Loop Capital

APPRAISAL REPORT

OF

6300 S. Cottage Grove Ave.
Chicago, Illinois 60637
Property Index Number(s): 20-22-207-020-0000 & 20-14-314-047-8004

Hyde Park Township

Cook County

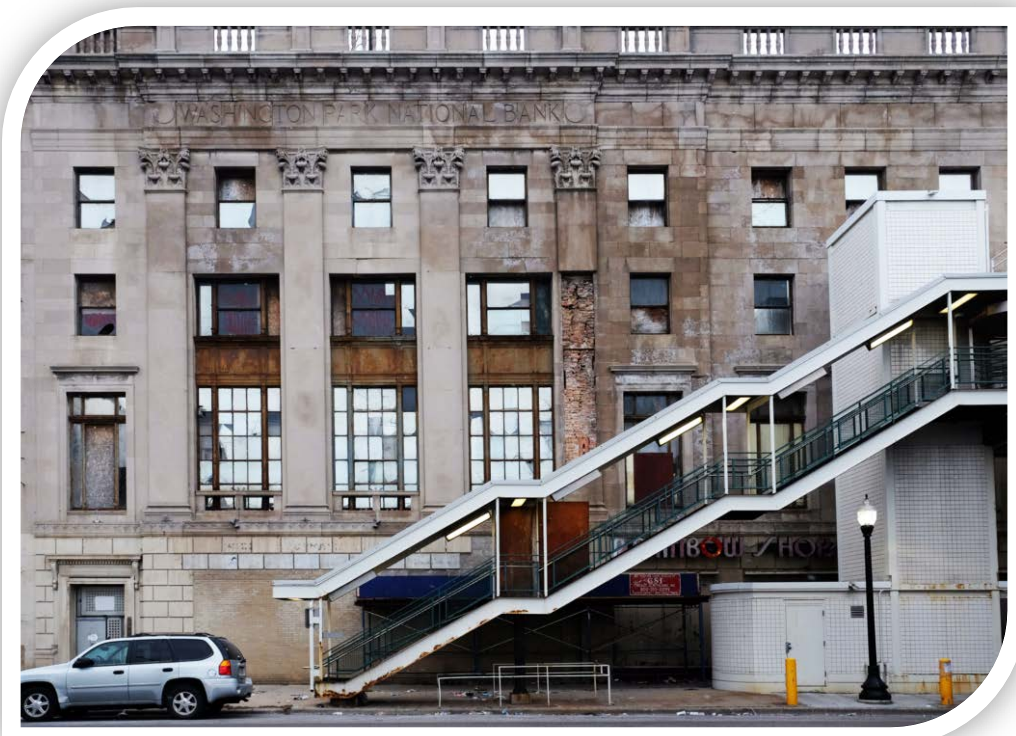
VALUATION DATE

July 3, 2018

Loop Capital Financial Consulting Services
Report Date: July 24, 2018

6300 S. Cottage Grove Ave.
Chicago, Illinois 60637
Property Index Number(s): 20-22-207-020-0000 & 20-14-314-047-8004

Hyde Park Township
Cook County



As Of
July 3, 2018

Loop Capital

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Mr. Robert Rose
Executive Director
Cook County Land Bank Authority
69 W. Washington St
Chicago, Illinois 60602

July 24, 2018

Re: 6300 S. Cottage Grove Ave.
Chicago, Illinois 60637.

Dear Mr. Rose:

Pursuant to your request, this letter of transmittal is to inform you that we have completed the appraisal report for 6300 S. Cottage Grove Ave., Chicago, Illinois 60637. This property is located at the southwest corner of 63rd and Cottage Grove Ave. This is a solid commercial location along a major thoroughfare. The surrounding improvements are a mix of commercial and residential buildings. The subject site is approximately 10-miles southeast of downtown Chicago.

We have not performed appraisal services, as an appraiser (or in any other capacity); regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

The subject site contains 12,500-square feet or 0.2870-acres, with 100± feet of frontage along the west side of South Cottage Grove Ave. and 122.25± feet of frontage along the south side of East 63rd Street. Improved with a four-story, 49,000-square foot, masonry, concrete and limestone-constructed, Office/Retail building. The improvements were formerly utilized as a bank and office as well as ground floor retail. Currently, we find the improvements could take on multiple of commercial uses that include but are not limited to office, retail, education or other. Therefore, we have categorized the building as Office/Retail. Building measurements were obtained from plans provided by the client, which were confirmed by our on site observation. The building and site improvements completed construction sometime around 1922 and therefore, have a chronological age of 96-years. The building improvement, for its age, is in extremely poor condition and has been vacant for the past several years.

The subject site has only street parking available and a land to building ratio of 0.26:1 based on the gross building area (GBA) building area. This is considered to be within the market norm for buildings of this type in Woodlawn. The property is zoned B3-3; Community Shopping Center, Community Shopping District, and the current use is legal and conforming.

Several sales of Office/Retail and mixed use office/commercial buildings have been detailed in the Sales Comparison Approach. These sales are considered to be comparable to the subject property in varying degrees and were adjusted for differences in condition, size, building features etc.

There is current speculation as to if it is maximally productive to demolish the existing improvements or renovate and add to them. This would require a feasibility study, which was not a part of this assignment. Considering the strong nature of the building's structure, we conducted a Sales Comparison Approach of similar buildings that are in similar condition or were adjusted downward for superior condition. We have also conducted a sales analysis of the underlying land in addition to the cost of prospective demolition. Since a feasibility study is not within the scope of our assignment, we have not determined a detailed analysis of the maximally productive use of the site.

The property located at 6300 S. Cottage Grove has two property identification numbers associated with it. We were unable to locate any information on the -8004 PIN. It is currently being assessed as part of the subject building.

Parcel	Land SF	Land Acres	Building Size	Description
20-22-207-020-0000	12,200 SF	0.28-acres.	49,000-SF	Estimated Age, Freestanding Bank
20-14-314-047-8004	0 SF	0.00-acres.	--	Unknown additional PIN. Currently being building assessed.
	12,200 SF	0.28-acres.	49,000-SF	

The property rights appraised in this appraisal are the Fee Simple Interest rights in the property. In view of the facts and factors mentioned herein, and of the analysis of data, which have been considered in connection with this appraisal, it is the opinion of the undersigned that the estimated market value of the property ***AS-IS (land and remaining improvements)*** as described herein as of July 3, 2018 was:

ONE MILLION DOLLARS
($1,000,000)

The property rights appraised in this appraisal are the Fee Simple Interest rights in the property. In view of the facts and factors mentioned herein, and of the analysis of data, which have been considered in connection with this appraisal, it is the opinion of the undersigned that the estimated market value of the property ***Underlying land AS-VACANT*** as described herein as of July 3, 2018 was:

NINE HUNDRED SIXTY THOUSAND DOLLARS
($960,000)

The property rights appraised in this appraisal are the Fee Simple Interest rights in the property. In view of the facts and factors mentioned herein, and of the analysis of data, which have been considered in connection with this appraisal, it is the opinion of the undersigned that the estimated market value of the property ***Underlying land AS-IMPROVED (minus cost of demolition)*** as described herein as of July 3, 2018 was:

EIGHT HUNDRED THOUSAND DOLLARS
($800,000)

This value is subject to the Assumptions, Certification and Limiting Conditions as stated in the appraisal report. This appraisal has been prepared in compliance with Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989, and also the Uniform Standards of Professional Appraisal Practice. The appraiser was fully competent and knowledgeable to render an opinion of value.

This letter alone is not an appraisal, and the value conclusion is based upon the accompanying report that contains a complete description of the property, as well as all of the comparable data used by us in arriving at an estimated value conclusion.

It has been a pleasure working on this assignment for you and should there be any questions, kindly call us at your convenience.

Respectfully submitted,

Joseph J. Calvanico, MAI, FRICS
Illinois Certified General Appraiser 553.001732
License Expires 9/30/2019

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SECTION I. SUMMARY OF SALIENT FACTS

EXECUTIVE SUMMARY

Assignment:	To estimate the market value of the *Fee Simple Interest* of the property as described herein.
Address:	6300 S. Cottage Grove Ave. Chicago, Illinois 60637.
Location:	This subject is located at the southwest corner of 63rd and Cottage Grove Ave. This is an average commercial location along a major thoroughfare. The surrounding improvements are a mix of commercial and residential buildings. The subject site is approximately five-miles west of the Tri-State Tollway (I-94). The Rollins Savana Forest Preserve is approximately 0.25-miles to the north and northeast. Frederick School is 0.25-miles to the southeast and Central Park is 0.5-miles to the southwest. Single Family homes dominate arterial streets to the east, west and southwest. The rear of the subject site abuts a single family neighborhood. Other commercial improvements in the immediate area along Barron Boulevard include: Metro Self Storage to the south. Walgreen's, to the north. First Midwest Bank to the north, past East Washington Street and the Hillside Restaurant to the north. Overall, this is a high density area with a modest commercial draw.
Property Rights Appraised:	The Fee Simple Interest.
Improvements:	The subject at this location consists of a four-story, 49,000-square foot, masonry, concrete and limestone-constructed, Office/Retail building. Building measurements were obtained from plans provided by the client, which were confirmed by our on site observation.
Age:	The subject was initially constructed in 1922 and therefore has a chronological age of 96-years. The improvement, for its age, is in poor condition and has been vacant for the past several years. The effective age has been estimated to be 96-years.
Land Area:	The subject sits on a regular shaped site that measures 12,500-square feet or 0.2870-acres. We were not provided with a complete plat of survey. The legal description was obtained from public record. .
Parking:	The subject has no surface parking available.

EXECUTIVE SUMMARY

Frontage:	There is 100± feet of frontage along the west side of South Cottage Grove Ave. and 122.25± feet of frontage along the south side of East 63rd Street.
Traffic Count:	12,900 cars.
Land-to-Building Ratio:	The subject's land to building ratio is 0.26:1, based on the gross building area (GBA) building area. It sits on an adequately sized parcel of land. Within the Sales Comparison Approach, the land-to-building ratios range from 0.68:1 to 2.33:1 and the subject is slightly below this range.
Zoning:	The property is zoned B3-3; Community Shopping Center, Community Shopping District, and the current use is legal and conforming.
Highest and Best Use:	As Vacant: Develop with commercial use. As Improved: Current, Office/Retail use.
Property Index Numbers:	20-22-207-020-0000 & 20-14-314-047-8004.
2017 Assessed Value:	$461,311 or a market value of $1,845,244 / $37.66 -PSF.
2018 Proposed Assessed Value:	$477,005 or a market value of $1,908,020 / $38.94 -PSF.
2017 Taxes:	$99,306 or $2.03 per square foot of building area.

AS-IS (As Improved) Value Indications:

Cost Approach	$1,090,000 or $22.25 per square foot of building area.
Income Approach	Not used.
Sales Comparison Approach	$980,000 or $20.00 per square foot of building area. The sales range from $15.38 to $23.33 per square foot of building area.
Final Opinion of Value:	$1,000,000.

EXECUTIVE SUMMARY

LAND (As Vacant) Value Indications:

Estimated Land Value:	$960,000 (As Vacant) or $35.00 per square foot of allowable building area. This equates to $77.00 per square foot of land area. Comparable land sales ranged between $22.36 to $39.55.
Final Opinion of Value:	$960,000.

LAND (As Improved) Value Indications:

Estimated Cost of Demolition:	$150,000 or $3.00 per square foot of GBA
Estimated Land Value:	$800,000. Or $960,000 minus the cost of demolition (estimated at $150,000), rounded to the nearest hundred thousand.
Final Opinion of Value:	$800,000.
Date of Valuation:	July 24, 2018.
Date of Observation:	July 3, 2018.

SECTION II. ASSIGNMENT CHARACTERISTICS

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market value of the subject as described in this report as of July 3, 2018.

INTENDED USE OF THE APPRAISAL

This appraisal will be used as an aid by Mr. Robert Rose of Cook County Land Bank Authority in establishing the market value of 6300 S. Cottage Grove Ave., Chicago, Illinois 60637 for site evaluation purposes. The value conclusion derived herein was not based on any minimum value, specific valuation or a predetermined loan amount.

SCOPE OF THE APPRAISAL

The scope of work below describes the valuation problem in this assignment will be solved. This section sets the structure of the appraisal, in order to produce credible assignment results. This scope of work has been agreed between our firm and our client.

Identification / Inspection – The appraiser has identified the subject by its property index number and address. Our firm has completed a personal site visit, which included a walk-through of the interior of the subject property.

Data Researched – Various sales of comparable properties were also researched and verified for the Sales Comparison Approach and for the Cost Approach estimate of land value.

Analysis Applied – The approaches to value were considered and applied according to the following:

Approach	*Applied*
Cost Approach	Yes
Income Approach	No
Sales Comparison Approach	Yes

Analysis Applied – The appraiser has completed the Cost Approach and Sales Comparison Approach for the purposes of this appraisal. The Income Approach was not applied, as the subject is a non-income producing, owner-occupied property. This decision to omit the Income Approach was made in conjunction with the client.

COMPETENCY

From our understanding of the assignment to be performed, which we have addressed in the Scope and Intended Use of this appraisal, it is our opinion that we are fully competent to perform this appraisal, due to the fact that:

1) The appraiser has full knowledge and experience in the nature of this assignment.

2) All necessary and appropriate steps have been taken in order to complete the assignment competently.

3) There is no lack of knowledge or experience that would prohibit this assignment from being completed in a competent professional manner where a biased or misleading opinion of value would be rendered.

INTENDED USER

The Intended User is the individual or entity that will utilize this appraisal for the purpose identified in the *intended use* section above. The Appraisal of Real Estate notes: "The appraiser's responsibility is to the intended users identified in the report, not all readers of the appraisal report[1]".

Mr. Robert Rose of ***Cook County Land Bank Authority*** is the intended user of this appraisal.

EXTRAORDINARY ASSUMPTIONS / HYPOTHETICAL CONDITIONS

EXTRAORDINARY ASSUMPTIONS

The Dictionary of Real Estate Appraisal describes an Extraordinary Assumption as,
"An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in this analysis[2]."

For the purposes of this appraisal, the following extraordinary assumptions were utilized:

1. The appraiser is a valuation professional, not a licensed building inspector or an engineering professional. Our observations relating to structural integrity, site contamination, hazardous building materials or other specialized cases is limited to the knowledge of a professional real estate market participant.
2. In the case that a comparable property in the Sales Comparison Approach is transferred on a leased fee basis (i.e. secured lease(s) in place), we assume that a market lease is in place. While an adjustment could be warranted for above or below market leases, the rent roll and/or leasing contracts for the comparable properties were not available to the appraiser.
3. Specific property information provided by the client is assumed to be correct to the best of their knowledge. This includes rent rolls, income statements, building size, or other relevant information.

HYPOTHETICAL CONDITIONS

The Dictionary of Real Estate Appraisal describes a Hypothetical Condition as,
"That which is contrary to what exists but is supposed for the purposes of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis[3]."

For the purposes of this appraisal, the following hypothetical conditions were utilized:
None.

[1] The Appraisal of Real Estate, 14^{th} Edition, 2013, page 50.
[2] The Dictionary of Real Estate Appraisal, Sixth Edition, 2015, page 83.
[3] The Dictionary of Real Estate Appraisal, Sixth Edition, 2015, page 113.

DEFINITION OF MARKET VALUE

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from the seller to the 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."[4]

4 Federal Register, Volume 55, Number 163, August 22, 1990, pages 34228 and 34229; also quoted in the introduction to the Standards of Professional Appraisal Practice of the Appraisal Institute, and also in the 14th Edition of The Appraisal of Real Estate, The Appraisal Institute, 2013, page 23.

PROPERTY RIGHTS APPRAISED

The property rights appraised in this appraisal are the Fee Simple Interest rights in the property. This is described 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."[5]

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

- Leased Fee Estate *A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship."*

- Leasehold Estate *"The tenant's possessory interest created by a lease"*

Conceptually, market value of the leased fee estate is the worth of the property to the landlord (the lessor) as encumbered by terms set forth in a lease or leases. A leasehold estate is the tenant's (the lessee's) interest in a property.

The above definition for fee simple estate is the classic legal meaning. A lease is an encumbrance. If a property is unencumbered, this could be interpreted to mean the property is not encumbered by lease. If there are no leases for a multi-tenant facility, then the building has no income. Under this interpretation, the value of the fee simple (VFS) would be less than the value of the leased fee (VLF). Accordingly, the VFS < VLF because lease-up costs must be paid to find tenants and induce occupancy. Examples of lease-up costs include leasing commissions, concessions, and tenant improvements.

According to the Appraisal Institute course *General Appraiser Income Approach, Part 2 -* page 231, there are two interpretations of the term "fee simple estate". A second interpretation for fee simple estate is a value-oriented definition used by many real estate appraisers. For valuation purposes, market value of the fee simple is the worth of the property assuming it is already leased at market rent to a level of stabilized occupancy. Under this interpretation, the VFS > VLF because lease-up costs to find tenants and induce occupancy were already paid.

[5] The Dictionary of Real Estate, Sixth Edition, The Appraisal Institute, 2015, Page 90.

PROPERTY RIGHTS APPRAISED – (Cont.)

An extremely important concept in the valuation of leases is the relationship between market rent or income (IFS) and contract rent, the rent stated in a lease (ILF). If the contract rent is below market rent (ILF < IFS), the tenant enjoys an advantageous position called a positive leasehold interest. Then, the value of the leased fee is usually less than the value of the fee simple (VLF < VFS). If contract rent exceeds market rent (ILF > IFS), then the landlord has an advantage while the tenant has an unfavorable position called a negative leasehold interest. When contract rent equals market rent, then the numerical value of these two estates is equal but the rights of each estate are different.

For valuation purposes in this report, three estates are defined below.

1. Fee Simple (Owner or Multi-tenant)
2. Leased Fee
3. Leasehold Estate

Fee Simple – Owner User

- *Market value of the **fee simple estate** to an owner-user is the worth to this type buyer via the sales comparison approach. Income generation is not an important factor to this buyer. Property suitability for the buyer's own use is the primary purchasing criteria. Occupancy and lease-up costs are not relevant for this type of real property.*

Fee Simple – Multi-tenant

- *The **fee simple estate** for a multi-tenant facility is different from the one immediately above. A different interpretation is appropriate for a building designed to generate real estate rental income like a shopping center or apartment building. This estate for this type property is defined as the worth to the most probable buyer assuming the property is already leased to a level of stabilized occupancy at normal market terms including market rent. Lease-up costs are assumed already paid.*

Leased Fee Estate

- *Market value of the **leased fee estate** is defined as the worth of real property to its current owner as encumbered by terms specified in one or more leases.*

Leasehold Estate

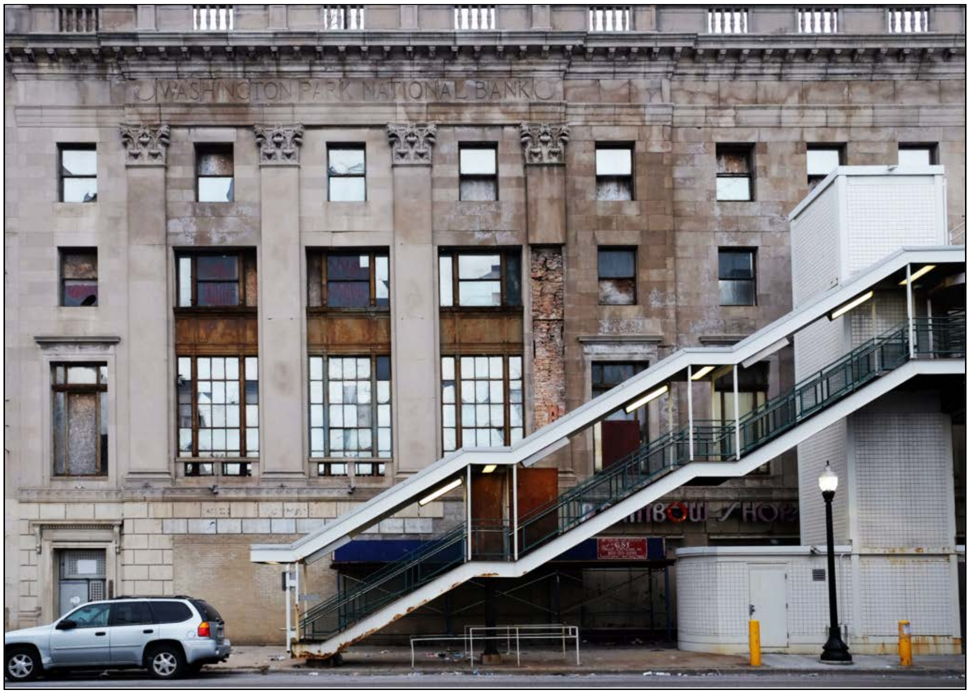
- *Lastly, a **leasehold estate** is defined as one tenant's interest in real property as defined by a lease.*

These definitions are crucial concepts in the valuation for all real property.

SECTION III. IDENTIFICATION OF THE SUBJECT

SUBJECT PROPERTY CHARACTERISTICS

6300 S. COTTAGE GROVE AVE., CHICAGO, ILLINOIS 60637



View of the Subject Property

Property Index Numbers: 20-22-207-020-0000 & 20-14-314-047-8004.

Location: This property is located at the southwest corner of 63rd and Cottage Grove Ave. This is an average commercial location along a major thoroughfare. The surrounding improvements are a mix of commercial and residential buildings. The subject site is approximately ten-miles southeast of downtown Chicago.

Description: The subject is a regular shaped site that measures 12,500-square feet. It is improved with a four-story, 49,000-square foot, masonry, concrete and limestone-constructed, Office/Retail building. The building currently is vacant.

Address: The common address of the subject is 6300 S. Cottage Grove Ave., Chicago, Illinois 60637, Cook County, Illinois and Woodlawn is approximately approximately 10-miles southeast of the downtown Chicago Business District known as the “Loop” in Cook County, Illinois.

Maps and photographs on the previous and following pages will visually acquaint the reader with the property appraised, its location, environs, size and shape of the land plus improvements and other details. These are only used to aid the reader in visualizing the subject property and the location of the comparable sales.

AERIAL MAP – LOCAL VIEW

AERIAL MAP – AREA VIEW

LEGAL DESCRIPTION

The Cook County Recorder of Deeds list the subject property as followed:

THE NORTH 4 FEET OF LOT 45, ALL OF LOTS 46, 47, 48, AND 49, IN BLOCK 1, IN LORING AND GIBB'S SUBDIVISION OF PART OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 38 NORTH, RANGE 14 EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Commonly Known As: 6300 S. Cottage Grove Ave., Chicago, IL 60637

PLAT OF SURVEY

We were not provided with a complete plat of survey. The legal description was obtained from public record. It is our recommendation that a full and complete new survey and legal description be secured and verified by legal counsel prior to any use whatsoever. We have identified the subject by its Property Index Numbers, to-wit: 20-22-207-020-0000 & 20-14-314-047-8004.

