

April 14, 2006

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Spirit Finance Corporation  
14631 No. Scottsdale Road, Suite 200  
Scottsdale, AZ 85254-2711

**RE: Pamida Building**  
**Store No. 3168**  
1625 E Main Street  
Montpelier, OH 43543

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 36,047 gross square feet and are situated on one 4.00-acre tax lot. The improvements were constructed in 2000 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:

<b>MARKET VALUE SCENARIO</b>	<b>DATE</b>	<b>VALUE</b>
As-Is Fee Simple	May 4, 2005	\$1,600,000

*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**



Mark M. Lawwill, MAI  
Certified General Real Estate Appraiser  
State of Ohio Temporary License # 2005008107

Doc. ID#: V050193





**APPRAISAL SUMMARY (CONTINUED)**

**Value Indications**

Cost Approach: ..... Not applicable  
Income Capitalization Approach: ..... \$1,585,000  
Sales Comparison Approach: ..... \$1,620,000  
**Final Value Opinion: ..... \$1,600,000**

Appraisal Premises: As-Is  
Property Rights Appraised: Fee simple  
Insurable Value Estimate: See insurable value table in Addenda  
Date of Value: May 4, 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.: V050193**

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## ■ PRELIMINARY APPRAISAL INFORMATION ■

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### **Report Organization**

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

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

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

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

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;

## PRELIMINARY APPRAISAL INFORMATION (CONTINUED)

3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup>

### Property Rights Appraised

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

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

### Legal Description

Please see the legal description in the Commitment for Title Insurance located in the addenda of this report for more information regarding the location of the subject property.

### Ownership & Sales History

Williams County records show ownership of the subject is vested to Pamida Inc. Pamida Inc is a subsidiary of ShopKo Stores, Inc. We are aware of no sales of the subject within the past three years or any pending sale of listing. It is noted, however, that the subject's owner was recently acquired by another company. 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."<sup>3</sup>

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. This is a reflection of the recent trend in gross sales which will be discussed further in the Income Capitalization Approach.

Marketing periods reported in the 1<sup>st</sup> Quarter 2005 *Korpacz* survey range from 4.0 to 12.0 months with an average of 7.28 months in the National Strip Center market. Due to the subject's extremely rural location and gross sales trends, we conclude an exposure period of 24 months or less for the subject. A marketing period of 24 months or less is also reasonable.

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

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

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

## PRELIMINARY APPRAISAL INFORMATION (CONTINUED)

### Assessment & Tax Information

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

2004 PROPERTY TAX AND ASSESSMENTS					
ASSESSED VALUES					
APN	Land	Improvements	Total	Taxable Value	Total Taxes
06307306000008001	\$94,100	\$1,322,400	\$1,416,500	\$495,775	\$22,596.50

Source: Deb Gordon, Williams County

The above values are 2004 values assessed for 2005 taxes. Property taxes in Williams County, Ohio are typically assessed at 35% of market value.

### Inspection

Matthew W. Dodd inspected the subject property on May 4, 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.



## PRELIMINARY APPRAISAL INFORMATION (CONTINUED)

### Sources of Information

The following sources were contacted to obtain relevant information:

<u>Source</u>	<u>Information</u>
Williams County Assessor's Office	Subject Property Information
Area Appraisers/Brokers	Comparable Data & Market Information
Comparable Properties/Area Brokers	Rent and Expense Information
M&S Connect	Demographic Information
Loopnet	Comparable Data & Demographics
<i>Korpacz Investor Survey</i>	Investment Information
CRG	Investment 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. Mark M. Lawwill, MAI, a Certified General Appraiser with the State of Ohio, wrote the report. Matthew W. Dodd provided significant professional assistance to the person signing this report.

### Unavailability of Information

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

### Personal Property, Fixtures & Intangible Items

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

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## ■ ASSUMPTIONS AND LIMITING CONDITIONS ■

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This appraisal is subject to the following limiting conditions:

### **Extraordinary Assumptions**

The subject is located in a very small trade area with a 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.

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

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

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

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.

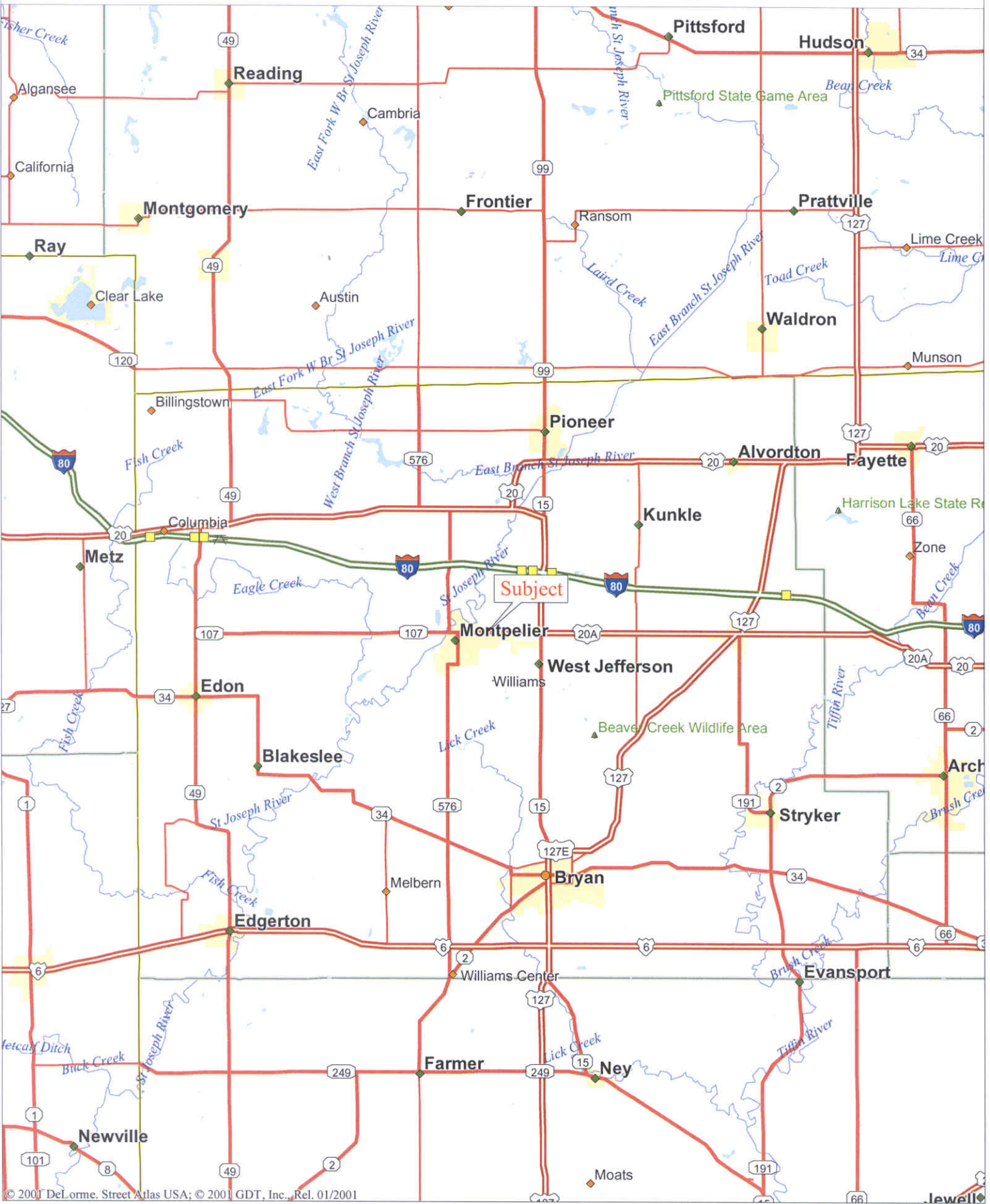
The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials that may influence or be associated with the property or any adjacent properties, have made no investigation or analysis as to the presence of such materials, and expressly disclaim any duty to note 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.

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

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 - Montpelier



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## REGIONAL DESCRIPTION

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### **Brief History**

Ohio has the seventh largest economy in the nation. Compared to national averages, growth in Ohio has been slower and unemployment has been higher in recent times. The challenge for Ohio is to transition into the “new economy,” or one that no longer has an industrial focus. Ohio’s economy still relies heavily on manufacturing jobs. The “new economy” would limit out-migration in Ohio, keeping educated, accomplished, and skilled individuals in the state. Such an economy would also help to increase growth.

### **Population**

Ohio has experienced population growth much slower than that of the rest of the United States. From 1990 to 2000, the U.S. population grew 13.2%, while the population in Ohio grew only 4.7%. Further, Ohio’s population growth was less than that of most other Midwestern States, including Kentucky, Indiana, Illinois, Michigan, and Wisconsin. Ohio had a population of 11,353,140 in 2000, according to the U.S. Census. Estimates for 2004 indicate a population of 11,459,011. This reflects a change of .93%, or .23% per year.

With respect to education, only 45.9% of Ohio residents pursue education beyond the high school level, compared to a national average of 52.1%. This lack of education is cause for a higher percentage of Ohio’s workforce to be classified as “Industrial,” and a lower percentage (30.2% for Ohio compared to 33.3% nationally) to be classified as “Managerial/Professional.” While Ohio’s University’s are well-respected, those who graduate from Ohio’s Universities have a difficult time finding work for their chosen fields of study within the state. They often leave the state, relocating to work elsewhere.

In the future, efforts to boost Ohio’s economy must be based on attracting new residents to the state.

### **The Labor Force**

As previously discussed, the labor force in Ohio is less skilled than that of the national labor force. A higher percentage of workers are classified as Industrial, and a lower percentage is classified as Managerial and/or Professional. This is due in large part to a smaller percentage of Ohioans pursuing education past the high school level. This lack of education places the Ohio labor force in an unfavorable position due to the declining demand for Industrial skilled workers and the increasing demand for Managerial and Professional skilled workers on a national level.

In the most recent survey conducted by the Manhattan Institute (2002), 76% of high school students in Ohio graduate. The national average is 70%. Overall, Ohio is ranked 14<sup>th</sup>. According to the U.S. Census Bureau, only 21.1% of Ohioans over the age of 25 have a bachelor’s degree. The national average is 24.4%. The labor force in Ohio has also suffered from significant out-migration, with many qualified workers, specifically those with college degrees, leaving the state because of a lack of work.

Ohio’s unemployment rate was most recently estimated at 6.3% (March 2005). This is higher than the national unemployment rate of 5.2%. Given the past and current economic conditions in Ohio, it is likely that the unemployment rate will remain higher than that of the U.S. national average.

## **REGIONAL DESCRIPTION (CONTINUED)**

The following table compares Ohio unemployment rates to those of the U.S.:

<b>Unemployment Rates</b>		
<b>Year</b>	<b>Ohio</b>	<b>United States</b>
2005-March	6.3%	5.2%
2004	6.1%	5.5%
2003	6.2%	6.0%
2002	5.7%	5.8%
2001	4.2%	4.7%
2000	4.0%	4.0%

*Source: Bureau of Labor Statistics*

### **Wages and Income**

According to the U.S. Bureau of Commerce, per capita personal income in Ohio averaged \$29,944 in 2003. This is slightly less than the national average of \$31,632. On the positive side, Ohio's average per capita income increased 1.83% from 2002 to 2003, and 2.46% from 2001 to 2002.

According to the John Glenn Institute at Ohio State University, it is more likely that the lower level of educational attainment, rather than the manufacturing focus of Ohio's economy, is responsible for Ohio's median income being lower than the U.S. average and that of neighboring states. While manufacturing incomes are typically higher than those in retail trade and personal services, they are typically lower than those in professional services.

### **The Economy**

According to the Ohio Department of Development, Ohio's gross state product was \$407 billion in 2004, making it the seventh largest state economy. Ohio ranks third among the 50 states in manufacturing gross state product.

