# REAL ESTATE APPRAISAL
# 22W151 BUTTERFIELD RD.,
# GLEN ELLYN, DUPAGE COUNTY, IL

**AN APPRAISAL REPORT IN SUMMARY FORMAT**
**IN COMPLIANCE WITH FIRREA AND USPAP GUIDELINES**

**THIS APPRAISAL REPORT (ILLINOIS LOCATED PROPERTY) WAS PREPARED AND SIGNED BY A STATE OF ILLINOIS "STATE CERTIFIED REAL ESTATE APPRAISER" LICENSE #553.000164, CHARLES G. ARGIANAS, MAI**

**DATE OF REPORT: MAY 18, 2010**
**EFFECTIVE VALUATION DATE: MAY 11, 2010**

**ARGIANAS & ASSOCIATES ENGAGEMENT: 04-389A-10**
**BANK OF AMERICA SERVICE TYPE ID: 10-004589-APR01-001**


**APPRAISED BY:**
**CHARLES G. ARGIANAS, MAI**
**ARGIANAS & ASSOCIATES, INC.**
**5509 BELMONT ROAD**
**DOWNERS GROVE, ILLINOIS**


**CLIENT:**
**MR. T. JORDAN SALE**
**AVP, COMMERCIAL CONSULTANT**
**BANK OF AMERICA, NA**
**901 MAIN ST., 21ST FLOOR**
**TX1-492-21-13**
**DALLAS, TX 75202**

ARGIANAS
& Associates Inc.

Charles G. Argianas, MAI
*President*

Diane M. Tischart
*Accounting Manager*

Susan J. Spell
*Director of Operations*

Linda S. Adams
*Office Administrator*

Chicago Office
111 W. Washington St., Ste 1435
Chicago, IL 60602
312-422-0511 phone
312-422-0523 fax

Corporate Headquarters
5509 Belmont Rd., Ste 1N
Downers Grove, IL 60515
630-390-0113 phone
630-390-0114 fax
www.argianas.com

May 18, 2010

Mr. T. Jordan Sale
AVP, Commercial Consultant
**BANK OF AMERICA, NA**
901 Main St., 21st Floor
TX1-492-21-13
Dallas, TX 75202

Re: 22W151 Butterfield Rd., Glen Ellyn, Illinois
Bank of America Service Type ID: 10-004589-APR01-001

Dear Mr. Sale:

At your request, we have inspected and appraised the property located at 22W151 Butterfield Rd., Glen Ellyn, Illinois. The area the subject property is in is unincorporated. The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch. The subject has a 160 SF ATM building which is included in the square footage and a partial unfinished basement which is not included in the square footage.

The purpose of this *Appraisal* is to express our opinion of the fee simple market value of the subject property, subject to the definitions of value, assumptions, limiting conditions and certifications in the attached *Summary Appraisal Report*. The property was inspected on May 11, 2010. The effective date of the opinion of "as is" market value is May 11, 2010.

We have performed our services and prepared this Report in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement (FIRREA). We make no other warranties, either expressed or implied, as to the character and nature of such services and products.

This *Summary Appraisal Report* is to be used as an aid in acquisition, financing, loan classification and/or asset disposition. Intended users of the report may include: Bank of America and its affiliates or subsidiaries, other participating financial institutions, governmental/non-governmental agencies, legal counsel or other transaction participants. Bank of America makes no warranties or representations regarding this document or the conclusions contained herein.

Use of this report for any other purpose or valuation date may invalidate the appraisal. Neither the report not its contents, nor any reference to our firm, may be included or quoted in any offering circular or registration statement, sales brochure, prospectus, or other agreement or document without our prior written consent.

Argianas & Associates, Inc., has performed the subject appraisal based on our understanding of the requirements and policies of: the *Uniform Standards of Professional Appraisal Practice (USPAP)* as adopted by the Appraisal Standards Board of the Appraisal Foundation; the *Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA);* and the *Interagency Appraisal and Evaluation Guidelines* of October 27, 1994.

Considering the assumptions and analyses contained in the attached report, our value conclusions are as follows:

**VALUE CONCLUSIONS**

| | |
|---|---|
| **Cost Approach** | N/A |
| **Income Capitalization Approach** | $910,000 |
| **Sales Comparison Approach** | $940,000 |
| **Indicated Value** | **$940,000** |

Descriptions of the property appraised, explanations of the appraisal procedures used, and our conclusions of market value, are presented in the *Summary Appraisal Report*. A copy of this report and the field data supporting it will remain in our files for review on request.

Very truly yours,
**ARGIANAS & ASSOCIATES, INC.**

Charles G. Argianas

Charles G. Argianas, MAI
President
State Certified General Real Estate Appraiser,
Illinois License #553.000164, License Expires 9/30/11

# CERTIFICATION OF APPRAISER

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- This appraisal was not based upon a requested minimum value, a specific value, or the approval of a loan. Therefore, I have determined that the final estimate of value was made without influence by the lender or the client.
- The indicated market value provided in this report is “as is” and is defined as “the value of the property in its current physical condition, subject to the zoning in effect as of the date of value.”
- An analysis of current market conditions has been considered, and a reasonable marketing time for the property has been reported in this appraisal.
- Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public medium without the prior written consent and approval of the undersigned.
- No one provided significant professional assistance to the person signing this report, unless otherwise noted.
- As of the date of issuance of this appraisal, the undersigned has remained current with education requirements as promulgated by the Appraisal Institute.
- The undersigned has not performed any services regarding the subject property within the prior three years, as an appraiser or any other capacity.

**ARGIANAS & ASSOCIATES, INC.**

Charles G. Argianas, MAI
President
State Certified General Real Estate Appraiser,
Illinois License #553.000164
Expires September 30, 2011

# CERTIFICATION OF APPRAISER

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation, the Code of Professional Ethics, and the Standards of Professional Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- This appraisal was not based upon a requested minimum value, a specific value, or the approval of a loan. Therefore, I have determined that the final estimate of value was made without influence by the lender or the client.
- The indicated market value provided in this report is “as is” and is defined as “the value of the property in its current physical condition, subject to the zoning in effect as of the date of value.”
- An analysis of current market conditions has been considered, and a reasonable marketing time for the property has been reported in this appraisal.
- Neither all nor any part of the contents of this report (especially any conclusions of value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute) shall be disseminated to the public through advertising, public relations, news, sales, or any other public medium without the prior written consent and approval of the undersigned.
- No one provided significant professional assistance to the person signing this report, unless otherwise noted.
- The undersigned has not performed any services regarding the subject property within the prior three years, as an appraiser or any other capacity.

**ARGIANAS & ASSOCIATES, INC.**

Karen L. Stocker

Karen L. Stocker
Senior Vice President
State Certified General Real Estate Appraiser,
Illinois License #553.001884
Expires September 30, 2011

## SUMMARY OF CONCLUSIONS

| | |
|---|---|
| Location: | 22W151 Butterfield Rd., Glen Ellyn, Illinois |
| | |
| Property Rights Appraised: | Fee Simple Interest |
| | |
| Purpose: | As an aid in acquisition, financing, loan classification and/or asset disposition. |
| | |
| Appraisal Report Option Used | *Summary Report Format* in compliance with USPAP Standards Rule 2-2(b) |
| | |
| Property Type: | Bank Branch |
| | |
| Land Area: | 55,072 SF or 1.26 acres |
| | |
| Improvements: | The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch. The subject has a 160 SF ATM building which is included in the square footage and a partial unfinished basement which is not included in the square footage. |
| | |
| Land to Building Ratio: | 15.58:1 |
| | |
| Land to Floor Area Ratio: | 0.06:1 |
| | |
| Zoning | B-1, Local Business District, DuPage County |
| | |
| Flood Zone | The site is located in flood zone X (not a flood hazard area) according to FEMA Community Panel Number 17043C0509H dated December 16, 2004. |
| | |
| Highest and Best Use: | |
| As if vacant | Commercial development when market conditions improve |
| | |
| As improved | Bank Branch |
| | |
| Date of Inspection | May 11, 2010 |
| | |

| | |
|---|---|
| As Is Value Date | May 11, 2010 |
| | |
| Marketing Period | 12-24 months |
| | |
| Exposure Period | 12-24 months |
| | |

**VALUE CONCLUSIONS**

| | |
|---|---|
| **Cost Approach** | N/A |
| **Income Capitalization Approach** | $910,000 |
| **Sales Comparison Approach** | $940,000 |
| **Indicated Value** | **$940,000** |

## QUALIFYING APPRAISAL CONDITIONS

The descriptions of the improvements are based on our inspection of the subject property as well as public records and data provided orally and in writing by property representation. This information was considered reliable, and no further responsibility is assumed for its accuracy. We did not receive any detailed building plans. The estimates of land and building area used are based on public records and data as provided by property representation, and have not been independently measured by us. No responsibility is assumed for the accuracy of this information. All estimates of land and building area provided by the borrower are subject to final verification via a current, certified plat of survey and current, certified building plans.

The appraisers make no representations or warranties, either express or implied, that any of the surveys or drawings are current, accurate, or complete with respect to the physical nature or condition of the subject property. Any survey or drawing included in the appraisal report is provided for illustrative purposes only and should not be used or relied upon by any recipient or reader of this appraisal report. Anyone who uses or relies upon any information in the survey or drawings does so at his own risk. If the client has any concern regarding the development suitability of the subject, it is suggested that the client retain independent contractors or experts in these disciplines to assess the subject property’s condition.

Neither the report nor its contents, nor any reference to our firm, may be included or quoted in any offering circular or registration statement, sales brochure, prospectus, or other agreement or document without our prior written consent.

## SUBJECT PHOTOGRAPHS

EXTERIOR VIEW

EXTERIOR VIEW

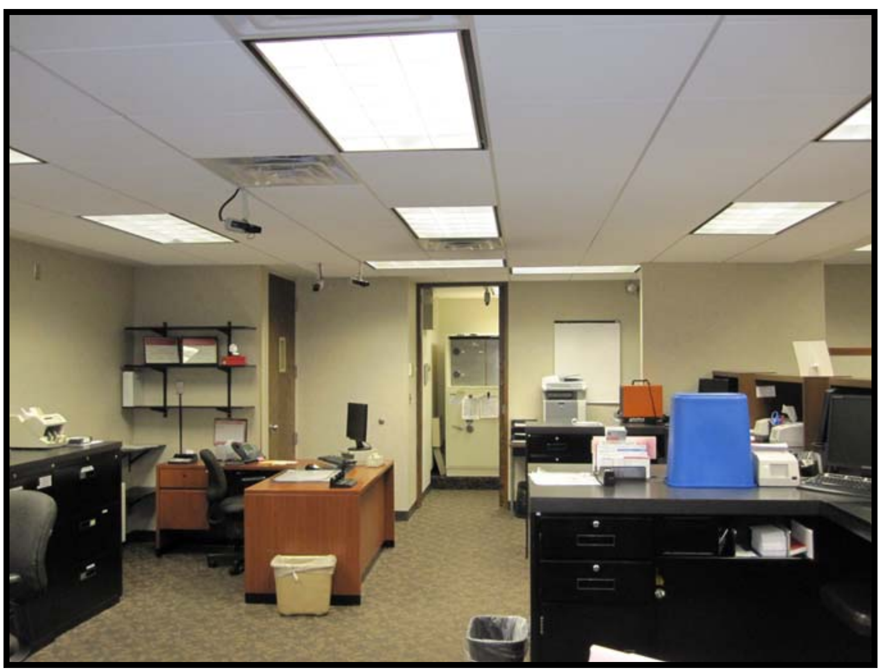
EXTERIOR VIEW

EXTERIOR VIEW


INTERIOR VIEW


INTERIOR VIEW


INTERIOR VIEW



INTERIOR VIEW

BUTTERFIELD ROAD FACING EAST


BUTTERFIELD ROAD FACING WEST


AERIAL PHOTOGRAPH

# TABLE OF CONTENTS

# INTRODUCTION

## IDENTIFICATION OF THE PROPERTY

The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch. The subject has a 160 SF ATM building which is included in the square footage and a partial unfinished basement which is not included in the square footage.

## LEGAL DESCRIPTION

A legal description as provided to the appraisers appears in the Addenda of this report.

## PURPOSE OF THE APPRAISAL

The purpose of this *Appraisal* is to express our opinion of the fee simple interest of the subject property, subject to the definitions of value, assumptions, limiting conditions and certifications in the attached *Summary Appraisal Report*.

## PROPERTY INTEREST APPRAISED

The property interest being appraised is the fee simple interest.

## PROPERTY INTEREST DEFINITIONS

The *Leased Fee Interest* is defined as an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to other. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.

*Fee Simple Interest* is defined as an 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.

## INSPECTION DATE

Charles G. Argianas, MAI and Karen L. Stocker inspected the property on May 11, 2010, and the photographs were taken on that date. Our site inspection included the subject site and a careful review of the surrounding neighborhood. When the date of inspection differs from the effective date of the appraised value, we have assumed no material change in the condition of the property unless otherwise noted in the report.

**VALUATION DATE(S)**

| | |
|---|---|
| As Is | May 11, 2010 |

**FUNCTION AND INTENDED USER OF THE APPRAISAL**

This *Summary Appraisal Report* is to be used as an aid in acquisition, financing, loan classification and/or asset disposition. Intended users of the report may include: Bank of America and its affiliates or subsidiaries, other participating financial institutions, governmental/non-governmental agencies, legal counsel or other transaction participants. Bank of America makes no warranties or representations regarding this document or the conclusions contained herein; its use for any other purpose or valuation date may invalidate the appraisal. Bank of America, NA is the only intended user of this report. Neither the report nor its contents, nor any reference to our firm, may be included or quoted in any offering circular or registration statement, sales brochure, prospectus, or other agreement or document without our prior written consent. This report was ordered by T. Jordan Sale of Bank of America, NA.

**ENVIRONMENTAL ISSUES**

An environmental assessment of the subject property exceeded the scope of this report. Any reference to environmental issues indicates our research into environmental matters affecting the market; such reference shall not be construed as an opinion on specific issues concerning the subject property unless otherwise noted in this report. Specific determination of these issues is beyond the scope of this appraisal. This appraisal specifically assumes that the subject property is free of all environmental contamination issues.

**SCOPE OF THE APPRAISAL**

The descriptions of the subject were based upon our inspection of the subject property and upon data provided verbally and in writing by management and other sources as noted below. Sizes and features were considered reliable based on our inspection and our review of information as provided. We reserve the right to amend our analysis should a recent survey be provided that indicates total land and building size to be different from the data indicated below.

The appraisal scope includes:

- Analyzed regional, city, market area, site, and improvement data.
- Inspected the subject and market area.
- Reviewed data regarding real estate taxes, zoning, utilities, easements, and city services.
- Analyzed the highest and best use of the subject both as vacant and as improved, as applicable.
- Considered all three approaches to value (Cost, Sales Comparison, and Income Capitalization), and utilized those which were deemed appropriate.

- Considered vacant land sales, improved comparable sales, and comparable rental properties in analyzing the subject, if applicable. Confirmed data with reliable sources, public records, principals, managers, real estate agents and professionals.
- Utilized market survey and MLS information for rental rates, expenses, vacancy, absorption, and other information, as applicable.
- Analyzed the data to arrive at conclusions via each approach, as applicable.
- Reconciled the results of this analysis into a probable range of market data, and finally an estimate of market value for the subject, as defined herein.
- Estimated reasonable exposure and marketing times associated with the value estimate.

The value conclusions reflect all known information about the subject property, market conditions, and available data.

## SOURCE OF PROPERTY DATA

For this appraisal, we:

- We made, in writing, a formal, detailed request for all property data including a survey of the property that indicated total land and building size, building plans and specifications, and property descriptions, as well as floor plan drawings, leasing plan drawings, rent roll with unit sizes, and copy of leases, as applicable.
- We were provided with a variety of information from Jones Lang LaSalle including the tax parcel number, a survey, legal description and floor plan. Land size and building size were based on the survey provided. These documents are assumed accurate.
- We reviewed public record information as to land size, as available and applicable.
- We inspected the property and the immediate surrounding area.
- We analyzed all sources of data and used our best judgment in determining total lot and building size as used in this analysis.

Our analysis is subject to revision should a recent survey be provided that indicates total land and building sizes, where applicable.

The above is assumed accurate. The appraisal has been completed under the assumptions and limiting conditions and the certifications presented in this report.

## EXCLUSIONS FROM VALUE

Excluded from this appraisal are personal property, furniture fixtures and equipment, trade fixtures, intangibles and inventories that are not real property.

