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An appraisal of the Katherine J. Smythe estate's minority interest in the leased fee located at 2840 University Avenue, Madison, Wisconsin. August 5, 1979

Landmark Research, Inc.

[s.l.]: [s.n.], August 5, 1979

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AN APPRAISAL OF
THE KATHERINE J. SMYTHE ESTATE'S
MINORITY INTEREST IN THE
LEASED FEE LOCATED AT
2840 UNIVERSITY AVENUE
MADISON, WISCONSIN

Landmark
Research
Inc.

AN APPRAISAL OF
THE KATHERINE J. SMYTHE ESTATE'S
MINORITY INTEREST IN THE
LEASED FEE LOCATED AT
2840 UNIVERSITY AVENUE
MADISON, WISCONSIN

AS OF
AUGUST 5, 1979

PREPARED FOR
THE ESTATE OF KATHERINE J. SMYTHE

PREPARED BY
LANDMARK RESEARCH, INC.
JAMES A. GRAASKAMP, Ph.D., SREA, CRE
JEAN B. DAVIS, MS

Landmark
Research
Inc.

September 3, 1985

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

Jean B. Davis, M.S.

Tom Ragatz, Esq.
Michael B. Van Sicklen, Esq.
Foley and Lardner
One South Pinckney Street
P.O. Box 1497
Madison, WI 53701-1497

Re: 48 Percent Interest of the Estate of Katherine J. Smythe in
the Leased Fee at 2840 University Avenue

Gentlemen:

At your request we have reviewed the valuation issues relative to the minority interest of the Estate in the leased fee subject to the tenant interests of the Wisconsin Brick and Block Corporation. We are submitting with this letter a summary report of our appraisal procedures and conclusions.

The proper method to value a property rented for an interim period which will be converted to highest and best use at a future time is the income approach. The following steps are involved:

1. Determination of the present value of the income stream from interim rents discounted at an appropriate rate.
2. Determination of the intermediate costs to the buyer to ready the property for development.
3. Determination of the present value of the net proceeds as of August 5, 1979, of the resale of the subject site prepared for its highest and best use.
4. Comparison of the investment value of the subject site as of August 5, 1979, determined by the summation of values from steps 1, 2 and 3, with the pattern of actual market sales transacted around the date of valuation to show investment value can be confirmed as market value of the leased fee.

Messrs. Ragatz and Van Sicklen, Esq.
Page Two
September 3, 1985

The minority interest of 48 percent is applied to the fair market value of the subject site; the minority interest then may be subject to a further discount typically applied to minority business interests of this type.

We have concluded that the fair market value of the leased fee interest of the Katherine J. Smythe Estate as of August 5, 1979, was as follows:

TWO HUNDRED EIGHTY FIVE THOUSAND DOLLARS

(\$285,000)

before the application of a minority interest discount.

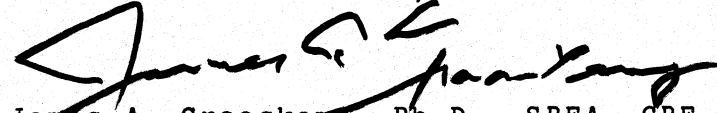
We would recommend a minority interest discount which represents the time required for a minority investor to negotiate acquisition of the majority interest. The majority interests have been reluctant to proceed with development in the past; the equity discount for one year's delay would be 15 percent on money invested by the minority interest. The market value of the leased fee after deduction of the minority discount of 15 percent would be:

TWO HUNDRED FORTY TWO THOUSAND DOLLARS

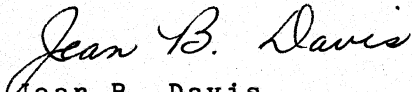
(\$242,000)

Should you have any questions after reading our appraisal report summary, please do not hesitate to call.

FOR LANDMARK RESEARCH, INC.



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



Jean B. Davis
Real Estate Appraiser/Analyst

Enclosure

elm

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LIST OF EXHIBITS

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I. PROPERTY INTEREST APPRAISED

The property interest appraised is a 48 percent interest in a leased fee at 2840 University Avenue in the Estate of Katherine A. Smythe and subject to the tenant interest of the Wisconsin Brick and Block Corporation.

II. PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to determine fair market value of the subordinated minority interests as of August 5, 1979. Fair market value is defined by the American Institute of Real Estate Appraisers as provided in Exhibit 1.

III. HIGHEST AND BEST USE

The current use of the property as leased to Wisconsin Brick and Block Corporation, a masonry building materials manufacturer, was an interim use as of August 5, 1979, under the terms of the lease which expires as of September 30, 1985. The lease is subject to monthly extensions on the same terms and to a 180 day cancellation clause to be in writing by either party. Should it appear that the tenant is not making an effort to relocate its substantial inventories of masonry products and related equipment, the lessor may terminate the extension period. Building and site improvements have been poorly maintained, had grown obsolete by 1979, and it was anticipated that the property would be subject to reuse. Ultimately the

EXHIBIT 1

DEFINITION OF FAIR MARKET VALUE

MARKET VALUE

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

Fundamental assumptions and conditions presumed in this definition are

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms generally available for the property type in its locale on the effective appraisal date.
5. 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.

Source: American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, Chicago, IL, 1983, p. 33.

highest and best use of the property would be a mix of some commercial use toward the south end of the property and residential use toward the north end of the property to be compatible with a high income residential area to the north and east boundaries.

It should be pointed out that highest and best use, as defined in Exhibit 2, requires that the use be legal, physically possible, subject to effective demand, and financially viable; in addition, the use must be compatible with community goals and objectives and therein lies a critical element for the appraisal of the subject property.

IV. LEGAL DESCRIPTION

The fee interest in the property is identified and described in Exhibit 3 and consists of approximately 7.8 acres of land demarcated in the line drawing in Exhibit 4. The tenant interest in the subject property grows out of the basic lease provided in Exhibit 5. The tenancy in common has allocated 48 percent of the real estate interest to the deceased.

V. KEY PROPERTY ATTRIBUTES AFFECTING VALUE

The subject property enjoys the status of a non-conforming use as a brick yard and masonry materials manufacturer and wholesaler as the result of having been located on the property for as long as 100 years in one form or another, and thus the community grew around it. The property is currently flat, partially paved with the waste created over the decades by a cement and block business, and improved with a variety of

EXHIBIT 2

DEFINITION OF HIGHEST AND BEST USE

HIGHEST AND BEST USE

That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.

The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value and alternative term would be most profitable use.

Source: Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass., 1981. pp. 126-127.

