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An appraisal of the Country Kitchen restaurant located in the city of Middleton at 6202 University Avenue. April 30, 1980

Landmark Research, Inc.

[s.l.]: [s.n.], April 30, 1980

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THE COUNTRY KITCHEN RESTAURANT
AT 6202 UNIVERSITY AVENUE
MIDDLETON, WISCONSIN

PREPARED FOR
THE ESTATE OF GEORGE J. MALOOF

Landmark
Research
Inc.

AN APPRAISAL
OF
THE COUNTRY KITCHEN RESTAURANT

LOCATED IN
THE CITY OF MIDDLETON
AT
6202 UNIVERSITY AVENUE

AS OF
APRIL 30, 1980

PREPARED FOR
THE ESTATE OF GEORGE J. MALOOF

PREPARED BY
LANDMARK RESEARCH, INC.

JAMES A. GRAASKAMP

JEAN B. DAVIS

Landmark
Research
Inc.

December 18, 1980

James A. Graaskamp, Ph.D., SREA, CRE
Tim Warner, MS, MAI, SREA
Jean B. Davis, MS

R. Christian Davis
Trust Account Manager
First Wisconsin National Bank of Madison
One South Pinckney Street
Madison, Wisconsin 53703

Dear Mr. Davis:

With this letter we are delivering the appraisal of the property known as the Country Kitchen Restaurant located at 6202 University Avenue in the City of Middleton and further described within this report. The appraisal is requested as a measure of fair market value as of April 30, 1980, for the purpose of settling the estate of George J. Maloof.

My associate, Jean B. Davis, real estate appraiser and analyst, and I have inspected the property on several occasions. Recent buyers of similar properties were interviewed to confirm sale and property information and to compile a buyer profile.

The most probable use of the subject property is to continue as a limited menu table service restaurant which is classified as a Class I restaurant in Chapter 10 of the City of Middleton Zoning Code. The most probable buyer of the subject property is an investor/investor group with the financial strength to pay cash who seeks the cash flow; the growth potential of the overage rent and the future site value; and the tax shelter.

Our estimate is based upon the income approach to value; there were too few sales of comparable restaurants in the Madison metropolitan area to use the market comparison approach to value. Sales of similar restaurants in the Milwaukee area and offerings of three Country Kitchen restaurants in Wisconsin are described to bracket market value of this type of real estate.

The site valuation is based upon the market comparison approach; recent sales of vacant sites located near the subject are used to predict its most probable selling price. A survey of sales of vacant sites purchased for use as limited menu fast foods and/or table service restaurants in the Madison metropolitan area confirm the value estimate of the subject site.

A variety of financing techniques are currently used for restaurant properties; this appraised value assumes a cash sale.

Mr. Davis
Page Two
December 18, 1980

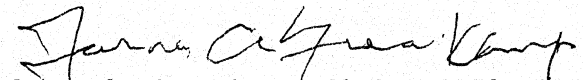
Based upon the assumptions and limiting conditions presented in the attached report, it is the opinion of the appraiser that the highest probable price in dollars and fair market value of the subject property which might be obtained as of April 30, 1980, is the amount of

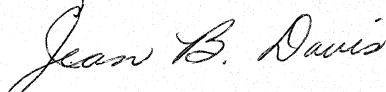
TWO HUNDRED TEN THOUSAND DOLLARS
(\$210,000)

assuming cash to the seller with financing based on a debt cover ratio of 1.4 (53 percent financing) at 13 percent interest amortized over a 20 year term with the balance of the mortgage due at the end of the lease term.

We are pleased to be of continuing service to you, and Ms. Davis and I remain available to answer any specific questions you may have regarding this report.

FOR LANDMARK RESEARCH, INC.


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


Jean B. Davis, MS

ks

COUNTRY KITCHEN

6202 University Avenue
Middleton, Wisconsin



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SUMMARY OF IMPORTANT FACTS, ASSUMPTIONS, AND CONCLUSIONS

Address of Property	6202 University Ave. Middleton, Wisconsin
Date of Valuation	April 30, 1980
Type of Estate	Fee simple, subject to zoning and building restrictions and to a possessory interest in the form of a lease with Owen R. Massie, representing Country Kitchens of Wisconsin, Inc.
Lease Term	9.42 years remaining (until September 30, 1989) with three 5-year renewal options
Site Size	35,157 square feet or .81 acres
Improvements	Steel frame building with brick veneer exterior finish; gross building area of 4,550 square feet; fixtures installed by tenant not included in valuation
Gross Annual Rent	\$22,000; \$1,833.33/month plus 5 percent of gross sales over \$450,000. Average rent over past five years has been \$28,533 with a high of \$32,654 in 1976.
Unit of Comparison for Site Valuation	Price per square foot
Probable Terms of Sale	Cash to seller
Value Estimate of Subject Property - Income Approach	\$210,000
Value Estimate of Subject Site (assumed vacant) - Market Comparison Approach	\$70,500
Current Assessed Value (1980)	
	Land \$ 51,900
	Improvement <u>145,700</u>
Assessment is 68 percent of Market	\$197,600
Real Estate Taxes (1979)	\$4,636.31

I. PROBLEM ASSIGNMENT

The content of an appraisal report is determined by the decision for which it will serve as a benchmark and by the limiting assumptions inherent in the property, data base, or other factors in the decision context.

This appraisal is requested as a measure of Fair Market Value as of April 30, 1980, of the property known as the Country Kitchen Restaurant located at 6202 University Avenue in the City of Middleton for the purpose of settling the estate of George J. Maloof.

A. Legal Interest to be Appraised

The rights valued in this appraisal involve the fee simple estate subject to public limitations and a possessory interest in the form of a lease. The site is valued as if vacant.

1. Property Identification

The subject property is located on the northwest corner of University Avenue and Allen Boulevard (aka County Trunk Q) in the City of Middleton, Dane County, Wisconsin. (See Exhibit 1). The property is improved with a structure currently leased as a limited menu, table service¹ restaurant known as Country Kitchen.

The tax parcel identification is: 50-01-267.20.1

2. Legal Description

The legal description of the subject property, recently updated by the Dane County Title Company and provided by R. Christian Davis, Trust Account Manager, First Wisconsin National Bank of Madison, is:

¹Classification of restaurants taken from the National Restaurant Association's publication Restaurant Industry Operations Report '79.

LOCATION OF SUBJECT PROPERTY

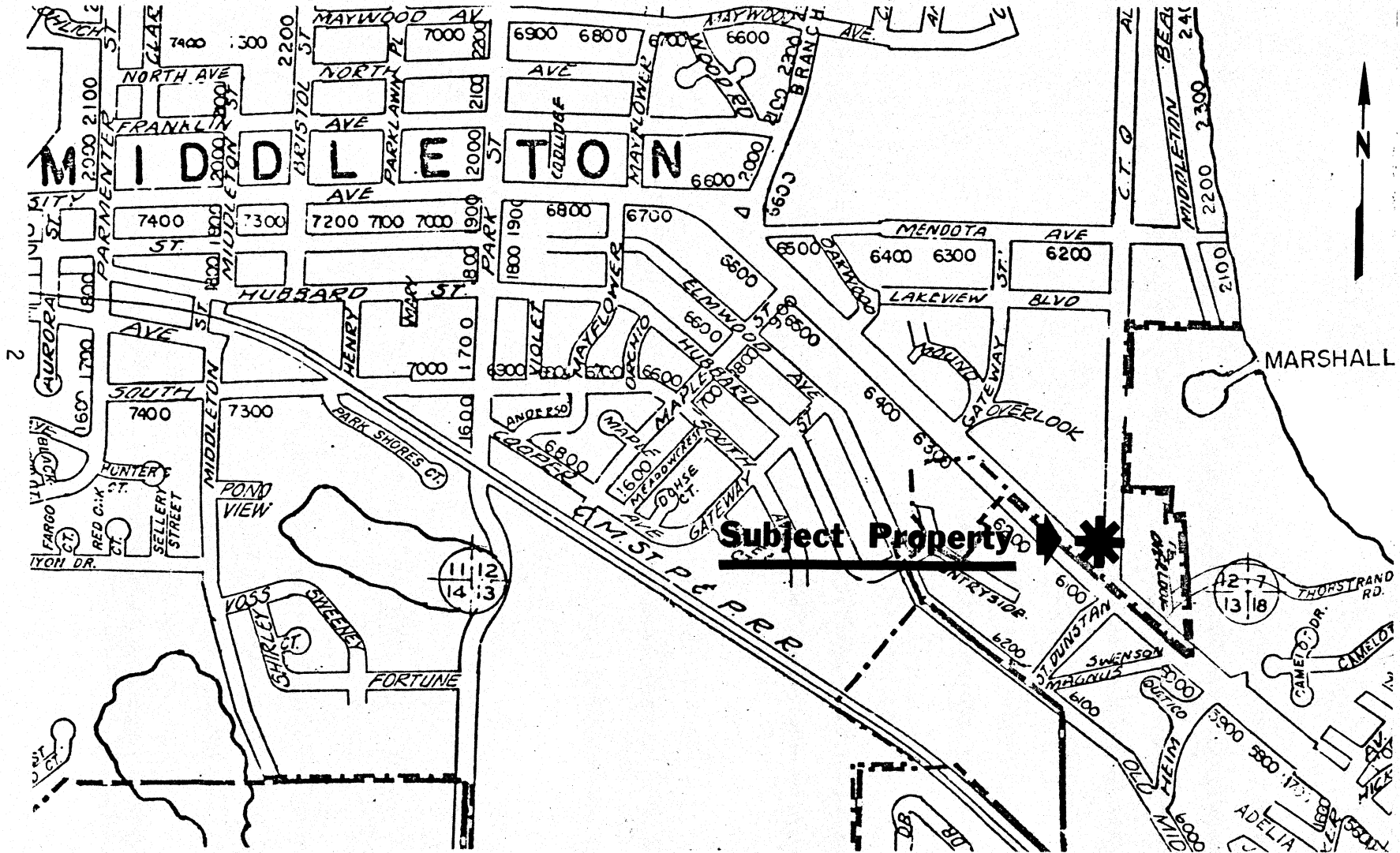


EXHIBIT 1

PARCEL I. A parcel of land which is part of Lots Twenty-eight (28) and Twenty-nine (29), and part of a vacated unnamed street lying between said Lots 28 and 29, all in Assessor's Plat No. 1 of the Township of Middleton, now in the City of Middleton, Dane County, Wisconsin, to-wit: Commencing at the Southeast corner of Lot 8, Block 3, H. A. Raemisch Plat; thence South 04° 12' 20" East, 933.80 feet to a point of curve; thence Southwesterly on a curve to the right, which has a radius of 895.0 feet and a chord which bears South 03° 11' 50" West, 230.63 feet; thence South 10° 36' West, 182.57 feet to the point of beginning; thence continuing South 10° 36' West, 80.00 feet; thence South 72° 01' 53" West, 234.55 feet; thence North 43° 27' 46" East, 200.00 feet; thence South 46° 32' 14" East, 28.91 feet; thence North 72° 01' 53" East, 83.34 feet to the point of beginning.

EXCEPT therefrom any part thereof included in Conveyance to Dane County recorded in Volume 104 of Misc., page 558, as Document No. 553383.

PARCEL II. Part of Lots Twenty-eight (28), Twenty-nine (29), and part of vacated Overlook Drive and part of a vacated unnamed street, lying between said Lots 28 and 29, all in Assessor's Plat No. 1 of the Township of Middleton, in the City of Middleton, Dane County, Wisconsin, more particularly described as follows: The reference line as established by the Dane County Highway survey on Project No. 1271, is described as follows: Commencing at a point on curve, 990.2 feet South 85° 44' West (Mag.) of the Southeast corner of said Section 12; thence along a curve to the right, radius 11,460 feet, 51.7 feet to the point of beginning; thence North 6° 51' East (Mag.) 621.7 feet to a point of curve and end of this parcel. Said parcel includes all the land lying between the existing westerly highway right-of-way line and a new highway right-of-way line located parallel to the above described reference line and 60 feet westerly therefrom, from the point of beginning 621.7 feet, northerly therefrom, measured along said reference line. Said parcel excludes all land lying within the following described traverse: Beginning at a point 250 feet North 6° 51' East (Mag.) of the above described point of beginning; thence South 6° 51' West (Mag.) 250 feet to a point on curve; thence along a curve to the right, radius 11,460 feet, 250 feet; thence in a northeasterly direction to the point of beginning of said traverse.

3. Qualifications of the Property to be Appraised

This appraisal is to include only the fee simple real estate interests at the above location subject to public limitations such as zoning and building codes, and to a possessory interest in the form of a lease with Owen R. Massie, of Franchised Restaurants, Inc.

The lease term of 15 years is from October 1, 1974, through September 30, 1989, with three five-year renewal options upon the same conditions. The lessee

retains the right to

...sublet the premises to any licensee of Franchised Restaurants, Inc., a Wisconsin Corporation, which owns the right to license the use of the trademark and the trade names appertaining to the operation of Country Kitchen Restaurants...The right of the Tenant to assign the lease or sublet the premises as a Country Kitchen Restaurant during the then remaining term of the Lease or any renewals thereof....

(See Appendix A).

The lease qualifies, in the following manner, the title to the equipment, fixtures and machinery installed by the lessee:

Title to all equipment, fixtures and machinery placed thereon by the Tenant, at his cost, shall remain in and be the property of the Tenant during the term of this Lease, and the Tenant shall have the exclusive right to repair, remove or remodel all such equipment, fixtures and machinery at any time.

Upon termination of the lease the fixtures installed by the lessee become the property of the lessee. Under section 15, General Covenants of Tenant, it is stated:

h) At the termination of this Lease, to quit and surrender to Landlord peaceable possession of the premises, including all improvements, structures and fixtures (excluding fixtures installed by Tenant) forming a part of said structures, in good and clean condition and in the same condition as they originally were, subject to ordinary wear and tear.

4. Special Assumptions

For the purpose of this appraisal it is assumed the lessee will retain possession of the subject property until the end of the original term of the lease which is September 30, 1989. It is also assumed the lessee will not exercise any of the options for renewal; past performance and present economic indicators suggest that gross restaurant sales at this location will continue to find it difficult to keep pace with inflation.

B. Selection of Market Value Methodology

1. Value Definition

The fundamental purpose of an appraisal assignment is most usually to estimate value. Conventionally, the value required is Market Value, defined as:

The most probable price in terms of money which a property is expected to bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and each acting in what he considers his own best interest.
3. A reasonable time is allowed for exposure in the open market.
4. Payment is made in cash or its equivalent, if market conditions indicate that cash sales prevail.
5. Financing, if any, is on terms generally available in the community at the specified date and typical for the property type in its location.
6. The price represents a normal consideration for the property sold unaffected by special financing amounts and/or terms, services, fees, costs, or credits incurred in the transaction.²

This definition assumes a perfect market where a number of fully informed, reasonably prudent buyers and sellers are acting rationally and logically to maximize their financial well-being. It also assumes payment in cash if cash sales prevail.

Monetary and banking conditions as of April 30, 1980, made real estate transactions extremely difficult under conventional mortgage financing terms. Financing by the seller has been the principal method of assuring consummation of a transaction, but in the real estate market of limited menu restaurants, lenders such as Rural Security Life Insurance Company are making participation

²THE REAL ESTATE APPRAISER, Nov. - Dec. 1977, p. 18.

loans at 13 percent interest. Institutional investors are able to buy for cash. There is no market evidence as to the prevalent method of financing the purchase of comparable restaurants in the Madison metropolitan area. The value estimate of this appraisal assumes a cash sale.

For purposes of this appraisal the terms market value and most probable selling price will be considered synonymous.

2. Preference for Market Comparison Approach

The appraisal process prefers to base valuations on actual sales of comparable property where buyer and seller were under no unusual duress and where no special financing, that is, financing not obtainable in the market place was provided by the seller.

There have been no sales of comparable limited menu family restaurants in the Madison metropolitan area in the past few years except for the sale of the International House of Pancakes (IHOP) located near the University of Wisconsin campus at 505 University Avenue in the City of Madison.

A survey of sales of comparable restaurants in the Milwaukee area can only bracket the price an investor is willing to pay for this type of real estate in an urban area; differences in physical, linkage, and dynamic attributes found in the Milwaukee area make comparisons with Middleton unreliable.

Listing prices of three Country Kitchen Restaurants, one in the more rural community of Neenah and two in or near Milwaukee can only suggest an upper limit on an estimate of value.

3. Limitations of the Cost Approach

While many appraisal textbooks still recommend the cost approach to value, it is acceptable only when the improvements are new and represent the optimum use of the property in question. In this case the improvements were built in 1969-70 and were designed for rapid depreciation as is common in the fast food business where design and function are rapidly changing in a highly competitive

business. The extensive window area finished in single pane glass is extremely energy inefficient in a period of rapidly increasing fuel costs. The improvements are not new nor are they optimum. Thus the cost approach is irrelevant and inapplicable for this appraisal.

4. Relevance of the Income Approach

When market value cannot be established by comparable sales data, the income approach can be used to estimate value. The income approach is the method of converting anticipated future benefits (income) into an estimate of the present worth of the property; this process is called capitalization.

