An appraisal of the air cargo facility located in Truax Air Park West. January 1, 1985

Landmark Research, Inc.
[s.l.]: [s.n.], January 1, 1985

Client's copy

AN APPRAISAL OF

THE AIR CARGO FACILITY

LOCATED IN

TRUAX AIR PARK WEST

Landmark Research Inc.

AN APPRAISAL OF

THE AIR CARGO FACILITY

LOCATED IN

TRUAX AIR PARK WEST

AS OF

JANUARY 1, 1985

PREPARED FOR

MADISON REAL ESTATE INVESTMENT FUND

PREPARED BY

LANDMARK RESEARCH, INC.

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Jean B. Davis, M.S.

February 25, 1985

Messrs. Gordon and Greg Rice
Executive Management, Inc.
6000 Gisholt Drive
P.O. Box 8685
Madison, WI 53708

Gentlemen:

Enclosed is the appraisal of the Air Cargo Facility located in Truax Air Park West in the City of Madison, Dane County, Wisconsin. The property appraised is the leasehold interest in the Air Cargo Facility site and title to the improvements.

We have established Market Value as of January 1, 1985, assuming cash to the seller and we have established Investment Value, as of January 1, 1985, assuming sale subject to the existing land contract; both value estimates are subject to the assumptions and limiting conditions noted throughout the report.

The appraisers have inspected the subject property on several occasions and have no vested interest, present or future, in the properties owned by the Madison Real Estate Investment Fund (MREIF) except, of the 374,204 total MREIF shares outstanding as of January 10, 1985, James A. Graaskamp owns 60 shares and Jean B. Davis owns 100 shares. This ownership position pre-dates any appraisal assignment by six or more years.

Market Value as of January 1, 1985, subject to an existing ground lease and existing subleases, but sold for cash, is:

ONE MILLION DOLLARS

($1,000,000)

assuming a buyer can obtain financing at 13.25 percent interest for a 25-year term with a 10-year balloon, and in an amount based upon a debt cover ratio of 1.4.

Investment Value as of January 1, 1985, subject to an existing ground lease, existing subleases, and the existing land contract is:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS

($1,100,000)

sold subject to the existing land contract which has a remaining balance of $998,563 with an interest rate increasing from 11 percent in 1985 to 12 percent in 1987 and a remaining eight-year term.

Upon completion of the appraisal of each of the individual properties owned by MREIF, a portfolio price will be set for all of the MREIF properties, including the Air Cargo Facility, as a single purchase, allowing for a reduction in opportunity costs and transaction risks for the seller and the possibility of a more stabilized income risk position for the buyer.

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

FOR LANDMARK RESEARCH, INC.

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

Jean B. Davis
Real Estate Appraiser/Analyst

Enclosures

jc

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I. INTRODUCTION

A. Issue for Which Appraisal is Required

The issue for which this appraisal is required is the possible sale of the Air Cargo Facility, located in Truax Air Park West, as a part of the liquidation of the portfolio of properties owned by the Madison Real Estate Investment Fund (MREIF). The property will be appraised for its most probable sales price as an individual sale. This appraisal will serve as a benchmark for the Board of Directors representing the best interests of the shareholders in the Madison Real Estate Investment Fund and as a guide to perspective purchasers as to the investment characteristics of the subject property.

Upon completion of the appraisal of the individual properties owned by MREIF, a portfolio price will be set for all of MREIF properties, including the Air Cargo Facility, as a single purchase, allowing for a reduction in opportunity costs and transaction risks for the seller and the possibility of a more stabilized income risk position for the buyer.

B. Definition of Interests to be Appraised

1. Location

The property to be appraised is located in Truax Air Park West in the City of Madison, Dane County, Wisconsin. The site lies 291 feet east of International Lane; addresses of the

tenants located on the subject property range from 3509 to 3537 International Lane. See locational map in Exhibit I-1.

2. Legal Description and the Legal Interest to be Appraised

The legal interest to be appraised is the leasehold interest in the site described as the Air Cargo Facility and title to the improvements. Legal description of the site can be found in Exhibit I-2. The legal description is taken from the Notice of Installment Sale Contract and Security recorded in the Dane County Register of Deeds, Document No. 1761820 in Volume 4065, page 21.

The subject property is subject to an unsubordinated ground lease to Dane County, as of May 9, 1974, and which has been extended to August 31, 2030. The leasehold interest, known as the sandwich lease position, is encumbered by a series of subleases to tenants occupying the improvements and by a land contract which includes an installment sale contract and security agreement, and a promissory note. To determine cash market value, the appraisers assume the leasehold would be sold subject to the ground lease and the subleases to Air Cargo Facility tenants. To determine investment value, the appraisers assume the leasehold interest above could be sold subject to the existing land contract to Airport Terminal Associates in the amount of the balance due as of January 1, 1985, of

EXHIBIT I-1

LOCATION OF THE AIR CARGO FACILITY

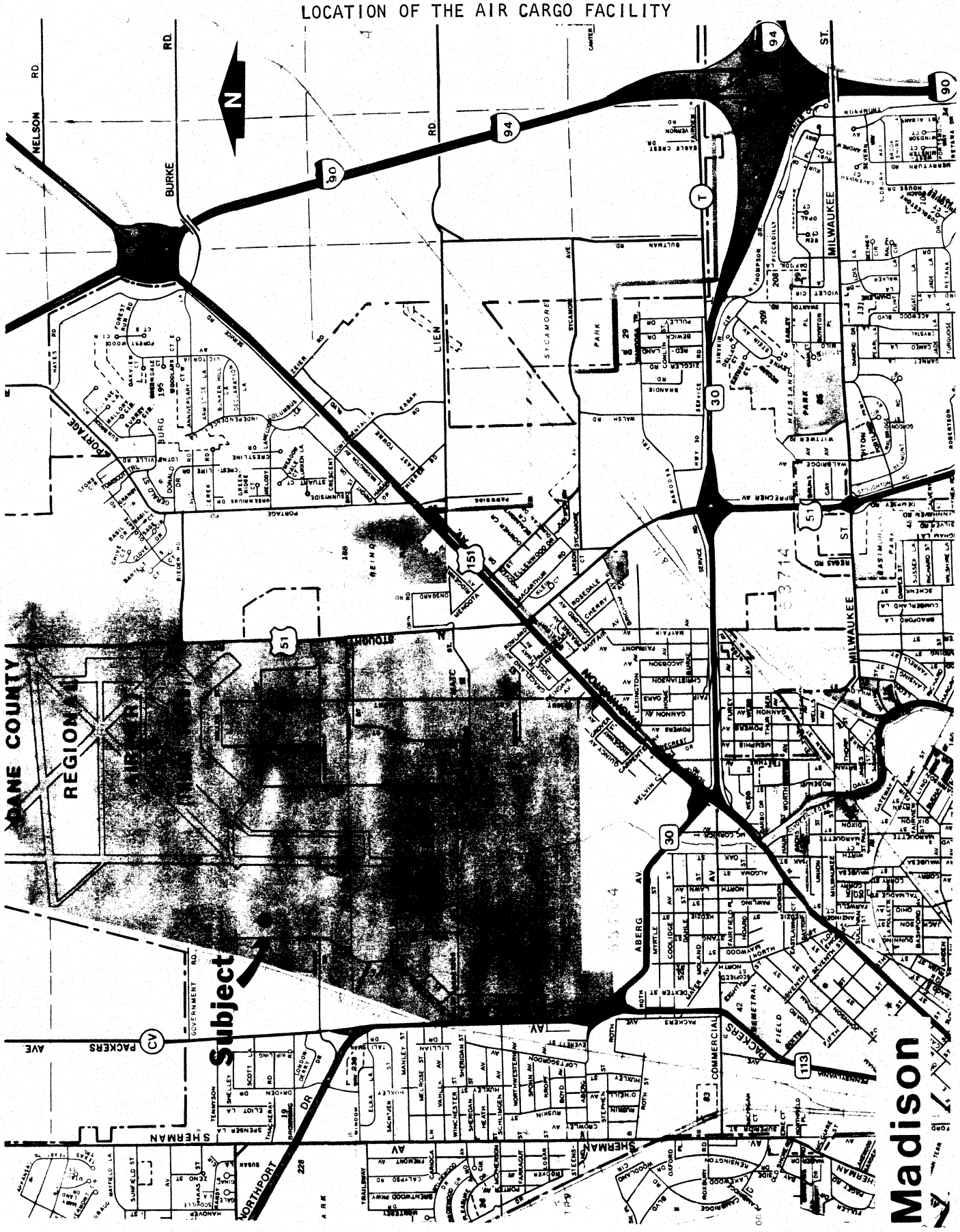

EXHIBIT I-1 (Continued)

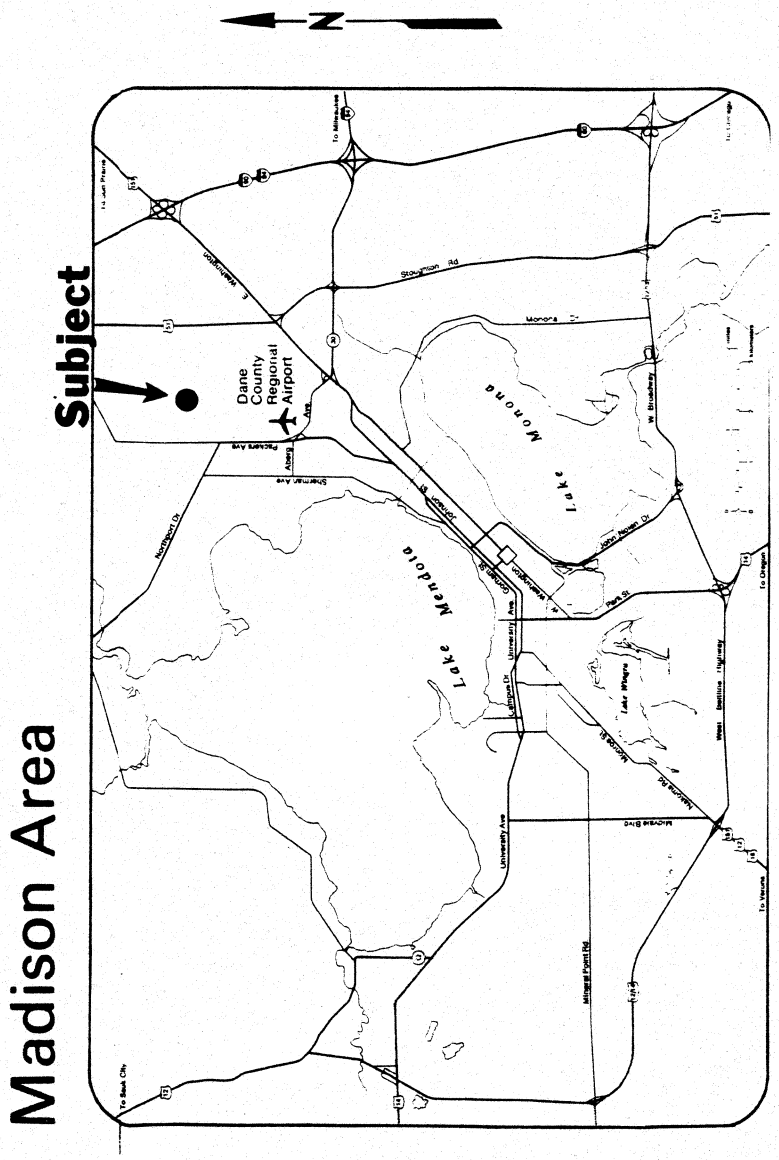

EXHIBIT I-2

LEGAL DESCRIPTION OF THE AIR CARGO FACILITY

A parcel of land located in the NE 1/4 of Section 30, T8N, R10E, City of Madison, Dane County, Wisconsin, described as follows:

AIR CARGO SITE

Starting at the East 1/4 corner of said Section 30; thence N8°04'57"W, 860.17 feet to the point of beginning; thence N0°54'45"W, 500.00 feet; thence N61°24'45"W, 467.25 feet; thence S01°02'55"E 480.25 feet; thence N88°57'05"E, 15.00 feet; thence S01°02'55"E, 250 feet; thence N89°05'15"E, 390.00 feet to the point of beginning. Parcel contains 5.647 acres more or less.

EAST-WEST ACCESS ROAD EASEMENT

Starting at the East 1/4 corner of said Section 30; thence N8°04'57"W, 860.17 feet; thence S89°05'15"W, 390.00 feet; thence N1°02'55"W, 220.00 feet to the point of beginning and the centerline of this described 60.00 foot road easement; thence S88°57'05"W, 291.63 feet along said centerline to the pavement edge of International Lane and the end of this easement. Parcel contains 0.402 acres, more or less.

NORTH-SOUTH ACCESS ROAD EASEMENT

Starting at the East 1/4 corner of said Section 30; thence N8°04'57"W, 860.17 feet; thence N0°54'45"W, 500.00 feet; thence N61°24'45"W, 265.00 feet to the point of beginning and the centerline of this described 40.00 foot road easement; thence N13°24'15"E, 648.23 feet along said centerline to the pavement edge of a service road and the end of this easement. Parcel contains 0.595 acres, more or less.

Source: Notice of Installment Sale Contract and Security recorded in the Dane County Register of Deeds, Document No. 1761820 in Volume 4065, page 21.

$998,653 with monthly payments of $10,800, or $129,600 per year at varying rates of interest with an eight year balloon.

The ground lease contains the following condition regarding its transfer to a third party:

> Lessee shall not, at any time, assign any part of this agreement, nor sublease, any of the premises herein leased without prior written approval of Lessor's Airport Superintendent, or his successor, and the FAA, if required. Approval to be within seven (7) days from Lessor, and within two (2) weeks from the FAA, and to be based upon whether or not sublessee is an airport-related use or whether a variance would be appropriate. Differences to be resolved by the Airport Commission or its successors or assigns. Provided, however, that the foregoing shall not prevent the assignment of this agreement, without change in any of its provisions to any corporation, with which Lessee may merge, or consolidate, or which may succeed to the business of Lessee; except that any transfer of this lease in whole or in part to a third party shall be subject to the prior approval of Lessor, or their successors and assigns, and, at their discretion, of the FAA. Any assignee, or sublessee however, shall be subject to the same covenants, obligations, and terms as set forth herein: and Lessee shall be responsible for the observance by its tenants and sublessees of the terms and conditions of this agreement.

The ground lease grants the lessee the exclusive right to build and lease space for aeronautical-oriented use whenever feasible, up to the limits imposed by the Declaration of Covenants - Conditions and Restrictions of Truax Air Park West for the remaining lease term of approximately 45 years. The building improvements remain the property of the lessee who has the right to remove these improvements within 90 days of the

termination of the ground lease or forfeit the same to Dane County, the lessor.

The base rent of $13,903 per year plus 5 percent of the total annual cash receipts is an unsubordinated triple net rent paid to Dane County, a tax-exempt entity.

C. Date of Appraisal

The appraised value is as of January 1, 1985.

D. Definition of Value

A current definition of market value [1] which is used for this appraisal is:

> The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
>
> Fundamental assumptions and conditions presumed in this definition are
>
> 1. Buyer and seller are motivated by self-interest.
> 2. Buyer and seller are well informed and are acting prudently.
> 3. The property is exposed for a reasonable time on the open market.

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[1] American Institute of Real Estate Appraisers, The Appraisal of Real Estate, 8th Edition, Chicago, IL, 1983, p. 33.

4. Payment is made in cash, its equivalent, or in specified financing terms.

5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.

6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

E. Most Probable Use

The current use of the subject property as a cargo facility for aeronautical-oriented uses, whenever feasible, will continue to be its most probable use because of deed restrictions and the long term ground lease.

F. Valuation Methodology and Organization of Report

The Income Approach, using a computerized discounted cash flow model, will be the primary method of valuation. Since there are no comparable sales of properties built primarily for aeronautical-oriented uses on leased land owned by a tax-exempt entity, the Market Comparison Approach will not be applied to the subject property. The secondary valuation method will be the Cost Approach using a national cost service, Marshall Valuation Service, as a stylized cost approach which is a further check on value. The appraised value will be estimated under two financing assumptions: (1) the appraised value if

sold for cash on terms currently available in the market and, (2) the appraised value if sold subject to the existing land contract.

The Madison industrial warehouse market for air/surface freight operations is discussed in Section II and the subject property is described and analyzed in Section III of this report. Section IV deals with the valuation of the property and Section V summarizes the value conclusion.

Appendix A contains the listing of permitted uses as described in the C-3L zoning regulations and photographs of the interior of each tenant space in the subject property are found in Appendix B. The computer output for the discounted cash flow analysis used to solve for the justified project investment and for the present value of all the cash flows to the equity position over the holding period, assuming cash to the seller, is found in Appendix C. The computer output for the discounted cash flow analysis assuming sale subject to the existing seller financing, is found in Appendix D. Appendix E contains a summary of the Marshall Valuation Service cost methodology.

II. MADISON INDUSTRIAL WAREHOUSE MARKET

The subject property, the Air Cargo Facility, located in Truax Air Park West, was especially designed to serve aeronautical-oriented uses whenever feasible. The original lessor made and won the bid for the right to lease the Air Cargo site from the City of Madison initially, and later from Dane County, when the City transferred the airport to the County. A search was made for properties also involved in the air/surface freight distribution and storage operations which have sold in the past few years, but none were found.

A. Comparable Rental Properties

1. Location Requirements of Air/Surface Freight Facilities

To qualify as comparable, an air/surface freight facility should be located within a three-mile radius of the airport. A search of the area revealed the following rental properties:

1. ASA Freight Systems
   2116 Pennsylvania Avenue

2. Consolidated Freight Systems
   407 N. 3rd Street

3. Federal Express
   3684 Kinsman Blvd.

Other facilities researched either were owner occupied, too distant from the subject, or the owner was unwilling to reveal rental information.

ASA Freight Systems recently went out of business and the building at 2116 Pennsylvania Avenue has been leased to a new tenant. The building measures approximately 110 feet by 40 feet and has eight truck-height docks on each side of the building for a total of 16 loading docks. The building appears to have two stories of office/utility space on the Pennsylvania Avenue side of the building; the office measures approximately 840 square feet on one level. The total gross building area (GBA) is approximately 5,240 square feet. The new tenant will pay $2,400 per month, or $28,800 per year. This translates to approximately $5.50 per square foot of GBA. The tenant pays utilities, real estate tax increases over the base year 1985, repairs and maintenance expenses, and snow plowing. The lessor pays insurance and real estate taxes as of 1985. The three-year lease has no rent escalators.

Consolidated Freightways rents approximately 37 percent of its building to Gross Common Carrier. Surface freight is their basic business and Consolidated uses all of the 800 square feet of office space; Gross operates out of a portable trailer located on the site. Rent is based on the number of dock doors used at approximately $120 per door per month. Gross rents 10 doors of the 27 doors, or 37 percent of the dock/warehouse space, which equates to approximately 3,034 square feet. Annual rent of $14,400 translates to approximately $4.75 per square

foot of GBA. The tenant pays a pro rata share of the electricity. Any increases in water, sewer and gas expenses over a base year are reimbursed to the landlord by the tenant. The lessor pays real estate taxes.

Federal Express, an overnight air express freight business, rents 21,000 square feet of transit warehouse space. There are 18,500 square feet of warehouse space used mainly for the storage of vehicles plus a sorting area. The remaining 2,500 square feet is used for offices. There are 12 - 8 foot by 10 foot overhead doors at grade level. Rent is $5 per square foot; approximately one-half of the rent is amortizing the tenant improvements over the five-year lease period. The owner modified the building to accommodate the tenant's need for clear-span space. The tenant pays the utilities and increases in the real estate over the base year. At the end of five years the rent will be renegotiated; the manager expects to achieve a lower rate when the tenant improvements are amortized.

Federal Express uses its own plane which picks up its cargo at Frickleton Field, just west of Kinsman Blvd. They do not rely on Truax Airport.

Although these rental properties are not directly comparable, they do give an indication of market rent for facilities designed for carriers of freight, either by surface or by air. Warehouses with truck-height docks on two sides

allow truck carriers to transfer freight most efficiently with a minimum of handling and storage. The space is rented by the number of dock doors used, not by the square feet of GBA. Rents range from $120 to $150 per dock door per month. If office space is included, the rent is at the upper level.

The Federal Express leased space on Kinsman Blvd. has an effective rent of $5 per square foot of GBA, but the manager indicates the warehouse has a market rent of $2.60 per square foot and the remainder of the current rent includes the cost of customizing the space for Federal Express and for the office area.

The range of $2.60 per square foot of GBA for warehouse space with grade level overhead doors to $5.50 per square foot of GBA for double-sided, truck-height docks and offices is representative of the range of contract rents of $3.90 to $5.68 per square foot of GBA currently in place at the Air Cargo Facility. The differences in the attributes of the tenant space in the subject property are analyzed within the text of Section III. The leases for all of the tenants in the subject property are summarized in Exhibit IV-1.

B. Effect of Dane County Airport Expansion Upon the Operation of the Air Cargo Facility

The expansion of the Dane County Airport is now underway, but the current construction plans are limited to the area

north of the existing airport according to Peter Drahn, Administration Director of the Dane County Airport. He does not foresee any expansion plans which will disrupt the Air Cargo Facility. Mr. Drahn is currently negotiating with the owners of the Air Cargo Facility to relocate security fences and a security gate to change the traffic pattern of the tugs moving between the airport terminal and the subject property and to segregate the general public from the airport operations area. All expenses of this change would be paid by Dane County. Mr. Drahn does not anticipate any increase in freight traffic due to the airport expansion. There was a decline in freight and passenger operations during the airline strike and the volume of business for 1984 is just reaching the previous highs experienced in 1979. The future volume of air freight traffic will be more sensitive to an expanding economic base and increased population growth rate in Madison and Dane County, according to Mr. Drahn.

C. Supply and Demand of Air/Surface Freight Facilities

Interviews with building owners or managers of freight facilities in the north and east side of Madison revealed a balance of supply with demand for warehouse space suited for the rapid movement of cargo by air and surface carriers. A couple of firms have gone out of business, but replacement

tenants were found so that there is very little vacancy. Most owners/managers report 100 percent occupancy with only one owner indicating the surface freight business to be slow.

At the Air Cargo Facility, Roadway Express will vacate 6,000 square feet at the end of June 1985, or before; two existing tenants have expressed interest in the space for expansion purposes. A New York firm is also negotiating for a portion of the space.

D. Use of Consumer Price Index as Inflation Proxy

Although the supply and demand for well-located transit warehouse space remains in fairly close balance, rents have advanced steadily due to the practice of adjusting base rents with the Consumer Price Index (CPI). Leases advance from 50 to 100 percent of the annual change in the CPI, and landlords tend to prefer the CPI for Small Metro Areas in the Northcentral States as presented in Exhibit II-1. The past two years of controlled inflation indicate an average annual change in the CPI of 4 percent, and this 4 percent will be used in estimating revenue increases as well as inflation of nonlabor or utility operating costs. In short, rents can be expected to rise because of inflation adjustments rather than any sudden imbalance of demand in excess of supply.

CHANGE IN CONSUMER PRICE INDEX (CPI)
PAST FIVE YEARS

SMALL METRO AREAS
NORTH CENTRAL STATES
FOR ALL URBAN CONSUMERS
DECEMBER 1977 = 100

AS OF FEB	INDEX	PERCENT CHANGE IN INDEX	AS OF JUNE	INDEX	PERCENT CHANGE IN INDEX	AS OF OCT	INDEX	IN INDEX
1979	111.8	N/A	1979	116.8	N/A	1979	121.9	N/A
1980	126.4	13.1%	1980	131.9	12.9%	1980	135.1	10.8%
1981	139.7	10.5	1981	142.3	7.9	1981	145.9	8.0
1982	149.1	6.7	1982	155.2	9.1	1982	155.9	6.9
1983	155.8	4.5	1983	158.3	2.0	1983	161.1	3.3
1984	162.5	4.3	1984	164.7	4.0	1984	167.2	3.8

CHANGE FROM OCTOBER OF PRECEDING YEAR TO
DECEMBER OF FOLLOWING YEAR

OCT		DEC		% CHANGE
1979	121.9	1980	136.6	12%
1980	135.1	1981	147.4	9
1981	145.9	1982	156.2	7
1982	155.9	1983	161.6	3.7
1983	161.1	1984	~ 168.0	~ 4.2
1984	167.2	1985		

E. Investor Requirements

Not only demand/supply pressures from the standpoint of the tenant must be considered, but the appraiser must also consider demand on the most probable buyers of warehouse properties. Steel warehouses lack the glamour of office buildings or the traditional appeal of apartment structures where oversupply and undersupply influence property owners. Investors in industrial warehouses have expected steady cash income in terms of 9 to 11 percent on cash investment, conservative loan-to-value ratios, and some tax shelter benefits. At one time, industrial buildings offered shorter useful lives than apartments and major buildings so that straight-line depreciation still provided 4 or 5 percent annual depreciation. That investment advantage has been lost since all real properties must use an 18 year useful life at minimum. Moreover, in 1985-86, investors anticipate further losses of tax shelter benefits to real estate so that cash dividends will become more important as the major source of return, pushing cash income requirements to 11 or 12 percent. Knowledgeable investors continue to purchase warehouse properties because the ratio of net income to the cost to acquire still represents a favorable spread relative to available debt service constants. The number of appropriate properties available for investment in Madison is limited because of the lack of economic growth,

the equilibrium of lease/buy factors, and the convertibility of owner-occupied buildings to storage as small businesses expire in times of recession.

III. PHYSICAL DESCRIPTION

The subject property consists of three pre-engineered steel frame industrial-warehouse buildings and site improvements, including a bridge over Starkweather Creek, constructed on leased land located in Truax Air Park West and owned by Dane County.

