



LIBRARIES

UNIVERSITY OF WISCONSIN-MADISON

An appraisal of five warehouse properties located at 2201 Darwin Road, 2223 Darwin Road, 2601 Seiferth Road, 625 Mayfair Avenue, 2955-57 Packers Avenue as of January 1, 1985.

Landmark Research, Inc.

[s.l.]: [s.n.], [s.d.]

<https://digital.library.wisc.edu/1711.dl/3FKLGUENLDHTN9C>

<http://rightsstatements.org/vocab/InC/1.0/>

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.

Office Copy

AN APPRAISAL OF
FIVE WAREHOUSE PROPERTIES
LOCATED AT

2201	DARWIN ROAD
2223	DARWIN ROAD
2601	SEIFERTH ROAD
625	MAYFAIR AVENUE
2955-2957	PACKERS AVENUE

*Landmark
Research
Inc.*

AN APPRAISAL OF
FIVE WAREHOUSE PROPERTIES
LOCATED AT

2201 DARWIN ROAD
2223 DARWIN ROAD
2601 SEIFERTH ROAD
625 MAYFAIR AVENUE
2955-57 PACKERS AVENUE

AS OF
JANUARY 1, 1985

PREPARED FOR
MADISON REAL ESTATE INVESTMENT FUND

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



James A. Graaskamp, Ph.D., S.R.E.A., C.R.E.
Jean B. Davis, M.S.

January 25, 1985

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

Gentlemen:

Enclosed are the individual appraisals and the package value of five warehouse properties located at:

2201 Darwin Road
2223 Darwin Road
2601 Seiferth Road
625 Mayfair Avenue
2955-57 Packers Avenue

For each of the above properties we have established fair market value as of January 1, 1985, assuming cash to the seller, and subject to the assumptions and limiting conditions noted throughout the report.

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

Messrs. Gordon and Greg Rice
Page Two
January 25, 1985

Market values as of January 1, 1985, of the properties subject to existing leases, but sold for cash are as follows:

2201 DARWIN ROAD
TWO HUNDRED TWENTY THOUSAND DOLLARS
(\$220,000)

2223 DARWIN ROAD
ONE HUNDRED EIGHTY THOUSAND DOLLARS
(\$180,000)

2601 SEIFERTH ROAD
TWO HUNDRED EIGHTY THOUSAND DOLLARS
(\$280,000)

625 MAYFAIR AVENUE
TWO HUNDRED FIFTY THOUSAND DOLLARS
(\$250,000)

2955 AND 2957 PACKERS AVENUE
TWO HUNDRED NINETY THOUSAND DOLLARS
(\$290,000)

If the above properties are sold as a package, the efficiency of a single transaction and rapid deployment of the net proceeds for the seller justify a discount greater than any premium a buyer might pay for acquisition economies and portfolio risk reduction. Therefore, the appraisers have concluded that the package price for combined sale of the above five properties as of January 1, 1985, should be:

ONE MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS
(\$1,160,000)

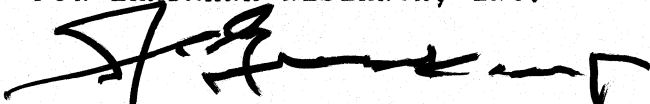
with cash to the seller, but subject to existing lease terms.

Messrs. Gordon and Greg Rice
Page Three
January 25, 1985

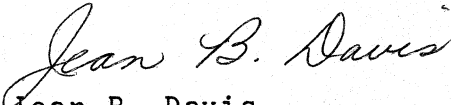
The appraisers note that the market value for the warehouse property at 2601 Seiferth Road is \$72,000 below the 1984 assessed value of \$352,000, suggesting the opportunity for review and possible appeal by MREIF.

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

FOR LANDMARK RESEARCH, INC.



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



Jean B. Davis
Real Estate Appraiser/Analyst

Enclosures

jc

TABLE OF CONTENTS

	<u>PAGE</u>
LIST OF EXHIBITS	ix
LIST OF APPENDICES	xvi
I INTRODUCTION	1
A. Issue for Which Appraisal is Required	1
B. Definition of Interests to be Appraised	1
C. Definition of Fair Market Value	2
D. Industrial Properties to be Appraised	3
E. Format of the Report	3
II MADISON INDUSTRIAL WAREHOUSE MARKET	6
A. Comparable Rental and Sales Warehouse Properties	6
B. Analysis of Madison Warehouse Market	8
C. Use of Consumer Price Index as Inflation Proxy	10
D. Investor Requirements	10
III APPRAISAL OF 2201 DARWIN ROAD	20
A. Site Description and Analysis	20
B. Building Description and Analysis	22
C. Lease Description and Analysis	29
D. Operating Expenses, Reimbursements, and Appraisal Assumptions	33
E. Financing Description and Analysis	34
F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value	40

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
G. Discounted Cash Flow Value Conclusion	43
H. Market Comparison Approach Application and Conclusions	44
I. Cost Approach Input Assumptions and Conclusions	52
J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually	53
IV APPRAISAL OF 2223 DARWIN ROAD	63
A. Site Description and Analysis	63
B. Building Description and Analysis	68
C. Lease Description and Analysis	70
D. Operating Expenses, Reimbursements, and Appraisal Assumptions	73
E. Financing Description and Analysis	74
F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value	74
G. Discounted Cash Flow Value Conclusion	81
H. Market Comparison Approach Application	90
I. Cost Approach Input Assumptions and Conclusions	91
J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually	92

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
V APPRAISAL OF 2601 SEIFERTH ROAD	102
A. Site Description and Analysis	102
B. Building Description and Analysis	106
C. Lease Description and Analysis	110
D. Operating Expenses, Reimbursements, and Appraisal Assumptions	111
E. Financing Description and Analysis	120
F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value	121
G. Discounted Cash Flow Value Conclusion	124
H. Market Comparison Approach Application	125
I. Cost Approach Input Assumptions and Conclusions	134
J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually	135
VI APPRAISAL OF 625 MAYFAIR AVENUE	147
A. Site Description and Analysis	147
B. Building Description and Analysis	149
C. Lease Description and Analysis	157
D. Operating Expenses, Reimbursements, and Appraisal Assumptions	160
E. Financing Description and Analysis	161
F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value	165
G. Discounted Cash Flow Value Conclusion	168
H. Market Comparison Approach Application	183

TABLE OF CONTENTS (Continued)

	<u>PAGE</u>
I. Cost Approach Input Assumptions and Conclusions	186
J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually	187
VII APPRAISAL OF 2955 AND 2957 PACKERS AVENUE	199
A. Site Description and Analysis	199
B. Building Description and Analysis	203
C. Lease Description and Analysis	211
D. Operating Expenses, Reimbursements, and Appraisal Assumptions	226
E. Financing Description and Analysis	227
F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value	228
G. Discounted Cash Flow Value Conclusion	232
H. The Market Comparison Approach	241
I. The Cost Approach	246
J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually	248
VIII WAREHOUSE PACKAGE SALE VALUE	253
STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS	271
CERTIFICATION OF VALUE	273
QUALIFICATIONS OF THE APPRAISERS	275
APPENDICES	277

LIST OF EXHIBITS

<u>EXHIBIT</u>		<u>PAGE</u>
II-1	Summary of Market Rent Comparables for Industrial Warehouse Properties in the Madison Area	12
II-2	Location of Rental Comparables of Warehouses in the Madison Area	13
II-3	Summary of Comparable Sales of Steel/Masonry Industrial Warehouses in the Madison Area from 1979 - 1984 Including Photographs	14
II-4	Location of Comparable Sales of Warehouses in the Madison Area	18
II-5	Change in the Consumer Price Index (CPI) for the Past Five Years	19

5

LIST OF EXHIBITS (Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
III-1	Location of 2201 Darwin Road Warehouse Property	21
III-2	Sketch of Building Layout on the Site and Zoning Map	23
III-3	Photographs of Subject Property	27
III-4	Summary of Property Data and Current Lease Data for 2201 Darwin Road	30
III-5	Schedule of Revenues and Expenses from January 1, 1985, through December 31, 1989, with Detailed Footnotes	35
III-6	Assumptions Used in Discounted Cash Flow Valuation	45
III-7	Computer Output of Discounted Cash Flow Analysis	46
III-8	Scale for Scoring Comparable Sales Based Upon Price Sensitive Attributes	54
III-9	Most Probable Price Computation Using Mean Price per Point Equation Method	55
III-10	Cost Approach Assumptions Used for Marshall Valuation Service for 2201 Darwin Road	59
III-11	Computer Output for Cost Approach to Value for 2201 Darwin Road	61

66

LIST OF EXHIBITS (Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
IV-1	Location of 2223 Darwin Road Warehouse Property	64
IV-2	Sketch of Building Layout on the Site and Zoning Map	66
IV-3	Photographs of Subject Property	69
IV-4	Summary of Property Data and Current Lease Data for 2223 Darwin Road	71
IV-5	Schedule of Revenues and Expenses from January 1, 1985, through December 31, 1989, with Detailed Footnotes	75
IV-6	Assumptions Used in Discounted Cash Flow Analysis	83
IV-7	Computer Output for Discounted Cash Flow Analysis	84
IV-8	Scale for Scoring Comparable Sales Based Upon Price Sensitive Attributes	93
IV-9	Most Probable Price Computation Using Mean Price per Point Equation Method	94
IV-10	Cost Approach Assumptions Used for Marshall Valuation Service for 2223 Darwin Road	98
IV-11	Computer Output for Cost Approach to Value for 2223 Darwin Road	100

27

LIST OF EXHIBITS

<u>EXHIBIT</u>		<u>PAGE</u>
V-1	Location of 2601 Seiferth Road Warehouse Property	103
V-2	Sketch of Building Layout on the Site and Zoning Map	104
V-3	Photographs of Subject Property	107
V-4	Summary of Property Data and Current Lease Data for 2601 Seiferth Road	112
V-5	Schedule of Revenues and Expenses from January 1, 1985, through December 31, 1989, with Detailed Footnotes	115
V-6	Assumptions Used in Discounted Cash Flow Valuation	126
V-7	Computer Output of Discounted Cash Flow Analysis	127
V-8	Scale for Scoring Comparable Sales Based Upon Price Sensitive Attributes	136
V-9	Most Probable Price Computation Using Mean Price per Point Equation Method	137
V-10	Cost Approach Assumptions Used for Marshall Valuation Service for 2601 Seiferth Road	141
V-11	Computer Output for Cost Approach to Value for 2601 Seiferth Road	143

35

LIST OF EXHIBITS (Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
VI-1	Location of Emmer-Madison Warehouse at 625 Mayfair Avenue	148
VI-2	Sketch of Building Layout on the Site and Zoning Map	150
VI-3	Photographs of Subject Property	154
VI-4	Summary of Property Data and Current Lease Data for Emmer-Madison Warehouse at 625 Mayfair Avenue	158
VI-5	Schedule of Revenues and Expenses from January 1, 1985, through December 31, 1989, with Detailed Footnotes	162
VI-6	Assumptions Used in Discounted Cash Flow Valuation	170
VI-7	Computer Output of Discounted Cash Flow Analysis Using Contract Rents	171
VI-8	Computer Output of Discounted Cash Flow Analysis Using Market Rents	177
VI-9	Scale for Scoring Comparable Sales Based Upon Price Sensitive Attributes	188
VI-10	Most Probable Price Computation Using Mean Price per Point Equation Method	189
VI-11	Cost Approach Assumptions Used for Marshall Valuation Service for Emmer-Madison Warehouse at 625 Mayfair Avenue	193
VI-12	Computer Output for Cost Approach to Value for Emmer-Madison Warehouse at 625 Mayfair Avenue	195

50

LIST OF EXHIBITS (Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
VII-1	Location of 2955-57 Packers Avenue Warehouse and Garage Properties	200
VII-2	Sketch of Building Layout on the Site and Zoning Map	201
VII-3	Photographs of Subject Properties	207
VII-4	Summary of Property Data and Current Lease Data for 2955 and 2957 Packers Avenue	212
VII-5	Schedule of Revenues and Expenses from January 1, 1985, through December 31, 1992, with Detailed Footnotes	217
VII-6	Assumptions Used in Discounted Cash Flow Valuation	233
VII-7	Computer Output of Discounted Cash Flow Analysis	235
VII-8	Cost Approach Assumptions Used for Marshall Valuation Service for Garage at 2957 Packers Avenue	249
VII-9	Computer Output for Cost Approach to Value for 2957 Packers Avenue	251

59

LIST OF EXHIBITS (Continued)

<u>EXHIBIT</u>		<u>PAGE</u>
VIII-1	Portfolio of Five Warehouse Properties - Schedule of Net Operating Income from January 1, 1985, Through December 31, 1992 . .	258
VIII-2	Test of Investor (Buyer) Returns at \$1,225,000 Acquisition Price Using VALTEST . .	259
VIII-3	Test of Investor (Buyer) Returns at \$1,125,000 Acquisition Price Using VALTEST . .	263
VIII-4	Test of Investor (Buyer) Returns at \$1,160,000 Acquisition Price Using VALTEST . .	267

63

LIST OF APPENDICES

<u>APPENDIX</u>		<u>PAGE</u>
A	Income Approach to Value - The Discounted Cash Flow Methodology	277
B	Market Comparison Approach to Value	279
C	Cost Approach to Value	283
D	Potential Comparable Sales of Industrial Warehouses in the Madison Area - 1979-1984 . .	291
E	Permitted Uses for M-1 and C3L Zoning	292
F	Summary of Existing Non-assumable Mortgages for Properties at 2201 Darwin Road, 2223 Darwin Road, 2601 Seiferth Road, and 625 Mayfair Road	303
G	Summary of Property and Lease Data for the Package of Five Warehouse Properties Appraised in this Report	304

I. INTRODUCTION

A. Issue for Which Appraisal is Required

The issue for which this appraisal is required is the possible sale and liquidation of a portfolio of five industrial warehouse buildings located in Madison, Wisconsin, as a package sale. Each property will be appraised individually for its most probable sales price and then a package price will be set for a possible sale of the five properties as a single purchase, allowing for a reduction in opportunity costs and transaction risks for the seller and the possibility of a more stabilized income risk position for the buyer. The appraisals will serve as a benchmark for the Board of Directors representing the best interests of the shareholders in the Madison Real Estate Investment Fund and as a guide to perspective purchasers as to the investment characteristics of the subject property.

B. Definition of Interests to be Appraised

The title of each subject property is encumbered with certain existing leases and financing agreements, and it is an assumption of the appraisers that these contracts and encumbrances would be sold with the property as of the appraisal date, January 1, 1985, to the degree assignable. In certain instances other minor easements on title have been presumed and identified where necessary by the appraiser to facilitate delineation of one adjoining property from another.

Individual property descriptions will identify where interior improvements, such as small office partitioning or HVAC equipment, would remain the property of the tenant.

C. Definition of Fair Market Value

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

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

Fundamental assumptions and conditions presumed in this definition are

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
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, 8th Edition, (Chicago: American Institute of Real Estate Appraisers, 1983), p.33.

D. Industrial Properties to be Appraised

The industrial properties subject to this appraisal are engineered, prefabricated steel structures primarily suited for warehousing, wholesaling, and light industrial uses built on raised concrete platforms and sited on adequate, accessible sites. They can be initially identified as follows by address and by section within this appraisal, with further legal descriptions detailed within the appropriate appraisal section:

1. 2201 Darwin Road - Warehouse Property - Section III
Madison, WI
2. 2223 Darwin Road - Warehouse Property - Section IV
Madison, WI
3. 2601 Seiferth Road - Warehouse Property - Section V
Madison, WI
4. Emmer-Madison Property - Section VI
625 Mayfair Avenue
Madison, WI
5. Packers Avenue Warehouse Buildings - Section VII
2955 & 2957 Packers Avenue
Madison, WI

E. Format of the Report

Since each subject property, except for 2957 Packers Avenue, is of steel construction and used primarily for storage, either in single or multiple tenancy, the first section of the appraisal will provide a general analysis of the Madison market for industrial warehouses as it is relevant to the general characteristics of the subject properties. This section of analysis will serve as demand and supply analysis

background for each of the individual properties to be appraised in the following sections in order to avoid unnecessary repetition. Madison market rents discussed in this section are adjusted to fit the location and characteristics of the individual properties where appropriate.

Each property will be analyzed using a discounted cash flow valuation report for primary valuation, a market comparison approach as a secondary valuation method, and a national cost service, Marshall Valuation Service, as a stylized cost approach which is a further check on value. A basic explanation of each approach is included in Appendix A, B, and C, which are then referenced as explanation for each valuation component provided for each property. A description of the various potential comparable sale properties considered are included in Appendix D and are referenced if and when applied to each of the subject properties. Appendix E defines permitted uses in M1 and C3L zoning areas and in Appendix F the existing mortgages for each of the subject properties is summarized. Appendix G is a summary of the pertinent property and lease data for the package of five warehouse properties appraised in this report.

Each subject property then has its own section in the report, identified by Roman numeral and consisting of the following components:

- A. Site Description and Analysis
- B. Building Improvement Description and Analysis
- C. Lease Description and Analysis
- D. Operating Expenses, Reimbursements, and Appraisal Assumptions
- E. Financing Description and Analysis
- F. Assumptions Underlying Discounted Cash Flow Approach
- G. Discounted Cash Flow Detail and Conclusions
- H. Market Comparison Approach Application and Conclusion
- I. Cost Approach Input Assumptions and Conclusions
- J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

Following completion of the individual valuation of each subject property, the final section of the report will discuss pricing considerations relevant to sale of a small package of the five industrial properties from the standpoint of buyer and seller. Those elements discussed will be the basis for the appraisers' judgment as to a package price for all five of the subject properties.

II. MADISON INDUSTRIAL WAREHOUSE MARKET

A. Comparable Rental and Sales Warehouse Properties

The market for wholesale and light industrial warehouses in Madison is clearly subdivided by location and consistently stable in terms of rent/cost relationships. The appraisers used rental comparables (Exhibit II-1) and sales comparables (Exhibit II-3) from three areas: the airport zone, the far east side, and the southcentral side of Madison. The location of the rental comparables are shown in Exhibit II-2 and the sales comparables are located on a map in Exhibit II-4.

1. The airport zone is an area northeast of First Street and generally flanking the major routes to the airport, Pennsylvania and Packers Avenues on the northwest, and Highway 51 and East Washington Avenue on the southeast. Warehouses in this area serve tenants and owners distributing to the state hinterland via the highway network or the airport. Much of the space is used for agri-industry, specifically bulk storage of seeds, chemicals, processed food products, and other bulk storage.
2. The east side locations serve light manufacturing and distribution of commercial products as opposed to seasonal agriculture warehousing. Many of the

industrial warehouses are owner-occupied and combine office with storage use. There is about an even split regarding lessor-lessee responsibility for the payment of real estate taxes which should be reflected in the nominal rental rate.

3. The southcentral district has many more small buildings to house local service companies which require the Beltline Highway to reach residential markets on Madison's west side. Rents tend to be higher because spaces are smaller, tenants bid for alternatives, spaces turn over more frequently requiring greater allowances for vacancy, and many were custom-built for tenants long since departed along Watson Road, Stewart Avenue, and related streets.

The engineered steel building with long, clear span, insulated steel wall and roof patterns, space heaters, and small office areas are easily built to suit for \$12 to \$15 per square foot of GBA, including the cost of land, so that owners with stable needs can build their own facilities if rents rise too quickly on the limited supply of rentable area. Currently, it appears that rents and investment values have lagged construction costs except for long-term agricultural surplus leases. The classic buy/lease trade off analysis constrains over-building. Only the owner-occupied service/distribution

warehouse structures tend to offer more decorative masonry, architectural entrances, and fenestration, as well as finished office and display space.

The financing used in comparable sales transactions has been provided by several local Madison life insurance companies or by land contracts which wrapped around existing financing. A list of sales from which comparables were chosen for each of the subject properties is provided in Appendix D.

While the building components may be similar, each building has a specific set of attributes to distinguish it from the others. Therefore, application of the market comparison approach to value involved the following steps: (1) selection of comparables on the basis of structure type, (2) conversion of the nominal price to cash price per square foot, and then (3) search for an explanation of the differences among properties compared by means of a price per point per square foot formula. (See Appendix B for more detailed explanation of market comparison valuation methodology).

B. Analysis of Madison Warehouse Market

No direct adjustment to price was made for time because the Madison market, while steady, has not experienced significant growth in industrial and wholesale employment since the mid-

1970s. County Business Patterns 1982 - Wisconsin [1], page 36, Table 2, indicated total employment in the wholesale trade category in the Spring of 1982 was 6,893 persons as opposed to 6,436 persons in the Fall of 1977 for Dane County [2]. By the same token, County Business Patterns 1982 - Wisconsin, page 34 Table 2, indicated 18,431 persons in manufacturing of all types in March of 1983 as compared to 18,987 persons in September of 1977 as reported by the Dane County Department of Industry in the Dane County Economic Profile. Nor is there a great distinction between the M-1 and C-3 zoning categories. Although C-3L has somewhat more limited permissible uses, it is primarily characteristic of the southcentral market for commercial services. (See Appendix E for permitted uses.)

Since more than one-third of the County's jobs are in government, expansion in government service has had little impact on the need for supportive warehousing. Completion of the interstate system led to the closing of several chain store distribution facilities in the late '70s since the Madison market then could be served by semi-truck from Chicago and Milwaukee.

[1] County Business Patterns 1982 - Wisconsin, United States Department of Commerce, Bureau of the Census, Table 2, page 34, Dane County Economic Profile, 1978.

[2] Dane County Economic Profile, 1978.

C. Use of Consumer Price Index as Inflation Proxy

Although space requirements have increased slightly, rents have advanced steadily due to the practice of adjusting base rents with the Consumer Price Index (CPI). Leases advance from 50 to 100 percent of the annual change in the CPI, landlords tend to prefer the CPI for Small Metro Areas in the Northcentral States as presented in Exhibit II-5. The past two years of controlled inflation indicate an average annual change in the CPI of 4 percent, and this 4 percent will be used in estimating revenue increases as well as appreciation in land costs and inflation of nonlabor or utility operating costs. In short, rents can be expected to rise because of inflation adjustments rather than any sudden imbalance of demand in excess of supply.

D. Investor Requirements

Not only demand/supply pressures from the standpoint of the tenant must be considered, but the appraiser must also consider demand on the most probable buyers of warehouse properties. Steel warehouses lack the glamour of office buildings or the traditional appeal of apartment structures where over supply and under supply influence property owners. Investors in industrial warehouses have expected steady cash income in terms of 9 to 11 percent on cash investment, conservative loan-to-value ratios, and some tax shelter benefits. At one

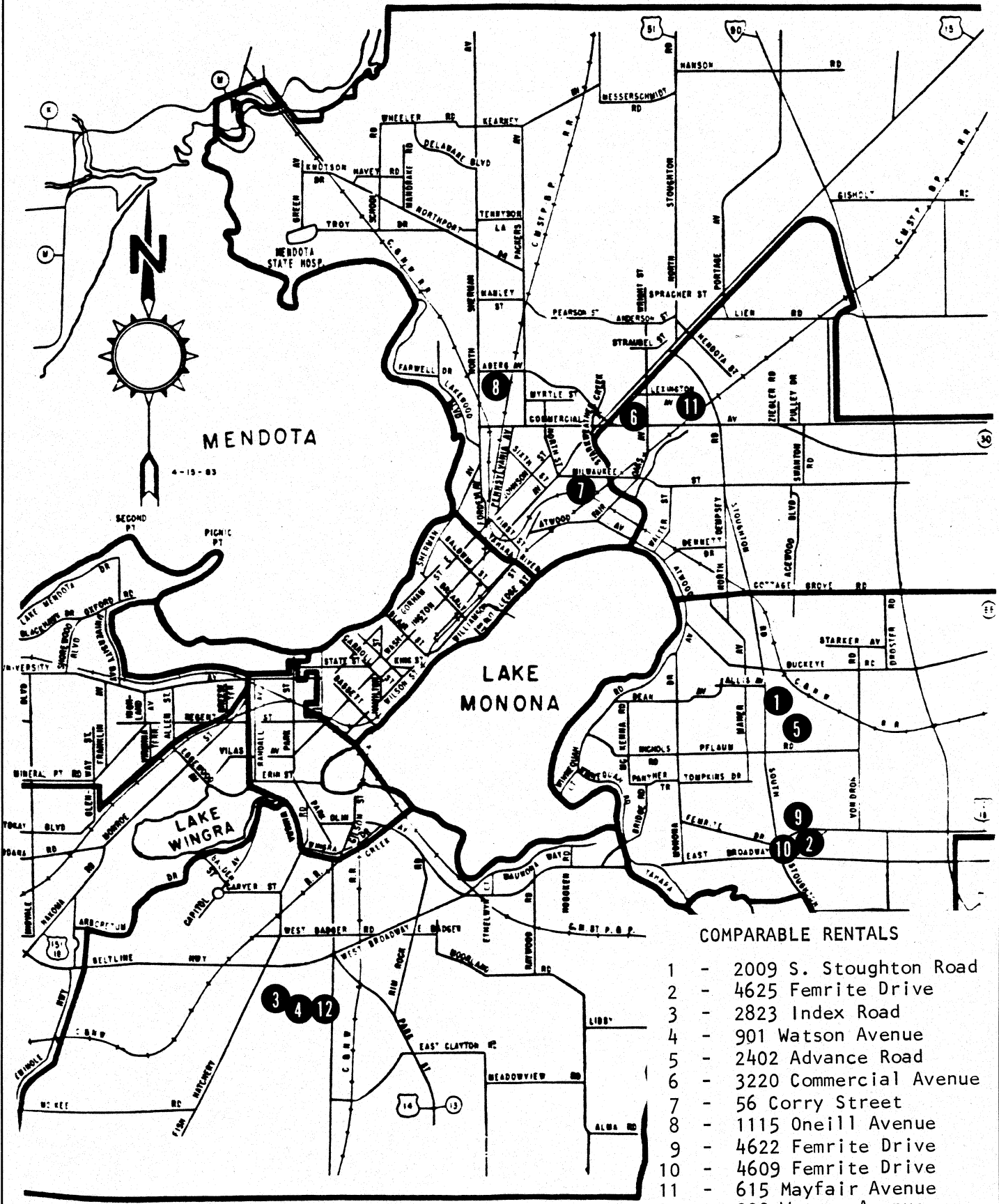
time, industrial buildings offered shorter, useful lives than apartments and major buildings so that straight-line depreciation still provided 4 or 5 percent annual depreciation. That investment advantage has been lost since all real properties must use an 18 year useful life at minimum. Moreover, in 1985-86, investors anticipate further loss in tax shelter benefits to real estate so that cash dividends will become more important as the major source of return, pushing cash income requirements to 11 or 12 percent. Knowledgeable investors continue to purchase warehouse properties because the ratio of net income to the cost to acquire still represents a favorable spread relative to available debt service constants. The number of appropriate properties available for investment in Madison is limited for lack of economic growth, the equilibrium of lease/buy factors, and the convertibility of owner-occupied buildings to storage as small businesses expire in times of recession.

EXHIBIT 11-1

SUMMARY OF MARKET RENT
COMPARABLES FOR INDUSTRIAL
WAREHOUSE PROPERTIES IN
MADISON AREA

LOCATION	TYPE OF CONSTRUCTION	YEAR BUILT	TOTAL SIZE OF LEASED SPACE	OFFICE	WAREHOUSE	NO. AND TYPE OF LOADING DOCKS	ANNUAL RENT	ANNUAL RENTAL RATE/SF/YEAR	UTILITIES	RESPONSIBILITY FOR PAYMENT OF R.E. TAXES	PROVISION FOR ANNUAL ADJUSTMENT OF RENT	REMARKS
① 2009 S. Stoughton Rd.	Steel		25000	0	25000	10 ground level	\$68750	\$2.75	tenant	owner	4% with pass through of taxes above base year	Ross Menard, 12/12/84 Has 10 showroom/office distribution warehouses
② 4625 Femrite	Steel/Masonry		16250	0	16250	13-ground level	40560	2.50	tenant	owner		Mrs. Tom Cramer, owner's wife, 12/12/84
③ 2823 Index Rd.	Steel		10800	800	10000	3-ground level 2-dock level	29700	2.75-2.90	tenant	owner	2.5 to 5 yr. lease, year 2-5 rent increases to \$2.90/sq.ft.; increase in r.e. tax is passed through over base year	John Pinger, leasing agent, 12/13/84
④ 901 Watson	Steel	1966	25000			3-dock level	whse-\$2.90/sq.ft./yr. off-\$4.00/sq.ft./yr.		tenant/owner owner-sewer/water	tenant/owner	Most are annual leases, negotiable each year	Vern Miller, leasing agent, 12/12/84
⑤ 2402 Advance Rd.	Steel	1983	10000	0	10000	1-ground level	24000	2.40	owner	owner	Lease term negotiable	Mrs. Jean Stewart, owner, 12/13/84
⑥ 3220 Commercial Ave	Masonry		7100	1300	5800	4-ground level	12000	1.69-2.03 (asking)	tenant	owner	Second year increase to \$14400 or \$2.03/SF	Delores Warren, Lakewood Realty; Owner is listing bldg. for \$135000, 18-24 mo. L.C., will take back a second mtg.; 12/12/84
⑦ 56 Corry St.			9600	200	9400		14400	1.50	tenant	tenant	Only a two year lease	Robert Keller, leasing agent, 12/13/84; described as "junky"
⑧ 1115 O'Neill	Masonry/ Steel	1965	13832	2766	11066	2-ground level	11880	1.19 (for WHSE)	owner	owner	Month to month lease	Mrs. Jean Stewart, former owner, 12/84
⑨ 4622 Femrite	Brick/ Steel	1964 1970	17312	3000	14312	3-ground level	62400	3.60	tenant	owner		Al Bachmann, owner, 11/16/84 Owner occupies 2500 SF
⑩ 4609 Femrite	Steel	1973	6000	1200	4800	1-ground level	13800	2.30	tenant	tenant	Month to month lease	Robert Keller, former owner, 12/13/84
⑪ 615 Mayfair	Steel	1978	12150	0	12150	2-dock level	23085	1.90	tenant	tenant		Paul Easton, American Family Ins., tenant (now owner)
⑫ 929 Watson	Brick	1979	14684	1598	13086		42526	2.91	tenant	tenant	Ten year lease with two-5 yr. options with cost of living increase	John Pinger, leasing agent, 12/17/84

LOCATION OF COMPARABLE RENTAL WAREHOUSE PROPERTIES



COMPARABLE RENTALS

- 1 - 2009 S. Stoughton Road
- 2 - 4625 Femrite Drive
- 3 - 2823 Index Road
- 4 - 901 Watson Avenue
- 5 - 2402 Advance Road
- 6 - 3220 Commercial Avenue
- 7 - 56 Corry Street
- 8 - 1115 Oneill Avenue
- 9 - 4622 Femrite Drive
- 10 - 4609 Femrite Drive
- 11 - 615 Mayfair Avenue
- 12 - 929 Watson Avenue

EXHIBIT 11-3

SUMMARY OF COMPARABLE SALES
OF STEEL/MASONRY INDUSTRIAL
WAREHOUSES - MADISON AREA
1979 - 1984

COMPAR- ABLE SALE NO.	LOCATION	ZONING	SALE DATE	NOMINAL SALE PRICE	CASH SALE PRICE	CASH PRICE PER SF OF GBA	GROSS BUILDING AREA (GBA)	APPROXIMATE OFFICE AREA TO GBA	LAND SIZE	LAND/ BUILDING RATIO	BUILDING HEIGHT	MECHANICALS	YEAR BUILT	GRANTOR/GRANTEE	REMARKS
1	1115 Oneill Ave	M1	06/27/84	\$210,000	\$200,000	\$14.45	13,832	15%	43,914	3.17	< 15'	Gas heaters AC in office	1965	Stewart/Decker	Now used for light manufacturing Single tenant at sale
2	4622 Femrite	C3L	02/29/84	\$325,000	\$301,000	\$17.38	17,312	20%	52,160	3.01	< 15'	Gas heaters AC in office	1964 & 1970	Steele et al, Inc. Bachman Bldg. Partnership	Small offices plus storage Multi tenant
3	4609 Femrite	C3L	09/09/83	\$125,500	\$120,000	\$20.00	6,000	20%	20,211	3.40	< 15'	Gas heaters AC in office	1973	Keller/Bentley	Single tenant at sale
4	615 Mayfair Ave	M1	08/31/83	\$198,000	\$198,000	\$16.30	12,150	0%	59,377	4.89	> 20'	Gas heaters	1978	MREIF/American Family Ins.	Single tenant at sale
5	3103 Watford Way	M1	06/30/82	\$220,000	\$209,000	\$14.94	14,000	10%	26,942	1.92	> 20'	Unheated at time of sale	1970	Daniels/Rasmussen	Heat and office added after purchase - Vacant at time of sale
6	929 Watson Road	M1	07/19/79	\$345,000	\$345,000	\$23.50	14,684	11%	57,935	3.94	> 20'	Gas heaters, AC in office, sprinklered	1979	Decker/Wieden	Face brick stucco office - Excellent condition - Single tenant

EXHIBIT 11-3 (Continued)

PHOTOGRAPHS OF COMPARABLE SALES OF
INDUSTRIAL WAREHOUSES IN MADISON AREA
1979 - 1984



COMPARABLE SALE NO. 1
1115 Oneill Avenue



COMPARABLE SALE NO. 2
4622 Femrite Drive



COMPARABLE SALE NO. 3
4609 Femrite Drive



COMPARABLE SALE NO. 4
615 Mayfair Avenue

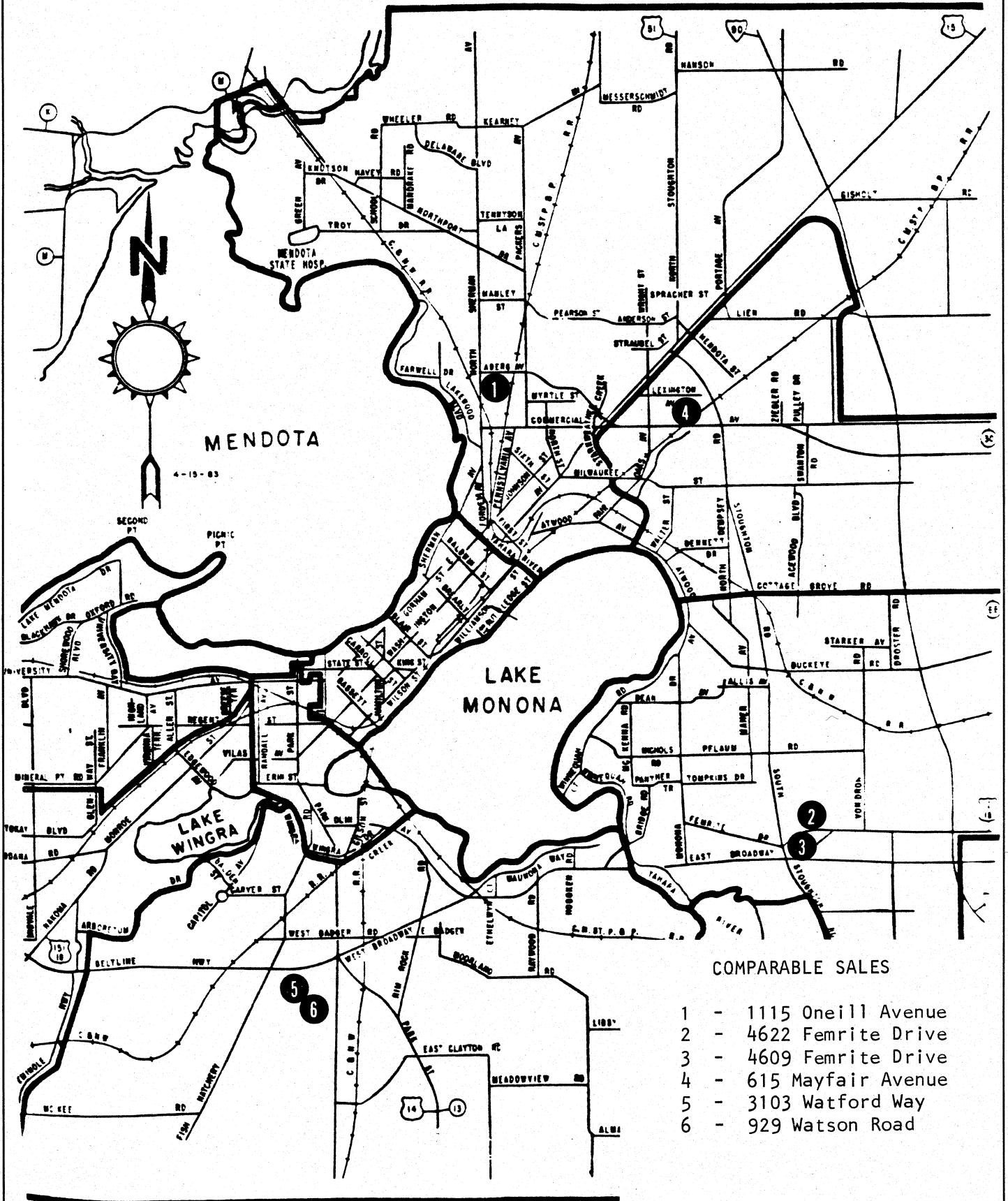


COMPARABLE SALE NO. 5
3103 Watford Way



COMPARABLE SALE NO. 6
929 Watson Road

LOCATION OF COMPARABLE SALES OF WAREHOUSES IN THE MADISON AREA



COMPARABLE SALES

- 1 - 1115 Oneill Avenue
- 2 - 4622 Femrite Drive
- 3 - 4609 Femrite Drive
- 4 - 615 Mayfair Avenue
- 5 - 3103 Watford Way
- 6 - 929 Watson Road

CHANGE IN CONSUMER PRICE INDEX (CPI)
PAST FIVE YEARS

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

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

CHANGE FROM OCTOBER OF PRECEDING YEAR TO
DECEMBER OF FOLLOWING YEAR

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

III. APPRAISAL OF 2201 DARWIN ROAD

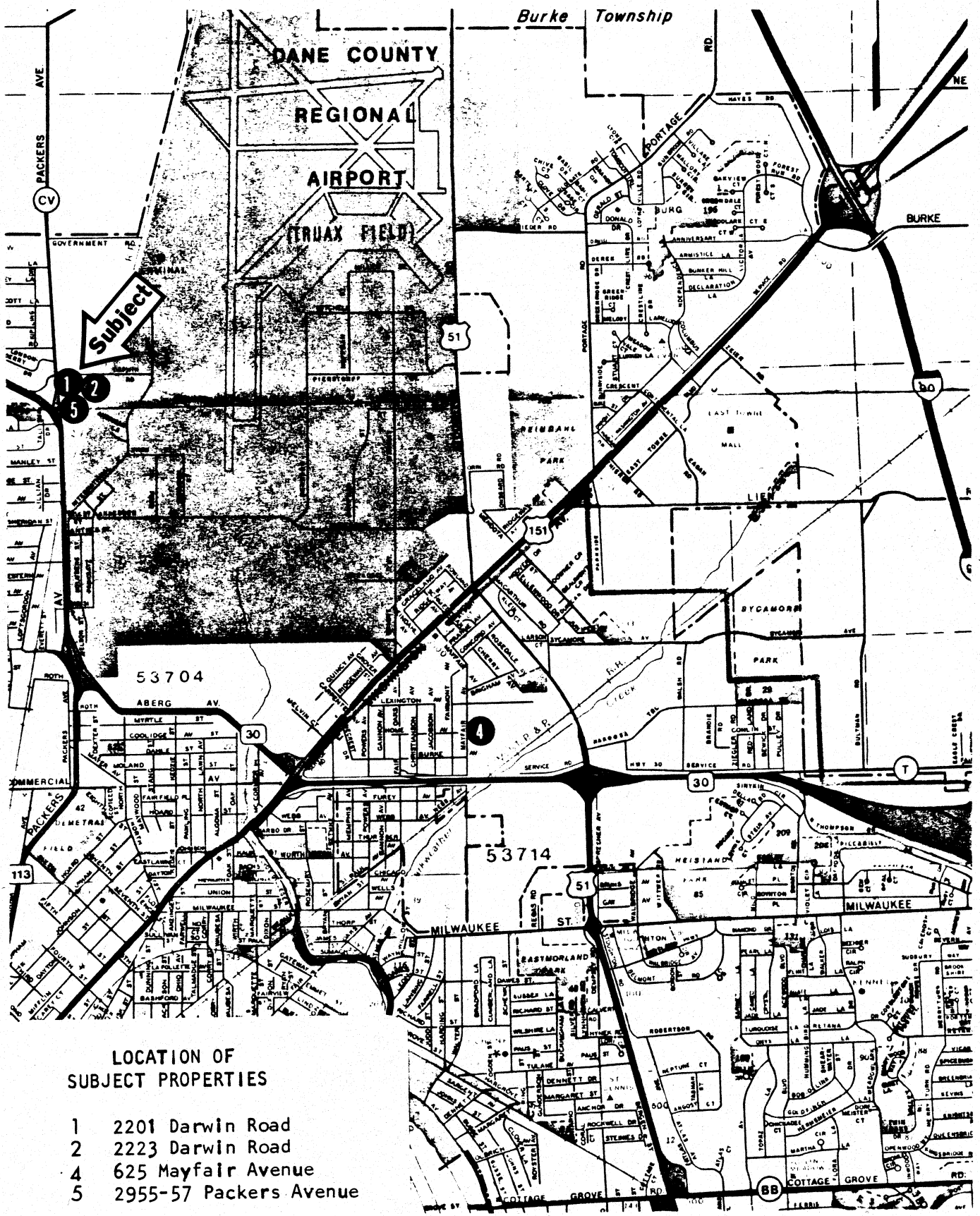
A. Site Description and Analysis

The subject property is located at 2201 Darwin Road and consists of 0.9 acres or 39,043 square feet of land known as Parcel 1 of Lot 1, Certified Survey Map 827, Volume 4, page 44, Dane County, Wisconsin; a locational map is shown in Exhibit III-1. The warehouse site is shielded from an old farmhouse to the west by a hedge grove of brush and small trees. It slopes downward from Darwin Road to the rear lot line, providing adequate drainage of paved surfaces to the south and then to the railway ditches to the east. The subject site shares a 60 foot wide apron onto Darwin Road with the property to the east at 2223 Darwin Road and with the property to the south of the rear lot line at 2955-57 Packers Avenue. The great majority of the site has bituminous paving in fair condition.

Darwin Road runs east-west for little more than a block, linking to International Drive on the east, close to the main Madison air passenger terminal and air cargo facility. On the west it links to Packers Avenue; a right turn on Packers Avenue would provide trucks with a bypass route on Packers Avenue and County Highway CV to Interstate 90-94 and Highway 51, an important north-south state highway route. A left turn onto Packers Avenue leads to a ten-minute connection on Highway 113 to Madison's east side and downtown business routes, as well as

EXHIBIT III-1

LOCATION OF 2201 DARWIN ROAD WAREHOUSE PROPERTY



LOCATION OF SUBJECT PROPERTIES

- 1 2201 Darwin Road
- 2 2223 Darwin Road
- 4 625 Mayfair Avenue
- 5 2955-57 Packers Avenue

the Highway 30 connector to Milwaukee. In short, the warehouse is well located for those tenants who require convenient access to the state hinterland.

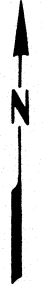
The property is zoned M1 (see Appendix E for permitted uses) and subject to half an easement on the east lot line to the benefit of a warehouse property facing 2955 Packers Avenue. The building is located to the far south end of the lot and currently features a loading dock which requires use of the adjacent property, currently owned by the same owner of the subject property. However, to consider sale of the property as a separate unit, borders of the site would have to be respected and the individual garage door/loading dock accessible to the south would have to be relocated to the eastern edge of the building and a sidewalk ramp for wheelchair access would be reversed to slope downward to the north to serve both existing entrances. The site is served by City of Madison water, sewer, gas, police, and fire. (See Exhibit III-2 for site plan and zoning map.)

B. Building Description and Analysis
(See Exhibit III-3 for photographs of subject property)

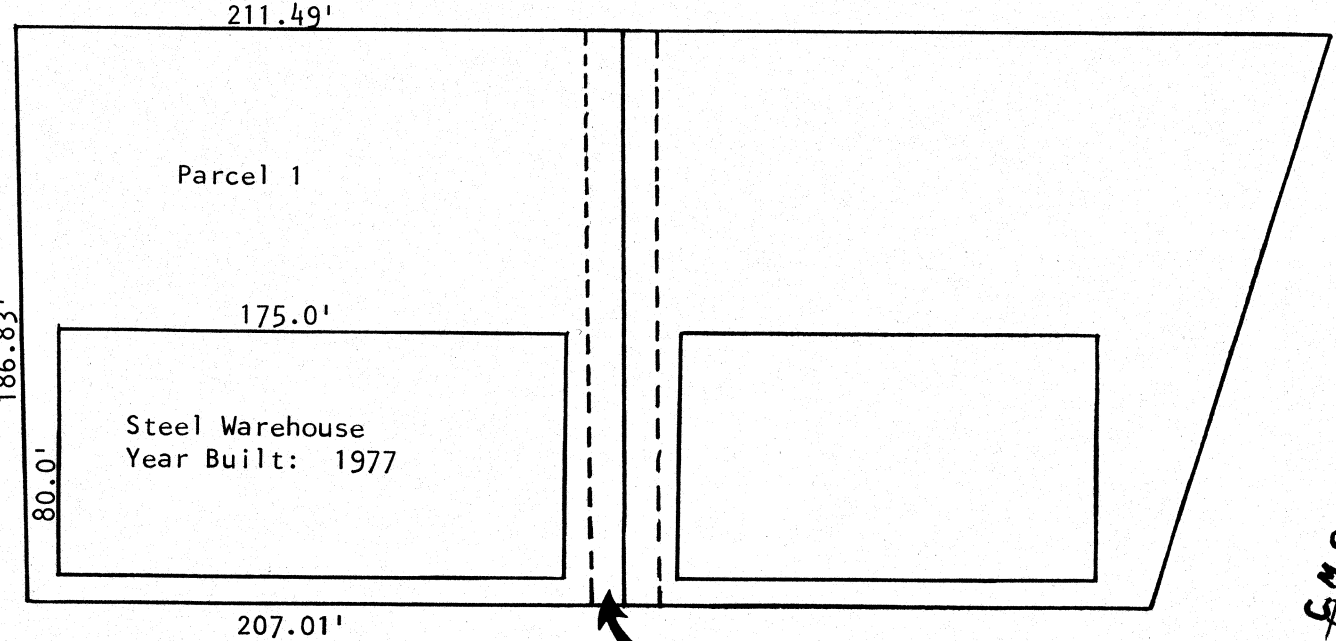
Improvements to the above site consist of an engineered steel warehouse, built in 1977, which is 80 feet wide, with a center ridge beam and columns down the center of its 175 foot east-west length, or 14,000 square feet of gross building area

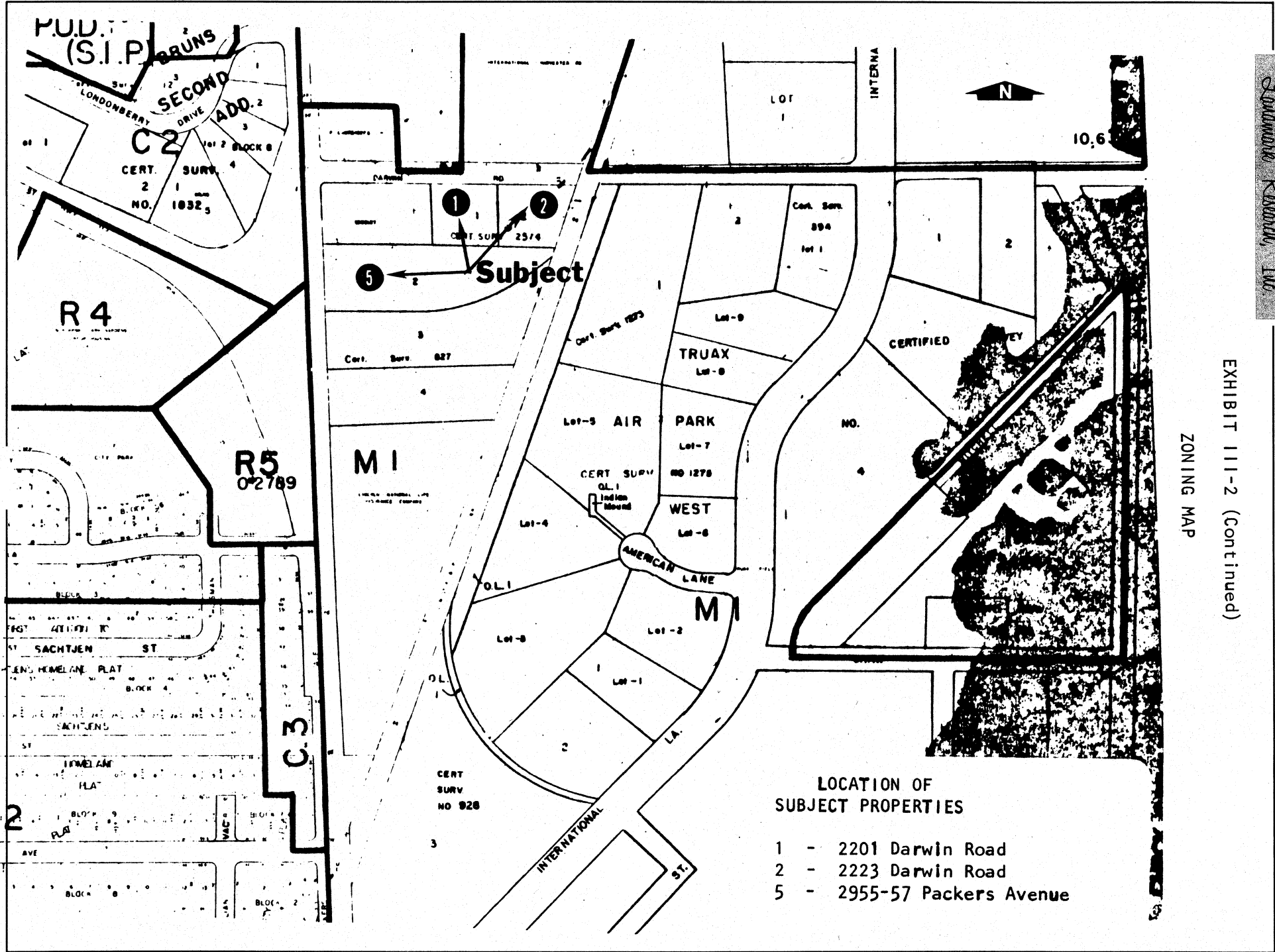
EXHIBIT III-2
2201 DARWIN ROAD
BUILDING LAYOUT ON SITE

DARWIN ROAD



~~S.M. ST. P.F. R.R.~~





LOCATION OF SUBJECT PROPERTIES

- 1 - 2201 Darwin Road
- 2 - 2223 Darwin Road
- 5 - 2955-57 Packers Avenue

(GBA). Light steel I-beam construction for wall and ceiling purlines are welded to construction grade I-beam structural bents. Steel siding has 1-1/2 inch fiberglass batts with reflective aluminum surface, and interior walls are lined with enameled steel to a height of 7 feet. The 14,000 square foot building has a clear stacking area to an average height of 15 feet, and is allocated to three tenants. The west end of the building which measures 100 feet in length and 80 feet in depth totalling 8,000 square feet, is leased to Delta Storage; the eastern 6,000 square feet is divided at the ridge line into two 3,000 square foot units. The demising walls, provided by the landlord, are one hour rated dry wall on wood stud to the roof beams. All sections are sprinklered with pipes on structural bents to avoid conflicts with stacked pallets and to direct water onto partitions.

The southeast quadrant is leased to a wine wholesaler, Amboise Cellars, and the northeast quadrant is leased to a trucking company, Murphy Motor Freight Lines, Inc. Each tenant has small enclosed office spaces with dropped ceilings and electric baseboard heating. Amboise Cellars provided their own office improvements and Murphy Motor Freight Lines, Inc., is amortizing the cost of the office improvements and extra dock doors over the term of their five-year lease. Each quadrant is heated by a gas-fired radiant heating trough hung

from the ceiling to a height of approximately 12 feet above the floor; the radiant heating is augmented for Murphy and Delta by gas fired space heaters. Murphy Motors has provided a window air conditioning unit for office space. The landlord has provided a small half bath with toilet, wash bowl, and hot water heater for each tenant. A drinking fountain-chiller is wall hung in each leased space. Each tenant is separately metered for gas and electricity and pays their pro rata share for water and sewer. Storage of agricultural chemicals in the Delta Storage section has required improved ventilation fans and exhaust systems in the two smaller sections of the building.

A loading dock door will need to be installed on the east wall of Amboise Cellar to make this space accessible to trucks within the property line. As noted in the site description, currently there is a ramp providing handicap access on the east end of the building sloping south, which would need to be rebuilt sloping north, if it is to continue to serve access doors to Murphy's and Amboise Cellar. A cost allowance of \$2,000 to perform these adjustments will be applied to market value of the property as is. (See Exhibit III-2 for sketch of building layout.)