<b>Ohio Gross State Product (by Sector)</b>	
<b>Sector</b>	<b>Share (%)</b>
Government	11.2%
Leisure and Hospitality	2.9%
Health and Education	8.3%
Management and Admin.	5.2%
Professional and Technical Services:	5.3%
F.I.R.E.	18.0%
Information	2.9%
Trade	13.8%
Manufacturing	20.2%
Construction	4.0%
Agriculture	0.4%
Other	7.8%

*Source: Ohio Bureau of Labor Market Information*



## **REGIONAL DESCRIPTION (CONTINUED)**

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

<b>Ohio Nonagricultural Jobs (March 2005)</b>		
<b>Category</b>	<b>Employment</b>	<b>Percentage</b>
Total nonagricultural Jobs	5,411	100.0%
Mining	12	0.2%
Construction	236	4.4%
Manufacturing	823	15.2%
Trade/Trans/Utilities	1,033	19.1%
Information	92	1.7%
Financial Activities	313	5.8%
Prof/Bus Services	638	11.8%
Education/Health	751	13.9%
Leisure/Hospitality	489	9.0%
Other Services	227	4.2%
Government	797	14.7%
<i>Source: Ohio Bureau of Labor Market Information (in thousands)</i>		

Total employment in Ohio is expected to increase 9.7% from 2002 to 2012, equating to 562,000 new jobs. The service-producing sectors comprise 75 percent of the state GSP and are anticipated to account for virtually all job growth over the ten-year period between 2002 and 2012.

Ohio's leading industry is its manufacturing sector, which employs 823,000 persons. The state's factories lead the nation in the production of plastics, rubber, electrical equipment, and appliances. Ohio is also a leading producer of steel, autos, and trucks. About 68 percent of the state's manufacturing output consists of durable goods, which is higher than the national average of 58 percent.

The importance of durable goods to Ohio's economy is indicated by the state's two largest manufacturing industries: transportation equipment and fabricated metals. Major employers in these industries include General Motors, DaimlerChrysler, Ford, Honda, and General Electric. Proctor & Gamble, Sherwin Williams, J.P. Morgan Chase, and KeyCorp are also leading firms in the state.

### **Real Estate and Construction**

Although interest rates have been at record low levels, residential construction in Ohio has not prospered as in many other areas of the United States. While the demand for residential real estate has been high in recent years, specifically during the last year, this demand has not carried into Ohio in the same manner. This is due to significant out-migration and a somewhat stagnant economy.

## **REGIONAL DESCRIPTION (CONTINUED)**

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

<b>Building Permit Activity in Ohio (1998-2004)</b>			
<b>Year</b>	<b>Single-Family Units</b>	<b>Multi-Family Units</b>	<b>Total</b>
2004	40,790	8,840	49,630
2003	42,700	10,340	53,040
2002	39,790	11,460	51,250
2001	38,770	11,170	49,940
2000	38,010	11,730	49,740
1999	40,030	15,850	55,880
1998	36,560	11,470	48,030

*Source: National Association of Home Builders*

The number of single-family building permits in Ohio rose only 11.57 percent between 1998 and 2004. Nationwide, the increase was 32.41 percent. The number of multi-family building permits has declined 22.82 percent in Ohio. Nationwide, the number has increased by 6.35 percent.

According to the National Association of Home Builders, three of the top 50 housing markets in the U.S. (based on single-family building permits issued) are located in Ohio. Columbus is ranked 32<sup>nd</sup>, Cincinnati is 40<sup>th</sup>, and Cleveland is 49<sup>th</sup>. However, the state has not experienced the rapid residential growth that has been common in other areas of the country.

### **Commercial Development**

**Office Development** – Office development in the immediate area has been extremely limited. Two of the largest markets in Ohio are Cincinnati and Columbus. Together they represent over 90 million square feet of office space. They combine for an average vacancy rate of 17.73% (Cincinnati 16.31%, Columbus 19.15%), and an average rent rate of \$16.64 per square foot per year (Cincinnati \$16.98, Columbus \$16.30).

**Industrial/Flex** – Industrial space in Ohio rents from approximately \$3.47 (Columbus) and \$3.61 (Cincinnati) per square foot. There is currently an average vacancy of 13.36%, with more than 8 million square feet available.

**Multi-Family** – As previously discussed, multi-family housing permits decreased by 22 percent from 1998 to 2004. Multi-family permits have increased by 6 percent over the same period of time nationwide.

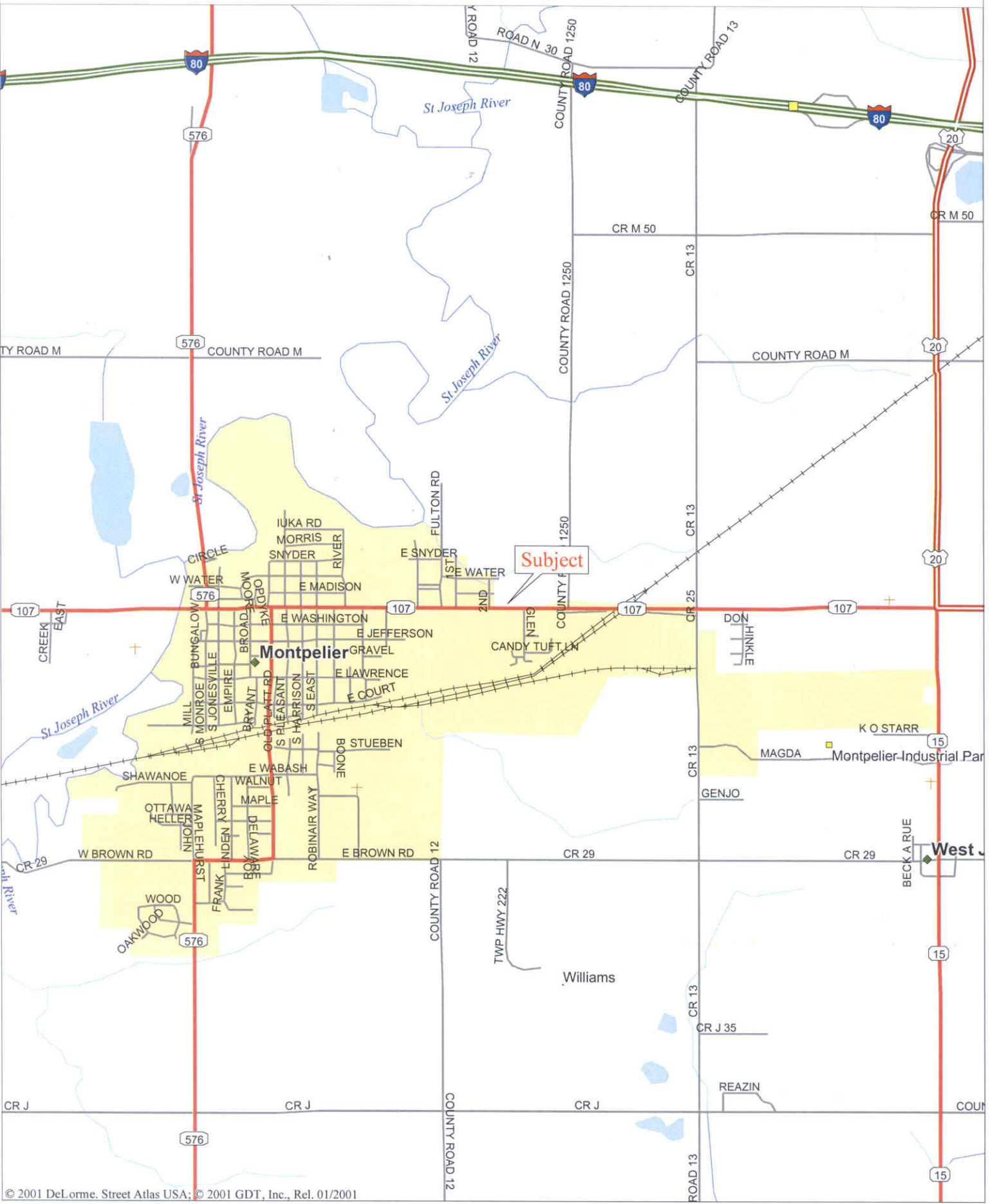
**Retail** – A more detailed analysis of retail development for the region/market is provided in the Market Analysis section of this report.

\*Office, Industrial/Flex, and Retail statistics have been referenced from [officespace.com](http://officespace.com).

### **Summary**

The state of Ohio includes three major metropolitan areas: Cleveland, Columbus, and Cincinnati. The majority of the state's population resides in these markets. Ohio has experienced higher unemployment and slower growth than the U.S. as a whole. Ohio has been slow to move into the new, post-industrial economy that has been adapted by many other U.S. states/markets. Ohio ranks only 27<sup>th</sup> in "Knowledge" jobs, 25<sup>th</sup> in "Innovation Capacity," 30<sup>th</sup> in "Economic Dynamism," and 35<sup>th</sup> in "Digital Economy" indicators. States that have adapted into the new economy generally rank higher with regard to these indicators. In addition, Ohio's economy still relies heavily on manufacturing jobs. Based on these indicators, a stabilize economy with continued slow growth is anticipated.

# Neighborhood Map - Montpelier



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## ■ NEIGHBORHOOD DESCRIPTION ■

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### **Overview**

The subject is located in Montpelier, Ohio, which is located in Williams County. Montpelier is located in the northwest portion of Ohio, within 15 miles of the Michigan border and 15 miles of the Indiana border. It is also located 60 miles west of Toledo. The northwest region of Ohio offers affordability, convenience, and small town living.

### **Population**

According to the 2003 U.S. Census, Montpelier had 4,182 residents. This represents a 3.19 percent decrease in the population from 2000 to 2003. The nearest metropolitan area is Toledo, which had a 2003 population of 308,973. Toledo's population decreased by 1.48 percent from 2000 to 2003. Williams County has a population of 38,912, which represents approximately .34 percent of Ohio's population. The state of Ohio grew by only .93 percent during the same time period. Reasons for slower growth have been discussed in the Regional Description section of this report.

### **The Economy**

Unemployment in Williams County during April was 6.2 percent. Unemployment across the state during the same period was 6.3 percent. Williams County experienced unemployment of 6.4 percent in 2004, which was slightly higher than the state average of 6.1 percent. It should also be noted that unemployment dropped in Williams County between 2003 and 2004 from 7.4 percent to 6.4 percent. According to the Ohio Workforce Informer, Williams County had a median wage of \$40,217 2002. This is the most recent survey done. Overall, the economic situation in the subject's immediate area appears stable.

### **The Labor Market**

As previously stated, the unemployment rate in Williams County was at 6.2 percent in April, which was less than the state average, and a decrease from the previous year. Major employers in Williams County include Bryan City, Chase Brass and Copper Co., Continental AG/General Tire, Ingersoll-Rand Co, Midwest Shipping Co, and Spangler County Co.

### **Construction**

New construction in Williams County has been limited as is evidenced by the decreasing population.