EXHIBIT 3

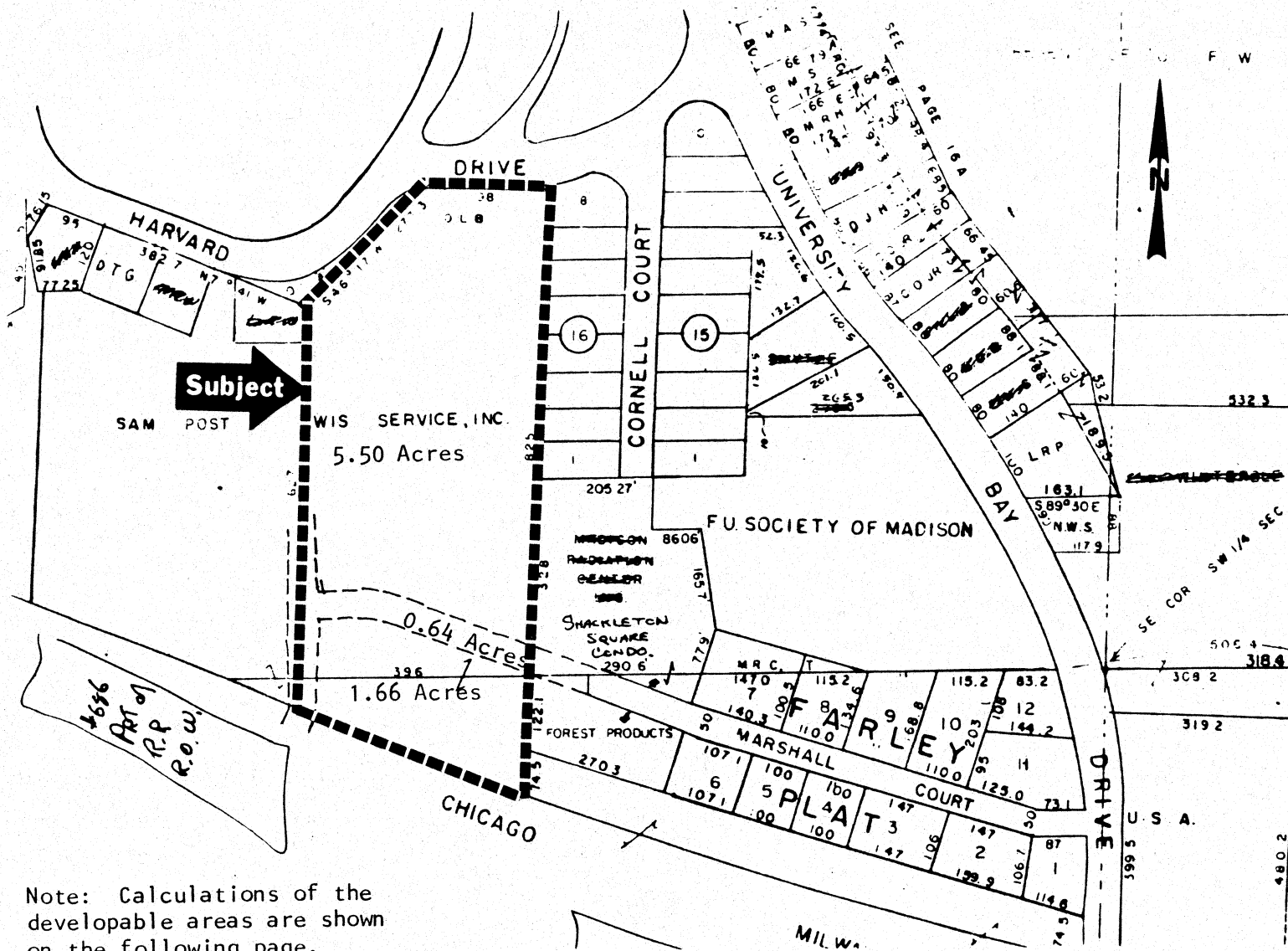
LEGAL DESCRIPTION OF THE SUBJECT PROPERTY [1]

All that part of Section TP 7 N Range 9 E and Section 21 same range and Town lying north of the C.M. St. P. & P. Railway, south of Harvard Drive, west of platted Shorewood Lots, the former radiation center, and Doctors' Park, and east of the Village of Shorewood recreation center and the former Post property.

[1] See Exhibit 5 for the lease from which the legal description was taken.

EXHIBIT 4

SITE PLAN WITH SKETCH OF MARSHALL COURT AND RIDGE STREET SUPERIMPOSED AND CALCULATIONS OF NET DEVELOPABLE AREAS



Note: Calculations of the developable areas are shown on the following page.

EXHIBIT 4 (Continued)

A. EXTENSION OF MARSHALL COURT AND RIDGE STREET

1.	Marshall Court 396' x 50'	=	19,800 SF
2.	Ridge Street 160' x 50'	=	<u>8,000 SF</u>
	TOTAL		27,800 SF or 0.64 acres =====

B. COMMERCIAL AREA SOUTH OF MARSHALL COURT

1.	Total area including street extensions		2.30 acres
2.	Less area dedicated for streets		<u>(0.64) acres</u>
	NET DEVELOPABLE COMMERCIAL AREA		1.66 acres =====

C. RESIDENTIAL AREA NORTH OF MARSHALL COURT

1.	Cliff area at north and east edges of site - to be included as open space but not as developable space.		
	100' x 350' at north		35,000 SF
	75' x 400' at east		<u>30,000 SF</u>
	TOTAL		65,000 SF or 1.5 acres
2.	Net residential area for condominium development		<u>4.0 acres</u>
	TOTAL RESIDENTIAL AREA		5.5 acres =====
3.	At a density of 12 units per acre, there could be a maximum of 66 condominiums on this site.		

D. SUMMARY

	Acres
1. Road Extensions	0.64
2. Commercial (Net)	1.66
3. Residential (Net)	4.00
4. Cliff Area - Residential	<u>1.50</u>
TOTAL SITE AREA	7.80 acres =====

LEASE BETWEEN WISCONSIN SERVICE COMPANY AND
WISCONSIN BRICK AND BLOCK CORPORATION

LEASE

THIS INDENTURE witnesseth that the undersigned lessor, for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by the undersigned lessee, has demised and leased to said lessee the premises in the Village of Shorewood Hills described as follows:

All that part of Section Tp 7 N Range 9 E and Section 21 same range and Town lying north of the C.M. St. P. & P Railway, south of Harvard Drive, west of platted Shorewood Lots, the former radiation center, and Doctors' Park, and east of the Village of Shorewood recreation center and the former Post property

together with all improvements thereon

TO HAVE AND TO HOLD for a period of ten years commencing October 1, 1975 and ending September 30, 1985.

The lessee agrees to pay the lessor as rent therefore a monthly rental of one and one-half per cent ($1\frac{1}{2}$) of its gross sales rounded off to the nearest dollar, the gross sales computed monthly and the rent for each month so computed shall be due and payable on or before the 15th day of each succeeding month.

The lessee agrees in addition to said rental to pay all taxes, insurance, maintenance and repairs on said premises so that lessor shall realize a net return of $1\frac{1}{2}$ % as figured above. Lessee agrees to conform to all regulations of the municipality of which it is a part and to keep the premises neat and attractive.

Lessee shall be responsible for all heat, light, telephone, water and similar services which are incidental to the occupancy of the premises.