A limited menu, table service restaurant is a vehicle for the purchase of investment income and appreciation, not unlike any other cash cycle investment with a series of returns. The relationship of outlays and receipts in time and quantity determines investment rate of return. Conversely, if the investment return desired is assumed and net receipts can be estimated, the relationship can be reversed to determine the maximum outlay, i.e., probable purchase price, which could be justified by an investor.

5. Legality of the Income Approach

The Supreme Court of Wisconsin has stated:

If income be considered and the capitalization of income formula applied, net income, not gross income, should be considered.

The use of an income approach to valuation in arriving at the market value of property has been approved by the Wisconsin Supreme Court in the following cases: State ex rel. Garton Toy Company vs. Mosel, supra, 259; State ex rel. IBM Corporation 311-313; Rahr Malting Company vs. Manitowoc, (1973) 225 Wisconsin 401, 405; State ex rel. Northwestern Mutual Life Insurance Co. vs. Weiher, supra, 450.

II. PHYSICAL ANALYSIS OF PROPERTY ATTRIBUTES TO DETERMINE MOST PROBABLE USE

The market value of the subject property depends upon its income investment productivity which can be attributed to the interrelationship of the physical site and the improvements.

In analyzing the subject property, it is useful to review the physical attributes of the site and the improvements, the legal attributes constraining use of the parcel, the linkages of the property location to generators of restaurant demand which will determine its revenue potential, and the dynamic attributes of the site, that is, how people perceive and behave relative to the property.

A. Physical Attributes (See Exhibit 2 for photographs)

The subject property is located on the northwest corner of the intersection of Allen Boulevard (County Q) and University Avenue and is a part of Lots 28 and 29 of Assessors Plat 1 of the Township of Middleton in the City of Middleton.

1. Site Analysis

a. Soils

According to the Soil Survey of Dane County, Wisconsin, the soil of the subject property is predominantly Dresden silt loam (DsC₂) with 6 to 12 percent slopes and it is eroded. DsC₂ has an agricultural capability unit of III on a scale of I to VIII with I representing the best soil. These soils usually have a depth to bedrock of greater than ten feet and the seasonal high water table is greater than five feet. This soil type has low corrosivity and low shrink-swell potential. Low corrosivity means

EXHIBIT 2
PHOTOGRAPHS OF SUBJECT PROPERTY



Looking west northwest from Allen Blvd. and University Ave. intersection. Proposed changes on Allen Blvd. include new right turn lane onto University Ave. which cuts through grassy strip in front of structure.

Looking north along Allen Blvd. Note ingress/egress point for subject property. When median strip is installed along Allen Blvd. only southbound traffic can use this access point.



EXHIBIT 2 (Continued)



Looking southeast from vacated Consolidated Station site. Front entrance to Country Kitchen is midway on north side of structure.

Taken from vacated Consolidated Station site looking east toward subject. South side of structure parallels University Ave.



EXHIBIT 2 (Continued)



View of Country Kitchen Restaurant from University Ave. travelling west northwest. The upward slope of the approach to the site diminishes its visibility.

Approach to Country Kitchen Restaurant from Allen Blvd. traveling south. Restaurant is barely visible at this point.



EXHIBIT 2 (Continued)



Approach to Allen Blvd. and University Ave. intersection from Middleton traveling southeast, along University Ave. Upward slope of approach to the site diminishes its visibility. Access point is undefined.

Looking northeast toward vacated Consolidated Station site and subject property. Middleton Public Works Dept. proposes a median break and frontage road along Consolidated's property so eastbound traffic will have access to both sites; this is to alleviate access problem to be caused by proposed median strip along Allen Blvd.



there is a low probability of soil-induced corrosion damage to structures below grade. Low shrink-swell potential indicates there is little hazard to the maintenance of structures built in, on, or with material having this rating. The soils report relates to the original grade; the site has since been filled with material of unknown quality.

b. Topography and Shape

The site has been shored up with retaining walls located on the north side of the property. Exhibit 3 illustrates the south to north downward slope of the site and its irregular shape.

c. Size

The area of the site is 35,157 square feet or .807 acres as determined by Bridwell Engineering Company, Inc. See Exhibit 4 for site dimensions.

d. Site Improvements

The site has been paved with asphalt to provide approximately 77 parking spaces. Six large outdoor lights are located on both the eastern and western edge of the site. The retaining walls mentioned above complete the inventory of site improvements. An outdoor free-standing sign identifying the Country Kitchen Restaurant is assumed to be the property of the lessee.

2. Improvements (See Exhibit 5 for sketch)

The improvements were built between 1969 and 1970 for the use of the original tenant, King's Food Host. In 1974, Country Kitchen took possession as lessee and remodeled the structure extensively for approximately \$25,000.

The building has a gross area of 4,550 square feet and is framed in steel with a brick veneer exterior finish. The single pane windows which dominate the east and half of each of the north and south sides of the structure, are framed in aluminum. The plywood facia is backed by corrugated metal and is hung about one foot away from the building on a rusting metal frame. Fluorescent lighting

EXHIBIT 3

TOPOGRAPHY OF SUBJECT PROPERTY

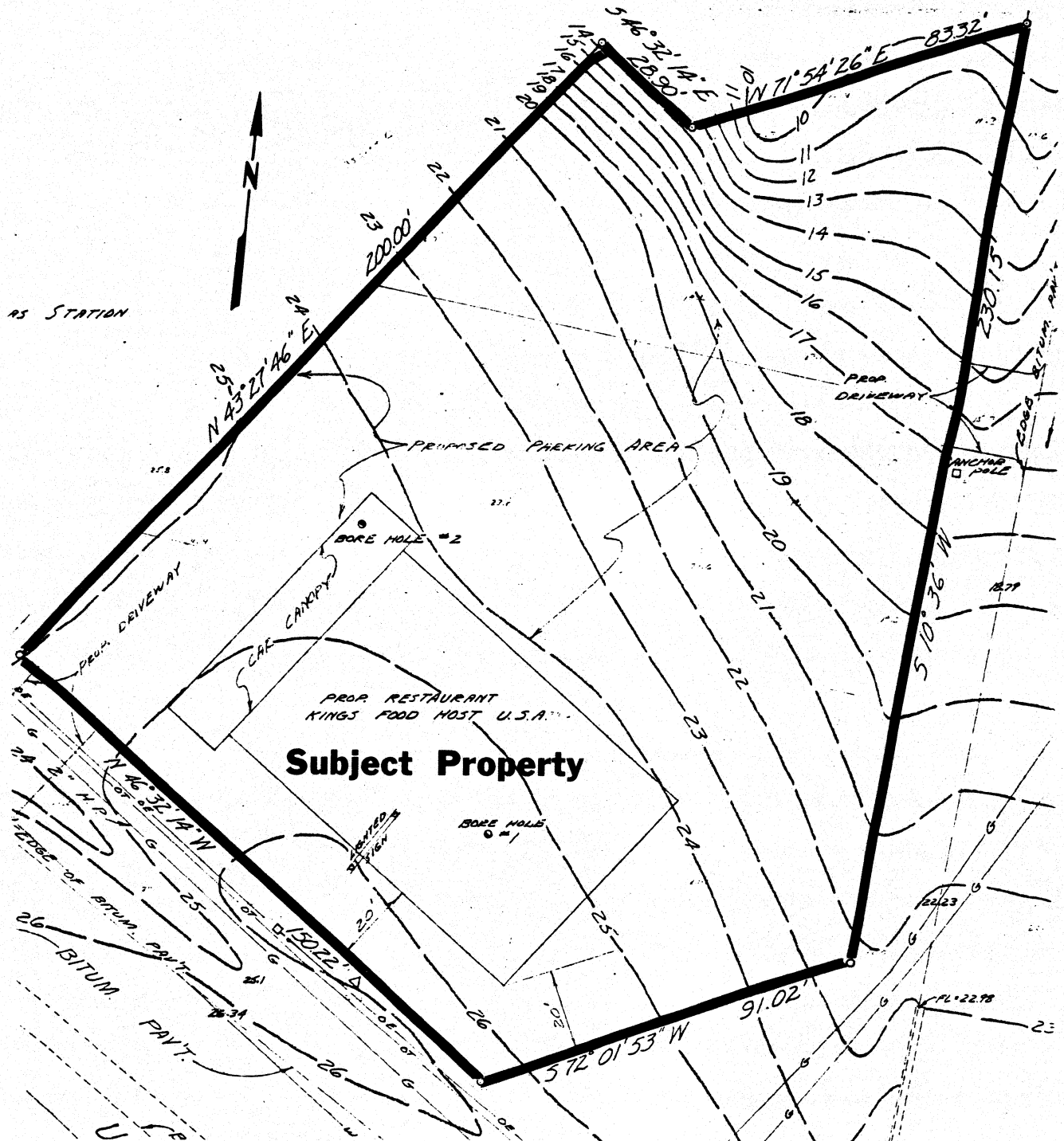
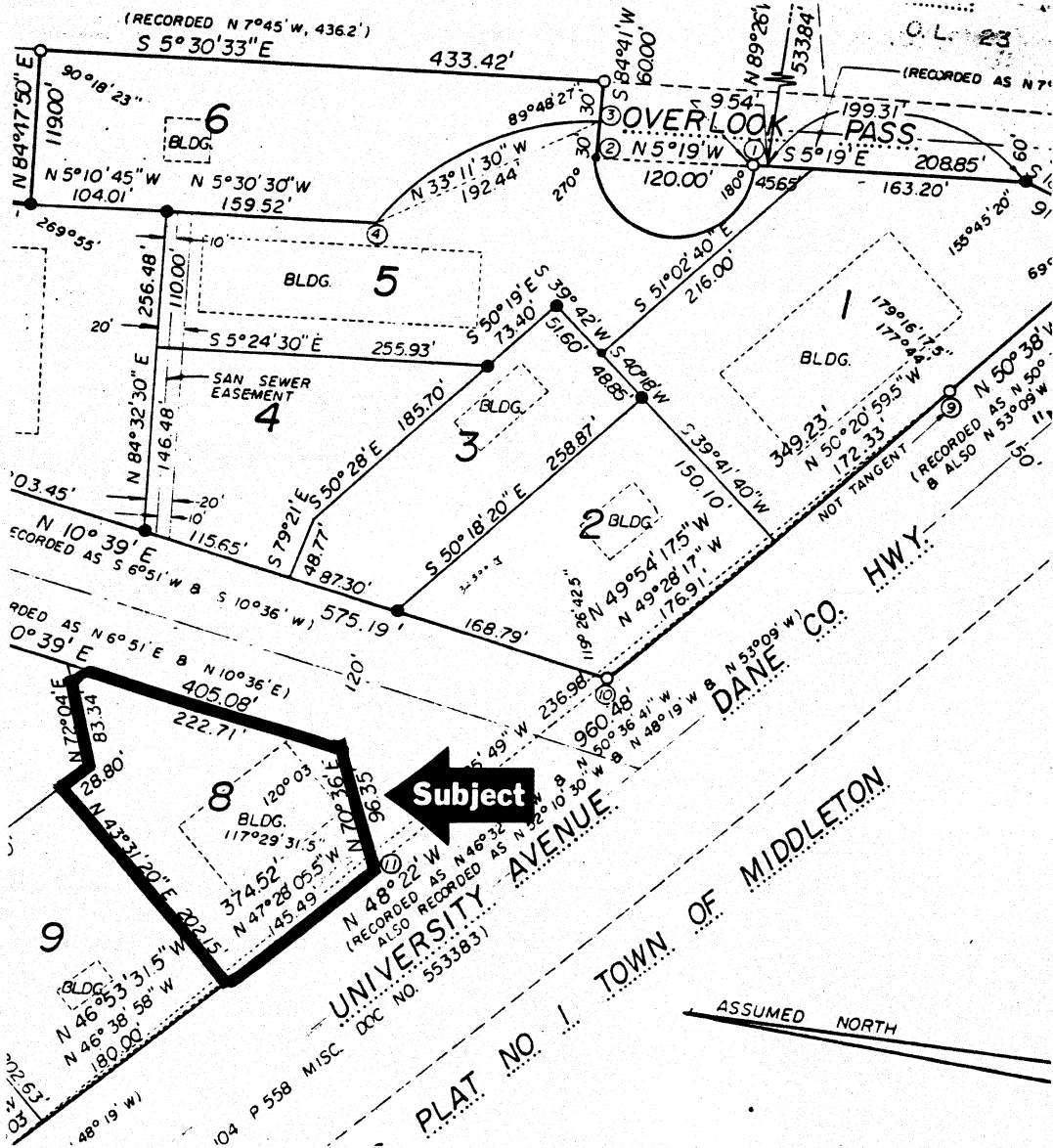
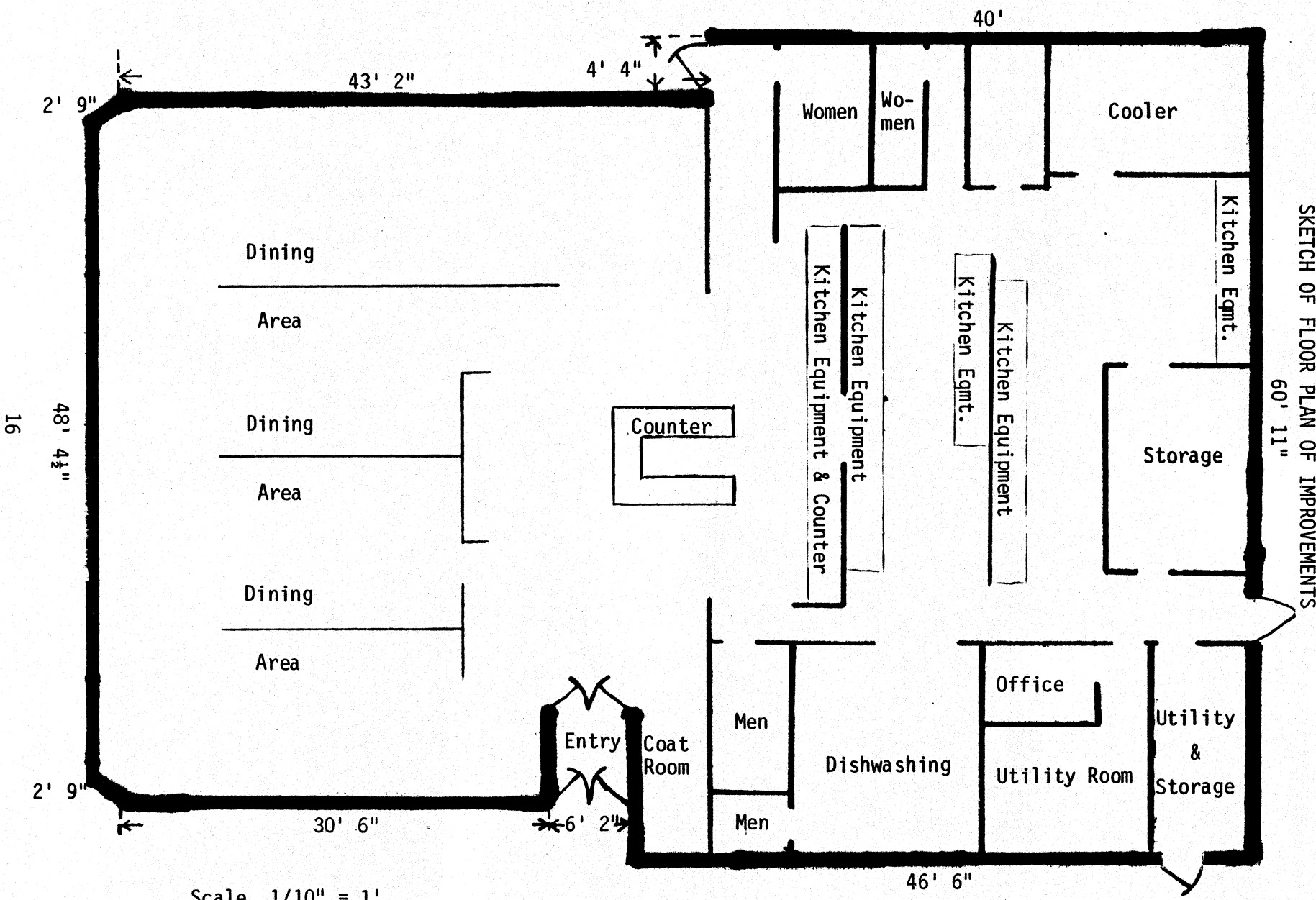


EXHIBIT 4

SITE DIMENSIONS





SKETCH OF FLOOR PLAN OF IMPROVEMENTS

EXHIBIT 5

Scale 1/10" = 1'

overhangs the facia to provide illumination for the entire building.

The interior walls of the structure are drywall and the inside of the exterior walls are constructed of concrete block. The floors in the work and storage areas are constructed of red tile; the dining area is carpeted, but is in need of refurbishing. The estimated cost for new carpeting is \$3,200.

The 2½ foot by 5 foot ceiling tiles in the dining room are backed by 3 inches to 4 inches insulation and vinyl sheeting. Fluorescent lighting is used throughout the dining area.

The heating and cooling systems are located on the flat roof of the structure. Natural gas is the fuel for both the forced hot air system and the hot water heater; electricity powers the cooling system.

