

A Summary Appraisal Report

of:

**Farmland Industries Property
East 23rd Street
Lawrence, Kansas 66046**

**Prepared For:
Mr. David Corliss
City Manager
City of Lawrence
6 East 6th Street
Lawrence, Kansas 66044**

**Prepared By:
Ronald D. Aul, MAI
Aul & Hatfield Appraisals, L.C.**

**Date of Inspection:
January 26, 2010**

**Effective Date of Valuation:
January 26, 2010**

February 12, 2010

Mr. David Corliss
City Manager
City of Lawrence
6 East 6th Street
Lawrence, Kansas 66044

RE: **Summary Appraisal Report**
Farmland Industries Property
East 23rd Street
Lawrence, Kansas 66046
File No. C-955

Mr. Corliss:

In accordance with your request, I have personally inspected the subject property identified above and prepared a **Summary Appraisal Report** in compliance with Standards Rule 2-2(b) of the *2010-2011 Uniform Standards of Professional Appraisal Practice*.

The subject property represents the former Farmland Industries location and per Douglas County Appraiser's Office records contains 463.5 acres in total based on five contiguous parcel numbers. The reader is referred to the following report for more detailed information on the subject property and should pay special attention to the assumptions, limiting conditions and/or any hypothetical conditions.

The purpose and intended use of this appraisal is to provide my client, named above, with my opinion of the *Market Value* of the fee simple interest in the subject property in several different portions and possible locations, with all the assumptions, limiting conditions and/or hypothetical conditions as noted following, as of the effective appraisal date.

The appraiser would like to emphasize and highlight the fact that he is not an expert in environmental matters nor holds himself out to be an expert in environmental matters. It has been well documented that the subject property has environmental issues due to its former use as a Farmland Industries Plant since the mid 1950's. The reader is referred to the following extraordinary assumptions and/or hypothetical conditions in regards to the subject property. For any matters relating to environmental conditions the City of Lawrence should contract for these services with professionals in this area of expertise.

Mr. David Corliss
Page 2
February 12, 2010

My final opinions of value are based on the facts and circumstances pertinent to the analysis, the definition of value used, the purpose and intended use of the appraisal, the contingent and limiting conditions, all the special assumptions and limiting conditions and/or hypothetical conditions as noted following in the attached report as of the effective appraisal date of January 26, 2010 are as follows:

Subject Property	MV Opinion	Comments
Entire 463.5 Acres	\$11,000 Per Acre \$5,100,000 (R)	Utilities Extended to Site Environmental Disclaimers Annexed and Zoned Others Shown Following
10 Acre Tract Fronting East 23 rd Street	\$2.50/SF \$108,900/Acre \$1,100,000 (R)	Above Items Infrastructure Extended
10 Acre "Typical Tract"	\$1.25/SF \$54,450/Acre \$550,000 (R)	Same as Above
50 Acre "Typical Tract"	\$.75/SF \$32,670/Acre \$1,650,000 (R)	Same as Above

Thank your for the opportunity to be of service. If you have any questions or need additional information please feel free to contact the undersigned at your convenience.

Respectfully submitted,
AUL & HATFIELD APPRAISALS, L.C.



Ronald D. Aul, MAI
Certified General Real Property Appraiser
Kansas No. G-1241

Table of Contents

SUMMARY / GENERAL INFORMATION.....	1
Summary of Conclusions.....	1
Identification of the Subject Property.....	1
Douglas County Parcel Numbers	2
Scope of Work.....	2
MARKET AREA ANALYSIS.....	5
Location Map	5
Market Analysis – Lawrence, Kansas	6
PROPERTY DESCRIPTION	10
Public Data Analysis	10
History of the Property and Ownership	10
Site Description.....	11
FEMA Flood Map	13
Aerial Map 1	14
Aerial Map 2	15
Aerial Map 3	16
Aerial Map 4	17
Aerial Map 5	18
Description of the Improvements	19
Photographs of the Subject Property	20
HIGHEST AND BEST USE	21
VALUATION METHODOLOGY.....	23
DIRECT SALES COMPARISON APPROACH	24
Analysis – Entire 463.5 Acres	26
Analysis – 10 Acres Fronting East 23 rd Street	29
Analysis – 10–50 Acre “Typical Site”	31
RECONCILIATION AND FINAL VALUE OPINION.....	32
CERTIFICATION AND LIMITING CONDITIONS	33
Certification.....	33
Contingent and Limiting Conditions	34
Copyright Notice.....	37
GLOSSARY / DEFINITION OF TERMS.....	38
QUALIFICATIONS OF THE APPRAISER / COMPANY PROFILE.....	41
Company Profile.....	42

Summary / General Information

SUMMARY OF CONCLUSIONS

Subject Property	MV Opinion	Comments
Entire 463.5 Acres	\$11,000 Per Acre \$5,100,000 (R)	Utilities Extended to Site Environmental Disclaimers Annexed and Zoned Others Shown Following
10 Acre Tract Fronting East 23 rd Street	\$2.50/SF \$108,900/Acre \$1,100,000 (R)	Above Items Infrastructure Extended
10 Acre "Typical Tract"	\$1.25/SF \$54,450/Acre \$550,000 (R)	Same as Above
50 Acre "Typical Tract"	\$.75/SF \$32,670/Acre \$1,650,000 (R)	Same as Above

IDENTIFICATION OF THE SUBJECT PROPERTY

Property Address(es):	East 23 rd Street Lawrence, Kansas 66046
Property Name:	Farmland Industries
Type of Property:	Development Land (See following assumptions, limiting conditions and hypothetical conditions)
Current Use:	Vacated Former Farmland Industries Property
Site Size:	463.5 Acres 5 Parcels Douglas County Appraiser's Office
Improvements Size:	N/A
Legal Description:	Lengthy, Please refer to Douglas County parcel numbers shown following.

DOUGLAS COUNTY PARCEL NUMBERS

Douglas County Parcel #	Acres of Parcel
023-102-04-0-00-00-002.00-0	147.6 Acres
023-102-04-0-00-00-002.01-0	227.8 Acres
023-102-04-0-00-00-002.02-0	9.4 Acres
023-103-05-0-40-02-001.00-0	44.2 Acres
023-102-04-0-00-00-003.02-0	34.5 Acres
Total	463.5 Acres

SCOPE OF WORK

The *Scope of Work* is defined as the amount and type of information researched and the analysis applied in an assignment. Scope of Work includes, but is not limited to, the following:

- the degree to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analysis applied to arrive at opinions or conclusions.¹

The Scope of Work of this appraisal assignment is summarized on the following pages.

NOTE: The *Glossary of Terms/Definitions* found later in this appraisal defines and expands on many of the terms found in this section.

¹ *The Uniform Standards of Professional Appraisal Practice– 2010–2011 Edition*, Copyright © 2010 by the Appraisal Foundation, p. U-13.

Summary of Scope of Work:	
Intended use of the appraisal:	To provide my client (named below), with my opinion of the <i>Market Value</i> of several scenarios as previously listed in fee simple interest as of the effective date of this appraisal for use by the City of Lawrence. The appraiser is not responsible for unauthorized use of this report.
Intended user(s) of the appraisal:	The client named below. No other intended users are identified by the appraiser.
Client:	Mr. David Corliss City Manager City of Lawrence
Type of value(s) developed:	Market Value (as defined later in this report)
Property interest(s) appraised:	Fee Simple Interest
Effective date(s) of value:	January 26, 2010
Date of inspection:	January 26, 2010
Date of report:	February 12, 2010
Report reflects the following value perspective:	<input checked="" type="checkbox"/> Current (the inspection date is the effective date) <input type="checkbox"/> Retrospective <input type="checkbox"/> Prospective
Type of inspection:	Roadside Inspection Only
Person(s) inspecting:	Ronald D. Aul, MAI, accompanied by nobody else. Roadside inspection only.
Report format:	Summary Appraisal Report
Value approaches developed for this appraisal:	<input type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Sales Comparison Approach <input type="checkbox"/> Income Approach
Reasons for excluding a value approach:	Subject is assumed to be vacant commercial land in which the Cost and Income Approaches would not be applicable.

Extent of Inspection:

The scope of this appraisal included a visual inspection made from roadside views.

Extent of Research:

Comparable data was developed from the Lawrence Multiple Listing system, Douglas County records as well as conversations with area real estate agents, developers, appraisers and other market participants. The development of the comparable data and all interpretations of this data are based on the appraisers' judgment as it is presented in this appraisal.

Extraordinary Assumptions and Hypothetical Conditions:

1. The appraiser has no experience nor is considered to be an expert with any environmental matters and it has been well documented that the subject property has significant environmental issues.
2. The market values estimated within this report assume that municipal utilities of sewer and water have been extended to the subject site and there are no special assessments. Further, the market values assume that other utilities such as natural gas and electrical services have been extended to the site.
3. The market values estimated within this report expressly assume all former Farmland Industries structures, tanks, buildings, etc. have been removed from the subject site.
4. The market values within this report expressly assume the subject site is clean and available to redevelop with no environmental liabilities to any potential buyer.
5. The market values within this report expressly assume the subject property has been annexed into the City of Lawrence and either IL or IG zoning has been designated.
6. The market values estimated within this report expressly assume the subject property has access extended from O'Connel Road, Franklin Road, East Hills Business Park, 15th Street and 19th Street. The smaller than total market values in this report, ie 10 and 50 acres assume the above plus further assume that interior infrastructure is in place to serve smaller lots. This would include utilities, streets, curbs, gutters, etc.
7. The market values within this report expressly assume the subject property does not suffer from any kind of environmental stigma.
8. The overall market values estimated within this report assume that the subject property may have up to 25% "hot spots" which can not have structures built upon but could be greenspace, parking, setback, etc.
9. The market values within this report assume the subject property will have a deed restriction or similar that will not allow for residential development on the property due to the environmental issues.

Market Area Analysis

LOCATION MAP


Print - Maps

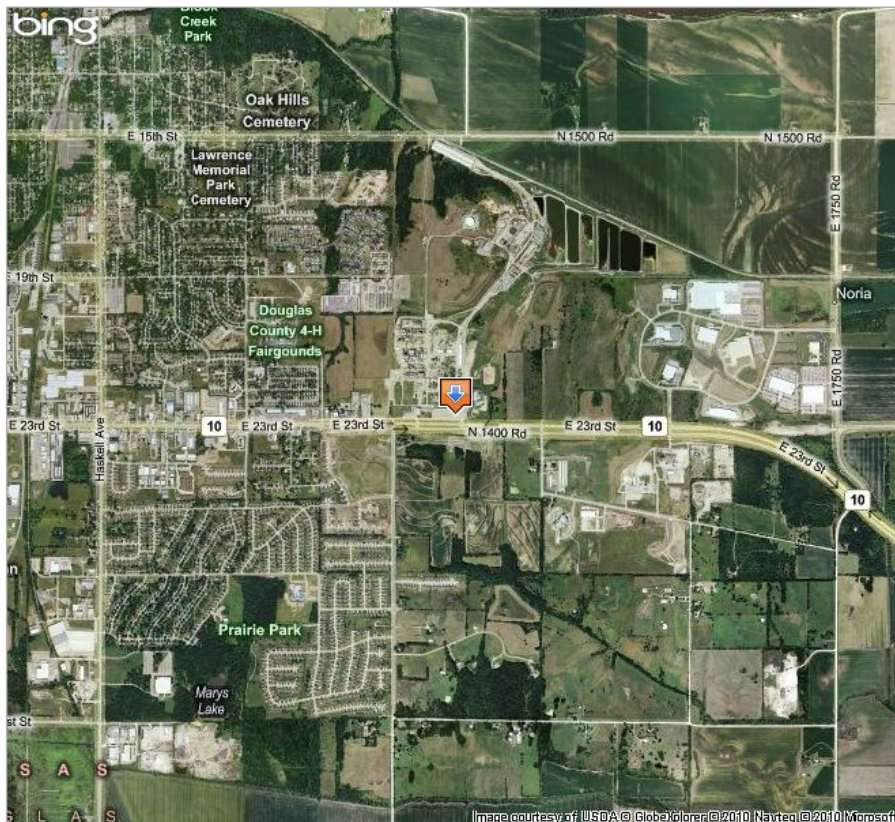
Page 1 of 1

Bing Maps

1626 N 1400 Rd, Lawrence, KS 66046-9258

My Notes

 **FREE!** Use Bing 411 to find movies, businesses & more: **800-BING-411**



<http://www.bing.com/maps/print.aspx?mkt=en-us&z=14&s=h&cp=38.943148,-95.200959...> 1/22/2010

MARKET ANALYSIS – LAWRENCE, KANSAS

Location

The subject property is located in the far eastern portion of the City of Lawrence. Lawrence is located approximately 30 miles west of the Kansas City metropolitan area and is the county seat of Douglas County. Lawrence is accessible via Interstate 70 on the north and Highway K-10 (23rd Street) on the south, which is a major four-lane highway connecting Lawrence and suburban Kansas City. The University of Kansas is located in Lawrence which represents a significant influence on the community.

Population

The estimated population of the City of Lawrence for 2000 was 80,098 persons, according to data from the U.S. Census Bureau. This represents a 22% increase from the 1990 census estimate of 65,608. The year 2007 estimated population was 89,852 persons. According to the Lawrence Chamber of Commerce (US Census Bureau Source), there are approximately 40,624 households (most recent year 1999) in Lawrence and all of Douglas County.

