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An appraisal of the most probable selling price of the Village Mall Shopping Center, Waunakee, Wisconsin with new mortgage debt. January 1, 1984

Landmark Research, Inc.

[s.l.]: [s.n.], January 1, 1984

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AN APPRAISAL OF
THE VILLAGE MALL
WAUNAKEE, WISCONSIN
WITH MARKET RATE FINANCING

Landmark
Research
Inc.

AN APPRAISAL OF
THE MOST PROBABLE SELLING PRICE OF THE
VILLAGE MALL SHOPPING CENTER
WAUNAKEE, WISCONSIN
WITH NEW MORTGAGE DEBT
AS OF JANUARY 1, 1984

PREPARED FOR
DWIGHT ZIEGLER
2445 DARWIN ROAD
MADISON, WISCONSIN

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research
Inc.

January 26, 1984

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

Jean B. Davis, M.S.

Mr. Dwight Ziegler
Waunakee Village Mall
2445 Darwin Road
Madison, WI 53704

Dear Mr. Ziegler:

We are transmitting the analysis and report requested on the property known as the Village Mall Shopping Center located in Waunakee, Wisconsin. At your request, this appraisal considers the most probable selling price of the sandwich leasehold position in the subject property, given continued operation, subject to existing leases, and under conditions where a purchaser would acquire the property with new mortgage debt at the prevailing market interest rates and conditions as of the date of this appraisal.

Based upon the specific assumptions and limiting conditions presented in the attached report, it is our opinion that the most probable selling price, as defined, of this property as of January 1, 1984, is:

ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS

(\$1,700,000)

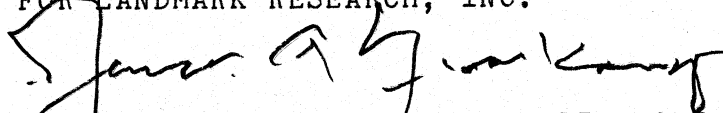
This value is predicated upon the availability of a loan in the approximate amount of \$1,125,000 with an annual interest rate of 13 percent, a 30-year amortization schedule, and a 10-year term. This value assumes that the underlying land lease would not be subordinated to the new financing.

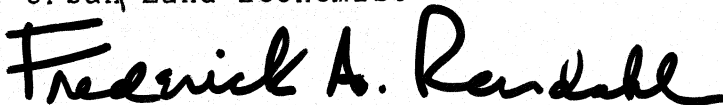
Landmark Research, Inc.

Mr. Dwight E. Ziegler
Page Two
January 26, 1984

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

FOR LANDMARK RESEARCH, INC.


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


Frederick A. Rendahl

Enclosures

jc

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PURPOSE OF THE APPRAISAL

This appraisal was requested by Dwight Ziegler, a current owner of the subject property, to assist in establishing an estimate of the most probable selling price that may serve as a basis for the reorganization of partnership interests in the Village Mall Shopping Center.

This appraisal, made as of January 1, 1984, considers the most probable selling price of the leasehold interest in the property subject to existing leases and assumes that the purchaser must obtain new market rate financing. In effect, the purchaser of the property would assume a sandwich lease position between the underlying ground lease and the combination of long and short-term leases now in effect with shopping center tenants.

As noted in our letter of proposal, this report is subject to general and specific assumptions and limiting conditions. Specific assumptions regarding the operation of the subject property and its market and general economic conditions are identified in the text of this report. General assumptions and limiting conditions upon which this value is contingent are provided in Appendix A.

THE SUBJECT PROPERTY

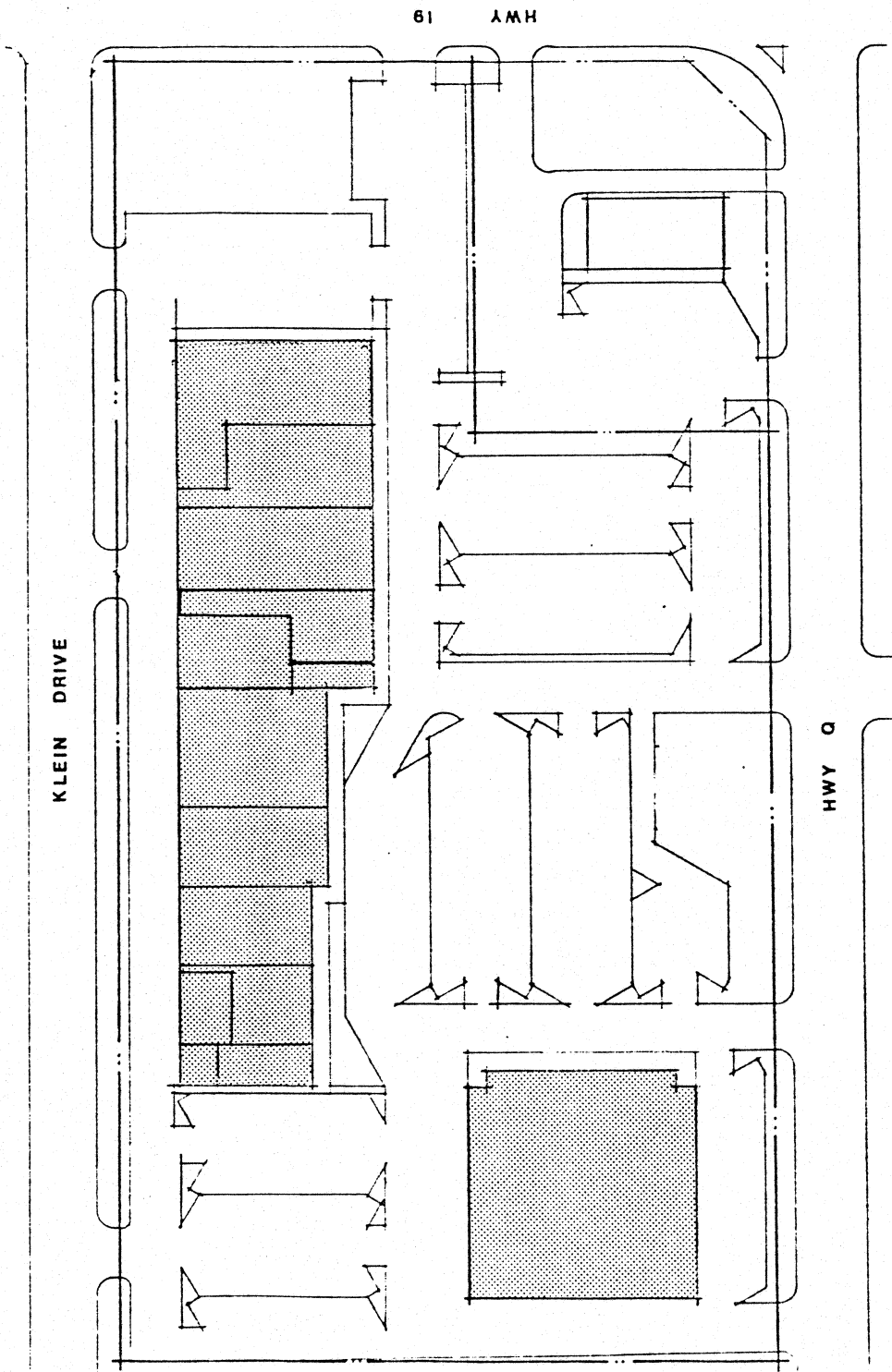
The Village Mall Shopping Center is located in the southwest corner of County Highway Q and State Highway 19 in the Village of Waunakee, Wisconsin. A legal description of the subject site is provided in Appendix B. This site contains approximately 6.09 acres and is improved with a 62,433 square foot (gross leaseable area) neighborhood shopping center facility that was constructed and began operation in 1977. The major tenant in this center is a free-standing Sentry food store. The balance of the shops are housed in a strip-style building which forms an "L" with the super market anchor. A plan of this center is shown in Exhibit 1. The facility was constructed using average quality materials and workmanship and it is currently in average condition for a center of its age and type.

The Waunakee school district serves as a good approximation of the subject's trade area. Schools are a focal point for driving to Waunakee, which in turn makes it convenient for those families to shop at the mall.

Waunakee's school district is comprised of the Village of Waunakee and the surrounding rural area. It is reasonable to conclude that Village Mall serves approximately 8,000 residents

EXHIBIT 1

PLAN OF VILLAGE MALL SHOPPING CENTER



of the Village of Waunakee and its surrounding area. This number of prospective customers is low for a shopping mall of this size. Moreover, the large physical expanse of this trade area makes the Village Mall subject to having its trade area reduced by new commercial developments which attract its patrons. Even with a predicted 25 percent growth in Dane County's population over the next ten years, growth in the center's retail sales will most likely be a function of inflation rather than an expanding market.

VALUATION OF THE SUBJECT PROPERTY

Valuation Methodology

The Income Approach to Value is the most appropriate method by which to value the Waunakee Village Mall. In this approach the current value of the property is considered to be equal to the present value of the equity position plus the present value of the mortgage. This appraisal is based upon the assumption that a purchaser must obtain a new mortgage at current market rates. The first step in the valuation process is then to compute the maximum available mortgage loan.

The value of the equity position is then equal to the present worth of the cash throw off from the property, plus the present worth of the equity reversion. The cash throw off is the income an owner will receive from the property after payment of operating expenses, the land lease payment, and debt service. The equity reversion is the net sale price of the property at the end of a typical holding period less the mortgage balance payable at that time. The cash throw off and equity reversions are discounted at a rate of return defined by the requirements of a typical investor in neighborhood shopping center properties. The resulting equity value is then added to the current mortgage balance to estimate the value of the

the current mortgage balance to estimate the value of the property.

This analysis is based upon the following assumptions:

1. Current leases will remain in force and the income producing potential of the subject property will be determined by the lease contracts as long as they remain in force.
2. An 8 percent annual rate of inflation will occur over the forecast holding period.
3. Market rents will increase at the rate of inflation less 1.5 percent to reflect the increasing age of the center.
4. Vacancies will occur in the shop space subject to higher rents rather than the space now rented on long term leases.
5. Expenses will increase annually at the inflation rate.
6. A new mortgage is available to the purchaser.

