

April 17, 2006

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**RE: Pamida Building, Store #3215**  
657 West Main Connector  
Hodgenville, KY 42748

To Whom It May Concern:

In accordance with your request, we have conducted an appraisal to determine the as-is fee simple market value of the above referenced property. The property is valued using generally accepted appraisal principles and theory and is intended to conform to the Uniform Standards of Professional Appraisal Practice (USPAP), the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), the Appraisal Institute and Bank of America's appraisal requirements.

This appraisal report is a Complete Self-Contained Appraisal Report under Standards Rule 1 and 2-2, as defined in the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal service was performed in such a manner that the results of the analysis, opinion, or conclusion, be that of a disinterest to a third party. The property that is the subject of this appraisal has been previously appraised for an alterative financial institution.

This report is addressed to Barclays Capital Real Estate Inc. ("BCRE"), Citigroup Global Markets Realty Corp ("Citi"), Spirit Finance Corporation ("Spirit") and its affiliates. BCRE, Citi, Spirit and its affiliates, their respective successors and assigns (including, without limitation, investors who purchase the mortgage loan or a participation interest in the mortgage loan and

the trustee in a securitization that includes the mortgage loan), each servicer of the mortgage loan, and all rating agencies involved in any sale, securitization or syndication involving the mortgage loan may use and rely upon this Report, including, without limitation, utilizing selected information from the Report in the offering materials (either in electronic or hard copy format) relating to any sale, securitization or syndication involving the mortgage loan. The Appraiser agrees to cooperate in answering questions by any of the above parties in connection with the sale, securitization or syndication, as communicated by BCRE, Citi and Spirit personnel.

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The subject consists of a single-tenant retail building that is 100% owner-occupied by Pamida, Inc. The improvements measure 34,994 gross square feet and are situated on one 5.51-acre tax lot. The improvements were constructed in 1999 and are in average condition. The site and improvements are further described in the attached report.

Based upon our investigation and analysis of available information, the concluded value opinion under the request scenario is:

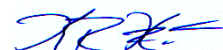
<b>MARKET VALUE SCENARIO</b>	<b>DATE</b>	<b>VALUE</b>
As-Is Fee Simple	May 10, 2005	\$1,510,000

*The subject is located in a very small trade area with a relatively stable trend in gross sales. We assume continued occupancy by the owner in our analysis. In case of vacation, there could be an extended marketing period to release and the property may be worth less.*

Matthew K. Reynolds provided significant professional assistance in the preparation of this report. If questions arise concerning this report, please do not hesitate to contact the undersigned.

Sincerely,

**PGP VALUATION INC**



Kenneth R. Harrison, MAI  
Certified General Real Estate Appraiser  
State of Kentucky Temporary License #21184

Doc. ID#: D050388





## **APPRAISAL SUMMARY (CONTINUED)**

### **Value Indications**

Cost Approach:	Not applicable
Income Capitalization Approach:	\$1,490,000
Sales Comparison Approach:	\$1,570,000
<b>Final Value Opinion:</b>	<b>\$1,510,000</b>
Appraisal Premises:	As-is
Property Rights Appraised:	Fee simple
Insurable Value Estimate:	See insurable value table in Addenda
Date of Value:	May 10, 2005
Scope of Appraisal & Report Format:	Complete self-contained
Value of Personal Property, Fixtures, Intangibles Included in Market Value Estimate:	\$0
<b>PGP VALUATION INC File No.:</b>	<b>D050388</b>

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## ■ PRELIMINARY APPRAISAL INFORMATION ■

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### **Report Organization**

This report is designed to inform the reader of all factors influencing the property's value in a clear and concise manner. The Appraisal Summary and Preliminary Appraisal Information sections provide an overview of the property and general information. The Description section starts with general regional issues and proceeds to more specific issues directly related to the property. The Market Analysis and Highest and Best Use sections establish the marketability of the subject and premise upon which the property is valued.

The Valuation section focuses on the as is market value of the property. This section describes the Income and Sales Comparison Approaches to value, and includes comparable information, application of market information to the subject and valuation analysis.

### **Intended Use & User of Appraisal**

The purpose of this appraisal is to estimate the as-is market value of the fee simple interest in the property.

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### **Definition of Market Value**

This definition is in compliance with the OCC (Office of the Comptroller of the Currency), FDIC (Federal Deposit Insurance Corporation), *FIRREA (Federal Institutions Reforms, Recovery and Enforcement Act)*, and *USPAP (Uniforms Standards of Professional Appraisal Practice)* as adopted by the Appraisal Foundation and the appraisal Institute.

Market Value, as defined by the Uniform Standards of Professional Appraisal Practice, is:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting

## **PRELIMINARY APPRAISAL INFORMATION (CONTINUED)**

prudently and knowledgeable, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”<sup>1</sup>

### **Property Rights Appraised**

Fee Simple Estate is defined in The Dictionary of Real Estate Appraisal, Fourth Edition (2003), as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.”<sup>2</sup>

### **Legal Description**

We were not provided with a title report or legal description. The following APN provided by the LaRue County Property Valuation Administrator is assumed to be correct:

APN: 029-03-01-001.07

The subject is located within incorporated Hodgenville, LaRue County, Kentucky.

### **Ownership & Sales History**

County records show ownership of the subject is vested to Pamida, Inc. We are aware of no sales of the subject within the past three years or any pending sale of listing. It is noted, however, that the subject's owner was recently acquired by another company. Pamida, Inc. owns many of its stores; therefore, the sale of the company did include real estate holdings. However, we are aware of no allocation between real estate and going concern.

### **Exposure Time**

Exposure time is defined within the USPAP, Statement 6, as:

“The estimated length of the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market.”<sup>3</sup>

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<sup>1</sup> *Uniform Standards of Professional Appraisal Practice*, 2003 Edition, Appraisal Standards Board of the Appraisal Foundation, page 224.

<sup>2</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, 4th Edition, 2003, page 113.

<sup>3</sup> *Uniform Standards of Professional Appraisal Practice*, 2003 Edition, Appraisal Standards Board of The Appraisal Foundation, page 224.

## **PRELIMINARY APPRAISAL INFORMATION (CONTINUED)**

Exposure time is best established upon the experience of recent comparable sales. If the property is an occupied/leased property that is purchased for investment purposes and is appropriately priced, an exposure period of six months or less is supported. There is currently strong demand for the subject product type in the market, with limited properties available for sale.

Four of the comparables in the Sales Comparison Approach section reported no marketing period information and one was not formally marketed, indicating no marketing period. Marketing periods reported in the 1<sup>st</sup> Quarter 2005 *Korpacz* survey range from 4.0 to 12.0 months with an average of 7.28 months in the National Strip Center market. We conclude an exposure period of 24 months or less for the subject. A marketing period of 24 months or less is also reasonable.

### **Assessment & Tax Information**

The subject's current assessed values and property tax liability are summarized the following table:

2004 PROPERTY TAXES AND ASSESSMENTS		
APN	Total	Total Taxes
029-03-01-001.07	\$1,550,000	\$12,152

Source: LaRue County Clerk

### **Inspection**

Matthew K. Reynolds inspected the subject on May 10, 2005.

### **Appraisal Development & Reporting Process**

Preparation of this appraisal included:

- An interior and exterior inspection of the subject property.
- Reviewing income and expense information.
- Reviewing county records for information on taxes and assessments.
- Inspecting the subject property neighborhood.
- Gathering and confirming rent comparables and improved sales from immediate and competing neighborhoods.
- Inspecting the exterior of all comparables utilized.
- Analyzing supply and demand conditions in the area.
- Applying traditional approaches to value (Income and Sales Comparison Approaches) to arrive at an indication of value for the subject property.

### **Sources of Information**

The following sources were contacted to obtain relevant information:

Source	Information
LaRue County Property Valuation Administrator	Subject Property Information
LaRue County Clerk	Subject Property Information
Hodgenville City Hall	Subject Property Information
RealQuest	Subject Information
Area Appraisers/Brokers	Comparable Data & Market Information
Comparable Properties/Area Brokers	Rent and Expense Information
Loopnet	Comparable Data & Demographics
<i>Korpacz Investor Survey</i>	Investment Information



## **PRELIMINARY APPRAISAL INFORMATION (CONTINUED)**

### **Compliance & Competency Provision**

We are aware of the compliance and competency provisions of the USPAP, and within our understanding of those provisions the author of this report complies with all mandatory requirements. Kenneth R. Harrison, MAI, a Certified General Appraiser with the State of Kentucky, conducted research, analysis and writing of the appraisal report. Matthew K. Reynolds provided him with significant professional assistance.

### **Unavailability of Information**

We were not provided with a title report, A.L.T.A. survey or environmental reports. Otherwise, all information necessary to develop a reliable estimate of value of the subject property was available.

### **Personal Property, Fixtures & Intangible Items**

No personal property or intangible items are included in this valuation.

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## ■                    **ASSUMPTIONS AND LIMITING CONDITIONS**                    ■

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This appraisal is subject to the following limiting conditions:

### **Extraordinary Assumptions**

*The subject is located in a very small trade area with a relative stable trend in gross sales. We assume continued occupancy by the owner in our analysis. In case of vacation, there could be an extended marketing period to release and the property may be worth less.*

### **Hypothetical Conditions**

None

### **General Assumptions**

For proposed properties, the analysis assumes the improvements will be constructed in a professional and workmanlike manner according to the plans included in this report.

In evaluating the value contribution of the physical improvements, reliance has been placed upon information provided by the owner, client, or other sources. It is assumed that there are or will be no hidden defects and that all structural components are or will be functional and operational. If questions arise regarding the integrity of the structure or its operational components, it may be necessary to consult additional professional resources.

The analysis assumes that the legal description accurately represents the subject property. If further verification is required, further research is advised.

Without prior written approval from the authors, the use of this report is limited to decision-making concerning the existing and potential financing of the property. All other uses are expressly prohibited. Reliance on this report by anyone other than the client for a purpose not set forth above is prohibited. The authors' responsibility is limited to the client.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership and competent management.

The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.

The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless noted.

Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.

This report shall be used for its intended purpose only, and by the parties to whom it is addressed. Possession of the report does not include the right of publication.

## **ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)**

The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.

The statements of value and all conclusions shall apply as of the dates shown herein.

The appraisers have no present or contemplated future interest in the property that is not specifically disclosed in this report.

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 or approval of the authors. This applies particularly to value conclusions and to the identity of the appraisers and the firm with which the appraisers are connected.

This report must be used in its entirety. Reliance on any portion of the report independent of others may lead the reader to erroneous conclusions regarding the property values. No portion of the report stands alone without approval from the authors.

The distribution of the total valuation of this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The valuation stated herein assumes professional management and operation of the property throughout the lifetime of the improvements, with an adequate maintenance and repair program.

The liability of PGP VALUATION INC and its employees is limited to the client only and only up to the amount of the fee actually received for the assignment. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property. The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner, or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements, or cost, regardless of outcome, the client will hold PGP VALUATION INC completely harmless.

The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties, have made no investigation or analysis as to the presence of such materials, and expressly disclaim any duty to note the presence of such materials. Therefore, irrespective of any degree of fault, PGP VALUATION INC and its principals, agents, and employees shall not be liable for costs, expenses, damages, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids, or gasses, waste materials or other irritants, contaminants, or pollutants.

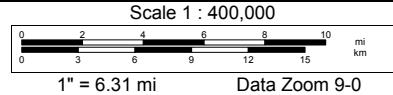
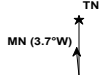
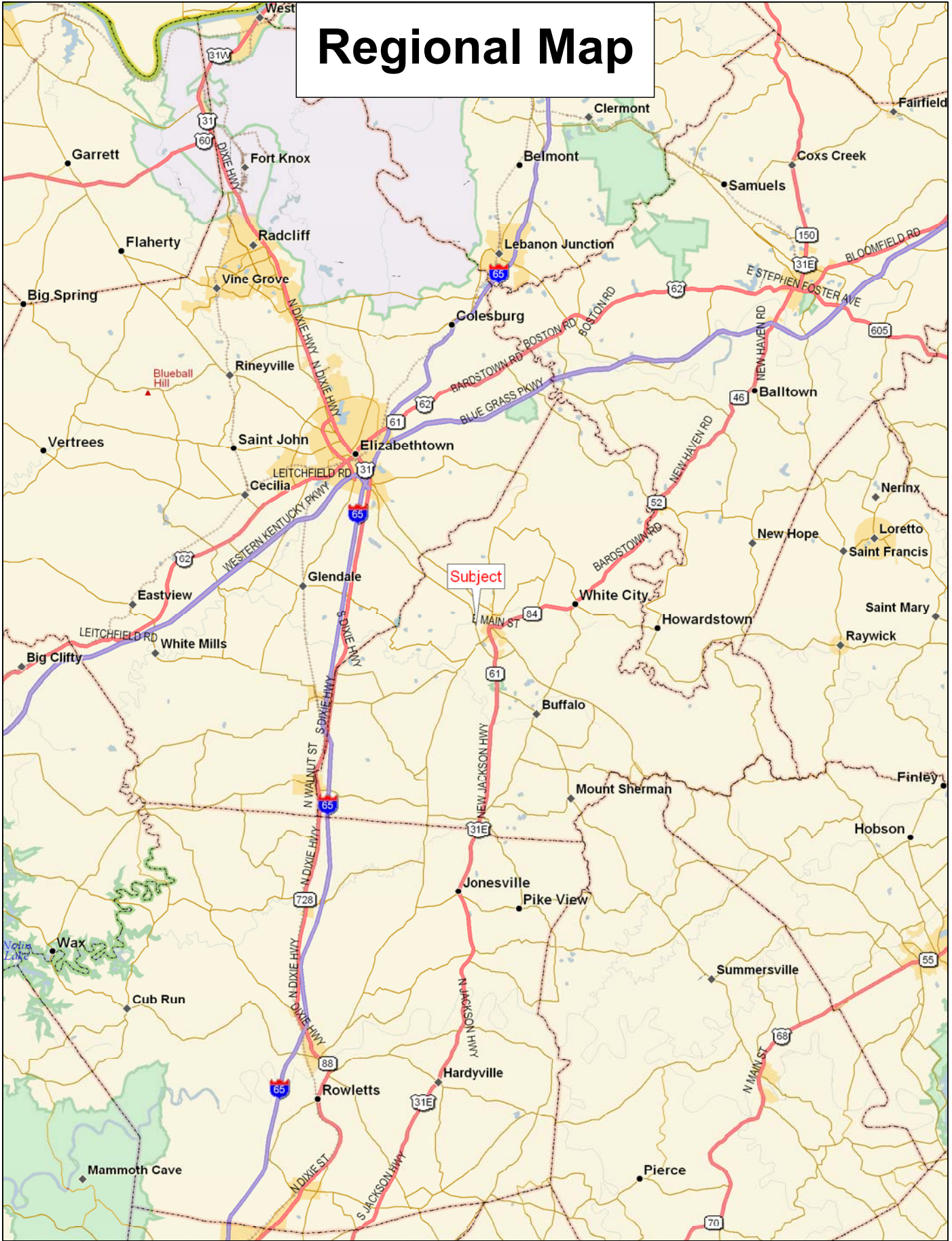
It is assumed the subject is not affected by mold to the extent the value is impacted. The appraisers are not experts with regard to detecting the presence of mold. We make no claims as to whether the subject is or is not free of the presence of mold. Mold commonly exists in a

## **ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)**

variety of circumstances. In some instances, mold may be present and not apparent or detectable without specialized training or might occur in locations not visible from a routine inspection for valuation purposes. If questions arise regarding this issue, it is recommended that assistance from an expert in this area be obtained.

The appraisers assume no responsibility for determining if the subject property complies with the Americans with Disabilities Act (ADA), which prescribes specific building standards that may be applied differently to different buildings, depending on such factors as building age, historical significance, amenability to improvement, and costs of renovation. PGP Valuation Inc, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties, or diminution in value resulting from non-compliance. Except as otherwise noted herein, this appraisal assumes that the subject complies with all ADA standards appropriate to the subject improvements; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the necessary renovation costs, time period needed for renovation, and penalties for non-compliance (if any) were known today, appropriate deductions would be made to the value conclusion(s) reported herein.

# Regional Map



## REGIONAL DESCRIPTION

### Introduction

Kentucky is located in the south central United States along the west side of the Appalachian Mountains and is bordered by seven states. The Ohio River, which runs along the state's northern border, separates Kentucky from Illinois, Indiana and Ohio. West Virginia borders Kentucky to the northeast across the Big Sandy River, and Virginia borders Kentucky to the southeast. Tennessee borders Kentucky to the south, and Missouri adjoins the western edge of the state across the Mississippi River. Kentucky ranks 36<sup>th</sup> in land area among the 50 states, and according to the U.S. Bureau of the Census, Kentucky has an area of 39,728 square miles.



Kentucky ranks 36<sup>th</sup> in land area among the 50 states, and according to the U.S. Bureau of the Census, Kentucky has an area of 39,728 square miles.

Some of the most diverse areas within the eastern United States are found in Kentucky. The Eastern Coal Fields, a rugged, mountainous region covered with forests, are dissected by streams, with mostly level land located in the river valleys. Kentucky's highest elevation is located in this region at Black Mountain in Harlan County (4,139 feet above sea level). The western edge of the Eastern Coal Fields encompasses most of the Daniel Boone National Forest. Kentucky is known as the Bluegrass State. Although bluegrass produces bluish-purple buds in the spring, the actual color is not blue, but rather a greenish color. Bluegrass music takes its name from the region, one of the areas where it originated. The Bluegrass Region lies to the north and the Mississippi Plateau to the south, separated by a chain of low steep hills called the Knobs. The Western Coal Fields, bordered on the north and northwest by the Ohio River, lies in the Illinois basin. The southwest corner of the state is a low, flat plain called the Jackson Purchase. The lowest elevation in the state is located in this region in Fulton County on the Mississippi River (261 feet above sea level).

Kentucky has a temperate climate. The mean annual temperature ranges from 52 degrees Fahrenheit in the northeast to 58 degrees Fahrenheit in the southwest. January is the coldest month and July is the warmest. Annual precipitation averages about 45 inches, ranging from about 40 inches in the north at Covington to 53 inches in south central Kentucky. Snowfall is limited in many sections of the state. Annually, it ranges from 5 to 10 inches in the southwestern sections to 25 inches in the northeastern section and to 40 inches at higher elevations in the southeastern section of the state.

