

[A memorandum of appraisal of the Employers Mutual office building and site on the West Side of the city of Wausau, Marathon County].

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Landmark Research Inc.

Thomas L. Turk

James A. Graaskamp

September 13, 1968

Mr. Neil Conway Genrich, Terwilliger, Wakeen, Piehler & Conway 401 4th Street P.O. Box 1063 Wausau, Wisconsin 54401

Dear Mr. Conway:

At your invitation I am pleased to submit a memorandum of appraisal of the Employers Mutual office building and site on the west side of the City of Wausau, Marathon County, more specifically identified as tax parcel 27.29.7.3 containing all that part of section 29-7 described in Volume 2 of Records, page 27, and addressed as 2000 Westwood Drive, Wausau, Wisconsin.

It is my understanding that the purpose of this report is to determine for purposes of tax assessment valuation by the City Assessor "the full value which could ordinarily be obtained therefore at private sale." Therefore full market value is defined, for the purpose of this appraisal, as the highest price estimated in terms of money which a property would bring if exposed for sale in the national market for real estate investments, allowing reasonable time to find a sophisticated purchaser, knowledgeable of all the uses for which the property can reasonably be used, and assuming neither buyer nor seller is acting under the pressure of necessity.

After careful inspection, investigation and investment analysis of the subject property it is my opinion that the highest price which might be paid for purchase of title of the subject property of May 1, 1968, is in the amount of:

EIGHT MILLION FIVE HUNDRED AND SIXTY THOUSAND DOLLARS (\$8,560,000)

This market value would be allocated \$878,000 to land as stipulated and \$7,682,000 to structural improvements.

This value conclusion is the product of the approach and judgments which comprise the attached appraisal memorandum. Because of the familiarity of the parties who will be utilizing this report with the community, neighborhood, site, improvements and full legal description of the subject property these basic elements of a full appraisal report have been omitted. Moreover, this memorandum of evaluation does not contain the traditional ritual and emphasis on three approaches to value. Instead it stresses a very detailed and sophisticated income approach considered to be most appropriate in theory and in fact to the value question.

To the best of my knowledge and belief, the facts and data used herein are true and correct. I have personally inspected the property described several times and I certify that I have no interest therein, present or prospective, and that my employment is in no manner contingent upon the value reported. A number of limiting conditions as to the scope of appraiser responsibility are specified in the report.

Recognizing that this report represents a departure from traditional appraisal presentations, I stand ready to discuss its findings with you and your client at your convenience.

Sincerely yours,

James A. Graaskamp (Ph. Urban Land Economist

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LIMITING CONDITIONS

This appraisal is made especially subject to the following conditions and stipulations.

The appraiser assumes no responsibility for matters which are legal in nature nor is any attempt made to render an opinion on the title. The property has been appraised as if title were fee simple, with no regard for existing liens or encumbrances.

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

Values for land and improvements as contained in the within report are part of the total value reported and neither is to be used in making a summation appraisal by a combination of values created by another appraiser. Either is invalidated if so used. The appraiser was instructed in a letter of September 9, 1968 by Mr. Neil Conway that land value should be assumed to be \$878,000 to conform with the present full value implicit with an assessment of \$658,500.

By reason of this appraisal the appraiser herein shall not be required to give testimony or attendance in court or any governmental hearing with reference to the property in question without adequate and sufficient notice for preparation.

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

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the University of Wisconsin School of Business.

The sophisticated computer applications of the income approach used in this appraisal were provided with the consent and cooperation of the "C" Corporation of Columbus, Ohio, exclusive licensee of the investment simulation computer program developed at the University of Wisconsin School of Business and presently the property of the University Foundation, the licensor.

A. Choice of Appraisal Method

The traditional appraisal approach anticipates application of three approaches to value—the market comparison approach, the cost approach, and the income approach. The different conclusions reached are then reviewed and integrated into a single value conclusion. However, in this case the market approach and the cost approach are both misleading.

The market comparison approach requires comparison of like to like, with minor adjustments for variations within a set of sales data, involving properties with relatively current and frequent transactions. However, major institutional complexes in scattered locations outside of heavily populated metropolitan centers are each unique commodities and do not fit the requirements of the typical market comparison approach. Adjustments of sales prices to reflect differences in times, circumstances of the parties, or physical factors in the property must be purely speculative on the part of the appraiser.

The cost approach requires a basic assumption that the improvements represent highest and best use of the site from the veiwpoint of another user in the market for such a property. Without this assumption substantial allowances for economic and functional obsolescence must be made, and on a complex which cost \$17 million in a small northern Wisconsin community, these adjustments must necessarily be rough approximations on the part of the appraiser.

However, every property has a market for investment purposes if some income can be generated therefrom. Investors will pay the present value of the cash income from all sources anticipated over time from ownership of the property.

For unique property which must be converted to rental use and is without a rental history, the type of income appraisal required is termed investment simulation.

The leading theorists* in appraisal require that accurate appraisal go beyond the traditional average income (before debt service and income taxes) capitalized by some average rate of return on total investment.

Modern theory holds that a statement of highest and best use leads naturadly to an inference about the most likely type of user-buyer. A given group of buyers allows you to be reasonably positive as to how they make their calculations on the investment value of each alternative property which they might purchase. It is these calculations which the appraiser must simulate.

A private investor is not only concerned with revenue and expenses but with the power of leverage, the impact of federal income and estate taxes, and the cash solvency of operations over time. Private investment is made in anticipation of a profit and sophisticated investors today are concerned with profit after federal taxes. This profit may arise from operating cash revenue from the real estate, from capital gains realized on sale of the real estate, from surplus proceeds of a refin-

ancing package, or from tax savings on other income which were possible because of the peculiarities of depreciation accounting available in real estate investment.

Proceeds from any of the above sources flow to the investor over time in a varying and irregular pattern and must be discounted individually rather than on an average basis as is done in the typical appraisal. Development of this flow of proceeds, month by month is a tedious, extended, and repetitious operation well suited to the computer. A computer program for doing the income approach in more detail and greater accuracy than was possible with traditional methods has now been developed.

I propose to determine the highest price which would be paid by a sophisticated investor in the national market purchasing the subject property in 1968 as a rental commercial complex under the most favorable circumstances which could be assumed for such an undertaking. This approach will extend the traditional approach to anticipate the investment advantages of real estate under the current threat of inflationary increases in price level.

The University of Wisconsin School of Business is presently the national leader in development of investment simulation computer programs for real estate. In June of 1968, programs which were developed at the School of Business were licensed to a national concern. The investors in this corporation include a group of prominent MAI appraisers and instructors and certain other principals noted for the development of xeroxing and other research breakthroughs. Simulation models have been used privately by the largest investors in the country for several years but the University program is the first one being made available nationally as a service to appraisers, lenders, and investors, big or small.

*Professor Fred M. Case, University of California, Los Angeles, "Electronic Data Processing and the Appraisal Process," The Real Estate Appraiser, Vol. 32, No. 9, September, 1966, p. 5. Computer Applications in Real Estate Appraisal, University of California.

Professor William N. Kinnard, University of Connecticut, "New Thinking in Appraisal Theory," <u>The Real Estate Appraiser</u>, Vol. 32, No. 8, August, 1966.

Professor Richard U. Ratcliff, Modern Real Estate Valuation, Democrat Press, Madison, 1965.

B. Valuation Issue Defined

In this case we have been asked to assume that the market price of land and therefore the assessment of the land is an acceptable representation of these land values on the Wausau market. Therefore, if there is an issue between the Taxpayer and the Assessor, it must relate to the market value of the improvements. Cost of construction or reproduction establishes only the upper limit of market value in appraisal theory, and therefore it can be presumed that any issue between the Taxpayer and the Assessor must concern the ratio of market value to replacement costs.

In short, the Taxpayer would naturally maintain that the sale on the open market of a structure designed for the unique needs of the present owner would result in a significant "writedown" of the nominal asset values determined by historical cost. The tendency of the taxing authority on the other hand is to prove that a second buyer in the private market would be willing to pay the highest upper limit on value, cost of construction in the case of a special use, non-rental structure, or at least a high percentage of the original cost.

Therefore, the basic question at issue in the search for "the full value which could ordinarily be obtained...at private sale" might be expressed:

"If the original cost of acquisition for the original user is not the value of the property to a bidder in the private market, what percentage of discount on construction cost would take place to establish an investment value at an acceptable price level to a second user?"

The basic technique in the analysis which follows was to assume conversion of the present office building complex to a multi-tenant rental property for income investment use in order to relate the present value of all possible investment proceeds to alternative purchase prices to find that purchase price which gave expectation of a minimum acceptable yield after taxes to an investor-buyer. For a project of this size it can be assumed the buyer is a national corporation or syndicate of investors in a Federal tax bracket of 48% or more.

Alternative purchase prices were defined as ratios of original cost of construction of improvements (100% of cost, 90% of cost, and so on down to 50% of cost) while land costs were held constant at the original acquisition price. The resulting valuation is thus placed in perspective by constant reference to the nub of the issue, i.e. "How big a loss would be taken on improvement costs in the unlikely event of resale?"

C. The Revenue Source Assumptions

All investment value begins with and is a function of the income generating power of usable rentable space in a particular building. Therefore the basic premise for the income approach in this situation

SUMMARY ALLOCATION OF EXISTING SPACE TO RENTABLE AND NON-RENTABLE AREAS FOR EMPLOYERS MUTUAL WAUSAU COMPLEX

TABLE I

	Gross	Office	Indus- trial	Parking (Covered)	Commer- cial	Non- Rent
Building #1						
Ground floor lst floor 2nd floor 3rd floor Penthouses Sub-total	47,303 45,680 30,232 30,232 228	23,468 23,468 ————————————————————————————————————		36,706 36,706	10,000	10,597 35,680 6,764 6,764 228 60,033
Building #2						
Ground floor lst floor 2nd floor 3rd floor 4th floor Penthouse	66,035 65,803 70,379 70,379 45,425 1,796	43,485 47,275 53,633 53,633 2,103	6,244	 	 22,698	16,306 18,527 16,746 16,746 20,624 1,796
Sub-total	319,817	200,129	6,244		22,698	90,745
Building #3						
lst floor 2nd floor Penthouse	66,472 67,845 793	16,500	7,840 65,666 	52,415 	 	6,217 2,179 793
Sub-total	135,110		73,506	52,415		9,189
Building #4						
Boilerhouse	15,097		Eine sale			15,097
Sub-total	15,097		- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1			15,097
Grand total	623,698	247,065 253,565	79,750 63,250	89,121	32,698	1 75,064 183,064

Building Efficiency Ratio 70%

is that there would be a ready market at premium rentals for each of the various types of space in the building. Wausau does not have sufficient demand for modern office, industrial, and parking facilities to support the supply of space available in the subject property. However, this proposal makes a generous assumption to the benefit of the Assessor's viewpoint that tenants could be found to maintain 90% occupancy of each type of usable space described below.

