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Appraisal of the J. C. Penney building located at 1 East Main Street, Madison, Wisconsin. February 28, 1986

Landmark Research, Inc.

[s.l.]: [s.n.], February 28, 1986

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APPRAISAL OF THE
J.C. PENNEY BUILDING
1 EAST MAIN STREET
MADISON, WISCONSIN

*Landmark
Research
Inc.*

APPRAISAL OF THE
J.C. PENNEY BUILDING
LOCATED AT
1 EAST MAIN STREET
MADISON, WISCONSIN

AS OF
FEBRUARY 28, 1986

PREPARED BY
LANDMARK RESEARCH, INC.

Landmark
Research
Inc.

February 28, 1986

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

Jean B. Davis, M.S.

Mr. Brad Binkowski
Mr. John Koffel
Urban Land Interests, Inc.
301 North Broom Street
Madison, WI 53703

Dear Brad and John:

You have asked us to offer our opinion as to the fair market value or most probable price (defined in Exhibit A) of the property known as the J.C. Penney Building, 1 East Main Street, City of Madison, County of Dane, Wisconsin. The property is currently owned by Northwestern Mutual Life Insurance Company. Exhibit B contains photographs and pertinent information on the subject property.

The property in question is currently listed for sale, as is, for \$1,200,000. The function of the appraisal is to determine if such an asking price is consistent with the market for buildings of fire resistant construction in need of renovation and remarketing on the Square in Madison.

Professor Graaskamp and his graduate students specifically analyzed the vacant Penney's building during the Fall semester of 1984 so that Graaskamp, the appraiser, is thoroughly familiar with the building and its potential. Suffice to say, the most probable reuse of this former department store will involve extensive reconstruction to provide office space featuring an atrium on the second and third floors. The first floor will be subdivided into four 22-foot wide retail outlets facing the Square and a fast food outlet facing Monona Avenue. The main entrance to both office and the atrium circulation area would be from Monona Avenue. This most probable use scenario implies the most probable buyer would be a professional developer capable of rebuilding and re-leasing the project.

The preferred method of appraisal is to apply a market comparison approach which utilizes actual cash sales of buildings with similar locational characteristics purchased by redevelopers anticipating extensive renovation. The Square in Madison has witnessed extensive conversion of retail properties in a manner similar to the most probable use scenario for the Penney's building. Similar structures bought for similar objectives on the Square include seven comparables described in Exhibit C. Our search for comparables was limited to those sales located on the Square because of the unique nature of that market.

The process of market comparison first requires definition of a common unit of comparison. In this case, the appraiser chose gross building area, including useable or publicly accessible basement space at the time of sale.

Mr. Brad Binkowski
Mr. John Koffel
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The second step in the market comparison process is to recognize significant attributes where the comparable properties differ in ways that would be evaluated as positive or negative in the minds of prospective buyers. These attributes can be scored in terms of relative desirability, but the weight which buyers may attach to these attributes must be imputed by means of an algorithm which relates the property score of each comparable to its price per unit in such a way that the variance between property sales can be anticipated and a pricing formula set which can predict the price at which each comparable sold. Once a pricing formula has been set which can estimate a sale price which closely replicates the actual sale price of each comparable, it is then possible to apply the same formula to the subject property in order to estimate the most probable sale price. This estimate can be qualified by a transaction zone which reflects the variance between actual and predicted price experienced on the comparable sales.

The process can be replicated and checked by others. Exhibit D contains the attributes and scores used in simulating the buyer's logic in determining the price he will pay for a property. Location on the Square, structural expansion and redesign potential, economic situation at time of purchase, elevators at time of purchase, and fenestration on upper levels were the attributes chosen. The computation of weights to be applied is in the computer output found in Exhibit E.

It was necessary to adjust the gross selling price of several of the comparables to a cash equivalent price due to advantageous financing terms. These computations are provided in Exhibit C. No adjustment for time of sale was made, even though the sales span approximately a seven-year period. We believe that real estate values on the Square have been flat for ten years due to collapse of the retailing segment on the Square, high interest rates, and slow growth in the private office rental market.

The point score, weights, and related coefficients are applied to the comparable properties, and the predicted versus actual sale price is presented in Exhibit E. Note that the variance is minimal in every case with the largest variance of predicted from actual price less than 10 percent.

The results are largely self-explanatory; however, key points are summarized as follows:

1. The price range of the comparables, after adjustment for financing, is from \$9.23 to \$18.75 per square foot of gross building area.
2. The subject property received a weighted score of 2.4 while the comparables ranged from 1.9 to 3.8.

