APPRAISAL OF REAL PROPERTY

**Former Bank Branch**
**5742 West Belmont Avenue**
**Chicago, Cook County, IL 60634-5208**
Latitude: 41.938527  Longitude: -87.770278

IN A SELF-CONTAINED APPRAISAL REPORT

As of January 19, 2011

Prepared For:
Bank of America Corporation
901 Main Street, 18th Floor
Dallas, TX 75202
Client ID# 10-014530-APR01-001

Photograph of Subject Property

Prepared By:
Cushman & Wakefield of Illinois, Inc.
Valuation & Advisory
6133 North River Road, Suite 1000
Rosemont, IL 60018
C&W File ID: 11-21002-900093-001

CUSHMAN & WAKEFIELD OF ILLINOIS, INC.
6133 NORTH RIVER ROAD, SUITE 1000
ROSEMONT, IL 60018

January 24, 2011

Mr. James Rosso, MAI, SRA
**Bank of America Corporation**
901 Main Street, 18th Floor
Dallas, TX 75202

Re: Appraisal of Real Property
In a Self-Contained Report

**Former Bank Branch**
5742 West Belmont Avenue
Chicago, Cook County, IL 60634-5208

C&W File ID: 11-21002-900093-001

Dear Mr. Rosso:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in a self-contained report dated January 24, 2011. The effective date of value is January 19, 2011.

The intended use of the appraisal report is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or , Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.

**Bank of America makes no warranties or representations regarding this document or the conclusions contained herein.**

This appraisal report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the *Uniform Standards of Professional Appraisal Practice* (USPAP).

## MARKET VALUE AS IS

Based on the agreed to Scope of Work, and as outlined in the report, we developed an opinion that the Market Value of the Fee Simple estate of the above property, subject to the assumptions and limiting conditions, certifications, and extraordinary assumptions, if any, and definitions, “As-Is” on January 19, 2011, was:

**SIX HUNDRED TWENTY FIVE THOUSAND DOLLARS**

**$625,000**

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions. We particularly call your attention to the extraordinary assumptions and hypothetical conditions listed below.

## EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

This appraisal does not employ any extraordinary assumptions.

## HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

**CUSHMAN & WAKEFIELD OF ILLINOIS, INC.**

Robert A. Colantonio, MAI, MRICS
Director
IL Certified General Appraiser
License No. 553.001477
Expires 09/30/2011
robert.colantonio@cushwake.com
(847) 518-3291 Office Direct
(847) 518-3289 Fax

## CLIENT SATISFACTION SURVEY

As part of our new quality monitoring campaign, attached is a short survey pertaining to this appraisal report and the service that you received. Would you please take a few minutes to complete the survey to help us identify the things you liked and did not like?

Each of your responses will be catalogued and reviewed by members of our national Quality Control Committee, and appropriate actions will be taken where necessary. Your feedback is critical to our effort to continuously improve our service to you, and is sincerely appreciated.

To access the questionnaire, please click on the link here:

http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fswh1KQ_3d_3d&c=11-21002-900093-001

The survey is hosted by Surveymonkey.com, an experienced survey software provider. Alternatively, simply print out the survey attached in the Addenda of this report and fax it to (716) 852-0890.

# GENERAL DESCRIPTION

The subject property is a vacant storefront building that was previously used as a bank branch. According to the broker with Jones Lang LaSalle, the subject was listed for auction in February 2010; however, it was not purchased. The building has not been listed on the open market.

| BASIC INFORMATION | | | |
|---|---|---|---|
| **Common Property Name:** | Former Bank Branch | **Report Type:** | Self-Contained |
| **Address:** | 5742 West Belmont Avenue | **Interest Appraised:** | Fee Simple |
| **City:** | Chicago | **Date of Value:** | 1/19/11 |
| **State:** | IL | **Date of Inspection:** | 1/19/11 |
| **Zip Code:** | 60634-5208 | **Date of Report:** | 1/24/11 |
| **County:** | Cook | **Prospective Date of Completion:** | NA |
| **Property Ownership Entity:** | Bank of America, LLP | **Prospective Date of Stabilization:** | NA |
| **CW File Reference:** | 11-21002-900093-001 | | |

| SITE INFORMATION | | | |
|---|---|---|---|
| **Land Area Gross SF:** | 6,283 | **Site Utility:** | Good |
| **Land Area Acres:** | 0.14 | **Site Topography:** | Level |
| **Is there additional Excess Land?** | No | **Site Shape:** | Rectangular |
| **Excess Land Area SF:** | 0 | **Frontage:** | Good |
| **Excess Land Area Acres:** | 0.00 | **Access:** | Good |
| **Total Land Area SF:** | 6,283 | **Visibility:** | Good |
| **Total Land Area Acres:** | 0.14 | **Location Rating:** | Good |
| **Flood Zone:** | X | **Number of Parking Spaces:** | 0 |
| **Flood Map Number:** | 17031 0385J | **Parking Ratio (per 1,000 sf):** | 0.00:1 |
| **Flood Map Date:** | 8/19/08 | **Parking Type:** | Street |

| BUILDING INFORMATION | | | |
|---|---|---|---|
| **Type of Property:** | Single-Tenant Retail | **Actual Age:** | 60 Years |
| **Type of Construction:** | Steel and masonry | **Quality:** | Average |
| **Number of Buildings:** | 1 | **Condition:** | Average |
| **Gross Building Area:** | 6,283 SF | **Year Built:** | 1951 |
| **Net Rentable Area:** | 6,283 SF | **Year Renovated:** | 1995 |
| **Number of Stories:** | 1 | **Land to Building Ratio:** | 1.00:1 |
| **Curable Depreciation:** | $0 | **Building Construction Class:** | C |

| MUNICIPAL INFORMATION | | | |
|---|---|---|---|
| **Assessing Authority:** | Cook County | **Municipality Governing Zoning:** | City of Chicago |
| **Assessor's Parcel Identification:** | 13-20-432-041-0000 | **Current Zoning:** | B3-1 Community Shopping |
| **Current Tax Year:** | 2010 | **Is current use permitted:** | Yes |
| **Taxable Assessment:** | $187,500 | **Current Use Compliance:** | Pre-existing, non-complying use |
| **Current Tax Liability:** | $38,065 | **Zoning Change Applied For:** | No |
| **Taxes per square foot:** | $6.06 | **Zoning Variance Applied For:** | Not applicable |
| **Are taxes current?** | Taxes are current | | |
| **Is a grievance underway?** | Not to our knowledge | | |
| **Subject's assessment is:** | Above market levels | | |

| HIGHEST & BEST USE | |
|---|---|
| **As Though Vacant:** | **As Improved:** |
| A commercial office or retail use built to its maximum feasible building area when market conditions warrant new construction | A commercial office-retail storefront. |

| VALUATION INDICES | Market Value As Is |
|---|---|
| **SALES COMPARISON APPROACH** | |
| Indicated Value: | $625,000 |
| Per Square Foot (NRA): | $99.47 |
| **INCOME CAPITALIZATION APPROACH** | |
| **Direct Capitalization** | |
| Net Operating Income (stabilized): | $50,682 |
| Capitalization Rate: | 8.50% |
| Indicated Value: | $596,261 |
| Indicated Value Rounded: | $600,000 |
| Per Square Foot (NRA): | $95.50 |
| **Income Capitalization Approach** | |
| Indicated Value: | $625,000 |
| Per Square Foot (NRA): | $99.47 |
| **FINAL VALUE CONCLUSION** | |
| Concluded Value: | $625,000 |
| Per Square Foot (NRA): | $99.47 |
| **EXPOSURE TIME** | |
| **Exposure Time:** | 12 Months |
| **Marketing Time:** | 12 Months |

## EXTRAORDINARY ASSUMPTIONS

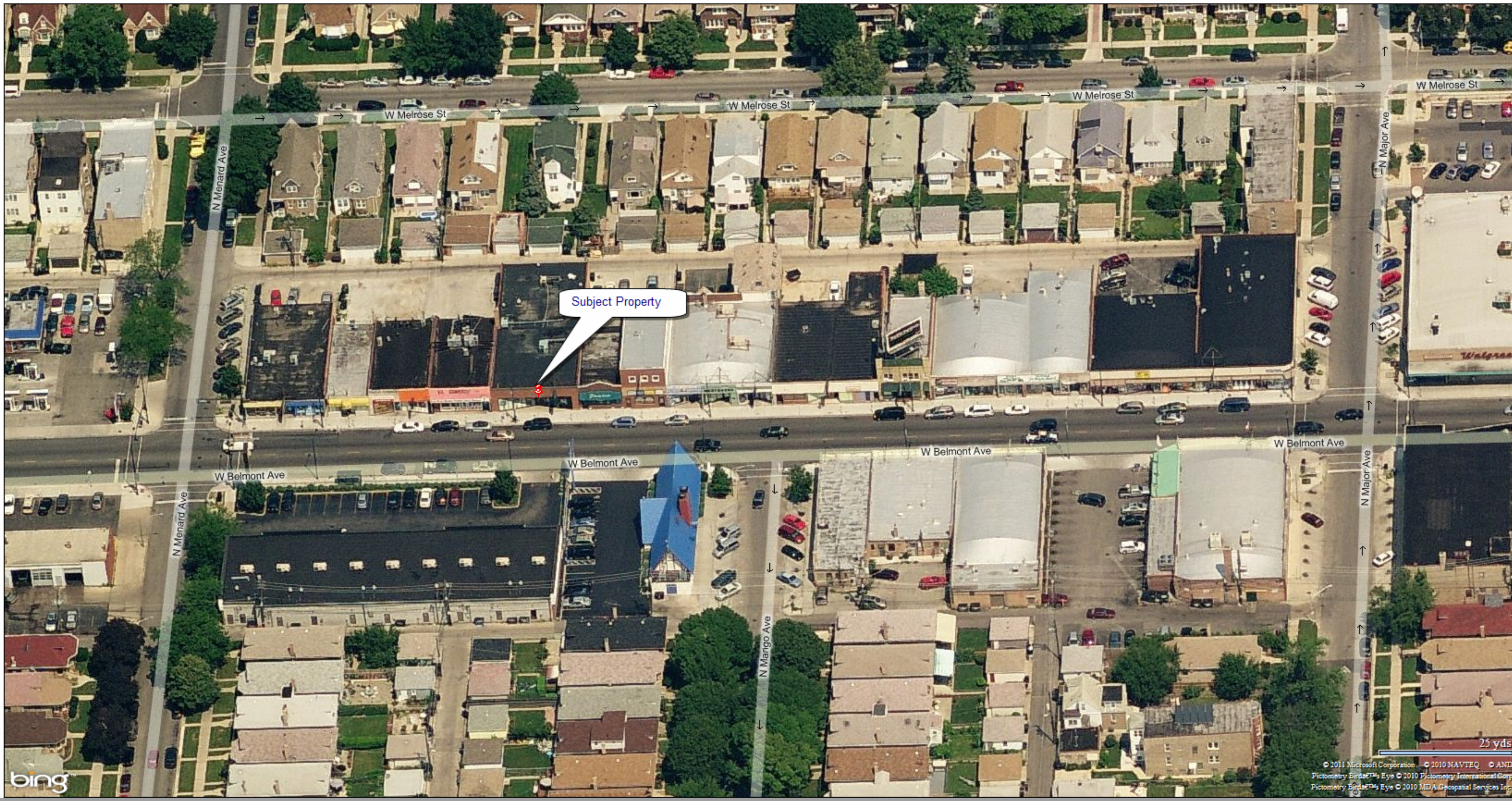
For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions.

This appraisal does not employ any extraordinary assumptions.

## HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions.

This appraisal does not employ any hypothetical conditions.


Subject Property
W Melrose St
W Belmont Ave
N Menard Ave
N Mango Ave
N Major Ave
25 yds
bing


Exterior View of the Subject


Exterior View of the Subject


Exterior View of the Subject

Exterior View of the Subject

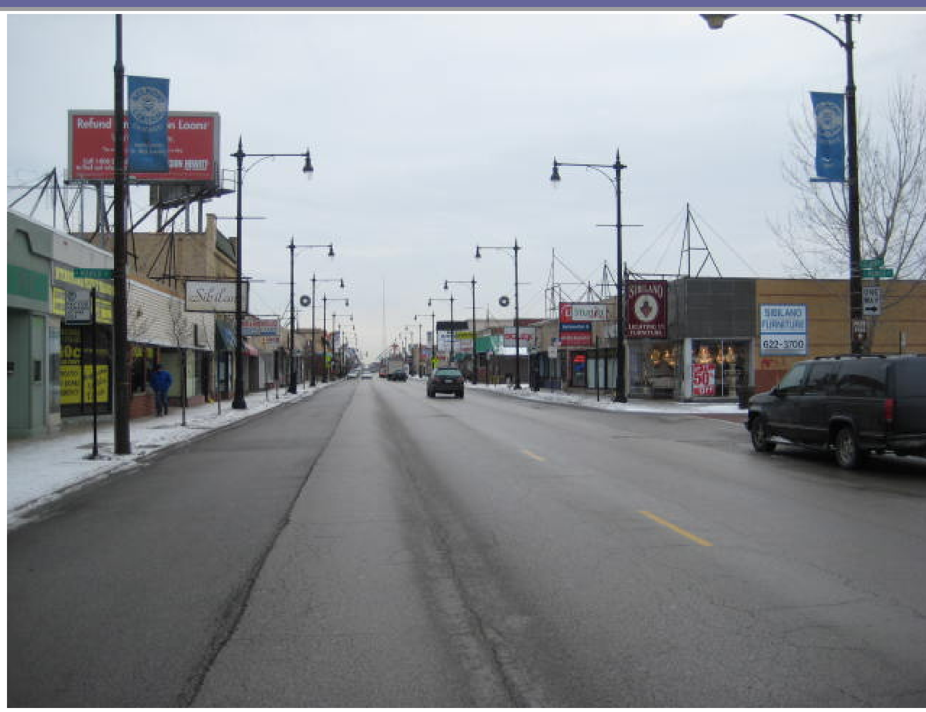
Interior View of the Lobby

Interior View of the Lobby Area

View of a Private Office


Interior View of the Conference Room


West View Along Belmont Avenue




East View Along Belmont Avenue

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# INTRODUCTION

## SCOPE OF WORK

This appraisal, presented in a self-contained report, is intended to comply with the reporting requirements outlined under the USPAP for a self-contained appraisal report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

Cushman & Wakefield of Illinois, Inc. has an internal Quality Control Oversight Program. This Program mandates a “second read” of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by George F. Collins, MAI, FRICS.

The scope of this appraisal required collecting primary and secondary data relevant to the subject property. Vacant land and improved sales were researched in the subject’s market, rental data was analyzed, and the input of buyers, sellers, brokers, property developers and public officials was considered. A physical inspection of the property was made. In addition, the general regional economy as well as the specifics of the subject’s local area was investigated.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

## IDENTIFICATION OF PROPERTY

| | |
|---|---|
| Common Property Name: | Former Bank Branch |
| Location: | 5742 West Belmont Avenue<br>Chicago, Cook County, IL 60634-5208 |
| Assessor's Parcel Number: | 13-20-432-041-0000 |
| Legal Description: | LOT 11 AND LOT 12 IN GORSKI'S RESUBDIVISION OF LOT 94 AND THE VACATED ALLEY LYING EAST OF AND ADJOINING SAID LOT 94, ALL IN ATKINSON'S SUBDIVISION OF LOTS 3, 4 AND 5 IN VOSS' PARTITION OF 80 ACRES WEST OF AND ADJOINING THE EAST 40 ACRES OF THE SOUTH 1/4 OF SECTION 20, TOWNSHIP 40 NORTH, RANGE 13, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND OF LOTS 1, 2, 3, 9, 10 AND 11, IN OWNERS PARTITION OF LOTS 6, 7, 8, 9 AND 10 OF VOSS' PARTITION AFORESAID, IN COOK COUNTY, ILLINOIS. |

## PROPERTY OWNERSHIP AND RECENT HISTORY

| | |
|---|---|
| Current Ownership: | Bank of America, LLP |
| Sale History: | The property was listed for auction in February 2010. According to the broker with Jones Lang LaSalle, the subject was not purchased at auction and the subject was never listed for sale on the open market. We were not provided with any bid information. |
| Current Disposition: | To the best of our knowledge, the property is not under contract of sale; however, the subject will be sent to a final auction. The subject does not have a list price and an auction sale is nor considered to be market oriented. |

## DATES OF INSPECTION AND VALUATION

| | |
|---|---|
| Date of Valuation: | January 19, 2011 |
| Date of Inspection: | January 19, 2011 |
| Property inspection was performed by: | Robert A. Colantonio, MAI, MRICS |

## CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

| | |
|---|---|
| Client: | Bank of America Corporation |
| Intended Use: | The intended use of the appraisal report is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. |
| Intended User: | This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or , Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates. |

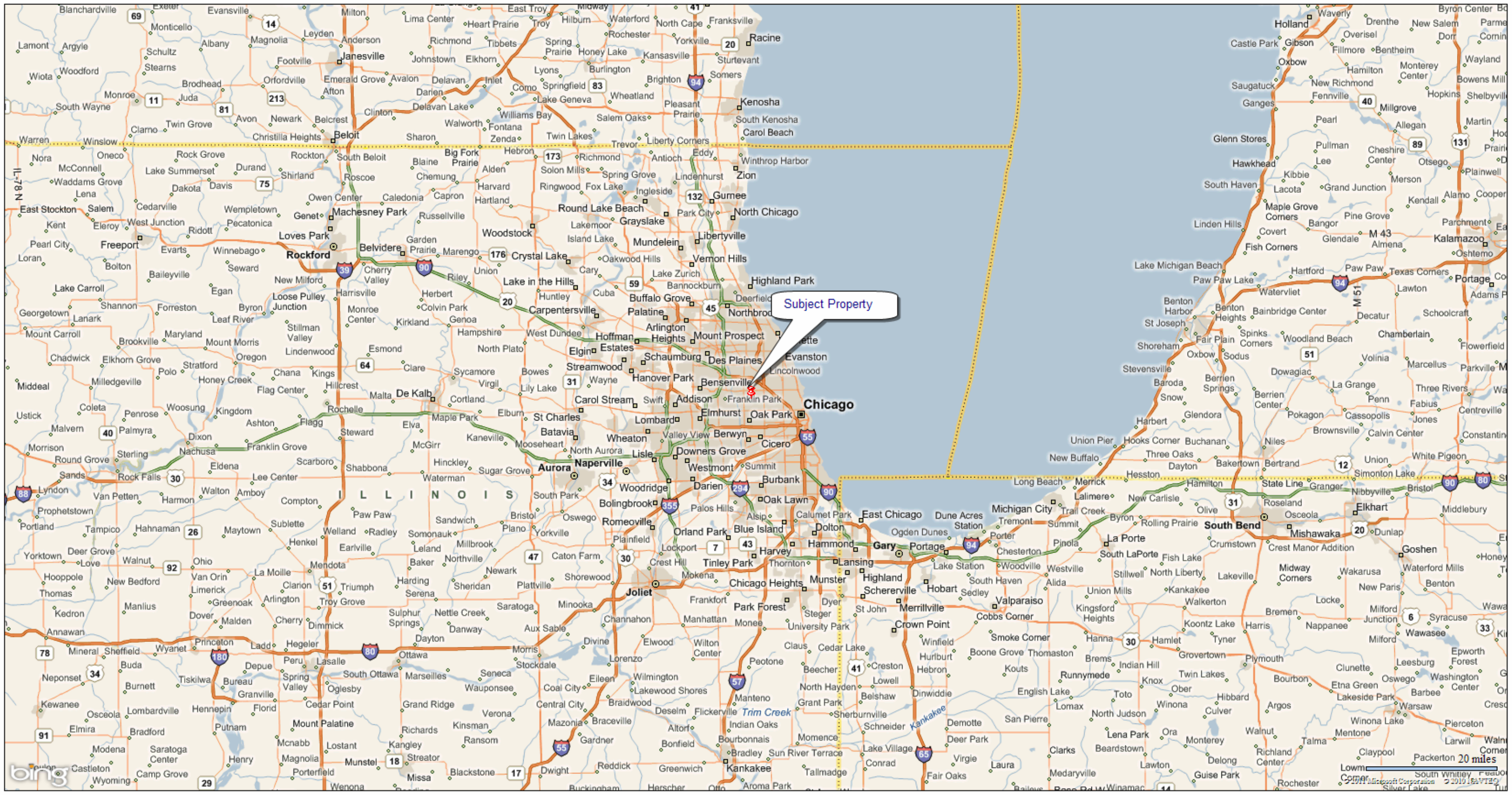
## EXTRAORDINARY ASSUMPTIONS

This appraisal does not employ any extraordinary assumptions.

## HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

# REGIONAL MAP






CUSHMAN & WAKEFIELD

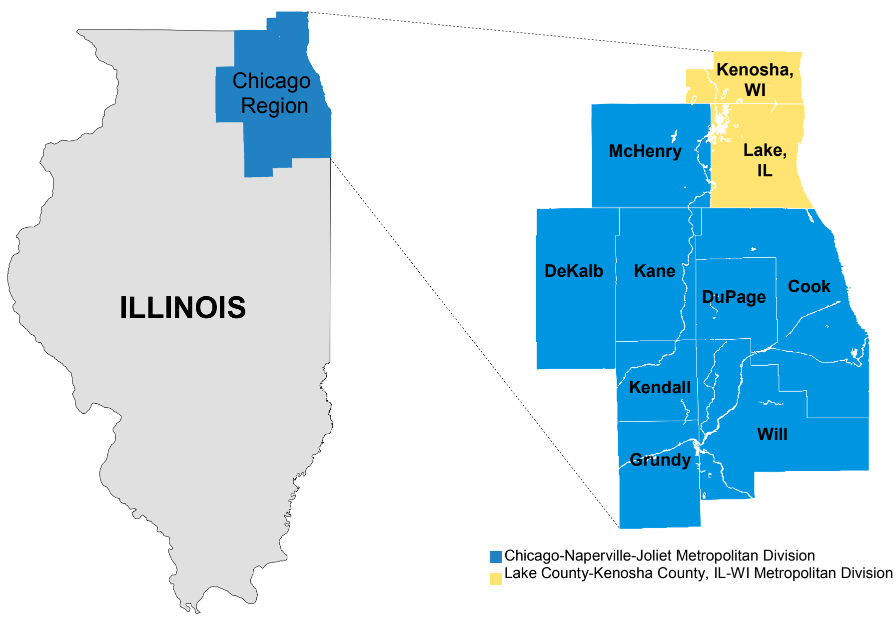
# REGIONAL ANALYSIS

## INTRODUCTION

### MARKET DEFINITION

The Chicago Region consists of the Chicago-Naperville-Joliet, IL Metropolitan Division and the Lake County-Kenosha County, IL-WI Metropolitan Division, which encompasses 10 counties located in northeast Illinois and southeast Wisconsin. The City of Chicago is the largest incorporated area within the Chicago Region and is the seat of Cook County. Chicago is a major Great Lakes port and is considered the commercial, financial, industrial, and cultural center of the Midwest. The Chicago Region is a major warehouse and distribution hub, supported by its comprehensive network of highway, water, rail and air routes. Its strategic location in the middle of the country and at the intersection of major interstate highways, rail lines, and air-routes makes Chicago an attractive locale for corporate headquarters, regional offices, warehouse/distribution facilities, and manufacturing facilities. The Chicago Region is presented in the following map.

**CHICAGO REGION**




Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

### CURRENT TRENDS

Economic activity in the Chicago Region has been anemic under the pressures of corporate consolidation and job losses in the construction, financial services and manufacturing sectors. Construction activity has declined sharply and the area unemployment rate remains uncomfortably high. Additional details regarding the area are as follows:

- Many households have withheld discretionary spending which has plunged retailers into uncharted waters. Consumers continue to focus on the basics and bargains at warehouse and discount retailers at the expense of higher priced department and specialty stores.

- The National Association of Homebuilders reports that building permits issued year-to-date in August 2010 for multifamily developments increased 107.1 percent, while permits for single-family homes increased 5.3 percent.
- While consumer credit conditions have weakened and market conditions have been difficult for sellers, there are indications that home prices in the region are nearing stabilization. The S&P/Case-Shiller Home Price Index through July 2010 indicates seasonal adjusted overall home prices in Chicago declined at the softened rate of 1.7 percent over the previous 12 months. By comparison, from July 2008 to July 2009 this index reported price declines at 14.3 percent.
- Chicago's weakened manufacturing sector has shown signs of improved performance. As reported by the Federal Reserve Bank of Chicago, its Midwest Manufacturing Index (CFMMI) increased 8.5 percent from August 2009 to August 2010 to a level of 79.9. In comparison, during this same period a similar metric for the nation, the US industrial Production-Manufacturing (IPMFG) increased 6.5 percent to a level of 91.3. While each index remains below the established baseline of 100, the level of production recorded in 2007; both indices indicate general production increases.
- As a well established host for domestic and international conventions and trade show business, Chicago stands to benefit from as much as $20.6 million in yearly tourism spending over the next four years, from its McCormick Place convention center alone. However, cutbacks in corporate and tourist spending and complaints of convoluted labor requirements and exorbitant fees have negatively affected prospects for this sector prompting recent reforms of some of these business practices.
- Carving out its niche as a global business center is a key component of Chicago's recovery. This depends heavily on Chicago's ability to retain and attract new corporate headquarters, as well as major intermediate firms.
- The merger of the Chicago Mercantile Exchange and the Chicago Board of Trade gives Chicago the status as the world capital of futures trading and a substantial economic boost.

## DEMOGRAPHIC TRENDS

### DEMOGRAPHIC CHARACTERISTICS

Chicago is comprised of a slightly younger population that is better educated and better compensated compared to the U.S. population. Details of this comparison reveal the following considerations:

- The median age in Chicago of 35.8 years is just below that of the U.S.
- The median household income in Chicago is 17.9 percent greater than that of the U.S. median household income.
- Chicago's share of the population with a bachelor's degree or higher, at 29.2 percent, is above the national average of 24.7 percent.
- The share of households with an income of $100,000 or greater is substantially higher than the nation as a whole.