### Population and Households

Kentucky has experienced rapid population and household growth over the past 15 years. The estimated 2005 population of Kentucky was 4,165,814, an increase of 3.1% compared to the 2000 figure of 4,041,769. It is projected to increase by 3.9% to 4,326,490 by 2010. The

## REGIONAL DESCRIPTION (CONTINUED)

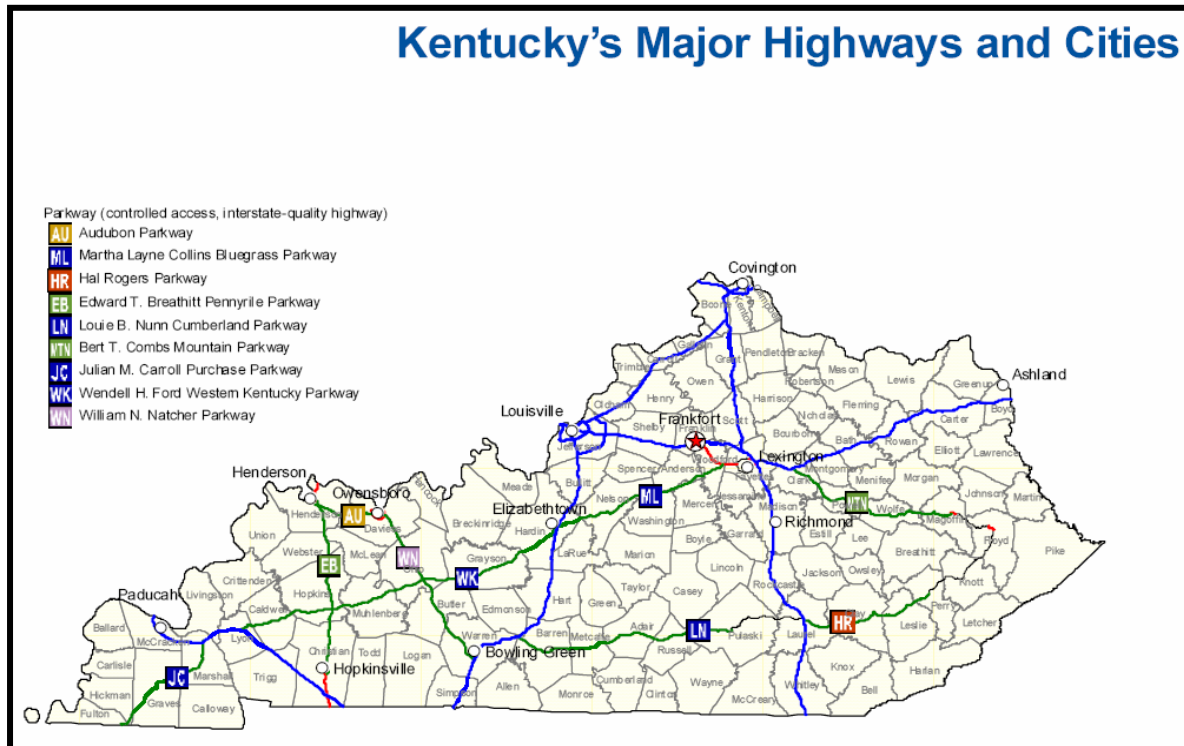
estimated households in Kentucky for 2005 stood at 1,660,676, an increase of 4.4% over the 2000 figure of 1,590,647. It is projected to increase by 5.2% to 1,747,512 by 2010.

The following table illustrates the historical and projected population and households for Kentucky:

Kentucky Population & Households									
Year	Census 1990	Estimate 1995	Census 2000	Projection 2005	Projection 2010	Projection 2015	Projection 2020	Projection 2025	Projection 2030
Population	3,686,891	3,887,427	4,041,769	4,165,814	4,326,490	4,502,595	4,660,703	4,799,443	4,912,621
Households	1,379,782	1,485,243	1,590,647	1,660,676	1,747,512	1,830,308	1,894,419	1,950,573	1,996,176

Source: Kentucky State Data

## Transportation



Kentucky's highway system is composed of approximately 79,000 miles of federal, state, and local roads. Five major interstate highways and nine state parkways contribute to 1,909 miles of multi-lane limited access highways. This integrated system of highways connects Kentucky with all major commercial centers in the eastern and central United States.

Kentucky has about 1,100 miles of commercially navigable waterways which provide an expedient means of transportation to inland markets and major ports on the Gulf of Mexico. The Ohio River flows 664 miles along the northern border of Kentucky. Seven public river ports operate facilities at Henderson, Hickman, Louisville, Lyon County, Owensboro, Paducah and Wurtland.

Railroads serve Kentucky with 2,760 miles of tracks. Railroads operating in the state include CSX, Norfolk Southern, Canadian National Railway Company, and the Paducah and Louisville Railway. Intermodal service is becoming increasingly important to many distributors and is now

## **REGIONAL DESCRIPTION (CONTINUED)**

available at several facilities in Kentucky. Passenger service is provided by Amtrak at Ashland, Maysville, South Shore, Louisville, and Fulton.

Commercial airports providing scheduled airline service in Kentucky are located in Erlanger (Covington/Cincinnati Area), Lexington, Louisville, Owensboro, and Paducah. Out-of-state airports near Kentucky are: Evansville, Indiana, serving the Henderson area; Huntington, West Virginia, serving the Ashland area; Nashville, Tennessee, serving the Bowling Green area; and Bristol, Tennessee, and Knoxville, Tennessee, both serving the southeastern part of the state. International flights are available at the Cincinnati/Northern Kentucky International Airport, located at Erlanger in Northern Kentucky, and the Louisville International Airport. United Parcel Service (UPS) operates its major international hub at the Louisville International Airport. DHL Worldwide Express maintains its primary North American hub at the Cincinnati/Northern Kentucky International Airport in Erlanger, Kentucky.

### **Economic Base**

Kentucky has historically boasted a healthy and broad-based economy. Its strategic location, excellent work force, and close proximity to supplies of natural resources have prompted many large national corporations to locate plants throughout the state. All of the Fortune 25 largest U.S. corporations have manufacturing or service facilities in Kentucky. Included are General Motors, Ford Motor Company, IBM, General Electric Company, and Boeing. In addition, 22 of the top 25 global corporations also have operations in Kentucky, and foreign enterprises have developed over 340 facilities in Kentucky, providing 70,000 jobs. Included are Toyota, Hitachi, Alcan, Mitsubishi, Celanese Chemicals, and Sumitomo. Continuing growth in automotive production facilities in Kentucky, Tennessee, Ohio, Indiana, and Illinois has created opportunities for component suppliers to serve this massive market centrally from facilities in Kentucky. Further evidence of this growth is demonstrated by the fact that nearly 500 auto-related facilities have located in Kentucky, providing over 90,000 jobs, and helping to rank Kentucky fourth in total vehicle production. In 2003, Kentucky was the third largest producer of cars, and fourth largest producer of light trucks, in the U.S.

Kentucky enjoys success in other business sectors as well. As the only state to have two overnight air cargo and containerized package hubs, Kentucky is home to the \$1.1 billion automated sorting facility dubbed "Worldport" by United Parcel Service (UPS). UPS is again expanding its hub in Louisville and expects to hire an additional 700 to 1,000 employees by the end of the calendar year 2006.

Kentucky has also been the state of choice for company headquarters. Home to over sixty corporate headquarters and regional offices, as demonstrated in the following table:

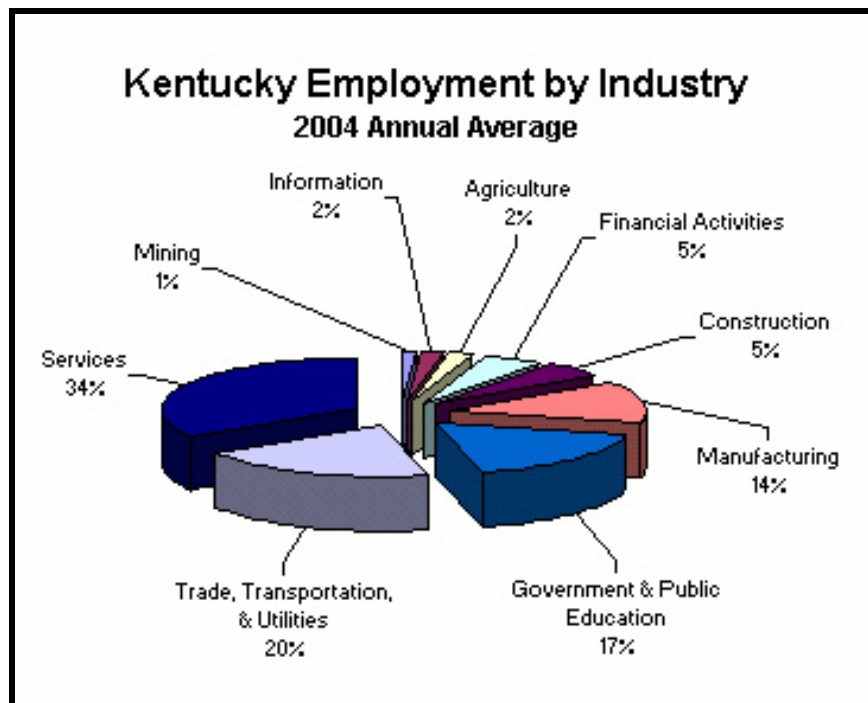


## **REGIONAL DESCRIPTION (CONTINUED)**

Company Headquarters located in Kentucky
A&W Restaurants
Appalachian Wireless
Commonwealth Brands
First Commonwealth Mortgage
Galerie Au Chocolat
GE Capital
Genlyte Thomas Group, LLC
Omnicare
Republic Airlines
Ticona Polymers
Toyota Motor Manufacturing North America, Inc.
Yum Brands, Inc.
Xanodyne Pharmacal

In addition, with digital deployment now virtually complete anywhere in the state, Kentucky is known for having strong telecommunications. Companies such as Alltech, Cingular/AT&T Wireless, Citicorp, Healthcare Recoveries, Honeywell International, Senture LLC, and U.S. Bank Home mortgage have recently announced or located new facilities in Kentucky.

The following table shows the major industries located in Kentucky:



Economists with *Economy.com, Inc.* have concluded that relative business costs are the most important long-term determinate of state economic performance. Several business cost indices were developed to compare the relative cost of doing business in each state, and in the District of Columbia. The overall business cost index includes energy costs, tax burdens, and labor costs. The individual indices were weighted according to historical ability of factors to explain growth, with energy costs weighted 15 percent, tax burdens 10 percent, and labor costs 75 percent. Kentucky is ranked as the fourth lowest for overall business costs in the nation, with a

## **REGIONAL DESCRIPTION (CONTINUED)**

state index 16.2% less than the national average, and has the lowest overall cost of doing business in the eastern United States.

Kentucky had an average unemployment rate of 5.3% in March 2005, which is slightly higher than the February 2005 average unemployment rate of 5.2%, and the March 2005 national average. Historically, however, Kentucky has had an unemployment rate at or below the national average. The following table below compares Kentucky and U.S. unemployment rates of the past year:

Unemployment Rates		
Year	Kentucky	United States
Mar-05	5.30%	5.20%
Feb-05	5.20%	5.40%
Jan-05	5.00%	5.20%
Dec-04	4.70%	5.40%
Nov-04	4.70%	5.40%
Oct-04	4.80%	5.50%
Sep-04	4.90%	5.40%
Aug-04	5.10%	5.40%
Jul-04	5.30%	5.50%
Jun-04	5.40%	5.60%
May-04	5.50%	5.60%
Apr-04	5.50%	5.50%

*Source: U.S. Bureau of Labor Statistics*

### **The Thoroughbred Industry**

The Thoroughbred is a breed of horse whose origins can be traced to three foundation stallions of the mid-18<sup>th</sup> century. The Thoroughbred is deeply rooted in Kentucky's public image, tradition, and economy. The sale of Thoroughbreds amounts to a multi-billion dollar industry in the state. Central Kentucky holds the world's greatest concentration of Thoroughbred breeding farms, and the Lexington-Fayette County area serves as the world's foremost center for financial, accounting, and legal services for the Thoroughbred.

Thoroughbred racing generates tremendous enthusiasm in Kentucky. Five Thoroughbred racetracks operate in the state: Churchill Downs at Louisville, Ellis Park at Henderson, Keeneland Race Course at Lexington, Kentucky Downs in Franklin, and Turfway Park at Florence. The Kentucky Derby is the quintessential Kentucky holiday, patterned after the Epsom Derby held since 1780 at Epsom Downs in Surrey, England. The first Kentucky Derby was held May 17, 1875 at Churchill Downs in Louisville. The Kentucky Derby is held annually at Churchill Downs on the first Saturday in May, the 1¼-mile race for three-year olds is considered the most prestigious Thoroughbred horse race in America. It is the first race in racing's Triple



## **REGIONAL DESCRIPTION (CONTINUED)**

Crown, which also includes the Preakness and the Belmont Stakes. Kentuckians otherwise indifferent to Thoroughbred horse racing get into Derby spirit by attending one of the many Derby parties held throughout the state. A two-week-long festival featuring a fireworks extravaganza, concerts, a balloon race, mini-marathon, a bicycle race, a steamboat race, and the Pegasus Parade precedes the race in Louisville. Approximately 1.5 million attend the festival. The actual running of the Kentucky Derby attracts over 130,000 attendees, and millions watch the event on television.

### **Bourbon and Tobacco Industry**

Almost all bourbons are distilled in Kentucky, which is one of the largest producers of bourbon in the world. Bourbon whiskey was developed in Scott County, Kentucky, in 1789. This is due to Kentucky's limestone water which is considered to be the purest and most suitable for producing the beverage. The Kentucky distilled spirits industry is a major contributor to the state's economy generating close to \$2.3 billion in direct economic activity and employing 31,000 Kentuckians either directly or indirectly through the state's distilled spirits industry.

The climate of Kentucky is temperate with warm or hot summers and cool winters. Precipitation is plentiful and because of the abundant rain and fertile soil there are over 88,000 farms, which is the 4th most in the nation. On these farms, tobacco is the leading crop. Kentucky has been the nation's major burley producing state for over a century. In addition to burley, Kentucky produces significant quantities of other types of tobacco: eastern district fire-cured, western district fire-cured, one sucker, air-cured tobacco and green river, a dark, air-cured tobacco grown only in western Kentucky near Owensboro. Burley tobacco, comprising more than 90% of total production, is grown in 119 of Kentucky's 120 counties and is used primarily in cigarettes. Dark fire-cured and dark air-cured production is concentrated in 33 western Kentucky counties and is used primarily in smokeless tobacco products such as snuff, chewing and pipe tobacco. Tobacco currently accounts for around 50% of Kentucky's crop receipts and 25% of Kentucky's total agricultural cash receipts, yet tobacco uses 1% of the farmland in Kentucky.

### **Education**

There are adequate educational facilities located in Kentucky with 27 colleges and universities and 30 community colleges. The University of Kentucky and the University of Louisville are Kentucky's largest public universities. Liberal art colleges such as Berea College, Asbury College, Kentucky Wesleyan University, Thomas More College, Centre College and Transylvania University all received high marks in the U.S. News and World Report (2004 rankings). Murray State University and Bellarmine University were ranked in the top twenty among southern universities. The University of Kentucky (UK) and the University of Louisville (UL) have law schools ranked in the top 100. UK's graduate public finance and budgeting program and its School of Public Affairs and Nursing were also ranked nationally. Both the University of Kentucky and the University of Louisville schools of medicine have attracted premier medical researchers in recent years. Eight research areas at the University of Kentucky College of Medicine are ranked in the top 20. Education's tie with the region's business community is multi-faceted. The following table lists the major colleges and universities located in Kentucky:

## **REGIONAL DESCRIPTION (CONTINUED)**

Four-year public universities .....	County
Eastern Kentucky University .....	Madison
Kentucky State University .....	Franklin
Morehead State University .....	Rowan
Murray State University .....	Calloway
Northern Kentucky University .....	Campbell
University of Kentucky .....	Fayette
University of Louisville .....	Jefferson
Western Kentucky University .....	Warren

Source: [www.thinkkentucky.com](http://www.thinkkentucky.com)

### **Cost of Living**

Much of Kentucky's sustained growth can be attributed to its moderate cost of living. Using a national average index of 100, an ACCRA study showed the cost of living in each of the nine Kentucky cities surveyed to be below the national average as of the fourth quarter of 2003:

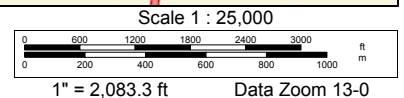
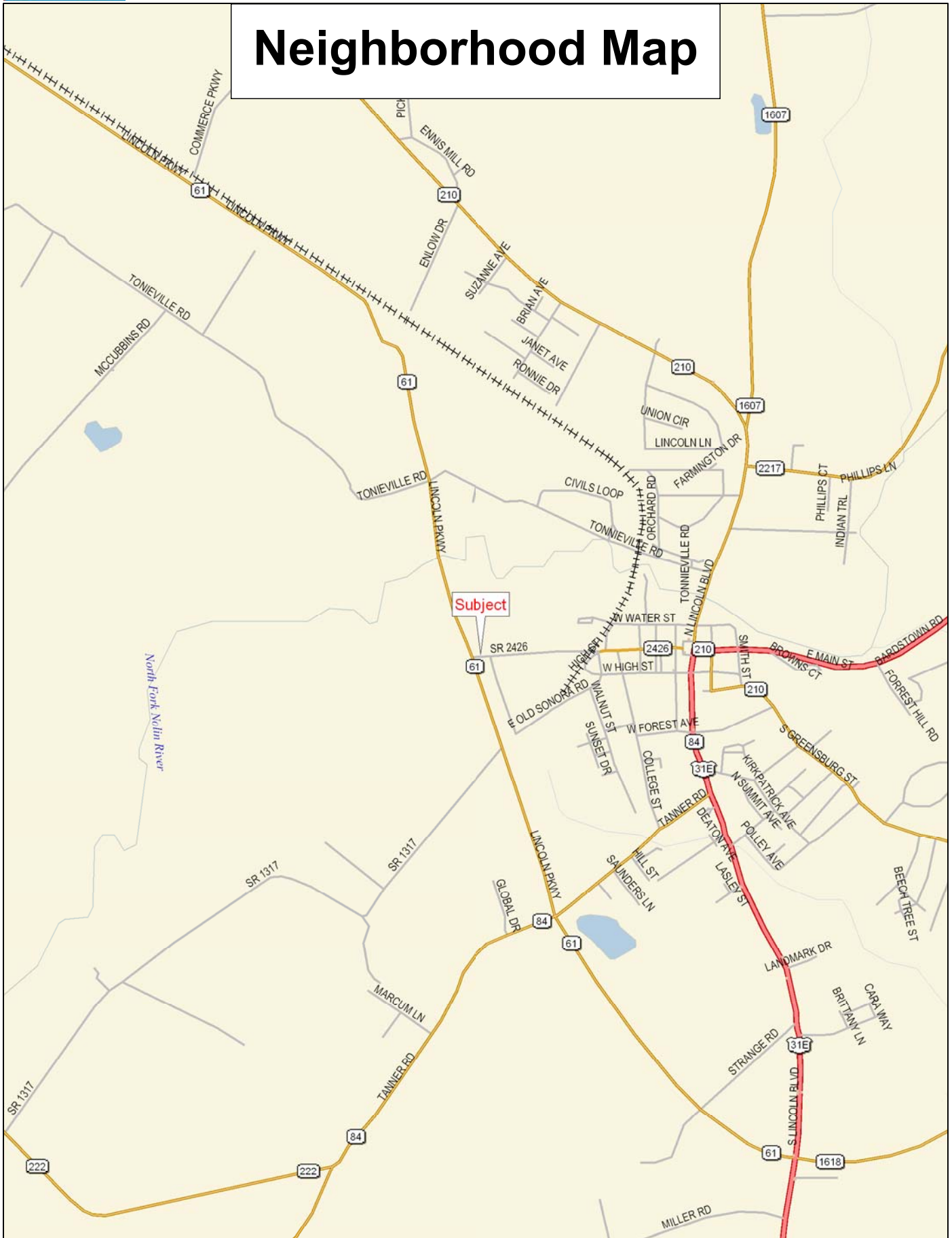
ACCRA COST OF LIVING INDEX Fourth Quarter, 2003							
Kentucky City	All Items	Groceries	Housing	Utilities	Transp.	Health	Misc. Svcs.
Bowling Green	92.4	97.0	79.0	100.9	89.3	104.2	99.2
Covington	91.3	90.6	82.0	94.5	93.7	95.8	97.5
Hopkinsville	91.4	91.3	79.6	106.0	92.9	83.4	97.9
Lexington	94.8	98.4	91.1	105.7	91.7	89.9	94.7
Louisville	91.1	85.2	82.7	97.8	105.9	79.0	96.0
Madisonville	90.4	93.2	82.8	93.1	89.8	92.7	95.1
Murray	85.3	97.4	75.6	85.2	88.2	72.2	89.3
Paducah	90.5	89.6	86.9	92.7	83.5	92.8	95.2
Somerset	94.5	90.4	85.5	95.5	83.3	83.4	108.7

Source: ACCRA, The Association of Applied Community Researchers, ACCRA Cost of Living Index, Fourth Quarter 2003.

