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Real Estate Appraisal Summary Report

**Prepared For:
Kelly McLaughlin
Community National Bank- El Dorado
301 N. Main, P.O. Box 223
El Dorado, Kansas 67042**

**Office Building
Heritage College
2800 S. Rock Road
Wichita, Kansas 67210**

**Prepared By:
Martens Appraisal**

**Date of Inspection:
02-October-2012**

**Date of Valuation:
02-October-2012**



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05-October-2012

Kelly McLaughlin
Community National Bank- El Dorado
301 N. Main, P.O. Box 223
El Dorado, Kansas 67042

Re: Appraisal Report #A2012-501
Property: Office Building – Heritage College
2800 S. Rock Road
Wichita, Kansas 67210

Dear Ms. McLaughlin:

We are pleased to transmit this summary report of the appraisal of the market value of the leased fee interest in the property identified above. The value opinion reported is qualified by certain limiting conditions and certifications, which are set forth in Section 1 and 9 of this report.

This report was prepared for, and our professional fee billed to Community National Bank – El Dorado. It is intended for use only by the parties named above.

This appraisal has been prepared in accordance with our interpretation of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) as implemented through 12 CFR 323, the Uniform Standards of Professional Appraisal Practice (USPAP), and the appraisal policies and procedures of the client.

Respectfully submitted,

Lee Z. Whyte, MAI
Kansas State Certified Appraiser No. G-114
Expiration on 30-June-2013

LZW/II
Enclosures



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Section One - Executive Summary



Type of Property: Office Building – Heritage College

Property Address: 2800 S. Rock Road
Wichita, Kansas 67207

Legal Description: The south 380 feet of the west 455 feet of Lot 2, Block 1, Oak Knoll Industrial Park 2nd Addition to city of Wichita, Sedgwick County Kansas.

Tax Key No.: C-527120001

Control No.: 473860

County Appraised Values:		<u>2012</u>	<u>2011</u>	<u>%Change</u>
	Building	\$1,668,200	\$1,668,200	0%
	Land	\$ 345,700	\$ 345,700	0%
	Total	\$2,013,900	\$2,013,900	0%

2011 General Property Taxes: \$ 60,879.47



Special Assessments:

2011 Tax Year Special Assessments					
Project	Description		Principal	Interest	Total
2639 F	Solid Waste Fee		\$0.00	\$0.00	\$5.46
6724 A	Other Paving	Eastmoor CIR. 44171	\$1,199.43	\$187.07	\$1,386.50
Totals:			\$1,199.43	\$187.07	\$1,391.96

2012 Through Payout Special Assessments							
Project	Description		Begin Year	End Year	Principal	Interest	Total
6724 A	Other Paving	Eastmoor Cir. 44171	1999	2013	\$2,580.27	\$193.12	\$2,773.39
Totals:					\$2,580.27	\$193.12	\$2,773.39

Site Area: 172,867 sq. ft. or 3.97 acres per Sedgwick County

Improvements: One-story masonry office building, currently leased to Heritage College.

21,708 square feet – GBA per Sedgwick County
21,460 square feet – NRA per Lease Documents (Addendum #7)

Zoning: “LI” – Limited Industrial District

Highest and Best Use: Continued Use

Property Rights Appraised: Leased Fee Interest

Date of Inspection: 02-October-2012

Date of Valuation: 02-October-2012

Date of Report: 05-October-2012

Furniture, Fixtures & Equipment: None

Estimated Market Exposure Time: Nine to Twelve Months

Value Opinions and Conclusions –

Income Approach	\$2,560,000 to \$2,620,000
Sales Approach	\$2,500,000 to \$2,600,000
Cost Approach	Not Applied
Final Opinion of Value*	\$2,600,000

*Please refer to the Special Assumptions and Limiting Conditions noted in Sections 1 and 9.



Definitions and Concepts

Property Rights Appraised: Property rights appraised are the leased fee interest.

Leased fee interest is defined as a freehold (ownership interest- where the possessory interest has been granted to another party by creation of a contractual land lord-tenant relationship (i.e., a lease).¹

Purpose of the Appraisal: To estimate *Market Value* of the subject property as of the effective date of the appraisal.

Standard of 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 own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S 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.²

Intended Use of the Appraisal: The intended use of this appraisal is to document the Market value for a federally related transaction.

Intended Users of the Appraisal Report: This report was prepared for and our professional fee billed to Community National Bank- El Dorado.

Scope of Work

The *Scope of the Work Rule* of USPAP states, that for each appraisal, an appraiser must:

1. Identify the problem to be solved;
2. Determine and perform the scope of work necessary to develop credible assignment results; and
3. Disclosure of the scope of work in the report.

¹ The Appraisal Institute; The Dictionary of Real Estate Appraisal, Fifth Edition, (copyright by the Appraisal Institute, 2010). Page 111

²FIRREA 12 CFR 34, Sections 323, 564, 722.



USPAP does not require a scope of work section, but requires the scope of work disclosed throughout the report. This section presents an outline to the scope of work performed, but the user should read the entire report to fully understand the scope of work.

Inspection	Lee Z. Whyte made an inspection of the subject property on 02-October-2012 accompanied by Ms. Kim Phillips and Mr. Steve Orth. An inspection of the roof was not made.
Cost Approach	Omitted.
Sales Comparison Approach	The sales comparison approach consisted of an analysis of comparable sales, adjusted for differences in physical and/or economic characteristics. At a minimum, a drive-by inspection was made of each of the comparable sales.
Income Approach	The income approach compared market rents to contract rent. A stabilized income and expense statement was estimated, and a value estimate was developed through direct capitalization as well as yield capitalization. At a minimum, a drive-by inspection was made of each of the comparable leases.
Reporting Option	This appraisal is presented in a Summary Report.

Public information was obtained from the local county courthouse and city and state offices. Market data including land and improved sales and lease data was obtained from a variety of sources including:

- Martens Appraisal Research Department, CTR, and Sedgwick County Data;
- Grubb & Ellis | Martens Commercial Group, LLC *2012 Real Estate Prospectus*;
- J.P. Weigand & Son's Inc. *Forecast 2012*;
- Local brokerage offices and other market participants;
- *PwC Real Estate Investor Survey* - This is a quarterly publication published by PriceWaterhouseCoopers. Data gathered from this resource includes discount rates (IRR), overall capitalization rates, and residual capitalization rates for four market segments;

Information Requested by the Appraiser:

- Legal description;
- Title policy;
- Site survey;
- Existing & prospective lease agreements;
- Rent roll;
- Historical income & expense data (3 years);
- Recent capital expenditures;
- Known items of deferred maintenance.

Information Provided to the Appraiser:

- 6th & 7th Addendum to the Original lease agreement;
- Original Lease Agreement available from prior appraisal;
- Rent roll;
- Historical income & expense data for the years ending 31-December-2009, 2010, 2011 and YTD 2012;
- Recent capital expenditures;
- Known items of deferred maintenance.

**Special Assumptions and Limiting Conditions:**

- This is a summary appraisal report, intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP) for a summary appraisal report. As such, it presents only summary discussions of the data, reasoning, and analyses used in the appraisal process. Supporting documentation concerning the data, reasoning, and analyses is in the appraiser's file.

History of the Property

According to Sedgwick County records, the current owner of the subject property is Carl Chuzy Living Trust. To the best of my knowledge, there have been no other transfers in ownership for the subject site during the past three years and I am unaware of any pending sales or listings for the property.

Taxes, Assessments and County Valuation Analysis

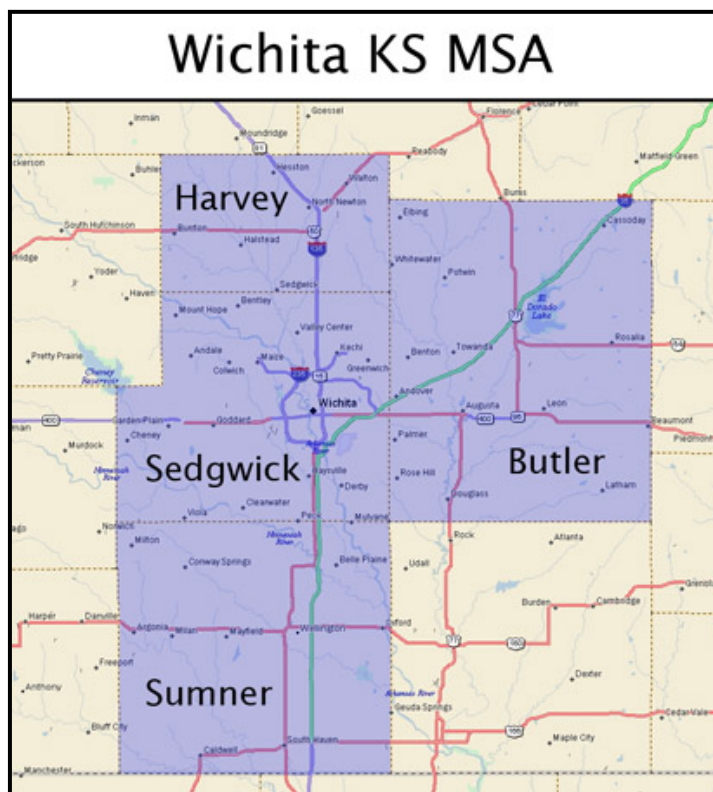
As stated on page 1-1 of this report, current general property taxes for the subject property are \$60,879.47 based on a 2011 Sedgwick County appraised value of \$ 2,013,900. Real estate taxes are paid in arrears, so the current taxes for the subject property are for the 2011 tax year. Taxes are typically paid twice per year, with ½ of the payment made in December and the second ½ of the payment made in June of the following year.

Commercial real estate in the State of Kansas is assessed at 25.0% of market value. Should the property sell or change ownership, it is likely the property will be reassessed by Sedgwick County and be based on the reported sale price. Since the property is not under contract for sale and is not presently listed for sale, the Sedgwick County appraised value should remain fairly stable during the next few years, with a slight increase possible. At present, the county valuation is \$2,013,900, which is unchanged from the previous year. Presumed the mill levy set for 2012 is unchanged we expect taxes for the year 2012 to be around \$60,879.47.

Section Two - Wichita MSA Analysis



Incorporated in 1870, Wichita began as a small “cowtown” strategically located along the Chisholm Trail. By the late 1800’s Wichita’s population had grown to nearly 24,000 and by the 1920’s, Wichita began to earn its now well known title “Air Capital of the World.” Clyde Cessna, Lloyd Stearman and Walter Beech formed Travel Air Inc. in 1924 and began producing single engine biplanes. While Travel Air, Inc., itself was short lived, the aircraft industry these entrepreneurs helped to create continues to be a cornerstone in the Wichita economy.



Located in south-central Kansas, Wichita enjoys a proximity to several larger cities, including Kansas City (180 miles), Omaha (250 miles), Denver (430 Miles) and Oklahoma City (150 Miles).

Wichita has a primary market area extending across four counties. The Wichita Metropolitan Statistical Area or MSA includes Butler, Harvey, Sumner and Sedgwick Counties. The MSA has a combined 2010 population of 623,061 persons, the majority of which (498,365 persons or 80%) lie within Sedgwick County. At the center of the MSA is the City of Wichita with city limits encompassing approximately 152 square miles and a 2010 population of 382,368 people. As a major retail and distribution center, Wichita serves a secondary market area of more than a million people in Kansas and northern Oklahoma.

Between 2011 and 2016, the MSA is expected to grow 3.48 percent compared to 2.02 percent for Kansas and 3.99 percent for the United States. These population estimates are calculated by using base year data from the 2000 census and are adjusted annually using historical birth and death certificate figures and net population migration estimates. Census 2010 data was



released in early 2011 and has not yet been computed into the estimates and projections provided by Neilson iMark (formerly Claritas, Inc.).

Neilson iMark estimates that there are 245,056 households in the MSA, with an average household income of \$60,111 and a median household income of \$48,152. A summary of this information is presented below.

Wichita MSA Population and Income Comparison						
	Census 2010	2011 Estimate*	2016 Estimate*	Projected Growth	Average HH Income*	Median HH Income*
United States	309,349,689	310,650,750	323,031,618	3.99%	\$ 67,529	\$ 49,726
Kansas	2,853,118	2,864,235	2,922,044	2.02%	\$ 62,176	\$ 47,840
Wichita MSA						
Sedgwick Co.	498,365	503,339	523,681	4.04%	\$ 59,297	\$ 47,712
Butler Co.	65,880	65,355	67,421	3.16%	\$ 65,673	\$ 54,179
Harvey Co.	34,684	34,847	35,524	1.94%	\$ 55,896	\$ 46,901
Sumner Co.	24,132	23,337	22,051	-5.51%	\$ 55,754	\$ 47,035
Total Wichita MSA	623,061	626,878	648,677	3.48%	\$ 60,111	\$ 48,152
City of Wichita	382,368	367,056	377,478	2.84%	\$ 55,846	\$ 43,885

Source: U.S. Census Bureau, Census 2010; *Neilson iMark Online

Economic Base and Trends

Wichita maintains a diverse economic base, but aircraft manufacturing is the dominant source of employment, giving the city the title of "Air Capital of the World." Post 2003, the industry experienced impressive growth and had a record-setting backlog of aviation orders until the economic collapse of 2008. However, the resulting recession forced aviation manufacturers to considerably reduce their workforces.

Cessna Aircraft Company, founded in 1927 by Clyde Cessna, is headquartered in Wichita, and within the last ten years employed over 12,000 people full-time on a 1,400 square-acre campus. Cessna is a major manufacturer of light and midsize business jets, utility turboprops and single engine aircraft, having sold and delivered more than 190,000 aircraft¹. Since the beginning of the recession, Cessna has reduced, or planned to reduce, its workforce by nearly 61 percent in Wichita to its present level of full time employment at 4,695. Employment at Cessna in Wichita declined from 5,506 in March 2011 to 4,695 in September 2011. The recession forced Cessna to indefinitely put on hold plans to construct a new Cessna Citation service facility in Wichita.

Spirit AeroSystems, Inc., presently the largest employer in the Wichita MSA, was formed after Boeing divested itself of the local commercial aircraft plant. Spirit continues as a subcontractor to Boeing (as well as other aircraft manufacturers). Spirit did not announce layoffs during the recession, but utilized shortened workweeks and salary freezes. Spirit actually increased the number of employees in Wichita from 10,370 in 2010 to 10,500 in September 2011, bolstered by strong orders for Boeing's 737, 777, and 787 aircraft. The company also works on components for the 747 and 767, the latter of which will be the basis for the U.S. Air Force's new tanker. The production of the tanker should further bolster Spirit's workforce in Wichita.

Boeing maintained their local presence in their military and defense work. Boeing announced cuts of over 10,000 company-wide, but most will be in the commercial division. Still, 832 of the once 3,000 Boeing Integrated Defense employees in Wichita, received layoff notices in 2009 and 2010. The company currently employs 2,200 locally and announced 225 layoffs (165 due to retirement and 60 others) in June 2011.

¹ <http://www.cessna.com/about-cessna.html> (10/25/2010)



Hawker Beechcraft Corporation was formed when Raytheon sold their operations to Onex and Goldman Sachs in 2007. Hawker has reduced its once 7,500 workforce by approximately 1,500, a 20 percent reduction. In July 2010, Hawker CEO Bill Boisture announced that the aircraft manufacturer was considering moving nearly 5,300 Wichita jobs to Baton Rouge, LA. However, state and local officials worked with Hawker to keep major facilities in Wichita. Hawker agreed to keep its headquarters and at least 3,600 to 4,000 employees in Wichita for 10 years in exchange for a \$45 million incentive package. The company plans to reduce their Wichita workforce by 800 jobs by moving the work to third party suppliers or to the company's operations in Mexico. However, as of September 2011, Hawker still employed 5,000 workers in Wichita.

In early 2009, Bombardier Learjet employed 2,540 full-time and 76 part-time workers in Wichita. While the company laid off workers in 2009 and 2010, it recently hired workers back in support of development work on the Learjet 85. As of September 2011, the company employed 2,700 workers in Wichita, a 6.3 percent increase from early 2009. In fact, the company added 300 workers between March 2011 and September 2011, a 13 percent increase.

Employment Trends

According to data provided by the Center for Economic Development and Business Research (CEDBR) at Wichita State University (WSU), total employment in the Wichita MSA decreased by approximately 3.0 percent from 2009 to 2010 (8,750 jobs), driven in large part by contractions at aviation manufacturers. In late 2010, CEDBR forecasted the addition of 2,590 jobs in 2011, a 1.0 percent increase over 2010. However, the center tempered this forecast in May 2011 based on economic conditions at that time. The forecasted 2011 total employment was adjusted to 283,460, a very slight decrease from 2010. Data from the second quarter of 2011 suggests a stronger-than-projected employment situation in Wichita—total nonfarm employment of 286,900, a slight increase over the second quarter 2010 total and a 1.1 percent increase over the 2010 annual average. The following table summarizes employment totals in the Wichita MSA:

Nonfarm Wage & Salary Employment Wichita MSA Employment Sectors						
Sector	2009		2010		2011	
	Employment	% of Total	Actual	Forecast	2Q 2010 Actual	2Q 2011 Actual
Manufacturing	57,900	20%	52,300	52,240	52,567	53,033
Trade, Transportation & Utilities	50,300	17%	49,100	49,155	49,033	49,734
Education & Health Services	43,900	15%	43,400	45,285	43,567	43,233
Government	41,500	14%	41,800	42,400	43,033	42,633
Professional & Business Services	28,700	10%	29,000	27,820	29,033	31,200
Leisure & Hospitality	27,700	9%	27,100	27,890	27,767	26,633
Natural Resources & Construction	15,200	5%	14,500	14,830	14,467	14,667
Financial Activities	11,300	4%	10,900	10,860	11,000	10,533
Other Services	10,700	4%	10,700	10,950	10,800	10,800
Information	5,200	2%	4,700	4,810	4,767	4,433
Total	292,400	100%	283,650	286,240	286,033	286,900
Change from prior year			(8,750)	2,590	(6,367)	867

*Total may not equal sum due to rounding

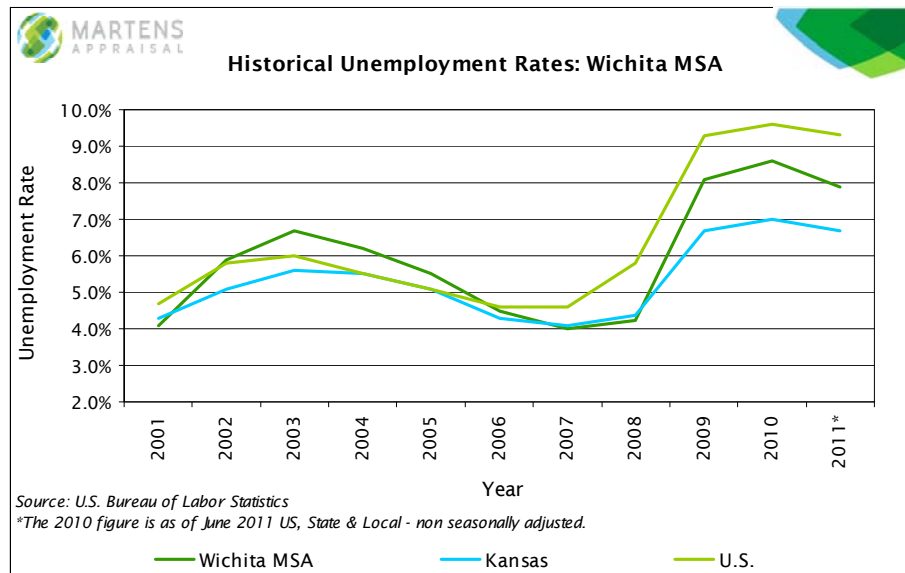
**Annual values are derived from average quarterly observations of nonfarm wage and salary data from the U. S. Bureau of Labor Statistics.

Estimates and forecasts were made by the Center for Economic Development and Business Research.

Source: Center for Economic Development & Business Research at Wichita State University

Unemployment Trends

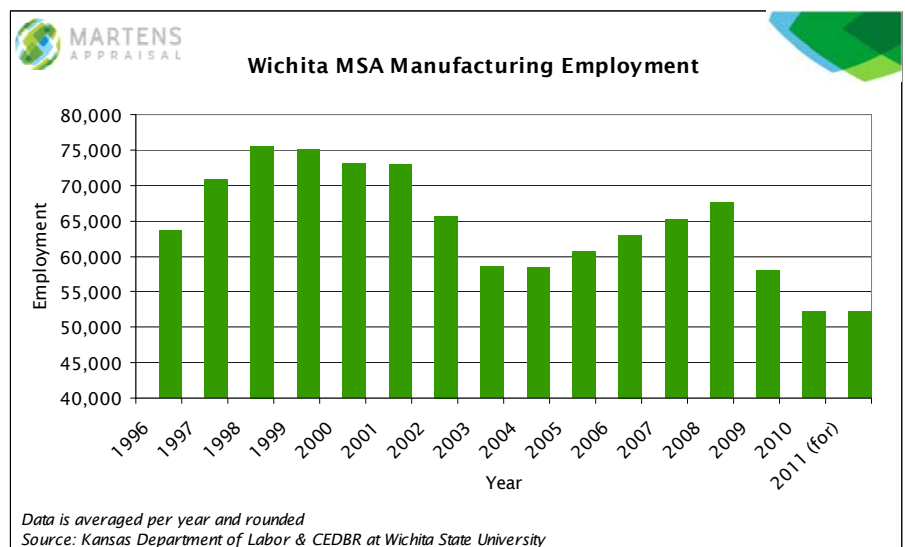
According to the Bureau of Labor Statistics, the Wichita MSA had a civilian labor force of 317,728 in June 2011. As the graph to the right illustrates, Wichita's unemployment rate had been higher than both the national and Kansas averages from 2002 to 2006, but dipped below both in 2007 and 2008. However, the aircraft workforce reductions are again pushing employment above Kansas. The 2009



average unemployment rate for the Wichita MSA was 8.1 percent and the State of Kansas was 6.7 percent compared to the national average of 9.3 percent. The 2010 figures are markedly higher, as the BLS reports 2010 rates as follows: Wichita at 8.6 percent; Kansas at 7.0 percent; and the U.S. at 9.6 percent. For Wichita, unemployment peaked in July 2009 at 10.3 percent. The data indicates that unemployment has eased in the Wichita MSA (8.6 percent in 2010 to 7.6 percent in June 2011), Kansas (7.0 percent in 2010 to 6.7 percent in June 2011), and the U.S. (9.6 percent in 2010 to 9.3 percent in 2011).

Manufacturing

Manufacturing employment peaked at 75,488 jobs in 1998 and declined to approximately 58,400 jobs in 2004. After three years of recession and layoffs, the aircraft firms began rehiring workers in the latter part of 2004. Unfortunately this boom was short lived with layoffs occurring once again beginning in late 2008. In 2009, manufacturing employment averaged 57,958 jobs below the previous low in 2004. Nonetheless, manufacturing companies employ 20 percent of the local



workforce versus less than 10 percent nationally. Within the manufacturing sector, 87 percent of the jobs are in the durable goods sub-sector and the remaining 13 percent are classified in the non-durable sub-sector. A majority of the jobs in the durable goods sector are related to the aviation industry while employees in the non-durable goods sector process food or print

publications. Employment rates in both the durable and non-durable goods sectors have lost jobs with an estimated 5,328 from 2009 to 2010, and another 390 projected for 2011.

Services

The service sectors accounts for 43.6 percent of the jobs in the metro area. The service sector has been mixed, with Educational & Healthcare gaining jobs as well as Hospitality & Leisure. Financial Services have lost some jobs and this sector is projected to lose 1.4 percent through 2011. Information Services continues their decline.

Trade Sectors

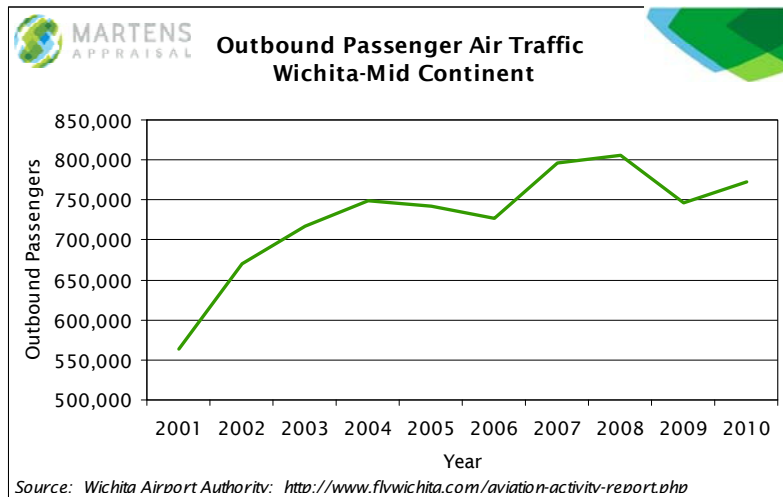
The trade sector is comprised of wholesale and retail trade, transportation, and public utilities. This sector represents about 17 percent of the jobs in the MSA. In 2010, wholesale and retail trade are expected to end the year down and those figures were revised down with job losses in the remainder of 2010 and continued losses projected for 2011.

