April 14, 2006

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RE: Pamida Store # 3120
Highway 231/RR#6
Bloomfield, Indiana

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 appraised previously for an alternative 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.

In addition, this Report or a reference to this Report may be included or quoted in any offering circular, registration statement, prospectus or sales brochure (either in electronic or hard copy format) in connection with a sale, securitization or syndication, or transaction involving such debt and or debt securities.

The subject consists of a single-tenant retail building that is 100% owner-occupied by Pamida, Inc., a subsidiary of ShopKo Stores, Inc. The improvements measure 36,747 gross square feet and are situated on two tax lots totaling 5.55 acres. The improvements were constructed in 1999 and are in good 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:

MARKET VALUE SCENARIO	DATE	VALUE
As-Is Fee Simple	May 5, 2005	$1,550,000

The subject is located in a very small trade area with a decreasing 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 re-lease, and the property may be worth less.

If questions arise concerning this report, please do not hesitate to contact the undersigned.

Sincerely,

PGP VALUATION INC

David W. Groth, MAI
Certified General Real Estate Appraiser
State of Indiana Temporary Permit # 3421

OB/DWG:alm
File No. V05-187

TABLE OF CONTENTS

APPRAISAL SUMMARY

Property Type:	Single-tenant retail building
Location:	Highway 231/RR #6 Bloomfield, Indiana
Assessor's Parcel No.:	0250142700
Market Area:	Bloomfield, Indiana
Neighborhood Description:	The subject is located in the City of Bloomfield, Indiana. Bloomfield is located approximately 80 miles southwest of Indianapolis, which is the largest metropolitan area in Indiana. The city has a population of approximately 2,518 and is primarily developed with single-family residential homes.
Site Description:	According to the Marion County Assessors Office, the site consists of two tax parcels totaling 5.44 acres that are irregular in shape, generally level, and approximately at street grade. It is zoned for a wide variety of commercial uses and has average access and exposure characteristics. The site is not in a flood zone and has no known obvious adverse easements, encroachments or environmental hazards. However, the client is advised to seek professional surveys/studies if further assurance is required regarding easements, encroachments and environmental conditions of the site. All utilities are available at the site.
Improvement Description	According to information provided by the client, the improvements consist of a 36,747 square foot retail store. The improvements are 100% occupied by the owner (Pamida, Inc., a subsidiary of ShopKo Stores, Inc.). Information provided by the client shows the improvements were completed in 1999. Construction is block frame with a flat 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 to good condition. The building has a remaining economic life of approximately 35 years.
Hazardous Substances:	No - Discussed in Site Description section.
Flood Zone:	No - Discussed in Site Description section.

APPRAISAL SUMMARY (CONTINUED)

Value Indications

Cost Approach:	Not applicable
Income Capitalization Approach:	$1,470,000
Sales Comparison Approach:	$1,650,000
Final Value Opinion:	**$1,550,000**

Appraisal Premises:	As-is
Property Rights Appraised:	Fee simple
Insurable Value Estimate:	See insurable value table in Addenda
Date of Value:	May 5, 2005
Scope of Appraisal & Report Format:	Complete self-contained
Value of Personal Property, Fixtures, Intangibles Included in Market Value Estimate:	$0

PGP VALUATION INC File No.: **V05-187**

PRELIMINARY APPRAISAL INFORMATION

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.

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.

In addition, this Report or a reference to this Report may be included or quoted in any offering circular, registration statement, prospectus or sales brochure (either in electronic or hard copy format) in connection with a sale, securitization or syndication, or transaction involving such debt and or debt securities.

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 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."[1]

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."[2]

Legal Description

A complete metes and bounds legal description was not provided to the appraisers. The abbreviated tax descriptions are:

PT S1/2 26-7-54.33A
PT S1/2 26-7-5 1.11A

Ownership & Sales History

County records show ownership of the subject is vested in Pamida, Inc, a subsidiary of ShopKo Stores, Inc. The improvements were constructed as a Pamida store in November, 1999. 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. ShopKo Stores, 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."[3]

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 24 months or less is supported.

[1] *Uniform Standards of Professional Appraisal Practice*, 2003 Edition, Appraisal Standards Board of the Appraisal Foundation, page 224.
2 *The Dictionary of Real Estate Appraisal, Appraisal Institute, 4th Edition, 2003, page 113.*
[3] *Uniform Standards of Professional Appraisal Practice*, 2003 Edition, Appraisal Standards Board of The Appraisal Foundation, page 224.

Several 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 1st *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. In the case of the subject property, it is located in an area with declining retail sales and little population growth. We conclude an exposure period of 24 months or less for the subject. A marketing period of 24 months or less is also reasonable. This is a reflection of the recent trend in gross sales, which will be discussed further in the Income Capitalization Approach section of this report.

Assessment & Tax Information

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

2004 PROPERTY TAX AND ASSESSMENTS				
	ASSESSED VALUES			
Parcel #	**Land**	**Improvements**	**Total**	**Total Taxes**
0250142700	$26,000	$1,488,600	$1,512,600	$17,786.58
0250144300	$6,700	-	$6,700	$157.26
Total	**$32,700**	**$1,488,600**	**$1,521,300**	**$17,943.84**

Source: Greene County Assessor's Office

Property taxes in Indiana are assessed based on the total taxable value multiplied by a tax rate. For commercial properties, the taxable value is typically equivalent to the total assessed value (residential properties receive an exemption). The 2004 (most recent available) property tax rate for the subject is 3.04750%

Inspection

Owen Bartels inspected the subject on May 5, 2005.

Appraisal Development & Reporting Process

Preparation of this appraisal included:

- An interior and exterior inspection of the subject property.
- Reviewing assessor's maps.
- 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**
Lawrence County Assessor & Treasurer	Subject Property Information
Area Appraisers/Brokers	Comparable Data & Market Information

Source	Information
Comparable Properties/Area Brokers	Rent and Expense Information
M&S Connect	Demographic Information
Loopnet	Comparable Data & Demographics
Korpacz Investor Survey	Investment Information
CRG	Investment Information
United States Census Bureau	Demographic Information
Indiana Economic Development Association	Market Information
STATS Indiana	Demographic Information
Indiana Department of Transportation	Traffic Flow Information
Indiana Department of Commerce	Market Information
Bureau of Labor Statistics	Demographics and Market Information

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. David W. Groth, MAI, a Certified General Appraiser with the State of Indiana conducted research, analysis and writing of the appraisal report. Owen Bartels 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.

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following limiting conditions:

Extraordinary Assumptions

The subject is located in a very small trade area with a decreasing 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 re-lease, 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.

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 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 - Bloomfield, IN

REGIONAL DESCRIPTION

Brief History

Indiana was the 19th state admitted to the union, gaining statehood in 1819. The capital was originally the City of Corydon until 1825, when Indianapolis was named as the capital. Historically, Indiana's economy has been based on farming. However, in he early 1900s, northern Indiana became a home to industry due to it's location along Lake Michigan and proximity to major rail lines. Indianapolis is also the home of the Indianapolis 500, the world's most famous auto race. Rural areas of Indiana have struggled in recent years due to a waning agricultural sector and the decline of industry. Indiana as a whole could benefit from greater job diversity and employment creation in the rural areas outside the direct influence of Lake Michigan and the Indianapolis area.

Population

Indiana has experienced below average population growth in recent years. From 1990 to 2000, Indiana's population grew by 9.7%, which is below the national average of 13.1%. However, it is generally comparable to the growth rate of surrounding states, which generally experienced growth in the 9% range. The only exception was Ohio, with significantly slower population growth. Ohio had a population of 6,080,485 in 2000, according to the United States Census Bureau. The most recent population estimate available was 2003, when a population of 6,195,643 was projected. This reflects a change of 1.8%, or 0.63% annually.

Home ownership rates in Indiana are strong at 71.4%, which is 5.2% higher than the national average. This may be partially due to a below average median home value, which was $94,300 in 2000. This is $25,300 below the national average.

With regard to education, Indiana has an above average proportion of high school graduates (82.1%). According to the Indiana Department of Education, 72.1% of Indiana high school graduates go on to pursue a college education. However, only 19.4% of Indiana residents possess a bachelor's degree or higher. This is 5% below the national average. This may be due, in part, to the agricultural industry in the southern portion of the state and the industrial economy in the areas influenced by Lake Michigan. While there are several highly respected universities in Indiana, they have a high proportion of students who find work outside the state upon graduation.

The Labor Force

As is true of many areas in the United States, Indiana's labor force has struggled with declines in the manufacturing sector. Manufacturing jobs, which represents 27.5% of total employment, fell 2.5% from 2003 to 2004. The decline is due in large part to General Motors layoffs. Conversely, internet publishing and broadcasting employment grew 43.4% in the 2003-2004 period, followed by the financial industry with 34.9% growth. The strong performances of these industries may contribute to increased retention of college graduates in the future.

According to the Indiana Department of Workforce Development, the largest group of job applicants are searching for jobs as Assemblers (factory work). This is followed by several other categories of manual laborers, including Production Laborers, Industrial Truck Operatiors, and Machine Operators. This is a further reflection of the recent decline in the manufacturing sector in the state. An effort is being made to re-train these categories of laborers for employment in other sectors of the economy.

Indiana's unemployment rate was most recently estimated at 6% (May, 2005). However, there has been a drop in unemployment rate during the spring months to an overall rate of 5.3% in April, 2005. This is still above the national average of 5.2%, and ranks Indiana 14th overall.

There has been a significant increase in unemployment over the past five years as the manufacturing sector has declined. Unemployment is up from 3.5% in 2001, with unemployment rates around 3% throughout the late 1990s.

The following table below compares Indiana and U.S. unemployment rates:

Unemployment Rates		
Year	Indiana	United States
2005-April	5.3%	5.2%
2004	5.8%	5.5%
2003	5.5%	6.0%
2002	5.0%	5.8%
2001	3.5%	4.8%
2000	3.2%	4.0%

Source: Bureau of Labor Statistics, 2005

Wages and Income

Low wages are an item of concern in Indiana. Because of Indiana's below average cost of living, an average wage somewhat lower than the United States average is reasonable. Indiana's 2003 average annual pay figure of $33,220 is only 87.1% of the national average of $38,125. The loss of high paying goods-producing jobs in the early and mid 1980's was the main cause of the decline. Production occupations, which still make up 13.7% of total employment in Indiana, have a below average annual pay of $30,880.

According to the most recent census, Indiana's 2004 per capita income was $30,094, which is below the national average of $32,937, and Indiana is ranked 33rd overall. It appears to be slowly losing ground, though, and is ranked 37th overall in per capita income growth with a growth rate of 4.4% (the national average is 4.7%). Even considering the poor per capita income ranking, however, only 9.5% of Indianans live below the poverty level, compared to the national average of 12.4%.

The Economy

Indiana's economy has traditionally been mixed between manufacturing in the north and agriculture in the south. There are also several large limestone mines in the southern portion of the state, with Bedford toting its self as "the limestone capitol of the world." However, the industrial economy in the north, mainly in Gary and the surrounding area, has suffered in recent years as manufacturing jobs have left the United States. General Motors has also recently laid off large portions of workers in its plants in northeast Indiana.

The largest metropolitan area in the state is Indianapolis, which accounts for approximately 28% of the population of the state. Indianapolis suffered a net employment loss of 900 jobs (-0.1%) in 2004. Most notable declines in growth were in the construction (-1.4%) and manufacturing (-1.1%) industries. The service industry, which accounts for 27% of total employment in the metro area, also declined slightly by 0.1% in 2004. These negative trends have led analysts to project future declines in the Indianapolis economy, as well as a population growth rate significantly below the national average.

According to the Indiana Department of Revenue, Indiana's gross state product was $214 billion in 2003, with 2004 figures unavailable. This equates to 2% of the US GDP. The following chart demonstrates gross state product by sector.