### **Summary**

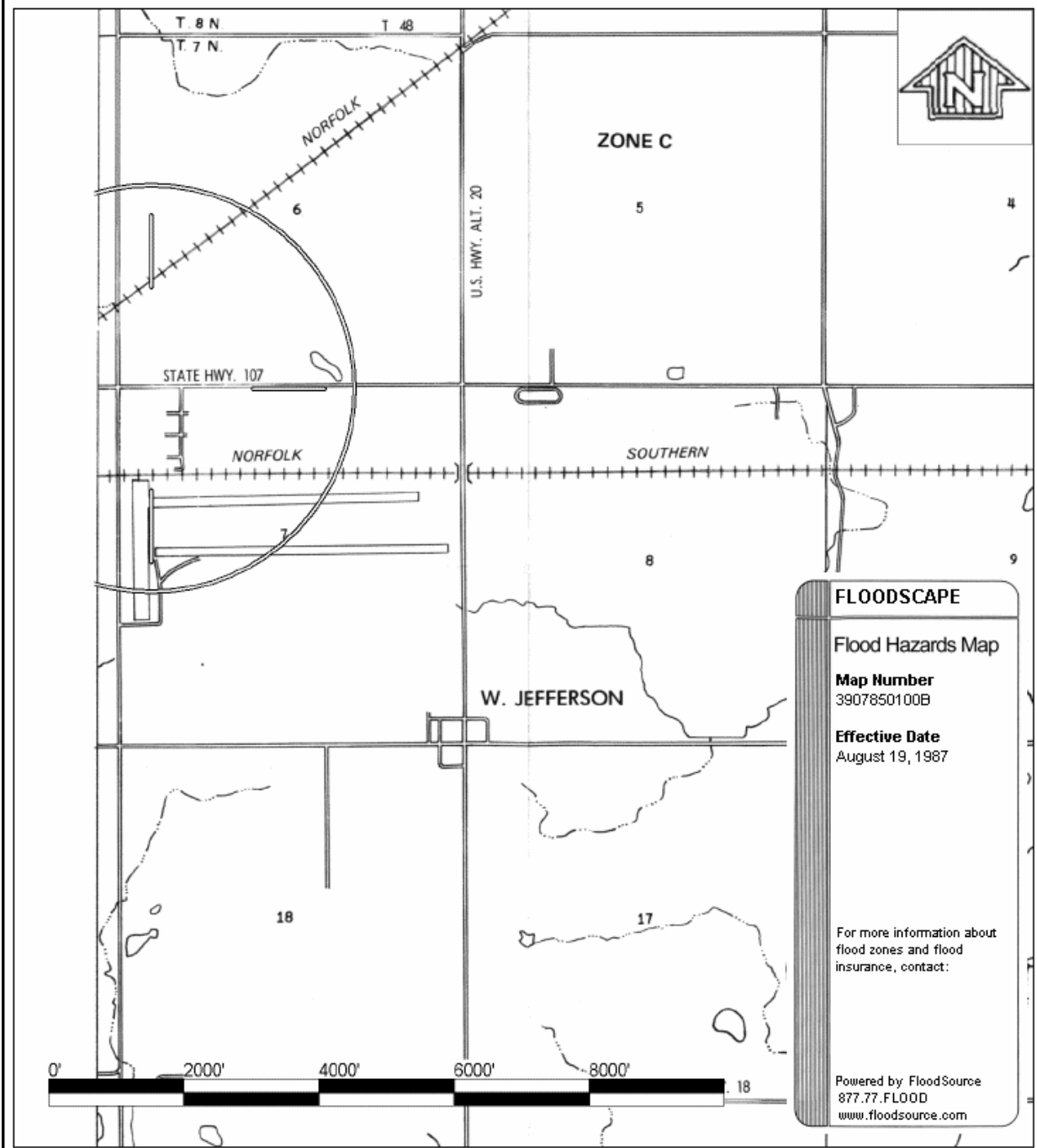
In conclusion, the outlook for Montpelier and Williams County is for stable economic conditions. While fast-paced growth is not anticipated, a steady economy is likely.



## **SITE DESCRIPTION (CONTINUED)**

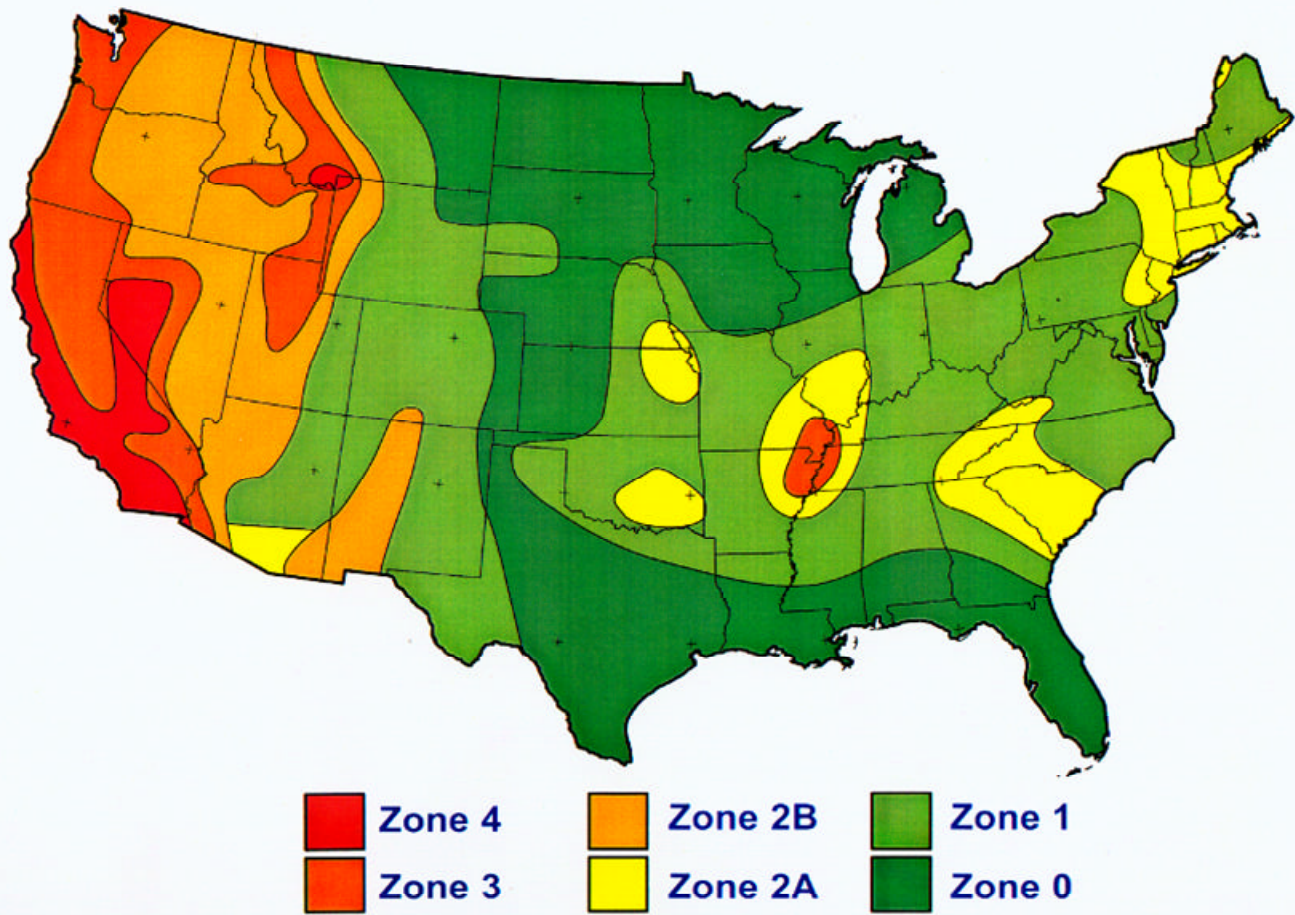
policy or A.L.T.A. survey is recommended if further assurance is needed.

- Zoning: According to Jim Lonabarger of The Village of Montpelier, the subject is zoned C2 (Full Commercial). The subject's current use is allowed outright.
- 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 #3907850100B, dated August 19, 1987, 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 to lowest seismic zone.
- Functional Utility: The subject site is well suited for retail development based on its zoning, access and exposure, and surrounding development.





# Seismic Zone Map U.S.A.





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■ **SUBJECT PROPERTY PHOTOGRAPHS** ■

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Street Scene: Facing west along East Main Street, subject at right.



Street Scene: Facing east along East Main Street, subject at left.



Facing north across East Main Street with an overview of the subject.

**SUBJECT PROPERTY PHOTOGRAPHS (CONTINUED)**



Rear view



View of the shipping area



Typical interior view



## **IMPROVEMENTS DESCRIPTION (CONTINUED)**

Site Coverage:	21%. Note, the site may be larger than the current tenant's need and there may be potential value in creating pad lots. We have not estimated the potential additional value of possible pad sites as it is outside the scope of the appraisal and the subject's site coverage is within market parameters.
Parking & Site Improvements:	A majority of the site improvements consist of asphalt-paved parking. We were not provided with a site plan; however, there is adequate parking on the site, at an estimated ratio of 4.0 to 5.0 spaces per 1,000 rentable SF of building area.
Quality & Condition:	The building is average construction quality and in 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.

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## ■ MARKET ANALYSIS ■

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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. This analysis will first analyze the retail market for the State of Ohio. Comments regarding the subject's immediate market area will also be included.

Information obtained from Global Real Analytics (GRA), officespace.com, and local brokers regarding retail market information in Ohio has been relied upon and utilized for the purposes of this analysis.

### **Supply**

Supply of retail buildings similar to the subject in the immediate market area is limited. Upon inspection, it did not appear that there was any similar retail space available in the subject's immediate market area (three-mile radius). Comparable retail space in the subject's immediate market area consisted primarily of smaller pad spaces. However, according to the client there are two larger retail stores within a twenty-mile radius of the subject. These stores include: Big K Mart and WalMart. These stores are considered secondary competition as they are generally located in areas with higher populations and are generally significantly larger stores.

The larger Ohio markets include: Cleveland, Columbus, and Cincinnati. These markets are larger and more densely populated, more heavily trafficked, and attract a wider variety of retail uses. Specifically, "big-box" retailers such as WalMart, Kroger, Lowe's, and Target are common in these markets. The subject's smaller market typically does not attract these larger retailers. This is the likely cause of a lack of supply of similar properties. Local brokers and real estate professionals also indicated a lack of supply.

### **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** – According to the most recent market study conducted for the three major metropolitan areas in Ohio, market rents in all three markets have increased steadily over the past year. Cincinnati and Cleveland are both larger than Columbus and have higher asking rents. Columbus is located towards the middle of the state, further away from interstate retail traffic. On a state wide basis, the average rental rate for Class A Retail properties is \$14.17/SF per year. This represents a 2.53% increase from one year earlier. However, the subject is located in a much smaller retail market, with only 7,500 people within a five-mile radius. According to local brokers, real estate professionals, and current listings, current asking rents for comparable properties in similar markets throughout Ohio range between \$4.00/SF and \$6.00/SF per year on a triple-net (NNN) basis. The chart on the following page represents asking and effective retail rents for the three largest metropolitan areas in the state of Ohio, along with state averages:

## MARKET ANALYSIS (CONTINUED)

Ohio Retail Rents – Asking and Effective				
	Columbus	Cincinnati	Cleveland	Average
Asking Rent:				
4 Q. '04	\$13.06	\$14.15	\$15.31	\$14.17
3 Q. '04	\$13.03	\$14.11	\$15.29	\$14.14
3 Q. '03	\$12.91	\$13.94	\$14.61	\$13.82
Effective Rent:				
4 Q. '04	\$12.81	\$13.90	\$15.00	\$13.90
3 Q. '04	\$12.76	\$13.83	\$15.01	\$13.87
3 Q. '03	\$12.56	\$13.59	\$14.29	\$13.48
<i>Source: Global Real Analytics (GRA)</i>				

**Net Absorption** – Global Real Analytics (GRA), a leading retail market research company, indicated they did not have absorption statistics for the Ohio retail market.

**Vacancy** – According to officespace.com, vacancy rates for retail properties in Columbus and Cincinnati are currently 13.78% and 12.94%, respectively. Vacancy information for the Cleveland market, as well as smaller rural markets throughout Ohio was not available. There did not appear to be a significant amount of vacant retail space similar to the subject in or around the subject's market area.

