System: The foundation walls of the building rest on continuous concrete spread footings that are typically 2'-2" in width. The foundation walls are typically 10" thick, although these walls vary from 8" to 12" in thickness. The foundation system also includes poured concrete column footings which vary in size and thickness. The smallest column footing is 9'-6" x 9'-6" x 33" thick with the largest column footing at 14' x 28' by 32" thick.

Basement Slab: The basement slab is a 5" reinforced concrete floor slab on a vapor barrier over a 6" gravel base.

Frame: The framing system of the building consists of poured-in-place concrete columns. The load of the poured-in-place concrete floor slabs is spread onto the columns by drop panels. The columns at the front and rear of the building run along the glassline, whereas, the columns on the west side of the original section are back about 10' from the glassline and the columns along the east of the new addition are 8' back from the glass line. The bays in the front and rear of the building are 17'-10" and the 4 central bays in the building are all 20 feet.

Exterior Wall System: The wall system consists of a glass curtain wall on floors 1 through 8 with decorative precast concrete fins and sills on floors 3 through 8. These fins and sills are intended to reduce solar load. The 9th floor, which houses the mechanical systems, has an exterior wall system that consists entirely of precast concrete panels. All of the precast concrete on the building (e.g., panels, fins, etc.) has a quartz-aggregate surface. In addition, that portion of the walls of the ground floor of the original section of

the building that is above grade, but below first floor level (i.e., along the Carroll Street frontage and at the rear of the building) is finished with decorative polished granite panels. The east facade of floors 1 and 2 and the rear facade of floor 1 of the addition portion of the Anchor Building do not have any windows.

Structural Floors: Structural floors are typically 10" poured-in-place reinforced concrete floors. The blueprints indicate that the ground floor of the original section has a 2" topping, which is terrazzo in some areas. In addition, the structural floor thickness on the 2nd floor of the original building section is indicated to be 7". Also, the thickness of the 9th floor (mechanical room floor) is indicated to be 11". Notes on the blueprints indicate that the design loads in the original building section are 60 pounds per square foot in the offices, 80 pounds per square foot in the corridors, 100 pounds per square foot for the main floor and mechanical floor. Design notes on the blueprints for the addition indicate live loads of 70 pounds per square foot on floors 2 through 8 (including a 20 pounds per square foot load for partitions), and loading of 100 pounds per square foot for the corridors 1st floor and 9th floor.

Roof: The roof system consists of built-up tar and gravel roofing on insulating roof fill on the original section of the building and what appears to be rigid insulation for the addition on a 9" reinforced concrete floor slab. The perimeter wall around the roof is finished with copper coping. The roof surfaces on both the original section of the building and addition are original. The roof surface on the original section of the building is due to be replaced next year.

Lower Level Finishes:

Storage = Approximately 20% of the lower level is used as storage. Finishes include concrete floor, exposed concrete ceiling, painted and exposed concrete walls.

Office Areas = Lower level office areas are finished in the same manner as upper floor office areas. Finishes include carpeted floors, vinyl base, painted drywall walls at building exterior walls, some use of moveable partitions to partition the space, and a suspended acoustical tile ceiling throughout.

Restroom = The lower level is equipped with 2 toilet rooms with 2 fixtures each in the original section of the building. These rooms are finished with a ceramic tile floor and wainscoat with painted plaster above. The lower level also has a locker and shower room facility for use by building tenants.

Other = The tunnel connecting the Anchor Building to the Anchor Ramp is finished with a carpeted floor with a vinyl base, painted drywall walls, and a metal pan ceiling. The elevator lobby and corridor is finished with a carpeted floor and vinyl base, walls of exposed quartz-aggregate in the central core of the original building section, with other walls either painted drywall or the walnut veneer moveable partitions. Ceilings in the corridor and elevator lobby areas are suspended acoustical tile with fluorescent inlay fixtures.

First Floor Finishes:

Lobby = Lobby finishes include a terrazzo floor, exposed quartz-aggregate walls at the elevator core, with painted drywall walls for the balance. The lobby has painted plaster ceiling with fluorescent lighting.

The first floor of the Anchor Building has two functional areas. The original building section is used for Anchor Bank's retail banking function. The first floor space in the addition is used as office space by Anchor, housing certain loan and credit offices.

Retail Banking Area = Finishes in the retail banking area include a terrazzo floor at the entry, with carpet for the balance. There is very limited partitioning in this area, with some private offices in the back. Wall finishes in the retail banking area include painted plaster walls in interior areas, with glass walls around the exterior. Ceiling in the retail banking area is painted plaster. We did not perform a thorough inspection of the retail banking area so as not to disturb the bank manager or customers per instructions from Anchor representatives. The blueprints also show a vault area in the retail banking area. The blueprints do not show any restroom facilities for the first floor on the original side of the building.

Office = Finishes in the office area of the addition include a terrazzo floor at the entry with carpet for the bulk of the balance. Walls are painted drywall. The ceiling is a suspended acoustical tile ceiling.

Restrooms = Restrooms on the first floor of the addition were also not inspected. The blueprints show men's and women's restroom facilities of the addition, with 2 fixtures in the women's restroom and 3 fixtures in the men's. It is assumed that the restrooms have a ceramic tile floor and other appropriate finishes.

Second through Eighth Floors Finishes - Original Section:

The 2nd through 8th floors on the original section are used as office space. Anchor Bank occupies certain floors (Floor 2 and Floor 6) and portion of other floors.

Corridors = Floors in the corridors and elevator lobbies have carpeted floors, vinyl base, exposed aggregate walls at the elevator lobbies, drywall and walnut veneer moveable partition walls, and a suspended acoustical tile ceiling with lay-in fluorescent fixtures.

Offices = The offices have the same types of finishes as mentioned above for the hallways.

Restrooms = Ceramic tile floor and base, ceramic tile wainscoat, painted plaster walls and ceilings.

Second through Eighth Floor Finishes - Addition:

Corridors = Corridor finishes in the addition include carpeted floor with vinyl base, painted drywall walls, and a suspended acoustical tile ceiling with lay-in fluorescent fixtures. Notice that the addition does not have elevator lobbies; elevator access is in the original section of the building only and is accessed by a short corridor through the stair tower and a short corridor along the front of the building.

Offices = Office finishes include carpeted floors with vinyl tile base, painted drywall interior walls, and a suspended acoustical tile ceiling with lay-in fluorescent fixtures.

Restrooms = Ceramic tile floor and wainscoat, painted drywall walls and ceilings.

Ninth Floor Finishes:

The 9th floor of both the original section and addition are devoted to housing the mechanical systems for the building. Finishes are typically exposed construction, with concrete floor and ceiling and concrete block walls. Again, the west corner of the 9th floor is not under roof in the location of the cooling tower.

Stair Tower and Connecting Hallway Finishes:

Stair tower finishes include precast terrazzo floors and steps, painted plaster walls and painted plaster ceilings. The hallway that connects the original section of the building to the addition that is located across the front of the building has a carpeted floor, vinyl tile base, and suspended acoustical tile ceiling with lay-in fluorescent fixtures.

Electrical:

The building main is a 2500 amp, 3 phase main. The building is also served by a variety of subpanels with a subpanel on each building floor in both the original section of the building and the addition. The building has its own transformer, which is housed on the 9th floor in an enclosed area by the cooling tower.

Lighting:

Lighting throughout the building is typically 2' x 4' lay-in fluorescent fixtures. These are found in hallways and office areas. There is also the use of various fluorescent and incandescent fixtures throughout the building.

Plumbing:

The original section and the addition have separate water supply connections. The addition is fed by a 6" lateral. The diameter of the lateral feeding the original section of the building could not be determined since it did not show up on the blueprints we were given, and during inspection it was found that the pipes were insulated which did not allow for their inspection. Hot water for the building is supplied via a 100 gallon capacity Bock gas-fired Hot Water Heater. This water heater has recovery capacity of 168 gallons per hour. There is a Brunner Water Softener System tied into the hot water supply. This system is over-sized to accommodate a restaurant. Hot and cold water is distributed throughout the building through the central building core to the men's and women's restroom facilities. There is also some branch plumbing distribution to the Anchor Employee Lounge on the 3rd floor, a kitchenette for a tenant on the 8th floor, and an executive washroom which is shown on the building blueprints on the 2nd floor of the original section of the building.

Typical restrooms on the office floors in the original section of the building men's and women's restrooms on each floor with 4 fixtures in the women's restroom and 6 fixtures in the men's restroom. Typical restrooms in the office areas of the addition include a women's restroom with 3 fixtures and a men's restroom with 4 fixtures. There are also drinking fountains on each office floor of both the original section and the addition.

The elevation of the Anchor Building is such that the lower level sanitary sewer collectors in both the original section of the building and the addition are below the level of the sanitary sewer main. Both sections of the building are equipped with sewage sump pits and ejection pumps with automatic warning systems.

Heating, Ventilating, and Air Conditioning:

The building is heated with hot air supplied to air handling units throughout the building. Hot air is created by hot water circulated through heating coils in the air handling units. This hot water for heat is supplied by one of two boilers. These boilers have a net rating of 2,680 MBH, 100 hp. One boiler is the main boiler, the other is a stand-by boiler. There is also a smaller boiler on-line to provide humidity for the system. Cold air for air conditioning is supplied to the mixing boxes from two air conditioning units. The building has a total air conditioning capacity of 400 tons with a main 250 Centravac unit, plus a 150 ton auxiliary unit. The smaller auxiliary chiller comes on when the main chiller cannot maintain a cold water temperature of 50° F in the system. The way the system works is that water from the cooling tower feeds the Centravac chiller unit. This cooling tower water cools the freon in the unit, which in turn cools the water in the unit, which circulates around the building. As indicated, the heating and cooling system has stand-by capacity, with pumps for the respective components of the system set up in series to allow individual start-up and shut-down.

The hot and cold air from the respective heating and cooling systems is forced through the building via two air handling units, one with a 50 horsepower and the other with a 40 horsepower fan. The air handling system recently had a Graham Energy Management System installed, which regulates fan speed based on the need in the system. The air handling system also has an economizer cycle, which can pull in outside air for cooling needs when relative temperatures are appropriate. The hot and cold air from the above

systems is distributed to mixing boxes on the various floors. These mixing boxes have variable volume controls. When a given zone calls for conditioned air, this air is distributed from the appropriate mixing box to the zone via overhead defusers. The defuser system is integral in the fluorescent lights with a boot attachment in the light fixtures. Also, there is a perimeter system of defusers along the interior of the building's exterior walls, with a perimeter return on the floors.

According to Anchor Bank's head of property management, heating and air conditioning system is sized for the existing building, and would not be able to accommodate an addition.

Fire Protection: The original section of the building is sprinklered along the front of the building and at the rear of the building and at the interior elevator shaft (i.e., the elevator that serves the interior of the Anchor space from floors 1 to 3). The addition section is fully sprinklered. In addition, the original section of the building has a standpipe system with a hose closet on each floor. Further, Anchor is now in the process of installing a new fire alarm system to conform with ADA standards at a reported cost of $84,000.

Elevators: The building is equipped with 3 central elevators that have stops in each floor, as well as an internal elevator in the original section of the building that serves only the lower level through the 3rd floor. The central elevators are located in the building core of the original section of the building; the addition has no elevators. There are 2 elevators that serve the front of the building, with one elevator serving the rear of the building. The elevator system is a Westinghouse Select-O-Matic System. The elevator specification cards were not available for inspection and the elevators that were inspected, but the elevators appear to have a capacity of about 8 person.

Stairs: The front and rear sections of the central core of the building each have a stair tower that not only provides access from the lower level up through the 9th floor, but also provides a hallway between the respective building sections. There is a ladder leading to a hatch that provides access to the roof in the original building section.

Doors and Hardware:	Doors within the tenant spaces are typically solid core flush wood doors with a walnut veneer that matches the moveable partitions. The front doors of the building are insulated glass that match the windows and the rear doors of the building are hollow metal service doors.
Site Improvements:	The site is improved with sidewalks on the street frontages, and the back of the site is improved with planting areas adjacent to the building.
Other:	The building has a loading area in the rear, which is created by a deck at the level of the first floor which is above grade, in effect creating a loading dock. There is a set of double doors at this dock area to facilitate loading, with access throughout the building then provided by the rear elevator. The building is connected to the Anchor Ramp by a tunnel. The tunnel has a minor leak where it joins the building, and attempts to cure this have failed.

The Anchor Building is in overall good condition. The building is of good quality construction and has been very well maintained over its life. The heating system is original, but the air conditioning system was upgraded with the 1975 building addition was added. Further, the energy management system is relatively new, which indicates that the HVAC is probably being operated as efficiently as possible. The only major building system that has reach the end of its useful life is the roof on the original section of the building. While certain improvements in the building exhibit signs of wear and tear, such as common area carpets, these elements are typically replaced on a regular periodic basis.

The building does exhibit signs of functional obsolescence. The efficiency of the building (69%) is much lower than standards for modern office buildings. Modern buildings have efficiency ratios of 85% or greater. Another functional utility problem with the Anchor Building is the size of the floor plates. Larger office users in the Madison market prefer floor plates of 20,000 square feet or more. The

size of the more desirable upper floor areas is less than half that. In addition, the problem of the small floor plates is compounded by the fact the building is split down the middle by the elevator shafts, stair towers, mechanical core. On the plus side, the bay sizes lay out well for offices, although the positioning of the columns has the potential to create situations where there might be a column in an office on the glass in the event that a leasing plan does not create demising walls at the columns. Finally, the movable partitions found in the original section of the building are less desirable than drywall partitions since they are poor at preventing sound transmission.

Given its overall condition, the effective age of the Anchor Building is estimated to be 12 years. The quality of construction indicates it could have a remaining physical life of 50 years or more.

Anchor Ramp

The improvements for the Anchor Ramp consist of an 8 level plus partial 9th level reinforced concrete parking ramp. The ramp is built into the uphill slope of the hill that forms the Capital Square District. The ramp was constructed with 2 levels below grade and the remaining 6-1/2 levels above grade. The fact that the ramp is built into the hill, in effect, makes the ground level partially below grade at the northwest.

The following table lists the gross square footages for the respective levels of the Anchor Ramp:

Anchor Ramp

Level	Gross Square Feet
Sub-Basement	13,056 sq ft
Basement	13,056 sq ft
Ground	12,998 sq ft
2	12,920 sq ft
3	12,920 sq ft
4	12,920 sq ft
5	12,920 sq ft
6	12,920 sq ft
7	9,894 sq ft
Total	113,604 sq ft
Auto Capacity	265 cars

According to the blueprints and city records, the ramp was designed and built at the same time as the Anchor Building. The blueprints were approved by the City of Madison in October, 1963, and the building permit for the ramp was taken out in November, 1963.

The ramp has a corkscrew design, with a two-way traffic circulation pattern around a central core, with parking around the perimeter of the ramp levels. The reinforced concrete construction of the ramp involved the use of concrete columns for support. The bay depths created by the perimeter, or outboard columns, dictates the parking layout of the ramp. The basic shape of the ramp is a square, with more or less square shaped cutouts at the corners, except the northeast corner, which houses one of the stair towers and the elevator shaft for the ramp. The outboard columns are located approximately 12' in from the exterior wall of the ramp. The spacing within a respective bay is either 30' or 10' apart (see floor plan in Appendix F). Therefore, the spacing between the columns dictates 10 foot wide stalls. The column spacing makes it impossible to increase the yield of the parking ramp by adding more stalls (e.g., small car stalls). An outline description of the construction of the parking ramp is presented as follows:

Site Preparation and Excavation: The site was excavated to create the basement and sub-basement areas. As indicated, the ramp is built into a hill. Effectively, given the siting of the ramp with a corkscrew pattern in the side of the hill, creates level floors that are a similar distance below grade. The deepest excavation for the Anchor Ramp are approximately 25′ below grade. Since lot coverage is approximately 82%, most of the site had to be excavated to create the basement areas. The remainder of site preparation of consisted of restoring the site to match existing grades after construction.

Foundation: The foundation system for the building includes a perimeter foundation wall for the basement area that rests on reinforced concrete spread footings. The foundation walls are one foot thick. In addition, the perimeter walls for the central core of the building also rest on a reinforced concrete foundation. In addition, support for the building is provided by column footings.

Slab on Ground: The basement slab on grade is a 6" reinforced concrete slab over a 6" gravel base.

Frame: The ramp has a reinforced concrete frame consisting of concrete columns with drop panels used to distribute horizontal loads onto the columns. There is a ring of columns around the building core with an exterior or outboard ring of columns that are situated about 12′ in from the perimeter wall of the ramp. These columns create bays that are either 10′ or 30′ wide.

Exterior Wall System: The exterior wall of the ramp is a partial wall that extends 3′-6" above the height of the floor at any given level. This creates a gap of about 5′-6" between the top of the partial and the floor of the level above.

Structural Floors: The thickness of the floor slabs of the ramp vary. The ramp thickness is 11" between the interior and outboard columns. Between the outboard columns and the perimeter of the ramp, the thickness of the slab decreases to 6".

Roof: The ramp has a built up roof on a 9" concrete slab that is situated over the central core of the ramp. This roof has an overhang that covers the gap between the wall of the central core and the floor slabs.

Finishes:	The finishes for the ramp are basically exposed concrete. The perimeter walls of the ramp have a textured finish that simulates the appearance of having used individual boards in the forms used when the concrete was poured.
Electrical:	The main electrical panel is 200 amp, 3 phase.
Lighting:	The ramp is lighted by ceiling mounted fluorescent fixtures.
Plumbing:	Plumbing in the ramp is minimal. There is a 1" water service which connects in the basement. This is basically to supply hose connections. Plumbing also includes a trench drain on each floor which drains to the basement and then, in turn, drains to an 8" cast iron storm sewer to a catch basin in the street. There is also a floor drain at the base of the elevator and a sump pump at the base of the stair tower at the northwest corner of the building.
Elevators:	There is a Westinghouse 16 passenger high-speed elevator with a 2500 pound capacity situated in the stair tower at the north corner of the building. The elevator has stops on every floor (9 stops).
Stairs:	The building has a stair tower at the north corner of the building, plus a stair tower in the central building core.
Other:	The parking ramp is connected to the Anchor Building via an underground tunnel. The tunnel entrance is at the north corner of the building adjacent to the stair tower that also has the elevator service. The top floor of the parking ramp that is exposed to weather is coated with a product called "Kelmar", which is a 3 to 4 coat application which greatly extends the life of the concrete. The reason that "Kelmar" was applied in this area is because this is area exposed to snow and ice, which, in turn, would be the area exposed to plow blades and salt. Mr. Edwin Hill, who is head of property management for Anchor Bank, pointed out that the expansion joints, that are part of every floor, typically need to be replaced every 4 or 5 years with a current cost running about $100 per lineal foot of expansion joint. It was noted that a repair of 2 expansion joints done recently cost approximately $3,000.

There is a storage area in the sub-basement that is used for equipment, which has the appearance of 2 small one car garages.

The ramp shows some signs of deterioration associated with the use of salt for de-icing in winter, the overall condition of the ramp appeared to be very good. Assessment records show that Anchor spent $800,000 in 1983-84 to fix salt-induced deterioration. It is our opinion that the ramp is in much better condition than most ramps its age. The effective age of the ramp would therefore be less than its chronological or actual age. A reasonable estimate for the effective age of the ramp would be 12 or so years. The remaining physical life of the ramp is estimated to be at least 20-30 years. However, since the critical factor in parking ramps is the condition of the reinforcing bars in the concrete, and since this is not exposed to view, this estimate is less reliable than an estimate for a building where structural components are more easily observed. Also, this estimate is predicated upon a continuation of an adequate repair and maintenance program. The functional obsolescence of the ramp is exhibited by its low parking yield per gross area and the fact that the column spacing prevents an operator from increasing parking yield.

MADISON NEWSPAPERS LOT

The Madison Newspapers Lot is improved with an asphalt parking lot for 37 autos, with concrete planters around the lot's perimeter. The asphalt paving is in good to average condition with some signs of cracking and minor settling. The lot is not lighted, but adjacent streets and buildings are.

HIGHEST AND BEST USE

The highest and best use concepts are defined in The Dictionary of Real Estate Appraisal, Second Edition, published by the American Institute of Real Estate Appraiser's, as follows:

> "Highest and best use: The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriate supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.
>
> Highest and best use of a site as though vacant: The use of a property based on assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements.
>
> Highest and best use of property as improved: The use that should be made of a property as it exists."

In order to estimate a property's value, all the factors that influence and contribute to value must be considered. These include appraisal and economic principles of supply and demand, substitution, balance, and externalities, which all have impact on property value.

Highest and best use is first determined for the subject parcel as though vacant. In this first analysis, we assume that the subject site is vacant or can be made vacant through the demolition of any and all improvements. The analysis attempts to determine what use should be made of the land. In other words, the appraiser works through the tests of highest and best use to derive a conclusion as to the type of building or other improvements that should be constructed on the land.

The second analysis of highest and best use is for the property as improved, which pertains to the use that should be made of the property as it exists as of the appraisal date.

The purpose of estimating the highest and best use of the property, as vacant and as improved, is to identify the use that

creates the greatest value of the property. It is generally held that, to be considered comparable, properties should be similar in terms of highest and best use. This helps the appraiser identify sales (land sales and improved property sales) to be used to help estimate the value of the subject property. In order to estimate the use that provides the greatest value, four criteria must be met. The use must be physically possible, legally permissible, financially feasible, and maximally productive. These criteria are considered sequentially. Only when there is a reasonable possibility that an unacceptable condition can be changed is it appropriate to proceed with the analysis without meeting the prior criteria. For example, if the current zoning does not accommodate a likely candidate for highest and best use, but there is a possibility the zoning can be changed, the proposed use could be considered on that basis.

HIGHEST AND BEST USE - LAND AS IF VACANT

An analysis of the subject's highest and best use as a vacant site is necessary to set the premise for estimating the subject's land value. This process helps identify appropriate vacant land sales to be used to estimate the value of the land of the subject property for the cost approach, if applicable, and for an allocation of total value between land and improvements.

Physically Possible

In analyzing the highest and best use of the Anchor Bank land holdings as if vacant, the logical pattern of utilization would be to address the Anchor Bank site and the Madison Newspapers site as one parcel, with the site of the Anchor Ramp addressed as a separate parcel. This differs from the manner from which the property is being valued; i.e., which is to have the Anchor Building considered together

with the Anchor Ramp, with the Madison Newspapers Lot valued separately in that it is excess land. However, if all of the bank holdings were vacant, the fact that the Anchor Building site and the Madison Newspapers Lot are contiguous would cause them to be considered one site.

The physical characteristics of the parcels pose the first constraint on possible uses. The size, shape and topography of the parcels are important elements with respect to their overall utility. The total area of the Anchor Bank site together with the Madison Newspapers lot is 33,000 square feet. The size of the Anchor Ramp site is 16,035 square feet. The sizes of the sites do not place any restrictions on the size or configuration of most likely developments. However, it must be pointed out that the Madison Newspapers Lot was formally occupied by a building that was razed some years ago. During our inspection of the site, Mr. Ed Hill pointed out that the filling of the site after the demolition of the Madison Newspapers building involved the use of some "soft fill". This was discussed in the context of parking lot settling and cracking; however, the post-razing conditions of the site would have an impact on future development. It is believed that the worst case scenario in this instance would be the removal of any unsuitable fill materials prior to development of a new structure. Also, any major use on the Square would probably include some lower level parking. As such, the fill material that was used would probably have to be excavated anyway.

When analyzing what is physically possible when discussing highest and best use as if vacant, it is noted that the sub-soils indigenous to the site appear to adequately support the existing improvements. We did notice a minor stress crack in the lobby of the Anchor

Building, but we did not notice any foundation cracking or signs of unusual settling in any of the structures. Also, the records of the soil borings for the Anchor Building and Anchor Ramp sites that are shown on the blueprints do not indicate presence of any organic soils. Therefore, in terms of the highest and best use of the sites as if vacant, it is reasonably safe to assume that improvements of a similar intensity to those currently in existence on the sites would be physically possible.

LEGALLY PERMISSIBLE

The legal constraints that affect the sites' possible uses are represented by the zoning code, and other outside legal encumbrances such as easements or other private restrictions placed on the sites. In terms of zoning, permitted uses on the sites are dictated by the uses allowed in the C4 Central Commercial District zoning ordinance. The C4 District is intended for the retail, service and office uses characteristic of a central business district. While the list of permitted uses in the C4 District is extensive, and other constraints in terms of yard requirements, height limitation, etc. are minimal, the major constraint in the C4 District is the fact that all new buildings and any major alteration of an exterior building facade must be approved by the Plan Commission. This means that a proposed development must not only meet all the conditions of the zoning ordinance and be financially feasible, but it must also be politically viable. While Madison's government is sometimes viewed as restrictive with respect to new development by some, it should also be pointed out that local government desires to maintain the viability of downtown Madison as a commercial district. Also, there has been major office development on the Square during the past decade, which indicates that

such development has proven to be politically viable in the recent past. Further, it has been reported that the proposed M&I Bank/Foley & Lardner Building is nearing the completion of its planning stages, with development likely to begin sometime next year. The political viability of new office development in downtown Madison will be best demonstrated by the treatment this project receives from the Plan Commission and other local government agencies integral in the approval process.

In terms of specific legal constraints as opposed to the intangible constraint of having to receive Plan Commission approval, the types of uses that are reasonably probable for the sites are permitted uses under the zoning. These uses include various types of office and retail uses. Further, no accessory off-street parking is required in the C4 District, any off-street parking which is provided is controlled as to the location, type, and size of such facility so as to reduce congestions on streets within or leading to the C4 District. The C4 District requires a minimum rear yard of 10 feet in order to provide for the purpose of loading and unloading from future alleyway systems. However, this rear yard requirement may be waived by the Zoning Board of Appeals if it is found that the rear yard is not necessary as a part of an alleyway system. Also, zoning lots on the Square shall be developed with buildings of not less than 3 stories nor more than 10 stories in height, which is applicable to the front portion or main street portion of the combined Anchor Building and Madison Newspapers site. The restriction that would be applicable to the site of the Anchor Ramp would be that the building could only have a maximum height of 8 stories.

In terms of private legal constraints, no title policy on the various properties was made available for our inspection. We would anticipate the presence of usual utility easements, which would have no negative effect on value. In addition, that portion of the Anchor Bank site upon which the addition was built is subject to a 15 foot setback agreement above the third floor. The property adjoining to the east is subject to a similar agreement in order to create a light well to allow for the preservation of views. In addition, it is reasonable to assume that some sort of easement agreement exists to allow for the tunnel connection between the Anchor Building and the Anchor Ramp. This would actually add to value, since it in effect makes the Anchor Ramp an attached parking facility as opposed to strictly a remote parking facility.

The above legal constraints can be categorized into two general areas in terms of their impact on the sites. The first area would involve those legal constraints which can be measured which would include yard requirements, height restrictions, etc. This set of legal constraints does not impose any unusual conditions that would limit the development potential of the sites. The other set of legal constraints is intangible, since it involves the government approval process. This would include the need for a new building to receive Plan Commission approval, and the need for any parking related to such building to also receive approvals. The degree to which these intangible constraints would limit development on the sites cannot be predicted. It is our opinion that the City's desire to maintain the viability of the Square area would probably be the primary consideration and that a project with a development plan in keeping with stated city goals would be approved.

FINANCIALLY FEASIBLE

The zoning and neighboring land uses in the area suggest two potential uses for the sites. The first is an office use, and the second would be some sort of high-end residential use for the site of the Anchor Ramp.

The financial feasibility of the development of a new, major office building in downtown Madison today depends on the ability of the developer to maintain some sort of financial incentives from local government (e.g., TIF financing, development bonds, etc.). The other factor that dictates project feasibility is the ability of the sponsor to prelease sufficient space in order to attract financing. The ability to obtain funding in both real estate debt and equity markets is extremely difficult today. Notice that all of the office projects built in the Square neighborhood during the past decade received some sort of government aid as postulated earlier as part of their financial packaging. Further, it is our understanding that negotiations are currently underway with respect to obtaining these types of financing incentives for the planned M&I Bank/Foley & Lardner Office Project.

The feasibility of a new major office project without such incentives and aids was tested using the following set of assumptions. The total cost of the newly constructed State of Wisconsin Office Building as 101 East Wilson Street was $123.00 per square foot of rentable area. This does not include approximately $4,000,000 to $5,000,000 spent by the State to create a computer center in the building. This $123 per square foot cost was rounded up to $125 per square foot. Using the assumption that a reasonable building envelope would be based on 90% lot coverage (i.e., that the city would require

some open area, planting areas, and or green space) with 9 story office structure (underground parking plus garage parking at the first level) and that the building has an 85% efficiency ratio, a net or rentable office area can be derived and financial perimeters applied to this estimate in order to check feasibility. With costs at $125.00 per square foot, an overall capitalization rate of 11.75%, 5% vacancy as an underwriting criterion and an expense ratio (i.e., landlord share of expenses) of 45% of gross income, a required gross income and therefore required gross rent per square foot can be derived. This was done in the following table:

Financial Feasibility Testing - Office

Site Area	33,000 sq ft
Lot Coverage	x 90%
Building Footprint	29,700 sq ft
Number of Stories	x 9
Gross Office Area	267,300 sq ft
Efficiency Ratio	x 85%
Rentable Area	227,205 sq ft
Cost Per Square Foot	$ x 125
Total Cost	$28,400,625
Overall Rate	÷ * .11.75
Required Net Income	$ 3,337,073
Net Parking Income (681 Stalls @ $90/Month @ 50% Expense Ratio	$ - 367,740
Required Net Income, Offices	$ 2,969,333
÷ 1 Minus Operating Expense Ratio	÷ .55
Required Effective Gross Income	$ 5,398,788
÷ 1 Minus Vacancy Allowance	÷ .95
Required Gross Income	$ 5,682,934
÷ Rentable Area	÷ 227,205
Required Gross Rent	$ 25.01

The above table shows that the minimum gross rent a new building would have to achieve would be about $25.00 per square foot, which is above the rents being achieved by Class A office buildings on the Square. Further, the cost for such a building is based on the costs of the new State of Wisconsin Office Building which probably did not include much of an expense for carry or tenant improvements above

market standards, given the fact that the building was preleased and then purchased based on an option by the State. Therefore, costs for a speculative building would probably be higher, which in turn would mean an even higher rent than the one postulated above. In addition, the preleasing of any large new building in today's market would be of questionable possibility, given the fact that the M&I Bank/Foley & Lardner Building might be coming on line and because there are few large private sector tenants that are currently "in play". While State government could certainly provide the impetus for a new building, the fact that the State recently purchased a new building and the fact that the State is currently involved in the development of the new World Dairy Center means that the State probably would not have an interest in such a project for some time. Even though the market is extremely tight, unless a developer has a large anchor tenant, preleasing among small tenants to achieve a sufficient level to obtain construction loan funds would be extremely difficult.

Therefore, in spite of the tight market conditions, the above analysis indicates that a new office development on the Square without some sort of subsidy to achieve a lower breakeven rent would not be currently feasible. The same numerical perimeters and hence feasibility problem would also apply to any office development planned on the site of the Anchor Ramp.

MAXIMALLY PRODUCTIVE

The above analysis indicates that office development on the sites being appraised is not feasible without substantial preleasing and financial incentives from local government. Since both of these elements depend on the management and development expertise of the entrepreneur proposing such a development, feasibility of any logical use for the sites cannot be proven. This means that attempting to

prove whether or not such use is the maximally productive use of the site would be subject to the assumptions that the development entity would be able to obtain the financial package necessary to make the development feasible, along with the required preleasing specified by a lender. Both are subject to negotiation and therefore cannot be gauged in this appraisal.

CONCLUSION

The above analysis indicates that the feasibility of the logical use for the sites, which is a new office building, is tenuous because so many factors need to come together to make a project feasible (e.g., preleasing, financing, government assistance, etc.). It should be pointed out that although a new office development is reportedly in the final planning stages (M&I Bank/Foley & Lardner Building), there are other sites in the vicinity of the Square that are vacant or under utilized. Such sites would include the City's Brayton Lot and the YMCA site. Under utilized sites would include the site slated for the luxury condominium project on West Mifflin Street, the vacant Woolworth Building, the Kressge Building site on East Main Street as well as others. This suggests that in spite of the tight office market, that the ability to assemble all the necessary ingredients for a successful development is difficult; otherwise, one or more of these sites should have been developed or redeveloped over the past few years. The tenuousness of the feasibility of a new office project indicates that if vacant, the sites might remain vacant for some time. If so, they would probably be used for surface parking as an interim use.

HIGHEST AND BEST USE AS IMPROVED

An analysis of a property's highest and best use as improved is crucial in identifying the suitability of the improvements as they exist on the date of the appraisal for continued use, as well as identifying comparable sales to be used in the Sales Comparison and Income Capitalization Approaches to value. The highest and best use of the property as improved must also meet the four tests of being physically possible, legally permissible, financially feasible and maximally productive. Since this analysis will deal with the properties as improved, the analysis will view the properties as they are being appraised. This means that, although physically separate, the Anchor Building and Anchor Ramp will be analyzed together as one property since they would be purchased as such, and the Madison Newspapers Lot will be treated as a separate property since it has sufficient size to be a development site and could therefore be sold off as excess land.

Physically Possible

When analyzing the Anchor Building and Anchor Ramp, it has been shown that the improvements exist without any apparent soil or foundation problems and the fact that they are in good condition indicates that it is likely that the physical plant can remain as is for some time. With respect to the Anchor Building itself, the existing construction of the building can be altered somewhat, in that the moveable partitions in the original section of the building can be moved in order to create different types of tenant spaces. However, such flexibility has already been incorporated into the historic operations of the building. The inefficiency of the building is caused by the design of the addition, and the way it was coupled with

the existing building; this cannot be altered. This means that it is not physically possible to greatly improve building efficiency and therefore make the building more economically productive. Also, the other area that would improve economic productivity would be to add a window band on the first and second floor areas that lack windows in order to create more desirable office space. Given the construction of the building, this would be prohibitively expensive.

In terms of physical possibility, the Anchor Ramp is also clearly physically possible, and reflects no differential settling or other evidence of soil problems. However, the flexibility of the Anchor Ramp is limited by the column spacing. It is impossible to increase the parking yield of the ramp given the spacing of the columns.

Finally, with respect to the Madison Newspapers Lot, the surface parking lot is obviously physically possible since it exists.

Legally Permissible

As discussed earlier in the Zoning Analysis section of this report, the current uses of the subject improvements and surface parking is a permitted use and conforms to the zoning specifications of the C4 Zoning District. In addition, the uses that are logical uses for the Anchor Building in terms of types of office uses, perhaps a computer center or data processing operation in conjunction with an office use, some sort of first floor retail use, etc. would be legally permissible under the zoning. Therefore, most logical uses to which the existing improvements might be put would probably be legal under the zoning.

Financially Feasible

The purpose of this section of the analysis of highest and best use as improved is to determine whether or not any of the physical

alterations of the existing improvements would be financially feasible. However, no alternative use scenarios have been suggested in the previous analysis, nor have any scenarios been suggested which would imply an intensification of the existing use. Therefore, no financial feasibility testing appears necessary in the subject case.

Maximally Productive

The highest and best use of the properties as improved that has emerged from the above analysis is a continuation of the existing pattern of utilization of the properties. Now it is necessary to evaluate that pattern of utilization in order to determine whether or not the economic productivity of the property can somehow be enhanced. There are a few areas that come to mind when analyzing the subject property. First, Anchor can increase economic productivity by collecting the real estate tax overages to which it is entitled in the leases. Second, this appraisal assumes a sale of the assets which would imply that Anchor would be required to pay market rate for both the office spaces and parking stalls it occupies. This would obviously increase the economic productivity of the property. Another operational change that might enhance economic productivity would be the gradual elimination of the moveable partitions in the original section of the building. According to Mr. Edwin Hill, Jr., there is sometimes resistance to the use of partitions to create leased space. He noted that existing tenants in the building, when renewing leases, sometimes attempt to obtain more permanent partitions in their space. A number of the larger tenants in the original section of the building are attorneys and it is apparently common for the attorneys to negotiate to receive drywall partitions in their spaces. Over time, it may be possible to obtain higher rents by using more permanent

partitions, although the cost/benefit relationship would have to be examined.

Therefore, it is our conclusion that the highest and best use of the subject properties as improved is a continuation of the present pattern of utilization.

