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VALUE VILLAGE  
SUN PRAIRIE, WISCONSIN

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Inc.

Landmark  
Research  
Inc.

June 22, 1983

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

Jean B. Davis, M.S.

Mr. Eric A. Farnsworth  
DeWitt, Sundby, Huggett & Schumacher, S.C.  
P.O. Box 2509  
121 S. Pinckney Street  
Madison, WI 53701

RE: Value Village Appraisal Issues

Dear Mr. Farnsworth:

In response to your inquiries we have prepared this memorandum of appraisal to answer the following questions:

1. What is the February 28, 1983, value of the Value Village Store land and building located at 1120 West Main Street, Sun Prairie?

ANSWER: EIGHT HUNDRED THIRTY-FIVE THOUSAND DOLLARS  
(\$835,000)

2. What is the current value, as of February 28, 1983, of the land formerly leased to Value Village at 1120 West Main Street, Sun Prairie?

ANSWER: THREE HUNDRED TWELVE THOUSAND DOLLARS  
(\$312,000)

The basic data and computations in response to each of the above issues is presented below:

I. Current Value of Land and Improvements

The appropriate method of estimating the market value of the land and improvements of the Value Village portion of the Main Shopping Center is through an Income Approach. A series of Sun Prairie retail rentals were discovered by interview and are summarized in Exhibit 1.

Office and commercial shell space rental comparables are provided in Exhibit 2. The best comparable rates are those currently being negotiated in the Main Shopping Center immediately to the northeast of the subject property. These leases are detailed in Exhibit 3 and the average rental rate in the Main Shopping Center, not including Sentry Foods and the

Mr. Eric A. Farnsworth  
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ground lease to Value Village, is \$2.41 per square foot per year (see Exhibit 4). Tenants have to pay their own utilities, common area maintenance, and insurance. When this rent is tested at various levels from \$2.20 per square foot to \$2.50 per square foot using the debt cover ratio approach (shown in Exhibits 5, 6, 7, and 8) the total value for Value Village land and improvements ranges from \$733,000 to \$833,000.

Since a new facility would rent for approximately \$2.50 per square foot with full pass throughs and a minimum escalator of 5 percent against a percentage of sales increase, the justified market value using the Income Approach is \$835,000 for land and improvements as of February 28, 1983.

If the value of land as though vacant of \$312,000 (see Section II) is subtracted from \$835,000, it suggests a remaining value of improvements of \$523,000.

#### II. Current Market Price of Subject Site as Though Vacant

A search of the Sun Prairie market for comparable sales of land for retail uses similar to the subject property produced seven sales along West Main Street and one on Emerald Terrace which are identified on the map in Exhibit 10, the aerial photograph in Exhibit 11, and by address in Exhibit 12. Since each of these properties varied in terms of location, size, access, frontage, and time of sale relative to the subject property as of February 28, 1983, each property was first adjusted for physical differences on a point basis as in Exhibit 12. A simple linear regression model was applied to arrive at a price per point per square foot together with a standard error of the mean as in Exhibit 13. The subject point score was 14 and, when applied to the regression formula, it indicated a most probable price of \$2.77 per square foot or an estimated value of \$312,000 for 112,683 square feet as of February 18, 1983.

#### III. Cost Approach Test

The Cost Approach, which is a much less appropriate method to estimate market value, nonetheless can be used as a check on the estimated market value. This check is based on the notion that such a building would not be built in February of 1983

Mr. Eric A. Farnsworth  
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June 22, 1983

unless it were supported by current market rents. The Cost Approach is presented in Exhibit 4 which uses R. S. Means Co., Inc., Historical Cost Indices in Building Construction Cost Data 1983 to adjust the actual original cost of \$282,000 to February 28, 1983. Value Village reported their actual costs were only \$282,000, or 80 percent of what they would have had to pay if they had not served as their own general contractor (by their own admission). The 80 percent factor suggests the total original cost in 1972 was approximately \$352,500 which, when indexed into today's construction costs, as computed in Exhibit 9, would suggest replacement costs would be in the neighborhood of \$754,000. Assuming this building to be highest and best use, without functional obsolescence, it is still necessary to recognize that the building is 10 years old with a useful life of 30 years and 10 percent salvage value. Since ten years have passed, an adjustment must be made for 3 percent depreciation per year for ten years, leaving a remaining value of \$528,000 as of February 28, 1983, for the building.

The other major improvement item is the parking lot. An original cost of \$30,000 would adjust to a 1983 cost of \$64,240 by the same method as the building. Assuming the parking lot is 75 percent depreciated, the remaining value of the parking lot is \$16,060.

The remaining value of the building plus the remaining value of the parking lot, therefore, suggest the value of the improvements as of February 28, 1983, to be \$544,433 by a Cost Approach, based on reported original cost. Note that this index is within 4 percent of the \$523,000 in Section I.

Since a cap on justified market value is provided by the Income Approach, we conclude that the market value of the Value Village improvements is approximately \$523,000 as of February 28, 1983.

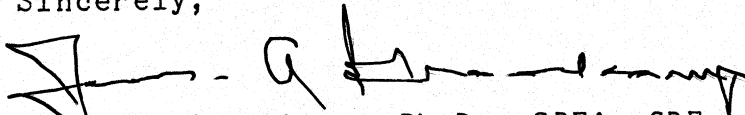
#### Conclusion

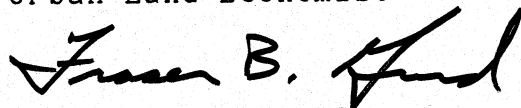
For each of the comparable sales, we have the appropriate information in our files. The various assumptions made in both the income and cost approaches are easily supportable on the basis of our current experience and illustrations. We hope this

Mr. Eric A. Farnsworth  
Page Four  
June 22, 1983

memorandum of values as of February 28, 1983, correctly addresses the questions for which you sought our opinion. We are available for further explanations as you may wish.