## PROSPECTIVE INFORMATION

Any prospective information in the accompanying report is based on estimates and assumptions developed in connection with our appraisal services. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period will vary from our estimates and the variations may be material. Argianas and Associates, Inc. has not been engaged to evaluate the effectiveness of management, and we are not responsible for future marketing efforts and other management actions upon which actual results will depend.

**COMPETENCY STATEMENT**

Charles G. Argianas, MAI and Karen L. Stocker have appraised numerous commercial properties such as the property that is the subject of this appraisal. We have appraised vacant land, retail, office, industrial, commercial, hotel, multi-family, and special-purpose properties on a nationwide basis, as delineated in the professional qualifications provided in this report.

**MARKET VALUE DEFINITION**

The following definition pertains to this report:

> Market Value[1]. The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
>
> 1. buyer and seller are typically motivated;
> 2. both parties are well informed or well advised, and acting in what they consider their best interests;
> 3. a reasonable time is allowed for exposure in the open market;
> 4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
> 5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

**PROPERTY HISTORY**

The subject property is currently occupied by a Bank of America branch which will be vacated in June, 2010. The subject is currently listed for sale by Jones Lang LaSalle without an asking price. We are not aware of any sales of the subject property within the last three years, nor are we aware of any purchase options or offers of purchase.

[1] Federal Register, Volume 55, 12 C.F.R. Part 34.42(g), Page 34696, August 24, 1990, as amended at Federal Register, Volume 57 Page 12202, April 9, 1992, Federal Register, Volume 59 Page 29499, June 7, 1994.

## HYPOTHETICAL CONDITIONS

Hypothetical conditions are defined as that which is contrary to what exists, but is supposed for the purpose of the analysis. There are no hypothetical conditions contained in our analysis.

## EXTRAORDINARY ASSUMPTIONS

Extraordinary assumptions are defined as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraisers opinions or conclusions. There are no extraordinary assumptions contained in our analysis.

## MARKETING & MARKET EXPOSURE PERIODS

The Uniform Standards of Professional Appraisal Practice (USPAP) requires an estimate of marketing exposure time. This is defined as the estimated 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. USPAP also requires an estimate of the typical marketing time for the property appraised. This is the anticipated time required to successfully market the property as of the effective date of the value estimate.

At present, there is a profound overabundance of nearly all property types within the subject's market area. Property values across the U.S. have dropped and in some places they have fallen by 30% or more in the past 24 months. Vacancies are consistently increasing for all product types including residential, office, industrial and retail. The deluge of foreclosed properties brought about by the economic downturn has resulted in heavily discounted prices. Unemployment is high. Banks have failed and so have General Motors and Chrysler Automotive.

There have been few transactions in 2009 due to the economic uncertainty brought on by the recession. New lending requirements have also made it very difficult to obtain financing. In a service oriented economy like the United States, the recession has hit consumers very hard. Retail sales have declined dramatically and created a trickledown effect that has been felt by nearly all sectors of the economy.

Our value considers the difficulty in obtaining financing and extended market times required to sell property. Our value is premised upon a 12 to 24 month marketing and exposure time.

# AREA ANALYSIS

## REGIONAL OVERVIEW

The subject is located in Glen Ellyn, which is influenced by the greater Chicago metropolitan area. Chicago is located in northeastern Illinois on the southwestern shore of Lake Michigan. It is the third largest city in the United States and one of the country's leading industrial, commercial, transportation, and financial centers. The Chicago metropolitan area (PMSA) includes Cook, DuPage, Kane, Lake, McHenry, Will, Grundy, Kendall, and DeKalb counties and encompasses 5,065 square miles.

The city of Chicago located in Cook County, covers a land area of 227 square miles and extends 29 miles along the southwestern area of Lake Michigan. It occupies an area of land traversed by two short rivers: the Chicago River, which flows west from the lake, and the Calumet River, which flows to the south. Both rivers are linked by canals to the Illinois and Mississippi rivers. This established Chicago as the connecting point in the waterway between the Mississippi Valley, the Great Lakes, and The Saint Lawrence Seaway. The city's rapid growth was largely due to its location, with ready access to markets and raw materials. Major urban centers in the region include the following:

| | |
|---|---|
| Detroit, MI | 230 miles east |
| Milwaukee, WI | 80 miles north |
| Indianapolis, IN | 160 miles southeast |
| Minneapolis, MN | 350 miles northwest |
| St. Louis, MO | 250 miles southwest |

## POPULATION

Chicago is the center of a large metropolitan area spreading across three states. This area includes the southeast portion of Wisconsin, northeast Illinois and northwest Indiana. Cook County with over 5 million residents is by far the largest county in the state of Illinois. DuPage, Lake, McHenry, Kane and Will counties are the next largest counties in the area, while Grundy, Kendall and DeKalb are more outlying counties. The Chicago PMSA as a whole has a broad and diverse population. The following table summarizes historical and projected populations for the metropolitan area.

| Counties | Cook | DuPage | Lake | Kane | Will | McHenry | Kendall, Grundy & DeKalb | Chicago MSA |
|---|---|---|---|---|---|---|---|---|
| ***Population*** | | | | | | | | |
| 2000 Census | 5,376,741 | 904,161 | 644,356 | 404,119 | 502,266 | 260,077 | 181,048 | 9,098,316 |
| 2007 Census | 5,407,427 | 951,514 | 725,913 | 513,390 | 700,923 | 328,096 | 243,209 | 9,747,870 |
| 2012-Projection | 5,407,147 | 983,762 | 786,499 | 591,602 | 884,810 | 381,435 | 310,573 | 10,261,963 |
| 2000-2007 % Annual Change | 0.08% | 0.71% | 1.61% | 3.04% | 4.05% | 2.96% | 3.65% | 0.95% |
| 2007-2012 % Annual Change | 0.00% | 0.66% | 1.54% | 2.64% | 4.16% | 2.80% | 4.34% | 1.00% |
| ***Households*** | | | | | | | | |
| 2000 Census | 1,974,181 | 325,601 | 216,297 | 133,901 | 167,542 | 89,403 | 64,765 | 3,280,055 |
| 2007 Census | 1,982,616 | 342,683 | 242,240 | 166,775 | 230,753 | 112,466 | 86,927 | 3,496,913 |
| 2012-Projection | 1,981,874 | 354,745 | 262,108 | 191,410 | 291,810 | 130,729 | 111,233 | 3,673,550 |
| 2000-2007 % Annual Change | 0.06% | 1.00% | 1.53% | 2.82% | 3.91% | 2.93% | 3.64% | 0.89% |
| 2007-2012 % Annual Change | -0.01% | 0.68% | 1.52% | 2.57% | 4.18% | 2.79% | 4.37% | 0.96% |
| ***Income*** | | | | | | | | |
| 2007 Per Capita Income | $29,578 | $40,690 | $40,393 | $30,894 | $31,379 | $34,029 | $28,269 | $31,498 |
| 2007 Median Household Income | $58,245 | $84,141 | $83,072 | $73,982 | $77,661 | $80,151 | $66,336 | $64,756 |
| 2007 Average Household Income | $79,897 | $112,275 | $119,871 | $94,493 | $94,723 | $99,058 | $77,460 | $87,044 |

Source: stdbonline.com

As indicated above, the entire Chicago MSA grew by just over 7.1% between 2000 and 2007. Chicago and Cook County had modest growth, with significantly more in outlying counties. Overall the Chicago area is expected to continue growing at a slow but steady pace for the foreseeable future.

## TRANSPORTATION

Transportation continues to play an integral role in Chicago's economy and economic development. It is currently the nation's center for air passenger and freight movements; the rail freight industry in Chicago handles millions of tons of manufactured goods per year, which are transported along 37 routes which radiate from the region. Chicago is also the nation's largest trucking center with over 200 truck terminals. In addition, four general cargo harbors service the Chicago area, with Lake Calumet Harbor handling the most cargo.

Chicago is blessed with a great public transportation system that works. It provides timely service for thousands of daily commuters. Elevated trains circle the Loop, a five-block-wide and seven-block-long rectangle that encompasses the main downtown area. The subway rolls out to O'Hare Airport in 45 minutes from the Loop, while it takes 30 minutes to ride the new Orange line from the Loop to Midway Airport.

Three agencies comprise the Chicago area public transportation system. The Chicago Transit Authority runs the bus, elevated train and subway operations within the City of Chicago. Pace Suburban Bus Service operates the suburban bus system and Metra Metropolitan Rail oversees the commuter railroads between Chicago and the suburbs. The Regional Transportation Authority has jurisdiction over these three agencies.

Chicago's airports serve nearly 70 commercial commuter and cargo airlines on a regular basis. Every day, over 3,000 flights from Chicago's airports service over 280 cities. International carriers offer direct service to 60 cities around the globe. Chicago's O'Hare International Airport is the world's busiest airport in terms of passenger enplanements (the number of passengers on scheduled flights) and is third among national airports in cargo tonnage enplaned. Midway, Chicago’s second largest airport, has recently undergone a major rebuilding and expansion. Plans for a third airport in Peotone are currently being discussed to help manage all the air traffic Chicago receives.

**AREA OVERVIEW**

With a population of 9.7 million residents, metropolitan Chicago is the nation's third largest metropolitan area after Los Angeles and New York. Metro Chicago, which accounts for almost one-half of the population of Illinois and approximately 60% of employment, is characterized by a diverse economic base. This has enabled the region to enjoy stable growth unmarked by the boom-and-bust cycles that characterize some other Midwest cities that rely more heavily on industrial activity.

The strength of the greater Chicago metropolitan area lies in its established position as a center of trade, finance, and business services. Moderate future growth, driven by finance, trade, and business service is expected to over the next ten years.

The number and quality of higher education institutions continues to enhance Chicago-land’s local quality of life and produces a positive benefit in promoting technological advancement through linkages with local businesses. Forecasts of population indicate modest growth during the next decade.

Future labor force needs will be split between high-wage, high-skill union labor, and high-salary executive and administrative positions; and low-wage, low-skill factory, retail, and personal services industries. Increasing congestion, housing prices, living costs, and property taxes may reduce the level of suburbanization in the future. There will be an increasing demand for affordable housing for lower-wage occupations in the suburbs.

The employment statistics for the region indicate a pattern of negative growth. Property values, income, retail sales and new construction are anticipated to decline for the short to mid-term foreseeable future.

The suburbs extend over 30 miles to the North, West and South of the city. Housing is just as diverse in the suburbs as it is in the city. Prices and styles range from $120,000 for an older ranch, to multi-million dollar estates. Additions and teardowns of smaller houses are also common in the suburbs. Ages of houses vary depending on suburb or location within a township.

## CONCLUSION

Chicago is the third largest city in the United States and one of the country's leading industrial, commercial, transportation, technological, and financial centers. Chicago has a long established and growing tradition as a center for business and industry, ranging from well-established manufacturing sectors to newer fields like biotechnology. Adding to Chicago's reputation as a business and industrial center is its popularity as a premier location for many corporate headquarters. Companies choose Chicago in order to take advantage of the benefits including proximity to transportation, suppliers, customers, similar businesses, access to a skilled labor force, and an extensive urban infrastructure. The employment and population statistics for the region resemble that of the rest of the nation in the current economic downturn. Market supply and demand for industrial, retail, office and residential uses are declining as vacancies in all sectors are above average. We are in a period of downturn, therefore, for the short to mid-term foreseeable future property values, income, and retail sales are at risk.

## AREA MAP


Huntley
Algonquin
Barrington Woods
Riverwoods
Glencoe
Carpentersville
Inverness
Palatine
Wheeling
Winnetka
Kenilworth
Monroe Center
Kingston
Hampshire
Gilberts
Dundee
Forest River
Northfield
Kirkland
Genoa
Holcomb
Burlington
Rolling Meadows
Glenview
Evanston
Lindenwood
Elgin
Hoffman Estates
Skokie
Esmond
Clare
Plato Center
Streamwood
Kings
South Elgin
Rosemont
Niles
Lincolnwood
Sycamore
Bartlett
Itasca
Norridge
Harwood Heights
Virgil
Wayne
Franklin Park
Rochelle
Creston
Malta
De Kalb
Wasco
Bensenville
Maple Park
Glendale Heights
Addison
Elmwood Park
Cortland
Elburn
Geneva
Subject
Maywood
Forest Park
Chicago
Johnsons Mound
West Chicago
Wheaton
Steward
Kaneville
Batavia
Winfield
Oak Brook
Cicero
Lake Michigan
Mooseheart
Warrenville
Lisle
Hinsdale
Stickney
Lee
North Aurora
Summit
Scarboro
Waterman
Big Rock
Aurora
Naperville
Hodgkins
Bedford Park
Shabbona
Hinckley
Sugar Grove
Woodridge
Willowbrook
Hometown
Oak Lawn
Burnside
Montgomery
Bolingbrook
Palos Hills
Chicago Ridge
Compton
Paw Paw
Bristol
Oswego
Whiting
Plano
Lemont
Hastings
Merrionette Park
Palos Park
Calumet Park
East Chicago
Yorkville
Romeoville
Somonauk
Burnham
Ogden Dunes
Leland
Sandwich
Orland Park
Midlothian
Gary
Millbrook
Plainfield
Chesterton
Earlville
Lily Cache
Lockport
Oak Forest
Hammond
Crocker
Westhaven
Mendota
Millington
Du Page River
Homewood
Lansing
Highland
Liverpool
Portage
Baker
Crest Hill
Marley
Fernway
Sheridan
Newark
Joliet
Sunny Crest
Glenwood
Ross
Hobart
Shorewood
Arbury Hills
Matteson
Chicago Heights
Lottaville
Wheeler
Triumph
Idylside
New Lenox
Dyer
DELORME
Data use subject to license.
© 2007 DeLorme. Street Atlas USA® 2008.
www.delorme.com
MN (3.1° W)
mi
0 3 6 9 12 15
Data Zoom 8-0

## LOCAL AREA ANALYSIS

The subject is located in Glen Ellyn, a suburb of Chicago located approximately 23 miles west of Chicago's central business district. It is primarily a residential community with a central business district located along the Union Pacific Rail Line that leads eastward to Chicago and provides commuter access to the city. It also leads west and connects to Elgin.

### LOCATION & TRANSPORTATION

Glen Ellyn is a well-located suburban community. Nearby highway linkage is available to a series of east/west and north/south thoroughfares including Interstate Highways I-88, I-355, and I-294 and Illinois State Highways Route 38, Route 64, Route 56 and Route 53.

The Glen Ellyn Train Station provides daily commuter access to downtown Chicago via "Metra" commuter train service (33-minute runs into the city). "Pace" (bus services) transport residents around the area and to the train station during morning and evening commuting hours. Business travelers and vacationing families are just 45 minutes from international and domestic flights arriving and departing daily from O'Hare International Airport to the north and Midway Airport to the southeast. DuPage Airport, 15 minutes west of Glen Ellyn, is a general aviation facility that accommodates business and recreational aircraft. It is the third busiest airport in the State of Illinois.

### DEMOGRAPHICS

The following pages outline demographics for the subject in one, two and three mile radii:

# Executive Summary

**Prepared By STDBonline**

**22W151 Butterfield Rd, Glen Ellyn, IL 60137-7105**

| Site Type: Ring | Radius: 1 Miles | Radius: 2 Miles | Radius: 3 Miles |
|---|---|---|---|
| **2009 Population** | | | |
| Total Population | 5,622 | 31,088 | 85,501 |
| Male Population | 48.6% | 47.6% | 48.3% |
| Female Population | 51.4% | 52.4% | 51.7% |
| Median Age | 41.6 | 41.5 | 39.8 |
| **2009 Income** | | | |
| Median HH Income | $91,821 | $85,664 | $81,322 |
| Per Capita Income | $41,956 | $43,240 | $41,503 |
| Average HH Income | $117,337 | $112,301 | $105,412 |
| **2009 Households** | | | |
| Total Households | 1,991 | 11,726 | 33,253 |
| Average Household Size | 2.82 | 2.56 | 2.52 |
| **2009 Housing** | | | |
| Owner Occupied Housing Units | 82.3% | 71.9% | 69.1% |
| Renter Occupied Housing Units | 15.3% | 23.7% | 25.2% |
| Vacant Housing Units | 2.4% | 4.4% | 5.7% |
| **Population** | | | |
| 1990 Population | 5,604 | 28,764 | 79,009 |
| 2000 Population | 5,604 | 30,320 | 83,353 |
| 2009 Population | 5,622 | 31,088 | 85,501 |
| 2014 Population | 5,665 | 31,312 | 86,001 |
| 1990-2000 Annual Rate | 0% | 0.53% | 0.54% |
| 2000-2009 Annual Rate | 0.03% | 0.27% | 0.28% |
| 2009-2014 Annual Rate | 0.15% | 0.14% | 0.12% |

In the identified market area, the current year population is 85,501. In 2000, the Census count in the market area was 83,353. The rate of change since 2000 was 0.28 percent annually. The five-year projection for the population in the market area is 86,001, representing a change of 0.12 percent annually from 2009 to 2014. Currently, the population is 48.3 percent male and 51.7 percent female.

| **Households** | | | |
|---|---|---|---|
| 1990 Households | 1,884 | 10,584 | 29,768 |
| 2000 Households | 1,975 | 11,371 | 32,174 |
| 2009 Households | 1,991 | 11,726 | 33,253 |
| 2014 Households | 2,008 | 11,812 | 33,501 |
| 1990-2000 Annual Rate | 0.47% | 0.72% | 0.78% |
| 2000-2009 Annual Rate | 0.09% | 0.33% | 0.36% |
| 2009-2014 Annual Rate | 0.17% | 0.15% | 0.15% |

The household count in this market area has changed from 32,174 in 2000 to 33,253 in the current year, a change of 0.36 percent annually. The five-year projection of households is 33,501, a change of 0.15 percent annually from the current year total. Average household size is currently 2.52, compared to 2.54 in the year 2000. The number of families in the current year is 21,736 in the market area.