Upon termination of this agreement or any renewal thereof the lessee may remove any trade fixtures owned by it, machine shop equipment, machinery solely useful for the production of its manufactured products, but shall not remove fixtures which are useful or necessary to the improvements

If default is made in the payment of rent at the times above mentioned, or if the lessee shall break any of the covenants and agreements herein contained or shall willfully or maliciously do injury to the premises, or shall file a petition in bankruptcy or have an involuntary petition in bankruptcy filed against it, or make an assignment for the benefit of creditors, the lessor shall have the right at any time thereafter, without notice, to declare this lease void and the term herein contained ended, and may re-enter the premises and expel the lessee, using such force as may be necessary, without prejudice to the remedies which the lessor may have to collect arrears of rent.

The lessee agrees and covenants that at the termination of this lease it will quietly and promptly surrender possession of said premises unless on or before the 31st day of March, 1985 lessee gives lessor notice in writing that it elects to continue in possession, and if such notice is given, the lease shall continue on a month to month basis, except that thereafter either the lessor or the lessee may thereafter terminate said lease by giving the other party 180 days notice in writing of its intention to terminate said hold over tenancy.

EXHIBIT 5 (Continued)

WHEREAS the parties hereto have affixed their hands and seals this _____ of November, 1975.

WISCONSIN SERVICE COMPANY, Lessor

By Katherine J. Smythe (L.S.)
40% owner

By [Signature] (L.S.)
26% owner

By _____
26% owner

WISCONSINBRICK AND BLOCK CORPORATION
Lessee

By Willard Schoeffling
President

Countersigned
Secretary

STATE OF WISCONSIN }
COUNTY OF DANE } ss.

Acknowledgment - Authentication

On this date personally appeared before me the above named Katherine J. Smythe

to me known to be the persons who executed the foregoing instrument and acknowledged the same. of the above corporation, to me known to be such persons and officers who executed the foregoing instrument and acknowledged that they executed the same as such officers, by its authority, for the purposes therein contained.

Signatures of Katherine J. Smythe authenticated
on this date

11-17-75

Notary Public Linda L. Anderson
My Commission Feb. 15, 1978
Title:
Auth. under Sec. 706.06
LINDA L. ANDERSON, AUSTIN, MINN.
NOTARY PUBLIC, MOWER COUNTY, MINN.
MY COMMISSION EXPIRES FEB. 15, 1978

STATE OF WISCONSIN }
COUNTY OF DANE } ss.

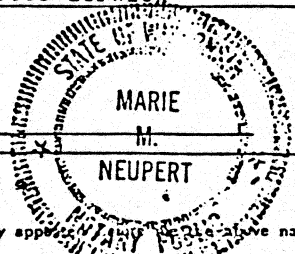
Acknowledgment - Authentication

On this date personally appeared before me the above named _____

to me known to be the persons who executed the foregoing instrument and acknowledged the same. of the above corporation, to me known to be such persons and officers who executed the foregoing instrument and acknowledged that they executed the same as such officers, by its authority, for the purposes therein contained.

Signatures of Otto Zerwick authenticated
on this date

Marie M. Neupert
Notary Public
My Commission expires February 4, 1979
Title:
Auth. under Sec. 706.06



STATE OF WISCONSIN }
COUNTY OF DANE } ss.

Acknowledgment - Authentication

On this date personally appeared before me the above named _____

to me known to be the persons who executed the foregoing instrument and acknowledged the same. of the above corporation, to me known to be such persons and officers who executed the foregoing instrument and acknowledged that they executed the same as such officers, by its authority, for the purposes therein contained.

Signatures of _____ authenticated
on this date

Notary Public _____
My Commission _____
Title:
Auth. under Sec. 706.06

This instrument was drafted by: _____

- 1. Doc Zerwick has interest in Wisconsin land
with as Willard Schoeffling
- 2. Longtime

industrial structures representing a century of different building techniques and minimal maintenance. The east and west lot lines are parallel and approximately 396 feet apart; the north lot line is an irregular embankment 14-20 feet high, sloping sharply up to Harvard Drive. The subject parcel penetrates an exclusive residential area in the independent Village of Shorewood Hills. The south lot line forms a parallelogram with the railroad right-of-way owned by the Chicago Milwaukee and St. Paul and Pacific Railroad. Although the property appears to enjoy a University Avenue address, in fact, it is the only commercial property west of University Bay Drive that lies north of the railroad tracks so that all vehicles entering or leaving the parcel must currently do so on an unrecorded access easement which crosses the track. Proximity to high priced properties in the Madison area does not necessarily mean accessibility so that reuse will require significant street dedications and the resolution of a number of politically sensitive entitlements.

The physical capacity of the site for intensive development is mixed. There is a sand base towards the north half of the site, a filled swampy area closer to the rail corridor, and well established berms planted with scrub trees to partially buffer adjacent residential uses from the visual blight of the brick yard. These green barriers would be virtually unusable in any land use plans to be approved by the Village of Shorewood Hills.

The subject parcel is zoned commercial C1 and has a Planned Commercial Overlay District (PCOD) classification which requires

negotiation of virtually any use of the parcel with the Plan Commission of the Village of Shorewood Hills. A short history of the Village concerns with the subject property and with a contiguous property now developed as 32 condominiums is provided in Exhibit 6. The appraisers have concluded that the Village would permit a density of 12 condominium units per acre or 66 units on 5.50 acres of the subject parcel. The Village would further be likely to accept a 1.66 acre C1 parcel at the southern extremity of the site, and the Village would require dedication of approximately 0.64 acres for a 50 foot wide extension of Marshall Court and Ridge Street, which would intersect at the western edge of the site to provide an alternative vehicle access to the Village swimming facility on the Post Farm at the west edge of the subject parcel. (See Exhibit 4). These conclusions are the result of lengthy discussions with Herbert S. Roth, former Village Administrator; Richard VanderZanden, present Village Administrator; and Karl Wellensiek, presently chairman of the Village Plan Commission.

VI. APPRAISAL METHODOLOGY

The proper method to value a property rented for an interim period which will be converted to highest and best use at a future time is the income approach. The cost approach is not directly applicable to land, except for adjustments acquired for infrastructure necessary to provide urban services, particularly where existing buildings are reaching the end of their useful lives and function. Moreover, the market approach is difficult to apply directly to a site with an interim use since no

EXHIBIT 6

CHRONOLOGY OF VILLAGE OF SHOREWOOD HILLS
ZONING OF THE SUBJECT AND THE NEIGHBORING SITE
KNOWN AS SHACKLETON SQUARE

A. SUMMARY OF CRITICAL EVENTS

<u>DATE</u>	<u>DESCRIPTION</u>
1935	1. Village of Shorewood Hills developed zoning code. 2. Wisconsin Brick and Block Corporation site was designated as Industrial.
Early 1973	Discussion of the best use of the brickyard. Some Plan Commission members expressed interest in high-rise condos.
Early 1970's 1973-1975	About the time of the planning for the new University Hospital, all industrial property in the Village was rezoned to C1 Commercial; this included Coca-Cola, Ideal Vault and the Wisconsin Brick and Block Corporation sites. The Village wanted to permit higher uses, and to control adverse influences such as dust and noise. Therefore, it was advantageous both to the Village and property owners to be rezoned commercial. Also height limit of 75 feet (3 stories) placed on C1 zone.
1975	A Planned Commercial Overlay District (PCOD) was designated for subject site. This zoning designation enables the Plan Commission to amend development plans and to grant variances. Condominium use of the subject property could be granted through a public hearing process.
9/81	Plan Commission heard first presentation of plans for Steinnon condo development on adjacent site.

