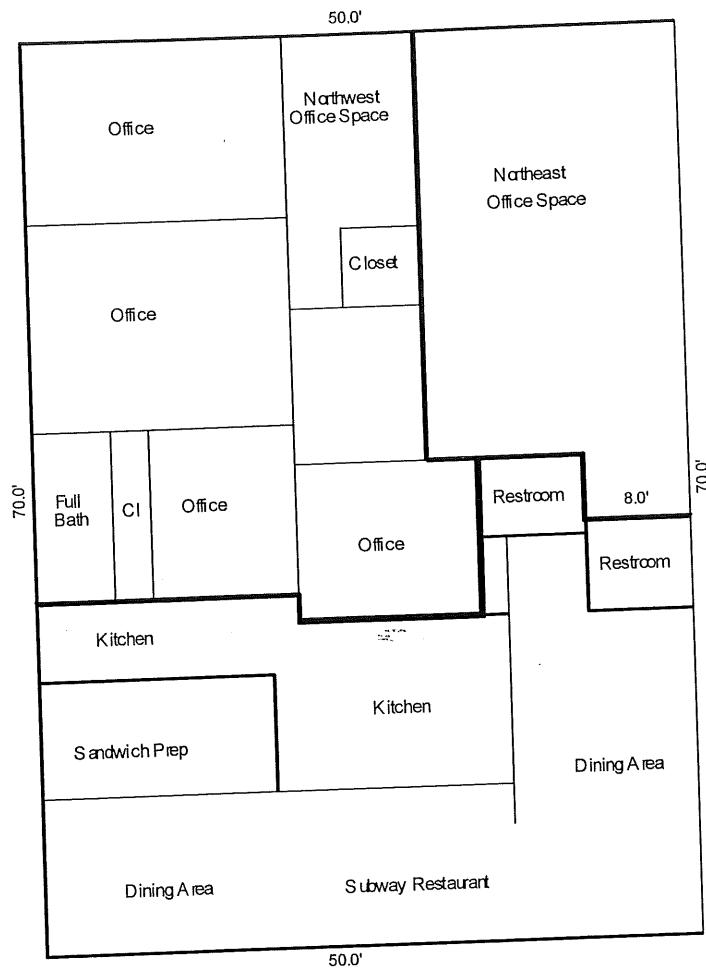
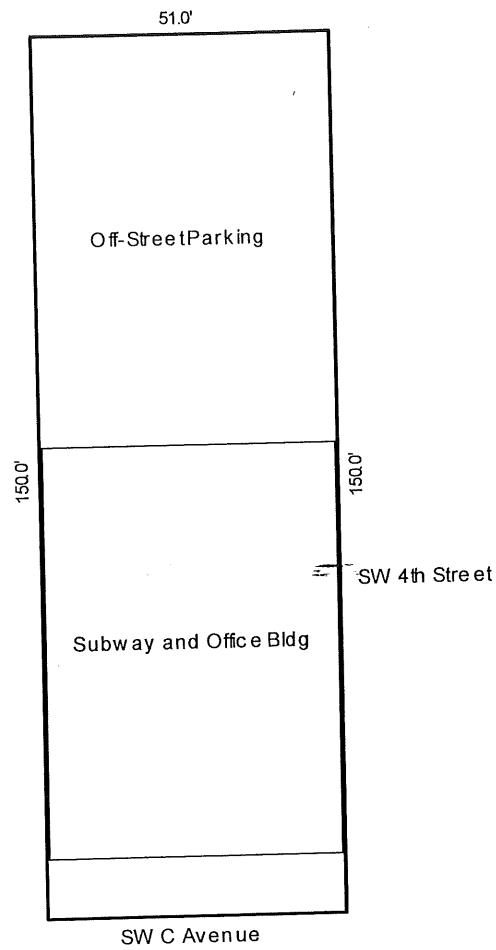


Subject Floor Plan



Subject Site Plan



INCOME APPROACH (cont'd)

There are also two office spaces. The space that was previously leased is 640 square feet and the other space is approximately 1,360 square feet. The 1,360 square foot area was occupied by the previous owner who also ran the Subway and other Subways in Lawton and Duncan. The 640 square foot tenant space was previously rented for \$400 per month or \$4,800 annually. This prorates to a square foot rent of \$7.50. The lease appears to have been on a gross basis with the tenant being responsible for interior maintenance, insurance, and utilities. This space does not have a floor covering; therefore, a slightly lower rent than the other space is reasonable. This space will be offered for lease for \$400 per month, or \$7.50 per square foot on a triple net basis.