A. Site Description and Analysis

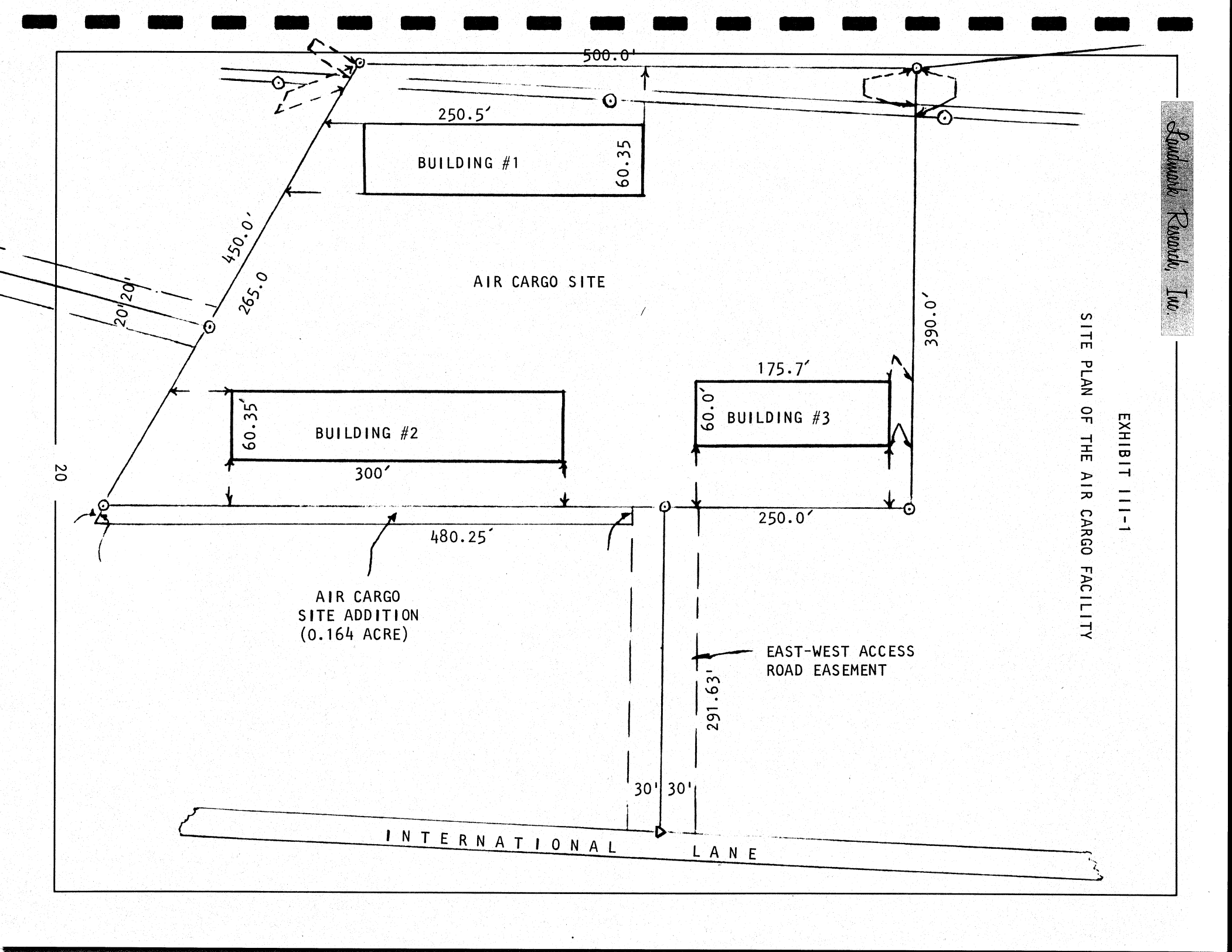
1. Physical Attributes

a. Size and Shape

The total area of the leased land consists of the following segments:

Air Cargo Site (as of 5/23/73)	5.483 acres
Addition to Air Cargo Site (as of 7/1/74)	0.164 acres
TOTAL AIR CARGO SITE	5.647 acres
East-West Access Road Easement	0.402 acres
TOTAL AREA SUBJECT TO $2,100 RENT/ACRE	6.049 acres
North-South Access Road Easement	0.595 acres
TOTAL SITE AREA	6.644 acres

The trapezoid-shaped site with access roads extending to the north and to the west is shown in Exhibit III-1. The air cargo site measures 500 feet on its eastern border, 450 feet on its northern border, 730.25 feet on its western border, and 390 feet on its southern border. The north-south access is 40


500.0'
250.5'
BUILDING #1
60.35
450.0'
265.0
20'
20'
AIR CARGO SITE
390.0'
175.7'
60.0'
BUILDING #3
60.35'
BUILDING #2
300'
250.0'
480.25'
AIR CARGO
SITE ADDITION
(0.164 ACRE)
EAST-WEST ACCESS
ROAD EASEMENT
291.63'
30'
30'
INTERNATIONAL
LANE
EXHIBIT III-1
SITE PLAN OF THE AIR CARGO FACILITY
Landmark Records, Inc.
20

feet wide and extends 648.23 feet across a bridge built by the lessor to span Starkweather Creek and onto the Truax Field service road. The east-west access road measures 60 feet wide and extends 291.63 feet onto International Lane.

b. Topography

The relatively level site apparently was excavated to form a gently sloping basin to enable the construction of truck level docks which face the center of the site and the construction of grade level entrances which open onto the outer perimeter of the site. According to the blueprints, the floor level of a truck dock is approximately four feet above grade level at the center of the site.

c. Soils and Ground Cover

No specific soil studies were either made nor provided for use in this appraisal. However, a physical inspection of the property indicates no adverse conditions that would influence the value or utility of the site.

According to the 1972 Soil Survey of Dane County, Wisconsin, prepared by the United States Department of Agriculture Soil Conservation Service, the soils in the general area of the subject are basically Virgil Silt Loam, but the land incorporating the subject site has been subject to dumps and other similar non-soil usage. Virgil Silt Loam usually has

a seasonal high water table of one to three feet with bedrock at greater than ten feet. The main limitation would be on the construction of basements, a limitation which does not affect the current most probable use of the site.

The natural ground cover has been cleared for airport use with only grasses and a few saplings remaining. Soil from the site excavation has been piled to form berms at the southern and western edges of the site.

2. Legal/Political Attributes

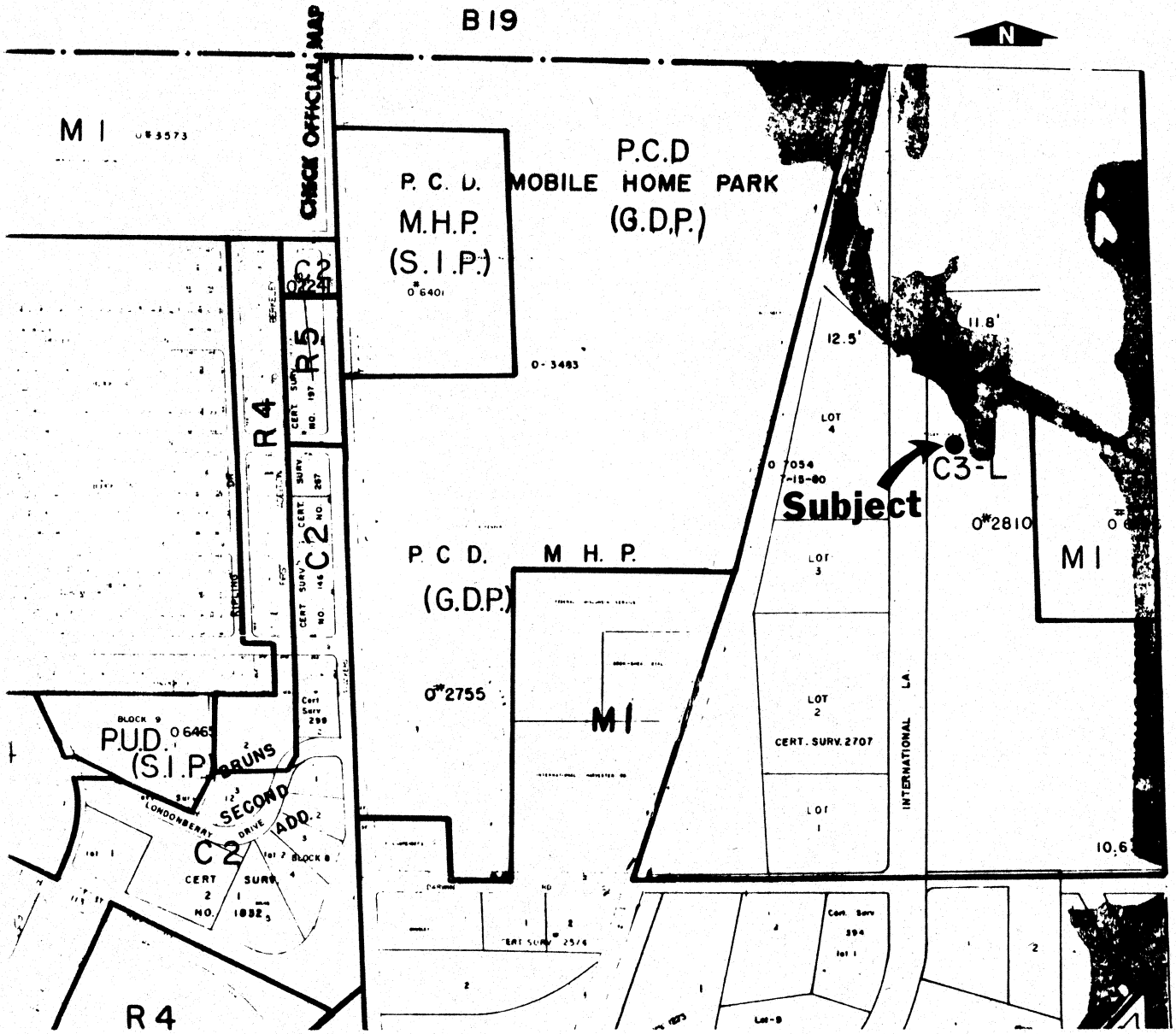
The subject property is currently zoned C3-L, a non-residential commercial service and distribution district in the City of Madison, as shown in the zoning map in Exhibit III-2. A full range of retail, service, wholesale, warehouse, and distribution activities is permitted. See Appendix A for permitted uses for C3-L zoning. The site is also controlled by the Declaration of Covenants which defines the conditions and restrictions of Truax Air Park West and by the lease originally drawn between the lessor and the City of Madison on May 30, 1974, and transferred to Dane County, thereafter, when Dane County took over Truax Air Park.

3. Linkages

The Air Cargo Facility site linkages are unique and privileged. To obtain the ground lease from the City of

EXHIBIT III-2

ZONING MAP



Madison, the original lessee had to bid against another developer for the right to lease and build the Air Cargo Facility on that specific site.

The site is connected to International Lane via an east-west access road easement and to the Airport Terminal via a north-south access road easement. (See Exhibit III-1 for site plans.) The site is less than ten minutes away from major interstate highways which connect to Milwaukee, Chicago, and northern Wisconsin as well as to main highways in Madison and Dane County. (See Exhibit I-1 for locational maps.)

The site provides an interface point for surface freight carriers, air freight carriers, and the airlines which serve Madison. No other location would be as cost effective for carriers engaged in this specialized type of freight business.

4. Dynamic Attributes

The Air Cargo Facility is well-concealed from International Lane traffic by the use of a deep setback and by the use of berming along the south and west perimeters of the site. Thus, the probability of theft and vandalism, which plague highly visible warehouses, is reduced to a minimum.

5. Environmental Attributes

This strategically located site was chosen as one of the few points in Air Park West where water could run off the site

into Starkweather Creek and still have a favorable relationship with the airport terminal.

6. Special Site Improvements

The bridge over Starkweather Creek, built by the lessee, connects the Air Cargo Facility to the Truax Airport Terminal via the north-south access road. (See Exhibit III-3 for a photograph of the bridge.)

A directory sign stands at the intersection of International Lane and the east-west access road. Madison Freight Systems has installed its own underground fuel tanks at the north end of Building No. 3.

B. Description and Analysis of the Improvements

1. General Description of Building Specifications

The Air Cargo Facility site is improved with three pre-engineered steel frame buildings built on concrete dock flooring with 3 foot 10 inch truck-height docks located on the side of the building facing the main parking and pass-through area. At-grade entrances are located on the opposite side. (See Exhibits III-1 and III-3 for site location and photographs of buildings.)

Building No. 1, built in 1974-75 and located on the northeast corner of the site, has 15,000 square feet of gross building area and measures approximately 60 feet by 250 feet.

EXHIBIT III-3

PHOTOGRAPHS OF BUILDING AND
SITE IMPROVEMENTS

PHOTOGRAPHS OF AIR CARGO FACILITY

View from International Lane. Deep set-back and berming minimize visibility of buildings from the road. Location out of way of pedestrian and vehicular traffic.

Bridge over Starkweather Creek along north-south access road easement which links Air Cargo Facility site to Truax Airport. Bridge built by lessor in 1974-75.

Directory sign along east-west access road easement. Responsibility for sign varies with lease terms from tenant to tenant.

BUILDING NO. 1

View from west side facing interior drive-through and parking area. Note truck-height docks and 15 foot roof overhang.

BUILDING NO. 1

View from southeast corner. Note at-grade overhead doors and 15 foot roof overhang.

BUILDING NO. 2

View from east side which faces interior drive-through and parking area. Note truck-height docks and 15 foot roof overhang.

BUILDING NO. 2

View from northwest corner. Note at-grade overhead doors and 15 foot roof overhang.

BUILDING NO. 3

View from east side which faces interior drive-through and parking area. The office is at the north end of the building. Trucks block view of truck level docks.

BUILDING NO. 3

View from northwest end of building. Note lack of roof overhang and grade level overhead doors. Madison Freight Systems' fuel pumps located in foreground.

Building No. 2, built in 1974-75 and located on the northwest corner of the site, has 18,000 square feet of gross building area and measures approximately 60 feet by 300 feet. Building No. 3, built in the late 1970s and located on the southwest corner of the site, has 10,500 square feet of gross building area and measures approximately 60 feet by 175 feet.

Each building is constructed with 25 foot bays and has a height of 16 feet at center. Fluorescent lights are used throughout all of the warehouses and offices. None of the buildings are sprinklered. The majority of overhead doors are operated manually although a few are equipped with automatic door openers. Aluminum enclosed three foot batt insulation is used throughout each building on both walls and ceilings. Fifteen foot overhangs offer user protection on both the east and west sides of Building Nos. 1 and 2. Building No. 3 has a minimal overhang on the east side and none on the west side of the building.

Each tenant space in Buildings No. 1 and 2 is separately metered for electricity and each tenant pays for his own gas. There are four individual gas meters for Building No. 1 and 2 and two separate gas meters for Building No. 3. One common water meter is located in each building.

Each tenant space has a minimum of two personnel doors, one of which is on the east and the other on the west side of the building. Building No. 3 has a total of nine personnel doors for the use of the single tenant, Madison Freight Systems.

2. Description and Analysis of Tenant Spaces

Photographs of tenant spaces are found in Appendix B.

BUILDING NO. 1

Building No. 1, with ten bays and 15,000 square feet, is leased to three major airlines and an express air freight carrier.

(1) Ozark Airlines: Ozark Airlines, which occupies Bays 1 and 2, or 3,000 square feet, has four truck height (8 foot by 10 foot) dock doors on the west side, but two are blocked by the office improvements. There are two 12 foot by 14 foot overhead doors at grade on the west side of the building and a personnel door on both the east and the west side. Ozark sublets one room of office space to Mississippi Valley Airlines.

The warehouse space is heated by two gas-fired suspended space heaters and the office area is heated by electric baseboard and cooled by a wall air conditioner unit. Plumbing includes a janitor sink, a hot water heater, a toilet and lavoratory. The bathroom

is located in a small plywood enclosure constructed apart from the offices.

(2) Republic Airlines and Northwest Airlines: Republic occupies Bays 3, 4, and 5, and Northwest occupies Bays 6, 7, and 8, or 4,500 square feet each with four truck-height (8 foot by 10 foot) dock doors on the west side and three 12 foot by 14 foot overhead doors on the east side. A personnel door is located on each side of the building for each tenant. The well-finished office area includes two large ceramic tiled bathrooms. The warehouse space for each tenant is heated with two gas-fired suspended space heaters and the office/bathroom area is heated and cooled by a Carrier packaged heating/cooling unit. Plumbing in each tenant's space includes two toilets, two lavatories, a hot water heater, and a janitor sink. The bathrooms are included in the office area enclosure.

(3) Burlington Northern: Burlington Northern occupies Bays 9 and 10, or 3,000 square feet and has four truck-height (8 foot by 10 foot) dock doors on the west side of the building and two 12 foot by 14 foot overhead doors at grade on the east side. One of the larger overhead doors is blocked by the office area.

The well-finished office area consists of four rooms and the bathroom is located separately in a wood frame enclosure.

The warehouse area is heated by two gas-fired suspended space heaters and the office is heated by electric baseboard and cooled by a wall air conditioner unit. Plumbing includes a toilet, a lavatory, a hot water heater, and a janitor sink.

BUILDING NO. 2

Building No. 2, completed in 1975 consists of 12 - 25 foot bays, or 18,000 square feet, and is leased to five tenants who vary from a motor freight carrier to a book publisher.

(1) Roadway Express: Roadway Express leases 6,000 square feet in Bays 1 through 4, but will be moving to a new building off Highway 51 and Pflaum Road before June 30, 1985. In their new building they will be tenants who have the option to purchase. Roadway is a motor freight carrier who needs to expand its number of loading docks and the size of the parking area. Roadway's business is not directly related to the airport, and their heavy use of the parking area is a problem to the other tenants. They leased space at the Air Cargo Facility in the late 1970s because loading

dock/warehouse space was in short supply. Advantages of the Air Cargo Facility to Roadway have included a warehouse with low visibility and traffic to minimize theft and vandalism and heavy-duty outdoor electrical outlets for the operation of truck heaters during the winter.

Roadway has seven truck-height dock doors, which measure 8 feet by 10 feet, or 9 feet by 9 feet, six of which are located on the east side of Building No. 2, and one of which is located at the south end of the building. Three large 12 foot by 14 foot overhead doors are located on the west side; on the day of inspection one of the overhead doors had collapsed causing injury to an employee. Management at Roadway reported that the overhead door hardware had become worn and needed to be replaced. His observation was confirmed by employees in Building No. 1.

The office area is finished with wood paneling on three walls and suspended acoustical ceiling tile.

Although Roadway does not heat the warehouse space, the area is equipped with two gas-fired suspended heaters and the office and bathroom areas are heated by electric baseboards and the office is cooled by a wall air conditioner unit. Plumbing fixtures include one

toilet, one lavatory, one hot water heater, and a janitor sink. The bathroom is located in a small plywood enclosure constructed near to, but separate from the office.

(2) Airborne Freight: Airborne occupies 3,000 square feet in Bays 5 and 6, and has three truck-height (8 foot by 10 foot) dock doors on the east and two 12 foot by 14 foot overhead doors at grade on the west side of the building. The lessor constructed a 420 square foot office within the leased space which includes the existing bathroom. Airborne has its own airplanes at Frickleton and also uses commercial airlines as carriers. The leased space is not for storage of any duration; the assigned goods are usually in transit.

The warehouse space is heated by three gas-fired suspended space heaters and the office area is heated by electric baseboard and is cooled by a wall air conditioner unit. Plumbing fixtures include one toilet, one lavatory, and one hot water heater.

(3) Emery Air Freight: Emery occupies 3,000 square feet in Bays 7 and 8 which include three truck-height (8 foot by 10 foot) dock doors, two 12 foot by 14 foot overhead doors at grade, and a partitioning wall

separating the two bays. A small two room office plus an attached bathroom with a separate entrance have been provided in Bay 8.

The warehouse area is heated by a gas-fired suspended space heater located in each bay and the office is heated by electric baseboard and cooled by a wall air conditiner unit. Plumbing fixtures include one toilet, one lavatory, one hot water heater, and a janitor sink.

(4) Madison Freight Systems: Early in 1984 Madison Freight Systems moved its vehicle repair operations from Bay 1 of Building No. 3 into Bays 9 and 10 of Building No. 2. The 3,000 square feet includes two truck-height (8 foot by 10 foot) dock doors and two 12 foot by 14 foot overhead doors at grade. Only a small bathroom has been constructed within the leased space.

One gas-fired suspended space heater is used for heating and there is no air conditioner unit.

Plumbing fixtures include one toilet, one lavatory, one hot water heaer, and one janitor sink.

(5) Stanton and Lee Publishers: Stanton and Lee Publishers occupies 3,000 square feet in Bays 11 and 12 with two truck-height (8 foot by 10 foot) dock doors on

the east and one 12 foot by 14 foot overhead door at grade on the west. There is a small bathroom on the premises, but no office enclosure. The space is used for storage of published materials ready for periodic air shipment. Employees are there only occasionally.

The area is heated by two gas-fired suspended space heaters. Plumbing fixtures include one toilet, one lavatory, and one hot water heater.

Stanton and Lee had leased space in Building No. 3 and were granted a premium to move to Building No. 2 in order to make room for Madison Freight Systems.

BUILDING NO. 3

(1) Madison Freight Systems: Madison Freight Systems now occupies all seven bays, or 10,500 square feet of Building No. 3. They leased 4,500 square feet in 1980 and have added bays each year until March 1984 when they took occupancy of the entire structure. One bay is separated from the clear span warehouse area by a partitioning wall. Within this bay are located two offices and a bathroom and unfinished warehouse space in which is parked a mobile home that has been converted to supplementary office space.

The warehouse is heated by three gas-fired suspended space heaters. A fourth space heater is

located in the supplementary office area. The finished office area is heated by a forced hot air furnace and cooled by an air conditioning unit housed over the office enclosure. Plumbing fixtures include one toilet, one lavatory, and one hot water water.

A summary of building sizes and improvements, listed tenant by tenant, and allocation of site improvements is found in Exhibit IV-7 and is used in the Cost Approach discussed in Section IV.

IV. VALUATION OF THE SUBJECT PROPERTY

The Income Approach, using the discounted cash flow methodology, is the primary valuation method for this unique investment property. An analysis of the existing leases in conjunction with an analysis of market rents and external economics factors which affect expenses, will form the basis for the forecast of revenues and expenses for the subject property.

A. Lease Description and Analysis

The terms and conditions of each tenant's lease are summarized in Exhibit IV-1. While Ozark, Republic, and Northwest are on 20-year leases with two, 10-year renewals, the majority of the tenants are on one to five-year leases with renewal options of a similar time period. Madison Air Freight Systems is the exception with a 10-year lease and one five-year renewal.

Rental rates range from $3.48 per square foot of GBA to $5.68 per square foot of GBA. The proportion and quality of office/bathroom improvements to total leased space appear to be highly correlated with the rental rate.

EXHIBIT IV-1

AIR CARGO FACILITY

BUILDING NO. 1

TENANT DATA AND CURRENT LEASE DATA

LESSEE NO. 1:	OZARK AIR LINES, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 1 and 2
SQUARE FEET LEASED:	450 SF office 2,550 SF warehouse 3,000 SF
LEASE TERM:	Twenty years commencing March 1, 1977, through February 28, 1997, with two 10-year renewal options.
ESCALATOR CLAUSE:	Commencing January 31, 1983, and at the end of every third year thereafter, the rental rate may be renegotiated based upon increases in operational expenses and repairs over the 1977 base year expenses.
1984 AND 1985 ANNUAL RENT:	$13,920/year ($1,160/month) Rent was increased to $13,920 on February 28, 1983, and remains constant until February 28, 1986.
1984 AND 1985 ANNUAL RENT/SF:	$4.64/SF

EXPENSES

UTILITIES:	Lessee pays all utilities which include electricity and gas. Utility meters and office air conditioning are provided by lessor. Lessor pays water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee. Lessee required to carry public liability insurance.
REPAIRS AND MAINTENANCE:	Lessor is responsible for snow removal and repair and maintenance of the following: parking lot, exterior lighting (except if installed by lessee) and security fences and gates, water, fire detection equipment, office air conditioning, roadway directories, truck bumpers, and all necessary structural repairs not caused by negligence of lessee and its agents.

BUILDING NO. 1 (Continued)

Lessee is responsible for the following: housekeeping of the premises, maintain and repair leased interior building area including overhead doors even in absence of truck bumper.

PROPERTY TAXES: Lessor pays real estate taxes, but lessee pays pro rata share for any increase or receives benefit pro rata for any reduction in property taxes over the base year of 1977. The adjustment shall be made on or before February 28, 1980, and each year thereafter.

BUILDING NO. 1 (Continued)

LESSEE NO. 2:	REPUBLIC AIRLINES, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 3, 4, and 5
SQUARE FEET LEASED:	494 SF office space 4,006 SF warehouse space 4,500 SF
LEASE TERM:	Twenty years commencing January 1, 1975, through December 31, 1994, with two 10-year renewal options.
ESCALATOR CLAUSE:	Beginning January 1, 1982, the new rental rate shall be $1,950 per month. At the end of each succeeding calendar year the rent shall be increased in an amount equal to 3 percent of the prior year's rental. This increase shall be payable monthly.
1983 ANNUAL RENT:	$24,102/year ($2,008.50/month) as of January 1, 1983
1983 ANNUAL RENT/SF:	$5.36/SF
1984 ANNUAL RENT:	$24,825.12/year ($2,068.76/month) as of January 1, 1984
1984 ANNUAL RENT/SF:	$5.52/SF
1985 ANNUAL RENT:	$25,569.87/year ($2,130.82/month) as of January 1, 1985
1985 ANNUAL RENT/SF:	$5.68/SF

EXPENSES

UTILITIES:	Lessee pays all utilities which include electricity and gas. Utility meters and office air conditioning is provided by lessor. Lessor pays water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee. Lessee required to carry public liability insurance.

BUILDING NO. 1 (Continued)

REPAIRS AND MAINTENANCE:

Lessor is responsible for snow removal and repair and maintenance of the following: parking lot, exterior lighting (except if installed by lessee) and security fences and gates, water, fire detection equipment, office air conditioning, roadway directories, truck bumpers, and all necessary structural repairs not caused by negligence of lessee and its agents.