The following chart compares the demographics of the Chicago MSA and the U.S.:

| Demographic Characteristics<br>Chicago Region vs. United States<br>2009 Estimates | | |
|---|---|---|
| **Characteristic** | **Chicago** | **U.S.** |
| Median Age (years) | 35.8 | 36.8 |
| Average Annual Household Income | $79,145 | $69,376 |
| Median Annual Household Income | $60,618 | $51,433 |
| *Households by Annual Income Level:* | | |
| <$25,000 | 18.5% | 22.9% |
| $25,000 to $49,999 | 23.0% | 26.0% |
| $50,000 to $74,999 | 19.9% | 19.6% |
| $75,000 to $99,999 | 14.1% | 12.3% |
| $100,000 plus | 24.4% | 19.3% |
| *Education Breakdown:* | | |
| < High School | 18.4% | 19.4% |
| High School Graduate | 25.4% | 28.3% |
| College < Bachelor Degree | 27.0% | 27.7% |
| Bachelor Degree | 18.5% | 15.8% |
| Advanced Degree | 10.7% | 8.9% |

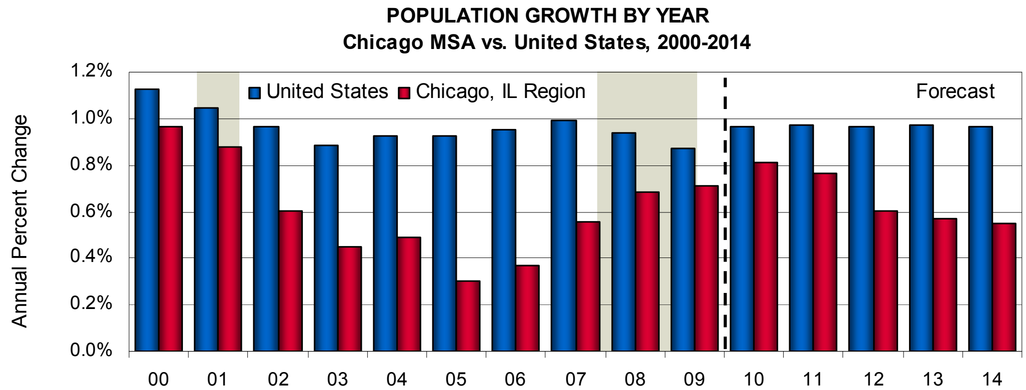
Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

## POPULATION

Population growth in Chicago declined following the 2001 recession and fluctuated at relatively lower levels before steadily increasing in recent years. Short term forecasts indicate an 80 basis point decline in population for the region in each of the two ensuing years, followed by a slight moderation of this trend. Additional details regarding population the Chicago Region include the following:

- Chicago's current population of over 8.9 million grew at an average annual rate of 0.6 percent throughout the ten-year period ending in 2009. The average annual growth rate of the U.S. was 1.0 percent during this same interval.
- Looking forward through 2014, the pace of Chicago's population growth is forecasted to continue at an average annual rate of 0.7 percent, somewhat below the 1.0 percent growth rate the U.S. is expected to maintain.

The following graph compares historical and projected population growth between the Chicago Region and the U.S.:




Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

Throughout the ten-year period ending in 2009, the perimeter counties of the Chicago Region experienced stronger population growth, while Cook County, the most populous county of the MSA, averaged a declining growth rate of 0.1 percent. The general direction of growth has been towards the north, west and southwest of the Region.

Additional considerations are as follows:

- The southwest counties of Kendall and Will experienced the most significant growth rates of 7.1 percent and 3.5 percent, respectively.
- Cook and DuPage counties experienced the weakest growth rates of -0.1 percent and 0.4 percent, respectively. This trend is expected to roughly continue through 2014.
- Through 2014 population trends are expected to remain relatively flat for Cook county, while greater annual growth rates are anticipated for Kendall, Grundy and Will counties.

Details of this activity are presented in the following table:

**Annualized Population Growth by County**
**Chicago Region**
**2000-2014**

| Population (000's) | 2000 | 2010 | 2014 Forecast | Annual Growth 00-09 | Annual Growth 10-14 |
|---|---|---|---|---|---|
| United States | 282,537.7 | 310,399.1 | 322,596.2 | 1.0% | 1.0% |
| **Chicago Region** | **8,441.3** | **8,948.0** | **9,172.6** | **0.6%** | **0.7%** |
| Cook County | 5,376.9 | 5,291.8 | 5,295.4 | -0.1% | 0.0% |
| DeKalb County | 89.3 | 109.8 | 118.0 | 2.0% | 1.9% |
| DuPage County | 906.6 | 937.1 | 948.1 | 0.4% | 0.3% |
| Grundy County | 37.7 | 50.0 | 55.6 | 2.7% | 2.8% |
| Kane County | 407.5 | 523.6 | 562.5 | 2.6% | 1.9% |
| Kendall County | 55.2 | 111.3 | 136.6 | 7.1% | 5.4% |
| McHenry County | 261.9 | 328.0 | 350.0 | 2.3% | 1.8% |
| Will County | 508.0 | 705.7 | 770.0 | 3.5% | 2.4% |
| Lake County | 648.1 | 722.8 | 759.0 | 1.2% | 1.3% |
| Kenosha County | 150.1 | 168.0 | 177.3 | 1.1% | 1.4% |

Source: Data Courtesy of Moody's Economy.com, Cushman & Wakefield Valuation & Advisory

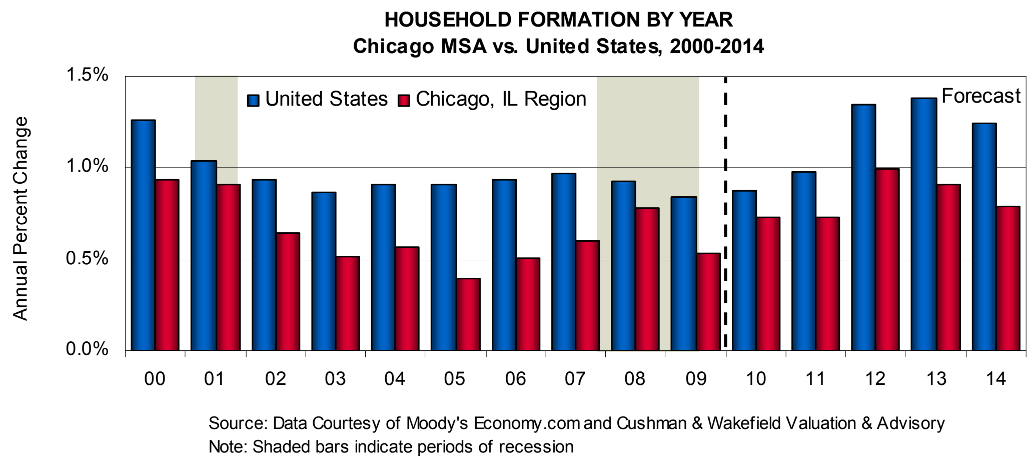
### HOUSEHOLDS

Over the previous ten-year period, household formation trends in the Chicago MSA have generally tracked the population growth of the region. In addition to population trends, this demographic is also profoundly influenced by the interplay between such factors as: consumer confidence, employment status, personal wealth, accessibility to credit, life-stage status and minority, ethnic or cultural alignment.

Additional considerations include the following:

- Over the past decade ending 2009, the annualized growth rate of household formation and population each averaged 0.6 percent in the Chicago MSA. During this same period, U.S. household formation growth also equaled population growth, at a rate of 1.0 percent.
- It is forecasted over the next five years that Chicago may experience a 0.8 percent annual growth rate in household formation which is 40 basis points behind the 1.2 percent annualized growth rate forecast for the U.S.

The following graph presents additional details of this historical and projected activity:




## ECONOMIC TRENDS

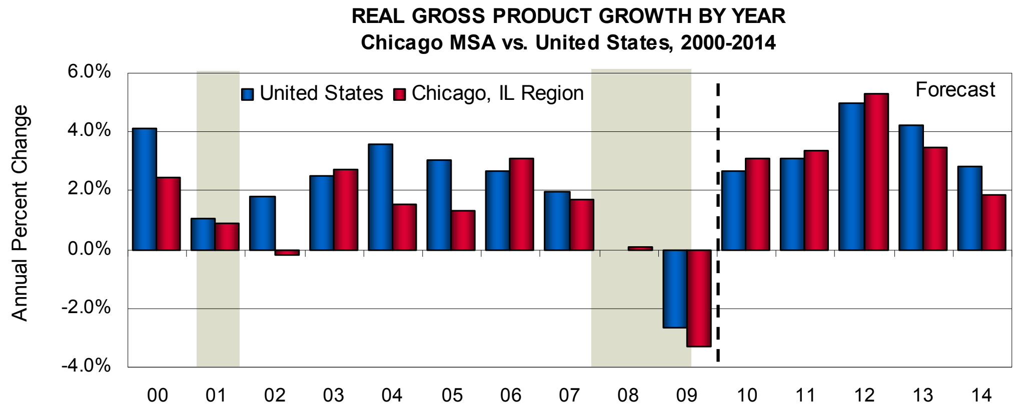
### GROSS METRO PRODUCT

Growth of Chicago's Gross Metro Product (GMP) has often lagged that of the U.S., and in some cases, by a substantial margin. Current estimates indicate the Chicago economy contracted at a rate of 3.3 percent in 2009, 70 basis points beyond the 2.6 percent rate indicated for the U.S.

Additional items of note are as follows:

- From 2000 through 2009, the Chicago GMP grew at an average annual rate of 1.0 percent, trailing the annualized average rate of 1.8 percent for the U.S. as a whole.
- Through 2014, the GMP growth rate in Chicago is expected to reach 3.4 percent, slightly behind the 3.6 percent projection for the U.S.

The following graph presents additional details of this historical and projected activity:




Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

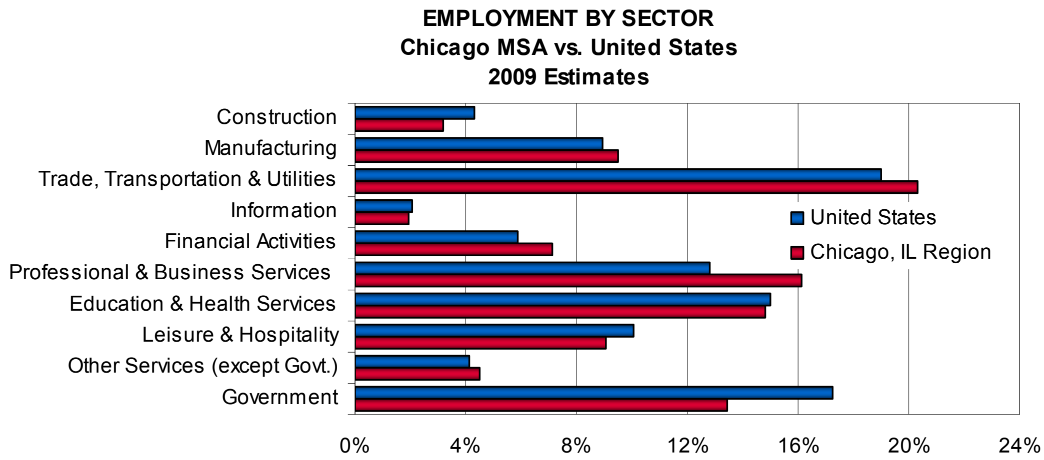
## EMPLOYMENT DISTRIBUTION

Chicago's employment base is one of the most diverse in the nation. However, the trade, transportation & utilities and professional and business services sectors account for a more dominant portion of total employment in the region. With the exception of education and health services and the leisure and hospitality sector, nearly all area employment sectors have shown little growth or contracted. In particular, substantial losses occurred in manufacturing, information and construction.

Current details regarding the area's employment base are as follows:

- Over the past decade ending 2009, the education and health services sector experienced the strongest annual growth rate in the region of 2.6 percent. Throughout the next five-year period growth in this sector is expected to decline by 10 basis points to 2.5 percent.
- The Chicago Region is more heavily weighted in Professional & Business Services, Trade, Transportation & Utilities, Financial Activities and Manufacturing sectors than the U.S. as a whole.
- Compared to the U.S., the Region is notably less represented in the Government sector.

The following graph presents details and compares the Chicago MSA and U.S. employment sectors:




Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation & Advisory

## Major Employers

Chicago's largest employers include a diverse group of multinational corporations representing a variety of industries including telecommunications, aviation, manufacturing, retail, and banking. Fifty-six of the nation's *Fortune500* corporations are headquartered in the Chicago Region such as Boeing, Walgreens, Sears Holdings, Kraft Foods, Allstate, Motorola, Abbott Laboratories, McDonald's and United Airlines (UAL).

- Providing more than 21,100 jobs, the City of Chicago is one of the area's largest employers.
- Other notable public employers include: the employment agency Hewitt Associates, Inc., the branded food company ConAgra Grocery Products and the insurance giant AON Solutions.

In addition to the public companies noted earlier, the following table details the largest private employers located in the Chicago MSA:

**Largest Private Employers**
**Chicago, IL**

| Company | No. of Local Employees (2008) | Business Type |
|---|---|---|
| Employco Group Inc. | 5,007 | Business process outsourcing |
| CDW Corp. | 4,198 | Computer hardware, software and accessories |
| Hyatt Hotels Corp. | 3,986 | Hospitality |
| Alden Management Services Inc. | 3,473 | Senior health care provider |
| Portillo's Restaurant Group Inc. | 3,469 | Restaurant operator |
| Lettuce Entertain You Enterprises Inc. | 3,300 | Restaurant operator |
| Tribune Co. | 3,100 | Media |
| Addus HealthCare Inc. | 3,000 | Home health care services |
| Capital Fitness Inc. | 3,000 | Health club operator |
| Follett Corp. | 2,568 | Retail and wholesale distribution of education materials |
| Medline Industries Inc. | 2,185 | Manufacturer and distributor of medical supplies |
| Tandem Professional Employer Services Inc. | 1,980 | Human resources |
| Solo Cup Co. | 1,926 | Manufacturer and distributor of single-use food-service products |
| Electro-Motive Diesel Inc. | 1,875 | Manufacturer of railroad locomotives and diesel components |
| S&C Electric Co. | 1,841 | Manufacturer of electrical power transmission and distribution components |

Source: 2009 Crain Communications Inc. & Cushman & Wakefield Valuation & Advisory

## Employment Growth

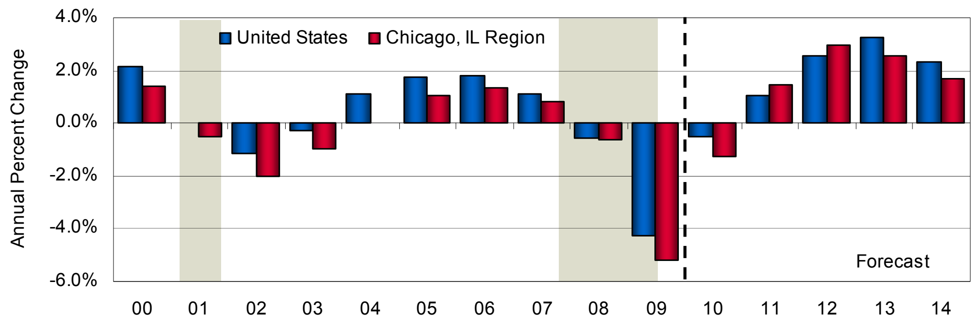
Over the last decade, the Chicago MSA consistently lagged the U.S. in total employment growth. Similar to the region's GMP, a pronounced short-term decline is expected for the employment base of the region before moderating and improving in 2011-2014. Throughout the forecast period, sectors with growth potential in Chicago include education & health services, professional and business services and construction.

Additional items of note are as follows:

- Between 2000 and 2009, employment in Chicago declined by 0.5 percent. During this period, the U.S. grew at a 0.1 percent annualized rate.
- The forecast of total employment growth in Chicago is expected to improve and average an annualized rate of 1.5 percent through 2014, just trailing the 1.7 percent average annual rate forecasted for the U.S.

The following graph represents yearly historical and projected total non-farm employment for the Chicago MSA and the U.S. as a whole:

**TOTAL EMPLOYMENT GROWTH BY YEAR**
**Chicago MSA vs. United States, 2000-2014**

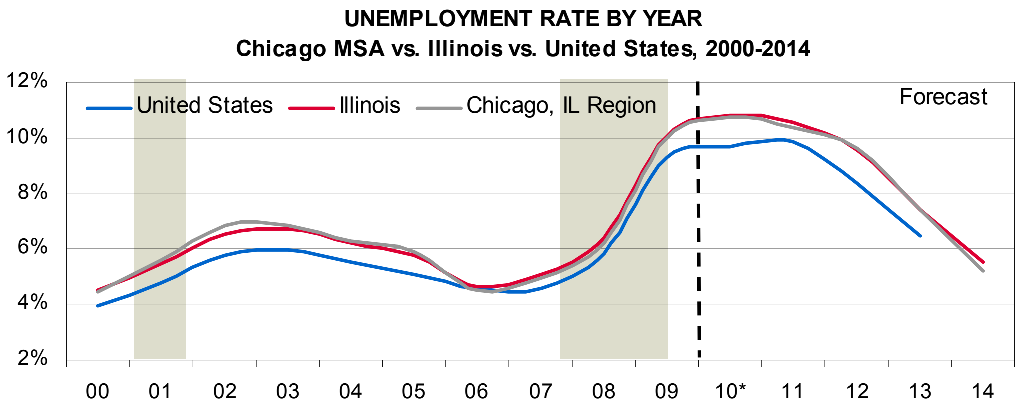



Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession

## Unemployment

Throughout the ten-year period ending 2009, the unemployment rate in the Chicago region has generally followed that of the U.S., at a somewhat higher average. This trend is expected to continue over the short-term at a slightly increased divergence. Additional noteworthy items are as follows:

- Chicago's unemployment rate as of June 30, 2010 was 10.7 percent compared to the U.S. average of 9.7 percent.
- As the national economic climate moderates, the unemployment rate in Chicago is expected to trend lower and average 7.5 percent annually throughout the five-year forecast period. In comparison the U.S. is forecasted to average 7.2 percent during this interval.




Source: Data Courtesy of Moody's Economy.com and Cushman & Wakefield Valuation & Advisory
Note: Shaded bars indicate periods of recession
*Second Quarter 2010 Data

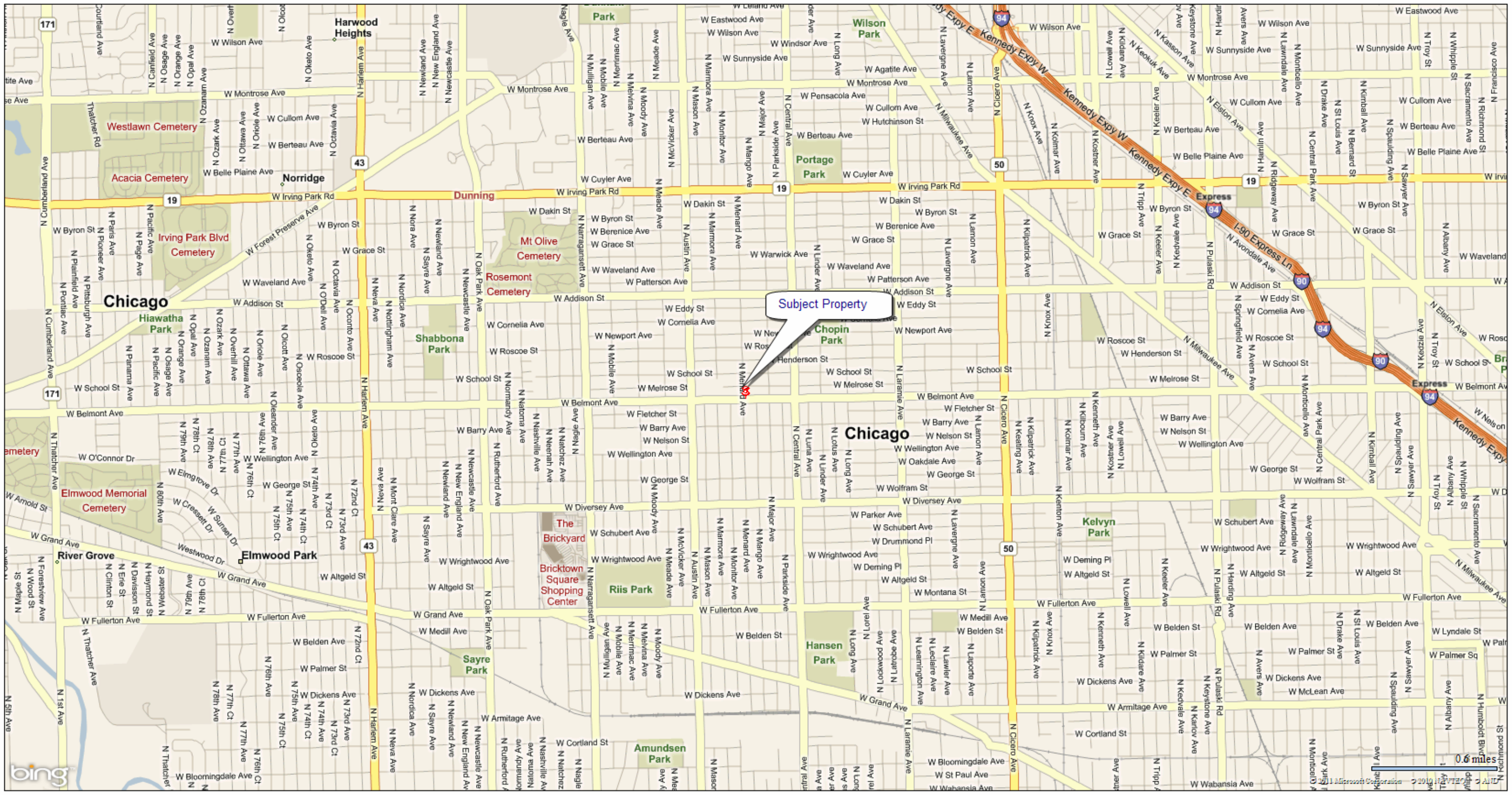
## CONCLUSION

As with much of the nation, the recent recession weighed heavily on the Chicago Region. The key information and business/professional services sectors which experienced rich growth in recent years, encountered repeated job cuts. Home values have declined affecting homeowner equity and credit quality. Due to a severely eroded tax base, budgetary shortfalls continue to pressure state and city governments. However, reports indicate the local economy is in moderation and a slow recovery will be influenced by the following considerations:

- The area's well-educated workforce and its position as a transportation/distribution hub will allow Chicago to capitalize on the improved demand from technology and trading companies.
- A big boost to the Region's attractiveness will come from the realization of the O'Hare Modernization Program. However, the true potential for the area will not be attained until additional critical infrastructure improvements address current area rail, highway and public transit deficiencies.
- The Chicago Region's weaknesses include modest population trends and a relatively high concentration of slow-growing old-line industries, primarily in the manufacturing sector.
- Over the long term, expansion can be expected as the Region continues to develop its status as a center for global commerce and increase its appeal to additional industries.
- An over-supplied housing market and a marked rise in Chicago's mortgage delinquencies, offer increasing challenges for developers, the construction industry, lenders and households.

Based on the preceding discussion, short term prospects for commercial real estate in the region is expected to be weak. However, the federal economic stimulus package is expected to slowly support and improve local market conditions, although any obvious traction may not become apparent until the end of 2010, or beyond.

# LOCAL AREA MAP



# LOCAL AREA ANALYSIS

## LOCATION

The subject is located along the north side of Belmont Avenue, just to the west of Central Avenue, and just to the east of Austin Avenue, on Chicago's northwest side. Specifically, the subject is located at 5742 West Belmont Avenue, Chicago, Cook County, Illinois. The subject's local area is bounded by Irving Park Road to the north, Diversey Avenue to the south, Harlem Avenue to the west, and Cicero Avenue to the east.

## ACCESS

| | |
|---|---|
| Local: | Primary access to the subject's immediate area is from Belmont Avenue, a primary east-west commercial road serving the local area. Irving Park Road, Addison Street, and Diversey Avenue are other primary east-west commercial roads in the subject's local area. Harlem Avenue, Narragansett Avenue, and Cicero Avenue are the primary north-south commercial roads serving the local area. Interstate access is located approximately two miles to the east of the subject. |
| Regional: | As mentioned above, Interstate access is located approximately two miles to the east of the subject. Interstate 90 is a primary interstate that provides direct access to the Chicago Central Business District to the east and the city of Rockford to the west. Interstate 90 also intersects with several other interstates throughout the Chicago area. |

O'Hare International Airport is located approximately 5 miles northwest of the subject and Midway Airport is located 16.0 miles south of the subject.

## LOCAL AREA LAND USES

Most properties appear to have been constructed between 1920 to present. The original impetus for development in the subject's neighborhood was the area's close proximity to the Chicago Central Business District and later the areas good access to Interstate 90, which provides good regional access throughout the Chicago CBSA. Like most urban settings, the subject area had limited development potential at the time of inspection. New development is typically done by razing older obsolescent buildings from a site to make room for a new building. Since the recent credit crisis new development in the local market has been almost non-existent.

The majority of land uses along major arteries are commercial-oriented, and include fast-food and family-style restaurants, retail buildings, mixed-use buildings, and shopping centers. Secondary feeder streets tend to be improved with single-family residences. The subject's immediate area is comprised primarily of single and multi-family residences. Properties in the subject's local market area generally appear to be functional for their intended use and they exhibit minimal deferred maintenance. There are no special hazards or detrimental influences that would affect value.

# LAND USES ADJACENT TO THE SUBJECT

North – Single-family homes

South – Belmont Avenue followed by a retail shopping center and other retail-office-uses

East – Retail storefront buildings

West – Retail storefront buildings

| DEMOGRAPHIC SUMMARY | 0.5-mile Radius | 1.0-mile Radius | 1.5-mile Radius | Chicago CBSA | State of Illinois | United States |
|---|---|---|---|---|---|---|
| **POPULATION STATISTICS** | | | | | | |
| 2000 | 13,583 | 62,363 | 128,522 | 9,098,316 | 12,419,293 | 281,421,906 |
| 2010 | 13,458 | 60,998 | 126,854 | 9,651,162 | 12,989,744 | 309,038,974 |
| 2015 | 13,388 | 60,353 | 125,968 | 9,856,994 | 13,185,524 | 321,675,005 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2010 | -0.09% | -0.22% | -0.13% | 0.59% | 0.45% | 0.94% |
| 2010 - 2015 | -0.10% | -0.21% | -0.14% | 0.42% | 0.30% | 0.80% |
| **HOUSEHOLD STATISTICS** | | | | | | |
| 2000 | 4,395 | 19,543 | 40,340 | 3,280,055 | 4,591,779 | 105,480,101 |
| 2010 | 4,235 | 18,651 | 38,948 | 3,467,425 | 4,800,176 | 116,136,617 |
| 2015 | 4,156 | 18,224 | 38,235 | 3,534,230 | 4,866,804 | 120,947,177 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2010 | -0.37% | -0.47% | -0.35% | 0.56% | 0.44% | 0.97% |
| 2010 - 2015 | -0.38% | -0.46% | -0.37% | 0.38% | 0.28% | 0.82% |
| **AVERAGE HOUSEHOLD INCOME** | | | | | | |
| 2000 | $56,134 | $54,053 | $53,438 | $67,437 | $61,544 | $56,644 |
| 2010 | $66,739 | $65,230 | $64,672 | $81,110 | $74,593 | $71,071 |
| 2015 | $70,497 | $69,330 | $68,932 | $86,743 | $80,020 | $77,465 |
| **Compound Annual Change** | | | | | | |
| 2000 - 2010 | 1.75% | 1.90% | 1.93% | 1.86% | 1.94% | 2.29% |
| 2010 - 2015 | 1.10% | 1.23% | 1.28% | 1.35% | 1.41% | 1.74% |
| **OCCUPANCY** | | | | | | |
| Owner Occupied | 65.91% | 66.32% | 64.81% | 68.49% | 69.52% | 66.83% |
| Renter Occupied | 34.09% | 33.68% | 35.19% | 31.51% | 30.48% | 33.17% |

SOURCE: Claritas, Inc.

## CONCLUSION

The subject local area is an established urban area on Chicago's northwest side. Growth patterns have been flat, which is common in urban areas. There is no evidence of functional obsolescence or deferred maintenance affecting properties in the subject's local market area; however, there is external obsolescence as net effective rates and market conditions are not at levels to support new development. Overall, we believe the outlook for the subject's local market area, in general, is for slight growth moving forward as the overall economy emerges from the recent down-cycle.