Education/Recreation

The Lawrence public school system includes 15 elementary schools, four junior highs and two high schools. It should be noted, due to current budget crisis at the local school level and state level, it is possible there could be some school closings in the near future.

There are two universities located in Lawrence. Haskell Indian Nations University, (1,000 students) is the nation's only inter-tribal university for Native Americans. The University of Kansas, a major state-supported university with approximately 27,000 students, is located west of the subject in central Lawrence. KU has a significant impact on the local economy and is one of the city's largest employers.

Local recreation and cultural attractions include Clinton Lake, located at the west edge of the city, Perry Lake, just north of the city in Jefferson County and several golf courses. In addition to the wide variety of activities at the University of Kansas, Lawrence benefits from its close proximity to the Kansas City metro area.

Employment/Income

The year 2005 estimated per capita personal income for Douglas County was \$28,394 as obtained from the Chamber of Commerce web site.

Unemployment in Douglas County has generally trended in the 3 to 5 percent range in recent years. Current unemployment in the city is around 6–7% according to some recently published Lawrence Journal World information.

Major employers in the Lawrence area are shown on the following chart:

Major Employers in the Lawrence MSA	
Employer	# of Employees
University of Kansas	9872
Lawrence Public Schools	1831
Vangent	1500
City of Lawrence	1431
Lawrence Memorial Hospital	1251
Hallmark Cards	814
The World Company	680
Berry Plastics	665
Baker University	496
<i>Source: Lawrence Chamber of Commerce, 2010</i>	

Local/Neighborhood Description

The subject property is located in the far eastern portion of the City of Lawrence or just outside the city limits. The subject represents the former Farmland Industries Property which was a production facility from the mid 1950's until the early 2000's. The developments in the immediate area would include Professional Moving and Storage, Douglas County Jail, East Hills Business Park, former Don's Steakhouse, LRM Industries (now under new ownership), and other commercial users. The most recent development in the area is the Tractor Supply Company property under construction along the south side of East 23rd Street or K-10 Highway. The access to the subject area is considered to be good based on K-10 Highway which connects the area to the Kansas City metropolitan area. There are no land uses in close proximity which adversely affect the subject property nor the market area although it should be heavily emphasized that the subject property has sat vacant for a long period of time due to a bankruptcy and environmental issues. The private automobile is the predominate available transportation in this area, although Lawrence does have a municipal bus system.

Market Conditions

General market conditions for improved commercial properties in Lawrence, Kansas are still considered to be somewhat stable but there are fewer sales and buyers have much fewer financing options available. The speculative commercial land and residential subdivision developed lots markets would be a different story at the present and these markets are not going very strongly at all. In fact, a pending land sale at Legends Drive and Research Park Drive would indicate a downward 23% difference for speculative vacant commercial land. While this is just one sale that can be paired with current/former sales information, it is certainly evidence

that the market has slowed considerably and likely decreased. The commercial markets for improved facilities are cautious but to date there has not been a noticeable significant drop but this could certainly change in the near future. There are appearing to be stresses on some commercial properties in the Lawrence marketplace such as the North Town Business Park Development which goes to a Sheriff's sale on February 25th and the Harley Davidson facility which recently closed but to date there has not been a significant major downturn but again this could change. Interest rates when considering a long term perspective are good but banks are taking a much longer look at commercial projects and the ability to have multiple options to finance commercial properties has dwindled. The commercial markets in Lawrence appear to be more stable in Lawrence which is unlike single family residential developments which have slowed in the City of Lawrence in the last year which would remain similar to many national types of trends.

The local real estate firm of Grubb & Ellis does annual and bi-annual studies of vacancy in the City of Lawrence and the year end 2009 numbers compiled by G&E indicated industrial vacancy in the 6.4% range which is a slight increase from 3.9% in 2008, retail in the 7.0% range which is a slight increase from 5.4% in 2008 and office in the 13.2% range and being reflective of an increase from 11.5% in 2008. It should be noted that the office vacancy factor can be somewhat misleading in the City of Lawrence because there are larger blocks of vacant space in the former Tanger Outlet Mall and former Downtown Outlet Mall and a large building at 18th and Wakarusa. The first two mentioned above would represent former retail type of space of which has been converted to office use and previously would have been reflected in another category. The appraiser is of the opinion that overall the improved commercial markets in the City of Lawrence remain generally stable but speculative commercial land and residential developed subdivisions do not remain stable due to the current economy status both locally and nationally in the United States.

Estimated Market Exposure Time

The market exposure time is presumed to precede the effective date of appraisal. Exposure time may be defined as follows: The estimated length of time 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 opinion based upon an analysis of past events assuming a competitive and open market.² Exposure time is a function of price, time and use. It must be noted that the concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but also adequate, sufficient and reasonable effort.

² *Uniform Standards of Professional Appraisal Practice- 2005 Edition, © 2005 by The Appraisal Foundation, p.93.*

The estimated exposure time presented herein is based on analysis of the following factors:

- statistical information about days on market;
- information gathered through sales verification;
- interviews with market participants; and
- anticipated changes in market conditions.

Based on the data presented in this report, and the fact that the market value estimated herein is representative of a price based on current acceptable returns indicated by market participants, I am of the opinion that the reasonable exposure time for the subject property in its present use would be approximately 12 to 36 months.

Property Description

PUBLIC DATA ANALYSIS

Property Address: East 23rd Street
Lawrence, Kansas 66046

Legal Description: Lengthy. Please refer to 5 Douglas County PIN #'s previously presented.

Owner of Record: SELS Administrative Services LLC Trustee

Parcel ID No(s): See Previously Presented List

2009 Real Estate Taxes: \$18,631.42

2009 County Market Value: \$812,510

HISTORY OF THE PROPERTY AND OWNERSHIP

The Douglas County Appraiser's Office currently lists the ownership as SELS Administrative Services LLC Trustee. The subject property was operated as the Farmland Industries plant starting in about 1954 and discontinuing in about 2001. Subsequently there has been a bankruptcy and all the well documented environmental issues with the subject property. As the property sits today it is a complete "eye sore" for what should really be a "gateway" to the City of Lawrence area from K-10 Highway.

There have been a lot of discussions about redevelopment, environmental reports, etc. all of which would be beyond the scope of this report. However, at present the City of Lawrence is likely going to take the lead in redeveloping the subject property. The tentative plans are that the City of Lawrence will acquire the subject property at zero cost but be responsible for overseeing all the environmental cleanup operations which could take up to 30 years. In addition, this will also likely involve removal of all the tanks and structures on site as well as any other site improvements. The Farmland bankruptcy resulted in approximately \$10.8 million in a trust that is earmarked for cleanup of the subject site. If the City of Lawrence does follow through with the zero cost purchase as mentioned above, the City would be responsible for any environmental clean up costs above this approximate \$10.8 million.

SITE DESCRIPTION

The subject property is comprised of five contiguous Douglas County Appraiser's Office parcel numbers as shown in the table below.

Douglas County Parcel #	Acres of Parcel
023-102-04-0-00-00-002.00-0	147.6 Acres
023-102-04-0-00-00-002.01-0	227.8 Acres
023-102-04-0-00-00-002.02-0	9.4 Acres
023-103-05-0-40-02-001.00-0	44.2 Acres
023-102-04-0-00-00-003.02-0	34.5 Acres
Total	463.5 Acres

The appraiser was provided with some various total acreage amounts but for this report has strictly relied upon the Douglas County Appraiser's Office total acres reported. The reader is referred to the following pages for aerial maps for the five parcels comprising the subject site.

The subject property represents the former Farmland Industries property which has frontage along East 23rd Street or K-10 Highway along the south and 15th Street extended on the north. There is a rail spur bisecting a portion of the north site area. The terrain would be best described as rolling. As mentioned throughout this report, the subject property has well documented environmental issues based on all the years use as a farm chemical plant operation.

At the direction of the client, the appraiser was requested to estimate the market values with the hypothetical condition that municipal sewer and all other utilities have been extended to the property and also that the environmental issues are taken care of and there is no environmental liabilities to any potential buyer. Further, the assumption is also made that there is no environmental stigma which would hinder marketing efforts to sell off lots. The access to the subject is also assumed to be from 15th, 19th, East Hills Business Park, Franklin Road and O'Connell Road. All the current buildings and horrible looking decaying equipment and site improvements are also assumed to have been removed from the site.

The large majority of the subject property is not currently annexed or zoned within the City of Lawrence. The appraiser was also instructed to assume the entire subject property is annexed into the City of Lawrence and appropriately zoned either IL, Limited Industrial District, or IG, General Industrial District. The appraiser was informed that it is very likely that there would be a deed restriction or some other form of restriction that would never allow for residential development on the subject property due to the environmental issues.

The site appears to not be located in a designated floodplain district based on FEMA panel number 20045C0039 C dated November 7, 2001. Flood insurance would not typically be required for the subject property. A copy of the flood plain map is included in the following pages.

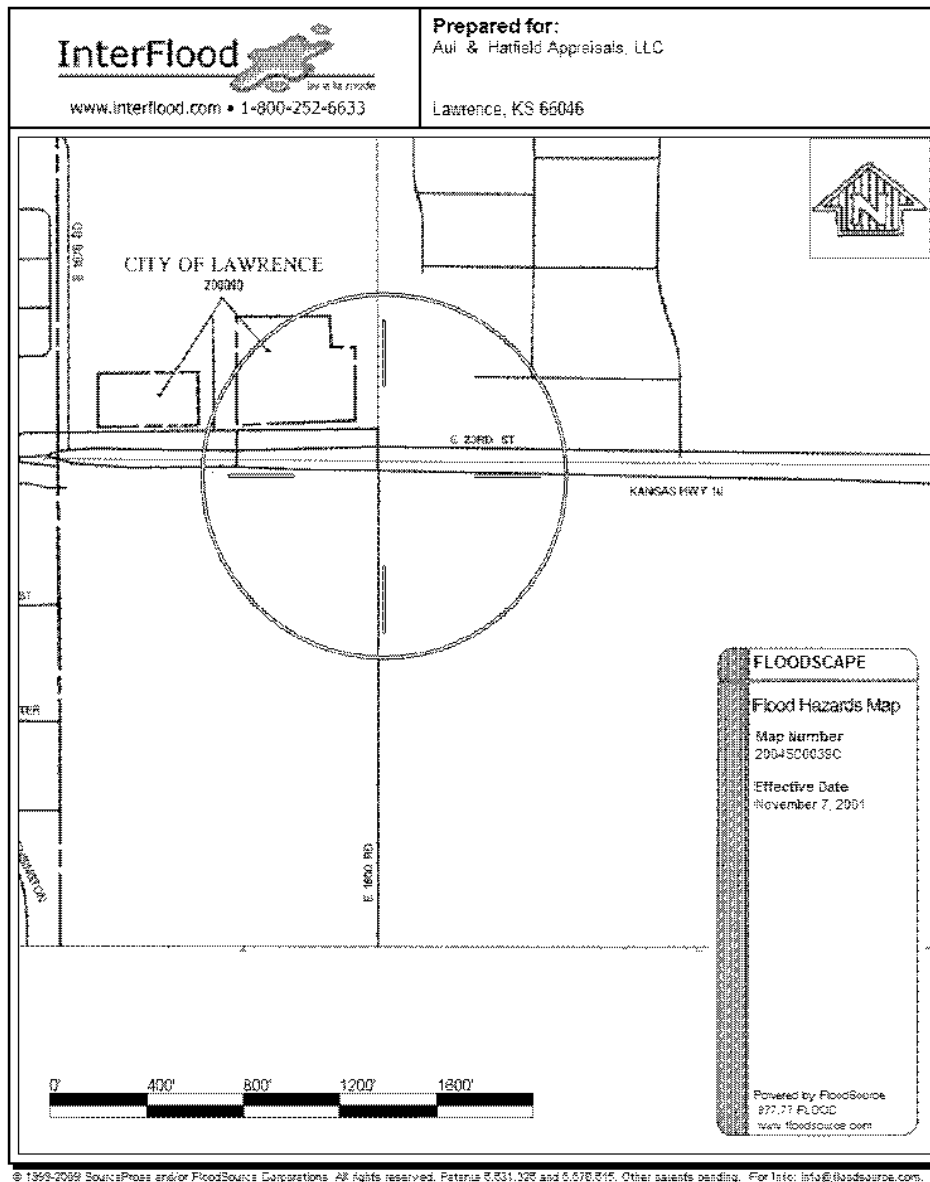
Environmental Considerations

The subject property would represent a contaminated site and has a long documented history of environmental issues related to the long use as a Farmland Industries farm chemical plant operation. The appraiser is not an expert with regards to environmental matters and any environmental questions and/or issues should be directed to the client which has many volumes of environmental reports on the subject property. The reader is referred to the previously presented extraordinary assumptions and hypothetical conditions.

The following pages include copies of FEMA flood plain and aerial maps for the reader's reference in regards to the subject property.