### **Summary**

Kentucky is characterized as a moderately growing region with increases in population, housing and commercial construction. Kentucky has historically experienced lower unemployment rates compared to the nation as a whole and positive job growth. Kentucky has a cost of living that lower the national average and below several other metro areas. Overall, moderate growth is anticipated for the region into the foreseeable future.

# Neighborhood Map



## NEIGHBORHOOD DESCRIPTION

### Overview

The subject is located in the city of Hodgenville in LaRue County, which is centrally located in Kentucky. Hodgenville was founded in 1818, and is the county seat of LaRue. The other larger communities in LaRue County include Upton, the only other incorporated city, Buffalo, Magnolia, Mt. Sherman, and Lyons Station. Hodgenville is located ten miles southeast of Elizabethtown, 60 miles northeast of Bowling Green, 120 miles north of Nashville and 50 miles south of Louisville. Hodgenville is a small community primarily developed with a few single-family residential homes and commercial developments.



### Population

The most recent information for individual cities and counties in Kentucky is from 2003. LaRue County's population has increased from 2000 to 2002, but had decreased in 2003. Hodgenville's population has trended downward since 2000, as shown in the following table. Trade area information is presented on page 31.

Area	2000	2001	2002	2003
LaRue County	13,373	13,377	13,456	13,437
Hodgenville	2,874	2,823	2,804	2,787

Source: Kentucky Cabinet for Economic Development

### Transportation & Access

The county is served by an excellent highway system: Interstate-65 cuts across LaRue County's western border; Lincoln Parkway (State Road 61) leads to Elizabethtown; U.S. 31E and U.S. 31W bisect the county, along with a network of state and rural roads. The subject is located on West Main Connector, which is off Lincoln Parkway (State Road 61) a mile west of downtown Hodgenville. The neighborhood has good linkage to the region.

### The Labor Market

The general economy of LaRue County is diversified and sound. According to the local newspaper, Landmark Community Newspapers, Inc., agricultural activity, such as tobacco, dairy, beef and grain, continues to provide the major portion of the area's economy. Recently, there has been a new industrial park that was built in LaRue County.

According to the Kentucky Department of Employment Services, LaRue County had an unemployment rate of 6.40% as of March 2005. This is an increase over the average 2004 figure of 4.80%. Information for individual incorporated cities is not available.

A summary of the historical unemployment rates for the county is shown in the following table:

## **NEIGHBORHOOD DESCRIPTION (CONTINUED)**

Period	Unemployment Rate
Mar-05	6.40%
2004	4.80%
2003	4.70%
2002	5.40%
2001	4.70%
2000	4.50%

Source: Kentucky Department for Employment Services

The largest private employers in LaRue County are:

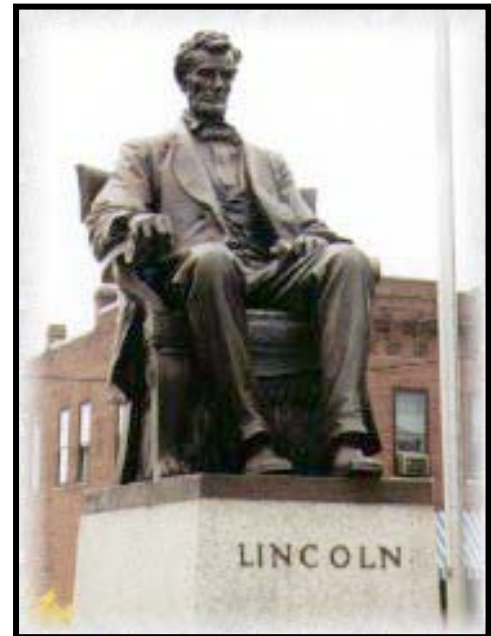
Major Employers-LaRue County	
Firm	Employed
Nationwide Uniform Corp.	390
CMH Manufacturing	125
Zak Ltd inc.	45
Walters Cabinets Inc.	35

Source: Kentucky Cabinet for Economic Development

### **Tourism**

Perhaps the most noted aspect of LaRue County is its rich history. Near Hodgenville is the birthplace of Abraham Lincoln, the 16th president of the United States. Abraham Lincoln was born in a one-room log cabin at the Sinking Spring Farm, south of Hodgen's Mill on February 12, 1809. The Memorial Building, completed in 1911, houses the "symbolic" cabin of Lincoln's birth. The Abraham Lincoln Birthplace is a National Historic Site and is under the direction of the National Park Service.

Also, Larue County is the home of another National Park Service site in its recent acquisition of the Abraham Lincoln Boyhood Home on Knob Creek. This facility contains 228 acres that was purchased by Thomas Lincoln in 1812. Lincoln was two years-old when his family moved to the Knob Creek farm a few miles from his birthplace Lincoln lived on this farm in the beautiful Knob section of LaRue County until the family moved to Indiana in the fall of 1816. Other Abraham Lincoln attractions include the Lincoln Museum, the Lincoln Jamboree and Lincoln Statue located in Hodgenville.



### **Immediate Neighborhood**

The subject is located a mile west of downtown Hodgenville and is just east of Lincoln Parkway (State Road 61). The subject benefits from good traffic flow and visibility from Lincoln Parkway. The main competitors in the immediate area are Family Dollar, Dollar General, Rite-Aid and Save-A-Lot. Other retailers in the immediate area include Lee's Famous Recipe, Hardee's, TCBY Treats, McDonalds, Re Max Award Realtors, Laha's Red Castle Hamburgers and U-Haul Co. The typical developments are between fair and good quality, ranging from fair to good condition.

The subject is located on the southern side of West Main Connector, a feeder street off Lincoln Parkway (State Road 61), which leads into downtown Hodgenville. To the north, south and east

## **NEIGHBORHOOD DESCRIPTION (CONTINUED)**

of the subject is vacant land. To the west is an industrial development. Overall, the subject has an average location for a retail facility in a small town.

### **Summary**

In conclusion, the outlook for Hodgenville and LaRue County is for stable economic conditions. The subject benefits from good traffic flow and visibility from Lincoln Parkway. The subject is located in a community that features national parks and sites and benefits from tourists/motorists. The area should continue to experience stable economic activity.





## **SITE DESCRIPTION (CONTINUED)**

- Easements: We were not provided with a title report. No obviously unfavorable easements or encroachments were observed during our inspection of the property. It is assumed that only typical utility easements, governmental restrictions, and easements for ingress and egress exist, none of which are assumed to impact value. A title policy or A.L.T.A. survey is recommended if further assurance is needed.
- Zoning: The subject is zoned B (Business) by Hodgenville City Hall. A wide range of commercial uses are permitted within the commercial zone including retail development. As such, it is assumed that the existing improvements are legal and conforming.
- Soils: No soil study was provided; however, the on-site inspection revealed no visual evidence of excessive settling or unstable soils. The soils appear to have adequate bearing capacity for low-rise structures based on neighboring developments; however, no certification is made regarding the stability of the soil or subsoil conditions.
- Flood Plain: Zone C, which is “the flood insurance rate zone that corresponds to areas outside the 100-year floodplains, areas of 100-year sheet flow flooding where average depths are less than one foot, areas of 100-year stream flooding where the contributing drainage area is less than one square mile, or areas protected from the 100-year flood by a levee are shown within this zone.” Flood Map 2102880075B, dated September 4, 1985, is shown at the end of this section.
- Earthquake Zone: As shown on the Seismic Zone Map at the end of this section, the area is within Zone 1, which is the second lowest seismic zone.
- Functional Utility: The subject site is well suited for retail development based on its zoning, access and exposure, and surrounding development.

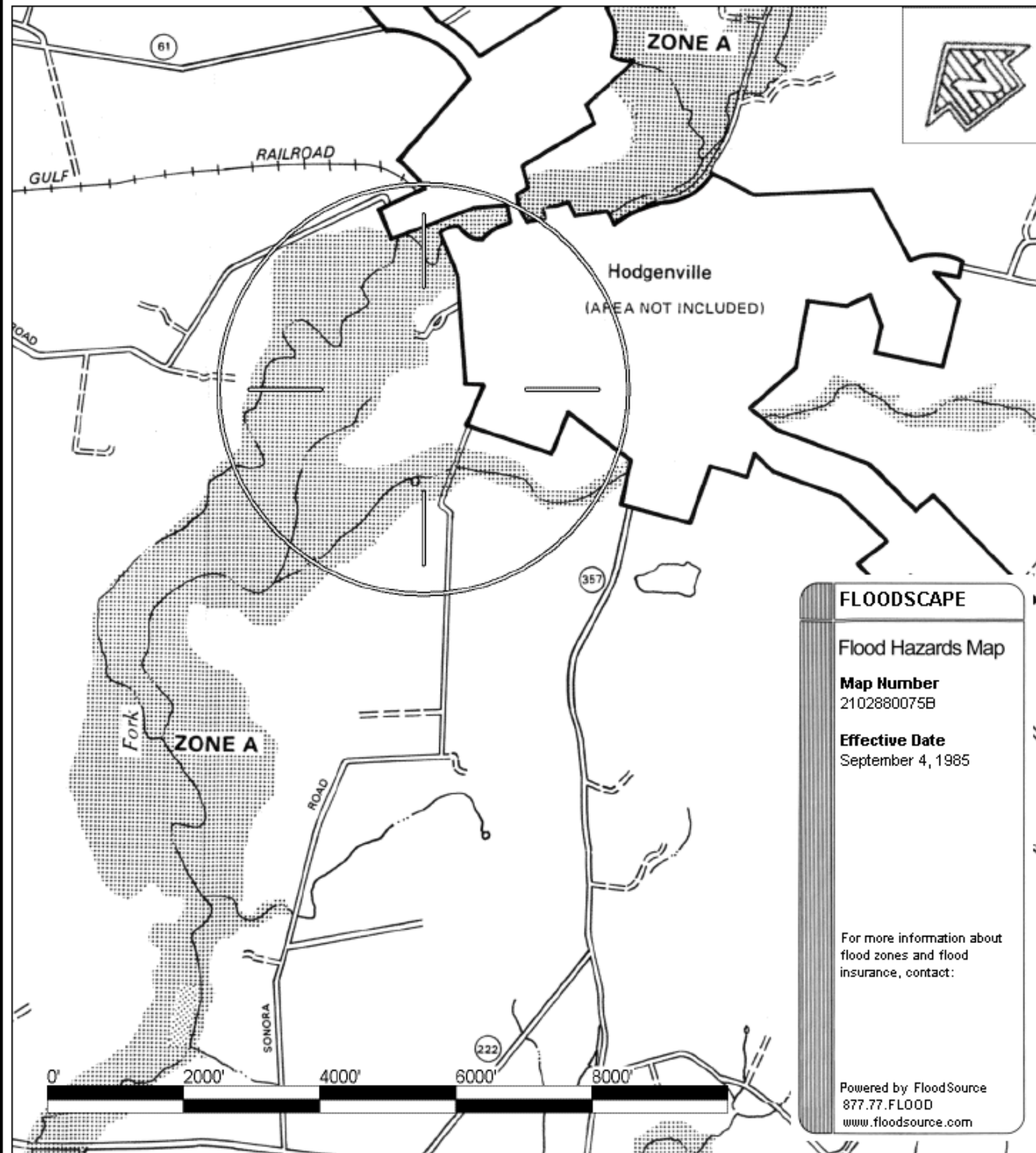
InterFlood



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Prepared for:  
PGP Valuation, Inc

Hodgenville, KY 42748



**FLOODSCAPE**

**Flood Hazards Map**

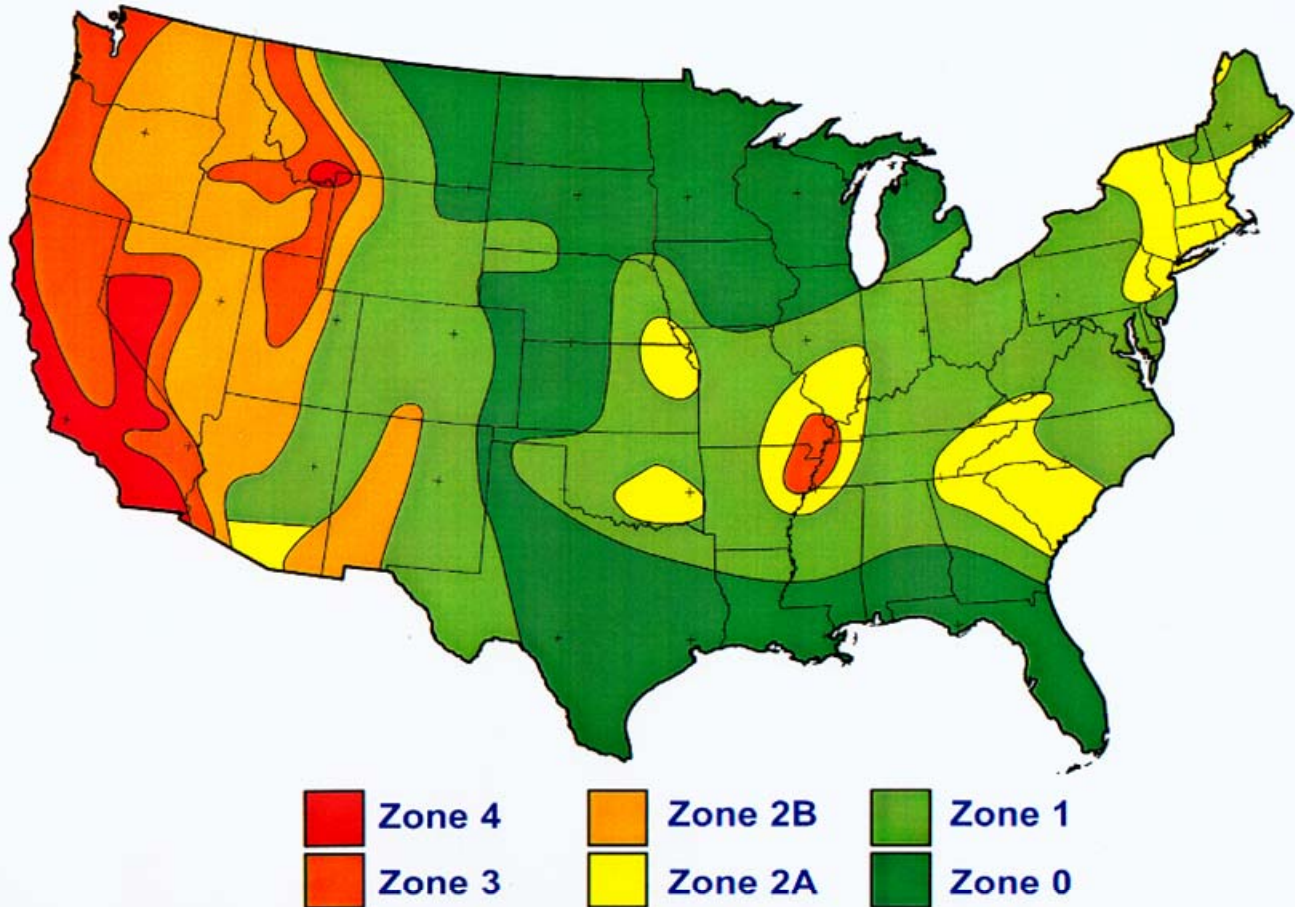
**Map Number**  
2102880075B

**Effective Date**  
September 4, 1985

For more information about  
flood zones and flood  
insurance, contact:

Powered by FloodSource  
877.77.FLOOD  
www.floodsource.com

# Seismic Zone Map U.S.A.



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■ **SUBJECT PROPERTY PHOTOGRAPHS** ■

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General exterior view

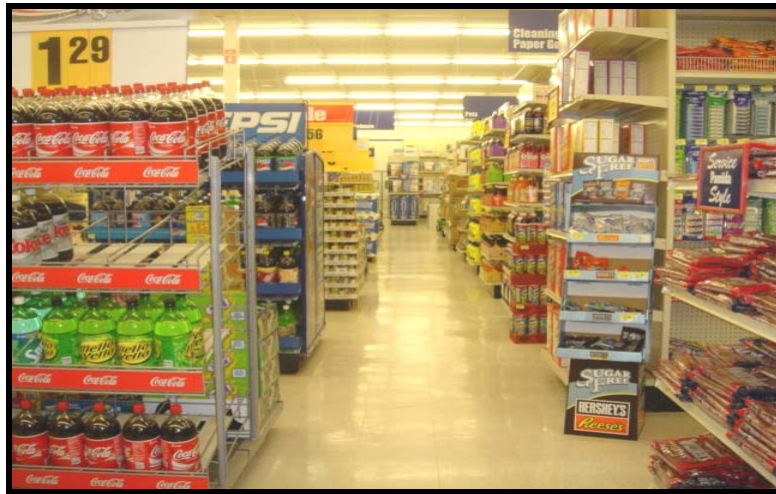


General exterior view



General exterior view

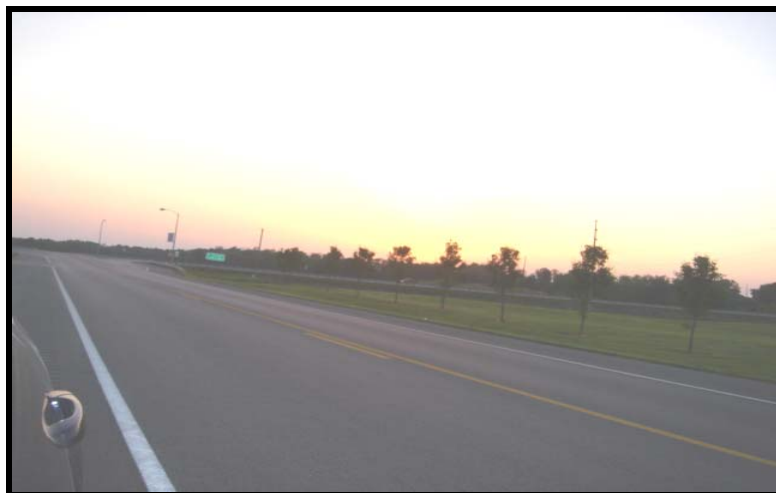
**SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)**



Interior view



View east on West Main Connector



View West on West Main Connector

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## ■ IMPROVEMENTS DESCRIPTION ■

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**General Description:** The improvements comprise a single-tenant retail building totaling 34,994 gross square feet which is 100% occupied by the owner (Pamida, Inc.) County records shown the improvements were completed in 1999. Construction is block frame with a flat composition roof and painted block exterior. The interior is consistent with anchor/big box retail finish; asphalt tile & carpet floors, dropped ceilings, fluorescent lighting fixtures, etc. Other improvements to the site consist of asphalt-paved surface parking and minimal landscaping. Overall, the improvements represent average quality retail construction that is in average condition.