Indiana Gross State Product (by Sector)	
Sector	**Share (percent)**
Government	9.8%
Leisure and Hospitality	3.5%
Health and Education	7.6%
Management and Admin.	3.7%
Professional and Technical Services:	3.6%
Transportation and Warehousing	3.3%
F.I.R.E.	16.2%
Information	2.2%
Trade	12.3%
Manufacturing	27.5%
Construction	4.5%
Utilities	2.2%
Agriculture	0.6%
Other	2.8%
Source: Indiana Department of Revenue	

The following table breaks down the Indiana economy by non-agricultural jobs.

Indiana Nonagricultural Jobs (2003)		
Category	**Employment**	**Percentage**
Total nonagricultural Jobs	5,846	100.0%
Management	124	4.4%
Business & Financial	91	3.2%
Computer & Math Science	38	1.3%
Architecture/Engineering	49	1.7%
Social Services	48	1.8%
Legal	12	0.4%
Education	156	5.5%
Arts	26	0.9%
Health Care	209	7.3%
Protective service	55	1.9%
Food Preparation/Service	252	8.9%
Maintenance	220	7.7%
Personal Care	55	1.9%
Sales	281	9.9%
Office & Administration	454	16.0%
Construction	139	4.9%
Production/Manufacturing	391	13.8%
Transportation/Shipping	245	8.6%
Source: Bureau of Labor Statistics (in thousands)		

As is demonstrated in the charts above, manufacturing accounts for a significant portion of the Indiana economy. 13.8% of Indiana laborers are employed in manufacturing jobs, which account for 27.5% of Indiana's gross state product. It is therefore reasonable to assume that Indiana will struggle with the decline in United States manufacturing.

The fastest growing industry in Indiana in 2004 was the Internet Publishing and Broadcasting industry, which experienced a 43.4% growth in employment. This was followed by the financial industry, with 34.9% growth, water transportation at 23%, and the telecommunications industry, which grew at 13.5%. Although these industries still do not account for significant portions of the economy, they demonstrate the ability of some industries to thrive in a changing economy.

Real Estate and Construction

Although interest rates have been at record low levels, residential construction in Indiana has not seen significant increases. While national demand for residential real estate has been high in recent years, specifically during the last year, this demand has not carried into Indiana in the same manner. This is due to significant out-migration of the educated workforce and a troubled manufacturing sector. There has been a slight increase in new single family home starts over the past two years. However, this increase has been offset by a decline in multi family unit construction, for an overall net decrease in home starts since 1998. .

The following chart illustrates the new housing market in Indiana over the past several years:

Building Permit Activity in Indiana (1998-2004)			
Year	**Single-Family Units**	**Multi-Family Units**	**Total**
2004	32,280	6,850	39,130
2003	31,890	7,530	39,420
2002	30,790	8,800	39,590
2001	32,380	6,740	39,120
2000	30,420	7,490	37,910
1999	33,410	8,060	41,470
1998	31,620	9,090	40,710
Source: National Association of Home Builders			

There has been a slight increase in new single family home starts over the past two years. However, this increase has been offset by a decline in multi family unit construction, for an overall net decrease in home starts since 1998. The increase in new home starts was only 660 homes from 1998 to 2004. This represents a 2% increase, which is significantly lower than the nationwide increase, which was 32.41% during the same period. The number of multi family starts declined during the same period. The decline was reasonably steady, and represents an overall decrease in new multi family home starts per year of 2,240, or a 32.70% decrease. This is compared to the national overall, which was an increase in multi family units of 6.35%.

The decline in multi family units may be due, at least in part, to the continued affordability of single family homes in Indiana. The homeownership rate statewide is 71.4%, compared to the national average of 66.2%. In addition, the median home value of $94,300 is $25,300 (21%) below the national average.

Commercial Development

The majority of Indiana consists of rural areas and small towns. It is difficult to accurately measure overall commercial vacancy rates and development. The majority of large-scale development in the state is occurring in large mixed-use centers. There are several major projects in the planning or development stages throughout the state.

The Chicago influence in the northwest portion of the state has encouraged development of the planned “AmeriPlex at the Crossroads” in Merriville. This is a 395 acre mixed use project expected to employ 3,000 people in 3.5 million square feet of office and lab space.

There is a large development planned in South Bend, Indiana, to be called Portage Prairie. According to Indiana Business Magazine, this development will cover over 500 acres and is to include some retail and residential development in addition to light industrial, which is its primary focus.

In the northeast portion of the state, the focus of recent development has been residential, with renovation of several regional malls including the Southtown Mall, the Glenbrook Mal, and Northwood Shopping Center.

The Purdue Research Park in West Lafayette has seen significant activity over the past year, including development of a new engineering design center owned by Butler International, which is to employ as many as 200 high tech workers in the coming years. Also in West Lafayette is the proposed Renaissance Place, a six story, 140,000 square foot building owned by Lafayette Bank & Trust (now under construction).

Indianapolis-based Duke Realty Corporation is currently working on a 1,700 acre mixed use development between Zionsville and Lebanon along Interstate-65. Nearby Hamilton County is also the site of a proposed 700 acre mixed-use project to include over 3.5 million square feet of office and light industrial space.

The following are brief analyses of individual market sectors. Due to the lack of statewide information, the major focus will be on the Indianapolis market.

Office Development – According to Colliers Turley Martin Tucker, the suburban office vacancy dropped two points from 2004 to 2005, down to 18.6%. Vacancy in the downtown Indianapolis area also declined slightly to 15.7%. The 2004 year-end absorption in Indianapolis was 625,000 square feet, for over 29.3 million square feet of multi-tenant office space overall. The average rent for Class A office space is $19.60 per square foot in the Indianapolis CBD, with suburban rents slightly higher at $20.80 per square foot. New construction in the general market area was limited to approximately 300,000 square feet of new office space.

Industrial – The Indianapolis industrial market experienced growth in 2004, due largely to Indianapolis' emergence as a good location for logistics companies. Current industrial vacancy rates are approximately 8.8%. Over 5.5 million square feet of new industrial space came online in 2004 in the Indianapolis market, up from 2.9 million the previous year. In addition, there is over 10 million square feet in the planning stage for 2005. With all this growth, the absorption was 4.1 million square feet in 2004, just below the 2003 net absorption of 4.3 million square feet. Although the industrial market has suffered in many parts of the state due to a declining manufacturing industry, it remains strong in the Indianapolis market area.

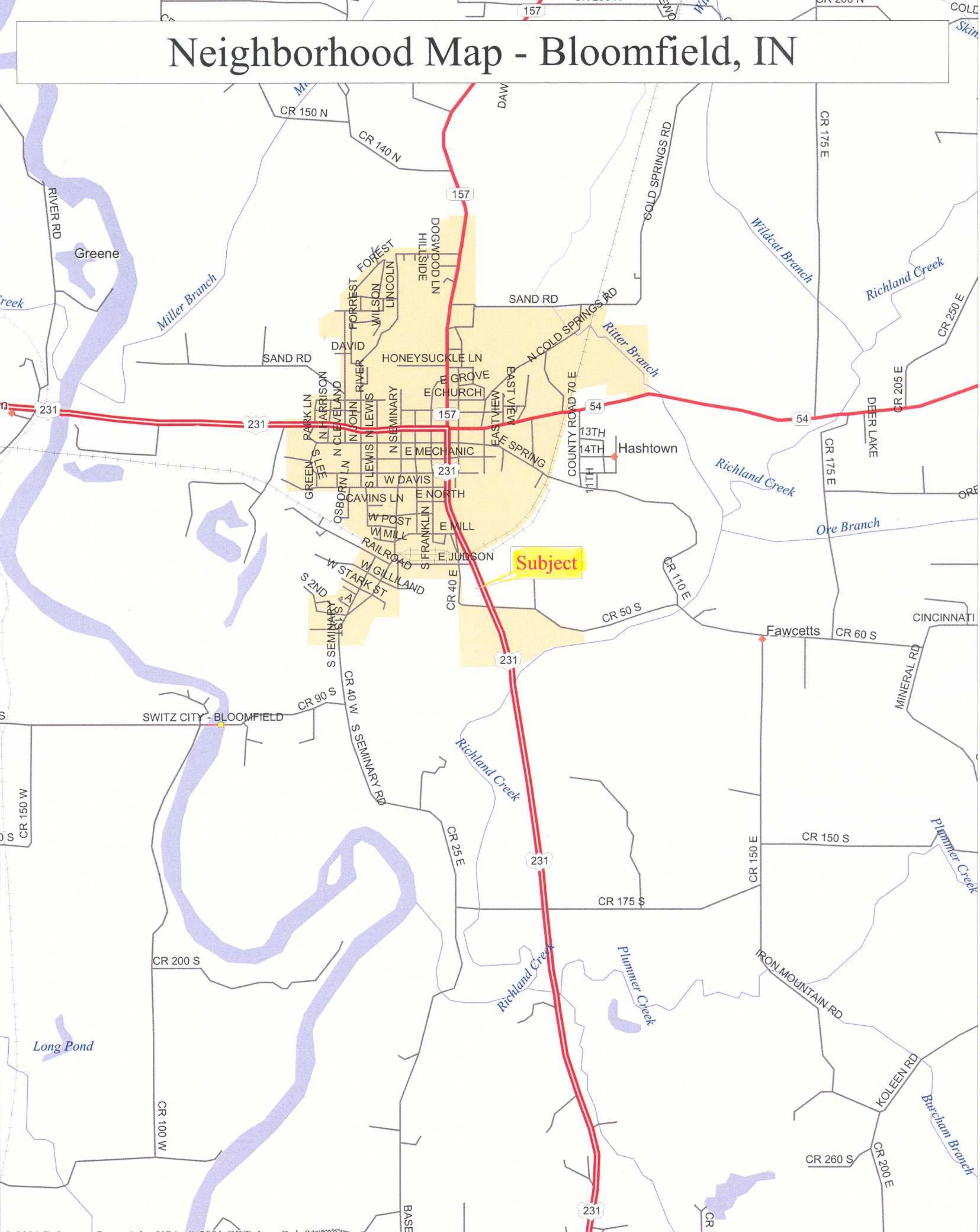
Multi-Family – As previously discussed, the multi-family market in Indiana is weak. New development has declined 32.7% since 1998. Multi-family permits have increased by 6 % over the same time period nationwide.

Retail – A detailed analysis of retail development for the region/market is provided in the Market Analysis section of this report.

Summary

The largest metropolitan area in Indiana is Indianapolis, which is centrally located in the state. Indiana has experienced slower than average job and income growth, due largely do declines in the manufacturing sector, which accounts for 27.5% of the gross state product. Despite recent growth in high-tech industries, Indiana has been slow to adapt to the changing United States economy. It remains affordable, with low average home values, but per capita income also remains below the national average. Based on these factors, a stable economy with continued slow growth is expected.

Neighborhood Map - Bloomfield, IN



NEIGHBORHOOD DESCRIPTION

Overview

The subject is located in Bloomfield, Indiana, which is located in Greene County. It is located in the southern portion of Indiana, approximately 30 miles southwest of Bloomburg, and 80 miles southwest of Indianapolis. The southern region of Indiana offers affordable, small town living.

Population

The 2002 population of Bloomfield was 2,518 people, making it the second largest city in Greene County (second to Linton). This was down from 2,542 in 2000, showing a 0.90% population decrease over the two year period. Population declines are not uncommon in rural communities throughout Indiana, as residents travel to find employment. Greene County overall has about 33,500 residents, of which Bloomfield accounts for approximately 8%.

The Economy

Bloomfield's economy benefits from the railroad though the south end of town. According to the Bloomfield Chamber of Commerce, about 7 trains per day though the city. Many of these trains are associated with the large Limestone mines in Bedford, approximately 20 miles southeast.

Bloomfield's economy is dominated by government jobs, which account for 16.5% of the County's employment, and generates 25.9% of County revenues. Bloomfield benefits from government employment as the County seat. The retail trade follows government, providing 14.4% of the total County employment and accounting for 8.9% of county revenues. This is below average for retail business even in rural counties in Indiana. The downtown area only hosts a handful of businesses, mostly small antique shops.