Taxable Retail Sales

Year-over-Year retail sales had been positive since 2004, but went negative in 2009. The CEDBR projects a decline of over 0.6 percent for 2010, with another 1.9 percent continuing into 2011.

Transportation

Wichita is served by several small to medium-sized airports, the largest being Wichita-Mid-Continent Airport, which provides freight and commercial passenger service for much of central and western Kansas. According to FlyWichita.com, Wichita Mid-Continent Airport's website, the airport served 772,608 outbound passengers during 2010, which is an increase of 3.3 percent from the same period the year before. In September 2010, Wichita Mid-Continent set a monthly record of 132,310 inbound and outbound passengers.



To continue the growth of the airport, the City of Wichita subsidizes AirTran Airways with its Fair Fares program. As a result of the lower fares combined with the additional flights and routes added by other major carriers, many ticket prices at Mid-Continent are now competitive with the rates at Kansas City International Airport, which used to be a more common choice for Wichita's travelers.

In the fall of 2006, the Airport Authority agreed to build a new airport terminal with a target project budget of \$150 million, plus a \$10 million reserve. The replacement terminal building will be located to the northwest of the current facility. The new terminal is approximately the same size as the current facility in terms of square footage under roof, but will be able to handle more passengers, and should be less costly to operate and maintain due to energy-efficient equipment and generous use of skylights. Installation of utilities, relocating roadways, demolition of the old cargo building and airline maintenance facilities, and preparing the site for development started in late summer of 2009. Bidding on the major components of the terminal building was scheduled to occur in early 2010, with substantial completion anticipated to be the Spring of 2013. Most of the existing terminal will be removed when the new terminal is fully operational. Small portions of the current terminal are expected to remain for maintenance and utility support functions. After delaying the construction of the new terminal

in October 2010 due to budget concerns, Wichita City Council voted to move forward in June 2011. The new terminal could open as early as 2015.

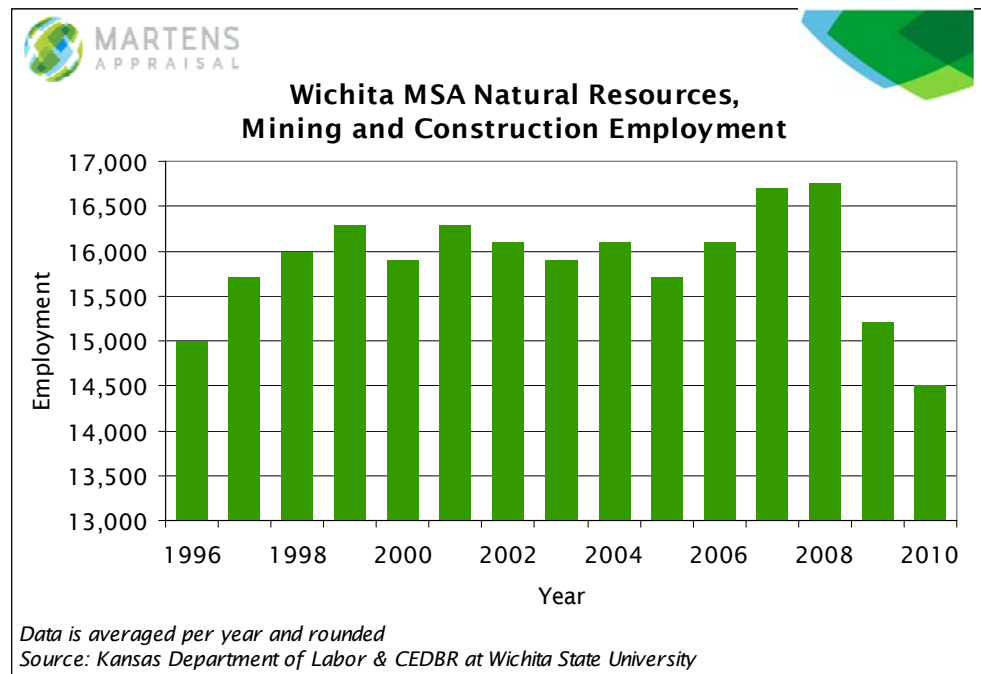
Transportation Projects

Major planned or on-going capital improvements through 2011 include:

- Kellogg Avenue, Webb Road and Greenwich Road interchange upgrade to six-lane freeway and interchanges at Webb Road and Greenwich Road.
- K-96 bridge over Arkansas River is being reconstructed, connecting K-96 to southbound I-235.
- Lincoln Street Bridge being reconstructed to be completed in late 2012.
- Proposed Northwest Expressway corridor preservation: right-of-way acquisition funds for proposed road from US-54 Highway (near Goddard) to K-96 Highway (in the vicinity of Tyler Road).
- Improvements are currently underway at 47th Street South and I-135 Highway to provide new on and off ramps from I-135 Highway, between Broadway Avenue and I-135 Highway; 47th Street South will be rebuilt and widened and new turn lanes at Broadway Avenue.

Natural Resources, Mining and Construction

Natural resources, mining and construction added approximately 600 jobs in 2007, but only about 125 to 150 in 2008. The sector lost 1,784 jobs in 2009 and another 717 in 2010.





Education

The Wichita school system (USD 259) provides 100 learning centers including elementary schools, middle schools, high schools and specialty programs. USD 259 has 25 magnet schools, which provide a focused education on areas such as science and technology, environmental studies, international studies, foreign language, performing and fine arts. In November 2008, voters narrowly approved a controversial \$370 million bond issue. The State will match 25% or \$92.5 million. The bond issue will provide 275 new classrooms, provide storm shelters to all the schools, and upgrade arts and athletics facilities throughout the district.

Wichita is surrounded by 10 suburban school districts that provide a quality education to the region and include communities such as Andover (USD 385), Cheney (USD 268), Clearwater (USD 264), Derby (USD 260), Goddard (USD 265), Haysville (USD 261), Maize (USD 266), Mulvane (USD 263), Garden Plaine (USD 267) and Valley Center (USD 262). Many of these districts have recently passed school bonds for new construction and updates to existing facilities. Four of the largest districts include Maize, Andover, Haysville and Goddard, have all expanded due to the population increases within these districts. The Wichita community also provides private education, including 43 private/parochial schools in the area.

Higher education within the Wichita community is provided by a number of colleges and universities. The largest higher education universities include Wichita State University (WSU), Newman University and Friends University.

Wichita State University has an enrollment of nearly 15,000 students, 479 full-time faculty and 41 part-time instructors. The university campus covers an area of 330 acres, and it is home to over 65 pieces of outdoor sculpture, a newly renovated basketball arena, baseball stadium and a football stadium. In 2003 the Levitt Arena was renovated at a cost of \$18.9 million and renamed Koch Arena. The curriculum WSU has to offer is comprised of more than 60 undergraduate degree programs, 44 master programs, and nine doctoral programs. The degree programs originate from six colleges including, the W. Frank Barton School of Business, Fairmount College of Liberal Arts, College of Education, Engineering, Fine Arts, and Health Professions. The campus is also home to the National Institute for Aviation Research (NIAR), a state-of-the-art aviation research center recognized for "contributions to aviation safety and performance."

Newman University is a liberal arts college influenced by Catholic values that has more than 2,740 students, 189 full-time and 120 part-time faculty members. Newman offers more than 40 undergraduate and five graduate programs. Areas of study include business and computer information systems; education; humanities and social science; mathematics and allied health.

Friends University, situated on a 52-acre campus, is a four-year Christian college focusing on arts and sciences, business and continuing education. With approximately 2,800 students, Friends University offers associates, bachelors, and master's degrees through three colleges: the College of Arts & Sciences; the College of Business and Information Technology; and the College of Adult and Professional Studies. Five baccalaureate degrees are offered with more than 40 degree options. The university also offers nine master's programs. Five-degree completion programs are offered for adult students who already have some college credit and want to complete their degrees while maintaining full-time employment. The university also offers a program for working adults who want to complete the first two years of college.

There are 19 other universities and colleges in the Wichita MSA including The Wichita Area Technical College, Butler County Community College, Cowley County Community College, Southwestern College of Winfield, Baker University, Webster University, Vatterott College, The University of Kansas School of Medicine and the University of Phoenix.



Economic Development

The Greater Wichita Economic Development Council (GWEDC), founded in 2003, has unified public and private efforts to better the city by combining leaders from the City of Wichita, Sedgwick County, local businesses and the Chamber of Commerce. The group works to retain existing jobs in the city, and recruit new industry. Based on a study conducted by Whittaker Associates for the GWEDC, Wichita's primary opportunities in the long run for the creation of jobs include the following industries:

- Aviation and aerospace
- Automotive
- Machinery and electronics
- Food processing
- Services – corporate headquarters, financial and insurance
- Plastics and advance materials
- Medical equipment

In order to allow all members of the community to create and share benchmarks, vision and strategies for the city, numerous public entities organized Visioneering Wichita. The effort is a strategic planning process involving the input of thousands of Wichitans. The group has set goals, objectives and measurable benchmarks for the improvement of Wichita's job growth, per capita income, education, family stability, downtown development, arts and culture, racial harmony and leadership.

In an effort to keep Wichita at the forefront of aviation, the Board of Sedgwick County Commissioners formed the Sedgwick County Technical Education & Training Authority (SCTE&TA). At that time, the SCTE&TA recognized that there may soon be a shortage of skilled workers, as 27 percent of the aviation-manufacturing workforce was eligible for retirement in 2008, and 40 percent over the following five years. To respond to this, the National Center for Aviation Training was created, which will be housed in a \$54.5 million facility consisting of three buildings: Advanced Manufacturing Technology Center (80,943 sq.ft.), The Aviation Service Center (96,243 sq.ft.) and the Assessment and Administration Center (30,435 sq.ft.). Construction began in March 2008 and is ongoing; however, classes began in August 2010, with all NCAT programs available during 2011. The site is situated on a 30-acre tract at the north end of the Colonel James Jabara Airport.

With the high concentration of aircraft manufacturing in the area, there are a number of firms that develop and manufacture composites and advanced materials. Wichita State University has formed the Center for Innovation for Biomaterials in Orthopaedic Research (CIBOR) to capitalize on the local talent, and become a leader in the development composite medical implants and equipment. In June 2009, the Kansas Bioscience Authority awarded the center a \$4 million installment of a \$20 million five-year grant. This industry could create 2,600 jobs in the region in the next decade.

The chart to follow summarizes Wichita MSA full-time nonfarm employment numbers at the peak of the strong economy in early 2008 versus current full-time nonfarm employment.



Wichita Area's Largest Employers

Company	Product/Service	Local Full-Time Employment at Peak	Current Full Time Employment	Estimated Expansion / Contraction
Cessna Aircraft Co.	Aircraft Manufacturer	12,008	4,695	(7,313)
Spirit AeroSystems Inc.	Aircraft Manufacturer	10,370	10,500	130
Hawker Beechcraft	Aircraft Manufacturer	7,500	5,000	(2,500)
Unified School District 259 - Wichita	Public Primary Education	5,508	5,315	(193)
Via Christi Health System	Health Care	5,319	8,136	2,817
State of Kansas	State Government	4,084	3,893	(191)
City of Wichita	Municipal Government	3,153	2,924	(229)
Boeing Integrated Defense System	Aircraft Modification & Development	3,000	2,200	(800)
Sedgwick County	County Government	2,821	2,796	(25)
Bombardier Learjet	Aircraft Manufacturer	2,540	2,700	160
United States Government	Federal Government	2,524	2,752	228
Koch Industries	Oil & Chemical Equip. Manufacturer	2,200	2,353	153
Wesley Medical Center	Health Care	1,759	1,845	86
AGCO Corporation	Agricultural Equipment	1,690	1,300	(390)
Wichita State University	Public Higher Education	1,677	1,809	132
Catholic Diocese of Wichita	Primary Education	1,373	no response	-
Unified School District 260 - Derby	Public Primary Education	1,207	1,017	(190)
York International - Johnsons Controls	HVAC Equipment Manufacturer	1,000	1,000	-
Wichita Clinic PA	Health Care	996	now Via Christi	-
The Coleman Company, Inc.	Recreational Products Manufacturer	978	814	(164)
Robert J. Dole VA Medical Center	Health Care	926	no response	-
Cox Communications Inc.	Communications Company	900	827	(73)
Cargill Meat Solutions	Meat Processing	880	1,100	220
T-Mobile USA	Wireless Telecommunications	826	-	-
Intrust Bank	Financial Services	713	607	(106)

Source: Wichita Business Journal, "Employers in the Wichita-area ranked by number of full-time employees" 9/23/2011 and GWEDC 9/19/2010

Conclusion to the Area Analysis

Wichita has an MSA population of over 623,000 people (Census 2010). The city of Wichita is the economic hub of south-central Kansas and northern Oklahoma, and the economy is anchored by a large manufacturing sector, including four aircraft assembly plants.

Wichita's services, government and retail trade sectors have also traditionally been very strong parts of the local economy. The prevalence of the aerospace and government sectors, in particular, are evident when looking at the top 10 employers in the MSA—summarized in the table to the right.

Top 10 Wichita MSA Employers			
Rank	Company	Sector	Sept. 2011 Employees
1	Spirit AeroSystems	Aerospace	10,500
2	Via Christi Health	Healthcare	8,136
3	USD 259 Wichita	Education	5,315
4	Hawker Beechcraft	Aerospace	5,000
5	Cessna Aircraft Company	Aerospace	4,695
6	State of Kansas	Government	3,893
7	City of Wichita	Government	2,924
8	Sedgwick County	Government	2,796
9	US Government	Government	2,752
10	Bombardier Learjet	Aerospace	2,700

Source: Wichita Business Journal, 9/23/2011

The Wichita MSA struggled during the Great Recession, as significant layoffs at aviation and related manufacturers drove unemployment rates higher. However, many companies managed to increase employment from 2008 levels, including Via Christi Health System, Spirit AeroSystems, Bombardier Learjet, Koch Industries, and Wesley Medical Center. While these gains did not fully offset the losses at Cessna and Hawker Beechcraft, they show the strength of Wichita's fairly diversified economy. While a recovery in the business and personal aircraft market is not expected for some time, there are signs that the Wichita MSA economy is strengthening. For instance, total employment at the 40 largest employers in the region increased by 1.4 percent between March 2011 and September 2011. Also, significant development has occurred in Downtown Wichita during the past few years, including hotel, housing, and other activity—a significant occurrence during an economic recession.

Overall, local economists are still cautious about future growth



Wichita / Sedgwick County Office Market Analysis – 2Q2012

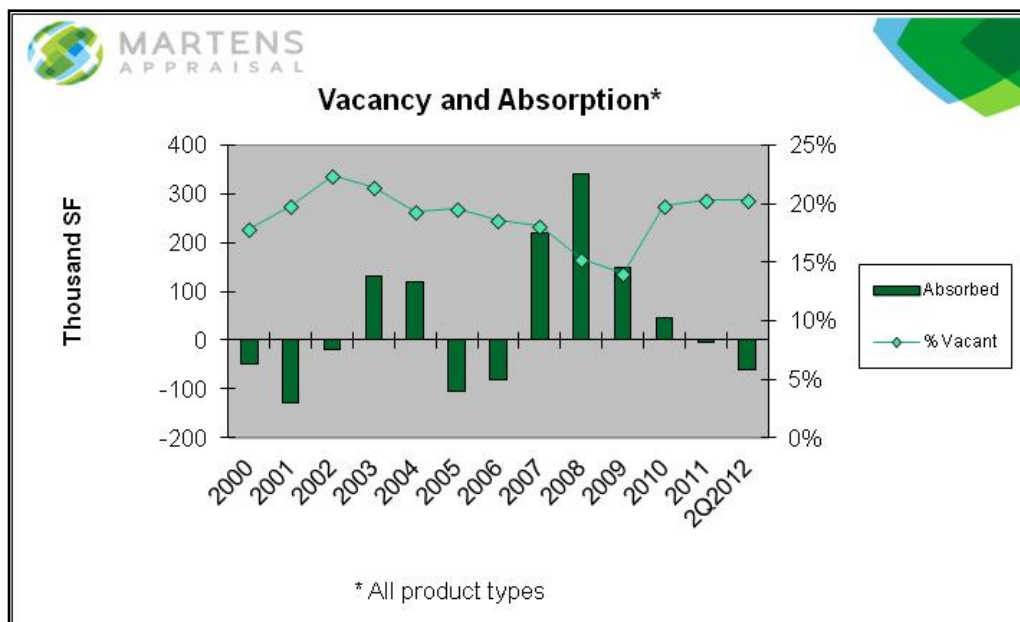
The office market has taken a downturn in terms of absorption and vacancy in the past year. As of the second quarter 2012, vacancy rates are 21.0% overall, with a minimal increase in the CBD rate to 23.9% from 24.7%, and a nominal increase in suburban rates to 18.8% from 16.4%.

According to a report by PwC Real Estate Investor Survey™ 3rd Quarter 2012 “Retaining tenants and raising rental rates have become harder for many property owners in the national suburban office market over the past three months as the demand for space has waned”. “Underlying fundamentals were seeing some slight improvement, but this sector is now paralyzed by uncertainty”. For the CBD market, PwC noted that “Concerns about lackluster U.S. job growth and the resulting slowdown in leasing demand are keeping some investors from placing CBD office building acquisitions high on their priority lists”.

	CBD	Suburban	Total
Rentable*	3,608	4,603	8,211
Vacant*	861	865	1,726
Vacancy Rate	23.9%	18.8%	21.0%
Rental Rate**			
Class A	\$15.43	\$19.73	\$17.36
Class B	\$11.23	\$12.96	\$11.68

* Square feet in thousands; excludes owner-occupied space, medical & government spaces.
 ** Weighted average asking rent/SF/yr. (Full Service)

The national market trends are evident on a local level, although Wichita has been fortunate in that it did not experience the aggressive sub-prime lending that ultimately plagued coastal markets. Following a record year of positive absorption in 2008 and 2009, the Wichita office market stabilized in 2010, only to see negative absorption once again in 2011 and year-to-date 2012.



As of

the

second quarter 2012, asking rental rates in the Suburban Class A market dropped slightly from year-end 2011. Asset values became better defined in 2010 than they were in 2009, and have



thus far remained this way. Suburban Class B rents fell for a third straight year, to a current rate of \$12.96 per square foot. The current rate is within 10%, however of the peak from 2008.

In the Central Business District, a flight to quality is occurring in the Class B market. Tenants in older Class B buildings are moving to higher quality Class B buildings for relatively comparable rents. Cash flow for dated buildings continues to be squeezed in 2012 as rental incomes decrease and operating expenses remain the same or increase. Class A rents in the CBD remain fairly stable, only having increased \$1.00 per square foot since 2002. CBD Class A has seen an increase from \$15.24 during the first quarter 2011 to \$15.43 in the second quarter of 2012. For Class B properties, rents have increased from \$10.92 during the first quarter 2011 to \$11.23 in the second quarter of 2012.



The CBD will remain attractive to users because of its value relative to suburban properties and its central location. Cargill Meat Solutions completed construction on their \$15 million, 75,000-square-foot research and development center near their downtown Wichita headquarters, taking occupancy in July 2011.

The City of Wichita and the planning firm Goody Clancy released Project Downtown – a long term plan for the development of the CBD. The plan will assist real estate owners, users and developers in their efforts to create more vibrant “work, live and play” destinations in the CBD.

New CBD projects will have to compete with a new mixed-use office, retail and entertainment development located on the southeast corner of 13th Street North and Webb Road when it comes on line. A local investor purchased the 110-acre former recreational site from plane-maker Hawker Beechcraft. The site includes a 32 acre lake and is said to be one of the last few large developable tracks within the city.

Via Christi’s new hospital and medical office buildings were finished in the emerging northwest quadrant of the city in 2011. General Office construction projects will comprise most of the office market activity for 2012 with speculative projects expected to be completed in the market during the third quarter of 2012 into the first quarter of 2013.

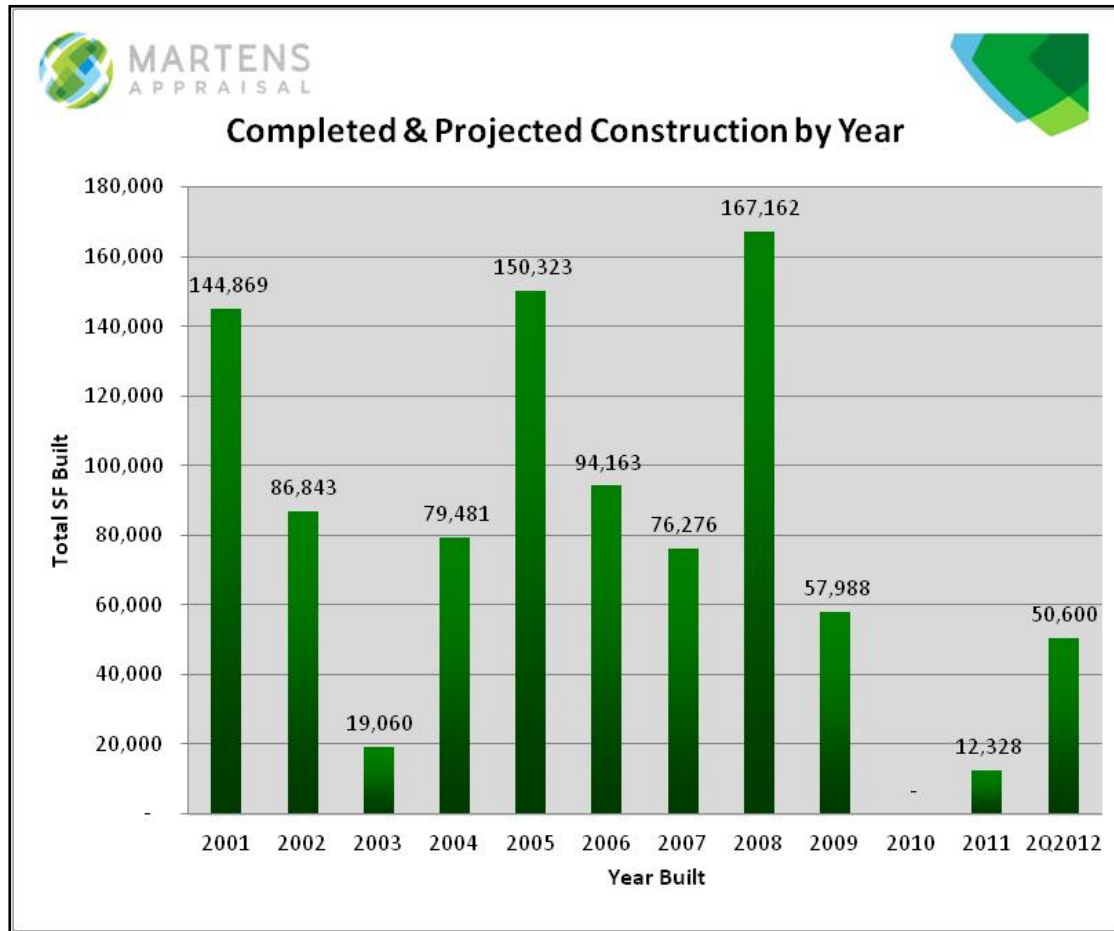


<div>  <div> Office Market Trends 2Q 2012 </div>  </div>			
By Submarket (all classes)	Total SF ⁽¹⁾	Vacant SF ⁽²⁾	% Vacant
CBD	3,608,697	861,239	23.9%
CBD Total	3,608,697	861,239	23.9%
Northeast	2,824,109	526,667	18.6%
Northwest	676,356	81,534	12.1%
Southeast	1,012,032	237,219	23.4%
Southwest	90,841	19,475	21.4%
Suburban Total	4,603,338	864,895	18.8%
Totals	8,212,035	1,726,134	21.0%
By Class (all submarkets)			
Class A	2,769,949	292,956	10.6%
Class B	5,442,086	1,433,178	26.3%
Totals	8,212,035	1,726,134	21.0%
⁽¹⁾ Inventory includes multi-tenant and single-tenant buildings with at least 20,000 sq.ft.			
⁽²⁾ Vacant space includes both vacant direct and vacant sublease space			

Development Activity

The greatest challenge for the office market in the future - especially for the development community - is predicting the equilibrium point between construction costs, rental rates and demand for new space. The demand factor is particularly key; as market skepticism is also making investors nervous about tenant demand and space needs in the near future. The development activity that occurred during 2011 was in the northeast submarket, and primarily included only owner occupied spaces. The 12,328 square feet total construction was the only reported completed construction in 2011. Thus far in 2012, 50,600 square feet of space is planned or underway.