### Trade Area

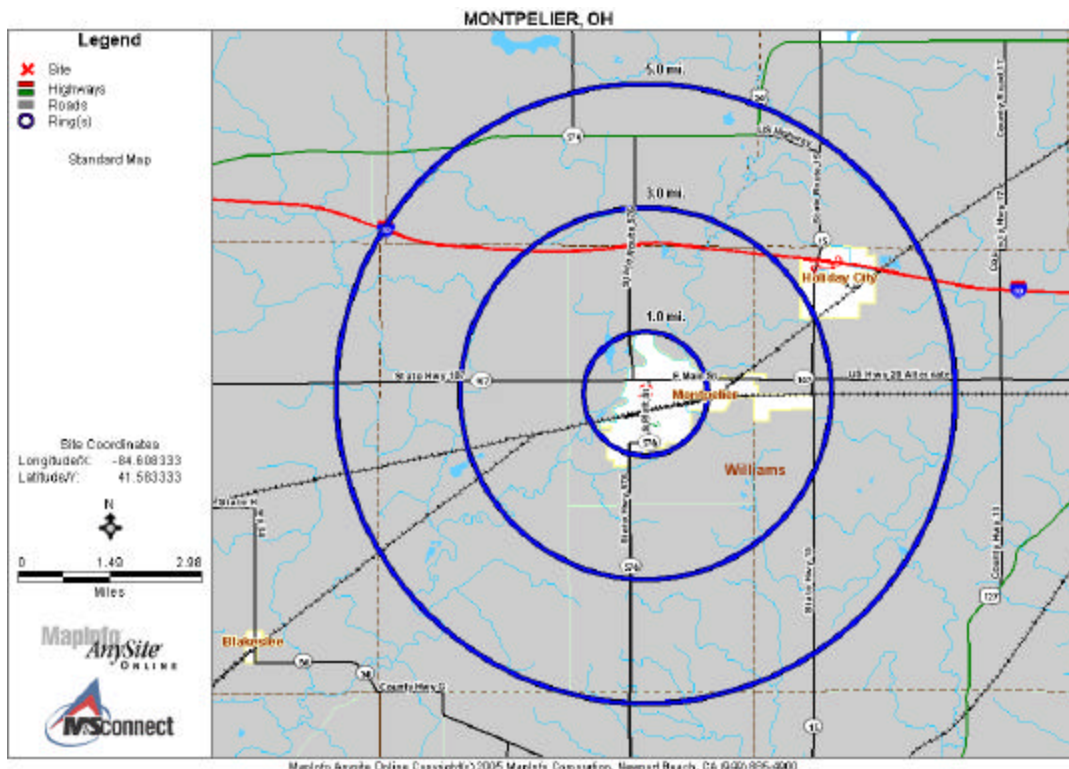
The subject trade area consists primarily of low density residential neighborhoods. While there appeared to be some new residential development, it was minimal. To analyze the subject's competitive position more directly, we will narrow the discussion to the immediate target market area. The trade area is the geographical area surrounding the subject that will provide a substantial portion of the customer base. The market opportunities for a commercial property depend on the demographic characteristics of residents within the market area.

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

The population surrounding the subject is extremely limited, with approximately 7,441 people within a five-mile radius. However, the subject is the only known retailer of its size in the vicinity. It should be noted that there is another Pamida store located approximately 25 miles southeast of the subject in Archbold. A map showing the area included in the ring-analysis followed by a table showing demographic information within a one, three, and five-mile radius of the subject is shown on the following page. The notable components considered in this analysis are the trade area population levels for 2000, 2004, and 2009 (projected), and household incomes for 2004:



## MARKET ANALYSIS (CONTINUED)



	1-Mile Ring 3.14 sq/mi	3-Mile Ring 28.27 sq/mi	5-Mile Ring 78.54 sq/mi
<b>POPULATION</b>			
2009 Total Population	4,223	5,619	7,441
2004 Total Population	4,137	5,491	7,281
2000 Total Population	4,178	5,527	7,308
% Population Change 2000-2004	-0.98%	-0.65%	-0.37%
<b>HOUSEHOLDS</b>			
2009 Total Households	1,785	2,337	3,024
2004 Total Households	1,735	2,267	2,938
2000 Total Households	1,702	2,216	2,865
% Households Change 2000-2004	1.94%	2.3%	2.55%
<b>INCOME</b>			
2004 Median Household Income	\$34,968	\$39,037	\$42,111
2004 Average Household Income	\$42,967	\$45,335	\$48,324

Source: M and S Connect

**Population** – The 2004 population ranges between 4,137 and 5,491 within a one to three-mile radius of the subject, indicating a -0.98% to -0.65% decrease from the 2000 figures. The population is projected to increase between 2.07% and 2.33% within these two rings by 2009.

**Income** – There are 1,735 to 2,267 households within the one to three-mile radius with median incomes of \$34,968 to \$39,037. Average household incomes are higher, ranging between \$42,967 and \$45,335. The demographics and trade area for the subject suggest relatively positive conditions with the average and median household incomes remaining relatively stable within a one to five-mile radius of the subject.

## **MARKET ANALYSIS (CONTINUED)**

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

The subject is occupied by Pamida Inc., a subsidiary of the owner, 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 better yields on a national level and have significantly affected demand nationwide. With Shopko's credit and national recognition, they would attract significant demand in a sale situation.

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

### **Tenant Analysis**

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



## MARKET ANALYSIS (CONTINUED)



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

ShopKo competes head-to-head with Kmart, Target and/or Wal-Mart in nearly every market. At a B rating, they are just below investment-grade from an investor standpoint. Properties leased to B-rated tenants throughout most of the United States are generally selling at capitalization rates between 7% to 8%, depending on location, tenant recognition, quality/condition, access/exposure and the lease structure (primarily term, rate increases, and overall price). B-rated properties in high-growth areas of the Southwest such as Southern California, Southern Nevada, Greater Phoenix sometimes sell at rates below 7%. In the case of the subject property, a capitalization rate slightly higher than normal, between 8% and 9% may be considered reasonable, due to slower growth in the state of Ohio.

Although the smaller Pamida stores are generally located in very small, rural markets, they do compete on some level with larger retailers including: Wal-Mart, Kroger, Big K Mart, and Target. However, these stores offer only secondary competition as they are rarely located in the same town(s) as the Pamida stores.

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

## **MARKET ANALYSIS (CONTINUED)**

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**

Overall, the subject is concluded to be marketable as a retail development. The subject's current income is further discussed in the Income Capitalization Approach section later in this report.

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## ■ HIGHEST AND BEST USE ANALYSIS ■

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

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

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

### “AS VACANT”

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning ordinances and comprehensive plans. The subject property is zoned C2 (Full Commercial) in Williams County, Ohio. This designation allows for a wide range of commercial and retail uses serving the community and neighborhood area. According to Jim Lonabarger of The Village of Montpelier, the subject’s improvements are an allowed use outright in the C2 zone. Thus, legal factors support a commercial highest and best use.

With respect to physical characteristics, the site has a generally rectangular shape with the exception of the southern boundary, which has some curvature. The subject is accessed from East Main Street, located to the south. Exposure and access characteristics are considered to be good. The site is 4.00 acres, mostly level, at street grade and has all utilities available. Overall, physical characteristics support retail development as the highest and best use.

Locational factors including limited commercial and retail development in the immediate area also support a commercial highest and best use. Specifically, there are scattered light commercial and retail uses along East Main Street. As previously stated, there did not appear to be another property of comparable size and/or quality in the subject’s immediate vicinity. Although residential development surrounding the subject is limited, it is considered sufficient to support a retail use. Traffic volume and overall access/exposure in the immediate neighborhood implies that commercial/retail development in the subject market is financially feasible and marketable.

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

### “AS IMPROVED”

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

As indicated above, legal (zoning and building codes) issues allow a wide variety of commercial uses on a citywide and regional basis. The existing improvements are an allowed use in under the current zoning designations. 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.”

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

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

Based on the preceding analysis, legal, locational, and physical considerations all support the existing retail 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 and it has an efficient, appealing design. Therefore, renovation is not reasonable.

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

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

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

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

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

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

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## ■ VALUATION METHODS ■

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

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

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

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

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

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## ■ INCOME CAPITALIZATION APPROACH ■

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

### **Potential Gross Rental Income**

The subject is 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 Ohio 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, nine 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	<b>Ace Hardware</b> 1495 N Shoop Avenue Wauseon, OH IS# 422	1980s	Ace Hardware	Dec-05	\$2.25 \$4.00 Adj.	\$4.00	32,688	10 yrs.	NNN	NA	Space leased "as-is." Had significant deferred maintenance. Broker indicated market rent for the space in its current condition was \$4.00/SF.
2	<b>Big Lots</b> 825 Main Street Milford, OH IS# 423	1980s	Big Lots	Jun-05	\$3.10	20% at renewal	35,400	20	NNN	NA	Broker indicated the lease was below market. Expires in 2006, at which time the tenant can renew for \$3.72/SF, a 20% increase.
3	<b>Pharm Retail</b> 1848 E Harbor Road Port Clinton, OH IS# 424	1978	Pharm Drugstore	Aug-78	\$3.41	None	25,665	20	NNN	NA	The tenant has occupied the building since 1978. The leasing broker indicated she was unaware as to any escalations in the lease rate. Four five-year options to renew. Lease rate is constant at \$3.41/SF for each of the extensions.
4	<b>Pamida</b> 4113 Route 224 West Willard, OH	1992	Pamida	Current	\$4.04	N/Av; CPI Assumed	43,200	Expires 1/08	NNN	NA	Information provided by the client. Lease term and dates unknown.
5	<b>Pamida</b> 100 Cross Country Plaza Batesville, IN	1992	Pamida	Current	\$4.25	N/Av; CPI Assumed	43,200	Expires 5/07	NNN	NA	Information provided by the client. Lease term and dates unknown.
6	<b>Hobby Lobby Building</b> 5329 Monroe Street Toledo, OH IS# 425	1980s	Hobby Lobby	Aug-04	\$5.25	N/Av; CPI Assumed	55,000	10 years	NNN	NA	The building was formerly a grocery store. Now leased to an Arts & Crafts store. Monroe Street provides good retail traffic.
7	<b>Archbold Retail Center</b> South Defiance Street Archbold, OH IS# 426	1980s	RiteAid, Vet Clinic, Dollar General, Curves, Marco Pizza, and Super Value	Varies	\$5.67	N/Av; CPI Assumed	40,000	Varies	Varies	NA	1445000
8	<b>Super Food Services</b> 275 Water Street Oak Harbor, OH IS# 427	1964	Super Food Services	Jul-96	\$6.00	14.28% Increase	32,772	20 years	NNN	NA	Building is currently listed for sale. Been on market for 6 months. Advertised as only supermarket in Oak Harbor. Good frontage along Water Street.
9	<b>Chief Supermarket</b> North Scott Street Napoleon, OH IS# 428	1980s	Chief Supermarket	1989	\$7.00-\$7.50	N/Av; CPI Assumed	40,000	20 years	NNN	NA	Broker indicated the lease was between \$7.00 and \$7.50/SF. Located in close proximity to other retail uses.
10	<b>Tractor Supply</b> 1372 Main Street Hamilton, OH IS# 429	1980s	Tractor Supply	1996	\$8.60	N/Av; CPI Assumed	19,066	15 years	NNN	NA	Located in an area of heavy retail traffic. HH Gregg, Lowes, WalMart, and Kroger located nearby.



# Rent Comparable Location Map - Montpelier





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■ **RENT COMPARABLE PHOTOGRAPHS** ■

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Comparable No. 1 – Ace Hardware building, Wauseon, OH



Comparable No. 2 – Big Lots, Milford, OH



Comparable No. 3 – Pharm Retail Building, Port Clinton, OH

**RENT COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable No. 5 – Pamida, Batesville, IN



Comparable No. 6 – Hobby Lobby, Toledo, OH



Comparable No. 7 – Retail Center, Archbold, OH

**RENT COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable No. 8 – Super Food, Oak Harbor, OH



Comparable No. 9 – Chief Supermarket, Napoleon, OH



Comparable No. 10 – Tractor Supply, Hamilton, OH

## INCOME CAPITALIZATION APPROACH (CONTINUED)

### Discussion of Rent Comparables

**Rent Comparable No. 1 (\$4.00/SF)** – This comparable is located in Wauseon, OH. Wauseon is located within 15 miles of the northern border of Ohio, in the northwest portion of the state. The retail market in Wauseon is slightly larger than that of the subject. This is evidenced by a WalMart Supercenter and Chief Supermarket being located in Wauseon, among other retail stores. WalMart is located across the street from this comparable. This comparable is the largest tenant in a retail center. Other tenants include Citi Financial, H&R Block, and a Chiropractor. There is also a Pizza Hut, Taco Bell, and DM Dairy within one block of the building. The current lease at \$2.25/SF was negotiated for the building in its “as-is” condition, meaning the building had significant deferred maintenance. The leasing broker indicated the market rate for the building would be approximately \$4.00/SF for a standard lease, based on its current condition. This comparable, at 32,688 square feet, has a similar size as the subject property. However, it is considered inferior with respect to quality. It should also be noted that there is a WalMart Supercenter located within one block of this comparable.