**Housing**

Currently, 69.1 percent of the 35,263 housing units in the market area are owner occupied; 25.2 percent, renter occupied; and 5.7 percent are vacant. In 2000, there were 33,211 housing unitsâ€" 71.3 percent owner occupied, 25.6 percent renter occupied and 3.1 percent vacant. The rate of change in housing units since 2000 is 0.65 percent. Median home value in the market area is $276,100, compared to a median home value of $162,279 for the U.S. In five years, median home value is projected to change by 2.79 percent annually to $316,877. From 2000 to the current year, median home value changed by 3.87 percent annually.

**Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2009 and 2014. ESRI converted 1990 Census data into 2000 geography.**

**22W151 Butterfield Rd, Glen Ellyn, IL 60137-7105**

| Site Type: Ring | Radius: 1 Miles | Radius: 2 Miles | Radius: 3 Miles |
|---|---|---|---|
| **Median Household Income** | | | |
| 1990 Median HH Income | $60,883 | $55,055 | $50,147 |
| 2000 Median HH Income | $77,116 | $68,991 | $65,457 |
| 2009 Median HH Income | $91,821 | $85,664 | $81,322 |
| 2014 Median HH Income | $100,202 | $91,898 | $85,399 |
| 1990-2000 Annual Rate | 2.39% | 2.28% | 2.7% |
| 2000-2009 Annual Rate | 1.9% | 2.37% | 2.37% |
| 2009-2014 Annual Rate | 1.76% | 1.41% | 0.98% |
| **Per Capita Income** | | | |
| 1990 Per Capita Income | $25,366 | $23,821 | $22,938 |
| 2000 Per Capita Income | $35,140 | $35,133 | $33,658 |
| 2009 Per Capita Income | $41,956 | $43,240 | $41,503 |
| 2014 Per Capita Income | $43,796 | $45,492 | $43,324 |
| 1990-2000 Annual Rate | 3.31% | 3.96% | 3.91% |
| 2000-2009 Annual Rate | 1.94% | 2.27% | 2.29% |
| 2009-2014 Annual Rate | 0.86% | 1.02% | 0.86% |
| **Average Household Income** | | | |
| 1990 Average Household Income | $74,123 | $64,465 | $60,130 |
| 2000 Average Household Income | $95,876 | $91,392 | $85,959 |
| 2009 Average HH Income | $117,337 | $112,301 | $105,412 |
| 2014 Average HH Income | $122,350 | $118,028 | $109,785 |
| 1990-2000 Annual Rate | 2.61% | 3.55% | 3.64% |
| 2000-2009 Annual Rate | 2.21% | 2.25% | 2.23% |
| 2009-2014 Annual Rate | 0.84% | 1% | 0.82% |

### Households by Income

Current median household income is $81,322 in the market area, compared to $54,719 for all U.S. households. Median household income is projected to be $85,399 in five years. In 2000, median household income was $65,457, compared to $50,147 in 1990.

Current average household income is $105,412 in this market area, compared to $71,437 for all U.S. households. Average household income is projected to be $109,785 in five years. In 2000, average household income was $85,959, compared to $60,130 in 1990.

Current per capita income is $41,503 in the market area, compared to the U.S. per capita income of $27,277. The per capita income is projected to be $43,324 in five years. In 2000, the per capita income was $33,658, compared to $22,938 in 1990.

### Population by Employment

| | | | |
|---|---|---|---|
| Total Businesses | 129 | 1,591 | 5,308 |
| Total Employees | 5,826 | 34,026 | 80,117 |

Currently, 95.2 percent of the civilian labor force in the identified market area is employed and 4.8 percent are unemployed. In comparison, 89.4 percent of the U.S. civilian labor force is employed, and 10.6 percent are unemployed. In five years the rate of employment in the market area will be 96.8 percent of the civilian labor force, and unemployment will be 3.2 percent. The percentage of the U.S. civilian labor force that will be employed in five years is 92.9 percent, and 7.1 percent will be unemployed. In 2000, 69.6 percent of the population aged 16 years or older in the market area participated in the labor force, and 0.0 percent were in the Armed Forces.

In the current year, the occupational distribution of the employed population is:

- 81.0 percent in white collar jobs (compared to 61.5 percent of U.S. employment)
- 9.7 percent in service jobs (compared to 17.1 percent of U.S. employment)
- 9.3 percent in blue collar jobs (compared to 21.4 percent of U.S. employment)

In 2000, 78.9 percent of the market area population drove alone to work, and 3.8 percent worked at home. The average travel time to work in 2000 was 28.3 minutes in the market area, compared to the U.S. average of 25.5 minutes.

### Population by Education

In 2009, the educational attainment of the population aged 25 years or older in the market area was distributed as follows:

- 5.1 percent had not earned a high school diploma (16.2 percent in the U.S.)
- 18.4 percent were high school graduates only (29.8 percent in the U.S.)
- 6.5 percent had completed an Associate degree (7.2 percent in the U.S.)
- 30.8 percent had a Bachelor's degree (17.0 percent in the U.S.)
- 21.0 percent had earned a Master's/Professional/Doctorate Degree (9.8 percent in the U.S.)

## ECONOMY

Glen Ellyn's 1,250 businesses report an employment count of nearly 15,000 people. Glen Ellyn actually has two business districts one in the center of the village and one along Roosevelt Road. The central business district offers an array of specialty retailers including a 125-year-old grocery store and various service businesses. National retailers, grocery stores, auto dealers and hotels are conveniently located nearby along Roosevelt Road. Throughout the village, office and computer supply stores, copy and printing enterprises, and shipping and mailing centers supply a variety of goods and services.

The Glen Ellyn YMCA and the Health Track Sports Wellness Center feature indoor pools, fitness centers, racquetball courts, weight-lifting equipment and an array of exercise classes. The Park District and YMCA sponsors a variety of youth and adult sports programs, as well as a number of after-school and summer day camps.

## SCHOOL SYSTEM

Educators and administrators from three school districts provide the curriculum and programs. Glen Ellyn offers eight public grade schools, two parochial grade schools, two middle schools, and two high schools. Nearby colleges include the College of DuPage, Wheaton College, Illinois Benedictine and Elmhurst College, with many other higher education establishments within close proximity.

## HEALTH CARE

Glen Ellyn is home to a wide variety of medical professionals including physicians, surgeons, and dentists and chiropractors. Glen Ellyn Clinic, operated by DuPage Medical Group and located in the central business district, maintains a staff of specialists including pediatricians, oncologists, obstetricians, gynecologists, orthopedics, internists, diagnosticians, and surgeons. Central DuPage Hospital, in nearby Winfield, is a full-service hospital, supplying everything from emergency care and cardiac surgeries to community wellness programs and counseling services.

## RECREATION

Recreational programs within Glen Ellyn include Easterfest, The Taste of Glen Ellyn, a Village Fair, Jazz Picnics in the Park, a Farmer's Market, Festival of the Arts, a Cardboard Boat Regatta, and various yearlong sidewalk sales/craft fairs.

Glen Ellyn's Park District maintains 28 parks (situated on over 300 acres) and sponsors hundreds of classes and sports programs. Lake Ellyn Park (25 acres) features fishing, clay tennis courts, walking and jogging paths, playground, and a host of year-round special events. Eight-acre Sunset Park is home to a water park and pool, ball fields, and playground. Four nearby DuPage County Forest Preserves welcome picnics, fishing, bird watching, cross-country skiing, nature hikes, and wildlife-viewing, while the nearby, 45-mile Illinois Prairie Path offers cycling opportunities.

## SUBJECT'S IMMEDIATE AREA

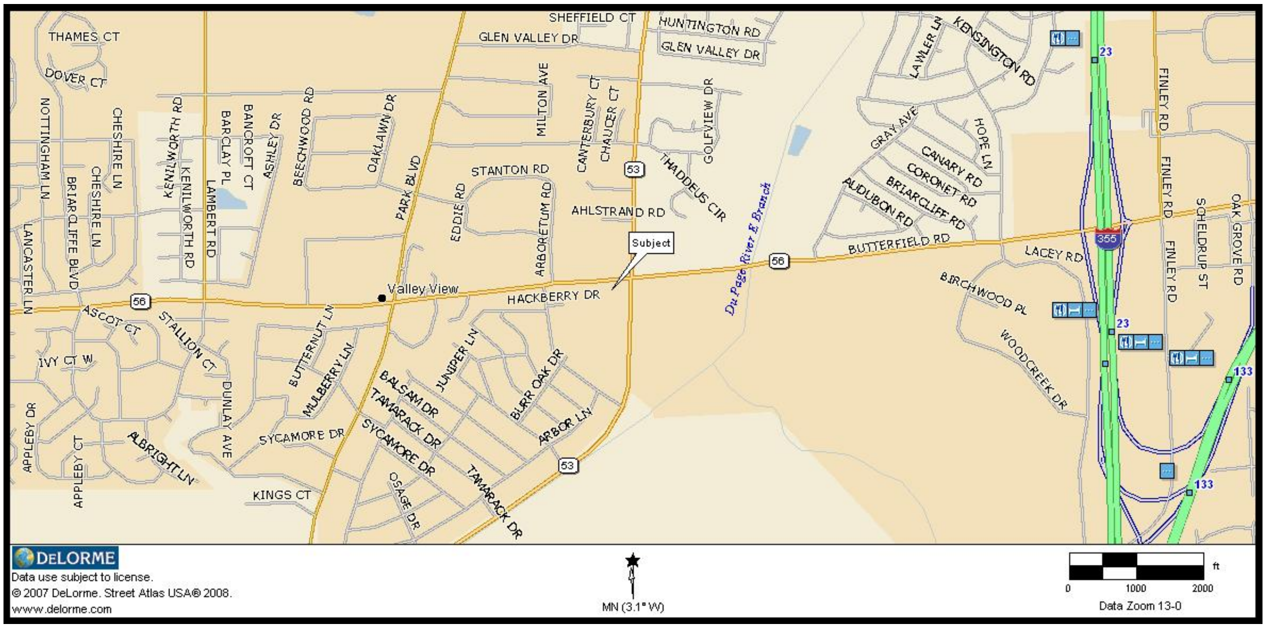
The subject is located near the southwest corner of Route 53 and Butterfield Rd. Surrounding uses are commercial in nature and consist of a gas station to the east, a banquet hall to the west, a McDonald's restaurant to the south and Butterfield Road to the north. A Wal-Mart store is located south along Route 53.

## CONCLUSION

Glen Ellyn is a balanced community providing a variety of commercial and community facilities that are complementary to the subject, including restaurants, entertainment, personal services, shopping, transportation and banking. Our physical inspection of the neighborhood indicated that there is an adequate level of community facilities, services, and amenities, including retailing, business services, public transportation, good proximity to labor markets, commercial services, and the regional highway network.

At the present time, the overall economy is in a retraction phase; real estate prices are decreasing and are anticipated to continue to decrease given the unavailability of capital and current economic turmoil. In many areas, overall rents and values have been declining. Vacancies have been increasing, and unemployment is increasing. The subject is well located, just outside or within the outskirts of Glen Ellyn's central business district; however, due to the current economic downturn real estate values are not expected to grow and in most cases prices could decline.

## LOCAL AREA MAP



## RETAIL MARKET ANALYSIS

### INTRODUCTION

This section provides a summary of the market supply and demand characteristics of the Chicago Area Retail Market. The subject property is located in Glen Ellyn, Illinois within the Far West Suburbs submarket.

### RETAIL MARKET CHARACTERISTICS

According to data from the 1st Quarter 2010 Retail Property Survey by CB Richard Ellis, the Metropolitan Chicago retail market had over 128.7 million square feet of space, up from the 4$^{th}$ Quarter 2009 total of 128.2 million SF. This is for properties containing over 50,000 SF of space and excluding regional malls.

Market characteristics for the overall Chicago Metropolitan area are summarized as follows:

**Metropolitan Chicago Retail Market Characteristics**
**1st Quarter 2010**

| Submarket | Sq. Ft. | Rank from Largest | % of Market | Vacancy Rate | Under Construction | Average Asking Net Rental Range | | |
|---|---|---|---|---|---|---|---|---|
| Far Northwest Suburbs | 13,142,213 | 3 | 10.2% | 10.5% | 755,347 | $14.83 | to | $17.47 |
| Northwest Suburbs | 15,874,756 | 2 | 12.3% | 13.3% | 110,000 | $13.37 | to | $18.12 |
| Far North Suburbs | 8,851,520 | 8 | 6.9% | 14.9% | 0 | $15.19 | to | $19.41 |
| North Suburbs | 9,908,367 | 6 | 7.7% | 8.6% | 0 | $14.88 | to | $18.25 |
| **Far West Suburbs** | **21,425,946** | **1** | **16.6%** | **11.8%** | **120,000** | **$13.93** | **to** | **$16.49** |
| West Suburbs | 7,945,280 | 10 | 6.2% | 8.8% | 250,000 | $13.89 | to | $16.42 |
| City North | 8,131,681 | 9 | 6.3% | 7.2% | 555,000 | $23.08 | to | $30.44 |
| City South | 6,157,829 | 12 | 4.8% | 12.3% | 818,300 | $14.68 | to | $18.63 |
| Far Southwest Suburbs | 10,421,709 | 4 | 8.1% | 11.5% | 1,954,865 | $14.60 | to | $17.96 |
| Southwest Suburbs | 9,490,094 | 7 | 7.4% | 9.5% | 393,080 | $15.63 | to | $16.98 |
| South Suburbs | 7,011,322 | 11 | 5.4% | 20.3% | 815,000 | $11.60 | to | $15.55 |
| Kane County | 10,374,352 | 5 | 8.1% | 17.6% | 400,000 | $14.51 | to | $17.86 |
| **Total** | **128,735,069** | | **100.0%** | **12.1%** | **6,171,592** | **$14.64** | to | **$18.11** |

*Source: CB Richard Ellis*

Average asking lease rates range between $14.64 PSF and $18.11 PSF, on a net to lessor basis. Most leases in the Chicago market are written on a net basis, with expenses paid separately by the tenant.

## MARKET OVERVIEW

2009 was a very tough year for the US economy in terms of job losses and consumer confidence. The first quarter 2010 statistics showed a glimmer of hope that the economy is getting stronger. The stock market climbed 3,300 points year-to-date, the consumer confidence index rose to 52.5 in March, and housing prices began to level after recently reaching record lows. There is still a sense of worry about job losses and a double-dip economic recession, however. The consumer confidence index reading of 52.5 is a long way from the historic low of 25.3 reached in the first quarter 2009, but still far from the 90 or more which signals a strong economy.

The Chicago retail market began to show signs of stability in the first quarter 2010. The vacancy rate increased 20 basis points from year-end 2009, and currently stands at 12.1%. Net asking lease rates, however, rose for the first time in nearly two years, with a current average rate of $15.82. Projects currently under construction have declined to 6.2 million square feet. New construction starts continue to remain sporadic, but as the housing market begins to strengthen, retail construction should follow.

Significant leases signed in the first quarter include Nordstrom Rack for 38,889 SF at 730 N. Michigan Ave. in Chicago, Michael's for 28,140 SF at 3131 N. Clark St. in Chicago, All Saints for 10,702 SF at 700 N. Michigan Ave. in Chicago, and Chicago Cut Steakhouse for 7,700 SF at 300 N. LaSalle St. in Chicago.