Probable Buyer Profile

Since the use of the property has now been identified, it is also useful to identify the logical buyer type that would be most likely to buy the property if it were offered for sale. Identification of the probable buyer helps in terms of identifying the types of analyses to be used to value the property.

Our research and the history of the Square market indicates that it is not likely that the property would appeal to an institutional type of buyer. The Madison market is too small to attract larger life insurance companies or pension fund buyers. Also, it must be recognized that the original section of the Anchor Building and the Anchor Ramp are almost 30 years old, and suffer from functional obsolescence. In addition, if Anchor leaves the property, the property would lose any sort of added credit element to the income stream that would be implied by Anchor's continued occupancy. Also, the small size of the Square office market means that it is unlikely that an institution would want to buy and in effect own a large percentage of the market, which implies greater exposure during market swings. One of the few national institutional investors that had been active in Madison was Prudential, and they have liquidated their holdings in Madison.

When one examines the ownership pattern in the Square market, it is clear those properties that are not owned by local institutional

type of owners (e.g., banks, local insurance companies, government, etc.) are owned either by local investment partnerships or wealthy individuals. Therefore, the logical buyer type for the subject property would be one of these types of buyers. The latter buyer type is viewed as far less likely. In addition, it is possible that the property would appeal to some sort of regional investment partnership. The tight office market around the Square might attract the interest of someone from outside of Madison, but again it probably would not attract national interest. Therefore, the investment criteria that would be applicable for use with estimating the value of the property would be the criteria employed the these types of buyers. Such buyers today are primarily concerned with receiving adequate initial cash flow returns.

VALUATION

INTRODUCTION

The actual valuation of the subject property is the culmination of the systematic analysis of the property done in the earlier stages of the appraisal process. This process has provided the framework within which the value of the property will be estimated, in effect setting stage for the application of the various methods that will be used to value the property.

There are three traditional methodologies or approaches that are typically used in the valuation of real property, which are briefly summarized as follows:

1. The Cost Approach, which provides a value indication via estimation of the current cost of reproducing or replacing the property's improvements, less any loss in value from all forms of depreciation and obsolescence, plus the land value;

2. The Sales Comparison Approach, in which a value indication for the subject property is derived by analysis of recent sales of comparable properties; and

3. The Income Approach, which involves evaluation of the property's earning potential to derive an estimate of net income, which is then capitalized at an appropriate rate to indicate value.

Although each approach provides a separate value indication for the property being appraised, the three approaches are interrelated. Analysis and data used in the application of one approach are integrated into the other approaches. The final step of this process is the reconciliation process, which entails an evaluation of the approaches in concert with one another and in the context of the balance of the report to derive a final value estimate.

LAND VALUATION

The first task in this process is valuation of the subject land. This also has to be performed to estimate a separate value for the Madison Newspapers Lot. As discussed in the Highest and Best Use section of this report, land is valued as if vacant and available for its highest and best use There are numerous methods by which land can be valued, including (1) the sales comparison approach, (2) the allocation method, (3) the development method, and (4) the land residual and ground rent capitalization method.

When there is sufficient data available, the most reliable method of estimating land value is the sales comparison method. First, it is the most direct and easily understood approach; land value is based on the prices that other, similar parcels have recently sold for. Second, this approach best reflects the behavior of market participants, who gauge the price at which they might buy or sell a parcel by "comparison shopping" in the marketplace.

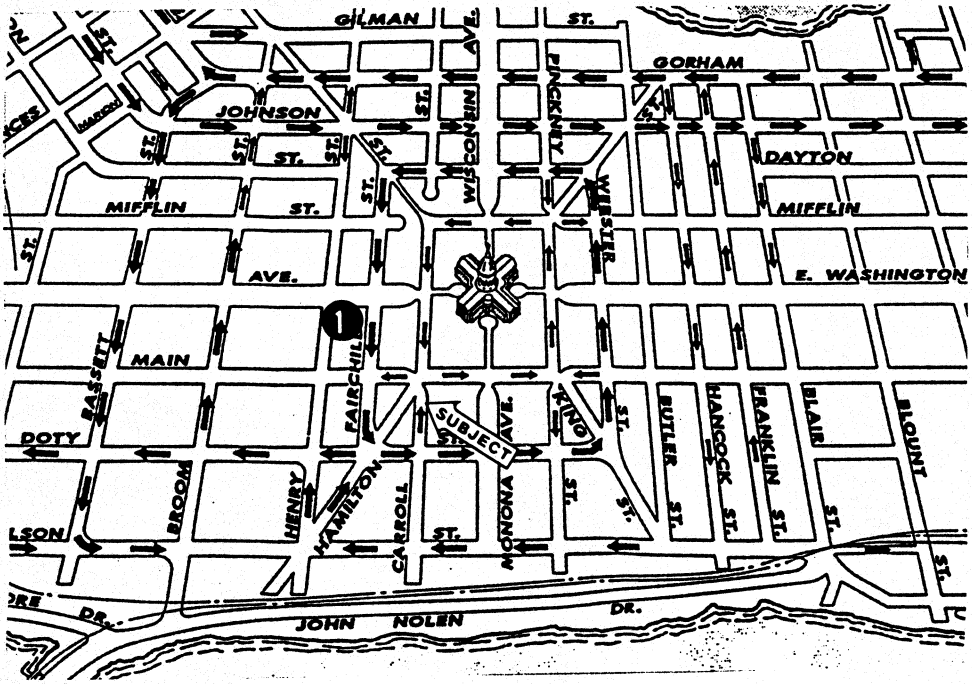
Those sales that shed some light on the potential value for the subject sites are summarized on the following pages.

Our market research indicates that there have been very few land sales in downtown Madison, with no sales of vacant sites on the Square itself in many years. In addition to the sales listed in the exhibits, other sales that might provide background will be discussed as follows. These following sales are not meant to be primary indicators of value, but are rather provided in an attempt to give the reader more background information about the land market in downtown Madison as a basis for the conclusions in this report.

The site at 436 West Main Street, which is 4 blocks west of the Square, sold in October of 1991 for a price of $115,000. This site was zoned R-5 and was used for parking. The indicated unit price for this 10,890 square foot site was $10.56 per square foot. Another land sale that provides some indication of the value of downtown land when used for parking is provided by the sale of the site at 321 West Gorham Street which sold for $100,000 in June of 1986. This corner parcel just off of State Street is located three blocks northwest of the Square and was vacant at the time of sale since the improvements had burned and were demolished after a fire. The adjacent owner purchased the site to expand parking. The parcel is 8,712 square feet, for an indicated unit price of $11.48 per square foot.

There are also certain improved property sales in the Square neighborhood that involve under utilized buildings, which is interpreted by some market observers as an attempt to basically secure the land underneath said buildings and hope that the improvements basically carry the land until some future development opportunity becomes feasible. For example, the parcel at 29 East Main Street, which is the site of the former S.S. Kressge Company Variety Store,

Land Sale 1.



Location: 207-215 West Washington Avenue
Madison, Wisconsin

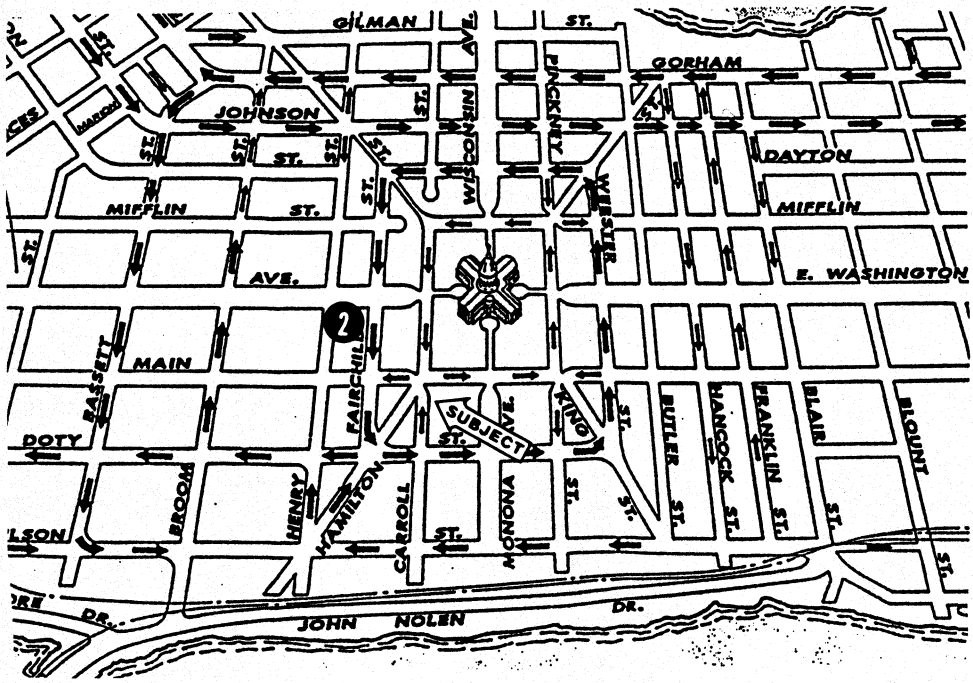
Sale Price: $744,600
Parcel Size: 30,492 Sq Ft
Price/Sq Ft Lot: $24.42
Grantee: Jerome Mullins
Use: Vacant Land
Conditions of Sale: Arms-length
Financing: Cash to Seller

Sale Date: 1/15/90
GBA: N/A
Grantor: YMCA of Madison
Zoning: C4 Commercial
Conveyance: Warranty Deed
VOL/PG: 114143/49

Description:

This site is a rectangular corner site at southwest corner of West Washington Avenue and South Broom Street. The parcel is located 2 blocks west of the Square. The site was formerly improved with the downtown YMCA. The seller had assembled a parcel for a larger facility and had demolished the existing improvements and had completed the excavation for a foundation of a proposed building before the sale. In terms of the assemblage, the seller had acquired the adjacent site at 215 West Washington Avenue in May of 1987 at a price of $235,000, with a unit price of $26.97 for the 8,712 square foot parcel. It is believed that the seller was unable to obtain the funding for the new facility and therefore had to abandon the project. The buyer is a local developer and major property owner in the downtown Madison area. The buyer's plans for the site are unknown; the excavation on the site has been filled and the site is now used as surface parking on an interim basis. The buyer owns the Inn On The Park, and this site now provides overflow surface parking for the hotel. It should be noted that the buyer has been very active in promoting the downtown convention center and may perhaps be hoping to build a hotel facility to compliment the convention center once the latter is developed, since the convention center is being built without a hotel. However, this is speculation only; the owner/developer has not made public any plans for the former YMCA site.

Land Sale 2.



Location: 215 West Washington
Madison, Wisconsin

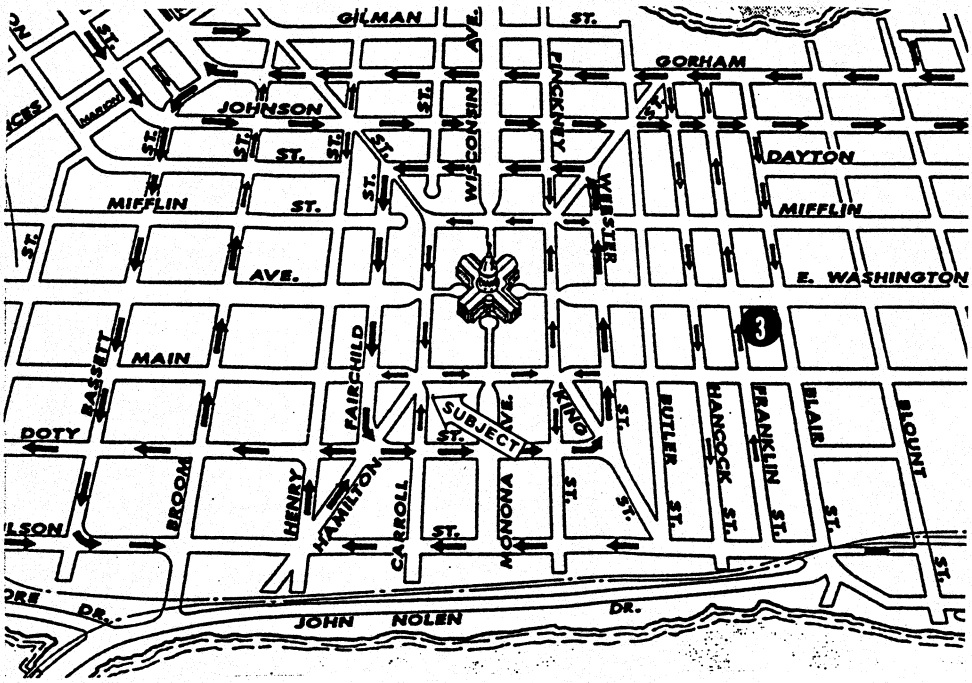
Sale Price: $235,000
Parcel Size: 8,712 sq ft
Price/Sq Ft Lot: $26.97
Grantee: YMCA of Madison
Use: Clear for new construction
Conditions of Sale: Arms-length. Purchased for assemblage.
Financing: Cash to Seller

Sale Date: 5/1/87
GBA: N/A
Grantor: MZM Partners
Zoning: C4 Commercial
Conveyance: Warranty Deed
VOL/PG: 9930/78

Description:

This is a rectangular interior parcel located adjacent to the site described herein as Sale 1, located 2 blocks west of the Square. This site was acquired by the YMCA to facilitate then future expansion plans. The site reportedly was improved with an older two-story building at the time of sale. Razing costs are unknown and should be added to the above price to arrive at a total indicated cost for the site.

Land Sale 3.



Location: 501 East Washington Avenue
Madison, Wisconsin

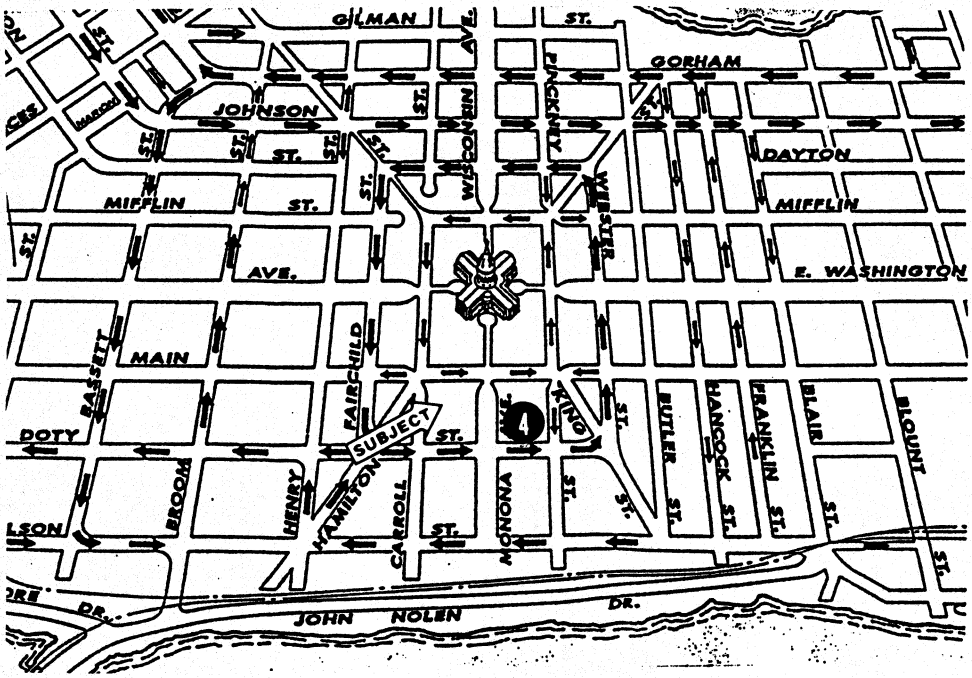
Sale Price: $600,000
Parcel Size: 40,725 sq ft
Price/Sq Ft Lot: $14.73
Grantee: WMC Foundation
Use: Clear for new construction
Conditions of Sale:
Believed to be Arms-length
Financing: Cash to Seller

Sale Date: 6/5/85
GBA: N/A
Grantor: Wayne Sweeney
Zoning: C4 Commercial
Conveyance: Warranty Deed
VOL/PG: 6872/17

Description:

Rectangular corner parcel on a highly visible site on the outskirts of downtown Madison. This site is located 5 blocks east of the Square. The site was reportedly improved with several older buildings when sold, and the purchaser cleared the site for the construction of the new Wisconsin Manufacturers and Commerce Association Building. Razing costs are not included in the above sale price; the price would have to be adjusted upward to account for razing.

Land Sale 4.



Location 16 East Doty Street
Madison, Wisconsin

Sale Price: $200,000
Parcel Size: 11,589 sq ft
Price/Sq Ft Lot: $17.26
Grantee: One East Main Partnership
(Urban Land Interests)
Use: Surface Parking Lot
Conditions of Sale: Arms-length
Financing: Cash to Seller

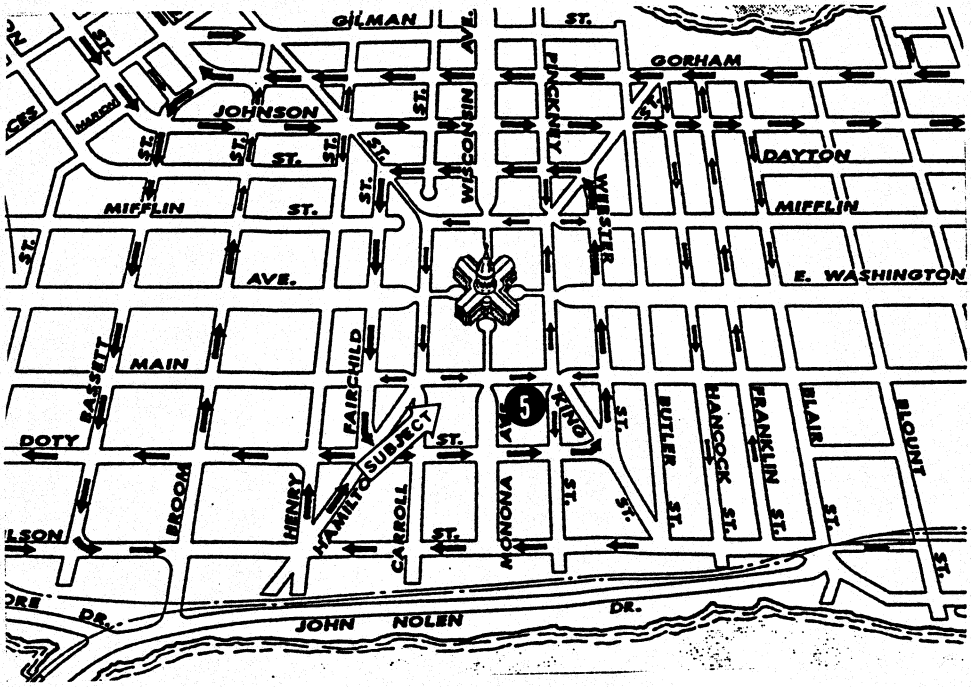
Sale Date: 6/9/88
GBA: N/A
Grantor: Not Known
Zoning: C4

Conveyance: Warranty Deed
VOL/PG:

Description:

Rectangular interior parcel fronting on the "outer-ring" of the downtown neighborhood. This parcel was purchased as part of an assemblage to provide surface parking for the office building developed at One East Main Street. According to a representative of the buyer group, this site was one of a number of sites being assembled from two owners, so the price paid is not necessarily reflective of what the site would have sold for on its own. It is rather more the result of an internal allocation by the buyer.

Land Sale 5.



Location: 21 East Main Street
Madison, Wisconsin

Sale Price: $385,000
Parcel Size: 16,476 sq ft

Sale Date: 3/13/86
GBA: One 1-story Bldg, One 2-story Bldg with a total gross area above grade of 24,660 sq ft per assessment records.

Price/Sq Ft Lot: $23.37

Grantor: Northwestern Mutual Life

Grantee: Urban Land Interests
Use: Assembled for development site for One East Main Building
Conditions of Sale: Arms-length
Financing: Cash to Seller

Zoning: C4
Conveyance: Warranty Deed

VOL/PG: 9666/12

Description:

This site is an interior site that was assembled for the overall development of the building at One East Main Street. The project involved the purchase of the old J.C. Penny Building at One East Main Street along with the parcel described above as Land Sale 4 and a small building at 117 Martin Luther King, Jr. Boulevard, subsequently razed to create parking. The National Mutual Benefit Building at 119 Martin Luther King Drive was also purchased as part of the overall assemblage. The same comment made for Land Sale 4 applies in that the above price is as much an allocation as it is a purchase price.

sold in November of 1986 at a price of $600,000. This involved the purchase of a site with 13,634 square feet which is improved with a building with a first floor area that covers almost the entire site and which also has a full basement. The buyer of this property, Mr. Jerome Mullins, recently rehabbed the building subsequent to having leased it to the State of Wisconsin as a day care center. However, a single story building of this type would conceivably an under-utilization of a Square parcel with the day care center viewed as a holding action to carry the property until some future date. The unit price of the sale would be $44.24 per square foot of first floor area, or $44.00 per square foot of land area. Obviously, the redevelopment program the buyer had in mind when the property purchased did not come together, otherwise the rehabilitation would not have been done.

Before attempting to estimate the value of the subject sites, another factor that has to be taken into account is the relative supply and demand conditions of the market relative to other available sites. In other words, the downtown Madison market has avoided over-supply conditions because it is typical for one major building to be built and then complete its absorption phase before another building is developed. Therefore, in order to help estimate the value of a vacant site, that site must be ranked relative to competing sites. If a number of vacant sites are available, they would have to compete for the one or two development opportunities that would be feasible at a given point in time, which means that those sites that have a lower ranking may have to wait until development on the more preferable sites would be completed. Such sites would logically be used for some interim use until such future development opportunity presented itself. A summary of the sites that would be considered available development sites in downtown Madison is as follows.

1. East Mifflin Street Assemblage on the Square

Jerome Mullins, as North Square Associates, has purchased six parcels from 14 East Mifflin through 24 East Mifflin over the last few years for the purpose of developing a mixed used project which would include first floor retail with apartments and/or condominiums above. Mr. Mullins had been working with Kenton Peters, architect, in the preliminary planning of this project; the first plans included luxury condominiums.

Approximately two years ago, the six old buildings which included apartments over stores, a restaurant, and a theatre were judged not historically significant so that the owner could obtain a demolition permit. But to-date the project has not been started. It would appear that Mr. Mullins was busy with the development of a day care center at 29 East Main and possibly, the development of First on University, a 200 plus student apartment building near the intersection of University Avenue and North Bassett Street.

According to the City of Madison 1992 assessment records, the six parcels total 16,986 square feet or 0.39 acres with frontage on East Mifflin Street of 129 feet. Many of the sites are vacant in anticipation of the development. The site is located in TIF District 14 and has been zoned PUD-GDP. The 1992 assessed value of the land averages $26.70 per square foot.

A representative of the City of Madison Planning and development Department believes that this potential development is low on Mr. Mullin's priority list.

2. The Kressge Building at Corner of East Main and South Pinckney

The now vacant Kressge's Building, located at 29 East Main Street (Block 89) was purchased by Jerome Mullins in the mid-1980s as a hotel site in anticipation of the City building a Convention Center on Block 88, the site of the old US Post Office which was purchased by the City for offices.

This site contains 13,634 square feet (0.31 acres) and is assessed at $420,000 or $30.81 per square foot for 1992.

Just recently Mr. Mullins's proposal to lease 29 East Main to the State of Wisconsin for a Day Care Center was accepted and the center is now in operation.

3. The Brayton Lot on East Washington, South Butler and South Hancock

The City-owned Brayton Lot is located at 1 South Butler Street just east of the State Offices of GEF I and accommodates 188 cars. It contains 61,710 square feet

(1.42 acres) according to the 1992 assessment records with frontage on South Butler, and also on South Hancock and East Washington Avenue. The site is zoned C2 and is in TIF District 5.

The State of Wisconsin Building Commission recently purchased the improved property adjacent to the parking lot from the Madison Turners, a gymnastic school. The Turner site contains 15,048 square feet (0.35 acres) with 99 feet of frontage on Butler Street. This site is also in TIF District 15.

According to a representative of the City of Madison Planning and Development Department, the City of Madison would consider proposals from the private sector for development of this site.

4. The Vacant YMCA Site on West Washington Avenue

Jerome and Carol Mullins purchased the site of the old YMCA in 1990. Although not confirmed, it has been rumored that Mr. Mullins acquired this site for potential expansion of parking for the Inn on the Park which he also owns. Other rumors suggest that he has assembled this site for possible hotel expansion in connection with the Monona Terrace Convention Center.

According to the 1992 assessment records the site consists of two parcels located at 207 and 215 West Washington Avenue. The combined area of the site is 30,492 square feet (0.70 acres) with combined frontage of 198 feet. The 1992 assessment of $675,000 translates to $22.14 per square foot. The property is zoned C4 Commercial, but it is not located in a TIF District.

If vacant and available, the Anchor Building site coupled with the Madison Newspapers Lot would represent a premier development site. There is little market evidence available to suggest what may be achieved by such a site if available in the open market. In spite of the downtown office market, the current condition of real estate debt and equity markets is very prohibitive, making any development ventures today extremely difficult without extensive preleasing. Developers have learned the lesson of not creating an inventory of vacant land for development projects given the problems associated with the carrying costs for vacant land. In the case of downtown Madison, it is reasonable to assume that parking could help offset some holding costs.

The only available sale that provides a reasonable basis for the estimation of the value of such a site is the sale of the YMCA site at 207-215 West Washington Avenue at $24.42 per square foot. This site remains vacant today. Given the superior location of the Anchor Building/Madison Newspapers Lot site, an upward adjustment would be justified. Given the remaining utility of the Anchor Building, a value estimate for the Anchor Building site as if vacant is not necessary for any sort of application, but is perhaps useful as background information. Given the lack of concrete information from which to draw conclusions, and given the upward adjustments that would be necessary from the only sales that are available to shed any light on the matter, it would be reasonable to expect that if vacant today, the Anchor Building/Madison Newspapers Lot site could command a price between $35.00 and $45.00 per square foot.

More germane to this report is the value potential of the Madison Newspapers Lot. The Madison Newspapers Lot is currently improved as a surface parking lot and is used for employee parking. The lot has a total of 37 stalls, including 4 which are kept vacant during winter for snow removal and 3 which are used as a location for trash dumpsters. Assuming the use of 34 stalls, (i.e., eliminating the snow storage areas) and given a market rent of $70.00 per month, the Madison Newspapers Lot has gross income potential of $28,560 per year. The 1991 real estate taxes for the site were $23,345, indicating a nominal amount of positive net income. Obviously, an entity purchasing the site would not be basing such a purchase on parking revenues but would rather buy the site for assemblage purposes (e.g., to assemble a development site, to provide for or expand parking,

etc.). In terms of ranking the Madison Newspapers Lot site on its own, it would be regarded as inferior to a site with Square frontage. Further, if sold to a third party, the adjacent Anchor Building would be regarded as a negative factor, since it is one of the tallest buildings on the Square and would obscure views of the Capitol Building. However, a tall building developed on the Madison Newspapers Lot site would have lake views, which is a plus. Any building developed on the site would also overlook the new Dane County Jail and the market acceptance of such a location has yet to be decided. On a positive note, the site would be one of the closer downtown sites relative to the Monona Terrace Convention Center.

In attempting to estimate the value of the Madison Newspapers Lot as an individual site, we first examined the history of the purchase of the site by Anchor Savings. According to city records, the site of the old Madison Newspapers, Inc. Building at South Carroll and Doty Streets was sold in 1980 to the Affiliated Bank of Madison and Anchor Savings and Loan Association. The institution paved the site to be used for parking. At that time it was thought that the parking would be temporary. The sale price reflected by city records at the time was $578,520, with the total land area involved in the sale recorded as 24,542 square feet. Anchor Savings and Affiliated Bank apparently then did some trading, with Anchor acquiring a 3,570 square foot parcels owned by Affiliated Bank located immediately behind the Anchor Building site. Affiliated Bank received the remainder of the site such that Anchor created a "squared-off" site, with the net gain to Anchor of a 132 foot deep (Carroll Street frontage) by 125 foot (West Doty Street frontage) site. The balance of the land involved in this transaction included interior sites, with Anchor able to then create a

more desirable development site. Allocation of purchase price done by the assessor at that time indicates that the purchase price was allocated entirely to Anchor's net acquisition, with the value of the land apparently traded to Affiliated Bank of Madison reflected as a zero net value against the land acquired by Anchor from Affiliated Bank. Therefore, the entire $578,520 purchase price provided for an indicated unit value of $35.06 per square foot relative to the 16,500 square foot site. The Wisconsin Real Estate Transfer Return filed for the sale indicates that the property was land only, so it would seem that the Madison Newspapers, Inc. Building had been razed by that time but that the site had not yet been paved.

When comparing this sale to current sales, it must be emphasized that Anchor was conducting an assemblage, and was able to secure what amounted to two sites; the 3,570 square foot immediately behind the site of the Anchor Building, as well as those portions of the Madison Newspapers site that created a more desirable development site. Given the circumstances, Anchor Savings was apparently forced to buy a larger site than needed in order to complete this complex transaction. Since this presented a rather unique opportunity, it is reasonable to assume that Anchor would have been motivated to pay a premium price.

However, viewing the Madison Newspapers site in the context of a development site, it has an advantage in that there is no assemblage necessary to create a buildable site. Further, the off-Square location would indicate that there are other competing vacant sites available, which might imply that the Madison Newspapers site presents no unique development opportunity in the market. In other words, it is not the only vacant site that would be available downtown, and some of the other vacant sites discussed as available earlier would be

competitive, if not possibly more desirable. This means that there is no premium associated with the site due to having a monopoly position because there are other vacant land opportunities that do not involve the need for a developer to conduct an assemblage. However, the same problem that impacted on the previous analysis of the Anchor Building Lot in conjunction with the Madison Newspapers Lot impacts on our analysis of the Madison Newspapers Lot as a free-standing site. There is a lack of market information available to provide a firm basis for estimating value. The only available relevant comparables would be the YMCA site at 207-215 West Washington Avenue which sold in 1990 at a unit price of $24.42 per square foot, and the sale of the site at 16 East Doty Street as parking for the overall assemblage of the parcels that are combined in the overall project anchored by the One East Main Building. This latter sale sold at a unit price of $17.26 per square foot, but this was more an allocation than a true sales price.

The Madison Newspapers site is judged to have a superior location relative to the YMCA site and a much superior location and superior utility to the 16 East Doty Street site, which is a narrower, interior site. Therefore, given the comparable sale information discussed earlier, the historic purchase of the site, and the unit price indications of the most recent relevant comparables, along with consideration of the premium that would be accorded the site given its superiority to these comparables, a reasonable value range for the Madison Newspapers site would be $30 to $35 per square foot, or $495,000 to $577,500. A reasonable point estimate would be toward the high end of this range at $550,000.

THE COST APPROACH

The cost approach to value is based on the principle of substitution which holds that a prudent investor would pay no more for a property than the cost of acquiring a site and constructing improvements of equal desirability and utility provided that such improvements can be built without undue delay. The estimated cost new for the improvements is adjusted for all losses in value found to affect the subject property as a result of all forms of depreciation and obsolescence. Thus, an indicator of the value of the subject property using the cost approach is derived via an estimate of the cost new of the improvements, less depreciation and obsolescence, plus land value.

The cost approach generally deemed to be applicable in valuation problems where the improvements represent the highest and best use of the site are relatively new, and do not suffer from a high degree of functional or external obsolescence. The cost approach does not work well for older buildings and/or those buildings that suffer from a high degree of functional or external obsolescence. The reason the approach breaks down for buildings of this type is because the estimates of depreciation and obsolescence become increasingly difficult as the magnitude of such depreciation and obsolescence increases, thus diminishing the reliability of the approach as an indicator to value. Further, the approach assumes that market participants are basing purchase calculus on cost.

The cost approach to value was not performed for the Anchor Building. This is because the improvements are older, making any estimate of depreciation difficult. Further, the building suffers

from a significant degree of functional obsolescence due to its inefficiency. Finally, a purchaser of a property of this type would base their purchase calculus not on the cost of producing an equally desirable substitute, but rather on the income potential of the property. Like other types of investment real estate, the value of a property such as an Anchor Building is best reflected by the income capitalization approach.

However, included in the package of properties being appraised is a parking ramp, which might be valued based on some sort of cost analysis. While parking ramps also have investment characteristics in that they are income producing properties, a cost approach might be more applicable to a parking ramp since there are not complex lease arrangements involved with such a property. In other words, a buyer contemplating the purchase of a parking ramp is more likely to include some sort of cost analysis in purchase calculus as opposed to the case of a multi-tenant office building. A separate valuation analysis for the Anchor Ramp that includes cost analysis is included in Appendix H.

THE SALES COMPARISON APPROACH

The Sales Comparison Approach, or Market Approach, involves deriving an indication of value for the subject property via analysis of recent sales of similar properties. The Sales Comparison Approach rests on the principle that a prudent person would pay no more to buy a property than the cost of buying a comparable or substitute property. This approach is generally favored when an adequate number of sales and comprehensive information about these sales are available. Another advantage of this approach is that it utilizes actual market transactions and therefore incorporates the actions of buyers, sellers, investors, and/or users.

As indicated above, this approach is only applicable when a sufficient number of sales exist to be analyzed and when sufficient information on these sales can be obtained and verified. This is especially critical in today's marketplace given the complexity of transactions and properties. The appraiser must have sufficient information about all of the comparable sales used in the approach in order to be able to adjust for those items of dissimilarity between the comparable and the subject. The approach is considered less reliable when information cannot be obtained to reliably adjust for dissimilar characteristics.

The sales comparison approach could not be applied in valuing the Anchor Building or the Anchor Ramp. However, the value of the Madison Newspapers Lot was based on the sales comparison approach as part of the Land Valuation section of this report. In terms of attempting to apply the sales comparison approach to the Anchor Building and Anchor Ramp, we were unable to locate any sales of major downtown office buildings and/or parking ramps. This was not unexpected. First of all, owners of Class A office buildings on or about the Square are currently enjoying benefits of the tight market. Most privately owned major buildings in the downtown market are owned by local investment partnerships which tend to be opportunistic. Further, although the tight market conditions have probably helped owner's cash flow positions, office buildings are still one of the least desirable investment real estate product types, making them difficult to finance in today's market. While mortgage funds might be obtainable, the terms are typically not favorable (e.g., short amortization, personal guarantees, etc.). Further, if an investor sold an office property

today, current reinvestment opportunities, coupled with potential capital gains liabilities, would lead one to question why one would sell today at a time when there is the ability to improve market position and cash flow given the tight market.

Since there have been no sales of major Class A buildings in the Madison market, the sales comparison approach was not included in this report.

THE INCOME CAPITALIZATION APPROACH

The income capitalization approach, which is also referred to as the income approach, is based on the fact that an income-producing property is typically purchased as an investment. An investor purchasing such a property is, in effect, using today's dollars to buy the right to receive the future benefits available from the property, which include cash flow, tax benefits, and potential gain upon sale. Therefore, the appraiser must directly take into account the way an investor anticipates how income levels, expenses, and property values might behave over time and the way an investor prices the above future benefits. It is also important to note that income-producing real estate is competing for dollars with other alternative investments available to this investor (e.g., stocks, bonds, etc.) and must be analyzed in the context of how it compares to these alternatives.

Like the other approaches to value, the income approach finds its basis in the market with the principle of substitution. The productivity of an income property in terms of rent tends to be set by the market via the rent levels of competing properties. Return expectations of investors are also based on substitutes, including alternative investments as well as competing properties.

The income capitalization approach, then, is the process by which the appraiser quantifies the anticipated future benefits associated with the ownership of an income-producing property and then converts these future benefits to present dollars via an appropriate capitalization method. Since dollars to be received in future are worth less than the same amount of dollars receivable today, these anticipated future dollars are discounted to their present value based on the relative risk and time horizon involved. In general, capitalization can be done two ways. Direct capitalization involves the conversion of one year's income stream to value by application of an appropriate rate. Yield capitalization, on the other hand, involves the discounting of a series of income flows to present value based on the application of a required rate of return or yield rate. This process can involve the application of a rate adjusted to account for the pattern of income and, if applicable, property value change to a single year's income. Yield capitalization can also be done via discounted cash flow ("DCF") analysis, where a series of income flows are individually discounted to an estimate of present value at an appropriate yield, or discount rate.