The following is a summary of the subject's basic construction components:

**Year Built:** 1999 per LaRue County Property Valuation Administrator

**Building Class:** Class C – block frame

**Size:** 34,994 gross square feet per measurements provided by the owner. Note that the appraisal of the subject is being performed in conjunction with several other ShopKo/Pamida Stores in the country. We have personally measured several of the stores included in the portfolio and found our measurements to be consistent with the owner's measurements and County records. Therefore, it is assumed that the owner's measurements are accurate.

**Exterior Walls:** Painted cinder block

**Roof Structure:** Flat composition

**Windows:** None

**Exterior Doors:** The store entrance has automated glass doors in aluminum frames. The subject also has dock-high, metal roll-up doors and standard 7' metal entry doors at the rear of the building.

**Interior Finish:** Average quality retail finish

**Walls:** Painted gypsum wallboard

**Ceilings:** Suspended acoustical tile

**Floor Coverings:** Primarily asphalt tile and carpet

**Lighting and Electrical:** Recessed fluorescent lighting

**Heating & Air Conditioning:** Roof-mounted H.V.A.C.

## **IMPROVEMENTS DESCRIPTION (CONTINUED)**

Fire Protection:	Fire sprinklers
Site Coverage:	15%. Note, the site may be larger than the current tenant's need and there may be potential value in creating pad lots. We have not estimated the potential additional value of possible pad sites as it is outside the scope of the appraisal and the subject's site coverage is within market parameters.
Parking & Site Improvements:	A majority of the site improvements consist of asphalt-paved parking. We were not provided with a site plan; however, there is adequate parking on the site, at an estimated ratio of 4.0 to 5.0 spaces per 1,000 rentable SF of building area.
Quality & Condition:	The building is average construction quality and in average condition. The parking areas are in average condition.
Appeal:	Overall appeal is average considering the design and surrounding development.
ADA Compliance:	It is unknown if the subject is in complete or nearly complete compliance with the Americans with Disabilities Act (ADA) due to the many requirements and vagueness of the law. Please refer to the Assumptions and Limiting Conditions for the full disclaimer.
Design and Functional Utility:	The subject is designed for single-tenant occupancy. The functional utility of the buildings is good, with no signs of functional obsolescence.
Remaining Economic Life:	The subject is average quality and in average condition. The remaining economic life is estimated to be 35 years.

### **Summary**

The information presented above is a basic description of the subject property improvements. This information is utilized in the valuation of the property. Reliance has been placed upon information provided by owner, an inspection of the property interior and exterior, and other sources deemed reliable. It is assumed that there are no hidden defects, and that all structural components are functional and operational. If questions arise regarding the integrity of the structure or its operational components, it may be necessary to consult additional professional resources.



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## ■ MARKET ANALYSIS ■

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In this section, market conditions that influence the subject will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the property. In this analysis the overall market will first be examined followed by a closer analysis of the supply and demand factors in the subject's submarket and competitive trade area.

The subject is located a mile west of downtown Hodgenville and is just east of Lincoln Parkway (State Road 61). The subject benefits from good traffic flow and visibility from Lincoln Parkway. The main competitors in the immediate area are Family Dollar, Dollar General, Rite-Aid and Save-A-Lot. Other retailers in the immediate area include Lee's Famous Recipe, Hardee's, TCBY Treats, McDonalds, Re Max Award Realtors, Laha's Red Castle Hamburgers and U-Haul Co. The typical developments are between fair and good quality, ranging from fair to good condition.

The subject is located on the southern side of West Main Connector, a feeder street off Lincoln Parkway (State Road 61), which leads into downtown Hodgenville. To the north, south and east of the subject is vacant land. To the west is an industrial development. Overall, the subject has an average location for a retail facility in a small community.

There were no published studies regarding lease rates for the immediate area of Hodgenville. However, per conversations with brokers that specialize in "Big Box" retail lease transactions in small rural communities, the average asking rates for these types of transactions are \$3.00/SF/YR to \$5.00/SF/YR depending on location and tenancy. According to the LaRue County Property Valuation Administrator, there are no proposed developments that will compete with the subject in the immediate area. During our inspection of the immediate area, we did not notice any spaces for lease in the immediate area. The subject is a single-tenant building which is currently 100% occupied.

Overall, the subject is well positioned within the community, on a primary arterial in Hodgenville. The immediate area is moderately developed with a mix of commercial and residential uses.

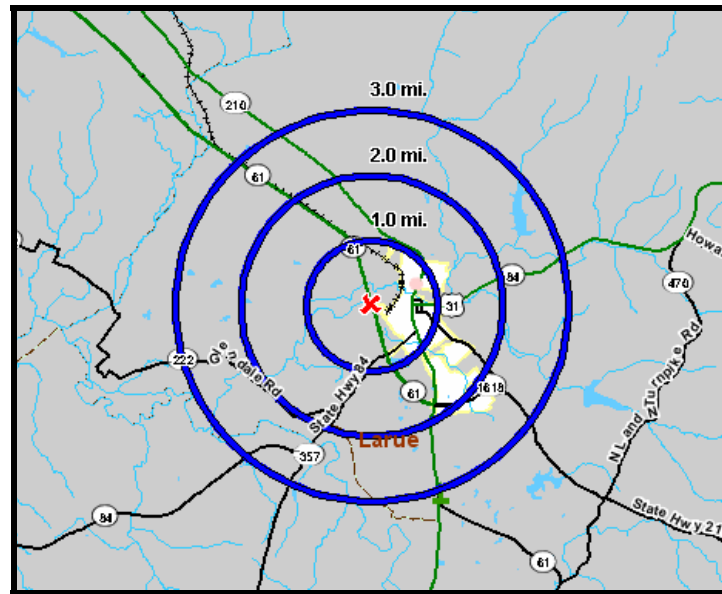
### **Trade Area**

The subject trade area is the small community of Hodgenville. To analyze the subject's competitive position more directly, we will narrow the discussion to the immediate target market area. The trade area is the geographical area surrounding the subject that will provide a substantial portion of the customer base. The market opportunities for a commercial property depend on the demographic characteristics of residents within the market area.

The trade area of a retail development is determined by many factors, including geographic area, access to transportation routes, population mobility, average household, income, age, rent levels, etc. The importance of any one or more of these factors can vary greatly from market to market. Nevertheless, certain general trends can be ascertained. Ideally, the trade area will be circular, with the subject property in the middle. The more dense the population, the smaller the trade area radius required to sustain an acceptable consumer base.

The subject is a neighborhood-scale center and a majority of potential consumers for the retail tenant services typically will come from a one to two-mile radius. A map showing the area included in the ring-analysis followed by a table showing demographic information within a one, two and three-mile radius of the subject is shown below. The notable components considered in this analysis are the trade area population levels for 2000, 2004, and 2009 (projected), and household incomes for 2004:

## **MARKET ANALYSIS (CONTINUED)**



	<b>1-Mile Ring</b> <b>3.14 sq/mi</b>	<b>2-Mile Ring</b> <b>12.57 sq/mi</b>	<b>3-Mile Ring</b> <b>28.27 sq/mi</b>
<b>POPULATION</b>			
2009 Total Population	1,758	3,501	4,315
2004 Total Population	1,730	3,484	4,268
2000 Total Population	1,714	3,458	4,222
% Population Change 2000-2004	0.93%	0.75%	1.09%
<b>HOUSEHOLDS</b>			
2009 Total Households	768	1,529	1,857
2004 Total Households	730	1,469	1,774
2000 Total Households	719	1,453	1,748
% Households Change 2000-2004	1.53%	1.10%	1.49%
<b>INCOME</b>			
2004 Median Household Income	\$39,880	\$34,246	\$35,955
2004 Average Household Income	\$47,100	\$43,680	\$46,694

Source: Loopnet

**Population** – The 2004 population ranges between 1,730 and 4,268 within a one to three-mile radius of the subject, indicating a 0.75% to 1.09% increase from the 2000 figure. The population is projected to increase between 0.49% and 1.62% within these two rings by 2009.

**Income** – There are 730 to 1,774 households within the one to three-mile radius with median incomes of \$34,246 to \$39,880. Average household incomes are higher, ranging between \$43,680 and \$47,100. Household incomes are highest in the one-mile ring.

The demographics and trade area for the subject suggest average conditions with a relatively small trade area and household incomes higher in closer proximity to the subject. Population is slightly increasing with good average and medium household incomes. Also, as mentioned previously, there is good traffic flow near the subject.

### **Single-Tenant Triple Net Properties**

The subject is owner-occupied by Pamida, a subsidiary of Shopko. The most likely scenario of an exchange in ownership is a sale-leaseback situation, which has been occurring significantly over the past few years as companies have looked for a cash infusion in order to fund

## **MARKET ANALYSIS (CONTINUED)**

expansion without adding debt. Nevertheless, as a single-tenant box retail building, the single-tenant NNN market is applicable and is examined in the following paragraphs:

The weakness of the stock market over the past two years, coupled with significantly declining interest rates has made single-tenant triple net properties come into increasing demand. This is because investors are able to get a 7% to 10% return on their equity on a very safe investment. Cash-on-cash, or equity yields, have exceeded most other investments but have the added benefit of being secured by real estate.

Single tenant triple net properties are especially attractive because they require little to no management or real estate knowledge. Because many of the investors lack real property savvy, longer-term leases to high credit tenants are the most desirable. Another driving force behind the desirability of these properties in recent years has been the flurry of 1031 exchange activity in California. As rates-of-return in California have been driven down, those investors have sought better yields on a national level and have significantly affected demand nationwide. With Shopko's credit and national recognition, they would attract significant demand in a sale situation.

Because demand has outpaced supply and interest rates have fallen, capitalization rates have decreased significantly over the past year. Investors can achieve the same equity yield while paying higher prices, which has decreased overall rates. Average rates for high credit tenants with long-term leases have gone from 8% to 8.5% to around 6% +/- depending on location, remaining lease term, etc. Medium-credit and flat-lease tenants (long-term leases with no increases) are now selling at rates around 7% +/- . Though the current rates are reflective of the market and there is more than sufficient demand, a spike in interest rates and return of confidence in other forms of investment, primarily the stock market, may cause overall rates to return to previous levels.

### **Tenant Analysis**

ShopKo was incorporated in 1961 and acquired by SUPERVALU in 1971. In 1984, with a total of 39 stores, ShopKo began an aggressive expansion. Today, ShopKo operates 363 specialty discount retail stores under the names ShopKo (143) and Pamida (220). The stores are located in the Upper Midwest, Mountain, and Pacific NW states. ShopKo stores are primarily in mid-sized markets, carrying branded and private label merchandise. The ShopKo retail store division accounted for 75% of fiscal 2003 sales; Pamida, which are generally located in small markets, accounted for 25% of sales. Shopko (both brands) employs 25,500 people. The graphic below summarizes their market position as provided by Standard and Poor's.

## MARKET ANALYSIS (CONTINUED)



Of their 363 stores, ShopKo owns 185, or 53%. This has translated to significant financial stability which has been noted by Wall Street. Standard & Poor's raised ShopKo's Financial Strength rating to B in early 2005. The one notch upgrade from C++ reflects, "The recent year's improvement in the company's debt/equity structure. We also believe ShopKo's significant ownership of its locations is likely worth more than their balance sheet valuation, suggesting the company's book value is understated."

ShopKo competes head-to-head with Kmart, Target and/or Wal-Mart in nearly every market. At a B rating, they are just below investment-grade from an investor standpoint. Properties leased to B-rated tenants throughout most of the United States are generally selling at capitalization rates between 7% to 8%, depending on location, tenant recognition, quality/condition, access/exposure and the lease structure (primarily term, rate increases, and overall price). B-rated properties in high-growth areas of the Southwest such as Southern California, Southern Nevada, Greater Phoenix sometimes sell at rates below 7%.

Due to the substantial competition, significant growth in the larger, ShopKo stores is not anticipated. However, due to lower debt (they paid off a \$55 million, 9% note last September) ShopKo is well positioned to maintain or slightly grow their market share against their main competitors. Last year, several stores were remodeled, a few new ShopKo Express Rx locations were opened and pharmacies were added to several locations.

Their smaller, Pamida stores, are expected to grow however. Located in rural areas, and often with little to no competition, Pamida's strategy is to continue to focus its expansion program in communities with less likelihood of the larger competitors (Target, Kmart, Wal-Mart) locating nearby. According to a February 11, 2005, release by Standard & Poor's, "Substantial success in expanding Pamida and in merchandising both groups are needed for these shares to become a winner in the next 3 to 5 years." As such, ShopKo will likely expand their Pamida store concept in the near future.

ShopKo is rated as better than average from an investor standpoint as a tenant. They remain in a good cash position to keep their stores in a competitive position compared to their competition in order to respond to changing consumer demands.

## **MARKET ANALYSIS (CONTINUED)**

### **Summary of the Market Study**

The subject is in a small trade area with moderate growth projected into the foreseeable future. There were no vacancies observed in the market and no known additions to market supply. As such, the subject is anticipated to experience moderate/stable demand into the foreseeable future. The subject is occupied by an average tenant from an investor standpoint. Overall, the subject is concluded to have average marketability for a retail development.

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## ■                    **HIGHEST AND BEST USE ANALYSIS**                    ■

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The highest and best use of a property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legal, physically possible, financially feasible and marketable.

The Highest and Best Use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. This theory is based upon wealth maximization of the owner, with consideration given to community goals. A use that does not meet the needs of the public will not meet the above highest and best use criteria.

In this section, the highest and best use of the subject site “as vacant” is first determined utilizing analysis of legal, locational, physical, financial, and market factors. A similar analysis is then conducted for the highest and best use “as improved.”

### **“AS VACANT”**

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning ordinances and comprehensive plans. The current zoning allows a wide range of commercial/retail uses serving the community and neighborhood market area. Thus, legal factors support a commercial highest and best use.

With respect to physical characteristics, the site has an irregular shape. Exposure is average and access is average. The site is 5.51 acres, sloping at street grade and has all utilities available. Overall, physical characteristics support retail development as the highest and best use.

Locational factors including surrounding commercial development and an established residential base also support a commercial highest and best use. Nearby residential development, traffic volume, and overall access/exposure in the immediate neighborhood implies that commercial/retail development in the subject market is financially feasible and marketable.

Thus, physical, locational, financial and marketability factors support a commercial/retail use as the subject’s highest and best use “as vacant.”

### **“AS IMPROVED”**

#### **Legal, Physical and Location Considerations**

As indicated above, legal (zoning and building codes) issues allow a wide variety of commercial uses on a citywide and regional basis. The existing improvements are an allowed use under the appropriate ordinances. Additionally, it is assumed the subject complies with all applicable building codes. Overall, legal considerations support the existing use as the subject’s highest and best use “as improved.”

As mentioned previously, locational features including access, exposure, and surrounding commercial and residential development all support the existing use as the highest and best use “as improved.” Regarding physical considerations, the existing use is viable and suffers from no functional obsolescence.

Based on the preceding analysis, legal, location and physical considerations all support the existing retail center use as the subject’s highest and best use “as improved.”

## **HIGHEST AND BEST USE ANALYSIS (CONTINUED)**

### **Financial Feasibility/Alternative Uses**

The financial feasibility of the subject will be discussed in terms of alternative highest and best uses of the property. The five possible alternative uses of the property are demolition, renovation, expansion, conversion, and use "as-is," each of which is discussed below.

**Demolition:** The subject property "as improved" is worth substantially more than the site "as vacant." Therefore, demolition is not appropriate.

**Renovation:** The subject property is in average and it has an efficient, appealing design. Therefore, renovation is not reasonable.

**Expansion:** The subject has adequate parking and a competitive site coverage ratio. The existing improvements fully utilize the site and expansion is not warranted. Further analysis beyond the scope of this report, may identify the potential of one or two pad sites on the site frontage. In this instance, our value conclusion would likely not change if the primary site retains its current utility; rather, the creation of pad sites may create additional value.