## FAR WEST SUBURBS SUBMARKET DYNAMICS

The subject is located in the Far West Suburbs submarket of the Chicago Retail Market. The submarket contains over 21.4 million SF of retail space. It is the largest submarket out of 12 submarkets. This submarket's vacancy rate was reported at 11.8%, lower than the 12.1% overall Chicago market. Average asking rental rates in the submarket range between $13.93 PSF and $16.49 PSF, consistent with the overall Chicago market. Currently, there is 120,000 SF of retail space under construction within the submarket.

## MARKET OUTLOOK AND CONCLUSION

The overall retail market is characterized by increasing vacancy rates and decreasing rental rates as the overall economy continues to contract. The subject's immediate area is an area with good access and visibility. It should therefore more than likely outperform many properties in inferior locations. The property is competitive in terms of facilities and services offered. The immediate area is considered desirable in part due to a broad range of complementary land uses.

There continues to be a significant decline in speculative construction starts. The decline illustrates the conservative approach that developers need, and are taking to keep the market on track. With the strong decline in construction starts and the significantly lower amount of projects under construction, the market is poised to withstand the effects of the current economic slowdown. Investors and financers are worried about the retail sector. We believe that it may take more than several years for any type of positive gains to be recognized.

Currently there is 6.1 million SF of retail space under construction within the Chicago retail market, most of which appears to be speculative. Once this space is completed, vacancy rates will likely increase and it may be several years before vacancy levels improve. In addition, the increase in vacancy levels is due to the flailing economy and a cautious approach is recommended for the marketplace as a whole. Real estate values are not expected to grow and in some cases prices could decline. The overall outlook is bleak for the retail market at this time.

## SITE DATA

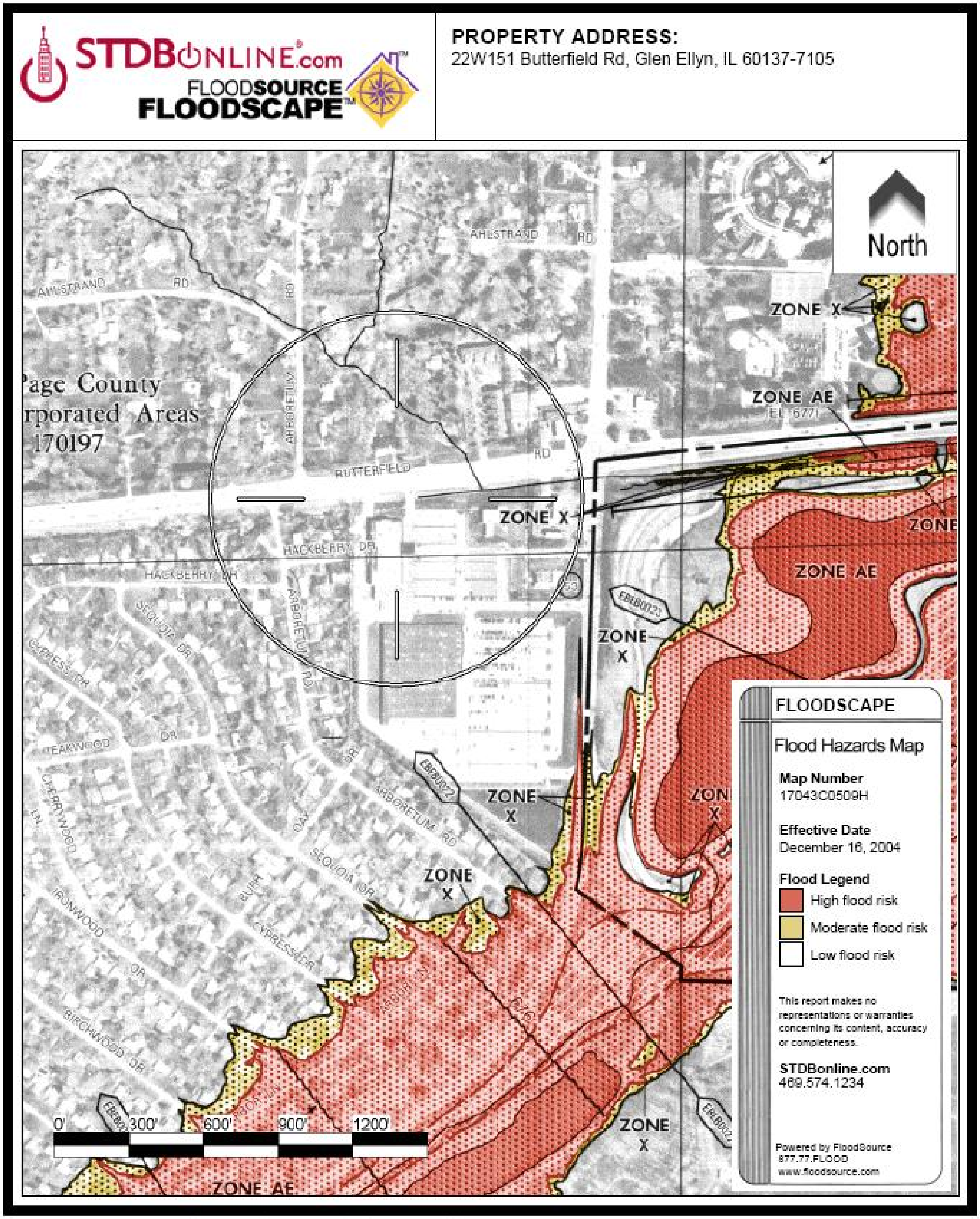
The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch. The subject has a 160 SF ATM building which is included in the square footage and a partial unfinished basement which is not included in the square footage.

| | |
|---|---|
| Location: | 22W151 Butterfield Rd.<br>Glen Ellyn, Illinois |
| | |
| Total Size: | 55,072 SF or 1.26 acres |
| | |
| Shape: | Nearly Rectangular |
| | |
| Surrounding Uses: | Commercial |
| | |
| Apparent Easements, Encroachments, or Restrictions: | We have assumed no adverse easements, encroachments or other conditions affecting the marketability and utility of the site. |
| | |
| Topography and Drainage: | The overall topography of the area is generally flat and at street grade. Surface drainage appears to be adequate. |
| | |
| Soil and Subsoil Condition: | Assumed sound; no soil report was provided. |
| | |
| Street Improvements: | The subject is located near the southwest corner of Butterfield Road and Route 53. Butterfield Road is a four-lane, two-way arterial that runs in an east-west direction. |
| | |
| Zoning: | B-1, Community Retail District, DuPage County |
| | |
| Flood Zone: | The site is located in flood zone X (not a flood hazard area) according to FEMA Community Panel Number 17043C0509H dated December 16, 2004. |
| | |
| Utilities: | All available |
| | |

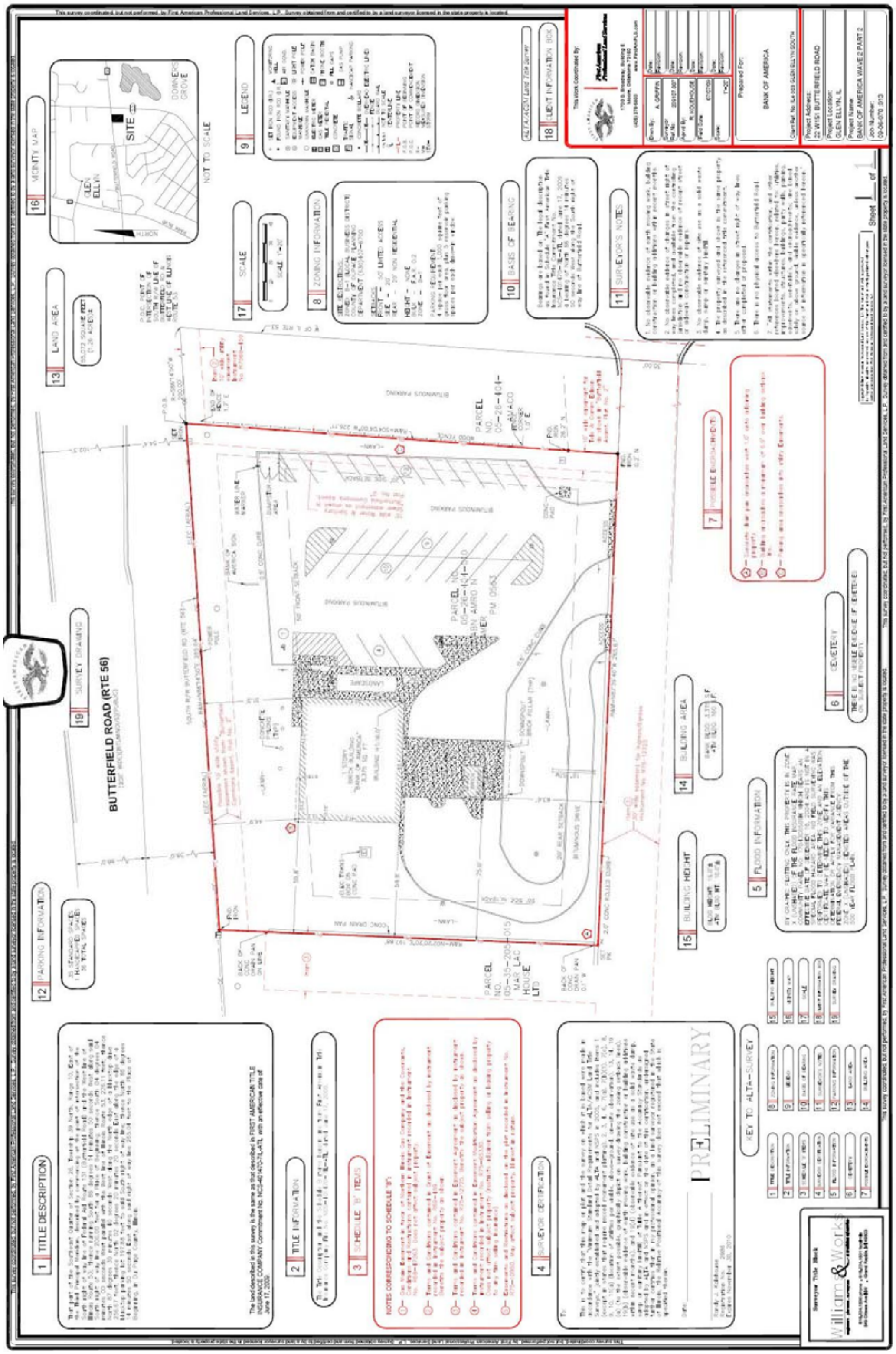
| | |
|---|---|
| Relationship of the Subject Site to its Surroundings: | Compatible with surrounding uses |
| | |
| Functional Utility: | The site appears to be functional and marketable for its retail use and is served by all utilities. Regional accessibility, ingress, and egress are all considered good. |

The subject is well located in Glen Ellyn. It is located near a major, signaled intersection. There is good access and visibility from adjacent roadways. The topography is generally flat and at street grade. Overall, the site is well suited for a variety of commercial uses.

## FLOOD MAP


STDBONLINE.com
FLOODSOURCE
FLOODSCAPE
PROPERTY ADDRESS:
22W151 Butterfield Rd, Glen Ellyn, IL 60137-7105
North
ZONE X
ZONE AE
ZONE X
ZONE AE
ZONE X
ZONE X
ZONE X
ZONE X
ZONE AE
BUTTERFIELD RD
AHLSTRAND RD
HACKBERRY DR
ARBORETUM RD
SEQUOIA DR
CYPRESS DR
TEAKWOOD DR
CHERRYWOOD LN
IRONWOOD DR
BIRCHWOOD DR
OAK DR
age County
rporated Areas
170197
0' 300' 600' 900' 1200'
FLOODSCAPE
Flood Hazards Map
Map Number
17043C0509H
Effective Date
December 16, 2004
Flood Legend
High flood risk
Moderate flood risk
Low flood risk
This report makes no representations or warranties concerning its content, accuracy or completeness.
STDBonline.com
469.574.1234
Powered by FloodSource
877.77.FLOOD
www.floodsource.com

## PLAT OF SURVEY



## ASSESSMENTS AND TAXES

All property in can be identified by its Permanent Real Estate Index Number (PIN). The subject property is identified as tax parcel number 05-26-404-010.

In Illinois, real estate taxes are collected in arrears, i.e., 2008 real estate taxes are not payable until 2009. All counties in Illinois, except for Cook County, assess real estate at 33-1/3% of market value. In Cook County, a classification system is applied with differing percentages of market value. Industrial properties are assessed at 36% of market value and commercial properties are assessed at 38% of market value. Single family and small multi-family residential properties are assessed at 16% of market value, while larger apartments (7 units and up) are assessed at 33% of market value. The assessed value is then typically multiplied by an equalization factor. All counties with the exception of Cook County typically have a 1.0 equalization factor. The resulting equalized value is multiplied by the tax rate to arrive at the real estate taxes for the property. The property is located in DuPage County.

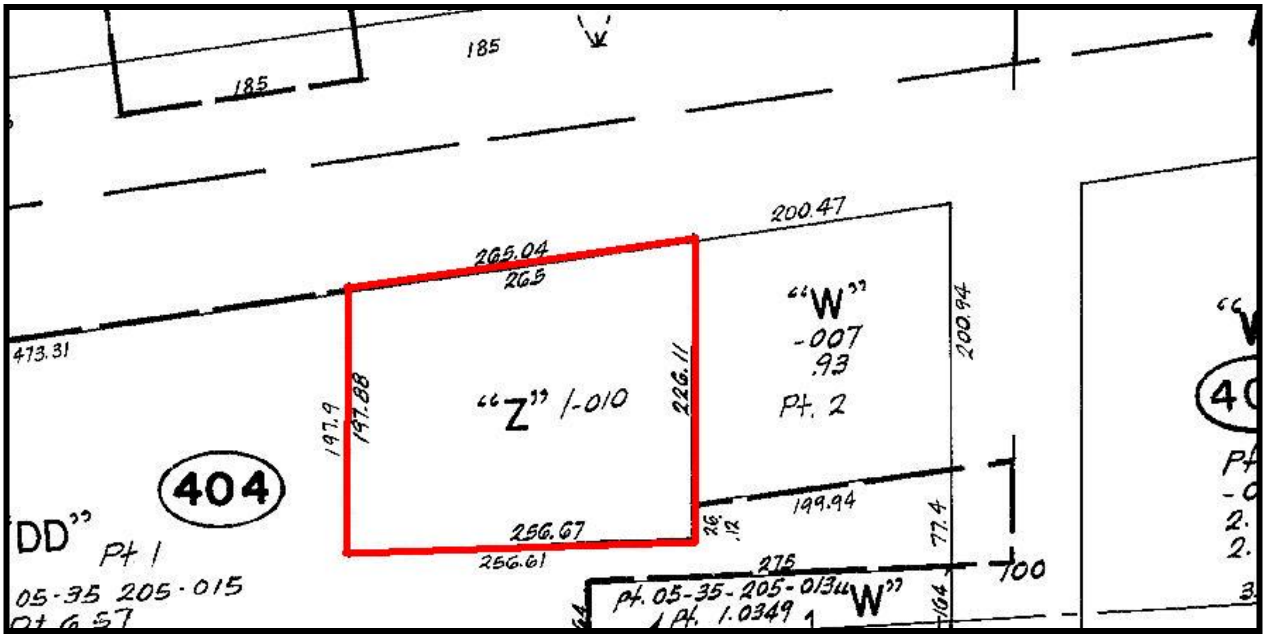
The following table summarizes assessments and taxes for the subject.

**ASSESSMENTS AND TAXES**

| 2008 Payable 2009 | | |
|---|---|---|
| **PIN: 05-26-404-010** | | |
| Total Assessed Value | | $402,620 |
| State Equalization Factor | | 1.0000 |
| Equalized Assessed Value | | $402,620 |
| Tax Rate (est) | | 5.2676% |
| **Real Estate Taxes** | | **$21,208** |
| Building Size (SF) | | 3,535 SF |
| Assessed Value PSF | | $113.90 |
| Real Estate Taxes PSF | | $6.00 |
| **Indicated Market Value @** | **33%** | **$1,207,981** |
| PSF | | $341.72 |

The assessor's current indicated market value is greater than our value conclusion; therefore there is a potential for decreased assessments.

## SIDWELL TAX MAP



## ZONING

The subject property is zoned B-1, Local Business District in DuPage County. The B-1 district is intended to provide areas for retail or service establishments supplying convenience items or personal services for the daily needs of residents within the neighborhood. Permitted uses include a variety of retail and service uses and dwelling units are permitted above the first floor. Banks and financial institutions are a permitted use, but drive-through lanes require a special use permit.