INCOME AND EXPENSES

The first step in the income approach is to examine historical income and expense levels for the property as well as current rental information. We reviewed the existing leases for the Anchor Bank Building as well as all available actual expenses for the year 1991 that were provided to us.

There are two main points to emphasize with respect to this analysis. First, no leases exist for the spaces occupied by Anchor. Also, given the magnitude of Anchor's downtown and branch real estate

EXHIBIT 10

ANCHOR RENT ROLL

TENANT	SQ. FT.	TERM	LEASE START	LEASE END	RENT PER SQ. FT.
*BASEMENT					
Anchor	6464	60 Months	01-Jan-93	31-Dec-97	$12.00
Anchor	1146				$8.00
Anchor	3895	60 Months	01-Jan-93	31-Dec-97	$12.00
Anchor	1560				$8.00
*FIRST FLOOR					
Anchor	5575	84 Months	01-Jan-93	31-Dec-99	$16.50
Anchor	5646	60 Months	01-Jan-93	31-Dec-97	$14.25
*SECOND FLOOR					
Anchor	5660	120 Months	01-Jan-93	31-Dec-02	$16.50
Anchor	5695	120 Months	01-Jan-93	31-Dec-02	$16.50
*THIRD FLOOR					
Stroud et. al. (incl. 3015 sq ft on 4)	9939	84 Months	01-Jan-92	31-Dec-97	$14.42
Anchor	2128	60 Months	01-Jan-93	31-Dec-97	$18.50
Anchor	156				$9.00
*FOURTH FLOOR					
Stroud et. al. (3015 sq ft on 4 incl above)	N/A				
Anchor	2550	60 Months	01-Jan-93	31-Dec-97	$18.50
Neviaser Investments, Inc.	1119	60 Months	01-Feb-90	28-Feb-95	$17.75
Anchor	2541	60 Months	01-Jan-93	31-Dec-97	$18.50
*FIFTH FLOOR					
Robert Burr	475	48 Months	01-Jan-90	31-Dec-94	$18.00
Byron Ostby	230	36 Months	01-Jan-92	31-Dec-92	$18.00
Anchor	3447	60 Months	01-Jan-93	31-Dec-97	$19.00
Anchor (Office space in bldg core)	1131	36 Months	01-Jan-93	31-Dec-95	$14.25
Wisc. Assoc. Independent Colleges & Universities	1060	60 Months	01-Oct-89	31-Aug-94	$18.00
Wisc. Auto & Truck Dealers Ins. Trust (1944 sq ft on 5 incl below)	N/A				
Anchor	620	36 Months	01-Jan-93	31-Dec-97	$19.00
*SIXTH FLOOR					
Anchor Executive Offices	5428	120 Months	01-Jan-93	31-Dec-02	$19.00
WI Auto & Truck Dealers (incl 1944 sq ft on 5)	5622	60 Months	01-Mar-89	28-Feb-94	$17.50
*SEVENTH FLOOR					
Wheeler, Van Sickle & Anderson, S.C. (1433 sq ft on 7 incl below)	N/A	60 Months	01-Aug-89	31-Jul-94	N/A
McCusker & Roberton, S.C.	1380	36 Months	01-Dec-89	30-Nov-92	$17.00
Thomas George	460	24 Months	01-Jan-90	31-Dec-94	$18.00
Savings League of WI	300	12 Months	01-Jan-92	31-Dec-92	$14.25
American Petroleum Institute	936	60 Months	01-Jul-92	30-Jun-97	$17.75
Anchor	831	36 Months	01-Jan-93	31-Dec-95	$14.25
Montzingo & Gustin Advertising, Ltd	2358	36 Months	01-May-91	30-Apr-94	$16.25
State of WI Dept. of Administration	495	24 Months	01-Jan-91	31-Dec-93	$18.00
Anchor	807	36 Months	01-Jan-93	31-Dec-95	$19.00
*EIGHTH FLOOR					
Wheeler, Van Sickle & Anderson, S.C. (Includes 1433 sq ft on 7- does not incl 156 sq ft stg on 8)	6625	60 Months	01-Aug-89	31-Jul-94	$18.00
Wheeler, et.al. Storage (incl in above rent)	156				
Coyne, Niess and Becker	2854	60 Months	01-Apr-89	31-Mar-94	$18.00
Anchor	656	36 Months	01-Jan-93	31-Dec-95	$19.00
Total Square Feet	89945				
Total Anchor Space	55936				
Anchor Space as a Percentage of Total Rentable	62.19%				
Total Non-Anchor Space	34009				
Non-Anchor Space as a %age of Total Rentable	37.81%				

holdings, certain types of expenses are not segregated on a per property bases. Therefore, to develop the income potential of the building, the market rental potential for those portions of the building occupied by Anchor was explored. Then, with respect to estimating expenses, those areas for which segregated actual expenses were not available were estimated based on the expense experience of comparable buildings and published sources.

Income Analysis

The steps necessary to analyze the income potential of the Anchor Building and Anchor Ramp involve an examination of each of the leases currently in effect for the Anchor Building and an estimation of the market rental rate for the spaces not currently subject to lease. A current rent roll for the building is contained in Exhibit 10 on the facing page. As mentioned previously, Anchor occupies approximately 62% of the building with the remaining square footage occupied by tenants or held vacant (i.e., reserved) for Anchor's near-term use or growth. Each tenant shown on the rent roll is subject to a written lease; all tenant leases were reviewed for this report. All tenant leases use a building standard lease as a base. This lease is a gross lease (i.e., landlord provides and pays for taxes, insurance and services such as utilities, maintenance, janitorial, grounds up-keep, decorating, etc.), with a provision to allow for the pass-thru of increases in real estate taxes over base year levels on a pro-rata basis. During our review of the leases, it was discovered that there are certain leases that contain departures from the building standard lease. These departures are summarized on the lease summary contained as Exhibit 11 on the next page. A copy of the building standard lease is contained in Appendix I.

EXHIBIT 11
LEASE SUMMARY-EXISTING ANCHOR TENANTS

TENANT	SUITE	SQFT	TERM.	LEASE START	LEASE END	RENEWAL OPTIONS	PARKING SPACES	RENT/SQFT	RENT ADJUSTMENT/YR	COMMENTS
NEVIASER INVESTMENTS, INC	465	1,119	60 MONTHS	2-1-90	2-28-95	0	4	$17.75	$.75/SQFT '91 & '92 $1/SQFT '93 & '94	
AMERICAN PETROLEUM INSTITUTE	7TH FLR	936	60 MONTHS	7-1-92	6-1-97	0		$17.75	$1/SQFT '93 & '94 $.75/SQFT '95 & '96	API REQUESTED 6 MONTH EXTENSION M/M AT $1384.50/M LEASE DATED 6-1-89 WOULD EXTEND UNTIL 12-31-92.
WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES & UNIVERSITIES	5TH FLR	1,060	60 MONTHS	10-1-89	8-31-94	0		$18.00	$.75/SQFT '90 & '91 $1/SQFT '92 & '93	
McCUSKER & ROBERTSON, S.C.	731	1,380	36 MONTHS	12-1-89	11-30-92	0		$17.00	$.75/SQFT '90 & '91	
STATE OF WI DEPT. OF ADMINISTRATION	777	495	24 MONTHS	1-1-91	12-31-93	0		$18.00	$.75/SQFT/YR	
COYNE, NIESS AND BECKER	865	2,854	60 MONTHS	4-1-89	3-31-94	0	8/$588/MONTH	$18.00	$.75/SQFT '90 & '91 $1/SQFT '92 & '93	910 SQFT & 3 PARKING SPACES ($73.50/M) ADDED AS OF 2/90.
WHEELER, VAN SICKLE & ANDERSON, S.C.	FLR 7 & 8 STORAGE	6625 156	60 MONTHS	8-1-89	7-31-94	0	22/$1,856.80/MONTH	$16.25	$.75/SQFT '90 &'91 $1/SQFT '92 & '93	IN 5/91 NET GAIN OF 759 SQFT (1,433- 674) 5/91 NEW SQFT OCCUPIED. 1/2M RENT ($513.91) DUE 6/91.
ATTORNEY THOMAS GEORGE	711	460	24 MONTHS	1-1-92	12-31-94	0		$18.00	$.75/SQFT '91 & '92 $1/SQFT '93 & '94	LESSEE WANTS 2YR RENEWAL W/ LESS SQFT.
ATTORNEY ROBERT BURR	503	475	48 MONTHS	1-1-90	12-31-94	0		$18.00	$.75/SQFT '91 & '92 $1/SQFT '93 & '94	
BYRON OSTBY	533	230	36 MONTHS	1-1-92	12-31-92	0		$17.00		
WISCONSIN AUTO & TRUCK DEALERS	FLR 5 & 6	5,622	60 MONTHS	3-1-89	2-28-94	0		$17.50	$.75/SQFT '90 & '91 $1/SQFT '92 & '93	
SAVINGS LEAGUE OF WISCONSIN	7TH FLR	300	12 MONTHS	1-1-92	12-31-92	0		$14.25		
STROUD, STROUD, WILLINK, THOMPSON & HOWARD	FLR 3 & 4	9,939 AS OF 9/91	84 MONTHS	1-1-92	12-31-97	3 @5YR/EA 2 EXPANSION OPTIONS	19/$1603.60/MONTH	$14.42	3%INCREASE/YR	$25K LESSOR CONTRIBUTION W/ EXPANSION OPTION. SUBLETTING ALLOWED. 3,015 SQFT TOTAL ADDITION. TENANT WILL NOT PAY INCREASE IN TAXES DUE TO REMODELING.
MONTZINGO & GUSTIN ADVERTISING, LTD	789	2,358	36 MONTHS	5-1-91	4-30-94	0		$16.25	$.75/SQFT '92	
TOTAL SQFT		34,009								

Estimation of Market Rent

In order to complete a reconstructed income statement and make income projections for the property and account for the space currently occupied by Anchor, it is necessary to estimate the market rental rate for various spaces in the Anchor Building. This was done by examining recently signed leases for the property, interviewing various brokers active in the Square market, and surveying comparable properties. Much of this analysis is presented in the Office Market Analysis section of this report.

As indicated by the rent roll, rent levels for the Anchor Building for leases signed or renewed in 1991 and 1992 range from $16.25 per square foot to $18.00 per square foot. Our market analysis indicates that rents for Class A buildings on the Square range from $15.00 per square foot to $25.00 per square foot. Note that the current style leases being written in the Square market includes more of an expense pass-thru than is currently in effect with respect to the leases at the Anchor Building. Thus, in addition to base rent, tenants in the market are typically paying an increase in expenses over base-year levels and/or some sort of inflation increase in the rent (e.g., 3% or so per year). Also, in most instances, the tenants are paying for their own tenant improvements. This is especially true with respect to smaller tenants. Given the tight market, it seems as if landlords are anxiously awaiting the next round of lease rollovers to see how high rents can be pushed. Opinions as to market rent in our survey were often based on older leases, with few current transactions available as rent comparables.

Based on comparable buildings researched, as discussed in the Office Market Analysis section of this report, we arrived at the

following estimates of market rent potential for that space currently occupied by Anchor. These same rent perimeters were applied to the space currently occupied by tenants on lease rollover. A summary of the market rental rates estimated for the various functional spaces within the Anchor Building are summarized on the following table.

ESTIMATED MARKET RENTS
PER FUNCTIONAL AREA - ANCHOR BUILDING

Area and Floor	Estimated Market Rent/Square Foot
Storage - Basement	$ 8.00
Office - Basement	$12.00
Retail Banking - First Floor	$16.50
Office - First Floor	$14.25
Office - Second Floor	$16.50
Office - Third Floor	$18.50
Core Storage - Third Floor	$ 9.00
Office - Fourth Floor	$18.50
Core Office - Fifth Floor	$14.25
Office - Fifth Floor	$19.00
Office - Sixth Floor	$19.00
Core Office - Seventh Floor	$14.25
Office - Seventh Floor	$19.00
Office - Eighth Floor	$19.00
Mechanicals - Ninth Floor	N/A

Basement storage rates were primarily based on the storage rentals being achieved at the First Wisconsin Building which are $9.00 per square foot. The rental rate for basement office space was based on rents being achieved at the One East Main and the AT&T Building, which are approximately $12.00 per square foot. The market rental rate for the first floor retail banking area was based on some discount relative to the upper floor office spaces. First floor retail space around the Square suffered over recent years, but the first floor space in the retail banking area of the Anchor Building is somewhat of a hybrid between pure retail space and office space. For example, if this space were not used by some sort of financial institution, it would make reasonably good headquarters for some consumer service

entity such as a utility, or a stock broker, or similar type of mix between office and service function. This space was not accorded the same premium as the upper floor office space, but in terms of the range between the market rent estimated for the basement space and the market rent estimated for the upper floors, a rent in the upper part of that range was judged appropriate. The office rent for the first floor space in the addition section of the Anchor Building has attributes similar to the basement office space as well as the retail banking floor. The space has windows in the front only; the rear and east facades of the building has no windows, nor any possibility of adding any. This makes much of the space similar to the basement office space, which had rents based on comparable rentals. However, given the street level of the space and therefore at least a partial retail orientation, a rent between that rent ascribed to the retail banking floor and the basement office space was judged to be a reasonable rent for the first floor office space. In terms of the second floor office space, this was judged to be most similar to the first floor retail banking floor. This space is much less desirable than the spaces on the upper floors of the building. It lacks any sort of significant view amenity, and the space in the addition portion of the building has windows on the front and rear of the building only. Office spaces on the third and fourth floors were judged to have a market rent in the range indicated by the market comparables and market conditions (i.e., there are leases in Class A buildings at lower rates, but these leases are older leases and do not reflect the current tight supply conditions in the market), with the expected range for new leases in the $18.00 per square foot to well over $20.00 per square foot range. An appropriate position for the

third and fourth floors of the Anchor Building within the range indicated by the market is toward the lower end of the range. The building has significant positive attributes in terms of location and captive parking, but these floors lack a significant view amenity ~~some of~~ and those views that do exist are in jeopardy due to the anticipated development of the new M&I/Foley & Lardner Building. The office space in the building on the fifth through eighth floors should be able to achieve a slightly higher rent due to the view amenity. However, there are certain spaces in the original section of the Anchor Building on these upper floors that are located in the core of the building, with such space created by the corridor layout. Such space has no windows. Therefore, such space was judged to have an appeal that would be ranked approximately halfway between the basement office space and the upper floor office space.

The other factor that is incorporated in the above rents is the fact that tenants would pay some sort of premium because the landlord pays for domestic electricity. Our research indicated that the current style of leasing calls not only for some sort of pro-rata sharing of building operating expenses, but direct payment for domestic electrical usage as well.

In addition to estimating the market rents for the spaces currently occupied by Anchor, the other assumptions that are necessary in order to create an income and expense projection is an assumed lease term. Our research indicates that leases for smaller spaces around the Square are typically three years in length; sometimes less. Spaces of medium size tenants (e.g., 1,000-3,000 square feet +/-) are typically leased for terms of about 5 years in length. Finally, our research indicated that the lease terms for larger spaces or key

tenants seeking to secure their space over a longer term (i.e., eliminate the risk of being forced to move) might have lease terms of 7 to 10 years. The above parameters were used as guidelines to estimate appropriate lease terms for the Anchor spaces. Notice that given the effective date of this appraisal, an appropriate lease starting date for the Anchor spaces was judged to be January 1, 1993. In terms of income and expense projections, a buyer looking at the building in the third of fourth quarters of 1992 would really be focusing in on 1993's income and expenses.

Parking Income

In addition to office rentals, the subject property derives income from the rental of parking stalls in the Anchor Ramp. The Parking Market Analysis presented earlier in this report reflects a tight market for parking around the Square, with demand for well-located parking far exceeding supply. The current rate being obtained for stalls that are rented in the Anchor Ramp is $84.40 per stall per month. However, of the 265 stalls in the ramp, 108 are rented at the above rate; 99 spaces are rented to Anchor employees who rent them at a lesser rate. In addition, 9 stalls are used by Anchor for staff vehicles and another 9 stalls are not rented during the winter but are kept free to allow for snow storage. Finally, 40 stalls are left available for Anchor customers.

In terms of gauging the potential parking ramp income for appraisal purposes, it must be assumed that all spaces would be available for rent at market rates. Even if Anchor continued to occupy the building after a postulated sale, a new owner would require that stalls that are kept vacant be rented at market rates.

In terms of market rate, our Parking Market Analysis indicated that the minimum rent for sheltered stalls on the Square is in the

$80.00 to $85.00 per month range. The most expensive parking on the Square is the underground parking at the Firstar, which currently rents for about $90.00 per month. Given the limited supply and the high demand for parking, it would be reasonable to expect that the Anchor Ramp could increase prices by about 5% to 6%, or $90.00 per stall, for 1993.

Escalation Income

As indicated in our Office Market Analysis and as discussed earlier in this section, current tight market conditions have allowed landlords to increase the netness of leases by requiring a pass-thru of pro-rata expenses over base year levels or actually creating a net lease. Further, it is becoming increasingly common for tenants to pay for their own electrical usage. This may take the form of payment for lighting and/or payment for electricity to run the fan motors for heat pumps to allow for individual temperature control in a given space. In addition, Anchor already had built in to its existing leases the ability to recapture increases in real estate taxes over base year levels. It is currently Anchor's policy not to collect this tax overage income. However, a new owner stepping in and buying the building would more likely than not attempt to collect this income. Therefore, we are including an estimate of this income in our proforma with respect to those existing leases where there is a provision to collect the pro-rata share of real estate tax increases over base year levels.

Vacancy

In order to project the income that would be receivable for the property given the above assumptions, it is necessary to estimate a reasonable vacancy allowance for the property. Forecasted vacancy in

this valuation problem will vary depending on the assumption of the various valuation scenarios. For example, a forecasted sale price for the building will be estimated assuming that Anchor continues to occupy the space that they currently occupy, and that they will grow into further space in the building over time. In this instance, it would be reasonable to assign a nominal or even zero vacancy rate to the Anchor space, with some accepted underwriting standard for the vacancy for the non-Anchor space. Again, the current Square market is a tight market, with vacancies in Class A buildings approximating zero percent. However, a reasonable buyer would forecast some vacancy due to the turnover of space, potential credit loss, and the fact that there is a timing lag in terms of a tenant moving out versus the ability to get a new tenant to move in. This may be forecasted in a dynamic fashion (i.e., forecast some months of income loss when a lease is scheduled to roll-over), or it might be forecasted in some overall percentage fashion.

Another scenario that needs to be considered is the notion of Anchor leaving the building and occupying new quarters elsewhere. In this instance, it would be reasonable to assign some sort of vacancy loss to the space that Anchor currently occupies but would be projected to vacate. Given the sheer volume of space occupied by Anchor (62.19%), a reasonable buyer would require Anchor to master lease or guarantee the income on the vacant space in the building for some period of time in order for a buyer to be induced to purchase the property. Again, this would indicate some sort of nominal vacancy on the Anchor space during the period of such a master lease arrangement, with some vacancy applied to the space currently occupied by Anchor which would be forecasted to be either re-leased to new tenants or

vacant at the end of some master lease term. Notice that this scenario would require the estimation of some range of costs to account for the forecasted amount of income enhancement for which Anchor might be liable during such a master lease period.

Given the tight market on the Square, a reasonable vacancy allowance absent any sort of income enhancement would be in a range of 3%-5% of gross income. It is difficult to predict how long these tight market conditions will last. Therefore, a reasonable buyer might attempt to somehow account for a swing or some sort of periodic swings in a business cycle during their future projected ownership.

Inflation Analysis

In order to project income and expenses for a property, it is typical to examine historic patterns in the income and expenses along with future expectations in order to determine reasonable rates at which to project these items into the future. First, it must be noted that a detailed expense history of the properties was not made available to us for this report. Further, given the fact that Anchor owns multiple properties, such history would have been of limited usefulness anyway given the fact that there is not separate accounting for the respective properties.

In terms of general trends, the Consumer Price Index has exhibited an increase of 7.9% from June of 1990 to June of 1992. This would indicate a straight line increase of about 4% per year. As indicated in the Office Market Analysis contained earlier in this report, newer Class A buildings on the Square have been able to obtain annual rent increases ("inflation kickers") and/or a pass-thru of expense increases over base year levels. Our survey work indicates that the typical level of these inflation kickers is about 3% per year. Also,

another indicator as to the performance of gross rents over time would be a comparison between the market rents postulated in our appraisal versus the market rents postulated in the Espeseth Appraisal dated October, 1982. For the upper level space in the building, we are estimating market rents to be $19.00. For the lower floors of the building, we are postulating rents to be $18.50, with lesser rents for the less desirable spaces in the building on the ground and second floors. The average rent postulated in the Espeseth Appraisal for the upper floor office areas of the Anchor Building was $12.50 per square foot. In terms of our rental projections for the building, coupled with the income being obtained on current leases, the weighted average rent currently projected for the upper floors of the Anchor Building is $17.17 per square foot. This represents an increase of ~~36.6%~~ 7.4% over the 10 year period between the two appraisals. On a straight line basis, this would represent inflation in rents of about 3.7% per year. On a compound basis, the relative change over time represents an annual increase of 3.12% per year. This closely matches the inflation kickers being obtained by landlords for current leases.

In terms of a reasonable inflation rate to apply to expense estimates, one must take into account the difference between buyer and seller expectations. In purchasing an income property, a buyer will attempt to obtain protection from downside risk by estimated expense increases on the high side. However, in the context of negotiations, a seller will base his or her numbers on lower inflationary expectations. Interviews with investors active in the market today indicates that a reasonable range for expense increases is 4% to 5%. This matches inflationary expectations in the economy. However, it should be noted that most urban areas are facing upward pressure on

real estate taxes due to increasing demands for services. However, this must be balanced against political expediency, with politicians under pressure to hold down tax increases. Actual real estate taxes for the Anchor Building have increased by an average of 4.4% per year on a straight line basis between 1988 and 1991. This matches the inflationary expectations of investors as postulated earlier. Given the age of the buildings and the above evidence, we utilized a 5% per year inflation estimate for our expense projections.

Expense Analysis

As indicated earlier, a detailed expense history for the properties being appraised was not available. However, actual levels of certain expenses were available for analysis. Therefore, operating expenses for the Anchor Building and the Anchor Ramp were projected based on a combination of an analysis of actual expenses coupled with an application of market rate levels for those expenses not accounted for in terms of available actuals.

First, some general comments on operating expenses in the Square office market are in order to provide background for this analysis. Based on interviews with area property managers and leasing agents, total expenses on a unit basis (i.e., per square foot) for Class A and B buildings on the Square typically fall in a range of between $7.00 and $8.00 per square foot. Certain expenses are higher. For example, the Tenney Plaza reported total expenses of $8.50 per square foot and the Firstar Plaza reported expenses of $10.00 per square foot. However, the Firstar's expense estimate contains a relatively high personnel cost given the size of the building and the manner in which it is operated. In fact, we received reports from other sources that expenses at the Firstar Plaza were actually higher than were reported to us. Therefore, expenses at this building are not representative of the market.

A problem arises in utilizing general expense information for more than mere background use. This problem stems from the fact that expenses are reported in an inconsistent fashion. When questioned, managers were vague in terms of which expenses were included in their total estimates. In fact, in doing our survey research work, we found that it was easier to obtain rental information than it was to obtain expense information. Based on the context in which these interviews were conducted, it is not likely that these expenses include any allowance for tenant improvements, brokerage commissions, or any sort of reserves. Also, management styles vary around the Square and it is possible that some of these expense quotes do not include a management fee, or they perhaps only include management at cost when done by an owner occupant. However, in spite of the above-listed problems with this general data, a clear pattern does indeed emerge with respect to expense levels on the Square.

The historic actual expenses for the Anchor Building that were provided to us are summarized in the following table.

ACTUAL 1991 EXPENSES

	Anchor Building	Rentable Per Sq Ft	Anchor Ramp
Real Estate Taxes	$223,450	$2.49	$ 71,704
Insurance[1]	22,103	$0.25	$ 4,809
Utilities[2]	184,723	$2.06[3]	$ 10,030
Maintenance[2]	166,456	$1.85	N/A

[1] Allocation portion of a blanket premium. Allocated based on relative assessed value. Also, premium for the Anchor Building includes $7,116 for boiler insurance.

[2] Year ending 3/31/92

[3] $1.41 per gross square foot

Notice that Anchor performs security and janitorial services in-house using Anchor employees. Therefore, these costs are not included in the maintenance cost listed above.

In comparing the above expenses with market norms, the real estate tax expense is in line with other Square properties in terms of dollars of real estate tax per square foot of rentable area ($2.50 per square foot). Insurance, on the other hand, appears high at a total cost of about $.25 per square foot. However, part of this is attributable to that portion of the premium which covers the boiler and mechanicals. Without that added insurance, insurance expenses for the Anchor Building would be $.17 per square foot. This is still somewhat high relative to market standards of about $.12 per square foot according to BOMA standards. However, since insurance is based on an actual experience, we did not adjust this number for proforma purposes. Rather, a new owner might step in and re-bid the insurance and attempt to realize some savings. However, such savings would be viewed as yield enhancement; i.e., a seller would base a sales price on actual expenses and if a buyer can save money over these actual expenses such savings would be captured by the buyer. Utilities expenses are within expected ranges based on the gross area of the building. Maintenance expenses are difficult to evaluate since we do not have a more extensive history and do not know what is included for 1991. The building is meticulously maintained, and it is management's philosophy to spend sufficient dollars on maintenance to reflect a positive corporate image. Therefore, an expense estimate of $1.25 per square foot based on published sources was used in our proforma analysis for maintenance and repairs.

In terms of those expenses not addressed by building actuals, we used current market standards as the basis to estimate expenses. Cleaning and janitorial expenses were based on a rate of $.85 per square foot of rentable area. Property management expenses were based on a rate of 4% of effective gross income, which is in keeping of market norms.

Expenses related to leasing and the accumulation of a reserve for redecorating, tenant improvements, and minor replacements needs to be addressed. Current commissions for office leasing in Madison are as high as $3.00 to $3.50 per square foot. In addition, while the current market norm calls for tenants to improve their own space, our research indicates that there are a few instances where a landlord will contribute some money towards tenant improvements. Further, there are occasional expenses that are necessary for redecorating and similar items that are incurred with respect of the ownership of an office building. For example, it was indicated that Anchor is currently considering replacing the window treatments of the building will cost in excess of $80,000. In addition, common area carpeting needs to be replaced occasionally, etc. Again, while such expenditures are sporadic in nature, their cost needs to be addressed and accounted for. For this item, we included an allowance of $.50 per square foot in our operating expense projection. If allocated to commissions alone at the $3.00 per square foot level, this $.50 per square foot allowance would cover turnover of 16% of the building per year. This is slightly high, indicating that there would be some minor amount left over for the other items discussed above, which appears to be a reasonable estimate.

In addition to estimating expenses for the Anchor Building, it is also necessary to estimate operating expenses for the Anchor Ramp. Again, information exists in terms of actual expenses with respect to real estate taxes, insurance, and utilities. In terms of estimating expenses for other applicable expense categories, cleaning and janitorial expenses would not apply to the ramp. However, property management expenses would be applicable, since the rental and operation of the ramp would have to be controlled by some management entity. Repairs and maintenance were budgeted for 1993 at $75.00 per parking stall per year. One of the appraisers has experience appraising parking ramps in downtown Milwaukee, which tend to have repairs and maintenance expenses that are much higher than the above figure. However, the Anchor Ramp is in much better condition than average, and has a protective surface on the exposed upper floor that will help the ramp avoid maintenance expenses in the future. Also, assessment records indicate that Anchor made major repairs to the ramp in 1983 and 1984 ($800,000 total), which should help hold down projected repair and maintenance costs. Snow removal was budgeted at $4.00 per stall per year, again based on our experience appraising other parking ramps. In terms of other expenses, there would also be wages associated with the operation of the ramp in order to pay an attendant. The wages expense was based on having an attendant on-site 10 hours a day during all week days (260 days per year) at a wage rate of $5.25 per hour, with an add-on of about 10% to account for employment taxes and benefits. Finally, no leasing or reserve expenses would be applicable to the ramp.

The above expense estimates were adjusted to create a proforma for 1993 in order for use in a direct capitalization format, as well as

for use as a basis of the expense projection portion of an income and expense projection. Again, a buyer seeking to structure a transaction for the subject property on or about the effective date of this appraisal would more likely than not be looking at expected operations of the property for the calendar year 1993. Our market analysis and interviews with real estate investors and experience indicates that buyers purchase investment real estate based on current expectations rather than on historic net income. Therefore, it was necessary to adjust certain of the above expense estimates to expected 1993 levels.

Real estate taxes were adjusted based on projecting 1991's level of tax forward two years to 1993 at an inflation rate of 5% per year. Even though 1993's taxes would technically be payable in 1994, the liability would still be incurred in 1993. For insurance and utilities, we used 1992's actual expense and projected it forward by 5% to provide an estimate of an anticipated expense level for these categories for 1993. The above expenses were the only expenses that were adjusted to provide an estimate for 1993 levels. As discussed earlier, cleaning and janitorial, property management, repairs and maintenance, leasing and reserves, and certain expenses directly related to the operation of the ramp only, were based on market comparables or other information. Real estate taxes, insurance, and utilities were adjusted in a similar manner to provide an operating expense estimate for the Anchor Ramp. These expenses for the Anchor Building and the Anchor Ramp were then combined to provide and indication of the total operating expenses anticipated for 1993 for the two properties combined as one entity. Since the Madison Newspapers Lot can be viewed as excess land, we are estimating this value separately. Therefore, no income or operating expenses

EXHIBIT 12

See Appendix J for details

Reconstructed Operating Statement
Anchor Building and Anchor Ramp
1993

	Anchor Building	Anchor Ramp	Combined Operations
Potential Gross Income			
Office Rental	$1,458,293	N/A	$1,458,293
Parking Rental	N/A	$286,200	286,200
Escalation Income	11,641	N/A	11,641
Total	$1,469,933	$286,200	$1,756,133
Vacancy & Credit Loss @ 4%	$ 58,797	$ 11,448	$ 70,245
Effective Gross Income	$1,411,136	$274,752	$1,685,888
Expenses			
Real Estate Taxes	$246,354	$ 79,054	$325,408
Insurance	23,208	5,049	28,257
Utilities	193,958	10,533	204,491
Janitorial & Cleaning	76,286	N/A	76,286
Property Management	56,445	10,990	67,435
Repairs & Maintenance	111,324	19,875	131,199
Snow Removal	N/A	1,060	1,060
Wages	N/A	14,375	14,375
Leasing & Reserves	44,875	N/A	44,875
Total Expenses	$752,450	$140,936	$893,386
Net Operating Income (NOI)	$658,686	$133,816	$792,502

Operating Expenses per Square Foot - Anchor Building ONLY: $8.38

Operating Expenses per Square Foot
Anchor Building Before Leasing and Reserves: $7.88

ONLY

associated with the Madison Newspapers Lot is included in the proforma for the Anchor Building and Anchor Ramp.

The preceding income and expense assumptions were applied to create a reconstructed operating statement to provide an estimate of expected performance of the property for calendar year 1993. This net operating income estimate will provide the basis for capitalization via an overall rate. The reconstructed operating statement is shown on the facing page as Exhibit 12.

It is critical to point out that certain assumptions used to derive reconstructed operating statements will vary based upon the applicable valuation scenario. Given the purpose of this appraisal, more than one value estimate will be provided in order to allow the user benchmarks for the decision making process that this appraisal is intended to serve. Therefore, for a valuation scenario that postulates Anchor remaining in the building, (Exh. 13) vacancy will be less on the space occupied by Anchor, which will have a commensurate effect on net income. Similarly, if Anchor is assumed to leave the building, this will have an effect on vacancy assumptions and, as a result, net income as well. The reconstructed operating statement shown in Exhibit 12, assuming Anchor leaves. is based upon some vacancy applied to the space currently occupied by Anchor.

In addition, there are other assumptions that will have an impact on valuation related to the "Anchor Stays" and "Anchor Leaves" valuation scenarios. These assumptions relate to the credit characteristics of the income stream as well as the structure of a hypothetical transaction in terms of buyer calculus with respect to the two different scenarios. These will be discussed in the next section of this report which is the valuation of the property via the income capitalization approach.

VALUATION-INCOME CAPITALIZATION APPROACH

Prior to discussing the actual valuation of the property via the appropriate income methods, it is necessary to describe the value scenarios that are relevant in the subject case in greater detail. This appraisal is intended to be used in an internal decision making process by the client. Part of this process includes consideration of the decision whether to sell the facility and move to an alternative location versus not selling the facility and retaining operations in downtown Madison at the current location.

This decision process dictates the valuation scenarios that are applicable. The scenario of Anchor remaining downtown in the current location would be an as-is type of scenario with the recognition of income related to the space occupied by Anchor based on market rental rates as postulated earlier in this report. In addition, if Anchor remains in the building as owner, the postulated income stream associated with the Anchor space would have enhanced credit characteristics. In other words, the likelihood of receipt of any income postulated for the space occupied by Anchor would be greater than for a tenant that had lesser credit rating. In addition, the vacancy allowance appropriate for the space occupied by Anchor would be minimal.

The other scenario, which postulates that Anchor sells the facility and moves to an alternative location, becomes much more complicated. In order to accomplish a move, Anchor would have to identify an alternative location and build or buy a facility. This implies significant lead-time, which would allow Anchor to attempt to pre-lease the space that it would be vacating. In addition, another factor that has to be weighed is the fact that current market

conditions for the market related to office buildings as investment real estate is poor. Office buildings are not a desired investment alternative at present. This is due to over-supply conditions in most markets, low rents, high tenant refit costs, the presence of concessions in most markets, etc. The Square office market is an anomaly relative to other office markets in terms of its low vacancy, high rents, ability to require tenants to do their own improvements and lack of concessions to cause tenants to lease space. However, the size of the Madison market is not attractive to institutional investors. Therefore, even though the office market on the Square is currently performing well above average relative to regional and national norms, this still is not sufficient to attract institutional money to the area. This is especially true given the product type, since office is probably the type of real estate that is most out of favor with institutional buyers. Our conclusion as to the probable buyer for this type of facility, if it were exposed to the market, would most likely be some sort of local or perhaps regional investment partnership. If such a group expressed an interest in buying the subject property, they would buy today based on actual numbers as opposed to forecasted possibilities. Given the fact that this scenario postulates that Anchor will leave and thereby produce a significant amount of vacancy in the building, no buyer would be interested in buying except at an extremely low price unless Anchor somehow credit-enhanced or otherwise guaranteed the income stream necessary to produce a transaction price viewed as reasonable by both seller and buyer. In addition, the building would be almost impossible to finance without Anchor and would still be extremely difficult to finance even with a master lease. What this means is

that Anchor would probably have to master lease the space in the building which they would be vacating. Such a master lease would be subject to a great deal of negotiation, with a buyer attempting to get a lease term to allow a safe period of time in which to lease up the vacant space, with the seller trying to minimize exposure. Assuming that Anchor retains its first floor retail banking presence along with its sixth floor executive office, Anchor's leaving the building would produce vacancy of 44,933 square feet in the building. In other words, half of the building would empty out when those functional areas of Anchor that would not stay downtown left. It is also important to note that should Anchor leave as postulated in this scenario, much of the space that they would be vacating is the least desirable space in the building. At a minimum, this less desirable space includes the basement offices and storage area, and the first floor credit offices in the building addition. These less desirable spaces represent approximately 21% of the rentable area of the building. In addition, the second floor is viewed as being more desirable than the basement office area and first floor office area, but is viewed as less desirable than the balance of the upper floor space. The second floor space accounts for another 12.5% of the total rentable area of the building.

