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An appraisal of the property known as Domino's Pizza and rental parking lot, 525 and 515 University Avenue, Madison, Wisconsin. December 25, 1987

Landmark Research, Inc.

[s.l.]: [s.n.], December 25, 1987

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AN APPRAISAL OF THE PROPERTY
KNOWN AS
DOMINO'S PIZZA AND RENTAL PARKING LOT
525 AND 515 UNIVERSITY AVENUE
MADISON, WISCONSIN

*Landmark
Research
Inc.*

AN APPRAISAL OF THE PROPERTY
KNOWN AS
DOMINO'S PIZZA AND RENTAL PARKING LOT
525 AND 515 UNIVERSITY AVENUE
MADISON, WISCONSIN

AS OF
DECEMBER 25, 1987

PREPARED FOR
THE ESTATE OF ALFRED E. ANDING

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research
Inc.

June 1, 1987

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

Jean B. Davis, M.S.

Mr. Alfred E. Anding, Jr.
A.E. Anding Estate
5900 Monona Drive, Suite 401
Monona, Wisconsin, 53716

Dear Mr. Anding:

With this letter we are transmitting our appraisal of the property located at 515 and 525 University Avenue in Madison, Wisconsin. The date of the appraisal is as of December 25, 1986, the date of death of A.E. Anding, Sr., and the property interests, as encumbered by certain leases and a code violation on that date, are owned by S & A Corporation, in which A.E. Anding, Sr. is the sole stockholder.

It should be noted that the subject property is utilized for two separate operations: 1) a carry-out pizza franchise known as Domino's Pizza located in the first floor of the building at 525 University Avenue with a month-to-month residential use on the second floor and 2) a monthly rental parking lot located at 515 University Avenue. These are considered interim uses for this property in transition. Until the University of Wisconsin stabilizes its enrollment policy and the success of the student housing planned for the 600 block of University Avenue is known, the interim uses are currently the most probable uses for the subject property. The parking lot code violation and its effect upon Market Value are discussed within this report.

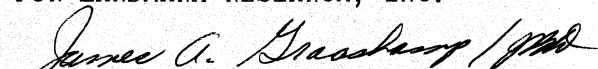
Subject to the assumptions used throughout this report and to the limiting conditions contained herein, we have determined that the Market Value of the subject property, as defined herein and subject to existing contract rents, as of December 25, 1986, is:

ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS
(\$185,000)

This value assumes the buyer will obtain third party institutional financing with cash to the seller and the buyer will pay the cost to cure the parking lot code violation which is estimated to be \$35,000.

Thank you for the opportunity to be of service. Please call if you have questions.

FOR LANDMARK RESEARCH, INC.


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

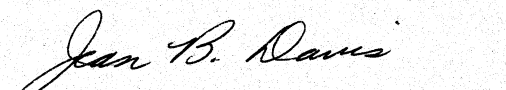

Jean B. Davis
Real Estate Analyst/Appraiser

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I. THE PURPOSE AND DATE OF THE APPRAISAL

The purpose of this appraisal is to estimate the Fair Market Value of the defined property interests of the property described herein, as of the date of death of Alfred E. Anding on December 25, 1986. The property interests, as encumbered, on that date were owned by the S & A Corporation in which A.E. Anding was the sole shareholder.

II. THE DEFINITION OF FAIR MARKET VALUE

Market value is defined according to the Eighth Edition of The Appraisal of Real Estate, published by the American Institute of Real Estate Appraisers with related assumptions as follows: [1]

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.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

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

III. DEFINITION OF INTERESTS TO BE APPRAISED

A. Location of Subject Property

The subject property consists of two unique properties. One is used as a parking lot at 515 University Avenue and the other is a two-story building at 525 University Avenue with the first floor currently leased to Domino's Pizza and tenant parking at the rear of the building. (See Exhibit 1 for the general location of the subject property in Madison.)

After analysis of the physical and dynamic attributes of the site and its neighborhood, the appraisers have determined that the total property should be valued as an assemblage of 515 and 525 University Avenue. Plat maps featuring each of the two properties and total assemblage are found in Exhibits 2, 3, and 4.

B. Legal Description

The property is identified by the following legal descriptions and tax parcel numbers:

1. 525 University Avenue

Lots 1 and 6 of Hass Replat of Lot 3, Block 11, University Addition, and of Lots 7 and 8, Ready's Replat of part of Block 11, University Addition to the City of Madison, in the City Madison, Dane County, Wisconsin.

Tax Parcel Numbers: 0709-232-1108-4
 0709-232-1113-3

2. 515 University Avenue

Lots 2, 3, 4, and 5, Hass Replat of Lot 3, Block 11, University Addition, and of Lots 7 and 8, Ready's Replat of part of Block 11, University Addition to the City of Madison, in the City of Madison, Dane County, Wisconsin.

Lot 4, Block 11, University Addition to Madison, in the City of Madison, Dane County, Wisconsin.

Tax Parcel Numbers: 0709-232-1105-0
 0709-232-1106-8
 0709-232-1107-6
 0709-232-1114-1
 0709-232-1105-2

C. Tax Assessment Data as of January 1, 1986

The subject property is comprised of seven tax parcels. Two parcels underlie the Domino's Pizza property at 525 University Avenue and the remaining five parcels compose the rental parking lot at 515 University Avenue. A summary of the tax parcels, the assessed values as of January 1, 1986, the real estate taxes due in 1987, and the special street improvement assessments are found in Exhibit 5. The payment schedule for the special street assessments are also included in Exhibit 5.

D. Owner of Record

The owner of record of the subject property as of December 25, 1986, was S & A Corporation of which A.E. Anding, Sr., was the sole stockholder.

E. Encumbrances

The property is owned free and clear of mortgage debt as any existing debt is neither assumable or assignable. However, title is encumbered by two leases and a serious building code violation for which the owner has been judged guilty, fined, and for which the cost to cure is estimated to be \$35,000 as detailed later within the report.

As of May 13, 1987, the cost to satisfy the judgement totals \$929.85 for costs, fees, and interest charges. (See Appendix A for letter to Donald R. Huggett from the City of Madison regarding the judgement totals.) Sixty parking stalls are leased on a month-to-month basis and are regarded in the appraisal as a temporary license and not as an encumbrance on the property. The alleys to the south and the west of the subject property are not easements on the site as is customary in Madison, but are fully dedicated public rights of way.

There is a lease to George Mark Patterson II for "approximately 25 percent of the total building area" (as per lease) for a carry-out pizza franchise known as Domino's. The lease is for five years from August 1, 1983 through July 31, 1988 with a five year renewal option. The lease provides for the rent to be indexed to the change in the Consumer Price Index (CPI) after the first 30 months of operation. A second lease is to the Hansen Advertising Company for five years from April 1, 1984 to March 31, 1989. The texts for the two leases are provided in Appendix B.

IV. THREE YEAR TRANSACTION HISTORY

The subject property was assembled in the early 1950s, except for Lots 1 and 6 which were purchased in 1965 by the S & A Corporation. The mortgages of record were determined to be satisfied as per

correspondence from the attorney shown in Appendix A. Other liens which remain will be detailed below. THERE HAVE BEEN NO SALES OR TRANSFERS OF THE SUBJECT PROPERTY WITHIN THE PAST THREE YEARS.

V. APPRAISAL METHODOLOGY

The appraisal process seeks, as a conclusion, a defensible benchmark of value through the application of three approaches: the Cost Approach, the Market Comparison Approach and the Income Approach. The Cost Approach consists of determining the replacement cost of the land to which is added the cost of duplicating the improvements. The result is reduced by the physical, functional, and locational obsolescence to arrive at value by the Cost Approach. This approach is appropriate only for recently improved real estate.

The Market Comparison Approach consists of identifying sales of similar properties and analyzing the market pricing behavior of buyers of these properties. The analysis is an orderly process of comparing the attributes of the comparable properties to the attributes of the subject property. From the results of this analysis, the most probable price of a transaction involving the subject property can be inferred.

The Income Approach involves discounting the future cash flows attributable to the subject real estate at a rate of return appropriate to potential investors. Cash inflows and outflows are estimated from past operating results as well as current market and financing conditions. The discounted amount indicates the value of the income characteristics of the subject property.

VI. SITE DESCRIPTION

The subject property as defined in the map in Exhibit 4 has a total frontage on University Avenue of approximately 180.345 feet and total depth to the Conklin Place alley of 166.35 feet for a total area of approximately 30,000 square feet in a nearly rectangular assemblage. It is bordered on the west lot line by a dedicated alley 11.5 feet wide connecting University Avenue to Conklin Place, another alley which measures 16.5 feet wide.

The site is virtually level and no soils tests or foundation limitations were provided. A crack in the poured concrete foundation on the east side of the existing building suggests a slight problem regarding the bearing capacity of the existing soils. (See photograph in Exhibit 7.)

Auto access from University Avenue is hampered because University Avenue is a one-way, heavy traffic artery going west with a designated bike lane contiguous to the subject property going east. The bike lane is demarcated by a concrete curbing which is only slightly raised and runs from the old supermarket parking lot on the east to Goeden's Fish Market on the west. Therefore a car travelling west on University Avenue would have to cross the slight concrete median strip to enter the private rental parking lot. No parking is allowed along

University Avenue in front of Domino's Pizza. Therefore the primary access to Domino's Pizza is from the Conklin Place alley off Frances Street to the parking area at the rear of the building. A departing customer from Domino's Pizza can only drive east on Conklin Place and then turn right on Bassett Street, a one way street. Renters of stalls on the parking lot can exit onto University Avenue to travel west; to travel east they must exit to the east along Johnson Street via Conklin Place and Bassett Street. Therefore the primary entrance to the parking lot is also from the Conklin Place alley via Frances Street. Despite the high traffic volume, the excellent visibility to passing vehicular traffic, and the proximity to the University Avenue pedestrian artery, the lack of accessibility makes it difficult to capture any commercial value for the site.

Pizza sales from Domino's Pizza are primarily the result of telephone delivery service or from limited walk-in pedestrian traffic. There is no sit-down space provided inside Domino's Pizza to draw pedestrian diners.

For purposes of this appraisal and the need to find comparables sales for two separate property uses, the assemblage has been subdivided into an eastern portion which is currently used as a monthly rental parking lot, referred to as 515 University Avenue, and a western portion, referred to as 525 University Avenue, consisting of Lots 1 and 6 on which a two-story commercial structure is located with a supporting parking area to the rear of the building. The eastern portion, 515 University Avenue, was formerly the site of a supermarket that was destroyed by fire in the late 1960s plus its adjacent parking lot. The slab floor of the supermarket and the remaining asphalt of the old parking lot provide a partially paved and nonconforming surface for the rental parking operation. The parking lot does not meet Madison code.

The City of Madison ordinances control parking areas in terms of storm water drainage coordinated with paved surfaces, landscaping and proper lighting. (See Appendix A for excerpt from the Madison code.) As reported earlier in Section IV the property owner has already been judged guilty of several code violations on these matters and the cost to cure is a condition of removing the code violation lien to provide marketable title presumed in this appraisal. The cost to cure is estimated to be \$590 per stall or \$35,400 which is rounded to \$35,000. The cost to cure is taken from cost figures provided by Marshall and Swift Cost Service as of April 1987 with a range of cost per space from \$590 to \$1,100 which includes asphalt paving, striping, some lighting, landscaping and drainage. The lower cost is used as a minimum to meet code requirements.

VII. BUILDING DESCRIPTION

The two story structural concrete building was built in 1913 according to the records in the assessor's office. The structural floor is concrete deck and frame, and the exterior walls are finished with face brick. The roof is a flat three-ply asphalt mopped roof finished with tar and gravel and is in average condition. The cracks in the

concrete foundation indicate there may have been soil instability at some time. The building's mechanical systems consist of gas-fired hot water heat with central air conditioning for the first floor only. An old style freight elevator serves the full basement and the first and second floors. The basement is used by one of the second floor tenants as an appliance repair area; it is basically unfinished although the floor is tiled and the walls have been painted. A basement bathroom is reported to be unused.

The building measures 41 feet at both the front and the rear. The east side measures 74 feet in length and the west side of the building is 64 feet in length. There is a one-story storage area which measures 10 feet by 20 feet at the southeast end of the building adjacent to the parking area. The first floor has a total gross building area 2,803.5 square feet; the basement and the second floor each contains 2,603.5 square feet of gross building area.

The present first floor improvements including the required furniture and fixtures were installed by the current tenant, Domino's Pizza in 1983 when their lease commenced. The restaurant portion of the first floor appears to be modern and in good condition. The office is older, but functional. The back entrance area is in poor condition and is in need of major redecorating. An old bathroom at the rear of the first floor is in poor condition. (See Exhibit 6 for a sketch showing the layout of the first floor and Exhibit 7 for photographs of the subject property.)

The second floor consists of a large room with a makeshift open kitchen area, a small living room, and a bathroom. The space is currently occupied by musicians, artists, and other tenants. The lease was originally with a tenant who planned to install a cookie factory on the second floor, but these plans did not materialize. The current tenants apparently have a relationship with the intended lessee and have been allowed to occupy the living area at a lesser rent than had been contracted. (See Exhibit 6 for a sketch of the second floor layout.)

VIII. MOST PROBABLE USE AND MOST PROBABLE BUYER

Despite proximity to high traffic and pedestrian flows, the access to the subject property discourages retail use or commercial office. Therefore, the assemblage would be most likely for the development of student housing, possibly with a change in zoning from C2 Commercial to a Planned Unit Development (PUD). However, a major student condominium project is planned for the 600 block of University Avenue at the same time that the University of Wisconsin is trying to reduce enrollments. Therefore, redevelopment should be postponed until the success of the 600 block project is known and University policies have stabilized. In that context the interim use of monthly rental parking on the vacant portion of the site and the use of the obsolete commercial building for a home delivery pizza business are the most probable current uses.

The most probable buyer would be a Madison firm which specializes in student housing and multifamily rental development for syndicated equity investors.

IX. THE VALUATION OF THE SUBJECT PROPERTY

The appraisal process calls for three independent methodologies which are the Cost Approach, the Market Comparison Approach, and the Income Approach to Value to be applied to each subject property where appropriate. Since the Cost Approach is not relevant to an older building with certain elements of functional and economic obsolescence and the current improvements to the parking lot are nonconforming, the appraisers must rely upon the two remaining approaches to value. The Market Comparison and Income Approaches will provide benchmarks of value which most probable buyers will attach to this type of property in transition.

In this case, primary reliance should reflect an Income Approach to Value for this commercial property, BUT that current use is an interim use while investors wait for University enrollment and development plans to unfold. THEREFORE, primary reliance must be on the Market Comparison Approach which utilizes comparable market transactions made in anticipation of a change of use or a deferment of investment potential and less reliance must be placed on the Income Approach which reflects only current income from the property. For the purposes of this appraisal, the Market Comparison Approach utilizes a price per point per unit method of comparison and the Income Approach utilizes a five year forecast of cash flow from interim uses as a basis for determining the present value of the income stream and the future reversion value.

A. Market Comparison Approach

The Market Comparison Approach, based upon the principle of substitution, assumes an informed buyer will pay no more and an informed seller will accept no less than the price paid for a property of similar utility, given a comparable sales transaction that fits the criteria used in the definition of Market Value as presented in Section II of this report.

1. The Property at 525 University Avenue Known as Domino's Pizza

The sale of 29 commercial properties which have occurred since 1984 and which are located along main streets in the central city were found and the properties most comparable to the subject property were selected, based upon the following criteria:

- a. Built between 1900 and 1930 with two to four levels of developable space.

- b. Constructed with heavy duty masonry walls for light industrial use.
- c. Purchased for adaptive reuse or continuing adaptive reuse created by seller.
- d. Located along a main thoroughfare near the central city.
- e. Zoned commercial at the time of sale.

Four properties which sold between September 1984 and November 10, 1986 were selected as being most comparable to the subject property. Comparable Sale No. 1, built in 1925, and located on the curve of West Gorham Street which leads into University Avenue had been the home of the publishers of the Progressive Magazine for many years. The upstairs was used as two apartments at the time of the sale. The property was purchased by the YMCA to be used as a social club for persons with special needs. A kitchen was constructed on the first floor to provide meal service to the club members. The favorable land contract purchase price and terms of \$135,000 was adjusted to a cash equivalent price of \$120,000.

Comparable Sale No. 2, built in 1919, had most recently been an Army Navy store and was purchased for cash by Research Products Corporation which is headquartered in the area for future office expansion. The buyer indicated the building will undergo a complete renovation in the near future. Although there is a high vehicular traffic count in front of this property, there is virtually no pedestrian traffic in the area.

Comparable Sale No. 3, built in 1916, had been a furniture store until the late 1970s. The first two floors of the building were extensively remodeled in 1978 when the store was converted to a restaurant. The third and fourth floors do not conform to the building code requirement regarding the proper number of exits to meet code for human habitation and, therefore, can only be used for storage. This property is located near many high pedestrian traffic generators such as the Capitol, State Street, the campus and downtown office buildings.

Comparable Sale No. 4, built in 1926, was a book bindery until its sale in 1985. The buyer converted this old

industrial building into 14 studio apartments, utilizing both the lower and upper levels of the structure. The sale involved an exchange and cash; both the buyer and seller regarded \$80,000 as the cash equivalent price. The property is located one block off State Street.