**Rent Comparable No. 2 (\$3.10/SF)** – This comparable is located in Milford, OH. Milford is located in the southwest corner of the state, approximately five miles east of Cincinnati. The building is located across from a retail center that includes Kroger, Dollar Tree, Aarons, and Goodyear. The building is well-located in a supported retail area. The broker indicated this lease is below market. With regard to location, this comparable is considered similar to the subject property. However, it does compete with Kroger. With regard to quality, it is considered slightly inferior.

**Rent Comparable No. 3 (\$3.41/SF)** – This comparable is located in Port Clinton, OH. Port Clinton is located along the northern border of Ohio, generally situated between Toledo and Cleveland. Lake Erie serves as Port Clinton’s northern border. This comparable is a 25,665 square foot PHARM Drugstore building which is part of a retail complex that includes the Ottawa County Government Complex and the Port Clinton City Hall. Surrounding uses include automotive supply and service buildings, a ReMax retail office, and apartment buildings. There is also a Kroger located in Port Clinton. This is a 30-year lease, originally negotiated in 1978. The leasing agent indicated she did not know if the current lease rate has been trended upwards to account for appreciation in market over the course of the lease. However, based on the current rate it is reasonable to assume that it has been trended in relation to a base rate which began in 1978. The building is currently listed for sale for \$900,000, or \$26.48/SF. This comparable is smaller than the subject and is in inferior condition. With regard to location and exposure it is considered similar. However, it does compete with Kroger.

**Rent Comparable No. 4 (\$4.04/SF)** – This comparable is a Pamida store located in Willard, Ohio. Willard is located approximately 30 miles south of Sandusky, or 30 miles south of Ohio’s northern border. Surrounding uses include mostly farmland, including government established farm fields. Pepperidge Farms is a major employer in Willard. The store manager indicated there is a WalMart located 25 miles away in Tiffin. WalMart is considered the closest retail competition, with regard to location. Pamida has operated in the building for 13 years. The building was previously occupied by Ames. Pamida now operates in the building and has experienced decreasing sales. The store manager indicated a 8% decrease between May 2005 and May 2004. Per the client, sales in this store have declined by 15% over the last four years. This comparable is considered similar with regard to location and inferior with regard to construction. *We did not inspect or photograph this comparable. Lease and size information were provided by the client. Surrounding uses and market information was provided by the store manager.*

**Rent Comparable No. 5 (\$4.25/SF)** – This comparable is located in Batesville, Indiana, along Highway 33. Batesville is located in the northeast portion of the state, just southwest of Goshen.

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

It benefits from its slightly larger retail market, as it is closer in to Lake Michigan. Although we were not able to confirm the construction year, it appeared as though the building was built in the late 1970s or early 1980s. It has brick construction and adequate parking. It is an older building and is therefore considered inferior with regard to construction. With regard to location it is considered superior.

**Rent Comparable No. 6 (\$5.25/SF)** – This comparable is located in Toledo, OH. Toledo is located in the northwest portion of Ohio, along its northern boundary. Interstate-75, a major roadway through both Michigan and Ohio, runs through Toledo. At one time this comparable was a grocery store. It has since been remodeled and is currently occupied by Hobby Lobby, an arts and crafts retailer. It is part of a larger retail center in a well-trafficked area of Toledo. Other stores in the immediate vicinity include Play-It-Again Sports, Sprint, a mortgage company, fast-food vendors, and an automotive dealership.

**Comparable No. 7 (\$5.67/SF)** – This comparable is located in Archbold, OH. Archbold is located in the northwest portion of the state, approximately 25 miles east of the Indiana border and 15 miles south of the Michigan border. It represents six leases from a retail strip center located just north of the Pamida store in Archbold. Tenants in the center include Dollar General, Curves, Marco Pizza, and Super Value. The broker indicated the leases range from Gross to Triple Net (NNN). However, he was uncertain as to the nature of the individual leases, with the exception of Dollar General, which currently leases their space for \$5.00/SF on a NNN basis. All of the leases were not NNN. It is possible the indicated lease rate does not reflect a NNN expense structure. As such, less weight is placed on this comparable. These individual retail spaces are significantly smaller than the subject property. In general, leased retail space becomes less expensive per square foot as the space becomes larger, indicating a discount for larger spaces.

**Comparable No. 8 (\$6.00/SF)** – This comparable is located in Oak Harbor, OH. Oak Harbor is located in the northern portion of the state, approximately 25 miles southeast of Toledo. This comparable is the only “supermarket” type retail space in the area. It has good access and exposure from Water Street, which is the most heavily trafficked road in Oak Harbor. The building has similar construction to that of the subject, with concrete block exterior and tile floors. However, the building has a lower clear height than the subject. Parking is also inferior to the subject. This comparables location in a more upscale market may be attributable to its higher rent. This property has been listed for sale for six months at \$74.00/SF.

**Comparable No. 9 (\$7.00-\$7.50/SF)** – This comparable is located in Napoleon, OH. Napoleon is located in the northwest portion of the state, approximately 30 miles east of the Indiana border and 25 miles south of the Michigan border. It is surrounded by primarily retail uses including a PHARM Drugstore, Dollar, financial services, and a computer networking provider. It has similar construction to the subject. Its interior is also of similar quality. However, it is older than the subject. With regard to location, it is considered superior to the subject as it is located in a more densely populated area with a heavier traffic flow and more retail uses.

**Comparable No. 10 (\$8.60)** – This comparable is located in Hamilton, OH. Hamilton is located in the southwest corner of the state, approximately 10 miles north of Cincinnati. The lease was originally signed in 1996 for a term of 15 years, with three five-year options to renew. Surrounding stores include Kroger, WalMart, HH Gregg, and Lowes. There was vacant retail space available within two blocks of the property. It is located along Main Street, which provides a heavier flow of retail traffic compared to the subject. With regard to location it is considered superior. It also has superior construction and parking.

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

### **Market Rent Conclusions**

In final analysis, market rent for the subject is concluded to be above Comparables No. 1, 2, and 3 and below Comparables No. 6, 7, 8, 9, and 10. Placing the most weight on Comparables No. 4, 5, and 6, while taking into account Comparable No. 5's superior location, a market rent between \$4.00 and \$4.50/SF is considered reasonable for the subject, with the middle of the range, or \$4.25/SF, 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% of total sales would be considered reasonable. The subject has experienced gross sales of \$58.47 to \$68.77 per square foot over the last four years. This infers an average rent of \$2.52 to \$3.79/SF between 2001 and 2004, as shown below:

<b>SUBJECT SALES COMPARISON</b>			
<b>Year</b>	<b>Sales/SF</b>	<b>4.0% of Sales</b>	<b>6.0% of Sales</b>
2001	\$68.77	\$2.75	\$4.13
2002	\$64.11	\$2.56	\$3.85
2003	\$61.11	\$2.44	\$3.66
2004	\$58.47	\$2.34	\$3.51
<b>Average</b>	<b>\$63.11</b>	<b>\$2.52</b>	<b>\$3.79</b>

Our rent conclusion of \$4.25/SF, as concluded based on rent comparables in the region, is above the range of rents implied based on a percentage of gross sales. 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 statistics for the Ohio market were not readily available. However, according to officespace.com, vacancy rates for Columbus and Cincinnati are currently 13.78% and 12.94%, respectively. Together, these markets average 13.36%. Overall, this is considered a reasonable indicator of vacancy rates for the Ohio market.

The above vacancy statistics are reasonable indicators of overall retail demand in the market and submarket; however, the percentages include non-anchored space. 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).



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

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. This would assume a six-month vacancy period every 120 months and a 50% renewal probability, or  $[(50\% \times 12 \text{ months vacant}) \div 120\text{-month lease term}] 5.0\%$ .

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

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

**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) 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 retail 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 \$6,682. Deducting total operating expenses from the effective gross income of \$145,540 indicates a net operating income (NOI) of \$138,677.

### **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.

## INCOME CAPITALIZATION APPROACH (CONTINUED)

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.

<b>OAR COMPARABLES - MIDWEST RETAIL CENTERS</b>					
<b>Identification/Location</b>	<b>Sale Date</b>	<b>Size (SF)</b>	<b>Year Built</b>	<b>Sale Price</b>	<b>OAR</b>
Sears Hardware Portage, IN	July-02	42,918	Unknown	\$2,750,000	7.70%
Staples Middletown, OH	Nov-04	20,160	2003	\$2,707,666	8.33%
Barnes & Noble Mentor, OH	July-03	23,300	Unknown	\$4,100,000	7.50%
Berry's Barbell Columbus, OH	July-04	17,300	1967	\$830,000	9.19%
Pamida Syracuse, IN	June-04	46,127	Unknown	\$1,150,000	8.10%
Farmer Jack Toledo, OH	May-04	54,660	Unknown	\$7,000,000	10.30%
<b>Average</b>					<b>8.52%</b>

The capitalization rates from the six sales presented in the above table indicate a range of 7.70% to 10.30% with an average of 8.52%. The comparables reflect single tenant retail centers in Ohio and surrounding states. However, these comparables are located in markets that are generally larger than the subject's.

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.

The subject is an average quality retail development property that is in average to good condition. The subject benefits from good appeal and location due to a lack of competing similar retail properties in the immediate area. However, the subject is also dependent on the immediate market area which has a limited population. The subject has also experienced significant decreases in gross sales over the past four years (14.96%). Declining sales typically indicate a higher OAR conclusion than a store with steady or increasing sales. There did not appear to be any directly comparable retail properties of similar size and quality of construction in the subject's immediate market area. Perceived risk is average. Our income conclusion assumes market rent, so there will be average upside potential. The subject also has adequate parking.

Considering all relevant factors, a rate slightly above the average formed by the comparables, or 8.75%, is suggested by the comparables.



## INCOME CAPITALIZATION APPROACH (CONTINUED)

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

\*Includes in-line space

The subject is occupied by Pamida, a subsidiary of ShopKo Stores, Inc.. ShopKo 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%. The concluded OAR of 8.75% is higher than the above comparables, however, it is supported due to the small market and the subject's declining sales. A lower OAR may be applicable if the subject were actually leased by ShopKo Stores, Inc.

## INCOME CAPITALIZATION APPROACH (CONTINUED)

**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 loan terms for a typical Pamida store are summarized in the table below:

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

Equity dividend rates for investment properties vary depending upon the motivations of buyers and financing terms. Facilities similar to the subject generally range from 8.00% to 12.00%, depending on tenancy and loan terms. Our OAR conclusion of 8.75% infers an equity dividend of (0.13416) 13.4%. While this is outside the range, this analysis does not account for the subject's unique market characteristics and declining sales.

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	0.13416	=	0.03354
Indicated Capitalization Rate					0.08750
<b>Capitalization Rate (R/O)</b>					<b>8.75%</b>

**OAR Conclusion** – With the above conclusions, an OAR of 8.75% is used for the direct capitalization method. Further support for our OAR conclusion is found in the Sales Comparison Approach.