Net Operating Income

The subject property is currently leased to 11 tenants who occupy 57,551 square feet of gross leaseable area (GLA). An additional 4,882 square feet of GLA (7.8 percent of the center's total) are now vacant. The main features of these leases are shown in Exhibit 2. Based upon these leases and the attached assumptions, we have forecast income and expenses for

EXHIBIT 2
LEASE SUMMARY OF VILLAGE MALL TENANTS

TENANT	GROSS LEASEABLE AREA (GLA)	1983 RENT \$/SF	LEASE TERMINATION DATE	OPTIONS	COMMON AREA CHARGE	INSURANCE	REAL ESTATE TAX	REQUIRED BASE SALES VOLUME \$/SF	1981 U.S. MEDIAN SALES [1]
Godfrey Co. (Sentry)	18,360	\$3.02	12/97	3,5 years each	Pro rata	N/A	Pro rata	\$195.86	\$226.69
Ben Franklin (A)	7,200	2.25	1/97	4,5 years each	Pro rata	N/A	1978 base	52.24	40.87
Ben Franklin (B)	3,329	3.05	1/97	None	Pro rata	Pro rata	1981 base	combined	combined
Neill's Liquor	4,846	3.71	2/88	1,5 years each	Pro rata	Pro rata	Pro rata	N/A	202.60
Waun-A-Wash	1,362	5.75	12/88	None	Pro rata	1978 base	1978 base	29.37	26.28
Pilgrim Cleaners	538	5.75	11/87	None	Pro rata	1978 base	1978 base	46.47	52.91
First Federal S & L	1,550	6.50	11/87	None	Pro rata	1978 base	1978 base	N/A	N/A
BLR Limited	2,138	6.50	12/84	None	Pro rata	Pro rata	Pro rata	92.86	100.16
Harris Pharmacy	3,679	4.50	10/87	None	Pro rata	1978 base	1978 base	108.73	112.49
Kennedy-Hahn	4,243	2.83	12/88	No	Pro rata	Pro rata	Pro rata	135.75	41.52
Weaver Auto	3,156	5.00	1/88	None	Pro rata	Pro rata	Pro rata	134.66	86.51
L & F Hardware	7,200	2.36	8/87	1,5 years each	Pro rata	Pro rata	Pro rata	55.56	34.10
Garden Shop	2,400 outside	.10	8/87	N/A	N/A	N/A	N/A	N/A	N/A
Vacant (A)	790	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacant (B)	2,523	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Vacant (C)	1,569	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TYME Machine									
Bank of Waunakee	pad tenant	N/A	5/85	N/A	N/A	N/A	N/A	N/A	N/A
	62,433	\$3.14							

[1] Dollars and Cents of Shopping Centers: 1981, The Urban Land Institute, Table E, p. 180-211.

the Waunakee Village Mall for a ten-year projection period. Each year's forecast is shown in Appendix C. A summary of lease changes for ten years is in Appendix D.

The base rent structure uses current rents given existing leases. Space that is currently unoccupied is considered to be rented at current market rates. Vacancies are treated as a percentage of the center's potential gross income. This method for determining gross and net rent recognizes that existing contract rents will adversely affect upside potential for several years to come and that vacancy as a percent of potential gross gives more weight to small tenants with higher per square foot rents. When existing leases end, new three-year leases with no options are established. Here, the inflation rate, less a 1.5 percent adjustment for aging of the center, is applied to the current market rental rate to establish a new base rent at the time of renewal.

In addition, overage rents are defined in each existing lease with owner participation above a specified level of sales. In new leases, new threshold sales volume levels are higher and anticipate no overage participation. Over the past several years, sales volume growth has been flat in real dollars.

The forecast of retail sales is based on historic retail sales at the mall. (See Exhibit 3.) Actual sales have been adjusted to current dollars using the 1983 second quarter price deflator. We have assumed that the center's retail sales' volume will change only in direct proportion to the inflation rate without any real market gain. In the future, we then estimate that each year's sales will increase at the 8 percent inflation rate, compounded annually.

The expense forecast is based on the current lease structure, which varies from tenant to tenant. The owner pays all expenses on vacant space and a portion of other expenses, depending upon the terms of the individual leases. All expenses are estimated to escalate at the 8 percent inflation rate. A new lease would require the tenant to pay his full pro rata of each expense.

Since the subject site is leased, a deduction for the required ground rent must also be made. This rental for 1984 is \$12,227 and it will increase as a percentage of gross sales.

The net operating income forecast for the subject property over the next ten years has been summarized in Exhibit 4.

Mortgage Financing

An investigation of current mortgage market rates indicates that a permanent first mortgage loan on the subject property

EXHIBIT 3
RETAIL SALES 1980-1982: ACTUAL AND ADJUSTED

TENANTS WITH POSSIBLE OVERAGE RENTS	-----SALES-----			-----ADJUSTED SALES-----			AVERAGE OF ADJUSTED SALES
	1982	1981	1980	1982	1981	1980	
Godfrey Company	\$3,788,520	N/A	\$3,392,116	\$3,905,217	---	\$4,112,418	\$4,008,818
Waun-A-Wash	16,452	\$ 10,667 (10 month)	13,671	16,959	---	16,574	16,767
Pilgrim Cleaners	32,827	26,197 (10 month)	28,271	33,838	---	34,274	34,056
BLR Limited	137,945	50,178 (4 month)	128,178	142,194	---	155,396	148,795
Ben Franklin	400,410	---	281,854	412,743	---	341,705	377,224
Weaver Auto	345,285	241,526 (10 month)	276,564	355,920	---	335,291	345,606
Kennedy-Hahn	414,127	389,890 (9 month)	506,760	426,883	---	614,368	520,626
Hardware	159,313	245,313 (9 month)	217,315	164,779	---	263,461	214,120
Harris Pharmacy	472,764	349,795 (10 month)	381,370	487,327	---	462,352	474,840

[1] Implicit Price Deflator: Ratio of Second Quarter of 1983 to the Second Quarter of Sales Year, from Survey of Current Business, U.S. Dept. of Commerce, Bureau of Economic Analysis.

1982 = \$212.50/\$206.15
 1981 = \$212.50/\$193.17
 1980 = \$212.50/\$175.28

This resulting factor is applied to the appropriate year to reach the adjusted figure.

VILLAGE MALL 10 YEAR INCOME AND EXPENSE FORECAST
8 PERCENT RATE OF INFLATION

YEAR	1984 0	1985 1	1986 2	1987 3	1988 4	1989 5	1990 6	1991 7	1992 8	1993 9
RENTAL INCOME										
Base	231556	237506	242461	259089	292319	295603	313674	336898	340002	363756
Overage	15894	22761	30799	38186	35954	44018	53175	63064	73744	85279
Less vacancy	24745	26027	27326	29728	32827	33962	36685	39996	41375	44904
EFFECTIVE GROSS INCOME	222705	234240	245934	267548	295446	305659	330164	359966	372371	404132
LESS OPERATING EXPENSES										
Real Estate Tax	2200	2376	2566	2771	2993	3233	3491	3770	4072	4398
Insurance	2867	3194	3546	3927	1865	2015	2176	2350	2358	2741
Building Maintenance	200	219	240	263	288	315	345	378	413	453
Advertising & Promotion	713	770	831	898	970	1047	1131	1222	1319	1425
Common Area	1900	2052	2216	2393	2585	2792	3015	3256	3517	3798
Management & Administration	13362	14054	14756	16053	17727	18340	19810	21598	22342	24248
Utilities	2497	2697	2913	3146	3398	3669	3963	4280	4622	4992
	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL EXPENSES	23740	25362	27068	29451	29825	31410	33931	36854	38644	42055
NET OPERATING INCOME	198965	208878	218866	238097	265621	274249	296233	323112	333728	362077
LESS LAND LEASE PAYMENT	12227	12342	12459	12675	14432	14585	14952	15399	15586	16062
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
NET OPERATING INCOME AFTER LAND LEASE PAYMENT	186738	196536	206407	225421	251189	259664	281281	307712	318142	346015

EXHIBIT 4

Standard Research, Inc.

EXHIBIT 4 (Continued)

INCOME AND EXPENSE FORECAST ASSUMPTIONS

1. Income revenue forecast assumptions are in Appendix A.
2. Vacancy is 10 percent per year of base rent and overage rent.
3. Tax proration to tenants varies among individual leases. Analysis shows owner generally will pay only on vacant space. With 1984 as the base year, taxes are:

$$\$22,000 \times (1 + .08)^n \times \text{vacancy rate}.$$
4. Analysis shows the owner is paying 60 percent of the insurance expense from 1984 to 1988 and is determined as follows:

$$\$5,290 \times [(1 + .08)^n \times .714] - \$1,212.$$

In 1988, owner pays 24 percent and is determined as follows:

$$.24 \times (5,290) \times (1 + .08)^n$$
5. Building maintenance expense is based on owner paying only on vacant space and is determined as follows:

$$\$2,000 \times (1 + .08 + .015)^n \times \text{vacancy rate}$$
6. Advertising and promotion expense is based on owner paying only on vacant space. With a 1983 market fund of \$6,000, the owner's contribution per year is:

$$\$6,000 (1 + .08)^n \times \text{vacancy rate} + 10\%$$
7. Owner pays only portion of common area expense attributable to vacant space. Based on Village Mall historic expense of \$20,000/year, the expense is:

$$\$20,000 (1 + .08)^n \times .95 \times \text{vacancy rate}$$

Management surcharge is 5% ($1.00 - .05 = .95$).
8. Management and administration expense is 6 percent of effective gross income.
9. Utilities expense to owner is only for vacant space; Urban Land Institute quotes a cost of \$0.40 per square foot. Therefore:

$$\$0.40 \times 62,433 \times \text{vacancy rate} \times (1 + .08)^n = \text{utility expense}$$

would be available from a national lender [1] on the following terms and conditions:

Debt Coverage Ratio	1.25
Annual Interest Rate	13.00%
Scheduled Amortization	30 yrs
Annual Constant	13.2744%
Term	10 yrs

Since the land lease contract subordinates the lessor's position only to the original mortgage on the center, we have assumed that new financing would not be subordinated. In this case, only the Net Operating Income after payment of the required ground rentals can be used to establish the amount of any new mortgage financing.

Based upon these requirements, and the subject property's 1984 net operating income forecast (after payment of the land lease) it could support debt service payments of $(\$186,738/1.25)$ \$149,390 per year and a first mortgage loan in the amount of $(\$149,390/0.132744)$ \$1,125,402.

[1] Somewhat more liberal loan terms may be available from a local lender. However, that loan would most probably be written for a term of only three years and subject a buyer to added risk and potentially expensive refinancing.

Cash_Throw_Off

Cash flows to equity, or cash throw off (CTO), are based on financing available. With a loan of \$1,125,402 for a 30 year term and 13.0 percent annual interest, the annual debt service is \$149,390. The annual cash throw off is derived when the land lease payment and the debt service are subtracted from the center's forecast net operating income. The resulting cash throw off available to the equity position for each of the ten years in our projection are shown in Exhibit 5.

