An appraisal of Phillips retail store, City of Monona. March 26, 1986

Landmark Research, Inc.
[s.l.]: [s.n.], March 26, 1986

https://digital.library.wisc.edu/1711.dl/KKDF3NTHIJAXR8K

AN APPRAISAL OF

PHILLIPS RETAIL STORE

CITY OF MONONA

Landmark Research Inc.

AN APPRAISAL OF
PHILLIPS RETAIL STORE
CITY OF MONONA

AS OF

MARCH 26, 1986

PREPARED FOR

IRVING E. LEVY

IN CONNECTION WITH A

TAKING BY THE

STATE OF WISCONSIN

DEPARTMENT OF TRANSPORTATION

PREPARED BY

LANDMARK RESEARCH, INC.

4610 University Avenue, Suite 105, Madison, Wisconsin 53705, 608-233-6400

Landmark Research Inc.

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

May 22, 1986

Mr. Irving E. Levy, President
Ed Phillips & Sons Madison, Inc.
2620 Royal Avenue
Madison, WI 53713-1597

Dear Mr. Levy:

This letter transmits our appraisal of the Phillips retail store in Monona, Wisconsin. The date of the taking for purposes of this appraisal is March 26, 1986.

The appraisal includes "before" and "after" valuations of the real property. It also includes an estimate of the cost of repositioning the store entrance to face the parking lot entrance and an estimate of rents lost from construction activity.

As a result of our analysis, we have established the following conclusions as to Fair Market Value as of March 26, 1986, assuming cash to the seller and no consideration for financing or income tax leverage.

The estimated market value, as defined herein, of this property before the taking as of March 26, 1986, is:

ONE MILLION TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS

($1,255,000)

The estimated market value, as defined herein, of this property after the taking as of March 26, 1986, is:

ONE MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

($1,120,000)

The loss of market value accruing as a result of this taking as of March 26, 1986, is estimated to be:

ONE HUNDRED THIRTY FIVE THOUSAND DOLLARS

($135,000)

The cost to bring the subject to a cured situation after the taking is estimated to be:

ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($185,000)

The value of rents lost as a result of temporary construction activities is estimated to be:

SIXTY FIVE THOUSAND DOLLARS

($65,000)

Therefore, the total loss and damages accruing as a result of this taking as of March 26, 1986, is estimated to be:

THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($385,000)

This appraisal has been made in compliance with the requirements and guidelines of the State of Wisconsin and the Federal government with respect to valuation for eminent domain purposes and is subject to limiting conditions and assumptions contained throughout the report.

We further certify, that to the best of our knowledge, the statements made in this report are true, and we have not knowingly withheld any significant information; that we have personally inspected the subject property; that we have no interest, present or contemplated, in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; that all contingent and limiting conditions are stated herein; and that the fee charged is consistent with our usual charge for appraisal services.

Estimated Market Value, as defined, of the property taken is:

THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($385,000)

Mr. Irving E. Levy, President
Page Three
May 22, 1986

We are pleased to have been of services to you and remain available to answer questions you may have regarding this appraisal.

FOR LANDMARK RESEARCH, INC.

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

Enclosures

JAG/elm

TABLE OF CONTENTS

PAGE

LIST OF EXHIBITS

EXHIBITS		PAGE

LIST OF APPENDICES

I. PURPOSE OF THE APPRAISAL

An appraisal report provides a benchmark of value for a decision; in this case the issue is value for a partial taking of parking space and access to the site of a discount retail center known as Ed Phillips and Son, Madison, Inc.

A. The Appraisal Issue

Originally constructed in 1966, Ed Phillips and Son, Madison, Inc., (referred to as Phillips) began primarily as a wholesale distribution warehouse with a catalogue showroom retail store. Subsequently, both businesses have expanded and three additions were made to the original structure, the latest in 1981. The retail business has expanded into a specialty home store handling a variety of goods from housewares to sporting goods.

An ever-present issue in the South Towne area has been the relocation of Madison's South Beltline Highway. Each expansion was planned after consulting with those responsible for highway planning for that area, but the highway concept changed over time, necessitating an unexpected taking. This appraisal report will serve as a basis for negotiation of fair compensation under Wisconsin Chapter 32.09(6) and 32.195(6), as of March 26, 1986, the date of the jurisdictional offer to purchase the property.

Appraisal issues in this partial taking of an ongoing commercial retail establishment are:

1. Defining the larger parcel concept and the remainder parcel resulting from the taking.

2. Identifying the impact of altered access and site circulation or after values of the remainder.

3. Identifying severance damages, if any, to existing structures and their function and utility.

4. Identifying the impact of four and one-half years of temporary access roads and construction detours on retail sales and rental values of the subject property from late 1985 through 1989.

B. Identification of the Subject Property and the Legal Interests Appraised

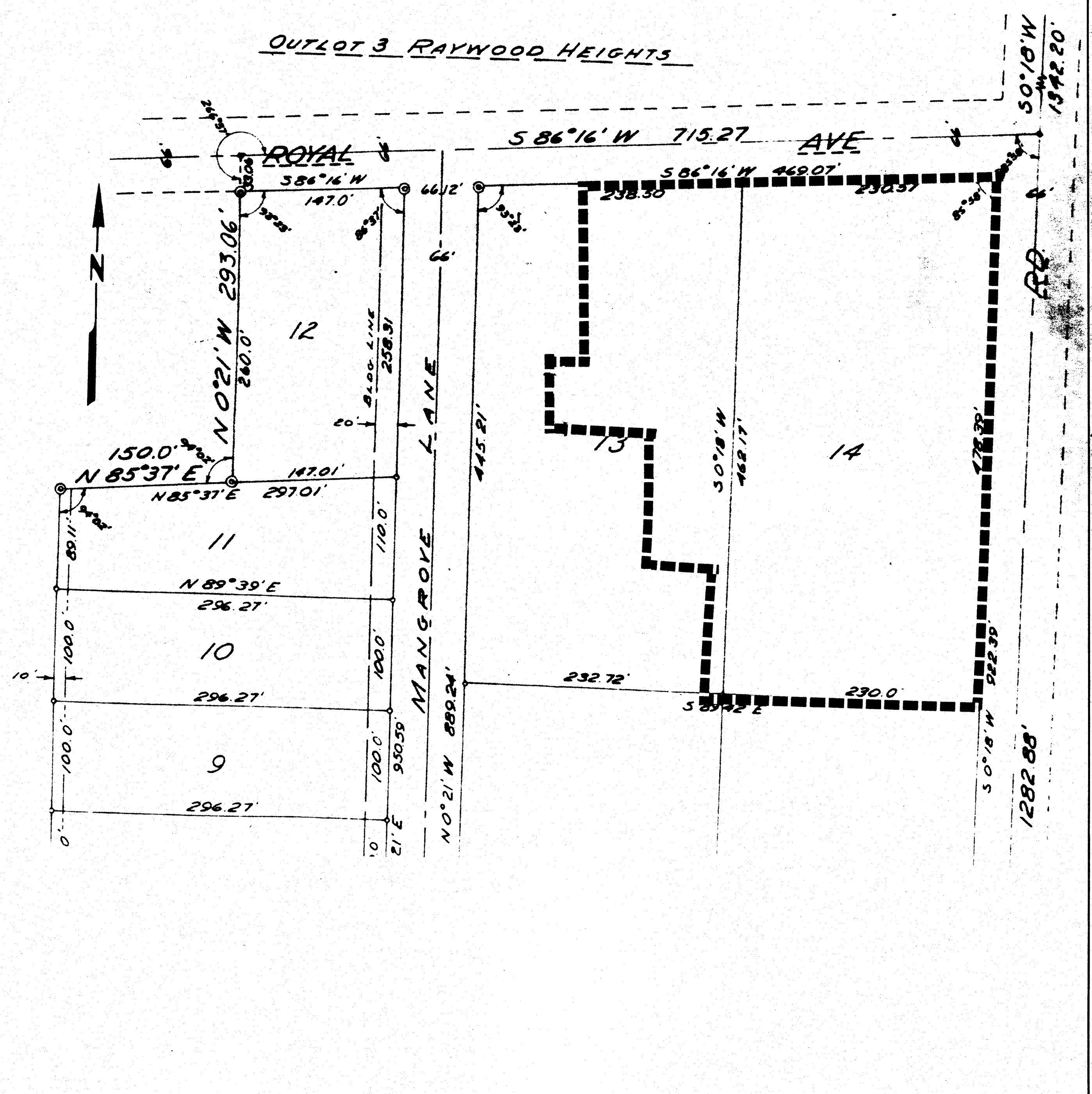
The subject of this appraisal is an improved tract of land adjacent to the Monona South Towne Development area. The subject, as shown in Exhibit I-1, comprises 3.31 acres identified as Lot 14 and part of Lot 13 of Raywood Heights Industrial Park, part of the NW1/4 of Section 30, Township 7 North, Range 10 East, Raywood Heights (originally Village of Monona), now City of Monona, Dane County, Wisconsin. The interest appraised is a fee simple interest in the subject property, subject to limitations of easements, zoning, and community planning districts of record. The subject is being acquired in connection with State of Wisconsin Department of Transportation Project I.D. 1206-02-33.

C. Date of the Valuation

Analysis and value conclusions are applicable to the required jurisdictional date of March 26, 1986, in accordance

EXHIBIT I-1

PLAT MAP



with Section 32.05(2)(b) of Wisconsin Statutes. The appraiser's final inspection of the property was made on March 1, 1986.

D. Definition of Market Value

As used in this appraisal and report, the term "market value" is defined as:

> The most probable price in cash, terms equivalent to cash, or in other precisely revealed terms, for which the appraised property will sell in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
>
> Fundamental assumptions and conditions presumed in this definition are:
>
> 1. Buyer and seller are motivated by self-interest.
> 2. Buyer and seller are well informed and are acting prudently.
> 3. The property is exposed for a reasonable time on the open market.
> 4. Payment is made in cash, its equivalent, or in specified financing terms.
> 5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
> 6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report. [1]

---

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

II. DESCRIPTION AND ANALYSIS OF THE SUBJECT PROPERTY

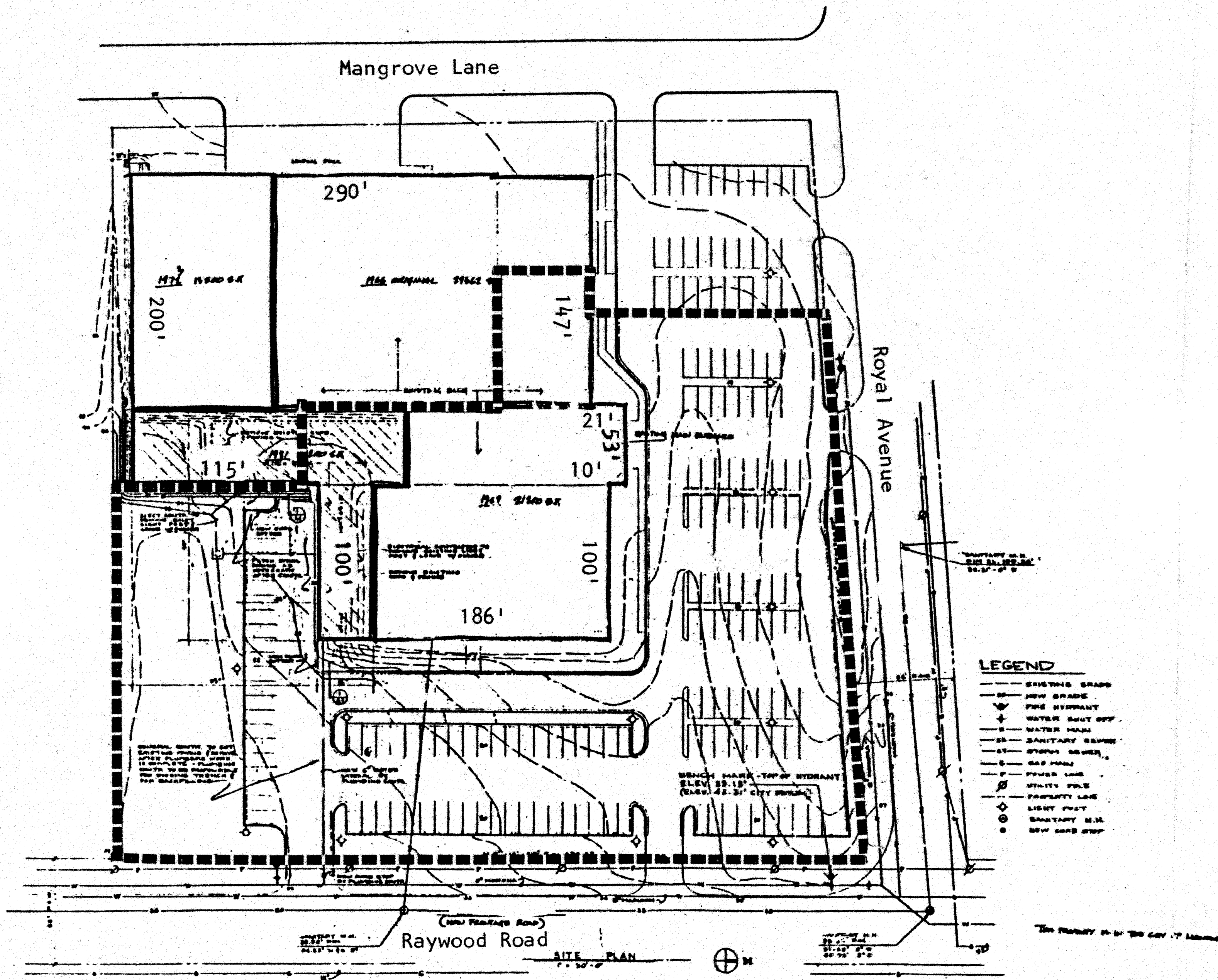
The total property owned by Ed Phillips and Sons is a rectangular parcel of 4.94 acres, bordered on the west by Mangrove Lane, the remnants of Royal Avenue on the north, and portions of Raywood Road, which has been partially replaced by a new boulevard to the east called South Towne Drive. The City of Monona currently retains ownership of the interdicted portions of Raywood Road bordering the subject property.

The western half of this property facing Mangrove Lane is devoted to the liquor wholesale business, including warehouse and office. The loss of the exit north on Mangrove Lane increases the circuity of travel for wholesale trucks, but there is no measurable change in value for this industrial warehouse property. Therefore, the larger parcel, for purposes of defining the partial taking, is only that 3.31 acre portion of the total Ed Phillips and Sons ownership which is devoted to retail sales and retail customer parking. A map of the total property and the portion representing the larger parcel is provided in Exhibit II-1. The line of division follows firewalls which subdivide the total Phillips structure as well as logical modules of parking. The appraiser believes this subdivision is consistent with, and is required to meet the three unities rule of unity of ownership, use, and contiguity.

Landmark Research, Inc.

EXHIBIT II-1

SUBJECT PARCEL AS DEFINED BY LARGER PARCEL DEFINITION



Real Estate Appraisal Terminology defines the larger parcel as:

> In condemnation, that portion of a property which has unity of ownership, contiguity, and unity of use. These are three conditions which must be present to establish the larger parcel for the purpose of considering the extent of severance damage in most states. [1]

The use of the larger parcel will be shown to be retail discount sales before and after the taking.

A. Physiographic Characteristics

1. Size and Shape

The larger parcel is an irregular-shaped parcel of 3.31 acres bordered by Royal Avenue on the north, South Towne Drive on the east, and the liquor wholesale firewall on the west, and occupies approximately 144,272 square feet of land wrapping around the Phillip's liquor warehouse (Exhibit II-1). This is the larger parcel as defined above. Photographs of the property are presented in Exhibit II-2.

2. Topography and Drainage

The subject land is fairly level, at street grade, and slopes slightly to the southeast. Site drainage is via street storm sewer and ditches located in the southeast corner of the property leading to the greenway outlots that flow in a southeasterly direction past the bulkhead line into the area designated as conservancy behind South Towne. The corner lot

----

[1] Bryl N. Boyce, AIREA, SREA, Real Estate Appraisal Terminology, Revised Edition, (Cambridge, MA: Ballinger Publishing Company, 1981), p. 148.