Table I summarizes a careful review of each building, floor by floor, as to its application for rental purposes by type of use. Table II indicates the schedule of rental values per sq. ft. of each class of space in each building.

The procedure to determine the square footage of rentable area was as follows:

- 1. The Taxpayer furnished detailed spaced dimensions and room sizes for each floor in each building. The appraiser reviewed each floor and adjusted Taxpayer data to determine potentially usable area. Adjustments were made to convert present single use floors to multi-tenant floors by creating corridors, lobbies, etc. and in addition, certain omissions on totals furnished were corrected.
- 2. The appraiser then attempted to define a commercial use generating rental income for all usable area. His conclusions are summarized in Table 1.

Next a generous rent schedule was assigned to each rentable area in each building as specified in Table II.

- 1. Premium office space in dramatic Building #1 was assumed to be rentable at \$5.50 per sq. ft., currently the top level for premium office space in a 100% location in Madison on Capitol Square. This rent is at least \$.50 per sq. ft. above current rentals in downtown Wausau.
- 2. 10,000 sq. ft. of the vast bluestone terrace and lobby in Building #1 was considered rentable at \$1 per sq. ft. for commercial display purposes and showroom use of tenant products and services at a generous per sq. ft. per year.
- 3. 105 basement parking space in Building #1 were assumed rentable at \$8 per month or \$96 per year per stall.
- 4. Office space in Building #2 was assumed to have an average rent of \$4.50/sq. ft. because it lacks the dramatic atriums of Building #1 and features a large proportion of deep, windowless space which is difficult to rent in multi-tenant buildings. The State of Wisconsin generally pays less than \$4.00/sq. ft. for leased office space outside of Milwaukee County.
- 5. The restaurant facilities on the top floor with the dramatic view to the south were maintained as a commercial restaurant serving the tenants and generating \$8/sq. ft. of restaurant and kitchen LANDMARK RESEARCH, INC.

TABLE II

SCHEDULE OF RENT CHARGES ASSIGNED TO RENTABLE AREAS IDENTIFIED IN CHART I FOR EMPLOYERS MUTUAL WAUSAU COMPLEX

Building #1

Office rent \$5.50 per sq. ft.

Parking (105 covered stalls) \$96.00 per yr. per stall

Commercial space (display) \$1.00 per sq. ft.

Building #2

Office rent \$4.50 per sq. ft.

Industrial space \$1.25 per sq. ft.

Restaurant \$8.00 per sq. ft.

Building #3

Parking (150 covered stalls) \$96.00 per yr. per stall

Industrial \$1.25 per sq. ft.

space for the landlord.

- 6. Space suitable only for light industrial uses as presently finished or roughed in Buildings #2 and #3 was given a rental value of \$1.25 per sq. ft. which is comparable to Madison and Wausau charges for light industrial space.
- 7. The covered parking on the ground level of Building #3 was given the same charge per stall as the more desirable parking under the premium Building #1.

These various areas and rent schedules were then fed into the computer and appear on pages 2 and 3 of the outputs in Appendix A.

D. Operating Expense Assumptions

Taxpayer furnished the Appraiser with a 1968 budget of total operating expenses anticipated for the home office complex as given in Table III. For purposes of the computer it is necessary to separate real estate taxes from operating expenses and then to allocate expenses to the buildings according to area. With this objective the following adjustments were made:

Total operating expense budget per Employers \$995,300
Less real estate taxes -470,000

Net operating expense per Employers

\$525,300

If the gross area given for the building including parking space of 632,895 sq. ft. is adjusted for 89,121 sq. ft. of semi-enclosed parking area, the Employers Mutual figures suggest interior space of 543,774 gross sq. ft. would require \$.96 per sq. ft. to maintain at the owner-user budgeted level of operating cost.

However, \$525,000 of operating expenses would represent 38% of gross rent projections, before provision for real estate taxes, far in excess of normal operating ratios for commercial office space.

Rather than indulge in a long engineering study of the difference in cost between an owner-user and investor-landlord, it was arbitrarily assumed that operating costs would be \$.96 per sq. ft. per rentable area (359,514 sq. ft. x .96 + \$12 per stall parking) or \$355,384. This figure would be 24% of potential gross rent (\$1,474,484), an operating ratio which is still high for commercial space but which can be justified by the extensive landscaping and ground maintenance which characterize the subject property. Economies might be accomplished by eliminating custodial service of rentable area at the base rent and providing opportunity to contract for these services at an additional charge.

This reduction in budgeted operating expenses represents a \$169,900 assumption to the benefit of the Assessor viewpoint.

Real estate taxes were maintained at the estimated level of \$470,000 as LANDMARK RESEARCH, INC.

TABLE III

HOME OFFICE COMPLEX 632,895 Gross Square Feet

7-29-68

	1968 Budget	Cost Per Square Foot
005 Freight Express 006 Equipment - Capital 007 Equipment - Expense 307 Building Upkeep 008 General Office Maintenance 108 Electricity and Water	\$ 100 7,500 23,220 11,400 36,900 190,800	\$ - •012 •037 •018 •058 • <u>301</u>
Total	\$269,920	\$.426
Oll Legal Ol4 Supplies Ol6 Salaries O34 Overtime	5,000 1,500 19 ⁴ ,550 6,520	.008 .002 .307 .010
Total	\$207,570	\$.328
019 Travel 020 Telephone - Local 021 Telephone - Long Distance 022 Miscellaneous 029 Fuel 031 Employment Expense 085 Employee Welfare 105 Power Equipment	350 750 250 2,500 27,660 150 100	.001 .004 .044
Total	\$32,810	\$.052
010 Insurance 078 Taxes	5,000 470,000	•008 • <u>743</u>
Total	\$475,000	\$.751
038 Building Alterations	\$ 10,000	\$.016
Total Operating Expenses	\$995 , 300	\$1.562

Source: Employers Mutual Dept. of Administrative Service

this was close to the 1967 fact and there was no basis for modification at this point in the study. However, if the property had sold to the investor at \$9.5 million, these taxes would have been reduced to approximately \$315,000.

E. Purchase Money Mortgage Assumption

Real estate of this type is always purchased subject to extensive financing. The computer was given instructions (page 5, Appendix A) that there would be financing available for 80% of any purchase price at 7 1/2% interest for a term of 25 years on a monthly amortized basis. No points were charged and no participation in gross rent as a bonus interest feature was given although both costs to an operator are normal for this type of investment loan in 1968.

The loan ratio is based on the combined values of structural space, land, cafeteria equipment, elevators, draperies, and parking. Thus the mortgage ratio takes a generous view of collateral value. Indeed a loan of this size at these terms on a speculative venture such as this would only be granted by a seller anxious to conclude a deal--hence description of the mortgage as a purchase money take-back loan.

Anticipating operating cash deficits, the computer was instructed (page 6, Appendix A) to borrow working capital to cover deficits at a bank rate of 7%. For the entire ten-year projection the porperty never operated with a positive cash flow so that it is doubtful any bank would be willing to lend at such a favorable rate.

F. Miscellaneous Assumptions

The computer program has the capability of changing rents, occupancy, expenses, taxes, and expected resale values according to any cycle of expectations of the analyst. However, to avoid speculation on inflation of revenues and costs, fluctuations in occupancy, or depreciation in resale terms all of these factors were held constant.

Rent, taxes, expenses, and resale value were held constant at 100% of the 1968 estimates. Occupancy of all office, industrial, and parking spaces was held constant at 90%. The restaurant was assumed to be 100% rented for the ten-year projection. The commercial display area in the lobby was assumed to be 75% occupied over the ten-year term.

The computer can be given data on the costs of transferring property, initial marketing costs, and similar expense items which are unusually high during the early years of a rental project. Rather than speculate, these costs were assumed to be non-existent to the benefit of the down-payment required and the operating expense ratios.

As the computer program is concerned with the aftertax returns to the investor, an income tax rate of 48% was assumed for the buyer and the capital gains rate of 25% assumed on resale proceeds at the end of ten years. No tax credits were given for items which might have been eligible for the tax credit.

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The assumption that resale value will always be equal to original purchase price is very favorable to the investor. Real depreciation, as opposed to accounting depreciation for tax purposes, can be measured by the difference between the original purchase price and the resale price some years later. If resale value is held constant there is no depreciation and all of the mortgage payments on principal eventually return to the investor when he sells the property and receives the cash value of his net worth position (after adjustment for capital gains taxes).

As will be shown for this investor, his only source of profits are tax savings on other income and capital gain on resale as his cash income is 0 or less after debt service in each of nine years.

Resale has been assumed to take place at the end of the ninth year because at this time his depreciation advantage has been exhausted, his short term bank loans to cover cash deficits have absorbed net worth, and because studies show that sophisticated investors generally change their investment position on any specific property somewhere between the seventh and the tenth years.

G. Derivation of Acquisition Costs

In order to state alternative market prices as a ratio of original costs, it was first necessary to assign 100% cost of reproduction figures to each component of the investment and to classify components for depreciation purposes. Basic cost figures were developed from data provided by Employers Mutual (Table IV) as of August 31, 1967. The allocation procedure went as follows:

Total cost of building as of 8-31-67

\$15,201,730.00

Exclude to other depreciation classes:

Draperies		\$ 51,988	
Cafeteria e	quipment	127,324	
Elevators a	nd escalators	270,000	.00
Semi-enclos	ed parking stal	ls	
(255 sta	lls x \$2,000 ea	ich) 510,000	.00

959,312.00

\$14,242,418.00

Allocated structural costs per sq. ft. of building (534,578 enclosed) equals

26.64

Purchase cost allocated to land in the city

543,385.00

Site development cost allocated in full to land in the city

1,552,824.00

TABLE IV

EMPLOYERS MUTUAL LIABILITY INSURANCE COMPANY OF WISCONSIN NEW WEST SIDE BUILDING AND LAND COST AS OF 8-31-67

	Total	Land ———	Site Development	Building
Cost as of 8-31-67	\$17,246,763.65	\$792,209.31	\$1,252,823.87	\$15,201,730.47
Cost of land not in city	(212,300.74)	(212,300.74)		
Cost of land given to city for roads	(36,522.85)	(36,522.85)		
Subtotal of cost	\$16,997,940.06	\$543,385.72	\$1,252,823.87	\$15,201,730.47
Items which could be excluded from building cost:				
Movable partitions Mobile security equipment Painting and cleaning of partitions Drapery materials (excludes	\$ 256,000.00 3,662.32 9,837.44			
rods and insulation of them) Capitalization of property	51,987.94			
taxes during construction Cafeteria equipment (F. W.	26,834.99			
Boelter Equipment Co.)	127,324.15			
Cost of excludable items	\$ 475,646.84			\$ 475,646.84
Adjusted land and building cost	\$16,522,293.22	\$543,385.72	\$1,252,823.87	\$14,726,083. 63

Estimated capital cost of conversion to multi-tenant space (based on experience of State of Wisconsin conversion of space to office use of \$1 per sq. ft.)