Reversion_to_Equity

The estimated sale price of the property at the end of the tenth year is equal to the net operating income capitalized at 12 percent. This rate reflects expected conditions given a long period at 8 percent per year inflation. The capitalization rate of 12 percent and inflation rate of 8 percent reflect a situation similar to that which has occurred since 1979; inflation has averaged 7 percent annually and capitalization rates have averaged 12 percent. (See Exhibit 6.) A 5 percent deduction accounts for sales and closing costs. The mortgage balance of \$1,062,608 is subtracted to give an equity reversion of \$1,676,667. (See the Amortization Schedule in Appendix E.)

YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
NET OPERATING INCOME	198965	208878	218866	238097	265621	274249	296233	323112	333728	362077
LESS LAND LEASE PAYMENT	12227 =====	12342 =====	12459 =====	12675 =====	14432 =====	14585 =====	14952 =====	15399 =====	15586 =====	16062 =====
NET OPERATING INCOME AFTER LAND LEASE PAYMENT	186738	196536	206407	225421	251189	259664	281281	307712	318142	346015
LESS DEBT SERVICE	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----	149390 -----
CASH THROW OFF	37348	47146	57017	76031	101799	110274	131891	158322	168752	196625

Analysis of Capitalization Rate to
Derive Required Equity Yield Rate

The CTO and equity reversion forecast above must be discounted at a rate of return on equity that is typically required by shopping center purchasers to reflect the present value of the equity position. The basis for derivation of this rate is the current capitalization rate for conventionally financed shopping center properties. Information provided by the American Council of Life Insurance (Exhibit 6) shows that capitalization rates for shopping centers currently average approximately 11 percent.

For every capitalization rate, given the assumptions regarding the financing upon which it is based, there is a unique combination of an equity yield rate and change in the property's value. If we know one, we may compute the other. In this case, our explicit forecast of changes in the subject property's net income stream (after payment of the land lease charge) allows us to forecast the change in the property's value over the ten-year projection period. This value change is computed as the difference between the current and future value of the subject property, based only upon direct capitalization of its income at the expected rates for conventional financing. As noted, the current rate is approximately 11 percent and the resulting preliminary estimate of its value is $(\$186,738/0.11)$ \$1,697,618, rounded to \$1,700,000.

COMMITMENTS OF \$100,000 AND OVER OF MORTGAGES ON SHOPPING CENTERS
FIVE OR MORE STORES (MADE BY 20 LIFE INSURANCE COMPANIES)

YEAR	QUARTER	INTEREST # LOANS	RATE BY \$ LOANS	LOAN/VALUE	DEBT COVER RATIO	PERCENT CONSTANT	MATURITY (YEARS/MONTHS)	EQUITY DIVIDEND RATE	CAPITALIZATION RATE
1983	2	12.27	12.15	70.8	1.23	12.6	10/9	6.8	10.9
	1	12.69	12.52	74.2	1.20	12.7	10/3	7.3	11.3
1982	4	13.15	12.79	68.6	1.36	13.9	8/6	8.5	12.2
	3	14.92	14.51	64.9	1.29	15.1	7/10	6.8	12.2
	2	15.46	14.65	65.9	1.24	15.6	17/5	7.5	12.7
	1	14.99	13.90	61.7	1.62	15.2	13/4	8.7	12.7
1981	4	15.26	14.93	66.6	1.36	15.5	11/7	10.1	13.7
	3	13.68	13.55	65.7	1.25	14.0	14/0	7.6	11.8
	2	14.58	13.59	71.0	1.22	14.8	20/10	8.2	12.9
	1	13.58	13.33	72.6	1.27	13.8	10/11	10.2	12.8
1980	4	12.92	12.85	73.5	1.26	13.2	11/1	9.0	12.1
	3	12.84	13.08	70.4	1.32	13.3	15/10	9.9	12.3
	2	Fewer than three loans - data not shown.							
	1	12.23	11.69	70.7	1.29	12.0	17/1	10.6	11.6
1979	4	10.90	10.79	73.1	1.25	11.6	20/0	8.3	10.7
	3	10.39	10.34	74.3	1.28	11.0	21/0	9.1	10.5
	2	10.17	10.20	74.8	1.24	11.1	21/1	7.8	10.3
	1	9.99	9.96	74.5	1.25	10.9	21/1	7.8	10.1

Source: Investment Bulletin, American Council of Life Insurance, Table L

$\bar{x} = 11.81\%$
 $s = 1.04\%$
 $n = 17$

The future value at the end of the tenth year has been previously estimated at \$2,883,458, rounded to \$2,900,000, based upon an expected capitalization rate of 12 percent. The overall change in the property's value is then $[(\$2,900,000/\$1,700,000) - 1]$ approximately 70 percent, or slightly more than 5 percent per year.

Given a 70 percent increase in the value of the property, which we consider reasonably typical during a period of 8 percent annual inflation and a current market capitalization rate of 11 percent, we can derive an estimate of the equity yield rate that is typically required by shopping center purchasers. This is accomplished by means of the Ellwood technique for capitalization rate analysis. This technique requires that the capitalization rate and the net income stream be known. In this case, we have determined that the average capitalization rate for shopping centers is currently 11 percent and that financing is typically at 13 percent annual interest, amortized over 30 years, and available for 70 percent of the property's value. We have also assumed that the net income from the typical shopping center property will vary in direct proportion to the change in its value, which we estimate to be approximately 70 percent over ten years. Given these factors, shopping center purchasers appear to demand a return on equity of approximately 20 percent as shown in Exhibit 7. Only this

ELLWOOD TECHNIQUE FOR CAPITALIZATION RATE ANALYSIS

BUS ELLWOOD
REVISED 6/17/75

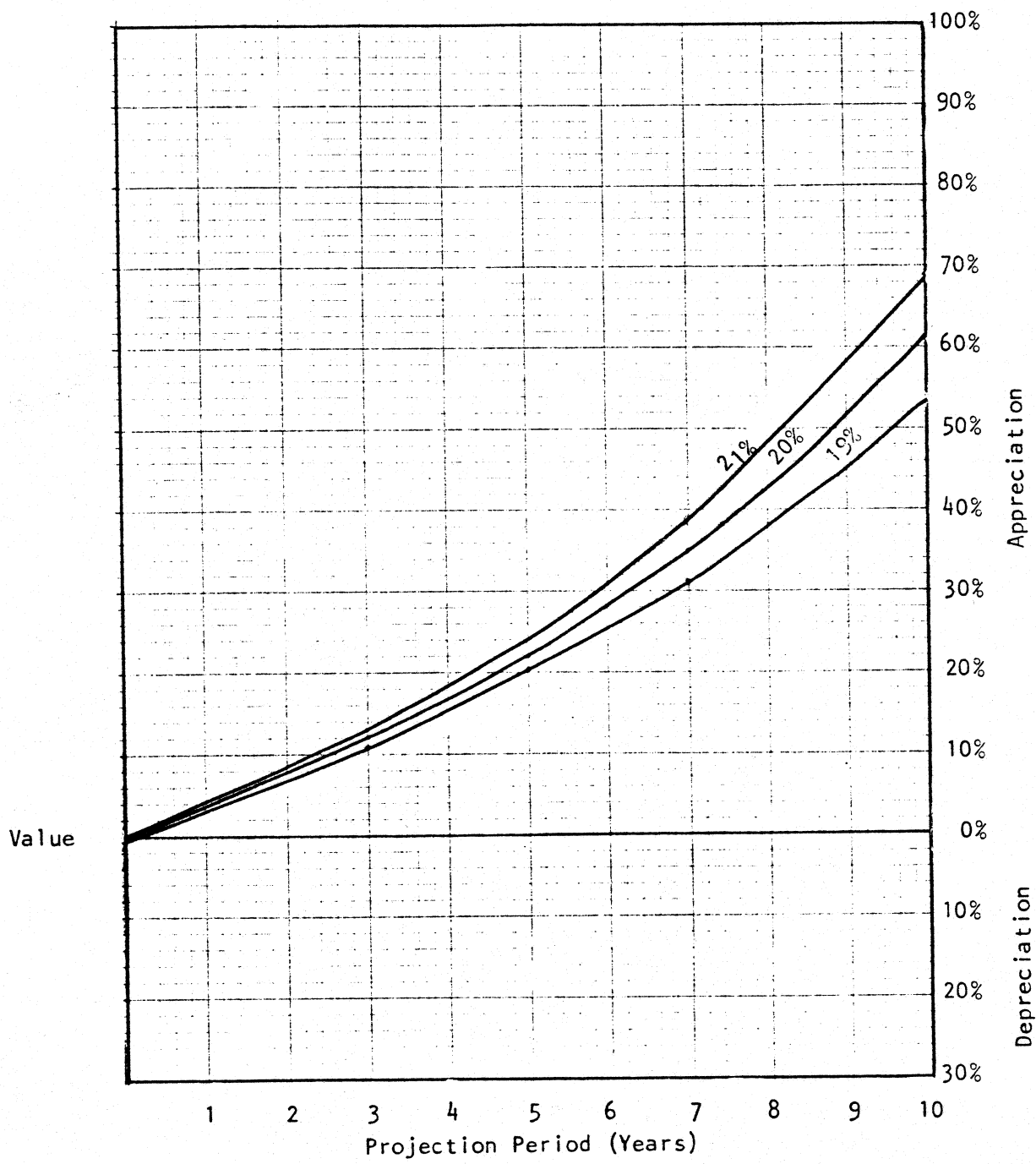
1 EQYLD? 11
2 PROJPD? 10
MORTGAGE 1 DATA
4 MTG INTR? 13
5 MTGPD? 30
7 PMT PDS/YR? 12
10 M? 70
MORTGAGE 2 DATA
14 MTG INTR?
52 XDEPR(-APPR)? -70
55 INC? 186738
53 % INCR INCOME? -70
58 EF.R.E.TX.R.? 0
-.0194069 = MTG 1 C
0.1235850 = BASIC RATE
0.1098160 = OVERALL RATE
1700470 = VALUATION

```

MODE? 1
IS INCOME CONSTANT? N
ENTER OVERALL RATE FOR ANAL.? 11
ENTER 1 TO 4 PROJ. PDS? 3,5,7,10
ENTER 1 TO 6 EQ. YLDS? .19,.195,.20,.205,.21,.215
                        .22,.225,.23

```

YIELD ANALYSIS WITH				
VARIABLE INCOME, 0.1100000 = R				
YRS	3	5	7	10
YIELD				
0.1900	0.1111	0.2031	0.3157	0.5397
0.1950	0.1160	0.2132	0.3330	0.5743
0.2000	0.1210	0.2234	0.3508	0.6102
0.2050	0.1260	0.2338	0.3691	0.6475
0.2100	0.1311	0.2444	0.3878	0.6862
0.2150	0.1362	0.2551	0.4069	0.7264
0.2200	0.1413	0.2660	0.4266	0.7680
0.2250	0.1465	0.2771	0.4467	0.8113
0.2300	0.1517	0.2883	0.4673	0.8561



Capitalization rate is 11%, Mortgage interest rate is 13%, Mortgage term is 30 years, Loan to value ratio is 70%.

combination of equity yield and expected appreciation will result in a capitalization rate of 11 percent, which is typical of the current shopping center market.