To correct the heat loss through the single pane windows, several solutions are possible. For example, every other window could be covered with some material such as plywood, an insulating material and a suitable interior finish; the remaining windows could be re-glazed with double panes. Or to retain the same amount of natural illumination, all windows could be double glazed.

The structure has been moderately well-maintained. Some minor damage to the interior finish in restrooms is apparent. Rust is present on the framing of the exterior framing for the facia, and has stained the sidewalk directly below.

B. Legal-Political Attributes

1. Zoning

The subject property is located in a B-2 Retail Business District which includes Class I restaurants among the permitted uses. Conditional uses include the rest of the restaurant types defined in Chapter 10 of the City of Middleton Zoning Code.

A Class I restaurant is defined as one in which substantially all of the patrons sit at tables inside. A Class II restaurant is defined as one in which a predominant percentage of patrons sit down inside, although some may carry out food. Cliff Lawton, Zoning Administrator for the City of Middleton classifies the subject as a Class I restaurant.

A portion of the City of Middleton zoning map which incorporates the subject property and its environs is shown in Exhibit 6. Pertinent parts of the Middleton Zoning Code are found in Appendix B.

2. Assessed Value

The subject property listed on the assessment roll as parcel number 50-01-267.20.1 under King's Food Host/Country Kitchens of Wisconsin was assessed as of January 1, 1979 and 1980 as follows:

Land	\$ 51,900
Improvements	<u>145,700</u>
Total	\$197,600

Middleton assessments are reported to be 75 percent of market in 1979 and 68 percent of market in 1980. The tax paid in 1979 was \$4,636.31.

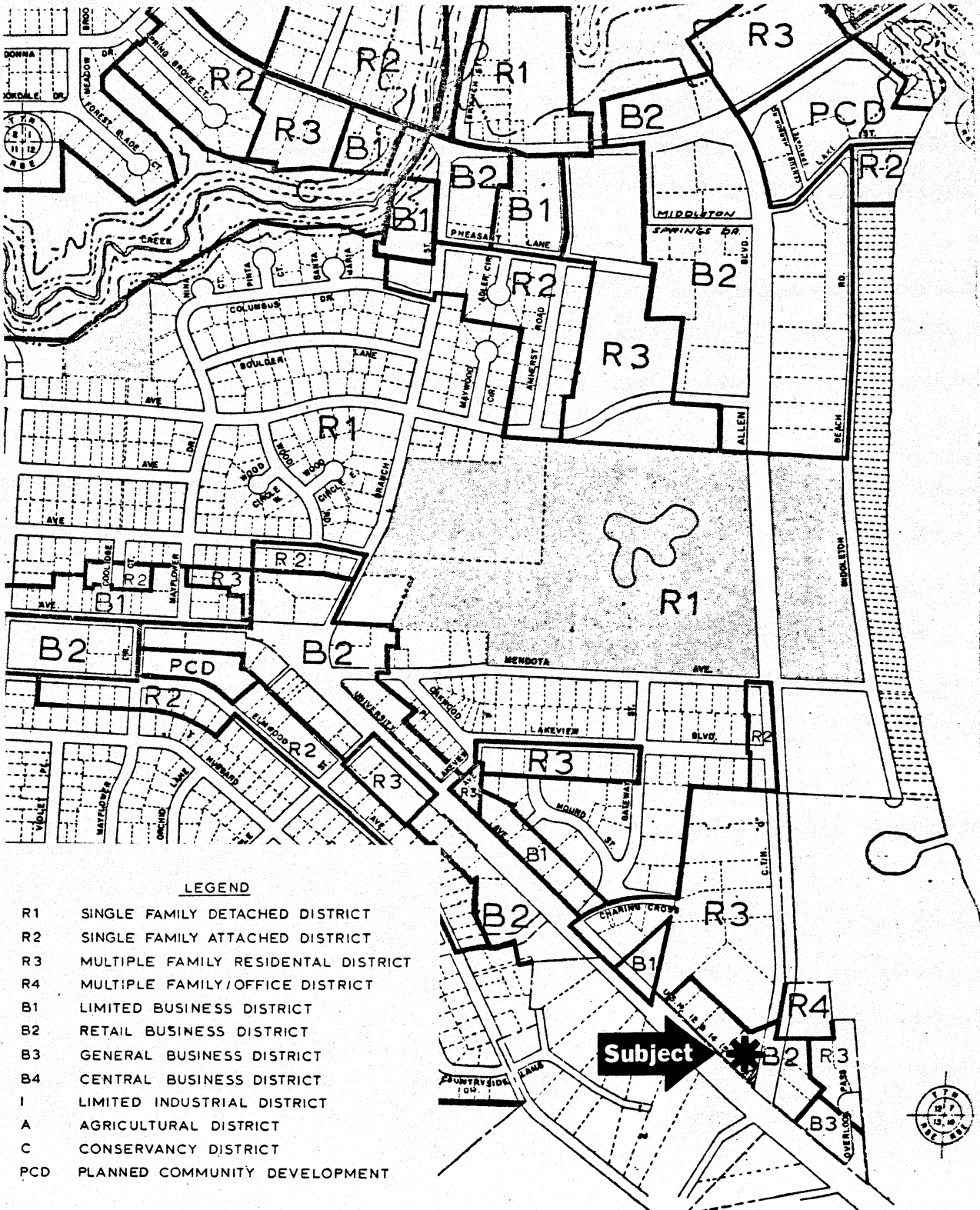
3. Anticipated Construction of Allen Boulevard Median Strip

The City of Middleton Public Works Department is planning to begin construction in June, 1981, of a median strip along the full length of Allen Boulevard if funding and final approvals are given as anticipated. A sketch of the proposed changes in the intersection at Allen Boulevard and University Avenue are shown in Exhibit 7.

The City of Middleton has proposed a plan to alleviate some of the access problems the median strip would cause Country Kitchen. A sketch of the proposed frontage road and change in the University Avenue median strip is found in Exhibit 8. A letter from the Middleton engineer is included. This change would allow eastbound University Avenue traffic to have access to the subject site; presently eastbound traffic must turn north on Allen Boulevard and

EXHIBIT 6

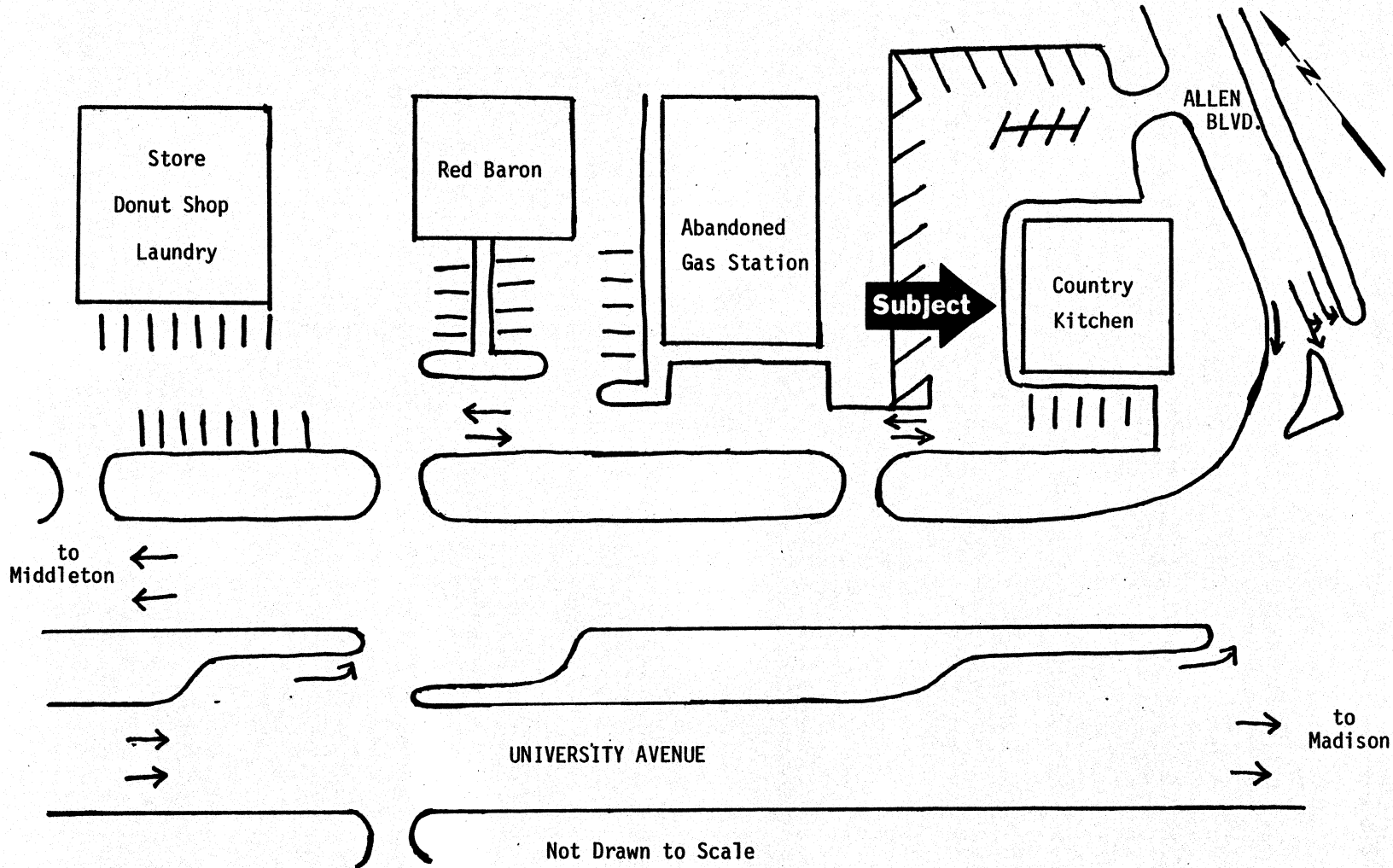
CITY OF MIDDLETON ZONING MAP OF
SUBJECT SITE AND SURROUNDING AREA



LEGEND

- R1 SINGLE FAMILY DETACHED DISTRICT
- R2 SINGLE FAMILY ATTACHED DISTRICT
- R3 MULTIPLE FAMILY RESIDENTIAL DISTRICT
- R4 MULTIPLE FAMILY/OFFICE DISTRICT
- B1 LIMITED BUSINESS DISTRICT
- B2 RETAIL BUSINESS DISTRICT
- B3 GENERAL BUSINESS DISTRICT
- B4 CENTRAL BUSINESS DISTRICT
- I LIMITED INDUSTRIAL DISTRICT
- A AGRICULTURAL DISTRICT
- C CONSERVANCY DISTRICT
- PCD PLANNED COMMUNITY DEVELOPMENT

PROPOSED ALTERATION OF UNIVERSITY AVENUE ACCESS TO SUBJECT SITE



21

EXHIBIT 8

EXHIBIT 8 (Continued)



DEPARTMENT OF PUBLIC WORKS

(608) 836-7144

October 15, 1980

Landmark Research, Inc.
ATTN: Jean B. Davis, M.S.
1501 Monroe St.
Madison, WI 53711

SUBJECT: Access to Country Kitchen Site
Middleton, Wisconsin

As previously discussed, the purpose of this letter is to confirm the fact that the City of Middleton will be pursuing the acquisition of the joint use easement across the vacated gas station site, which adjoins the Country Kitchen on the west. The purpose of this easement will be to provide access to the Country Kitchen and the gas station site for eastbound traffic on University Ave. at the time of construction of improvements to University Ave. This easement will also provide for access for Country Kitchen patrons who wish to exit the Country Kitchen and proceed north on Allen Blvd.

Attached for your reference is a photocopy of a quick sketch which would indicate one possible arrangement of the proposed joint driveway access.

If any further information is desired regarding this matter, please do not hesitate to contact this office.

Sincerely,

DAVID M. DONOGHUE, P.E.
Director of Public Works

mh
enclosure
cc: Joel DeVore

MIDDLETON, WISCONSIN 53562

7426 HUBBARD AVENUE

CITY OF MIDDLETON

cross over to Country Kitchen. This cross over would no longer be possible with the construction of the Allen Boulevard median strip.

Traffic traveling north on Allen Boulevard would no longer have access to Country Kitchen from Allen Boulevard; this potential customer would have to plan his approach by traveling west through the intersection along University Avenue and then turn onto a proposed frontage road which would lead to Country Kitchen's parking facilities. A customer leaving the subject property onto Allen Boulevard could not travel north along Allen Boulevard; he would have to leave via the University Avenue exit and access the northbound lane of Allen Boulevard from University Avenue.

C. Linkage Attributes

The success of a limited menu restaurant operation is highly correlated with the linkages of the site to its potential customers. The main sources of customers are from the vehicular traffic that passes the site and from nearby residents.

The major area of growth of the limited menu fast food and table service restaurants in the Madison area in the past few years has been along major traffic corridors and in rapid growth areas around regional shopping centers; East Washington Avenue near East Towne, and Odana Road near West Towne are excellent examples.

The subject site is on the eastern fringe of the City of Middleton and is approximately 1.5 miles from its central business district. The site is approximately 6 miles from the center of Madison.

The city of Middleton has a population of approximately 12,000 according to the 1980 preliminary census; the population has increased 45 percent since 1970 at an average rate of 4.5 percent a year. The greatest growth spurt has been in the last four to five years.

In the proximity of the subject site the major area of growth has been to the north along Allen Boulevard and Century Boulevard (County M). The recent construction of neighborhood shopping centers and apartment complexes in this area has greatly increased its retailing activity. In contrast, the businesses adjacent to the subject property have been abandoned and the nearby apartment buildings are separated from the subject by a steep slope.

The corner location gives exposure to travelers along both University Avenue and Allen Boulevard, but since the site is located on the crest of a hill, visibility is poor so an impulsive decision to stop must be made quickly. When the median strip is installed along Allen Boulevard, access will require more planning so some impulsive food shoppers will be lost.

The traffic counts along University Avenue and Allen Boulevard from 1976 through 1980 are as follows:

	<u>University Ave. West of Allen Blvd.</u>	<u>University Ave. East of Allen Blvd.</u>	<u>Allen Blvd.</u>
1976	15,352 vehicles/day	28,361 vehicles/day	13,376 vehicles/day
1977	14,572 vehicles/day	27,850 vehicles/day	12,545 vehicles/day
1978	16,673 vehicles/day	25,159 vehicles/day	12,968 vehicles/day
1979		No count taken in 1979	
1980	14,591 vehicles/day		14,869 vehicles/day

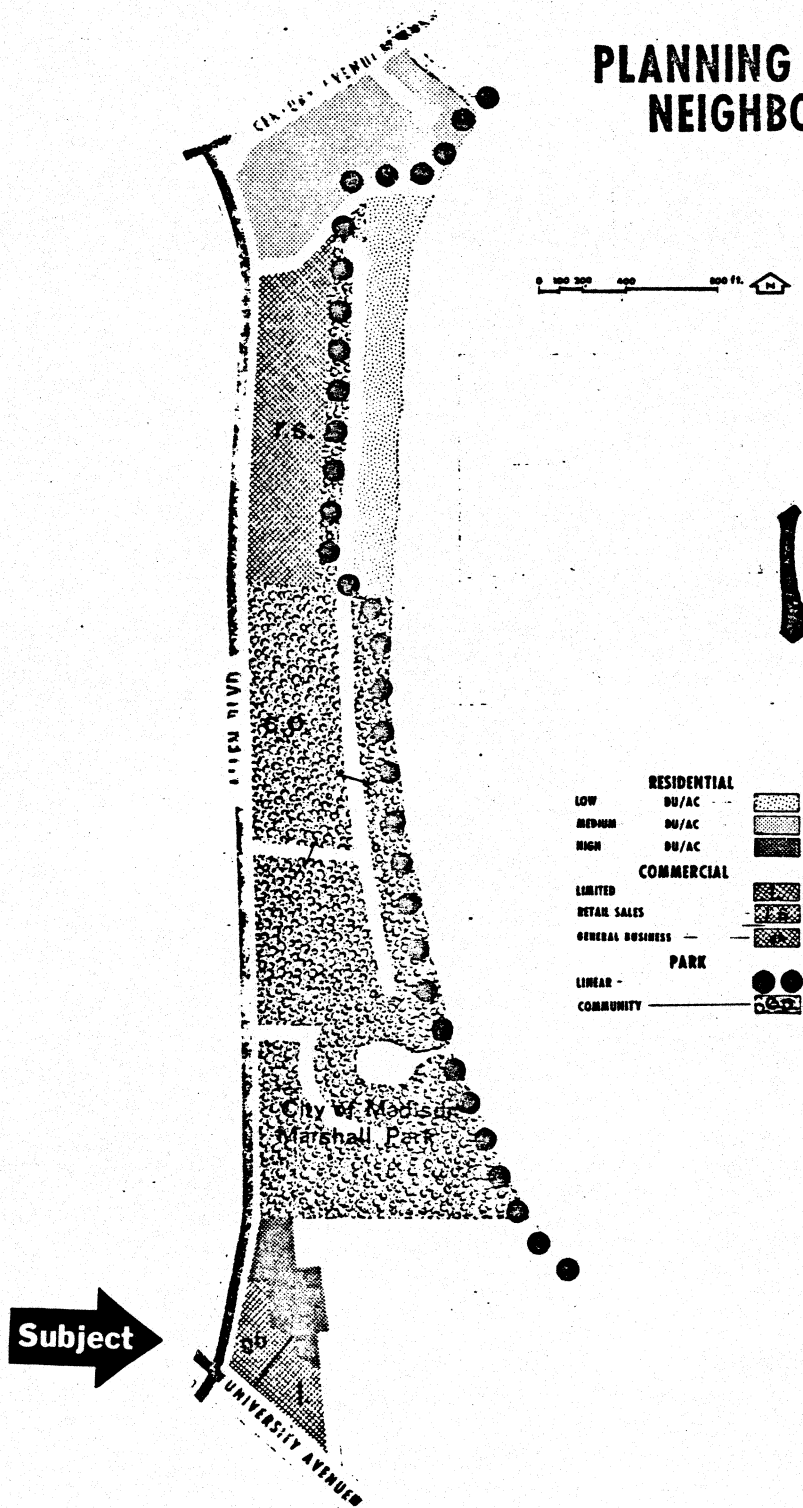
The greatest increase in traffic flow over the past few years has been on Allen Boulevard. Since 1976 an increase of 1,500 vehicles per day has occurred and yet the subject site will lose all of the northbound traffic as potential customers when the median strip on Allen Boulevard is in place. (See Exhibit 9 for points of ingress/egress).