HISTORY OF THE PROPERTY

The approaches to value that were chosen are cost and sales comparison approaches because the subject property has a preliminary structural report from Probe Consulting Services, Inc. that says AS-IS it has a GOOD structural foundation but we do not have enough information (nor is it within the scope of our assignment to locate the required information) to adequately determine if it is maximally productive to demolish the existing improvements. A feasibility study should be conducted to determine the highest and best use of the site as improved.

According to the Cook County Recorder, the subject has conveyed in the past five-years. The following table indicates activity stated on-line.

Date Recorded	Doc Type	Doc Num	Consideration	Names	Parcels	Related Docs
All	All	All	All			
2018-01-29	DEED	1802922045	0.00	Name / Type: COOK COUNTY – GTE; COOK COUNTY CLERK – GTR; COOK COUNTY LAND BK AUTH – GTE	PIN: 20222070200000; Address: 6300 S COTTAGE GROVE AVE	
2016-06-30	LIS PENDENS	1618241044	None		PIN: 20222070200000; Address: 6300 S COTTAGE GROVE AVE	

HISTORY OF THE PROPERTY – (Cont.)

On or about January 29, 2018 the Cook County Clerk (Grantor) granted the property commonly known as 6300 S. Cottage Grove Ave. to Cook County and Cook County Land Bank Authority (Grantee) in tax scavenger sale. According to the Cook County Tax Portal, the total taxes past due for the subject equate to: $206,235.24.

	Ending -020	Ending -8004	Grand Total
2017 Taxes	$102,003.30	$1,114.32	$103,117.62
2016 Taxes	$111,307.61	$1,178.20	$103,117.62
	$213,310.91	$2,292.52	**$206,235.24**

TAX BILLED AMOUNTS & TAX HISTORY

2017:	$98,233.20	Pay Online: $102,003.30 due
2016:	$91,396.91	Pay Online: $111,307.61 due
2015:	$83,619.87	Payment History
2014:	$70,774.40	Payment History
2013:	$69,376.84	Payment History

*=(1st Install Only)

TAX BILLED AMOUNTS & TAX HISTORY

2017:	$1,073.12	Pay Online: $1,114.32 due
2016:	$998.44	Pay Online: $1,178.20 due
2015:		Not Available
2014:		Not Available
2013:		Not Available

*=(1st Install Only)

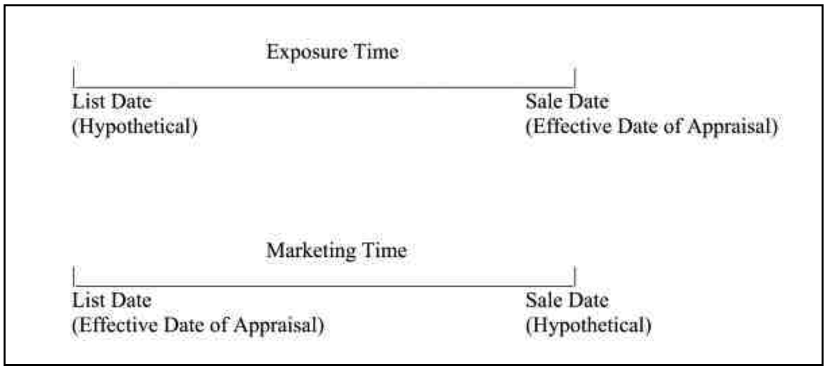
More Tax Bill Information

According to The Southside weekly.com, plans were drawn for a new Washington Park National Bank building to replace an older and smaller bank located a few blocks west of 63rd Street and South Evans Ave in 1922. In 1923 it was expected that the bank would share its first floor with a large corner store and a row of four small shops.   Office space offered above would be limited to two stories. The building was finally completed in 1924, under the purview of architect Albert A. Schwartz with a budget of roughly one million dollars. The bank encountered financial difficulties in the summer of 1931, but W. H. Vanderploeg (the bank president at time, who went on to become the president of the W.K. Kellogg Company) quickly formed a reorganization committee and reopened the bank as Park national Bank and Trust Company a few months later,

The bank has changed ownership several times in the course of fifty years, but as the composition of the neighborhood changed, the bank was abandoned and gradually fell into disrepair. Alongside neighborhood changes, broader shifts within consumer banking habits have left large, intricately designed corner banks like Washington Park National Bank behind. The building in its current state is dilapidated, but has good structure according to the preliminary structural assessment completed by Probe Consulting Services, Inc. on April 15, 2018. It appears that there are plans to renovate or redevelop the bank, which is in correlation to a changing environment and call for revitalization of the immediate area. Organizations such as 1Woodlawn have plans to bring residential and retail development the neighborhood. Plans have been developed with architecture and design firm Skidmore, Owings and Merrill.

EXPOSURE TIME

Exposure Time is defined as “the estimated length of time the property interest being appraised would have to be offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal."[6] Marketing Time is defined as "the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal."[7] The main difference between the Exposure and Marketing Time is the point of view as to whether the sale is occurring now or in the future. According to the Appraisal Foundation "the reasonable marketing time is a function of price, time, use, and anticipated market conditions such as changes in the cost and availability of funds---not an isolated opinion of time alone."[8]



It is a retrospective opinion based on analysis of past events, assuming an open and competitive market. Exposure time can be estimated from analyzing historical sales information, such as MLS, or statistical information about "days on market". Once the exposure time is determined, the appraiser then uses that figure along with market trends to determine the Marketing Time, which is defined as "the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal." The two concepts are displayed in the diagram displayed.

The extent of how aggressively the building would be marketed would directly affect the length of exposure or marketing time that would be required. The lower the acceptable sales price, the faster a buyer could be found. According to local sales brokers interviewed, sales have been stagnant in the past six-months. Hold times for this type listing have ranged between six- to eighteen-months. We estimate the exposure time for the subject site would be six- to 12 months.

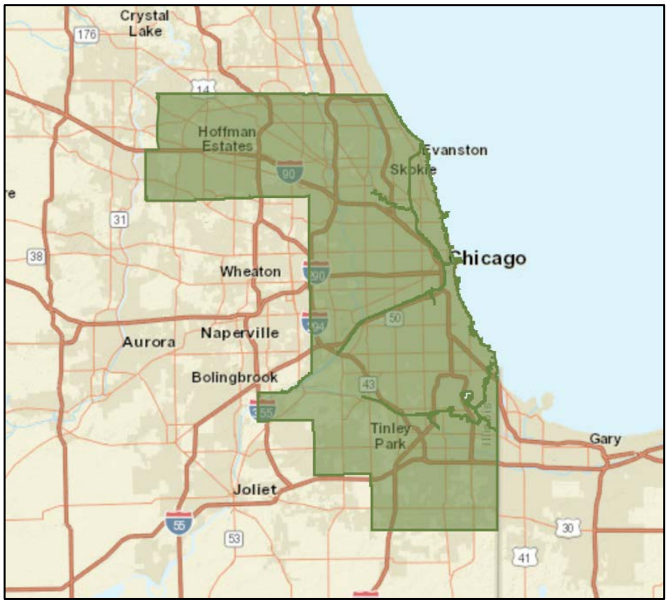
6 The Dictionary of Real Estate Appraisal, The Appraisal Institute, Sixth Edition 2015, Page 83.
7 The Dictionary of Real Estate Appraisal, The Appraisal Institute, Sixth Edition 2015, Page 140.
8 USPAP 1999 Edition, The Appraisal Foundation, Advisory Opinion AO-7, Page 94.

SECTION IV.
AREA ANALYSIS

COUNTY DATA

Cook County

Location



Cook County is located in the central east region of Chicago Metropolitan Statistics Area. Cook Count is the second-most populous county in the United States with county seats in the city of Chicago, the largest city in Illinois and third-most popular city in the United States with more than 40% of all residents of Illinois live in Cook County. Including its lake area, the county has a total area of 1,635 square miles (4,234.6 km2), the largest county in Illinois, of which 945 square miles (2,447.5 km2) is land and 690 square miles (1,787.1 km2) (42.16%) is water. The county is divided into 29 townships in addition to the city of Chicago and Evanston, with more than 130 municipalities.

Access

Cook county benefits from hub transportation location that that is served by comprehensive infrastructures consisting of several Interstate highways, U.S. Highways and Routes. Several major expressways and toll roads pass through the Chicago Area. Major east-west highway is I-290 which provides access to the CBD from west suburbs. I-90 and I-94 generally run north-south through Downtown Chicago, and provide access to CBD for communities in north/northwest Illinois, south Wisconsin and southeast Illinois, and northwest Indiana. I-55 and I-57 provide access to CBD for residents in the southwest suburbs of Chicago. North-south travel through western Chicago suburbs is made possible by I-294 and I-355.

Demographics

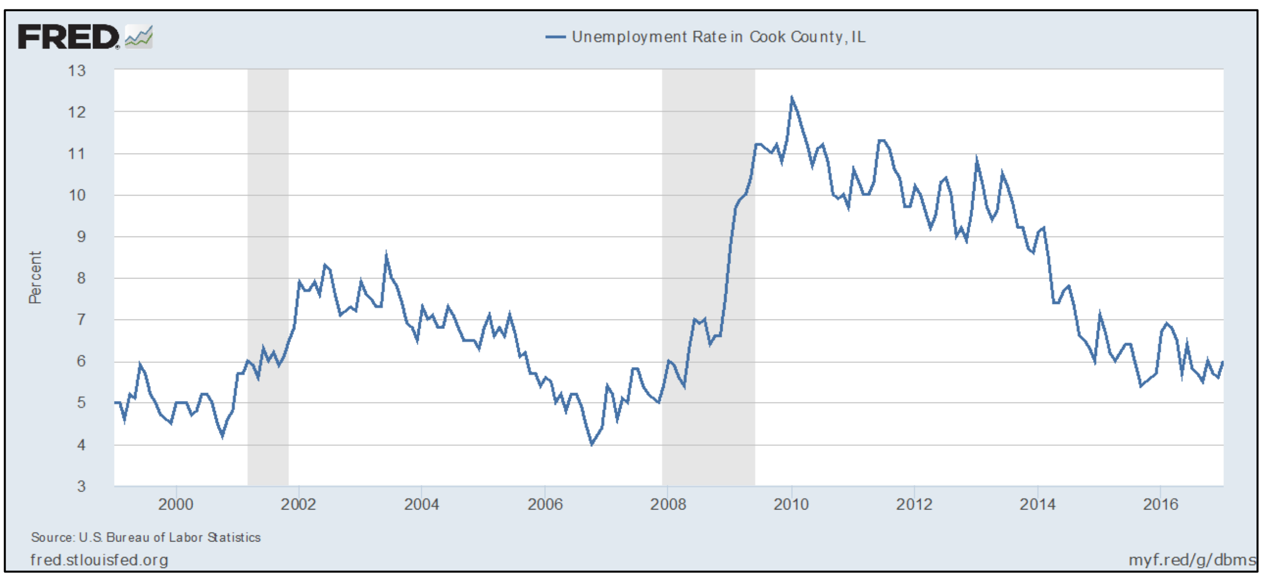
According to Census, the population in Cook County was 5,368,145, which is about 0.09% drop annually from 2000 census, compared to the consistent growing in broader Chicago MSA area. Residents in Cook County saw an increase in Median Household Income from $45,239 in 2000 to $55,831 in 2016, which is lower than that of the MSA region but higher than that of the nationwide as of 2016. Cook County was in the fast-growing pace in incomes in the past sixteen years with annual rate of 1.32%, while both the MSA and Nation saw decline. As predicted, the county will be in stable developing with positive growing rate in the future to 2021.

COUNTY DATA – (Cont.)

Population	Census 2000	Estimated 2016	Projected 2021	CAGR 00' to '16'	CAGR 16' to '21
Cook County	5,376,848	5,298,497	5,368,145	-0.09%	0.26%
Chicago-Naperville-Elgin MSA	9,098,316	9,649,592	9,801,977	0.37%	0.31%
National	281,421,906	323,580,626	337,326,118	0.88%	0.84%
Household					
Cook County	1,974,217	2,009,274	2,037,679	0.11%	0.28%
Chicago-Naperville-Elgin MSA	3,280,055	3,544,883	3,600,148	0.49%	0.31%
National	105,480,101	121,786,233	126,694,268	0.90%	0.79%
Median Household Income					
Cook County	$45,239	$55,831	$59,068	1.32%	1.13%
Chicago-Naperville-Elgin MSA	$67,900	$62,058	$68,454	-0.56%	1.98%
National	$42,148	$54,149	$59,476	1.58%	1.89%

Employment Trend

The county has estimate total labor force of 2,646,570, of which 97.32% is employed as of December 2015. In January 2017, the unemployment rate in the county is 6%, compared to 5.8% in the MSA and 4.8% nationally. The most common industries in Cook County, IL by number of employees are Healthcare & Social Assistance, Retail trade, Manufacturing, Professional, Scientific, Tech Services, and Educational services.



Education

The county is composed of total 408 universities including Northwestern University, University of Chicago, University of Illinois at Chicago, DePaul University and Loyola University Chicago with 96,415 degrees awarded. According to Seri, 36.8% of the residents over 25 years old in the Cook County possess bachelor's degree or higher.

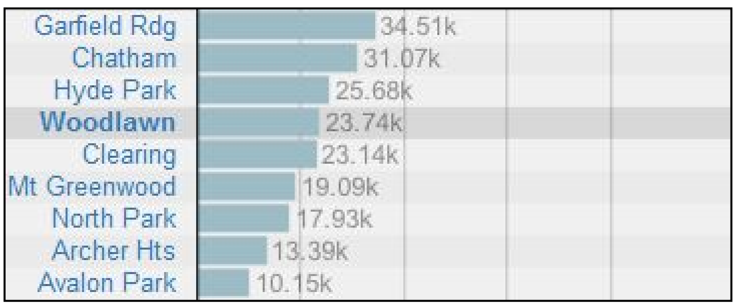
NEIGHBORHOOD DESCRIPTION

The subject property is located in the township of Hyde Park and the area of Woodlawn (West Woodlawn to be exact, but data was gathered from Woodlawn to complete this appraisal). The Woodlawn community is located to the southwest of the city in proximity to downtown Chicago Loop. The neighborhood is complete with retail, office and residential real estate.

Population

The (most recent) estimated population of Woodlawn in 2017 is southwards of 23,000. It is ranked 67th in population out of all of the 77 neighborhoods in Chicago based on data generated from Statisticsatlas.com

Local Population Characteristics



Source: Statisticalatlas.com

The population demonstrates that Woodlawn is comparatively quite small compared to other city neighborhoods. Census data shows that in 2015 the population was 24,150 this has been a decrease of 1.7% within the last two years.

The majority of Woodlawn housing structures are 2-units or multifamily. The estimated values of these structures are $32,358 as the average structure was built in 1939 or earlier. The area is heavily populated with renters, but there is a current change in progress with the building of single family homes. The median household income for Woodlawn in 2016 was $27,887.

NEIGHBORHOOD DESCRIPTION - (Cont.)

Transportation & Services

Woodlawn is located 10 miles from the center point of downtown Chicago. Woodlawn can be accessed through various transportation means such as the elevated "L" Chicago Transit Authority (CTA) Green Line.

Woodlawn is about 8-miles from Midway Airport (or approximately a 15 minute drive). The CTA bus system also serves the area and access to taxi cabs and private transportation as Uber & Lyft are convenient.

Retail and Employment

Woodlawn has various types or retail structures. FedEx Office Print & Ship Center, University of Precise Consulting Services, LLC, Tax services, The University of Chicago Booth School, University of Chicago Medical Center and various restaurants.

Woodlawn's largest area of employment is the Health Care, Education, and Administration sector with 21% of total Woodlawn employment in Health Care, followed by 14% in Education and 9% individually in Administration, Accommodation and Food Service as well as Retail Trade.

EMPLOYMENT STATUS, 2015

	Community Area		City of Chicago	
	Count	Percent	Count	Percent
In Labor Force	9,533	**52.5**	1,445,765	**66.4**
Employed*	7,359	77.2	1,270,842	87.9
Unemployed	2,173	22.8	174,453	12.1
Not In Labor Force	8,640	**47.5**	732,573	**33.6**

Source: 2015 American Community Survey, five-year estimates. Universe: Population aged 16 and over.
*Does not include employed population in the Armed Forces.

Source: Chicago Metropolitan Agency for Planning

Immediate Area

The subject is located at the southwest corner of 63rd Street and Cottage Grove. 63rd Street is an average, paved, two-lane thoroughfare with street parking, center turn lane and street lights. The surrounding improvements are a mix of retail, office, and general commercial uses. The subject is boarder across the street from a newly developed retail, office and residential structure on the northwest corner, a beauty store on the northeast corner and a liquor store on the southeast corner.

NEIGHBORHOOD DESCRIPTION - (Cont.)

Conclusion

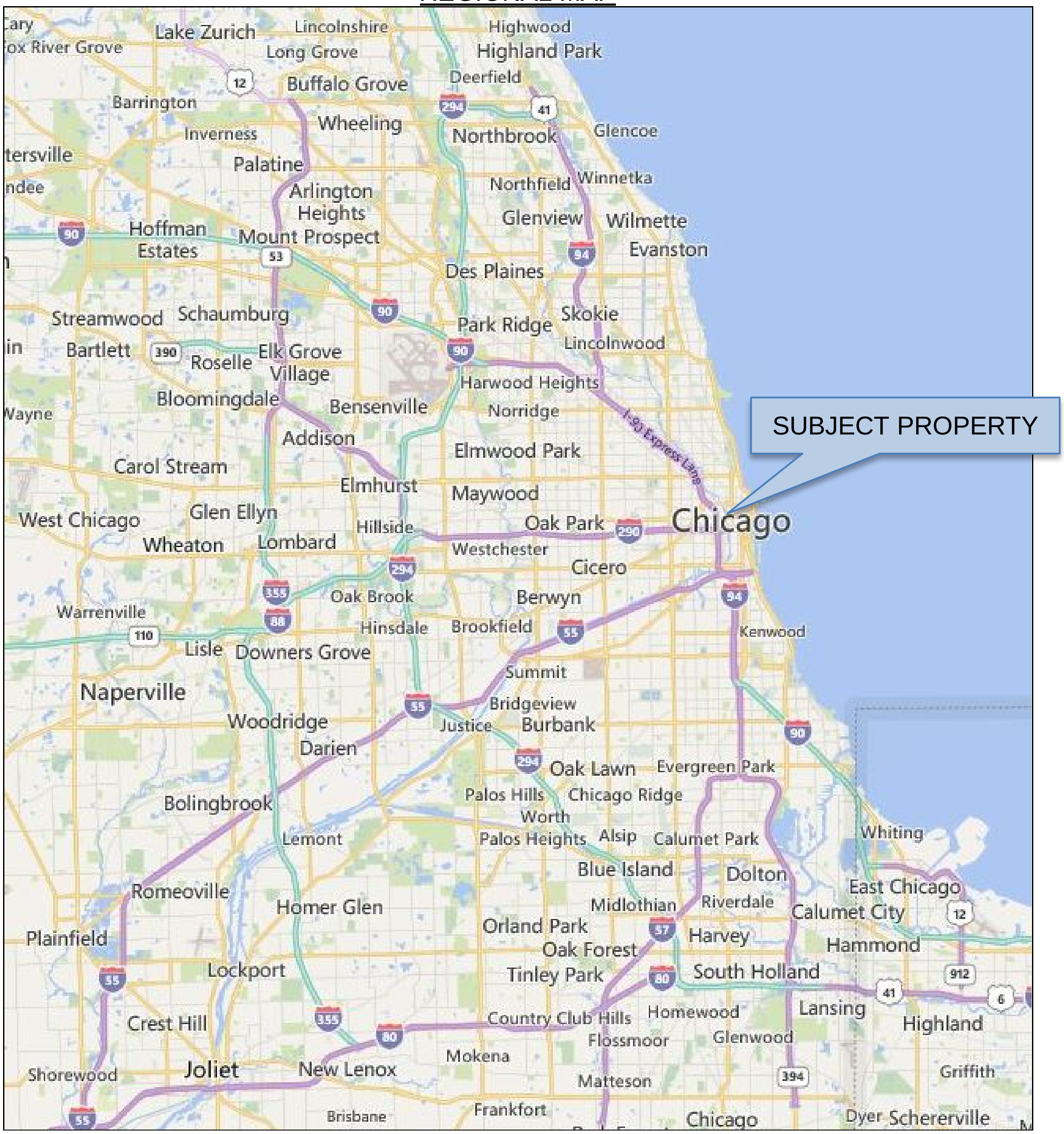
Overall, it appears that the immediate region is in transition. Woodlawn's population has declined but new development in the area appears to be slowly approaching. Desolate land still mars a majority of Woodlawn, but activity of revitalization was visible with the new construction of single family homes within the area.

Currently organization such as Preservation of Affordable Housing (POAH) and 1Woodlawn are actively working with the community to create and sustain affordable housing.