Lessee is responsible for the following: housekeeping of the premises, maintain and repair leased interior building area including overhead doors even in absence of truck bumper.

PROPERTY TAXES:

Lessor pays real estate taxes, but lessee pays pro rata share for any increase or receives benefit pro rata for any reduction in property taxes over the base year of 1975. The adjustment shall be made on or before February 28, 1977, and each year thereafter.

BUILDING NO. 1 (Continued)

LESSEE NO. 3:	NORTHWEST AIRLINES, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 6, 7, and 8
SQUARE FEET LEASED:	494 SF office space 4,006 SF warehouse space 4,500 SF
LEASE TERM:	Twenty years commencing January 1, 1975, through December 31, 1994, with two 10-year renewal options.
ESCALATOR CLAUSE:	Beginning January 1, 1982, the new rental rate shall be $1,950 per month. At the end of each succeeding calendar year the rent shall be increased in an amount equal to 3 percent of the prior year's rental. This increase shall be payable monthly.
1983 ANNUAL RENT:	$24,102/year ($2,008.50/month) as of January 1, 1983
1983 ANNUAL RENT/SF:	$5.36/SF
1984 ANNUAL RENT:	$24,825/year ($2,068.76/month) as of January 1, 1984
1984 ANNUAL RENT/SF:	$5.52/SF
1985 ANNUAL RENT:	$25,569.87/year ($2,130.82/month) as of January 1, 1985
1985 ANNUAL RENT/SF:	$5.68/SF

EXPENSES

UTILITIES:	Lessee pays all utilities which include electricity and gas. Utility meters and office air conditioning is provided by lessor. Lessor pays water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee. Lessee required to carry public liability insurance.

BUILDING NO. 1 (Continued)

REPAIRS AND MAINTENANCE:

Lessor is responsible for snow removal and repair and maintenance of the following: parking lot, exterior lighting (except if installed by lessee) and security fences and gates, water, fire detection equipment, office air conditioning, roadway directories, truck bumpers, and all necessary structural repairs not caused by negligence of lessee and its agents.

Lessee is responsible for the following: housekeeping of the premises, maintain and repair leased interior building area including overhead doors even in absence of truck bumper.

PROPERTY TAXES:

Lessor pays real estate taxes, but lessee pays pro rata for any increase or receives benefit pro rata for any reduction in property taxes over the base year of 1975. The adjustment shall be made on or before February 28, 1977, and each year thereafter.

BUILDING NO. 1 (Continued)

LESSEE NO. 4:	BURLINGTON NORTHERN AIR FREIGHT, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 9 and 10
SQUARE FEET LEASED:	550 SF office space 2,450 SF warehouse space 3,000 SF
LEASE TERM:	Five years commencing January 1, 1977, through December 31, 1981, with one five-year renewal option.
ESCALATOR CLAUSE:	Commencing January 1, 1982, the new rental rate shall be $1,295.41 per month. At the end of each succeeding calendar year the rent shall be increased in an amount equal to 3 percent of the prior year's rental. This increase shall be payable monthly.
1983 ANNUAL RENT:	$16,011.27/year ($1,334.27/month)
1983 ANNUAL RENT/SF:	$5.34/SF
1984 ANNUAL RENT:	$16,491.48/year ($1,374.29/month)
1984 ANNUAL RENT/SF:	$5.50/SF
1985 ANNUAL RENT:	$16,986.22/year ($1,415.51/month)
1985 ANNUAL RENT/SF:	$5.66/SF

EXPENSES

UTILITIES:	Lessee pays all utilities which include electricity and gas. Utility meters and office air conditioning is provided by lessor. Lessor pays water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee. Lessee required to carry public liability insurance.

BUILDING NO. 1 (Continued)

REPAIRS AND MAINTENANCE:

Lessor is responsible for snow removal and repair and maintenance of the following: parking lot, exterior lighting (except if installed by lessee) and security fences and gates, water, fire detection equipment, office air conditioning, roadway directories, truck bumpers, and all necessary structural repairs not caused by negligence of lessee and its agents.

Lessee is responsible for the following: housekeeping of the premises, maintain and repair leased interior building area including overhead doors even in absence of truck bumper.

PROPERTY TAXES:

Lessor pays real estate taxes, but lessee pays pro rata for any increase or receives benefit pro rata for any reduction in property taxes over the base year of 1977. The adjustment shall be made on or before February 28, 1979, and each year thereafter.

AIR CARGO FACILITY

BUILDING NO. 2

TENANT DATA AND CURRENT LEASE DATA

LESSEE NO. 1:	ROADWAY EXPRESS, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 1, 2, 3, and 4
SQUARE FEET LEASED:	300 SF office 5,700 SF warehouse 6,000 SF
LEASE TERM:	Five years commencing January 1, 1980, through December 31, 1984. Extension effective January 1, 1985, through June 30, 1985. (Tenant leaving June 30, 1985, because tenant is building new space.)
ESCALATOR CLAUSE:	Rent of $25,830 stated for six-month extension period; represents 5 percent increase over 1980-84 fixed rental rate of $24,600 per year.
1983 ANNUAL RENT:	$24,600/year ($2,050/month) as of January 1, 1980
1983 ANNUAL RENT/SF:	$4.10/SF
1984 ANNUAL RENT:	$24,600/year ($2,050/month) as of January 1, 1980
1984 ANNUAL RENT/SF:	$4.10/SF
1985 ANNUAL RENT:	$25,830/year ($2,152.50/month)
1985 ANNUAL RENT/SF:	$4.305/SF

EXPENSES

UTILITIES:	Lessee pays for all separately metered utilities which include gas and electricity. Lessor pays for water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee.

BUILDING NO. 2 (Continued)

REPAIRS AND MAINTENANCE:	Lessor is responsible for repair and maintenance for outdoor demised premises including snow removal and for structural maintenance of the demised portions of the building including the heating, plumbing, and electrical system except for damages caused by the negligence of the lessee or its agents.
REAL ESTATE TAXES:	Lessor pays all property taxes with no pass through of increases/decreases to the lessee.

BUILDING NO. 2 (Continued)

LESSEE NO. 2:	AIRBORNE FREIGHT CORPORATION
IDENTIFICATION OF BAYS LEASED:	Bays 5 and 6
SQUARE FEET LEASED:	420 SF office 2,580 SF warehouse 3,000 SF
LEASE TERM:	Four years, 11 months, 21 days, commencing on substantial completion of lessor's improvements estimated to be on July 11, 1983, through June 30, 1988. One five-year renewal option at same terms and conditions.
ESCALATOR CLAUSE:	Effective on July 1 of each lease year, the annual rent shall be increased by 4 percent of the previous year's rent.
1983 ANNUAL RENT:	$11,400/year ($950/month) as of October 1, 1983
1983 ANNUAL RENT/SF:	$3.80/SF
1984 ANNUAL RENT:	$11,856/year ($988/month) as of October 1, 1984
1984 ANNUAL RENT/SF:	$3.95/SF
1985 ANNUAL RENT:	$12,330.24/year ($1,027.52/month) as of July 1, 1985
1985 ANNUAL RENT/SF:	$4.11/SF

EXPENSES

UTILITIES:	Lessee pays for all separately metered utilities which include gas and electricity. Lessor pays for water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee.
REPAIRS AND MAINTENANCE:	Lessor agrees to maintain and repair parking and common areas incuding snow removal and to keep structure in good repair and water-tight condition except for damage caused by negligence of the lessee or its agents.

BUILDING NO. 2 (Continued)

Lessee shall maintain interior of demised premises and shall repair the heating, plumbing, and electrical systems and replace components for such as needed.

PROPERTY TAXES: Lessor pays all property taxes, but lessee will reimburse pro rata share, or 16 percent of any increase in property taxes from base year of 1983.

BUILDING NO. 2 (Continued)

LESSEE NO. 3:	EMERY AIR FREIGHT CORPORATION
IDENTIFICATION OF BAYS LEASED:	Bays 7 and 8
SQUARE FEET LEASED:	250 SF office 2,750 SF warehouse 3,000 SF
LEASE TERM:	Five years commencing on December 1, 1978, through November 30, 1983, with one five-year option to renew. Option was exercised so term was extended from December 1, 1983, through November 30, 1988.
ESCALATOR CLAUSE:	Effective on December 1, 1979, and each lease year thereafter the annual rent shall be increased by 5 percent.
1983 ANNUAL RENT:	$10,939.55/year ($911.63/month) as of December 1, 1982
1983 ANNUAL RENT/SF:	$3.84/SF
1984 ANNUAL RENT:	$11,486.52/year ($957.21/month) as of December 1, 1983
1984 ANNUAL RENT/SF:	$4.03/SF
1985 ANNUAL RENT:	$12,060.84/year ($1,005.07/month) as of December 1, 1984
1985 ANNUAL RENT/SF:	$4.23/SF

EXPENSES

UTILITIES:	Lessee provides all its own utilities which include gas and electricity meters provided by the lessor. Lessor pays for water and sewer.
INSURANCE:	Lessor provides fire and extended coverage and lessee provides acceptable liability insurance.

BUILDING NO. 2 (Continued)

REPAIRS AND MAINTENANCE: Lessor shall supply parking maintenance, snow removal, repair and maintenance of all exterior lighting (except lessee installed exterior signs or special lighting) security fences and gates and perform all necessary structural repairs including those needed on the roof, not caused by negligence of the lessee or its agents.

Lessee is responsible for maintenance and repairs of all equipment including loading docks, overhead doors, air conditioning, plumbing, electrical or heating, and for housekeeping of buildings and grounds.

PROPERTY TAXES: Lessee shall pay pro rata share of any increase in property taxes based upon changes in the 1979 base year assessment and mill rate. The adjustment shall be made February 28, 1980, and each year thereafter.

BUILDING NO. 2 (Continued)

LESSEE NO. 4:	Madison Freight Systems, Inc.
IDENTIFICATION OF BAYS LEASED:	Bays 9 and 10
SQUARE FEET LEASED:	50 SF bathroom 2,950 SF warehouse 3,000 SF
LEASE TERM:	One year commencing March 1, 1984, through February 28, 1985, with annual renewals.
ESCALATOR CLAUSE:	Commencing with the second lease year the rent shall be increased by an amount equal to the increase in the Consumer Price Index (CPI) for All Urban Consumers. For the 1985 increase, 4 percent will be used by the appraiser.
1983 ANNUAL RENT [1]:	$8,932.62/year ($744.39/month) as of January 1, 1983 - McLean Trucking was Lessee
1983 ANNUAL RENT/SF:	$2.98/SF
1984 ANNUAL RENT:	$11,250/year ($937.50/month) as of March 1, 1984
1984 ANNUAL RENT/SF:	$3.75/SF
1985 ANNUAL RENT:	$11,700/year ($975/month) as of March 1, 1985
1985 ANNUAL RENT/SF:	$3.90/SF

EXPENSES

UTILITIES:	Lessee pays for all separately metered utilities which include gas and electricity. Lessor pays for water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee. Lessee provides public liability insurance for bodily injuries and property damage.

[1] Prior lease was with McLean Trucking for two years commencing January 1980 through December 31, 1981, with an annual option to renew thereafter. Escalator of 1980 annual rent of $15,000 per year at 6 percent per year after the first year.

BUILDING NO. 2 (Continued)

REPAIRS AND MAINTENANCE: Lessor is responsible for parking lot maintenance, snow removal, repair and maintenance of all exterior lighting (except as installed by lessee or exterior lights used on docks), security fences and gates for common areas, and all necessary roof and structural repairs not caused by the negligence of lessee or any of its agents. Lessee is responsible for maintenance and repair of all machinery, fixtures and equipment, including loading dock, overhead doors, air conditioning, plumbing, electrical and heating.

PROPERTY TAXES: Lessor pays property taxes with no pass throughs to lessee.

BUILDING NO. 2 (Continued)

LESSEE NO. 5:	STANTON & LEE PUBLISHERS, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 11 and 12
SQUARE FEET LEASED:	50 SF bathroom 2,950 SF warehouse 3,000 SF
LEASE TERM:	Five years commencing on April 1, 1984, through March 31, 1989, with an option to renew for one five-year period. No rent due the first three full months of lease term.
ESCALATOR CLAUSE:	Commencing with the second lease year (April 1, 1985), and each year thereafter, rent shall be increased in an amount equal to 50 percent of the Consumer Price Index (CPI). All Items, for All Urban Consumers, but not to exceed 6 percent per year. Change in CPI to be calculated based upon change from end of January of one year to the next. A CPI annual increase of 4 percent is assumed by the appraiser.
1983 ANNUAL RENT:	$8,932.62/year ($744.39/month) as of January 1, 1983
1983 ANNUAL RENT/SF:	$2.98/SF
1984 ANNUAL RENT [1]:	$10,446.24/year ($870.52/month) as of April 1, 1984, with payment commencing July 1, 1984
1984 ANNUAL RENT/SF:	$3.48/SF
1985 ANNUAL RENT [2]:	$10,655.16 ($887.93/month) as of April 1, 1985
1985 ANNUAL RENT/SF:	$3.55/SF

[1] Prior lease was with McLean Trucking for two years commencing January 1980 through December 31, 1981, with an annual option to renew thereafter. Escalator of 1980 annual rent of $15,000/year at 6 percent per year after the first year.

[2] Based upon 50 percent of 4 percent increase in CPI.

BUILDING NO. 2 (Continued)

EXPENSES

UTILITIES:	Lessee pays for all separately metered utilities which include gas and electricity. Lessor pays for water and sewer.
INSURANCE:	Lessor pays for fire and extended coverage with no pass through to lessee.
REPAIRS AND MAINTENANCE:	Lessor is responsible for parking lot maintenance, snow removal, repair and maintenance of all exterior lighting (except as installed by lessee or exterior lights used on docks), security fences and gates for common areas, and all necessary roof and structural repairs not caused by the negligence of lessee or any of its agents. Lessee is responsible for maintenance and repair of all machinery, fixtures and equipment, including loading dock, overhead doors, air conditioning, plumbing, electrical and heating.
PROPERTY TAXES:	Lessee pays pro rata share of rented area, or 16 percent of the increases in property taxes from the 1983 base year.

AIR CARGO FACILITY

BUILDING NO. 3

TENANT DATA AND CURRENT LEASE DATA

LESSEE NO. 1	MADISON FREIGHT SYSTEMS, INC.
IDENTIFICATION OF BAYS LEASED:	Bays 1, 2, 3, 4, 5, 6, and 7
SQUARE FEET LEASED [1]:	600 SF finished office in 1,500 SF bay 9,900 SF warehouse 10,500 SF
LEASE TERM:	Ten years commencing October 1, 1980, through September 30, 1990, with one five-year option to renew.
ESCALATOR CLAUSE:	At the end of the first year and each succeeding lease year thereafter, the rent shall be increased in an amount equal to 6 percent of the prior year's rent.
1983 ANNUAL RENT:	$33,708/year ($2,809/month) as of October 1, 1983
1983 ANNUAL RENT/SF:	$3.745 SF (as of October 1, 1983)
1984 ANNUAL RENT:	$39,348/year ($3,279/month) as of March 1, 1984
1984 ANNUAL RENT/SF:	$3.747/SF
1985 ANNUAL RENT:	$41,708.88/year ($3,475.74/month) as of October 1, 1984
1985 ANNUAL RENT/SF:	$3.972/SF

EXPENSES

UTILITIES:	Lessee pays for all utilities which include electricity and gas. Lessor provides utility meters and pays for sewer and water.

[1] As of:

10/01/80	4,500 SF	(Bays 5, 6, & 7)
10/01/81	9,000 SF	(Bays 2, 3, 4, 5, 6, & 7)
10/01/82	9,000 SF	" "
10/01/83	9,000 SF	" "
03/01/84	10,500 SF	(Bays 1, 2, 3, 4, 5, 6, & 7)
10/01/84	10,500 SF	" "

BUILDING NO. 3 (Continued)

INSURANCE:	Lessor provides fire and extended coverage with no pass through to the lessee. Lessee provides acceptable public liability for bodily injury and for property damage.
REPAIRS AND MAINTENANCE:	Lessor pays for parking lot maintenance, snow removal, repair and maintenance of all exterior lighting (except those signs and lights installed by lessee), security fences and gates for all common areas and all structural repairs including the roof and not caused by negligence of lessee or its agents. Lessee pays for the maintenance and repair of all equipment including loading dock, overhead doors, air conditioning, plumbing, electrical and heating, as well as housekeeping of grounds and building.
PROPERTY TAXES:	Lessee shall pay any increase in property tax against the leased premises based upon changes in the base year property tax in 1981 with the adjustment to be made by February 28, 1983, and each year thereafter.

B. Forecast of Revenues and Operating Expenses - and Appraisal Assumptions

For purposes of valuation, the appraisers have taken the current contract rents to be the basis for the appraisal to the end of the existing lease term. As demonstrated in Section II of this appraisal, there are no warehouse/distribution facilities that are directly comparable to the Air Cargo Facility due to its unique location on leased land in Truax Airpark West. The three warehouse/distribution centers discussed in Section II and located near the airport, indicate a range of rents from $2.60 per square foot of GBA for warehouse space with at grade overhead doors to $5.50 per square foot of GBA for warehouses with double sided truck-height dock doors and finished office space. Therefore, it is assumed that contract rents for the Air Cargo Facility, escalated according to lease terms, will be representative of market rents at the time of lease renewals, and will be used for the ten-year forecast period.

Roadway Express, leaving June 30, 1985, is the only tenant not responsible for the repair and maintenance of overhead doors and of heating, plumbing and electrical systems, although the leases written for the tenants of Building No. 1 are vague on this latter responsibility. Tenants are clearly responsible for any damage done to overhead doors by tenants, but as doors wear out and need replacing, the tenant argues for the

replacement of the doors by the landlord to reduce the tenant's maintenance and repair expenses. A prospective buyer will need to factor into his purchase price the cost of gradually replacing the overhead doors, as needed. In any lease renewal, it is assumed that the lease terms will designate the tenant as clearly responsible for the repair and maintenance of all overhead doors and of the heating, plumbing, and electrical systems of the leased space.

Real estate taxes are paid by the lessor, but a provision has been made in all of the leases, except Roadway Express and and Madison Freight System in Building No. 2, for the tenant to pay a pro rata share of any increase in real estate taxes over a stated base year.

For the landlord the basic expenses are real estate taxes, insurance, water and sewer, leasing expenses, management fees, long-term maintenance of the paved parking surface, and the repair and maintenance of the structural frame and roof of the building including replacement of overhead doors. There are also minor utility costs for vacancy periods. Although some of the current leases provide for tenant reimbursements of increases in real estate taxes over a base year, assessments have decreased since 1981. The subject property has been assessed and taxed as follows since 1980:

YEAR	ASSESSED VALUE	MILL RATE	TAXES DUE
1980	$370,000	0.0215630	$ 7,978.31
1981	585,000	0.0217700	12,735.45
1982	577,082	0.0222436	12,836.38
1983	380,000	0.0261000	9,538.00
1984	380,000	0.0254305	9,663.59

Even though the mill rate has increased steadily each year, real estate taxes have varied with changes in assessed value over the past four years. The random variance seems to be due to confusion as to assessment policy on improvements located on tax-exempt land. Therefore, the remibursement of real estate tax increases has not been effected by the present owner. The assumptions used to forecast real estate taxes and other expenses are detailed in footnotes to Exhibit IV-2.

C. Financing Description and Analysis

The existing land contract is assumable providing one of the following shall occur:

1. The Purchaser [2] shall thereafter become personally liable for the principal and interest payments represented by the Note secured by this contract; or

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[2] The Purchaser is defined as Madison Real Estate Investment Fund (MREIF), who would be the seller in the next transaction. Because MREIF is considering liquidation, it is unlikely that conditions No. 1 or No. 2 will be viable. Therefore the most probable buyer must demonstrate financial ability and property management ability equal to MREIF.

2. The transfer or assignment is to an entity, whether joint venture, partnership, general or limited, or other format, in which the Purchaser retains an interest; and

3. The transferee or assignee is a party demonstrating financial ability or property management ability at least equal to that of the Purchaser.

Any other transfer of the Property or assignment of this contract or interest therein shall require the prior written consent of the Vendor, which consent shall not be unreasonably withheld.

The existing ten-year land contract is currently at an interest rate of 11 percent which will move to 11.5 percent in 1986. The interest rate will shift to 12 percent in 1987 and will remain at that rate until the end of the contract on December 31, 1992. The remaining balance due on the land contract as of January 1, 1985, is $998,563.27. The debt service is a fixed $10,800 per month, or $129,600 per year and is in excess of the projected 1985 net operating income (NOI) of $126,498.

The land contract would be exempt from new Internal Revenue Service (IRS) rules over original issue discounts, but provides little advantage on current market interest rates. It does provide much higher leverage if inflation pushes rents upward. On the other hand, air freight activities will increase only if Madison is able to reverse its current tendency toward stagnation of its economic base industries. Thus, a conservative buyer may prefer to refinance at a conservative

loan to value ratio, say no more than 70 percent, and thus treat his equity money as an income investment with some inflationary protection and depreciation hedge. New financing available for this type of property which would require an interest rate of 13.25 percent on a loan amortized over a 25-year term, but ballooning in ten years.

Although the improvements are relatively new, in good condition, and well-located, a lender would require a debt cover ratio of at least 1.4 because the only collateral is the leasehold interest subordinated to the ground rent. Moreover, income available for debt service is threatened by potential changes in real estate assessment policies regarding improvements constructed on tax-exempt leased lands. (See footnotes to Exhibit IV-2 for details.)

Cost to originate would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio of approximately 1.4 based on the first year's normalized net income. These terms are currently quoted by Mr. Donsing at American Family Life Insurance Company in Madison, Wisconsin. New financing by the buyer is consistent with the appraisal concept of fair market value with cash to the seller, but implies a lower price than when sold subject to the highly leveraged land contract. A seller who wishes to minimize capital losses based on his land contract purchase price may

find his objectives in conflict with possible cash purchasers seeking an income investment.

D. Income Approach

1. Methodology Using Discounted Cash Flow Model

The premise of the Income Approach is that investment value is the sum of the present value of benefits to the owner plus the original balance to the loan since a loan is the present value of all of the interest and principal payments due the lender under the contract. The Income Approach combines three basic elements: (1) a forecast of net income available for debt service, (2) an acceptable mortgage amount determined by a basic mortgage financing model and justified by an income stream from the subject property (or, in this case, an assumable balance due on a land contract) and, (3) The present value of the cash dividends and of the capital gains from property appreciation to the equity investor.

The revenue and expense sections of the cash flow model require a spreadsheet forecast reflecting contract rents until lease renewals permit realization of market rents and standardized lease terms, as previously discussed. These forecasts are shown in Exhibit IV-2 and are intensively documented by footnotes.

Net revenues and expenses are then input to an investment valuation model known as MRCAP developed at the University of

SCHEDULE OF REVENUES AND EXPENSES
FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1994
AIR CARGO FACILITY
LOCATED OFF INTERNATIONAL LANE ON TRUAX AIR PARK WEST
MADISON, WISCONSIN

	GBA LEASED (SF)	1985 BASE RENT	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
REVENUES												
Ozark Air Lines, Inc. [1]	3,000	$13,920	$13,920	$14,772	$14,772	$14,772	$15,675	$15,675	$15,675	$16,635	$16,635	$16,635
Republic Airlines [2]	4,500	25,570	25,570	26,337	27,127	27,941	28,779	29,643	30,532	31,448	32,391	33,363
Northwest Airlines [3]	4,500	25,570	25,570	26,337	27,127	27,941	28,779	29,643	30,532	31,448	32,391	33,363
Burlington Northern Air Freight [4]	3,000	16,896	16,986	17,496	18,020	18,561	19,118	19,691	20,282	20,891	21,517	22,163
Roadway Express [5]	6,000	25,830	25,830	26,347	27,401	28,497	29,637	30,822	32,055	33,337	34,671	36,058
Airborne Freight [6]	3,000	12,330	12,093	12,577	13,080	13,603	14,147	14,713	15,302	15,914	16,550	17,212
Emery Air Freight [7]	3,000	12,060	12,111	12,717	13,352	14,020	14,721	15,457	16,230	17,042	17,894	18,788
Madison Freight Systems [8]	3,000	11,700	11,625	12,090	12,574	13,077	13,600	14,144	14,709	15,298	15,910	16,546
Stanton & Lee Publishers [9]	3,000	10,655	10,603	10,815	11,031	11,252	11,477	11,706	11,941	12,179	12,423	12,671
Madison Freight Systems [10]	10,500	41,709	42,335	44,875	47,567	50,421	53,446	56,653	60,052	63,655	67,475	71,523
POTENTIAL GROSS RENT	43,500		$196,643	$204,363	$212,052	$220,085	$229,379	$238,147	$247,310	$257,847	$267,858	$278,322
Less: Vacancy @ 2.0% [11]			3,933	4,087	4,241	4,402	4,588	4,763	4,946	5,157	5,357	5,566
EFFECTIVE GROSS REVENUE			$192,710	$200,276	$207,811	$215,683	$224,792	$233,384	$242,364	$252,690	$262,501	$272,755
EXPENSES												
Utilities [12]			$1,305	$1,357	$1,411	$1,468	$1,527	$1,588	$1,651	$1,717	$1,786	$1,857
Repairs and Maintenance [13]			8,700	9,396	10,148	10,959	11,836	12,783	13,806	14,910	16,103	17,391
Insurance [14]			2,610	2,714	2,823	2,936	3,053	3,175	3,302	3,435	3,572	3,715
Ground Lease - Base Rent [15]			13,903	13,903	13,903	13,903	13,903	13,903	13,903	13,903	13,903	13,903
Ground Lease - Percentage Rent [16]			9,636	10,014	10,391	10,784	11,240	11,669	12,118	12,634	13,125	13,638
Leasing Fee [17]			7,708	8,011	8,312	8,627	8,992	9,335	9,695	10,108	10,500	10,910
Management Fee [18]			9,636	10,014	10,391	10,784	11,240	11,669	12,118	12,634	13,125	13,638
Subtotal: Expenses Before R.E. Taxes			$53,497	$55,409	$57,379	$59,462	$61,790	$64,123	$66,593	$69,342	$72,114	$75,052
Real Estate Taxes [19]			12,715	13,096	13,489	13,894	14,311	14,740	15,182	15,638	16,107	16,590
TOTAL OPERATING EXPENSES			$66,212	$68,506	$70,868	$73,356	$76,101	$78,863	$81,776	$84,980	$88,221	$91,643
NET OPERATING INCOME			$126,498	$131,770	$136,943	$142,327	$148,691	$154,521	$160,588	$167,710	$174,280	$181,113

AIR CARGO FACILITY

FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

[1] Ozark Air Lines has a 20-year lease on 3,000 square feet in Building No. 1. The lease runs through 1997 with two, ten-year renewal options. The current 1985 rent is $13,920 per year, or $4.64 per square foot, and the rate is renegotiated every third year with increases in operating expenses passed to the lessee. The next adjustment will occur in 1986. For the purposes of this appraisal, the expenses attributable to Ozark's space will increase at 2 percent per year with the cumulative increase passed through in 1986, 1989, and in 1992.