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3. The predicted price of the subject property has a central tendency of \$12.03 per square foot or \$601,000 for 50,000 square feet of gross building area. The low and high estimates are \$573,000 and \$629,000 respectively.

Analysis of the comparables resulted in prediction of a fairly tight price range around the central tendency of \$601,000. The low and high estimates vary by about 4.7 percent from this point. Given the recent sales history of property on the Square and the uncertain conditions of the downtown economy, we feel that the subject is greatly overpriced at \$1,200,000. As a result of our analysis, we have established the following conclusions as to market value as of February 28, 1986:

The most probable price, as defined, of the subject property as of February 28, 1986, is:


SIX HUNDRED THOUSAND DOLLARS

(\$600,000)

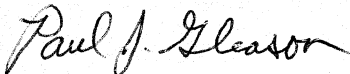
assuming cash to the seller. The transaction zone reflecting bargaining positions of buyer and seller would probably fall between \$570,000 and \$630,000. Note that our opinion is subject to the standard Statement of General Assumptions and Limiting Conditions contained in Exhibit F.

We are pleased to have been of service to you and remain available to answer any question you may have.

FOR LANDMARK RESEARCH, INC.



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



Paul J. Gleason
Real Estate Appraiser/Analyst

Enclosures

EXHIBIT A

FAIR MARKET VALUE DEFINITION

A current definition of market value is:

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.

Source: American Institute of Real Estate Appraisers, The Appraisal of Real Estate, Eighth Edition, Chicago, IL, 1983, p. 33.

EXHIBIT B

PHOTOGRAPHS OF SUBJECT SITE



View looking south across Main Street.



View looking southeast at corner of
Main Street and Monona Avenue.

EXHIBIT B (Continued)



View of subject from Capitol looking down Monona Avenue.



View of Monona Avenue side of subject.

EXHIBIT B (Continued)

DESCRIPTION OF IMPROVEMENTS AT 1 EAST MAIN STREET

NUMBER OF STORIES: Three stories plus penthouse

ROOMS:	Basement	Finished retail area
	First Floor	Finished retail area
	Second Floor	Finished retail area
	Third Floor	Finished storage and office
	Penthouse	Utilities

EXTERIOR:

Foundation	Poured concrete with steel frame
Walls	Block with brick facia 1'4" thick
Roof	Flat, 5 ply tar with gravel surface
Storefront	Block with brick facia and glass

CONSTRUCTION:

Floors	Pre-cast concrete with steel rod, tile and carpet surface
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Walls	Putty coat plaster
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Height		Floor to <u>Ceiling</u>	Floor to <u>Floor</u>
	Basement	10'	13'
	1st Floor	14'	17'
	2nd Floor	11'	14'
	3rd Floor	10'	12'6"
	Penthouse	12'	

Live Load Capacity	Roof	30 PSF
	Floor	100 PSF
	Mechanical Room	200 PSF
	Stairs	100 PSF
	Soil	8000 PSF

AIR CONDITIONING AND VENTILATION:

Two 50 ton Trane coolers to service basement, first, and second floor; one 24-ton Trane cooler for third floor. Air blown through wall vents.

HEATING:

Cleaver Brooks 12-pound low pressure steam heat, forced air with coil.

UTILITIES:

2" municipal water service
6" municipal sewer service
4000 to 5000 amp electrical service

EXHIBIT C
COMPARABLE PROPERTY NO. 1



30 NORTH CARROLL STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 1 (Continued)

DATE OF SALE: July 17, 1980

SALE PRICE: \$735,000

TERMS OF SALE: \$735,000 cash at closing. \$625,000 paid by State based on appraisal value; balance of \$110,000 contributed from gifts to State Historical Society.

CASH EQUIVALENT PRICE: \$625,000 based on appraised value

PRICE PER SQUARE FOOT OF GBA: \$15.24

USE AT TIME OF SALE: Single tenant retail space - department store- vacant.

GRANTOR: Capitol Square Associates - Carley Capital Group Managing Partner

GRANTEE: State of Wisconsin

LOT SIZE: 8,646 square feet

FRONTAGE: 65.5 feet on Carroll Street, 132 feet on Fairchild Street.

TOTAL GROSS BUILDING AREA: 41,000 square feet

NET RENTABLE AREA: 32,500 square feet

BUILDING DESCRIPTION: Four stories plus basement; windows wrap around first level; light brick veneer exterior; building in excellent condition. Constructed of reinforced concrete frame, brick, and block. Two passenger elevators and one freight elevator.