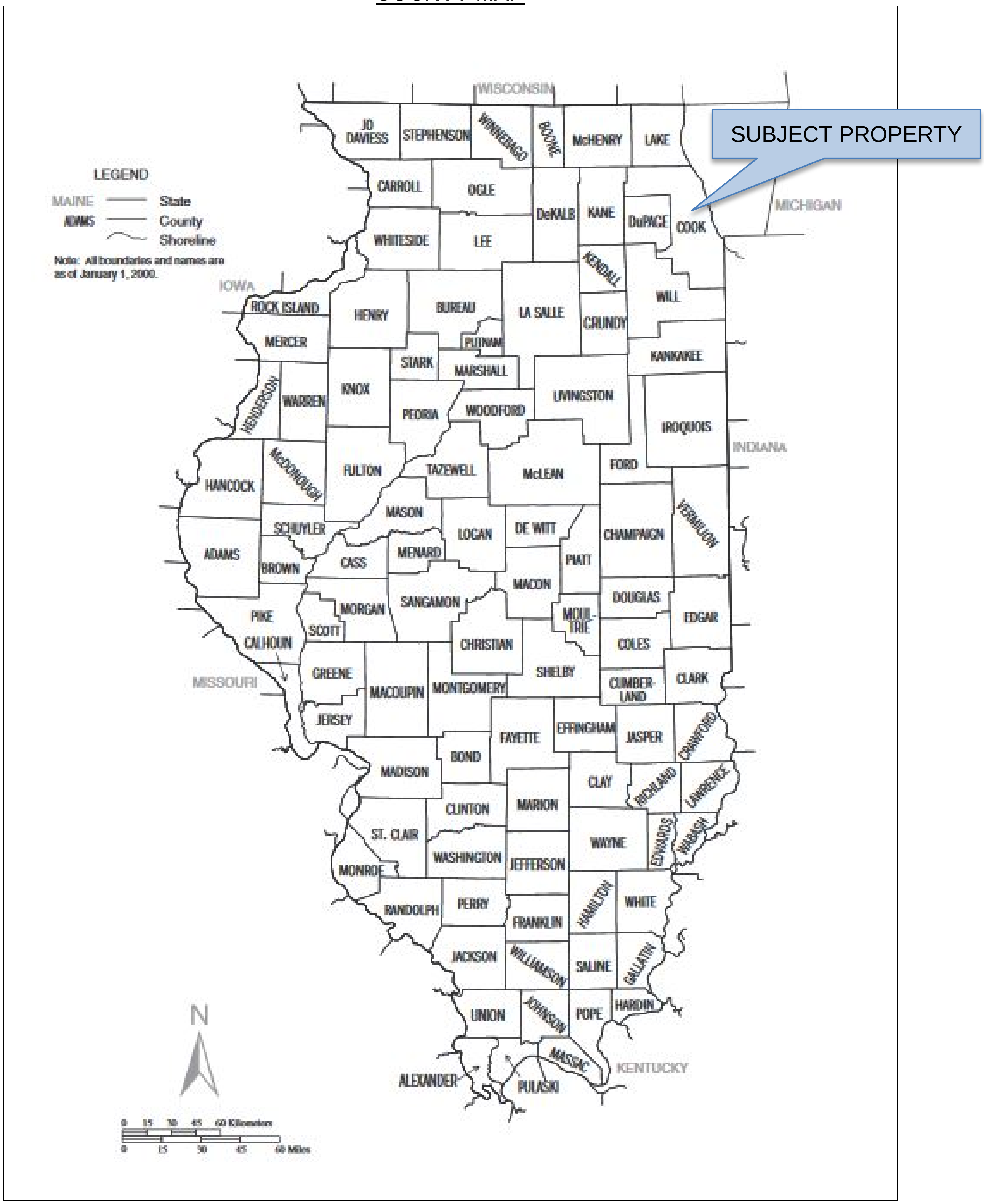
Description of the Immediate Area

This property is located at the southwest corner of 63rd and Cottage Grove Ave. This is an average commercial location along a major thoroughfare. The surrounding improvements are a mix of commercial and residential buildings. The subject site is approximately 10-miles from downtown Chicago and 8-miles from Chicago's Midway Airport. Within the immediate area there is a Cosmos Beauty Store, a newly constructed retail-office space structure and various retail stores aligned down 63rd Street as well as Cottage Grove Ave. The Strand, a 62-unit apartment complex, which was recently renovated on the 6300 block of Cottage Grove, provides affordable housing in the area. The Strand also includes a mix of apartment and retail space. The immediate area is commercially zoned for business and retail mix. The area is also comprised of residential and multifamily properties within the surrounding location. The area has desolate vacant land, but there are signs of development in the residential area. The CTA elevated "L" Green line is directly in front of the subject property along 63rd Street, which is a building view obstruction. The University of Chicago is less than one mile from the subject location. Jewel-Osco is coming to Woodlawn at 61st and Cottage Grove Ave in early 2019. The Dan Ryan expressway is located less than a mile from the subject property which allows easy access to the South and North sectors of the city.

REGIONAL MAP



COUNTY MAP


SUBJECT PROPERTY
WISCONSIN
IOWA
MICHIGAN
INDIANA
MISSOURI
KENTUCKY
LEGEND
MAINE State
ADAMS County
Shoreline
Note: All boundaries and names are as of January 1, 2000.
JO DAVIESS
STEPHENSON
WINNEBAGO
BOONE
McHENRY
LAKE
CARROLL
OGLE
DeKALB
KANE
DuPAGE
COOK
WHITESIDE
LEE
KENDALL
WILL
ROCK ISLAND
HENRY
BUREAU
LA SALLE
GRUNDY
MERCER
PUTNAM
KANKAKEE
STARK
MARSHALL
HENDERSON
WARREN
KNOX
PEORIA
WOODFORD
LIVINGSTON
IROQUOIS
HANCOCK
McDONOUGH
FULTON
TAZEWELL
McLEAN
FORD
MASON
SCHUYLER
LOGAN
DE WITT
CHAMPAIGN
VERMILION
ADAMS
BROWN
CASS
MENARD
PIATT
MACON
PIKE
MORGAN
SANGAMON
DOUGLAS
MOULTRIE
EDGAR
SCOTT
CALHOUN
CHRISTIAN
COLES
GREENE
MACOUPIN
MONTGOMERY
SHELBY
CUMBERLAND
CLARK
JERSEY
FAYETTE
EFFINGHAM
JASPER
CRAWFORD
MADISON
BOND
CLAY
RICHLAND
LAWRENCE
CLINTON
MARION
ST. CLAIR
WAYNE
EDWARDS
WABASH
WASHINGTON
JEFFERSON
MONROE
RANDOLPH
PERRY
HAMILTON
WHITE
FRANKLIN
JACKSON
WILLIAMSON
SALINE
GALLATIN
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JOHNSON
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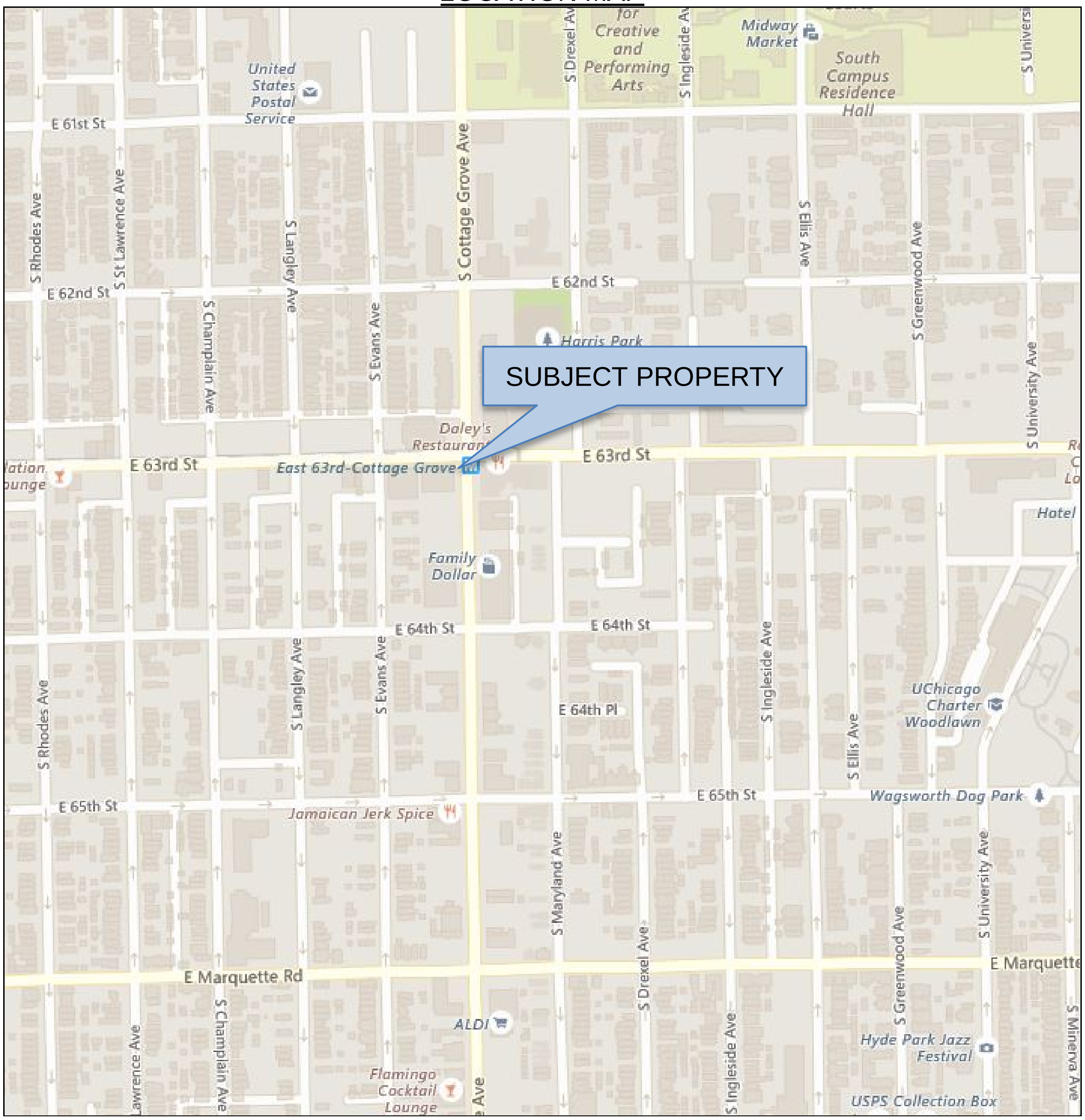
LOCATION MAP



SECTION V. MARKET ANALYSIS

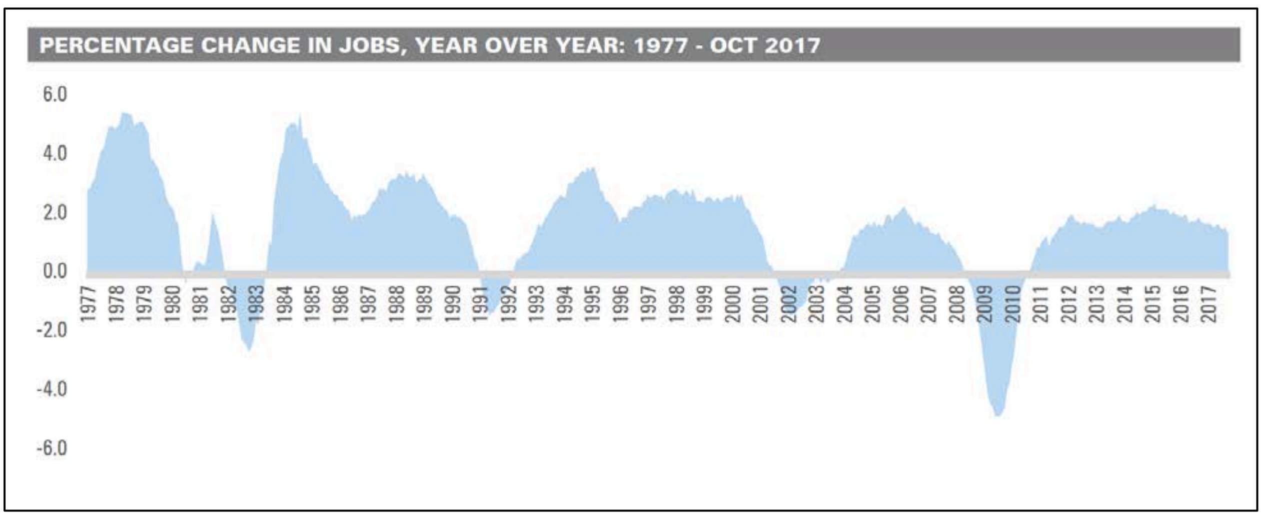
NATIONAL MARKET DATA

Economic Status

In the "Viewpoint 2018 Commercial Real Estate Trends Report" by Integra Realty Resource, it was stated, "2018 will see an extension of economic growth, with the Blue Chip forecasters predicting 2.5% real GDP growth and unemployment ticking down even further, with corporate profits edging higher. Nevertheless, this upcycle is pushing against some formidable limits, and signs of the excesses that trigger corrections are starting to accumulate in a worrisome way."

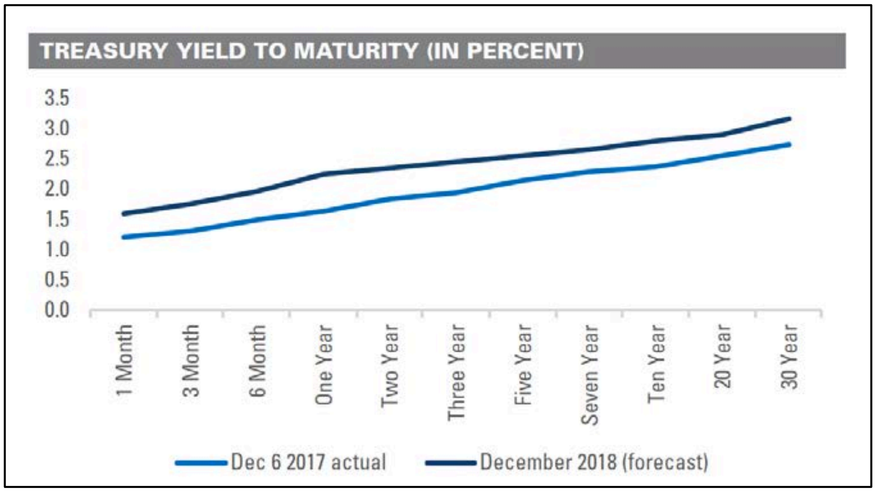
Annual job growth has dropped from 2.3% in early 2015 to 1.4% in October 2017, and tight labor market conditions will be constraining growth further going forward. Despite some indication of recent progress on wages, the big picture on personal earnings is discouraging. Real weekly incomes rose only 0.4% for the twelve months ending October 2017, and even less (0.3%) for production and non-supervisory workers. That's not enough to spur consumption significantly: personal consumption expenditures (69.4% of GDP) in 3Q were up just 2.3% from the prior year. With a deceleration in job creation expected in 2018, the end market for goods and services does not look strong. Hence the Blue Chip forecast for slower economic growth.

The national jobs engine has been shifting into lower gear for quite some time in response to the combined impacts of demography, technology, and structural economic change. Over the past 40-years, job growth peaks have been successively lower: topping 5% in both 1978 and 1984; then peaking at just above 3% in 1988 and 1994, at 2.5% during the 1997-99 periods; then at a lower 2% high water mark in 2006 and 2014-15. The deceleration to 1.5% employment growth in 2017 is part of this pattern, and 2018 should be anticipated to be a continuation rather than a reversal of trend.

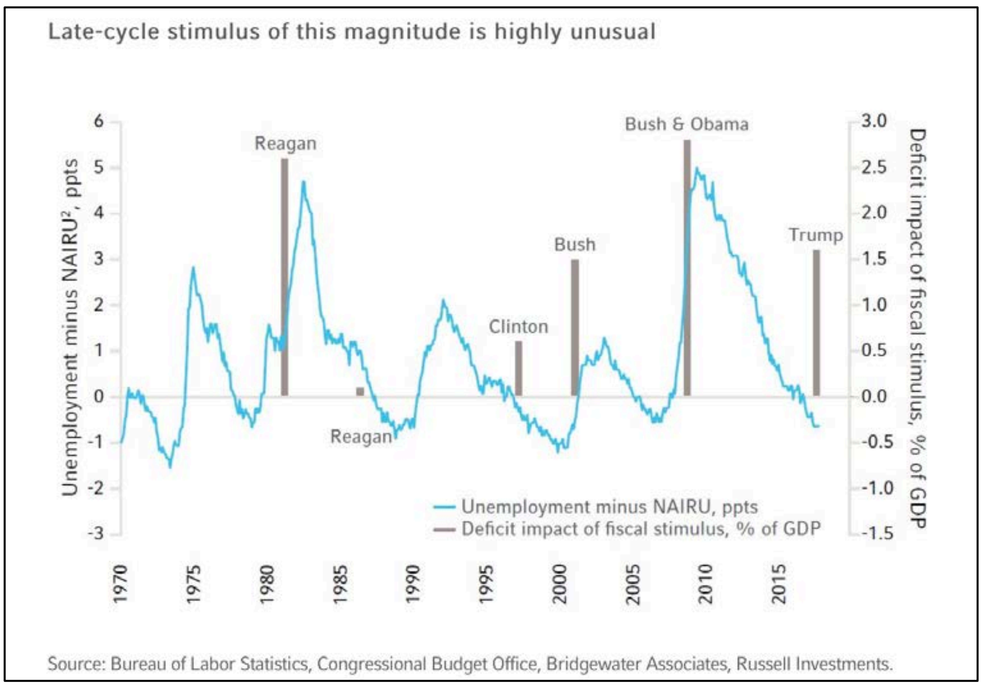


As the Federal Reserve executes monetary policy, it keeps a sharp eye on global capital conditions as well as on domestic issues such as GDP growth and the employment situation. With Jerome Powell taking the reins at the Fed from Janet Yellen, he has indicated that continuity with the existing trend of slow but systematically rising interest rates will be the policy norm. This is consistent with normalizing rates after nearly a decade of near-zero interest and aggressive quantitative easing to help grow the economy and stabilize the banking system after 2009. Demand for longer-term debt instruments remains strong, and so the yield curve will likely be flattening during 2018. This is often a signal of an oncoming recession 18 to 24-months out.

Economic Status – (Cont.)



For real estate (and other interest rate sensitive assets) there is a special issue currently on the radar screen: the replacement of LIBOR (the London Interbank Offer Rate) by a more robust reference rate less exposed to the insider manipulation that sank LIBOR. This is key, since $350 trillion in financial instruments use LIBOR as a benchmark rate. Its replacement is the Broad Treasury Financing Rate (BTFR), and real estate investments with adjustable rates based on LIBOR will be shifting to BTFR from 2018 until 2022. For the many commercial and residential assets with floating rate financing, there are re-benchmarking issues that must be addressed in the transitional period. [9]



President Trump has signed two fiscal stimulus packages since early December. The first – the Tax Cut and Jobs Act of 2017 – significantly lowers the tax burden on corporations and high-income individuals. This bill should provide a strong tailwind for U.S. corporate profits in 2018. The second – a two-year budget deal signed in February – allows for large increases in discretionary government spending in 2018 and 2019. Taken together, this stimulus is significant; and it's larger than the tax cuts that President Bush enacted to combat the recession in 2001 (see chart above). On the back of these developments, analysts with Russell Investments have raised their 2018 forecasts for real GDP growth (to 2.6%) and S&P 500 earnings growth (to 12-15%).

[9] IRR. "Viewpoint 2018 Commercial Real Estate Trends Report." December 2017. 3 April 2018. <https://www.irr.com/research#!open-research-card=8651&offset=0&limit=24&>

Economic Status – (Cont.)

However, two factors prevent analysts from turning more optimistic about the cyclical outlook for U.S. equities:

- Industry consensus expectations for the U.S. economy and corporate earnings have soared in recent months. This increases the hurdle for future data to satisfy markets and suggests a more subdued return environment ahead.

- Injecting more growth this late in the expansion comes at a price – namely, faster inflation and a faster pace of Fed tightening. In his first testimony as Fed Chair on Feb. 27, Jerome Powell sounded more confident about both the growth and inflation outlook and hinted that the Federal Reserve may now be on track to raise rates four times this year. Against the backdrop of what is already a full employment economy, it will be the Fed's job to take away this stimulus to prevent the risk of overheating. Longer-term Treasury yields have moved up in sympathy with these concerns to their highest level since early 2014. At 2.8%, 10-year U.S. Treasury yields are now in-line with our estimate of fair value. [10]

Dr. Daniel Bachman and Rumki Majumdar published in a Deloitte Insights Article, "The new tax bill will probably boost GDP growth, as intended—but that boost could make the US economy more fragile, suggesting that recession is more likely than before.

First Quarter 2018's forecast may remind users of that old line about there being good news and bad news. In this case, the good news is the fiscal stimulus from the Tax Cuts and Jobs Act and the Bipartisan Budget Act of 2018, since more money in the pockets of households and businesses leads to more spending. That means faster GDP growth over the next two years.

But a large fiscal stimulus might increase the economy's fragility. Recessions are born out of economic and financial imbalances that get out of hand. That might, in the end, be the outcome of the large increase in government borrowing over the next few years.

This quarter's baseline forecast does indeed show faster GDP growth in the next two years. But analysts have also raised the likelihood of recession, which reflects growing financial imbalances—not only in the United States, by the way. It also reflects the difficulty that the Fed could face in making monetary policy and a rather larger chance than observed last year that the Fed might misjudge the state of the economy.

Extra demand will likely lead to more production and revenues—indeed, the official congressional scorekeepers estimate the additional demand to be almost 1 percent of GDP. That's enough to raise GDP growth (in 2018) to over 3.0 percent.

Granted, this probably overstates the impact, for several reasons. First, the economy is probably near full employment. That means that some of the impact will be felt in higher inflation rather than more real activity.

Second, interest rates are likely to rise faster than previously expected as demand heats up. That will moderate demand for debt-financed goods and services such as houses and cars. [11]

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[10] Russell Investments. "United States: Tug of War & Trade War." March 2018. 3 April 2018. <https://russellinvestments.com/us/insights/global-market-outlook/us-outlook?gclid=Cj0KCQjwqYfWBRDPARIsABjQRYx_Tr8_c2mz8s1HH6OfpmRRKqunqZxysCDjbah713zs1spfvV9nWTEaAgqwEALw_wcB>

[11] Bachman, Dr. Daniel, Rumki Majumdar. "Deloitte Insights: United States Economic Forecast, 1st Quarter 2018." 13 March 2018. 1 April 2018. <https://www2.deloitte.com/insights/us/en/economy/us-economic-forecast/2018-q1.html>

Economic Status – (Cont.)

Finally, capital costs have been very low for a long time. Despite this, investment growth has been modest, suggesting that capital costs are not a factor in holding back investment. The business tax cuts may help keep the cost of capital low, but the impact on investment may be lower than pre-Great Recession research might have suggested.

For these reasons, the baseline Deloitte forecast shows a jump of only about half a percent in GDP in 2018 (compared to the previous baseline). That's still pretty substantial. Businesses are unlikely to complain about short-run revenue growth in the next year, and the additional workers likely to be hired won't complain about getting jobs or (with any luck) pay raises.

Even the rosiest scenarios suggest that the US fiscal deficit will rise quite a bit over the next couple of years. Over the past decade—since the financial crisis—the US government has been able to sell securities easily and cheaply because the supply of other safe assets was small. As the global recovery picks up, other assets will become more attractive, and demand for US Treasuries is likely to fall. The combination of growing supply and falling demand creates a risk—a risk that the market could move quickly in the wrong direction.