EXHIBIT II-2

PHOTOGRAPHS OF THE SUBJECT PROPERTY

View of entrance of Phillips Store looking southwesterly from Raywood Road.

View across eastern parking area of Phillips store.

EXHIBIT II-2 (Continued)

View looking across Raywood Road at east side of Phillips and its eastern parking area.

View of southeastern access to Phillips from Raywood Road. This is the only access which will remain after the taking.

has extensive frontage, but Royal Avenue and Raywood Road were marginal streets at the time of acquisition.

3. Soils and Subsoil Conditions

Soil studies were neither made nor provided for use in this appraisal. However, an investigation of available information indicates that the subject property generally has soils that will not adversely affect its potential use and value. Major soil groupings are from the St. Charles series and present only slight limitations for most development activities.

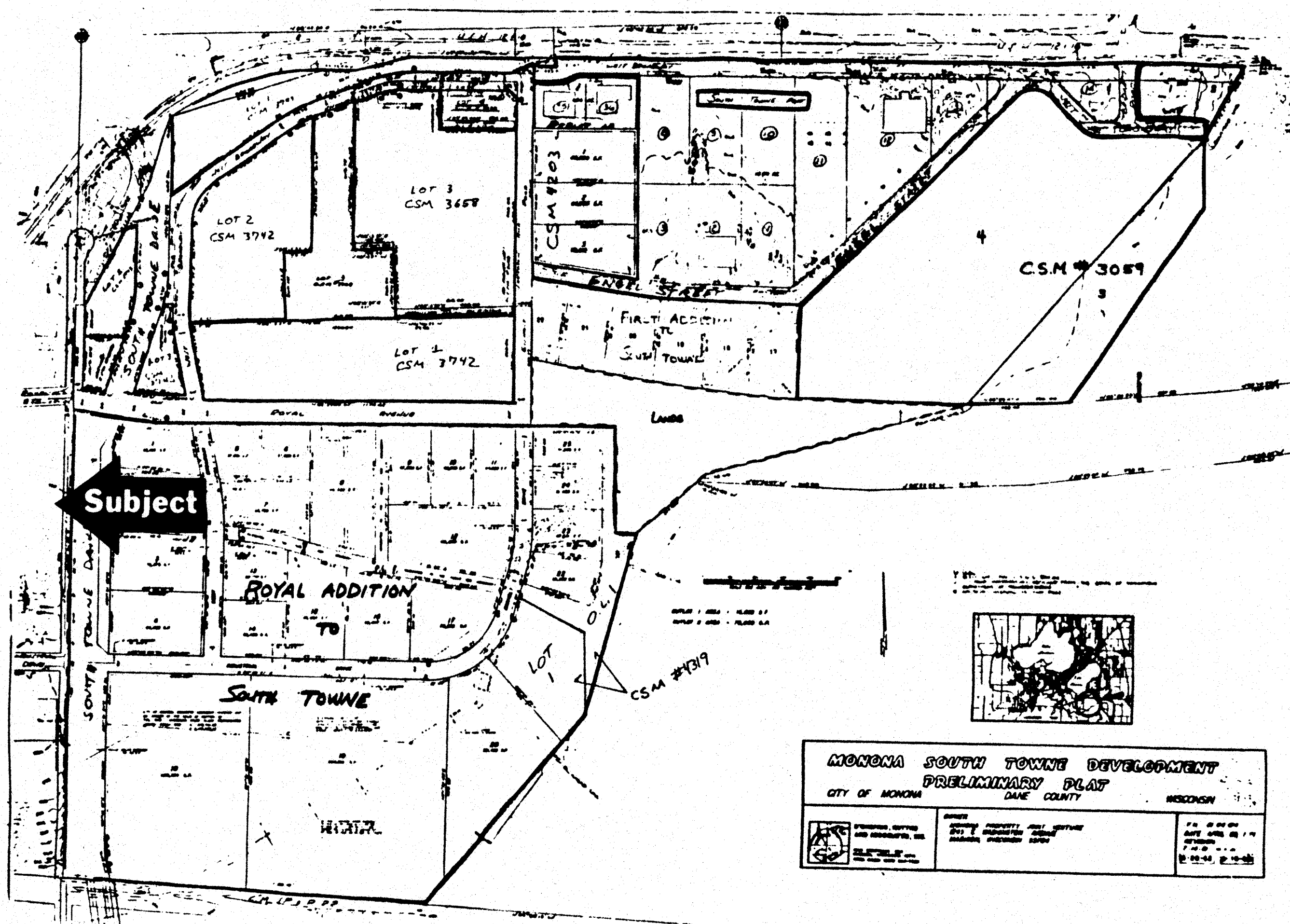
B. Location and Linkages

The South Towne development area, as shown in Exhibit II-3, is located at the south edge of the contiguous City of Madison, within the south edge of the City of Monona. It is approximately three miles southeast of the Capitol Square, three miles west of Interstate Highway 90, and one mile east of John Nolen Drive, which provides access to Madison's Central Business District (CBD).

Despite its relative proximity to downtown Madison, the area around the subject property has been somewhat slow to develop. Several reasons for this are apparent. First, Lake Monona, which is situated approximately one-quarter mile north of the subject, has diverted outward expansion of the City of Madison to the east and west of the subject area rather than through the subject area. Second, the Madison Metropolitan Sewage District's Nine Springs Treatment Plant, which is located approximately one-half mile south of the subject, has threatened

EXHIBIT II-3

SOUTH TOWNE DEVELOPMENT AREA



development in the area with occasional odors. Third, poor soils in marshland areas east of the subject property limit the maximum growth potential of the area and, thereby, further reduce the attractiveness of the area to users who would build in anticipation of an expanding residential trade area. Fourth, the railroad embankment through the marsh creates a physical barrier through which there are few streets providing access to development areas to the south.

More recently, residential growth in adjoining areas, particularly in the City of Fitchburg, has increased the desirability of the south side in general and the South Towne area in particular. This impact has been transferred most directly to the subject site via the area's primary traffic artery, West Broadway Boulevard (U.S. Highways 12 and 18). Traffic counts along this roadway are among the highest in the Madison area and have been increasing over the past several years. The 1976, 1981, and 1983 counts, along with the percentage change are shown below.

WEST BROADWAY (U.S. HIGHWAY 12 AND 18)
24-HOUR WEEKDAY TRAFFIC COUNTS:
1976, 1981, AND 1983

LOCATION	1976	1981	1983	PERCENT CHANGE (1976-1983)
Broadway at Raywood	46,600	50,250	54,100	16.1%
Broadway at Bridge Road	39,000	43,500	43,850	12.4%

Source: East Madison Traffic Flow Map, City of Madison, Wisconsin, Department of Transportation, Division of Traffic Engineering (1976, 1981, and 1983).

The market access afforded by this roadway generates the majority of the demand for goods and services at the subject's location. Because the subject site is not now, and probably will not be, surrounded by a large residential trade area, successful uses will not be oriented toward the convenience type retail goods. The location then offers the best potential for retail facilities oriented toward shopping or specialty goods, retail/service enterprises, offices, and office/warehouse facilities. These last three uses are especially able to benefit from the area's good vehicular access to the entire Madison area and to the Interstate Highway system.

Recent development of the South Towne Shopping Center has increased the desirability of the area by providing amenities necessary for continued development. In addition to creating regional identification and customer draw to the area, the center provides eating places and shopping for the area's potential employees. A study done in November 1983, indicated South Towne was the third ranking shopping center in terms of frequency of visit in the Madison area. [2]

Reconstruction of U.S. Highways 12 and 18 will relieve the growing congestion fostered by South Towne. The highway plan requires the improvement of a segment beginning at Fish Hatchery

----

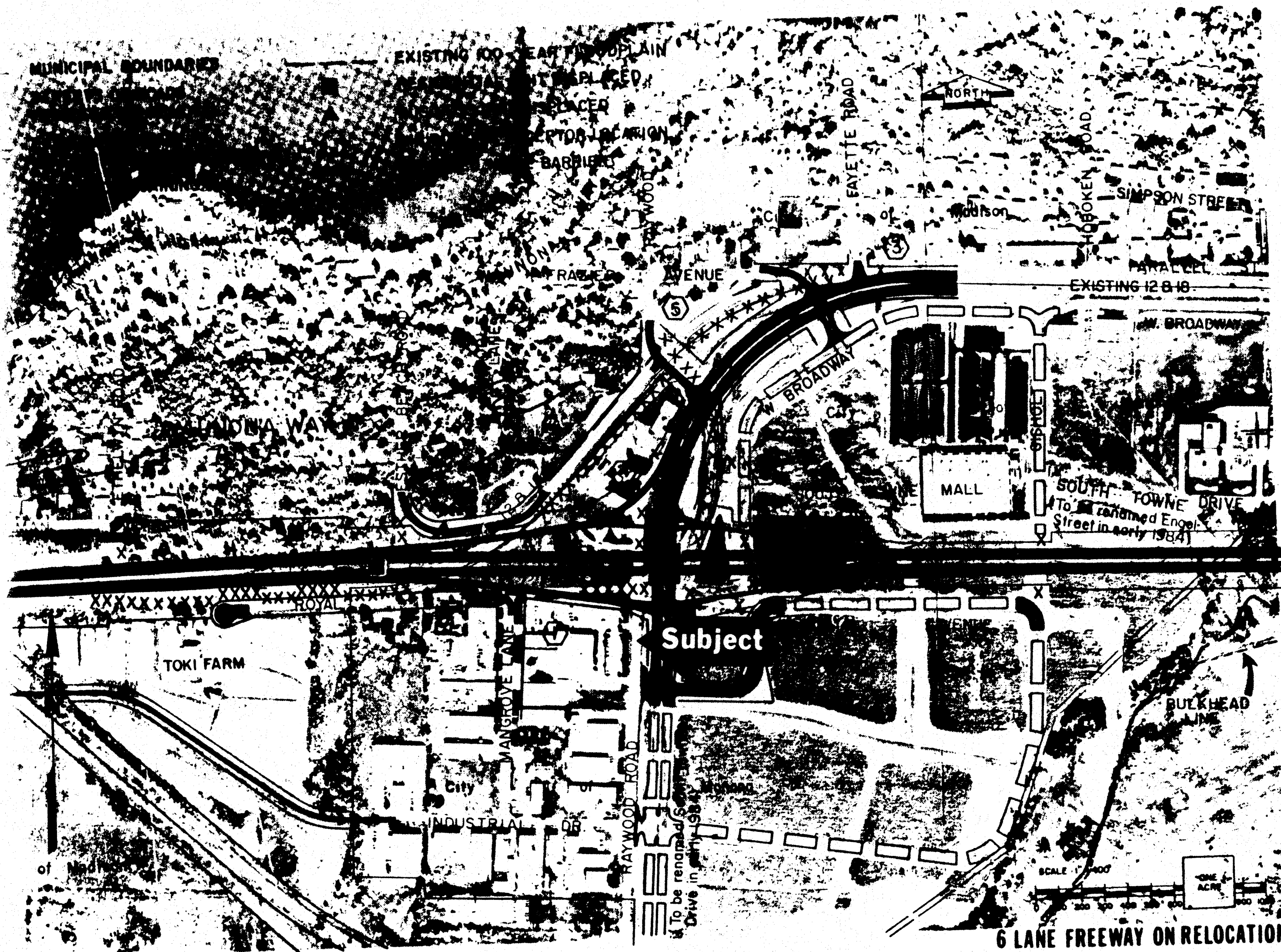
[2] From work prepared by Simmons Company, November 1983, and reported by Suzanne Reuschlein of Madison Newspapers, Inc., on April 13, 1984.

Road and extending easterly 6-1/2 miles to Interstate Highway 90. A six-lane freeway will deviate from the current alignment, pass beneath South Towne Drive, and parallel the existing road approximately 1,000 feet to the south, limiting area access to a new interchange constructed at Raywood Road. (See Exhibit II-4.) The new Raywood Road interchange will impact the subject property by reducing the retail parking area, eliminating all direct on-off site access on the Royal Avenue side to the north of the larger parcel, and restrict shopping ingress and egress to a single apron at the southeast corner of the subject property. The eastbound off-ramp of the Raywood interchange will eliminate Royal Avenue from Mangrove Road east, and will contribute to obscuring the subject property from eastbound traffic with a retaining wall and recessed highway grade passing below South Towne Drive. Although Phillips will have visibility to the off-ramp, the main roadway will be lower than the subject property and partially buffered with a retaining wall, berms, and vegetation. The visibility of the remainder parcel of the subject property will not be improved by the fact that the South Towne Drive bridge is approximately six feet higher because eastbound cars face the wrong direction and southbound cars on South Towne will have their view impaired by redevelopment of Raywood surplus right-of-way. West bound traffic on the new Beltline will be recessed well below grade of South Towne Drive.

Landmark Research Inc.

EXHIBIT II-4

PROPOSED HIGHWAY RELOCATION



1. Access and Parking Before the Taking

Presently, overall access to the property is acceptable. Eastbound traffic on the South Beltline can reach the subject property by using Royal Avenue as an off-ramp directly to the parking lot or by a right turn at the signal-controlled new South Towne intersection, the renamed Raywood Road intersection. For westbound traffic on the South Beltline, the only access route requires a left turn at the signal-controlled South Towne Drive intersection. The motorist on Royal Avenue has three access points onto the Phillips' site while the motorist on South Towne Drive must first exit onto a residual strip of Raywood Road and then has a choice of two access points to the Phillips' parking lot. (See Exhibit II-1.) This parking lot offers 163 parking stalls, including 21 for the employees of the liquor wholesaler and eight for visitors to the liquor business. The remaining 134 spaces support the retail property, amounting to 3.9 spaces per 1,000 square feet of retail space compared to the Urban Land Institute (ULI) national standard of four parking spaces per 1,000 square feet. [3]

----

[3] Urban Land Institute, Shopping Center Development Handbook, Second Edition, (Washington, D.C.: ULI-The Urban Land Institute, 1985), p.65.

2. Access and Parking After the Taking

Construction of the eastbound South Towne Drive off-ramp will eliminate all three ingress and egress points from Royal Avenue and shave off 13 parking stalls from the retail parking area, thereby reducing the parking ratio to 3.5 spaces per 1,000 square feet of retail. The only access point remaining on the South Towne Drive side will be located at the extreme southeast corner of the remaining parcel. The State Highway Department wanted to maintain maximum possible distance from the intersection of the off-ramp to the north and align the ingress-egress apron with a break in the boulevard median of South Towne Drive. This break is required to permit left turns into a relocated entrance to a residual strip of Royal Avenue extending eastward as a south frontage road for the Royal Addition Plat. The result is a four-way intersection without control lights generating a high frequency of left turns from the Phillips parcel onto South Towne Drive and left turns from South Towne Drive onto Royal Avenue. The capacity is adequate, according to the October 4, 1985, engineering study included in Appendix B, if site modifications are made. In short, the subject property is left with a single ingress-egress point at the rear of the store building and at the opposite end of the site from the majority of the remaining parking spaces. The front entrance to the store would not be visible to the driver/shopper on South Towne Drive. Any modern retail facility provides an entrance to the site, parking, and visible entry doors at the front of the site so that the customer can understand where he is going. It is basic to retailing that any factor which increases stress for those seeking the site or walking or driving through the parking lot on the site reduces the frequency of visits and the average retail expenditure per visit. The inability to "read" the site and building and then to locate the front entrance creates confusion and stress for the consumer and a damaging loss of sales to the retailer.