Sincerely,

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

  
Fraser B. Gurd, MS

Enclosures

jc

LIST OF EXHIBITS

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EXHIBIT 1

SUN PRAIRIE RENT ASKINGS AS OF 7/82

1. 815 West Main Street, formerly Nolan's. 1,800 square feet asking \$4 per square foot on a triple net basis. No offices included in the space.
2. 1707 West Main Street. 1,440 square feet. Asking \$6 per square foot plus utilities. No office spaces are within this property.
3. 300 Simon Mall West. 1,849 square feet. Asking \$6 per square foot on a gross rent basis. Includes seven offices with bathroom facilities adjacent. First office ideal for a reception area.
4. 1709 West Main Street. 1,922 square feet. Asking \$5.25 per square foot gross. This is under the Vista Structures offices. Five offices, reception area and washroom facilities.



EXHIBIT 2

SUN PRAIRIE RENTAL COMPARABLES

1. Two metal buildings, one of which has been improved by the tenants. These buildings are 6,000 square feet each. The rent is \$2,500 per month for both for a per square foot rental rate of \$2.50. A CPI rent inflator had existed but was negotiated out of the lease in exchange for a five-year locked in rate. The catalyst for this was refinancing and the tenant agreed to a longer term which the lender required so that the lease term would be as long as the terms of the refinancing.

The following are principally office space rental rates in the Sun Prairie area.

2. Don Simon, Inc., rented 3,000 square feet of office space on a triple net basis at about \$5 per square foot last July. The space had been on the market at \$5.90 per square foot asking.
3. Kraus leases space in his Berkebine Center between \$6 and \$7 per square foot including insurance and taxes. This is a three-story office structure which has a limited amount of parking space. There are some sort of provisions for automatic rental escalation.
4. Shell space in the Capitol Drive Industrial Park in the area of Capital Sash and Door Company was currently being rented for between \$3.75 and \$4.25 per square foot.

Rental rates on the east side of Madison can not be generally taken as being comparable to Sun Prairie rental rates and terms. Space in Sun Prairie rents out for considerably less than space in Madison.

5. Nolan's Sport Center, 916 Windsor Street. Property is located in the Sundale Shopping Center. 1,700 square feet were leased at \$4.50 per square foot. Lease began 6/81 for three years. Tenant pays all expenses excepting real estate taxes.

EXHIBIT 2 (Continued)

6. 1086 Emerald Terrace. Lease of building occupied by Strawberry's Tavern; formerly the Phone Booth. 4,640 square feet at \$2,100 per month which is \$5.43 per square foot per year. This lease is on a full net basis. The lease began 8/82 for 10 years. No rent escalation terms apparent.

EXHIBIT 3

MAIN SHOPPING CENTER

LEASE FILE RENT ROLL LISTING

DATE: 04/12/82 TIME 10 : 50  
PAGE 19

EXECUTIVE MANAGEMENT, INC.

BLDG NO. 350 BLDG NAME: 1245 E WASHINGTON AV  
MADISON, WI 53703

OWNER: MADISON REAL ESTATE  
INVESTMENT FUND  
1245 EAST WASHINGTON

=====												
0 1 2 3 4 5 6 7 8 9												
LOC	FLAG	TENANT NAME	LSE EXP	MO. RENT	ANN. RENT	SQ FT R-S/F	%-S/F	RENT ADJMNT	RE BASE YR RE BASE AMT	TEN EXPS	OPTIONS REN/CAN	
=====												
1	1	A. G. & W. BEVERAGE	08/31/85	1350.00	16200.00	6400	8.63	2.5%-648000	TENANT	INS/UTL/CAM	-	/N
2.53												
2	10	<del>NELSON JEWELERS</del> <i>Mike Durant</i>	<del>05/07/82</del> <i>1/31/88</i>	<del>274.99</del> <i>425.00</i>	<del>3299.88</del> <i>5100.00</i>	1700	2.29	<i>6/10 - 150000</i>	TENANT	INS/UTL/CAM	-	/N
<i>1.74</i> <i>3.00</i>												
3	11	NORGE VILLAGE	07/31/84	400.00	4800.00	1774	2.39		TENANT	INS/UTL/CAM	-	/N
2.71												
4	13	ROGER'S SHOE SHANTY	07/31/83	500.00	6000.00	2652	3.57	4 %-150000	TENANT	INS/UTL/CAM	-	/N
2.26												
5	14	#9 SENTRY FOODS	10/31/88	2113.75	25365.00	22150	29.85		TENANT	INS/UTL/CAM	5-6	/N
1.15												
6	15	STRUDELL PHARMACY	06/30/83	1222.12	14665.44	6400	8.63		TENANT	INS/UTL/CAM	10-12	/N
2.29												
7	17	MR. TOMS	07/31/84	264.03	3168.36	1213	1.63		TENANT	INS/UTL/CAM	10-12	/N
2.61												
8	18	#6 VACANT				<del>7771</del> <i>7465</i>	10.47					
9	19	#9 VALUE VILLAGE	02/28/83	562.50	6750.00	0	100.00		TENANT	INS/UTL/CAM	10-6	/N
0.00												
10	2	CARMEN'S	09/30/84	800.00	9600.00	4286	5.78	4 %-289000	TENANT	INS/UTL/CAM	5-12	/N
2.24												
11	20	SUZANNE'S	08/31/90	422.50	5070.00	1836	2.47	4 %-115000	TENANT	INS/UTL/CAM	-	/N
2.76												

Sudworth Research, Inc

EXHIBIT 3 (Continued)

LEASE FILE RENT ROLL LISTING  
=====

DATE: 04/12/82 TIME 10 : 50  
PAGE 20

EXECUTIVE MANAGEMENT, INC.