EXHIBIT 6 (Continued)

- 10/81 Request to Plan Commission to rezone Steinnon condo site to Planned Residential Overlay District (PROD)
- 12/81 Public hearing for rezoning. Mixed reaction from Village residents. Plan Commission recommended approval of condominium concept and PROD zoning to Village Board.
- Village Board did not approve condo concept, but set public hearing for PROD zoning.
- 1/18/82 Public hearing. Public opposition increased.
- 2/8/82 Board gave first and second reading of rezoning ordinance, but vote on approval postponed until 2/22/82.
- 2/22/82 Board approved rezoning by 5-2 vote.
- 3/11/82 Plan Commission discussed density of Steinnon condo project; also expressed concern about potential development of condos on brickyard.
- 4/1/82 Plan Commission now considered density a major issue. Concern for precedent that might be set for future development of the brickyard. Vote failed for approval of plan concept to build 38 units on 2.2 acres. Motion made to reduce density to 32 units was not acted upon until public hearing on 4/19/82 to consider conditional use application.
- 4/12/82 Board assured by legal counsel that density allowed on Steinnon project would not set precedent for brickyard. Each development project would be considered on an individual basis.
- 4/19/82 Density issue aired at public hearing.
- 4/22/82 Plan Commission passed motion to reduce density to 34 units on 2.2 acres or 15.45 DU/A.
- 4/26/82 Board passed motion to reduce density to 26 units on 2.2 acres or 11.82 DU/A.
- 5/10/82 Board member reported that Dr. Steinnon had no intention of continuing project.
- 11/15/82 Steinnon group resubmitted plan for 32 units and Board approved plan.
- 12/13/82 Board approved Steinnon conditional use agreement for 32 condo units.

- 1/10/83 Board approved amended conditional use agreement to allow for limited period rental of condo unit with intervening owner occupancy.
- 2/11/83 Conditional use agreement signed to allow construction of 32 units on 2.2 acres with 22 apartment condos and 10 townhouses.

B. CURRENT ATTITUDES REGARDING DEVELOPMENT OF THE SUBJECT PROPERTY

1. Interview with Karl Wellensilk, Chairman of Village of Shorewood Hills Plan Commission -- 8/23/85

Mr. Wellensilk believes owner-occupied residential development on the brickyard site is preferable to office development because there is already too much vacant office space in the area. Multifamily rental apartments would never be approved by the Village Board. The lower level of density recommended for the Steinnon project of 26 units for the 2.2 acres or 11.8 dwelling units per acre would have a likely chance of being approved by the Village Board.

2. Interview with Herbert S. Roth, former Village of Shorewood Hills Administrator

Mr. Roth believes mixed use residential and service type commercial development would be the best use of the brickyard. He indicated that the Village and Madison, in his opinion, have too much vacant commercial space, but a Village concern is that an influx of residents might overload the existing recreational facilities to the west of the brickyard. Mr. Roth would urge a residential developer to include a pool and other recreational facilities as a part of a residential development.

relevant comparables could be found unless adjustments can be made for interim income potential.

Therefore, the proper method for appraisal of a subordinated minority interest in a leased fee involves the following steps:

1. Determination of the present value of the income stream from interim rents discounted at an appropriate rate sensitive to potential variance in the rent forecast, alternative investment yield, and liquidity of the investment.
2. Determination of the costs of site clearance, permissible use, required infrastructure, and the costs of professional services as well as the opportunity costs of time following evacuation of the tenant.
3. Determination of the present value of net proceeds as of August 5, 1979, of the resale of the subject parcel prepared for its highest and best use.
4. Comparison of the sum of steps 1, 2, and 3 which represent the investment value of the subject parcel as of August 5, 1979, with the pattern of actual market sales of lands in an around 1978 to 1980 for each future use to see if investment value can be confirmed as market value of the leased fee.
5. Application of the minority interest of 48 percent to determine fair market value of the interest; this full market value maybe subject to a further discount typically applied to minority business interests of this type.

It should be noted than an appraiser viewing this property from the perspective of August 5, 1979, must make assumptions about net rental income and resale value that are highly vulnerable to variance, i.e., business risk. The income will vary because net rentals are tied directly to sales in a volatile industry; resale values are very difficult to anticipate because reuse is directly related to the political

process of land use zoning in Shorewood where an articulate and wary group of voters can frustrate development for a year or more. (See Exhibit 6). Therefore, these investment returns must be discounted at a high rate to reflect risk to the investor from factors beyond control of the investor. On the other hand, if the appraiser has the perspective of September 1985 the exact rental income received is past history and the most probable reuse acceptable to the Village of Shorewood can be reasonably defined. The capitalization rate can then be the equity return rate of fiduciary institutions investing in real estate during this era of 1978 to 1985 without expectation of income risk. This rate, with business risk stabilized, has averaged 15 percent.

The certainty provided by hindsight avoids much of the inequity to the taxpayer or the government involved in making assumptions about a future, when that future has already come to pass. However, it is useful to compare the market value indicated by the justified investment approach to the pattern of market sales during the 1979 time range to see if the property converted in 1979 to the same usage which is permissible in 1985 would have been priced differently. If resale value in 1979 might have been much higher as revealed by a a pattern of comparable sales, then there may be reason to question whether the leasehold value to the benefit of the tenant was so great as to suggest that the lease was not an arm's length transaction. On the other hand, if the investment value indicated by the interim lease and eventual conversion of the site to alternative

uses during 1985 to 1987 is consistent with sales of similar land uses in 1979, then there is no reason to question the basic validity of the existing lease between the Wisconsin Brick and Block Corporation and the tenants in common in the leased fee.

VII. PRESENT VALUE OF INTERIM LEASE INCOME

Computation of present value of the triple net lease income from Wisconsin Brick and Block Corporation from August 1, 1979, through September 30, 1985, is provided in Exhibit 7. Annual rent figures were obtained from the company. The lease indicates a monthly rent requirement so the annual rents, based on 1.5 percent rent of gross sales, were assumed payable in 12 equal monthly installments. This income stream was discounted at 15 percent per annum, more specifically 1.25 percent per month.