FEMA FLOOD MAP

Page 1 of 1

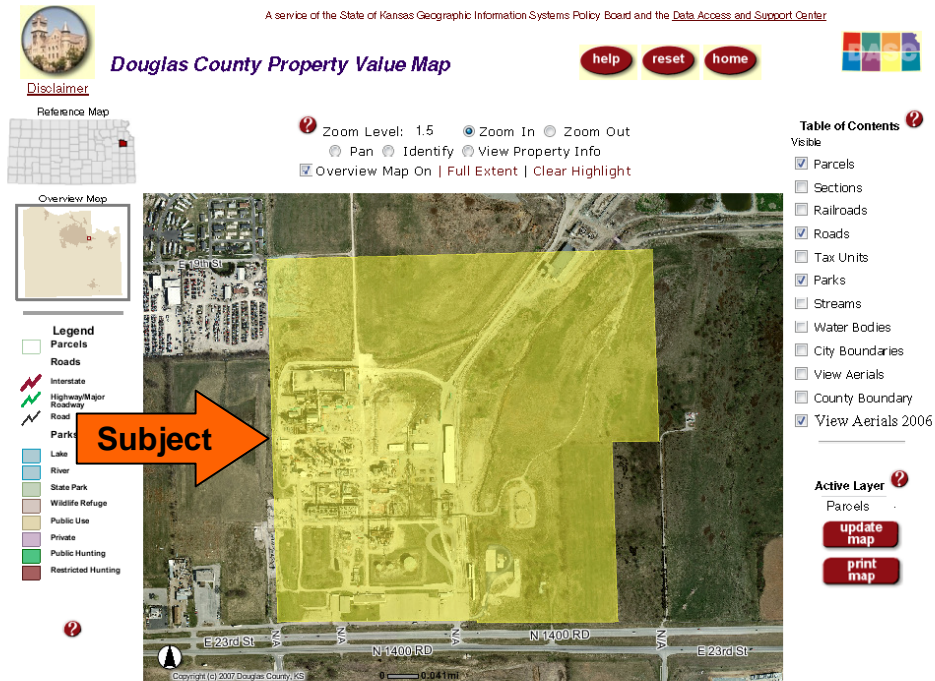


[http://floodmap.alamode.com:8080/FloodScopeImage?customerNum=1&caption=Aul +%...](http://floodmap.alamode.com:8080/FloodScopeImage?customerNum=1&caption=Aul+%...) 1/22/2010

AERIAL MAP 1

Douglas County Property Value Map

Page 1 of 1



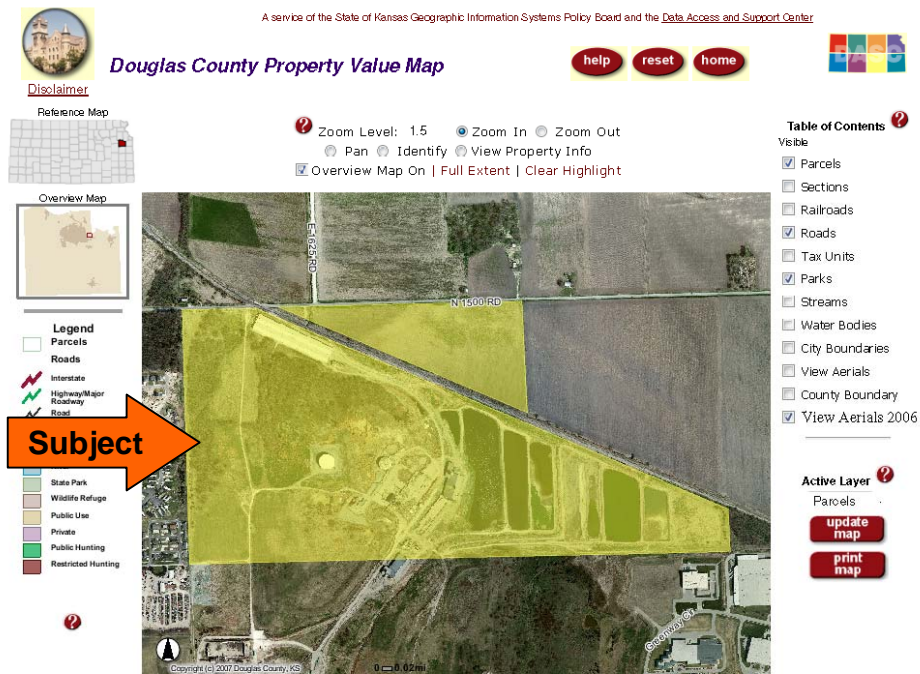
http://mackinaw.kgs.ku.edu/dg_co/tax/dg_taxmap.cfm

1/22/2010

AERIAL MAP 2

Douglas County Property Value Map

Page 1 of 1



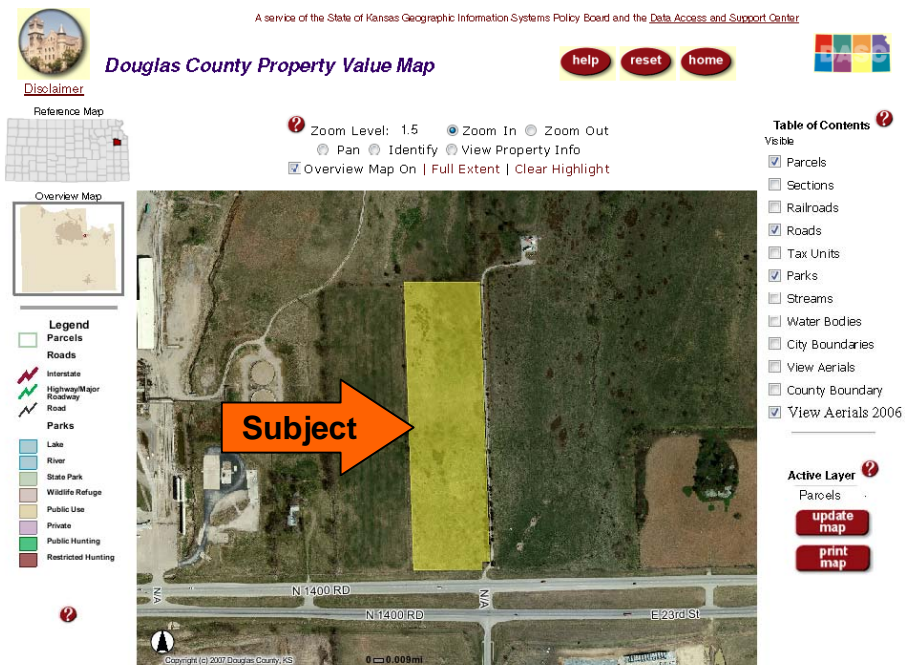
http://mackinaw.kgs.ku.edu/dg_co/tax/dg_taxmap.cfm

1/22/2010

AERIAL MAP 3

Douglas County Property Value Map

Page 1 of 1



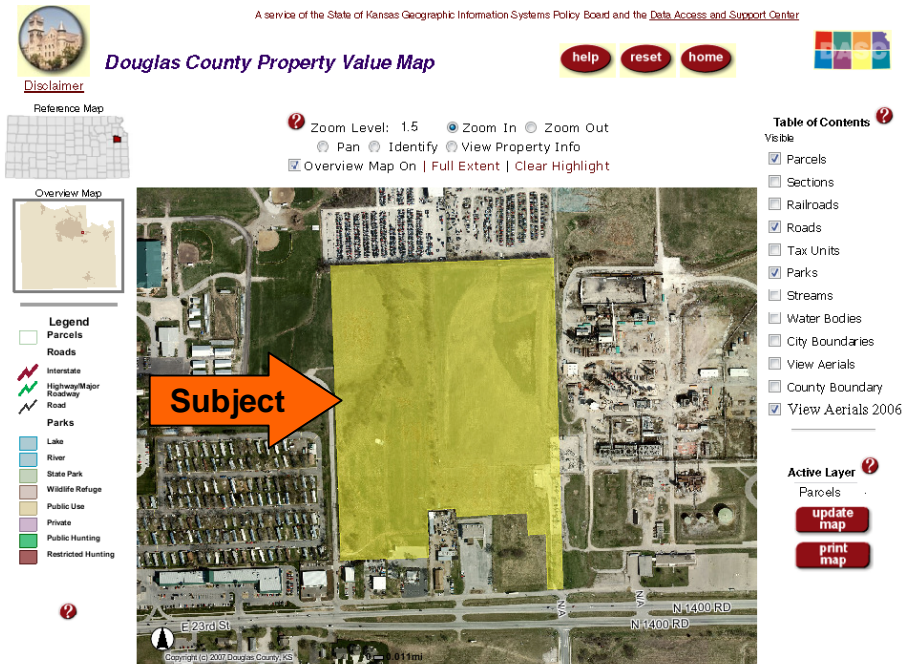
http://mackinaw.kgs.ku.edu/dg_co/tax/dg_taxmap.cfm

1/22/2010

AERIAL MAP 4

Douglas County Property Value Map

Page 1 of 1



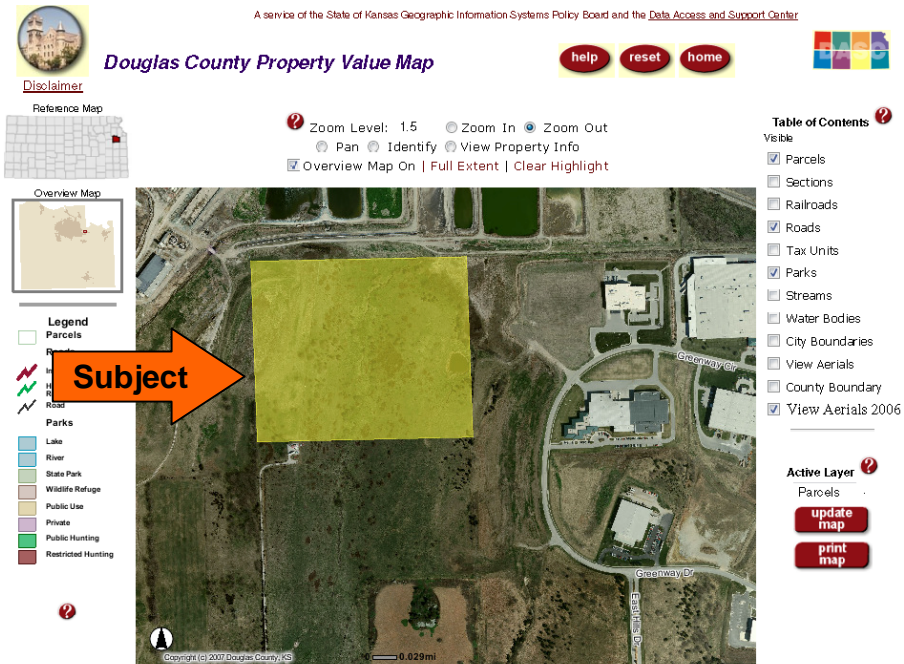
http://mackinaw.kgs.ku.edu/dg_co/tax/dg_taxmap.cfm

1/22/2010

AERIAL MAP 5

Douglas County Property Value Map

Page 1 of 1



http://mackinaw.kgs.ku.edu/dg_co/tax/dg_taxmap.cfm

2/3/2010

DESCRIPTION OF THE IMPROVEMENTS

The market values within this report expressly assume all tanks, building structures, etc. have been removed from the subject site.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SOUTHWEST PORTION OF PROPERTY



23RD STREET ACCESS ROAD



VIEW LOOKING NE TOWARD OLD PLANT



FORMER FARMLAND TANKS ON SITE



FORMER FARMLAND TANKS



NORTHERN PROPERTY PORTION

Highest and Best Use

Highest and best use is that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, it is that use, from among legally permissible, physically and reasonably possible uses, found to be economically and financially feasible, and which results in the most profitable of the alternatives.

Four questions must be answered in determining highest and best use:

1. **Legally Permissible Uses.** What uses are permitted by zoning and deed restrictions on the subject site?
2. **Physically Possible Uses.** To what uses is it physically possible to put the subject site?
3. **Financially Feasible Uses.** Which possible and permissible uses will produce any net return to the owner of the subject site?
4. **Maximally Productive Use.** Among the feasible uses, which use will produce the highest net return or result in the highest present worth?

The definition and questions above apply specifically to the highest and best use of land. In cases where a site has existing improvements, the highest and best use may be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use.

The entire subject larger tract which represents five contiguous Douglas County parcels and contains an estimated 463.5 acres in total (based on Douglas County Appraiser's Office records) is located along East 23rd Street or K-10 Highway. The terrain is generally rolling and the reader is referred to the extensive list of extraordinary assumptions and hypothetical conditions presented previously. Based on these items it would be logically assumed that most any use would be physically possible on the subject site but again the reader has to be significantly cautioned in regards to environmental matters.

The appraiser was instructed to assume that the subject property has been in total annexed into the City of Lawrence and either zoned, IL, Limited industrial District or IG, General Industrial District by the City of Lawrence. Therefore, based on this assumption, a variety of office, industrial and commercial uses would be legally permissible. Based on the environmental issues it is considered to be likely that residential development will never be an allowable use on the subject site.

The larger parcel which is the subject of this report contains an estimated 463.5 acres. The appraiser was also instructed to analyze an assumed smaller 10 acre parcel fronting East 23rd Street and then a “typical” 10 and 50 acre parcel. These analysis are following. Based on all the extraordinary assumptions and hypothetical conditions, the highest and best use as vacant would be considered to redevelop the subject property and sell off lots for office, industrial and commercial development in accordance with the IL and IG zoning designations. However, it should be noted, based on the current state of the economy this would likely be done in some sort of a phased fashion with the first phase involving demolition and cleanup of the current eye sore of a subject site and then in phases as demand warrants developing the infrastructure to the internal areas of the site.