### **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:

**\$1,585,000**

## INCOME CAPITALIZATION APPROACH SUMMATION TABLE

**POTENTIAL GROSS INCOME**

RSF	Rent/SF Per Month	Potential Gross Rent	Potential Reimb. Exp. Income	Total PGI
36,047	\$4.25	\$153,200	\$0	\$153,200
<b>36,047</b>	<b>\$4.25</b>	<b>\$153,200</b>	<b>\$0</b>	<b>\$153,200</b>

POTENTIAL RENT INCOME: = \$153,200  
 REIMBURSABLE EXPENSE INCOME: = \$0

TOTAL POTENTIAL GROSS INCOME (PGI): = \$153,200

LESS: VACANCY AND CREDIT LOSS 5.0% of PGI = (\$7,660)

TOTAL EFFECTIVE GROSS INCOME (EGI): = \$145,540

LESS OPERATING EXPENSES:	Total	Per SF	% of EGI
Management	\$1,455	\$0.04	1.0%
Reserves	\$5,407	\$0.15	3.7%

TOTAL OPERATING EXPENSES: = (\$6,862)

NET OPERATING INCOME (NOI): = \$138,677

NOI/SF Building Area: = \$3.85

### INCOME CAPITALIZATION

<u>NOI</u>	<u>Divided By</u>	<u>OAR</u>	<u>Value</u>
\$138,677	Divided By	8.75%	\$1,584,884

AS-IS FEE SIMPLE VALUE INDICATION (ROUNDED): **\$1,585,000**

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## ■ SALES COMPARISON APPROACH ■

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### **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 to good condition retail building that is 100% occupied by Pamida, Inc., a subsidiary of the owner. We have utilized eight comparables of similar 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). Adjustments for market conditions, quality, condition, location, site coverage are made following a discussion of the comparables on the following pages. 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**

<b>LOCATION</b>	<b>SUBJECT</b>	<b>COMP. NO. 1</b>	<b>COMP. NO. 2</b>	<b>COMP. NO. 3</b>	<b>COMP. NO. 4</b>	<b>COMP. NO. 5</b>	<b>COMP. NO. 6</b>	<b>COMP. NO. 7</b>
Identification:	Pamida Building	Lafayette Plaza South	Elmwood Plaza	Retail Building	Sears Hardware	Super Food Services Building	K Mart Retail Building	HH Gregg Retail Building
Street Address:	1625 E Main Street	2820-2850 US Highway 231 South	1904-1998 Elmwood Plaza	2165 Morse Road	6169 US Route 6	275 Water Street	22801 Harper Avenue	4468 Eastgate Boulevard
City, State:	Montpelier, OH	Lafayette, IN	Lafayette, IN	Columbus, OH	Portage, IN	Oak Harbor, OH	Saint Clair Shores, MI	Cincinnati, OH
<b>SALE INFORMATION</b>								
Sale Date:	--	July, 2003	July, 2003	November, 2004	July, 2002	Listing	September, 2004	September, 2004
Rights Transferred:	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple	NA	Fee simple	Fee simple
Financing:	--	All cash to seller	All cash to seller	All cash to seller	All cash to seller	NA	All cash to seller	All cash to seller
Market Time:	--	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sale Price:	--	\$2,500,000	\$3,050,000	\$2,500,000	\$2,750,000	\$2,425,000	\$10,000,000	\$4,356,000
Cash Equivalent Sale Price:	--	\$2,500,000	\$3,050,000	\$2,500,000	\$2,750,000	\$2,425,000	\$10,000,000	\$4,356,000
<b>PHYSICAL CHARACTERISTICS</b>								
Site Size (Acres):	4.00	6.10	8.80	2.63	5.15	4.69	N/A	3.13
Site Coverage:	21%	25%	17%	44%	19%	16%	Not provided	36%
Parking Ratio (spaces/RSF):	4.0 to 5.0	Not provided	Not provided	0.7	N/A (assumed adequate)	N/A (assumed adequate)	N/A (assumed adequate)	4.1
Zoning:	Commercial	N/A (Commercial assumed)	N/A (commercial assumed)	C3 (Commercial)	N/A (commercial assumed)	N/A (commercial assumed)	N/A (commercial assumed)	B1(Union)
Year Built:	2000	1960s	1960s	1970	N/A	1978	1995	1995
Construction Type:	Block frame	Block	Block	Block frame	Block frame	Block frame	Block frame	Block frame
Building Size (RSF):	36,047	66,629	64,371	50,400	42,918	32,772	127,371	48,820
Quality:	Average	Average	Average	Average	Average	Average	Average	Average
Condition:	Average to good	Average	Average	Average to good	Average to good	Average to good	Average to good	Average to good
<b>ANALYSIS</b>								
Capitalization Rate:	--	N/A (fee simple)	N/A (fee simple)	N/A (fee simple)	N/A (fee simple)	N/A (fee simple)	N/A (fee simple)	N/A (fee simple)
Sale Price/RSF:	--	\$37.52	\$47.38	\$49.60	\$64.08	\$74.00	\$78.51	\$89.23
<b>COMMENTS:</b>								
		Sold in conjunction with Elmwood Plaza to a national client. Located along a major street, giving it good exposure. Primary access is only right in, right out. Location has seen declining interest.	Neighborhood retail center with leases to Payless, CVS, Papa John's Pizza, and China Moon restaurant. Sale was negotiated one year prior to closing. Older buildings with lower clear heights.	Free standing retail building located in a heavily trafficked retail area of Columbus, OH. Surrounding uses include Dollar Treet, Jiffy Lube, KFC, and a car dealership.	Located at an intersection with approximately 17,420 trips per day. Located in close proximity to a number of large big box retail space. The building is set back from the street behind a McDonald's.	Advertised as only super market in Oak Harbor. Additional parking spaces leased from US Bank. Has been on the market for six-months.	Free standing retail building that is fully occupied by K Mart. The property has 636 feet of frontage along Harper Avenue. Saint Clair Shores has a population of over 60,000.	Free standing retail building that is fully occupied by HH Gregg. Located in a heavily trafficked, multi retail use area of Cincinnati.



# Improved Sales Location Map - Montpelier





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■ SALES COMPARABLE PHOTOGRAPHS ■

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Comparable 1 – Lafayette Plaza South, Lafayette, IN



Comparable 2 – Elmwood Plaza, Lafayette, IN



Comparable 3 – Retail Building, Columbus, OH



**SALES COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable 4 – Sears Hardware, Portage, IN



Comparable 5 – Super Food Services Building, Oak Harbor, OH



Comparable 6 – Retail Building, Saint Clair Shores, MI

**SALES COMPARABLE PHOTOGRAPHS (CONTINUED)**



Comparable 7 – HH Gregg Retail Building, Cincinnati, OH

## SALES COMPARISON APPROACH (CONTINUED)

### Price per Square Foot Analysis

The comparables used in this analysis indicate a range between \$37.52 and \$89.23 per square foot. The comparables are comprised of six sales and one listing. While an effort was made to find the most recent sales of similar retail spaces in rural markets in Ohio and surrounding states, brokers and real estate professionals indicated that directly comparable sales were limited. The subject property is unique with regard to location, size, market characteristics, and construction. The comparable sales presented are considered an adequate representation of the market for similar properties. Overall, the comparables bracket the subject with regard to 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 No. 1 (\$37.52/SF)** is the July 2003 sale of a 66,629 square foot retail shopping center located in Lafayette, IN. This property was sold in conjunction with Comparable No. 3 to a national client. Lafayette is a larger market, with a population of almost 60,000. The building was constructed in the late sixties or early seventies. Primary access is only right in right out. The clear heights are lower than the subject at 12-14 feet. This shopping center has seen declining interest due to newer developments closer to the Purdue campus and in West Lafayette. Overall, due to its older age, size, construction, and location in an area of declining retail interest, it is considered a low indicator. It should be noted that while Comparable No. 2 and No. 3 are located in the same city/town, the quality of their individual locations varies.

**Comparable No. 2 (\$47.38/SF)** is the July 2003 sale of a 64,371 foot neighborhood retail center in Lafayette, IN. This property was sold in conjunction with Comparable No. 2 to a national client. The center currently has leases to Payless Supermarket, CVS, Papa John's Pizza, and China Moon Restaurant. The sale was negotiated one year prior to closing, and is somewhat dated. The building is also older than the subject and has lower clear heights. The building is located in a larger market; Lafayette, IN has a population of almost 60,000. Inferior construction and sale characteristics are somewhat offset by superior locational characteristics. Overall, this comparable is considered a reasonable indicator.

**Comparable No. 3 (\$49.60/SF)** 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 similar access and superior 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. Overall, this comparable is considered a reasonable indicator.

**Comparable No. 4 (\$64.08/SF)** is the July 2002 sale of a 42,918 square foot retail building located in Portage, IN. Portage has a population of almost 34,000, and is located at the intersection of two major interstate freeways (I-90 & I-80/94). The intersection where this property is located has approximately 17,420 trips daily. The building is located near a number of big box retail stores and has good exposure and good access. The building is slightly larger than the subject. With regard to construction, it is considered similar. Overall, this comparable is considered a high indicator due to its superior location.

**Comparable No. 5 (\$74.00/SF)** is the current listing of a retail building located in Oak Harbor, Ohio. Oak Harbor is a rural town located in the northwest portion of the state, approximately 20 miles southeast of Toledo. Surrounding uses include a US Bank and Dollar General store. There is also a newer Rite Aid located approximately three blocks west. This comparable is located along Water Street (Route 163), the most heavily trafficked road in Oak Harbor. The property is currently under lease for \$6.00/SF per year (NNN). It is considered superior to the subject with regard to its location. It is also smaller than the subject. In addition, this comparable

## SALES COMPARISON APPROACH (CONTINUED)

is a listing, which could indicate a price at least slightly above market. Overall, it is considered a high indicator.

**Comparable No. 6 (\$78.51)** is the June 2004 sale of a 127,371 SF freestanding retail building that is fully occupied by Kmart. This development is situated on an 11.70-acre site with frontage along three streets. It has superior access and exposure in Saint Clair Shores, Michigan, located north of the subject. Saint Clair Shores has a population of more than 60,000. Accordingly, it operates in a much larger market. Overall, due to its location and exposure in a much larger market, it is considered a high indicator.

**Comparable No. 7 (\$89.23/SF)** is the September 2004 sale of a 48,820 SF freestanding retail building in Cincinnati, OH. The building is located in an area of heavier retail traffic. Surrounding uses include Lowe's, Michael's, Best Buy, Bigg's, Gold's Gym, and a number of food stores including White Castle. The building also has superior parking and superior construction. It is also considered superior with respect to exposure, and similar with respect to access. Overall, this comparable is considered a high indicator.

### 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
<b>Unadjusted \$/SF</b>	<b>\$37.52</b>	<b>\$47.38</b>	<b>\$49.60</b>	<b>\$63.08</b>	<b>\$74.00</b>	<b>\$78.51</b>	<b>\$89.23</b>
Market Conditions	10%	10%	0%	10%	0%	5%	0%
Location/Exposure	-15%	-15%	-30%	-20%	-10%	-25%	-35%
Age/Quality & Condition	10%	10%	10%	5%	0%	-15%	-15%
Size	10%	10%	10%	0%	0%	15%	5%
Other	0%	0%	0%	0%	-10%	0%	0%
<b>Total Adjustment</b>	<b>15%</b>	<b>15%</b>	<b>-10%</b>	<b>-5%</b>	<b>-20%</b>	<b>-20%</b>	<b>-45%</b>
<b>Adjusted \$/SF</b>	<b>\$43.15</b>	<b>\$54.49</b>	<b>\$44.64</b>	<b>\$59.93</b>	<b>\$59.20</b>	<b>\$62.81</b>	<b>\$49.08</b>
<b>Average</b>	<b>\$53.33</b>						

**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 earlier in the Market Analysis section, asking rents in the Ohio retail market have grown at a rate of 2.53% over the past year. Capitalization rates have decreased from 8.8% to 8.4% over the same period of time. The Capitalization rates indicated for Ohio are slightly lower than our OAR conclusion. However, the subject is in a rural location and has experienced declining sales over the last four years. The following table represents the declining capitalization rates on retail properties in Ohio over the past year:

## SALES COMPARISON APPROACH (CONTINUED)

Ohio Capitalization Rates - Retail				
Period	Cleveland	Columbus	Cincinnati	Average
4 Q. '04	8.3%	8.5%	8.5%	8.4%
3 Q. '04	8.3%	8.6%	8.6%	8.5%
4 Q. '03	8.5%	8.9%	8.9%	8.8%
Source: Global Real Analytics (GRA)				

The *Metro Market Outlook* published by *National Real Estate Index* for 4<sup>th</sup> Quarter 2004 reports appreciation rates between 3.4% and 6.5% for the Ohio market over the last year. Therefore, an adjustment of 5.0% per year is considered reasonable. Adjustments for market conditions have also been made to account for other changes in the market; i.e. new retail competition/development, and interest in the indicated location/market area.

