



**Dennis Badger
& Associates, Inc.**

Residential and Commercial Real Property Appraisals

January 18, 2002



RE: Appraisal of Fee Simple Interest at [REDACTED], Lexington, KY [REDACTED]

Mr. [REDACTED]:

As requested, we have performed the necessary analysis to determine a current market value opinion of the fee simple interest in the above-referenced property. This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the 2002 Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it presents no discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

Client:

Mr. [REDACTED]

Purpose of the Appraisal:

Internal decision making purposes (to determine market value opinion of fee simple interest of subject property).

Type of value:

Market Value (as referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated Oct. 27, 1994.)

Intended User:

Restricted to client use only

Real Property Appraised:

[REDACTED], Lexington, Fayette County,
Kentucky

Real Property Interest Appraised: Fee Simple

Effective Date & Date of Report: January 15, 2002

Ownership History: Lexington-Fayette Blue Grass Airport Authority; there have been no transfers nor has the property been listed for sale on the open market within the past 5 years .

Scope of Work:

The scope of this appraisal involved researching and analyzing the context of the subject's area/neighborhood as well as the characteristics of the subject property. The subject property was observed by the appraiser in the presence of Mr. [REDACTED]. Due to the age of the improvements, the cost approach was not applicable. In addition, as airport structures are seldom bought and sold on the open market, the sales comparison approach is not applicable. As sufficient income data were available on airport leases, the income approach is the exclusive determinant of value.

Description of the Improvements:

The subject basically consists of a one-story, masonry (concrete-block) building containing 9,900 sq.ft. of net rentable area. While its actual age is unknown, it appears to have an effective age of approximately 20-25 years. The roof structure is steel decking over steel web-joists and I-beams. It has a sealed concrete floor suitable for its existing use of freight storage. The ceiling is primarily exposed roof framing and HVAC consists of entirely suspended furnaces in the warehouse areas. Office finish is minimal, being typical for a freight building (suspended tile ceiling panels, low quality floor covering consisting of tile/carpet, fluorescent lighting, radiant heat).

**Extraordinary Assumptions/
Hypothetical Conditions:** None

Existing Use: Air Freight Building

Highest and Best Use Conclusion: [REDACTED]

USPAP Departures: None

Income Capitalization Assumptions: Annual rental rate of \$7.95/s.f. or \$78,705 potential gross income, 16.66% stabilized vacancy rate, 12.0% operating expenses, \$57,722 net operating income, 11.0% overall capitalization rate.

Market Value Opinion of Fee Simple Interest: \$ [REDACTED]

Marketing and Exposure Time Estimates: Both are less than 12 months

Use Restriction:

The use of this report is limited to the client named herein.

Assumptions and Limiting Conditions:

1. This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
7. 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 arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for

reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.

12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.

18. 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 disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

As always, should you have any questions or if we can be of any further assistance, please call us at (859) 252-3445.

Best regards,

Dennis L. Badger
KY Certified General Appraiser (KY Cert. #1611)

Subject Photos

Exterior - South Side

Exterior - North Side

Subject Photos

Interior

Interior

Certification

The undersigned do hereby certify that, except as otherwise noted in this appraisal report, to the best of our knowledge and belief:

1. The statements of facts contained in this appraisal report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. 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.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of the subsequent event directly related to the intended use of this appraisal.
5. My analysis, opinions, and conclusions were developed, and this appraisal report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
6. I do not authorize the out-of-text quoting from or partial reprinting of this appraisal report. Further, neither all or any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report.
7. I made a personal inspection of the property that is the subject of this report, performed the research and wrote the report.
8. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
9. No one provided significant professional assistance to the person(s) signing this report and certification.
10. I have the background, knowledge and experience to complete the assignment competently.

Dennis L. Badger
Certified General Appraiser (KY Cert. #1611)