Valuation Methodology

The traditional methods of processing market data into a value indication include:

- Cost Approach;
- Sales Comparison Approach; and
- Income Capitalization Approach.

The cost approach assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The sales comparison approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data that can be verified from authoritative sources. The sales comparison approach is less reliable in an inactive market, or when estimating the value of properties for which no real comparable sales data is available. It is also questionable when sales data cannot be verified with principals to the transaction.

The income capitalization approach reflects the market's perception of a relationship between a property's potential income and its market value, a relationship expressed as a capitalization rate. This approach converts the anticipated benefits (dollar income or amenities) to be derived from the ownership of property into a value indication through capitalization. This approach is widely applied when appraising income-producing properties.

As discussed previously, the appraiser has analyzed the subject property based on the Sales Comparison Approach to market value. The reconciliation at the end of this appraisal report discusses the relative strengths and weaknesses of each approach and indicates which approaches were not completed.

Direct Sales Comparison Approach

The Direct Sales Comparison Approach involves the comparison with the subject property of similar properties that have recently been sold or similar properties currently on the market. Differences in time/market conditions, tract size, zoning, access, utilities and other features are analyzed. Differences in the comparable properties are adjusted to the subject property to indicate a range of value for the property being appraised. These adjustments are extracted from the market, based on actions of typical buyers and sellers in the subject's market. The value range is then correlated into a final indicated value for the subject property by this Direct Market Comparison Approach.

The appraiser was instructed by the client to estimate market values for several different scenarios for the subject property. The first scenario is to estimate the market value of the entire subject site on a per acre basis and in total based on all the extraordinary assumptions and hypothetical conditions. The second scenario is for an assumed 10 acre site fronting on East 23rd Street and the third and fourth scenario would be for a "typical" 10 and 50 acre site.

The following pages include discussions of each of these scenarios for the reader's reference. The first page includes a Sales Comparison Grid and the pages following the grid contain discussion of the individual estimated market values. The addenda to this report contains comparable land sale writeups as well as land sale location maps for the reader's review.

Comparable Land Sales Grid

Entire 463.50 Acres

	SUBJECT PROPERTY	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4			
PROPERTY IDENTIFICATION	Farmland Industries	Wesleyan Church	Stultz Tract	Topeka Tract	USD 497			
PROPERTY LOCATION	East 23rd Street Lawrence, KS	31st & Kasold Lawrence, KS	NEQ 6th/SLT Lawrence, KS	NWC Topeka Blvd/77th Topeka,KS	E 1700 Road Lawrence, KS			
SALES DATA:								
DATE OF SALE		11/30/2009	4/2/2007	12/1/2009	11/24/2009			
SALE PRICE	\$	1,500,000	\$	2,193,400	\$	1,730,000		
TERMS OF SALE		Market	Market	Market	Market			
CONDITION OF SALE		Normal	Normal	Normal	Normal			
SITE DATA:								
SITE AREA (ACRES)	463.50 acres	173.50 acres	217.50 acres	138.52 acres	72.01 acres			
ZONING	Assumed IL or IG	RM12, A, VC	A	I-2/RR-1	A			
PRICE PER ACRE	\$	8,646	\$	9,655	\$	15,835	\$	24,024
ADJUSTMENTS:								
TIME/MARKET CONDITIONS								
PERCENTAGE		0%	0%	0%	0%			
DOLLAR ADJUSTMENT	\$	-	\$	-	\$	-		
ADJUSTED PRICE PER ACRE	\$	8,646	\$	9,655	\$	15,835	\$	24,024
ADJUSTMENTS:								
TRACT SIZE								
PERCENTAGE		-25%	-25%	-25%	-50%			
DOLLAR ADJUSTMENT	\$	(2,161)	\$	(2,414)	\$	(3,959)	\$	(12,012)
TERRAIN/UTILITIES/USABLE AREA								
PERCENTAGE		25%	25%	-10%	-10%			
DOLLAR ADJUSTMENT	\$	2,161	\$	2,414	\$	(1,583)	\$	(2,402)
LOCATION/ACCESS/ZONING								
PERCENTAGE		20%	10%	0%	10%			
DOLLAR ADJUSTMENT	\$	1,729	\$	966	\$	-	\$	2,402
ADJUSTED PRICE PER ACRE	\$	10,375	\$	10,621	\$	10,292	\$	12,012
AVG ADJUSTED PRICE PER ACRE	\$	10,825						
CONCLUSION PRICE PER ACRE	\$	11,000						
INDICATED VALUE	\$	5,098,500						
ROUNDED TO	\$	5,100,000.00						

ANALYSIS – ENTIRE 463.5 ACRES

A couple of items to discuss before the below discussion about adjustments to the comparable land sales. The first item, the reader is referred to the previously presented extensive list of extraordinary assumptions and hypothetical conditions. Second, three of the four land sales are surprisingly very fresh in terms of time frame. Finally, it should be emphasized, the subject is an extremely large assumed developmental type of tract in comparison to the comparable sales. This factor was adjusted for, but it should be emphasized that the subject is a very large site.

Time/Market Conditions

The appraiser did not make an adjustment for time/market conditions which would reflect the current economic state as well as three of the four comparables representing very recent transactions.

Tract Size

The subject represents a very large tract of 463.5 acres when all five Douglas County parcels are assembled. A pairing of Sales 3 and 4 with Sales 1 and 2 would certainly indicate differences due to tract size. However, certainly a portion of the difference are the items discussed below. Based on these pairings and rounding, Sale 4 was adjusted downward 50% for its much smaller tract size and Sales 1–3 were adjusted downward 25% for tract size.

Terrain/Utilities/Usable Area

The subject has a rolling terrain and is assumed as previously presented to have utilities extended to the site. While the reader is referred to the previously presented assumptions page, it is possible the subject due to the environmental clean up efforts in the future could result in the loss of 25% or greater of the overall site area to not being available for buildings. However, this area could likely be used for greenspace, setbacks, detention, etc. so probably not a total loss. Sales 3 and 4 were considered to be superior, primarily due to terrain and usable area and were adjusted downward 10%. Sale 1 has a significant amount of floodplain and/or floodway site area and was considered to be quite inferior and was adjusted upward 25%. Sale 2 also has a difficult terrain and was adjusted upward 25%.

Location/Access/Zoning

The subject and Sale 3 were generally considered to be similar and no adjustment was made. Sales 2 and 4 were considered to be inferior primarily due to location and lack of East 23rd Street frontage and were adjusted upward 10%. Sale 1 represents four Douglas County parcels and there are access issues and it has a lot of inferior VC zoning which would not allow for building improvements. Sale 1 was adjusted upward 20%.

After adjustments, the four comparables range from \$10,292 per acre to \$12,012 per acre. The appraiser has given the heavier consideration to Sales 1, 3 and 4 with a lower consideration to Sale 2 and estimated the market value at \$11,000 per acre. The market value of the subject site via the Sales Comparison Approach is shown below:

\$11,000 per acre x 463.50 acres = \$5,098,500, rounded to \$5,100,000

The reader is referred to the previously presented extraordinary assumptions and hypothetical conditions.

Comparable Land Sales Grid
10 Acre Assumed Site Fronting East 23rd Street

10 Acre Assumed Site Fronting East 23rd Street

	SUBJECT PROPERTY	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4	COMPARABLE #5
PROPERTY IDENTIFICATION	Farmland Industries	Zaremba	MV Transportation	Prof Moving & Storage	TSC	Hallmark Cards Tract
PROPERTY LOCATION	East 23 rd Street Lawrence, KS	800 East 30 th Lawrence, KS	3035 Haskell Ave Lawrence, KS	3620-40 Thomas Ct Lawrence, KS	East 23 rd Street Lawrence, KS	McDonald Drive Lawrence, KS
SALES DATA:						
DATE OF SALE		10/24/2008	6/18/2007	8/29/2005	10/27/2009	5/23/2008
SALE PRICE	\$	415,000	\$ 270,000	\$ 601,640	\$ 524,453	\$ 850,000
TERMS OF SALE		Market	Market	Market	Market	Market
CONDITION OF SALE		Normal	Normal	Normal	Normal	Normal
SITE DATA:						
SITE AREA (ACRES)	10.00 acres	10.34 acres	1.94 acres	4.25 acres	3.09 acres	5.25 acres
SITE AREA (SQ.FT.)	435,600 sq.ft.	450,232 sq.ft.	84,593 sq.ft.	185,120 sq.ft.	134,509 sq.ft.	228,777 sq.ft.
ZONING	Assumed IL or IG	IG	IG	PID-2	IL	IG
PRICE PER SQ.FT.	\$	0.92	\$ 3.19	\$ 3.25	\$ 3.90	\$ 3.72
PRICE PER ACRE	\$	40,151	\$ 139,033	\$ 141,570	\$ 169,841	\$ 228,777
ADJUSTMENTS:						
TIME/MARKET CONDITIONS						
PERCENTAGE		0%	0%	0%	0%	0%
DOLLAR ADJUSTMENT	\$	-	\$ -	\$ -	\$ -	\$ -
ADJUSTED PRICE PER SF	\$	0.92	\$ 3.19	\$ 3.25	\$ 3.90	\$ 3.72
ADJUSTMENTS:						
TRACT SIZE						
PERCENTAGE		0%	-25%	-25%	-25%	-25%
DOLLAR ADJUSTMENT	\$	-	\$ (0.80)	\$ (0.81)	\$ (0.97)	\$ (0.93)
TERRAIN/UTILITIES						
PERCENTAGE		25%	0%	0%	0%	0%
DOLLAR ADJUSTMENT	\$	0.23	\$ -	\$ -	\$ -	\$ -
LOCATION/ACCESS/ZONING						
PERCENTAGE		0%	0%	0%	0%	-10%
DOLLAR ADJUSTMENT	\$	1.25	\$ -	\$ -	\$ -	\$ (0.37)
ADJUSTED PRICE PER SQ.FT.	\$	2.40	\$ 2.39	\$ 2.44	\$ 2.93	\$ 2.42
AVG ADJUSTED PRICE PER SF	\$	2.52				
CONCLUSION PRICE PER SF	\$	2.50				

ANALYSIS – 10 ACRES FRONTING EAST 23RD STREET

This analysis is based on the assumption that the subject is a 10 acre lot fronting East 23rd Street.

Time/Market Conditions

The land sales used in this analysis tended to be a bit older than the previous but similar to the first analysis the appraiser made no adjustment for time/market conditions.

Tract Size

Sales 2–5 are much smaller than the assumed subject tract size and were adjusted downward 25% for tract size. Sale 1 is in a similar size range and at the lowest price per square foot but has other issues. Sale 1 was not adjusted.

Terrain/Utilities

The subject and Sales 2–5 were considered to generally be similar and no adjustment was made. Sale 1 has a significantly inferior terrain and was adjusted upward 25%.

Location/Access/Zoning

The subject and Sales 2, 3 and 4 were considered to be similar and no adjustments were made. Sale 5 was considered to have a superior location and was adjusted downward 10%. Sale 1 was considered to be inferior in terms of location and access and based on a pairing with the other sales was adjusted upward \$1.25 per square foot.

After adjustments, the five comparables range from \$2.39 to \$2.93 per square foot. The appraiser has given the heavier consideration to Sales 2–5 with a lower consideration to Sale 1 and estimated the subject site value at \$2.50 per square foot for the assumed 10 acres fronting East 23rd Street.

\$2.50 Per Square Foot

Comparable Land Sales Grid

10-50 Acre "Typical Site"

10-50 Acre "Typical Site"

	SUBJECT PROPERTY	COMPARABLE #1	COMPARABLE #2	COMPARABLE #3	COMPARABLE #4	COMPARABLE #5
PROPERTY IDENTIFICATION	Farmland Industries	USD 497	Zaremba	KU Land Tract	Pioneer	Printing Solutions
PROPERTY LOCATION	East 23rd Street Lawrence, KS	E. 1700 Road Lawrence, KS	800 East 30th Lawrence, KS	Timberedge Road Lawrence, KS	1451 N 1823 Road Lawrence, KS	N 1360 Road Lawrence, KS
SALES DATA:						
DATE OF SALE		11/24/2009	10/24/2008	12/15/2010	1/31/2008	7/25/2008
SALE PRICE	\$	1,730,000	\$ 415,000	\$ 735,000	\$ 200,000	\$ 250,900
TERMS OF SALE		Market	Market	Market	Market	Market
CONDITION OF SALE		Normal	Normal	Normal	Normal	Normal
SITE DATA:	"Typical Site"					
SITE AREA (ACRES)	10-50 Acres	72.01 acres	10.34 acres	13.00 acres	3.12 acres	3.90 acres
SITE AREA (SQ.FT.)		3,136,756 sq.ft.	450,232 sq.ft.	566,280 sq.ft.	135,753 sq.ft.	169,884 sq.ft.
ZONING	Assumed IL or IG	A	IG	IG	IL	PID
PRICE PER SQ.FT.	\$	0.55	\$ 0.92	\$ 1.30	\$ 1.47	\$ 1.48
PRICE PER ACRE	\$	24,024	\$ 40,151	\$ 56,538	\$ 64,175	\$ 64,333
ADJUSTMENTS:						
TIME/MARKET CONDITIONS						
PERCENTAGE		0%	0%	0%	0%	0%
DOLLAR ADJUSTMENT	\$	-	\$ -	\$ -	\$ -	\$ -
ADJUSTED PRICE PER SF	\$	0.55	\$ 0.92	\$ 1.30	\$ 1.47	\$ 1.48
ADJUSTMENTS:						
TRACT SIZE						
PERCENTAGE		0%	0%	0%	0%	0%
DOLLAR ADJUSTMENT	\$	-	\$ -	\$ -	\$ -	\$ -
TERRAIN/UTILITIES						
PERCENTAGE		0%	25%	0%	10%	0%
DOLLAR ADJUSTMENT	\$	-	\$ 0.23	\$ -	\$ 0.15	\$ -
LOCATION/ACCESS/ZONING						
PERCENTAGE		0%	0%	0%	0%	0%
DOLLAR ADJUSTMENT	\$	-	\$ -	\$ -	\$ -	\$ -
ADJUSTED PRICE PER SQ.FT.	\$	0.55	\$ 1.15	\$ 1.30	\$ 1.62	\$ 1.48
AVG ADJUSTED PRICE PER SF	\$	1.22				
CONCLUSION PRICE PER SF	\$	1.25	10 Acre "Typical Tracts"			
CONCLUSION PRICE PER SF	\$	0.75	50 Acre "Typical Tracts"			

ANALYSIS – 10–50 ACRE “TYPICAL SITE”

This analysis is based on the assumption of a “typical” 10 to 50 acre tract.

