An appraisal of 100 West College Avenue, Appleton, Wisconsin. July 1, 1984

Landmark Research, Inc.

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AN APPRAISAL OF

100 WEST COLLEGE AVENUE

APPLETON, WISCONSIN

Landmark Research Inc.

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APPLETON, WISCONSIN

AS OF

JULY 1, 1984

PREPARED FOR:

MR. FRANK COHEN
100 WEST COLLEGE BUILDING CO.
APPLETON, WISCONSIN

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.

August 21, 1984

Mr. Frank Cohen
622 East Lindbergh Street
Appleton, Wisconsin 54911

Dr. Marcus Cohen
c/o Quisling Clinic
2 West Gorham Street
Madison, WI 53703

Dear Messrs. Cohen:

In response to your request, we have appraised your property at the corner of West College Avenue and Oneida Street, currently occupied by the Campbell Store, as to its Fair Market Value for eminent domain acquisition under the Wisconsin statutes as of July 1, 1984.

After inspection of the property, on July 23, 1984, and again on August 1, 1984, and individual inspection of real estate sales and leases in downtown Appleton area, we have concluded that Fair Market Value of the property, more specifically described herein, as available for sale unencumbered by any leases, vacant and available for redevelopment as of July 1, 1984, is:

FOUR HUNDRED THOUSAND DOLLARS

($400,000)

cash to the seller under all conditions required of a fair transaction.

However, there is a lease in place to Campbell Stores, Inc., for $22,000 annual net rent which may represent a significant leasehold interest in the property. The Fair Market Value of this leasehold, considering the probabilities as to whether the tenant would remain in the property to the end of all options on September 30, 2001, would be $110,000. The lease provides for arbitration of leasehold loss in the event of eminent domain so that this leasehold value must be regarded as subject to legal qualification and revaluation according to more specific legal instructions than those available as of the date of appraisal. There is also precedent on College Avenue for the buy-out of a leasehold at approximately half its estimated value, suggesting a leasehold value of $55,000 to $66,000 might

Messrs. Cohen
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be reasonable for the subject property and tenant circumstances. The appraisal of the fee represents the first five sections of this report, while Section VI is the valuation of the leasehold interest.

You should consider the valuation conclusions subject to the limiting conditions and assumptions which are provided in this report.

We are pleased to have been of service 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

Jean B. Davis

Jean B. Davis
Real Estate Appraiser/Analyst

Enclosures

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I. INTRODUCTION

A. The Appraisal Issue

The issue for which this appraisal is required as a benchmark is the acquisition by eminent domain of the former Montgomery Ward Department Store building at the corner of West College Avenue and Oneida Street, Appleton, Wisconsin, and further described below. The acquisition is a total taking of the property owned by the 100 West College Building Company, more specifically a general partnership of Frank and Marcus Cohen and currently leased by a retail drygoods enterprise doing business as Campbell Store. The property is being acquired as part of a two-block redevelopment district under the direction of the City of Appleton through its authorized subsidiary, the Appleton Redevelopment Authority. The issue requires determination of fair market value of the fee simple title unencumbered, under Wisconsin law governing just compensation, together with an allocation of fair market value between the fee ownership and the leasehold interest of the Campbell Store.

B. Property Identification

The total property to be acquired represents the eastern 52.5 feet of Lot 6, Block 27, Appleton Plat, (Second Ward) otherwise known as 100 West College Avenue. The tax key number is currently 31-2-0280-00-0, and the City equalized assessed value for 1984 is $347,778. [1] It is popularly recognized as the Campbell Store.

C. Date of Evaluation

The date of evaluation is the day on which the lis pendens is recorded in the Office of the Register of Deeds in the county where the land is located. The fair market value of the property on this day is just compensation to the condemnee for the taking. For this appraisal, the date of the evaluation is June 29, 1984, the date of the jurisdictional offer, and the appraiser has taken July 1, 1984, as the date of appraisal to match the monthly anniversary dates of the leasehold interest.

D. Definition of Value and Conditions Thereto

This appraisal is requested by the owner of the property, Frank Cohen, to be a full narrative appraisal made by a qualified appraiser according to the standards set forth in Section 32.09 of the Wisconsin Statutes. The definition of "fair market value" is the current definition from the Eighth Edition of the textbook prepared by the American Institute of Real Estate Appraisers and quoted in Exhibit 1 of this report.

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[1] The 1984 assessed value is $313,000 and Appleton assessments in 1984 were made at 90 percent of market value.

EXHIBIT 1

DEFINITION OF FAIR MARKET VALUE

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

It should be noted that in determining the fair market value of the subject property, the appraiser must ignore any influence affecting fair market value of the real estate attributed to announcement of the proposed public use for the site, specifically the shopping mall intended to rejuvenate the downtown Appleton area. Property must be appraised as though such a project were never contemplated with the exception that the appraiser can overlook physical deterioration from lack of maintenance during the cloud of eminent domain where the maintenance would have been within the reasonable control of the owner.

E. The Property Rights Appraised

The subject property will first be appraised as though owned in fee simple title without encumbrances. Only the real estate and immovable fixtures of the owner are included. Tenant fixtures and personal property have been separately appraised in a report by C. R. Pelton & Associates for the Appleton Redevelopment Authority dated April 1984.

The leasehold interest presently held by the Campbell Store will then be evaluated and appraised under several alternative scenarios. These alternative values will be synthesized and a value will be deducted from the value of the fee to determine the market value of the property subject to the existing lease to produce a basis for legal interpretation by others.

F. Appraisal Problems to be Addressed

The subject property is a former department store, built to building standards of 1933, currently occupied by a retailer which assumed the lease of a defunct drugstore in February 1, 1974. The lease has approximately seven years remaining on its initial term concluding on September 30, 1991, with two five-year renewal options. However, the type of retailing represented by Campbell's in downtown Appleton has been declining and vulnerable to further competition due to intensive shopping center development on the western and northern flanks of the City of Appleton, and to changing styles of retailing. The present tenant utilizes the basement and first floor for retail display of women's and children's clothes and light household accessories. The current tenant retrenched from the mezzanine, tried a sub-tenant on the mezzanine, and currently the mezzanine is closed. The second and third floors of the subject property are currently used for general management, dead storage, and some inventory processing for the six-store chain operating as Campbell's Stores. The tenant has reason to consider altering its modus operandi and location, thus complicating leasehold valuation. The building is clearly an obsolete structure in a transitional use so that highest and best use will differ from existing use. A statement of highest and best use must therefore be deferred to Part III, following careful analysis of the property and trends in its locale. An old structure requiring change in use makes the cost approach to value totally inappropriate due to high levels of functional and economic obsolescence and reduces the income approach to a test of the reasonableness of the fair market value derived from comparable market sales analysis.

The current circumstances of the subject property will require determination of the appropriate leasehold parameters by others, so the appraiser has provided six alternative leasehold value scenarios for consideration in a probability matrix. For purposes of fee simple appraisal, the building is assumed to be vacant, to be immediately available for occupancy, and to include any immovable fixtures classified as real estate and the property of fee owner.

II. ANALYSIS OF SUBJECT PROPERTY

A. Description of Site

1. Physical Attributes

The physical attributes of the site are that of a corner parcel on the northwest quadrant of the intersection of a principal commercial street, College Avenue, and a one-way traffic artery, Oneida Street. The parcel is platted in Exhibit 2 and located on the map in Exhibit 3. The site has 52.5 feet of frontage along West College Avenue, 140 feet of frontage on Oneida Street, and an additional 52.5 feet of frontage on an alleyway to the rear known as Midway Street. The total surface area of the site is 7,357 square feet, assuming the architect's dimensions are correct in the absence of a property survey. The dimensions are confirmed on the blueprints of the subject property made available to the appraiser by Frank Cohen.

There is a modest drop in grade of approximately 18 inches from West College Avenue to Midway Street. There is no evidence of cracking in the subject property, and it is presumed that soil conditions and geology are suitable for any commercial development consistent with zoning. Current vehicle access and package delivery is from Midway Street only, and the City of Appleton is baring and removing sidewalk vaults which might have permitted expansion of site area below grade.

EXHIBIT 2

PLOT MAP SHOWING SUBJECT PROPERTY

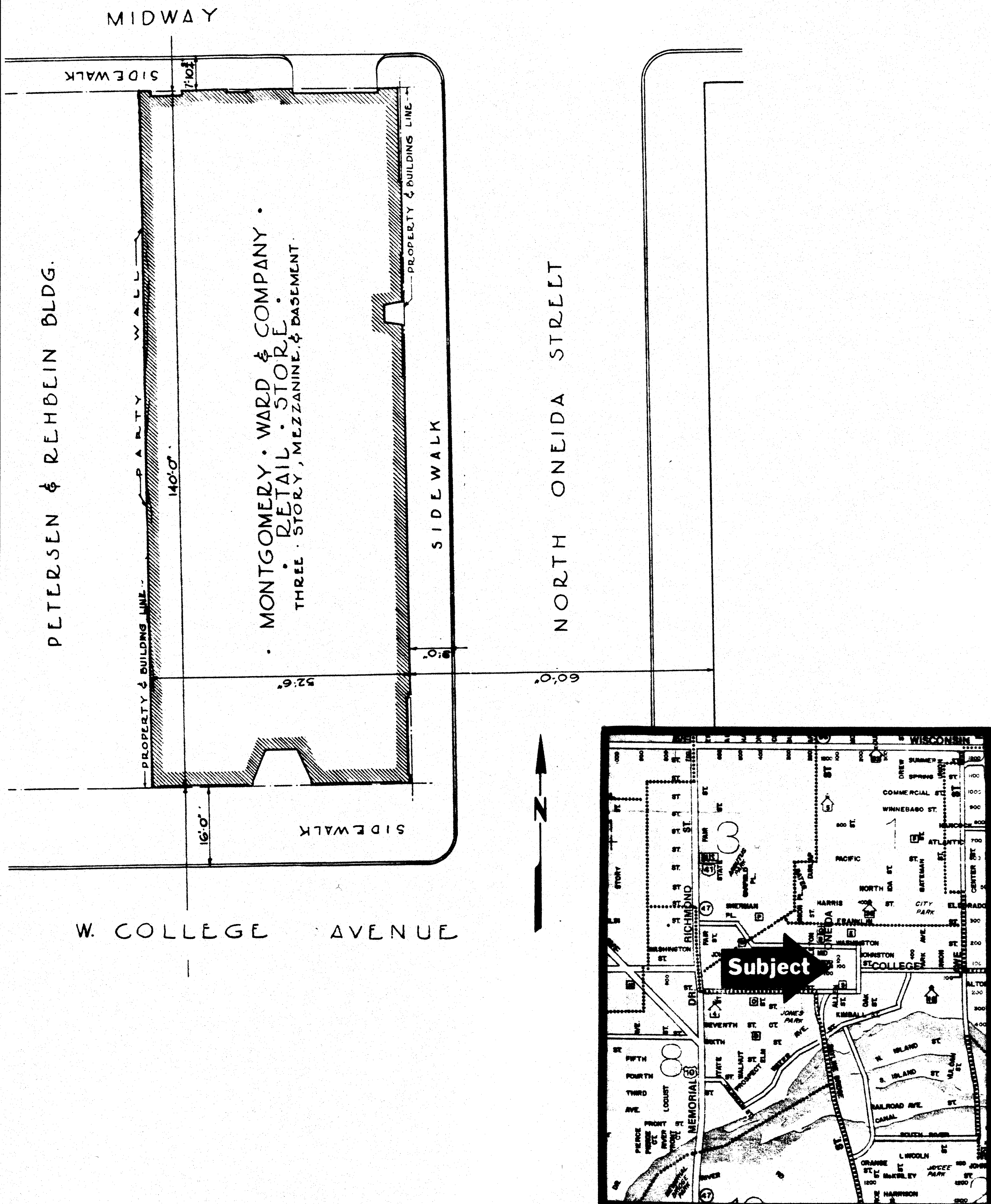
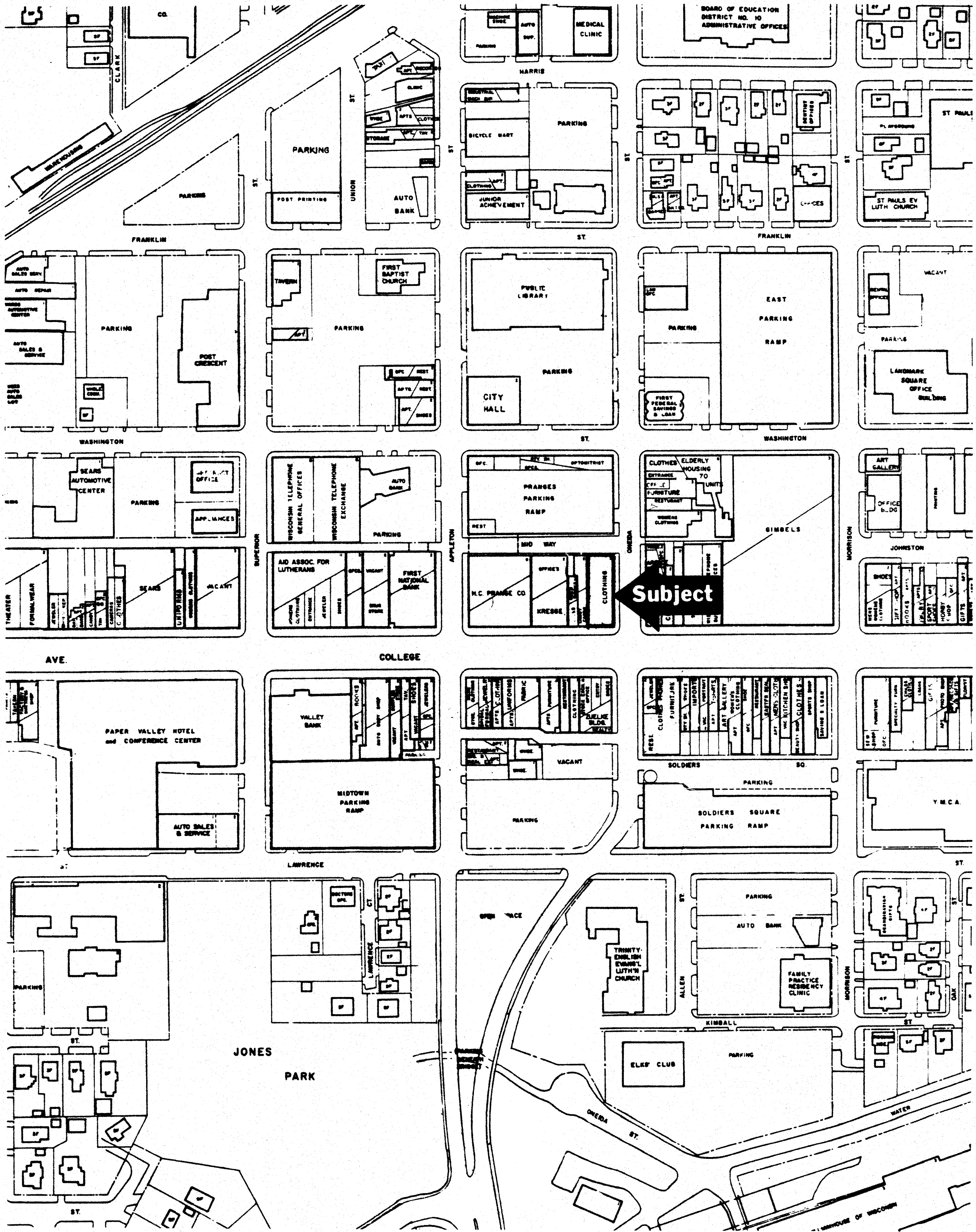


EXHIBIT 3

LOCATIONAL MAP SHOWING SUBJECT PROPERTY



The site is served by sewer, water, gas and electric service of sufficient capacity to serve any permissible use, although sewer and water laterals might need expansion for uses significantly increasing density of employees or other persons on the site. Curb, sidewalks, and streets are well-maintained and handicapped curb ramps are in place.

2. Legal/Political Attributes

The legal/political attributes reflect that the subject property is zoned C-4, Central Business District zone. There appears to be no special covenants or easements limiting reuse of the site, but no title search was provided the appraiser.

3. Linkage Attributes

The linkage attributes of the subject parcel are its most distinctive characteristics and provide opportunity for strong economic reuse of the subject property. Refer to Exhibit 3 for a map of site location orientation and detailed occupancies of the Appleton Central Business District adjacent to the subject property.

In close proximity is a parking ramp owned and operated by Prange's, a large department store on the west end of the subject property block. The City of Appleton has provided extensive municipal parking support for the downtown core, and parking in these ramps and paved lots has a nominal price of

$12 a month for a downtown employee and a nominal cost for the stort-term shopper. As a result, developers do not find it necessary to provide for the majority of project parking needs on the site.

Despite the parking support, downtown Appleton as a retailing center has been adversely affected by expanding suburban shopping center facilities and the dispersal of office tenants and home offices as well. The subject parcel is located midway between a major department store operated by Prange's on the west edge of the subject block and a modern Gimbel's store one block to the east. All of these stores share the north side of West College Avenue with other generators of pedestrian counts including a successful Burger King, clothing stores, a variety store, and a telephone company service center, all of which create the highest pedestrian counts for the 100 and 200 blocks of East College Avenue. The 200 and 300 blocks of East College Avenue remain a favored location for specialty shops and restaurants. At one time, the subject property might have been termed the 100 percent corner, i.e., the prime retail site. To the west of the subject site, on the north side of West College Avenue, the former Sears and Penney's Stores are closed and essentially vacant, and the shift towards the suburbs has caused Prange's to reduce the floor area dedicated to retailing. The Kresge Store, proximate to the subject property, was vacated in 1983, and none of these large first floor retail spaces have found a regular tenant because of significant changes in preferred retail store sizes and merchandising methods. Appleton's downtown interests strongly resisted the newest shopping center for almost ten years, so that the retail potential of College Avenue was in question for many years prior to any discussion of a competitive downtown mall. This history will make it necessary to choose comparable properties which are in transition on College Avenue to apply the market comparison approach.

For purposes of this appraisal, the following reports on retail and office potential for downtown Appleton have been reviewed and accepted as the basis for economic growth in the downtown College Avenue area and competitive suburban alternatives:

1. Environmental Impact Assessment Screening Worksheet, "Application for Chapter 144 Air Pollution Control Permit for Grand Chute Mall Project," Bureau of Environmental Impact, Wisconsin Department of Natural Resources, November 1982.
2. Hammer, Siler, George Associates. "Economic Impact of Proposed Fox River Mall on Fox Cities Region." November 1981. (Available from the Department of Natural Resources.)

3. Real Estate Research Corporation. "Downtown Development Opportunities Appleton, Wisconsin." December 1980. Prepared for the Appleton Redevelopment Authority.

4. Status Report, Downtown Appleton, Wisconsin, June 1981. Prepared by William A. Brehm, Jr., Director of Planning and Redevelopment, City of Appleton, P.O. Box 1857, Appleton, Wisconsin 54913.

For background information, it is useful to quote from Section 4 on Economics, Page 7, of reference No. 1, above, and which is reproduced in Exhibit 4.

The report by Real Estate Research Corporation, reference No. 3, provided more focused data on trends in the distribution of general office space as reproduced in Exhibit 5. Reference No. 1 provided trends in retail space as presented in Exhibit 6. RERC further concluded that the retail core of downtown Appleton should be concentrated on East College Avenue, anchored by Prange's, Gimbel's, and Lawrence College. The study inventoried the tendency of legal and professionals and financial types to be downtown while insurance and real estate sales organizations were shifting to the western end of West College Avenue, near Highway 41. The RERC report forecast of office space absorption in downtown Appleton of 10,000 to 12,000 square feet per year has been doubled each year by the performance of new projects in downtown Appleton, and the

EXHIBIT 4

ECONOMIC BACKGROUND ON APPLETON RETAIL POTENTIAL

The existing retail trade opportunities for shoppers likely to be attracted to the mall are in downtown Appleton, along West College Avenue in the town of Grand Chute, in Neenah, and in Kimberly, Kaukauna and Little Chute. Most of the shoppers who would be attracted to the mall live in these municipalities and the surrounding rural areas. This geographic region is called the mall's "trade area."

The population of the trade area (about 232,000), like the general economy of the region, is stable, having grown slowly in the past decade. However, the number of households has increased rapidly--about 30% since 1970--with a corresponding decrease in the number of persons per household. The trade area's average household income, estimated at $22,760 in 1980, has declined in the past decade, as has the percent of income that these households spend on the kinds of goods which would be offered at the mall ("shoppers' goods"). This percentage fell from 14.6% in 1972 to 13.8% in 1977 and is estimated to have been 13.4% in 1980.

Taken together, these forces--population, households, personal income, and propensity to spend at the existing retail stores--determine the retail sales in the area. These sales are estimated to have been in 1980:

Appleton	$66.1 million
West College Avenue	$31.3 million
Neenah (including Fox Point)	$14.8 million
Kaukauna, Kimberly and Little Chute	$13.8 million

Thus, the existing trade pattern is that the City of Appleton accounts for about half of the retail sales of shoppers' goods in the area, the West College Avenue corridor has about 25%, and Neenah and the group of communities including Kaukauna, Kimberly and Little Chute share about equally in the remainder of the sales.

The sum of the retail figures, $126 million, represents both sales to trade area residents, estimated to be about $102 million, and sales to others who live outside the region. In turn, area residents bought some of their mall-type goods at stores in the trade area shopping districts and some at stores in other locations. The difference between trade area residents' actual expenditures and their potential expenditures in each of the trade area's shopping districts is normal; this means that on the average, residents currently spend the percent of their income within the trade area that the trade area would be predicted to receive, given the household and income attributes of people in the trade area.

Predictions of future shoppers' goods sales in the absence of the mall have been made in the Hammer, Siler, George study for trade area business districts. Sales in the City of Appleton have been declining and are expected to continue to decline during the next decade, even if the mall is not built. In the absence of the mall, the prediction is that the $66.1 million of sales in Appleton in 1980 will drop to about $56.5 million in 1992 (expressed in constant 1980 dollars). Sales in Neenah and the West College Avenue corridor are expected to rise by about 20-25% by 1992. In Kimberly, Kaukauna, and Little Chute, sales will nearly double by 1992 as the result of the recent opening of two large discount stores in that area. However, since the determinants of sales--population, personal income, number of households and propensity to spend--on balance are expected to remain constant, the total volume of sales originating from the region is predicted to remain relatively constant with or without the mall.

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Trends in Distribution of General Office Space

	Downtown		West College		Wisconsin Ave./Outlying		
	Square Feet	Percentage	Square Feet	Percentage	Square Feet	Percentage	Total
Pre 1975	55,000	28.8	88,000*	46.1	47,892	25.1	190,892
1975-1979	42,003	23.4	52,800*	29.4	84,576	47.2	179,379
Total--Existing	97,003	26.2	140,800	38.0	132,468	35.8	370,271
Planned	0		88,000	74.6	30,000	25.4	118,000
Total	97,003	19.9	228,800	46.8	162,468	33.3	448,271

*Como Building total 63,000; 18,000 before 1975; 45,000 absorbed 1975 to 1979.

Table 3.