The 1,360 square foot space will be offered for lease by a local broker at \$1,000 per month, or \$8.82 per square foot on a triple net basis.

I contacted Mr. Jason Wells, a commercial real estate broker in the central business district of Lawton, to discuss the office market and current rents. He stated that within the last few months he has leased three office spaces within a few blocks of the subject. (Due to confidentiality reasons he did not share the addresses.) A space on D Avenue he leased for \$10.50 per square foot on a gross basis. Two spaces on C Avenue he leased for \$9.00 to \$9.50 per square foot on a triple net basis.

From this, it appears that the asking rents of \$400 per month (\$7.50 per square foot triple net) and \$1,000 per month (\$8.82 per square foot triple net) are very reasonable and even below what has happened recently. We will estimate a triple net rent of \$1,400 per month or \$16,800 annually for the subject's office space.

Mr. Wells stated that in his opinion the only reason the subject has not been rented is that it has not been offered on the market yet.

IMPROVEMENT DESCRIPTION

The site is improved with a masonry building that was constructed in 1998 with a Subway restaurant and two tenant office spaces. The exterior is brick with a steel roof that is slightly pitched to the north/rear. It is on a concrete slab. The building is a total of 3,500 square feet with 1,442 square feet used for the restaurant and 2,058 square feet being leaseable office space. There is not a drive-thru window for the restaurant.

The interior of the restaurant area consists of a dining area, sandwich prep area, kitchen, and two restrooms. The dining area, sandwich preparation area, and restrooms have quarry tile floors. The kitchen has vinyl tile floor covering. The walls in the kitchen and restrooms are marlite and in the dining area is drywall. The ceilings are acoustical ceiling tiles. Each of the restrooms is two fixtures. The seating capacity is 46.

The walk-in cooler and walk-in freezer are both located within the exterior walls in the kitchen area. There is a gas-fired forced-air furnace with central air conditioning and one 20-gallon electric water heater. The windows are fixed-thermo pane. The electrical service is by two 200 amp breaker panels.

The leaseable office spaces are finished similarly with a combination of quarry tile, vinyl inlaid, and carpet flooring, drywall walls, and acoustical tile ceilings. Each of the two office spaces has a restroom. The windows are fixed-thermo pane in this area also.

The actual age of the building is 9 years. The effective age is estimated to be 5 to 10 years with a remaining economic life is estimated to be 35 to 40 years.

The parking lot on the north side of the building is asphalt paved allowing for 7 vehicles. There is also ample parking space on the streets. There are concrete walks on the south and east sides of the building.

The land to building ratio is 2.19 to 1.

SITE DESCRIPTION

The subject site contains a total of 7,650 square feet and is rectangular in shape. It has 51 feet of frontage on SW "C" Avenue and 150 feet of frontage on SW 4th Street.

It is located at the northwest quadrant of SW "C" Avenue and SW 4th Street. Ingress and egress is by one curb cut off of SW 4th Street to the parking area for the office tenants. The site is level and on grade with the street and adjacent properties.

Visibility and exposure are considered good as the site has frontage on SW "C" Avenue which is a major east-west thoroughfare. Drainage is adequate. There are sidewalks on both streets. There is curb and gutter, street lights, and full municipal utilities.

Surrounding properties include commercial to the east, a shopping mall to the south, commercial store fronts to the west, and commercial and residential to the north.

No adverse easements or encroachments are known to exist.

We were unable to obtain traffic counts for SW "C" Avenue or SW 4th Street.