\$247,066.00

These costs were modified for each run by the factors of 100%, 80%, 60%, and 50% as on Table V. Note that land and land development costs were not modified. These inputs appear in summary on page 1 of the computer printouts in Appendix A.

Classification of each item of capital expenditure for depreciation purposes is necessary to approximate the impact of federal taxes on revenues from real estate or the excess depreciation available to cover income to the investor from sources other than his real estate investment. The percentage of each class that would be depreciable, the useful life in months over which the property must be depreciated and the method of depreciation for each classification is outlined in Table VI.

To maximize value attributable to income tax savings produced by an accelerated depreciation, all depreciable property was treated with the 150% declining balance method of depreciation, the maximum permitted by the Internal Revenue Service to a second owner of real estate. A summary of depreciation classes in Table VI and values allocated to each depreciation account appears in computer output on page 4 of Appendix A.

A summary of areas, capital budget figures, and building ratios appears on page 6 of Appendix A. A few comments are in order:

- 1. Building efficiency of 67.25% is low for a modern successful commercial office building. Yet rentable area includes rental of 10,000 sq. ft. of existing lobby space and rental of unfinished basement area in Building #2.
- 2. The gross rent per sq. ft. of rentable area of \$.34 on page 6 is the monthly overall average rent. When adjusted for twelve months, the average rent per sq. ft. is \$4.08 per year for the overall rental area. Such a rent level is most generous in Wausau and is achieved by the stated assumptions despite the large areas of light industrial space rented at \$1.25. It exceeds the rent which might reasonably be expected if the State of Wisconsin were to lease the entire complex as an office building.
- 3. The actual debt ratio of 77.95% is slightly lower than the first mortgage ratio assumed of 80% because the buyer must pay additional equity money for remodeling.

With these assumptions as to capital outlays for purchase of the subject property, it is possible to review computer cash flow statements and appraisal outputs to determine the highest probable market price payable by an investor-operator of a commercial rental project.

TABLE V

COST OF REPRODUCTION FACTORS MODIFIED TO TEST ALTERNATIVE PURCHASE PRICE SIMULATIONS

Structural enclosed space	\$26.64	x .8 = x .7 =	15.98
Cafeteria Equipment	\$127,324	x .8 = x .7 = x .6 =	\$114,592 101,859 89,127 76,394 63,662
ElevatorsEscalators	\$270,000	x .8 = x .7 = x .6 =	\$243,000 216,000 189,000 162,000 135,000
Draperies	\$51,988	x .9 = x .8 = x .7 = x .6 = x .5 =	
Parking Stalls	\$2,000	x .9 = x .8 = x .7 = x .6 = x .5 =	\$1,800 1,600 1,400 1,200 1,000

TABLE VI
CAPITAL SCHEDULE

Capital Schedule Identification	% Base	Deprec. Useful Life	Method ———	Total Cost 50% Premise
l Rentable Space	90`	480	1.5	4788726
2 Nonrentable Space	90	480	1.5	2331919
<pre>3 Land and land im- provements</pre>	0	0	0.0	1796209
4 Cafeteria Equipment	100	180	1.5	63662
5 Elevators	80	120	1.5	135000
6 Draperies	100	60	1.5	25994
7 Parking	50	240	1.5	255000
8 Remodeling	100	480	1.5	247066
Total Capital Budg	et			9643577

H. Method for Selecting Proposed Purchase Price

Analysis of computer outputs to estimate highest probable market price will involve five basic steps:

- 1. First, purchase of the subject property will be assumed at four different ratios of original cost (except for land and land development cost which were held constant).
- 2. The purchase price ratio which first produces any dollar profit to the investor, with a holding period of nine years and assuming resale at original purchase price, will then be analyzed for value.
- 3. The investment value which would provide the investor the minimum yield of 5% after taxes if operated and sold under the above conditions shall be selected as the total justified investment to be made by a sophisticated investor content with the 5% yield.
- 4. The total investment value must then be reduced by the additional outlays for remodeling to be paid by the investor in order to determine the highest purchase price payable for the subject property as it is in May 1, 1968.
- 5. This purchase price can then be allocated between land and building improvements by attributing the stipulated market value of \$878,000 to land and the balance to building improvements.

A summary of market value conclusions and allocations on this format is found in Chart VIII.

1. Selection of Purchase Price Assumption

Given the rental income, expense, depreciation, and financing assumptions as outlined above, the computer calculated month by month each income and expenditure item. The monthly results are summarized for each year by the income statements which appear on page 7 through 16 in Appendix A.

A full ten-year summary of income and net worth gains (and losses) is available on page 17 of Appendix A and a complete ten-year analysis of significant ratios is calculated and presented on page 18.*

For the following analysis the reader is urged to refer to the summary sheet on page 17 of Appendix A and then to Chart VII.

It is reasonable to assume that a private investor would purchase in hopes of at least one dollar in profit. A profit dollar might come from income, from resale proceeds greater than his original equity investment, or from other income shielded from taxes by depreciation losses on the real estate.

^{*}Summary sheets for the purchase price assumptions at 100%, 80%, and 60% of original cost are included in Appendix B. Balance of these runs are available for inspection from the appraiser.

Appendix C offers market support writedown.

*LANDMARK RESEARCH, INC.

NONE OF THE COMPUTER RUNS INDICATED A DOLLAR OF CASH INCOME FROM RENTALS TO THE INVESTOR AT ANY OF THE SELECTED PURCHASE PRICES.

Operating losses and payments of principal always exceeded available cash so that substantial working capital loans were needed each year, causing interest expense to rise and net worth to decline.

THUS CAPITAL GAINS ON RESALE WERE ALWAYS NEGATIVE.

Only the cumulative tax savings to other income because of the operating losses and depreciation cover has a positive value to the investor.

These relationships are summarized in Chart VII for each of four purchase price assumptions, defined as 100%, 80% 60%, and 50% of original cost to construct improvements plus total original cost of land and land improvements.

Chart VII clearly shows that despite all favorable income and resale assumptions and credit for the accumulated value of tax savings, only the 50% assumption offers the hope for a small profit after nine years of operation.

Moreover, purchase at 50% of original cost would still produce a net capital loss of \$569,019 and the so-called profit lies only in the tax savings available for other income.

Therefore we have determined to make our final estimated value of the basis of the appraisal of purchase at the 50% option.

J. Total Income Value Indicated by Computer

Every three years, the results of the investment are appraised as though one sold the property at that point. Total investment value is determined for five different capitalization rates by three different appraisal approaches.

- 1. The traditional approach is the present value of the net income stream plus the discounted value of resale proceeds assuming there was no debt and no income tax.
- 2. The before tax approach (or mortgage-equity approach) defines value as the present value of payments to the lender, that is the original mortgage balance plus the present value of net income after debt service, plus the present value of net worth realized after sale and payment of the mortgage balance.
- 3. The after tax approach defines investment value as the original mortgage debt plus present value of cash to investor from income plus the present value of other income shielded from income tax (by excess depreciation or operating losses) plus the present value of net worth after resale, payment of debt, and capital gains taxes.

These interim appraisals are available on pages 9, 12, and 15 of Ap-LANDMARK RESEARCH, INC.

CHART VII

NET GAIN OR (LOSS) TO INVESTOR ASSUMING 9 YEAR'S OPERATION AND RESALE AT ORIGINAL PURCHASE PRICE PAID IN 1968 BASED ON PERCENT OF COST OF REPLACEMENT

	불편 교회 중인 하루 경기 경기 가는 보고 있다.	100%	80%	60%	<u>50%</u>
	Resale value*	*17243878	14202688	11161498	9643577
	Less mortgage balance 1977	11216885	92 09881	7202876	6201138
	Less working capital loan 1977*	8343492	5759222	3174952	188508
	Net worth in ninth year*	(2316499)	(766414)	7 83670	155735
	Original equity investment**	(3646428)	(3038191)	(2429952)	(212636
	Net Capital Gain or (loss)	(5962927)	(3804605)	(1646282)	(56901
	Plus PV of tax savings***	3838009	2717714	1597419	103824
	Net gain or (loss)	(2124918)	(1086891)	(48863)	(46922
LANDMARK RESEARCH, INC.	*Source: page 17 of Appendix A. **Source: total capital budget le	swisingl loop			

pendix A.

The valuation conclusions are based on the appraisal found on page 15 which assumes resale at the end of the ninth year. For reading convenience initial costs, mortgage, and cash equity required are summarized at the top of each appraisal page.

A decision is reached on value by selecting a desired rate of return, than is, discount rate, and then reading down that column:

1. Determine that the traditional appraisal approach at the minimum overall cap rate produces a total investment value greater than total capital budget and a land value greater than total land costs.

IN THIS CASE THIS FIRST CRITERION IS TRUE ONLY FOR A MINIMUM 5% OVERALL CAP RATE.

2. Normally one should then find that favorable financing will increase the investment value of a property as found in the total investment value under "before tax approach." However in this case, the 7.5% interest on the mortgage is greater than the return of 5% sought on equity, and reverse leverage drives down the value of the property.

IN THIS CASE THE MORTGAGE-EQUITY APPROACH SUGGESTED BY THE APPRAISAL INSTITUTE FOR COMMERCIAL PROPERTIES WOULD PRODUCE A LOWER VALUE.

3. The after tax approach redeems the value of this property by recognizing the present value of \$284,000 in tax savings created by accelerated depreciation and the lower tax rate on capital gains.

IN THIS CASE THE TOTAL INVESTMENT VALUE OF THIS PROPERTY IN ORDER TO YIELD A FULL 5% AFTER TAXES TO THE INVESTOR IS \$8,807,562 DESPITE AN ORIGINAL PURCHASE ASSUMPTION OF \$800,000 MORE AT \$9.6 MILLION. RESIDUAL LAND VALUES ARE THUS ERODED TO \$960,000 REQUIRING NO ADJUSTMENT IN THE DEPRECIATION ACCOUNTS.

K. Final Market Value Determination

As summarized in Chart VIII total investment value less additional remodeling disbursements will suggest the highest purchase price payable to the present owners of the subject property as found on September 10.

In my opinion no sophisticated investor, despite the optimistic hopes for rental income and resale assumed in this report would pay more than:

EIGHT MILLION FIVE HUNDRED AND SIXTY THOUSAND DOLLARS (\$8,560,000)

This total purchase price may then be allocated to land and improvements as follows:

Stipulated market value of land Market price allocated to improvements Total market value \$ 878,000 7,682,000

\$8.560.000 LANDMARK RESEARCH, INC.

CHART VIII

SUMMARY OF MARKET VALUE CONCLUSIONS AND ALLOCATIONS

Total investment value at 5% return on equity	\$8,807,562
Less: additional remodeling cost for investor	247,066
Highest purchase price payable for subject preperty as is	8,560,000
or \$8,560,000 rounded	
Stipulated market value of land	878,000
Market value of investment allocated to improvements	\$7,682,000

QUALIFICATIONS OF APPRAISER

Residence: 202A Breese Terrace, Madison, Wisconsin 53705

Occupation: Professor of real estate, University of Wisconsin School of Business in Madison; real estate developer; real estate consultant.