Valuation of the Subject Property

Applying the discount rate to the cash throw off of the equity position, the net reversion to equity then yields an estimate of the value of the equity position. These computations, shown in Exhibit 8, result in a \$589,127 equity present value position.

The value of the sandwich leasehold interest in the property, given new market rate financing, is then the sum of the equity and mortgage positions. The value of the mortgage is equal to \$1,125,402. The value of the equity is \$589,127. The value of the property is then $(\$1,125,402 + \$589,127)$ \$1,714,529, rounded to \$1,700,000.

Recapitulation

The estimated most probable selling price of the subject property by the income approach to value is then \$1,700,000. This estimate results in the following standard value indexes.

VALUE USING NEW FINANCING

YEAR	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
NET OPERATING INCOME AFTER LAND LEASE PAYMENT	186738	196536	206407	225421	251189	259664	281281	307712	318142	346015
LESS DEBT SERVICE	149390	149390	149390	149390	149390	149390	149390	149390	149390	149390
CASH THROW OFF	37348 .8333333	47146 .6944444	57017 .5787037	76031 .4822531	101799 .4018776	110274 .334898	131891 .270816	158322 .232568	168752 .1938067	196625 .1615056
PRESENT VALUE OF C.T.O.	31123	32740	32996	36666	40911	36931	36808	36821	32705	31756
TOTAL PRESENT VALUE OF C.T.O.										318334
ESTIMATED SALES PRICE								2883458		
LESS: SALES & CLOSING COST								144173		
NET SALE PRICE								2739285		
LESS: MORTGAGE BALANCE								1062608		
REVERSION TO EQUITY								1676677		
PRESENT VALUE OF REVERSION										270793
PRESENT VALUE OF THE EQUITY										589127
PLUS VALUE OF MORTGAGE										1125402
TOTAL PRESENT VALUE OF THE PROPERTY										1714529

Price per square foot of GLA	\$27.23
Capitalization Rate (a)	10.98%
Equity Dividend Rate (Cash on Cash Return) (b)	5.42%
Loan to Value Ratio	66.20%
Debt Coverage Ratio	1.25

These results are generally consistent with those which are derived from recent sales of other shopping center facilities in the State of Wisconsin. Data from six similar properties is presented in Exhibit 9. These comparable properties sold at prices that ranged from \$33.31 to \$52.59 per square foot of GLA. However, these figures include underlying land. To adjust for this difference we can capitalize the land lease payment for the subject property at 11 percent and add the resulting land value estimate ($\$12,227 / 0.11 = \$111,155$) to the indicated value of the center. This results in a per square foot value of \$29.01 per square foot of GLA which is below the range indicated by the comparable properties. The 5.42 percent equity dividend rate that results from this appraisal is also at the low end of the range indicated by the comparable sales, which range from 6.6 to 10.5 percent. Since the equity dividend rate is inversely related to the price of the property, any

-
- (a) Based upon the Net Operating Income forecast for 1984, after payment of the ground rental.
- (b) Based upon 1984 Net Operating Income after the ground lease payment, the existing \$149,390 debt service payment, and \$574,598 in original equity (\$1,700,000 - \$1,125,402).

COMPARISON OF SALES OF WISCONSIN SHOPPING CENTERS

	COMMUNITY SIZE (POPULATION)	SALE DATE	EQUITY DIVIDEND RATE	OVERALL CAPITALIZATION RATE	\$/SF	GLA
MENOMINEE PLAZA Menominee Falls	27,845	11/82	N/A	11.4	\$46.66	75,000
WASHINGTON MALL West Bend	21,484	6/82	8.6	9.6	47.14	110,737
FRONTIER SHOPPING CTR West Bend	21,484	5/82	10.5	11.5	39.00	10,000
NORTHPOINT SHOPPING CTR Stevens Point	22,970	2/81	N/A	10.4	40.69	61,584
WASHINGTON SQUARE Germantown	10,729	9/80	6.6	10.6	33.31	66,039
RIDGEVIEW MALL LaCrosse	48,347	12/80	N/A	10.8	52.59	60,468

substantial increase in the estimated price would push it downward, out of the acceptable range, as indicated by the comparable properties. Since any change in the estimated value of the subject property would push one of these indexes well out of the acceptable range, the \$1,700,000 is supported by this data. The capitalization rate is similar to the comparable sales.

As a final test, the before and after tax modified internal rates of return that result from this appraised value were calculated using Landmark Research's "VALTEST," a discounted cash flow model. This model, shown in Appendix F, indicates that an investor purchasing the sandwich leasehold in the subject property for \$1,700,000 with new market rate financing with an unsubordinated ground lease would expect to receive a modified internal rate of return of approximately 18.5 percent before taxes and 17.2 percent after Federal taxes. These results assume a 9.25 percent after tax reinvestment rate and opportunity cost of capital and an investor with a 50 percent marginal tax rate. Both of these rates are within the range which is typical for the market and lend credence to a \$1,700,000 value estimate.

FINAL VALUE ESTIMATE

The estimated most probable selling price of the sandwich leasehold position in the subject property, subject to new market rate financing in the amount of \$1,125,402, at 13 percent annual interest, as of January 1, 1984, is then:

ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS

(\$1,700,000)

CERTIFICATE OF APPRAISAL

We hereby certify that we have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

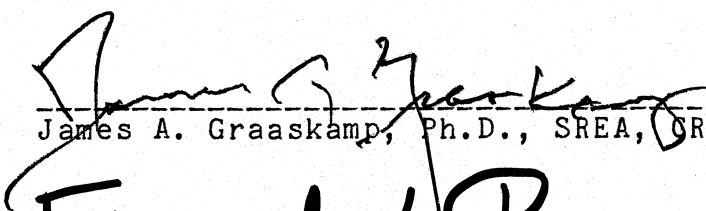
Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the most probable selling price, as defined herein, of this sandwich leasehold in the center as of January 1, 1984, is:

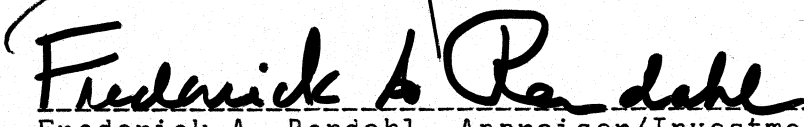
ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS

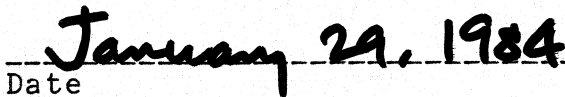
(\$1,700,000)

if the buyer was to obtain new market rate financing at a 13 percent annual interest rate, with a maximum debt coverage

ratio of 1.25 and an amortization term of 30 years. It is assumed that the existing land lease will not be subordinated to the new mortgage.


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


Frederick A. Rendahl, Appraiser/Investment Analyst


Date

APPENDIX A

STATEMENTS OF GENERAL ASSUMPTIONS AND
LIMITING CONDITIONS

1. Contributions of Other Professionals

- . Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the consultants.
- . The appraiser assumes no responsibility for legal matters.
- . All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

2. Facts and Forecasts Under Conditions of Uncertainty

- . The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- . Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.
- . A professional engineering analysis of the subject property was neither provided for use nor made as a part of this appraisal contract. Any representation as to the condition of the property or its suitability is, therefore, based only on an investigation by the appraiser and the value conclusions are subject to said limitations.
- . Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

- . Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

3. Controls on Use of Appraisal

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

APPENDIX B
LEGAL DESCRIPTION OF THE VILLAGE MALL SHOPPING CENTERProperty Description

Part of the Northeast 1/4 of the Northeast 1/4 of Section 7, Township 8 North, Range 9 East, in the Village of Waunakee, Dane County, Wisconsin, more fully described as follows: Commencing at the Northeast corner of Section 7, Township 8 North, Range 9 East; thence South 1° 36' East 819.83 feet; thence South 89° 36' West 33 feet to the point of beginning; thence South 89° 36' West 389.07 feet; thence North 1° 36' West 781.96 feet; thence North 88° 53' East 213.00 feet; thence South 1° 36' East 226.00 feet; thence North 88° 53' East 176.00 feet; thence South 1° 36' East 560.83 feet to the point of beginning, excepting therefrom the West 168 feet of the North 120 feet.

This is not a homestead property.

Permitted Encumbrances

1. Taxes, general for the year 1978 and subsequent years, not yet due or payable.
2. Easement to Wisconsin Power and Light Company as contained in instrument recorded in Volume 32 of Misc., page 496, as Document No. 345698 and affidavit recorded on July 8, 1966 as Document No. 1165023 as located on Survey revised May 10, 1978 prepared by D'Onofrio, Kottke and Associates, Inc.
3. Easement to Waunakee Telephone Company contained in instrument recorded on September 4, 1970, as Document No. 1272461, as located on Survey revised May 10, 1978, prepared by D'Onofrio, Kottke and Associates, Inc.
4. Dedication and Agreement contained in instrument recorded on June 5, 1974 as Document No. 1399856, provided the terms and conditions thereof have not been violated.
5. Agreement contained in instrument recorded on May 23, 1975 as Document No. 1429169, provided the terms and conditions thereof have not been violated.