Major Office Activity
Downtown vs. West College Avenue Como

	Downtown	West College
Title and Abstract	4	0
Accountants	4	0
Advertising	1	1
Associations	9	
Attorneys	20	0
Financial institutions	11	3
Investment	4	7
Insurance	22	6
Real estate	6	2
Other business administrative, sales offices	2	9

Sources; ARA and RERC

EXHIBIT 5

EXHIBIT 6

REPORTED RETAIL SALES IMPACT OF SUBURBAN RETAIL DEVELOPMENT ON DOWNTOWN APPLETON, 1980 - 2000

EXCERPTS FROM "Application for Chapter 144 Air Pollution Control Permit for Grand Chute Mall Project"

Fox Valley Mall, Phase One, opened in July, 1984, with approximately 515,000 square feet of enclosed mall facilities, three major department stores including Sears, Prange's, and Prangeway, and 2,800 parking stalls. A Phase Two is contemplated with two more major department stores and 350,000 square feet to the mall, plus an additional 2,000 parking stalls sometime after 1987. Professional analysts writing in 1980-81 anticipated:

"The direct economic impacts of the opening of a shopping mall would be felt largely by the retailers with whom the mall stores would compete for sales.

Sales Effects

Retailers selling goods similar to those to be sold at the proposed mall would suffer adverse economic impacts if the mall were built. According to the Hammer, Siler, George study, the retail sales in Appleton ($66 million in 1980), which are predicted to have dropped by $12 million in 1987 without the mall, are predicted to drop by an additional $5.5 million if Phase I of the mall were built. In 1992, if Phase II were built, sales in Appleton would be expected to be $44.6 million, a drop of nearly $12 million as compared to the situation without the mall. (These statistics are expressed in constant 1980 dollars.)

Retailers along West College Avenue are expected to increase their 1992 sales by about $2 million if Phase I of the mall is built, in contrast to $8 million without it, and to lose $1.6 million of sales relative to 1980 if Phase II is built. Retailers in Neenah are predicted to lose about $1 million with Phase I and $2.6 million with Phase II. Those in the Kimberly area--with retail sales of $13.8 million in 1980--are predicted to have $23.8 million in 1992 without the mall, $22.7 million with Phase I and $21.6 million if Phase II were built.

The sales predictions of the Hammer, Siler, George study assume that Sears will vacate its store in Appleton in 1985 when its lease runs out regardless of whether or not the mall is opened. If the opening of the Prange and Prangeway stores in the mall resulted in their vacating their downtown and West College Avenue facilities, greater declines in sales in these two areas would result, with beneficial and adverse economic impacts similar to those detailed elsewhere in this section."

EXHIBIT 6 (Continued)

"In the past ten to fifteen years, as free-standing stores and centers have been built, there has been an increase in shoppers' goods sales at these kinds of stores and a corresponding decrease in such sales in the central business districts. This shift in shopping patterns has been observed throughout the state and nation. The examples given below are for cities of about the same size as the Appleton-Oshkosh area in which shopping malls roughly comparable to the proposed mall were built between 1967 and 1977. These examples are from the 1977 Census of Retail Trade.

	CBD Sales as a % of Area Sales	
	1967	1977
Duluth, Minnesota-Superior, Wisconsin	12.5%	7.0%
Kalamazoo, Michigan	14.0	9.5
Madison, Wisconsin	14.0	6.0
Rockford, Illinois	11.5	3.0

These comparisons, repeated in many other cities throughout the United States, suggest that the building of suburban shopping malls coincides with declines in shoppers' goods sales in central business districts (CBDs).

These kinds of effects appear to have begun in the Appleton area prior to the announcement of the proposed mall and can be expected to continue, in part as the result of the opening of the mall.

In the Appleton central business district (CBD), Penney's department store has recently closed and moved to West College Avenue; McCain's plans to move to the Valley Fair Shopping Mall at the end of this year; Sears plans to move out of the CBD when its lease expires in 1985. The estimate of the likely sales in the Appleton CBD made by Hammer, Siler, George Associates is that sales in 1987 will have fallen from $66.1 million by $17.7 million (expressed in 1980 dollars), a loss of about 25% of the present sales, of which $5.5 million, or about one third, can be attributed to the opening of the mall. While some of the other sales studies predict smaller declines, some have predicted that the opening of the mall will have an even larger impact on sales.

Further, the Hammer, Siler, George study sales estimates assume that the Prange store in the CBD would remain open and continue to offer the full line of goods it currently offers, despite the opening of a new Prange branch with a full line of goods in the mall (located three miles west of the CBD). Larger sales declines at this and other CBD and West College Avenue stores could result if the Prange management did not maintain a full line of goods at its CBD and West College Avenue stores as assumed.

Without the drawing power of several department stores offering a full line of shopper's goods, other stores whose sales depend on having the department store customers make associated purchases will also face declining sales and possibly closure. The stores most vulnerable to this are in the Appleton central business district although stores located elsewhere in the city and along West College Avenue will also be affected."

capture rate of the downtown area has been closer to 80 percent of total urban demand rather than the one-third forecast by RERC. Significantly, the RERC report emphasized opportunities for rehabilitating a number of older buildings for the downtown office market, a marketing target which will be shown to be relevant to the subject property. With or without eventual development of the Fox River Mall, a comprehensive plan for the City of Appleton and the downtown had been adopted by the Common Council in September of 1980. Many of the major objectives including development of a hotel, a civic activities cluster, parking, a loop around the CBD, and a focus of retail strength between Prange's and Lawrence University were carried out with vigor. A pedestrian skyway linkage from the new hotel and convention center between College Avenue and Lawrence Street was built to connect with an expanded Valley Bank, new South Ramp, and proposed to link with a new department store where Appleton Center was eventually built, in the belief that by 1983 the downtown could be stabilized and concentrated along College Avenue, whether or not there was a physical mall constructed between Prange's and Gimbel's. Indeed, Prange's and Gimbel's could have been tied to existing retail on the north of College Avenue with a connector utilizing Midway Street and existing buildings in large part, with some demolition behind the Burger King building leading to Gimbel's. By 1984 a sufficient portion of the comprehensive plan was in place to give a prospective purchaser of the subject property, if vacant, good reason to believe that the City planning process and the loyalty of professional office users and small retailers to the downtown area would provide a reasonable level of market demand for remodeling the subject property.

The subject parcel is well situated in the center of the primary downtown office zone. Within two blocks are the established and aging Zuelke Building, the revitalized Lutheran Aid Building, four major banks and savings and loans, the prestigious, newly built Landmark I and II buildings, and the high style Appleton Center, now under construction. City Hall and a handsome municipal library are one-half block north on Washington. Three blocks away, on West College Avenue, is the aggressively promoted Paper Valley Hotel and Conference Center, which generates additional pedestrian activity.

The subject site enjoys positive and convenient automobile ties to all parts of Appleton. College Avenue is a main east-west thoroughfare connecting the highway nucleus at Highway 41 to the Campus areas of Lawrence College. Oneida Street is part of a one-way pair with Appleton Street that leads to the important Skyline Bridge spanning the Fox River. Oneida Street is a one-way traffic route going north, thus providing automobile people a long view of the subject property while driving or waiting for the College Avenue intersection stoplight to change.

4. Dynamic Attributes

Dynamic attributes of a site are those that exist in the mind of the observer rather than in simple physical facts. The position of the site on the north side of the street provides the warmth of winter sun on the sidewalk as well as the shortest route for comparison shoppers. The location is well recognized and easily found by the citizens because of its proximity to the tallest building in town (the Zuelke Building). The long fight for survival of downtown interests has generated a redevelopment effort for downtown, evidenced by business support for the new hotel and willingness of office users to upgrade spaces by relocating to new buildings such as Landmark and Appleton Center at an absorption rate well in excess of that forecast by Real Estate Research in its 1980 report of markets to the City of Appleton.

5. Environmental Site Attributes

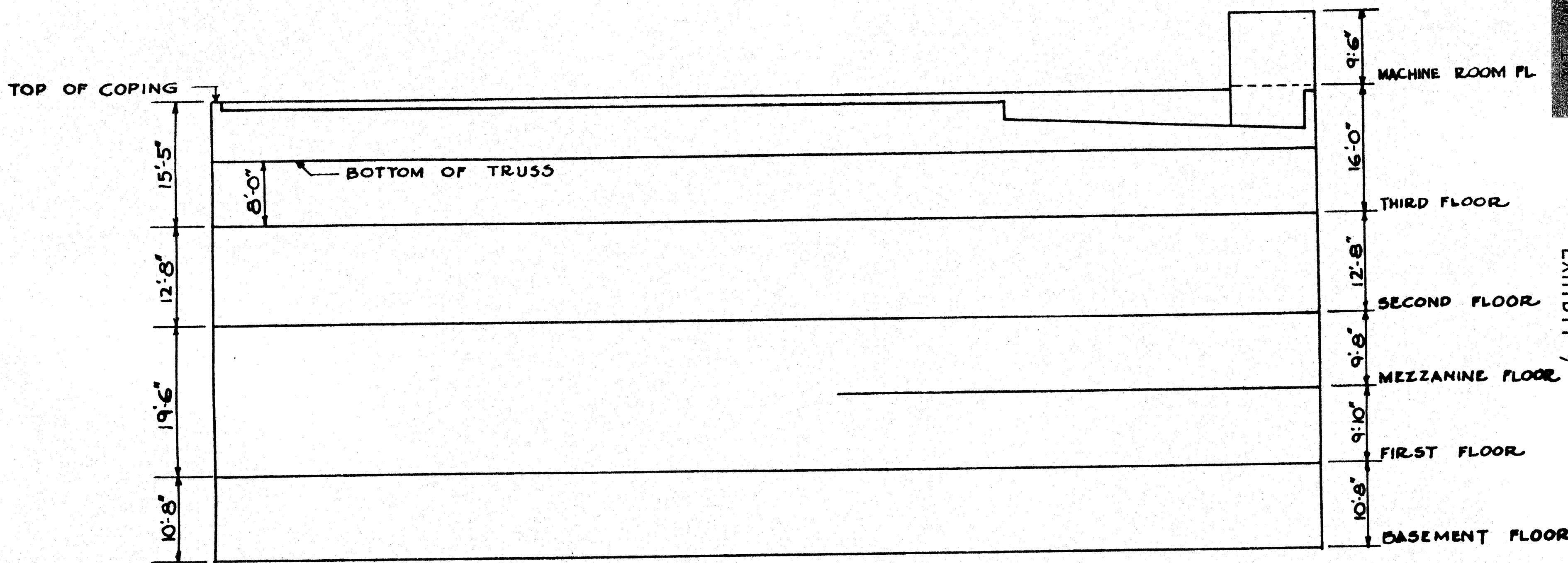
Environmental site attributes which might limit use are minor. Height limitations and facade conservation are not appropriate but might be negotiation ploys by the City of Appleton. Redevelopment of the subject property would not involve residential displacement, business relocation, open space encroachment, or significant air pollution or storm water runoff problems.

B. Description of Building Improvements

1. Physical Building Characteristics

Physical building characteristics show a mixed construction idiom in the cross-sections, shown in Exhibit 7, even though the building was built as a single project in 1933. Basic building floor layouts are provided in Appendix A. The basement and first floor/basement ceiling is of poured concrete and steel I-beam framing, incorporating the foundation walls of a former bank building on the site, within a larger new building above grade. Although exterior walls are 12 and 16 inch masonry and the roof structure utilizes heavy duty I-beam trusses, the mezzanine, second floor, third floor, and roof decks are framed with wooden joists and several layers of wood sheeting, topped with finished floor or asphalted as appropriate. Therefore, the building is considered brick mill or ordinary construction. At some point since construction, it was sprinklered to maintain an acceptable fire rating for insurance premium purposes. Exhibit 8 provides a summary review of construction details and major elements affecting possible remodeling. Selected photographs of the subject property are provided in Exhibit 9.

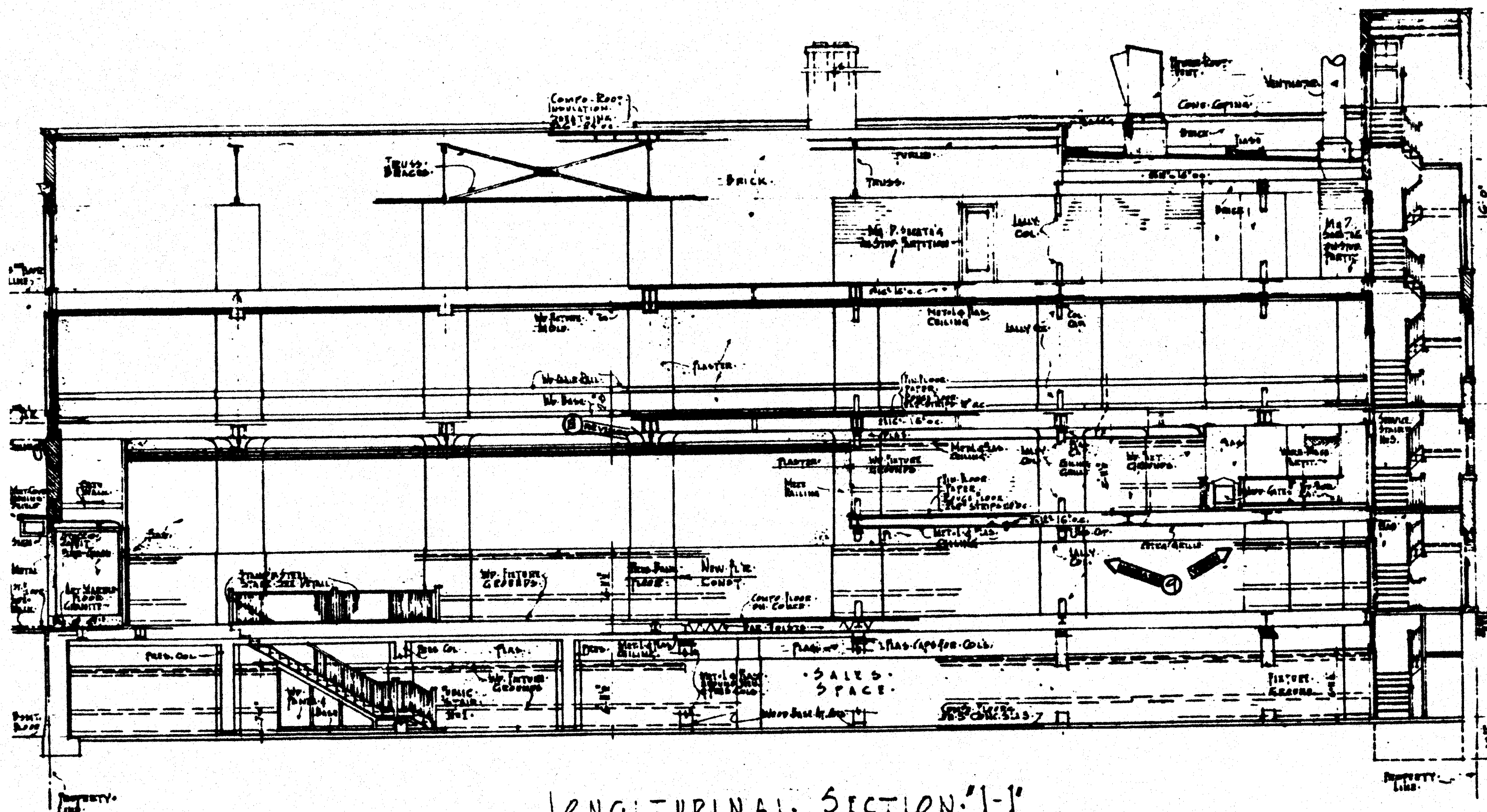
CROSS SECTION OF SUBJECT PROPERTY



· SECTION · SHOWING · STORY · HEIGHTS ·

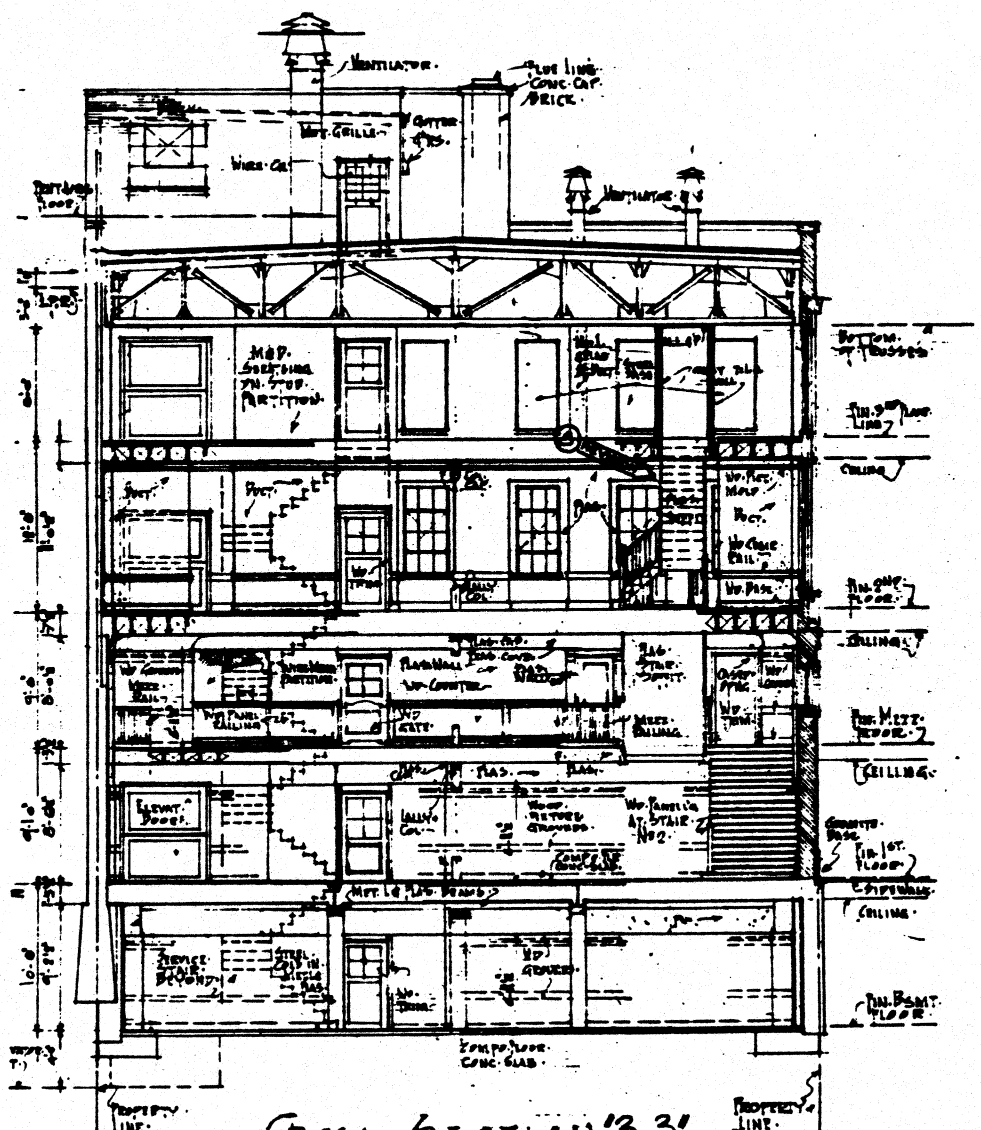
EXHIBIT 7

EXHIBIT 7 (Continued)



LONGITUDINAL SECTION "1-1"

EXHIBIT 7 (Continued)



CROSS. SECTION '3-3'

EXHIBIT 8

SUMMARY REVIEW OF
PHYSICAL ATTRIBUTES AFFECTING REUSE

Foundations

Existing structure replaced former 85' bank building, but integrated former foundations into new structure in 1933. Basic footings are stone at least 5' deep and 5' wide. Perimeter basement walls are stone masonry, ranging from 21" to 30" thick. Original bank had sidewalk vaults and several one-story additions on north end of site which were removed. Infill foundations are of poured concrete on poured concrete footings 4' wide and 15" thick. Existing party wall given concrete underpinning and brick piers for support. Steel I-beam structure carried to basement footings on new concrete buttresses reinforcing interior basement walls. Therefore, structural load, with the exception of exterior walls, is carried directly to the earth and does not bear on old stone walls.

Structural Systems

Structural system features steel I-beam columns encased in brick buttresses in the outside walls. Each floor is carried on deep 32" flange I-beams spanning 56' at the front of the store. The roof is carried on 7' box trusses for the full width of the building with purlins and steel crossbraces to pick up 2" x 6" wood joist roof. The mezzanine floor is framed with 12" I-beams on lally columns which carry through third floor.

Outside brick masonry walls support only their own weight and are buttressed with I-beams. Although floor joists are carried on steel structure, building should be classified as brick mill rather than fire-resistant construction since upper floors are frame and hardwood decks.

Floor Systems

Basement floor is a 5" concrete slab with asphalt tile.

The first floor is carried on bar joists supporting a poured concrete floor with a tile finish.

The mezzanine floor is carried on 2" x 12" joists, 16" on center, with a finished hardwood strip floor on felt paper, rough floor, and 2" x 2" screeds.

The second floor is carried on 2" x 16" wood joists, 16" on center, spanning 20' between I-beams. There is a finished hardwood floor over felt paper and 2" x 2" screeds.

The third floor is a replica of the second floor, except that some areas are not finished with oak.

EXHIBIT 8 (Continued)

Exterior Wall System

Exterior walls are basically 16" thick brick, tapering to 12" on upper floors. Quoin corners, brick bands detail parapet walls and cast stone architraves flanking windows decorate brick mass to hint of Greek classic style. (See photos in Exhibit 9.)

Store front windows are recessed to frame front store entry; display windows have concealed cat-walk above to provide special lighting effects.

Frontage on Oneida and College given granite base for detail. Brick was painted white in American-Greek-Colonial tradition.

Vertical Circulation

Vertical circulation is provided by enclosed fire stair traveling from the basement to the rooftop exit in the penthouse at center rear of building. These service stairs are concrete surface on metal frame with metal rails. The stair shaft is fully enclosed with metal mesh on steel stud and plaster. This service stairway appears to meet state fire codes.

The third floor is served by a second stairway from second floor enclosed by clay tile installed during remodeling to meet fire code. Original stair to mezzanine continued to second and third floors but represented an illegal open shaft and was removed many years ago.

Basement sales space is served by double wide steel framed, terazzo tread stairs in open shaft which is a nonconforming configuration. Any renovation would require enclosure of front basement stairwell.

The mezzanine is served by double wide, steel framed stairway with terazzo tread and wood railing.

Second and third floors, therefore, lack adequate stair exits within 75' of any work station as required by state code. The vertical stairway system is, therefore, functionally obsolete.

There is no passenger elevator although one was proposed for a 1946 remodeling intended to reopen second floor as a public sales area.

EXHIBIT 8 (Continued)

There is an operational Otis freight elevator with 2,500 pound capacity in the northwest corner of the building, serving each floor. Horizontal split safety doors guard each floor. The ground floor entrance of the freight elevators also faces the loading dock area at the alley to back load.

Any renovation would require a major expenditure for a passenger service elevator and shaft.

Horizontal Circulation

Public access is limited to the College Avenue entrance, with double width stairways leading to both the finished basement and to the mezzanine. A customer entrance from Oneida Street was bricked in at some time in the past. The employee's entrance is the rear exit to Midway Street. Package delivery is through the former two-car garage/tire shop which has an overhead garage door to Midway Street. The current store managers have offices on the south end of the second floor which can be accessed only by walking through shipping/receiving storage areas. There are small service areas serving the freight elevator, but there is no other corridor partitioning.

Fenestration

Fenestration utilizes steel sash industrial window units with the appearance of traditional double-hung windows. The hoppers, the secondary entrance window on Oneida, and corner display window have been bricked in. Display windows face College Avenue and are framed in black granite. The front display windows and entrance benefit from 50' wide, 3 section, crank-down metal frame lateral arm awning with metal storage hood. Window placement and detailing on College Avenue and Oneida Street enhance the architectural facade and would be visually compatible with conversion to office use, unlike department structures built after 1945 which utilized black exterior walls to maximize shelf display space. However, the 9'6" windows are virtually floor to ceiling on the second floor, complicating installation of dropped office ceilings or installation of modern air conditioning, partitioning, or office layouts. Third floor is 8 feet to bottom of truss with 7'6" window, but open truss would permit concealment of lighting and air handling without conflicting with window.