3. South Madison Beltline Staging

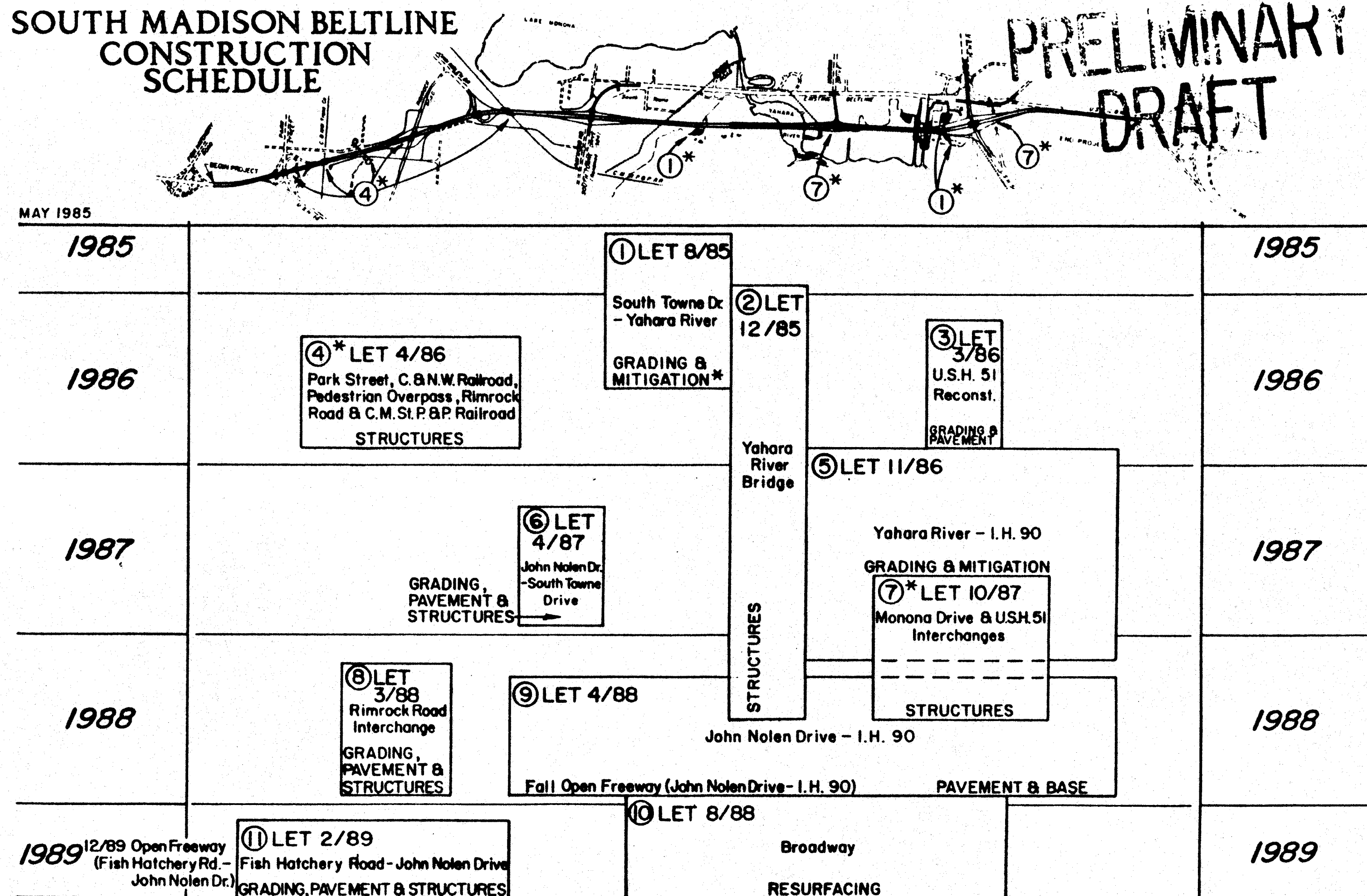
Reconstruction of the South Beltline Highway is an 11 stage process taking place over the next five years. Commencing in August 1985 with the first bid letting, reconstruction is expected to progress in an orderly fashion with great effort placed on mitigating the accessibility conflicts over the ensuing time period. However, considerable inconvenience for Phillips customers will be the result. Referring to Exhibit II-5 provides a present accounting of the anticipated construction schedule. In conversations with the Wisconsin Department of Transportation, specifically Greg Helgeson, the construction schedule is a fair representation of the time required for a project of this type given a normal amount of delays that usually accompany major projects of this size and duration. As to specific bid lettings that will impact on the subject property, the following chronology is representative of probable reconstruction effects:

a. August 1985 is the first construction letting for the grading and site work from South Towne Drive

EXHIBIT II-5

SOUTH MADISON BELTLINE CONSTRUCTION SCHEDULE

SOUTH MADISON BELTLINE CONSTRUCTION SCHEDULE



Landmark Research Inc.

to the Yahara River. As a result, Gisholt Road will be temporarily closed, bisecting the South Towne area.

b. Bid lettings two through five have little impact on the subject area, however, bid letting number six, John Nolen Drive to South Towne Drive, will have a great impact on the subject. First, the new South Towne Drive overpass will require extensive site work and grading. Although no roads will be completely closed, traffic will be funneled through lesser number of traffic lanes, thus, creating more congestion. Also during this time Royal Avenue in front of the subject property will be closed to prepare the roadbed for the east-bound South Towne Drive off-ramp. Access from the existing highway to Royal Avenue then Mangrove Lane will remain open during this period.

c. Bid letting number nine involves the final base and pavement work from John Nolen Drive to Interstate Highway 90. Access to the subject via Royal Avenue and Mangrove Lane will be permanently closed as will the detour around the South Towne Drive overpass. Access from the north side of the the new highway to the south side will involve a circuitous route using the new intersection entrance to South Towne Shopping Center, following the frontage road east to Engel Drive, then south temporarily crossing the new highway and following Royal Avenue to the South Towne Drive.

Items b and c above will result in prolonged interference with consumer access, with consequential sales erosion and temporary rental value abatements.

4. Utilities and Public Services

A full complement of urban services and utilities is available to the subject site. This includes water from the City of Monona, sanitary sewer from the Madison Metropolitan Sewage District, natural gas from Madison Gas and Electric Company, and buried telephone service from Wisconsin Telephone Company, a Bell System affiliate, with a Madison exchange. None of these attributes will be affected by the highway reconstruction.

C. Legal and Political Constraints

City of Monona zoning governing the use of the site is Commercial/Industrial District (C/I). These regulations are in the form of flexible performance criteria rather than rigid specifications. The characteristics of the district and the district's performance standards are shown in Appendix C. This classification promotes development that meets the following standards:

1. The proposed use shall be related to the general development pattern and the objectives of the Master Plan.
2. The proposed use shall be compatible with nearby development as built or contemplated for construction in the near future.
3. Because of the limited supply of vacant land, any proposed retail or service uses shall not unnecessarily duplicate retail or service uses already existing in the immediate vicinity.

D. Subject Improvements

1. Background and Classification

Initially constructed in 1966, the subject property first contained a total of 29,362 square feet of space providing 5,200 square feet of retail for a catalogue store, 3,600 square feet of office, and 20,562 square feet of warehouse for a wholesale liquor distributor. Retail continued to grow and in 1969, 21,800 square feet was added containing mostly retail space

(19,400 square feet and 2,400 square feet of retail/office space). Retailing shifted from a catalogue store to a specialty home store and the wholesale liquor distributorship grew. In 1972, 13,500 square feet of warehousing space was added. Finally, in 1981, a 12,200 square foot addition was constructed which included 3,450 square feet of retail/office space, 3,500 square feet of retail space, and 5,250 square feet of warehouse space.

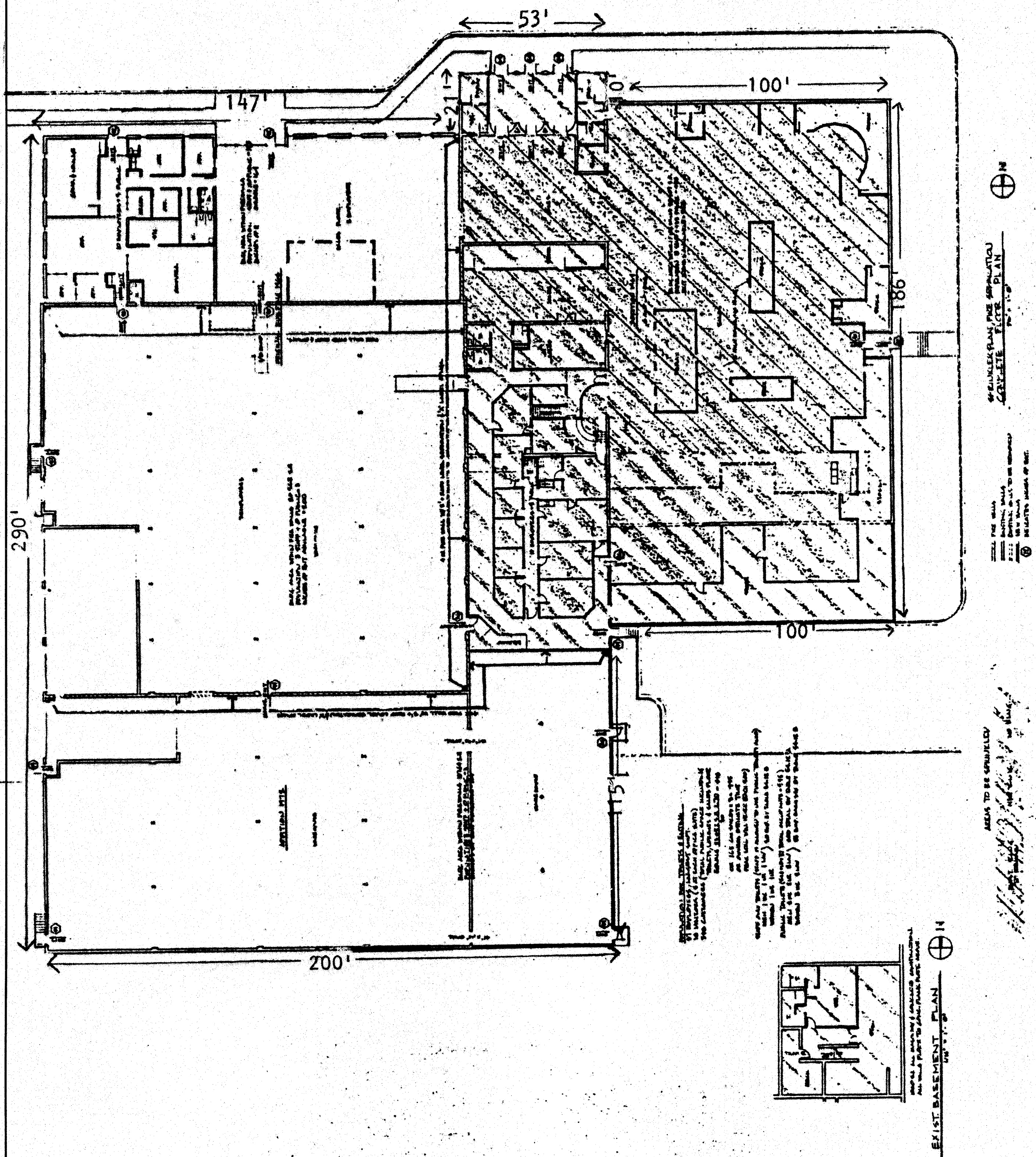
Basic dimensions of the multi-use structure are presented in Exhibit II-6. These dimensions convert to an estimated gross square footage of the building, excluding basement area, of 76,862 square feet or 33,950 square feet of retail and retail/office, 3,600 square feet of office, and 39,312 square feet of warehouse space. The basement area which houses some building mechanical systems is 1,860 square feet.

2. Type of Construction

Consisting of three different heights, the subject property is entirely of masonry construction. The original building contains an office and retail area with concrete bearing walls and interior walls, ten foot high ceilings, brick wall exterior facade, built-up composition roof, and a package heating and cooling system. The warehouse area, also masonry construction, has an 18-foot ceiling with a steel truss roofing system, and a large covered loading dock, heated, but not cooled in the summer months. The warehouse is similar in construction to the original building except for the introduction of 20-foot

EXHIBIT II-6

PHILLIPS RETAIL AND WAREHOUSE COMPLEX



ceilings which allow materials to be easily stacked three pallets high.

The shift from catalogue sales to retailing was highlighted by the construction of a pre-cast concrete entrance vestibule and display window area facing the north and major parking areas. Eighteen-foot dramatic archways were intended to dramatize the change from warehouse to retail and to lead the shopper to the correct entrance, avoiding confusion with the liquor distributor office on the west edge of the small wall. (See photos in Exhibit II-2.) Interiors are partially carpeted, sprinklered, and arranged into theater-style display areas with stage lighting, room settings, and specialty boutique areas of single household items. Storage of sale goods is concealed around the perimeter in special inventory areas.

E. Highest and Best Use Before and After the Taking

The term highest and best use is defined in Real Estate Appraisal Terminology as:

> That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.
>
> Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value.
>
> The definition immediately above applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from the existing

use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use.

Implied within these definitions is recognition of the contribution of that specific use to community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value) another appropriate term to reflect highest and best use would be most probable use. In the context of investment value an alternative term would be most profitable use. [4]

As noted earlier, the subject property remains suitable for warehousing before and after the highway construction. The larger parcel in this case is that portion used for a housewares discount store where the customer perceives the bargain as enhanced by warehouse type construction, detached from high retail rent areas and utilitarian store interiors. None of these attributes are affected by the taking. However, the sales volume accomplished will be adversely affected temporarily, if not permanently, because the taking of parking spaces, the loss of ingress and egress to convenient parking, and the loss of identity for the front of the store building from the South Towne Drive approach will upset the principle of balance between

----

[4] Byrl N. Boyce, AIREA, SREA, <u>Real Estate Appraisal Terminology</u>, Revised Edition, (Cambridge, MA: Ballinger Publishing Company, 1981), pp. 126-127.

building improvements, land and environs. A reduction in the parking ratio from 3.9 to 3.5 after the taking indicates the site is too small for the building area and the new access routes will reduce sale volumes so that sales per square foot of retail space will indicate that the building area is too large for the sales volume.

Highest and best use after the taking requires that the principle of balance be restored by curing the deficiency in land area and the siting of the store entrance to face cars arriving on the subject property.

III. VALUATION OF THE SUBJECT PROPERTY BEFORE THE TAKING

A. Market Comparison Approach

It is possible to infer from market price behavior of past transactions the probable price and range of a transaction involving the subject property and a probable buyer of the type defined, assuming that a buyer will pay no more for a property than the amount another property offering similar utility would cost. Of course, properties sell with respect to their location, size, marketability, and other factors. It is therefore necessary to reduce these differences to a common denominator or price per square foot unit within which price comparison and patterns can be identified.

Changes in the purchasing power of the dollar, inflation, and an allowance for change in market conditions and real growth must be considered. A Gross National Product (GNP) Implicit Price Deflator was used to adjust comparables in compensating for inflation effects. Real growth or decline was negligible during this period. The appraiser concluded that no price adjustment for time was necessary. Comparable sale information is provided in Exhibit III-1.