The following chart illustrates the amount of new office space built during the last 10 years as well as space under construction as of the first quarter 2012.

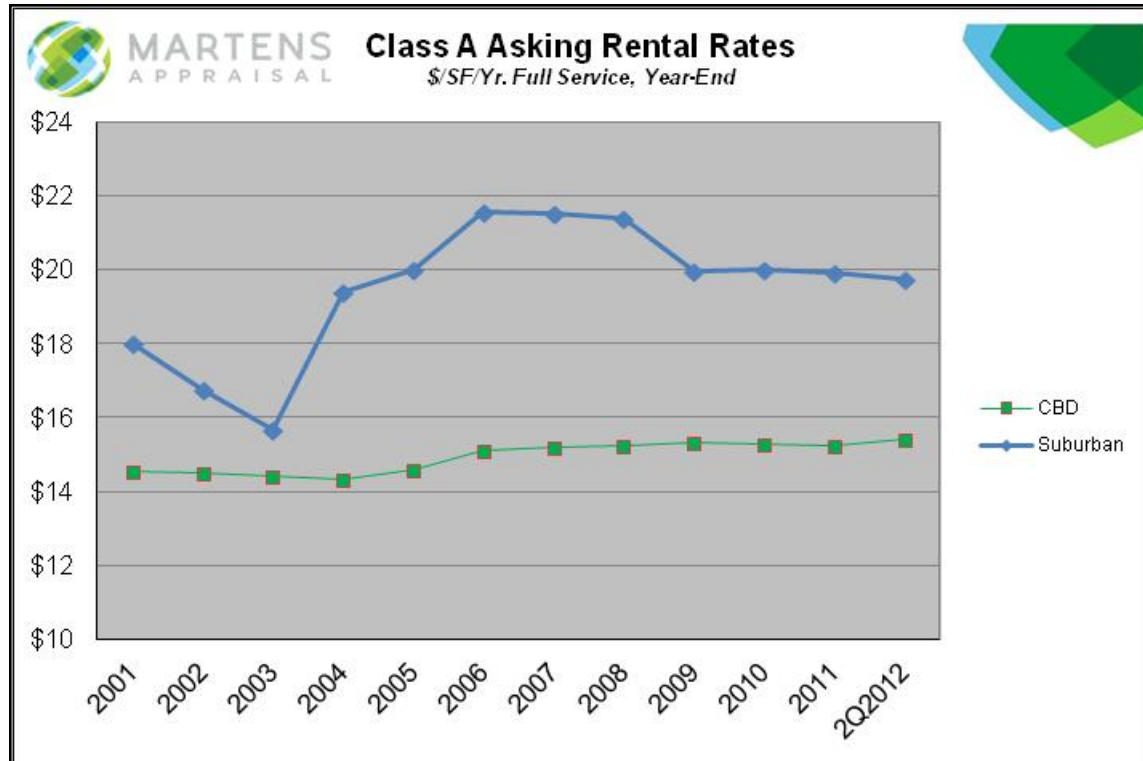


As illustrated, total construction dropped considerably in 2009 and there were no new build-to-suit or speculative office buildings constructed during 2010. This is down considerably from 2008, the highest year of the past 10-years. New construction for 2011 remained low as the result of the construction boom in 2008 as well as economic conditions. This boom provided substantial inventory to be sold and leased for the next few years. With two office buildings planned at the Waterfront, the planned or begun development in 2012 is on par with 2009 levels as shown above.



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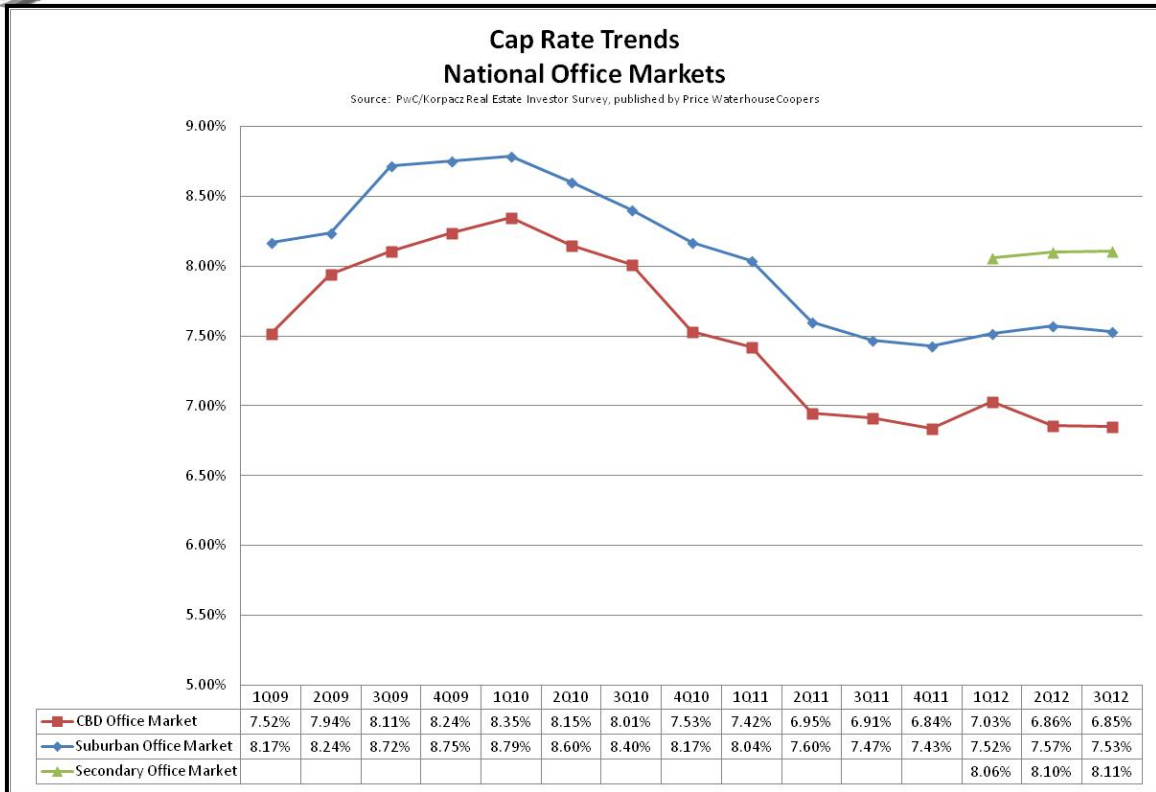
Rental concessions will likely remain necessary to lease space in the Class B CBD office market. With asking rents in CBD Class B space between \$8 and \$12 per square-foot full service, it remains one of the best values in the country. The economics certainly exist for a large corporate back-office operation or call center to relocate to Wichita. Other uses for these structures include conversion to residential condominiums or apartments, or conversion to hotel – such as the Ambassador Hotel currently under construction in the historic 14-story Douglas Avenue Building.



Overall asking rental rates in the suburban market have been level to slightly down-shifting the past four years, as noted by the blue line in the chart above. Within the CBD, the story is much the same – essentially unchanged since 2007.

Investment Returns & Expectations

On a national level, returns appear to have hit bottom during the first quarter 2008, for both the suburban office and central business office market segments, as illustrated in the following chart.



As with most market segments in Wichita as well as throughout the nation, capitalization rates have fallen since their peak during the first quarter of 2010, with some conservatism creeping back. Since 4Q2011, overall capitalization rates are beginning to leveling off.

Looking at 2012, controlling vacancy will be the greatest challenge for investors. With a generally flat market in terms of vacancy and asking rates, some investors may sacrifice rental revenue, along with a drop in long-term leases, in order to improve on the general vacancy losses. For the local market, vacancy rates are expected to remain stable.

Transaction Trends

The number of office transactions in 2011 was 37, up from 31 in 2010. Year-to-date through July 2012, there has been 31 transactions – indicating more activity in the market.

The overall average selling price has been \$66.93 per square foot, an improvement over the 2011 average price of \$56.21 per square foot.

The NE quadrant has had the most activity thus far, with 14 of the 31 total. This quadrant continues to report the highest prices, and typically the highest averages.

Summary to the Wichita



Office Transactions 2012 (Jan through July) Sedgwick County Stats

Quadrant	# of Transactions	Min Price PSF	Max Price PSF	Average Price PSF
CBD	10	\$ 15.33	\$ 102.94	\$ 44.72
NE	14	\$ 22.75	\$ 146.58	\$ 91.59
NW	4	\$ 24.33	\$ 89.09	\$ 59.01
SE	2	\$ 63.33	\$ 128.97	\$ 96.15
SW	0	n/a	n/a	n/a
Suburban	1	\$ 43.17	\$ 43.17	\$ 43.17
Total	31	\$ 15.33	\$ 146.58	\$ 66.93



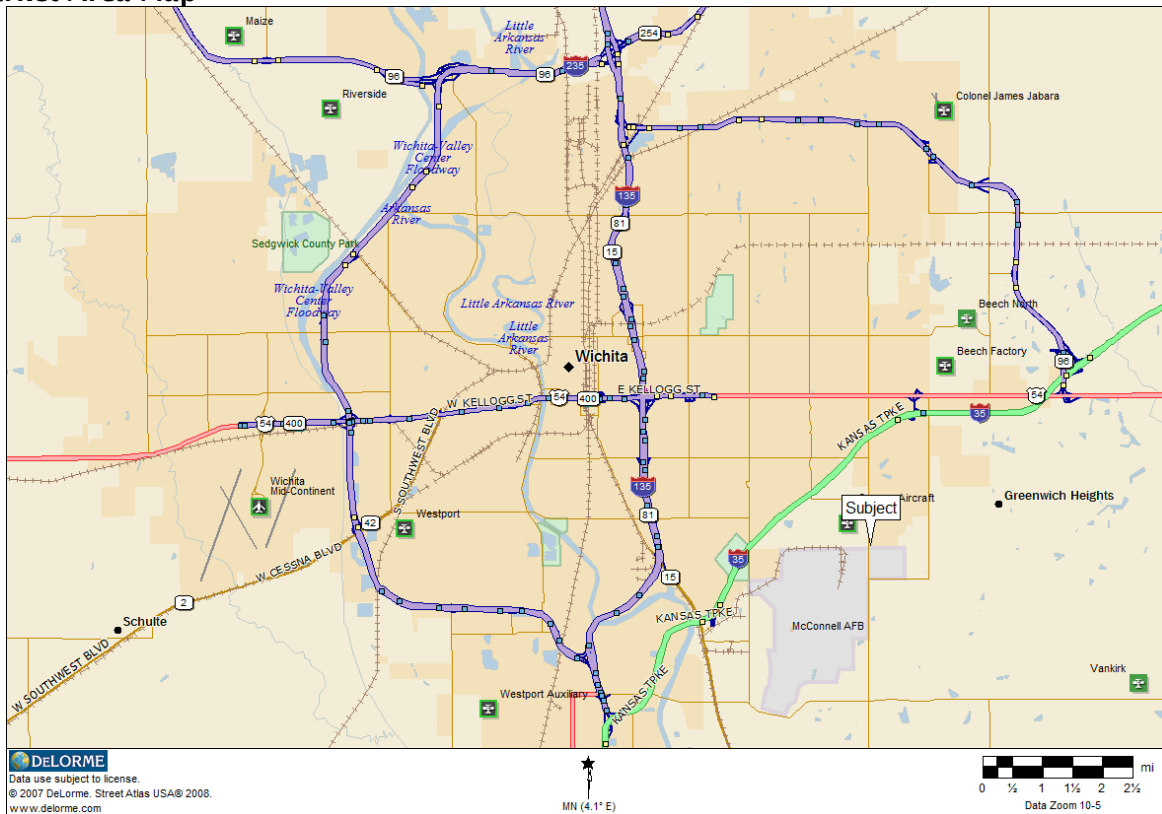
Office Market Analysis

Overall, the office market has remained very steady throughout 2011 and into the second of 2012, with nominal change in vacancy, asking rates, or absorption. Transaction volume has improved though, and there are a greater number of planned projects for 2012.

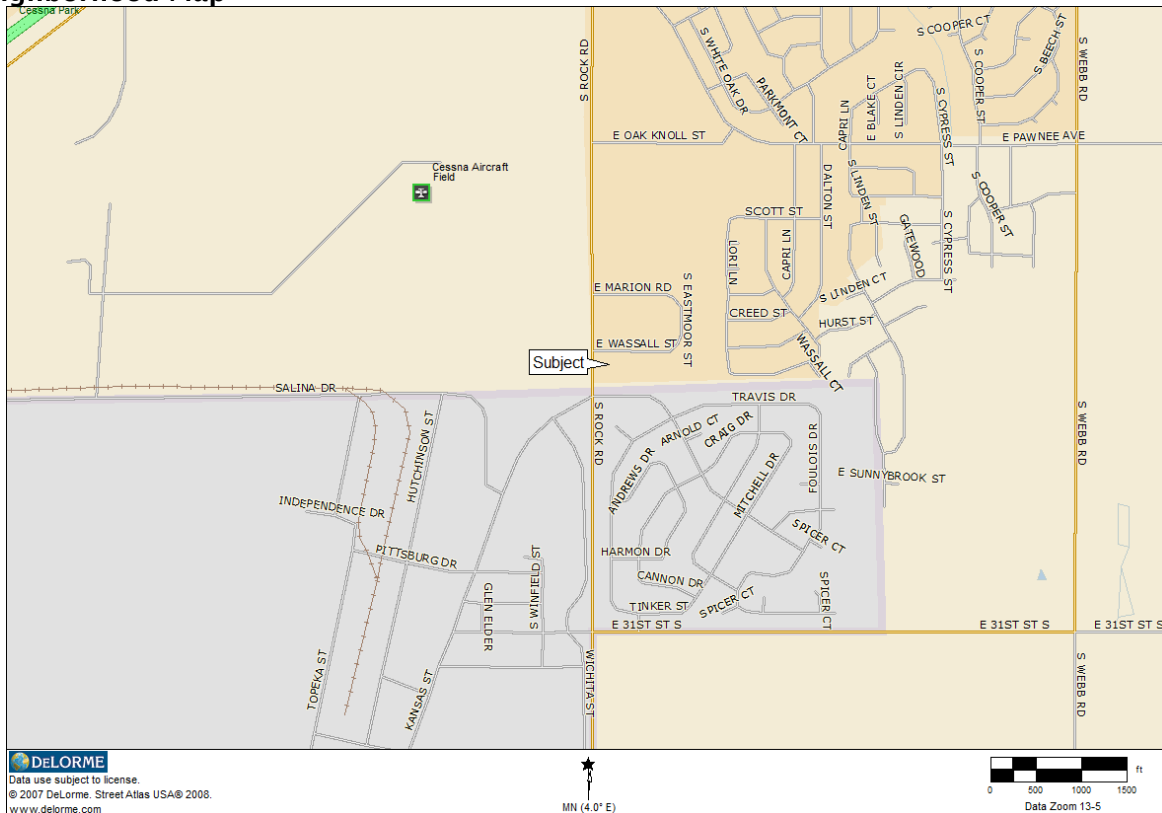


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Market Area Map



Neighborhood Map



Location

The subject property is located on the Southeast corner of Rock Road and East Wassall Street in the Southeast quadrant of the City of Wichita, Sedgwick County, Kansas. The subject market area is generally bound by Pawnee Street on the north, East 31st Street on the south, Oliver Street and the Kansas Turnpike (I-35) on the west and by Webb Road on the east. Major north/south arterials through this market area include Greenwich road, Webb, Rock Road, Oliver Road, Woodlawn, and Edgemoor Street. Major east/west arterials include Central Avenue, Pawnee Street, Harry, Lincoln, and 31st Street.

Kellogg Avenue/ U.S Highway 54/400, a four-lane urban bypass that is a major commuting route in Wichita, it provides highway service to the area. To the north of the market area is Highway 96, which is a major divided highway that runs east/west across most of Northeastern Kansas. Also the Kansas Turnpike (I-35) which provides access to Eldorado and Topeka located northwest of the market area.

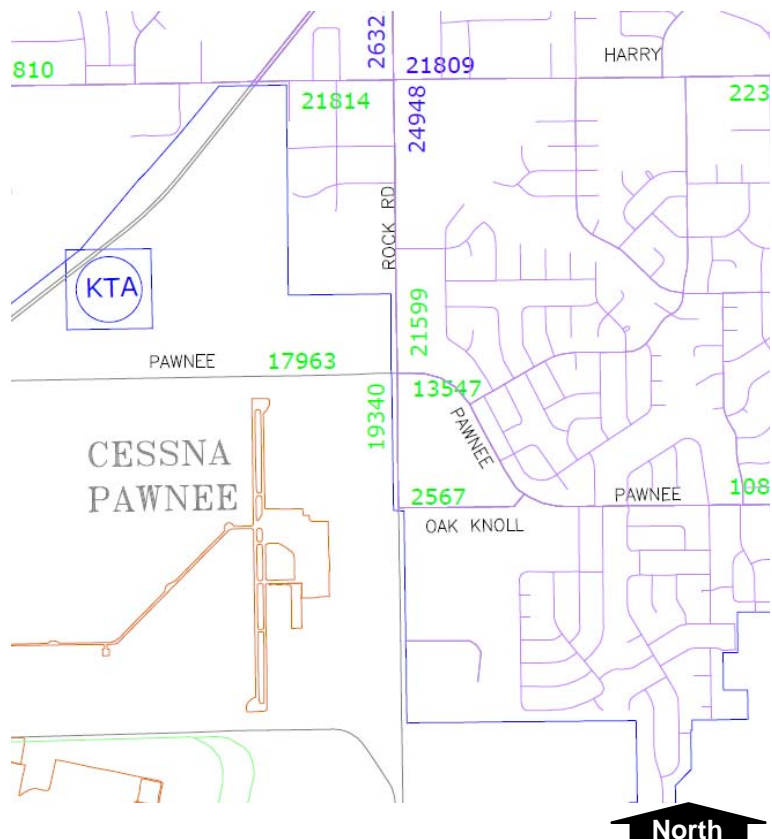
Market Area Analysis

Market Area Characteristics and Development

Development in the subject market area is primarily commercial with some residential development located on the northeast corner of Pawnee and Rock Road. The subject site is located at the Southeast corner of Rock Road and East Wassall Street. The intersection is generally commercialized with retail, office and service land users. At the Northeast corner of the intersection is a B-1 Market Center with a Butler Community College, Calvary Assembly or God, and a Recruiting office. Located at the west side of Rock Road is McConnell Air Force Base and vacant land southwest of McConnell.

Traffic

In the vicinity of the subject site, the nearest intersections with a traffic count available are E. Pawnee St. and S. Rock Road. E. Pawnee St. is a major east/west 4-lane bi-directional arterial and S. Rock Road is a major north/south 4-lane bi-directional arterial in southeast Wichita, Kansas. According to the 2009 Traffic Map at the intersection of E. Pawnee and S. Rock Road report about an average 36,244 (V.P.D.) vehicles per day.



Market Area Photographs



Looking South on Rock Road



Looking north from parking lot



Looking towards subject property from
Rock



Looking east along Wassall Street



Looking east on Wassall Street



Looking north along Rock Road

Section Three - Property Description

Scope of Inspection

Lee Z. Whyte, MAI inspected the subject site and building on 02-October-2012. I did not inspect the roof.

Site Description

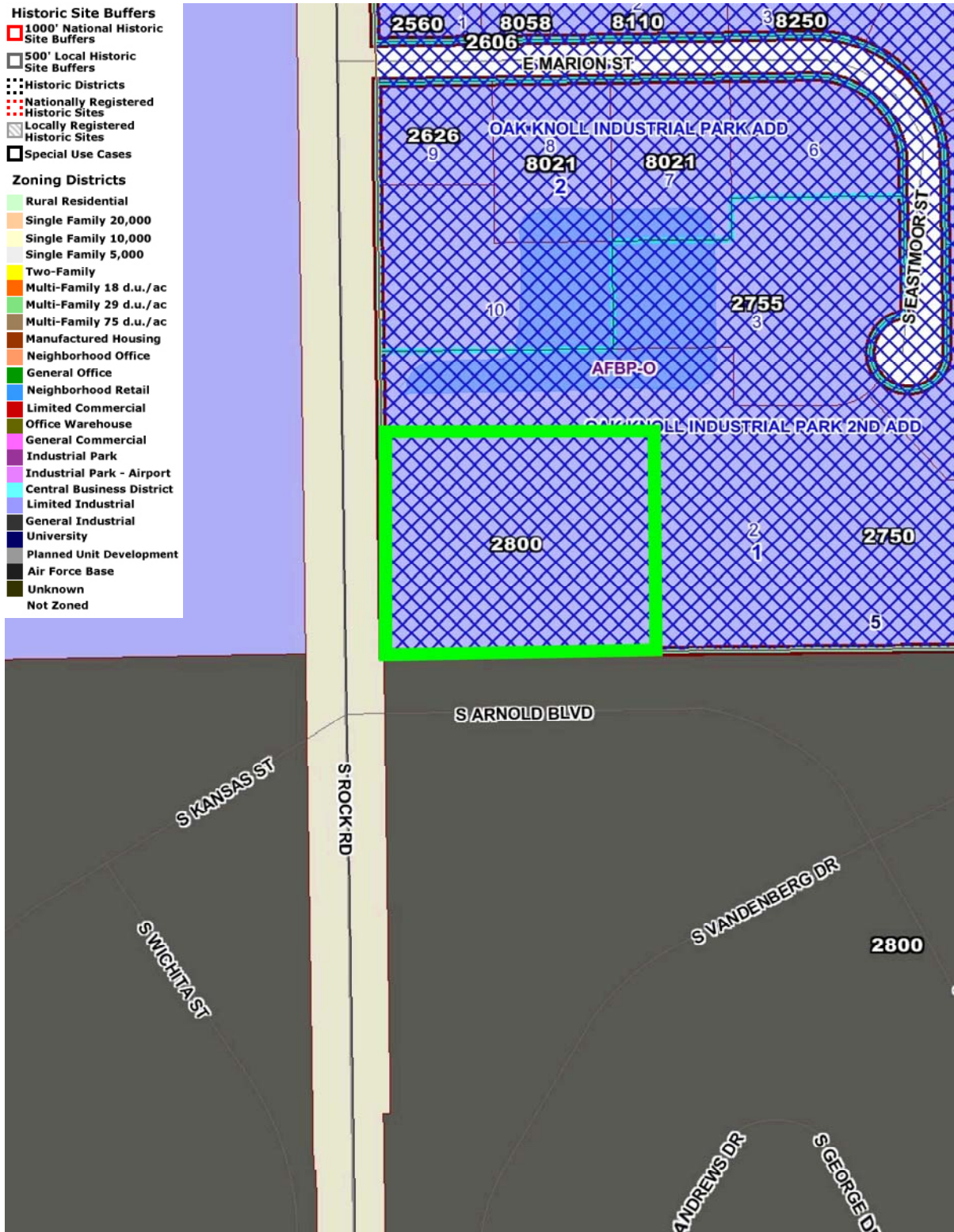
Legal Description:	The south 380 feet of the west 455 feet of Lot 2, Block 1, Oak Knoll Industrial Park 2nd Addition to city of Wichita, Sedgwick County Kansas.
Site Area:	172,867 sq. ft. or 3.97 acres per Sedgwick County
Site Shape:	Rectangular. See plat.
Zoning:	"LI" - Limited Industrial District. The existing use is a conforming use within these zoning districts
Easements & Restrictions:	Easements and building setbacks noted on the accompanying plat map and site survey are limited to a 35' building setback lot line, 20' Utility easement along the west, and a 20' drainage and utility easement along the south lot line.
Encroachments:	None noted.
Flood Zone:	According to InterFlood Flood Insurance Rate Map Community Panel Number 20173C0390E, dated February 2, 2007 indicates the subject is located in flood zone "X". Zone X is an area of 0.2% chance of annual flood. If further data is required, exact flood elevation should be determined by a qualified surveyor.
Drainage:	Assumed to be adequate for the site.
Topography:	The site is generally level.
Nuisances or Hazards:	None noted.
Utilities:	All municipal utilities available.
Environmental Considerations:	None are noted.
Accessibility / Visibility:	Access and visibility are both considered good from Rock Road.