Bloomfield has been designated "Labor Surplus Area" in Indiana, according the Greene County Economic Development Corporation. Greene County officials are trying to bring more mining and industrial uses, which provide good jobs and could benefit from rails already in place. This project has had limited success.

The Labor Market

The unemployment rate in Greene County is 8.0%, which is above the state average of 5.3%. Bloomfield's unemployment rate is slightly lower, at 7.1%. Bloomfield residents tend to have average education. 82.4% of Bloomfield residents age 25 or higher have a high school diploma or equivalent, which is roughly equivalent to the state average. A significantly smaller number, 15.5%, have a bachelor's degree or higher, which is also roughly equivalent to the state average.

Construction

Bloomfield covers about 896 acres. There is a current density of 1.5 homes per acre, including apartments and single family homes. According to the Greene County Economic Development Corporation, there were no single family home building permits issued in 2004. Little demand exists for new construction due to a stagnant economy and slow (negative) population growth.

Summary

In conclusion, Bloomfield is a small town whose primary employment focus is its status as the Greene County seat. It benefits from a railroad that bisects the city, and Highways-231 and 54, with about 11,000 trips per day. Growth has been slow, both in population and employment, and is expected to remain stable over the coming years.

Hazardous Waste/ Asbestos:	An environmental Phase I report was not provided for review. We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. However, the subject site is not a known hazardous waste site and there was no evidence of hazardous materials visible on or adjacent to the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
Location:	Highway 231/RR #6 Bloomfield, Indiana
Assessor's Parcel #:	0250142700 0250144300
Site Size:	5.44 acres, per County records
Shape:	Irregular
Topography:	Generally level and at street grade
Abutting Properties	
North:	The fire department and Minks Body Shop
South:	Vacant land
East:	The Shawnee Theatre
West:	El Ranchito Restaurant
Utilities:	All utilities are available to the site.
Street Improvements:	The subject is accessed by a private drive from Highway-231, which is an asphalt paved, north/south highway without curbs, gutters, or sidewalks. The access drive is a paved, 22-foot wide drive.
Traffic Volume:	According to the Indiana Department of Transportation there are approximately 8,370 trips per day along Highway-231 west of the subject.
Accessibility/Exposure:	Access is average, with exposure slightly hindered by the restaurant building located along Highway-231. However, there is adequate exposure and signage for the Pamida store.
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

SITE DESCRIPTION (CONTINUED)

	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:	Commercial
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 X, which is outside the 100-year floodplain; insurance is not required. Flood Map #1804360005A, dated July 1, 1978, 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.

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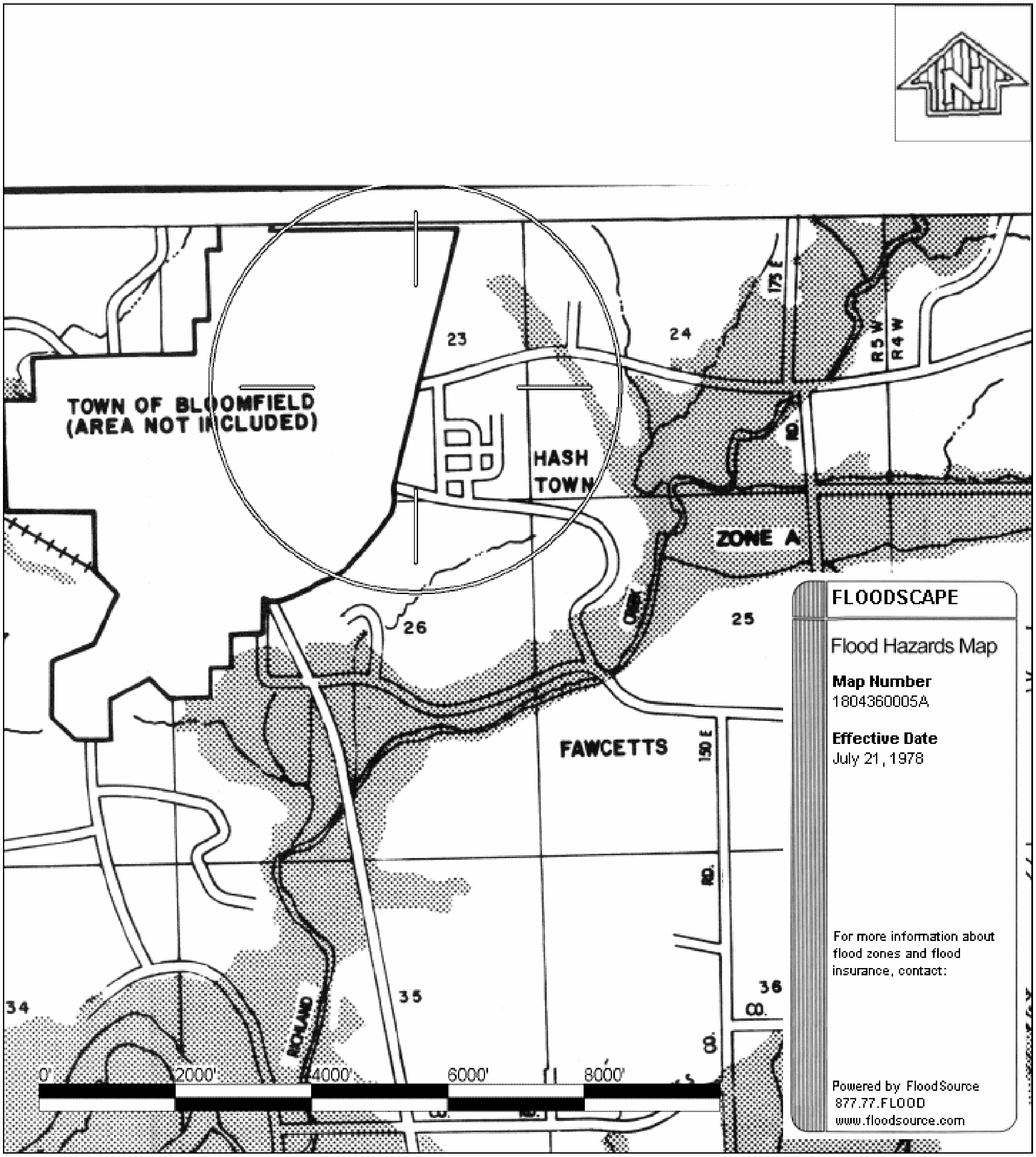
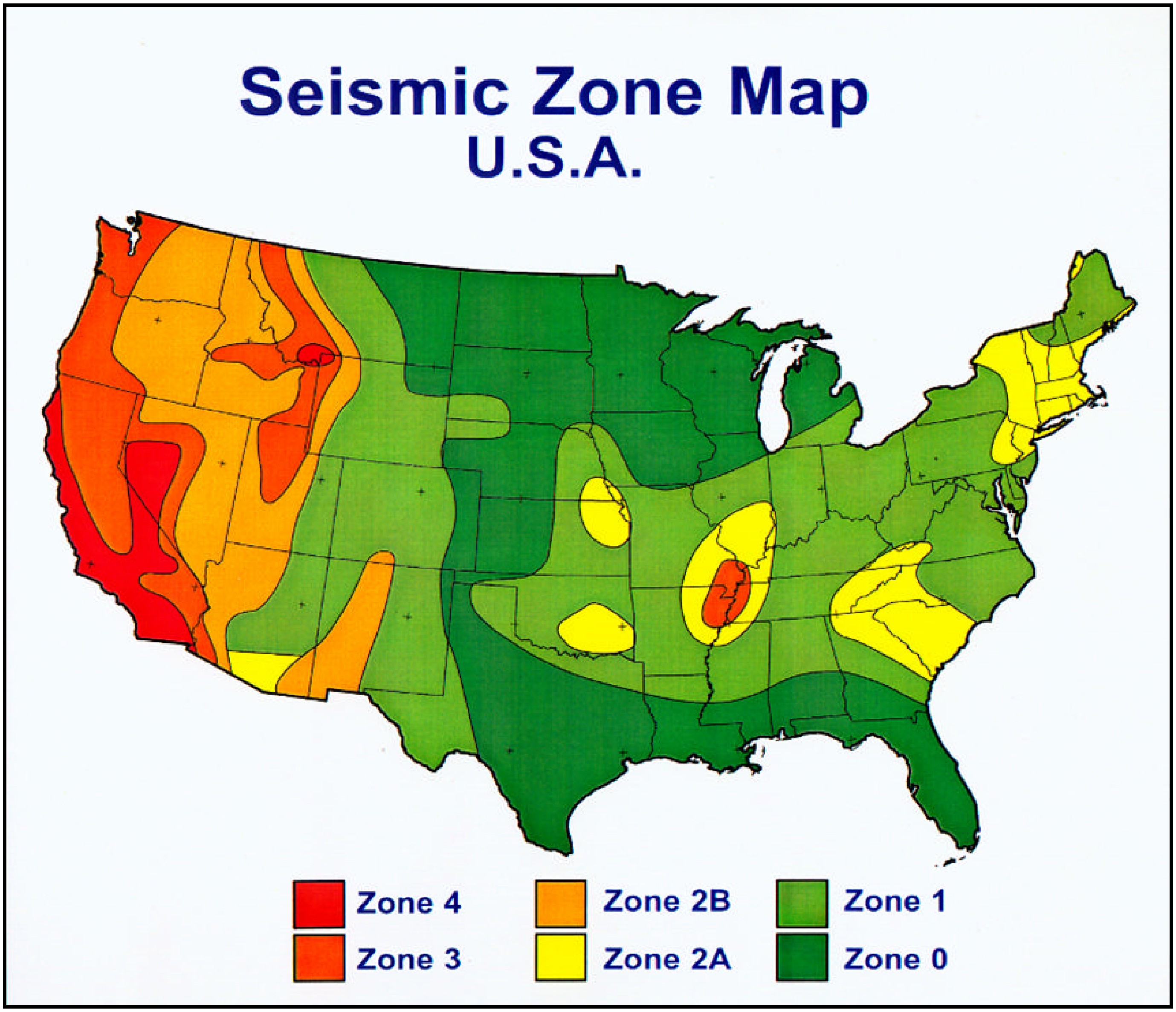
Prepared for:

Palmer, Groth, Pietka, Inc Vancouver Office

114 E Main St

Bloomfield, IN 47424-1420




Seismic Zone Map
U.S.A.
Zone 4
Zone 3
Zone 2B
Zone 2A
Zone 1
Zone 0

View south along Highway-231

Overview of subject property

General exterior view

SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)

General exterior view

General interior view

General interior view

IMPROVEMENTS DESCRIPTION

General Description:	The improvements comprise a single-tenant retail building totaling 36,747 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 to good condition. The following is a summary of the subject's basic construction components:
Year Built:	1999 per information provided by the client
Building Class:	Class C – block frame
Size:	36,747 gross square feet per measurements provided by the owner. Note that the appraisal of the subject is being performed in conjunction with several other 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 concrete block
Roof Structure:	Flat composition
Windows:	None
Exterior Doors:	The store entrance has automated glass doors in aluminum frames. The subject also has one 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:	Fluorescent lighting
Heating & Air Conditioning:	Roof-mounted H.V.A.C.
Fire Protection:	Fire sprinklers

IMPROVEMENTS DESCRIPTION (CONTINUED)

Site Coverage:	16%
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 3.0 to 5.0 spaces per 1,000 rentable SF of building area.
Quality & Condition:	The building is average construction quality and in good 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 to good 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.

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject 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.

Information obtained from Global Real Analytics (GRA), CBRE, Colliers International, the National Real Estate Index, and local brokers regarding retail market information in Indiana has been relied upon and utilized for the purposes of this analysis.

Supply

The supply of retail buildings similar to the subject in the immediate market area is limited. Upon inspection, the appraiser did not note any buildings of similar style or quality in the City of Bloomfield. There are other retail buildings in town, including a Dollar General, CVS, Sears, and a local grocery, however they tend to be older buildings with inferior quality and condition. The subject's smaller immediate market generally does not attract the larger "big box" retailers, which is likely the reason for the lack of retail supply. However, there are several "big box" retail stores within a 20 mile radius, including two Big K-Marts and two Wal-Mart Supercenters.