EXHIBIT 8 (Continued)

Heating System

The original heating plant was a coal-fired hot water boiler which served radiators on the upper floors and ceiling hung unit heater fans, in the high-ceilinged areas. This was converted to oil after World War II and modernized again to gas with remodeling for DeKoven's Drug Store in 1971.

The boiler is vented by means of a flue-lined brick chimney from the basement to the penthouse roof. Former coal storage vault now contains circuit breakers, sprinkler system controls, and related mechanical gear.

Air Conditioning

The building is partially air conditioned with three York compressors and air handling units which are located on the second floor. One unit supplies cooled air to the basement sales area, and the other two units, which were installed mid-way along the Oneida Street exterior with air makeup through a window vent, supply cooled air to the first floor retail area and mezzanine. A Westinghouse window air conditioner cools the work area on the second floor. One additional York unit is on the third floor to serve offices at the front of the second floor. Third floor benefits from one ceiling-hung three blade fan. These installations were made after the decision to close the second and third floors to the public because their floor locations would be incompatible with a renovated use and their need to possibly be relocated to the roof or to be replaced.

Air is supplied with the aid of a power roof vent and ventilating stacks to washrooms.

Life Safety Systems

In addition to one fire stairway, the building is sprinklered and equipped with heat/smoke detectors. The second and third floors are non-conforming in terms of public exits. There are fire extinguishers throughout. Fire rating schedule was not available for review of underwriter's critique.

EXHIBIT 8 (Continued)

Interior Partitioning

Reference to floor layouts in Appendix A indicates a minimum of interior partitioning. The original partitions were plaster on metal lath. Miscellaneous remodeling has utilized drywall on metal stud, wire mesh demountable partitions, and tongue-in-groove wood panels.

Roof System

The roof system consists of 2" x 6" rafters over purlins and box trusses, 1" fixed insulation and mopped with black tar.

The rear two sections are pitched on 2" x 12" rafters, 16" on center. Both sections are flashed to brick parapet wall.

The roof is non-conforming and would require gravel finish to be Class 1 or 2 fire resistant.

Plumbing

Plumbing and bathroom layouts remain from original 1933 installations. In addition to the bathrooms on the mezzanine, there is a large cast iron work sink in the old tire shop garage.

Mezzanine contains an employee/customer women's room with three water closets partitioned, and three washbowls in obsolete layout which no longer conforms to requirements for handicapped accessability.

A second women's restroom with two toilets and two washbowls is located on the second floor.

There is a customer restroom at the rear of the basement area with one toilet and one washbowl.

There is a drinking fountain to the left of front entrance.

There is a gas hot water heater of 40 gallon capacity.

EXHIBIT 9

EXTERIOR PHOTOGRAPHS OF SUBJECT
100 WEST COLLEGE AVENUE

Corner of College Avenue
and Oneida Street

Oneida Street side
of subject property

100 West College Avenue
Entrance of Subject property

Rear entry to subject property from
Midway Street. Was Montgomer Ward's
tire shop

Roof top of subject property
Looking south toward Zuelke Building

INTERIOR PHOTOGRAPHS OF SUBJECT

First floor retail showing
stairwells leading to basement and to mezzanine

Basement retail area

Second floor office
overlooking College Avenue

Second floor work area

Third floor storage area

2. Legal/Political Attributes

Legal/political attributes of the building would be favorable to redevelopment. There are currently no outstanding liens on the building for building code violations. A building of this size would be controlled by the State of Wisconsin Industrial Code, and any renovation would require signficant changes in stairwell placement, stairwell enclosure, washrooms for the handicapped, roof resurfacing, and resizing of five doors and related life safety elements. The property is encumbered by a single lease to the current occupant, further described and analyzed in Section V. Since the mezzanine will be considered a floor by the State Industrial Code, the building is technically four stories high, the maximum height permitted for ordinary mill construction. The City of Appleton has been willing to invest in downtown redevelopment including grants for historic facade restoration, write-downs on land assembly, pocket parks, and other forms of financial incentives. The pivotal location and high visibility of the subject property would generate political support for well conceived renovation.

3. Linkage Attributes

Linkage attributes of the building are average. The main entrance is level with the sidewalk to ease handicapped access. The former customer entrance on Oneida Street was removed so that the building lacks convenient access to Oneida Street. A possible skyway could be made to the Prange parking lot stairwell. However, stairways within the building and location of the freight elevator on the northeast corner makes internal circulation inefficient and burdens any renovation program with the high cost of relocation of the vertical circulation elements in the building.

4. Dynamic Attributes

Dynamic attributes of the building on the interior include the unusually high ceilinged first floor retail area, the sweeping double terazzo stairs to the shopping basement and mezzanine, and the high ceilings on the second and third floors. In particular, the third floor space, which is virtually attic space, has the potential for dramatic restoration as office space with an atrium centerpoint. The exterior facade is well massed and detailed with symmetrical strips of vertical, small-paned windows, quoin corners, and formal architraves and window accents of cast stone. The painted brick surface needs refinishing. The West College Avenue frontage is highlighted by a well-proportioned, back-lighted light box with the logo of the current tenant, Campbell. The exterior image is orderly and serviceable in terms of contemporary surfaces but the major aesthetic opportunity of the building is the spacious, clear span characteristics of the main retail floor and the underutilized second and third floors.

The 50 year age of the building and the absence of structural alterations for the last 30 years make the subject property unusually attractive to investors wishing to exploit tax investment credit features of the federal income tax law. The current fad for tax syndications has given a premium to older buildings which may not always be justified by the economics of remodeling.

C. Alternative Use Scenarios

For a specialized building in transition from the use for which it was designed, in this case a Montgomery Ward Department Store, to some alternative use that represents highest and best use, the appraiser must examine several alternative courses of action. These alternatives must be physically feasible, legally permissible, supported by effective demand, and financially viable. In addition, the use must be compatible with community goals and objectives. The full definition of highest and best use is provided in Exhibit 10. The range of alternatives would include continuing in the present use, modification to fit contemporary retailing, conversion to an alternative mixed commercial use, or demolition if vacant land would represent the highest value. The four alternative scenarios for use to be examined here are:

EXHIBIT 10

DEFINITION OF HIGHEST AND BEST USE [1]

That reasonable and probable use that supports 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. See Interim 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. See Most Probable Use, Most Profitable Use.

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[1] Byrl N. Boyce, Real Estate Appraisal Terminology, Revised Edition, AIREA, SREA, Ballinger, Cambridge, Mass., 1981, p. 126-127.

SCENARIO 1:

Leasing of basement, first floor, and mezzanine to a single retailer with inventory and management functions on the second and third levels, paralleling the existing use at current market rents.

SCENARIO 2:

Subdivision of basement, first floor, and mezzanine to provide multiple, small retail and commercial spaces. Such a strategy would avoid competing with large vacant stores which were formerly Penney's, Sears, and Kresge's.

SCENARIO 3:

Redevelopment of entire building to create a mixed use office/retail/commercial set of spaces, exploiting a high-ceilinged, center atrium and the clear span structure of the building.

SCENARIO 4:

Demolition of existing structure and sale of cleared site for commercial redevelopment.

Each of the above alternative courses of action would characterize the thinking of typical buyer groups in the marketplace, and the rationale of appraisal is that the highest bidder would prevail and would have in mind that use justifying the highest bid for the property as is.

D. Ranking of Alternative Uses

Each of the alternative uses would be politically acceptable, except that in the absence of the mall for downtown, the City would have resisted Scenario 4, which calls for demolition and clearance, unless some major reuse had already been approved and financed. A vacant lot on this prime corner would have exacerbated demoralization of downtown retailers. In any event, 7,357 square feet of land at $20 a square foot would be valued at $147,000 before demolition costs of $48,000 (12 cents a cubic foot x 400,000 CF is $48,000), suggesting a $100,000 value for the property before demolition. Cleared land costs in downtown Appleton have required a write-down of cost in order to facilitate new projects such as the Paper Valley Hotel and the Appleton Center. Thus, the demolition and vacant land scenario is both economically and politically unjustified. Federal tax laws since 1981 have provided tax investment credits for renovation of old commercial buildings, and the subject property would be entitled to the maximum 20 percent credit because of its age and absence of structural alterations for the past 30 years. Thus, the mindset of investors in 1984 favors renovation to exploit the tax law at the same time that the mindset of the community would be to discourage isolated demolition. It is reasonable to conclude that the next buyer of the subject property would have little incentive to sacrifice the tax benefits and to incur the demolition costs and community ire necessary to implement the vacant site scenario.

As an alternative, the next purchaser might buy with the intent of continuing its existing use for his own retail operation or for rental to a large floor area retail user as described in Scenario 1. If downtown retailing were stronger and the existing tenant enjoyed a growing, profitable operation, an argument could be made that the tenant would be the prime candidate to purchase the building and continue its existing use. However, downtown retailing volumes, retailer expectations, and the purchasing power of this tenant as of the date of the appraisal, July 1, 1984, were all negative. Indeed, retailers reported a drop of 15 percent in downtown retail sales when the new Fox Valley Shopping Center opened two miles from downtown Appleton on Highway 41 in mid-June 1984. Effective demand for a single store space with approximately 5,000 square feet of basement retail, 6,000 square feet of first floor retail, and 3,000 square feet of mezzanine space is almost nonexistent with the trend toward small specialty shops in the downtown area and the shift of larger national chains to the suburban shopping center. The former Penney's store, Sears store, and less attractive Gloudeman Building have been available for months prior to the date of appraisal. The subleasing failure of the mezzanine to the Needle Painter Shop in 1983 is further evidence of the lack of effective demand for the subject space as it is.

Therefore, it is reasonable to conclude that the next buyer of the subject property, if he could purchase the fee, clear and vacant, would be anticipating a signficant renovation program to better size the retail spaces to small specialty tenants who charcterize the 1984 market and to fully exploit the second and third floor spaces as rental area, given the available subsidy from the tax investment credit provisions of the federal income tax law.

The question is how extensively could the next buyer redevelop the building in order to rent spaces to retail specialty shops, commercial users such as travel agencies and copy shops, and office users. To test and compare Scenarios No. 2 and No. 3, detailed analysis of current market rents for properly sized retail and office spaces were collected for downtown Appleton. (See Appendix E.) Operating expenses for new and renovated spaces were checked in the Appleton market, and interviews with experienced redevelopment people in Appleton provided adequate budgeting allowances for various aspects of the remodeling process. A brief description and economic parameters of Scenarios 1 and 2 are provided in Exhibit 11, although finding tenants to rent existing spaces is a risky premise. Details and parameters for Scenario No. 3 are provided in Section IV of this appraisal to avoid repetition. Both presume the building would be purchased by one of the many

EXHIBIT 11

BEST USE TEST OF RENTING BUILDING "AS IS" [a]

REVENUE BY FLOORS	SCENARIO 1	SCENARIO 2
Basement:		
5,513 SF (75% of 7,350 SF) @ $1.50 triple net =	$ 8,269.50	
Remodeled basement @ $2.50 triple net =		$ 13,782.50
First Floor:		
7,350 SF @ $3.00 triple net =	22,050.00	
Subdivided 1st floor - 5 tenants @ $5.00 triple net =		36,750.00
Mezzanine:		
3,150 SF @ 1.50 triple net =	4,725.00	
3,150 SF @ $1.50 triple net =		4,725.00
Second Floor:	-0-	
7,350 SF @ $1.00 triple net =		7,350.00
Third Floor:	-0-	
7,350 SF @ $0.75 triple net =		5,512.50
ANNUAL TOTAL GROSS REVENUE	$ 35,044.50	$ 68,120.00
Rounded	35,000.00	68,000.00
EXPENSES - 10% of gross for management, leasing accounting, and vacancy	(3,500.00)	(6,800.00)
NET OPERATING INCOME (NOI)	$ 31,500.00	$ 61,200.00
Monthly NOI	2,625.00	5,100.00
PRESENT VALUE OF MONTHLY NOI FOR 87 MONTHS @ 15% =	138,739.00	269,550.00
PRESENT VALUE OF REVERSION FOR 7.25 YEARS @ 15% =	90,587.00 [b]	126,822.00 [c]
JUSTIFIED INVESTMENT BEFORE TAX	$229,326.00	$396,372.00
CAPITAL COST BUDGET		
@ $5/SF for refurbishing and leasing commissions	(89,250.00)	
@ $15/SF for remodeling and leasing commissions		(267,750.00)
ECONOMIC POWER OF ALTERNATIVE USE PLAN BEFORE ADJUSTMENT OF EXTERNAL FACTORS SUCH AS FINANCING, TAX LAWS, AND DEVELOPMENT COSTS PAID BY OWNER:	$140,076.00	$128,622.00
Rounded	$140,000.00	$129,000.00

[a] Rents presume tenants would incur additional costs averaging $3.00 to $3.25 per square foot per annum.
[b] Assumes $250,000 reversion.
[c] Assumes $350,000 reversion.

aggressive young commercial developers who are already playing a part in the commercial redevelopment and new construction of the downtown Appleton development area.

E. Highest and Best Use Conclusion

Reference to the Summary of Alternative Uses in Exhibit 12 suggests that Scenario 4 is not likely to be considered, and Scenarios 1 and 2 are likely to be equivalent, after consideration of landlord capital costs in Scenario 2 and lack of tax incentives or improved future values under the status quo Scenario 1. Scenario 3 offers the best chance for achieving highest value for the property as is and as remodeled to its full potential as a mixed use commercial building with atrium centerpiece. THEREFORE, THE APPRAISER HAS CONCLUDED THAT HIGHEST AND BEST USE OF THE SUBJECT PROPERTY WOULD BE REDEVELOPMENT FOR MULTIPLE TENANT RETAIL/COMMERCIAL USE OF THE BASEMENT/STREET FLOOR/MEZZANINE WITH HIGH STYLE OFFICE ON THE SECOND AND THIRD FLOORS TO EXPLOIT THE LOCATION, TRENDS FOR RETAIL AND OFFICE IN DOWNTOWN APPLETON, CURRENT FEDERAL TAX LAWS, AND OPPORTUNITY FOR MUNICIPAL SUBSIDY.

Landmark Research, Inc.

EXHIBIT 12

SUMMARY OF ALTERNATIVE USES TO SELECT HIGHEST AND BEST USE OF PROPERTY IN TRANSITION

	SCENARIO 1 Current Use	SCENARIO 2 Subdivision of Lower Floors	SCENARIO 3 Redevelopment of Entire Building	SCENARIO 4 Sale for Vacant Site
Market Demand/ Supply	Few large retailers likely/ supply ample with choice of Sears, Penneys, Brettschneider Buildings.	Smaller retail spaces consistent with College Avenue trend but simple partitioning lacks character required for specialty shopping.	High style renovation would establish prestige, identity, and Class A rents.	Residual land values in Appleton are low and cleared sites require assemblage larger than 7,350 square feet.
Legal/Political Acceptability	City Hall tolerance; no need for occupancy permit.	Remodeling permits conditional on meeting all building codes; little incentive for city help.	Renovation would greatly advance city goals for downtown area and justify broad city support.	Politically unacceptable.
Financing Incentives	No federal tax incentive or municipal financing.	Some investment tax credit, but municipal help not likely.	Maximum federal tax investment credit utilization and justification for city financing assistance.	Negative incentives since purchase cost would be capitalized.
Basic Cash Power of Use Before Income Tax Effects	$140,000 (Exhibit 11)	$129,000 (Exhibit 11)	$384,000 (Sections 4 and 5)	$100,000 (assuming $20/ square foot cleared)

III. MARKET COMPARISON APPROACH TO VALUE

A. Concept of Market Comparison Sale

Analysis of the subject property has concluded that the most probable use or highest and best use of the property is for commercial redevelopment. Therefore, it follows that the most probable buyer would be a professional real estate investor who has experience in remodeling and remarketing of multiple tenant commercial buildings.

These are critical decisions for application of the market comparison approach to value, the approach preferred for determining fair market value for purposes of eminent domain. Properties selected as evidence of comparable sales value relative to the subject property must have had similar economic opportunities for renovation and remarketing and actual purchasers with the general motivation ascribed to the most probable buyer profile.

B. Selection Rules for Comparable Sale

Given the business and morale factors affecting College Avenue properties downtown in 1984 sans mall and the need for buildings of sufficient scale to justify renovation by a commercial developer for multiple tenant occupancy, the following decision rules were defined for the selection of comparable sale properties:

1. Multiple story commercial structures had to be acquired for renovation and remarketing to multiple users.
2. Buildings had to be located on College Avenue within three blocks of Oneida Street intersection.
3. Sale had to occur since January 1, 1981, as it became reasonable to expect that Fox River Mall would be built on the west side of Appleton.
4. Properties acquired by or for the Redevelopment Authority could not be considered for indications of sale price.

Ordinarily this appraiser does not use listed properties as comparables, such as the Masonic Temple at 330 East College Avenue with 22,335 square feet listed at $395,000. However, the Brettschneider Building is so similar to the subject property in terms of commercial redevelopment potential, location, and structural style, that it was decided to include it as a comparable at an adjusted sale price to reflect negotiation potential down from the listing price.

Of the various sales subjected to these selection screens, three actual sales and one current listing of comparable property survived and are listed as follows:

Comparable	Address	Name	Date of Sale
1	103-105 E. College Avenue	Leath Furniture/ Centennial Square	Oct. 1981
2	430 W. College Avenue	Gloudeman's	Sept. 1981
3	338-344 W. College Avenue	Viking Theater Building	Aug. 1983
4	111 W. College Avenue	Brettschneider Furniture	Currently listed

Each of these comparables is described in detail in Exhibits 13, 14, 15, and 16. The comparable sales are located on a map in Exhibit 17. As previously noted, the Brettschneider building listing is included because of its proximity, physical similarity, and probability of benefitting from a change in use due to current under-utilization and the impending impact of the Appleton Center and Houdini Plaza, a pocket park on the Brettschneider building flanks.

To convert this data to an estimate of fair market value for the subject property, it is necessary to first identify a common denominator as a unit for comparison because each of these buildings is relatively unique in size and character, although each is highly comparable to the selected criteria for reuse opportunity, buyer motivation, and ultimately multiple commercial tenant occupancy. Selection of this common denominator should explain a signficant proportion of the

EXHIBIT 13

COMPARABLE SALE NO. 1

NAME OF BUILDING:	Formerly Leath Furniture - now Centennial Square
STREET ADDRESS:	103-105 East College Avenue
NOMINAL SALES PRICE AND DATE:	\$215,000 as of 10 February 1982
DOCUMENT NUMBER:	806820, J3143 Image 30, Register of Deeds Office, Outagamie County
TERMS OF SALE:	\$45,000 down in land trade, with \$170,000 land contract on Wisconsin Form 11. Interest paid monthly and annual payment of principal of \$21,666.67 for the first three years and \$15,000 per year thereafter through March 1991.
CASH EQUIVALENT PRICE:	\$200,000 computed by discounting at commercial rate of 14%.
GRANTOR:	John Bergstrom, who bought it from an estate for \$200,000 with \$30,000 down. Markup of \$15,000 to Grantee to cover transaction costs.

EXHIBIT 13 (Continued)

COMPARABLE SALE NO. 1 (Continued)

GRANTEE: S & M Investments - Steve and Mark Winter. Purchased to renovate, re-lease, and utilize historic building income tax investment credit. Ultimately received $30,000 community development block grant funds to restore facade. Interview 23 July 1984 and August 1, 1984.

LEASING INFORMATION: Immediately available for renovation at time of purchase. Currently leased to Rita's Boutique, Nells Anderson Interiors, and The Peppermill Restaurant. Third floor office space 50% committed to new tenants and 50% vacant. Leasing details reported in Appendix C.

LOT SIZE AND LOCATION: Southeast quadrant of East College Avenue and Oneida Street, minus corner store 23.5' wide and 88' long. 41.7' of frontage on East College Avenue, 41.7' of frontage on Oneida Street, 63' frontage on Soldiers' Square, and total depth of 130' for total of 6,339' SF of land area and 6,094' SF of building coverage.

STRUCTURAL CONDITION: Building built in 1882, with masonry walls, oversized steel I-beams, and wood floor rafters. Basically clear span to center post. Non-sprinklered, detailed facade needed extensive repairs and restoration.

ELEVATORS: Building came with two operating elevators: a freight elevator at rear, with access to Soldiers' Square, going from basement to third floor utilized by restaurant and interior decorating shop; and a modernized, old-style passenger cab elevator serving the public corridor accessible to both the East College Avenue and Oneida Street entrances.

MECHANICAL EQUIPMENT: Building was gutted, and all electrical, plumbing, and HVAC were replaced.

CEILING HEIGHTS AND COLUMN SPACING: High 15 to 17 foot ceilings provided generous space for renovation on all floors. Steel I-beams permit flexible interior layout. Decor capitalizes on high ceilings on 1st floor.

EXTERIOR FACADE: Architectural facade retained original integrity and was the principal reason for city block grant assistance and final acceptance on National Registry.

EXHIBIT 13 (Continued)

COMPARABLE SALE NO. 1 (Continued)

AVAILABILITY OF PARKING:	Site benefits from multiple story, city-owned, Soldiers' Square parking ramp at rear entrance to site.
BUILDING STATISTICS:	East College Avenue frontage: 41.7 feet 1st Floor Footprint and Land Area: 6,339 SF Gross Building Area: (unadjusted) 19,017 SF Gross Building Area: (adjusted) 19,017 SF Cubage, unadjusted and adjusted: 228,204 CF

EXHIBIT 14

COMPARABLE SALE NO. 2

NAME OF BUILDING:	Gloudemans
STREET ADDRESS:	430 West College Avenue
NOMINAL SALES PRICE AND DATE:	\$250,000, 15 September 1981
DOCUMENT NUMBER:	802201, J2964 Image 28, Register of Deeds Office, Outagamie County, Wisconsin
TERMS OF SALE:	\$50,000 down, \$200,000 balance on land contract, Wisconsin Form 11. Interest only 9% per annum first year, followed by 12% per annum with principal payments paid monthly in the amount of \$2,108.37, ballooning in the 10th year. Contract paid off in cash for \$175,000 in spring of 1984 when balance due was approximately \$195,000.
CASH EQUIVALENT PRICE:	Used \$25,000 discount on early payment of land contract to represent owner's preference for cash to set cash equivalent price at \$225,000.

EXHIBIT 14 (Continued)

COMPARABLE SALE NO. 2 (Continued)

GRANTOR:	Gloudemans & Gage, Inc. - liquidating assets of former dry goods and department store.
GRANTEE:	Russell L. and wife Janice Meerdink, each 25%, and S & M Investments, a Wisconsin Partnership of brothers Stephen and Mark Winter. Purchased to renovate, re-lease, and utilize investment tax credit opportunities. Interivew 23 July 1984.
LEASING INFORMATION:	Purchased subject to remaining nine months of lease to McCain's Department Store at $1,800 per month, with 9% interest set on first year of land contract. Temporarily leased to furniture sales businesses, owned by Janice Meerdink - Unfinished Business and Dinette Distributors. Currently under extensive reconstruction. Have leased 4,800 SF of 1st floor to beauty college for $6.33 per SF per year, including basic heat and light. All other hot water, cold water, and electricity metered seperately. Additionally 1,400 SF will be rented to Unfinished Business. Additional 2,400 SF on first floor still vacant and available. Second floor stripped and undergoing conversion to office space for five year lease to Human Resource Specialists, a Government Grant Agency, for $8 per SF. Only increased utilities are passed through relative to 1985 base year. Agency pays lump sum annual rent at beginning of period for net of $7.50 per SF.
LOT SIZE AND LOCATION:	Northeast quadrant of West College Avenue and Walnut Street, 83 x 120 or 9,960 SF. Building covers 9,600 SF of land.
STRUCTURAL CONDITION:	Masonry walls, wood floors, built in three phases, so there are some steel joists and some wood beams of steel lally columns. Multiple floor heights. Average to poor condition - ordinary or brick mill construction.
ELEVATORS:	Building has two elevators, one freight and one passenger elevator, at the center of the building, which were last upgraded in 1966.