Licensed real estate broker in the State of Wisconsin.

Age: 35; native to Milwaukee, Wisconsin; active in real estate in Milwaukee and Madison since 1956.

Education:

BA--Rollins College; Winter Park, Florida; 1955.

MBA-Marquette University School of Business (Finance); Milwaukee, Wisconsin: 1957.

Ph.D.--University of Wisconsin School of Business (Urban Land and Insurance); Madison, Wisconsin; 1964.

Employment:

Marquette University School of Business; 1957-58.

University of Wisconsin School of Business; 1960-present.

Realty Research and Development; owner; 1962-present. (General construction)

Landmark Research; owner; 1968. (Computer applications to real estate) Regency Hill Development Corporation; 1962-present. (Land development)

Consulting clientele include:

Dept. of Transportation, State of Wisconsin; expert witness.

First Wisconsin National Bank

Mortgage Guaranty Insurance Co.

Continental Mortgage Insurance Co.

City of Madison

Northern Development Project

And a variety of insurance companies, private investors, and professional appraisers.

Professional memberships:

Society of Chartered Property and Casualty Underwriters (CPCU)

American University Teachers of Risk Management

Mortgage Bankers Association

· Madison Industrial Land Commission

Numerous academic honoraries and associate memberships via company and university affiliations

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EMPLOYERS MUTUAL OF WAUSAU- 50 PER CENT FULL REPLACEMENT COSTS

RENTAL ELEMENTS

		ENTAL ELEME				
TAL CLASS TYPE 1	NUM.	RENT	FIXED EXP	ENSES	VARIABLE	EXPENSE
NO.1-OFFICE	T	21512	0.00	•08	0.00	0.
FEATURE -	COMPONENT	=UNITS	COST		AF	REA
1 RENTABLE SPACE	SQ FT	46936.0	625188	42.48(46936.	,0 100.g
2 NONRENTABLE SPA	CE SQ FT	60033.0	799640	54.33(60033.	0 127.9
5 REMODELING	SQ FY	46936•0	46936	3.19(0.	,0 0.0
	OTAL		1471763		46936,	
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NO.1-COMMERCIAL		833	0.00	.08	0.00	0.
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1 RENTABLE SPACE	SQ FT	10000•0	133200	100.00(10000.	.0 100.q
	OTAL		133200		10000.	
TAL CLASS TYPE 3	NUM.					
NO.2-OFFICE	10	7505	0.00	.08	0.00	0.
FEATURE -	COMPONENT	=UNITS	COST		AF	REA
1 RENTABLE SPACE	SQ FT	20013.0	266573	65.42(20013.	0 100.0
2 NONRENTABLE SPA	CE SQ FT	9075.0	120879	29.67(9075	0 45.3
5 REMODELING	SOFT	20013.0	20013	4.91(0.	. o . o . q
T	OTAL		407465	and the same of th	20013.	, 0
TAL CLASS TYPE 4	NUM.	RENT	FIXED EXP	ENSES	VARIABLE	EXPENSE
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1 RENTABLE SPACE	SQ FT	6244.0	83170	100.00(6244	0 100.0
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PLOYERS MUTUAL OF WAUSAU- 50	PER CENT FULL REPLACEMENT COSTS	
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INCOME STATEMENT 9643577 RESALE VALUE 1474484 GROSS INCOME PD. 1- 12 7410772 LESS PRIN.BAL. 157379 LESS WK.CAP.LOAN EFF. GROSS - 91(OCCUPIED 1334622 2075426 NET WORTH LESS FIX. EXP. 355384 CHANGE IN NET WORTH -50943 LESS VAR. EXP. 0 163419 LESS R.E. TAX TAX SAVING-OTHER INC. 470000 NET INCOME 509239 0.0000 BONUS INTEREST RATE 289514 LESS DEPREC. -.0240 CURRENT PD. RETURN 560181 LESS INTEREST PAYOUT RATIO 0.0000 LESS BONUS INT. .0528 OVERALL CAP. RATE -340456 TAXABLE INCOME CASH RETURN ON EQUITY 0.0000 0 TAXOFFSET .560 EXPENSE RATIO LESS TAXES DEFAULT RATIO 1.012 289514 PLUS DEPREC. .764 DEBT COVER RATIO LESS PRIN. PMT. 106437 PLUS NEW MTGS 0 CASH INCOME -157379 2.720 TAX COVER RATIO -157379 WORK CAP LN PMT .000 ACCUM TAX COVER RATIO 0 CASH TO INVESTOR INCOME STATEMENT 9643577 RESALE VALUE 1474484 13- 24 GROSS INCOME PO. LESS PRIN.BAL. LESS WK.CAP.LOAN EFF. GROSS - 91 (OCCUPIED 1334622 NET WORTH LESS FIX. EXP. 355384 CHANGE IN NET WORTH 0

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MPLOYERS MUTUAL OF WAUSAU- 50 PER CENT FULL REPLACEMENT COSTS

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-	LESS FIX. EXP.	355384	ng panggapan ayan ana ang an anak a kara ana na ang atawa anak apang baharan anak ang ang atawa ang anak ang a	NET WORTH	1965150
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	GROSS INCOME PD.	37- 48	1474484	RESALE VALUE	9643577
-	and the second s	Company of the Compan	nggyagan yang sang sebagai seba Sebagai	LESS PRIN.BAL.	7039268
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a ar a	LESS FIX. EXP.		agan junggi dagan sadar sadar sadar sadar sadar sadar da	NET WORTH	1905554
	LESS VAR. EXP.	0		CHANGE IN NET WORTH	-59597
·	LESS R.E. TAX	470000	aganasing mana sing gapt a sorie and a series (inc.) — de colones naves (series) — direction de constant en series de colones (inc.) (inc.)	TAX SAVING-OTHER INC.	147349
	NET INCOME		509239	성이는 이 사는 이 것이 아는 다음이 있었다.	
		247381		BONUS INTEREST RATE	0.0000
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	LESS PRIN. PMT.	133200		DEBT COVER RATIO	.764
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INCOME STATEMENT

	GROSS INCOME PD.	49- 60	1474484	RESALE VALUE	9643577
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	EFF. GROSS - 91(OCCUPTED	1334622	LESS WK.CAP.LOAN	905048
·		355384	en de la proposition de la commença de la proposition de la proposition de la proposition de la proposition de	NET WORTH	1842802
	LESS VAR. EXP.	0		CHANGE IN NET WORTH	-62752
e di	LESS R.E. TAX	470000	carrillon, digital construent set for more large engle basis, which would not been been been selected.	TAX SAVING-OTHER INC.	143261
	NET INCOME		509239		
	LESS DEPREC.	235709	and a graph and a single man and a single control of the control o	BONUS INTEREST RATE	0.0000
	LESS INTEREST	571990		CURRENT PD. RETURN	0329
	LESS BONUS INT.		an ann a mar ann ann ann an an an an an an ann ann	PAYOUT RATIO	0.0000
	TAXABLE INCOME		-298460	OVERALL CAP. RATE	.0528
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PAGE 11 MPHOYERS MUTUAL OF WAUSAU- 50 PER CENT FULL REPLACEMENT COSTS INCOME STATEMENT 9643577 RESALE VALUE 61- 72 1474484 GROSS INCOME PD. 6741043 LESS PRIN.BAL. 1125780 LESS WK.CAP.LOAN 1334622 EFF. GROSS - 91(OCCUPIED 1776753 NET WORTH 355384 LESS FIX. EXP. -66049 CHANGE IN NET WORTH LESS VAR. EXP. 139028 TAX SAVING-OTHER INC. LESS R.E. TAX 470000 509239 NET INCOME 0.0000 BONUS INTEREST RATE 223593 LESS DEPREC. CURRENT PD. RETURN -.0358 575287 LESS INTEREST 0.0000 PAYOUT RATIO LESS BONUS INT. .0528 OVERALL CAP. RATE -289641 TAXABLE INCOME CASH RETURN ON EQUITY 0.0000 TAXOFFSET .560 EXPENSE RATIO LESS TAXES 1.055 DEFAULT RATIO 223593 PLUS DEPREC. .764 DEBT COVER RATIO 154684 LESS PRIN. PMT. 0 PLUS NEW MTGS -220733 CASH INCOME 1.445 TAX COVER RATIO WORK CAP LN PMT -220733 ACCUM TAX COVER RATIO .000 0 CASH TO INVESTOR Copyrighted by "C" Corporation, Columbus, Ohio LANDMARK RESEARCH, INC.

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L APPROACH ME STREAM SALE REVERSION#	2584739		15.00	20.00	25.00
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SALE REVERSION*		2318863			
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E RESIDUAL	1933557	382478	-1750978	-2924275	-381638
APPROACH					
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		0	0	0	
H AT RESALE*	1325841	1089052	768139	595031	46576
ESTMENT VALUE	8843049	8606261	8285348	8112240	798297
E RESIDUAL	995682	758893	437980	264872	13560
ADDDAACH					
	751:7208	7517200	7517208	7517209	751720
				1311200	131120
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E RESIDUAL	979128	805468	560685	421868	31338
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MPLOYERS MUTUAL OF WAUSAU- 50 PER CENT FULL REPLACEMENT COSTS

INCOME STATEMENT 9643577 1474484 RESALE VALUE 73- 84 GROSS INCOME PD. 6574350 LESS PRIN.BAL. 1361964 LESS WK.CAP.LOAN EFF. GROSS - 91 (OCCUPIED 1334622 1707262 NET WORTH LESS FIX. EXP. 355384 CHANGE IN NET WORTH -69491 LESS VAR. EXP. 0 TAX SAVING-OTHER INC. 136038 470000 LESS R.E. TAX 509239 NET INCOME 0.0000 BONUS INTEREST RATE LESS DEPREC. 213922 -.0391 CURRENT PD. RETURN LESS INTEREST 578730 0.0000 PAYOUT RATIO LESS BONUS INT. .0528 OVERALL CAP. RATE -283413TAXABLE INCOME 0.0000 CASH RETURN ON EQUITY 0 TAXOFFSET •560 EXPENSE RATIO LESS TAXES 0 DEFAULT RATIO 1.065 213922 PLUS DEPREC. .764 DEBT COVER RATIO LESS PRIN. PMT. 166693 PLUS NEW MTGS -236184 CASH INCOME 1.283 TAX COVER RATIO WORK CAP LN PMT -236184 .000 ACCUM TAX COVER RATIO 0 CASH TO INVESTOR