The largest nearby city is Bloomington, located approximately 30 miles northeast of Bloomfield. Bloomington is heavily influenced by Indiana University, with an enrollment of approximately 35,000. It has several large malls, including a developing area west of Highway-37. Retail stores include Wal-Mart, Target, Lowes, Staples, Kroger, Sam's Club, and several other "big box" retailers. The two major malls in Bloomington have approximately 1.5 million square feet of retail space, with an additional 700,000 available west of Highway-37.

Further north, approximately 80 miles north of the subject, Indianapolis is host to an even wider variety of "big box" retailers. Retailers include Wal-Mart, Kroger, Target, Kohl's, Marsh, Target, and several other retailers. According to Colliers Turley Martin Tucker, there were approximately 2 million square feet of new retail space brought online in 2004. There has been increased interest in "lifestyle" type developments, which combine retail with other office and residential uses.

Demand

Demand for retail development is best indicated by trends in vacancy, absorption and asking rents. An analysis of each item is provided below, followed by an analysis of the subject's trade area, single-tenant properties and the subject's tenant:

Asking Rent – Comprehensive rent surveys were not available for Bloomfield or the surrounding area. In order to give an idea as to trends in the regional retail market, information from Indianapolis as well as Cincinnati, Ohio will be used.

According to the most recent market studies conducted, market rents have increased over the past year. In the larger markets surveyed, average rents varied from approximately $14 per square foot to about $16 per square foot. As will be demonstrated in the chart below, overall rental rates increased by 2.53% in Cincinnati from 2003 to 2004. Indianapolis saw an even greater increase of 3.1% through the same period. In addition, rents as a proportion of retail sales have been rising steadily in "big box" stores in the Indianapolis area over recent years. The following chart represents asking and effective retail rents for the Indianapolis and

Cincinnati metropolitan areas. An average rent for the east central region of the United States is also presented:

Retail Rents – Asking and Effective			
	Indianapolis	Cincinnati	Regional
Asking Rent:			
4 Q. '04	$16.11	$14.15	$15.20
3 Q. '04	$16.14	$14.11	-
3 Q. '03	$15.95	$13.94	-
Effective Rent:			
4 Q. '04	$15.90	$13.90	$14.94
3 Q. '04	$15.87	$13.83	-
3 Q. '03	$15.57	$13.59	-
Source: Global Real Analytics (GRA)			

It is important to note that the subject is located in a much smaller market area, with less than 5,000 residents in Bloomfield. According to local brokers and real estate professionals, rents have been low throughout smaller towns in Indiana, with many suffering due to the declines in small town residency and higher unemployment in rural areas. Rents for retail space in similar small towns ranges generally from $4.00 per square foot to $6.50 per square foot on a triple net (NNN) basis, with the upper end of the range representing properties in larger communities.

Net Absorption – Net absorption statistics for Indiana were unavailable. However, approximately 2 million square feet of retail space came online in Indianapolis in 2004 without a significant increase in vacancy, indicating a positive net absorption. With regard to the rural retail markets, local brokers interviewed indicated that the lack of population growth in small towns has led to little new retail development and little notable net absorption.

Vacancy – Again, statewide vacancy rates were not available. Global Real Analytics estimates that the Indianapolis metropolitan area has a total retail vacancy of approximately 8.7%. Physical inspection did not reveal any significant amount of vacant retail space in Bloomfield. In addition, the subject is the only newer building suitable for a "big box" type store.

Trade Area

The subject trade area consists primarily of low density residential neighborhoods. There appeared to be some small-scale newer residential development northeast of the subject: However, the bulk of residential development consisted of older single family homes.

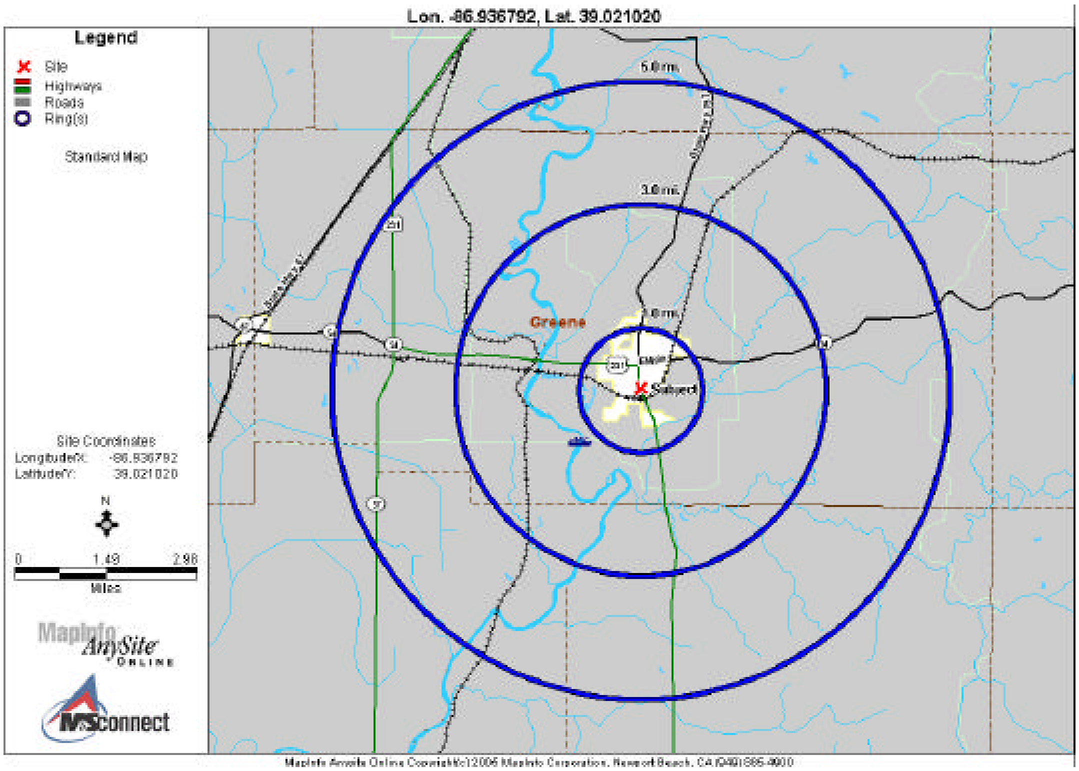
To analyze the subject's competitive position more directly, we will narrow the discussion to the immediate target market area. The trade area is the geographical area surrounding the subject that will provide a substantial portion of the customer base. The market opportunities for a commercial property 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, and 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 customer base.

The population surrounding the subject is extremely limited, with approximately 5,847 people within a five-mile radius. However, there are no similar competing stores within the radius.

MARKET ANALYSIS (CONTINUED)

Pamida is the only known retailer of its size in the vicinity. A map showing the area included in the ring-analysis followed by a table showing demographic information with a one, a three, and a five-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.



	1-Mile Ring 3.14 sq/mi	3-Mile Ring 28.27 sq/mi	5-Mile Ring 78.54 sq/mi
POPULATION			
2009 Total Population	2,415	4,049	6,019
2004 Total Population	2,348	3,936	5,847
2000 Total Population	2,325	3,899	5,791
% Population Change 2000-2004	0.99%	0.95%	0.97%
HOUSEHOLDS			
2009 Total Households	1,136	1,799	2,534
2004 Total Households	1,100	1,742	2,454
2000 Total Households	1,089	1,724	2,429
% Households Change 2000-2004	1.01%	1.04%	1.03%
INCOME			
2004 Median Household Income	$36,144	$38,007	$40,966
2004 Average Household Income	$44,609	$47,227	$49,846

Source: M&S Connect

Population – The 2004 population ranges from 2,348 and 5,847 within a one to five-mile radius of the subject, indicating a 0.99% to 0.97% increase in population from 2000 to 2004. While these increases are relatively nominal, they are consistent with other smaller markets throughout Indiana. The population is projected to increase slightly in the area though the next four years.

Income – There are between 1,100 and 2,454 households within a one to five-mile radius of the subject with median incomes of $36,144 to $40,966. Average household incomes are higher, ranging between $44,609 and $49,846. These income ranges are generally consistent with rural areas in Indiana, although they are above the state average. Overall, the demographics and the trade area for the subject suggest positive conditions with the average household incomes remaining relatively stable, and even increasing slightly, within a one to five-mile radius.

Single-Tenant Triple Net Properties

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

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 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. It is important to note that these are general comments regarding the Pamida brand. For further discussion of the subject property, please see the Income Capitalization Approach.

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.

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. However, the subject exists in an area with high unemployment and low per capita incomes, which is a difficult environment for retail stores. The subject is occupied by an average tenant from an investor standpoint. Overall, the subject is concluded to be marketable as a retail property. The subject's sales history is further discussed in the Income Capitalization Approach section in this report.

HIGHEST AND BEST USE ANALYSIS

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 and a corner orientation. Exposure is average and access is good. The site is 5.44 acres, has a level building pad 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. Highway-231 provides access to local schools as well as some limited other commercial development. The existence of other commercial development in the immediate vicinity 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.

HIGHEST AND BEST USE ANALYSIS (CONTINUED)

Based on the preceding analysis, physical considerations all support the existing retail center use as the subject's highest and best use "as improved."

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 condition 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.

■ VALUATION METHODS ■

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.

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 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 month basis, reflecting market behavior

Selection of Comparables

A search of smaller and moderately sized retail markets in Indiana and surrounding states was conducted in order to find the most comparable leased facilities in terms of location (market area), tenancy, age, appeal, exposure and quality/condition. For the purposes of this appraisal, eight rent comparables will be utilized to estimate the market rent for the subject property. Together these comparables bracket the subject's location, quality and condition.

Adjustments

The subject's units are leased on triple net with the tenants responsible for all operating expenses associated with the property. 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 subject contract rents, and our market rent conclusions for the subject. A bracketing process is used to estimate the appropriate market rents.

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	**Ace Hardware** 1495 N Shoop Avenue Wauseon, OH	1980s	Ace Hardware	Dec-05	$2.25 Adj to $4.00	N/A, CPI asm	32,688	10 yrs	NNN	None	The lease at $2.25/SF/YR is for the property in "as is" condition, which was poor and below market standards. The leasing broker indicated that if it were listed in average conidtion, it would be at about $4.00/SF/YR. Other stores in the complex include Citi Financial, H&^R Block, and a chiropractor, with a Wal-Mart Supercenter accross the street.
2	**Free Standing Retail Building** 825 Main Street Millford, OH		Big Lots	Jan-86	$3.10 $3.72	none until extension	35,400	20 yrs w/ 5 yr extension	NNN	None	The building is a Big Lots discount store. Rent will be raised for the next five-year extension. The broker indicated this lease is well below market value. Located across from a retail center that includes Kroger, Dollar Tree, Arrons, and Goodear Tires.
3	**Lafayette Plaza South** 2820-2850 US Highway 231 South Lafayette, IN	1981	CVS	Current	$4.25	N/Av; CPI asm	7,550	10 yrs w/ extensions	NNN	None	This is the lease of an in-line retail space in the Lafayette Plaza South shopping center. It has a good location along a major local thoroughfare, with approximately 15,000 trips per day. Other buildings in the center indlude a Pay Less Grocery and Dollar General.
4	**Freestanding Retail Building** 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 is located in the River Ridge Plaza, a neighborhood center anchored by Pamida and Kroger.
5	**Free Standing Retail Building** 100 Cross County Road Batesville, IN		Pamida	Jan-01	$4.45	N/Av; CPI asm	42,982	N/Av 10 yrs sm	NNN	None	This is the lease of a Pamida store in Batesville, Indiana. The lease was negotiated on a triple net basis with two 5-year extension options. It is a free-standing brick building set back from the street with somewhat limted exposure due to being set behind retail pad stores.
6	**Freestanding Retail Building** 6169 US Route 6 Portage, IN	1990a	Sears Hardware	Current	$4.89	N/Av; CPI asm	42,189	20 yrs	NNN	N/Av	Located on the corner of Agusta Boulevard and Veterans Avenue in Portage. The listing broker indicated there are approximately 17,500 trips per day through the intersection. It is located off the main street behind pad stores, including a McDonalds and a Taco Bell. There is adequate parking and the building is in good condition.
7	**Lafayette Plaza South** 2820-2850 US Highway 231 South Lafayette, IN	1981	Pay Less Grocery	Current	$5.59	N/Av; CPI asm	35,779	20 yrs w/5 year extensions	NNN	N/Av	This is the lease of a Pay Less Grocery in an older strip center in Lafayette. It has good exposure along Highway-231, with approximately 15,000 trips per day. The center also includes a CVS and Dollar General. The broker indicated that Pay Less has been in the space for many years and is near the end of thier lease term.
8	**Free Standing Retail Building** 2849 Buick Cadillac Drive Bloomington, IN	1973	Kittles Furniture	Jan-03	$6.50	N/Av; CPI asm	24,032	N/Av 10 yrs sm	NNN	None	This building was recently sold with the lease intact to Kittles Furniture. It is located in an area of intense retail development. The building has a low clear height (approx.10-12 feet). Parking is somewhat limited but additional parking is available in the adjacent shopping mall.