PARKING: None

CONDITION AT TIME OF SALE: Vacant

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 2



14 WEST MIFFLIN STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 2 (Continued)

DATE OF SALE: February 27, 1984

SALE PRICE: \$750,000

TERMS OF SALE: (1) Buyer took over from seller a stream of lease payments due of \$3,550 per month for 15 months at no interest, but discounted at buyer's opportunity cost of money at approximately 10 percent for a present value of approximately \$50,000.

(2) Seller took back a 2nd mortgage of \$22,000 due in April 1985 at 10 percent interest only paid quarterly.

(3) Borrowed \$650,000 at 13 percent variable rate to be reviewed in one year. Conventional financing.

(4) Buyer put down \$28,000 (probably as brokerage fees)

CASH EQUIVALENT PRICE: \$750,000

PRICE PER SQUARE FOOT OF GBA: \$18.75

USE AT TIME OF SALE: Retail on 1st floor
Offices on 2nd floor
Tanning Spa with 582 square feet on lower level

GRANTOR: Mendota Block Venture

GRANTEE: 14 West Mifflin Associates, Martin Rifkin

LOT SIZE: 10,720 square feet (Assessor's records)

FRONTAGE: 80 feet on West Mifflin Street; depth of 134 feet

TOTAL GROSS BUILDING AREA: Approximately 10,000 square feet gross buildable area per floor.
Approximately 30,000 square feet above grade plus 10,000 square feet in lower level. Includes atrium.

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 2 (Continued)

NET RENTABLE AREA:	27,000 square feet
BUILDING DESCRIPTION:	Modern art-deco with three stories plus lower level.
PARKING:	None
CONDITION AT TIME OF SALE:	Fully renovated on 1st and 2nd floors with atrium in place. Some remodeling in process in lower level.

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 3



5-7 NORTH PINCKNEY STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 3 (Continued)

DATE OF SALE:	December 31, 1977
SALE PRICE:	\$240,000
TERMS OF SALE:	Cash to seller
CASH EQUIVALENT PRICE:	\$240,000
PRICE PER SQUARE FOOT OF GBA:	\$9.23
USE AT TIME OF SALE:	Commercial
GRANTOR:	Baskin, Olsen and Veerhusen
GRANTEE:	Rifken and Campbell Associates, a Wisconsin Partnership
LOT SIZE:	8,712 square feet including 12 foot easement
FRONTAGE:	66 feet on North Pinckney Street
TOTAL GROSS BUILDING AREA:	26,000 square feet
NET RENTABLE AREA:	20,500 square feet
BUILDING DESCRIPTION:	Two-story wood frame, part fire resistant concrete, part ordinary construction
PARKING:	None
CONDITION AT TIME OF SALE:	Vacant

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 4



50 EAST MIFFLIN STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 4 (Continued)

DATE OF SALE: April 30, 1978

SALE PRICE: \$850,000

TERMS OF SALE: \$654,064, 5.25 percent long-term mortgage was assumed. Seller took back a note for \$65,936.23, 10 year, 8 percent interest paid semiannually subject to a 10-year lease, 1/30/78 to 1/29/88 at \$2.37 per square foot. 14,767 net area to the Emporium, with 5 percent of sales \$500,000 - \$1,000,000; 4 percent of sales over \$1,000,000.

CASH EQUIVALENT PRICE: \$686,000. Discounted mortgage assumption at 8 percent minus 5.25 percent contract rate (2.75 percent) plus \$65,936.23 seller financed note plus \$130,000 cash.

PRICE PER SQUARE FOOT OF GBA: \$16.14

USE AT TIME OF SALE: Retail first floor; extensive remodeling of upper floors for office space.

GRANTOR: J. Jesse Hyman, Jr., and Alan R. Hyman, partners d.b.a. Emporium Company

GRANTEE: Carley Capital Group

LOT SIZE: 132 feet by 70 feet, or 9,240 SF

FRONTAGE: 70 feet on East Mifflin Street

TOTAL GROSS BUILDING AREA: 42,500 square feet

NET RENTABLE AREA: 38,500 square feet

BUILDING DESCRIPTION: Four-story masonry and concrete building; two elevators; freight facilities in rear parking lot; structure can carry additional floors.

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 4 (Continued)

PARKING:

No on-site parking available, but owners purchased the Senate Bar at 118 North Pinckney just north of the Emporium to assure availability of some surface parking for the office tenants.

CONDITION AT
TIME OF SALE:

Partially occupied; upper two floors were vacant with a department store on the first two floors.