INCOME STATEMENT

GROSS INCOME PD.	85- 96	1474484	RESALE VALUE	9643577
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EFF. GROSS - 91(OCCUPTED	1334622		1634178
LESS FIX. EXP.	355384		NET WORTH	
LESS VAR. EXP.	0		CHANGE IN NET WORTH	-73083
 LESS R.E. TAX	470000	pagga magag angung garapiy asama asampi ayu sa tengip asunda dinolog (dunar menad padita dilada sabadi benga dab	TAX SAVING-OTHER INC.	133373
NET INCOME		509239		
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LESS INTEREST			CURRENT PD. RETURN	0428
 LESS BONUS INT.	0		PAYOUT RATIO	0.0000
TAXABLE INCOME		-277860	OVERALL CAP. RATE	.0528
 TAXOFFSET	0		CASH RETURN ON EQUITY	0.0000
LESS TAXES	Ŏ.		EXPENSE RATIO	•560
 PLUS DEPREC.	204776	and the state of t	DEFAULT RATIO	1.077
LESS PRIN. PMT.	179633		DEBT COVER RATIO	.764
 PLUS NEW MTGS	0			\$2.00 Per 19 Per
CASH INCOME		-252717		
 WORK CAP LN PMT	-252717	<mark>ngang angga pande</mark> , samag maga imaga pengar maga sahang dibant selam sama sama inter semili, serabi sahili	TAX COVER RATIO	
CASH TO INVESTOR		0	ACCUM TAX COVER RATIO	.000

PAGE 14 MPLOYERS MUTUAL OF WAUSAU- 50 PER CENT FULL REPLACEMENT COSTS INCOME STATEMENT 9643577 RESALE VALUE 97- 108 1474484 GROSS INCOME PD. 6201138 LESS PRIN. BAL. 1885088 LESS WK.CAP.LOAN EFF. GROSS - 91 (OCCUPIED 1334622 NET WORTH 1557350 LESS FIX. EXP. 355384 CHANGE IN NET WORTH -76828 LESS VAR. EXP. 131013 TAX SAVING-OTHER INC. LESS R.E. TAX 470000 509239 NET INCOME BONUS INTEREST RATE 0.0000 LESS DEPREC. . 196115 -.0470 CURRENT PD. RETURN 586067 LESS INTEREST 0.0000 PAYOUT RATIO LESS BONUS INT. OVERALL CAP. RATE .0528 -272943 TAXABLE INCOME CASH RETURN ON EQUITY 0.0000 TAXOFFSET .560 EXPENSE RATIO LESS TAXES DEFAULT RATIO 1.089 196115 PLUS DEPREC. .764 DEBT COVER RATIO LESS PRIN. PMT. 193579 PLUS NEW MTGS -270407 CASH INCOME 1.013 TAX COVER RATIO -270407 WORK CAP LN PMT .000 ACCUM TAX COVER RATIO 0 CASH TO INVESTOR Copyrighted by "C" Corporation, Columbus, Ohio LANDWARK RESEARCH, INC.

							PAGE 15
MP	LOYERS MUTUAL OF WAUSAU- 5	O PER CEN	NT FULL	REPL	ACEMENT CO	OSTS	
	INVESTMENT ANALYSIS OF PR	OJECT AT	END OF	YEAR	9		
	INITIAL COSTS		Control of the Contro				
	TOTAL CAPITAL B	UDGET	9643	3577			
	LAND COST TOTAL IMPROVEME	NT COST	1796 7847				
	ORIGINAL MORTGA	GE DEBT	7517	7208			
	CASH EQUITY REQ		2126		aka tina ni mina kuma mina mpina kuma kampi ngamba na ngamba na na min kampi na sakang na kampi na kampi na ka Kampi na mana kuma kuma mina mpina kampi ngamba na ngamba na		
n ante acquiam	THREE APPROACHES A	RE USED T	O CALCU	JLATE	TOTAL IN	ESTMENT VA	ALUE.
	TOTAL INVESTMENT VALU	E IS THE	PRESENT	VAL	JE OF ALLE	RETURNS. 1	TOTAL
	INVESTMENT VALUE LES	S TOTAL I	MPROVEN	ENT I	COST EQUAL	S RESIDUAL	LAND VA
	RESENT VALUE ISCOUNT RATE	5.00	8.50	· · · · · · · · · · · · · · · · · · ·	15.00	20.00	25.00
	ISCOONT RATE	5 • 0 0	0.00		13.00	20.00	£3.0V
1	DITIONAL APPROACH		ng diplombalik diplom nyik diplom nina mining mana managama		STATE STATE WITH THE THE WINDOWS TO A WITH A PROPERTY WATER		
	ET INCOME STREAM	3619578			2429875	2052724	176355
	DTAL RESALE REVERSION*	6216335			2741306	1868990	129433
10	TAL INVESTMENT VALUE	9835914	7743	820	5171182	3921714	305789
LA	ND VALUE RESIDUAL	1988546	-103	547	-2676186	-3925654	-478946
FF	DRE TAX APPROACH						
	RIG. MORTGAGE DEBT	7517208	7517	208	7517208	7517208	751720
	T INCOME LESS DEBT SERV.	0		0	0	0	101.20
N	T WORTH AT RESALE#	1003882		341	442696	301825	20902
TO	TAL INVESTMENT VALUE	8521090	8264	549	7959905	7819033	772623
LAI	ND VALUE RESIDUAL	673723	417	182	112537	-28334	-12113
C T I	ER TAX APPROACH			Start meta-time trans and chally edited	ritiga dinita talan saine sina saari qarta saasa ering qaya sinasa sina saasa ya		
0	RIG. MORTGAGE DEBT	7517208	7517	208	7517208	7517208	751720
	SH TO INVESTOR	0		0	0	0	134120
	X SAVED ON OTHER INCOME	1038244	899	224	708555	602955	52146
	T WORTH AFTER TAX*	252110		683	111176	75799	5249
TO	TAL INVESTMENT VALUE	8807562	8604	115	8336940	8195962	809117
LAI	ND VALUE RESIDUAL	960194	756	748	489572	348594	24380
AD.	J. FOR LENDER PARTIC.	0		0	0	0	
			Copyriahi	ed by	"C" Corpor	ation, Colum	bus Obio
	di grain marie errori mager come trade parte come contra contra contra contra contra contra contra contra trade contra co						

APPENDIX B

	I C IN I		I N C D P				1914 - Land Halada 1917 - Halada Halada			
	-]-	-2-	-3-	-4-	-5-	6-	-7-	-8-	-9-	-10-
20SS INCOME	1474484	1474484	1474484	1474484	1474484	1474484	1474484	1474484	1474484	1474484
LESS VACANCY + CREDIT LOSS	139862	139862	139862	139862	139862	139862	139862	139862	139862	139862
FECTIVE GROSS INCOME	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622
LESS TOTAL EXPENSES (EXCL RE TAX)	355384	355384	355384	355384	355384	355384	355384	355384	355384	355384
LESS REAL ESTATE TAXES	470000	470000	470000	470000	470000	470000	470000	470000	470000	470000
T INCOME BEFORE CAPITAL RECAPTURE	509239	509239	509239	509239	509239	509239	509239	509239	509239	509239
LESS DEPRECIATION	289514	274031	260083	247381	235709	223593	213922	204776	196115	187900
LESS INTEREST	560181	562935	565818	568835	571990	575287	578730	582322	586067	5899.67
LESS BONUS INTEREST	0	0	0	0	0	0	0	0	0	. 0
XABLE INCOME	-340456	-327727	-316662	-306977	-298460	-289641	-283413	- 277860	-272943	-268629
TAX OFFSET	0	0	0	0	0	0	0	0	0	0
LESS INCOME TAXES	0	0	0	0	0	0	0	0	0	0
PLUS DEPRECIATION	289514	274031	260083	247381	235709	223593	213922	204776	196115	187900
LESS PRINCIPAL PAYMENT	106437	114700	123604	133200	143541	154684	166693	179633	193579	208607
PLUS NEW MORTGAGES FROM REFINANCING	0	0	0	0	.0	0	0		0	
CASH INCOME	-157379	-168396	-180184	-192796	-206292	-220733	-236184	-252717	-270407	-289336
LESS WORKING CAPITAL LOAN PAYMENT	-157379	-168396	-180184	-192796	-206292	-220733	-236184	-252717	-270407	- 289336
T CASH TO INVESTOR	0	0	0	0	0	0	0	0	0	Ö
SALE VALUE	9643577	9643577	9643577	9643577	9643577	9643577	9643577	9643577	9643577	9643577
LESS PRINCIPAL BAL (ALL MTGS)	7410772	7296072	7172468	7039268	6895727	6741043	6574350	6394717	6201138	5992531
LESS WORKING CAPITAL LOAN	157379	325775	505959	698755	905048	1125780	1361964	1614681	1885088	2174424
ST WORTH	2075426	2021729	1965150	1905554	1842802	1776753	1707262	1634178	1557350	1476621
CHANGE IN NET WORTH	- 50943	- 53696	-56579	-59597	-62752	-66049	-69491	- 73083	- 76828	-80729
AX SAVINGS - OTHER INCOME	163419	157309	151998	147349	143261	139028	136038	133373	131013	128942

TEN YEAR ANALYSIS

	OF IMPORTA		RETURNS,	AND RATIO	os -5-	-6-	-7-	-8-	-9 -	-10-
LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CURRENT PERIOD RETURN (CASH + MTG AMORT + APPRECIATION DIVIDED BY NET WORTH AT BEGIN OF PERIOD)	0240	0259	0280	0303	0329	0358	0391	0428	0470	0518
OVERALL CAPITALIZATION RATE	•0528	• 0528	.0528	• 0528	.0528	•0528	•0528	•0528	•0528	•0528
EXPENSE RATIO (EXPENSES AS A PCT OF GROSS INCOME)	•5598	•5598	•5598	•5598	•559 8	•5598	•5598	•5598	• 5598	•5598
PCT OCCUP REQUIRED TO SATISFY ALL CASH EXPEND EXCLUDING WRK CAPT LOAN)	1.0119	1.0194	1.0273	1.0359	1.0451	1.0548	1.0653	1.0765	1.0885	1.1014
ST COVER RATIO NET INC BEFORE TAX AS RELATED TO DEBT SERVICE)	•7639	•7639	•7639	.7639	.7639	.7639	.7639	.7639	.7639	.7639
CASH RETURN ON EQUITY (INVESTMENT)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
X SHELTER RATIO 1. MORE THAN 1, AMORTIZATION PAYMTS ARE TAX-FREE)	2.7201	2.3891	2.1042	1.8572	1.6421	1.4455	1.2833	1.1400	1.0131	•9007
	- The state of the	The state of the s								