Rent Comparable Location Map - Bloomfield, IN

Rent Comparable Photographs

Comparable 1 – Ace Hardware, Wauseon, OH

Comparable 2 – Big Lots, Millford Ohio

Comparable 3 – Lafayette Plaza South, Lafayette, IN

<u>RENT COMPARABLE PHOTOGRAPHS</u> (CONTINUED)

Comparable 4 – Pamida, Bradenburg, KY

Comparable 5 – Pamida, Batesville, IN

Comparable 6 – Sears Hardware, Portage, IN

RENT COMPARABLE PHOTOGRAPHS (CONTINUED)

Comparable 7 – Lafayette Plaza South, Lafayette, IN

Comparable 8 – Kittles Furniture, Bloomington, IN

Discussion of Rent Comparables

Rent Comparable 1 ($2.25/SF Adj. to $4.00/SF) – This comparable is located across the street from a Wal-Mart store. It was leased in below average condition, with the tenant responsible for making tenant improvements. This put further downward pressure on the lease rate. The leasing broker indicated that he believed the property would likely rent at approximately $4.00/SF if it were in better condition. The lower quality of the space and inferior condition at the time of the lease @ $2.25/SF make this a lower limit indicator for the subject.

Rent Comparable 2 ($3.10-$3.72/SF) – This is the lease of a free standing retail building to Big Lots, a discount retail store. The lease rate was negotiated in 1986, with no built-in escalations until the upcoming renewal. The leasing broker indicated that he believed the lease was below market. The property is located in an area of good retail exposure, with other retail stores including a Kroger, Dollar Tree, and Arrons located nearby.

Rent Comparable 3 ($4.25/SF) – This is the lease of a smaller space to CVS. It is located in an older, established neighborhood strip center. The center is in average to slightly below average condition, with limited appeal due to its dated look. It has sufficient parking and good exposure, with approximately 15,000 trips per day along adjacent Highway-231, according to the leasing agent. This is a significantly smaller space than Pamida stores, and has lower appeal due to the older improvements.

Rent Comparable 4 ($4.35/SF) – This is the lease of a Pamida store in Bradenburg, Kentucky. It is located in the River Ridge Plaza, a neighborhood center anchored by Pamida and Kroger. The building is typical of Pamida store buildout.

Rent Comparable 5 ($4.45/SF) – This is the lease of a Pamida store in Batesville, Indiana. The building is brick construction, which is abnormal for Pamida stores. It has good parking. It is located along a major thoroughfare in Batesville, although its exposure is slightly limited due to fast-food pad sites along the road. The lease has two 5-year extensions.

Rent Comparable 6 ($4.89/SF) – This Sears store is located on the corner of Agusta Boulevard and Veterans Avenue in Portage, Indiana. The leasing broker indicated there are approximately 17,500 trips per day though the intersection. It has good access and exposure characteristics, although it is located behind a McDonalds pad site. Portage benefits from its location at the intersection of Interstate-94 and Interstate-80/90. This site has adequate parking and limited landscaping.

Rent Comparable 7 ($5.59/SF) – This is the lease of an in-line retail space in Lafayette Plaza South, an older neighborhood strip center. It has good exposure along Highway-231, which has approximately 15,000 trips per day, according to the leasing agent. The center is older, with some functional obsolescence and limited desirability due to its older construction date. However, it is located in a larger town with a bigger population base.

Rent Comparable 8 ($6.50/SF) – This building was recently sold with the lease to Kittles Furniture intact. It is located in east Bloomington in an area of intense retail buildout. The two largest regional malls surround the property, with approximately 1.5 million square feet of retail space. It has a lower clear-height than Pamida stores, estimated at approximately 10 to 12-feet. In addition, on-site parking is slightly limited, although there is adequate parking in the adjacent shopping centers. The low clear height is offset by the good location and good exposure to retail shoppers.

Market Rent Conclusions

The subject is considered superior to Comparables No. 1 and No. 2, both of which are considered to be below market rents. Comparables No. 4 and No. 5 are both Pamida store leases. The subject is most similar with respect to age and construction type to Comparable No. 4, although the subject has a more rural location and is not located near other retail. Overall, given its location in a small town, **a rent of $4.00/SF/year is concluded for the subject**.

Gross Sales/Market Rent Comparison

Total rent paid by retail is typically related to the amount of gross sales. In the case of the subject, total rent between 4.0% and 6.0% will be examined. The subject has experienced gross sales of $47.60 to $60.30 per square foot over the last four years. This infers an average rent of $2.07 to $3.11/SF between 2001 and 2004, as shown below:

SUBJECT SALES COMPARISON			
Year	Sales/SF	4 % of Sales	6% of Sales
2001	$60.30	$2.41	$3.62
2002	$50.67	$2.03	$3.04
2003	$48.74	$1.95	$2.92
2004	$47.60	$1.90	$2.86
Average	**$51.83**	**$2.07**	**$3.11**

Our rent conclusion of $4.00/SF, as concluded based on rent comparables in the region, is above the range of rents implied based on a percentage of gross sales. It is noted that the subject's sales are well below the medians in the Midwest Region for discount department stores ($145.58 to $161.95/SF). After peaking at $60.30/SF in 2001, subject's the sales dropped the following year, and continued to decline though 2004, although they seemed to stabilize somewhat during the 2003-2004 period. This may be attributed to the competitors in Bloomington to the north, and continued above average unemployment and below average per capita incomes in the immediate area, which may have diminished the subject's market share. 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.

As discussed in the Market Analysis section, retail vacancy in the Indianapolis MSA averaged 8.7%, is generally stable from last year.

There are no vacancy statistics published for the market or immediate area of Bloomfield. 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% x 12 months vacant) ÷ 120-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.

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 $6,908. Deducting total operating expenses from the effective gross income of $139,639 indicates a net operating income (NOI) of $132,730.

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 and listings of retail properties in the midwest.

OAR COMPARABLES – INDIANA RETAIL CENTERS					
Identification/Location	**Sale Date**	**Size (SF)**	**Year Built**	**Sale Price**	**OAR**
Sears Hardware Portage, IN	2-Jul	42,918	Unknown	$2,750,000	7.70%
Staples Middletown, OH	4-Nov	20,160	2003	$2,707,666	8.33%
Barnes & Noble Mentor, OH	3-Jul	23,300	Unknown	$4,100,000	7.50%
Berry's Barbell Columbus, OH	4-Jul	17,300	1967	$830,000	9.19%
Rite Aid (ST) Somerset, KY	4-Jan	11,180	2000	$3,092,000	9.60%
Dollar General (ST) Louisville, KY	5-Jan	8,125	2003	$544,000	8.20%
Pamida Syracuse, IN	4-Jun	46,127	Unknown	$1,150,000	8.10%
Farmer Jack Toledo, OH	4-May	54,660	Unknown	$7,000,000	10.30%
Average					**8.62%**

The capitalization rates from the eight sales presented in the above table indicate a range of 7.50% to 10.30% with an average of 8.62%. The comparables reflect single tenant retail centers in Indiana and surrounding states.

The primary factors influencing the overall capitalization rates are location (including identity/exposure), age, quality, condition, appeal, occupancy rates, rental rates (with respect to market levels), upside potential, and the perceived risk in the property.

Considering all relevant factors, a rate above the average formed by the comparables, or 9.00% is concluded, reflecting the additional risk of lower sales experienced by Pamida at this location.

National Comparable Sales – The table below includes several sales of leased retail properties that bracket the subject's current tenancy.

NATIONAL OAR COMPARABLES						
Identification/Location	S & P Rating	Setting	Sale Date	Size (RSF)	Sale Price	OAR
Pamida* Syracuse, NY	B	Suburban	Jun-04	46,127	$1,150,000	8.10%
Big Lots * Vista, CA	B-	Suburban	Oct-03	52,000	$4,512,500	6.90%
Big Lots North Hollywood, CA	B-	Suburban	Sep-04	16,257	$1,650,000	6.41%
Dollar General Mauston, WI	A+	Rural	Dec-04	9,014	$765,000	8.00%
Dollar General Manor, TX	A+	Suburban	Feb-05	9,014	$904,000	7.20%
Dollar General Coolidge, AZ	A+	Rural	Dec-04	9,014	$787,355	7.75%
Family Dollar Las Vegas, NV	A+	Suburban	Jan-05	10,000	$1,800,000	4.70%
Family Dollar Las Cruces, NM	A+	Suburban	Feb-05	8,000	$914,000	7.00%
Family Dollar Safford, AZ	A+	Rural	Jan-05	9,180	$777,000	7.60%
Dollar General Cottonwood, AL	A+	Rural	Jan-05	8,000	$360,000	8.00%
Dollar General Albion, IN	A+	Rural	Jan-05	9,100	$510,000	7.60%
Dollar General Boscobel, WI	A+	Rural	Jan-05	9,014	$648,000	8.10%
Dollar General Columbus Junction, IA	A+	Rural	Jan-05	8,125	$579,000	8.00%
Dollar General Cleveland, TN	A+	Rural	Oct-04	9,014	$630,000	8.40%
Family Dollar Commerce City, CO	A+	Suburban	Sep-04	7,864	$1,000,000	8.00%
Subject - ShopKo/Pamida Various	B		--		--	--
Average Suburban						**6.76%**
Median Suburban						**7.00%**
Average Rural						**7.93%**
Median Rural						**8.00%**
Average Overall						**7.40%**
Median Overall						**7.68%**

*Includes in-line space

The subject is occupied by Pamida, Inc., which is a subsidiary of ShopKo Stores, Inc., which has a current credit rating of B by Standard & Poor's (S&P). The above comparables bracket the subject's credit rating with ratings of B- to A+, and have average and median OARs of 7.40% and 7.68%, respectively. The median for properties located in suburban areas is 7.00%; the rural median is 8.00%.

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:

MORTGAGE EQUITY ANALYSIS	
Loan Amortization Period (years)	30
Interest Rate	6.00%
Loan to Value Ratio	75%
Mortgage Constant	**0.07195**

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 9.00% infers an equity dividend of (0.14415) 14.4%. This is above the range, but is reasonable considering the risk of lower sales experienced by Pamida at this location.