BLDG NO. 350 BLDG NAME: 1245 E WASHINGTON AV  
MADISON, WI 53703

OWNER: MADISON REAL ESTATE  
INVESTMENT FUND  
1245 EAST WASHINGTON

0	1	2	3	4	5	6	7	8	9		
LOC	FLAG	TENANT NAME	LSE EXP	MO. RENT	ANN. RENT	SQ FT R-S/F	%-S/F	RENT ADJMNT	RE BASE YR RE BASE AMT	TEN EXPS	OPTIONS REN/CAN
12	3	COAST TO COAST	11/30/89	1778.18	21338.20	8514 2.51	11.47	4 %-533455	1979BASEYR	/UTL/CAM	5 -6 /N
13	6	GIFT PALACE	10/31/90	660.00	7920.00	3500 2.26	4.72	5 %-146400	TENANT	INS/UTL/CAM	- /N
14	7	HILLENBRANDS	09/14/83	1086.74	13040.88	4567 2.86	6.15		TENANT	INS/UTL/CAM	8 -12/N
15	8	CAPTAINS CHAIR	02/28/86	225.00	2700.00	600 4.50	0.81	5 %-60000	TENANT	INS/UTL/CAM	5 -6 /N
16	9	THE SUNSHINE SALON	11/30/82 m-m	273.00	3276.00	880 3.72	1.19	5 %-75000	TENANT	INS/UTL/CAM	- /N
*** BLDG TOTALS				MO. RENT	ANN. RENT	SQ FT	%-S/F				
				11932.61	143193.76	74243	200.05				

Stachurski Research, Inc

EXHIBIT 4

AVERAGE RENTAL RATES  
MAIN SHOPPING CENTER  
SUN PRAIRIE, WISCONSIN

Annual Rent (Except for Value Village)	\$136,443
Less rent for Sentry Grocery Store	<u>(25,365)</u>
	\$110,078
Square Footage Rented (Not including Value Village or Sentry Grocery Store)	45,628 SF

$$\frac{\$110,078}{45,628} = \$2.41 \text{ per square foot per year}$$





EXHIBIT 7

1120 WEST MAIN STREET  
 SUN PRAIRIE, WISCONSIN  
 VALUE VILLAGE  
 MARKET VALUE

=====

Debt Cover Ratio Approach

	BUILDING RENTABLE AREA	40430		
	X			
	RENT PER SQUARE FOOT	2.40		
	=			
	NET OPERATING INCOME AVAILABLE FOR DEBT PAYMENT, INCOME TAX, CASH DIVIDENDS	97032	---->	
<---			/	
	DEBT SERVICE CASH	80860		DEBT COVER RATIO REQUIRED BY LENDERS
=				1.2
	CASH AVAILABLE FOR INCOME TAX & INVESTORS	16172		=
/				CASH AVAILABLE FOR DEBT SERVICE
	REQUIRED PRE-TAX CASH DISTRIBUTION RATE	.08		80860
=				/
	JUSTIFIED CASH EQUITY INVESTMENT	202150	---->	DEBT SERVICE CONSTANT
			+	.135340
			<---	=
				JUSTIFIED MORTGAGE LOAN
				597457
			=	
	TOTAL JUSTIFIED INVESTMENT VALUE	799607		
		=====		

1120 WEST MAIN STREET  
 SUN PRAIRIE, WISCONSIN  
 VALUE VILLAGE  
 MARKET VALUE

=====

Debt Cover Ratio Approach

Mortgage Loans:	
Debt Cover Ratio	1.2
Interest Rate	13%
Term in Years	25
Payments per Period	12
Pre-Tax Cash Equity Rate	8%
Building Rentable Area	40430 square feet
Rent Per Square Foot	2.40
Land Value	312000 per land valuation





EXHIBIT 9

VALUE VILLAGE IMPROVEMENT COST  
LESS DEPRECIATION TAKEN

I. Introduction

Although the Income Approach is the appropriate method of estimating the market value of the Value Village improvements, the Cost Approach can be used as a check on the market value estimate.

The original building cost figure of \$282,000 was provided by the former tenants who built the building in 1973. They stated that this represented only 80 percent of the total costs since Value Village were their own general contractors.

II. Building

- 1. Original Cost \$282,000

Stated to be only 80% of total costs since Value Village were their own general contractors.

Therefore,  $\frac{\$282,000}{.80} = \$352,500$  Total Original Cost

- 2. To adjust to equal today's costs using R. S. Means Co., Inc. Historical Cost Indices, p. 312, Building Construction Cost Data 1983, 1982, Kingston, Massachusetts, ISBN Number 0-911950-50-8.

a) January 1973 costs:

	<u>INDEX</u>
July 1973	48.5
July 1972	<u>44.8</u>
	93.3

$93.3 \div 2 = 46.7$

EXHIBIT 9 (Continued)

b) January 1983 Index = 100.0

c) Therefore, original total cost adjusted to today's construction costs would be:

$$\frac{\$352,500}{.467} = \$754,818$$

3. Depreciation Taken

3% per year for 10 years

4. Remaining Building Value as of February 1983 is:

$$\frac{.70}{100} \times \$754,818 = \$528,373$$

III. Parking Lot

1. Original Cost \$30,000

2. To adjust to equal today's costs using R. S. Means Co., Inc., Historical Cost Indices (as above):

$$\frac{\$30,000}{.467} = \$64,240$$

3. Depreciation Taken: 75 percent of Adjusted Cost

Land Grading - 25 percent of cost--no depreciation

Gravel and Blacktop - 75 percent of cost--10 year life

4. Remaining Parking Lot Value as of February 1983 is:

$$\frac{.25}{100} \times \$64,240 = \$16,060$$

EXHIBIT 9 (Continued)

IV. Remaining Value of Improvements  
as of February 1983 is:

Remaining Value of Building	\$528,373
plus	
Remaining Value of Parking Lot	<u>16,060</u>
	\$544,433
	=====

V. Conclusion

The Cost Approach estimate of the value of the improvements is used as a check on the value indicated by the Income Approach. It is the value estimate by the Income Approach, however, which defines the upper limit of the value. Therefore, the total value of the subject, a maximum of \$835,000 less the land value of \$312,000 result in a maximum value of the improvements of \$523,000.