The large stimulus also creates a challenge for the Fed. If signs of inflation begin to appear, the pressure will be on for more aggressive monetary policy. The impact of higher interest rates, however, will be felt only after some time. And by 2020, the spending from the budget agreement will likely be falling, creating a drag on the economy. The Fed may have to make a difficult choice between risking higher inflation and risking seeing interest rates slow the economy just as the stimulus comes off. Wrong choices have created recessions before, and this type of dilemma might just lead to such a result.

Given this, analysts at Deloitte have increased their subjective probability that a recession will occur in the next few years to 15 percent. One possible scenario that could occur is a financial crisis in 2018 that overwhelms the government stimulus feeding into the economy. But a Fed mistake could also create a recession, particularly if interest rates are rising while this year's fiscal stimulus is reversed in 2020. [12]

Ultimately, while economists expect that the market will remain with a strong performance in 2018, the effects of the stimulus increases the likelihood of inflation and a recession in coming years.

[12] Bachman, Dr. Daniel, Rumki Majumdar. "Deloitte Insights: United States Economic Forecast, 1st Quarter 2018." 13 March 2018. 1 April 2018. <https://www2.deloitte.com/insights/us/en/economy/us-economic-forecast/2018-q1.html>

NATIONAL RETAIL MARKET DATA

National Retail Market

The National Retail Federation released its 2018 economic forecast, projecting that retail industry sales will grow between 3.8 and 4.4 percent over 2017. Online and other non-store sales, which are included in the overall number, are expected to increase between 10 and 12 percent. The numbers exclude automobiles, gasoline stations and restaurants.

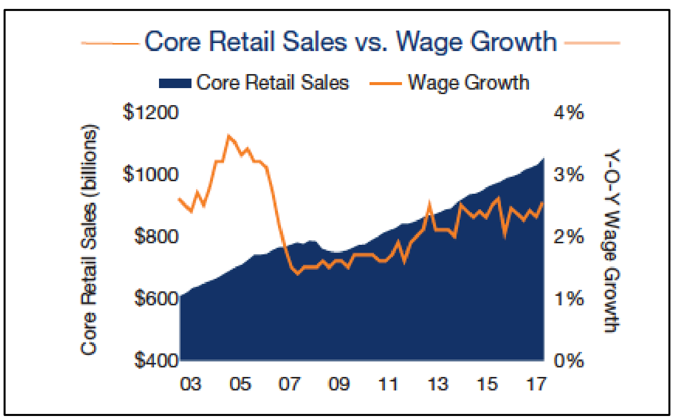
Retail sales grew 3.9 percent in 2017 over 2016 to $3.53 trillion, according to the U.S. Census bureau's preliminary estimate for the year. The number is subject to revision but exceeded NRF's forecast for growth between 3.2 and 3.8 percent.

"A robust holiday season for retail sales is just one of many barometers that point to a consumer that is clearly feeling positive about their financial health," NRF President and CEO Matthew Shay said.

"Despite headlines to the contrary, the retail industry is strong, growing and meeting consumer demand with the products they want at the prices they expect and the shopping experience they want to have, online or in store. With consumer confidence high, unemployment low and wages growing, there is every reason to believe that retail sales will be robust throughout the year."

"The underpinnings of the economy are very good and consumer spending is at the center of our outlook," NRF Chief Economist Jack Kleinhenz said. "The push and pull of forces both external and internal to the U.S. economy will continue to provide challenges, but on balance we expect a good year. And as the retail industry continues to transform, retailers will leverage the new tax plan to invest in their employees, stores and new formats that engage with the ever-evolving and demanding consumer." [13]

In the "2018 National Retail Investment Forecast" by Marcus and Millichap, it was discussed that, "A steady pace of hiring and prospects of rising wages will drive expectations for lower retail property vacancy and rising rents this year. The economy has had the longest continuous period of job creation on record, adding jobs every month for more than seven consecutive years and keeping unemployment near 4 percent.
The tight labor market is making it increasingly difficult for employers to fill positions, which will likely place additional upward pressure on wages in 2018. Competitive compensation packages will be necessary to secure quality talent and the construction, professional services and hospitality sectors have been leading gains. Increased wages should boost consumer spending, driving up retail sales and benefiting property performance. [14]



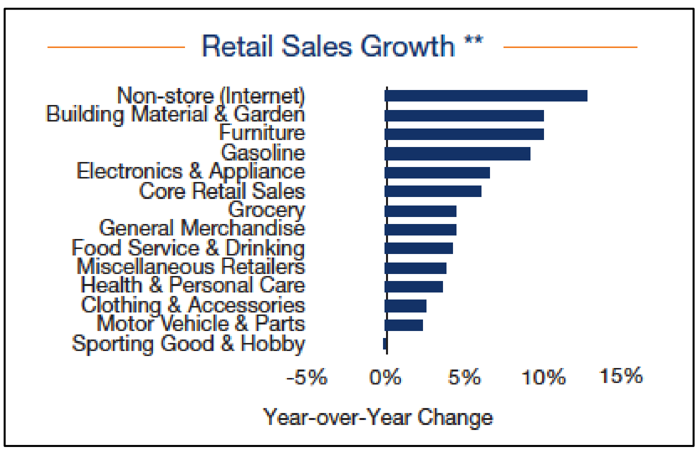
[13] Smith, Ana Serafin "NRF Forecasts Retail Sales Will Increase Between 3.8 and 4.4 Percent in 2018". National Retail Federation. 8 Feb 2018. 11 Apr 2018. <https://nrf.com/media/press-releases/nrf-forecasts-retail-sales-will-increase-between-38-and-44-percent-2018>.

[14] "2018 Retail North American Investment Forecast". Marcus & Millichap. Dec 2017. 26 Mar 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/2018_retail_inv_forecast.pdf>.

National Retail Market – (Cont.)

Additionally, the new tax laws could play a significant role in shaping both the economy and retail demand in 2018. A reduction in the corporate tax rate will be a windfall for corporations, encouraging several retailers to increase investment in wages, hiring and infrastructure. CEO confidence has risen by more than 6 percent in the last year, stimulating economic growth. Enhanced optimism, higher wages and strengthening recruiting efforts will support additional retail spending moving forward. Lower personal taxes may also provide consumers with additional disposable income. While actual tax savings will vary depending on a range of variables, the consensus is that most people will receive additional take-home pay, increasing discretionary income and boosting consumption.

The closure of several big-box retailers and changing consumer shopping habits has reshaped the retail environment. Several owners of neighborhood and community centers are breaking larger spaces vacated by closed retailers into smaller formats and attracting non-traditional users to occupy the repurposed spaces. Service- and entertainment-oriented tenants are increasing traffic to these areas, making the centers more than just a shopping destination. Trampoline parks and unique restaurant concepts draw in the experience-driven consumer while healthcare providers, fitness centers and grocery stores make the shopping center a one-stop-shop for necessities. The evolving landscape of multi-tenant assets has supported vacancy improvement in this property type through several tailwinds for eight consecutive years. Owners will continue to realign strategies moving forward to attract these unique retailers that draw consumers.



Customers are changing the way they shop and turning to more experience-oriented establishments. Retailers are evolving with many enhancing online offerings and expanding through smaller format stores. Many nationally branded restaurants are utilizing unique concepts to compete with local dining establishments as consumers continue to spend more on dining than ever. Many of these concepts will fill space in strip centers, benefiting multi-tenant vacancy and increasing foot traffic. [15]

Despite the convenience factor brick-and-mortar stores offer, the digitally driven landscape prompts many retailers to transform business models to combine benefits of both in-store and non-store retail. The showroom atmosphere, which integrates technology into the traditional shopping experience, provides customers the option to test the merchandise and have it delivered directly to their home. Many brick-and-mortar retailers have shifted to this reduced inventory strategy in an effort to adapt and improve sales. Best Buy has effectively adopted this strategy and exhibited an exemplary performance in combating the progressively widespread practice of purchasing goods on the Internet. In the coming months, more retailers are anticipated to couple these advantages, as well as create omni-channel business models to seamlessly connect sales platforms. [16]

[15] "2018 Retail North American Investment Forecast". Marcus & Millichap. Dec 2017. 26 Mar 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/2018_retail_inv_forecast.pdf>.

[16] "Net-Leased Retail Research, First Half 2018". Marcus & Millichap. Mar 2018. 11 Apr 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/1h18%20national%20net-leased%20retail.pdf>.

National Retail Market – (Cont.)

The rapidly evolving retail landscape bypassed Toys R Us, resulting in a bankruptcy protection filing and ultimately the announced closures of roughly 800 locations. Well-established brands shuttering stores have become a common theme in recent years as companies who fail to adapt to the new retail reality operate with outdated strategies. The company's weakened balance sheet hampered efforts to make investments to modernize its business model and compete with Amazon, Walmart and Target. Due to the firm's limited online capabilities and inability to transform into an experiential retailer, consumers soon found quicker and cheaper ways to purchase toys that bypassed this traditional toy powerhouse. Strong Internet competition led to Toys R Us' diminishing market share and the competitive gap slowly widened until it was beyond the company's ability to bridge. [17]

Credit standards have held steady and the trend should continue into 2018 as lenders search for deals. Many originators are becoming increasingly selective about big-box retail deals, as several national retailers have announced closures. Strip centers with grocery-anchored or service-oriented tenants may be favored opportunities moving forward. Construction lending will remain conservative and below-average completions will likely benefit vacancy as the retail landscape evolves. [18]

While the overall market appears to be performing positively, other analysts predict a somewhat rocky year for the retail sector.

Ciara Linnane of MarketWatch states, "The stress in the retail sector that has triggered a string of bankruptcies this year [2017] is unlikely to get much better in 2018.

The sector is expected to again produce the most defaults at up to $7 billion, resulting in a 10% default rate, Fitch Ratings said Thursday.

The September trailing 12-month retail default rate stood at 7.3% after Toys 'R' Us Inc.'s bankruptcy filing, up from just above 5% in July and August. The retail sector accounts for 30% of the defaults that have taken place in 2017 to date, with six issuers defaulting on debt totaling $5 billion.

The retail sector has been hit by a combination of factors, including competition from Amazon.com Inc. AMZN, +2.14% , and a greater shift toward online shopping that has forced many to invest in technology at a time when sales are soft.

Consumer behavior has changed as the millennial generation comes of age, and retailers are now competing for dollars with smartphones, apps and electronics, as well as experiences such as travel and entertainment. Mall traffic has dwindled in many places, pressuring the anchor tenants that relied on them for sales. [19]

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[17] "Special Report: Toys R Us Liquidation". Marcus & Millichap. January 2018. 11 Apr 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/special%20reports/2018/1h18%20toys%20r%20us%20liquidation.pdf>.

[18] "2018 Retail North American Investment Forecast". Marcus & Millichap. Dec 2017. 26 Mar 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/2018_retail_inv_forecast.pdf>.

[19] Linnane, Ciara. "Retailers Should Get Ready for Another Stressful Year in 2018". 22 Oct 2017. 10 Apr 2018. <https://www.marketwatch.com/story/retailers-should-get-ready-for-another-stressful-year-in-2018-2017-10-19>.

National Retail Market – (Cont.)

The overall institutional leveraged loan default rate is expected to end 2018 at 2.5%, said Fitch, equal to about $27 billion of debt.

"Default volume will continue to be concentrated in retail and a couple of energy companies in 2018," analysts led by Eric Rosenthal wrote in a note. "Excluding these two sectors, the 2018 default rate forecast is 1.5%." [20]

Local Retail Market

The Chicago retail market absorption remains positive in neighborhood centers in line with national trends. In Chicago, multiple locations vacated by Dominick's have been backfilled with new leases by Mariano's, Jewel-Osco and Whole Foods. Nearly 30% of retail activity in the beginning of the 4th Quarter included properties part of a portfolio sale/multi-property sale. This included the sale leaseback of 13 Jewel-Osco grocer locations. These locations were part of the 71 locations nationwide under the CF Alberts LLC banner in a bid to raise over $720M as filed with the SEC in late September. In November, six Walgreens locations have sold and/or are pending sale.

Occupancy rates overall in the retail sector have held steady hovering around 93%. Power centers have struggled and dragged down occupancy rates. Market sales history through 2017 indicates median sales of $168.46/psf and overall cap rate of 5.8% at the end of the 3rd Qtr. The Northwest Chicago submarket has had the greatest volume of sales transactions with a cap rate on average 40 basis points higher than the overall market at 7.3%. Sales volume in 2017 based on transactions and sales have been slow comparative to six years prior. CAP rates remain at historical lows, driven largely by the single-tenant net lease sector. Price per SF on this lower sales volume however has continued on an upward trajectory surpassing the post-recession sales prices. [21]

In the Marcus & Millichap 2018 National Retail Investment Forecast, the following indicators were noted for the Chicago market area:

- NRI Rank; 32, down five-places: Chicago tumbled five-spots in this years NRI as vacancy remains above the U.S. average

- Employment; up 9%: Roughly 40,000 workers are added to payrolls in 2018, up from a gain of 26,100 jobs last year, led by growth in the construction sector.

- Construction; 1.7-million sq. ft.: Following the delivery of 2.1 million square feet last year, the pace of construction eases to 1.7 million square feet in 2018. The vast majority of the new inventory will be in the suburbs.

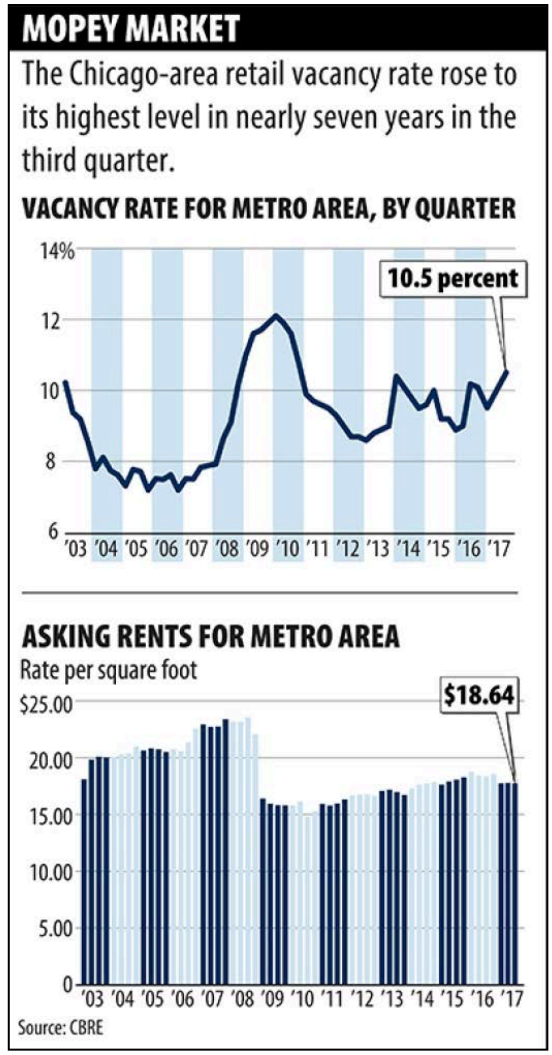
- Vacancy; down 60-bps: A slower construction pipeline contributes to vacancy declining 60 basis points in 2018 to 6.4 percent on net absorption of 4.4 million square feet. A vacancy reduction of 50 points was posted last year. [22]

[20] Linnane, Ciara. "Retailers Should Get Ready for Another Stressful Year in 2018". 22 Oct 2017. 10 Apr 2018. <https://www.marketwatch.com/story/retailers-should-get-ready-for-another-stressful-year-in-2018-2017-10-19>.
[21] Quantum Real Estate Advisors, Inc. "2017 Chicago Retail Market Overview". 10 Jan 2018. 11 Apr 2018. <http://www.qreadvisors.com/reports/2017-chicago-retail-market-overview/>.
[22] "2018 Retail North American Investment Forecast". Marcus & Millichap. Dec 2017. 26 Mar 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/2018_retail_inv_forecast.pdf>.

- Rent; up 1.2%: During 2018, the average asking rent increases 1.2 percent to $17.37 per square foot. Rents posted a slight increase last year.

- Investment: Favorable demographic trends and lower taxes keep investors active in the collar counties. New deliveries in Lake County draw investors north. [23]

In a Crain's Business article by Alby Gallun regarding the third quarter 2017 market performance, it was reported, "The Chicago-area retail vacancy rate rose to 10.5 percent, up from 10 percent in the second quarter and 10.2 percent a year earlier, according to CBRE. The rate is now at its highest level since late 2010, not long after the crash.



Retail is arguably the weakest real estate sector right now and pessimism prevails, as many big chains close stores and more consumers bypass brick-and-mortar shops to buy online. The latest big victim in the retail shakeout: Toys 'R' Us, which filed for Chapter 11 bankruptcy protection last month. Some local landlords could suffer if the toy chain closes a bunch of stores, as expected.

Landlords in dense city neighborhoods or suburbs generally are faring better than those in far-flung, less populated suburbs. Chicago's North Side had the lowest vacancy rate in the quarter, 4.2 percent, while the far west suburbs had the highest, 15.0 percent, according to CBRE.

The average local asking rent was $18.64 per square foot in the quarter, down from $18.69 in the second quarter but up from $18.36 a year earlier, according to CBRE. Asking rents represent what landlords seek from tenants, not actual negotiated leases, which may also include upfront landlord payments to cover store build-out costs.

"Most experts agree that American retail is changing at the fastest pace since the introduction of regional malls in the 1950s and the widespread proliferation of discount big-box retail in the 1980s," wrote the authors of "Emerging Trends in Real Estate 2018," a report by the Urban Land Institute and PwC.

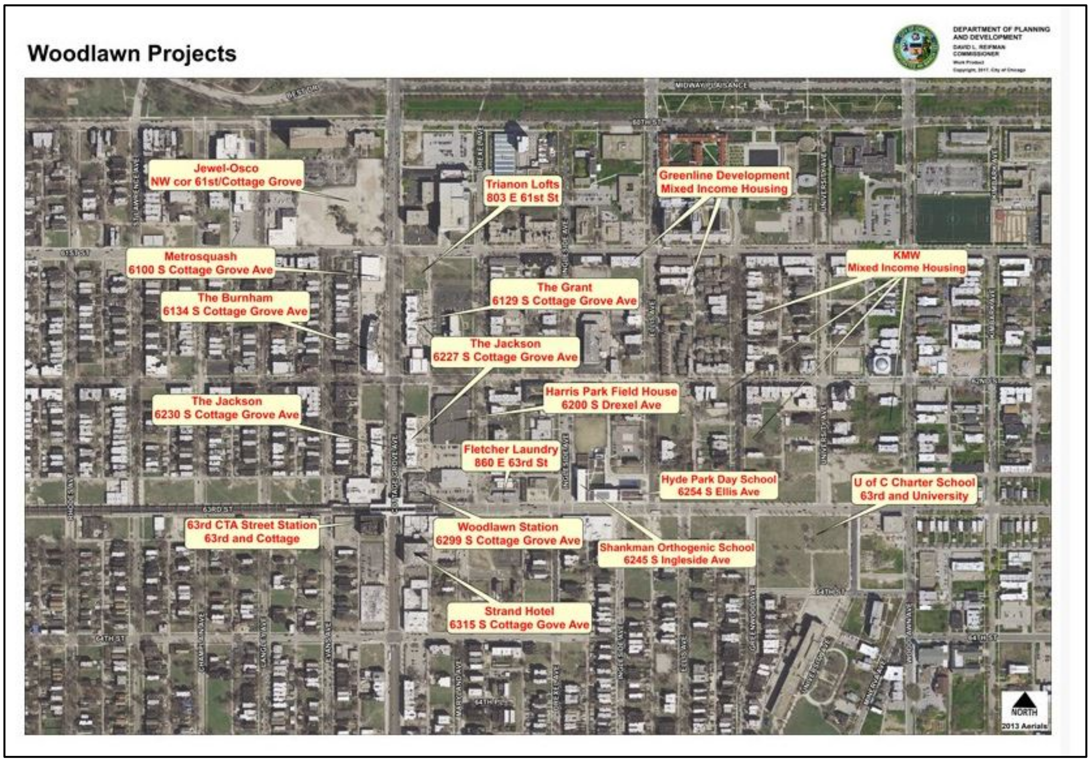
"While U.S. retail sales continue at a long-term annual growth rate of 4 to 4.5 percent, retail and retail real estate are at an inflection point as major department stores and smaller mispriced apparel brands fail, foot traffic at most retail centers declines and new retail brands arrive on the scene at a slower and slower pace," the report said. [24]

LOCAL HOUSING MARKET TRENDS

[23] "2018 Retail North American Investment Forecast". Marcus & Millichap. Dec 2017. 26 Mar 2018. <https://www.marcusmillichap.com/-/media/files/research/research%20reports/national%20reports/2018/2018_retail_inv_forecast.pdf>.

[24] Gallun, Alby. "Retail Vacancy Rate Nears 7-Year High." 30 October 2017. 17 February 2018. < http://www.chicagobusiness.com/realestate/20171030/CRED/171039994/retail-vacancy-rate-nears-7-year-high>

Preservation of Affordable Housing-Chicago (POAH) states that Woodlawn which is near Lake Michigan's shore and the site of the future Obama Presidential Library, is a neighborhood on the rise – where new and renovated mixed-income and market-rate housing, schools, restaurants and retail stores are filling its historic boulevards and strengthening the vibrant community. Here POAH has created Woodlawn Park – a mixed-income, mixed-use community along the Cottage Grove Corridor that includes family and senior housing plus the future Trianon Lofts and Woodlawn Station and nearly 50 new single-family homes by other developers.