APPENDIX C
FORECAST OF REVENUES FOR 10 YEARS

ASSUMPTIONS FOR FORECAST OF REVENUES

1. New leases are written at market rates for the time of renewal and are equal to the 1984 market rental rate times the change in general price level minus 1.5 percent for each year; or $1984 \text{ market rental} * (1 + 8\% - 1.5\%)^n$
2. Vacant space is treated as if rented at current market rentals. A vacancy allowance is considered as a separate deduction.
3. Terms of new leases are three years without options.
4. Tenant sales increase at the rate of inflation from current levels (as stabilized).
5. New lease overage rental payment is set to -0-. A new overage basis is established at 6 percent of sales over a base amount as follows:

$$\text{Base Overage} = \frac{\text{Market rent per square foot}}{\text{square foot}} \times \frac{\text{square foot}}{\text{overage percent (6\%) x 1.20}}$$

[*] New market rents per square foot are established when leases end and are reestablished every three years. The new market rents per square foot are based on this formula:

$$1984 \text{ base market rent} * (1 + 8\% - 1.5\%)^n$$

1984 base rents:	Neil's Liquor	\$4.50
	Waun-A-Wash	5.75
	Pilgrim Cleaners	5.75
	First Federal S & L	7.00
	BLR Limited	6.50
	Harris Pharmacy	5.00
	Weaver Auto Supply	5.00
	Kennedy & Hahn	4.50
	L & F Hardware	3.25
	Vacant (A)	5.50
	Vacant (B)	6.00
	Vacant (C)	6.50

VILLAGE MALL 1984 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	M OF MONTHS AT RENT LEVEL	BASE RENT		FORECAST SALES		OVERAGE BASE SALES		SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE \$	RENT \$/S	TOTAL RENT	
				\$	\$/SF	\$	\$/S.F.	\$	\$/S.F.					\$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.00	4329523	236	3596000	196	733523	1.50	11003	.60	66474	3.60
Ben Franklin-A	7200	1350	12	16200	2.25	431846	41	550000	52	0	3.00	0	.00	26340	2.50
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	1500	12	18000	3.71	490774	101	0	0	0	.00	0	.00	18000	3.71
	33735			99811	2.96	5252143	156					11003		110814	3.28
SHORT TERM LEASEES															
Wash-A-Wash	1362	652	12	7829	5.75	18108	13	40000	29	0	8.00	0	.00	7829	5.75
Pilgrim Cleaners	538	258	12	3096	5.75	36780	68	25000	46	11780	8.00	942	1.75	4038	7.51
First Federal S & L	1500	813	12	9750	6.50	N.A.	N.A.	0	0	0	.00	0	.00	9750	6.50
RLK Limited	2138	1158	12	13897	6.50	160699	75	198529	93	0	6.00	0	.00	13897	6.50
Harris Pharmacy	3679	1380	12	16554	4.50	512827	139	400000	109	112827	3.50	3944	1.07	20503	5.57
Weaver Auto Supply	3156	1315	12	15780	5.00	373254	116	420000	135	0	6.00	0	.00	15780	5.00
Kennedy & Hahn	4243	1591	12	19094	4.50	562276	133	265188	63	297089	6.00	0	.00	19094	4.50
L & F Hardware	7200	1415	12	16980	2.36	231250	32	400000	56	0	5.00	0	.00	16980	2.36
Garden Shop	2400	20	12	240	.10	0	0	0	0	0	.00	0	.00	240	.10
Vacant A	2523	1156	12	13877	5.50	0	0	0	0	0	.00	0	.00	13877	5.50
Vacant B	1569	785	12	9414	6.00	0	0	0	0	0	.00	0	.00	9414	6.00
Vacant C	790	428	12	5135	6.50	0	0	0	0	0	.00	0	.00	5135	6.50
Lyne Machine		8	12	100	N.A.	N.A.	0	0	0	0	.00	0	.00	100	.00
	28698			131745	4.59	1895195	66					4691		136636	4.76
TOTAL	62433			231556	3.71	7147337	114					15894		247450	3.96

VILLAGE MALL 1985 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE RENT \$	\$/S	TOTAL RENT \$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	4675885	255	3596000	196	1079885	1.50	16198	.88	71669	3.90
Ben Franklin-A	7200	1350	12	16200	2.25	466393	44	550000	52	0	3.00	0	.00	26340	2.50
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	1500	2	3000	3.71	530035	109	0	0	0	.00	0	.00	21333	4.40
Neil's Liquor	4846	1833	10	18333	4.54										
	-----			-----		-----	-----					-----		-----	-----
	33735			103144	3.06	5672314	168					16198		119342	3.54
SHORT TERM LEASEES															
Wau-A-Wash	1362	653	12	7832	5.75	19557	14	40000	29	0	8.00	0	.00	7832	5.75
Pilgrim Cleaners	538	258	11	2836	5.75	39723	74	25000	46	14723	8.00	1178	2.19	4283	7.96
Pilgrim Cleaners	538	269	1	269	6.00					0	.00	0			
First Federal S & L	1500	813	12	9750	6.50	N.A.	N.A.	0	0	0	.00	0	.00	9750	6.50
BLK Limited	2138	1158	1	1158	6.50	173554	81	198529	93	0	6.00	0	.00	14740	6.89
BLK Limited	2138	1235	11	13582	6.93			205783	96	0	.00				
Harris Pharmacy	3679	1380	10	13796	4.50	553853	151	400000	109	153853	3.50	5385	1.46	22198	6.03
Harris Pharmacy	3679	1508	2	3017	4.92					0	.00	0			
Weaver Auto Supply	3156	1315	1	1315	5.00	403115	128	425000	135	0	6.00	0	.00	17227	5.46
Weaver Auto	3156	1447	11	15912	5.50										
Kennedy & Hahn	4243	1591	12	19094	4.50	607258	143	265188	63	342071	6.00	0	.00	19094	4.50
L & F Hardware	7200	1416	12	16992	2.36	249750	35	400000	56	0	5.00	0	.00	16992	2.36
Garden Shop	2400	23	12	272	.11			0	0	0	.00	0	.00	272	.11
Vacant A	2523	1156	12	13877	5.50	0	0	0	0	0	.00	0	.00	13877	5.50
Vacant B	1569	785	12	9414	6.00	0	0	0	0	0	.00	0	.00	9414	6.00
Vacant C	790	428	12	5135	6.50	0	0	0	0	0	.00	0	.00	5135	6.50
Tyne Machine		9	12	113	N.A.	N.A.	0	0	0	0	.00	0	.00	113	.00
	-----			-----		-----	-----					-----		-----	-----
	28698			134362	4.68	1643696	57					6563		140925	4.91
	-----			-----	-----	-----	-----					-----		-----	-----
TOTAL	62433			237506	3.80	7316010	117					22761		260267	4.17

VILLAGE MALL 1986 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE \$	\$/S	TOTAL RENT \$	\$/S.F.
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	5049956	275	3596000	196	1453956	1.50	21809	1.19	77286	4.21
Ben Franklin-A	7200	1350	12	16200	2.25	503705	48	550000	52	0	3.00	0	.00	26340	2.54
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	1833	2	3667	4.54	572438	118	0	0	0	.00	0	.00	22833	4.71
Neil's Liquor	4846	1917	10	19167	4.75										
	33735			104644	3.10	6126099	182					21809		126454	3.75
SHORT TERM LEASEES															
Wau-A-Wash	1362	653	2	1305	5.75	21122	16	40000	29	0	8.00	0	.00	8115	5.96
Wau-A-Wash	1362	681	10	6810	6.00										
Pilgrim Cleaners	538	269	12	3228	6.00	42901	80	25000	46	17901	8.00	1432	2.66	4660	8.66
First Federal S & L	1500	813	12	9750	6.50	N.A.	N.A.	0	0	0	.00	0	.00	9750	6.50
BLR Limited	2138	1313	12	15757	7.37	187439	88	218848	102	0	.00	0	.00	15757	7.37
Harris Pharmacy	3679	1508	12	18101	4.92	598162	163	400000	109	198162	3.50	6936	1.89	25036	6.81
Weaver Auto Supply	3156	1447	1	1447	5.50	435364	138	425000	135	10364	6.00	622	.20	18703	5.93
Weaver Auto	3156	1512	11	16635	5.75					0	.00	0	.00		
Kennedy & Mahr	4243	1591	12	19094	4.50	655839	155	265188	63	0	.00	0	.00	19094	4.50
L & F Hardware	7200	1416	12	16992	2.36	269730	37	400000	56	0	5.00	0	.00	16992	2.36
Garden Shop	2400	20	12	240	.10		0	0	0	0	.00	0	.00	240	.10
Vacant A	2523	1156	12	13877	5.50	0	0	0	0	0	.00	0	.00	13877	5.50
Vacant B	1569	785	12	9414	6.00	0	0	0	0	0	.00	0	.00	9414	6.00
Vacant C	790	428	12	5135	6.50	0	0	0	0	0	.00	0	.00	5135	6.50
Tyne Machine		8	4	33	N.A.	N.A.	0	0	0	0	.00	0	.00	109	.00
Tyne Machine		9	8	76				0	0	0	.00	0	.00		.00
	28698			137817	4.80	1775191	62					8990		146882	5.12
TOTAL	62433			242461	3.88	7901290	127					30799		273335	4.36

VILLAGE MALL 1987 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	N OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE \$	RENT \$/S	TOTAL RENT \$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	5453953	297	3596000	196	1857953	1.50	27869	1.52	83340	4.54
Ben Franklin-A	7200	1350	12	16200	2.25	544001	52	550000	52	0	3.00	0	.00	26340	2.50
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	1917	2	3833	4.75	618233	128	0	0	0	.00	0	.00	23833	4.92
Neil's Liquor	4846	2000	10	20000	4.95										
	-----			-----		-----	-----					-----		-----	-----
	33735			105644	3.13	6616187	196					27869		133513	3.96
SHORT TERM LEASEES															
Maun-A-Wash	1362	681	12	8172	6.00	22811	17	40000	29	0	8.00	0	.00	8172	6.00
Pilgrim Cleaners	538	269	11	2959	6.00	46333	86	25000	46	21333	8.00	1707	3.17	4977	9.25
Pilgrim Cleaners	538	311	1	311	6.94			51857	96	0	.00	0			
First Federal S & L	1500	813	11	8938	6.50	N.A.	N.A.	0	0	0	.00	0	.00	8938	5.96
First Federal	1500	1058	1	1058	8.46										
BLR Limited	2138	1313	12	15757	7.37	202434	95	218848	102	0	6.00	0	.00	15757	7.37
Harris Pharmacy	3679	1508	10	15084	4.92	646015	176	400000	109	246015	3.50	8611	2.34	27398	7.45
Harris Pharmacy	3679	1852	2	3704	6.04			308627	84	0	.00	0			
Weaver Auto Supply	3156	1512	1	1512	5.75	470193	149	425000	135	0	6.00	0	.00	18870	5.98
Weaver Auto	3156	1578	11	17358	6.00										
Kennedy & Hahn	4243	1923	12	23082	5.44	708306	167	320582	76	387724	6.00	0	.00	23082	5.44
L & F Hardware	7200	1416	8	11328	2.36	291308	40	400000	56	0	5.00	0	.00	20760	2.86
L & F Hardware	7200	2358	4	9432	3.93			393000	55	0	.00	0			
Garden Shop	2400	26	12	309	.13				0	0	.00	0	.00	309	.13
Vacant A	2523	1396	12	16753	6.64	0	0	0	0	0	.00	0	.00	16753	6.64
Vacant B	1569	947	12	11360	7.24	0	0	0	0	0	.00	0	.00	11360	7.24
Vacant C	790	517	12	6202	7.85	0	0	0	0	0	.00	0	.00	6202	7.85
Tyme Machine		11	12	129	N.A.	N.A.	0	0	0	0	.00	0	.00	129	.00
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	28698			153445	5.35	1917206	67					10317		162705	5.67
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TOTAL	62433			259089	4.15	8533394	137					38186		296218	4.74