EXHIBIT 9a

PAGE 312, HISTORICAL COST INDICES  
 R.S. MEANS CO., INC.  
 BUILDING CONSTRUCTION COST DATA 1983,  
 1982, KINGSTON, MASSACHUSETTS,  
 ISBN NUMBER 0-911950-50-8

312

**CITY COST INDEXES**

**Historical Cost Indexes** (Div. 1.1-16) p. 6

The table below lists both the Means City Cost Index based on Jan. 1, 1975 = 100 as well as the computed value of an index based on January 1, 1983 costs. Since the Jan. 1, 1983 figure is estimated, space is left to write in the actual index figures as they become available thru either the quarterly "Means Construction Cost Indexes" or as printed in the

"Engineering News-Record". To compute the actual index based on Jan. 1, 1983 = 100, divide the Quarterly City Cost Index for a particular year by the actual Jan. 1, 1983 Quarterly City Cost Index. Space has been left to advance the index figures as the year progresses.

Year	"Quarterly City Cost Index" based on Jan. 1, 1975 = 100		Current Index based on Jan. 1, 1983 = 100		Year	"Quarterly City Cost Index" based on Jan. 1, 1975 = 100		Current Index based on Jan. 1, 1983 = 100		Year	"Quarterly City Cost Index" based on Jan. 1, 1975 = 100		Current Index based on Jan. 1, 1983 = 100	
	Est.	Actual	Est.	Actual		Actual	Est.	Actual	Actual		Est.	Actual		
Oct. 1983					July 1970	65.8	37.0			July 1954	36.7	20.6		
July 1983					1969	61.6	34.6			1953	36.2	20.3		
April 1983					1968	56.9	32.0			1952	35.3	19.8		
Jan. 1983	178.0		100.0	100.0	1967	53.9	30.3			1951	34.4	19.3		
July 1982		174.3	97.9		1966	51.9	29.2			1950	31.4	17.6		
1981		160.2	90.0		1965	49.7	27.9			1949	30.4	17.1		
1980		144.0	80.9		1964	48.6	27.3			1948	30.4	17.1		
1979		132.3	74.3		1963	47.3	26.6			1947	27.6	15.5		
1978		122.4	68.8		1962	46.2	26.0			1946	23.2	13.0		
1977		113.3	63.7		1961	45.4	25.5			1945	20.2	11.3		
1976		107.3	60.3		1960	45.0	25.3			1944	19.3	10.8		
1975		102.6	57.6		1959	44.2	24.8			1943	18.6	10.4		
1974		94.7	53.2		1958	43.0	24.2			1942	18.0	10.1		
1973		86.3	48.5		1957	42.2	23.7			1941	16.8	9.4		
1972		79.7	44.8		1956	40.4	22.7			1940	15.7	8.8		
1971		73.5	41.3		1955	38.1	21.4			1939	14.7	8.3		

**City Cost Indexes** (Div. 1.1-06) p. 313 to 321

Tabulated on the following pages are average construction cost indexes for 162 major U.S. and Canadian cities. Index figures for both material and installation are based on the 30 major city average of 100 and represent the cost relationship as of July 1, 1982. The index for each division is computed from representative material and labor quantities for that division. The weighted average for each city is a weighted total of the components listed above it but does not include relative productivity between trades or cities.

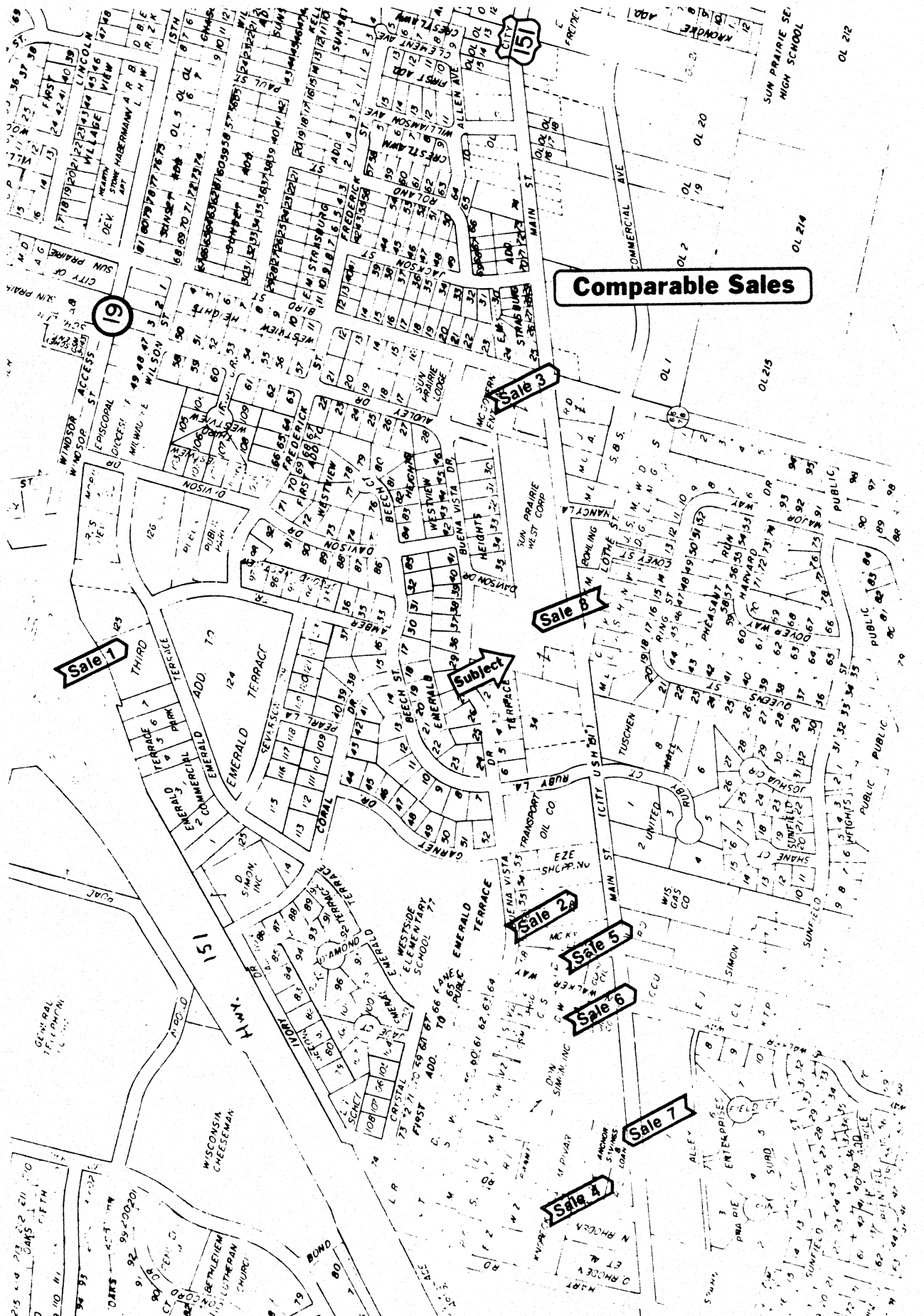
The material index for the weighted average includes about 100 basic construction materials with appropriate quantities of each material to represent typical "average" building construction projects.