In terms of translating what this means to the income approach and the decision making process for which this appraisal is intended to serve, it is clear that the building's value is maximized assuming that Anchor stays. For comparative purposes, value for the Anchor Leaves Scenario can be measured by estimating some sort of stabilized value, with Anchor's exposure due to some master lease arrangement estimated by modeling the probable vacancy and absorption that would

EXHIBIT 13

Reconstructed Operating Statement - 1993
Anchor Stays Scenario

Total Rental Income	$1,458,292
Estimated Income-Expense Overage	11,641
Total Tenant Income	$1,479,933
Parking Ramp Income (Start @ $90/Stall)	286,200
TOTAL INCOME	$1,756,133
Vacancy-Anchor Space @ 0%	0
Non-Anchor Vacancy @ 4.0%	(35,170)
Effective Gross Income	$1,720,963
Expenses	
Real Estate Taxes	325,408
Insurance	28,257
Utilities	204,491
Property Management	68,839
Cleaning & Janitorial	76,286
Repairs & Maintenance	131,199
Snow Removal	1,060
Wages (Ramp)	14,375
Leasing Expenses & Reserves	44,875
TOTAL EXPENSES	$ 894,790
NET OPERATING INCOME (NOI)	$ 826,173

be likely to occur during this master lease period and then subtracting this amount from stabilized value. Therefore, the following analysis will provide a value estimate assuming that Anchor stays, a stabilized value estimate assuming that Anchor leaves, and some measure of the potential cost of some sort of master lease arrangement, which can be used in conjunction with the value from the Anchor Leaves Scenario to gauge the full impact of this course of action.

Valuation Assuming Anchor Remains Downtown

The first step in estimating value in the Anchor Stays Scenario is to adjust the reconstructed operating statement for the assumptions applicable to the scenario. Basically, this involves reducing the vacancy associated with the Anchor space to some minimal level. We used zero vacancy for Anchor space in our direct capitalization analysis, (i.e., the valuation analysis based on the year's income). This has a corresponding effect with respect to property management fees, in that property management fees are estimated as a percentage of gross income.

A reconstructed operating statement reflecting the Anchor stays scenario is shown on the facing page as Exhibit 13. The net income estimated in the reconstructed operating statement shown on Exhibit 13 is $826,173.

The method by which value in the Anchor Stays Scenario was estimated is via direct capitalization. Direct capitalization is the process in which value is estimated by the application of an appropriate capitalization rate to one year's income. Therefore, in order to estimate value in this case, the derivation the

capitalization rate must be discussed. During our research, we were made aware of a transaction that is currently being negotiated which involves a major office building in the downtown Madison neighborhood. This is a Class A building located within a few blocks of the subject property. The prospective buyer of this property intimated that the capitalization rate that would result should the transaction be consummated at the price which is currently being negotiated would be approximately 11%. Notice that the credit aspects of these two transactions (i.e., comparing the Anchor Building and Anchor Ramp in the Anchor Stays Scenario to the property that might be subject to the transaction discussed above) are viewed as similar. In addition, we interviewed a fund manager from the Prudential Life Insurance Company who is currently involved in the disposition of investment quality office buildings in the midwest region. It was reported that there are currently office buildings in the Chicago market that have credit tenants which are currently being offered for sale at capitalization rates in the 11% range. However, both of the above indicators are based on all cash purchases. The probable buyer postulated for the subject property, a local or regional investment partnership, would probably use some degree of leverage in purchasing the property. Therefore, further capitalization rate analysis was done based on imputing leverage perimeters into the band of investment direct capitalization formula. This formula allows for the derivation of a capitalization rate by calculating the weighted average of the returns required by the mortgage position and the equity position. The mortgage constant represents the return on and of capital required by a lender. The return necessary to support the equity investment in the property is the equity dividend rate, which represents the

required percentage return of and on equity, usually measured relative to the first year of investment. In other words, the equity dividend rate reflects the relationship between one year's income and equity capital, expressed in percentage terms. Another name for the equity dividend rate is the cash-on-cash rate.

A survey of lenders was done in order to determine current mortgage terms that are appropriate for the subject property in the Anchor Stays Scenario. Based on our survey, typical mortgage terms for an office building such as the subject combined with a parking ramp would involve an interest rate of between 8-3/4% and 9-3/4%, with probable amortization of 20 to 25 years, and a minimum debt coverage ratio of 1.2 to 1.25. Most borrowers in today's market are attempting to mitigate long term interest rate risk by obtaining longer term loans. Therefore, mortgagors are typically not selecting the lowest interest rates, which are associated with shorter term loans, but are rather choosing longer term loans at slightly higher rates. Therefore, a reasonable interest rate for a property of the subject type (assuming adequate credit) as of the effective date of this appraisal would be 9.5%.

The estimation of equity dividend or cash-on-cash requirements is considerably more difficult in today's environment than the estimation of appropriate mortgage terms. Office properties are probably the least desired real estate investment product type in today's market. Therefore, an investment group today would expect to receive a relatively high going-in return on their equity investment in order to be induced to buy an office building. However, in terms of the Anchor Stays Scenario, this transaction is viewed as having some degree of credit element to it, which would be a further inducement to the transaction. This is somewhat mitigated by the age and functional

obsolescence of the improvements that are involved. Other considerations that would be involved in the derivation of an equity dividend rate is the transaction structure itself. The way a local or regional investment partnership would buy the property would be to have the sponsor consummate the purchase, with the property then placed in a partnership. What sponsors do in today's market is what amounts to arbitrage. In order to earn a fee for putting the transaction together, a sponsor will buy the property at a higher cash-on-cash rate than the cash-on-cash rate which is given to the investing partners. For example, a sponsor might buy a property at a price which would yield a 13% equity dividend, and then in effect resell it to the partnership at a higher price which would produce say a 12% equity dividend, and then keep the spread between the two prices as a fee. Based on the risks of owning real estate in today's market, merely buying a building for a share of the cash flow and perhaps a management fee with some share of the capital appreciation (which is very speculative given today's environment), is not enough to induce a sponsor to put together a transaction; a fee is necessary to do this.

We researched the market in an attempt to discover the types of cash-on-cash returns being projected by sponsors in current attempts to raise equity. We were able to locate two such equity raises that are currently in process. The cash-on-cash rates of return being projected by the sponsors of these transactions range from 13% to 15%. Given the credit quality assumed in the Anchor Stays Scenario, some lesser cash-on-cash return would be warranted. Based on this analysis, using the mortgage perimeters described earlier (9.5% rate, 25 year amortization) and a 12% cash-on-cash rate or equity dividend rate for the equity position, an overall capitalization rate to apply

to projected net operating income to estimate value was derived as follows:

$$Ro = M \times Rm + (1-M) \times Re$$

Where:
Ro = Overall Capitalization Rate
M = Loan to Value Ratio
Rm = Mortgage Constant
(1 - M) = Equity Ratio
Re = Equity Dividend Rate

$$Ro = .70 \times .1048 + (1 - .70) \times .12$$
$$Ro = .0734 + .0360$$
$$Ro = .1094$$

Rounded to 11%

This rate is consistent with the other rates discovered during investor interviews.

The above capitalization rate was used to derive an estimate of the subject property as follows:

$$\text{Value} = \frac{\text{NOI}}{\text{Overall Rate (Ro)}}$$

$$\text{Value} = \frac{\$ \ 826,173}{.11}$$

Value = $7,510,664

Rounded to: $7,500,000

Therefore, the value of the Anchor Building and Anchor Ramp, assuming that Anchor remains in its downtown location, is estimated to be $7,500,000. However, it was noted earlier in the report that the roof on the original section of the Anchor Building will require replacement in 1993. Our investigation has indicated that a reasonable cost for this roof replacement would be approximately $35,000 or $5.00 per square foot of roof area. This amount needs to be deducted from the $7,500,000 value estimate to arrive at a net value figure that a buyer might be willing to pay. In other words, a

buyer purchasing the building would discount the price by the amount of the projected cost of the roof repair. Therefore, the final value estimate in the Anchor Stays scenario including the Anchor Building and Anchor Ramp is $7,465,000. This should represent the upper limit of current assessed value, versus the current assessment of $8,850,000.

Anchor Leaves Scenario

The valuation scenario which postulates that Anchor will leave the building is a far more complicated scenario than the Anchor Stays Scenario discussed in the above section. The main reasons why this is more complicated are two-fold. First, Anchor occupies over 62% of the rentable area of the building. Should Anchor leave, this would open up tremendous vacancy in the building. As a result, it is improbable that a buyer or lender would consider the building only to have Anchor move out immediately and create such substantial vacancy. Therefore, for a buyer or lender to even consider the building, Anchor would have to structure some sort of master lease as part of the transaction. This means that our analysis must address this. The second reason that this analysis is more complicated is that if Anchor is assumed to move, they will be moving to a new facility and would have sufficient lead time in terms of planning, land acquisition, and actual building development, such that "pre-leasing" would be possible. Therefore, the exposure under some sort of master lease arrangement would probably be lessened.

The first step in the process to estimate value under the Anchor Leaves Scenario is to adjust our income and expense projection to account for the fact that some vacancy would now be allocated to the space currently occupied by Anchor. A reconstructed operating statement reflecting 4% vacancy allowance for the Anchor space is shown on Exhibit 12. Realistically, even though Anchor would have to

credit some vacancy to this space. It would be unrealistic for a buyer to credit zero vacancy to the Anchor space in an analysis that uses capitalization in perpetuity, since the income guarantee would only last for a few years.

Given an estimate of the net operating income which reflects stabilized operations assuming that Anchor leaves the building, the next step is to capitalize this net operating income to an estimate of value. This is another area where the assumptions between the Anchor Stays versus the Anchor Leaves Scenarios will vary. In the prior scenario, the fact that Anchor would be assumed to stay in the building as a long term occupant or tenant means that the space currently occupied by Anchor and the additional space that they would grow into over time would produce an income stream that would have the perception of some degree of credit. However, in the Anchor Leaves Scenario, even though Anchor would be assumed to stay in their executive offices and to maintain a retail banking presence, this is not sufficient to add an element of credit to the overall square footage that they would be vacating under this scenario. Two other important elements to note include the fact that Anchor will be vacating some of the least desirable portions of the building, which will then probably be more difficult to lease and also therefore subject to higher vacancy (e.g., the basement, the offices in the first floor of the addition, and possibly the second floor). Also, since the Anchor Building's floor plates lay out better for smaller tenants, this implies that as a new population of occupants re-tenants the building, they will probably be smaller tenants on shorter term leases, which will mean greater turnover and the possibility of greater tenant improvement costs over time. The other factor that

applies to the Anchor Leaves Scenario relates to transaction structuring. This scenario would imply an income stream that has less credit quality than one which assumes that Anchor remains in the building. This has to be taken into account in terms of mortgage requirements. Our interviews with mortgage brokers indicate that in order to finance an office building today, there has to be some compelling reason to attract the lender to the deal (long term leases, credit tenants, etc.). With Anchor assumed to leave the building, any credit quality of the transaction is gone. While some sort of master lease or income guarantee would be necessary not only to attract a buyer to the deal, such an arrangement would also have to be in place in order to induce a lender to make a mortgage loan to facilitate the transaction. The other debt parameters that are impacted in this scenario are the amortization requirements of a mortgage lender. Lenders today are very concerned with amortization periods, and are now structuring transactions to ensure that sufficient amortization takes place during the loan term such that they are assured that the mortgage balance outstanding at the end of the term is less than future value. In the event that Anchor stayed in the building on a long term lease, a lender would probably be willing to at least match the amortization term to such a lease term, and this could be used as a structuring device in order to reduce debt service. However, without Anchor as a tenant in the building, the long term stable occupancy that results from Anchor's presence would be eliminated. Therefore, a lender today would probably be looking at amortization periods in a range of 15 to 20 years. We heard amortization quotes as low as 10 years. Obtaining 20 year amortization on a loan of this type in today's market is viewed as possible but would be a best case outcome.

The next step in our analysis is to translate the above information into a capitalization rate. As indicated earlier, we are aware of transactions involving local and regional partnerships currently attempting to raise equity that involve projections of 13% to 15% cash flow returns (i.e., equity dividend rates) to limited partners. One of the partnerships mentioned involves a newly developed, high-quality office building located on Madison's west side. Given the fact that office buildings are currently out of favor with real estate investors, relatively high returns are necessary in order to overcome the negative perception on an office building investment and attract investors to the deal. This would be especially true in the instance of Anchor leaving the building and thereby reducing or eliminating the credit quality of the deal. Even though some sort of master lease or income guarantee would be necessary to structure the transaction, an investor would also focus on what might happen upon expiration of such an arrangement.

Current market conditions indicate that investors require high current returns in order to provide the incentive to invest in this type of transaction and that they are basing investment decisions on current as opposed to projected performance. However, given the rapid amortization postulated in the probable mortgage terms for this type of transaction, the fact that a significant portion of the debt service payment will eventually be retiring debt must be addressed. Any reader of this report who is acquainted with a broader range of income capitalization techniques will probably recall the Ellwood equations and related capitalization techniques which credited equity buildup via principal reduction into the capitalization rate. However, these techniques are yield capitalization techniques as

opposed to direct capitalization techniques. In other words, the equity component of these capitalization techniques focus on a target equity yield rate as opposed to some equity dividend requirement. If market evidence is conclusive that investors are focusing on initial cash flow returns as a primary investment criterion as opposed to some overall yield measure over the investment horizon, then the use of a yield capitalization technique as opposed to a direct capitalization technique is less credible. Certainly, rapid amortization of the debt can be taken into account by the equity dividend rate, with some lower cash-on-cash return potentially appropriate in the event that the risk of an investment is lessened by rapid paydown of the debt. However, our research indicates that in order to induce an investor to participate in an investment of this type in today's market, relatively high initial equity returns are necessary, with future debt amortization not a primary concern. The same logic holds true for the use of DCF analysis, which is limited in application because of investor focus on initial returns.

The above analysis was translated into a range of capitalization rates to estimate the potential value of the subject property under the Anchor Leaves Scenario. In terms of mortgage parameters, likely mortgage terms would include a 9-1/2% rate with amortization of 20 years. In terms of equity dividend rates, a minimally acceptable level given the above analysis would be 13%. These perimeters were translated into a capitalization rate as follows:

Mortgage	.1119	x .70	=	.0783
Equity	.13	x .30	=	.0390
Indicated Overall Rate				.1173

A value estimate based on the net operating income projected for 1993 as set forth in Exhibit 12 is capitalized at the above rate as follows:

$$\text{Value} = \frac{\text{NOI}}{\text{Overall Rate (Ro)}}$$

$$\text{Value} = \frac{\$\ 792,502}{.1173}$$

Value - $6,756,197

Rounded to: $6,760,000

The mortgage and equity parameters used to derive the above capitalization rate are representative of a more optimistic set of assumptions relative to the assumptions for these parameters expressed earlier. This means that the above value is representative of a best case outcome. For comparative purposes, other mortgage and equity parameters were used to test the outcome resulting from less optimistic assumptions. For example, based on the same interest rate assumption but changing the amortization of the mortgage to 15 years, a capitalization rate of 12.67% would result which would produce an indicated value of $6,280,000 (rounded). Leaving the amortization at 20 years but increasing the equity dividend requirement to 14% would result in a capitalization rate of 12.03% or an indicated value of $6,590,000 (rounded).

For further comparative purposes, discounted cash flow analysis was performed using an income and expense projection with the assumptions expressed earlier (i.e., a 5% inflation rate on expenses, a 3% inflation rate for rental rates, and a vacancy rate of 4%). This projection was done on a leveraged basis assuming the above mortgage parameters (i.e, a 70% mortgage using the above value at a rate of 9-1/2% with 20 year amortization) with discount rates for the before tax cash flow ranging from 14% to over 20%. Terminal capitalization

rates of 12.5% and 13% were used, with these higher terminal capitalization rates deemed appropriate given the fact that the building will be 10 years older at the end or the projection and because there is greater uncertainty associated with the future. A copy of the computer generated income and expense projection and discounting process is contained in Appendix J.

The value estimates resulting from this analysis are much higher than those resulting from the direct capitalization process. These value estimates range from $7.5 million to over $8 million. The reason these value estimates are so much higher than the value derived by direct capitalization is because of the assumption of the ability to capture both and inflation kicker and expense overages with respect to rental income, no inordinate vacancy at lease rollovers, stable occupancy, no extraordinary expenses, etc. Basically, this approach assumes everything goes right and that a buyer is willing to pay full value for everything going right in the future. Buyers today are not buying on future expectations but rather on current numbers. The discounted cash flow analysis sets forth the way properties used to be purchased 5 or more years ago. A $7.5 million value, which would imply a yield to the equity position of 20% given the relevant assumptions, would provide for an indicated going-in capitalization rate of about 10.6%, which is clearly unacceptable for an office building of the subject type under the Anchor Leaves scenario. This means that all the higher value estimates would be unacceptable as well.

In terms of arriving at a value conclusion in the Anchor Leaves Scenario, the $6,760,000 value is concluded as the final value since it incorporates the market's focus on current performance as well as

reasonable debt and equity parameters. However, as was the case in the Anchor Stays Scenario, the estimated cost for replacing the roof on the original section of the Anchor Building needs to be addressed. This cost would represent deduction of $35,000 from the above value estimate, leaving a net value of $6,725,000.

The next step in this analysis is to identify the potential costs for which Anchor would be liable in terms of a master lease or some other sort of income guarantee arrangement which was postulated as necessary in order to induce a buyer to purchase the property with the knowledge that Anchor would be leaving.

It is apparent that some sort of relatively long term master lease or income guarantee would be necessary not only to induce an investor to purchase the building and to induce a mortgage lender to make a loan on the building. According to the management committee of Anchor Bank that was involved in the structuring of this appraisal assignment, even if Anchor left the Square they would still maintain their executive offices on the Square as well as a retail banking presence. With 5,575 square feet on the first floor for the retail banking area, and 5,428 rentable square feet on the sixth floor for executive offices, this total of 11,003 square feet represents approximately 20% of the total space of 55,936 square feet currently occupied by Anchor. Therefore, this remainder of approximately 44,933 square feet would have to be master leased for some period of time. An analysis of these potential costs was based on the remaining square footage which Anchor would be vacating, coupled with the current projected weighted average rent per square foot, along with an allocation for the pro-rata share of expense increases that would be attributable to this space. Since rent at the Anchor Building is on a

gross basis, a base year rent figure already includes base year expenses. Therefore, since Anchor is in effect leasing the vacated space, it is therefore also paying expenses on the vacant space, although expense increases would need to be included in order to gauge the full cost that Anchor would have to pay under this scenario. Also, it should be pointed out that the expense figure used includes the leasing and reserve costs, but no costs relative to the parking ramp. This is because a buyer in effect buying a leased building would expect leasing expenses to be paid. In addition, the reserve allowance would also include some potential tenant improvement money, which would be applicable. No master lease was deemed necessary to cover potential vacancy in the ramp given the tight parking in downtown Madison.

A table setting forth the total potential master lease costs over a 5 year period as follows:

TOTAL POTENTIAL MASTER LEASE COSTS

	1993	1994	1995	1996	1997
Rent Per Sq Ft	$15.94	$16.42	$16.91	$17.42	$17.94
Expense Increases Per Sq Ft	0	0.42	0.44	0.46	0.47
Total Cost Per Sq Ft	$15.94	$16.84	$17.35	$17.88	$18.43
Total Square Footage	44,933	44,933	44,933	44,933	44,933
Total Cost	$716,232	$756,672	$779,588	$803,402	$828,107

That indicates that the potential total exposure to Anchor is such a master lease arrangement is in excess of $700,000 per year. However, it is more likely than not that a substantial amount of this exposure would be eliminated by the leasing of space given the tight office market. Also, since this scenario would only occur should

Anchor leave the building, as discussed, this would involve a long lead time which would allow Anchor to in effect pre-lease the space that would be coming vacant. This implies that some income should be available to mitigate the exposure due to any master lease almost immediately. Earlier in the report, we projected that it might take two or three years to lease the space that becomes vacant via Anchor leaving.

It is not possible to accurately identify what the potential actual cost will be for such a master lease arrangement since it will be subject to the vagaries of negotiations and the market. However, the above table provides the ability to gauge the total exposure that this arrangement would imply.

Therefore, the final value for the Anchor Leaves scenario is estimated to be $6,725,000. This value is expressed before any estimated deduction for the potential master lease costs postulated above. When comparing the final value estimate of $6,725,000 to the combined assessment of the Anchor Building and Anchor Ramp of $8,850,000, the properties clearly appear to be over-assessed. The properties would also be over-assessed relative to our value conclusion for the Anchor Stays scenario of $7,465,000. This suggests that a buyer purchasing the appraised properties at the estimated value would receive an assessment reduction, which would imply lower real estate taxes and hence less expenses, which would mean some potential upward adjustment in value. However, our research clearly indicates that buyers in today's market are buying on actual numbers, and that since any such savings are uncertain, a buyer probably would not impute any credit for such savings into their purchase calculus. Such savings would be viewed as some of entrepreneurial return and a

buyer would not pay extra for the property based on the assumption of receiving such savings. For purposes of our analysis, a value estimate was derived mitigating the effect of the apparent over-assessment by capitalizing the net income of the building without a real estate tax expense by the capitalization rate used in our income approach plus the mill rate. In effect, this analysis eliminates any tax effect, and provides a value estimate that would not be skewed due to the property being over or under-assessed. Since 1991's taxes and mill rate for calculating 1992's tax liability are certain, these were the tax parameters used in this analysis. The valuation analysis eliminating assessment effects is as follows:

Value	=	$\frac{\text{NOI + Real Estate Taxes}}{\text{Overall Rate + Mill Rate}}$
Value	=	$\frac{\$792,502 + \$295,154}{.1173 + .0335}$ see p. 114 sb., 033507
Value	=	$\frac{\$1,087,656}{.1508}$ sb., 15065
Value	=	$7,212,572 7219754
Rounded to:		$7,215,000 7,220,000
Value Less Roof Costs:		$7,180,000 ? 7,185,000

Should Anchor wish to review its assessment level with the city, the above analysis will provide a benchmark for those discussions.

If buyers in today's market were willing to credit the potential capitalized amount of tax savings and purchase price, the $7,180,000 value indicated above would be a reasonable final value estimate for the Anchor Leaves scenario. Since buyers today are buying on actual expected performance as opposed to some forecasted future result, our final value conclusion does not credit any such savings and remains at $6,725,000.

RECONCILIATION AND FINAL VALUE ESTIMATE

The reconciliation process involves an evaluation and summary of the valuation process with the goal of reaching a conclusion to provide an answer to the problem that the appraisal is intended to solve.

This appraisal has involved the application of the valuation process to estimate the market value of the leased fee interest in the Anchor Building as of October 2, 1992. The Anchor Ramp was valued in conjunction with the Anchor Building and is included in the overall value estimate. The other property that was the subject of this appraisal, the Madison Newspapers Lot located behind the Anchor Building, was valued separately. The Madison Newspapers Lot was valued in terms of its fee simple state.

The overall use of this appraisal is as a planning tool for Anchor Bank. Therefore, we presented two valuation scenarios in this report. The first scenario is one that assumes that Anchor remains in its downtown location. The estimated combined value of the Anchor Building and Anchor Ramp under this scenario is $7,465,000.

The other scenario examined is one which assumes that Anchor leaves its downtown quarters, with the exception of maintaining its retail banking presence and executive offices in the building. It must be emphasized that this implies that Anchor would vacate almost half of the building. Our analysis indicates that given this substantial vacancy, Anchor would have to master lease the space vacated for a significant period of time. In spite of such a master lease arrangement, given the extremely difficult conditions in real estate debt and equity markets, the building may not be financable even with such a master lease. Also, the loss of Anchor for such a

large volume of space eliminates any of the credit characteristics that are assumed in the Anchor Stays scenario. The combined estimated value of the Anchor Building and Anchor Ramp assuming that Anchor leaves as described above is $6,725,000. Based on our assumptions and given the difficult real estate investment markets, this is viewed as a best case outcome. This value estimate is based solely on the income approach to value, since the cost approach and sales comparison approach were not applicable in this case.

The value of the Madison Newspapers Lot, which is not included in the above value estimate for the Anchor Building and Anchor Ramp, is estimated to be $550,000.

Therefore, given the above analysis, the market value of the property known as the Anchor Building, in conjunction with the Anchor Ramp, located at 25 West Main Street and 126 South Carroll Street, respectively, in Madison, Wisconsin, as of October 2, 1992 is estimated to be $6,725,000:

SIX MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS.

The market value of the property known as the Madison Newspapers Lot, located at 115 South Carroll Street in Madison, Wisconsin, as of October 2, 1992 is estimated to be $550,000:

FIVE HUNDRED FIFTY THOUSAND DOLLARS.

The indicated total value of these properties is $7,275,000.

No personal property of any significance is integral in the ownership and operation of these properties, so no value is allocated to personal property. Also, no leasehold value exists with respect to the Anchor Building.

CERTIFICATION OF APPRAISER

I certify that, to the best of my knowledge and belief:

- I have personally inspected the property that is the subject of this report.
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No person or persons other than those acknowledged below or in the report prepared the analyses, conclusions and opinions concerning real estate set forth in this report.

Date: 11/24/92 Certified By: Dean P. Larkin

Dean P. Larkin
First Financial Realty Advisors, Inc.

Date: 11/24/92 Certified By: Jean B. Davis

Jean B. Davis
Landmark Research, Inc.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report is subject to the following conditions and to such other specific and limiting conditions which are set forth by the appraiser within the report:

The legal description used in this report is assumed to be correct.

No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Sketches in this report are included only to assist the reader in visualizing the property.

No responsibility is assumed for matters of a legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable.

Information furnished by others is assumed to be true and correct, and reliable. A reasonable effort has been made to verify such information; however, no responsibility for its accuracy is assumed by the appraiser.

All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless so specified within the report. The property is appraised as though under responsible ownership and management.

It is assumed that there are no hidden or inapparent condition of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

It is assumed that all the mechanicals in any building improvement such as, but not limited to, plumbing, electrical, heating system, air conditioning system, well and pump, and septic system, are operable and sufficient to serve the property under appraisal unless otherwise informed.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report. The existence of potentially hazardous material introduced on site or in proximity to the site as a result of nearby existing or former uses in the neighborhood, or the existence of toxic waste or other building materials such incorporated in property improvements must be disclosed by the owner to the appraiser. The appraiser is not qualified to detect such substances nor is he obliged to do so. Nevertheless, the existence of potentially hazardous material found on the subject property or in proximity to the site may have an adverse effect on the value and market price of the property. The property owner or those relying on this appraisal are urged to retain, at their discretion, an expert in this field of hazardous materials.

Since the projected mathematical models used in the appraisal process 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.

It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

It is assumed that the utilization of the land and improvements are within the boundaries or property lines of the property described and that there is not encroachment or trespass unless noted within the report.

The appraiser will not be required to give testimony or to appear in court or any pretrial conference or appearance required by subpoena, with reference to the property in question, unless timely arrangements have been previously made therefore, at prevailing per diem rates.

Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent to the appraiser, and in any event only with property qualification and only in its entirety.

Neither all or any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales or any other media without written consent and approval of the appraiser. Nor shall the appraiser, firm or professional organization with which the appraiser is affiliated by identified without the written consent of the appraiser.

The distribution of the total valuation in this report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

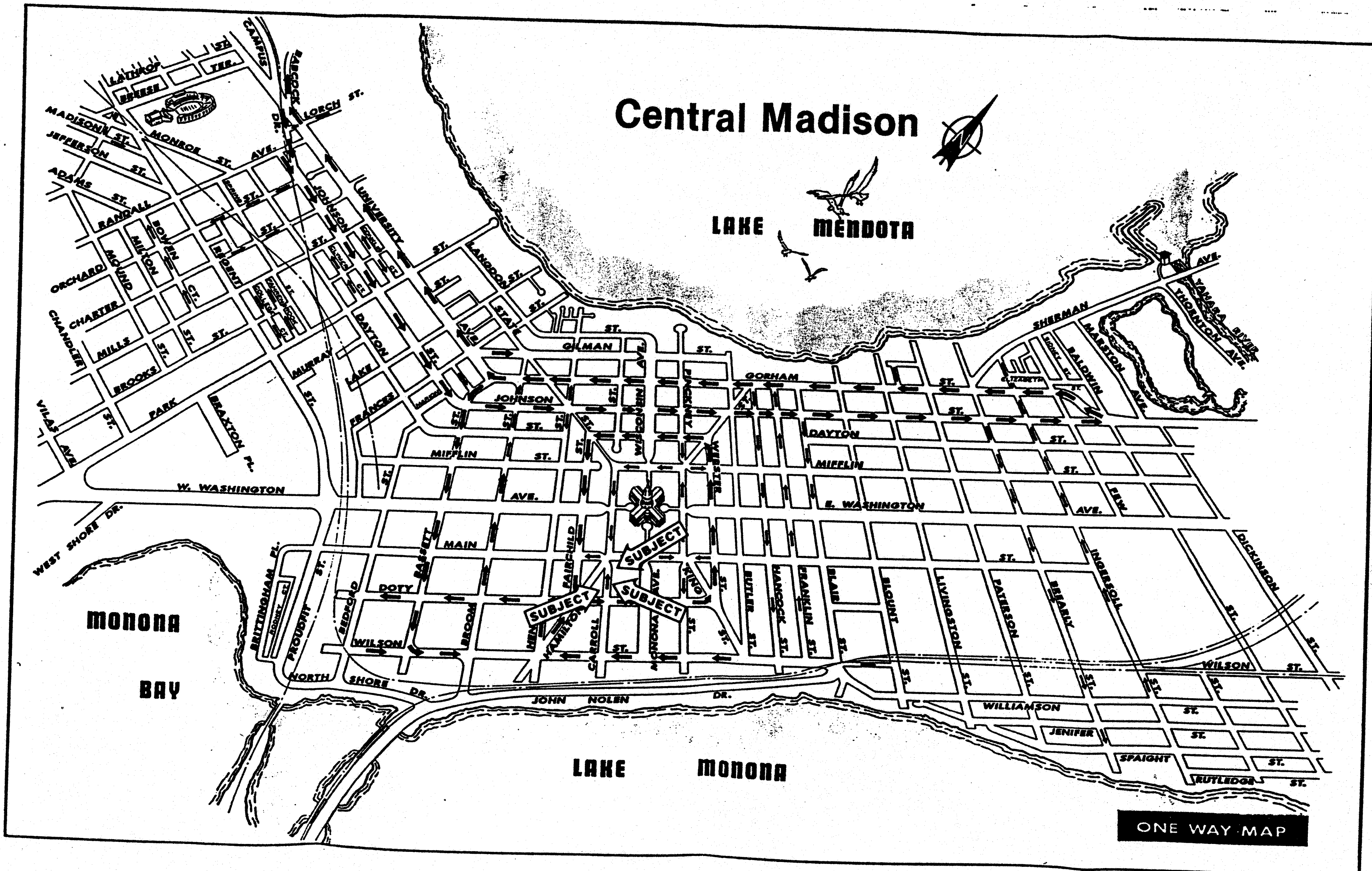
No environmental impact studies were either requested or made in conjunction with this appraisal, and the appraiser retains the right to alter, amend, revise or rescind any of the value opinions based upon any subsequent environmental impact studies, research or investigation.

The appraiser's duties, pursuant to this employment to make the appraisal, are complete upon delivery of the appraisal report.

LIST OF APPENDICES

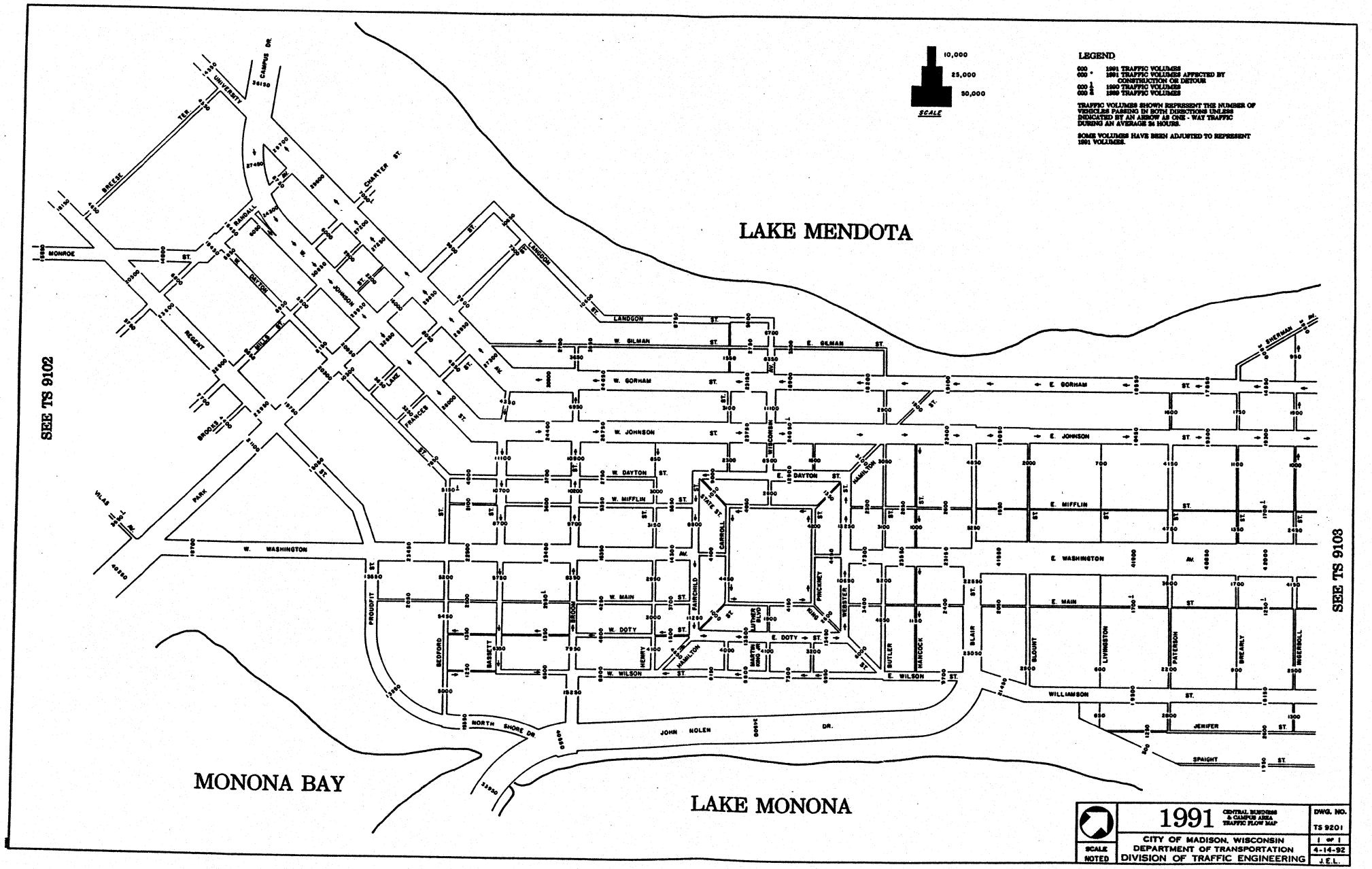
APPENDIX A

LOCATION MAP


Central Madison
LAKE MENDOTA
LAKE MONONA
MONONA BAY
ONE WAY MAP
SUBJECT
SUBJECT
SUBJECT
W. WASHINGTON
E. WASHINGTON
AVE.
JOHN NOLEN DR.
NORTH SHORE DR.
WEST SHORE DR.
GORHAM
DAYTON
MIFFLIN
MAIN
DOTY
WILSON
GILMAN
JOHNSON
UNIVERSITY
LANGDON
STATE
MONROE
REGENT
LAKE
FRANCES
MURRAY
BASSETT
BROOM
FAIRCHILD
CARROLL
HAMILTON
MONONA AVE.
PINCKNEY
WEBSTER
BUTLER
HANCOCK
FRANKLIN
BLAIR
BLOUNT
LIVINGSTON
PATERSON
BREARLY
INGERSOLL
DICKINSON
FEW
WILLIAMSON
JENIFER
SPAIGHT
RUTLEDGE
SHERMAN
THORNTON AVE.
YAHARA RIVER
BALDWIN
MARSTON
PROUDFIT
BRITTINGHAM PL.
BEDFORD
PARK
BRAXTON PL.
BROOKS
MILLS
CHANDLER
CHARTER
ORCHARD
MOUND
MILTON
BOWEN
RANDALL
ADAMS
JEFFERSON
MADISON
LATHROP
BREESE
CAMPUS
BABCOCK DR.
LORCH ST.
VILAS AVE.

APPENDIX B

1991 TRAFFIC FLOW MAP



SCALE NOTED	1991 CENTRAL BUSINESS & CAMPUS AREA TRAFFIC FLOW MAP	DWG. NO. TS 9201
	CITY OF MADISON, WISCONSIN	1 OF 1
	DEPARTMENT OF TRANSPORTATION	4-14-92
	DIVISION OF TRAFFIC ENGINEERING	J.E.L.