Exhibit 10 illustrates the isolation of the subject site from other retailing areas; the Middleton Master Plan, developed in 1973, divided the city into planning neighborhoods. Planning Neighborhoods 9, 10, and 11 encompass

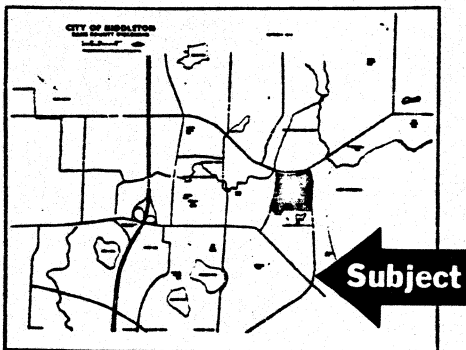
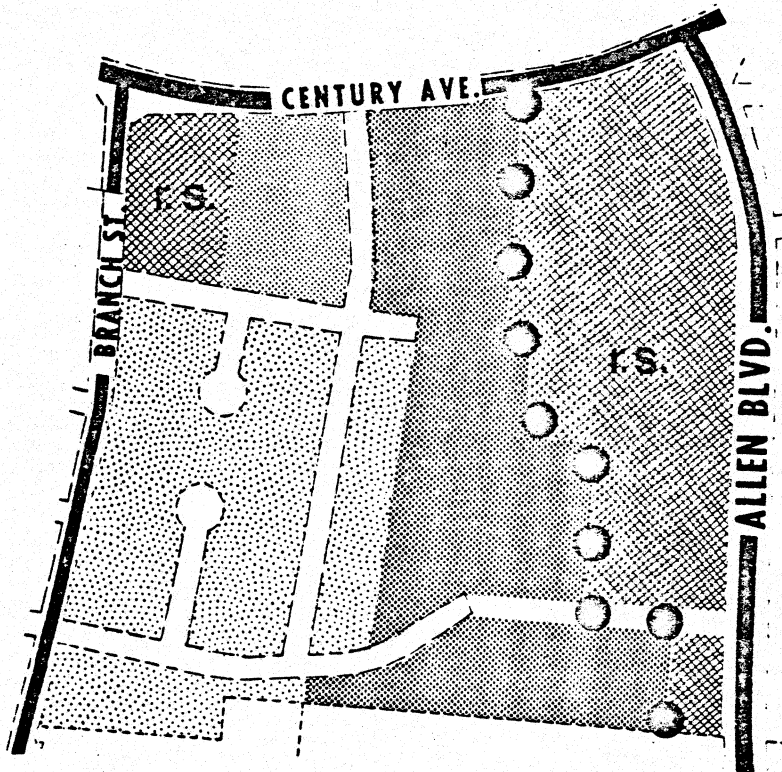
EXHIBIT 10

NEIGHBORHOOD PLANNING AREAS NEAR SITE

**PLANNING
NEIGHBORHOOD 9**

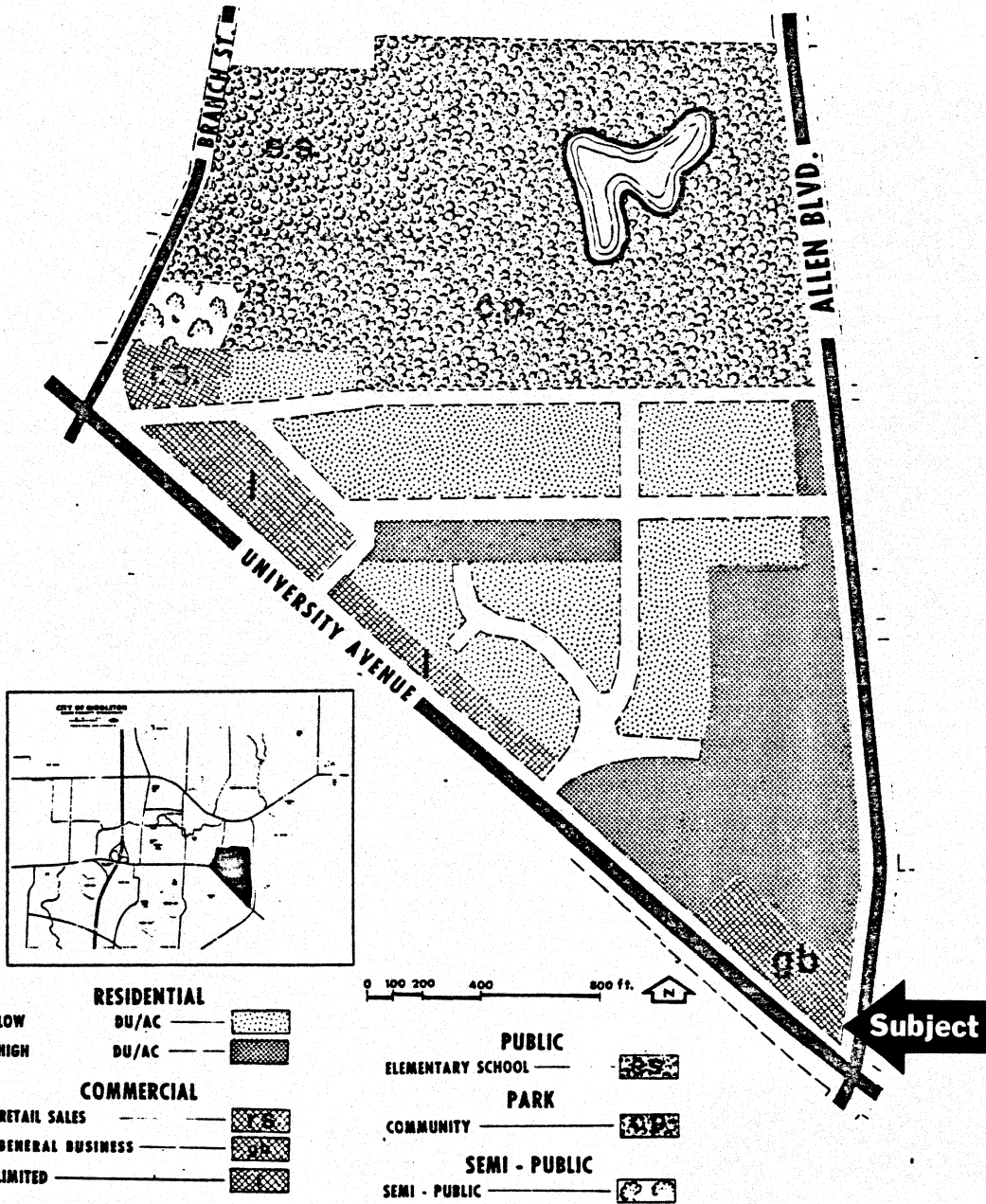


PLANNING NEIGHBORHOOD 10



	RESIDENTIAL	
LOW	DU/AC	
MEDIUM	DU/AC	
HIGH	DU/AC	
	COMMERCIAL	
RETAIL SALES		
	PARK	
LINEAR		

PLANNING NEIGHBORHOOD 11



the area to the east, north and west of the subject site. Very little area has been set aside for general business and retailing activity; the largest concentration lies on the Century Avenue (County M) and Allen Boulevard corners. The new McDonald's Restaurant is located on the northwest corner of this intersection. St. Dunstan's Church occupies the wooded site directly south of the subject along University Avenue; to the Church's east is a funeral home and to the west is an office building. This latter area is zoned B-2 Retail Business District and is not shown on the neighborhood planning maps.

D. Dynamic Attributes

The corner of University Avenue and Allen Boulevard appears blighted and isolated due to several nearby vacated sites which have deteriorating improvements. The service station directly east of the Country Kitchen has not been operative for several years; weeds are growing around the pumps and paint is peeling from the building.

An ethnic restaurant, Villa Piazza, closed its doors in the spring of 1980. The landscaping is poorly maintained and weeds grow in the pavement's cracks. This site is northeast of the subject across Allen Boulevard.

Directly west of the Country Kitchen, an abandoned Consolidated Station adds to the blight and isolation of the area.

The general topography of the area allows for poor visibility of the Country Kitchen; all three approaches are on the incline so oncoming traffic has little chance to recognize the site, determine the access point and make a decision to stop before passing the site. (See Exhibit 2 for photographs of the approaches to the site).

The number of accidents at the intersection is as follows:

<u>Year</u>	<u>Number of Accidents</u>	
1977	10	Madison police report only
1978	7	
1979	15	Madison and Middleton police reports
1980 (to date)	10	

Though the intersection is not ranked as among the most accident prone by the Madison Police, Middleton engineers have been concerned enough to initiate the development of the Allen Boulevard median strip; the lane cross overs now permitted at the Country Kitchen point of ingress/egress are considered extremely dangerous.

Some property owners believe the construction of the median strip along Allen Boulevard reflects a disregard for their needs; they believe they are the forgotten segment of the Middleton business community.

E. Market Demand Attributes

A limited menu table service restaurant such as Country Kitchen depends upon customers who stop impulsively because they are hungry when passing by and upon regular customers who return frequently because of some satisfaction received consistently such as price, food quality, service, convenient location or atmosphere. The volume of irregular customers is highly correlated to the attributes of the real estate; the volume of regular customers is more highly correlated with the quality of the management. Both kinds of customers are vital to the success of this type of food service operation.

A review of the physical attributes of the site has revealed such deficiencies as poor visibility, access problems, blight caused by vacated properties in the environs and a lack of retailing synergism.

The site problems are compounded by the location of the wrong type of restaurant on the site; experience throughout Wisconsin shows that Country

Kitchen Restaurants have larger sales volumes in rural areas.

As will be discussed later, the annual gross sales for this Country Kitchen restaurant have been on the decline in spite of the continuing inflation of food prices; both the real estate attributes and the skill of management are reflected in the declining volume of annual gross sales.

In the past few years several limited menu restaurants have opened in the vicinity of the subject site. An inventory of restaurants along University Avenue and Allen Boulevard within 2.5 miles of the subject property which reveals the proximity of dining alternatives for the consumer is found in Exhibit 11.

Excluding the full table service and ethnic restaurants, there are six limited menu table service/carry out restaurants within one mile of the subject property. Perkins, a limited menu table service restaurant, is located 1.2 miles away and is most comparable to the Country Kitchen in its range of menu items and hours of service. Country Kitchen was one of the first restaurants of this type in the area, but the increasing competition has severely eroded the monopoly it once enjoyed.

F. Most Probable Use and Most Probable Buyer

Given the remaining term of a lease for 9.42 years, the most probable use of the subject property is to continue as a restaurant for this time period. The appraisal scenario requires the building and the land be sold to another owner as of April 30, 1980, in an arm's length transaction. Buildings designed for limited menu table service restaurant use are sold to investors who purchase the cash income secured by the base rent and protected against the erosion of purchasing power due to inflation by the overage rent. An investor also buys the residual value of the land and, possibly, the improvements at the end of the lease term. Therefore,

EXHIBIT 11

INVENTORY OF RESTAURANTS WITHIN TWO AND A HALF
MILES OF THE SUBJECT PROPERTY

<u>Name</u>	<u>Location</u>	<u>Distance from Subject (in miles)</u>	<u>Restaurant Type</u> ¹
McDonald's	4500 University Ave., Madison	2.2	Limited menu - Fast foods Carry out or sit down
Perkins	5217 University Ave., Madison	1.2	Limited menu - Table Service
Peppino's	5518 University Ave., Madison	.7	Full menu - Table service Food and beverage
SUBJECT	6202 University Ave., Middleton	0	Limited menu - Table service
Red Barron	6230 University Ave., Middleton	.1	Limited menu - Fast foods Sit down or carry out
Minnick's Top Hat	6630 University Ave., Middleton	.6	Full menu - Table service Food and beverage
Shakey's	6640 University Ave., Middleton	.7	Limited menu - Fast foods Sit down and carry out
Nuha's Ark	6653 University Ave., Middleton	.7	Limited menu - Table service Ethnic restaurant
A & W	2420 Allen Blvd. Middleton	.6	Limited menu - Fast foods Carry out or sit down
Pizza Pit	Middleton Springs Shopping Center Allen Blvd.	.8	Limited menu - Fast foods Carry out
Kentucky Fried Chicken	2550 Allen Blvd. Middleton	.9	Limited menu - Fast foods Carry out or sit down
McDonald's	2626 Allen Blvd. Middleton	1.0	Limited menu - Fast foods Carry out or sit down
Hatch Cover	2701 Century Harbor Road Middleton	1.1	Limited menu - Table Service Food and beverage

¹Classification of restaurants taken from the National Restaurant Association's publication, Restaurant Industry Operations Report '79.

THE MOST PROBABLE USE OF THE SUBJECT PROPERTY IS TO CONTINUE AS A RESTAURANT FOR THE REMAINING TERM OF THE LEASE.

THE MOST PROBABLE BUYER IS AN INVESTOR/INVESTOR GROUP WITH THE FINANCIAL STRENGTH TO PAY CASH WHO SEEKS CASH FLOW, THE GROWTH POTENTIAL OF THE OVERAGE RENT AND FUTURE SITE VALUE AND THE TAX SHELTER.

III. MARKET APPROACH TO VALUE

The preferred method of appraisal is inference of value of the subject property from actual sales of comparable property where neither buyer nor seller were under duress, the property has been exposed on the market for a reasonable time and both parties were knowledgeable about the property.

Since there has been only one known comparable sale in Madison in the past two years, in this appraisal sales of limited menu fast food and table service restaurant areas outside of the Madison metropolitan area are used to bracket a probable selling price of the subject property.

A. Search for Comparable Restaurant Sales

The Madison sale from Anding-RIK, Inc., No. 1, a joint venture, to Trilok S. Khanna occurred June 5, 1978, and was a cash sale for \$282,000. The grantee assumed the existing conventional mortgage with a remaining balance of \$210,646.90 at 8-3/4 percent interest.

This IHOP restaurant was built in 1973-1974 on a small corner site of 9,782 square feet in a high traffic urban-campus location. The restaurant grossed approximately \$300,000 in sales when it first opened with the dollar amount of gross sales increasing each year thereafter; the increase was due both to an increase in volume and an increase in the price of food.

A survey of similar restaurants in the Milwaukee area led to six recent sales. The available sales data is summarized in Exhibit 12.

The sales are relatively old, and the improvements are of varying ages and of course, all are in the Milwaukee area at varied urban locations.

Three listings of Country Kitchen Restaurants in Wisconsin can also assist in bracketing the upper limit of value of this type of real estate. These

MARKET DATA FOR COMPARABLE RESTAURANT SALES IN MILWAUKEE

<u>Name</u>	<u>Location</u>	<u>Size of Improvements</u>	<u>Year Built</u>	<u>Age of Improvements at Time of Sale</u>	<u>Sale Date</u>	<u>Sale Price</u>
Wendy's	6863 N. 76th St.	2,393 sq. ft.	1978	New	11/78	\$360,000
Burger King	6709 N. Teutonia Ave.	2,436 sq. ft.	1966	12 years	10/78	101,500
McDonald's	6574 N. 76th St.	N/A	1968	9 years	10/77	180,000
IHOP	3101 N. Oakland	2,575 sq. ft.	1973	3 years	3/76	277,000
Red Barn	2830 N. Oakland	2,265 sq. ft.	1966	11 years	10/77	173,500
Burger Chef	605 N. 27th St.	2,610 sq. ft.	1969	7 years	9/76	80,700

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EXHIBIT 12

properties have been on the market since August 1980; advertisements in the Wall Street Journal elicited 25 inquiries, but there were no offers in two months. The listing data is summarized in Exhibit 13.

Of the six Milwaukee restaurant sales examined, three were most comparable to the subject property in age and date of sale. A nine year old McDonald's sold for \$180,000 in late 1977, an eleven year old Red Barn sold for \$173,500 in late 1977 and a twelve year old Burger King sold for \$101,500 in late 1978.