# RETAIL MARKET ANALYSIS

## OVERVIEW

A variety of factors influence the performance of a property in the market. In this section we provide an in-depth analysis of both the market in which the subject property competes and its position within that market:

- Our analysis begins by defining the subject's property type so that it can be understood in the context of the local retail structure. This competitive set is then analyzed in more detail.
- Next, we thoroughly review current market statistics such as supply, absorption, vacancy, effective rental rates and new and proposed construction.
- Having quantified these components, we then determine a reasonable trading area for the subject based on highway accessibility, geographic constraints and area growth patterns including planned infrastructure improvements.
- We finish our Retail Market Analysis by examining the underlying demographic indices that define the trade area such as population, household income and retail sales potential. Comparisons are made to larger study areas such as the CBSA, state and U.S. as a whole in order to place the historical and prospective performance of the subject trade area in context.

The subject is a retail building designed for use by one occupant. In accordance with the Appraisal Institute, this property is classified as a street retail development.

## NATIONAL RETAIL MARKET OVERVIEW

### INTRODUCTION

Signs of recovery are slowly building momentum in the retail market following a year of unprecedented challenges. Transaction volume in 2009, as reported by Real Capital Analytics (RCA), totaled $12.9 billion. Volume in 2009 fell by 35.8 percent from the prior year to the lowest level since 2001. Annual retail transaction volume between 2004 and 2007 averaged $53.5 billion. Retail sales, the largest single component of the U.S. economy, fell by 6.3 percent in 2009 to $4.1 trillion. The decrease in total retail sales during 2009 was the biggest drop since Census Bureau records begin in 1966. For comparison, the drop in retail sales in 2009 was greater than the individual economic output of 37 U.S. states.

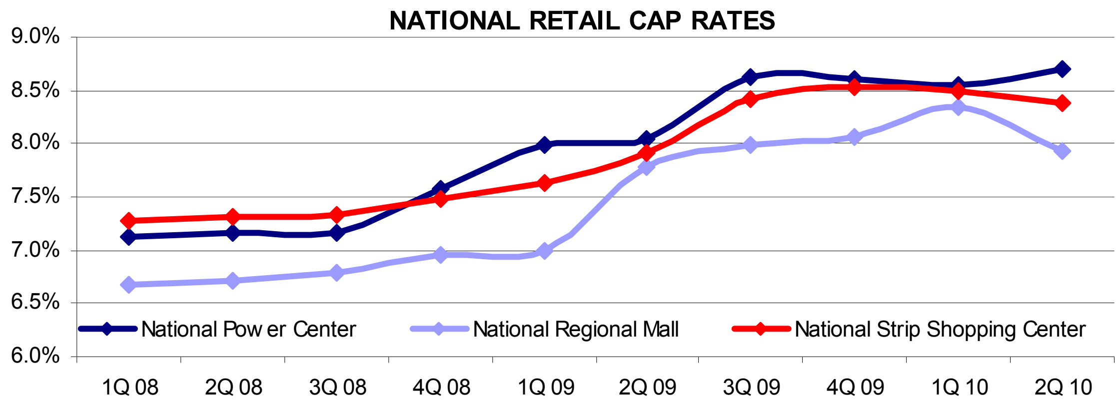
Looking beyond these indicators, there are growing signs of improvement. Year-over-year retail sales growth turned positive in the fourth quarter of 2009 following four consecutive quarters of sharp decreases. Sales increased by 6.8 percent year-over-year in the second quarter of 2010, the highest quarterly growth rate since 2006. The upswing in retail sales and thawing capital market conditions have provided a much needed boost to investment in shopping centers and other retail assets. Year-over-year growth in investment volume turned positive in the fourth quarter of 2009, and jumped by 43.3 percent in the first half of 2010. Market experts we have surveyed are hopeful that a near-term improvement in consumer fundamentals, supported by rising confidence over the last two quarters, will provide continued support for the recovery.

### NATIONAL RETAIL INVESTMENT SALES MARKET

Improving consumer fundamentals and better access to credit helped bring an end to eight consecutive quarters of declining investment during the fourth quarter of 2009. As more investors return to the market there is evidence that capitalization rates (OARs) are beginning to compress. The *Korpacz Real Estate Investor Survey* published by PricewaterhouseCoopers reports that national power center and strip shopping center OARs bottomed in third quarter of 2007 at an average of 7.0 percent and 7.2 percent, respectively. Regional mall cap rates reached a low of 6.7 percent in the first quarter of 2008. In the second quarter of 2010, national power center OARs averaged

8.7 percent, strip shopping center OARs averaged 8.4 percent, and regional mall OARs averaged 7.9 percent. Regional mall and strip center OARs decreased by 41 and 11 basis points, respectively, during the quarter. Capitalization rates for power centers increased by 15 basis points. There are now clear indications of cap rate compression for higher-quality assets in primary urban and suburban markets. Market conditions for assets falling below the profile currently favored by investors remain weak, but have begun to moderate as confidence returns to the market.

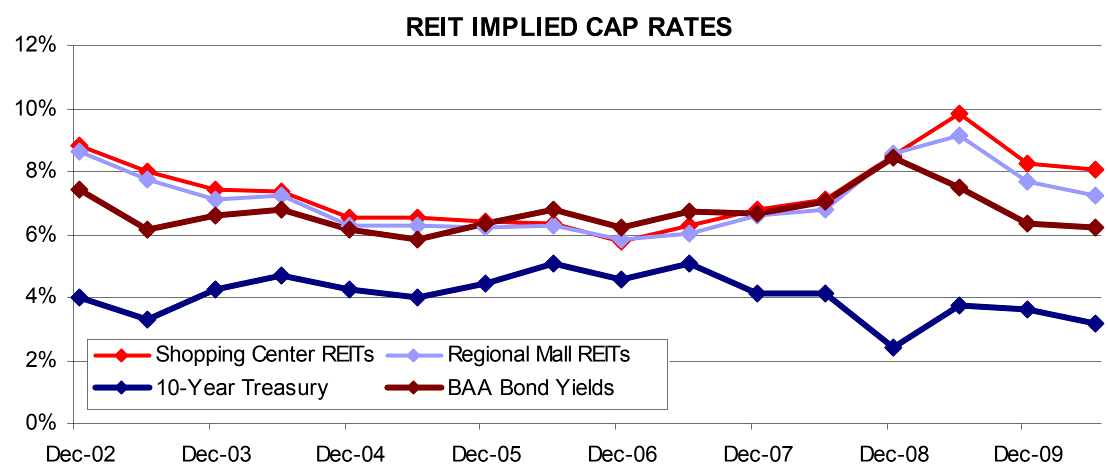
The following graph depicts national retail capitalization rates by property type since 2008:



Source: Korpacz Real Estate Investor Survey

A recent report by Bank of America/Merrill Lynch Global Research lends additional support to the recent compression of capitalization rates. The report compares the movement of implied commercial real estate cap rates to that of the 10-Year Treasury and BAA rated bond yields. Cap rates and bond yields jumped sharply during the height of the financial crisis at year-end 2008. Rates have now fallen significantly as confidence returns to the market. As of June 2010, implied shopping center and regional mall cap rates decreased by 177 basis points and 190 basis points, respectively year-over-year. Implied cap rates for both property types are at the lowest level since June 2008.

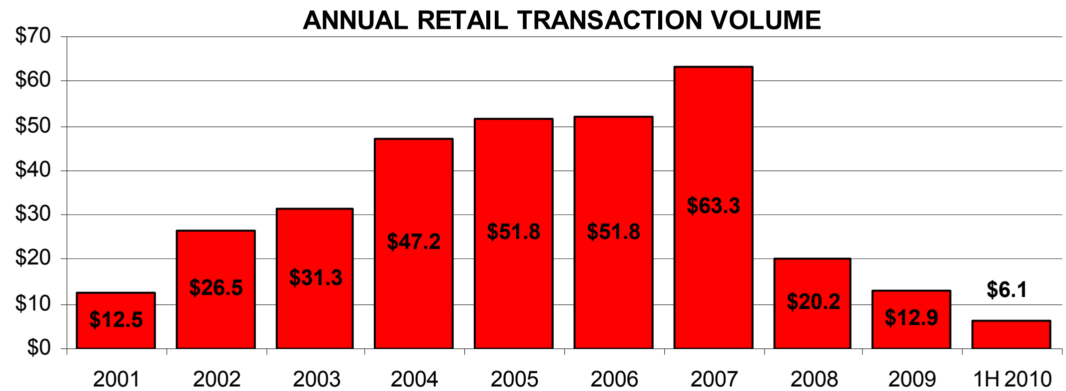
The following graph compares cap rates, bond yields, and the 10-Year Treasury since December 2002:



Source: BofA Merril Lynch Global Research

Retail investment activity plunged by 68.1 percent in 2008, and 36.1 percent in 2009 according to Real Capital Analytics. Quarterly transaction volume fell by an average compounded rate of 30.1 percent from the fourth quarter of 2007 through the first quarter of 2009 due to buyers sitting back and the inability to obtain financing. As noted earlier, volume in 2009 was at the lowest in eight years. Other market observers have reported similarly precipitous declines in investment volume generally ranging from 70.0 percent to 90.0 percent.

The following graph displays annual retail sales volume since 2001:

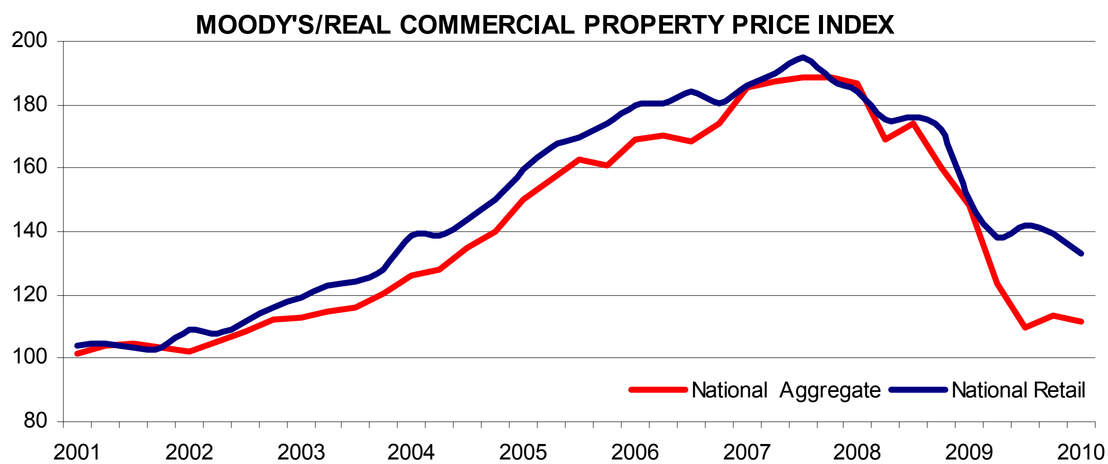



Source: Real Capital Analytics, Inc.
Note: Data excludes transactions less than $5.0 million,

The Moody's/REAL Commercial Property Index (CPPI) is a periodic same price change index of U.S. commercial investment properties. Developed by MIT's Center for Real Estate in conjunction with a consortium of firms including Real Estate Analytic, LLC (REAL), the index tracks price changes based on documented prices in completed, contemporary property transactions.

In the first quarter of 2010, the CPPI measured a decrease of 1.7 percent from the prior quarter and a 24.6 percent drop on a year-over-year basis. Currently at 111.7, the index is now 40.9 percent below the peak measured in the third quarter of 2007. The index will likely continue to decline as distressed sales activity continues throughout 2010.

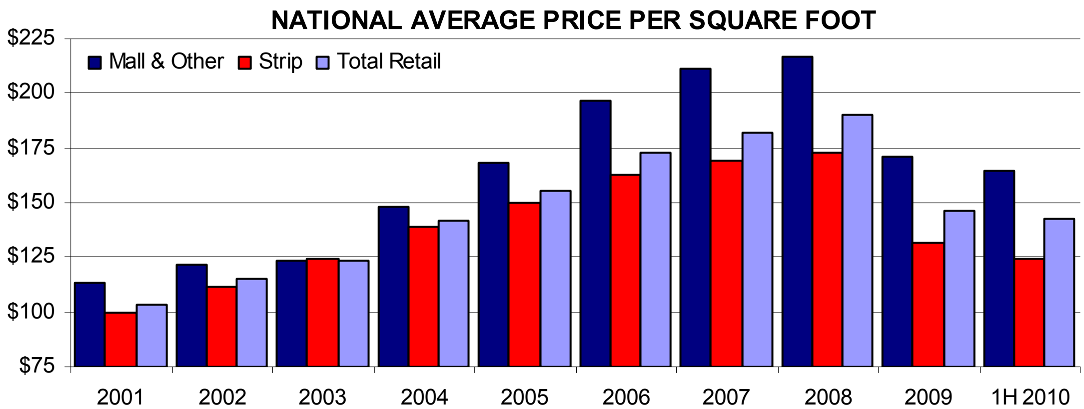
The following graph displays the quarterly CPPI Index between 2001 and the first quarter of 2010:




Source: MIT Center for Real Estate - http://mit.edu/cre and Real Capital Analytics (RCA) - http://www.rcanalytics.com

The retail market has experienced similar declines to the CPPI Index. In this low-transaction environment, the price per square foot average is likely to be skewed as investors flee to higher-quality assets. In comparison to sales volume, the average retail price per square foot also trended downward rapidly before hinting at stability in recent months. Between 2003, when the market picked up after the last recession, and 2008, the average price per square foot for retail assets increased by 53.4 percent. At $142 per square foot, pricing in the first half of 2010 remained at the lowest level since 2004.

The following graph reflects the historical average price per square foot for retail assets as surveyed by RCA:



Source: Real Capital Analytics, Inc.
Note: Data excludes transactions less than $5.0 million

## NATIONAL RETAIL MARKET SUMMARY

The retail market displayed clear signals of recovery in the first half of 2010. However, given the record decline in retail sales, continued weakness in the credit markets, and glut of supply, investment will remain challenged for much of the year. Federal Reserve Chairman Ben Bernanke commented on September 15, 2009 that the recession was "very likely over at this point." Mr. Bernanke's statement is supported by continued improvements in gross domestic product, consumer spending, and consumer sentiment. Specifically, consumer sentiment, as measured by the University of Michigan/Reuters survey in June 2010, was up by 7.3 percent year-over-year. It will take years for consumers' balance sheets to recover and to return potential spending growth to pre-recession levels. However, we are hopeful that the recent signs of life from consumers will establish a foundation for a meaningful, yet protracted, recovery over the course of the year.

# CHICAGO RETAIL MARKET OVERVIEW

## INTRODUCTION

Data for the following analysis of the Chicago Retail market is provided by Reis, Inc., a leading provider of multifamily and commercial real estate market information since 1980. Reis houses a proprietary database of approximately 200,000 multifamily and commercial properties that include trends, forecasts, news and analyses for 232 metropolitan markets (4 property types multiplied by 58 metropolitan areas) and roughly 2,500 submarkets.

Current and historical figures are compiled by highly qualified industry analysts. Surveyors, as they are called, are responsible for gathering information on property availabilities, rents and lease terms, etc. by directly contacting owners, managers and leasing agents. Projected data is calculated using a suite of economic forecasting models developed by The Economic Research Group, a team led by Ph.D. economists.

Reis' data are released on a quarterly basis and is widely recognized as a fundamental tool for appraisers throughout the country.

## CHICAGO RETAIL MARKET

Reis, Inc. classifies the Chicago Retail market into twelve submarkets, and segregates inventory by type of space (community versus neighborhood shopping centers). The subject lies within the North submarket of Chicago.

## SUBMARKET SNAPSHOT

The Chicago Retail market contains 101,693,000 square feet of space. Lake/Mchenry is the largest submarket, comprising 14.6 percent of the area's total inventory. Near West is the smallest submarket with 4.1 percent of total inventory. The subject submarket contains 6,248,000 square feet, or 6.1 percent of the region's inventory.

The following table presents the geographic distribution of inventory, along with other statistical information for the most recent quarter.

| GEOGRAPHIC DISTRIBUTION OF INVENTORY | | | | | | |
|---|---|---|---|---|---|---|
| **Submarket** | **Community Neighborhood** | **Inventory (SF)** | **% Total** | **Vacancy Rate (%)** | **Net Absorption** | **Asking Rent ($/SF)** |
| Arlington Heights | C | 5,104,000 | 5.0 | 10.0 | -5,000 | $17.76 |
| Arlington Heights | N | 3,775,000 | 3.7 | 11.5 | -19,000 | $15.60 |
| **Arlington Heights** | **NC** | **8,879,000** | **8.7** | **10.6** | **-24,000** | **$16.84** |
| Far North | C | 5,332,000 | 5.2 | 9.8 | 16,000 | $22.86 |
| Far North | N | 2,886,000 | 2.8 | 8.3 | 20,000 | $19.39 |
| **Far North** | **NC** | **8,218,000** | **8.1** | **9.3** | **36,000** | **$21.64** |
| Far Northwest | C | 3,581,000 | 3.5 | 9.8 | -25,000 | $18.35 |
| Far Northwest | N | 3,279,000 | 3.2 | 15.8 | -10,000 | $16.92 |
| **Far Northwest** | **NC** | **6,860,000** | **6.7** | **12.7** | **-35,000** | **$17.67** |
| Far South | C | 4,674,000 | 4.6 | 26.5 | -52,000 | $15.17 |
| Far South | N | 3,075,000 | 3.0 | 16.5 | 0 | $14.75 |
| **Far South** | **NC** | **7,749,000** | **7.6** | **22.5** | **-52,000** | **$15.00** |
| Far West | C | 7,722,000 | 7.6 | 12.8 | 47,000 | $20.26 |
| Far West | N | 3,858,000 | 3.8 | 11.3 | 4,000 | $18.24 |
| **Far West** | **NC** | **11,580,000** | **11.4** | **12.3** | **51,000** | **$19.59** |
| Kane | C | 5,049,000 | 5.0 | 5.6 | -5,000 | $18.79 |
| Kane | N | 2,688,000 | 2.6 | 22.6 | 33,000 | $14.93 |
| **Kane** | **NC** | **7,737,000** | **7.6** | **11.5** | **28,000** | **$17.45** |
| Lake/Mchenry | C | 8,961,000 | 8.8 | 11.3 | 53,000 | $21.36 |
| Lake/Mchenry | N | 5,918,000 | 5.8 | 16.7 | -12,000 | $19.26 |
| **Lake/Mchenry** | **NC** | **14,879,000** | **14.6** | **13.4** | **41,000** | **$20.52** |
| Lombard/Addison | C | 6,803,000 | 6.7 | 10.2 | -34,000 | $20.61 |
| Lombard/Addison | N | 3,451,000 | 3.4 | 9.8 | 14,000 | $17.11 |
| **Lombard/Addison** | **NC** | **10,254,000** | **10.1** | **10.1** | **-20,000** | **$19.43** |
| Near West | C | 2,452,000 | 2.4 | 6.2 | -17,000 | $19.41 |
| Near West | N | 1,764,000 | 1.7 | 9.5 | -9,000 | $20.47 |
| **Near West** | **NC** | **4,216,000** | **4.1** | **7.6** | **-26,000** | **$19.85** |
| North | C | 4,017,000 | 4.0 | 6.3 | -40,000 | $27.20 |
| North | N | 2,231,000 | 2.2 | 8.6 | 27,000 | $24.58 |
| **North** | **NC** | **6,248,000** | **6.1** | **7.1** | **-13,000** | **$26.26** |
| South | C | 3,784,000 | 3.7 | 5.5 | 4,000 | $21.19 |
| South | N | 2,599,000 | 2.6 | 13.4 | 16,000 | $20.02 |
| **South** | **NC** | **6,383,000** | **6.3** | **8.7** | **20,000** | **$20.71** |
| Southwest | C | 4,960,000 | 4.9 | 11.6 | -15,000 | $17.20 |
| Southwest | N | 3,730,000 | 3.7 | 15.1 | 23,000 | $16.06 |
| **Southwest** | **NC** | **8,690,000** | **8.5** | **13.1** | **8,000** | **$16.71** |
| **Total Community** | C | 62,439,000 | 61.4 | 10.9 | -73,000 | $20.09 |
| **Total Neighborhood** | N | 39,254,000 | 38.6 | 13.6 | 87,000 | $17.89 |
| **Total/Average** | **NC** | **101,693,000** | **100.0** | **11.9** | **14,000** | **$19.24** |

Source:

As of third quarter 2010, the overall vacancy rate for the region is 11.9 percent. Far South has the highest overall vacancy rate of 22.5 percent, while the subject's North submarket has the lowest vacancy of 7.1 percent.

The average asking rental rate for all types of space within the region is $19.24 per square foot. The highest average asking rent of $26.26 per square foot is being achieved in the subject's North submarket. Conversely, the lowest rent is being achieved in Far South at $15.00 per square foot.

Community shopping centers constitute 61.4 percent of existing inventory and are exhibiting a lower vacancy rate (10.9 percent) than Neighborhood centers (13.6 percent) and higher average asking rents of $20.09 versus $17.89 per square foot.

## CONSTRUCTION COMPLETIONS

Between 2005 and 2009 a total of 6,180,000 square feet of space was completed or an average of 1,236,000 square feet per year. A total of 0 square feet of space was completed as of third quarter 2010. Over the next five years, Reis projects that an additional 3,094,000 square feet of new space will be completed in the Chicago market.

In the North submarket, a total of 68,000 square feet of space was completed between 2005 and 2009, or an average of 13,600 square feet per year. This equates to 1.1 percent of new construction for the region. Over the next five years, Reis projects that an additional 304,000 square feet of new space will be completed in the North submarket.

The following table presents historical inventory and projected completions for the region and subject submarket.

**HISTORICAL AND PROJECTED INVENTORY & COMPLETIONS (SF)**

| | Chicago | | | | | North | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | Inventory Community | Completions | Inventory Neighborhood | Completions | Total Completions | Inventory Community | Completions | Inventory Neighborhood | Completions | Total Completions | % of Region |
| 2005 | 59,615,000 | 615,000 | 36,984,000 | 523,000 | 1,138,000 | 4,017,000 | 0 | 2,185,000 | 22,000 | 22,000 | 1.9% |
| 2006 | 60,095,000 | 480,000 | 37,907,000 | 923,000 | 1,403,000 | 4,017,000 | 0 | 2,231,000 | 46,000 | 46,000 | 3.3% |
| 2007 | 61,470,000 | 1,375,000 | 38,656,000 | 749,000 | 2,124,000 | 4,017,000 | 0 | 2,231,000 | 0 | 0 | 0.0% |
| 2008 | 62,249,000 | 779,000 | 39,070,000 | 414,000 | 1,193,000 | 4,017,000 | 0 | 2,231,000 | 0 | 0 | 0.0% |
| 2009 | 62,439,000 | 190,000 | 39,202,000 | 132,000 | 322,000 | 4,017,000 | 0 | 2,231,000 | 0 | 0 | 0.0% |
| 3Q10 | 62,439,000 | 0 | 39,254,000 | 0 | 0 | 4,017,000 | 0 | 2,231,000 | 0 | 0 | 0.0% |
| 2010 | --- | --- | --- | --- | 52,000 | --- | --- | --- | --- | 0 | 0.0% |
| 2011 | --- | --- | --- | --- | 400,000 | --- | --- | --- | --- | 62,000 | 15.5% |
| 2012 | --- | --- | --- | --- | 638,000 | --- | --- | --- | --- | 62,000 | 9.7% |
| 2013 | --- | --- | --- | --- | 871,000 | --- | --- | --- | --- | 78,000 | 9.0% |
| 2014 | --- | --- | --- | --- | 1,133,000 | --- | --- | --- | --- | 102,000 | 9.0% |
| **2005-2009** | | | | | | | | | | | |
| **Total Completions** | | **3,439,000** | | **2,741,000** | **6,180,000** | | **0** | | **68,000** | **68,000** | |
| **Annual Average** | | **687,800** | | **548,200** | **1,236,000** | | **0** | | **13,600** | **13,600** | **1.1%** |

Source: Reis, Inc.

## VACANCY RATES

As indicated, the third quarter 2010 overall vacancy rate for the Chicago region is 11.9 percent. As shown in the chart below, vacancy rates increased from 6.9 percent in 2005 to 11.5 percent in 2009. Over the near term, Reis projects a decline in vacancy levels for Chicago, with vacancy varying between 12.1 percent in 2010 and 11.3 percent in 2014.

The third quarter 2010 overall vacancy for the North submarket is lower than the region at 6.8 percent. Between 2005 and Third Quarter 2010, vacancy rates increased from 3.8 percent to 6.8 percent. Over the near term, Reis is projecting a decline in vacancy for the subject submarket, with vacancy levels ranging from 7.4 percent in 2010 to 7.0 percent in 2014.

The following table presents historical and projected vacancy for the region and subject submarket.

| HISTORICAL AND PROJECTED VACANCY RATES (%) | | | | | | |
|---|---|---|---|---|---|---|
| | Chicago | | | North | | |
| Year | Community | Neighborhood | Total | Community | Neighborhood | Total |
| 2005 | 6.6 | 7.4 | 6.9 | 3.5 | 4.2 | 3.8 |
| 2006 | 6.4 | 9.1 | 7.4 | 3.0 | 7.4 | 4.6 |
| 2007 | 7.7 | 9.3 | 8.3 | 4.1 | 5.7 | 4.7 |
| 2008 | 8.4 | 12.7 | 10.1 | 2.5 | 9.2 | 4.9 |
| 2009 | 10.4 | 13.1 | 11.5 | 5.6 | 9.0 | 6.8 |
| 3Q10 | 10.9 | 13.6 | 11.9 | 6.3 | 8.6 | 7.1 |
| 2010 | --- | --- | 12.1 | --- | --- | 7.4 |
| 2011 | --- | --- | 12.6 | --- | --- | 8.1 |
| 2012 | --- | --- | 12.4 | --- | --- | 6.9 |
| 2013 | --- | --- | 11.8 | --- | --- | 7.2 |
| 2014 | --- | --- | 11.3 | --- | --- | 7.0 |

Source: Reis, Inc.
Note: Reis does not differentiate between space that is available directly from the landlord or as a sublease. Any space that is available immediately for leasing (i.e. within 30 days) is considered vacant by Reis' standards.

As shown, Community shopping centers within the region are exhibiting a lower vacancy rate (10.9 percent) than Neighborhood centers (13.6 percent). Within the subject submarket, Community centers are exhibiting lower vacancies than neighborhood centers (6.3 percent versus 8.6 percent).

## ABSORPTION

Absorption measures change in the level of occupied space in a geographic region over a specific period of time. Absorption is not a measure of leasing activity. It reflects increasing, stable or decreasing demand for space. If the level of occupied space increases from one period to the next, demand has increased. If no change has occurred, demand is stable. If the level of occupied space is lower, demand has decreased. All things being equal, positive absorption lowers vacancy rates and negative absorption increases vacancy rates. A newly constructed building that enters the marketplace vacant will adversely affect the vacancy rate but have no bearing on absorption since it has not altered the level of occupancy.