Salient data about each comparable sale property and a photograph of each are found in Exhibit 8. A map locating the comparable sale properties is found in Exhibit 9. Although selection criteria establish both the commonality of opportunity and buyer motivation, within the subset of acceptable properties there are critical differences which cause the price in each case to vary around the mean price per unit. These qualitative differences in important property attributes can be recognized with a point scoring system. The critical, price sensitive attributes and the point scores assigned each attribute to quantify the degrees of the variance among the comparable sales are specified for this appraisal in Exhibit 10. The critical variables, in this case, are the location of the property in relationship to pedestrian traffic; the income producing capabilities of the upper floors at the time of sale; the ratio of land to the gross area of the first floor of the building (parking potential); the size of the building; and the intended use at the time of purchase.

The weight to be applied to each critical attribute has been determined by an computerized algorithm known QP4 which searches for that set of weights which best reduces the variance in the mean price per square foot per point. The computer program, QP4, was developed by Gene Dilmore, a nationally known appraiser, and the program is based upon research from the University of Wisconsin. Through this computerized process, recognition is made of the varying characteristics in each property which disrupt the tendency toward sameness in the price per unit expected by the market comparison system. The computer output which indicates the relative weighted scores for each of the comparable sales and the subject property, the mean price per point, and the application of the mean price to the subject property are shown in Exhibit 11.

The reliability in this pricing model is demonstrated in its ability to predict the price of each comparable sale. As shown in Exhibit 11, a comparison of the predicted price and the actual price of each comparable indicates an average error of 3.25 percent with a range from 0.9 percent to 6.8 percent. There appears to be a relatively good fit between the predicted price and the actual price for each

comparable sale; it can be concluded that the selection and the weighting of the price sensitive factors successfully reflects buyer pricing behavior for this type of property. The results indicate a value range of \$17.83 per square foot of gross building area (GBA) to a high of \$19.51 per square foot of GBA. The mean price of \$18.67 per square foot of GBA is used to value the vacant site at 515 University Avenue.

THE MARKET COMPARISON APPROACH, THEREFORE, INDICATES THAT THE IMPROVED SITE AT 525 UNIVERSITY AVENUE KNOWN AS DOMINO'S PIZZA WITH 4,800 SQUARE FEET OF GBA AND A WEIGHTED POINT SCORE OF 3.00 HAS AN ESTIMATED MARKET VALUE OF \$90,000, PLUS OR MINUS \$4,000, AS OF DECEMBER 25, 1986.

2. The Property at 515 University Avenue Used as a Parking Lot

A search of the urban Madison area for comparable vacant sites yielded 12 sales which had been transacted between 1981 and 1986. The four comparable sale properties most like the subject were selected to serve as a benchmark for the Market Value of the subject site. A premium price was paid by the contiguous property owner for an 8,712 square foot site at the corner of West Gorham Street and North Broom Street. The lot has since been cleared of an old building foundation and improved as a surface parking lot.

The second sale of a 6,159 square foot corner site at Regent Street and South Orchard Street, was purchased in 1981 as the site for a fast food franchise. The buyer had to pull the gas tanks from this old gas station site to ready it for reuse.

An assemblage was completed in 1983 of two parcels for a total of 27,589 square feet on the corner of Regent Street and North Mills Street for the construction of a Hardee's fast food restaurant. The site has good visibility and access from the two streets, each of which allows two-way traffic.

The fourth comparable site, purchased in 1982, is located on the corner of West Washington Avenue and South Bedford Street. The site has an area of 16,665 square feet and is the site of a new credit union building.

The details of each of the four comparable sale sites are found in Exhibit 12 and are located on a map found in

Exhibit 13. No adjustment has been made for the year of sale. The double digit inflation of the early 1980s had the greatest impact upon the cost to construct and the cost to finance new projects; in contrast, the price of vacant land has remained relatively stable in areas of slow or no growth in downtown Madison. Therefore, no adjustment is made for the time of sale.

With a limited degree of comparability, it is necessary to adjust for differences between the comparable sales and the subject property for factors apparently influencing investor buyer calculus. These selected attributes and point scoring system for differentiating among the comparable sales and the subject property are provided in Exhibit 14. The same computer program, QP4, is used to solve for the optimum set of weights for the price sensitive attributes to produce a pricing algorithm which best predicts the actual sale price of each comparable sale. If the algorithm closely replicated the prices actually paid for the comparable properties, the appraisers then assume it would also anticipate the probable price of the subject property when the subject property is scored with the same weighted point system. The results of this process are provided in Exhibit 15. In this case a very tight distribution is achieved, with the variance between the predicted price and the actual sales price of one comparable sale at 1.8 percent and the other three less than one percent. The results indicate a value range of \$5.64 per square foot on the low side to a high side of \$5.81 per square foot of land area. The mean price of \$5.73 per square foot of land area is used to value the parking lot site at 515 University Avenue.

THE MARKET COMPARISON APPROACH, THEREFORE, INDICATES THAT THE VACANT SITE LOCATED AT 515 UNIVERSITY AVENUE AND CURRENTLY IN USE AS A PARKING LOT, WITH 23,171 SQUARE FEET OF LAND AREA AND A WEIGHTED POINT SCORE OF 2.0 HAS AN ESTIMATED MARKET VALUE OF \$133,000, PLUS OR MINUS \$2,000, AS OF DECEMBER 25, 1986.

B. The Income Approach

The Income Approach combines the present value of cash flows to the equity investor during the project holding period with the justified mortgage amount based on property income. The premise is that investment value is the sum of the present value of benefits to the owner plus the original balance to the loan since a loan is the present value of all the interest and principal payments due the lender under the financing contract.

The Income Approach, using the discounted cash flow methodology, begins with a determination of revenues and expenses which solve for net operating income (NOI) during a five year projection period. In this case, revenues consist of the sum of the monthly rents from the parking stalls, the contract rents from Domino's Pizza, and the month-to-month rent from the second floor apartment. Also included in the revenues is a contract rent from the Hansen Advertising Companies for an outdoor sign at the east side of the Domino's building. The revenues and expenses projected for 1987 are detailed in Exhibit 16 with extensive footnotes to explain the terms of the leases and the assumptions used to forecast the revenues and expenses over the five year holding period. A summary of the five year forecast of revenues and expenses is found in Exhibit 17. An inflation factor of three percent is used to forecast the increases indexed by the Domino's lease. The following expenses are also inflated at three percent per year: insurance premiums, utilities, and maintenance and repairs. Property taxes are assumed to increase at five percent per year because of the increased shifting of the tax burden from the state to the municipalities in the form of decreased aids. Management fees for the building are five percent of effective gross revenue

To convert the projected NOI to a capitalized value, the appraisers have used an after-tax discounted cash flow model called ATV (After Tax Valuation). ATV was developed by an appraiser, Robert Martin, for appraisers and is marketed by Valusoft and Micromatix, Inc. The assumptions used to establish the impact of third party, first mortgage financing, the depreciable base for income tax advantage, and the requirements for investment performance are provided in Exhibit 18. The debt cover ratio of 2.0 and the 10 year mortgage term are reflective of this property in transition.

The ATV output provided in Exhibit 19 indicates an Income Approach Value of \$205,621, or \$205,000, rounded, for the total site and improvements located at 515-525 University Avenue. The relationship of the first year NOI to value must be at least 15.8 percent for this underutilized property whose time has not yet come because it offers no tax shelter and the after tax dividend to the investor is only nine percent. The value of this property to an investor is the return on equity from the after tax cash flow during the transition period and the speculative opportunity for a new, more productive use when the economic climate is more favorable for multifamily development.

X. RECONCILIATION OF VALUATION METHODOLOGIES FOR VALUE CONCLUSION

The Market Comparison Approach, which is the primary indicator of value for this transition property, suggests a combined Market Value of \$223,000 with \$90,000 suggested for the 525 University Avenue parcel known as Domino's and \$133,000 suggested for the 515 University Avenue parcel currently in use as a parking lot. The Income Approach which capitalizes the current interim NOI from the two parcels suggests a value of \$205,000.

With primary reliance on the Market Comparison Approach, this value is weighted 80 percent in setting the value of the subject property. A weight of 20 percent is assigned to the Income Approach value. A synthesized weighted average is calculated as follows:

MARKET COMPARISON APPROACH (Madison area comparable sales)	\$223,000 * 80% =	\$178,400
INCOME APPROACH (Five year discounted cash flow)	\$205,000 * 20% =	<u>41,000</u>
TOTAL ESTIMATED MARKET VALUE		\$219,400
ROUNDED		\$220,000 =====

Since the appraisal presumes a marketable title, the Market Value suggested by the Market Comparison Approach and the Income Approach must be reduced by \$35,000, the estimated cost to remove the code violation lien against the subject property. Therefore, the net Market Value is \$185,000.

THEREFORE, THE APPRAISERS CONCLUDE THAT THE MARKET VALUE OF THE SUBJECT PROPERTY, AS DEFINED AND AS OF DECEMBER 25, 1986, ENCUMBERED BY CERTAIN CONTRACT RENTS AND SUBJECT TO THE ASSUMPTIONS USED THROUGHOUT THIS REPORT AND THE LIMITING CONDITIONS CONTAINED HEREIN, IS:

ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS
(\$185,000)

assuming third party financing, cash to the seller, and the buyer will pay the cost to cure the parking lot code violation estimated to be \$35,000.

The total value as of December 25, 1986, is allocated between land and improvements as follows:

LAND	\$145,000 (\$6.00/SF * 30,000 SF less \$35,000 cost to cure code violation lien)
IMPROVEMENTS	<u>40,000</u>
TOTAL	\$185,000 =====

EXHIBITS

FOR

APPRAISAL OF

DOMINO'S PIZZA AT 525 UNIVERSITY AVENUE

RENTAL PARKING LOT AT 515 UNIVERSITY AVENUE

312569

VOL. 4. PAGE 34A.

HASS REPLAT

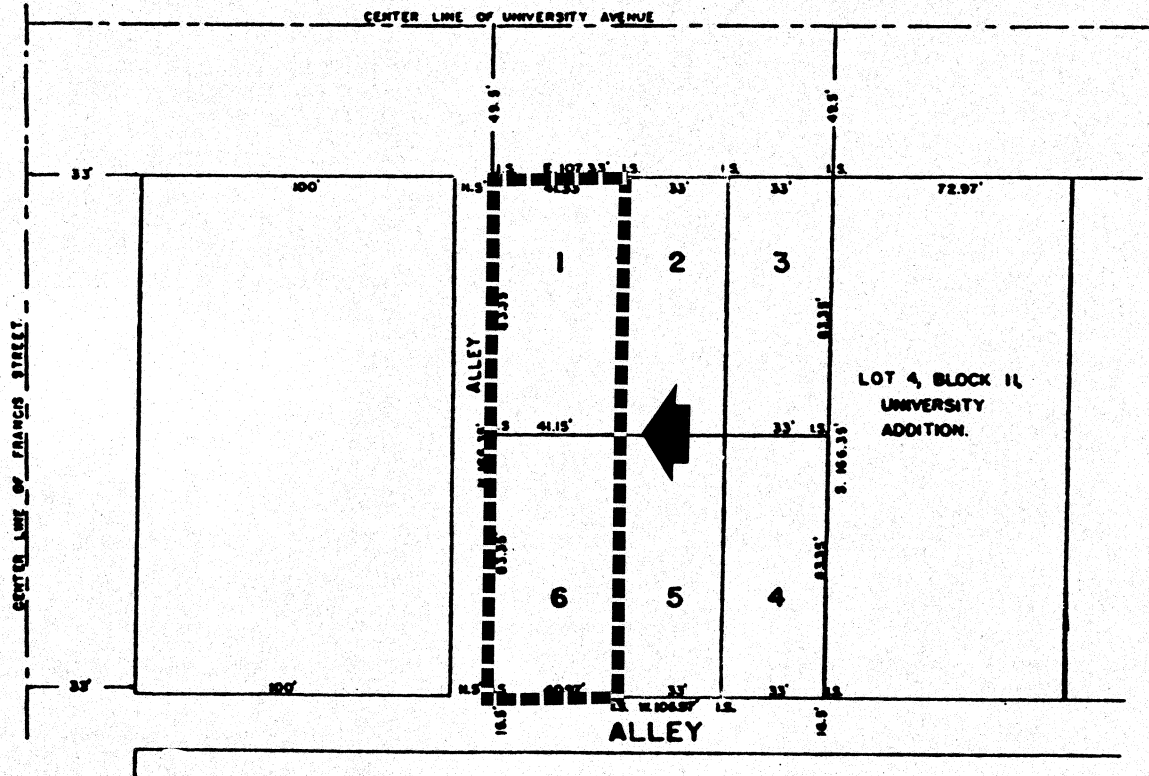
OF LOT 3, BLOCK II, UNIVERSITY ADDITION, AND OF LOTS 7 & 8, READY'S REPLAT
OF PART OF BLOCK II, UNIVERSITY ADDITION TO THE CITY OF MADISON.

THEO. PANKOW, Sw.
JUNE 11, 1911

SCALE 1" = 30 FEET.

←Orig. 1"→

RECORDED AUG. 2, 1911



I, THEO. PANKOW, DO HEREBY CERTIFY THAT BY THE DIRECTION OF HERMAN A. HASS OF MADISON, DANE COUNTY, WISCONSIN, I HAVE SURVEYED, PLATTED, AND MAPPED THE FOLLOWING DESCRIBED LAND TO WIT: BEGINNING ON THE SOUTH LINE OF UNIVERSITY AVENUE 111.5 FEET EAST OF THE EAST LINE OF FRANCIS STREET, THENCE EAST 107.33 FEET; THENCE SOUTH 166.35 FEET; THENCE WEST 106.97 FEET TO ALLY; THENCE NORTH 166.35 FEET TO THE PLACE OF BEGINNING. I FURTHER CERTIFY THAT I HAVE SUB-DIVIDED SUCH LAND AS SHOWN AND DESIGNATED ON THE ABOVE MAP. I FURTHER CERTIFY THAT THIS MAP IS A CORRECT REPRESENTATION OF ALL THE EXTERNAL BOUNDARIES OF THE LAND SURVEYED AND OF THE DIVISIONS THEREOF MADE. I FURTHER CERTIFY THAT I HAVE FULLY COMPLIED WITH THE PROVISIONS OF CHAPTER 101 OF THE STATUTES OF THE STATE OF WISCONSIN IN SURVEYING AND MAPPING SAID PREMISES.

THEO. PANKOW SURVEYOR.

Reproduction of Copy of Original Plat

Furnished by Dane County Title Company

PLAT MAP FEATURING DOMINO'S PIZZA
LOCATED AT 525 UNIVERSITY AVENUE

EXHIBIT 2

Southwest Research, Inc.

312569

VOL. 4. PAGE 34A.

HASS REPLAT

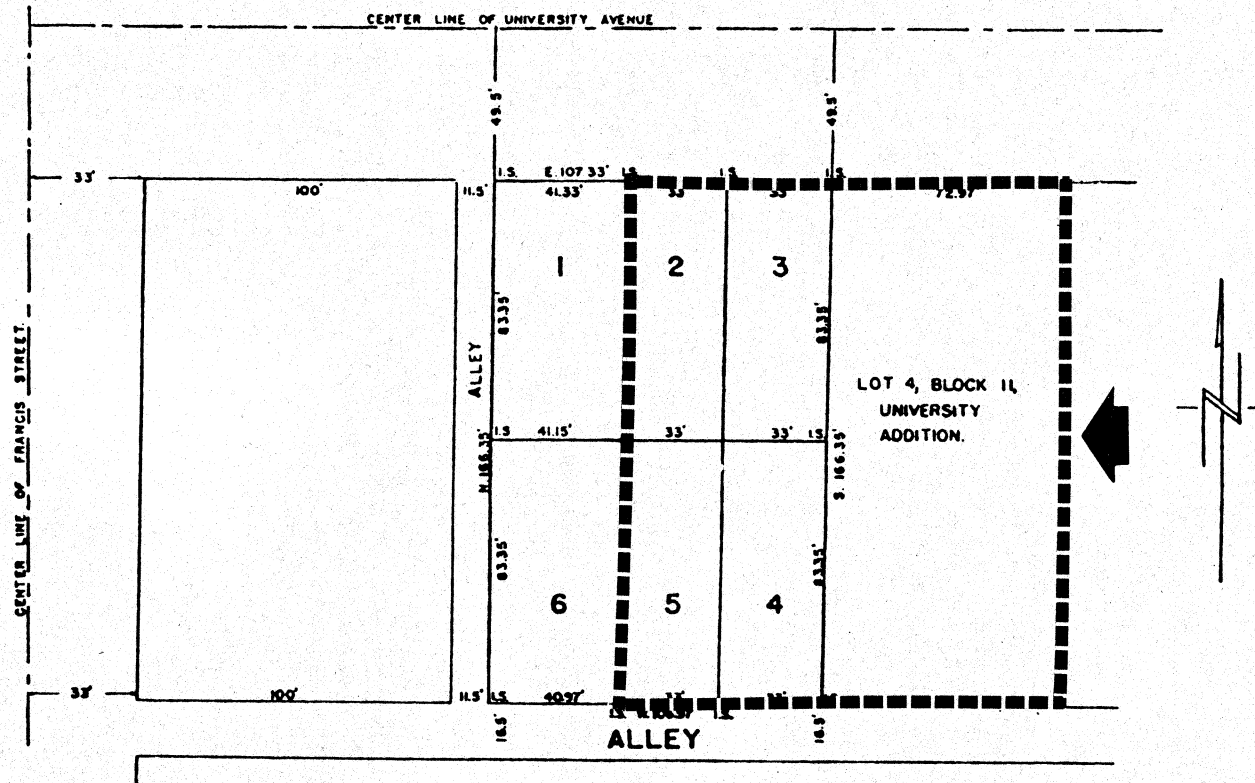
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OF PART OF BLOCK II, UNIVERSITY ADDITION TO THE CITY OF MADISON.