After determining the price per square foot of the comparables, some method of analyzing qualitative differences among comparable properties must be constructed. Each property

EXHIBIT III-1

COMPARABLE SALE INFORMATION

COMPARABLE SALE NO. 1

LOCATION:	1802 W. Beltline Highway, Madison
NOMINAL SALE PRICE:	$3,300,000
CASH EQUIVALENT PRICE:	$3,300,000
CASH EQUIVALENT PRICE/SF:	$27.96
SELLER:	J.C. Penney Co.
BUYER:	H.C. Prange Co., 727 Plaza 8, Sheboygan, WI
DATE OF CLOSING:	4/23/81
RECORDING DATA:	Volume 2751, Page 1, Dane County Register of Deeds
INSTRUMENT TYPE:	Quit claim deed
SITE SIZE:	514,000 square feet
GROSS FLOOR AREA:	118,043 square feet
ZONING:	M-1

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 1 (Continued)

PARKING:	Ample space for customers and employees building requires 600 spaces at least 700 available
YEAR BUILT:	1961
CONSTRUCTION TYPE:	Masonry/steel with a pre-cast concrete roof system
HVAC:	Package heating and cooling system for the entire building
SPRINKLERED:	Yes
TRUCK DOCKS:	Six at north side of building
1986 ASSESSED VALUE:	$2,850,000

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 2

LOCATION:	6401 Copps Avenue, Monona
NOMNINAL SALE PRICE:	$1,250,000
CASH EQUIVALENT PRICE:	$1,250,000
CASH EQUIVALENT PRICE/SF:	$12.82
SELLER:	K. Lepstad Co., Illinois
BUYER:	John R. Menard, Jr., 477 Menard Drive, Eau Claire, WI
DATE OF CLOSING:	5/11/84
RECORDING DATA:	Volume 5647, Page 8, Dane County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
SITE SIZE:	468,270 square feet
GROSS FLOOR AREA:	97,468 square feet
ZONING:	Commercial/Industrial

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 2 (Continued)

PARKING:	Ample space for customers and employees building requires 490 spaces, at least 750 are available
YEAR BUILT:	1972
CONSTRUCTION TYPE:	Masonry/steel
HVAC:	Unknown
SPRINKLERED:	Unknown
TRUCK DOCKS:	Two on south side of building
1985 ASSESSED VALUE:	$1,250,000

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 3

LOCATION:	4630-4648 East Washington Avenue, Madison, WI
NOMINAL SALE PRICE:	$1,082,500
CASH EQUIVALENT PRICE:	$1,082,500
CASH EQUIVALENT PRICE/SF:	$30.49
SELLER:	G & F Building Company
BUYER:	Leonard Mattioli, George Ruehl, Dough Ruehl
DATE OF CLOSING:	8/21/85
RECORDING DATA:	Volume 7172, Page 197, Dane County Register of Deeds
INSTRUMENT TYPE:	Land Contract, $236,000 down with balance due December 16, 1985
SITE SIZE:	104,000 square feet
GROSS FLOOR AREA:	35,500 square feet
ZONING:	C2

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 3 (Continued)

PARKING:	128
YEAR BUILT:	1977 with remodeling in 1984
CONSTRUCTION TYPE:	Two-story steel frame with brick facade on the front
SPRINKLERED:	Yes
TRUCK DOCKS:	Two at back of the west side of building
1986 ASSESSED VALUE:	$1,100,000

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 4

(Photo taken after sale and extensive renovation by new owner)

LOCATION:	6300-6400 University Avenue, Middleton, Wisconsin
NOMINAL SALE PRICE:	$310,000
CASH EQUIVALENT PRICE:	$310,000
CASH EQUIVALENT PRICE/SF:	$11.14
SELLER:	Ben N. Vollen, Rose Vollen, Sol & Ruth Vollen
BUYER:	Ron Grosse, John Dahlk, Jerry Oregne
DATE OF CLOSING:	11/13/84
RECORDING DATA:	Volume 6265, Page 58, Dane County Register of Deeds
INSTRUMENT TYPE:	Warranty Deed
SITE SIZE:	105,937 square feet
GROSS FLOOR AREA:	27,820 square feet
ZONING:	B2

EXHIBIT III-1 (Continued)

COMPARABLE SALE NO. 4 (Continued)

PARKING:	At sale, ample space for customers and employees; building requires 140 spaces, at least 160 are available
YEAR BUILT:	Before 1970
CONSTRUCTION TYPE:	Masonry/steel
HVAC:	Required a new system
SPRINKLERED:	No
TRUCK DOCKS:	Two at sale
1986 ASSESSED VALUE:	$1,101,300

has certain attributes that are observable and significant to the investor. However, the specific unit dollar adjustments for the degree of presence or absence of these attributes cannot be measured by the appraiser. Therefore, it is appropriate to set up an ordinal scoring matrix which can be converted to a weighted average score per unit in order to build a pricing algorithm for the subject property. As price sensitive attributes, the appraiser chose retail concentration, condition at time of sale, accessibility/visibility to high volume traffic, site circulation--ingress/egress, and distress sale status.

Each of the sales was then ranked for relative value of the attributes. The scoring system is detailed in Exhibit III-2. The weights assigned the attributes were generated from a non-parametric statistics formula developed by Gene Dilmore. [1] The total weighted score given each of the properties and the adjusted selling price per square foot per point can be found in Exhibit III-3.

The object of the weighted scoring method is to divide the total weighted score into the adjusted price per square foot to arrive at the adjusted price per square foot per point. This number would be identical for each comparable if all the differences among comparables could be correctly recognized and

----

[1] A member of the American Institute of Real Estate Appraisers (MAI) and of the Society of Real Estate Appraisers (SREA) who has special expertise in statistics.

EXHIBIT III-2

SCORING SYSTEM FOR COMPARING
ATTRIBUTES OF SUBJECT AND COMPARABLES

Retail: Concentration:	5 = Across from entrance to major shopping center draw 3 = Free-standing store in industrial/commercial zone 1 = Neighborhood rather than regional orientation
Condition at Time of Sale:	5 = Property was in useable condition requiring no repairs 3 = Property required some repairs before it could be occupied 1 = Partial or total failure of building systems making property non-useable
Accessibility/ Visibility to High Volume Traffic:	5 = Arterial traffic count in excess of 20,000 vehicles per day and/or secondary street access and siting for high visibility with no perceived access problems 3 = Secondary arterial traffic count between 10 to 20,000 vehicles per day with moderate to high visibility and no perceived access problems 1 = Primary or secondary arterial with traffic count in excess of 10,000 vehicles per day with visibility and access less than desirable
Site Circulation - Ingress/Egress:	5 = Located on the corner of a commercial service area affording good visibility and access 3 = Not on a corner, but having access from two directions 1 = Not on a corner or lacking exposure and advantages of a corner lot
Distress Sale Status:	5 = Orderly business change-over 3 = Unexpected business liquidation 1 = Long-term vacancy before sale

EXHIBIT III-3

WEIGHTED MATRIX FOR COMPARABLES AND SUBJECT

ATTRIBUTE	WEIGHT	NO. 1	NO. 2	NO. 3	NO. 4	SUBJECT BEFORE	SUBJECT AFTER
Retail Concentration	20%	3/0.60	3/0.60	5/1.00	1/0.20	5/1.00	5/1.00
Condition	50%	5/2.50	1/0.50	5/2.50	1/0.50	5/2.50	5/2.50
Accessibility/Visibility	0%	5/0.00	5/0.00	5/0.00	3/0.00	3/0.00	1/0.00
Site Circulation	30%	5/1.50	3/0.90	3/0.90	3/0.90	3/0.90	1/0.30
Distress Sale	0%	5/0.00	3/0.00	3/0.00	1/0.00	5/0.00	5/0.00
TOTAL WEIGHTED SCORE	100%	4.60	2.00	4.40	1.60	4.40	3.80
Adjusted Price		$3,300,000	$1,250,000	$1,082,500	$310,000		
Square Feet		118,043	97,468	35,500	27,820	33,950	33,950
Adjusted Price/SF		$27.96	$12.82	$30.49	$11.14		
Price/Point/ Square Foot		$6.08	$6.41	$6.93	$6.96		

adjusted, an ideal that is not likely to happen. Therefore, the appraiser uses the mean or average price per point per square foot as the pricing algorithm for the subject.

Since the first objective is to reduce dispersion of the price per point per unit of building area, a computer program developed by Gene Dilmore is utilized to test the initial weights assigned by the appraiser to each price sensitive qualitative attribute until that combination of weights is found that best predicts the prices of the comparables. The justification of the resulting comparable price formula is provided in Exhibit III-4, and it will be noted that a reasonably close fit is obtained between the predicted price and the actual price, without exception. Therefore, the price per weighted point per square foot algorithm provides a basis for forecasting the market price of the subject. The computer output of the Dilmore quantitative point weighting program for the comparable sites is shown in Appendix D.

Having determined the pricing algorithm that predicts the price of the comparable sales, it is then possible to apply the mean price per point per square foot to the subject as detailed in Exhibit III-5. Note that the base price per point per square foot is $6.60 and the standard error of the mean is plus or minus $0.43.

Assuming a building area of the subject site before the taking of 33,950 square feet and a total weighted point score of 4.4, the value of the subject in the current market using the

EXHIBIT III-4

JUSTIFICATION OF PRICE FORMULA FOR COMPARABLE SALES

NO.	COMPARABLE PROPERTY	WEIGHTED POINT SCORE	MEAN PRICE PER POINT SCORE	PREDICTED PRICE/ SF	ACTUAL PRICE/ SF	VARIANCE	% OF VARIANCE TO ACTUAL PRICE
1	1802 West Beltline Highway	4.6	$6.08	$30.34	$27.96	$ 2.38	8.5%
2	6401 Copps Avenue	2.0	$6.41	$13.19	$12.82	$ 0.37	2.9%
3	4630 East Washington Avenue	4.4	$6.93	$29.02	$30.49	$-1.47	4.8%
4	6300 University Avenue	1.6	$6.96	$10.55	$11.14	$-0.59	5.3%
					NET VARIANCE	$ 0.69	

EXHIBIT III-5

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

COMPARABLE PROPERTY	SELLING PRICE PER SF	POINT SCORE	PRICE PER SF/ TOTAL WEIGHTED SCORE (X)
1	\$27.96	4.60	\$ 6.08
2	\$12.82	2.00	6.41
3	\$30.49	4.40	6.93
4	\$11.14	1.60	6.96
		TOTAL	\$26.38

$$\frac{\text{Total of Price Per SF}}{\text{Total Weighted Score}} = \$26.38$$

Mean Value ($\bar{X}$) = \$26.38 / 4 = \$6.595

$$\text{Standard Deviation of the Mean} = \sqrt{\frac{(X - \bar{X})^2}{n - 1}} = \$0.426 \text{ where:}$$

X		$\bar{X}$		$(X - \bar{X})$	$(X - \bar{X})^2$	n	$n - 1$
\$6.08	-	\$6.595	=	\$-0.515	0.265	4	3
\$6.41	-	\$6.595	=	\$-0.185	0.034		
\$6.93	-	\$6.595	=	\$ 0.335	0.112		
\$6.96	-	\$6.595	=	\$ 0.365	0.133		
					0.544		

$$\sqrt{\frac{0.544}{3}} = \sqrt{0.181} = \$0.426$$

EXHIBIT III-5 (Continued)

Value Range of Price/Point Score: $6.595 ± $0.426

Since area of subject is 33,950 square feet and total weighted point score of subject is 4.4, then:

High Estimate: $7.021 x 4.4 x 33,950 SF = $1,048,797 or $1,049,000 ($30.89/SF)

Central Tendency: $6.595 x 4.4 x 33,950 SF = $985,161 or $985,000 ($29.02/SF)

Low Estimate: $6.169 x 4.4 x 33,950 SF = $921,525 or $921,000 ($27.14/SF) same standards applied to the comparables falls within a range having a high estimate of $1,049,000, a low estimate of $921,000, and a central tendency of $985,000.

The value conclusion from the Market Comparison Approach is, therefore, $985,000, or $29.01 per square foot of GBA.

B. Income Approach

The Income Approach combines a basic mortgage financing model to determine an acceptable mortgage amount justified by the property income with the present value of cash dividends and capital gains to the equity investor. The premise is that investment value is the sum of the present value of benefits to the owner plus the original balance to the loan since a loan is the present value of all of the interest and principal payments due the lender under the contract.

The revenue and expense model requires a simple spreadsheet forecast reflecting market rents of similar properties in the Madison area with annual adjustments reflecting probable future adjustments in the market. Assumptions necessary to forecast revenue and expenses are summarized in Exhibit III-6.

Net revenues and expenses are inputs to an investment valuation model known as After Tax Value (ATV) developed by ValuSoft and Micromatrix, Inc. The model has a detailed revenue, expense, financing, and income tax format which permits it to solve for a value justified by specified constraints of interest rates, amortization term, debt cover, or loan-to-value ratio, given an acceptable investor after-tax discount rate.

EXHIBIT III-6

REVENUE AND EXPENSE ASSUMPTIONS

[1] Comparable rents for retail space for five-year triple net leases are as follows:

Tenant	Location	Square Feet of GLA	$/SF
Bormann's	South Towne	18,000	$ 6.00
Marcus Dean	South Towne	10,000	11.00
Theatre	South Towne	10,000	6.50
Vacant	Copps/Broadway	97,468	5.50

The subject property is comparable to the Copps Store on Broadway for quality and lacks the visibility, access, and synergy of the South Towne tenants. Therefore, $5.50 per square foot is a reasonable rental rate. Rents are assumed to increase at 2.5 percent per annum.

[2] An allowance of $0.50 per square foot per year is assumed for leasing commissions, finish to tenant space, and negotiated rent discounts.

[3] A 10 percent vacancy rate assumes an average lease length of five years where the subject is vacant for six months resulting in a 10 percent vacancy rate over five years.

[4] Repairs and maintenance for all exterior needs are 0.20 per square foot assumed to increase at 3 percent per annum.

[5] Management fees are 5 percent of effective gross income.

The financial results of the value computed are then analyzed in terms of key ratios, such as cash break-even point, equity payback, and equity dividend rates. The valuation model presumes resale value at some specified multiplier of net income at the end of the holding period based upon revenue and expense projections for the forecast period.

For purposes of the appraisal, it is assumed that equity investors in 1986 will seek cash dividends of a minimum of 9 to 11 percent on cash investments with a preferred goal of 11 percent as tax changes diminish tax shelter benefits and a modest rate of resale value increase which would provide a 20 percent internal rate of return (IRR) to the investor over a ten-year holding period.

1. Determining Market Rents

In the analysis of an owner occupied building when using the Income Approach to Value, the appraiser must simulate potential gross income by using market rental rates. Retail rents represent a difficult market to track due to the lack of comparable rental properties within the Madison market which are free-standing retail space with approximately 30,000 square feet. Because of a lack of information on comparable rents of this type, the appraiser assumes a likely scenario of restructuring the retail space to a multi-tenant space as a reasonable way of quantifying market retail rents. Large free-standing retail stores ignore the trend to locate within or adjacent to shopping center development that provides synergistic economies of scale.

2. Net Operating Income

Current market rates and future rate assumptions are detailed in Exhibit III-6. This methodology necessitates specific assumptions regarding a variety of factors such as changes in the market rentals, timing and duration of vacancies, and reimbursements paid to the lessor for a variety of operating expenses. The resulting schedule of revenues, expenses, and vacancies are summarized in Exhibit III-7.

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

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

1. Although land value cannot be considered separate from total value, for purposes of income tax treatment, the subject parcel has a market supported value of $2.48 per square foot which, multiplied times its area of 144,272 square feet, suggests a land value of approximately $360,000. (See Appendix E.)

2. The equity dividend rate desired in the first year of the investment by the most probable buyers is 9 to 11 percent, equivalent to a tax exempt rate because of available depreciation shelter, but the dividend is anticipated to increase with time.

Landmark Research, Inc.