Over the past few years, new construction activity within the Chicago region has exceeded absorption. As shown below, an annual average of 1,236,000 square feet of space was completed in the region between 2005 and 2009, while 355,600 square feet was absorbed. Over the next five years, Reis projects that construction will exceed absorption with new construction totaling 3,094,000 square feet, and absorption totaling 2,935,000 square feet.

Between 2005 and 2009, new construction within the North submarket outpaced absorption, with an annual average of 13,600 square feet completed and -2,800 square feet absorbed. Over the next five years, Reis projects that new construction will surpass absorption (new construction will total 304,000 square feet, and 269,000 square feet is expected to be absorbed).

The following table presents historical absorption levels and completions for the region and the subject submarket.

**HISTORIC AND PROJECTED NET ABSORPTION (SF)**

| | Chicago | | | | North | | | |
|---|---|---|---|---|---|---|---|---|
| Year | Community | Neighborhood | Total Absorption | Total Completions | Community | Neighborhood | Total Absorption | Total Completions |
| 2005 | 1,261,000 | 445,000 | 1,706,000 | 1,138,000 | 108,000 | 25,000 | 133,000 | 22,000 |
| 2006 | 598,000 | 191,000 | 789,000 | 1,403,000 | 20,000 | -27,000 | -7,000 | 46,000 |
| 2007 | 462,000 | 619,000 | 1,081,000 | 2,124,000 | -44,000 | 38,000 | -6,000 | 0 |
| 2008 | 268,000 | -956,000 | -688,000 | 1,193,000 | 65,000 | -78,000 | -13,000 | 0 |
| 2009 | -1,051,000 | -59,000 | -1,110,000 | 322,000 | -125,000 | 4,000 | -121,000 | 0 |
| 3Q10 | -73,000 | 87,000 | 14,000 | 0 | -40,000 | 27,000 | -13,000 | 0 |
| 2010 | --- | --- | -565,000 | 52,000 | --- | --- | -36,000 | 0 |
| 2011 | --- | --- | -206,000 | 400,000 | --- | --- | 13,000 | 62,000 |
| 2012 | --- | --- | 719,000 | 638,000 | --- | --- | 130,000 | 62,000 |
| 2013 | --- | --- | 1,469,000 | 871,000 | --- | --- | 57,000 | 78,000 |
| 2014 | --- | --- | 1,518,000 | 1,133,000 | --- | --- | 105,000 | 102,000 |
| **2005-2009** | | | | | | | | |
| **Total Absorption** | **1,538,000** | **240,000** | **1,778,000** | **6,180,000** | **24,000** | **-38,000** | **-14,000** | **68,000** |
| **Annual Average** | **307,600** | **48,000** | **355,600** | **1,236,000** | **4,800** | **-7,600** | **-2,800** | **13,600** |

Source: Reis, Inc.

## RENTAL RATES

As shown in the following chart, average asking rents in the region have increased from $16.92 per square foot in 2005 to $17.25 per square in 2009, indicating a compound annual growth rate (CAGR) of 0.5 percent. Over the next five years, average asking rents are expected to increase from $16.82 per square foot in 2010 to $17.68 per square foot in 2014.

Average asking rental rates in the North submarket have increased, ranging from $22.39 per square foot in 2005 to $24.10 per square foot in 2009, demonstrating a CAGR of 1.9 percent. Currently, the average rent in the subject submarket stands at $23.83. Over the next five years, average asking rents are expected to increase between $23.67 per square foot in 2010 to $24.91 per square foot in 2014.

The following table presents historical and projected average asking rental rates for the region and subject submarket.

**HISTORIC AVERAGE RENTAL RATES ($/SF)**

| | Chicago | | | | | North | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Year | Community | Neighborhood | Total | % Change | Effective Rent | Community | Neighborhood | Total | % Change | Effective Rent |
| 2005 | $19.33 | $17.30 | $18.55 | 4.3 | $16.92 | $24.96 | $23.57 | $24.47 | 6.1 | $22.39 |
| 2006 | $19.91 | $17.61 | $19.02 | 2.5 | $17.22 | $26.52 | $24.61 | $25.84 | 5.6 | $23.53 |
| 2007 | $20.57 | $18.27 | $19.68 | 3.5 | $17.75 | $27.26 | $24.97 | $26.44 | 2.3 | $24.28 |
| 2008 | $20.63 | $18.28 | $19.72 | 0.2 | $17.60 | $27.81 | $24.90 | $26.77 | 1.2 | $24.50 |
| 2009 | $20.40 | $18.02 | $19.49 | -1.2 | $17.25 | $27.59 | $24.71 | $26.56 | -0.8 | $24.10 |
| 3Q10 | $20.09 | $17.89 | $19.24 | -0.5 | $16.89 | $27.20 | $24.58 | $26.26 | -0.5 | $23.83 |
| 2010 | --- | --- | $19.22 | -1.4 | $16.82 | --- | --- | $26.11 | -1.7 | $23.67 |
| 2011 | --- | --- | $19.14 | -0.4 | $16.71 | --- | --- | $25.98 | -0.5 | $23.51 |
| 2012 | --- | --- | $19.26 | 0.6 | $16.86 | --- | --- | $26.20 | 0.8 | $23.71 |
| 2013 | --- | --- | $19.51 | 1.3 | $17.15 | --- | --- | $26.56 | 1.4 | $23.89 |
| 2014 | --- | --- | $19.97 | 2.4 | $17.68 | --- | --- | $27.56 | 3.8 | $24.91 |
| **2005-2009 CAGR** | **1.36%** | **1.02%** | **1.24%** | | **0.48%** | **2.54%** | **1.19%** | **2.07%** | | **1.86%** |

Source: Reis, Inc.
Notes: CAGR stands for Compound Annual Growth Rate. Asking rents cited by Reis reflect the advertised rental rates for actively marketed space. Effective rents net of any rental concessions, expressed over the life of the lease term.

As shown, Community shopping centers within the region are exhibiting higher average asking rents ($20.09 per square foot) than Neighborhood centers ($17.89 per square foot). Within the subject submarket, Neighborhood centers have lower asking rents than Community centers ($24.58 per square foot versus $27.20 per square foot).

## NEW CONSTRUCTION ACTIVITY

According to Reis, there was 2,190,590 square feet of space recently completed within 18 projects in the Chicago market. An additional 2,391,000 square feet is currently under construction within ten projects, with 17,913,825 square feet planned/proposed in 90 projects.

The following tables present current and proposed construction activity for the region.

| New Construction Activity - Completed | | | | | Est. Completion | | |
|---|---|---|---|---|---|---|---|
| Name | Type | Location | City | Submarket | Year | Month | Size (SF) |
| Supertarget At Hillside Town Center | Free Standing | 130 Mannheim Rd @ Mannheim Rd | Hillside | Near West | 2009 | March | 185,000 |
| Hillside Town Center Ph I | Power Center | I-290 @ Mannheim Rd | Hillside | Near West | 2009 | March | 170,000 |
| Huntley Grove Ph I | Community | 12300 Rte 47 @ Kreutzer Rd | Huntley | Kane | 2009 | April | 190,000 |
| North Aurora Towne Center Ph I | Power Center | Orchard Rd @ Randall Rd/I-88 | North Aurora | Kane | 2009 | April | 425,000 |
| Southmoor Commons | Neighborhood | 13123 S. La Grange Rd @ W 131St St | Orland Park | Southwest | 2009 | April | 77,023 |
| High Point Plaza | Neighborhood | 1350 E Chicago St @ Shales Pkwy | Elgin | Far Northwest | 2009 | April | 30,000 |
| Island Lake | Neighborhood | 442 W State Rd @ River Rd | Island Lake | Lake/Mchenry | 2009 | May | 22,044 |
| Acadia On The Green | Mixed Use | 930 Curtiss St @ Washington St | Downers Grove | Far West | 2009 | June | 101,000 |
| Shops At Kingsbury Square | Neighborhood | 1550 N. Kingsbury St @ W. Weed St | Chicago | Non-Submarketed Areas | 2009 | August | 91,300 |
| Main Place | Lifestyle Center | Main St @ Jefferson Ave | Naperville | Far West | 2009 | August | 42,000 |
| Block 37 | Mixed Use | 108 N State St @ E Randolph St/Washingt | Chicago | Non-Submarketed Areas | 2009 | October | 280,000 |
| Metramarket Ph I | Lifestyle Center | 401 Clinton St @ Washington Blvd | Chicago | Non-Submarketed Areas | 2009 | October | 100,000 |
| Trump Plaza | Mixed Use | 401 N Wabash Ave | Chicago | Non-Submarketed Areas | 2009 | October | 100,000 |
| La Fitness At Tower Marketplace Ph I | Free Standing | 1745 Route 59 @ Theodore Rd | Plainfield | Southwest | 2009 | November | 45,000 |
| High Point Plaza Ph II | Neighborhood | 1350 E Chicago St @ Shales Pkwy | Elgin | Far Northwest | 2010 | January | 33,000 |
| Clearwater Development | Mixed Use | W 22Nd St @ York Rd | Oak Brook | Far West | 2010 | March | 80,000 |
| Franklin Marketplace | Free Standing | Grand Ave @ N. Mannheim Rd | Franklin Park | Near West | 2010 | June | 19,223 |
| Wilson Yards | Free Standing | 4554 N Broadway St @ W Montrose Ave | Chicago | North | 2010 | July | 200,000 |
| **Total Complete** | | | | | | | **2,190,590** |

| New Construction Activity - Under Construction | | | | | Est. Completion | | |
|---|---|---|---|---|---|---|---|
| Name | Type | Location | City | Submarket | Year | Month | Size (SF) |
| Green Exchange | Mixed Use | 2545 W Diversey Ave @ Maplewood Ave | Chicago | North | --- | --- | 80,000 |
| Oakton Shoppes In Evanston | Neighborhood | 2424 Oakton St @ Hartrey Ave | Evanston | Far North | --- | --- | 60,000 |
| Randall Crossing | Community | Randall Rd @ Orchard Rd/I-88 | North Aurora | Kane | --- | --- | 150,000 |
| Plainfield Crossings | Community | Rte 59 @ 135Th St | Plainfield | Far West | --- | --- | 155,000 |
| First Street Development (Retail) | Mixed Use | S 1St St @ Prairie St | St. Charles | Kane | --- | --- | 135,000 |
| Unnamed Retail Center | Power Center | E Lincoln Hwy @ Williams St | New Lenox | Southwest | 2010 | November | 450,000 |
| Marshfield Plaza | Power Center | 1700 W 119Th St @ Marshfield Ave | Chicago | Far South | 2011 | January | 454,000 |
| Mokena Marketplace | Power Center | Us-30 @ Wolf Rd | Mokena | Southwest | 2011 | June | 400,000 |
| Roosevelt Collection | Mixed Use | W Roosevelt Rd @ S Clark St | Chicago | Non-Submarketed Areas | 2011 | October | 400,000 |
| Romeo Village Development Ph II | Power Center | Weber Rd @ Airport Rd | Romeoville | Southwest | 2012 | October | 107,000 |
| **Total Under Construction** | | | | | | | **2,391,000** |

| New Construction Activity - Planned//Proposed | | | | | Est. Completion | | |
|---|---|---|---|---|---|---|---|
| Name | Type | Location | City | Submarket | Year | Month | Size (SF) |
| The Esplanade Of Algonquin Ph II | Community | Swc Randall Rd @ Corporate Blvd | Algonquin | Kane | --- | --- | 200,000 |
| Algonquin Development | Neighborhood | Algonquin Rd @ Compton Rd | Algonquin | Lake/Mchenry | --- | --- | 16,535 |
| Antioch Marketplace | Power Center | Rte 173 @ Deep Lake Rd | Antioch | Lake/Mchenry | --- | --- | 600,000 |
| Arlington Market Ph III | Community | N Dryden Pl @ E Kensington Rd | Arlington | Arlington Heights | --- | --- | 17,000 |
| Aurora Commons | Neighborhood | Galena Blvd @ Constitution Dr | Aurora | Kane | --- | --- | 15,000 |
| S Broadway Retail | Community | 235 S Broadway @ Washington St | Aurora | Kane | --- | --- | 125,000 |
| Marshfield Marketplace | Community | W 119Th St @ Marshfield Ave | Calumet Park | Far South | --- | --- | 250,000 |
| Village Market Center At Lakeshore East | Community | E Benton Place @ N State St | Chicago | Non-Submarketed Areas | --- | --- | 105,000 |
| Metramarket Ph II | Neighborhood | S Clinton St @ Washington Blvd | Chicago | Non-Submarketed Areas | --- | --- | 30,000 |
| West Loop Promenade | Community | 1101-1137 W Jackson Blvd @ S. Racine Ave | Chicago | Non-Submarketed Areas | --- | --- | 285,000 |
| The Metropolis (Retail) | Mixed Use | W Pershing Rd @ S State St | Chicago | South | --- | --- | 330,000 |
| Fmr New City Ymca Site | Mixed Use | 1482 N Clybourn Ave @ N Ogden Ave | Chicago | Non-Submarketed Areas | --- | --- | 540,000 |
| Lake Meadows Redevelopment ( Retail ) | Mixed Use | E 35Th St @ S Martin Luther King | Chicago | Non-Submarketed Areas | --- | --- | 500,000 |
| The Market Commons Southshore Retail | Regional | Hwy 41 @ 79Th St | Chicago | Non-Submarketed Areas | --- | --- | 1,000,000 |
| 1401 North Kingsbury Commercial Development | Neighborhood | 1401 N Kingsbury St @ W Eastman St | Chicago | Non-Submarketed Areas | --- | --- | 135,000 |
| Elston Center | Neighborhood | 5353 N Elston Ave @ N Laramie Ave | Chicago | North | --- | --- | 67,000 |
| Sixty Sixty Plaza | Neighborhood | 6060 N. Northwest Hwy @ N Newark Ave | Chicago | North | --- | --- | 40,000 |
| Unnamed Project | Neighborhood | W 54Th St @ S Pulaski Rd | Chicago | South | --- | --- | 74,000 |
| Lawernce Properties | Neighborhood | 1101 W. Lawerence Ave @ N Winthrop Ave | Chicago | North | --- | --- | 30,000 |
| Ravenswood Station | Neighborhood | Lawrence Ave @ Ravenswood Ave | Chicago | North | --- | --- | 150,000 |
| Harlem Irving Plaza Ph III | Regional | 4104 N Harlem Ave @ Irving Pk | Chicago | North | --- | --- | 130,000 |
| Unnamed Shopping Center | Neighborhood | 5213 Northwest Hwy @ Exchange Dr | Crystal Lake | Lake/Mchenry | --- | --- | 52,000 |
| Kensinton Plaza | Neighborhood | Rt 47 @ Keslinger Rd | Elburn | Kane | --- | --- | 12,700 |
| The Grove Ph II | Neighborhood | Randall Rd @ I-90 | Elgin | Kane | --- | --- | 115,000 |
| Fox Lake Crossing Ph II | Power Center | 1258 Rte 12 @ Rte 134 | Fox Lake | Lake/Mchenry | --- | --- | 95,000 |
| Frankfort Commons | Neighborhood | Us Hwy 30 @ S 93Rd Ave | Frankfort | Southwest | --- | --- | 16,490 |
| Fairgrounds At Graylake | Lifestyle Center | Rte 45 @ Rte 120 | Grayslake | Lake/Mchenry | --- | --- | 680,339 |
| Country Fair Shopping Center Ph II | Neighborhood | 1805 E Belvedare Rd @ Rte 45 | Grayslake | Lake/Mchenry | --- | --- | 32,000 |
| Bobby'S Driving Range Retail Center | Neighborhood | Gages Lake Rd @ Hunt Club Rd | Gurnee | Lake/Mchenry | --- | --- | 140,000 |
| Regal Mall Shopping Center | Neighborhood | W Lake St @ Center Ave | Hanover Park | Far Northwest | --- | --- | 39,000 |
| Amling Center | Neighborhood | 540 W Ogden Ave @ Adams Rd | Hinsdale | Far West | --- | --- | 46,500 |
| Homer Glen Crossing Ph II | Neighborhood | W 143Rd St @ S Bell Rd | Homer Glen | Southwest | --- | --- | 130,000 |
| Unnamed Shopping Center | Neighborhood | Halsted St @ 175Th St | Homewood | Far South | --- | --- | 20,000 |
| Huntley Shopping Center | Power Center | N Il Route 47 @ Powers Rd | Huntley | Lake/Mchenry | --- | --- | 300,000 |
| Huntley Grove Ph II | Power Center | Rte 47 @ Kreutzer Rd | Huntley | Kane | --- | --- | 160,000 |
| Louis Joliet Mall Strip Retail | Neighborhood | Ring Road @ Mall Loop Dr | Joliet | Southwest | --- | --- | 75,000 |
| Westfield Louis Joliet Expansion | Power Center | I-80 @ I-55 | Joliet | Southwest | --- | --- | 135,000 |
| Bridge Street Town Center | Lifestyle Center | I-55 @ I-88 | Joliet | Southwest | --- | --- | 900,000 |
| Hawthorne Woods | Community | Old Mchenry Rd @ N Midlothian Rd | Lake Zurich | Lake/Mchenry | --- | --- | 300,000 |
| Ravinia Commons | Neighborhood | Rand Rd @ Ravinia Terrace | Lake Zurich | Lake/Mchenry | --- | --- | 23,000 |
| Shops At Lakemoor | Power Center | Rt 12 @ Rt 120 | Lakemoor | Lake/Mchenry | --- | --- | 640,000 |
| Lincolnshire Marketplace | Neighborhood | Milwaukee Ave @ Rte 22 | Lincolnshire | Lake/Mchenry | --- | --- | 50,000 |
| Lockport Square At Farrell Road | Neighborhood | E 159Th St @ S Farrell Rd | Lockport | Southwest | --- | --- | 125,520 |
| Lockport Center | Neighborhood | E 159Th St @ Thornton St | Lockport | Southwest | --- | --- | 50,000 |
| Lockport Square | Power Center | 159Th St @ Farrell Rd/ I-355 | Lockport | Southwest | --- | --- | 610,000 |
| Sunset Grove Shopping Center | Neighborhood | Rte 83 @ Aptakisic Rd | Long Grove | Lake/Mchenry | --- | --- | 94,453 |
| Long Grove Commons Ph II | Mixed Use | State Rte 22 @ Old Mchenry Rd | Long Grove | Lake/Mchenry | --- | --- | 16,000 |
| Long Grove Commons Ph III | Mixed Use | State Rte 22 @ Old Mchenry Rd | Long Grove | Lake/Mchenry | --- | --- | 12,492 |
| Rte 30 And Ridgeland | Power Center | Us Hwy 30 @ Ridgeland Ave | Matteson | Far South | --- | --- | 500,000 |
| Matteson Town Center Ph II | Community | Governors Hwy @ Us Hwy 30/Cicero Ave | Matteson | Far South | --- | --- | 35,000 |

| NEW CONSTRUCTION ACTIVITY - PLANNED/PROPOSED (CONTINUED) | | | | | Est. Completion | | |
|---|---|---|---|---|---|---|---|
| Name | Type | Location | City | Submarket | Year | Month | Size (SF) |
| Matteson Shopping Mall | Community | Hwy 30 @ Harlem Ave | Matteson | Southwest | --- | --- | 250,000 |
| --- | Power Center | Veteran'S Pkwy @ Rte 31/W Gracy Rd | Mchenry | Lake/Mchenry | --- | --- | 303,052 |
| Heartland Crossing Ph II | Community | S Ridge Rd @ E Us Hwy 6 | Minooka | Non-Submarketed Areas | --- | --- | 150,000 |
| Ogden Hill Ph II | Power Center | 1100 Ogden Ave @ Us Hwy 30 | Montgomery | Non-Submarketed Areas | --- | --- | 20,000 |
| Oak Creek Plaza Ph II | Community | Rte 45 @ Rte 60 | Mundelein | Lake/Mchenry | --- | --- | 60,000 |
| Mundelein Shopping Center | Power Center | Rte 60 @ Rte 83 | Mundelein | Lake/Mchenry | --- | --- | 400,000 |
| Mundelein Crossing Ph II | Power Center | Rte 60 @ Rte 80 | Mundelein | Lake/Mchenry | --- | --- | 50,000 |
| Springbrook Prairie Pavilion Ph II | Community | 75Th St @ Fort Hill Dr | Naperville | Far West | --- | --- | 40,000 |
| Naperville Marketplace Ph II | Community | 3111 W 111Th St @ State Rte 59 | Naperville | Far West | --- | --- | 15,260 |
| Cedar Crossings | Power Center | Us Hwy 6 @ Cedar Rd | New Lenox | Southwest | --- | --- | 1,000,000 |
| Sky Harbor Shopping Center | Power Center | Laraway Rd @ Schoolhouse Rd | New Lenox | Southwest | --- | --- | 496,209 |
| North Aurora Towne Center Ph II | Power Center | Orchard Rd @ Randall Rd/I-88 | North Aurora | Kane | --- | --- | 450,000 |
| Orland Marketplace | Neighborhood | Nec 159Th St @ Wolf Rd | Orland Park | Southwest | --- | --- | 125,000 |
| Oswego Marketplace | Community | Rte 34 @ Ogden Falls Blvd | Oswego | Non-Submarketed Areas | --- | --- | 300,000 |
| The Streets Of Oswego | Lifestyle Center | Rte 34 @ Ogden Falls Blvd | Oswego | Non-Submarketed Areas | --- | --- | 500,000 |
| Prairie Market Ph I | Community | Swc Route 34 @ Douglas Rd | Oswego | Non-Submarketed Areas | --- | --- | 160,000 |
| The Boulevard Of Plainfield Ph I | Power Center | I-55 @ Rte 30 | Plainfield | Southwest | --- | --- | 300,000 |
| The Boulevard Of Plainfield Ph II | Power Center | I-55 @ Rte 30 | Plainfield | Southwest | --- | --- | 250,000 |
| The Shops At The Polo Club | Power Center | Rte 59 @ 119Th St | Plainfield | Far West | --- | --- | 610,000 |
| River Village (Retail) | Power Center | Rte 59 @ Fraser Rd | Plainfield | Southwest | --- | --- | 415,000 |
| Prairie Grove Town Center (Retail) | Neighborhood | Edgewood Rd @ Rte 31 | Prairie Grove | Lake/Mchenry | --- | --- | 125,000 |
| Rosemont Walk | Community | Bryn Mawr Ave @ N River Rd | Rosemont | Near West | --- | --- | 163,000 |
| Round Lake Grove Ph IV | Community | Swc Rte 60 @ Raymond Lane | Round Lake | Lake/Mchenry | --- | --- | 48,000 |
| Park Place Plaza I | Neighborhood | Porter Dr @ Rte 120 | Round Lake | Lake/Mchenry | --- | --- | 20,000 |
| Park Place Plaza II | Neighborhood | Porter Dr @ Rte 120 | Round Lake | Lake/Mchenry | --- | --- | 147,400 |
| Round Lake Grove Ph I | Community | Swc Rte 60 @ Raymond Lane | Round Lake | Lake/Mchenry | --- | --- | 48,000 |
| Round Lake Grove Ph II | Community | Swc Rte 60 @ Raymond Lane | Round Lake | Lake/Mchenry | --- | --- | 48,000 |
| Round Lake Grove Ph III | Community | Swc Rte 60 @ Raymond Lane | Round Lake | Lake/Mchenry | --- | --- | 48,000 |
| South Elgin Crossings Ph III | Power Center | Randall Rd @ Mcdonald Rd | South Elgin | Kane | --- | --- | 25,000 |
| St Charles Town Center | Community | Randall Rd @ Lincoln Hwy/State Hwy | St. Charles | Kane | --- | --- | 286,000 |
| Streamwood Crossing Shopping Plaza Ph II | Neighborhood | Nwc Route 59 @ Irving Park Rd | Streamwood | Far Northwest | --- | --- | 130,000 |
| Unnamed Shopping Center Ph II | Community | Harlem Ave @ 183Rd St | Tinley Park | Far South | --- | --- | 65,000 |
| Prairie View Crossings | Neighborhood | 191St St @ Harlem Ave | Tinley Park | Southwest | --- | --- | 52,000 |
| Unknown Outparcel @ Villa Oaks Shopping Center | Free Standing | Roosevelt Rd @ Ardmore Ave | Villa Park | Lombard/Addison | --- | --- | 5,000 |
| Dundee Rd Retail Development | Neighborhood | 780 Dundee Rd @ N Elmhurst Rd | Wheeling | Arlington Heights | --- | --- | 105,000 |
| Fresh Farms Shopping Center | Neighborhood | E Dundee Rd @ Milwaukee Ave | Wheeling | Arlington Heights | --- | --- | 60,000 |
| Countryside Center Redevelopment | Neighborhood | U.S. Hwy 34 @ Hwy 47 | Yorkville | Non-Submarketed Areas | --- | --- | 80,000 |
| Yorkville Marketplace Ph III | Community | Sec Hwy 47 @ Rte 34 | Yorkville | Non-Submarketed Areas | --- | --- | 50,000 |
| Great Lakes Crossing | Neighborhood | N Rte 173 @ Green Bay Rd | Zion | Lake/Mchenry | --- | --- | 128,875 |
| Fashion Outlets Of Chicago | Outlet Center | River Rd @ Balmoral Ave | Rosemont | Arlington Heights | 2012 | December | 340,000 |
| **Total Planned/Proposed** | | | | | | | **17,913,825** |

## CHICAGO CONCLUSION

The Chicago Retail market has experienced increased vacancy levels since 2005. Over the near term, new construction activity is expected to exceed absorption. However, in the next five years vacancy should decline from 12.1 to 11.3 percent, while average asking rental rates are expected to increase from \$16.82 per square foot to \$17.68 per square foot.

## TRADE AREA ANALYSIS

The subject is benefited by good regional and local accessibility, as well as a dense residential population base. Major roadway proximity to the subject provides the necessary access to more regional destinations throughout the area, while the location in the Chicago CBD and Chicago MSA provides the necessary drawing power for the property.

We analyzed the subject's trade area based on the following:

- Primary city arterials including area traffic patterns, geographical constraints, and availability of public transportation;
- The position and nature of the area's commercial districts located along the primary arterials, and the strength and composition of the retail infill;
- Given all of the above, we believe the subject property’s primary trade area would likely span an area encompassing about one mile around the subject. The subject's secondary trade area might span up to two miles given its regional accessibility and location of competitive properties.

Using these observations, we have analyzed a primary demographic profile for the subject based on a radius of approximately 0.50 miles from the property. To add perspective to this analysis, we have segregated our survey into this one mile area as well as both one mile and two mile concentric circles with a comparison to the city, county and state. This data is presented on the following page.

### POPULATION

Having established the subject’s trade area, our analysis focuses on the trade area's population. Claritas, Inc. provides historical, current and forecasted population estimates for the total trade area. Patterns of development density and migration are reflected in the current levels of population estimates.

Between 2000 and 2010, Claritas, Inc., reports that the population within the primary trade area (1-mile radius) declined at a compound annual rate of -0.22 percent. Expanding to the total trade area (1.5-mile radius), population is expected to decline -0.14 percent per annum over the next five years.