EXHIBIT III-3

PHOTOGRAPHS OF SUBJECT PROPERTY
AT 2201 DARWIN ROAD



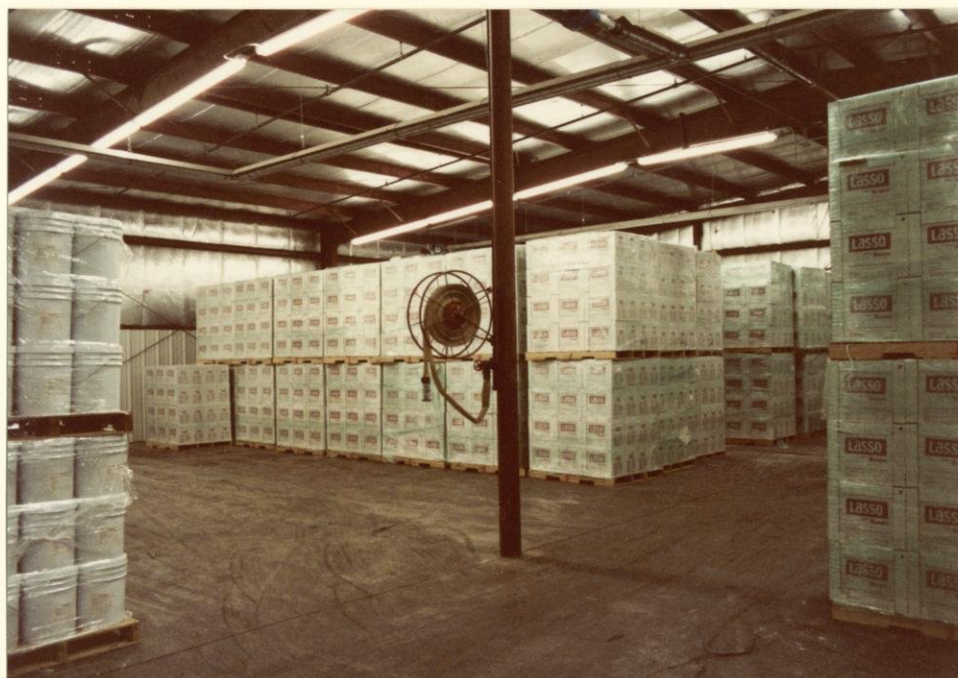
North side of 2201 Darwin Road with docks for Murphy Motor Freight at east end and Delta Storage at west end of warehouse. Note rail for handicapped ramp attached to east wall.



Interior of Amboise Cellars' space at 2201 Darwin Road. Note interior finish, sprinklers and lighting.



Northeast corner of Murphy Motor Freight Lines at 2201 Darwin Road. Note insulation, wall finish, and dock doors.



Interior of space leased by Delta Storage at 2201 Darwin Road for storage of agricultural chemicals. Note sprinklers, radiant heating and interior finish.

C. Lease Description and Analysis

The subject property is currently leased and occupied by three tenants, Delta Storage, a warehousing operation, Murphy Motors, a trucking/transfer operation, and Amboise Cellars, a wine wholesaler. Their leases are summarized in Exhibit III-4. It should be noted that the standard lease form used by MREIF has been customized for each tenant. For purposes of valuation, the appraiser has taken contract rents to be the basis for appraisal to the end of the existing lease term and then modified the rents to anticipated market rents at the time of renewal, as demonstrated in proforma forecasts and footnotes in Exhibit III-5. Key factors to be noted are:

1. Amboise Cellars of Wisconsin pays a market base rent of \$2.50 per square foot of GBA as of 1984, but the rent is subject to an annual adjustment based upon the change in the CPI. As of January 1, 1985, the rent is assumed to increase by 4 percent to \$2.60 per square foot. (See Exhibit II-5 for CPI changes.)
2. Murphy Motors' rent of \$5 per square foot of GBA includes a base rental rate of \$2.50 per square foot of GBA and \$2.50 per square foot of GBA to amortize tenant improvements, which include multi-dock doors and office areas, over the five-year

EXHIBIT III-4

SUBJECT PROPERTY DATA

ADDRESS: 2201 Darwin Road
ZONING: M1
LAND AREA: 39,053 square feet, or 0.90 acres
BUILDING CONSTRUCTION TYPE: Pre-engineered steel
TYPE OF HEATING: Gas-fired radiant heating trough and gas-fired suspended heaters with electric baseboard in office area.
YEAR BUILT: 1977
BUILDING SIZE: Warehouse: 13,400 SF
Offices: 600 (Estimated from blueprints)
TOTAL 14,000 SF
LAND/BUILDING RATIO: 2:79

=====

TENANT DATA - CURRENT LEASES

LESSEE NO. 1 Delta Storage
SQUARE FEET LEASED: 8,000
LEASE TERM:
1984 ANNUAL RENT: \$14,796
1984 ANNUAL RENT/SQUARE FOOT: \$1.85
ESCALATOR IN LEASE: Annual renewal of lease

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.
INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Premiums for fire insurance and extended coverage are reimbursed by the tenant. Tenant carries and pays premiums for public

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair at its own expense.

REAL ESTATE TAXES: Tenant pays pro rate of all real estate taxes.

LESSEE NO. 2: Murphy Motors

SQUARE FEET LEASED: 3,000

LEASE TERM: Five years from July 1, 1983, to June 30, 1988

PRESENT ANNUAL RENT: \$15,000

PRESENT ANNUAL RENT/SQUARE FOOT: \$5.00—Includes \$2.50 per square foot for leased space and \$2.50 per square foot to amortize tenant improvements, provided by the landlord, over the five-year lease term.

ESCALATOR: None

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair at its own expense.

REAL ESTATE TAXES: Tenant pays increase in real estate taxes over base year of 1982, payable in 1983.

LESSEE NO. 3: Amboise Cellar

SQUARE FEET LEASED: 3,000

LEASE TERM: Three years from December 1, 1983, to November 30, 1986.

PRESENT ANNUAL RENT: \$7,500 (November 1984)

PRESENT ANNUAL RENT/SQUARE FOOT: \$2.50 (November 1984)

EXHIBIT III-4 (Continued)

ESCALATOR: Based on change in CPI, but not to exceed 6 percent annual increase.

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Tenant annually reimburses landlord prorata for normal fire and extended coverage insurance premiums. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep the demised premises in good repair at its own expense.

REAL ESTATE TAXES: Lessor pays annual bill. No pass through to tenant.

AS REPORTED BY MREIF
2201 DARWIN ROAD

1983 REVENUE: \$39,081

1983 EXPENSES:

Utilities	\$ 193	
Repairs and Maintenance	1,040	
Real Estate Taxes	5,064	
Management Fees	1,954	
Leasing Fees	1,527	
Insurance	<u>261</u>	
		<u>\$10,039</u>

1983 NET OPERATING INCOME \$29,042

=====

lease. The rent will be set at market rate of \$3.15 per square foot when the lease terminates on June 30, 1988.

3. Delta Storage Company pays a triple net rent of \$1.85 per square foot of GBA which is estimated to be slightly below current market rent. On the first renewal date of April 1, 1985, the lease will be renegotiated with a pass through of real estate tax increases after the base year of 1984 and reimbursement of fire and extended coverage premiums for a market rent of \$2.70 per square foot of GBA. Market rent is assumed to be \$2.60 per square foot of GBA as of January 1, 1985, with a 4 percent escalator as of April 1, 1985.

D. Operating Expenses, Reimbursements,
and Appraisal Assumptions

For the landlord the basic expenses are real estate taxes, insurance, leasing expenses, management fees, and long-term structural maintenance of the paved parking surfaces and exterior and structural frame of the building. There are minor utility costs for vacancy periods. Although current leases vary as to tenant reimbursements, as previously noted, it is assumed that tenant leases which are open for renegotiation will eventually move toward a net lease basis where the tenant pays

increases from the base year in real estate taxes and insurance while continuing to pay separately metered electric, gas, sewer, and janitorial costs. Landlord maintenance includes snow plowing of parking lot while tenants shovel walks and entry steps. For purposes of valuation, the transition from custom leasing to a standardized leasing format is detailed in the footnotes to Exhibit III-5, the five-year pro forma for the subject property.

E. Financing Description and Analysis

Existing financing on the subject property is nonassumable according to the mortgage note to the Wisconsin Life Insurance Company. Therefore, any purchaser would have to acquire new financing, and current terms available for this type of property would require an interest rate of 13.25 percent on a loan amortized over a 25-year term, but ballooning in seven years. Cost to originate would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio (DCR) of approximately 1.3 based on first year normalized net income. These terms are currently quoted by Mr. Donsing at American Family Life Insurance Company in Madison, Wisconsin. However, in the case of 2201 Darwin Road, rents remaining under the existing lease to Murphy Motors Freight Company exaggerate long-term capacity to carry mortgage debt due to amortization of tenant improvements. Therefore, a new

WAREHOUSE AT 2201 DARWIN ROAD

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1989

	GBA LEASED (SF)	1985 BASE RENT	1985	1986	1987	1988	1989
REVENUES							
<u>Potential Gross Rent</u>							
Amboise Cellars of Wisconsin, Inc. [1]	3,000	2.60	7,800	8,112	8,436	8,774	9,125
Murphy Motor Freight Lines, Inc. [2]	3,000	2.50	7,500	7,500	7,500	8,475	9,840
Murphy Motor Freight Lines, Inc. [3]		2.50	7,500	7,500	7,500	3,750	0
Delta Storage, Inc. [4]	8,000	2.70	19,900	22,260	23,140	24,080	25,040
Subtotal	14,000		\$42,700	\$45,372	\$46,576	\$45,079	\$44,005
<u>Reimbursables</u>							
Real Estate Taxes [5]			894	288	305	411	436
Insurance [6]			660	687	714	844	983
Total Potential Gross Revenue			\$44,254	\$46,347	\$47,595	\$46,334	\$45,424
Less: Vacancy @ 3.6% [7]			(1,593)	(1,668)	(1,713)	(1,668)	(1,635)
EFFECTIVE GROSS REVENUE			\$42,661	\$44,679	\$45,882	\$44,666	\$43,789
EXPENSES							
Utilities [8]			208	216	225	234	243
Repairs and Maintenance [9]			1,400	1,512	1,632	1,764	1,905
Management [10]			2,133	2,234	2,294	2,233	2,189
Leasing Fee [11]			1,706	1,787	1,835	1,787	1,752
Insurance [12]			840	874	909	945	983
Subtotal: Expenses Before Real Estate Taxes			\$ 6,287	\$ 6,623	\$ 6,895	\$ 6,963	\$ 7,072
Real Estate Taxes [13]			6,103	6,470	6,858	7,269	7,705
Total Expenses			\$12,390	\$13,093	\$13,753	\$14,232	\$14,777
NET OPERATING INCOME			\$30,271	\$31,586	\$32,129	\$30,434	\$29,012

35

Sudamanta Research, Inc.

EXHIBIT III-5

EXHIBIT III-5 (Continued)

2201 DARWIN ROAD

FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

- [1] Amboise Cellars of Wisconsin, Inc.'s three-year lease began December 1, 1983, with a base rent of \$2.50 per square foot with annual increases to be based upon changes in the CPI from October to December of the following year. The increase in the CPI of approximately 4 percent from October 1983 to December 1984 results in a base rent of \$2.60 per square foot for December 1, 1984. An annual increase of 4 percent is used for each succeeding year. Office space was provided by the tenant.
- [2] Murphy Motor Freight Lines, Inc.'s five-year lease began July 1, 1983, at a fixed annual rate of \$15,000, or \$5 per square foot. One half of the rent included the amortization of improvements provided by the lessor upon occupancy; the improvements included five docks with bumpers and two offices. The base rent of \$2.50 per square foot remains constant through July 30, 1988. It is assumed the market rent in 1985 would have been \$2.75 per square foot given the preferred location of the loading docks compared to the Amboise Cellars portion of the warehouse renting for \$2.60 per square foot as of January 1, 1985. Therefore, in 3.5 years, when the existing lease expires, the rent would be renegotiated based upon a \$2.75 per square foot market rent in 1985 with a 4 percent increase per year, or $(\$2.75 \times 1.04^{3.5})$ \$3.15 per square foot rent in 1988. In 1988 the rent would be fixed at \$3,750, or one-half of \$7,500 from January 1, 1988, to June 30, 1988, and would be increased to one-half (3,000 SF x \$3.15), or \$4,725 for a total 1988 rent of \$8,475. In 1989 the rent would be \$3.15 per square foot times 1.04, or \$3.28 per square foot, or \$9,840.
- [4] Delta Storage has a year-to-year lease commencing on April 1 to March 31 of the following year at a contract rate of \$1.85 per square foot. Given the preferred location of the loading docks, but discounted for the larger amount of space leased by Delta Storage, the market rent as of January 1, 1985, is \$2.60 per square foot. The rent is increased to \$2.70 per square foot as

EXHIBIT III-5 (Continued)

of April 1, 1985, to March 31, 1986, and increases annually 4 percent thereafter.

Projected revenues for Delta Storages' 8,000 square feet are as follows:

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 3/31/85	\$1.85	\$ 3,700	
Market rate	4/1/85 - 12/31/85	\$2.70	<u>16,200</u>	
1985 REVENUE				\$19,900
New lease rate	1/1/86 - 3/31/86	\$2.70	\$ 5,400	
4% increase	4/1/86 - 12/31/86	\$2.81	<u>16,860</u>	
1986 REVENUE				\$22,260
Indexed rate	1/1/87 - 3/31/87	\$2.81	\$ 5,620	
4% increase	4/1/87 - 12/31/87	\$2.92	<u>17,520</u>	
1987 REVENUE				\$23,140
Indexed rate	1/1/88 - 3/31/88	\$2.92	\$ 5,840	
4% increase	4/1/88 - 12/31/88	\$3.04	<u>18,240</u>	
1988 REVENUE				\$24,080
Indexed rate	1/1/89 - 3/31/89	\$3.04	\$ 6,080	
4% increase	4/1/89 - 12/31/89	\$3.16	<u>18,960</u>	
1989 REVENUE				\$25,040

[5] Based upon the current lease which ends on March 31, 1985, Delta Storage pays for all real estate taxes prorated on the amount of space leased. The real estate taxes due in 1985, based upon 1984 assessments of \$240,000, mill rate of 0.0254305, and 57.143 percent of the space is \$3,487. But it is assumed that a buyer

EXHIBIT III-5 (Continued)

would renegotiate the lease as of April 1, 1985, with market rent at \$2.70 and the tenant paying only increases in real estate taxes with 1984 as the base year. Therefore Delta Storage would reimburse only 25 percent of the total prorated tax bill, or \$872 in 1985. Murphy Motors pays increases in the real estate tax over the 1982 real estate taxes payable in 1983. The increase from 1983 to 1984 and payable in 1985 is \$103. Murphy's prorated share of increase is 21.43 percent, or \$22. Amboise Cellars does not pay any of the real estate tax or increases in real estate taxes. After 1985 increases in real estate taxes are paid in additional rent by Delta Storage and Murphy Motor Freight which together rent 78.57 percent of the space. In 1987 after the termination of the Amboise Cellar lease, it is assumed the tenant will pay his prorated share of increases in the real estate tax, payable in 1988. The estimate of real estate tax reimbursables are as follows:

YEAR PAYABLE	TOTAL TAXES DUE	TAX INCREASE FROM PREVIOUS YEAR	DELTA SHARE 57.143%	MURPHY SHARE 21.43%	AMBOISE SHARE 21.43%	INCREASE OR TAX DUE AS REIMBURSABLE
1985	\$6,103	\$103	\$872	\$22	0	\$895
1986	6,470	367	210	78	0	288
1987	6,858	388	222	88	0	305
1988	7,269	411	235	88	\$88	411
1989	7,705	436	250	93	93	436

[6] Only Delta Storage and Amboise Cellars pay, as additional rent, property insurance premiums. When Murphy Motor Freight Lines renegotiates its lease on July 1, 1988, it is assumed the insurance premiums will be included as additional rent. Insurance premiums increase at 4 percent per year. The insurance premium reimbursements are as follows:

EXHIBIT III-5 (Continued)

YEAR PAYABLE	TOTAL AMOUNT OF INSURANCE PREMIUMS	DELTA SHARE 57.143%	MURPHY SHARE 21.43%	AMBOISE SHARE 21.43%	TOTAL REIM- BURSABLES
1985	\$840	\$480	0	\$180	\$660
1986	874	500	0	187	687
1987	909	519	0	195	714
1988	945	540	\$101	203	844
1989	983	562	211	210	983

- [7] It is assumed that 6,000 square feet will be vacant every three years for three months; the vacancy loss each year is 3.6 percent of potential gross. (6,000/3 years/14,000 x 3/12 = 3.6 percent)
- [8] The lessor pays utility charges for outside lighting and to heat building when vacant. Utilities are assumed to increase at 4 percent per year.
- [9] Repairs and maintenance are assumed to be \$0.10 per square foot and increase at 8 percent per year.
- [10] Management fees are 5 percent of effective gross revenue.
- [11] Leasing fees are 4 percent of effective gross revenue.
- [12] Insurance is assumed to be \$0.06 per square foot and the premiums are passed through to the tenants as additional rent as described in footnote number 6. Insurance premiums increase 4 percent annually.
- [13] Real estate taxes are based upon the 1984 assessment of \$240,000 and 1984 mill rate of 0.0254305 and are assumed to increase at 6 percent per year. The increases are passed through to the tenants the following year as additional rent as described in footnote number 5.

mortgage has been sized by the DCR to rental income anticipated in year five.

F. Capital Budget Assumptions for
Discounted Cash Flow Approach to Value

The income approach, using the discounted cash flow methodology, is detailed in Appendix A. Essential parameters for discounted cash flow valuation beyond revenues, expenses, and financing are the value assigned to vacant land, reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed projection period. The appraiser has chosen to utilize a five-year projection period. The following values have been assigned to these capital budget assumptions:

1. Although land value cannot be considered separate from total value, for purposes of income tax treatment the subject parcel has a market supported value of \$1.10 per square foot which, multiplied times its area of 39,053 square feet, suggests a land value of approximately \$43,000.
2. Reserves from replacement of capital items in the future have been set at 2 percent of cash throw off available for distribution, and these reserves have been segregated to a sinking fund for reinvestment at a 9 percent tax exempt rate. The accumulated

reserve is included as part of the net worth realized on resale of the property, but does reduce cash available for distribution as an equity dividend to the buyer.

3. The equity dividend rate required in the first year of the investment by the most probable buyers is 11.25 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization, tax shelter, and property appreciation in addition to dividends.
4. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.
5. The final source of return to the most probable buyer is the increased net worth realized upon sale

of the property at the end of a proposed five-year investment period. To estimate that value, the appraiser has chosen to multiply net operating income in the fifth year by a factor of 8.3333, a computation comparable to capitalization at a factor of 0.1200, a ratio of income to price for Madison industrial properties that is reasonably constant, unless there are severe upsets to financial markets, and the income tax law in the interim.

6. Each of the above items define the ultimate cash throw off to the investor from all sources. These must be discounted at a minimum threshold rate of return from all sources of 16 percent after taxes to justify the business and financial risks incurred. This is the minimum equity rate currently reported as typical of managed real estate funds and used as a purchasing benchmark by Madison investors in a stable investment industrial building market. The present value of all benefits to the equity position discounted at 16 percent, if held for five years and sold at the assumed price when added to the original mortgage balance, equals

the market value of the subject property using the income approach.

G. Discounted Cash Flow Value Conclusion

The assumptions used in the discounted cash flow model are found in Exhibit III-6. The discounted after tax value of the subject property, if held for five years, is \$221,751, or \$222,000 rounded, using a minimum 16 percent discount factor for all the benefits to the equity position. (See Exhibit III-7, line 39.) If the property were purchased at this price, the investor would enjoy a conservative risk position reflected by: (1) a cash breakeven ratio or default point as shown in Exhibit III-7, line 42, of less than 82 percent, (2) a payback of 63 percent of the initial equity investment of \$60,000 by the end of the fifth year prior to resale, and (3) cash dividends of 11 percent or better each year.

The discounted after tax value of \$222,000 is supported by the more simplistic back door method used to solve for the justified investment or initial cost, using the net operating income in year five and the financing and investment parameters previously described, but excluding tax shelter benefits. As indicated in Exhibit III-7, Report Section 1, the justified investment or initial cost suggested is \$221,692 of which initial cash equity is \$59,511, or \$60,000 rounded, with an original mortgage balance of \$162,180, or \$162,000 rounded.

Therefore, the value conclusion from the income approach of \$222,000, adjusted for the \$2,000 cost to cure entrances to Amboise Cellars section of the warehouse is \$220,000, or \$15.71 per square foot of GBA.

H. Market Comparison Approach
Application and Conclusions

A market comparison methodology using gross building square footage and price per square foot is detailed in Appendix B. As noted in the Madison market analysis in Section II, most transactions for general purpose steel buildings occur on the south and southeast side of Madison to house local commercial operations. As a result, there are a limited number of directly comparable warehouse sales in the vicinity of the Madison airport.

Six comparable sales were selected from the array provided in Appendix D, specifically these engineered steel buildings:

COMPARABLE SALE NO.	ADDRESS	CASH PRICE/ SF OF GBA
1	1115 Oneill Avenue	\$14.45
2	4622 Femrite Drive	\$17.38
3	4607 Femrite Drive	\$20.00
4	615 Mayfair Road	\$16.30
5	3103 Watford Way (unheated)	\$14.94
6	929 Watson Avenue	\$23.50

EXHIBIT III-7

COMPUTER OUTPUT OF
DISCOUNTED CASH FLOW ANALYSIS

P R O F O R M A

INVESTMENT ANALYSIS OF

2201 DARWIN RD.

FOR

MREIF

REPORT SECTION NUMBER 1 PAGE 1
=====

* GROSS RENT \$	45991.	* RATE OF GROWTH OF GROSS RENT	0.0070
* EXPENSES \$	6768.	* RATE OF GROWTH OF EXPENSES	0.0300
* R E TAXES \$	6881.	* RATE OF GROWTH OF R E TAXES	0.0600
* INCOME TAX RATE	0.4000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE	0.0360	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT	0.1600	EXTRAORDINARY EXPENSES \$	0.
RESALE COST	0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS\$	0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS	0	OWNERSHIP FORM	1
INITIAL COST \$	221692.	INITIAL EQUITY REQUIRED \$	59511.

ALL * VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 5 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

P R O F O R M A

INVESTMENT ANALYSIS OF

2201 DARWIN RD.

FOR

MREIF

R E P O R T S E C T I O N N U M B E R 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
1 GROSS RENT	44254.	46347.	47595.	46334.	45424.
2 LESS VACANCY	1593.	1668.	1713.	1668.	1635.
3 LESS REAL ESTAE TAXES	6103.	6469.	6857.	7269.	7705.
4 LESS EXPENSES	6287.	6623.	6895.	6963.	7072.
5 NET INCOME	30271.	31586.	32129.	30434.	29012.
6 LESS DEPRECIATION	9927.	9927.	9927.	9927.	9927.
7 LESS INTEREST PMTS	21437.	21313.	21171.	21010.	20826.
8 TAXABLE INCOME	-1093.	346.	1031.	-503.	-1742.
9 PLUS DEPRECIATION	9927.	9927.	9927.	9927.	9927.
10 LESS PRINCIPAL PMTS	880.	1004.	1145.	1307.	1491.
11 CASH THROW-OFF	7954.	9270.	9813.	8118.	6695.
12 LESS INCOME TAXES	0.	138.	412.	0.	0.
13 LESS RESERVES	159.	183.	188.	162.	134.
14 CASH FROM OPERATIONS	7795.	8949.	9212.	7955.	6561.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	7795.	8949.	9212.	7955.	6561.
17 TAX SAVINGS ON OTHER INCOME	437.	0.	0.	201.	697.
18 SPENDABLE CASH AFTER TAXES	8232.	8949.	9212.	8156.	7258.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
19 END OF YEAR MARKET VALUE - 1989					241764.
20 LESS RESALE COST	10090.	10529.	10710.	10145.	9671.
21 LESS LOAN BALANCES	161300.	160296.	159151.	157845.	156354.
22 PLUS CUM. CASH RESERVES	159.	356.	576.	790.	995.
23 BEFORE TAX NET WORTH	81025.	92749.	98458.	86418.	76735.
24 CAPITAL GAIN (IF SOLD)	30401.	50853.	65123.	61490.	60039.
25 CAPITAL GAINS TAX	4864.	8136.	10420.	9838.	9606.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	4864.	8136.	10420.	9838.	9606.
29 AFTER TAX NET WORTH	76160.	84613.	88038.	76580.	67129.

EXHIBIT III-7 (Continued)

2201 Darwin Road

BEFORE TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
30 RETURN ON NET WORTH B/4 TAX	0.4952	0.2591	0.1673	-0.0398	-0.0346
31 CHANGE IN NET WORTH B/4 TAX	21513.	11725.	5709.	-12040.	-9683.
32 ORIG EQUITY CASH RTNB/4 TAX	0.1337	0.1558	0.1649	0.1364	0.1125
33 ORIG EQUITY PAYBACK B/4 TAX	0.1337	0.2894	0.4543	0.5907	0.7032
34 B/4 TAX PRESENT VALUE	238886.	244854.	245291.	234424.	226418.

AFTER TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
35 RETURN ON NET WORTH AFR TAX	0.4181	0.2285	0.1494	-0.0375	-0.0286
36 CHANGE IN NET WORTH AFR TAX	16649.	8452.	3425.	-11458.	-9451.
37 ORIG EQUITY CASH RTNAFR TAX	0.1383	0.1504	0.1548	0.1371	0.1220
* 38 ORIG EQUITY PAYBACK AFR TAX	0.1383	0.2887	0.4435	0.5806	0.7025
* 39 AFTER TAX PRESENT VALUE	234933.	238808.	238232.	228629.	<u>221751.</u>

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
40 NET INCOME-MARKET VALUE RTO	0.1200	0.1200	0.1200	0.1200	0.1200
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000
* 42 DEFAULT RATIO	0.7843	0.7640	0.7578	0.7888	0.8166

EXHIBIT III-7 (Continued)

PRO FORMA
INVESTMENT ANALYSIS OF
2201 DARWIN RD.
FOR
MREIF

REPORT SECTION NUMBER 2 PAGE 1
=====

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 43000.	0
BUILDING	1.00	1	18.	2	\$ 178692.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	7	25	\$ 162180.	0.732

EXHIBIT III-7 (Continued)

2201 Darwin Road

REPORT SECTION NUMBER 9
 =====

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 178692.
 DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
 USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	9927.	9927.	0.	0.
2	9927.	19855.	0.	0.
3	9927.	29782.	0.	0.
4	9927.	39709.	0.	0.
5	9927.	49637.	0.	0.

REPORT SECTION NUMBER 8
 =====

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 162180. TERM 25
 INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01146701
 PERIOD PAYMENT 1859.72 PAYMENTS PER YEAR 12
 BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	22317.	21437.	880.	161300.	0.
2	22317.	21313.	1004.	160296.	0.
3	22317.	21171.	1145.	159151.	0.
4	22317.	21010.	1307.	157845.	0.
5	22317.	20826.	1491.	156354.	0.

EXHIBIT III-7 (Continued)

MRCAP COMPUTER INPUT FILE

DIS MREIFA.1

1,2201 DARWIN RD., MREIF
10,1985,0,1,1.0,5,14000
20,3,1,1.3,.1125,5,5
100,.16,.40,.09
101,0,8.3333,0,2
102,.14,1,.04,0
103,.02,0,.09,0
40,44254,46347,47595,46334,45424
60,.036,*
70,6103,.06,*
80,6287,6623,6895,6963,7072
200,1,LAND
201,1,43000,0,0
202,1,1,40,0
200,2,BUILDING
201,2,1.0,1.0,2
202,2,1,18,0
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,7,0
400,9
403,99
999,99

Ready

The subject property is most like the warehouse at 615 Mayfair Road, which sold for a cash price of \$16.30 per square foot of GBA and the warehouse at 3103 Watford Way, which sold for a cash price of \$14.94 per square foot of GBA. The market comparison model indicates a range in property values from \$15.06 per square foot to \$17.16 per square foot of gross building area adjusted for specific differences listed in Exhibit III-8. When applied to the 14,000 square feet of gross building area of the subject property, these convert to a range of values from \$211,000 to \$240,000, with a central tendency of \$241,000. The appraiser believes that, with the exception of the 615 Mayfair Road and the unheated 3103 Watford Way buildings, the other properties have more interior office finish and preferred commercial locations so the low to central estimate between \$211,000 and \$226,000 is appropriate. The value conclusion from the market comparison approach is \$218,000, or \$15.57 per square foot of GBA with the adjustment for the cost to cure the entrances to Amboise Cellars. See Exhibit III-9 for computer output of market comparison method.

I. Cost Approach Input Assumptions and Conclusions

The Marshall Valuation Service was applied to the subject property, subject to general assumptions in Appendix C, and the calculator cost assumptions provided in Exhibit III-10. The

computer analysis produced by the service is provided in Exhibit III-11. The extras for dock doors, partitioning, bathroom fixtures, and modified handicapped ramp should be noted. The conclusion or indicated value by the cost approach is \$244,000, or \$17.43 per square foot of GBA. Traditionally, the cost approach is regarded as the upper end of the value and does not reflect economic influences of market rent levels, the cost of money, or tax factors. This method serves as a check on the possibility that buyers would prefer to build new as a substitute for the purchase of an existing property.

J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

The income approach, which is the primary indicator of value for this type of building, suggested a value of \$220,000. The market approach indicated a basic price closer to \$218,000, while the cost approach indicated an upper range of \$244,000. Given the shortage of adequate sales of steel warehouses in the immediate area of the subject property, primary reliance remains with the investment approach and with the market approach as a secondary check on value. The appraiser concludes that market value as of January 1, 1985, is \$220,000, with cash to the seller, or \$15.71 per square foot of GBA.

EXHIBIT III-8

SCALE FOR SCORING COMPARABLE SALES
BASED UPON PRICE SENSITIVE ATTRIBUTES

ATTRIBUTE	WEIGHT	SCORE	
AGE	10%	5	After 1977
		3	1970 - 1977
		1	Before 1970
BUILDING HEIGHT	10%	5	Greater than 18 feet
		3	12 to 18 feet
		1	Less than 12 feet
RATIO OF OFFICE-DISPLAY TO GROSS AREA	20%	5	20%
		3	15% - 20%
		1	Less than 15%
RATIO OF LAND TO GROSS BUILDING AREA	10%	5	Greater than 3.4
		3	2.5 to 3.4
		1	Less than 2.5
LOCATION IN MADISON	25%	5	South central
		3	Airport
		1	East
ACCESS/VISIBILITY TO MAIN HIGHWAY	15%	5	Accessibility/visibility to four-lane highway
		3	On two-lane thoroughfare
		1	On back service road
MECHANICALS	10%	5	Heated, insulated, sprinklered
		3	Heated, insulated
		1	Heated only
		0	Unheated

EXHIBIT III-9

MOST PROBABLE PRICE COMPUTATION USING MEAN PRICE PER POINT EQUATION METHOD

Number of sales = 6
 Subject Size = 14000

Subject: 2201 DARWIN

		SUBJECT	COMPARABLE SALES -- POINT SCORES					
		=====	-----					
			1	2	3	4	5	6
\$ PRICE/SQ.FT.-->			14.45	17.38	20.00	16.30	14.94	23.50
FACTORS	WEIGHTS							
=====	=====							
1 AGE	10	3	1	1	3	5	3	5
2 BUILDING HEIGHT	10	3	1	1	1	5.3	5	5
3 OFF.-DIS-PLAY/GROSS AREA	20	1	3	5	5	1	1	1
4 LAND/BLDG AREA	10	3	3	3	5	5	1	5
5 QUADRANT	25	3	3	1	1	1	5	5
6 ACCESS & VISIBILITY	15	1	1	3	3	3	1	1
7 MECHANICALS	10	5	3	3	3	3	0	5

		100						

EXHIBIT III-9 (Continued)

2201 Darwin Road

FACTORS x WEIGHTS =====	SUBJECT =====	COMPARABLE SALES =====						
		1	2	3	4	5	6	
1	30	10	10	30	50	30	50	
2	30	10	10	10	50	50	50	
3	20	60	100	100	20	20	20	
4	30	30	30	50	50	10	50	
5	75	75	25	25	25	125	125	
6	15	15	45	45	45	15	15	
7	50	30	30	30	30	0	50	
8	0	0	0	0	0	0	0	
9	0	0	0	0	0	0	0	
10	0	0	0	0	0	0	0	
TOTAL SCORE		250	230	250	290	270 <i>250</i>	250	360

EXHIBIT III-9 (Continued)

2201 Darwin Road

CALCULATION OF MOST PROBABLE PRICE
USING MEAN PRICE PER POINT EQUATION METHOD

COMPARABLE SALE NUMBER	ADJUSTED SELLING PRICE PER SQ.FT.	WEIGHTED POINT SCORE	PRICE PER SQ.FT. WEIGHTED POINT SCORE
1	14.45	230	.0628261
2	17.38	250	.06952
3	20	290	.0689655
4	16.3	270	.0603704
5	14.94	250	.05976
6	23.5	360	.07
7	0	.00001	.00
8	0	.00001	.00
9	0	.00001	.00
10	0	.00001	.00
			<hr/>
			.3867198

.065200

.396272

Central Tendency (Mean):

The mean price per square foot per point (x) = $\frac{.3867198}{6} = .0644533$

.066045

Where:

x	\bar{x}	(x - \bar{x})	(x - \bar{x}) ²	n	n-1
.0628261	.0644533	-.001627	.0000026	6	5
.06952	.0644533	.0050667	.0000257		
.0689655	.0644533	.0045122	.0000204		
<i>.06520</i> .0603704	.0644533	-.004083	.0000167		
.05976	.0644533	-.004693	.0000220		
.0652778	.0644533	.0008245	.0000007		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
				<hr/>	
				.0000881	

EXHIBIT III-9 (Continued)

2201 Darwin Road

Dispersion about the mean = the square root of $\frac{(\sum x - \bar{x})^2}{n - 1} = .0041966$
.004167

Therefore,

The Value Range is : .0644533 +/- .0041966
 or .0602567 to .0686499

Since the subject's point score is: 250

Score	x	Value	=	\$/SQUARE FOOT
250		<i>.061878</i> .0602567		15.06 <i>15.47</i>
250		<i>.06645</i> .0644533		16.11 <i>16.51</i>
250		<i>.076212</i> .0686499		17.16 <i>17.55</i>

Since the square footage of subject is: 14000

It follows that:

	\$/SQ.FT	x	AREA	=	Estimated Value	
Low Estimate	15.06	x	14000	=	<i>216580</i> 210840	or <i>216500</i> 211000
Central Tendency	16.11	x	14000	=	225540 <i>231,140</i>	or <i>231,000</i> 226000
High Estimate	17.16	x	14000	=	240240 <i>245,712</i>	or <i>246000</i> 240000

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon and Greg Rice
 2) PROPERTY OWNER MREIF
 3) ADDRESS 2201 Darwin Road
 4) SURVEYED BY Graaskamp
 5) DATE OF SURVEY 1/1/85

6) REGION: 1 Western CLIMATE: ① Extreme
 ② Central 2 Moderate
 3 Eastern 3 Mild

7) OCCUPANCY CODE 391 (Refer to back of Form)

8) CONSTRUCTION CLASS:
 A Fireproof Structural Steel Frame S Steel Frame-Storage
 B Reinforced Concrete Frame
 C Masonry Bearing Walls
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.03
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:
 1 Low 3 Above Average
 ② Average 4 High

11) TOTAL FLOOR AREA 14,000

12) SHAPE or PERIMETER 3
 1 Approximately Square
 2 Slightly Irregular
 3 Irregular
 4 Very Irregular

13) NUMBER OF STORIES 1

14) AVERAGE STORY HEIGHT 17

15) EFFECTIVE AGE 7

16) CONDITION:
 1 Worn Out ④ Good
 2 Badly Worn 5 V. Good
 3 Average 6 Excellent

17) EXTERIOR WALL:

- Masonry Walls**
 1 Adobe Block
 2 Brick, Block Back-Up
 3 Common
 4 Cavity
 5 Face Brick (Add)
 6 Concrete Block
 7 Concrete, Reinforced
 8 Concrete, Tilt-Up
 9 Stn. Ashlar Veneer, Block
 10 Stone, Rubble
 11 Pilaster
 12 Bond Beams
 13 Insulation (Add)
Curtain Walls
 14 Concrete, Precast
 15 Concrete/Glass Panels
 16 Metal/Glass Panels
 17 Stainless Steel/Glass
 18 Bronze and Glass
 19 Stone Panels
 20 Steel Studs/Stucco
 21 Tile, Clay
 22 Facing Tile (Add)

- Wood or Steel Framed Walls**
 23 Aluminum Siding
 24 Asbestos Siding
 25 Asbestos Shingles
 26 Shingles
 27 Shakes
 28 Stucco on Wire/Paper
 29 on Sheathing
 30 Wood Siding on Paper
 31 on Sheathing
 32 Veneer, Common Brick
 33 Face Brick
 34 Stone
 35 Used Brick
 36 Siding, Vinyl Surface
 37 Hardboard
 38 Textured Plywood
 39 Board/Batten Box Frame
 40 Log, Rustic
 ④ 41 Insulation (Add)
Wood or Steel Skeleton Frames
 42 Aluminum Cover
 43 Sandwich Panels
 ④ 44 Corr. Steel on Steel Frame
 45 on Wood Frame
 46 Transite
 47 Siding, Post/Girder Frame
 48 Sheathing (Add)

18) HEATING, COOLING & VENTILATION:

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

19) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 14,000 Sq. Ft.

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

MISCELLANEOUS COST

LAN: \$43,000 Land
 SIT: _____ Site Improvements
 PHY: _____ Physical Depreciation
 FUN: _____ Functional Depreciation
 LOC: _____ Locational Depreciation
 EXC: _____ Insurance Exclusions

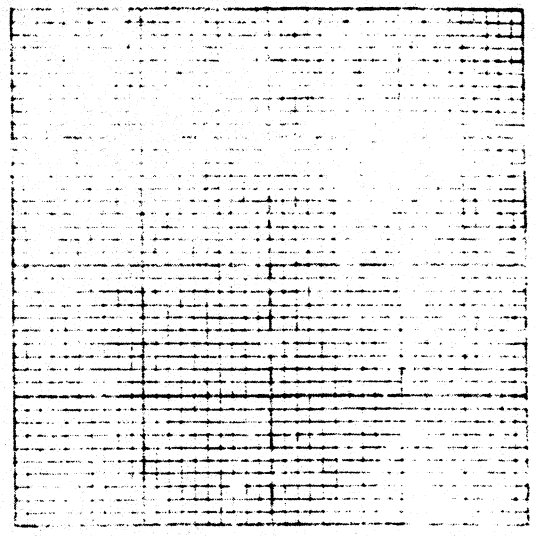


EXHIBIT III-10 (Continued)

COST REFINEMENTS

Mezzanines
(Sq. Ft. of Mezzanines)

MZM: _____ Display
 MZB: _____ Office
 MZC: _____ Storage
 MZD: _____ Open

Balconies
(Sq. Ft. of Balconies)

BCA: _____ Apartment Exterior
 BCD: _____ Auditorium
 BCC: _____ Church
 BCT: _____ Theater

Docks
(Sq. Ft. of Dock Area)

DLR: _____ Loading with Roof
 DLW: _____ Loading without Roof
 DOS: _____ Shipping
 DOF: 14,000 _____ Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)

PAS: 15,000 _____ Paving Asphalt
 PCO: _____ Paving, Concrete
 LIG: _____ Parking Lot Lighting (Sq. Ft. of Area Served)
 BUM: _____ Parking Bumpers (Lin. Ft.)

Commercial and Institutional Built-ins
(Total Sq. Ft. of Building Area)

UW: _____ Bank Equipment
 (counters, vault doors, etc.)
 UX: _____ Jail Equipment
 (cell blocks, locking devices, etc.)
 UY: _____ Hospital Equipment (Groups II and III)
 UAA: _____ Hospital Pneumatic Conveyor System
 UAB: _____ College Commons Kitchen Equipment
 UAC: _____ Science Building Laboratory Equipment

Bank Vaults
(Sq. Ft. of Vault Area)

UAD: _____ Money
 UAG: _____ Record Storage

Stages & Permanent Fixtures
(Sq. Ft. of Stage Area)

UAH: _____ Live Performance
 UAJ: _____ Motion Picture Only
 UAK: _____ Speaker's Platform

High Rise Apartment Miscellaneous
(Number of Units)

APP: _____ Appliance Allowance (enter # of apart. units)
 UAM: _____ Wall Air Conditioning (# of units)

Barns and Sheds
(Sq. Ft. of Loft)

LOF: _____ Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTRA (Depreciated), MIScellaneous (Not Depreciated))

BRIEF DESCRIPTIONS	(+ or -) COST
EXT : Dock Doors	\$ 5,400
EXT : Partitioning	\$ 5,880
EXT : Bathroom Fixtures	\$ 9,450
EXT : Handicapped Ramp	\$ 1,000
	\$

REMARKS

REM: _____
 REM: _____
 REM: _____

OCCUPANCY CODES

- | | | | | |
|----------------------------------|----------------------------------|------------------------------------|------------------------|-----------------------------------|
| 300 Apartment (High Rise) | 316 Dairy & Milking Barn | 336 Laundromat | 357 Commons | 399 Shed, Cattle |
| 301 Armory | 317 Dairy Sales Building | 337 Library | 358 Gymnasium | 400 Shed, Hay |
| 302 Auditorium | 318 Department Store | 338 Loft | 359 Lecture Hall | 403 Shower Building |
| 303 Automobile Showroom | 319 Discount Store | 339 Lumber Stge., Horizontal | 360 Library | 378 Stable |
| 304 Bank | 320 Dispensary | 390 Lumber Stge., Vertical | 361 Manual Arts | 389 Storage, Equipment |
| 384 Barber Shop | 393 Dormitories (Labor) | 340 Market | 362 Multi-Purpose | 391 Storage, Material |
| 305 Barn | 321 Dormitory | 341 Medical Office | 363 Physical Education | 395 Storage, Potato or Vegetables |
| 396 Barn, Hog | 322 Fire Station | 342 Mortuary | 364 Science | 379 Theater, Stage Presentation |
| 397 Barn, Sheep | 323 Fraternal Building | 343 Motel | 365 Entire Elementary | 380 Theater, Motion Picture |
| 398 Barn, Fruit Packing | 324 Fraternity House | 344 Office Building | 366 Entire Secondary | 383 Tobacco Barn |
| 306 Bowling Alley | 325 Garage, Service | 345 Parking Structure | School, College | 404 Utility Building, Farm |
| 394 Cabins (Transient Labor) | 326 Garage, Storage | 388 Parking Structure, Underground | 367 Arts & Crafts | 381 Veterinary Hospital |
| 308 Church with Sunday School | 327 Governmental Building | 346 Post Office | 368 Classroom | 382 Warehouse |
| 309 Church without Sunday School | 328 Hangar, Storage | 347 Poultry House | 369 Commons | 386 Warehouse, Mini |
| 310 City Club | 329 Hangar, Maintenance & Office | 348 Rectory | 370 Gymnasium | 387 Warehouse, Transit |
| 311 Clubhouse | 330 Home for the Elderly | 349 Restaurant, Drive-in | 371 Lecture Hall | |
| 312 Coldwater Flat | 331 Hospital | 350 Restaurant, Table Serv. | 372 Library | |
| 313 Convalescent Hospital | 332 Hotel | 353 Retail Store | 373 Manual Arts | |
| 314 Country Club | 402 Hotels, Resort | School, Elem. & Sec. | 374 Multi-Purpose | |
| 315 Creamery & Milk Process | 334 Industrial, Manuf. | 355 Arts & Crafts | 375 Physical Education | |
| | 392 Industrial, Engineering | 356 Classroom | 376 Science | |
| | 335 Jail | | 377 Entire College | |

© 1979 - Copies of this form may be purchased from MARSHALL and SWIFT PUBLICATION COMPANY.
 10000 Wilshire Blvd., Beverly Hills, California 90236. \$2.50 per page of 50. California and other state sales tax.

EXHIBIT III-11

COMPUTER OUTPUT FOR COST APPROACH TO VALUE
FOR 2201 DARWIN ROAD

COST ESTIMATE FOR: GORDON & GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: 2201 DARWIN ROAD
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 14,000 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
CLASS: S Steel EFFECTIVE AGE: 7 Years
COST RANK: 2.0 Average CONDITION: 4.0 Good
NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
Insulation..... 100%
Corrugated Steel, Steel Frame.. 100%
HEATING AND COOLING:
Space Heat..... 100%
OTHER FEATURES:
Sprinklers Serving 14,000 Square Feet

	UNITS	COST	TOTAL

BASIC STRUCTURE COST:	14,000	15.23	213,261

ADDITIONS:			
Dock Height Floors.....	14,000	1.10	15,400
TOTAL SUPERSTRUCTURE COST.....	14,000	16.33	228,661

EXTRAS:			
Paving, Asphalt.....	15,000	1.38	20,700
DOCK DOORS			5,400
PARTITIONING			5,880
BATHROOM FIXTURES			9,450
HANDICAPPED RAMP			1,000
REPLACEMENT COST NEW.....			271,091

LESS DEPRECIATION:			
Physical and Functional.....	<26.0%>		<70,484>
DEPRECIATED COST.....			200,607

Estimated Land Value.....			43,000

INDICATED VALUE BY COST APPROACH:			243,607
ROUNDED TO NEAREST \$1,000			244,000

Cost Data by MARSHALL and SWIFT

EXHIBIT III-11

COMPUTER OUTPUT FOR COST APPROACH TO VALUE
FOR 2201 DARWIN ROAD

COST ESTIMATE FOR: GORDON & GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: 2201 DARWIN ROAD
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 14,000 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
CLASS: S Steel EFFECTIVE AGE: 7 Years
COST RANK: 2.0 Average CONDITION: 4.0 Good
NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
Insulation..... 100%
Corrugated Steel, Steel Frame.. 100%
HEATING AND COOLING:
Space Heat..... 100%
OTHER FEATURES:
Sprinklers Serving 14,000 Square Feet

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	14,000	15.23	213,261
ADDITIONS:			
Dock Height Floors.....	14,000	1.10	15,400
TOTAL SUPERSTRUCTURE COST.....	14,000	16.33	228,661
EXTRAS:			
Paving, Asphalt.....	15,000	1.38	20,700
DOCK DOORS			5,400
PARTITIONING			5,880
BATHROOM FIXTURES			9,450
HANDICAPPED RAMP			1,000
REPLACEMENT COST NEW.....			271,091
LESS DEPRECIATION:			
Physical and Functional.....	<26.0%>		<70,484>
DEPRECIATED COST.....			200,607
Estimated Land Value.....			43,000
INDICATED VALUE BY COST APPROACH:			243,607
ROUNDED TO NEAREST \$1,000			244,000

Cost Data by MARSHALL and SWIFT

EXHIBIT III-11 (Continued)

DATA:

1:GORDON & GREG RICE
2:MREIF
3:2201 DARWIN ROAD
4:GRAASKAMP
5:1/1/85
6:2 1
7:391
8:6
9:1.03
10:2
11:14000
12:3
13:1
14:17
15:7
16:4
17:41 44
18:10
19:0
20:14000
21:0

COST REFINEMENTS:

LAN: 43000
DOF : 14000
PAS : 15000

ADDITIONS:

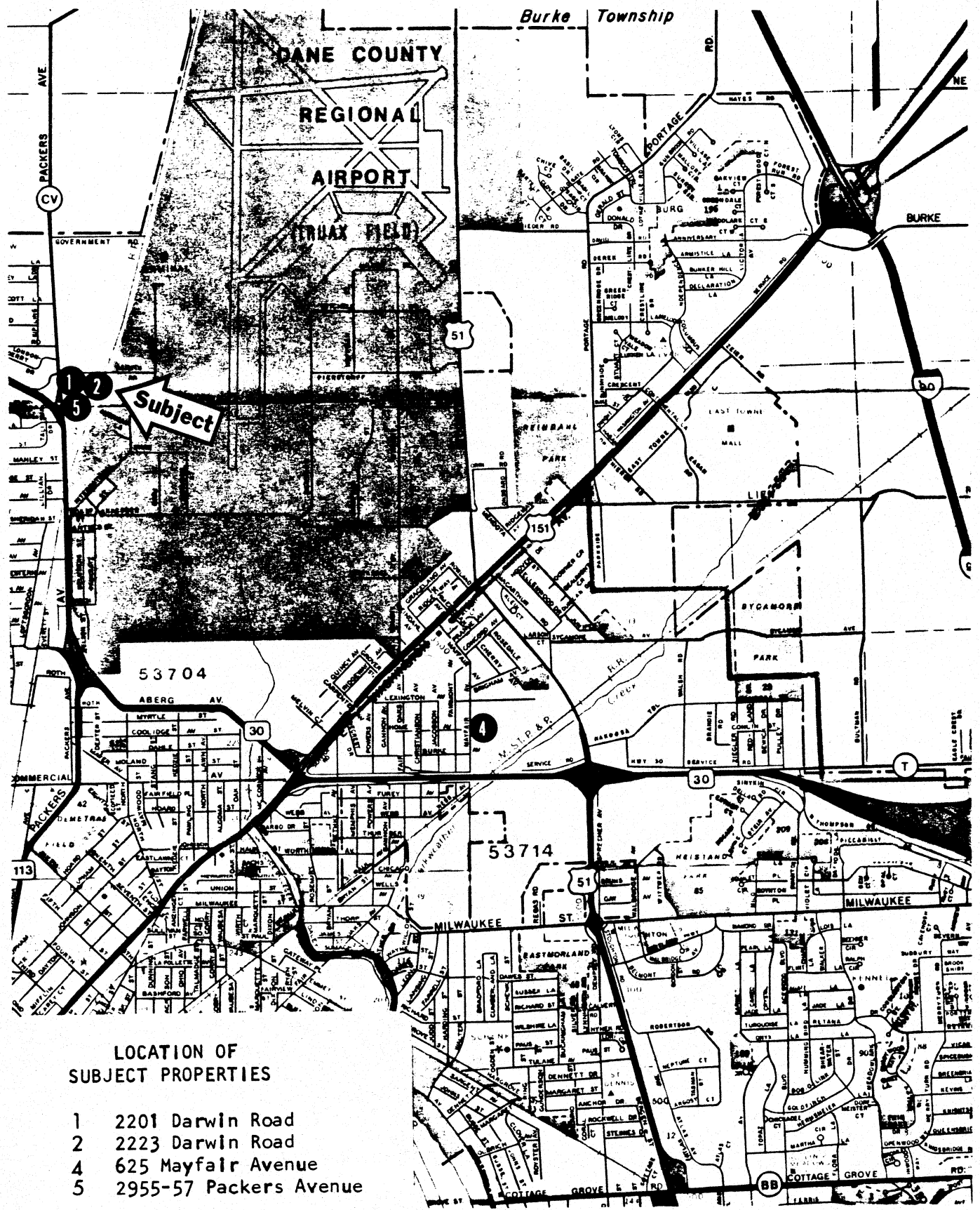
1: EXT:DOCK DOORS	\$	5,400
2: EXT:PARTITIONING	\$	5,880
3: EXT:BATHROOM FIXTURES	\$	9,450
4: EXT:HANDICAPPED RAMP	\$	1,000

IV. APPRAISAL OF 2223 DARWIN ROAD

A. Site Description and Analysis

The subject property, located at 2223 Darwin Road, consists of 0.919 acres, or 40,035 square feet of land, further described as Parcel 2 of Lot 1, Certified Survey Map 827, Volume 4, page 44; a locational map is shown in Exhibit IV-1. This warehouse site abutts a Chicago, Milwaukee, St. Paul and Pacific Railroad line on its eastern border. It slopes southeasterly from Darwin Road on which it enjoys 248.44 feet of frontage. The lot shares a 60 foot apron onto Darwin Road with a similar parcel, known as 2201 Darwin Road, to the west. The subject property is approximately 175 feet deep, on the average, to a south lot line. It is subject to a 10 foot public sanitary sewer easement nicking the northwest corner to serve adjacent Parcel 1. It is further subject to a 30 foot joint driveway easement shared equally with Parcel 1 to the benefit of Lot 2, Certified Survey Maps 827, Volume 4, page 44, which lies to the south of the subject property. It is further subject to a 60 foot utility easement paralleling the railroad track. The single track does not provide a side track opportunity for the benefit of this parcel. The parcel is zoned M1 (see Appendix E for permitted uses and Exhibit IV-2 for zoning map.)