The three listings of Country Kitchen Restaurants which range in asking price from \$336,000 to \$441,000 have improvements that are four years or less in age. Higher land costs and stricter building codes in Milwaukee partially explain the higher asking price of \$441,000. None of these restaurants had sold after two months' exposure on the market.

B. Market Comparison Approach to Site Valuation

As will be discussed later in the following section, the Income Approach to Value is the only correct approach to valuation of the subject property. A discounted cash flow analysis is used to estimate value; the value of the reversion is one of the variables used in the analysis. Therefore it is necessary to estimate the present value of the subject site assumed vacant.

The recent market sales and listings of vacant sites in the area are the most reliable predictors of what the most probable buyer might be willing to pay for another vacant site in that area. The value estimate for vacant sites is then checked/substantiated by sales of sites to be used for comparable food service operations in the Madison metropolitan area.

1. Criteria for Comparable Sales

The following criteria were used for the selection of comparable vacant site sales:

- . Zoned for income-production as opposed to single family residential.

MARKET DATA FOR COMPARABLE LISTINGS
OF COUNTRY KITCHEN RESTAURANTS IN WISCONSIN

<u>Location</u>	<u>Size of Improvements</u>	<u>Year Built</u>	<u>Age of Improvements</u>	<u>Annual Base Rent</u>	<u>Percentage Overage Factor</u>	<u>Annual Gross Sales Year Ending 1979</u>
West Allis	3,250 sq. ft.	1976	4 years	\$36,400	5% over \$800,000	\$526,526
Milwaukee, Appleton Ave.	3,250 sq. ft.	1978	2 years	\$43,294	4% over \$865,888	\$507,632
Neenah	3,250 sq. ft.	1976	4 years	\$34,450	5% over \$672,000	\$386,730 ¹

EXHIBIT 13

¹Road construction impaired access for four peak months in 1977.

- . Outside of the central business district of Middleton defined as Parmenter Street, Hubbard Avenue, and Elwood Avenue just south of University Avenue.
- . Vacant or with improvements obsolete to a buyer not currently involved with the property.
- . Fronting on a major roadway such as Allen Boulevard, County M, Highway 12 or University Avenue.

The details of the sales and listings are summarized in Exhibit 14. The location of the comparable sales and listings are in Exhibit 15.

Sale No. 1 to McDonald's on May 8, 1980, included the purchase of perpetual easements for vehicular and pedestrian traffic, signage and five parking spaces for employees. The sale price of \$2.83 per square foot includes the cost to Flad, the seller, to convert the property from a muck site to a buildable site. Though the site is not directly accessible from Century Boulevard, a turn onto Allen Boulevard and then into the shopping center easily accesses the site. The proposed median strip on Allen Boulevard will have a median break at the access point and will not impede ingress/egress to and from the site.

Sale No. 2 to Flad Development and Investment Corporation on March 14, 1980, for \$1.87 per square foot was adjusted to include the \$1.00 per square foot cost Flad must expend to convert a peat site into a buildable site. The site is zoned R-3 for multi-family residential development; conditional uses include office use, but no independent retail uses are allowed. The site contains 2.87 acres and a small portion is not useable; the larger sites sell for a relatively lower price per square foot.

Sales No. 3, 4, and 5 front on Highway 12 on the west side of Middleton. All are zoned B-3 which allows a wide variety of retail and commercial uses including a full service garage and service station. The time span for the three sales is from October 6, 1977, to August, 1979, but in those two years

SUMMARY OF COMPARABLE SALES AND LISTINGS

	<u>Sale No. 1</u>	<u>Sale No. 2</u>	<u>Sale No. 3</u>	<u>Sale No. 4</u>	<u>Sale No. 5</u>
Identification of Parcel	Lot 4, Middleton Springs, Middleton, WI (Corner Allen Blvd. & Cnty. M)	Located in NE $\frac{1}{4}$ Sec. 12, T7N, R8E, Near corner of Maywood & Allen, North side of Maywood, Behind & west of A & W	Located in SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 2, T7N, R8E, on US 12	Located in NW $\frac{1}{4}$ NE $\frac{1}{4}$, Sec. 11, T7N, R8E at US 12 & Parmenter	Located in SW $\frac{1}{4}$ SE $\frac{1}{4}$, Sec. 2, T7N, R8E, on US 12
Date of purchase	5/8/80	3/14/80	8/79	10/26/78	10/6/77
Description of Improvements	None	None	None	None	None
Grantor	Flad Development & Investment Corporation	Associated Realty Corporation	Ted A. Poelma, Lloyd L. Otteson, Stephen C. Sash and Arlye M. McDermid	Affiliated Bank of Madison	Ruth M. Miller
Grantee	McDonalds' Corporation	Flad Development & Investment Corporation	Tracor Northern, Inc.	B. & L. Investors, a partnership consisting of Leland C. Bruce and William J. Lazarz	Richard F. Trotta and Hazel V. Trotta, husband and wife
Vol. & Page	Vol. 1941, p. 72	Vol. 1754, p. 58	Vol. 1090, p. 68	Vol. 1007, p. 560	Vol. 873, p. 41
Instrument of sale	Warranty Deed	Warranty Deed	Warranty Deed	Warranty Deed	Land Contract
Zoning	B2--Retail Business District	R3--Multiple Family Residential	B3--General Business District	B3--General Business District	B3--General Business District
Size of site	45,000 sq. ft.	126,324 sq. ft.	15,000 sq. ft.	79,590 sq. ft.	27,120 sq. ft.
Purchase price	\$127,500	\$110,000	\$24,000	\$100,000	\$44,200
Corner site	Yes	No	No	No	No
Site Preparation Cost	Included	\$1.00 sq. ft.	None	None	None
Price per sq. ft.	\$2.83	\$1.87	\$1.60	\$1.26	\$1.63
Remarks	Price includes costs to convert from muck site to buildable site.	Price per sq. ft. includes projected cost to correct peat problem.	None	None	None

SUMMARY OF COMPARABLE SALES AND LISTINGS (Continued)

	<u>Sale No. 6</u>	<u>Sale No. 7</u>	<u>Listing No. 8</u>	<u>Listing No. 9</u>	<u>Listing No. 10</u>
Identification of Parcel	Parts of Lot 27 & 41 in Assessors Plat 1, Middleton	Located in SW $\frac{1}{4}$ of SE $\frac{1}{4}$ of Sec. 18, T7N, R9E. City of Madison, 5217 University Ave.	Town of Middleton, Along University Ave.	Parts of Lot 27 & 41 in Assessors Plat 1, Middleton	Site contiguous (to west) to subject, Middleton
Date of purchase	3/1/77	1/13/77	currently listed	currently on market	currently on market
Description of Improvements	None	None	None	None	small station facility & paving, no gas tanks
Grantor	Melvin J. Andre	Emma I. Stoddard	N/A	Country Kitchens of Wisconsin, Inc. (Owen Massie)	Consolidated Station
Grantee	Country Kitchens of Wisconsin, Inc.	C & S Joint Venture	N/A	N/A	N/A
Vol. & Page	Vol. 778, p. 407	Vol. 766, p. 18	N/A	N/A	N/A
Instrument of sale	Warranty Deed	Warranty Deed	N/A	N/A	N/A
Zoning	B2--Retail Business District	C3--Commercial	B2--Retail Business District	B2--Retail Business District	B2--Retail Business District
Size of site	28,686 sq. ft.	103,000 sq. ft.	43,560 sq. ft.	28,686 sq. ft.	36,360 sq. ft.
Purchase price	\$39,500	\$125,000	Listed \$140,000 Viable offer \$125,000	Asking \$65,000 Under contract to close at \$60,000 as of 10/80	Asking \$90,000 Nibbles, but no contract
Corner site	No	No	No	No	No
Site Preparation Cost	None	None	None	None	Demolition of improvements
Price per sq. ft.	\$1.38	\$1.21	Possible offer price \$2.87 Listing price as of 10/80 \$3.21	\$2.27/sq. ft. asking \$2.09/sq. ft. contract	\$2.48 asking
Remarks	Site has since been paved for a parking lot at cost of \$15,000 or \$0.52/sq. ft. for a value of \$1.90/sq. ft.	Site used for Perkins Cake & Steak Restaurant	None	This potential sale is being transacted under duress	On market for 2 years. Deed restrictions (25 yrs.) - no retail gas/oil products can be sold on property.

EXHIBIT 14 (Continued)

there is little evidence of any appreciation in land values for that area. Overall, sites on the western edge of Middleton sell for less per square foot than do sites on the eastern edge.

Sale No. 6, purchased by Country Kitchens of Wisconsin, Inc., March 1, 1977, for \$1.38 per square foot was paved after purchase at a cost of approximately \$15,000 or \$.52 per square foot for a value of \$1.90 per square foot. The site was on the market again in 1980 and is reported to have sold for \$2.09 per square foot. There is a question of duress in this transaction. Listing No. 9 more fully addresses this issue.

Sale No. 7 was purchased by an entity representing Perkins' Cake and Steak Restaurant. The site is larger than average for a limited menu table service restaurant. The site is approximately one mile east of the subject site.

Listing No. 8 is a one acre site located in the Town of Middleton which is reported to have property taxes one half those in Madison/Middleton. The site fronts on the south side of University Avenue and has a rolling terrain. The broker stated that the listing price of \$3.21 per square foot was too high, he believed \$2.87 per square foot or \$125,000 a more reasonable price. An offer at an undisclosed price has been pending for two months.

Listing No. 9 is a potential resale of Sale No. 6. The owner of Country Kitchens of Wisconsin, Inc., Owen Massie, is a lessee of the contiguous property which did business as Villa Piazza; the restaurant closed early in the spring of 1980 and has remained vacant since that time. The lessee needed to get out from the lease of Villa Piazza and was able to package the paved vacant site of 28,686 square feet with the leasehold improvements in Villa Piazza to the buyer of the underlying real estate which was sold by Welard Associates (Ken Welton and Ross Menard). The reported buyer plans to operate an ethnic restaurant on the Villa Piazza site.

Though it is reported Mr. Massie received \$60,000 for the paved site and \$60,000 for the leasehold improvements in Villa Piazza, it is assumed the figures may not represent an arm's length transaction; it was reportedly negotiated under duress. It is also assumed that the price paid for the site, if not arm's length, is lower than market; it would be to the buyer's tax advantage to assign the greater value to the improvements since land is not depreciable. The presence of duress would also depress the price. Mr. Massie had been asking \$65,000 or \$2.27 per square foot before the package deal was reported to have been transacted.

Listing No. 10 has been vacant and on the market for two years. It was appraised at \$90,000 in 1978 and it is Consolidated's policy to list and sell at the appraised value. The site is partially paved and is improved with a small masonry structure (approximately 380 square feet in size) which is now boarded. The underground fuel storage tanks have been removed. Due to Consolidated's policy, a deed restriction restraining the sale of petroleum products from the site for 25 years goes with the title. Many offers have been made for use as a gas station but they were refused.

Mr. Jeff Raymond, the new owner of Country Kitchens of Wisconsin, Inc. as of October 1, 1980, is interested in acquiring the site which is contiguous to the Country Kitchen site on the northwest corner of Allen Boulevard and University Avenue.

The asking price of \$2.48 per square foot for the Consolidated Station property (Listing No. 10) sets a ceiling on value for vacant sites in the area. To date the market has not recognized that high a value. The improvements will probably be useless to a buyer so the cost of demolition to the buyer will have to be included in the purchase price.

C. Conclusion of Site Value Estimate

To value the subject site, emphasis is placed upon those sales and listings with attributes most comparable to the subject. Size, the quality of retailing

location, and the ease of accessing the site are important attributes that determine what a buyer is willing to pay for the site (Exhibit 16). Sales No. 1, 5, and 6 will be given a greater weight because of their comparable size to the subject's 35,157 square feet.

Sale No. 1 is adjusted downward \$.75 per square foot to account for the easements that were included in the transaction and the difference in quality of retailing location. Also, McDonald's is known to pay premium prices for sites. Though there appear to be site access problems, ingress/egress from Allen Boulevard can be done with ease and the planned median strip will break at this access point.

Sale No. 5 nets out to be fairly similar to the subject. It is located along Highway 12 as a part of a low density commercial strip. There are several new businesses in the area, but the synergism of a shopping center is not present. The site is highly visible to traffic and access is good, but it lacks the advantages of a corner location and greater traffic volume.

Sale No. 6, contiguous to the subject, lacks the advantages of a corner location and has more severe access problems than does the subject. It is smaller and therefore more restricted as to alternative uses.

With a range of five to ten percent per year adjustment for appreciation in the value of vacant sites on the eastern edge of Middleton and a recognition of the differences between the comparable sales and the subject property; an estimated value of \$2.00 is reasonable (See Exhibit 16). A review of the listing prices substantiates the value conclusion.

Those sellers asking more than \$2.10 per square foot today for sites as if vacant are still without buyers. But none of these sites has the corner advantage of the subject. Listing No. 10 has been on the market for two years; the asking price of \$2.48 per square foot (\$2.32 adjusted as if vacant) is apparently higher than market value. Listing No. 9 is reported to be under

DETERMINATION OF ESTIMATE OF SITE VALUE FROM COMPARABLE SALES AND LISTINGS

	Time from ¹	Sale, Listing or Offering Price/SF	Adjust to Vacant ² Site Price/SF	Time Adjustment ³		Site Size ⁴	Retailing Location ⁵	Site Accessibility ⁶	Remarks
	4/30/80			@ 5%/yr.	@ 10%/yr.				
Sale No. 1	0	\$2.83	2.08	2.08	2.08	45,000 SF	Excellent	Fair to Good	Corner site - Price includes multiple easements
Sale No. 2	0	1.87	--	1.87	1.87	126,324 SF	Not permitted	Good	For use as multi-family residences - large site
Sale No. 3	8 mos.	1.60	--	1.65	1.71	15,000 SF	Fair	Good	Fronts on Hwy 12
Sale No. 4	13 mos.	1.26	--	1.36	1.45	79,590 SF	Fair	Good	Fronts on Hwy 12 Large site
Sale No. 5	31 mos.	1.63	--	1.85	2.08	27,120 SF	Fair	Good	Fronts on Hwy 12
Sale No. 6	39 mos.	1.38	--	1.62	1.88	28,686 SF	Poor	Poor	Used as parking lot
Sale No. 7	40 mos.	1.21	--	1.42	1.66	103,000 SF	Good to Fair	Good	Located in City of Madison - Large site
Listing No. 8	(6 mos.)	2.87	--	2.80	2.73	43,560 SF	Fair	Fair to Good	Sloping terrain poor visibility
Listing No. 9	(6 mos.)	2.09	1.57	1.53	1.41	28,686 SF	Poor	Poor	Same site as Sale No. 6
Listing No. 10	(6 mos.)	2.48	2.38	2.32	2.14	36,360 SF	Fair	Fair to Good	Site can't be used as service station for 25 years
Subject Property	0	N/A	N/A	N/A	N/A	35,157 SF	Fair	Fair to Good	Corner site but poor visibility

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EXHIBIT 16

EXHIBIT 16 (Continued)

NOTES TO DETERMINATION OF ESTIMATE OF
SITE VALUE FROM COMPARABLE SALES AND LISTINGS

- ¹Listing and offering prices are as of October 30, 1980; therefore listing prices are adjusted downward as of April 30, 1980, the valuation date.
- ²Adjustments are made in the price per square foot of the comparable sales and listings so each site is valued as if vacant. Sale No. 1 is reduced \$.75/square foot for the extra value of the easements included in the selling price. Listing No. 9 is reportedly being purchased for use as a parking lot. The depreciated value assigned the paving is \$.52/square foot; cost new is \$.90 to \$1.00/square foot. Listing No. 10 has a small structure and a narrow strip of paving to be demolished. Estimates from Speedway Sand and Gravel Co. equate to a \$.10/square foot cost for removal of these obsolete improvements. Underground fuel tanks have been removed.
- ³Comparable sales on the western edge of Middleton appear to have little or no change in value the past three years. The evidence of the relationship of time to value is not so clear for vacant sites on the eastern edge of Middleton. The listing/offering prices reported recently indicate a slight upward trend in land values in the area. An optimistic 5 percent and very optimistic 10 percent appreciation rate is used to adjust all sale and listing prices to the date of valuation.
- ⁴The greatest emphasis is placed upon those sales of sites between 20,000 square feet to 50,000 square feet. As size increases price per square foot decreases beyond a point of maximum marginal utility.
- ⁵The criteria used to determine the quality of the site location for retailing purposes include: visibility to vehicular and pedestrian traffic, proximity to other retailing centers, and positive dynamic attributes.
- ⁶Site accessibility is judged by the degree of ease of ingress/egress and the availability of access points to all traffic passing the site.

sales contract for use as a parking lot; the \$2.09 per square foot price includes a paved surface in good condition. The sales price adjusted as if vacant is \$1.57 per square foot. The sale was reportedly made under duress as explained earlier.

Listing No. 8 has an offer, but the transaction price is unknown as the negotiations have not closed. This property, located in the Town of Middleton, reportedly is taxed at about one half of the Madison/Middleton rate.