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THEO. PANKOW SURVEYOR

Reproduction of Copy of Original Plat
Furnished by Dane County Title Company

PLAT MAP FEATURING PARKING LOT
LOCATED AT 515 UNIVERSITY AVENUE

EXHIBIT 3

Southwest Research, Inc.

312569

VOL. 4. PAGE 34A.

HASS REPLAT

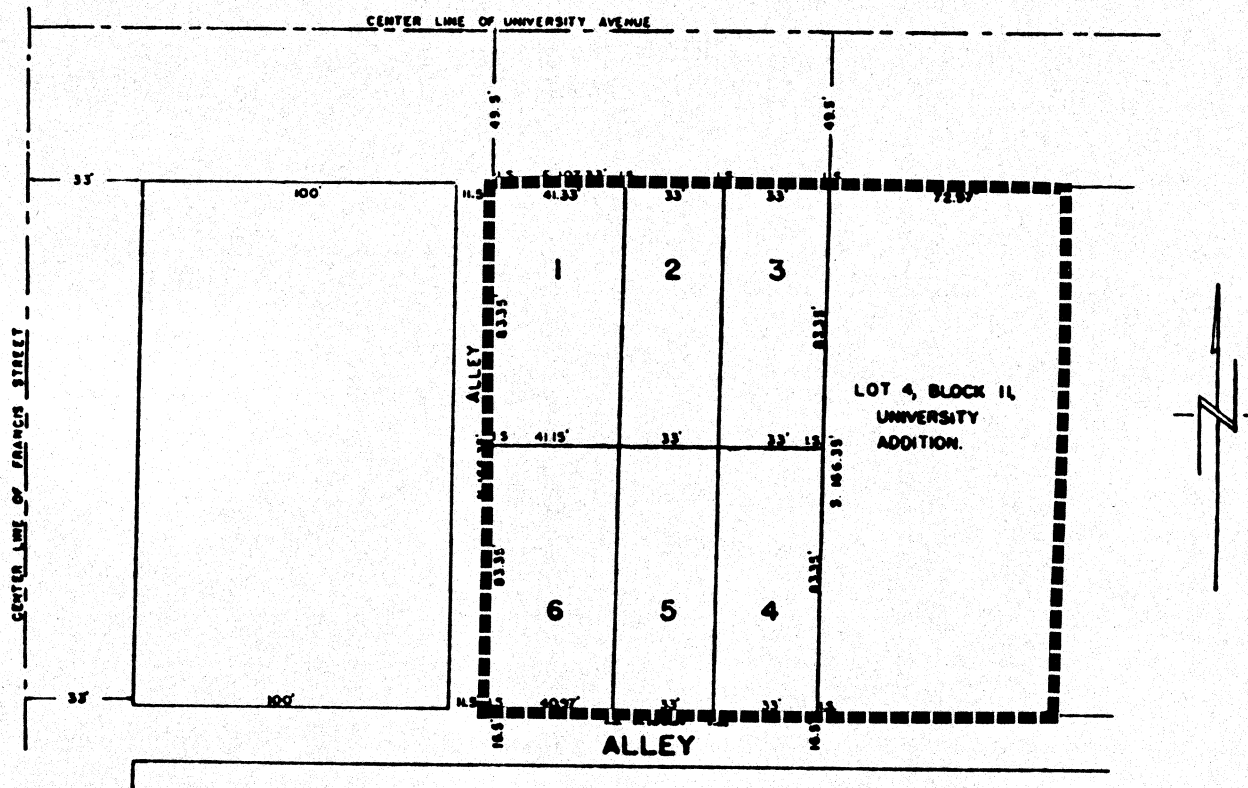
OF LOT 3, BLOCK 11, UNIVERSITY ADDITION, AND OF LOTS 7, & 8, READY'S REPLAT
OF PART OF BLOCK 11, UNIVERSITY ADDITION TO THE CITY OF MADISON.

THEO. PANKOW, Sur.
JUNE 11, 1911

SCALE 1" = 30 FEET.

← Orig. → 1" →

RECORDED AUG. 2, 1911



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THEO. PANKOW SURVEYOR

Reproduction of Copy of Original Plat

Furnished by Dane County Title Company

PLAT MAP OF SUBJECT PROPERTY
LOCATED AT 515-525 UNIVERSITY AVENUE

EXHIBIT 4

EXHIBIT 5
SUMMARY OF 1986 ASSESSMENTS
AND
SPECIAL STREET IMPROVEMENT ASSESSMENTS

TAX PARCEL	LAND	IMPROVEMENTS	TOTAL	REAL ESTATE TAXES AS OF 2/28/87	SPECIAL STREET IMPROVEMENT ASSESSMENT
=====					
525 UNIVERSITY AVENUE					

0709-232-1108-4 525 University Avenue	\$33,000	\$57,000	\$90,000	\$2,559.32	\$117.76
0709-232-1113-3 538 Conklin Place	\$24,800	\$700	\$25,500	\$725.15	
	-----	-----	-----	-----	-----
TOTALS	\$57,800	\$57,700	\$115,500	\$3,284.47	\$117.76
515 UNIVERSITY AVENUE					

0709-232-1105-0 515 University Avenue	\$90,300	\$1,200	\$91,500	\$2,601.99	\$204.84
0709-232-1106-8 521 University Avenue	\$20,600	\$600	\$21,200	\$602.86	\$104.12
0709-232-1107-6 523 University Avenue	\$20,600	\$600	\$21,200	\$602.86	\$104.12
0709-232-1115-9 534 Conklin Place	\$19,900	\$600	\$20,500	\$582.96	
0709-232-1114-1 536 Conklin Place	\$19,900	\$600	\$20,500	\$582.96	
	-----	-----	-----	-----	-----
TOTALS	\$171,300	\$3,600	\$174,900	\$4,973.63	\$413.08

EXHIBIT 5 (Continued)

PARCEL NUMBER	ORIGINAL BALANCE	BALANCE DUE AS OF DECEMBER 25, 1986	PAYMENT DUE AS OF DECEMBER 25, 1986	
			PRINCIPAL	INTEREST
0709-232-1108-4	\$588.75	\$441.54	\$73.59	\$44.17
0709-232-1105-0	\$1,024.20	\$768.14	\$128.03	\$76.81
0709-232-1106-8	\$520.59	\$390.42	\$65.07	\$39.05
0709-232-1107-6	\$520.59	\$390.42	\$65.07	\$39.05
TOTALS	\$2,654.13	\$1,990.52	\$331.76	\$199.08

At the end of 1984, each property owner with University Avenue frontage was assessed for street improvements which are treated as a capital improvement. The original balance of the assessment is amortized over an eight-year period with 10 percent interest on the declining balance. The special assessment will be paid off at the end of 1991. As of December 25, 1986, a special assessment lien of \$1,990.52 remained against the subject property.

EXHIBIT 6

SKETCH OF FIRST AND SECOND FLOOR LAYOUTS
525 UNIVERSITY AVENUE

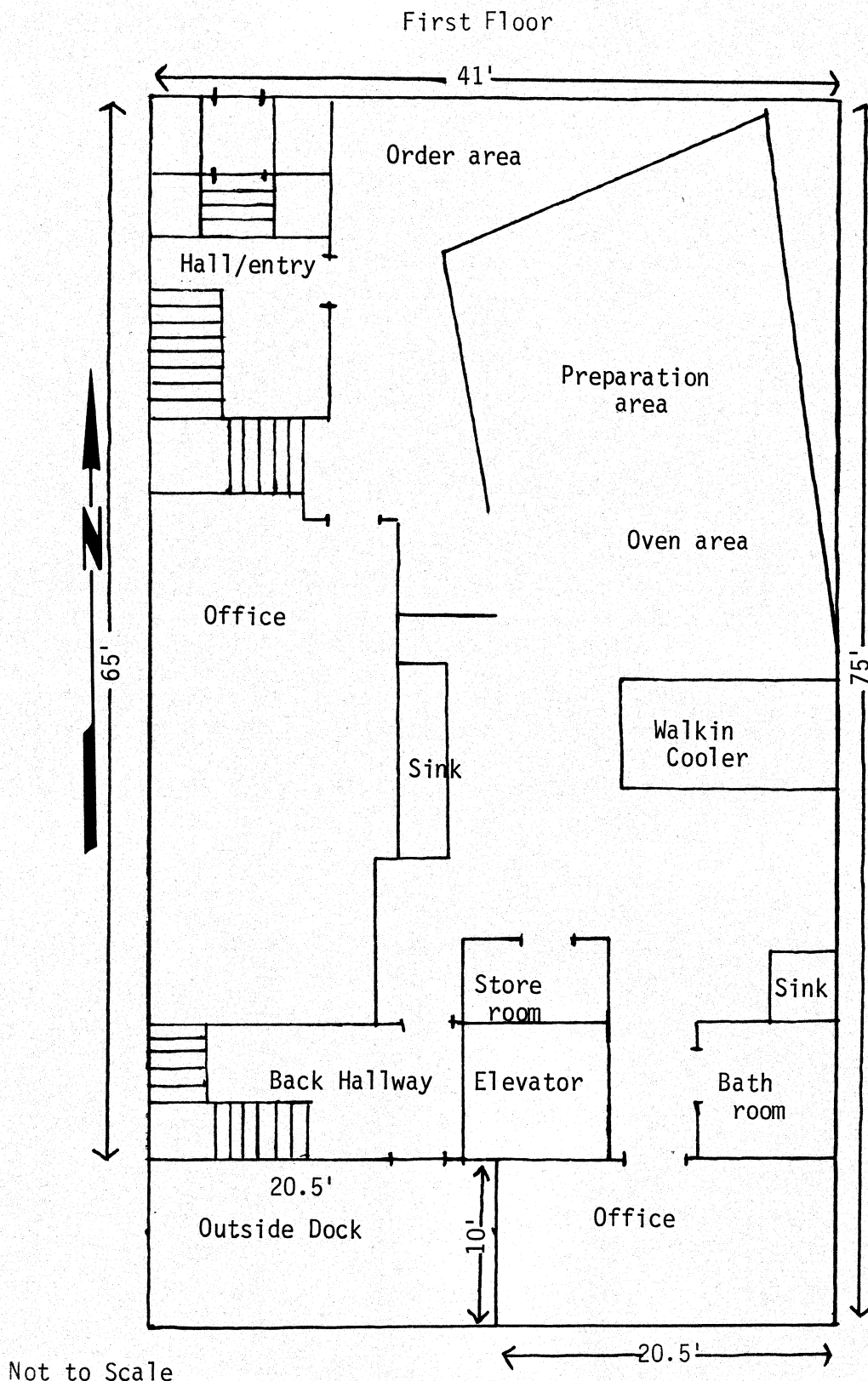


EXHIBIT 6 (Continued)

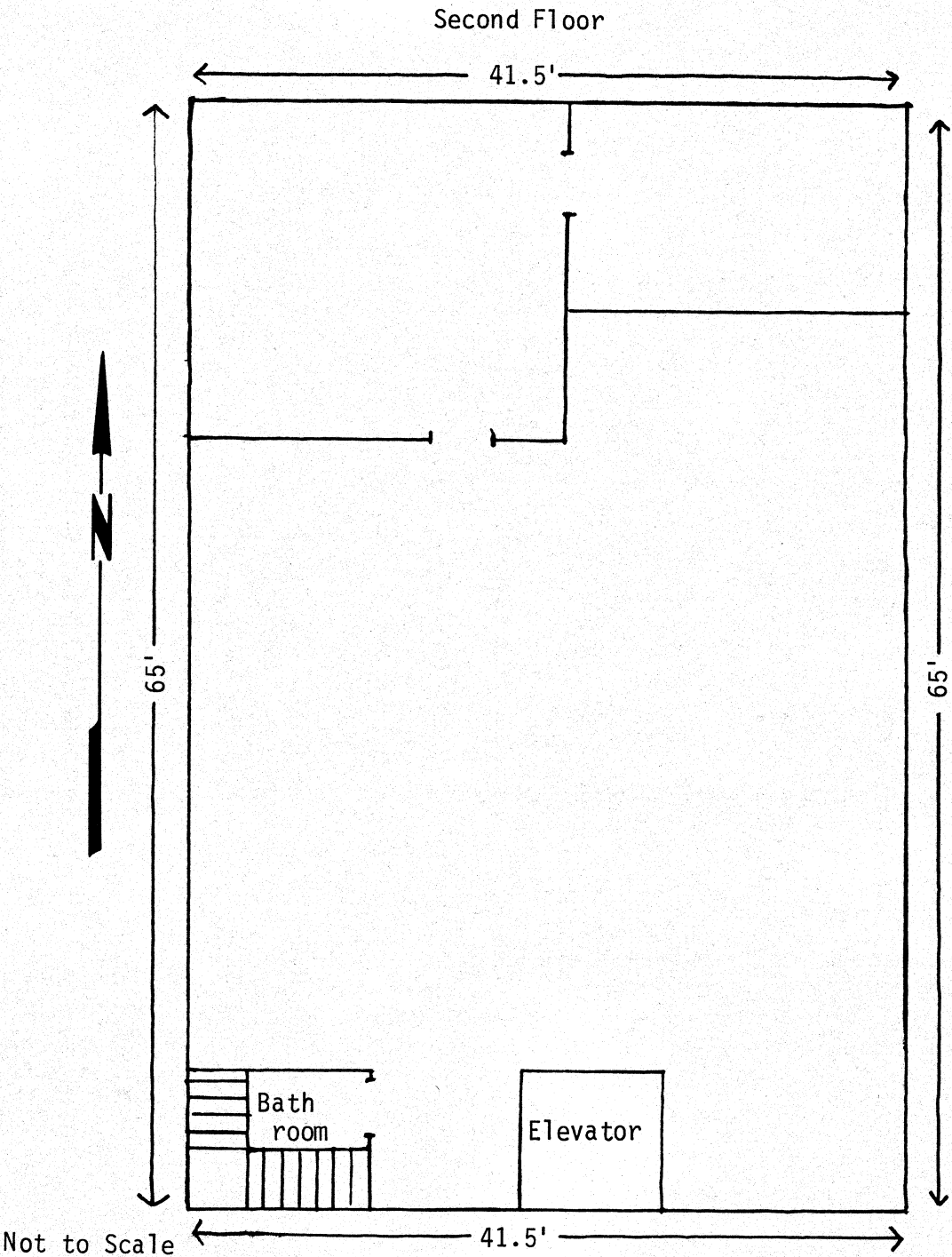


EXHIBIT 7

PHOTOGRAPHS OF SUBJECT PROPERTY
LOCATED AT 515-525 UNIVERSITY AVENUE



Two-story concrete frame, brick facade building with full basement located at 525 University Avenue. First floor leased to Domino's Pizza and second floor rented as a living area. Parking for tenants and customers at rear of building.

Western half of parking lot at 515 University Avenue and building at 525 University Avenue. Note Hansen Advertising sign which contributes to property's income stream. Also note median strip which separates east bound bus lane from west bound University Avenue, but which has an extended cut to allow ingress and egress from the parking lot to University Avenue.





Parking area at rear of 525 University Avenue. Note elevator tower for old style freight elevator.

Portion of eastern half of parking lot at 515 University Avenue looking from southeast quadrant of site. Note poor quality of parking lot surface.





Looking from University Avenue southeast toward subject property. Note parking lot at left and alley at right between subject property and Goeden's Fish Market and Sea Food Restaurant.