LOCATION OF 2223 DARWIN ROAD WAREHOUSE PROPERTY



LOCATION OF SUBJECT PROPERTIES

- 1 2201 Darwin Road
- 2 2223 Darwin Road
- 4 625 Mayfair Avenue
- 5 2955-57 Packers Avenue

The property is currently improved with an 80 foot by 150 foot warehouse structure located to the far south end of the site. The remainder of the site has bituminous paving in fair condition. Exceptions to the paving consist of clumps of saplings along the eastern border and grassy strips on the north lot line as an access barrier to Darwin Road. An additional grassy area exists on the northeast corner for snow storage plowed from the paved areas. (See Exhibit IV-2 for site plan.)

The site has strong linkages to preferred highway truck routes and air cargo activities. Darwin Road runs east-west for little more than a block, linking to International Drive on the east, close to the main Madison air passenger terminal and air cargo facility. On the west it links to Packers Avenue; a right turn would provide trucks with a bypass route on Packers Avenue and County Highway CV to Interstate 90-94 and Highway 51, an important north-south state highway route. A left turn onto Packers Avenue leads to a ten-minute connection on Highway 113 to Madison's east side and downtown business routes, as well as the Highway 30 connector to Milwaukee. In short, the warehouse is well located for those tenants who require convenient access to the state hinterland. (See Exhibit IV-1 for linkages.)

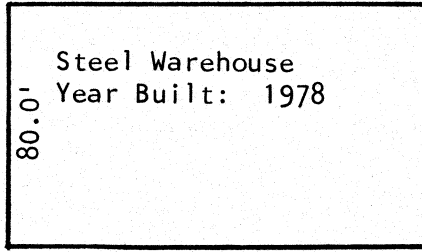
EXHIBIT IV-2
2223 DARWIN ROAD
BUILDING LAYOUT ON SITE

DARWIN ROAD

248.44'

Parcel 2

150.0'



197.261

C.M. ST. P. & R.

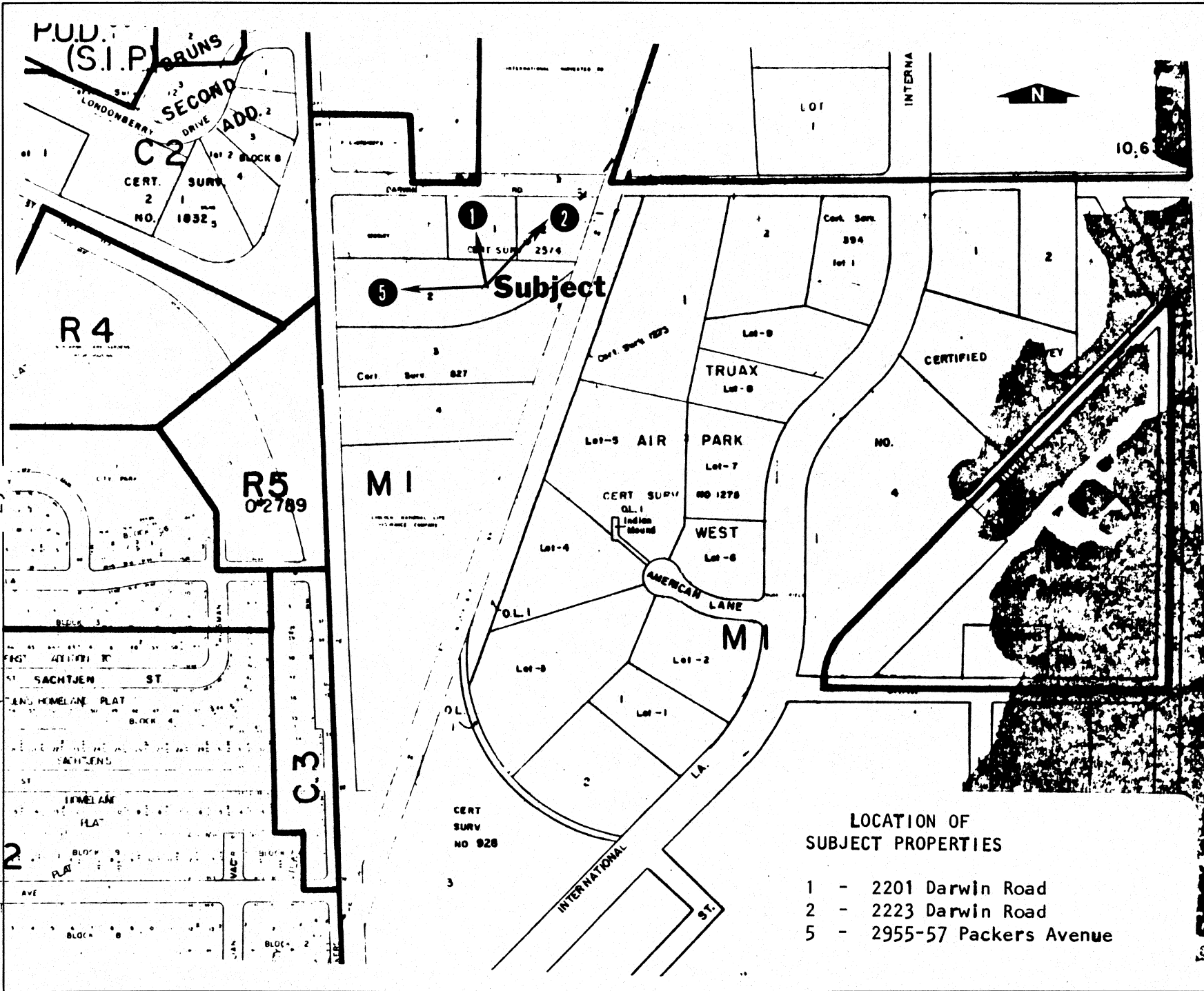
153.26'

180.59'

15' easement to adjacent property to south



EXHIBIT IV-2 (Continued)
ZONING MAP



LOCATION OF
SUBJECT PROPERTIES

- 1 - 2201 Darwin Road
- 2 - 2223 Darwin Road
- 5 - 2955-57 Packers Avenue

67

2

P.U.D. (S.I.P.) BRUNS

SECOND DRIVE

C2 ADD. 2
CERT. SURV. NO. 1832, 5

R4

R5
02789

M1

Subject

LOT 1

INTERNA

N

10.6

1 2
CERT SURV. NO. 2574

5

Cert. Surv. 627

Cert. Surv. 1223

TRUAX
Lot-8

CERTIFIED

Lot-5 AIR PARK

Lot-7

CERT SURV. NO. 1276

OL.1 Indian Mound

WEST
Lot-8

AMERICAN LANE

M

OL.1

Lot-8

Lot-2

Lot-1

CERT SURV. NO. 926

INTERNATIONAL ST.

SACHTJEN ST

HEMELANE PLAT

C.3

BLOCK 8

BLOCK 2

B. Building Description and Analysis
(See Exhibit IV-3 for photographs)

The 12,000 square foot building has clear stacking area to an average height of 15 feet. The space is heated by four gas-fired suspended space heaters and sprinklered with pipes attached below structural bents and ridge beam. Space is lighted with single strip fluorescents running midway between bents. The landlord has provided a small half-bath with toilet, washbowl, hot water heater, and drinking fountain. Rough-ins are in place for a second bathroom should the space be subdivided for two tenants.

Exterior metal panels are well maintained. The enclosed space is occupied by a single user operating a public warehouse for agricultural chemicals. Access is limited to two dock overhead 8 foot by 8 foot doors, one of which has air-lock bumpers. There is also a personnel door adjacent to each of the docks, serviced by metal grate stairs, but without wheelchair ramp. In addition, there is a fire-door emergency exit in the east and west walks so the building could be subdivided into equal halves for two tenants. There is no partitioned office space. A sketch of the building layout on the site is shown in Exhibit IV-2.

EXHIBIT IV-3

PHOTOGRAPHS OF SUBJECT PROPERTY AT 2223 DARWIN ROAD



North side of 2223 Darwin Road. Note location of two dock doors and two personnel doors which makes division of building to suit two tenants feasible.



Interior space leased by single tenant, Delta Storage, at 2223 Darwin Road for storage of agricultural chemicals. Note suspended gas-fired space heaters. Interior finish similar to Delta Storage space at 2201 Darwin Road.

C. Lease Description and Analysis

All 12,000 square feet of the subject property is currently leased and occupied by one tenant, Delta Storage, Inc., which has main offices at 634 West Main Street. Delta Storage, Inc., also leases 8,000 square feet in an adjacent warehouse to the west at 2201 Darwin Road. The current lease is summarized in Exhibit IV-4.

It should be noted the standard lease form used by MREIF has been customized for each tenant. For purposes of valuation, the appraisers have taken the position that contract rents be the basis for appraisal to the end of the existing lease term and then reevaluated to correspond to anticipated market rents at the time of renewal.

The key factor to be noted here is that Delta Storage, Inc., has been paying a triple net rent of \$1.85 per square foot of GBA since the lease commenced on May 1, 1980. As of 1985 this rental rate is estimated to be below current market rates. On the first renewal date of April 1, 1985, the lease will be renegotiated at a market rate of \$2.70 per square foot of GBA with the tenant responsible for the reimbursement of real estate tax increases after the base year of 1984. The lessor will be responsible for real estate taxes at the 1984 level. The tenant will also reimburse the lessor for fire and extended coverage premiums. It is assumed that the market rate

EXHIBIT IV-4

SUBJECT PROPERTY DATA

ADDRESS: 2223 Darwin Road
ZONING: M1
LAND AREA: 40,035 square feet, or 0.919 acres
BUILDING CONSTRUCTION TYPE: Pre-engineered steel
TYPE OF HEATING: Gas-fired suspended space heaters
YEAR BUILT: 1977
BUILDING SIZE: Warehouse: 12,000 SF
LAND/BUILDING RATIO: 3:34

=====

TENANT DATA - CURRENT LEASE

=====

LESSEE NO. 1: Delta Storage, Inc.
SQUARE FEET LEASED: 12,000
LEASE TERM: Yearly from April 1984 to April 1985
1984 ANNUAL RENT: \$22,200
1984 ANNUAL RENT/SQUARE FOOT: \$1.85
ESCALATOR IN LEASE: Lease renewed annually

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Insurance premiums for fire and extended coverage are reimbursed by tenant to landlord annually. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair at its own expense.

REAL ESTATE TAXES: Tenant reimburses landlord for all real estate taxes paid in the previous year.

AS REPORTED BY MREIF
2223 DARWIN ROAD

1983 REVENUE:		\$22,200
1983 EXPENSES:		
Repairs and Maintenance	\$ 1,037	
Management Fees	1,074	
Leasing Fees	<u>998</u>	
Total Expenses		<u>\$ 3,109</u>
1983 NET OPERATING INCOME:		<u>\$19,091</u> =====

of this space as of January 1, 1985, is \$2.60 per square foot of GBA, but the 4 percent annual escalator operative on the anniversary date of the lease will bring the rent to \$2.70 per square foot of GBA as of April 1, 1985. The footnotes to the schedule of revenues and expenses for 2223 Darwin Road from January 1, 1985, through December 31, 1989, detail the revenue assumptions used in this appraisal and are found in Exhibit IV-5. The forecasted changes in the CPI of 4 percent per year is based upon historical CPI performance detailed in Exhibit II-5, Section II.

D. Operating Expenses, Reimbursements, and Appraisal Assumptions

For the landlord the basic expenses are real estate taxes, insurance, leasing expenses, management fees, and long-term structural maintenance of the paved parking surfaces and exterior and structural frame of the building. There are minor utility costs for vacancy periods. Although current leases vary as to tenant reimbursements, as previously noted, it is assumed that tenant leases which are open for renegotiation will eventually move toward a net lease basis where the tenant pays increases from the base year in real estate taxes and reimburses fire and extended coverage insurance premiums while continuing to pay separately metered electric, gas, sewer charges, and janitorial costs. Landlord maintenance includes

snow plowing of parking lot while tenants shovel walks and entry steps.

The footnotes to Exhibit IV-5 detail the reimbursement and expense forecasts used in this appraisal.

E. Financing Description and Analysis

Existing financing on the subject property is non-assumable according to the mortgage with Wisconsin Life Insurance Company of Madison. Therefore, any purchaser would have to acquire new financing, and current terms available for this type of property would require an interest rate of 13.25 percent on a loan amortized over a 25-year term, but ballooning in seven years. Cost to originate would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio of approximately 1.3 based on first year normalized net income. These terms are currently quoted by Mr. Donsing at American Family Life Insurance Company in Madison, Wisconsin. In the case of 2223 Darwin Road, the new lease terms will be fully operative in 1986 so the second year normalized net income is used to scale the size of the mortgage which can be carried by the subject property.

F. Capital Budget Assumptions for Discounted Cash Flow Approach to Value

The income approach, using the discounted cash flow methodology, is detailed in Appendix A. Essential parameters

WAREHOUSE AT 2223 DARWIN ROAD

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1989

	GBA LEASED (SF)	1985 BASE RENT	1985	1986	1987	1988	1989
REVENUES							
<u>Potential Gross Rent</u>							
Delta Storage, Inc. [1]	12,000	2.70 (4/1/85)	29,850	33,390	34,710	36,120	37,560
Subtotal			\$29,850	\$33,390	\$34,710	\$36,120	\$37,560
<u>Reimbursables</u>							
Real Estate Taxes [2]			1,144	275	291	308	328
Insurance [3]			720	749	779	810	842
Total Potential Gross Revenue			\$31,714	\$34,414	\$35,780	\$37,238	\$38,730
Less: Vacancy @ 3.6% [4]			(1,142)	(1,239)	(1,288)	(1,341)	(1,394)
EFFECTIVE GROSS REVENUE			\$30,572	\$33,175	\$34,492	\$35,897	\$37,336
EXPENSES							
Utilities [5]			75	78	81	84	88
Repairs and Maintenance [6]			1,200	1,296	1,400	1,512	1,633
Management [7]			1,529	1,659	1,725	1,795	1,867
Leasing Fee [8]			1,223	1,327	1,380	1,436	1,493
Insurance [9]			720	749	779	810	842
Subtotal: Expenses Before Real Estate Taxes			\$ 4,747	\$ 5,109	\$ 5,365	\$ 5,637	\$ 5,923
Real Estate Taxes [10]			4,578	4,853	5,144	5,452	5,780
Total Expenses			\$ 9,325	\$ 9,962	\$10,509	\$11,089	\$11,703
NET OPERATING INCOME			\$21,247	\$23,213	\$23,983	\$24,808	\$25,633

Sudamanta Research, Inc.

EXHIBIT IV-5

EXHIBIT IV-5 (Continued)

2223 DARWIN ROAD

FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

[1] Delta Storage, Inc.'s current lease terminates on March 31, 1985. The lease is assumed to be renegotiated at \$2.70 per square foot of GBA as of April 1, 1985, under terms and conditions described within the text of the appraisal. The revenue forecasts are as follows:

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 3/31/85	\$1.85	\$ 5,550	
Market rate	4/1/85 - 12/31/85	\$2.70	<u>24,850</u>	
1985 REVENUE				\$29,850
New lease rate	1/1/86 - 3/31/86	\$2.70	\$ 8,100	
4% increase	4/1/86 - 12/31/86	\$2.81	<u>25,290</u>	
1986 REVENUE				\$33,390
Indexed rate	1/1/87 - 3/31/87	\$2.81	\$ 8,430	
4% increase	4/1/87 - 12/31/87	\$2.92	<u>26,280</u>	
1987 REVENUE				\$34,710
Indexed rate	1/1/88 - 3/31/88	\$2.92	\$ 8,760	
4% increase	4/1/88 - 12/31/88	\$3.04	<u>27,360</u>	
1988 REVENUE				\$36,120
Indexed rate	1/1/89 - 3/31/89	\$3.04	\$ 9,120	
4% increase	4/1/89 - 12/31/89	\$3.16	<u>28,440</u>	
1989 REVENUE				\$37,560

EXHIBIT IV-5 (Continued)

[2] Real estate taxes are paid by the tenant until the lease is renegotiated as of April 1, 1985. At that time the tenant will be responsible for reimbursing only the increases in real estate taxes from the base year of 1984. Real estate taxes are reimbursed as follows:

YEAR PAYABLE	TOTAL REAL ESTATE TAXES DUE	TAX INCREASE FROM PREVIOUS YEAR	TOTAL REIMBURSABLES
1985	\$4,578		\$1,144 (a)
1986	4,853	\$275	275
1987	5,144	291	291
1988	5,452	308	308
1989	5,780	328	328

(a) Delta is responsible for three months of real estate taxes due in 1985 or 25 percent of \$4,578.

The 1985 real estate taxes are based upon the 1984 assessment of \$180,000, and the 1984 mill rate of 0.0254305, or \$4,578 payable in 1985. Real estate taxes are inflated at 6 percent per year thereafter.

[3] Insurance premiums for fire and extended coverage, reimbursable by the tenant, are based upon costs of \$0.06 per square foot of GBA and are inflated at 4 percent per year. Insurance premiums are reimbursed as follows:

YEAR PAYABLE	TOTAL AMOUNT OF INSURANCE PREMIUM	TOTAL REIMBURSABLES
1985	\$720	\$720
1986	749	749
1987	779	779
1988	810	810
1989	842	842

EXHIBIT IV-5 (Continued)

- [4] It is assumed that 5,200 square feet will be vacant every three years for three months; the vacancy loss each year is 3.6 percent of potential gross. $(5,200/3 \text{ years}/12,000 \times 3/12 = 3.6 \text{ percent})$
- [5] The lessor pays utility charges for outside lighting and to heat building when vacant. Utilities are assumed to increase at 4 percent per year.
- [6] Repairs and maintenance are assumed to be \$0.10 per square foot and increase at 8 percent per year.
- [7] Management fees are 5 percent of effective gross revenue.
- [8] Leasing fees are 4 percent of effective gross revenue.
- [9] Insurance is assumed to be \$0.06 per square foot and the premiums are passed through to the tenants as additional rent as described in footnote number 3. Insurance premiums increase 4 percent annually.
- [10] Real estate taxes are based upon the 1984 assessment of \$180,000 and 1984 mill rate of 0.0254305 and are assumed to increase at 6 percent per year. The increases are passed through to the tenants the following year as additional rent as described in footnote number 2.

for discounted cash flow valuation beyond revenues, expenses, and financing are the value assigned to vacant land, reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed projection period. The appraiser has chosen to utilize a five-year projection period. The following values have been assigned to these capital budget assumptions:

1. Although land value cannot be considered separate from total value, for purposes of income tax treatment, the subject parcel has a market supported value of \$1.10 per square foot which, multiplied times its area of 40,035 square feet, suggests a land value of approximately \$44,000.
2. Reserves from replacement of capital items in the future have been set at 2 percent of cash throw off available for distribution, and these reserves have been segregated to a sinking fund for reinvestment at a 9 percent tax exempt rate. The accumulated reserve is included as part of the net worth realized on resale of the property, but does reduce cash available for distribution as an equity dividend to the buyer.
3. The equity dividend rate required in the first year of the investment by the most probable buyers is

11.25 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization, tax shelter, and property appreciation in addition to dividends.

4. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.
5. The final source of return to the most probable buyer is the increased net worth realized upon sale of the property at the end of a proposed five-year investment period. To estimate that value, the appraiser has chosen to multiply net operating income in the fifth year by a factor of 8.3333, a computation comparable to capitalization at a factor of 0.1200, a ratio of income to price for

Madison industrial properties that is reasonably constant, unless there are severe upsets to financial markets, and the income tax law in the interim.

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

G. Discounted Cash Flow Value Conclusion

The assumptions used in the discounted cash flow model are found in Exhibit IV-6. The discounted after tax value of the subject property, if held for five years, is \$182,418, or \$182,000 rounded, using a minimum 16 percent discount factor

for all the benefits to the equity position. (See Exhibit IV-7, line 39.) If the property were purchased at this price, the investor would enjoy a conservative risk position reflected by: (1) a cash breakeven ratio or default point as shown in Exhibit IV-7, line 42, of less than 80 percent after the reduction of real estate taxes, (2) a payback of 63 percent of the initial equity investment of \$48,000 by the end of the fifth year prior to resale, and (3) cash dividends of 11 percent or better each year after the renegotiation of the lease in 1986.

The discounted after tax value of \$182,000 is supported by the more simplistic back door method used to solve for the justified investment or initial cost, using the net operating income in year two and the financing and investment parameters previously described, but excluding tax shelter benefits. As indicated in Exhibit IV-7, Report Section 1, the justified investment or initial cost suggested is \$177,383 of which initial cash equity is \$47,617, or \$48,000 rounded, with an original mortgage balance of \$129,766, or \$130,000 rounded. Therefore, the value conclusion by the income approach is \$180,000, or \$15 per square foot of GBA.

EXHIBIT IV-6

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
MRCAP COMPUTER PROGRAM
2223 DARWIN ROAD

1. Appraisal is as of January 1, 1985.
2. Holding period is five years with resale at end of 1989.
3. Debt cover ratio (DCR) is 1.3. The net operating income (NOI) in the second year is used to size the mortgage after the new lease is negotiated.
4. Cash on cash required by the equity position is 11.25 percent.
5. The discount rate used is 16 percent. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor.
6. The investor income tax marginal rate is 40 percent.
7. The after tax reinvestment rate applied to the after tax cash proceeds is 9 percent.
8. The resale price at the end of the holding period is based upon the NOI in 1989 and a net income multiplier of 8.333, or a capitalization rate of 0.12.
9. A reserve for replacements is based upon 2 percent of the after-tax cash throw off and is invested at 9 percent per year.
10. Land is valued at \$44,000, or \$1.10 per square foot.
11. The computer program solves for justified investment value based upon the amount of debt and equity the property can carry, given the financing parameters and cash on cash requirements. The land value is subtracted from justified investment value to solve for building value. The building is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.
12. The financing parameters include 13.25 percent interest, 25-year loan, and a balloon in seven years. Debt service payments are made monthly.
13. All revenue and expense assumptions are found in Exhibit IV-4.

EXHIBIT IV-7

COMPUTER OUTPUT OF
DISCOUNTED CASH FLOW ANALYSIS

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

2223 DARWIN RD.

FOR

#REIF

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

PAGE 1

* GROSS RENT	\$	35575.	* RATE OF GROWTH OF GROSS RENT	0.0514
* EXPENSES	\$	5356.	* RATE OF GROWTH OF EXPENSES	0.0570
* R E TAXES	\$	5161.	* RATE OF GROWTH OF R E TAXES	0.0690
* INCOME TAX RATE		0.4000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE		0.0360	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT		0.1600	EXTRAORDINARY EXPENSES	\$ 0.
RESALE COST		0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS#		0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS		0	OWNERSHIP FORM	1
INITIAL COST	\$	177383.	INITIAL EQUITY REQUIRED	\$ 47617.

ALL (*) VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 5 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

2223 DARWIN RD.

FOR

MREIF

R E P O R T S E C T I O N N U M B E R 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
1 GROSS RENT	31714.	34414.	35780.	37238.	38730.
2 LESS VACANCY	1142.	1239.	1288.	1341.	1394.
3 LESS REAL ESTAE TAXES	4578.	4853.	5144.	5452.	5780.
4 LESS EXPENSES	4747.	5109.	5365.	5637.	5923.
5 NET INCOME	21247.	23213.	23983.	24808.	25633.
6 LESS DEPRECIATION	7410.	7410.	7410.	7410.	7410.
7 LESS INTEREST PMTS	17152.	17053.	16940.	16811.	16664.
8 TAXABLE INCOME	-3315.	-1250.	-367.	587.	1559.
9 PLUS DEPRECIATION	7410.	7410.	7410.	7410.	7410.
10 LESS PRINCIPAL PMTS	704.	803.	916.	1045.	1193.
11 CASH THROW-OFF	3391.	5357.	6127.	6952.	7777.
12 LESS INCOME TAXES	0.	0.	0.	235.	524.
13 LESS RESERVES	68.	107.	123.	131.	143.
14 CASH FROM OPERATIONS	3323.	5250.	6004.	6583.	7010.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	3323.	5250.	6004.	6583.	7010.
17 TAX SAVINGS ON OTHER INCOME	1326.	500.	147.	0.	0.
18 SPENDABLE CASH AFTER TAXES	4649.	5750.	6151.	6583.	7010.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
19 END OF YEAR MARKET VALUE - 1989					213608.
20 LESS RESALE COST	7082.	7738.	7994.	8269.	8544.
21 LESS LOAN BALANCES	129062.	128259.	127342.	126297.	125104.
22 PLUS CUM. CASH RESERVES	68.	181.	320.	483.	670.
23 BEFORE TAX NET WORTH	40984.	57629.	64841.	72649.	80629.
24 CAPITAL GAIN (IF SOLD)	5.	23144.	36711.	50720.	64732.
25 CAPITAL GAINS TAX	1.	3703.	5874.	8115.	10357.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	1.	3703.	5874.	8115.	10357.
29 AFTER TAX NET WORTH	40983.	53926.	58968.	64534.	70272.

EXHIBIT IV-7 (Continued)

2223 Darwin Road

BEFORE TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
30 RETURN ON NET WORTH B/4 TAX	-0.0681	0.5369	0.2315	0.2276	0.2169
31 CHANGE IN NET WORTH B/4 TAX	-6634.	16645.	7212.	7808.	7980.
32 ORIG EQUITY CASH RTNB/4 TAX	0.0712	0.1125	0.1287	0.1460	0.1633
33 ORIG EQUITY PAYBACK B/4 TAX	0.0712	0.1837	0.3124	0.4584	0.6217
34 B/4 TAX PRESENT VALUE	168020.	179498.	182137.	184558.	186526.

AFTER TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
35 RETURN ON NET WORTH AFR TAX	-0.0417	0.4561	0.2076	0.2060	0.1975
36 CHANGE IN NET WORTH AFR TAX	-6634.	12943.	5042.	5566.	5739.
37 ORIG EQUITY CASH RTNAFR TAX	0.0976	0.1208	0.1292	0.1382	0.1472
* 38 ORIG EQUITY PAYBACK AFR TAX	0.0976	0.2184	0.3476	0.4858	0.6330
* 39 AFTER TAX PRESENT VALUE	169104.	178123.	179766.	181265.	<u>182418.</u>

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
40 NET INCOME-MARKET VALUE RTO	0.1200	0.1200	0.1200	0.1200	0.1200
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000
* 42 DEFAULT RATIO	0.8571	0.8083	0.7928	0.7773	0.7632

EXHIBIT IV-7 (Continued)

2223 Darwin Road

RUN NUMBER 0

PRO FORMA
INVESTMENT ANALYSIS OF
2223 DARWIN RD.

FOR
MREIF

REPORT SECTION NUMBER 2

PAGE 1

=====

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 44000.	0
BUILDING	1.00	1	18.	2	\$ 133383.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALD	PCT VALUE
MORTGAGE	0.1325	1	7	35	\$ 129766.	0.732

EXHIBIT IV-, (Continued)

2223 Darwin Road

REPORT SECTION NUMBER 9

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 133383.
 DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
 USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	7410.	7410.	0.	0.
2	7410.	14820.	0.	0.
3	7410.	22231.	0.	0.
4	7410.	29641.	0.	0.
5	7410.	37051.	0.	0.

REPORT SECTION NUMBER 8

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 129766. TERM 25
 INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01146701
 PERIOD PAYMENT 1488.03 PAYMENTS PER YEAR 12
 BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	17856.	17152.	704.	129062.	0.
2	17856.	17053.	803.	128259.	0.
3	17856.	16940.	916.	127342.	0.
4	17856.	16811.	1045.	126297.	0.
5	17856.	16664.	1193.	125104.	0.

EXHIBIT IV-7 (Continued)

MRCAP COMPUTER INPUT FILE

Ready

DIS MREIFA.2

1,2223 DARWIN RD., MREIF
10,1985,0,1,1.0,5,12000
20,3,1,1.30,.1125,2,2
100,.16,.40,.09
101,0.8.3333.0,2
102,.14,1,.04,0
103,.02,0,.09,0
40,31714,34414,35780,37238,38730
60,.036,*
70,4578,.06,*
80,4747.5109,5365,5637,5923
200,1,LAND
201,1,44000,0,0
202,1,1,40,0
200,2,BUILDING
201,2,1.0,1.0,2
202,2,1,18,0
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,7,0
400,9
403,99
999,99

Ready

H. Market Comparison Approach
Application and Conclusions

A market comparison methodology using gross building square footage and price per square foot is detailed in Appendix B. As noted in the Madison market analysis in Section II, most transactions for general purpose steel buildings occur on the south and southeast side of Madison to house local commercial operations. As a result, there are a limited number of directly comparable warehouse sales in the vicinity of the Madison airport.

Six comparable sales were selected from the array provided in Appendix D, specifically these engineered steel buildings:

COMPARABLE SALE NO.	ADDRESS	CASH PRICE/ SF OF GBA
1	1115 Oneill Avenue	\$14.45
2	4622 Femrite Drive	\$17.38
3	4607 Femrite Drive	\$20.00
4	615 Mayfair Road	\$16.30
5	3103 Watford Way (unheated)	\$14.94
6	929 Watson Avenue	\$23.50

The subject property is most like the warehouse at 615 Mayfair Road, which sold for a cash price of \$16.30 per square foot of GBA and the warehouse at 3103 Watford Way, which sold for a cash price of \$14.94 per square foot of GBA. The market

comparison model indicates a range in property values from \$15.06 per square foot to \$17.16 per square foot of gross building area adjusted for specific differences listed in Exhibit IV-8. When applied to the 12,000 square feet of gross building area of the subject property, these convert to a range of values from \$181,000 to \$206,000, with a central tendency of \$193,000. The appraiser believes that, with the exception of the 615 Mayfair Road and the unheated 3103 Watford Way buildings, the other properties have more interior office finish and preferred commercial locations so the low to central estimate between \$181,000 and \$193,000 is appropriate. The value conclusion from the market comparison approach is \$185,000, or \$15.42 per square foot of GBA. See Exhibit IV-9 for market comparison computerized valuation.

I. Cost Approach Input Assumptions and Conclusions

The Marshall Valuation Service was applied to the subject property, subject to general assumptions in Appendix C, and the calculator cost assumptions provided in Exhibit IV-10. The computer analysis produced by the service is provided in Exhibit IV-11. The extras for dock doors should be noted. The conclusion or indicated value by the cost approach is \$216,000 for the subject property, or \$18 per square foot of GBA. Traditionally, the cost approach is regarded as the upper end of the value and does not reflect economic influences of market

rent levels, the cost of money, or tax factors. This method serves as a check on the possibility that buyers would prefer to build new as a substitute for the purchase of an existing property.

J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

The income approach, which is the primary indicator of value for this type of building, suggested a value of \$180,000. The market approach indicated a basic price closer to \$185,000, while the cost approach indicated an upper range of \$216,000. Given the shortage of adequate market comparables in the area of the subject property, primary reliance remains with the investment approach. The appraiser concludes that market value as of January 1, 1985, is \$180,000, or \$15 per square foot of GBA with cash to the seller.

EXHIBIT IV-8

SCALE FOR SCORING COMPARABLE SALES
BASED UPON PRICE SENSITIVE ATTRIBUTES

ATTRIBUTE	WEIGHT	SCORE	
AGE	10%	5	After 1977
		3	1970 - 1977
		1	Before 1970
BUILDING HEIGHT	10%	5	Greater than 18 feet
		3	12 to 18 feet
		1	Less than 12 feet
RATIO OF OFFICE-DISPLAY TO GROSS AREA	20%	5	20%
		3	15% - 20%
		1	Less than 15%
RATIO OF LAND TO GROSS BUILDING AREA	10%	5	Greater than 3.4
		3	2.5 to 3.4
		1	Less than 2.5
LOCATION IN MADISON	25%	5	South central
		3	Airport
		1	East
ACCESS/VISIBILITY TO MAIN HIGHWAY	15%	5	Accessibility/visibility to four-lane highway
		3	On two-lane thoroughfare
		1	On back service road
MECHANICALS	10%	5	Heated, insulated, sprinklered
		3	Heated, insulated
		1	Heated only
		0	Unheated

EXHIBIT IV-9

MOST PROBABLE PRICE COMPUTATION USING MEAN PRICE PER POINT EQUATION METHOD

Number of sales = 6
 Subject Size = 12000

Subject: 2223 DARWIN

		SUBJECT	COMPARABLE SALES -- POINT SCORES					
		=====	=====					
			1	2	3	4	5	6
\$ PRICE/SQ.FT.-->			14.45	17.38	20.00	16.30	14.94	23.50
FACTORS	WEIGHTS							
=====	=====							
1 AGE	10	3	1	1	3	5	3	5
2 BUILDING HEIGHT	10	3	1	1	1	5	5	5
3 OFFICE/ GROSS AREA	20	1	3	5	5	1	1	1
4 LAND/BLDG AREA	10	3	3	3	5	5	1	5
5 QUADRANT	25	3	3	1	1	1	5	5
6 ACCESS & VISIBILITY	15	1	1	3	3	3	1	1
7 MECHANICALS	10	5	3	3	3	3	0	5
8								
9								
10								

	100							

EXHIBIT IV-9 (Continued)

2223 Darwin Road

FACTORS * WEIGHTS	SUBJECT	COMPARABLE SALES					
		1	2	3	4	5	6
1	30	10	10	30	50	30	50
2	30	10	10	10	50	50	50
3	20	60	100	100	20	20	20
4	30	30	30	50	50	10	50
5	75	75	25	25	25	125	125
6	15	15	45	45	45	15	15
7	50	30	30	30	30	0	50
8	0	0	0	0	0	0	0
9	0	0	0	0	0	0	0
10	0	0	0	0	0	0	0
TOTAL SCORE	250	230	250	290	270	250	360

EXHIBIT IV-9 (Continued)

2223 Darwin Road

CALCULATION OF MOST PROBABLE PRICE
USING MEAN PRICE PER POINT EQUATION METHOD

COMPARABLE SALE NUMBER	ADJUSTED SELLING PRICE PER SQ.FT.	WEIGHTED POINT SCORE	PRICE PER SQ.FT. WEIGHTED POINT SCORE
1	14.45	230	.0628261
2	17.38	250	.06952
3	20	290	.0689655
4	16.3	270	.0603704
5	14.94	250	.05976
6	23.5	360	.07
7	0	.00001	.00
8	0	.00001	.00
9	0	.00001	.00
10	0	.00001	.00
			.3867198

Central Tendency (Mean):

$$\text{The mean price per square foot per point } (\bar{x}) = \frac{.3867198}{6} = .0644533$$

Where:

x	\bar{x}	(x - \bar{x})	(x - \bar{x}) ²	n	n-1
.0628261	.0644533	-.001627	.0000026	6	5
.06952	.0644533	.0050667	.0000257		
.0689655	.0644533	.0045122	.0000204		
.0603704	.0644533	-.004083	.0000167		
.05976	.0644533	-.004693	.0000220		
.0652778	.0644533	.0008245	.0000007		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
			.0000881		

EXHIBIT IV-9 (Continued)

2223 Darwin Road

Dispersion about the mean = the square root of $\frac{\sum (x - \bar{x})^2}{n - 1} = .0041966$

Therefore,

The Value Range is : .0644533 +/- .0041966
 or .0602567 to .0686499

Since the subject's point score is: 250

Score	x	Value	=	\$/SQ.FT.
250		.0602567		15.06
250		.0644533		16.11
250		.0686499		17.16

Since the square footage of subject is: 12000

It follows that:

	\$/SQ.FT	x	AREA	=	Estimated Value
Low Estimate	15.06	x	12000	=	180720 or 181000
Central Tendency	16.11	x	12000	=	193320 or 193000
High Estimate	17.16	x	12000	=	205920 or 206000

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon & Greg Rice
 2) PROPERTY OWNER MREIF
 3) ADDRESS 2223 Darwin Road
 4) SURVEYED BY Graaskamp
 5) DATE OF SURVEY 1/1/85

6) REGION: 1 Western CLIMATE: 1 Extreme
 2 Central 2 Moderate
 3 Eastern 3 Mild

7) OCCUPANCY CODE 391 (Refer to back of Form)

8) CONSTRUCTION CLASS:
 A Fireproof Structural Steel Frame S Steel Frame-storage
 B Reinforced Concrete Frame
 C Masonry Bearing Walls
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.03
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:
 1 Low 3 Above Average
 2 Average 4 High

11) TOTAL FLOOR AREA 12,000

12) SHAPE or PERIMETER 3
 1 Approximately Square
 2 Slightly Irregular
 3 Irregular
 4 Very Irregular

13) NUMBER OF STORIES 1

14) AVERAGE STORY HEIGHT 17.0

15) EFFECTIVE AGE 6

16) CONDITION:
 1 Worn Out 4 Good
 2 Badly Worn 5 V. Good
 3 Average 6 Excellent

17) EXTERIOR WALL:

Masonry Walls

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

Curtain Walls

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

Wood or Steel Framed Walls

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

Wood or Steel Skeleton Frames

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

18) HEATING, COOLING & VENTILATION:

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

18) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 12,000 Sq. Ft.

21) TOTAL BASEMENT 0 Sq. Ft.

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

MISCELLANEOUS COST

LAN: \$44,000 Land
 SIT: _____ Site Improvements
 PHY: _____ Physical Depreciation
 FUN: _____ Functional Depreciation
 LOC: _____ Locational Depreciation
 EXC: _____ Insurance Exclusions

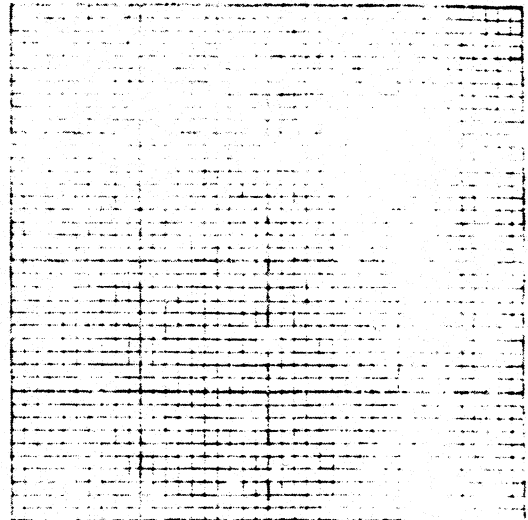


EXHIBIT IV-10 (Continued)

COST REFINEMENTS

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

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

Docks
(Sq. Ft. of Dock Area)
DLR: Loading with Roof
DLW: Loading without Roof
DOS: Shipping
DOF: 12,000 Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)
PAS: 15,000 Paving, Asphalt
PCO: Paving, Concrete
LIG: Parking Lot Lighting (Sq. Ft. of Area Served)
BUM: Parking Bumpers (Lin. Ft.)

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

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

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

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

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

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTRA (Depreciated), MIScellaneous (Not Depreciated))

BRIEF DESCRIPTIONS		(+ or -) COST
EXT :	Dock Doors	\$ 1,200
:		\$
:		\$
:		\$
:		\$

REMARKS

REM:
REM:
REM:

OCCUPANCY CODES

- | | | | | |
|-------------------------------------|-------------------------------------|---------------------------------------|------------------------|--------------------------------------|
| 300 Apartment (High Rise) | 316 Dairy & Milking Barn | 336 Laundromat | 357 Commons | 399 Shed, Cattle |
| 301 Armory | 317 Dairy Sales Building | 337 Library | 358 Gymnasium | 400 Shed, Hay |
| 302 Auditorium | 318 Department Store | 338 Loft | 359 Lecture Hall | 403 Shower Building |
| 303 Automobile Showroom | 319 Discount Store | 339 Lumber Stge., Horizontal | 360 Library | 378 Stable |
| 304 Bank | 320 Dispensary | 390 Lumber Stge., Vertical | 361 Manual Arts | 389 Storage, Equipment |
| 384 Barber Shop | 393 Dormitories (Labor) | 340 Market | 362 Multi-Purpose | 391 Storage, Material |
| 305 Barn | 321 Dormitory | 341 Medical Office | 363 Physical Education | 395 Storage, Potato or
Vegetables |
| 396 Barn, Hog | 322 Fire Station | 342 Mortuary | 364 Science | 379 Theater,
Stage Presentation |
| 397 Barn, Sheep | 323 Fraternal Building | 343 Motel | 365 Entire Elementary | 380 Theater, Motion Picture |
| 398 Barn, Fruit Packing | 324 Fraternity House | 344 Office Building | 366 Entire Secondary | 383 Tobacco Barn |
| 306 Bowling Alley | 325 Garage, Service | 345 Parking Structure | | 404 Utility Building, Farm |
| 394 Cabins (Transient Labor) | 326 Garage, Storage | 388 Parking Structure,
Underground | School, College | 381 Veterinary Hospital |
| 308 Church with
Sunday School | 327 Governmental Building | 346 Post Office | 367 Arts & Crafts | 382 Warehouse |
| 309 Church without
Sunday School | 328 Hangar, Storage | 347 Poultry House | 368 Classroom | 386 Warehouse, Mini |
| 310 City Club | 329 Hangar, Maintenance
& Office | 348 Rectory | 369 Commons | 387 Warehouse, Transit |
| 311 Clubhouse | 330 Home for the Elderly | 349 Restaurant, Drive-in | 370 Gymnasium | |
| 312 Coldwater Flat | 331 Hospital | 350 Restaurant, Table Serv. | 371 Lecture Hall | |
| 313 Convalescent Hospital | 332 Hotel | 353 Retail Store | 372 Library | |
| 314 Country Club | 402 Hotels, Resort | | 373 Manual Arts | |
| 315 Creamery & Milk
Process | 334 Industrial, Manuf. | School, Elem. & Sec. | 374 Multi-Purpose | |
| | 392 Industrial, Engineering | 355 Arts & Crafts | 375 Physical Education | |
| | 335 Jail | 356 Classroom | 376 Science | |
| | | | 377 Entire College | |

EXHIBIT IV-11

COMPUTER OUTPUT FOR COST APPROACH TO VALUE
FOR 2223 DARWIN ROAD

COST ESTIMATE FOR: GORDON & GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: 2223 DARWIN RD.
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 12,000 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
CLASS: S Steel EFFECTIVE AGE: 6 Years
COST RANK: 2.0 Average CONDITION: 4.0 Good
NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:

Insulation..... 100%
Corrugated Steel, Steel Frame.. 100%

HEATING AND COOLING:

Space Heat..... 100%

OTHER FEATURES:

Sprinklers Serving 12,000 Square Feet

	UNITS	COST	TOTAL

BASIC STRUCTURE COST:	12,000	15.49	185,856

ADDITIONS:			
Dock Height Floors.....	12,000	1.10	13,200
TOTAL SUPERSTRUCTURE COST.....	12,000	16.59	199,056

EXTRAS:			
Paving, Asphalt.....	15,000	1.38	20,700
DOCK DOORS			1,200
REPLACEMENT COST NEW.....			220,956

LESS DEPRECIATION:			
Physical and Functional.....	<22.0%>		<48,610>
DEPRECIATED COST.....			172,346

Estimated Land Value.....			44,000

INDICATED VALUE BY COST APPROACH:			216,346
ROUNDED TO NEAREST \$1,000			216,000

Cost Data by MARSHALL and SWIFT

EXHIBIT IV-11 (Continued)

DATA:

1:GORDON & GREG RICE
2:MREIF
3:2223 DARWIN RD.
4:GRAASKAMP
5:1/1/85
6:2 1
7:391
8:5
9:1.03
10:2
11:12000
12:3
13:1
14:17
15:6
16:4
17:41 44
18:10
19:0
20:12000
21:0

COST REFINEMENTS:

LAN: 44000
DOF : 12000
PAS : 15000

ADDITIONS:

1: EXT:DOCK DOORS \$ 1,200

V. APPRAISAL OF 2601 SEIFERTH ROAD

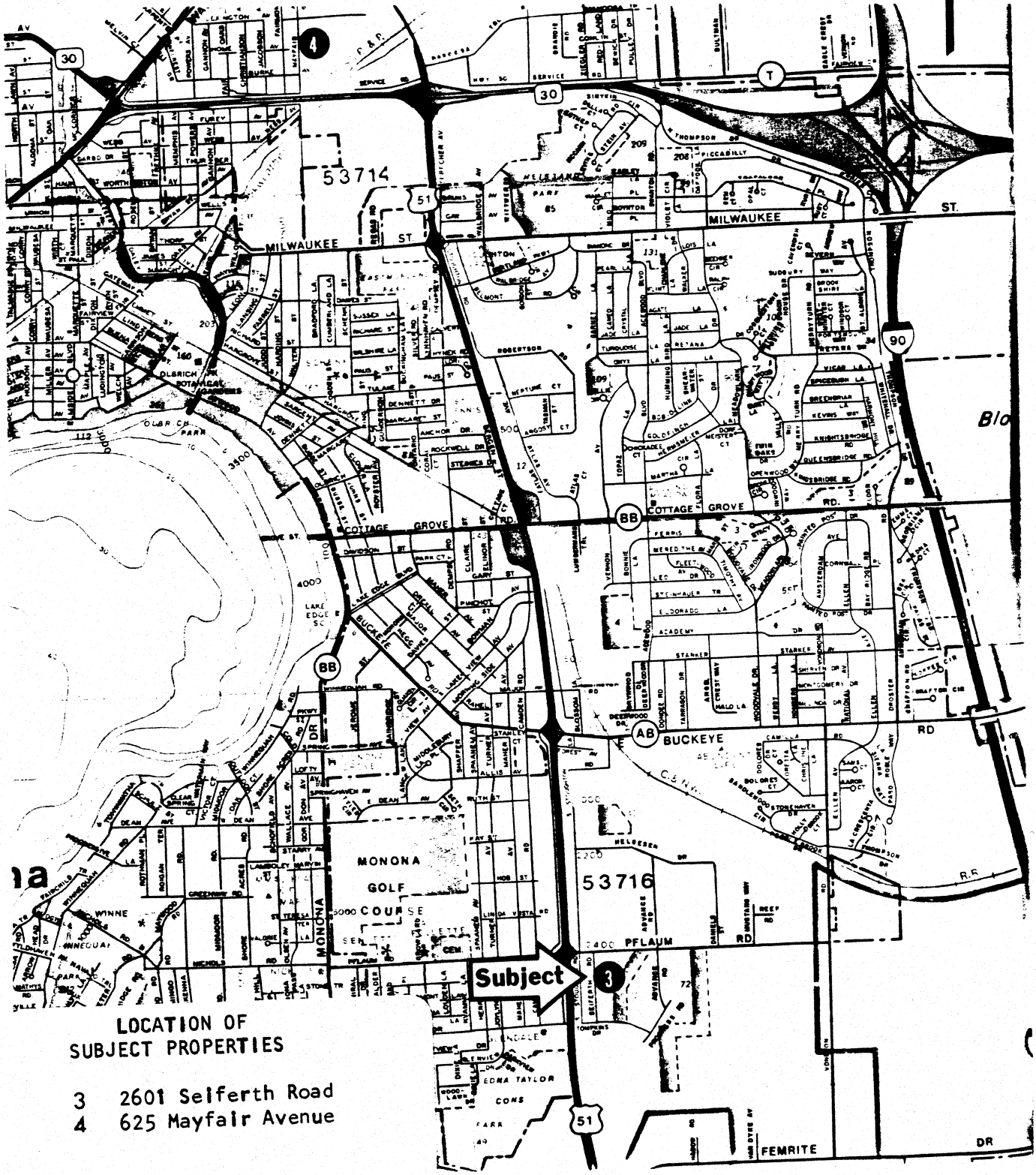
A. Site Description and Analysis

The subject parcel is described as Lots 7, 8, and North 5-1/2 feet of Lot 9, Block 1, of Glendale Industrial Park located just east of the intersection of Highway 51 and Pflaum Road in the City of Madison, Dane County, Wisconsin. (See Exhibit V-1.) The rectangular parcel has 210 feet of frontage on Seiferth Road and a depth of 279 feet, 8 inches for a total of 58,730 square feet. The well-drained site slopes downward from the street for a total fall of 3.5 feet of finished grade from west to east and 5 feet from the north to south lot lines. This slope is excellent for an industrial building which is set on grade on the north with the floor at loading dock height on the south. Site improvements include curb and gutter, city sewer and water, as well as police and fire service. The south half of the site is primarily bituminous paving on 6 feet of crushed stone to provide employee parking and truck parking and turn-around space for twelve loading docks. A single 5 foot sidewalk ties the front driveway apron to a personnel entrance on the west wall. (See Exhibit V-2 for site plan.)

The subject parcel, zoned M1, is located in an area well-recognized for its industrial parks; there is a concentration of industrial warehouses used for storage, showroom/

EXHIBIT V-1

LOCATION OF 2601 SEIFERTH ROAD
WAREHOUSE PROPERTY



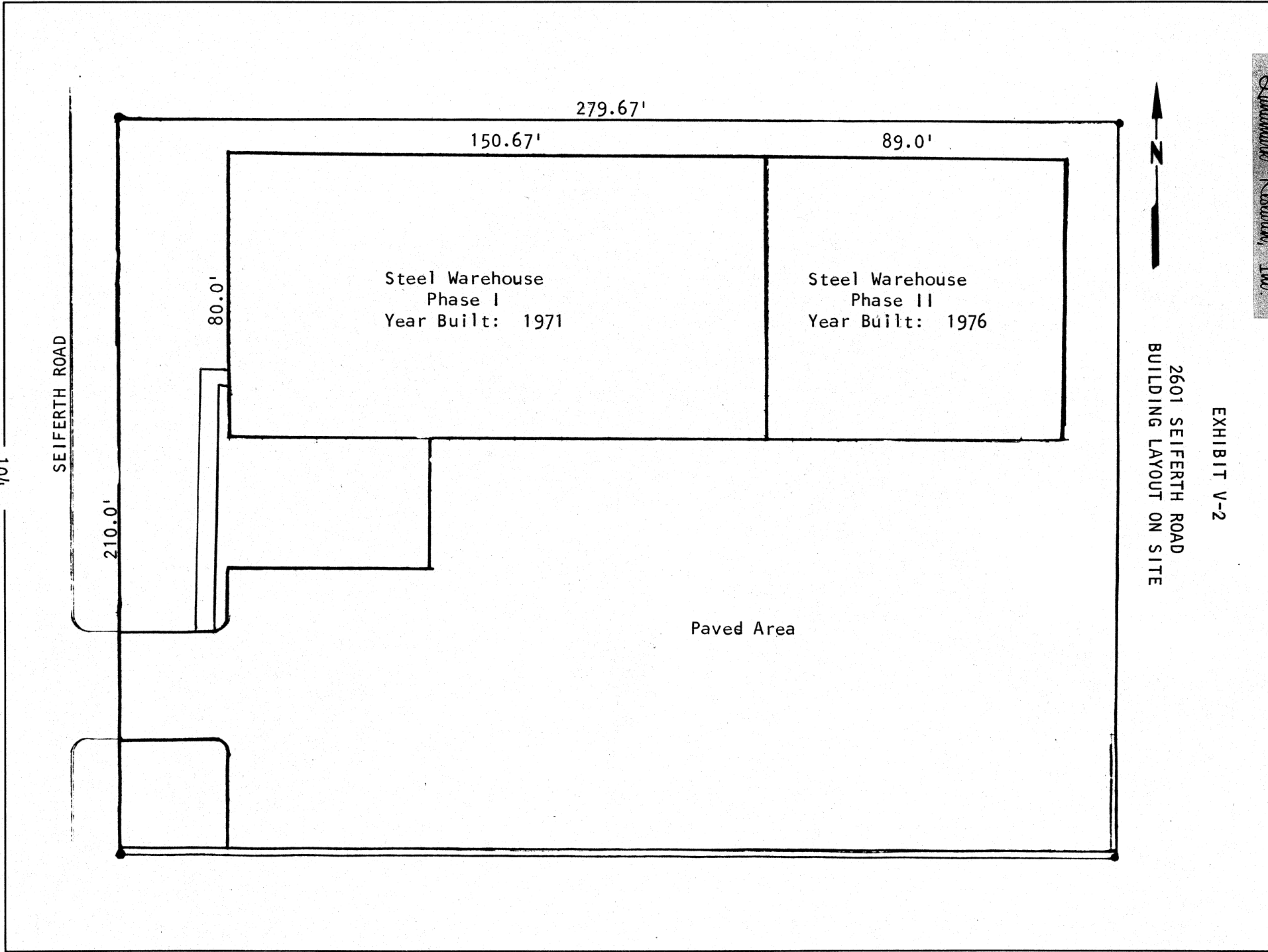
LOCATION OF
SUBJECT PROPERTIES

- 3 2601 Seiferth Road
- 4 625 Mayfair Avenue



2601 SEIFERTH ROAD
BUILDING LAYOUT ON SITE

EXHIBIT V-2



279.67'

150.67'

89.0'

Steel Warehouse
Phase I
Year Built: 1971

Steel Warehouse
Phase II
Year Built: 1976

Paved Area

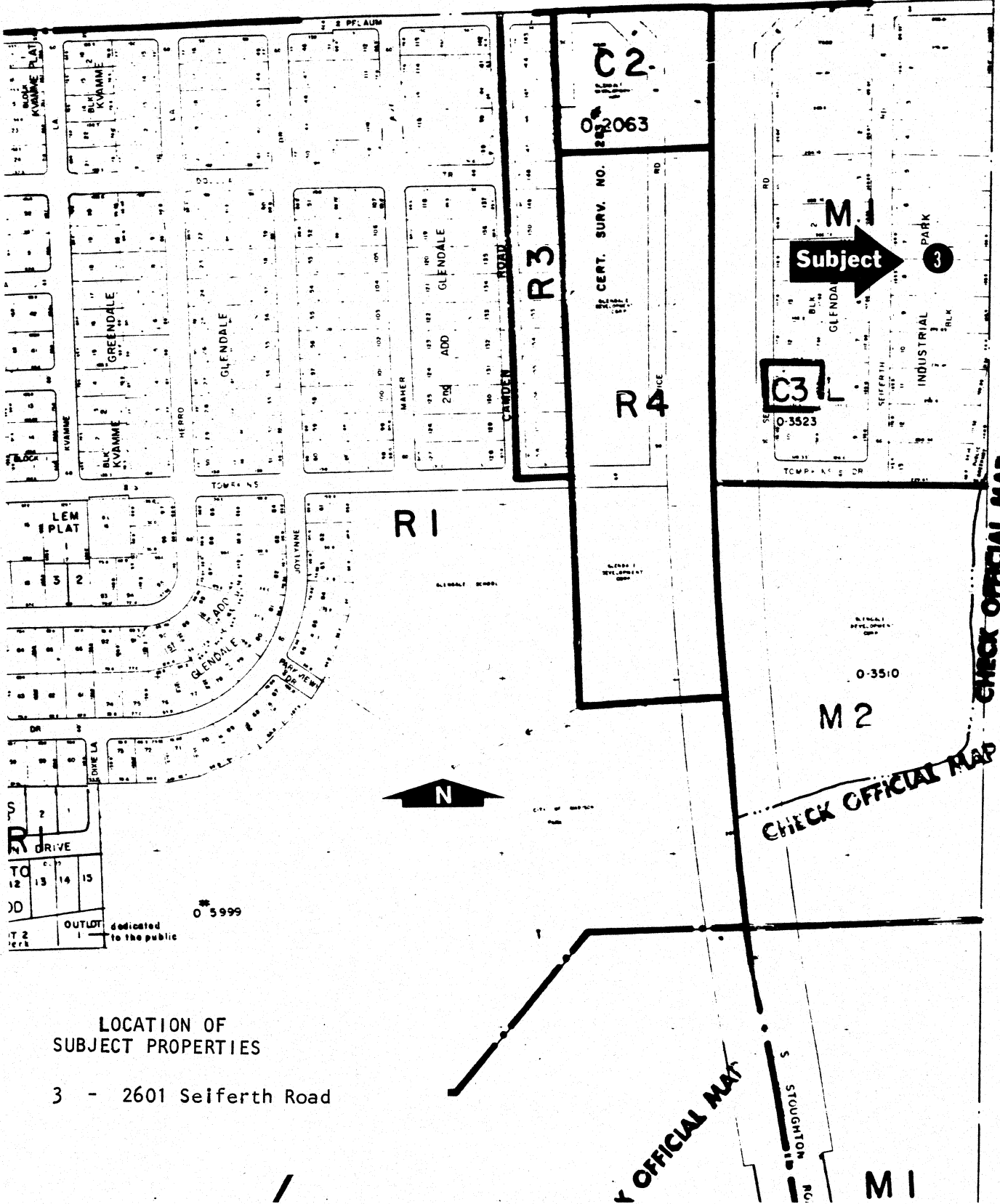
80.0

210.0'

SEIFERTH ROAD

104

ZONING MAP



LOCATION OF SUBJECT PROPERTIES

3 - 2601 Seiferth Road

CHECK OFFICIAL MAP

CHECK OFFICIAL MAP

CHECK OFFICIAL MAP

distribution, and light manufacturing east of Highway 51 between Highway 30 to the north and the Beltline Highway to the south. (See Exhibit V-1 for linkages, Exhibit V-2 for a zoning map, and Appendix E for permitted uses for M1 zoning.)