However, it was apparent at site inspection that the tenant will not be able to move into its new quarters, presently under construction on Nesbitt Road in the Fitchburg-Verona area, for some time. The lease provides for month to month payments after September 30, 1985, subject to 180 day cancellation privilege of either party. Therefore, the appraisers assume an additional rent for six months to be paid from October 1, 1985, through March 31, 1986, prior to evacuation of the tenant. The rent payable was set at \$6,563 per month, representing the all time monthly high achieved during the first seven months of 1985.

The present value of interim lease payments as of August 1, 1979, was \$231,910 and the present value of the six months'

COMPUTATION OF PRESENT VALUE AS OF AUGUST 1, 1979,
OF TRIPLE NET LEASE INCOME PAID MONTHLY
AND DISCOUNTED AT 15 PERCENT

YEAR	ANNUAL RENT	MONTHLY RENT	NUMBER OF MONTHS APPLICABLE	PRESENT VALUE AS OF FIRST OF EACH YEAR DISCOUNTED AT 15%	NUMBER OF MONTHS FROM FIRST OF EACH YEAR TO AUGUST 1, 1979	PRESENT VALUE AS OF AUGUST 1, 1979 DISCOUNTED AT 15%
1979	\$57,797	\$4,816.42	~5 mos.	\$23,205	0 mos.	\$23,205
1980	54,434	4,536.17	12 mos.	50,258	5 mos.	47,231
1981	54,443	4,536.92	12 mos.	50,266	17 mos.	40,697
1982	51,829	4,319.08	12 mos.	47,852	29 mos.	33,377
1983	53,294	4,441.17	12 mos.	49,205	41 mos.	29,567
1984	71,391	5,949.25	12 mos.	65,914	53 mos.	34,123
1985	78,432 [1]	6,563.00	9 mos.	55,538	62 mos.	25,710
PRESENT VALUE OF LEASE PAYMENTS FROM AUGUST 1, 1979, THROUGH SEPTEMBER 30, 1985						\$233,910
SIX MONTHS OF RENT PAID FROM OCTOBER 1, 1985 THROUGH MARCH 31, 1986, BEFORE RELOCATION OF WISCONSIN BRICK AND BLOCK CORP.						
1985-86		\$6,563.00	6 mos.	\$37,711	68 mos.	16,203
TOTAL PRESENT VALUE OF LEASE/RENT PAYMENTS FROM AUGUST 1, 1979 THROUGH MARCH 31, 1986						\$250,113 =====

[1] Rent paid 1/1/85 to 7/30/85 was \$45,752 or
\$6,536/month. Annual rent for 1985 would be \$78,432.

EXHIBIT 7

over-stay rent was \$16,203 for a total of \$250,113 the net present value of rents to be received by the leased fee interests. The date of August 1 was used rather than August 5 to facilitate monthly calculations without significant distortions.

VIII. PRESENT VALUE OF LAND REVERSION OF THE SUBJECT SITE

As previously described, the subject property interest could reasonably expect to negotiate a land use plan governed by the Planned Overlay District process which would permit 66 condominium units on 5.5 acres, commercial development of 1.66 acres, and dedication of the balance of the site to the extension of Marshall Court, Ridge Street, and cul de sac to the Post Farm recreational property. The computation for the sizes of residential, commercial and dedicated areas were first described in Exhibit 4. The estimate of demolition costs is found in Exhibit 8. The key assumptions are that in 1987 the raw condominium pads would sell for an unprecedented \$12,000 each and that the commercial lands would sell for a generous \$6.50 per square foot without direct frontage on University Avenue. In short, the total retail value at the end of September 1987, following a six-month overstay by the present tenant, a 12-month planning and clearing process, and a six-month infrastructure construction, would total \$1,262,000. (See Exhibit 9 and 10 for recent sales of residential and commercial sites). No deduction was made for sales cost since the surviving fee interest would enjoy a capital gains advantage as compared to a professional developer subject to ordinary income tax. The net value of the site as of September 1985

EXHIBIT 8

ESTIMATE OF DEMOLITION COSTS

A. ONE STORY BRICK/CONCRETE STRUCTURES

<u>IDENTIFICATION</u>	<u>SIZE</u>	<u>DEMOLITION COST/SF</u>	<u>DEMOLITION COST</u>
1. Brick office building	3,684 SF	\$1.00	\$3,684
2. Concrete block warehouse	9,660 SF	1.00	9,660
3. Concrete repair garage	2,944 SF	1.00	2,944
4. Old brick storage building	1,440 SF	1.00	1,440
5. Old brick/frame lunch house	<u>696 SF</u>	1.00	<u>696</u>
SUBTOTALS	18,424 SF		\$18,424

B. TWO STORY OR COMPLEX BRICK/CONCRETE STRUCTURES

<u>IDENTIFICATION</u>	<u>SIZE</u>	<u>DEMOLITION COST/SF</u>	<u>DEMOLITION COST</u>
1. Concrete block building	1,456 SF	\$1.50	\$2,184
2. Manufacturing plant (with towers)	<u>8,683 SF</u>	2.25	<u>19,537</u>
SUBTOTALS	10,139 SF		\$21,721

C. ONE STORY FRAME BUILDINGS

1. Frame sample building	806 SF	\$0.50	\$ 403
2. Two open frame sheds	2,352 SF	0.25	588
	<u>1,800 SF</u>	0.25	<u>450</u>
SUBTOTALS	4,958 sf		\$ 1,441
			41,586

TOTAL DEMOLITION COST ESTIMATE

\$40,000
=====

COMPARABLE SALES OF VACANT SITES FOR
MULTI-FAMILY RESIDENTIAL
AND COMMERCIAL DEVELOPMENT

A. MULTI-FAMILY RESIDENTIAL SITES

1. 1978-1982 Land Sales - Larger Sites of One Acre or More

- a. Date: 11/12/79
Location: 1914 Post Road - South Beltline
West of Fish Hatchery
Grantor-Grantee: Post Road Enterprises to Flad
Development Company
Sale Price: \$279,000 cash
Size: 5.70 care or 248,292 SF
Units of Comparison: \$1.12/SF or \$3,100/DU
Density: 90 rental units or 15.8 DU/acre
Recorded: Volume 1402, Page 27
- b. Date: 9/8/80
Location: 5901 University Avenue - West of
Brennan's Market
Grantor-Grantee: Hellenic Orthodox Community to
Cushman Development
Sale Price: \$105,000 L.C.
Size: 3.54 acres or 154,200 SF
Units of Comparison: \$0.68/SF or \$4565/DU
Density: 23 units built in 1984 after Cushman
defaulted and property transferred to
Shea/Diversified Realty Services for
\$85,000 with premise to dedicate
approximately 33,000 SF for open space
- 6.5 DU/acre. Project called Hickory
Hollow.
Recorded: Volume 2200, Page 60
- c. Date: 11/81
Location: 7902 Tree Lane - East of Tamarack
Trails
Grantor-Grantee: Burkhard to Westside Investors
Sale Price: \$473,800 cash
Size: 5.47 acres or 238,452 SF
Units of Comparison: 1.99/SF or \$4,988/DU
Density: 95 units or 17.5 DU/acre allowed
Recorded: Volume 3280, Page 60