The following chart details bulk zoning guidelines for the B-1 district:

| | |
|---|---|
| **Minimum Lot Area:** | 0.5 acre |
| **Minimum Lot Width:** | 100 feet |
| **Maximum Floor Area Ratio:** | 0.20 or 0.25 for lots greater than 1 acre with a lot width greater than 150 feet |
| **Maximum Building Height:** | none |
| **Minimum Front Yard:** | 40 feet |
| **Minimum Side Yard:** | 20 feet |
| **Minimum Rear Yard:** | 20 feet |
| **Minimum Off-Street Parking:** | Varies according to use. Banks require four parking spaces for each 1,000 square feet of floor area plus five additional on-site reservoir parking spaces for each drive-in window |

The subject appears to be an allowable use, assuming that a special use permit is in place for the drive-through lanes.

## IMPROVEMENT DATA

The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch. The subject has a 160 SF ATM building which is included in the square footage and a partial unfinished basement which is not included in the square footage.

| | |
|---|---|
| Gross Building Area: | 3,535 SF consisting of a 3,375 SF bank branch building and a 160 SF ATM building. |
| | |
| Stories: | 1 story plus partial unfinished basement |
| | |
| Number of Buildings: | 2 |
| | |
| Year of Construction: | 1976 |
| | |
| Condition: | Average |
| | |
| Foundation: | Reinforced concrete |
| | |
| Floor: | Reinforced concrete - basement |
| | |
| Frame: | Concrete and steel |
| | |
| Walls: | Masonry |
| | |
| Roof: | Flat membrane roof |
| | |
| Electrical: | Assumed adequate |
| | |
| HVAC: | Gas forced air |
| | |
| Interior Finish: | Floors are carpet in the main customer areas and carpet or vinyl tile in other areas. Walls are painted or wall-covered drywall. The ceiling consists of dropped acoustical tile ceilings throughout.<br><br>There are two washrooms and a kitchenette located on the first floor as well. |
| | |
| Lighting: | Built in fluorescent or suspended |

| | |
|---|---|
| | incandescent lighting. |
| | |
| Fire Safety: | Not sprinklered |
| | |
| Site Improvements: | Asphalt paving and limited landscaping |
| | |
| Parking: | Surface parking spaces with additional automobile waiting areas behind the drive up windows. |
| | |
| Drive-Through Lanes: | Two plus one ATM lane |
| | |
| Condition and Functional Utility: | The improvements are assumed to be fully functional for bank branch use. |

The subject is a bank branch that is occupied by Bank of America, NA but will be vacated in early June, 2010. The overall location, access and visibility are good and the condition and utility are considered average.

## HIGHEST AND BEST USE ANALYSIS

In developing a real estate appraisal, the land is valued as if vacant and available for development to its highest and best use. The value of the improvements is recognized based on their actual contribution to the site.

*The Appraisal of Real Estate*, published by the Appraisal Institute, defines highest and best use as:

> The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. [2]

The highest and best use of the land as if vacant and available for use may differ from the highest and best use of the improved property; this will hold true when the improvements, though not an appropriate use, still contribute to the total property value in excess of the value of the site. Because the presence of improvements can limit the use of land, highest and best use is determined separately for the land or site as though vacant and available to be put to its highest and best use and for the property as improved.

If the highest and best use of the improvements is not the same as the land as if vacant, the highest and best use as improved is sometimes referred to as the highest and best "interim" use of the property.

If the value estimate for the land as if vacant and assuming its highest and best use alone is higher than the value estimate of the improved property assuming its highest and best use, then the value of the property is equal to the value of the land alone less the costs to demolish the existing improvements.

Estimating highest and best use essentially involves four stages of analysis:

> **Legally Permissible** Which use is permitted by zoning and deed restrictions on the site in question?
>
> **Physically Possible** To which use is it physically possible to put the site in question?

[2]*The Appraisal of Real Estate* (Chicago: Appraisal Institute).

**Financially Feasible** Which permissible and possible use will produce any net return to the owner of the site?

**Maximally Productive** Among the feasible uses, which use will produce the highest net return or the highest present worth?

The purpose of the highest and best use analysis is to determine the “most probable” course of action for a typical investor to follow from among those alternatives that meet the basic standards of acceptability. Selecting the potential uses for the vacant land and improvements requires understanding of both current market conditions and the property itself. The highest and best use must represent the optimum under “current market conditions.” Thus, even though a specific use may appear obvious, if that particular market is over-supplied at that moment, another type of use may actually yield a better result.

## HIGHEST AND BEST USE AS IF VACANT

In accordance with the definition of highest and best use, an analysis of the site relating to its legal uses, physical possibilities, financial feasibility, and maximum productivity is appropriate.

### Legally Permissible

The use must be legal. Moreover, it must be probable, not speculative or conjectural. A profitable demand for such use must exist, and it must return to the land the highest net return for the longest period of time. Two types of legal restrictions apply to the subject property: private restrictions (deed restrictions and/or easements) and public restrictions (zoning).

No information on private restrictions affecting the title was provided in this assignment; we have assumed, then, that only common restrictions, such as utility easements, etc., would apply and that they would not affect the development of the site.

The subject is zoned B-1, Community Retail District, DuPage County. This district allows a wide variety of commercial, retail and service uses.

### Physically Possible

The second constraint on the highest and best use of the property is that dictated by the physical aspects of the site itself. Influences on the development potential of a particular site include size, shape, area, and topography. Location, allowable density, adequate drainage, buildable slope and soil load-bearing capabilities are important determinants of value. For example, rough topography or poor soil conditions may make development costs prohibitive for certain uses. In general, the larger the site, the greater the potential for achieving economies of scale and flexibility in development, so size is also a factor.

As discussed in the Site Description section, the subject site is easily accessible from local roadways and regional linkage access is provided by several interstate highways. The surrounding land uses included retail developments. The site as vacant does not appear to contain any serious physical deficiencies that would seriously impact its potential for the site to achieve its highest and best use. The size and accessibility of the site would allow for development of any one of the permitted uses. Given the site size and the property’s location, a smaller sized commercial development that capitalizes on these attributes would be the most likely use of the subject site.

**Financially Feasible**

Feasibility of a real estate project normally relates to its probable economic potential. According to a recent edition of The Appraisal of Real Estate, all uses expected to produce a positive return are regarded as financially feasible. Therefore, in this stage, the appraiser further analyzes the legally permissible and physically possible uses to identify financially feasible alternatives as may be indicated by market, site and building analyses. To analyze the financial feasibility of all potential uses that pass the tests of legal permissibility and physical possibility, the appraiser must first analyze area growth trends, accessibility to the neighborhood, present occupancy levels, and proposed development of potential competition.

The subject is located in an area that supports retail development, which lends additional support to the site’s present use as the most viable use. The determination of financial feasibility is dependent primarily on demand. We have not completed a detailed analysis of retail demand, however, we have reviewed the overall retail market. Secondary market reports combined with observations of the local market indicate that the retail market is currently at risk. Given the property's location, surrounding land uses, and current zoning, we believe that, if vacant, the subject site would be held as vacant until such time that retail development was financially feasible.

**Maximally Profitable**

Based on the three criteria previously discussed, we believe that the most prudent use of the subject site as vacant would be development with a smaller sized commercial property when market conditions improve.

## CONCLUSION - HIGHEST AND BEST USE AS IF VACANT

All factors considered, we believe that the highest and best use of the subject site as vacant would be with commercial development in conformance with the zoning ordinance when market conditions improve.

## HIGHEST AND BEST USE - AS IMPROVED

The subject property consists of a 55,072 SF or 1.26 acre parcel of land that is currently improved with a 3,535 SF single-story bank branch.

### Legally Permissible

Based on the existing zoning, the subject's use as improved is a permissible use, assuming a special-use permit is in place for the drive-through lanes.

### Physically Possible

The subject's improvements are comparable to properties within the region. The presence of the existing improvements indicates that the site can physically accommodate development.

### Financially Feasible

We have considered the subject property as it is described herein and have studied its ability to integrate into its neighborhood. We have also examined supply and demand characteristics of the retail market. The market provides evidence that the improvements represent a sound investment at the economic value reported and represent a positive contribution to the land value component.

### Maximally Profitable

It is determined that no further structural modifications would significantly improve the economic performance of the subject or would add more value than the alterations would cost. Therefore, the maximally productive use of the subject is as existing with development of a bank branch.

## HIGHEST AND BEST USE CONCLUSION - AS IMPROVED

Based on our analysis and considering nearby land use patterns, traffic, and existing development patterns in the surrounding area, combined with observed community relationships and surrounding economic characteristics, the highest and best use of the subject is for continued use as a bank branch facility.

## APPRAISAL PROCEDURES

Developing a reasonable opinion of the value of real estate generally involves considering these appraisal techniques:

The Cost Approach considers the current cost of reproducing a property, less accrued depreciation in the property. A summation of the market value of the land assumed vacant, and the depreciated replacement cost new (RCN) of the improvements, provides an indication of the total value of the property. The cost approach provides an estimate of value based upon the assumption that an informed buyer would not pay more for a particular property than the cost of purchasing land and constructing improvements with similar utility. This approach is particularly useful when the subject property represents the highest and best use of the land, and the amount of accrued depreciation is measurable from the market.

The Income Capitalization Approach is based on an estimate of the subject property's possible net operating income. The net operating income is capitalized to arrive at an indication of value from the standpoint of an investment. This method measures the present worth of anticipated future benefits (net income) derived from the property. The income capitalization approach is based on the assumption that a typically informed buyer would not pay more for a property than the anticipated present worth of future benefits derived from the ownership. The reliability of this approach depends on adequacy of the market data.

The Sales Comparison Approach produces an estimate of value by comparing the sales and/or listings of similar properties in the same area as the subject property or in competing areas. This technique is used to indicate the value established by informed buyers and sellers in the market. The sales comparison approach is based on the assumption that the typically informed buyer would not pay more for a particular property than the cost of purchasing similar properties with the same utility as the subject. This approach is very reliable when there is an active market that provides a sufficient number of recent sales.

After considering these three approaches, the appraiser critically examines and weighs their value indications in a reconciliation of value before reaching and presenting a final conclusion of value.

## COST APPROACH

### DESCRIPTION OF APPROACH

In the cost approach, the appraiser derives an opinion of a property's value by estimating the replacement cost new (RCN) of the improvements, deducting the estimated accrued depreciation, and adding the market value of the land.

The subject is nearly 35 years old. As such, estimates of physical deterioration as well as functional and external obsolescence are largely subjective. Investors in properties similar to the subject would not likely place a strong emphasis on the cost approach in determining value. Accordingly, the cost approach has been considered and deemed not applicable.

# INCOME CAPITALIZATION APPROACH

## INTRODUCTION

The income approach to value involves the capitalization of the subject's income stream and is the predominant indicator of value for income properties. The estimate of value obtained by the income capitalization approach is based on the subject property's capacity to produce future benefits. The subject's present value is determined by capitalizing its potential income stream at a market rate of return. The rate of return includes both the return of capital and a return on capital. It is derived from a review of prevailing investment requirements in the market place as of the effective value date.

There are two methods of income capitalization: *direct capitalization*, in which a single year's income is converted into a value indication and *yield capitalization*, in which a series of future cash flows are discounted at an appropriate rate of return and converted into an estimate of present value.  In this analysis the direct capitalization method is used.

## INCOME CAPITALIZATION APPROACH METHODOLOGY

For the valuation of the fee simple interest, the income approach has the following steps:

- *Calculate Potential Gross Income.* Determine the subject's market rent through an analysis of the marketplace and estimate potential gross income (PGI).
- *Apply Vacancy and Collection Loss Allowance.* Determine an appropriate allowance for vacancy and collection loss in light of trends in supply and demand. Deduct this amount from the potential gross income estimate to derive an estimate of effective gross income (EGI).
- *Estimate Operating Expenses.* Assuming the vacancy loss allowance calculated above includes the landlord's portion of operating expenses for common area maintenance (CAM), utilities, repairs maintenance, insurance and real estate taxes during periods of vacancy, additional operating expenses for management and replacement reserves are considered.
- *Calculate Net Operating Income.* The net operating income (*NOI*) is the income remaining after all operating expenses are deducted from effective gross income.
- *Select Capitalization Rate.* Determine the appropriate capitalization rate necessary to attract investment capital considering the quality, quantity, and durability of the income stream.

- *Computation and Reconciliation.* Derive a value indication by application of the necessary computations and reconcile between methods if more than one is used.

## INCOME ANALYSIS

## POTENTIAL GROSS INCOME

The first step in the income analysis involves estimating revenue to be generated by the subject property. Potential gross income (PGI) is the total income attributable to the property at full occupancy before operating expenses are deducted. Since the subject is owner-occupied with no lease in place, we have imputed a market rental rate to use in our analysis.

## MARKET RENT

In order to estimate our market rent, a survey of comparable retail (bank branch) rental rates was completed. The following table summarizes the results of our survey:

**RENTAL COMPARABLE SUMMARY**

| NO. | LOCATION | YEAR BUILT | LEASABLE AREA | RENT PSF | BASIS (NET / GROSS) | COMMENT |
|---|---|---|---|---|---|---|
| 1 | 201 W. Grand Ave., Bensenville | 2004 | 5,000 | $24.99 | Net | Harris Bank |
| 2 | 2101 Orchard Rd., Montgomery | 2008 | 4,200 | $35.71 ` | Net | JPMorgan Chase Bank |
| 3 | 1400 E. Ogden Ave., Naperville | N/A | 4,864 | $59.06 | Net | JPMorgan Chase Bank |
| 4 | 6801 W. Stanley Ave., Berwyn | 2009 | 2,908 | $24.50 | Net | Harris Bank |
| 5 | 300 E. Ogden Ave., Westmont | N/A | 7,000 | $30.00 | Net | Listing of freestanding retail - suggested use is bank |
| 6 | 4601 N. Harlem Ave., Norridge | N/A | 5,700 | $48.25 | Net | Recently vacated Parkway Bank & Trust branch |
| 7 | 17450 Halsted, Homewood | 1989 | 18,152 | $17.00 | Net | Former Charter One bank |

Rental rates range between $17.00 PSF and $59.06 PSF on a net basis.

## MARKET RENT CONCLUSIONS

Given the subject property's location, size and quality, we have assumed a market rental rate of $25.00 PSF net. An occupancy rate of 95% is appropriate for our analysis. Reimbursements include taxes, insurance, CAM and management fee.

## LEASE CONCESSIONS

***Significant*** lease concessions are not prevalent in the market at this time; however, the landlord is responsible for leasing commissions and tenant improvements. ***Minor*** lease concessions may occur on a case by case basis, however. This is included in our estimate of market rent and no further adjustment is made.

## GENERAL VACANCY AND COLLECTION LOSSES (ECONOMIC VACANCY)

A prudent investor normally provides an allowance for potential vacancy and collection loss. Since real estate is a long-term investment, the possibility exists for occasional rent loss due to actual vacancy, turnover, and slow or nonpayment of rent by tenants.

Our vacancy and collection loss factor is a function of the size and quality of the property as well as market forces. The subject is a single-user, smaller bank branch property. For this analysis, a 5% vacancy and collection loss factor has been included. The overall projection is consistent with the submarket in the Chicago metropolitan market and investor expectations.

## EFFECTIVE GROSS INCOME (EGI)

The effective gross income (EGI) is the anticipated income from all operations of the real property adjusted for the estimated vacancy and collection loss.

## EXPENSE ANALYSIS

We were not provided with historical rental income and expense information. We have provided expense information from market surveys of commercial/retail properties, as follows:

| | U L I, Dollars and Cents US Community Midwest | | Pro Forma, Year 1 | PSF |
|---|---|---|---|---|
| **Revenues** | Range PSF | | | |
| Rental Income | $4.32 | $15.30 | $88,375 | $25.00 |
| Retail Sales Pct. Revenue | 0.00 | 0.00 | 0 | 0.00 |
| Recoveries | | | | |
| CAM, Txs, Ins. | 0.68 | 7.81 | 26,443 | 7.48 |
| **Total Revenues** | $4.70 | $20.55 | $114,818 | $32.48 |
| **Vacancy & Collection Loss** | 0.00 | 0.00 | (4,419) | 0.00 |
| **Effective Gross Income** | **$4.70** | **$20.55** | **$110,400** | $31.23 |
| **Expenses** | | | | |
| Recoverable Expenses | | | | |
| CAM | $0.11 | $2.43 | $3,535 | $1.00 |
| Insurance | 0.06 | 0.20 | 884 | 0.25 |
| Real Estate Taxes | 0.43 | 3.91 | 21,208 | 6.00 |
| Management | 0.19 | 0.75 | 2,208 | 0.62 |
| Reserves | 0.00 | 0.00 | 530 | 0.15 |
| **Total Operating Expenses** | **$1.19** | **$7.95** | **$28,365** | **$8.02** |
| **Net Operating Income** | **$2.30** | **$13.14** | **$82,034** | **$23.21** |
| Building Size | | 3,535 | | |

Note - Totals in Dollars & Cents are averages, not sum.