VILLAGE MALL 1988 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TEENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE RENT \$	\$/S	TOTAL RENT \$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	5890269	321	3596000	196	2294269	1.50	34414	1.87	89885	4.90
Ben Franklin-A	7200	1350	12	16200	2.25	587521	56	550000	52	37521	3.00	1126	.16	27466	2.61
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	2000	2	4000	4.95	667692	138	0	0	0	.00	0	.00	27333	5.64
Neil's Liquor	4846	2333	10	23333	5.78										
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	33735			109144	3.24	7145482	212					35540		144664	4.29
SHORT TERM LEASEES															
Maun-A-Wash	1362	681	2	1362	6.00	24636	18	113500	83	0	.00	0	.00	10306	7.57
Maun-A-Wash	1362	894	10	8944	7.88			149063	109	0	.00	0	.00		
Pilgrim Cleaners	538	331	12	3976	7.39	50039	93	55220	103	0	.00	0	.00	3976	7.39
First Federal S & L	1500	1125	12	13500	9.00	N.A.	N.A.	0	0	0	.00	0	.00	13500	9.00
BLK Limited	2138	1313	1	1313	7.37	218629	102	218848	102	0	.00	0	.00	16756	8.77
BLK Limited	2138	1586	11	17443	8.90			264281	124	0	.00	0	.00		
Harris Pharmacy	3679	1971	12	23656	6.43	697696	190	328555	89	0	.00	0	.00	23656	6.43
Weaver Auto Supply	3156	1578	1	1578	6.00	507809	161	425000	135	6901	6.00	414	.13	21809	6.91
Weaver Auto	3156	1802	11	19817	6.85			300258	95	0	.00	0	.00		
Kennedy & Hahn	4243	2044	12	24525	5.78	764970	180	340619	80	0	.00	0	.00	24525	5.78
L & F Hardware	7200	2508	12	30096	4.18	314613	44	418000	58	0	.00	0	.00	30096	4.18
Garden Shop	2400	24	12	290	.12			0	0	0	.00	0	.00	290	.12
Vacant A	2523	1486	12	17838	7.07	0	0	0	0	0	.00	0	.00	17838	7.07
Vacant B	1569	1008	12	12097	7.71	0	0	0	0	0	.00	0	.00	12097	7.71
Vacant C	790	550	12	6604	8.36	0	0	0	0	0	.00	0	.00	6604	8.36
Ivne Machine		11	12	137	N.A.	N.A.	0	0	0	0	.00	0	.00	137	.90
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	28698			183175	6.38	2070583	72					414		183589	6.40
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TOTAL	62433			292319	4.68	9216065	148					35954		328273	5.26

VILLAGE MALL 1989 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE RENT \$	\$/S	TOTAL RENT \$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	6361490	346	3596000	196	2765490	1.50	41482	2.26	96953	5.28
Ben Franklin-A	7200	1350	12	16200	2.25	634523	60	550000	52	84523	3.00	2536	.35	28876	2.74
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	2333	2	4667	5.78	721107	149	0	0	0	.00	0	.00	29667	6.12
Neil's Liquor	4846	2500	10	25000	6.19										
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	33735			111478	3.30	7717121	229					44018		155496	4.61
SHORT TERM LEASEES															
Wann-A-Wash	1362	894	12	10733	7.88	26607	20	149063	109	0	.00	0	.00	10733	7.88
Pilgrim Cleaners	538	331	12	3976	7.39	54043	100	55220	103	0	.00	0	.00	3976	7.39
First Federal S & L	1500	1125	12	13500	9.00	N.A.	N.A.	0	0	0	.00	0	.00	13500	9.00
BLR Limited	2138	1586	12	19028	8.90	236119	110	264281	124	0	.00	0	.00	19028	8.90
Harris Pharmacy	3679	1971	12	23656	6.43	753511	205	328555	89	0	.00	0	.00	23656	6.43
Weaver Auto Supply	3156	1802	12	21619	6.85	548433	174	300258	95	0	.00	0	.00	21619	6.85
Kennedy & Hahn	4243	2044	12	24525	5.78	826168	195	340619	80	0	.00	0	.00	24525	5.78
L & F Hardware	7200	2508	12	30096	4.18	339782	47	418000	58	0	.00	0	.00	30096	4.18
Garden Shop	2400	26	12	309	.13				0	0	.00	0	.00	309	.13
Vacant A	2523	1724	12	17838	7.07	0	0	0	0	0	.00	0	.00	17838	7.07
Vacant B	1569	1170	12	12097	7.71	0	0	0	0	0	.00	0	.00	12097	7.71
Vacant C	790	638	12	6604	8.36	0	0	0	0	0	.00	0	.00	6604	8.36
Lyne Machine		12	12	146	N.A.	N.A.	0	0	0	0	.00	0	.00	146	.00
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	28698			184125	6.42	2236230	78					0		184125	6.42
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TOTAL	62433			295603	4.73	9953350	159					44018		339621	5.44

VILLAGE MALL 1990 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT \$	\$/SF	FORECAST SALES \$	\$/S.F.	OVERAGE BASE SALES \$	\$/S.F.	SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE \$	RENT \$/S	TOTAL RENT \$	\$/SF
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	6870410	374	3596000	196	3274410	1.50	49116	2.68	104587	5.70
Ben Franklin-A	7200	1350	12	16200	2.25	685285	65	550000	52	135285	3.00	4059	.56	30399	2.89
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	2500	2	5000	6.19	778796	161	0	0	0	.00	0	.00	31667	6.53
Neil's Liquor	4846	2667	10	26667	6.60										
	-----			113478	3.36	8334490	247					53175		166652	4.94
	33735														
SHORT TERM LEASEES															
Wau-A-Wash	1362	894	12	10733	7.88	28736	21	149063	109	0	.00	0	.00	10733	7.88
Pilgrim Cleaners	538	331	11	3645	7.39	58366	108	55220	103	0	.00	0	.00	4045	7.52
Pilgrim Cleaners	538	400	1	400	8.93			66727	124	0	.00	0	.00		
First Federal S & L	1500	1125	11	12375	9.00	N.A.	N.A.	0	0	0	.00	0	.00	13734	9.16
First Federal	1500	1359	1	1359	10.87			0	0	0	.00	0	.00		
BLR Limited	2138	1586	12	19028	8.90	255008	119	264281	124	0	.00	0	.00	19028	8.90
Harris Pharmacy	3679	1971	10	19713	6.43	813792	221	328555	89	0	.00	0	.00	24478	6.65
Harris Pharmacy	3679	2382	2	4764	7.77			397025	108	0	.00	0	.00		
Weaver Auto Supply	3156	1802	12	21619	6.85	592308	188	300258	95	0	.00	0	.00	21619	6.85
Kennedy & Hahn	4243	2472	12	29659	6.99	892261	210	411925	97	0	.00	0	.00	29659	6.99
L & F Hardware	7200	2508	8	20064	4.18	366964	51	418000	58	0	.00	0	.00	32184	4.47
L & F Hardware	7200	3030	4	12120	5.05			505000	70	0	.00	0	.00		
Garden Shop	2400	31	12	373	.16	0	0	0	0	0	.00	0	.00	373	.16
Vacant A	2523	1798	12	21572	8.55	0	0	0	0	0	.00	0	.00	21572	8.55
Vacant B	1569	1220	12	14639	9.33	0	0	0	0	0	.00	0	.00	14639	9.33
Vacant C	790	665	12	7979	10.10	0	0	0	0	0	.00	0	.00	7979	10.10
Lyne Machine		13	12	155	N.A.	N.A.	0	0	0	0	.00	0	.00	155	.00
	-----			200196	6.98	2415128	84					0		200196	6.98
	28698														
	-----			313674	5.02	0749618	172					53175		366848	5.88
TOTAL	62433														

VILLAGE MALL 1991 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE	MONTHLY	# OF	BASE RENT	FORECAST	SALES	OVERAGE		SALES		OVERAGE	RENT	TOTAL RENT		
	(S.F.)	RENT	MONTHS				AT RENT	BASE SALES	SUBJECT TO	OVERAGE			OVERAGE	RENT	\$
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	7420042	404	3596000	196	3824042	1.50	57361	3.12	112832	6.15
Ben Franklin-A	7200	1350	12	16200	2.25	740107	70	550000	52	190107	3.00	5703	.79	32043	3.04
Ben Franklin-B	3329	845	12	10140	3.05										
Neill's Liquor	4846	2667	2	5333	6.60	841100	174	0	0	0	.00	0	.00	33666	6.95
Neill's Liquor	4846	2833	10	28333	7.02										
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	33735			115477	3.42	9001249	267					63064		178541	5.29
SHORT TERM LEASEES															
Waun-A-Wash	1362	894	2	1789	7.88	31035	23	149063	109	0	.00	0	.00	12590	9.24
Waun-A-Wash	1362	1080	10	10801	9.52			180015	132	0	.00	0	.00		
Pilgrim Cleaners	538	400	12	4804	8.93	63035	117	66727	124	0	.00	0	.00	4804	8.93
First Federal S & L	1500	1359	12	16305	10.87	N.A.	N.A.	0	0	0	.00	0	.00	16305	10.87
BLR Limited	2138	1586	1	1586	8.90	275409	129	264281	124	0	.00	0	.00	22669	10.60
BLR Limited	2138	1917	11	21083	10.76			319437	149	0	.00	0	.00		
Harris Pharmacy	3679	2382	12	28586	7.77	878896	239	397025	108	0	.00	0	.00	28586	7.77
Weaver Auto Supply	3156	1802	1	1802	6.85	639693	203	300258	95	0	.00	0	.00	25741	8.16
Weaver Auto	3156	2176	11	23940	8.27			362720	115	0	.00	0	.00		
Kennedy & Hahn	4243	2472	12	29659	6.99	963642	227	411925	97	0	.00	0	.00	29659	6.99
L & F Hardware	7200	3030	12	36360	5.05	396321	55	505000	70	0	.00	0	.00	36360	5.05
Garden Shop	2400	31	12	373	.16				0	0	.00	0	.00	373	.16
Vacant A	2523	1573	12	21572	8.55	0	0	0	0	0	.00	0	.00	21572	8.55
Vacant B	1569	1067	12	14639	9.33	0	0	0	0	0	.00	0	.00	14639	9.33
Vacant C	790	582	12	7979	10.10	0	0	0	0	0	.00	0	.00	7979	10.10
Tyme Machine		12	12	146	N.A.	N.A.	0	0	0	0	.00	0	.00	146	.00
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	28698			221421	7.72	2608338	91					0		221421	7.72
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TOTAL	62433			336898	5.40	11609588	186					63064		399962	6.41