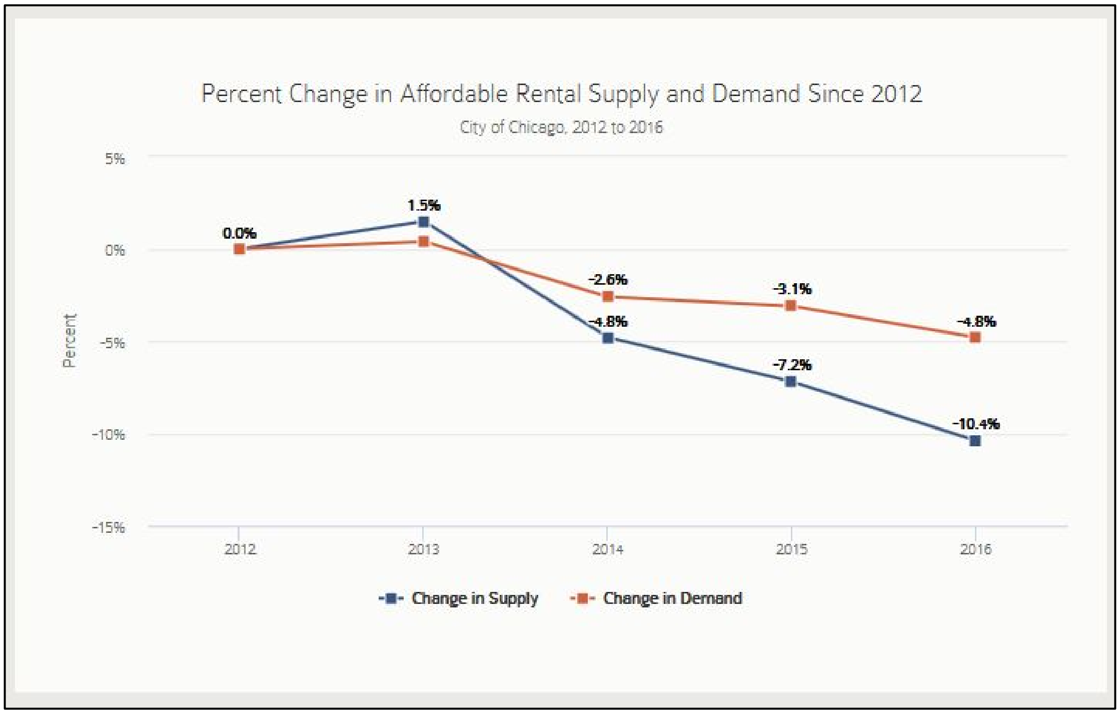


The above image from the Chicago's Department of Planning and Development shows various projects that are currently in progress within the Woodlawn Community. In addition to housing expansion, Woodlawn is showing growth in the retail commercial markets with the 2019 opening of Jewel-Osco.

The Institute for housing studies at DePaul University states The City Continues to Lose Affordable Units While developers in the city has been building new apartments; most of them cater to higher-income renters, whose ranks are growing. In Cook County, the number of higher income renters (earning more than 120 percent of area median income) rose nearly three percent between 2015 and 2016, the largest increase among any income group.

Meanwhile, in neighborhoods across the city, Chicago is losing too many lower-priced apartments to rising rents, conversions of small apartments to single-family homes, and neglect. Since 2012, the county lost more than 15,000 two- and four-flats, a very common source of affordable rental housing. In some neighborhoods, these two- and four-flats are turning over as rents rise with growing demand or as neighborhoods gentrify and new owners turn a rental into a single family home. In other neighborhoods where disinvestment is more of a worry than gentrification, homes are being lost to neglect.

The result of these forces is a growing affordability gap in the city—the difference between the number of affordable units available versus the number of renters in need. Since 2012, the number of affordable rental units in Chicago has declined by more than 10 percent while demand for affordable rental units has declined by less than 5 percent over the same period.

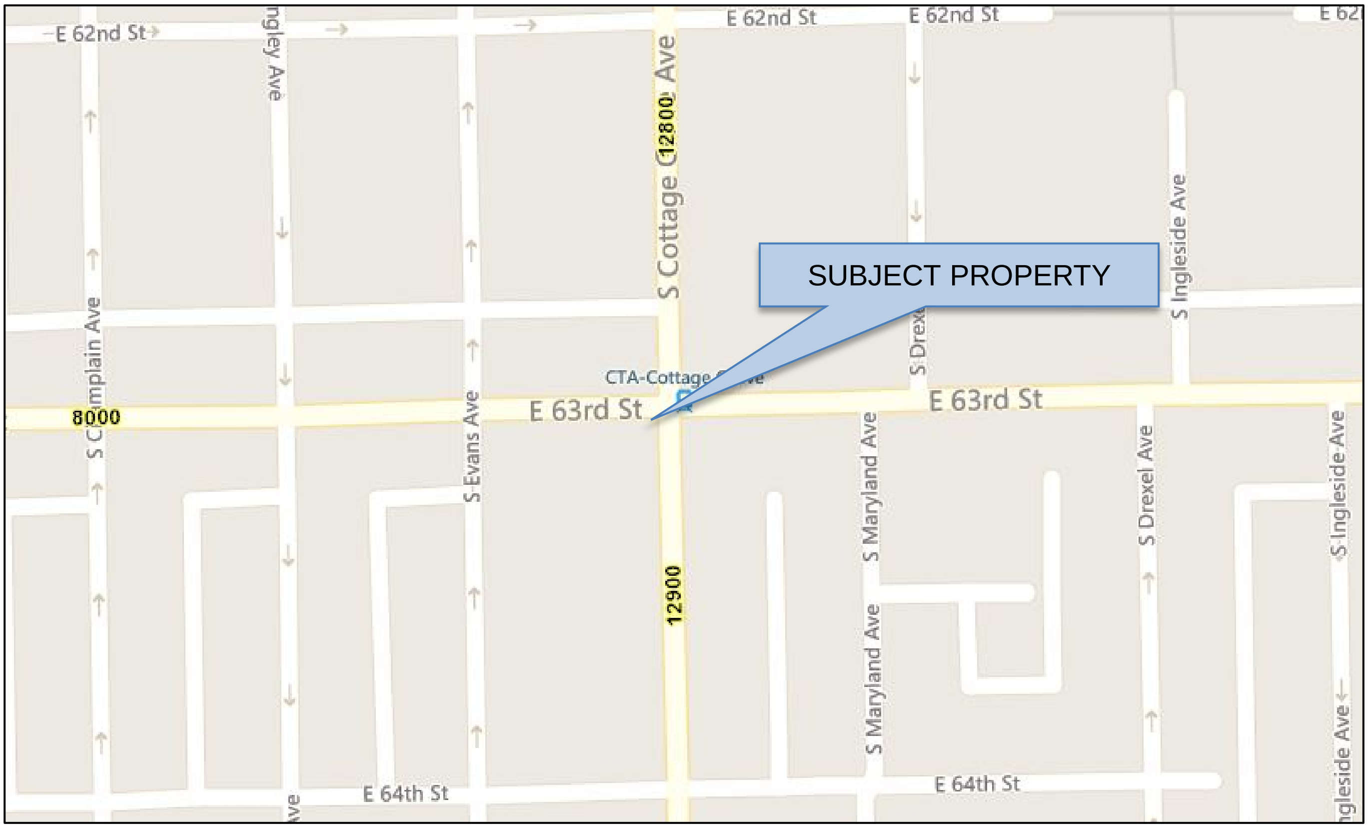


SECTION VI. DESCRIPTION OF THE SUBJECT

DESCRIPTION OF THE SITE

Location:	The subject's common address is 6300 S. Cottage Grove Ave., Chicago, Illinois 60637. This is located at the southwest corner of 63rd and Cottage Grove Ave. This is an average commercial location along a major thoroughfare. The surrounding improvements are a mix of commercial and residential buildings. The subject site is approximately ten-miles east of Downtown area area of Chicago known as the "Loop."
Size and Shape:	The subject sits on a regular shaped site that measures 12,500-square feet or 0.2870-acres. We were not provided with a complete plat of survey. The legal description was obtained from public record.
Frontage:	There is 100± feet of frontage along the west side of South Cottage Grove Ave. and 122.25± feet of frontage along the south side of East 63rd Street.
Parking:	The subject has no parking spaces available. Paid street parking available.
Excess / Surplus Land:	None.
Physical Characteristics:	Surrounding improvements all typically have level topography and are set back from the main thoroughfare.
On-Site Water Retention:	Water retention is available and adequate for the subject.
Land-to-Building Ratio:	The subject's land to building ratio is 0.26:1, based on the gross building area (GBA) building area. It sits on an adequately sized parcel of land. Within the Sales Comparison Approach, the land-to-building ratios range from 0.68:1 to 2.33:1 and the subject is slightly below this range.
Soil Conditions:	No soil or subsoil tests have been furnished to us; however, the current structure has existed on the site for a number of years with no visible signs of settlement. Therefore, for this report and in the absence of any documentation to the contrary, we assume that the site has adequate load bearing capacity at the present time.
Access and Visibility:	Pedestrain access is along 63rd Street and Cottage Grove Ave.

Traffic Count: 12,900 cars along Cottage Grove and 8,000 cars along east 63rd Street.



Signage: The subject has an embedded name carved within the buildings Limestone facade and a single retail sign along street level access on Cottage Grove Avenue. The condition is below average.

Easements: We assume the standard utility easements and these do not affect the building.

Utilities: Because of the subject's current condition, the utilities have likely been capped off.

Site Improvements: The subject site is improved with a four-story, 49,000-square foot, masonry, concrete and limestone-constructed, Office/Retail building. The building is currently vacant. The remainder of the site is improved with 500-square feet of concrete. These sizes are rounded up to the nearest hundred, based on the appraiser's personal observation of the site on a percentage basis and are assumed to be reasonably accurate.

Conformity: The subject is similar to many other parcels in the locality and so are its site improvements. The market density is high and the subject improvements are attracting undue attention. Due to vacancy and lack of deferred maintenance it appears to be non-conforming to the surrounding developments.

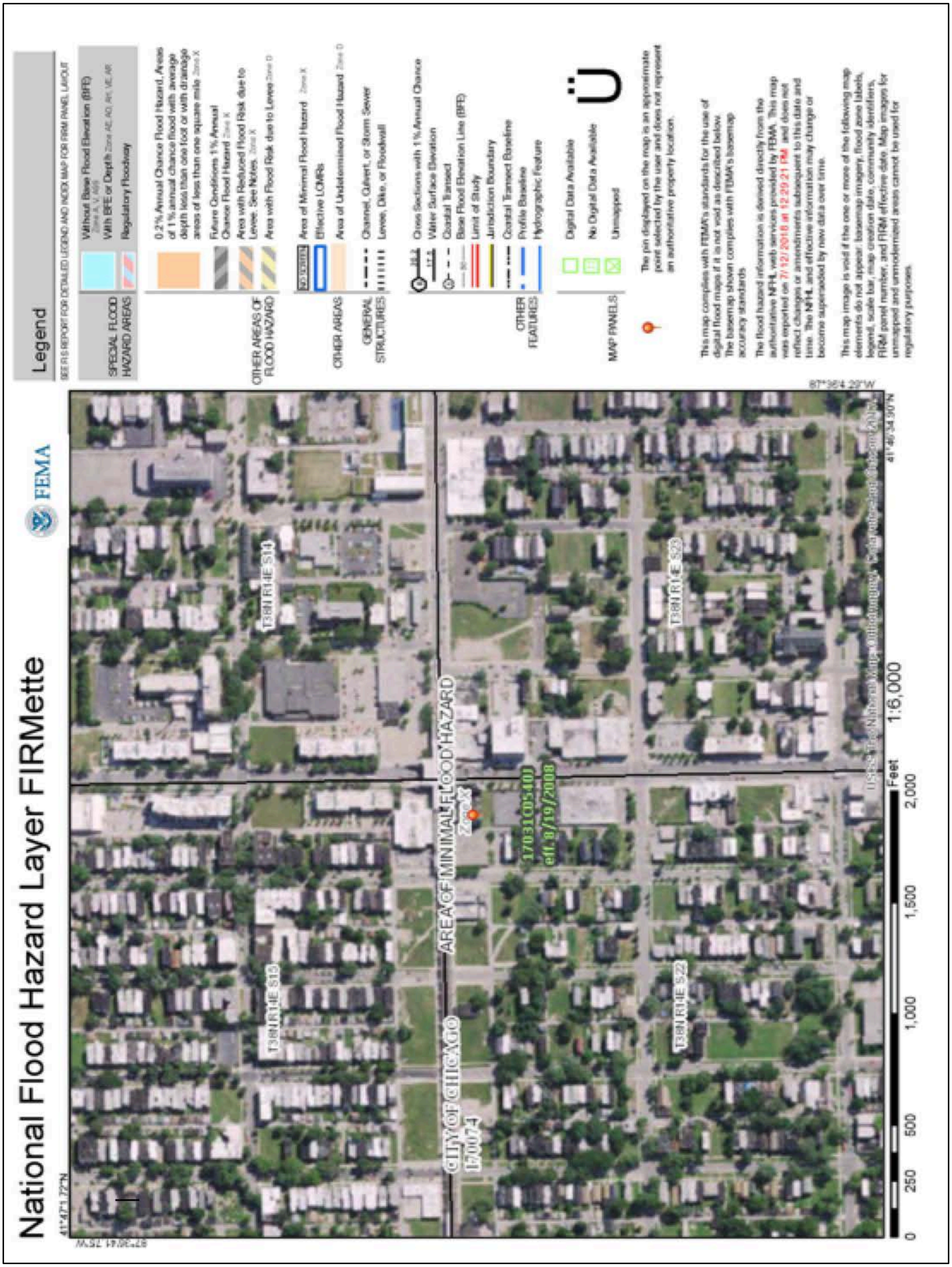
Toxic Hazard: During our walk-through of the premises, mold was present. If more information is needed regarding this item, it is our recommendation that a Phase One environmental study be undertaken.

Flood Zone: The subject is located in Flood Zone X, indicating an area not inundated by flooding according to the Federal Flood Map community panel number 17031C0540J; effective date August 19, 2008 published by FEMA.

Conclusion:

The site has physical and functional characteristics to meet the needs of this type of building. It has average frontage, and a visibility. The density is high in the area and we feel the site is, overall, suitable for the existing development.

FLOOD MAP


National Flood Hazard Layer FIRMette
FEMA
Legend
SPECIAL FLOOD HAZARD AREAS
OTHER AREAS OF FLOOD HAZARD
OTHER AREAS
GENERAL STRUCTURES
OTHER FEATURES
MAP PANELS
AREA OF MINIMAL FLOOD HAZARD
Zone X
CITY OF CHICAGO
170074
17031C0540J
eff. 8/19/2008
T38N R14E S14
T38N R14E S15
T38N R14E S22
T38N R14E S23
1:6,000
Feet
0
250
500
1,000
1,500
2,000

EXPLANATION OF FLOOD ZONES

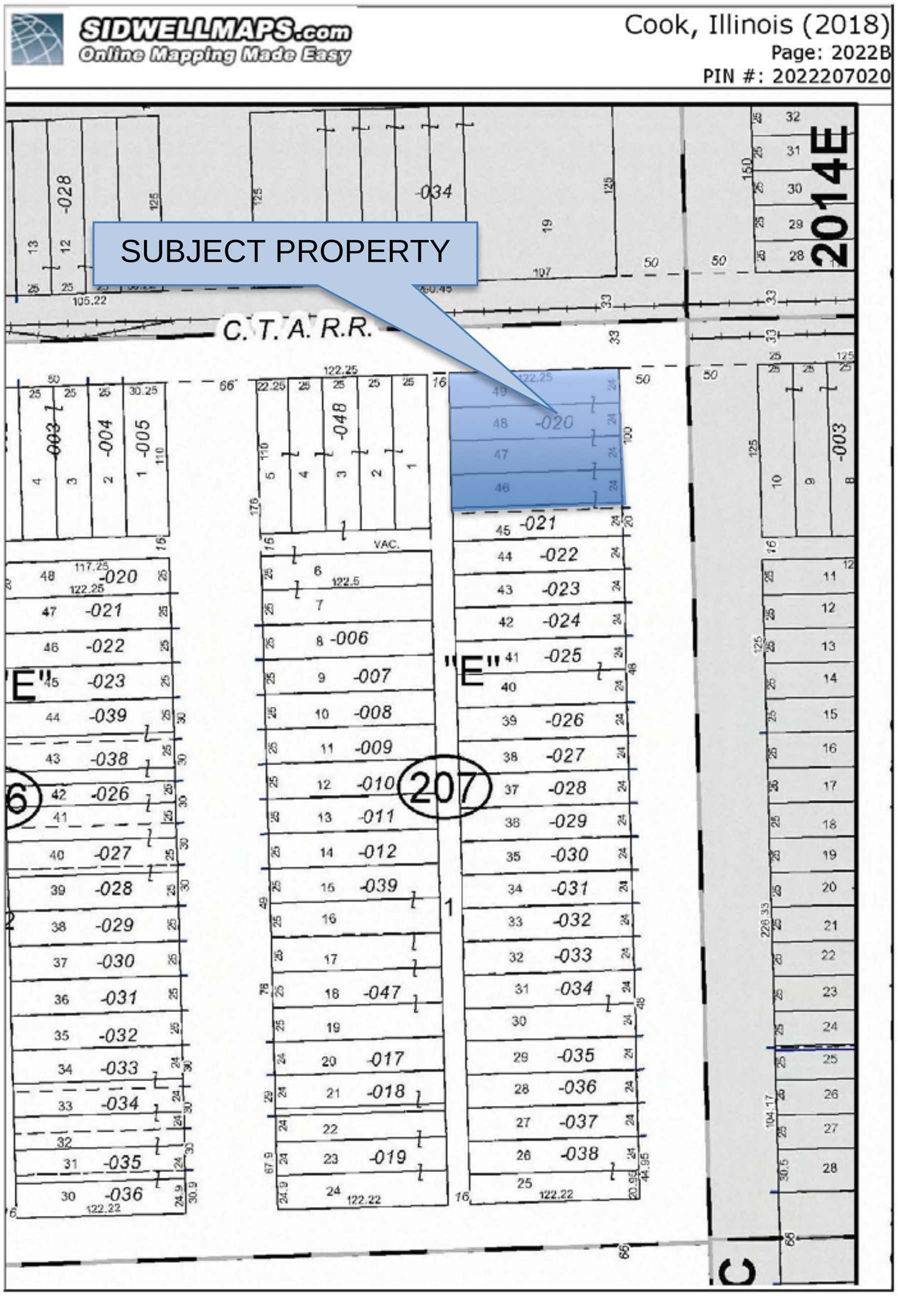
C, X	Areas determined to be outside 500-year floodplain, determined to be outside the 1% and 0% annual chance floodplains.
B, X500	Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 100-year flood. An area inundated by 0.2% annual chance flooding.
A	Area inundated by 1% annual chance flooding, for which no BFE's have been determined.
AE	An area inundated by 1% annual chance flooding, for which BFE's have been determined.
AH	An area inundated by 1% annual chance flooding (usually an area of ponding), for which BFE's have been determined; flood depth range from 1 to 3 feet.
AO	An area inundated by 1%annual chance flooding (usually sheet flow on sloping terrain), for which average depths have been determined; flood depths range from 1 to 3 feet.
AR	An area inundated by flooding, for which BFE's or average depths have been determined. This is an area that was previously, and will again, be protected from the 1% annual chance flood by a Federal flood protection system whose restoration in Federally funded and underway.
A1-A30	An area inundated by 1% annual chance flooding, for which BFE's have been determined.
Area Not Included ANI, N	An area that is located within a community or county that is not mapped on any published FIRM
D	Areas of undetermined, but possible, flood hazards.
Indescribed	Area of undesignated flood hazard. A body of open water, such as a pond, lake, ocean, etc. located within a community's jurisdictional limit that has no defined flood hazard.

EXPLANATION OF FLOOD ZONES – (Cont.)

VE	An area inundated by 1% annual chance flooding with velocity hazard (wave action), BFE's have been determined.
V1-V30	Coastal flood with velocity hazard (wave action); BFE's have not been determined.
FWIC	An area where the floodway is contained within the channel banks and the channel is too narrow to show to scale. An arbitrary channel width of 3 meters is shown. BFE's are not shown in this area, although they may be reflected on the corresponding profile.
1001C	An area where the 1% annual chance flooding is contained within the channel banks and the channel is too narrow to show to scale. An arbitrary channel width of 3 meters is shown. BFE's are not shown in this area, although they may be reflected on the corresponding profile.
5001C	An area where the 0% annual chance flooding is contained within the channel banks and the channel is too narrow to show to scale. An arbitrary channel width of 3 meters is shown

SIDWELL MAP

Print Page - Sidwellmaps.com http://www.sidwellmaps.com/php/application/divPrintFrame.php?versio...



1 of 1 7/12/2018, 12:01 PM

ZONING

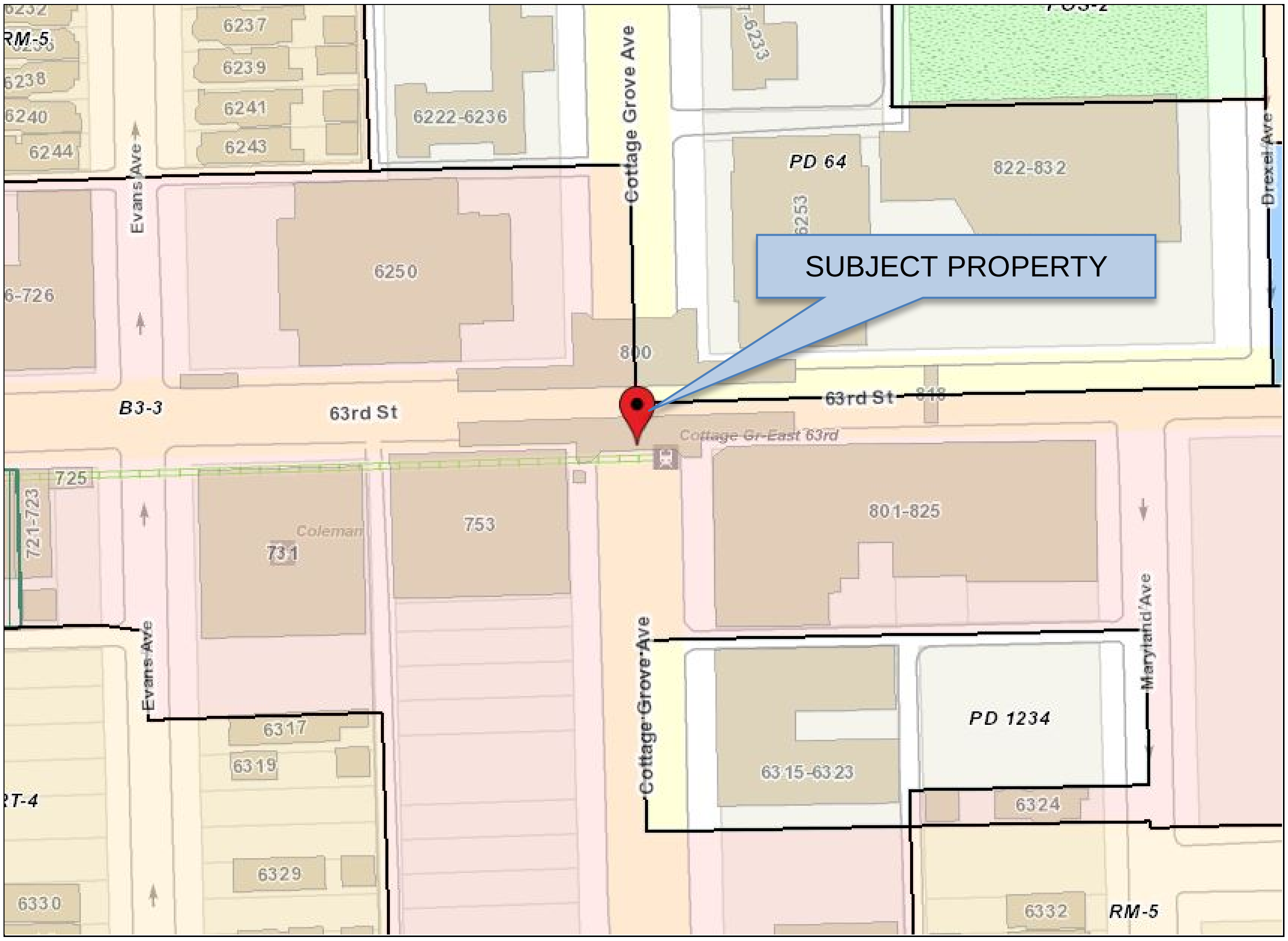
The subject property is located in the B3-3; Community Shopping Center, Community Shopping District. The subject improvements are legal and conforming.