The installation index for the weighted average includes the

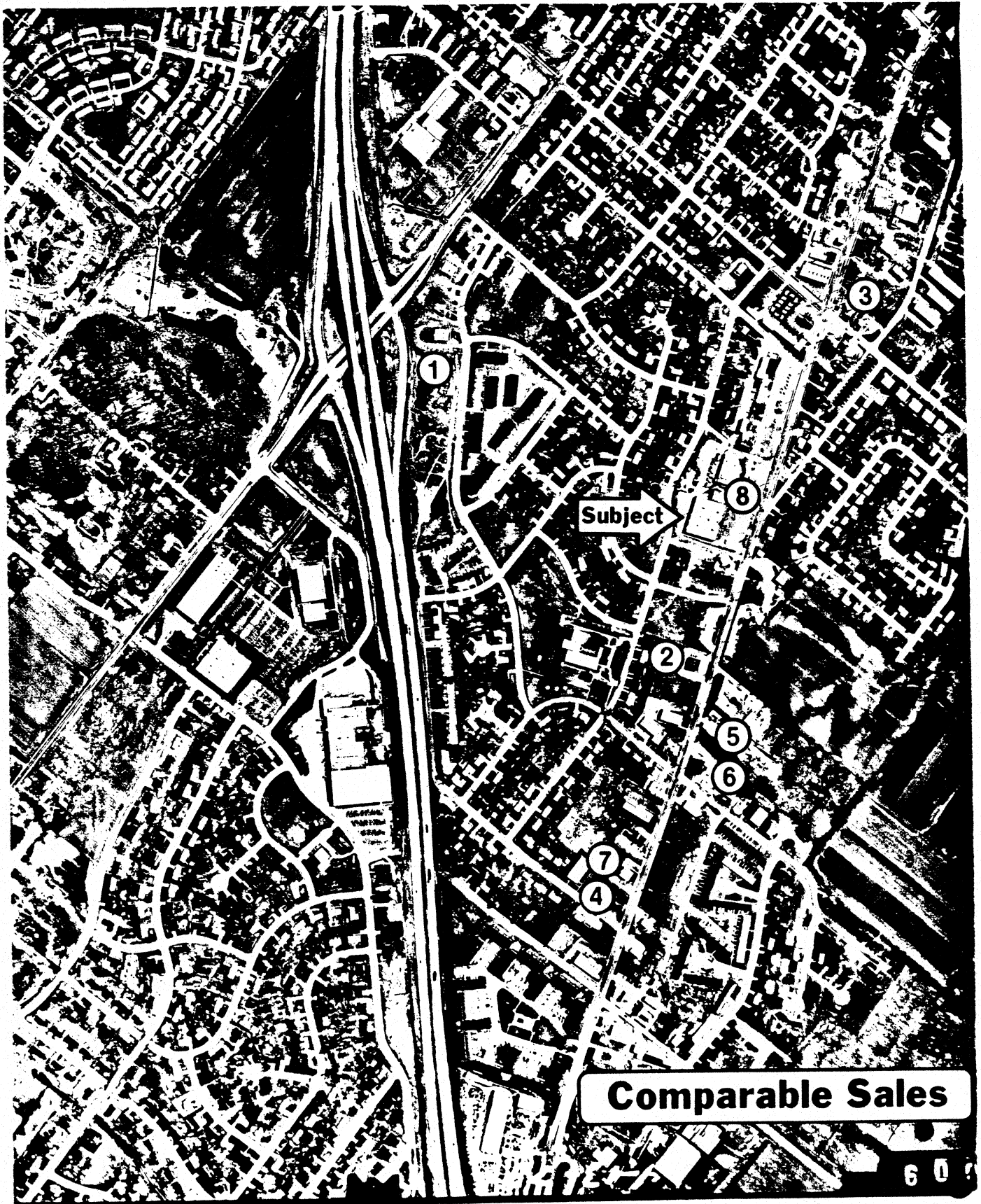
contribution of about 30 construction trades with their representative man-days in proportion to the material items installed. Also included in the installation costs are the representative equipment costs for those items requiring equipment.

Since each division of the book contains many different items, any particular item multiplied by the particular city index may give incorrect results. However, when all the book costs for a particular division are summarized and then factored, the result should be very close to the actual costs for that particular division for that city.

If a project has a preponderance of materials from any particular division (say structural steel) then the weighted average index should be adjusted in proportion to the value of the factor for that division.