**Conversion:** The subject is specifically designed for use as retail; the design would not lend itself well to alternative uses. Therefore, conversion is not appropriate.

**Use "As-Is:"** The subject improvements are designed for retail use. This use meets the legal, physical and locational considerations. Further, it is consistent with the surrounding development and is concluded to be financially feasible based on supply and demand conditions. Thus, continued use "as-is" creates the maximum value of the subject property.

In summary, the above analysis indicates that continued "as is" use is the highest and best use of the subject property.

### **Conclusion - Highest and Best Use "As Improved"**

Legal, physical, locational, financial feasibility, alternative uses, and market considerations have been analyzed to evaluate the highest and best use of the subject property. The above analysis indicates the highest and best use "as improved" is the continued use as retail.

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## ■ VALUATION METHODS ■

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The next part of the appraisal process deals directly with the valuation of the subject property by utilizing the Income and Sales Comparison Approaches to value.

The **Cost Approach** is based upon the principle that the value of property is significantly related to its physical characteristics and that no one would pay more than the cost to build a like facility in today's market on a comparable site. For new or proposed improvements, this approach is meaningful. For older properties or those with substantial depreciation, this approach has limited application. Due to the age of the improvements, this approach is not formulated; however, an insurable value estimate is shown in the Addenda.

The **Income Approach** is predicated on the assumption that there is a definite relationship between the income a property will earn and its value. Net income is the income generated before payment of any debt service. The process of converting it into value is called capitalization. Net income is divided by a capitalization rate. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in the rate. Applying a capitalization rate based on indications from comparable sales reflects expectations of buyers and sellers in the market.

The **Sales Comparison Approach** is based on the principle of substitution, which states no one would pay more for the subject property than the value of similar properties in the market. This approach analyzes sales of comparable properties with regard to the nature and condition of each sale. Logical comparisons are made for varying physical characteristics.

The approaches used to value the subject property will be correlated and a final value opinion will be presented in the Analysis of Value Conclusions section.



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## ■ **INCOME CAPITALIZATION APPROACH** ■

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The first step in the Income Capitalization Approach is to estimate the subject's potential gross income (PGI), which is derived by comparing the subject property with leased properties having similar utility in similar locations.

### **Potential Gross Rental Income**

The subject is an owner-occupied retail building. As such, potential gross income is projected based on an analysis of similar buildings in the market. The following market rent analysis is conducted on a dollar per square foot per year basis, reflecting market behavior.

### **Selection of Comparables**

A search of the area was conducted in order to find the most comparable leased facilities in terms of location (market area), tenancy, age, appeal, exposure and quality/condition. A total of five rent comparables have been utilized which bracket the subject's location, quality and condition.

### **Adjustments**

Triple net (NNN) lease terms are assumed for the subject, which is the most common lease structure for retail properties in the market. All of the lease comparables are triple net and require no adjustment for lease terms. Adjustments for quality, design, location and appeal are generally subjective in nature. A general discussion of condition and other factors will be discussed in the following pages. No specific dollar adjustments are made due to the subjective nature of these adjustments and the lack of direct market evidence.

### **Presentation**

The Rent Comparable Summation Table, location map and photographs of each comparable is provided on the following pages. Following the photographs is an analysis of the rent comparables and our market rent conclusion for the subject. A bracketing process is used to estimate the appropriate market rent.

**RENT COMPARABLE SUMMATION TABLE**

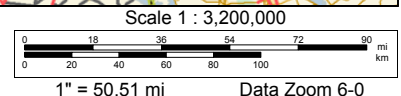
No.	Identification/Location	Year Built	Tenant/Space Type	Lease Date	Rent PSF Per Year	Escalations	Size (SF)	Term	Structure	T.I.'s/SF	Comments
1	<b>Freestanding Retail Building</b> Highway 421 Store#421 McKee, KY	2003	Family Dollar	May-03	\$6.00	5%/5 years	9,865	10 yrs	NNN	None	The lease commenced in May 2003 and increases 10% every five years. There are (5) five year options available. It is located in a similar rural community.
2	<b>Freestanding Retail Building</b> 777 Bypass Road Bradenburg, KY	1999	Pamida	Current	\$4.35	N/Av; CPI asm	34,498	N/Av 10 yrs asm	NNN	None	The lease expires November 2019 and has (2) five-year options. It is located in the River Ridge Plaza, a neighborhood center anchored by Pamida and Kroger.
3	<b>Fairview Plaza</b> 600 US 31W Bypass Bowling Green, KY	1965	Dollar Tree	Jan-03	\$4.18	N/Av; CPI asm	20,000	N/Av 10 yrs sm	NNN	N/Av	This is a 176,450 SF neighborhood center located at the intersection of US 31W Bypass and Cemetery Road. It is anchored by Ace Hardware.
4	<b>Freestanding Retail Building</b> 400 Campbellsville Bypass Campbellsville, KY	1992	Big Lots	Jan-04	\$3.50	N/Av; CPI asm	33,460	N/Av 10 yrs asm	NNN	N/Av	This comparable is a 33,460-square foot lease to Big Lots in a 91,266-square foot former K-Mart building located in Campbellsville.
5	<b>Gateway Plaza</b> 259 Indian Mound Drive Mount Sterling, KY	1989	Dawahares	Sep-02	\$3.80	N/Av; CPI asm	18,000	N/Av 10 yrs asm	NNN	N/Av	This comparable represents an in-line 18,000-square foot space leased to Dawahares at the Gateway Plaza, a large neighborhood center located in Mount Sterling.

PGP VALUATION FILE NO.: D050388

# Lease Comparable Location Map



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■ **RENT COMPARABLE PHOTOGRAPHS** ■

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Comparable 1 – Family Dollar, McKee, KY



Comparable 2 – Pamida, Brandenburg, KY



Comparable 3 – Dollar Tree, Bowling Tree, KY

**RENT COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable 4 – Big Lots, Campbellville, KY



Comparable 5 – Dawahares, Mount Sterling, KY

## **INCOME CAPITALIZATION APPROACH (CONTINUED)**

### **Discussion of Rent Comparables**

**Rent Comparable 1 (\$6.00/SF)** – This is a freestanding 9,865-square foot build-to-suit retail building located in McKee, a rural community located in the Daniel Boone National Forest in the central portion of Kentucky. It is located in a similar location with a similar rural market. It is leased to Family Dollar, a discount retail store. The lease extends to April 2013, and has (5) five-year options. It is smaller with respect to size (9,865 SF vs. 34,994 SF). It was built in 2003 and is average in terms of quality, condition and appeal. Due primarily to its size, which skews the lease rate per square foot, this is a high indicator.

**Rent Comparable 2 (\$4.35/SF)** – This is a freestanding 34,498-square foot build-to-suit Pamida building that is part of River Ridge Plaza, a neighborhood center anchored by Pamida and Kroger. Other major tenants include Cox's Hardware, Rite Aid and Radio Shack, along with smaller in-line shop spaces and a pad fast food restaurant (McDonald's). It is located in Brandenburg, a community approximately 15 miles west of Fort Knox Army Base, 20 miles northwest of Radcliff, and 25 miles from Elizabethtown. It is located in a slightly superior location with a bigger market. It was built in 1999 and is average in terms of quality, condition and appeal. This is a slightly high indicator based on location.

**Rent Comparable 3 (\$4.18/SF)** – This represents a 20,000-square foot lease to Dollar Tree at the Fairview Plaza, a 176,450 SF neighborhood center anchored by Ace Hardware. It is leased to Dollar Tree which is a discount retail store. It is located in neighborhood undergoing revitalization in Bowling Green, a larger city with a bigger market within close proximity to Interstate 65. It was built in 1965 and is slightly inferior in terms of condition. This is a reasonably good indicator based on offsetting characteristics.

**Rent Comparable 4 (\$3.50/SF)** – This comparable is a 33,460-square foot lease to Big Lots in a 91,266-square foot former K-Mart building located in Campbellsville. Big Lots is a discount retail store. The former K-Mart building has been subdivided into smaller spaces, the other tenants in the former K-Mart building include Tulip Tree and Peddler's Mall. It has inferior access and is located in close proximity to a many small-box and big-box retail stores such as Wal-Mart, Dollar General, Family Dollar, Save-A-Lot, Lowe's, Home Depot, Sears and CVS Pharmacy. It has a bigger population base than the subject and is located two miles south from Fort Campbellsville Army Base. Rent Comparable 4 is located closest in terms of distance to the subject (25 miles southeast of the subject). It was built in 1992 and is slightly inferior in terms of condition. Primarily due to the slightly inferior access, condition and over saturated retail market, this is a low indicator.

**Rent Comparable 5 (\$3.80/SF)** – This comparable represents an in-line 18,000-square foot space leased to Dawahares at the Gateway Plaza, a large neighborhood center located in Mount Sterling. The tenant (Dawahares) is a retail clothing store with several locations in Kentucky. Other tenants in the Gateway Plaza include JC Penney (Anchor), Guys and Dolls Hair Design, Peking Buffet and Mi Finas. It is located 30 miles east of Lexington and has a bigger market. The actual space is somewhat hidden and visibility and exposure is inferior. The center was constructed in 1989 and is slightly inferior in terms of condition. This is a reasonably good indicator for the subject based upon offsetting characteristics.

### **Market Rent Conclusions**

Primary emphasis is placed on Comparables 2, 3 and 5, which are most similar to the subject. Therefore, based upon such factors as the subject's general location, tenancy, age, condition and exposure, we conclude a market rent of \$4.00/SF per year.

## **INCOME CAPITALIZATION APPROACH (CONTINUED)**

### **Gross Sales/Market Rent Comparison**

Total rent paid by retail is typically related to the amount of gross sales. The *Dollars & Cents of Shopping Centers®: 2004* reports total rent (base & overage) equating to 4.0% and 4.3% of total sales for discount department stores located in neighborhood and community centers in the Midwest Region. The subject has experienced gross sales of \$133.21 to \$136.12 per square foot over the last four years. This infers an average rent of \$5.40 to \$5.80/SF between 2001 and 2004, as shown below:

<b>SUBJECT SALES COMPARISON</b>			
<b>Year</b>	<b>Sales/SF</b>	<b>4.0% of Sales</b>	<b>4.3% of Sales</b>
2001	\$135.59	\$5.42	\$5.83
2002	\$134.76	\$5.39	\$5.79
2003	\$136.12	\$5.44	\$5.85
2004	\$133.21	\$5.33	\$5.73
<b>Average</b>	<b>\$134.92</b>	<b>\$5.40</b>	<b>\$5.80</b>

Our rent conclusion of \$4.00/SF, as concluded based on rent comparables in the region, is below the range of rents implied based on a percentage of gross sales. It is noted that the subject's sales are slightly below the medians in the Midwest Region for discount department stores (\$145.58 to \$161.95/SF). The subject's sales have been relatively stable for the past few years. We have considered the difference between market rent and the rent inferred by the subject's gross sales in our capitalization rate selection.

### **Reimbursable Expense Income**

Triple net (NNN) lease terms are assumed. This is the most common lease structure for retail space in the market and the lease structure of all the rent comparables. Under a NNN structure, the tenant is responsible for all operating expenses (property taxes, insurance, repairs & maintenance). As the subject is a single-tenant building, it is assumed all these expenses will be paid directly by the tenant and not passed through by the landlord; therefore, no reimbursable expense income is projected.

### **Vacancy & Collection Loss**

This category accounts for the period between tenants, when the units are vacant. This assignment reflects the probable vacancy during the economic life of the property and not necessarily the current or short-term vacancy.

There is no vacancy statistics published for the market or immediate area of Hodgenville. During our inspection of the immediate area, we did not notice any spaces for lease in the immediate area.

Anchor/big box retail buildings like the subject typically experience lower vacancy over an investor holding period because these buildings are either owner-occupied like the subject or are leased on a long-term basis (10+ years).

If the subject were leased, a 10-year (120-month) term would be reasonable, and there would likely be a 12 month vacancy period between tenants if a lease were not renewed. Therefore, a 5% vacancy factor is used for the analysis. This would assume a six-month vacancy period every 120 months and a 50% renewal probability, or  $[(50\% \times 12 \text{ months vacant}) \div 120\text{-month lease term}] 5.0\%$ .

### **Non-Reimbursable Operating Expenses**

Non-reimbursable expenses include management, structural repairs (reserves for replacement) and re-tenanting expenses, which include leasing commissions and tenant improvement costs.

## **INCOME CAPITALIZATION APPROACH (CONTINUED)**

**Management** – Management fees are typically incurred to provide for periodic contact with the tenants, collection of rents, supervision of required maintenance and replacement items, and accounting. Professional management fees are typically 3% to 5% of collected revenues (effective gross income) in this market depending upon the size of the facility, number of tenants and lease structure. As the subject is a single-tenant building and management duties are minimal. Therefore, a management expense at the low end of the range is suggested and 1.0% is concluded.

**Reserves for Replacement** – Reserves for replacement are typically assigned by buyers and sellers in the market for this character of property at either a percentage of effective gross income or as an amount per square foot. The *Korpacz Survey* reports reserves for replacement ranging between \$0.10 and \$0.50/SF for shopping center properties. However, a large majority of respondents reported reserves ranging from \$0.10 to \$0.30/SF. Considering the subject's quality and condition, a reserve of \$0.15/SF is used for the analysis.

**Re-tenanting Expense** – Leasing commissions would be 5% for new leases and 0% for renewals. Tenant improvement (TI) allowances are typically not granted on large anchor spaces like the subject. In cases where TIs are given, a higher rent is charged to reflect the amortization of these improvements over the lease term. This trend is reflected by the rent comparables. Therefore, no TI allowance is concluded based on the market rent conclusion.

While re-tenanting expenses are real property expenses experienced by property owners over the life of the improvements, commissions and TIs are not recognized as a stabilized operating expense by typical buyers and sellers in the marketplace, and therefore, are not treated in the direct capitalization approach.

### **Expense/NOI Conclusion**

The total operating expenses are estimated at \$6,579. Deducting total operating expenses from the effective gross income of \$132,977 indicates a net operating income (NOI) of \$126,398.

### **Direct Capitalization**

The next step in the Income Capitalization Approach is capitalization of net income into an indication of value. Direct capitalization is a method used to convert a single year's income estimate into a value indication. This conversion is accomplished in one step, by dividing the income estimate by an appropriate income rate.

In direct capitalization no precise allocation is made between the return on and the return of capital because the method does not simulate investor assumptions or forecasts concerning the holding period, the pattern of income, or changes in the value of the original investment. However, a satisfactory rate of return for the investor and recapture of the capital invested are implicit in the rates applied in direct capitalization because they are derived from similar investment properties.

The income rates reflect the relationship between income and value and are derived from market data. It is essential that the properties used as comparables reflect risk, income, expense, and physical and locational characteristics that are similar to the property being appraised. Consequently, income multipliers and rates must be extracted from properties that reflect similar income-expense ratios, risk characteristics, and expectations as to change in income and value over a typical investment-holding period.

**Local Comparable Sales** – Presented in the following table below are the capitalization rates derived from sales of retail centers located throughout the Kentucky region:



## **INCOME CAPITALIZATION APPROACH (CONTINUED)**

<b>OAR COMPARABLES - KENTUCKY RETAIL FACILITIES</b>					
<b>Identification/Location</b>	<b>Sale Date</b>	<b>Size (SF)</b>	<b>Year Built</b>	<b>Sale Price</b>	<b>OAR</b>
<b>Family Dollar (ST)</b> McKee, KY	Mar-04	9,865	2003	\$609,371	9.80%
<b>Rite Aid (ST)</b> Whitesburg, KY	Jan-04	11,180	N/Av	\$2,482,000	9.10%
<b>Rite Aid (ST)</b> Somerset, KY	Jan-04	11,180	2000	\$3,092,000	9.60%
<b>Walgreen's (ST)</b> Crescent Springs, KY	Apr-04	13,905	N/Av	\$3,000,000	9.50%
<b>Dollar General (ST)</b> Louisville, KY	Jan-05	8,125	2003	\$544,000	8.20%
<b>Chamberlain Plaza (MT)</b> Louisville, KY	Listing	29,730	2004	\$5,700,000	7.82%
<b>Walgreen's (ST)</b> Louisville, KY	In-Contract	13,000	1985	\$1,618,000	8.00%
<b>Average</b>					<b>8.86%</b>

The above comparables are sales/listings of single tenant (ST) and multi-tenant (MT) retail centers located throughout Kentucky that have occurred within the last 16 months. The capitalization rates indicate a range of 7.82% to 9.80% with an average of 8.86%.

Considering all relevant factors, a rate below the average formed by the comparables, or 8.50% is concluded, reflecting the difference between market rent and the rent inferred by the subject's gross sales.

**Band of Investment** - To analyze the capitalization rate from a financial position, the Mortgage Equity Analysis is utilized. This is the analysis that most buyers of leased commercial properties analyze and essentially mirrors the cash-on-cash perspective.

The subject's actual loan terms currently being offered is summarized in the table below:

<b>MORTGAGE EQUITY ANALYSIS</b>	
Loan Amortization Period (years)	30
Interest Rate	6.50%
Loan to Value Ratio	75%
<b>Mortgage Constant</b>	<b>0.07585</b>

Equity dividend rates for investment properties vary depending upon the motivations of buyers and financing terms. Facilities similar to the subject generally range from 8.00% to 12.00%, depending on tenancy and loan terms. Our OAR conclusion of 8.50% infers an equity dividend of (0.11246) 11.2%. This is toward the higher end of the range, which is reasonable given the high gross sales at the subject location.