## EXPENSE REIMBURSEMENTS

Real estate in the local market have leases that are triple net (tenants pay, in addition to their rent, all of their own real estate taxes, insurance, and common area maintenance), gross (tenants pay no additional reimbursements), or a combination of the two (pay some reimbursements but not all).

The most common lease structure for this product type is net leases. We have utilized actual lease terms in our analysis, which consists of a net lease with full reimbursements of CAM, taxes, insurance and management fees.

### Common Area Maintenance

Common area maintenance includes the annual cost of ongoing upkeep to the building and grounds including the parking lot as well as general upkeep of the common areas and site improvements. The survey indicates that CAM costs range from $0.11 PSF to $2.43 PSF, with an average of $0.88 PSF. For this analysis, we have stabilized CAM costs at $1.00 PSF, consistent with survey results. This expense is reimbursed.

**Real Estate Taxes**

We have analyzed the real estate taxes for the subject in the *Real Estate Tax Analysis* section of this report. This expense is reimbursed and the tenant is projected to pay a direct pro rata share amount.

**Insurance**

This expense category includes the annual cost of property insurance. The survey of similar properties indicates that insurance costs range between $0.06 to $0.20 PSF, with an average of $0.12 PSF. In our experience, this cost has seen dramatic increases over the past few years. We have stabilized this expense at $0.25 PSF, consistent with survey amounts. This expense is reimbursed and the tenant pays a direct pro rata share amount.

**Management Fee**

Management fees for similar properties in the area typically range from approximately 2.5% to 5.0%, with most in the 3.0% to 4.0% range of effective gross income. For this analysis, we have stabilized this expense at 2.0% of effective gross income, consistent with the overall market for similar properties of its size and single-user nature.

**CAPITAL EXPENSES**

**Reserves**

Prudence dictates the establishment of a fund for structural repairs and roof replacement. Although these expenditures are in reality capital items, the timing of the actual cash outflows cannot generally be predicted with great accuracy and sometimes occurs beyond the end of the investor's assumed holding period. Nonetheless, the deferred occurrence of these expenditures represents an increasing potential liability of the property. Therefore, we have accounted for this liability in our cash flow projection by including an allowance in the form of a cash deduction from the annual cash flow.

The Peter F. Korpacz *Real Estate Investor Survey* details costs for this item between $0.10 PSF and $0.30 PSF of owned gross leaseable area, with most investor survey responses in the $0.15 PSF to $0.20 PSF per square foot range. The subject property has been well maintained and is in average condition. Accordingly, we have included an allowance of $0.15 PSF.

## CAPITALIZATION RATE SELECTION

An *overall capitalization rate [OAR]* is defined as:

> An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value.[3]

## SURVEY OF INVESTORS

One approach used to estimate an approximate rate of return required by the most probable buyer is to analyze the current investment parameters applied by institutional investors and advisors to real estate pension and portfolio funds when acquiring real estate. The following table presents the Peter F. Korpacz *Real Estate Investor Survey*. This survey comprises investors' assumptions and return requirements, which provide a national basis for comparison. Investors surveyed include pension funds, pension fund advisors, investment advisors, direct advisors, direct investors, and investment bankers.

[3] *The Dictionary of Real Estate Appraisal* (Chicago: Appraisal Institute)

Table 3
NATIONAL STRIP SHOPPING CENTER MARKET
First Quarter 2010

| | CURRENT QUARTER | LAST QUARTER | YEAR AGO |
|---|---|---|---|
| **DISCOUNT RATE (IRR)[a]** | | | |
| Range | 7.50% – 12.50% | 7.50% – 12.00% | 7.00% – 11.00% |
| Average | 9.58% | 9.44% | 8.59% |
| Change (Basis Points) | | + 14 | + 99 |
| **OVERALL CAP RATE (OAR)[a]** | | | |
| Range | 7.25% – 11.40% | 7.25% – 11.00% | 5.80% – 10.00% |
| Average | 8.49% | 8.53% | 7.63% |
| Change (Basis Points) | | – 4 | + 86 |
| **RESIDUAL CAP RATE** | | | |
| Range | 7.50% – 12.00% | 7.25% – 11.00% | 6.50% – 10.50% |
| Average | 8.86% | 8.63% | 7.95% |
| Change (Basis Points) | | + 23 | + 91 |
| **MARKET RENT CHANGE RATE[b]** | | | |
| Range | 0.00% – 3.00% | 0.00% – 3.00% | (5.00%) – 3.00% |
| Average | 0.69% | 0.69% | 1.69% |
| Change (Basis Points) | | 0 | – 100 |
| **EXPENSE CHANGE RATE[b]** | | | |
| Range | 1.00% – 4.00% | 1.00% – 4.00% | 3.00% – 4.00% |
| Average | 2.88% | 2.81% | 3.13% |
| Change (Basis Points) | | + 7 | – 25 |
| **AVERAGE MARKETING TIME[c]** | | | |
| Range | 2.00 – 18.00 | 2.00 – 18.00 | 2.00 – 12.00 |
| Average | 9.63 | 9.63 | 7.13 |
| Change (%) | | 0 | + 35.06 |

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

As can be seen in the preceding table, the investment parameters for similar investments have generally shown declining rates over the last quarter. This response by investors conforms to current real estate market conditions.

The following chart is from RealtyRates.com, which is an additional survey of investors. The following capitalization rates are for free-standing retail buildings.

**RealtyRates.com INVESTOR SURVEY - 1st Quarter 2010***

**RETAIL - FREE STANDING**

| Item | Input | | | | | | OAR |
|---|---|---|---|---|---|---|---|
| **Minimum** | | | | | | | |
| Spread Over 10-Year Treasury | 0.83% | **DCR Technique** | | 1.18 | 0.058892 | 0.85 | **5.88** |
| Debt Coverage Ratio | 1.18 | **Band of Investment Technique** | | | | | |
| Interest Rate | 4.23% | Mortgage | | 85% | 0.058892 | 0.050059 | |
| Amortization | 30 | Equity | | 15% | 0.072500 | 0.010875 | |
| Mortgage Constant | 0.058892 | OAR | | | | | **6.09** |
| Loan-to-Value Ratio | 85% | **Surveyed Rates** | | | | | **6.15** |
| Equity Dividend Rate | 7.25% | | | | | | |
| **Maximum** | | | | | | | |
| Spread Over 10-Year Treasury | 4.78% | **DCR Technique** | | 1.73 | 0.128130 | 0.60 | **13.26** |
| Debt Coverage Ratio | 1.73 | **Band of Investment Technique** | | | | | |
| Interest Rate | 9.89% | Mortgage | | 60% | 0.128130 | 0.076878 | |
| Amortization | 15 | Equity | | 40% | 0.156500 | 0.062600 | |
| Mortgage Constant | 0.128130 | OAR | | | | | **13.95** |
| Loan-to-Value Ratio | 60% | **Surveyed Rates** | | | | | **13.24** |
| Equity Dividend Rate | 15.65% | | | | | | |
| **Average** | | | | | | | |
| Spread Over 10-Year Treasury | 2.80% | **DCR Technique** | | 1.45 | 0.082544 | 0.73 | **8.65** |
| Debt Coverage Ratio | 1.45 | **Band of Investment Technique** | | | | | |
| Interest Rate | 6.20% | Mortgage | | 73% | 0.082544 | 0.059845 | |
| Amortization | 23 | Equity | | 28% | 0.110300 | 0.030333 | |
| Mortgage Constant | 0.082544 | OAR | | | | | **9.02** |
| Loan-to-Value Ratio | 73% | **Surveyed Rates** | | | | | **10.35** |
| Equity Dividend Rate | 11.03% | | | | | | |

*4th Quarter 2009 Data



## CAPITALIZATION RATE CONCLUSION

The Korpacz investor survey indicated a range between 7.25% and 11.40% with an average of 8.49%. The RealtyRates.com survey indicated a range between 6.09% and 13.95% with an average of 9.02%. The investor survey reflects investor expectations for investment grade properties. The subject property is an average quality bank branch that is located near a prime corner location. After considering the projected income stream, based on an analysis of the quality, quantity, and duration of the income expectancy, as well as the foregoing analysis, we concluded a 9.0% overall capitalization rate to be appropriate for the subject property.

## OPINION OF MARKET VALUE BY DIRECT CAPITALIZATION

In the application of the direct capitalization technique, the market value of the subject's value is calculated by dividing the subject's pro forma income by a market-derived capitalization rate.

We have made an analysis of the subject property, the risks inherent in its ownership, and the market conditions. A market supportable capitalization rate is used to capitalize the subject property's income stream. The stabilized NOI and the concluded overall rate result in the following market value conclusion via the income approach.

For this analysis, we have utilized the year 1 stabilized net operating income. The net operating income includes a deduction for reserves.

**DIRECT CAPITALIZATION SUMMARY**

| | | | | |
|---|---|---|---|---|
| **Income** | | | **Total** | |
| Potential Rental Income | | $25.00 | $88,375 | |
| Vacancy and Collection Loss | | 5.0% | (4,419) | |
| **Net Rental Income** | | $23.75 | $83,956 | |
| Other Income | | 0.00 | 0 | |
| Expense Reimbursements | | 7.48 | 26,443 | |
| **Effective Gross Income** | | $31.23 | **$110,400** | Amount |
| **Expenses** | | | | Reimbursed* |
| Real Estate Taxes | | $6.00 | $21,208 | 20,148 |
| Insurance | | 0.25 | 884 | 840 |
| CAM | | 1.00 | 3,535 | 3,358 |
| Management Fee | 2.00% | 0.62 | 2,208 | 2,098 |
| Reserves for Replacement | | 0.15 | 530 | 0 |
| **Operating Expenses** | | $8.02 | **$28,365** | $26,443 |
| **Operating Expense Ratio** | | | 25.7% | |
| **Net Operating Income** | | $23.21 | **$82,035** | |
| **OAR** | | | 9.00% | |
| **Indicated Stabilized Value** | | | $911,496 | |
| **Rounded** | | | **$910,000** | |
| **Value Per SF** | | | **$257.43** | |
| | | | | |
| **Matrix Analysis** | | **Cap Rate** | **Value** | |
| | | 8.50% | $970,000 | |
| | | 9.00% | $910,000 | |
| Building Size (SF) | 3,535 | 9.50% | $860,000 | |

**INCOME APPROACH VALUE OPINION**
**NINE HUNDRED TEN THOUSAND DOLLARS**
**$910,000**

## SALES COMPARISON APPROACH

The Sales Comparison Approach to value is the process of comparing recent sales of competitive properties to the subject property. The estimated value derived via this approach represents the probable price at which the subject property would be sold by a willing seller to a willing buyer as of the date of value.

To estimate the property value by the Sales Comparison Approach, several similar property sales have been examined and analyzed. These sales represent the best data available in the current market environment. The following table provides a detailed summary of each of the comparable sales.

The improved sales range in size from 2,310 SF to 16,000 SF. The sales occurred since July 2008 with two current listings and are considered recent sales. The improved sales exhibit unadjusted prices, on a per square foot basis, ranging from $240.91 PSF to $363.04 PSF of GBA.

**SUMMARY OF IMPROVED SALE COMPARABLES**

| No. | Location | Date | Price | Size (SF) | Land : Bld Ratio | Year Built | Occ. | Price PSF | Comment |
|---|---|---|---|---|---|---|---|---|---|
| 1 | 2730 W. Route 120, McHenry, IL | Jul-08 | $4,640,000 | 16,000 | 5.91 | 2006 | 0% | $290.00 | Buyer is an owner user. |
| 2 | 120 E. Scranton Rd., Lake Bluff, IL | Oct-09 | $1,800,000 | 6,263 | 5.27 | 1972 | 0% | $287.40 | Buyer is an owner user. Property contains a finished partial lower level of approximately 2,356 SF which is included in listed square footage. |
| 3 | 2451 S. Washington St., Naperville, IL | Current Listing | $1,750,000 | 5,732 | 25.38 | 1987 | 0% | $305.30 | Current listing of First United Bank branch. |
| 4 | 24821 W. 135th St., Plainfield, IL | Current Listing | $1,450,000 | 3,994 | 15.92 | 2006 | 0% | $363.04 | Current listing of National City Bank branch. |
| 5 | 6700 S. Kingery Hwy., Willowbrook, IL | Aug-09 | $556,500 | 2,310 | 5.66 | 1989 | 0% | $240.91 | Former Hinsbrook Bank & Trust purchased for medical use. Includes full but unfinished basement. |
| Subject | 22W151 Butterfield Rd., Glen Ellyn, IL | Current | | 3,535 | 15.58 | 1976 | 0% | | |

## IMPROVED SALE MAP

**Improved Sale Adjustment Grid**

| Sale No. | Subject | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| | Subject | 2730 W. Route 120, McHenry, IL | 120 E. Scranton Rd., Lake Bluff, IL | 2451 S. Washington St., Naperville, IL | 24821 W. 135th St., Plainfield, IL | 6700 S. Kingery Hwy., Willowbrook, IL |
| **Size (SF)** | 3,535 | 16,000 | 6,263 | 5,732 | 3,994 | 2,310 |
| **Lnd:Bld Ratio** | 15.58 | 5.91 | 5.27 | 25.38 | 15.92 | 5.66 |
| **Year Built** | 1976 | 2006 | 1972 | 1987 | 2006 | 1989 |
| **Sale Date** | | Jul-08 | Oct-09 | Current Listing | Current Listing | Aug-09 |
| **Price/SF** | | $290.00 | $287.40 | $305.30 | $363.04 | $240.91 |
| **Property Rights** | | | | | | |
| % | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Price After Adjustment | | $290.00 | $287.40 | $305.30 | $363.04 | $240.91 |
| **Financing** | | | | | | |
| % | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Price After Adjustment | | $290.00 | $287.40 | $305.30 | $363.04 | $240.91 |
| **Conditions** | | | | | | |
| % | | 0.0% | 0.0% | -15.0% | -15.0% | 0.0% |
| Price After Adjustment | | $290.00 | $287.40 | $259.51 | $308.59 | $240.91 |
| **Market Conditions** | | | | | | |
| % | | -20.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Price After Adjustment | | $232.00 | $287.40 | $259.51 | $308.59 | $240.91 |
| **Other:** | | | | | | |
| **Location** | | 15.0% | -15.0% | 0.0% | 0.0% | 0.0% |
| **Physical Characteristics** | | | | | | |
| Size | | 10.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Land Bld Ratio | | 10.0% | 10.0% | -10.0% | 0.0% | 10.0% |
| Finished Lower Level Space | | 0.0% | 5.0% | 0.0% | 0.0% | 0.0% |
| Age/Condition | | -10.0% | 0.0% | -5.0% | -10.0% | -5.0% |
| Construction Quality | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Economic Characteristics** | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Use** | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Non-Realty** | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| **Net Adjustment** | | 25.0% | 0.0% | -15.0% | -10.0% | 5.0% |
| **Price After Adjustments** | | $290.00 | $287.40 | $220.58 | $277.73 | $252.95 |
| **Analysis:** | | | | | | |
| High | | $290.00 | | | | |
| Low | | $220.58 | | | | |
| Average | | $265.73 | | | | |
| Median | | $277.73 | | | | |
| Conclude | | **$265.00** | | | | |

## ANALYSIS OF IMPROVED SALES

The unit price of each comparable was analyzed using the elements of comparison discussed above to account for differences that influence value. For market participants, the most commonly accepted unit of comparison is the price per square foot of gross building area.

*Property Rights Conveyed.* Each of the sales involved the transaction of the fee simple interest or equivalent leased fee interest; no adjustments are needed.

*Financing.* No unusual financing conditions appear to have influenced selling prices.

*Conditions of Sale.* All sales were investigated and found to be arm's length transactions. There were no price discounts for any of the sales. We have made downward adjustments for the two current listings.

*Market Conditions (Date of Sale).* The date of sale is important in analyzing comparable sales in changing markets, and is of particular importance in times of rapid inflation or deflation. In periods of stability, however, the passage of time may have no discernible affect on prices. Downward adjustments are appropriate for 2008 sales.