EXHIBIT 14 (Continued)

COMPARABLE SALE NO. 2 (Continued)

MECHANICAL EQUIPMENT:	Extensive remodeling is providing new boiler for entire building and new HVAC, with the exception of salvaging of air handling ducts and fans, chiller and cooling tower for first floor.
CEILING HEIGHTS AND COLUMN SPACING:	High 15 to 17 foot ceilings provide generous space for suspended ceilings and mechanicals on both floors. One half of basement semi-finished, but low ceilings reduce usable commercial area to 1/4 of basement. Some portions of building are clear-span between masonry walls while oldest portion has well-spaced lally columns.
EXTERIOR FACADE:	Exterior walls have bricked in window openings and reveal different phases of construction. Facade is unified by monotone painting, but lacks architectural merit.
AVAILABILITY OF PARKING:	Site benefits from city-owned, two-level west parking ramp at rear of site, as well as street parking on West College Avenue and Walnut Street.
BUILDING STATISTICS:	West College Avenue frontage: 83 feet First floor footprint and land area: 9,960 feet Gross Building Area: (adjusted) 22,410 SF (including 1/4 of basement) Gross Building Area: (unadjusted) 24,900 SF (including 1/2 of basement) Cubage based on unadjusted gross building area: 378,480 CF Cubage, adjusted: 318,720 CF

EXHIBIT 15

COMPARABLE SALE NO. 3

NAME OF BUILDING: Viking Theater Building

STREET ADDRESS: 338-340 West College Avenue

NOMINAL SALES PRICE AND DATE: $450,000, 27 June 1983

DOCUMENT NUMBER: 827517, J3949 Image 37, Register of Deeds Office, Outagamie County, Wisconsin.

TERMS OF SALE: $100,000 down, $350,000 balance on land contract at 10% interest per annum, interest only the first 12 months (later extended first 24 months), followed by 47 monthly installments of $3,761.28, ballooning at the end of the 60th month, or earlier in the event of default or sale.

CASH EQUIVALENT PRICE: $420,000 is the present value of the payment stream, discounted at 12%, for the commercial rate in June 1983. However, property was subject to an adverse leasehold to a bridal shop, which was bought out, according to plan, for $35,000 cash, so that fee simple title cost $455,000, as confirmed by Steve Winter in a personal interview, 26 July 1984.

EXHIBIT 15 (Continued)

COMPARABLE SALE NO. 3 (Continued)

GRANTOR:	Tenants-in-common, identified as two Wisconsin general partnerships, Limited Realty Co. and Bahcall Investment Co.
GRANTEE:	S & M Investments with a 60% interest, David Buss, a 20% interest, and Alfred and Frederick Piette, 10% interest each, as tenants-in-common, with joint and several liability. Purchased to rehabilitate. (Confirmed by interview 26 July 1984)
LEASING INFORMATION:	Purchased subject to unfavorable bridal/tuxedo shop leasehold, which was bought out for $35,000 cash, and unfavorable lease to Marcus Theaters. This lease expired and was renegotiated on more favorable terms after purchase. Second floor was essentially vacant and unfinished. Currently, 1st floor tenants are Viking Theater, E.Z. Bonkers, a video game restaurant and bar, and a Nautilus exercise franchise. Second floor office rehabilitation now under construction. Government Job Service Agency has leased 2,900 SF on three-year lease at $7.50 per SF, including heat and electricity and no janitorial service.
LOT SIZE AND LOCATION:	Northeast quadrant of West College Avenue and Division Street with 108.8 feet frontage and depth of 160 feet for a land area of 16,554 SF.
STRUCTURAL CONDITION:	Built in 1941 of masonry and concrete over a ravine, using several sub-basements sometimes used for storage only. At time of purchase there was a freight elevator. Building is essentially two structures, one a theater, and the other retail and office space. Renovation has created new office entrance at north end of building on Division Street, and passenger elevator has been built serving basement and two floors for $15,000 per floor. Second floor office space is being completed with carpet, partitioning, acoustic ceiling, and HVAC for $15 to $20 per SF.
ELEVATORS:	One freight elevator came with building, requiring reconditioning. Passenger elevator added to permit marketing to those concerned with handicapped access.

EXHIBIT 15 (Continued)

COMPARABLE SALE NO. 3 (Continued)

MECHANICAL EQUIPMENT:	Existing mechanicals in fairly good condition, but 2nd floor office space will require additional capacity for HVAC from rooftop units.
CEILING HEIGHT AND COLUMN SPACING:	Architect reports 1st and 2nd floors total 26.5 feet to bottom of roof deck with generous space for suspended ceilings and mechanicals on both floors. Viking Theater space is 36' wide and 132' long, paralleling long central corridor which is single loaded to office space for some inefficiency. Second floor light well makes 2nd floor office space reasonable, but not cheap.
EXTERIOR FACADE:	Unified brick exterior, banded with change of color and industrial metal windows. Commercial architecture dated, but intact.
AVAILABILITY OF PARKING:	Site benefits from large, city-owned, west parking ramp, kitty-corner to Division Street entrance, and privately-owned parking to rear is former Sears Automotive Center.
BUILDING STATISTICS:	West College Avenue Frontage: 108.8 feet First floor footprint and land area: 16,554 SF Adjusted and Unadjusted Gross Building Area: 27,541 SF Adjusted and Unadjusted Cubage Based on Gross Building Area: 438,681 CF

EXHIBIT 16

COMPARABLE SALE NO. 4

NAME OF BUILDING:	Brettschneider Furniture Store
STREET ADDRESS:	111 West College Avenue
NOMINAL SALES PRICE AND DATE:	Current listing price as of 24 July 1984 is $295,000.
DOCUMENT NUMBER:	None available.
TERMS OF SALE:	Sellers will accept land contract. Only the real estate is for sale. Sellers would vacate, and are considering leaving the furniture business.
CASH EQUIVALENT PRICE:	Appraiser assumed a negotiation discount of $25,000, since owners are under no pressure, and site will soon benefit from strategic location adjacent to pedestrial wall connecting West College Avenue and Houdini Plaza. Listing seemed relevant due to proximity and similarity of structure and opportunity for redevelopment as is characteristic of subject property.
GRANTOR:	Interviewed Mr. Joseph Rossmeiss, owner, on 1 August 1984.

EXHIBIT 16 (Continued)

COMPARABLE SALE NO. 4 (Continued)

GRANTEE:	Unknown, but presumed to anticipate rehabilitation of older structure. Letter from Charles Ball, broker for Rollie Winter & Associates, 13 July 1984.
LEASING INFORMATION:	Can be purchased in fee simple title as though vacant or subject to short term lease pending liquidation of furniture business.
LOT SIZE AND LOCATION:	Interior lot on south side of West College Avenue, 40' x 110' deep for a total of 4,400 SF, fully covered by building footprint.
STRUCTURAL CONDITION:	Building is constructed of all masonry on steel frame. Side walls are windowless masonry, and end walls have double hung industrial windows. Two fireproof stairwells and passenger elevator. First floor furniture store has 18' ceilings with mezzanine circling the floor. There are three complete floors above, and full basement. Finished basement is work space and 2nd floor is finished for display space. Two upper floors are storage.
ELEVATORS:	Building has one large elevator, opening to rear delivery alley, which serves as both passenger and freight elevator. Inefficient layout for furniture handling.
MECHANICAL EQUIPMENT:	Adequate heating and cooling for first floor and mezzanine. Air handling equipment, chillers, and bathroom facilities would have to be expanded when renovating top three floors. Cooling tower not presently operational. No sprinklers.
CEILING HEIGHT AND COLUMN SPACING:	High 1st floor and mezzanine together with 58' overall height of building provide for generous floor to ceiling dimensions to permit modernization with suspended ceilings and mechanicals. Narrow width and windowless sidewalls may create inefficient space layout. Elevator location is convenient to Houdini Plaza entrance and Soldiers' Square parking ramp.
EXTERIOR FACADE:	Front and rear walls are commercial standard brick, and double hung window modules. Side walls are featureless cement stucco.

EXHIBIT 16 (Continued)

COMPARABLE SALE NO. 4 (Continued)

AVAILABILITY OF PARKING:	Site benefits from city-owned, multiple level, Soldiers' Square parking ramp.
BUILDING STATISTICS:	West College Avenue Frontage: 40 feet 1st Floor Footprint: 4,400 SF Gross Building Area (adjusted and unadjusted): 20,548 SF Cubage, based on gross building area, adjusted and unadjusted: 277,200 CF

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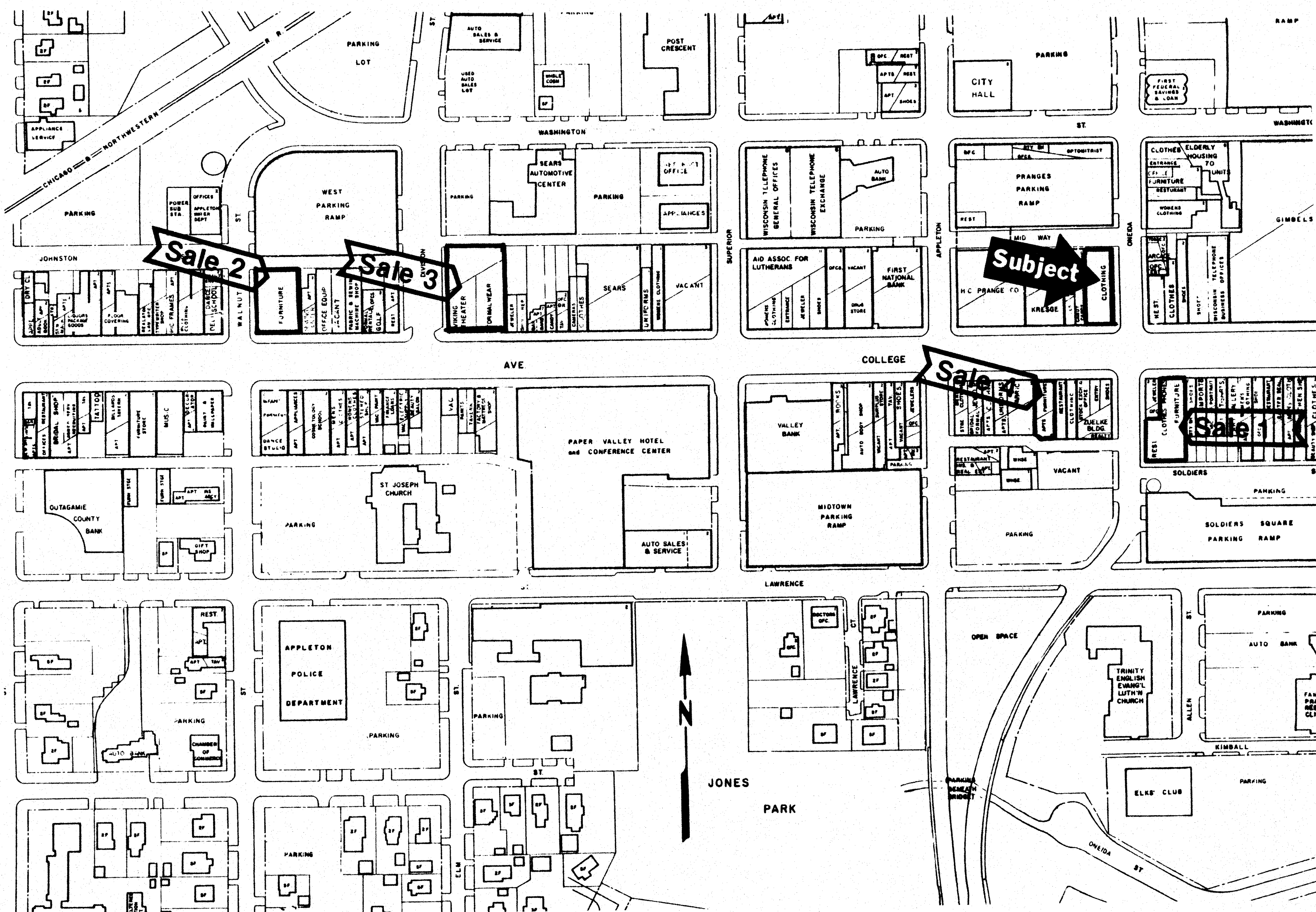
EXHIBIT 17

MAP OF COMPARABLE SALE PROPERTIES



variance in their prices, but it will still be necessary to adjust for remaining important differences affecting their marketability and investment profitability. The analytical process of the appraiser brings to mind the eye test chart for color blindness, which consists of hundreds of dots from which a pattern emerges of red dots forming the letter "a". The appraiser begins with hundreds of dots of miscellaneous information from which he searches for a pattern to emerge, forming the pricing formula for the subject property.

C. Analysis of Comparable Sale Prices Relative To Alternative Proxies for Similarity

To select the best unit of similarity for the basis of comparison, nominal sales prices of comparable sales were first adjusted to their cash equivalency price required by the definition of fair market value. These adjusted prices were then regressed with simple linear regression against alternative continuous variables, often used as proxies for property productivity, including:

1. Frontage on College Avenue
2. First Floor Retail - Gross Area (Equivalent to Land Area)
3. Gross Building Area - Unadjusted (Gloudeman's effective basement area is 1/2 of total area as reported by owner)
4. Gross Building Area (Gloudeman's effective basement area is 1/4 of total area)
5. Transformation - Frontage X Gross Building Area Adjusted
6. Cubage - Unadjusted (Gloudeman's effective basement area is 1/2 of total area as reported by owner)
7. Cubage - Adjusted (Gloudeman's effective basement area is 1/4 of total area)

The parameters for each of these variables for the four comparables are provided in Exhibit 18, and the actual computer output on which the R-squared coefficients of correlation are based are included in Appendix B. Although gross building area (adjusted) and cubic feet (adjusted) provided very similar results, cubic feet (cubage) is considered most appropriate for the subject property. The Viking Theater has a large volume dedicated to a two-story movie theater, and the other buildings featured extra building volume with very high ceilinged first floors containing mezzanine spaces and irregular floor to ceiling heights in other areas of the buildings. A significant feature of the subject property is the large volume, clear span public space available which is best represented by a cubic measurement rather than a floor area measurement in terms of marketable commercial potential. Therefore, each comparable sale and the listing price adjusted for cash equivalency was reduced to the common denominator of price per cubic foot including usable portions of basement areas. The adjusted prices for cubic foot figures still exhibit considerable variance despite the relatively high correlation of price differentials to cubic feet so that a second step is required to adjust for significant differences other than cubic feet among the comparable properties. Consistent treatment of differences will then permit development of a pricing formula

EXHIBIT 18

VARIABLE PARAMETERS FOR COMPARABLE SALES

1. Frontage on College Avenue:

Comparable Sale No.	Cash Price	Frontage	
1	$200,000	41.71	r^2 = 56.4%
2	225,000	83.	r^2 = 31.9% adjusted
3	455,000	108.8	for degrees of
4	275,000	40.	freedom

2. First Floor Retail - gross area (equivalent to land area)

Comparable Sale No.	Cash Price	First Floor	
1	$200,000	6,339	r^2 = 65.4%
2	225,000	9,960	r^2 = 48.1% adjusted
3	455,000	16,544	for degrees of
4	275,000	4,400	freedom

3. Gross Building Area - Unadjusted (Gloudeman's effective basement area is 1/2 of total area as reported by owner)

Comparable Sale No.	Cash Price	Gross Building Area	
1	$200,000	19,017	r^2 = 56.9%
2	225,000	24,900	r^2 = 35.3% adjusted
3	455,000	27,541	for degrees of
4	275,000	20,548	freedom

4. Gross Building Area (Gloudeman's effective basement area is 1/4 of total area)

Comparable Sale No.	Cash Price	Trans-formation	
1	$200,000	19,017	r^2 = 84.7%
2	225,000	22,410	r^2 = 77.1% adjusted
3	455,000	27,541	for degrees of
4	275,000	20,548	freedom

EXHIBIT 18 (Continued)

5. Transformation - Frontage x Gross Building Area (Adjusted)

Comparable Sale No.	Cash Price	Trans-formation	
1	$200,000	793,199	r^2 = 68.2%
2	225,000	1,860,030	r^2 = 52.3% adjusted
3	455,000	2,996,461	for degrees of
4	275,000	821,920	freedom

6. Cubage - Unadjusted (Gloudeman's effective basement area is 1/2 of total area as reported by owner)

Comparable Sale No.	Cash Price	Cubage	
1	$200,000	228,204	r^2 = 56.3%
2	225,000	378,480	r^2 = 34.5% adjusted
3	455,000	438,681	for degrees of
4	275,000	277,200	freedom

7. Cubage - Adjusted (Gloudeman's effective basement area is 1/4 of total area)

Sale No.	Cash Price	Cubage	
1	$200,000	228,204	r^2 = 84.4%
2	225,000	318,720	r^2 = 76.6% adjusted
3	455,000	438,681	for degrees of
4	275,000	277,200	freedom

which first simulates the prices paid for the comparable properties and therefore justifies estimating the market price of the subject property based on the same pricing formula of the market comparison approach.

D. Analysis of Comparable Sale Properties to Adjust for Significant Differences Affecting Future Investment Productivity

Significant attributes to be considered in evaluating differences among the four comparables and the subject property were based on interviews with Appleton developers and past experience of the appraiser with older building renovations. (The appraiser has co-authored Chapter 25, "Renovation," in the Eighth Edition of The Appraisal of Real Estate, the textbook published by the American Institute of Real Estate Appraisers in Chicago, Illinois.) The critical attributes, the weights prescribed, and the scoring of differences are described in Exhibit 19. First, each property is scored for points according to the decision rules in Exhibit 19. These categories explain the organization of information on the market comparable sheets provided in Exhibits 13 through 16, and summarized relative to the subject property in Exhibit 17, should the reader choose to replicate the scoring process. Because each score is an ordinal ranking for each attribute only, the relative position of attributes (toward the unexplained variance or residual pricing error remaining after use of price per cubic foot) must be converted to a relative scale of 100 percent by means of the weights indicated in Exhibit 19. The computation of weighted point scores for each comparable and the subject property are provided in the matrix represented by Exhibit 20. The weighted point score for each comparable is then transferred to the summarized market comparison matrix in Exhibit 21 and divided into the raw cash price per cubic foot in order to derive the price per point per cubic foot score which will become the basis of a market comparison pricing formula for the subject property.

E. Testing the Market Comparison Pricing Formula

The individual price per point per unit of comparison for the four comparable properties are averaged to determine the mean price per point to be applied in pricing the subject property in Exhibit 22. Should this mean show a high coefficient of dispersion, it is less meaningful than one in which the distribution of individual prices per point per cubic foot is very tight and therefore representative of what buyers are doing to price properties in the marketplace. Reference to Exhibit 22 will indicate dispersion around the mean is a slight 0.0019. When the central tendency of the cash price per point per foot of 0.0281 is applied to each of the comparable property point scores, the predicted cash price for the

EXHIBIT 19

SCALE FOR SCORING COMPARABLES

ATTRIBUTE	WEIGHT	SCALE
CORNER SITE	10%	40 = Located on corner 20 = Not on corner, but has additional exposure on plaza
LOCATION	10%	Proximity to College and Oneida 40 = Within one block 30 = Two to three blocks 20 = More than three blocks
STRUCTURAL CONDITION	10%	40 = Fire-resistant concrete and steel 30 = Ordinary mill with brick bearing walls and frame interior 20 = Multiple structures - ordinary mill construction
ADEQUACY OF ELEVATORS	20%	40 = Operational passenger and freight elevators 30 = Operational freight elevator only 0 = No elevator
EXTERIOR FACADE	20%	40 = Integrated architectural character 30 = Standard commercial 20 = Original facade covered or windows blocked in and painted
ADEQUACY OF MECHANICAL EQUIPMENT	10%	40 = Fully operational for all floors 30 = Partial salvage of existing HVAC and electrical 20 = Buyer substantialy replaced HVAC and electrical
SUITABILITY FOR IMMEDIATE RENTAL OF FIRST FLOOR	15%	40 = Ready for tenant decoration 30 = Requires internal subdivision 20 = Shell only

EXHIBIT 20

WEIGHTED POINT SCORES FOR SUBJECT AND COMPARABLES

ATTRIBUTE	WEIGHT	COMPARABLE NO. 1 103-105 E. College Ave	COMPARABLE NO. 2 430 W. College Ave	COMPARABLE NO. 3 338-344 W. College Ave	COMPARABLE NO. 4 111 W. College Ave	SUBJECT 100 W. College Ave
Corner Site	10%	20 / 2.0	40 / 4.0	40 / 4.0	20 / 2.0	40 / 4.0
Location	10%	40 / 4.0	20 / 2.0	30 / 3.0	40 / 4.0	40 / 4.0
Structural Condition	15%	30 / 4.5	20 / 3.0	40 / 6.0	40 / 6.0	30 / 4.5
Adequacy of Elevators	20%	40 / 8.0	40 / 8.0	30 / 6.0	30 / 6.0	30 / 6.0
Exterior Facade	20%	40 / 8.0	20 / 4.0	40 / 8.0	30 / 6.0	40 / 8.0
Adequacy of Mechanical Equipment	10%	20 / 2.0	20 / 2.0	30 / 3.0	30 / 3.0	30 / 3.0
Suitability for Immediate Rental of First Floor	15%	20 / 3.0	30 / 4.5	40 / 6.0	40 / 6.0	20 / 3.0
	100%					
TOTAL WEIGHTED POINT SCORE		31.5	27.5	36.0	33.0	32.5

PRICE PER CUBIC FOOT PER WEIGHTED POINT SCORE FOR COMPARABLES

	COMPARABLE NO. 1 103-105 E. College Ave	COMPARABLE NO. 2 430 W. College Ave	COMPARABLE NO. 3 338-344 W. College Ave	COMPARABLE NO. 4 111 W. College Ave	SUBJECT 100 W. College Ave
Nominal Sale Price	$215,000	$250,000	$450,000	$295,000 (asking price)	N/A
Adjusted Cash Sale Price	$200,000	$225,000	$455,000	$275,000	X
Sale Date	10/81	9/81	8/83	currently listed	N/A
Adjustment for Time	-0-	-0-	-0-	-0-	N/A
Gross Building Cubage	228,000 cu.ft.	319,000 cu.ft.	439,000 cu.ft.	277,000 cu.ft.	411,000 cu.ft.
Cash Price/Cubic Feet	.877	.705	1.036	.993	X/411,000
Total Weighted Point Score	31.5	27.5	36.0	33.0	32.5
PRICE PER CUBIC FOOT/ WEIGHTED POINT SCORE	.0278	.0256	.0288	.0301	$\frac{X/411{,}000}{32.5}$

EXHIBIT 21

EXHIBIT 22

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

COMPARABLE PROPERTY	ADJUSTED SELLING PRICE PER CUBIC FOOT OF STRUCTURE	WEIGHTED POINT SCORE	PRICE PER CUBIC FOOT / WEIGHTED POINT SCORE
1	.877	31.5	.0278
2	.705	27.5	.0256
3	1.036	36.0	.0288
4	.993	33.0	.0301
			0.1123

Central Tendency $= \dfrac{x}{n} = \dfrac{0.1123}{4} = .0281$

Dispersion = .0019

VALUE ESTIMATE =

Weighted Point Score x Central Tendency of Price Per Cubic Foot/ Weighted Point Score ± Dispersion x Gross Building Cubage

High Value Estimate:
32.5 x (.0281 + .0019) x 411,000 cu.ft. = $400,725,
or $400,000 rounded

Central Tendency Estimate:
32.5 x .0281 x 411,000 cu.ft. = $375,346,
or $375,000 rounded

Low Value Estimate:
32.5 x (.0281 - .0019) x 411,000 cu.ft. = $349,967,
or $350,000 rounded

property is very close to the actual cash price paid, as demonstrated in Exhibit 23.