Time/Market Conditions

The land sales used in this analysis tended to be a bit older than the previous but similar to the first analysis the appraiser made no adjustment for time/market conditions.

Tract Size

The appraiser recognizes that a difference in size between 10 and 50 acres is very large. The comparable sales included ranged in size from 3.12 acres to 72.01 acres. Rather than making a separate adjustment the appraiser had estimated the market value after consideration of the other adjustments and the range with lower end of the range being the larger tract.

Terrain/Utilities

The subject and Sales 1, 3 and 5 were considered to generally be similar and no adjustment was made. Sale 2 has an extremely inferior terrain and was adjusted upward 25%. Sale 4 does not have municipal utilities of sewer and was adjusted upward 10%.

Location/Access/Zoning

The appraiser is obviously at a disadvantage when using a “typical” type lot in terms of knowing the exact location and access. Therefore, the appraiser did not make an adjustment for these items.

After adjustments, the five comparables range from \$.55 to \$1.62 per square foot. The appraiser has given consideration to size differentials and the other factors discussed above and estimated the subject site value for a “typical” 10 acre and 50 acre parcel as follows:

10 Acre “Typical Site” – \$1.25 Per Square Foot

50 Acre “Typical Site” – \$.75 Per Square Foot

Reconciliation and Final Value Opinion

Reconciliation is the process by which the appraiser weighs the relative significance, defensibility, and applicability of each approach as it pertains to the type of property being appraised. My analysis in this appraisal has led to the following value indications:

As noted earlier in this report, I have analyzed the subject property based on the Sales Comparison and Income Approaches only.

The **Cost Approach** was not completed in this report as previously discussed. The omission of the Cost Approach was not considered to make this report misleading.

The **Sales Comparison Approach** is especially appropriate when an active market provides sufficient reliable data that can be verified from authoritative sources. The sales comparison approach in this appraisal relies on adequate sales data of comparable commercial properties within the subject's overall market area. In addition, this approach to value represents the actions of buyers and sellers in the marketplace. I have given consideration to this approach in my final value opinion.

The **Income Approach** was not completed as previously discussed. The omission of the Cost Approach was not considered to make this report misleading.

My final opinions of value are based on the facts and circumstances pertinent to the analysis, the definition of value used, the purpose and intended use of the appraisal, the contingent and limiting conditions, all the special assumptions and limiting conditions and/or hypothetical conditions as noted following in the attached report as of the effective appraisal date of January 26, 2010 are as follows:

Subject Property	MV Opinion	Comments
Entire 463.5 Acres	\$11,000 Per Acre \$5,100,000 (R)	Utilities Extended to Site Environmental Disclaimers Annexed and Zoned Others Shown Following
10 Acre Tract Fronting East 23 rd Street	\$2.50/SF \$108,900/Acre \$1,100,000 (R)	Above Items Infrastructure Extended
10 Acre "Typical Tract"	\$1.25/SF \$54,450/Acre \$550,000 (R)	Same as Above
50 Acre "Typical Tract"	\$.75/SF \$32,670/Acre \$1,650,000 (R)	Same as Above

Certification and Limiting Conditions

CERTIFICATION

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

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



Ronald D. Aul, MAI
Certified General Real Property Appraiser
Kansas No. G-1241

February 12, 2010

Date of Report

C-955

File Number

CONTINGENT AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. This is a *Summary Appraisal Report* which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion of value. Supporting documentation concerning the data, reasoning, and analyses are retained in our file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as noted herein. The appraiser is not responsible for unauthorized use of this report.
2. The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised on the basis of it being under responsible ownership. The property is appraised as though under responsible engineer or architect, the Appraiser applied limited structural and design analysis to the problem and the cost estimates must be considered non-professional. The future operation of the property assumes skilled and adequate management but are not represented to be historically based. A property manager was not retained to estimate the revenue and expense projections. A reasonable understanding of zoning and life safety and other codes is assumed but no guarantee is given that permits and occupancy rights will be given by the appropriate authority of the probable uses discussed in the report.
3. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property and understanding the appraiser's determination of its size. The Appraiser has made no land survey of the property unless otherwise indicated.
4. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. Values for various components of the subject parcel and improvements or the value derived by one or two approaches to value as contained within this report are valid only when making a summation or final opinion of value and are not to be used independently for any purpose and must be considered invalid if so used. A separate report on only a part of a whole property, particularly if the reported value exceeds the value that would be derived if the property were considered separately as a whole, must be stated as a fractional report. Any conclusions based on the assumed completion of public or private improvements will have clearly defined conditions, extent, and effects of such assumptions stated.

6. If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.
7. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.
8. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of and did not observe any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc. or any used in the construction or maintenance of the building) that would make the property more or less valuable, and has assumed that there are no such conditions. The appraiser makes no guarantees or warranties, express or implied, regarding the condition of the property. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered an environmental assessment of the property. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.
9. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties. All information furnished regarding property for sale, rental, financing, or projections of income and expense is from sources deemed reliable. No warranty or representation is made as to the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
10. The appraiser will not disclose the contents of the appraisal report except as provided for in the *Uniform Standards of Professional Appraisal Practice* and any applicable federal, state or local laws. Disclosure of the contents of the appraisal report is also governed by the regulations of the Appraisal Institute with which the Appraiser is affiliated.

11. An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client or other party does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be sued for any other purpose by anyone without the previous written consent and approval of the Appraiser or the client for whom it is written and, in any event, only in its entirety. The contents of this report, neither all or any part, shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author(s), particularly regarding the valuation conclusions and the identity of the Appraiser or the firm with which he/she is associated or any of his/her associates.
12. Forecasts of effective demand for the highest and best use or the best fitting and most appropriate use were based on the best available data concerning the market and are subject to conditions of economic uncertainty about the future. Primary market research was not used due to time and budget limitations unless noted in the report.
13. On all analysis, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
14. The Appraiser has referred to flood zone maps that are provided by the Federal Emergency Management Agency (or other data sources as indicated), however he/she is not an engineer or surveyor and no warranty, express or implied, is made to the reliability of this information.
15. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in our opinion of value of the property.

COPYRIGHT NOTICE

This report is Copyright © 2010 by Aul & Hatfield Appraisals, LC. The client named in this report (the "Licensee") has received a Restricted Use License to use this appraisal report (the "WORK") This license allows the client to use and copy the Work solely for purposes of the intended use (stated earlier in this report) associated with this Work. The client specified in this appraisal report may distribute the report to: the borrower; another lender at the request of the borrower; the mortgagee or its successors and assigns for servicing said loan; and/or to all lenders in your organization to use the Work and to sell said Work as a package with the loan as intended. The licensee shall use the Work only for the purposes set forth above. Licensee shall not:

- Reproduce the Work in copies or electronic form;
- Prepare a Derivative Works based upon the Work;
- Distribute copies of the Work by sale or other transfer of ownership, or by rental, lease, or lending; in any form electronic, paper, or otherwise– this includes Internet application or Software application unless specified in this Agreement, including in any third party proprietary format, unless provided for in this Agreement;
- Allow end users to resell the Work or a derivation, or to resell data or services which are derived from the Work.

Glossary / Definition of Terms

Several terms utilized in this appraisal report require definition and/or reference. This glossary is considered a part of the attached appraisal report and this report is not valid without inclusion of this glossary. Not all terms in this glossary may specifically apply to this appraisal analysis.

Market Value:

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

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

Source: Defined by the National Credit Union Administration, Office of Thrift Supervision, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation, Federal Reserve System, and The Appraisal Foundation, implementing Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and accepted by the Appraisal Institute.

Fee Simple Estate

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.

Source: The Dictionary of Real Estate Appraisal – Fifth Edition, © 2010 by the Appraisal Institute, an Illinois Not for Profit corporation, p. 78.

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

Source: The Dictionary of Real Estate Appraisal – Fifth Edition, © 2010 by the Appraisal Institute, an Illinois Not for Profit corporation, p. 161.

Intended Use

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Source: Uniform Standards of Professional Appraisal Practice– 2010–2011 Edition, Copyright © by the Appraisal Foundation, p. U-3

Intended User(s)

The client and any other party indentified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

Source: Uniform Standards of Professional Appraisal Practice– 2010–2011 Edition, Copyright © by the Appraisal Foundation, p. U-3

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of the floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, including any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice

Source: The Dictionary of Real Estate Appraisal – Fifth Edition, © 2010 by the Appraisal Institute, an Illinois Not for Profit corporation, p. 167–168.

NOTE: Rentable Area may be indicated as RA or NRA within this report.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent

outer building walls without deductions. This includes mezzanines and basements if and when typically included in the region.

Source: The Dictionary of Real Estate Appraisal – Fifth Edition, © 2010 by the Appraisal Institute, an Illinois Not for Profit corporation, p. 80.

NOTE: There may be exceptions to the areas utilized for gross building area (basements, etc.) as detailed in this report where necessary.

Qualifications of the Appraiser / Company Profile

Ronald D. Aul, CPA, MAI

EDUCATION

MBA, University of Kansas, 1986

BS, Business Administration/Accounting, University of Kansas, 1984

Completed the education requirements for the MAI designation of The Appraisal Institute.

LICENSES

Kansas General Licensed Appraiser G-1241

Missouri General Licensed Appraiser RA 003013

Kansas Licensed Real Estate Broker, License Number EB00052460

EXPERIENCE

Commercial and residential real estate appraisal, review and consulting since 1993. The commercial property experience includes multi-family, retail, office, industrial, special use, vacant land and agricultural properties. The residential experience has primarily focused on reviewing reports within the office.

Currently Manager and Principle Owner of Aul & Hatfield Appraisals, L.C. Markets covered primarily include the midwest region of the United States.

Involved with the ownership and management of residential and commercial real estate since 1990.

Prior to 1993 had various corporate positions in accounting and/or finance.

ORGANIZATIONS

Member of the Appraisal Institute (MAI), Member Number 11,279

Kansas Real Estate Appraisal Board (Chairman 2004)

Tau Kappa Epsilon Fraternity, Board of Control Member

Graduate – Leadership Lawrence – Class of 1998

First United Methodist Church – Various Positions

Lawrence Schools Foundation – President

CLIENT LIST

A list will be provided upon request.