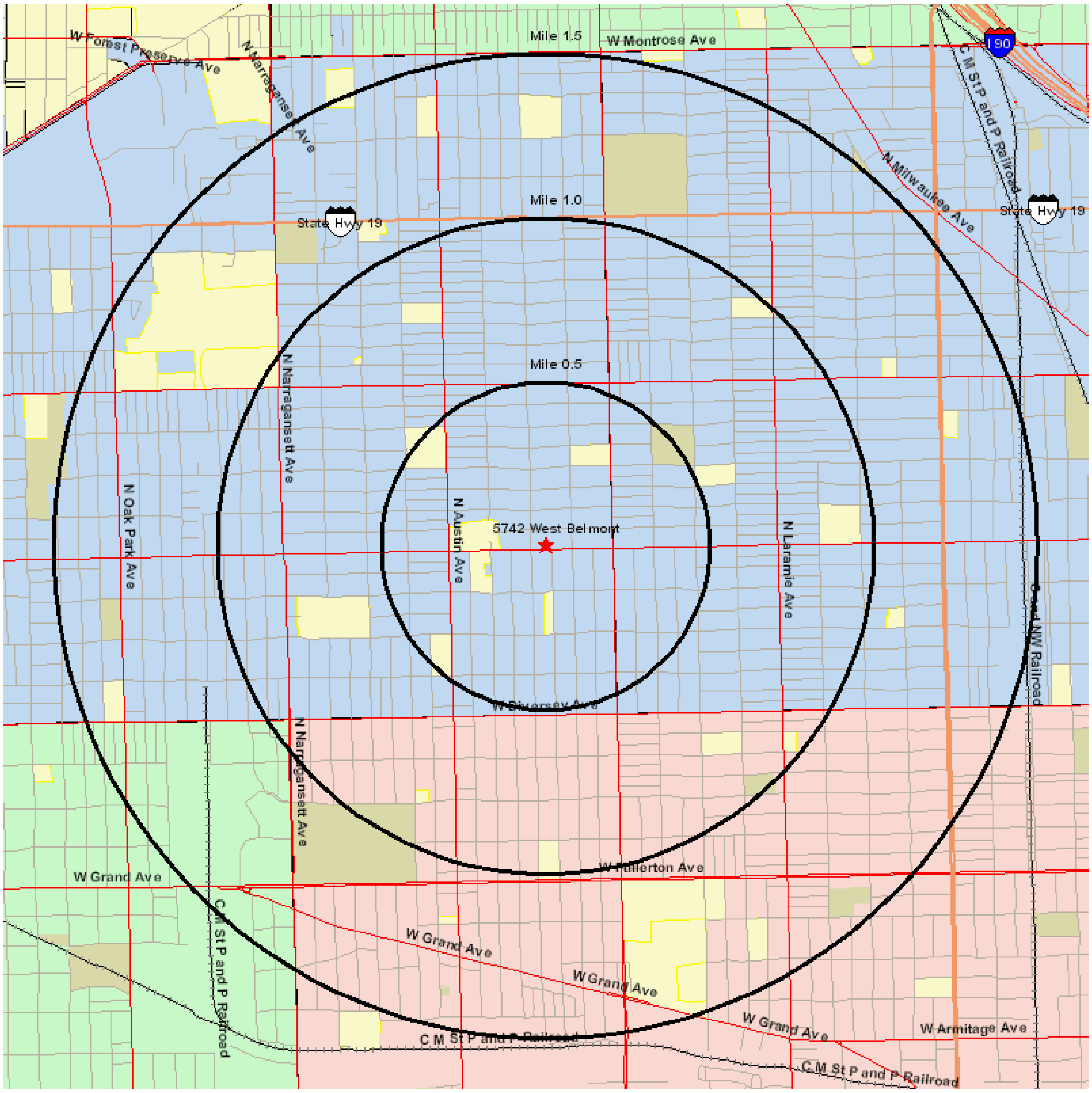
The following page contains a graphic representation of the current population distribution within the subject’s region. The graphic on the second following page illustrates projected population growth within the trade area over the next five years (2010 - 2015). The trade area is clearly characterized by various levels of growth.

## DEMOGRAPHIC SUMMARY

| | | | 0.5-mile Radius | 1.0-mile Radius | 1.5-mile Radius | Chicago CBSA | State of Illinois | United States |
|---|---|---|---|---|---|---|---|---|
| **POPULATION STATISTICS** | | | | | | | | |
| 2000 | | | 13,583 | 62,363 | 128,522 | 9,098,316 | 12,419,293 | 281,421,906 |
| 2010 | | | 13,458 | 60,998 | 126,854 | 9,651,162 | 12,989,744 | 309,038,974 |
| 2015 | | | 13,388 | 60,353 | 125,968 | 9,856,994 | 13,185,524 | 321,675,005 |
| **Compound Annual Change** | | | | | | | | |
| 2000 | - | 2010 | -0.09% | -0.22% | -0.13% | 0.59% | 0.45% | 0.94% |
| 2010 | - | 2015 | -0.10% | -0.21% | -0.14% | 0.42% | 0.30% | 0.80% |
| **HOUSEHOLD STATISTICS** | | | | | | | | |
| 2000 | | | 4,395 | 19,543 | 40,340 | 3,280,055 | 4,591,779 | 105,480,101 |
| 2010 | | | 4,235 | 18,651 | 38,948 | 3,467,425 | 4,800,176 | 116,136,617 |
| 2015 | | | 4,156 | 18,224 | 38,235 | 3,534,230 | 4,866,804 | 120,947,177 |
| **Compound Annual Change** | | | | | | | | |
| 2000 | - | 2010 | -0.37% | -0.47% | -0.35% | 0.56% | 0.44% | 0.97% |
| 2010 | - | 2015 | -0.38% | -0.46% | -0.37% | 0.38% | 0.28% | 0.82% |
| **AVERAGE HOUSEHOLD INCOME** | | | | | | | | |
| 2000 | | | $56,134 | $54,053 | $53,438 | $67,437 | $61,544 | $56,644 |
| 2010 | | | $66,739 | $65,230 | $64,672 | $81,110 | $74,593 | $71,071 |
| 2015 | | | $70,497 | $69,330 | $68,932 | $86,743 | $80,020 | $77,465 |
| **Compound Annual Change** | | | | | | | | |
| 2000 | - | 2010 | 1.75% | 1.90% | 1.93% | 1.86% | 1.94% | 2.29% |
| 2010 | - | 2015 | 1.10% | 1.23% | 1.28% | 1.35% | 1.41% | 1.74% |
| **OCCUPANCY** | | | | | | | | |
| Owner Occupied | | | 65.91% | 66.32% | 64.81% | 68.49% | 69.52% | 66.83% |
| Renter Occupied | | | 34.09% | 33.68% | 35.19% | 31.51% | 30.48% | 33.17% |

SOURCE: Claritas, Inc.

## CURRENT POPULATION MAP




Highways
Major Roads
Roads
ZIP Code
Current Year Population
21,864 to 25,925
25,925 to 53,768
53,768 to 74,860
74,860 to 91,317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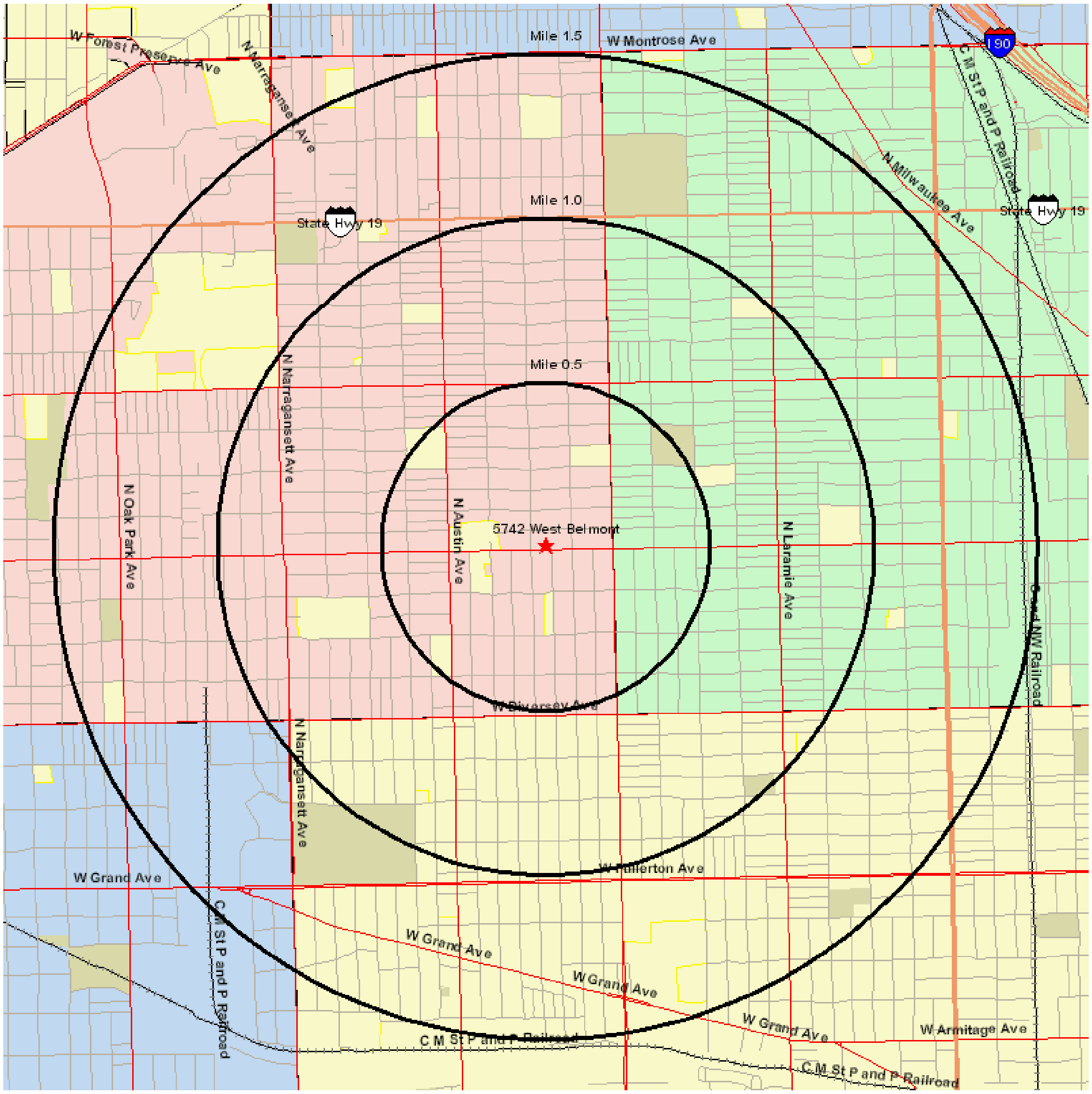
## POPULATION GROWTH MAP




Highways
Major Roads
Roads
ZIP Code
Population Growth

- -1.95% to -1.84%
- -1.84% to -1.35%
- -1.35% to -0.10%
- -0.10% to 0.41%

## HOUSEHOLDS

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the retail center.

Figures provided by Claritas, Inc. indicate that the number of households are increasing at a similar rate to growth of the population. According to Claritas, Inc., the Primary Trade Area changed at a compound annual rate of -0.47 percent between 2000 and 2010. Consistent with national trends the trade area is experiencing household changes at a rate that varies from population changes. That pace is expected to change somewhat through 2015, and is estimated at -0.46 percent.

In 2000, there were 3.17 persons per household in the Primary Trade Area and by 2010, this number is estimated to have increased to 3.25 persons. Through 2015, the average number of persons per household is forecasted to increase to 3.29 persons.

## TRADE AREA INCOME

Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the trade area and form an important component of this total analysis. Average household income, when combined with the number of households, is a major determinant of an area's retail sales potential.

According to Claritas, Inc. average household income in the primary trade area in 2010 was approximately $65,230, 80.42 percent of the city average ($81,110) and 87.45 percent of the state average ($74,593).

Further analysis shows a relatively broad-based distribution of income, although skewed toward the lower-income brackets, similar to the distribution within the city, county and state. This information is summarized as follows:

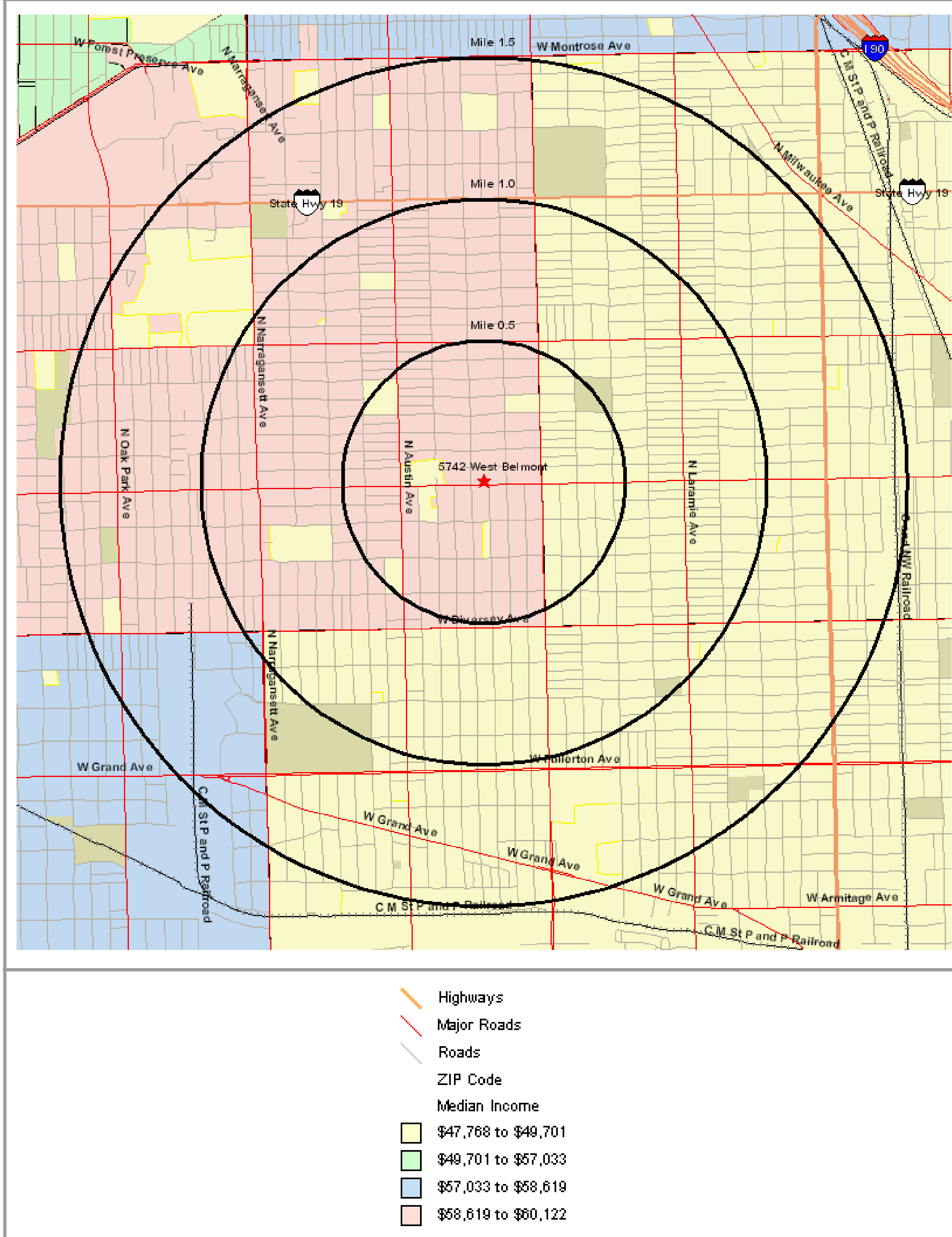
**DISTRIBUTION OF HOUSEHOLD INCOME**

| Category | 0.5-mile Radius | 1.0-mile Radius | 1.5-mile Radius | Chicago CBSA | State of Illinois | United States |
|---|---|---|---|---|---|---|
| $150,000 or more | 5.41% | 4.83% | 4.36% | 9.98% | 8.27% | 8.00% |
| $125,000 to $149,999 | 4.56% | 4.12% | 4.28% | 5.88% | 4.99% | 4.37% |
| $100,000 to $124,999 | 8.40% | 8.39% | 8.57% | 9.74% | 8.76% | 7.77% |
| $75,000 to $99,999 | 13.28% | 13.59% | 13.36% | 14.26% | 13.48% | 12.52% |
| $50,000 to $74,999 | 21.58% | 22.70% | 22.62% | 19.78% | 20.10% | 19.53% |
| $35,000 to $49,999 | 16.49% | 16.77% | 17.42% | 13.65% | 14.60% | 14.98% |
| $25,000 to $34,999 | 11.38% | 10.54% | 10.69% | 8.73% | 9.73% | 10.56% |
| $15,000 to $24,999 | 9.38% | 9.39% | 9.19% | 7.96% | 9.13% | 10.18% |

Source: *Claritas, Inc.*

Below is a graphic presentation of the household income distribution throughout the trade area.

## HOUSEHOLD INCOME MAP





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## CONCLUSION

We have analyzed the retail trade history and profile of the subject's region and primary trade area in order to make reasonable assumptions regarding the continued performance of the property.

A metropolitan and locational overview was presented which highlighted important points about the study area. Demographic and economic data specific to the trade area were also presented. The data quantifies the dimensions of the total trade area, while our comments provide qualitative insight into this market.

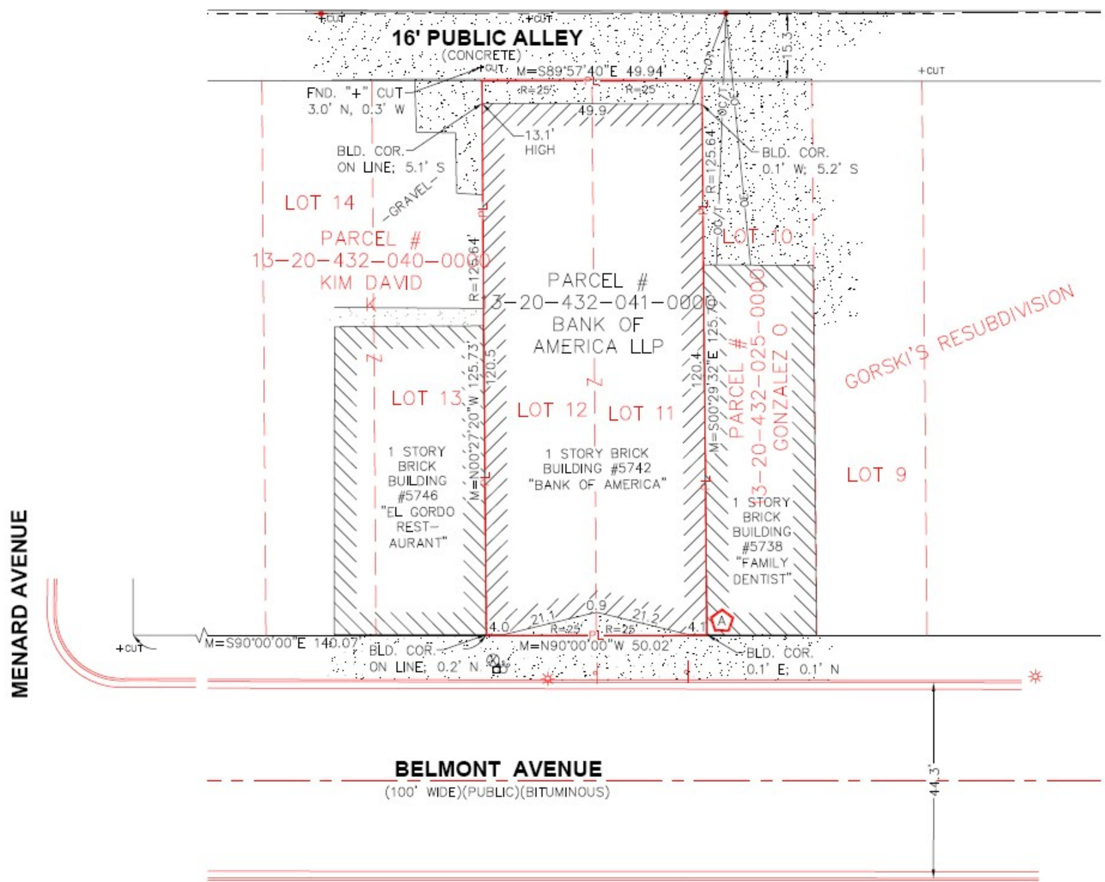
Based on our analysis we conclude that the subject is well-positioned within its market area and real estate values in the subject's immediate area are expected to begin to recover from the recent downturn.

# SITE DESCRIPTION

| | |
|---|---|
| Location: | 5742 West Belmont Avenue<br>Chicago, Cook County, IL 60634-5208<br>The subject is located along the north side of Belmont Avenue, just to the west of Central Avenue, and just to the east of Austin Avenue, on Chicago's northwest side. |
| Shape: | Rectangular |
| Topography: | Level |
| Land Area: | 0.14 acres / 6,283 square feet |
| Frontage: | The subject property has good frontage.<br>Belmont Avenue: 50 feet |
| Access: | The subject property has good access. |
| Visibility: | The subject property has good visibility. |
| Soil Conditions: | We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate. |
| Utilities: | Water: Municipal<br>Sewer: Municipal<br>Electricity: CommEd<br>Gas: Peoples Gas<br>Telephone: Provided to the site |
| Site Improvements: | The site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage. |
| Land Use Restrictions: | We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist. |
| Flood Zone Description: | The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 17031 0385J, dated August 19, 2008. |
| Wetlands: | We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field. |

| | |
|---|---|
| Hazardous Substances: | We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field. |
| Overall Site Utility: | The subject site is functional for its current use. |
| Location Rating: | Good |

## SURVEY



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# IMPROVEMENTS DESCRIPTION

The following description of improvements is based on our physical inspection of the improvements and our discussions with the subject property's owner's representative.

| GENERAL DESCRIPTION | |
|---|---|
| Year Built: | 1951 |
| Year Renovated: | 1995 |
| Number of Buildings: | 1 |
| Number of Stories: | 1-story |
| Land To Building Ratio: | 1.00 to 1 |
| Gross Building Area: | 6,283 square feet |
| Basement: | None |

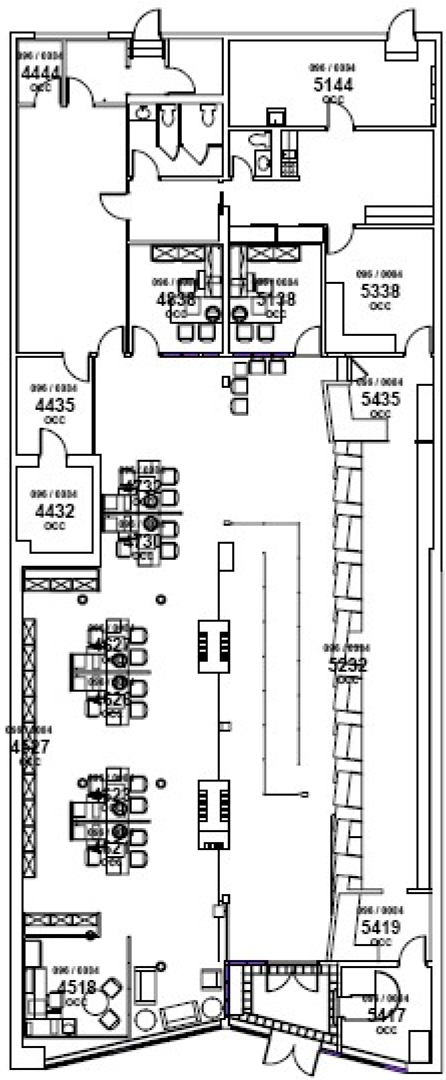
| CONSTRUCTION DETAIL | |
|---|---|
| Basic Construction: | Steel and masonry |
| Foundation: | Poured concrete slab |
| Framing: | Structural steel with masonry and concrete encasement |
| Floors: | Concrete slab |
| Exterior Walls: | Brick |
| Roof Type: | Flat with parapet walls |
| Roof Cover: | Built-up assemblies with tar and gravel cover |
| Windows: | Thermal windows in aluminum frames |
| Pedestrian Doors: | Glass |

| MECHANICAL DETAIL | |
|---|---|
| Heat Source: | Gas |
| Heating System: | Forced Air |
| Cooling: | HVAC |
| Cooling Equipment: | The cooling equipment is roof mounted. |
| Plumbing: | The plumbing system is assumed to be adequate for the existing use and in compliance with local law and building codes. |
| Electrical Service: | Electricity for the building is obtained through low voltage power lines. |

| | |
|---|---|
| Electrical Metering: | The building has a master meter. |
| Emergency Power: | None |
| Elevator Service: | None |
| Fire Protection: | Not sprinklered |
| Security: | Exterior and interior monitors |

## INTERIOR DETAIL

| | |
|---|---|
| Layout: | The subject has a typical commercial storefront layout. The majority of the space is open with some private office at the rear of the building (north elevation). |




| | |
|---|---|
| Floor Covering: | Carpet, ceramic tile, and vinyl tile |
| Walls: | Drywall and plaster |

| | |
|---|---|
| Ceilings: | Acoustical tile |
| Lighting: | Fluorescent and Incandescent |
| Restrooms: | The property features adequate restrooms for men and women. |

## SITE IMPROVEMENTS

| | |
|---|---|
| Parking: | The property contains no parking, which is typical for a building like the subject.. |
| Onsite Landscaping: | The site is landscaped with a variety of trees, shrubbery and grass. |
| Other: | The site improvements include asphalt paved parking areas, curbing, signage, landscaping, yard lighting and drainage. |

## PERSONAL PROPERTY

Personal property was excluded from our valuation.

## SUMMARY

| | |
|---|---|
| Condition: | Average |
| Quality: | Average |
| Property Rating: | After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace. |
| Roof & Mechanical Inspections: | We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed. |
| Actual Age: | 60 years |
| Effective Age: | 15 years |
| Expected Economic Life: | 40 years |
| Remaining Economic Life: | 25 years |

## CAPITAL EXPENDITURES

| | |
|---|---|
| Known Costs: | We are not aware of any planned capital expenditures that would have an impact on the subject property. |

## PHYSICAL DETERIORATION

| | |
|---|---|
| Cost to Cure: | Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. One category of physical deterioration is deferred maintenance and is measured as the cost repairing or restoring the item to new or reasonably new condition. We have not been provided with a capital expenditure plan or an engineering report that would identify specific costs required to repair deficiencies at the subject property. During our inspection we noticed no deficiencies that would need immediate repair. |

## FUNCTIONAL OBSOLESCENCE

| | |
|---|---|
| Description: | There is no apparent functional obsolescence present at the subject property. |

# REAL PROPERTY TAXES AND ASSESSMENTS

## CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of Cook County. The assessor's parcel identification number is 13-20-432-041-0000. According to the local tax collector's office, taxes are current. The assessment and taxes for the property are presented below:

| PROPERTY ASSESSMENT INFORMATION | |
|---|---|
| Assessor's Parcel Number: | 13-20-432-041-0000 |
| Assessing Authority: | Cook County |
| Current Tax Year: | 2010 |
| Assessment Ratio (% of market Value): | 25% |
| Equalization Rate: | 1 |
| Are taxes current? | Taxes are current |
| Is there a grievance underway? | Not to our knowledge |
| The subject's assessment and taxes are: | Above market levels |

| ASSESSMENT INFORMATION | |
|---|---|
| Assessed Value | **Totals** |
| Land: | $24,806 |
| Improvements: | 162,694 |
| Total: | $187,500 |
| Taxable Assessment: | $187,500 |

| TAX LIABILITY | |
|---|---|
| Total Tax Rate | 20.30149% |
| **Total Property Taxes** | **$38,065** |
| Building Area ( SF ) | 6,283 |
| Property Taxes per Square Foot | $6.06 |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

Total taxes for the property are $38,065, or $6.06 per square foot. Based on our market value estimate and the assessor opinion of market value, the subject appears to be slightly over assessed.