VILLAGE MALL 1992 FORECAST OF REVENUES
8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT		FORECAST \$	SALES \$/S.F.	OVERAGE BASE SALES		SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE RENT		TOTAL RENT	
				\$	\$/SF			\$	\$/S.F.			\$	\$/S.F.	\$	\$/S
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	8013646	436	3596000	196	4417646	1.50	66265	3.61	121736	6.63
Ben Franklin-A	7200	1350	12	16200	2.25	799316	76	550000	52	249316	3.00	7479	1.04	33819	3.21
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	2833	2	5667	7.02	908388	187	0	0	0	.00	0	.00	35667	7.36
Neil's Liquor	4846	3000	10	30000	7.43										
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	33735			117478	3.48	9721349	288					73744		191222	5.67
SHORT TERM LEASEES															
Uaun-A-Wash	1362	1081	12	12966	9.52	33517	25	180087	132	0	.00	0	.00	12966	9.52
Pilgrim Cleaners	538	400	12	4804	8.93	68078	127	66727	124	0	.00	0	.00	4804	8.93
First Federal S & L	1500	1359	12	16305	10.87	N.A.	N.A.	0	0	0	.00	0	.00	16305	10.87
BLR Limited	2138	1917	12	23005	10.76	297442	139	319512	149	0	.00	0	.00	23005	10.76
Harris Pharmacy	3679	2382	12	28586	7.77	949207	258	397025	108	0	.00	0	.00	28586	7.77
Weaver Auto Supply	3156	2175	12	26100	8.27	690868	219	362502	115	0	.00	0	.00	26100	8.27
Kennedy & Hahn	4243	2472	12	29659	6.99	1040734	245	411925	97	0	.00	0	.00	29659	6.99
L & F Hardware	7200	3030	12	36360	5.05	428027	59	505000	70	0	.00	0	.00	36360	5.05
Garden Shop	2400	31	12	373	.16				0	0	.00	0	.00	373	.16
Vacant A	2523	1798	12	21572	8.55	0	0	0	0	0	.00	0	.00	21572	8.55
Vacant B	1569	1220	12	14639	9.33	0	0	0	0	0	.00	0	.00	14639	9.33
Vacant C	790	665	12	7979	10.10	0	0	0	0	0	.00	0	.00	7979	10.10
Lyne Machine		15	12	176	N.A.	N.A.	0	0	0	0	.00	0	.00	176	.00
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	28698			222524	7.75	2817005	98					0		222524	7.75
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TOTAL	62433			340002	5.45	2538355	201					73744		413745	6.63

VILLAGE MALL 1993 FORECAST OF REVENUES

8.00 Percent Inflation Rate

TENANTS	SIZE (S.F.)	MONTHLY RENT \$	# OF MONTHS AT RENT LEVEL	BASE RENT		FORECAST \$	SALES \$/S.F.	OVERAGE		SALES SUBJECT TO OVERAGE	OVERAGE PCT.	OVERAGE \$	RENT \$/S	TOTAL RENT	
				\$	\$/SF			\$	\$/S.F.					\$	\$/S.F.
LONG TERM LEASEES															
The Godfrey Co.	18360	4623	12	55471	3.02	8654737	471	3596000	196	5058737	1.50	75881	4.13	131352	7.15
Ben Franklin-A	7200	1350	12	16200	2.25	863261	82	550000	52	313261	3.00	9398	1.31	35738	3.39
Ben Franklin-B	3329	845	12	10140	3.05										
Neil's Liquor	4846	3000	2	6000	7.43	981059	202	0	0	0	.00	0	.00	40112	8.28
Neil's Liquor	4846	3411	10	34112	8.45										
	33735			121923	3.61	10499057	311					85279		207202	6.14
SHORT TERM LEASEES															
Wauun-A-Wash	1362	1081	12	12966	9.52	36199	27	180087	132	0	.00	0	.00	12966	9.52
Pilgrim Cleaners	538	400	11	4404	8.93	73524	137	66727	124	0	.00	0	.00	4888	9.09
Pilgrim Cleaners	538	484	1	484	10.79			80652	150	0	.00	0	.00		
First Federal S & L	1500	1359	11	14946	10.87	N.A.	N.A.	0	0	0	.00	0	.00	16589	11.06
First Federal	1500	1642	1	1642	13.14			0	0	0	.00	0	.00		
BLR Limited	2138	1917	12	23005	10.76	321237	150	319512	149	0	.00	0	.00	23005	10.76
Harris Pharmacy	3679	2382	10	23822	7.77	1025144	279	397025	108	0	.00	0	.00	29577	8.04
Harris Pharmacy	3679	2877	2	5755	9.39			479583	130	0	.00	0	.00		
Weaver Auto Supply	3156	2175	12	26100	8.27	746137	236	362502	115	0	.00	0	.00	26100	8.27
Kennedy & Mahn	4243	2987	12	35841	8.45	1123992	265	497793	117	0	.00	0	.00	35841	8.45
L & F Hardware	7200	3030	8	24240	5.05	462269	64	505000	70	0	.00	0	.00	38882	5.40
L & F Hardware	7200	3660	4	14642	6.10			610070	85	0	.00	0	.00		
Garden Shop	2400	38	12	451	.19	0	0	0	0	0	.00	0	.00	451	.19
Vacant A	2523	2171	12	26048	10.32	0	0	0	0	0	.00	0	.00	26048	10.32
Vacant B	1569	1473	12	17671	11.26	0	0	0	0	0	.00	0	.00	17671	11.26
Vacant C	790	803	12	9639	12.20	0	0	0	0	0	.00	0	.00	9639	12.20
Tyne Machine		15	12	176	N.A.	N.A.	0	0	0	0	.00	0	.00	176	.00
	28698			241833	8.43	3042366	106					0		241833	8.43
	62433			363756	5.83	13541423	217					85279		449035	7.19

GROSS LEASEABLE AREA		RENT PER SQUARE FOOT									
		1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Godfrey Co. (Sentry)	18,360	\$3.02	----->								
Ben Franklin (A)	7,200	2.25	----->								
Ben Franklin (B)	3,329	3.05	----->								
Neil's Liquor	4,846	3.71	\$4.54	\$4.75	\$4.95	\$5.78	\$6.19	\$6.60	\$7.02	\$7.43	\$8.45
		Note: Each lease renewal starts on 2/14.									
Wauun-A-Wash	1,362	5.75	-----> 6.00 -----> 7.88 * -----> 9.52 * ----->								
		Note: Each lease renewal starts on 3/1.									
Pilgrim Cleaners	538	5.75	6.00	-----> 6.94 * -----> 8.93 * -----> 10.79 *							
		Note: Each lease renewal starts on 12/1.									
First Federal S & L	1,500	6.50	-----> 8.46 * -----> 10.87 * -----> 13.14 *								
		Note: Each lease renewal starts on 12/1.									
BLR Limited	2,138	6.50	6.93	* -----> 8.90 * -----> 10.76 * ----->							
		Note: Each lease renewal starts on 2/1.									
Harris Pharmacy	3,679	4.50	4.92	-----> 6.04 * -----> 7.77 * -----> 9.39 *							
		Note: Each lease renewal starts on 11/1.									
Weaver Auto Supply	3,156	5.00	5.50	5.75	6.00	6.85	* -----> 8.27 * ----->				
		Note: Each lease renewal starts on 2/1.									
Kennedy & Hahn	4,243	4.50	* -----> 5.44 * -----> 6.99 * -----> 8.45 *								
L & F Hardware	7,200	2.36	-----> 3.93 * -----> 5.05 * -----> 6.10 *								
		Note: Each lease renewal starts on 9/1.									
- Garden Shop	(2,400)	.10	-----> .12 * -----> .16 * -----> .19 *								
Vacant (A)	2,523	5.50	* -----> 6.64 * -----> 8.55 * -----> 10.32 *								
Vacant (B)	1,569	6.00	* -----> 7.25 * -----> 9.33 * -----> 11.26 *								
Vacant (C)	790	6.50	* -----> 7.85 * -----> 10.10 * -----> 12.20 *								
Tyme Machine	PAD	8.33/mo	-----> 10.06 * -----> 12.15 * -----> 14.68 ----->								
		Note: Each lease renewal starts on 5/1.									
TOTAL AREA	62,433										

▪ New market rentals as defined in Assumptions for Forecast of Revenues, Appendix A.

AMORTIZATION SCHEDULE

Beginning Balance	1125402
Monthly Payment	12449
Interest Rate	.13

PAYMENT		INTEREST		PRINCIPAL		BALANCE	
				1125402	48	12449	12022
1	12449	12192	257	1125145	49	12449	12018
2	12449	12189	260	1124885	50	12449	12013
3	12449	12186	263	1124622	51	12449	12008
4	12449	12183	266	1124356	52	12449	12003
5	12449	12181	269	1124087	53	12449	11999
6	12449	12178	272	1123816	54	12449	11994
7	12449	12175	275	1123541	55	12449	11989
8	12449	12172	277	1123264	56	12449	11984
9	12449	12169	280	1122983	57	12449	11979
10	12449	12166	284	1122700	58	12449	11974
11	12449	12163	287	1122413	59	12449	11968
12	12449	12159	290	1122123	60	12449	11963
13	12449	12156	293	1121831	61	12449	11958
14	12449	12153	296	1121535	62	12449	11953
15	12449	12150	299	1121235	63	12449	11947
16	12449	12147	302	1120933	64	12449	11942
17	12449	12143	306	1120627	65	12449	11936
18	12449	12140	309	1120318	66	12449	11931
19	12449	12137	312	1120006	67	12449	11925
20	12449	12133	316	1119690	68	12449	11920
21	12449	12130	319	1119371	69	12449	11914
22	12449	12127	323	1119048	70	12449	11908
23	12449	12123	326	1118722	71	12449	11902
24	12449	12119	330	1118392	72	12449	11896
25	12449	12116	333	1118059	73	12449	11890
26	12449	12112	337	1117722	74	12449	11884
27	12449	12109	341	1117382	75	12449	11878
28	12449	12105	344	1117037	76	12449	11872
29	12449	12101	348	1116690	77	12449	11866
30	12449	12097	352	1116338	78	12449	11859
31	12449	12094	356	1115982	79	12449	11853
32	12449	12090	359	1115623	80	12449	11846
33	12449	12086	363	1115260	81	12449	11840
34	12449	12082	367	1114893	82	12449	11833
35	12449	12078	371	1114521	83	12449	11827
36	12449	12074	375	1114146	84	12449	11820
37	12449	12070	379	1113767	85	12449	11813
38	12449	12066	383	1113384	86	12449	11806
39	12449	12062	388	1112996	87	12449	11799
40	12449	12057	392	1112604	88	12449	11792
41	12449	12053	396	1112208	89	12449	11785
42	12449	12049	400	1111808	90	12449	11778
43	12449	12045	405	1111404	91	12449	11771
44	12449	12040	409	1110995	92	12449	11763
45	12449	12036	413	1110581	93	12449	11756
46	12449	12031	418	1110163	94	12449	11748
47	12449	12027	422	1109741	95	12449	11741
					96	12449	11733
					97	12449	11725
					98	12449	11717
					427	1109314	99
					432	1108882	100
					436	1108446	101
					441	1108005	102
					446	1107559	103
					451	1107109	104
					455	1106653	105
					460	1106193	106
					465	1105727	107
					470	1105257	108
					476	1104781	109
					481	1104301	110
					486	1103815	111
					491	1103324	112
					496	1102827	113
					502	1102325	114
					507	1101818	115
					513	1101305	116
					518	1100787	117
					524	1100263	118
					530	1099733	119
					535	1099198	120
					541	1098656	
					547	1098109	
					553	1097556	
					559	1096997	
					565	1096432	
					571	1095861	
					577	1095284	
					584	1094700	
					590	1094110	
					596	1093514	
					603	1092911	
					609	1092302	
					616	1091686	
					623	1091064	
					629	1090434	
					636	1089798	
					643	1089155	
					650	1088505	
					657	1087848	
					664	1087184	
					671	1086513	
					679	1085834	
					686	1085148	
					693	1084455	
					701	1083754	
					709	1083045	
					716	1082329	
					724	1081605	
					732	1080873	