The unit value adjusted for financing, conditions of sale, and market conditions are the basis for any further adjustments for remaining differences between the comparable sales and the property appraised. The degree of variation that exists between the subject and the sales that were researched is too broad in terms of size, age, condition, and construction features to allow meaningful application of a "matched pairs" analysis. As a consequence, the basis for adjustments is often fairly subjective, which somewhat diminishes the reliability of this approach.

Due to the lack of sufficient comparable data from that paired sales adjustments can be derived, unless otherwise stated below, the adjustments for factors of comparison are subjective, based on our observation of the market. Therefore, the adjustments should not be interpreted as precise measures of the price variation attributed to each of the factors, but rather as an indication of the estimated order of magnitude of such differences. Each sale is discussed as follows:

***Improved Sale No. 1*** is the July 2008 sale of a 16,000 SF bank branch located at 2730 W. Route 120 in McHenry, Illinois that sold for $4,640,500 or $290.03 PSF. Upward adjustments are warranted for location, size, and land-to-building ratio. Downward adjustments are appropriate for market conditions and age/condition. The overall adjustment to Sale 1 is nil.

***Improved Sale No. 2*** is the October 2009 sale of a 6,263 SF bank branch located at 120 E. Scranton Rd. in Lake Bluff, Illinois that sold for $1,800,000 or $287.40 PSF. Upward adjustments are warranted for land-to-building ratio and finished lower level space. A downward adjustment is appropriate for location. The overall adjustment to Sale 2 is nil.

***Improved Sale No. 3*** is the current listing of a 5,732 SF bank branch located at 2451 S. Washington St. in Naperville, Illinois that is listed for $1,750,000 or $305.30 PSF. Downward adjustments are appropriate for conditions of sale, land-to-building ratio and age/condition. The overall adjustment to Sale 3 is downward.

***Improved Sale No. 4*** is the current listing of a 3,994 SF bank branch located at 24821 W. 135th St. in Plainfield, Illinois that is listed for $1,450,000 or $363.04 PSF. Downward adjustments are appropriate for conditions of sale and age/condition. The overall adjustment to Sale 4 is downward.

***Improved Sale No. 5*** is the August 2009 sale of a 2,417 SF bank branch located at 6700 S. Kingery Hwy. in Willowbrook, Illinois that sold for $556,500 or $230.24 PSF. An upward adjustment is warranted for land-to-building ratio. A downward adjustment is appropriate for age/condition. The overall adjustment to Sale 5 is upward.

## SALES COMPARISON APPROACH CONCLUSION

After adjustments, the sale comparables have sale prices, on a unit basis, that range between $220.58 PSF and $290.00 PSF. We are of the opinion that a unit price applicable to the subject property would fall within the range, as the comparables are generally similar to the subject. Accordingly, we have made the following calculations.

**SALES COMPARISON APPROACH**

| Indicated Value PSF | | Subject's Size | | | Indicated Value |
|---|---|---|---|---|---|
| $265.00 | X | 3,535 | SF | = | $936,775 |
| | | Rounded to: | | | **$940,000** |

**SALES COMPARISON APPROACH VALUE OPINION**
**NINE HUNDRED FORTY THOUSAND DOLLARS**
**$940,000**

## RECONCILIATION AND FINAL VALUE OPINION

The preceding analysis yielded this valuation opinion:

**VALUE CONCLUSIONS**

| | |
|---|---|
| **Cost Approach** | N/A |
| **Income Capitalization Approach** | $910,000 |
| **Sales Comparison Approach** | $940,000 |
| **Indicated Value** | **$940,000** |

Depending on the circumstances of an appraisal, the three approaches to value apply to various degrees. The cost approach estimates the cost to replace or reproduce a specific property with one of like kind and utility, less depreciation; it generally provides a good means of estimating the value of new and/or special-purpose properties. In such instances, the cost approach usually receives the most weight. The income capitalization approach indicates the amount at which a prudent investor might be interested in acquiring the property. The sales comparison approach reflects demand and reasonable selling price expectancy as evidenced by sales and listings of similar properties. In the reconciliation, we reviewed each approach to value (a) to ascertain the reliability of the data and (b) to weight the approach that best represented the actions of typical users and investors in the marketplace. These values fall within a reasonably close range and offer a very good correlation of value. Rarely, if ever, do the approaches yield the same result, since both are founded on separate assumptions and differ as to the quantity and reliability of data considered.

The cost approach is considered most reliable when the appraised improvements are new or relatively new and do not suffer from physical, functional or external obsolescence. The primary weakness of the cost approach is the difficulty in accurately measuring the amount of total accrued depreciation on the property value, which by its nature is difficult to measure. The cost approach was considered and deemed inapplicable to our analysis.

The income capitalization approach depends on the principles of substitution and anticipation. The subject property is not technically an investment grade structure, although similar properties are purchased for investment purposes by local investors. However, the subject is owner occupied and soon to be vacant, so market rental rates have been estimated for the property. There is a sufficient quantity and quality of data from which to estimate market income and expenses. Therefore, the income approach received secondary consideration in arriving at our value conclusion.

The sales comparison approach is important as it gives indications of value reflected by buyers and sellers in the marketplace. It is the most direct approach to value and is most easily understood. Because the comparable sales represent the alternatives actually available in the marketplace, an analysis of recent property sales provides a reliable indication of value. We found several sales of similar properties that were considered useful in the analysis, and made adjustments based on similarities and differences. Based on the foregoing, the sales comparison approach was given primary consideration in reaching our value conclusion.

## MARKET VALUE CONCLUSIONS

Considering the assumptions and analyses contained in the attached report, our opinion of the value conclusions are as follows:

**VALUE CONCLUSIONS**

| | |
|---|---|
| **Cost Approach** | N/A |
| **Income Capitalization Approach** | $910,000 |
| **Sales Comparison Approach** | $940,000 |
| **Indicated Value** | **$940,000** |

Our market value estimates, as contained in this report, are premised upon a 12 to 24-month exposure period prior to the hypothetical consummation of a sale on the effective date of the appraisal. Additionally, if properly priced and marketed, the property would be expected to sell within a 12 to 24-month marketing period.

# ADDENDA

## ENGAGEMENT LETTER

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:** | 10-004589-APR01-001 | **Supplier:** | Argianas & Assoc |
| **Service:** | Appraisal (Order) | **Supplier Representative:** | Charles Argianas MAI |
| **Borrower:** | N/A | **Agreement Number:** | 500118VS |

| **Award Terms and Conditions** | | |
|---|---|---|
| **Sourcing Manager:** | T. Jordan Sale, AVP, Commercial Consultant | **Other Terms or Conditions:** |
| **Date Awarded:** | 04/27/2010 | |
| **Fees:** | $2,500 | |
| **Bank Contact:** | T. Jordan Sale | |
| **Contact Phone:** | 214.209.9208 | |
| **Appraisal Type:** | Condensed | |
| **Certification:** | Contracted Appraiser or Designee | |

**Service Delivery Requirements**

| **Due Date** | **Description** |
|---|---|
| 05/18/2010 | 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**

The report is intended for use as an aid in acquisition, financing, loan classification and/or asset disposition. Intended users of the report may include: Bank of America and its affiliates or subsidiaries, other participating financial institutions, governmental/non-governmental agencies, legal counsel or other transaction participants.

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.

In addition to any CD or Bound reports listed in the Addressee and Distribution section, Adobe Acrobat (PDF) compatible digital reports must be uploaded for all appraisal reports (including all addendum and attachments) and invoices. Additional Microsoft and Argus documents can be uploaded in their native format subject to some limitations.

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

**Addressee and Distribution Instructions**

| **Report Distribution** | **Name** | **Address** | **CD/DVD** | **Bound** | **Comments** |
|---|---|---|---|---|---|
| Addressee Only | T. Jordan Sale AVP, Commercial Consultant | Bank of America, NA \| 901 Main St, 21st Floor \| TX1-492-21-13 \| Dallas, TX 75202 | | | |

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

| | |
|---|---|
| **Reference Documents** | APPRAISAL REQUIREMENTS [EFFECTIVE 2008-10]_10_03_2008_08_43_32.pdf |
| | VSIMS APPRAISAL SUBMISSION CHECKLIST_10282009_162208.pdf |

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

| **#** | **Property Type** | **Property Address** |
|---|---|---|
| 1 | Retail-Commercial - Free Standing Building-Bank Branch | 22W151 Butterfield Road, Glen Ellyn, IL |

**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 | Secondary Contact: Julio Lewis, 312-992-3133 |

## LEGAL DESCRIPTION

The following legal description was provided to the appraiser by ownership and is believed to be accurate, however verification of the same is recommended prior to use in any legal document or conveyance.

That part of the Southeast Quarter of Section 26, Township 39 North, Range 10, East of the Third Principal Meridian, described by commencing at the point of intersection of the South right of way line of Federal Aid Route 131 (Butterfield Road) and the West line of Illinois Route 53; thence running South 86 degrees 14 minutes 50 seconds West along said South right of way line 200.00 feet for a Place of Beginning; thence South 04 degrees 04 minutes 00 seconds West parallel with the West line of Illinois Route 53, 226.11 feet; thence North 87 degrees 39 minutes 40 seconds West along the North edge of a blacktop drive 256.67 feet; thence North 02 degrees 20 minutes 20 seconds East along the edge of a blacktop parking lot 197.88 feet to said South right of way line; thence North 86 degrees 14 minutes 50 seconds East along said right of way line 265.04 feet to the Place of Beginning, in Du Page County, Illinois.

## IMPROVED SALE DATA

### Improved Sale 1

| | |
|---|---|
| Location | 2730 W. Route 120, McHenry, IL |
| County | McHenry |
| Property Type | Bank Branch |
| **Sale Data** | |
| Grantor | State Bank of the Lakes |
| Grantee | Crystal Lake Bank & Trust |
| Sale Date | July-08 |
| Price | $4,640,000 |
| Recording | 2008R0044277 |
| **Property Data-Land** | |
| Land Area Square Feet | 94,612 |
| Land Area Acres | 2.17 |
| Topography | Level |
| Utilities | Available |
| Zoning | C-5, McHenry |
| **Property Data-Building** | |
| Gross Building Area | 16,000 |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Occupancy Type | Single User |
| Occupancy at Sale | 0.0% |
| Age/Year(s) of Construction | 2006 |
| Condition | Good |
| Land to Bld Ratio | 5.91 |
| Assessor's Parcel Number | 09-36-126-009 |
| **Comparison Data** | |
| Unit of Comparison | $ Per Sq. Ft. |
| Price per SF GBA | $290.00 |
| Comments | Buyer is an owner user. |

| Improved Sale 2 | |
|---|---|
| Location | 120 E. Scranton Rd., Lake Bluff, IL |
| County | Lake |
| Property Type | Bank Branch |
| **Sale Data** | |
| Grantor | Northern Trust Co. |
| Grantee | PNC Bank, NA |
| Sale Date | October-09 |
| Price | $1,800,000 |
| Recording | 6536708 |
| **Property Data-Land** | |
| Land Area Square Feet | 33,001 |
| Land Area Acres | 0.76 |
| Topography | Level |
| Utilities | Available |
| Zoning | C, Lake Bluff |
| **Property Data-Building** | |
| Gross Building Area | 6,263 |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Occupancy Type | Single User |
| Occupancy at Sale | 0.0% |
| Age/Year(s) of Construction | 1972 |
| Condition | Average |
| Land to Bld Ratio | 5.27 |
| Assessor's Parcel Number | 12-21-111-006 thry 010 |
| **Comparison Data** | |
| Unit of Comparison | $ Per Sq. Ft. |
| Price per SF GBA | $287.40 |
| Comments | Buyer is an owner user. Property contains a finished partial lower level of approximately 2,356 SF which is included in listed square footage. |

**Improved Sale 3**

| | |
|---|---|
| Location | 2451 S. Washington St., Naperville, IL |
| County | Will |
| Property Type | Bank Branch |
| **Sale Data** | |
| Grantor | Current Listing |
| Grantee | Current Listing |
| Sale Date | Current Listing |
| Price | $1,750,000 |
| Recording | N/A |
| **Property Data-Land** | |
| Land Area Square Feet | 145,490 |
| Land Area Acres | 3.34 |
| Topography | Level |
| Utilities | Available |
| Zoning | R1B, Naperville |
| **Property Data-Building** | |
| Gross Building Area | 5,732 |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Occupancy Type | Single User |
| Occupancy at Sale | 0.0% |
| Age/Year(s) of Construction | 1987 |
| Condition | Average |
| Land to Bld Ratio | 25.38 |
| Assessor's Parcel Number | 02-06-200-022 |
| **Comparison Data** | |
| Unit of Comparison | $ Per Sq. Ft. |
| Price per SF GBA | $305.30 |
| Comments | Current listing of First United Bank branch. |

**Improved Sale 4**

| | |
|---|---|
| Location | 24821 W. 135th St., Plainfield, IL |
| County | Will |
| Property Type | Bank Branch |
| **Sale Data** | |
| Grantor | Current Listing |
| Grantee | Current Listing |
| Sale Date | Current Listing |
| Price | $1,450,000 |
| Recording | N/A |
| **Property Data-Land** | |
| Land Area Square Feet | 63,602 |
| Land Area Acres | 1.46 |
| Topography | Level |
| Utilities | Available |
| Zoning | B-3, Plainfield |
| **Property Data-Building** | |
| Gross Building Area | 3,994 |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Occupancy Type | Single User |
| Occupancy at Sale | 0.0% |
| Age/Year(s) of Construction | 2006 |
| Condition | Good |
| Land to Bld Ratio | 15.92 |
| Assessor's Parcel Number | 03-05-207-038 |
| **Comparison Data** | |
| Unit of Comparison | $ Per Sq. Ft. |
| Price per SF GBA | $363.04 |
| Comments | Current listing of National City Bank branch. |

**Improved Sale 5**

| | |
|---|---|
| Location | 6700 S. Kingery Hwy., Willowbrook, IL |
| County | DuPage |
| Property Type | Bank Branch |
| **Sale Data** | |
| Grantor | Hinsdale Bank & Trust |
| Grantee | Forbarg Properties Group, LLC |
| Sale Date | August-09 |
| Price | $556,500 |
| Recording | R09-136054 |
| **Property Data-Land** | |
| Land Area Square Feet | 13,068 |
| Land Area Acres | 0.30 |
| Topography | Level |
| Utilities | Available |
| Zoning | Commercial |
| **Property Data-Building** | |
| Gross Building Area | 2,310 |
| Number of Buildings | 1 |
| Number of Stories | 1 |
| Occupancy Type | Single User |
| Occupancy at Sale | 0.0% |
| Age/Year(s) of Construction | 1989 |
| Condition | Average |
| Land to Bld Ratio | 5.66 |
| Assessor's Parcel Number | 09-23-304-018, 019 |
| **Comparison Data** | |
| Unit of Comparison | $ Per Sq. Ft. |
| Price per SF GBA | $240.91 |
| Comments | Former Hinsbrook Bank & Trust purchased for medical use. Includes full but unfinished basement. |

## IMPROVED SALE PHOTOGRAPHS


Sale 1

Sale 2

**Sale 3**

**Sale 4**


**Sale 5**

## ASSUMPTIONS AND LIMITING CONDITIONS

We have no present or contemplated future interest in the property appraised nor any personal interest or bias on the subject matter or the parties involved in the appraisal.

No responsibility is assumed for matters legal in nature. No investigation has been made of the title to or any liabilities against the property appraised. The appraisal presumes, unless otherwise noted, that the owner's claim is valid, the property rights are good and marketable, and there are no encumbrances which cannot be cleared through normal processes.

To the best of our knowledge, all data set forth in this report are true and accurate. Although gathered from reliable sources, no guarantee is made nor liability assumed for the accuracy of any data, opinions, or estimates identified as being furnished by others which have been used in formulating this analysis.

The value estimate contained within this report specifically excludes the impact of structural damage or environmental contamination resulting from earthquakes or other causes. It is recommended that the reader of this report consult a qualified structural engineer and/or industrial hygienist for the evaluation of possible structural/environmental defects, the existence of which could have a material impact on market value.

Land areas and descriptions used in this appraisal were obtained from public records and have not been verified by legal counsel or a licensed surveyor. The land description is included for identification purposes only and should not be used in a conveyance or other legal document without proper verification by an attorney.

No soil analysis or geological studies were ordered or made in conjunction with this report, nor were any water, oil, gas, coal, or other subsurface mineral and use rights or conditions investigated. Substances such as asbestos, urea-formaldehyde foam insulation, other chemicals, toxic wastes, or other potentially hazardous materials could, if present, adversely affect the value of the property. Unless otherwise stated in this report, the existence of hazardous substance, which may or may not be present on or in the property, was not considered by the appraiser in the development of the conclusion of fair market value. The stated value estimate is predicated on the assumption that there is no material on or in the property that would cause such a loss in value. No responsibility is assumed for any such conditions, and the client has been advised that the appraiser is not qualified to detect such substances, quantify the impact on values, or develop the remedial cost.