Therefore, the above terms are utilized in the following Band of Investment calculation:

## **INCOME CAPITALIZATION APPROACH (CONTINUED)**

<b>BAND OF INVESTMENT</b>					
<b>Component</b>	<b>%</b>	<b>x</b>	<b>Rate</b>	<b>=</b>	<b>Weighted Average</b>
Mortgage Component	75%	x	0.07585	=	0.05689
Equity Component	25%	x	0.11246	=	0.02811
Indicated Capitalization Rate					0.08500
<b>Capitalization Rate (R/O)</b>					<b>8.50%</b>

**OAR Conclusion** – With the above conclusions, an OAR of 8.50% is used for the direct capitalization method.

### **Conclusion - Direct Capitalization**

An Income Capitalization Approach Summation Table is shown on the following page and summarizes the information discussed in this section of the report. In summary, the as-is fee simple value indication by this approach is:

**\$1,490,000**

## INCOME CAPITALIZATION APPROACH SUMMATION TABLE

**POTENTIAL GROSS INCOME**

RSF	Rent/SF Per Year	Potential Gross Rent	Potential Reimb. Exp. Income	Total PGI
34,994	\$4.00	\$139,976	\$0	\$139,976
34,994	\$4.00	\$139,976	\$0	\$139,976

POTENTIAL RENT INCOME: = \$139,976  
 REIMBURSABLE EXPENSE INCOME: = \$0

TOTAL POTENTIAL GROSS INCOME (PGI): = \$139,976

LESS: VACANCY AND CREDIT LOSS 5.0% of PGI = (\$6,999)

TOTAL EFFECTIVE GROSS INCOME (EGI): = \$132,977

LESS OPERATING EXPENSES:	Total	Per SF	% of EGI	
Management	\$1,330	\$0.04	1.0%	
Reserves	\$5,249	\$0.15	3.9%	
<b>TOTAL OPERATING EXPENSES:</b>	\$6,579	\$0.19	4.9%	(\$6,579)

NET OPERATING INCOME (NOI): = \$126,398  
 NOI/SF Building Area: = \$3.61

**INCOME CAPITALIZATION**

NOI	Divided By	OAR	Value
\$126,398	Divided By	8.50%	\$1,487,039

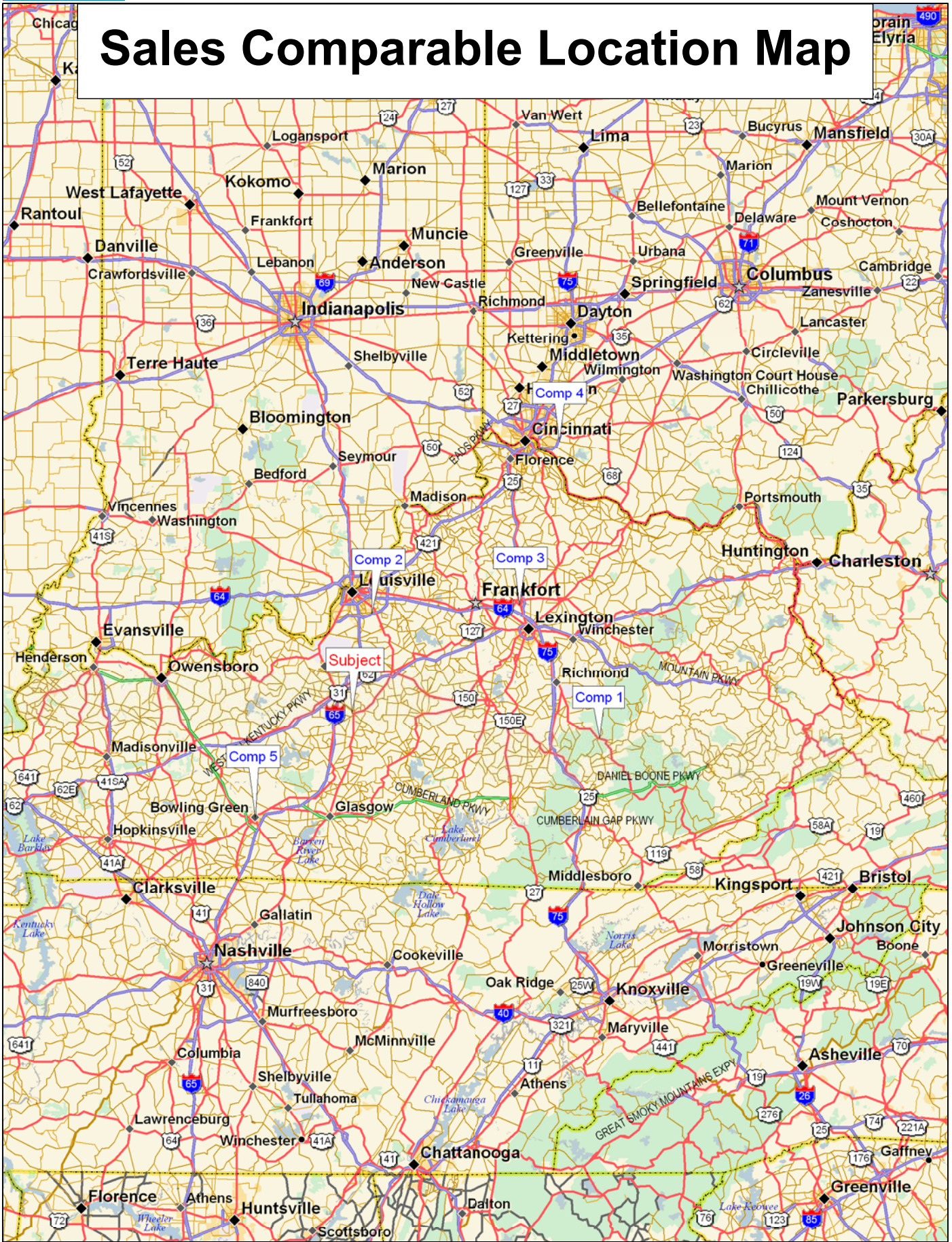
AS-IS FEE SIMPLE VALUE INDICATION (ROUNDED): **\$1,490,000**



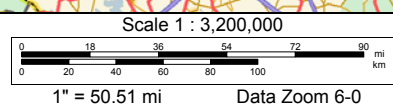
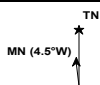
**IMPROVED SALES SUMMATION TABLE**

	<b>IMPROVED SALES SUMMATION TABLE</b>					
<b>LOCATION</b>	<b>SUBJECT</b>	<b>COMP. NO. 1</b>	<b>COMP. NO. 2</b>	<b>COMP. NO. 3</b>	<b>COMP. NO. 4</b>	<b>COMP. NO. 5</b>
Identification:	<b>Pamida Building</b>	<b>Family Dollar</b>	<b>Former K-Mart Building</b>	<b>Former Wal-Mart Building</b>	<b>Former HH Gregg Retail Building</b>	<b>Retail Building</b>
Street Address:	657 West Main Connector	Highway 421 Store #838	7813 Beulah Church Road	107 Southgate Drive	4468 Eastgate Boulevard	2326 Russellville Road
City, State:	Hodgenville, KY	McKee, KY	Louisville, KY	Georgetown, KY	Cincinnati, OH	Bowling Green, KY
<b>SALE INFORMATION</b>						
Buyer:	--	White Reach/ Hammond Development, LLC	N/Av	N/Av	N/Av	Active
Seller:	--	N/Av	N/Av	N/Av	N/Av	Active
Document No.:	--	N/Av	N/Av	N/Av	N/A	N/A
Sale Date:	--	Mar-04	Sep-04	Jul-04	Sep-04	Active
Rights Transferred:	Fee simple	Leased Fee	Fee simple	Fee simple	Fee simple	Fee simple
Financing:	--	All cash to seller	All cash to seller	All cash to seller	All cash to seller	All cash to seller
Market Time:	--	N/Av	N/A	N/Av	N/A	N/A
Sale Price:	--	\$609,371	\$1,500,000	\$2,100,000	\$4,356,000	\$1,250,000
Cash Equivelant Sale Price:	--	\$609,371	\$1,500,000	\$2,100,000	\$4,356,000	\$1,250,000
<b>PHYSICAL CHARACTERISTICS</b>						
Site Size (Acres):	5.51	0.62	10.40	20.00	3.16	2.78
Site Coverage:	15%	37%	17%	12%	35%	24%
Parking Ratio (spaces/RSF):	4.0 to 5.0	Adequate	N/A (adequate)	N/A (adequate)	N/A (adequate)	N/A (adequate)
Zoning:	Commercial	No Restrictions	N/A (commercial assumed)	N/A (commercial assumed)	N/A (commercial assumed)	N/A (commercial assumed)
Year Built:	1999	2003	1981	Approximately 1990	1995	1963
Construction Type:	Block frame	Metal & wood frame	Wood frame	Wood frame	Wood frame	Wood frame
Building Size (RSF):	34,994	9,865	76,461	103,701	48,820	29,364
Quality:	Average	Average	Average	Average	Average	Average
Condition:	Average	Average	Below Average	Average	Average	Below Average
<b>ANALYSIS</b>						
Capitalization Rate:	--	<b>9.80%</b>	<b>N/A (fee simple)</b>	<b>N/A (fee simple)</b>	<b>N/A (fee simple)</b>	<b>N/A (fee simple)</b>
Sale Price/RSF:	--	<b>\$61.77</b>	<b>\$19.62</b>	<b>\$20.25</b>	<b>\$89.23</b>	<b>\$42.57</b>
<b>COMMENTS:</b>						
	The subject is a freestanding retail building that is 100% owner-occupied.	This is a sale of a building occupied by Family Dollar. It is located in a similar rural market.	This building was previously occupied by K-Mart. Vacant at the time of sale.	Formerly occupied by Wal-Mart, this building was vacant at time of sale. Currently, it is occupied by The Peddler's Mall.	Formerly occupied by HH Gregg, this building was vacant at time of sale. It is located in Cincinnati.	Formerly occupied by an indoor Flea Market. It is located 20 miles northeast of the subject.

# Sales Comparable Location Map



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■ **SALES COMPARABLE PHOTOGRAPHS** ■

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Comparable 1 – Family Dollar, McKee, KY



Comparable 2 – Former K-Mart building, Louisville, KY



Comparable 3 – Former Wal-Mart building, Georgetown, KY

**SALES COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable 4 – HH Greg Retail Building, Cincinnati, KY



Comparable 5 – Retail Building, Bowling Green, KY



## **SALES COMPARISON APPROACH (CONTINUED)**

### **Price per Square Foot Analysis**

The comparables used in this analysis indicate a range in prices of \$19.62 to \$89.23 per square foot (SF). Four of the comparables have sale dates between March 2004 and September 2004. One of the comparables is an active listing located in Bowling Green. Overall, the comparables bracket the subject in quality, condition and location. Below is a discussion and analysis of each comparable followed by our conclusion for the subject:

**Comparable 1 (\$61.77/SF)** is the March 2004 sale of a smaller (9,865 square feet) freestanding build-to-suit retail building occupied by Family Dollar located in McKee, a rural community located in the Daniel Boone National Forest in the central portion of Kentucky. It is located in a similar location with a similar rural market. It is located on Highway 421 with similar access, visibility and exposure. It has 43% site coverage with adequate parking. It was built in 2003 and is average in terms of quality, condition and appeal. Due primarily to its size, which skews the price per square foot, this is a high indicator.

**Comparable 2 (\$19.62/SF)** is the September 2004 sale of a larger (76,461 square feet) freestanding retail building previously occupied by K-Mart. It is located in Louisville, in a more desirable neighborhood. The property was constructed in 1981 and is slightly inferior with respect to condition. It has 17% site coverage with adequate parking. It is similar with respect to access, exposure and visibility. Due to its large size, this is a low indicator.

**Comparable 3 (\$20.25/SF)** is the July 2004 sale of a larger (103,701 square feet) freestanding retail building previously occupied by Wal-Mart. This comparable was sold due to the opening of a Super Wal-Mart two miles east in a more desirable location. It is located in Georgetown, a suburb of Lexington, in a more desirable neighborhood with high traffic counts. The property was approximately constructed in 1990 and is similar with respect to condition. It has 12% site coverage with adequate parking. It is similar with respect to access; however it is elevated upon a hill with inferior exposure and visibility from main arterials. Due to its large size, this is a low indicator.

**Comparable 4 (\$89.23/SF)** is the September 2004 sale of a 48,820-square foot freestanding retail building previously occupied by HH Greg. It is located in Cincinnati, in a more desirable neighborhood near the Kentucky border. The location is in a high traffic area with similar access with superior freeway linkage (Interstate 275) and exposure. It is located in close proximity to the Eastgate Mall, a recently renovated regional mall, which features over 90 retail stores such as Dillard's, JC Penney, Kohl's, Sears and Toys R Us. The property was constructed in 1995 and is similar with respect to quality and condition. It has 35% site coverage with adequate parking. Overall, this is a high indicator due to its superior location.

**Comparable 5 (\$42.57/SF)** is the active listing of a 29,364-square foot freestanding retail building previously occupied by an indoor flea market. It is located in Bowling Green, a larger city with a bigger market within close proximity to Interstate 65. It is located one mile from a Super Wal-Mart and has an average traffic volume of 30,000 cars a day. As such, the location is superior. The building was constructed in 1963 and is inferior with respect to quality and condition. It has 24% site coverage with adequate parking. This is a good indicator due to offsetting characteristics.

### **Conclusion**

The comparable sales indicate a range of values of \$19.62 to \$89.23 per square foot and an average of \$46.69 per square foot. Primary emphasis is placed on Comparable 5. Considering the subject's decreasing sales, location, age and other characteristics, a unit value of \$45 per

## **SALES COMPARISON APPROACH (CONTINUED)**

square foot is concluded. Therefore, the total as-is fee simple market value by this approach is therefore (34,994 SF x \$45) \$1,574,730, rounded to:

**\$1,570,000**

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## ■ ANALYSIS OF VALUE CONCLUSIONS ■

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The Analysis of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability of each valuation technique to the subject property.

### As-Is Value Indications

Cost Approach:	Not applicable
Income Capitalization Approach:	\$1,490,000
Sales Comparison Approach:	\$1,570,000

The Cost Approach provides a good indication of value for properties that are new or that have experienced no significant amount of depreciation. It also helps to determine the feasibility of a new development. For properties that are older or that have suffered substantial amounts of depreciation or obsolescence, the Cost Approach becomes a less reliable indicator of value. Due to the age of the subject improvements, this approach is not applicable and was not formulated.

The Income Capitalization Approach most closely resembles the type of analysis utilized by investors in income producing properties. Most participants involved in buying and selling multi-tenant commercial properties are mainly concerned with the income producing capability of the property. This is less true of owner-occupied properties like the subject; however, potential owner-users do view leasing as an option to buying and this approach contains good samples of rents and capitalization rate data. Therefore, this approach is given significant emphasis.

A comparative analysis of the sale price per square foot was used in the Sales Comparison Approach. A number of relevant (fee simple) sales were available to support the value estimate by this approach. This is the approach is given supportive emphasis.

After considering all factors relevant to the valuation of the subject property, the final as-is fee simple value opinion, as of May 10, 2005, is:

**\$1,510,000**

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## ■ CERTIFICATION OF APPRAISAL ■

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I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's *Code of Professional Ethics* and *Standards of Professional Appraisal Practice*, which include the *Uniform Standards of Professional Appraisal Practice*.
- I, Kenneth R. Harrison, MAI, have not a personal inspection of the subject.
- Matthew K. Reynolds made a personal inspection of the subject and has provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report I, Kenneth R. Harrison, MAI, have completed the continuing education program of the Appraisal Institute.



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Kenneth R. Harrison, MAI  
Certified General Real Estate Appraiser  
State of Kentucky Temporary License #21184

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**ADDENDA**

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INSURABLE VALUE

QUALIFICATIONS

# INSURABLE VALUE ESTIMATE

## *Marshall & Swift Calculations*

<b>MVS Definition</b>	Neighborhood Shopping Centers (412)
<b>Size (SF)</b>	34,994
<b>Class</b>	C - Average
<b>Marshall Valuation</b>	Section 13; Page 27
<b>Service Reference:</b>	(May 2004)
<b>Base Cost PSF:</b>	\$45.77
<b>Sprinklers</b>	\$2.15
<b>Subtotal:</b>	\$47.92
<b>Number of Stories:</b>	1.000
<b>Height Per Story:</b>	1.000
<b>Perimeter:</b>	0.932
<b>Current Cost:</b>	1.070
<b>Local:</b>	0.940
<b>Non-Perishable Items:</b>	0.900
<b>Adjusted Cost PSF:</b>	\$40.43
<b>Building Replacement Cost:</b>	\$1,414,752
<b>Perishable Site:</b>	
<b>FF&amp;E:</b>	
<b>Total Insurable Estimate:</b>	\$1,414,752

<b>Total (Rounded):</b>	<b>\$1,410,000</b>
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### Insurable Value Disclaimer

Insurance coverage is usually specific to a given project. We have not been provided with the specific policy requirements, which limit the reliability of the conclusion. Insurable Value is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value.

It is also noted that the insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service*, which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required.

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# KENNETH R. HARRISON, MAI

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## PRINCIPAL

Since opening PGP Valuation's Southern California office in the 1990s, Ken Harrison has developed a reputation as one of the leading authorities in commercial/income property analysis on the West Coast. Mr. Harrison has been a guest lecturer at North San Diego County Association of Realtors and Portland State University and sits on the boards of one corporation and two national charitable organizations. Ken has analyzed real property in 32 states from Hawaii to Florida to Vermont consisting of nearly every property type. Mr. Harrison has prepared appraisals on many of the most significant properties in California such as the HBO Television Studios, numerous high-rises, the Verizon Headquarters, the Burbank Regional Mall, the NBC Tower, the Queen Mary historic ship and resort, the San Francisco Medical Center, and several resorts.

### Education

Graduate: Western Baptist College, Salem, Oregon  
Bachelor of Science  
Attended: George Fox University, Newberg, Oregon  
Marine Corps. Officer  
Candidate School, Quantico, Virginia

Real estate courses sponsored by the Appraisal Institute:

Course SPPA, Standards of Professional Practice, Parts A & B  
Course 110, Appraisal Principals  
Course 120, Appraisal Procedures  
Course 310, Basic Income Capitalization  
Dynamics of Office Building Valuation  
Course 410, National Uniform Standards of Professional Appraisal Practices (*USPAP*)  
Course 510, Advanced Income Capitalization  
Course 520, Highest and Best Use Analysis  
Course 530, Advanced Sales Comparison and Cost Approaches  
Course 540, Report Writing  
Course 550, Advanced Applications  
Course 700, Appraiser as an Expert Witness  
Nevada Real Estate Appraisal Statutes

### Real Estate Experience

<b>Position</b>	<b>Company</b>
Principal/Real Estate Appraiser	PGP Valuation, Inc. (San Diego)
Group Manager/Senior Analyst	PGP Valuation, Inc. (Portland)
Senior Appraiser	C. Spencer Powell & Associates (Salem)

### Professional Organizations

MAI - Appraisal Institute, Member #11480  
International Council of Shopping Centers, Member # 1105046  
Regional Board of Directors, Fellowship of Christian Athletes  
OMBA Commercial Real Estate Committee  
National Board of Directors, Iseli Foundation

### State Certifications

- California
- Arizona
- Nevada
- Colorado
- Georgia
- Michigan
- Missouri
- North Carolina

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## ■ QUALIFICATIONS ■

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Tax ID #93-1114929

The firm of PGP Valuation Inc was established in 1978 as a partnership, and incorporated in 1993. Our primary goal is to serve our clients in an effective and timely manner by preparing appraisal and feasibility reports that can be relied upon for decision-making purposes by our clients. Our reports utilize current analytical tools and recognized appraisal methods. The members of our firm adhere to the Code of Ethics and strive to maintain a high level of professional integrity. Services are provided throughout the western United States with local offices in Portland, Oregon, Seattle and Vancouver, Washington, and Sacramento and San Diego, California. Firm-wide, we currently staff 13 MAIs and over 100 appraisers.