GIS Aerial Map



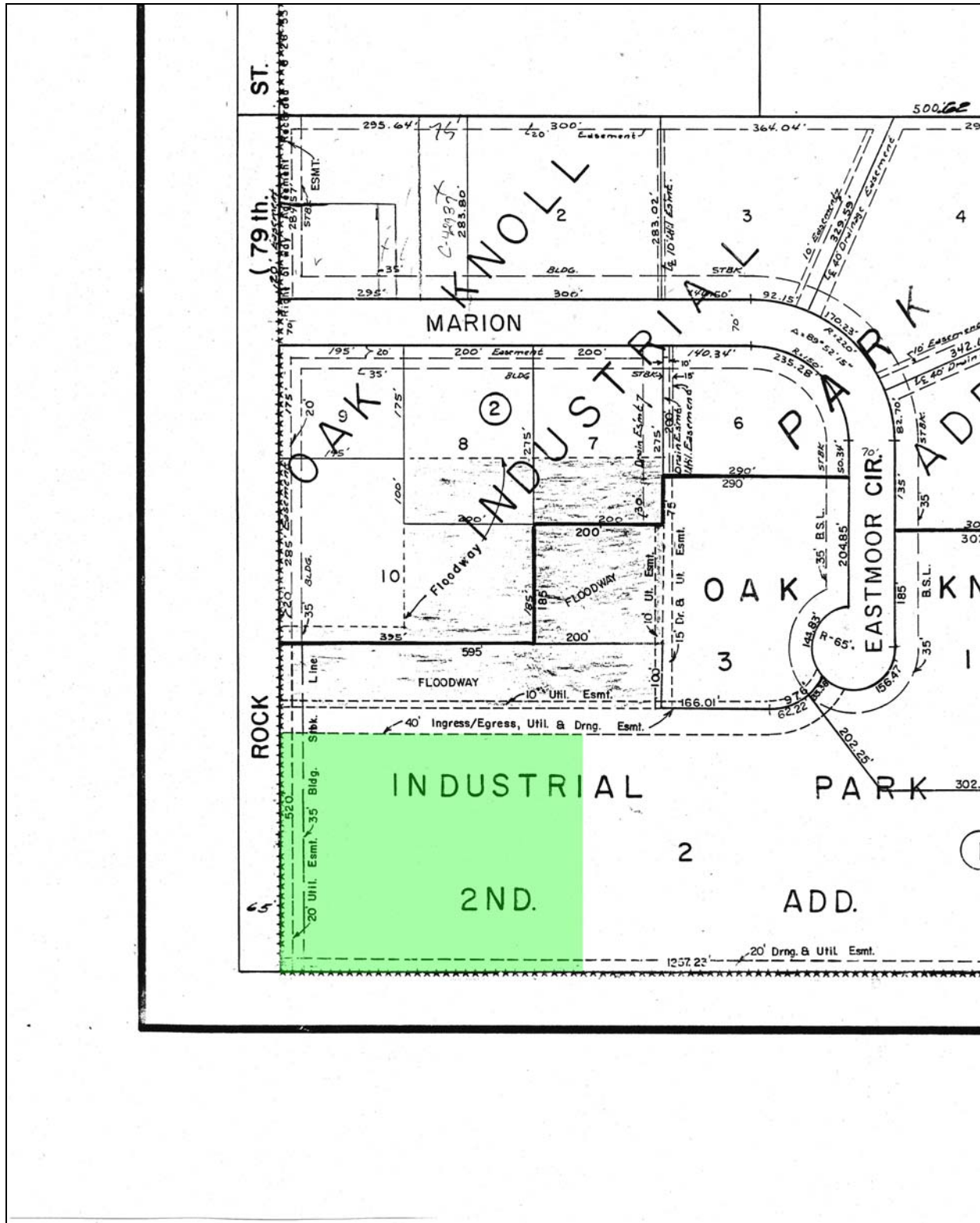


Zoning Map

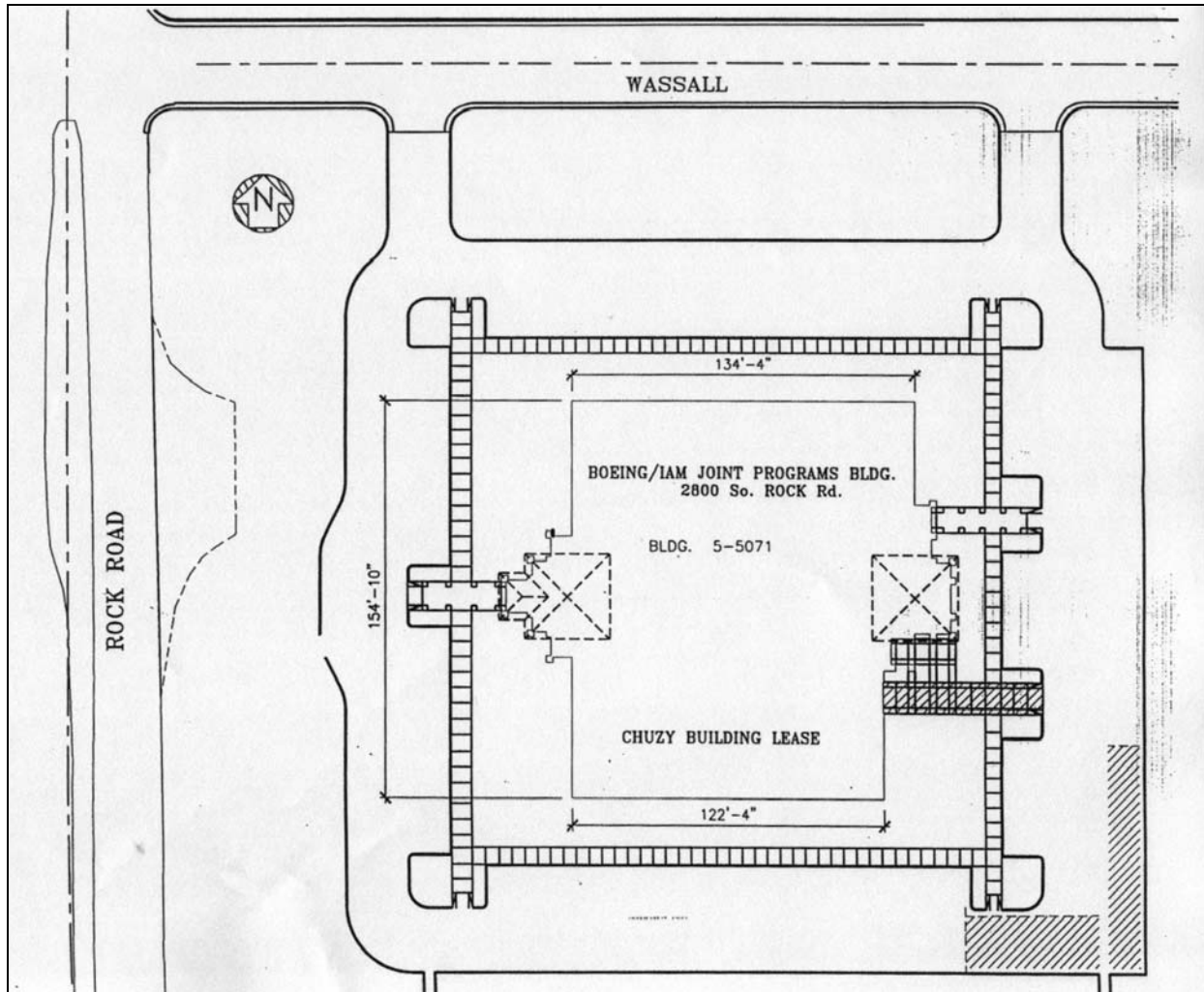




County Clerk's Map



Site Plan

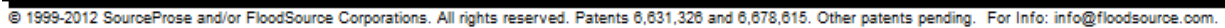




InterFlood



2800 S Rock Rd
Wichita, KS 67210-1801





Description of the Improvements

General Property Data -

Property Type:	Office Building
Number of Stories:	One story building
Gross Building Area:	21,708 square feet per Sedgwick County
Net Rentable Area:	21,460 square feet per Lease Addendum #7, dated 13-August-12
Year Built:	1999
Economic Life:	55 years
Effective Age:	10 years
Remaining Life:	45 years
Quality of Construction:	Good
Building Condition:	Good
Construction Type:	<p>Concrete foundation with steel frame and burnished brick / brick veneer exterior with concrete accents. The roof is a corrugated metal deck covered with rigid insulation and built up material on steel frame.</p> <p>Interior partitions are metal frame and drywall finishes. The windows are insulated glass in metal and wood frames. The entrance doors are glass in metal and wood frame, with hollow metal exit doors; interior doors are wood (oak) doors.</p>
General Description:	<p>The building is a single-story structure, partitioned into classrooms and offices. The building was remodeled and the build-out is currently to Heritage College specifications. Generally, the perimeter of the building is offices or small classrooms, with larger classrooms, lecture halls, laboratories, and specialty rooms on the interior. See the accompanying floor plan for the layout.</p> <p>Interior finishes generally include good commercial carpet with a vinyl base, high open ceilings throughout the front foyer & hallways, suspended 2x4 ceiling panels throughout classrooms, painted walls, recessed lighting, and wood wainscot trim throughout. Many of the classrooms have good built-in cabinets, desks, and amenities.</p>



There are sufficient restrooms throughout the building, an employee break room, library, x-ray training room with lead-lined walls, and other features. The building has a fire sprinkler system and three sets of fire-doors for safety.

Heating and air conditioning is provided by a VAV system with independent climate control in each office. Plumbing includes domestic water loop servicing the employee break room and restrooms. There are Kohler fixtures with Genie sensors for automatic flushing.

Site Improvements: The site is concrete paved with 167 parking spaces, good pole-mounted lot lighting, and landscaping.

Comments Relating to the ADA

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the building improvements to determine whether or not they are in conformity with the various detailed requirements of the ADA, nor are we experts in determining what is in compliance with the ADA. If the client desires a detailed survey, we suggest retaining the services of a qualified architect.

Photographs of the Subject Property



West facade



North facade



West facade



East facade



East facade



South facade



Foyer / Reception



Classroom



Typical hallway



Classroom



Classroom



Classroom



Office – NW/C of Buiding



Men's Restroom



Hallway to offices



Men's Restroom



Ceiling detail



Electrical room



Water heater



Raypack boiler



Construction Detail



Construction Detail



Section Four - Highest and Best Use / The Appraisal Process

Highest and Best Use Analysis

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 possible and reasonably probable 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:

Site Analysis

The subject site consists of 3.97 acres. The site is located on South Rock Road, with good access and visibility. The neighborhood is comprised of commercial development with residential development within the surrounding secondary arterials. The subject property conforms well to surrounding area users.

The site is presently zoned "LI" – Limited Industrial District under the Wichita-Sedgwick County Unified Zoning Code. The easements and restrictions to the site are shown on the Plat Map in Section Three; a copy of the zoning regulations is contained in the Addenda.

Analysis of Highest and Best Use of the Site as Vacant

Legally Permissible Uses

Use Restrictions

A review of legally permissible uses requires an examination of zoning and deed restrictions on the subject site. The limiting conditions set forth the fact that a title search is not covered by this appraisal. The subject site is presently zoned "LI" – Limited Industrial District uses. The complete text of the LC zoning regulation is included in the addenda, and lists specific permitted and conditional uses.

In determining the most feasible use, consideration is given to possible and permissible uses, which will produce any net monetary return to the owner of the site. Cost of construction, maintenance, cash flow, acceptability in the marketplace, and present uses in the neighborhood must be considered in reaching such a determination.

Physically Possible Uses

From among the legally permissible uses, the possible uses of the site may be further limited by the physical characteristics of the site. Access and visibility to the site are good. Consideration is also given to the surrounding land users to assure continuity in the neighborhood. Conflicting uses would not be possible due to local opposition. The site is located south of Oak Knoll on the east side of Rock Road. The property is large enough that a variety of office uses, which are legally permissible are also physically possible. There are light industrial users to the east, such as warehouse / offices, which would also be suited for the site. With Rock Road frontage however, a business / service or office use would yield a higher land value.



Financially Feasible Uses

In determining the financially feasible uses, consideration is given to the legally permissible and physically possible uses, which will produce any net monetary return to the owner of the site. Cost of construction, maintenance, cash flow, acceptability in the marketplace, and present uses in the neighborhood must be considered in reaching such a determination.

Maximally Productive Use

Of the financially feasible uses, the use, which provides the greatest return on investment given the risk involved will be the maximally productive use, and, therefore, the highest and best use. The following uses have been determined to be legally permissible, physically possible, and financially feasible commercial uses include office Building, retail and service provider.

Conclusion to Highest and Best Use of the Property as Vacant

The primary factors influencing the analysis of the site as vacant include the size of the site, zoning, and the site location. In reviewing the market conditions within this portion of Wichita and those uses permitted by zoning regulations, it is likely that if the site were vacant, the most probable use for the property would be for office, service, or other similar commercial development. Given economic conditions at present, any new development would unlikely be speculative, and unless built for owner/occupancy or as a built-to-suit-to-lease, the site would likely remain vacant at this time.

Analysis of Highest and Best Use of the Property as Improved

The site is presently improved with a one story office building, currently leased to Heritage College. The building contains approximately 21,460-sq.ft net rentable area. After analyzing the improvements, taking into account analysis of the neighborhood and site, inclusive of the shape and size of the site, the zoning regulations and special permissible uses, and financially feasible uses, the determination is reached for the Highest and Best Use for the subject. In summary, it appears that the highest and best use of the site "as improved" is for the continued use as an office building / college of the subject type.

The Appraisal Process

An appraisal is an estimate or opinion of value. This appraisal report sets forth the opinion of value of the described property as of a specified date, supported by the presentation and analysis of relevant data. The date of the appraisal is the specified date as of which the value opinion is applicable and valid. The date of the appraisal identifies the market conditions that existed when the appraisal was made. Three basic approaches to value are used. They are the income approach, sales comparison approach, and the cost approach.

Income Approach

The income approach is the process by which anticipated benefits (dollar income or amenities) are discounted to a present worth estimate through capitalization. Income capitalization is the process of converting into present value a series of periodic installments of net income. The steps in this approach include estimating potential gross income by comparison with competing properties and subtracting applicable operating expenses estimated from historical and/or market experience to reach a projected net income stream. Capitalization rates are extracted from competitive properties in the market or are developed by a consideration of interest rates currently offered on similar properties and the returns that investors require on similar real estate investments in the current marketplace. The resulting rates are then used to capitalize the income stream into an opinion of value.



Sales Comparison Approach

The 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 of sale, age, location, physical characteristics (including amenities offered), and conditions influencing sale, including market conditions and any special financing conditions, 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 an opinion of value for the subject property.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. In this approach, the appraiser must first develop an opinion of value for the subject site by comparison with similar sites that have recently sold or are currently on the market. Replacement cost new of improvement is estimated by comparison to similarly constructed properties through use of cost tables prepared by a valuation service such as *Marshall Valuation Service*, published by Marshall & Swift Company. Depreciation from all sources is estimated and subtracted from replacement cost new to arrive at the present worth of the improvements, including depreciated value of the site improvements. The depreciated cost of the improvements is then added to the value of the land to reach an opinion of value by the cost approach.

It should be noted that while all applicable approaches should have some reasonable correlation, specific adjustments will not be exactly the same in each approach. This is because each approach provides market value of the property being appraised by measuring different types of market data and different market participants. For example, the location adjustment for the subject site in the cost approach may not be the same amount of adjustment (dollar or percentage) as in the sales comparison approach. This is because the purchasers of vacant land look at the land as having a larger choice of potential improvements or uses; it has greater possible utility as a vacant site. The purchaser of an existing improved property is limited to a smaller number of choices as defined by the existing improvements. And in the income approach, a prospective tenant will have a different interpretation of location based on his or her own desires and the particular leasable space, not the whole improvement or the consideration of the site as vacant. Detailed explanations and processes for each reliable approach to value follow in this report.

Reconciliation and Final Value Opinion

The value opinions, as indicated by the three approaches, are then correlated into a final opinion of the worth of the property. 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. By this process, the appraiser selects from among the alternative conclusions or indications to reach a final value opinion.

Section Five - Income Approach

The Income Approach to value is that procedure in appraisal analysis, which converts anticipated benefits (dollar income or amenities) to be derived from the ownership of the property into an opinion of value. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process.

The Income Approach is generally selected as the preferred technique for income-producing properties because it most closely reflects the investment rationale and strategies of typical buyers. To utilize the Income Approach, the appraiser must:

1. Project net income.
2. Select an appropriate capitalization rate.
3. Apply the proper discounting procedure.

Potential Gross Income - Economic Rent and Contract Rent

To develop a supportable opinion of value using the Income Approach, a realistic projection of income and expenses must be formulated. Current rents on properties in similar use have been used in estimating economic rent. Economic (or market) rent is the rental income that a property would most probably command in the open market. It is indicated by current rents paid and asked for comparable space as of the date of the appraisal.

Economic rent may differ from contract rent, which is the actual income that may be specified in a current lease on the subject property. If additional income is produced from other profit centers contained in the subject property, this additional income is added to the rental income to reach potential gross income.

Potential gross income is the income attributable to real property at full occupancy. Because some rent collection costs will be applicable even if the property is occupied under a long-term lease and because the appraiser must consider the operation of the property under subsequent competent management, vacancy and rent collection costs must be considered.

Effective Gross Income - After Vacancy and Credit Loss

A reasonable amount for vacancy and/or rent collection is subtracted from the potential gross income to indicate effective gross income. Effective gross income represents the actual collected rent that may be anticipated under prudent management.

Fixed and Variable Expenses

The expenses of operating a property include both fixed and variable expenses. Fixed expenses include those, such as real estate taxes and insurance, that do not vary with occupancy and must be paid whether or not the property is occupied. Variable expenses are operating expenses that usually vary with the level of occupancy or the intensity of property operation. Variable expenses may include management, utilities, repairs and maintenance, painting and decorating, and janitorial services. Based on the terms of the typical leases for similar properties, not all of these variable items may be applicable to all properties. Reserves for replacement also may be considered, although the typical owner now expenses any required replacements. These operating expenses are subtracted from the effective gross income to reach net operating income.

Net Operating Income

Net operating income is that actual or anticipated net income remaining after deducting all operating expenses from effective gross income, but before deducting mortgage debt service. The final function is to process the net income stream into an indication of value by the capitalization process. This capitalization process involves dividing the net income by an appropriate rate developed from historical data involving sales of similar types of buildings.



Analysis of Contract & Market Rents

Contract Rent

Contract rent is defined as the actual rental income specified in a lease. The property is leased to Weston Educational, Inc. d/b/a Heritage College. Heritage College has been a tenant in the building since 2007. In 2009 they expanded their lease space and have occupied the entire building since this time. For the next four months, the lease rate is based on the terms set forth in the 6th Addendum. Beginning on 26-January-2013 the 7th Addendum takes effect for a five year term, expiring January 2018. The tenant has one five-year option to renew the lease upon the end of this term. The option includes a 3% escalation every two years, commensurate with the base term of the lease.

At present, rent is \$34,938.38 per month, based on full service terms. In January the rate will be lowered to \$20,208 per month, however the tenant will become responsible for the first \$6.20 per square foot in operating costs, or an additional \$11,087.67 per month – yielding total monthly rent of \$31,295.67 or \$17.50 per square foot. Thus, the net effective reduction in rent is \$3,642.71 per month or \$43,712 per annum (about \$2.00 per square foot).

The rent roll for the current and forthcoming terms is shown here:

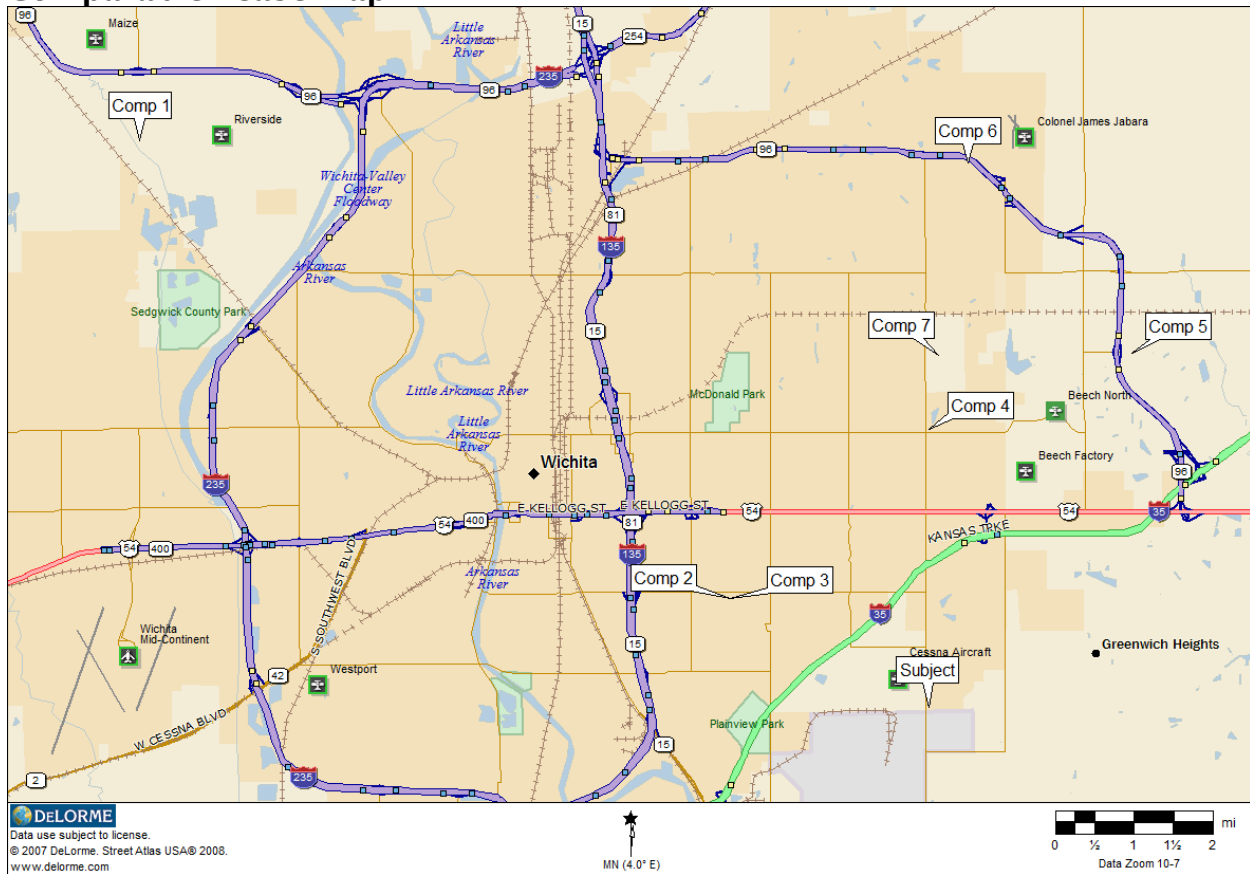
Heritage College 2800 S Rock Road Wichita, KS								
Presentation Rent Roll & Current Term Tenant Summary As of Oct-2012 for 21,460 Square Feet								
Tenant Name Type & Suite Number Lease Dates & Term	Floor SqFt Bldg Share	Rate & Amount per Year per Month	Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Description of Operating Expense Reimbursements	Assumption about subsequent terms for this tenant	
Weston Educational Inc d/b/a Heritage College Office Jun-2009 to Jan-2013 44 Months	21,460 100.00%	\$12.61 \$270,647 \$1.05 \$22,554	Jun-2010 Jun-2011	\$18.84 \$19.18	-	Full Service: Pays no expense reimbursement.	Option See assumption: Market Rent	
Weston Educational Inc d/b/a Heritage College Option Feb-2013 to Jan-2018 60 Months	21,460 100.00%	\$11.30 \$242,496 \$0.94 \$20,208	Jan-2015 Jan-2017	\$11.63 \$11.98	-	See method: \$6.20 psf reimbursed	Option See assumption: Market Rent	
Weston Educational Inc d/b/a Heritage College Option Feb-2018 to Jan-2023 60 Months	21,460 100.00%	\$12.34 \$264,804 \$1.03 \$22,067	-	-	CPI every 2 Years	See method: \$6.20 psf reimbursed	Market See assumption: Market Rent	
Total Occupied SqFt	21,460	100%						
Total Available SqFt	0	0%						
Total	21,460	100%						

Market Rent

Market rent is that rental rate which a property could most probably command in the open market; indicated by current rents paid and asked for comparable space. For this analysis, we surveyed Investor Class "B" office buildings in the Wichita market and obtained current information on existing tenant rates and asking rates within these buildings. For clarification purposes, Class "B" buildings compete for a wide range of users, with rents in the average range for the area. Building finishes are average to good for the area and systems are adequate.