B. Building Description and Analysis
(See Exhibit V-3 for photographs of the subject property)

Building improvements consist of a pre-engineered steel building 80 feet wide built in two phases; the first phase built in 1971 is 150.67 feet in length, or 12,053 square feet, and the second phase built in 1976 is 89 feet in length, or 7,120 square feet. The sidewalls are 13.83 feet to the roof beams and peak in the center at 15.5 feet. The eave height is 16 feet at the ends and 18 feet in the center.

Phase I contains a strip of support areas along the west wall including a 136 square foot enclosed office, a control counter at the entry way, coat racks, a 294 square foot lounge area, a women's bathroom with two toilets, and two lavatories. The men's bathroom has one toilet, a urinal, and two lavatories. Both bathrooms are serviced by an electric water heater. The balance of the 1,160 square feet of space was designed for a first aid room and building maintenance storage.

Interior walls are lined to a height of 8 feet by wide corrugated metal paneling. There is a fire safety door on the north wall and six 8 foot by 8 foot overhead doors on the south

EXHIBIT V-3

PHOTOGRAPHS OF SUBJECT PROPERTY
AT 2601 SEIFERTH ROAD



Looking east from Seiferth Road.
Personnel door leads to unused office area.



South side of warehouse at 2601 Seiferth Avenue.
Darker shade of blue denotes newer 1976 addition.
Excessive number of docks especially designed for Prange
Department Stores which used warehouse as regional distribution center.



Interior of east section of warehouse occupied by Kippcast. Note ceiling and wall insulation, piping for sprinklers and fluorescent lighting. Space heater at upper left.



Plywood wind barrier to protect main warehouse storage area from dock area. Plywood shields have been installed in both sections of the building parallel to the dock area.

walls, shaded by a 5.5 foot roof extension and equipped with edge of dock type levelers and cushioned bumpers and airlocks. One personnel door for truck drivers is provided to the west of the dock doors. A plywood windshield on 2 by 4 inch studs screens loading dock doors from the main warehouse area. The heating system, augmented by fiberglass insulation in walls and ceilings consist of six suspended gas-fired space heaters, one forced air unit for offices and bathrooms, together with a small air conditioner for this same area. A dry sprinkler system is in place with controls and alarm system at the northeast corner of Phase I.

Phase II, built in 1976, represents a 80 foot by 89 foot addition which utilized the east wall of Phase I as a firewall. Six additional loading docks, garage doors, dock levelers, and overhang were added together with necessary paving. The interior space is insulated and sprinklered as in Phase I. In addition, there is a gas-fired radiant heating strip running parallel with the six additional garages and two suspended gas-fired space heaters near the north wall. The area is lighted by single strip fluorescent lighting attached to roof purlins to maintain full stacking height capability. Interior walls are lined to a height of 8 feet by wide corrugated metal paneling. An enclosed half bathroom in Phase II includes a toilet and a lavatory. No office space has been partitioned

for this part of the building. A sketch of the building layout on the site is found in Exhibit V-2.

The 12 loading docks were designed for a former tenant who used the warehouse as a distribution center for a chain of department stores in Madison and outlying areas. The multiple doors create higher heating costs, waste potential, storage space, and have little value to another user. It is assumed that the lessor may have to seal off some of the doors to attract another user or to find a special tenant for whom the multiple doors have value.

C. Lease Description and Analysis

The subject property is currently leased and occupied by two tenants, Universal Paper Co., with offices and warehouse to the north at 2517 Seiferth Road, and Kippcast with main offices at 201 Waubesa Street in Madison. Their leases are summarized in Exhibit V-4.

For purposes of valuation, the appraisers have taken the contract rents to be the basis for appraisal to the end of the existing lease term and then reevaluated to correspond to anticipated market rents at the time of renewal. In the case of Universal Paper with a one-year lease from June 1, 1984, through May 31, 1985, and a one-year option to extend at the same terms and conditions, but with a stated rental increase, the rents are still at market at the end of the lease in mid-

1986. In the case of Kippcast, with a month-to-month lease, the change of contract rent to market rent is assumed to occur as of the appraisal date of January 1, 1985; the rental rate is adjusted downward from \$2.50 per square foot to \$2.40 per square foot to exclude the premium paid by Kippcast for a month to month lease. The footnotes to the schedule of revenues and expenses for 2601 Seiferth Road from January 1, 1985, through December 31, 1989, detail the revenue assumptions used in this appraisal and are found in Exhibit V-5. (See Exhibit III-5 for changes in the CPI which underlie the inflation factor used in the pro forma.)

D. Operating Expenses, Reimbursements, and Appraisal Assumptions

For the landlord the basic expenses are real estate taxes, insurance, leasing expenses, management fees, and long-term structural maintenance of the paved parking surfaces and exterior and structural frame of the building. There are minor utility costs for vacancy periods. Although current leases vary as to tenant reimbursements, as previously noted it is assumed that tenant leases which are open for renegotiation will eventually move toward a net lease basis where the tenant pays increases from the base year in real estate taxes and reimburses fire and extended coverage insurance premiums while continuing to pay separately metered electric, gas, sewer

EXHIBIT V-4

SUBJECT PROPERTY DATA

ADDRESS: 2601 Seiferth Road

ZONING: M1

LAND AREA: 58,730 square feet

BUILDING CONSTRUCTION TYPE: Pre-engineered steel

TYPE OF HEATING: Suspended gas heaters

YEAR BUILT: 2 phases: 12,053 SF in 1971 and 7,120 SF in 1976

BUILDING SIZE: Warehouse: 18,013 SF
Office and Maintenance: 1,160

TOTAL 19,173 SF (according to blueprints)

LAND/BUILDING RATIO: 3.07

=====

TENANT DATA - CURRENT LEASES

LESSEE NO. 1: Universal Paper

SQUARE FEET LEASED: 12,000

LEASE TERM: One year from June 1, 1984, to May 31, 1985.
Option to renew this lease for one year at an increase to \$2,625 per month, or \$31,500 annually.

1984 ANNUAL RENT: \$30,000

1984 ANNUAL RENT/SQUARE FOOT: \$2.50

EXPENSES

UTILITIES: Water, sewer, heat, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended coverage insurance. No pass through of premiums to tenant. Tenant carries and pays premiums for public liability insurance.

EXHIBIT V-4 (Continued)

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep in good repair the demised premises, at its own expense.

REAL ESTATE TAXES: Tenant pays all personal property taxes. Lessor pays all real estate taxes and any special assessments levied against the premises.

LESSEE NO. 2: Kippeast Corporation

SQUARE FEET LEASED: 7,120 SF

LEASE TERM: August 15, 1984; month to month;
\$1,000 security deposit

1984 ANNUAL RENT: \$17,800

1984 ANNUAL
RENT/SQUARE FOOT: \$2.50

EXPENSES

UTILITIES: Water, sewer, heat, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended coverage insurance. No pass through of fire and extended coverage to tenant. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep in good repair the demised premises at its own expense.

REAL ESTATE TAXES: Lessor pays all real estate taxes and any special assessments levied against the premises.

EXHIBIT V-4 (Continued)

AS REPORTED BY MREIF
2601 SEIFERTH ROAD

1983 REVENUE:		\$49,773	(includes \$3,000 Prange cancellation fee which included Prange's real estate tax liability)
1983 EXPENSES:			
Real Estate Taxes	\$15,400		
Utilities	861		
Repairs and Maintenance	1,096		
Management Fees	2,389		
Leasing Fees	1,483		
Insurance	344		
Legal Fees	<u>16</u>		
		<u>21,589</u>	
1983 NET OPERATING INCOME:		\$28,184	=====

WAREHOUSE AT 2601 SEIFERTH ROAD

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1989

	GBA LEASED (SF)	1985 BASE RENT	1985	1986	1987	1988	1989
REVENUES							
<u>Potential Gross Rent</u>							
Universal Paper Co. [1]	12,000	\$2.50	\$30,875	\$32,330	\$33,650	\$34,970	\$36,360
Kippcast Corp. [2]	7,120	2.40	17,088	17,772	18,482	19,222	19,991
Subtotal	19,120		\$47,963	\$40,102	\$52,132	\$54,192	\$56,351
<u>Reimbursables</u>							
Real Estate Taxes [3]			0	0	0	470	499
Insurance [4]			427	897	1,289	1,366	1,448
Total Potential Gross Revenue			\$48,390	\$50,999	\$53,421	\$56,028	\$58,298
Less: Vacancy @ 5%			(2,420)	(2,550)	(2,671)	(2,801)	(2,915)
EFFECTIVE GROSS REVENUE			\$45,970	\$48,449	\$50,750	\$53,227	\$55,383
EXPENSES							
Utilities [5]			360	374	389	405	421
Repairs and Maintenance [6]			1,912	2,065	2,230	2,409	2,601
Management - 5% of EGR [7]			2,274	2,422	2,538	2,661	2,770
Leasing Fee - 4% of EGR [8]			1,819	1,938	2,030	2,129	2,216
Insurance [9]			1,147	1,216	1,289	1,366	1,448
Subtotal: Expenses Before Real Estate Taxes			\$ 7,512	\$ 8,015	\$ 8,476	\$ 8,970	\$ 9,456
Real Estate Taxes [10]			8,952	7,839	8,309	8,808	9,336
Total Expenses			\$16,464	\$15,854	\$16,785	\$17,778	\$18,792
NET OPERATING INCOME			\$29,506	\$32,595	\$33,965	\$35,449	\$36,591

115

Sudman-Rosenfeld, Inc.

EXHIBIT V-5

EXHIBIT V-5 (Continued)

2601 SEIFERTH ROAD

FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

- [1] Universal Paper, with its own office/warehouses next door, has a one-year lease for 12,000 square feet, commencing June 1, 1984, with a one-year option at the same terms and conditions, except the annual revenue increases from \$30,000 to \$31,500, or \$2.50 per square foot to \$2.62 per square foot. This section of the building has partitioned office space and bathrooms, but the present tenant has no need for these improvements. Currently the lessor pays all real estate taxes and insurance premiums with no reimbursables. It is assumed the lessee will exercise the option, but when the renewed lease expires on May 31, 1986, the lessor will shift the increases in real estate taxes to the tenant, but this reimbursement will not be collected until 1988. (See footnote number 3.) The lessor will also shift the insurance premium at \$0.06 per square foot to the tenant as of June 1, 1986. The rental rate will inflate at 4 percent plus the adjustments for tax increases and insurance premiums shifted to the tenant. The current rent is estimated to be at market for combination office/warehouse space. (See Exhibit II-1 for survey of market rents.) In a sense, the present tenant pays a premium because it does not utilize the office area and therefore pays a higher effective rental rate.

EXHIBIT V-5 (Continued)

Projected revenues for the 12,000 square foot space are as follows:

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 5/31/85	\$2.50	\$ 12,500	
Option rate	6/1/85 - 12/31/85	\$2.63	<u>18,375</u>	
1985 REVENUE				\$30,875
Option rate	1/1/86 - 5/31/86	\$2.63	\$ 13,150	
4% increase	6/1/86 - 12/31/86	\$2.74	<u>19,180</u>	
1986 REVENUE				\$32,330
6/1/86 rate	1/1/87 - 5/31/87	\$2.74	\$ 13,700	
4% increase	6/1/87 - 12/31/87	\$2.85	<u>19,950</u>	
1987 REVENUE				\$33,650
6/1/87 rate	1/1/88 - 5/31/88	\$2.85	\$ 14,250	
4% increase	6/1/88 - 12/31/88	\$2.96	<u>20,720</u>	
1988 REVENUE				\$34,970
6/1/88 rate	1/1/89 - 5/31/89	\$2.96	\$ 14,800	
4% increase	6/1/89 - 12/31/89	\$3.08	<u>21,560</u>	
1989 REVENUE				\$36,360

- [2] Kippcast Corp. is on a month-to-month lease and is expected to move to new facilities soon. The 7,120 square foot space is estimated to rent for \$2.40, down from the current \$2.50 on a longer term lease with the tenant reimbursing real estate tax increases and insurance premiums. Rents are inflated at 4 percent per year. There is no partitioned office area in this part of the building, but a half bathroom is included.

EXHIBIT V-5 (Continued)

[3] The 1984 assessment of \$352,000, (\$18.41 per square foot of GBA) results in real estate taxes of \$0.47 per square foot of GBA. It is assumed a buyer would appeal this assessment and taxes would be reduced to approximately \$0.41 per square foot of GBA in 1986 and inflated at 6 percent per year thereafter. The following estimates of real estate taxes, including increases which would be reimbursable, are used in this appraisal:

A. 1984 assessment \$352,000
 1984 real estate taxes:
 $\$352,000 \times 0.0254305 =$ \$ 8,952
 due in 1984
 (\$8,952/19,120 SF - \$0.468/SF)

B. 1985 real estate taxes:
 $\$0.41 \text{ per square foot} \times 19,120 \text{ SF} =$ \$ 7,839

C.

YEAR PAYABLE	REAL ESTATE TAXES DUE	INCREASE DUE AS REIMBURSABLE IN FOLLOWING YEAR	UNIVERSAL SHARE 62.8%	KIPPCAST SHARE 37.2%
1985	\$8,952	0	0	0
1986	7,839	0	0	0
1987	8,309	0	0	0
1988	8,808	\$470	\$295	\$175
1989	9,336	\$499	\$313	\$186

[4] Fire insurance and extended coverage premiums are estimated to be \$0.06 per square foot and will be shifted to the tenant as a reimbursable in the year due when current lease terms permit. Premiums are assumed to increase at 4 percent annually. The following schedule is estimated for insurance reimbursables:

EXHIBIT V-5 (Continued)

YEAR PAYABLE	TOTAL AMOUNT OF INSURANCE PREMIUMS	UNIVERSAL SHARE 62.8%	KIPPCAST SHARE 372.%	TOTAL REIMBURSABLES
1985	\$1,147	0	\$427	\$ 427
1986	1,216	\$445	452	897
1987	1,289	809	480	1,289
1988	1,366	858	508	1,366
1989	1,448	909	539	1,448

- [5] Utilities, paid by the lessor during vacancies, are estimated to increase at 4 percent annually.
- [6] Repairs and maintenance, which are the responsibility of the lessor, are estimated at \$0.10 per square foot of GBA per year, and are estimated to increase at 8 percent per year because of the labor intensive nature of this expense.
- [7] Management fees are 5 percent of effective gross revenue.
- [8] Leasing fees are 4 percent of effective gross revenue.
- [9] See footnote number 4.
- [10] See footnote number 3.

charges, and janitorial costs. Landlord maintenance includes snow plowing of parking lot while tenants shovel walks and entry steps.

The footnotes to Exhibit V-5 detail the reimbursement and expense forecasts used in this appraisal. Key factors include a reduction in the real estate taxes which are now \$0.47 per square foot of GBA which should range from no more than \$0.38 to \$0.44 for heated warehouse space.

E. Financing Description and Analysis

Existing financing on the subject property is non-assumable according to the mortgage note to Security Marine Bank of Madison in Appendix F. Therefore, any purchaser would have to acquire new financing, and current terms available for this type of property would require an interest rate of 13.25 percent on a loan amortized over a 25-year term, but ballooning in seven years. Cost to originate would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio of approximately 1.3 based on first year normalized net income. These terms are currently quoted by Mr. Donsing at American Family Life Insurance Company in Madison, Wisconsin. In the case of 2601 Seiferth Road, where the 1984 assessed value of \$352,000 results in unnecessarily high real estate taxes for 1985, the debt cover ratio of 1.3 is applied to the second year normalized net income to more accurately

reflect the debt carrying capacity of this investment property. (See Exhibit V-5, footnote number 3 for details regarding real estate tax assumptions.)

F. Capital Budget Assumptions for
Discounted Cash Flow Approach to Value

The income approach, using the discounted cash flow methodology, is detailed in Appendix A. Essential parameters for discounted cash flow valuation beyond revenues, expenses, and financing are the value assigned to vacant land, reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed projection period. The appraiser has chosen to utilize a five-year projection period. The following values have been assigned to these capital budget assumptions:

1. Although land value cannot be considered separate treatment, the subject parcel has a market supported value of \$0.95 per square foot which, multiplied times its area of 58,730 square feet, suggests a land value of approximately \$56,000.
2. Reserves from replacement of capital items in the future have been set at 2 percent of cash throw off available for distribution, and these reserves have been segregated to a sinking fund for reinvestment at a 9 percent tax exempt rate. The accumulated

reserve is included as part of the net worth realized on resale of the property, but does reduce cash available for distribution as an equity dividend to the buyer.

3. The equity dividend rate required in the first year of the investment by the most probable buyers is 11.25 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization, tax shelter, and property appreciation in addition to dividends.
4. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.
5. The final source of return to the most probable buyer is the increased net worth realized upon sale

of the property at the end of a proposed five-year investment period. To estimate that value, the appraiser has chosen to multiply net operating income in the fifth year by a factor of 8.3333, a computation comparable to capitalization at a factor of 0.1200, a ratio of income to price for Madison industrial properties that is reasonably constant, unless there are severe upsets to financial markets, and the income tax law in the interim.

6. Each of the above items define the ultimate cash throw off to the investor from all sources. These must be discounted at a minimum threshold rate of return from all sources of 16 percent after taxes to justify the business and financial risks incurred. This is the minimum equity rate currently reported as typical of managed real estate funds and used as a purchasing benchmark by Madison investors in a stable investment industrial building market. The present value of all benefits to the equity position discounted at 16 percent, if held for five years and sold at the assumed price when added to the original mortgage balance, equals

the market value of the subject property using the income approach.

G. Discounted Cash Flow Value Conclusion

The assumptions used for the discounted cash flow are found in Exhibit V-6. The discounted after tax value of the subject property, if held for five years is \$258,671, or \$259,000 rounded, using a minimum 16 percent discount factor for all the benefits to the equity position. (See Exhibit V-7, line 39.) If the property were purchased at this price, the investor would enjoy a conservative risk position reflected by: (1) a cash breakeven ratio or default point as shown in Exhibit V-7, line 42, of less than 80 percent after the reduction of real estate taxes, (2) a payback of 65 percent of the initial equity investment of \$67,000 by the end of the fifth year prior to resale, and (3) cash dividends of 11 percent or better each year after the reduction of real estate taxes.

The discounted after tax value of \$259,000 is supported by the more simplistic back door method used to solve for the justified investment or initial cost, using the net operating income in year 2 and the financing and investment parameters previously described, but excluding tax shelter benefits. As indicated in Exhibit V-7, Report Section I, the justified investment or initial cost suggested is \$249,073 of which

initial cash equity is \$66,862, or \$67,000 rounded, with an original mortgage balance of \$182,211, or \$182,000 rounded.

The value conclusion from the income approach is \$260,000, or \$13.60 per square foot of GBA.

H. Market Comparison Approach
Application and Conclusions

A market comparison methodology using gross building square footage and price per square foot is detailed in Appendix B. As noted in the Madison market analysis in Section II, most transactions for general purpose steel buildings occur on the south and southeast side of Madison to house local commercial operations. Four of the six comparable sales are located on the east and southeast side of Madison--as is the subject property.

Six comparable sales, specifically the following engineered steel and masonry buildings, were selected from the array provided in Appendix D:

COMPARABLE SALE NO.	ADDRESS	CASH PRICE/ SF OF GBA
1	1115 Oneill Avenue	\$14.45
2	4622 Femrite Drive	\$17.38
3	4609 Femrite Drive	\$20.00
4	615 Mayfair Road	\$16.30
5	3103 Watford Way (unheated)	\$14.94
6	929 Watson Avenue	\$23.50

EXHIBIT V-6

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
MRCAP COMPUTER PROGRAM
2601 SEIFERTH ROAD

1. Appraisal is as of January 1, 1985.
2. Holding period is five years with resale at end of 1989.
3. Debt cover ratio (DCR) is 1.3. The net operating income (NOI) in 1986, adjusted for reduced real estate taxes, is used to size the mortgage based upon the DCR of 1.3.
4. Cash on cash required by the equity position is 11.25 percent.
5. The discount rate used is 16 percent. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor.
6. The investor income tax marginal rate is 40 percent.
7. The after tax reinvestment rate applied to the after tax cash proceeds is 9 percent.
8. The resale price at the end of the holding period is based upon the NOI in 1989 and a net income multiplier of 8.333, or a capitalization rate of 0.12.
9. A reserve for replacements is based upon 2 percent of the after-tax cash throw off and is invested at 9 percent per year.
10. Land is valued at \$56,000, or \$0.95 per square foot.
11. The computer program solves for justified investment value based upon the amount of debt and equity the property can carry, given the financing parameters and cash on cash requirements. The land value is subtracted from justified investment value to solve for building value. The building is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.
12. The financing parameters include 13.25 percent interest, 25-year loan, and a balloon in seven years. Debt service payments are made monthly.
13. All revenue and expense assumptions are found in Exhibit V-5.

EXHIBIT V-7

COMPUTER OUTPUT OF DISCOUNTED CASH FLOW ANALYSIS

P R O F O R M A

INVESTMENT ANALYSIS OF

2601 SEIFERTH RD.

FOR

MREIF

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

PAGE 1

* GROSS RENT	\$	53427.	* RATE OF GROWTH OF GROSS RENT	0.0477
* EXPENSES	\$	8486.	* RATE OF GROWTH OF EXPENSES	0.0592
* R E TAXES	\$	8649.	* RATE OF GROWTH OF R E TAXES	0.0139
* INCOME TAX RATE		0.4000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE		0.0500	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT		0.1600	EXTRAORDINARY EXPENSES	\$ 0.
RESALE COST		0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS\$		0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS		0	OWNERSHIP FORM	1
INITIAL COST	\$	249073.	INITIAL EQUITY REQUIRED	\$ 66862.

ALL ** VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 5 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

2601 SEIFERTH RD.

FOR

MREIF

REPORT SECTION NUMBER 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
1 GROSS RENT	48390.	50999.	53421.	56028.	58298.
2 LESS VACANCY	2420.	2550.	2671.	2801.	2915.
3 LESS REAL ESTAE TAXES	8952.	7839.	8309.	8808.	9336.
4 LESS EXPENSES	7512.	8015.	8476.	8970.	9456.
5 NET INCOME	29507.	32595.	33965.	35449.	36591.
6 LESS DEPRECIATION	10726.	10726.	10726.	10726.	10726.
7 LESS INTEREST PMTS	24084.	23945.	23786.	23605.	23398.
8 TAXABLE INCOME	-5304.	-2076.	-548.	1117.	2466.
9 PLUS DEPRECIATION	10726.	10726.	10726.	10726.	10726.
10 LESS PRINCIPAL PMTS	989.	1128.	1287.	1468.	1675.
11 CASH THROW-OFF	4434.	7522.	8892.	10376.	11518.
12 LESS INCOME TAXES	0.	0.	0.	447.	986.
13 LESS RESERVES	89.	150.	178.	199.	211.
14 CASH FROM OPERATIONS	4345.	7372.	8714.	9730.	10321.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	4345.	7372.	8714.	9730.	10321.
17 TAX SAVINGS ON OTHER INCOME	2122.	831.	219.	0.	0.
18 SPENDABLE CASH AFTER TAXES	6466.	8202.	8933.	9730.	10321.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
19 END OF YEAR MARKET VALUE - 1989					304922.
20 LESS RESALE COST	9835.	10865.	11321.	11816.	12197.
21 LESS LOAN BALANCES	181222.	180095.	178808.	177340.	175665.
22 PLUS CUM. CASH RESERVES	89.	247.	447.	686.	958.
23 BEFORE TAX NET WORTH	54917.	80912.	93355.	106935.	118018.
24 CAPITAL GAIN (IF SOLD)	-2295.	33139.	54822.	77421.	97283.
25 CAPITAL GAINS TAX	-367.	5302.	8772.	12387.	15565.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	-147.	5302.	8772.	12387.	15565.
29 AFTER TAX NET WORTH	55064.	75610.	84584.	94547.	102453.

EXHIBIT V-7 (Continued)

2601 Seiferth Road

BEFORE TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
30 RETURN ON NET WORTH B/4 TAX	-0.1123	0.6103	0.2637	0.2566	0.2114
31 CHANGE IN NET WORTH B/4 TAX	-11944.	25995.	12443.	13579.	11083.
32 ORIG EQUITY CASH RTNB/4 TAX	0.0663	0.1125	0.1330	0.1552	0.1723
33 ORIG EQUITY PAYBACK B/4 TAX	0.0663	0.1788	0.3118	0.4670	0.6392
34 B/4 TAX PRESENT VALUE	233376.	251754.	257128.	262109.	264724.

AFTER TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
35 RETURN ON NET WORTH AFR TAX	-0.0797	0.5221	0.2368	0.2328	0.1928
36 CHANGE IN NET WORTH AFR TAX	-11797.	20545.	8974.	9964.	7905.
37 ORIG EQUITY CASH RTNAFR TAX	0.0967	0.1227	0.1336	0.1455	0.1544
* 38 ORIG EQUITY PAYBACK AFR TAX	0.0967	0.2194	0.3530	0.4985	0.6529
* 39 AFTER TAX PRESENT VALUE	235255.	250071.	253793.	257196.	<u>258671.</u>

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
40 NET INCOME-MARKET VALUE RTO	0.1200	0.1200	0.1200	0.1200	0.1200
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000
* 42 DEFAULT RATIO	0.8584	0.8025	0.7836	0.7648	0.7524

EXHIBIT V-7 (Continued)

RUN NUMBER 0

PRO FORMA
INVESTMENT ANALYSIS OF
2601 SEIFERTH RD.
FOR
MREIF

REPORT SECTION NUMBER 2

PAGE 1

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 56000.	0
BUILDING	1.00	1	18.	2	\$ 193073.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	7	25	\$ 182211.	0.732

EXHIBIT V-7 (Continued)

2601 Seiferth Road

REPORT SECTION NUMBER 9

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 193073.
 DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
 USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	10726.	10726.	0.	0.
2	10726.	21453.	0.	0.
3	10726.	32179.	0.	0.
4	10726.	42905.	0.	0.
5	10726.	53631.	0.	0.

REPORT SECTION NUMBER 8

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 182211. TERM 25
 INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01146701
 PERIOD PAYMENT 2089.42 PAYMENTS PER YEAR 12
 BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	25073.	24084.	989.	181222.	0.
2	25073.	23945.	1128.	180095.	0.
3	25073.	23786.	1287.	178808.	0.
4	25073.	23605.	1468.	177340.	0.
5	25073.	23398.	1675.	175665.	0.

EXHIBIT V-7 (Continued)

MRCAP COMPUTER INPUT FILE

DIS MREIFA.3

1,2601 SEIFERTH RD., MREIF
10,1985,0,1,1.0,5,19120
20,3,1,1.3,.1125,2,2
100,.16,.40,.09
101,0,8.3333,2
102,.14,1,.04,0
103,.02,0,.09,0
40,48390,50999,53421,56028,58298
60,.05,*
70,8952,7939,.06,*
80,7512,8015,8476,8970,9456
200,1,LAND
201,1,56000,0,0
202,1,1,40,0
200,2,BUILDING
201,2,1.0,1.0,2
202,2,1,18,0
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,7,0
400,9
403,99
999,99

Ready

The subject property is most comparable to the warehouse at 615 Mayfair Avenue which sold for \$16.30 per square foot of gross building area (GBA), has no office space, but enjoys the proximity of a rail spur. Although newer than the comparable sale at 1115 Oneill Avenue, which sold for a cash price of \$14.45 per square foot of GBA, both buildings have space available for offices as well as warehousing. The market comparison model indicates a range in values of \$13.86 per square foot of GBA to \$15.79 per square foot of GBA adjusted for specific differences listed in Exhibit V-8. When applied to the 19,120 square feet of GBA of the subject property, a range of values is indicated from \$265,000 to \$302,000, with a central tendency of \$283,000. The appraisers believe that the steel warehouses at 615 Mayfair (Comparable No. 4), 3103 Watford Way (Comparable No. 5), and 929 Watson (Comparable 6) are structurally most like the subject, but two are located in the southcentral section of Madison where sale prices are higher and all have greater building height and therefore, greater storage capacity per square foot. Although the subject property has been partitioned for office space, only 6 percent of the building is improved for this purpose and has deteriorated from disuse. Since there is greater comparability in both location and structure between the subject and the comparable sales, more reliance is placed upon

the market approach so the central tendency is considered the best indicator of value from the market. Therefore, the value conclusion from the market approach is \$280,000, or \$14.64 per square foot of GBA. The computerized computations are found in Exhibit V-9.

I. Cost Approach Input Assumptions and Conclusions

The Marshall Valuation Service was applied to the subject property, subject to general assumptions in Appendix C, and the Calculator Cost assumptions provided in Exhibit V-10. The computer analysis produced by the service is provided in Exhibit V-11. The extras for dock doors, partitioning, bathroom fixtures, and an air conditioner should be noted. The conclusions or indicated value by the cost approach is \$274,000, assuming an effective age of 10 years, or a 40 percent depreciated value for the two phases of construction. The cost approach value is extremely sensitive to the effective age estimated for the building; Marshall Valuation Service sets 20 years as the useful life for steel warehouses, so the depreciation allowance, especially after the 10th year, may be overstated. An effective age of eight years, the actual age of Phase 2, yields an estimated value of \$311,000, and an effective age of 13 years, the actual age of Phase 1, yields an estimated value of \$220,000. Therefore, little reliance can be

placed upon this method for an older property which has a relatively short useful life.

Traditionally, the cost approach is regarded as the upper end of the value and does not reflect economic influences of market rent levels, the cost of money, or tax factors. This method serves as a check on the possibility that buyers would prefer to build new as a substitute for the purchase of an existing property. In Madison the cost to build warehousing has remained fairly stable in the last few years and some larger tenants have chosen, or are considering, the build-new alternative.

J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

The income approach, which is an important indicator of value, suggested a value of \$260,000. The market approach indicated a basic price of \$280,000 while the cost approach indicates a depreciated value of \$274,000 to \$311,000, depending on the estimated effective age. Given the closer proximity of the comparable sales to the subject property, greater reliance is placed on the market comparison approach used in conjunction with the investment approach. The appraisers conclude that the market value as of January 1, 1985, is \$280,000, with cash to the seller, or \$14.64 per square foot of GBA.

EXHIBIT V-8

SCALE FOR SCORING COMPARABLE SALES
 BASED UPON PRICE SENSITIVE ATTRIBUTES

ATTRIBUTE	WEIGHT	SCORE	
AGE	10%	5	After 1977
		3	1970 - 1977
		1	Before 1970
BUILDING HEIGHT	10%	5	Greater than 18 feet
		3	12 to 18 feet
		1	Less than 12 feet
RATIO OF OFFICE-DISPLAY TO GROSS AREA	20%	5	20%
		3	15% - 20%
		1	Less than 15%
RATIO OF LAND TO GROSS BUILDING AREA	10%	5	Greater than 3.4
		3	2.5 to 3.4
		1	Less than 2.5
LOCATION IN MADISON	25%	5	South central
		3	Airport
		1	East
ACCESS/VISIBILITY TO MAIN HIGHWAY	15%	5	Accessibility/visibility to four-lane highway
		3	On two-lane thoroughfare
		1	On back service road
MECHANICALS	10%	5	Heated, insulated, sprinklered
		3	Heated, insulated
		1	Heated only
		0	Unheated

EXHIBIT V-9

MOST PROBABLE PRICE COMPUTATION USING MEAN PRICE PER POINT EQUATION METHOD

Number of sales = 6
 Subject Size = 19120

Subject: 2601 SEIFERTH

		SUBJECT	COMPARABLE SALES -- POINT SCORES					
		=====	=====					
			1	2	3	4	5	6
\$ PRICE/SQ.FT.-->			14.45	17.38	20.00	16.30	14.94	23.50
FACTORS	WEIGHTS							
=====	=====							
1 AGE	10	3	1	1	3	5	3	5
2 BUILDING HEIGHT	10	3	1	1	1	5	5	5
3 OFFICE/ GROSS AREA	20	1	3	5	5	1	1	1
4 LAND/BLDG AREA	10	3	3	3	5	5	1	5
5 QUADRANT	25	1	3	1	1	1	5	5
6 ACCESS & VISIBILITY	15	3	1	3	3	3	1	1
7 MECHANICALS	10	5	3	3	3	3	0	5
8								
9								
10								

	100							

EXHIBIT V-9 (Continued)

2601 Seiferth Road

FACTORS x WEIGHTS =====	SUBJECT =====	COMPARABLE SALES -----						
		1	2	3	4	5	6	
1	30	10	10	30	50	30	50	
2	30	10	10	10	50	50	50	
3	20	60	100	100	20	20	20	
4	30	30	30	50	50	10	50	
5	25	75	25	25	25	125	125	
6	45	15	45	45	45	15	15	
7	50	30	30	30	30	0	50	
8	0	0	0	0	0	0	0	
9	0	0	0	0	0	0	0	
10	0	0	0	0	0	0	0	
TOTAL SCORE		230	230	250	290	270	250	360

EXHIBIT V-9 (Continued)

2601 Seiferth Road

CALCULATION OF MOST PROBABLE PRICE
USING MEAN PRICE PER POINT EQUATION METHOD

COMPARABLE SALE NUMBER	ADJUSTED SELLING PRICE PER SQ.FT.	WEIGHTED POINT SCORE	PRICE PER SQ.FT. WEIGHTED POINT SCORE
1	14.45	230	.0628261
2	17.38	250	.06952
3	20	290	.0689655
4	16.3	270	.0603704
5	14.94	250	.05976
6	23.5	360	.07
7	0	.00001	.00
8	0	.00001	.00
9	0	.00001	.00
10	0	.00001	.00
			.3867198

Central Tendency (Mean):

$$\text{The mean price per square foot per point } (x) = \frac{.3867198}{6} = .0644533$$

Where:

x	\bar{x}	$(x-\bar{x})$	$(x-\bar{x})^2$	n	n-1
.0628261	.0644533	-.001627	.0000026	6	5
.06952	.0644533	.0050667	.0000257		
.0689655	.0644533	.0045122	.0000204		
.0603704	.0644533	-.004083	.0000167		
.05976	.0644533	-.004693	.0000220		
.0652778	.0644533	.0008245	.0000007		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
			.0000881		

EXHIBIT V-9 (Continued)

2601 Seiferth Road

Dispersion about the mean = the square root of $\frac{\sum (x - \bar{x})^2}{n - 1} = .0041966$

Therefore,

The Value Range is : .0644533 +/- .0041966
 or .0602567 to .0686499

Since the subject's point score is: 230

Score	x	Value	=	\$/SQUARE FOOT
230		.0602567		13.86
230		.0644533		14.82
230		.0686499		15.79

Since the square footage of the subject is: 19120

It follows that:

	\$/SQ.FT	x	AREA	=	Estimated Value
Low Estimate	13.86	x	19120	=	265003 or 265000
Central Tendency	14.82	x	19120	=	283358 or 283000
High Estimate	15.79	x	19120	=	301905 or 302000

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon & Greg Rice
 2) PROPERTY OWNER MREIF
 3) ADDRESS 2601 Seiferth Avenue
 4) SURVEYED BY Graaskamp
 5) DATE OF SURVEY 1/1/85

6) REGION: 1 Western CLIMATE: ① Extreme
 ② Central 2 Moderate
 3 Eastern 3 Mild

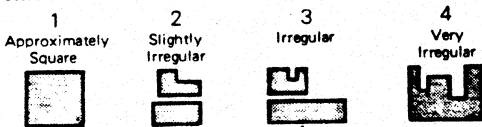
7) OCCUPANCY CODE 391 (Refer to back of Form)

8) CONSTRUCTION CLASS:
 A Fireproof Structural Steel Frame S Steel Frame-storage
 B Reinforced Concrete Frame
 C Masonry Bearing Walls
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.03
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:
 1 Low 3 Above Average
 ② Average 4 High

11) TOTAL FLOOR AREA 19,120
 12) SHAPE or PERIMETER 3



13) NUMBER OF STORIES 1

14) AVERAGE STORY HEIGHT 17

15) EFFECTIVE AGE 10

16) CONDITION:
 1 Worn Out ④ Good
 2 Badly Worn 5 V. Good
 3 Average 6 Excellent

17) EXTERIOR WALL:

Masonry Walls

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

Curtain Walls

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

Wood or Steel Framed Walls

- 23 Aluminum Siding
- 24 Asbestos Siding
- 25 Asbestos Shingles
- 26 Shingles
- 27 Shakes
- 28 Stucco on Wire/Paper on Sheathing
- 29 Wood Siding on Paper on Sheathing
- 30 Veneer, Common Brick
- 31 Face Brick
- 32 Stone
- 33 Used Brick
- 34 Siding, Vinyl Surface
- 35 Hardboard
- 36 Textured Plywood
- 37 Board/Batten Box Frame
- 38 Log, Rustic
- ④ 41 Insulation (Add)
- ④ 42 Aluminum Cover
- 43 Sandwich Panels
- ④ 44 Corr. Steel on Steel Frame on Wood Frame
- 45 Transite
- 46 Siding, Post/Girder Frame
- 47 Sheathing (Add)

18) HEATING, COOLING & VENTILATION:

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

19) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 19,120 Sq. Ft.

21) TOTAL BASEMENT 0 Sq. Ft.

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

MISCELLANEOUS COST

LAN: \$ 56,000 Land
 SIT: _____ Site Improvements
 PHY: _____ Physical Depreciation
 FUN: _____ Functional Depreciation
 LOC: _____ Locational Depreciation
 EXC: _____ Insurance Exclusions

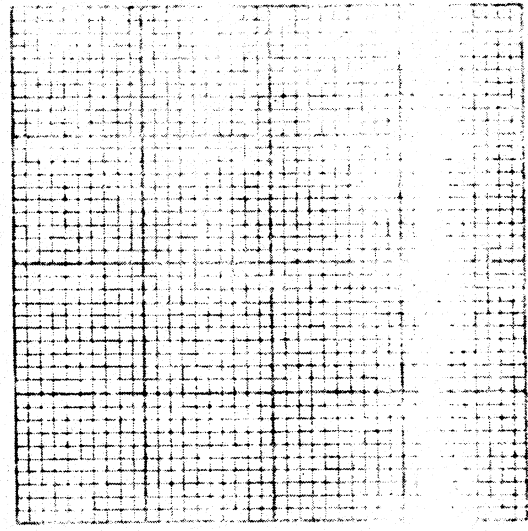


EXHIBIT V-10 (Continued)

COST REFINEMENTS

Mezzanines
(Sq. Ft. of Mezzanines)

MZM: Display
 MZB: Office
 MZC: Storage
 MZD: Open

Balconies
(Sq. Ft. of Balconies)

BCA: Apartment Exterior
 BCD: Auditorium
 BCC: Church
 BCT: Theater

Docks
(Sq. Ft. of Dock Area)

DLR: Loading with Roof
 DLW: Loading without Roof
 DOS: Shipping
 DOF: 19,120 Dock Height Floors

Parking Lots
(Sq. Ft. of Parking)

PAS: 25,000 Paving, Asphalt
 PCO: Paving, Concrete
 LIG: Parking Lot Lighting (Sq. Ft. of Area Served)
 BUM: Parking Bumpers (Lin. Ft.)

Commercial and Institutional Built-ins
(Total Sq. Ft. of Building Area)

UW: Bank Equipment
 (counters, vault doors, etc.)
 UX: Jail Equipment
 (cell blocks, locking devices, etc.)
 UY: Hospital Equipment (Groups II and III)
 UAA: Hospital Pneumatic Conveyor System
 UAB: College Commons Kitchen Equipment
 UAC: Science Building Laboratory Equipment

Bank Vaults
(Sq. Ft. of Vault Area)

UAD: Money
 UAG: Record Storage

Stages & Permanent Fixtures
(Sq. Ft. of Stage Area)

UAH: Live Performance
 UAJ: Motion Picture Only
 UAK: Speaker's Platform

High Rise Apartment Miscellaneous
(Number of Units)

APP: Appliance Allowance (enter # of apart. units)
 UAM: Wall Air Conditioning (# of units)

Barns and Sheds
(Sq. Ft. of Loft)

LOF: Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTRA (Depreciated), MIScellaneous (Not Depreciated))

	BRIEF DESCRIPTIONS	(+ or -) COST
EXT :	Bathroom fixtures	\$ 15,750
EXT :	Air Conditioner	\$ 1,000
EXT :	Dock Doors	\$ 7,200
EXT :	Partitioning	\$ 2,000
		\$

REMARKS

REM: _____
 REM: _____
 REM: _____

OCCUPANCY CODES

300 Apartment (High Rise)	316 Dairy & Milking Barn	336 Laundromat	357 Commons	399 Shed, Cattle
301 Armory	317 Dairy Sales Building	337 Library	358 Gymnasium	400 Shed, Hay
302 Auditorium	318 Department Store	338 Loft	359 Lecture Hall	403 Shower Building
303 Automobile Showroom	319 Discount Store	339 Lumber Stge., Horizontal	360 Library	378 Stable
304 Bank	320 Dispensary	390 Lumber Stge., Vertical	361 Manual Arts	389 Storage, Equipment
384 Barber Shop	393 Dormitories (Labor)	340 Market	362 Multi-Purpose	391 Storage, Material
305 Barn	321 Dormitory	341 Medical Office	363 Physical Education	395 Storage, Potato or Vegetables
396 Barn, Hog	322 Fire Station	342 Mortuary	364 Science	379 Theater, Stage Presentation
397 Barn, Sheep	323 Fraternal Building	343 Motel	365 Entire Elementary	380 Theater, Motion Picture
398 Barn, Fruit Packing	324 Fraternity House	344 Office Building	366 Entire Secondary	383 Tobacco Barn
306 Bowling Alley	325 Garage, Service	345 Parking Structure	School, College	404 Utility Building, Farm
394 Cabins (Transient Labor)	326 Garage, Storage	388 Parking Structure, Underground	367 Arts & Crafts	381 Veterinary Hospital
308 Church with Sunday School	327 Governmental Building	346 Post Office	368 Classroom	382 Warehouse
309 Church without Sunday School	328 Hangar, Storage	347 Poultry House	369 Commons	386 Warehouse, Mini
310 City Club	329 Hangar, Maintenance & Office	348 Rectory	370 Gymnasium	387 Warehouse, Transit
311 Clubhouse	330 Home for the Elderly	349 Restaurant, Drive-in	371 Lecture Hall	
312 Coldwater Flat	331 Hospital	350 Restaurant, Table Serv.	372 Library	
313 Convalescent Hospital	332 Hotel	353 Retail Store	373 Manual Arts	
314 Country Club	402 Hotels, Resort	School, Elem. & Sec.	374 Multi-Purpose	
315 Creamery & Milk Process	334 Industrial, Manuf.	355 Arts & Crafts	375 Physical Education	
	392 Industrial, Engineering	356 Classroom	376 Science	
	335 Jail		377 Entire College	

© 1979 - Copies of this form may be purchased from MARSHALL and SWIFT PUBLICATION COMPANY, 1111 Beverly Blvd., P.O. Box 26307, Los Angeles, California 90026 for \$2.50 per pad of 50. California subscribers add sales tax.

EXHIBIT V-11

DATA:

1:GORDON & GREG RICE
2:MREIF
3:2601 SEIFERTH ROAD
4:GRAASKAMP
5:1/1/85
6:2 1
7:391
8:5
9:1.03
10:2
11:19120
12:3
13:1
14:17
15:10
16:4
17:41 44
18:10
19:0
20:19120
21:0

COST REFINEMENTS:

LAN: 56000
DOF : 19120
PAS : 25000

ADDITIONS:

1: EXT:BATHROOM FIXTURES	\$	15,750
2: EXT:AIR CONDITIONER	\$	1,000
3: EXT:DOCK DOORS	\$	7,200
4: EXT:PARTITIONING	\$	2,000

COST AS OF: 1/85
ARCHITECT FEES: ON *

EXHIBIT V-11 (Continued)

COMMAND:>REPORT

COST ESTIMATE FOR: GORDON & GREG RICE
 PROPERTY OWNER: MREIF
 ADDRESS: 2601 SEIFERTH ROAD
 SURVEYED BY: GRAASKAMP
 DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
 FLOOR AREA: 19,120 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
 CLASS: S Steel EFFECTIVE AGE: 10 Years
 COST RANK: 2.0 Average CONDITION: 4.0 Good
 NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
 Insulation..... 100%
 Corrugated Steel,Steel Frame.. 100%
 HEATING AND COOLING:
 Space Heat..... 100%
 OTHER FEATURES:
 Sprinklers Serving 19,120 Square Feet

	UNITS	COST	TOTAL

BASIC STRUCTURE COST:	19,120	14.77	282,352

ADDITIONS:			
Dock Height Floors.....	19,120	1.10	21,032
TOTAL SUPERSTRUCTURE COST.....	19,120	15.87	303,384

EXTRAS:			
Paving,Asphalt.....	25,000	1.38	34,500
BATHROOM FIXTURES			15,750
AIR CONDITIONER			1,000
DOCK DOORS			7,200
PARTITIONING			2,000
REPLACEMENT COST NEW.....			363,834

LESS DEPRECIATION:			
Physical and Functional.....	<40.0%>		<145,534>
DEPRECIATED COST.....			218,300

Estimated Land Value.....			56,000

INDICATED VALUE BY COST APPROACH:			274,300
ROUNDED TO NEAREST \$1,000			274,000

Cost Data by MARSHALL and SWIFT

EXHIBIT V-11 (Continued)

COST ESTIMATE FOR: GORDON & GREG RICE
 PROPERTY OWNER: MREIF
 ADDRESS: 2601 SEIFERTH ROAD
 SURVEYED BY: GRAASKAMP
 DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
 FLOOR AREA: 19,120 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
 CLASS: S Steel EFFECTIVE AGE: 8 Years
 COST RANK: 2.0 Average CONDITION: 4.0 Good
 NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
 Insulation..... 100%
 Corrugated Steel, Steel Frame.. 100%
 HEATING AND COOLING:
 Space Heat..... 100%
 OTHER FEATURES:
 Sprinklers Serving 19,120 Square Feet

	UNITS	COST	TOTAL

BASIC STRUCTURE COST:	19,120	14.77	282,352

ADDITIONS:			
Dock Height Floors.....	19,120	1.10	21,032
TOTAL SUPERSTRUCTURE COST.....	19,120	15.87	303,384

EXTRAS:			
Paving, Asphalt.....	25,000	1.38	34,500
BATHROOM FIXTURES			15,750
AIR CONDITIONER			1,000
DOCK DOORS			7,200
PARTITIONING			2,000
REPLACEMENT COST NEW.....			363,834

LESS DEPRECIATION:			
Physical and Functional.....	<30.0%>		<109,150>
DEPRECIATED COST.....			254,684

Estimated Land Value.....			56,000

INDICATED VALUE BY COST APPROACH:			310,684
ROUNDED TO NEAREST \$1,000			311,000

Cost Data by MARSHALL and SWIFT

EXHIBIT V-11 (Continued)

COMMAND:>15:13
 COMMAND:>REPORT

COST ESTIMATE FOR: GORDON & GREG RICE
 PROPERTY OWNER: MREIF
 ADDRESS: 2601 SEIFERTH ROAD
 SURVEYED BY: GRAASKAMP
 DATE OF SURVEY: 1/1/85

DESCRIPTION:

 OCCUPANCY: MATERIAL STORAGE BUILDING
 FLOOR AREA: 19,120 Square Feet AVERAGE STORY HEIGHT: 17.0 Feet
 CLASS: S Steel EFFECTIVE AGE: 13 Years
 COST RANK: 2.0 Average CONDITION: 4.0 Good
 NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
 Insulation..... 100%
 Corrugated Steel,Steel Frame.. 100%
 HEATING AND COOLING:
 Space Heat..... 100%
 OTHER FEATURES:
 Sprinklers Serving 19,120 Square Feet

	UNITS	COST	TOTAL

BASIC STRUCTURE COST:	19,120	14.77	282,352

ADDITIONS:			
Dock Height Floors.....	19,120	1.10	21,032
TOTAL SUPERSTRUCTURE COST.....	19,120	15.87	303,384

EXTRAS:			
Paving,Asphalt.....	25,000	1.38	34,500
BATHROOM FIXTURES			15,750
AIR CONDITIONER			1,000
DOCK DOORS			7,200
PARTITIONING			2,000
REPLACEMENT COST NEW.....			363,834

LESS DEPRECIATION:			
Physical and Functional.....	<55.0%>		<200,109>
DEPRECIATED COST.....			163,725

Estimated Land Value.....			56,000

INDICATED VALUE BY COST APPROACH:			219,725
ROUNDED TO NEAREST \$1,000			220,000

Cost Data by MARSHALL and SWIFT

VI. APPRAISAL OF 625 MAYFAIR AVENUE

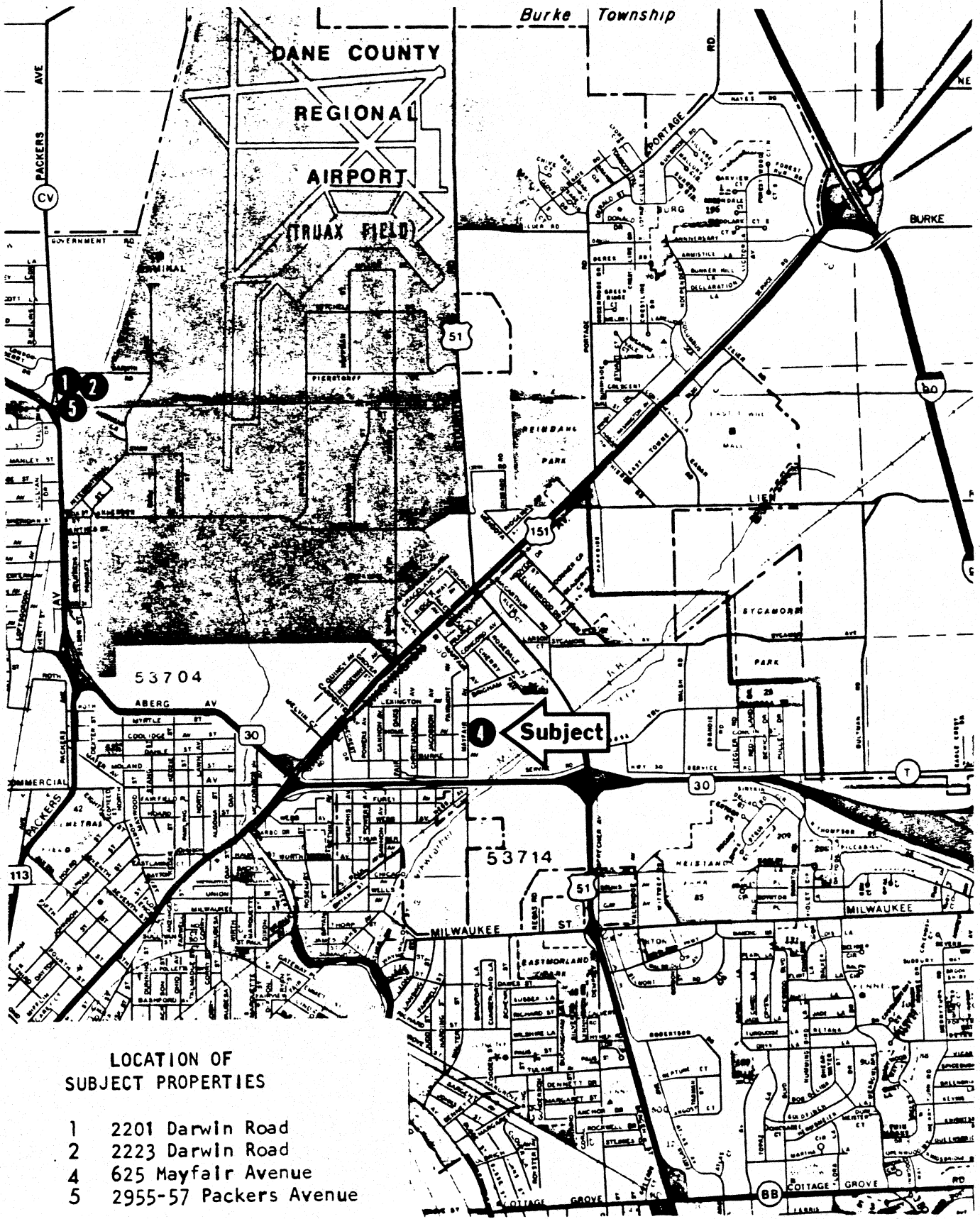
A. Site Description and Analysis

The subject site is described as Parcel 2 of Certified Survey Map No. 1125, recorded in Volume 4 of Certified Surveys, pages 436-438, Document No. 1362057, and is located in the City of Madison, Dane County, Wisconsin. The larger parcel from which it was separated was once the site of an agricultural chemical plant which required multiple side tracks. The area is zoned M-1 to grandfather older uses which had clustered along the railway track on the edge of the City. The 3.3 acre, or 143,748 square foot irregularly shaped parcel has an average depth of approximately 700 feet and approximately 205 feet of frontage on Mayfair Avenue. Mayfair Avenue was detached from old Highway 30 when Highway 30 was upgraded to a four-lane limited access to Interstates 90 and 94 to the east. A short frontage road now connects Mayfair Avenue to Fair Oaks, which provides connections to an eastbound on-ramp to Highway 30, northbound to Highways 151 and 51, and a westbound on-ramp toward Madison. Thus, site linkages are excellent for heavy trucking and rail operations to the state hinterland. (See Exhibit VI-1 for locational map.)