EXHIBIT 9 (Continued)

- d. Date: 2/82
 Location: 6401 Offshore Drive - North of Marbella
 Grantor-Grantee: Divall to Fiore Coal and Oil
 Sale Price: \$600,000 cash
 Size: 10.53 acres or 458,687 SF
 Units of Comparison: \$1.31/SF or \$2,899 pad
 Density: 207 units or 19.7 units/acre allowed
 Recorded: Volume 3376, Page 09
2. 1978-1982 Land Sales - Smaller Sites of Less Than One Acre
- a. Date: 8/1/80
 Location: 2205 University Avenue
 Grantor-Grantee: Allen St. Joint Venture to University and Allen Ltd.
 Sale Price: \$79,900 for land and \$20,100 cost to keep facade or \$100,000 cash total
 Size: 0.324 acre or 14,115 SF
 Units of Comparison: \$5.66/SF land only or \$7.08/SF site or \$4,167/DU
 Density: 24 Units (condos) or 74 DU/acre - PUD
 Recorded: Volume 2107, Page 15
- b. Date: 5/31/80
 Location: 2035-2037 University Avenue
 Grantor-Grantee: Ebling, Ebling and Gohl to Fedler
 Sale Price: \$90,000 cash
 Size: 0.30 acres or 13,200 SF
 Units of Comparison: \$6.82/SF or \$9,000/DU
 Density: 10 units (condos) or 33 DU/acre - R5
 Recorded: Volume 1951, Page 55
 Remarks: Site was cleared and all infrastructures were in place at time of sale. Project called University Heights Condominiums
3. 1983-1985 Land Sales - Large Sites of One Acre or More
- a. Date: 9/1/83
 Location: 899 North Gammon Road
 Grantor-Grantee: New Age Housing to Bruner
 Sale Price: \$200,000 cash
 Size: 5.88 acres or 256,132 SF
 Units of Comparison: \$0.78/SF or \$5,336/Du
 Density: 48 units or 8.2 DU/acre
 Recorded: Volume 4909, Page 2

EXHIBIT 9 (Continued)

- b. Date: 3/1/84
 Location: 18 Ponwood Circle, off N. Gammon Road
 Grantor-Grantee: Jehi Company to
 Park Place Associates
 Sale Price: \$195,600 cash
 Size: 1.94 acres or 84,719 SF
 Units of Comparison: \$2.31/SF or \$6,113 DU
 Density: 32 units or 16 DU/acre
 Recorded: Volume 5404, Page 76
- c. Date: 8/84 and 10/84 (combination of two
 adjacent sales)
 Location: 2942-62 Cimarron Trail
 Grantor-Grantee: Westhaven to Splide, et al
 Sale Price: \$306,000 and \$56,000 or \$362,000
 cash total
 Size: 735 acres or 160,159 SF and 0.59 acres or
 25,896 SF
 Sizes Combined: 7.94 acres or 356,321 SF
 Units of Comparison: \$1.06/SF or \$3257/pad based
 on current average density
 Density: 107 units or approximately 13.5
 DU/acres
 Recorded: Volume 6192, Page 8 and Volume 6186,
 Page 63
4. 1983-1985 Land Sales - Smaller Sites of Less Than One
 Acre
- a. Date: 11/29/84
 Location: 2103 University Avenue - Now 308-314
 Forest St.
 Grantor-Grantee: Rondorf/Rondorf to Rouse/
 Kimothe/Ender Inv.
 Sale Price: \$56,500 cash
 Size: 0.15 acre or 6,600 SF
 Units of Comparison: \$8.56/SF or \$7,063/DU
 Density: 8 units or 53 DU/acre - R-5
 Recorded: Volume 6319, Page 76

B. COMMERCIAL SITES

1. 1976-1980 Land Sales - Larger Sites of One Acre or
 More
- a. Date: 1/13/77
 Location: 5237 University Avenue
 Grantor-Grantee: Stoddard to C.S. Joint Venture
 Sale Price: \$125,000 cash
 Size: 2.36 acres or 103,000 SF
 Units of Comparison: \$1.21/SF
 Recorded: Volume 766, Page 18
 Remarks: Site used for construction of Perkins
 Restaurant

EXHIBIT 9 (Continued)

- b. Date: 6/17/77
 Location: 3300 block of University Avenue
 Grantor-Grantee: Hamilton Supply Co. to
 University Hill Plaza, Ltd.
 Sale Price: \$725,000 Land Contract
 Size: 2.77 acres or 120,770 SF
 Units of Comparison: \$6.00/SF nominal, \$5.73/SF
 cash
 Recorded: Volume 823, Page 343
 Remarks: Sale includes commercial property and
 old McDonald's Restaurant. Since
 purchase of the site, the University
 Hill Plaza, a small retail specialty
 center, has been constructed.
- c. Date: 5/24/78
 Location: 4500 University Avenue
 Grantor-Grantee: Molbreak, et. al. to Franchise
 Realty
 Sale Price: \$232,000 cash
 Size: 1.028 acres or 44,800 SF
 Units of Comparison: \$5.18/SF
 Recorded: Volume 973, Page 230
 Remarks: Site used for construction of
 McDonald's Restaurant
- d. Date: 12/28/79
 Location: Walnut Grove Shopping - 400 block of
 University Avenue
 Grantor-Grantee: Molbreak to Flad Development
 Sale Price: \$555,264 + \$80,000 for site
 development costs for a total of
 \$645,264
 Size: 3.21 acres or 140,000 SF
 Units of Comparison: \$3.97/SF for site as is;
 \$4.54/SF cleared and filled
 site
 Recorded: Volume 1520, Page 07
2. 1976-1980 Land Sales of Smaller Sites of Less Than One
 Acre
- a. Date: 3/29/76
 Location: 3600 University Avenue - Northwest
 corner of University Avenue and
 Highbury Street
 Grantor-Grantee: Sun Oil Company to Kinsman
 Development Company
 Sale Price: \$175,100 cash
 Size: 0.71 acres or 30,926 SF with frontage
 of 175.5 feet
 Units of Comparison: \$5.66/SF
 Recorded: Volume 694, Page 470
 Remarks: Site used for construction of Kentucky
 Fried Chicken and Zantigo Restaurant

- b. Date: 4/1/77
Location: 5441 University Avenue - Near
Middleton
Grantor-Grantee: Herling and Quinn to Lee and
Lee
Sale Price: \$23,800 cash
Size: 0.28 acres or 12,262 SF
Units of Comparison: \$1.94/SF
Recorded: Volume 789, Page 109
Remarks: In 1984, Mr. Donut Shop built on site
- c. Date: 4/16/79
Location: 2375 University Avenue
Grantor-Grantee: Thousand to Mohs Realty Company
Sale Price: \$27,000 cash
Size: 0.11 acres or 4,835 SF
Units of Comparison: \$5.58/SF
Recorded: Currently used as a black topped
parking lot. Fotomat retail booth
included in sale. Buyer owns
adjacent Ivy Inn Motel
3. 1981-1985 Land Sales - Smaller Sites of Less Than One
Acre
- a. Date: 9/1/83
Location: 3555 University Avenue
Grantor-Grantee: Harwood to Zulty
Sale Price: \$120,000
Size: 0.694 acres or 30,250 SF
Units of Comparison: \$3.97/SF
Recorded: Volume 4881, Page 56
Remarks: Site used for construction of two
two-story retail/office buildings