Appraisal is a behavioral science. While voters who pull the lever in the polling booth may not use statistics to make their decision, political analysts can anticipate their decision with a high degree of reliability when they have profiled the voter groups and their past behaviors. The objective of the market comparison approach is to anticipate what buyers will do rather than how they may reach their decision. Exhibit 23 demonstrates the effectiveness of this pricing formula in replicating what buyers have done. Notice that the percentage error on any one property is relatively low and the aggregate error for total predicted prices relative to total actual prices is insignificant. As a result, we can conclude from these first two tests that our pricing formula of price per point per cubic foot times the weighted point score of the subject property will be a very reliable estimator of its probable price under fair market conditions. A further test of the reasonableness of the fair market value conclusion will be provided by simulation of a renovation scenario using the income approach in Section IV.

Landmark Research, Inc.

EXHIBIT 23

TEST OF MEAN PRICE PER POINT EQUATION METHOD

	WEIGHTED POINT SCORE	CENTRAL TENDENCY OF CASH PRICE/CUBIC FOOT WEIGHTED POINT SCORE	GROSS BUILDING CUBAGE (CUBIC FEET)	PREDICTED CASH PRICE	ACTUAL CASH PRICE	PRICE ESTIMATING ERROR	% ERROR
Comparable Sale No. 1 103-105 E. College Ave	31.5	.0281	228,000	202,000	200,000	+ 2,000	+ 1.0
Comparable Sale No. 2 430 W. College Ave	27.5	.0281	319,000	247,000	225,000	+ 22,000	+ 9.8
Comparable Sale No. 3 338-344 W. College Ave	36.0	.0281	439,000	444,000	455,000	- 11,000	- 2.4
Comparable Sale No. 4 111 W. College Ave	33.0	.0281	277,000	257,000	275,000	- 18,000	- 6.5
NET PRICE ESTIMATING ERROR FOR MARKET COMPARISON APPROACH				$1,150,000	$1,155,000	(5,000)	-0-

F. Pricing the Subject Property Based on Comparable Sales Data

The pricing formula for the subject property is therefore the weighted point score of the subject property of 32.5 as determined in Exhibit 19 times the central tendency of price per point per cubic foot computed in Exhibit 22 plus or minus the dispersion of price per point per cubic foot of 0.0019 computed in Exhibit 22 times the gross building cubic feet reported for the subject property in Exhibit 17. This provides a range of values, as follows:

Weighted Point Score	x	Central Tendency of Price per Cubic Foot/ Weighted Point Score	±	Dispersion	x	Gross Building Cubage	=	VALUE

Assuming prices to be normally distributed around the mean or central tendency of $375,000, fair market value for the subject property will be $375,000 or more at least 50 percent of the time, and it is possible that 16 percent of the time prices would exceed $400,000. THEREFORE IF EMINENT DOMAIN SEEKS TO PROVIDE COMPENSATION FOR THE HIGHEST PROBABLE PRICE THE SELLER COULD REASONABLY EXPECT AS OF JULY 1, 1984, FAIR MARKET VALUE WOULD BE $400,000 AND NO LESS THAN $375,000 WITH CASH TO THE SELLER, FREE AND CLEAR OF ALL ENCUMBRANCES.

This preliminary estimate of fair market value using the market comparison approach must then be tested for reasonableness in light of the market range, operating expense budgets, and capital cost of remodeling which would simulate the investment feasibility considered by a buyer who was a professional developer buying for his own account or representing a group of investors seeking some cash income, considerable income tax shelter, and long-term appreciation in the property due to inflation or gradual economic recovery of the downtown Appleton commercial district.

IV. TESTING MOST PROBABLE PRICE FOR REASONABLENESS

A. Reuse Plan for Most Probable Buyer

The highest and best use premise of this appraisal is that a professional redeveloper and leasing specialist would fully remodel the subject property into a multiple tenant retail/commercial building. The probable price for the structure as is, plus the remodeling budget, must be consistent with market rent levels, operating expenses, and cost to finance the improvement and provide a reasonable rate of return to the equity investors after completion of the remodeling program. To test the reasonableness of a $400,000 estimate of fair market value, the following hypothetical program (described as Scenario 3 in Section III) is proposed based on leasing terms and remodeling budgets in the Appleton market in June of 1984.

1. To solve the vertical circulation problem, a passenger elevator and enclosed fire stair would be installed running from the basement through the present third floor in the area currently occupied by the front stairwell to the basement. The elevator and stair would serve a front foyer created adjacent to the current College Avenue entrance. A small Store A would be created facing College Avenue on the west wall of the building opening into College Avenue and an atrium would be created in the high space between the

new elevator shaft and the old mezzanine. The mezzanine would be extended for a width of approximately 25 feet along the same west wall to the front of the building to create a ceiling for the new store and rental space overlooking the proposed atrium for semi-retail businesses like travel agencies, custom jewelry manufacturers, and the like. A second small Store B of 1,000 square feet would be located in the northwest corner between the freight elevator lobby and Store A. This Store B would open directly into the public atrium. Store C would be formed with store frontage on Oneida Street and a second entrance to the inside atrium. This store would reopen the entrance and window display area previously bricked shut by DeKoven Drug. Approximately 2,200 square feet of first floor area would remain in the southeast corner of the first floor of the subject property as an indoor atrium, benefitting from a new glass treatment on the southeast corner of the building, and light well to basement.

2. To use the sun exposure, existing display windows would be modified to provide glass light enclosed light wells to the basement space. Tall windows to the east and south would be added at the corner where earlier windows were bricked in to accent the clear span and height of the existing first

floor atrium space. Existing stairs to the mezzanine would remain.

3. Basement area would become commercial, for uses such as restaurant, copy shop, and others. Second floor would become very competitive Class B office space while third floor would be converted to a custom office for a single professional tenant, such as a law or advertising firm, where the open trusses could be exploited for contemporary design, skylighting, and architectural treatment.

4. Capital budget includes new insulated roof with skylight and deferred maintenance to the exterior. Remodeling allowances reflect need for all new HVAC and other mechanicals on the third floor and varying amounts of relocation and resizing of HVAC systems on other floors with primary installation on roof and rear of basement.

The unit cost for budgeting and total budget for each major element in the redevelopment plan, together with the net rentals available after tenant paid pro rata shares of operating costs is provided in Exhibit 24. Unit costs include all soft costs and financing charges during renovation. The total remodeling budget of $1,000,000 suggested in Exhibit 24 plus $400,000 paid to acquire the subject property would result in a total purchase investment of $1,400,000 for the property once it became operational and rental income was normalized.

EXHIBIT 24

PROPOSED REMODELING BUDGET AND NET RENTAL ESTIMATES FOR SCENARIO 3

TOTAL DOLLAR BUDGET	UNIT COST ALLOWANCE	MAJOR REMODELING COMPONENTS	NET RENT PER SF	RENTAL REVENUE CONTRIBUTION
$ 66,000		Deferred maintenance and mechanicals.	-0-	-0-
$ 100,000	$20,000/ floor	Passenger elevator and shaft.	-0-	-0-
$ 15,000	$ 3,000/ floor	Front fire stair shaft.	-0-	-0-
$ 60,000	$8.50/SF	New roof and insulation.	-0-	-0-
		FIRST FLOOR ATRIUM LOBBY		
$ 44,000	$20/SF	2,200 SF	-0-	-0-
		FIRST FLOOR REMODELING		
		STORE A (College Avenue)		
$ 20,000	$10/SF	2,000 SF - 100% efficient	$12.00	$ 24,000
		STORE A (Ceiling and Expansion of Mezzanine)		
$ 50,000	$25/SF	2,000 SF - 80% efficient	5.00	8,000
$ 63,000	$20/SF	3,150 SF - 80% efficient	5.00	12,600
		STORE B (Rear Corner)		
$ 15,000	$15/SF	1,000 SF - 100% efficient	8.00	8,000
		STORE C (Facing Oneida)		
$ 30,000	$20/SF	1,500 SF - 100% efficient	9.00	13,500
		BASEMENT LEVEL		
		PART A - Benefit of Light Well		
$ 30,000	$15/SF	2,000 SF - 100% efficient	5.00	10,000
		PART B - Below Store A		
$ 30,000	$15/SF	2,000 SF - 100% efficient	3.00	6,000
		SECOND FLOOR MULTIPLE TENANT OFFICE		
$ 220,000	$30/SF	7,350 SF - 80% efficient	8.00	47,040
		THIRD FLOOR - SINGLE TENANT		
$ 257,000	$35/SF	7,350 SF - 80% efficient	10.00	58,800
$1,000,000	=	TOTAL REMODELING BUDGET	POTENTIAL GROSS REVENUE	$187,940
400,000		PURCHASE OF SUBJECT PROPERTY AS SHELL		
$1,400,000		TOTAL INVESTMENT IN HYPOTHETICAL REMODELING		

Rental rates are taken from the Appleton market for office and retail space as detailed in Appendix C. Potential gross revenue would be $187,940; if the developer had normal vacancy losses of 5 percent and management expenses of 5 percent, net operating income might approach $169,146, suggesting a ratio of net operating income to total investment, sometimes called a cap rate, or overall rate, of 0.12 (NOI/investment). This overall rate of 0.12 was used to price the sale of the remodeled building containing Burger King directly across from the subject property in 1983.

However, this type of investment also depends on net income trends over time, financing terms available, and tax subsidies available for commercial development. To include these factors in the economic test of fair market value, a computer model called VALTEST developed by Landmark Research, Inc., has been utilized to test four possible alternative scenarios to demonstrate the sensitivity of the project to possible public financing, to possible cost overruns, and to current financing. The net income trends, financing, and tax assumptions for the analysis in VALTEST are as follows:

Vacancy factor 5% of annual potential revenue in first year

Management expenses 5% of annual potential revenue in first year

Net operating income increases 3% per year compounded from base year income of $169,146.

Ownership - individual in 40% tax bracket during operations and year of sale

Holding period - 10 years

Gross resale price of $1,876,000 at the end of tenth year, a net income multiplier of 8.5 less resale cost 3% of gross resale price for a net resale price of $1,819,647

Land valued at $147,000 or approximately $20 per square foot

Investment tax credit of 20% of remodeling costs, i.e. $200,000

Option 1 financing would be conventional financing at 14% interest for 25 years with a debt cover ratio in the first year of 1.3 permitting a first mortgage of $900,743

Option 2 financing would be 11% Industrial Revenue Bond (IRB) sponsored by the City of Appleton with a 25-year term and the same debt cover ratio of 1.3, providing a mortgage of $1,106,303.

Investors are presumed to have an opportunity cost of equity funds of 8% in 1984 and an opportunity to reinvest after taxes at 9% in future years as a basis for computing a modified, deflated rate of return for purposes of demonstrating the reasonableness of expectations, assuming fair market value purchase price of $400,000.

It is reasonable to presume that the City of Appleton Redevelopment Agency would encourage conversion of obsolete retailing structures on the prime downtown retail block with revenue bond financing (as many other Wisconsin communities have) in the absence of the large scale redevelopment project which is the cause of the eminent domain issue requiring this valuation. Redevelopment of the Campbell Building would be pivotal to accommodating downtown Appleton to changing retail patterns and office rental opportunities, without urban renewal.

A complete VALTEST run assuming a $400,000 purchase price of the building as is with $1,000,000 of remodeling, and industrial revenue bonding is provided in Exhibit 25. Note that if purchased on the above terms with industrial revenue bonding, the first year cash dividend would be 13.3 percent and the average debt cover ratio would steadily improve to an average of 1.5. The modified internal rate of return to equity investment would be 19.7 percent before taxes and 20.9 percent after taxes. These rates of return are the typical targets of investors in these types of projects. Even if there were a 10 percent overrun in remodeling costs so the total investment was $1.5 million, the modified internal rate would be 16.25 percent before tax and 17.5 percent after tax. Therefore, the $400,000 cost of the property as is provides adequate allowance for remodeling risk where IRB bonds are possible. Conventional financing at 14 percent still provides a 14.86 percent return to equity investment before tax and a 15.67 percent return after tax. The worst case would be conventional financing and a $100,000 cost overrun, which causes yields to drop to 12.3 percent before tax and 13.8 percent after tax. The results of these alternative programs are summarized in Exhibit 26. These

EXHIBIT 25

INPUT ASSUMPTIONS
****

```
1. ENTER PROJECT NAME ? CAMPBELL2
2. ENTER PROJECTION PERIOD ?  10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 169146
   N.O.I. YEAR  2? 174220
   N.O.I. YEAR  3? 179447
   N.O.I. YEAR  4? 184830
   N.O.I. YEAR  5? 190375
   N.O.I. YEAR  6? 196087
   N.O.I. YEAR  7? 201969
   N.O.I. YEAR  8? 208028
   N.O.I. YEAR  9? 214269
   N.O.I. YEAR  10? 220697
4. ACQUISITION COST: ? 1400000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 1106303, .11, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .1807, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? Y
   ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .7143, 15
   ENTER REHABILITATION TAX CREDIT FOR IMP #2:  200000
   IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   DEPRECIATION METHOD, IMPROVEMENT #2 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
           70% (PRE-1981 LAW)
           50% (1981 LAW, EFFECTIVE 1982)

           (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1819647
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  8
```

EXHIBIT 25 (Continued)

AFTER TAX CASH FLOW PROJECTION
CAMPBELL2
DATE 06/29/84

DATA SUMMARY
****

ACQUISTN COST: $1,400,000. MTG. AMT.: $1,106,303.
NOI 1ST YR: $169,146. MTG. INT.: 11%
ORG. EQUITY: $293,697. MTG. TERM: 25. YRS
CTO 1ST YEAR: $39,030. DEBT SERVICE 1ST YEAR: $130,116.
MTG. CONST.: .11761349
IMP. #1 VALUE: $252,980. IMP. #1 LIFE: 15.
IMP. #2 VALUE: $1,000,020. IMP. #2 LIFE: 15.
INC. TX RATE: 40%
SALE YR RATE: 40% OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	169146.	121255.	70200.	-22310.	-208925.	247955.
2.	174220.	120230.	70200.	-16211.	-6485.	50589.
3.	179447.	119086.	70200.	-9840.	-3937.	53268.
4.	184830.	117810.	70200.	-3181.	-1273.	55987.
5.	190375.	116386.	70200.	3789.	1516.	58743.
6.	196087.	114797.	70200.	11090.	4436.	61535.
7.	201969.	113024.	70200.	18745.	7498.	64355.
8.	208028.	111046.	70200.	26782.	10713.	67199.
9.	214269.	108839.	70200.	35230.	14092.	70061.
10.	220697.	106377.	70200.	44120.	17648.	72933.
	$1939068.	$1148849.	$902000.	$88214.	$-164717.	$802623.

NOTE: 1ST YEAR'S TAX REDUCED BY $200,000. FOR TAX CREDIT (IMP #2)
DEPRECIABLE BASIS (IMP. #2) ALSO REDUCED BY $200,000.

EXHIBIT 25 (Continued)

RESALE PRICE:	$1,819,647.	1ST YR B4 TAX EQ DIV:	13.2892%
LESS MORTGAGE BALANCE:	$953,991.	AVG DEBT COVER RATIO:	1.4903
PROCEEDS BEFORE TAXES:	$865,657.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$865,657.		

RESALE PRICE:	$1,819,647.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,819,647.
LESS BASIS:	$498,000.
TOTAL GAIN:	$1,321,647.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$1,321,647.
ORDINARY GAIN:	$0.

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$211,464.
PLUS MORTGAGE BAL:	$953,991.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$1,165,454.

NET SALES PROCEEDS AFTER TAX:	$654,193.

IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR $1,819,647.
THE MODIFIED I.R.R. BEFORE TAXES IS 19.7032% AND AFTER TAXES IS 20.9919%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 8%

EXHIBIT 26

SUMMARY OF EFFECTS OF ALTERNATIVE PROGRAMS OF
FINANCING AND COST OVER-RUNS ON
EQUITY DIVIDENDS AND MIRR

ASSUMPTION	PROGRAM #1 Best Case	PROGRAM #2 Cost Overrun	PROGRAM #3 Conventional Financing	PROGRAM #4 Worst Case
1st Year Income	$ 169,146	$ 169,146	$ 169,146	$ 169,146
Cost of Building As Is	400,000	400,000	400,000	400,000
Remodeling	1,000,000	1,100,000	1,000,000	1,100,000
Acquisition Cost Total	1,400,000	1,500,000	1,400,000	1,500,000
Net Sale Price - Yr 10	1,819,647	1,819,647	1,819,647	1,819,647
Original Mortgage Balance	1,106,303	1,106,303	900,743	900,743
Interest/Term	.11/25 yrs	.11/25 yrs	.14/25 yrs	.14/25 yrs
Debt Cover Ratio	1.3 - 1.49	1.3 - 1.49	1.3 - 1.49	1.3 - 1.49
Equity Dividend - 1st Yr	13.3	9.9	7.8%	6.5%
Modified Before Tax IRR	19.7%	16.25%	14.4%	12.3%
Modified After Tax IRR	21.0%	17.75%	15.7%	13.8%

computer runs using conventional financing and alternative pricing for the subject property are provided in Appendix D.

Therefore, it is concluded that a fair market value of $400,000 for the subject property as of July 1, 1984, assuming cash to seller and a buyer planning to remodel into multiple tenant use is likely to produce an acceptable rate of return to the equity investment with or without subsidized financing or a 10 percent cost overrun.

V. FAIR MARKET VALUE OF FEE SIMPLE TITLE

Using the Market Comparison Approach to Value in Section III, it was determined that the central tendency for price with cash to the seller was $375,000. Fair market value as the highest price the buyer would be likely to receive when neither buyer nor seller were under any duress and both were knowledgeable as to reuse possibilities for this property in transition would be $400,000. Therefore, we conclude that: FAIR MARKET VALUE OF THE FEE SIMPLE TITLE OF THE SUBJECT PROPERTY IS $400,000, CASH TO THE SELLER, AS OF JULY 1, 1984.

The problem remains that the property is subject to a lease to the current retail tenant so that fair market value must be allocated between the encumbered fee owner and the tenant in possession with some degree of leasehold interest.

VI. VALUE OF THE CAMPBELL STORE LEASEHOLD POSITION

A. Lease Terms Encumbering Subject Property

The subject property is encumbered with a lease initially signed March 2, 1971, between the present owners and DeKoven Drug Company, an Illinois corporation, together with an addendum to the lease signed on the same day. A chronology of leases, subleases, and assignments governing the leasehold is as follows:

1. Lease agreement between the partnership and DeKoven Drug Company dated March 2, 1971.
2. Addendum to that lease dated March 2, 1971.
3. Termination of that lease dated June 29, 1981.
4. Memorandum of sublease between DeKoven and Campbell Stores, Inc. dated December 24, 1973.
5. Assignment of that sublease from Estes Avenue Co., formerly DeKoven, to the partnership dated June 29, 1981.

DeKoven Drug, in February 1, 1974, sublet to the current tenants, John B. and Barbara B. Disher, doing business as Campbell Stores, Inc. This sublease continues until the 30th day of September, 1991. DeKoven as sublessor and the Dishers as sublessee arranged an assignment of sublease, acceptance, and assumption with the present fee owner on June 29, 1981, and that lease agreement apparently remains in effect. The critical terms of this agreement relative to defining the leasehold interest of the Dishers are contained as summarized and abstracted by the appraiser in Exhibit 27.

In converting these terms to market value of economic interest, at least six scenarios into the future must be considered:

1. The Dishers have no right to share in any condemnation award because of the terms of the lease.
2. In the event of eminent domain, damages to the tenant would be conclusively established by a ruling of an arbitrator under the rules of the American Arbitration Association.
3. The Campbell Stores prosper sufficiently to remain in business for the balance of the term through 1991 with two five-year renewal terms for a total leasehold term approximating 17 years.
4. The Campbell Stores decline in profitability and/or for reasons of health or changing personal goals, management decides to terminate operations on the site of the present property as of September 30, 1991, without exercising options to renew. Assignment of the lease is complicated by landlord participation on the upper floors, a continuing operations clause on the main floors, and restrictions on assignment on the main floor and mezzanine, all of which

EXHIBIT 27

ABSTRACT OF LEASE TERMS
GOVERNING SUBJECT PROPERTY

1. Leased premises, land, and all improvements on the east 52.5 feet of Lot 6, Block 27 Appleton plat.

2. Leased term is initially 20 years beginning with October 1, 1971, to September 30 of the following year.

3. Fixed rent is $22,000 per year, as $1,833.33 in advance on the first day of each calendar month.

4. Percentage rent of 1.5 percent of all gross sales and gross rent in excess of $1.6 million.

5. Provision for additional rent should DeKoven sublease basement, second, and third floors of the building, based on presumption percentage rent had been paid in earlier years. There is no permission expressed or implied that the tenant can sublease first floor or mezzanine. Should lessee vacate the entire building, the first floor, or the mezzanine, the lessee will have to pay to the lessor additional rents equal to 1/3 of those collected from subtenants.

6. Gross sales as a basis for percentage includes those of lessee, licensees, concessionaires, or tenants of lessee. (Campbells had such an arrangement with the now defunct Needle Painter, but no gross sales were ever reported nor permission requested for sublease of the mezzanine. Neither DeKoven nor Campbells have apparently achieved sales over $1.6 million or paid any percentage rent.)

7. Exclusions from gross sales not relevant.

8. Records clause requires use of a cash register system, provides landlord access to the books, and the right to audit.

9. Lessee is to provide statements at the end of each four months and annual statements on or before 75 days following the end of each "lease year" showing "in reasonable detail the elements and amounts of gross sales and gross rent received during the preceding lease year or fraction thereof."

10. Lessor has the right to request a special audit at the cost of the lessor if the audit shows gross sales over the 105 percent of those reported.

EXHIBIT 27 (Continued)

11. Failure to furnish statements permits lessor to consider the lease in default if he provides written notice to the lessee, who then has 30 days to correct it.

12. Lessee has the option to extend the lease on the same terms for two successive periods of five years each, providing written notice of intent to extend is given to the lessor by the lessee in writing 18 months or more prior to extension.

13. Use of premises is very broadly defined as all legal businesses. It does suggest that the lessee has the obligation to keep the first floor and mezzanine fully stocked and with an adequate sales force "to serve properly all customers."

14. Lessee agrees to prevent waste, observe rules and regulations of insurance companies, maintain sidewalks free and clear of snow, ice, and debris, and to maintain the entire building in good, and safe sanitary condition.

15. Lessor has the right to show property to prospective tenants and buyers during the last year of the lease.

16 & 17. Assignment lessee is permitted to assign or sublet to any lawful business which is not a fire hazard, except that the first floor mezzanine may not be sublet or assigned without written consent of lessor, unless the lessor is consolidated or merged. The surviving entity of the merger must have a net worth at least equal to that of the lessee.

18. Original lessee remains responsible despite the sublet.

19. Lessee is responsible for repairs and maintenance of the entire premises except that the lessor has responsibility for sewer and water lines under or outside the building. Lessee may determine when a new roof is required or tuck pointing of the brick walls as indicated, in which case lessor and lessee will split the cost 50-50.

20. Lawful use and compliance with ordinances required of lessee.

EXHIBIT 27 (Continued)

21. Failure of the lessee to make appropriate repairs will permit the lessor to undertake the necessary work with costs advanced subject to a charge of 6 percent to the lessor.