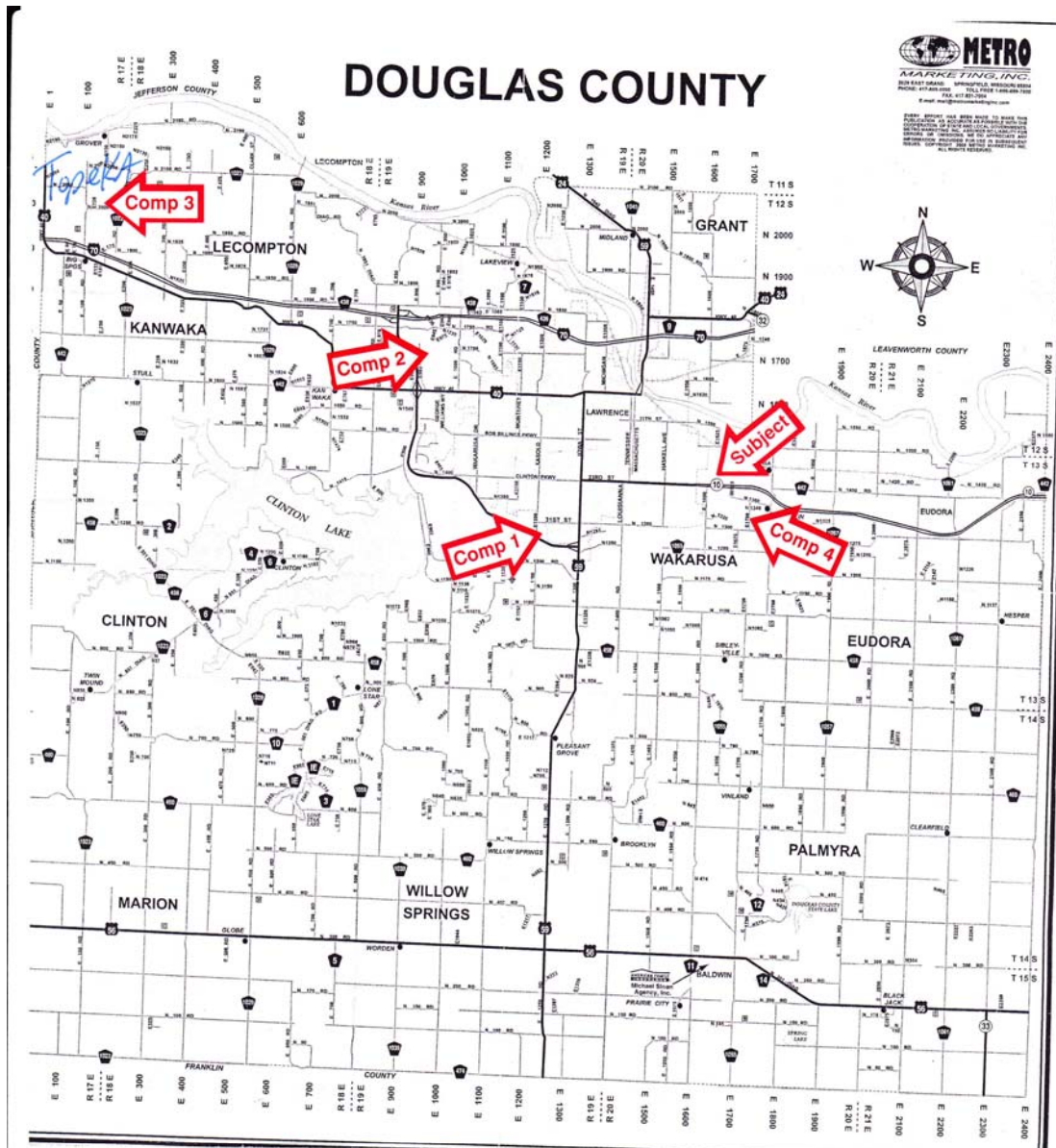
COMPANY PROFILE

Aul & Hatfield Appraisals, LC is a full-service real estate appraisal and consulting firm. Aul & Hatfield was formed in 2001 by Ronald D. Aul, MAI, Hal Crady, and Jeff Hatfield, who have a combined 60 years of appraisal experience. Aul & Hatfield is affiliated with Larry A. Hatfield Appraisals, a local residential appraisal firm founded in 1964.

Our staff of commercial and residential appraisers are headquartered in Lawrence, Kansas with branch offices in Topeka and Kansas City metro areas, including our newest office in downtown Gardner. We serve an area stretching from eastern Kansas to western Missouri, including Lawrence, Topeka, Kansas City and the surrounding rural areas. Services include commercial and residential appraisal, a variety of consulting services and property management.

Members of the firm hold individual memberships in several organizations including the Appraisal Institute, Lawrence Board of REALTORS®, Topeka Board of REALTORS®, the Kansas City Regional Association of REALTORS® and the Lawrence Chamber of Commerce. In addition, Ronald D. Aul, MAI is the former chairman of the Kansas Real Estate Appraisal Board and Michael S. Elliott sits on the board of the Kansas City Chapter of the Appraisal Institute.

Comparable Land Sales – Entire Site



Comparable Land Sale No. 1

Land Sale No. 1231

Property Type:	Vacant Land		
Address:	Wesleyan Church (Spray Tracts) 31st Street Lawrence, Douglas County, KS		
Location:	31st and Kasold Drive		
Grantor:	Chester B. Spray Trust		
Grantee:	The Kansas District of the Wesleyan Church		
Recording Data:			
Instrument:	TD		
Film / Page:	1056/2540	Recording Date:	11/30/2009
Date of Sale:	11/30/2009		
Sale Price:	\$ 1,500,000.00		
Specials:	\$ 0.00		
Adjusted Price:	<hr/> \$ 1,500,000.00		
Property Rights:	Fee Simple		
Site Data:			
Land Size:	7,557,660 sq.ft. 173.50 acres		
Number of Units:	N/A		
Zoning:	NA - Mixed		
Tax ID No:	023-115-15-0-10-01-001.00-0, 023-115-15-0-10-02-001.00-0, 023-116-14-0-20-01-008.00-0, 023-116-14-0-20-01-008.01-0		
Site Comments:	The property represents 4 Douglas County parcels and is the SEQ of 31st and Kasold, SWQ of 31st and Kasold and also one parcel located along the south side of the SLT. The property is likely in the range of at least 50% in the floodplain or floodway. The property has a mixed zoning of RM12 in the SEQ of 31st and Kasold, UR and a large portion of VC, Valley Channel in Douglas County. Municipal utilities would be available along 31st Street. The property was originally placed under contract for purchase by John McGrew but fell apart and the Wesleyan Church stepped in to take over the contract. The church originally had plans to purchase a portion of the property from Mr. McGrew. A KPL substation is		



Comparable Land Sale No. 1

Land Sale No. 1231

wrapped around by the tract in the SWQ of 31st and Kasold Drive.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$0.20

Price per acre: \$8,645.53

Verification: E. Ice

Data Source: County Records

Entered by: RDA 2/10/2010

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 2

Land Sale No. 751

Property Type:	Land
Address:	Stultz Tract N of 6th/E of K-10 Lawrence, Douglas County, KS 66049
Location:	Located on E and W side of K-10
Legal Description:	SP 4-22-94 SEE 400319A FOR HWY R/W 154.3A(C) 29-12-19 NW/4 LESS R/W AND 30-12-19 N/2 NE/4 Less R/W
Grantor:	Thomas E. Emery, trustee
Grantee:	Fairway, L.C. (Mike Stultz)
Recording Data:	
Instrument:	Trustee Deed
Film / Page:	1020/2854
	Recording Date: 4/2/2007
Date of Sale:	4/2/2007
Sale Price:	\$ 2,100,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 2,100,000.00
Financing:	Market
Conditions of Sale:	Normal, arm's length
Property Rights:	Fee Simple
Site Data:	
Land Size:	9,474,300 sq.ft. 217.50 acres
Number of Units:	N/A
Zoning:	A - Agricultural district
Tax ID No:	023-069-29-0-00-00-002.00-0 and 023-069-30-0-00-00- 001.00-0
Utilities:	No sewer at time of sale
Access:	Limited/secondary arterial
Topography:	Rolling/wooded
Site Comments:	Sale involved two parcels - one 155.1 acre parcel east of K-10 and north of 6th Street (limited frontage) and one 62.4 acre parcel which is partially located on the west side of Highway K-10.



Comparable Land Sale No. 2

Land Sale No. 751

Current Improvements: None

Proposed Use: Single-family residential subdivision

Comments: Per the buyer the site had limited access at the time of sale. The site is located in the Perry-LeCompton school district and was not annexed into the City of Lawrence at the time of sale. After the sale the property was transferred on 4/4/2007 from Fairway, LC to Swan Management Co, LC (related parties) per deed book/page 1020/3548.

Price per sq.ft.: \$0.22

Price per acre: \$9,655.17

Verification: Verified by buyer, Mike Stultz on 8/14/2007

Data Source: County records

Entered by: MSE 8/24/2007

Old DB N/A Other Ref#: N/A

Lat: 38.98 Long: 95.32995 Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 3

Land Sale No. 1233

Property Type:	Vacant Land		
Address:	Land Tract SW Topeka Boulevard Topeka, Shawnee County, KS 66546		
Location:	NWC of SW Topeka Boulevard and SW 77th Street		
Grantor:	William G. Haynes, etal		
Grantee:	Growth Organization of Topeka Shawnee County Inc.		
Recording Data:			
Instrument:	WD		
Film / Page:	4760/251	Recording Date:	12/1/2009
Date of Sale:	12/1/2009		
Sale Price:	\$ 1,493,400.00		
Adjustment:	\$ 700,000.00 (Sewer Extension)		
Specials:	\$ 0.00		
Adjusted Price:	\$ 2,193,400.00		
Property Rights:	Fee Simple		
Site Data:			
Land Size:	6,033,931 sq.ft. 138.52 acres		
Number of Units:	N/A		
Zoning:	RR-1 – Residential Reserve District		
Tax ID No:	1911200001008000		
Site Comments:	<p>The seller had been asking \$12,000 per acre for the west 118.52 acres and \$6,000 per acre for the 20 acres located east of the railroad tracks. The buyer paid \$12,000 for the 118.52 acres that are located west of rr tracks and \$3,000 for the portion east of rr tracks. The buyer is involved with industrial development in Topeka. After sale the buyer is getting the west portion rezoned to I-2, Heavy Industrial District and the east 20 acres remaining as RR-1.</p> <p>The purchase price was \$1,493,400 and the buyer has sewer/utility costs estimated at \$1,400,000 of which about 1/2 is to extend primarily sewer to the site. The adjustment above is for 1/2 or</p>		

Comparable Land Sale No. 3

Land Sale No. 1233

\$700,000 as the approximate estimated cost to extend sewer to the property. The balance of the \$1,400,000 is for internal sewer and utility costs.

The portion to the west of the railroad tracks is anticipated to be an industrial park and will be zoned I-2. The portion east of the railroad tracks will either be sold off or donated.

As of 2/2010 there were no list prices of the lots if they are to be sold. However, per Steve Jenkins, Sr. VP of Topeka C of C the lots may be given away if enough economic development is created.

The property is located west of Heartland Park and SW of Forbes Field.

The property is anticipated to be up and running by the end of 2010.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$0.36

Price per acre: \$15,834.54

Data Source: County Records and DC and Steve Jenkins, Topeka C of C

Entered by: RDA 2/10/2010

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 4

Land Sale No. 1156

Property Type:	Land
Address:	USD 497 Tract – East Lawrence E 1700 Road Lawrence, Douglas County, KS 66044
Location:	E 1700 Rd near N 1300 Rd
Legal Description:	Various – see parcel numbers
Grantor:	PDO Investors, LLC
Grantee:	USD 497
Recording Data:	
Instrument:	Warranty
Film / Page:	1056/2137
	Recording Date: 11/24/2009
Date of Sale:	11/24/2009
Sale Price:	\$ 1,730,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 1,730,000.00
Financing:	Market
Conditions of Sale:	Normal
Property Rights:	Fee Simple
Site Data:	
Land Size:	3,136,756 sq.ft. 72.01 acres
Number of Units:	N/A
Zoning:	A – Agricultural
Tax ID No:	023-102-10-0-00-00-011.00-0, 023-102-10-0-00-00-011.01-0, 023-102-10-0-00-00-014.00-0 and 023-102-10-0-00-00- 009.00-0
Utilities:	None
Flood Hazard:	None
Frontage:	Gravel road on eastern and western boundaries
Topography:	Rolling
Site Comments:	This tract is not currently directly connected to municipal sewer service but as a part of the Pump Station 49 project there is a line



Comparable Land Sale No. 4

Land Sale No. 1156

along East 1700 Road of which it could be possible for the this property to tie into. At the time of sale the site was not annexed into the City of Lawrence but future annexation is eminent

Current Improvements: House

Proposed Use: USD 497 (buyer) reportedly plan to construct an outdoor activity area, recreation and possible long term district stadium on this site.

Comments: The subject property contained a single-family dwelling which had contributory value (allocation of approximately \$180,000 per appraisal) and included 1.89 acres. The highest and best use was not considered for demolition of the single family house, however, it is considered unlikely that USD 497 will keep the house so the 1.89 acres were included in the total site area.