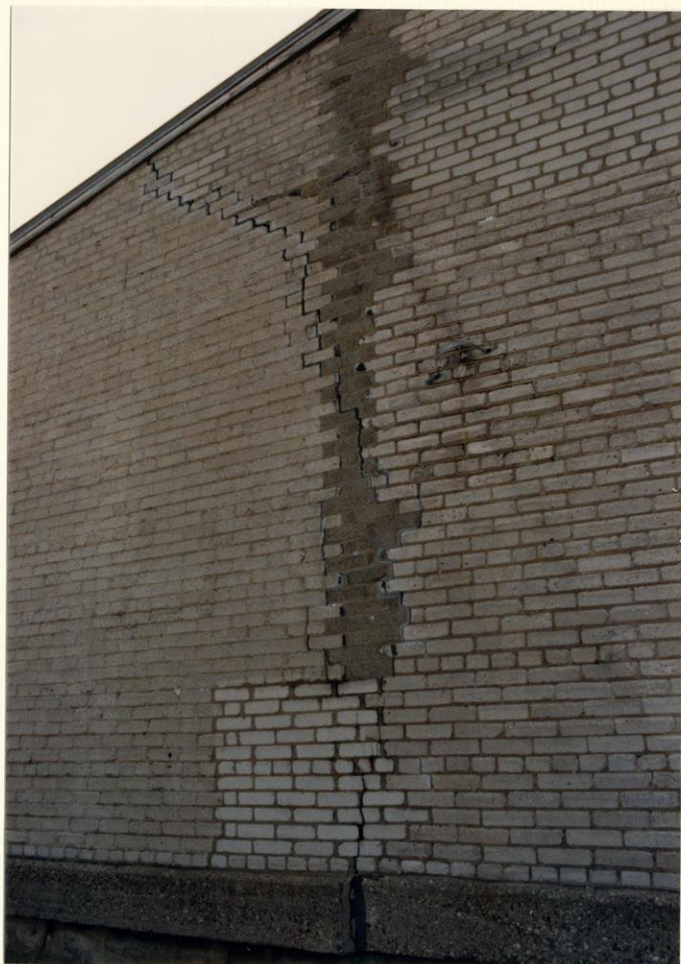


Rear entrance to 525 University Avenue. Note face bricks in need of tuck-pointing.



Freight elevator at rear of building at 525 University Avenue which travels from the basement to the second floor. Basement is currently used by one of the second floor tenants for a small appliance repair business.

East side of building at 525 University Avenue. Note condition of brick and the cracks which extend into the concrete foundation.





Interior of first floor of 525 University Avenue leased to Domino's Pizza. Note lack of sit-down dining area.

Interior of second floor living area at 525 University Avenue rented to artists and musicians. Majority of floor space is an open area with a small living area and bathroom at University Avenue end of unit.



EXHIBIT 8

COMPARABLE SALES FOR DOMINO'S
AT 525 UNIVERSITY AVENUE

COMPARABLE SALE NO. 1



ADDRESS: 408 West Gorham Street

SALE DATE: September 16, 1984

SALE PRICE: \$135,000 - Nominal Price
\$120,00 - Cash Equivalent Price

PRICE PER SF OF
GROSS BUILDING AREA (GBA): \$30.49 - Cash Equivalent Price

FINANCING: \$35,000 down (26%) and interest only at 9
percent with periodic principal payments
over 10 years.

SELLER: Ida S. Stein and Gordon Sinykin

BUYER: Young Men's Christian Association of
Metropolitan Madison

RECORDING DATA: Land Contract, Volume 5999, Page 48, Dane
County Register of Deeds

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 1 (Continued)

BUILDING SIZE: 3,936 SF + basement
First floor = 2,018 SF
Second floor = 1,918 SF

CONSTRUCTION TYPE: Brick walls with wood post and beam framing

YEAR BUILT: 1925

LOT SIZE: 5,016 SF
(38 feet x 132 feet)

FRONTAGE: 38 feet on West Gorham Street

ZONING: C2

ACCESS: Located off West Gorham Street, a one-way street for traffic traveling west, to driveway

PREVIOUS USE: Progressive Magazine Offices and two apartments upstairs

CURRENT USE: YMCA Off the Square Club for people with special needs. Use for social activities and meal service

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 2



ADDRESS:	949 East Washington Avenue
SALE DATE:	November 10, 1986
SALE PRICE:	\$100,000 cash
PRICE PER SF OF GROSS BUILDING AREA (GBA):	\$15.43
FINANCING:	Cash to the seller
SELLER:	John Hutchinson
BUYER:	Research Products Corporation
RECORDING DATA:	Warranty Deed, Volume 9081, Page 37, Dane County Register of Deeds
BUILDING SIZE:	6,480 SF = basement, First floor = 3,240 SF Second floor = 3,240 SF
CONSTRUCTION TYPE:	Concrete block walls with brick facing on wood/concrete framing
YEAR BUILT:	1919

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 2 (Continued)

LOT SIZE:	10,890 SF (66 feet x 165 feet)
FRONTAGE:	66 feet on East Washington Avenue and 165 feet on Brearly Street
ZONING:	C3L
ACCESS:	Off Brearly Street to parking area
PREVIOUS USE:	Fontana Army-Navy Store
CURRENT USE:	Vacant, but buyer plans future office expansion at this location. Buyer's office headquarters in same area.

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 3



ADDRESS: 117-119 State Street

SALE DATE: September 6, 1985

SALE PRICE: \$172,000 - nominal price
\$160,000 - cash equivalent price

PRICE PER SF OF
GROSS BUILDING AREA (GBA): \$10.05

FINANCING: \$15,000 (9.4%) down , assumption of \$145,000
mortgage plus \$12,000 payable at
\$1,000/month or accrue interest at 12% plus
\$1,000/month or accrue interest at 12% for
any unpaid amount.

SELLER: Julius J. Heifetz

BUYER: Gus Paraskevoulakos

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 3 (Continued)

RECORDING DATA:	Land Contract, Volume 7234, Page 13, Dane County Register of Deeds
BUILDING SIZE:	15,916 SF and basement, First floor = 4,499 SF, Mezzanine = 2,419 SF, 3rd floor = 4,499 Fourth floor = 4,499 SF NOTE: 3rd and 4th floors used for storage only because of fire code.
CONSTRUCTION TYPE:	Brick walls with wood framing
YEAR BUILT:	1916
LOT SIZE:	4,499 SF [(44 feet x 51.5 feet) + (44 feet x 50.75 feet)]
FRONTAGE:	44 feet on State Street and 44 feet on Fairchild
ZONING:	C4
ACCESS:	Bus or walking on State Street which is not open to private vehicles
PREVIOUS USE:	Leath Furniture Store and Bittersweet Restaurant
CURRENT USE:	Kosta's Restaurant

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 4



ADDRESS:	454 West Gilman Street
SALE DATE:	November 1985
SALE PRICE:	\$80,000 - cash equivalent price
PRICE PER SF OF GROSS BUILDING AREA (GBA):	\$17.48
FINANCING:	Cash and exchanges related to seller's relocation
SELLER:	Grimm Book Bindery, Inc.
BUYER:	Randall Alexander
RECORDING DATA:	Warranty Deed, Volume 7653, Page 82, Dane County Register of Deeds
BUILDING SIZE:	4,576 SF, Upper level = 2,288 SF Lower Level = 2,288 SF
CONSTRUCTION TYPE:	Brick on masonry bearing walls and steel/concrete framing

EXHIBIT 8 (Continued)

COMPARABLE SALE NO. 4 (Continued)

YEAR BUILT:	1926
LOT SIZE:	3,630 SF (28 feet x 132 feet/122 feet)
FRONTAGE:	28 feet on West Gilman and approximately 28 feet on North Frances Street
ZONING:	C2
ACCESS:	Off West Gilman traveling east only and off North Frances traveling in either direction. No on-site parking.
PREVIOUS USE:	Book bindery
CURRENT USE:	14 studio apartments

EXHIBIT 9
MAP LOCATING COMPARABLE SALES
FOR 525 UNIVERSITY AVENUE

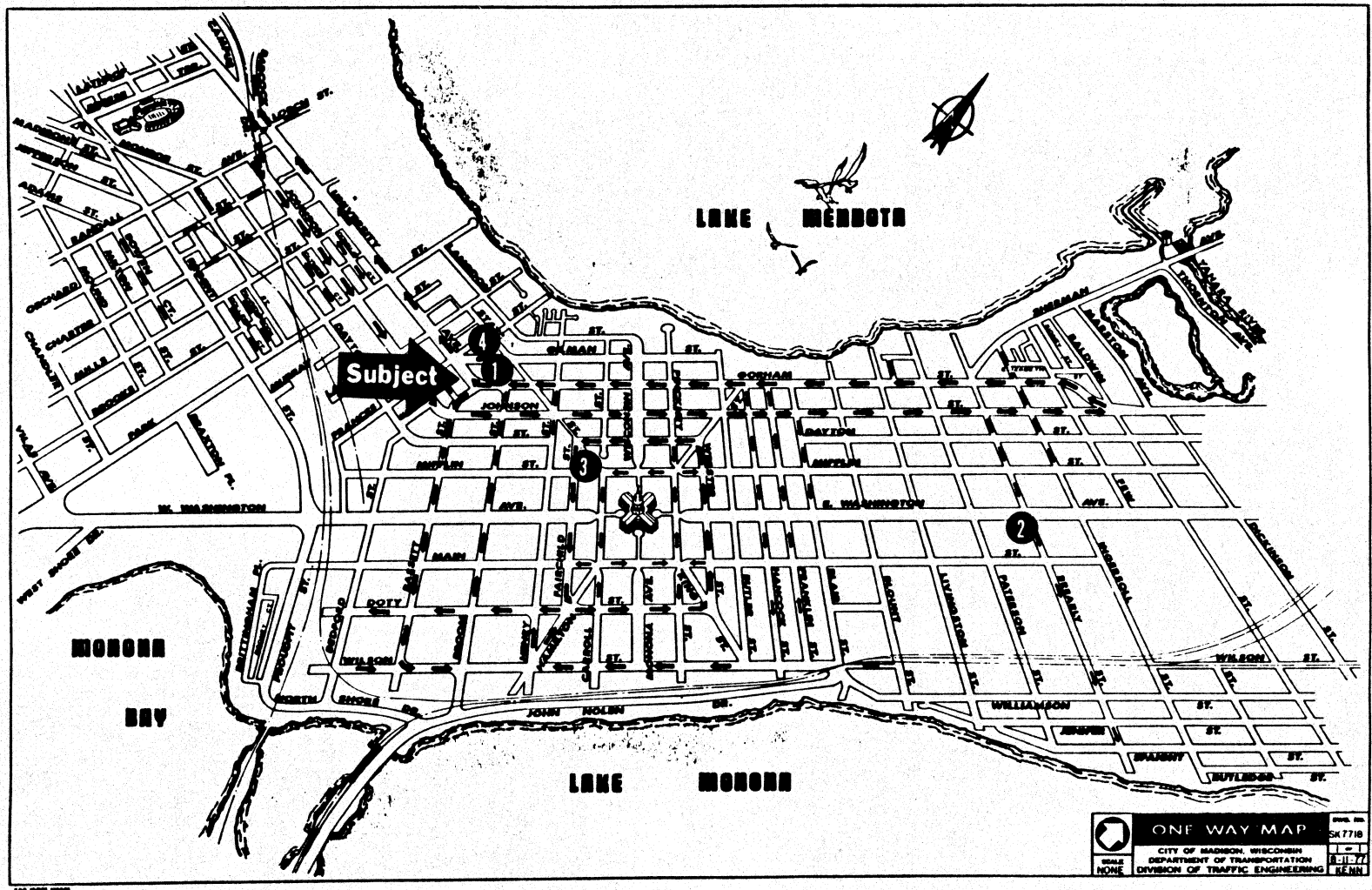


EXHIBIT 10

SCALE FOR SCORING COMPARABLES ON IMPORTANT INVESTOR/USER
CONSIDERATIONS FOR REUSE OF OLDER BUILDINGS OF INDUSTRIAL GRADE

DOMINO'S PIZZA PROPERTY AT 525 UNIVERSITY AVENUE

<u>ATTRIBUTE</u>	<u>WEIGHT</u>	<u>SCALE</u>
LOCATION	15%	<p>5 = Located in an established retail area with high pedestrian generators such as Capitol, offices, State St., and campus</p> <p>3 = Located within a block of pedestrian generators</p> <p>1 = In general area of pedestrian generators, but not in main path of traffic</p> <p>0 = Outside of path of pedestrian generators</p>
USABLE UPPER FLOORS AT TIME OF SALE	20%	<p>5 = Finished apartment/retail space</p> <p>3 = Partially finished and/or industrial</p> <p>1 = Storage only</p>
RATIO OF LOT SIZE TO FIRST FLOOR OF GROSS BUILDING AREA	15%	<p>5 = > 2.0</p> <p>3 = 2.0 - 1.5</p> <p>1 = < 1.5</p>
BUILDING SIZE- GROSS BUILDING AREA	50%	<p>5 = < 4,000 SF</p> <p>3 = 4,000 - 10,000 SF</p> <p>1 = >10,000 SF</p>
INTENDED USE AT TIME OF PURCHASE	0%	<p>5 = Purchased for specific reuse and vacant at time of possession</p> <p>3 = Purchased for current income from tenants and future reuse</p> <p>1 = Purchased for future reuse</p>

EXHIBIT 11

MARKET COMPARISON VALUATION
POINT SCORE ANALYSIS
FOR DOMINO'S PIZZA PROPERTY AT 525 UNIVERSITY AVENUE

Project title: DOMINO'S PIZZA BUILDING AND LAND AT 525 UNIVERSITY AVENUE

Unit prices Search interval = 5

	LOCAT	USEAB	LOT/B	SIZE	INTEN	Price
Prel. wts.	15	20	15	50	0	-
408 W. GORH	3	5	5	5	5	\$30.49
949 E. WASH	0	1	5	3	1	\$15.43
119 STATE	5	1	1	1	5	\$10.05
454 W. GILM	3	3	3	3	5	\$17.48
525 UNIVER	1	3	5	3	3	-

Attribute	Weighted Matrix						WtdScr
	LOCATION	USEABLE	LOT/BLDG	SIZE OF	INTENDED		
Initial weights	20	20	20	20	20		100
Final weights	15	20	15	50	0		100
408 W. GORHAM	3/ 0.45	5/ 1.00	5/ 0.75	5/ 2.50	5/ 0.00		4.70
949 E. WASHING	0/ 0.00	1/ 0.20	5/ 0.75	3/ 1.50	1/ 0.00		2.45
119 STATE	5/ 0.75	1/ 0.20	1/ 0.15	1/ 0.50	5/ 0.00		1.60
454 W. GILMAN	3/ 0.45	3/ 0.60	3/ 0.45	3/ 1.50	5/ 0.00		3.00
525 UNIVERSITY	1/ 0.15	3/ 0.60	5/ 0.75	3/ 1.50	3/ 0.00		3.00

Mean Price Per Point Method: Predicted vs. Actual Price for Comparables

	Predicted Price	Actual price	Error	% Error
408 W. GORHAM	\$29.25	\$30.49	-\$1.24	4.1
949 E. WASHINGTON	\$15.25	\$15.43	-\$0.18	1.2
119 STATE	\$9.96	\$10.05	-\$0.09	0.9
454 W. GILMAN	\$18.67	\$17.48	\$1.19	6.8

EXHIBIT 11 (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$6.22
 Dispersion About the Mean: \$0.28
 Coefficient of Variation : 0.05

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per SQUARE FOOT
Low Estimate	3.00	X	\$5.94	=	\$17.83
Central Tendency	3.00	X	\$6.22	=	\$18.67
High Estimate	3.00	X	\$6.50	=	\$19.51

Transaction Zone: Mean Price Per Point Method

Number of SQUARE FOOT in subject property: 4800

Low Estimate	\$85,577	or	\$86,000
Central Tendency	\$89,615	or	\$90,000
High Estimate	\$93,653	or	\$94,000
	Coefficient of Variation		= 0.05

Iterations

	LOCAT	USEAB	LOT/B	SIZE	INTEN	S.D.	Mean
Prelim. Wts.	20	20	20	20	20	1.685667	5.837456
Pass # 1	10	20	30	30	10	.3962318	5.778183
Pass # 2	15	25	20	40	0	.2804233	6.223278
Pass # 3	15	20	15	50	0	.2804233	6.223278
Pass # 4	15	25	20	40	0	.2804233	6.223278

EXHIBIT 12

COMPARABLE SALES
FOR THE MONTHLY RENTAL PARKING LOT
LOCATED AT 515 UNIVERSITY AVENUE

COMPARABLE SALE NO. 1

ADDRESS:	321 West Gorham Street
SALE DATE:	June 25, 1986
SALE PRICE:	\$100,000
SALE PRICE PER SF OF LOT:	\$11.48
FINANCING:	Cash to Seller
SELLER:	Max Seay - First Federal Savings and Loan
BUYER:	Firehouse Joint Venture II
RECORDED:	Warranty Deed, Volume 8430, Page 1, Dane County Register of Deeds
LOT SIZE:	8,712 SF
FRONTAGE:	66 feet on West Gorham Street and 132 feet on North Broom Street
ZONING:	C2
ACCESS:	Located on corner with one-way traffic on both frontage streets
INTENDED USE:	Purchased as parking lot to serve buyers' contiguous office building
ASSEMBLAGE REQUIRED:	This site is unique in serving the needs of captive buyer. Paid premium to acquire.
COMMENTS:	To construct parking lot, the buyers were required to remove foundation from previous building (had burned down) at a cost of \$20,000 and build parking lot for \$27,000.