Parcel 2 shares a 50 foot wide driveway access with other industrial operations on Parcels 3 and 4. There is a major side track agreement providing for owner maintenance and liability relative to approximately 500 feet of side track entering

EXHIBIT VI-1

LOCATION OF EMMER-MADISON WAREHOUSE
AT 625 MAYFAIR AVENUE



LOCATION OF
SUBJECT PROPERTIES

- 1 2201 Darwin Road
- 2 2223 Darwin Road
- 4 625 Mayfair Avenue
- 5 2955-57 Packers Avenue

Chicago, Milwaukee, St. Paul, and Pacific Railroad's main line on the east lot line of the subject property. When the parcel was originally acquired for a building to suit the present tenants, it included an additional side track on the north property line, since removed, and a large concrete raised slab remnant from a previous use. This slab was incorporated into current plant facilities. The balance of the site is improved with hard-packed TB on crushed rock to provide a surface for lumber storage and vehicle movement. The site is served by city water, sewer, fire, and police and adjoins a marginal residential area, which could, at some future time, resist tenancies generating additional truck traffic on the edge of the neighborhood. (See Exhibit VI-2 for site plan.)

The subject site is zoned M-1, but the area is not a recognized major industrial park area. The majority of the commercial development is adjacent to the Chicago, Northwestern main rail line which lies to the east of the subject property. To the west is the older, marginal residential neighborhood previously mentioned. (See Exhibit VI-2 for zoning map.)

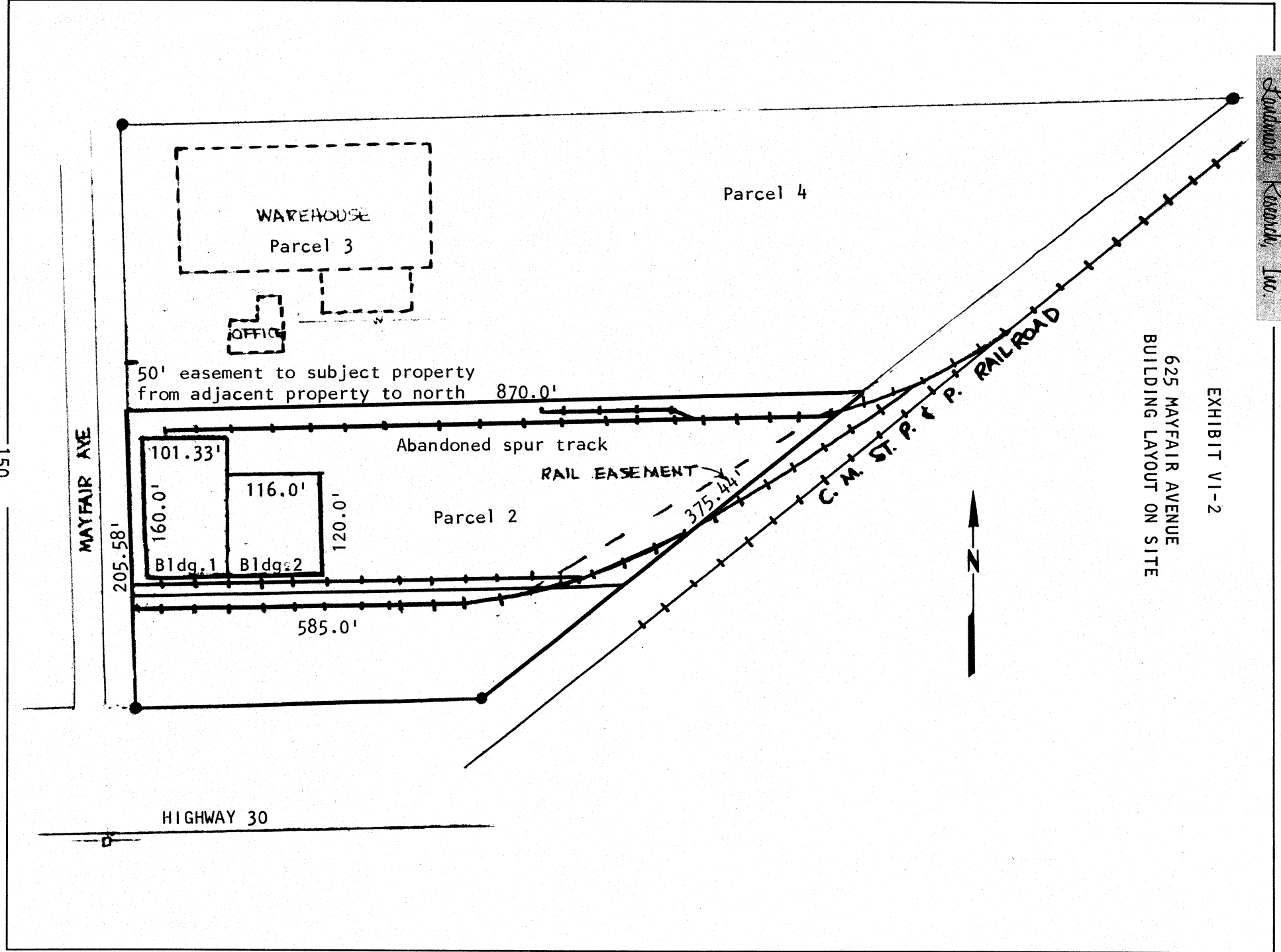
B. Building Description and Analysis
(See Exhibit VI-3 for photographs of subject property)

Building improvements to the site consist of two long-span, pre-engineered steel structures designed to facilitate

Landmark Research, Inc.

625 MAYFAIR AVENUE
BUILDING LAYOUT ON SITE

EXHIBIT VI-2



150

MAYFAIR AVE

50' easement to subject property
from adjacent property to north 870.0'

WAREHOUSE
Parcel 3

OFFICE

Parcel 4

Abandoned spur track

RAIL EASEMENT

Parcel 2

101.33'

160.0'

116.0'

120.0'

Bldg. 1

Bldg. 2

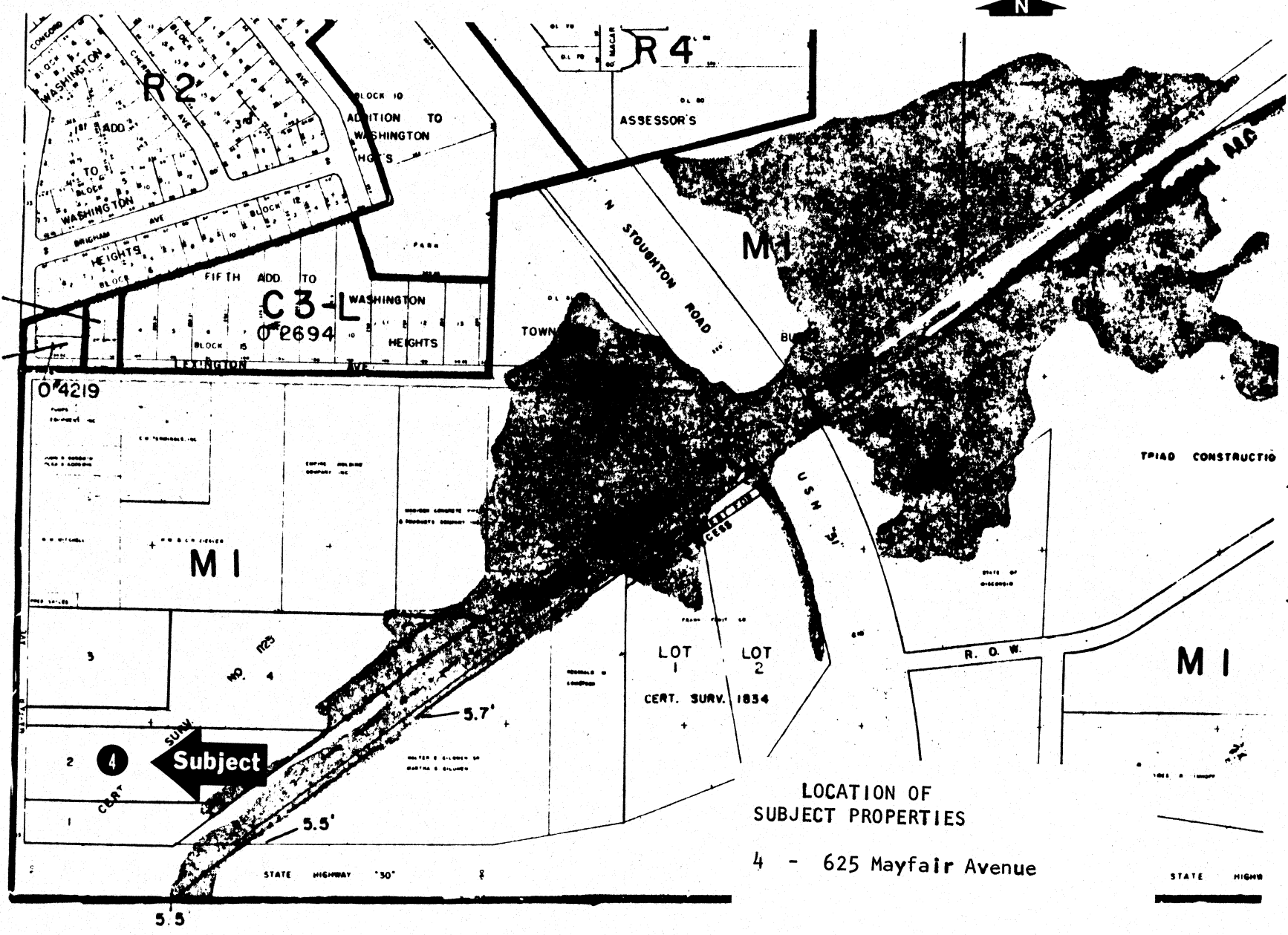
585.0'

375.44'

C. M. ST. P. & P. RAILROAD



HIGHWAY 30



LOCATION OF SUBJECT PROPERTIES

4 - 625 Mayfair Avenue

forklift handling of dimensional lumber from rail car to storage to semi trucks.

Building No. 1 is 160 feet long and 101.33 wide, for a total of 16,213 square feet, with a single set of center posts providing clearance to the bottom of the beams in excess of 20 feet (see Exhibit VI-2). The building rests on a raised slab to bring the floor to the level of side track railroad cars. Two large 22 foot by 14 foot overhead doors provide access to railcars. A single 12 foot by 10 foot overhead door provides a truck loading door on the north side of Building No. 1. A third 22 foot by 14 foot overhead door separates the enclosed warehouse from Building No. 2, an adjoining open shed with additional covered rail dockage.

Building No. 1 has 1-1/2 inch fiberglass reflective insulation in the ceilings but none in the walls. Each of the 12 bays feature a corrugated plastic skylight. Minimum lighting is provided by industrial floodlights. Wall panels are self-supporting, deep profile rolled steel panels.

The 1,456 square foot office area has been finished in the northeast corner of Building No. 1. The offices are wood framed with insulated drop ceilings. Tenant finish includes high-grade wood paneling, acoustic ceiling panels, fluorescent strip lighting, and a forced hot air heating system. The landlord provided four small sliding exterior windows, doors to the

warehouse and steel stepped exterior entries on the north and east sides of the building. In addition to multiple sliding door closets, the landlord also provided two half-bathrooms with utility grade fixtures.

Building No. 2 is an open-ended shed with a 120 foot clear span for its entire 116 foot length. On the end adjoining Building No. 1 is a 22 foot wide 68 foot long gradually sloping concrete ramp up from grade level of Building No. 2 to dock height of Building No. 1 to permit forklifts with long lumber lengths to move freely. Corrugated plastic skylights supplement industrial flood lights and natural daylight from open end-wall as illustrated by building photographs shown in Exhibit VI-3. Only the ceiling is lined with 1-1/2 inch fiberglass reflective insulation. The elevated end of the ramp also serves the extended railroad dockage on the south wall of Building No. 2.

Although this facility was designed for a specific tenant with need for bulky material handling, the building could be adapted to general warehouse use by enclosing the open shed, insulating side walls, providing sprinklers, and more conventional truck loading docks. Its high ceilings and long spans provide exceptional flexibility for alternative uses.

EXHIBIT VI-3

PHOTOGRAPHS OF SUBJECT PROPERTY
AT 625 MAYFAIR AVENUE



Looking southeast from Mayfair Avenue at
main entrance to 625 Mayfair Avenue



Open shed on east side of 625 Mayfair
Avenue. Entrance to office area on far
right of picture near west end of shed.



Rail dock doors on south side of 625 Mayfair Avenue. Rail spur runs parallel to building.



Unheated enclosed storage area of main warehouse. Note skylight and ceiling insulation.



Looking east from top of
ramp and dock inside open shed.



Finished office area in
main warehouse building.

C. Lease Description and Analysis

The subject property is currently leased to Emmer-Madison, a lumber wholesaler, on a 15-year lease which commenced May 1, 1973, and runs through April 30, 1988. The annual revenue of \$27,000, or \$0.90 per square foot of GBA, is fixed for the term of the lease. The terms and conditions of the lease are summarized in Exhibit VI-4.

It should be noted that the standard form lease used by MREIF has been customized for each tenant. For purposes of valuation, the appraiser has taken contract rents to be the basis for appraisal to the end of the existing lease term and then modified the rents to anticipated market rents at the time of renewal, as demonstrated in proforma forecasts and footnotes in Exhibit VI-5.

As of January 1, 1985, the contract rent of \$0.90 per square foot of GBA is below market and therefore creates a leasehold interest for the lessee. If rents had increased on the average of 3.5 to 4 percent annually since 1973, the current rent would be approximately \$1.34 to \$1.40 per square foot of GBA.

The tenant is charged with the maintenance and repair of the property, except for ordinary wear and tear and damage caused by negligence of the lessor. These are standard lease terms in MREIF leases. With a single tenant on a long-term

SUBJECT PROPERTY DATA

ADDRESS: 625 Mayfair Avenue

ZONING: M1

LAND AREA: 143,748 square feet, or 3.3 acres

RAIL SPUR: 2,544 feet of rail with Chicago, Milwaukee, St. Paul, and Pacific Railroad Company.

BUILDING
CONSTRUCTION TYPE: Pre-engineered steel

TYPE OF HEATING: None, except office area. Insulation in ceiling of warehouse and open shed.

YEAR BUILT: 1973

BUILDING SIZE: Warehouse: 28,544 SF
Office: 1,456

TOTAL 30,000 SF

LAND/BUILDING COST: 4.79

=====

TENANT DATA - CURRENT LEASE

LESSEE NO. 1: Emmer-Madison, Inc.

SQUARE FEET LEASED: 30,000

LEASE TERM: 15 years from May 1, 1973, to April 30, 1988.
At ten years, tenant may terminate lease with one year's written notice.

1984 ANNUAL RENT: \$27,000

1984 ANNUAL
RENT/SQUARE FOOT: \$0.90

ESCALATOR IN LEASE: None

EXPENSES

UTILITIES: Tenant pays water, sewer, heat, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor processes and maintains fire and extended coverage insurance for not less than 80 percent of the insurable value together with replacement endorsement and a loss of rental policy. Tenant pays a reimbursement of the premiums to lessor as additional rent. Tenant agrees to carry and pay premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep in good repair the premises at its own expense.

REAL ESTATE TAXES: Tenant pays all real estate taxes and personal property taxes and any special assessments.

AS REPORTED BY MREIF
625 MAYFAIR AVENUE

1983 REVENUE:		\$27,000
1983 EXPENSES:		
Management Fees	\$ 2,630	
		<u>2,630</u>
NET OPERATING INCOME		\$24,370
		=====

lease it is more likely the lessor will wait until the end of the lease period to make major repairs in anticipation of the renegotiation of the lease. It is, of course, assumed the lessor will fulfill his obligation to the lessee to keep the building in good functional condition throughout the term of the lease.

To anticipate the need for major repairs or, possibly, capital improvements in 1988, a new buyer is expected to set up a reserve fund; 10 percent of cash throw off after taxes is invested at 9 percent interest throughout the holding period in anticipation of the end of the current loan period. If the current tenant is not available, the east side of the Phase 2 building may need to be enclosed to increase the alternative uses for the property. The reserve fund can also be available for this improvement.

D. Operating Expenses, Reimbursements,
and Appraisal Assumptions

Because of the current specialized nature of this property, it is assumed that the single tenant lease will continue to be triple net with a reimbursement of insurance premiums to the lessor and with the tenant directly paying the full real estate tax to the City of Madison. All utilities, repairs and maintenance, snow and trash removal, and janitorial services will be the responsibility of the lessee. See the footnotes to

Exhibit VI-5 for a description of the operating expenses and reimbursables estimated for the subject property.

E. Financing Description and Analysis

Existing financing on the subject property is non-assumable according to the mortgage note to Rural Security Life Insurance Co. and according to William P. Hammer, Vice President of Investments from Rural Security. Therefore any purchaser would have to acquire new financing, and current terms available for this type of property would require an interest rate of 13.25 percent on a loan, amortizing over 25 years but ballooning in seven years. Cost to originate would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio (DCR) of approximately 1.4 based on the first year normalized net income. The lender would demand the higher debt cover ratio for a specialized property occupied by a small regional tenant as opposed to a tenant with a national reputation and known financial stability. These terms are currently quoted by Mr. Donsing at American Family Life Insurance Company in Madison, Wisconsin. Even though the net operating income is forecast to improve in 1988 and 1989, a lender would refinance based upon the lease terms current in 1985, the year of purchase.

WAREHOUSE AT 625 MAYFAIR AVENUE

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1989

	GBA LEASED (SF)	1985 BASE RENT	1985	1986	1987	1988	1989
REVENUES							
<u>Potential Gross Rent</u>							
Emmer-Madison, Inc. [1]	30,000	\$0.90	\$27,000	\$27,000	\$27,000	\$39,000	\$46,200
Subtotal	30,000		\$27,000	\$27,000	\$27,000	\$39,000	\$46,200
<u>Reimbursables</u>							
Insurance Premiums [2]			--1,800	--1,872	--1,947	--2,025	--2,106
Total Potential Gross Revenue			\$28,800	\$28,872	\$28,947	\$41,025	\$48,306
Less: Vacancy @ 0% [3]			-----0	-----0	-----0	-----0	-----0
EFFECTIVE GROSS REVENUE			\$28,800	\$28,872	\$28,947	\$41,025	\$48,306
EXPENSES							
Management [4]			1,440	1,444	1,447	2,051	2,415
Leasing Fee [5]			1,152	1,155	1,158	1,641	1,932
Insurance [6]			--1,800	--1,872	--1,947	--2,025	--2,106
Subtotal: Expenses Before Real Estate Taxes			\$ 4,392	\$ 4,471	\$ 4,552	\$ 5,717	\$ 6,453
Real Estate Taxes [7]			-----0	-----0	-----0	-----0	-----0
Total Expenses			\$ 4,392	\$ 4,471	\$ 4,552	\$ 5,717	\$ 6,453
NET OPERATING INCOME			\$24,408	\$24,401	\$24,395	\$35,308	\$41,853
			=====	=====	=====	=====	=====

Sandwich Research, Inc.

EXHIBIT VI-5 (Continued)

625 MAYFAIR AVENUE

FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

- [1] The improvements on the subject property were specially built to the needs of the present tenant, Emmer-Madison, Inc., a lumber distributor. The 15-year lease, which commenced May 1, 1973, has a fixed rental rate of \$0.90 per square foot of GBA. Because of the special fit of this tenant to the space, it is assumed the same tenant will renew the lease, but at current market rates. Based upon competitive market rents for large, unheated space as of January 1, 1985, and assuming a 3.5 to 4 percent average annual inflation factor since 1973, the base triple net rent as of May 1, 1988, would be \$1.50 to \$1.62. The lower value is estimated as market rent for this in-place tenant. The projected revenues for the subject property are as follows:

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 12/31/85	\$0.90	<u>\$27,000</u>	
REVENUE FOR 1985				\$27,000
Current lease	1/1/86 - 12/31/86	\$0.90	<u>\$27,000</u>	
REVENUE FOR 1986				\$27,000
Current lease	1/1/87 - 12/31/87	\$0.90	<u>\$27,000</u>	
REVENUE FOR 1987				\$27,000
Current lease	1/1/88 - 4/30/88	\$0.90	\$ 9,000	
New lease rate	5/1/88 - 12/31/88	\$1.50	<u>\$30,000</u>	
REVENUE FOR 1988				\$39,000
New lease rate	1/1/89 - 4/30/89	\$1.50	\$15,000	
4% increase	5/1/89 - 12/31/89	\$1.56	<u>\$31,200</u>	
REVENUE FOR 1989				\$46,200

EXHIBIT VI-5 (Continued)

[2] Insurance premiums for fire and extended coverage, paid by the lessor, and reimbursed by the tenant, are estimated to be \$0.06 per sqyare foot per GBA. The annual insurance premiums are estimated to be as follows:

=====

YEAR PAYABLE	TOTAL AMOUNT OF INSURANCE PREMIUM	TOTAL REIMBURSABLES
1985	\$1,800	\$1,800
1986	1,872	1,872
1987	1,947	1,947
1988	2,025	2,025
1989	2,106	2,106

Insurance premiums are assumed to inflate at 4 percent per year.

[3] Since it is assumed the current tenant will renegotiate a new lease as of May 1, 1988, there will be no vacancy over the five-year projection period.

[4] Management fees are 5 percent of effective gross revenue.

[5] Leasing fees are 4 percent of effective gross revenue. Given the long-term lease presently in place, the leasing fee currently charged is assumed to be the amortized charge over the term of the lease.

[6] Insurance premiums for fire and extended coverage are estimated to be \$0.06 per square foot of GBA and inflated at 4 percent; although paid by the lessor, the tenant fully reimburses this expense annually as additional rent.

[7] Real estate taxes are paid by the tenant.

F. Capital Budget Assumptions for
Discounted Cash Flow Approach

The income approach, using the discounted cash flow methodology, is detailed in Appendix A. Essential parameters for discounted cash flow valuation beyond revenues, expenses, and financing are the value assigned to vacant land, reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed projection period. The appraiser has chosen to utilize a five-year projection period. The following values have been assigned to these capital budget assumptions:

1. Although land value cannot be considered separate from total value, for purposes of income tax treatment the subject parcel has a market supported value of \$0.60 per square foot which, multiplied times its area of 143,748 square feet, suggests a land value of approximately \$86,500. The site is located adjacent to an older, low-income neighborhood with the majority of the commercial development between Mayfair Avenue to the east and the main railroad line of Chicago, Northwestern, et al. Only a small area is zoned M-1 with a limited supply of C-2 property to the north. This is not a recognized major industrial park area. (See Exhibit VI-2.)

2. Reserves from replacement of capital items in the future have been increased to 10 percent of cash throw off available for distribution, and these reserves have been segregated to a sinking fund for reinvestment at a 9 percent tax exempt rate. The accumulated reserve is included as part of the net worth realized on resale of the property, but does reduce cash available for distribution as an equity dividend to the buyer. Although the lessor is responsible for maintenance and repairs necessitated by normal wear and tear on the property, it is unlikely such expenditure will be made until the end of the lease term. The reserves for replacement of capital items is increased where replacements are not being made on an annual basis for multiple tenants on shorter term leases.
3. The equity dividend rate required in the first year of the investment by the most probable buyers is 11.25 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization,

tax shelter, and property appreciation in addition to dividends.

4. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.
5. The final source of return to the most probable buyer is the increased net worth realized upon sale of the property at the end of a proposed five-year investment period. To estimate that value, the appraiser has chosen to multiply net operating income in the fifth year by a factor of 8.3333, a computation comparable to capitalization at a factor of 0.1200, a ratio of income to price for Madison industrial properties that is reasonably constant, unless there are severe upsets to financial markets, and the income tax law in the interim.
6. Each of the above items define the ultimate cash throw off to the investor from all sources. These

must be discounted at a minimum threshold rate of return from all sources of 16 percent after taxes to justify the business and financial risks incurred. This is the minimum equity rate currently reported as typical of managed real estate funds and used as a purchasing benchmark by Madison investors in a stable investment industrial building market. The present value of all benefits to the equity position discounted at 16 percent, if held for five years and sold at the assumed price when added to the original mortgage balance, equals the market value of the subject property using the income approach.

G. Discounted Cash Flow Value Conclusion

The assumptions used in the discounted cash flow model are found in Exhibit VI-6. The discounted after tax value of the subject property, if held for five years, is \$242,948, or \$243,000 rounded, using a minimum 16 percent discount factor for all the benefits to the equity position. (See Exhibit IV-7, line 39.) If the property were purchased at this price, the investor would enjoy a conservative risk position reflected by: (1) a cash breakeven ratio or default point as shown in Exhibit VI-7, line 42, of less than 76 percent, (2) a payback of 69 percent of the initial equity investment of \$62,000 by

the end of the fifth year prior to resale, and (3) cash dividends of 11 percent or better each year.

The discounted after tax value of \$243,000 is greater than the justified investment amount or initial cost as of \$188,679, or \$189,000 rounded, reported in Exhibit VI-7, Report Section 1. This is due to the depressed value of the first year NOI based upon contract rents instead of market rents. The justified investment, or initial cost, is solved for by the more simplistic back door method in which the net operating income, financing parameters, and equity requirements determine the size of the mortgage, the equity contribution and therefore the justified investment amount.

If a market rent of \$1.34 per square foot of GBA were in place as of January 1, 1985, and the required DCR of 1.3, the justified investment value would be \$278,000, with a mortgage of \$203,500 and an equity contribution of \$74,500. The discounted after tax value, assuming a resale in five years, would be \$297,000. (See Exhibit VI-8 for second discounted cash flow analysis of subject property at market rent for a full five years of the holding period.) Therefore the value of the leasehold interest is estimated to be approximately \$54,000, or the difference between investment value of \$243,000 with contract rents in place for 3.5 more years and \$297,000 if

EXHIBIT VI-6

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
MRCAP COMPUTER PROGRAM
625 MAYFAIR AVENUE

1. Appraisal is as of January 1, 1985.
2. Holding period is five years with resale at end of 1989.
3. Debt cover ratio (DCR) is 1.4. The DCR is applied to the net operating income (NOI) in the first year, although NOI is depressed by the below market contract rent currently in place, which is approximately 3.5 years to run.
4. Cash on cash required by the equity position is 11.25 percent.
5. The discount rate used is 16 percent. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor.
6. The investor income tax marginal rate is 40 percent.
7. The after tax reinvestment rate applied to the after tax cash proceeds is 9 percent.
8. The resale price at the end of the holding period is based upon the NOI in 1989 and a net income multiplier of 8.333, or a capitalization rate of 0.12.
9. A reserve for replacements is based upon 2 percent of the after-tax cash throw off and is invested at 9 percent per year.
10. Land is valued at \$86,500, or \$0.60 per square foot.
11. The computer program solves for justified investment value based upon the amount of debt and equity the property can carry, given the financing parameters and cash on cash requirements. The land value is subtracted from justified investment value to solve for building value. The building is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.
12. The financing parameters include 13.25 percent interest, 25-year loan, and a balloon in seven years. Debt service payments are made monthly.
13. All revenue and expense assumptions are found in Exhibit VI-6.

EXHIBIT VI-7

COMPUTER OUTPUT OF DISCOUNTED CASH FLOW ANALYSIS

LEASED FEE VALUATION WITH
CONTRACT RENTS THROUGH APRIL 31, 1988

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

625 MAYFAIR AVE.

FOR

MREIF

REPORT SECTION NUMBER 1

PAGE 1

* GROSS RENT	\$ 35190.	* RATE OF GROWTH OF GROSS RENT	0.1500
* EXPENSES	\$ 5117.	* RATE OF GROWTH OF EXPENSES	0.1052
* R E TAXES	\$ 1.	* RATE OF GROWTH OF R E TAXES	0.0000
* INCOME TAX RATE	0.4000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE	0.0000	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT	0.1600	EXTRAORDINARY EXPENSES \$	0.
RESALE COST	0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS\$	0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS	0	OWNERSHIP FORM	1
INITIAL COST \$	188679.	INITIAL EQUITY REQUIRED \$	61986.

ALL ** VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 5 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

P R O F O R M A

INVESTMENT ANALYSIS OF

625 MAYFAIR AVE.

FOR

MREIF

R E P O R T S E C T I O N N U M B E R 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
1 GROSS RENT	28800.	28872.	28947.	41025.	48306.
2 LESS VACANCY	0.	0.	0.	0.	0.
3 LESS REAL ESTAE TAXES	1.	1.	1.	1.	1.
4 LESS EXPENSES	4392.	4471.	4552.	5717.	6453.
5 NET INCOME	24407.	24400.	24394.	35307.	41852.
6 LESS DEPRECIATION	5677.	5677.	5677.	5677.	5677.
7 LESS INTEREST PMTS	16746.	16649.	16539.	16413.	16269.
8 TAXABLE INCOME	1984.	2074.	2179.	13218.	19906.
9 PLUS DEPRECIATION	5677.	5677.	5677.	5677.	5677.
10 LESS PRINCIPAL PMTS	687.	784.	895.	1021.	1164.
11 CASH THROW-OFF	6974.	6967.	6961.	17874.	24419.
12 LESS INCOME TAXES	794.	830.	871.	5287.	7963.
13 LESS RESERVES	618.	614.	609.	1259.	1646.
14 CASH FROM OPERATIONS	5562.	5523.	5480.	11328.	14810.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	5562.	5523.	5480.	11328.	14810.
17 TAX SAVINGS ON OTHER INCOME	0.	0.	0.	0.	0.
18 SPENDABLE CASH AFTER TAXES	5562.	5523.	5480.	11328.	14810.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
19 END OF YEAR MARKET VALUE - 1989					348765.
20 LESS RESALE COST	8136.	8133.	8131.	11769.	13951.
21 LESS LOAN BALANCES	126005.	125221.	124326.	123306.	122141.
22 PLUS CUM. CASH RESERVES	618.	1287.	2012.	3452.	5408.
23 BEFORE TAX NET WORTH	69868.	71265.	72837.	162601.	218081.
24 CAPITAL GAIN (IF SOLD)	12253.	17874.	23502.	116483.	174519.
25 CAPITAL GAINS TAX	1960.	2860.	3760.	18637.	27923.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	1960.	2860.	3760.	18637.	27923.
29 AFTER TAX NET WORTH	67907.	68406.	69077.	143964.	190158.

EXHIBIT VI-7 (Continued)

BEFORE TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
30 RETURN ON NET WORTH B/4 TAX	0.2397	0.1197	0.1197	1.4778	0.4914
31 CHANGE IN NET WORTH B/4 TAX	7882.	1398.	1571.	89764.	55481.
32 ORIG EQUITY CASH RTNB/4 TAX	0.1125	0.1124	0.1123	0.2883	0.3939
33 ORIG EQUITY PAYBACK B/4 TAX	0.1125	0.2249	0.3372	0.6255	1.0195
34 B/4 TAX PRESENT VALUE	192935.	190844.	189005.	242016.	267670.

AFTER TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
35 RETURN ON NET WORTH AFR TAX	0.1853	0.0887	0.0899	1.2481	0.4238
36 CHANGE IN NET WORTH AFR TAX	5921.	498.	671.	74887.	46195.
37 ORIG EQUITY CASH RTNAFR TAX	0.0897	0.0891	0.0884	0.1827	0.2389
* 38 ORIG EQUITY PAYBACK AFR TAX	0.0897	0.1788	0.2672	0.4500	0.6889
* 39 AFTER TAX PRESENT VALUE	190028.	186429.	183357.	224869.	<u>242948.</u>

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
40 NET INCOME-MARKET VALUE RTO	0.1200	0.1200	0.1200	0.1200	0.1200
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000
* 42 DEFAULT RATIO	0.7579	0.7587	0.7595	0.5643	0.4945

EXHIBIT VI-7 (Continued)

RUN NUMBER 0

PRO FORMA
INVESTMENT ANALYSIS OF
625 MAYFAIR AVE.
FOR
MREIF

REPORT SECTION NUMBER 2
=====

PAGE 1

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 86500.	0
BUILDING	1.00	1	18.	2	\$ 102179.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	7	25	\$ 126693.	0.671

EXHIBIT VI-7 (Continued)

REPORT SECTION NUMBER 9
=====

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 102179.
DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	5677.	5677.	0.	0.
2	5677.	11353.	0.	0.
3	5677.	17030.	0.	0.
4	5677.	22706.	0.	0.
5	5677.	28383.	0.	0.

REPORT SECTION NUMBER 8
=====

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 126693. TERM 25
INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01146701
PERIOD PAYMENT 1452.79 PAYMENTS PER YEAR 12
BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	17433.	16746.	687.	126005.	0.
2	17433.	16649.	784.	125221.	0.
3	17433.	16539.	895.	124326.	0.
4	17433.	16413.	1021.	123306.	0.
5	17433.	16269.	1164.	122141.	0.

EXHIBIT VI-7 (Continued)

MRCAP COMPUTER INPUT FILE

DIS MREIF.4

1,625 MAYFAIR AVE., MREIF
10,1985,0,1,1.0,5,30000
20,3,1,1.4,.1125,1,1
100,.16,.40,.09
101,0,8.3333,2
102,.14,1,.04,0
103,.10,0,.09,0
40,28800,28872,28947,41025,48306
60,0
70,1,*
80,4392,4471,4552,5717,6453
200,1,LAND
201,1,86500,0,0
202,1,1,40,0
200,2,BUILDING
201,2,1.0,1.0,2
202,2,1,18,0
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,7,0
400,9
403,99
999,99

EXHIBIT VI-8

FEE SIMPLE VALUATION WITH
MARKET RENTS AS OF JANUARY 1, 1985

RUN NUMBER 0

P R O F O R M A

INVESTMENT ANALYSIS OF

625 MAYFAIR AVE.

FOR

MREIF

REPORT SECTION NUMBER 1

PAGE 1

* GROSS RENT	\$	45496.	* RATE OF GROWTH OF GROSS RENT	0.0400
* EXPENSES	\$	6045.	* RATE OF GROWTH OF EXPENSES	0.0400
* R E TAXES	\$	1.	* RATE OF GROWTH OF R E TAXES	0.0000
* INCOME TAX RATE		0.4000	PROJECT VALUE GROWTH TYPE	2.0000
* VACANCY RATE		0.0000	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT		0.1600	EXTRAORDINARY EXPENSES \$	0.
RESALE COST		0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS\$		0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS		0	OWNERSHIP FORM	1
INITIAL COST \$		278293.	INITIAL EQUITY REQUIRED \$	74706.

ALL '*' VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 5 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

P R O F O R M A

INVESTMENT ANALYSIS OF

625 MAYFAIR AVE.

FOR

MREIF

R E P O R T S E C T I O N N U M B E R 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
1 GROSS RENT	42000.	43672.	45427.	47245.	49136.
2 LESS VACANCY	0.	0.	0.	0.	0.
3 LESS REAL ESTAE TAXES	1.	1.	1.	1.	1.
4 LESS EXPENSES	5580.	5803.	6035.	6277.	6528.
5 NET INCOME	36419.	37868.	39391.	40967.	42607.
6 LESS DEPRECIATION	10655.	10655.	10655.	10655.	10655.
7 LESS INTEREST PMTS	26910.	26754.	26577.	26374.	26143.
8 TAXABLE INCOME	-1146.	459.	2159.	3938.	5809.
9 PLUS DEPRECIATION	10655.	10655.	10655.	10655.	10655.
10 LESS PRINCIPAL PMTS	1105.	1260.	1438.	1640.	1871.
11 CASH THROW-OFF	8405.	9854.	11377.	12953.	14593.
12 LESS INCOME TAXES	0.	183.	864.	1575.	2323.
13 LESS RESERVES	840.	967.	1051.	1138.	1227.
14 CASH FROM OPERATIONS	7564.	8703.	9462.	10240.	11042.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	7564.	8703.	9462.	10240.	11042.
17 TAX SAVINGS ON OTHER INCOME	458.	0.	0.	0.	0.
18 SPENDABLE CASH AFTER TAXES	8022.	8703.	9462.	10240.	11042.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989
19 END OF YEAR MARKET VALUE - 1989					355057.
20 LESS RESALE COST	12140.	12623.	13130.	13656.	14202.
21 LESS LOAN BALANCES	202483.	201223.	199785.	198145.	196274.
22 PLUS CUM. CASH RESERVES	840.	1883.	3104.	4521.	6155.
23 BEFORE TAX NET WORTH	89708.	103603.	118446.	134111.	150736.
24 CAPITAL GAIN (IF SOLD)	23713.	45960.	68799.	92062.	115837.
25 CAPITAL GAINS TAX	3794.	7354.	11008.	14730.	18534.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	3794.	7354.	11008.	14730.	18534.
29 AFTER TAX NET WORTH	85914.	96250.	107438.	119381.	132202.

EXHIBIT VI-8 (Continued)

BEFORE TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
30 RETURN ON NET WORTH B/4 TAX	0.3133	0.2647	0.2531	0.2416	0.2328
31 CHANGE IN NET WORTH B/4 TAX	15003.	13895.	14842.	15665.	16625.
32 ORIG EQUITY CASH RTNB/4 TAX	0.1125	0.1319	0.1523	0.1734	0.1953
33 ORIG EQUITY PAYBACK B/4 TAX	0.1125	0.2444	0.3967	0.5701	0.7654
34 B/4 TAX PRESENT VALUE	288168.	295150.	301327.	306666.	311313.

AFTER TAX RATIO ANALYSIS

=====

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
35 RETURN ON NET WORTH AFR TAX	0.2574	0.2216	0.2145	0.2065	0.1999
36 CHANGE IN NET WORTH AFR TAX	11209.	10335.	11188.	11943.	12821.
37 ORIG EQUITY CASH RTNAFR TAX	0.1074	0.1165	0.1267	0.1371	0.1478
* 38 ORIG EQUITY PAYBACK AFR TAX	0.1074	0.2239	0.3505	0.4876	0.6354
* 39 AFTER TAX PRESENT VALUE	284568.	288500.	291864.	294621.	<u>296889.</u>

CASH FLOW ANALYSIS

=====

	1985	1986	1987	1988	1989
40 NET INCOME-MARKET VALUE RTO	0.1200	0.1200	0.1200	0.1200	0.1200
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000
* 42 DEFAULT RATIO	0.7999	0.7744	0.7496	0.7258	0.7030

EXHIBIT VI-8 (Continued)

RUN NUMBER 0

PROFORMA
 INVESTMENT ANALYSIS OF
 625 MAYFAIR AVE.
 FOR
 MREIF

REPORT SECTION NUMBER 2

PAGE 1

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 86500.	0
BUILDING	1.00	1	18.	2	\$ 191793.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	7	25	\$ 203588.	0.732

EXHIBIT VI-8 (Continued)

REPORT SECTION NUMBER 9
 =====

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 191793.
 DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
 USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	10655.	10655.	0.	0.
2	10655.	21310.	0.	0.
3	10655.	31966.	0.	0.
4	10655.	42621.	0.	0.
5	10655.	53276.	0.	0.

REPORT SECTION NUMBER 8
 =====

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 203588. TERM 25
 INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01146701
 PERIOD PAYMENT 2334.54 PAYMENTS PER YEAR 12
 BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	28014.	26910.	1105.	202483.	0.
2	28014.	26754.	1260.	201223.	0.
3	28014.	26577.	1438.	199785.	0.
4	28014.	26374.	1640.	198145.	0.
5	28014.	26143.	1871.	196274.	0.

EXHIBIT VI-8 (Continued)

MRCAP COMPUTER INPUT FILE

Ready

DIS MREIFB.4

1,625 MAYFAIR AVE., MREIF
10,1985,0,1,1.0,5,30000
20,3,1,1.3,.1125,1,1
100,.16,.40,.09
101,0,8.3333,2
102,.14,1,.04,0
103,.10,0,.09,0
40,42000,43672,45427,47245,49136
60,0
70,1,*
80,5580,5803,6035,6277,6528
200,1,LAND
201,1,86500,0,0
202,1,1,40,0
200,2,BUILDING
201,2,1.0,1.0,2
202,2,1,18,0
300,1,MORTGAGE
301,1,1.0,.1325,0,25
302,1,12,1,7,0
400,9
403,99
999,99

Ready

a new lease with a market rent of \$1.34 triple net were in place as of January 1, 1985.

Therefore, the value conclusion from the income approach is \$243,000 given the leasehold interest of \$54,000 also existing as of January 1, 1985.

H. Market Comparison Approach Application and Conclusions

A market comparison methodology using gross building square footage and price per square foot is detailed in Appendix B. As noted in the Madison market analysis in Section II, most transactions for general purpose steel buildings occur on the south and southeast side of Madison to house local commercial operations. Most of the comparable sales are heated, have some office space, and many have single tenant occupancy. None have an open-ended shed attached to the enclosed warehouse as does the subject.

To properly apply the market comparison price per square foot of GBA, the total square footage of the subject should be fairly homogenous and comparable to the sale properties or adjustments must be made for differences. Exhibit VI-9 lists the adjustments for differences in price sensitive attributes which are made in solving for value by the point score method, but the differences in building types within the subject property are not included in this adjustment. Since the total

30,000 square feet of the subject not only includes approximately 16,000 square feet of enclosed unheated warehouse space with 1,465 square feet of heated and finished office area, but also includes approximately 14,000 square feet of an open shed, the nominal 30,000 square feet must be adjusted to effective square feet before applying the price per square foot.

The Marshall Valuation Service suggests the cost per square foot of an open steel utility shed with minimum flooring is approximately one-half the cost of an enclosed pre-engineered steel unheated warehouse. Therefore, the full 16,000 square foot plus one-half of the 14,000 square feet of the open shed, or 23,000 square feet is used as the effective square feet of the 625 Mayfair Avenue warehouse for the purpose of applying the market approach price per square foot to estimate market value and for the purpose of applying the cost to build new to estimate the value using the cost approach.

Six comparable sales were selected from the array provided in Appendix D, specifically these engineered steel buildings:

COMPARABLE SALE NO.	ADDRESS	CASH PRICE/ SF OF GBA
1	1115 Oneill Avenue	\$14.45
2	4622 Femrite Drive	\$17.38
3	4607 Femrite Drive	\$20.00
4	615 Mayfair Rod	\$16.30
5	3103 Watford Way (unheated)	\$14.94
6	929 Watson	\$23.50

The subject property is located next to the warehouse at 615 Mayfair Road, which sold for a cash price of \$16.30 per square foot of GBA, and is unheated as was the warehouse at 3103 Watford Way at the time of purchase, which sold for a cash price of \$14.94 per square foot of GBA. The market comparison model indicates a range in property values from \$13.26 per square foot to \$15.10 per square foot of gross building area adjusted for specific differences listed in Exhibit VI-9. When applied to the 23,000 effective square feet of gross building area of the subject property, these convert to a range of values from \$305,000 to \$347,000, with a central tendency of \$326,000. The appraiser believes that, with the exception of the 615 Mayfair Road and the unheated 3103 Watford Way buildings, the other properties have more interior office finish and preferred commercial locations so the low to central estimate between \$305,000 and \$326,000 is appropriate. The

value conclusion from the market comparison approach is \$315,000, or \$10.50 per square foot of total GBA, or \$13.70 per square foot of effective GBA. See Exhibit VI-10 for computer output of market comparison method.

I. Cost Approach Input Assumptions and Conclusions

The Marshall Valuation Service was applied to the subject property, subject to general assumptions in Appendix C, and the calculator cost assumptions provided in Exhibit VI-11. The computer analysis produced by the service is provided in Exhibit VI-12. The extras for dock doors, ramp, roof insulation, and office improvements should be noted. The conclusion or indicated value by the cost approach is between \$303,000, or \$10.10 per square foot of nominal GBA, and \$326,000, or \$10.73 per square foot of nominal GBA. Based upon effective square feet, the unit estimates of value range from \$13.17 to \$14 per square foot of GBA. Traditionally, the cost approach is regarded as the upper end of the value and does not reflect economic influences of market rent levels, the cost of money, or tax factors. For older warehouse buildings, which are given a 20-year life by the Marshall Valuation Service, the estimate of effective age and therefore the resulting amount of allowable depreciation becomes a more difficult and tentative number to estimate. This method only serves as a check on the

possibility that buyers would prefer to build new as a substitute for the purchase of an existing property.

J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

Due to the present leasehold interest in the subject property, the income approach, which suggests a value of \$243,000 for the leased fee interest, is the primary indicator of value. The market approach, which values the total bundle of rights, suggests a value of \$315,000, while the cost approach, which also values the whole fee simple interest, indicates a value range from \$306,000 to \$326,000. The appraisers conclude that the most probable selling price of the subject property, as of January 1, 1985, is \$250,000 for the leased fee interest in the subject property with cash to the seller, or \$8.33 per square foot of nominal GBA, or \$10.87 per square foot of effective GBA.

EXHIBIT VI-9

SCALE FOR SCORING COMPARABLE SALES
 BASED UPON PRICE SENSITIVE ATTRIBUTES

ATTRIBUTE	WEIGHT	SCORE	
AGE	10%	5	After 1977
		3	1970 - 1977
		1	Before 1970
BUILDING HEIGHT	10%	5	Greater than 18 feet
		3	12 to 18 feet
		1	Less than 12 feet
RATIO OF OFFICE-DISPLAY TO GROSS AREA	20%	5	20%
		3	15% - 20%
		1	Less than 15%
RATIO OF LAND TO GROSS BUILDING AREA	10%	5	Greater than 3.4
		3	2.5 to 3.4
		1	Less than 2.5
LOCATION IN MADISON	25%	5	South central
		3	Airport
		1	East
ACCESS/VISIBILITY TO MAIN HIGHWAY	15%	5	Accessibility/visibility to four-lane highway
		3	On two-lane thoroughfare
		1	On back service road
MECHANICALS	10%	5	Heated, insulated, sprinklered
		3	Heated, insulated
		1	Heated only
		0	Unheated

EXHIBIT VI-10

MOST PROBABLE PRICE COMPUTATION USING MEAN PRICE PER POINT EQUATION METHOD

Number of sales = 6 Subject: 625 MAYFAIR
 Subject Size = 23000

		SUBJECT	COMPARABLE SALES -- POINT SCORES					
		=====	=====					
			1	2	3	4	5	6
* PRICE/SQ.FT.-->			14.45	17.38	20.00	16.30	14.94	23.50
FACTORS	WEIGHTS							
=====	=====							
1 AGE	10	3	1	1	3	5	3	5
2 BUILDING HEIGHT	10	5	1	1	1	5	5	5
3 OFFICE/ GROSS AREA	20	1	3	5	5	1	1	1
4 LAND/BLDG AREA	10	5	3	3	5	5	1	5
5 QUADRANT	25	1	3	1	1	1	5	5
6 ACCESS & VISIBILITY	15	3	1	3	3	3	1	1
7 MECHANICALS	10	0	3	3	3	3	0	5
8								
9								
10								

	100							

EXHIBIT VI-10 (Continued)

FACTORS x WEIGHTS =====	SUBJECT =====	COMPARABLE SALES =====						
		1	2	3	4	5	6	
1	30	10	10	30	50	30	50	
2	50	10	10	10	50	50	50	
3	20	60	100	100	20	20	20	
4	50	30	30	50	50	10	50	
5	25	75	25	25	25	125	125	
6	45	15	45	45	45	15	15	
7	0	30	30	30	30	0	50	
8	0	0	0	0	0	0	0	
9	0	0	0	0	0	0	0	
10	0	0	0	0	0	0	0	
TOTAL SCORE		220	230	250	290	270	250	360

EXHIBIT VI-10 (Continued)

CALCULATION OF MOST PROBABLE PRICE
USING MEAN PRICE PER POINT EQUATION METHOD

COMPARABLE SALE NUMBER	ADJUSTED SELLING PRICE PER SQ.FT.	WEIGHTED POINT SCORE	PRICE PER SQ.FT. WEIGHTED POINT SCORE
1	14.45	230	.0628261
2	17.38	250	.06952
3	20	290	.0689655
4	16.3	270	.0603704
5	14.94	250	.05976
6	23.5	360	.07
7	0	.00001	.00
8	0	.00001	.00
9	0	.00001	.00
10	0	.00001	.00
			.3867198

Central Tendency (Mean):

$$\text{The mean price per square foot per point } (\bar{x}) = \frac{.3867198}{6} = .0644533$$

Where:

x	\bar{x}	(x - \bar{x})	(x - \bar{x}) ²	n	n-1
.0628261	.0644533	-.001627	.0000026	6	5
.06952	.0644533	.0050667	.0000257		
.0689655	.0644533	.0045122	.0000204		
.0603704	.0644533	-.004083	.0000167		
.05976	.0644533	-.004693	.0000220		
.0652778	.0644533	.0008245	.0000007		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
0	.0644533	0	0		
			.0000881		

EXHIBIT VI-10 (Continued)

Dispersion about the mean = the square root of $\frac{(\sum x - \bar{x})^2}{n - 1} = .0041966$

Therefore,

The Value Range is : .0644533 +/- .0041966
 or .0602567 to .0686499

Since the subject's point score is: 220

Score	x	Value	=	\$/SQUARE FOOT
220		.0602567		13.26
220		.0644533		14.18
220		.0686499		15.10

Since the gross building area of the subject 23000

It follows that:

	\$/SQ.FT	x	AREA	=	Estimated Value		
Low Estimate	13.26	x	23000	=	304980	or	305000
Central Tendency	14.18	x	23000	=	326140	or	326000
High Estimate	15.1	x	23000	=	347300	or	347000

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon and Greg Rice
 2) PROPERTY OWNER MREIF
 3) ADDRESS 625 Mayfair Avenue
 4) SURVEYED BY Graaskamp
 5) DATE OF SURVEY 1/1/85

6) REGION: 1 Western 2 Central 3 Eastern
 CLIMATE: 1 Extreme 2 Moderate 3 Mild

7) OCCUPANCY CODE 391 (Refer to back of Form)

8) CONSTRUCTION CLASS:
 A Fireproof Structural Steel Frame S Steel Frame-Storage
 B Reinforced Concrete Frame
 C Masonry Bearing Walls
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.03
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:
 1 Low 3 Above Average
 2 Average 4 High

11) TOTAL FLOOR AREA 23,000 (Effective SF)

12) SHAPE or PERIMETER 2
 1 Approximately Square
 2 Slightly Irregular
 3 Irregular
 4 Very Irregular

13) NUMBER OF STORIES 1
 14) AVERAGE STORY HEIGHT 23'

15) EFFECTIVE AGE 11 yrs and 10 yrs

16) CONDITION:
 1 Worn Out 4 Good
 2 Badly Worn 5 V. Good
 3 Average 6 Excellent

17) EXTERIOR WALL:

Masonry Walls

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

Curtain Walls

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

Wood or Steel Framed Walls

- 23 Aluminum Siding
- 24 Asbestos Siding
- 25 Asbestos Shingles
- 26 Shingles
- 27 Shakes
- 28 Stucco on Wire/Paper
- 29 on Sheathing
- 30 Wood Siding on Paper
- 31 on Sheathing
- 32 Veneer, Common Brick
- 33 Face Brick
- 34 Stone
- 35 Used Brick
- 36 Siding, Vinyl Surface
- 37 Hardboard
- 38 Textured Plywood
- 39 Board/Batten Box Frame
- 40 Log, Rustic
- 41 Insulation (Add)
- 42 Aluminum Cover
- 43 Sandwich Panels
- 44 Corr. Steel on Steel Frame
- 45 on Wood Frame
- 46 Transite
- 47 Siding, Post/Girder Frame
- 48 Sheathing (Add)

Wood or Steel Skeleton Frames

18) HEATING, COOLING & VENTILATION:

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

18) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 0 Sq. Ft.