APPENDIX C

MADISON AREA OFFICE SPACE LEASED BY THE STATE

CITY	LEASE NUMBER	AGENCY NAME	ADDRESS	LESSOR NAME	LESSOR CONTACT	LESSOR PHONE	LEASE END DATE	SQ BASIC RATE	MONTHLY_RE	ANNUAL RENTAL	ED RATE SQ FT
--->											
								341	$452.21	$5,426.50	
Madison	115-012	Agriculture	818 W Badger Road	Badger Prof Assoc	David Peterson	(608) 256-9011	11-30-92 1666	$8.39	$1,165.44	$13,985.24	$9.07
Madison	115-089	Agriculture	2642 Riarock Rd.	Riarock Self Storage			06-30-92 100	$3.85	$32.08	$385.00	$3.85
Madison	115-102	Agriculture	310 N. Midvale Blvd.	Crivello Properties	Julie Dinauer	(414) 225-7595	07-31-93 9758	$10.29	$8,124.77	$97,497.24	$10.29
								840	$3.68		$3.68
Madison	115-210	Agriculture	510 Rolfsmeyer Rd.	Security Self Storage	Sonny Patefield	(608) 274-7796	09-30-92 150	$3.52	$96.00	$1,152.00	$3.52
								100	$6.24		$6.24
Madison	115-286	Agriculture	2740 Ski Lane	Tavarez and Associates Architect	Modesto Tavarez	(608) 271-1625	12-31-92 1133	$8.25	$778.94	$9,347.25	$8.25
Madison	115-317	Agriculture	721 Forward Dr.	West Side Self Storage	Donald Lund	(608) 273-6569	11-30-92 120	$4.00	$44.00	$528.00	$4.00
Madison	115-426	Agriculture	700 Ray O Vac Drive	55 Oaks Corporate Center, Inc.	Bill Zander	(608) 833-6620	09-30-93 5770	$10.97	$5,272.34	$63,268.08	$10.97
Madison	124-227	Commissioner of Banking	131 W. Wilson St.	James Wilson Plaza	Darrell Wild	(608) 251-8811	11-30-93 7995	$12.84	$8,554.35	$102,652.14	$12.84
Madison	145-032	Commissioner of Insurance	121 E. Wilson St.	Lake Terrace	Richard Munz	(608) 255-5166	03-31-00 24843	$15.13	$31,315.89	$375,790.62	$15.13
				121 E. Wilson St.							
Madison	165-161	Regulation & Licensing	1400 E Washington Ave	Washington Square Assoc	Jerome J. Mullins	(608) 257-0681	07-31-96 34048	$11.67	$33,111.42	$397,337.00	$11.67
Madison	175-063	Commissioner of Savings & Loan	4785 Hayes Road	Midwest Office Park III	Richard V. Munz	(608) 255-5166	02-28-95 2922	$12.98	$3,160.42	$37,925.00	$12.98
				Munz Corporation							
Madison	192-039	Wisconsin Racing Board	150 E Gilman Street Suite 1000	Verex Assurance Inc.	Thomas Phillips		08-31-94 4750	$15.90	$6,293.15	$75,517.80	$17.77
Madison	195-522	State Lottery Board	1802 W. Beltline Hwy	Livesey MDC Limited Partnership	John P. Livesey	(608) 833-2929	09-30-93 47000	$6.38	$24,977.74	$299,732.88	$9.43
Madison	235-436	Higher Education Aids Board	131 W. Wilson St.	James Wilson Plaza	Michael Ziemann	(608) 251-8811	12-31-93 4263	$12.84	$4,561.25	$54,734.97	$12.84
Madison	245-049	State Historical Society		Delta Storage	John Koffel	(608) 251-3337	07-31-95 3000	$5.95	$1,487.50	$17,850.00	$5.95
Madison	245-311	State Historical Society	329 Coyier Lane	Wayne W. Wilson & Michael J. Wyn	Wayne W. Wilson		07-31-93 2228	$3.00	$997.00	$11,924.00	$3.85
								840	$6.00		$6.85
Madison	255-163	Public Instructions	2334 S. Park Street	The Villager Shopping Center	Wayne J. Sweeney	(608) 836-7600	06-30-93 600	$8.00	$400.00	$4,800.00	$8.75
				C/O The Joseph Wayne Corp.							
Madison	255-184	Public Instructions	714 Market Place	Reynolds Transfer & Storage	Dave Reynolds	(608) 257-3914	04-30-95 4712	$3.60	$1,413.60	$16,963.20	$3.60
Madison	255-322	Public Instructions	634 W. Main St.	Delta Storage	John Koffel	(608) 251-3337	11-30-93 1300	$3.09	$334.75	$4,017.00	$3.09
Madison	285-018	University of Wisconsin	150 E. Gilman Street	Verex Assurance Inc.	Harold J. Lessner	(608) 257-2527	07-31-94 8268	$12.23	$8,477.49	$101,729.88	$13.98
				Attn: Fic. Manager				100	$5.53		$5.53
Madison	285-021	University of Wisconsin	1001 Spring Street	Wisconsin Bell Inc.	Gerald W. Miller	(800) 633-7368	11-30-97 11500	$10.88	$10,427.49	$125,129.88	$15.20
				Rental Account No. W0117-A							
Madison	285-027	University of Wisconsin	University Research Park	University Science Center Partne	Greg Hyer	(608) 262-4023	01-31-94 2375	$12.18	$2,409.95	$28,919.40	$16.39
				c/o Laura Kerans							
Madison	285-069	University of Wisconsin	4726 East Towne Boulevard	VBSC - Financial Services Divisi			11-30-96 4820	$12.75	$5,121.25	$61,455.00	$14.75
				Attn: Dan Lohrentz							
Madison	285-076	University of Wisconsin	722 Hill St	Opitz Realty Inc Trustee	Bob Krolnik	(608) 257-0111	08-31-93 4085	$8.96	$3,050.60	$36,607.16	$10.96
Madison	285-082	University of Wisconsin	150 E. Gilman Street	Verex Assurance Inc.	Harold J. Lessner	(608) 257-2527	06-30-93 2150	$13.00	$2,329.17	$27,950.00	$14.75
				Attn: Fic. Manager							
Madison	285-087	University of Wisconsin	510 Rolfsmeyer Dr	Security Self Storage			N-TO-M 576	$3.13	$150.00	$1,800.00	$3.13
Madison	285-120	University of Wisconsin	5117 University Ave.	Marshall Erdman & Associates, In	Mike Yanke	(608) 238-0211	08-31-94 6000	$1.50	$750.00	$9,000.00	$1.50
Madison	285-126	University of Wisconsin	2709 Marshall Court	Jack S. & Lois Kanner	Jack Kanner	(608) 238-2300	10-31-93 1030	$17.35	$1,489.32	$17,871.84	$17.35
Madison	285-164	University of Wisconsin	2880 University Ave	University MOB Partnership	John J. Flad	(608) 833-8100	09-30-04 54178	$11.85	$53,500.78	$642,009.30	$13.00
				C/O Flad Dev. & Inv. Corp.							
Madison	285-168	University of Wisconsin	1605 S. Park Street	Anding Enterprises	Al Anding	(608) 221-3854	12-31-93 5000	$5.56	$2,316.67	$27,800.00	$5.56
Madison	285-174	University of Wisconsin	732 N. Midvale	Investment Properties	Bruce Neviaser	(608) 257-3777	02-28-95 2840	$8.93	$2,113.43	$25,361.20	$8.93
Madison	285-174A	University of Wisconsin	732 N. Midvale	Investment Properties	Bruce Neviaser	(608) 257-3777	03-31-95 2490	$8.93	$1,851.94	$22,223.25	$8.93
Madison	285-187	University of Wisconsin	1920-1930 Monroe St	Kenneth L Luedtke	Kenneth L. Luedtke	(608) 231-3370	06-30-94 20155	$13.36	$22,445.95	$269,351.42	$13.36
Madison	285-194	University of Wisconsin	26 N. Orchard St.	Muir Heights Partners			06-30-40				
Madison	285-195	University of Wisconsin	3817 Mineral Point Rd	The Reppen Corporation	Don Reppen	(608) 231-1324	06-30-95 13612	$9.00	$10,209.00	$122,508.00	$9.00
Madison	285-229	University of Wisconsin	706 Williamson St	Reynolds--Madison Company Corp.	David Reynolds	(608) 257-3914	06-30-94 12000	$3.33	$3,329.58	$39,955.00	$5.43
Madison	285-258	University of Wisconsin	979 Jonathon Dr	Daniels Bldg Rentals	Joe Daniels	(608) 271-4800	11-30-92 13032	$9.82	$11,807.30	$141,687.56	$12.52
								2800	$4.90		$7.60
Madison	285-259	University of Wisconsin	977 Jonathon Dr.	Daniels Building Rentals	Joe Daniels	(608) 271-4800	11-30-92 4115	$9.82	$3,368.99	$40,427.87	$12.75
Madison	285-310	University of Wisconsin	122 E. Olin Ave.	First American Office Partnershi	Robert Holub	(608) 258-9525	04-30-94 1600	$12.35	$1,646.67	$19,760.00	$12.35

CITY	LEASE NUMBER	AGENCY NAME	ADDRESS	LESSOR NAME	LESSOR CONTACT	LESSOR PHONE	LEASE END DATE	SQ FT	BASIC RATE	MONTHLY RENTAL	ANNUAL RENTAL	EQ RATE SQ FT
Madison	285-339	University of Wisconsin	2709 Marshall Ct	J S & L M Kaamer	Jack Kaamer	(608) 238-2300	11-30-94	1434	$12.71	$1,519.00	$18,228.00	$12.71
Madison	285-351	University of Wisconsin	3313 University Ave.	Opitz Realty Inc., Trustee	Robert Krolnik	(608) 257-0111	09-30-93	19109	$9.07	$14,542.29	$174,507.48	$14.07
				BDB Investors				350	$3.25			$3.25
Madison	285-356	University of Wisconsin	1100 Deleplaine Court	St Marys Hospital Med Ct	Bob Meyers	(608) 258-6730	09-30-97	22150	$.00	$.00	$.00	$.00
Madison	285-364	University of Wisconsin	2870 University Ave.	University Station Partnership	Steve Hoff	(608) 833-8100	08-31-94	1060	$13.57	$1,198.57	$14,382.84	$14.82
				C/O Flad Dev. & Inv. Corp.								
Madison	285-372	University of Wisconsin	634 W. Main St.	Delta Storage	John Koffel	(608) 251-3337	05-31-93	960	$4.26	$340.93	$4,091.16	$4.26
Madison	285-398	University of Wisconsin	602 State St	The Towers - Allen & O'Hara Deve	Williams Levy	(608) 257-0701	07-31-94	979	$10.50	$856.63	$10,279.50	$10.50
Madison	285-420	University of Wisconsin	2710 Marshall Court	The Park Building	Harold L. Nesberg	(608) 238-5741	03-31-93	1500	$13.16	$1,644.40	$19,732.74	$13.93
Madison	285-422	University of Wisconsin	212 N. Bassett St.	Research Developmant Corporation	Noel Pratt	(608) 258-7070	05-31-95	9065	$13.49	$10,190.17	$122,282.00	$14.02
				c/o Oakbrook Corporation								
Madison	285-453	University of Wisconsin	2715 Marshall Court	Jack S. Kaamer	Jack Kaamer	(608) 238-2300	06-30-93	3840	$13.04	$4,172.88	$50,074.56	$13.04
Madison	285-481	University of Wisconsin	2870 University Ave.	University Station Partnership	Steve Hoff	(608) 833-8100	04-30-93	899	$13.53	$1,013.99	$12,167.88	$13.53
Madison	285-506	University of Wisconsin	602 State St	The Towers - Allen & O'Hara Deve	Williams Levy	(608) 257-0701	11-30-93	2000	$10.50	$1,750.00	$21,000.00	$10.50
Madison	285-513	University of Wisconsin	2710 Marshall Court	The Park Building	Harold Nesberg	(608) 238-5741	12-31-92	1060	$12.74	$1,125.51	$13,506.10	$14.03
Madison	285-514	University of Wisconsin	6602 University Ave.	The Solar Partnership	Victor Connors	(608) 831-3366	01-31-93	5053	$15.02	$7,218.05	$86,616.60	$15.02
				C/O Victor Connors				332	$12.00			$12.00
Madison	285-534	University of Wisconsin	433 W. Washington	433 West Washington Associates I	Annette Gelbach	(608) 221-8022	09-30-95	4600	$12.30	$4,715.00	$56,580.00	$12.30
				C\O The Shaw Company Inc.								
Madison	285-543	University of Wisconsin	1902 E Johnson St	First Johnson Corp.	John Coatta	(612) 935-4137	06-30-95	6145	$3.38	$1,729.29	$20,751.48	$3.38
Madison	285-544	University of Wisconsin	315 N. Henry St.	L.L.R. Venture Group	Richard A. Kiesling	(608) 244-4940	08-31-94	5055	$8.99	$3,766.32	$45,195.84	$10.02
				Suite 207								
Madison	285-547	University of Wisconsin	810 University Bay Drive	Laurits Christenson	Laurits Christenson	(608) 231-2260	04-30-97	4200	$10.25	$3,587.50	$43,050.00	$12.35
				Wis. Economic Research Inst.								
Madison	285-591	University of Wisconsin	1900 University Ave.	Michael Sack	Tom Christensen	(608) 255-4242	10-31-95	3100	$10.31	$2,666.67	$32,000.00	$11.75
Madison	285-593	University of Wisconsin	1314 W Johnson St	Eldon M Stenjem	Eldon Stenjem, Jr.	(602) 998-8761	06-30-93	23193	$5.10	$9,850.00	$118,200.00	$7.60
				C/O Tom Stenjem								
				Suite 219								
Madison	285-627	University of Wisconsin	333 N Randall St	UW Foundation	F. C. Winding, Jr.	(608) 263-4545	06-30-95	9617	$10.98	$9,169.54	$110,034.50	$12.39
				Attn: Fred Winding				1699	$2.61			$2.61
				150 East Gilman Street								
Madison	292-407	Vocational, Technical & Adult	310 Price Place	M & I Bank of Hilldale			01-31-95	22162	$15.77	$29,116.71	$349,400.55	$15.77
Madison	370-013	Natural Resources	1350 Fearite Drive	NCR Corp. Us Group Realestate	Evelyn Hoban	(513) 297-5509	06-30-95	15894	$5.50	$7,284.75	$87,417.00	$9.50
Madison	370-280	Natural Resources	105 S. Butler Street	John M. Kelly	John Kelly	(608) 256-1951	12-31-92	1915	$12.53	$2,000.00	$24,000.00	$12.53
Madison	370-411	Natural Resources	1400 E. Washington Ave. Rm 161	Washington Square Assoc	Jerome J. Mullins	(608) 257-0681	02-28-95	2885	$8.27	$2,315.54	$27,786.47	$8.27
								1260	$3.12			$3.12
Madison	370-435	Natural Resources	121 S. Pinckney	Cantwell Joint Venture	Virginia Sengstock	(608) 255-1933	02-28-94	2246	$12.50	$2,339.58	$28,075.00	$12.95
				C\O Virginia Sengstock								
Madison	370-461	Natural Resources	3070 Fish Hatchery Rd	Flad Dev & Invest Corp	John J. Flag	(608) 833-8100	02-28-93	3250	$13.10	$3,547.92	$42,575.04	$15.10
Madison	370-536	Natural Resources	2421 Darwin Road	Jensen Investment Co.	Paul Jensen	(608) 241-9030	11-30-93	3800	$3.66	$7,083.32	$85,000.00	$5.91
								5500	$2.93			$5.18
								9000	$3.24			$5.18
								8000	$3.24			$5.18
Madison	370-537	Natural Resources	2421 Darwin Road	Jensen Investment Co.	Paul Jensen	(608) 241-9030	11-30-93					
Madison	370-538	Natural Resources	2421 Darwin Road	Jensen Investment Co.	Paul Jensen	(608) 241-9030	11-30-93					
Madison	395-066	Transportation	602 N Whitney Way	Marshall Erdman & Associates, In	Alan Hembel	(608) 238-0211	02-28-96	7600	$9.54	$6,043.52	$72,522.28	$9.54
Madison	395-159	Transportation	3501 Piersdorf	Carroll Company	Jerome Mullins	(608) 257-0681	12-31-95	9000	$9.72	$7,292.40	$87,508.80	$12.52
Madison	395-204	Transportation	212 East Washington Avenue	Congress Associates	Jerry J. Mullins	(608) 257-0681	09-30-93	3719	$10.72	$3,323.33	$39,880.00	$11.52
Madison	395-380	Transportation	3430 Miller Street	Armstrong Aviation, Inc.	Wibert A. Schmid	(608) 241-2020	06-30-93	5250	$1.70	$742.50	$8,910.00	$1.70
Madison	395-445	Transportation										
Madison	401-261	Tax Appeals Commission	217 S. Hamilton Street	The Shaw Company	Annette M. Gelbach	(608) 221-8022	09-30-92	2612	$14.06	$3,061.39	$36,736.63	$14.06
Madison	410-092	Corrections	818 W. Badger Rd	Badger Professial Associates	David Peterson	(608) 256-9011	01-31-96	5036	$9.92	$4,164.40	$49,972.85	$10.42
Madison	410-176	Corrections	818 W. Badger Rd.	Badger Prof Assoc	Dave Peterson	(608) 256-1183	04-30-93	3302	$9.59	$2,638.15	$31,657.77	$10.09
Madison	410-202	Corrections	139 W. Wilson St.	Shorecrest Joint Venture II	Robert Castleberg	(608) 256-9011	07-31-93	2000	$12.20	$2,033.39	$24,400.70	$12.20

CITY	LEASE NUMBER	AGENCY NAME	ADDRESS	LESSOR NAME	LESSOR CONTACT	LESSOR PHONE	LEASE END DATE	SQ FT	BASIC RATE	MONTHLY RENTAL	ANNUAL RENTAL	SQ FT RATE
Madison	410-319	Corrections	101 S Baldwin St	Marquip Inc	Micheal Jordan	(608) 255-4220	01-31-94	3641	$12.24	$3,713.26	$44,559.15	$12.24
Madison	410-323	Corrections	2039 Winnebago St.	Rich Sehrke	Rich Gehrke	(608) 241-3203	12-31-95	4300	$12.24	$4,386.00	$52,632.00	$12.99
Madison	410-388	Corrections	902 Ann Street	Ann Street Properties C/O Wi. Ins. World	Thomas L. Long	(608) 283-6600	11-30-92	1576	$11.14	$1,462.98	$17,555.77	$11.14
Madison	410-412	Corrections	2565 E. Johnson St.	Rice Associates	John Brighan	(608) 258-9999	03-31-93	9954	$11.31	$9,379.24	$112,550.83	$11.31
								1500	$.00			$.00
Madison	410-587	Corrections	1313 Northport Drive	Community Action Commission	Susan JM Bauman, Presiden	(608) 266-9720	12-31-93	500	$4.00	$166.67	$2,000.00	$4.00
Madison	425-133	Wis. Employment Relations Comm	14 W. Mifflin St	14 W Mifflin St Associates	Martin Rifken	(608) 258-4640	09-30-92	9417	$12.50	$9,813.33	$117,759.90	$12.50
Madison	432-546	Board of Aging, Long Term Care	214 N. Hamilton	Veterans of Foreign Wars 214 N. Hamilton	Larry Danielson	(608) 255-6655	04-30-94	2077	$7.50	$1,298.13	$15,577.50	$7.50
Madison	435-169	Health & Social Services	108 S Webster St	L C R Partnership	Marty Rifken	(608) 258-4640	03-31-93	1800	$10.42	$1,563.06	$18,756.72	$12.08
Madison	435-230	Health & Social Services	714-722 Williamson St	Williamson Street Assoc	Marty Rifken	(608) 258-4640	11-30-99	44631	$11.80	$44,757.15	$537,085.80	$12.34
								2900	$3.60			$3.60
Madison	435-249	Health & Social Services	3 S. Pinckney	Tenney Plaza Associates	Tom Phillips	(608) 256-3700	12-31-92	715	$16.22	$966.67	$11,600.00	$16.22
Madison	435-281	Health & Social Services	714-722 Williamson Street	Williamson Street Associates	Martin Rifkin	(608) 258-4640	09-30-92	1200	$13.26	$1,326.13	$15,913.56	$13.26
Madison	435-306	Health & Social Services	714-722 Williamson St.	Williamson St. Assoc. Contact Realty	Marty Rifken	(608) 258-4640	09-30-92	1942	$12.88	$2,083.61	$25,003.29	$12.88
Madison	435-361A	Health & Social Services	217 S Hamilton Street	217 S. Hamilton Venture	Judith Susmilch	(608) 258-8448	05-31-93	4335	$13.01	$4,700.83	$56,410.00	$13.01
Madison	435-477	Health & Social Services	106 E Doty St	Davie Real Estate	Virginia Sengstock	(608) 255-1933	02-28-93	2881	$11.43	$3,430.48	$41,165.72	$11.93
								310	$7.97			$8.47
								530	$10.87			$11.16
Madison	435-480	Health & Social Services	1400 E Washington Ave	Washington Square Assoc	Jerome Mullins	(608) 257-0681	08-31-96	39320	$11.33	$37,457.21	$449,486.54	$11.33
								1254	$3.19			$3.70
Madison	435-517	Health & Social Services	600 Williamson Street	Gateway Partners Limited C/O Contact Realty Corporation	Marty Rifken	(608) 258-4640	09-30-97	4400	$11.85	$4,675.63	$56,102.40	$14.09
								260	$8.35			$10.60
Madison	435-533	Health & Social Services	301 South Blount St.	Madison Gas & Electric Company	Michael J. Mathews	(608) 252-7383	08-31-95	4500	$11.75	$4,406.25	$52,875.00	$11.75
Madison	435-634	Health & Social Services	16 N. Carroll Street	Hovde Realty Inc.	James Hovde	(608) 255-5175	06-30-94	380	$11.10	$351.34	$4,216.08	$11.10
Madison	435-635	Health & Social Services	5005 University Ave., STE 2	Walnut Center Co.	Jeff Jansen	(608) 233-4784	10-31-95	5500	$10.84	$4,967.97	$59,615.69	$12.56
Madison	445-137	Industry, Labor & Human Relati	601 Williamson Street	7 J's Corporation	John B. Coatta	(608) 257-3914	07-31-93	3600	$1.53	$458.35	$5,500.20	$1.53
Madison	445-298	Industry, Labor & Human Relati	214 N. Hamilton Street	Veterans of Foreign Wars	Larry Danielson	(608) 255-6655	12-31-94	1254	$10.75	$1,123.38	$13,480.50	$11.00
Madison	445-360	Industry, Labor & Human Relati	3670 Kinsman Blvd	Kinsman Investors	M. Ross Menard	(608) 273-2979	06-30-96	13040	$3.50	$3,806.62	$45,679.38	$5.12
Madison	455-504	Justice	222 State St	Goodman's Jewelers	Robert Goodman	(608) 257-3644	09-30-93	3200	$10.30	$3,580.00	$42,960.00	$12.05
								1000	$10.00			$11.85
Madison	465-041	Military Affairs	1040 East Main St.	Washington Center Associates	Jerome J. Mullins	(608) 257-0681	03-31-93	1272	$2.46	$260.89	$3,130.72	$2.46
Madison	465-432	Military Affairs	Mobile Off., 3020 Wright	Robert Schaefges	Robert Schaefges	(608) 882-5216	08-30-94	1709	$7.37	$1,050.00	$12,600.00	$8.47
Madison	485-086	Veterans Affairs	30 W. Mifflin St.	Madison Real Estate Properties	Gordon A. Rice	(608) 258-9999	06-30-01	26000	$14.06	$30,456.67	$365,480.00	$14.06
Madison	485-221	Veterans Affairs	22 W. Mifflin St.	Madison Real Estate Properties	John Brighan	(608) 221-8855	11-30-00	5400	$12.98	$5,840.50	$70,086.00	$15.48
Madison	485-222	Veterans Affairs	30 W. Mifflin St.	Madison Real Estate Properties	John Brighan	(608) 221-8855	11-30-00	9900	$12.98	$10,707.83	$128,494.00	$15.48
Madison	505-001	Administration	30 W. Mifflin	Madison Real Estate Properties	Gordon Rice	(608) 258-9999	10-31-95	217	$12.88	$232.82	$2,793.88	$12.88
Madison	505-028	Administration	30 W. Mifflin St	Madison Real Estate Properties	John Brighan	(608) 221-8855	12-31-93	2645	$13.11	$2,890.26	$34,683.15	$13.11
Madison	505-044	Administration	131 W. Wilson St.	James Wilson Plaza	Michael Ziemann	(608) 251-8811	08-31-92	400	$1.50	$50.00	$600.00	$1.50
Madison	505-055	Administration	16 N. Carroll Street	Hovde Realty Inc.	James Hovde	(608) 255-5175	06-30-94	556	$11.10	$514.07	$6,168.84	$11.10
Madison	505-108	Administration	GEF-1 & LORAINE to AT&T	City of Madison Department of Transportation	Dan Dettmann	(608) 266-4761	11-01-08	6771	$2.31		$15,641.01	$2.31
Madison	505-116	Administration	124 Livingston	Reynolds Transfer & Storage	David Reynolds	(608) 257-3914	06-30-93	1500	$3.00	$375.00	$4,500.00	$3.00
Madison	505-158	Administration	222 State St	Goodman's Jewelers	Robert Goodman	(608) 257-3644	09-30-95	2400	$11.27	$2,253.33	$27,040.00	$12.77
Madison	505-166	Administration	1040 East Main St.	Washington Center Associates	Jerome J. Mullins	(608) 257-0681	09-30-94	7128	$1.66	$983.46	$11,801.46	$1.79
Madison	505-206	Administration	3 S. Pinckney St.	Tenney Plaza Associates	Tom Phillips	(608) 256-3700	M-TO-M	150	$4.00	$50.00	$600.00	$4.00
Madison	505-262	Administration	1040 East Main St.	Washington Center Associates	Jerome J. Mullins	(608) 257-0681	M-TO-M	5175	$1.97	$850.00	$10,200.00	$1.97
Madison	505-353	Administration	MG&E Parking Lot - Main St.	Madison Gas and Electric	Jim Montgomery		08-31-96			$5,005.00	$60,060.00	
Madison	505-406	Administration	2 East Mifflin - 7th Floor	Capital Square Investors I	Don Bruns	(608) 256-1435	09-30-94	1760	$16.23	$2,380.00	$28,560.00	$16.73
Madison	505-421	Administration	Railroad St	City of Madison Community Development Unit Madison Municipal Building	Jim Prossick	(608) 267-8718	08-31-90			$125.00	$1,500.00	

CITY	LEASE NUMBER	AGENCY NAME	ADDRESS	LESSOR NAME	LESSOR CONTACT	LESSOR PHONE	LEASE END DATE	SQ	BASIC RATE	MONTHLY_RE	ANNUAL RENTAL	SQ RATE SQ FT
				215 N. L. King Jr. Blvd								
Madison	505-496	Administration	5005 University Ave. Suite 201	Walnut Center Company	Jeff Jansen	(608) 233-4784	05-31-93	4782	$12.47	$4,968.83	$59,625.96	$12.47
Madison	505-530	Administration	County Airport	Airport Director	Peter Drahn	(608) 246-3380	12-31-93	2000	$3.64	$2,745.40	$32,944.80	$3.82
								10000	$1.72			$3.82
								20800	$.04			$.04
Madison	510-454	Elections Board	132 E. Wilson St.	King Street Assoc	Marty Rifken	(608) 258-4640	02-28-93	3730	$14.77	$4,600.00	$55,200.00	$14.77
								30	$4.12			$4.12
Madison	512-410	Employment Relations	137 E. Wilson St.	Wilson Cook Partnership	Marty Rifken	(608) 258-4640	10-31-99	26138	$13.31	$29,001.39	$348,016.66	$13.31
Madison	512-494	Employment Relations	112 King Street	L.C.R. Partnership	Martin Rifken	(608) 258-4640	11-30-93	1950	$11.00	$1,787.00	$21,444.00	$11.77
				C/O Contact Realty								
Madison	521-059	Ethics Board	44 W. Mifflin St.	Urban Land Interests, Agent for	Mark Vaccaro	(608) 251-0706	07-31-95	1750	$17.57	$2,562.01	$30,744.16	$18.32
				44 Associates, a Limited Partner								
Madison	536-409A	Investment Board	121 E. Wilson St.	Lake Terrace	Sue Springman	(608) 255-5166	08-31-94	15277	$17.26	$23,778.12	$285,337.44	$17.26
				C/O Munz Corporation				500	$6.64			$6.64
								200	$8.18			$8.18
								196	$13.36			$13.36
								840	$16.76			$16.76
Madison	540-149	Lieutenant Governor	7 N. Pinckney St	Owen Keith Decker, DBA, Center S	James A. Campbell	(608) 251-6200	06-30-93	668	$12.00	$668.00	$8,016.00	$12.00
Madison	547-471A	Personnel Commission	121 E. Wilson St.	Lake Terrace	Susan Springman	(608) 255-5166	03-31-95	2942	$17.68	$4,333.37	$52,000.48	$17.68
				C/O Munz Corp.								
				133 S. Butler St.								
Madison	550-263	State Public Defender	131 W. Wilson St.	James Wilson Plaza	Darrell Wild	(608) 251-8811	08-31-94	19364	$14.33	$23,125.78	$277,509.36	$14.33
Madison	566-192	Revenue	4610 University Ave., STE 333	Lee & Lee Limited Partnership	Nancy Hauser	(608) 231-3800	09-30-94	6521	$10.50	$5,705.87	$68,470.44	$10.50
				Pyare Square Building, STE 1328								
Madison	566-201	Revenue	5005 University Ave.	Walnut Center Company	Jeff Jansen	(608) 831-4784	03-31-97	4385	$11.76	$4,296.88	$51,562.56	$12.51
Madison	575-343	Secretary of State	30 W. Mifflin St.	Madison Real Estate Properties	John Brigham	(608) 221-8855	06-30-98	13800	$12.73	$14,644.67	$175,736.04	$12.73
Madison	645-103	Judicial Council	25 W Main St-7th Fl	Anchor Savings & Loan	Ed Hill, Jr.	(608) 252-8787	12-31-93	495	$17.25	$711.56	$8,538.75	$17.25
Madison	665-590	Judicial Commission	3 S. Pinckney St., STE 606	Tenney Plaza Assoc	Tom Phillips	(608) 256-3700	03-31-93	833	$18.12	$1,257.77	$15,093.23	$18.12
Madison	680-305	Supreme Court	3 S. Pinckney St.	Tenney Plaza Assoc	Tom Phillips	(608) 256-3700	10-31-93	20583	$18.00	$31,068.46	$372,821.52	$18.87
								460	$5.06			$5.06
Madison	680-444	Supreme Court	119 M. L. King Jr. Blvd	Insurance Building Assoicates	Brad Binkowski	(608) 251-0706	12-31-95	2022	$15.08	$2,540.98	$30,491.76	$15.08
Madison	680-497	Supreme Court	119 M. L. King Jr. Blvd.	Insurance Building Assoicates	Robert Overbaugh	(608) 257-1031	06-30-93	6755	$16.50	$9,285.45	$111,425.37	$16.50
Madison	765-070	Senate	634 W. Main St.	Delta Storage	John Koffel	(608) 251-3337	06-30-94	VARIE	$3.18			$3.18
Madison	765-212	Legislative Audit Bureau	131 West Wilson Street	James Wilson Associates	Darrell R. Wild	(608) 251-8811	06-30-94	9989	$13.61	$11,329.92	$135,959.00	$13.61
Madison	765-219	Senate	119 Martin Luther King Jr. Blv	Insurance Building Associates	Bradley Binkowski	(608) 251-0706	10-31-99	15282	$12.91	$16,443.09	$197,317.12	$14.11
				Urban Land Interest								
Madison	765-345	Retirement Research Committee	3 S. Pinckney St., STE 316	Tenney Plaza Associates	Tom Phillips	(608) 256-3700	08-31-93	509	$16.93	$718.26	$8,619.12	$18.24
Madison	765-387	Senate	1 East Main Street	One East Main Limited Partnershi	Bradley Binkowski	(608) 251-0706	10-31-99	27402	$14.20	$32,435.67	$389,227.98	$15.46
				Urban Land Interest								
Madison	765-403	Senate	100 North Hamilton	DiVall - Hamilton Assoc. Ltd Par	Gary DiVall	(608) 831-2122	10-31-99	36952	$14.30	$44,936.85	$539,242.22	$15.05
								2555	$4.22			$4.72
Madison	765-414	Senate	119 Martin Luther King, Jr. Bl	Melli, Walker, Pease & Ruhly, S.	Brad Binkowski	(608) 251-0706	04-30-93	383	$14.01	$447.05	$5,364.56	$14.01
Madison	765-439	Senate	119 Martin Luther King, Jr. Bl	Insurance Building Associates	Brad Binkowski	(608) 251-0706	10-31-99	1636	$15.09	$2,057.04	$23,735.09	$15.49
				Urban Land Interests								
Madison	765-488	Revisor of Statutes Bureau	119 Martin Luther King, Jr. Bl	Insurance Building Associates Li	Brad Binkowski	(608) 251-0706	10-01-99	2700	$15.34	$3,451.23	$41,414.73	$16.09
				Urban Land Interests								
Madison	800-800	Data Medic	3321 W. Beltline Hwy	Department of Administration			04-30-95	1650	$12.02	$1,652.75	$19,833.00	$12.02
Madison	801-801	Steinmetz Communications, Inc.	3321 W. Beltline Hwy.	Department of Administration			03-31-93	341	$11.67	$331.62	$3,979.44	$11.67
Madison	802-802	HospiceCare, Inc.	3321 West Beltline Hwy.	Department of Administration			12-14-94	3853	$11.14	$3,576.87	$42,922.42	$11.14
Madison	803-803	S.W.E.C.S.	3321 West Beltline Hwy.	Department of Administration			07-01-93	230	$11.97	$229.43	$2,753.16	$11.97
								-----		----------	----------	
--->								10880		$941,550.3	$11,313,249.41	
Manitowoc	370-288	Natural Resources	1314 Hwy 310	Fordyce B. and JoAnn G. Rathjen	Fordyce Rathjen	(414) 682-6611	08-31-94	3120	$5.29	$1,688.28	$20,259.30	$7.75

APPENDIX D

OCCUPANCY RATES FOR PUBLIC RAMPS AND LOTS

JANUARY, 1991 TO AUGUST, 1992

CENTRAL AREA PARKING INFORMATION
AT 11:00 am to 1:00 pm

COUNTS TAKEN ON TUES., WED. OR THURS. OF THE 2nd OR 3rd WEEK EACH MONTH

MONTH - YEAR		JAN 91			FEB 91			MAR 91			APR 91			MAY 91			JUN 91		
FACILITIES	TOTAL SPACES	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED
ON-STREET METERS	1007	999	256	74.4	998	207	79.8	993	213	78.5	978	143	85.4	906	195	78.5	980	204	79.2
CITY LOTS BUCKEYE - BLOCK 58	53	53	32	39.6	53	17	67.9	53	18	66.0	53	23	56.6	53	22	58.5	53	5	90.6
BRAYTON - METERS	16	16	0	100.0	16	0	100.0	16	4	75.0	16	4	75.0	16	5	68.8	16	4	75.0
BRAYTON - TIC-FAK	168	168	0	100.0	168	2	98.8	168	11	93.5	168	12	92.9	168	7	95.8	168	49	70.8
MUNICIPAL BLDG.-BLOCK 88	18	18	1	94.4	18	0	100.0	18	2	88.9	18	7	61.1	18	2	88.9	18	8	55.6
600 UNIV. AVE.	175	175	0	100.0	175	0	100.0	175	0	100.0	175	0	100.0	175	0	100.0	175	0	100.0
SUBTOTAL - CITY LOTS	430	430	33	92.3	430	19	95.6	430	35	91.9	430	46	89.3	430	36	91.6	430	66	84.7
CITY RAMPS CAPITOL CENTRE	577	577	168	70.9	577	145	74.9	577	134	76.8	577	123	78.7	577	140	75.7	577	157	72.8
CAPITOL CENTRE - MONTHLY	50	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0
DAYTON - METERS	180	180	138	23.3	180	128	28.9	180	86	52.2	180	110	38.9	180	147	18.3	180	110	38.9
DAYTON - ATTENDED	326	315 ①	41	87.0	326	16	95.1	326	29	91.1	326	15	95.4	326	54	83.4	326	63	80.7
DAYTON - MONTHLY																			
DOTY - MONTHLY	107	107	0	100.0	107	0	100.0	107	0	100.0	107	0	100.0	107	0	100.0	107 ⑦	0	100.0
DOTY - ATTENDED	425	425	6	98.6	425	3	99.3	425 ①	1	99.8	425 ④	1	99.8	425 ⑤	0	100.0	425 ⑦ ⑧	4	99.1
FRANCES/LAKE - ATTENDED	1089	1089	240	78.0	1089	95	91.3	1007 ③	225	79.3	1082 ④	138	87.3	1084 ⑤	225	79.3	1043 ⑧	539	67.5
McCORMICK - MONTHLY	200	200	0	100.0	200	0	100.0	200	0	100.0	200	0	100.0	198 ⑥	0	100.0	158	0	100.0
McCORMICK - ATTENDED	422	415 ②	28	93.3	422	28	93.4	422	35	91.7	422	24	94.3	464 ⑥	45	90.3	464	32	93.1
SUBTOTAL - CITY RAMPS	3376	3358	671	81.5	3376	415	87.7	3374	510	84.9	3369	411	87.8	3373	611	81.9	3378	705	78.8
SUBTOTAL - CITY LOTS/RAMPS	3806	3788	654	82.7	3806	434	88.6	3804	545	85.7	3799	457	88.0	3803	647	83.0	3758	771	79.5
TOTAL CITY - STREETS-LOTS-RAMPS	4813	4787	910	81.0	4804	636	86.8	4797	758	84.2	4777	600	87.4	4709	842	82.1	4738	975	79.4
DANE COUNTY RAMP - PERMIT	418	418	0	100.0	418	0	100.0	621	0	100.0	621	0	100.0	578	0	100.0	578	0	100.0
DANE COUNTY RAMP - METERS	572	572	29	95.8	572	111	80.6	372	181	51.3	372	103	72.3	415	159	61.7	415	209	50.8
TOTAL PUBLIC SPACES	5803	5777	934	83.8	5794	747	87.1	5790	939	83.8	5770	703	87.8	5702	1001	82.4	5731	1179	79.4

NOTES:
1. "Total Spaces" is the number of spaces generally available for public or monthly parking. It excludes DIS/VET SPACES, Authorized Vehicles Only Spaces, etc.
2. "Spaces in Operation" is the number of spaces available for public or monthly parking, as follows:
   a. On-street meters, all lots and metered section of ramps -- on the day the vacancy count is made.
   b. Cashier section of ramps -- the daily average computed for the month.
   c. Monthly rental stalls -- on the day the vacancy count is made for lots and metered section of ramps.
3. Vacancies are determined as follows:
   a. On-street meters, all lots and metered section of ramps -- by counting the vacant spaces one day (Tuesday, Wednesday or Thursday) per month between the hours of 11 a.m. and 1 p.m.
   b. Cashier sections of ramps -- using a 95 percent Trimmed Mean calculated from daily records kept at each facility. The least number of vacancies occurring on each weekday between the hours of 8 a.m. and 2:30 p.m. is used to compute this mean.
   c. Monthly rental stalls -- assuming all stalls are occupied, since none are available for general public parking.