[2] Republic Airlines has a 20-year lease on 4,500 square feet in Building No. 1. The lease runs through 1994 with two, ten-year renewal options. The current 1985 rent is $25,569.87 per year, or $5.68 per square foot. The rent is increased 3 percent at the end of each calendar year.

[3] Northwest Airlines' lease terms and conditions for 4,500 square feet in Building No. 1 are the same as Republic Airlines' lease. (See Footnote #2.)

[4] Burlington Northern's five-year lease expired December 31, 1981, and the one, five-year renewal option was exercised. It is assumed that Burlington will negotiate a new lease as of January 1, 1987, at the same terms and conditions. The 1985 rent is $16,986.22 per year, or $5.66 per square foot, and is escalated at the rate of 3 percent annually at the end of each calendar year.

[5] Roadway Express, which occupies 6,000 square feet in Building No. 2 will move into new facilities at another location off Highway 51 and Pflaum Road as of June 30, 1985. The current 1985 rent is $25,830 per year, or $4.31 per square foot. No escalators were included in the five-year lease commencing January 1, 1980, but the rate for the six-month extension was increased 5 percent over the previous rate. It is assumed that the 6,000 square foot vacated by Roadway will be leased at $4.31 per square foot with an annual escalator of 4 percent; the increase between 1985 and 1986 will be at 2 percent to acknowledge the six-month tenancy of the new occupant. At present, Madison Freight Systems and Airborne are the most probable tenants for the space.

[6] Airborne Freight leases 3,000 square feet in Building No. 2. The current lease period runs through June 30, 1988, and includes a one, five-year renewal option. The rent increases 4 percent per year. The annual rental revenue is calculated as follows:

AIRBORNE

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 6/30/85	$3.95	$ 5,928	
4% increase	7/1/85 - 12/31/85	$4.11	6,165	
1985 REVENUE				$12,093
Indexed rate	1/1/86 - 6/30/86	$4.11	$ 6,165	
4% increase	7/1/86 - 12/31/86	$4.27	$ 6,412	
1986 REVENUE				$12,577
Indexed rate	1/1/87 - 6/30/87	$4.27	$ 6,412	
4% increase	7/1/87 - 12/31/87	$4.44	$ 6,668	
1987 REVENUE				$13,080
Indexed rate	1/1/88 - 6/30/88	$4.44	$ 6,668	
New lease	7/1/88 - 12/31/88	$4.62	$ 6,935	
1988 REVENUE				$13,603
Indexed rate	1/1/89 - 6/30/89	$4.62	$ 6,935	
4% increase	7/1/89 - 12/31/89	$4.81	$ 7,212	
1989 REVENUE				$14,147
Indexed rate	1/1/90 - 6/30/90	$4.81	$ 7,212	
4% increase	7/1/90 - 12/31/90	$5.00	$ 7,501	
1990 REVENUE				$14,713
Indexed rate	1/1/91 - 6/30/91	$5.00	$ 7,501	
4% increase	7/1/91 - 12/31/91	$5.20	$ 7,801	
1991 REVENUE				$15,302
Indexed rate	1/1/92 - 6/30/92	$5.20	$ 7,801	
4% increase	7/1/92 - 12/31/92	$5.41	$ 8,113	
1992 REVENUE				$15,914

Indexed rate	1/1/93 - 6/30/93	$5.41	$ 8,113	
4% increase	7/1/93 - 12/31/93	$5.62	$ 8,437	
1993 REVENUE				$16,550
Indexed rate	1/1/94 - 6/30/94	$5.62	$ 8,437	
4% increase	7/1/94 - 12/31/94	$5.85	$ 8,775	
1994 REVENUE				$17,212

[7] Emery Air Freight leases 3,000 square feet in Building No. 2; the original lease renewal option was exercised and the current leases extends to November 30, 1988. It is assumed Emery will negotiate a new lease at the same terms and conditions with a 5 percent annual rent escalator. The current 1985 rent is $12,060.84 per year or $4.23 per square foot as of December 1, 1984. The annual rental revenue for the ten-year projection period is as follows:

EMERY

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 11/30/85	$4.23	$11,056	
5% increase	12/31/85	$4.44	1,055	
1985 REVENUE				$12,111
Indexed rate	1/1/86 - 11/30/86	$4.44	$11,609	
5% increase	12/31/86	$4.66	1,108	
1986 REVENUE				$12,717
Indexed rate	1/1/87 - 11/30/87	$4.66	$12,189	
5% increase	12/31/87	$4.90	1,163	
1987 REVENUE				$13,352

Indexed rate	1/1/88 - 11/30/88	$4.90	$12,799	
New lease	12/31/88	$5.14	1,221	
1988 REVENUE				$14,020
Indexed rate	1/1/89 - 11/30/89	$5.14	$13,439	
New lease	12/31/89	$5.40	1,282	
1989 REVENUE				$14,721
Indexed rate	1/1/90 - 11/30/90	$5.40	$14,111	
New lease	12/31/90	$5.67	1,346	
1990 REVENUE				$15,457
Indexed rate	1/1/91 - 11/30/91	$5.67	$14,816	
New lease	12/31/91	$5.95	1,414	
1991 REVENUE				$16,230
Indexed rate	1/1/92 - 11/30/92	$5.95	$15,557	
New lease	12/31/92	$6.25	1,484	
1992 REVENUE				$17,041
Indexed rate	1/1/93 - 11/30/93	$6.25	$16,335	
New lease	12/31/93	$6.56	1,558	
1993 REVENUE				$17,893
Indexed rate	1/1/94 - 11/30/94	$6.56	$17,152	
New lease	12/31/94	$6.89	1,636	
1994 REVENUE				$18,788

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[8] Madison Freight Systems Rents 3,000 square feet in Building No. 2 on an annual renewal basis for its vehicle repair and maintenance operation, although the company's main freight operation is in Building No. 3 of the Air Cargo Facility. The new lease year begins on March 1 of each year and in 1985 the rent will increase at an annual rent increase of 4 percent to $11,700 per year or $3.90 per square foot. It is assumed Madison Freight Systems will continue to occupy this space throughout the

ten-year projection period. The annual rental revenue is as follows:

MADISON FREIGHT SYSTEM

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 2/28/85	$3.75	$ 1,875	
4% increase	3/1/85 - 12/31/85	$3.90	9,750	
1985 REVENUE				$11,625
Indexed rate	1/1/86 - 2/28/86	$3.90	$ 1,950	
4% increase	3/1/86 - 12/31/86	$4.06	10,140	
1986 REVENUE				$12,090
Indexed rate	1/1/87 - 2/28/87	$4.06	$ 2,028	
4% increase	3/1/87 - 12/31/87	$4.22	10,546	
1987 REVENUE				$12,574
Indexed rate	1/1/88 - 2/28/88	$4.22	$ 2,109	
4% increase	3/1/88 - 12/31/88	$4.39	10,968	
1988 REVENUE				$13,077
Indexed rate	1/1/89 - 2/28/89	$4.39	$ 2,193	
4% increase	3/1/89 - 12/31/89	$4.56	11,407	
1989 REVENUE				$13,600
Indexed rate	1/1/90 - 2/28/90	$4.57	$ 2,281	
4% increase	3/1/90 - 12/31/90	$4.74	11,863	
1990 REVENUE				$14,144

Indexed rate	1/1/91 - 2/28/91	$4.74	$ 2,372	
4% increase	3/1/91 - 12/31/91	$4.93	12,338	
1991 REVENUE				$14,710
Indexed rate	1/1/92 - 2/28/92	$4.93	$ 2,467	
4% increase	3/1/92 - 12/31/92	$5.13	12,830	
1992 REVENUE				$15,297
Indexed rate	1/1/93 - 2/28/93	$5.14	$ 2,566	
4% increase	3/1/93 - 12/31/93	$5.34	13,344	
1993 REVENUE				$15,910
Indexed rate	1/1/94 - 2/28/94	$5.34	$ 2,669	
4% increase	3/1/94 - 12/31/94	$5.55	13,877	
1994 REVENUE				$16,546

[9] Stanton & Lee Publishers, formerly located in Building No. 3, was displaced by Madison Freight Systems in 1984 and was offered a premium to move into Building No. 2. Stanton & Lee occupies 3,000 square feet on a five-year lease which extends to March 31, 1989, with one five-year renewal option. The current 1984 rent is $10,655.16, or $3.55 per square foot as of April 1, 1985. Rent increases are based upon 50 percent of the change in the CPI, not to exceed 6 percent per year. The annual rental revenue for the ten-year projection period is as follows:

STANTON & LEE

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 3/31/85	$3.48	$ 2,612	
2% increase	4/1/85 - 12/31/85	$3.55	7,991	
1985 REVENUE				$10,603
Current lease	1/1/86 - 3/31/86	$3.55	$ 2,664	
2% increase	4/1/86 - 12/31/86	$3.62	8,151	
1986 REVENUE				$10,815

Current lease	1/1/87 - 3/31/87	$3.62	$ 2,717	
2% increase	4/1/87 - 12/31/87	$3.69	8,314	
1987 REVENUE				$11,031
Current lease	1/1/88 - 3/31/88	$3.69	$ 2,772	
2% increase	4/1/88 - 12/31/88	$3.77	8,480	
1988 REVENUE				$11,252
Current lease	1/1/89 - 3/31/89	$3.77	$ 2,827	
New lease	4/1/89 - 12/31/89	$3.84	8,650	
1989 REVENUE				$11,477
Indexed rate	1/1/90 - 3/31/90	$3.84	$ 2,884	
New lease	4/1/90 - 12/31/90	$3.92	8,823	
1990 REVENUE				$11,707
Indexed rate	1/1/91 - 3/31/91	$3.92	$ 2,942	
New lease	4/1/91 - 12/31/91	$4.00	8,999	
1991 REVENUE				$11,941
Indexed rate	1/1/92 - 3/31/92	$4.00	$ 3,000	
New lease	4/1/92 - 12/31/92	$4.08	9,179	
1992 REVENUE				$12,179
Indexed rate	1/1/93 - 3/31/93	$4.08	$ 3,060	
New lease	4/1/93 - 12/31/93	$4.16	9,363	
1993 REVENUE				$12,423
Indexed rate	1/1/94 - 3/31/94	$4.16	$ 3,122	
New lease	4/4/94 - 12/31/94	$4.24	9,550	
1994 REVENUE				$12,672

[10] Madison Air Freight Systems has a ten-year lease through September 30, 1990, plus one, five-year renewal option for all of Building No. 3, or 10,500 square feet. The current annual rent for 1985 is $41,708.88, or $3.97 per square foot as of October 1, 1984, with annual increases of 6 percent at the beginning of each new lease year. The annual revenues for the ten-year projection period are as follows:

MADISON AIR FREIGHT

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 9/30/85	$3.97	$31,282	
6% increase	10/1/85 - 12/31/85	$4.21	11,053	
1985 REVENUE				$42,335
Indexed rate	1/1/86 - 9/30/86	$4.21	$33,159	
6% increase	10/1/86 - 12/31/86	$4.46	11,716	
1986 REVENUE				$44,875
Indexed rate	1/1/87 - 9/30/87	$4.46	$35,148	
6% increase	10/1/87 - 12/31/87	$4.73	12,419	
1987 REVENUE				$47,567
Indexed rate	1/1/88 - 9/30/88	$4.73	$37,257	
6% increase	10/1/88 - 12/31/88	$5.01	13,164	
1988 REVENUE				$50,421
Indexed rate	1/1/89 - 9/30/89	$5.01	$39,493	
6% increase	10/1/89 - 12/31/89	$5.31	13,954	
1989 REVENUE				$53,447
Indexed rate	1/1/90 - 9/30/90	$5.31	$41,862	
6% increase	10/1/90 - 12/31/90	$5.63	14,791	
1990 REVENUE				$56,653

Indexed rate	1/1/91 - 9/30/91	$5.63	$44,374	
6% increase	10/1/91 - 12/31/91	$5.97	15,679	
1991 REVENUE				$60,053
Indexed rate	1/1/92 - 9/30/92	$5.97	$47,037	
6% increase	10/1/92 - 12/31/92	$6.33	16,620	
1992 REVENUE				$63,657
Indexed rate	1/1/93 - 9/30/93	$6.33	$49,859	
6% increase	10/1/93 - 12/31/93	$6.71	17,617	
1993 REVENUE				$67,476
Indexed rate	1/1/94 - 9/30/94	$6.71	$52,850	
6% increase	10/1/94 - 12/31/94	$7.12	18,674	
1994 REVENUE				$71,524

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[11] Vacancy is based upon the assumption that during each two-year period 6,000 square feet of space will be vacant for a total of four months. To determine the average annual vacancy, the following calculations are done:

(1) The number of space (SF)/time (months) units available to produce revenue each year is:

43,500 SF x 12 months = 522,000 SF/month

In each two-year period there are 522,000 SF/months x 2 years, or 1,044,000 SF/month.

(2) Vacancy is assumed to be 6,000 SF for 4 months every 2 years, or 24,000 SF/months/2 years

(3) Average vacancy is $\frac{24,000 \text{ SF/months}}{1,044,000 \text{ SF/months}}$ every 2 yrs

0.023, rounded, is 2 percent per year

[12] The lessor is responsible for sewer and water charges; each of the three buildings has its own water meter. Sewer and water charges are projected to increase at 4 percent per year.

[13] Repairs and maintenance expenses are estimated to approximate $0.20 per square foot of GBA. The landlord is expected to maintain and repair the parking lot, including snow removal; the exterior lighting; the structure; and for some tenants, the fire detection equipment, office air conditioners, truck bumpers, and the roadway directory sign. Since these buildings are used for the rapid movement of freight, they receive more use than a warehouse used for long-term storage and therefore repairs and maintenace will be needed frequently. For example, the overhead doors, including the tracks and hardware, need to be replaced in the near future. It is assumed that $0.10 per square foot of GBA of the $0.20 repair and maintenance budget will be needed each year to gradually replace the overhead doors. The $0.10 per square foot of GNBA, or $4,350 per year will allow for replacement of approximately five doors each year, assuming the cost to replace is approximately $800 per door.

Because of the labor-intensive nature of the repairs and maintenance and because of the increasing number of repairs required as the buildings age, these expenses are assumed to increase at 8 percent per year.

[14] Property insurance for fire and extended coverage is estimated to cost $0.06 per square foot of GBA and increase in cost at 4 percent per year.

[15] The base rent for the ground lease, which extends until August 31, 2030, is as follows:

6.049 acres of air cargo site and east-west access road x $2,100 per acre	=	$12,703
0.595 acres - north-south access road (annual rent)		1,200
Base Rent for Ground Lease		$13,903

[16] The ground lease also provides for the annual payment of 5 percent of the gross receipts (effective gross revenue).

[17] The leasing fee is 4 percent of gross receipts.

[18] The management fee is 5 percent of gross receipts.

[19] The improvements are taxed as personal property because they are on tax-exempt land. The assessment history by the City of Madison is as follows:

1980 - $370,000
1981 - 585,000
1982 - 577,082
1983 - 380,000
1984 - 380,000

At a 1984 mill rate of 0.0254305, the real estate taxes would be $9,664. Because of the singular way the City of Madison assesses improvements on tax-exempt land, it appears that there has been no significant increase in the real estate taxes and therefore no attempt is made to pass through minor increases or credit decreases, although all but two of the leases allow for this transfer of risk.

For the purposes of this appraisal, it is assumed that the assessed value is 50 percent of the market value and that the real estate taxes will increase at the rate of 3 percent per year. The pass-through of a tax increase of $300 to $500 per year would cost more to administrate than the value of the money collected and the goodwill lost.

Wisconsin. The model has an aggregate revenue and expense format, but uses a detailed financing and income tax model which permit it to solve for a mortgage amount justified by specified constraints of interest rate, amortization term, and a minimum acceptable income to debt service for a selected year. A similar model, ATV, has been used to value the alternative case where the buyer also purchases the existing land contract which has a known loan balance, and known terms with cash throw-off to the equity position likely to be negative in the early year. The financial results of the value computed are then analyzed in terms of key ratios, such as cash breakeven point, the present value of the project before and after income tax influences, and the change in net worth and dividends available for distribution per period. The valuation models presume resale value at some specified multiplier of net income at the end of the holding period based upon revenue and expense projections for the forecast period.

2. Assumptions Underlying Discounted Cash Flow Analysis Methodology

Essential parameters for discounted cash flow valuation beyond revenues, operating expenses, which include ground rent, and financing are the reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed

projection period. The appraiser has chosen to utilize a ten-year projection period to solve for value assuming a cash sale. The land contract alternative is limited to its remaining eight-year term. The following values have been assigned to these capital budget assumptions:

a. The before-tax equity dividend rate required in the first year of the investment by the most probable buyers is 11.5 percent, adding 200 basis points to a tax exempt rate because of available depreciation shelter, and the dividend is anticipated to increase over time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization, and property appreciation in addition to dividends. However, in the long run, this property will revert to the lessor, so the equity dividend rate of 11.5 percent is higher than would be required of an investment that could appreciate in reversion value. There is a need to create a sinking fund with which to replace or offset the loss of the capital improvements due to the reverter at the end of the ground lease.

b. Reserves from replacement of capital items in the future have been set at 5 percent of cash throw off

available for distribution, and these reserves have been segregated to a sinking fund for reinvestment at a 9 percent tax exempt rate. The accumulated reserve is included as part of the net worth realized on resale of the property, but does reduce cash available for distribution as an equity dividend to the buyer.

c. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40-percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.

d. The final source of return to the most probable buyer is the increased net worth realized upon sale of the property at the end of a proposed ten-year investment period. Since the forecast period is significantly shorter than the reversion period, it is possible that the most probable buyer would sell his leasehold interest at the end of the projected ten-year holding period. If net income has risen, it is possible the resale price could equal or

exceed the original purchase price, but the capitalization rate used by the next buyer will need to be higher since there will be less time remaining on the ground lease to recapture the investment in the improvements. Therefore the appraisers have chosen to conservatively estimate resale value with a net operating income multiplier in the tenth year of 6.5, comparable to a capitalization factor of 0.15385. That factor can represent a return on capital of 14 percent and a sinking fund of 1.4 percent. The sinking fund anticipates the reverter clause in the long term ground lease which follows:

J. Rights Upon Termination

> Upon termination of this lease agreement, or any renewal extensions, all improvements placed upon the leased premises, shall be and remain the property of Lessee, however Lessee must restore the premises to their original condition as at the beginning of occupancy: all land improvements, which have been constructed by Lessee, shall be cleared above ground level. Lessee may have ninety (90) days after termination in which to remove any such improvements, provided however that occupancy for purposes of such removal shall be subject to rentals due hereunder. If Lessee fails to remove such property within ninety (90) days after lease termination, any and all property not removed shall become a part of the land on which it is located, and title thereto shall thereupon vest in Lessor; however, Lessor reserves the right to

require removal of such improvements and property at Lessee's expense.

As the number of years remaining on the ground lease decline, so does the value. Although the NOI may continue to increase due to rent escalators, the capitalization factor must also increase. Therefore the resale assumption for this property reflects the declining value of the improvements over time even though the land value, due to its location, for example, may be appreciating.

e. Each of the above items define the ultimate cash throw off to the investor from all sources. These must be discounted at a minimum threshold rate of return from all sources of 16 percent after taxes, assuming cash to the seller, to justify the business and financial risks incurred. This is the minimum equity rate currently reported as typical of managed real estate funds and used as a purchasing benchmark by Madison investors in a stable investment industrial building market. The market value using the income approach equals the sum of the original mortgage balance and the present value of all of the benefits to the equity position discounted at 16 percent, assuming a

holding period of ten years and sold at an assumed price.

3. Discounted Cash Flow Detail and Conclusions Assuming Cash to the Seller

The assumptions used for the discounted cash flow are found in Exhibit IV-3. The discounted after tax value of the subject property, if purchased for cash and held for ten years, is $1,003,404, or $1,000,000 rounded, using a minimum 16 percent discount factor for all the benefits to the equity position. (See Appendix C for line 39 of MRCAP output.) The justified mortgage amount is $656,633 at 13.25 percent for 25 years, using a DCR of 1.4, and assuming cash to the seller. (See Appendix C for mortgage schedule in MRCAP output.)

The MRCAP program is run again using $1,000,000 as the initial cost and $656,633 as the justified mortgage amount with the initial equity requirement of $343,367. If the property were purchased for $1,000,000, the investor would enjoy a conservative risk position reflected by: (1) a payback of the original equity after taxes at the end of the seventh year of the holding period, (2) a default ratio or cash break-even point of less than 80 percent throughout the holding period, and (3) an equity dividend rate in the first year of 10.5 percent before taxes and 11.9 percent after taxes.

EXHIBIT IV-3

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
MRCAP COMPUTER PROGRAM
FOR THE
AIR CARGO FACILITY

1. Appraisal is as of January 1, 1985.

2. Holding period is ten years with resale at end of 1994.

3. Debt cover ratio (DCR) is 1.4. The net operating income (NOI) in 1985 is used to size the mortgage based upon the DCR of 1.4.

4. Cash on cash required by the equity position is 11.5 percent.

5. The discount rate used is 16 percent. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor.

6. The investor income tax marginal rate is 40 percent.

7. The after tax reinvestment rate applied to the after tax cash proceeds is 9 percent.

8. The resale price at the end of the holding period is based upon the NOI in 1994 and a net income multiplier of 6.5, or a capitalization rate of 0.15385.

9. A reserve for replacements is based upon 5 percent of the after-tax cash throw off and is invested at 9 percent per year.

10. The base ground rent of $13,903 per year plus 5 percent of the gross receipts is included in the operating expenses, so the resulting value is for the leasehold interest only.

11. The computer program solves for justified investment value based upon the amount of debt and equity the property can carry, given the financing parameters and cash on cash requirements. The building, which is 100 percent of the value in this case, is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.

EXHIBIT IV-3 (Continued)

12. The financing parameters include 13.25 percent interest, 25-year loan, and a balloon in ten years. Debt service payments are made monthly.

13. All revenue and expense assumptions are found in Exhibit IV-4.

The discounted after tax value of $1,000,000 is supported by the more simplistic back door method used to solve for the justified investment or initial cost, using the net operating income in year one and the financing and investment parameters previously described, but excluding tax shelter benefits. As indicated in Appendix D, Section 1 of the MRCAP output, the justified investment or initial cost suggested is $970,913 of which initial cash equity is $314,280, or $314,000 rounded, with an original mortgage balance of $656,633, or $657,000 rounded.

The suggested value range is from $970,000 to $1,000,000 and the value conclusion from the income approach is $1,000,000, or $23 per square foot of GBA assuming cash to the seller.