Comparable Sales



**Comparable Sales**

60

EXHIBIT 12

POINT SCORES FOR COMPARABLE VACANT LAND SALES

<u>SALE</u> <u>#</u>	<u>ADDRESS</u>	<u>LOCATION</u>	<u>+</u>	<u>SIZE</u>	<u>+</u>	<u>ACCESS</u>	<u>+</u>	<u>FRONTAGE</u>	<u>=</u>	<u>TOTAL</u> <u>POINTS</u>
1	Emerald Terrrace	1		3		3		1		8
2	1270 W Main Street	5		3		3		3		14
3	743 W Main Street	5		1		5		5		16
4	1528 W Main Street	5		5		1		1		12
5	1303 W Main Street	5		3		3		3		14
6	1333 W Main Street	5		3		5		5		18
7	1516 W Main Street	5		3		3		5		16
8	1110 W Main Street	5		5		3		3		16
S	1120 W Main Street	5		1		3		5		14

S = SUBJECT

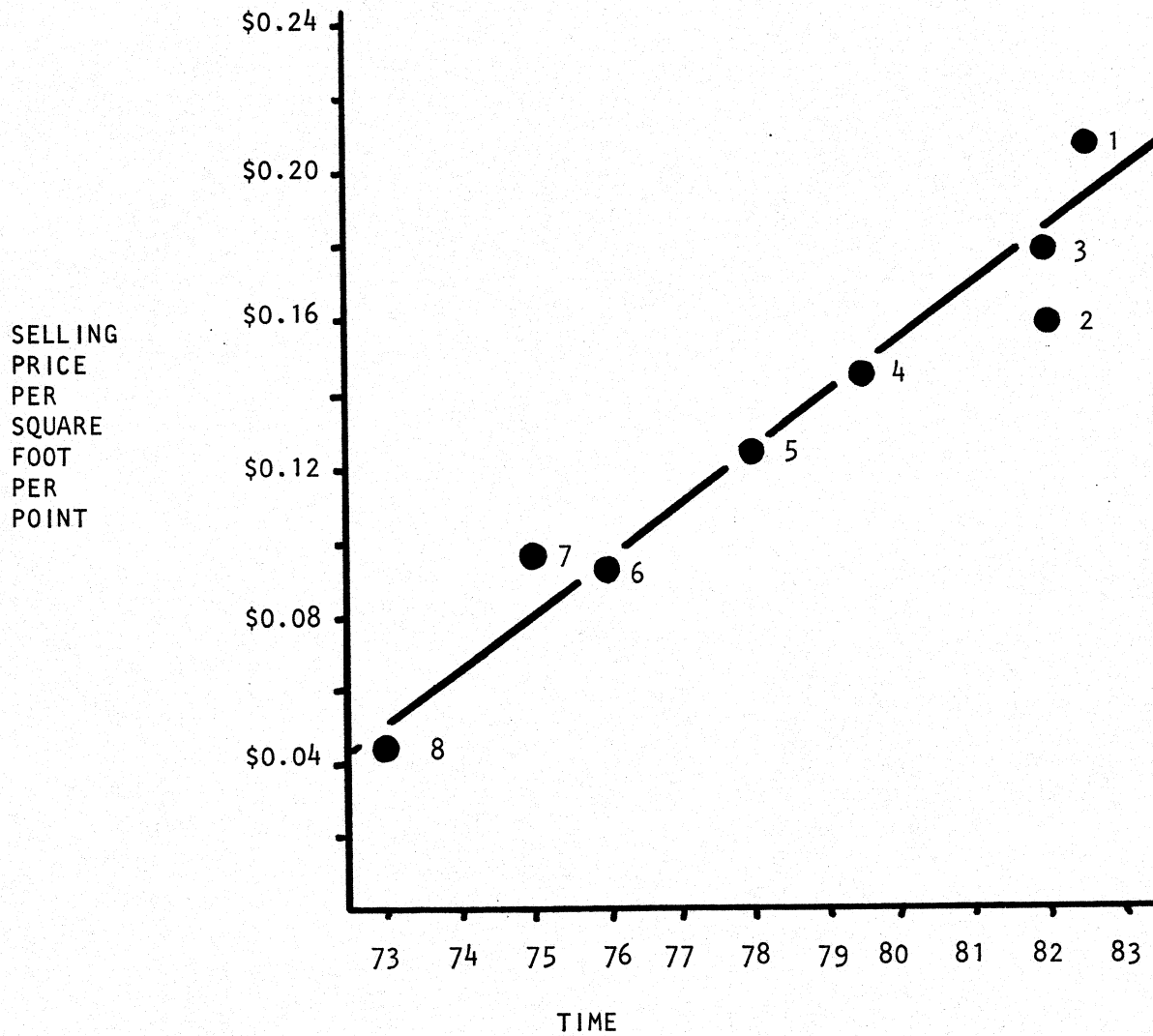


CALCULATION OF MOST PROBABLE LAND PRICE  
 USING MEAN PRICE PER POINT EQUATION METHOD  
 WITH ADJUSTMENT FOR TIME

COMPARABLE PROPERTY	SALE DATE YR-HALF	TIME SOLD (NUMBER OF HALF YEARS)	SELLING PRICE PER SQUARE FOOT	POINT SCORE	SELLING PRICE PER SQUARE FOOT PER POINT	ADJUSTMENT TO SELLING PRICE FOR TIME (.0073 per period)	ADJUSTED SELLING PRICE PER SQUARE FOOT PER POINT (x)
1	82-2	-1	1.74	8	.2175	.0073	.2248
2	82-1	-2	2.22	14	.1586	.0146	.1732
3	82-1	-2	2.87	16	.1794	.0146	.1940
4	79-2	-7	1.74	12	.1450	.0511	.1961
5	78-1	-10	1.68	14	.1200	.0730	.1930
6	76-1	-14	1.68	18	.0933	.1022	.1955
7	75-1	-16	1.54	16	.0963	.1168	.2131
8	73-1	-20	.72	16	.0450	.1460	<u>.1910</u>
							1.5807

EXHIBIT 13 (Continued)

SELLING PRICE PER  
SQUARE FOOT  
PER POINT  
Vs.  
TIME



REGRESSION EQUATION:  $Y = 0.0371 + 0.0073(x)$

Standard Deviation = 0.01663 with  $(8-2) = 6$  degrees of freedom

R-Squared = 92.1 percent

R-Squared = 90.7 percent, adjusted for degrees of freedom

EXHIBIT 13 (Continued)