Therefore the fair market value (most probable selling price) of the subject site as if vacant as of April 30, 1980, is \$2.00 per square foot or:

SEVENTY THOUSAND FIVE HUNDRED DOLLARS

(\$70,500)

D. Test of Value Conclusion

A survey of vacant sites purchased for use as building sites for limited menu fast foods and/or table service restaurants in the Madison metropolitan area is done to bracket the price investors are willing to pay. The data is given in Exhibit 17 and the results are summarized in Exhibit 18.

Sales No. 2 and No. 9 are not considered comparable because of their proximity to the more urbanized part of Madison. Sale No. 7 is almost three times larger than the subject, and Sale No. 5-6 is two and one half times as large. Sales No. 1, 8, and 10 are all well located near high traffic areas and/or near regional shopping centers and, therefore, would command a higher price than the subject site.

The most comparable sales are No. 3 and 4, but they have a better retailing location near Monona's neighborhood shopping centers, and access is not impaired.

The value of the subject site, though a corner location, is diminished by its retailing isolation, impaired visibility, blighted environs, and difficult access; therefore a value estimate of \$2.00 per square foot is reasonable when compared with prices paid by investors for limited menu restaurant sites in the Madison metropolitan area.

MARKET DATA OF VACANT SITES PURCHASED FOR USE AS
LIMITED MENU RESTAURANTS IN THE MADISON METROPOLITAN AREA

	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4
Identification of Parcel	Lot 69, Village of Green Woods, Madison, WI	Part of SW $\frac{1}{4}$ of Sec. 17, T7N, R9E, Village of Shorewood Hills	Lot 3 CSM 2681 CS 10/329-30	Lot 4 CSM 2681 CS 10/329-30
Date of Purchase	12/26/78	5/24/78	1/10/78	12/77
Grantor	Munz Investment Real Estate, Inc.	Molbreak, Schmidt & Schmock	Charles Albrecht Estate	Charles Albrecht Estate
Grantee	Madsen Ventures	Franchise Realty Interstate Corp.	Flad Development & Investment Corp.	Flad Development & Investment Corp.
Vol. & Page	Vol. 1026, p. 274	Vol. 973, p. 230	Vol. 904, p. 68	Vol. 897, p. 480
Instrument of Sale	Warranty Deed	Warranty Deed	Warranty Deed	Personal Representative's Deed
Size of Site	51,550 sq. ft.	44,800 sq. ft.	33,100 sq. ft.	37,460 sq. ft.
Purchase Price	\$154,700	\$232,000	\$75,000	\$70,000
Corner Site	Yes	No	No	No
Price per Sq. Ft.	\$3.00	\$5.18	\$2.27	\$1.89
Use	Perkins' Cake & Steak	McDonald's	Country Kitchen	Wendy's
Remarks	Located on corner of E. Washington and I-94. Total daily 1978 traffic count was 56,750 vehicles.	Located in Madison between Segoe Rd. & Midvale Blvd. Total daily 1978 traffic count was 24,100 vehicles. Land values increase east of Segoe Rd.	Located in Monona on Monona Dr. Daily traffic count in 1978 was 16,250 vehicles per day.	Located in Monona on Monona Dr. Daily traffic count in 1978 was 16,250 vehicles per day.

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EXHIBIT 17

VACANT SITES (Continued)

	Sale No. 5	Sale No. 6	Sale No. 7	Sale No. 8	Sale No. 9	Sale No. 10
Identification of Parcel	← Dammon Rd. Town of Madison Part of NE½ of SE½, Sec. 34, T7N, R9E →		5217 University Ave. SW¼ of SE½ of Sec. 18, T7N, R9E, City of Madison	433 S. Gammon Rd. City of Madison	3600 University Ave. Part of SW¼ of SE¼ of Sec. 17, T7N, R9E, Village of Shorewood Hills	1798 Thierer Rd. City of Madison
Date of Purchase	1/6/77	1/13/77	1/13/77	7/2/76	3/29/76	5/75
Grantor	Wilton Properties	Barrell & Olund Realtors	Emma I. Stoddard	Park Towne Development	Sun Oil Co. of Pennsylvania	RTRV Partnership
Grantee	← C & S Joint Venture →		C & S Joint Venture	Denny's, Inc.	Kinsman Development Co.	Denny's Inc.
Vol. & Page	← Vol. 766, p. 10 & 11 →		Vol. 766, p. 18	N/A	Vol. 694, p. 470	N/A
Instrument of Sale	← Warranty Deed →		Warranty Deed	N/A	Q.C.D.	N/A
Size of Site	← 87,120 sq. ft. →		103,000 sq. ft.	46,225 sq. ft.	31,000 sq. ft.	39,000 sq. ft.
Purchase Price	\$63,000	\$145,000	\$125,000	\$138,500	\$175,100	\$117,500
Corner Site	← Yes →		No	No	Yes	No
Price per Sq. Ft.	← \$2.39 →		\$1.21	\$3.00	\$5.65	\$3.00
Use	← Perkins' Cake & Steak →		Perkins' Cake & Steak	Denny's	Kentucky Fried Chicken	Denny's
Remarks	Viewed as a premium site with exposure to 65,000 ← vehicles a day on the → Beltline and Fish Hatchery Road.		Daily traffic count as of 1978 was 24,400 vehicles	Across from West Towne Shopping Center. Data provided by Denny's main office.	Daily traffic count in 1978 was 33,100 vehicles per day. Land values increase east of Segoe Rd.	Located near East Towne Shopping Center. Data provided by Denny's main office.

EXHIBIT 17 (Continued)

SUMMARY OF DATA OF VACANT SITES PURCHASED FOR
LIMITED MENU RESTAURANT USE IN THE MADISON METROPOLITAN AREA

	Time from 4/30/80	Sale Price per Sq. Ft.	Time Adjustment ²		Site Size ³	Retailing Location ⁴	Site Accessibility ⁵	Site Use
			@ 5%/yr.	@ 10%/yr.				
Sale No. 1	16 mos.	3.00	3.21	3.42	51,550 SF	Good to Excellent	Good	Perkins' - East
Sale No. 2	23 mos.	5.18 ¹	5.70	6.24	44,800 SF	Good to Excellent	Good to Fair	McDonald's
Sale No. 3	27 mos.	2.27	2.54	2.83	33,100 SF	Good	Excellent	Country Kitchen
Sale No. 4	28 mos.	1.89	2.12	2.37	37,460 SF	Good	Excellent	Wendy's
Sale No. 5	40 mos.	2.39	2.81	3.28	87,120 SF	Excellent	Good	Perkins' - South
Sale No. 6								
Sale No. 7	40 mos.	1.21	1.42	1.66	103,000 SF	Good to Fair	Good	Perkins' - West
Sale No. 8	46 mos.	3.00	3.62	4.32	46,225 SF	Excellent	Good to Excellent	Denny's
Sale No. 9	49 mos.	5.65 ¹	6.87	8.34	31,000 SF	Good	Excellent	Kentucky Fried Chicken
Sale No. 10	60 mos.	3.00	3.82	4.81	39,000 SF	Excellent	Excellent	Denny's
Subject	0	N/A	N/A	N/A	35,157 SF	Fair	Fair to Good	Country Kitchen

EXHIBIT 18 (Continued)

NOTES TO SUMMARY OF DATA OF VACANT SITES
PURCHASED FOR LIMITED MENU RESTAURANT USE

- ¹Sales No. 2 and 9 are located near the Hilldale Shopping Center and the State Farm Office Buildings. Land values east of Segoe Road are known to be consistently higher than in the more suburban areas to the west. These sales are given little or no weight in the checks on the value estimate of the subject site.
- ²The evidence of the relationship of time to value is not clear for the variety of sales summarized herein. A range of annual appreciation from five percent to ten percent compounded annually is given for each sale.
- ³The greatest emphasis is placed upon those sites between 30,000 square feet and 45,000 square feet. As size increases, price per square foot decreases beyond a point of maximum marginal utility.
- ⁴The criteria used to determine the quality of the site for retailing purposes include: visibility to vehicular and pedestrian traffic, proximity to other retailing centers, and positive dynamic attributes.
- ⁵Site accessibility is judged by the degree of ease of ingress/egress, and the availability of access points to all traffic passing the site.

IV. INCOME APPROACH TO VALUE

For lack of sales of comparable properties in the Madison metropolitan area, it is the opinion of the appraiser that the only correct approach to valuation in the present instance is the Income Approach to Value as previously discussed in this report.

A. The Selection of the Income Approach Methodology

The Income Approach assumes the fair market value of the property is the most probable price the subject will bring if offered in the marketplace as an investment property for a reasonable period of time and sold subject to financing terms typically available for such an investor at the time of the sale. Both buyer and seller are assumed to have full knowledge of the property and neither is under duress.

1. Cash Flow Characteristics

The investor will purchase the project for cash income as a return on his own cash invested and for a deferred cash return to be realized upon sale from equity accumulation which is attributed to debt amortization, to an increase in cash earnings from overage rent due to the lessee's more effective management and marketing and due to general inflationary price increases, and possibly to the future appreciation of land values due to growth and increased demand for sites in that area. Cash returns are therefore not level, but will vary from year to year, hopefully increasing as certain current problems in management and marketing are corrected by the new owner of Country Kitchens of Wisconsin, Inc. A variety of assumptions based upon market data are made for investor requirements, revenues, and future resale value.

2. Income Parameters by Institutional Lenders

Sophisticated lenders place more emphasis on a property's net income producing ability than its resale potential; therefore, the debt cover ratio, instead of the loan to value ratio, is the primary determinant of the amount of debt a property can successfully carry.

The subject property is an older, limited menu restaurant facility encumbered by a triple net lease with 9.42 years remaining. Gross sales have been on the decline, but the recent assignment of the lease to a new lessee who is aware of the management and marketing problems is assumed to turn around the downward trend.

Lenders are requiring debt cover ratios of 1.4 to 1.5 for this higher risk type investment; some now require a 50 percent equity position in the project for a more reasonable interest rate.

Real estate entrepreneurs in the area often use financing by the seller with refinancing in two to five years.

For the purpose of this appraisal the following generous financing terms are assumed:

Debt cover ratio	=	1.4 of the base annual rent
Interest	=	13 percent
Term (same as lease term)	=	9.42 years

3. Investor Requirements

Investors today seek the largest mortgage, based on the smallest acceptable debt cover ratio, with the remaining contribution from equity. Cash-on-cash requirements are determined by the goals of the investor and the type of investment vehicle.

If the goal is tax-shelter, the cash-on-cash requirement is very low or even negative. For major office buildings, an investor requires a 5 to 6 percent cash-on-cash depending upon the terms of the existing leases. On the

other hand, a fast food investment with a short life requires a high cash-on-cash of 11 to 13 percent.

Investor/owners require a base rent of from 10 to 13 percent of value over a 20 year term when the tenant is a national restaurant chain such as Perkins' or Wendy's. The greater the probability that overage rents can be rapidly realized, the lower the capitalization rate. Restaurants on the market with asking prices based upon capitalization rates less than 12 to 13 percent and with unrealized overage rents are not moving rapidly. A new Wendy's on East Washington Avenue was listed in the fall of 1980 for \$450,000 (land and basic structure); the annual base rent is \$57,400 which represents 12.75 percent of the asking price, but the property has not sold.

The three Country Kitchens referred to earlier had asking prices based upon capitalization rates of 10.25 percent. In the fall of 1980 the Neenah Country Kitchen had an offer based upon a cap rate of 10.67; Country Kitchen restaurants located in rural areas are known to produce greater sales and therefore overage rents take effect earlier.

Overage rents for these restaurants are 4 to 5 percent of gross sales from \$670,000 to \$865,000, but none were close to being realized.

The before tax present value of the project at the end of the holding period, which in this case is the end of the lease period, is determined by the discount factor and is the cumulative sum of the present value of each year's cash throw off, the present value of the net worth of the property before taxes due at the time of the sale, and the original amount of the outstanding mortgage.

B. Implementation of Discounted Cash Flow Methodology

To determine the present value of a series of cash flows before income tax to an investor/purchaser of the subject property, a projection is made of the revenue expected over the remaining term of the lease.

1. Revenue Facts and Assumptions

The terms and conditions of the lease establish the base rent at \$22,000 per year, payable in equal monthly installments of \$1,833.33. In addition to the annual minimum rental, the investor receives an amount equal to five percent (5%) of the gross retail sales in excess of \$450,000 per year.

Over the past five years the subject property has had the following performance:

<u>Year ending Sept. 30</u>	<u>Gross Sales</u>	<u>Average</u>	<u>Rent Paid</u>
1976	\$663,081	\$10,654	\$32,654
1977	584,515	6,726	28,726
1978	558,174	5,409	27,409
1979	561,239	5,562	27,562
1980 (projected)	534,355	4,315	26,315

Though the gross sales on the average have been declining for the subject property, the Consumer Price Index for food away from home has increased annually from 19 to 24 percent over the past two and a half years.

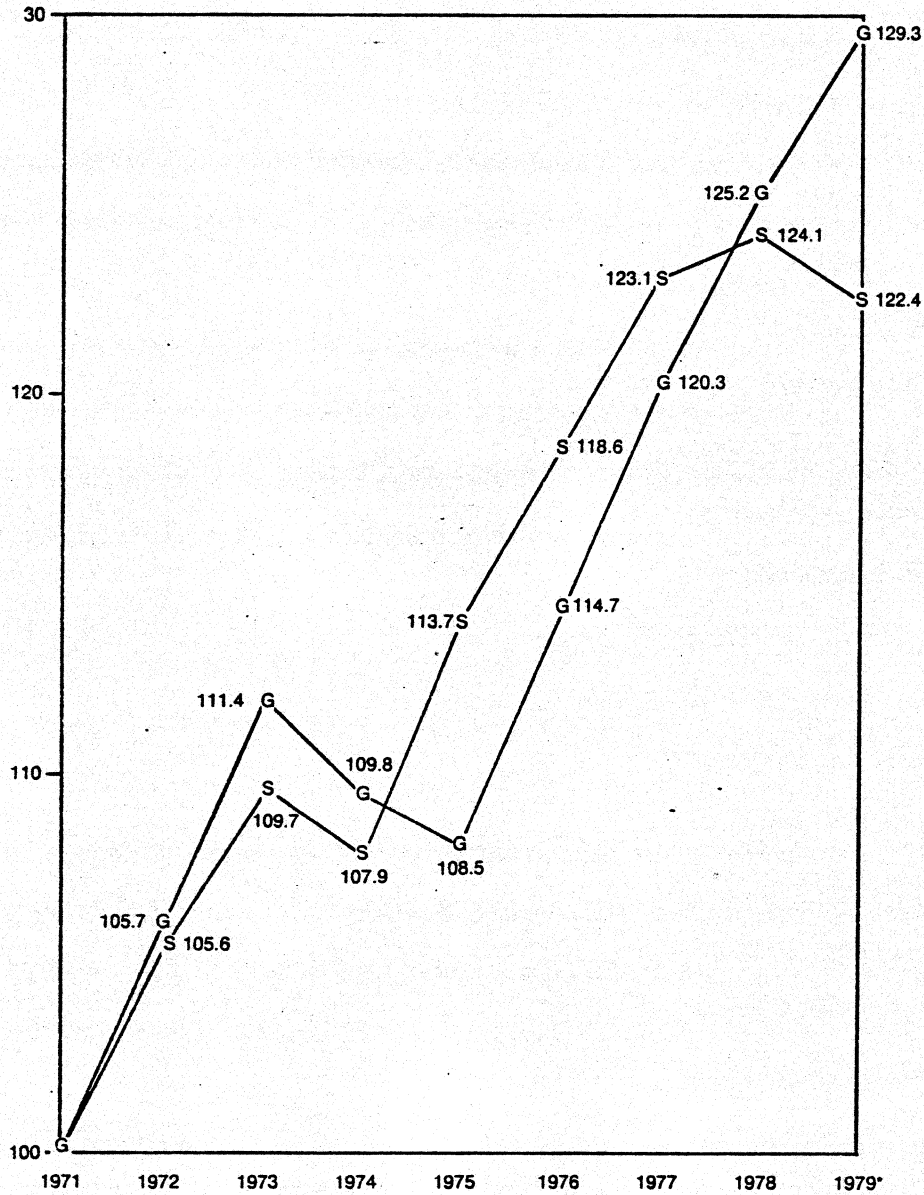
The new owner of Country Kitchens of Wisconsin, Inc. as of October 1, 1980, Jeffrey Raymond, reports that state-wide gross sales from Country Kitchen restaurants increased, on the average, 12 percent in 1978-79 and 5 percent in 1979-80. In his opinion, a partial explanation for the decline in the sales of the subject property lies in management and the building's appearance.

The decrease in 1979 restaurant sales is confirmed by a national study. According to Restaurant Industry Operations Report '79 published by the National Restaurant Association in cooperation with Laventhol and Horwath, eating place sales actually declined in 1979 from the previous year after adjustment for menu price increases. The chart relating eating and drinking places sales to the changes of the gross national product over time is shown in Exhibit 19. But in prior years the rapid growth of eating place sales have more than kept pace with the gross national product. The decline, which also

EXHIBIT 19

CHANGES IN NATIONAL RESTAURANT FOOD SALES

CHART 1
Increases and Decreases in Index of Food Sales
of Eating and Drinking Places
In Relation to Gross National Product
(All indices based on 1972 DOLLARS, 1971 = 100)



Source: U.S. Department of Commerce,
 L&H Estimates

Legend: G = GNP
 S = Sales of eating and drinking places

*Estimate for 1979

occurred prior to the recession of 1974, demonstrates the close relationship of food sales to people's perception of economic health and, therefore, the volatility of the restaurant industry. In short, it is high risk industry.