4. Test for Investment Yield at Estimated Market Value Assuming Cash to the Seller

A computerized discounted before and after tax cash flow program, VALTEST, is used to test the reasonableness of the appraised value. Input assumptions used are shown in Exhibit IV-4 and are taken from the Schedule of Revenues and Expenses (Exhibit IV-2) and from the MRCAP program output (Appendix C) which solved for the justified mortgage, assuming a debt cover ratio of 1.4 based upon the first year NOI of $126,498. The net resale price is assumed to be $1,130,000 based upon a net

EXHIBIT IV-4

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

1. ENTER PROJECT NAME ? AIR CARGO FACILITY
2. ENTER PROJECTION PERIOD ?  10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 126498
   N.O.I. YEAR  2? 131770
   N.O.I. YEAR  3? 136943
   N.O.I. YEAR  4? 142327
   N.O.I. YEAR  5? 148691
   N.O.I. YEAR  6? 154521
   N.O.I. YEAR  7? 160588
   N.O.I. YEAR  8? 167710
   N.O.I. YEAR  9? 174280
   N.O.I. YEAR  10? 181113
4. ACQUISITION COST: ? 1000000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 656633, .1325, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? 1, 18
   IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
          70% (PRE-1981 LAW)
          50% (1981 LAW, EFFECTIVE 1982)

          (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1130000
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  9
```

EXHIBIT IV-4 (Continued)

AFTER TAX CASH FLOW PROJECTION
AIR CARGO FACILITY
DATE 1/1/85

DATA SUMMARY
****

ACQUISTN COST:	$1,000,000.	MTG. AMT.:	$656,633.
NOI 1ST YR:	$126,498.	MTG. INT.:	13.25%
ORG. EQUITY:	$343,367.	MTG. TERM:	25. YRS
CTO 1ST YEAR:	$36,143.	DEBT SERVICE 1ST YEAR:	$90,355.
		MTG. CONST.:	.137604
IMP. #1 VALUE:	$1,000,000.	IMP. #1 LIFE:	18.
INC. TX RATE:	40%		
SALE YR RATE:	40%	OWNER: INDIVIDUAL	

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

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

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	126498.	86793.	55556.	-15851.	-6341.	42484.
2.	131770.	86291.	55556.	-10077.	-4032.	45447.
3.	136943.	85718.	55556.	-4332.	-1734.	48322.
4.	142327.	85065.	55556.	1706.	682.	51290.
5.	148691.	84320.	55556.	8815.	3526.	54810.
6.	154521.	83470.	55556.	15495.	6198.	57968.
7.	160588.	82500.	55556.	22532.	9013.	61220.
8.	167710.	81394.	55556.	30761.	12304.	65051.
9.	174280.	80132.	55556.	38593.	15437.	68488.
10.	181113.	78692.	55556.	46866.	18746.	72012.
	$1524441.	$834375.	$555556.	$134508.	$53799.	$567089.

EXHIBIT IV-4 (Continued)

RESALE PRICE:	$1,130,000.	1ST YR B4 TAX EQ DIV:	10.5260%
LESS MORTGAGE BALANCE:	$587,454.	AVG DEBT COVER RATIO:	1.6872
PROCEEDS BEFORE TAXES:	$542,546.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$542,546.		

RESALE PRICE:	$1,130,000.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,130,000.
LESS BASIS:	$444,444.
TOTAL GAIN:	$685,556.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$685,556.
ORDINARY GAIN:	$0.

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$109,689.
PLUS MORTGAGE BAL:	$587,454.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$697,143.

NET SALES PROCEEDS AFTER TAX:	$432,857.

IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR $1,130,000.
THE MODIFIED I.R.R. BEFORE TAXES IS 15.2639% AND AFTER TAXES IS 13.8784%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 9%

EXHIBIT IV-4 (Continued)

EQUITY ANALYSIS
AIR CARGO FACILITY
****

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN ORG EQ	CUR EQ
1.	$126,498.	$346,930.	$36,143.	.1053	.1042
2.	131,770.	350,994.	41,415.	.1206	.1180
3.	136,943.	355,631.	46,588.	.1357	.1310
4.	142,327.	360,921.	51,972.	.1514	.1440
5.	148,691.	366,956.	58,336.	.1699	.1590
6.	154,521.	373,842.	64,166.	.1869	.1716
7.	160,588.	381,697.	70,233.	.2045	.1840
8.	167,710.	390,658.	77,355.	.2253	.1980
9.	174,280.	400,882.	83,925.	.2444	.2094
10.	181,113.	412,546.	90,758.	.2643	.2200

ORIGINAL EQUITY: $ 343367

MORTGAGE ANALYSIS
AIR CARGO FACILITY
****

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	126498.	86793.	3563.	90355.	1.400	653070.
2.	131770.	86291.	4064.	90355.	1.458	649006.
3.	136943.	85718.	4637.	90355.	1.516	644369.
4.	142327.	85065.	5290.	90355.	1.575	639079.
5.	148691.	84320.	6035.	90355.	1.646	633044.
6.	154521.	83470.	6885.	90355.	1.710	626158.
7.	160588.	82500.	7855.	90355.	1.777	618303.
8.	167710.	81394.	8961.	90355.	1.856	609342.
9.	174280.	80132.	10224.	90355.	1.929	599118.
10.	181113.	78692.	11664.	90355.	2.004	587454.
AVG	$152,444.				1.687	

EXHIBIT IV-4 (Continued)

DEPRECIATION SCHEDULE
AIR CARGO FACILITY
IMPROVEMENT # 1
STRAIGHT LINE
NON-RESIDENTIAL
****

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	55555.6	55555.6	.0	944444.4
2.	55555.6	55555.6	.0	888888.9
3.	55555.6	55555.6	.0	833333.3
4.	55555.6	55555.6	.0	777777.8
5.	55555.6	55555.6	.0	722222.2
6.	55555.6	55555.6	.0	666666.6
7.	55555.6	55555.6	.0	611111.1
8.	55555.6	55555.6	.0	555555.5
9.	55555.6	55555.6	.0	500000.0
10.	55555.6	55555.6	.0	444444.4
TOTAL	555555.6	555555.6	.0	

DISTRIBUTION OF CASH THROW-OFF
AIR CARGO FACILITY

YEAR	CASH THROW-OFF TOTAL	CASH THROW-OFF TO EQUITY	CASH BONUS TO LENDER
1.	36143.	36143.	0.
2.	41415.	41415.	0.
3.	46588.	46588.	0.
4.	51972.	51972.	0.
5.	58336.	58336.	0.
6.	64166.	64166.	0.
7.	70233.	70233.	0.
8.	77355.	77355.	0.
9.	83925.	83925.	0.
10.	90758.	90758.	0.
	620888.	620888.	0.

RESALE PRICE:	$1,130,000.
LESS MORTGAGE BALANCE:	$587,454.
PROCEEDS BEFORE TAXES:	$542,546.
LESS LENDER'S %:	$0.
NET SALES PROCEEDS BEFORE TAXES:	$542,546.

CASH THROW-OFF = 0% REVERSION = 0%

income multiplier of 6.5 applied to the NOI in the tenth year of the holding period, and cash resale costs of 4 percent.

The resulting modified internal rate of return of 15.6 percent before taxes and 14.2 percent after taxes represents a minimum threshold for equity investors. The Air Cargo Facility is fully priced at $1,000,000 assuming cash to the seller and financed at a 13.25 percent interest rate and a 25-year term. (See Exhibit IV-4 for VALTEST output.)

5. Discounted Cash Flow Details and Conclusions Assuming Existing Land Contract

ATV, an after-tax valuation computerized discounted cash flow model, is used to solve for value when the balance due on the existing land contract is known and the total project value is the leasehold interest in the site and the improvements constructed on the leased land. The input assumptions are discussed in Exhibit IV-5.

Based upon the input assumptions, the resulting after-tax value is $1,110,742, or $1,100,000 rounded. The ATV input file and cash flow summary are found in Appendix D.

The MRCAP program is run again using $1,100,000 as the purchase price and $998,563 as the original mortgage balance with an initial equity requirement of $101,437. If the property were purchased for $1,100,000, subject to the existing land contract and held for the eight year remaining term of the

EXHIBIT IV-5

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
ATV COMPUTER PROGRAM
FOR THE
AIR CARGO FACILITY

1. Appraisal is as of January 1, 1985.

2. Holding period is eight years with resale at end of 1992 when the land contract terminates.

3. The debt is the remaining land contract balance of $998,563 as of January 1, 1985. The first year debt cover ratio (DCR) is 0.976 given a constant debt service of $129,600 per year and a forecasted NOI of $126,498 in the first year.

4. The interest rate on the existing land contract moves from 11 percent to 12 percent during the remaining term. The debt service is fixed and therefore interest and principal payments vary with the interest rate.

5. The discount rate used is 25 percent for this highly leveraged property. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor given the high debt service which results in negative cash return in the first year.

6. The investor income tax marginal rate is 40 percent.

7. The resale price of $1,100,000 at the end of the holding period is based upon the NOI in 1992 and a net income multiplier of 6.5, or a capitalization rate of 0.15385. Selling costs are 4 percent of the resale price.

8. The base ground rent of $13,903 per year plus 5 percent of the gross receipts is included in the operating expenses, so the resulting value is for the leasehold interest in the site and for the improvements.

9. The computer program solves for justified investment value based upon the existing seller financing. The building, which is 100 percent of the value in this case, is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.

10. All revenue and expense assumptions are found in Exhibit IV-2.

land contract, the investor would enjoy higher after-tax benefits, but would also be in a higher risk position should there be a down-side variance in the net operating income. The higher risk position is reflected by:

1. a payback of the $101,437 original equity at the end of the fifth year;
2. a default ratio or breakeven cash point of 99.6 percent in the first year, with the default ratio never less than 83 percent; and
3. an equity dividend rate in the first year of a negative three percent (- 3%) before taxes, but 20 percent after taxes.

6. Test for Investment Yield at Estimated Investment Value Sold Subject to Existing Land Contract

VALTEST is used to test the reasonableness of the appraised value, assuming a sale subject to the existing land contract with a balance on January 1, 1985, of $998,563. The purchase price is $1,100,000 and the resale in the eighth year is $1,100,000 less 4 percent resale costs. Resale is based upon the NOI in the eighth year and a net income multiplier of 6.50, as previously discussed. These values are taken from the ATV output found in Appendix D. The input assumptions and output are found in Exhibit IV-6.

EXHIBIT IV-6

INPUT ASSUMPTIONS
****

```
1. ENTER PROJECT NAME ? AIR CARGO FACILITY
2. ENTER PROJECTION PERIOD ?  8
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 126498
   N.O.I. YEAR  2? 131770
   N.O.I. YEAR  3? 136943
   N.O.I. YEAR  4? 142327
   N.O.I. YEAR  5? 148691
   N.O.I. YEAR  6? 154521
   N.O.I. YEAR  7? 160588
   N.O.I. YEAR  8? 167710
4. ACQUISITION COST: ? 1100000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?N
   ENTER ORIGINAL MORTGAGE BALANCE:  998563
   ENTER MORTGAGE TERM:  8

   ENTER INTEREST PAYMENTS:
INTEREST PAYMENT YEAR  1? 108767
INTEREST PAYMENT YEAR  2? 111585
INTEREST PAYMENT YEAR  3? 114433
INTEREST PAYMENT YEAR  4? 112421
INTEREST PAYMENT YEAR  5? 110243
INTEREST PAYMENT YEAR  6? 107789
INTEREST PAYMENT YEAR  7? 105021
INTEREST PAYMENT YEAR  8? 101904

   ENTER PRINCIPAL PAYMENTS:
   PRINCIPAL PAYMENT YEAR  1? 20833
   PRINCIPAL PAYMENT YEAR  2? 18015
   PRINCIPAL PAYMENT YEAR  3? 15167
   PRINCIPAL PAYMENT YEAR  4? 17179
   PRINCIPAL PAYMENT YEAR  5? 19357
   PRINCIPAL PAYMENT YEAR  6? 21812
   PRINCIPAL PAYMENT YEAR  7? 24579
   PRINCIPAL PAYMENT YEAR  8? 27696

6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? 1, 18
   IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
          70% (PRE-1981 LAW)
          50% (1981 LAW, EFFECTIVE 1982)

          (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1060000
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  9
```

EXHIBIT IV-6 (Continued)

AFTER TAX CASH FLOW PROJECTION
AIR CARGO FACILITY
DATE 1/1/85

DATA SUMMARY
****

ACQUISTN COST: $1,100,000. MTG. AMT.: $998,563.
NOI 1ST YR: $126,498. MTG. INT.: ALTERNATE FORMAT
ORG. EQUITY: $101,437. MTG. TERM: 8. YRS
CTO 1ST YEAR: $-3,102. DEBT SERVICE 1ST YEAR: $129,600.
MTG. CONST.: ALTERNATE FORMAT
IMP. #1 VALUE: $1,100,000. IMP. #1 LIFE: 18.
INC. TX RATE: 40%
SALE YR RATE: 40% OWNER: INDIVIDUAL

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

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

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	126498.	108767.	61111.	-43381.	-17353.	14251.
2.	131770.	111585.	61111.	-40927.	-16372.	18542.
3.	136943.	114433.	61111.	-38602.	-15442.	22785.
4.	142327.	112421.	61111.	-31206.	-12483.	25210.
5.	148691.	110243.	61111.	-22664.	-9067.	28158.
6.	154521.	107789.	61111.	-14380.	-5753.	30673.
7.	160588.	105021.	61111.	-5545.	-2219.	33207.
8.	167710.	101904.	61111.	4695.	1878.	36232.
	$1169048.	$872163.	$488889.	$-192010.	$-76811.	$209058.

EXHIBIT IV-6 (Continued)

RESALE PRICE:	$1,060,000.
LESS MORTGAGE BALANCE:	$833,925.
PROCEEDS BEFORE TAXES:	$226,075.
LESS LENDER'S %:	$0.
NET SALES PROCEEDS BEFORE TAXES:	$226,075.

1ST YR B4 TAX EQ DIV:	-3.0581%
AVG DEBT COVER RATIO:	1.1276

RESALE PRICE:	$1,060,000.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,060,000.
LESS BASIS:	$611,111.
TOTAL GAIN:	$448,889.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$448,889.
ORDINARY GAIN:	$0.

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$71,822.
PLUS MORTGAGE BAL:	$833,925.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$905,747.

NET SALES PROCEEDS AFTER TAX:	$154,253.

IF PURCHASED AS ABOVE, HELD 8 YEARS & SOLD FOR $1,060,000.
THE MODIFIED I.R.R. BEFORE TAXES IS 17.7065% AND AFTER TAXES IS 19.6953%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 9%

EXHIBIT IV-6 (Continued)

EQUITY ANALYSIS
AIR CARGO FACILITY
****

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN ORG EQ	CASH RETURN CUR EQ
1.	$126,498.	$125,372.	$-3,102.	-.0306	-.0247
2.	131,770.	143,387.	2,170.	.0214	.0151
3.	136,943.	158,554.	7,343.	.0724	.0463
4.	142,327.	175,733.	12,727.	.1255	.0724
5.	148,691.	195,090.	19,091.	.1882	.0979
6.	154,521.	216,902.	24,920.	.2457	.1149
7.	160,588.	241,481.	30,988.	.3055	.1283
8.	167,710.	269,177.	38,110.	.3757	.1416

ORIGINAL EQUITY: $ 101437

MORTGAGE ANALYSIS
AIR CARGO FACILITY
****

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	126498.	108767.	20833.	129600.	.976	977730.
2.	131770.	111585.	18015.	129600.	1.017	959715.
3.	136943.	114433.	15167.	129600.	1.057	944548.
4.	142327.	112421.	17179.	129600.	1.098	927369.
5.	148691.	110243.	19357.	129600.	1.147	908012.
6.	154521.	107789.	21812.	129601.	1.192	886200.
7.	160588.	105021.	24579.	129600.	1.239	861621.
8.	167710.	101904.	27696.	129600.	1.294	833925.
AVG	$146,131.				1.128	

EXHIBIT IV-6 (Continued)

DISTRIBUTION OF CASH THROW-OFF
AIR CARGO FACILITY

YEAR	CASH THROW-OFF TOTAL	CASH THROW-OFF TO EQUITY	CASH BONUS TO LENDER
1.	-3102.	-3102.	0.
2.	2170.	2170.	0.
3.	7343.	7343.	0.
4.	12727.	12727.	0.
5.	19091.	19091.	0.
6.	24920.	24920.	0.
7.	30988.	30988.	0.
8.	38110.	38110.	0.
	132247.	132247.	0.

RESALE PRICE:	$1,060,000.
LESS MORTGAGE BALANCE:	$833,925.
PROCEEDS BEFORE TAXES:	$226,075.
LESS LENDER'S %:	$0.
NET SALES PROCEEDS BEFORE TAXES:	$226,075.

CASH THROW-OFF = 0% REVERSION = 0%

DEPRECIATION SCHEDULE
AIR CARGO FACILITY
IMPROVEMENT # 1
STRAIGHT LINE
NON-RESIDENTIAL
****

YEAR	TAX DEP.	S.L. DEP.	EXCESS DEP	BALANCE
1.	61111.1	61111.1	.0	1038888.9
2.	61111.1	61111.1	.0	977777.8
3.	61111.1	61111.1	.0	916666.7
4.	61111.1	61111.1	.0	855555.6
5.	61111.1	61111.1	.0	794444.4
6.	61111.1	61111.1	.0	733333.3
7.	61111.1	61111.1	.0	672222.2
8.	61111.1	61111.1	.0	611111.1
TOTAL	488888.9	488888.9	.0	

The resulting modified internal rate of return of 17.7 percent before taxes and 19.7 percent after taxes represent a minimum threshold for returns to equity investors in a highly leveraged project. The Air Cargo Facility is fully priced at $1,100,000 assuming the existing land contract at varying interest rates from 11 percent to 12 percent for a remaining term of eight years and a beginning balance of $998,563 as of January 1, 1985.

E. Market Comparison Approach

The Market Comparison Approach, also known as the Sales Comparison Approach, is a method of estimating market value whereby a subject property is compared with similar properties that have sold recently. This approach is most reliable when an adequate number of properties of a similar type have sold recently in the subject property market, which, in this case, would be industrial warehouses built on leased land used for the temporary storage and distribution of rapid transit surface and air freight.

The location of the subject property next to the County Airport on publically owned, tax-exempt leased land makes it a unique property. Therefore, the market comparison approach is not appropriate for the Air Cargo Facility, but the estimated value of $1,000,000, or $23 per square foot of GBA is within the pattern of market sales of this type of industrial

building. The range of market values for heated industrial type steel warehouse buildings which has sold over the past four years is $15 to $25 per square foot of GBA, depending upon the condition and age of the structure, rent levels and lease terms, and the site size.

The Air Cargo Facility has: (1) a premier location for those tenants needing the airport linkage, (2) sound buildings, and (3) rent levels generally at the upper end of the market. Recognizing the lack of a fee position in the land, the value estimated by the Income Approach of $1,000,000, or $23 per square foot of GBA, is fully priced, but is within the pattern of fee sales of industrial type buildings.

F. Cost Approach

1. Cost Approach Methodology

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land, if applicable, and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements and for providing an alternative to the sales comparison and income capitalization approaches. Current costs for constructing

improvements are derived from cost estimators, cost estimating publications, builders, and contractors.

The Calculator Method, developed by the Marshall Valuation Service, which is a computertized cost service of the Marshall and Swift Publication Company, is used as a check on the values estimated by the Income Approach. See Appendix E for extracts from the Marshall Valuation Service manual which explains the Cost Approach methodology.

2. Input Assumptions

The Cost Approach is applied separately to each building. The critical cost elements such as plumbing fixtures, overhead doors, roof overhang, office finish, partitioning, and air conditioners are segregated out, and the site improvements such as paving, lighting, and the bridge over Starkweather Creek, which serves each building's tenants, are allocated based upon the proportionate GBA of each building. These allocations are detailed in Exhibit IV-7.

The Calculator Cost input assumptions and the computerized analysis produced by the cost service are provided in Exhibits IV-8, IV-9, and IV-10.

EXHIBIT IV-7

INVENTORY OF TENANT IMPROVEMENTS AND
ALLOCATION OF TOTAL GROSS BUILDING AREA BY BUILDING

	TOTAL SF	APPROXIMATE SIZE (SF) OF OFFICE & BATHROOM	WAREHOUSE (SF)	NO. PLUMBING FIXTURES	NO. DOCK DOORS (8'x10')	NO. OVERHEAD DOORS (14'x12')
BUILDING NO. 1						
Ozark	3,000	450	2,550	3	4	2
Republic	4,500	500	4,000	5	3	3
Northwest	4,500	500	4,000	5	3	3
Burlington	3,000	550	2,450	3	4	2
TOTALS	15,000	2,000	13,000	16	14	10
PROPORTION OF TOTAL GBA:	0.3448					
BUILDING NO. 2						
Roadway	6,000	300	5,700	3	4 - 8'x10' 3 - 9'x9'	3
Airborne	3,000	420	2,580	2	3	2
Emery	3,000	250	2,750	3	2	2
Madison Freight	3,000	50	2,950	3	2	2
Stanton & Lee	3,000	50	2,950	2	2	1
TOTALS	18,000	1,070	16,930	13	16	10
PROPORTION OF TOTAL GBA:	0.4138					
BUILDING NO. 3						
Madison Freight	10,500	550	9,950	3	12	7
TOTALS	10,500	550	9,950	3	12	7
PROPORTION OF TOTAL GBA:	0.2414					

EXHIBIT IV-7 (Continued)

AIR CARGO SITE SIZE AND
ALLOCATION OF SITE IMPROVEMENT BY BUILDING

SITE SIZE:	5.647	acres (excluding access roads)			
	x 43,650	SF/acre			
	245,983	SF			
PAVED PARKING AREA:	245,983	SF			
Less: GBA of building	(43,500)	SF			
	202,483	SF			
	x 0.85	paved			
PAVING ALLOCATION:	172,110		LIGHTED AREA:	100,000	SF
Say	175,000	SF			
Building No. 1 =	60,340	SF		34,480	SF
Building No. 2 =	72,415	SF		41,380	SF
Building No. 3 =	42,245	SF		24,140	SF
	175,000	SF		100,000	SF

ALLOCATION OF DEPRECIATED VALUE OF BRIDGE

1985 Cost to Construct			$50,000 [1]
Amortization of Cost Over 50 Years			1,000/year
45 Years Remaining on Lease x $1,000/yr			$45,000
Building No. 1 =	0.3448 x	$45,000 =	$15,516
Building No. 2 =	0.4138 x	$45,000 =	$18,621
Building No. 3 =	0.2414 x	$45,000 =	$10,863
	1.0000		$45,000

[1] Contractors estimated cost as of 1975 of $29,000 divided by 0.576 cost index from Means Building Construction Cost Data - 1983 Edition.

3. Estimate of Value Conclusion

The conclusions indicate a total depreciated value by the cost approach of $980,000 for the three buildings and for the site improvements. The values by building are:

BUILDING	INDICATED VALUE	SIZE (SF)	VALUE/SF
Building No. 1	$347,000	15,000	$23.13/SF
Building No. 2	394,000	18,000	21.89/SF
Building No. 3	239,000	10,500	22.76/SF
TOTAL	$980,000	43,500	
		AVERAGE:	$22.53/SF

Building No. 1 has the greater number of tenant improvements per square foot and Building No. 3, though lacking in tenant improvements, is the newest of the three buildings.

Traditionally, the cost approach is regarded as the upper end of the value and does not reflect economic influences of market rent levels, the cost of money, or tax factors. In this case of buildings on a premier leased location with rents at the upper end of the market, there is no land value which would capture these unique features. This method serves as a check on the possibility that buyers would prefer to build new as a substitute for the purchase of an existing property. In Madison the cost to build warehousing has remained fairly stable in the last few years and some larger tenants have chosen, or are considering, the build-new alternative. Roadway Express, a

tenant in Building No. 2 and in need of more truck height docks and parking space, has made this choice on a lease/option to buy deal.

EXHIBIT IV-8

COMMERCIAL/INDUSTRIAL FIELD FORM – CAL

Computerized Service based on

MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon and Greg Rice
2) PROPERTY OWNER MREIF - Building No. 1
3) ADDRESS AIR CARGO FACILITY - International Lane
4) SURVEYED BY Graaskamp
5) DATE OF SURVEY 1/1/85
6) REGION: 1 Western, 2 Central, (3) Eastern — **CLIMATE:** (1) Extreme, 2 Moderate, 3 Mild
7) OCCUPANCY CODE 391 (Refer to back of Form)
8) CONSTRUCTION CLASS:
A Fireproof Structural Steel Frame — S - Steel Frame-Storage
B Reinforced Concrete Frame
C Masonry Bearing Walls
D Wood or Steel Framed Exterior Walls
9) LOCAL MULTIPLIER 1.03
(Refer to Section 99, Marshall Valuation Service)
10) COST RANK:
1 Low, 2 Average, 3 Above Average, 4 High
11) TOTAL FLOOR AREA 15,000
12) SHAPE or PERIMETER 2

1 Approximately Square; 2 Slightly Irregular; 3 Irregular; 4 Very Irregular

13) NUMBER OF STORIES 1
14) AVERAGE STORY HEIGHT 16'
15) EFFECTIVE AGE 5 yrs.
16) CONDITION:
1 Worn Out, 2 Badly Worn, 3 Average, (4) Good, 5 V. Good, 6 Excellent

17) EXTERIOR WALL:

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

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

Wood or Steel Framed Walls
23 Aluminum Siding
24 Asbestos Siding
25 Asbestos Shingles
26 Shingles
27 Shakes
28 Stucco on Wire/Paper on Sheathing
29
30 Wood Siding on Paper on Sheathing
31
32 Veneer, Common Brick
33 Face Brick
34 Stone
35 Used Brick
36 Siding, Vinyl Surface
37 Hardboard
38 Textured Plywood
39 Board/Batten Box Frame
40 Log, Rustic
(41) Insulation (Add)

Wood or Steel Skeleton Frames
42 Aluminum Cover
43 Sandwich Panels
(44) Corr. Steel on Steel Frame
45 on Wood Frame
46 Transite
47 Siding, Post/Girder Frame
48 Sheathing (Add)

18) HEATING, COOLING & VENTILATION:

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

19) ELEVATORS 0 Sq. Ft. Served
20) SPRINKLERS 0 Sq. Ft.
21) TOTAL BASEMENT 0 Sq. Ft.

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

MISCELLANEOUS COST

LAN: 0 Land
SIT: Site Improvements
PHY: Physical Depreciation
FUN: Functional Depreciation
LOC: Locational Depreciation
EXC: Insurance Exclusions

FORM # 99

EXHIBIT IV-8 (Continued)

COST REFINEMENTS

Mezzanines
(Sq. Ft. of Mezzanines)
MZM: Display
MZB: Office
MZC: Storage
MZD: Open

Balconies
(Sq. Ft. of Balconies)
BCA: Apartment Exterior
BCD: Auditorium
BCC: Church
BCT: Theater

Docks
(Sq. Ft. of Dock Area)
DLR: Loading with Roof
DLW: Loading without Roof
DOS: Shipping
DOF: 15000 Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)
PAS: 60340 Paving, Asphalt
PCO: Paving, Concrete
LIG: 34480 Parking Lot Lighting (Sq. Ft. of Area Served)
BUM: Parking Bumpers (Lin. Ft.)

Commercial and Institutional Built-ins
(Total Sq. Ft. of Building Area)
UW: Bank Equipment (counters, vault doors, etc.)
UX: Jail Equipment (cell blocks, locking devices, etc.)
UY: Hospital Equipment (Groups II and III)
UAA: Hospital Pneumatic Conveyor System
UAB: College Commons Kitchen Equipment
UAC: Science Building Laboratory Equipment

Bank Vaults
(Sq. Ft. of Vault Area)
UAD: Money
UAG: Record Storage

Stages & Permanent Fixtures
(Sq. Ft. of Stage Area)
UAH: Live Performance
UAJ: Motion Picture Only
UAK: Speaker's Platform

High Rise Apartment Miscellaneous
(Number of Units)
APP: Appliance Allowance (enter # of apart. units)
UAM: Wall Air Conditioning (# of units)

Barns and Sheds
(Sq. Ft. of Loft)
LOF: Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPerstructure, **BAS**ement, **EXT**ra (Depreciated), **MIS**cellaneous (Not Depreciated))

	BRIEF DESCRIPTIONS	(+ or -) COST
EXT:	Overhead Doors at Grade - 10 x 12' x 14' @ $10/SF	$ 16,800
EXT:	Overhead Dock Doors - 14 x 8' x 10' @ $10/SF	$ 11,200
EXT:	Electronic Door Operators - 5 @ $624/each	$ 3,125
EXT:	Office Partitioning and Finish - 2,000 SF @ $5/SF	$ 10,000
EXT:	Plumbing Fixtures - 15 @ $1,575/fixture	$ 25,200
EXT:	Roof Overhang - 2 x 15' x 250' @ $2/SF	$ 15,000
EXT:	Air Conditioner - 2 @ $400/each	$ 800
REM: EXT:	Ceiling Insulation - 15,000 SF @ $0.30/SF	$ 4,500
REM: EXT:	Partitioning - 3 walls - 60' x 15' @ $2/SF	$ 5,760
REM: EXT:	Hot Water Heaters - 4 @ $350/each	$ 1,400
REM: MIS:	~~Bridge - 0.3448 of $45,000 remaining balance~~	$ 15,516

OCCUPANCY CODES

300 Apartment (High Rise)
301 Armory
302 Auditorium
303 Automobile Showroom
304 Bank
384 Barber Shop
305 Barn
396 Barn, Hog
397 Barn, Sheep
398 Barn, Fruit Packing
306 Bowling Alley
394 Cabins (Transient Labor)
308 Church with Sunday School
309 Church without Sunday School
310 City Club
311 Clubhouse
312 Coldwater Flat
313 Convalescent Hospital
314 Country Club
315 Creamery & Milk Process
316 Dairy & Milking Barn
317 Dairy Sales Building
318 Department Store
319 Discount Store
320 Dispensary
393 Dormitories (Labor)
321 Dormitory
322 Fire Station
323 Fraternal Building
324 Fraternity House
325 Garage, Service
326 Garage, Storage
327 Governmental Building
328 Hangar, Storage
329 Hangar, Maintenance & Office
330 Home for the Elderly
331 Hospital
332 Hotel
402 Hotels, Resort
334 Industrial, Manuf.
392 Industrial, Engineering
335 Jail
336 Laundromat
337 Library
338 Loft
339 Lumber Stge., Horizontal
390 Lumber Stge., Vertical
340 Market
341 Medical Office
342 Mortuary
343 Motel
344 Office Building
345 Parking Structure
388 Parking Structure, Underground
346 Post Office
347 Poultry House
348 Rectory
349 Restaurant, Drive-in
350 Restaurant, Table Serv.
353 Retail Store

School, Elem. & Sec.
355 Arts & Crafts
356 Classroom
357 Commons
358 Gymnasium
359 Lecture Hall
360 Library
361 Manual Arts
362 Multi-Purpose
363 Physical Education
364 Science
365 Entire Elementary
366 Entire Secondary

School, College
367 Arts & Crafts
368 Classroom
369 Commons
370 Gymnasium
371 Lecture Hall
372 Library
373 Manual Arts
374 Multi-Purpose
375 Physical Education
376 Science
377 Entire College
399 Shed, Cattle
400 Shed, Hay
403 Shower Building
378 Stable
389 Storage, Equipment
391 Storage, Material
395 Storage, Potato or Vegetables
379 Theater, Stage Presentation
380 Theater, Motion Picture
383 Tobacco Barn
404 Utility Building, Farm
381 Veterinary Hospital
382 Warehouse
386 Warehouse, Mini
387 Warehouse, Transit

EXHIBIT IV-8 (Continued)