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

BAND OF INVESTMENT					
Component	**%**	**x**	**Rate**	**=**	**Weighted Average**
Mortgage Component	75%	x	0.07195	=	0.05396
Equity Component	25%	x	0.14415	=	0.03604
Indicated Capitalization Rate					0.09000
Capitalization Rate (R/O)					**9.00%**

OAR Conclusion – With the above conclusions, an OAR of 9.00% 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:

$1,470,000

INCOME CAPITALIZATION APPROACH SUMMATION TABLE

POTENTIAL GROSS INCOME

RSF	Rent/SF Per Year	Potential Gross Rent	Potential Reimb. Exp. Income	Total PGI
36,747	$4.00	$146,988	$0	$146,988
36,747	**$4.00**	**$146,988**	**$0**	**$146,988**

POTENTIAL RENT INCOME:		=	$146,988
REIMBURSABLE EXPENSE INCOME:		=	$0
TOTAL POTENTIAL GROSS INCOME (PGI):			$146,988
LESS: VACANCY AND CREDIT LOSS	5.0% of PGI	=	($7,349)
TOTAL EFFECTIVE GROSS INCOME (EGI):		=	$139,639

LESS OPERATING EXPENSES:	Total	Per SF	% of EGI	
Management	$1,396	$0.04	1.0%	
Reserves	$5,512	$0.15	3.9%	
TOTAL OPERATING EXPENSES:	$6,908	$0.19	4.9%	($6,908)

NET OPERATING INCOME (NOI):	=	$132,730
NOI/SF Building Area:	=	$3.61

INCOME CAPITALIZATION

NOI	Divided By	OAR	Value
$132,730	Divided By	9.00%	$1,474,780

AS-IS FEE SIMPLE VALUE INDICATION (ROUNDED): **$1,470,000**

Methodology

In this section, the market value of the subject property will be estimated by direct comparison analysis. Direct comparison analysis compares improved sales to the subject property on a price per square foot basis. The price per square foot is based upon the physical characteristics of the property, and care must be taken in the comparable selection process.

Comparable Selection

The subject is an average condition retail building that is 100% occupied by the owner. We have utilized eight comparables of similar anchor/big box retail buildings throughout the region. The comparables generally bracket the subject in location and other physical characteristics.

Adjustments

Adjustments for property rights conveyed, financing and conditions of sale are made on the Improved Sales Summation Table (if applicable). When analyzing the comparables, primary consideration was given to: (1) physical characteristics such as age and condition; (2) location; (3) construction quality; and (4) utility.

Presentation

On the following page, an Improved Sales Summation Table is presented, which shows all pertinent information regarding the improved sale comparables. A location map is also provided showing their distance from the subject. Following the location map are photographs of each comparable, our analysis of the comparables and conclusion for the subject.

IMPROVED SALES SUMMATION TABLE

LOCATION	SUBJECT	COMP. NO. 1	COMP. NO. 2	COMP. NO. 3	COMP. NO. 4	COMP. NO. 5	COMP. NO. 6	COMP. NO. 7	COMP. NO. 8
Identification:	**Pamida Building**	**Former K-Mart Building**	**Lafayette Plaza South**	**Retail Building**	**Elmwood Plaza**	**Free Standing Retail Building**	**Family Dollar**	**Sears Hardware**	**Kittles Furniture**
Street Address:	Hwy 231 South/RR #6	Morgan Avenue	2820-2850 US Highway-231 South	2326 Russellville Road	1904-1998 Elmwood Ave	2165 Morse Road	Highway 421 Store #838	6169 US Route 6	2849 Buick Cadillac Drive
City, State:	Bloomfield, IN	Martinsville, IN	Lafayette, IN	Bowling Green, KY	Lafayette, IN	Columbus, OH	McKee, KY	Portage, IN	Bloomingtron, IN
SALE INFORMATION									
Sale Date:	- -	Apr-05	Jul-03	Active	Jul-03	Nov-04	Mar-04	Jul-02	Jan-03
Rights Transferred:	Fee simple	Fee Simple	Fee simple	Fee simple	Fee Simple	Fee simple	Leased Fee	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	All cash to seller	All cash to seller	All cash to seller
Market Time:	- -	3 years	N/Av	N/A	N/A	N/A	N/Av	1 year	N/A
Sale Price:	- -	$600,000	$2,500,000	$1,250,000	$3,050,000	$2,500,000	$609,371	$2,750,000	$1,765,000
Cash Equivelant Sale Price:	- -	$600,000	$2,500,000	$1,250,000	$3,050,000	$2,500,000	$609,371	$2,750,000	$1,765,000
PHYSICAL CHARACTERISTICS									
Site Size (Acres):	5.55	3.83	6.10	2.78	8.80	2.63	0.62	5.15	1.20
Site Coverage:	15%	24%	25%	24%	17%	45%	37%	19%	48%
Parking Ratio (spaces/RSF):	4.0 to 5.0	Adequate	N/A (adequate)	N/A (adequate)	N/A (adequate)	38.0	Adequate	38.0	Limited
Zoning:	Commercial	Commercial	N/A (commercial assumed)	N/A (commercial assumed)	N/A (commercial assumed)	LC4, C3 (commercial)	No Restrictions	Commercial	Commercial
Year Built:	1999	Late 1970s/Early 1980s	1981	1963	1970	1970	2003	2000	1973
Construction Type:	Block frame	Metal frame	Wood frame	Wood frame	Wood frame	Concrete block	Metal & wood frame	Concrete block	Wood frame
Building Size (RSF):	36,747	40,077	66,629	29,364	64,371	52,040	9,865	42,918	25,032
Quality:	Average	Average	Average	Average	Average	Average	Average	Average	Average
Condition:	Average	Fair	Average/Below Average	Below Average	Average	Average	Average	Good	Good
ANALYSIS									
Capitalization Rate:	**- -**	**N/A**	**13.00%**	**N/A (fee simple)**	**10.90%**	**N/A**	**9.80%**	**7.70%**	**N/A**
Sale Price/RSF:	**- -**	**$14.97**	**$37.52**	**$42.57**	**$47.38**	**$48.04**	**$61.77**	**$64.08**	**$70.51**
COMMENTS:									
	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 is an older neighborhood shopping center. Tenants include Pay Less Grocery, CVS, Dollar General, & Papa Johns. Buildings are in average to slightly below average condition.	Formerly occupied by an indoor Flea Market, this building was vacant at time of sale. It is located 20 miles northeast of the subject.	This is an older neighborhood shopping center adjacent to Lafayette Plaza South. It was sold with leases in place. Located on a street with approximately 15,000 trips per day.	This is a free standing retail building located in a retail area of Columbus, Ohio. Surrounding uses include Dollar Tree, KFC, and Juffy Lube. It has frontage along Morse Road and Walford Street.	This is a sale of a building occupied by Family Dollar. It is located in a similar rural market.	This building sold with an intact lease to Sears. It has a good corner location with approximately 17,500 trips per day. It is located in an area of intense retail development, with exposure slightly limted by pad sites.	This building is located in an area of intense retail buildout. It is surrounded by two regional shopping centers, which give it good exposure. Although on-site parking is limited, overflow parking is available in the surrounding shopping centers.

Improved Sales Location Map - Bloomfield, IN

Comparable 1 – Former K-Mart, Martinsville, IN

Comparable 2 – Lafayette Plaza South, Lafayette, IN

Comparable 3 – Retail Building, Bowling Green, KY

SALES COMPARABLE PHOTOGRAPHS (CONTINUED)

Comparable 4 – Elmwood Plaza, Lafayette, IN

Comparable 5, – Free Standing Retail Building, Columbus, OH

Comparable 6, – Family Dollar, McKee, KY

SALES COMPARABLE PHOTOGRAPHS (CONTINUED)

Comparable 7 – Sears Hardware, Portage, IN

Comparable 8 – Kittles Furniture, Bloomington, IN

Price per Square Foot Analysis

The comparables used in this analysis indicate a wide range in prices of $14.97 to $70.15 per square foot (SF). Five of the comparables have sale dates between January 2003 and November 2004. One of the comparables sold in April 2005, one in July 2002, and one is an active listing. Overall, the comparables bracket the subject in quality, condition and location. Below is a discussion and analysis of each comparable followed by an adjustment grid and our conclusion for the subject:

Comparable 1 ($14.97/SF) - This is the sale of a former K-Mart building in Martinsville, Indiana. It is locate in a small town. It is a co-anchor location in a strip center with a Marsh store, Dollar General, Brookstone, Tony's Pizza, an auto parts store, and a Chinese food restaurant. The selling broker indicated that it had been on the market for several years, and that the seller was "very motivated." It has a paved parking lot in need of re-striping. The building has a stone façade, but years of vacancy have led to an overall below average condition. Because of the seller's motivation and the fair condition of the building, this sale is considered below market.

Comparable2 ($37.52/SF) – This is one half of a sale of two adjacent shopping centers in Lafayette, Indiana. The center was at 100% occupancy at the time of sale. It has good exposure, along US Highway-231 South, with approximately 15,000 trips per day. Although it has a good location, it is older than new Pamida stores. Upon physical inspection, it appeared that there may be some items of deferred maintenance regarding the parking lot and exterior walls.

Comparable 3 ($42.57/SF) – This 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 on Russellville Road, one of the main arterials in Bowling Green. It is located one mile from a Super Wal-Mart and has an average traffic volume of 30,000 cars a day. The building was constructed in 1963 and is inferior with respect to quality and condition. It has 24% site coverage with adequate parking.

Comparable 4 ($47.38/SF) – This is located adjacent to Lafayette Plaza South, Comparable No. 2. It has an older date of construction, but also has higher clear-heights, which are more desirable in today's retail market. It sold with intact leases, although several are near their expiration. The improvements are in average quality and appear to have been well-maintained.

Comparable 5 ($48.04/SF) – This is the November 2004 sale of a freestanding retail building in Columbus, OH. The building is located in an area of heavier retail traffic than that of the subject. Surrounding stores include Dollar Tree, KFC, Jiffy Lube, and various car dealerships. The building has adequate access and good exposure. The building is older than the subject, built in 1970. It also has lower clear heights and appeared to have inferior parking. The building's superior locational characteristics are somewhat offset by inferior construction and stronger competition.

Comparable 6 ($61.77/SF) – This is the March 2004 sale of a smaller (9,865 square feet) freestanding build-to-suit retail building occupied by McKee, a rural community located in the Daniel Boone National Forest in the central portion of Kentucky. It is located in a similar location within a rural market. It is located on Highway 421 with adequate access, visibility and exposure. It has 43% site coverage with adequate parking. The improvements were 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 7 ($64.08/SF) – This building was sold with the lease to Sears intact. Portage is located in northern Indiana, and takes advantage of good exposure and traffic flow due to the nearby Interstate-94 and Interstate-80/90. It is located in an area of intense retail development. Its exposure is slightly impaired by a McDonalds pad site, although it is also near a major intersection. The improvements are of good quality and are in above average condition. In addition, the low site coverage ration leaves significant parking area. The superior location in a larger market as well as the superior condition of the building make this a high indicator.

Comparable 8 ($70.51/SF) – This is the sale of a retail building in an area of Bloomington, Indiana that is built out with intensive retail developments. The building has a low clear height, estimated to be 10-12 feet, and limited on-site parking. However, adequate parking is provided by the adjacent shopping malls, which account for the majority of retail space in the region with approximately 1.5 million square feet of retail space combined. In addition, the building is wood-framed with storefront windows and stucco exterior walls. The improvement quality is superior to the subject overall. Taking into consideration the superior quality as well as the location in an area heavily built out with retail development, this is an upper limit indicator for the subject.

Adjustment Grid

In order to analyze the comparable sales, we have adjusted them for major differences from the subject. The adjustments are not intended to be exact measurements of the differences but an attempt to bracket the reasonable range of conclusions. A grid outlining the adjustments applied to the comparables is provided on the following page, followed by an explanation of each adjustment considered and a summary of our conclusions:

ADJUSTMENT GRID								
Comp#	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Unadjusted $/SF	$14.97	$37.52	$42.57	$47.38	$48.04	$61.77	$64.08	$70.51
Market Conditions	10%	5%	0%	5%	-5%	0%	0%	-10%
Location/Exposure	0%	-15%	0%	-15%	-15%	0%	-15%	-15%
Age/Quality & Condition	40%	10%	10%	10%	10%	0%	0%	5%
Size	0%	10%	0%	5%	5%	-15%	0%	0%
Other	40%	0%	0%	0%	-5%	0%	0%	-10%
Total Adjustment	90%	10%	0%	5%	-10%	-15%	-15%	-30%
Adjusted $/SF	$28.44	$41.27	$46.83	$49.75	$43.24	$52.05	$54.47	$49.36
Average	$45.68							

Property Rights Conveyed, Financing Terms & Conditions of Sale – All of the comparables represent fee simple property rights. All of the sale transactions were cash to seller, with no favorable financing. None of the above sales were foreclosed properties, and all transactions were considered to be arms-length. There were no special conditions. Therefore, no adjustments are necessary.