The State of Illinois requires all counties to be assessed at the statutory level (33 1/3%) of market value. Market value as defined by the current text of the International Association of Assessing Officers is "The most probable sale price of a property in terms of money in a competitive and open market, assuming that the buyer and seller are acting prudently and knowledgeably, allowing sufficient time for the sale, and assuming that the transaction is not affected by undue pressures."

In Cook County, real estate taxes are paid one year in arrears. Therefore, the 2008 taxes are payable in 2009. The taxes are paid in two installments and the first installment is always due March 1st and is an estimate equal to 50 percent of the prior year's total tax. The second installment due date fluctuates because it is based upon data provided by other state and county agencies. The new tax amount is a composite of all new tax rates, assessments and levies submitted by the taxing bodies.

Certain properties, including farmland, coal assessments and property assessed by the Department of Revenue (railroad operating property, pollution control facilities, and low sulfur dioxide coal fueled devices) are not subject to equalization.

Within Cook County, the assessed value is modified by a multiplier based on property type. For the 2009/2010 tax year, the levels of assessment will change. The following table summarizes the current levels of assessment, the future levels of assessment and the percent change in assessments.

**COOK COUNTY LEVELS OF ASSESSMENT**

| Major Class | Description | 2008 Level of Assessment | 2009 Level of Assessment | Percent Change |
|---|---|---|---|---|
| 1 | Vacant Land | 22% | 10% | 54.5% |
| 2 | Residential (single-family and six units or less) | 16% | 10% | 37.5% |
| 3 | Apartment Buildings (More than six units) | 20% | 16% in 2009/13% in 2010/10% thereafter | 50.0% |
| 4 | Not-for-Profit Property | 30% | 25% | 16.7% |
| 5a | Industrial Property | 36% | 25% | 30.6% |
| 5b | Commercial Property | 38% | 25% | 34.2% |

County multipliers (or equalization factors) can be issued by the State Department of Revenue to individual counties within the state to equalize each county to the required level. Township multipliers can be also be issued at the county level by the County Supervisor of Assessments and/or the County Board of Review which forces the individual townships within the county to the required level of assessments. When these multipliers are assigned on the township level, then the multiplier assigned by the state to the county is usually 1.0000 which has no additional impact on the assessment. The current Cook County Multiplier is 3.3701.

Since the Cook County multiplier is meant to maintain an overall level of assessment of property for the county at 33.3 percent, the recent lowering of the level of assessments means that future Cook County Multipliers will likely increase significantly. Based on the changes in the levels of assessment for the six major property classifications, we expect that the tax burden on vacant land and multi-family housing with more than six units will have a declining share of the tax burden, while not-for-profit, commercial and industrial properties will likely experience an increasing tax burden. In addition to the six main categories of assessment, there are several smaller categories that are directed to specialty properties. These are summarizes as follows:

**ADDITIONAL COOK COUNTY LEVELS OF ASSESSMENT**

| Major Class | Description | 2009 Level of Assessment |
|---|---|---|
| 6b | Industrial Incentive | 10% for first 10 years and any subsequent renewals. if not renewed, 15% in year 11, 20% in year 12 |
| 7a | Commercial Incentive Under $2,000,000 in Development Costs | 10% for first 10 years, 15% in year 11, 20% in year 12 and 25% thereafter |
| 7b | Commercial Incentive Over $2,000,000 in Development Costs | 10% for first 10 years, 15% in year 11, 20% in year 12 and 25% thereafter |
| 8 | Commercial and Industrial in Areas of Severe Economic Stagnation | 10% for first 10 years, 15% in year 11, 20% in year 12 and 25% thereafter |
| 9 | Low Income Multi-Family | 10% for an initial 10-year period, renewable upon application for additional 10 year periods |
| C | Contaminated Commercial and Industrial | 10% for first 10 years, 15% in year 11, 20% in year 12 and 25% thereafter |
| L | Landmark Commercial and Industrial | 10% for first 10 years and for any subsequent 10-year renewal periods; if the incentive is not renewed, 15% in year 11, 20% in year 12 and 25% thereafter |
| S | Multi-family Section 8 Housing | 10% for the term of the Section 8 contract renewal |

There are two grounds on which an appeal of the assessed value may be based; 1) the assessment is inaccurate based on market value ( you could not sell your property for that amount if you were to list it for sale) or 2) the assessment is inequitable (similar properties do not have a similar assessment.) Supporting either of these two arguments requires the taxpayer to have some supporting documentation, either sale prices or assessments of comparable (similar) properties.

If the building is rehabilitated and used for income-producing purposes like commercial, office, or manufacturing, a 20% Federal Historic Rehabilitation Tax Credit would be available if the rehabilitation design is certified by the federal government. This incentive provides a dollar-for-dollar tax credit equal to 20% of the project costs in a qualifying rehabilitation. Subject to certain limitations, the historic tax credit can be used by the building owner to offset federal taxes or sold to a tax credit investor to raise equity, a portion of which could be available for predevelopment expenses.

In addition, a building owner can donate a preservation easement on the exterior of a historic building to a qualified organization and claim a one-time charitable federal income tax deduction equal to the appraised value of the easement. In doing so, the owner agrees to permanently forfeit certain property rights such as the right to demolish or alter those significant features without approval from the easement holder. This agreement is part of the deed of the building and binds all future owners.

# ZONING

## GENERAL INFORMATION

The property is zoned B3-1 Community Shopping by the City of Chicago. A summary of the subject's zoning is provided below:

| ZONING | |
|---|---|
| **Municipality Governing Zoning:** | City of Chicago |
| **Current Zoning:** | B3-1 Community Shopping |
| **Current Use:** | Street Retail |
| **Is current use permitted:** | Yes |
| **Permit details:** | |
| **Permitted Uses:** | Permitted uses within this district include office and retail commercial uses |
| **Prohibited Uses:** | Prohibited uses within this district include residential uses |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## ZONING COMPLIANCE

Property value is affected by whether or not an existing or proposed improvement complies to zoning regulations, as discussed below.

### COMPLYING USES

An existing or proposed use that complies to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

### PRE-EXISTING, NON-COMPLYING USES

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

### NON-COMPLYING USES

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

## OTHER RESTRICTIONS

We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

## ZONING CONCLUSIONS

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a pre-existing, non-complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

# HIGHEST AND BEST USE

## HIGHEST AND BEST USE DEFINITION

*The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), a publication of the Appraisal Institute, defines the highest and best use as:

> The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as though vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above.

## HIGHEST AND BEST USE OF PROPERTY AS THOUGH VACANT

### LEGALLY PERMISSIBLE

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned B3-1 Community Shopping by the City of Chicago. Permitted uses within this district include office and retail commercial uses. We are not aware of any further legal restrictions that limit the potential uses of the subject. In addition, rezoning of the site is not likely due to the character of the area.

### PHYSICALLY POSSIBLE

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 0.14 acres, or 6,283 square feet. The site is rectangular and level. It has good frontage, good access, and good visibility. The overall utility of the site is considered to be good. All public utilities are available to the site including public water and sewer, gas, electric and telephone. Overall, the site is considered adequate to accommodate most permitted development possibilities.

### FINANCIALLY FEASIBLE AND MAXIMALLY PRODUCTIVE

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

## CONCLUSION

We considered the legal issues related to zoning and legal restrictions. We also analyzed the physical characteristics of the site to determine what legal uses would be possible, and considered the financial feasibility of these uses to determine the use that is maximally productive. Considering the subject site's physical characteristics and location, as well as the state of the local market, it is our opinion that the Highest and Best Use of the subject site as though vacant is a commercial office or retail use built to its maximum feasible building area when market conditions warrant new construction.

# HIGHEST AND BEST USE OF PROPERTY AS IMPROVED

*The Dictionary of Real Estate Appraisal* defines highest and best use of the property as improved as:

> The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

In analyzing the Highest and Best Use of a property as improved, it is recognized that the improvements should continue to be used until it is financially advantageous to alter physical elements of the structure or to demolish it and build a new one.

## LEGALLY PERMISSIBLE

As described in the Zoning Analysis section of this report, the subject site is zoned B3-1 Community Shopping. The site is improved with a single-tenant retail containing 6,283 square feet of gross building area. In the Zoning section of this appraisal, we determined that the existing improvements represent a pre-existing, non-complying use. We also determined that the existing use is a permitted use in this zone.

## PHYSICALLY POSSIBLE

The subject improvements were constructed in 1951 and were last renovated in 1995. The improvements are in average condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

## FINANCIALLY FEASIBLE AND MAXIMALLY PRODUCTIVE

In the Reconciliation section, we concluded to a market value for the subject property, as improved, of $625,000. In our opinion, the improvements contribute significantly to the value of the site. It is likely that no alternate use would result in a higher return.

# CONCLUSION

It is our opinion that the existing improvements add value to the site as though vacant, dictating a continuation of its current use. It is our opinion that the Highest and Best Use of the subject property as improved is a commercial office-retail storefront.

# VALUATION PROCESS

## METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

### COST APPROACH

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

### SALES COMPARISON APPROACH

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In both cases, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

### INCOME CAPITALIZATION APPROACH

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Discounted Cash Flow Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

## SUMMARY

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

# SALES COMPARISON APPROACH

## METHODOLOGY

Using the Sales Comparison Approach, we developed an opinion of value by comparing the subject property to similar, recently sold properties in the surrounding or competing area. This approach relies on the principle of substitution, which holds that when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming that no costly delay is encountered in making the substitution.

By analyzing sales that qualify as arm's-length transactions between willing and knowledgeable buyers and sellers, we can identify value and price trends. The basic steps of this approach are:

- Research recent, relevant property sales and current offerings in the competitive area;
- Select and analyze properties that are similar to the subject property, analyzing changes in economic conditions that may have occurred between the sale date and the date of value, and other physical, functional, or locational factors;
- Identify sales that include favorable financing and calculate the cash equivalent price;
- Reduce the sale prices to a common unit of comparison such as price per square foot of net rentable area, effective gross income multiplier, or net income per square foot;
- Make appropriate comparative adjustments to the prices of the comparable properties to relate them to the subject property; and
- Interpret the adjusted sales data and draw a logical value conclusion.

The most widely used and market-oriented unit of comparison for properties such as the subject is the sales price per square foot of net rentable area. All comparable sales were analyzed on this basis. The following pages contain a summary of the improved properties that we compared to the subject property, a map showing their locations, and the adjustment process. Comparable improved sale data sheets are presented in the Addenda of this report.

Due to the nature of the subject property and the level of detail available for the comparable data, we elected to analyze the comparables through the application of a traditional adjustment grid using percentage adjustments. This methodology is commonly used by participants that buy and sell property similar to the subject property, and we feel that it is the appropriate methodology to use in this assignment.

In the Sales Comparison Approach we determined the Market Value As Is.

## SUMMARY OF IMPROVED SALES

| PROPERTY INFORMATION | | | | | | TRANSACTION INFORMATION | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **No.** | **Property Name Address, City, State** | **Land (SF)** | **Land to Building Ratio** | **Building NRA** | **Year Built** | **Grantor** | **Grantee** | **Buying Entity** | **Value Interest** | **Sale Date** | **Sale Price** | **$/SF** | **Comments** |
| S | Subject Property | 6,283 | 1.00:1 | 6,283 | 1951 | | | | | | | | |
| 1 | 2980 North Milwaukee Avenue Chicago, IL | 8,712 | 1.90:1 | 4,576 | 1907 | Robert Hoffman | Milwaukee Advisors | Owner-User | Fee Simple | 11/09 | $530,000 | $115.82 | This is the sale of a retail store-front located along Milwaukee Avenue. The building was constructed in 1907 and updated over the years. |
| 2 | 3131-3137 North Central Avenue Chicago, IL | 6,534 | 2.40:1 | 2,728 | 1951 | Panagiotis | Toumplis | Owner-User | Fee Simple | 2/09 | $375,000 | $137.46 | The building is located just to the south of Belmont Avenue, along Central Avenue, a primary north-south commercial road. |
| 3 | 2451 North Harlem Avenue Chicago, IL | 3,049 | 1.22:1 | 2,500 | 1940 | Kritikos | Iozzo | Owner-User | Fee Simple | 1/09 | $300,000 | $120.00 | The building was vacant at the time of the sale. This is a storefront building located just to the north of Grand Avenue. |
| 4 | 5617 West Belmont Avenue Chicago, IL | 7,000 | 1.12:1 | 6,250 | 1939 | Joel Robbins | Hassan Talee | Owner-User | Fee Simple | 9/08 | $650,000 | $104.00 | The property is located just west of Central Avenue. The building was vacant at the time of the sale and was purchased by an owner-user. |
| **STATISTICS** | | | | | | | | | | | | | |
| **Low** | | 3,049 | 1.12:1 | 2,500 | 1907 | | | | | 9/08 | $300,000 | $104.00 | |
| **High** | | 8,712 | 2.40:1 | 6,250 | 1951 | | | | | 11/09 | $650,000 | $137.46 | |
| **Average** | | 6,324 | 1.66:1 | 4,014 | 1934 | | | | | 2/09 | $463,750 | $119.32 | |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## IMPROVED SALE ADJUSTMENT GRID

| | | ECONOMIC ADJUSTMENTS (CUMULATIVE) | | | | | PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | Price PSF & Date | Property Rights Conveyed | Conditions of Sale | Financing | Market [1] Conditions | Subtotal | Location | Size | Age, Quality & Condition | Land-Building Ratio | Parking Ratio | Utility [2] | Economics | Other | Adj. Price PSF | Overall |
| 1 | **$115.82**<br>11/09 | Fee Simple<br>0.0% | Arm's-Length<br>0.0% | None<br>0.0% | Superior<br>-0.6% | **$115.08**<br>-0.6% | Similar<br>0.0% | Smaller<br>-5.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Superior<br>-5.0% | Similar<br>0.0% | Similar<br>0.0% | **$103.58**<br>-10.0% | Superior |
| 2 | **$137.46**<br>2/09 | Fee Simple<br>0.0% | Arm's-Length<br>0.0% | None<br>0.0% | Superior<br>-12.0% | **$120.96**<br>-12.0% | Similar<br>0.0% | Smaller<br>-15.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Superior<br>-10.0% | Similar<br>0.0% | Similar<br>0.0% | **$90.72**<br>-25.0% | Superior |
| 3 | **$120.00**<br>1/09 | Fee Simple<br>0.0% | Arm's-Length<br>0.0% | None<br>0.0% | Superior<br>-13.2% | **$104.14**<br>-13.2% | Similar<br>0.0% | Smaller<br>-15.0% | Inferior<br>10.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | **$98.93**<br>-5.0% | Superior |
| 4 | **$104.00**<br>9/08 | Fee Simple<br>0.0% | Arm's-Length<br>0.0% | None<br>0.0% | Superior<br>-17.8% | **$85.48**<br>-17.8% | Similar<br>0.0% | Similar<br>0.0% | Inferior<br>15.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | Similar<br>0.0% | **$98.31**<br>15.0% | Inferior |
| | **STATISTICS** | | | | | | | | | | | | | | | |
| | $104.00 | **- Low** | | | | | | | | | | | | **Low -** | $90.72 | |
| | $137.46 | **- High** | | | | | | | | | | | | **High -** | $103.58 | |
| | $119.32 | **- Average** | | | | | | | | | | | | **Average -** | $97.88 | |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

**(1) Market Conditions Adjustment**

See Variable Growth Rate Assumptions Table

Date of Value (for adjustment calculations): 1/19/11

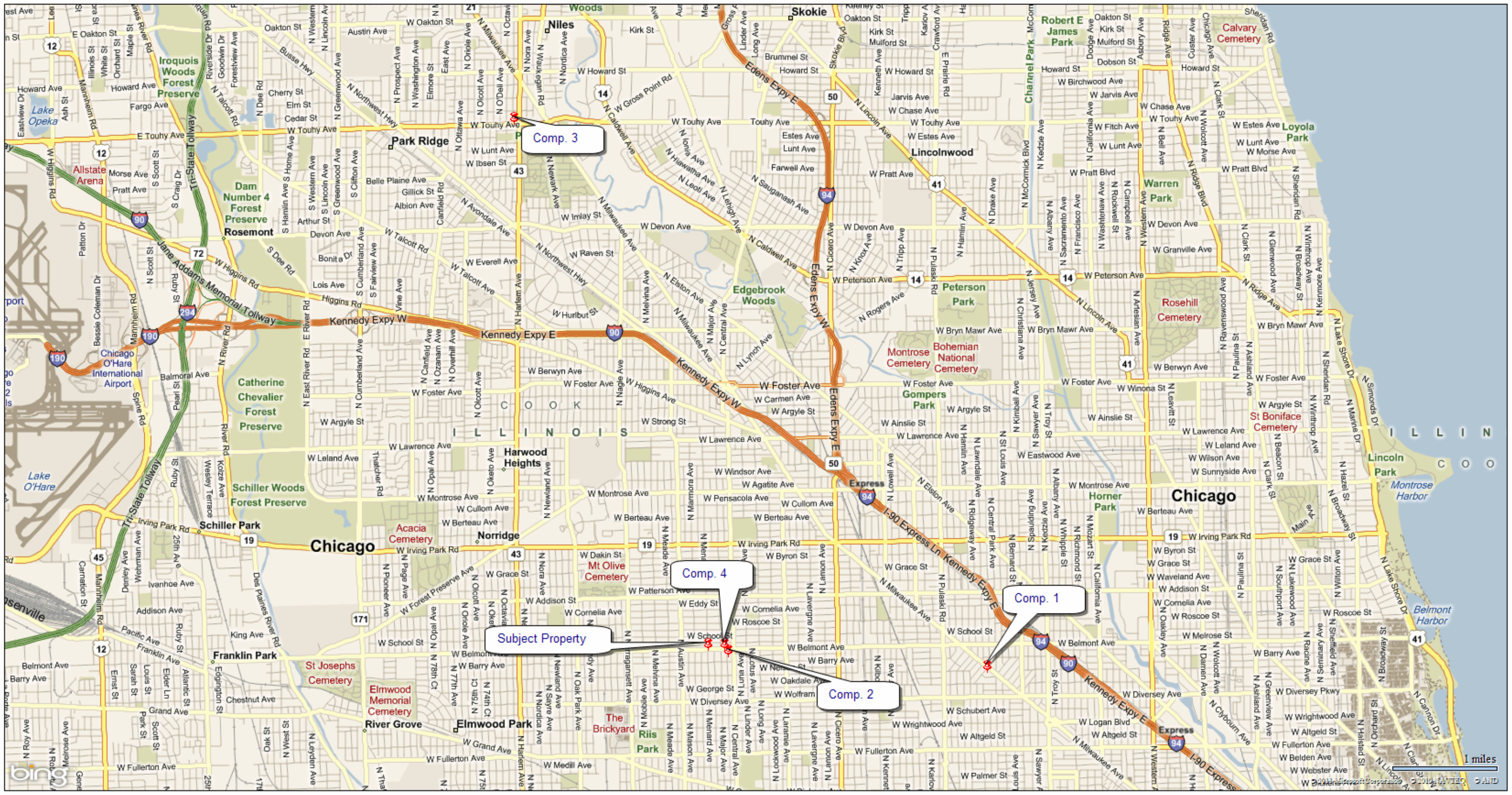
**(2) Utility Footnote**

Utility includes site layout, signage, visibility, Land to Building:, etc.

### Variable Growth Rate Assumptions

| | |
|---|---|
| Starting Growth Rate: | 3.0% |
| Inflection Point 1 (IP1): | **8/1/2007** |
| Change After IP1: | -5.0% |
| Inflection Point 2 (IP2): | **9/1/2008** |
| Change After IP2: | -15.0% |
| Inflection Point 3 (IP3): | **1/1/2010** |
| Change After IP3: | 2.0% |

## IMPROVED SALE LOCATION MAP



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# PERCENTAGE ADJUSTMENT METHOD

## ADJUSTMENT PROCESS

The sales we used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

The first adjustment made to the market data takes into account differences between the subject property and the comparable property sales with regard to the legal interest transferred. Advantageous financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price. Lastly, adjustments for location, physical traits and the economic characteristics of the market data are made in order to generate the final adjusted unit rate for the subject property.

We made a downward adjustment to those comparables considered superior to the subject and an upward adjustment to those comparables considered inferior.

## PROPERTY RIGHTS CONVEYED

The property rights conveyed in a transaction typically have an impact on the price that is paid. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

## FINANCIAL TERMS

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

## CONDITIONS OF SALE

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm's-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

## MARKET CONDITIONS

In this analysis, we determined the Market Value As Is using the value date of January 2011. All of the comparables were adjusted to this date. The sales that are included in this analysis occurred between September 2008 and November 2009. The market has fluctuated over this time period, reflecting the subprime crisis that began in August 2007, and the ensuing credit crisis that began in September 2008. We acknowledge inflection points occurring following these two pivotal moments. Please refer to the adjustment grid for reference to these assumptions.

### Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. No adjustment for this characteristic was warranted.

### Physical Traits

Each property has various physical traits that determine its appeal. These traits include size, age, condition, quality, parking ratio and utility. Each comparable was adjusted accordingly.

- Sale I-1 is adjusted for its smaller size and superior land-to-building ratio.
- Sale I-2 is adjusted for its smaller size and superior land-to-building ratio.
- Sale I-3 is adjusted for its smaller size, superior age, and superior land-to-building ratio.
- Sale I-4 is adjusted for its smaller size and inferior overall condition.
- Sale I-5 is adjusted for its inferior overall condition.

### Economic Characteristics

The economic characteristics of a property include its occupancy levels, operating expense ratios, tenant quality, and other items not covered under prior adjustments that would have an economic impact on the transaction. No adjustment was warranted for this characteristic.

### Other

No adjustment was warranted for this characteristic.

### Summary of Percentage Adjustment Method

After adjustments, the comparable improved sales reflect unit prices ranging from $90.72 to $103.58 per square foot with an average adjusted price of $97.88 per square foot. We have given most weight to sale I-1 as it is a recent sale that required the least amount of adjustments. As such, we have concluded just above the average adjusted value. Therefore, we concluded that the indicated value by the Percentage Adjustment Method was:

| PERCENT ADJUSTMENT METHOD SUMMARY | |
|---|---|
| **Market Value As Is** | |
| Indicated Value per Square Foot NRA | $100.00 |
| Net Rentable Area in Square Feet | x 6,283 |
| Indicated Value | $628,300 |
| **Rounded to nearest $25,000** | **$625,000** |
| Per square foot | $99.47 |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

# INCOME CAPITALIZATION APPROACH

## METHODOLOGY

The Income Capitalization Approach determines the value of a property based on the anticipated economic benefits. The principle of "anticipation" is essential to this approach, which recognizes the relationship between an asset's potential future income and its value. To value the anticipated economic benefits of a property, potential income and expenses must be projected, and the most appropriate capitalization method must be selected.

The most common methods of converting net income into value are Direct Capitalization and Discounted Cash Flow. In direct capitalization, net operating income is divided by an overall capitalization rate to indicate an opinion of market value. In the discounted cash flow method, anticipated future cash flows and a reversionary value are discounted to an opinion of net present value at a chosen yield rate (internal rate of return).

Investors acquiring this type of asset will typically look at year one returns but must also consider long-term strategies. Hence, depending on certain factors, each of the income approach methods has merit. Considering all of the aspects that would influence an investment decision in the subject property, we conclude that only the Direct Capitalization Analysis is the most appropriate in this assignment.

## POTENTIAL GROSS INCOME

Potential gross income is generated by a number of distinct elements: minimum rent determined by lease agreement; reimbursement of certain expenses incurred in the ownership and operation of the real estate; and other miscellaneous revenues. Minimum base rent is a legal contract between landlord and tenant establishing a return to investors in the real estate. The lease terms also dictate specific expense reimbursement charges that can be billed to the tenant. Finally, miscellaneous income can be generated from a variety of sources. The first step in this appraisal is to analyze all potential gross income, starting with an analysis of the subject's tenancy.

## SUBJECT TENANCY

The subject has been operating as an owner-occupied property. Hence there are no subject leases to analyze. As such, we will determine market rent for the property by analyzing rent levels and lease terms at comparable properties.

## ANALYSIS OF COMPARABLE RENTS

The following table summarizes rental activity for comparable space in competing buildings in the market.