EXHIBIT III-7

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1986, THROUGH DECEMBER 31, 1996, BEFORE THE TAKING

	GBA LEASED (SQ. FT.)	ANNUAL ADJUSTMENT FACTOR	1986 BASE	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
REVENUES														
Potential Gross Rent By Use														
Retail	33,950	1.025	5.00	169,750	173,994	178,344	162,802	187,372	192,057	196,858	201,779	206,824	211,994	217,294
Subtotal	33,950			169,750	173,994	178,344	182,802	187,372	192,057	196,858	201,779	206,824	211,994	217,294
Less: Vacancy @ 10.0%			0.10	16,975	17,399	17,834	18,280	18,737	19,206	19,686	20,178	20,682	21,199	21,729
EFFECTIVE GROSS REVENUE				152,775	156,594	160,509	164,522	168,635	172,851	177,172	181,601	186,142	190,795	195,565
EXPENSES														
Repairs and Maintenance		1.030	0.2000	6,790	6,994	7,204	7,420	7,642	7,871	8,108	8,351	8,601	8,859	9,125
Management		NA	0.05	7,639	7,830	8,025	8,226	8,432	8,643	8,859	9,080	9,307	9,540	9,778
Subtotal:														
Expenses Before Real Estate Taxes				14,429	14,823	15,229	15,646	16,074	16,514	16,966	17,431	17,908	18,399	18,903
Income before Real Estate taxes				138,346	141,771	145,280	148,876	152,561	156,337	160,206	164,171	168,233	172,396	176,661
Total Expenses				14,429	14,823	15,229	15,646	16,074	16,514	16,966	17,431	17,908	18,399	18,903
NET OPERATING INCOME				138,346	141,771	145,280	148,876	152,561	156,337	160,206	164,171	168,233	172,396	176,661

3. Tax shelter for property income is based on straight-line depreciation of 100 percent of the value of the building improvements over a term of 19 years, effective May 1985, assuming the most probable buyer is in a 40 percent marginal income tax bracket, either as a small corporation or as a sophisticated individual investor already enjoying some degree of tax shelter investment income.

4. The final source of return to the most probable buyer is the increased net worth realized upon sale of the property at the end of a proposed ten-year investment period. To estimate that value, the appraiser has chosen to multiply net operating income in the eleventh year by a factor of 9.17, a computation comparable to capitalization at a factor of 0.109, a ratio of income to price for commercial retail properties that is reasonably constant unless there are severe upsets to financial markets and the income tax law in the interim. (See Exhibit III-8.)

5. Each of the above items define the ultimate cash throw-off to the investor from all sources. These must be discounted at a minimum threshold rate of return from all sources of 20 percent after taxes to justify the business and financial risks incurred. The present value of all benefits to the equity position discounted at 20 percent, if held for ten years and sold at the assumed price when added to the original mortgage balance, equals the market value of the subject property using the income approach.

6. Preferably, an average debt cover ratio based on the first-year net operating income is used to determine the mortgage amount. A debt cover ratio of 1.25 is used, based on Exhibit III-8.

C. Discounted Cash Flow Value Conclusion

The assumptions and output of the discounted cash flow model are found in Exhibit III-9. The discounted after tax value of the subject property if held for ten years is $1,254,302 or $1,255,000 rounded, using a minimum 20 percent discount factor for all the benefits to the equity position. If

EXHIBIT III-8

FINANCIAL PARAMETERS FOR RETAIL
BUILDINGS WITH LESS THAN FIVE STORIES

Interest Rate	11.42%
Debt Coverage	1.25
Capitalization Rate	0.109

Source: American Council of Life Insurance, Investment Bulletin, Table L, No. 942, Third Quarter, 1985

EXHIBIT III-9

ASSUMPTIONS AND OUTPUT OF THE DISCOUNTED CASH FLOW MODEL BEFORE THE TAKING

EQUITY YIELD RATE	20.00000
HOLDING PERIOD	10
LOAN NUMBER	1
INTEREST RATE	0.10000
LOAN TERM	25.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.25000
TAX RATE	0.40000
CAPITAL GAINS TAX RATE	0.20000
RESALE PRICE	$1,619,981.
LAND VALUE	$360,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	19
NET OPERATING INCOME	$138,346.
CHANGE IN NOI	0.24612
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.05000

EXHIBIT III-9 (Continued)

VALUE	$1,254,302.
AFTER TAX YIELD	20.00000
OVERALL RATE	0.11030
MORTGAGE CONSTANT	0.10904
MORTGAGE VALUE	$1,014,974.
BUILDING VALUE	$894,302.
EQUITY VALUE	$239,328.
EQUITY DIVIDEND	0.11561

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	$138,346.	$141,771.	$145,280.	$148,876.	$152,561.
DEBT SER#1	-$110,677.	-$110,677.	-$110,677.	-$110,677.	-$110,677.
BTCF	$27,669.	$31,094.	$34,603.	$38,199.	$41,884.
NOI	$138,346.	$141,771.	$145,280.	$148,876.	$152,561.
INTEREST 1	-$101,065.	-$100,058.	-$98,946.	-$97,718.	-$96,361.
DEPREC	-$47,069.	-$47,069.	-$47,069.	-$47,069.	-$47,069.
TAXABLE	-$9,787.	-$5,356.	-$735.	$4,090.	$9,132.
TAXES	-$3,915.	-$2,142.	-$294.	$1,636.	$3,653.
ATCF	$31,584.	$33,236.	$34,897.	$36,563.	$38,232.

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
NOI	$156,337.	$160,206.	$164,171.	$168,233.	$172,396.
DEBT SER#1	-$110,677.	-$110,677.	-$110,677.	-$110,677.	-$110,677.
BTCF	$45,660.	$49,529.	$53,494.	$57,556.	$61,719.
NOI	$156,337.	$160,206.	$164,171.	$168,233.	$172,396.
INTEREST 1	-$94,862.	-$93,206.	-$91,376.	-$89,355.	-$87,123.
DEPREC	-$47,069.	-$47,069.	-$47,069.	-$47,069.	-$47,069.
TAXABLE	$14,407.	$19,932.	$25,726.	$31,809.	$38,205.
TAXES	$5,763.	$7,973.	$10,290.	$12,724.	$15,282.
ATCF	$39,898.	$41,557.	$43,204.	$44,833.	$46,437.

RESALE PRICE	$1,619,981.
SELLING COST	-$80,999.
LOAN BALANCE # 1	-$858,276.
BEFORE TAX PROCEEDS	$680,706.
TAXES	-$151,073.
AFTER TAX PROCEEDS	$529,633.

RESALE PRICE	$1,619,981.
SELLING COST	-$80,999.
ADJUSTED BASIS	-$783,617.
TAXABLE GAIN	$755,366.
LONG TERM GAIN	$755,366.
ORDINARY TAXES	$0.
CAPITAL GAINS TAX	$151,073.

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW	YEAR	CASH FLOW
0	-$239,328.	6	$39,898.
1	$31,584.	7	$41,557.
2	$33,236.	8	$43,204.
3	$34,897.	9	$44,833.
4	$36,563.	10	$576,070.
5	$38,232.		

the property were purchased at this price, the investor would enjoy a risk position reflected by: (1) a cash break-even ratio or default point of 80 percent or less; (2) a payback of 73 percent of the initial equity investment of $239,328 by the end of the fifth year and 107 percent by the end of the seventh year prior to resale (see Exhibit III-10); and (3) cash dividends of greater than 11 percent in the first year increasing to over 17 percent by the end of the fifth year. Given current lease assumptions, the discounted cash flow value of the subject property is $1,254,302 or $1,255,000 rounded.

D. Cost Approach

The Cost Approach is based on the premise that the value of a property can be indicated by the current cost to construct a reproduction or replacement for the improvements minus the amount of depreciation evident in the structures from all causes plus the value of the land and entrepreneurial profit. This approach to value is particularly useful for appraising new or nearly new improvements and for providing an alternative to the Sales Comparison and Income Capitalization Approaches. The Calculator Method, developed by Marshall Valuation Service, a computerized cost service of Marshall and Swift Publication Company, is used as a check on the value estimates of both the income and the market comparison approaches. When applied to older properties, the Cost Approach primarily provides a ceiling on value.

An estimate of depreciated value is highly speculative, making the Cost Approach a subjective and misleading valuation

EXHIBIT III-10

RATIOS BASED ON AFTER TAX CASH FLOW ANALYSIS

Year	Default Ratio	Equity Dividend	Percent Equity Payback
1986	0.80	13.2%	13.2%
1987	0.78	13.9%	27.1%
1988	0.76	14.6%	41.7%
1989	0.74	15.3%	57.0%
1990	0.73	16.0%	73.0%
1991	0.71	16.7%	89.7%
1992	0.69	17.4%	107.1%
1993	0.67	18.1%	125.2%
1994	0.66	18.7%	143.9%
1995	0.64	19.4%	163.3%

method for this structure. With a blended effective age of 15 years, given three different additions, and an average height of 17 feet, the computerized Calculator Method indicates that depreciated construction costs are $31.86 per square foot. When the land value plus the cost of an asphalt parking lot is added to the building cost, a total cost per square foot of $44.99 results. Building plus land then equals a total cost of $1,527,291 or $1,525,000 rounded. (See Exhibit III-11).

E. Reconciliation of Value

The income approach, which is the primary indicator of value for this type of building, suggests a value of $1,255,000. The market approach indicates a basic price closer to $985,000. Given the shortage of adequate sales of commercial retail buildings in the Madison area, primary reliance remains with the investment approach, thus leaving the market and cost approaches as a secondary check on value. The appraisers conclude that market value as of March 26, 1986, with cash to the seller, is:

ONE MILLION TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS

($1,255,000)

EXHIBIT III-11

COST ESTIMATE FOR SUBJECT PROPERTY

COST ESTIMATE FOR: PHILLIPS BUILDING
PROPERTY OWNER: ED PHILLIPS AND SON MADISON
ADDRESS: 2620 ROYAL AVENUE
SURVEYED BY: LANDMARK RESEARCH INC
DATE OF SURVEY: 3/26/86

OCCUPANCY: RETAIL STORE

CLASS: C Masonry
EFFECTIVE AGE: 15 YEARS
NUMBER OF STORIES: 1.0
FLOOR AREA: 33,950 Sq. Ft.

COST RANK: 2.0 Average
CONDITION: 3.0 Average
AVERAGE STORY HEIGHT: 17.0
COST AS OF: 3/86

COMPONENT	UNITS	COST	REPLACEMENT COST NEW	REPLACEMENT COST DEPR
EXCAVATION & SITE PREPARATION:				
Site Preparation..............	158,865	0.11	17,475	15,029
FOUNDATION:				
Concrete,Bearing walls........	33,950	1.29	43,795	37,664
FLOOR STRUCTURE:				
Concrete on Ground............	33,950	2.17	73,671	63,357
Waterproofing.................	33,950	0.32	10,864	9,343
SUBTOTAL......................			84,535	72,700
FLOOR COVER:				
Carpet and Pad................	20,000	2.07	41,400	35,604
Terrazzo......................	13,950	5.00	69,750	59,985
SUBTOTAL......................			111,150	95,589
CEILING:				
Fiber Panel...................	33,950	1.31	44,474	38,248
Suspended Ceiling.............	33,950	0.91	30,894	26,569
SUBTOTAL......................			75,368	64,817
INTERIOR CONSTRUCTION:				
Interior Construction,Framed..	22,160	3.27	72,463	62,318
PLUMBING:				
Plumbing Fixtures.............	10	1,367	13,670	11,756
FIRE PROTECTION:				
Sprinklers....................	33,950	1.36	46,172	39,708
HEATING AND COOLING:				
Package Heating & Cooling.....	33,950	3.84	130,368	112,116
ELECTRICAL:				
Electrical....................	33,950	3.12	105,924	91,095
EXTERIOR WALL:				
Concrete Block................	33,950	9.63	326,938	281,167
STORE FRONT:				
Store Front...................	704	22.65	15,946	13,714
WALL ORNAMENTATION:				
Brick,Face....................	5,550	6.34	35,187	30,261
ROOF STRUCTURE:				
Steel Trusses.................	33,950	1.47	49,906	42,919
ROOF COVER:				
Built-Up Composition..........	33,950	1.11	37,684	32,408
STAIRS:				
Concrete......................	2	1,413	2,826	2,430
SUBTOTAL SUPERSTRUCTURE........	33,950	34.44	1,169,407	1,005,691

EXHIBIT III-11 (Continued)

COMPONENT	UNITS	COST	REPLACEMENT COST NEW	REPLACEMENT COST DEPR
BASEMENT:				
Concrete Reinforced Wall......	2,064	7.30	15,067	12,958
Interior Construction.........	1,860	0.34	632	544
Electrical....................	1,860	0.70	1,302	1,120
SUBTOTAL......................			17,001	14,622
TOTAL.........................			1,186,408	1,020,313
ARCHITECT'S FEES..............	6.0%		71,184	61,218
REPLACEMENT COST NEW...........	33,950	37.04	1,257,592	
DEPRECIATION...................	<14.0%>		<176,061>	
DEPRECIATED COST...............				1,081,531
ADDITIONS:				
site			360,000	360,000
parking			107,200	85,760
TOTAL COST.....................			1,724,792	1,527,291

IV. VALUATION OF THE SUBJECT PROPERTY AFTER THE TAKING

A. Market Comparison Approach

Following the same rationale for a range of probable price as in the Market Comparison Approach in the before value situation, the process follows the identical path as outlined in Section III-A. Again, each property is scored on a point system that is weighted for priorities of the investor in the current market. The weighted points per square foot price is tested as a pricing formula on comparable sales. The same list of variables was used to simulate buyer logic (Exhibit III-2) as were the same comparable properties. (See Exhibit III-1.) In Exhibit III-3 the subject is shown to have total point score after the taking of 3.8. Applying the base price per point per square foot of $6.60 and the standard error of the mean of $0.43 (Exhibit III-5) to the subject area of 33,950 square feet, the subject property after the taking has a value by the Market Comparison Approach in a range having a high estimate of $907,000, a low estimate of $796,000, and a central tendency of $851,000, rounded to $850,000.

B. Income Approach

Again, as with the Market Approach, the Income Approach closely follows the computation of the before value. Because of the less desirable accessibility/visibility to high traffic volume and site circulation-ingress/egress, the facility will command a lower market rent than before. Exhibit IV-1 is a cash flow schedule using all the same assumptions contained in Exhibit III-7 except that rents are set at a market-competitive rate of $4.50 per square foot after leasing commissions, finish to tenant space, and negotiated discounts. This revised cash flow schedule is the basis for revisions to the discounted cash flow model. The only other adjustment to the inputs of the discounted cash flow model is the adjustment for land value. The area of the taking is 9,148 square feet and the area required for the additional 13 parking spaces lost in the taking is 3,965 square feet resulting in a net loss of 5,183 square feet. The after value is based on a corrected net site area of 139,089 square feet suggesting a land value of $344,940 or $345,000 rounded.

Again, the assumptions and the output of the discounted cash flow model are found in Exhibit IV-2. The discounted after tax value of the subject property, if held for ten years, is $1,120,818 using a minimum 20 percent discount factor for all benefits to the equity position. Therefore, the value conclusion from the Income Approach is estimated to be $1,120,000.