Price per sq.ft.: \$0.55

Price per acre: \$24,024.44

Verification: Verified by Steve Glass of LRM Industries, owner of PDO to RDA

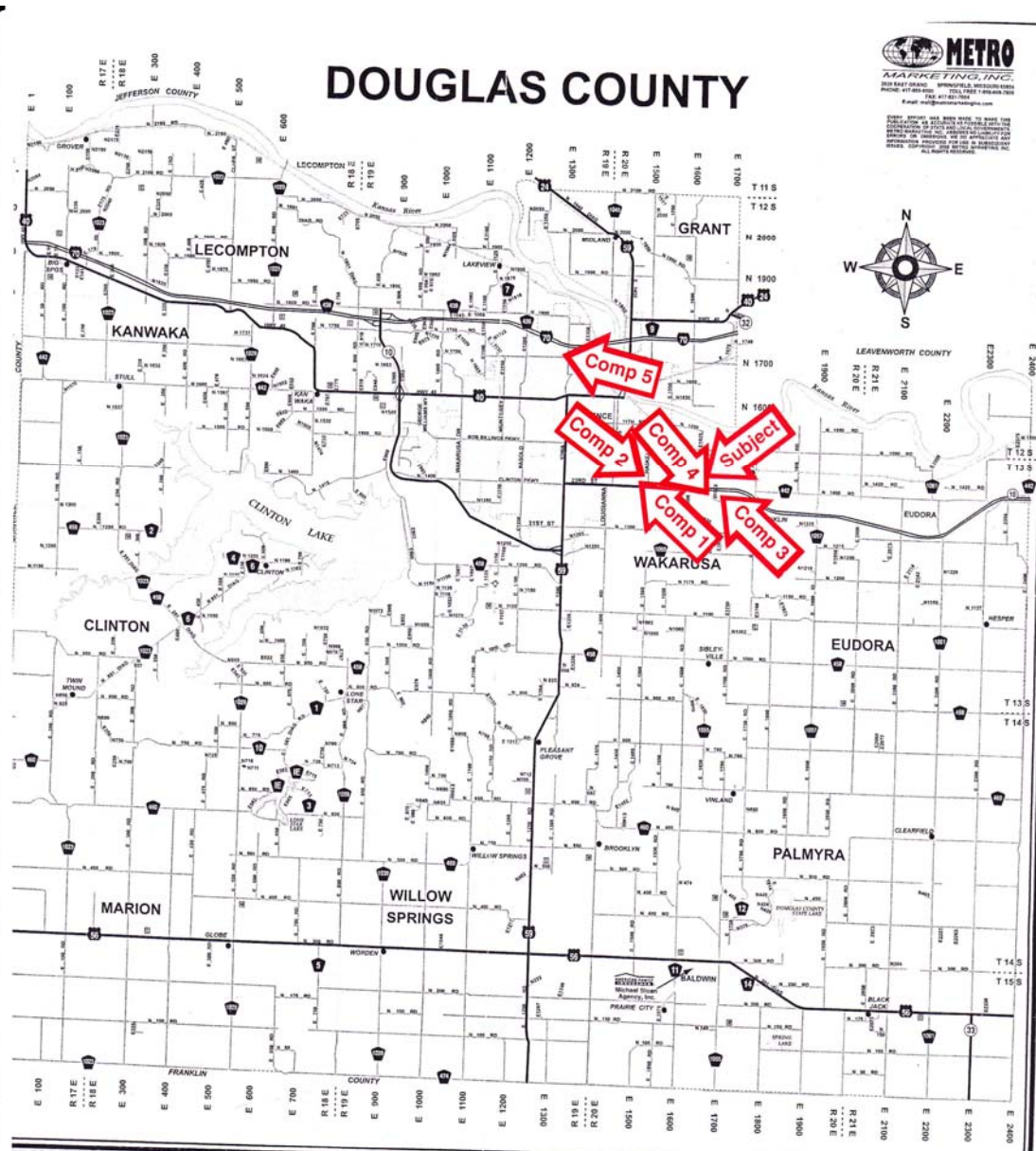
Data Source: Inspection, county records

Entered by: MSE 9/30/2009

Old DB N/A Other Ref#: N/A

Lat: 38.93290757 Long: 95.18752098 Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sales – 10 Acres Fronting 23rd Street



Comparable Land Sale No. 1

Land Sale No. 1121

Property Type:	Land
Address:	Zaremba Property 800 E 30th Street Lawrence, Douglas County, KS 66046
Location:	NWQ of 31st and Haskell, Dead End of 30th Street
Legal Description:	Lots 30, 31, 35, 36 & 37, Lawrence Industrial Park
Grantor:	Lawrence Industrial Park, Inc.
Grantee:	Safe Harbour EAT XXV LLC (Stan Zaremba)
Recording Data:	
Instrument:	WD
Film / Page:	1041 / 5427
	Recording Date: 10/24/2008
Date of Sale:	10/24/2008
Sale Price:	\$ 415,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 415,000.00
Property Rights:	Fee Simple
Site Data:	
Land Size:	450,232 sq.ft. 10.34 acres
Number of Units:	N/A
Zoning:	IG – Industrial General
Tax ID No:	023-103-07-0-40-04-003.00-0, -003.01-0, -08-001.00-0, -08-001.01-0 & -08-001.03-0
Site Comments:	The site represents the last 5 lots in the Lawrence Industrial Park. The sites are located just west and north of the NWC of 31st and Haskell Avenue. The site has frontage along 31st Street and the 5 lots are divided between the platted 30th Street, although it has not been extended from east to west through the property. It is considered possible that the new owner could get 30th Street vacated to in essence get more site area for "free" since common ownership on both sides of the platted street area. The property has sewer in the area at the NWC of 31st and Haskell

Comparable Land Sale No. 1

Land Sale No. 1121

and then back to the north and west although the seller indicates there could be some flow line issues to deal with.

The site represents an area of which over the years LRM or associated companies brought in lots of fill material of rock, dirt, asphalt, etc. which could make it much tougher to build upon than alternative competing sites.

The property has some drainage ways along its north and western boundaries and the seller estimated that about 10 acres are usable.

The future access to the property could be an issue. The old Douglas County documents for 31st Street right of way takings indicate 2 entrances off of 31st Street of which 1 is built as of the date of sale and the other is just a drainage tube, neither of which are up to city specifications. Future access from 31st Street could result in issues with the City of Lawrence. The property can also be accessed from the east on 30th Street to be extended. Any future site plans will likely have to deal with this.

The site area is taken from Douglas County Appraiser's Office records and is a summation of the 5 total parcel numbers.

The buyer owns adjacent properties to the south and east and is reported to have likely been buying this for expansion of the public bus leased operation.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$0.92

Price per acre: \$40,135.40

Verification: Steve Glass and Douglas County Records

Entered by: RDA 1/27/2009

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 2

Land Sale No. 739

Property Type:	Land Tract
Address:	MV Transportation, Inc. Lot 3035 Haskell Avenue Lawrence, Douglas County, KS 66046
Location:	NWC of 31st and Haskell Avenue
Legal Description:	Lot 34, in Lawrence Industrial Park and Re-Plat of Lots 14 and 15, In Learnard Suburban Acres Division, together with one half of the Abandoned AT&SF Railroad Right of Way running contiguous to Lot 34, per Douglas County District Court Case No. 89 C 134 and recorded in Deed Book 695, Page 1414, City of Lawrence, Douglas County, Kansas
Grantor:	LRM Industries, Inc.
Grantee:	Zaroco, Inc.
Recording Data:	
Instrument:	WD
Film / Page:	1024/3266
Date of Sale:	6/18/2007
Sale Price:	\$ 245,000.00
Adjustment:	\$ 25,000.00 (Buyer Site Work)
Specials:	\$ 0.00
Adjusted Price:	<u>\$ 270,000.00</u>
Property Rights:	Fee Simple
Site Data:	
Land Size:	84,593 sq.ft. 1.94 acres
Number of Units:	N/A
Zoning:	IG – General Industrial District
Tax ID No:	023-103-07-0-40-07-001.00-0
Site Comments:	The site represents the northwest corner of 31st and Haskell Avenue. The site has approximately 246' of frontage along the north side of 31st Street and 344' of frontage along the west side of Haskell Avenue. The site is slightly irregular based on including 1/2 of the former railroad right of way in the site area. The site is generally level and over the years had fill brought on site and is not located within a designated flood plain district according to FEMA

Comparable Land Sale No. 2

Land Sale No. 739

maps. The access to the site is via one curb cut along 31st Street and another along the north on 30th Street. The seller of the site ran a batch plant operation for years on the property but the new owner indicates there are no known environmental issues on the site.

The buyer already owned the adjacent property to the north of which is leased to MV Transportation, Inc.. It is anticipated that MV Transportation will lease this site for bus and vehicle parking at \$3,600 per month for an initial 17 month term based on net lease terms.

Current Improvements: N/A

Comments: The buyer reports spending approximately \$25,000 on site work in preparing the site for the future MV Transportation, Inc. ground lease. This would include some fill, grading and surface materials being brought in for the tenant.

Price per sq.ft.: \$3.19

Price per acre: \$139,175.00

Verification: Scott Zaremba

Data Source: Buyer

Entered by: RDA 7/6/2007

Old DB N/A Other Ref#: N/A

Lat: 38.928359 Long: 95.224783 Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 3

Land Sale No. 428

Property Type:	Land
Address:	Future Professional Moving & Storage 3620 Thomas Court (and 3640) Lawrence, Douglas County, KS 66046
Location:	SEQ of K-10 Highway and Franklin Road
Legal Description:	Lots 2 and 3, Mt. Blue Addition No. 2
Grantor:	Ferpen, L.L.C.
Grantee:	Professional Storage, Inc.
Recording Data:	
Instrument:	
Film / Page:	
	Recording Date: 8/29/2005
Date of Sale:	8/29/2005
Sale Price:	\$ 601,640.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 601,640.00
Conditions of Sale:	Arms Length
Property Rights:	Fee Simple
Site Data:	
Land Size:	185,120 sq.ft. 4.25 acres
Number of Units:	N/A
Zoning:	PID-2 - Planned Industrial District
Tax ID No:	023-102-09-0-00-00-002.07-0 & -002.08-0
Encumbrances:	Private Street
Utilities:	All
Topography:	Generally Level
Shape:	Slightly Irregular
Access:	Private Street
Current Improvements:	N/A
Comments:	Sale of 2 contiguous lots located in the SEQ of K-10 Highway and Franklin Road and NE of the AAPS Storage facility and north of the



Comparable Land Sale No. 3

Land Sale No. 428

Douglas County Jail. The tracts have K-10 Highway frontage but no direct access. The seller, Ferpen, L.L.C., (Dean Penny) Frontage
Descr.:K-10 Highway Flood Hazard:No

Price per sq.ft.: \$3.25

Price per acre: \$141,562.35

Data Source: Buyer

Entered by: 11/9/2006

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 4

Land Sale No. 1235

Property Type:	Vacant Land		
Address:	Future Tractor Supply Company East 23rd Street Lawrence, Douglas County, KS 66046		
Location:	SWQ East 23rd Street (K-10) and Franklin Road		
Legal Description:	Portion of Lot 1, Block 1, Fairfield East Addition No. 1		
Grantor:	Eastside Acquisitions		
Grantee:	Brad & Dad LLC		
Recording Data:			
Instrument:	WD		
Film / Page:	1055/2314	Recording Date:	10/27/2009
Date of Sale:	10/27/2009		
Sale Price:	\$ 454,453.00		
Specials:	\$ 70,000.00		
Adjusted Price:	<hr/> \$ 524,453.00		
Property Rights:	Fee Simple		
Site Data:			
Land Size:	134,509 sq.ft. 3.09 acres		
Number of Units:	N/A		
Zoning:	IL - Light Industrial		
Tax ID No:	023-102-09-0-20-01-001.01-0		
Site Comments:	The site was purchased for a future location of Tractor Supply Company		
Current Improvements:	N/A		
Comments:			
Price per sq.ft.:	\$3.90		
Price per acre:	\$169,725.89		



Comparable Land Sale No. 4

Land Sale No. 1235

Data Source: Douglas County Records

Entered by: RDA 2/11/2010

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 5

Land Sale No. 1155

Property Type:	Land
Address:	Hallmark Cards Tract McDonald Drive Lawrence, Douglas County, KS 66044
Location:	NWC McDonald Drive & Princeton; NEC Princeton & North Iowa
Legal Description:	Lot 2, Hallmark Addition 2nd Plat, A Replat of Lot 1, Hallmark Addition
Grantor:	Hallmark Cards, Inc.
Grantee:	Downtown Equities II, L.C.
Recording Data:	
Instrument:	CWD
Film / Page:	1037/177
	Recording Date: 5/23/2008
Date of Sale:	5/23/2008
Sale Price:	\$ 850,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 850,000.00
Property Rights:	Fee Simple
Site Data:	
Land Size:	228,777 sq.ft. 5.25 acres
Number of Units:	N/A
Zoning:	IG – Industrial General
Tax ID No:	023-067-25-0-20-04-001.02-0
Site Comments:	The site represents the northwest corner of McDonald Drive and Princeton and also the northeast corner of Princeton and North Iowa. The plat indicates the site contains 5.252 acres and approximately 25% to 30% of the site area is represented by a drainage easement area in the northern portion of the site. The buyer subsequent to sale brought in significant amounts of fill from the Oread Inn at the KU campus, but the fill brought in was not a development requirement but rather this represented a close convenient location to bring the fill. The buyer is anticipating this property will hopefully be used as an exchange for a property



Comparable Land Sale No. 5

Land Sale No. 1155

downtown and a government entity in the future.