Purpose: The primary purpose of the B3, Community Shopping district is to accommodate a very broad range of retail and service uses, often in the physical form of shopping centers or larger buildings than found in the B1 and B2 districts. In addition to accommodating development with a different physical form than found in B1 and B2 districts, the B3 district is also intended to accommodate some types of uses that are not allowed in B1 and B2 districts.

Permitted Uses:
1. Administrative Offices.
2. Business Offices, in which goods, wares or merchandise are not sold on the premises.
3. Bookkeeping Services.
4. Assisted Living (Elderly Custodial Care).
5. Colleges and Universities.

Minimum Lot Width and Frontage:	200-feet on a public street.
Setback Requirements:	Measured from the boundary of the tract or from public street right-of-way.
Front -	None, unless property borders an R-zoned lot. Then the front setback must be at least 50% of the R lot's front setback.
Interior Side Street -	50-feet.
Side -	None, unless property borders an R-zoned lot. Then the R lot's front setback applies. *Rear* - 50-feet.
Maximum Building Coverage:	35% of tract.
Maximum Floor Area Ratio:	0.5.
Maximum Building Height:	Not to exceed 45-feet.
Minimum Tract Area:	5-acres.
Required Loading:	1 per 100,000 sq. ft. or portion thereof.
Off-Street Parking:	1 space per unit. per 1,000-square feet.

ZONING MAP



SUBJECT PROPERTY
RM-5
6237
6239
6238
6240
6241
6243
6244
6222-6236
Cottage Grove Ave
Evans Ave
PD 64
822-832
Drexel Ave
6250
6-726
800
B3-3
63rd St
63rd St
Cottage Gr-East 63rd
725
721-723
Coleman
731
753
801-825
Maryland Ave
Cottage Grove Ave
Evans Ave
6317
6319
PD 1234
6315-6323
6324
RT-4
6329
6330
6332
RM-5

ASSESSMENT AND TAXES

Assessed to:	County Of Cook Dbac 69 W. Washington St. Chicago, Illnois 60613.
Property Index Numbers:	20-22-207-020-0000 & 20-14-314-047-8004.
Property Address:	6300 S. Cottage Grove Ave. Chicago, Illinois 60637.
Township:	Hyde Park.
Class:	591 & 597;Commercial Bldg over three stories & Special commerical structure.
Land Size:	12,500-square feet.
Building Size:	49,000-square feet.
Level of Assessment:	25%.
Tax Period:	2018 payable 2019.
Tax Status:	As of the effective date of this appraisal, all taxes were in arrears. The following image(s), taken from the Cook County Treasurer's online database reflect the payment status of the subject property. The current tax bills are displayed below.

20-22-207-020-0000

Tax Year 2017 (billed in 2018) Total Amount Billed: $98,233.20

1st INSTALLMENT		2nd INSTALLMENT	
Original Billed Amount:	$50,268.30	**Original Billed Amount:**	$47,964.90
Due Date:	03/01/2018	**Due Date:**	08/01/2018
Tax:	$50,268.30	**Tax:**	$47,964.90
Interest:	$3,770.10	**Interest:**	$0.00
Last Payment Received:	$0.00	**Last Payment Received:**	$0.00
Date Received:		**Date Received:**	
Current Amount Due:	**$54,038.40**	**Current Amount Due:**	**$47,964.90**

Total Amount Due: **$102,003.30**

20-14-314-047-8004

Tax Year 2017 (billed in 2018) Total Amount Billed: $1,073.12

1st INSTALLMENT		2nd INSTALLMENT	
Original Billed Amount:	$549.14	Original Billed Amount:	$523.98
Due Date:	03/01/2018	Due Date:	08/01/2018
Tax:	$549.14	Tax:	$523.98
Interest:	$41.20	Interest:	$0.00
Last Payment Received:	$0.00	Last Payment Received:	$0.00
Date Received:		Date Received:	
Current Amount Due:	**$590.34**	**Current Amount Due:**	**$523.98**

Total Amount Due: **$1,114.32**

According to the Cook County Tax Portal, the total taxes past due for the subject equate to: $206,235.24.

	Ending -020	*Ending -8004*	*Grand Total*
2017 Taxes	$102,003.30	$1,114.32	$103,117.62
2016 Taxes	$111,307.61	$1,178.20	$103,117.62
	$213,310.91	$2,292.52	**$206,235.24**

TAX BILLED AMOUNTS & TAX HISTORY

2017:	$98,233.20	Pay Online: $102,003.30 due
2016:	$91,396.91	Pay Online: $111,307.61 due
2015:	$83,619.87	Payment History
2014:	$70,774.40	Payment History
2013:	$69,376.84	Payment History

*=(1st Install Only)

TAX BILLED AMOUNTS & TAX HISTORY

2017:	$1,073.12	Pay Online: $1,114.32 due
2016:	$998.44	Pay Online: $1,178.20 due
2015:		Not Available
2014:		Not Available
2013:		Not Available

*=(1st Install Only)

More Tax Bill Information

ASSESSMENT AND TAXES – (Cont.)

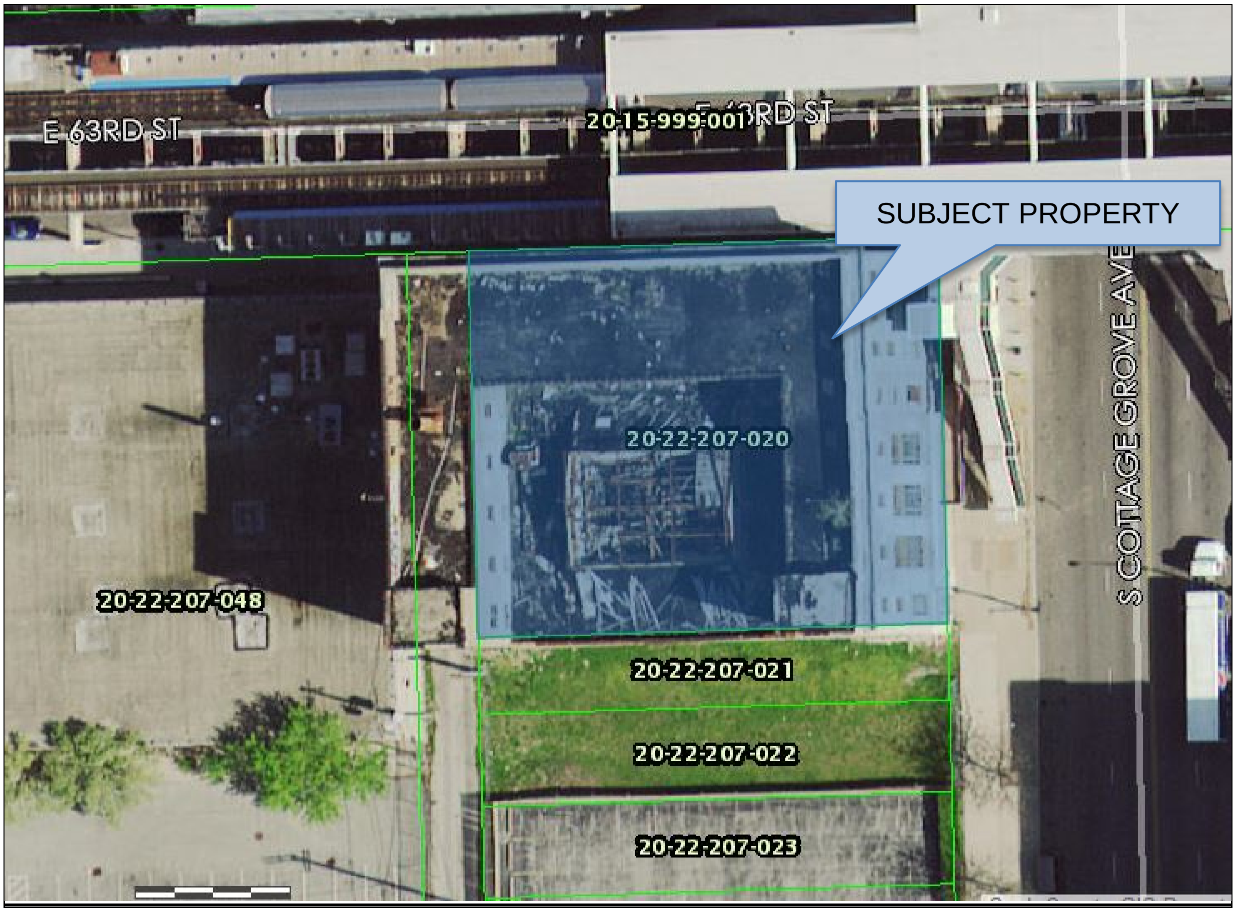
REAL ESTATE TAX CHART

Subject Property:	***6300 S. Cottage Grove Ave. Chicago, Illinois 60637***			
Property PIN(s):	***20-22-207-020-0000 & 20-14-314-047-8004***			
		-020	***-047-8004***	***Board of Review Certified***
		2017	***2017***	***2017***
Land		$22,875	$0	$22,875
Building		$433,451	$4,985	$438,436
Total Assessed Value		$456,326	$4,985	$461,311
Level of Assessment		25%	25%	25.00%
Assessor's Market Value @	**25%**	**$1,825,304**	**$19,940**	**$1,845,244**
Building Size				49,000 SF
Total Land Size (Including Surplus or Excess Land)				12,500 SF
Assessor's Total Market Value PSF of building area				**$37.66**
Equalization Rate				2.9627
Equalized Assessed Value				$1,366,726
Tax Rate				7.266%
Total Taxes				$99,306
Taxes per square foot				**$2.03**

Subject Property:	***6300 S. Cottage Grove Ave. Chicago, Illinois 60637***			
Property PIN(s):	***20-22-207-020-0000 & 20-14-314-047-8004***			
		-020	***-047-8004***	***First Pass***
		2018	***2018***	***2018***
Land		$27,450	$0	$27,450
Building		$444,261	$5,294	$449,555
Total Assessed Value		$471,711	$5,294	$477,005
Level of Assessment		25%	25%	25.00%
Assessor's Market Value @	**25%**	**$1,886,844**	**$21,176**	**$1,908,020**
Building Size				49,000 SF
Land Size				12,500 SF
Assessor's Total Market Value PSF of building area				**$38.94**
Equalization Rate				2.9627
Equalized Assessed Value				$1,413,223

ASSESSMENT AND TAXES – (Cont.)

TAX MAP



ASSESSMENT AND TAXES – (Cont.)

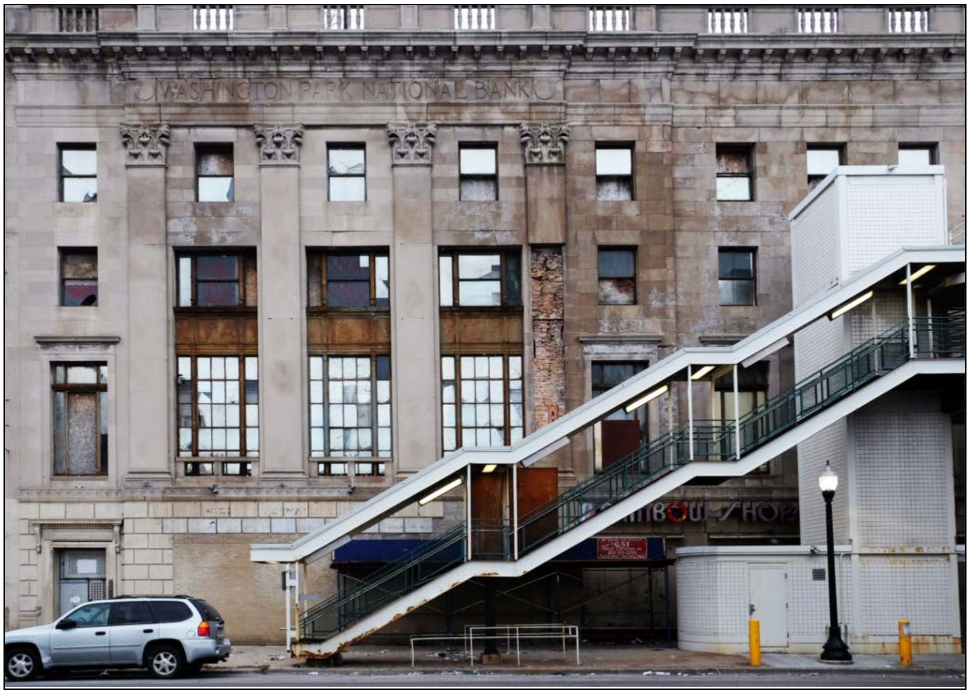
Comments:

The new proposed assessed value is $477,005. This equates to an estimated market value of $1,908,020 or $38.94 per square foot of building area (land and building). The current estimated taxes are $2.03 per square foot of building area.

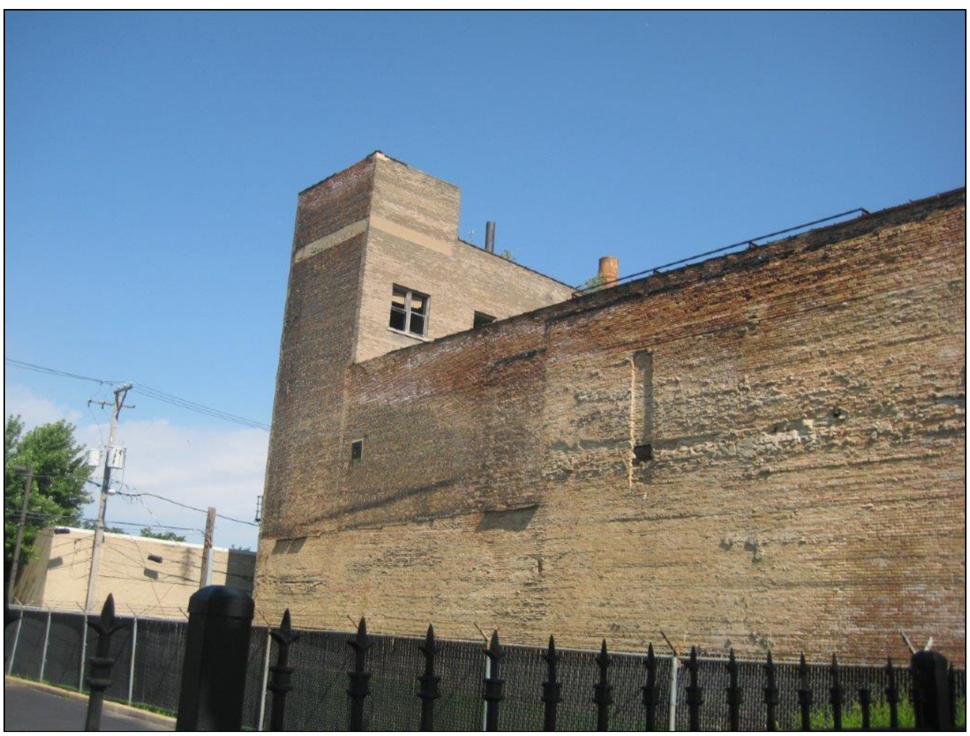
During the last three years the subject's real estate taxes have ranged from a low of $83,619.87 in 2015 to a high of $98,233.20 in 2017 (not including late fees). The 2017 total assessment has increased for at least the third year in a row, in this case, increased 3.37% from the prior indicating that the Assessor's opinion of property value is trending upward. As previously reported, the subject was sold at a tax scavenger sale. Thus, after the sale, the purchase price would be cause for an appeal to lower the assessment. However, the proposed renovations will, eventually have the opposite effect. It is unknown what the future, stabilized real estate taxes will be after all this takes place. However, it is very likely that an appealed, AS-IS real estate taxes should be lower the current year's.

DESCRIPTION OF THE IMPROVEMENTS

SUBJECT PROPERTY PHOTOGRAPHS



THE FRONT OR EAST ELEVATION OF THE SUBJECT.



VIEW OF THE REAR OR SOUTH ELEVATION OF THE SUBJECT.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW OF THE SUBJECT FACING NORTH.

VIEW OF THE SCAFFOLDING ON EAST SIDE.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW OF DOORS BOARDED UP.

VIEW OF STRUCTUAL DEBRIS ON FLOORS.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW WALL DETERIORATION.

VIEW OF STRUCTURAL DEBRIS IN STAIRWELL FACING UPWARD.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW OF STRUCTURAL DEBRIS IN STAIRWELL FACING DOWNWARD.

VIEW FALLEN CEILING.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW OF WALL DAMAGE.

VIEW OF MISSING CEILING.

SUBJECT PROPERTY PHOTOGRAPHS

VIEW OF MOLD.

NEIGHBORHOOD VIEW FACING NORTH ALONG COTTAGE GROVE AVENUE.

SUBJECT PROPERTY PHOTOGRAPHS

NEIGHBORHOOD VIEW FACING SOUTH ALONG COTTAGE GROVE AVENUE.

NEIGHBORHOOD VIEW FACING WEST ALONG 63rd STREET.

SUBJECT PROPERTY PHOTOGRAPHS

NEIGHBORHOOD VIEW FACING EAST ALONG 63rd STREET.

DESCRIPTION OF THE IMPROVEMENTS

The following is a brief description of the property based on our personal observation on July 3, 2018.

Building Improvement: 6300 S. Cottage Grove Ave. is a four-story, 49,000-square foot, masonry, concrete and limestone-constructed, Office/Retail building with substantial deterioration. The GBA of 49,000 square feet does include some partially below grade space. Currently, the improvements are uninhabitable and exposed to the elements. However, they are structurally sound and may be suitable for renovation. Building measurements were obtained from plans provided by the client, which were confirmed by our on site observation as well as Structural Assessment Report from Probe Consulting.

Age: The subject was initially constructed in 1922 and therefore has a chronological age of 96-years. The improvement, for its age, is in poor condition and has been vacant for the past several years. The effective age has been estimated to be 96-years for the subject. Typically, Office/Retail buildings have a total useful life of 60-years.

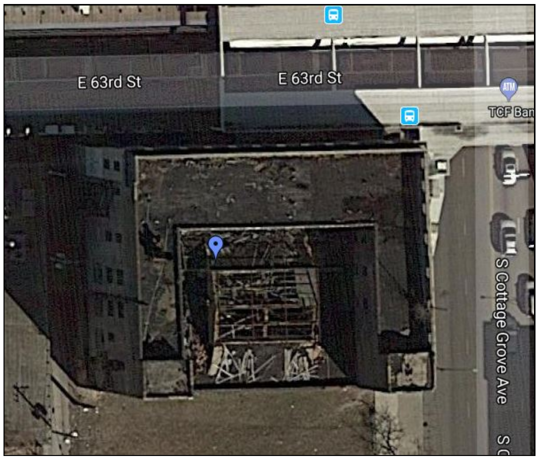
Foundation/Framing: The building's foundation is reinforced concrete. Steel framing supports the buildings.

Layout: The subject building is a 4 story building with a basement and the 3rd and 4th floors have a foot print of a U-shape. There is an open atrium structure with skylights on the 3rd floor. The building facades on the Cottage Grove and 63rd street are composed of limestone and the facades on the south and west sided are composed of exposed masonry brick.

DESCRIPTION OF IMPROVEMENTS - (Cont.)

Roof:

The roof is a flat around the 3rd and 4th floors and has a collapsed atrium skylight.



Floors:

The floors are deteriorated beyond identification, but are assumed to be an array of marble, hardwood and ceramic with possibly some terrazzo or granite.

Exterior Walls:

The exterior walls on the street fronts are limestone and are to be in fair condition.

DESCRIPTION OF IMPROVEMENTS - (Cont.)

Interior Walls:	The interior walls that exist appear to be dry-wall and concrete. The condition is poor.
Windows:	Predominately metal-encased glass. Several windows were broken and boarded.
Ceilings:	Ceiling heights ranged, throughout. The bank atrium had an estimated ceiling height near 20-feet. Offices on third and fourth levels had ceiling heights estimated at eight feet. A large portion of the roofing was missing and/or caved. There are large portions of the building that were exposed to the elements.
Doors:	Most interior doors are either missing or deteriorated beyond salvage or identification.
HVAC:	N/A. HVAC was removed.
Lighting:	None.
Hot Water:	None.
Electricity:	None.
Fire Protection:	None.
Thermal and Moisture Protection:	Inadequate.
Conclusion:	Overall, the improvements are in extremely poor condition and totally uninhabitable.

Based upon the inspection of the subject property, the following condition of the site and building improvements were noted:

Site Improvements	***Condition***
Paving	N/A
Landscaping	N/A

Short-lived Items

Building Components	***Condition***
Roof Coverings	Poor
Plumbing Fixtures	N/A
Electrical	N/A
Water Heaters	N/A
HVAC	Poor

DESCRIPTION OF IMPROVEMENTS - (Cont.)