Mean Value ( $\bar{x}$ ) of Selling Price Per Point =  $1.5807 \div 8 = .1976$

Where:

$x$	$\bar{x}$	$(x-\bar{x})$	$(x-\bar{x})^2$	$n$	$n-1$
.2248	.197875	.0272125	.0007405	8	7
.1732	.197875	-.024388	.0005948		
.1940	.1975875	-.003588	.0000129		
.1961	.1975875	-.001488	.0000022		
.1930	.1975875	-.004588	.0000210		
.1955	.1974875	-.002088	.0000044		
.2131	.1975875	.0155125	.0002406		
.1910	.1975875	-.006588	.0000434		

$$\text{Standard Error of Mean Deviation} = \frac{\sum (x - \bar{x})^2}{n - 1} = .0054442$$

$$\frac{.0016598}{7} = .0054442$$

8

Value Range:      .1975875    +/-    .0054442  
 or .1921433      to      .2030317

EXHIBIT 13 (Continued)

Since the subject's point score is: 14

Score	x	Value	=	\$/SF	
14		.1921433		\$2.690006	or \$2.69
14		.1975875		\$2.766225	or \$2.77
14		.2030317		\$2.842444	or \$2.84

Since the square footage of the subject is: 112,683, then:

	\$/SF	x	SF	=	Estimated Value
Low Estimate	2.69		112,683		\$303,117
Central Tendency	2.77		112,683		\$312.132
High Estimate	2.84		112,683		\$320,020

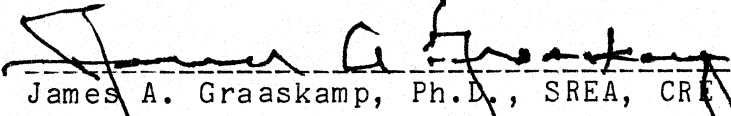
CERTIFICATE OF APPRAISAL

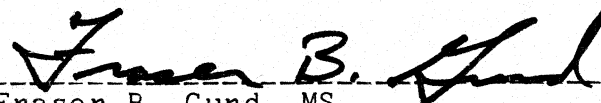
We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions. Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the market value, as defined herein, of the Value Village Store, land and building, located at 1120 West Main Street, Sun Prairie, as of February 28, 1983, is:

EIGHT HUNDRED THIRTY FIVE THOUSAND DOLLARS  
(\$835,000)

Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the market value, as defined herein, of the land formerly leased to Value Village at 1120 West Main Street, Sun Prairie, as of February 28, 1983, is:

THREE HUNDRED TWELVE THOUSAND DOLLARS  
(\$312,000)

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

  
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Fraser B. Gurd, MS

June 22, 1983  
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Date

VITA OF JAMES A. GRAASKAMP

Name: JAMES A. GRAASKAMP

Address: 202A Breese Terrace  
Madison, Wisconsin 53705

Born: June 17, 1933 Place: Milwaukee

Age: 48 Marital Status: Single

Height: 6'6" Weight: 255 pounds

Physical Disability: Post-polio wheelchair

Secondary Education:

Milwaukee Country Day School, Forms I-XII. Class of 1951;  
Honors Student, Class President, Publications Editor,  
Football, Basketball, and Track Letters.

Undergraduate College:

Rollins College, Winter Park, Florida; BA (1955) English  
major, creative writing. Publications Editor, Chapel Staff  
President, Class Officer, Key Society.

Graduate Education:

Marquette University, Milwaukee, Wisconsin MBA (1957)  
Finance major, security analysis. Dissertation: "Three  
Theories of a 'Growth Stock' as Applied to the Light  
Aircraft Industry."

University of Wisconsin School of Business, Madison,  
Wisconsin Ph.D. (1964) Risk Management and Urban Land  
Economics. Ph.D. Dissertation: "Problems of Pension  
Termination Due to Business Failure, Liquidation, or  
Migration." Ford Foundation grant study.

Academic Honors:

Omicron Delta Kappa, 1955; University of Wisconsin Fellow,  
1959-60; Reim Foundation Scholar 1960-61. Selected as  
co-faculty advisor to Delta Sigma Pi, the professional  
business fraternity, Delta chapter, at Marquette  
University; Beta Gamma Sigma, at University of Wisconsin,  
1961. William H. Kiekhofer Teaching Award 1966;  
Handicapped Man of the Year for State of Wisconsin 1970;  
Citation for Meritorious Service for Presidents Committee  
on Employment of the Handicapped.

Academic Positions:

- 1956-57 - Lecturer in insurance, School of Business Administration, Marquette University
- 1958-61 - Teaching and Research assistant - Insurance, School of Business, University of Wisconsin, Madison
- 1961-64 - Instructor, Insurance and Real Estate, School of Business Administration, University of Wisconsin Madison
- 1964-67 - Assistant Professor of Real Estate and Insurance, School of Business Administration, University of Wisconsin
- 1968-74 - Associate Professor of Real Estate, School of Business Administration, University of Wisconsin, Madison, Wisconsin
- 1974-present  
Full Professor, and Chairman, R.E. and Urban Land Economics

Professional Memberships & Designations:

- Lambda Alpha - Ely Chapter
- American Society of Real Estate Counselors, CRE
- Chartered Property and Casualty Underwriter, CPU
- Senior Real Estate Analyst, SREA
- Certified Property Casualty Underwriter, College of Property Underwriters, CPCU
- Associate member of International Association of Assessment Officers
- American Risk and Insurance Association
- American Real Estate & Urban Economics Association (elected director 1973-75)
- Madison Industrial Development Commission 1968-71
- Wisconsin Housing Finance Authority - Board member 1975-81
- First Asset Realty Advisors-Board member 1981 to present

Business Experience:

General Insurance Agency from 1955-1960  
Co-founder of Landmark Homes, Inc., a general contracting firm in Madison, Regency Hill, Inc., a land development firm in Madison; and West Pond Farms, Inc., a farm investment corporation; Landmark Research, Inc. specializing in real estate counseling and feasibility analysis. All business interests except Landmark Research have been profitably operated and sold. Landmark Research remains a wholly owned vehicle for professional activities. Projects include valuations, feasibility studies, counseling of major insurance companies in Wisconsin, court testimony for private and government agencies from coast to coast.