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 5



2 WEST MIFFLIN STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 5 (Continued)

DATE OF SALE: July 31, 1978

SALE PRICE: \$596,200 for 90% partnership interest

TERMS OF SALE: Subject to July 15, 1977, mortgage, undivided; 90 percent interest in and to partnership.

CASH EQUIVALENT PRICE: \$662,444: \$596,200 divided by 90 percent partnership interest.

PRICE PER SQUARE FOOT OF GBA: \$16.99

USE AT TIME OF SALE: Retail and office

GRANTOR: Thirty-On-The-Square Associates

GRANTEE: Mifflin Associates

LOT SIZE: 12,460 square feet

FRONTAGE: 91 feet on West Mifflin Street; 136.93 feet on Wisconsin Avenue

TOTAL GROSS BUILDING AREA: 39,000 square feet

NET RENTABLE AREA: 24,000 square feet

BUILDING DESCRIPTION: Three-story brick shell space, two-story, masonry bearing walls; concrete slab flooring; elevator.

PARKING: None

CONDITION AT TIME OF SALE: Well-maintained on the exterior. Office area on second floor underutilized.

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 6



110 EAST MAIN STREET

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 6 (Continued)

DATE OF SALE:	February 19, 1984
SALE PRICE:	\$1,350,000
TERMS OF SALE:	Cash to seller
CASH EQUIVALENT PRICE:	\$1,350,000
PRICE PER SQUARE FOOT OF GBA:	\$13.24
USE AT TIME OF SALE:	Retail on first floor, office on remaining floors.
GRANTOR:	First Wisconsin National Bank for the estate of George Maloof.
GRANTEE:	Tenney Plaza Associates
LOT SIZE:	22,968 square feet
FRONTAGE:	66 feet on South Pinckney, 264 feet on East Main, and 108 feet on South Webster.
TOTAL GROSS BUILDING AREA:	102,000 square feet
NET RENTABLE AREA:	74,000 square feet
BUILDING DESCRIPTION:	Ten-story concrete building
PARKING:	Surface lot in rear
CONDITION AT TIME OF SALE:	In need of renovation

EXHIBIT C (Continued)
COMPARABLE PROPERTY NO. 7

2-12 EAST MIFFLIN STREET
(Building has been demolished; no photo available)

EXHIBIT C (Continued)

COMPARABLE PROPERTY NO. 7 (Continued)

DATE OF SALE:	1984
SALE PRICE:	\$1,100,000
TERMS OF SALE:	Assumed cash to seller
CASH EQUIVALENCY PRICE:	\$1,100,000
PRICE PER SQUARE FOOT OF GBA:	\$13.75
USE AT TIME OF SALE:	Purchased for demolition
GRANTOR:	First Federal Savings and Loan Association
GRANTEE:	Hovde Development Corporation
LOT SIZE:	34,840 square feet
FRONTAGE:	132 feet on East Mifflin, 229 feet on Wisconsin Avenue
TOTAL GROSS BUILDING AREA:	80,000 square feet
NET RENTABLE AREA:	63,300 square feet
BUILDING DESCRIPTION:	Built in three phases in 1931, 1936, and 1946; poor condition with numerous code violations; inadequate for modern needs.
PARKING:	Limited in rear of building
CONDITIONS AT TIME OF SALE:	Poor; purchased for demolition.

EXHIBIT D

J.C. PENNEY BUILDING
SCALE FOR SCORING COMPARABLES AND SUBJECT PROPERTY

LOCATION ON THE SQUARE

- 5 = Between West Washington and Wisconsin Avenue
- 3 = Between Wisconsin Avenue and East Washington
- 1 = Between East Washington and Monona Avenue

STRUCTURAL EXPANSION
AND REDESIGN POTENTIAL

- 5 = Potential for significant increases of floor space and supportive city planning
- 3 = Flexible layouts due to bay spacing and elevator position and supportive city planning
- 1 = Inflexibility of layout due to old bearing walls, and elevator shafts or non-supportive city planning

ECONOMIC SITUATION AT
TIME OF PURCHASE

- 5 = Fully renovated and leased
- 3 = Some long-term leases in place.
- 1 = Vacant and in need of total rehabilitation. Short-term lease or large vacancy in need of total rehabilitation.

ELEVATORS AT
TIME OF PURCHASE

- 5 = Two passenger and freight
- 3 = Two passenger
- 1 = One passenger

FENESTRATION ON UPPER LEVEL

- 5 = Large windows facing the Square
- 3 = Limited window area
- 1 = No windows

EXHIBIT E
COMPUTER OUTPUT

QP Version 2.3

Program Choices Are:

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

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

Enter your choice: ?