The property sold with deed restrictions which would not allow for fast food restaurants, gas stations, convenience stores, theaters, thrift stores, "adult" theme retail or shows.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$3.72

Price per acre: \$161,843.00

Verification: Buyer

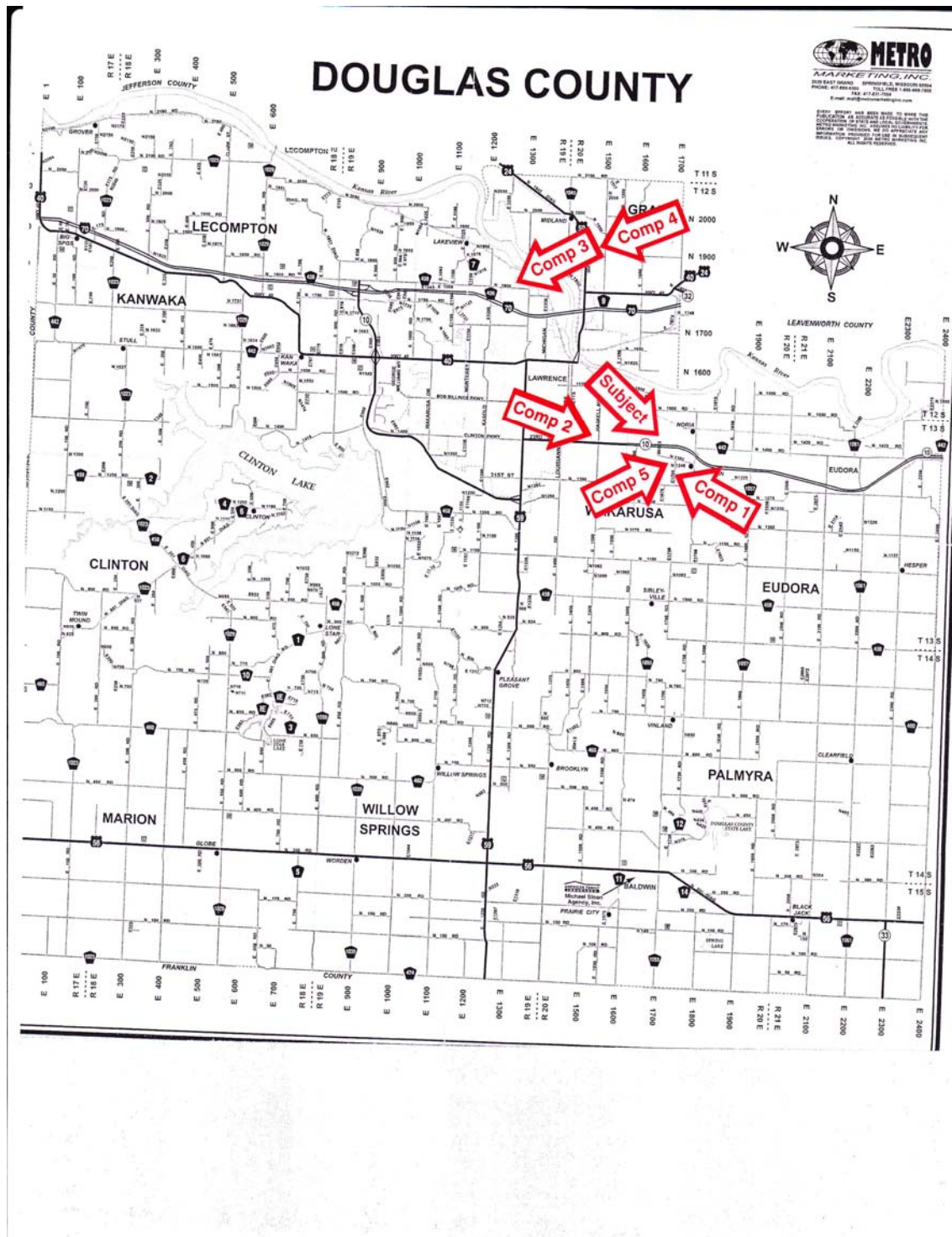
Entered by: RDA 9/1/2009

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sales – “Typical Tract” 10–50 Acres





Comparable Land Sale No. 1

Land Sale No. 1156

Property Type:	Land
Address:	USD 497 Tract – East Lawrence E 1700 Road Lawrence, Douglas County, KS 66044
Location:	E 1700 Rd near N 1300 Rd
Legal Description:	Various – see parcel numbers
Grantor:	PDO Investors, LLC
Grantee:	USD 497
Recording Data:	
Instrument:	Warranty
Film / Page:	1056/2137
	Recording Date: 11/24/2009
Date of Sale:	11/24/2009
Sale Price:	\$ 1,730,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 1,730,000.00
Financing:	Market
Conditions of Sale:	Normal
Property Rights:	Fee Simple
Site Data:	
Land Size:	3,136,756 sq.ft. 72.01 acres
Number of Units:	N/A
Zoning:	A – Agricultural
Tax ID No:	023-102-10-0-00-00-011.00-0, 023-102-10-0-00-00-011.01-0, 023-102-10-0-00-00-014.00-0 and 023-102-10-0-00-00- 009.00-0
Utilities:	None
Flood Hazard:	None
Frontage:	Gravel road on eastern and western boundaries
Topography:	Rolling
Site Comments:	This tract is not currently directly connected to municipal sewer service but as a part of the Pump Station 49 project there is a line



Comparable Land Sale No. 1

Land Sale No. 1156

along East 1700 Road of which it could be possible for the this property to tie into. At the time of sale the site was not annexed into the City of Lawrence but future annexation is eminent

Current Improvements: House

Proposed Use: USD 497 (buyer) reportedly plan to construct an outdoor activity area, recreation and possible long term district stadium on this site.

Comments: The subject property contained a single-family dwelling which had contributory value (allocation of approximately \$180,000 per appraisal) and included 1.89 acres. The highest and best use was not considered for demolition of the single family house, however, it is considered unlikely that USD 497 will keep the house so the 1.89 acres were included in the total site area.

Price per sq.ft.: \$0.55

Price per acre: \$24,024.44

Verification: Verified by Steve Glass of LRM Industries, owner of PDO to RDA

Data Source: Inspection, county records

Entered by: MSE 9/30/2009

Old DB N/A Other Ref#: N/A

Lat: 38.93290757 Long: 95.18752098 Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 2

Land Sale No. 1121

Property Type:	Land
Address:	Zaremba Property 800 E 30th Street Lawrence, Douglas County, KS 66046
Location:	NWQ of 31st and Haskell, Dead End of 30th Street
Legal Description:	Lots 30, 31, 35, 36 & 37, Lawrence Industrial Park
Grantor:	Lawrence Industrial Park, Inc.
Grantee:	Safe Harbour EAT XXV LLC (Stan Zaremba)
Recording Data:	
Instrument:	WD
Film / Page:	1041 / 5427
	Recording Date: 10/24/2008
Date of Sale:	10/24/2008
Sale Price:	\$ 415,000.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 415,000.00
Property Rights:	Fee Simple
Site Data:	
Land Size:	450,232 sq.ft. 10.34 acres
Number of Units:	N/A
Zoning:	IG – Industrial General
Tax ID No:	023-103-07-0-40-04-003.00-0, -003.01-0, -08-001.00-0, -08-001.01-0 & -08-001.03-0
Site Comments:	The site represents the last 5 lots in the Lawrence Industrial Park. The sites are located just west and north of the NWC of 31st and Haskell Avenue. The site has frontage along 31st Street and the 5 lots are divided between the platted 30th Street, although it has not been extended from east to west through the property. It is considered possible that the new owner could get 30th Street vacated to in essence get more site area for "free" since common ownership on both sides of the platted street area. The property has sewer in the area at the NWC of 31st and Haskell

Comparable Land Sale No. 2

Land Sale No. 1121

and then back to the north and west although the seller indicates there could be some flow line issues to deal with.

The site represents an area of which over the years LRM or associated companies brought in lots of fill material of rock, dirt, asphalt, etc. which could make it much tougher to build upon than alternative competing sites.

The property has some drainage ways along its north and western boundaries and the seller estimated that about 10 acres are usable.

The future access to the property could be an issue. The old Douglas County documents for 31st Street right of way takings indicate 2 entrances off of 31st Street of which 1 is built as of the date of sale and the other is just a drainage tube, neither of which are up to city specifications. Future access from 31st Street could result in issues with the City of Lawrence. The property can also be accessed from the east on 30th Street to be extended. Any future site plans will likely have to deal with this.

The site area is taken from Douglas County Appraiser's Office records and is a summation of the 5 total parcel numbers.

The buyer owns adjacent properties to the south and east and is reported to have likely been buying this for expansion of the public bus leased operation.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$0.92

Price per acre: \$40,135.40

Verification: Steve Glass and Douglas County Records

Entered by: RDA 1/27/2009

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 3

Land Sale No. 1232

Property Type:	Vacant Land		
Address:	KU Land Tract (Pending Sale) Timberedge Road` Lawrence, Douglas County, KS 66049		
Location:	Timberedge Road, North of Lakeview Road		
Legal Description:	Lot 3, Timberedge Industrial Park No. 2 plus 2.06 acres of Lot 4, Timberedge Industrial Park		
Grantor:	Hedge Tree LLC, James and Beverly Springer Mac and Mary Gough		
Grantee:	University of Kansas		
Recording Data:			
Instrument:			
Film / Page:		Recording Date:	12/15/2010
Date of Sale:	12/15/2010		
Sale Price:	\$	735,000.00	
Specials:	\$	0.00	
Adjusted Price:	\$	735,000.00	
Property Rights:	Fee Simple		
Site Data:			
Land Size:	566,280 sq.ft. 13.00 acres		
Number of Units:	N/A		
Zoning:	IG – Industrial General		
Tax ID No:	023-066-14-0-40-01-007.04-0 (Lot 3, 100%),023-066-14-0-40-01-007.00-0 (Lot 4, 2.06 Acres)		
Site Comments:	The 13.0 acres are comprised of the Lot 3 approximate 10.94 acres and the 2.06 acre portion of Lot 4 which would then sum up to the 13 acres. The site will have frontage along the future assumed to be completed Timberedge Road which would represent a public street and will reflect an irregular shaped configuration. Upon completion of this street the access will be average and the property would represent a secondary industrial type location. The seller will pay for all street extension, grading, utility extension, etc. in order to		

Comparable Land Sale No. 3

Land Sale No. 1232

have the site prepared for development of a joint future KU–City of Lawrence bus depot.

This land sale needs to be used with some caution as KU is buying a package of land and improvements and this amount is more of an "allocation" by KU based on two independent appraisals. However, it should be noted that the two appraisals were completed based on the assumption of all utilities being extended, street and all infrastructure being extended and the site leveled and ready for development.

Current Improvements: N/A

Comments:

Price per sq.ft.: \$1.30

Price per acre: \$56,538.46

Verification: Jim Modig

Data Source: Appraisal – KU

Entered by: RDA 2/10/2010

Old DB N/A Other Ref#: N/A

Lat: N/A Long: N/A

Copyright © 2010 Aul and Hatfield Appraisals, LC



Comparable Land Sale No. 4

Land Sale No. 901

Property Type:

Address: Land
1451 N 1823 Road
Lawrence, Douglas County, KS
66044

Location: North of the intersection of Highway 4 and East 1450 Road.

Legal Description: MAPLE GROVE NORTH NO 3 REPLAT OF LOTS 1 AND 2 MAPLE GROVE NORTH AND LOT 1 MAPLE GROVE NORTH NO 2 LT 5 DCK

Grantor: LIMERICK PROPERTIES, L.L.C.

Grantee: STG PIONEER CAPITAL, LLC

Recording Data:

Instrument:	DW	
Film / Page:	1032-00003290	Recording Date: 2/1/2008

Date of Sale: 1/31/2008

Sale Price: \$ 200,000.00

Specials: \$ 0.00

Adjusted Price: \$ 200,000.00

Site Data:

Land Size: 135,753 sq.ft.
3.12 acres

Number of Units: N/A

Zoning: I-2 - Industrial

Tax ID No: 023-074-18-0-00-00-012.02-0

Current Improvements: N/A

Comments:

Price per sq.ft.: \$1.47

Price per acre: \$64,102.56

Entered by: RC 7/9/2008

Old DB N/A Other Ref#: N/A



Comparable Land Sale No. 4

Land Sale No. 901

Lat: 39.0067

Long: 95.23218

Copyright © 2010 Aul and Hatfield Appraisals, LC

Comparable Land Sale No. 5

Land Sale No. 881

Property Type:	Land
Address:	Printing Solutions N 1360 Road Lawrence, Douglas County, KS 66046
Location:	Southeast from K-10 Highway and Franklin (south of LRM)
Legal Description:	9-13-20 BEG AT NE COR LT 1 FRANKLIN PARK ADD NO 1 TH S80DEG47'35"E 580.38 FT TH S09DEG12'25"W 66.71 FT TH ON 340 FOOT RADIUS CURVE TO LEFT WITH 63.75 FOOT CHORD BEARING S03DEG49'40"W ARC DISTANCE 63.84 FT TH S01DEG33'06"E 118.28 FT TH S88DEG55'55"W 554.73 FT TH N01DEG04'05"W ALONG E LINE SD LT 1 & ITS SOUTHERN EXTENSION 350.95 FT TO PT BEG IN NE QR 9-13-20 3.844A (DIV 2004 U18550G)
Grantor:	Karlan Renting & Leasing LLC
Grantee:	Printing Solutions
Recording Data:	
Instrument:	WD
Film / Page:	1039/2684
	Recording Date: 7/25/2008
Date of Sale:	7/25/2008
Sale Price:	\$ 250,900.00
Specials:	\$ 0.00
Adjusted Price:	<hr/> \$ 250,900.00
Property Rights:	Fee Simple
Site Data:	
Land Size:	169,884 sq.ft. 3.90 acres
Number of Units:	N/A
Zoning:	PID - Planned Industrial District
Tax ID No:	023-102-09-0-00-00-001.09-0
Site Comments:	Sale of a site located east of the Douglas County Jail and south of LRM.



Comparable Land Sale No. 5

Land Sale No. 881

Current Improvements: N/A

Comments:

Price per sq.ft.: \$1.48

Price per acre: \$64,333.00

Data Source: Kelvin Heck and County Records

Entered by: RC 5/13/2008

Old DB N/A Other Ref#: N/A

Lat: 38.94198 Long: 95.19187 Copyright © 2010 Aul and Hatfield Appraisals, LC