C. Cost Approach

As was stated in Section III, an estimate of depreciated value primarily provides a ceiling on value and is highly speculative making the Cost Approach a subjective and misleading

EXHIBIT IV-1

SCHEDULE OF REVENUE AND EXPENSES FROM JANUARY 1, 1986 THROUGH DECEMBER 31, 1996, AFTER THE TAKING

	GBA LEASED (SQ. FT.)	ANNUAL ADJUSTMENT FACTOR	1986 BASE	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
REVENUES														
Potential Gross Rent By Use														
Retail	33,950	1.025	4.50	152,775	156,594	160,509	164,522	168,635	172,851	177,172	181,601	186,142	190,795	195,565
Subtotal	33,950			152,775	156,594	160,509	164,522	168,635	172,851	177,172	181,601	186,142	190,795	195,565
Less: Vacancy @ 10.0%			0.10	15,278	15,659	16,051	16,452	16,864	17,285	17,717	18,160	18,614	19,080	19,556
EFFECTIVE GROSS REVENUE				137,498	140,935	144,458	148,070	151,772	155,566	159,455	163,441	167,527	171,716	176,008
EXPENSES														
Repairs and Maintenance		1.030	0.2000	6,790	6,994	7,204	7,420	7,642	7,871	8,108	8,351	8,601	8,859	9,125
Management		NA	0.05	6,875	7,047	7,223	7,403	7,589	7,778	7,973	8,172	8,376	8,586	8,800
Subtotal: Expenses Before Real Estate Taxes				13,665	14,040	14,426	14,823	15,231	15,650	16,080	16,523	16,978	17,445	17,926
Income before Real Estate taxes				123,833	126,894	130,032	133,247	136,541	139,916	143,375	146,918	150,550	154,270	158,083
Total Expenses				13,665	14,040	14,426	14,823	15,231	15,650	16,080	16,523	16,978	17,445	17,926
NET OPERATING INCOME				123,833	126,894	130,032	133,247	136,541	139,916	143,375	146,918	150,550	154,270	158,083

EXHIBIT IV-2

ASSUMPTIONS AND OUTPUT OF THE DISCOUNTED CASH FLOW MODEL AFTER THE TAKING

EQUITY YIELD RATE	20.00000
HOLDING PERIOD	10
LOAN NUMBER	1
INTEREST RATE	0.10000
LOAN TERM	25.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.25000
TAX RATE	0.40000
CAPITAL GAINS TAX RATE	0.20000
RESALE PRICE	$1,449,621.
LAND VALUE	$345,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	19
NET OPERATING INCOME	$123,833.
CHANGE IN NOI	0.24579
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.05000

EXHIBIT IV-2 (Continued)

VALUE	$1,120,818.
AFTER TAX YIELD	20.00000
OVERALL RATE	0.11048
MORTGAGE CONSTANT	0.10904
MORTGAGE VALUE	$908,499.
BUILDING VALUE	$775,818.
EQUITY VALUE	$212,318.
EQUITY DIVIDEND	0.11665

CASH FLOW SUMMARY

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	$123,833.	$126,894.	$130,032.	$133,247.	$136,541.
DEBT SER#1	-$99,066.	-$99,066.	-$99,066.	-$99,066.	-$99,066.
BTCF	$24,767.	$27,828.	$30,966.	$34,181.	$37,475.
NOI	$123,833.	$126,894.	$130,032.	$133,247.	$136,541.
INTEREST 1	-$90,463.	-$89,562.	-$88,566.	-$87,467.	-$86,252.
DEPREC	-$40,833.	-$40,833.	-$40,833.	-$40,833.	-$40,833.
TAXABLE	-$7,462.	-$3,500.	$633.	$4,948.	$9,456.
TAXES	-$2,985.	-$1,400.	$253.	$1,979.	$3,782.
ATCF	$27,751.	$29,228.	$30,712.	$32,202.	$33,692.

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
NOI	$139,916.	$143,375.	$146,918.	$150,550.	$154,270.
DEBT SER#1	-$99,066.	-$99,066.	-$99,066.	-$99,066.	-$99,066.
BTCF	$40,850.	$44,309.	$47,852.	$51,484.	$55,204.
NOI	$139,916.	$143,375.	$146,918.	$150,550.	$154,270.
INTEREST 1	-$84,911.	-$83,428.	-$81,791.	-$79,982.	-$77,983.
DEPREC	-$40,833.	-$40,833.	-$40,833.	-$40,833.	-$40,833.
TAXABLE	$14,173.	$19,114.	$24,295.	$29,736.	$35,454.
TAXES	$5,669.	$7,646.	$9,718.	$11,894.	$14,182.
ATCF	$35,180.	$36,663.	$38,134.	$39,589.	$41,022.

RESALE PRICE	$1,449,621.
SELLING COST	-$72,481.
LOAN BALANCE # 1	-$768,240.
BEFORE TAX PROCEEDS	$608,900.
TAXES	-$132,930.
AFTER TAX PROCEEDS	$475,970.

RESALE PRICE	$1,449,621.
SELLING COST	-$72,481.
ADJUSTED BASIS	-$712,493.
TAXABLE GAIN	$664,648.
LONG TERM GAIN	$664,648.
ORDINARY TAXES	$0.
CAPITAL GAINS TAX	$132,930.

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW	YEAR	CASH FLOW
0	-$212,318.	6	$35,180.
1	$27,751.	7	$36,663.
2	$29,228.	8	$38,134.
3	$30,712.	9	$39,589.
4	$32,202.	10	$516,992.
5	$33,692.		

method for valuation of the subject property. However, the approach as before indicates a value of $31.86 per square foot. Adding the cost of the land plus the cost of an asphalt parking lot to the cost of the building results in a total cost per square foot of $44.99 or $1,527,291, rounded to $1,525,000.

D. Cost to Cure

The original site was 144,272 square feet and the physical area of the taking amounts to 0.21 acres or 9,148 square feet. At $2.48 per square foot, the value of the physical taking is $22,687, rounded to 22,700. However, the cured situation requires an additional 3,965 square feet of parking to compensate for the loss of 13 parking spaces. This makes the value of the subject cured the same as before the taking, except for the effect of the modified point score after the taking.

The cost to cure the subject property is presented in Exhibit IV-3. There are two components to the cost, the first being the remodeling of the store front and entry area. Note, in Exhibit IV-3, a cost of $166,400 for a new building entrance and parking lot reconstruction. Secondly, the cost to cure the loss of 13 parking stalls is $19,533 including land acquisition and construction. Therefore, the total cost to cure the property of the functional damage caused by the construction and taking is $185,933, rounded to $185,000.

EXHIBIT IV-3

COST TO CURE

July 3, 1985

Ed Phillips & Sons
2620 Royal Avenue
Monona, WI 53713

Attn: Irving Levy

Re: Remodeling at the Beltline store

Enclosed find a site plan, building elevations, floor plan and perspective sketch concerning the proposed east entrance and parking lot changes.

These drawings indicate raising the parking lot for a grade level entry and providing a glass entry/vestibule/show window building addition.

We believe that what is proposed here is necessary with the re-orientation of passing traffic and public approach to your retail facility.

We estimate the construction costs to be as follows:

Parking lot reconstruction & sitework		$ 52,000.00
New entance at building		$103,800.00
	Construction Total	$155,800.00
Architectural/Engineer fees		$ 10,600.00
	Total	$166,400.00

These costs are only preliminary estimates and may vary as detailed planning is carried out.

If you have questions or require further material, please let me know.

Sincerely,

PLANNING ASSOCIATES, INC.

W. L. King, AIA

WLK/kmh

PLANNING ASSOCIATES INC. · 1602 W. BELTLINE HWY. MADISON, WISCONSIN 53713 · (608) 257-070

EXHIBIT IV-3 (Continued)

Surface Parking Lots

Size Per Stall:	305 square feet
Cost Per Stall:	$746.75
Total Cost of 13 Stalls:	$9,700.00

Land Aquisition

Total Square Feet:	(305 x 13) = 3,965
Land Cost:	(3,965 x $2.48/SF) = $ 9,833

Total Land Acquistion and Surfacing	$19,533
	=======

Source: Marshall and Swift Valuation Service

E. Reconciliation of Value

The Income Approach is the primary indicator of value and suggests a value of $1,120,000. The Market Approach indicates a price closer to $850,000. Primary reliance must remain with the Income Approach given the shortage of comparable sales in the Madison area leaving the Market and Cost Approaches as secondary checks on value. The appraiser concludes that Market Value after the taking, as of March 26, 1986, with cash to the seller, is:

ONE MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

($1,120,000)

Furthermore, the cost to bring the subject property to the functional equivalence of its state prior to the taking is estimated to be:

ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($185,000)

V. REASONABLE RENT LOSSES

According to Section 32.195(6) of Wisconsin Statues, Expenses Incidental to Transfer of Property, reasonable rent losses are allowed where:

a) the losses are directly attributable to the public improvement project and

b) such losses are shown to exceed the normal rental or vacancy experience for similar properties in the area.

Changes in retail rental rates are a function of the fluctuation in gross sales dollars. Rent levels vary with business profitability and, in turn, so do changes in the value of the real estate. Retail rents for 1986 were previously determined in Section III. However, for 1987 and 1988, there is a dramatic drop in rents due to construction of the new highway. In 1987, rents are projected to drop 25 percent during the nine months of construction or 18 percent for the full year. This adjustment was arrived at through a conversation between Craig Hungerford of Landmark Research, Inc., and Mr. James Turner, manager of the Shopko store on Mineral Point Road on Madison's West Side and prior experience of the Phillips store. During the summer of 1983, the Shopko store experienced similar access difficulties as those facing the Phillips store in 1987 and 1988. The manager estimated a drop in annual gross sales of approximately 12 percent for a six-month construction period. In addition, the subject property experienced a 25 percent reduction in gross sales for the fiscal year 1982-83 when previous access to the West Beltline via Raywood Road was lost. (See Exhibit V-1.) In 1988, disrupted access will continue for an additional nine-month period before permanent access is restored in the fall. Rents for 1988 are assumed to be 25 percent below the 1986 level. In 1989, a 5 percent increase in rents is assumed as customers become acquainted with new store access. Years 1990 to 1994 will have a 10 percent average annual increase in rents as the store, with increased customer recognition, recovers to probable rent levels projected before the taking assuming there had been no disruption of access.

Exhibit V-2 provides a calculation of the net operating income for years 1986 to 1995 assuming changes caused by the highway construction. Exhibit V-3, the discounted cash flow model given the previous assumptions, provides a value estimate of $1,192,295. The difference between this adjusted value and the discounted before value of $1,255,000 of $62,705 rounded to $65,000, is the estimated rental loss to the Phillips store due to the reconstruction of the West Beltline Highway.

EXHIBIT V-1

EFFECT OF CONSTRUCTION ON PHILLIPS RETAIL SALES

Phillips

ED PHILLIPS & SONS MADISON INC.
2620 ROYAL AVENUE
MADISON, WISCONSIN 53713-1597

May 5, 1986

Professor James A. Graaskamp
Landmark Research Inc.
4610 University Avenue
Madison, Wisconsin 53705

Dear Professor Graaskamp:

The construction period for South Towne Boulevard along with the resultant relocation of intersecting roads and traffic patterns during the period caused a 25% decrease in retail sales at the Phillips Department store.

Phillips retail sales, 2620 Royal Ave.(8-1-81 to 7-31-82)
$3,597,613.21

Phillips retail sales, 2620 Royal Ave.(8-1-82 to 7-31-83)
$2,692,954.09

The dollar loss of $904,659.12 translates into a percentage decline of 25%. The above figures are from audited reports.

Yours sincerely,

Irving E. Levy
President

IEL:dk

EXHIBIT V-2

SCHEDULE OF REVENUES AND EXPENSES FROM JANUARY 1, 1986, THROUGH DECEMBER 31, 1996, ASSUMING RENT LOSSES CAUSED BY CONSTRUCTION

	GBA LEASED (SQ. FT.)	ANNUAL ADJUSTMENT FACTOR	1986 BASE	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
REVENUES														
Potential Gross Rent By Use														
Retail	33,950		5.00	169,750	139,195	127,313	133,678	147,046	161,751	177,926	195,718	206,824	211,994	217,294
Subtotal	33,950			169,750	139,195	127,313	133,678	147,046	161,751	177,926	195,718	206,824	211,994	217,294
Less: Vacancy @ 10.0%			0.10	16,975	13,920	12,731	13,368	14,705	16,175	17,793	19,572	20,682	21,199	21,729
EFFECTIVE GROSS REVENUE				152,775	125,276	114,582	120,310	132,341	145,576	160,133	176,146	186,142	190,795	195,565
EXPENSES														
Repairs and Maintenance		1.030	0.2000	6,790	6,994	7,204	7,420	7,642	7,871	8,108	8,351	8,601	8,859	9,125
Management		NA	0.05	7,639	6,264	5,729	6,016	6,617	7,279	8,007	8,807	9,307	9,540	9,778
Subtotal:														
Expenses Before Real Estate Taxes				14,429	13,257	12,933	13,435	14,259	15,150	16,114	17,158	17,908	18,399	18,903
Income before Real Estate taxes				138,346	112,018	101,649	106,875	118,082	130,426	144,019	158,988	168,233	172,395	176,661
Total Expenses				14,429	13,257	12,933	13,435	14,259	15,150	16,114	17,158	17,908	18,399	18,903
NET OPERATING INCOME				138,346	112,018	101,649	106,875	118,082	130,426	144,019	158,988	168,233	172,395	176,661

EXHIBIT V-3

ASSUMPTIONS AND OUTPUT OF THE DISCOUNTED CASH FLOW MODEL
ASSUMING RENT LOSSES CAUSED BY CONSTRUCTION

EQUITY YIELD RATE	20.00000
HOLDING PERIOD	10
LOAN NUMBER	1
INTEREST RATE	0.10000
LOAN TERM	25.00000
PAYMENTS PER YEAR	12
DSCR & LOAN/VALUE RATIOS	1.25000
TAX RATE	0.40000
CAPITAL GAINS TAX RATE	0.20000
RESALE PRICE	$1,619,981.
LAND VALUE	$345,000.
DEPRECIATION METHOD	SL
COST RECOVERY PERIOD	19
NET OPERATING INCOME	$138,346.
CHANGE IN NOI	0.24611
INCOME ADJUSTMENT FACTOR	YR
SELLING COST	0.05000

EXHIBIT V-3 (Continued)

VALUE	$1,192,295.
AFTER TAX YIELD	20.00000
OVERALL RATE	0.11603
MORTGAGE CONSTANT	0.10904
MORTGAGE VALUE	$1,014,974.
BUILDING VALUE	$847,295.
EQUITY VALUE	$177,321.
EQUITY DIVIDEND	0.15604

C A S H F L O W S U M M A R Y

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
NOI	$138,346.	$112,018.	$101,649.	$106,875.	$118,082.
DEBT SER#1	-$110,677.	-$110,677.	-$110,677.	-$110,677.	-$110,677.
BTCF	$27,669.	$1,341.	-$9,028.	-$3,802.	$7,405.
NOI	$138,346.	$112,018.	$101,649.	$106,875.	$118,082.
INTEREST 1	-$101,065.	-$100,058.	-$98,946.	-$97,718.	-$96,361.
DEPREC	-$44,594.	-$44,594.	-$44,594.	-$44,594.	-$44,594.
TAXABLE	-$7,313.	-$32,635.	-$41,892.	-$35,437.	-$22,873.
TAXES	-$2,925.	-$13,054.	-$16,757.	-$14,175.	-$9,149.
ATCF	$30,594.	$14,395.	$7,729.	$10,373.	$16,555.

	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
NOI	$130,426.	$144,019.	$158,988.	$168,233.	$172,395.
DEBT SER#1	-$110,677.	-$110,677.	-$110,677.	-$110,677.	-$110,677.
BTCF	$19,749.	$33,342.	$48,311.	$57,556.	$61,718.
NOI	$130,426.	$144,019.	$158,988.	$168,233.	$172,395.
INTEREST 1	-$94,862.	-$93,206.	-$91,376.	-$89,355.	-$87,123.
DEPREC	-$44,594.	-$44,594.	-$44,594.	-$44,594.	-$44,594.
TAXABLE	-$9,030.	$6,219.	$23,017.	$34,283.	$40,678.
TAXES	-$3,612.	$2,487.	$9,207.	$13,713.	$16,271.
ATCF	$23,361.	$30,855.	$39,104.	$43,843.	$45,447.

RESALE PRICE	$1,619,981.
SELLING COST	-$80,999.
LOAN BALANCE # 1	-$858,276.
BEFORE TAX PROCEEDS	$680,706.
TAXES	-$158,526.
AFTER TAX PROCEEDS	$522,179.

RESALE PRICE	$1,619,981.
SELLING COST	-$80,999.
ADJUSTED BASIS	-$746,350.
TAXABLE GAIN	$792,632.
LONG TERM GAIN	$792,632.
ORDINARY TAXES	$0.
CAPITAL GAINS TAX	$158,526.

EQUITY CASH FLOW SUMMARY

YEAR	CASH FLOW	YEAR	CASH FLOW
0	-$177,321.	6	$23,361.
1	$30,594.	7	$30,855.
2	$14,395.	8	$39,104.
3	$7,729.	9	$43,843.
4	$10,373.	10	$567,626.
5	$16,555.		

VI. FINAL CONCLUSION, ALLOCATION OF DAMAGES, AND RENTAL LOSS

The Fair Market Value of the larger parcel as of March 26, 1986, is $1,255,000. Fair Market Value of the remainder parcel in a cured situation as of March 26, 1986, assuming completion of the highway relocation project, is $1,120,000, resulting in a loss of market value of $135,000 as a result of the taking. This loss is allocated $22,700 to land taken and $112,300 in severance damages to the remainder.