Display Output to Screen

Select output to be displayed:

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

<Return> to quit

Enter your choice:

EXHIBIT E (Continued)

Project title: PENNEY'S

Unit prices Search interval = 5

	LOCAT	EXPAN	ECONO	ELEVA	FENES	Price
Prel. wts.	25	20	25	20	10	-
30 N. CARRO	5	3	1	5	1	\$15.24
14 W. MIFFL	5	1	5	3	5	\$18.75
5-7 N. PINC	3	1	1	1	5	\$9.23
50 E. MIFFL	3	5	3	3	1	\$16.14
2 W. MIFFLI	5	3	3	1	3	\$16.99
110 E. MAIN	1	1	3	5	5	\$13.24
2 E. MIFFLI	3	1	1	5	5	\$13.75
PENNEY'S	1	3	1	5	3	-

Weighted Matrix

Feature/ Attribute	LOCATION	EXPANSIO	ECONOMIC	ELEVATOR	FENESTRA	Wtd. score
Initial weights	20	20	20	20	0	100
Final weights	25	20	25	20	10	100
30 N. CARROLL	5/ 1.25	3/ 0.60	1/ 0.25	5/ 1.00	1/ 0.10	3.20
14 W. MIFFLIN	5/ 1.25	1/ 0.20	5/ 1.25	3/ 0.60	5/ 0.50	3.80
5-7 N. PINCKNE	3/ 0.75	1/ 0.20	1/ 0.25	1/ 0.20	5/ 0.50	1.90
50 E. MIFFLIN	3/ 0.75	5/ 1.00	3/ 0.75	3/ 0.60	1/ 0.10	3.20
2 W. MIFFLIN	5/ 1.25	3/ 0.60	3/ 0.75	1/ 0.20	3/ 0.30	3.10
110 E. MAIN	1/ 0.25	1/ 0.20	3/ 0.75	5/ 1.00	5/ 0.50	2.70
2 E. MIFFLIN	3/ 0.75	1/ 0.20	1/ 0.25	5/ 1.00	5/ 0.50	2.70
PENNEY'S	1/ 0.25	3/ 0.60	1/ 0.25	5/ 1.00	3/ 0.30	2.40

EXHIBIT E (Continued)

Value Range Determination: Mean Price Per Point Method

Mean price per point: \$5.01
 Dispersion About the Mean: \$0.23
 Coefficient of Dispersion: 0.0469

Value Range Per Unit of Dispersion

	Subject Point Score		Mean (+/- One Standard Deviation)		Price Per Unit
Low Estimate	2.40	X	\$4.78	=	\$11.46
Central Tendency	2.40	X	\$5.01	=	\$12.03
High Estimate	2.40	X	\$5.25	=	\$12.59

Transaction Zone: Mean Price Per Point Method

Number of units in subject property: 50000

Low Estimate	\$573,111	or	\$573,000
Central Tendency	\$601,291	or	\$601,000
High Estimate	\$629,470	or	\$629,000

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

	Predicted Price	Actual price	Error
30 N. CARROLL	\$16.03	\$15.24	\$0.79
14 W. MIFFLIN	\$19.04	\$18.75	\$0.29
5-7 N. PINCKNEY	\$9.52	\$9.23	\$0.29
50 E. MIFFLIN	\$16.03	\$16.14	-\$0.11
2 W. MIFFLIN	\$15.53	\$16.99	-\$1.46
110 E. MAIN	\$13.53	\$13.24	\$0.29
2 E. MIFFLIN	\$13.53	\$13.75	-\$0.22

EXHIBIT F

STATEMENTS OF GENERAL ASSUMPTIONS AND
LIMITING CONDITIONS

1. Contributions of Other Professionals

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

2. Facts and Forecasts Under Conditions of Uncertainty

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

EXHIBIT F (Continued)

3. Controls on Use of Appraisal

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

CERTIFICATION OF VALUE

We hereby certify that we have no interest, present or contemplated, in the property known as the J.C. Penney building located at 1 East Main Street, City of Madison, County of Dane, Wisconsin, and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. We certify that we have personally inspected the property and that according to our knowledge and belief, all statements and information in the report are true and correct, subject to the underlying assumptions and limiting conditions.

Based on the information and subject to the limiting conditions contained in this report, it is our opinion that the market value as defined herein, of this property as of February 28, 1986, is:

SIX HUNDRED THOUSAND DOLLARS

(\$600,000)

assuming cash to the seller.

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

Paul J. Gleason
Paul J. Gleason, Real Estate Appraiser/Analyst

February 28, 1986
Date