These following office buildings are competitive with the subject property. The data sheets, maps and summary rental grids for the lease comparables are presented on the following pages.

Comparable Lease Map



Comparable Lease No. 1

Office Lease No. 1465



Property Type:	Strip Office
Address:	Southwestern College @ H&S Home Center (Suite 10) 3460 N. Ridge Rd. Wichita, Sedgwick County, KS 67205
Location:	SE/c of 34th Street North and Ridge Road
Legal Description:	Lot 6, Ridge Port North Addition, to the City of Wichita, Sedgwick County, Kansas
Lessor:	H&S Home Center, LLC (Dan Unruh with InSite Real Estate Group (316) 618-1100)
Lessee:	Southwestern College
Lease current as of:	11/14/2011
Overall Lease Rate:	\$14.24
Leased Area:	3,081 sq.ft.
Commencement:	12/15/2010
Lease Expiration:	12/14/2015
Lease Term:	5 years
Annual Rent:	\$43,873.44
Renewal Options:	Negotiable
Escalations:	None
Percentage Rent:	0
Right of Assmt/Sublet:	0



Comparable Lease No. 1

Office Lease No. 1465

Rent Comments:	0
Expense Type:	Unknown
Expense Comments:	0
Lessor Expenses:	None
Lessee Expenses:	Pro-Rata Share of All Expenses
Tenant Imprmnts:	\$20/SF
Tenant Mix:	Occupancy for entire building. See comparable #1464 for more information. Other tenants include Regent Financial, Mid-Kansas Women's Center, Mid-Kansas Ear Nose & Throat, Weight Loss Surgical Center, Bank of the West, and Neish Institute
Current Occupancy:	81%
Site Area:	135,656 sq.ft.
Zoning:	LC - Limited Commercial
Improvements:	
Gross Building	24,234 sq.ft.
Net Rentable Area:	24,234 sq.ft.
Number of Units:	9 bays
Year Built:	2002 (main building)
Description:	Consists of a nine-bay one-story strip office building and one outlot building (Scooter's Coffee). The latter was constructed in 2007.

Comments:

Verification: Dan Unruh with InSite Real Estate Group, LLC to AJP; Owner to AJP
Data Source: InSite Real Estate Group, LLC; Owner (Marvin Wright)

11/14/2011 AJP

TMC# N/A CTR# N/A Lat: 37.747065 Long: 97.426129

Comparable Lease No. 2

Office Lease No. 1188



Property Type:	Office
Address:	Sedgwick County Appraiser 4035 E Harry Wichita, Sedgwick County, KS 67218
Location:	in Wichita Mall
Lessor:	Co-Co Properties, LLC (Max Cole)
Lessee:	Sedgwick County (Appraiser's Offic) (Paula Downs - Facility Project Services)
Lease current as of:	4/17/2009
Overall Lease Rate:	\$8.70
Leased Area:	21,961 sq.ft.
Lease Expiration:	5/30/2014
Lease Term:	5 Yrs
Annual Rent:	\$191,000.00
Renewal Options:	None
Expense Type:	Partial
Lessor Expenses:	Taxes (\$0.44); Insurance (\$0.37); CAM
Lessee Expenses:	Utilities, Janitorial
Site Area:	1,199,280 sq.ft.
Zoning:	LC - Limited Commercial + CUP DP-10



Comparable Lease No. 2

Office Lease No. 1188

Improvements:

Gross Building 321,500 sq.ft.
Net Rentable Area: 291,853 sq.ft.
Number of Units: N/A
Year Built: 1970 - Remod 2003-09
Description: Former Osco Space in Wichita Mall. New façade in 2003; Space gutted and remodeled for this tenant.

Comments: Commencement begins at occupancy - estimated 07-01-2009

Data Source: Lease

4/17/2009 SRA

TMC# N/A CTR# N/A Lat: 37.663504 Long: 97.289569

Comparable Lease No. 3

Office Lease No. 1189



Property Type: Office

Address: Sedgwick County Drug Court
4035 E Harry
Wichita, Sedgwick County, KS
67218

Location: in Wichita Mall

Lessor: Co-Co Properties, LLC (Max Cole)

Lessee: Sedgwick County (Drug Court) (Paula Downs - Facility Project Services)

Lease current as of: 4/17/2009

Overall Lease Rate: \$9.97

Leased Area: 13,874 sq.ft.

Lease Expiration: 3/31/2014

Lease Term: 5 Yrs

Annual Rent: \$138,370.00

Renewal Options: Five 1-Yr Options

Escalations: \$10.97 at Option

Expense Type: Full Service

Lessor Expenses: Taxes (\$0.44); Insurance (\$0.37); CAM; Utilities (\$1.40)

Lessee Expenses: Janitorial

Site Area: 1,199,280 sq.ft.

Zoning: LC - Limited Commercial + Cup DP-10



Comparable Lease No. 3

Office Lease No. 1189

Improvements:

Gross Building 321,500 sq.ft.
Net Rentable Area: 291,853 sq.ft.
Number of Units: N/A
Year Built: 1970 - Remod 2003-09
Description: Located at west end of Wichita Mall (former Ward's space). Space gutted and remodeled for this tenant.

Comments:

Data Source: Lease

4/17/2009 SRA

TMC# N/A CTR# N/A Lat: 37.663504 Long: 97.289569

Comparable Lease No. 4

Office Lease No. 530



Property Type:	Multi-Tenant Office Building
Address:	8020, LLC Office Building 8020 E Central Avenue Wichita, Sedgwick County, KS 67206
Location:	Located near the northeast corner of Central and Rock Road.
Legal Description:	Part of Lot 2, Block 1 of Aull's 1st Addition to the City of Wichita, Sedgwick County, Kansas
Lessor:	8020, LLC (John Jacobsen 316-655-4232)
Lessee:	Various tenants - see rent roll
Lease current as of:	10/20/2008
Overall Lease Rate:	\$16.54
Leased Area:	18,743 sq.ft.
Commencement:	2/1/1998
Lease Expiration:	1/31/2014
Lease Term:	3 to 10 years
Annual Rent:	\$310,082.40
Escalations:	Yes - based on changes in the CPI index
Right of Assmt/Sublet:	With written permission only
Rent Comments:	Overall lease rate based on net rentable area. The overall lease rate based on net useable area is \$18.37 per sq.ft. Contract rents range from \$12.61 per sq.ft. to \$18.36 per sq.ft., full service. Tenant



Comparable Lease No. 4

Office Lease No. 530

	suites range in size from 482 sq.ft. to 11,260 sq.ft.
Expense Type:	Full Service
Lessor Expenses:	Base year operating expenses
Lessee Expenses:	Increases in operating expenses above base year.
Tenant Mix:	Audiology & Hearing Aid Services, Inc., W. Scott Clayton, Robert S. Fellers (Farmers Insurance), Robert R. Aldrup (Farmers Insurance), Center for Hope, Healing and Health, Spencer Depew, Red Brick Financial, LLC, College Hill Counseling and Lakepoint Family Physicians, P.A.
Current Occupancy:	91.81%
Site Area:	50,848 sq.ft.
Zoning:	LC - Limited Commercial District
Improvements:	
Gross Building	21,685 sq.ft.
Net Rentable Area:	20,415 sq.ft.
Net Usable Area:	18,391 sq.ft.
Number of Units:	11 suites
Year Built:	1979; remodeled 2003-2004
Description:	The site is presently improved with a two-story multi-tenant office building. This building has 11 total suites available for leasing. The office building is constructed of steel frame system with glass atrium. One elevator services the building with two stairwells being located at the front of the building and the east side for service to both floors. Restrooms are located on each floor. Interior finishes include commercial grade carpet, asbestos square tile and large 1' x 1' stone tile, 2" x 2" ceramic tiles, 2' x 4' acoustical suspended ceiling panels, and fluorescent or incandescent lighting. Improvements are in average condition.
Comments:	None
Verification:	TMC files, tenant rent roll
Data Source:	TMC appraisal files

10/20/2008 LHB

TMC# N/A CTR# N/A Lat: 37.694283 Long: 97.243722

Comparable Lease No. 5

Office Lease No. 912



Property Type:	Office Building
Address:	Prudential Dinning-Beard 12021 E. 13th Street North Wichita, Sedgwick County, KS 67206
Location:	SE/s 13th N & K-96
Legal Description:	Lot 3, Block 1 and Reserve A, Executive at White Tail 2nd Addition, Wichita, Sedgwick County, Kansas
Lessor:	Dinning-Beard Investment, LLC
Lessee:	Dinning-Beard Realtors
Lease current as of:	5/5/2011
Overall Lease Rate:	\$17.31
Leased Area:	21,831 sq.ft.
Commencement:	1/1/2011
Lease Expiration:	10/31/2025
Lease Term:	18 years
Annual Rent:	\$378,000.00
Renewal Options:	None
Escalations:	Yr2 -\$17.73, Yr3-\$18.14, Yr4-\$18.55 and Yr5-\$18.96. Beginning in 2016 and thereafter the rent of \$34,500 per month will adjust annually by 2%.
Percentage Rent:	None.
Right of	With written permission from the lessor.



Comparable Lease No. 5

Office Lease No. 912

Assmt/Sublet:

Rent Comments:

In January 1, 2011 the rent was reduced by 8.70% economic conditions and the tenant's financial situation in 2009.

Expense Type:

Triple Net

Expense Comments:

2010 Property Taxes: \$3.98 psf

Lessor Expenses:

None.

Lessee Expenses:

All

Tenant Mix:

Security Title is a sub-tenant. The lease terms were not provided.

Current Occupancy:

100%

Site Area:

84,775 sq.ft.

Zoning:

LC - Limited Commercial

Site Comments:

The site does on have frontage along 13th Street North. There are pad sites between the site and 13th Street North.

Improvements:

Gross Building

21,831 sq.ft.

Net Rentable Area:

21,831 sq.ft.

Number of Units:

N/A

Year Built:

2005

Description:

A one-story office building with a walk-out basement. Construction features include steel frame, stone and brick façade, double-pane insulated glass windows and asphalt shingles on a pitched roof. The building will consist of 47 private offices, three small conference rooms and one large conference room. The ceilings will be 5/8" gypsum board and 2" X 2" and 2" X 4" lay-in acoustical tile on a suspended grid system. Plumbing will include 8 water closets, two urinals, and seven sinks. Throughout the building doors will be wood in metal frames with the exception of the front doors which will be glass in aluminum frames. HVAC is assumed to be adequate for the facility.

Comments:

Lease comparable updated May 5, 2011.

Verification:

Lease agreement on file

Data Source:

TMC and MA appraisal files

5/5/2011 LHB

TMC# N/A CTR# N/A Lat: 37.70832 Long: 97.19704

Comparable Lease No. 6

Office Lease No. 1100



Property Type:	Office Building
Address:	GSA-SSA Building 3216 N Cypress Wichita, Sedgwick County, KS 67226
Location:	NE/s 29th & Cypress
Legal Description:	Parcel A (+2.50 acres), which is part of Lot 8, except the part dedicated for highway and drainage purposes, Block 2, Mediterranean Plaza Addition to the City of Wichita, Sedgwick County, Kansas.
Lessor:	Vantage Holdings, LLC
Lessee:	U.S. General Service Administration (GSA)
Lease current as of:	8/15/2012
Overall Lease Rate:	\$23.72
Leased Area:	24,574 sq.ft.
Commencement:	2/15/2009
Lease Expiration:	2/14/2024
Lease Term:	15 years
Annual Rent:	\$694,598.06
Escalations:	Yes: Feb 09 \$22.72 psf; Feb 12 \$23.72 psf; Feb 15 \$24.72 psf; Feb 17 \$29.41 psf; Feb 18 \$30.41 psf; Feb 21 \$31.41 psf
Rent Comments:	Rent includes \$0.21 psf contribution to operating expense escalations.



Comparable Lease No. 6

Office Lease No. 1100

Expense Type:	Full Service		
Expense Comments:	2012 Operating Expenses Est. at \$7.70 psf		
Lessor Expenses:	The lessor will be responsible for all operating expenses inclusive of utilities, real estate property taxes, insurance, CAM, repair & maintenance, management fees and reserves for replacements.		
Lessee Expenses:	None other than \$0.21 psf contribution (included in base shown)		
Tenant Imprmnts:	TI amortized over first 8 years. Total TI was \$683,248 or \$27.80 psf. Additional rent equates to \$4.55 psf, which is NOT included in base rate shown above.		
Tenant Mix:	GSA SSA		
Current Occupancy:	100%		
Site Area:	108,900 sq.ft.		
Zoning:	LI - Limited Industrial District		
Improvements:			
Gross Building	25,200 sq.ft.		
Net Rentable Area:	24,574 sq.ft.		
Net Usable Area:	23,522 sq.ft.		
Number of Units:	N/A		
Year Built:	2008		
Description:	Single story building with exterior block and split-face masonry veneer. The building will be open office space with a reception area at the entry. There will be four enclosed offices, a multi-purpose room and a video/telephone room.		
Comments:	This is a build-to-suit lease agreement.		
Data Source:	MA appraisal files and lease proposal.		
8/15/2012 LZW			
TMC# N/A	CTR# N/A	Lat: 37.74305	Long: 97.23479

Comparable Lease No. 7

Office Lease No. 1118



Property Type:	Corporate Offices
Address:	Preferred Health Systems 8535 E 21st St N Wichita, Sedgwick County, KS 67206
Location:	Located on the S/s of 21st St N, east of Rock Rd in the Wilson Estates Office Park
Legal Description:	Part of Lot 2, Block 1, Bradley Fair 3rd Addition to the City of Wichita, Sedgwick County, Kansas.
Lessor:	Preferred Health Systems (Jeff Davidson)
Lessee:	DBSI Master LeaseCo, Inc. (Steven P. Winger)
Lease current as of:	5/15/2008
Overall Lease Rate:	\$12.80
Leased Area:	48,000 sq.ft.
Commencement:	7/12/2009
Lease Expiration:	6/30/2011
Lease Term:	24 months
Annual Rent:	\$614,400.00
Renewal Options:	One, five-year option
Escalations:	Months 1-12 the lease rate is \$12.80/sq.ft. per year, months 13-24 the lease rate is \$13.06/sq.ft. per year
Right of Assmt/Sublet:	Not without written consent of the Lessor



Comparable Lease No. 7

Office Lease No. 1118

Expense Type: Triple Net
Lessor Expenses: None
Lessee Expenses: Tenant pays 100% of operating expenses and real estate taxes.
Tenant Imprmnts: Tenant may make improvements to the premises, but only if they obtain prior written consent from the landlord. The original lease provided the tenant with an allowance of \$18.00/sq.ft.
Current Occupancy: 100%
Site Area: 167,816 sq.ft.
Zoning: GO - General Office
Site Comments: The property is located in a campus-setting, with shared parking and common areas.

Improvements:

Gross Building 49,059 sq.ft.
Net Rentable Area: 48,000 sq.ft.
Net Usable Area: 48,000 sq.ft.
Number of Units: N/A
Year Built: 1999
Description: The building is a single-tenant, two-story structure of excellent quality and condition. Exterior walls are dryvit over a sand finish, and the roof features ceramic tile façade on the perimeter. The building is also fully sprinklered, and features elevator access between the floors.

Interior finishes include commercial carpet, acoustic lay-in ceiling panels, painted and papered walls, and wood baseboards and trim accents.

Parking of 210 spaces is allocated for the site, of which 7 area ADA compliant.

Comments: This is a lease renewal with the original lease commencing on June 21, 1999 and expiring on June 30, 2004. The term of the lease was then renewed for an additional five years with the extended term commencing on July 1, 2004 and expiring on June 30, 2009. This comparable is for an extended lease term of 24 months commencing on July 1, 2009 and expiring on June 30, 2011.

See office lease comparable #575 for original lease information.

Verification: Patrick Ahern Grubb & Ellis| Martens Commercial Group
Data Source: Lease agreement L07-068

5/15/2008 ELB

TMC# N/A CTR# N/A Lat: 37.707858 Long: 97.241508



Comparable Lease Grid

	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4	Comp No. 5	Comp No. 6	Comp No. 7
Property Identification	Heritage College	Southwestern College @ H&S Home Center (Suite 10)	Sedgwick County Appraiser	Sedgwick County Drug Court	8020, LLC Office Building	Prudential Dinning-Beard	GSA-SSA Building	Preferred Health Systems
Address	2800 S Rock Road Wichita, KS	3460 N. Ridge Rd. Wichita, KS	4035 E Harry Wichita, KS	4035 E Harry Wichita, KS	8020 E Central Avenue Wichita, KS	12021 E. 13th Street North Wichita, KS	3216 N Cypress Wichita, KS	8535 E 21st St N Wichita, KS
Lease Data								
Date of Lease	Current	11/14/2011	04/17/2009	04/17/2009	10/20/2008	05/05/2011	08/15/2012	05/15/2008
Lease Term	5 years	5 years	5 Yrs	5 Yrs	3 to 10 years	18 years	15 years	24 months
Lessor Expenses	Insurance, Taxes < \$2.84 psf; Utilities < \$2.84 psf;	None	Taxes (\$0.44); Insurance (\$0.37); CAM	Taxes (\$0.44); Insurance (\$0.37); CAM; Utilities (\$1.40)	Base year operating expenses	None.	All - Full Service	None
Lessee Expenses	Taxes & Utilities over \$2.84 psf each (\$5.68 total), CAM, Janitorial. Total OE Obligation capped at \$6.20 psf	Pro-Rata Share of All Expenses	Utilities, Janitorial	Janitorial	Increases in operating expenses above base year.	All	None other than \$0.21 psf contribution (included in base shown)	Tenant pays 100% of operating expenses and real estate taxes.
Lease Area	21,460 sq.ft.	3,081 sq.ft.	21,961 sq.ft.	13,874 sq.ft.	18,743 sq.ft.	21,831 sq.ft.	24,574 sq.ft.	48,000 sq.ft.
Overall Base Rate	\$ 11.30	\$ 14.24	\$ 8.70	\$ 9.97	\$ 16.54	\$ 17.31	\$ 23.72	\$ 12.80
Expense Adjustments to Full Service Terms	\$ 6.20	\$ 6.20	\$ -	\$ -	\$ -	\$ 6.20	\$ -	\$ 6.20
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Utilities	\$ -	\$ -	\$ 2.00	\$ -	\$ -	\$ -	\$ -	\$ -
Ext./Structural Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interior Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Janitorial	\$ -	\$ -	\$ 0.60	\$ 0.60	\$ -	\$ -	\$ -	\$ -
CAM Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 17.50	\$ 20.44	\$ 11.30	\$ 10.57	\$ 16.54	\$ 23.51	\$ 23.72	\$ 19.00
Improvement Data								
Gross Building Area	21,708 sq.ft.	24,234 sq.ft.	321,500 sq.ft.	321,500 sq.ft.	21,685 sq.ft.	21,831 sq.ft.	25,200 sq.ft.	49,059 sq.ft.
Net Rentable Area	21,460 sq.ft.	24,234 sq.ft.	291,853 sq.ft.	291,853 sq.ft.	20,415 sq.ft.	21,831 sq.ft.	24,574 sq.ft.	48,000 sq.ft.
Occupancy	100.00%	81%			91.81%	100%	100%	100%
Age of Improvements	1999 Remod 2009	2002	1970 - Remod 2003-09	1970 - Remod 2003-09	1979; remodeled 2003-2004	2005	2008	1999
Condition	Good	Good	Inferior	Inferior	Good	Superior	Superior	Superior
Site Data								
Site Area (sq.ft.)	172,867 sq.ft.	135,656 sq.ft.	1,199,280 sq.ft.	1,199,280 sq.ft.	50,848 sq.ft.	84,775 sq.ft.	108,900 sq.ft.	167,816 sq.ft.
Zoning	LI	LC	LC	LC	LC	LC	LI	GO
Location	Average	Similar	Inferior	Inferior	Similar	Superior	Similar	Similar
Adjustments								
Site Area	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 20.44	\$ 11.30	\$ 10.57	\$ 16.54	\$ 23.51	\$ 23.72	\$ 19.00	\$ -
Location	Subjective 15%	\$ -	\$ 1.70	\$ 1.59	\$ -	\$ (3.53)	\$ -	\$ -
Subtotal	\$ 20.44	\$ 13.00	\$ 12.16	\$ 16.54	\$ 19.98	\$ 23.72	\$ 19.00	\$ -
Age/Condition	Subjective 20-30%	\$ -	\$ 3.90	\$ 3.65	\$ -	\$ (4.00)	\$ (7.12)	\$ (3.80)
Adj. Lease Rate/sq.ft.	\$ 20.44	\$ 16.89	\$ 15.80	\$ 16.54	\$ 15.99	\$ 16.60	\$ 15.20	\$ -
Database No.		Office No. 1465	Office No. 1188	Office No. 1189	Office No. 530	Office No. 912	Office No. 1100	Office No. 1118

Adjustments to Market Rent -

Since the subject is presently leased on full service terms (until January 2013), we adjust the lease comparables to reflect the same terms. NNN leases have been adjusted at \$6.20 per square foot for all operating costs; and partial net leases have been adjusted as noted on the grid. Following adjustments for operating expenses, the range in rental rates is \$10.57 to \$23.72 per square foot.

Next we make adjustments for variances in location and property condition. These are subjective adjustments of 15% for location and 20% to 30% for age/condition – applied as noted on the grid.



Conclusion of Market Rents -

Following adjustments, the range in market rental rates is \$15.20 to \$20.44 per square foot, full service. Given the data on the preceding pages, we estimate market rent at \$17.50 per square foot, full service. The rate is commensurate with the contract rate effective January 2013.

With market rents now established, the income approach is presented using the Direct Capitalization Analysis.

Direct Capitalization Analysis

Potential Gross Income (PGI)

For our direct cap analysis of the building, we used Argus 15.0 software for all calculations. Hence, the year one income noted in the PGI is contract rent in effect for the current term. The current rental income is \$298,877 per annum, derived from four months remaining at \$34,938.38 per month (Oct '12 – Jan '13) and eight months at \$20,208.00 per month (Feb '13 through Sep '13).

Expense Reimbursements

The tenant will begin reimbursing operating expenses with the commencement of the new 5-year lease term on 26-January-2013. Reimbursements will total \$6.20 per square foot. For Year 1, total reimbursed income is \$100,011. In year 2 this figure is \$153,391.

General Vacancy Loss

General vacancy loss includes any losses from vacancies and rental collections. According to the Grubb & Ellis | Martens Commercial Group *3Q2012 Office Market Trend Report*, vacancy rates in the southeast quadrant are 25.7% for Class "B" space. With the entire building occupied by a Heritage College, a five year renewal recently signed, and one five-year renewal remaining, we see little risk for vacancy during the remainder of their term.

Analysis of Operating Expenses

We were provided the historical expense data for the fiscal years ending 31-December-2009, 2010, and 2011, and the YTD financials for 2012. The operating expenses applied in our analysis are based on the historical figures, as compared with IREM figures for the suburban Wichita market. Annualized, operating expenses will be about \$7.00 per square foot, excluding management fees. This includes property taxes, insurance, repairs & maintenance, and utility costs for the subject.

As a cross check against the historical expenses, we analyzed industry averages for suburban and urban office buildings within the Wichita market, shown here. For comparative purposes, we've included only those expenses applicable to a building such as the subject.

As shown, comparable properties in suburban Wichita report operating costs directly in line with the subject's historical costs – at about \$7.00 per square foot.

We've considered both historical costs and market expenses in developing our stabilized income statement for the property. A recap of these expenses follows.