							레드 전시 시작하는 시작 시간 전체를 가진하고			
	<u> </u>		-3-	-4-	-5-	-6-	-7-	-8-		-)
ROSS INCOME	1474484		1474484	1474484	1474484	1474484	1474484	1474484		147
LESS VACANCY + CREDIT LOSS	139862	139862	139862	139862	139862	139862	139862	139862	139862	13
FFECTIVE GROSS INCOME	1334622	-1 334622	1334622	1334622	1334622	1334622	1334622		1334622	
LESS TOTAL EXPENSES (EXCL RE TAX)	355384	355384	355384	355384	355384	355384	355384	355384	355384	35
LESS REAL ESTATE TAXES	470000	470000	470000	470000	470000	470000	470000	470000	470000	47
ET INCOME BEFORE CAPITAL RECAPTURE	509239	509239	509239	509239	509239	509239	509239	509239	509239	50
LESS DEPRECIATION	345491	326984	310316	295140	281198	266721	255175	244258	233920	22
LESS INTEREST	650673	659630	669141	679238	689957	701335	713410	726225	739821	75
LESS BONUS INTEREST	0	0		0	0		0		0	9
AXABLE INCOME	-486926	-477376	-470218	-465140	-461917	-458817	-459347	-461244	-464502	-40
TAX OFFSET	0	0	0	0	0	0	0	0	0	
LESS INCOME TAXES	0	0	0	0	0	0	0	0	0	
PLUS DEPRECIATION	345491	326984	310316	295140	281198		255175	244258		
LESS PRINCIPAL PAYMENT	123631	133229	143571	154717	166728	179672	193620	208652	224850	2
PLUS NEW MORTGAGES FROM REFINANCING	0	0	0	0.	U					
CASH INCOME	-265066	-283620	-303474	-324717	-347447				-455432	
LESS WORKING CAPITAL LOAN PAYMENT	-265066		-303474		-347447	-371768	-397792	-425637	-455432	-4
ET CASH TO INVESTOR	0	0	0	0	0	0		0	0	
					(./	11161600	11161600	11161600	11161600	
ESALE VALUE	11161498	11161498	11161498	11101498	11101498	7820000	11101470	7/27726	7202876	111
LESS PRINCIPAL BAL (ALL MTGS)			8331115	1176876	1524323	1896091	2293883	2719520	3174952	3K
LESS WORKING CAPITAL LOAN	265066	240000	027127	71.0010						
ET WORTH	2288518		1978224	1808225	1627506		1231238		783670	
CHANGE IN NET WORTH	-141435	-150392	-159902	-169999	-180718	-192096	-204172	-216986	-230582	-2
AX SAVINGS - OTHER INCOME	233724	229140	225705	223267	221720	220232	220486	221397	222961	2

EMPLOYEDS MITTIAL	OF	WAUSAU- 60	PER	CENT	FULL	REPLACEMENT CUSTS
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0	F IMPORTAN	T RATES,	RETURNS,	AND RATIO	-5-	-6-	-7-	-8- 0.0000	- 9-	-1
LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000			
CURRENT PERIOD RETURN (CASH + MTG AMORT + APPRECIATION DIVIDED	0582	0657	0748	0859	0999	1180	1422	1762	2273	
BY NET WORTH AT BEGIN OF PERIOD)	.0456	• 0456	.0456	•0456	•0456	.0456	•0456	• 0456	.0456	
EXPENSE RATIO	•5598	•5598	•5598	•5598	•5598	•5598	•5598	•5598	 5598	
(EXPENSES AS A PCT OF GROSS INCOME)	1.0849	1.0975	1.1110	1.1254	1.1408	1.1573	1.1749	1.1938	1.2140	1.
OEFAULT RATIO (PCT OCCUP REQUIRED TO SATISFY ALL CASH EXPEND EXCLUDING WRK CAPT LOAN)				and an other section of the section			and the second s			
	.6577	.6577	.6577	.6577	.6577	•6577	.6577	.6577	•6577	
DEBT COVER RATIO (NET INC. BEFORE TAX AS RELATED TO DEBT SERVICE)				•			and the second s			
	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.
CASH RETURN ON EQUITY (INVESTMENT) TAX SHELTER RATIO		2.4543	2.1614	1.9076	1.6866	1.4845	1.3179	1.1707	1.0403	
(IF MORE THAN 1, AMORTIZATION PAYMTS ARE TAX-FREE)				ST THE STATE OF TH		and the second s				
				regional behavioraria producerante de la cina de plato e e e e e e e e e e e e e e e e e e e	• weeks the state of the state	and the second second second to see the second seco	(<u> </u>		

	-1-	-2-	-3-	-4-	-5-	-6-	-7-			
GROSS INCOME	1474484	1474484	1474484	1474484	1474484	1474484	1474484		1474484	
LESS VACANCY + CREDIT LOSS	139862	139862	139862	139862	139862	139862	139862	139862	139862	13
EFFECTIVE GROSS INCOME	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622	-1334622	-133
	355384	355384	355384	355384	。 355384	355384	355384	355384	355384	35
LESS TOTAL EXPENSES (EXCL RE TAX) LESS REAL ESTATE TAXES	470000	470000	470000	470000	470000	470000	470000	470000	470000	47
EE33 KENE ESTATE TANGE				_			F-0550	500000	5 00220	
NET INCOME BEFORE CAPITAL RECAPTURE	509239	509239	509239	509239	509239	509239	509239	509239	509239	50
LESS DEPRECIATION	457627	433064	410949	390 820	372332	353127	337826	323360	309662	29
LESS INTEREST	831977	853362	876150	900433	926306	953874	983245	1014536	1047870	108
LESS BONUS INTEREST	0	0	0		0			<u> </u>	0	
TAXABLE INCOME	- 780365	-777187	-777861	-7 82014	- 789400	-797762	-811832	-828657	-848294	-87
TAX OFFSET	0	.0	0	0	0	0	0	0	0	
LESS INCOME TAXES	0	0	0	0	0	0	277026	0	0	29
PLUS DEPRECIATION	457627	433064		390820	372332	353127	337826	323360	309662 287502	
LESS PRINCIPAL PAYMENT	158079	170351	183576	197828	213185	229736	247570	266790	28/302	
PLUS NEW MORTGAGES FROM REFINANCING	0	0	0	0	0				•	
- ARCII YURAW		-514474	-550487	-589022	-630253	-674371	-721577	-772087	-826133	-88
CASH INCOME LESS WORKING CAPITAL LOAN PAYMENT	-480817		-550487				-721577	-772087	-826133	-88
	0	0	The state of the s	manual section of the	0	0	0	0	0	
NET CASH TO INVESTOR				**************************************						a nata anakang pada ana sawa
RESALE VALUE	14202688	14202688	14202688	14202688	£4202688	14202688	14202688	14202688	14202688	1420
LESS PRINCIPAL BAL (ALL MTGS)	11006418	10836067	10652491	10454664	10241478	10011/43	9/641/2	949/302	3503991	890
LESS WORKING CAPITAL LOAN	480817	995291	1545779	2134800	2765054	3439424	4161001	4933088	5759222	554
(1985년 1987년 - 1985년 - 1987년 1987년 - 1 1987년 - 1987년			2004418	1613224	1196156	751521	277514	-227783	-766414	-134
NET WORTH	-322738		-366911		-417068			-505297	-53 8632	-57
CHANGE IN NET WORTH	-522150	373050				382926	389679	397755	407181	4]

IMPLOYERS MUTUAL OF	WAUSAU-	80 PER	CENT FUL	LL REPL	ACEMENT CO	STS
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T	E	N	Y	EA	R	Α	Ν	Α	L	Y	S	I	S	

	OF IMPORTA	NT RATES,	RETURNS,	AND RATI	os					
그리다 그 사용하는 경험에 되었다. 그 사용하는 경험에 가장 되었다. 그런 그리고 있는 것이 되었다. 그런 그리고 있다. 그는 사용적으로 살았다. 그리고 있는 것은 사용적으로 한 경험을 하는 것이 되었다. 그리고 있는 것이 없었다. 그 것이 없는 것이 없는 것이 없는 것이 없다.	-1-	-2-	-3-	-4-	-5-	-6-	-7-	-8-	-9-	-10-
LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
CRRENT PERIOD RETURN CASH + MTG AMORT + APPRECIATION DIVIDED	 1062	-•1267	1547	1952	2585	3717	6307	-1.8208	*631 <u>-</u> 6442*	141.4747
BY NET WORTH AT BEGIN OF PERIOD)										
SERALL CAPITALIZATION RATE	.0359	•0359	•0359	•0359	•0359	.0359	•0359	•0359	.0359	.0359
EXPENSE RATIO EXPENSES AS A PCT OF GROSS INCOME)	•5598	•5598	•5598	•5598	•5598	•5598	•5598	•5598	•5598	5598
FAULT RATIO	1.2312	1.2541	1.2785	1.3046	1.3326	1.3625	1.3945	1.4288	1.4654	1.5047
CT OCCUP REQUIRED TO SATISFY ALL CASH EXPEND EXCLUDING WRK CAPT LOAN)					and the second s	an and an artist the second				
LOT COVER RATIO	•5144	•5144	•5144	.5144	•5144	•5144	•5144	.5144	.5144	.5144
NET INC BEFORE TAX AS RELATED TO DEBT SERVICE)										
CASH RETURN ON EQUITY (INVESTMENT)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
TAX SHELTER RATIO	2.8949	2.5422	2.2386	1.9756	1.7465	1.5371	1.3646	1.2120	1.0771	.9578
(IF MORE THAN 1, AMORTIZATION PAYMTS ARE TAX-FREE)										
0										
the state of the s				Medican analysis and a particular and a second and a second	The state of the s	The first of the contraction of	The state of the s			

EMPLOYERS MUTUAL	OF WAUS	AU-100	PER	CENT	FULL	REPLACEMENT	COSTS
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0	139862 1334622 355384 470000 509239 539144 1047093	509239 511583 1083160 0	139862 1334622 355384 470000 509239 486500 1121628 0	-5- 1474484 139862 1334622 355384 470000 509239 463466 1162656 0	-6- 1474484 139862 1334622 355384 470000 509239 439532 1206413 0 -1136707	-7- 1474484 139862 1334622 355384 470000 509239 420477 1253080 0	1474484 139862 1334622 355384 470000 509239 402462 1302847	1334622 355384 470000 509239 385405 1355920	139862 1334622 355384 470000 509239 369232 1412515
74484 39862 34622 55384 70000 09239 59762 13280 0 73804	1474484 139862 1334622 355384 470000 509239 539144 1047093 0	1474484 139862 1334622 355384 470000 509239 511583 1083160 0	1474484 139862 1334622 355384 470000 509239 486500 1121628 0	1474484 139862 1334622 355384 470000 509239 463466 1162656 0	1474484 139862 1334622 355384 470000 509239 439532 1206413	1474484 139862 1334622 355384 470000 509239 420477 1253080	1474484 139862 1334622 355384 470000 509239 402462 1302847	1474484 139862 -1334622 355384 470000 509239 385405 1355920	1474484 139862 1334622 355384 470000 509239 369232 1412515 0
39862 34622 55384 70000 09239 59762 13280 0 73804	139862 1334622 355384 470000 509239 539144 1047093 0	139862 1334622 355384 470000 509239 511583 1083160 0	139862 1334622 355384 470000 509239 486500 1121628 0	139862 1334622 355384 470000 509239 463466 1162656 0	139862 1334622 355384 470000 509239 439532 1206413 0	139862 1334622 355384 470000 509239 420477 1253080 0	139862 1334622 355384 470000 509239 402462 1302847	139862 1334622 355384 470000 509239 385405 1355920 0	139862 1334622 355384 470000 509239 369232 1412515
34622 55384 70000 09239 59762 13280 0 73804	1334622 355384 470000 509239 539144 1047093 0	1334622 355384 470000 509239 511583 1083160 0	1334622 355384 470000 509239 486500 1121628 0	1334622 355384 470000 509239 463466 1162656	1334622 355384 470000 509239 439532 1206413	1334622 355384 470000 509239 420477 1253080	1334622 355384 470000 509239 402462 1302847	1334622 355384 470000 509239 385405 1355920	1334622 355384 470000 509239 369232 .1412515
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PLOYERS MUTUAL	OF WAUSAU-100	PER CENT FULL	REPLACEMENT	COSTS