## RETAIL RENT COMPARABLES

### PROPERTY INFORMATION

| NO. | Property Name Address, City, State | TOTAL GLA | YEAR BUILT | LEASE DATE | SIZE (NRA) | TERM (yrs.) | INITIAL RENT/SF | RENT STEPS | LEASE TYPE | MONTHS FREE | TI/SF | COMMENTS |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| S | Subject Property | 6,283 | 1951 | | 6,283 | | | | | | | |
| 1 | Storefront<br>5046 West Montrose Avenue<br>Chicago, IL | 14,000 | 1920 | 10/10 | 1,100 | N/A | $11.00 | Flat | Net | N/A | N/A | This is a lease of a storefront that is situated at the intersection of Montrose and Milwaukee. There are 20 parking spaces available at the rear of the building. The building was in average overall condition. |
| 2 | Storefront<br>5015 West Lawrence Avenue<br>Chicago, IL | 8,000 | 1970 | 9/09 | 8,000 | 5 | $9.00 | Flat | Net | N/A | N/A | The space was leased at $15.00 gross. The reported rent reflects the estimated net lease rate. This building was in average to good overall condition. |
| 3 | Storefront<br>5259 West Montrose Avenue<br>Chicago, IL | 2,400 | 1923 | 6/09 | 1,200 | N/A | $12.00 | Flat | Net | N/A | N/A | The storefront was formerly used as a coffee shop. The building was in average overall condition. |
| 4 | Storefront<br>4406 North Milwaukee Avenue<br>Chicago, IL | 1,200 | 1944 | 2/09 | 1,200 | 5 | $12.00 | Flat | Net | N/A | N/A | This is a lease of a storefront building located along Milwaukee Avenue. The building was in good overall condition. |
| 5 | Storefront<br>5908 West Lawrence Avenue<br>Chicago, IL | 5,000 | 1950 | 8/10 | 1,500 | M-to-M | $9.16 | Flat | Net | N/A | N/A | The office is rented to an insurance agency. |
| **STATISTICS** | | | | | | | | | | | | |
| Low | | 1,200 | 1920 | 2/09 | 1,100 | 5 | $9.00 | | | | | |
| High | | 14,000 | 1970 | 10/10 | 8,000 | 5 | $12.00 | | | | | |
| Average | | 6,120 | 1941 | 12/09 | 2,600 | 5 | $10.63 | | | | | |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## COMPARABLE RENT ADJUSTMENT GRID

| | | ECONOMIC ADJUSTMENTS (CUMULATIVE) | | | | | | PROPERTY CHARACTERISTIC ADJUSTMENTS (ADDITIVE) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| No. | Rent & Date | Lease Type /Net Equiv. Adj. | NetEquiv. Rent | Rent (2) Concess. | Effect. Rent | Market (1) Conditions | Subtotal | Location | Size | Age | Quality / Condition | Basement | Access | Other/Parking | Adj. Rent PSF | Overall |
| 1 | **$11.00** 10/10 | Net $0.00 | $11.00 | Similar $0.00 | $11.00 | Inferior 0.6% | **$11.06** 0.6% | Similar 0.0% | Smaller -20.0% | Similar 0.0% | Inferior 40.0% | Similar 0.0% | Similar 0.0% | Superior -25.0% | **$10.51** -5.0% | Superior |
| 2 | **$9.00** 9/09 | Net $0.00 | $9.00 | Similar $0.00 | $9.00 | Superior -3.3% | **$8.70** -3.3% | Similar 0.0% | Larger 5.0% | Superior -5.0% | Similar 0.0% | Similar 0.0% | Similar 0.0% | Similar 0.0% | **$8.70** 0.0% | Similar |
| 3 | **$12.00** 6/09 | Net $0.00 | $12.00 | Similar $0.00 | $12.00 | Superior -7.1% | **$11.15** -7.1% | Similar 0.0% | Smaller -20.0% | Similar 0.0% | Inferior 20.0% | Similar 0.0% | Similar 0.0% | Similar 0.0% | **$11.15** 0.0% | Similar |
| 4 | **$12.00** 2/09 | Net $0.00 | $12.00 | Similar $0.00 | $12.00 | Superior -12.0% | **$10.56** -12.0% | Similar 0.0% | Smaller -20.0% | Similar 0.0% | Inferior 10.0% | Similar 0.0% | Similar 0.0% | Similar 0.0% | **$9.50** -10.0% | Superior |
| 5 | **$9.16** 8/10 | Net $0.00 | $9.16 | Similar $0.00 | $9.16 | Inferior 0.8% | **$9.23** 0.8% | Similar 0.0% | Smaller -20.0% | Similar 0.0% | Inferior 20.0% | Similar 0.0% | Similar 0.0% | Similar 0.0% | **$9.23** 0.0% | Similar |
| | **STATISTICS** | | | | | | | | | | | | | | | |
| | $9.00 | **- Low** | | | | | | | | | | | | **Low -** | $8.70 | |
| | $12.00 | **- High** | | | | | | | | | | | | **High -** | $11.15 | |
| | $10.63 | **- Average** | | | | | | | | | | | | **Average -** | $9.82 | |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

(1) **Market Conditions Adjustment**
See Variable Growth Rate Assumptions Table
Date of Lease (for adjustment calculations): 1/19/11

(2) **Market Standard**

| | |
|---|---|
| Free Rent (months) | 0 months |
| Tenant Improvement (SF) | $0.00 |
| Lease Type | Net |

**Variable Growth Rate Assumptions**

| | |
|---|---|
| Starting Growth Rate: | 3.0% |
| Inflection Point 1 (IP1): | **8/1/2007** |
| Change After IP1: | -5.0% |
| Inflection Point 2 (IP2): | **9/1/2008** |
| Change After IP2: | -15.0% |
| Inflection Point 3 (IP3): | **1/1/2010** |
| Change After IP3: | 2.0% |

## COMPARABLE RENTAL LOCATION MAP

## ADJUSTMENT PROCESS

The comparable rents that we utilized represent the best available information that could be compared to the subject property. The major elements of comparison for an analysis of this type include a lease type equivalency adjustment, rent concession adjustment, changes in market conditions since the lease date, the location of the real estate, its physical traits and the economic characteristics of the property.

We made a downward adjustment to those comparables considered superior to the subject. Conversely, an upward adjustment was made to those comparables considered to be inferior.

### LEASE TYPE EQUIVALENCY ADJUSTMENT

The initial face rent of a lease will be impacted significantly by the lease reimbursement clause regarding expense reimbursement. We projected that the subject's space would have a net lease structure. For all comparables leases that had something other than a net lease structure, we made an adjustment that would convert the comparable face rent into a net equivalent rent. An appropriate adjustment was made to each comparable in comparison to the subject to account for the lease structure.

### RENT CONCESSION ADJUSTMENT

Our adjustment for rent concessions considers the equivalency between the comparables for market standard tenant improvement allowance and free rent. In the subject's instance no (or very minimal) tenant improvement allowance or free rent would be typical. The adjustment for rent concession equivalency attempts to quantify the differences between market free rent and tenant improvement allowance between the subject and the comparables. The differences between free rent and work letter (+/-) is divided by the comparable's lease term, and applied to the beginning "face" rent of the comparable lease. Although this methodology does not take into account amortization of rental increases over the lease term, we believe this is a simplistic approach to understanding the equivalency of concessions on beginning base rent. The rent concession equivalency adjustment calculation may be summarized as follows:

| RENT CONCESSION ADJUSTMENT SUMMARY | |
|---|---|
| **FREE RENT ADJUSTMENT** | **WORKLETTER ADJUSTMENT** |
| Comparable Free Rent | Comparable Workletter |
| Less: Market Standard | Less: Market Standard |
| Equals: Over (Under) Standard | Equals: Over (Under) Standard |
| Divided by Comparable Monthly Lease Term | Divided by Comparable Lease Term |
| Times: Beginning Base Rent | Equals: Equivalency Adjustment |
| Equals: Equivalency Adjustment | |

### MARKET CONDITIONS

The comparables included in this analysis range between the dates of February 2009 and October 2010. The market has fluctuated over this time period, reflecting the subprime crisis that began in August 2007, and the ensuing credit crisis that began in September 2008. We acknowledge inflection points occurring following these two pivotal moments. Please refer to the adjustment grid for reference to these assumptions.

### LOCATION
An adjustment for location is required when the locational characteristics of a comparable property are different from those of the subject property. The location of the subject property is rated good, and it has good access and good visibility. Each comparable was adjusted accordingly.

### PHYSICAL TRAITS
Each property is affected by the various physical traits that come to bear on the appeal of a property. These traits include size, age, condition, quality, floor location, and basement. Each comparable was adjusted accordingly.

### OTHER/PARKING
This category accounts for any other adjustments not previously discussed. We have adjusted comparable R-1 for its superior parking.

## DISCUSSION OF COMPARABLE RENTS
We analyzed recent leases negotiated in competitive buildings in the marketplace. The comparables range in size from 1,100 square feet to 8,000 square feet. These are all located in buildings similar in class to the subject. The comparable leases have terms ranging from 5 to 5 years. The comparables exhibit an adjusted range of rents from $8.70 to $11.15 per square foot, with an average of $9.82 per square foot on a net basis.

### CONCLUSION OF MARKET RENT
Based on our analysis of the comparables, we concluded the following market rent for the subject's space:

| MARKET RENT SYNOPSIS | |
|---|---|
| **TENANT CATEGORY** | **Market** |
| Market Rent | $10.00 |
| Lease Term (years) | 5 |
| Lease Type (reimbursements) | Net |
| Contract Rent Increase Projection | Flat |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## REVENUE & EXPENSE ANALYSIS
We developed an opinion of the property's annual income and operating expenses after reviewing the operating performance of similar buildings. We analyzed each item of expense and developed an opinion regarding what an informed investor would consider typical. Our opinions of future revenue and expenses are discussed below.

## BASE RENTAL REVENUE
We forecasted base rental revenue in year one to be $62,830. This is calculated by multiplying our market rent estimate by the net rentable area.

## EXPENSE REIMBURSEMENTS
We analyzed the historical and budgeted reimbursement revenue, and made a projection of the future expense reimbursement revenue based on these figures. We also considered the contractual terms of the existing leases, together with our assumptions related to future leasing.

The existing tenants are responsible for real estate taxes and operating expenses. Based on our analysis, we estimated total reimbursement revenue for year one at $44,648, which equates to $7.11 per square foot.

## VACANCY AND COLLECTION LOSS

Vacancy and collection loss is a function of the interrelationship between absorption, lease expiration, renewal probability, estimated downtime between leases, and a collection loss factor based on the relative stability and credit of the subject's tenant base.

Based on the current vacancy in the market, and our perception of future market vacancy, we projected a total vacancy and collection loss equal to 10.00 percent.

## OPERATING EXPENSE ANALYSIS

Cushman & Wakefield, Inc. recognizes the standards defined by the Appraisal Institute as the definitive standards by which operating expense data should be analyzed. In forecasting expenses, we relied on and analyzed expense levels at competing properties. Our expense analysis is discussed below.

## OPERATING EXPENSE CONCLUSION

We forecast total operating expenses for the subject property (excluding real estate taxes) to be $8,048, equating to $1.28 per square foot. We forecast total operating expenses for the subject property (including real estate taxes) to be $46,048, equating to $7.33 per square foot.

## INCOME AND EXPENSE PRO FORMA

The following chart summarizes our opinion of income and expenses for year one.

| SUMMARY OF REVENUE AND EXPENSES | | | | |
|---|---|---|---|---|
| **Stabilized Year For Direct Capitalization:** | | **Year One** | | |
| **REVENUE** | **Assumptions** | **Annual** | **$/SF** | **% of EGI** |
| Base Rental Revenue | $10.00 | $62,830 | $10.00 | |
| Overage Rent | | 0 | 0.00 | |
| Subtotal | | $62,830 | $10.00 | |
| Reimbursement Revenue | | | | |
| CAM | | $3,142 | $0.50 | |
| Management | | 1,935 | 0.31 | |
| Insurance | | 1,571 | 0.25 | |
| Real Estate Taxes | | 38,000 | 6.05 | |
| Subtotal | | $44,648 | $7.11 | |
| **POTENTIAL GROSS REVENUE** | | $107,478 | $17.11 | |
| Total Vacancy and Collection Loss | 10.0% | (10,748) | (1.71) | |
| **EFFECTIVE GROSS REVENUE** | | $96,730 | $15.40 | 100.00% |
| **OPERATING EXPENSES** | | | | |
| CAM | | $3,142 | 0.50 | 3.25% |
| Management Fees | | 1,935 | 0.31 | 2.00% |
| Insurance | | 1,571 | 0.25 | 1.62% |
| Non-Reimbursable | | 1,400 | 0.22 | 1.45% |
| **Total Operating Expenses** | | $8,048 | $1.28 | 8.32% |
| Real Estate Taxes | | $38,000 | $6.05 | 39.28% |
| **TOTAL EXPENSES** | | **$46,048** | **$7.33** | **47.60%** |
| **NET OPERATING INCOME** | | **$50,682** | **$8.07** | **52.40%** |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## INVESTMENT CONSIDERATIONS

### THE FINANCIAL CRISIS

The credit crunch that began to unfold in the U.S. in mid-2007 evolved into a global financial crisis by October 2008, soon after the Lehman Brothers bankruptcy. Many market observers equate this crisis as the greatest challenge to the world's economic health since the Great Depression. Its effects have radically reshaped the financial sector, and its consequences continue to impact nearly every other industry. Although many financial experts believe that the worst may be behind us, economic data continues to send mixed signals.

From the start, government efforts to combat the crisis were not only robust but also unprecedented. The Emergency Economic Stabilization Act of October 2008 (EESA) allowed Treasury to facilitate the $700.0 billion Troubled Asset Relief Program (TARP) also known as "the bailout." In February of 2009, the American Recovery and Reinvestment Act of 2009 (AARA) was enacted by Congress and signed into law. Better known as the "stimulus bill," the $787.0 billion package included federal tax cuts and extended unemployment benefits, in addition to increasing domestic spending on education, health care, and infrastructure. So far, about a third of the "stimulus" money has been spent. Time will tell if a second "stimulus" is needed, as some leading economists argue. For the time being, however, it appears that government policies have successfully reinvigorated the financial markets.

The fallout from the crisis was significant, widespread, and permanently altered the financial landscape. Institutions such as Lehman Brothers, which had been around for well over a century, were acquired, filed for

Chapter 11 bankruptcy protection, or placed into federal conservatorship. Money from TARP flooded these companies with the much-needed cash to stay afloat, pulling them, and the economy at large, from the brink of collapse. To date, a few major institutions such as Bank of America, JPMorgan Chase, and Goldman Sachs have repaid their TARP loans; however, the Treasury Department announced in early September 2010 that more than a sixth of institutions (primarily small banks) that received federal aid have missed their scheduled quarterly dividend payments.

Currently, the biggest concern for investors is job growth and its consequent impact on leasing activity. Without this core demand driver and a solid economic recovery, occupancy and rents will not recover and market revitalization will be muted. In the first half of 2010, a renewed vigor in the capital markets helped lift values and compressed overall capitalization rates in some transactions. This is beginning to show up in sales and investor surveys, however the sustainability of this trend will become clearer as the year comes to a close and more evidence emerges.

## ECONOMIC IMPACT

On September 20, 2010 the National Bureau of Economic Research (NBER) announced that the recession that began in December 2007 officially ended in June 2009. At 18 months, it is the longest economic slump since the Great Depression. The NBER emphasized that the economy is still not operating at normal capacity, stressing that only the period of declining economic activity, which is measured by indicators such as economic output and incomes, has come to an end.

Although the economy still faces stubbornly slow growth and persistently high joblessness, enough positive indicators show that the economy may avoid a dip back into another recession. Helping support this belief is not only the recent string of better-than-expected data on housing, manufacturing and employment, but companys' earnings have steadily improved throughout the course of the year. In fact, expectations are high that this trend will continue into the new year, raising hopes that firms may soon begin hiring in earnest again. Still, economic woes persist and most experts remain cautiously optimistic about the future of the economy, with some not entirely ruling out the possibility of a double dip recession just yet.

Listed below are some notable economic trends:

- Real gross domestic product (GDP) for third quarter 2010 was revised up to 2.5 percent from an initially estimated 2.0 percent. This is a notable increase over the second-quarter gain of 1.7 but a much more moderate pace than the 5.0 and 3.7 percent growth rates seen in fourth quarter 2009 and first quarter 2010, respectively.

- In November 2010, the economy added 39,000 jobs but the unemployment rate rose to 9.8 percent. Included in the Department of Labor's report was an upward revision in October's number, bringing the month's total new jobs to 172,000. More than 15.0 million people remain unemployed and 6.3 million have been without a job for six months or longer.

- In October 2010, U.S. retail sales rose 1.2 percent, nearly double the gain that was expected and the largest jump since March. A large part of this increase was driven by auto sales, as sales for big US retailers reported lackluster sales in October.

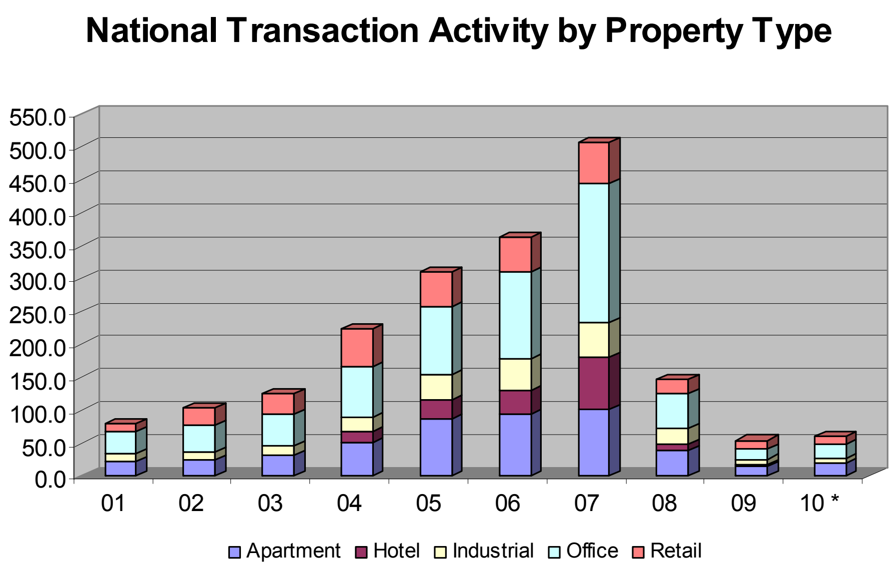
- The National Association of Realtors (NAR) reported that October 2010 existing home sales decreased 2.2 percent to a seasonally adjusted annual rate of 4.4 million following two monthly gains. NAR expects this pattern to continue as the housing market is experiencing an "uneven recovery".

## COMMERCIAL REAL ESTATE MARKET IMPACT

During the recession and its immediate aftermath, reduced credit availability and sellers' refusals to lower pricing, translated into significantly reduced transaction volume. According to Real Capital Analytics, the dollar volume of commercial real estate sales increased about 300.0 percent between 2003 and 2007, but decreased by 71.0 percent in 2008, and by roughly 63.0 percent in 2009. Total volume in 2009 was 89.0 percent below the frenetic pace recorded in 2007.

This year, however, positive indicators across all property types, including higher transaction volume, an increase in portfolio sales, compressed yields and the return of aggressive bidding, point to a market recovery. In fact, the investment market for commercial real estate entered the fourth quarter in its healthiest position since late 2007, when financing had already started to weaken. For third quarter 2010, sales volume totaled $66.3 billion, a 115.1 percent increase over third quarter 2009, and already surpassing year-end 2009 total sales volume by 22.0 percent.

The following graph displays national transaction activity by property type between 2001 and third quarter 2010:




Source: Real Capital Analytics, Inc.
* Year-to-Date 2010, Hotel data not avail. until 2004, Numbers reflect billions

Though Federal monetary policy (low interest rates) remains favorable for real estate investors, market remains essentially bifurcated. On one end of the spectrum, significant capital is chasing the highest quality, institutional-grade assets, which is leading to compressed OARs. On the other end of the spectrum is the distressed market wherein large opportunity funds are looking for larger distressed properties and value-add opportunities. There is still a very limited market for properties in the middle.

Other important points to consider include:

- Trends in the distressed property market are improving, as there are neither excess inflows or a strong uptick in exits. This trend is expected to continue and suggests that the market may be approaching an inflection point sometime in the near future.

- Although the distressed property market is tapering, these properties still make up a significant part of the market and loan restructuring is more common as a result. Fortunately, adjusting debt service coverage ratios and the handling of non-performing loans, in general, are more easily accommodated in the current low interest rate environment.
- Despite an improved credit market, not all borrowers are benefiting equally. Lenders remain sensitive to risk which gives higher quality borrowers a distinct advantage. This stimulates an uneven improvement in prices and transaction volume across property types and markets.
- A growing number of market experts believe that office and industrial markets have reached a bottom in most major markets across the country. This is evidenced by stabilizing vacancy rates and the return of positive absorption.

### CONCLUSION

As market observers who simulate behavior rather than affect it, we still await market evidence as to the long-term impact of the credit crisis. Risk is considered in the context of our anticipation of rental growth and most vividly in our overall capitalization and discount rate selections. Current active investor behavior reflects a higher cost of capital with the exception of top tier assets in target markets, concern about the economy, a reduced pool of investors (although this is growing), and more conservative rent growth and cash flow modeling assumptions. We recognize also that the new market purchasers will have a greater equity interest and lenders will be working with more conventional lending margins, debt and equity coverage.

The factors listed below have been key to our valuation of this property and will have an impact on our selection of all investor rates.

## INVESTMENT CONSIDERATIONS

| | |
|---|---|
| **Real Estate Market Trends:** | Real estate market trends have a significant bearing on the value of real property. The real estate market in which the subject property is located is currently improving. |
| **Property Rating:** | After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace. |
| **Location Rating:** | After considering all of the locational aspects of the subject, including regional and local accessibility as well as overall visibility, we have concluded that the location of this property is good. |
| **Overall Investment Appeal:** | There are many factors that are considered prior to investing in this type of property. After considering all of these factors, we conclude that this property has average overall investment appeal. |

## INVESTOR SURVEY TRENDS

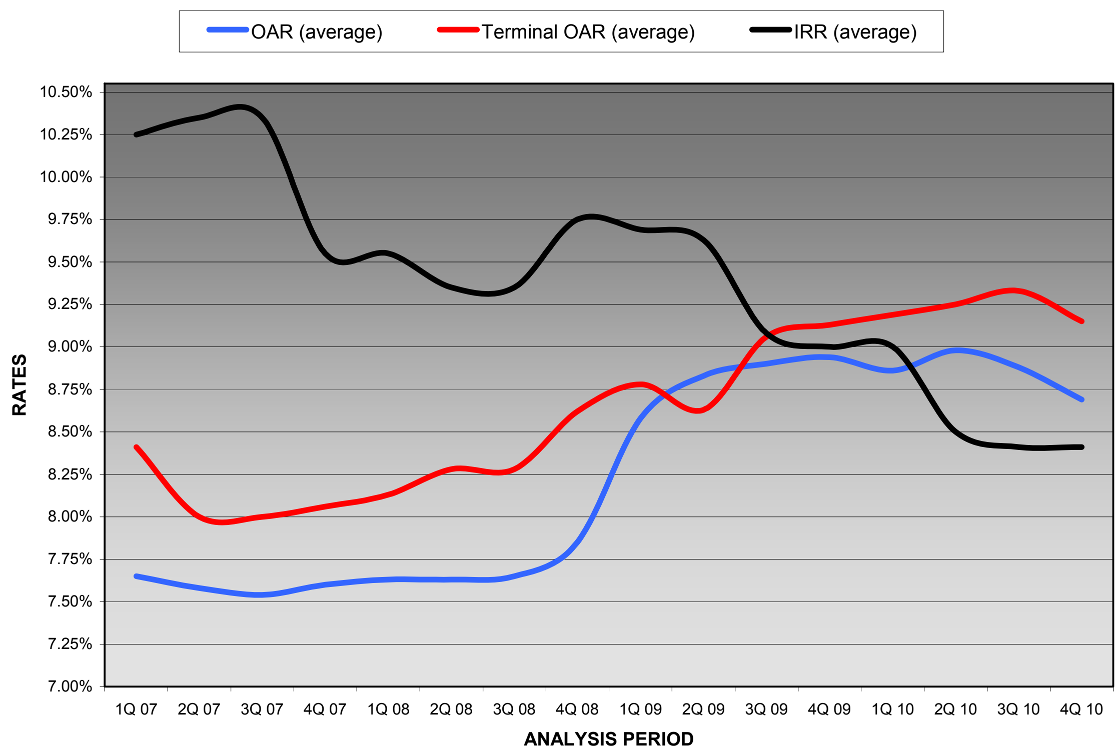
Historic trends in real estate investment help us understand the current and future direction of the market. Investors' return requirements are a benchmark by which real estate assets are bought and sold. The following graph shows the historic trends for the subject's asset class spanning a period of four years as reported in the Korpacz Real Estate Investor Survey published by PricewaterhouseCoopers.

**INVESTOR SURVEY HISTORICAL RESULTS**

| | | |
|---|---|---|
| **Survey:** | **KORPACZ** | **End Quarter:** |
| **Property Type:** | **NATIONAL NET LEASE** | **4Q 10** |

| Quarter | 1Q 07 | 2Q 07 | 3Q 07 | 4Q 07 | 1Q 08 | 2Q 08 | 3Q 08 | 4Q 08 | 1Q 09 | 2Q 09 | 3Q 09 | 4Q 09 | 1Q 10 | 2Q 10 | 3Q 10 | 4Q 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| OAR (average) | 7.65% | 7.58% | 7.54% | 7.60% | 7.63% | 7.63% | 7.65% | 7.85% | 8.58% | 8.83% | 8.90% | 8.94% | 8.86% | 8.98% | 8.88% | 8.69% |
| Terminal OAR (average) | 8.41% | 8.00% | 8.00% | 8.06% | 8.13% | 8.28% | 8.28% | 8.62% | 8.78% | 8.63% | 9.06% | 9.13% | 9.19% | 9.25% | 9.33% | 9.15% |
| IRR (average) | 10.25% | 10.35% | 10.35% | 9.55% | 9.55% | 9.35% | 9.35% | 9.75% | 9.69% | 9.63% | 9.08% | 9.00% | 9.00% | 8.50% | 8.41% | 8.41% |

**INVESTOR SURVEY HISTORICAL RESULTS**




Source: Korpacz Real Estate Investor Survey

As the chart illustrates, the return requirements cited by investors were climbing to more conservative levels in the recent past, as the financial crisis has made investors more cautious and risk-averse. More recently the return requirements have been declining as we emerge from the recent down-cycle.

## CAPITALIZATION RATE ANALYSIS

On the following pages we discuss the process of how we determine an appropriate overall capitalization rate to apply to the subject's forecast net income.

## CAPITALIZATION RATE FROM COMPARABLE SALES

The following table summarizes overall capitalization rates derived from recent sales of commercial storefront properties located in the Chicago area.

| CAPITALIZATION RATE SUMMARY | | | | | |
|---|---|---|---|---|---|
| **No.** | **Location** | **Sale Date** | **Building Area (sf)** | **Year Built** | **Capitalization Rate** |
| 1 | 1623-1625 North Damen Avenue, Chicago, IL | July-10 | 9,000 | 1890 to 2003 | 7.76% |
| 2 | 3232 West Forster Avenue, Chicago, IL | May-10 | 3,018 | 1928 to 2007 | 8.50% |
| 3 | 5728 West 95th Street, Oak Lawn, IL | October-10 | 4,594 | 1962 | 10.92% |
| **STATISTICS** | | | | | |
| Sample Size | | 3 | | | 3 |
| Low | | 5/27/2010 | | | 7.76% |
| High | | 10/31/2010 | | | 10.92% |
| Median | | 7/20/2010 | | | 8.50% |
| Average | | 8/5/2010 | | | 9.06% |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## CAPITALIZATION RATE FROM INVESTOR SURVEYS

We considered data extracted from the Korpacz Real Estate Investor Survey for competitive properties. Earlier in the report, we presented historical capitalization rates for the prior four year period. The most recent information from this survey is listed below:

| CAPITALIZATION RATES | | | |
|---|---|---|---|
| **Survey** | **Date** | **Range** | **Average** |
| Korpacz | Fourth Quarter 2010 | 6.25% - 12.00% | 8.69% |

Korpacz - Refers to National Net Lease market regardless of class or occupancy

## DERIVATION OF $R_O$ FROM MORTGAGE-EQUITY ANALYSIS

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment.

Mortgage-equity analysis is defined by the fifth edition of *The Dictionary of Real Estate Appraisal* as "capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property." This analysis is also known as the Ellwood Formula, which is defined as a "yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern." Thus, rates of return for debt and equity are analyzed as well as anticipated changes in both income and value.

The Ellwood formula is as follows:

$$R_O = \frac{Y_E - M(Y_E + P1/S_n - R_M) - \Delta_O 1/S_n}{1 + \Delta_I J}$$

Where:



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$R_O$ = overall capitalization rate

YE = equity yield rate

M = loan-to-value ratio

P = percentage of loan paid off

1/Sn = sinking fund factor at the equity yield rate

RM = mortgage capitalization rate or mortgage constant

$\Delta$O = change in total property value

$\Delta$I = total ratio change in income

J = J factor

The portion of the formula represented as: $Y_E - M(Y_E + P1/S_n - R_M)$ can be referred to as the basic capitalization rate, which satisfies the lender's requirement and adjustments for amortization; it also satisfies the investor's equity requirement before an adjustment is made for income and value changes. Therefore, the basic rate starts with an investor's yield requirement and adjusts it to reflect the effect of financing. The resulting basic capitalization rate is the building block from which an overall capitalization rate can be developed with additional assumptions.