IREM Market Expenses

Income / Expense Operating Data Wichita Office Market per IREM 2011 Income / Expense Analysis				
Operating Expenses	IREM Suburban ICT		IREM Downtown ICT	
	Avg \$ / NRA		Avg. \$ / NRA	
Utilities	\$	1.60	\$	1.73
Janitorial	\$	1.39	\$	1.20
Maintenance & Repairs				
HVAC, Electrical, Plumbing	\$	0.83	\$	0.87
General Exterior, Roof, Parking	\$	0.18	\$	0.15
General Interior & Miscellaneous	\$	0.81	\$	0.57
Management Fees	\$	0.63	\$	0.56
Contract Services	\$	0.73	\$	0.67
Property Insurance	\$	0.15	\$	0.18
Real Estate Taxes	\$	1.88	\$	1.69
Total Operating Costs	\$	8.20	\$	7.59

Sources: 2011 IREM - Institute of Real Estate Management, Income/Expense Analysis p. 120, p. 54

Subject's Historical Expenses

Historical Income/Expenses 2800 S Rock Road Wichita, Kansas												
	Annualized 2012			FYE 31-Dec-2011			FYE 31-Dec-2010			FYE 31-Dec-2009		
	Total	\$ / PSF	% of EGI	Total	\$ / PSF	% of EGI	Total	\$ / PSF	% of EGI	Total	\$ / PSF	% of EGI
Income												
Rental Income	\$ 328,900.03	\$ 15.33	87.4%	\$ 329,032.70	\$ 15.33	89.6%	\$ 405,692.08	\$ 18.90	100.0%	\$ 365,074.15	\$ 17.01	87.9%
Reimbursement Income	\$ 47,315.08	\$ 2.20	12.6%	\$ 38,195.81	\$ 1.78	10.4%	\$ -	\$ -	0.0%	\$ 50,192.43	\$ 2.34	12.1%
Total Income	\$ 376,215.11	\$ 17.53	100.0%	\$ 367,228.51	\$ 17.11	100.0%	\$ 405,692.08	\$ 18.90	100.0%	\$ 415,266.58	\$ 19.35	100.0%
Operating Expenses												
Repairs & Maintenance	\$ 12,677.63	\$ 0.59	3.4%	\$ 10,055.59	\$ 0.47	2.7%	\$ 9,482.28	\$ 0.44	2.3%	\$ 16,347.90	\$ 0.76	3.9%
CAM	\$ 8,620.01	\$ 0.40	2.3%	\$ 13,307.36	\$ 0.62	3.6%	\$ 9,524.14	\$ 0.44	2.3%	\$ 8,803.75	\$ 0.41	2.1%
Utilities	\$ 65,303.45	\$ 3.04	17.4%	\$ 72,336.05	\$ 3.37	19.7%	\$ 63,508.75	\$ 2.96	15.7%	\$ 46,344.26	\$ 2.16	11.2%
Property Taxes*	\$ 62,266.00	\$ 2.90	16.6%	\$ 62,266.00	\$ 2.90	17.0%	\$ 62,266.00	\$ 2.90	15.3%	\$ 64,689.59	\$ 3.01	15.6%
Insurance *	\$ 4,292.00	\$ 0.20	1.1%	\$ 4,292.00	\$ 0.20	1.2%	\$ 4,292.00	\$ 0.20	1.1%	\$ 4,292.00	\$ 0.20	1.0%
Other	\$ -	\$ -	0.0%	\$ 2,204.02	\$ 0.10	0.6%	\$ 7,462.39	\$ 0.35	1.8%	\$ 10,709.32	\$ 0.50	2.6%
Total Operating Expenses	\$ 153,159.09	\$ 7.14	40.7%	\$ 164,461.02	\$ 7.66	44.8%	\$ 156,535.56	\$ 7.29	38.6%	\$ 151,186.82	\$ 7.05	36.4%
Net Operating Income	\$ 223,056.01	\$ 10.39	59.3%	\$ 202,767.49	\$ 9.45	55.2%	\$ 249,156.52	\$ 11.61	61.4%	\$ 264,079.76	\$ 12.31	63.6%
Capital Improvements	\$ 67,000.00	\$ 3.12	17.8%	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	\$ 40,000.00	\$ 1.86	9.6%
Leasing Commissions	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	\$ -	\$ -	0.0%	\$ 21,973.33	\$ 1.02	5.3%
CFBDS	\$ 156,056.01	\$ 7.27	41.5%	\$ 202,767.49	\$ 9.45	55.2%	\$ 249,156.52	\$ 11.61	61.4%	\$ 202,106.43	\$ 9.42	48.7%

* Property taxes, special assessments, and Insurance not included on statement. Added per IREM at \$0.20 psf



Real Estate Taxes - Tax deductions have been made on a stabilized basis for general taxes on the property. As previously presented in Section 1 of this report, the 2011 taxes are \$60,879 per annum.

Special Assessments - There are special assessments for street paving through 2013, in the amount of \$1,387 per annum. We included this as an expense through 2013, with no deductions thereafter.

Property Insurance - These costs are relatively stable marketwide, and historically the subject's insurance expense is commensurate with the market. We stabilized the expense at \$0.20 per square foot.

Utilities - Historically, the utility costs have been high - between \$2.96 and \$3.37 per square foot in the past three years. In 2012, the owner's installed a new water system for the landscape watering - taking the property off city water and pumping from the water reserve pond on the north side of Wassall. The result was a reduction of nearly \$3,000 per month during peak watering seasons in the summer (not yet reflected in the 2012 annualized utility expense). We project future utilities at \$2.84 per square foot or about \$60,900 in year 1.

Maintenance & Repairs - Historical costs are consistent with IREM costs, and estimated at \$1.10 per square foot inclusive of both CAM, janitorial, and interior maintenance. The tenant will become solely responsible for janitorial and interior maintenance beginning January 2013, as well as HVAC repairs up to \$2,500 per annum.

Management Fees - As mentioned, the building is owner/managed. In analyzing the premise under market terms we include a nominal management fee of 1.5% of the effective gross income, or \$5,983 per annum.

Summary of Operating Expenses

The total operating expenses for the property are estimated on a stabilized basis at \$7.32 per sq.ft, or 39.4% of the effective gross income.

Heritage College
2800 S Rock Road
Wichita, KS

Direct Capitalization Value Summary
In Inflated Dollars for the Fiscal Year Beginning 10/1/2012

For the Months	1-12 Total		PSF	% of EGI	
Potential Gross Revenue					
Base Rental Revenue	\$	298,877	\$	13.93	74.9%
Scheduled Base Rental Revenue	\$	298,877	\$	13.93	74.9%
CPI & Other Adjustment Revenue					
Expense Reimbursement Revenue					
CAM	\$	7,095	\$	0.33	1.8%
Utilities	\$	40,267	\$	1.88	10.1%
Property Taxes	\$	40,253	\$	1.88	10.1%
Special Assessments	\$	910	\$	0.04	0.2%
Insurance	\$	2,838	\$	0.13	0.7%
Janitorial / Interior Mainten	\$	8,648	\$	0.40	2.2%
Total Reimbursement Revenue	\$	100,011	\$	4.66	25.1%
Total Potential Gross Revenue	\$	398,888	\$	18.59	100.0%
Effective Gross Revenue	\$	398,888	\$	18.59	100.0%
Operating Expenses					
CAM	\$	10,730	\$	0.50	2.7%
Utilities	\$	60,900	\$	2.84	15.3%
Property Taxes	\$	60,879	\$	2.84	15.3%
Special Assessments	\$	1,387	\$	0.06	0.3%
Insurance	\$	4,292	\$	0.20	1.1%
Janitorial / Interior Maintena	\$	12,876	\$	0.60	3.2%
Management Fees	\$	5,983	\$	0.28	1.5%
Total Operating Expenses	\$	157,047	\$	7.32	39.4%
Net Operating Income	\$	241,841	\$	11.27	60.6%

Rate of Return Analysis

The value of the real estate is based on the present value of the anticipated future benefits to be derived from ownership during the course of the investment period. The appropriate rates applied in the various approaches to value must reflect current investor anticipation of capital market and real estate market performance, and are all interrelated because of either implicit or explicit assumptions made in those approaches. The following discussion forms the basis for those relationships, and presents the justification for the various rates of return applied in the analysis process.



Overall Capitalization Rate (R_o) Analysis

The overall capitalization rate (R_o) reflects the relationship between a point estimate of net operating income and value. The table below summarizes market derived capitalization rates received in the Wichita office market in recent years.

Capitalization Rate Comparables						
Property Address	Date of Sale	Sale Price per Sq.Ft. GBA	Occupancy At Sale	Expense Ratio	Capitalization Rate	
2801 N Webb Road	Apr-12	136.36	100%	34.53%	8.56%	
8620 E 32nd Courth North	Nov-11	\$ 112.71	100%	15.03%	10.03%	
1900 N Amidon	Dec-10	\$ 54.82	89%	58.09%	8.68%	
200 S Hillside	Aug-10	\$ 83.33	100%	36.58%	9.82%	
180 S Rock Road	Mar-10	\$ 62.09	61%	38.55%	10.46%	
313 N Seneca	Jul-09	\$ 57.78	79%	38.73%	10.55%	
2548 N Maize Court	Mar-09	\$ 138.01	59%	33.15%	8.71%	
				low	8.56%	▼
				high	10.55%	▼
				average	9.54%	▼
				median	9.82%	▼
Properties @ Stabilized Occupancy				average	9.27%	
Properties @ Stabilized Occupancy				median	9.25%	▼

Several factors will affect the overall rate, including: the buyer's perception of the ability to increase the NOI in the near future, the current occupancy status of the property, the stability and risk inherent in the current lease portfolio, and the current market conditions affecting the property. The R_o s are generally analyzed on a stabilized basis in order to provide a consistent reference point between the subject property and the various sources of market data.

Overall Capitalization Rate Summary:

The trend in local market cap rates indicates a rate in the 8.50% to 10.50% range, with market averages nearer 9.30% depending on operating stability and market conditions. Given the strength of the tenant, the years remaining on the lease and the option remaining, we believe a market rate is likely in line with average rates noted above. Accordingly, we applied a cap rate commensurate with the market median and averages for "stabilized" properties.

Overall Capitalization Rate 9.25%

Net Operating Income	\$	241,841
Capitalization Rate		9.25%
Capitalized Value	\$	2,614,497
Rounded	\$	2,615,000

Value Conclusion - Direct Capitalization

Applying the 9.25% cap rate to the net operating income of \$241,841 yields market value, effective 02-October-2012, of \$2,614,497, rounded to:

\$2,615,000
Two Million Six Hundred Fifteen Thousand Dollars

Income Analysis through Yield Capitalization – Argus 15.0

Yield capitalization is defined in the *Dictionary of Real Estate Appraisal*, Fourth Edition, as "the capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change, and yield rate."

By using discounted cash flow analysis, proper consideration can be given to variable income and expense estimates over a specified holding period, as well as consideration of the property's value at reversion. In order to prepare a detailed discounted cash flow analysis, assumptions regarding the timing and amount of the various cash flows (inflow and outflow) must be made, a discount rate must be developed, the probable holding period must be estimated, and the property value at reversion and any sales costs associated with the disposition of the asset must be considered.

Holding Period

For purposes of this analysis, we used a holding period of seven years. This timeframe provides for a long-term analysis of the net revenues, taking into consideration increases in rental rates and other lease provisions not captured in the stabilized analysis.

Value of the Subject at Reversion

In order to estimate the value of the subject property at the end of the holding period, we capitalized the 8th years' income estimate at a rate of 9.75%.

Estimate of the Discount Rate

We applied discount rates of 9.50% to 10.00%, based on information published in *PwC Real Estate Investor Survey* Third Quarter 2012.

Projected Operating Income and Expenses

The direct capitalization section of this report provides a detailed discussion of the various operating income and expenses at the subject property. Market data supports both income and expenses and appear reasonable for this type of property and occupancy level. Income is projected to increase based on any rental escalations stipulated in the lease agreements, or as stipulated in the market leasing assumptions in Section 10. A summary of assumptions, by tenant, is in the addenda Argus notes. We project expenses to increase commensurate with inflationary trends.

General Assumptions

Growth Rates:	General Inflation Rate of 3.0%
Commission Rates:	New Leases at 6%; Renewals at 2%
Vacancy Allowance:	9-month vacancy loss upon lease expiration
TI Allowances:	None
Market Rent:	\$17.50 per square foot, full service, adjusted bi-annually with CPI
Market Term:	5-years

Discounted Cash Flow Analysis Model

The following discounted cash flow analysis incorporates the aforementioned assumptions relating to changes in income and expenses over the holding period. The following pages provide the DCF and the Discounting Schedule for the analysis, which was prepared using ARGUS Version 15.0 software.



Schedule of Prospective Cash Flow

Heritage College 2800 S Rock Road Wichita, KS								
Schedule Of Prospective Cash Flow In Inflated Dollars for the Fiscal Year Beginning 10/1/2012								
For the Years Ending	Year 1 Sep-2013	Year 2 Sep-2014	Year 3 Sep-2015	Year 4 Sep-2016	Year 5 Sep-2017	Year 6 Sep-2018	Year 7 Sep-2019	Year 8 Sep-2020
Potential Gross Revenue	\$298,877	\$242,496	\$247,806	\$249,576	\$255,210	\$262,232	\$264,804	\$264,804
Base Rental Revenue	298,877	242,496	247,806	249,576	255,210	262,232	264,804	264,804
Scheduled Base Rental Revenue								5,296
CPI & Other Adjustment Revenue								
Expense Reimbursement Revenue								
CAM	7,095	10,904	11,300	11,660	12,010	12,370	12,741	13,124
Utilities	40,267	61,886	64,138	66,179	68,165	70,210	72,316	74,486
Property Taxes	40,253	61,865	64,116	66,157	68,142	70,186	72,292	74,460
Special Assessments	910	1,111	257					
Insurance	2,838	4,361	4,520	4,664	4,804	4,948	5,097	5,249
Janitorial / Interior Mainten	8,648	13,264	13,662	14,072	14,494	14,929	15,377	15,838
Total Reimbursement Revenue	100,011	153,391	157,993	162,732	167,615	172,643	177,823	183,157
Total Potential Gross Revenue	398,888	395,887	405,799	412,308	422,825	434,875	442,627	453,257
Effective Gross Revenue	398,888	395,887	405,799	412,308	422,825	434,875	442,627	453,257
Operating Expenses								
CAM	10,730	11,052	11,383	11,725	12,077	12,439	12,812	13,197
Utilities	60,900	62,727	64,609	66,547	68,543	70,600	72,718	74,899
Property Taxes	60,879	62,706	64,587	66,525	68,520	70,576	72,693	74,874
Special Assessments	1,387	1,387						
Insurance	4,292	4,421	4,553	4,690	4,831	4,976	5,125	5,279
Janitorial / Interior Maintena	12,876	13,262	13,660	14,070	14,492	14,927	15,375	15,836
Management Fees	5,983	5,938	6,087	6,185	6,342	6,523	6,639	6,799
Total Operating Expenses	157,047	161,493	164,879	169,742	174,805	180,041	185,362	190,884
Net Operating Income	241,841	234,394	240,920	242,566	248,020	254,834	257,265	262,373
Leasing & Capital Costs								
Reserves	2,146	2,210	2,277	2,345	2,415	2,488	2,562	2,639
Total Leasing & Capital Costs	2,146	2,210	2,277	2,345	2,415	2,488	2,562	2,639
Cash Flow Before Debt Service	\$239,695	\$232,184	\$238,643	\$240,221	\$245,605	\$252,346	\$254,703	\$259,734



Final Value via Yield Capitalization

Heritage College 2800 S Rock Road Wichita, KS					
Prospective Present Value Cash Flow Before Debt Service plus Property Resale Discounted Annually (Endpoint on Cash Flow & Resale) over a 7-Year Period					
Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 9.75%	P.V. of Cash Flow @ 10.00%
Year 1	Sep-2013	\$239,695	\$218,900	\$218,401	\$217,905
Year 2	Sep-2014	232,184	193,644	192,763	191,887
Year 3	Sep-2015	238,643	181,763	180,524	179,296
Year 4	Sep-2016	240,221	167,091	165,574	164,074
Year 5	Sep-2017	245,605	156,016	154,246	152,502
Year 6	Sep-2018	252,346	146,390	144,401	142,442
Year 7	Sep-2019	254,703	134,938	132,801	130,703
Total Cash Flow		1,703,397	1,198,742	1,188,710	1,178,809
Property Resale @ 9.75% Cap		2,691,005	1,425,659	1,403,081	1,380,911
Total Property Present Value			\$2,624,401	\$2,591,791	\$2,559,720
Rounded to Thousands			\$2,620,000	\$2,590,000	\$2,560,000
Per SqFt			122.29	120.77	119.28

Depending on the discount rate, our opinion of value is within a range from \$2,560,000 to \$2,620,000. Within this range, we placed most emphasis on the mid-point for a market value effective 02-October-2012 of:

\$2,600,000
Two Million Six Hundred Thousand Dollars

Section Six - Sales Comparison Approach

The sales comparison approach is that approach in appraisal analysis based on the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring an existing property with the same utility. The sales comparison approach is relatively unreliable in developing an opinion of value for properties for which no real comparable sales data are available.

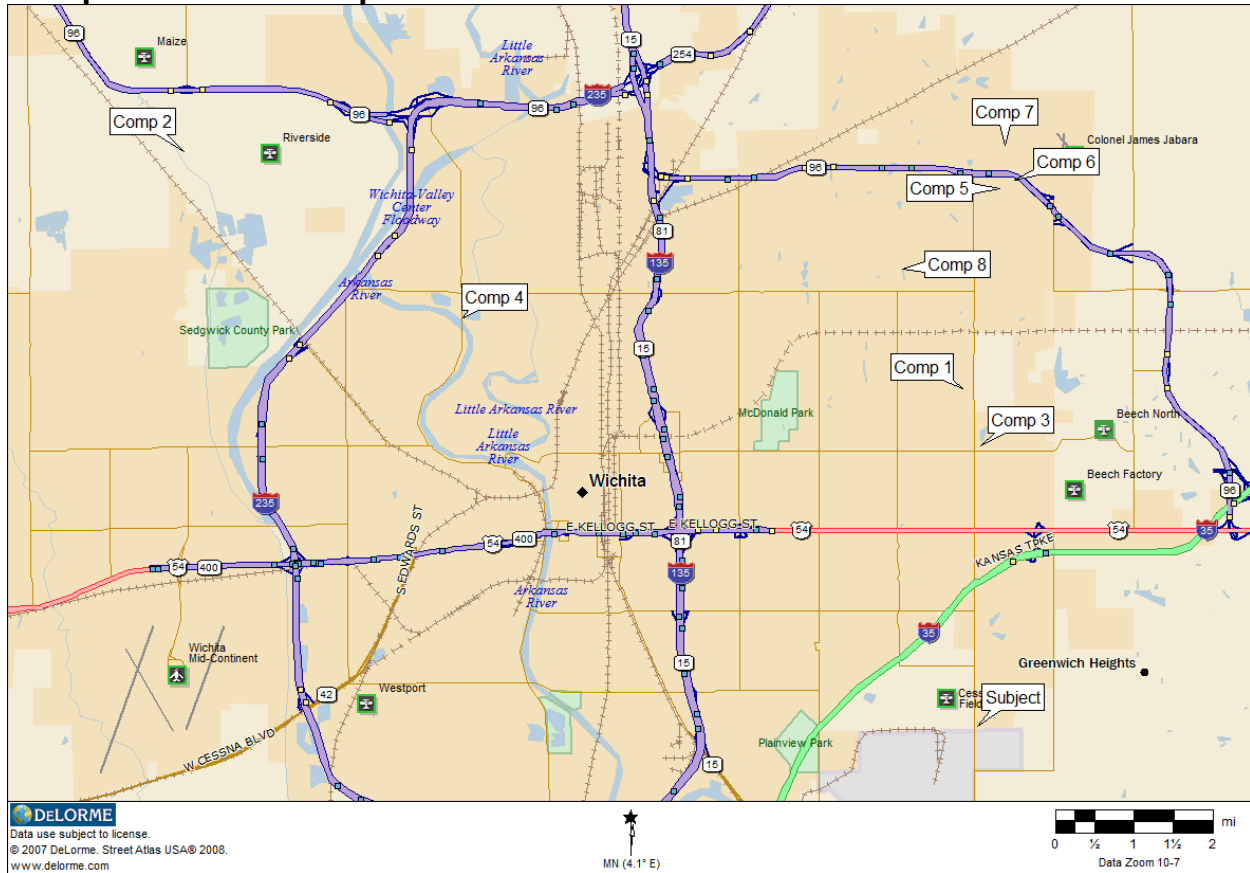
This sales comparison approach is an appraisal procedure in which we base our opinion of market value on prices paid in actual market transactions and current listings. The reliability of this technique is dependent upon the availability of comparable sales data, verification of the sales data, the degree of comparability or extent of the adjustments necessary, and the absence of non-typical conditions affecting the sale price.

The comparative analysis used in this approach focuses on the similarities and differences among properties that affect value. These may include differences in property rights appraised, the motivations of buyers and sellers, financing terms, market conditions at the time of sale, size, location, physical characteristics, and, if the properties produce income, economic characteristics. We test these elements of comparison against market evidence to determine what effect, if any, they have on value.

Selection of the Comparables

We researched comparable transactions occurring since January 2008 to present, on one- and two-story office buildings in the Wichita market. From this, we relied on the following eight properties to determine market value.

Comparable Sales Map



Comparable Improved Sale No. 1

Office Sale No. 1777



Property Type: General Office Buildings (1-4)
Address: State Farm Claims Office
 7700 E Polo St
 Wichita, Sedgwick County, KS
Location: NW/s of Polo Drive and Rock Road
Legal Description: W 440' of Lot 2, Block 1, Fairfield Estates Add, Wichita, Sedgwick County, Kansas.
Grantor: State Farm Mutual Automobile Insurance Company Illinois
Grantee: H2O Real Estate LLC
Recording Data:
Instrument: WD
Film / Page: 29200795 **Recording Date:** 2/8/2011
Date of Sale: 1/26/2011
Sale Price: \$ 1,590,000.00
Adjustment: \$ 425,000.00
Specials: \$ 0.00
Adjusted Price: \$ 2,014,000.00
Financing: Cash to Seller
Conditions of Sale: Arm's Length (See comments on Adj.)
Property Rights: Fee Simple
Site Data:

Office Building
 2800 S. Rock Road, Wichita, Kansas

Section 6-3



Comparable Improved Sale No. 1

Office Sale No. 1777

Land Size: 4.10 acres
178,596.00 sq.ft.

Zoning: GO

Tax ID No: C 451190001 (PIN No. 87-114-18-0-11-1-3-0-)

Parking: 21384 sq.ft. of paving

Site Dimensions: Rectangular

Visibility: Good from Polo Drive

Topography: Generally Level

Utilities: All are available to the site

Site Comments: The site is asphalt paved with 130 parking spaces, good pole-mounted lot lighting, and some landscaping.

Improvements:

Gross Bldg Area: 17,259.00 sq.ft.

Net Rentable Area: 15,971.00 sq.ft.

Net Usable Area: 17,259.00 sq.ft.

Number of Units: N/A

Year Built: 1993

Description: The site is improved with a one-story office building built in 1993, of stud - brick veneer construction. The building is configured with 6 perimeter offices along the south side with a small conference room in the middle. North of the offices is the work area with square tube steel columns at 32' spacing east/west and 24' spacing north/south. In the northwest corner of the work area is a large conference room and two small offices. North of the large conference room is the break room, kitchen, mechanical room, a storage room, and two restrooms. There is a lobby and reception area east of the guest restrooms and north of the lobby is the claims area. The claims area is configured with 6 electric overhead doors. There are sloping floors with a drain in the center. The 1,288 square foot area is heated and unfinished.

Sedgwick county reports 16,742 sq.ft. of gross building area; however, per existing building floor plans provided the GBA is 17,259 sq.ft.

Comments: Purchased for owner/occupancy. The buyer intends to renovate the interior and relocate the main entrance of the office building, and plans to move in early summer 2011. According to the buyer, the budget amount for the renovation costs are between \$400,000 to \$425,000, or \$25.00 per square foot, with an estimated completion of six months or 01-June-2011. Control Number(s): 192020

Price / SF (GBA): \$116.69

Price / SF (NRA): \$126.10



MARTENS
APPRAISAL

Comparable Improved Sale No. 1

Office Sale No. 1777

Verification: SVQ

Data Source: Copy of Purchase Contract and Sedgwick County Records

4/18/2011 JJL

TMC# N/A CTR# 15100 Lat: 37.7052 Long: 97.247227

Comparable Improved Sale No. 2

Office Sale No. 1778



Property Type: Office Building

Address: Prudential Dinning-Beard West office
 3531 N. Ridge Road
 Wichita, Sedgwick County, KS
 67205

Legal Description: N 250' of Lot 1, Block 1, Hoskinson 2nd Addition, Wichita, Sedgwick County, Kansas.