21) TOTAL BASEMENT 0 Sq. Ft.

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

MISCELLANEOUS COST

LAN: \$86,500 Land
 SIT: _____ Site Improvements
 PHY: _____ Physical Depreciation
 FUN: _____ Functional Depreciation
 LOC: _____ Locational Depreciation
 EXC: _____ Insurance Exclusions

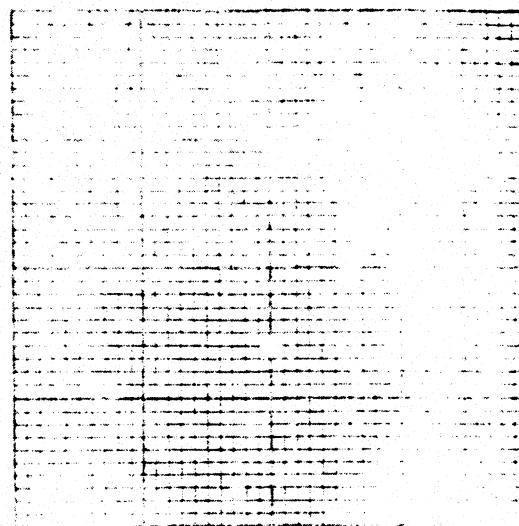


EXHIBIT VI-11 (Continued)

COST REFINEMENTS

MZM:	Mezzanines (Sq. Ft. of Mezzanines)	UW:	Commercial and Institutional Built-ins (Total Sq. Ft. of Building Area)
MZB:	Display	UX:	Bank Equipment (counters, vault doors, etc.)
MZC:	Office	UY:	Jail Equipment (cell blocks, locking devices, etc.)
MZD:	Storage	UAA:	Hospital Equipment (Groups II and III)
	Open	UAB:	Hospital Pneumatic Conveyor System
		UAC:	College Commons Kitchen Equipment
			Science Building Laboratory Equipment
			Bank Vaults (Sq. Ft. of Vault Area)
		UAD:	Money
		UAG:	Record Storage
			Stages & Permanent Fixtures (Sq. Ft. of Stage Area)
		UAH:	Live Performance
		UAJ:	Motion Picture Only
		UAK:	Speaker's Platform
			High Rise Apartment Miscellaneous (Number of Units)
		APP:	Appliance Allowance (enter # of apart. units)
		UAM:	Wall Air Conditioning (# of units)
			Barns and Sheds (Sq. Ft. of Loft)
		LOF:	Lofts for Barns or Sheds

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTra (Depreciated), MIScellaneous (Not Depreciated))

BRIEF DESCRIPTIONS		(+ or -) COST
EXT :	Ramp	\$ 9,000
EXT :	Dock Doors	\$ 6,300
EXT :	Office 1,465 SF x \$15 (includes plumbing fixtures)	\$ 22,000
EXT :	Roof Insulation	\$ 12,000
		\$

REMARKS

REM:
REM:
REM:

OCCUPANCY CODES

300 Apartment (High Rise)	316 Dairy & Milking Barn	336 Laundromat	357 Commons	399 Shed, Cattle
301 Armory	317 Dairy Sales Building	337 Library	358 Gymnasium	400 Shed, Hay
302 Auditorium	318 Department Store	338 Loft	359 Lecture Hall	403 Shower Building
303 Automobile Showroom	319 Discount Store	339 Lumber Stge., Horizontal	360 Library	378 Stable
304 Bank	320 Dispensary	390 Lumber Stge., Vertical	361 Manual Arts	389 Storage, Equipment
384 Barber Shop	393 Dormitories (Labor)	340 Market	362 Multi-Purpose	391 Storage, Material
305 Barn	321 Dormitory	341 Medical Office	363 Physical Education	395 Storage, Potato or Vegetables
396 Barn, Hog	322 Fire Station	342 Mortuary	364 Science	379 Theater, Stage Presentation
397 Barn, Sheep	323 Fraternal Building	343 Motel	365 Entire Elementary	380 Theater, Motion Picture
398 Barn, Fruit Packing	324 Fraternity House	344 Office Building	366 Entire Secondary	383 Tobacco Barn
306 Bowling Alley	325 Garage, Service	345 Parking Structure		404 Utility Building, Farm
394 Cabins (Transient Labor)	326 Garage, Storage	388 Parking Structure, Underground	School, College	381 Veterinary Hospital
308 Church with Sunday School	327 Governmental Building	346 Post Office	367 Arts & Crafts	382 Warehouse
309 Church without Sunday School	328 Hangar, Storage	347 Poultry House	368 Classroom	386 Warehouse, Mini
310 City Club	329 Hangar, Maintenance & Office	348 Rectory	369 Commons	387 Warehouse, Transit
311 Clubhouse	330 Home for the Elderly	349 Restaurant, Drive-in	370 Gymnasium	
312 Coldwater Flat	331 Hospital	350 Restaurant, Table Serv.	371 Lecture Hall	
313 Convalescent Hospital	332 Hotel	353 Retail Store	372 Library	
314 Country Club	402 Hotels, Resort		373 Manual Arts	
315 Creamery & Milk Process	334 Industrial, Manuf.	School, Elem. & Sec.	374 Multi-Purpose	
	392 Industrial, Engineering	355 Arts & Crafts	375 Physical Education	
	335 Jail	356 Classroom	376 Science	
			377 Entire College	

EXHIBIT VI-12

COMPUTER OUTPUT FOR COST APPROACH TO VALUE
FOR EMMER-MADISON WAREHOUSE AT
625 MAYFAIR AVENUE

ASSUME EFFECTIVE AGE - 11 YEARS

COST ESTIMATE FOR: GORDON & GREG RICE
PROPERTY OWNER: MREIF
ADDRESS: 625 MAYFAIR AVE.
SURVEYED BY: GRAASKAMP
DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
FLOOR AREA: 23,000 Square Feet AVERAGE STORY HEIGHT: 23.0 Feet
CLASS: S Steel EFFECTIVE AGE: 11 Years
COST RANK: 2.0 Average CONDITION: 4.0 Good
NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
Corrugated Steel, Steel Frame.. 100%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	23,000	12.87	295,919
ADDITIONS:			
Dock Height Floors.....	18,280	1.10	20,108
TOTAL SUPERSTRUCTURE COST.....	23,000	13.74	316,027
EXTRAS:			
Paving, Asphalt.....	20,000	1.38	27,600
RAMP			9,000
DOCK DOORS			6,300
ROOF INSULATION			12,000
OFFICE			22,900
REPLACEMENT COST NEW.....			392,927
LESS DEPRECIATION:			
Physical and Functional.....	<45.0%>		<176,817>
DEPRECIATED COST.....			216,110
Estimated Land Value.....			86,500
INDICATED VALUE BY COST APPROACH:			302,610
ROUNDED TO NEAREST \$1,000			303,000

Cost Data by MARSHALL and SWIFT

EXHIBIT VI-12 (Continued)

DATA:

1:GORDON & GREG RICE
2:MREIF
3:625 MAYFAIR AVE.
4:GRAASKAMP
5:1/1/85
6:2 1
7:391
8:8
9:1.03
10:2
11:23000
12:2
13:1
14:23
15:11
16:4
17:44
18:
19:0
20:0
21:0

COST REFINEMENTS:

LAN: 86500
DOF : 18280
PAS : 20000

ADDITIONS:

1: EXT:RAMP	\$	9,000
2: EXT:DOCK DOORS	\$	6,300
3: EXT:ROOF INSULATION	\$	12,000
4: EXT:OFFICE	\$	22,000

EXHIBIT VI-12 (Continued)

ASSUME EFFECTIVE AGE - 10 YEARS

COST ESTIMATE FOR: GORDON & GREG RICE
 PROPERTY OWNER: MREIF
 ADDRESS: 625 MAYFAIR AVE.
 SURVEYED BY: GRAASKAMP
 DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: MATERIAL STORAGE BUILDING
 FLOOR AREA: 23,000 Square Feet AVERAGE STORY HEIGHT: 23.0 Feet
 CLASS: S Steel EFFECTIVE AGE: 10 Years
 COST RANK: 2.0 Average CONDITION: 4.0 Good
 NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
 Corrugated Steel, Steel Frame.. 100%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	23,000	12.87	295,919
ADDITIONS:			
Dock Height Floors.....	18,280	1.10	20,108
TOTAL SUPERSTRUCTURE COST.....	23,000	13.74	316,027
EXTRAS:			
Paving, Asphalt.....	20,000	1.38	27,600
RAMP			9,000
DOCK DOORS			6,300
ROOF INSULATION			12,000
OFFICE			22,000
REPLACEMENT COST NEW.....			392,927
LESS DEPRECIATION:			
Physical and Functional.....	<40.0%>		<157,171>
DEPRECIATED COST.....			235,756
Estimated Land Value.....			86,500
INDICATED VALUE BY COST APPROACH:			322,256
ROUNDED TO NEAREST \$1,000			322,000

Cost Data by MARSHALL and SWIFT

COMMAND:>LOG

EXHIBIT VI-12 (Continued)

DATA:

1:GORDON & GREG RICE
2:MREIF
3:625 MAYFAIR AVE.
4:GRAASKAMP
5:1/1/85
6:2 1
7:391
8:5
9:1.03
10:2
11:23000
12:2
13:1
14:23
15:10
16:4
17:44
18:
19:0
20:0
21:0

COST REFINEMENTS:

LAN: 86500
DOF : 18280
PAS : 20000

ADDITIONS:

1: EXT:RAMP	\$	9,000
2: EXT:DOCK DOORS	\$	6,300
3: EXT:ROOF INSULATION	\$	12,000
4: EXT:OFFICE	\$	22,000

VII. APPRAISAL OF 2955 AND 2957 PACKERS AVENUE

A. Site Description and Analysis

The subject property site consists of 2.99 acres, otherwise described as Lot 2 of Certified Survey Map No. 827, recorded in Volume 4, page 44, of Certified Surveys located in the City of Madison, Dane County, Wisconsin. (See Exhibit VII-1.) The site has 209.75 feet of frontage on Packers Avenue, a depth on the north lot line of 787.60 feet, and a south line set by the radius curve of a spur track exiting at the northeast corner to a single track line of the Chicago, Milwaukee, St. Paul, and Pacific Railroad. (See Exhibit VII-2.)

The site is relatively flat sloping gradually to the east. It enjoys a dominant estate for a 30 foot joint driveway easement to Darwin Road, commencing 607 feet east of Packers Avenue.

The joint driveway easement was added to correct site access problems created by a wide median strip intended to improve the Packers Avenue - Highway 113 intersection to the south of the site. The median strip prevents left turns for traffic turning south for Madison and for left turns onto the site for vehicles moving south on Packers Avenue. The joint driveway provides access for vehicles coming from the north via

EXHIBIT VII-1

LOCATION OF 2955-57 PACKERS AVENUE
WAREHOUSE AND GARAGE PROPERTIES

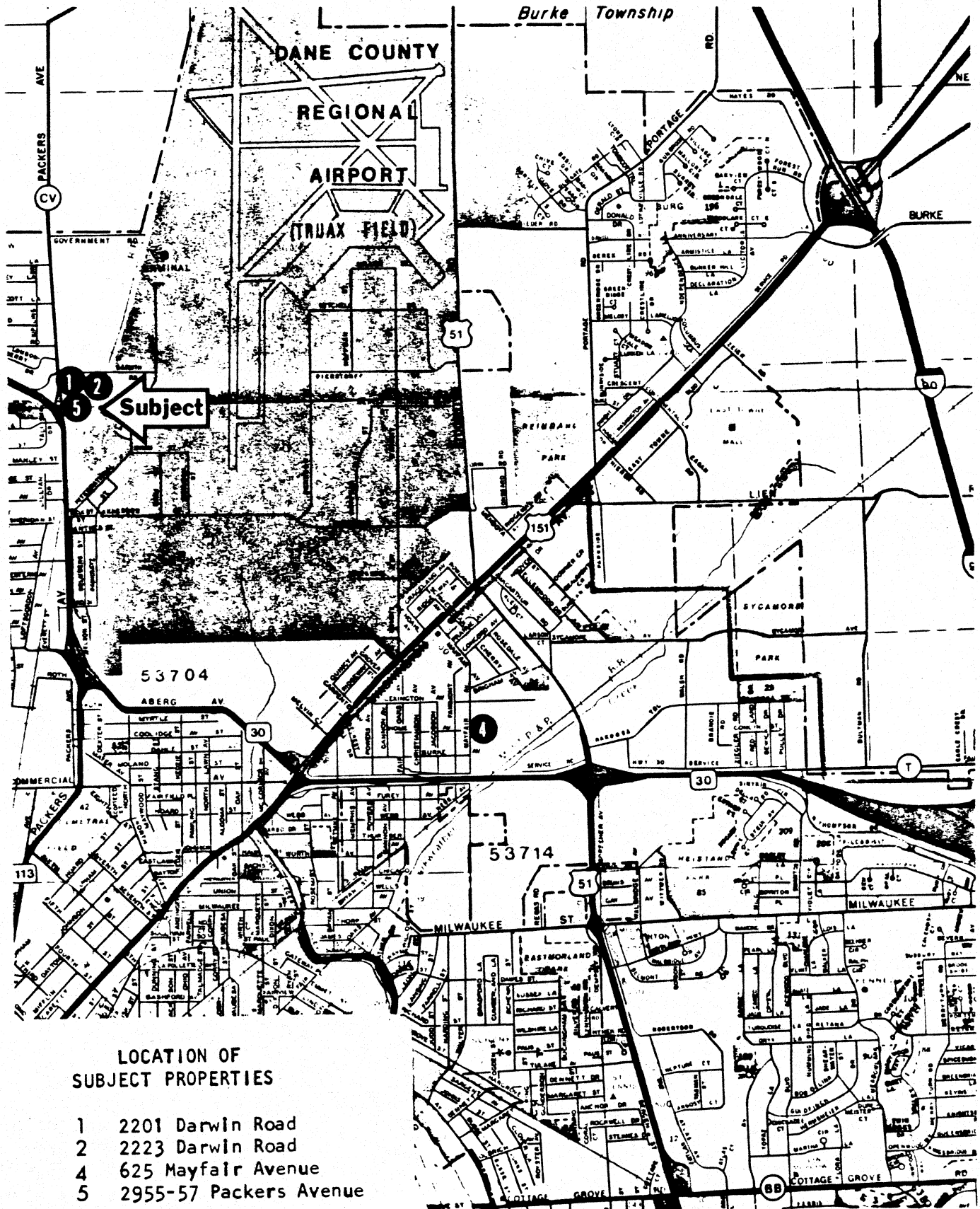
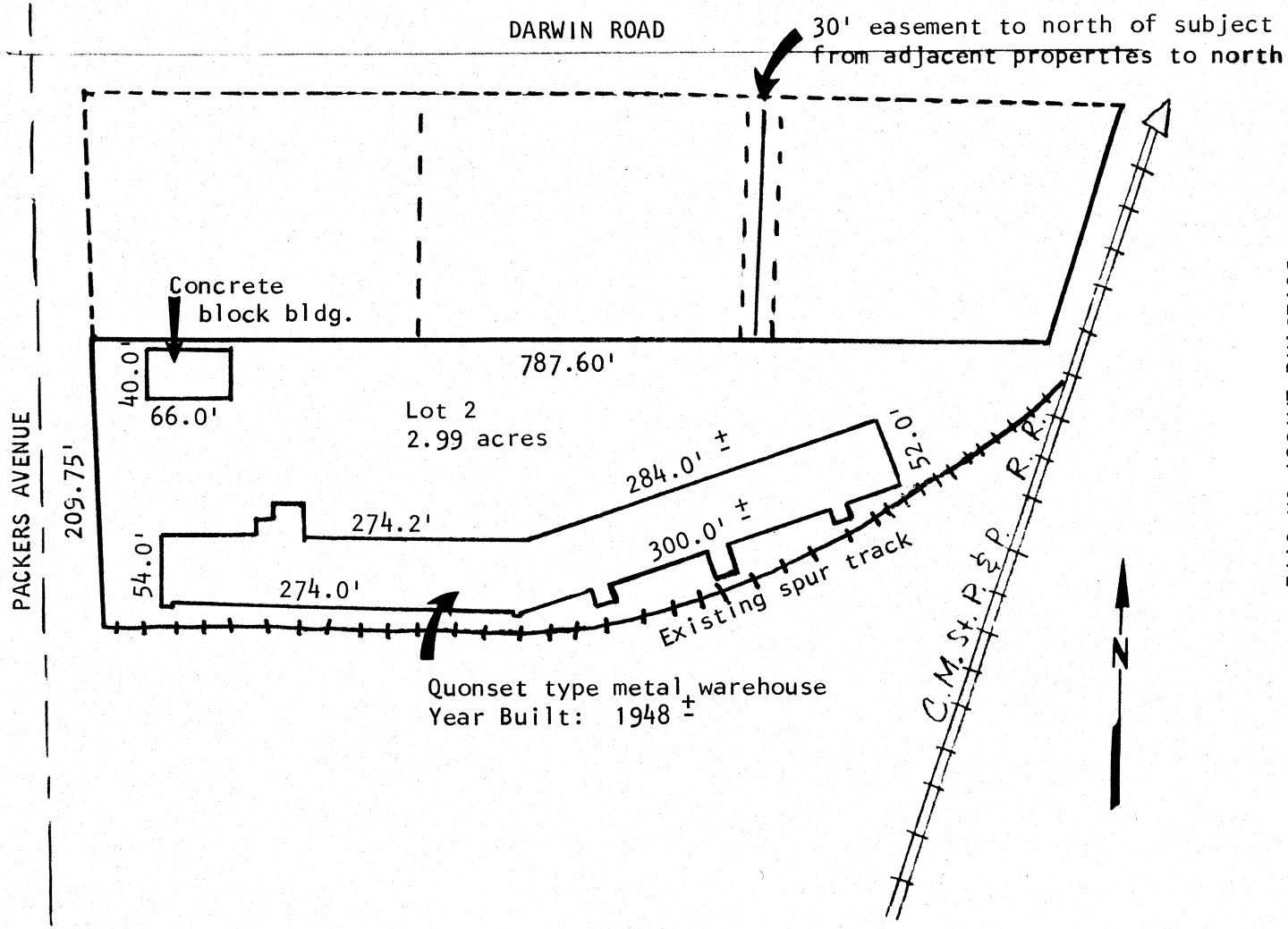
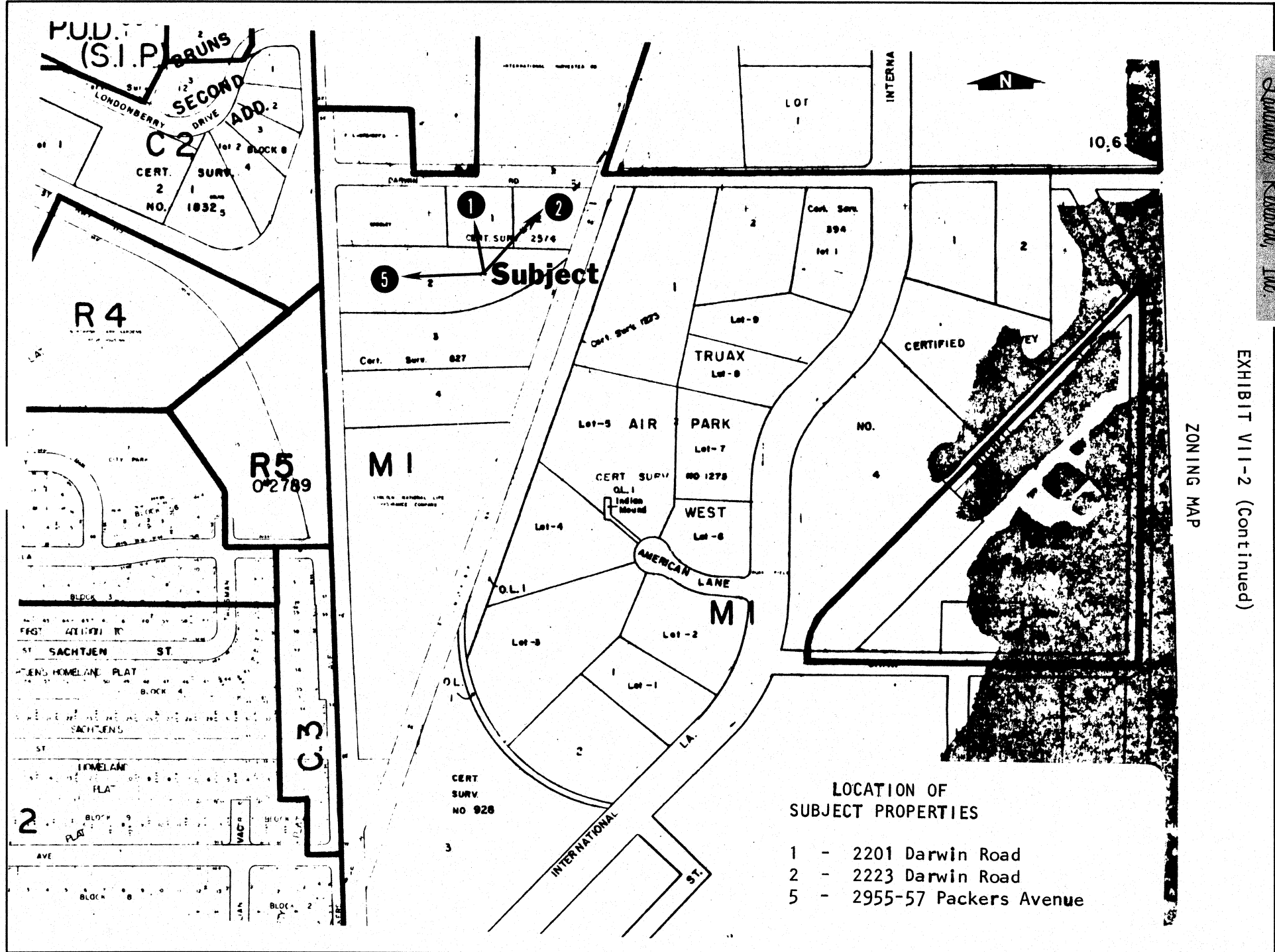


EXHIBIT VII-2

2955-57 PACKERS AVENUE
BUILDING LAYOUT ON SITE





LOCATION OF SUBJECT PROPERTIES

- 1 - 2201 Darwin Road
- 2 - 2223 Darwin Road
- 5 - 2955-57 Packers Avenue

Darwin Road and two options for returning south to Madison via Packers Avenue or International Lane.

Site improvements include a public sidewalk strip on Packers Avenue which terminates at the adjacent parcel to the south. The surface of the site is paved with hard-packed gravel where site is not improved with buildings.

B. Building Description and Analysis
(See Exhibit VII-3 for photographs of subject property)

The subject parcel is improved with two major buildings, a small concrete block truck service center and a rambling quonset type metal warehouse contiguous to all of the sidetrack as shown in the plot plan in Exhibit VII-2.

The smaller building is a well maintained concrete block structure, 40 feet by 66 feet, with 16 foot high walls and a clear-span steel barrel truss roof with corrugated rolled metal finish. Walls are white-washed on the exterior and penetrated with 3 foot by 5 foot light industrial windows. The front and rear of the building are dominated by newly installed 12 foot by 14 foot overhead garage doors. The front personnel entrance serves an approximately 20 foot by 30 foot office area, framed with concrete block walls and dropped ceiling with 2 foot by 8 foot joists to provide storage deck above. The office area includes a half-bath with a utility sink and a 60 ampere electric service. In addition, the garage is serviced by an

additional 200 ampere service. The office area and garage area are heated by new 90 percent efficient gas-fired forced hot air furnaces including one Carrier unit ducted to office and two Dravo Hasting units. The office/display area features an insulated, drywall ceiling, knotty pine interior wall finish, and a heavy duty front plate glass window. Garage ceiling is finished with 3/4 inch black cement fireboard. Garage area also features a heavy duty floor drain connected to the sewer and vented. In addition, there are two underground tanks with a total capacity of 550 gallons on the north lot line for holding waste oil.

The building is presently occupied by Foley and Sons Equipment Co., an Allis-Chalmers distributor of garden tractors and large vehicle repair service.

Maneuverability of large trucks in and out of the building depends on the gravel parking area shared with the quonset warehouse at 2955 Packers Avenue; the joint driveway apron to Packers Avenue, and the joint driveway easement to Darwin Road. Therefore it is unreasonable to assume that the Foley building would be sold separately from the larger parcel. It will be appraised as part of the total parcel, i.e. 2957 Packers Avenue and 2955 Packers Avenue are assumed to be a single investment property.

The major building on the site is a very long industrial quonset building, arching to a height of 25 feet from a reinforced paved concrete slab. It is built in two sections; the front half contains approximately 16,500 square feet, including 820 square feet of unused office space, and the rear half dog-legs as a chord to the railroad spur track curve for an average length of 292 feet and a width of approximately 52 feet. Reference to Exhibits VII-2 and VII-3 will show three loading door extension dormers on the rear of the building to provide covered access to freight cars.

On the north side is a concrete block office addition, approximately 820 square feet in size, adjacent to sheltered loading docks. This space is subdivided into a large anteroom, two small offices, and two separate toilet facilities. Acoustic panel ceiling, carpeting, and plywood paneling are all in poor condition. This space is occasionally used for seasonal craft sales by the lessee.

Adjacent loading docks on the north side of the front section of the building provide four 8 foot by 8 foot overhead doors to a receiving area separated from the main warehouse by sliding doors.

The front of the quonset facing Packers Avenue is constructed of concrete block, stepped to the arch of the quonset, and reinforced with block buttresses. The 14 foot by

14 foot garage door has been boarded shut with plywood and an auxiliary shed entry provides emergency access to the building. Four railroad cargo entrances have also been boarded shut to facilitate conversion to cold storage. The tenant has insulated the front half of the quonset with removable 6 inch insulation panels following the building arc. The tenant has also added outdoor compressors, inside suspended refrigeration units, a temperature control system to convert the warehouse to cold storage space capable of maintaining a 30 to 40 degree year-round temperature for the storage of government surplus cheese. Although the semi-circle shape of the quonset provides less interior volume than traditional rectangular cubage, the photographs of the interior of Capital's cold storage section (Exhibit VII-3) suggest that this obsolete steel building nevertheless provides sufficient clear span for five tiers of pallets in the center.

The rear half of the building is used for dry, heated and unsprinklered storage. It is separated from the front portion by a concrete block fire wall. An open concrete loading dock with three overhead doors serves truck access on the north side, a 12 foot by 14 foot overhead garage door provides access at grade on the east end, and three covered rail loading platforms remain in service on the south side of the eastern half of the building. There is no bathroom or water servicing

EXHIBIT VII-3

PHOTOGRAPHS OF 2955 & 2957 PACKERS AVENUE



Front of quonset warehouse facing 2955 Packers Avenue.
Note old overhead door and window boarded
shut for cold storage operation.



Length of quonset warehouse. Note concrete block firewall
midway, just beyond office and loading dock extensions.



Interior of front half of 2955 Packers Avenue
used for cold storage of surplus cheese.
Note removable insulation installed by
tenant and note number of pallets per stack.



Truck docks on north side of east
half of quonset warehouse at 2955 Packers Avenue.



Rail docks on south side of east half of quonset warehouse at 2955 Packers Avenue



Concrete block endwall at east end of quonset warehouse at 2955 Packers Avenue. Note rail spur on south side of building.



Concrete block service garage located on subject site at 2957 Packers Avenue. Note new overhead door at west end of building. Similar door also at east end of building.



Interior of 2957 Packers Avenue. Note concrete block exterior wall of office with storage above. Also note newly installed gas space heaters.

this rear half of the quonset building. A portion of this space is leased to the Olds Seed Company, which has a home office and warehouse located on the south side of the spur track; Olds has constructed a portable ramp over the spur track to facilitate movement of fork lift trucks into the main Olds Seed facility. The balance of this warehouse space is sublet to Capital Warehouse for the storage of canned goods.

C. Lease Description and Analysis

The subject property at 2955 Packers Avenue has two tenants, Capital Warehousing, a warehouse of food products such as surplus cheese and canned goods, and Olds Seed Company, which has used the subject property as overflow storage space for their adjacent headquarters. The leases are summarized in Exhibit VII-4.

It should be noted that the standard lease form used by MREIF has been customized for each tenant. For purposes of valuation, the appraisers have used contract rents as the basis for valuation to the end of the existing lease term and then have forecast rents into the future based upon the market at the time of renewal, as demonstrated in the Schedule of Revenues and Expenses with detailed footnotes, Exhibit VII-5. Key factors to be noted are:

1. Although the Olds Seed Company lease runs until mid-1986, Olds has recently completed construction

EXHIBIT VII-4

SUBJECT PROPERTY DATA

ADDRESS: 2955 Packers Avenue
ZONING: M1
LAND AREA: 130,244 square feet, or 2.99 acres
BUILDING CONSTRUCTION TYPE: Rolled metal quonset building, steel and wood framing with masonry firewalls and endwalls.
TYPE OF HEATING: Limited number of suspended gas-fired heaters in east half of building.
YEAR BUILT: 1948
BUILDING SIZE: Warehouse: 31,380 SF (approximate measures from blueprints)
Office: 820
32,200 SF

=====

TENANT DATA

LESSEE NO. 1: Capital Warehousing Corporation
SQUARE FEET LEASED: 8,945
LEASE TERM: Five year lease from September 1, 1977, to August 31, 1982; two five-year options.
1984 ANNUAL RENT: \$11,016 (09/01/77: \$9,840)
1984 ANNUAL RENT/SQUARE FOOT: \$1.28 (09/01/77: \$1.10)
ESCALATOR IN LEASE: First Option: September 1, 1982, rent of \$10,800 per year. Adjustment can be increased annually if CPI has increased by 0.1 point or more from same index figure two months before end of calendar year. Annual rent can be proportionately increased, but no more than 6 percent.

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. No pass through of fire and extended insurance premium to tenant. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair at its own expense.

REAL ESTATE TAXES: Tenant pays pro rata share of increase of real estate tax above 1977 base year, and all personal property tax.

LESSEE NO. 2: Capital Warehousing Corp.

SQUARE FEET LEASED: 7,500

LEASE TERM: Five years from August 1, 1978, to August 31, 1982; two five-year options.

1984 ANNUAL RENT: \$9,743 (08/01/78: \$7,320)

1984 ANNUAL RENT/SQUARE FOOT: \$1.30 (08/01/78: \$0.976)

ESCALATOR IN LEASE: First Option: September 1, 1982, rent of \$10,800 per year. Adjustment can be increased annually if CPI has increased by 0.1 point or more from same index figure two months before end of calendar year. Annual rent can be proportionately increased, but no more than 6 percent.

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Tenant pays pro rata share of fire and extended coverage insurance premiums as a reimbursable. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep premises in good repair.

REAL ESTATE TAXES: Tenant pays 21 percent of all real estate taxes and all personal property taxes.

LESSEE NO. 3: Olds Seed Company

SQUARE FEET LEASED: 15,772

LEASE TERM: Five years from August 1, 1984, to July 31, 1986

PRESENT ANNUAL RENT: \$23,877 (1981: \$20,681.76)

PRESENT ANNUAL RENT/SQUARE FOOT: \$1.52 (\$1981: \$1.31)

ESCALATOR IN LEASE: First Option: September 1, 1982, rent of \$10,800 per year. Adjustment can be increased annually if CPI has increased by 0.1 point or more from same index figure two months before lease date. Annual rent can be proportionately increased, but no more than 6 percent.

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. Tenant pays pro rata share of fire and extended coverage insurance premiums as a reimbursable. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair and at its own expense.

REAL ESTATE TAXES: Tenant pays 45 percent of all real estate taxes, and all personal property taxes.

LESSEE NO. 4: Hansen Billboard

1984 ANNUAL RENT: \$400

EXHIBIT VII-4 (Continued)

SUBJECT PROPERTY DATA

ADDRESS: 2957 Packers Avenue

ZONING:

LAND AREA: Located on same site as 2955 Packers Avenue which contains 2.99 acres in all.

BUILDING
CONSTRUCTION TYPE: Masonry frame - used as garage for vehicle repair and sale and service of small equipment

SQUARE FEET LEASED: 2,600

=====

TENANT DATA

LEASE TERM: Three years from September 1, 1984, to August 31, 1987.

BUILDING SIZE: 2,640 SF (Measured from blueprints)

1984 ANNUAL RENT: \$5,880

1984 ANNUAL RENT/SQUARE FOOT: \$2.26

ESCALATOR: Annual 5 percent increase of previous year's rent.

EXPENSES

UTILITIES: Tenant pays all water, sewer, gas, electricity, air conditioning, and power and any other utility services.

INSURANCE: Lessor procures and maintains fire and extended insurance for not less than 80 percent of insurable value and a loss of rental policy. No pass through of fire and extended coverage premium to tenant. Tenant carries and pays premiums for public liability insurance.

REPAIRS AND MAINTENANCE: Tenant shall maintain, replace, and keep demised premises in good repair at its own expense.

REAL ESTATE TAXES: Tenant pays personal property tax and 7.6 percent of all real estate taxes.

AS REPORTED BY MREIF
2955 & 2957 PACKERS AVENUE

1983 REVENUE:		\$56,778	(includes tax and insurance reimbursables)
1983 EXPENSES:			
Real Estate Taxes	\$ 6,581		
Management Fees	2,838		
Leasing Fees	2,317		
Insurance	766		
Legal Fees	<u>112</u>		
		<u>12,614</u>	
1983 NET OPERATING INCOME:		\$44,164	=====

WAREHOUSE AT 2955 PACKERS AVENUE AND SERVICE GARAGE AT 2957 PACKERS AVENUE
 SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1992

	GBA LEASED (SF)	1985 BASE RENT/SF	1985	1986	1987	1988	1989	1990	1991	1992
REVENUES										
<u>Potential Gross Rent</u>										
Capital Warehousing Corp. [1]	8,945	\$1.28	\$11,450	\$11,908	\$12,384	\$12,880	\$13,395	\$13,931	\$14,488	\$15,068
Capitol Warehousing Corp [1]	7,500	1.35	10,125	10,530	10,951	11,389	11,845	12,319	12,811	13,324
Olds Seed Co. [1]	15,772	1.58	24,920	25,917	26,954	28,032	29,153	30,319	31,532	32,793
Foley Equipment Co. [2]	2,600	2.26	5,954	6,240	6,553	6,800	7,066	7,352	7,645	7,957
Hansen Sign Co. [3]	N/A		400	416	433	450	468	487	506	526
Subtotal			\$52,849	\$55,011	\$57,275	\$59,551	\$61,927	\$64,408	\$66,982	\$69,668
<u>Reimbursables</u>										
Real Estate Taxes [4]			5,835	5,960	6,077	6,202	6,325	6,450	6,580	6,712
Insurance Premium [5]			1,379	1,434	1,492	1,552	1,613	1,678	1,745	1,816
Total Potential Gross Revenue			\$60,063	\$62,405	\$64,844	\$67,305	\$69,865	\$72,536	\$75,307	\$78,196
Less: Vacancy @ 5% [6]			(3,003)	(3,120)	(3,242)	(3,365)	(3,493)	(3,627)	(3,765)	(3,910)
EFFECTIVE GROSS REVENUE			\$57,060	\$59,285	\$61,602	\$63,940	\$66,372	\$68,909	\$71,542	\$74,286
EXPENSES										
Utilities [7]			\$ 350	\$ 364	\$ 379	\$ 394	\$ 409	426	443	461
Repairs and Maintenance [8]			3,482	3,761	4,062	4,387	4,738	5,117	5,526	5,969
Management Fee [9]			2,853	2,964	3,080	3,197	3,319	3,445	3,577	3,714
Leasing Fee [10]			2,282	2,371	2,464	2,558	2,655	2,756	2,862	2,971
Insurance [11]			2,089	2,173	2,260	2,350	2,444	2,542	2,644	2,750
Subtotal: Expenses Before Real Estate Taxes			\$11,056	\$11,633	\$12,245	\$12,886	\$13,565	14,286	15,052	15,865
Real Estate Taxes [12]			7,883	8,041	8,201	8,366	8,533	8,703	8,878	9,055
Total Expenses			\$18,939	\$19,674	\$20,446	\$21,252	\$22,098	\$22,989	\$23,930	\$24,920
NET OPERATING INCOME			\$38,121	\$39,611	\$41,156	\$42,688	\$44,274	\$45,920	\$47,612	\$49,366
			=====	=====	=====	=====	=====	=====	=====	=====

Sawdust Research, Inc.

EXHIBIT VII-5

EXHIBIT VII-5 (Continued)

2955 AND 2957 PACKERS AVENUE
FOOTNOTES TO SCHEDULE OF REVENUES AND EXPENSES

- [1] Capital Warehousing Corp. has a five-year lease for 8,945 square feet, commencing September 1977, with two five-year options; therefore, the terms and conditions are fixed through August 1992. Only the rental rate, subject to changes in the Consumer Price Index (CPI), will be adjusted at the end of each calendar year. For purposes of this appraisal an annual inflation factor of 4 percent is used. (See Exhibit II-5 for five-year history of changes in CPI). The 1984 rate of \$1.23 per square foot of GBA inflated by 4 percent results in a 1985 base rent of \$1.28 per square foot of GBA.

Capital Warehousing Corp. also leases 7,500 square feet adjacent to the 8,945 square feet and separated from it by a two-hour firewall. The entire 16,445 square feet has been converted to a cold storage space for U.S. Government surplus cheese; the insulation and chillers belong to the tenant. The four-year, one-month lease for the 7,500 square feet, commencing August 1978, has two five-year options which fix the terms and conditions through August 1992. The rental rate is subject to changes in the CPI and is adjusted at the end of each calendar year. The terms of this lease are less favorable to the tenant than for the 8,945 square feet of space; the 1984 rental rate was \$1.30 per square foot with the tenant paying a pro rata share of the total real estate tax bill, whereas the rental rate for the 8,945 square foot space was \$1.23 per square foot with the tenant paying only the annual increases in real estate taxes above the base year.

Olds Seed Co. is phasing out of the 15,772 square foot space with the completion of its new warehouse to the south of its Packers Avenue headquarters, although its lease runs through July 1986 with the 1984 rental rate at \$1.52 per square foot and responsibility for a pro rata share of the real estate taxes which compute to approximately \$0.23 per square foot of GBA for the entire parcel.

EXHIBIT VII-5 (Continued)

Capital Warehousing Corp. currently sublets 7,500 square feet of Olds Seed Co.'s 15,772 square feet at a 1985 rate of \$1.58 per square foot plus utilities. Olds continues to pick up the real estate taxes for the 15,772 square feet and the insurance premium reimbursement. If Capital paid a pro rata share of real estate taxes and insurance reimbursement, the comparable triple net rental rate would be approximately \$1.30 per square foot plus \$0.30 per square foot of GBA for real estate taxes and insurance.

Capital is the most probable tenant for the Olds space; Capital has need for more space, the spur track is critical for its warehousing operation, it has an investment in improvements, and the location is good although the quonset structure is inefficient for maximizing storage density, the spur track has some deferred maintenance, and the suspended gas heaters are inefficient. For the purposes of this appraisal, it is assumed that although the final terms of a new lease may vary from the current terms of the existing leases, the net effect is that revenue and expenses would remain the same. Therefore, current rental rates for 2955 Packers Avenue are used, inflated at 4 percent per year.

- [2] Foley Equipment Co. leases a 2,600 square foot free-standing building located on the same site as 2955 Packers Avenue. The three-year lease, commencing September 1, 1984, has a rental rate of \$2.26 per square foot subject to a 5 percent annual escalator on the anniversary date of the lease. The tenant pays 7.6 percent of the real estate taxes on the whole parcel, but does not reimburse a pro rata share of the fire insurance and extended coverage premiums as do the other tenants. On September 1, 1987, Foley is expected to renew its lease for five years, but will bargain for a 4 percent inflation factor if Foley continues to pay a pro rata share of the real estate taxes and the lessor continues to be responsible for fire and extended coverage insurance premiums.

The annual revenues from Foley Equipment Company are as follows:

EXHIBIT VII-5 (Continued)

BASIS FOR RENTAL RATE	DATE	RENTAL RATE	REVENUE	APPRAISAL REVENUES
Current lease	1/1/85 - 5/31/85	\$2.26	\$ 4,410	
Option rate	6/1/85 - 12/31/85	\$2.37	<u>1,544</u>	
1985 REVENUE				\$ 5,954
Indexed rate	1/1/86 - 8/31/86	\$2.37	\$ 4,622	
5% increase	9/1/86 - 12/31/86	\$2.49	<u>1,618</u>	
1986 REVENUE				\$ 6,240
Indexed rate	1/1/87 - 8/31/87	\$2.49	\$ 4,856	
New lease	9/1/87 - 12/31/87	\$2.59	<u>1,697</u>	
1987 REVENUE				\$ 6,553
New lease	1/1/88 - 8/31/88	\$2.59	\$ 5,051	
4% increase	9/1/88 - 12/31/88	\$2.69	<u>1,749</u>	
1988 REVENUE				\$ 6,800
Indexed rate	1/1/89 - 8/31/89	\$2.69	\$ 5,246	
4% increase	9/1/89 - 12/31/89	\$2.80	<u>1,820</u>	
1989 REVENUE				\$ 7,066
Indexed rate	1/1/90 - 8/31/90	\$2.80	\$ 5,460	
4% increase	9/1/90 - 12/31/90	\$2.91	<u>1,892</u>	
1990 REVENUE				\$ 7,352
Indexed rate	1/1/91 - 8/31/91	\$2.91	\$ 5,675	
4% increase	9/1/91 - 12/31/91	\$3.03	<u>1,970</u>	
1991 REVENUE				\$ 7,645
Indexed rate	1/1/92 - 8/31/92	\$3.03	\$ 5,909	
4% increase	9/1/92 - 12/31/92	\$3.15	<u>2,048</u>	
1992 REVENUE				\$ 7,957

EXHIBIT VII-5 (Continued)

[3] Hansen Sign Co. leases space for a sign at 2955 Packers Avenue. The rent is \$400 per month and is assumed to increase annually at the rate of 4 percent per year.

[4] Capital Warehousing will reimburse 26.4 percent of the increase in real estate taxes from 1983 to 1984 payable in 1985 for the 8,945 square feet of leased space. The other tenant spaces are responsible for a pro rata share of the real estate taxes based upon the percentage of square footage leased. The projected real estate taxes to be reimbursed the lessor are as follows:

BASIS FOR REAL ESTATE TAXES
AND REIMBURSABLES

1984 Assessment = \$310,000
1984 Mill Rate = 0.0254305
1984 Real Estate Taxes = 7,883

YEAR PAYABLE	TAXES DUE	TAX INCREASE FROM PREVIOUS YEAR	CAPITAL SHARE OF INCREASE 26.4%	CAPITAL SHARE OF RE TAXES 21%	OLDS SHARE OF RE TAXES 45%	FOLEY SHARE OF RE TAXES 7.6% (b)	TOTAL RE TAXES REIMBURSABLE
1984	\$7,753 (a)						
1985	7,883	\$130	\$ 34	\$1,655	\$3,547	\$599	\$5,835
1986	8,041	158	42	1,689	3,618	611	5,960
1987	8,201	160	42	1,722	3,690	623	6,077
1988	8,366	165	44	1,757	3,765	636	6,202
1989	8,533	167	44	1,792	3,840	649	6,325
1990	8,703	170	45	1,828	3,916	661	6,450
1991	8,878	175	46	1,864	3,995	675	6,580
1992	9,055	177	47	1,902	4,075	688	6,712

(a) Real estate taxes payable in 1984 are based upon the 1984 assessment of \$310,000 and the 1983 mill rate of 0.02501. The real estate taxes are estimated to increase at 2 percent per year as of 1985. It is assumed the relatively short economic life of the improvements will depress the rate of increase in value.

(b) Foley Equipment Co. is assumed to renew its lease in 1987 at the same term and conditions regarding reimbursables.

EXHIBIT VII-5 (Continued)

- [5] Only Olds Seeds Co. with 45 percent of the space and Capital Warehousing's second lease for 21 percent of the space (7,500 square feet) reimburse fire and extended coverage premiums. The schedule of reimbursables are as follows:

YEAR PAYABLE	TOTAL INSURANCE PREMIUM	CAPITAL SHARE (8,945 SF) 0%	CAPITAL SHARE (7,500 SF) 21%	OLDS SHARE (15,772 SF) 45%	FOLEY SHARE (2,600 SF) 0%	TOTAL INSURANCE REIMBURSABLE
1985	\$2,089	0	\$439	\$ 940	0	\$1,379
1986	2,173	0	456	978	0	1,434
1987	2,260	0	475	1,017	0	1,492
1988	2,350	0	494	1,058	0	1,552
1989	2,444	0	513	1,100	0	1,613
1990	2,542	0	534	1,144	0	1,678
1991	2,644	0	555	1,190	0	1,745
1992	2,750	0	578	1,238	0	1,816

- [6] Vacancy is estimated to be 5 percent annually based upon the assumption that 17,000 square feet will be vacant every five years for 6 months.
- [7] Utility expenses, which increase annually at 4 percent, are paid by the lessor during vacancies.
- [8] Lessor repairs and maintenance are estimated at \$0.10 per square foot and are assumed to increase at 8 percent per year.
- [9] Management fees are 5 percent of effective gross revenue.
- [10] Leasing fees are 4 percent of effective gross revenues.
- [11] Insurance premiums for fire and extended coverage are estimated at \$0.06 per square foot and are increased 4 percent per year.
- [12] Real estate taxes for 1984 and payable in 1985 are based upon the 1984 assessment of \$310,000 and the 1984 mill rate of 0.0254305. Taxes are estimated to increase only 2 percent per year, even though it is expected that real estate taxes will increase approximately 6 percent per year. The shorter economic life of the improvements will depress the assessment for the subject property over the next five years and therefore, the annual rate of increase will be slowed.

of a new 32,000 square foot steel warehouse on their home site; so Olds will move out of the subject property in the near future.

2. Capital Warehousing has already sublet 7,500 square feet of Olds' 15,722 square feet in addition to the 8,945 square feet and 7,500 square feet of cold storage space already leased to Capital. Capital is in the market for more space and is the most probable tenant to occupy the Olds Seed Company space.
3. Capital Warehousing has a very favorable lease negotiated in 1977 on the first 8,945 square feet of space at \$1.23 per square foot with the tenant paying only the increases in real estate taxes and rental increases are tied to the CPI, not to exceed 6 percent annually.
4. Capital has a less favorable lease on the next 7,500 square feet, negotiated in 1978 at \$1.30 per square foot in 1984 with the tenant paying a pro rata amount (21 percent) of the real estate taxes and rental rates tied to the CPI not to exceed 6 percent per year.
5. Olds' five-year lease negotiated in 1981 runs to July 1986 with a 1984 rental rate of \$1.52 per

square foot; the tenant pays a pro rata share (45 percent) of the real estate taxes and the rental rate is tied to the CPI not to exceed 6 percent annually.

6. Foley has a three-year lease negotiated in 1984 at \$2.26 per square foot and pays a pro rata share (7.6 percent) of the real estate tax. The rent increases at the rate of 5 percent per year.
7. Real estate taxes for 1984 are estimated to be \$7,883, or \$0.23 per square foot of GBA (34,767 square feet for both buildings).
8. If Capital Warehousing paid real estate taxes on the 8,945 square feet of space, their triple net rental rate would be \$1 per square foot compared to \$1.30 triple net rental rate paid on the 7,500 square feet. If Capital assumes Olds' triple net lease at the 1.52 per square foot (1984 rate), the differential is even greater.
9. Capital Warehousing leases have renewal options extending to 1992 and therefore have a strong negotiating position. But the location of the subject property is excellent for Capital who has need for more warehousing space adjacent to a rail spur. Although Capital will no longer be able to

finance the improvements needed for the conversion of dry storage to cold storage on leased property (change in lender policy according to Curt Jahn of Capital Warehousing), Capital has need for more dry storage space for both empty cans and canned goods.

10. Based upon a comparison of the cubic capacity of a rectangular building and a curved roof quonset building, the quonset is about 75 percent as efficient as a traditional warehouse. Even at \$1.52 per square foot, the subject property approximates market rent (\$1.52 per square foot/0.75 = \$2 per square foot) when compared to market rent of the more traditional but older heated warehouse. (See Exhibit II-1 for rental comparables.)
11. Capital Warehousing has recently bought comparable warehouse space in Portage for the expansion of their surplus cheese storage operation for less than \$10 per square foot of warehouse/office space, and Curt Jahn claims bids on new construction in Madison are approximately \$10 per square foot of GBA including land.

12. Capital Warehousing already sublets 7,500 square feet of Olds' 15,722 square feet for \$1.60 per square foot with Capital paying the utilities and Olds paying the real estate taxes and other expenses. This translates to approximately \$1.30 per square foot on a triple net basis with Capital reimbursing their full share of the real estate taxes and insurance premiums.

Based upon the following key factors, the appraisers have concluded that Capital Warehousing, the most probable tenant for the Olds Seed space, does not have to concede to a newly negotiated composite lease for all the space at 2955 Packers Avenue as preferred by the lessor. Capital will be willing to assume the Olds lease at the same terms and conditions because Capital values the convenience and the cost savings associated with the expansion of their operation at the subject site.

D. Operating Expenses, Reimbursements
and Appraisal Assumptions

For the lessor of warehouse space, the basic expenses are real estate taxes, insurance premiums for fire and extended coverage, leasing fees, management fees, and long-term structural maintenance and repair of the parking area and of the exterior and structural frame of the building. There are minor utility costs for periods of vacancy. To as great a

degree as possible, the lessor shifts the real estate taxes and insurance premiums to the tenant through reimbursables or establishes a base rent that includes real estate taxes and insurance premiums with reimbursables to the extent of passing the annual increases in real estate taxes, in particular, to the tenant.

As previously discussed, for the subject property, the terms and conditions of the existing leases are expected to prevail throughout the eight-year forecast period. Operating expenses and reimbursables are discussed in the detailed footnotes found in Exhibit VII-5.

E. Financing Description and Analysis

There is no existing mortgage on the subject so any purchaser would have to acquire new financing, and current terms available for this type of property would require an interest rate of 13.25 percent on a loan amortized no more than 20 years with a balloon at eight years when the Capital leases are due for renegotiation. The cost to originate the loan would not exceed one percent of the loan and the maximum balance would be determined by a debt cover ratio (DCR) of approximately 1.4 based on the first year normalized net income as shown in Exhibit VII-5. The higher DCR is required due to the increasing obsolescence of improvements, the uncertain situation relative to releasing space now occupied by Olds Seed

Company, and the primary dependence on land value, in the long run, as collateral.