The cost to cure the deficiences created by redirecting traffic flow to the site is $185,000.

Rental loss to the remainder as a result of the temporary disruption of access, and severe temporary loss of sales volume, not otherwise compensated for above, is $65,000.

Therefore, total loss and damages as a result of the taking are:

THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($385,000)

CERTIFICATION OF VALUE

The appraisers further certify that, to the best our knowledge, the statements made in this report are true and we have not knowingly withheld any significant information; that we have personally inspected the subject property, that we have no interest, present or contemplated in the subject property or the participants in the transaction; that neither the employment nor compensation to make said appraisal is contingent upon our value estimate; and that all contingent and limiting conditions are stated herein; and the fee charged is consistent with our usual charge for appraisal services.

The estimated market value, as defined herein, of this property before the taking as of March 26, 1986, is:

ONE MILLION TWO HUNDRED FIFTY FIVE THOUSAND DOLLARS

($1,255,000)

The estimated market value, as defined herein, of this property after the taking as of March 26, 1986, is:

ONE MILLION ONE HUNDRED TWENTY THOUSAND DOLLARS

($1,120,000)

The loss of market value accruing as a result of this taking as of March 26, 1986, is estimated to be:

ONE HUNDRED THIRTY FIVE THOUSAND DOLLARS

($135,000)

The cost to bring the subject to a cured situation after the taking is estimated to be:

ONE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($185,000)

The value of rents lost as a result of temporary construction activities is estimated to be:

SIXTY FIVE THOUSAND DOLLARS

($65,000)

Therefore, the total loss and damages accruing as a result of this taking as of March 26, 1986, is estimated to be:

THREE HUNDRED EIGHTY FIVE THOUSAND DOLLARS

($385,000)

FOR LANDMARK RESEARCH, INC.

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

5-22-86
Date

APPENDIX A

STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

APPENDIX A (Continued)

Statements of General Assumptions and Limiting Conditions

1. Contributions of Other Professionals

   - Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the appraisers.

   - The appraiser assumes no responsibility for legal matters.

   - All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

2. Facts and Forecasts Under Conditions of Uncertainty

   - The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

   - Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.

   - Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

   - Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

APPENDIX A (Continued)

- 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 testimjony 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

PHILLIPS DEPARTMENT STORE ENTRANCE TRAFFIC ANALYSIS

APPENDIX B (Continued)

PHILLIPS DEPARTMENT STORE
ENTRANCE TRAFFIC ANALYSIS

LANDMARK RESEARCH INC.
4610 UNIVERSITY AVE., SUITE 105
MADISON, WI 53705

October 4, 1985

D'ONOFRIO, KOTTKE & ASSOCIATES, INC.
7530 WESTWARD WAY
MADISON, WI 53717

FN: 85-04-122
12: 85-04-122

APPENDIX B (Continued)

INRODUCTION AND SUMMARY OF FINDINGS

This report presents the findings and recommendations with respect to the adequance of the proposed relocated entrance to the Phillips Department Store as recommended by the Wisconsin Department of Transportation in conjunction with construction of the South Beltline.

The information used in this review was data derived from the Wisconsin Department of Transportation, the client's customer data, and the South Towne Neighborhood Traffic Analysis prepared by D'Onofrio, Kottke & Associates, Inc., for the City of Monona in 1982.

The study concludes that the proposed entrance has sufficient capacity to provide good access to the store based on the traffic projections. In addition, the existing right-of way of the original Raywood Road could provide additional parking and an improved entrance circulation if it were added to the property. With this added right-of-way, the new entrance, and the remodeled front, the access and parking should be equal to that provided by the existing roadway and entrance patterns.

APPENDIX B (Continued)

LOCATION MAP

TRAFFIC FORECASTS

Based on the proposed South Beltline configuration, WISDOT traffic projections revised June 1985, and projected South Towne development plan, the 4-5 P.M. peak hour vehicle trip-ends were estimated for Raywood Road and Royal Avenue east.

The traffic volumes for the Phillps entrance are based on the following information furnished by the owner and City of Madison Traffic Engineering Division Traffic Volume Report 1983.

Total Sales 1983-84	$129,000.00
Percent during holidays (Thanksgiving to Christmas)	40%
Number of shopping days	34

Based on this data, the store, during holiday season, would generate 3,036 trip-ends per day for a total of 282 trip-ends for the 4-5 P.M. period.

It should be noted that for this to take place with the number of stalls available, the average shopping stay would be approximately one hour. This is consistent with national averages.

Projected volumes for the year 2005, assuming complete development of South Towne, are shown in Figure 1.

The proposed intersection configuration by WISDOT is shown in Figure 2.

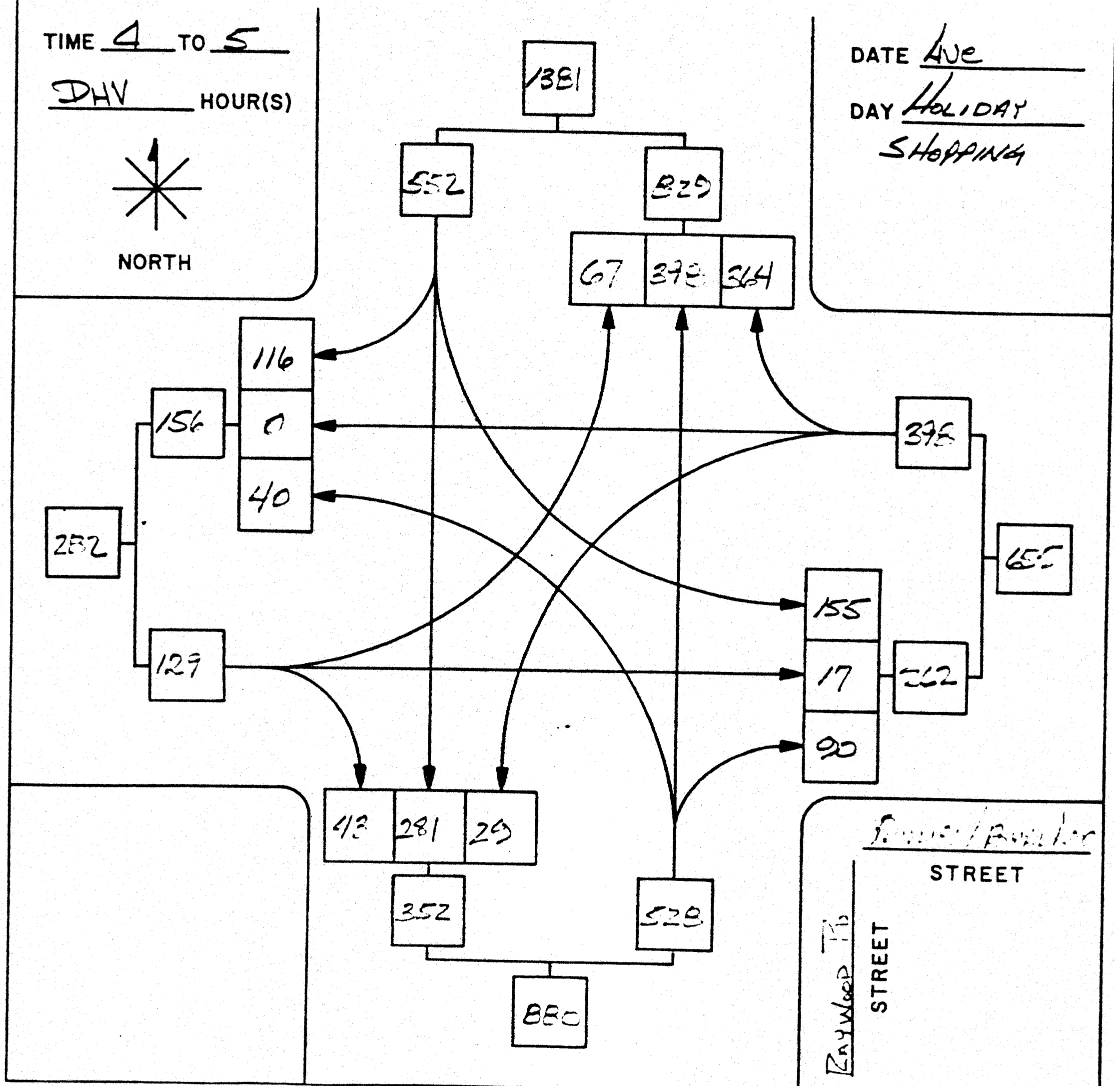
A critical movements analysis has been completed to establish the level of service and the traffic controls needed (see table 1). The calculations indicate that the intersection will function with stop signs on Royal Avenue and the entrance at a level of service: A, which is adequate even for this high sales period.

APPENDIX B (Continued)

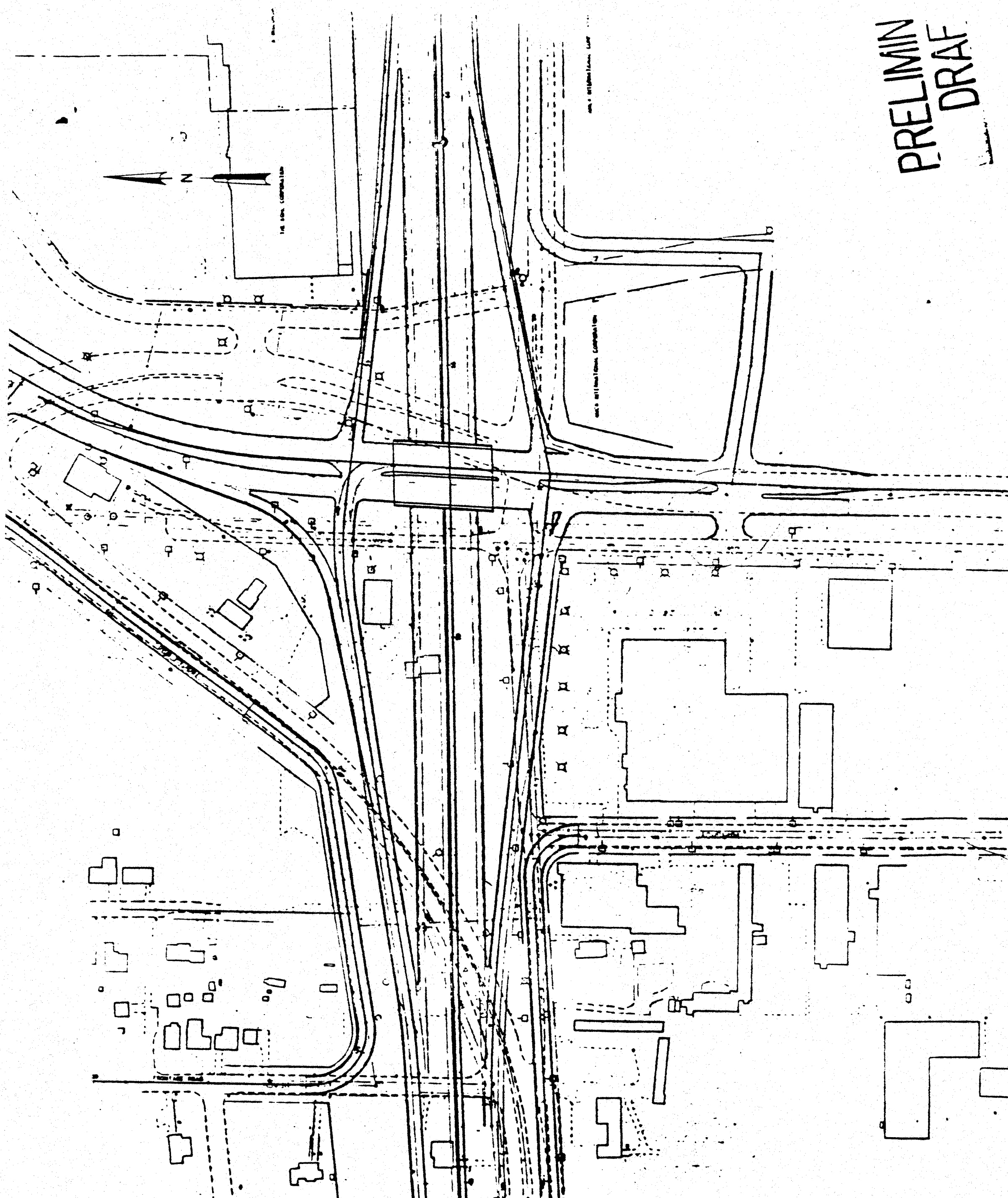
TURNING MOVEMENT SUMMARY DIAGRAM

STATE Wisconsin COUNTY Dane CITY [illegible]

LOCATION Raywood Rd • (Kelmart) Royal Ave (Phillips Entrance)



APPENDIX B (Continued)



APPENDIX B (Continued)

CRITICAL MOVEMENT ANALYSIS

Intersection: phillips/royal & raywood   Design Hr.: 4.00-5.00PM

INPUT DATA

move	# lanes	widths			volume
nl	1	12	0	0	155
nt	2	12	12	0	281
nr	0	0	0	0	115
wl	1	12	0	0	67
wt	1	12	0	0	17
wr	0	0	0	0	[illegible]
sl	1	12	0	0	40
st	2	12	12	0	396
sr	1	12	0	0	90
el	0	0	0	0	29
et	1	12	0	0	0
er	1	12	0	0	364

approach	pt	ib	pd
north	.05	0	0
west	0	0	[illegible]
south	.05	0	0
east	.05	0	0

pf: .95 c: 45 ng: .675 wg: .325

ADJUSTED VOLUMES

move	adj pcv	# of lanes	pce/lane
nl	363	1	363
nt	515	2	257
wl	158	1	158
wt	71	1	71
sl	99	1	99
st	516	2	258
etel	36	1	36

SUM OF CRITICAL VOLUMES

phase #	phasing	adj crt vol
1	ntnlstsl	363
2	wtwletel	158
3		0
4		0
5		0
6		0

critical total = 541

level of service: a

APPENDIX C

COMMERCIAL/INDUSTRIAL DISTRICT

COMMERCIAL-INDUSTRIAL DISTRICT

12.100 **CHARACTERISTICS OF DISTRICT.** The Commercial-Industrial District is characterized by retail, service, commercial, office, recreational, warehouse and light industrial uses which are highway-oriented. Typical light industrial uses include manufacturing, fabrication, packing, packaging, assembly, repair, terminals, depots and storage. It is contemplated that multifamily residential development shall be permitted in this district only as part of an approved Planned Community Development.

12.101 **DISTRICT PERFORMANCE STANDARDS.** In addition to the general performance standards, proposed uses in this district shall meet the following additional standards:

(1) The proposed use shall be related to the general development pattern and the objectives of the Master Plan to provide a balanced local economy and to provide stable employment suitable for residents of Monona and the surrounding area.

(2) The proposed use shall be compatible with nearby development as built or contemplated for construction in the near future.

(3) Because of the limited supply of vacant land, any proposed retail or service uses shall not unnecessarily duplicate retail or service uses already existing in the immediate vicinity.