### PROFESSIONAL SERVICES

Our firm offers a wide range of services in the evaluation of real estate:

- |   |   |
|---|---|
| Appraisals:                             | Valuation estimates on all types of properties, including residential, commercial and industrial.   |
| Highest and Best Use<br>Market Studies: | Consultation regarding the most profitable utilization of real property assets.<br><br>Feasibility and absorption studies of housing and commercial developments. Preparation of FNMA condominium market studies and valuation. |
| Consultation:                           | Analysis of real estate regarding values, site development potential, market standard versus competitive edge amenities, market condition, etc.   |
| Court Testimony:                        | Professional opinions as expert witnesses regarding the valuation of real estate.   |
| Property Tax<br>Analysis:               | Representation before government agencies regarding sad valorem taxes, including preliminary value consultation, appraisals and Board of Equalization presentations.  |



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## CLIENTS AND LENDERS

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### Lenders

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ARCA Advisors  
ABN AMRO Mortgage  
Acacia Capital Corporation  
Accubanc Mortgage  
Action Mortgage  
Affinity Bank  
Allfirst Mortgage Company  
Alliance Mortgage  
Allstate Commercial  
Allstate Insurance Company  
American General  
American Marine Bank  
American Pacific Bank  
American Property Financing  
American Property Finance  
American Real Estate Group  
American River Bank  
American Savings Bank  
AMI Capital  
Arbor National Commercial  
Mortgage  
ARCS Commercial Mortgage  
Aresco Capital L.P.  
Asia Europe Americas Bank  
Anchor Savings Bank  
Artesia Mortgage  
Banc One Capital Funding  
Bank of Internet, U.S.A.  
Bank Midwest  
Bank of Agriculture & Commerce  
Bank of America Corporation  
Bank of California  
Bank of Hawaii  
Bank of Hemet  
Bankers Mutual  
Bank of Newport  
Bank of New York Mortgage  
Company  
Bank of Nova Scotia  
Bank of Pacific  
Bank of Stockton  
Bank of West  
Bank One Corporation  
Bankers Mutual  
Belgravia Mortgage  
Bergstrom Capital Advisors  
Bloomfield Acceptance Co.  
Bonneville Realty Capital  
Bridger Commercial Funding  
Business & Professional Bank  
California Community  
Reinvestment CANAM Mortgage  
Capital Bank & Trust Company  
Capri Capital DUS, LLC

Cathay Bank  
Centennial Bank  
Central Pacific  
Chase Manhattan Mortgage  
Cheto Federal redit Union  
Chinatrust Bank U.S.A.  
Churchill Capital Company  
Citi Group Investments  
Citibank, F.S.B.  
Citibank Federal Savings  
Citicorp Real Estate  
Citizens Bank  
City Bank  
Clarkco Credit Union  
Column Financial  
Commerce Security Bank  
Community First Capital Group  
Continental Bank  
Credit Suisse First Boston  
CRIC Capital  
Crossland Mortgage  
CW Capital  
Del Mar Financial Group  
Diversified Mortgage  
Downey Savings & Loan  
East West Bank  
Ellenburg Capital  
Equitable Real Estate  
Evergreen Mortgage  
Far East National Bank  
Farmers & Merchant bank  
Farmers Bank of China  
Feather River State Bank  
Federal Deposit Insurance  
Corporation  
Financial Conservators, Inc.  
Finova Realty Capital  
First Bank of California  
First Bank of Beverly Hills  
First Bank & Trust  
First Commercial Bank  
First Fidelity  
First Future Credit Union  
First Maryland  
First Nationwide Bank  
First Union  
First Union Small Business Capital  
Frontenac Bank  
GATX Realty Corporation  
GE Capital  
GMAC Commercial Mortgage  
Great Western Bank  
Great Western Mortgage Company  
Greenwich Capital Financial

Greystone Mortgage  
Greystone Servicing Corp.  
Haley Financial Services  
Harbor Financial  
Hawthorne Savings  
Heller First Capital  
Heller Real Estate Financial  
Holliday Fenoglio Fowler, L.P.  
Home FED Bank  
Home Savings  
Home Security Bank  
Hong Kong & Shanghai Banking  
Corp.  
Imperial Capital Bank  
Imperial Thrift & Loan  
Industrial Bank of Japan, Ltd.  
Ironstone Bank  
Ivy Financial Services  
John Hancock  
Ka Wah Bank, Ltd  
Key Bank of Colorado  
Key Bank of Washington  
KeyCorp Real Estate Capital  
Kirkland Bank of Commerce  
Kushner Financial Corporation  
La Jolla Bank  
LaSalle Bank  
Lautrec, Ltd.  
Lehman Brothers  
Lend Lease Mortgage Capital  
Lennar Partners  
Local Federal Bank  
Local Oklahoma Bank  
Lockheed Federal Credit Union  
M & T Bank  
Manulife Financial  
Mellon Mortgage  
Metrocorp, Inc.  
Midland Mortgage  
Morgan Stanley  
National Cooperative Bank  
National Realty Funding Newmark  
Realty Capital, Inc.  
Nations Bank  
Nomura Credit Capital  
Norris, Beggs & Simpson  
North American Savings Bank  
Northmarq Capital  
ONYX Capital  
Pacific Crest Bank  
Pacific First Federal Savings  
PreMerit Bank  
Principal Real Estate Investors  
Prudential Mortgage Capital

**Lenders  
(continued)**

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PW Funding  
Rancho Bernardo Community Bank  
Resolution Trust Corporation  
RF Commercial Mortgage  
River City Bank  
Roseville First National  
Sacramento Commercial Bank  
Safeco  
SAMCO  
San Diego County FCU  
San Diego National Bank  
Sanwa Bank  
Security Pacific Bank  
Silver Hill Financial  
Sonoma National Bank  
South Bay Bank  
Southern Pacific Bank  
Southern Pacific Thrift & Loan  
Standard Insurance  
Stanford Federal Credit Union  
Sumitomo Bank  
Sunrise Bank of San Diego  
Sunrise Mortgage & Investments  
Sutro and Company  
Temecula Valley Bank  
The Traveler's Companies  
The Money Store  
Tokai Bank  
TRI Financial  
UBS Warburg  
Union Capital  
Union Safe Deposit Bank  
United Commercial Bank  
United States Credit Corp.  
United Savings Bank  
Universal Bank  
US Bancorp  
US Bank  
Valley Federal Savings & Loan  
Valley Independent Bank  
Viking Bank  
Vineyard Bank  
Wachovia Multifamily Capital  
Waller, Kaufman & Sutter  
Washington Capital  
Washington Mortgage  
Washington Mutual Bank  
Wells Fargo Bank  
West One Bank  
West Coast Bancorp  
Western Sierra Bank  
WMF Group  
World Savings  
Zions Bank

**Developers &  
Governmental Agencies**

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A.F. Evans Development  
Affordable Community  
Enviroments  
American Housing Corporation  
American Water Works Service  
Co  
Archstone Communities  
Arrowhead Housing  
Bacchus Development  
Bay Ridge Properties, Inc.  
Bellevue School District  
Bend Metro Park & Recreation  
District  
Bill Naito  
Bowen Financial Services  
Buzz Oates Real Estate  
C.E. John Company, Inc.  
C & K Market  
California Retail Invesments  
California Housing Finance Agency  
Carefilled Homes, Inc.  
CB Commercial  
Clatskine School District  
Continental Wingate Capital  
Coal Creek Utility District  
Colliers International  
Cornell Oaks Associates  
Dujardin Development Company  
East Bank Development Company  
Ellenburg Capital Corporation  
Ed Garneal  
Elliott Homes  
Harsch Investment Company  
Housing Authority of Snohomish  
County  
Housing Authority of the City of  
Salem  
Issaquah School district  
Jerry Jones  
Joseph St. Angelo, Volunteer of  
America  
Kenneth Wang  
Kimmel Development  
King County Housing Authority  
King County Metro transit Division  
GGG Investments, Ltd.  
Hiller / Hinton  
LaMancha Development  
Lankford & Cook  
L.J. Melody & Company  
Lewis County Public Works  
Department  
Lincoln Investment Management  
Mercury Development, Inc.  
NCB Development Corporation  
Pacific Development Corporation  
Oregon Department of  
Transportation

PACCAR  
Paul Allen  
Patterson Development  
PayLess Drug Stores  
Port of Portland  
Port of Vancouver  
Portland Development  
Commission  
Portland General Electric  
Portland School District  
Prell & Zacharias Investments  
Prospect Point Development  
Quadrant Corporation  
Raza Development Fund, Inc.  
Robert Randall Company  
Scherzer Partners  
Sea Breeze Properties  
Sierra Airgas  
Steeler, Inc.  
The Ashley Company  
The Koll Company  
The Ranch Mortgage Company  
The Stalick Company  
The Schnitzer Group  
Vancouver Community Parks  
& Recreation Commission  
Washington University  
Wasson Financial Inc.  
Willamette University

**Corporations & Attorneys**

---

Aegon Reality Adivors, Inc.  
Alan Klein, Esq.  
American General Realty  
American Water Works/Citizens  
Apartment Lending Corporation  
Arizona Pacific Investors  
ASB Capital Management  
Associated Right of Way Services,  
Inc  
Associates Relocation  
Aston Group  
AT&T  
Athena Group  
Austin Industries  
Avamer Health Services  
AVP Asset Management  
Barbaccia Properties  
Bakke Corporation  
Bonney Watson  
By The Way Manufacturing  
Barker & Wiesenfeld  
Barry Weinstock, Inc.  
Bedford Management  
Bell Ingram  
Berger Kahn Attorneys at Law

## Corporations & Attorneys (continued)

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Bishop Lynch and White, P.S.  
Bodyfelt Mount Stroup &  
Chamberlain  
Bollenbacher & Kelton  
British Petroleum Oil  
Brophy, Mills, Schmor, Gerking &  
Brophy  
Beck Porfolio  
Berliner Cohen  
Blu Croix, Ltd.  
Brandenburg, Staedler & Moore  
Brown, Tarlow, Smith & Bridges,  
P.C.  
Brownstein, Rask, Arenz, Sweeney,  
Kerr & Grim, LLP  
Bruce D. Kayser, PC  
Bullivant Houser Bailey, PC  
Buono Block PC  
C & K Market, Inc  
Cascade Housing Association  
Chemtall, Inc  
Chevron U.S.A.  
Cobb & Woodworth  
Columbia Financial Advisors  
Citadel Press  
Collins Pine Company  
Commonwealth Commercial Mtg  
Brokerage Company  
Construction Lending Corporation  
Cosgrave, Vergeer & Kester LLP  
Crown Zellerback  
Draneas, Streicher & Huglin, P.C.  
Duane Roemmich  
Guggan, Schlotfeldt & Welch, P.C.  
Dunn, Carney, Allen, Higgins &  
Tongue  
Ed Parish Equity Research  
Eisen & Johnson Law  
Evans, Freeby & Jennings  
Exxon  
F. Davis Dassori, Jr.  
Floating Point Industries  
Franz Fisher & Associates  
Freightliner Corporation  
Gardenburger Incorporated  
GEO Investments  
Genesee Group Companies, Inc  
Harsch Investment  
Hermosa Construction Icon  
Investment Concepts  
International Paper  
James River  
Jay Allen  
JRC Golf Services, Inc  
Kaiser Permanente  
Ken Wong  
Kenneth McKenzie Law  
Landels, Ripling & Diamond

Leasco Investment  
Legacy Investment  
Leon Corcus  
Levitz, Zacks & Ciceric, Inc.  
Luce, Foreward, Hamilton & Scripps  
Mackenroth, Ryan, Jacobson, Fong  
Marcus & Millichap  
Mason & Thomas  
McDonough, Holland & Allen  
Mercury Real Estate Services  
Mike McGuire  
Melvin Mark Properties  
Merrill Stone Management  
Mitchell Brothers  
Mobilparks West  
Net Leased Real Property  
New Fraze Development  
Newport Pacific Capital Company  
Nike Inc  
Northwest Trust  
O'Conner & Martin  
Office of Bowles & Verna  
Owens-Corning Fiberglass  
Pacific Properties  
Pacific Southwest Realty  
PAM Development  
Pathfinder Mortgage  
PayLess Drugs, N.W.  
PG & E Gas Tranmission  
Quaestor, Inc.  
Rainier Petroleum Corporation  
Raleys Supermarkets Randall  
Realty  
Reach Community Development  
Roger Kokores  
Ross Island Sand & Gravel Corp.  
Sacramento Bee  
SBC Corporate Real Estate  
Seacrest Homes  
Selig & Oelsner  
Single Net Properties  
Spectrum Development Corp.  
Stanton Industries, Inc.  
Stoneridge MHP, Cal. Limited  
Storz Management  
Tecton Corporation  
Teichert Aggregates  
The Diversified Investment Corp.  
The Natural Conservancy  
The Sacramento Bee  
Torrey Realty Advisors  
TRI Capital Corporation  
Tracy & Associates  
Treetops Joint Venture  
TRI Capital Corporation  
Tumac Lumber Company, Inc.  
Union Pacific Railroad  
Union Pacific Realty Company

Volunteers of America  
Wagner, Kirkman & Blaine  
Warren Taylor Trust  
WF Advisors  
Williams Pipeline  
WS United Diversified Resource

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# NNN PROPERTIES

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SOUTHERN CALIFORNIA OFFICE  
2004

## NNN Portfolios

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Valvoline Mini Lube  
Portfolio of 30 locations  
Child Time Daycare Facility  
Portfolio of 11 locations  
Sizzler Restaurant  
Portfolio of 8 locations  
Bennigan's Restaurant  
Portfolio of 4 locations

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International House of Pancakes  
Las Vegas, NV  
Hardee's  
Aynor, SC  
Mariscos La Cacho  
National City, CA  
Dairy Queen  
Hemet, CA  
Vicky's of Santa Fe  
Indian Wells, CA  
Sunstate Equipment  
Austin, TX  
Burger King  
North Hollywood, CA  
Bend, IN  
Anderson Laundromat  
Long Beach, CA  
Jared Jeweler's  
Tampa, FL  
Family Dollar Store  
Dayton, OH  
Blockbuster Video  
Long Beach, CA  
Oshman's Sporting Goods  
Austin, TX  
Starbucks  
Helena, MT  
Starbucks  
Santa Ana, CA  
Centre City Music  
San Diego, CA  
Fiesta West  
San Bernardino, CA  
Sunstate Equipment  
W. Sacramento, CA  
Starbucks  
Lebec, CA  
Texaco  
Watsonville, CA  
Sav-A-Lot  
San Bernardino, CA  
Starbucks  
Los Angeles, CA  
Sunstate Equipment  
Apache Junction, AZ

Walgreen's  
Rancho Cucamonga, CA  
Eckerd  
Phoenix, AZ  
Walgreen's  
Gilbert, AZ  
Walgreen's  
Indianapolis, IN  
Walgreen's  
Caldwell, ID  
Walgreen's  
Redondo Beach, CA  
Sav-On  
Rancho Santa Margarita, CA  
Village Inn  
Virginia Beach, VA  
Jack in the Box  
Bryan, TX  
Jack in the Box  
Arlington, TX  
Burger King  
Duluth, GA  
Hardee's  
Rock Hill, SC  
Jack in the Box  
Austin, TX  
Carlsbad Fish House  
Carlsbad, CA  
Burger King  
Rio Grande, TX  
Jack in the Box  
Mesquite, TX  
Jack in the Box  
Simpsonville, SC  
Taco Bell  
Bolivar, TN  
Taco Bell  
Jackson, TN  
Jack in the Box  
Monroe, NC  
Jack in the Box  
Henderson, NV  
Burger King  
Spruce Pine, NC  
Denny's  
Plant City, FL  
Taco Bell  
Jackson, TN  
Starbucks  
Virginia Beach, VA  
Denny's  
Phoenix, AZ  
Taco Cabana  
Hurst, TX  
Sonic Burger  
San Antonio, TX

Arby's  
Waterbury, CT  
Taco Cabana  
Houston, TX  
Jack in the Box  
North Hollywood, CA  
Jack in the Box  
Rexburg, ID  
Ruby's Diner  
Rancho Mirage, CA  
Taco Cabana  
Austin, CA  
Pollo Tropical  
Deerfield Beach, FL  
Taco Cabana  
Humble, TX  
Bakers Square  
Taylor, MI  
Taco Cabana  
San Antonio, TX  
Taco Cabana  
Houston, TX  
Pollo Tropical  
Deerfield Beach, FL  
Burger King  
Lima, OH  
Pollo Tropical  
Miramar, FL  
Jack in the Box  
Austin, TX  
Olive Garden  
Burleson, TX  
Jack in the Box  
Coachella, CA  
Wienerschnitzel  
Lakeside, CA  
Wendy's  
Escondido, CA  
Denny's  
Streetsboro, OH  
Jack in the Box  
San Benito, TX  
Black Angus  
Roseville, MN  
Taco Cabana  
San Antonio, TX  
Golden Corral  
Abilene, TX  
Taco Fiesta  
Stockton, CA  
Burger King  
Bowling Green, OH  
Jack in the Box  
Mojave, CA  
Applebee's  
Burleson, TX

## NNN Properties (continued)

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Black Angus  
Tempe, AZ  
Sonic  
San Antonio, TX  
Jack in the Box  
San Antonio, TX  
Arby's  
Hastings, MN  
Burger King  
Amarillo, TX  
McAllister's Deli  
College Station, TX  
Jack in the Box  
Sunnyside, WA  
Damon's Grill  
Gambrills, MD  
Hardee's  
Mobile, AL  
Arby's  
Montgomery, AL  
Hardee's  
Huntersville, NC  
Taco Cabana  
Humble, TX  
Burger King  
Bennettsville, SC  
Johnny Carinos  
Austin, TX  
Burger King  
Amarillo, TX  
TGI Friday's  
Green, OH  
Taco Bell  
La Quinta, CA  
Taco Bell  
El Centro, CA  
Taco Bell  
Cathedral City, CA  
Taco Bell  
El Centro, CA  
Jack in the Box  
Ontario, OR  
Arby's  
Clarksville, TN  
O'Charley's  
Murfreesboro, TN  
Burger King  
Nogales, AZ  
Burger King  
Lubbock, TX  
TGI Friday's  
Brooklyn, OH  
Rally's  
St. Louis, MO  
Jack in the Box  
Bryan, TX  
Bakers Square  
Taylor, MI  
Denny's  
Raytown, MO