Grantor: Michaud, Shannon Tr, Etal

Grantee: The Amigos Rental LLC

Recording Data:
Instrument: Trustee's
Film / Page: 2920/8014 & 8 **Recording Date:** 3/21/2011

Date of Sale: 3/18/2011

Sale Price: \$ 2,884,270.00

Specials: \$ 0.00

Adjusted Price: \$ 2,884,270.00

Financing: Market terms with Home Bank & Trust

Conditions of Sale: See comments

Property Rights: Fee Simple

Site Data:



Comparable Improved Sale No. 2

Office Sale No. 1778

Land Size:	1.72 acres 74,870.00 sq.ft.
Zoning:	NR - Neighborhood Retail District
Tax ID No:	D 553790001 (PIN No. 87-88-33-0-11-1-9-1-)
Parking:	45,300 sq.ft. of paving
Utilities:	All are available to the site
Ingress/Egress:	A shared drive with the property to the north
Visibility:	Good from Ridge Road
Site Dimensions:	Slightly irregular, the west lot line abuts a lake and the frontage along Ridge Road is 250'
Topography:	Level
Site Comments:	The site is elevated above Ridge Road allowing for good drainage. Irrigation system, landscape lighting, parking lot lighting, fescue grass, lighted monument sign, storm sewer system, planting beds with shrubs and perennials, modular concrete block retaining walls and trees.
Improvements:	
Gross Bldg Area:	18,089.00 sq.ft.
Net Rentable Area:	18,089.00 sq.ft.
Net Usable Area:	N/A
Number of Units:	N/A
Year Built:	2001
Description:	A two-story building, curtain concrete and glass construction with a brick, stucco and native stone exterior. Interior finishes are good quality and condition and include commercial grade carpet, lay-in 2x4 acoustical ceiling tiles, 2x2 and 2x4 fluorescent lights with acrylic lens, painted drywall, oak wood trim work, custom laminate casework, 4" vinyl base coves and solid wood doors.
Tenant Mix:	Prudential Dinning-Beard. Tiger Management is a sub-tenant of Prudential Dinning-Beard
Occupancy:	100%
Lease Comments:	There is an internal lease that has been established for the tax purposes. The principals of grantee also are the owners Prudential Dinning-Beard. The internal lease remains in place.
Comments:	The grantor include an undivided 50% interest with Shannon Michaud Trust and Dust Buster, Inc. making up the partnership. The grantee is made up of investors who also owns the Prudential Dinning-Beard, Inc. the tenant. The grantee was purchasing the property through an owner/carry. In March 2011 the grantee acquired financing to pay off the owner/carry.
Price / SF (GBA):	\$159.45
Price / SF (NRA):	\$159.45



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Comparable Improved Sale No. 2

Office Sale No. 1778

Verification: Lender to LHB

Data Source: Sedgwick County Records and MA appraisal files

5/3/2011 LHB

TMC# N/A CTR# 15287 Lat: 37.748349 Long: 97.427072

Comparable Improved Sale No. 3

Office Sale No. 1915



Property Type: General Office Buildings (1-4)

Address: Office Building
8080 E Central Ave
Wichita, Sedgwick County, KS
67206

Location: Northeast of Central and Rock Roads

Legal Description: Beg SE Cor Lot 2, W 184.41', N 165', NWly Alg Cur 83.69', Nly 52.41', W 60', N 72', W 20', N 200', E 166.92', S 35.42', E 110', SWly 108', SEly 216', S 208', To Beg. Block 1, Aull's 1st Addition, Wichita, Sedgwick County, Kansas.

Grantor: BRIC 8080 LLC (Casey Bachrodt 316.263.9515)

Grantee: Builders Inc (Bradley Smisor 316.684.1400)

Recording Data:
Instrument: WD
Film / Page: 29277704 **Recording Date:** 3/15/2012

Date of Sale: 3/15/2012

Sale Price: \$ 2,585,000.00

Specials: \$ 0.00

Adjusted Price: \$ 2,585,000.00



Comparable Improved Sale No. 3

Office Sale No. 1915

Financing: All Cash
Conditions of Sale: Arms Length
Property Rights: Leased Fee
Site Data:
 Land Size: 2.83 acres
 123,274.80 sq.ft.

 Zoning: LC - Limited Commercial
 Limited Commercial

 Tax ID No: 183633

 Parking: Adequate - 119 spaces including ADA

 Ingress/Egress: South curb cut via E. Central Ave.

 Utilities: All are available to the site

 Site Comments: Parking available to the north, northwest, and south of the building.
 The site is accessible from both Rock Road and Central via common
 ingress/egress drives.

Improvements:

Gross Bldg Area: 33,915.00 sq.ft.
 Net Rentable Area: 29,819.00 sq.ft.
 Net Usable Area: 29,819.00 sq.ft.
 Number of Units: N/A
 Year Built: 1980
Description: The site is improved with a three-story multi-tenant office building.
 The building is constructed of steel frame with glass and brick
 veneer. The building is in average condition.

Well landscaped with available monument signage for tenants.

Stabilized Income/Expense Data- 2012

NOI: \$232,700.00
NOI per sq.ft.: \$6.86
Cap Rate: 9.00%
Adj. Cap Rate: 9.00%
EGIM: 5.49
OER: 50.62%
Income/Exp. Source: Actual PGI and estimated OER
Inc./Exp. Comments: Operating expenses estimated at \$8.00 per square foot.
Occupancy: 94.6%
Lease Comments: 1,600 sf was vacant at the time of sale. Asking rent is \$18.00 psf
 Full Service

Overall average rent was \$16.70 psf at the time of sale (on leased space)

Comments: Multi-Tenant Office ;All Cash Financing.



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Comparable Improved Sale No. 3

Office Sale No. 1915

Price / SF (GBA): \$76.22

Price / SF (NRA): \$86.69

Verification: Adam Clements of Builders Incorporated to LZW

Data Source: Sedgwick County Records, SVQ, CAMA

6/21/2012 LZW

TMC# N/A CTR# 16467 Lat: 37.69478607 Long: 97.24301910

Comparable Improved Sale No. 4

Office Sale No. 1736



Property Type: Office Building - Low Rise

Address: Twin Lakes Office Park
1900 N Amidon
Wichita, Sedgwick County, KS
67206

Location: SE/s of N. Amidon & 21st Street

Legal Description: Site included two parcels with extremely long legals.

Grantor: 1900 Amidon, LLC (James Smith)

Grantee: 1900 N. Amidon LLC (Gary L. Vandenberg)

Recording Data:
Instrument: Warranty Deed
Film / Page: 29186374 **Recording Date:** 12/2/2010

Date of Sale: 12/1/2010

Sale Price: \$ 1,400,000.00

Specials: \$ 0.00

Adjusted Price: \$ 1,400,000.00

Financing: Cash to Seller

Conditions of Sale: Arm's Length

Property Rights: Leased Fee

Site Data:



Comparable Improved Sale No. 4

Office Sale No. 1736

Land Size:	2.52 acres 109,979.00 sq.ft.
Zoning:	GO - General Office
Tax ID No:	A-15855, A-15266-0006
Site Dimensions:	Irregular shape.
Ingress/Egress:	There is one point of ingress/egress from Amidon, as well as shared access from the Twin Lakes Shopping Center to the north.
Visibility:	Access and visibility are both considered good from Amidon Avenue.
Parking:	The site is asphalt paved with 118 parking spaces, of which 4 are ADA.
Topography:	Generally Level.
Utilities:	All are available to the site.

Improvements:

Gross Bldg Area:	25,540.00 sq.ft.
Net Rentable Area:	21,054.00 sq.ft.
Net Usable Area:	N/A
Number of Units:	N/A
Year Built:	1972

Description: The site is improved with one 2-story Office Building in average to good condition with a concrete foundation, steel frame with concrete exterior, standing seam steel roof. The roof was recently replaced, July 2010, with foam ISO board and a TPO white membrane covering (10-year warranty). Interior partitions are metal frame and drywall finishes. The windows are insulated glass in metal frames. The entrance doors are glass in metal frame, with hollow metal exit doors; interior doors are wood (oak) doors.

The building is a two-story structure, partitioned into a grade level lobby entrance with a three stop elevator (Dover 2100 lb capacity) and stairways that lead to the first level and second level suites. The first level suite is below grade on the front south side with grade level view of the lake on the north (rear) side of the building. The first level was configured for single-tenant occupancy in 1995 for Via Christi PMC Services and is partitioned into a main reception waiting area with restrooms, medical examination rooms, office rooms, and a conference room. The upper level is partitioned into ten office suites, common area restrooms and break area, and a mechanical room. There is a sub-basement, which is part of the second level square footage per county records, and includes two mechanical rooms and rentable file storage space.

Stabilized Income/Expense Data- 2010

NOI:	\$121,473.00
NOI per sq.ft.:	\$4.76
Cap Rate:	8.68%
Adj. Cap Rate:	8.68%



Comparable Improved Sale No. 4

Office Sale No. 1736

EGIM: 4.83
OER: 58.09%
Inc./Exp. Comments: Per 2009 actual income/expense data provided, PGI: \$284,586.72, Expenses: \$170,272.24, NOI: \$127,631.08 indicates a cap rate of 9.12%.

Comments:

Price / SF (GBA): \$54.82

Price / SF (NRA): \$66.50

Verification: Copy of contract in file

Data Source: MA Appraisal File

9/23/2010 JJL

TMC# N/A CTR# N/A Lat: 37.718122 Long: 97.36272

Comparable Improved Sale No. 5

Office Sale No. 1594



Property Type:	Single-Tenant Office Building		
Address:	Home Healthcare 8415 E 32nd Street North Wichita, Sedgwick County, KS 67226		
Location:	East of Rock Road along 32nd.		
Legal Description:	Lot 3, Block 1, Home Design Center Second Addition to the City of Wichita, Sedgwick County, Kansas		
Grantor:	Heinnickel Farms, Inc.		
Grantee:	Home Healthcare Connection, Inc		
Recording Data:			
Instrument:	Stat WD		
Film / Page:	29076770	Recording Date:	7/16/2009
Date of Sale:	7/10/2009		
Sale Price:	\$	1,130,000.00	
Adjustment:	- \$	30,000.00	
Specials:	\$	0.00	
Adjusted Price:	\$	1,100,000.00	
Financing:	Verus Bank at market terms		
Conditions of Sale:	Normal, arms-length transaction		
Property Rights:	Fee Simple		



Comparable Improved Sale No. 5

Office Sale No. 1594

Site Data:

Land Size: 1.14 acres
49,500.00 sq.ft.

Zoning: GC - General Commercial

Tax ID No: C-49532

Utilities: All are available to the site.

Visibility: Good from 32nd Street North.

Ingress/Egress: Good from 32nd Street North.

Parking: Two lots- located on the north and south sides of the building allowing for 50 vehicles.

Site Dimensions: 180' frontage feet on 32nd Street, 275' of depth.

Site Comments: There is an easement agreement allowing access to the back parking area over the property adjacent on the west.

Improvements:

Gross Bldg Area: 10,989.00 sq.ft.

Net Rentable Area: 10,989.00 sq.ft.

Net Usable Area: N/A

Number of Units: N/A

Year Built: 1994

Description: This is a one-story, single-tenant office building. As noted above, the building was constructed in 1994. Overall, the improvements are in average condition. Construction features include brick veneer exterior with dryvit and stone accents.

Comments: The property was originally built for and occupied by Coldwell Banker, which changed to Prudential. Later the building was leased to Keller Williams who later vacated. The building sat vacant for a couple years prior to this sale. This property had been marketed for lease by Landmark at \$10 per sq.ft. NNN for over 1.5 years. Mr. Leyh reported that due to how the current ownership was structured they could not market the building for sale for a certain timeframe and they were seeking a lease-purchase arrangement which hampered the marketing of the property resulting in the long timeframe of vacancy.

The seller repaired roof and HVAC problems prior to the sale and provided a \$30,000 allowance to the buyer at closing for the purchase and installation of carpet, ceramic tile, paint and countertops by buyer. As such, the sale price was adjusted downward by \$30,000 to reflect the net cash to the seller.

Price / SF (GBA): \$100.10

Price / SF (NRA): \$100.10

Verification: Copy of purchase contract. Sale price adjusted by LRA on 09/08/2010 reflecting the improvement allowance provided by the



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Comparable Improved Sale No. 5

Office Sale No. 1594

Data Source: seller.
David Leyh with Landmark

9/8/2010 ECG

TMC# N/A CTR# 13800 Lat: 37.741697 Long: 97.23865

Comparable Improved Sale No. 6

Office Sale No. 1726



Property Type: Office Building

Address: Mid-America Diabetes Association
8533 E. 32nd Street North
Wichita, Sedgwick County, KS
67226

Legal Description: Lot 4 Block 1 Mediterranean Plaza Addition to the city of Wichita,
Sedgwick County, Kansas

Grantor: Pinnacle Development, LLC (316.262.6400)

Grantee: MADA Building Investments, LC (316.687.3100)

Recording Data:
Instrument: Statutory WD
Film / Page: 29164869 **Recording Date:** 8/31/2010

Date of Sale: 8/30/2010

Sale Price: \$ 1,150,000.00

Specials: \$ 0.00

Adjusted Price: \$ 1,150,000.00

Financing: Market terms

Conditions of Sale: Involved in a trade.

Property Rights: Fee Simple

Site Data:



Comparable Improved Sale No. 6

Office Sale No. 1726

Land Size:	1.25 acres 54,630.00 sq.ft.		
Zoning:	GO - General Office District		
Tax ID No:	C 47529		
Utilities:	All are available to the site		
Ingress/Egress:	One approach along 32nd Street North		
Visibility:	Good from 32nd Street North		
Parking:	Good on-site parking, average condition		
Improvements:			
Gross Bldg Area:	16,500.00 sq.ft.		
Net Rentable Area:	16,500.00 sq.ft.		
Net Usable Area:	N/A		
Number of Units:	N/A		
Year Built:	1997/2010		
Description:	<p>The general layout of the building will include 20 exam rooms, reception/waiting room, an education conference room, diet education room, a business office, three sets of both types of restrooms, a research area, private doctor offices and five nurses' stations.</p> <p>The interior build-out has not been finalized. Generally the build-out will include metal stud walls with drywall, 4-foot ceramic tile wainscot and flooring, 2x4 lay-in fluorescent lights, recessed can lights, solid core red oak doors, new plumbing, new insulation, oak cabinets and countertops and painted walls and doors, new carpeting and vinyl base coves. The reported cost of the renovations cost is \$619,000.</p>		
Occupancy:	Vacant		
Comments:	The grantor is taking in trade 200 S. Hillside as partial payment at a value of \$700,000.		
Price / SF (GBA):	\$69.70		
Price / SF (NRA):	\$69.70		
Verification:	Contract on file		
Data Source:	MA appraisal files. LZW modified comp Oct 2012		
3/5/2012	LHB		
TMC# N/A	CTR# N/A	Lat: 37.743257	Long: 97.235291

Comparable Improved Sale No. 7

Office Sale No. 1505



Property Type:	Office Building		
Address:	fmr Vatterott Building 3639 N Comotara Wichita, Sedgwick County, KS 67226		
Location:	Comotara Industrial Park		
Legal Description:	All of Lots 17 and 18, Comotara Industrial 2nd Addition to the City of Wichita, Sedgwick County Kansas		
Grantor:	S & V Investment Company (Gregory B. Vatterott)		
Grantee:	Comotara Partners, LLC (Nick Esterline)		
Recording Data:			
Instrument:	Special Warranty Deed	Recording Date:	4/15/2008
Film / Page:	28968016		
Date of Sale:	1/11/2008		
Sale Price:	\$	2,838,660.00	
Adjustment:	\$	61,340.00	
Specials:	\$	0.00	
Adjusted Price:	\$	2,900,000.00	
Financing:	New Loan		
Conditions of Sale:	Arms Length		
Property Rights:	Fee Simple		



Comparable Improved Sale No. 7

Office Sale No. 1505

Site Data:

Land Size: 5.54 acres
241,144.00 sq.ft.

Zoning: LI - Limited Industrial

Tax ID No: C-39422 and C-39421

Utilities: All are available to the site

Parking: 294 Stalls

Site Comments: None

Improvements:

Gross Bldg Area: 32,000.00 sq.ft.

Net Rentable Area: 32,000.00 sq.ft.

Net Usable Area: N/A

Number of Units: N/A

Year Built: 1988

Description: Professional School/office/with open warehouse areas

Comments: Sale price was adjusted \$61,340 for roof repairs. It is reported that the buyer had a tenant lined up going into the purchase.

Price / SF (GBA): \$90.63

Price / SF (NRA): \$90.63

Verification: Sales Validation Questionnaire

Data Source: Nick Esterline

5/1/2008 BNF

TMC# N/A CTR# N/A Lat: 37.74958 Long: 97.23745

Comparable Improved Sale No. 8

Office Sale No. 1491



Property Type: Office Building
Address: Office Building
 2414 N Woodlawn
 Wichita, Sedgwick County, KS
 67220
Location: Located on the northeast side of 21st St N and Woodlawn (see aerial)
Legal Description: Lot 7, and the South 70 feet of Lot 5, Comotara Villages Addition to the City of Wichita, Sedgwick County, Kansas.
Grantor: Jayhawk 2, LLC (Caro Properties, L.L.C.) (Alfred A. Caro)
Grantee: Albert H Murray, Jr. and Deana Murray
Recording Data:
Instrument: JTW Deed
Film / Page: 2894/4197 **Recording Date:** 1/8/2008
Date of Sale: 1/7/2008
Sale Price: \$ 2,644,500.00
Specials: \$ 0.00
Adjusted Price: \$ 2,644,500.00
Financing: Cash Sale
Conditions of Sale: Arm's Length Transaction
Property Rights: Leased Fee
Site Data:

Office Building
 2800 S. Rock Road, Wichita, Kansas

Section 6-22



Comparable Improved Sale No. 8

Office Sale No. 1491

Land Size:	1.99 acres 86,722.00 sq.ft.
Zoning:	LC - Limited Commercial
Tax ID No:	C 43345 & C 43347
Additional Zoning Restrictions:	CUP DP-46
Parking:	96 parking stalls, with a parking ratio of 4.0 spaces per 1,000 sq.ft.
Visibility:	Visibility is poor from Woodlawn
Utilities:	All are available to the site
Ingress/Egress:	One access point from Woodlawn, one from Mainsgate and one from Walden
Site Comments:	The building is situated on approximately 2 acres directly north of a 6.5-acre lake. Area users to the southeast and west include other office complexes and residential properties and townhomes are located on the east side of the property.

Improvements:

Gross Bldg Area:	24,300.00 sq.ft.
Net Rentable Area:	21,790.00 sq.ft.
Net Usable Area:	N/A
Number of Units:	N/A
Year Built:	1982
Description:	This is a two-story office building with a GBA of 24,300 sq.ft. and a NRA of 21,790 sq.ft. according to the property's confidential marketing memorandum. The subject property has a structural steel frame with 8" hollow-core concrete floor slabs and the exterior walls have both masonry and wood finishes. The building features one 14-person Otis hydraulic elevator, full HVAC system with a chiller and electric heat distributed by zoned fan units, backup gas heat and emergency cooling, insulated glazed windows and a flat, built-up roof system.

Actual Income/Expense Data- 2006

NOI:	\$244,766.94
NOI per sq.ft.:	\$10.07
Cap Rate:	9.26%
Adj. Cap Rate:	9.26%
Income/Exp. Source:	Third Amendment to the Purchase and Sale Agreement
Tenant Mix:	The tenants at the time of sale included the Marriott Corporation, the Daland Corporation, Sheldon Coleman Enterprises and Sbarra Enterprises.
Occupancy:	100%
Lease Comments:	The overall lease rate for the tenants during the time of sale was \$10.83 Triple Net or \$17.42 Full service gross equivalent. The majority of the leases expire in 2009-2010.
Comments:	The Joint Tenant Kansas Warranty Deed transferred the ingress and egress easements to and from Woodlawn Ave and Walden Dr. There



Comparable Improved Sale No. 8

Office Sale No. 1491

is an additional ingress and egress access point from Mainsgate, however, there are no easements allowing access from Mainsgate.

Price / SF (GBA): \$108.83

Price / SF (NRA): \$121.36

Verification: Steven J. Martens, Grubb & Ellis|Martens Commercial Group

Data Source: Sale Contract S07-045, and Sedgwick County Records

1/31/2008 CRG

TMC# N/A CTR# N/A Lat: 37.72698 Long: 97.26116



Comparable Sales Grid

Property Identification Address	Subject	Comp No. 1	Comp No. 2	Comp No. 3	Comp No. 4	Comp No. 5	Comp No. 6	Comp No. 7	Comp No. 8
Heritage College 2800 S Rock Road Wichita, KS	State Farm Claims Office 7700 E Polo St Wichita, KS	Prudential Dining- Beard West office 3531 N. Ridge Road Wichita, KS	Office Building 8080 E Central Ave Wichita, KS	Twin Lakes Office Park 1900 N Armdon Wichita, KS	Home Healthcare 8415 E 32nd Street North Wichita, KS	Mid-America Diabetes Association 8533 E. 32nd Street North Wichita, KS	fmr Vatterott Building 3639 N Comotara Wichita, KS	Office Building 2414 N Woodlawn Wichita, KS	
Sales Data									
Date of Sale	26-Jan-11	18-Mar-11	15-Mar-12	1-Dec-10	10-Jul-09	30-Aug-10	11-Jan-08	7-Jan-08	
Time from Date of Sale	20 months	19 months	7 months	22 months	39 months	25 months	57 months	57 months	
Financing Terms	Market	Market	Market	Market	Market	Market	Market	Market	
Conditions of Sale	Cap X Remodel	Arm's Length	Arm's Length	Arm's Length	Roof Repair Allow.	Trade / Remodel	Roof Repairs	Arm's Length	
Sales Price	\$ 1,590,000.00	\$ 2,884,270.00	\$ 2,585,000.00	\$ 1,400,000.00	\$ 1,130,000.00	\$ 1,150,000.00	\$ 2,838,660.00	\$ 2,644,500.00	
Cash Equiv. Adjustment	\$ 425,000.00	\$ -	\$ -	\$ -	\$ (30,000.00)	\$ 620,000.00	\$ 61,340.00	\$ -	
Market Conditions	\$ 79,500.00	\$ 144,213.50	\$ -	\$ 140,000.00	\$ 169,500.00	\$ 115,000.00	\$ (141,933.00)	\$ (132,225.00)	
Adjusted Price	\$ 2,094,500.00	\$ 3,028,483.50	\$ 2,585,000.00	\$ 1,540,000.00	\$ 1,269,500.00	\$ 1,885,000.00	\$ 2,758,067.00	\$ 2,512,275.00	
Improvement Data									
21,708 sq. ft.	17,259 sq. ft.	18,089 sq. ft.	33,915 sq. ft.	25,540 sq. ft.	10,989 sq. ft.	16,500 sq. ft.	32,000 sq. ft.	24,300 sq. ft.	
Gross Building Area	15,971 sq. ft.	18,089 sq. ft.	29,819 sq. ft.	21,054 sq. ft.	10,989 sq. ft.	16,500 sq. ft.	32,000 sq. ft.	21,790 sq. ft.	
Net Rentable Area	1999 Remod 2009	2001	1980	1972	1994	1997/2010	1988	1982	
Age of Improvements	Good w/ Cap X	Similar	Inferior	Inferior	Similar	Similar	Inferior	Similar	
Condition	One-Story	Two-Story	Three-Story	Bi-Level Walk Out	One-Story	One-Story	One-Story	Two-Story	
Layout									
Site Data									
172,867 sq. ft.	178,596 sq. ft.	74,870 sq. ft.	123,275 sq. ft.	109,979 sq. ft.	49,500 sq. ft.	54,630 sq. ft.	241,144 sq. ft.	86,722 sq. ft.	
Site Area (sq. ft.)	LI	NR	LC	GO	GC	GO	LI	LC	
Zoning	Average	Similar	Similar	Similar	Similar	Similar	Similar	Similar	
Location	7.96 to 1	4.14 to 1	3.63 to 1	4.31 to 1	4.50 to 1	3.31 to 1	7.54 to 1	3.57 to 1	
Land-to-Bldg Ratio									
Price/sq. ft. (GBA)	\$ 121.36	\$ 167.42	\$ 76.22	\$ 60.30	\$ 115.52	\$ 114.24	\$ 86.19	\$ 103.39	
Adjustments									
Land-to-Building ratio	Adj. @ \$2.50 psf.	\$ (5.96)	\$ 9.56	\$ 10.82	\$ 9.14	\$ 8.65	\$ 11.63	\$ 1.07	\$ 10.99
Subtotal	\$ 115.40	\$ 176.98	\$ 87.04	\$ 69.44	\$ 124.17	\$ 125.87	\$ 87.26	\$ 114.37	
Layout / Design	Subjective 25%	-	-	-	17.36	-	-	-	-
Subtotal	\$ 115.40	\$ 176.98	\$ 87.04	\$ 86.80	\$ 124.17	\$ 125.87	\$ 87.26	\$ 114.37	
Age/Condition	Subjective 20%	-	17.41	17.36	-	-	17.45	-	-
Adj. Price/sq.ft. (GBA)	\$ 115.40	\$ 176.98	\$ 104.45	\$ 104.16	\$ 124.17	\$ 125.87	\$ 104.71	\$ 114.37	
Income/Expense Data									
Year 1	Owner/Occupancy	Owner/Occupancy	Stabilized-2012	Stabilized-2010	Owner/Occupancy	Vacant at DOS	Owner/Occupancy	Actual-2006	
\$ 241,841.00	\$ -	\$ 232,700.00	\$ 121,473.00	\$ 121,473.00	\$ -	\$ -	\$ -	\$ 244,766.94	
Net Operating Income	NOI/SF/GBA	6.86	6.86	4.76	-	-	-	-	
Operating Expense	Ratio	39.40%	50.62%	58.09%	-	-	-	-	
ECIM	Cap Rate (Unadj. Price)	5.49	5.49	4.83	-	-	-	-	
Cap Rate (Unadj. Price)		9.00%	8.68%	8.68%	-	-	-	-	
Database No.	Office No. 1777	Office No. 1778	Office No. 1915	Office No. 1736	Office No. 1594	Office No. 1726	Office No. 1505	Office No. 1491	



Areas of Comparison

In the analysis of the subject property and the comparable sales, we considered the market conditions at the time of sale, terms and conditions of the sale, the location and amenities of the site, and the investor class, quality, and age of the buildings. We discuss these items individually on the following page.