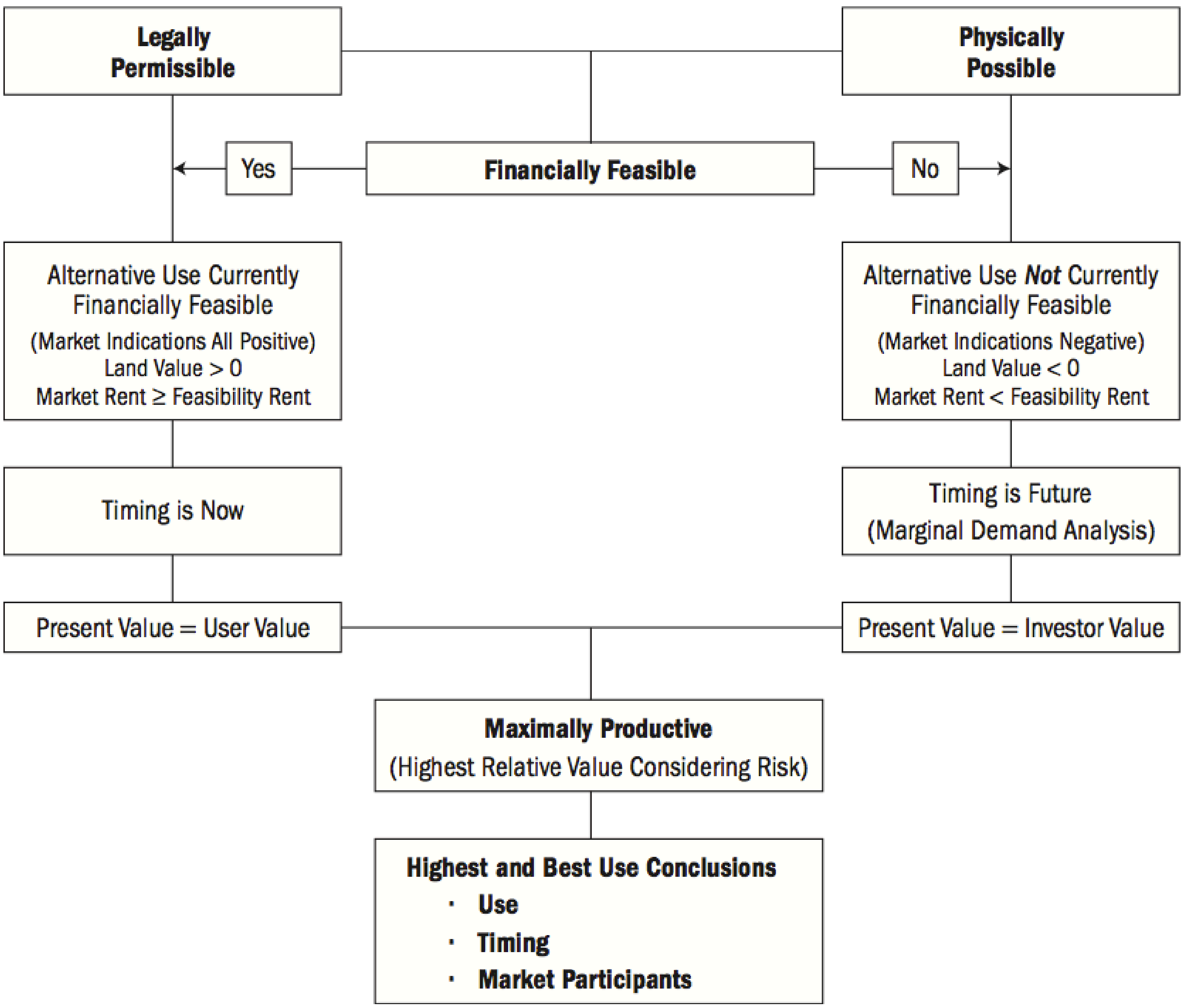
Long-Lived Items

Building Components	***Condition***
Foundation and Frame	Poor
Exterior and Interior Walls	Poor
Roof Components	Poor
Windows	Poor
Floors	Poor
Plumbing	Poor

HIGHEST AND BEST USE

The purpose of the highest and best use is to determine the reasonably probable use of property that results in the highest value. The appraiser has broken the Highest and Best Use into three steps: establish the physical and legal facts, evaluate financial feasibility, and finally the maximally productive use of the site. The following table from *The Appraisal of Real Estate* will assist the reader in conceptualizing the Highest and Best Use[25].

Figure 16.1 Testing Alternative Use Options



[25] The Appraisal of Real Estate, 14th Edition, 2013, page 335.

HIGHEST AND BEST USE – (Cont).

A description of the highest and best use tests are as follows:

The Legality of the use

What restrictions (either by deed or governmental) have been placed on the site that may restrict development (as if vacant)?

The Physical possibility of the use

What type of improvement could this site physically support if it were vacant and ready for development, and based upon its size and frontage, its underlying soil conditions, the topography, its flood plain or any other physical factors?

The Financial feasibility of the use

What improvement would yield both a return on the land and the building that would cover both debt service and capital amortization?

The Maximum productivity of the use

What use creates the highest overall present worth based on the three criteria outlined above.

These tests are applied to the subject property in order to determine its highest and best use. This serves to allow for an ordered screening of possible uses to determine the most efficient use of the site.

In analyzing the highest and best use, two separate procedures are examined:

The Highest Best Use of the site as Vacant.

The Highest Best Use of the site as Improved.

Highest and Best Use As Vacant

Highest and Best Use As Though Vacant, as defined in the Appraisal Institute's Dictionary of Real Estate Appraisal, Sixth Edition and used in this appraisal, is:

"Among all reasonable, alternative use, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements."

The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability:

Legally Permissible

It must be determined what uses are legally permissible. Private restrictions, zoning, building codes, and other regulations must be investigated to establish that no restrictions will preclude the highest and best use. In this case, the subject property is legally conforming as set out by Scott County. Therefore, from what we can establish, there are a great deal of legally permissible uses that can be constructed on this site.

Physically Possible

The site is level and generally at grade with surrounding streets. Water drainage appears adequate with no part of the subject site located within a designated flood plain. All utilities including natural gas, electric, telephone, municipal water and sewer currently serve the site.
Judging by the site's physical characteristics, which are void of any substantial adverse conditions, development of the site with a structure and ancillary improvements, which meet zoning requirements is possible.

Financially Feasible

To be financially feasible, any use that is physically possible and legally permissible must also produce a return equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization.

Almost any use allowed under the zoning would meet these criteria in a normal market. At the present time, occupied buildings have sufficient income to meet operating expenses and, in most cases, debt service also. However, existing buildings with high vacancies are having difficulty meeting debt service obligations. New buildings may not support a mortgage and also may have to underwrite operating expenses for several years. Therefore, although a commercial structure would be the highest and best use of the site as vacant, we have found that a new development in this current economic status would not be financially feasible at this present time.

Maximally Productive

The site is presently zoned for the commercial district, which permits numerous commercial uses, for which the subject site can be competitive given its location and physical characteristics. Low market demand in the immediate area has demonstrated stagnant growth. However, once market conditions improve, it is evident from surrounding improvements that a commercial structure would be maximally productive under favorable market conditions.

Conclusion

Based on the above analysis, we believe that the market is still recovering for Office/Retail property in this area and once market conditions improve, it would be financially feasible to improve the site with a commercial building. Until that time, however, the highest and best use of the site would be to hold for future development until the market improves.

Highest and Best Use As Improved

Highest and Best Use As Improved, as defined in the Appraisal Institute's Dictionary of Real Estate Appraisal, Sixth Edition and used in this appraisal, is:

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

Legally Permissible

In the zoning section of the report it was seen that the subject is a legally conforming use, and as far as it is known, no other restrictions of any sort appear to exist. There is no reasonable probability that a zoning change will be granted for non-commercial uses, or granted for industrial uses based on the existed improvements and surrounding land use patterns. The subject is a legally permissible use.

Physically Possible

As with the vacant land, there are no physical impediments negatively affecting the continuous use of the subject as improved.

Financially Feasible

Real estate value is based on the potential earnings over the remaining useful life. In that respect, an investor would look beyond the current real estate problems and base the value on the present worth of all future benefits. The current use is not typical of the rental market. The user has a special enterprise interest in the land and the improvements. In this respect, the financial feasibility relies heavily on the enterprise value of the current user, which was not within the scope of this assignment.

Maximally Productive

The existing improvements are not typical of the rental market, and the current user relies on enterprise value for cash flows. We have not conducted a feasibility study related to the enterprise value of the subject drug store. Based on the analysis of transactions over the past several years, we can see low activity for vacant land purchases. It is clear, that the current improvements are functional and provide revenue to the site. However, there are no other uses that could economically justify the removal and redevelopment of the site.

Conclusion

As Vacant	
Physically Possible	Yes
Legally Permissible	Yes
Financially Feasible	New Construction is present in the immediate area, which indicate feasibility for new development
Maximally Productive	Commercial
Conclusion	Improve the site with commercial use
As Improved	
Physically Possible	Yes
Legally Permissible	Yes
Financially Feasible	No
Maximally Productive	No
Conclusion	Conduct a feasibility study to determine if the maximum return to the site would be to demolish the existing improvements or rennovate existing structures

As Vacant – The following are some questions to ponder.

a. *Should the land be developed or left vacant?* We believe the highest and best use as vacant would be to improve the site with a development that is in line with surrounding improvements and conforms to the current zoning restrictions.

b. *What is the timing?* The timing of the conclusion described in "*a.*" (above) would be approximately up to 12-months considering our analysis of exposure time, time on the market for comparable rentals, and discussions with market participants.

c. *What market participants (i.e. buyers and/or tenants) would be expected for this highest and best use?* "Investor" would be expected.

As Improved – The following are some questions to ponder.

a. *Should the existing improvements be retained in the current use, altered in some manner, or demolished?* We believe the highest and best use as improved would be to either improve or demolish the existing structure as seen fit by a feasiblity study.

b. *What is the timing of this conclusion?* This conclusion is appropriate for both the effective date of this appraisal and the near future.

c. *What market participants (i.e. buyers and/or tenants) would be expected for this highest and best use?* "Investor" that intend to utilize this property for Office/Retail use.

SECTION VII. APPROACHES TO VALUE

APPROACHES TO VALUE

The valuation of real estate is derived through the application of one or more of the three basic approaches to value: The Cost Approach, the Income Approach, and the Sales Comparison Approach. From the value indications of each, an opinion of value is reached based upon judgment within the outline of the appraisal process.

The methodology involving the appraisal of the subject property will include the following:

Cost Approach

The Cost Approach considers the physical value of the property; that is, the current fair market value of the land, assuming it to be vacant and available for development to Highest and Best Use, to which is added the depreciated value of all improvements. The latter is derived through our estimate of the cost of reconstruction new less all depreciation in terms of physical deterioration, functional obsolescence and external obsolescence, if any. We deemed that this approach is not applicable to calculate the subject's market value in our analysis.

Income Approach

The Income Approach involves an analysis of the property in terms of its ability to provide a net annual income in dollars. The estimated net annual income is then capitalized at a rate that provides a satisfactory return on capital as well as a return of capital after considering all risks involved.

Sales Comparison Approach

The Sales Comparison Approach is a method of estimating value in which the subject property is compared directly with others that have sold recently. The properties selected for comparison are those that have sold most recently and most nearly resemble the subject from all standpoints. Since no properties are ever identical, adjustments for differences in financing terms, conditions of the sale, market conditions, location, physical and income characteristics are often necessary and are a function of appraisal experience and judgment.

THE COST APPROACH

COST APPROACH

Land Valuation

The first step in the Cost Approach is to estimate the value of the subject site as if it were vacant and ready for development.

Usually, the best method of site valuation is the comparative method. This technique calls for comparing, weighing, and relating sales data to the land being appraised. Greatest weight is placed on actual sales of similar sites made at times relatively concurrent with the date of the appraisal and under comparable conditions. Each item of market data is compared to the subject and adjusted for differences in time, size, location and any other pertinent factors. Value trends are also given consideration.

We have researched and analyzed similar land sales in the area for our analysis. The specifics of our findings have been retained in our work file. In regards to the land value of the subject property, we agree with the County Assessor's estimate and have utilized this figure to complete our Cost Approach Analysis.

Comparable Land Sale No. 1

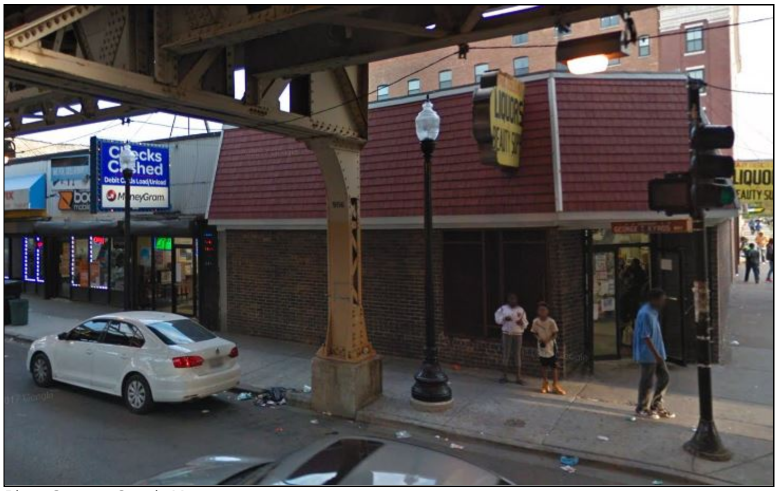


Photo Source: Google Maps

Location:	801 E. 63rd St.	
	Chicago, Illinois 60637	
PIN:	20-23-100-003	
Sale Date:	September 8, 2017	
Land Size:	15,625-square feet or	0.36-acres.
Sale Price:	$1,200,000.	
Unit Price (Land):	$76.80 per square foot	
Document Number:	1725657063	
Zoning:	B3-3; Community Shopping Center	
Grantor:	Kyros George & Kyros Ethel	
Grantee:	Potakis Tom & Potakis Athanosios	

Comparable Land Sale No. 2

Photo Source: Google Maps

Location:	5117 S. Kenwood Ave.	
	Chicago, Illinois 60615	
PIN:	20-11-402-005	
Sale Date:	May 11, 2018	
Land Size:	8,154-square feet or	0.19-acres.
Sale Price:	$645,000.	
Unit Price (Land):	$79.10 per square foot	
Document Number:	1813649025	
Zoning:	Regular	
Grantor:	Pioneer UC V LLC	
Grantee:	McInerney Prop LLC	

Comparable Land Sale No. 3

Photo Source: Google Maps

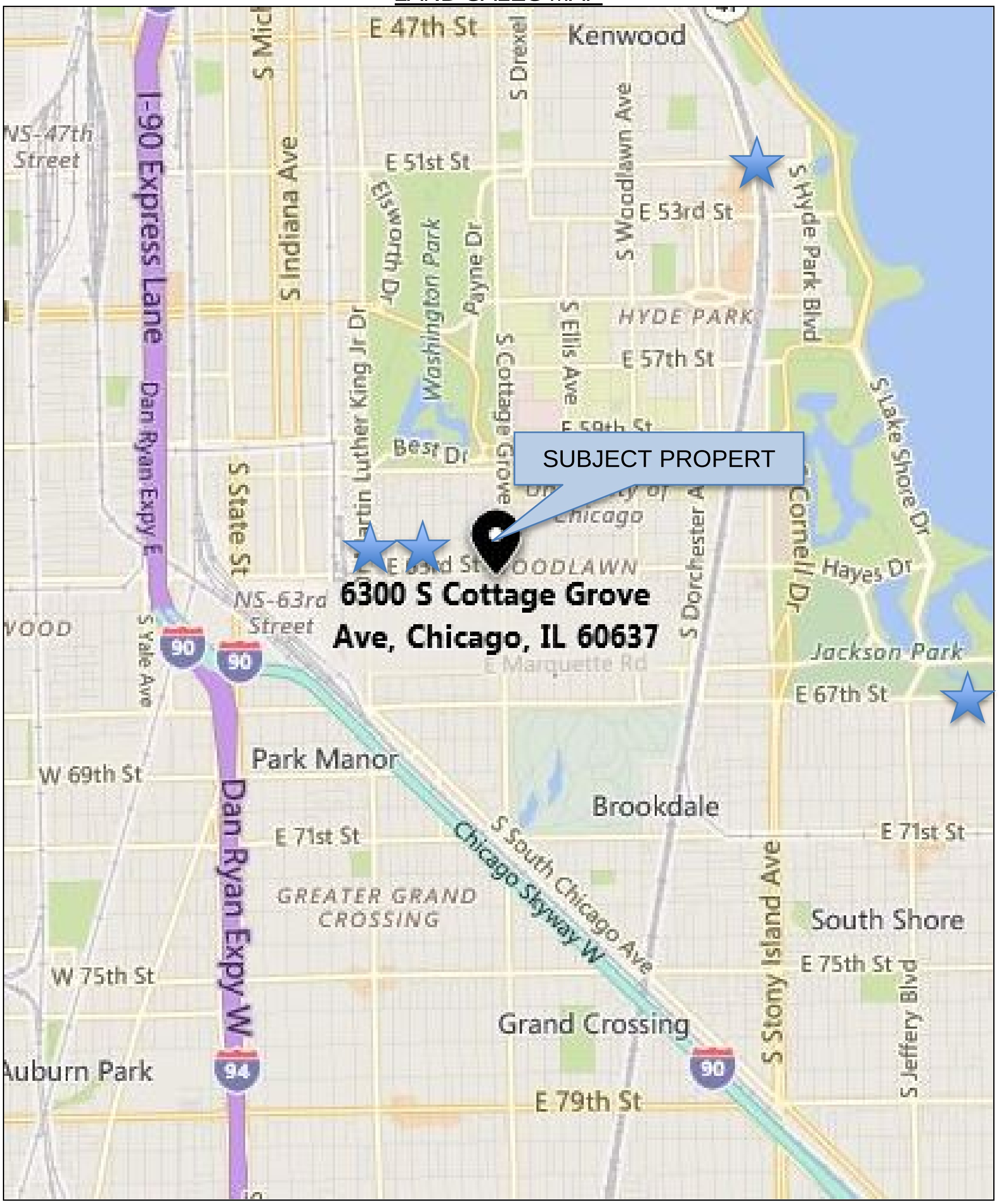
Location:	813 -815 E. 63rd St.	
	Chicago, Illinois 60637	
PIN:	20-23-100-002	
Sale Date:	September 11, 2017	
Land Size:	6,098-square feet or	0.14-acres.
Sale Price:	$300,000.	
Unit Price (Land):	$49.20 per square foot	
Document Number	1725612014	
Zoning:	B3-3 Community Shopping District	
Grantor:	KDC INC	
Grantee:	POASH NSP CHGO LLC	

Comparable Land Sale No. 4

Photo Source: Costar

Location:	6740-6744 S. South Shore Dr.	
	Chicago, Illinois 60649	
PIN:	20-24-406-016 20-24-406-022	
Sale Date:	N/A	
Land Size:	26,909-square feet or	0.62-acres.
Sale Price:	$0.	
Unit Price (Land):	$0.00 per square foot	
Document Number:	Under Contract	
Zoning:	PD-1064 Planned Developments	
Grantor:	N/A	
Grantee:	N/A	

LAND SALES MAP



= Comparable Land Sales Location

THE COST APPROACH – (Cont.)

SUMMARY OF LAND SALES

	Subject	***Comparable #1***	***Comparable #2***	***Comparable #3***
Address	6300 S. Cottage Grove Ave.	801 E. 63rd St.	5117 S. Kenwood Ave.	813 -815 E. 63rd St.
	Chicago, Illinois 60637	Chicago, Illinois 60637	Chicago, Illinois 60615	Chicago, Illinois 60637
Traffic Count	12,900-cars	12,900-cars	7,450-cars	8,000-cars
PIN#	20-22-207-020-0000 & 20-14-314-047-8004	20-23-100-003	20-11-402-005	20-23-100-002
Verification Source	Site Tour	Cook County Recorder of Deeds	Cook County Recorder of Deeds	Cook County Recorder of Deeds
Document Number	N/A	1725657063	1813649025	1725612014
Sale Date	N/A	Sep-17	May-18	Sep-17
Grantor	N/A	Kyros George & Kyros Ethel	Pioneer UC V LLC	KDC INC
Grantee	N/A	Potakis Tom & Potakis Athanosios	McInerney Prop LLC	POASH NSP CHGO LLC
Site Shape	Regular	Regular	Regular	Regular
Zoning	B3-3; Community Shopping Center	B3-3; Community Shopping Center	RM-5 Residential Multi-Unit District	B3-3 Community Shopping District
Proposed Use	N/A	Development of 50,000 to 70,000SF of retail space	None Listed	None Listed
Land Size (Square Feet)	12,500-SF	15,625-SF	8,154-SF	6,098-SF
Land Size (Acres)	0.29-Acres	0.36-Acres	0.19-Acres	0.14-Acres
Sale Price	N/A	**$1,200,000**	**$645,000**	**$300,000**
Sale Price Per Square Foot	N/A	$76.80	$79.10	$49.20
Price / Per SF / Per FAR		$34.91	$39.55	$22.36
MARKET ADJUSTMENTS				
Property Rights Conveyed		Superior (-)	Superior (-)	Superior (-)
Financing Terms		Superior (-)	Superior (-)	Superior (-)
Conditions of Sale		Superior (-)	Superior (-)	Superior (-)
Market Conditions		Similar	Similar	Similar
PHYSICAL CHARACTERISTICS				
Location		Similar	Similar	Similar
Size		Superior (-)	Inferior (+)	Inferior (+)
Lot Utility		Similar	Similar	Similar
Zoning & Use		Similar	Inferior (+)	Similar
Access & Visibility		Similar	Superior (-)	Similar
Miscellaneous		Demo(+)	Superior (-)	Demo(+)
Overall		**Similar**	**Superior (-)**	**Similar**

Explanation of Adjustments

The preceding comparable sales that were used in this report indicate an unadjusted value range between $49.20 to $79.10 per square foot of land area. Furthermore, they ranged between $22.36 and $39.55 per square foot of allowable building area. The subject site is located in Woodlawn approximately approximately 10-miles southeast of the downtown Chicago Business District known as the “Loop” in Cook County, Illinois. This is an area that is developed with mostly with a mixture of Mixed Commercial and Residential and residential buildings in the surrounding area of the subject property. We have extended our search backwards in time and included sales from surrounding communities.

Each comparable sale was adjusted to the subject on the basis of the following factors. The adjustments (if any) are detailed in the above chart and an explanation of those factors is below:

Property Rights Conveyed - From what we have been able to establish, all of the property interests of the land comparables are either leased fee or fee simple. The subject is being valued on a Fee Simple Interest basis, and therefore there were no adjustments under this heading.

Financing Terms - To the best of our knowledge, all of the comparable sales are cash, or cash equivalent, and no adjustments were made for financing terms.

Conditions of Sale - We detected no non-market conditions with any of the sales or any non-arms length sales. No adjustments were made for conditions of sale.

Market Conditions - Time - The sales period is from February of 2012 to March of 2013. The construction market has been relatively flat over the past three-years. No adjustments were warranted.