**Location** – This adjustment is made for differences in neighborhood demographics and exposure. Comparables No. 1 through 7 all have superior locations. They have been adjusted downward to account for locational characteristics.

**Age, Quality/Condition** – This adjustment is made to account for differences in effective age, quality, condition and appeal. Comparables No. 6 and 7 have been adjusted downward to account for their superior quality/condition. Comparables No. 1-4 have been adjusted upward to account for their inferior quality/condition. Comparable No. 5 is similar with regard to quality/condition and was not adjusted.

**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 36,047 square feet. Comparables No. 1, 2, 3, 6, and 7 are larger and have been adjusted upward to account for their larger size. Comparables No. 4 and 5 are also larger/smaller, but have not been adjusted due to their more comparable size.

**Other** – The subject and the comparables all have adequate parking/site coverage. Therefore, no adjustments for parking have been made. Comparable No. 5 has been adjusted downward because it is listed for sale, which may indicate an above market price.

### **Conclusion**

After adjustment, the comparable sales indicate a narrower range of values of \$43.15 to \$62.81 per square foot and an average of \$53.33. For the purposes of this analysis, less weight is placed on Comparables No. 6 and 7 due to the number of adjustments needed for each. Overall, a range between \$40/SF and \$50/SF is considered reasonable for the subject, due to its market characteristics and decreasing sales, with the middle of the range, or \$45.00/SF concluded for the subject. The total as-is fee simple value indication by this approach is:

**\$1,620,000**

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## ■ ANALYSIS OF VALUE CONCLUSIONS ■

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

### As-Is Value Indications

Cost Approach: .....	Not applicable
Income Capitalization Approach:.....	\$1,585,000
Sales Comparison Approach:.....	\$1,620,000

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 weight.

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. The comparables were then adjusted for significant differences from the subject. The approach is given less weight.

After considering all factors relevant to the valuation of the subject property, the final as-is fee simple value opinion, as of May 4, 2005, is:

**\$1,600,000**







***First American Title Insurance Company***

**COMMITMENT FOR TITLE INSURANCE**

FIRST AMERICAN TITLE INSURANCE COMPANY, A CALIFORNIA CORPORATION, herein called the Company, for valuable consideration, hereby commits to issue its policy or policies of title insurance, as identified in Schedule A, in favor of the proposed Insured named in Schedule A, as owner or mortgagee of the estate or interest covered hereby in the land described or referred to in Schedule A, upon payment of the premiums and charges therefor; all subject to the provisions of Schedules A and B and to the Conditions and Stipulations hereof.

This Commitment shall be effective only when the identity of the proposed Insured and the amount of the policy or policies committed for have been inserted in Schedule A hereof by the Company, either at the time of the issuance of this Commitment or by subsequent endorsement.

This Commitment is preliminary to the issuance of such policy or policies of title insurance and all liability and obligations hereunder shall cease and terminate six (6) months after the effective date hereof or when the policy or policies committed for shall issue, whichever first occurs, provided that the failure to issue such policy or policies is not the fault of the Company.

IN WITNESS WHEREOF, the Company has caused this Commitment to be signed and sealed, to become valid when countersigned by an authorized officer or agent of the Company, all in accordance with its By-Laws. This Commitment is effective as of the date shown on Schedule A as "Effective Date."

NOTICE TO PROPOSED INSURED: This COMMITMENT is not your FINAL POLICY. The FINAL POLICY will be issued upon the elimination of such exceptions and the procuring and recording of such instruments as may be necessary to establish the title according to your application.

***First American Title Insurance Company***

BY:           *Gary L. Kerrett*           PRESIDENT

Countersigned:

By \_\_\_\_\_

INSURANCE FRAUD WARNING:

*Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement, is guilty of insurance fraud.*

ALTA COMMITMENT  
**SCHEDULE A**

Commitment No.: NCS-161949-CHI1

Effective Date: April 28, 2005 at 7:29 AM

1. Policy or Policies to be issued:

(a) Policy Amount \$ To Be Determined

Proposed Insured:

To Be Determined

(b) Policy Amount \$ N/A

Proposed Insured:

N/A, its successors and/or assigns, as their interests may appear

2. The estate or interest in the land described or referred to in this Commitment and covered herein is a fee simple and title to the estate or interest in said land is at the effective date hereof vested in:

Pamida, Inc., a Delaware Corporation, which acquired title thereto by instrument recorded in Volume 321 of Deeds, Page 380.

3. The land referred to in this Commitment, situated in the of , County of Williams, State of Ohio, is described as follows:

A parcel of land being part of Lots 6, 7, 8 and 9 of the Shady Garden Subdivision and also being part of the Southwest Quarter of Section 6, Township 7 North, Range 3 East, The Village of Monpelier, Williams County, Ohio and being more particularly described as follows: Commencing at a monument box found, at the Southwest corner of the Southwest Quarter of Section 6; THENCE North 00 degrees 00 minutes 00 seconds East, on the West line of the Southwest Quarter of Section 6, for a distance of 178.35 feet to a point; THENCE North 90 degrees 00 minutes 00 seconds East, for a distance of 30.00 feet, to a 5/8" inch pin found; THENCE South 78 degrees 28 minutes 54 seconds East, for a distance of 190.45 feet, to a 5/8" inch iron pin found; THENCE South 80 degrees 37 minutes 03 seconds East, for a distance of 91.19 feet, to a 5/8" x 30" iron pin and reference cap set, being the TRUE POINT OF BEGINNING for the parcel herein described; THENCE North 00 degrees 00 minutes 00 seconds East, for a distance of 461.46 feet, to a 5/8" x 30" iron pin and reference cap set; THENCE North 90 degrees 00 minutes 00 seconds East, for a distance of 358.16 feet, to a 5/8" x 30" iron pin and a reference cap set; THENCE South 00 degrees 00 minutes 00 seconds West, for a distance of 502.81 feet, to a 5/8" x 30" iron pin and reference cap set; THENCE North 86 degrees 16 minutes 13 seconds West, for a distance of 178.61 feet, to a 5/8" iron pin found; THENCE North 80 degrees 37 minutes 03 seconds West, for a distance of 182.37 feet to the TRUE POINT OF BEGINNING of the parcel herein described, containing 4.001 acres of land, more or less, excepting there from all legal easements, zoning restriction and legal highways of record.

The bearings used herein are for the purpose of describing angles only and are not referenced to true or magnetic North.

Surveyed by Chester A. Miller, Registered Surveyor No. 6691, Surveyor, and recorded in Volume 18R, Page 113 of the William County Survey Records in the office of the William County Engineer.

## **SCHEDULE B - SECTION I REQUIREMENTS**

Commitment No.: NCS-161949-CHI1

The following are the requirements to be complied with:

Instrument(s) creating the estate or interest to be insured must be approved, executed, delivered and filed for record.

1. Warranty Deed from Pamida, Inc., a Delaware Corporation, to an entity to be determined.
2. Engineer's Approval: If the insured legal description is a meters and bounds legal, it must be approved by the Williams County Engineer's Office and attached to the instrument of conveyance prior to recording.

NOTE: FAILURE TO ATTACH THE COUNTY-APPROVED LEGAL DESCRIPTION TO THE INSTRUMENT OF CONVEYANCE MAY CREATE A SUBSTANTIAL DELAY IN RECORDING.

3. Submit to the Company documentary evidence issued by the appropriate office in its state of domicile that Pamida, Inc., a Delaware Corporation is a duly registered legal entity in good standing.
4. Submit to the Company a Resolution by the Board of Directors or Shareholders of Pamida, Inc., a Delaware Corporation, authorizing the sale and directing the proper officers to execute the deed on behalf the Corporation.
5. Satisfactory Release or Subordination of all liens shown in Schedule B, Section II.
6. Pay all taxes, charges, assessments, levied and assessed against subject premises, which are due and payable.
7. Satisfactory evidence should be had that improvements and/or repairs or alterations thereto are completed; that contractor, sub-contractors, labor and material men are all paid; and have released of record all liens or notice of intent to perfect a lien for labor or material.

**End of Schedule B - Section I**

## **SCHEDULE B - SECTION II EXCEPTIONS**

Schedule B of the Policy or Policies to be issued will contain exceptions to the following matters unless the same are disposed of to the satisfaction of the Company:

1. Defects, liens, encumbrances, adverse claims or other matters, if any, created, first appearing in the public records or attaching subsequent to the effective date hereof but prior to the date the proposed insured acquires for value of record the estate or interest or mortgage thereon covered by this Commitment.
2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of said land or by making inquiry of persons in possession thereof.
3. Any encroachments, easements, discrepancies, conflicts in boundary lines, variations or shortages in area or content or any other facts which an accurate survey would disclose.
4. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
5. Rights or claims of parties in possession of all or any part of the premises.
6. Taxes or assessments approved, levied or enacted by the State, County, Municipality, Township or similar taxing authority, but not yet certified to the tax duplicate of the County in which the land is situated, including but not limited to any retroactive increases in taxes or assessments resulting from any retroactive increase in the valuation of the land by the State, County, Municipality, Township, or other taxing authority.

7. 2004 Tax Duplicate for Parcel Number 063-073-060-00-008.001;

The first half tax the amount of \$11,298.25, including current assessments, if any, is paid.

The second half tax in the amount of \$11,298.25, including current assessments, if any, is due July 15, 2005.

Total due to bring taxes current, including current tax due, assessments, delinquencies, penalties and interest, if any, is none.

Assessed Values:

Land: \$32,940.00 Building: \$462,840.00 Total: \$495,780.00

Taxes and Assessments for subsequent year are undetermined, and a lien, not yet due or payable.

Delinquent utility charges, weed cutting, and waste removal charges may become a lien on the

subject real estate. No liability is assumed by the Company for ascertaining the status of these charges (unless required by Purchase Contract and/or City Ordinance). The proposed insured is cautioned to obtain the current status of these payments.

8. Deed by instrument recorded in Volume 321 of Deeds, page 380, contains restrictions.
9. Cross Easement Agreement by instrument recorded in Volume 321 of Deeds, page 382.

THE FOLLOWING ITEM NO. 10 IS SHOWN FOR INFORMATION ONLY:

10. Notice of Commencement by instrument recorded in Volume 6 of Official Records, page 650.
11. A financing statement recorded No. 64992 on March 9, 2001, Debtor: Pamida, inc., 700 Pilgrim Way, Green Bay, WI 54304, Secured party: Fleet Retail Finance Inc., as Administrative Agency, 40 Broad Street, Boston, MA 02109
12. Charges made and/or assessed for water and/or sewer service to said premises in question not yet certified to The Auditor's Tax Duplicate.
13. Notwithstanding the reference to acreage or square footage in the description set forth in Schedule A hereof, this commitment/policy does not insure nor guarantee the acreage or quality of land set forth herein.

**End of Schedule B - Section II**



## Privacy Policy

### **We Are Committed to Safeguarding Customer Information**

In order to better serve your needs now and in the future, we may ask you to provide us with certain information. We understand that you may be concerned about what we will do with such information - particularly any personal or financial information. We agree that you have a right to know how we will utilize the personal information you provide to us. Therefore, together with our parent company, The First American Corporation, we have adopted this Privacy Policy to govern the use and handling of your personal information.

### **Applicability**

This Privacy Policy governs our use of the information which you provide to us. It does not govern the manner in which we may use information we have obtained from any other source, such as information obtained from a public record or from another person or entity. First American has also adopted broader guidelines that govern our use of personal information regardless of its source. First American calls these guidelines its *Fair Information Values*, a copy of which can be found on our website at [www.firstam.com](http://www.firstam.com).