```
DATA:

  1:GORDON AND GREG RICE
  2:MREIF
  3:BUILDING #1-AIR CARGO FACILITY
  4:GRAASKAMP
  5:1/1/85
  6:3 1
  7:391
  8:5
  9:1.03
 10:2
 11:15000
 12:2
 13:1
 14:16
 15:5
 16:4
 17:41 44
 18:1.067 10.866 15.067
 19:0
 20:0
 21:0

COST REFINEMENTS:

DOF :  15000
PAS :  60340
LIG :  34480

ADDITIONS:

  1: EXT:OVERHEAD DOORS AT GRADE        $     16,800
  2: EXT:OVERHEAD DOCK DOORS            $     11,200
  3: EXT:ELECTRONIC DOOR OPERATORS      $      3,125
  4: EXT:OFFICE PARTITIONING AND FINISH$     10,000
  8: EXT:CEILING INSULATION             $      4,500
 10: EXT:AIR CONDITIONERS               $        800
 11: EXT:PARTITIONING                   $      5,760
 12: EXT:PLUMBING FIXTURES              $     25,200
 14: EXT:HOT WATER HEATERS              $      1,400
 16: EXT:ROOF OVERHANG                  $     15,000
 17: MIS:BRIDGE                         $     15,516


COST AS OF:  2/85
ARCHITECT FEES: ON    *

Bdate as of:  2/85
```

EXHIBIT IV-8 (Continued)

COST ESTIMATE FOR: GORDON AND GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: BUILDING #1-AIR CARGO FACILITY
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 15,000 Square Feet
AVERAGE STORY HEIGHT: 16.0 Feet
CLASS: S Steel
EFFECTIVE AGE: 5 Years
COST RANK: 2.0 Average
CONDITION: 4.0 Good
NUMBER OF STORIES: 1,0
COST AS OF: 02/85

EXTERIOR WALL:
Insulation..... 100%
Corrugated Steel,Steel Frame.. 100%
HEATING AND COOLING:
Electric..... 7%
Space Heat..... 87%
Warm and Cooled Air..... 7%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	15,000	13.73	205,930
ADDITIONS:			
Dock Height Floors.....	15,000	1.10	16,500
TOTAL SUPERSTRUCTURE COST.....	15,000	14.83	222,430
EXTRAS:			
Paving,Asphalt.....	60,340	1.39	83,873
Parking Lot Lighting.....	34,480	0.13	4,482
OVERHEAD DOORS AT GRADE			16,800
OVERHEAD DOCK DOORS			11,200
ELECTRONIC DOOR OPERATORS			3,125
OFFICE PARTITIONING AND FINISH			10,000
CEILING INSULATION			4,500
AIR CONDITIONERS			800
PARTITIONING			5,760
PLUMBING FIXTURES			25,200
HOT WATER HEATERS			1,400
ROOF OVERHANG			15,000
REPLACEMENT COST NEW.....			404,570
LESS DEPRECIATION:			
Physical and Functional.....	<18.0%>		<72,823>
DEPRECIATED COST.....			331,747
BRIDGE			15,516
TOTAL:			347,263
ROUNDED TO NEAREST $1,000			347,000

Cost Data by MARSHALL and SWIFT

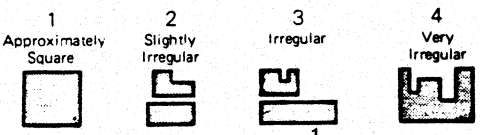
EXHIBIT IV-9

COMMERCIAL/INDUSTRIAL FIELD FORM – CAL

Computerized Service based on

MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon and Greg Rice
2) PROPERTY OWNER MREIF - Building No. 2
3) ADDRESS AIR CARGO FACILITY - International Lane
4) SURVEYED BY Graaskamp
5) DATE OF SURVEY 1/1/85
6) REGION: 1 Western, 2 Central, (3) Eastern — **CLIMATE:** (1) Extreme, 2 Moderate, 3 Mild
7) OCCUPANCY CODE 391 (Refer to back of Form)
8) CONSTRUCTION CLASS:
A Fireproof Structural Steel Frame — S Steel Frame-Storage
B Reinforced Concrete Frame
C Masonry Bearing Walls
D Wood or Steel Framed Exterior Walls
9) LOCAL MULTIPLIER 1.03
(Refer to Section 99, Marshall Valuation Service)
10) COST RANK:
1 Low, 2 Average, 3 Above Average, 4 High
11) TOTAL FLOOR AREA 18,000
12) SHAPE or PERIMETER 2



13) NUMBER OF STORIES 1
14) AVERAGE STORY HEIGHT 16'
15) EFFECTIVE AGE 5 yrs.
16) CONDITION:
1 Worn Out, 2 Badly Worn, (3) Average, 4 Good, 5 V. Good, 6 Excellent

17) EXTERIOR WALL:

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

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

Wood or Steel Framed Walls
23 Aluminum Siding
24 Asbestos Siding
25 Asbestos Shingles
26 Shingles
27 Shakes
28 Stucco on Wire/Paper
29 on Sheathing
30 Wood Siding on Paper
31 on Sheathing
32 Veneer, Common Brick
33 Face Brick
34 Stone
35 Used Brick
36 Siding, Vinyl Surface
37 Hardboard
38 Textured Plywood
39 Board/Batten Box Frame
40 Log, Rustic
(41) Insulation (Add)

Wood or Steel Skeleton Frames
42 Aluminum Cover
43 Sandwich Panels
(44) Corr. Steel on Steel Frame
45 on Wood Frame
46 Transite
47 Siding, Post/Girder Frame
48 Sheathing (Add)

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

19) ELEVATORS 0 Sq. Ft. Served
20) SPRINKLERS 0 Sq. Ft.
21) TOTAL
BASEMENT 0 Sq. Ft.
1 Unfinished, 2 Finished, 3 Parking, 4 Storage, 5 Utility, 6 Resident Units, 7 Display, 8 Office

MISCELLANEOUS COST

LAN: 0 Land
SIT: Site Improvements
PHY: Physical Depreciation
FUN: Functional Depreciation
LOC: Locational Depreciation
EXC: Insurance Exclusions

FORM # 99

EXHIBIT IV-9 (Continued)

COST REFINEMENTS

Mezzanines
(Sq. Ft. of Mezzanines)
MZM: Display
MZB: Office
MZC: Storage
MZD: Open

Balconies
(Sq. Ft. of Balconies)
BCA: Apartment Exterior
BCD: Auditorium
BCC: Church
BCT: Theater

Docks
(Sq. Ft. of Dock Area)
DLR: Loading with Roof
DLW: Loading without Roof
DOS: Shipping
DOF: 18000 Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)
PAS: 72415 Paving, Asphalt
PCO: Paving, Concrete
LIG: 41380 Parking Lot Lighting (Sq. Ft. of Area Served)
BUM: Parking Bumpers (Lin. Ft.)

Commercial and Institutional Built-ins
(Total Sq. Ft. of Building Area)
UW: Bank Equipment (counters, vault doors, etc.)
UX: Jail Equipment (cell blocks, locking devices, etc.)
UY: Hospital Equipment (Groups II and III)
UAA: Hospital Pneumatic Conveyor System
UAB: College Commons Kitchen Equipment
UAC: Science Building Laboratory Equipment

Bank Vaults
(Sq. Ft. of Vault Area)
UAD: Money
UAG: Record Storage

Stages & Permanent Fixtures
(Sq. Ft. of Stage Area)
UAH: Live Performance
UAJ: Motion Picture Only
UAK: Speaker's Platform

High Rise Apartment Miscellaneous
(Number of Units)
APP: Appliance Allowance (enter # of apart. units)
UAM: Wall Air Conditioning (# of units)

Barns and Sheds
(Sq. Ft. of Loft)
LOF: Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPerstructure, **BAS**ement, **EXT**ra (Depreciated), **MIS**cellaneous (Not Depreciated))

	BRIEF DESCRIPTIONS	(+ or -) COST
EXT:	Overhead Doors at Grade - 10 x 12' x 14' @ $10/SF	$ 16,800
EXT:	Overhead Dock Doors - 16 x 8' x 10' @ $10/SF	$ 12,800
EXT:	Office Partitioning & Finish - 1,070 SF @ $5/SF	$ 5,350
EXT:	Plumbing Fixtures - 13 @ $1,575/fixture	$ 20,475
EXT:	Roof Overhang - 2 x 15' x 300' @ $2/SF	$ 18,000
EXT:	Air Conditioner Units - 3 @ $400/each	$ 1,200
EXT:	Ceiling Insulation - 18,000 SF @ $0.30/SF	$ 5,400
REM: EXT:	Partitioning - 5 walls x 60' x 16' @ $2/SF	$ 9,600
REM: EXT:	Hot Water Heaters - 5 x $350/each	$ 1,750
REM: MIS:	Bridge - 0.4138 of $45,000 remaining balance	$ 18,621

OCCUPANCY CODES

300 Apartment (High Rise)
301 Armory
302 Auditorium
303 Automobile Showroom
304 Bank
384 Barber Shop
305 Barn
396 Barn, Hog
397 Barn, Sheep
398 Barn, Fruit Packing
306 Bowling Alley
394 Cabins (Transient Labor)
308 Church with Sunday School
309 Church without Sunday School
310 City Club
311 Clubhouse
312 Coldwater Flat
313 Convalescent Hospital
314 Country Club
315 Creamery & Milk Process
316 Dairy & Milking Barn
317 Dairy Sales Building
318 Department Store
319 Discount Store
320 Dispensary
393 Dormitories (Labor)
321 Dormitory
322 Fire Station
323 Fraternal Building
324 Fraternity House
325 Garage, Service
326 Garage, Storage
327 Governmental Building
328 Hangar, Storage
329 Hangar, Maintenance & Office
330 Home for the Elderly
331 Hospital
332 Hotel
402 Hotels, Resort
334 Industrial, Manuf.
392 Industrial, Engineering
335 Jail
336 Laundromat
337 Library
338 Loft
339 Lumber Stge., Horizontal
390 Lumber Stge., Vertical
340 Market
341 Medical Office
342 Mortuary
343 Motel
344 Office Building
345 Parking Structure
388 Parking Structure, Underground
346 Post Office
347 Poultry House
348 Rectory
349 Restaurant, Drive-in
350 Restaurant, Table Serv.
353 Retail Store

School, Elem. & Sec.
355 Arts & Crafts
356 Classroom
357 Commons
358 Gymnasium
359 Lecture Hall
360 Library
361 Manual Arts
362 Multi-Purpose
363 Physical Education
364 Science
365 Entire Elementary
366 Entire Secondary

School, College
367 Arts & Crafts
368 Classroom
369 Commons
370 Gymnasium
371 Lecture Hall
372 Library
373 Manual Arts
374 Multi-Purpose
375 Physical Education
376 Science
377 Entire College
399 Shed, Cattle
400 Shed, Hay
403 Shower Building
378 Stable
389 Storage, Equipment
391 Storage, Material
395 Storage, Potato or Vegetables
379 Theater, Stage Presentation
380 Theater, Motion Picture
383 Tobacco Barn
404 Utility Building, Farm
381 Veterinary Hospital
382 Warehouse
386 Warehouse, Mini
387 Warehouse, Transit

EXHIBIT IV-9 (Continued)

```
DATA:

  1:GORDON AND GREG RICE
  2:MREIF
  3:BUILDING #2-AIR CARGO FACILITY
  4:GRAASKAMP
  5:1/1/85
  6:3 1
  7:391
  8:S
  9:1.03
 10:2
 11:18000
 12:2
 13:1
 14:16
 15:5
 16:3
 17:41 44
 18:1.06 10.94
 19:0
 20:0
 21:0

COST REFINEMENTS:

DOF :  18000
PAS :  72415
LIG :  41380

ADDITIONS:

 2: EXT:OVERHEAD DOCK DOORS              $     12,800
 7: EXT:CEILING INSULATION               $      5,400
 8: EXT:PARTITIONING-WALLS               $      9,600
 9: EXT:OFFICE PARTITIONING & FINISH     $      5,350
10: EXT:AIR CONDITIONER UNITS            $      1,200
11: EXT:PLUMBING FIXTURES                $     20,475
12: EXT:ROOF OVERHANG                    $     18,000
13: EXT:HOT WATER HEATERS                $      1,750
14: MIS:BRIDGE                           $     18,621
15: EXT:OVERHEAD DOORS AT GRADE          $     16,800


COST AS OF:  2/85
ARCHITECT FEES: ON     *

Bdate as of:  2/85
```

EXHIBIT IV-9 (Continued)

COMMAND:>REPORT

COST ESTIMATE FOR: GORDON AND GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: BUILDING #2-AIR CARGO FACILITY
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 18,000 Square Feet — AVERAGE STORY HEIGHT: 16.0 Feet
CLASS: S Steel — EFFECTIVE AGE: 5 Years
COST RANK: 2.0 Average — CONDITION: 3.0 Average
NUMBER OF STORIES: 1.0 — COST AS OF: 02/85

EXTERIOR WALL:
Insulation..... 100%
Corrugated Steel,Steel Frame.. 100%
HEATING AND COOLING:
Electric..... 6%
Space Heat..... 94%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	18,000	13.34	240,107
ADDITIONS:			
Dock Height Floors.....	18,000	1.10	19,800
TOTAL SUPERSTRUCTURE COST.....	18,000	14.44	259,907
EXTRAS:			
Paving,Asphalt.....	72,415	1.39	100,657
Parking Lot Lighting.....	41,380	0.13	5,379
OVERHEAD DOCK DOORS			12,800
CEILING INSULATION			5,400
PARTITIONING-WALLS			9,600
OFFICE PARTITIONING & FINISH			5,350
AIR CONDITIONER UNITS			1,200
PLUMBING FIXTURES			20,475
ROOF OVERHANG			18,000
HOT WATER HEATERS			1,750
OVERHEAD DOORS AT GRADE			16,800
REPLACEMENT COST NEW.....			457,318
LESS DEPRECIATION:			
Physical and Functional.....	<18.0%>		<82,317>
DEPRECIATED COST.....			375,001
BRIDGE			18,621
TOTAL:			393,622
ROUNDED TO NEAREST $1,000			394,000

Cost Data by MARSHALL and SWIFT

EXHIBIT IV-10

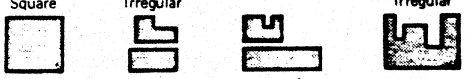
COMMERCIAL/INDUSTRIAL FIELD FORM – CAL

Computerized Service based on

MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon and Greg Rice
2) PROPERTY OWNER MREIF - Building No. 3
3) ADDRESS AIR CARGO FACILITY - International Lane
4) SURVEYED BY Graaskamp
5) DATE OF SURVEY 1/1/85
6) REGION: 1 Western, 2 Central, (3) Eastern
CLIMATE: (1) Extreme, 2 Moderate, 3 Mild
7) OCCUPANCY CODE 391 (Refer to back of Form)
8) CONSTRUCTION CLASS:
A Fireproof Structural Steel Frame — S Steel Frame-Storage
B Reinforced Concrete Frame
C Masonry Bearing Walls
D Wood or Steel Framed Exterior Walls
9) LOCAL MULTIPLIER 1.03
(Refer to Section 99, Marshall Valuation Service)
10) COST RANK:
1 Low, 2 Average, 3 Above Average, 4 High
11) TOTAL FLOOR AREA 10500
12) SHAPE or PERIMETER 2

1 Approximately Square — 2 Slightly Irregular — 3 Irregular — 4 Very Irregular



13) NUMBER OF STORIES 1
14) AVERAGE STORY HEIGHT 16'
15) EFFECTIVE AGE 3 yrs.
16) CONDITION:
1 Worn Out, 2 Badly Worn, (3) Average, 4 Good, 5 V. Good, 6 Excellent

17) EXTERIOR WALL:

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

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

Wood or Steel Framed Walls
23 Aluminum Siding
24 Asbestos Siding
25 Asbestos Shingles
26 Shingles
27 Shakes
28 Stucco on Wire/Paper
29 on Sheathing
30 Wood Siding on Paper
31 on Sheathing
32 Veneer, Common Brick
33 Face Brick
34 Stone
35 Used Brick
36 Siding, Vinyl Surface
37 Hardboard
38 Textured Plywood
39 Board/Batten Box Frame
40 Log, Rustic
(41) Insulation (Add)

Wood or Steel Skeleton Frames
42 Aluminum Cover
43 Sandwich Panels
(44) Corr. Steel on Steel Frame
45 on Wood Frame
46 Transite
47 Siding, Post/Girder Frame
48 Sheathing (Add)

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

19) ELEVATORS 0 Sq. Ft. Served
20) SPRINKLERS 0 Sq. Ft.
21) TOTAL
BASEMENT 0 Sq. Ft.
1 Unfinished, 2 Finished, 3 Parking, 4 Storage, 5 Utility, 6 Resident Units, 7 Display, 8 Office

MISCELLANEOUS COST

LAN: 0 Land
SIT: Site Improvements
PHY: Physical Depreciation
FUN: Functional Depreciation
LOC: Locational Depreciation
EXC: Insurance Exclusions

FORM # 99

EXHIBIT IV-10 (Continued)

COST REFINEMENTS

Mezzanines
(Sq. Ft. of Mezzanines)
MZM: Display
MZB: Office
MZC: Storage
MZD: Open

Balconies
(Sq. Ft. of Balconies)
BCA: Apartment Exterior
BCD: Auditorium
BCC: Church
BCT: Theater

Docks
(Sq. Ft. of Dock Area)
DLR: Loading with Roof
DLW: Loading without Roof
DOS: Shipping
DOF: 10500 Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)
PAS: 42245 Paving, Asphalt
PCO: Paving, Concrete
LIG: 24140 Parking Lot Lighting (Sq. Ft. of Area Served)
BUM: Parking Bumpers (Lin. Ft.)

Commercial and Institutional Built-ins
(Total Sq. Ft. of Building Area)
UW: Bank Equipment (counters, vault doors, etc.)
UX: Jail Equipment (cell blocks, locking devices, etc.)
UY: Hospital Equipment (Groups II and III)
UAA: Hospital Pneumatic Conveyor System
UAB: College Commons Kitchen Equipment
UAC: Science Building Laboratory Equipment

Bank Vaults
(Sq. Ft. of Vault Area)
UAD: Money
UAG: Record Storage

Stages & Permanent Fixtures
(Sq. Ft. of Stage Area)
UAH: Live Performance
UAJ: Motion Picture Only
UAK: Speaker's Platform

High Rise Apartment Miscellaneous
(Number of Units)
APP: Appliance Allowance (enter # of apart. units)
UAM: Wall Air Conditioning (# of units)

Barns and Sheds
(Sq. Ft. of Loft)
LOF: Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPerstructure, **BAS**ement, **EXT**ra (Depreciated), **MIS**cellaneous (Not Depreciated))

	BRIEF DESCRIPTIONS	(+ or -) COST
EXT:	Overhead Doors at Grade - 7 x 12' x 14' @ $10/SF	$ 11,760
EXT:	Overhead Dock Doors - 12 x 8' x 10' @ $10/SF	$ 9,600
EXT:	Office Partitioning & Finish - 550 SF @ $5/SF	$ 2,750
EXT:	Plumbing Fixtures - 3 @ $1,575/each	$ 4,725
EXT:	Air Conditioner - Window - 1 @ $400/each	$ 400
EXT:	Ceiling Insulation - 10,500 SF @ $0.30/SF	$ 3,150
REM:	EXT: Hot Water Heaters - 1 @ $350/each	$ 350
REM:	EXT: Wall Partitioning - 60' x 16' @ $2/SF	$ 1,920
REM:	MIS: Bridge - 0.2414 of $45,000 remaining cost balance	$ 10,863

OCCUPANCY CODES

300 Apartment (High Rise)
301 Armory
302 Auditorium
303 Automobile Showroom
304 Bank
384 Barber Shop
305 Barn
396 Barn, Hog
397 Barn, Sheep
398 Barn, Fruit Packing
306 Bowling Alley
394 Cabins (Transient Labor)
308 Church with Sunday School
309 Church without Sunday School
310 City Club
311 Clubhouse
312 Coldwater Flat
313 Convalescent Hospital
314 Country Club
315 Creamery & Milk Process
316 Dairy & Milking Barn
317 Dairy Sales Building
318 Department Store
319 Discount Store
320 Dispensary
393 Dormitories (Labor)
321 Dormitory
322 Fire Station
323 Fraternal Building
324 Fraternity House
325 Garage, Service
326 Garage, Storage
327 Governmental Building
328 Hangar, Storage
329 Hangar, Maintenance & Office
330 Home for the Elderly
331 Hospital
332 Hotel
402 Hotels, Resort
334 Industrial, Manuf.
392 Industrial, Engineering
335 Jail
336 Laundromat
337 Library
338 Loft
339 Lumber Stge., Horizontal
390 Lumber Stge., Vertical
340 Market
341 Medical Office
342 Mortuary
343 Motel
344 Office Building
345 Parking Structure
388 Parking Structure, Underground
346 Post Office
347 Poultry House
348 Rectory
349 Restaurant, Drive-in
350 Restaurant, Table Serv.
353 Retail Store

School, Elem. & Sec.
355 Arts & Crafts
356 Classroom
357 Commons
358 Gymnasium
359 Lecture Hall
360 Library
361 Manual Arts
362 Multi-Purpose
363 Physical Education
364 Science
365 Entire Elementary
366 Entire Secondary

School, College
367 Arts & Crafts
368 Classroom
369 Commons
370 Gymnasium
371 Lecture Hall
372 Library
373 Manual Arts
374 Multi-Purpose
375 Physical Education
376 Science
377 Entire College
399 Shed, Cattle
400 Shed, Hay
403 Shower Building
378 Stable
389 Storage, Equipment
391 Storage, Material
395 Storage, Potato or Vegetables
379 Theater, Stage Presentation
380 Theater, Motion Picture
383 Tobacco Barn
404 Utility Building, Farm
381 Veterinary Hospital
382 Warehouse
386 Warehouse, Mini
387 Warehouse, Transit

EXHIBIT IV-10 (Continued)

```
DATA:

  1:GORDON AND GREG RICE
  2:MREIF
  3:BUILDING #3-AIR CARGO FACILITY
  4:GRAASKAMP
  5:1/1/85
  6:3 1
  7:391
  8:S
  9:1.03
 10:2
 11:10500
 12:2
 13:1
 14:16
 15:3
 16:3
 17:41 44
 18:1.01 10.99
 19:0
 20:0
 21:0

COST REFINEMENTS:

DOF :  10500
PAS :  42245
LIG :  24140

ADDITIONS:

  1: EXT:OVERHEAD DOORS AT GRADE        $      11,760
  3: EXT:OFFICE PARTITIONING & FINISH   $       2,750
  5: EXT:AIR CONDITIONER UNITS          $         400
  6: EXT:CEILING INSULATION             $       3,150
  8: EXT:WALL PARTITIONING              $       1,920
  9: EXT:OVERHEAD DOCK DOORS            $       9,600
 10: EXT:PLUMBING FIXTURES              $       4,725
 11: EXT:HOT WATER HEATER               $         350
 13: MIS:BRIDGE                         $      10,863


COST AS OF:  2/85
ARCHITECT FEES: ON     *

Bdate as of:  2/85
```

EXHIBIT IV-10 (Continued)

COMMAND:>REPORT

COST ESTIMATE FOR: GORDON AND GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: BUILDING #3-AIR CARGO FACILITY
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 10,500 Square Feet — AVERAGE STORY HEIGHT: 16.0 Feet
CLASS: S Steel — EFFECTIVE AGE: 3 Years
COST RANK: 2.0 Average — CONDITION: 3.0 Average
NUMBER OF STORIES: 1.0 — COST AS OF: 02/85

EXTERIOR WALL:
Insulation..... 100%
Corrugated Steel,Steel Frame.. 100%
HEATING AND COOLING:
Electric..... 1%
Space Heat..... 99%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	10,500	13.90	145,951
ADDITIONS:			
Dock Height Floors.....	10,500	1.10	11,550
TOTAL SUPERSTRUCTURE COST.....	10,500	15.00	157,501
EXTRAS:			
Paving,Asphalt.....	42,245	1.39	58,721
Parking Lot Lighting.....	24,140	0.13	3,138
OVERHEAD DOORS AT GRADE			11,760
OFFICE PARTITIONING & FINISH			2,750
AIR CONDITIONER UNITS			400
CEILING INSULATION			3,150
WALL PARTITIONING			1,920
OVERHEAD DOCK DOORS			9,600
PLUMBING FIXTURES			4,725
HOT WATER HEATER			350
REPLACEMENT COST NEW.....			254,015
LESS DEPRECIATION:			
Physical and Functional.....	<10.0%>		<25,401>
DEPRECIATED COST.....			228,614
BRIDGE			10,863
TOTAL:			239,477
ROUNDED TO NEAREST $1,000			239,000

Cost Data by MARSHALL and SWIFT

V. VALUE CONCLUSION

The Market Value of the leasehold interest in the Air Cargo Facility site and the title to the improvements as of January 1, 1985, subject to the existing ground lease and tenant subleases, and assuming cash to the seller, is estimated to be:

INCOME APPROACH $1,000,000

COST APPROACH 980,000

Greater reliance is placed upon the Income Approach which allows for the recognition of the effect of the premier location upon rental rates and the effect of the ground lease upon value; therefore the Market Value conclusion for the subject property as of January 1, 1985, is:

ONE MILLION DOLLARS

($1,000,000)

assuming cash to the seller and the ability of the buyer to obtain financing at 13.25 percent interest for a 25-year term with a 10-year balloon and a mortgage amount based upon a debt cover ratio of 1.4.

The Investment Value of the leasehold interest in the Air Cargo Facility site and title to the improvements, as of January 1, 1985, and subject to the existing ground lease and the existing tenant subleases, is:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS

($1,100,000)

assuming purchase subject to the existing land contract with a balance of $998,563 as of January 1, 1985, at an interest rate of 11 percent in 1985, 11.5 percent in 1986, and 12 percent in 1987 and, thereafter, for the eight-year term. The annual debt service is a fixed $129,600 with credit to principal varying with the interest rate.

VI. CERTIFICATE OF APPRAISAL

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

Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the Market Value, as defined herein, of the subject property, and subject to existing leases, as of January 1, 1985, is:

ONE MILLION DOLLARS

($1,000,000)

assuming cash to the seller.

It is our opinion that the Investment Value, as defined herein, of the subject property, and subject to existing leases as of January 1, 1985, is:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS

($1,100,000)

assuming sale of the existing land with a balance as of January 1, 1985, of $998,563. a remaining term of eight years and an interest rate of 11 percent to 12 percent.

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

Jean B. Davis, Real Estate Appraiser/Analyst

March 1, 1985
Date

STATEMENTS OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made subject to and is conditioned upon the following General Assumptions and Limiting Conditions.

1. Contributions of Other Professionals

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

2. Facts and Forecasts Under Conditions of Uncertainty

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

- Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

3. Controls on Use of Appraisal

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

- Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.

- Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.

- The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any document filed with the Securities and Exchange Commission or other governmental agency, the appraiser is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the appraiser; (2) in the appraiser's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the appraiser for these uses.

- The appraiser shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

J E A N B. D A V I S

EDUCATION

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

Master of Arts - Elementary Education, Stanford University

Bachelor of Arts - Stanford University (with distinctions)

Additional graduate and undergraduate work at 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)

Certified as Assessor I, Department of Revenue, State of Wisconsin

PROFESSIONAL EXPERIENCE

With a significant background in education, practiced in California, Hawaii and Wisconsin, Ms. Davis is currently associated with Landmark Research, Inc. Her experience includes the appraisal and analysis of commercial and residential properties, significant involvement in municipal assessment practices, and market and survey research to determine demand potentials.

J A M E S A. G R A A S K A M P

PROFESSIONAL DESIGNATIONS

SREA, Senior Real Estate Analyst, Society of Real Estate Appraisers

CRE, Counselor of Real Estate, American Society of Real Estate Counselors

CPCU, Certified Property Casualty Underwriter, College of Property Underwriters

EDUCATION

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

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics, School of Business, University of Wisconsin
Urban Land Institute Research Fellow
University of Wisconsin Fellow
Omicron Delta Kappa
Lambda Alpha - Ely Chapter
Beta Gamma Sigma
William Kiekhofer Teaching Award (1966)
Urban Land Institute Trustee

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.

APPENDICES

APPENDIX A

PERMITTED ZONING USES

(6) C3L Commercial Service And Distribution District (Nonresidential).

(a) Statement Of Purpose. The C3L commercial service and distribution district is established to furnish a wide variety of goods, services and distribution activities. Within this district, residential development is prohibited because most of the permitted uses are not compatible with nontransient residential development. A full range of retail, service, wholesale, warehouse and distribution activities is permitted.

(b) General Regulations. Uses permitted in the C3L district are subject to the following conditions:

1. All business, servicing or processing, except for offstreet parking, off-street loading, display of merchandise for sale to the public, establishments of the drive-in type and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission, shall be conducted within completely enclosed buildings unless otherwise indicated hereinafter. (Am. by Ord. 4306, 8-29-73)
2. Parking of trucks as an accessory use, when used in the conduct of a permitted business listed hereinafter, shall be limited to vehicles of not over one and one-half (1 1/2) tons capacity when located within one hundred fifty (150) feet of a residence district boundary line.
3. All storage within one hundred (100) feet of a residence district, arterial or collector street, except for motor vehicles in operable condition, shall be within completely enclosed buildings or effectively screened with screening not less than six (6) feet nor more than eight (8) feet in height, provided no storage located within fifty (50) feet of such screening shall exceed the maximum height of such screening; further provided, however, the Zoning Administrator may approve alternate landscaping/screening plans meeting the general intent, purpose and guidelines of the revised "New Approach to Parking Lot Landscaping" adopted by Substitute Resolution No. 37,915. (Am. by Ord. 8300, 4-16-84)

(c) Permitted Uses. The following uses are permitted in the C3L district:

1. Any use permitted in the C3 district excepting dwelling units and lodging rooms located above the ground floor.
2. Dwelling units for watchmen and their families located on the premises where they are employed.

(d) Conditional Uses. Any use allowed as a conditional use in the C3 district, excepting dwelling units and lodging rooms located on the ground floor, may be allowed in the C3L district, subject to the provisions of Section 28.12(10).

(e) Floor Area Ratio. In the C3L district, the floor area ratio shall not exceed 3.0.

(f) Yard Requirements. In the C3L district, the yard requirements of the C3 district shall apply.

(g) (R. by Ord. 5831, 5-6-77)

APPENDIX B

PHOTOGRAPHS OF TENANT SPACES

PHOTOGRAPHS OF TENANT SPACES

BUILDING NO. 1

OZARK AIRLINES
(3,000 SF)

Exterior view of office space on right and bathroom enclosure on the left. Note suspended gas space heater at left.

OZARK AIRLINES

Partial view of office space. Another office, sublet to Mississippi Valley Airlines, is located to left of Ozark office.

REPUBLIC AIRLINE
(4,500 SF)

View of office with men's and women's bathrooms at rear.

REPUBLIC AIRLINE

View of storage area for equipment and air freight. Note airport trailers which contain air freight cargo. Note exterior of office area in rear. Note suspended gas space heater at left rear.

NORTHWEST AIRLINES
(4,500 SF)

Exterior of office and bathroom area with view of office interior through open door.

NORTHWEST AIRLINES

View of interior of truck-height dock doors and equipment/ freight storage area. Note gas space heater at rear.

BURLINGTON NORTHERN AIR FREIGHT
(3,000 SF)

Exterior view of office area and bathroom enclosure.

BURLINGTON NORTHERN AIR FREIGHT

Interior view of office area which includes four separate offices. Note wall air conditioner unit at upper left.

PHOTOGRAPHS OF TENANT SPACES

BUILDING NO. 2

ROADWAY EXPRESS
(6,000 SF)

View of loading/storage area. Note truck dock at left side of picture and at the far end (south end of building). Because doors are open, gas space heaters are not used.

Exterior view of office and bathroom area. Office finished with wood paneling and acoustical ceiling tile.

AIRBORNE FREIGHT
(3,000 SF)

Interior view of long, narrow office. Bathroom is at the rear.

AIRBORNE FREIGHT

Exterior view of office and interior view of warehouse area. Note two suspended gas space heaters.

EMERY AIR FREIGHT
(3,000 SF)

Exterior view of office area. Bathroom is attached at rear with separate entry. Note partial view of suspended gas space heater at upper right.

EMERY AIR FREIGHT

The two 25 foot bays are separated by ceiling-to-floor partitions. Door at east end of bay connects the two spaces. Note suspended gas space heater at upper right.

MADISON FREIGHT SYSTEMS
(3,000 SF)

Madison Freight Systems uses two bay spaces for vehicle repair and maintenance. There is a small bathroom, but no office area.

STANTON AND LEE PUBLISHERS
(3,000 SF)

Stanton and Lee uses two bays for storage of printed matter. Periodic air shipments are made, but no personnel regularly stays on site. A small bathroom has been constructed against south wall. No office area in building.

PHOTOGRAPHS OF TENANT SPACES

BUILDING NO. 3

MADISON FREIGHT SYSTEM
(10,500 SF)

Warehouse distribution/storage area. Goods moved in and out through truck-height docks on left. Small plywood enclosure at far right serves as lunch/lounge area for workers. Note well-defined 25 foot bays in clear span structure.

MADISON FREIGHT SYSTEMS

Looking north at partition wall which separates office area from warehouse.

MADISON FREIGHT SYSTEMS

West half of northern bay designated for office use and improved with mobile trailer for supplementary office area. Tenants estimated this solution most cost effective. This space had been used for vehicle repair which was later moved to Bays 9 and 10 of Building No. 2. Grade level overhead door still operative.

MADISON FREIGHT SYSTEMS

East half of northern bay designated for office use. Two finished offices plus bathroom occupy this section of the bay space.

APPENDIX C

MRCAP COMPUTER OUTPUT OF DISCOUNTED CASH FLOW ANALYSIS ASSUMING CASH TO THE SELLER

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

AIR CARGO FACILITY

FOR

MREIF

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

* GROSS RENT	$	235200.	* RATE OF GROWTH OF GROSS RENT		0.0394
* EXPENSES	$	63476.	* RATE OF GROWTH OF EXPENSES		0.0383
* R E TAXES	$	14576.	* RATE OF GROWTH OF R E TAXES		0.0300
* INCOME TAX RATE		0.4000	PROJECT VALUE GROWTH TYPE		2.0000
* VACANCY RATE		0.0200	WORKING CAPITAL LOAN RATE		0.1400
EQUITY DISCOUNT		0.1600	EXTRAORDINARY EXPENSES	$	0.
RESALE COST		0.0400	REINVESTMENT RATE		0.0900
WKG CAPITAL RS$		0.	CAPITAL RESER INTEREST RATE		0.0900
INVESTOR TAX CLASS		0	OWNERSHIP FORM		1
INITIAL COST	$	970913.	INITIAL EQUITY REQUIRED	$	314280.

ALL '*' VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 10 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

RUN NUMBER 0

PRO FORMA

INVESTMENT ANALYSIS OF

AIR CARGO FACILITY

FOR

MREIF

REPORT SECTION NUMBER 3 PAGE 1

CASH FLOW ANALYSIS

		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
1	GROSS RENT	196643.	204362.	212052.	220084.	229379.	238147.	247310.	257846.	267857.	278323.
2	LESS VACANCY	3933.	4087.	4241.	4402.	4588.	4763.	4946.	5157.	5357.	5566
3	LESS REAL ESTAE TAXES	12715.	13096.	13489.	13894.	14311.	14740.	15182.	15638.	16107.	16590.
4	LESS EXPENSES	53497.	55408.	57379.	59462.	61790.	64123.	66593.	69341.	72114.	75058.
5	NET INCOME	126498.	131770.	136943.	142327.	148691.	154521.	160588.	167710.	174279.	181111.
6	LESS DEPRECIATION	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940
7	LESS INTEREST PMTS	86793.	86291.	85718.	85065.	84320.	83470.	82500.	81394.	80132.	78692.
8	TAXABLE INCOME	-14235.	-8461.	-2715.	3322.	10431.	17111.	24149.	32376.	40208.	48483
9	PLUS DEPRECIATION	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940.	53940
10	LESS PRINCIPAL PMTS	3563.	4065.	4637.	5290.	6035.	6885.	7855.	8961.	10224.	11664.
11	CASH THROW-OFF	36142.	41414.	46588.	51971.	58335.	64166.	70233.	77354.	83924.	90759.
12	LESS INCOME TAXES	0.	0.	0.	1329.	4172.	6845.	9659.	12950.	16083.	19393.
13	LESS RESERVES	1807.	2071.	2329.	2532.	2708.	2866.	3029.	3220.	3392.	3566.
14	CASH FROM OPERATIONS	34335.	39344.	44258.	48111.	51455.	54455.	57545.	61184.	64448.	67798.
15	WORKING CAPITAL LOAN	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
16	DISTRIBUTABLE CASH AFTER TAX	34335.	39344.	44258.	48111.	51455.	54455.	57545.	61184.	64448.	67798.
17	TAX SAVINGS ON OTHER INCOME	5694.	3384.	1086.	0.	0.	0.	0.	0.	0.	0.
18	SPENDABLE CASH AFTER TAXES	40029.	42728.	45344.	48111.	51455.	54455.	57545.	61184.	64448.	67798.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
19	END OF YEAR MARKET VALUE										1177244
20	LESS RESALE COST	32889.	34260.	35605.	37005.	38660.	40175.	41753.	43605.	45313.	47090.
21	LESS LOAN BALANCES	653070.	649006.	644369.	639079.	633043.	626158.	618303.	609342.	599118.	587454.
22	PLUS CUM. CASH RESERVES	1807.	4040.	6734.	9872.	13468.	17546.	22154.	27368.	33224.	39782.
23	BEFORE TAX NET WORTH	138083.	177279.	216890.	258912.	308255.	355600.	405923.	464536.	521606.	582482.
24	CAPITAL GAIN (IF SOLD)	-127628.	-40790.	45431.	132965.	226615.	316936.	408736.	507113.	602044.	698637.
25	CAPITAL GAINS TAX	-20420.	-6526.	7269.	21274.	36258.	50710.	65398.	81138.	96327.	111782.
26	MINIMUM PREF. TAX	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
27	INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.	0.	0.	0.	0.	0.
28	TOTAL TAX ON SALE	-8168.	-2611.	7269.	21274.	36258.	50710.	65398.	81138.	96327.	111782.
29	AFTER TAX NET WORTH	146251.	179889.	209621.	237638.	271997.	304890.	340526.	383398.	425279.	470700.

BEFORE TAX RATIO ANALYSIS

CASH FLOW ANALYSIS

		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
30	RETURN ON NET WORTH B/4 TAX	-0.4456	0.5838	0.4863	0.4334	0.4159	0.3617	0.3390	0.3350	0.3035	0.2907
31	CHANGE IN NET WORTH B/4 TAX	-176197.	39196.	39611.	42023.	49343.	47345.	50323.	58612.	57070.	60876.
32	ORIG EQUITY CASH RTNB/4 TAX	0.1150	0.1318	0.1482	0.1654	0.1856	0.2042	0.2235	0.2461	0.2670	0.2886
33	ORIG EQUITY PAYBACK B/4 TAX	0.1150	0.2468	0.3950	0.5604	0.7460	0.9502	1.1736	1.4198	1.6868	1.9756
34	B/4 TAX PRESENT VALUE	806827.	850315.	887367.	920113.	951657.	977182.	999707.	1021370.	1038900.	1054355.

AFTER TAX RATIO ANALYSIS

CASH FLOW ANALYSIS

		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
35	RETURN ON NET WORTH AFR TAX	-0.4073	0.5222	0.4173	0.3632	0.3611	0.3211	0.3056	0.3056	0.2773	0.2662
36	CHANGE IN NET WORTH AFR TAX	-168029.	33638.	29732.	28017.	34359.	32894.	35635.	42872.	41881.	45421.
37	ORIG EQUITY CASH RTNAFR TAX	0.1274	0.1360	0.1443	0.1531	0.1637	0.1733	0.1831	0.1947	0.2051	0.2157
* 38	ORIG EQUITY PAYBACK AFR TAX	0.1274	0.2633	0.4076	0.5607	0.7244	0.8977	1.0808	1.2755	1.4805	1.6962
* 39	AFTER TAX PRESENT VALUE	817219.	856582.	886240.	909761.	932516.	950505.	966214.	981335.	993164.	1003404.

CASH FLOW ANALYSIS

		1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
40	NET INCOME-MARKET VALUE RTO	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538	0.1538
41	LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
* 42	DEFAULT RATIO	0.7962	0.7773	0.7603	0.7439	0.7257	0.7106	0.6960	0.6800	0.6667	0.6538

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

AIR CARGO FACILITY

FOR

MREIF

R E P O R T S E C T I O N N U M B E R 2 PAGE 1

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

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD		COST	SCH
BUILDINGS	1.00	1	18.	2	$	970913.	0

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

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM		ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	25	25	$	656633.	0.676

REPORT SECTION NUMBER 8 PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT	656633.	TERM	25
INTEREST RATE	0.1325	MORTGAGE FACTOR	0.01146701
PERIOD PAYMENT	7529.61	PAYMENTS PER YEAR	12
BONUS INTEREST	0.0000	TYPE 0 GREATER THAN	0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	90355.	86793.	3563.	653070.	0.
2	90355.	86291.	4065.	649006.	0.
3	90355.	85718.	4637.	644369.	0.
4	90355.	85065.	5290.	639079.	0.
5	90355.	84320.	6035.	633043.	0.
6	90355.	83470.	6885.	626158.	0.
7	90355.	82500.	7855.	618303.	0.
8	90355.	81394.	8961.	609342.	0.
9	90355.	80132.	10224.	599118.	0.
10	90355.	78692.	11664.	587454.	0.

REPORT SECTION NUMBER 9 PAGE 1

DEPRECIATION SCHEDULE FOR BUILDINGS

INITIAL COST 970913.
DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	53940.	53940.	0.	0.
2	53940.	107879.	0.	0.
3	53940.	161819.	0.	0.
4	53940.	215758.	0.	0.
5	53940.	269698.	0.	0.
6	53940.	323638.	0.	0.
7	53940.	377577.	0.	0.
8	53940.	431517.	0.	0.
9	53940.	485457.	0.	0.
10	53940.	539396.	0.	0.

APPENDIX C (Continued)

INPUT FILE FOR MRCAP

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DIS AIR.FAC

1,AIR CARGO FACILITY,          MREIF
10,1985,0,1,1.0,10,43500
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81,31449,32662,33965,35364,36866
90,.14,*
100,.16,.40,.09
101,0,6.50,2
102,.14,1,.04,0
103,.05,0,.09,0
200,1,BUILDINGS
201,1,1.0,1.0,2
202,1,1,18
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,25,0
400,9
403,99
999,99
```

APPENDIX D

ATV COMPUTER OUTPUT OF
DISCOUNTED CASH FLOW ANALYSIS
ASSUMING SALE SUBJECT TO EXISTING LAND CONTRACT

AIR CARGO FACILITY-EXISTING LAND CONTRACT
3500 INTERNATIONAL LANE
MADISON , WI 53704
By LANDMARK RESEARCH

* VALUE	$1,099,390.
AFTER TAX YIELD	25.00000
OVERALL RATE	0.11506
MORTGAGE CONSTANT	0.12979
MORTGAGE VALUE	$998,563.
BUILDING VALUE	$1,099,390.
EQUITY VALUE	$100,827.
EQUITY DIVIDEND	-0.03077

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	$126,498.	$131,770.	$136,943.	$142,327.	$148,691.
DEBT SER#1	-$129,600.	-$129,600.	-$129,600.	-$129,600.	-$129,600.
BTCF	-$3,102.	$2,170.	$7,343.	$12,727.	$19,091.
NOI	$126,498.	$131,770.	$136,943.	$142,327.	$148,691.
INTEREST 1	-$108,767.	-$111,585.	-$114,433.	-$112,421.	-$110,243.
DEPREC	-$61,077.	-$61,077.	-$61,077.	-$61,077.	-$61,077.
TAXABLE	-$43,346.	-$40,892.	-$38,567.	-$31,171.	-$22,629.
TAXES	-$17,338.	-$16,357.	-$15,427.	-$12,468.	-$9,052.
ATCF	$14,236.	$18,527.	$22,770.	$25,195.	$28,143.

	YEAR 6	YEAR 7	YEAR 8
NOI	$154,521.	$160,588.	$167,710.
DEBT SER#1	-$129,600.	-$129,600.	-$129,600.
BTCF	$24,921.	$30,988.	$38,110.
NOI	$154,521.	$160,588.	$167,710.
INTEREST 1	-$107,789.	-$105,021.	-$101,904.
DEPREC	-$61,077.	-$61,077.	-$61,077.
TAXABLE	-$14,345.	-$5,510.	$4,729.
TAXES	-$5,738.	-$2,204.	$1,892.
ATCF	$30,659.	$33,192.	$36,218.

RESALE PRICE	$1,100,000.
SELLING COST	-$44,000.
LOAN BALANCE # 1	-$833,926.
BEFORE TAX PROCEEDS	$222,074.
TAXES	-$71,236.
AFTER TAX PROCEEDS	$150,838.

RESALE PRICE	$1,100,000.
SELLING COST	-$44,000.
ADJUSTED BASIS	-$610,772.
TAXABLE GAIN	$445,228.
LONG TERM GAIN	$445,228.
ORDINARY TAXES	$0.
CAPITAL GAINS TAX	$71,236.

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW	YEAR	CASH FLOW
0	-$100,827.	6	$30,659.
1	$14,236.	7	$33,192.
2	$18,527.	8	$187,056.
3	$22,770.		
4	$25,195.		
5	$28,143.		

APPENDIX D (Continued)

INPUT FILE FOR ATV COMPUTER PROGRAM

EQUITY YIELD RATE	25.00000
HOLDING PERIOD	8
LOAN NUMBER	1
INTEREST RATE	0.00000
LOAN TERM	8.00000
PAYMENTS PER YEAR	1
LOAN AMOUNT	998,563
TAX RATE	0.40000
CAPITAL GAINS TAX RATE	0.16000
RESALE PRICE	$1,100,000.
LAND VALUE	$0.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	18
NET OPERATING INCOME	$126,498.
CHANGE IN NOI	0.32579
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.04000

OUTLINE OF CALCULATOR METHOD

The Calculator Method gives average square meter and square and cubic foot costs for typical buildings. These costs are divided into seven sections, each dealing with a major occupancy group. In addition, Section 16 is subdivided into two occupancy groups, each having its own set of refinements. Refinements are given on the last page or pages of each section or sub-section, so that the base cost can be modified to fit buildings different from the standard descriptions. If further refinements are needed, the Segregated Cost Sections or Unit-in-Place Cost Sections may be used to adjust the cost factor.

Costs are classified by class and quality of construction. Buildings typical of a certain quality have many characteristics in common. For example, a Good Quality building will usually have good quality roofing so modifications for roof differences on a quality classified building are seldom necessary. The following are the most important square meter and square and cubic foot cost modifications. Many other modifications are possible but since they are seldom cost-important, and usually require considerable additional time to count and measure, they have been omitted from the Calculator Method which is designed to be a fairly rapid cost system.

The base cost refinements found at the end of each Calculator Section or on the cost pages, which are applied when the building being appraised varies from the general description, are as follows:

HEATING AND COOLING

Each heating and cooling cost is an average cost for the building described, as installed in a moderate climate. To adjust to the climate and the type of heat used, take the difference between the average cost of the type found in the subject building as listed for the proper climate and the cost of the type listed in the "Heat" column of the cost pages as found under "Moderate Climate", and add or subtract from the base cost.

The cost ranges for the heating and cooling systems found in each section are based on the capacity, complexity and typical occupancy load for each of the major occupancy groups listed. The lowest priced installations would normally be in a mild climate (down to 30°F), while the highest priced systems would be found in an extreme cold (down to -30°F) or hot, humid climate with respect to air conditioning. A further discussion can be found in Section 40.

ELEVATORS

The standard building description indicates, by an asterisk in the mechanical column, that an allowance was made for elevators. If no elevator is found in a building of a type marked with an asterisk, subtract from the base square meter or square foot cost, the elevator factor found on the cost pages. The square foot figures must be divided by the base height given for the section before being applied to a cubic foot cost.

If elevators are found in a building not marked with an asterisk, add the cost as a lump sum from Section 58.