Monographs:

1. Industrial Park Development for the Small Town, with research assistant Alexander Anagnost, funded and published by U.S. Department of Commerce, 1973, 100 pages.
2. The Role of Investment Real Estate in Portfolio Management, J.A. Graaskamp, Bryn Mawr, Pa: American College of Life Underwriters, 1972, 35 pages.
3. Second Edition of A Guide to Feasibility Analysis, Chicago: Society of Real Estate Appraisers, 1972, 134 pages.
4. Lily Lake Forest Recreational Development Project, co-author, Prof. Atef Sharkawy, Department of Landscape Architecture, a book published by the University of Wisconsin, Environmental Awareness Center, 1971, 150 pages, external funding by Inland Lakes Renewal and Management.
5. The Appraisal of 25 N. Pinckney, a demonstration and discussion of contemporary appraisal theory and methods for adaptive reuse of old buildings. Published by Landmark Research, Inc., 1978, 120 pages.
6. "Fundamentals of Real Estate Development," ULI Development Component Series, 1980, 31 pages.

Articles:

1. "A Practical Computer Service for the Income Approach," The Appraisal Journal, January 1969 - 8 pages.
2. "Dollars & Cents of Shopping Centers: A Critical Review," Land Economics, Spring 1970, - 4 pages.
3. "Development and Structure of Mortgage Loan Guaranty Insurance in the U.S.," Journal of Risk and Insurance, Vol, XXXIV, No. 1, March, 1967, pages 47-67.
4. "Simulation Model for Investment Project Analysis of Income Producing Real Estate", a paper presented for and published as Colloquium on Computer Applications in Real Estate Investment Analysis, University of British Columbia, 29 pages.
5. "Implications of Vested Benefits in Private Pension Plans: Comment", Journal of Risk and Insurance, Vol. XXXIII, No. 3, September 1966, 6 pages.
6. "A Rational Approach to Feasibility," The Appraisal Journal, October 1972, (40th anniversary issue) 10 pages.
7. "An Approach to Real Estate Finance Education by Analogy to Risk Management Principles," Real Estate Issues, Summer 1977, pages 53-70.



Articles (Continued):

8. "Strategic Planning Approach to Major Real Estate Decisions," Questor Real Estate Investment Yearbook, Public Syndication, 1981, San Francisco, California, pages 237-244.
9. "Remodeling & Rehabilitation," Chapter 24, Principles of Real Estate Appraisal, 1982, American Institute of Real Estate Appraisers.

Additional academic or professional education projects authored by Professor Graaskamp:

1. Co-author with Prof. Peter Amato of Report to the Statutory Advisory Housing Committee, 1972, published by the Committee, approximately 300 pages.
2. Co-author with H. Robert Knitter, Director of the School of Business Computer Center of a one week training seminar designed to teach real estate professionals the techniques and application of computer time sharing systems to real estate appraisal, market analysis and financial analysis. Involved preparation of manuals, lectures, computer programs and a library of supporting systems on GE Time Sharing for the use of the professional once he has returned to his office. The seminars are offered periodically in various cities in the United States.
3. Co-director with Prof. Dick Smith of Agricultural Engineering of Badger Redevelopment Corporation, a special undergraduate two semester course receiving a University grant for innovative undergraduate programs in 1972. Final report describing and analyzing program, Housing Rehabilitation, An Innovative Undergraduate Teaching Project, jointly authored by faculty and students, published by the School of Agricultural Engineering and School of Business, 1973, 63 pages. (Illustrated)
4. Testimony and report to the Sub-Committee on Real Estate Tax Reform of the Governor's Committee on Use of Land Resources, Chairman, Warren Knowles, "A Pragmatic Approach to Real Estate Tax Assessment Valuation Reform in the State of Wisconsin," 1972.
5. Currently developing and testing an automated market comparison valuation system for tax assessment of single family homes that can be operated by the assessor in his own community. System presently operating in the Village of Maple Bluff, Dane County, Wisconsin.

Additional Academic or professional education projects  
(Continued):

6. "Private Mortgage Guaranty Insurance as Distinguished from Banking and Extension of Credit," a 40 page brief prepared for Federal Reserve Bank hearings held on January 28, 1974 into possible powers of one bank holding companies to operate in the area of mortgage guaranty insurance.
7. Chairman, Chancellor's Committee for Disabled Persons on Campus, charged with implementation of University concerns for the disabled and priorities and other policies related to implementation of HEW 504 on the Madison campus.

Educational Consultant:

Society of Real Estate Appraisers

Mortgage Bankers Association of America

Educational Foundation for Computer Applications to Real Estate (EDUCARE) (a joint venture of the three professional appraisal organizations in the United States charged with development of computer time sharing procedures for appraisers and educational seminars for dissemination of computer techniques. Co-director with H.R. Knitter of School of Business Computer Center.)

Continuing Education Institute, Inc. A Wisconsin corporation providing accredited programs to lawyers, accountants, appraisers and other Wisconsin professionals requiring continuing education credits for recertification.

Urban Land Institute Education Committee, a funded division of the Urban Land Institute, Washington, D.C.

F R A S E R   B .   G U R D

EDUCATION

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

Bachelor of Science - Architecture, University of Wisconsin -  
Milwaukee

ACADEMIC HONORS

Graduate National Scholarship, American Institute of Real Estate  
Appraisers, 1977-1978

PROFESSIONAL EXPERIENCE

Mr. Gurd is a practicing real estate analyst and consultant. Previously he was a Lecturer in the Department of Real Estate and Urban Land Economics, School of Business, University of Wisconsin. His experience includes the valuation and analysis of commercial and residential properties, project feasibility studies, financial analysis, and computer applications in real estate valuation and financial analysis. He has been a Project Underwriter with a national residential mortgage guarantor.