F. Capital Budget Assumptions for Discounted Cash Flow Approach

The income approach, using the discounted cash flow methodology, is detailed in Appendix A. Essential parameters for discounted cash flow valuation beyond revenues, expenses, and financing are the value assigned to vacant land, reserves for replacement, equity dividend required by investors, tax depreciation limits, and a formula for anticipated resale price at the end of an assumed projection period. The appraiser has chosen to utilize an eight-year projection period in recognition of the length of the Capital Warehousing Company lease. The following values have been assigned to these capital budget assumptions:

1. Although land value cannot be considered separate from total value, for purposes of income tax treatment the subject parcel has a market supported value of \$1.15 per square foot which, multiplied times its area of 130,244 square feet, suggests a land value of approximately \$150,000.
2. Reserves from replacement of capital items in the future have been set at 2 percent of cash throw off available for distribution, and these reserves have

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

3. The equity dividend rate required in the first year of the investment by the most probable buyers is 11.25 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time. Typically, equity dividends are about 200 basis points below interest rates because the equity investor enjoys the benefit of loan amortization, tax shelter, and property appreciation in addition to dividends.
4. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 18 years, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.

5. The final source of return to the most probable buyer is the increased net worth realized upon sale of the property at the end of a proposed five-year investment period. In the case of 2955-57 Packers Avenue, the appraisers assume in 1992 the property value will be the sum of three elements:

- (1) Land value as if vacant
- (2) Net salvage value of quonset building
- (3) Residual value of the improvements at 2957 Packers Avenue

Recent land sales in the area indicate a land value of \$1.15 per square foot for sites with a rail spur and frontage on Packers Avenue. Assuming a 2 percent rate of appreciation, the land value would be \$1.35 per square foot in 1992 for a site value of \$176,000.

The improvements at 2955 Packers Avenue will have reached the end of their economic life in 1992 with a net salvage value of approximately \$4 per square foot of GBA, the bulk of which lies in the concrete foundation of the existing structure. The resulting net salvage value in 1992 is estimated to be \$129,000.

The building at 2957 Packers Avenue is valued in 1992 at \$10 per square foot of GBA, or \$26,000.

The sum of the three values is as follows:

\$176,000	-	Land Value
129,000	-	Net Salvage Value--2955 Packers Avenue
<u>26,000</u>	-	Residual Value--2957 Packers Avenue

\$331,000

The resulting capitalization rate in the year of sale, based upon the NOI forecast for 1992 is 0.149, a reasonable ratio, given a market capitalization rate of 0.12 for Madison area warehouses at the peak of their productivity.

6. Each of the above items define the ultimate cash throw off to the investor from all sources. These must be discounted at a minimum threshold rate of return of 16 percent after taxes to justify the business and financial risks incurred. This is the minimum equity rate currently reported as typical of managed real estate funds and used as a purchasing benchmark by Madison investors in a stable investment industrial building market. The present value of all benefits to the equity position discounted at 16 percent, if held for eight years and sold at the assumed price when added to the original mortgage balance, equals the

market value of the subject property using the income approach.

G. Discounted Cash Flow Value Conclusion

The assumptions used in the discounted cash flow model are found in Exhibit VII-6. The discounted after tax value of the subject property, if held for five years, is \$280,611, or \$280,000 rounded, using a minimum 16 percent discount factor for all the benefits to the equity position. (See Exhibit VII-7, line 39.) If the property were purchased at this price, the investor would enjoy a conservative risk position reflected by: (1) an average cash breakeven ratio or default point as shown in Exhibit VII-7, line 42, of less than 73 percent, (2) a payback of 93 percent of the initial equity investment of \$97,000 by the end of the eighth year prior to resale, and (3) cash dividends of 11 percent or better each year on a before tax basis and 9 percent or better each year on an after tax basis.

The discounted after tax value is somewhat understated due to the Internal Revenue Service cost recovery system requirement of assigning an 18-year useful life to improvements when, in this case, the remaining useful life may be a shorter time period. Therefore the discounted before tax present value of \$304,460, or \$305,000, rounded (see Exhibit VII-7, line 34) is also a useful indicator of investment value.

EXHIBIT VII-6

ASSUMPTIONS USED IN
DISCOUNTED CASH FLOW METHODOLOGY
MRCAP COMPUTER PROGRAM
2955-57 PACKERS AVENUE

1. Appraisal is as of January 1, 1985.
2. Holding period is eight years with resale at end of 1992. The combined factors of a relatively short economic life on the quonset building at 2955 Packers Avenue due to both physical and functional obsolescence, a lease term with Capital Warehousing Company for the west half of the warehouse which extends until 1992, and the probability that Capital will replace Olds as the tenant for the east half of the building, make eight years a logical holding period.
3. Debt cover ratio (DCR) is 1.4. The DCR is applied to the net operating income (NOI) in the first year. Although the rental rates vary for each lease, giving a leasehold advantage to one tenant and a fully priced market rate to another, the average effective rental rate for the 2955 Packers Avenue quonset building is \$1.44 per square foot of GBA as of January 1, 1985, with the tenant reimbursing the real estate taxes, in full, for 66 percent of the total GBA for both 2955 and 2957 Packers Avenue. The rental rate of \$1.44 per square foot for a well located but physically inefficient older warehouse building is within the range of market rent. (See Exhibit II-1.)
4. Cash on cash required by the equity position is 11.25 percent.
5. The discount rate used is 16 percent. This represents the minimum threshold rate of return after taxes from all sources to justify the business and financial risks incurred by the investor.
6. The investor income tax marginal rate is 40 percent.
7. The after tax reinvestment rate applied to the after tax cash proceeds is 9 percent.
8. The resale price at the end of the eight-year holding period is the sum of the land value, the net salvage value of the 2955 Packers Avenue improvement, and the net salvage value of the improvement at 2957 Packers Avenue, or \$331,000. (See Section VII-F-5 for details.)
9. A reserve for replacements is based upon 2 percent of the after-tax cash throw off and is invested at 9 percent per year.

EXHIBIT VII-6 (Continued)

10. Land is valued at \$150,000, or \$1.15 per square foot as of January 1, 1985.
11. The computer program solves for justified investment value based upon the amount of debt and equity the property can carry, given the financing parameters and cash on cash requirements. The land value is subtracted from justified investment value to solve for building value. The building is depreciated straight line over 18 years as currently allowed by the Internal Revenue Service.
12. The financing parameters include 13.25 percent interest, 20-year loan, and a balloon in eight years. Debt service payments are made monthly.
13. All revenue and expense assumptions are found in Exhibit VII-5.

EXHIBIT VII-7
COMPUTER OUTPUT OF
DISCOUNTED CASH FLOW ANALYSIS

RUN NUMBER 0

PROFORMA
INVESTMENT ANALYSIS OF
2955 AND 2957 PACKER
FOR
MREIF

REPORT SECTION NUMBER 1 PAGE 1
=====

* GROSS RENT	\$	68815.	* RATE OF GROWTH OF GROSS RENT	0.0384
* EXPENSES	\$	13324.	* RATE OF GROWTH OF EXPENSES	0.0529
* R E TAXES	\$	8457.	* RATE OF GROWTH OF R E TAXES	0.0200
* INCOME TAX RATE		0.4000	PROJECT VALUE GROWTH TYPE	3.0000
* VACANCY RATE		0.0500	WORKING CAPITAL LOAN RATE	0.1400
EQUITY DISCOUNT		0.1600	EXTRAORDINARY EXPENSES	\$ 0.
RESALE COST		0.0400	REINVESTMENT RATE	0.0900
WKG CAPITAL RS		0.	CAPITAL RESER INTEREST RATE	0.0900
INVESTOR TAX CLASS		0	OWNERSHIP FORM	1
INITIAL COST	\$	287586.	INITIAL EQUITY REQUIRED	\$ 96815.

ALL "*" VALUES ARE AVERAGE AMOUNTS FOR HOLDING PERIOD. OF 8 YRS.
INITIAL COST DERIVED THROUGH BACKDOOR TYPE 3 USING 1 MORTGAGES

EXHIBIT VII-7 (Continued)

RUN NUMBER 0

PRO FORMA
INVESTMENT ANALYSIS OF
2955 AND 2957 PACKER
FOR
MREIF

REPORT SECTION NUMBER 3

PAGE 1

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989	1990	1991	1992
1 GROSS RENT	60063.	62405.	64844.	67305.	69865.	72536.	75307.	78196.
2 LESS VACANCY	3003.	3120.	3242.	3365.	3493.	3627.	3765.	3910.
3 LESS REAL ESTAE TAXES	7883.	8041.	8201.	8366.	8533.	8703.	8878.	9055.
4 LESS EXPENSES	11056.	11633.	12245.	12886.	13565.	14286.	15052.	15865.
5 NET INCOME	38121.	39611.	41155.	42688.	44274.	45920.	47612.	49366.
6 LESS DEPRECIATION	7644.	7644.	7644.	7644.	7644.	7644.	7644.	7644.
7 LESS INTEREST PMTS	25154.	24862.	24528.	24148.	23714.	23219.	22654.	22010.
8 TAXABLE INCOME	5323.	7106.	8983.	10897.	12916.	15057.	17314.	19713.
9 PLUS DEPRECIATION	7644.	7644.	7644.	7644.	7644.	7644.	7644.	7644.
10 LESS PRINCIPAL PMTS	2075.	2367.	2701.	3081.	3515.	4010.	4575.	5219.
11 CASH THROW-OFF	10892.	12382.	13926.	15459.	17045.	18691.	20383.	22137.
12 LESS INCOME TAXES	2129.	2842.	3593.	4359.	5166.	6023.	6926.	7885.
13 LESS RESERVES	175.	191.	207.	222.	238.	253.	269.	285.
14 CASH FROM OPERATIONS	8587.	9349.	10126.	10879.	11641.	12415.	13188.	13967.
15 WORKING CAPITAL LOAN	0.	0.	0.	0.	0.	0.	0.	0.
16 DISTRIBUTABLE CASH AFTER TAX	8587.	9349.	10126.	10879.	11641.	12415.	13188.	13967.
17 TAX SAVINGS ON OTHER INCOME	0.	0.	0.	0.	0.	0.	0.	0.
18 SPENDABLE CASH AFTER TAXES	8587.	9349.	10126.	10879.	11641.	12415.	13188.	13967.

MARKET VALUE & REVERSION

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989	1990	1991	1992
19 END OF YEAR MARKET VALUE - 1992								331000.
20 LESS RESALE COST	13240.	13240.	13240.	13240.	13240.	13240.	13240.	13240.
21 LESS LOAN BALANCES	188696.	186329.	183628.	180547.	177032.	173022.	168447.	163228.
22 PLUS CUR. CASH RESERVES	175.	382.	623.	901.	1220.	1583.	1994.	2459.
23 BEFORE TAX NET WORTH	129239.	131813.	134755.	138114.	141947.	146321.	151307.	156991.
24 CAPITAL GAIN (IF SOLD)	37818.	45462.	53105.	60749.	68393.	76036.	83680.	91324.
25 CAPITAL GAINS TAX	7051.	7274.	8497.	9720.	10943.	12166.	13389.	14612.
26 MINIMUM PREF. TAX	0.	0.	0.	0.	0.	0.	0.	0.
27 INCOME TAX ON EXCESS DEP.	0.	0.	0.	0.	0.	0.	0.	0.
28 TOTAL TAX ON SALE	6051.	7274.	8497.	9720.	10943.	12166.	13389.	14612.
29 AFTER TAX NET WORTH	123189.	124539.	126258.	128394.	131005.	134155.	137918.	142379.

EXHIBIT VII-7 (Continued)

BEFORE TAX RATIO ANALYSIS

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989	1990	1991	1992
30 RETURN ON NET WORTH B/4 TAX	0.4474	0.1157	0.1280	0.1396	0.1512	0.1625	0.1734	0.1839
31 CHANGE IN NET WORTH B/4 TAX	32425.	2574.	2942.	3359.	3834.	4373.	4986.	5684.
32 ORIG EQUITY CASH RTNB/4 TAX	0.1125	0.1279	0.1438	0.1597	0.1761	0.1931	0.2105	0.2287
33 ORIG EQUITY PAYBACK B/4 TAX	0.1125	0.2404	0.3842	0.5439	0.7200	0.9130	1.1236	1.3522
*34 B/4 TAX PRESENT VALUE	311574.	307321.	304616.	303101.	302520.	302665.	303358.	304460.

AFTER TAX RATIO ANALYSIS

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989	1990	1991	1992
35 RETURN ON NET WORTH AFR TAX	0.3611	0.0869	0.0951	0.1031	0.1110	0.1188	0.1264	0.1336
36 CHANGE IN NET WORTH AFR TAX	26374.	1351.	1719.	2136.	2611.	3150.	3763.	4461.
*37 ORIG EQUITY CASH RTNAFR TAX	0.0887	0.0966	0.1046	0.1124	0.1202	0.1282	0.1362	0.1443
*38 ORIG EQUITY PAYBACK AFR TAX	0.0887	0.1853	0.2899	0.4022	0.5225	0.6507	0.7869	0.9312
*39 AFTER TAX PRESENT VALUE	304371.	297675.	292497.	288528.	285533.	283318.	281721.	280611.

CASH FLOW ANALYSIS

	1985	1986	1987	1988	1989	1990	1991	1992
40 NET INCOME-MARKET VALUE RTO	0.1152	0.1197	0.1243	0.1290	0.1338	0.1387	0.1438	0.1491
41 LENDER BONUS INTEREST RATE	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
*42 DEFAULT RATIO	0.7687	0.7516	0.7352	0.7203	0.7060	0.6923	0.6793	0.6669

EXHIBIT VII-7 (Continued)

RUN NUMBER 0

PRO FORMA
INVESTMENT ANALYSIS OF
2955 AND 2957 PACKER
FOR
MREIF

REPORT SECTION NUMBER 2

PAGE 1

=====

COMPONENT SUMMARY

TITLE	PCT. DEPR	BEGIN USE	USEFUL LIFE	DEPR METHOD	COST	SCH
LAND	0.00	1	40.	0	\$ 150000.	0
BUILDING	1.00	1	18.	2	\$ 137586.	0

MORTGAGE SUMMARY

TITLE	INTR RATE	BEGIN YR.	END YR.	TERM	ORIG BALC	PCT VALUE
MORTGAGE	0.1325	1	8	20	\$ 190771.	0.663

EXHIBIT VII-7 (Continued)

REPORT SECTION NUMBER 9

PAGE 1

DEPRECIATION SCHEDULE FOR BUILDING

INITIAL COST 137586.
 DEPRECIATION METHOD 2 PERCENT DEPRECIABLE 1.000
 USEFUL LIFE 18. BEGINNING YEAR 1

YR	ANNUAL DEP.	CUMULATIVE STR. LINE	CUMULATIVE ACCELERATED	EXCESS
1	7644.	7644.	0.	0.
2	7644.	15287.	0.	0.
3	7644.	22931.	0.	0.
4	7644.	30575.	0.	0.
5	7644.	38218.	0.	0.
6	7644.	45862.	0.	0.
7	7644.	53506.	0.	0.
8	7644.	61149.	0.	0.

REPORT SECTION NUMBER 8

PAGE 1

MORTGAGE AMORTIZATION SCHEDULE FOR MORTGAGE

MORTGAGE AMOUNT 190771. TERM 20
 INTEREST RATE 0.1325 MORTGAGE FACTOR 0.01189431
 PERIOD PAYMENT 2269.09 PAYMENTS PER YEAR 12
 BONUS INTEREST 0.0000 TYPE 0 GREATER THAN 0.

YR	ANNUAL PAYMENT	INTEREST PAYMENT	PRINCIPAL PAYMENT	BALANCE	BONUS INT PAYMENT
1	27229.	25154.	2075.	188696.	0.
2	27229.	24862.	2367.	186329.	0.
3	27229.	24528.	2701.	183628.	0.
4	27229.	24148.	3081.	180547.	0.
5	27229.	23714.	3515.	177032.	0.
6	27229.	23219.	4010.	173022.	0.
7	27229.	22654.	4575.	168447.	0.
8	27229.	22010.	5219.	163228.	0.

EXHIBIT VII-7 (Continued)

DIS MREIF.5

	MREIF
1,2955 AND 2957 PACKERS AVE,	
10,1985,0,1,1.0,8,34767	
20,3,1,1.4,.1125,1,1	
40,60063,62405,64844,67305,69865	
41,72536,75307,78196	
60,.05,*	
70,7883,.02,*	
80,11056,11633,12245,12886,13565	
81,14286,15052,15865	
100,.16,.40,.09	
101,0,331000,3	
102,.14,1,.04,0	
103,.02,0,.09,0	
200,1,LAND	
201,1,150000,0,0	
202,1,1,40,0	
200,2,BUILDING	
201,2,1.0,1.0,2	
202,2,1,18,0	
300,1,MORTGAGE	
301,1,1.0,.1325,0,20	
302,1,12,1,8,0	
400,9	
403,99	
999,99	

Ready

The discounted after tax value of \$280,000 and the discounted before tax value of \$305,000 are supported by the more simplistic back door method used to solve for the justified investment or initial cost, using the net operating income in year one and the financing and investment parameters previously described, but excluding tax shelter benefits. As indicated in Exhibit VII-7, Report Section I, the justified investment or initial cost suggested is \$287,586, or \$288,000 rounded, of which initial cash equity is \$96,815, or \$97,000 rounded, with an original mortgage balance of \$190,771, or \$191,000 rounded.

Therefore, the value conclusion from the income approach ranges from \$280,000 to \$305,000, or \$8.05 to \$8.77 per square foot of GBA.

H. The Market Comparison Approach

A search in the Madison area for comparable sales during the last five years of older warehouses which are functionally obsolete in design, but well-located and still generating a reasonable income stream, revealed no properties comparable to the subject property.

The following warehouses, built before 1960 and sold during the past five years, were considered:

SALE	LOCATION	YEAR BUILT
A	1741 Commercial Avenue	1916
B	924 E. Main Street	1929-1966
C	312 S. Livingston Street	1944
D	3165 E. Washington Avenue	1953
E	4401 Cottage Grove Road	1955

Sale A: This vacant property, once a railroad roundhouse, was most recently used as a showroom and distribution warehouse for kitchen cabinets and equipment. The property was sold to Magel, Inc., a subsidiary of Madison Gas and Electric Company on May 11, 1982, for \$198,000 cash. The 22,958 square foot building located on a 205,254 square foot site near a rail track, is constructed of masonry/wood and is in poor repair. The semi-arc shape of the exterior walls of the building add to its obsolescence. The majority of the dock doors and overhead doors are boarded shut and/or are in poor repair. The value of the property lies in its site; the sale price represents \$0.96 per square foot of land with rail service. The present buyer is known to acquire property for future needs and it is unlikely this building will be used again. Magel, Inc., also purchased a 175,547 square foot vacant site just east of this site for \$1.03 per square foot in 1980. The appraiser regards this as a vacant land purchase.

Sale B: This brick/wood frame one-story structure sold for \$80,000, or \$11.11 per square foot of GBA, on May 18, 1984. The purchaser is Mel and Melanie Bourne. The 7,063 square foot building located on a 10,890 square foot site is not comparable in size with the subject property. There is rail siding to the building but it is not used by the current occupants. Sale B is in better condition than the subject. No rental data was available. The two structures have little in common except age.

Sale C: The property at 312 South Livingston was the site of Roy's Transfer Company until early in 1984. Several structures since demolished were on the site at time of sale. Roy's Transfer Company was located on 52,272 square feet of land leased from the railroad. When the property sold to Martin Rifken, Roy's Transfer relocated to Pennsylvania Avenue.

According to the Madison Assessor's office, a 60,984 square foot lot sold on January 4, 1984, for \$100,000. The disparity in the lot size occupied by Roy's and the land sold is 8,712 square feet, or the size of a typical parcel 66 feet by 132 feet. It is assumed the sale from the railroad to Martin Rifken included all of the site which had been leased to Roy's plus one more parcel. The sale price translates to \$1.64 per square foot of land. This site is about one-half the size of the subject and has quite different locational attributes compared to the subject. The area, closer to downtown Madison,

fringing a large residential area, and Madison Gas and Electric's headquarters, is better suited for office and retail/distribution operations. This property was purchased and cleared for use as a parking lot by a captive buyer redeveloping a contiguous site into an office building.

Sale D: The building which houses Foster Insulation located at 3165 East Washington Avenue near the Highway 30 interchange sold for \$99,000 on June 29, 1984, to Robert B. Schule on land contract. The cash price was \$88,000. The masonry/steel frame building, built on a downward sloping 19,315, square foot lot, contains 4,600 square feet of GBA at the main grade, the space is divided into 1,248 square feet of office and 3,352 square feet of warehouse. At the rear, the lower level of the building is a garage; the garage square footage is not included in the GBA reported. The front office rents for \$4.13 per square foot and the entire building is of higher quality and in better condition than the subject property. The small size of both the building and the site also disqualifies Sale D as a reliable comparable sale.

Sale E: Radford Company, a millwork operation and distributor of Anderson Windowalls purchased this property on January 4, 1982, for \$525,000 cash. The site contains 194,105 square feet, or 4.46 acres, about 150 percent larger than the subject site, and the building is approximately 34,500 square

feet of GBA, similar to the subject. The office area occupies 20 percent, or 7,000 square feet of the GBA. The main building is an older concrete tilt-wall light industrial facility with dock height floors and 12 foot eaves. Although not of modern steel construction, this building is of superior quality to the subject, has adequate width and length for a large assembly and/or efficient storage operation and is well located adjacent to Highway 51. A railroad mainline runs south of the property.

The lack of comparability of these older industrial warehouse sales with the 2955 Packers Avenue subject property makes the market comparison approach misleading, and it is not used in the appraisal of this property in which prices are related to square foot of GBA.

There have been sales of service garages comparable to the structure at 2957 Packers Avenue. However, the appraisers believe that the site would not be subdivided to accomplish a sale of this building.

Therefore, the market comparison approach is also not applicable to the improvements known as Foley's Equipment Company at 2957 Packers Avenue.

I. The Cost Approach

The cost approach [1] is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements and for providing an alternative to the sales comparison and income capitalization approaches.

For the four other warehouses in this portfolio, the cost approach has been used as a check on the value conclusions arrived at by the income and market comparison approaches to value. The other warehouses, all of steel construction, were constructed after 1970. The subject property at 2955 Packers Avenue, built in the 1940s, is an early style of pre-fabricated steel building which is nearing the end of its economic life.

An estimate of depreciated value is highly speculative, making the cost approach a subjective and misleading valuation method for this structure. Furthermore, Marshall Valuation

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

Service has no category in its extensive computerized catalogue of building types that resemble the quonset structure at 2955 Packers Avenue. The non-computerized manual published by Marshall and Swift indicates that construction costs of a quonset building, measuring 40 to 60 feet in width by 240 feet in length, range from \$5.50 to \$5.75 per square foot of GBA plus \$6 per square foot of GBA for a concrete foundation at loading dock height. An estimate of effective age would be subjective, and the existing improvements do not meet the tests of best use for this site. Therefore the appraisers have not applied the cost approach to this structure.

As previously discussed, the appraisers have concluded that the long-term value for the subject property lies in the site value. It is assumed a buyer, in time, would utilize the site's existing foundations to build a more efficient and marketable warehouse facility. The service garage at 2957 Packers Avenue would be demolished to maximize the productivity of the site.

Although the garage structure is older, nevertheless, its traditional design and construction materials lends itself to the cost approach to assist in the estimation of net salvage value. The Marshall Valuation Service estimates the economic life of a service garage to average 35 years. If the service garage has a remaining economic life of 10 years, its effective age is approximately 25 years. Given the cost approach

assumptions shown in Exhibit VII-8, the estimated value of the improvements at 2957 Packers Avenue as of January 1, 1985, is \$30,000, or \$11.36 per square foot of GBA. The computerized analysis is found in Exhibit VII-9. This value supports the residual value of \$10 per square foot assigned this structure at the end of the eight-year holding period used in the income approach.

J. Reconciliation of Three Approaches and Conclusion of Subject Property Value if Sold Individually

Age and style of the improvements have undermined the relevancy of the market comparison and cost approaches. Admittedly, the critical judgmental factor in valuing the subject property is the remaining useful life of the improvements. Of secondary importance is the possibility that costs of trucking, by the end of the century, will put a premium on sites with rail service.

The after tax value of \$280,000 as compared to the before tax value of \$305,000 from the income approach (see Exhibit VII-7, line 34) may be the result of understating the rate of depreciation or overstating current land value that would be assigned by the Internal Revenue Service. Therefore, the appraisers have chosen to compromise the investment value at \$290,000 as of January 1, 1985.

COMMERCIAL/INDUSTRIAL FIELD FORM - CAL

Computerized Service based on
MARSHALL AND SWIFT VALUATION SERVICE

1) COST ESTIMATE FOR Gordon & Greg Rice
 2) PROPERTY OWNER MREIF
 3) ADDRESS 2957 Packers Avenue
 4) SURVEYED BY Graaskamp
 5) DATE OF SURVEY 1/1/85

6) REGION: 1 Western CLIMATE: ① Extreme
 ② Central 2 Moderate
 3 Eastern 3 Mild

7) OCCUPANCY CODE 325 (Refer to back of Form)

8) CONSTRUCTION CLASS:
 A Fireproof Structural Steel Frame
 B Reinforced Concrete Frame
 ③ C Masonry Bearing Walls
 D Wood or Steel Framed Exterior Walls

9) LOCAL MULTIPLIER 1.03
 (Refer to Section 99, Marshall Valuation Service)

10) COST RANK:
 ① Low 3 Above Average
 2 Average 4 High

11) TOTAL FLOOR AREA 2640

12) SHAPE or PERIMETER 1
 1 Approximately Square
 2 Slightly Irregular
 3 Irregular
 4 Very Irregular

13) NUMBER OF STORIES 1

14) AVERAGE STORY HEIGHT 16'

15) EFFECTIVE AGE 15

16) CONDITION:
 1 Worn Out 4 Good
 2 Badly Worn 5 V. Good
 ③ 3 Average 6 Excellent

17) EXTERIOR WALL:

- Masonry Walls**
 1 Adobe Block
 2 Brick, Block Back-Up
 3 Common
 4 Cavity
 5 Face Brick (Add)
 ⑥ 6 Concrete Block
 7 Concrete, Reinforced
 8 Concrete, Tilt-Up
 9 Stn. Ashlar Veneer, Block
 10 Stone, Rubble
 11 Pilaster
 12 Bond Beams
 ⑬ 13 Insulation (Add) .23
Curtain Walls
 14 Concrete, Precast
 15 Concrete/Glass Panels
 16 Metal/Glass Panels
 17 Stainless Steel/Glass
 18 Bronze and Glass
 19 Stone Panels
 20 Steel Studs/Stucco
 21 T. e. Clay
 22 Facing Tile (Add)

- Wood or Steel Framed Walls**
 23 Aluminum Siding
 24 Asbestos Siding
 25 Asbestos Shingles
 26 Shingles
 27 Shakes
 28 Stucco on Wire/Paper
 29 on Sheathing
 30 Wood Siding on Paper
 31 on Sheathing
 32 Veneer, Common Brick
 33 Face Brick
 34 Stone
 35 Used Brick
 36 Siding, Vinyl Surface
 37 Hardboard
 38 Textured Plywood
 39 Board/Batten Box Frame
 40 Log, Rustic
 41 Insulation (Add)
Wood or Steel Skeleton Frames
 42 Aluminum Cover
 43 Sandwich Panels
 44 Corr. Steel on Steel Frame
 45 on Wood Frame
 46 Transite
 47 Siding, Post/Girder Frame
 48 Sheathing (Add)

18) HEATING, COOLING & VENTILATION:

- | | |
|----------------------------------|--------------------------------|
| 1 Elec. (Cable, Panel/Baseboard) | 12 Steam, with Boiler |
| 2 Elec. Wall Heaters | 13 Steam, without Boiler |
| ③ 3 Forced Air .23 | 14 Air Cond. Hot/Chilled Water |
| 4 Floor Furnace | 15 Air Cond. Warm/Cooled Air |
| 5 Gas Steam Radiator | 16 Package Heating/Cooling |
| 6 Gravity Furnace | 17 Heat Pump |
| 7 Heaters, Vented | 18 Evaporative Cooling |
| 8 Hot Water | 19 Refrigerated Cooling |
| 9 Hot Water, Radiant | 20 Ventilation |
| ⑩ 10 Space Heat, Gas .77 | 21 Wall Furnace |
| 11 Space Heat, Steam | |

18) ELEVATORS 0 Sq. Ft. Served

20) SPRINKLERS 0 Sq. Ft.

21) TOTAL 0 Sq. Ft.

BASEMENT 0 Sq. Ft.
 1 Unfinished 5 Utility
 2 Finished 6 Resident Units
 3 Parking 7 Display
 4 Storage 8 Office

MISCELLANEOUS COST

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

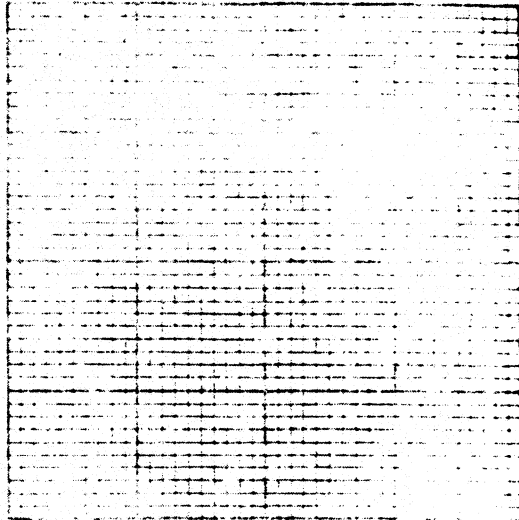


EXHIBIT VII-8 (Continued)

COST REFINEMENTS

MZM:	Mezzanines (Sq. Ft. of Mezzanines)	UW:	Commercial and Institutional Built-ins (Total Sq. Ft. of Building Area)
MZB:	Display	UX:	Bank Equipment
MZC:	Office		(counters, vault doors, etc.)
MZD:	Storage	UY:	Jail Equipment
	Open		(cell blocks, locking devices, etc.)
		UAA:	Hospital Equipment (Groups II and III)
		UAB:	Hospital Pneumatic Conveyor System
BCA:	Balconies (Sq. Ft. of Balconies)	UAC:	College Commons Kitchen Equipment
BCD:	Apartment Exterior		Science Building Laboratory Equipment
BCC:	Auditorium		Bank Vaults
BCT:	Church		(Sq. Ft. of Vault Area)
	Theater	UAD:	Money
		UAG:	Record Storage
			Stages & Permanent Fixtures
			(Sq. Ft. of Stage Area)
DLR:	Docks (Sq. Ft. of Dock Area)	UAH:	Live Performance
DLW:	Loading with Roof	UAJ:	Motion Picture Only
DOS:	Loading without Roof	UAK:	Speaker's Platform
DOF:	Shipping		High Rise Apartment Miscellaneous
	Dock Height Floors		(Number of Units)
		APP:	Appliance Allowance (enter # of apart. units)
		UAM:	Wall Air Conditioning (# of units)
PAS:	Parking Lots (Sq. Ft. of Parking)		Barns and Sheds
PCO:	Paving Asphalt		(Sq. Ft. of Loft)
LIG:	Paving, Concrete	LOF:	Lofts for Barns or Sheds
BUM:	Parking Lot Lighting (Sq. Ft. of Area Served)		
	Parking Bumpers (Lin. Ft.)		

ADDITIONS

ADD TO (SUPERstructure, BASEment, EXTra (Depreciated), MIScellaneous (Not Depreciated))

BRIEF DESCRIPTIONS		(+ or -) COST
EXT :	Overhead doors	\$ 2520
EXT :	Office area	\$ 3500
:		\$
:		\$
:		\$

REMARKS

REM:

REM:

REM:

OCCUPANCY CODES

300 Apartment (High Rise)	316 Dairy & Milking Barn	336 Laundromat	357 Commons	399 Shed, Cattle
301 Armory	317 Dairy Sales Building	337 Library	358 Gymnasium	400 Shed, Hay
302 Auditorium	318 Department Store	338 Loft	359 Lecture Hall	403 Shower Building
303 Automobile Showroom	319 Discount Store	339 Lumber Stge., Horizontal	360 Library	378 Stable
304 Bank	320 Dispensary	390 Lumber Stge., Vertical	361 Manual Arts	389 Storage, Equipment
384 Barber Shop	393 Dormitories (Labor)	340 Market	362 Multi-Purpose	391 Storage, Material
305 Barn	321 Dormitory	341 Medical Office	363 Physical Education	395 Storage, Potato or Vegetables
396 Barn, Hog	322 Fire Station	342 Mortuary	364 Science	379 Theater, Stage Presentation
397 Barn, Sheep	323 Fraternal Building	343 Motel	365 Entire Elementary	380 Theater, Motion Picture
398 Barn, Fruit Packing	324 Fraternity House	344 Office Building	366 Entire Secondary	383 Tobacco Barn
306 Bowling Alley	325 Garage, Service	345 Parking Structure	School, College	404 Utility Building, Farm
394 Cabins (Transient Labor)	326 Garage, Storage	388 Parking Structure, Underground	367 Arts & Crafts	381 Veterinary Hospital
308 Church with Sunday School	327 Governmental Building	346 Post Office	368 Classroom	382 Warehouse
309 Church without Sunday School	328 Hangar, Storage	348 Rectory	369 Commons	386 Warehouse, Mini
310 City Club	329 Hangar, Maintenance & Office	349 Restaurant, Drive-in	370 Gymnasium	387 Warehouse, Transit
311 Clubhouse	330 Home for the Elderly	350 Restaurant, Table Serv.	371 Lecture Hall	
312 Coldwater Flat	331 Hospital	353 Retail Store	372 Library	
313 Convalescent Hospital	332 Hotel	School, Elem. & Sec.	373 Manual Arts	
314 Country Club	402 Hotels, Resort	355 Arts & Crafts	374 Multi-Purpose	
315 Creamery & Milk Process	334 Industrial, Manuf.	356 Classroom	375 Physical Education	
	392 Industrial, Engineering		376 Science	
	335 Jail		377 Entire College	

EXHIBIT VII-9

COMPUTER OUTPUT FOR COST APPROACH
TO VALUE FOR 2957 PACKERS AVENUE

COMMAND:>LIST

DATA:

1:GORDON & GREG RICE
2:MREIF
3:2957 PACKERS AVENUE
4:GRAASKAMP
5:1/1/85
6:2 1
7:325
8:0
9:1.03
10:1
11:2640
12:1
13:1
14:16
15:25
16:3
17:6 13.23
18:3.23 10.77
19:0
20:0
21:0

ADDITIONS:

1: EXT:OVERHEAD DOORS	\$	2,520
2: EXT:OFFICE IMPROVEMENTS	\$	3,500

COST AS OF: 1/85
ARCHITECT FEES: ON *

8date as of: 1/85

EXHIBIT VII-9 (Continued)

COMMAND: >REPORT

COST ESTIMATE FOR: GORDON & GREG RICE
 PROPERTY OWNER: MREIF
 ADDRESS: 2957 PACKERS AVENUE
 SURVEYED BY: GRAASKAMP
 DATE OF SURVEY: 1/1/85

DESCRIPTION:

OCCUPANCY: SERVICE GARAGE
 FLOOR AREA: 2,640 Square Feet AVERAGE STORY HEIGHT: 16.0 Feet
 CLASS: C Masonry EFFECTIVE AGE: 25 Years
 COST RANK: 1.0 Low CONDITION: 3.0 Average
 NUMBER OF STORIES: 1.0 COST AS OF: 01/85

EXTERIOR WALL:
 Concrete Block..... 100%
 Insulation..... 23%
 HEATING AND COOLING:
 Forced Air..... 23%
 Space Heat..... 77%

	UNITS	COST	TOTAL
BASIC STRUCTURE COST:	2,640	23.30	61,518
EXTRAS:			
OVERHEAD DOORS			2,520
OFFICE IMPROVEMENTS			3,500
REPLACEMENT COST NEW.....			67,538
LESS DEPRECIATION:			
Physical and Functional.....	<55.0%>		<37,146>
DEPRECIATED COST.....			30,392
ROUNDED TO NEAREST \$1,000			30,000

Cost Data by MARSHALL and SWIFT

VIII. WAREHOUSE PACKAGE SALE

Although a market value has been determined for each individual warehouse, there is still the question as to the most probable price at which the five properties would sell as a package, assuming current ownership wished to liquidate within six months. The theorist would argue that a portfolio of properties would sell for a slight premium because multiple tenancies and locations might stabilize income to some degree. The effect in this case might be minor since the five properties involve six buildings and a total of ten tenants, at least three of which are on a short-term basis--hardly the characteristics of which a portfolio is made. Still, a buyer would achieve some efficiency in the search, acquisition negotiation, and placement of funds if five properties were bought as a package at a single closing.

The pragmatist would presume that the seller would achieve transaction efficiency, gain reinvestment flexibility, and protect certain tax advantages in a bulk liquidation by selling all the properties in a package, avoiding adverse selection by buyers in the market who might prefer three or four properties but hesitate relative to a fifth. Pricing the package of five properties is a practical problem of blending the theoretical and business viewpoint of both the seller and the buyer.

If each property were to sell for the appraised market value as of January 1, 1985, the net realized by the seller would first have to be adjusted by mortgage balances outstanding on the various properties. These results might be tabulated as follows:

ADDRESS	APPRAISED VALUE AS OF 1/1/85	ESTIMATED MORTGAGE BALANCE AS OF 1/1/85	
2201 Darwin Rd	\$ 220,000	\$ 99,858	
2223 Darwin Rd	180,000	86,833	
2601 Seiferth Rd	280,000	107,866	
625 Mayfair Ave	250,000	163,155	
2955-57 Packers Ave	<u>290,000</u>	<u>---</u>	
	\$1,220,000	\$457,712	
NET TO SELLER			\$762,288

The package of five warehouse properties would have a five-year forecast of net operating income (NOI) as summarized in Exhibit VIII-1. The first year NOI in 1985 for the portfolio is estimated to be \$143,553.

Assume if the buyer pays a total portfolio acquisition price, including a \$5,000 premium of \$1,225,000, he will be able to enjoy a slight premium in financing with a blanket mortgage at 13 percent interest for a 25-year term and a debt cover of 1.2 in the first year (as compared to 13.25 percent interest and a 1.3 debt cover ratio for an individual building). The premium price of \$1,225,000 would represent a

cash on cash yield in the first year of 6.8 percent and an after-tax yield of only 16.8 percent as indicated in Exhibit VIII-2 on a computerized program called VALTEST. Premium pricing would represent an overall capitalization rate on purchase of 0.117 (\$143,553 net operating income in the first year from combined operations divided by \$1,225,000). The resale price of \$1,420,000 for the portfolio is based upon the fifth year income capitalized at 12 percent less resale costs of 4 percent. Clearly, a premium price justified by improved risk and leverage characteristics is a questionable hypothesis for these five properties when the initial cash on cash yield is low and the overall yield of 16 to 18 percent is only typical but not exceptional for a commitment of this size.

From the viewpoint of the seller, full pricing might drag out liquidation for as long as two years before realizing all receipts. If MREIF were to sell for appraised market value of \$1,220,000, a net of \$762,288, after payment of loan balances due, may be realized over a span of two years. The present value of six equal payments of \$127,048 discounted at a 12 percent opportunity cost of funds, would provide a present value of \$666,000 to the seller. When that equity value is added to the \$457,712 mortgage balance, the indicated current portfolio value would be \$1,123,715, or \$1,125,000 rounded. The 12 percent opportunity cost is a proxy for management, tax, and

uncertainty costs to the owners as well as a decline in reinvestment income as properties are sold. Nevertheless, it could be argued that if the five properties could be sold in bulk for \$1,125,000 early in 1985, the investors would be better off than selling over a two years' time at the full price. The result would be to significantly improve both the cash on cash yield to the equity investor (buyer) to 10.7 percent in the first year and the debt cover ratio for a lender to a respectable 1.29 or 1.3 at 13 percent for 25 years. (See Exhibit VII-3 for VALTEST output.) The seller is no worse off than if he had received top dollar over a two-year selloff and the purchaser and his mortgage lender have both found the commitment to be much more attractive on a cash basis with a yield of better than 20 percent after taxes over a five-year holding period with the same net resale price of \$1,420,000.

Given the above parameters, we recommend that the asking price for the five properties be set at \$1,160,000, assuming the buyer will be able to obtain a first mortgage of \$875,000 at 13 percent interest, 25-year term, with a 7-year balloon. Those terms would require a down payment of \$285,000, which would give the lender a minimum debt cover ratio of 1.2, an average debt cover ratio of 1.35 over the five-year term, and the buyer would receive a cash return to equity ranging from 8.8 to 21 percent over the five-year span for a total modified

after tax yield of 20.7 percent. See Exhibit VIII-4 for VALTEST details of investor results assuming a \$1,160,000 price tag.

An asking price of \$1,160,000 provides an attractive purchase price to an investor with satisfactory cash returns during a period of modest inflation, capital appreciation anticipated on a very conservative basis, and a net yield of 20 percent after taxes in hard dollars which is very competitive with other tax shelter investments which have far less basic economic advantage. At the same time, the seller trades only \$60,000 from market value of the individual properties to achieve a package sale in a reasonable period of time.

EXHIBIT VIII-1

PORTFOLIO OF FIVE WAREHOUSE PROPERTIES
 SCHEDULE OF NET OPERATING INCOME [1]
 FROM JANUARY 1, 1985, THROUGH DECEMBER 31, 1989

ADDRESS OF SUBJECT PROPERTY	1985	1986	1987	1988	1989
2201 Darwin Road	\$ 30,271	\$ 31,586	\$ 32,129	\$ 30,434	\$ 29,012
2223 Darwin Road	21,247	23,213	23,983	24,808	25,633
2601 Seiferth Road	29,506	32,595	33,965	35,449	36,591
625 Mayfair Road	24,408	24,401	24,395	35,308	41,853
2955-57 Packers Avenue	<u>38,121</u>	<u>39,611</u>	<u>41,156</u>	<u>42,688</u>	<u>44,274</u>
TOTAL NET OPERATING INCOME	\$143,553	\$151,406	\$155,628	\$168,687	\$177,363

[1] The annual NOI for each property is taken from the Schedule of Revenues and Expenses developed for each property found in Sections III through VII.

EXHIBIT VIII-2

TEST OF INVESTOR (BUYER) RETURNS AT
\$1,225,000 ACQUISITION PRICE USING VALTEST

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? MREIF-WAREHOUSE PORTFOLIO
 2. ENTER PROJECTION PERIOD ? 5
 3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
N.O.I. YEAR 1? 143553
N.O.I. YEAR 2? 151406
N.O.I. YEAR 3? 155628
N.O.I. YEAR 4? 168687
N.O.I. YEAR 5? 177363
 4. ACQUISITION COST: ? 1225000
 5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N? Y
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? .73, .13, 25, 12
 6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .6902, 18
IS THERE A SECOND IMPROVEMENT? Y OR N? N
 7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ? N
IS PROPERTY RESIDENTIAL? Y OR N? N
 8. IS OWNER A TAXABLE CORPORATION? Y OR N ? N
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
70% (PRE-1981 LAW)
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)
- ENTER:
- 1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
? .4, .4
 9. RESALE PRICE (NET OF SALE COSTS) ? 1420000
 10. IS THERE LENDER PARTICIPATION ? N
 11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 9
 12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 9

EXHIBIT VIII-2 (Continued)

AFTER TAX CASH FLOW PROJECTION
 MREIF-WAREHOUSE PORTFOLIO
 DATE 1/1/85

DATA SUMMARY

ACQUISITION COST: \$1,225,000. MTG. AMT.: \$894,250.
 NOI 1ST YR: \$143,553. MTG. INT.: 13%
 ORG. EQUITY: \$330,750. MTG. TERM: 25. YRS
 CTO 1ST YEAR: \$22,525. DEBT SERVICE 1ST YEAR: \$121,028.
 MTG. CONST.: .1353403
 IMP. #1 VALUE: \$845,495. IMP. #1 LIFE: 18.
 INC. TX RATE: 40%
 SALE YR RATE: 40% OWNER: INDIVIDUAL

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

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

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	143553.	115957.	46972.	-19377.	-7752.	30277.
2.	151406.	115258.	46972.	-10824.	-4331.	34709.
3.	155628.	114461.	46972.	-5806.	-2323.	36923.
4.	168687.	113555.	46972.	8161.	3264.	44395.
5.	177363.	112523.	46972.	17868.	7147.	49188.
	\$796637.	\$571754.	\$234860.	\$-9978.	\$-3995.	\$195492.

EXHIBIT VIII-2 (Continued)

RESALE PRICE: \$1,420,000.
 LESS MORTGAGE BALANCE: \$860,863.
 PROCEEDS BEFORE TAXES: \$559,137.
 LESS LENDER'S %: \$0.
 NET SALES PROCEEDS BEFORE TAXES: \$559,137.
 =====

1ST YR 84 TAX EQ DIV: 6.8103%
 AVG DEBT COVER RATIO: 1.4135

RESALE PRICE: \$1,420,000.
 LESS LENDER'S %: \$0.
 NET RESALE PRICE: \$1,420,000.
 LESS BASIS: \$990,140.
 TOTAL GAIN: \$429,860.
 EXCESS DEPRECIATION: \$0.
 EXCESS DEP. FORGIVEN: \$0.
 CAPITAL GAIN: \$429,860.
 ORDINARY GAIN: \$0.
 =====

TAX ON ORDINARY GAIN: \$0.
 TAX ON CAPITAL GAIN: \$68,778.
 PLUS MORTGAGE BAL: \$860,863.
 TOTAL DEDUCTIONS FROM NET RESALE PRICE: \$929,641.
 =====

NET SALES PROCEEDS AFTER TAX: \$490,359.
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$1,420,000.
 THE MODIFIED I.R.R. BEFORE TAXES IS 18.7084% AND AFTER TAXES IS 16.8168%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 9%

EXHIBIT VIII-2 (Continued)

EQUITY ANALYSIS
MREIF-WAREHOUSE PORTFOLIO

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END		CASH RETURN	
		EQUITY	AMOUNT	ORG EQ	CUR EQ
1.	\$143,553.	\$335,821.	\$22,525.	.0681	.0671
2.	151,406.	341,591.	30,378.	.0918	.0889
3.	155,628.	348,158.	34,600.	.1046	.0994
4.	168,687.	355,632.	47,859.	.1441	.1340
5.	177,363.	364,137.	56,335.	.1703	.1547

ORIGINAL EQUITY: \$ 330750

MORTGAGE ANALYSIS
MREIF-WAREHOUSE PORTFOLIO

YEAR	NOI	MORT INT.	MORT AMORT	DEBT SERV	DCR	MTG. BAL.
1.	143553.	115957.	5071.	121028.	1.186	889179.
2.	151406.	115258.	5771.	121028.	1.251	883409.
3.	155628.	114461.	6567.	121028.	1.286	876842.
4.	168687.	113555.	7474.	121028.	1.394	869368.
5.	177363.	112523.	8505.	121028.	1.465	860863.
AVG	\$159,327.				1.316	

EXHIBIT VIII-3

TEST OF INVESTOR (BUYER) RETURNS AT
\$1,125,000 ACQUISITION PRICE USING VALTEST

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? MREIF-WAREHOUSE PORTFOLIO
2. ENTER PROJECTION PERIOD ? 5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
N.O.I. YEAR 1? 143553
N.O.I. YEAR 2? 151406
N.O.I. YEAR 3? 155628
N.O.I. YEAR 4? 168687
N.O.I. YEAR 5? 177363
4. ACQUISITION COST: ? 1125000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? .73, .13, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .66267, 18
IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
70% (PRE-1981 LAW)
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

ENTER:

- 1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
? .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1420000
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 9

EXHIBIT VIII-3 (Continued)

AFTER TAX CASH FLOW PROJECTION
MREIF-WAREHOUSE PORTFOLIO
DATE 1/1/85

DATA SUMMARY

ACQUISTN COST: \$1,125,000. MTG. AMT.: \$821,250.
 NOI 1ST YR: \$143,553. MTG. INT.: 13%
 ORG. EQUITY: \$303,750. MTG. TERM: 25. YRS
 CTO 1ST YEAR: \$32,405. DEBT SERVICE 1ST YEAR: \$111,148.
 MTG. CONST.: .1353403
 IMP. #1 VALUE: \$745,504. IMP. #1 LIFE: 18.
 INC. TX RATE: 40%
 SALE YR RATE: 40% OWNER: INDIVIDUAL

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

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

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	143553.	106492.	41417.	-4356.	-1743.	34148.
2.	151406.	105849.	41417.	4140.	1656.	38602.
3.	155628.	105117.	41417.	9094.	3638.	40842.
4.	168687.	104285.	41417.	22985.	9194.	48345.
5.	177363.	103337.	41417.	32609.	13044.	53171.
	-----	-----	-----	-----	-----	-----
	\$796637.	\$525080.	\$207084.	\$64472.	\$25789.	\$215107.

EXHIBIT VIII-3 (Continued)

RESALE PRICE: \$1,420,000.
 LESS MORTGAGE BALANCE: \$790,589.
 PROCEEDS BEFORE TAXES: \$629,411.
 LESS LENDER'S %: \$0.
 NET SALES PROCEEDS
 BEFORE TAXES: \$629,411.
 =====

1ST YR B4 TAX EQ DIV: 10.6682%
 AVG DEBT COVER RATIO: 1.4335

RESALE PRICE: \$1,420,000.
 LESS LENDER'S %: \$0.
 NET RESALE PRICE: \$1,420,000.
 LESS BASIS: \$917,916.
 TOTAL GAIN: \$502,084.
 EXCESS DEPRECIATION: \$0.
 EXCESS DEP. FORGIVEN: \$0.
 CAPITAL GAIN: \$502,084.
 ORDINARY GAIN: \$0.
 =====

TAX ON ORDINARY GAIN: \$0.
 TAX ON CAPITAL GAIN: \$80,334.
 PLUS MORTGAGE BAL: \$790,589.
 TOTAL DEDUCTIONS FROM
 NET RESALE PRICE: \$870,922.
 =====

NET SALES PROCEEDS
 AFTER TAX: \$549,078.
 =====

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$1,420,000.
 THE MODIFIED I.R.R. BEFORE TAXES IS 24.5134% AND AFTER TAXES IS 21.4213%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 9%

EXHIBIT VIII-3 (Continued)

EQUITY ANALYSIS
 #REIF-WAREHOUSE PORTFOLIO

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN	
				ORG EQ	CUR EQ
1.	\$143,553.	\$308,407.	\$32,405.	.1067	.1051
2.	151,406.	313,706.	40,258.	.1325	.1283
3.	155,628.	319,737.	44,480.	.1464	.1391
4.	168,687.	326,601.	57,539.	.1894	.1762
5.	177,363.	334,411.	66,215.	.2180	.1980

ORIGINAL EQUITY: \$ 303750

MORTGAGE ANALYSIS
 #REIF-WAREHOUSE PORTFOLIO

YEAR	NOI	MORT		DEBT		MTG. BAL.
		INT.	AMORT	SERV	DCR	
1.	143553.	106492.	4657.	111148.	1.292	816593.
2.	151406.	105849.	5299.	111148.	1.362	811294.
3.	155628.	105117.	6031.	111148.	1.400	805263.
4.	168687.	104285.	6863.	111148.	1.518	798399.
5.	177363.	103337.	7811.	111148.	1.596	790589.
AVG	\$159,327.				1.433	

EXHIBIT VIII-4

TEST OF INVESTOR (BUYER) RETURNS AT
\$1,160,000 ACQUISITION PRICE USING VALTEST

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? WREIF-WAREHOUSE PORTFOLIO
2. ENTER PROJECTION PERIOD ? 5
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
N.O.I. YEAR 1? 143553
N.O.I. YEAR 2? 151406
N.O.I. YEAR 3? 155628
N.O.I. YEAR 4? 168687
N.O.I. YEAR 5? 177363
4. ACQUISITION COST: ? 1160000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
M/G. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 875000, .13, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .672845, 18
IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
70% (PRE-1981 LAW)
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

ENTER:
1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
? .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1420000
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 9

EXHIBIT VIII-4 (Continued)

AFTER TAX CASH FLOW PROJECTION
 MREIF-WAREHOUSE PORTFOLIO
 DATE 1/1/85

DATA SUMMARY

ACQUISTN COST: \$1,160,000. MTG. AMT.: \$875,000.
 NOI 1ST YR: \$143,553. MTG. INT.: 13%
 ORG. EQUITY: \$285,000. MTG. TERM: 25. YRS
 CTD 1ST YEAR: \$25,130. DEBT SERVICE 1ST YEAR: \$118,423.
 MTG. CONST.: .1353403
 IMP. #1 VALUE: \$780,500. IMP. #1 LIFE: 18.
 INC. TX RATE: 40%
 SALE YR RATE: 40% OWNER: INDIVIDUAL

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

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

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	143553.	113461.	43361.	-13270.	-5309.	30439.
2.	151406.	112776.	43361.	-4733.	-1894.	34877.
3.	155628.	111997.	43361.	270.	109.	37097.
4.	168687.	111110.	43361.	14216.	5696.	44578.
5.	177363.	110101.	43361.	23901.	9560.	49380.
	<u>\$796637.</u>	<u>\$559446.</u>	<u>\$216806.</u>	<u>\$20384.</u>	<u>\$8151.</u>	<u>\$196372.</u>

EXHIBIT VIII-4 (Continued)

RESALE PRICE:	\$1,420,000.	1ST YR B4 TAX EQ DIV:	<u>8.8176%</u>
LESS MORTGAGE BALANCE:	\$842,332.	AVG DEBT COVER RATIO:	<u>1.3454</u>
PROCEEDS BEFORE TAXES:	\$577,668.		
LESS LENDER'S %:	\$0.		
NET SALES PROCEEDS			
BEFORE TAXES:	\$577,668.		