TEN YEAR ANALYSIS

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VERALL CAPITALIZATION RATE	.0295	0295	.0295	•0295	•0295	.0295	•0295	• 0295		0295
EXPENSE RATIO EXPENSES AS A PCT OF GROSS INCOME)	•5598	•5598	•5598	•5598	•5598	•5598	•5598	•5598	5598	5598
PCT OCCUP REQUIRED TO SATISFY ALL CASH EXPEND EXCLUDING WRK CAPT LOAN)	1.3776	1.4106	1.4460	1.4839	1.5244	1.5677	1.6141	1.6637	1.7168	1.7737
NET INC BEFORE TAX AS RELATED TO DEBT SERVICE)	.4223	•4223	.4223	•4223	•4223	•4223	•4223	•4223	•4223	•4223
CASH RETURN ON EQUITY (INVESTMENT)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
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APPENDIX C

Recent sales of other insurance company office buildings tend to support a premise of severe write-downs on cost of replacement values for the building. Each of these sales involved a very small building, relative to the Employer Mutual complex but each building was relatively modern in design and construction features. Each building was located very favorably in its community and had excess land relative to the existing structure.

The Cream City Mutual Building was liquidated as was the company. Located in prime commercial frontage on Capitol Drive, it was sold for conversion to a neighborhood YMCA. Given a value of the land as though vacant on a conservative basis, the small building was valued at \$9.50 per sq. ft. although replacement cost new would have exceeded \$18 per sq. ft.

In Madison the National Guardian Life Insurance Home Office Building was replaced by a larger structure. First buyer was the Wisconsin State Investment Board which resold at a moderate loss to a development syndicate on a land contract with low down payment. Three parcels of land are in the best high-rise apartment area in Madison and developers plan a luxury apartment complex. Values which can be attributable to the building are \$12 per sq. ft., about 50% of current replacement cost of similar facilities.

The Rural Farm Bureau Building in Madison has been on the market, but for lack of acceptable purchase offers it is expected that a lease to the State of Wisconsin will soon be announced.

Further details and comparability can be judged from the attached sheets. The appraiser has reservations on use of building residual method and does not base his appraisal opinions on these sales and observations.

Cream City Mutual Building--Milwaukee, Wisconsin 5900 W. Capitol Dr.

Land: 255 front ft. by 344 ft. deep or 87,720 sq. ft. (3 street frontages)

Building: 1 story, 7,618 sq. ft., built 1955, central air conditioning; steam boiler; solid brick construction in anticipation of more floors; 60-car parking lot.

Sold: December, 1965; \$310,000. (American Appraisal)

Grantor: Cream City Mutual Life Insurance Company.

Grantee: Y.M.C.A. of Metropolitan Milwaukee

Note: Property on market for one and a half years.

Actual sales price	\$310,000
Low range of comparable land sale prices\$560 per front ft. 255 front ft. x \$560 = land value of	142,800
Residual value attributable to building	\$167,200
Estimated building area = 7,600 sq. ft. \$167,200 / 7,600 = residual market value per sq. ft. of structure =	\$9.50/sq. f





LANDMARK RESEARCH, INC.

National Guardian Life Building--Madison, Wisconsin 142 E. Gilman St.

Land: (3 parcels)

Parcel #1 with building--99'x 230' with lake frontage Parcel #2--99' x 220' average depth with lake frontage Parcel #3--110' x 132'--interior lot parking lot

Lake frontage lots have high wooded bank, adjacent city park and sailing club and are zoned R6.

Building: 3 story with basement (37' x 78' + 73' x 60'), concrete and masonry construction, built about 1947 as insurance office. Approximately 24,200 sq. ft. Company relocated and sold to Wisconsin State Investment Board in 1966. Air conditioned; parking for 80 cars.

Sold: June, 1968; \$625,000 (confirmed by Grantor)

Grantor: Wisconsin State Investment Board.

Grantee: Investment Syndicate of Fitzpatrick, Walsh, etc.

Note: Office building rented to State agencies on short-term basis.

Grantee anticipates replacement with luxury apartment project.

Actual sales price

\$625,000

Low range of land values by parcel:

Parcel #1: 22,770 sq. ft. x \$6.00 = \$136,620 Parcel #2: 21,780 sq. ft. x \$6.50 = 141,570 Parcel #3: 14,520 sq. ft. x \$4.00 = 58,080

\$336,270

336,270

Residual value attributable to building

\$288,730

Estimated building area = 24,200 sq. ft. \$288,730 / 24,200 = residual market value per sq. ft. of structure =

\$12/ sq. ft.

Rural Farm Bureau Building--Madison, Wisconsin 810 W. Badger Road

- Land: 3 street frontages on major beltline cloverleaf at Park St.
 Only access from Badger Road. Irregular shape with 240,643 sq.
 ft. of land, much of it surplus to present need.
- Building: 3 story (60 x 200 ft. + 50 x 100 ft. 1-story wing), concrete and steel curtain wall contemporary built in 1957. Designed for some expansion. Approximately 41,000 sq. ft.; air conditioned; paved parking for 100 cars.
- Note: Property on bid market for 5 months to date; beltline area is hottest commercial development area in town. Best offer is apparently a lease to the State of Wisconsin to be announced soon for a rental figure less than \$4/sq. ft. usable space.









APPENDIX D

October 21, 1968

Following review of this appraisal and others, the Wausau Tax Board of Review reduced the assessed valuation of the Employers Mutual complex to the following:

Land Improvements \$ 658,500 (as per stipulation) 8,730,000

Total

\$ 9,383,500

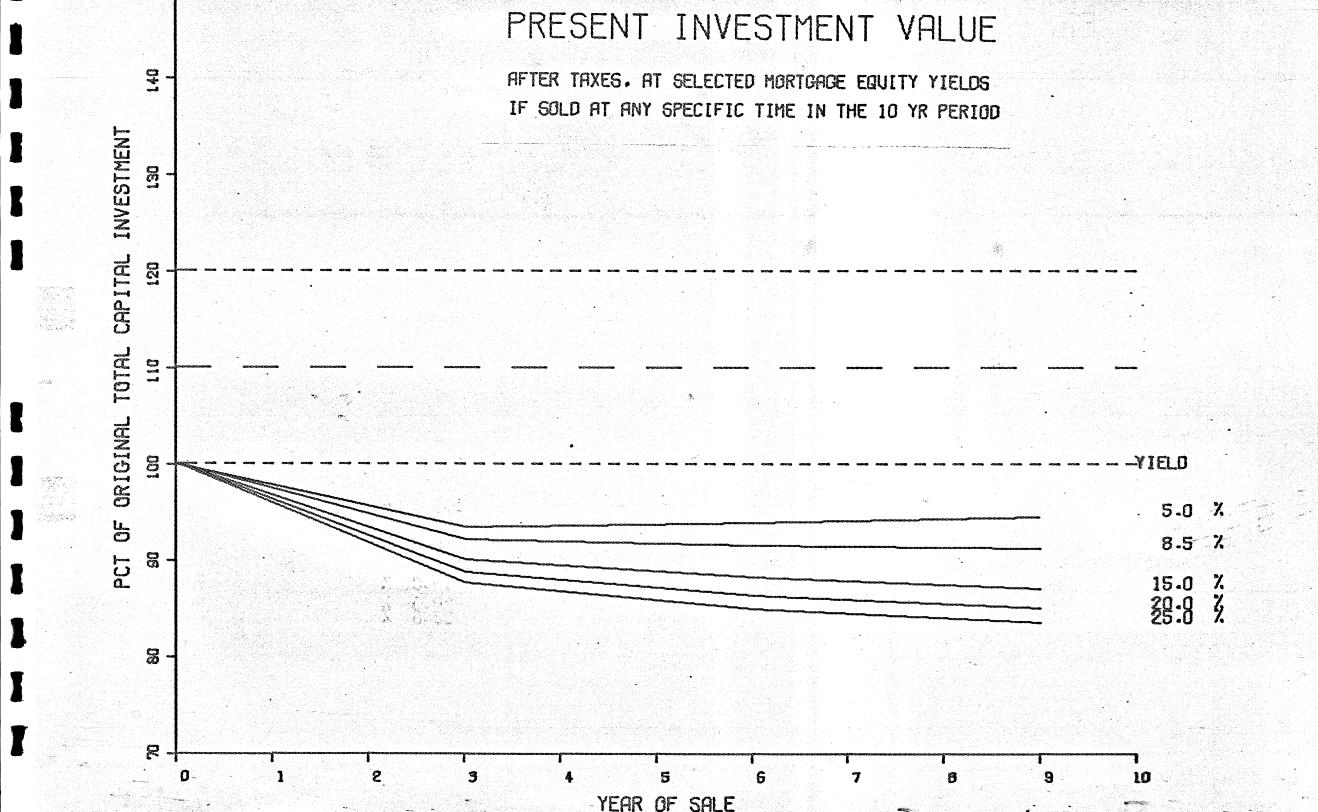
These assessed values were set at 75% of fair market value as presumed by the Board. It represented a reduction of nearly \$2,000,000 in assessed value. At the request of Employers Mutual Insurance Company the computer model assuming costs at 50% of original replacement cost was rerun with an estimated 1968-9 tax of \$375,520 for real estate taxes, all other assumptions remaining identical to those in Appendix A. The investment value of the building was increased to approximately \$9,120,000 suggesting that the assessed value still represents 100% of market value.