EXHIBIT 12 (Continued)

COMPARABLE SALE NO. 2

ADDRESS:	1234 Regent Street
SALE DATE:	July 27, 1981
SALE PRICE:	\$45,000
SALE PRICE/SF OF LOT:	\$7.31/SF
FINANCING:	NA
SELLER:	Greenfield Enterprises, Inc.
BUYER:	Kanso, Inc.
RECORDS:	Warranty Deed, Volume 2967, Page 3, Dane County Register of Deeds
LOT SIZE:	6,159 SF
FRONTAGE:	79.2 feet on Regent Street and 77.8 feet on South Orchard Street
ZONING:	C3
ACCESS:	Located on corner with one-way traffic on South Orchard Street and two-way traffic on Regent Street
INTENDED USE:	Purchased as site for Taco John's Fast Food
ASSEMBLAGE REQUIRED:	None required
COMMENTS:	Buyer had to pull gas tanks and demolish gas station at a cost of \$20,000

EXHIBIT 12 (Continued)

COMPARABLE SALE NO. 3

ADDRESS:	1102 Regent Street
SALE DATE:	March 1, 1983 and September 24, 1983
SALE PRICE	\$315,000
SALE PRICE/SF OF LOT:	\$11.42/SF
FINANCING:	Cash to seller
SELLER:	Klein Dickert Company (Site 1) Mary J. Schwoegler (Site 2)
BUYER:	Season Four LTD.
RECORDED:	Warranty Deed, Volume 4850, Page 78, and Volume 4263, Page 12, Dane County Register of Deeds
LOT SIZE:	27,589 SF
FRONTAGE:	149 feet on North Mills Street and 185.15 feet on Regent Street
ACCESS:	Located on corner with two-way traffic on both streets. No barriers to access
INTENDED USE:	Purchased as site for Hardee's fast food restaurant
ASSEMBLAGE REQUIRED:	Assembled two separately owned sites. Site 1 = \$270,000 - September 1983 and Site 2 = \$45,000 - March 1983

EXHIBIT 12 (Continued)

COMPARABLE SALE NO. 4

ADDRESS:	555 West Washington Avenue
SALE DATE:	September 28, 1982
SALE PRICE:	\$175,000
SALE PRICE/SF OF LOT:	\$10.50/SF
FINANCING:	Cash to seller
SELLER:	Wisconsin Telephone Company
BUYER:	Telco Community Credit Union
RECORDED:	Warranty Deed, Volume 3880, Page 75, Dane County Register of Deeds
LOT SIZE:	16,665 SF
FRONTAGE:	99 feet on West Washington Avenue and 165 feet on South Bedford
ACCESS:	Located on corner with two-way traffic on both street. No barriers to access entry on South Bedford Street
INTENDED USE:	Purchased as site for Telco Community Credit Office building
COMMENTS:	Originally planned to remodel existing building, but changed plans and demolished existing building and built new

EXHIBIT 13
MAP LOCATING COMPARABLE SALES OF VACANT SITES
FOR 515 UNIVERSITY AVENUE

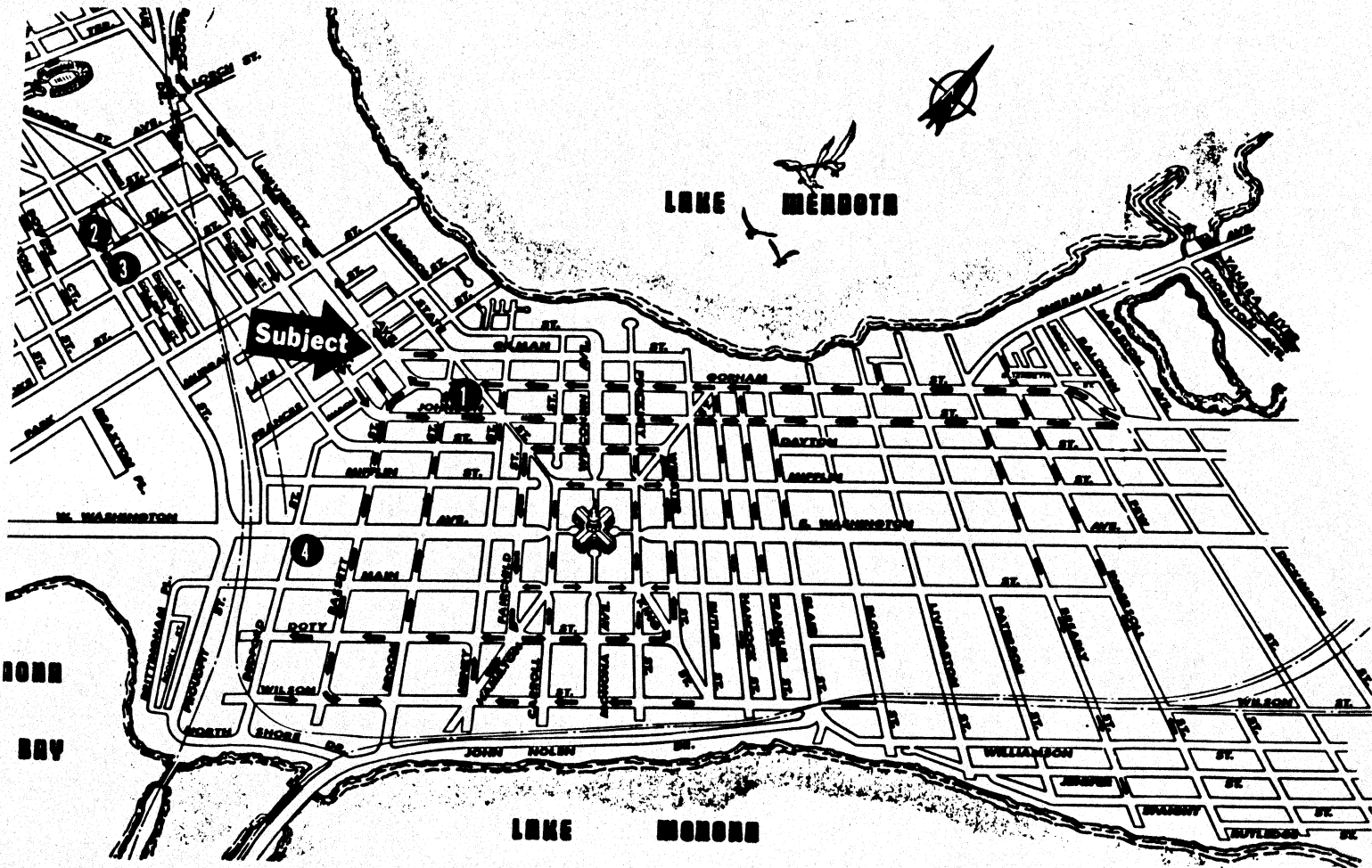


EXHIBIT 14

SCALE FOR SCORING COMPARABLES ON IMPORTANT INVESTOR/USER
CONSIDERATIONS FOR PRICING VACANT SITES
FOR 515 UNIVERSITY AVENUE

<u>ATTRIBUTE</u>	<u>WEIGHT</u>	<u>SCALE</u>
STREET FRONTAGE	5%	5 = More than 300 feet of total street frontage 3 = Between 175 and 300 feet of total street frontage 1 = Less than 175 feet of total street frontage
ACCESSIBILITY OF SITE BY MOTOR VEHICLE	45%	5 = Located on corner site with two-way traffic on both streets 3 = Located on corner site with one-way traffic on either or both streets 1 = Located on inside site with one-way traffic on frontage street
SIZE OF EACH PARCEL PURCHASED	0%	5 = Less than 10,000 SF 3 = Between 10,000 to 25,000 SF 1 = More than 25,000 SF
INTENDED USE BY BUYER	40%	5 = Purchased as additional space for existing commercial property 3 = Purchased for immediate reuse or immediate cash flow and future reuse 1 = Purchased for future reuse with no immediate cash flow to cover holding costs
ASSEMBLAGE REQUIRED	10%	5 = Captive buyer--no other property can satisfy need of contiguous property owner 3 = Assemblage of two or more parcels required for buyer's project 0 = No assemblage required--single parcels adequate for buyers project

EXHIBIT 15

MARKET COMPARISON VALUATION
POINT SCORE ANALYSIS
FOR PARKING LOT AT 515 UNIVERSITY AVENUE

Project title: VALUATION OF PARKING LOT AT 515 UNIVERSITY AVENUE

Unit prices Search interval = 5

	FRONT	ACCES	SIZE	USE I	ASSEM	Price
Prel. wts.	5	45	0	40	10	-
321 W GORHA	3	3	5	5	5	\$11.48
1234 REGENT	1	3	5	3	0	\$7.31
1102 REGENT	5	5	3	3	3	\$11.42
555 W WASHI	3	5	3	3	0	\$10.50
515 UNIVERS	1	1	3	3	3	-

Attribute	Weighted Matrix						WtdScr
	FRONTAGE	ACCESSIB	SIZE	USE	INTE	ASSEMBLA	
Initial weights	20	20	20	20	20	20	100
Final weights	5	45	0	40	10	10	100
321 W GORHAM	3/ 0.15	3/ 1.35	5/ 0.00	5/ 2.00	5/ 0.50		4.00
1234 REGENT	1/ 0.05	3/ 1.35	5/ 0.00	3/ 1.20	0/ 0.00		2.60
1102 REGENT	5/ 0.25	5/ 2.25	3/ 0.00	3/ 1.20	3/ 0.30		4.00
555 W WASHINGT	3/ 0.15	5/ 2.25	3/ 0.00	3/ 1.20	0/ 0.00		3.60
515 UNIVERSITY	1/ 0.05	1/ 0.45	3/ 0.00	3/ 1.20	3/ 0.30		2.00

Mean Price Per Point Method: Predicted vs. Actual Price for Comparables

	Predicted Price	Actual price	Error	% Error
321 W GORHAM	\$11.45	\$11.48	-\$0.03	0.3
1234 REGENT	\$7.44	\$7.31	\$0.13	1.8
1102 REGENT	\$11.45	\$11.42	\$0.03	0.3
555 W WASHINGTON	\$10.31	\$10.50	-\$0.19	0.2

EXHIBIT 15 (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$2.86
 Dispersion About the Mean: \$0.04
 Coefficient of Variation : 0.02

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per SQUARE FOOT
Low Estimate	2.00	X	\$2.82	=	\$5.64
Central Tendency	2.00	X	\$2.86	=	\$5.73
High Estimate	2.00	X	\$2.91	=	\$5.81

Transaction Zone: Mean Price Per Point Method

Number of SQUARE FOOT in subject property: 23171

Low Estimate	\$130,682	or	\$131,000
Central Tendency	\$132,691	or	\$133,000
High Estimate	\$134,700	or	\$135,000
	Coefficient of Variation		= 0.02

Iterations

	FRONT	ACCES	SIZE	USE	I	ASSEM	S.D.	Mean
Prelim. Wts.	20	20	20	20	20	20	.4337186	3.133607
Pass # 1	20	30	10	30	10	10	.1523191	2.957705
Pass # 2	15	40	0	40	5	5	6.485838E-02	2.868084
Pass # 3	5	45	0	40	10	10	4.336289E-02	2.863301
Pass # 4	5	45	0	40	10	10	4.336289E-02	2.863301

EXHIBIT 16

COMBINED REVENUE AND EXPENSES FOR
515 AND 525 UNIVERSITY AVENUE

	NLA (SF) or Stalls	Monthly Rent	Rent Per Unit Per Year	Annual Rent
=====				
REVENUES				

First Floor - Domino's [1] (Includes a minimum of 5 parking stalls)	2,000	\$800	\$4.80	\$9,600
Second Floor Living Space [2] (Includes 3 parking stalls-original lease)	2,400	\$500	\$2.50	\$6,000
Parking Lot--60 Stalls @ \$45/Stall [3]	60	\$2,700	\$540.00	\$32,400
Potential Gross Revenue				<u>\$48,000</u>
Less Collection Losses @ 10% [4]				\$4,800
Advertising Sign - Hansen Adv. [5]		\$200		<u>\$2,400</u>
Effective Gross Revenue (EGR)				<u>\$45,600</u>

EXPENSES				

Management @ 5% of Effective Gross Revenue from Building [6]				\$810
Management of Parking Lot [7]				\$1,620
Utilities-Second Floor Apartment Only [8]				\$840
Insurance [9]				\$712
Maintenance & Repairs - Building [10]				\$750
Maintenance of Parking Lot [11]				\$1,380
R.E. Taxes-Bldg-Domino's Pays 1/2 and Landlord Pays 1/2 [12]				\$1,701
R.E Taxes-Parking Lot-Landlord Pays All Property Taxes [12]				\$5,387
Total Expenses				<u>\$13,200</u>

NET OPERATING INCOME (NOI)				<u>\$32,400</u>
=====				

EXHIBIT 16 (Continued)

FOOTNOTES TO SCHEDULE OF
REVENUES AND EXPENSES
FOR 515 AND 525 UNIVERSITY AVENUE

REVENUES

- (1) Domino's rented bulk space in July of 1983 and spent approximately \$50,00 in leasehold improvements, fixtures and equipment before opening the pizza restaurant. All trade fixtures, merchandise, supplies and equipment owned by Domino's and installed in the premises shall remain the property of Domino's. Therefore, the initial net, net rent of \$4.80/SF/year for bulk unimproved space, comparable to well-located warehouse space, is considered to be at market. The rent is escalated annually at three percent per year to reflect the average annual increase estimated for the Consumer Price Index (CPI).
- (2) The second floor, a minimally finished open space of 2,400 SF, is currently being used as a Greenwich Village living area, although the lease named a bakery as the lessee. The space includes a basic bathroom, a small separate living room area and a large all-purpose area that includes a refrigerator and a stove. The bakery signed the lease at \$800 per month, but the current tenants are paying a gross rent of \$500 per month or \$2.50/SF/year. To remodel the second floor into conventional market rate apartments would require a large infusion of capital.
- (3) Rents at \$45/month/stall will remain stable in years one and two and then will move to \$50/month/stall in years three, four, and five.
- (4) Collection losses from the various sources of revenue are estimated to be 10 percent of the annual potential gross revenue. The second floor revenue is at greatest risk.
- (5) The Hansen Advertising Company leases space on the eastern side of the building for \$200 per month. The five year lease expires at the end of March in 1989. The rent is assumed to increase to \$225 when the lease is renewed in 1989 and will remain constant through the 1991 projection period.

EXPENSES

- (6) The management fee for the building is based upon the 5 percent of the sum of the revenues from the building including the sign rental less 10 percent for collection losses.
- (7) The management fee for the parking lot is three stalls per month. At \$45/month/stall, the fee is \$1,620 per year. At \$50/month/stall, the fee is \$1,800 per year.

EXHIBIT 16 (Continued)

FOOTNOTES TO SCHEDULE OF
REVENUES AND EXPENSES
FOR 515 AND 525 UNIVERSITY AVENUE
(Continued)

EXPENSES

- (8) Utility expenses for the entire building average \$870 to \$1,000 per month or approximately \$11,000 per year. The landlord pays 7.5 percent of the utilities for the second floor living area or approximately \$70 per month or \$840 per year. Utilities are assumed to increase at an average of three percent per year.
- (9) Property and liability insurance cover both the building and the parking lots. According to the owner, approximately two-thirds of the cost is for the building and one-third is for liability coverage of the parking lot. Insurance costs are assumed to increase at three percent per year.
- (10) Maintenance and repairs for the average approximately \$750 per year and increase at three percent per year.
- (11) The annual maintenance costs of the parking lot include snow plowing, sweeping and restriping. Snow plowing and sweeping costs average \$1,200 per year. According to the Marshall and Swift Cost Manual restriping costs \$3.00 per stall or a total of \$180 per year. Therefore, the total parking lot maintenance costs are estimated to be \$1,380 in the first year and are assumed to increase at 3 percent per year.
- (12) Domino's pays one-half of the real estate taxes for the parcel at 525 University Avenue and the landlord pays all the real estate taxes on the parking lot. Real estate taxes are estimated to increase at an average rate of 5 percent per year. Real estate taxes include special assessments for street improvements on University Ave.

EXHIBIT 17

FIVE YEAR FORECAST
OF COMBINED REVENUES AND EXPENSES
FOR SUBJECT PROPERTY

INCOME AND EXPENSE SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
DOMINO'S	\$9,600	\$9,888	\$10,185	\$10,490	\$10,805
SECOND FLOOR	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000
PARKING STALLS	\$32,400	\$32,400	\$36,000	\$36,000	\$36,000
GROSS INCOME	\$48,000	\$48,288	\$52,185	\$52,490	\$52,805
VACANCY	-\$4,800	-\$4,829	-\$5,218	-\$5,249	-\$5,280
OTHER INCOME	\$2,400	\$2,400	\$2,625	\$2,700	\$2,700
EFF. GROSS INCOME	\$45,600	\$45,859	\$49,591	\$49,941	\$50,224
PROPERTY TAXES	\$7,088	\$7,442	\$7,815	\$8,205	\$8,616
INSURANCE	\$712	\$733	\$755	\$778	\$801
MAINTENANCE	\$2,130	\$2,194	\$2,260	\$2,328	\$2,397
MANAGEMENT FEE	\$810	\$823	\$836	\$850	\$864
UTILITIES	\$840	\$865	\$891	\$918	\$945
MANAGEMENT-PARKING	\$1,620	\$1,620	\$1,800	\$1,800	\$1,800
TOTAL EXPENSES	-\$13,200	-\$13,678	-\$14,357	-\$14,879	-\$15,424
NET OPERATING INC.	\$32,400	\$32,181	\$35,234	\$35,062	\$34,801

EXHIBIT 18

ASSUMPTIONS USED FOR FIVE YEAR DISCOUNTED CASH FLOW
FOR VALUATION OF
515 AND 525 UNIVERSITY AVENUE

1. Equity yield = 12 percent over a five-year projection period.
2. Tax bracket = 33 percent for both ordinary and capital gains.
3. Financing at 9.5 percent on a 10-year term based on a debt cover ratio of 2.0.
4. Resale at the end of the five-year projection period assumes the buyer will price the property for its land value. At \$6.00/SF before demolition, the resale price is \$180,000 for 30,000 SF of land less a selling costs of 4 percent.
5. Land is valued at \$6.00 SF less the capital costs of \$35,000 (or \$590 per stall, rounded, for 60 stalls) for properly surfacing the lot, providing drainage, lighting, and landscaping required to meet City code requirements for surface parking lots. The net current land value for the total site at 515 and 525 University Avenue is approximately \$145,000.
6. Straight line depreciation - 31.5 years.