22. Tenant is permitted to make alterations which become part of the property, except for trade fixtures, signs, cases, counters, or trade equipment. Landlord may require removal at lessee's expense at termination of lease. Air conditioning units, if not permanently attached to the premises or not becoming an intricate part of the building, may be removed under certain conditions.

23. Lessor has reasonable rights to inspect.

24. Subordination of lease is always an option of the lessor, but the lessee would enjoy quiet possession.

25. Signs can be placed on the property at the discretion of the lessee so long as removal at the end of the lease is accomplished with restoration of roof and walls to previous condition.

26. Lessor covenants title and quiet possession.

27. Tenant has the right to install or remove all fixtures, equipment, inventory, and personal property from the premises.

28. Landlord has no liability for any damage sustained to the property of the lessee unless caused by failure of the lessor to meet his responsibilities to maintain the premises.

29. Lessee provides a hold harmless clause that covers all contingencies that arise in continued use of the building other than lessor's failure to repair as required.

30. Lessee is required to maintain liability insurance recognizing building owners as a named insured with a minimum coverage of $100,000 per person, $300,000 per accident, and $50,000 property damage.

31. Lessor will maintain fire and property coverage with a waiver of subrogation to the lessee. Lessee is responsible for extra premiums caused by subleasing.

EXHIBIT 27 (Continued)

32. Lessee pays for all utilities including gas, steam, water, electricity, sewer charges, telephone, and others.

33. Possible damages to lessee as a result of eminent domain, including right to terminate the lease, would be submitted to the rules and regulations of the American Arbitration Association.

34. Untenantability of the premises due to fire or other casualty loss will provide a rental abatement if damages are less than 50 percent of value and lessee has the right to repair and set off costs against all rents coming due. If damages are greater than 50 percent, and repairs do not begin within 90 days of the loss and proceed expeditiously, tenant has right to terminate the lease and still maintain first right of refusal to move back within the property if it is repaired within one year.

35. Lessee agrees to protect losses against mechanics liens.

36. Lessee shall pay all real estate taxes, general or special, except special assessments which provide permanent public improvement for the property, such as widening of the street.

37. Lessee will be responsible for all personal property taxes assessed on the subject property.

38. Default by lessor first requires written notice of failure to perform some specific obligations and reasonable time to correct nonperformance.

39. Lessee is obliged to surrender property in good condition.

40. Lessee is responsible for attorney's fees occasioned by his default.

41. Default by the lessee includes failure, neglect, or refusal to pay required sums, perform obligations under the lease, declaration of bankruptcy or insolvency, or assignment for benefit of creditors which have not been corrected after 30 days of written notice by lessor.

EXHIBIT 27 (Continued)

42, 43, & 44. The original agreement in DeKoven Drugs provided for a loan of $100,000 for renovations to be repaid by special remodeling rent for a 20-year term and interest at 1 percent over prime, but this advance has since been repaid.

45. Real estate taxes paid by lessee in excess of $15,000 per year can be applied to percentage rents owing.

46. All disputes, claims, and questions shall be submitted to arbitration under procedures of the American Arbitration Association. With the exception of eminent domain issues, either party may appeal the decision of the arbitrators with legal action.

47 to 54. Cover legal notice, venue, and similar matters.

This abstract incorporates the addendum to lease provisions also executed on March 2, 1971.

make it very difficult to discontinue dry goods operations and still salvage renewal options.

5. A buyer of the subject property, with intent to remodel, would offer to purchase the leasehold from the Dishers who could be inclined to sell due to business losses or for personal goals of business retrenchment and retirement.
6. In the contingency of the death of Barbara Disher, the lease might terminate under the terms of the sublease accepted by the current ownership by assignment.

The appraiser requires instructions on two questions:

1. Does Campbell as tenant of the real estate have any right to share in the condemnation award?
2. If Campbell has such a right, what is its share of the condemnation award?

B. Alternative Future Outcomes of Existing Lease

In the absence of further legal instructions, the appraiser will attach values to each of the six alternative scenarios.

Scenario 1:

It is highly probable that the Dishers have a right to a share in the condemnation award as the basic Wisconsin case on division of a condemnation award between a landlord and a tenant favors the tenant in a properly drawn lease, unless it explicitly bars the tenant from sharing in the condemnation award. (Maxey v. Redevelopment Authority of Racine, 94 Wis. 2d

375 (1979).) Paragraph 16 provides that the tenant may not sublet or assign the first floor and mezzanine without the written consent of the partnership. The Dishers sublet the mezzanine to a needlework shop without written consent. The needlework shop has since gone into liquidation, the mezzanine is currently vacant, and the fee owners apparently took no official notice during the existence of the sublease, thus no default. Failure to provide timely reports on sales and/or sublease rents requires written notice of default and the appraiser was not informed as to whether any such default notice had ever been issued. Thus, the appraiser assumes the lease to be operational.

Scenario 2:

The only reference to condemnation in the existing leases is paragraph 34 in the original documents between the partnership and DeKoven dated March 2, 1971. That paragraph reads:

> 34. EMINENT DOMAIN: In the event that a substantial portion of the demised premises are taken by the exercise of the power of eminent domain, the parties hereto agree that there shall then be submitted to arbitration under the rules and regulations of The American Arbitration Association the following propositions:
>
> (a) Should lessee be entitled to a reduction in the minimum rental of the demised premises by virtue of a reduction in the value of the premises to it because of such condemnation or termination of the leases;

(b) Has the damage to the value of the premises to lessee been so extensive that, under the circumstances, lessee should be entitled to terminate the lease.

The ruling of the arbitrator under the rules of The American Arbitration Association should be conclusive and binding on all parties.

Paragraph 34 of the lease between DeKoven and the partnership is weaker for the landlord than the language of the lease considered in the Maxey case. Paragraph 34 does not say that a condemnation will terminate the lease, but instead merely states that either party may require arbitration of the question whether a condemnation gives the tenant the right to terminate the lease. At the same time, the arbitrator would determine conclusively the damages to the tenant and in that process would presumably consider Scenarios 3 through 6 as the most relevant indicators of monetary damage.

The arbitrator would be likely to find facts showing that because of financial circumstances Campbell Stores, Inc., may be unable or unwilling to exercise the right of extension or would not intend to exercise the right of extension for personal reasons. Financial results of the Campbell Stores, Inc., for the past three years would be a significant factor in arbitration.

The Campbell Store Branch in West Bend, Wisconsin, was closed July 15, 1984, and sales trends and financial results for the chain of stores in Appleton, Hartford, Kaukauna, New

London, Ripon, and Waupaca have been in decline. It is not known to what degree the Appleton store has contributed to that decline, if at all. John Disher, President and principal shareholder in Campbell Stores, Inc., would be approximately 60 years old in September of 1991. In that light, it is possible to review alternative measures of the possible leasehold interest of the Campbell Store tenant.

Scenario 3:

Scenario 3 would presume that Campbell Store prospered sufficiently at the site of the subject property to remain in business for the balance of the term through 1991 and for two five-year renewals to the end of September 30, 2001, a term of 17.25 years. At that point, Mr. Disher would be about 69 years old. There are two ways to measure the value of this interest. The first is to take the present value of the income to which the present owner would be entitled, plus his reversionary interest for this period, and compare that to the market value of the subject property on July 1, as previously determined to be $400,000. The second approach for measurement is to compare the present value of market rents as of the date of appraisal to the present value of contract rents due under the existing lease. The present value discount rate for downtown Appleton leased property with reasonable business risk is 12 percent, which was the basis for the sale of the Burger King building subject to a $77,520 triple net lease when sold for $647,000 in 1983. There are several listings currently, which are also priced at 12 percent, as indicated in Exhibit 28, even though the credit risks represented by the tenants would appear to vary signficantly between each other and relative to Burger King or Campbell's.

The existing lease requires a net monthly rent of $1,833 with the tenant responsible for everything with the exception of roof repairs and tuck pointing, which landlord and tenant would share equally.

> The present value of $1,833 monthly for 207 months at an effective rate of 1% per month (12% annum) is $159,931. The reversion value of $400,000 in 17.25 years at 12% is $56,561 for a total income value to the owner of the encumbered fee of $216,492. If this is adjusted by a deduction of 5% for accounting, reserves for tuck pointing and roof, and insurance, the present value of the encumbered fee interest is $205,667, as compared to an unencumbered fee interest as of the date of appraisal of $400,000. That would suggest a leasehold value of $194,000 if the present owner could continue operations at the subject site for 17.25 years. Lease terms prohibit subleasing of the first floor and mezzanine and any subleasing of the basement, second floor, or third floor would require the tenant to pay one-third of that to the owner, subtantially reducing the leasehold advantage, because the tenant would remain responsible for all of the operating expenses.

Scenario 4:

Scenario 4 would anticipate that a gradual decline in profitability or changing personal goals of management or reasons of health might reasonably cause the tenant to

EXHIBIT 28

COMMERCIAL SALES AND LISTINGS
INDICATING INVESTOR OVERALL RATES
IN DOWNTOWN APPLETON

1. Burger King Restaurant (Atkins Building)

100-102 East College Avenue	
Sale Date:	9/29/80
Cash Sale Price:	$647,000
Annual net income from triple net lease:	$ 77,520
Overall Rate:	.1200
Confirmed by Grantor: Steve Winter, partner in S & M Investments	

2. One-of-a-Kind Gift Shop (Iron Rail)

120 East College Avenue	
Sale Date:	5/84
Sale Price:	$ 85,000
Annual Net Income $12,000 from gift shop less real estate taxes paid by owner with possible future renovation of 2nd floor apartments	$ 10,500
Overall Rate:	.1235
Source: Marge Christenson, Bechard Investments, Inc.	

3. Ferron's Clothing Store

417 West College Avenue	
Current Listing Price:	$159,000
Annual Net Income 4,250 SF of 1st floor and mezzanine retail of $18,000/year less taxes of $3,000 for $15,000 plus two apartments on 2nd floor at $185/month gross each or $4,440/year gross, or $3,100/year net	$ 18,100
Overall Rate:	.1140
Source: Mr. Ferron, owner and Marge Christenson, Bechard Investments, Inc.	

terminate operations on the site of the subject property as of September 30, 1991, without exercising options to renew. The limitations on assigning the lease would unnecessarily complicate subleasing the property in whole or in part at a rent that would net the tenant more than the $22,000 obligation to the owner.

> The present value of $1,833 monthly for 87 months at an effective rate of 1% per month (12% per annum) is $106,174. The reversion rate value of $400,000 in 7.25 years at 12% is $175,670 for a total income value to the owner of the encumbered fee of $281,844. If this is adjusted by a deduction of 5% for accounting, reserves for tuck pointing and roof, and insurance, the present value of the encumbered fee interest is $267,752, as compared to an unencumbered fee interest as of the date of appraisal of $400,000. That would suggest a leasehold value of $132,250 if the present owner could continue operations at the subject site for 7.25 years. Lease terms prohibit subleasing of the first floor and mezzanine, and any subleasing of the basement, second floor, or third floor would require the tenant to pay one-third of that to the owner, substantially reducing the leasehold advantage, because the tenant would remain responsible for all of the operating expenses.

An alternative measure of leasehold interest for both Scenario 3 and Scenario 4 would be to measure the difference between market rents that might be obtained for the property as is on the date of appraisal appropriately discounted and the actual income under the terms of the current lease. This method is somewhat less reliable because the appraiser must presume net rents for each of the rentable areas where the market gives little hard evidence from good comparables as to what those net rents might be. The first approach, used previously, is able to take advantage of a known contract rent, a known market discount rate, and a well-supported market value for the unencumbered fee. Nevertheless, it is informative to explore the less reliable alternative method by first assigning triple net rents to the gross rentable areas available in the subject property. It is presumed that the tenants will pay their proportionate share of all operating expenses, tenant improvements and structural maintenance, effectively adding \$3.00 to \$3.25 a square foot to the triple net rents listed below, and is the same as Scenario 2 in the development of alternative uses for the subject property in Section II.

Basement:	5,513 square feet (75% x 7,350) x 1.50 triple net	=	\$ 8,269.50
First Floor:	7,350 square feet x 3.00 triple net	=	22,050.00
Mezzanine:	3,150 square feet x 1.50 triple net	=	4,725.00
Second Floor:	7,350 square feet x 1.00 triple net	=	7,350.00
Third Floor:	7,350 square feet x 0.75 triple net	=	5,512.50
	Total		\$47,907.00
	Rounded		\$48,000.00/yr.
Less Expenses:	10% of gross for management, leasing, accounting		(4,800.00)
			\$43,200.00
	Divided by 12	=	\$ 3,600.00/mo.

In the case of Scenario 3, the present value of net market monthly income of $3,600 per month for 207 months at a discount rate of 12 percent is $314,104, while a reversion of $400,000 at 12 percent is $56,561, leading to an indication of the economic income value of $370,665 when compared to the encumbered fee value for 17.25 years of $205,667, there is a leasehold value of $164,998, say $165,000.

Under Scenario 4, where the lease would terminate in 7.25 years, the present value of $3,600 per month for 87 months at 12% is $208,524, combines with $175,670 (the present value of $400,000 reversion in 7.25 years) to indicate an economic income value of the unencumbered fee of $384,194. Since the encumbered fee under this fourth scenario would have an income value of $267,752, this approach would suggest a residual value to the leasehold of $116,442 if the store could remain in operation another 7.25 years.

Scenario 5:

Under Scenario 5, a buyer of the subject property with intent to remodel the property as the VALTEST section of this report suggested, would offer to purchase the leasehold from the Dishers. There is precedent for such a transaction. When the Viking Theater building was purchased in August 1983, it was subject to an unfavorable lease to a bridal/tuxedo shop which, for reasons of its own, relocated. The purchasers of the

Viking paid $35,000 to extinguish the remaining eight years on the life of the lease. The building, the College Avenue location and frontage, the remaining lease term, and the redeveloper scenario for the Viking are all comparable to the subject property. The payment represented 50 percent of the estimated leasehold value. The appraiser has negotiated sale of a leasehold position in Madison, Wisconsin, between Sears Roebuck as tenant and an estate at 50 percent of the estimated leasehold interest. Sale of the leasehold estate at 50 percent of value would permit the Dishers to recover 50 percent of an economic asset which could only otherwise be realized by remaining in business for at least 7.25 years without regard to profitability, health, or inclination as they approached retirement years. Fifty percent of the 87-month scenario leasehold value would range from $58,200 to $66,100, say $66,000. There is reason to believe that an arbitrator, under the terms of the lease, would find an award of $66,000, well correlated to several financial aspects of the Campbell Store, Inc.

Scenario 6:

The sixth scenario is a very problematical option to terminate the lease in the contingency of the death of Barbara Disher, if she had not previously sold or assigned her interests in the corporation to others. The appraiser has no actuarial basis for evaluating either contingency necessary for termination to occur at the option of the corporation. On the most elemental basis, such a termination might or might not happen and total uncertainty might be construed as the same as a 50 percent probability that events might lead to rejection of the remaining leasehold interest prior to September 30, 1991. Fifty percent of $132,248 is $66,124, the leasehold value realized before electing termination. The appraiser has given little weight to this possible outcome.

C. <u>Conclusion as to Probable Leasehold Value</u>

As previously discussed, the appraiser has no legal directive at this point, as to which scenario or leasehold valuation method is applicable. The appraiser feels that all of these alternative outcomes have relevance to the allocation of fee interests to the landlord and the tenant leasehold, and should be considered, but the consideration should be weighted for the probabilities with which each scenario might prevail. Therefore, in Exhibit 29, the appraiser has listed the leasehold value indicated by each scenario, in some cases valued by alternative methods, and then assigned his judgmental probabilities of occurrence in order to arrive at the weighted average indication of leasehold value.

EXHIBIT 29

WEIGHTED PROBABILITY OF TENANT REALIZING
ALTERNATIVE LEASEHOLD VALUES
GIVEN ALTERNATIVE SCENARIOS OF THE FUTURE
AND TERMS OF THE LEASE CALLING FOR
ARBITRATION OF AMBIGUITY OR UNFORESEEN CONDITIONS
INCLUDING EMINENT DOMAIN

	LEASEHOLD VALUE REALIZED	ASSIGNED PROBABILITY OF OCCURRENCE		
SCENARIO 1:	0	1%	=	0
SCENARIO 2:	$ 66,000	10	=	$ 6,600
SCENARIO 3:	194,000	15	=	29,100
alternate method	165,000	5	=	8,250
SCENARIO 4:	132,250	25	=	33,063
alternate method	116,500	10	=	11,650
SCENARIO 5:	66,000	33	=	21,780
SCENARIO 6:	66,000	1	=	660
		100%		$111,103
			say	$110,000

Having considered all of the foreseeable future alternatives, and assigned judgmental probabilities to each, the appraiser has concluded on the basis of Exhibit 29, that a probable market value of the leasehold interest is currently, as of the date of appraisal:

ONE HUNDRED TEN THOUSAND DOLLARS

($110,000)

It therefore follows that if the market value of the unencumbered fee is $400,000, then the residual value of the fee interest under the unity rule encumbered by a leasehold position valued at $110,000 would be:

TWO HUNDRED NINETY THOUSAND DOLLARS

($290,000)

STATEMENTS OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made subject to and is conditioned upon the following General Assumptions and Limiting Conditions.

1. Contributions of Other Professionals

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

- Because no legal advice was available, 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 this 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.

- Although the mathematics of the computer output has been hand checked for accuracy, no guarantee is made of the program's infallibility.

- Sketches in this 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 this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser or the applicant and, in any event, only in its entirety.

- Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the appraiser, of the firm with which he is connected, or any of his associates.

- This 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 Landmark Research, Inc.; (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.

CERTIFICATE OF APPRAISAL

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

Based upon the information and subject to the limiting conditions contained in this report, it is our opinion that the Fair Market Value, as defined herein, of the fee simple title of the real estate as of July 1, 1984, is:

FOUR HUNDRED THOUSAND DOLLARS
($400,000)

with cash to the seller, free and clear of all encumbrances.

Based upon the information and subject to the limiting conditions contained in this report, it is our opinion that the most probable Fair Market Value of the leasehold interest, as of July 1, 1984, is currently:

ONE HUNDRED TEN THOUSAND DOLLARS
($110,000)

subject to existing lease provisions for arbitration.

Based upon the information and subject to the limiting conditions contained in this report, it is our opinion that the residual value of the fee interest under the unity rule, encumbered by a leasehold position valued at $110,000, as of July 1, 1984, would be:

TWO HUNDRED NINETY THOUSAND DOLLARS
($290,000)

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

Jean B. Davis

Jean B. Davis, Real Estate Appraiser/Analyst

August 27, 1984

Date

QUALIFICATIONS OF THE APPRAISERS

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

PROFESSIONAL DESIGNATIONS

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

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

CPCU, Certified Property Casualty Underwriter, College of Property Underwriters

EDUCATION

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

ACADEMIC AND PROFESSIONAL HONORS

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

PROFESSIONAL EXPERIENCE

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

J E A N B. D A V I S

EDUCATION

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

Master of Arts - Elementary Education, Stanford University

Bachelor of Arts - Stanford University (with distinctions)

Additional graduate and undergraduate work at Columbia Teachers College and the University of Wisconsin

PROFESSIONAL EDUCATION

Society of Real Estate Appraisers

Appraising Real Property	Course 101
Principles of Income Property Appraising	Course 201

American Institute of Real Estate Appraisers

Residential Valuation (formerly Course VIII)

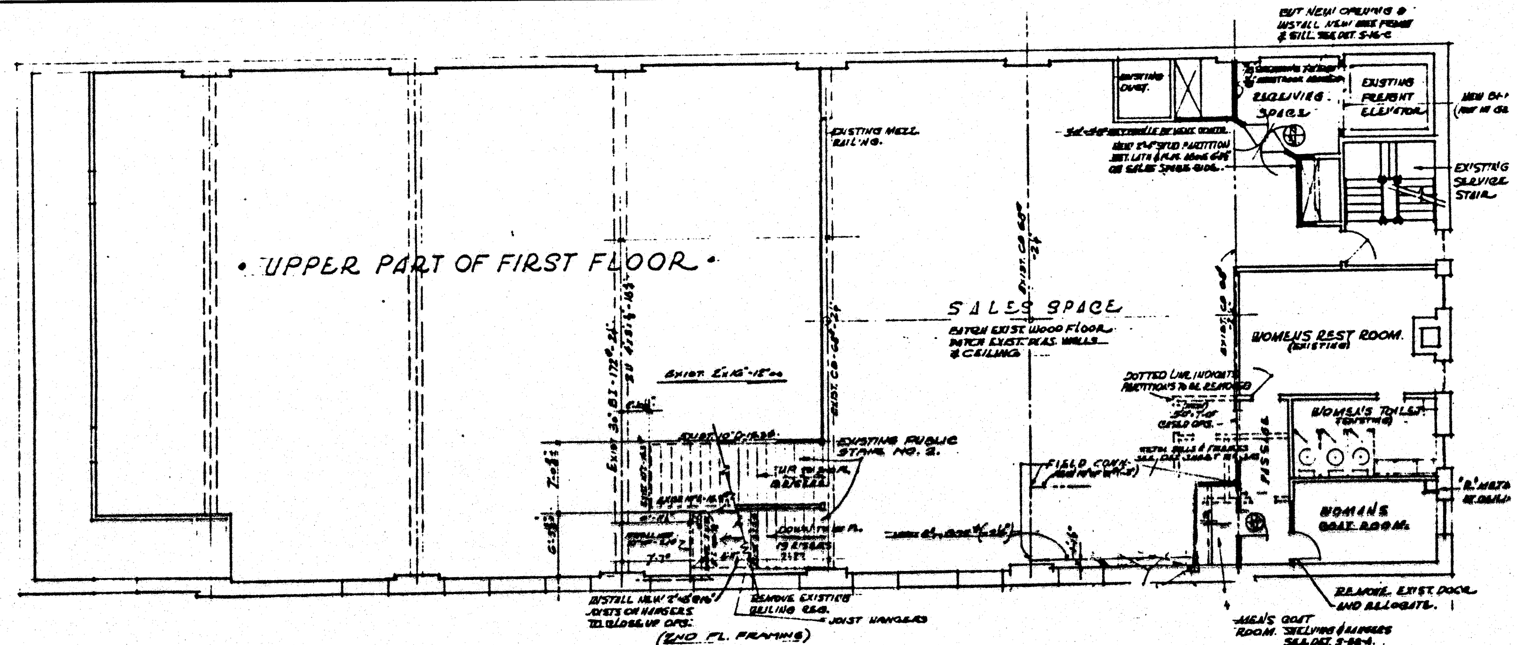
Certified as Assessor I, Department of Revenue, State of Wisconsin

PROFESSIONAL EXPERIENCE

With a significant background in education, practiced in California, Hawaii and Wisconsin, Ms. Davis is currently associated with Landmark Research, Inc. Her experience includes the appraisal and analysis of commercial and residential properties, significant involvement in municipal assessment practices, and market and survey research to determine demand potentials.