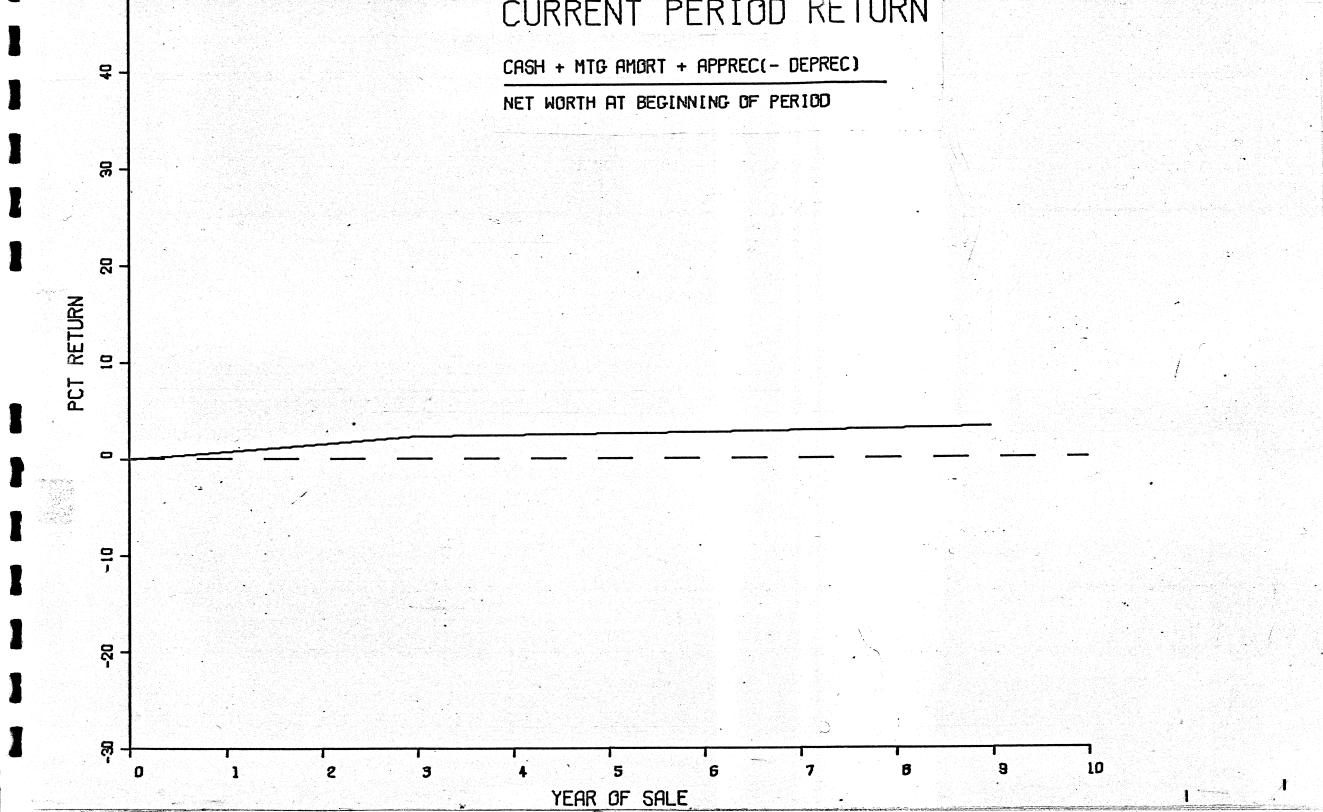
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THREE APPROACHES	RE USED TO	CALCULATE	TOTAL INVI	ESTMENT VA	LUE.
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INVESTMENT VALUE LESS	TOTAL IMPR	ROVEMENT C	OST EQUALS	RESIDUAL	LAND VA
PRESENT VALUE			4	The second secon	
DISCOUNT RATE	5.00	8.50	15.00	20.00	25.00
[[전화] (고급) 등에 있는 6 ~ [전 기원의 호리는 이번 유럽됐다.					
ADITIONAL APPROACH	4001105	3694193	2880695	2433570	20907
NET INCOME STREAM	4291125 6216335	4627756			and the second of the second o
TOTAL RESALE REVERSION*	10507461	8321949		4302560	
TOTAL INVESTMENT VALUE	10501401	OJLI 747		And the second s	
LAND VALUE RESIDUAL	2660093	474582	-2225367	-3544808	-44622
	1.000000000000000000000000000000000000				
FORE TAX APPROACH	and the state of t		7000	7517208	75172
ORIG. MORTGAGE DEBT	7517208	7517208	7517208	1511200	13112
NET INCOME LESS DEBT SERV.	0	0	764390	The second secon	3609
NET WORTH AT RESALE*		8807620	764390 8281599		78781
TOTAL INVESTMENT VALUE	9250582	800/020_	02013//	QQ#0##	
	1403214	960252	434231	190993	307
LAND VALUE RESIDUAL	140-614				
TER TAX APPROACH					
ORIG. MORTGAGE DEBT	7517208	7517208	7517208	7517208	75172
CASH TO INVESTOR	0	0	0	0	
TAX SAVED ON OTHER INCOME	618555		mark as		
NET WORTH AFTER TAX*	981601				2043 80532
TOTAL INVESTMENT VALUE	9117364	8791152	8388008	8190737	80532
계속하다 많이 많이 되었다고 하는 하면 모습니다. 나를 하였다.		943785	540641	343369	2059
LAND VALUE RESIDUAL	1593331	743/03			
ADJ. FOR LENDER PARTIC.	0	Ō	0	0	
					. Not some trype making production and other translations and design design and
	and the second seco	ر از در ۱۸۰۱ زیران در ۱۸۰۱ در سالقراری در این در این در ۱۸۰۱ زیران			
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	-1-	-2-	-3-	-4-	-5-	-6-	7-	8-	-9-	=10=
SS INCOME	1474484	1474484	1474484	1474484	1474484	1474484	CONTRACTOR OF THE PARTY OF THE	1474484	1474484	147448
ESS VACANCY + CREDIT LOSS	139862	139862	139862	139862	139862	139862	139862	139862	139862	13986
그는 이번 한 살이 보이는 전에 가는 저는 생활하는 사람들 무슨 중요한 사람이 없었다.	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622	1334622	133462
ECTIVE GROSS INCOME	355384	355384	355384	355384	355384	355384	355384	355384	355384	35538
ESS TOTAL EXPENSES (EXCL RE TAX)	and the contract of the contra	375520	375520	375520	375520	375520	375520	375520	375520	37552
ESS REAL ESTATE TAXES	375520	313320	3/3320	313320	3,552	0,0-20				
INCOME BEFORE CAPITAL RECAPTURE	603719	603719	603719	603719	603719	603719	603719	603719	603719	60371
그는 이 그는 그를 보고 있는 것이 되었다. 그는 그 그 그들은 그는 그를 보고 있는 것이 되었다. 그는 그를 하는 바로에 취해 수 없다고 있다면 모양하는 것이다. 그는 그를 보고 있다.	289514	274031	260083	247381	235709	223593	213922	204776	196115	18790
	560181	556321	552128	547573	542626	537254	531421	525088	518213	51075
ESS INTEREST ESS BONUS INTEREST	Ō	Ō	0	Ó	0	0	0	0	0	
	-245976	-226633	-208492	-191235	-174616	-157128	-141624	-126145	-110609	-9493
ABLE INCOME		-220000			0	0	0	0	0	- The state of the
TAX OFFSET	,	0	Ŏ	Ŏ	Ŏ	Ŏ	0	0	0	
ESS INCOME TAXES	289514	274031	260083	247381	235709	223593	213922	204776	196115	18790
PLUS DEPRECIATION	106437	114700	123604	133200	143541	154684	166693	179633	193579	20860
ESS PRINCIPAL PAYMENT PLUS NEW MORTGAGES FROM REFINANCING	100431	0	0		0	0	0	0	0	The same and the same area and the same and the same area.
						00000	0/205	101003	-108073	=1156
SH INCOME	≈ 62899	-67302	-72013	-770 54	-82448	-88220	#74373	#101002	-100012	
ESS WORKING CAPITAL LOAN PAYMENT	-62899	-67302	-7 2013	-77054	-82448	-88220	-94395	-101003	-108073	-1156
CASH TO INVESTOR	0	0	0	Ŏ	0	0		0	0	
CASH TO INVESTOR						* 14.5 11.4				
				0442577	9643577	9643577	9643577	9643577	9643577	96435
SALE VALUE	9643577	9643577	9643577	9643577	6895727	6741043	6574350	6394717	6201138	59925
ESS PRINCIPAL BAL (ALL MTGS) 38	7410772	7296072	7172468	7039268		449937	544332	645335		8690
ESS WORKING CAPITAL LOAN	62899	130202	202215	279270	361718	77731	JTTJJL	0.000		
		2217202	2260004	2325039	2386132	2452596	2524894	2603525	2689031	27819
r worth	2169906								85506	929
CHANGE IN NET WORTH	43537	47397	21241	50146	91035	00404	, 66,70			
TT TET 하는 아이들 보고 있는 사람들은 보고 한 경험을 받는 사람들이 가능하는 가능하는 가능하다.	118069	108784	100076	91793	83816	75422	67979	60550	53092	455
K SAVINGS - UTHER INCOME.					and the second s					
			,			<u> </u>				
T WORTH CHANGE IN NET WORTH X SAVINGS - OTHER INCOME	43537 118069	47397	51591	56146	61092	66464	72298	78631 60550		

P	A	G	E	1	7

EMPLOYERS	MUTUAL	OF WAUSAU- 50	PER	CENT FULL	REPLACEMENT	COSTS

	EN							-
OF	IMPOR1	TANT	RATES	, RE	TURNS	, AND	RAT	201
(EX	PRESSE	D IN	PERC	ENTA	SES)			

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(1984년 - 1931년) 전 2012년 (1914년 - 1912년 - 1912년 - 1914년 - 1914 (1914년 - 1914년		-2-	-3-	-4-	-5-	-6-	-7-	-8-	9	-10-
LENDER BONUS INTEREST RATE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
CURRENT PERIOD RETURN	2.048	2.184	2.327	2.475	2.628	2.785	2.948	3.114	3.284	3.457
(CASH + MTG AMORT + APPRECIATION DIVIDED BY NET WORTH AT BEGIN OF PERIOD)										
OVERALL CAPITALIZATION RATE	6,260	6.260	6.260	6.260	6.260	6.260	6.260	6.260	6.260	6.260
EXPENSE RATIO	49.570	49.570	49.570	49.570	49.570	49.570	49.570	49.570	49.570	49.570
(EXPENSES AS A PCT OF GROSS INCOME)					•					
DEFAULT RATIO	94.780	95.079	95.398	95.740	96.106	96.498	96,916	97.365	97.844	98.357
(PCT OF GROSS RENT REQUIRED TO SATISFY ALL CASH EXPENDITURES INCLUDING DEBT SERVICE AND WORKING CAPITAL LOAN)										
DEBT COVER RATIO	90.564	90.564	90.564	90.564	90.564	90.564	90.564	90.564	90.564	90.564
(NET INC BEFORE TAX AS RELATED TO DEBT SERVICE)										
CASH RETURN, AFTER TAXES, ON ORIGINAL EQUITY	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00
TAX SHELTER RATIO	272.005	238.911	210.416	185.721	164.211	144.548	128,333	113.997	101.310	90.074
(IF MORE THAN 100, AMORTIZATION PAYMENTS ARE TAX-FREE)										