EXHIBIT 19

INCOME APPROACH VALUATION
ATV DISCOUNTED CASH FLOW FOR SUBJECT PROPERTY

DOMINO'S AND PARKING LOT-9.5% INTEREST 10 YRS WITH DCR 2.0
515-525 UNIVERSITY AVENUE
MADISON, WI
By LANDMARK RESEARCH INC

VALUE	\$205,621.
AFTER TAX YIELD	12.00000
OVERALL RATE	0.15757
MORTGAGE CONSTANT	0.15528
MORTGAGE VALUE	\$104,330.
BUILDING VALUE	\$60,621.
EQUITY VALUE	\$101,291.
EQUITY DIVIDEND	0.15994

EQUITY YIELD RATE	12.00000
HOLDING PERIOD	5
LOAN NUMBER	1
INTEREST RATE	0.09500
LOAN TERM	10.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	2.00000
TAX RATE	0.33000
CAPITAL GAINS TAX RATE	0.33000
RESALE PRICE	\$180,000.
LAND VALUE	\$145,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	32
NET OPERATING INCOME	\$32,400.
CHANGE IN NOI	0.07410
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.04000

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	\$32,400.	\$32,181.	\$35,234.	\$35,062.	\$34,801.
DEBT SER#1	-\$16,200.	-\$16,200.	-\$16,200.	-\$16,200.	-\$16,200.
BTCF	\$16,200.	\$15,981.	\$19,034.	\$18,862.	\$18,601.
NOI	\$32,400.	\$32,181.	\$35,234.	\$35,062.	\$34,801.
INTEREST 1	-\$9,630.	-\$8,978.	-\$8,261.	-\$7,473.	-\$6,607.
DEPREC	-\$1,924.	-\$1,924.	-\$1,924.	-\$1,924.	-\$1,924.
TAXABLE	\$20,845.	\$21,279.	\$25,049.	\$25,665.	\$26,269.
TAXES	\$6,879.	\$7,022.	\$8,266.	\$8,469.	\$8,669.
ATCF	\$9,321.	\$8,959.	\$10,768.	\$10,393.	\$9,932.

RESALE PRICE	\$180,000.	RESALE PRICE	\$180,000.
SELLING COST	-\$7,200.	SELLING COST	-\$7,200.
LOAN BALANCE # 1	-\$64,280.	ADJUSTED BASIS	-\$195,999.
		TAXABLE GAIN	-\$23,199.
		LONG TERM GAIN	-\$23,199.
BEFORE TAX PROCEEDS	\$108,520.	ORDINARY TAXES	\$0.
TAXES	\$7,656.	CAPITAL GAINS TAX	-\$7,656.
AFTER TAX PROCEEDS	\$116,175.		

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW
0	-\$101,291.
1	\$9,321.
2	\$8,959.
3	\$10,768.
4	\$10,393.
5	\$126,107.

CERTIFICATION OF VALUE

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 encumbered, as defined herein, of this property as of December 25, 1986, is:

ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

(\$185,000)

assuming cash to the seller and the buyer will pay the cost to cure the parking lot code violation estimated to be \$35,000.

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

Jean B. Davis
Jean B. Davis, Real Estate Appraiser/Analyst

June 1, 1987
Date

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, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
- . All direct and indirect information supplied by the client, agents of the client, or the lawyer of the client concerning the subject property is assumed to be true and accurate but may be modified by the appraiser as appropriate to the definition of value or purpose of the appraisal consistent with other standards specified herein.

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.
- . In this appraisal assignment, the existence of potentially hazardous material introduced on site or in proximity to the site as a result

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS (Continued)

of nearby existing or former uses in the neighborhood, or the existence of toxic waste or other building materials such as asbestos, formaldehyde insulation, radon, or other materials incorporated in property improvements must be disclosed by the owner to the appraiser. The appraiser is not qualified to detect such substances nor is he obliged to do so. Nevertheless, the existence of potentially hazardous material found on the subject property or in proximity to the site may have an adverse effect on the value and market price of the property. The property owner or those relying on this appraisal are urged to retain, at their discretion, an expert in this field of hazardous materials.

3. Controls on Use of Appraisal

- . Values for various components of the subject parcel as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- . Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.
- . Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.
- . The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any document filed with the Securities and Exchange Commission or other governmental agency, the appraiser is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the appraisal report prepared by the appraiser; (2) in the appraiser's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the appraiser for these uses.
- . The appraiser shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of this appraisal without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

Contents of this appraisal report are governed by the Bylaws and Regulations of the American Institute of Real Estate Appraisers of the National Association of Realtors.

QUALIFICATIONS OF THE APPRAISERS

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

PROFESSIONAL DESIGNATIONS

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

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

CPCU, Certified Property Casualty Underwriter, College of Property Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin

Master of Business Administration, Security Analysis - Marquette University

Bachelor of Arts - Rollins College

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics,

School of Business, University of Wisconsin

Urban Land Institute Research Fellow

University of Wisconsin Fellow

Omicron Delta Kappa

Lambda Alpha - Ely Chapter

Beta Gamma Sigma

William Kiekhofier Teaching Award (1966)

Larson Teaching Award (1985)

Alfred E. Reirman, Jr. Award - Society of Real Estate Appraisers (1986)

Urban Land Institute Trustee

Research Committee - Pension Real Estate Association (PREA)

Richard T. Ely Real Estate Educator Award from Lambda Alpha

Homer Hoyt Foundation Fellow

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, Inc., a subsidiary of First Bank Minneapolis. He is the designer and instructor of the Urban Land Institute (ULI) School of Real Estate Development and the American Bankers Association (ABA) National School of Real Estate Finance. His work includes substantial and varied consulting and valuation assignments such as investment counseling to insurance companies and banks, court testimony as an expert witness and the market/financial analysis of various projects, both nationally and locally, for private and corporate investors and municipalities. Currently is a member of Salomon Brothers Real Estate Advisory Board.

QUALIFICATIONS OF THE APPRAISERS (Continued)

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 graduated 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

Trained in appraisal and investment analysis, Ms. Davis is a partner at Landmark Research, Inc., specializing in tax assessment as assessor in the Village of Maple Bluff and a representative of owners appealing assessed valuations in other jurisdictions. She also emphasizes market and survey research to estimate effective demand for elderly housing, residential development, office and retail projects.

Her experience includes appraisal of major income properties, rehabilitated older commercial properties, and residential properties.

APPENDIX A

LETTERS FROM ATTORNEY FOR THE ESTATE

DONALD R. HUGGETT

REGARDING LEGAL DESCRIPTIONS, ENCUMBRANCES AND CODE VIOLATIONS

APPENDIX A (Continued)

LAW OFFICES

DeWITT, PORTER,
HUGGETT, SCHUMACHER, MORGAN, S.C.

Jack R. DeWitt
Donald R. Huggett
Duane P. Schumacher
James W. Morgan
William F. Nelson
John Duncan Varda
Ronald W. Kuehn
Jon P. Axelrod
John H. Lederer
Jayne K. Kuehn
Stuart C. Herro
Jean G. Setterholm
Michael S. Varda
Frederic J. Brouner

Henry J. Handsel, Jr.
William C. Lewis, Jr.
Anthony R. Varda
Ronald R. Ragatz
Eric A. Farnsworth
David E. Stewart
Peter A. Peshek
Douglas L. Flygt
Richard J. Lewandowski
Fred Gants
Paul G. Kent
Howard Goldberg
Margaret M. Baumgartner
Margaret A. Satterthwaite

Karen K. Gruenisen
Timm P. Speerschneider

Of Counsel
A.J. McAndrews
James G. Derouin
David W. Kruger
J. Thomas McDermott

Philip H. Porter
1891-1976

Madison Center
121 South Pinckney Street
Mailing Address: P.O. Box 2509
Madison, Wisconsin 53701
(608) 255-8891

Madison West
Suite 120 Teton Wood
6515 Grand Teton Plaza
Madison, Wisconsin 53719
(608) 255-8891

Mount Horeb
108 East Main Street
Mt. Horeb, Wisconsin 53572
(608) 437-3622

May 18, 1987

Madison Center

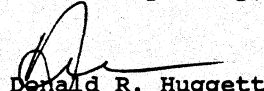
Ms. Jean B. Davis
Landmark Research, Inc.
4610 University Avenue, #105
Madison, WI 53705

Re: A & E Anding Estate
S & A Corporation Property
University Avenue

Dear Jean:

Enclosed please find a letter from City Attorney's Office showing the interest and other costs allegedly owed the City on the judgment referred to in my April 30, 1987 title opinion. I assume this monetary item would presumably be reflected in your appraisal.

Yours very truly,


Donald R. Huggett
DRH/sn
Enclosure

cc: Mr. A. E. Anding, Jr. (w/enclosure)

APPENDIX A (Continued)

City of
Madison



Office of the City Attorney

Henry A. Gempeler, City Attorney

City-County Building, Room 401
210 Martin Luther King, Jr. Boulevard
Madison, Wisconsin 53710
608 266 4511

May 13, 1987

Attorney Don Huggett
121 S. Pinckney Street
Madison, WI 53703

Re: City of Madison v. S and A Corporation
Case No. 79F04380

Dear Mr. Huggett:

Pursuant to our recent conversation regarding the above matter, please be advised that there is an outstanding forfeiture of \$555, including costs and fees. In addition, there is interest on the judgment dating back to its date of entry on October 12, 1981 of \$371.85. This represents a rate of 12% per annum. There is, in addition, a \$3 docketing fee.

Consequently, should it be your client's intention to satisfy the judgment, they will need to make one check payable to the Clerk of Courts in the amount of \$555, and a second check payable to the City Treasurer for \$374.85. At the time the checks are received, we will send to you a Satisfaction of Judgment.

Please feel free to contact me if you have any questions regarding this matter.

Very truly yours,

Renee F. Rendahl
Renee F. Rendahl
Assistant City Attorney

RFR:sob

555.00
371.85

926.85
+ 3.00

929.85

APPENDIX A (Continued)

LAW OFFICES

DeWITT, PORTER,
HUGGETT, SCHUMACHER, MORGAN, S.C.

Jack R. DeWitt
Donald R. Huggett
Duane P. Schumacher
James W. Morgan
William F. Nelson
John Duncan Varda
Ronald W. Kuehn
Jon P. Axelrod
John H. Lederer
Jayne K. Kuehn
Stuart C. Herro
Jean G. Setterholm
Michael S. Varda
Frederic J. Brouner

Henry J. Handzel, Jr.
William C. Lewis, Jr.
Anthony R. Varda
Ronald R. Ragatz
Eric A. Farnsworth
David E. Stewart
Peter A. Peshek
Douglas L. Flygt
Richard J. Lewandowski
Fred Gants
Paul G. Kent
Howard Goldberg
Margaret M. Baumgartner
Margaret A. Satterthwaite

Karen K. Gruenisen
Timm P. Speerschneider

Of Counsel
A.J. McAndrews
James G. Derouin
David W. Kruger
J. Thomas McDermott

Philip H. Porter
1891-1976

Madison Center
121 South Pinckney Street
Mailing Address: P.O. Box 2509
Madison, Wisconsin 53701
(608) 255-8891

Madison West
Suite 120 Teton Wood
6515 Grand Teton Plaza
Madison, Wisconsin 53719
(608) 255-8891

Mount Horeb
108 East Main Street
Mt. Horeb, Wisconsin 53572
(608) 437-3622

April 30, 1987

Madison Center

Mr. Alfred E. Anding, Jr.
Personal Representative of the
Estate of A. E. Anding, Deceased
P. O. Box 6124
Madison, WI 53716

Landmark Research, Inc.
ATTN: Ms. Jean B. Davis
4610 University Avenue, Suite 105
Madison, WI 53705

In Re Title to:

- A. Lots 1 and 6 of Hass Replat of Lot 3, Block 11, University Addition, and of Lots 7 and 8, Ready's Replat of part of Block 11, University Addition to the City of Madison, in the City Madison, Dane County, Wisconsin.

Parcel Nos. 0709-232-1108-4
0709-232-1113-3

- B. Lots 2, 3, 4, and 5, Hass Replat of Lot 3, Block 11, University Addition, and of Lots 7 and 8, Ready's Replat of part of Block 11, University Addition to the City of Madison, in the City of Madison, Dane County, Wisconsin.

Parcel Nos. 0709-232-1105-0
0709-232-1106-8
0709-232-1107-6
0709-232-1114-1

- C. Lot 4, Block 11, University Addition to Madison, in the City of Madison, Dane County, Wisconsin

Parcel No. 0709-232-1105-2

APPENDIX A (Continued)

DeWITT, PORTER, HUGGETT, SCHUMACHER & MORGAN, S.C.

Mr. Alfred E. Anding, Jr.
Ms. Jean B. Davis
April 30, 1987
Page 2

Dear Mr. Anding and Ms. Davis:

I have examined three abstracts of title, titled as above referenced, all of which have been continued from Government Entry to April 1, 1987, at 7:00 a.m. I find title to be in

S & A CORPORATION, A/K/A THE S. & A. CORPORATION,
a Wisconsin corporation,

as to parcel A; and

THE S & A CORPORATION, A/K/A THE S. & A. CORPORATION,
a Wisconsin corporation

as to parcels B and C; free and clear of all liens, encumbrances and material defects except as follows:

UNSATISFIED MORTGAGES AS TO PARCELS B AND C.

1. At Entry 18 of the most recent abstract continuations to the above parcels B and C appears a mortgage from The S & A Corporation to The American Exchange Bank of Madison, Wisconsin, in the original principal amount of \$100,000 dated June 28, 1961 and recorded June 30, 1961 in Volume 978 of Mortgages, page 427 as Document number 1027687.
2. At Entry 19 of said continuations appears a mortgage from The S & A Corporation to The American Exchange Bank of Madison, Wisconsin, in the original principal amount of \$90,000 dated December 27, 1963 and recorded December 31, 1963 in Volume 1057 of Mortgages, page 61 as Document number 1091168.
3. At Entry 20 of said continuations appears a mortgage from The S & A Corporation to The American Exchange Bank of Madison, Wisconsin in the original principal amount of \$60,000 dated May 19, 1964 and recorded May 21, 1964 in Volume 1069 of Mortgages, page 553 as Document number 1101837.

I understand the mortgage notes represented by such mortgages have long since been paid. I will write the Bank and request that satisfactions be prepared, executed and sent to me, and I will record same and advise you when completed.

APPENDIX A (Continued)

DeWITT, PORTER, HUGGETT, SCHUMACHER & MORGAN, S.C.

Mr. Alfred E. Anding, Jr.
Ms. Jean B. Davis
April 30, 1987
Page 3

JUDGMENT. There is abstracted against all three parcels a judgment docketed in Volume 28 of Money Judgments, April 26, 1985, page 46 against S & A Corporation for a forfeiture of \$500 and penalty of \$50 and costs of \$5 in favor of the City of Madison, judgment and certificate of conviction, case number 79-FO-4380. I am told this is a 1979 forfeiture based on City ordinance §11(3)(h)2a, dealing with surfacing parking lots including surface water drainage, wheel stops and bumper guards (attached) wherein the owner consented to judgment against it if certain improvements to its parking lot were not made by April 15, 1980.

OUTSTANDING STREET ASSESSMENTS. According to the City Treasurer's Office there are street assessments due as to parcel A in the amount of \$367.95, with respect to parcel B in the amount of \$1,290.81, and with respect to parcel C in the amount of \$640.11.

1986 REAL ESTATE TAXES DEFERRED. According to the County Treasurer's Office, there are deferred as to parcel A 1986 real estate taxes of \$1,701.11, as to parcel B \$2,401.87, and as to parcel C \$1,403.41.

The foregoing opinion on title does not cover the matters which may affect the described premises, but which are not shown on the abstract such as:

- (1) Possession of the premises or any part thereof by persons other than the owners of record title, either under or adverse to such owners;
- (2) Boundary lines of the premises; location of fences or improvements or deficiencies of ground; if there is any material question on any of these matters, we suggest that a survey be made;
- (3) Liens based on unpaid work done or materials furnished on the premises within six months prior to the date of the last continuation of the abstract;
- (4) Zoning ordinances and building restrictions of the municipality in which the premises are located and any orders of the State Department of Industry, Labor and Human Relations which may affect these premises;
- (5) If the premises are in a recorded plat, any easements or restrictions incorporated in said plat;
- (6) Financing statements or security agreements, if any, pertaining to personality upon the premises;
- (7) Any actions in Circuit Court in

APPENDIX A (Continued)

DeWITT, PORTER, HUGGETT, SCHUMACHER & MORGAN, S.C.