RESALE PRICE:	\$1,420,000.
LESS LENDER'S %:	\$0.
NET RESALE PRICE:	\$1,420,000.
LESS BASIS:	\$943,194.
TOTAL GAIN:	\$476,806.
EXCESS DEPRECIATION:	\$0.
EXCESS DEP. FORGIVEN:	\$0.
CAPITAL GAIN:	\$476,806.
ORDINARY GAIN:	\$0.

TAX ON ORDINARY GAIN:	\$0.
TAX ON CAPITAL GAIN:	\$76,289.
PLUS MORTGAGE BAL:	\$842,332.
TOTAL DEDUCTIONS FROM	
NET RESALE PRICE:	\$918,621.

NET SALES PROCEEDS	
AFTER TAX:	\$501,379.

IF PURCHASED AS ABOVE, HELD 5 YEARS & SOLD FOR \$1,420,000.
 THE MODIFIED I.R.R. BEFORE TAXES IS 23.3483% AND AFTER TAXES IS 20.7483%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 9%

EXHIBIT VIII-4 (Continued)

EQUITY ANALYSIS
 MREIF-WAREHOUSE PORTFOLIO

BEFORE TAX EQUITY DIVIDEND

YR	NOI	YR END EQUITY	AMOUNT	CASH RETURN	
				ORG EQ	CUR EQ
1.	\$143,553.	\$289,962.	\$25,130.	.0882	.0867
2.	151,406.	295,608.	32,983.	.1157	.1116
3.	155,628.	302,034.	37,205.	.1305	.1232
4.	168,687.	309,346.	50,264.	.1764	.1625
5.	177,363.	317,668.	58,940.	.2068	.1855

ORIGINAL EQUITY: = 285000

MORTGAGE ANALYSIS
 MREIF-WAREHOUSE PORTFOLIO

YEAR	NOI	MORT		DEBT		MTG. BAL.
		INT.	AMORT	SERV	OCR	
1.	143553.	113461.	4961.	118423.	1.212	870039.
2.	151406.	112776.	5646.	118423.	1.279	864392.
3.	155628.	111997.	6426.	118423.	1.314	857967.
4.	168687.	111110.	7313.	118423.	1.424	850654.
5.	177363.	110101.	8322.	118423.	1.498	842332.
Avg	\$159,327.				1.345	

STATEMENTS OF GENERAL ASSUMPTIONS AND
LIMITING CONDITIONS

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

1. Contributions of Other Professionals

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

2. Facts and Forecasts Under Conditions of Uncertainty

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

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

3. Controls on Use of Appraisal

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

CERTIFICATION OF VALUE

We hereby certify that we have no interest, present or contemplated, in the property owned by the Madison Real Estate Investment Fund (MREIF) except, of the 374,204 total MREIF shares outstanding as of January 10, 1985, James A. Graaskamp owns 60 shares and Jean B. Davis owns 100 shares. This ownership predates any appraisal assignment by six or more years. We also certify 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 values as defined herein of each property sold individually and subject to existing leases as of January 1, 1985, are:

2201 DARWIN ROAD
TWO HUNDRED TWENTY THOUSAND DOLLARS
(\$220,000)

2223 DARWIN ROAD
ONE HUNDRED EIGHTY THOUSAND DOLLARS
(\$180,000)

2601 SEIFERTH ROAD
TWO HUNDRED EIGHTY THOUSAND DOLLARS
(\$280,000)

625 MAYFAIR AVENUE
TWO HUNDRED FIFTY THOUSAND DOLLARS
(\$250,000)

2955 AND 2957 PACKERS AVENUE
TWO HUNDRED NINETY THOUSAND DOLLARS
(\$290,000)

assuming cash to the seller.

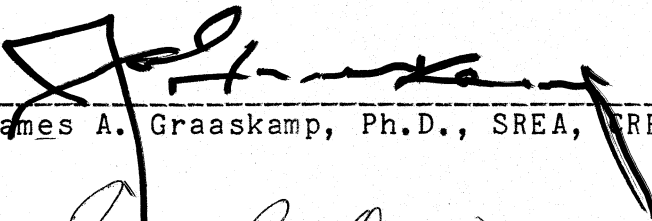
CERTIFICATION OF VALUE (Continued)

If the five properties were sold as a package, it is our opinion that the market value as defined herein, as of January 1, 1985, should be:

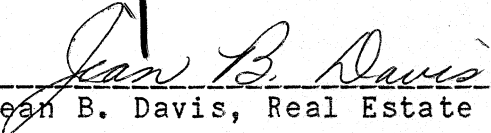
ONE MILLION ONE HUNDRED SIXTY THOUSAND DOLLARS

(\$1,160,000)

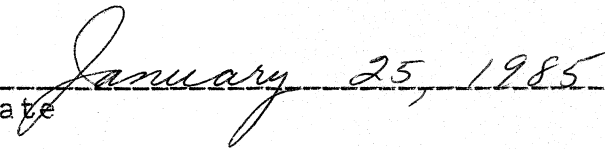
assuming cash to the seller, but subject to existing lease terms.



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



Jean B. Davis, Real Estate Appraiser/Analyst



Date

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

PROFESSIONAL DESIGNATIONS

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

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

CPCU, Certified Property Casualty Underwriter, College of Property
Underwriters

EDUCATION

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

ACADEMIC AND PROFESSIONAL HONORS

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

PROFESSIONAL EXPERIENCE

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

J E A N B. D A V I S

EDUCATION

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

Master of Arts - Elementary Education, Stanford University

Bachelor of Arts - Stanford University (with distinctions)

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

PROFESSIONAL EDUCATION

Society of Real Estate Appraisers

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

American Institute of Real Estate Appraisers

Residential Valuation (formerly Course VIII)

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

PROFESSIONAL EXPERIENCE

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

APPENDIX A
THE INCOME APPROACH

The Income Approach combines a basic mortgage financing model to determine an acceptable mortgage amount justified by the property income with the present value of cash dividends and capital gains to the equity investor. 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 of the interest and principal payments due the lender under the contract.

The revenue and expense models require a simple spreadsheet forecast for each building, reflecting contract rents until lease renewals permit realization of market rents and standardized lease terms. These forecasts are intensively documented by footnotes.

Net revenues and expenses are then input to an investment valuation model known as MRCAP developed at the University of Wisconsin. The model has an aggregate revenue and expense format, but a detailed financing and income tax model which permit it to solve for a mortgage amount justified by specified constraints of interest amortization term, and a minimum acceptable income to debt service for a selected year.

The financial results of the value computed are then analyzed in terms of key ratios, such as cash breakeven point, the present value of project before and after income tax influences, and the change in net worth and dividends available for distribution per period. The valuation model presumes

APPENDIX A (Continued)

resale value at some specified multiplier of net income at the end of the holding period based upon revenue and expense projections for the forecast period.

For purposes of the appraisal, it is assumed that equity investors in 1985 will emphasize cash dividends of at least 11 percent on cash investments and a modest rate of resale value increases which would provide a 16 percent internal rate of return (IRR) to the investor over the holding period. Those investment targets are based on current returns by property class as reported by the Frank Russell Index of Institutional Real Estate Performance.

APPENDIX B

MARKET COMPARISON APPROACH

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

Comparable sales were selected from the larger array of sales listed in Appendix D based upon the following criteria:

1. The comparable sale property must be located on the northeast, east, or south central side of Madison.
2. The sale site must be zoned C3L or M1 and improved with a general purpose industrial engineered steel warehouse.
3. The most recent sales were given the highest priority.
4. The sale must conform to the definition of a fair market transaction. (See Section I.)

The comparables selected are as follows:

LOCATION	DATE	NOMINAL SALE PRICE	CASH SALE PRICE	GBA (SF)	CASH PRICE/SF OF GBA	LOT SIZE (SF)	LAND/ BUILDING RATIO
1115 Oneill	6/27/84	\$210,000	\$200,000	13,832	\$14.45	43,914	3.17
4622 Femrite	2/29/84	325,000	301,000	17,312	17.38	52,160	3.01
4609 Femrite	9/9/83	125,500	120,000	6,000	20.00	20,211	3.37
615 Mayfair	8/31/83	198,000	198,000	12,150	16.30	59,377	4.89
3103 Watford	6/30/83	220,000	210,000	14,000	14.94	26,942	1.92
929 Watson	7/19/79	345,000	345,000	14,684	23.50	57,935	3.95

These sale properties are described in greater detail in Exhibit II-3.

Although the comparables were selected on the basis of structure type, each building and each site location has a specific set of attributes to distinguish it from the others. The application of the market comparison approach involves the conversion of the nominal price to cash price per square foot of gross building area and then seeks to explain the price sensitive differences among comparable properties and the subject property by the use of a price per point per square foot formula.

Each comparable sale and the subject property is scored based upon a scale first shown in Section III, Exhibit III-9. Since steel warehouses have relatively short physical lives and can become functionally obsolete with changing transportation and storage technology, the age of the improvement is an

important attribute in pricing a property. The building height, which controls the storage density and efficiency, the ratio of higher-rent office area to gross building area, the ratio of land to building area, the location of the property in relationship to storage/distribution operations in the Maidson area, the accessibility/visibility of the property to main highways, and the number and type of mechanicals included in the structure were selected as price sensitive attributes. Each attribute is given a weight (the total weights equal 100 percent) and the attribute score of each property multiplied by the weight yields a score for each attribute. The scores are summed for a total point score for each property. The price per square foot for each property is divided by its point score, the scores for the comparable sales are summed to solve for the mean point score per square foot and the dispersion about the mean. The mean point score per square foot is applied to the total point score of the subject property to indicate a central tendency value and the dispersion defines the low and high estimates of value.

The weighted point scores represent an attempt to capture buyer perceptions, and the market comparison approach, using the mean price per point equation method, attempts to predict buyer pricing behavior in a changing market. The degree of reliance placed upon the market approach value estimate varies

with each subject property's comparability to the sale properties. For the five warehouse properties valued in this portfolio, the property located at 2601 Seiferth Road is considered most comparable in location to the sale properties and the property located at 2955-57 Packers Avenue is so unlike the sale properties that the market approach is not used as a valuation method. In Sections III through VI of the report, the market comparison value calculations for each of the four properties are detailed in an exhibit entitled Most Probable Price Computation Using Mean Price per Point Equation Method.

APPENDIX C

COST APPROACH TO VALUE

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

The Calculator Method, developed by the Marshall Valuation Service, which is a computerized cost service of the Marshall and Swift Publication Company, is used as a check on the values estimated by both the Income Approach and the Market Comparison Approach. The following pages taken from the Marshall Valuation Service manual best explain the Cost Approach methodology.

OUTLINE OF CALCULATOR METHOD

The Calculator Method gives average square meter and square and cubic foot costs for typical buildings. These costs are divided into seven sections, each dealing with a major occupancy group. In addition, Section 15 is subdivided into two occupancy groups, each having its own set of refinements. Refinements are given on the last page or pages of each section or sub-section, so that the base cost can be modified to fit buildings different from the standard descriptions. If further refinements are needed, the Segregated Cost Sections or Unit-in-Place Cost Sections may be used to adjust the cost factor.

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

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

HEATING AND COOLING

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

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

ELEVATORS

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

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

SPRINKLERS

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

HEIGHT

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

SIZE AND SHAPE

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

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

MULTIPLE STORY BUILDINGS

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

OUTLINE OF CALCULATOR METHOD

COMMENTS AND EXPLANATIONS

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

EXAMPLE

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

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

The base square foot cost, \$44.38, is entered on Line 11 from the Calculator Costs (Figure 3). In the example, the subject building has warm and cool air (zoned air-conditioning) for an extreme climate, whereas the base cost includes warm and cool air (zoned) for a moderate climate. This difference (\$7.40 less \$5.05) or plus \$2.35 (from Figure 4) is entered on Line 12. There is an amount for elevators included in the

base cost and as there is no elevator in the subject building, a deduction of \$1.40 must be made (Figure 3) and entered on Line 13. There were no miscellaneous items to add, so the adjusted square foot cost is \$44.38 plus \$2.35 minus \$1.40, or \$45.33. This is entered on Line 15. The number of stories (3) is our base figure, so our multiplier on Line 16 is 1.000. The 11 foot average story height is more than the 10 foot base, so the correct multiplier, 1.027, is taken from the table (Figure 5) and entered on Line 17. Entering the Floor Area Perimeter table (Figure 5) with the average floor area, 5,000 square feet, and the average perimeter, 300 feet, we find a multiplier of .984 which is entered on Line 18. Line 17 is multiplied by Line 18 and the answer, 1.011, is placed on Line 19. Line 15 is then multiplied by Line 19 and the answer, \$45.83, which is the refined square foot cost, is entered on Line 20.

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

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

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

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

Percentage suggestions for structural exclusions are taken from Section 96. The exact items to be excluded should be listed in the policy. The foundation (2.00%) and

Sandwich Research, Inc.

OUTLINE OF CALCULATOR METHOD

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

40. Line 31 is a summary of the items on Lines 27, 30, and 40, rounded out.

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

Soudanah Research, Inc.

CALCULATOR COST FORM
Prepared by the MARSHALL VALUATION SERVICE a Division of M&S
SQUARE FOOT COSTS

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

	SECTION I	SECTION II	SECTION III	SECTION IV
4. Occupancy	APARTMENT			
5. Building class and quality	C - Good			
6. Exterior wall	BRICK			
7. No. of stories & height per story	3 - 11'			
8. Average floor area	5,000 SQ. FT.			
9. Average perimeter	300 AVE. FT.			
10. Age and condition	11 Years Avg.			

11. Base Square Foot Cost: SECTION I: 344.38

SQUARE FOOT REFINEMENTS

12. Heating, cooling, ventilation, water & gas, air, etc.	12.40 - 45.05 =	12.35		
13. Elevator deduction		-1.40		
14. Miscellaneous				
15. Total lines 11 through 14		95.33		

HEIGHT AND SIZE REFINEMENTS

16. Number of stories multiplier	1.000			
17. Height per story multiplier (see Line 7)	1.037			
18. Floor area-perimeter multiplier (see Lines 8 and 9)	.984			
19. Combined height and size multiplier (Lines 16 x 17 x 18)	1.011			

FINAL CALCULATIONS

	SECTION I	SECTION II	SECTION III	SECTION IV
20. Refined square foot cost (Line 15 x Line 19)	\$ 48.83			
21. Current cost multiplier (Sect. 99 p. 3)	1.02			
22. Local multiplier (Sect. 99 p. 3 and 4)	1.02			
23. Final sq. ft. cost (Line 20 x Line 21 x Line 22)	\$ 48.82			
24. Area (Back of this form)	15,000			
25. Line 23 x Line 24	\$ 729,300			
26. Lump sums (Line 32)				
27. Replacement Cost (Line 25 + Line 26)	\$ 729,300			
28. Depreciation % (Sect. 97)	5%			
29. Depreciation amount (Line 27 x Line 28)	\$ 36,465			
30. Depreciated Cost (Line 27 - Line 29)	\$ 692,835			

TOTAL OF ALL SECTIONS

31. Replacement cost \$ 729,300 Depreciated cost \$ 692,835 Insurable value \$ 637,200
See back of this form for drawings and area and insurable value calculations.

FORM 1003 (Calc. Cost)

FIGURE 1

Calculations: SINGLE FLOOR: 50' x 100' = 5,000 SQ. FT.
1.3
TOTAL AREA = 15,000 SQ. FT.

Lump sum (Sprinklers, elevators, etc.) _____

32. _____ Total _____

Insurance Exclusions (Section 96)

	SECTION I	SECTION II	SECTION III	SECTION IV
33. Basement excavation				
34. Foundation below ground	2.40%			
35. Piping below ground	3.3%			
36. Architect's plans and specifications	4.80%			
37. Total % exclusions (Lines 33 through 36)	8.03%			
38. Replacement or depreciated cost (Line 27 or 30)	\$ 692,835			
39. Excluded amount (Line 37 x Line 38)	\$ 55,435			
40. Insurable Value (Line 38 - Line 39)	\$ 637,400			

Notes: FULL ARCHITECT'S FEE @ 4.9% LESS 2.1% (30% FOR SUPERVISION)

FORM 1003 (Calc. Cost)

FIGURE 2

Marshall Valuation Service

CLASS OF CONSTRUCTION

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

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

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

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

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

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

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

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

CLASS OF CONSTRUCTION INDICATORS

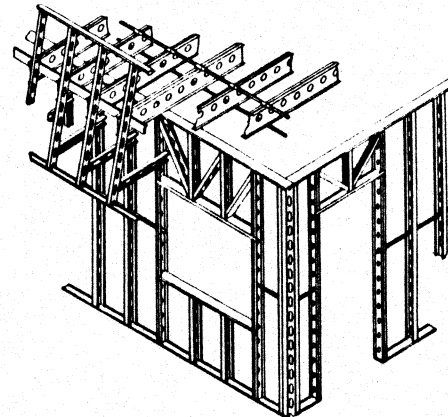
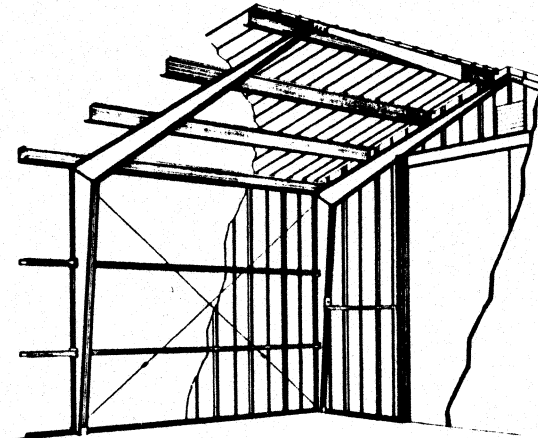
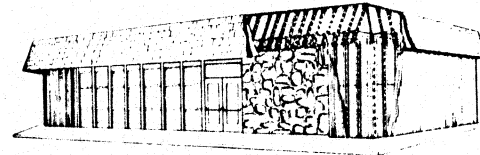
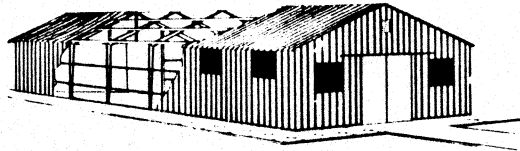
CLASS	FRAME	FLOOR	ROOF	WALLS
A	Structural steel columns and beams, fireproofed with masonry, concrete, plaster, or other incombustible material.	Concrete or concrete on steel deck, fireproofed.	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed.	Non-bearing curtain walls, masonry,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

CLASS "S" BUILDINGS

Class S buildings are characterized by incombustible construction and prefabricated structural members. The exterior walls may be steel studs or an open steel skeleton frame with exterior coverings consisting of prefabricated panels or sheet siding. Floors and

roof are supported on steel joists or beams, or the floor may be concrete slab on grade. Upper floors or roof may consist of metal deck, prefabricated panels or sheathing.

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



INDUSTRIALS, GARAGES, LOFTS AND WAREHOUSES

(CALCULATOR METHOD)

GENERAL INFORMATION

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

DESCRIPTIONS

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

CONSTRUCTION

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

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

OCCUPANCY

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

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

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

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

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

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

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

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

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

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

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

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

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

Armories are buildings designed for military training.

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

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

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

TRADE FIXTURES AND EQUIPMENT

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

WAREHOUSES (CALCULATOR METHOD)

CLASS	TYPE	EXTERIOR WALLS	INTERIOR FINISH	LIGHTING, PLUMBING AND MECHANICAL	HEAT	COST		
						Sq. M.	Cu. Ft.	Sq. Ft.
D	Good Distribution	Good wood frame with stucco or siding, some ornamentation	Some good offices and distribution areas	Reading level lighting, adequate plumbing	Forced air	\$ 242.51	\$1.61	\$22.53
	Average Distribution	Stucco or siding on wood, good fenestration	Small office, partitions and distribution areas	Good lighting, adequate plumbing	Space heaters	177.07	1.18	16.45
	Good Storage	Heavy wood frame, wood or stucco siding	Heavy slab or mill type floors	Good lighting, adequate plumbing	Space heaters	228.52	1.52	21.23
	Average Storage	Stucco on wood frame, wood trusses	Small office, average slab	Adequate lighting, low cost plumbing fixtures	Space heaters	169.86	1.13	15.78
	Average Storage	Pole frame, good metal siding, insulated	Small office, some finish, slab	Adequate lighting, little plumbing	Space heaters	128.31	.85	11.92
	Low cost Storage	Stucco or siding on wood	Unfinished, slab, utility type	Minimum lighting and plumbing	Space heaters	126.91	.84	11.79
	Low cost Storage	Pole frame, metal siding	Unfinished utility type, light slab	Minimum code	Space heaters	79.98	.53	7.43
	Average Transit	Wood frame, siding or stucco	Finished office & drivers' area	Adequate lighting/plumbing	Space heaters	272.76	1.81	25.34
	Excellent Distribution	Heavy steel frame, sandwich panels, good ornamentation	Completely finished, drugs, food, or bonded storage, large offices	High level lighting and good plumbing	Package A.C.	403.11	2.68	37.45
	Good Distribution	Good steel frame, siding and fenestration	Some good offices and interior finish, distribution areas	Reading level lighting, adequate plumbing	Forced air	269.42	1.79	25.03
S	Avg. Distribution	Rigid steel frame and siding	Distribution areas, small offices	Adequate lighting/plumbing	Space heaters	181.70	1.21	16.88
	Excellent Storage	Heavy steel frame, insulated panels, good facade	Plaster or drywall, partitioned, ceilings in most areas	Good lighting and plumbing	Package A.C.	361.35	2.40	33.57
	Good Storage	Good steel frame, siding and fenestration	Some good office, interior finish and floor	Good lighting, adequate plumbing	Space heaters	239.28	1.59	22.23
	Average Storage	Rigid steel frame, siding	Small office, average slab	Adequate lighting/plumbing	Space heaters	172.65	1.15	16.04
	Low cost Storage	Pre-engineered frame, metal siding	Unfinished utility type, light slab	Minimum lighting and plumbing	Space heaters	125.40	.83	11.65
	Average Storage	Heavy steel frame and siding	Finished office and drivers' area	Adequate lighting/plumbing	Space heaters	276.10	1.83	25.63
	Average Transit	Heavy steel frame and siding	Finished office and drivers' area	Adequate lighting/plumbing	Space heaters	276.10	1.83	25.63

MINI-WAREHOUSES

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

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

POTENTIAL COMPARABLE SALES OF
INDUSTRIAL WAREHOUSE IN THE MADISON AREA
1979 - 1984

ADDRESS	ZONING	BLDG. TYPE	YEAR BUILT	GROSS BLDG. AREA (SQ.FT.)	STRUCTURE TYPE	LAND AREA (SF)	SALE DATE	CONVEY-ANCE	SALE PRICE	NOMINAL PRICE/SF	CASH PRICE/SF
WASHINGTON, 3165 E.	C2C3	WHSE/STORE	1953	4600	STEEL FRAME	19315	840629	L.C.	\$99000	\$21.52	
ONEILL, 1115	M1	WHSE/OFFICE	1965	13832	EXT. MASONRY/STEEL	43914	840627	L.C.	210000	15.18	\$14.45
NAKOCSA, 4317	M1	WAREHOUSE	1970	3187	EXT. MASONRY/STEEL	44869	840608	W.D.	77000	24.16	24.16
MAIN, 924 E.	M1	WAREHOUSE	1929	7063	EXT. MASONRY/WOOD	10890	840518	L.C.	80000	11.33	
FEMRITE, 4622 - 1/2	C3L	WHSE/OFFICE	1964	17312	STEEL FRAME	52160	840229	L.C.	325000	18.77	17.38
BROADWAY, 4806 E.	C3C3L	WHSE/OFFICE	1971	10000	EXT. MASONRY/STEEL	44820	840223	W.D.	250000	25.00	25.00
SEIFERTH, 2606	M1	WAREHOUSE	1975	5000	EXT. MASONRY/STEEL	15797	831222	W.D.	120000	24.00	24.00
FEMRITE, 4607	C3L	WHSE/OFFICE	1973	6000	PREENGINEERED STEEL	20211	830909	L.C.	125500	20.92	20.00
WATSON, 925	M1	WHSE/OFFICE	1983	10464	EXT. MASONRY/STEEL	50085	830902	W.D.	480000	45.87	45.87
MAYFAIR, 615	M1	WAREHOUSE	1978	12150	PREENGINEERED STEEL	59377	830831	W.D.	198000	16.30	16.30
STOUGHTON, 2314 S.	C3L	WHSE/SHOP	1964	6672	EXT. MASONRY/WOOD	36591	830103	W.D.	200000	29.98	29.98
INTERNATIONAL, 3521	M1	WAREHOUSE	1975	43500	PREENGINEERED STEEL	266509 [1]	830101	OTHER	1325000	30.46	
PFLAUM, 4605	M1	WHSE/OFFICE	1971	6640	PREENGINEERED STEEL	123293	821029	W.D.	110000	16.57	16.57
WASHINGTON, 3501 E.	C2	WHSE/STORE	1963	23820	EXT. MASONRY/STEEL	50827	821001	L.C.	450000	18.89	
STOUGHTON, 2627 S.	M1	WHSE/OFFICE	1971	8051	EXT. MASONRY/STEEL	40551	820729	W.D.	192000	23.85	23.58
WATFORD WAY, 3103	M1	WAREHOUSE	1970	14000	EXT. MASONRY/STEEL	49050 No	820630	L.C.	220000	15.71	14.94
COMMERCIAL, 1741	M1	WAREHOUSE	1916	22958	EXT. MASONRY/WOOD	205254 26992	820511	W.D.	198000	8.62	8.62
WINGRA, 820 W.	C3L	WHSE/OFFICE	1964	39189	EXT. MASONRY/STEEL	78624	820211	OTHER	655000	16.71	
STOUGHTON, 1302 N.	C3	WHSE/SHOP	1971	3780	EXT. MASONRY/STEEL	13000	820128	W.D.	87000	23.02	23.02
STEWART, 1002	M1	WAREHOUSE	1979	18091	STEEL FRAME	51902	810807	W.D.	320000	17.69	17.69
ACKER, 4260				10820			810401		193000	17.84	
DANIELS, 2409				5760			810101		91000	15.80	
ATLAS, 701	M1	WAREHOUSE	1971	14000	STEEL FRAME	43800	801107	W.D.	251000	17.93	17.93
JONATHON, 1109	C3L	WHSE/OFFICE	1964	17134	EXT. MASONRY/STEEL	101565	800808	L.C.	340000	19.84	
STOUGHTON, 2117 N.				25600			800201		466500	18.22	
COTTAGE GROVE, 4401	M1	WHSE/OFFICE	1955	34624	EXT. MASONRY/STEEL	194190	820104	W.D.	525000	15.16	15.16
WATSON, 929	M1	WHSE/OFFICE	1979	14684	EXT. MASONRY/STEEL	57935	790719	W.D.	345000	23.50	23.50

[1] Leased from Dane County

Sandwich Research, Inc.

APPENDIX D

APPENDIX E

PERMITTED USES FOR M-1 ZONING
AND C3L ZONING

Sec. 28.10

ZONING CODE

28.10 MANUFACTURING DISTRICTS.

(1) General Requirements.

(a) Permitted Uses. Permitted uses of land or buildings, as herein listed, shall be restricted to the districts indicated and under the conditions specified. No building or tract of land shall be devoted to any use other than a use permitted herein in the zoning district in which such building or tract of land shall be located, with the following exceptions:

1. Uses lawfully established on the effective date of this ordinance; and
2. Conditional uses allowed in accordance with the provisions of (b) hereunder.

Uses lawfully established on the effective date of this ordinance and rendered nonconforming by the provisions thereof, shall be subject to those regulations of Section 28.05 governing nonconforming uses. Activities other than those specifically prohibited in Sections 25.03 and 25.04 of the Madison General Ordinances, involving the storage, utilization or manufacture of materials or products which decompose by detonation, are permitted only in the M2 district, and then only when specifically licensed by the Common Council. Further, such materials or products shall not be stored, utilized or manufactured within three hundred (300) feet of any boundary of a special, residence, commercial or M1 district. Such materials shall include but shall not be limited to: all primary explosives such as lead azide, lead styphnate, fulminates and tetrocene; all high explosives such as TNT, RDX, HMN, PETN and picric acid; propellants and components thereof such as nitrocellulose, black powder, boron hydrides, hydrazine and its derivatives; pyrotechnics and fireworks such as magnesium powder, potassium chlorate and potassium nitrate; blasting explosives such as dynamite and nitroglycerine; unstable organic compounds such as acetylides, tetrazoles and ozonides; strong oxidizing agents such as perchloric acid, perchlorates, chlorates and hydrogen peroxide in concentrations greater than thirty-five percent (35%); and nuclear fuels, fissionable materials and products, and reactor elements such as Uranium 235 and Plutonium 239. (Am. by Ord. 7085, 9-6-80)

- (b) Conditional Uses. Conditional uses, as herein listed, may be allowed in the districts indicated, subject to the issuance of conditional use permits in accordance with the provisions of Section 28.12(10).
- (c) Floor Area Ratio. Maximum floor area ratio as set forth in the M1 and M2 districts shall apply to all buildings or structures in such districts.
- (d) Yard Requirements. Yards shall be provided in accordance with the regulations herein indicated and shall be unobstructed from the ground level to the sky, except as allowed in Section 28.04(6)(e). All additions to a principal building, such as attached garages, shall comply with the yard requirements of the principal building.

Sec. 28.10(1)(e)

ZONING CODE

- (e) Regulations Along Residence District Boundaries. In the M1 or M2 district, if any point on the exterior surface of any building or structure located adjacent to a side or rear property line in a residence district or directly across a street from a residence district is a greater height than thirty-five (35) feet above curb level, such point projected vertically upon the ground shall in no case be nearer to the lot line of the property on which said building or structure is located than a horizontal distance equal to the height of such point above curb level. However, stacks, tanks, bulkheads or ventilating equipment, including towers enclosing same, shall be exempt from such limitations if not exceeding in the aggregate twenty-five (25) feet in lineal dimension parallel to the street for each one hundred (100) feet of street frontage. Parapets not exceeding three (3) feet in height shall also be exempt from such limitation.
- (f) (R. by Ord. 5831, 5-6-77)
- (g) Off-Street Parking And Loading. In the M1 and M2 districts, off-street parking and loading facilities shall be provided in accordance with applicable regulations as herein set forth in Section 28.11.
- (2) M1 Limited Manufacturing District.
- (a) Statement Of Purpose. The M1 limited manufacturing district is established to accommodate existing non-nuisance type industrial uses presently located in relative proximity to residential areas, and to preserve and protect lands designated on the comprehensive plan for industrial development and use from the intrusion of certain incompatible uses which might impede the development and use of lands for industrial purposes. Development in the M1 limited manufacturing district is limited primarily to certain commercial uses and certain industrial uses, such as the fabrication of materials and specialized manufacturing and research institutions, all of a non-nuisance type.
- (b) General Regulations. Uses permitted in the M1 district are subject to the following conditions:
1. All business, servicing or processing, except for off-street parking, off-street loading, display of merchandise for sale to the public, establishments of the drive-in type and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission, shall be conducted within completely enclosed buildings unless otherwise indicated hereinafter. (Am. by Ord. 4305, 8-29-73)
 2. All storage within one hundred (100) feet of a residence district, arterial or collector street, except for motor vehicles in operable condition, shall be within completely enclosed buildings or effectively screened with screening not less than six (6) feet nor more than eight (8) feet in height, provided no storage located within fifty (50) feet of such screening shall exceed the maximum height of such screening; further provided, however, the Zoning Administrator may approve alternate landscaping/screening plans meeting the general intent, purpose and guidelines of the revised "New Approach to Parking Lot Landscaping" adopted by Substitute Resolution No. 37,915. (Am. by Ord. 8300, 4-16-84)

Rev. 5/15/84

28 - 112

ZONING CODE

Sec. 28.10(2)(c)

(c) Permitted Uses. The following uses are permitted in the M1 district:

1. Accessory uses, including but not limited to the following:
 - a. Signs as regulated in this section.
 - b. Temporary buildings for construction purposes, for a period not to exceed the duration of such construction.
 - c. Approved nursery schools or day care centers for children of employees during the hours of operation. (Cr. by Ord. 5923, 7-29-77)
2. Agricultural uses, provided that commercial feeding of garbage or offal to swine or other animals shall be prohibited.
3. Amusement establishments, including archery ranges, bowling alleys, dance halls, golf driving ranges, gymnasiums, pool halls, swimming pools, skating rinks and other similar indoor amusement facilities.
4. Animal hospitals and kennels including outdoor dog runs or exercise pens when located less than two hundred (200) feet from the residence district.
5. Any production, processing, cleaning, servicing, testing or repair of materials, goods or products, limited to the following uses or products:
 - a. Advertising products, such as signs and billboards.
 - b. Awnings, venetian blinds and window shades.
 - c. Bakery, candy, dairy and other food products but not including fish and meat products other than poultry and rabbit.
 - d. Boatbuilding of small crafts.
 - e. Bottling or distribution plants, milk or soft drinks.
 - f. Breweries.
 - g. Cameras and other photographic equipment.
 - h. Ceramic products, such as pottery, figurines and small glazed tiles.
 - i. Cooperage works.
 - j. Cosmetics and toiletries, drugs, perfumes and perfumed soaps and pharmaceutical products.
 - k. Electrical appliances, such as lighting fixtures, irons, fans and toasters.
 - l. Electrical equipment assembly, such as home radio and television receivers and home movie equipment, but not including electrical machinery.
 - m. Electrical supplies, manufacturing and assembly, such as wire and cable assembly, switches, lamps, insulation and dry cell batteries.
 - n. Electronic instruments.
 - o. Feed mixing and grinding plants.
 - p. Film developing and processing.
 - q. Foundries and machine shops, but not including forging operations.
 - r. Furniture refinishing.
 - s. Insecticide and pesticide, packaging only.
 - t. Iron, steel or other metal fabrication, but not including forging operations.
 - u. Jewelry.
 - v. Machine shops and fabrication of metal.
 - w. Medical, dental and optical supplies.

Sec. 28.10(2)(c)5.x.

ZONING CODE

- x. Metal finishing, plating, grinding, sharpening, polishing, cleaning, rustproofing and heat treatment.
 - y. Metal stamping and extrusion of small products, such as costume jewelry, pins and needles, razor blades, bottle caps, buttons and kitchen utensils.
 - z. Milk and ice cream processing.
 - aa. Monument works.
 - bb. Musical instruments.
 - cc. Orthopedic and medical appliances, such as artificial limbs, brace supports and stretchers.
 - dd. Paint, oil (including linseed), shellac, turpentine, lacquer or varnish manufacture.
 - ee. Poultry and rabbits, slaughtering and processing.
 - ff. Products from the following previously prepared materials: bone, canvas, cellophane, cloth, cork, feathers, felt, fiber, fur, glass, hair, horn, leather, paper, plastic, precious or semiprecious stones, rubber, shell, wood (but not including a planing mill) and yarn.
 - gg. Repair of farm, household or office machinery or equipment.
 - hh. Scientific and precision instruments.
 - ii. Sheet metal shops.
 - jj. Shell egg business, candling, cartoning and distributing.
 - kk. Silverware, plate and sterling.
 - ll. Soap and detergents, packaging only.
 - mm. Soldering and welding.
 - nn. Sporting goods and athletic equipment.
 - oo. Textiles, spinning, weaving, manufacturing, dyeing, printing, knit goods, yard, thread and cordage, but not including textile bleaching.
 - pp. Tools and hardware, such as bolts, nuts and screws, doorknobs, drills, hand tools and cutlery, hinges, house hardware, locks, non-ferrous metal castings and plumbing appliances.
 - qq. Toys, novelties and watches.
 - rr. Upholstering, including mattress manufacturing, rebuilding and renovating.
6. Automobile service stations for the retail sale and dispensing of fuel, lubricants, tires, batteries, accessories and supplies, including installation and minor services customarily incidental thereto, and facilities for chassis and gear lubrication and for washing of motor vehicles, only if enclosed in a building.
 7. Banks and financial institutions.
 8. Building material sales establishments.
 9. Bus terminals and bus turnaround areas.
 10. Contractor or construction offices and shops, and yards, such as building, cement, electrical, heating, ventilating and air conditioning, masonry, painting, plumbing, refrigeration and roofing.
 11. Drugstores.
 12. Dry cleaning and laundry establishments with no limitation on number of employees.
 13. Dwelling units for watchmen and their families located on the premises where they are employed.
 14. Express and parcel delivery establishments.
 15. Fire stations.
 16. Fuel and ice sales establishments.

ZONING CODE

Sec. 28.10(2)(c)17.

17. Furniture and floor covering storage and sales. (Am. by Ord. 6908, 2-29-80)
18. Garages for repair and servicing of motor vehicles, including body repair, painting or motor rebuilding.
19. Greenhouses.
20. Highway maintenance shops and yards.
21. Laboratories--research, development and testing.
22. Machinery and equipment sales and service establishments.
23. Mail order houses.
24. Meeting halls, convention halls and exhibition halls.
25. Mobile home sales and service establishments.
26. Model homes or garage displays.
27. Offices, business and professional.
28. Packing and crating establishments.
29. Parks and playgrounds.
30. Printing, publishing and bookbinding establishments.
31. Public utility and public service uses as follows:
 - a. Bus stations, bus terminals, bus turnarounds (off-street), bus garages and bus lots.
 - b. Electric power production.
 - c. Electric substations.
 - d. Gas regulator stations, mixing stations and gate stations.
 - e. Radio and television towers.
 - f. Railroad passenger stations.
 - g. Railroad rights-of-way.
 - h. Sewerage system lift stations.
 - i. Telephone exchanges, microwave relay towers, telephone transmission equipment buildings and service yards, and telephone booths (outside).
 - j. Water pumping stations and water reservoirs.
32. Radar installations and towers.
33. Radio and television studios and stations.
34. Restaurants.
35. Schools, trade.
36. Stadiums, auditoriums and arenas, open or enclosed.
37. Storage and warehousing establishments.
38. Storage yards, but not including junkyards.
39. Taverns.
40. Trailer sales and rental, for use with private passenger motor vehicles.
41. Weighing stations.
42. Wholesaling establishments.
43. Nursery schools. (Cr. by Ord. 5887, 6-10-77)
44. Truck sales and rental. (Cr. by Ord. 6127, 2-7-78)
45. Taxicab business. (Cr. by Ord. 7871, 11-29-82)
46. Retail nursery sales incidental to wholesale nursery sales. (Cr. by Ord. 8221, 1-13-84)
47. Motor vehicle salvage business conducted entirely within an enclosed building. All vehicles on premises for the purpose of repair or dismantling and all parts from vehicles shall be stored inside an enclosed building. (Cr. by Ord. 8385, 7-25-84)

Sec. 28.10(2)(d)

ZONING CODE

- (d) **Conditional Uses.** The following conditional uses may be allowed in the M1 district subject to the provisions of Section 28.12(10):
1. Airports or aircraft landing fields and heliports.
 2. Amusement establishments, including fairgrounds, permanent carnivals, kiddie parks and other similar outdoor amusement facilities.
 3. Asphalt and concrete batching or ready-mix plants.
 4. Automobile laundries.
 5. Cartage establishments.
 6. Concrete products casting.
 7. Junkyards and automobile storage yards located a minimum of five hundred (500) feet from any residence district, except that the Plan Commission may reduce the "five hundred (500) feet" requirement only if such residential zoned land is not developed for residential use and upon the express recorded condition that the use shall only continue to operate until such time as the nearby residential land is developed at which time the operator's license will be suspended and the use discontinued. (Am. by Ord. 8384, 7-25-84)
 8. Motor freight terminals.
 9. Outdoor eating areas of restaurants and/or outdoor areas of cabarets. (Am. by Ord. 8289, 3-16-84)
 10. Parking facilities, open and accessory, for the storage of private passenger automobiles only, when located elsewhere than on the same zoning lot as the principal use served, subject to the applicable provisions of Section 28.11.
 11. Parking facilities, subject to the applicable provisions of Section 28.11: Accessory off-street parking facilities for any building where the proposed total number of spaces will exceed that required by this ordinance for such use or for an equivalent new use by more than one hundred percent (100%) or fifteen (15) spaces, whichever number is greater.
 12. Parking lots, garages and structures for the storage of private passenger automobiles only, subject to the applicable provisions of Section 28.11.
 13. Railroad freight terminals, railroad switching and classification yards, repair shops and roundhouses.
 14. Secondhand stores and rummage shops.
 15. Sewage treatment plants.
 16. Wholesaling establishments including incidental retailing in case lots. (Cr. by Ord. 8092, 8-12-83)
 17. Temporary parking lots for a total period not to exceed three (3) years, provided such lot complies with the provisions of Section 10.08(6)(c) (driveway and parking facility ordinance). (Am. by Ord. 7809, 8-27-82)
 18. Theaters, automobile drive-in.

ZONING CODE

Sec. 28.10(2)(d)19.

19. Adult entertainment establishments, subject to the following conditions:
- a. All exterior windows in any premises occupied by such establishment shall be blackened to the extent necessary to make them opaque.
 - b. No such establishment shall be located within five hundred (500) lineal feet of a church, or a private or public elementary, secondary or vocational school, or a public park, or within five hundred (500) lineal feet of any residence district.
 - c. Such establishment may have only one (1) nonflashing business sign, which sign may only indicate the name of the business and identify it as an adult entertainment establishment.
(Sec. 28.10(2)(d)19. Cr. by Ord. 5712, 12-28-76)
20. Motor vehicle sales establishments. (Cr. by Ord. 6685, 7-26-79)
21. Adult entertainment taverns, subject to the following conditions:
- a. No such establishment shall be located within five hundred (500) lineal feet of a church, or any private or public day care center, preschool center, or school, or a public park, or any library, or any Residential District, or any Planned Developments, or any tavern, or any other adult entertainment tavern or adult entertainment establishment. (Am. by Ord. 8069, 6-30-83)
 - b. The establishment shall acquire and maintain an adult entertainment tavern permit pursuant to Section 9.10(17) or 9.11(19) of these ordinances prior to issuance of an occupancy permit.
(Sec. 28.10(2)(d)21. Cr. by Ord. 6101, 1-6-78)
22. Automobile accessory stores including installation. (Cr. by Ord. 8174, 12-15-83)
- (e) Floor Area Ratio. In the M1 district, the floor area ratio shall not exceed 2.0.
- (f) Yard Requirements. In the M1 district, minimum yards shall be provided as follows:
1. A yard shall be provided where the extension of a front or side lot line abutting a street coincides with a front lot line of an adjacent lot located in a residence district. Such yard shall be equal in depth to the minimum front yard required by this ordinance on such adjacent residential lot. Such yard shall be provided along such front or side lot line abutting a street for a distance of at least twenty-five (25) feet, including the width of any intervening alley, from such residential lot.

ZONING CODE

Sec. 28.10(2)(f)2.

2. A yard shall be provided where a side lot line coincides with an alley right-of-way line or a side or rear lot line in an adjacent residence district. Such yard along such side lot line shall be equal in dimension to the minimum side yard which would be required under this ordinance for a residential use opposite such alley right-of-way line or on the adjacent residential lot.
3. A yard shall be provided where a rear lot line coincides with an alley right-of-way line or a side lot line or rear lot line in an adjacent district. Such yard along such rear lot line shall be ten (10) feet in depth for buildings not exceeding one story in height, and thirty (30) feet for buildings exceeding one story in height. However, where a rear lot line coincides with a railroad right-of-way line, a yard shall not be required along such rear lot line.

- (6) C3L Commercial Service And Distribution District (Nonresidential).
- (a) Statement Of Purpose. The C3L commercial service and distribution district is established to furnish a wide variety of goods, services and distribution activities. Within this district, residential development is prohibited because most of the permitted uses are not compatible with nontransient residential development. A full range of retail, service, wholesale, warehouse and distribution activities is permitted.
- (b) General Regulations. Uses permitted in the C3L district are subject to the following conditions:
1. All business, servicing or processing, except for offstreet parking, off-street loading, display of merchandise for sale to the public, establishments of the drive-in type and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission, shall be conducted within completely enclosed buildings unless otherwise indicated hereinafter. (Am. by Ord. 4306, 8-29-73)
 2. Parking of trucks as an accessory use, when used in the conduct of a permitted business listed hereinafter, shall be limited to vehicles of not over one and one-half (1 1/2) tons capacity when located within one hundred fifty (150) feet of a residence district boundary line.
 3. All storage within one hundred (100) feet of a residence district, arterial or collector street, except for motor vehicles in operable condition, shall be within completely enclosed buildings or effectively screened with screening not less than six (6) feet nor more than eight (8) feet in height, provided no storage located within fifty (50) feet of such screening shall exceed the maximum height of such screening; further provided, however, the Zoning Administrator may approve alternate landscaping/screening plans meeting the general intent, purpose and guidelines of the revised "New Approach to Parking Lot Landscaping" adopted by Substitute Resolution No. 37,915. (Am. by Ord. 8300, 4-16-84)

ZONING CODE

Sec. 28.09(6)(c)

- (c) Permitted Uses. The following uses are permitted in the C3L district:
 - 1. Any use permitted in the C3 district excepting dwelling units and lodging rooms located above the ground floor.
 - 2. Dwelling units for watchmen and their families located on the premises where they are employed.
- (d) Conditional Uses. Any use allowed as a conditional use in the C3 district, excepting dwelling units and lodging rooms located on the ground floor, may be allowed in the C3L district, subject to the provisions of Section 28.12(10).
- (e) Floor Area Ratio. In the C3L district, the floor area ratio shall not exceed 3.0.
- (f) Yard Requirements. In the C3L district, the yard requirements of the C3 district shall apply.
- (g) (R. by Ord. 5831, 5-6-77)

SUMMARY OF EXISTING NON-ASSUMABLE MORTGAGES

LOCATION OF PROPERTY	LENDER	DATE OF LOAN	ORIGINAL LOAN BALANCE	INTEREST RATE	TERM	MONTHLY DEBT SERVICE	ANNUAL DEBT SERVICE	BALANCE DUE AS OF 1/1/85
2201 Darwin Road	The Wisconsin Life Insurance Company	2/3/78	\$115,000	9.5%	15 yrs	\$1,040.75	\$12,489	\$ 99,857.52
2223 Darwin Road	The Wisconsin Life Insurance Company	2/3/78	100,000	9.5%	15 yrs	905.00	10,860	86,832.62
2601 Seiferth Road	Security Marine Bank of Madison	4/19/76	168,187.82	10% 4/19/76- 14% currently	N/A	1,807.50	21,690	107,866.20
625 Mayfair Avenue	Rural Security Life Insurance	4/26/73	200,000	8.5% 1973 9.0% 1978 9.5% 1983	15 yrs	<u>1,612.00</u>	<u>19,344</u>	<u>163,155.35</u>
2955-57 Packers Avenue	< ----- NO EXISTING MORTGAGE - COLLATERIZED BY LINE OF CREDIT WITH FIRST WISCONSIN ----- >							
TOTALS						\$5,365.25	\$64,383	\$457,711.69
						Rounded		\$457,712.00 =====

APPENDIX F

APPENDIX G
SUMMARY OF PROPERTY AND
LEASE DATA FOR THE PACKAGE
OF FIVE WAREHOUSE PROPERTIES
APPRAISED IN THIS REPORT

SUBJECT WAREHOUSE PROPERTIES

ADDRESS	ZONING	LAND AREA (SQ. FT.)	YEAR BUILT	BUILDING SIZE-SQ. FT.			BUILDING CONSTRUCTION TYPE	TENANT	SQ. FT. LEASED	LEASE TERM	ANNUAL RENT AS OF:			ESCALATOR	EXPENSES	R. E. TAX	1983 TOTAL REVENUE	1983 TOTAL EXPENSES	1983 TOTAL NOI					
				TOTAL	OFFICE	WHSE					LEASE DATE	1984	\$/SF 1984											
625 MAYFAIR	M1	143748 (3.3 acres)	1973	30000	1456 (5%)	28544 (95%)	STEEL	EMMER-MADISON, INC.	30000	5-73 TO 4-88 15 YRS	\$27000 (1973)	\$27000	0.00	NONE	TENANTS PAY HEAT, ELEC., WATER, SEWER AT ALL PROPERTIES	TENANT PAYS ANNUAL BILL	\$27000	\$2630	0					
2601 SEIFERTH RD.	M1	58730 (1.35 acres)	1971	12053	1160 (9%)	10893 (91%)	STEEL	UNIVERSAL PAPER	12000	6-84 TO 6-85 1 YR + 1 YR OPTION @ \$31,500/YR	30000 (1984)	30000	2.50	BUILT INTO RENEWAL OPTION	TENANTS PAY HEAT, ELEC., WATER, SEWER AT ALL PROPERTIES	LANDLORD PAYS ANNUAL BILL	49773	21589	\$28184					
			1976	7120		7120 (100%)	STEEL	KIPP CAST CORP.	7120	8-84 TO MO-MO MONTHLY	17800 (1984)	17800	2.50	NONE	AT ALL PROPERTIES	LANDLORD PAYS ANNUAL BILL								
				19173				19120																
2955 PACKERS	M1	130244 (2.00 acres)	1948	16500	820 (5%)	15680 (95%)	ROLLED METAL QUONSET WITH STEEL AND WOOD FRAMING	CAPITAL WHSING CORP.	8945	9-77 TO 9-82 5 YRS + TWO- 5 YR. OPTIONS; FIRST OPTION- 9-82 TO 9-87	9840 (1977)			CPI INDEX NOT > 6%, ANNUALLY	TENANTS PAY HEAT, ELEC., WATER, SEWER AT ALL PROPERTIES	LANDLORD PASSES THROUGH INCREASE ABOVE 1977 BASE YEAR	56778	12614	44164					
											10800 (1982)	11016	1.23											
									7500	8/78 TO 9/82 5 YRS + TWO 5-YR OPTIONS FIRST OPTION 9/82 TO 9/87	7320 (1978)	9743	1.30	CPI INDEX NOT > 6%, ANNUALLY	Same as above	TENANT PAYS 21% OF TOTAL BILL ANNUALLY								
				15700				15722	8-81 TO 7-86 5 YRS + 5 YR OPTION	20682 (1981)	23877	1.52	CPI INDEX NOT : 6%, ANNUALLY	Same as above	TENANT PAYS 45% OF TOTAL BILL ANNUALLY									
				32200				32167																
2957 PACKERS	M1			2640	600 (23%)	2040 (77%)	MASONRY	WM. FOLEY	2600	9-84 TO 9-87 3 YRS	5880 (1984)	5880	2.26	5% INCREASE ANNUALLY	Same as above	TENANT PAYS 7.6% OF TOTAL BILL ANNUALLY								
				34840				34767			400													
					BILLBOARD			HANSEN SIGN COMPANY BILLBOARD																
2223 DARWIN RD.	M1	40035	1977	12000		12000 (100%)	STEEL	DELTA STORAGE	12000	4-84 TO 4-85 YEARLY	21000 (1980) 22200 (1981)	22200	1.85		TENANTS PAY HEAT, ELEC., WATER, SEWER AT ALL PROPERTIES	TENANT PAYS ANNUAL BILL	22200	3109	19091					
2201 DARWIN RD.	M1	39053	1977	8000	8000		STEEL	DELTA STORAGE	8000	4-84 TO 4-85 YEARLY	14796 (1981)	14796	1.85	NONE	TENANTS PAY HEAT, ELEC., WATER, SEWER	TENANT PAYS PRORATA SHARE OF ANNUAL BILL	39081	10039	29042					
					3000	330 (0.11)			2670 (89%)	MURPHY MOTORS	3000	7-83 TO 7-88 5 YRS	15000 (1983)	15000	5.00	NONE	AT ALL PROPERTIES	LANDLORD PASSES THROUGH INCREASE OVER 1982 BASE YEAR						
					3000	270 (9%)			2730 (91%)	AMBOISE CELLAR	3000	12-83 TO 12-86 3 YRS	7500 (1983)	7500	2.50	CPI INDEX	LANDLORD PAYS FOR SNOW REMOVAL	LANDLORD PAYS ANNUAL BILL						
				14000				14000																