If level income and no change in value are anticipated, the basic rate will be identical to the overall capitalization rate. The last part of the numerator, $\Delta_O 1/S_n$, allows the appraiser to adjust the basic rate to reflect an expected change in overall property value. If the value change is positive, referred to as property appreciation, the overall capitalization rate is reduced to reflect this anticipated monetary benefit; if the change is negative, referred to as depreciation, the overall capitalization rate is increased.

Finally, the denominator, $1 + \Delta_I J$, accounts for any change in income. The J-factor is always positive. Thus, if the change in income is positive, the denominator will be greater than one and the overall rate will be reduced. If the change in income is negative, the overall rate will be increased. For level-income applications, $\Delta = 0$, so the denominator is 1 + 0, or 1.

The mortgage-equity procedure developed by Charles B. Akerson substitutes an arithmetic format for the algebraic equation in the Ellwood formula. This format is applicable to level income situations; when modified with the J or K factors, it can also be applied to changing income situations.

The Akerson formula for a level income situation is:

| | | |
|---|---|---|
| Loan Ratio x Annual Mortgage Constant | = | Mortgage Component |
| + (Equity Ratio x Equity Yield Rate) | + | Equity Component |
| - (Loan Ratio x % Paid off in Projection Period x $1/S_n$) | = – | Credit for Equity Buildup |
| = Basic Rate | = | Basic Capitalization Rate |
| + depreciation or – appreciation x $1/S_n$ | ± | Appreciation/Depreciation adjustment |
| = Overall Capitalization Rate | = | $R_O$ |

In the following sections, we discuss the various components used in the Akerson formula, which are then followed by a calculation of the overall capitalization rate.

## Mortgage Terms

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

| MORTGAGE COMPONENT | |
|---|---|
| **TYPICAL LOAN TERMS** | |
| Mortgage Rate | 5.25% |
| Amortization Term (Years) | 25 |
| Number of Payments | 300 |
| Loan-to-Value Ratio (M) | 70.00% |
| Equity Ratio (E) | 30.00% |
| Mortgage Constant ($R_M$) | 7.19% |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

The preceding data are used in the development of an overall capitalization rate ($R_O$) for the subject property.

The capitalization rate for debt (indicated in the preceding table) is known as the mortgage constant ($R_M$); it is the ratio of annual debt service to the principal amount of the mortgage loan. It is calculated as follows:

$$R_M = \frac{\text{Monthly Payment x 12}}{\text{Amount of Loan}}$$

The monthly payment of a loan is calculated using the following formula:

$$\text{Monthly Payment} = \frac{\text{Interest Rate (i)}}{1 - \text{Present Value Factor}}$$

The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

## Equity Yield Rate ($Y_E$)

The Appraisal Institute defines equity yield rate as a rate of return on equity capital over the investment period. It is the equity investor’s internal rate of return. The equity yield rate that will be employed in this analysis is a reflection of current rates of return sought by equity investors.

Our selected $Y_E$ is as follows:

| EQUITY COMPONENT | |
|---|---|
| Equity Yield Rate ($Y_E$) | 15.00% |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## PROJECTION ASSUMPTIONS

Projection assumptions are as follows:

| PROJECTION ASSUMPTIONS | |
|---|---|
| Projection Period (n) | 10 Years |
| Annual Appreciation/Depreciation | 1.00% per Year |
| Total Appreciation/Depreciation | 10.46% |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

The projection period represents a typical holding period for commercial real estate; this projected holding period is also consistent with the typical discounted cash flow projections. The annual appreciation/depreciation is projected based on our view of current market conditions as well as future conditions anticipated during the holding period. Both assumptions are considered reasonable for the subject property.

## SINKING FUND FACTOR & PERCENTAGE OF LOAN PAID OFF

The Sinking Fund Factor ($1/S_n$) that is employed in this analysis is calculated based on the estimated Equity Yield Rate ($Y_E$) and the Projection Period using the following formula:

$$1/S_n = Y_E \div ((1+Y_E)^n - 1)$$

The portion of the loan that is paid off during the projection period is calculated based on the mortgage rate, mortgage amortization term and the length of the projection period; this calculation is as follows:

$$\text{Percentage of Loan Paid Off} = \frac{1/S_n}{1/S_{Np}}$$

Where:

$$1/S_{nP} = \frac{(\text{Mortgage Rate} \div 12)}{((1 + (\text{Mortgage Rate} \div 12))^{n\ \textit{in months}} - 1)}$$

The sinking fund factor and the percentage of the loan paid off during the projection period, which are calculated based on the foregoing assumptions, are as follows:

| SINKING FUND FACTOR & PERCENTAGE PAID OFF | |
|---|---|
| Sinking Fund Factor ($1/S_n$) | 4.93% |
| Percentage of Loan Paid Off | 25.46% |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## CALCULATION OF OVERALL CAPITALIZATION RATE ($R_O$)

The calculation of the overall capitalization rate ($R_O$) using the mortgage-equity technique is as follows:

| MORTGAGE-EQUITY PROCEDURE - DEVELOPMENT OF CAPITALIZATION RATE | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Loan-to-Value Ratio x Mortgage Constant | = | | | 70.00% | x | 7.19% | = | 5.03% |
| Equity Ratio x Equity Yield Rate | = | | | 30.00% | x | 15.00% | = | 4.50% |
| Weighted Average | | | | | | | | 9.53% |
| Less Credit for Equity Build-up | | | | | | | | |
| Loan-to-Value Ratio x % of Loan Paid off x Sinking Fund Factor | = | 70.00% | x | 25.46% | x | 4.93% | = | 0.88% |
| Basic Rate | | | | | | | | 8.66% |
| Less Appreciation/Depreciation | | | | | | | | |
| Appreciation/Depreciation x Sinking Fund Factor | = | | | 10.46% | x | 4.93% | = | 0.52% |
| **Indicated Overall Rate ($R_O$)** | | | | | | | | **8.14%** |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

## CAPITALIZATION RATE CONCLUSION

We considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 8.50 percent represents reasonable investor criteria under current market conditions.

## DIRECT CAPITALIZATION METHOD CONCLUSION

In the Direct Capitalization Method, we developed an opinion of market value by dividing year one net operating income by our selected overall capitalization rate. Our conclusion using the Direct Capitalization Method is as follows:

| DIRECT CAPITALIZATION METHOD | | |
|---|---|---|
| **Market Value As Is** | | |
| **NET OPERATING INCOME** | **$50,682** | **$8.07** |
| **Sensitivity Analysis (0.25% OAR Spread)** | **Value** | **$/SF NRA** |
| Based on Low-Range of 8.25% | $614,330 | $97.78 |
| Based on Most Probable Range of 8.50% | $596,261 | $94.90 |
| Based on High-Range of 8.75% | $579,225 | $92.19 |
| Indicated Value | $596,261 | $94.90 |
| **Rounded to nearest $25,000** | **$600,000** | **$95.50** |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

# RECONCILIATION AND FINAL VALUE OPINION

## VALUATION METHODOLOGY REVIEW AND RECONCILIATION

This appraisal employs the Sales Comparison Approach and the Income Capitalization Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that these approaches would be considered applicable and/or necessary for market participants. Typical purchasers do not generally rely on the Cost Approach when purchasing a property such as the subject of this report. Therefore, we have not utilized the Cost Approach to develop an opinion of market value.

The approaches indicated the following:

| FINAL VALUE RECONCILIATION | | |
|---|---|---|
| **Date of Value** | **As Is Value January 19, 2011** | **PSF** |
| **Sales Comparison Approach** | | |
| Percentage Adjustment Method | $625,000 | $99.47 |
| **Conclusion** | $625,000 | $99.47 |
| | | |
| **Income Capitalization Approach** | | |
| Direct Capitalization | $600,000 | $95.50 |
| **Conclusion** | $600,000 | $95.50 |
| | | |
| **Final Value Conclusion** | **$625,000** | **$99.47** |

*Compiled by Cushman & Wakefield of Illinois, Inc.*

We gave most weight to the Sales Comparison Approach because this mirrors the methodology used by purchasers of this property type.

## MARKET VALUE AS IS

Based on the Scope of Work agreed to with the Client, and as outlined in the accompanying report, we developed an opinion that the Market Value of the Fee Simple estate of the subject property, subject to the assumptions and limiting conditions, certifications, and extraordinary assumptions, if any, and definitions, “As-Is” on January 19, 2011, was:

**SIX HUNDRED TWENTY FIVE THOUSAND DOLLARS**

**$625,000**

## EXPOSURE TIME AND MARKETING TIME

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately twelve (12) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within twelve (12) months.

# ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, we make no warranties regarding the accuracy of this estimate.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

# CERTIFICATION OF APPRAISAL

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Robert A. Colantonio, MAI, MRICS did make a personal inspection of the property that is the subject of this report.
- The signatory has not performed a previous appraisal of the subject property within the three years prior to this assignment.
- No one provided significant real property appraisal assistance to the persons signing this report.
- As of the date of this report, Robert A. Colantonio, MAI, MRICS has completed the continuing education program of the Appraisal Institute.

Robert A. Colantonio, MAI, MRICS
Director
IL Certified General Appraiser
License No. 553.001477
Expires 09/30/2011
robert.colantonio@cushwake.com
(847) 518-3291 Office Direct
(847) 518-3289 Fax

# GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

### AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

### BAND OF INVESTMENT

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

### CASH EQUIVALENCY

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

### DEPRECIATION

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

### ELLWOOD FORMULA

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

RO = [YE – M (YE + P 1/Sn¬ – RM) – ΔO 1/S n¬] / [1 + ΔI J]

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

1/S n¬ = Sinking Fund Factor at the Equity Yield Rate

RM =Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

### EXPOSURE TIME

1. The time a property remains on the market. 2. 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 estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

### FEE SIMPLE ESTATE

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

### HYPOTHETICAL CONDITIONS

A hypothetical condition is "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis."

### INSURABLE VALUE

A type of value for insurance purposes.

### LEASED FEE INTEREST

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

### LEASEHOLD INTEREST

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

### MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

## MARKET VALUE

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.* 1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress. 2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above- or below-market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained. 3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that 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:
  - Buyer and seller are typically motivated;
  - Both parties are well informed or well advised, and acting in what they consider their own best interests;
  - A reasonable time is allowed for exposure in the open market;
  - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
  - 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994) 4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007) 5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions)

## MARKETING TIME

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

## MORTGAGE-EQUITY ANALYSIS

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

## OPERATING EXPENSES

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses.

Property Insurance – Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees - The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses

Total Administrative Fees – Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) Professional Fees – Fees paid for any professional services contracted for or incurred in property operation; or 2) Other Administrative – Any other general administrative expenses incurred in property operation.

Heating Fuel - The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity - The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas - The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer - The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities - The cost of other utilities purchased from outside producers.

Total Utilities - The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items. Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) Elevator - The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) HVAC – The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) Electrical & Plumbing - The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) Structural/Roof - The expense of all repairs and maintenance associated with the property's building structure and roof. 5) Pest Control – The expense of insect and rodent control. 6). Other Repairs & Maintenance - The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities – Cost of utilities that are included in CAM charges and passed through to tenants. 2) Repair & Maintenance – Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance – Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal – Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance – Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

Painting & Decorating - This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial - The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) Contract Services - The expense of cleaning and janitorial services contracted for with outside service providers. 2) Supplies, Materials & Misc. - The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) Trash Removal - The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal .4) Other Cleaning/Janitorial - Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion - Expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees - All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll - The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) Administrative Payroll - The payroll expenses for all employees involved in on-going property administration. 2) Repair & Maintenance Payroll - The expense of all employees involved in on-going repairs and maintenance of the property. 3) Cleaning Payroll - The expense of all employees involved in providing on-going cleaning and janitorial services to the property 4) Other Payroll - The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security - Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county and/or municipality in which the property is located.

## Prospective Opinion Of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

### Prospective Value Upon Reaching Stabilized Occupancy

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

### Special, unusual, or Extraordinary Assumptions

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

# ADDENDA CONTENTS

# ADDENDUM A:
# CLIENT SATISFACTION SURVEY

Survey Link: http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fswh1KQ_3d_3d&c=11-21002-900093-001
C&W File ID: 11-21002-900093-001
Fax Option: (716) 852-0890

1. Given the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:______________________________________________________________

________________________________________________________________________

________________________________________________________________________

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:______________________________________________________________

________________________________________________________________________

________________________________________________________________________

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

___ Not Applicable

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:______________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

___ Yes
___ No

5. Please rate your overall satisfaction relative to cost, timing, and quality:

___ Excellent
___ Good
___ Average
___ Below Average
___ Poor

Comments:______________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

6. Any additional comments or suggestions?

________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________
________________________________________________________________________________

7. Would you like a representative of Cushman & Wakefield's National Quality Control Committee to contact you?

___ Yes
___ No

Your Name: ______________________________

Your Telephone Number: ______________________________

Contact Information: Scott Schafer
Managing Director, National Quality Control
(716) 852-7500, ext. 121

# ADDENDUM B: ENGAGEMENT LETTER

11-21001-900092
11-21002-900093 Rob Colantonio

Bank of America

# Award Confirmation Letter

Supplier is hereby authorized to perform the Statement of Work detailed below. Supplier acknowledges that this confirmation letter is a summary of select contract terms and conditions which is provided for convenience. To view the complete agreement electronically accepted by Supplier, Supplier is referred to Bank of America's Commercial Valuation Services Information Management System.

| **Supplier: Statement of Work** | | | |
|---|---|---|---|
| **Service Type ID:** | 10-014530-APR01-001 | **Supplier:** | Cushman & Wakefield, Inc. |
| **Service:** | Appraisal (Order) | **Supplier Representative:** | George Collins MAI, FRICS |
| **Borrower:** | N/A | **Agreement Number:** | CUS-04492 |

| **Award Terms and Conditions** | | |
|---|---|---|
| **Sourcing Manager:** | James Rosso, Market Manager | **Other Terms or Conditions:** |
| **Date Awarded:** | 12/27/2010 | |
| **Fees:** | $4,250 | |
| **Bank Contact:** | James Rosso | |
| **Contact Phone:** | 214-209-1545 | |
| **Appraisal Type:** | Comprehensive | |
| **Certification:** | Contracted Appraiser or Designee | |

**Service Delivery Requirements**

| **Due Date** | **Description** |
|---|---|
| 01/25/2011 | Utilizing the applicable approaches to value, please provide an "as is" estimate of market value for the fee simple interest in the subject property. The results of your comprehensive appraisal should be presented in a self-contained report. Please refer to the Policies and Procedures section of this RFP for additional pertinent information. Final reports received and data uploaded to the Valuation Services Information Management System. Individual standalone reports to be provided for each listed property unless instructed otherwise in this agreement. |

**Service Definition**

| **Premise** | **Qualifier** | **Interest Appraised** | **Allocations** | **Description** |
|---|---|---|---|---|
| Market Value | As-Is | Fee Simple | | |

**Policies and Procedures**

All appraisal reports (including all addendum and related attachments) and invoices must be uploaded to VSIMS in Adobe Acrobat-compatible format (PDF). Document security must be set to allow Commenting, Copying and Extracting of Content for use in the Bank's review function. Documents may be otherwise restricted from changes subject to the supplier's personal security preference. Additional Microsoft and Argus documents may be uploaded in their native format, where appropriate.

Include the following statement in the Letter of Transmittal and the Intended Use Section of the report: 'The intended use of the appraisal report is to provide information for use in making business and credit decisions concerning an actual or prospective loan or line of credit. This report is for the use and benefit of, and may be relied upon by, Bank of America, N.A. as Lender, or , Bank of America, N.A. as Administrative Agent for certain Lenders, and each actual and prospective Lender and Participant in such loan or line of credit, and their respective successors, assigns and affiliates.'

Include the statement: "Bank of America makes no warranties or representations regarding this document or the conclusions contained herein." in your transmittal letter.

Supplier is required to review, update and/or enter key summary information about the property appraised and associated value conclusions as part of this service.

Reappraisal assignments must document and explain assumption changes and resulting value differences for all Bank of America assignments completed within the prior two years.

Please read this RFP and the Award Confirmation Letter thoroughly as there have been changes. Failure to comply with the new requirements could result in rework and delays in payment. Please use the attached VSIMS checklist to insure that reporting requirements are met.

**Addressee and Distribution Instructions**

| **Report Distribution** | **Name** | **Address** | **CD/DVD** | **Bound** | **Comments** |
|---|---|---|---|---|---|
| Addressee and Recipient | James Rosso Market Manager | Bank of America, NA \| 901 Main Street, 18th Floor \| TX1-492-18-12 \| Dallas, TX 75202 | 0 | 0 | |

**Documents *(content available online only)***

| | |
|---|---|
| **Reference Documents** | APPRAISAL REQUIREMENTS [EFFECTIVE 2010-09-19]_09192010_095404.pdf |
| | BAC_CAS APPRAISAL REMINDERS [2010-09]_09192010_102208.pdf |

**Project Contacts**

| **Name** | **Company / Role** | **Telephone** | **Comments** |
|---|---|---|---|

**Property Contact** ***(additional contacts may be listed for each property. Refer to the online property profile for details)***

| **Name** | **Company / Role** | **Telephone** | **Comments** |
|---|---|---|---|
| Mark Kreisman | Jones Lang LaSalle/Broker | 312-992-3156 | May also contact Julio Lewis - 312-992-3133 |

**Properties *(detailed descriptions may be viewed online or downloaded)***

| **#** | **Property Type** | **Property Address** |
|---|---|---|
| 1 | Retail-Commercial - Free Standing Building-Bank Branch | 5742 West Belmont Avenue, Chicago, IL |

# ADDENDUM C:
# COMPARABLE IMPROVED SALE DATA SHEETS


2980 North Milwaukee Avenue
Chicago, IL
MSA: Chicago
Cook County

| | |
|---|---|
| Property Type: | Retail-Commercial |
| Property Subtype: | Street Retail |
| ID: | 189986 |
| APN: | N/A |

## PROPERTY INFORMATION

| | | | |
|---|---|---|---|
| Site Area (Acres): | 0.20 | Number of Buildings: | 1 |
| Site Area (SqFt): | 8,712 | Number of Stories: | 1 |
| Gross Bldg Area: | 4,576 | Number of Parking | N/A |
| Net Bldg Area: | 4,576 | Parking Ratio: | N/A |
| Year Built: | 1907 | LB Ratio: | 1.90:1 |
| Year of Last Renovation: | N/A | Tenancy Type: | Single-Tenant |
| Quality: | Average | | |
| Condition: | Average | | |

## SALE INFORMATION

| | | | |
|---|---|---|---|
| Sale Status: | Recorded Sale | OAR: | N/A |
| Sale Date: | 11/2009 | NOI: | N/A |
| Sale Price: | $530,000 | NOI per SqFt: | N/A |
| Sale Price per SqFt: | $115.82 | Occupancy: | N/A |
| Grantor: | Robert Hoffman | Expense Ratio: | N/A |
| Grantee: | Milwaukee Advisors | EGIM: | N/A |
| Value Interest: | Fee Simple | Buying Entity: | Owner-User |
| Ground Lease: | N/A | | |

## VERIFICATION COMMENTS

Public records. Our calls were not returned by buyer.

## COMMENTS

This is the sale of a retail store-front located along Milwaukee Avenue. The building was constructed in 1907 and updated over the years.

3131-3137 North Central Avenue
Chicago, IL 60634
MSA: Chicago
Cook County

| | |
|---|---|
| Property Type: | Retail-Commercial |
| Property Subtype: | Street Retail |
| ID: | 160126 |
| APN: | N/A |

## PROPERTY INFORMATION

| | | | |
|---|---|---|---|
| Site Area (Acres): | 0.15 | Number of Buildings: | 1 |
| Site Area (SqFt): | 6,534 | Number of Stories: | 1 |
| Gross Bldg Area: | 2,728 | Number of Parking | N/A |
| Net Bldg Area: | 2,728 | Parking Ratio: | N/A |
| Year Built: | 1951 | LB Ratio: | 2.40:1 |
| Year of Last Renovation: | N/A | Tenancy Type: | Single-Tenant |
| Quality: | Average | | |
| Condition: | Average | | |

## SALE INFORMATION

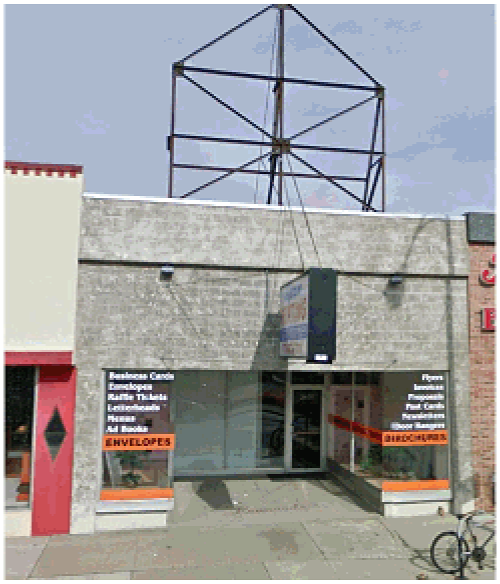
| | | | |
|---|---|---|---|
| Sale Status: | Recorded Sale | OAR: | N/A |
| Sale Date: | 2/2009 | NOI: | N/A |
| Sale Price: | $375,000 | NOI per SqFt: | N/A |
| Sale Price per SqFt: | $137.46 | Occupancy: | N/A |
| Grantor: | Panagiotis | Expense Ratio: | N/A |
| Grantee: | Toumplis | EGIM: | N/A |
| Value Interest: | Fee Simple | Buying Entity: | Owner-User |
| Ground Lease: | No | | |

## VERIFICATION COMMENTS

Public records, reliable third party, buyer did not return call

## COMMENTS

The buiding is located just to the south of Belmont Avenue, along Central Avenue, a primary north-south commercial road.




2451 North Harlem Avenue
Chicago, IL
MSA: Chicago
Cook County

| | |
|---|---|
| Property Type: | Retail-Commercial |
| Property Subtype: | Street Retail |
| ID: | 189991 |
| APN: | N/A |

**PROPERTY INFORMATION**

| | | | |
|---|---|---|---|
| Site Area (Acres): | 0.07 | Number of Buildings: | 1 |
| Site Area (SqFt): | 3,049 | Number of Stories: | 1 |
| Gross Bldg Area: | 2,500 | Number of Parking | N/A |
| Net Bldg Area: | 2,500 | Parking Ratio: | N/A |
| Year Built: | 1940 | LB Ratio: | 1.22:1 |
| Year of Last Renovation: | N/A | Tenancy Type: | Single-Tenant |
| Quality: | Good | | |
| Condition: | Average | | |

**SALE INFORMATION**

| | | | |
|---|---|---|---|
| Sale Status: | Recorded Sale | OAR: | N/A |
| Sale Date: | 1/2009 | NOI: | N/A |
| Sale Price: | $300,000 | NOI per SqFt: | N/A |
| Sale Price per SqFt: | $120.00 | Occupancy: | N/A |
| Grantor: | Kritikos | Expense Ratio: | N/A |
| Grantee: | Iozzo | EGIM: | N/A |
| Value Interest: | Fee Simple | Buying Entity: | Owner-User |
| Ground Lease: | N/A | | |

**VERIFICATION COMMENTS**

Buyer aand public record

**COMMENTS**

The building was vacant at the time of the sale. This is a storefront building located just to the north of Grand Avenue.


5617 West Belmont Avenue
Chicago, IL 60634
MSA: Chicago
Cook County

| | |
|---|---|
| Property Type: | Retail-Commercial |
| Property Subtype: | Street Retail |
| ID: | 160127 |
| APN: | N/A |

## PROPERTY INFORMATION

| | | | |
|---|---|---|---|
| Site Area (Acres): | 0.16 | Number of Buildings: | 1 |
| Site Area (SqFt): | 7,000 | Number of Stories: | 1 |
| Gross Bldg Area: | 6,250 | Number of Parking | N/A |
| Net Bldg Area: | 6,250 | Parking Ratio: | N/A |
| Year Built: | 1939 | LB Ratio: | 1.12:1 |
| Year of Last Renovation: | N/A | Tenancy Type: | Single-Tenant |
| Quality: | Average | | |
| Condition: | Average | | |

## SALE INFORMATION

| | | | |
|---|---|---|---|
| Sale Status: | Recorded Sale | OAR: | N/A |
| Sale Date: | 9/2008 | NOI: | N/A |
| Sale Price: | $650,000 | NOI per SqFt: | N/A |
| Sale Price per SqFt: | $104.00 | Occupancy: | N/A |
| Grantor: | Joel Robbins | Expense Ratio: | N/A |
| Grantee: | Hassan Talee | EGIM: | N/A |
| Value Interest: | Fee Simple | Buying Entity: | Owner-User |
| Ground Lease: | N/A | | |

## VERIFICATION COMMENTS

Reliable third party, public records, Buyer

## COMMENTS

The property is located just west of Central Avenue. The building was vacant at the time of the sale and was purchased by an owner-user.

# ADDENDUM D: QUALIFICATIONS OF THE APPRAISERS

## PROFESSIONAL QUALIFICATIONS

**Robert A. Colantonio, MAI, MRICS**
Director, Valuation & Advisory Services

Director, Cushman & Wakefield of Illinois, Inc., Valuation Services, Capital Markets Group, a full service real estate organization specializing in appraisal and consultation.

Mr. Colantonio has been active in the appraisal of real estate since 1992 as an independent fee appraiser in the Chicago area. Mr. Colantonio joined Cushman & Wakefield of Illinois, Inc. in 2000.

### Experience

Experience and responsibilities have included valuation and due diligence exercises regarding income producing and other corporate related real estate throughout the United States. Institutional-grade and corporate real estate researched and appraised include multi-family apartment complexes, manufactured housing communities, shopping centers, single and multi-tenant office properties, warehouse/distribution and manufacturing facilities, and hotels. Other property types appraised include vacant land, residential homes, and small income properties.

### Education

Bachelor of Business Administration/Economics, 1990
Loyola University of Chicago, Chicago, IL

### Appraisal Education

- APP I Standards of Professional Practice
- APP II Fundamentals of Real Estate Appraisal
- APP III Single Family Residential Appraisal
- APP IV Real Estate Appraisal Methods
- APP E Real Estate Appraisal Applications
- IL VII General Report Writing
- Valuation of Partial Interest
- HUD/FHA Valuation Analysis
- 310 Basic Income Capitalization
- 510 Advanced Income Capitalization
- 520 Highest & Best Use and Market Analysis
- 530 Advanced Cost and Sales Comparison Approach
- 540 Report Writing & Valuation Analysis
- 550 Advanced Applications
- Various Seminars

### Memberships, Licenses and Professional Affiliations

- Member of the Appraisal Institute (MAI)
- Member of the Royal Institution of Chartered Surveyors (MRICS)
- Illinois State Certified Real Estate Appraiser No. 553.001477
- Minnesota State Certified Real Estate Appraiser No. AP 20388541
- Michigan State Certified Real Estate Appraiser No. 1201070005
- Missouri State Certified Real Estate Appraiser No. 2003007831
- Wisconsin State Certified Real Estate Appraiser No. 1211-010
- Indiana State Certified Real Estate Appraiser No. CG40300370
- Iowa State Certified Real Estate Appraiser No. CG02515
- Kentucky State Certified Real Estate Appraiser No. 003304