Based upon the assumption that new management will gradually improve gross sales, a projection of future revenues assumes sales to be level in the first year of new ownership and then to increase annually at four percent through the third year. From the fourth year on, it is assumed gross sales will increase at five percent per year through the end of the holding period. Projected rental revenues over the holding period are shown in Exhibit 20.

2. Assumptions Used in Discounted Cash Flow Calculations

The discounted cash flow method, based upon the mortgage-equity model, solves for a justified project value using the cash throw off available to the investor. The debt service, determined by the annual base rent divided by the debt cover ratio, is subtracted from each year's projected revenue; the resulting cash throw off is then discounted at the required equity dividend rate to solve for the cumulative present value of the income stream projected over the project's holding period. The resale value of the property at the end of the holding period less the balance due on the mortgage is discounted at the required equity yield rate and added to the present value of the income stream and the original amount of the outstanding mortgage.

The following assumptions are used in the calculations:

- a. The holding period is 9.4166 years, the original term of the lease; there is no evidence the renewal options will be exercised.
- b. The annual debt service is \$15,710 based upon an annual base rent of \$22,000 and a debt cover ratio of 1.4.
- c. The mortgage interest is 13 percent and the balance is amortized over a 20 year term with the remaining balance due at the end of the lease term or 9.42 years. The mortgage constant is .142354.

EXHIBIT 20

PROJECTION OF RENTAL REVENUES FOR
SUBJECT PROPERTY OVER TERM OF LEASE

<u>Projection Period</u>	<u>Gross Sales</u>	<u>Overage</u>	<u>Rent Paid</u>
4/30/80 - 4/29/81	\$530,000	\$ 4,000	\$26,000
4/30/81 - 4/29/82	551,200	5,060	27,060
4/30/82 - 4/29/83	573,300	6,160	28,160
4/30/83 - 4/29/84	601,965	7,600	29,600
4/30/84 - 4/29/85	632,063	9,100	31,100
4/30/85 - 4/29/86	663,670	10,680	32,680
4/30/86 - 4/29/87	696,853	12,340	34,340
4/30/87 - 4/29/88	731,696	14,080	36,080
4/30/88 - 4/29/89	768,280	15,910	37,910
4/30/89 - 9/30/89 (5 months)	336,070	7,430	16,600

d. The original outstanding mortgage is debt service of \$15,710 ÷ mortgage constant of .142354 or \$110,360.

e. The outstanding mortgage balance at the end of 9.42 years is \$87,697.

f. Investor/buyer requires 11 percent cash-on-cash and an overall yield of 14 percent.

g. Land will have an annual appreciation of 4 percent a year;
 $(1.04)^{9.4166} \times \$2.00 \text{ per square foot} = \2.89 , rounded to \$2.90 per square foot.

h. The improvements will have a residual value of \$35,000. Based upon cost new at \$40 per square foot with a remaining economic life of five years or 80 percent depreciated at end of lease term. The discounted cash flow calculations are detailed in Exhibit 21.

C. Test of Value Conclusion

Investors in limited menu fast food/table service restaurants use a capitalization rate of 10 to 13 percent. If the value invested is, for example, \$300,000, the rent based upon 10 to 13 percent of value, would be from \$30,000 to \$39,000 annual rent over the life of the improvements. If overage rent is based upon an amount of gross sales achieved early in the life of the investment, the lower cap rate is used.

In the present case, the annual base rent of \$22,000 is 10½ percent of the estimated value of \$210,000. Historical data shows that overage rent has always been a part of the rental revenue; the projected revenues range from \$26,000 to \$37,910 in the ninth year, with an average annual income to the investor of \$30,000. With an estimated value of \$210,000, a 13 percent return requires rents of \$27,000, which has already become a historical fact. Therefore, the value estimate of \$210,000 is considered reasonable given investor requirements.

DETERMINATION OF JUSTIFIED PURCHASE PRICE OF SUBJECT PROPERTY

Year	Rental Revenue	Debt Service	Cash Throw-off	Present Value Factor at 11%	Present Value of Cash Flow
1	\$26,000	- \$15,710	= \$10,290	* .900901	= \$ 9,270
2	27,060	- 15,710	= 11,350	* .811622	= 9,212
3	28,160	- 15,710	= 12,450	* .731191	= 9,103
4	29,600	- 15,710	= 13,890	* .658731	= 9,150
5	31,100	- 15,710	= 15,390	* .593451	= 9,133
6	32,680	- 15,710	= 16,970	* .534641	= 9,073
7	34,340	- 15,710	= 18,630	* .481658	= 8,973
8	36,080	- 15,710	= 20,370	* .433926	= 8,839
9	37,910	- 15,710	= 22,200	* .390925	= 8,679
9.4166 (5 months)	16,600	- 6,545	= 10,055	* .3742929	= 3,764
					\$85,196
		Reversion:	$\left[\left[(35,157 \text{ SF} * \$2.90) + \$35,000 \right] - \$87,697 \right]$	at 14% * .291172	= 14,343
					99,539
				Original Mortgage:	110,360
				Justified Purchase Price:	\$209,899
				Say:	\$210,000

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EXHIBIT 21

V. VALUE CONCLUSION

Since there were limited transactions of comparable properties in the Madison metropolitan area, the Market Approach is not reliable...

Since the Cost Approach is inappropriate to the subject property because the older improvements are not optimum for the site, and there is a significant risk of functional obsolescence due to increasing utility costs...

It is necessary to base fair market value of the subject property on the Income Approach. Based upon the assumptions and limiting conditions, it is the opinion of the appraiser that the highest probable price in dollars and fair market value of the subject property herein described as of April 30, 1980, is

TWO HUNDRED TEN THOUSAND DOLLARS

(\$210,000)

assuming cash to the seller and a debt cover ratio of 1.4 (53 percent financing) at 13 percent interest amortized over a 20 year term with the balance of the mortgage due at the end of the lease term.

STATEMENT OF LIMITING CONDITIONS

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

1. Contributions of Other Professionals

- . The appraiser assumes no responsibility for matters which are legal in nature nor is any attempt made to render an opinion on the title. The property has been appraised as if title to the subject property were in fee simple, legal ownership with no regard for mortgage loans or other liens or encumbrances except the current lease.
- . The area of the site was determined by Bridwell Engineering Company, Inc., based on the results of a survey done for the City of Middleton in 1971.
- . The appraiser did not conduct soil analysis of the subject site; reliance was placed upon the Dane County Soil Survey maps prepared by the Soil Conservation Service in cooperation with the University of Wisconsin.
- . The maps and drawings in this report are included to assist the reader in visualizing the property. These visual aids are for illustrative purposes only and do not represent an actual survey of the property.

2. Facts and Forecasts Under Conditions of Uncertainty

- . Information furnished by others in this report, while believed to be reliable, is in no sense guaranteed by this appraiser.
- . All information furnished in this appraisal including property sales and rentals, financing, soil characteristics, property land use restrictions and vacant site inventory are 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 conditions, prior sale, lease, financing, or withdrawal without notice.

3. Controls on Use of Appraisal

- . Values for various components of the subject parcel and improvements 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 this 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 this report shall be conveyed to the public through advertising, public relations, news, sales, or other

media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, or of the firm with which he is connected or any of his associates.

- . The authors will not be required to give testimony or to appear in court by reason of this report, with reference to the property in question, unless timely arrangements have been previously made therefore, at prevailing per diem rates.
- . Landmark Research, Inc., will expect to be held harmless from any and all claims that might be brought by third parties which might relate in any way to claims for injury or damage suffered as the result of the implementation of any advice we may have given or services we may have rendered in this connection.

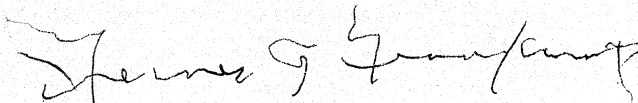
CERTIFICATE OF APPRAISAL


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 upon the information and subject to the limiting conditions contained in this report, it is our opinion that the Fair Market Value, as defined herein, of this property as of April 30, 1980, is:

TWO HUNDRED TEN THOUSAND DOLLARS

(\$210,000)


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


Jean B. Davis, MS

Date *December 23, 1980*

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 - Marquette University
Bachelor of Arts - Rollins College

ACADEMIC 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)

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, and land development company and a farm investment corporation. He is 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 AND MEMBERSHIPS

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

LEASE

BETWEEN

GEORGE J. MALOOF, M.D. AND OWEN R. MASSIE

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LEASE

THIS LEASE, made and entered into by and between George J. Maloof, M.D., hereinafter called "Landlord," and Owen R. Massie, hereinafter called "Tenant."

WITNESSETH:

IN CONSIDERATION of the mutual covenants and provisions by each party to be performed, it is hereby agreed as follows:

1. LEASING CLAUSE. Landlord has this day leased unto Tenant the tract of real estate described on attached Exhibit A and having at least thirty-nine thousand (39,000) square feet and the dimensions as shown on site plan designated Exhibit B and made a part hereof, including all appurtenances, structures, buildings and improvements hereinafter to be erected on said premises, all collectively referred to as the demised premises.
2. TERM. The term of this Lease shall be for a period commencing on the 1st day of October, 1974, and ending at midnight on the 30th day of September, 1989; provided, however, that the lease term may be extended in accordance with Paragraph 14 of this Agreement.
3. TITLE. Landlord covenants, represents and warrants that he has full right and power to execute and perform this Lease and to grant the estate demised herein and that Tenant, on payment of the rent and performance of the covenants and agreements hereof, shall peaceably and quietly have, hold and

enjoy the demised premises and all rights, easements, appurtenances and privileges belonging or in anywise appertaining thereto during the lease term without molestation or hindrance of any person whomsoever. Landlord further covenants that the real estate is clear of easements and restrictions that would interfere with the operation of a restaurant and that it is zoned for such purpose and will furnish to Tenant upon request, evidence of such title.

4. RENTAL PAYMENTS. Tenant covenants and agrees to pay to Landlord a minimum annual rental of Nineteen Thousand Dollars (\$19,000.00) per annum for the first two (2) lease years commencing October 1, 1974, and ending on September 30, 1976. Said rental shall be payable in equal monthly installments of One Thousand Five Hundred Eighty-Three Dollars and Thirty-Three Cents (\$1,583.33) through September 30, 1976.

In addition to the minimum annual rental provided for above during the first two (2) lease years, in the event that gross retail sales exceed Four Hundred Twenty-Five Thousand Dollars (\$425,000.00) per lease year during the first two (2) lease years, Tenant will pay to Landlord in addition to the minimum monthly rental an amount equal to five percent (5%) of the gross retail sales in excess of Four Hundred Twenty-Five Thousand Dollars (\$425,000.00) per lease year.

Commencing on October 1, 1976, and continuing thereafter, for the remaining lease term or any renewals thereof, the annual minimum rental to be paid by the Tenant to the Landlord

will be in the amount of Twenty-Two Thousand Dollars (\$22,000.00) per lease year, payable in equal monthly installments of One Thousand Eight Hundred Thirty-Three Dollars and Thirty-Three Cents (\$1,833.33).

Commencing on October 1, 1976, and continuing thereafter for the remaining lease term or any renewals thereof, Tenant will pay to Landlord in addition to the annual minimum rental an amount equal to five percent (5%) of the gross retail sales in excess of Four Hundred Fifty Thousand Dollars (\$450,000.00).

The additional rental in excess of the minimum annual rental, if any, shall be paid by the Tenant to the Landlord on October 31st of each year commencing October 31, 1975.

Landlord or his agent may inspect Tenant's records of gross sales annually, which records shall be made available to Landlord at the premises covered by this Lease. Such inspection shall be made within six (6) months after the statement of sales has been delivered to Landlord. If such statement shall indicate an error of two percent (2%) or more, the expense thereof shall be reimbursed to Landlord. Except to the extent that disclosure shall be required for any bona fide sale or mortgage of demised premises or for legal proceedings in any court at law or in equity, Landlord shall hold in confidence sales figures or other information obtained from Tenant's records.

The term "lease year" will be defined as a twelve (12) month period commencing October 1st of each calendar year and extending through September 30th of the following calendar year.

The term "gross retail sales" shall mean all retail sales made on, through or in connection with the demised premises, whether for cash or on credit, or a combination of the two; provided, however, that the said term "gross retail sales" shall not include the following:

a) meals given or otherwise given to Tenant's employees while on duty, intra-company transactions or Wisconsin sales tax or other excise tax imposed on gross sales by any governmental agency; or,

b) bulk sales of inventory and/or sales of capital assets or equipment.

5. TAXES. Landlord shall pay all taxes assessed against and levied upon the demised premises, and accruing to the date possession is given and shall pay all installments of any special assessment of any presently existing improvement. Taxes for the year in which possession is given shall be prorated.

The Tenant shall pay all subsequent taxes and special assessments levied upon the demised premises accruing during the term of this Lease or any renewal thereof, except the last year shall be prorated and Tenant shall be required to pay only those taxes and installments of special assessments that accrue during the term hereof or any renewal. The taxes mentioned herein refer to ad valorem taxes and special assessments resulting from improvements such as paving, lighting, sewer and water; and Tenant shall not be required to pay any other taxes.

6. ALTERATIONS. During the term of this Lease, the Tenant

may make such alterations as are necessary and convenient in the operation of the business; but such alterations shall not damage the footings, load-bearing structures, or lessen the value of the improvements. During the term of the Lease, Tenant may install all types of communication systems, signs and other structures or improvements on said demised premises as are necessary or convenient in the operation of said Tenant's business. It is hereby expressly agreed that the Tenant shall have no authority, express or implied, to create any lien, charge or encumbrance upon the demised premises or the improvements thereon and shall hold harmless the Landlord from any claims or causes of action of whatsoever nature growing out of or arising from the construction of said building, and he or any contractor doing construction work on said building shall carry public liability insurance in an amount of at least One Hundred Thousand Dollars (\$100,000.00) for bodily injury to any one person, Three Hundred Thousand Dollars (\$300,000.00) for bodily injury for any one accident, Fifty Thousand Dollars (\$50,000.00) for property damage for any one accident, and workmen's compensation insurance. All such insurance policies shall be written or endorsed in such a way as to include the Landlord among the persons protected thereby; and the Tenant shall indemnify the Landlord and keep Landlord indemnified against all such liens, charges, encumbrances, claims or causes of action as have been mentioned, referred to or contemplated in this paragraph.

7. TITLE TO EQUIPMENT, FIXTURES AND MACHINERY. Title to

all equipment, fixtures and machinery placed thereon by the Tenant, at his cost, shall remain in and be the property of the Tenant during the term of this Lease, and the Tenant shall have the exclusive right to repair, remove or remodel all such equipment, fixtures and machinery at any time. The Landlord shall have no lien or claim against said equipment, fixtures and machinery by virtue of this Lease or by virtue of any statutory landlord's lien and agrees to subordinate any lien or claim he might have to any mortgage, trust deed, security agreement or other financial document of the Tenant, including the original purchase money mortgage or any subsequent mortgage, trust deed, security agreement or financial document. The Landlord agrees to sign such waivers and instruments as any financial institution shall require to enable such financial institution to obtain a prior lien or claim on said equipment.

8. REPAIRS. The Tenant shall, at his own expense, keep the improvements located on the demised premises in good repair and condition. The Landlord shall not be required to make any repairs or to make any improvements of any kind on or with respect to the demised premises during the term of this Lease except, however, the Landlord shall be responsible for and keep in good repair the foundations and bearing walls, and any damage caused by the failure of said structurals.

9. INSURANCE. During the term of this Lease, the Tenant covenants and agrees to pay for and maintain a policy or policies of insurance naming the Landlord as insured, and insuring Tenant

and Landlord against public liability perils in amounts of One Hundred Thousand Dollars (\$100,000.00) and Three Hundred Thousand Dollars (\$300,000.00) for bodily injuries, and Fifty Thousand Dollars (\$50,000.00) for property damage. Tenant shall also at his expense keep all buildings hereafter to be erected, insured for their replacement value of all improvements against loss by fire and other hazards covered by broad form extended coverage naming the Landlord and Tenant as insureds as their respective interests appear under this Lease, against loss by fire, extended coverage, vandalism and malicious mischief, naming the Landlord and Tenant as insureds as their respective interests appear under this Lease.

10. DESTRUCTION OF IMPROVEMENTS. In the event that the building or other improvements on the demised premises are damaged, or destroyed, by any act covered by the policies of insurance required to be maintained in full force and effect under this Lease, the following covenants shall apply:

a) Insurance proceeds payable upon the damage or destruction of the premises due to insurable risks under normal fire and extended coverage policies will be paid directly to the Landlord and/or his mortgagee.

b) In the event of damage or destruction to the building from risks normally insured by insurance policies covering fire and extended coverage risks, the Tenant shall have the option to declare the Lease null and void in the event that the premises cannot be repaired or replaced within a period of

(P.R.M.)

twelve (12)

~~nine~~ (9) months following the date of the said damage or destruction.