① Dayton Ramp - Average of 11 spaces out of service for January.
② McCormick Ramp - Average of 7 spaces out of service for January.
③ Frances/Lake Ramp - Average of 2 spaces out of service for March.
④ Frances/Lake Ramp - Average of 7 spaces out of service for April.
⑤ Frances/Lake Ramp - Average of 3 Spaces out of service for May.
⑥ McCormick Ramp - 42 spaces converted from monthly to attended.
⑦ Doty Ramp - Average of 2 spaces out of service for June.
⑧ Frances/Lake Ramp - Average of 46 spaces out of service for June.

PREPARED BY - PARKING DIVISION OF MADISON D.O.T.

CENTRAL AREA PARKING INFORMATION
AT 11:00 am to 1:00 pm

COUNTS TAKEN ON TUES., WED. OR THURS. OF THE 2nd OR 3rd WEEK EACH MONTH

MONTH - YEAR		JAN92			FEB92			MAR92			APR92			MAY92			JUN92		
FACILITIES	TOTAL SPACES	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED	SPACES IN OPERATION	# VACANT SPACES	% OCCUPIED
ON-STREET METERS	1007	978	192	80.4	976	191	80.4	969	176	81.0	985	158	83.9	935	199	78.7	934	215	77.0
CITY LOTS BUCKEYE - BLOCK 58	53	53	1	98.1	53	30	43.4	53	25	52.8	53	1	98.1	53	23	56.6	53	5	90.6
BRAYTON - METERS	16	16	3	81.3	16	2	87.5	16	0	100.0	16	1	93.8	16	1	93.8	16	7	56.3
BRAYTON - TIC-FAK	168	168	10	94.0	168	2	98.8	168	0	100.0	168	10	94.0	168	2	98.8	168	12	92.9
MUNICIPAL BLDG.-BLOCK 88	18	15 ①	0	100.0	18	0	100.0	18	0	100.0	18	1	94.4	17 ④	1	94.1	18	1	94.4
600 UNIV. AVE.	175	175	0	100.0	175	0	100.0	175	0	100.0	175	0	100.0	175	23	86.9	175	0	100.0
SUBTOTAL - CITY LOTS	430	427	14	96.7	430	34	92.1	430	25	94.2	430	13	97.0	429	50	88.3	430	25	94.2
CITY RAMPS CAPITOL CENTRE	577	577	116	79.9	577	115	80.1	577	95	83.5	577	123	78.7	577	123	78.7	577	133	76.9
CAPITOL CENTRE - MONTHLY	50	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0	50	0	100.0
DAYTON - METERS	127	127	13	89.8	127	24	81.1	127	40	68.5	127	11	91.3	127	77	39.4	127	50	60.6
DAYTON - ATTENDED	326	326	45	86.2	326	7	97.9	326	20	93.9	326	5	98.5	326	43	86.8	326	55	83.1
DAYTON - MONTHLY	53	53	21	60.4	53	12	77.4	53	8	84.9	53	3	94.3	53	6	88.7	53 ⑥	0	100.0
DOTY - MONTHLY	107	107	0	100.0	107	0	100.0	107	0	100.0	107	0	100.0	107	0	100.0	76 ⑥	0	100.0
DOTY - ATTENDED	425	425	5	98.8	425	0	100.0	425	0	100.0	425	0	100.0	425	0	100.0	456 ⑥	5	98.9
FRANCES/LAKE - ATTENDED	1089	1089	247	77.3	1089	57	94.8	1089	156	85.7	1089	87	92.0	1089	244	77.6	1089	347	68.1
McCORMICK - MONTHLY	160	160	60	62.5	160	62	61.3	160	63	60.6	160	63	60.6	160	65	59.4	160	65	59.4
McCORMICK - ATTENDED	464	464	75	83.8	464	63	86.4	464	65	86.0	464	95	79.5	464	87	81.3	464	117	74.8
SUBTOTAL - CITY RAMPS	3378	3378	582	82.8	3378	340	89.9	3378	447	86.8	3378	387	88.5	3378	645	80.9	3378	772	77.1
SUBTOTAL - CITY LOTS/RAMPS	3808	3805	596	84.3	3808	374	90.2	3808	472	87.6	3808	400	89.5	3807	695	81.7	3808	797	79.1
TOTAL CITY - STREETS-LOTS-RAMPS	4815	4783	788	83.5	4784	565	88.2	4777	598	87.5	4791	558	88.4	4742	894	81.1	4742	1017	78.7
DANE COUNTY RAMP - PERMIT	576	576	0	100.0	576	0	100.0	576	0	100.0	568 ②	0	100.0	562 ②	0	100.0	549 ①	0	100.0
DANE COUNTY RAMP - METERS	418	418	192	54.1	418	181	56.7	418	147	64.8	387 ③	82	78.8	421 ③	179	57.5	413	214	48.2
TOTAL PUBLIC SPACES	5809	5777	980	83.0	5778	746	87.1	5771	745	87.1	5746	640	88.9	5725	1073	81.3	5704	1226	78.5

NOTES:

1. "Total Spaces" is the number of spaces generally available for public or monthly parking. It excludes DIS/VET SPACES, Authorized Vehicles Only Spaces, etc.
2. "Spaces in Operation" is the number of spaces available for public or monthly parking, as follows:
   a. On-street meters, all lots and metered section of ramps -- on the day the vacancy count is made.
   b. Cashier section of ramps -- the daily average computed for the month.
   c. Monthly rental stalls -- on the day the vacancy count is made for lots and metered section of ramps.
3. Vacancies are determined as follows:
   a. On-street meters, all lots and metered section of ramps -- by counting the vacant spaces one day (Tuesday, Wednesday or Thursday) per month between the hours of 11 a.m. and 1 p.m.
   b. Cashier sections of ramps -- using a 95 percent Trimmed Mean calculated from daily records kept at each facility. The least number of vacancies occurring on each weekday between the hours of 8 a.m. and 2:30 p.m. is used to compute this mean.
   c. Monthly -- from records in Parking Division on the day the count is made for lots and metered section of ramps.
4. Note that monthly stalls are not available for daily parking when there are vacancies. Therefore, any calculations regarding the number of vacant spaces available to the general public should ignore these spaces.

① Block 88 - 3 spaces out due to construction of C.E.C.U.

② Dane County Ramp - Permit - 8 spaces out due to construction.

③ Dane County Ramp - Meters - 31 spaces out due to construction.

④ Block 88 - 1 space out of service due to construction of C.E.C.U.

⑤ Dane County Ramp - Meters - 3 spaces out due to construction.

⑥ Doty Ramp - 31 permit spaces converted to attended spaces.

⑦ Dane County Ramp - Permit - 32 spaces out due to construction.

PREPARED BY - PARKING DIVISION OF MADISON D.O.T.

APPENDIX E

PARKING INVENTORY - PUBLIC LOTS AND RAMPS

PARKING INVENTORY-LOTS AND RAMPS

City of Madison Department of Transportation Parking Division

January, 1992

LOTS	Metered Spaces by Type 1 hr	2 hr	3 hr	5 hr	10hr	Total Metered Spaces	Reserved Spaces	Dis/Vet Spaces	Attended Spaces	Tic Fak	Total Spaces	Cycle (1) Spaces	Meter Rates	Attended/ Reserved Rates
Atwood	--	18 (2)	--	--	--	18	--	1	--	--	19	--	25¢/hr	$22/month
Blair	--	--	--	--	--	--	72	--	--	--	72	--	--	$50/month
Block 7 (3) (600 Univ. Ave.)	--	--	--	--	--	--	--	4	168	--	172	--	--	7:00a-9:30a=$4.00 9:30a-4:00p=$3.00 4:00p-Close=$1.00
Block 88	18	--	--	--	--	18	--	2	--	--	20	--	60¢/hr	--
Brayton	--	16	--	--	--	16	--	2	--	168	186	--	50¢/hr	55¢/hr (Tic-Fak)
Buckey (Block 58)	--	27	15	11	--	53	1	2	--	--	56	1	60¢/hr	--
Evergreen	--	23	--	--	--	23	--	1	--	--	24	--	25¢/hr	--
Livingston	--	--	--	--	--	--	42	1	--	--	43	--	--	$28/month
Market Place (3)	--	--	--	--	--	--	55	--	--	--	55	--	--	$22/month
Wingra	--	11	--	--	10	21	--	1	--	--	22	--	25¢/hr	--
LOTS Total	18	95	15	11	10	149	170	14	168	168	669	1		

RAMPS	Metered Spaces by Type 1 hr	2 hr	3 hr	5 hr	10hr	Total Metered Spaces	Reserved Spaces	Dis/Vet Spaces	Attended Spaces	Tic Fak	Total Spaces	Cycle (1) Spaces	Meter Rates	Attended/ (6) Reserved Rates
Capitol Centre	--	--	--	--	--	--	50 (4)	7	577	--	634	9	--	45¢/hr; $75/month
Dayton	17	87	--	23		127	(5) 53	15	326	--	521	34	50¢/hr	50¢/hr; $80/month
Doty	--	--	--	--	--	--	107	3	425	--	535	--	--	60¢/hr; $85/month
Frances	--	--	--	--	--	--	--	3	560	--	563	--	--	60¢/hr
Lake	--	--	--	--	--	--	--	2	529	--	531	17	--	60¢/hr
McCormick	--	--	--	--	--	--	160	3	466	--	629	11	35¢/hr	45¢/hr; $75/month
RAMPS TOTAL	17	87	--	23	--	127	370	33	2883	--	3413	71		

LOTS AND RAMPS														
TOTAL	35	182	15	34	10	276	540	47	3051	168	4082	72		

(1) Cycle Parking- 25¢/hr, not included in total spaces.

(2) 9 SPACES RESERVED 7am-7pm METERS IN EFFECT 7pm-7am.

(3) Temporary Parking Lot.

(4) RESERVED IN EFFECT 6am-6pm. ATTENDED 6pm-6am.

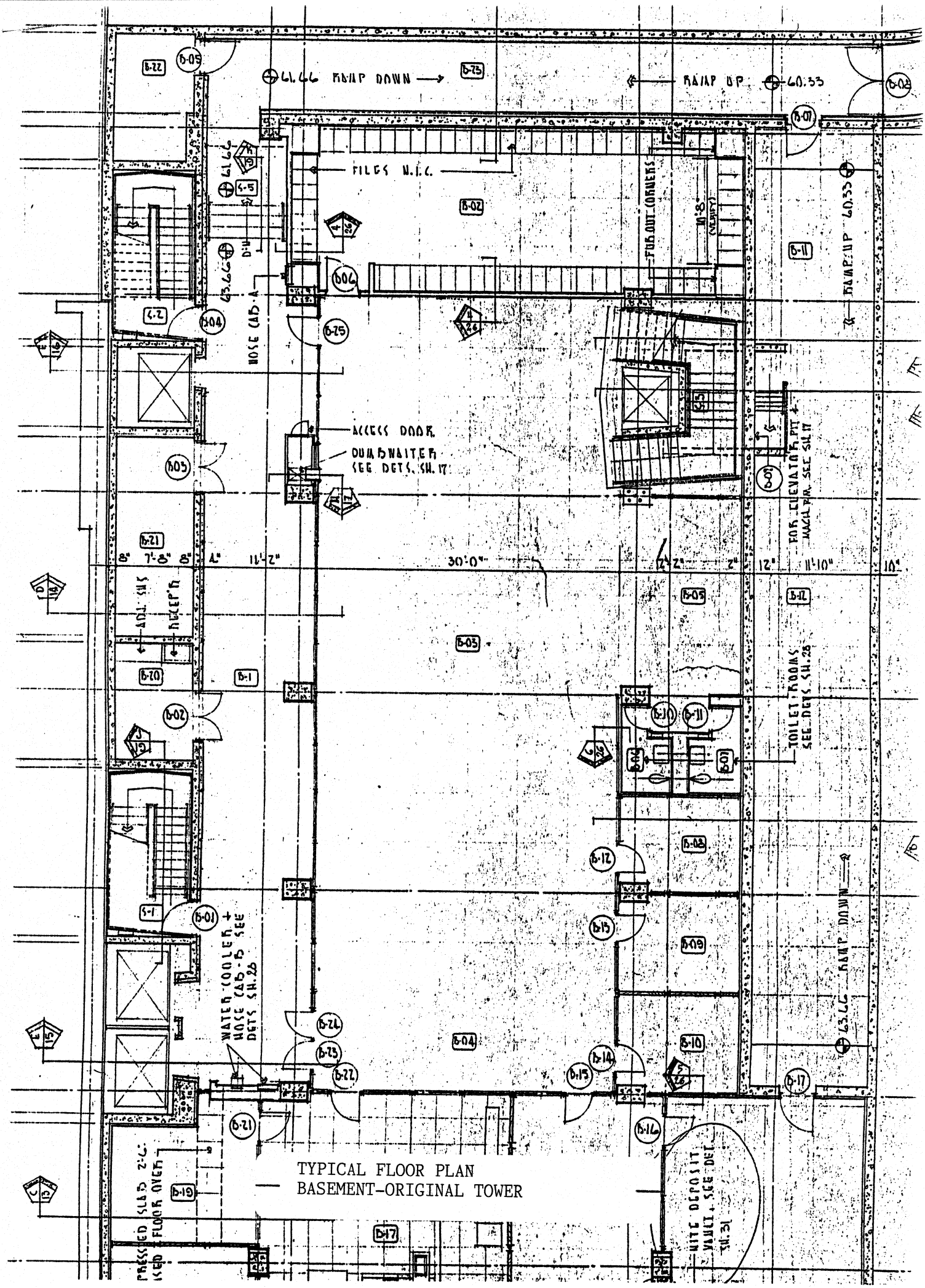
(5) 53 SPACES RESERVED 7am-6pm METERS IN EFFECT 6pm-7am.

(6) **Weekend-Evening Rate:** 6pm-5am=$1 max.
5am Sat.-5am Sun.=$1 max.
5am Sun.-5am Mon.=$1 max.

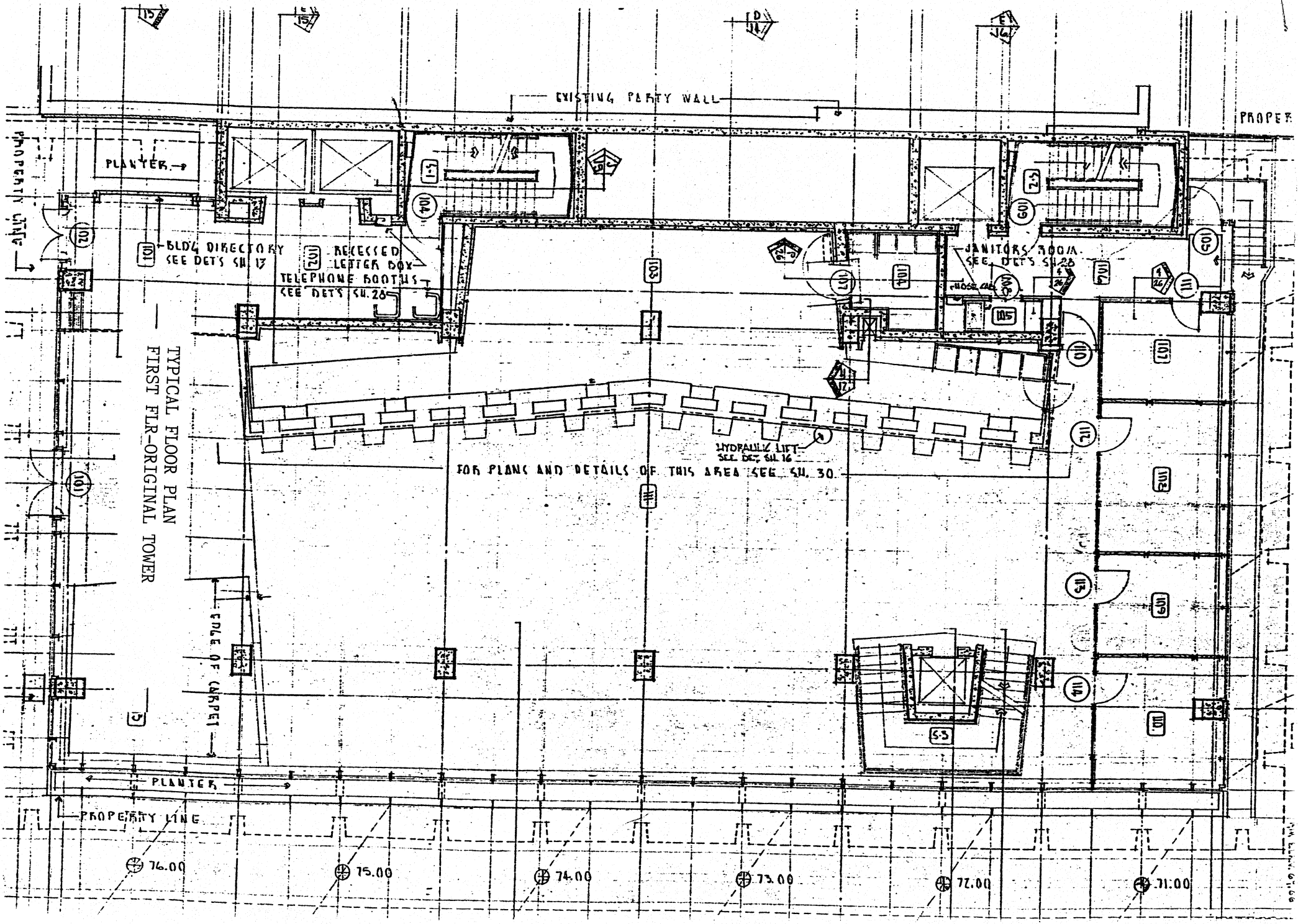
NOTE: Night parking permits are available for selected lots and ramps at a cost of $15.75 per month. Permits are valid Monday through Sunday from 6pm to 9am and on Saturday, Sunday, and Holidays from 9am to 6pm.
Information regarding night permits and reserved parking can be obtained at the office of the Department of Transportation
215 Martin Luther King, Jr. Boulevard
Room 100 or, by calling 266-4761.

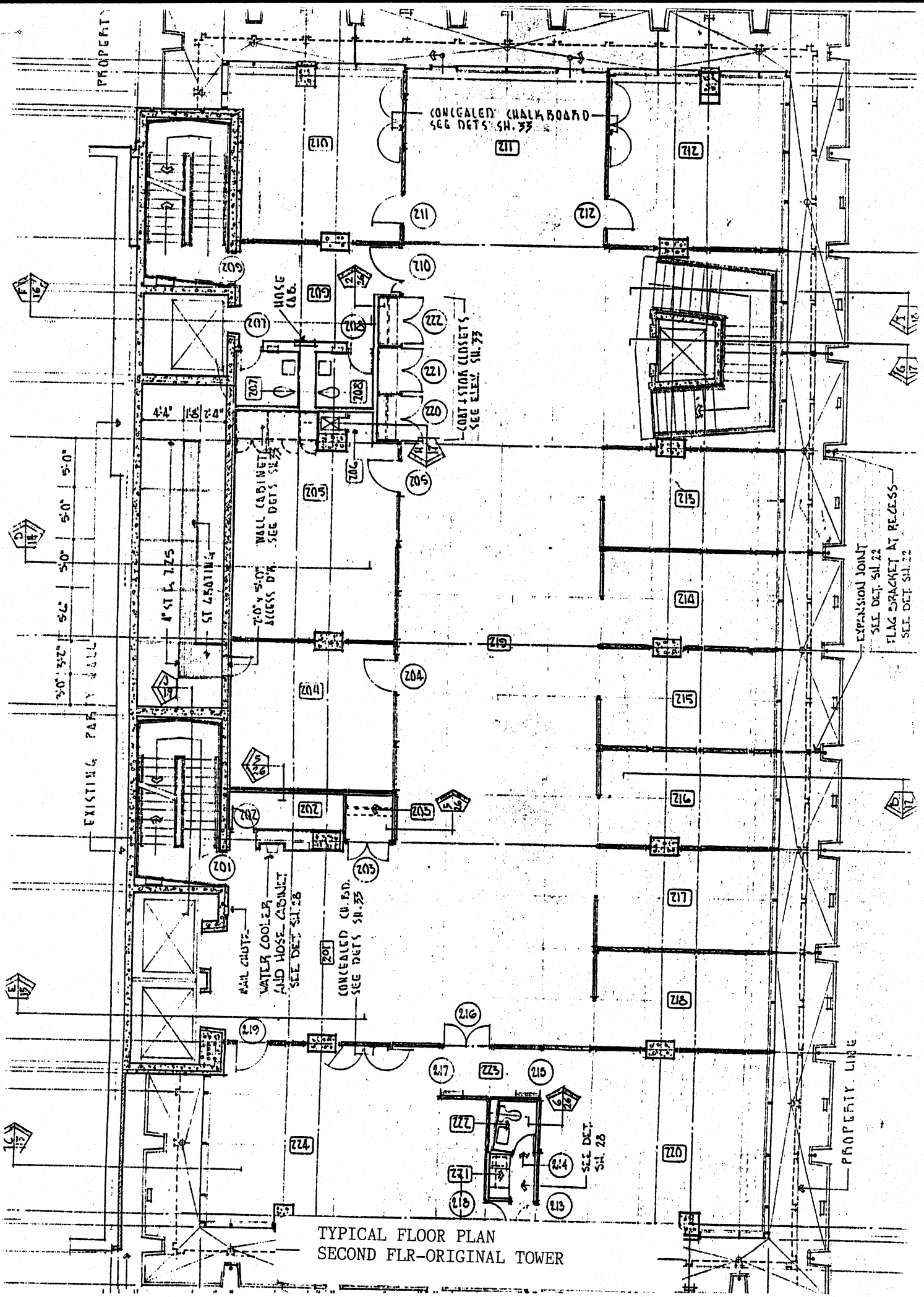
APPENDIX F

FLOOR PLANS - ANCHOR BUILDING AND ANCHOR RAMP



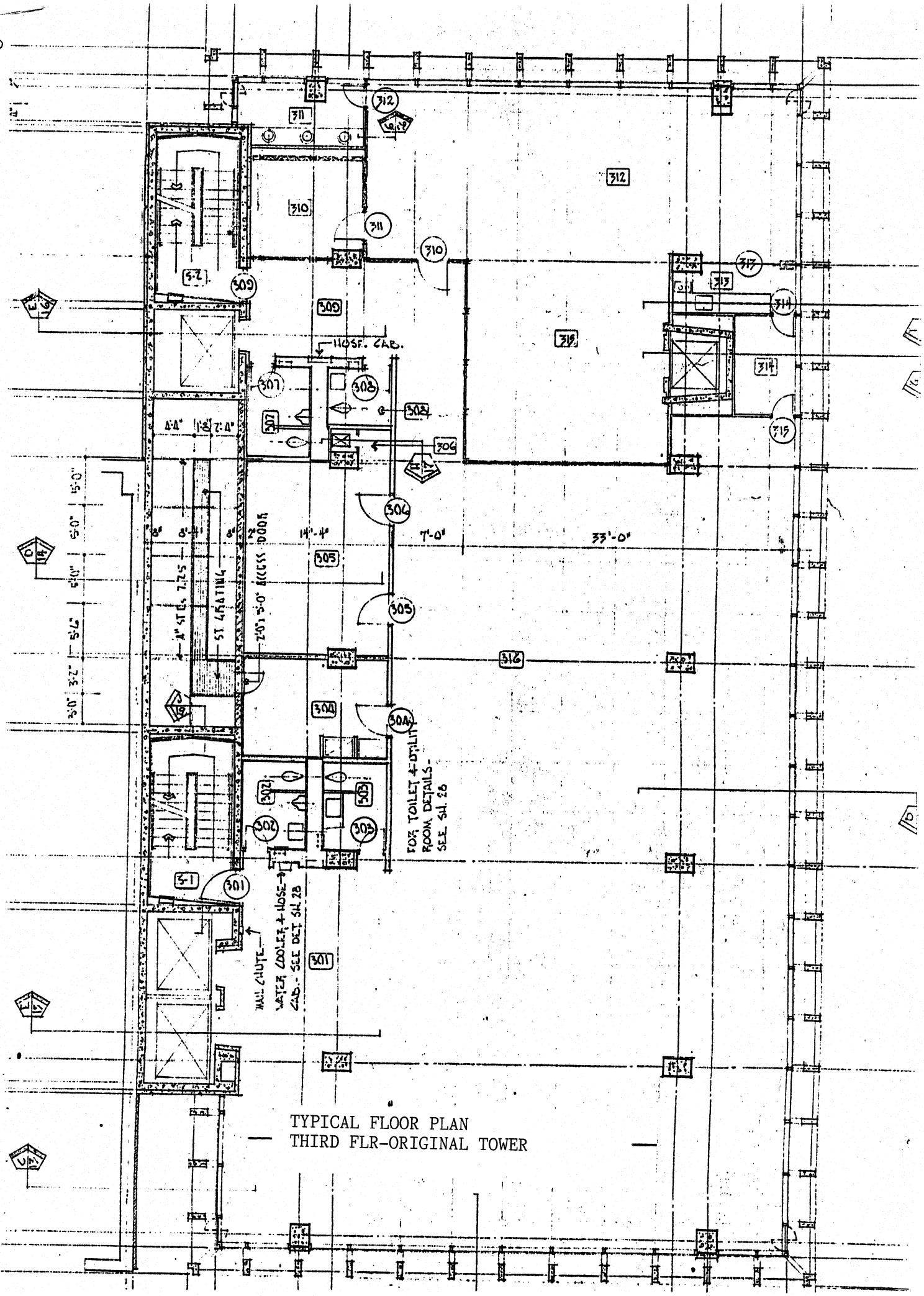
TYPICAL FLOOR PLAN
— BASEMENT-ORIGINAL TOWER


EXISTING PARTY WALL
PROPERTY LINE
PLANTER
BLDG DIRECTORY
SEE DET'S SH. 17
RECESSED
LETTER BOX
TELEPHONE BOOTHS
SEE DET'S SH. 28
JANITORS ROOM
SEE DET'S SH. 28
HOSE CAB.
HYDRAULIC LIFT
SEE DET. SH. 16
FOR PLANS AND DETAILS OF THIS AREA SEE SH. 30
TYPICAL FLOOR PLAN
FIRST FLR-ORIGINAL TOWER
EDGE OF CARPET
PLANTER
PROPERTY LINE
74.00
75.00
74.00
73.00
72.00
71.00