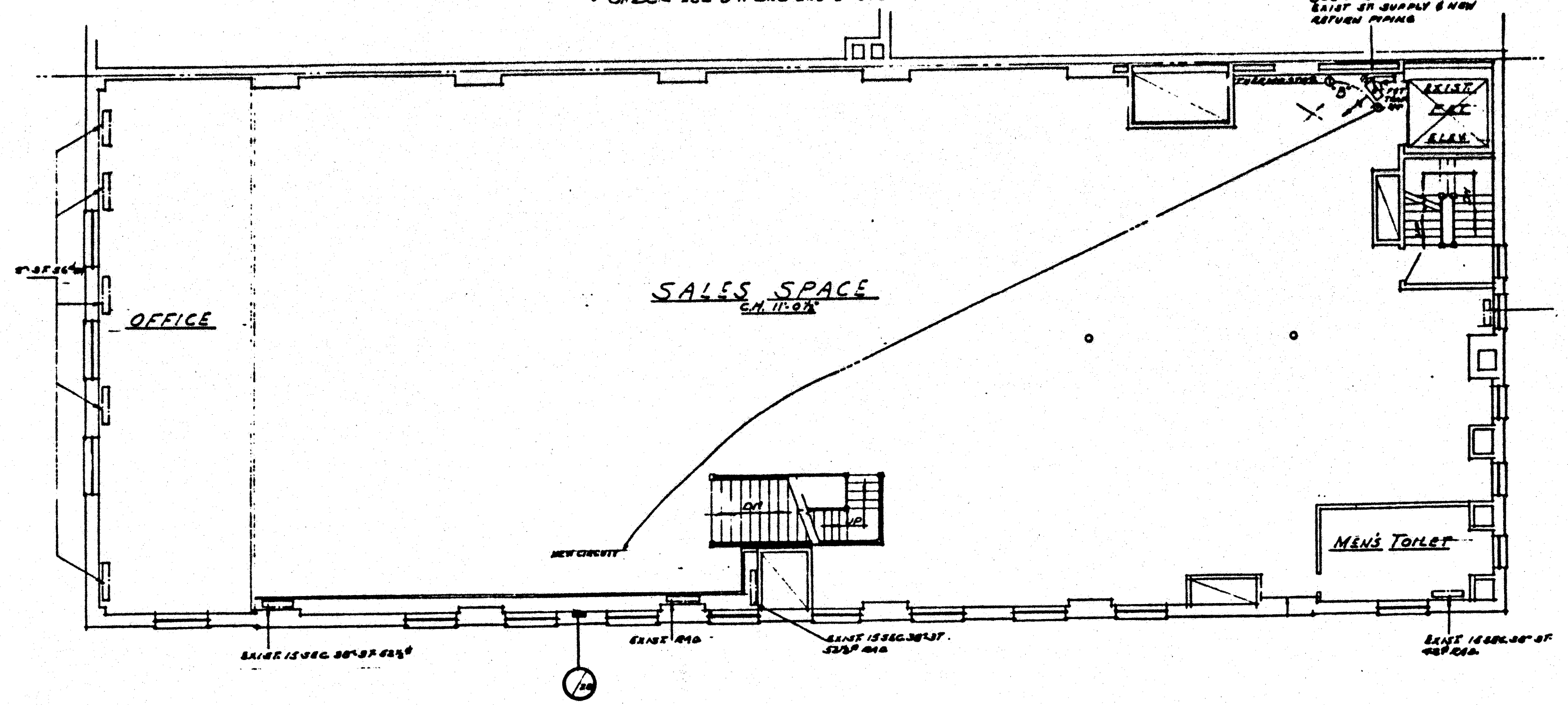
APPENDIX A

BUILDING FLOOR LAYOUTS OF THE SUBJECT PROPERTY



• MEZZANINE FLOOR PLAN •

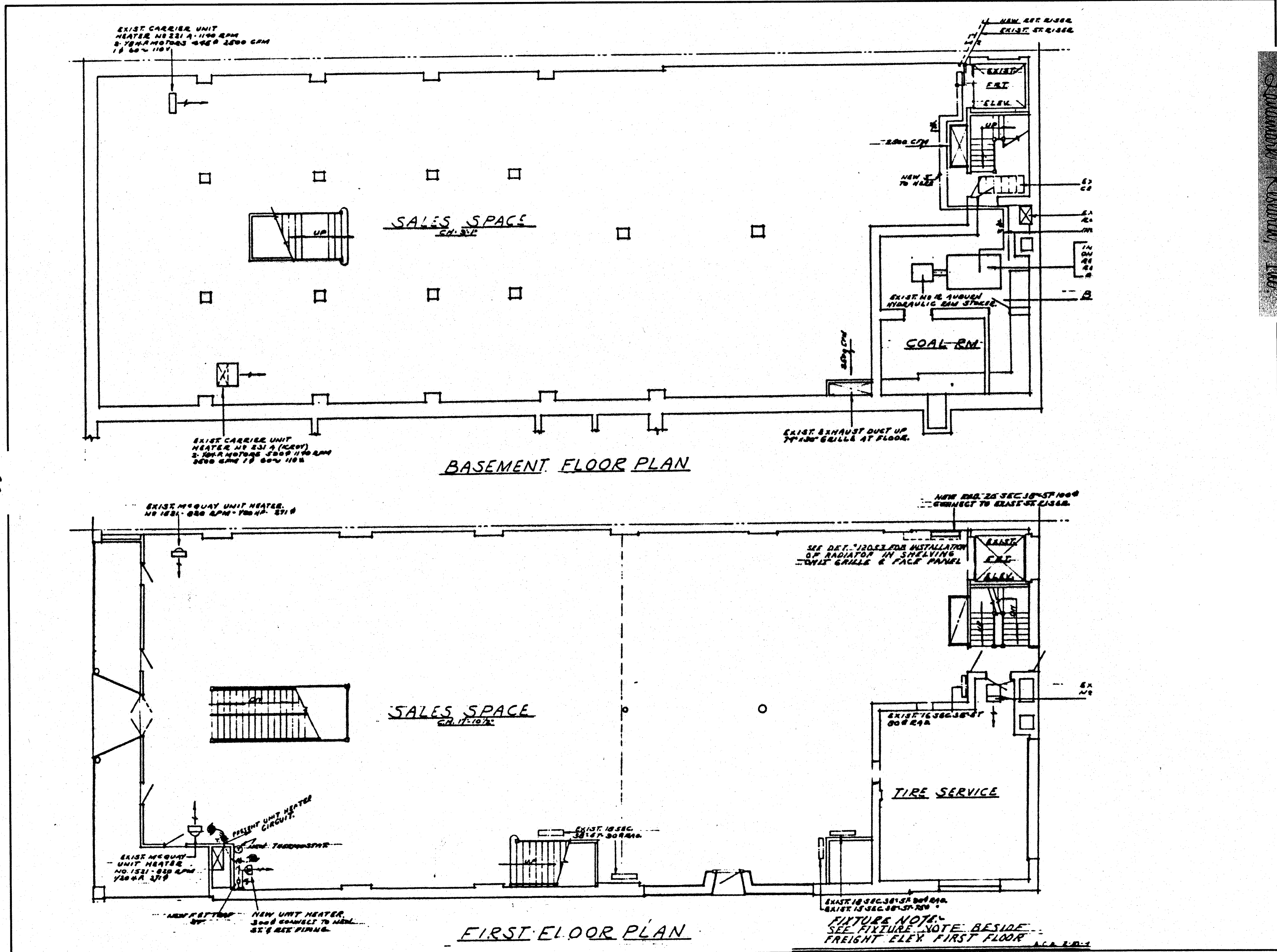
• CHECK ALL DIMENSIONS AT JOB •



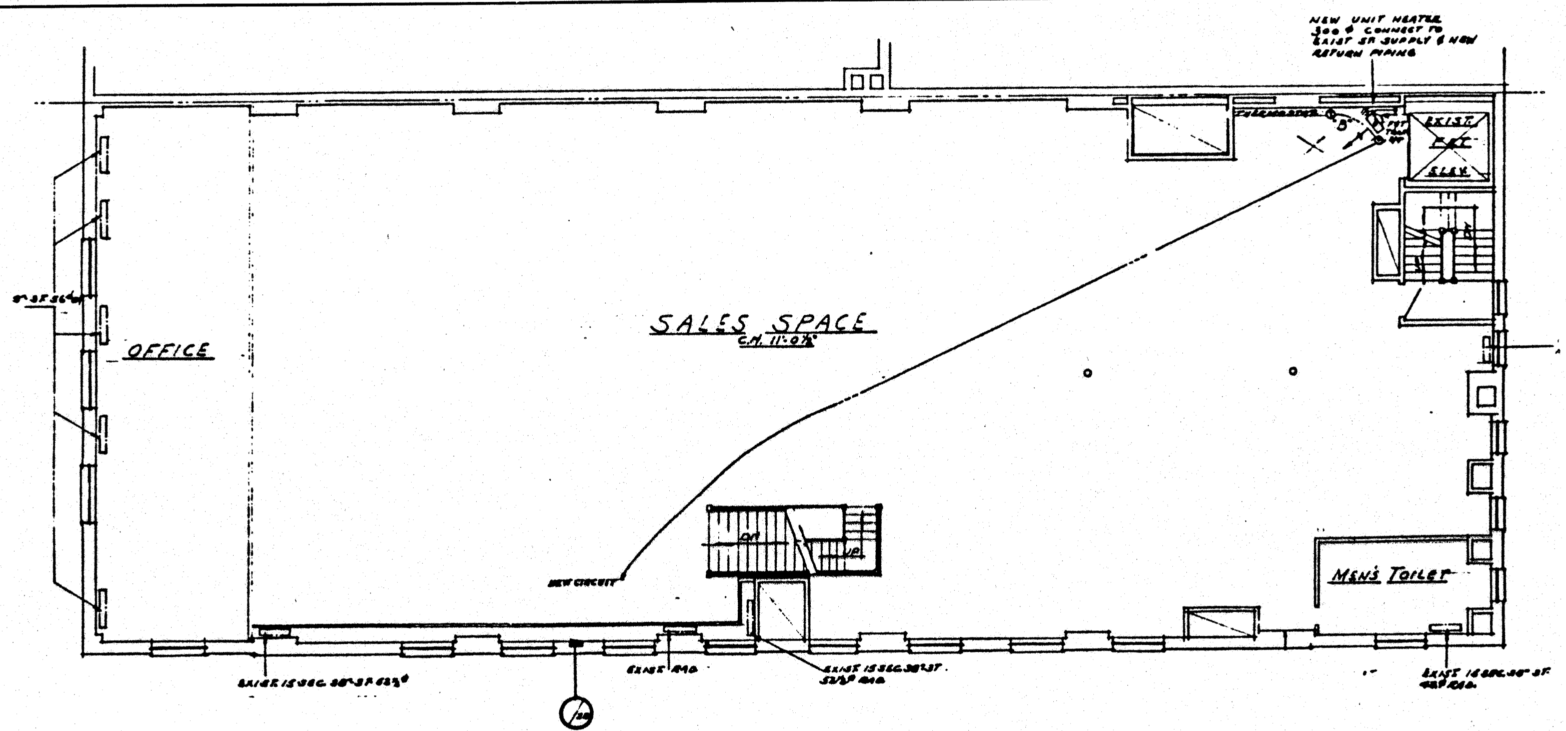
SECOND FLOOR PLAN

118

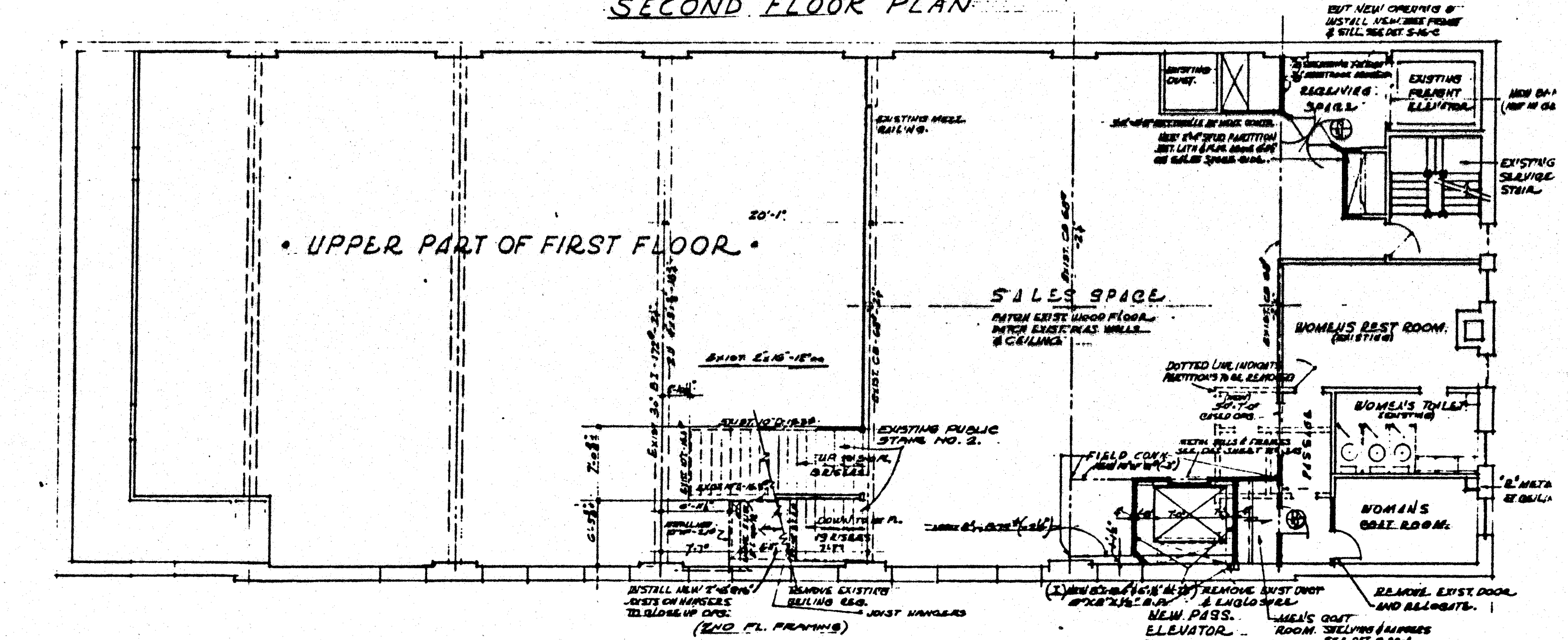
Landmark Research, Inc.


SALES SPACE
COAL RM
BASEMENT FLOOR PLAN
EXIST. CARRIER UNIT
EXIST. EXHAUST DUCT UP
SALES SPACE
TIRE SERVICE
FIRST FLOOR PLAN
FIXTURE NOTE-
SEE FIXTURE NOTE BESIDE
FREIGHT ELEV. FIRST FLOOR

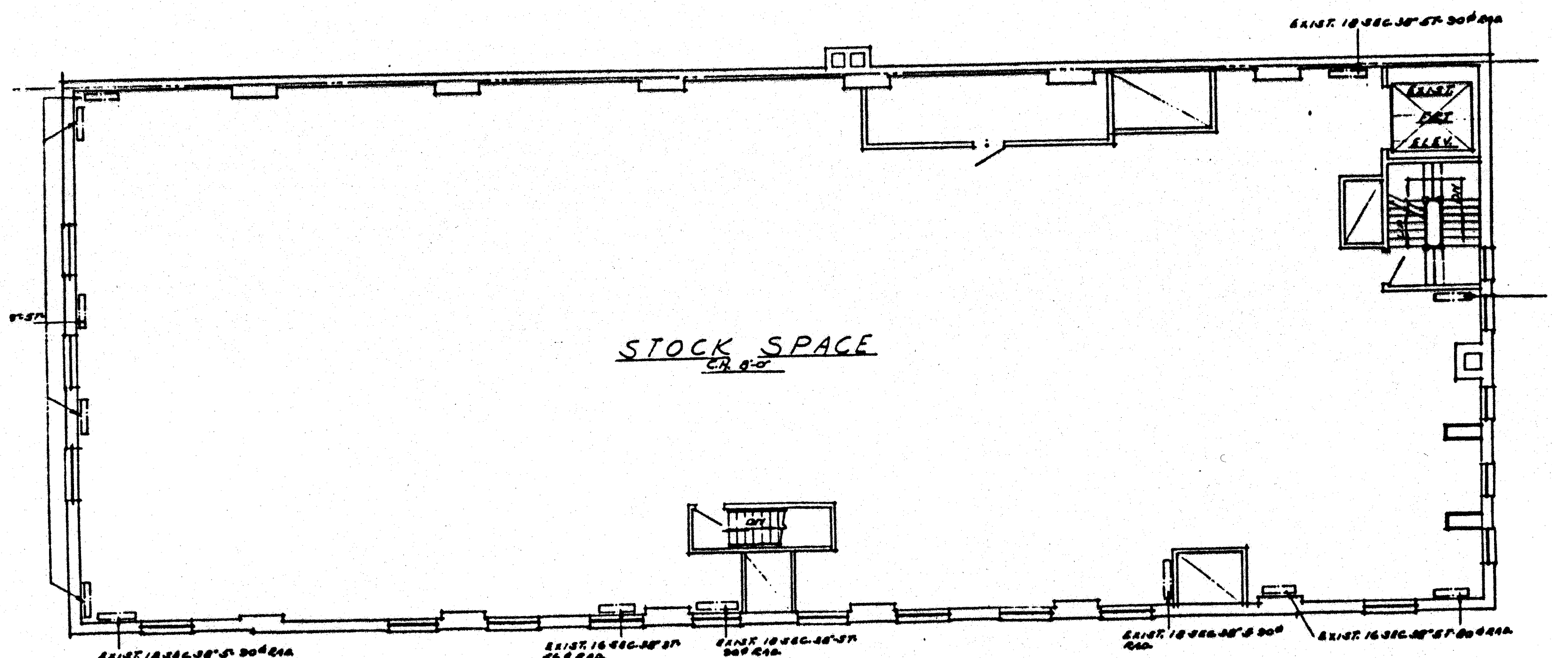
119



SECOND FLOOR PLAN



• MEZZANINE FLOOR PLAN •



THIRD FLOOR PLAN

APPENDIX B

SIMPLE LINEAR REGRESSION TO SELECT
BEST UNIT OF COMPARISON - COMPUTER OUTPUT

FRONTAGE ON COLLEGE AVENUE

```
MTB >READ 'FRONT.BAS' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW        C1        C2

   1    200000     41.71
   2    225000     83.00
   3    455000    108.80
   4    275000     40.00

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = 115075 + 2540 C2

                                        ST. DEV.    T-RATIO =
COLUMN      COEFFICIENT                 OF COEF.    COEF/S.D.
                 115075                  121701          0.95
C2                 2540                    1639          1.55

S =   95039

R-SQUARED = 54.6 PERCENT
R-SQUARED = 31.9 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO       DF            SS       MS=SS/DF
REGRESSION     1   21703846408    21703846408
RESIDUAL       2   18064904082     9032452046
TOTAL          3   39768752048


DURBIN-WATSON STATISTIC = 1.85
```

FIRST FLOOR RETAIL

GROSS AREA (Equivalent to land area)

```
MTB >READ 'FIRST.GBA' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW        C1       C2

   1    200000     6339
   2    225000     9960
   3    455000    16554
   4    275000     4400

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = 126637 + 17.4 C2

                                     ST. DEV.     T-RATIO =
COLUMN      COEFFICIENT              OF COEF.     COEF/S.D.
                 126637                 93133          1.36
C2               17.407                 8.954          1.94

S =  82952

R-SQUARED = 65.4 PERCENT
R-SQUARED = 48.1 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO      DF           SS        MS=SS/DF
REGRESSION    1  26006730642     26006730642
RESIDUAL      2  13762019242      6881009626
TOTAL         3  39768752048


DURBIN-WATSON STATISTIC = 1.14
```

GROSS BUILDING AREA

UNADJUSTED
(Gloudeman's effective basement area is
one-half of total area as reported by owner)

```
MTB >READ 'GBA.BAS' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW       C1       C2

   1    200000   19017
   2    225000   24900
   3    455000   27541
   4    275000   20548

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = - 220607 + 22.1 C2

                                    ST. DEV.    T-RATIO =
COLUMN      COEFFICIENT             OF COEF.    COEF/S.D.
                -220607              317160        -0.70
C2                22.14               13.64         1.62

S =  92625

R-SQUARED = 56.9 PERCENT
R-SQUARED = 35.3 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO      DF            SS       MS=SS/DF
REGRESSION    1   22610038466    22610038466
RESIDUAL      2   17158714604     8579357802
TOTAL         3   39768752048


DURBIN-WATSON STATISTIC = 2.40
```

GROSS BULDING AREA

(Gloudeman's effective basement area is
one-fourth of total area)

```
MTB >READ 'GBA.ADJ' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW        C1        C2

    1    200000    19017
    2    225000    22410
    3    455000    27541
    4    275000    20548

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = - 350476 + 28.6 C2

                                       ST. DEV.     T-RATIO =
COLUMN       COEFFICIENT               OF COEF.     COEF/S.D.
                 -350476                193811          -1.81
C2                28.564                 8.572           3.33

S =  55093

R-SQUARED = 84.7 PERCENT
R-SQUARED = 77.1 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO      DF             SS        MS=SS/DF
REGRESSION    1   33698280404    33698280404
RESIDUAL      2    6070470404     3035235202
TOTAL         3   39768748822


DURBIN-WATSON STATISTIC = 2.06
```

TRANSFORMATION

FRONTAGE x GROSS BUILDING AREA
(Adjusted)

```
MTB >READ 'TRANS.BAS' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW        C1          C2

   1    200000     793199
   2    225000    1860030
   3    455000    2996461
   4    275000     821920

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = 141489 + 0.0910 C2

                                        ST. DEV.    T-RATIO =
COLUMN      COEFFICIENT                 OF COEF.    COEF/S.D.
                 141489                   81503          1.74
C2              0.09102                 0.04397          2.07

S =   79546

R-SQUARED = 68.2 PERCENT
R-SQUARED = 52.3 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO       DF            SS        MS=SS/DF
REGRESSION     1   27113584040   27113584040
RESIDUAL       2   12655166640    6327583820
TOTAL          3   39768752048


DURBIN-WATSON STATISTIC = 1.70
```

CUBAGE - UNADJUSTED

(Gloudeman's effective basement area is
one-half of total area as reported by owner)

```
MTB >READ 'CUBAGE.UAD' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW       C1        C2

   1    200000    228204
   2    225000    378480
   3    455000    438681
   4    275000    277200

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = - 10747 + 0.906 C2

                                     ST. DEV.    T-RATIO =
COLUMN      COEFFICIENT              OF COEF.    COEF/S.D.
                 -10747               192140        -0.06
C2               0.9058               0.5638         1.61

S =  93169

R-SQUARED = 56.3 PERCENT
R-SQUARED = 34.5 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO      DF          SS       MS=SS/DF
REGRESSION    1  22407844240   22407844240
RESIDUAL      2  17360906640    8680453820
TOTAL         3  39768752048


DURBIN-WATSON STATISTIC = 2.55
```

CUBAGE - ADJUSTED

(Gloudeman's effective basement area
is one-fourth of total area)

```
MTB >READ 'CUBAGE.ADJ' C1 C2

     4 ROWS READ
MTB >PRINT C1 C2

 ROW        C1        C2

   1    200000    228204
   2    225000    318720
   3    455000    438681
   4    275000    277200

MTB >REGRESS C1 1 C2 C3 C4


THE REGRESSION EQUATION IS
C1 = - 82576 + 1.18 C2

                                    ST. DEV.     T-RATIO =
COLUMN      COEFFICIENT             OF COEF.     COEF/S.D.
                -82576               116127         -0.71
C2              1.1762               0.3571          3.29

S =  55638

R-SQUARED = 84.4 PERCENT
R-SQUARED = 76.6 PERCENT, ADJUSTED FOR D.F.

ANALYSIS OF VARIANCE

 DUE TO       DF             SS         MS=SS/DF
REGRESSION     1    33577668260      33577668260
RESIDUAL       2     6191084062       3095542086
TOTAL          3    39768752048


DURBIN-WATSON STATISTIC = 2.36
```

APPENDIX C

RECENT RETAIL LEASES IN REVITALIZED DOWNTOWN APPLETON BUILDINGS

430 West College Avenue - Gloudeman's Buiding. Currently under remodeling. One half of first floor, or 4,800 square feet is leased to the beauty college for $6.63 per square foot per year, or $2,650 per month including basic heat and light, but all utilities used for the beauty college are metered separately. Interior tenant improvements are minimal - mostly open space for beauty school.