EXHIBIT 10

SUMMARY OF COMPARABLE LAND SALES

SUMMARY OF LAND SALES

DATE	IDENTIFICATION OF SITE LOCATION	SALE PRICE	SIZE	PRICE PER SF	ADJUSTED PRICE
LARGE COMMERCIAL SITES ON UNIVERSITY AVENUE					
1/13/77	Perkin's	\$125,000	2.36 A	\$1.21/SF	
6/17/77	University Hill Plaza	725,000 LC	2.77 A	6.00/SF nominal	\$5.37/SF cash
5/24/78	McDonald's	232,000	1.03 A	5.18/SF	
12/28/79	Walnut Grove Specialty Shops	555,264	3.21 A	3.97/SF as is	4.54/SF cleared and filled
SMALL COMMERCIAL SITES ON UNIVERSITY AVENUE					
3/29/76	Kentucky Fried Chicken	\$175,100	0.71 A	\$5.66/SF	
4/1/77	Mr. Donut	23,800	0.28 A	1.94/SF	
4/16/79	Ivy Inn Parking Lot	27,000	0.11 A	5.58/SF	
9/1/83	Wes Zulty -- Retail/Office	120,000	0.69 A	3.97/SF	
LARGE RESIDENTIAL SITES 1978-1982					
11/12/79	Post Road--W. of Fish Hatchery	\$279,000	5.70 A	\$1.12/SF	\$3,100/DU
9/8/80	Hickory Hollow--5901 University	105,000	3.54 A	0.68/SF	4,565/DU
11/81	Oakbridge/Tamarack Area	473,800	5.47 A	1.99/SF	4,988/DU
2/82	North of Marbella Condos In Parkwood Area	600,000	10.53 A	1.31/SF	2,899/DU allowed
SMALL RESIDENTIAL SITES 1978-1982					
8/1/80	Allen St. -- Condos	\$100,000	0.34 A	\$7.08/SF	\$4,167/DU
5/31/80	University Heights -- Condos	90,000	0.30 A	6.82/SF	9,000/DU
LARGE RESIDENTIAL SITES 1983-1985					
9/1/83	N. Gammon Rd.--Near Middleton	\$200,000	5.88 A	\$0.78/SF	\$5,336/DU
3/1/84	Off N. Gammon--Near Middleton	195,600	1.94 A	2.31/SF	6,113/DU
8/84 & 10/84	Cimarron Trail--Far West Side	362,000	7.35 A	1.06/SF	3,257/DU
SMALL RESIDENTIAL SITES 1983-1985					
11/29/84	Forest and University	\$ 56,000	0.15 A	\$8.56/SF	\$7,063/DU

after deduction of conversion costs is \$812,000 rounded and the present value as of August 1, 1979, is \$342,822, as reported in Exhibit 11.

IX. FAIR MARKET VALUE OF THE 48 PERCENT SMYTHE INTEREST

The investment value of the minority interest as of August 5, 1979, is \$285,000, rounded up from \$284,609 as of August 1, 1979. (See Exhibit 12).

A minority discount might be applied to this fully valued 48 percent interest, but the amount originally reported to the Internal Revenue Service was \$311,040, a more than adequate value, and therefore the appraisers made no further adjustment for a minority interest at this time.

X. MARKET SUPPORT OR PROOF OF TOTAL
SITE VALUE IMPLIED BY SMYTHE INTEREST

The total present value of the returns of the subject property to all of the tenants in common is \$593,000, as of August 5, 1979. There may or may not be a leasehold interest, but such a leasehold interest is problematical. The average annual rent paid in the seven remaining years (1979-1985) was 10.16 percent of the \$593,000 site value estimate; 10 percent of market value is the prevailing round rental rate for unsubordinated land leases. These details are provided in Exhibit 13.

Assuming the 66 condominium pads had been available in August of 1979, the top price likely to be paid per pad for a large site with slow absorption and significant infrastructure

EXHIBIT 11

COMPUTATION OF THE PRESENT VALUE AS OF
AUGUST 1, 1979 OF THE FUTURE RESALE
VALUE OF THE SUBJECT SITE
AT THE END OF THE LEASE TERM

A. ASSUMPTIONS

1. Salvage Value of Buildings

In this case, the existing improvements are fully depreciated for the brick yard operations and are incompatible with any residential or commercial reuse. Building demolition and site clearance costs are estimated to be approximately \$40,000 (see Exhibit 8 for estimate of these costs).

2. Highest and Best Use of Site

Although the site is zoned C-1, it is included in a Planned Commercial Overlay District which allows for flexibility in future use. A mix of residential development (condominium) at the north portion of the site and service oriented commercial development at the south portion near University Avenue is assumed to be the most probable (permissible) reuse of the site.

3. Site Improvements

Marshall Court would be extended to the west and would intersect Ridge Street which would be extended north from University Avenue. Cost of infrastructure includes costs of roads, sewer, storm drain, water main and gas main.

Cost estimates which ranged from \$150 to \$200 per lineal foot were provided by Don Farney, City of Madison Department of Engineering. The total length of new roads measure approximately 556 lineal feet.

4. Assume a 24 month period for relocation, planning, and infrastructure construction beyond end of lease as of September 30, 1985.

B. PRO FORMA DEVELOPMENT VALUE OF SITE
REVERSION AS OF SEPTEMBER 30, 1985

1.	Retail Value [1]	
	66 condominium units at \$12,000 per pad	\$ 792,000
	1.66 acres or 72,310 SF at \$6.50 per SF	<u>470,015</u>
	TOTAL RETAIL VALUE AS OF 9/30/87	\$1,262,015
2.	Less: Deduction for 24 month holding costs for relocation, planning, and infrastructure construction at 12 percent per annum [2]	(302,884)
3.	Less: Capital cost of infrastructure at \$175 per lineal foot 556 feet x \$175 per foot	(97,300)
4.	Less: Legal, planning, and engineering costs for negotiation and plot design	(10,000)
5.	Less: Building demolition and site clearance (See Exhibit 8)	<u>(40,000)</u>
	FUTURE VALUE OF SITE AS OF 9/30/85	\$811,831
	ROUNDED	\$812,000 =====

C. PRESENT VALUE OF SITE REVERSION
AS OF AUGUST 1, 1979

	Future Value as of 9/30/85	\$812,000
	Present Value discounted at 15 percent as of 8/1/79 (6.16 years)	
	\$812,000 x PV factor of 0.42219458	\$342,822

[1] Assume Village of Shorewood Hills would permit 12 units per acre. See Exhibit 4 for map and size estimates.