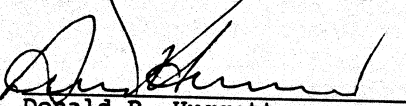
Mr. Alfred E. Anding, Jr.
Ms. Jean B. Davis
April 30, 1987
Page 4

the County in which the real estate is located, affecting the premises but for which Lis Pendens have not been filed; (8) Possible taxes resulting from transfers of the premises; (9) Compliance with applicable Truth-In-Lending requirements; (10) Special assessments or charges if the above-described real estate is located outside the City of Madison. Special assessments for real estate located within the City of Madison are covered only to the date of the Status Register as stated in the last abstract certificate.

This Opinion is based solely upon matters appearing in the Abstract of Title to these premises. Sections 893.15 and 706.09, Wisconsin Statutes, have been relied upon in the preparation of this Opinion.

Respectfully submitted,

DeWITT, PORTER, HUGGETT,
SCHUMACHER & MORGAN, S.C.

By: 
Donald R. Huggett
DRH/sn

APPENDIX A (Continued)

Sec. 28.11(3)(g)

Unless the district regulations provide otherwise, off-street vehicle parking is permitted in the following yards:

A rear yard.

A side yard not adjoining a street.

A side yard adjoining a street, including the extension of a street side lot line, but only on one paved or graveled driveway existing prior to April 1, 1978, not exceeding twenty (20) feet in width, and for not more than two (2) vehicles parked not nearer than three (3) feet to a side or rear lot line.

A front yard, but only on one paved or graveled driveway not exceeding twenty (20) feet in width and for not more than two (2) vehicles parked not nearer than five (5) feet to a front property line or three (3) feet to a side lot line.

28.11(3)(g)1. Am. by Ord. 6271, 6-9-78)

Regardless of the provisions of Paragraph 1, the Plan Commission may permit off-street vehicle parking in any yard of a residential development where the overall housing plan and design for such development, in the judgment of the Plan Commission, is substantially improved thereby, as compared to where off-street parking is limited by Paragraph 1, and where sole access from such development is to local and collector streets. In this paragraph, "substantially improved" means a substantial increase in the value of the property. Such permission shall be granted only after proceeding under Section 28.12(10). No such permission shall be granted for any residential development which is adjacent to either a public right-of-way or other residences unless sufficient and suitable screening is provided so as to prevent, to as great a degree as practicable, direct view of such off-street parking areas from such adjacent areas. (Am. by Ord. 7223, 1-29-81)

Sign and Maintenance.

Open and Enclosed Parking Spaces. Accessory off-street parking spaces located on the same lot as occupied by the use served may be open to the sky or enclosed in a building. Accessory off-street parking spaces located elsewhere than on the same lot occupied by the use shall be open to the sky, except when an off-site storage garage or parking structure is approved for such required accessory parking.

3. Surfacing. All open off-street parking areas, except a parking space accessory to a single-family dwelling, shall be improved with a bituminous or Portland cement concrete pavement or paving brick surface in accordance with City of Madison standards and specifications. Such parking areas shall be so graded and drained as to dispose of all surface water. Such parking areas shall also be so arranged and marked to provide for orderly and safe parking and storage of vehicles, and shall be so improved with wheel stops or bumper guards to prevent encroachment into adjacent lots or public ways. (Am. by Ord. 5800, 3-28-77)

APPENDIX B

LEASES WITH GEORGE MACK PATTERSON II FOR DOMINO'S PIZZA

AND

HANSEN ADVERTISING COMPANY

APPENDIX B (Continued)

Hansen ADVERTISING COMPANIES

102 E. BADGER RD. P.O. BOX 4141 MADISON, WISCONSIN 53711 / PHONE (608) 271-7000

DIVISION OF DELTA OIL PRODUCTS CORP.

LEASE NO. 1682

AGREEMENT of lease made this 19th day of July, 19 84, by and between
S & A. Corporation (Al Anding, Jr.) as Lessor and
 HANSEN ADVERTISING COMPANIES, as Lessee, WITNESSETH:

The Lessor does hereby lease and demise to the Lessee, the entire plot or premises described as follows:

Southwest side of University Avenue, along the East wall of the building at
525 University Ave.

in the city of Madison
 for the term of Five years, beginning on the 1st day of April, 19 84,
 and ending on the 31st day of March, 19 89, at the yearly rental
 of See schedule below DOLLARS
 (\$) payable in equal monthly installments at the office of the Lessee

with the right to the Lessee to extend this lease from year to year upon the same terms and conditions, it being understood that this lease shall automatically renew itself from year to year after the term hereof, the total of such extensions not to exceed 3 years.

The Lessee shall have the right to erect, place and maintain advertising sign structures and equipment therefor on the demised premises and post, paint, illuminate and maintain advertisements on such structures, and may use the demised premises for storage purposes. All structures, equipment and materials placed upon the said premises by the Lessee shall always remain the personal property of, and may be removed by the Lessee at any time prior to or within a reasonable time after the expiration of the term hereof or any extension thereof.

If at any time (a) the signs or structures of the Lessee on the demised premises shall be or become entirely or partially obscured or destroyed; or (b) there be a temporary or permanent diversion of traffic from the street or streets adjacent to, or leading to or past, the said premises, or a change in the direction of traffic on such street or streets; or (c) the Lessee be unable to obtain from the authorities having jurisdiction any necessary permit for the erection or maintenance of such sign or signs (of special or standard size, design and construction) as the Lessee may desire to construct or maintain for the purpose of its business; or (d) the Lessee be prevented by any present or future law or ordinance, or by the authorities having jurisdiction, from constructing or maintaining on said premises such signs (of special or standard size, design and construction), as the Lessee may so desire to construct or maintain - then and in such event, at the option of the Lessee, this lease shall terminate on fifteen (15) days' notice in writing to the Lessor, by registered mail addressed to him at his address shown below, or such other address as the Lessor may hereafter in writing specify, and the Lessor agrees thereupon to return to the Lessee any rent paid in advance for the unexpired term; provided, however, that if the conditions described in (a), (b), (c) and (d) hereof, or any of them, shall at any time temporarily exist, then the Lessee shall at its option, in lieu of such termination of this lease, be entitled to an abatement of the rent payable hereunder, for and during the period of the existence of such conditions, or any of them, and to the return of any rent paid in advance for the period of such abatement.

The Lessor represents and warrants that They are the owners of the premises above described and has authority to make this lease and covenants that he will not permit any adjoining premises, owned, or controlled by him, to be used for advertising purposes or permit Lessee's signs to be obstructed.

It is expressly understood that neither the Lessor nor the Lessee is bound by any stipulations, representations or agreements not printed or written in this lease. This lease shall inure to the benefit of and be binding upon the personal representatives, successors and assigns of the parties hereto.

April 1984 through March of 1986 - \$175.00 per month.

April 1986 through March of 1989 - \$200 per month

Hansen Advertising Companies agrees to remove sign on thirty (30) days notice
in writing in event property is built on, leased for purposes other than advertising,
or sold except under condemnation.

HANSEN ADVERTISING COMPANIES

By

W. A. C. V. P.
7/20/84

LESSOR

Address

Alfred E. Anding, Jr. (V.P.)

(where checks should be mailed)

APPENDIX B (Continued)

Dominos

LEASE AGREEMENT
FOR
FRANCHISEE USE

Store Number _____

APPENDIX B (Continued)

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Article 5 - Use and Occupancy; Adjoining Uses	Article 23 - Brokerage Commissions
Article 6 - Alterations and Improvements	Article 24 - Quiet Enjoyment by Tenant
Article 7 - Maintenance by Landlord	Article 25 - Subordination to Landlord's Mortgage and Attornment
Article 8 - Maintenance by Tenant	Article 26 - Sale of Premise by Landlord
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Article 10 - Trade Fixture and Surrender of Premises	Article 28 - Default of Tenant
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	Article 37 - Costs of Enforcement

APPENDIX B (Continued)

LEASE AGREEMENT

LEASE, made this 28th day of July, 1983, by and between THE S & A CORPORATION, a Wisconsin corporation (Landlord) of Madison, Wisconsin and George Mack Patterson II (Tenant) of Champaign, Illinois

GMP
A. A.

In consideration of the respective performance by the other of all the following terms, conditions, and covenants during the term of this lease and any extension or renewal thereof, Landlord and Tenant do hereby agree to the following:

1. DESCRIPTION OF PREMISES.

Landlord hereby leases to Tenant the following described property: Approximately 2,000 square feet of floor space comprising the ~~entire property commonly known as~~ approximately twenty-five percent (25%) of the building with street and city address of 525 University Avenue, Madison, Wisconsin

more particularly described in Exhibit A attached hereto and adopted herein by reference, together with not less than five (5) ~~(unassigned)~~ (assigned) spaces of the parking lot adjoining the premises for use of Tenant and its employees, customers, and invitees, and with the further right to use all of any common areas and facilities, if any, appurtenant to said property, with Landlord and any other tenants and their employees, customers and invitees, all of which shall be hereinafter described as the "premises".

~~In the event said parking spaces are unassigned they shall include the entire parking area as shown in Exhibit A and if said parking spaces are specifically assigned they shall be such spaces as identified on Exhibit A.~~

2. TERM.

a. The term of this lease shall be for five (5) years, subject to Tenant's right to extend the term as hereinafter described. The term shall commence on August 1, 1983, ~~provided that the premises are then deemed ready for occupancy as hereinafter defined, or if not ready for occupancy, the term shall commence on the day Tenant shall first occupy the premises for the conduct of its business therein, whichever last occurs, provided, however, that~~ Tenant shall have the right of access to the premises from and after July 15, 1983, for such purposes and for the installation of fixtures, equipment

APPENDIX B (Continued)

and other additions required by Tenant, however, such access by Tenant shall not be the commencement of the term.

~~b. If Landlord must make any improvements, the premises shall be deemed ready for occupancy:~~

~~i. when Landlord shall have substantially completed any required improvements, and~~

~~ii. when a permanent certificate of occupancy, or the equivalent thereof, shall have been issued by the applicable governmental authorities permitting occupancy of the premises by Tenant, and~~

~~iii. when Landlord shall have installed all heat, air conditioning, electricity, water, and other utility equipment and connections necessary to service the premises and the same are operative, and~~

~~iv. written notice of the foregoing i, ii, and iii shall have been given by Landlord to Tenant.~~

~~c. If Tenant must make any improvements, the premises shall be deemed ready for occupancy:~~

~~i. when Tenant shall have substantially completed said improvements, and~~

~~ii. when a permanent certificate of occupancy, or the equivalent thereof, shall have been issued by the applicable governmental authorities permitting occupancy of the premises by Tenant, and~~

~~iii. when Landlord shall have installed all heat, air conditioning, electricity, water, and other utility equipment and connections necessary to service the premises and the same are operative, or~~

~~iv. _____ days after Tenant is given access to the premises to make said improvements under paragraph 2a. above, whichever occurs first.~~

~~d. The lease term shall expire on the date which is five (5) years after the date of commencement as hereinabove defined unless the term commences on a day other than the first day of the month, in which case the term shall expire at 12:00 midnight on the day which is _____ years after the last day of the month in which the term shall commence.~~

APPENDIX B (Continued)

~~a. If for any reason the premises are not ready for occupancy by the Tenant as provided herein on the _____ day of _____, 19____, then for a period of thirty (30) days thereafter, Tenant shall have the option of cancelling and terminating this Lease by written notice, and in the event Tenant shall exercise such option of termination this Lease shall cease with neither party being liable to the other in damages or otherwise, and any money deposited hereunder shall be returned in full to the Tenant.~~

3. RENT.

Subject to any specific provision of this lease, Tenant shall pay Landlord annual rent of \$ 9,600 during each year of the term, payable in advance at Landlord's above address or such other place as Landlord may designate in writing, in equal monthly installments of \$ 800 upon the first day of each and every month ~~throughout the term of this lease, provided that the rent shall be increased by the increased growth of the economy and possible that the lease term shall commence on a day other than the first day of a calendar month, then the rent for such month shall be prorated upon a daily basis based upon a thirty-day calendar month.~~ of the first thirty (30) months, provided that the rent shall be increased by the increased growth of the economy and possible that the lease term shall commence on a day other than the first day of a calendar month, then the rent for such month shall be prorated upon a daily basis based upon a thirty-day calendar month.

said increase determined annually, and beginning with the thirtieth (30) month.

4. RIGHT TO EXTEND TERM.

Tenant shall have the right and option to extend the term of this lease for one (1) additional periods, ~~each~~ of which shall be five (5) years in duration, and which extensions shall commence upon the expiration of the original term of this lease ~~or the expiration of any preceding extension thereof, as the case may be.~~ Each extension shall be upon the same terms, conditions, and covenants of this lease except as specifically provided otherwise in this paragraph or as modified by the parties in writing. The annual rent during the first year of the extension period shall be the same as the ending rent ~~of the last year of the base term, for the first 6 months thereof, and thereafter increase annually by the increase in the cost of living as provided in paragraph three (3) above.~~ ~~rent for any additional extension term shall be as agreed to by the parties in writing.~~ All rent during ~~any~~ extension term shall be paid in advance in equal monthly installments in the manner set forth in Paragraph 3, above. Tenant shall give Landlord notice of its election to extend a term not later than sixty days before the end of the term preceding the extension.

5. USE AND OCCUPANCY; ADJOINING USES.

a. Tenant shall use the premises as a bakery and carry-out for pizza and related foods and beverages or for any other purpose

APPENDIX B (Continued)

permitted under applicable zoning ordinances and restrictive covenants. Tenant shall not use the premises for personal habitation or any unlawful purpose.

b. The premises shall be open and accessible to Tenant twenty-four hours per day, seven days per week, including holidays. Tenant shall comply with all applicable statutes, ordinances, rules and regulations of federal, state and municipal governments applicable to Tenant's use of the premises, with the sole exception that Tenant shall not be responsible for any capital improvements.

c. Landlord shall not permit, directly or indirectly, another pizza restaurant, store or carry-out, or any adult bookstore or theater, to be operated within five hundred feet of the premise in any building owned or controlled by Landlord.

6. ALTERATIONS AND IMPROVEMENTS.

a. Tenant shall not alter, improve, or change the premises except as provided herein without the written consent of landlord which landlord shall not unreasonably withhold, provided, however, that the locating and relocating of moveable partitions, telephone, and electrical outlets, light fixtures, ovens, equipment, and trade fixtures shall not be deemed alterations, improvements or changes to the premises. Such work shall be done at such time and in such manner so that the conduct of such work does not unreasonably interfere with the use and enjoyment of adjoining premises, if any, by other tenants of Landlord.

b. Landlord shall have the right to make alterations or additions to any building in which the premises are located and to build adjoining the same, provided that such work does not unreasonably interfere with Tenant's use and enjoyment of the premises.

7. MAINTENANCE BY LANDLORD.

a. Landlord shall maintain and keep in repair the foundation, lateral support, roof, walls, structural parts and all exterior parts of the premises and of any building in which the premises are located except for Tenant's signs, and the door frames, door checks, and windows which are an integral part of the premises themselves. Landlord shall also replace all damaged glass existing in the premises at the commencement of the term.

b. In the event Landlord shall be required to repair, alter, remove, reconstruct, or improve any part of the premises or of any building in which the premises are located for whatever reason,

APPENDIX B (Continued)

the same shall be made by Landlord with reasonable dispatch and with a minimum of interference to Tenant's business.

c. Tenant shall give Landlord prompt notice of any defective condition which Landlord is required to repair by the terms of this lease and within fifteen days thereafter Landlord shall start repairs and continue the same with due diligence until completed. If Landlord fails to do so, the same may be made or completed by Tenant and the actual expenses thereof shall be billed to Landlord by Tenant and if Landlord fails to pay the same to Tenant within thirty days of billing Tenant may set-off the same against rent next falling due until Tenant is reimbursed in full therefor. If by reason of emergency, repairs become necessary for the preservation of the premises or of Tenant's property, Tenant may make such repairs and charge the cost and expense thereof to Landlord, provided, however, that in the event of such emergency, Tenant shall make a reasonable effort to notify Landlord before proceeding with such repairs.

d. In the event any exception on the part of Landlord to maintain or make repairs hereunder is covered by any warranty or guarantee for the benefit of Landlord, the same shall be exercised by Landlord for Tenant's benefit at no cost to Tenant.

e. Landlord shall keep and maintain all common areas used in conjunction with the premises, including, but not by way of limitation, public restrooms, walkways, parking and landscaped areas, in a clean, attractive, and acceptable condition at Landlord's expense.

~~f. If Tenant exercises its option to extend the original term or any extension of the original term, Landlord shall repaint the premises at Landlord's expense within a reasonable time after notice of any such extension, provided, however, that Landlord shall not be obligated to repaint or redecorate any equipment, trade fixtures, or signs placed in or on the premises by Tenant.~~

8. MAINTENANCE BY TENANT.

a. Tenant shall keep the premises in as good order and condition as when delivered to it, excepting ordinary wear and tear, damage by fire, elements, or casualty, or any damage not due to the negligence of Tenant.

b. Tenant shall keep the plumbing, heating, lighting, electrical equipment, and ventilating and air conditioning equipment in repair, however, replacement thereof, if necessary, shall be the obligation of Landlord at Landlord's expense, unless replacement is necessitated by Tenant's negligence or lack of maintenance in which case replacement shall be at Tenant's cost.