SPRINKLERS

Basic building costs do not allow for sprinkler systems. Where sprinkler systems are found, price from the corresponding Segregated Cost Section.

HEIGHT

All base costs are given for a base story height which is chosen to require the least modification for all buildings in the occupancy group. This base height and a story height multiplier table for both square foot, square meter and cubic foot costs are given on the refinements pages. For further discussion of height measurement see Section 3 and Section 20.

SIZE AND SHAPE

The major effect that variation in size and shape of a building has on the square foot or meter cost is due to the variation in the proportion of exterior wall area to floor area. To adjust for this variation in cost, a "Floor Area-Perimeter" table is provided giving a multiplier for various floor area and wall perimeter ratios. Most buildings being appraised will not have the exact area and perimeter shown on the table so some interpolation is necessary. Usually the multiplier can be approximated accurately enough without a detailed interpolation. An example of a two-way interpolation is shown in Section 20.

In multistory buildings, use the average floor area and the average perimeter to enter the Floor Area-Perimeter table, and the average story height for the story height multiplier.

MULTIPLE STORY BUILDINGS

Base costs are given for buildings of three stories or less. For buildings having more floors (not counting basements), a recommended percentage adjustment is shown on the cost pages. This increased cost is the net of increased frame weight, construction difficulty, hi-rise wages, etc., less savings from shorter heating and plumbing runs, a single roof, etc. This added cost is applied to all floors including basements, regardless of occupancy. In using the standard form, it is applied as a multiplier equal to one plus the percentage increase, which is included on each calculator cost page.

OUTLINE OF CALCULATOR METHOD

COMMENTS AND EXPLANATIONS

The costs in the Calculator Sections are averages of detailed estimates, actual cost breakdowns, and total end costs of many actual construction projects. These costs are assembled into groups by typical occupancy and general quality and each is adjusted to fit the base description, but the only items adjusted are those outlined on the previous page. All other construction components are considered as commensurate with the general quality of the building. There are a number of construction components that affect the total cost of a building and to take them all into consideration would entail a complete, detailed estimate. The above refinements are provided as the ones that have the most significant effect on the total cost of the building. They are all modifications that can be considered and computed readily and this system provides an accurate estimate in a reasonably short time. For those who wish to give more detailed consideration to additional construction components, we suggest the use of the Segregated Cost Method, Sections 40 through 47, or to further refine their approach by using various Unit-in-Place costs found in Section 51 through 58.

EXAMPLE

A filled in field form and sample pages from which the prices in the example are taken are shown in Figures 1 through 5.

The subject building used in the example is a 3-story, Good Quality, Class C apartment building with brick exterior walls and no elevators or sprinklers. The dimensions are 50' x 100' with a height of 33'. This information along with the age and condition of the building is entered on Lines 4 through 10 of the form. The computing of the area and perimeter is done on the back of the form as shown in Figure 2.

The base square foot cost, $44.38, is entered on Line 11 from the Calculator Costs (Figure 3). In the example, the subject building has warm and cool air (zoned air-conditioning) for an extreme climate, whereas the base cost includes warm and cool air (zoned) for a moderate climate. This difference ($7.40 less $5.05) or plus $2.35 (from Figure 4) is entered on Line 12. There is an amount for elevators included in the base cost and as there is no elevator in the subject building, a deduction of $1.40 must be made (Figure 3) and entered on Line 13. There were no miscellaneous items to add, so the adjusted square foot cost is $44.38 plus $2.35 minus $1.40, or $45.33. This is entered on Line 15. The number of stories (3) is our base figure, so our multiplier on Line 16 is 1.000. The 11 foot average story height is more than the 10 foot base, so the correct multiplier, 1.027, is taken from the table (Figure 5) and entered on Line 17. Entering the Floor Area Perimeter table (Figure 5) with the average floor area, 5,000 square feet, and the average perimeter, 300 feet, we find a multiplier of .984 which is entered on Line 18. Line 17 is multiplied by Line 18 and the answer, 1.011, is placed on Line 19. Line 15 is then multiplied by Line 19 and the answer, $45.83, which is the refined square foot cost, is entered on Line 20.

The current cost multiplier entered on Line 21 is found in the Monthly Green Supplement, Section 99, Page 3. For the example, it is assumed to be 1.02. The local multiplier is found in Section 99, Pages 5 thru 8, and is assumed to be 1.04 for the example. This is entered on Line 22. The current cost multipliers, sent out each month, adjust the costs to current figures and the local multipliers adjust the costs for local differences.

Line 20 is multiplied by Lines 21 and 22 to give the final square foot cost on Line 23, and this is multiplied by the total square foot of the floor area which is entered on Line 24 from the back of the form. The answer, $729,300, is placed on Line 25. In the example there were no lump sum additions, so Line 26 is left blank, and the sum of Lines 25 and 26 is entered on Line 27 as the replacement cost.

Line 28, percentage of depreciation, is a matter of judgment based on the appraiser's inspection of the property and examination of the factors influencing depreciation, including all forms of deterioration and obsolescence, and using Section 97 as a guide. In the example, depreciation for a life expectancy of 55 years and an age of 11 years was 5% (Figure 6) and this was entered on Line 28. The dollar amount was computed and entered on Line 29. Line 30 is the replacement cost less depreciation (Line 27 - Line 29).

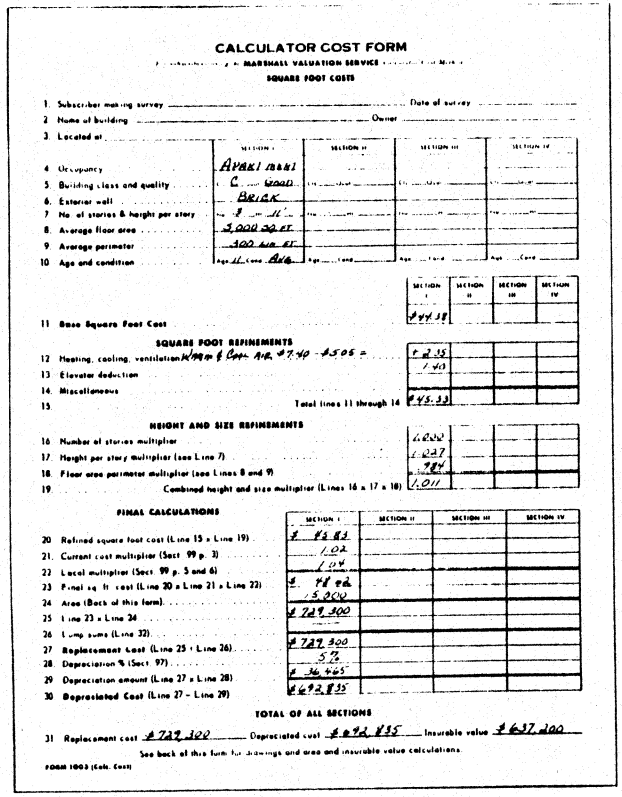
If the purpose of the appraisal is for fire insurance, the value of the normal exclusions in a fire policy are listed on the back of the form.

Percentage suggestions for structural exclusions are taken from Section 96. The exact items to be excluded should be listed in the policy. The foundation (2.90%) and

OUTLINE OF CALCULATOR METHOD

piping below ground (.33%) exclusions from Section 96 have been used. Architect's fees are taken from the suggestions in Section 99, Page 2. These are entered on Lines 34, 35, and 36 and the total (8.03%) is entered on Line 37. This percentage of the depreciated cost equals the excluded amount which is entered on Line 39. This excluded amount is subtracted from the depreciated cost to arrive at the insurable value, $637,200, on Line 40. Line 31 is a summary of the items on Lines 27, 30, and 40, rounded out.

Section 20 includes a more involved estimate which is worked out by the Square Foot, Cubic Foot and Square Meter Methods and also more explanation of the Calculator Method.



CALCULATOR COST FORM

MARSHALL VALUATION SERVICE

SQUARE FOOT COSTS

1. Subscriber making survey ____ Date of survey ____
2. Name of building ____ Owner ____
3. Located at ____

	Section I	Section II	Section III	Section IV
4. Occupancy	APART'MENT			
5. Building class and quality	C GOOD			
6. Exterior wall	BRICK			
7. No. of stories & height per story	3 11			
8. Average floor area	2,000 SQ. FT.			
9. Average perimeter	300 LIN. FT.			
10. Age and condition	Age 11 Cond. AVG.			
11. Base Square Foot Cost	$44.38			

SQUARE FOOT REFINEMENTS

12. Heating, cooling, ventilation HEAT & COOL AIR $7.40 - $5.05 =	+ 2.35			
13. Elevator deduction	1.43			
14. Miscellaneous				
15. Total lines 11 through 14	$45.33			

HEIGHT AND SIZE REFINEMENTS

16. Number of stories multiplier	1.000			
17. Height per story multiplier (see Line 7)	1.027			
18. Floor area perimeter multiplier (see Lines 8 and 9)	.984			
19. Combined height and size multiplier (Lines 16 x 17 x 18)	1.011			

FINAL CALCULATIONS

	Section I	Section II	Section III	Section IV
20. Refined square foot cost (Line 15 x Line 19)	$ 45.84			
21. Current cost multiplier (Sect. 99 p. 3)	1.02			
22. Local multiplier (Sect. 99 p. 5 and 6)	1.04			
23. Final sq. ft. cost (Line 20 x Line 21 x Line 22)	$ 48.62			
24. Area (Back of this form)	15,000			
25. Line 23 x Line 24	$ 729,300			
26. Lump sums (Line 32)				
27. Replacement cost (Line 25 + Line 26)	$ 729,300			
28. Depreciation % (Sect. 97)	57			
29. Depreciation amount (Line 27 x Line 28)	$ 36,965			
30. Depreciated Cost (Line 27 – Line 29)	$692,835			

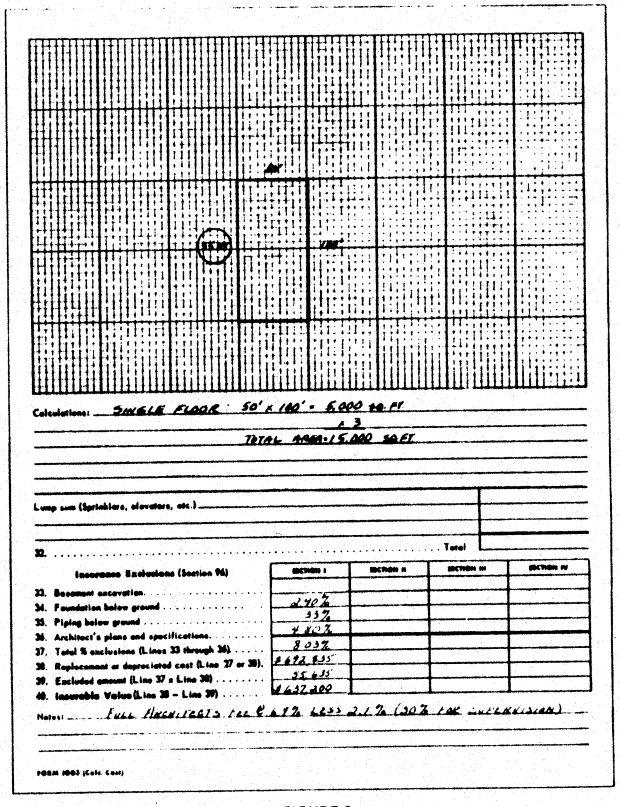
TOTAL OF ALL SECTIONS

31. Replacement cost $ 729,300 Depreciated cost $ 692,835 Insurable value $ 637,200

See back of this form for drawings and area and insurable value calculations.

FORM 1003 (Calc. Cost)

FIGURE 1



Calculations: SINGLE FLOOR 50' x 100' = 5,000 SQ. FT.
x 3
TOTAL AREA: 15,000 SQ. FT.

Lump sum (Sprinklers, elevators, etc.) ____

32. ____ Total

Insurance Exclusions (Section 96)

	Section I	Section II	Section III	Section IV
33. Basement excavation				
34. Foundation below ground	2.70%			
35. Piping below ground	.33%			
36. Architect's plans and specifications	4.60%			
37. Total % exclusions (Lines 33 through 36)	8.03%			
38. Replacement or depreciated cost (Line 27 or 28)	$692,835			
39. Excluded amount (Line 37 x Line 38)	55,635			
40. Insurable Value (Line 38 – Line 39)	$637,200			

Notes: FULL ARCHITECT'S FEE @ 8.03% LESS 2.1% (30% FOR MILLWORK/LABOR)

FORM 1003 (Calc. Cost)

FIGURE 2

CLASS OF CONSTRUCTION

The Class of Construction is the basic subdivision in the Marshall Valuation Service, dividing all buildings into five basic cost groups by type of framing (supporting columns and beams), walls, floors and roof structures, and fireproofing.

Class "A" buildings have fireproofed structural steel frames with reinforced concrete or masonry floors and roofs.

Class "B" buildings have reinforced concrete frames and concrete or masonry floors and roofs.

Class "C" buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade.

Class "D" buildings generally have wood frame, floor, and roof structure. They may have a concrete floor on grade and other substitute materials, but is considered combustible construction. This class includes the pre-engineered pole frame buildings.

Class "S" buildings have frames, roofs, and walls of incombustible metal. This class includes the pre-engineered metal buildings.

In each class, there will be variations, combinations, and sub-classes, but for purposes of pricing, the major elements of the building should be considered in selecting costs from the tables. Thus, if a building which is otherwise in Class B, has a wood or steel truss roof, the costs for the Class B building may still be representative, or a Class C building may have concrete plank floors. Interpolations may be made if the appraiser feels the building overlaps two classes sufficiently or the Segregated Cost Sections may be used to modify the cost.

Further details and sketches of the various construction types will be found on pages 6 through 10 of this section, as well as in Section 51, which has definitions and sketches of framing types. ISO Construction Classifications are referenced on pages 6 thru 10. Those indicated are the classification before considering any adjustments for construction deficiencies or insurance rating purposes.

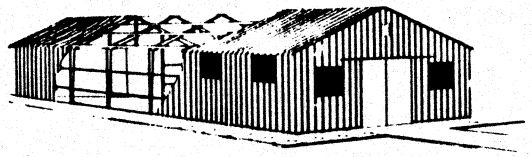
CLASS OF CONSTRUCTION INDICATORS

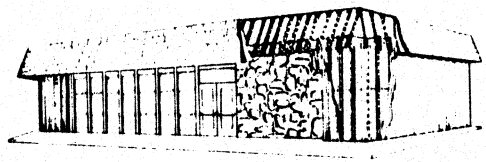
CLASS	FRAME	FLOOR	ROOF	WALLS
A	Structural steel columns and beams, fireproofed with masonry, concrete, plaster, or other incombustible material.	Concrete or concrete on steel deck, fireproofed.	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed.	Non-bearing curtain walls, masonry, concrete, metal and glass panels, stone.
B	Reinforced concrete columns and beams. Fire-resistant construction.	Concrete or concrete on steel deck, fireproofed.	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed.	Non-bearing curtain walls, masonry, concrete, metal and glass panels, stone.
C	Masonry or concrete load-bearing walls with or without pilasters. Masonry or concrete walls with steel, wood, or concrete frame.	Wood or concrete plank on steel floor joists, or concrete slab on grade.	Wood or steel joists with wood or steel deck. Concrete plank.	Brick, concrete block, or tile masonry, tilt-up, formed concrete, curtain walls.
D	Wood or steel studs in bearing wall, wood or steel frame, primarily combustible construction.	Wood or steel floor joists or concrete slab on grade.	Wood or steel joists with wood or steel deck. Concrete plank.	Almost any material except bearing or curtain walls of masonry or concrete. Generally combustible construction.
S	Metal bents, columns, girders, purlins, and girts without fireproofing, incombustible construction.	Wood or steel deck on steel floor joists, or concrete slab on grade.	Steel or wood deck on steel joists.	Metal skin or sandwich panels. Generally incombustible.

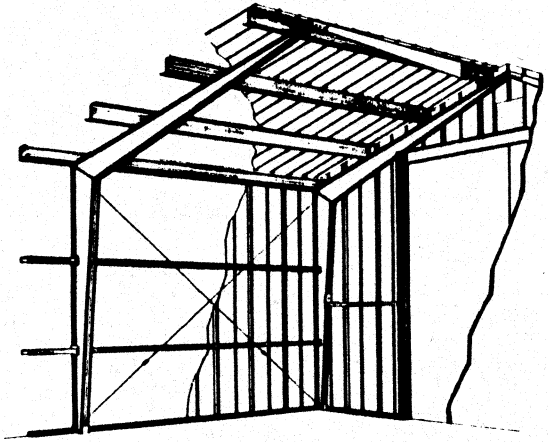
CLASS "S" BUILDINGS

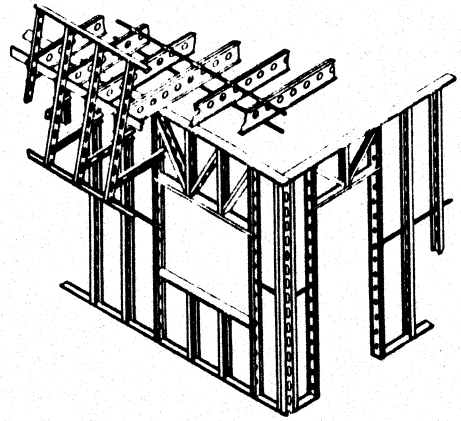
Class S buildings are characterized by incombustible construction and prefabricated structural members. The exterior walls may be steel studs or an open steel skeleton frame with exterior coverings consisting of prefabricated panels or sheet siding. Floors and roof are supported on steel joists or beams, or the floor may be concrete slab on grade. Upper floors or roof may consist of metal deck, prefabricated panels or sheathing.

Included in this classification is Uniform Building Code construction, Type IV and ISO Class 3 buildings.









INDUSTRIALS, GARAGES, LOFTS AND WAREHOUSES

(CALCULATOR METHOD)

GENERAL INFORMATION

Calculator Costs are averages of final costs including architects' fees and contractors' overhead and profit. They do not represent any building illustrated, except as the building is included in the averages. Refinements to the average costs for type of heating, area/perimeter ratio, and story height are given at the end of the section, and adjustments for elevators and number of stories are on the cost pages. Sprinklers may be added from Section 44. Current and Local Cost Multipliers are given in Section 99. Sheds, including low-cost, utilitarian buildings which are usually lighter than typical industrial or warehouse buildings, should be priced from Section 17.

DESCRIPTIONS

The abbreviated descriptions given in the tables show some of the items most generally found in buildings of the class, quality and occupancy listed. They are merely indicative of many buildings in this cost classification, and are not meant to be building specifications.

CONSTRUCTION

Buildings are divided into five construction classes: A, B, C, D and S, as described in Section 1.

In each class there will be variations and sub-classes, but for purposes of pricing, the major elements of the building should be considered in entering the tables. Thus, if a building which is otherwise a Class B has a steel truss roof, the costs for the Class B building will still be representative. Interpolations may be made if the appraiser feels the building overlaps two classes, or the segregated costs in Section 44 may be used for adjustments.

OCCUPANCY

Industrial buildings are designed for manufacturing processes. An average amount of office space commensurate with the quality of the building is included. Typically, this is between 4% and 12% of the total area, either single story or stacked. Single story offices may have a softwood flooring storage mezzanine overhead as part of the office area costs. Engineering and research industrial buildings, which have a larger amount of divided and finished space, are listed separately from manufacturing buildings even though they may contain some manufacturing or assembly. The industrial building costs will include power leads to the building and industrial sewer and drainage lines, but do not include the power panel, power wiring or industrial piping to the fixtures and equipment used in the manufacturing processes.

Lofts are light industrial mall buildings usually designed for multiple occupancy by relatively small space users. Because of display areas and extra partitioning and plumbing in the higher qualities, they are a transition between industrial and office construction.

Warehouses are designed primarily for storage. An amount of office space commensurate with the quality of the building is included in the costs. Typically, this is between 3% and 12% of the total area. Distribution warehouses will have larger areas designed to accommodate breakdown and transhipment of small lots, as well as increased plumbing, lighting, and compartmentation to accommodate a larger personnel load.

Transit warehouses are designed for temporary closed storage, freight segregation, and loading. They will generally have additional facilities to cater to transient personnel.

Mini-warehouses are warehouses subdivided into cubicles of generally small size, designed primarily to be rented for non-commercial storage.

Storage garages are buildings designed for live and dead storage of automobiles.

Parking structures or parkades are structures with no exterior walls, or with partial walls, designed for above grade live storage of automobiles.

Underground parking garages are structures built below grade with a load bearing roof. Basement parking is situated beneath an above grade structure and receives the same multistory refinement as the balance of the building.

Service garages are buildings designed primarily for vehicular repair and maintenance.

Automotive centers are buildings designed for sales and service and will have showroom, sales area, office, storage and repair space commensurate with the quality.

Hangars are buildings designed for aircraft storage, and repair maintenance, and normally will have offices and storage space commensurate with the quality and type of services they perform. The storage hangar will have limited facilities for light maintenance and repair servicing only. Maintenance and repair hangars are generally heavier structures and have more plumbing, electrical, and interior costs to accommodate larger personnel loads for complete maintenance and repair functions.

T-Hangars are multiple hangars for small planes and include partitioned areas for individual planes.

Vehicular showrooms are sales rooms. Where a sales room and service garage or warehouse constitute one building, the cost for each portion should be modified by its area-perimeter multiplier, considering the common wall as belonging half to each of the portions.

Armories are buildings designed for military training.

Post Office costs are derived from costs of buildings built under lease agreements with the Post Office Department.

Shipping docks are roofed structures designed for temporary open storage and segregation and loading of freight.

Loading docks are designed for freight loading and the basic costs do not include roof structures, which are listed separately.

TRADE FIXTURES AND EQUIPMENT

Some fixtures and equipment costs for buildings in this section are listed in Section 65.

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WAREHOUSES

(CALCULATOR METHOD)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST Sq. M.	Cu. Ft.	Sq. Ft.
D	Good Distribution	Good wood frame with stucco or siding, some ornamentation	Some good offices and distribution areas	Reading level lighting, adequate plumbing	Forced air	$ 242.51	$1.61	$22.53
	Average Distribution	Stucco or siding on wood, good fenestration	Small office, partitions and distribution areas	Good lighting, adequate plumbing	Space heaters	177.07	1.18	16.45
	Good Storage	Heavy wood frame, wood or stucco siding	Heavy slab or mill type floors	Good lighting, adequate plumbing	Space heaters	228.52	1.52	21.23
	Average Storage	Stucco on wood frame, wood trusses	Small office, average slab	Adequate lighting, low cost plumbing fixtures	Space heaters	169.86	1.13	15.78
	Average Storage	Pole frame, good metal siding, insulated	Small office, some finish, slab	Adequate lighting, little plumbing	Space heaters	128.31	.85	11.92
	Low cost Storage	Stucco or siding on wood	Unfinished, slab, utility type	Minimum lighting and plumbing	Space heaters	126.91	.84	11.79
	Low cost Storage	Pole frame, metal siding	Unfinished utility type, light slab	Minimum code	Space heaters	79.98	.53	7.43
	Average Transit	Wood frame, siding or stucco	Finished office & drivers' area	Adequate lighting, plumbing	Space heaters	272.76	1.81	25.34
S	Excellent Distribution	Heavy steel frame, sandwich panels, good ornamentation	Completely finished, drugs, food, or bonded st- age, large offices	High level lighting and good plumbing	Package A.C.	403.11	2.68	37.45
	Good Distribution	Good steel frame, siding and fenestration	Some good offices and interior finish, distribution areas	Reading level lighting, adequate plumbing	Forced air	269.42	1.79	25.03
	Avg. Distribution	Rigid steel frame and siding	Distribution areas, small offices	Adequate lighting/plumbing	Space heaters	181.70	1.21	16.88
	Excellent Storage	Heavy steel frame, insulated panels, good facade	Plaster or drywall, partitioned, ceilings in most areas	Good lighting and plumbing	Package A.C.	361.35	2.40	33.57
	Good Storage	Good steel frame, siding and fenestration	Some good office, interior finish and floor	Good lighting, adequate plumbing	Space heaters	239.28	1.59	22.23
	Average Storage	Rigid steel frame, siding	Small office, average slab	Adequate lighting/plumbing	Space heaters	172.65	1.15	16.04
	Low cost Storage	Pre-engineered frame, metal siding	Unfinished utility type, light slab	Minimum lighting and plumbing	Space heaters	125.40	.83	11.65
	Average Transit	Heavy steel frame and siding	Finished office and drivers' area	Adequate lighting/plumbing	Space heaters	276.10	1.83	25.65

MINI-WAREHOUSES

C	Good	Brick, block or tilt-up, many doors	Subdivided cubicles, good security partitions, slab	Electrical outlets and lighting in each space, minimum plumbing	None	$ 206.99	$1.37	$19.23
	Average	Block, tilt-up, light construction	Subdivided into cubicles, unfinished slab	Adequate electrical service per space, minimum water	None	170.07	1.13	15.80
D	Good	Stucco or siding, many doors	Subdivided cubicles, good security partitions, slab	Electrical outlets and lighting in each space, minimum plumbing	None	188.15	1.25	17.48
	Good	Pole frame, metal siding, many doors	Subdivided cubicles, good security partitions, slab	Electrical outlets and lighting in each space, minimum plumbing	None	150.16	1.00	13.95
	Average	Wood frame and stucco or wood	Subdivided into cubicles, unfinished slab	Adequate electrical service per space, minimum water	None	146.82	.97	13.64
	Average	Pole frame and truss, metal siding	Subdivided into cubicles, light slab	Adequate electrical service per space, minimum water	None	118.62	.79	11.02
S	Good	Pre-engineered frame, insulated, many doors	Subdivided cubicles, good security partitions, slab	Electrical outlets and lighting in each space, minimum plumbing	None	200.10	1.33	18.59
	Average	Light steel frame and metal siding	Subdivided into cubicles, light slab	Adequate electrical service per space, minimum water	None	148.87	.99	13.83

Note – Use average area and perimeter of entire mini-warehouse group to enter the floor area-perimeter table.

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