[2] Assume buyer/developer purchases site at end of lease on September 30, 1985, and will need two years to clear site, extend Marshall Court and Ridge Street, and install storm drain and sewer, and water and gas mains.

EXHIBIT 12

COMPUTATION OF THE KATHERINE J. SMYTHE
ESTATE'S 48 PERCENT INTEREST IN THE
LEASED FEE VALUE OF THE SUBJECT SITE

A. PRESENT VALUE OF LEASE PAYMENTS
AS OF AUGUST 1, 1979

Total present value of lease/rent
payments from 8/1/79 through 3/31/85 \$250,113
(See Exhibit 7).

Katherine J. Smythe Estate -
48 percent interest \$120,054

B. PRESENT VALUE OF FUTURE RESALE VALUE
AS OF AUGUST 1, 1979

Present value as of 8/1/79 of
future value of site readied
for resale (See Exhibit 11) \$342,822

Katherine J. Smythe Estate -
48 Percent Interest \$164,555

TOTAL ESTIMATE OF KATHERINE J. SMYTHE
INTEREST IN LEASED FEE VALUE
OF SUBJECT SITE AS OF AUGUST 1, 1979 284,609
=====

ROUNDED \$285,000
=====

EXHIBIT 13

PROOF OF 1979 VALUE ALLOCATED TO
RESIDENTIAL AND COMMERCIAL SITES

A. PRESENT VALUE OF TOTAL SITE (WITHOUT CONSIDERATION FOR LEASEHOLD VALUE, IF ANY) AS OF AUGUST 1, 1979		
1.	Present value, as of 8/1/79, of site's future resale value of \$812,000 (9/30/85)	\$342,822
2.	Present value, as of 8/1/79, of income stream from rent/lease payments from 8/1/79 through 3/31/86	<u>250,113</u>
	TOTAL SITE VALUE AS OF 8/1/79 (Leased fee interest)	\$592,935
	ROUNDED	\$593,000 =====
B. ALLOCATION OF RESIDENTIAL VALUE AS OF 8/1/79		
1.	Market value of condominium pads 1979 to 1980 sales \$2,500 to \$4,500/pad (See Exhibits 9 & 10 for comparable residential site sales)	
2.	66 condominiums * \$4,500/pad	\$297,000
C. ALLOCATION OF COMMERCIAL VALUE AS OF 8/1/79		
1.	Total site value less residential site value \$593,000 - \$297,000	\$296,000
2.	\$296,000 / 72,310 SF of commercial land = market value as of 8/1/79 (See Exhibits 9 & 10 for comparable commercial site sales)	\$4.10/SF [1]

[1] \$4.10/SF does not include any increment for leasehold interest held by the Wisconsin Brick and Block Company, at this time. Such a leasehold interest is problematical since the average annual rent paid in the seven remaining years (1979-1985) was 10.16 percent of \$593,000 which is the prevailing ground rental rate for unsubordinated land leases.

expense would have been was \$4,500 per pad. That converts to approximately \$297,000 of site value inherent in the residential portion so that the residual value unexplained by the condominium pad would have to be assigned to the 72,310 square feet of commercial land, suggesting a commercial price of at least \$4.10 per square foot without recognition of possible leasehold value, if any. Exhibit 9 is supportive of these allocations. Exhibit 10 shows a summary of these sales classified by sale date, size and use. Indeed, the estimated unit value in the proof reflect both the locational advantages and large size of the site appropriately. The patterns of market comparisons fully support the market value conclusions of \$593,000 for the leased fee interest of all the tenants in common and the \$285,000 interest of the Smythe Estate as of August 5, 1979.

STATEMENTS OF GENERAL ASSUMPTIONS AND
LIMITING CONDITIONS

1. Contributions of Other Professionals

- . Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the appraisers.
- . The appraiser assumes no responsibility for legal matters.
- . All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, 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 documents 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.

CERTIFICATION 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 Katherine J. Smythe Estate's 48 percent interest in the leased fee of the subject property as of August 5, 1979, is:

TWO HUNDRED EIGHTY FIVE THOUSAND DOLLARS

(\$285,000)

before the application of a minority interest discount.

The market value of the leased fee as of August 5, 1979, after deduction of the minority interest of 15 percent would be:

TWO HUNDRED FORTY TWO THOUSAND DOLLARS

(\$242,000)

James A. Graaskamp

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

Jean B. Davis

Jean B. Davis, Real Estate Appraiser/Analyst

September 9, 1985

Date

JAMES A. GRAASKAMP

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.

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.

APPENDIX

ONE YEAR TREASURY BILL RATES

SOURCES:

NATIONAL DATA BOOK AND GUIDE TO SOURCES,
 STATISTICAL ABSTRACT OF THE UNITED STATES 1984 104TH EDITION
 U.S. DEPT. OF COMMERCE BUREAU OF THE CENSUS, PAGE 521
 TABLE 867, MONEY MARKET INTEREST RATES: 1970 TO 1983

BUSINESS SERVICE DESK AT MADISON PUBLIC LIBRARY

YEAR	MONTH	ANNUAL RATE	MONTHLY RATE	CUMMULATIVE RATE
1970		0.0648		
1973		0.0701		
1974		0.0770		
1975		0.0628		
1976		0.0552		
1977		0.0571		
1978		0.0774		
1979		0.0975		
1980		0.1089		
1981		0.1314		
1982	1	0.1107	0.009225	1.40349296
	2		0.009225	1.39066408
	3		0.009225	1.37795247
	4		0.009225	1.36535705
	5		0.009225	1.35287676
	6		0.009225	1.34051055
	7		0.009225	1.32825738
	8		0.009225	1.31611621
	9		0.009225	1.30408601
	10		0.009225	1.29216578
	11		0.009225	1.28035451
	12		0.009225	1.26865121
1983	1	0.0886	0.007383	1.25705487
	2		0.007383	1.24784164
	3		0.007383	1.23869594
	4		0.007383	1.22961726
	5		0.007383	1.22060513
	6		0.007383	1.21165905
	7		0.007383	1.20277853
	8		0.007383	1.19396310
	9		0.007383	1.18521229
	10		0.007383	1.17652561
	11		0.007383	1.16790259
	12		0.007383	1.15934278
1984	1	0.0991	0.008258	1.15084570
	2		0.008258	1.14141948
	3		0.008258	1.13207046
	4		0.008258	1.12279802
	5		0.008258	1.11360153
	6		0.008258	1.10448036
	7		0.008258	1.09543390
	8		0.008258	1.08646154
	9		0.008258	1.07756267
	10		0.008258	1.06873669
	11		0.008258	1.05998299
	12		0.008258	1.05130100
1985	1	0.0839	0.006991	1.04269012
	2		0.006991	1.03545059
	3		0.006991	1.02826133
	4		0.006991	1.02112199
	5		0.006991	1.01403221
	6			1.00699166