APPENDIX D

COMPUTER OUTPUT FOR SUBJECT BEFORE THE TAKING

APPENDIX D (Continued)

```
QP                    Version 2.3

Program Choices Are:

1. Enter/edit/display/file input data
2. Analyze quality point ratings
3. Display output to screen *
4. Select options
5. Quit

   * [When output is displayed to screen, you may print the output
     with the PrtSc key, then press <RETURN> to continue.]

Enter your choice: ?                                        ,,


Display Output to Screen

Select output to be displayed:

1. Input data
2. Weighted matrix for properties
3. Value range determination: mean price per point method
4. Transaction zone: mean price per point method
   and linear regression method
5. Mean price per point method: predicted vs. actual price for comparables
6. Linear regression method: predicted vs. actual price for comparables
7.  Computation matrix

<Return> to quit
Enter your choice:
```

APPENDIX D (Continued)

Project title: SUBJECT-BEFORE

Unit prices   Search interval = 5

	RETAI	CONDI	ACCES	SITE	DISTR	Price
Prel. wts.	20	50	0	30	0	-
COMP #1	3	5	5	5	5	$27.96
COMP #2	3	1	5	3	3	$12.82
COMP #3	5	5	5	3	3	$30.49
COMP #4	1	1	3	3	1	$11.14
SUBJ-BEF	5	5	3	3	5	-

Weighted Matrix

Feature/ Attribute	RETAIL	CONDITIO	ACCESS	SITE	DISTRESS	Wtd. score
Initial weights	20	20	20	20	20	100
Final weights	20	50	0	30	0	100
COMP #1	3/ 0.60	5/ 2.50	5/ 0.00	5/ 1.50	5/ 0.00	4.60
COMP #2	3/ 0.60	1/ 0.50	5/ 0.00	3/ 0.90	3/ 0.00	2.00
COMP #3	5/ 1.00	5/ 2.50	5/ 0.00	3/ 0.90	3/ 0.00	4.40
COMP #4	1/ 0.20	1/ 0.50	3/ 0.00	3/ 0.90	1/ 0.00	1.60
SUBJ-BEF	5/ 1.00	5/ 2.50	3/ 0.00	3/ 0.90	5/ 0.00	4.40

APPENDIX D (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point:	$6.60
Dispersion About the Mean:	$0.43
Coefficient of Dispersion:	0.0648

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per Unit
Low Estimate	4.40	X	$6.17	=	$27.14
Central Tendency	4.40	X	$6.60	=	$29.02
High Estimate	4.40	X	$7.02	=	$30.90

Transaction Zone: Mean Price Per Point Method

Number of units in subject property: 33950

Low Estimate	$921,315	or	$921,000
Central Tendency	$985,173	or	$985,000
High Estimate	$1,049,030	or	$1,049,000

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

	Predicted Price	Actual price	Error
COMP #1	$30.34	$27.96	$2.38
COMP #2	$13.19	$12.82	$0.37
COMP #3	$29.02	$30.49	-$1.47
COMP #4	$10.55	$11.14	-$0.59

APPENDIX E

COMPARABLE LAND SALE INFORMATION

APPENDIX E (Continued)

ACCESSIBILITY/VISIBILITY TO HIGH VOLUME TRAFFIC:	5 = Arterial traffic count in excess of 20,000 vehicles per day and/or secondary street access and siting for high visibility with no perceived access problems. 3 = Secondary arterial traffic count between 10 to 20,000 vehicles per day with moderate to high visibility and no perceived access problems. 1 = Primary or secondary arterial with traffic count in excess of 10,000 vehicles per day with visibility and access is less than desirable.
SHAPE OF SITE:	5 = Rectangular and efficient dimensions for intended use. 3 = Slightly irregular shape due to adjacent road turn radius. 1 = Highly irregular shape as a remnant suitable for unfilling.
SIZE OF SITE:	5 = Less than one-half acre. 3 = One-half to three acres. 1 = Greater than three acres.
PROXIMITY TO ESTABLISHED RETAIL AREA:	5 = Located within high concentration of shopping centers and consumer oriented commercial services. 3 = Located at periphery of commercial area or beyond normal pedestrian access. 1 = Isolated from existing development by surrounding fields, lack of paved roads or industrial character of neighboring uses.
LOCATION IN MADISON:	5 = West 3 = South Central 1 = East
CORNER LOT:	5 = Located on corner of commercial service affording good visibility and access. 3 = Not on a corner, but having access from two directions 1 = Not on a corner, lacking the exposure and advantages of a corner lot.

APPENDIX E (Continued)

Project title: PHILLIPS

Unit prices   Search interval = 5

	ACCES	SHAPE	SIZE	PROXI	LOCAT	CORNE	Price
Prel. wts.	10	20	30	20	5	15	-
AMERICAN	3	5	1	3	3	1	$2.50
HERITAGE	5	1	3	5	5	5	$3.41
ZIMBRICK	3	3	3	3	3	5	$3.33
APPLIANCE M	5	5	3	3	1	1	$3.20
PROMENADE	5	1	1	5	5	1	$2.45
AHRENS	3	3	3	3	3	1	$2.62
PHILLIPS	1	5	1	1	3	5	-

Weighted Matrix

Feature/ Attribute	ACCESS	SHAPE	SIZE	PROXIMIT	LOCATION	CORNER	Wtd. score
Initial weights	10	20	30	20	5	15	100
Final weights	10	20	30	20	5	15	100
AMERICAN	3/ 0.30	5/ 1.00	1/ 0.30	3/ 0.60	3/ 0.15	1/ 0.15	5.00
HERITAGE	5/ 0.50	1/ 0.20	3/ 0.90	5/ 1.00	5/ 0.25	5/ 0.75	7.20
ZIMBRICK	3/ 0.30	3/ 0.60	3/ 0.90	3/ 0.60	3/ 0.15	5/ 0.75	6.60
APPLIANCE MART	5/ 0.50	5/ 1.00	3/ 0.90	3/ 0.60	1/ 0.05	1/ 0.15	6.40
PROMENADE	5/ 0.50	1/ 0.20	1/ 0.30	5/ 1.00	5/ 0.25	1/ 0.15	4.80
AHRENS	3/ 0.30	3/ 0.60	3/ 0.90	3/ 0.60	3/ 0.15	1/ 0.15	5.40
PHILLIPS	1/ 0.10	5/ 1.00	1/ 0.30	1/ 0.20	3/ 0.15	5/ 0.75	2.50

APPENDIX E (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point:	$0.99
Dispersion About the Mean:	$0.03
Coefficient of Dispersion:	0.0275

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per Unit
Low Estimate	2.50	X	$0.96	=	$2.41
Central Tendency	2.50	X	$0.99	=	$2.48
High Estimate	2.50	X	$1.02	=	$2.55

Transaction Zone: Mean Price Per Point Method

Number of units in subject property: 144272

Low Estimate	$347,685	or	$348,000
Central Tendency	$357,525	or	$358,000
High Estimate	$367,365	or	$367,000

APPENDIX E (Continued)

COMPARABLE SALE NO. 1

LOCATION:	West Badger Road
SALE DATE:	7/17/80 (Satisfaction of land contract 1/15/81) and 6/10/83
SALE PRICE:	$162,000 and $165,000
SELLER:	Schappe Pontiac, Inc.; and Leo R. and Florence Jenness
BUYER:	Leonard Mattioli and George Reuhl
RECORDING DATA:	Land contract, Volume 2054, Page 66, at Dane County Register of Deeds
HIGHEST AND BEST USE:	Commercial/Retail
ACTUAL USE:	Expansion of parking lot for American TV
LOT SIZE:	147,319.92 SF (3.38 acres)
MAIN FRONTAGE:	329.89 feet on West Badger Road
ZONING:	C2 Commercial, Town of Madison
ACCESSIBILITY/ VISIBILITY:	At time of purchase, only access to service road and low visibility for commercial/retail purposes. Adjacent to open field on the south and American TV on the east.
DAILY TRAFFIC COUNT AT SALE DATE:	West Badger Road: 2,350 vehicles per day Count taken near Fish Hatchery Road
FINANCING:	Both comparable sales are considered to represent cash prices at the time of purchase. Comparable 1-A is $162,000 or $2.22 per square foot, and Comparable I-B is $165,000, or $2.22 per square foot.
TIME ADJUSTMENT:	Using the Implicit Price Deflator, sale 1-A was adjusted 20 percent to $194,400 or $2.66 per square foot. Sale 1-B has a cash adjusted price of $368,112 or $2.49 per square foot.

APPENDIX E (Continued)

COMPARABLE SALE NO. 2

LOCATION:	Southwest corner of South Whitney Way and Odana Road
SALE DATE:	1/25/82
SALE PRICE:	$400,000
SELLER:	Westside Business Association, Inc.
BUYER:	Flad Development and Investment Corporation
RECORDING DATA:	Warranty Deed, Volume 3359, Page 50, Dane County Register of Deeds
HIGHEST AND BEST USE:	Shopping Center
ACTUAL USE:	Heritage Square Shopping Center
LOT SIZE:	L-shaped lot with 123,275 square feet (2.83 acres); 18,817.9 square feet (0.432 acres) was donated to the City for improvement of Odana Road; 104,457 square feet (2.398 acres) remain.
MAIN FRONTAGE:	323 feet on South Whitney Way 396 feet on Odana Road
ZONING:	C3L, City of Madison
ACCESSIBILITY/ VISIBILITY:	Corner lot with one entrance/exit on South Whitney Way and two entrance/exits on Odana Road
DAILY TRAFFIC COUNT AT SALE DATE:	South Whitney Way: 29,450 vehicles per day Odana Road: 14,600 vehicles per day
EXISTING AREA:	This property is located at one of the most prominent commercial intersections on Madison's west side. At the northeast corner is Westgate Shopping Center and at the northwest corner is Whitney Square.

APPENDIX E (Continued)

COMPARABLE SALE NO. 2 (Continued)

FINANCING:	Three quarters of this property was financed by a second mortgage from the seller at a below interest rate of 9.625 percent. The rest was conventionally financed. The cash equivalent value of the $300,000 second mortgage, based on a market interest rate at the time of 14 percent, monthly payments on the note of $2,529.68, and the balloon of $210,704 due at the end of 20 years is $221,133. The cash equivalent value of the seller financed note plus the $100,000 conventionally financed note equates to a cash equivalent price for the site of $321,133, or $3.07 per square foot.
TIME ADJUSTMENT:	Using an Implicit Price Deflator, the time adjustment factor is 11.13% which equals $3.41 per square foot.

APPENDIX E (Continued)

COMPARABLE SALE NO. 3

LOCATION:	Bryant Road, Greenway Cross, and West Beltline/Fish Hatchery Frontage Road in the Town of Madison
SALE DATE:	7/31/81 and 1/31/83
SALE PRICE:	$135,000 (plus $1,800 to demolish service station) and $75,000
SELLER:	Altantic Richfield Co. (ARCO) and Joseph F. Huber
BUYER:	Zimbrick, Inc.
RECORDING DATA:	Special Warranty Deed, Vol. 3324, page 26 and Land Contract Vol. 4208, page 92, Dane County Register of Deeds
HIGHEST AND BEST USE:	Commercial/retail
ACTUAL USE:	Expansion of automobile dealership
LOT SIZE:	Rectangular shape, 42,315 square feet (0.97 acres)
MAIN FRONTAGE:	235.44 feet on Beltline/Fish Hatchery Frontage Road
ZONING:	C2 Commercial, Town of Madison
ACCESSIBILITY/ VISIBILITY:	Accessible from Fish Hatchery Road via Greenway Cross and Frontage Road only moderately visible to traffic.

DAILY TRAFFIC COUNT IN YEAR OF SALE: (Vehicles per day)

	1981	1983
Fish Hatchery	12,100	19,350
Greenway Cross	7,700	8,300
Service Road	2,350	2,850

FINANCING: Comparable Sale 3-A was sold for cash, and Comparable Sale 3-B had a six-month land contract for $70,000 at 18 percent with semi-annual principal payments which was considered to be equivalent to cash. The cash price (including demolition) of Comparable Sale 3-A is $136,800, or $3.23 per square foot, and

APPENDIX E (Continued)

COMPARABLE SALE NO. 3 (Continued)

Comparable Sale 3-B is $75,000, or $261 per square foot.

TIME ADJUSTMENT: Using the Implicit Price Deflator, sale 3-A was adjusted 14.76% to $156,992. Sale 3-B was adjusted 6.19% to $236,635 or $3.33 per square foot.

APPENDIX E (Continued)

COMPARABLE SALE NO. 4

LOCATION:	4634 East Washington Avenue, Madison, WI.
SALE DATE:	7/3/81
SALE PRICE:	$145,000
SELLER:	Lawrence J. Heilprin and Robert C. Rosa
BUYER:	G & F Building Co., a partnership
RECORDING DATA:	Warranty deed satisfying an unrecorded land contract dated 6/27/79, Volume 2910, Page 77, at the Dane county Register of Deeds
HIGHEST AND BEST USE:	Commercial/retail
ACTUAL USE:	Additional parking lot for Appliance Mart
LOT SIZE:	Rectangular shaped area with 52,000 square feet (1.194 acres)
MAIN FRONTAGE:	200 feet on the East Washington Avenue service road
ZONING:	C2, City of Madison
ACCESSIBILITY/ VISIBILITY:	This site is located on the frontage road which runs parallel to East Washington Avenue and is readily accessible. Visibility is good from vehicles traveling on East Washington Avenue.
DAILY TRAFFIC COUNT AT SALE DATE:	East Washington Avenue: 22,900 vehicles per day
EXISTING AREA:	The site is located across from East Towne Shopping Center, a large regional mall. Many other retail spaces occupy the area.
FINANCING:	The terms of the land contract, dated 6/27/79, included a down payment of $20,000, 9 percent interest, on the

APPENDIX E (Continued)

COMPARABLE SALE NO. 4 (Continued)

balance of $125,000, two seim-annual payments of $15,000 with the balance due in two years. The cash equivalent price of the stream of payments to the sellers, discounted at 10 percent, which was the market interest rate at the time of sale, and then inflated to 7/3/81, equates to the nominal price of $145,000, or $2.79 per square foot.

TIME ADJUSTMENT: Using the Implicit Price Deflator for the time period 7/3/81 to 8/1/85, an adjustment factor of 14.76% is used. Thus, 2.79 per square foot times 1.1476 equals $3.20 per square foot.

APPENDIX E (Continued)

COMPARABLE SALE NO. 5

LOCATION:	North of Mineral Point Road, North of Anchor Savings and Loan, on Westfield
SALE DATE:	7/1/85
SALE PRICE:	$938,577
SELLER:	Cooperative Services, Inc.
BUYER:	Madsen Speciality S.C. Associates
RECORDING DATA:	Purchase contract 11/9/83, closing on 7/1/85.
HIGHEST AND BEST USE:	Commercial/retail
ACTUAL USE:	Purchased as a shopping center site.
LOT SIZE:	395,533 SF (9.08 Acres)
MAIN FRONTAGE:	653 feet on Westfield
ZONING:	C3-L, City of Madison
ACCESSIBILITY/ VISIBILITY:	This site is set back from Mineral Point Road and lacks good visibility and access offered on a major arterial.
DAILY TRAFFIC COUNT AT SALE DATE:	Unknown
FINANCING:	Purchase contract 11/9/83
TIME ADJUSTMENT:	Using an Implicit Price Deflator, the price was adjusted from $2.37 per square foot to $2.45.

APPENDIX E (Continued)

COMPARABLE SALE NO. 6

LOCATION:	1333 and 1325 Applegate Road
SALE DATE:	9/26/83
SALE PRICE:	$116,000 and $112,000
SELLER:	Commercial Center Properties, a partnership and Vista Structure, Inc.
BUYER:	Ahrens Cadillac-Oldsmobile, Inc., a Wisconsin Corporation
RECORDING DATA:	Warranty Deed, Volume 4858, Page 33, and Volume 4823, Page 79, Dane County Register of Deeds
HIGHEST AND BEST USE:	Commercial/Retail.
ACTUAL USE:	Additional parking area for Ahrens Cadillac-Oldsmobile, Inc.
LOT SIZE:	45,265 square feet
MAIN FRONTAGE:	295 feet on Applegate Road
ZONING:	C-3L
ACCESSIBILITY/ VISIBILITY:	Very good access and visibility along Applegate Road, however, only partial visibility from the Beltline.

DAILY TRAFFIC COUNT AT SALE DATE:

	1981	1983
Fish Hatchery	121,100	19,350
Applegate	950	1,160

FINANCING:	Both properties were purchased for cash.
TIME ADJUSTMENT:	Using the Implicit Price Deflator, sale 6-A was adjusted 4.38% to $2.67 per square foot. Sale 6-B was adjusted to $2.58 per square foot.

QUALIFICATIONS OF THE APPRAISER

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.