Market Conditions – This adjustment is made to account for changes in the market over time. As mentioned in the Market Analysis section of this report, there has been good demand for retail space in larger metropolitan areas, while demand in small towns similar to the subject is limited. This adjustment takes into account the surrounding area and the demand for retail space.

Location – This adjustment is made for differences in neighborhood demographics and exposure. Comparables 2, 4, 5, 7, and 8 have all been adjusted downward to account for their locations is larger market areas with a larger consumer base. This accounts for the subject's location in a small town of approximately 2,500 people.

Age, Quality/Condition – This adjustment is made to account for differences in effective age, quality, condition and appeal. Comparable No. 1 has been adjusted upward significantly to account for items of deferred maintenance in addition to its older improvements. Comparables 2-5 have all also been adjusted slightly upward to account for their older improvements. Comparable No. 8 is older than the subject, but its age is slightly offset by the higher quality improvements overall.

Size – This adjustment is made to account for significant differences in size. All else being equal, smaller buildings tend to sell at higher prices per square foot than larger buildings. The subject is 36,747 square feet. Comparables 2, 4 and 5 are all larger than the subject, and therefore upward adjustments to the price per square feet are necessary. Comparable 6 is only 9,865 square feet and has therefore been adjusted downward 15% to account for the size difference.

Other – The subject and the comparables all have adequate parking/site coverage. Comparable No. 1 has been adjusted significantly to reflect a motivated seller after years of vacancy for the building. Comparables No. 5 and No. 8 have both been adjusted downward to reflect their higher site coverage rations (and therefore somewhat limited parking).

Conclusion

After adjustment, the comparable sales indicate a narrower range of values of $28.44 to $54.47 per square foot and an average of $45.68. Primary weight has been given to Comparable 4 due to its more rural location and smaller market area, and Comparable 7 given its age, construction, and size. Considering the subject's decreasing sales, location, age and other characteristics, a unit value of $45 per square foot is concluded. Therefore, the total as-is fee simple market value by this approach is (36,747 SF x $45) $1,653,615, rounded to:

$1,650,000

ANALYSIS OF VALUE CONCLUSIONS

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:..$1,470,000
Sales Comparison Approach:...$1,650,000

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 5, 2005, is:

$1,550,000

CERTIFICATION OF APPRAISAL

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 are 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, David W. Groth, MAI, have not a personal inspection of the subject.

- Owen Bartels made a personal inspection of the subject and have 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, David W. Groth, MAI, have completed the continuing education program of the Appraisal Institute.

David W. Groth, MAI
Certified General Real Estate Appraiser
State of Indiana Temporary Permit #3421

INSURABLE VALUE ESTIMATE
Pamida Store #3120
Highway 231/RR #6
Bloomfield, Indiana

-

Marshall & Swift Calculations

MVS Definition	Discount Stores (319)
Size (SF)	36,747
Class	C - Average
Marshall Valuation Service Reference:	Section 13; Page 28 (May 2004)
Base Cost PSF:	$44.53
Sprinklers	$2.15
Subtotal:	$46.68
Number of Stories:	1.000
Height Per Story:	1.000
Perimeter:	1.000
Current Cost:	1.070
Local:	1.030
Non-Perishable Items:	0.900
Adjusted Cost PSF:	$46.30
Building Replacement Cost:	$1,701,438
Perishable Site:	
FF&E:	
Total Insurable Estimate:	$1,701,438
Total (Rounded):	$1,700,000

<u>Insurable Value Disclaimer</u>

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.

QUALIFICATIONS

PGP VALUATION INC

The firm of Palmer, Groth & Pietka, Inc. was established in 1978 as a Partnership, and Incorporated in 1993. The firm's name was changed to PGP VALUATION INC in 2001. Our primary goal is to serve our clients in an effective and timely manner by preparing appraisal and feasibility reports which 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 established by the Appraisal Institute, and strive to maintain a high level of professional integrity.

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 & BEST USE AND MARKET STUDIES:	Consultation regarding the most profitable utilization of real property assets. 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 conditions, etc.
COURT TESTIMONY:	Professional opinions as expert witnesses regarding the valuation of real estate.
PROPERTY TAX ANALYSIS:	Representation before government agencies regarding ad valorem taxes including preliminary value consultation, appraisals and Board of Equalization presentations.

CLIENTS

VANCOUVER

LENDERS

1st Independent Bank
Action Mortgage
A.E.A. Bank
Bank of America
Bank of Astoria
Bank of Clark County
Bank of Newport
Bank One
Cascade Bank
Cascade Mortgage
Centennial Bank
Centennial Mortgage
Clark County Community Credit Union
Columbia Bank
Columbia Private Banking
Community First National Bank
Community Financial
Continental Wingate
Cowlitz Bank
Farmers & Merchants Bank
Heritage Bank
HomeStreet Bank
Intervest Mortgage
InterWest Savings Bank
Key Bank of Oregon
National Mortgage Company
Nations Bank
North Coast Mortgage
Pacific One Bank
Power Tech Federal Credit Union
Riverview Mortgage
Riverview Community Bank
School Employees Credit Union
Seattle Mortgage
Standard Mortgage Investors
Sterling Savings
Today's Bank
Twin City Bank
US Bank Trust
US Bancorp
Washington Federal Savings
Washington Mutual
Wells Fargo Bank
West Cost Bank
Western Bank

CORPORATIONS & COMPANIES

Bemis Co. Inc.
Brudi, Inc.
Burlington Northern Railroad
Chevron USA
C.E. John Co., Inc.
Century West Engineering
Chicago Title
FAO Corporation
Hannah Auto
Hillman
International Paper Company
James River Corporation
Kaiser Permanente
Les Schwab Profit Sharing Retirement Trust
Longview Fibre Company
McDonald's Corporation
PacifiCorp Property Management
Pacific Power & Light
PacPaper, Inc.
PeaceHealth
Pendleton Woolen Mills
PGE
Plum Creek Timber Company
Prudential Northwest Properties
Schnitzer Investment Corporation
Shurgard
Texaco Refining & Marketing
Tidewater
Tideland
Weyerhaeuser Real Estate
Weyerhaeuser Realty Investors

OTHERS

ASB Capital Management
Birtcher Commercial Development Group
Byers Naumayer & Bradford
CenterMark Properties
Christensen Group
Clarke Consulting Group
General American Life Insurance
Great Western Malting Company
Haglund & Kirtley
J & R Paving
John Hendrickson
Heroux Clingen Callow Wolfe & McLean
Richard Howsley, Attorney
Ron Keil
Landerholm Memovich Lansverk & Whitesides
Miller Nash

GOVERNMENT/NON-PROFIT

Battle Ground School District
C-Tran
City of Bingen
City of Camas
City of Longview
City of Vancouver
City of Washougal
City of Woodland
Clark College
Clark County Government Services
Clark County Public Services
Clark Public Utilities
Evergreen School District
FDIC
Hazel Dell Sewer District
Kelso Housing Authority
Kelso Public Schools
Longview Housing Authority
Metro Regional Services
Oregon Parks & Recreation
Port of Camas/Washougal
The Nature Conservancy
Trust for Public Land
US Forest Service
US Fish & Wildlife
Vancouver-Clark Community Parks
Vancouver Housing Authority
Vancouver School District
Washington State Fish & Wildlife
Washington State Parks & Recreation
Washington State Dept. of Transportation

OTHERS

Mission Ridge Ski Resort
Morgan, Cox & Slater
Morse & Bratt
Newland Northwest
Nutrilite
Pond Roesch Rahn Nelson
Quest Investment
River Network
Scherzer Real Estate Group
St. Johns Medical Center
Southwest Washington Medical Center
Stoel Rives Boley
The J.D. White Co., Inc.
Weber & Gunn
Wesco Properties, Inc.

PROJECTS

Vancouver

SELF STORAGE

162nd Avenue Mini Storage
503 Mini Storage
A-1 U-Store-It
Additional Self Storage
Battle Ground Mini Storage
Burton Road Mini Storage
Camas Mini Storage
Cascade Park Self Storage
Columbian Self Storage
Fairway Village Self Storage
Gilland Mini Storage
Greenway Terrace Mobile Home Estates
Iron Gate Mega Storage
Lewisville Meadows
Lockaway Storage
Maitland Mini Storage
Mill Plain Mini Storage
Minnehaha Additional Self Storage
Safegard Storage
Smitty's Mini Storage
Storage Depot
Talbitzer Mini Storage
U-Lock-It Self Storage
Van Mall Storage

COMMERCIAL

Art Morse Auto Repair
Bob Kendall Chevrolet
Chevron
Children's Village Day Care
Coast to Coast Hardware
Columbia Square IV Shopping Center
Columbia Tech Center
Country Village Retail Center
Danielson Thriftway
Express Car Care Center
Exterior Wood
Fisher's Mercantile
Food Express
Gaynor's Automotive
Goodyear Store
Guesthouse Inns & Suites
Gunderson Tire Center
Hannah Lincoln Mercury/Jeep
Hannah Honda/Volkswagen
Heights Shopping Center
High Point Chemical
J & R Paving
J-M Plaza
Les Schwab Tires
Mill Plain Center
Northwest Auto Body

COMMERCIAL

Pacific Trading Post
Papa Murphy's
Parker Paint
Rick's Custom Fencing & Decking
Rodda Paint
Salmon Creek Plaza
Sifton Stop & Shop
Silver Star Retail Center
Stoller Building
Stonemill Retail Center
The Store & Deli
Trans Nursery & Landscaping
Vancouver Furniture
Vancouver Village
Vancouver Mall Cinemas
Vancouver Marketplace
Y Plaza
Ziegler Retail Center
Zupan's Market

OFFICE

American Legion
Andresen Corporate Center
Angelo Building
Biggs Insurance Company Building
Bratrud • Middleton Insurance
Caley/Stikes
Charter Title Company
City University
Clark Center
Collins Dental
Columbia River Mental Health
Columbia Shores
Elk's Lodge
Esther Street Office Building
Ferenco
FHL Office
First Interstate Building
Fir Street Medical Complex
Fisher Building
Fort Vancouver Dental Center
Garden Park
Hazel Dell Animal Hospital
Hollar Dental
JH Kelly
Keystone Building
Krenzler Building
Lubisich Dental
McGillivray Place
Metroplex Communications
MJ Murdock Executive Plaza
Morgan Building
North Fisher Office Building
One Park Place

OFFICE

Parkway Plaza III
Power Tech Federal Credit Union
Radamacher Office Building
RS Medical
Southwest Washingotn Health District
Stichman Office Building
St. Joseph's Medical Building
Summit Veterinary Clinic
Team Construction
Teuscher Dental
The Health Care Building
Trend College
Trinka Building
Vancouver Commerce Centre
Weber & Gunn Law Offices
Wendel Family Dental
YWCA

INDUSTRIAL

Admiral Distributing
Almega
American Cabinets
Ariel Truss
Attbar
Boise Cascade
Boomsnub Niblett
Brudi Manufacturing Facility
Cadet Manufacturing
Calvert Co. Manufacturing
Cascade Container
Central Industrial Park
Christensen Shipyards
Columbia analytical Services Laboratory
Conwood
County Stihl
Crestwood Business Center
Davis Industrial Park
Denny's Machine
Duo-Fast Corporation
East First Street Distribution Center
East Ridge Business Park
Equipment Round-Up
Evergreen Forest Products
Familian Northwest
Fletcher Building
Gaither proposed Industrial Building
Girard Wood Products, Inc.
G. Loomis
Healthtek
Legendary Yachts
Lile Business Center