APPENDIX B (Continued)

c. If Tenant erects signs for the exclusive use of Tenant, Tenant shall repair and maintain the same in good appearance at Tenant's expense.

9. COMPLIANCE WITH CODES.

All repairs, alterations, additions, or improvements made by Landlord or Tenant shall comply with applicable building codes.

10. TRADE FIXTURE AND SURRENDER OF PREMISES.

All trade fixtures, merchandise, supplies, and equipment owned by Tenant and installed in the premises shall remain the property of Tenant and at the end of the term or any final extension thereof Tenant shall remove the same and peaceably yield up the premises to Landlord in as good repair and condition as when delivered to it, excepting ordinary wear and tear, damage by fire, elements, or casualty, or any damage not due to the negligence of Tenant, provided, however, that Tenant shall repair any damage to the premises caused by the removal of its property.

11. TENANT'S SIGNS.

Tenant may install its customary and usual display and pole-type signs on and adjacent to the premises, subject to applicable zoning ordinances and restrictive covenants. All signs located on the premises shall be in good taste so as not to detract from the general appearance of the premises or any building in which any part of the premises are located. The signs, advertisements, notices, logos, lettering, standard images, and advertising practices of the Domino's Pizza, Inc. advertising program, as set forth in Exhibit B, attached, are hereby acknowledged by Landlord to be acceptable signage meeting the requirements hereof.

12. UTILITY EQUIPMENT AND SERVICE.

a. Landlord shall furnish the premises with equipment and connections for all utilities including heat, air conditioning, electricity, gas, water, ~~and shall replace the same at its own expense, if necessary.~~ Tenant acknowledges the ~~is~~ ^{not} ~~Landlord shall provide separate metering for all utilities used in the premises at its expense to the extent that separate metering is reasonably possible.~~ sufficient capacity to provide for the conduct of Tenant's business and the comfortable occupancy and use of the premises and shall be kept in good operating order by Landlord during Tenant's business hours. ^(*left margin) Landlord shall be liable and responsible for any service interruptions not caused by force majeure as hereinafter defined. ~~Landlord shall provide separate metering for all utilities used in the premises at its expense to the extent that separate metering is reasonably possible.~~

*and Tenant agrees to perform any additional work he may require.

APPENDIX B (Continued)

b. Tenant shall pay all charges for utility services including heat, air conditioning, water, gas, electricity, and telephone used on the premises by Tenant.

13. MECHANIC'S LIENS.

Any mechanic's lien filed against the premises for work or materials furnished to either Landlord or Tenant shall be discharged by such respective party responsible therefor prior to the commencement of any legal action to perfect the same.

14. ACCESS BY LANDLORD.

a. Landlord, at reasonable times and frequency, shall have the right to enter the premises to examine the same, to show them to prospective purchasers, mortgagees, or lessees and to make such repairs, alterations, improvements or additions required hereunder without the same constituting an eviction of Tenant in whole or in part. Rent shall not abate while any repairs, alterations, improvements, or additions are being made provided that Landlord shall proceed expeditiously with the same and without unreasonable interference or interruption to Tenant's use of the premises.

b. If Tenant shall not have exercised its right to extend the term within the required time Landlord may post a customary sign on the premises advertising the property for lease or sale ~~but no sign shall be posted in any window or doorway of the store portion of the premises.~~

15. PAYMENT OF PROPERTY TAXES.

a. Landlord shall promptly pay when due all real property taxes and special assessments lawfully levied against the premises, and Tenant shall pay to Landlord upon invoice therefor one half of said real estate taxes and said special assessments before their due date.
b. Landlord and Tenant shall respectively pay promptly all personal property taxes lawfully levied against personal property of any kind owned by each of them upon or about the premises.

16. PERSONAL INJURY AND PROPERTY DAMAGE INSURANCE.

a. Tenant shall indemnify Landlord and save it harmless from and against any and all claims, liability, and expense for damages to any person or property in, on, or about the premises arising out of the acts or neglect of Tenant. Tenant shall procure and keep in effect during the entire term hereof public liability and property damage insurance in which the limits of public liability shall be \$1,000,000.00 combined single limit coverage, and shall

APPENDIX B (Continued)

cause Landlord to be named as an insured party therein to the extent of its interest.

b. Landlord shall indemnify Tenant and save it harmless from and against any and all claims, liability, and expense for damages to any person or property in, on, or about the premises, including but not by the way of limitation any parking area or other common areas, arising out of any ^{negligent} acts or neglect of Landlord or other tenants of Landlord. Landlord shall procure and keep in effect during the entire term hereof public liability and property damage insurance in which the limits of public liability shall be \$1,000,000.00 or more combined single limit coverage and shall cause Tenant to be named as an insured party therein to the extent of its interest.

c. Tenant and Landlord shall each deliver such policies or certificates thereof to the other, and shall also deliver evidence of renewals thereof not less than thirty days prior to the expiration of such coverage. In default of the obtaining of such required insurance the other party at its option, may procure the same for the account of the defaulting party and the cost thereof shall be immediately reimbursed to the procuring party by the defaulting party upon the billing therefor to the defaulting party. In the event such debt is not reimbursed within thirty days of billing, the procuring party may offset the amount thereof against any amounts owing the defaulting party, including rent, by the procuring party.

d. Said policies shall contain a clause that the insurer will not cancel or change the insurance without first giving both parties prior written notice if such a policy is readily available. Such insurance may be furnished by either party under a blanket policy or separate policy and shall be issued by a company licensed to do business in the state in which the premises are located.

17. PREMISES INSURANCE.

Landlord shall carry fire and extended coverage insurance on all of the buildings and improvements on the premises in an amount equal to at least ninety percent (90%) of the replacement value thereof and such insurance coverage shall be adjusted annually to such ratio. Said insurance shall insure against such hazards as are included in a standard extended coverage endorsement and Landlord may also carry at its option additional special extended coverage endorsements. Such insurance coverage by Landlord shall exclude Tenant's merchandise, trade fixtures, furnishings, equipment and all other personal property of Tenant but shall name Tenant as an insured for that portion of the value of improvements, and any interest accrued by reason of the financing of the

APPENDIX B (Continued)

STATE OF

COUNTY OF

The forgoing instrument was
acknowledged before me this
____ day of _____, 19____
by _____
the _____
of _____
a _____

on behalf of said _____

Notary Public

_____, _____
My Commission Expires _____

STATE OF

COUNTY OF

The forgoing instrument was
acknowledged before me this
____ day of _____, 19____
by _____
the _____
of _____
a _____

on behalf of said _____

Notary Public

_____, _____
My Commission Expires _____

APPENDIX B (Continued)

same, whether done by Landlord or Tenant, for which Tenant has paid in advance or upon which Tenant is currently paying, for the period beginning from the date of the casualty to the time at which Tenant shall again be doing business in the premises if prior to the end of the lease term.

18. DAMAGE TO PREMISES.

a. In the event the premises or any material portion thereof or any adjoining property shall be damaged by fire or other casualty during the term hereof so as to render the premises, including any common area, untenable, Landlord shall promptly restore the same to their previous condition, and a just proportion of the rent, according to the extent to which the premises and any common areas have been rendered untenable, shall abate, until the premises shall have been restored and put in proper condition for use and occupancy by Tenant, provided, however, that if the damaged premises cannot be made tenable within 120 days after the occurrence of such damage, Tenant ^{or Landlord} may terminate this lease forthwith by written notice thereof delivered to ^{the other party} Landlord not less than thirty days following the occurrence of such damage, and any rent paid in advance of such termination by Tenant shall forthwith be refunded to it. If any authority having jurisdiction thereof shall determine that the premises or any building of which the premises are a part should be demolished and removed because of damage this lease shall terminate at the option of Tenant and any rent paid in advance of such determination by Tenant shall be refunded to it.

b. Landlord and Tenant hereby release and discharge each other and any employee or representative of each from any liability whatsoever hereafter arising from loss, damage, or injury caused by fire or other casualty for which insurance is required to be carried hereunder by the injured party at the time of such loss, damage, or injury to the extent of any recovery by the injured party under such insurance, provided such insurance permits a waiver of liability and subrogation rights.

19. EMINENT DOMAIN.

If the whole or any part of the premises or any building in which the premises are located, or more than 25% of any parking area which is a part of the premises, shall be taken by or conveyed to any public authority under the power of eminent domain or by private purchase in lieu thereof, Tenant ^{or Landlord} may terminate this lease forthwith as of the date possession of such premises shall be delivered to such condemnor or purchaser and any rent paid in advance, as of such delivery date shall be refunded to Tenant. In the event Tenant ^{or Landlord} shall not exercise such option, Landlord shall

APPENDIX B (Continued)

Immediately make all necessary repairs and improvements to the premises and any building and common areas of which the premises are a part to restore the same to a complete architectural unit. ~~Tenant shall have the alternative right to continue the possession of any part of the premises not taken under power of eminent domain, under the same terms and conditions hereof, provided that the rent reserved herein shall be reduced in direct proportion to the part of the premises so taken by eminent domain. Both the Landlord and Tenant shall be entitled to proceeds arising from condemnation or the threat thereof, in accordance with their respective interests in the premises, and nothing contained herein shall be deemed or construed to prevent Landlord or Tenant from enforcing and prosecuting a claim for the value of their respective interests in a condemnation proceeding brought against either under a power of eminent domain, except the Tenant shall only have his own claim for condemnation, damages or losses, and shall not participate in Landlord's claim.~~

20. BANKRUPTCY.

In the event the premises or any rights therein shall be levied on by execution or other process of law by a creditor of either party, or if either party shall be adjudged bankrupt or insolvent, or if any receiver shall be appointed for the business and property of either party, or if any assignment shall be made of either party's property for the benefit of creditors, thereby diminishing any right or privilege granted by this lease to the other party, then the other party may terminate this lease forthwith.

21. FORCE MAJEURE.

Neither party hereto shall be required to perform any term, condition, or covenant of this lease during such time performance, after the exercise of due diligence to perform, is delayed or prevented by acts of God, civil riots, organized labor disputes, or governmental restrictions. Neither party shall be excused from performing any term, condition, or covenant of this lease because of any act or omission of such party.

22. WARRANTIES AND REPRESENTATION BY LANDLORD.

In addition to any other warranties and representations by Landlord contained herein, Landlord expressly warrants and represents to Tenant:

1. that the premises are properly zoned and improved, to permit the use thereof by Tenant for its purposes stated in this lease, and

APPENDIX B (Continued)

II. that Landlord has not covenanted or agreed with anyone to restrict the use of the premises for Tenant's purposes and Landlord knows of no covenants, agreements, or restrictions affecting the premises which would prohibit or restrict such use by Tenant, and

III. that Landlord owns the premises and any building of which the premises are a part and has the right to lease the premises to Tenant.

23. BROKERAGE COMMISSIONS.

Landlord shall defend, indemnify, and hold Tenant harmless against any and all claims of or liability for any brokerage commissions or finder's fees related in any way to Tenant's lease of the premises or any part thereof, except any brokerage commission Tenant himself may have incurred.

24. QUIET ENJOYMENT BY TENANT.

Landlord covenants that if Tenant performs all the terms, conditions, and covenants of this lease to be performed by Tenant, Tenant shall peaceably and quietly hold and enjoy the premises for Tenant's purposes for the term hereof without hindrance or interruption.

25. SUBORDINATION TO LANDLORD'S MORTGAGE AND ATTORNMENMENT.

a. Tenant, at Landlord's request, shall subordinate Tenant's interest hereunder in writing to any lien or mortgage now or hereafter placed on the premises and to all advances made or hereafter to be made upon the security thereof, provided that such lien or mortgagee shall agree in writing that Tenant's rights hereunder shall not be diminished in any way because of such lien or mortgage.

b. In the event the premises are sold by foreclosure or power of sale under any lien or mortgage of Landlord, Tenant, at the option and request of the purchaser shall attorn to the purchaser and recognize such purchaser as the Landlord under this lease provided that Tenant's rights hereunder shall be acknowledged and agreed to in writing by such purchaser.

26. SALE OF PREMISE BY LANDLORD.

~~a. In the event Landlord receives a written bona fide offer for the purchase of the premises during the terms or any extension of the term of this lease, Tenant shall have the option to purchase the premises first, for a period of thirty days after notice of such offer is received by Tenant, on the same terms and conditions contained in such offer. The right of first refusal hereby~~

APPENDIX B (Continued)

~~granted to Tenant shall be effective as to any and all offers to purchase received by Landlord even though Tenant does not exercise its option upon a prior offer and the premises are not sold. In the event Tenant does not exercise its option at any time and the premises are sold to a third party, Tenant's option hereunder shall remain in effect as to any written bona fide offers to purchase received by such third party. Both Landlord and third party purchaser shall give notice of the terms and conditions of any offer to purchase received to Tenant within five days of the receipt of any offer.~~

27. ASSIGNMENT AND SUBLEASING BY TENANT.

a. Anything contained in this lease to the contrary notwithstanding, Landlord agrees that without its consent, this lease and the right, title and interest of the Tenant thereunder, may be assigned by the Tenant to Domino's Pizza, Inc., a Michigan corporation, or its designee, provided that said Domino's Pizza, Inc. shall execute such documents evidencing its agreement to thereafter keep and perform, or cause to be kept or performed, all of the obligations of the Tenant arising under this lease from and after the time of such assignment.

28. DEFAULT OF TENANT.

a. If Tenant fails to pay any rent or other charge due hereunder within fifteen days after written notice of such default shall have been received by Tenant, or if Tenant fails to perform any other term, condition, or covenant of this lease for more than thirty days after written notice of such failure shall have been received by Tenant, unless the cure of such failure requires more than thirty days and Tenant is diligently pursuing such cure, Landlord shall then have the right to pursue any right or remedy to which Landlord is entitled, under applicable law or this lease, for such failure.

b. Landlord shall give written notice to Domino's Pizza, Inc., a Michigan corporation, (concurrently with the giving of such notice to Tenant) of any default by Tenant under the lease and the said Domino's Pizza, Inc. shall have, after the expiration of the period during which the Tenant may cure such default, an additional fifteen (15) days to cure, at its sole option, any such default.

29. NON-WAIVER OF DEFAULT.

Waiver of any breach of the terms, conditions, or covenants of this lease or the nonperformance of the same for any particular time shall not be construed as a waiver of any succeeding breach

APPENDIX B (Continued)

of the same or another term, condition, or covenant hereof, and the consent, approval, or acquiescence by Landlord or Tenant to any breach shall not waive or render unnecessary such consent or approval to or of any subsequent similar breach.

30. HOLDING OVER.

If Tenant holds over after termination of this lease, the tenancy thereafter shall be from month to month, subject to all terms, conditions, and covenants of this lease.

31. RECORDING OF LEASE.

Tenant shall not record this lease without written consent of Landlord, however, upon the request of either party hereto, the other party shall join in the execution of a memorandum or so called "short form" of this lease for the purposes of recordation in such form as required for recordation.

32. ENTIRE AGREEMENT.

This lease shall constitute the entire agreement of the parties hereto and any prior agreement between the parties relating to the premises, whether written or oral, is merged herein and shall be of no separate force and effect and this lease shall only be changed, modified, or discharged by agreement in writing signed by both parties hereto.

33. EXERCISE OF RIGHTS AND NOTICE.

The exercise of any right or privilege by a party hereunder shall be made effective by the personal delivery or by the mailing of a written notice of such exercise to the other party unless a specific provision of this lease provided otherwise. Such mailing or the mailing of any other notice required or permitted under this lease shall be made by registered or certified United States mail, postage prepaid, addressed to the other party at its address set forth above or such other address of which notice has been given in writing.

34. APPLICABLE LAW.

This lease shall be governed by, and construed in accordance with the laws of the state in which the premises are located. If any provision of this lease or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this lease shall not be affected thereby and each

APPENDIX B (Continued)

provision of the lease shall be valid and enforceable to the fullest extent permitted by law.

35. BENEFIT OF AGREEMENT.

The terms, conditions, and covenants contained in this lease shall insure to the benefit of and be binding upon the parties hereto, their respective heirs, administrators, executors, representatives, successors and assigns.

IN WITNESS WHEREOF, Landlord and Tenant have signed and sealed this lease as of the day and year first above written.

In presence of:

LANDLORD:

The S & A Corporation

Alfred E. Anding

By: A. E. Anding
A. E. Anding, Pres.

TENANT:

GEORGE MACK PATTERSON II

William H. Schilling

By: George Mack Patterson II

36. LANDLORD'S ADJACENT PROPERTY.

In the event Landlord develops the vacant property that Landlord owns adjacent to these premises and as a part of the development demolishes said premises, then Landlord shall offer Tenant equivalent space in the new building at the same rent and terms as other tenants in said new building. Landlord will reimburse Tenant for 1/120 of Tenant's remodeling expense for each month left on the 5 year lease and/or 5 year option remaining at the time Tenant moves from said building pursuant to this paragraph.

37. COSTS OF ENFORCEMENT.

The losing party shall pay upon demand all costs, charges and expenses including attorney's fees incurred by the other party in enforcing its obligations under this lease.