In the event that the premises can be repaired or replaced within a period of ^{twelve (12)} ~~nine~~ (9) months, the Landlord shall immediately repair, improve or restore such premises to as good a condition as they were immediately prior to such destruction or damage, and the insurance proceeds received by the Landlord shall be used for such purposes.

c) In the event that the building, during the lease term, is destroyed or damaged so that it cannot be repaired or replaced in its present form because of zoning regulations or other state or municipal laws, then and in that event the Lease shall become null and void. In the event that the building cannot be repaired or replaced under this clause, the Landlord shall have full right and title to the insurance proceeds paid upon the damage or destruction of the premises.

d) In the event that the building is totally destroyed by fire or any act of God during the last three (3) years of the initial lease term, or any renewal thereof, then and in that event either the Tenant or the Landlord shall at his discretion have the right to terminate the Lease.

e) In the event that the building is destroyed by an act (other than the Tenant's) not covered by insurance, then this Lease shall automatically terminate except with respect to obligations and liabilities of Tenant then already accrued.

11. LANDLORD'S AND TENANT'S RELEASE OF RECOVERY RIGHTS. Each party hereby releases the other from any claim for recovery

for loss or damage to any of his property which is insured under valid and collectible insurance policies to the extent of any recovery collectible under any such insurance.

12. CONDEMNATION. In the event the whole or any part of the demised premises shall be taken by right of eminent domain or any conveyance in lieu thereof or in connection therewith, any compensation or damages shall be paid to Landlord and Tenant separately as their respective interests and rights are established, and, in addition, if the Tenant, in good faith, shall determine that the area remaining is insufficient to continue a restaurant business, this Lease shall terminate at the exclusive judgment and determination of Tenant; provided, however, that in the event of termination of this Lease in accordance with the first clause of this sentence, Tenant shall not be relieved of the burden of any obligation or liability which shall have accrued prior to the time of such termination. If such condemnation shall result in termination of the Lease, all compensation shall be payable to the Landlord.

13. LANDLORD MAY TRANSFER. Landlord may, from time to time, without Tenant's consent, sell, assign, mortgage or otherwise transfer the premises any part or parts thereof or any of the rights thereof. This Lease shall be subject and subordinate to any mortgages or trust deeds which Landlord may hereafter put upon the premises or any part or parts thereof and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements, modifications, consolidations and

extensions thereof, provided the mortgagee or trustee named in said mortgages or trust deeds shall agree, provided Tenant is not then in default, to recognize the lease of Tenant in the event of foreclosure and agree, provided Tenant is not then in default, that the term of this Lease shall not be terminated or modified nor Tenant's rights hereunder affected should such mortgage be foreclosed; any mortgagee or trustee may elect to have this Lease a prior lien to its mortgage or deed of trust, and in the event of such election and upon notification by such mortgagee or trustee to Tenant to that effect, this Lease shall be deemed prior to the lien of the said mortgage or trust deed, whether this Lease is dated prior to or subsequent to the date of said mortgage or trust deed. Tenant shall execute and deliver whatever instruments may be required by such mortgagees or trustees including but not limited to an agreement to send copies of all notices, certificates or other instruments which Tenant is required or may send to Landlord to such mortgagees or trustees.

14. OPTIONS. The Tenant shall have the right and option to renew this Lease upon the same conditions for one term of five (5) years by giving written notice to Landlord of his intention to renew, mailed to Landlord at least one (1) year prior to the expiration of the original term. In the event the Tenant has exercised his option to renew for a term of five (5) years, then the Tenant shall have the right to renew this Lease for a second additional term of five (5) years by giving written notice to Landlord of his intention to renew, mailed to Landlord at least

one (1) year prior to the expiration of the first five (5) year renewal term. In the event the Tenant has exercised his option to renew for a second term of five (5) years, then the Tenant shall have the right to renew this Lease for a third additional term of five (5) years by giving written notice to Landlord of his intention to renew, mailed to Landlord at least one (1) year prior to the expiration of the second five (5) year renewal term.

The Landlord shall, when requested to do so, furnish the Tenant with all documents and instruments as to the Landlord's interest in the demised premises.

15. GENERAL COVENANTS OF TENANT. Tenant covenants and agrees that during the term of this Lease:

- a) To pay the rental payments when due;
- b) To pay all charges for gas, water, electricity, sewer and other utility services;
- c) To keep the premises in good and safe condition;
- d) That all liens and encumbrances attached to the premises by virtue of any act or omission of Tenant shall, at the expiration date of the term of this Lease, be paid, released and satisfied in full at no expense to the Landlord;
- e) Not to commit or permit waste or the maintenance of any nuisance;
- f) To comply with all applicable laws, ordinances and recorded restrictive covenants pertaining to the parties;
- g) To permit Landlord or the agents of Landlord to enter the premises at reasonable hours for the purpose of inspecting

the same;

h) At the termination of this Lease, to quit and surrender to Landlord peaceable possession of the premises, including all improvements, structures and fixtures (excluding fixtures installed by Tenant) forming a part of said structures, in good and clean condition and in the same condition as they originally were, subject to ordinary wear and tear; and,

i) Not to hold over after the term hereof, and no holdover shall work a renewal of this Lease, but Tenant will merely be a tenant at will of Landlord.

16. RIGHTS IN THE EVENT OF BREACH. In the event Tenant shall fail to pay any rental payment due hereunder and shall not make such default good within ten (10) days after written notice thereof to Tenant by Landlord, or in the event Tenant shall make default in the compliance with any other of his obligations hereunder and shall fail to make good such default within thirty (30) days after notice thereof given to Tenant by Landlord, or in the event the Tenant shall be adjudged bankrupt or an insolvent or in the event a receiver shall be appointed for Tenant's assets and such receiver shall not be discharged within thirty (30) days after his appointment, then and in any of such events, this Lease, at the option of the Landlord, may be terminated. In the event of such termination, Landlord shall be entitled to immediate and peaceable possession of the premises; such remedy of termination shall not be construed as precluding the Landlord from seeking and obtaining any other remedy which otherwise would have been

available to him, whether in law or in equity or both, by reason of Tenant's breach of this Lease, including a suit for any loss of rent such termination may have caused Landlord.

17. ASSIGNMENT AND SUBLETTING. Tenant shall have the right to assign this Lease or to sublet the premises to any licensee of Franchised Restaurants, Inc., a Wisconsin corporation, which owns the right to license the use of the trademark and trade names appertaining to the operation of Country Kitchen Restaurants, including, without limitation, the use of the names "Country Boy" and "Country Gal." The right of the Tenant to assign the Lease or sublet the premises is conditioned upon the continued operation of the premises as a Country Kitchen Restaurant during the then remaining term of the Lease or any renewals thereof. It is a further condition of the assignment of this Lease or the subletting of the premises that the Tenant shall remain the primary obligor with respect to the performance of the Tenant's obligations and covenants under this Agreement.

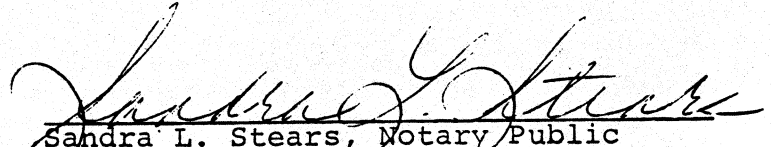
18. NOTICES AND HEADINGS. All notices required hereby shall be in writing, mailed by regular, certified or registered mail to the parties hereto, addressed to their last place of address. All paragraph headings or titles are for convenience of reference only and are not to be considered as limiting, adding or modifying the terms of this Lease nor interpretative thereof.

19. SUCCESSORS AND ASSIGNS. This Lease Agreement shall be binding upon the parties hereto and upon their respective

STATE OF WISCONSIN)
) SS.
COUNTY OF LA CROSSE)

On this 9th day of September, 1974, before me, a notary public, came Owen R. Massie, to me known to be the identical person who executed the above instrument, acknowledged the execution thereof to be his voluntary act and deed.

(SEAL)


Sandra L. Stears, Notary Public
La Crosse County, Wisconsin
My Commission Expires: Apr. 17, 1977

GUARANTY AND AGREEMENT TO BE BOUND
BY THE TERMS AND CONDITIONS OF
THE LEASE AGREEMENT

IN CONSIDERATION of the execution of the foregoing Lease Agreement dated the _____ day of September, 1974, by and between George J. Maloof, M.D., as Landlord, and Owen R. Massie, as Tenant, and in further consideration of other good and valuable considerations, the receipt and legal sufficiency of which are hereby acknowledged, the undersigned, for itself, its successors and assigns, does hereby become surety and guarantee for the payment of the rental reserved to the Landlord in the said Lease Agreement and the performance of the covenants, terms and conditions of the said Lease Agreement, to be paid, kept and performed by Owen R. Massie, as Tenant, thereunder.

If any default should at any time be made thereon by Owen R. Massie, as Tenant, then the undersigned, its successors and assigns, does hereby promise and agree to pay to George J. Maloof, M.D., as Landlord, or his assigns, the rents and arrearages thereof to be due and payable to George J. Maloof, M.D., as Landlord, and to fully satisfy the other conditions and covenants of the Tenant under the said Lease Agreement, and to pay all damages that may occur by reason of the nonfulfillment of the Lease Agreement by the Tenant, including the payment of reasonable attorneys' fees incurred by Dr. Maloof, as Landlord, in enforcing this Guaranty or any terms and conditions of the Lease Agreement.

It is further understood and agreed by the undersigned that

the provisions, covenants and conditions of this Guaranty shall bind and inure to the benefit of the successors and assigns of George J. Maloof, M.D.

IN WITNESS WHEREOF, the undersigned has caused these presents to be executed as of this 9th day of September, 1974.

FRANCHISED RESTAURANTS, INC.

By Owen R. Massie
Owen R. Massie, President

Attest Earl W. Zumach
Earl W. Zumach, Secretary

(Corporate Seal)

STATE OF WISCONSIN)
) SS.
COUNTY OF LA CROSSE)

On this 9th day of September, 1974, before me, a notary public, came Owen R. Massie, President, and Earl W. Zumach, Secretary, of Franchised Restaurants, Inc., and who acknowledged the execution thereof to be their voluntary act and deed as such officers and the voluntary act and deed of the corporation.

(SEAL)

Sandra L. Stears
Sandra L. Stears, Notary Public
La Crosse County, Wisconsin
My Commission Expires: Apr. 17, 1977

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If any default should at any time be made thereon by Owen R. Massie, as Tenant, then the undersigned, its successors and assigns, does hereby promise and agree to pay to George J. Maloof, M.D., as Landlord, or his assigns, the rents and arrearages thereof to be due and payable to George J. Maloof, M.D., as Landlord, and to fully satisfy the other conditions and covenants of the Tenant under the said Lease Agreement, and to pay all damages that may occur by reason of the nonfulfillment of the Lease Agreement by the Tenant, including the payment of reasonable attorneys' fees incurred by Dr. Maloof, as Landlord, in enforcing this Guaranty or any terms and conditions of the Lease Agreement.

It is further understood and agreed by the undersigned that

EXHIBIT A

Description of Real Estate Covered by Dr.
George R. Maloof - King's Food Host
Lease

Property now Covered by Lease of
September 11, 1974, to Owen R. Massie

A parcel of land which is part of Lots 28 and 29, and part of a vacated unnamed street lying between said Lots 28 and 29, all in Assessor's Plat No. 1 of the Township of Middleton, now in the City of Middleton, Dane County, Wisconsin, to-wit:

Commencing at the Southeast corner of Lot 8, Block 3, H. A. Raemisch Plat; thence S 04 degrees 12'20"E, 933.80 feet to a point of curve; thence Southwesterly on a curve to the right, which has a radius of 895.0 feet and a chord which bears S 03 degrees 11'50"W, 230.63 feet; thence S 10 degrees 36'W, 182.57 feet to the point of beginning; thence S 10 degrees 36'W, 230.15 feet; thence S 72 degrees 1'53"W, 91.02 feet; thence N 46 degrees 32'14"W, 150.22 feet; thence N 43 degrees 27'46" E, 200 feet; thence S 46 degrees 32'14" E, 28.91 feet; thence N 72 degrees 1'53" E, 83.32 feet to the point of beginning.

The Landlord shall have an option to remove from the above described land covered by the lease a strip of land 35 feet in width, the northerly boundary of which shall be the northerly boundary of such above described land. Such option shall be exercised by 90 days' notice in writing to the Tenant.

APPENDIX B

EXCERPTS FROM CHAPTER 10 OF THE
CITY OF MIDDLETON ZONING CODE

for nets, picnic tables, lawn chairs, barbecue stands and similar apparatus but not including tree houses, swimming pools, playhouses exceeding 25 square feet floor area, or sheds utilized for storage of equipment.

98.

Class I - sit down, substantially all of patrons sit at tables inside.

Class II - a predominant percentage of patrons sit down inside, although some may carry out food.

Class III - a predominant number of patrons carry out, although some inside seating is provided.

Class IV - all patrons carry food out.

Class V - concession shops without seating, selling ice cream, popcorn and comparable items as the primary use. (8-16-77)

99. Repealed 8-16-77.

100. Roadside Stand: A structure not permanently fixed to the ground, covered or un-

10.13 "B-2" RETAIL BUSINESS DISTRICT.

Within the "B-2" Retail Business District, no structures or land shall be used except for one or more of the following uses:

- (1) Permitted Uses. A business providing any of the following sales or services:
 - (a) Antiques.
 - (b) Appliance sales and service, locksmith and fix-it shop.
 - (c) Art and school supplies.
 - (d) Auto accessory and parts, when conducted entirely within an enclosed building, but not including work on vehicles.
 - (e) Bakery goods.
 - (f) Banks, savings and loan companies and other financial institutions.
 - (g) Barber and beauty shops.
 - (h) Books, cards and office supplies.
 - (i) Bowling alleys, pool halls, racket ball and hand ball facilities. (3-15-77)
 - (j) Broadcasting, T.V. studios.
 - (k) Business, beauty schools.
 - (l) Candy, ice cream, popcorn, nuts, frozen deserts and soft drinks, but not a Restaurant Class II.
 - (m) Camera, photographic supplies, photographic studio, optical and jewelry shop.
 - (n) Carpet, rugs and floor covering.

- (o) Costume and formal wear rental.
- (p) Clubs.
- (q) Delicatessen.
- (r) Department, discount, drug store.
- (s) Dry cleaning, laundromat, pressing, tailor shops.
- (t) Florist shop.
- (u) Frozen foods, not including locker plant or meat market.
- (v) Furniture, upholstery, picture framing, interior decorating studio.
- (w) Glass, china, pottery, gifts and novelties.
- (x) Groceries, fruits and vegetables.
- (y) Hardware, sporting goods.
- (z) Hobby craft, coins, stamps, handy craft classes.
- (aa) Hotel.
- (bb) Jewelry, time pieces, silverware.
- (cc) Leather goods and luggage.
- (dd) Library.
- (ee) Liquor store, holding a Class "A" Liquor License.
- (ff) Musical instruments, records, television, radio, hi-fi, etc.
- (gg) Offices.
- (hh) Paint, wallpaper and related material.

(ii) Pet shop, provided it is operated so as to cause no offensive odor or noise, and Pet Clinics with non-medical boarding and outside facilities prohibited.

(jj) Pipe and tobacco shop, newsstand.

(kk) Printing shop.

(ll) Tavern, bar holding a Class "B" Liquor License.

(mm) Sewing centers, sewing machine sales, sewing classes, yard goods.

(nn) Shoes and shoe repair.

(oo) Theater, not of drive-in type.

(pp) Toy, games, variety store.

(qq) Travel bureau.

(rr) Women and men apparel shops, furs and fur repair and storage.

(ss) Municipal Buildings and Structures.

(tt) Class I restaurants. (8-16-77)

(2) Conditional Uses. Within any "B-2" Retail Business District, no structure or land shall be used for any of the following uses unless a Conditional Use Permit is issued:

(a) Accessory buildings and structures.

(b) Dwelling units, provided the units do not occupy the first floor.

(c) Open sales lots authorized under "SPECIAL PROVISIONS" of this ordinance, except as herein modified.

1. The assembly, repair or manufacture of goods if not permitted within an open sales lot.

2. There is located on the site a building devoted to and used for such sales activity which is at least as large in floor area as the occupation and use on the open lot.

(d) Off-street parking lots for general public, subject to provisions of "SPECIAL PROVISIONS" of this ordinance.

(e) Vending machines, whether for a service or product, shall, when located outside of a building, be considered as an accessory building except where all machines are installed and maintained immediately adjacent to the principle building.

(f) Motels, subject to the same restrictions as provided in Section 10.12 (2), (j).

(g) Class II, III, IV and V restaurants.

(h) Motor Fuel Station, Class I.

(3) Permitted Accessory Uses. Within any "B-2" Retail Business District, the following uses shall be permitted accessory uses:

(a) Decorative landscape features.

(b) Off-street loading.

(c) Parking for permitted or conditional uses.

(d) Signs, as regulated by the Sign Code.

(e) Private swimming pools.

(f) Buildings temporarily located for purposes of construction on the premises for a period not to exceed completion of construction.