PROJECTS

Vancouver

INDUSTRIAL

Luokkala Industrial Park
Mountain View Business Park
Northgate Industrial Park
Ogden Business Park
PacPaper
Pedigo
Pillar Plastic
Portco Manufacturing
Portland Tractor
Prairie Electric
Pro-Tech Industries
Pro-Truck
Quad Investment
Quad 205 Distribution Center
Rex Plastics
Rexroth Building
Robinson Cold Storage
Seattle Box
Seifert Distribution Warehouse
Select Business Park
Sering Sawmill
Spencer Construction
Studers
Tole Americana, Inc.
Tollycraft
Trus Way
Valley Workshop
Vancouver Commerce Park
Vancouver Furniture Warehouse
Vancouver Oil Headquarters
Vancouver Granite Works
Vantech Enterprises
Webber Machine
Westwood Manufacturing
Wood Waste
Wubben Industrial Park
Zilke Industrial Park

MOBILE HOME PARKS

Cascade Park Estates
Columbia Terrace Estates
Covington Estates
East Park Meadows
Golden West Mobile Manor
Hidden Village
Horseshoe Lake
Idylwood
Knoll
Lakeside
North Shore
Skyridge Estates
Van Ridge
Woodland East

RESTAURANTS

Beaches
Brewpub Restaurant
Burger King
Burgerville
Cascade View Brew Pub
Damon's
Elmer's
JB's Roadhouse
Juliano's Pizzeria
McMenamin's
Moyer Theaters
Oak Tree
Papa Murphy's
Rusty Duck
Stagecoach Inn
Stuart Anderson's Cattle Company
The Logs
The Spurs Night Club
Totem Pole

SPECIAL USE

Beacon Rock State Park
Big Fir Campground
Bingo Parlor
Blackjack Fireworks
Blue Bird Transfer
Camp Curry LaCamas Lake
Chautauqua Lodge
Chenowith Bench
Chief Joseph Ranch
Clark County Aerodome
Columbia Colstor
Columbia River Gorge Interpretive Center
Columbia River Mental Health
Columbia Rock & Aggregate Gravel Pit
Comfort Inn
Comfort Suites
Communication Towers, Kalama
Cooney Point Yale Reservoir
Crims Island
Dahl-McVicker Funeral Home
Deer Island Ranch
Econo Lodge
Evergreen Airfield
Fisher Island
Forgey Chiropractic Clinic
Franz Lake
Friberg Gravel Pit
Gardner School
Goat Island, Silver Lake

SPECIAL USE

Green Meadows
Gresham Sand & Gravel
Hampton Alzheimer Special Care Center
Hans Magden Ranch
Hardrock Mine Property
Health Experience Athletic Club
Holiday Inn Express
Homewood Suites Hotel
Hood River Sand & Gravel
Hostess House
Irwin Marine
Julia Butler Hansen Wildlife Refuge
KB Pipeline
Kelso Elks
King's Landing, Lake Merwin
LaCamas Swim and Fitness
LaCenter Bridge
LaCenter Cardrooms
Lewis River Gravel Quarry
Lewis River Greenway
Mission Ridge Ski Resort
Monterey Hotel
Mountain View Ice Arena
Mount St. Helens National Volcanic Monument
Naydenov Gymnastics
Northwestern Lake Cabin Sites
Padden Park Place RV Park
Padden Parkway
Pan Terra School
Paradise Point
Park Lido Assisted Living
Quality Inn Motel
Rashford Tree Farm
Riverside Bowl
Riverview Motor Inn
Shoot Suit
Skinner Montessori School
Smith Rock, Columbia River
Steigerwald Lake
Straub Funeral Home
Timber Lanes
Trans Nursery & Landscaping
Troxel/Groth Ownership
University Inn
Van Tim Bowling Center
Wallace Island
Washington State Patrol
Woodland Post Office
Woodland Shores RV Park
Yale Lake

PROJECTS

Vancouver

CHURCHES

First Church of God
Central Church of the Nazarene
Crossroads Community Church
Glad Tidings Church
Hillcrest Church of the Nazarene
New Heights Baptist Church
New Life Fellowship Church of God
Prairie Community Church
St. Andrew Lutheran Church
Walnut Grove Church

APARTMENTS

Alderwood
Allen Street
Anderson Villa Senior Estates
Applewood
Ashley Terrace
Autumn Chase
Autumn Park
Bagley Downs
Baltimore
Belmont Place
Bethea Park
Burton Road
Cambridge Townhomes
Carriage House
Cascade Apartments
Cedar Lane
Cedarbrook Townhomes
Cottages @ Fisher's Landing
Country Run
Covington Estates
Creekside Townhomes
Crestwood Terrace
Crown Plaza
Devonwood
Ellsworth Place
Englund Manor
Evergreen Village
First Place
Fisher's Mill
Garden View
Golfside
Greentree
Greenwood Terrace
Handley Court
Highland Hills
Homestead Alternative
Ironwood
Lewisville Meadows
Lexington Park
Liberty Court
Lone Fir

APARTMENTS

Maple Court
Maplegate
Maple Ridge
Maples Avenue
Mariners Village Bridgeport
Meadow Wood
Meriwether Condominiums
Nicholson
Nobl Park
Northfield Condominiums
Northridge Condominiums
Oak Tree
One Lake Place Condominiums
Orchard Point
Park (The) at Mill Plain One
Parkland
Parkway West
Pointe
Polo Club
Plaza Place
Qual Glen
Red Haven
Rhubob
Rivercrest North
Riverview
Ryerson Square Condominiums
San Juan
Senior Estates III
Skyview Condominiums
Sports Estates Court
Springbrook
Springs
Stutz Avenue
SunPointe
Sunset Garden
The Legacy
The Maples
The Villas @ Hiddenbrook Terrace
Village 57
Whipple Creek
White Peaks
Willow Creek
Willows Edge
Windsor Estates
Woodside West

SUBDIVISIONS

Abbey Lane
Andrew's Court
Ashley Heights
Autumn Slope
Autumn Trace
Avalon II

SUBDIVISIONS

Barrington Heights
Bold Estates
Bristol Manor
Brookfield
Brown's Manor
Carlson Estates
Cascade Terrace
Cedar Brook Estates
Cedar Creek
Cedar Ridge
Celia's Meadows
Channing Park
Cherry Lane
Chinook Springs
Clearmeadows
Clomont Estates
Cody's Court
Cold Creek Heights
Collins Estates
Columbia Heights
Columbia Summit Estates
Country Lane, Phase II
Cougar Creek West
Deercreek 4
Devin Wood
DLS Estates
East County
East Sherwood Meadows
Edmund Woods
Embassy Park II
Fiala Fields
Fir Park
Firs at Towncenter
Fisher's Grove North
Fisher's Grove South
Fox Run
Golden Hills Estates
Grecian Estates
Greenland Estates
Gregory Place
Hampton Court
Harmony Firs
Hawk Estates
Heartwood Estates
Heritage Reserve @Fisher's Landing
Hermitage Springs
Hidden Creek
Hiddenbrook @Fisher's Landing
Hidden Valley View
High Creek Estates
High Twin Firs
Highland Park
Highland Village
Hoffman Heights
Holly Hills

PROJECTS

Vancouver

SUBDIVISIONS

Horse Thief Canyon
Jenkins Estates
Jenna's Place
Kendall's Court
Kensington
Kristine Pointe
LaCamas View
Lookout Ridge
Lyle Point
Michelle's Meadow
Mill Creek Meadows
Laurelwood
Minnehaha Heights
Miramar Estates
Morgan Prairie
Makayla Court
Meadow Heights – Phase I
Meadowland Estates
Meadows @ Oak Creek
Meadows @ Salmon Creek
Melrose Park
Morrison Ridge
Mount Vista
Mountain View Estates
Mt. View Terrace
Mynatt West Pointe
Northfield @ Fisher's Landing
Oak Tree Estates
Park Crest Place
Park Terrace
Pebble Creek Farms
Pheasant Glen
Pheasant Run

SUBDIVISIONS

Pinecrest Meadows
Pioneer Meadows II
Pleasant Valley
Prune Hill Park
Rosemere Commons
Rosewood Gardens
Quail Park
Regency Place
Richland Estates
Rivermist
Riverplace
Rivers Edge Estates
Road's End Farm Estates
Robin's Glenn
Rolling Meadows
Rosewood Gardens
Ryerson Square
Sara Ridge
Shalako East
Shelborn
Sherwood North
Shilo Heights
Shore Crest Estates
Shore Crest Terrace
Si Ellen Estates
Silver Oaks
Skyview
Solo View Estates
South View Heights
Stone Meadows
Summerfield
Summer Hills
Summer's Crossing @ Fisher's Landing

SUBDIVISIONS

Summer's Walk @ Fisher's Landing
Summerslope
Summit Oaks
Sunningdale
Sunny Meadows
Sunset Summit
Talgo Park
Tenny Park II The Firs
The Homeplace
The Meadows North
The Meadows III
The Orchards
Tibbetts Meadows
Timber Trails
Twin Firs
University Park
University Place
Vista Creek
Vista Manor
Wakefield
Wallingford Park
Wanke Meadows
Westridge Place II & III
Whipple Creek
Wildwood Estates
Wilmington Meadows
Winchester Ranch
Windfield Meadows
Windwood Terrace
Winfield Woods
Winslow
Wolf Creek

DAVID W. GROTH, MAI

PRINCIPAL
Real Estate Analyst & Consultant

PRESENT EMPLOYER

PGP VALUATION INC
112 West Eleventh Street, Suite 250
Vancouver, Washington 98660
Telephone: (360) 699-4844

PRESENT POSITION

Principal in the regional appraisal firm of PGP VALUATION INC with offices in Vancouver and Seattle, Washington; Portland, Oregon; Sacramento and San Diego, California

PROFESSIONAL LICENSES

MAI (Member Appraisal Institute) Certificate No. 6270
Washington Certified Real Estate Appraiser (General) No. 27011-1100719
Oregon Certified Real Estate Appraiser No. C000293

PROFESSIONAL AFFILIATIONS

Member of the Appraisal Institute
Member – International Associate Member–Oregon Society of Farm Mgrs. & Rural Appraisers
Former Member – Board of Directors – Columbia River Economic Development Council
President - Clark County Housing Resource Center
Former Member – Board of Directors – SWIFT
Member – Identity Clark County
Member – Board of Directors – Responsible Growth Forum

APPRAISAL EXPERIENCE

1978 to Present: Principal at *PGP VALUATION INC,* Vancouver, Washington
Real Estate Appraiser/Analyst - Charles D. Bailey & Associates
H.R. Wacker & Associates
Appraiser – Clark County Assessor's Office

GEOGRAPHIC AREA SERVED

State of Washington; State of Oregon

APPRAISAL AND RELATED EDUCATION

B.A., Economics – 1971 - University of California at Los Angeles
M.S., Real Estate and Urban Land Economics – 1973 - University of Wisconsin

Appraisal Institute Courses (formerly AIREA)

Real Estate Appraisal Principals
Capitalization Theory and Techniques, Parts A & B
Case Studies in Real Estate Valuation
Standards of Professional Practice, Parts A & B
Rural Valuation
Public Interest vs. Market Value
Valuation 2000
Appraisal Standards Board and USPAP: What's New and What's Proposed
Real Estate Fraud – Appraisers' Responsibilities and Liabilities
Low-Income Housing Tax Credit Workshop

OWEN BARTELS

Researcher

PRESENT EMPLOYER

PGP VALUATION INC
112 West Eleventh Street, Suite 250
Vancouver, Washington 98660
Telephone: (360) 699-4844

REAL ESTATE EMPLOYMENT

Researcher
PGP VALUATION INC
June 2003-present

Researcher
Insignia Kidder Mathews
Tacoma, Washington
October 2002-May2003

EDUCATION

Bachelors Degree of Economics
University of Puget Sound, May 2003

Related Courses

Corporate Finance
Statistics/Calculus
Money and Banking
Economic Growth and Development
Advanced Microeconomics
Advanced Macroeconomics
Econometrics

Appraisal Courses

Real Estate Appraisal Principles
Basic Income Capitalization
National USPAP Course
The Road Less Traveled - Special Purpose Properties
Building Construction Technology - Methods and Materials