Source: Russ L. Meerdink, Rollie Winter & Associates, Ltd.

103-105 East College Avenue - Centennial Square Building. Rita's Boutique at first floor entrance has 600 square feet for $300 per month, or $6 per square foot per year plus pro rata share of utilities on three-year term.

Nels Anderson Interiors has 400 square feet on first and 5,200 square feet on the second floor at $1,400 per month, or $3 per square foot per year plus pro rata share of utilities. Five-year term with renewal option. Tenant finished to suit, good comparable for mezzanine and second floor space.

Peppermill Restaurant on first floor pays $1,200 per month for approximately 2,500 square feet including some basement storage, for a total of $5.75 per square foot. Restaurant partnership responsible for most tenant improvements. Tenant responsible for 25 percent of utilities and 25 percent of real estate taxes over base year of 1981.

Source: Mark Winter, Rollie Winter & Associates, Ltd., and partner in S & M Investments

213 East College Avenue - Doni Romano's Restaurant occupies first floor and mezzanine and full basement for $16,800 net per annum on 4,400 square feet ($3.80 per square foot) with six years remaining on current lease with renewal option. Tenant pays all real estate taxes, insurance, utilities, and non-structural maintenance. Fully air conditioned with modern mechanicals. Equal to remodeled mezzanine space of subject property.

Source: Mark Winter, Rollie Winter & Associates, Ltd., and partner in S & M Investments

APPENDIX C (Continued)

203 West College Avenue - Boot Hill occupies 1,900 square feet on the main floor. Current lease runs from January 1, 1984, through April 30, 1985, for $13,200 per year plus all main floor utilities, or $6.95 per square foot.

Source: Mark Winter, Rollie Winter & Associates, Ltd., and partner in S & M Investments

101 East College Avenue - Zuelke Building is a 12-story office tower built in 1932. Current modern retail on first floor includes shoe store with basement storage, eye-glass dispensary, and travel agency renting at approximately $10 per square foot net with tax stop, individual electric meters, and pro rata water and heat.

Source: Dan Onkels, Zuelke Building Manager

129 East College Avenue - One of a Kind Gift Shop - 2,000 square feet at $1,000 per month, three-year term, three-year option to renew, or $6 per square foot. Tenant pays utilities and any increase in real estate taxes, owner pays real estate taxes and insurance. Owner improved space including washroom and office area.

Source: Marge Christenson, Bechard Investments, Inc.

108-114 East College Avenue - Nobil Shoe Store occupies 3,500 square feet at $6 per square foot per year. Has percentage clause, but has never reached base. Tenant pays heat and electricity while owner pays insurance and real estate taxes. Lease began at $5.50 for first three years, $5.75 for next five years, and has been $6 for the last five years indicating flatness of growth in downtown Appleton retail as this site is next door to Gimbels in two-level building built in 1958.

AT&T Service Center rents balance of building with 12,000 square feet in lower level and 8,500 square feet in upper level at $6 per square foot with tenant paying heat and electricity.

Source: John Barlow - Owner.

APPENDIX C (Continued)

124-130 North Oneida Street - Conway Building. Asking price for 1,100 square feet of retail is $800 per month, or $8.75 per square foot including heat. Electricity individually metered. Tenant finishes space.

Asking price for 2,250 square feet is $1,500 per month, or $8 per square foot including heat. Electricity individually metered. Tenant finishes space.

Source: Mark Winter, Rollie Winter & Associates, Ltd., and partner in S & M Investments, and Bernie Pearlman, Chamber of Commerce & Industry - Fox Cities

121 West College Avenue - Gloria Kay Uniforms will be relocated as part of development of Appleton center pedestrian link to College Avenue. Rents reported by appraiser Michael Barnard at $2.91 per square foot. Robert Pollard, Gloria Kay Manager for Wisconsin district said, "$2.91 per square foot is a ficticious rent for Appleton College Avenue store--may have been that many years ago, but not currently," and would not reveal actual rent paid as store is a relocation candidate due to building condemnation. However, he did indicate that the rent was in the $5 to $8 per square foot range with tenant paying utilities.

Source: Gloria Kay management

100 East College Avenue - The Atkins Building is the oldest Appleton building, is on the National Register, and redeveloped for Burger King on a triple net lease of $77,520 per year plus 6.5 percent of gross over $1,000,000. Sales still below base. Lease began in 1981, has 17 years to run with two five-year renewal options. Property sold on a 12 percent capitalization rate for $647,000 in 1983, after landlord had completed remodeling improvements. Third floor empty except air hammer equipment for Burger King. Has elevator and building will survive construction of downtown mall. Third floor may become offices for Center Company, managers and leasing agents for proposed downtown mall.

Source: Bill Beckman, Bill Beckman Realty

APPENDIX C (Continued)

300 West College Avenue - Penney's Store--currently vacant. Has 3,000 square feet on main floor and 3,000 square feet on lower level with no elevator. Asking $1,500 per month ($3 per square foot), with tenant paying utilities, owners paying real estate taxes and insurance. No interest as one-tenant retail space. Was considered for conversion to Wisconsin Bell office space--no takers. Informants both believe it must be subdivided to be rented to local tenants. National chains which might use larger store area would require percentage lease only and pay utilities.

Source: Marge Christenson, Bechard Investments, Inc., and Bernie Pearlman, Chamber of Commerce & Industry - Fox Cities

500 West College Avenue - Former Unicorn Deli on corner site in newer building. Owner asking $1,000 per month for 14,000 square feet, or $8.57 plus utitilities for corner site which is inferior to subject property.

Source: Marge Christenson, Bechard Investments, Inc.

APPENDIX C (Continued)

RECENT OFFICE LEASES IN
DOWNTOWN APPLETON BUILDINGS

338-344 West College Avenue - Viking Building, second floor. Total floor including hallways and bathrooms totaling 9,070 square feet available at $6 per square foot per annum, plus utilities and janitorial. Space equal to remodeled subject; has passenger and freight service in process of remodeling.
OR
Seven individual office spaces available averaging $6.88 per square foot with heated space at $7.50 per square foot, plus utilities and janitorial and first year tax stop. Three- to five-year term. Job Service leased 2,900 square feet at $7.50 per square foot ($21,750 per year for three-year term including heat and electricity). Space is being rehabilitated to suit.

Source: Mark Winter, Rollie Winter & Associates, Ltd.

430 West College Avenue - Gloudeman's Building. Second floor fully remodeled space for Human Resource Specialist (CETA) at $8.00 per square foot, with passthrough of utilities after 1985 with five-year lease. Space inferior to subject property in terms of location, fenestration, and layout. Has elevator and parking.

Source: Russ L. Meerdink, Rollie Winter & Associates, Ltd.

103-105 East College Avenue - Centennial Square. Office tenant for third floor space with freight and passenger elevator service - 3,000 square feet at $6 per square foot plus 1/6 of building's real estate taxes and utilities. No janitorial service. Would be inferior to top floor of subject property when remodeled.

Source: Steve and Mark Winter, Rollie Winter & Associates, Ltd.

APPENDIX C (Continued)

101 East College Avenue - Zuelke Building is a 12-story office tower built in 1932, renovated in 1954, needs further renovation to remain competitive. Current leasing is a combination of 10-year, 5-year, and month-to-month terms. Gross lease is $8 per square foot, or net at $6.25. Individual electric meters, water and heat pro rata, and tax stop. Tenants use city parking ramp. Leasehold improvements typically not included in base rent. Office space less desirable than remodeled second floor of subject property. Location and parking equal. Zuelke Building features utility core on every column for doctors and dentists who may be drawn to medical office buildings near the hospital.

Source: Dan Onkel, Zuelke Building Manager

200 East Washington Street - Landmark Square is a contemporary office building with 60,000 square feet; half is rented and half is condominium. Office rents are $12 per square foot of usable space, $1.25 per square foot for utilities. Most tenants have upgraded from B and C class space. Eye Clinic on first floor.

Source: John Pfefferle - Developer/Manager.

150 West Lawrence Street - Appleton Center. Newest and most prestigious office building in downtown Appleton, still under construction, 90,000 square feet, is 45 percent preleased at an average of $14 per square foot plus $3 expense allowance stop and an escalator clause locked into 3 to 5 percent annual increase on leases with three- to five-year terms, with percentage variable after three years. One block from subject property. Some underground parking in building, but tenants will depend on public parking ramps nearby.

Source: John Pfefferle, Developer/Manager.

APPENDIX C (Continued)

201 Franklin Street - Landmark #2 Building. Currently occupied by a single tenant, Foremost/McKesson Company, which will vacate following sale to Wisconsin Dairies. Current triple net rental is $80,000 on 14,000 square foot gross, or $5.70 per square foot. Will be converted to multiple tenant with 11,000 square feet usable at $11.50 per square foot of net usable area with full stop with any increases on expenses covered by tenants' pro rata.

Source: John Pfefferle, Developer/Manager.

201 East College Avenue - Aid Association for Lutherans. Fifth floor rented to Firstar Bank Data Center with utilities at $10.50 per square foot in 1981. Firstar now relocating to first floor facility at Wisconsin Bell next door to Firstar office where it will have 11,500 square feet at $10 per square foot, air conditioned with full stops.

Source: Paul Triggs - Firstar Bank

APPENDIX D

ECONOMIC TEST OF FAIR MARKET VALUE
VALTEST COMPUTER OUTPUT

INPUT ASSUMPTIONS
****

```
1. ENTER PROJECT NAME ? CAMPBELL1
2. ENTER PROJECTION PERIOD ?  10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 169146
   N.O.I. YEAR  2? 174220
   N.O.I. YEAR  3? 179447
   N.O.I. YEAR  4? 184830
   N.O.I. YEAR  5? 190375
   N.O.I. YEAR  6? 196087
   N.O.I. YEAR  7? 201969
   N.O.I. YEAR  8? 208028
   N.O.I. YEAR  9? 214269
   N.O.I. YEAR  10? 220697
4. ACQUISITION COST: ? 1400000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 900743, .14, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .1807, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? Y
   ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .7143, 15
   ENTER REHABILITATION TAX CREDIT FOR IMP #2:  200000
   IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   DEPRECIATION METHOD, IMPROVEMENT #2 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
         70% (PRE-1981 LAW)
         50% (1981 LAW, EFFECTIVE 1982)

         (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1819647
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  8
```

AFTER TAX CASH FLOW PROJECTION
CAMPBELL1
DATE 06/29/84

DATA SUMMARY
****

ACQUISTN COST: $1,400,000.   MTG. AMT.: $900,743.
NOI 1ST YR: $169,146.   MTG. INT.: 14%
ORG. EQUITY: $499,257.   MTG. TERM: 25. YRS
CTO 1ST YEAR: $39,033.   DEBT SERVICE 1ST YEAR: $130,113.
MTG. CONST.: .14445128
IMP. #1 VALUE: $252,980.   IMP. #1 LIFE: 15.
IMP. #2 VALUE: $1,000,020.   IMP. #2 LIFE: 15.
INC. TX RATE: 40%
SALE YR RATE: 40%   OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE   REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	169146.	125836.	70200.	-26891.	-210757.	249790.
2.	174220.	125198.	70200.	-21179.	-8473.	52580.
3.	179447.	124464.	70200.	-15218.	-6088.	55422.
4.	184830.	123620.	70200.	-8991.	-3597.	58314.
5.	190375.	122650.	70200.	-2476.	-991.	61253.
6.	196087.	121535.	70200.	4352.	1741.	64233.
7.	201969.	120254.	70200.	11515.	4606.	67250.
8.	208028.	118782.	70200.	19046.	7618.	70297.
9.	214269.	117090.	70200.	26979.	10792.	73364.
10.	220697.	115145.	70200.	35352.	14141.	76443.
	$1939068.	$1214574.	$902000.	$22489.	$-191008.	$828941.

NOTE: 1ST YEAR'S TAX REDUCED BY $200,000. FOR TAX CREDIT (IMP #2)
DEPRECIABLE BASIS (IMP. #2) ALSO REDUCED BY $200,000.

RESALE PRICE:	$1,819,647.	1ST YR B4 TAX EQ DIV:	7.8181%
LESS MORTGAGE BALANCE:	$814,182.	AVG DEBT COVER RATIO:	1.4903
PROCEEDS BEFORE TAXES:	$1,005,465.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$1,005,465.		
	============		

RESALE PRICE:	$1,819,647.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,819,647.
LESS BASIS:	$498,000.
TOTAL GAIN:	$1,321,647.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$1,321,647.
ORDINARY GAIN:	$0.
	============

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$211,464.
PLUS MORTGAGE BAL:	$814,182.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$1,025,646.
	============

NET SALES PROCEEDS AFTER TAX:	$794,001.
	============

IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR $1,819,647.
THE MODIFIED I.R.R. BEFORE TAXES IS 14.3822% AND AFTER TAXES IS 15.7333%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 8%

INPUT ASSUMPTIONS
****

```
1. ENTER PROJECT NAME ? CAMPBELL3
2. ENTER PROJECTION PERIOD ?  10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 169146
   N.O.I. YEAR  2? 174220
   N.O.I. YEAR  3? 179447
   N.O.I. YEAR  4? 184830
   N.O.I. YEAR  5? 190375
   N.O.I. YEAR  6? 196087
   N.O.I. YEAR  7? 201969
   N.O.I. YEAR  8? 208028
   N.O.I. YEAR  9? 214269
   N.O.I. YEAR  10? 220697
4. ACQUISITION COST: ? 1500000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 1106303, .11, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .2353, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? Y
   ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .6667, 15
   ENTER REHABILITATION TAX CREDIT FOR IMP #2:  200000
   IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   DEPRECIATION METHOD, IMPROVEMENT #2 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
           70% (PRE-1981 LAW)
           50% (1981 LAW, EFFECTIVE 1982)

           (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1819647
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  8
```

AFTER TAX CASH FLOW PROJECTION
CAMPBELL3
DATE 06/29/84

DATA SUMMARY
****

ACQUISTN COST: $1,500,000.   MTG. AMT.: $1,106,303.
NOI 1ST YR: $169,146.   MTG. INT.: 11%
ORG. EQUITY: $393,697.   MTG. TERM: 25. YRS
CTO 1ST YEAR: $39,030.   DEBT SERVICE 1ST YEAR: $130,116.
MTG. CONST.: .11761349
IMP. #1 VALUE: $352,950.   IMP. #1 LIFE: 15.
IMP. #2 VALUE: $1,000,050.   IMP. #2 LIFE: 15.
INC. TX RATE: 40%
SALE YR RATE: 40%   OWNER: INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE   REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	169146.	121255.	76867.	-28977.	-211592.	250622.
2.	174220.	120230.	76867.	-22878.	-9152.	53256.
3.	179447.	119086.	76867.	-16507.	-6604.	55935.
4.	184830.	117810.	76867.	-9847.	-3940.	58654.
5.	190375.	116386.	76867.	-2878.	-1152.	61411.
6.	196087.	114797.	76867.	4424.	1770.	64201.
7.	201969.	113024.	76867.	12078.	4831.	67022.
8.	208028.	111046.	76867.	20115.	8046.	69866.
9.	214269.	108839.	76867.	28563.	11425.	72728.
10.	220697.	106377.	76867.	37453.	14981.	75600.
	$1939068.	$1148849.	$968667.	$21546.	$-191387.	$829293.

NOTE: 1ST YEAR'S TAX REDUCED BY $200,000. FOR TAX CREDIT (IMP #2)
DEPRECIABLE BASIS (IMP. #2) ALSO REDUCED BY $200,000.

RESALE PRICE:	$1,819,647.	1ST YR B4 TAX EQ DIV:	9.9137%
LESS MORTGAGE BALANCE:	$953,991.	AVG DEBT COVER RATIO:	1.4903
PROCEEDS BEFORE TAXES:	$865,657.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$865,657.		

RESALE PRICE:	$1,819,647.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,819,647.
LESS BASIS:	$531,333.
TOTAL GAIN:	$1,288,314.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$1,288,314.
ORDINARY GAIN:	$0.

TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$206,130.
PLUS MORTGAGE BAL:	$953,991.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$1,160,121.

NET SALES PROCEEDS AFTER TAX:	$659,526.

IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR $1,819,647.
THE MODIFIED I.R.R. BEFORE TAXES IS 16.2464% AND AFTER TAXES IS 17.7679%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 8%

INPUT ASSUMPTIONS

****

```
1. ENTER PROJECT NAME ? CAMPELL4
2. ENTER PROJECTION PERIOD ?  10
3. DO YOU WANT TO ENTER EFFECTIVE GROSS REVENUE INSTEAD OF NOI? N
   N.O.I. YEAR  1? 169146
   N.O.I. YEAR  2? 174220
   N.O.I. YEAR  3? 179447
   N.O.I. YEAR  4? 184830
   N.O.I. YEAR  5? 190375
   N.O.I. YEAR  6? 196087
   N.O.I. YEAR  7? 201969
   N.O.I. YEAR  8? 208028
   N.O.I. YEAR  9? 214269
   N.O.I. YEAR  10? 220697
4. ACQUISITION COST: ? 1500000
5. DO YOU WANT TO USE STANDARD FINANCING? Y OR N?Y
   MTG. RATIO OR AMOUNT, INT., TERM, NO PAY/YR ? 900735, .14, 25, 12
6. ENTER RATIO OF IMP #1/TOTAL VALUE, LIFE OF IMP #1? .2353, 15
   IS THERE A SECOND IMPROVEMENT? Y OR N? Y
   ENTER RATIO OF IMP #2/TOTAL VALUE, LIFE OF IMP #2? .6667, 15
   ENTER REHABILITATION TAX CREDIT FOR IMP #2:  200000
   IS STRUCTURE A CERTIFIED HISTORICAL LANDMARK? Y OR N?N
7. DEPRECIATION METHOD, IMPROVEMENT #1 ? 1
   DEPRECIATION METHOD, IMPROVEMENT #2 ? 1
   IS PROPERTY SUBSIDIZED HOUSING ? Y OR N ?N
   IS PROPERTY RESIDENTIAL? Y OR N? N
8. IS OWNER A TAXABLE CORPORATION? Y OR N ?N
   THE MAXIMUM FEDERAL INDIVIDUAL ORDINARY RATE COULD BE:
           70% (PRE-1981 LAW)
           50% (1981 LAW, EFFECTIVE 1982)

           (PLUS STATE RATE)

    ENTER:
   1) EFFECTIVE ORDINARY RATE  2) EFFECTIVE ORDINARY RATE (YEAR OF SALE)
?  .4, .4
9. RESALE PRICE (NET OF SALE COSTS) ? 1819647
10. IS THERE LENDER PARTICIPATION ?N
11. ENTER OWNER'S AFTER TAX REINVESTMENT RATE (%)?  9
12. ENTER OWNER'S AFTER TAX OPPORTUNITY COST OF EQUITY FUNDS (%)?  8
```

AFTER TAX CASH FLOW PROJECTION
CAMPBELL 4
DATE 06/29/84

DATA SUMMARY
****

ACQUISTN COST:	$1,500,000.	MTG. AMT.:	$900,735.
NOI 1ST YR:	$169,146.	MTG. INT.:	14%
ORG. EQUITY:	$599,265.	MTG. TERM:	25. YRS
CTO 1ST YEAR:	$39,034.	DEBT SERVICE 1ST YEAR:	$130,112.
		MTG. CONST.:	.14445128
IMP. #1 VALUE:	$352,950.	IMP. #1 LIFE:	15.
IMP. #2 VALUE:	$1,000,050.	IMP. #2 LIFE:	15.
INC. TX RATE:	40%		
SALE YR RATE:	40%	OWNER:	INDIVIDUAL

DEPRECIATION IMPROVEMENT #1 : STRAIGHT LINE
DEPRECIATION IMPROVEMENT #2 : STRAIGHT LINE
NON-RESIDENTIAL PROPERTY
LENDER PARTICIPATION: CASH THROW-OFF: NONE REVERSION: NONE

NO REPRESENTATION IS MADE THAT THE ASSUMPTIONS BY GRAASKAMP ARE PROPER OR THAT THE CURRENT TAX ESTIMATES USED IN THIS PROJECTION WILL BE ACCEPTABLE TO TAXING AUTHORITIES. NO ESTIMATE HAS BEEN MADE OF MINIMUM PREFERENCE TAX. CAPITAL LOSSES IN THE YEAR OF SALE ARE TREATED AS ORDINARY LOSSES (SECTION 1231 PROPERTY) AND ARE CREDITED AGAINST TAXES PAID AT THE ORDINARY RATE AT THE TIME OF SALE.
FOR THE PURPOSE OF THE MODIFIED INTERNAL RATE OF RETURN (M.I.R.R.) CALCULATION, NEGATIVE CASH IN ANY ONE PERIOD IS TREATED AS A CONTRIBUTION FROM EQUITY IN THAT PERIOD.

YEAR	NOI	MTG INT & LENDERS %	TAX DEP	TAXABLE INCOME	INCOME TAX	AFTER TAX CASH FLOW
1.	169146.	125835.	76867.	-33557.	-213424.	252458.
2.	174220.	125197.	76867.	-27844.	-11139.	55247.
3.	179447.	124462.	76867.	-21883.	-8754.	58089.
4.	184830.	123619.	76867.	-15656.	-6263.	60981.
5.	190375.	122649.	76867.	-9142.	-3658.	63921.
6.	196087.	121534.	76867.	-2315.	-927.	66902.
7.	201969.	120253.	76867.	4849.	1940.	69917.
8.	208028.	118781.	76867.	12380.	4952.	72964.
9.	214269.	117089.	76867.	20314.	8126.	76031.
10.	220697.	115144.	76867.	28687.	11475.	79110.
	$1939068.	$1214563.	$968667.	$-44167.	$-217672.	$855617.

NOTE: 1ST YEAR'S TAX REDUCED BY $200,000. FOR TAX CREDIT (IMP #2)
DEPRECIABLE BASIS (IMP. #2) ALSO REDUCED BY $200,000.

RESALE PRICE:	$1,819,647.	1ST YR B4 TAX EQ DIV:	6.5136%
LESS MORTGAGE BALANCE:	$814,175.	AVG DEBT COVER RATIO:	1.4903
PROCEEDS BEFORE TAXES:	$1,005,472.		
LESS LENDER'S %:	$0.		
NET SALES PROCEEDS BEFORE TAXES:	$1,005,472.		

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RESALE PRICE:	$1,819,647.
LESS LENDER'S %:	$0.
NET RESALE PRICE:	$1,819,647.
LESS BASIS:	$531,333.
TOTAL GAIN:	$1,288,314.
EXCESS DEPRECIATION:	$0.
EXCESS DEP. FORGIVEN:	$0.
CAPITAL GAIN:	$1,288,314.
ORDINARY GAIN:	$0.

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TAX ON ORDINARY GAIN:	$0.
TAX ON CAPITAL GAIN:	$206,130.
PLUS MORTGAGE BAL:	$814,175.
TOTAL DEDUCTIONS FROM NET RESALE PRICE:	$1,020,305.

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NET SALES PROCEEDS AFTER TAX:	$799,342.

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IF PURCHASED AS ABOVE, HELD 10 YEARS & SOLD FOR $1,819,647.
THE MODIFIED I.R.R. BEFORE TAXES IS 12.3129% AND AFTER TAXES IS 13.8793%
ASSUMING AN AFTER TAX REINVESTMENT RATE OF 9%, AND OPPORTUNITY COST OF 8%