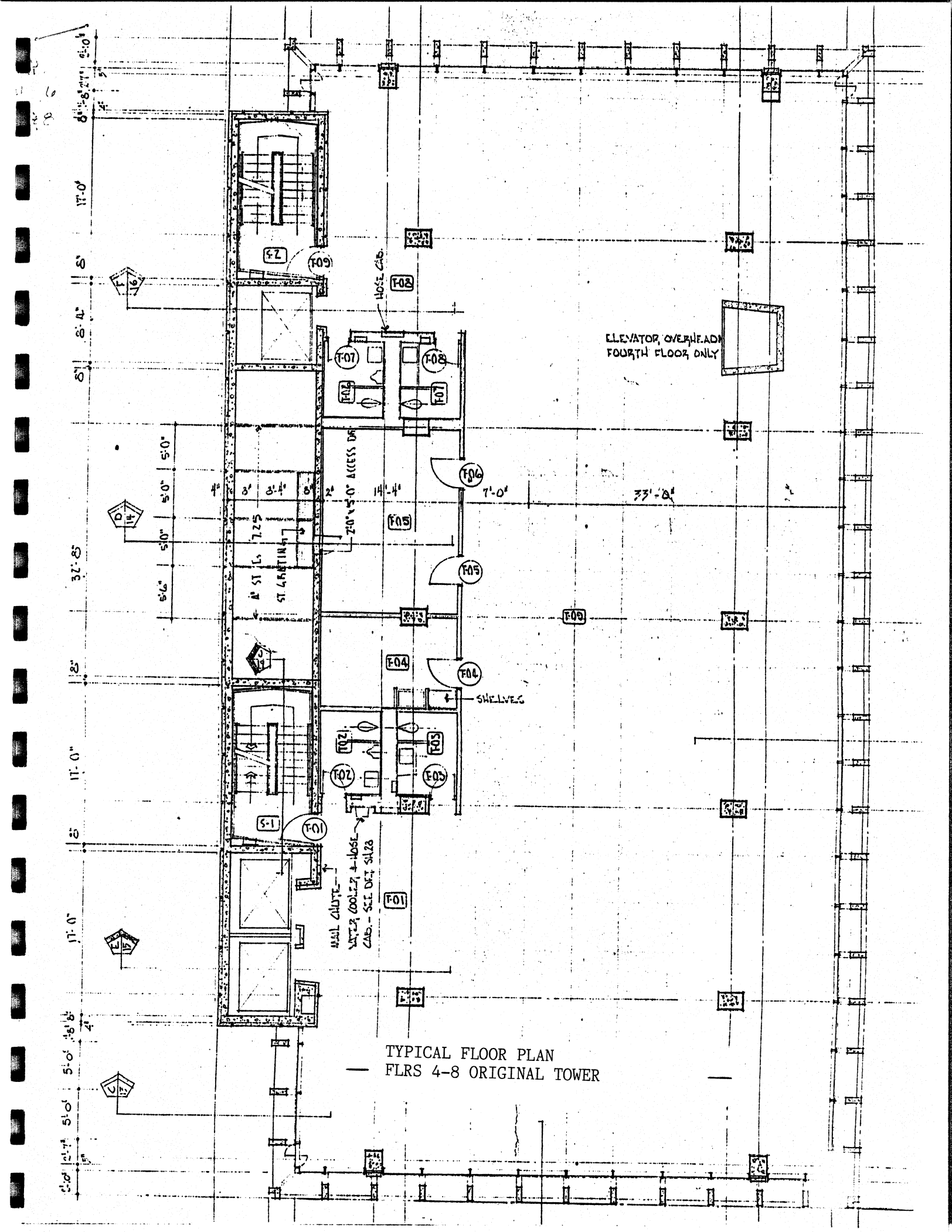


TYPICAL FLOOR PLAN
SECOND FLR-ORIGINAL TOWER

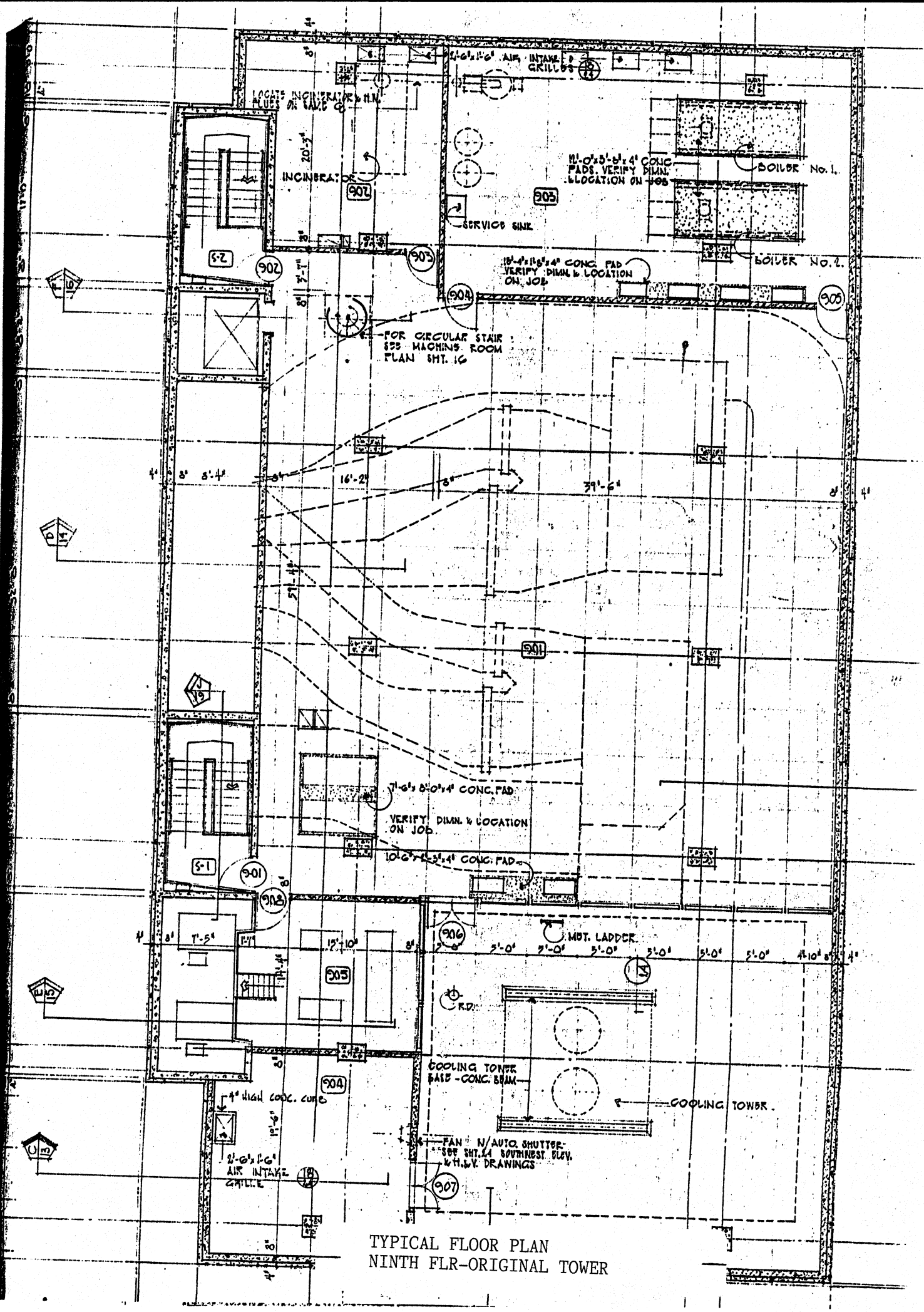
3



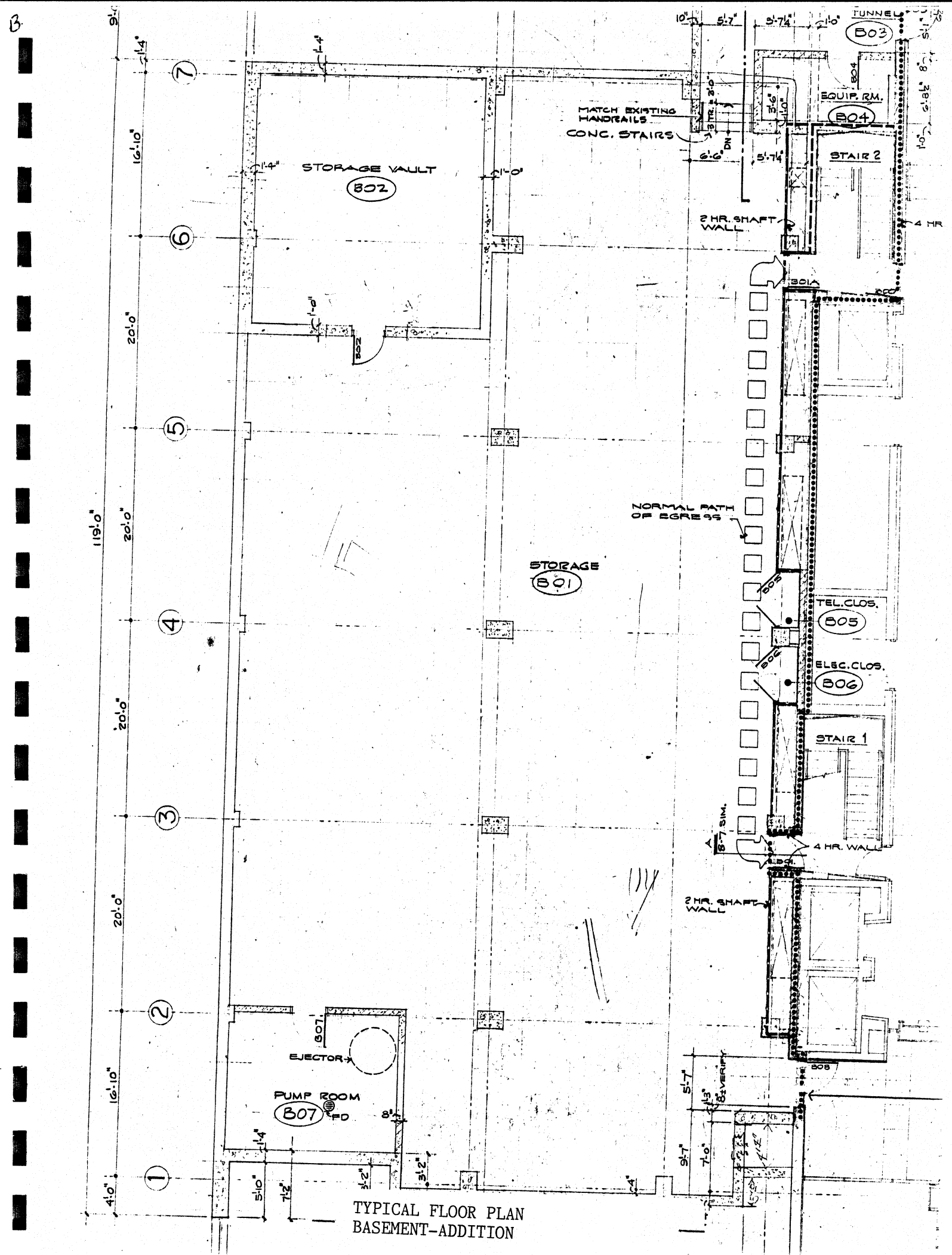
TYPICAL FLOOR PLAN
— THIRD FLR-ORIGINAL TOWER —



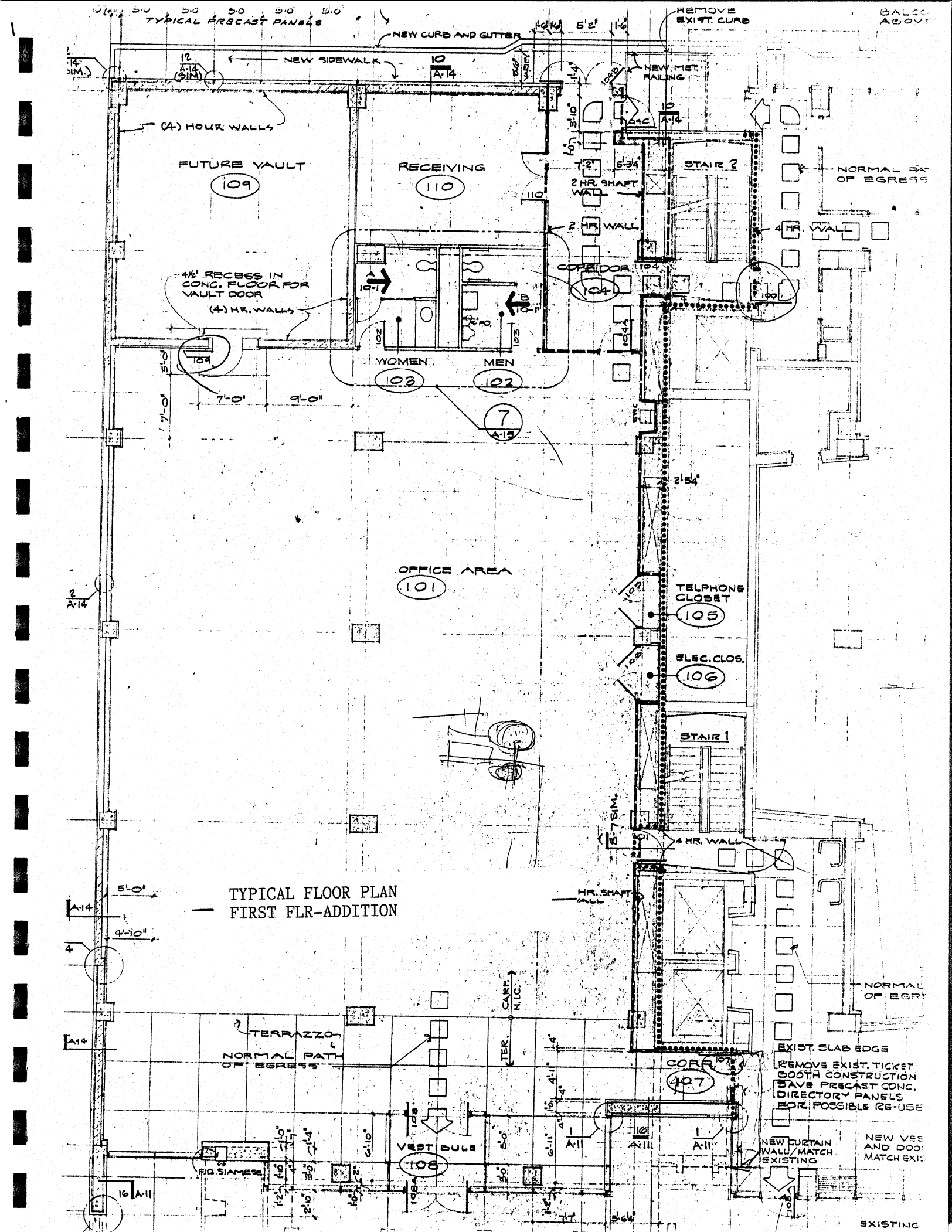
TYPICAL FLOOR PLAN
— FLRS 4-8 ORIGINAL TOWER —

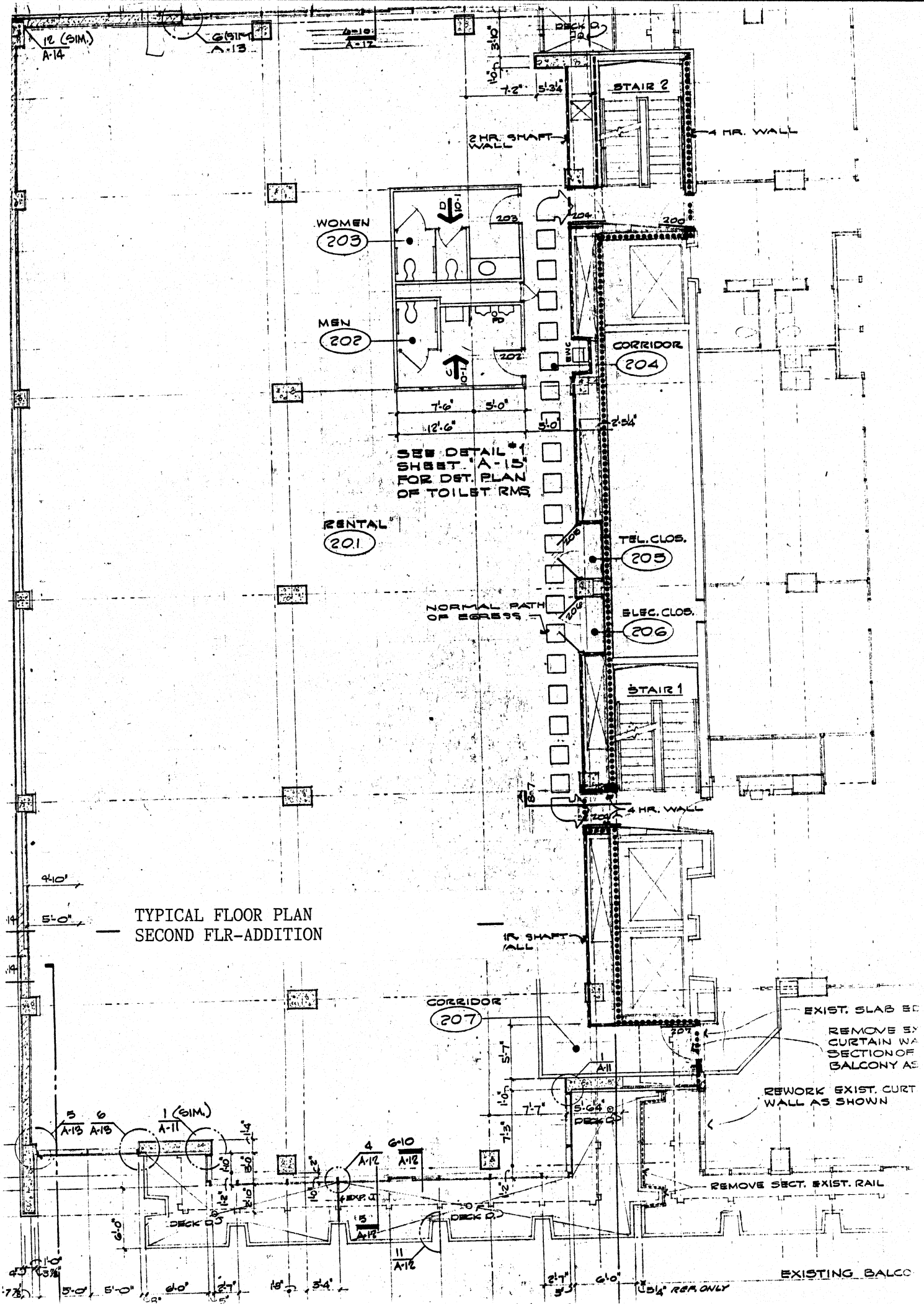


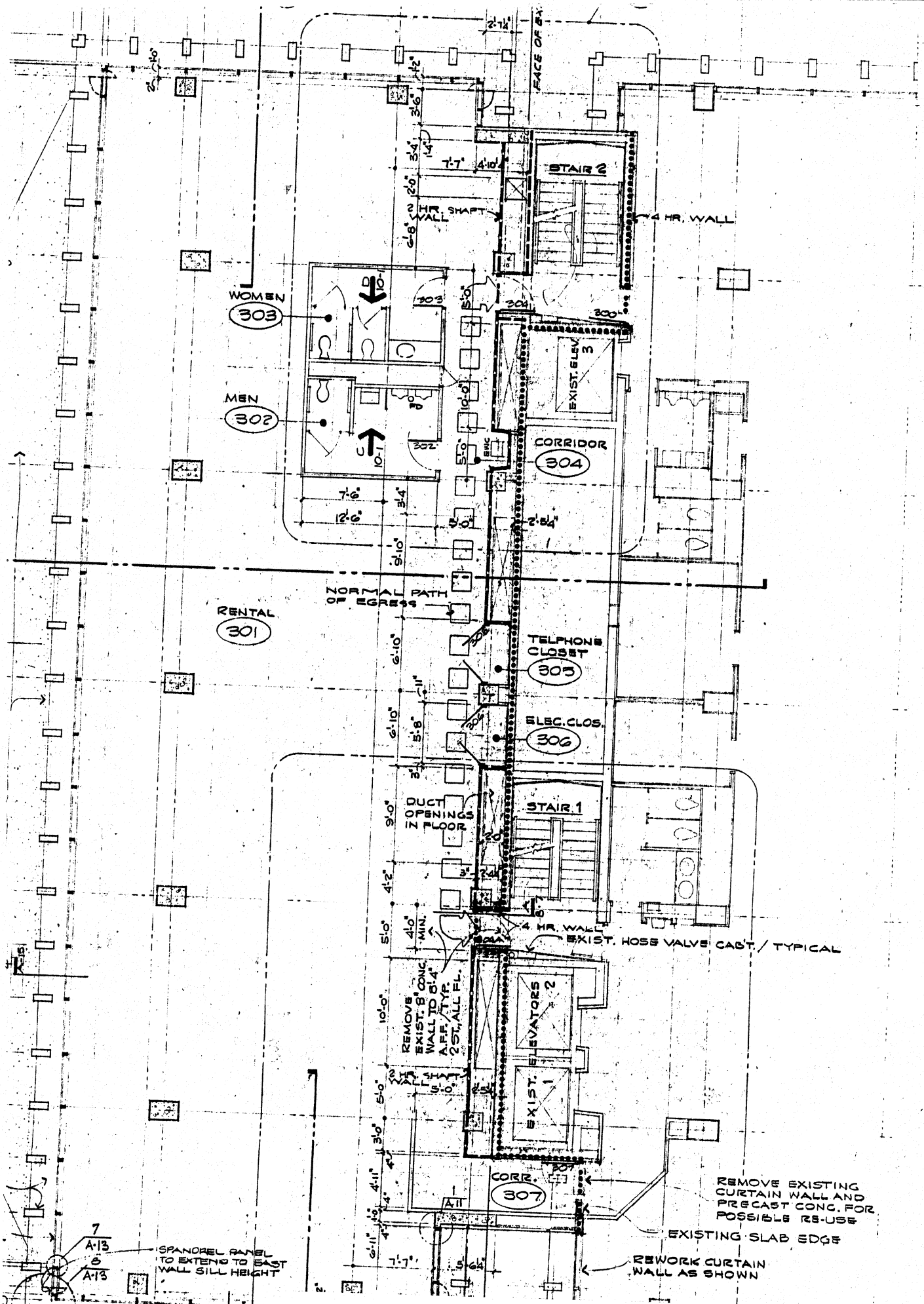
TYPICAL FLOOR PLAN
NINTH FLR-ORIGINAL TOWER



TYPICAL FLOOR PLAN
BASEMENT-ADDITION


TYPICAL PRECAST PANELS
NEW CURB AND GUTTER
NEW SIDEWALK
REMOVE EXIST. CURB
NEW MET. RAILING
(4) HOUR WALLS
FUTURE VAULT
109
RECEIVING
110
STAIR 2
2 HR. SHAFT WALL
2 HR. WALL
4 HR. WALL
NORMAL PATH OF EGRESS
CORRIDOR
104
4½" RECESS IN CONC. FLOOR FOR VAULT DOOR
(4) HR. WALLS
WOMEN
103
MEN
102
OFFICE AREA
101
TELPHONE CLOSET
105
ELEC. CLOS.
106
STAIR 1
4 HR. WALL
HR. SHAFT WALL
TYPICAL FLOOR PLAN
FIRST FLR-ADDITION
TERRAZZO
NORMAL PATH OF EGRESS
CARP. N.I.C.
CORR.
107
EXIST. SLAB EDGE
REMOVE EXIST. TICKET BOOTH CONSTRUCTION SAVE PRECAST CONC. DIRECTORY PANELS FOR POSSIBLE RE-USE
VEST BULE
108
FIA SIAMESE
NEW CURTAIN WALL/MATCH EXISTING
NEW VES AND DOO MATCH EXIS
EXISTING


STAIR 2
4 HR. WALL
2 HR. SHAFT WALL
WOMEN
203
MEN
202
CORRIDOR
204
SEE DETAIL #1 SHEET "A-15" FOR DET. PLAN OF TOILET RMS.
RENTAL
201
TEL. CLOS.
205
NORMAL PATH OF EGRESS
ELEC. CLOS.
206
STAIR 1
4 HR. WALL
TYPICAL FLOOR PLAN
SECOND FLR-ADDITION
1 HR. SHAFT WALL
CORRIDOR
207
EXIST. SLAB ED
REMOVE EX CURTAIN WA SECTION OF BALCONY AS
REWORK EXIST. CURT WALL AS SHOWN
REMOVE SECT. EXIST. RAIL
EXISTING BALCO
DECK D
EXP. J
1 (SIM.) A-11
A-13
A-14
A-17
A-12
A-18
5'-0"
6'-0"
12'-6"
7'-6"
5'-0"



TYPICAL FLOOR PLAN
FLRS 3-8 ADDITION

APPENDIX G

REPRESENTATIVE BUILDING PHOTOGRAPHS

ANCHOR BUILDING AND ANCHOR RAMP

View of Carroll Street facade of Anchor Headquarters Building. Camera facing east.

View of Main Street facade of Anchor Headquarters Building. Photo taken from the intersection of West Washington Avenue and North Carroll Street. Camera facing east.

All photos taken by Dean P. Larkin on October 2, 1992.

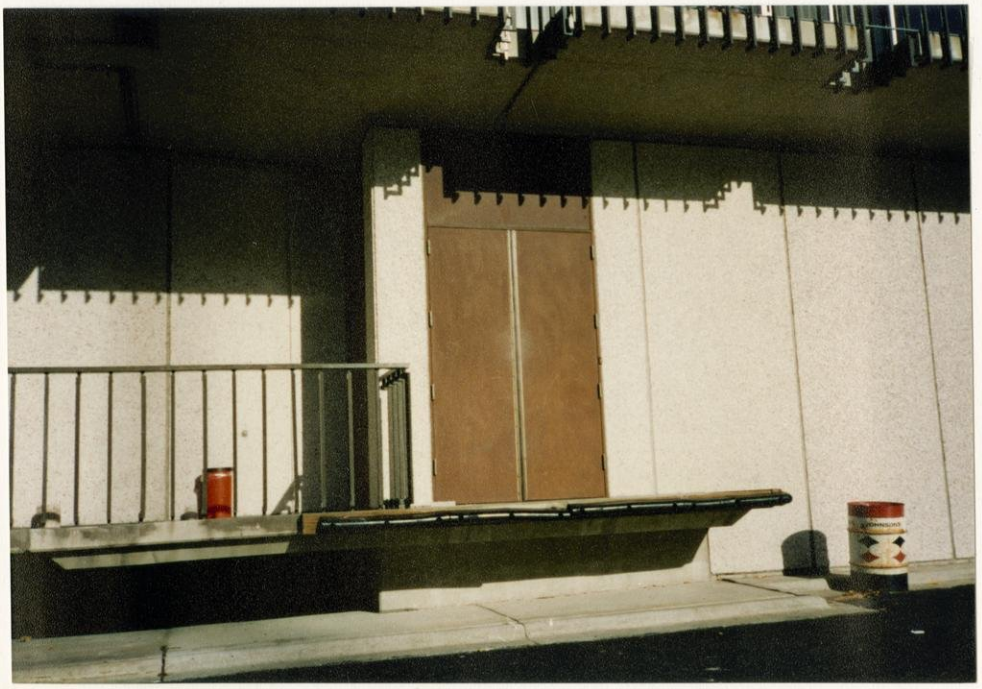
View of rear of Anchor Headquarters Building. Photo taken from the intersection of West Doty Street and South Carroll Street. Camera facing north. Anchor Parking Ramp visible at left and Madison Newspapers Lot visible in foreground behind hedge.

View of rear of Anchor Headquarters Building. Camera facing west. Madison Newspapers Lot visible at left behind hedge and tree.

View of Anchor Headquarters Building and street scene along West Main Street. The small buildings shown at left will be raised to create the site for the new M & I Bank Building. Camera facing south.

Close-up of Main Street facade of new section of Anchor Headquarters building.

View of south corner of Anchor Headquarters Building showing balcony. Photo taken from the Anchor Parking Ramp, camera facing north.



View of loading area at rear of Anchor Headquarters Building.

Street scene along West Main Street one block west of the Anchor Headquarters Building, which is visible at left. Photo taken from the intersection of West Main Street and South Fairchild Street, camera facing east.

Street scene showing Anchor Headquarters Building, Madison Newspapers Lot, and Anchor Parking Ramp, camera facing west along West Doty Street.

Street scene along East and West Main Street. Camera facing southwest. Anchor Headquarters Building visible in background.

Street scene along Carroll Street. Camera facing southeast. Anchor Headquarters Building visible in the background of the picture.

View of the rear of the Anchor Headquarters Building and the Madison Newspapers Lot, camera facing north. This photo shows the corner of Carroll Street and Doty Street.

View of the entrance of the Madison Newspapers Lot, showing close up of the Anchor Headquarters Building. Camera facing west.

View of the Madison Newspapers Lot from across Carroll Street. Camera facing east.

View of the Madison Newspapers Lot taken from Anchor Parking Ramp. Camera facing northeast.

View of typical elevator lobby in original section of Anchor Headquarters Building.

View of corridor off elevator lobby in original section of Anchor Headquarters Building.

View of hallway in original section of Anchor Headquarters Building, showing movable partition.

View of rear of elevator lobby and entrance to stair tower in original section of Anchor Headquarters Building.

View of stairs in rear stair tower.

View of elevator landing for central elevator that travels Anchor floors. This elevator is located on the Carroll Street frontage of the building. Notice sprinkler system around elevator due to vertical penetration.

View of joining between original and new Anchor Headquarters Building sections. Photo taken from inside new building section.

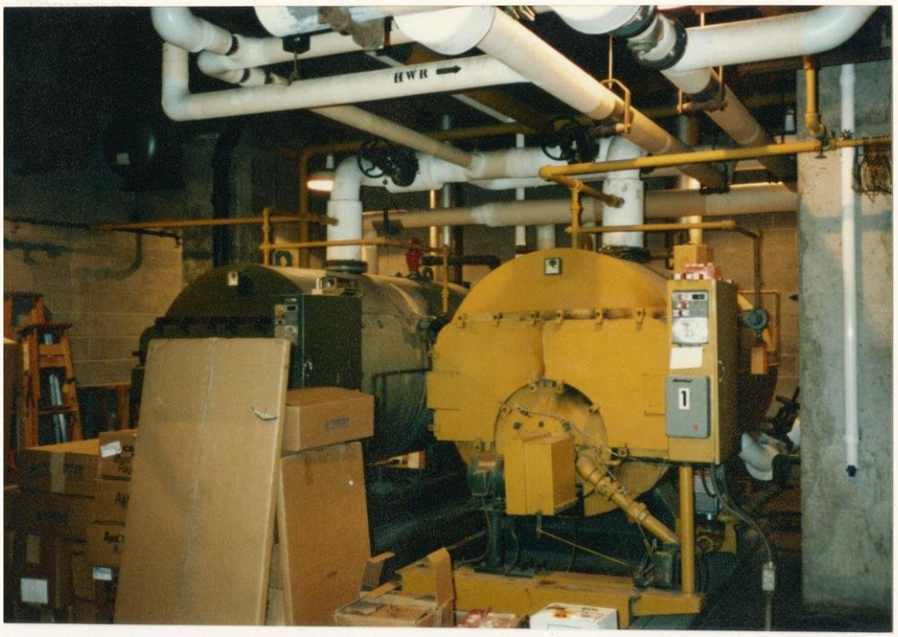
View of typical corridor in new section of Anchor Headquarters Building.

View of inside of tunnel connecting Anchor Headquarters Building to parking ramp.

View of entrance to tunnel connecting Anchor Headquarters Building with parking ramp.

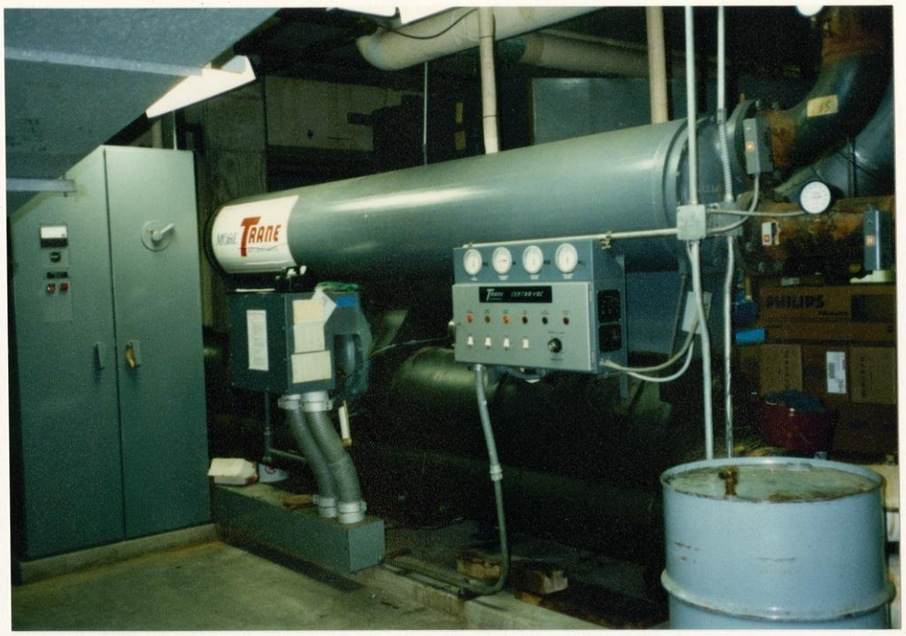
View of interior finishes in space in Anchor Headquarters Buildings occupied by Anchor Bank.

View of interior finishes in space in Anchor Headquarters Buildings occupied by Anchor Bank.



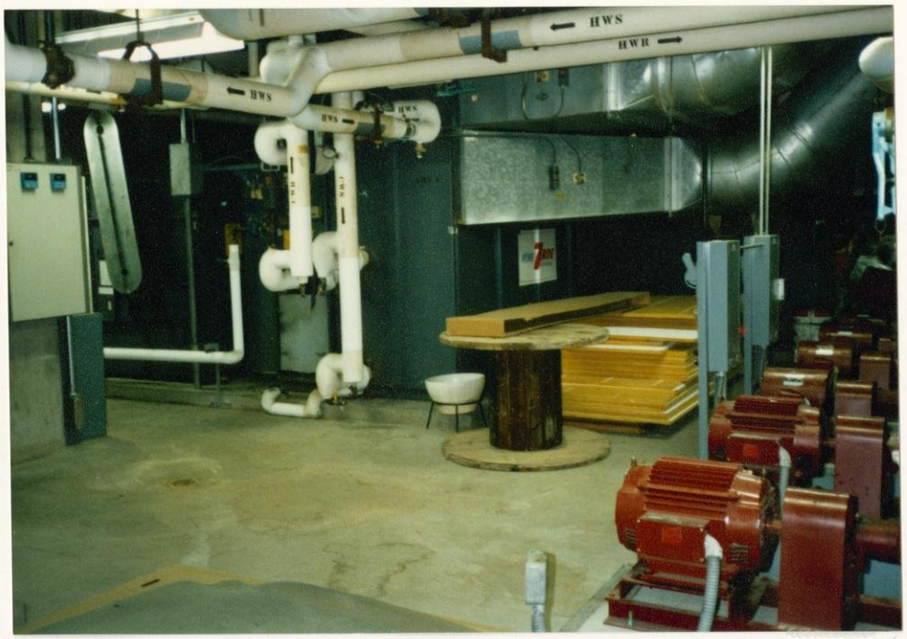
View of boilers and mechanical room on the 9th floor of the original section of the Anchor Headquarters Building.

View of auxiliary generator in 9th floor mechanical room of original section of Anchor Headquarters Building.

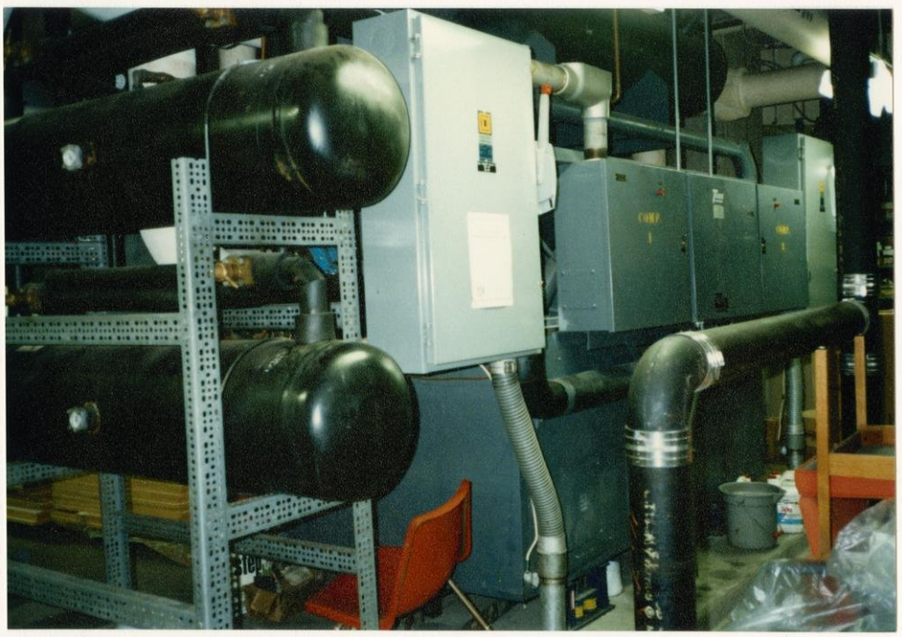


View of chilled water handling unit located in 9th floor mechanical room of new building section of the Anchor Headquarters Building.

View of cooling tower located on the open section of the 9th floor mechanical floor of the Anchor Headquarters Building.



HVAC equipment located in the new section of the Anchor Headquarters Building.



HVAC equipment located in the new section of the Anchor Headquarters Building.

View of roof of Anchor Headquarters Building.

View of roof of new section of Anchor Headquarters Building.

View of Anchor Parking Ramp. Photo taken from Doty Street showing the corner of Doty and Carroll Streets. Camera facing west.

Street scene along west Doty Street to the northeast showing entrance to Anchor Parking Ramp.

Another view of entrance to Anchor Parking Ramp. This photo taken from the southeast corner of Carroll and Doty Streets. Camera facing west.

View of drainage-way between Anchor Parking Ramp and the Baskerville Apartments.

Street scene looking southeast along Carroll Street toward Lake Monona.

Street scene looking south along Hamilton Street, showing Anchor Parking Ramp in the middle of the photo.

View of the roof of the Anchor Parking Ramp taken from the roof of the Anchor Headquarters Building, camera facing south. Provident Building visible at right.

Another view of the roof of the Anchor Parking Ramp taken from the roof of the Anchor Headquarters Building. Camera facing southeast. Notice copper coping on Anchor Headquarters Building. Also visible in the background is the site of the new Dane County Jail, which will occupy the site currently occupied by buildings indicated by the arrows.

View from the top floor of the Anchor Parking Ramp to the north showing the Anchor Headquarters Building. This photo shows the entry to the elevator and stair tower at the north end of the parking ramp.

Another view of the top floor of the Anchor Parking Ramp, showing the entrance to the central stair tower with the entrance to the stair tower and elevator at the north corner of the building visible at the mid right of the photo.

View of typical floor in the Anchor Parking Ramp showing the central stair tower and support columns for the center of the building.

View of typical floor of Anchor Parking Ramp showing entrance to elevator and stair tower at the north corner of the ramp. Anchor Headquarters Building visible at left.

View of basement entry to elevator and stair tower. Also showing entrance to the tunnel connecting the parking ramp to the Anchor Headquarters Building.

Photo showing garage storage for equipment in sub-basement of Anchor Parking Ramp.

APPENDIX H

VALUATION - ANCHOR RAMP

APPENDIX H

Valuation - Anchor Ramp

A separate valuation was done for the Anchor Ramp based on cost and income approach analyses.

An income approach to value was done based on the segregated net operating income attributed to the Anchor Ramp. As indicated on Exhibit 12, the projected 1993 net operating income for the Anchor Ramp is $133,816. Given the high demand for parking downtown, if valued separately, the Anchor Ramp should sell at a capitalization rate that is lower than the rate used for the combined property of the Anchor Building and the Anchor Ramp. Based on a capitalization rate of 10.5%, the value of the Anchor Ramp via the income approach is estimated as follows:

$$\text{Value} = \frac{\text{Net Operating Income}}{\text{Overall Rate}}$$

$$\text{Value} = \frac{\$133,816}{.105}$$

Value = $1,274,438

Rounded to: $1,275,000

Indicated Value Per Stall: $ 4,800

The above value estimate of $1,275,000 equates to a unit value of $4,800 per stall which is viewed as low. The primary reason for this is believed to be the relatively high real estate taxes on the property. In order to evaluate this effect, the net operating income based on expenses that do not include real estate taxes was capitalized at the above capitalization rate plus the net mill rate. This was based on 1991's actual tax levels as opposed to projected taxes.

$$\text{Value} = \frac{\text{Net Operating Income + Taxes}}{\text{Overall Rate + Mill Rate}}$$

$$\text{Value} = \frac{\$133,816 + \$\ 71,704}{.105 + .0335}$$ sb .0333507

$$\text{Value} = \frac{\$205,520}{.1385}$$ .13835

Value = $1,483,898 1,485,500

Rounded to: $1,485,000

OK.

Indicated Value Per Stall: $ 5,600

The above value estimate, which eliminates the effect of a differential assessment for the property, indicates a value of $1,485,000 or $5,600 per stall. At the current assessment of $2,150,000, the indicated assessed value per stall is about $8,100.

= 8,113.20

The separate value of the Anchor Ramp was also tested using cost approach analysis. We interviewed a representative of the J.W. Peters Company of Burlington, Wisconsin, in order to derive current cost estimates for parking ramps. J.W. Peters has built 115 parking structures over its 20 years of experience. They have built parking ramps throughout the south-central and southeastern Wisconsin regions. The representative of J.W. Peters indicated that current parking ramp costs, not including land or soft costs, are in the neighborhood of $20.00 per square foot of stall area. Private developers budget parking ramp costs at between $5,000 and $6,000 per stall. These costs are based on efficient ramps with efficiency defined as being able to achieve one parking stall per 285 feet of gross area, with high range or borderline inefficiency indicated by achieving one stall per 330 feet of gross area. More costly (e.g., part underground, increased aesthetics, less efficiency) ramps can cost $10,000 to $12.00 per stall. The Anchor Ramp is very inefficient since the ramp has only one stall per 430 square feet.