The first set of adjustments pertains to the transactions and market characteristics, rather than to the physical aspects of the property. It is necessary to eliminate any market or buyer/seller generated stimulus from each transaction before the properties themselves can be analyzed on a physical and functional basis.

Terms / Conditions of Sale

All of the transactions used in the analysis were purchased under typical market terms and required no adjustment for atypical financing.

Several of the comparable properties required substantial capital improvements at the time of sale. These included comparable no. 1, 5, 6 and 7. We adjusted for the capital requirements as noted on the individual comps.

Market Conditions/Time from Date of Sale

Market conditions refer to the status of the market at the time of sale. The national economy entered a recession during the fourth quarter 2007, and the local market has had fewer transactions and slowed activity in the ensuing years. We compared rates of return during the timeframe noted and applied adjustments based on this analogy. For example, transactions occurring during the 1Q-3Q2008 were in stronger markets and adjust down 5%. Transactions occurring between 1Q2010 and 1Q2011 occurred during weaker markets and require upward adjustments of 5% to 15% depending on the timing.

Date	\$ / Ro	% Change	Adj.
1Q08	\$ 11.93	-6.9%	-5.0%
2Q08	\$ 11.92	-6.8%	
3Q08	\$ 11.75	-5.4%	
4Q08	\$ 11.22	-1.0%	0.0%
1Q09	\$ 10.50	5.8%	5.0%
2Q09	\$ 10.47	6.1%	
3Q09	\$ 9.85	12.8%	15.0%
4Q09	\$ 9.84	12.9%	
1Q10	\$ 9.80	13.3%	
2Q10	\$ 9.99	11.2%	10.0%
3Q10	\$ 10.22	8.7%	
4Q10	\$ 10.30	7.9%	
1Q11	\$ 10.44	6.4%	5.0%
2Q11	\$ 10.94	1.6%	0.0%
3Q11	\$ 11.10	0.1%	
4Q11	\$ 11.15	-0.3%	
1Q12	\$ 11.12	-0.1%	
2Q12	\$ 11.06	0.4%	
3Q12	\$ 11.11	0.0%	

Land-to-Building Ratio Adjustments

This adjustment is typically necessary when a property has a deficiency in land-to-building ratios, or has excess land area for future development. The land-to-building ratio (LBR) of the subject property is 7.96 to 1, and is superior to many of the comparable properties. We adjusted for this amenity by applying a land value of \$2.50 per square foot to the differences between the subject LBR and the comparable LBR.

Age / Condition of the Improvements

The subject property was constructed in 1999 and remodeled for the current tenant in 2007 and 2009. It is in good condition. We adjust comparable no. 3, 4, and 7 upward 20% for their inferior condition at the time of sale.

Location Adjustments

No adjustment for location applied.

Layout / Design

Comparable no. 4 is a bi-level office building with 50% of the structure partially below grade. The design is not common in the market and is less desirable. We apply a 25% upward adjustment.



Value Estimates by the Direct Sales Comparison Approach

Following adjustments, the overall range in value by the comparable data is about \$105.00 to \$175.00 psf, with an average of \$120.00 and a median of \$115.00 per square foot (all figures rounded)

Statistic Summary		PSF
Minimum	\$	104.16
Maximum	\$	176.98
Average	\$	121.26
Median	\$	114.88
Most Similar	\$	115.40

Conclusion to the Sales Comparison Approach

With consideration given to the characteristics of the subject property and the condition of the premise, our opinion of the market value via the sales comparison approach, effective 02-October-2012 is \$115.00 to \$120.00 per square foot or:

Opinion of Value	\$	115.00	\$	120.00
Extended	\$	2,496,420	\$	2,604,960
Rounded	\$	2,500,000	\$	2,600,000



Section Seven - Cost Approach

The Cost Approach is generally utilized as a crosscheck against the Direct Sales Comparison and Income Approaches. At the request of the client, the Cost Approach to value has been omitted from this analysis.



Section Eight - Reconciliation and Final Value Estimate

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 appraised. The detailed analysis of all pertinent facts and data that were assembled and verified and considered to influence the value of the subject property have led to the following value indications:

Value Opinions and Conclusions – Effective 02-October-2012:

Income Approach	\$2,560,000 to \$2,620,000
Sales Approach	\$2,500,000 to \$2,600,000
Cost Approach.....	Not Applied
Final Opinion of Value	\$2,600,000

Income Approach

In the income approach, the net operating income was estimated for the subject property relying on the contract rent throughout the remainder of the primary term, assuming renewal of the lease thereafter. We analyzed the office building assuming NN lease terms with an operating expense reimbursement of \$6.20 per square foot as stipulated in the lease. The tenant pays janitorial costs. A market extracted capitalization rate was applied to the net operating income to estimate value. We applied both direct cap and yield cap using Argus 15.0 software calculations. The resulting analyses provided a range in values from \$2,560,000 to \$2,620,000.

Sales Comparison Approach

Eight sales of comparable properties were analyzed in this approach to estimate the market value of the subject property. We relied on comparison of physical, functional, and economic characteristics of each transaction to reach a value through the sales comparison approach. Given the limited number of recent 2011-2012 transactions, less weight is given this approach.

Cost Approach

The cost approach was not applied.

Conclusion to Value Effective 02-October-2012:

As of the date of this report, the final opinion of market value for the premise, effective as our date of inspection, 02-October-2012, is:

\$2,600,000
Two Million Six Hundred Thousand Dollars



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 on an analysis of past events assuming a competitive and open market.¹ 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 adequate, sufficient and reasonable effort.

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, the reasonable exposure time for the subject site would be approximately 9 to 12 months, given adequate marketing efforts.

¹Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, U.S.A., 2006, p.90.



Section 9 - Certifications and Qualifications

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 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 Uniform Standards of Professional Appraisal Practice, and with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report, in conjunction with this assignment; I have however inspected the premise on prior occasions in conjunction with prior assignments.
- Gabriel Stevens provided significant professional assistance to the persons signing this report.
- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- 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.
- I previously appraised this property in November 2009.

Lee Z Whyte

Lee Z. Whyte, MAI
Kansas Certified Appraiser No. G-114
Expires 30-June-2013

05-October-2012
Date

A2012-501
Appraisal 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 set forth in the report.

- 1) No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- 2) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- 3) Unless otherwise stated, the opinion of value pertains to the property's surface rights only.
- 4) Responsible ownership and competent property management is assumed but is not represented to be historically based.
- 5) The appraiser applied limited structural and design analysis to the problem and the cost estimates must be considered nonprofessional. A property manager was not retained to estimate the revenue and expense projections
- 6) 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. However, no responsibility for accuracy of such items furnished to the appraiser can be assumed by the appraiser. 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.
- 7) All engineering studies are assumed to be correct. Any plot plans and illustrative material in this report are included only to help the reader visualize the property. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property.
- 8) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- 9) It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
- 10) It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report.
- 11) It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.



- 12) It is assumed that the use of the land and improvements (if any) is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
- 13) Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 14) Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 15) 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 value opinion and are not to be used independently for any purpose and must be considered invalid if so used.
- 16) Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of the appraisal report is governed by the regulations of the Appraisal Institute with which the appraiser is affiliated. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent and approval of the appraiser or the client for whom it is written and, in any event, only in its entirety. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the valuation conclusions and the identity of the appraiser or the firm with which he is associated or any of his associates.
- 17) The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless other arrangements have been previously made.
- 18) Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
- 19) Any conclusions based on the assumed completion of public or private improvements will have clearly defined conditions, extent, and effects of such assumptions stated.
- 20) The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.



- 21) 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.
- 22) The appraiser has referred to flood zone maps established under the Flood Disaster Protection Act of 1973.
- 23) 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.
- 24) The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of the building improvements to determine whether or not they are in conformity with the various detailed requirements of the ADA, nor am I an expert in determining what is in compliance with the ADA. Given the age of the subject property, there is likelihood that there are areas of non-compliance and if the client desires a detailed survey, I suggest retaining the services of a qualified architect.

Based on the analysis of market transactions, informed buyers recognize the fiscal impact of the ADA in their purchase decisions; thus remodeling or renovation of older buildings will require a portion of that budget dedicated to curing ADA deficiencies. As such, potential ADA non-compliance is reflected in market transactions utilized in developing the opinion of market value.

Properties constructed subsequent to this act should have minimal, if any, areas of non-conformity.

- 25) With regard to the appraiser-client relationship, USPAP does not require a release from the named client in order to reappraise the property that is the subject of this report for another client. If asked to appraise this property by another party, I reserve the right to do so, without consent, so long as the confidentiality provisions of USPAP are met.



Qualification Sheet - Lee Z. Whyte, MAI

Education:

Bachelor of Business Administration Degree – Finance Major
Wichita State University

Professional Memberships:

Member Appraisal Institute, Member Number 9937
Currently certified under the Appraisal Institute Continuing Education Program

Greater Kansas State Chapter - Appraisal Institute:
President Elect 1994;
President 1995;
Board of Directors 1996 and 1997

1994 Young Advisory Council Member, Washington, D.C.
1995 Young Advisory Council Member, Washington, D.C.

Professional Licenses / Certifications:

Certified General Appraiser - Kansas No. G-114, Expires 30-June-2013
Certified General Appraiser – Texas No. 1335665-G, Expires 30-June-2014
Certified General Appraiser – Missouri No. 2007027655, Expires 30-June-2014
Certified General Appraiser – Colorado No. CG100002998, Expires 31-Dec-2012

Geographic Experience:

Primary Market Area - Kansas

Hospitality Lodging and Retail appraisal experience is throughout the Midwest and Southeast United States; including Kansas, Missouri, Oklahoma, Nebraska, Iowa, Colorado, and Texas. Select assignments have also been completed in South Carolina, North Carolina, South Dakota, Florida, Arkansas, Louisiana, Tennessee, Kentucky, Georgia, Alabama, Indiana, New Mexico, Wisconsin, and Mississippi.

Property Types Appraised:

Substantial experience in multi-family housing; hospitality lodging facilities; office buildings, including multi-tenant, and corporate single tenant offices, and medical facilities; retail centers, including neighborhood, community, and regional shopping centers, as well as 'big-box' retail properties; industrial facilities; and special purpose properties, including family fun centers, places of worship, and others.



MARTENS
APPRAISAL

Section Ten - Addenda

Appraisal Engagement Letter

SEP-20-2012(THU) 13:25

P. 002/002

fax 316-262-0235

APPRAISAL REQUEST

DATE: 9-20-2012

To: Martens Companies

APPLICANT'S NAME: Carl Chuzy Living Trust

HOME PHONE: * Kim Phillips 259-8198
WORK PHONE: ** Please contact Kim or Steve to gain access to the property

PROPERTY ADDRESS: * Steve Orth 305-3908

PROPERTY TYPE: Commerical

PROPERTY OWNER'S NAME: Carl Chuzy Living Trust

CONTACT PERSON FOR APPRAISAL: Dwight Ray Phone # 316-283-0059

PROPERTY LEGAL DESCRIPTION: 1) 2560 S. Rock Rd. Wichita, 67210
2) 2626 S. Rock Rd. Wichita 3) 2800 S. Rock Rd Wichita 4) 8021 E. Marion
67210 67210 67210
Wichit 67210

LOAN OFFICER: Dwight Ray PHONE: 316-283-0059

Email appraisal to: kelly.mclaughlin@communitynational.net or mail
PO Box 223 El Dorado KS 67042 ** Kelly McLaughlin c/o CNB&T

ARE INTERIOR PHOTOS REQUIRED: Yes

COMMENTS: Dwight has contacted Andy Braun 316-262-0000, who I understand is charged with assigning appraisals within their org.
He quoted a cost of \$1,800.00 per property, but he gave a 4 week time line. My abacus indicates the fee \$7,200.00

LENDER: Community National Bank & Trust

Community National Bank & Trust
301 N. Main
El Dorado, KS 67042

Rev 5-19-06

Zoning Regulations

LI, Limited Industrial District

- **Purpose.** The purpose of the LI limited industrial district is to accommodate moderate intensity manufacturing, industrial, commercial and complementary land uses. The LI district is generally compatible with the "Industrial" designation of the Wichita-Sedgwick County Comprehensive Plan. It is intended for application primarily within the City of Wichita, although it may be appropriate for application in areas of unincorporated Sedgwick County that have been designated as "urban service areas."
- **Permitted uses.** The following uses shall be permitted by-right in the LI district.
 - **Residential uses**
NONE
 - **Public and civic uses**
Auditorium or stadium
Cemetery
Church or place of worship
College or university
Community assembly
Convalescent care facility, limited and general
Correctional facility, subject to Sec. III-D.6.h
Correctional placement residence, limited and general, subject to Sec. III-D.6.h
Day care, limited and general, subject to Sec. III-D.6.i
Golf course
Government service
Hospital
Library
Parks and recreation
Recycling collection station, private, subject to Sec. III-D.6.q
Recycling collection station, public, subject to Sec. III-D.6.r
Recycling processing center, subject to Sec. III-D.6.s
Reverse vending machine, subject to Sec. III-D.6.u
Safety service
Utility, minor
 - **Commercial uses**
Animal care, limited or general
Automated teller machine
Bank or financial institution
Broadcast/recording studio
Car wash, subject to Sec. III-D.6.f
Construction sales and service
Convenience store
Funeral home
Hotel or motel
Kennel, boarding/breeding/training, subject to Sec. III-D.6.k
Marine facility, recreational
Medical service
Microbrewery
Monument sales
Night club in the City, subject to Sec. III-D.6.w
Night club in the County, subject to Sec. III-D.6.af
Nursery and garden center



Office, general
Parking area, commercial
Pawn shop
Personal care service
Personal improvement service
Post office substation
Printing and copying, limited
Printing and publishing, general
Recreation and entertainment, indoor and outdoor
Restaurant
Retail, general
Secondhand store
Service station
Sexually oriented business, subject to Sec. III-D.6.af
Tattooing and body piercing facility, subject to Sec. III-D.6.ae
Tavern or drinking establishment, subject to Sec. III-D.6.w
Vehicle and equipment sales
Vehicle repair, limited and general
Vocational school
Warehouse, self-service storage
Wireless communication facility, subject to Sec. III-D.6.g
• **Industrial, manufacturing and extractive uses**
Asphalt or concrete plant, limited, subject to Sec. III-D.6.d
Freight terminal
Gas and fuel storage and sales
Manufacturing, limited and general
Research services
Storage, outdoor, subject to Sec. III-D.6.ad
Vehicle storage yard
Warehousing
Welding or machine shop
Wholesale or business services
• **Agricultural uses**
Agriculture
Agricultural processing
Agricultural research
Agricultural sales and service
Grain storage

• **Conditional Uses.** The following uses shall be permitted in the LI district if reviewed and approved by the Planning Commission in accordance with the procedures and standards of Sec. V-D.

• **Residential uses**

NONE

• **Public and civic uses**

Day reporting centers, subject to Sec. III-D.6.ai

School, elementary, middle and high

Utility, major

• **Commercial uses**

Airport or airstrip

Heliport

• **Industrial, manufacturing and extractive uses**

Asphalt or concrete plant, general

Landfill



Mining or quarrying
Oil and gas drilling
Rock crushing
Solid waste incinerator, subject to Sec. III-D.6.v
Transfer Station
Wrecking/salvage yard, subject to Sec. III-D.6.e
• **Agricultural uses**
NONE

• **Property development standards.** Each site in the LI district shall be subject to the following minimum property development standards. Setbacks and heights are for principal structures. See Sec. III-D.7.e for setbacks and heights for accessory structures. See also Secs. III-E.2.e(2) and III-E.2.e(3) for front setbacks on unplatted tracts or major roadways. Compatibility standards in Secs. IV-C.4 and IV-C.5 may take precedence.

- **Minimum lot size:** No minimum
- **Minimum lot width:** No minimum
- **Minimum front setback:** 20 feet, provided that the minimum required front setback may be reduced pursuant to Sec. III-E.2.e(5)
- **Minimum rear setback:** No minimum
- **Minimum interior side setback:** zero feet, but if an interior side setback is provided it shall be at least five feet in width
- **Minimum street side setback:** No minimum
- **Maximum height:** 80 feet, plus two feet of additional height for each foot of setback beyond the minimum required setbacks

• **Special LI district regulations.**

- **Environmental Performance Standards.** Uses and activities that are in violation of the Sedgwick County Code or the Wichita City Code or that are out of character with ordinary and customary standards and practices for a permitted use to such an extent that the use or activity is obnoxious, offensive or a nuisance due to odor, dust, smoke, noise, vibration or other similar causes, are prohibited in the LI district.



ARGUS Reports

Input Assumptions

Property Description

Name:
Address:
Address2:
City:
State:
Zip:
Country:
Portfolio:
Property Type:
Property Reference:
Property Version:

Property Timing

Analysis Start Date:
Reporting Start Date:
Years to Report or End Date:

Heritage College
2800 S Rock Road
Wichita
KS

10/12
10/12
7

Office & Retail

Area Measures

Label	Area
Property Size Alt. Prop. Size	21,460 SqFt 1 SqFt

Constants

Label	
Total Purchase Price	0

General Inflation

Inflation Month:
Reimbursement Method:
Inflation Rate:

Analysis Start

Calendar reimbursement using fiscal inflation

3

Reimbursable Expenses

Name	Acct Code	Actuals	Budgeted	Units	Area/Constant	Frequency	% Fixed	Inflation	Ref Acct	Notes
CAM			0.5	\$/Area	Property Size	/Year	100			
Utilities			60,900	\$Amount		/Year	100			
Property Taxes			60,879.47	\$Amount		/Year	100			
Special Assessments			Detail	\$Amount			100			
Insurance			0.2	\$/Area	Property Size	/Year	100			
Janitorial / Interior Maintena			0.6	\$/Area	Property Size	/Year	100			

Gross Up for Reimbursement: No

(continued on next page)

Input Assumptions
(continued from previous page)

Detail Of Special Assessments

	Sep-2013	Sep-2014	Sep-2015	Sep-2016	Sep-2017	Sep-2018	Sep-2019	Sep-2020	Sep-2021	Sep-2022
October	115.54	115.54								
November	115.54	115.54								
December	115.54	115.54								
January	115.54	115.54								
February	115.54	115.54								
March	115.55	115.55								
April	115.54	115.54								
May	115.54	115.54								
June	115.54	115.54								
July	115.54	115.54								
August	115.54	115.54								
September	115.55	115.55								

Annual Total	1386.50	1386.50	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Inflation		0.0000								
Inflated Total	1386.50	1386.50								

Non-Reimbursable Expenses

Name	Acct Code	Actuals	Budgeted	Units	Area/Constant	Frequency	% Fixed	Inflation	Ref Acct	Notes
------	-----------	---------	----------	-------	---------------	-----------	---------	-----------	----------	-------

Management Fees			1.5	% of EGR						
-----------------	--	--	-----	----------	--	--	--	--	--	--

Capital Expenditures

Name	Acct Code	Actuals	Budgeted	Units	Area/Constant	Frequency	% Fixed	Inflation	Ref Acct	Notes
------	-----------	---------	----------	-------	---------------	-----------	---------	-----------	----------	-------

Reserves

			0.1	\$/Area	Property Size	/Year	100			
--	--	--	-----	---------	---------------	-------	-----	--	--	--

Rent Roll

Tenant Name/ No. Description	Suite	Lease Type	Lease Status	Total Area	Start Date	Term/ Expir	Base/Min Rent	Unit of Measure	Rent Chng	Rtl Slx	Reimbur- sements	Unit of Measure	Rent Abatement
1 Weston Educational In		Office	Contract	21,460	6/09	1/13	Detail				None		
Weston Educational In		Option	Speculative	21,460		5	Detail				\$6.20 psf reimb		
Weston Educational In		Option	Speculative	21,460		5	22,067 \$ Amnt/Mo		Yes		\$6.20 psf reimb		

Tenant Name/ No. Description	Leasing Cost	Security Deposit	Market Leasing	Upon Expiration	Rnwl Prob	More/ Notes
---------------------------------	--------------	---------------------	----------------	-----------------	--------------	----------------

Detail Base Rent
Weston Educational Inc (dba

Date	Amount	Units
------	--------	-------

1	22,553.89 \$ Amnt/Mo	
13	33,686.66 \$ Amnt/Mo	
25	34,303.27 \$ Amnt/Mo	
48	34,938.38 \$ Amnt/Mo	

(continued on next page)

Input Assumptions
(continued from previous page)

Rent Changes: Weston Educational Inc (dba He

Detail Base Rent
Weston Educational Inc (dba

Date	Amount	Units
1/13	20,208 \$ Amnt/Mo	
1/14	20,208 \$ Amnt/Mo	
1/15	20,798 \$ Amnt/Mo	
1/16	20,798 \$ Amnt/Mo	
1/17	21,424 \$ Amnt/Mo	

Step:
Porters' Wage:
Miscellaneous:
CPI Rent
Category:
Current Amount:
Parking
Spaces:
Amount:

CPI every 2 Years

Detailed Reimbursement Methods

Reimbursement Category: \$6.20 psf reimbursed

Base Category on Another Method: No

Reimbursable Expenses	Reimbursement Method	Amount	Pro -rate	Area Measure	Area Minimum	Reimburse After	Charg-able %
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Reimbursed Expenses
Janitorial / Interior Maintena

Net (Pays Pro Rate Share)
Net (Pays Pro Rate Share)

Natural Property Size
Natural Property Size

Reimbursable Expenses

Reimb. Minimum
Unit of Measure

Min. Growth

Reimb. Max

Unit of Measure

Max Growth

% Rent Offset

Reimbursed Expenses
Janitorial / Interior Maintena

6.2

\$/SqFt/Yr

Number of terms to apply method: 1
Gross up Expenses: Global

CPI Rent Adjustments

CPI Category: CPI every 2 Years

Expense Groups

CPI Method: Time Based
Inflation Rate/Index: CPI Inflation
Percent Paid: 3 % per Period
Minimum Increase: 3 % per Period
Maximum Increase: 24 Month(s)
Begin After 24 Month(s)
Repeat Every 24 Month(s)

Group: Reimbursed Expenses
CAM
Utilities
Property Taxes
Special Assessments
Insurance

100
100
100
100
100

(continued on next page)

Input Assumptions
(continued from previous page)

Market Leasing Assumptions

Leasing Assumptions Category: Market Rent

Lease Status: Speculative

Renewal Probability	New Market	Renewal Mkt	Unit of Measure
Market Rent	16.75	50	Percent
Months Vacant	9	Use Last Rent	\$/SqFt/Yr
Tenant Improvements	0.00	0	Months
Leasing Commissions	6	0.00	\$/SqFt
Rent Abatements	0	2	Percent
Security Deposit	None	None	Months
Non-Weighted Items			
Rent Changes	No		
Retail Sales	No		
Reimbursements	None		
Term Lengths	5	Years	

Property Resale

Option:
Cap Rate:
Resale Adjustment(s):
Apply Rate to following year income: Yes
Calculate Resale for All Years: No

Capitalize Net Operating Income
9.75
0

Direct Capitalization

Capitalization Period:
Cash Flow to Capitalize:
Cap Rate:
Commissions:
Calculate a Blended Value:

Year One
Net Operating Income
9.5
0
50%

Present Value Discounting
Primary Discount Rate:
Discount Rate Range
Number of Rates:
Increment:
Discount Method: Annually (Endpoint on Cash Flow & Resale)
Advanced
Unleveraged Discount Range
Cash Flow Rate:
Resale Rate:
Leveraged Discount Range
Cash Flow Rate:
Resale Rate:

9.75
9.75
3
0.25
9.75
9.75
9.75
9.75