### **Types of Information**

Depending upon which of our services you are utilizing, the types of nonpublic personal information that we may collect include:

- information we received from you on applications, forms and in other communications to us, whether in writing, in person, by telephone or any other means;
- information about your transactions with us, our affiliated companies, or others; and
- information we receive from a consumer reporting agency.

### **Use of Information**

We request information from you for our own legitimate business purposes and not for the benefit of any nonaffiliated party. Therefore, we will not release your information to nonaffiliated parties except: (1) as necessary for us to provide the product or service you have requested of us; or (2) as permitted by law. We may, however, store such information indefinitely, including the period after which any customer relationship has ceased. Such information may be used for any internal purpose, such as quality control efforts or customer analysis. We may also provide all of the types of nonpublic personal information listed above to one or more of our affiliated companies. Such affiliated companies include financial service providers, such as title insurers, property and casualty insurers, and trust and investment advisory companies, or companies involved in real estate services, such as appraisal companies, home warranty companies, and escrow companies. Furthermore, we may also provide all the information we collect, as described above, to companies that perform marketing services on our behalf, on behalf of our affiliated companies, or to other financial institutions with whom we or our affiliated companies have joint marketing agreements.

### **Former Customers**

Even if you are no longer our customer, our Privacy Policy will continue to apply to you.

### **Confidentiality and Security**

We will use our best efforts to ensure that no unauthorized parties have access to any of your information. We restrict access to nonpublic personal information about you to those individuals and entities who need to know that information to provide products or services to you. We will use our best efforts to train and oversee our employees and agents to ensure that your information will be handled responsibly and in accordance with this Privacy Policy and First American's *Fair Information Values*. We currently maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

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## COMMITMENT

### CONDITIONS AND STIPULATIONS

1. (a) The term "mortgage," when used herein, means mortgage, deed of trust or other security instrument.  
(b) The term "Public Records," when used herein, means title records that give constructive notice of matters affecting the title according to the state statutes where the land is located.
2. If the proposed Insured has or acquires actual knowledge of any defect, line, encumbrance, adverse claim or other matter affecting the estate or interest or mortgage thereon covered by this Commitment other than those shown in Schedule B hereof, and shall fail to disclose such knowledge to the Company in writing, the Company shall be relieved from liability for any loss or damage resulting from any act of reliance hereon to the extent the Company is prejudiced by failure to so disclose such knowledge. If the proposed Insured shall disclose such knowledge to the Company, or if the Company otherwise acquires actual knowledge of any such defect, lien, encumbrance, adverse claim or other matter, the Company at its option may amend Schedule B of this Commitment accordingly, but such amendment shall not relieve the Company from liability previously incurred pursuant to paragraph 3 of these Conditions and Stipulations.
3. Liability of the Company under the Commitment shall be only to the named proposed Insured and such parties included under the definition of Insured in the form of policy or policies committed for and only for actual loss incurred in reliance hereon in undertaking in good faith (a) to comply with the requirements hereof, or (b) to eliminate exceptions shown in Schedule B, or (c) to acquire or create the estate or interest or mortgage thereon covered by this Commitment. In no event shall such liability exceed the amount stated in Schedule A for the policy or policies committed for and such liability is subject to the insuring provisions, the Conditions and Stipulations, and the Exclusions from Coverage of the form of policy or policies committed for in favor of the proposed Insured which are hereby incorporated by reference and are made a part of this Commitment except as expressly modified herein.
4. Any action or actions or rights of action that the proposed Insured may have or may bring against the Company arising out of the status of the title to the estate or interest or the status of the mortgage thereon covered by this Commitment must be based on and subject to the provisions of this Commitment.

**COMMITMENT FOR TITLE INSURANCE**



*First American Title Insurance Company*

1 FIRST AMERICAN WAY, SANTA ANA, CA 92707 • (714) 800-3000

# INSURABLE VALUE ESTIMATE

**Pamida Store #3168**

**1625 E Main Street**

**Montpelier, Ohio**

**Store No. 3168**

## ***Marshall & Swift Calculations***

MVS Definition	Discount Stores (319)
Size (SF)	36,047
Class	C - Average
Marshall Valuation	Section 13; Page 28
Service Reference:	(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:	0.950
Non-Perishable Items:	0.900
Adjusted Cost PSF:	\$42.71
Building Replacement Cost:	\$1,539,394
Perishable Site:	
FF&E:	
Total Insurable Estimate:	\$1,539,394

Total (Rounded):	\$1,540,000
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### **Insurable Value Disclaimer**

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

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

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# ■ QUALIFICATIONS ■

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## 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:

- |   |   |
|---|---|
| <b>APPRAISALS:</b>                                | Valuation estimates on all types of properties including residential, commercial and industrial.  |
| <b>HIGHEST &amp; BEST USE AND MARKET STUDIES:</b> | Consultation regarding the most profitable utilization of real property assets.<br><br>Feasibility and absorption studies of housing and commercial developments. Preparation of FNMA condominium market studies and valuation. |
| <b>CONSULTATION:</b>                              | Analysis of real estate regarding values, site development potential, market standard versus competitive edge amenities, market conditions, etc.  |
| <b>COURT TESTIMONY:</b>                           | Professional opinions as expert witnesses regarding the valuation of real estate.   |
| <b>PROPERTY TAX ANALYSIS:</b>                     | Representation before government agencies regarding ad valorem taxes including preliminary value consultation, appraisals and Board of Equalization presentations.  |

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# CLIENTS

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## VANCOUVER

<b>LENDERS</b>	<b>CORPORATIONS &amp; COMPANIES</b>	<b>GOVERNMENT/NON-P PROFIT</b>
1 <sup>st</sup> 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 Investment 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	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	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
	<b>OTHERS</b>	<b>OTHERS</b>
	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	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	COMMERCIAL	OFFICE
162 <sup>nd</sup> Avenue Mini Storage	Pacific Trading Post	Parkway Plaza III
503 Mini Storage	Papa Murphy's	Power Tech Federal Credit Union
A-1 U-Store-It	Parker Paint	Radamacher Office Building
Additional Self Storage	Rick's Custom Fencing & Decking	RS Medical
Battle Ground Mini Storage	Rodda Paint	Southwest Washington Health District
Burton Road Mini Storage	Salmon Creek Plaza	Stichman Office Building
Camas Mini Storage	Sifton Stop & Shop	St. Joseph's Medical Building
Cascade Park Self Storage	Silver Star Retail Center	Summit Veterinary Clinic
Columbian Self Storage	Stoller Building	Team Construction
Fairway Village Self Storage	Stonemill Retail Center	Teuscher Dental
Gillard Mini Storage	The Store & Deli	The Health Care Building
Greenway Terrace Mobile Home Estates	Trans Nursery & Landscaping	Trend College
Iron Gate Mega Storage	Vancouver Furniture	Trinka Building
Lewisville Meadows	Vancouver Village	Vancouver Commerce Centre
Lockaway Storage	Vancouver Mall Cinemas	Weber & Gunn Law Offices
Maitland Mini Storage	Vancouver Marketplace	Wendel Family Dental
Mill Plain Mini Storage	Y Plaza	YWCA
Minnehaha Additional Self Storage	Ziegler Retail Center	
Safeguard Storage	Zupan's Market	
Smitty's Mini Storage		
Storage Depot		
Talbitzer Mini Storage		
U-Lock-It Self Storage		
Van Mall Storage		
COMMERCIAL	OFFICE	INDUSTRIAL
Art Morse Auto Repair	American Legion	Admiral Distributing
Bob Kendall Chevrolet	Andresen Corporate Center	Almega
Chevron	Angelo Building	American Cabinets
Children's Village Day Care	Biggs Insurance Company Building	Ariel Truss
Coast to Coast Hardware	Bratrud • Middleton Insurance	Attbar
Columbia Square IV Shopping Center	Caley/Stikes	Boise Cascade
Columbia Tech Center	Charter Title Company	Boomsnub Niblett
Country Village Retail Center	City University	Brudi Manufacturing Facility
Danielson Thriftway	Clark Center	Cadet Manufacturing
Express Car Care Center	Collins Dental	Calvert Co. Manufacturing
Exterior Wood	Columbia River Mental Health	Cascade Container
Fisher's Mercantile	Columbia Shores	Central Industrial Park
Food Express	Elk's Lodge	Christensen Shipyards
Gaynor's Automotive	Esther Street Office Building	Columbia analytical Services Laboratory
Goodyear Store	Ferenco	Conwood
Guesthouse Inns & Suites	FHL Office	County Stihl
Gunderson Tire Center	First Interstate Building	Crestwood Business Center
Hannah Lincoln Mercury/Jeep	Fir Street Medical Complex	Davis Industrial Park
Hannah Honda/Volkswagen	Fisher Building	Denny's Machine
Heights Shopping Center	Fort Vancouver Dental Center	Duo-Fast Corporation
High Point Chemical	Garden Park	East First Street Distribution Center
J & R Paving	Hazel Dell Animal Hospital	East Ridge Business Park
J-M Plaza	Hollar Dental	Equipment Round-Up
Les Schwab Tires	JH Kelly	Evergreen Forest Products
Mill Plain Center	Keystone Building	Familian Northwest
Northwest Auto Body	Krenzler Building	Fletcher Building
	Lubisch Dental	Gaither proposed Industrial Building
	McGillivray Place	Girard Wood Products, Inc.
	Metroplex Communications	G. Loomis
	MJ Murdock Executive Plaza	Healthtek
	Morgan Building	Legendary Yachts
	North Fisher Office Building	Lile Business Center
	One Park Place	

# PROJECTS

## Vancouver

INDUSTRIAL	RESTAURANTS	SPECIAL USE
Luukkala 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	Beaches Brewpub Restaurant Burger King Burgerville Cascade View Brew Pub Damon's Elmer's JB's Roadhouse Juliano's Pizzeria McMenemy'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	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
<b>MOBILE HOME PARKS</b>	<b>SPECIAL USE</b>	
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	Beacon Rock State Park Big Fir Campground Bingo Parlor Blackjack Fireworks Blue Bird Transfer Camp Curry LaCamas Lake Chautauqua Lodge Chenoweth 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	



# 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

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# PROJECTS

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## Vancouver

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### SUBDIVISIONS

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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

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### SUBDIVISIONS

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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

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### SUBDIVISIONS

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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

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| **MARK M. LAWWILL, MAI** |

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**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. M08043  
Washington Certified Real Estate Appraiser (General) No. 27011 1100311  
Oregon Certified Real Estate Appraiser No. C000284

**PROFESSIONAL AFFILIATIONS**

Member of the Appraisal Institute  
Member – International Right-of-Way Association  
Board of Directors – YMCA  
Former Member – Board of Directors – SWIFT  
Vancouver Rotary

**APPRAISAL EXPERIENCE**

Principal at PGP VALUATION INC, Vancouver, Washington  
Real Estate Analyst – PGP VALUATION INC  
PMI Mortgage Insurance Company

**GEOGRAPHIC AREA SERVED**

State of Washington; State of Oregon

**APPRAISAL AND RELATED EDUCATION**

B.S., Business Administration – 1974 - University of Oregon

*Related College Courses*

Real Estate Finance  
Real Estate Investment Analysis  
Real Estate Law

*Appraisal Institute Courses (formerly AIREA)*

Real Estate Appraisal Principles  
Basic Valuation Procedures  
Capitalization Theory and Techniques, Parts A & B  
Case Studies in Real Estate Valuation  
Valuation Analysis and Report Writing  
Standards of Professional Practice, Parts A & B  
Appraiser as an Expert Witness  
Subdivision Analysis  
Environmental Considerations in Real Property Valuation  
Rural Valuation  
Partial Interest Valuation – Undivided  
Changes to Professional Practice  
Valuation 2000  
Appraisal Standards Board and USPAP: What's New and What's Proposed  
Real Estate Fraud – Appraisers' Responsibilities and Liabilities  
Condemnation Appraising – Advanced Topics & Applications  
Mark to Market, The Next FIRREA