We checked the above estimated costs with the Boeckh Building Valuation Manual. Model 0688 has cost estimates for an above grade parking structure with model B605 setting forth estimates for underground parking. According to the manual, underground parking can cost as much as 50% more than above grade parking. Based on our analysis of the Boeckh model plus adjustment for the underground parking, after inclusion of architect's fees and adjustment by the applicable time/location multiplier, a base hard cost per square foot of $22.00 per square foot was derived. Including soft costs, this is $10,845 per stall. Our cost approach analysis is as follow:

Cost Approach Valuation

Base Hard Costs plus Architect Fees Per Sq Ft	$ 22.00
Gross Area	113,604
Total Hard Costs Including Architect Fees	$2,499,288
Other Soft Costs @ 15%	374,893
Estimated Cost New	$2,874,181
Physical Depreciation 12 Year Effective Age/40 Year Life = 30%	862,254
Cost New Less Physical Depreciation	$2,011,927
Functional Obsolescence 1 - (265 Stalls @ 6,000/Stall/ 265 Stalls @ 10,845/Stall) = 45%	905,367
Cost New Less Accrued Depreciation	$1,106,560
Land Value @ $20/Sq Ft	320,000
Indicated Value Via The Cost Approach	$1,426,560
Rounded to:	$1,425,000

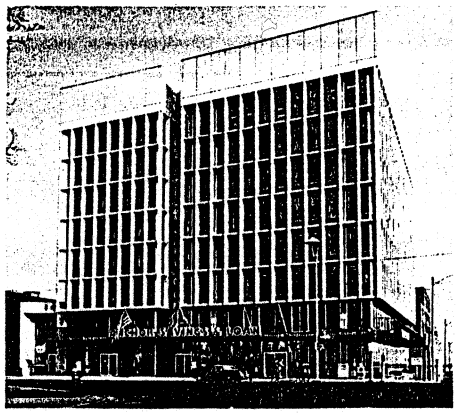
$5,377/stall

Functional obsolescence in the above analysis was based on the higher estimate for the current accepted range for functionally efficient parking garages versus the projected cost of the subject property. Using a land value of $20.00 per square foot, the indicated value via the cost approach is $1,425,000, which compares favorably with the $1,485,000 based on an income approach analysis without the effect of what appears to be the high assessment. This cost approach figure therefore validates the above income approach analysis that does not take the high assessment into account.

Therefore, for analysis purposes, a reasonable value for the Anchor Ramp, if valued separately, is $1,485,000.

APPENDIX I

STANDARD ANCHOR LEASE



THE ANCHOR BUILDING LEASE

This Lease, made in duplicate, this ..... day of ....., 19....., by and between ANCHOR SAVINGS AND LOAN ASSOCIATION, of 25 West Main Street, Madison, Wisconsin, party of the first part (hereinafter referred to as "Lessor"), and .....

.....
Name

.....
Address
party of the second part (hereinafter referred to as "Lessee").

COVENANT TO LEASE

WITNESSETH:

(1) That the said Lessor for and in consideration of the rents to be paid, and the covenants, agreements, conditions, provisions and reservations as hereinafter set forth in full, does hereby demise, let and lease unto the Lessee space (hereinafter referred to as "demised premises") in the Lessor's building, known as The Anchor Building, 25 West Main Street, Madison, Wisconsin (hereinafter referred to as "Anchor Building" or "Building"), which demised premises is outlined and defined on the floor plan attached hereto and made a part hereof, and marked Exhibit A, and initialed by the parties.

TERM

(2) To have and to hold for a term beginning the ..... day of ....., 19....., and to terminate on the ..... day of ....., 19....., at midnight.

LESSOR AGREES

(3) IN CONSIDERATION HEREOF, THE LESSOR AGREES:

(A) To complete the demised premises for occupancy by Lessee as set forth in the Plans & Specifications, which is attached hereto and made a part hereof, and marked "Exhibit .....", and initialed by the parties, and deliver up the said completed premises on or before the commencement of this lease.

(B) To furnish heat and air-conditioning to provide a temperature required in Lessor's judgment for comfortable occupancy of the demised premises under normal business operations, daily from 7 A.M. to 10 P.M. (Sundays and holidays excepted).

(C) To furnish 110 volt electrical energy for lighting and all normal office activities, together with ceiling light fixtures, bulbs and replacements and maintenance thereof when needed (illumination to be not less than 50 foot-candle power at desk height). In the event Lessee requires 220 volt energy, or unusual or extra 110 volt energy, that these requirements will be set forth in full hereinafter under "Special Agreements", and the extra costs for such requirements to be set forth herein.

(D) To furnish janitor service consisting of daily removal of waste paper, dry mop floors, and vacuum rugs (not shampoo), wet mop floors and stairs as needed, clean windows not less than three times annually, wash and paint walls and ceilings as needed at the discretion of the building manager.

(E) To provide space, water and supplies for drinking, lavatory, and toilet purposes, and keep said areas used by the public or in common with other tenants neat and clean.

(F) To maintain the exterior of aforesaid office building, and areas used by the public within and without said building in good, clean, healthy, attractive, and safe condition at all times during the term hereof, and remove ice and snow from all sidewalks into and out of said building.

(G) To provide drapes for exterior windows similar to all other drapes used in exterior windows of the building, and consents that said drapes may be lined, at Lessee's expense, with fire-resistant material in colors to suit Lessee.

(H) To furnish a directory in main lobby for the entire building, and on each floor for floor occupants.

(I) To furnish 2 keys for the front entrance and all doors in the demised premises.

(J) To provide insurance protection by a reliable, financially-sound insurance company authorized to do business in the State of Wisconsin, covering personal injury and property damage caused by Lessor's acts and sustained by Lessee's employees, agents, customers, and visitors in the leased areas, the public areas, and areas used in common with other tenants, both within and without aforesaid office building upon Lessor's land.

(K) If Lessee requests parking space in the Anchor Parking Ramp, Lessor will provide said space at extra cost on a minimum basis as follows: one car space for the first 300 square feet or fraction thereof that is occupied by the said Lessee, and one additional space for each full 300 square feet of additional space occupied by said Lessee. Payment for said space, and rules and regulations governing said space, are to be upon the same terms and conditions existing at the time of request, and any subsequent changes which are common to the occupancy of space in the parking ramp.

SPECIAL AGREEMENTS

(D) That all bills, statements, notices or communications which Lessor may desire or be required to give to Lessee shall be sufficiently given or rendered if in writing and either delivered to Lessee personally or sent by registered or certified mail addressed to Lessee at the Building, and the time of rendition thereof or the giving of such notice or communication shall be deemed to be the time when the same is delivered to Lessee or deposited in the mail as herein provided. Any notice by Lessee to Lessor must be served by registered or certified mail addressed to Lessor at the address where the last previous rent hereunder was payable.

(E) In the event of any increase in the amount of real estate taxes levied against the land and building of which the premises are a part, for a particular year, the monthly rental during the next year shall be increased by one-twelfth of Lessee's annual pro rata share of such increase. Lessee's annual pro rata share of such increase shall be determined by the ratio that the gross rental area of the premises (hereby fixed at.....square feet) bears to the total gross rental area of the building (hereby fixed at.....square feet).

(F) That the word "Lessee" wherever used in this lease, shall be construed in the singular or plural, whatever the case may be, and there is incorporated herein the necessary grammatical changes required to make the provisions hereof apply to corporations, partnerships, or individuals, men or women, whatever the case shall be. Each provision hereof shall extend to and shall, as the case may require, bind and inure to the benefit of the Lessor and Lessee and their respective legal representatives, successors and assigns, provided that this lease shall not inure to the benefit of any assignee, transferee, or successor of Lessee, except upon the express written consent or election of the Lessor.

IN WITNESS WHEREOF, the Lessor and Lessee hereto have executed this lease, or caused this lease to be executed and sealed by their duly authorized representatives, the day and year first above written.

ANCHOR SAVINGS AND LOAN ASSOCIATION,

BY:.....
Pres.

BY:.....
Sec'y

.....(Seal)
Lessee

.....(Seal)

.....(Seal)

This instrument drafted by:.....

APPENDIX J

ANCHOR BUILDINGS AND RAMP - INCOME AND EXPENSE PROJECTION

INFL RATE 5.00%
LEASE INFL RATE 3.00%
VACANCY RATE 4.00%

ANCHOR RENT ROLL

TENANT	SQ. FT.	TERM	LEASE START	LEASE END	RENT PER SQ. FT.	YEAR ENDING Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
*BASEMENT																
Anchor	6464	60 Months	01-Jan-93	31-Dec-97	$12.00	77568	79895	82292	84761	87303	89923	92620	95399	98261	101209	104245
Anchor	1146				$8.00	9168	9443	9726	10018	10319	10628	10947	11275	11614	11962	12321
Anchor	3895	60 Months	01-Jan-93	31-Dec-97	$12.00	45740	48142	49586	51074	52606	54184	55810	57484	59209	60985	62815
Anchor	1560				$8.00	12480	12654	13240	13637	14046	14468	14902	15349	15809	16284	16772
*FIRST FLOOR																
Anchor	5575	84 Months	01-Jan-93	31-Dec-99	$16.50	91988	94747	97590	100517	103533	106639	109838	113133	116527	120023	123624
Anchor	5646	60 Months	01-Jan-93	31-Dec-97	$14.25	80456	82869	85355	87916	90553	93270	96068	98950	101919	104976	108125
*SECOND FLOOR																
Anchor	5660	120 Months	01-Jan-93	31-Dec-02	$16.50	93390	96192	99077	102050	105111	108265	111513	114858	118304	121853	125508
Anchor	5695	120 Months	01-Jan-93	31-Dec-02	$16.50	93968	96787	99690	102681	105761	108934	112202	115568	119035	122606	126284
*THIRD FLOOR																
Stroud et. al. (incl. 3015 sq ft on 4)	9939	84 Months	01-Jan-92	31-Dec-97	$14.42	143320	147620	152049	156610	161308	218918	225486	232251	239218	246395	253787
Anchor	2128	60 Months	01-Jan-93	31-Dec-97	$18.50	39368	40549	41766	43018	44309	45638	47007	48418	49870	51366	52907
Anchor	156				$9.00	1404	1446	1490	1534	1580	1626	1676	1727	1779	1832	1887
*FOURTH FLOOR																
Stroud et. al. (3015 sq ft on 4 incl above)	N/A															
Anchor	2550	60 Months	01-Jan-93	31-Dec-97	$18.50	47175	48590	50048	51549	53096	54689	56329	58019	59760	61553	63399
Neviaser Investments, Inc.	1119	60 Months	01-Feb-90	28-Feb-95	$17.75	20888	22007	22100	22763	23446	24150	24874	25620	26389	27181	27996
Anchor	2541	60 Months	01-Jan-93	31-Dec-97	$18.50	47009	48419	49871	51367	52908	54496	56131	57815	59549	61335	63175
*FIFTH FLOOR																
Robert Burr	475	48 Months	01-Jan-90	31-Dec-94	$18.00	8550	9025	9296	9575	9862	10158	10462	10776	11100	11433	11776
Byron Ostby	230	36 Months	01-Jan-92	31-Dec-92	$18.00	4140	4264	4392	4524	4660	4799	4943	5092	5244	5402	5564
Anchor	3447	60 Months	01-Jan-93	31-Dec-97	$19.00	65493	67458	69482	71566	73713	75924	78202	80548	82965	85454	88017
Anchor (Office space in bldg core)	1131	36 Months	01-Jan-93	31-Dec-95	$14.25	16117	16600	17098	17611	18140	18684	19244	19822	20416	21029	21660
Misc. Assoc. Independent Colleges & Universities	1060	60 Months	01-Oct-89	31-Aug-94	$18.00	20140	20291	20900	21527	22173	22838	23523	24229	24955	25704	26475
Misc. Auto & Truck Dealers Ins. Trust (1944 sq ft on 5 incl below)	N/A															
Anchor	620	36 Months	01-Jan-93	31-Dec-97	$19.00	11780	12133	12497	12872	13258	13656	14066	14488	14923	15370	15831
*SIXTH FLOOR																
Anchor Executive Offices	5428	120 Months	01-Jan-93	31-Dec-02	$19.00	103132	106226	109413	112695	116076	119558	123145	126839	130645	134564	138601
WI Auto & Truck Dealers (incl 1944 sq ft on 5)	5622	60 Months	01-Mar-89	28-Feb-94	$17.50	103070	109020	112773	116156	119641	123230	126927	130735	134657	138697	142858
*SEVENTH FLOOR																
Wheeler, Van Sickle & Anderson, S.C. (1433 sq ft on 7 incl below)	N/A	60 Months	01-Aug-89	31-Jul-94	N/A											
McCusker & Roberton, S.C.	1380	36 Months	01-Dec-89	30-Nov-92	$17.00	26220	27007	27817	28651	29511	30396	31308	32247	33215	34211	35237
Thomas George	460	24 Months	01-Jan-90	31-Dec-94	$18.00	8280	8740	9002	9272	9550	9837	10132	10436	10749	11072	11404
Savings League of WI	300	12 Months	01-Jan-92	31-Dec-92	$14.25	4275	4403	4535	4671	4812	4956	5105	5258	5415	5578	5745
American Petroleum Institute	936	60 Months	01-Jul-92	30-Jun-97	$17.75	17082	18018	18837	19656	20124	20728	21350	21990	22650	23329	24029
Anchor	831	36 Months	01-Jan-93	31-Dec-95	$14.25	11842	12197	12563	12940	13328	13728	14140	14564	15001	15451	15914
Montzingo & Gustin Advertising, Ltd	2358	36 Months	01-May-91	30-Apr-94	$16.25	40086	44126	47530	48956	50425	51938	53496	55101	56754	58456	60210
State of WI Dept. of Administration	495	24 Months	01-Jan-91	31-Dec-93	$18.00	8910	9687	9978	10277	10585	10903	11230	11567	11914	12271	12640
Anchor	807	36 Months	01-Jan-93	31-Dec-95	$19.00	15333	15793	16267	16755	17257	17775	18308	18858	19423	20006	20606
*EIGHTH FLOOR																
Wheeler, Van Sickle & Anderson, S.C. (Includes 1433 sq ft on 7- does not incl 156 sq ft stg on 8)	6625	60 Months	01-Aug-89	31-Jul-94	$18.00	122946	128895	132761	136744	140847	145072	149424	153907	158524	163280	168178
Wheeler, et.al. Storage (incl in above rent)	156															
Coyne, Mtess and Becker	2854	60 Months	01-Apr-89	31-Mar-94	$18.00	53513	55446	57109	58823	60587	62405	64277	66206	68192	70237	72345
Anchor	656	36 Months	01-Jan-93	31-Dec-95	$19.00	12464	12838	13223	13620	14028	14449	14883	15329	15789	16263	16751
Total Square Feet	89945															
Total Anchor Space	55936															
Anchor Space as a Percentage of Total Rentable	62.19%															
Total Non-Anchor Space	34009															
Non-Anchor Space as a %age of Total Rentable	37.81%															
Total Rental Income						$1,458,293	$1,511,728	$1,559,354	$1,606,389	$1,654,459	$1,756,863	$1,809,569	$1,863,856	$1,919,772	$1,977,365	$2,036,686
Estimated Income-Expense Overage						11641	29449	51607	83088	117054	86782	94921	98797	146210	185230	55522
Total Tenant Income						$1,469,933	$1,541,176	$1,610,961	$1,689,476	$1,771,513	$1,843,645	$1,904,490	$1,962,653	$2,065,982	$2,162,595	$2,092,208
Parking Ramp Income (Start @ $90 per stall)						$286,200	$300,510	$315,536	$331,312	$347,878	$365,272	$383,535	$402,712	$422,848	$443,990	$465,190
TOTAL INCOME						$1,756,133	$1,841,686	$1,926,497	$2,020,789	$2,119,391	$2,208,917	$2,288,026	$2,365,365	$2,488,829	$2,606,585	$2,558,397
Vacancy-Anchor Space @	4.00%					(35,075)	(36,799)	(38,589)	(40,302)	(42,229)	(42,714)	(44,624)	(46,057)	(48,307)	(50,440)	(47,598)
Non-Anchor Vacancy @	4.00%					(35,170)	(24,342)	(25,163)	(25,928)	(26,701)	(29,613)	(30,501)	(31,417)	(32,359)	(33,330)	(34,330)
Effective Gross Income						$1,685,888	$1,780,545	$1,862,745	$1,954,559	$2,050,460	$2,136,590	$2,212,900	$2,287,881	$2,408,163	$2,522,815	$2,476,470
Expenses																
Real Estate Taxes						325408	341678	358762	376700	395535	415312	436078	457832	480776	504815	530055
Insurance						28257	29670	31153	32711	34347	36064	37867	39760	41748	43835	46028
Utilities						204491	214716	225451	236724	248560	260988	274037	287739	302126	317233	333094
Property Management						67436	71222	74510	78192	82018	85464	88516	91515	96327	100913	99059
Cleaning & Janitorial						76286	80100	84105	88311	92726	97362	102231	107342	112709	118345	124262
Repairs & Maintenance						131199	137759	144647	151879	159473	167447	175819	184610	193841	203533	213709
Snow Removal						1060	1113	1169	1227	1288	1353	1421	1492	1566	1644	1727
Wages (Ramp)						14375	15094	15848	16641	17473	18347	19264	20227	21238	22300	23415
Leasing Expenses & Reserves						44875	47119	49475	51948	54546	57273	60137	63144	66301	69616	73097
TOTAL EXPENSES						893,387	938,470	985,121	1,034,324	1,085,967	1,139,610	1,195,369	1,253,711	1,316,532	1,382,234	1,444,446
NET OPERATING INCOME (NOI)						792,502	842,075	877,624	920,235	964,493	995,980	1,017,530	1,034,170	1,091,631	1,140,582	1,032,024

	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Real Estate Taxes																
Anchor Office Bldg.	189942	199466	214549	223450	234623	246354	258671	271605	285185	299444	314417	330137	346644	363977	382175	401284
R.E. Tax/Sq.Ft.	$2.11	$2.22	$2.39	$2.48	$2.61	$2.74	$2.88	$3.02	$3.17	$3.33	$3.50	$3.67	$3.85	$4.05	$4.25	$4.46
Pass-thru Operating Expenses																
Anchor Office Building (i.e.excluding ramp and before Leasing and Reserves)						707640	743022	780173	819182	860141	903148	948305	995721	1045507	1097782	1152671
						$7.87	$8.26	$8.67	$9.11	$9.56	$10.04	$10.54	$11.07	$11.62	$12.21	$12.82

TENANT	SQ. FT.	PRORATA SHARE	LEASE START	LEASE END	YEAR ENDING Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
*BASEMENT															
Anchor	6464	7.19%	01-Jan-93	31-Dec-97	Base Yr.	2543	5213	8016	10960	Base Yr.	3245	6653	10231	13988	Base Year
Anchor	1146	1.27%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Anchor	3895	4.33%	01-Jan-93	31-Dec-97	Base Yr.	1532	3141	4830	6604	Base Yr.	1956	4009	6165	8428	Base Year
Anchor	1560	1.73%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
*FIRST FLOOR															
Anchor	5575	6.20%	01-Jan-93	31-Dec-99	Base Yr.	2193	4496	6914	9452	12118	14917	Base Yr.	3086	6326	9728
Anchor	5646	6.28%	01-Jan-93	31-Dec-97	Base Yr.	2221	4553	7002	9573	Base Yr.	2835	5811	8936	12218	Base Yr.
*SECOND FLOOR															
Anchor	5660	6.29%	01-Jan-93	31-Dec-02	Base Yr.	2226	4564	7019	9596	12303	15144	18128	21261	24551	Base Yr.
Anchor	5695	6.33%	01-Jan-93	31-Dec-02	Base Yr.	2240	4593	7062	9656	12379	15238	18240	21393	24702	Base Yr.
*THIRD FLOOR															
Stroud et. al. (incl. 3015 sq ft on 4)	9939	11.05%	01-Jan-92	31-Aug-97	1500	1575	1654	1736	1823	Base Yr.	1737	3561	5476	7487	Base Yr.
Anchor	2128	2.37%	01-Jan-93	31-Dec-97	Base Yr.	837	1716	2639	3608	Base Yr.	1068	2190	3368	4605	Base Yr.
Anchor	156	0.17%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
*FOURTH FLOOR															
Stroud et. al. (3015 sq ft on 4 incl above)	N/A	0.00%													
Anchor	2550	2.84%	01-Jan-93	31-Dec-97	Base Yr.	1003	2056	3162	4323	Base Yr.	1280	2624	4036	5518	Base Yr.
Neviaser Investments, Inc.	1119	1.24%	01-Feb-90	28-Feb-95	902	1251	270	404	995	1530	2092	98	1008	1860	2543
Anchor	2541	2.83%	01-Jan-93	31-Dec-97	Base Yr.	1000	2049	3151	4308	Base Yr.	1276	2615	4022	5499	Base Yr.
*FIFTH FLOOR															
Robert Burr	475	0.53%	01-Jan-90	31-Dec-94	168	233	Base Yr.	206	422	649	Base Yr.	250	513	789	Base Yr.
Byron Ostby	230	0.26%	01-Jan-92	31-Dec-92	Base Yr.	90	185	Base Yr.	105	215	Base Yr.	121	249	Base Yr.	140
Anchor	3447	3.83%	01-Jan-93	31-Dec-97	Base Yr.	1356	2780	4275	5844	Base Yr.	1731	3548	5456	7459	Base Yr.
Anchor (Office space in bldg core)	1131	1.26%	01-Jan-93	31-Dec-95	Base Yr.	445	912	1403	1918	Base Yr.	568	1164	1790	2447	Base Yr.
Wisc. Assoc. Independent Colleges & Universities	1060	1.18%	01-Oct-89	31-Aug-94	375	347	146	898	1380	1258	177	1091	1678	1529	647
Wisc. Auto & Truck Dealers Ins. Trust (1944 sq ft on 5 incl below)	N/A	0.00%													
Anchor	620	0.69%	01-Jan-93	31-Dec-97	Base Yr.	244	500	Base Yr.	282	579	Base Yr.	327	670	Base Yr.	378
*SIXTH FLOOR															
Anchor Executive Offices	5428	6.03%	01-Jan-93	31-Dec-02	Base Yr.	2135	4377	6731	9203	11799	14524	17385	20390	23544	Base Yr.
WI Auto & Truck Dealers (incl 1944 sq ft on 5)	5622	6.25%	01-Mar-89	28-Feb-94	2931	617	1935	4760	7320	10009	2139	2470	6076	9343	12774
*SEVENTH FLOOR															
Wheeler, Van Sickle & Anderson, S.C. (1433 sq ft on 7 incl below)	N/A	0.00%	01-Aug-89	31-Jul-94											
McCusker & Roberton, S.C.	1380	1.53%	01-Dec-89	30-Nov-92	Base Yr.	543	1113	1711	2340	Base Yr.	693	1420	2184	2986	Base Yr.
Thomas George	460	0.51%	01-Jan-90	31-Dec-94	163	226	Base Yr.	199	409	Base Yr.	231	473	Base Yr.	267	548
Savings League of WI	300	0.33%	01-Jan-92	31-Dec-92	Base Yr.	118	242	Base Yr.	137	280	Base Yr.	158	324	Base Yr.	183
American Petroleum Institute	936	1.04%	01-Jul-92	30-Jun-97	61	250	385	526	337	213	1344	1837	2355	1450	286
Anchor	831	0.92%	01-Jan-93	31-Dec-95	Base Yr.	327	670	Base Yr.	378	776	Base Yr.	438	898	Base Yr.	507
Montzingo & Gustin Advertising, Ltd	2358	2.62%	01-May-91	30-Apr-94	600	308	649	1997	3070	4198	1794	829	2548	3919	5358
State of WI Dept. of Administration	495	0.55%	01-Jan-91	31-Dec-93	N/A	Base Yr.	204	419	Base Yr.	237	485	Base Yr.	274	562	Base Yr.
Anchor	807	0.90%	01-Jan-93	31-Dec-95	Base Yr.	317	651	Base Yr.	367	753	Base Yr.	425	872	Base Yr.	492
*EIGHTH FLOOR															
Wheeler, Van Sickle & Anderson, S.C. (Includes 1433 sq ft on 7- does not incl 156 sq ft stg on 8)	6625	7.37%	01-Aug-89	31-Jul-94	3454	2544	1140	5610	8627	11794	8820	1455	7159	11010	15053
Wheeler, et.al. Storage (incl in above rent)	156	0.17%			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Coyne, Niess and Becker	2854	3.17%	01-Apr-89	31-Mar-94	1488	470	884	2417	3716	5081	1628	1128	3084	4743	6485
Anchor	656	0.73%	01-Jan-93	31-Dec-95	Base Yr.	258	529	Base Yr.	299	612	Base Yr.	346	709	Base Yr.	400
Total Square Feet	89945	100%			11641	29449	51607	83088	117054	86782	94921	98797	146210	185230	55522

YEAR ENDING	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
NET OPERATING INCOME (NOI)	792,502	842,075	877,624	920,235	964,493	996,980	1,017,530	1,034,170	1,091,531	1,140,582	1,032,024
Debt Service	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	
Before Tax Cash Flow	263,202	312,775	348,324	390,935	435,193	467,680	488,230	504,870	562,231	611,282	
P.V Factor @ 14%	0.877193	0.769468	0.674972	0.59208	0.519369	0.455587	0.399637	0.350559	0.307508	0.269744	
Present Value - Forecasted NOI	230,879	240,670	235,109	231,465	226,026	213,069	195,115	176,987	172,890	164,890	

Estimated Reversionary Proceeds

Yr. 11 NOI	1,032,024	1,032,024
Cap @ 12.5% & 13%	0.125	0.130
Gross Proceeds	8,256,190	7,938,644
Transaction Costs @3%	247,686	238,159
Outstanding Mtg Bal	3,408,754	3,408,754
Net Reversion	4,599,750	4,291,731
P.V. @ 14%	1,240,755	1,157,669
P.V., BTCF	2,087,099	2,087,099
P.V., Reversion	1,240,755	1,157,669
P.V., Original Mtg Bal	5,250,000	5,250,000
Estimated Value	8,577,854	8,494,768

YEAR ENDING	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
NET OPERATING INCOME (NOI)	792,502	842,075	877,624	920,235	964,493	996,980	1,017,530	1,034,170	1,091,531	1,140,582	1,032,024
Debt Service	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	
Before Tax Cash Flow	263,202	312,775	348,324	390,935	435,193	467,680	488,230	504,870	562,231	611,282	
P.V Factor @ 16%	0.862069	0.743163	0.640658	0.552291	0.476113	0.410442	0.35383	0.305025	0.262953	0.226684	
Present Value - Forecasted NOI	226,898	232,443	223,157	215,910	207,201	191,956	172,751	153,998	147,840	138,568	

Estimated Reversionary Proceeds

Yr. 11 NOI	1,032,024	1,032,024
Cap @ 12.5% & 13%	0.125	0.130
Gross Proceeds	8,256,190	7,938,644
Transaction Costs @3%	247,686	238,159
Outstanding Mtg Bal	3,408,754	3,408,754
Net Reversion	4,599,750	4,291,731
P.V. @ 16%	1,042,690	972,867
P.V., BTCF	1,910,720	1,910,720
P.V., Reversion	1,042,690	972,867
P.V., Original Mtg Bal	5,250,000	5,250,000
Estimated Value	8,203,410	8,133,587

YEAR ENDING	Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
NET OPERATING INCOME (NOI)	792,502	842,075	877,624	920,235	964,493	996,980	1,017,530	1,034,170	1,091,531	1,140,582	1,032,024
Debt Service	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	
Before Tax Cash Flow	263,202	312,775	348,324	390,935	435,193	467,680	488,230	504,870	562,231	611,282	
P.V Factor @ 18%	0.847458	0.718184	0.608631	0.515789	0.437109	0.370432	0.313925	0.266038	0.225456	0.191064	
Present Value - Forecasted NOI	223,052	224,630	212,001	201,640	190,227	173,244	153,268	134,315	126,758	116,794	

Estimated Reversionary Proceeds

Yr. 11 NOI	1,032,024	1,032,024
Cap @ 12.5% & 13%	0.125	0.130
Gross Proceeds	8,256,190	7,938,644
Transaction Costs @3%	247,686	238,159
Outstanding Mtg Bal	3,408,754	3,408,754
Net Reversion	4,599,750	4,291,731
P.V. @ 18%	878,847	819,995
P.V., BTCF	1,755,928	1,755,928
P.V., Reversion	878,847	819,995
P.V., Original Mtg Bal	5,250,000	5,250,000
Estimated Value	7,884,775	7,825,923

	YEAR ENDING Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
NET OPERATING INCOME (NOI)	792,502	842,075	877,624	920,235	964,493	996,980	1,017,530	1,034,170	1,091,531	1,140,582	1,032,024
Debt Service	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	
Before Tax Cash Flow	263,202	312,775	348,324	390,935	435,193	467,680	488,230	504,870	562,231	611,282	
P.V Factor @ 20%	0.833333	0.694444	0.578704	0.482253	0.401878	0.334898	0.279082	0.232568	0.193807	0.161506	
Present Value - Forecasted NOI	219,335	217,205	201,577	188,529	174,895	156,625	136,256	117,417	108,964	98,726	

Estimated Reversionary Proceeds

Yr. 11 NOI	1,032,024	1,032,024
Cap @ 12.5% & 13%	0.125	0.130
Gross Proceeds	8,256,190	7,938,644
Transaction Costs @3%	247,686	238,159
Outstanding Mtg Bal	3,408,754	3,408,754
Net Reversion	4,599,750	4,291,731
P.V. @ 20%	742,887	693,140
P.V., BTCF	1,619,528	1,619,528
P.V., Reversion	742,887	693,140
P.V., Original Mtg Bal	5,250,000	5,250,000
Estimated Value	7,612,415	7,562,668

	YEAR ENDING Dec-93	Dec-94	Dec-95	Dec-96	Dec-97	Dec-98	Dec-99	Dec-2000	Dec-2001	Dec-2002	Dec-2003
NET OPERATING INCOME (NOI)	792,502	842,075	877,624	920,235	964,493	996,980	1,017,530	1,034,170	1,091,531	1,140,582	1,032,024
Debt Service	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	529,300	
Before Tax Cash Flow	263,202	312,775	348,324	390,935	435,193	467,680	488,230	504,870	562,231	611,282	
P.V Factor @ 24%	0.806452	0.650364	0.524487	0.422974	0.341108	0.275087	0.221844	0.178907	0.14428	0.116354	
Present Value - Forecasted NOI	212,259	203,417	182,691	165,355	148,448	128,653	108,311	90,325	81,119	71,125	

Estimated Reversionary Proceeds

Yr. 11 NOI	1,032,024	1,032,024
Cap @ 12.5% & 13%	0.125	0.130
Gross Proceeds	8,256,190	7,938,644
Transaction Costs @3%	247,686	238,159
Outstanding Mtg Bal	3,408,754	3,408,754
Net Reversion	4,599,750	4,291,731
P.V. @ 24%	535,199	499,360
P.V., BTCF	1,391,704	1,391,704
P.V., Reversion	535,199	499,360
P.V., Original Mtg Bal	5,250,000	5,250,000
Estimated Value	7,176,903	7,141,064

TENANT	SQ. FT.	PRORATA SHARE	LEASE START	LEASE END	RENT SQ FT	YEAR ENDING Dec-93
*BASEMENT						
Anchor	6464	7.19%	01-Jan-93	31-Dec-97	$12.00	77568
Anchor	1146	1.27%			$8.00	9168
Anchor	3895	4.33%	01-Jan-93	31-Dec-97	$12.00	46740
Anchor	1560	1.73%			$8.00	12480
*FIRST FLOOR						
Anchor	5575	6.20%	01-Jan-93	31-Dec-99	$16.50	91988
Anchor	5646	6.28%	01-Jan-93	31-Dec-97	$14.25	80456
*SECOND FLOOR						
Anchor	5660	6.29%	01-Jan-93	31-Dec-02	$16.50	93390
Anchor	5695	6.33%	01-Jan-93	31-Dec-02	$16.50	93968
*THIRD FLOOR						
Anchor	2128	2.37%	01-Jan-93	31-Dec-97	$18.50	39368
Anchor	156	0.17%			$9.00	1404
*FOURTH FLOOR						
Anchor	2550	2.84%	01-Jan-93	31-Dec-97	$18.50	47175
Anchor	2541	2.83%	01-Jan-93	31-Dec-97	$18.50	47009
*FIFTH FLOOR						
Anchor	3447	3.83%	01-Jan-93	31-Dec-97	$19.00	65493
Anchor (Office space in bldg core)	1131	1.26%	01-Jan-93	31-Dec-95	$14.25	16117
Anchor	620	0.69%	01-Jan-93	31-Dec-97	$19.00	11780
*SIXTH FLOOR						
Anchor Executive Offices	5428	6.03%	01-Jan-93	31-Dec-02	$19.00	103132
*SEVENTH FLOOR						
Anchor	831	0.92%	01-Jan-93	31-Dec-95	$14.25	11842
Anchor	807	0.90%	01-Jan-93	31-Dec-95	$19.00	15333
*EIGHTH FLOOR						
Anchor	656	0.73%	01-Jan-93	31-Dec-95	$19.00	12464
Total Square Footage Occupied by or Reserved for Use by Anchor	55936	62.19%			$15.68	$877,164
Total Square Footage Occupied by or Reserved for Use by Anchor as a Percentage of Rentable Area	62.19%					
Square footage, pro-rata share, and weighted avg. rent of Anchor spaces excluding first floor retail banking and sixth floor executive offices	44933	49.96%			$15.18	

APPENDIX K

QUALIFICATIONS OF APPRAISERS

QUALIFICATIONS OF DEAN P. LARKIN

DEAN P. LARKIN, Age 36, Vice President, Director and Shareholder of First Financial Realty Advisors, Inc. ("FFRA") and Vice President and Director of Realty Advisors, Inc. FFRA is a Brookfield, Wisconsin firm specializing in the acquisition of investment real estate and in real estate consulting. FFRA acts as a general partner of partnerships which own a variety of commercial and industrial properties throughout Wisconsin. Mr. Larkin works in the areas of property management, acquisition, finance, syndication and partnership administration. In addition, Mr. Larkin directs the activities of Realty Advisors, Inc., a wholly-owned subsidiary of FFRA which is involved in the areas of real estate appraisal and tax assessment challenge work. He has a strong background in real estate valuation and finance. His real estate experience includes involvement with all major property types.

Prior to cofounding FFRA, Mr. Larkin was with RAL Asset Management, a Brookfield based real estate investment firm. His duties were primarily in the areas of acquisition, partnership structuring, and partnership administration. Previously, he worked in the income property finance division of the Grootemaat Corporation, a Milwaukee, Wisconsin mortgage banking firm. Duties at Grootemaat included the finding, structuring, and placement of real estate mortgage and equity investments, equity account appraisals, and the sale of securities in private placement real estate investments. Prior to that, Mr. Larkin worked for two Milwaukee area appraisal firms, doing appraisals, market studies, and feasibility studies involving all property types. He received an M.S. degree in Real Estate Appraisal and Investment Analysis in 1981 and a B.A. degree in Economics in 1978, both from the University of Wisconsin - Madison. Both his undergraduate and graduate course work included a concentration in urban and regional planning. Mr. Larkin is also on the staff of the University of Wisconsin - Milwaukee School of Business where he has taught Valuation of Real Estate since 1984. Community activities include membership on the Park and Recreation Commission of the Town of Pewaukee and being an alumnus of Future Milwaukee. Professional affiliations include being a candidate for membership as an MAI in the Appraisal Institute. Mr. Larkin is also a certified general appraiser and a licensed real estate broker in the State of Wisconsin.

JEAN B. DAVIS

EDUCATION

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

Master of Arts - Elementary Education
Stanford University

Bachelor of Arts
Stanford University (with distinction)

Additional graduate and undergraduate work:
Columbia Teachers College and the University of Wisconsin.

PROFESSIONAL EDUCATION

Society of Real Estate Appraisers

Appraising Real Property	Course 101
Principles of Income Property Appraising	Course 201

American Institute of Real Estate Appraisers

Residential Valuation (Formerly Course VIII)

Appraisal Institute

Standards of Professional Practice

PROFESSIONAL DESIGNATIONS

MAI (Candidate) - Appraisal Institute

PROFESSIONAL AFFILIATIONS

Wisconsin Association of Homes and Services for the Aging, Inc.
Appraisal Institute

PROFESSIONAL EXPERIENCE

Trained in appraisal and investment analysis under the guidance of the late James A. Graaskamp, Ms. Davis is President of Landmark Research, Inc., and specializes in market and survey research in order to estimate effective demand for elderly housing, residential development, and for office and retail projects. In addition, she appraises both commercial properties and rehabilitated older commercial properties and she represents property owners in assessment appeals. Ms. Davis has been retained by the State of Wisconsin Investment Board to secure and review appraisals for their portfolio and for selected potential acquisitions.