No environmental impact study has been ordered or made. Full compliance with applicable federal, state, and local environmental regulations and laws is assumed unless otherwise stated, defined, and considered in this report. It is also assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity organization either have been or can be obtained or renewed for any use which the report covers.

Plats are presented only as aids in visualizing the property and its environment. Although the material was prepared using the best available data, it should not be considered as a survey or scaled for size. It is assumed that all applicable zoning and use regulations and restrictions have been complied with unless a nonconformity has been stated, defined, and considered in the appraisal report. Further, it is assumed that the utilization of the land and improvements is within the boundaries of the property described and that no encroachment or trespass exists unless noted in the report.

We have made a physical inspection of the property and noted visible physical defects, if any, in our report. This inspection was made by individuals generally familiar with real estate and building construction. However, these individuals are not architectural or structural engineers who would have detailed knowledge of building design and structural integrity. Accordingly, we do not opine on, nor are we responsible for, the structural integrity of the property including its conformity to specific governmental code requirements, such as fire, building and safety, earthquake, and occupancy, or any physical defects which were not readily apparent to the appraisers during their inspection.

The value or values presented in this report are based upon the premises outlined herein and are valid only for the purpose or purposes stated.

The date of value to which the conclusions and opinions expressed apply is set forth in this report. Unless otherwise noted, this date represents the last date of our physical inspection of the property. The value opinion herein rendered is based on the status of the national business economy and the purchasing power of the U.S. dollar as of that date.

Unaudited operating statements were provided for our review. It is assumed that the furnished data are representative of the operating history of the property.

Testimony or attendance in court or at any other hearing is not required by reason of this appraisal unless arrangements are previously made within a reasonable time.

One or more of the signatories of this appraisal report is a member or candidate of the Appraisal Institute. The Bylaws and Regulations of the Institute require each member and candidate to control the use and distribution of each appraisal report signed by them.

Possession of this report or any copy thereof does not carry with it the right of publication. No portion of this report (especially any conclusion to use, the identity of the appraiser or the firm with which he/she is connected, or any reference to the Appraisal Institute, or the designations awarded by this organization) shall be disseminated to the public through prospectus, advertising, public relations, news, or any other means of communication without the written consent and approval of Argianas & Associates, Inc.

All opinions as to values stated are presented as the appraiser's considered opinion based on the information set forth in the report. We assume no responsibility for changes in market conditions or for the inability of the owner to obtain financing or to locate a purchaser at the appraised value. We do not warrant that the subject property will sell at our final conclusion of value.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

Acceptance of, and/or this appraisal report constitutes acceptance on the above conditions.

## GENERAL SERVICE CONDITIONS

The services provided by Argianas & Associates, Inc., have been performed in accordance with professional appraisal standards. Our compensation was not contingent in any way upon our conclusions of value. We assumed, without independent verification, the accuracy of all data provided to us. We have acted as an independent contractor. All files, workpapers, or documents developed by us during the course of the engagement are our property. We will retain this data for at least five years.

Our report is to be used only for the purpose stated herein; any use or reliance for any other purpose, by you or third parties, is invalid. You may show our report in its entirety to those third parties who need to review the information contained herein. No reference to our name or our report, in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

## QUALIFICATIONS OF APPRAISER

**KAREN L. STOCKER**
**ARGIANAS & ASSOCIATES, INC.**
**SENIOR VICE PRESIDENT**

### Experience

Karen L. Stocker is a Senior Vice President with Argianas & Associates. In this role, she is a catalyst for both business operations and hands-on appraisal and consulting.

Karen has over 20 years of commercial real estate experience in various disciplines. She has been with Argianas & Associates since 2003. Her appraisal experience includes appraisals of various property types, including office, industrial, multi-family, retail and vacant land. Ms. Stocker has appraised various interests including fee simple, leased fee and leasehold estates for a variety of uses including internal asset management, estate planning and financing. She has appraised properties in Illinois, Wisconsin, Michigan, Indiana and California.

Prior to joining Argianas & Associates, she was employed in the Corporate Services and Office Brokerage Groups of Cushman & Wakefield and in Investment Services at Transwestern Commercial Services. She was most recently a Senior Account Manager in Cushman & Wakefield's Global Corporate Services group, where she oversaw real estate activity for Lucent Technologies, Inc. in a nineteen state region. This included leasing, acquisitions, dispositions and general consulting.

Karen has successfully passed the following courses through the Appraisal Institute:
Basic Appraisal Principles
Basic Appraisal Procedures
Business Practices and Ethics
National Uniform Standards of Appraisal Practice (USPAP)
Basic Income Capitalization
Residential Case Study
Illinois Non-Residential Report Writing
Advanced Sales Comparison & Cost Approaches

### Education

Miami University, Oxford, Ohio – BA English Literature
Miami University, Oxford, Ohio – MBA with Concentration in Marketing

### Professional Designations

Certified General Real Estate Appraiser in State of Illinois
Licensed Real Estate Salesperson in State of Illinois
General Associate Member, Appraisal Institute
Member, CREW (Commercial Real Estate Executive Women)

## QUALIFICATIONS OF APPRAISER

**CHARLES G. ARGIANAS, MAI, JD**
**ARGIANAS & ASSOCIATES, INC.**
**PRESIDENT**

### Experience

Mr. Argianas specializes in the appraisal of all types of large institutional quality properties on a national basis. He has been involved in the valuation of several billion dollars worth of real property. He has also appraised proposed, stabilized, and distressed property situated in most U.S. major tier as well as numerous second and third-tier markets. Mr. Argianas has also appraised or provided investment analysis for properties in Canada and Mexico.

Major properties appraised by Mr. Argianas have included Chicago's mixed-use retail and office Water Tower Place, the 1,250,000-square-foot Chicago Mercantile Exchange Building, Chicago's 845,000-square-foot Quaker Tower, the 2,000,000- square-foot Chicago area Oak Brook Mall, two 500,000-square-foot twin office towers in downtown Philadelphia, Los Angeles's 4,600,000-square-foot Arco Towers Plaza, and Los Angeles's 700,000-square-foot Chase Plaza. Other engagements have included numerous proposed and existing hotels and motels that have included Holiday Inns, LaQuinta Inns, Days Inns, Embassy Suites, Ramada Inns, and Radisson Hotels.

A representative list of nationwide portfolios that Mr. Argianas has appraised or provided specialized investment analysis input (including senior MAI direction and final and full executive/professional review responsibility for services provided) have included a nationwide portfolio of 17 regional shopping centers for a large pension fund; a portfolio of 11 large downtown Chicago office buildings for a large real estate developer; a portfolio of 35 investment grade properties for a large Minneapolis insurance company; a 9 property office building portfolio with most of the properties located in downtown Pittsburgh; a portfolio of 27 hotels located throughout the U.S.; a portfolio of 13 hotels for a large Connecticut based pension fund; a portfolio of 15 nursing homes located throughout the Midwest; a portfolio of several large, major industrial parks located in California; a 13 building suburban Chicago-located office/warehouse park; and a portfolio of 80 mini-storage warehouses located throughout the south and southwestern U.S. Mr. Argianas has also either appraised or provided investment analysis cash flow projections for numerous special-purpose properties that have included a proposed luxury congregate-care facility, a proposed 500,000-square-foot "hypermarket" shopping center, subsidized housing facilities, a world famous racetrack facility, and several large well-known golf courses. In addition, Mr. Argianas has extensive experience in valuing large tracts of vacant land on the wholesale/developmental approach premise.

Property interests he has appraised include fee simple, leased fee, leasehold, and partial interests. The purposes of these appraisals have been for internal asset management and decision making purposes, domestic financing, international financing, condemnation, ad valorem, and syndication due diligence support. In addition to fair market value opinions, he has also provided feasibility, marketability, and highest and best use studies for a 1,600,000-square-foot proposed downtown Chicago office building, a 1,280,000-square-foot proposed super-regional shopping center located in California, hotels, motels, golf courses, a proposed eight screen movie theater/cineplex, and various other special purpose type properties.

**Education**

John Marshall Law School - Chicago, Illinois
Juris Doctor of Law (1998)
Elmhurst College - Elmhurst, Illinois
Bachelor of Science, Business Administration (1977)

**Professional Affiliations/Designations**

Member, Appraisal Institute MAI #8167
Member, 1981-1995 American Society of Appraisers ASA, Real Property - Urban, ASA #00502700
Member, 1992, 1993, 1994, and 1995 Appraisal Institute National Research and Information Committee
Past Member, American Bar Association (ABA) #09971021
Past Member, ABA Forum on the Construction Industry
Past Member, Chicago Bar Association Real Estate Law Committee
Past Member, ABA, Section of Urban, State and Local Government Law
Member, Illinois Chapter of the Appraisal Institute 1991 Legislative and State Activities Committee
Past Member, Chicago Board of Realtors
Past Member, Chicago Bar Association
Past Member, International Association of Assessing Officers #ARG1A606010011
Past Member, International Council of Shopping Centers, Member #0125539
Past Member, Institute of Property Taxation
Past Member, National Council of Real Estate Investment Fiduciaries (NACREIF)
Past Member, Pension & Real Estate Association (PREA)
Past Member, Urban Land Institute
Past Member, National Association for Senior Living Industries
Past Member, Illinois Association of Certified Real Estate Appraisers
Regional Panel Member, 1992, 1993, 1994, and 1995 Appraisal Institute Ethics and Counseling Panel
Past Member, Chicago Bar Association Real Estate Taxation Committee

## Real Estate Appraisal State Licenses

| | |
|---|---|
| Arizona | Certified General Real Estate Appraiser, License #30944 |
| California | Certified General Real Estate Appraiser, License #AG011909 |
| Colorado | Certified General Appraiser, License #CG01318836 |
| District Of Columbia | General Appraisal License #GA10306 |
| Georgia | Certified General Real Property Appraiser, License #239169 |
| Illinois | State Certified General Real Estate Appraiser, License #553.000164 |
| Indiana | Certified General Appraiser, License #CG69201384 |
| Iowa | General Real Property Appraiser, Certificate #CG01460 |
| Kansas | Certified General Real Property Appraiser, License #G-1031 |
| Kentucky | Certified General Real Property Appraiser, License # 002415 |
| Michigan | Certified General Appraiser, License #1201002546 |
| Minnesota | Certified General Real Property Appraiser, License #20149592 |
| Missouri | State Certified General Real Estate Appraiser, License #RA002082 |
| Nebraska | Certified General Real Estate Appraiser, License #CG 940231, |
| Nevada | Certified General Appraiser, License #00608 |
| New York | Real Estate General Appraiser, License #46000032068 |
| Ohio | General Certified Real Estate Appraiser, License #000385948 |
| Pennsylvania | General Appraiser, License #GA-000914-R |
| Texas | State Certified General Real Estate Appraiser, License #TX-1322694-G |
| Wisconsin | Certified General Appraiser and Licensed Appraiser, #402- 010. |

## Other Professional Licenses

Licensed Attorney, State of Illinois, 1998
Licensed Real Estate Broker, State of Illinois License #075-074046

## Court Testimony/Expert Witness Experience

Qualified Expert, Experienced Before Courts In the Following States:
Arizona; California; Illinois, Michigan; Nevada; Ohio; Pennsylvania

## Other

Keynote Panelist, 1992 Haztech International Environmental Conference,
Pittsburgh, Pennsylvania
Roundtable Discussion Leader, 1992 International Council of Shopping Centers
Financial Management Conference, New Orleans, Louisiana

In addition, Mr. Argianas has written or contributed to various publications that include The Appraisal Journal, The National Law Journal, The National Real Estate Investor, Building Profit, The Chicago Tribune, The Chicago Sun Times, and Chicago Crain's Business Weekly.

## APPRAISER LICENSE COPIES

# State of Illinois

Department of Financial and Professional Regulation
Division of Professional Regulation

LICENSE NO.
553.000164

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES:
09/30/2011

ISSUED:
09/09/2009

CERTIFIED
GENERAL REAL ESTATE APPRAISER

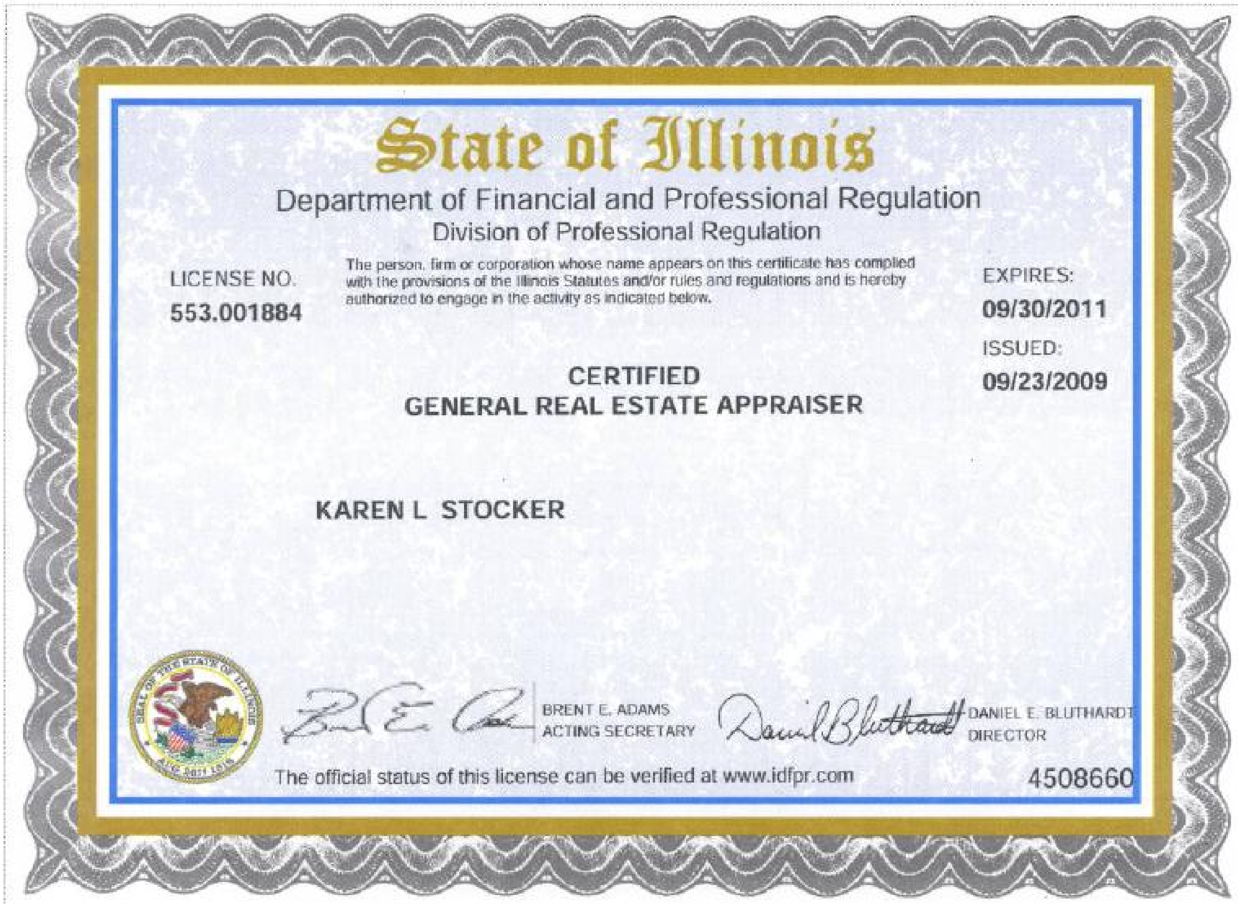
CHARLES G ARGIANAS
5509 BELMONT ROAD
DOWNERS GROVE, IL 60515

BRENT E. ADAMS
ACTING SECRETARY

DANIEL E. BLUTHARDT
DIRECTOR

The official status of this license can be verified at www.idfpr.com

4472320



State of Illinois

Department of Financial and Professional Regulation

Division of Professional Regulation

LICENSE NO.
553.001884

The person, firm or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below.

EXPIRES:
09/30/2011

ISSUED:
09/23/2009

CERTIFIED
GENERAL REAL ESTATE APPRAISER

KAREN L STOCKER

BRENT E. ADAMS
ACTING SECRETARY

DANIEL E. BLUTHARDT
DIRECTOR

The official status of this license can be verified at www.idfpr.com

4508660