Burger King  
Duluth, GA  
Hardee's  
Rock Hill, SC  
Jack in the Box  
Austin, TX  
Carlsbad Fish House  
Carlsbad, CA  
Burger King  
Rio Grande, TX  
Jack in the Box  
Mesquite, TX  
Jack in the Box  
Simpsonville, SC  
Taco Bell  
Bolivar, TN  
Taco Bell  
Jackson, TN  
Jack in the Box  
Monroe, NC  
Jack in the Box  
Henderson, NV  
Burger King  
Spruce Pine, NC  
Denny's  
Plant City, FL  
Sunstate Equipment  
Apache Junction, AZ  
Taco Cabana  
Houston, TX  
Arby's  
Waterbury, CT  
Taco Cabana  
Houston, TX  
Jack in the Box  
North Hollywood, CA  
Jack in the Box  
Rexburg, ID  
Ruby's Diner  
Rancho Mirage, CA  
Taco Cabana  
Austin, CA  
Pollo Tropical  
Deerfield Beach, FL  
Taco Cabana  
Humble, TX  
Circle K  
Augusta, GA  
Sierra Auto Center  
Fontana, CA  
Big O Tires  
Huntington Beach, CA  
Hometown Buffet  
Vacaville, CA  
Tahoe Joe's  
Vacaville, CA  
El Pollo Loco  
Santa Fe Springs, CA  
Taco Cabana  
San Antonio, TX

McDonalds  
North Hills, CA  
Hardee's  
St. Mary's, GA  
Roundtable Pizza  
Hanford, CA  
Whataburger  
Laredo, TX  
Jack in the Box  
Ventura, CA  
Hooters  
Duluth, GA  
Zaxby's  
Gulf Breeze, FL  
Johnny Carino's  
Norman, OK  
Golden Corral  
Alamogordo, NM  
Coco's Restaurant  
Riverside, CA  
Zaxby's  
Knightdale, NC  
Applebee's  
Rancho Mirage, CA  
Burger King  
Gallup, NM  
Wendy's  
Newaygo, MI  
Denny's  
Fredonia, NY  
Back Yard Burger  
San Antonio, TX  
Mimi's Restaurant  
Lewisville, TX  
Rally's Hamburger  
Miami Township, OH  
Casa Ole  
Orange, TX  
Chipotle  
Selma, TX  
Bakers Square  
West St. Paul, MN  
TGI Friday's  
Mt. Pleasant, SC  
Taco Bell  
Irving, TX  
O'Charley's  
Bristol, VA  
Starbuck's  
Missoula, MT  
Rock Garden Café  
Palm Springs, CA  
Boston Market  
Katy, TX  
TGI Friday's  
Reno, NV  
Bennigan's  
Tulsa, OK  
Kentucky Fried Chicken  
Woodburn, OR

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# MULTI-FAMILY RESIDENTIAL PROJECTS

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SOUTHERN CALIFORNIA OFFICE

## **Condominium Conversions**

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The Palms  
Santa Clara, CA  
Belmont Condo Conversion  
Belmont, CA  
Condominium Conversion  
El Cajon, CA  
Ocean Street Redevelopment  
Carlsbad, CA  
The Villas at Butterfield Ranch  
Chino Hills, CA  
Costa Vista Villa  
Bonsall, CA  
22-Unit Condo Conversion  
San Diego, CA  
Yacht Club Condominiums  
San Diego, CA  
Cliffbridge Manor  
San Diego, CA  
39-Unit Condo Project  
Redlands, CA

## **Manufactured Housing Communities**

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Vista Del Lago  
Lake Havasu, CA  
Skylark Mobile Home Park  
Bellflower, CA  
Pepperwood Mobile Home Park  
El Cajon, CA  
Mountain View Estates  
Layton, UT  
Santiago Creek Mobile Estates  
Orange, CA  
Tucson Meadows  
Tucson, AZ  
Four Hills Mobile Home Park  
Albuquerque, NM  
Bay Harbor Mobile Home Park  
Costa Mesa, CA  
Palm Springs View Estates  
Palm Springs, CA  
Paramount Mobile Home Park  
Paramount, CA  
Standard Mobile Home Park  
Santa Ana, CA  
Storyville Manufactured Homes  
Las Vegas, NV  
Apache West Mobile Home Park  
Mesa, AZ  
Melody Mobile Court  
Yuma, AZ

## **Multi-Residential Apartments**

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Puesta Del Sol  
Tucson, AZ  
Logan Square  
San Diego, CA  
Tarzana Springs  
Tarzana, CA  
Evergreen Apartments  
Fresno, CA  
Valencia Student Housing  
San Luis Obispo, CA  
Legacy at Museum Park  
San Jose, CA  
Yuma Gardens  
Yuma, AZ  
Alexio Apartments  
Los Angeles, CA  
Orange Towers  
Los Angeles, CA  
Franklin Point  
Los Angeles, CA  
Formosa Apartments  
Los Angeles, CA  
Island Apartments  
San Marcos, CA  
Grove Court Apartments  
Plant City, FL  
Southern Sun Apartments  
Phoenix, AZ  
Glenwood Apartments  
Glendale, CA  
5-Unit Apartment Complex  
San Diego, CA  
Crosslake Cove Apartments  
Fort Walton Beach, FL  
Indian Valley Apartments  
Kent, OH  
New Indian Valley Apartments  
Kent, OH  
Grandmarc at University Village  
Riverside, CA  
20-Unit Apartment Complex  
Long Beach, CA  
Ocotillo Apartments  
Phoenix, AZ  
Pacific View Apartments  
Bakersfield, CA  
Pacific Pointe Apartments  
Bakersfield, CA  
Brooks Street Apartments  
Oceanside, CA  
Camelot Apartments  
Chula Vista, CA

Seacoast Apartments  
San Diego, CA  
Alabama Street Apartments  
San Diego, CA  
Woodward Avenue Apartments  
El Centro, CA  
6-Unit Apartment Complex  
Fallbrook, CA  
Woodlawn Gardens  
Chula Vista, CA  
Mountain View Apartments  
La Quinta, CA  
John Adams Manor  
San Diego, CA  
Woodland Park Apartments  
San Marcos, CA  
Attic Angels Senior Living  
Madison, WI  
Rancho Verona  
Escondido, CA  
The Seasons at Modesto  
Modesto, CA  
Bavarian Apartments  
Panorama City, CA  
West Hollywood Apartments  
West Hollywood, CA  
Windjammer Apartments  
Huntington Beach, CA  
Buckingham Apartments  
Los Angeles, CA  
Pine Brook Apartments  
Costa Mesa, CA  
12-Unit Apartment Complex  
Hollywood, CA  
Brisas Del Este Apartments  
Bonsall, CA  
Formosa Avenue Apartments  
Los Angeles, CA  
Potomac Street Apartments  
San Diego, CA  
Studio City Apartment Complex  
Studio City, CA  
Genesee Avenue Apartments  
San Diego, CA  
22<sup>nd</sup> Street Apartment Complex  
San Diego, CA  
50<sup>th</sup> Street Apartment Complex  
San Diego, CA  
Mollison Avenue Apartments  
El Cajon, CA  
Stevely Avenue Apartments  
Los Angeles, CA

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# RETAIL PROJECTS

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SOUTHERN CALIFORNIA OFFICE  
2004

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Lakewood Plaza  
Lakewood, CA  
La Jolla Prospect Plaza  
La Jolla, CA  
Chapman Retail Center  
Orange, CA  
Multi-Tenant Retail Center  
Victorville, CA  
Hesperia Retail Center  
Hesperia, CA  
Stater Bros. Shopping Ctr.  
Norco, CA  
La Jolla Retail Building  
La Jolla, CA  
Normandy Village  
Stockton, CA  
Desert Crossing Power Ctr.  
Palm Desert, CA  
Old Grove Shopping Ctr.  
Oceanside, CA  
Spurgeon Building  
Santa Ana, CA  
Patterson Marketplace  
Patterson, CA  
Glencourt Shopping Ctr.  
Hawthorne, CA  
Johnson Center  
El Cajon, CA  
Scott Shopping Center  
Huntington Beach, CA  
Crossroads Shopping Ctr.  
Westminster, CA  
Proposed Meadows Village  
Temecula, CA  
Alhambra Renaissance Center  
Alhambra, CA  
Ace Hardware Store  
El Cajon, CA  
Home Center  
Ontario, CA  
Hillcrest Mixed-Use Ctr.  
San Diego, CA  
Broadway Plaza  
El Cajon, CA  
Moulton Plaza  
Laguna Hills, CA  
Lee Hamel & Co., Inc.  
San Diego, CA  
Sycamore Center  
Mesa, AZ  
Sparks Retail Center  
Burbank, CA  
Lowe's Food Center  
Pittsboro, NC

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Banderos Retail Strip Ctr.  
Rancho Santa Margarita, CA  
Charleston Auto Care Plaza  
Summerlin, NV  
Eastlake Plaza  
Los Angeles, CA  
El Paseo I  
Rancho Santa Margarita, CA  
El Paseo II  
Rancho Santa Margarita, CA  
Westgate Retail Ctr.  
Corona, CA  
Alhambra Retail Ctr.  
Alhambra, CA  
San Gabriel Plaza  
San Gabriel, CA  
Flags on Mission  
Oceanside, CA  
The Esplanade  
Cathedral City, CA  
Fontana Square, LLC  
Fontana, CA  
Trabuco Hills Center  
Mission Viejo, CA  
Kragen Plaza  
Stanton, CA  
Laguna Hills Plaza  
Laguna Hills, CA  
Pico Boulevard Strip Center  
Los Angeles, CA  
Mixed Use Retail Center  
San Diego, CA  
Broadway Swap Meet  
Los Angeles, CA  
Valley View Plaza  
Simi Valley, CA  
1-Story Retail Center  
Los Angeles, CA  
Alondra Blvd Strip Ctr.  
Compton, CA  
Multi-Tenant Shopping Ctr.  
Valencia, CA  
The Toll House Resort  
Felton, CA  
Ben Lomond Market  
Santa Cruz, CA  
Lowe's Food Center  
Gibsonville, NC  
Mission Retail Center  
El Centro, CA  
Shopper's Lane  
Pasadena, CA  
Lowe's Foods/Family Dollar  
Nashville, NC

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Trabucco Plaza  
Laguna Hills, CA  
Portola Plaza  
Laguna Hills, CA  
Red Bird Mall  
Dallas, TX  
Proposed Villages at  
Paseo del Sol  
Temecula, CA  
Yucaipa Village  
Yucaipa, CA  
Bolsa Retail Center  
Westminster, CA  
Chino Hills Plaza  
Chino Hills, CA  
Bermuda Dune Plaza  
Indio, CA  
Charleston Retail Center  
Las Vegas, NV  
Tower Records  
Brea, CA  
Normandy Village  
Stockton, CA  
Old Grove Power Center  
Oceanside, CA  
Imperial Center  
Norwalk, CA  
Knott Plaza  
Buena Park, CA  
Santa Clara Square  
Santa Clara, CA  
Bristol Marketplace  
Santa Ana, CA  
College Plaza  
Fullerton, CA  
Lakewood Plaza  
Long Beach, CA  
Balboa Convoy Center  
San Diego, CA  
Diamond Bar Town Center  
Diamond Bar, CA  
Prospector Center  
Mariposa, CA  
Pioneer Center  
Mariposa, CA  
Aptos Building  
Aptos, CA  
Thomas Winery Plaza  
Rancho Cucamonga, CA  
Altapo Limited Partnership  
Simi Valley, CA  
Cambridge Farms  
N. Hollywood, CA  
The Art Collector  
San Diego, CA

**RETAIL PROJECTS**  
**(CONTINUED)**

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The Courtyards at Talega  
San Clemente, CA  
Lowe's Food Center  
Mebane, NC  
Lowe's Foods Grocery Store  
Graham, NC  
Plaza La Quinta  
La Quinta, CA  
One Eleven Town Center  
Palm Desert, CA  
Lantern Plaza  
Laguna Niguel, CA  
Hillside Village  
El Cajon, CA  
North County Square  
Vista, CA  
Multi-Tenant Retail  
Los Angeles, CA  
Verdugo Plaza  
Glendale, CA  
Gateway Village  
Chino Hills, CA  
West Village  
Encinitas, CA  
Proposed Shopping Mall  
Indio, CA  
Regency Plaza One  
Santa Clara, CA  
Shops on South Lake  
Pasadena, CA  
Boise Spectrum  
Boise, ID  
Desert Springs Marketplace  
Palm Desert, CA  
Liberty Square  
Westminster, CA  
Victor Valley Center  
Victorville, CA  
Town Plaza  
Irvine, CA  
Porter Ranch Shopping Center  
Porter Ranch, CA  
Oak Lane Plaza  
Bakersfield, CA  
Devonshire Reseda Center  
Northridge, CA



# INDUSTRIAL & SELF-STORAGE FACILITIES

SOUTHERN CALIFORNIA OFFICE  
2004

## Industrial

Single-Tenant Industrial  
Cathedral City, CA  
Single-Tenant Industrial  
Burbank, CA  
Multi-Tenant Industrial  
Anaheim, CA  
Garage Work Center  
Culver City, CA  
Single-Tenant Industrial  
Valencia, CA  
4-Industrial Buildings  
Calexico, CA  
Arlon Building  
Santa Ana, CA  
Studio Instrument Rentals  
Los Angeles, CA  
Light Industrial  
Santa Clara, CA  
4-Industrial Flex Buildings  
Denver, CO  
Single-Tenant Industrial  
Newbury Park, CA  
Multi-Tenant Industrial  
San Fernando, CA  
Single Tenant R&D  
San Diego, CA  
Applied Optics  
Tucson, AZ  
Multi-Tenant Industrial  
Encinitas, CA  
Proposed Light Industrial  
Lake Elsinore, CA  
Multi-Tenant Industrial  
Eugene, OR  
Airborne Express  
Daytona Beach, FL  
Single-Tenant Industrial  
Los Angeles, CA  
Industrial Building  
Ontario, CA  
Single-Tenant Industrial  
Orange, CA  
Single-Tenant Industrial  
San Diego, CA  
Industrial Warehouse  
National City, CA  
LSR Technologies  
Anaheim, CA  
Monterey Business Center  
Yucca Valley, CA  
Rancho San Diego Plaza  
Spring Valley, CA

North County Corporate Center  
Vista, CA  
Industrial Building  
Chatsworth, CA  
Gudgel Roofing Inc.  
Sacramento, CA  
Industrial Building  
Otay Mesa, CA  
Apache Propane  
Apache Junction, AZ  
Blue Rhino  
Channahon, IL  
Multi-Tenant Industrial  
Colorado Springs, CO  
Westwood Manufacturing Bldg.  
Corona, CA  
Post Industrial Commerce Ctr.  
Las Vegas, NV  
Crescent Corporate Center  
Anaheim, CA  
Single-Tenant Industrial  
Murrieta, CA  
Delta Valley Towing  
Stockton, CA  
Northwest Storage  
Georgetown, TX  
Monterey Business Center  
Yucca Valley, CA  
Industrial Building  
San Clemente, CA  
Bankside Industrial  
Cathedral City, CA  
Industrial Building  
Corona, CA  
Sampson Motorcycle Products  
Anaheim, CA  
Lakeside Business Park  
Lakeside, CA  
Vista Industrial  
Vista, CA  
Proposed Federal Express  
Palm Springs, CA  
Natural Alternatives  
San Marcos, CA  
Tractor Supply Company  
Gonzales, TX  
Ashworth Distribution  
Oceanside, CA  
Sunstate Equipment  
Peoria, AZ  
CTB Development  
San Diego, CA

## Self-Storage Facilities

Signal Hill Self Storage  
Signal Hill, CA  
AAA Self Storage  
Indio, CA  
Sorrento Mesa Self Storage  
San Diego, CA  
Mira Mesa Self Storage  
San Diego, CA  
Sorrento Valley Self Storage  
San Diego, CA  
Smart Self Storage  
Solana Beach, CA  
McGee's Closet Self Storage  
Sherman Oaks, CA  
Menifee Self Storage  
Menifee, CA  
Torrance Self Storage  
Torrance, CA  
Ballpark Self Storage  
San Diego, CA  
Westlake Self Storage  
Thousand Oaks, CA  
Allsize Self Storage  
Moreno Valley, CA  
AAA Self Storage  
Lake Forest, CA  
Proposed Self Storage  
San Diego, CA  
Shurgard Self Storage  
West Covina, CA  
Surgard Self Storage  
Los Angeles, CA  
Ayers Self Storage  
Costa Mesa, CA  
West Little York Boat Storage  
Houston, TX  
Aim All Storage  
Rancho Cucamonga, CA  
Storage Plus  
Sandy, UT  
Arrowhead Self Storage  
Rim Forest, CA  
Proposed Best Storage  
Enterprise, NV  
Storgard Self Storage  
Upland, CA  
Concord Self Storage  
Concord, CA  
Stallings Self Storage  
Matthews, NC  
Jefferson Self Storage  
Murrieta, CA

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## PROFESSIONAL STAFF

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### San Diego, CALIFORNIA

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#### **Commercial**

Kenneth R. Harrison, MAI  
Russell McCoy  
Jared Mathews  
Kevin Ritter  
Sean Yousofy  
Matthew Reynolds  
Rebecca Horvat  
Randy King  
Eric Witherall  
Rusty King  
Brandon White

### Sacramento, CALIFORNIA

---

#### **Finance**

Cheryl Mandich

#### **Commercial**

Timothy E. Wright, MAI  
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### Portland, OREGON

---

#### **Marketing Feasibility**

John D. Ingle

#### **Commercial**

Brian L. Kelley, MAI  
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Cody Knox  
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Jeremy Snow  
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Tom Tillisch  
Bill Toelke  
Rick Walker  
Daniel Young

### Vancouver, WASHINGTON

---

#### **Commercial**

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Dean Meyer  
Tara Schultz  
Kathryn Skiff  
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Leslie Waltz  
Steve Waugh  
Lacey Westlake

#### **Single-Family Residence**

Jeremy Bennett  
Mark Davis  
D. Josh Fry  
Heidi Sowards

### Seattle, WASHINGTON

---

#### **Commercial**

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Joe Creech  
Ronan Edmondson  
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James Gibson  
Bella Hopkinson  
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Stan Mastalerz  
Matthew Plewe  
Colin F.P. Radford  
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Renee Schaefer  
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## OFFICE LOCATIONS

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