APPENDIX F
VALTEST

INPUT ASSUMPTIONS

1. ENTER PROJECT NAME ? VILLAGE MALL
2. ENTER PROJECTION PERIOD ? 10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
N.O.I. YEAR 1? 186738
N.O.I. YEAR 2? 196536
N.O.I. YEAR 3? 205177
N.O.I. YEAR 4? 225421
N.O.I. YEAR 5? 252666
N.O.I. YEAR 6? 259664
N.O.I. YEAR 7? 281281
N.O.I. YEAR 8? 307713
N.O.I. YEAR 9? 317962
N.O.I. YEAR 10? 346015
4. ACQUISITION COST: ? 1700000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 1125402, .13, 30, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? 1, 15
IS THERE A SECOND IMPROVEMENT? Y OR N? N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
70% (PRE-1981 LAW)
50% (1981 LAW, EFFECTIVE 1982)

(PLUS STATE RATE)

ENTER:
1) EFFECTIVE ORDINARY RATE 2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
? .5, .5
9. RESALE PRICE (NET OF SALE COSTS) ? 2739286
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)? 9.25
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)? 9.25

APPENDIX F (Continued)

AFTER TAX CASH FLOW PROJECTION
VILLAGE MALL
DATE 1/24/84

DATA SUMMARY

ACQUISITION COST: \$1,700,000. MTG. AMT.: \$1,125,402.
 NOI 1ST YR: \$186,738. MTG. INT.: 13%
 ORIG. EQUITY: \$574,598. MTG. TERM: 30. YRS
 CTO 1ST YEAR: \$37,348. DEBT SERVICE 1ST YEAR: \$149,390.
 MTG. CONST.: .13274398
 IMP. #1 VALUE: \$1,700,000. IMP. #1 LIFE: 15.
 INC. TX RATE: 50%
 SALE YR RATE: 50% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
 NON-RESIDENTIAL PROPERTY

LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY LANDMARKD RESEARCH, IN ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.

FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	186738.	146111.	113333.	-72708.	-36355.	73703.
2.	196536.	145659.	113333.	-62457.	-31229.	78375.
3.	205177.	145144.	113333.	-53301.	-26651.	82438.
4.	225421.	144558.	113333.	-32471.	-16236.	92267.
5.	252666.	143891.	113333.	-4559.	-2280.	105556.
6.	259664.	143131.	113333.	3199.	1600.	108674.
7.	281281.	142268.	113333.	25680.	12840.	119051.
8.	307713.	141284.	113333.	53095.	26548.	131775.
9.	317962.	140165.	113333.	64463.	32232.	136340.
10.	346015.	138892.	113333.	93790.	46895.	149730.
	\$2579173.	\$1431103.	\$1133333.	\$14731.	\$7364.	\$1077906.

APPENDIX F (Continued)

RESALE PRICE: \$2,739,286.
 LESS MORTGAGE BALANCE: \$1,062,602.
 PROCEEDS BEFORE TAXES: \$1,676,684.
 LESS LENDER'S %: \$0.
 NET SALES PROCEEDS
 BEFORE TAXES: \$1,676,684.
 =====

1ST YR B4 TAX EQ DIV: 6.4998%
 AVG DEBT COVER RATIO: 1.7265

RESALE PRICE: \$2,739,286.
 LESS LENDER'S %: \$0.
 NET RESALE PRICE: \$2,739,286.
 LESS BASIS: \$566,667.
 TOTAL GAIN: \$2,172,619.
 EXCESS DEPRECIATION: \$0.
 EXCESS DEP. FORGIVEN: \$0.
 CAPITAL GAIN: \$2,172,619.
 ORDINARY GAIN: \$0.
 =====

TAX ON ORDINARY GAIN: \$0.
 TAX ON CAPITAL GAIN: \$434,524.
 PLUS MORTGAGE BAL: \$1,062,602.
 TOTAL DEDUCTIONS FROM
 NET RESALE PRICE: \$1,497,126.
 =====

NET SALES PROCEEDS
 AFTER TAX: \$1,242,160.
 =====

IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR \$2,739,286.
 THE MODIFIED I.R.R. BEFORE TAXES IS 18.5392% AND AFTER TAXES IS 17.1807%
 ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9.25%, AND OPPORTUNITY COST OF 9.25
 %

APPENDIX F (Continued)

EQUITY ANALYSIS

VILLAGE MALL

YR	NOI	BEFORE TAX EQUITY DIVIDEND			
		YR END EQUITY	AMOUNT	CASH RETURN	
				ORG EQ	CUR EQ
1.	\$186,738.	\$577,877.	\$37,348.	.0650	.0646
2.	196,536.	581,608.	47,146.	.0820	.0811
3.	205,177.	585,855.	55,787.	.0971	.0952
4.	225,421.	590,688.	76,031.	.1323	.1287
5.	252,666.	596,187.	103,276.	.1797	.1732
6.	259,664.	602,446.	110,274.	.1919	.1830
7.	281,281.	609,569.	131,891.	.2295	.2164
8.	307,713.	617,675.	158,323.	.2755	.2563
9.	317,962.	626,900.	168,572.	.2934	.2689
10.	346,015.	637,398.	196,625.	.3422	.3085

ORIGINAL EQUITY: \$ 574598

GLOSSARY

CASH THROW OFF (CTO): Net Operating Income less annual debt service; also known as Before-Tax Cash Flow.

DEBT COVER RATIO: The ratio of net operating income (NOI) from an income-producing property to the annual debt service (ADS). An underwriting tool utilized by mortgage lenders which varies depending upon the type of property offered as security for the debt and that property's cash flows.

EQUITY DIVIDEND RATE: The ratio of annual Before-Tax Cash Flow (Equity Dividend; Cash Throw Off to Equity) to the original equity investment. Sometimes called cash on cash.

EQUITY YIELD RATE: The annualized rate of return on equity capital including (in addition to the annual dividend) the full effect of any gain or loss from resale at the termination of the investment; that single discount rate which equates the present worth of all future benefits to the equity investment with the cost of that investment, i.e., the internal rate of return (IRR) to the equity investment.

GROSS LEASEABLE AREA (GLA): The denominate common to all shopping center and office building operations. Typically, the dollar values per unit of gross leaseable area are on an annual basis.

LEASEHOLD INTEREST: The interest which the lessee has in the value of the lease itself in condemnation award determination. The difference between the total remaining rent under the lease, and the rent lessee would currently pay for similar space for the same time period.

SANDWICH LEASE: A lease in which the "sandwich leaseholder" is the lessee from one party and the lessor to another (the owner of a sandwich lease is neither the fee owner nor the user of the property); a leaseholder in a chain of leases excluding the ultimate sublessee.

Source: Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass., 1981.

Henry Campbell Black, M.A., Black's Law Dictionary, Abridged Fifth Edition, The Publisher's Editorial Staff, West, St. Paul, Minn., 1983.

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

PROFESSIONAL DESIGNATIONS

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

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

CPCU, Certified Property Casualty Underwriter, College of Property
Underwriters

EDUCATION

Ph.D., Urban Land Economics and Risk Management - University of Wisconsin
Master of Business Administration Security Analysis - Marquette University
Bachelor of Arts - Rollins College

ACADEMIC AND PROFESSIONAL HONORS

Chairman, Department of Real Estate and Urban Land Economics,
School of Business, University of Wisconsin
Urban Land Institute Research Fellow
University of Wisconsin Fellow
Omicron Delta Kappa
Lambda Alpha - Ely Chapter
Beta Gamma Sigma
William Kiekhofer Teaching Award (1966)
Urban Land Institute Trustee

PROFESSIONAL EXPERIENCE

Dr. Graaskamp is the President and founder of Landmark Research, Inc., which was established in 1968. He is also co-founder of a general contracting firm, a land development company, and a farm investment corporation. He is formerly a member of the Board of Directors and treasurer of the Wisconsin Housing Finance Agency. He is currently a member of the Board and Executive Committee of First Asset Realty Advisors, a subsidiary of First Bank Minneapolis. He is the co-designer and instructor of the EDUCARE teaching program for computer applications in the real estate industry. His work includes substantial and varied consulting and valuation assignments to include investment counseling to insurance companies and banks, court testimony as expert witness and the market/financial analysis of various projects, both nationally and locally, and for private and corporate investors and municipalities.

F R E D E R I C K A . R E N D A H L

EDUCATION

Bachelor of Business Administration - Real Estate and Urban
Land Economics, University of Wisconsin

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

PROFESSIONAL EDUCATION

Society of Real Estate Appraisers (SREA)

Course 101: Appraising Real Property
Course 201: Principles of Income Property Appraising
R-2 Examination

American Institute of Real Estate Appraisers (AIREA)

Course 1A: Principles of Appraising
Course 1B: Capitalization Theory and Techniques
Course 2: Urban Properties
Course 6: Introduction to Real Estate Investment Analysis

PROFESSIONAL EXPERIENCE

Mr. Rendahl is currently associated with Landmark Research, Inc. as an appraiser and consultant. He has over ten years experience in a variety of valuation, marketability, land use and project feasibility studies. He has served individual corporate, and governmental clients, concerning commercial, industrial, and residential properties throughout the United States. These services include court testimony as an expert witness. Mr. Rendahl has been a member of the Society of Real Estate Appraisers, Young Advisory Council and an instructor of the SREA's 101 and 201 courses.