Physical Characteristics - The following factors were considered in our analysis of physical characteristics:

Location – As we stated, the subject is located in Woodlawn which is a mixed-use area. It has average linkages, and is surrounded also by Mixed Commercial and Residential and residential development. In comparing the comparables, one must take into account the built-up nature of their individual locations, their access to the infrastructural network, their exposure and frontage, and finally to the surrounding services that are available to these locations. These factors will make the comparable locations more or less attractive than the subject location and adjustments were made where necessary. All of the sales are in similar Mixed Commercial and Residential pockets and none of the sales were adjusted under this heading.

Size - Generally speaking, a larger parcel of land will tend to sell at a lower unit price than a smaller parcel due to economies of scale. The differences must be truly significant, however, to require an adjustment for size. The subject site contains a total of 12,500-square feet and the sales range between 6,098 to 26,909-. Any substantial difference from the subject would warrant an adjustment under this heading. Larger sized sites are adjusted upward as they typically would sell for less per square foot of building area. Adversely smaller sized sites would be adjusted downward as they would sell for more per square foot of building area.

Explanation of Adjustments – (Cont.)

Utility -The utility or usability of a site affects the end use to which that site may be put to. Irregularly shaped sites tend to limit the end uses of the site and thus tend to sell for lower prices than regularly shaped sites. The subject sits on a regular shaped site. Most of the sales are regularly or slightly irregularly shaped.

Zoning - The zoning of a parcel affects value because it determines the density of the end use and therefore causes the value of a parcel to be more or less valuable. One can always apply for a zoning change but the uncertainty of approval is high. The subject is zoned in a Mixed Commercial and Residential area as are the comparable land sales.

Access and Visibility - The access and visibility of a building affects the value of that building. Parcels located on, near, or if they are visible from major thoroughfares often sell for higher prices than similar buildings without the same access and visibility characteristics. The subject has an average commercial location along a major thoroughfare.

Miscellaneous - Miscellaneous adjustments are used to account for odd features of the subject or any of the comparables. Such adjustments might be for sales to tenants or sales of waterfront property.

Correlation of Land Value

We placed the most weight on comparable one, two and three. These were all located in Cook County and were closest to the subject. Comparable four has the least amount of net adjustments as it is currently under contract and has not closed to date. However, we also considered more contemporary sales and the slightly increasing trends as the market continues to stabilize.

Overall, we have analyzed three-sales and one-active listing-land sales of which all were found to be comparable. The Mixed Commercial and Residential market near the subject area has experienced minimal activity in recent years and vacant sites, for the most part, are becoming less available. However, it is not anticipated that the prices that are being achieved for parcels of land will change drastically within the realm of predictability. The condition of the local and national economy will greatly dictate the future in this field.

The estimated value via the Land Sales Comparison Approach, since it is based on historical actions, tends to set the lower limit of value within an improving market and the higher limit of value within a declining market. Currently, the subject is in a stable market.

Based upon the demand within the area for similar sites over the past three-years, as well as the subject's location, the estimated market value is toward the middle of the value range at per square foot of building area. Therefore, the total estimated land value of the subject property is:

We have stabilized the subject land at $35.00 per square foot of allowable area, which then equates to $77.00 per square foot of land area. Our calculation for the total subject land value is as follows:

ESTIMATE OF LAND VALUE

Allowable SF		Estimated Price Per SF		Estimated Market Value
27,500-SF	x	$35.00	=	$962,500
		Rounded to:		**$960,000**

As Vacant Land		Estimated Price Per SF		Estimated Market Value
12,500-SF	x	$77.00	=	$962,500
		Rounded to:		**$960,000**

THE COST APPROACH - (Cont.)

The cost of constructing the subject improvements new as of the appraisal date can be based on either the cost to reproduce or replace it.

The distinction is important and is defined by The Appraisal Institute as follows:

Reproduction Cost - "The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building."[26]

Replacement Cost - "The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout."[27]

Of the two, the replacement cost is based on current materials, etc. However, reproduction cost will mirror all facets of the subject in its original construction form, including functional obsolescence items.

For our analysis, we have used reproduction cost to show the effects of functional obsolescence on the subject.

When the improvements are newer, both will usually produce the same cost, but as buildings age it becomes difficult to accurately estimate reproduction cost because of changes in construction standards and the use of materials which may no longer be available.

The main source for the construction cost new of the subject has been the Marshall Valuation Service Manual (calculator method), which is based on reproduction cost figures. The following factors have been selected to estimate the cost of the subject's improvement.

According to the Marshall and Swift Cost Manual, the building would be classified as an "Good Class 'C' Office/Retail Building," (Marshall and Swift, Section 15, Page 20, November 2017) consisting of Steel frame or bearing walls, brick/conc. panels, some ornamentation; Plaster or drywall, good partitions, acoustic tile, carpet and vinyl; Good fluorescent lighting, good
restrooms and fixtures; elevators; A.C.

26 The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015, Page 213.
27 The Dictionary of Real Estate Appraisal, Sixth Edition, The Appraisal Institute, 2015, Page 197.

THE COST APPROACH - (Cont.)

BUILDING COST CALCULATIONS

Location:	6300 S. Cottage Grove Ave.				
	Chicago, Illinois 60637				
Building Type:	Mixed-Use Retail / Office	Marshall and Swift, Section 15, Page 20, November 2017			
Building Class	C				
Building Quality:	Good				
No. of Stories:	four-story				
Existing Gross Floor Area (SF):	49,000 SF				
Region:	Central				
Climate:	Extreme				
BUILDING AREA					
Hard Costs					
	Conditions		*Multiplyers*		*Cost PSF*
Total Floor Area (SF) of Building:					
Basic Square Foot Cost					$215.00
Height and Size Refinements:					
Story Height Multiplier	Add .5% (1/2%) for each story, over three, above groumd to all base costs	4	1.01		
	10- to 12 feet		1.00		
Local and Current Multipliers					
Local Multiplier			1.25		
Current Multiplier			1.03		
Final weighted multiplier			**1.29**		
Adjusted Base Cost					$278.20
Times Gross Floor Area					**49,000-SF**
Total Building Cost of Area					***$13,631,632***
Soft Costs					
Entrepreneurial Incentive	20.00%				$2,726,326.32
Legal and Miscellaneous					$25,000.00
					$2,751,326.32
TOTAL REPRODUCTION COST					***$16,382,958***
Per Square Foot					***$334.35***
Per Unit					***$16,382,958***

THE COST APPROACH - (Cont.)

SITE IMPROVEMENTS					
Hard Costs					
Item	*Quantity*	*%*	*Unit Price/SF*		
Concrete	500-SF	100%	$5.00	$2,500	
Asphalt	0-SF	0%	$3.00	$0	
Landscaping	0-SF	0%	$6.00	$0	
				$2,500	
Local and Current Multipliers					
Local Multiplier			1.25		
Current Multiplier			1.03		
Final weighted multiplier			**1.29**		
Site Improvements Cost					***$3,219***
Soft Costs					
Entrepreneurial Incentive	20.00%				$643.75
Total Site Improvements Cost					***$3,863***
TOTAL COST NEW					***$16,386,820***
Per Square Foot					***$334.42***
Per Unit					***$16,386,820***

Depreciation is defined as a loss in value for any reason, an effect caused by deterioration and/or obsolescence. Deterioration is evidenced by wear and tear, decay, cracks, or structural defects. Obsolescence is divided into two parts - functional and external. Depreciation was then calculated according to the following characteristics:

DEPRECIATION CALCULATIONS

TOTAL BUILDING REPRODUCTION COST				*$16,464,341*
TOTAL SITE IMPROVEMENTS COST				*$3,863*
TOTAL SITE AND IMPROVEMENT COST				***$16,468,204***
DEPRECIATION		***Percent***	***$ Amount***	
Physical Curable Depreciation (taken on hard costs)				
Curable (Deferred Maintenance)		5.0%	$823,217	
Curable Site Improvement Deterioration		5.0%	$193	
Overall Depreciation			$823,410	
Adjusted Reproduction Cost				$15,641,124
Adjusted Site Improvement Cost				$3,670
Physical Depreciation Via Modified Economic Age / Life for Building Improvements				
Effective Age (years)	60-years			
Economic Life	60-years			
Percent Depreciation on Building Improvements		99.17%	$15,510,781	
Physical Depreciation Via Modified Economic Age / Life for Site Improvements				
Effective Age (years)	59.50-years			
Economic Life	60-years			
Percent Depreciation on Site Improvements		99.17%	$3,639	
Total Site and Building Incurable Depreciation				$15,514,420
Adjusted Building Improvements Cost				$130,343
Adjusted Site Improvements Cost				$31
Depreciated Value of Improvements				$130,373
Original Cost of Site and Building Improvements				$16,468,204
TOTAL DEPRECIATION (blended as a % of Total Cost)		99%		$16,337,830
DEPRECIATED VALUE OF THE IMPROVEMENTS				***$130,373***
PLUS LAND VALUE AS THOUGH VACANT				
Land Size (SF)	12,500 SF	$77.00 PSF		*$960,000*
Land Percentage of Overall, Depreciated Value			88.04%	
TOTAL ESTIMATED VALUE VIA THE COST APPROACH				***$1,090,373***
Rounded to:				***$1,090,000***
Price Per Square Foot:				*$22.25*
Price Per Unit:				*$1,090,373*

THE COST APPROACH - (Cont.)

The table below shows the summary of the cost approach to value.

SUMMARY OF COST APPROACH

COST APPROACH SUMMARY	
Building Cost	$16,464,341
Site Improvements Cost	$3,863
Depreciation	
Overall Physical Curable Depreciation	$823,410
Incurable Physical Deterioration	$15,514,420
Total Depreciation (blended)	$16,337,830
Depreciated Value of the Improvements	$130,373
Add: Land Value	$960,000
Value via the Cost Approach to Value	$1,090,373
Per Square Foot:	$22.25
Rounded to:	***$1,090,000***

THE INCOME APPROACH

INCOME APPROACH

This appraisal did not involve the Income Approach to value as the subject has been vacant for several years. As such, the Income Approach was not warranted for the purpose of this appraisal.

THE SALES COMPARISON APPROACH

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle that the value of the subject property is governed by the prices usually obtained for other similar properties. The Sales Comparison Approach, therefore, utilizes a process of comparing market data; that is, comparing prices actually paid as well as prices asked and/or offers made for similar type properties. It should be noted, however, that each market datum is not offered as independent evidence of value but rather as only one of the market transactions that have been considered in arriving at a value estimate.

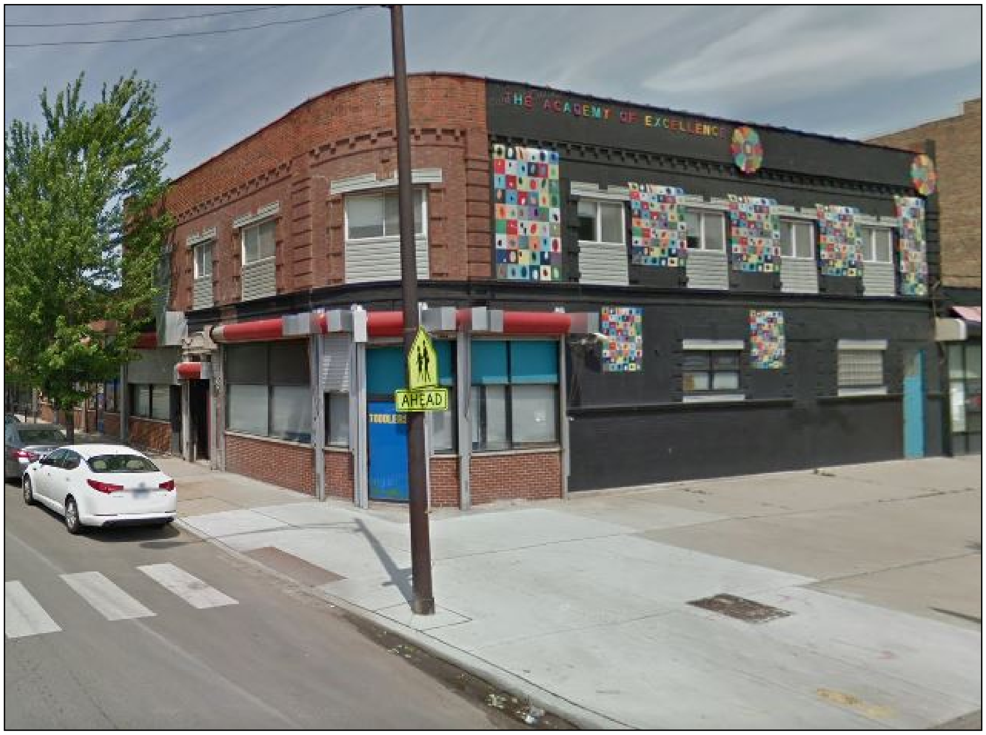
The reliability of the conclusions reached by this direct method of valuation is related solely to the degree of similarity between the property being appraised and the property with which it is being compared. Therefore, since no two properties are ever identical and before the actions of buyers and sellers can be correctly analyzed, it is imperative that the subject and comparable properties (market data) be reduced to an easily recognizable common unit or basis of comparison. Usually, once the unit of comparison is established, it is then adjusted to reflect those differences between the subject and comparable property that affect value.

Listed on the following pages are the market data that we have analyzed in arriving at our value indications for the subject property. We searched for similar Office/Retail buildings in similar Mixed Commercial and Retail market areas as the subject. These buildings are more comparable to the subject as a structure.

Comparable Sale No. 1

Location:	6240 S. Kimbark *Chicago, IL 60637*
Verification Source:	Cook County Recorder of Deeds
PIN:	20-14-412-021-0000
Sale Date:	April 26, 2018.
Building Size:	8,000-square feet.
Land Size:	8,254-square feet 0.19-aAcres.
Land-to-Building Ratio:	1.03:1
Sale Price:	*$*225,000
Unit Price (Building):	$28.13-square foot.
Document Number	1811606090
Age:	This building was constructed in 1920; therefore, it was 107-years old at the time of sale!
Grantor:	Grace Ki.Contractors LLC
Grantee:	Tara Builders
Notes:	*Prior to this transaction there was a sell 7/6/2015 for $150,000. Deed # 1518742026.*

Comparable Sale No. 2

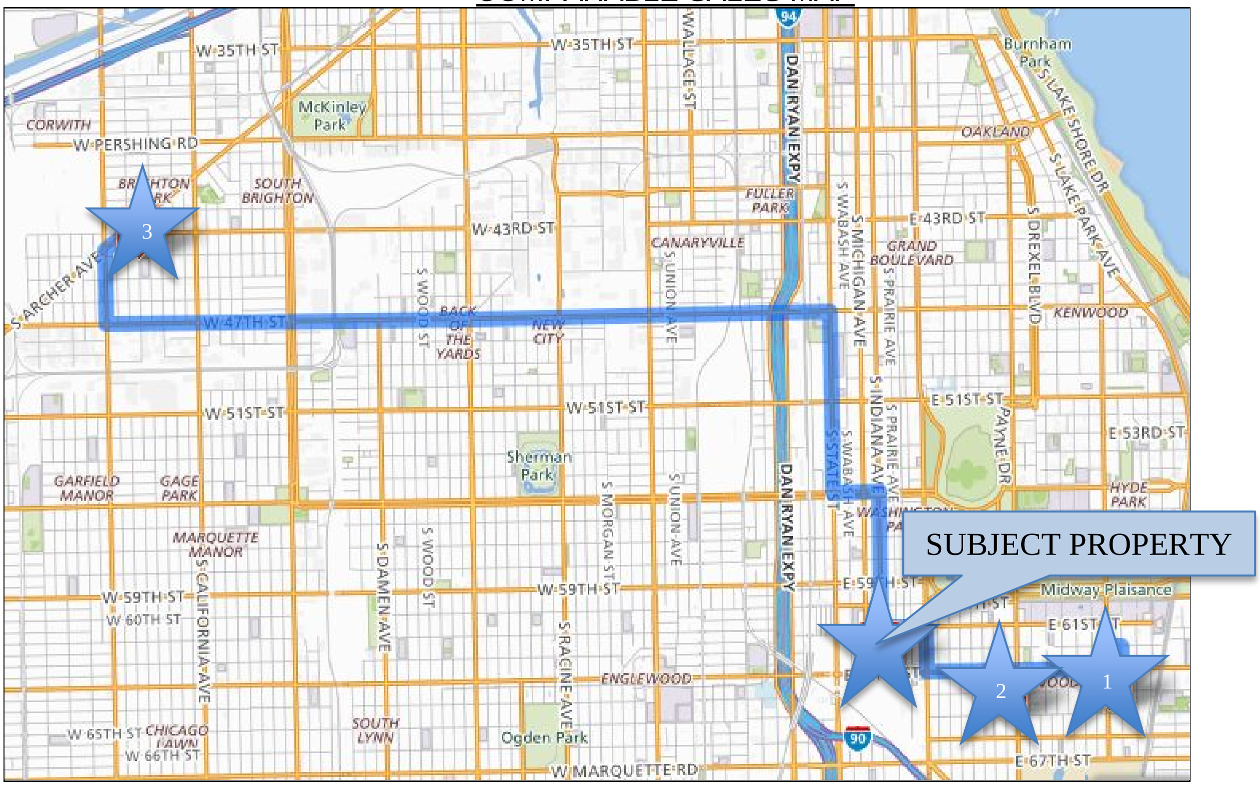


Location:	222 E. 61st St. Chicago, IL 60637.
Verification Source:	Cook County Recorder of Deeds.
PIN:	20-15-309-033-0000.
Sale Date:	Active Listing.
Building Size:	18,000-square feet.
Land Size:	12,160-square feet. 0.28-acres.
Land-to-Building Ratio:	0.68:1.
Sale Price:	$700,000.
Unit Price (Building):	$38.89 .
Document Number	N/A.
Age:	This building was constructed in 1958; Active Listing
Grantor:	Active Listing.
Grantee:	Active Listing.

Comparable Sale No. 3

Location:	4192 S. Archer Ave. *Chicago, IL 60632*
Verification Source:	Cook County Recorder of Deeds
PIN:	Various
Sale Date:	October 24, 2017
Building Size:	46,800-square feet.
Land Size:	65,776-square feet 0.19-aAcres.
Land-to-Building Ratio:	1.41:1
Sale Price:	*$*1,200,000
Unit Price (Building):	$25.64-square foot.
Document Number	1730345054
Age:	This building was constructed in 1915; therefore, it was 102-years old at the time of sale!
Grantor:	TCF NATL BANK
Grantee:	CSRE ARCHER SACREMENTO LLC
Notes:	*Broker out reach for verification unsuccessful. Data taken from Costar and Cook County Recorder of Deeds.*

COMPARABLE SALES MAP



=Sales Comparable Location

THE SALES COMPARISON APPROACH – (Cont.)

SUMMARY OF COMPARABLE SALES

	Subject	Comparable #1	Comparable #2	Comparable #3
Building Type	Mixed-Use Retail / Office	Mixed-Use Retail / Office	Mixed-Use Retail / Office	Mixed-Use Retail / Office
Address	6300 S. Cottage Grove Ave.	6240 S. Kimbark Ave.	222 E. 61st St.	4192 S. Archer Ave.
	Chicago, Illinois 60637	Chicago, IL 60637	Chicago, IL 60637	Chicago, IL 60632
Chicago Neighborhood	Woodlawn	Woodlawn	Woodlawn	Brighton Park
Distance from Subject		.800 Miles	1.000 Miles	7.800 Miles
Traffic Count	12,900-cars	8,000 cars	1,650 cars	20,500 cars
SALE INFORMATION				
Sale Date	Current	26-Apr-18	Active Listing	24-Oct-17
Year of Sale	N/A	2018	N/A	2017
Days on the Market		1,234	N/A	N/A
Sale Price	N/A	$225,000	$700,000	$1,200,000
Unit of Comparison	**Per Square Foot Of Building Area**	**$28.13**	**$38.89**	**$25.64**
PROPERTY INFORMATION				
Land Size (Square Feet)	12,500-SF	8,254 SF	12,160 SF	65,776 SF
Land Size (Acres)	0.29-Acres	0.19 Acres	0.28 Acres	1.51 Acres
Zoning	B3-3; Community Shopping Center	RM-5; Residential Multi-Unit District	B3-2 Community Shopping District	B1-3 Neighborhood Shopping District
Multi or Single Tenant	1 unit(s)	1 unit(s)	1 unit(s)	Multi
GBA Gross Building Area	49,000-SF	8,000 SF	18,000 SF	46,800 SF
Land to Building Ratio	0.26:1	1.03:1	0.68:1	1.41:1
Year Built	1922	± 1920	± 1958	± 1915
Chronological Age at time of Sale	N/A	98	Active Listing	102
Effective Age		N/A	N/A	N/A
Location / Corner vs Interior	Corner / Average	Corner	Corner	Corner
Quality	Poor	Avg.	Avg.	Avg.
Condition	Poor	Avg.	Avg.	Avg.
Parking	0-spaces	9-spaces	Street Parking	60-spaces
QUANTITATIVE PERCENTAGE ADJUSTMENTS				
Severe Deferred Maintenance		-30%	-30%	-30%
	Adjusted Sale Price	**$157,500**	**$490,000**	**$840,000**
STANDARD ADJUSTMENTS	***Financial / Market Adjustments***			
	Property Rights Conveyed	Similar	Similar	Similar
	Financing Terms	Similar	Similar	Similar
	Conditions of Sale	Similar	Similar	Similar
	Market Conditions	Similar	Superior (-)	Similar
	Physical Characteristic Adjustments			
	Location	Similar	Similar	Superior (-)
	Size	Smaller (-)	Smaller (-)	Similar
	Age	Similar	Superior (-)	Similar
	Condition / Quality	Superior (-)	Superior (-)	Superior (-)
	Land to Building Ratio	Superior (-)	Similar	Superior (-)
	Parking Rato	Superior (-)	Similar	Superior (-)
	Retail Features			
	Access & Visibility (Traffic Count)	Superior (-)	Superior (-)	Superior (-)
	Overall	Similar	Superior (-)	Superior (-)
	Adjusted Price	**$157,500**	**$490,000**	**$840,000**
	PSF	**$19.69**	**$27.22**	**$17.95**

THE SALES COMPARISON APPROACH – (Cont.)

Verification Data

Zoning	B3-3; Community Shopping Center	RM-5; Residential Multi-Unit District	B3-2 Community Shopping District	B1-3 Neighborhood Shopping District
Multi or Single Tenant	1 unit(s)	1 unit(s)	1 unit(s)	Multi
GBA Gross Building Area	49,000-SF	8,000 SF	18,000 SF	46,800 SF
Land to Building Ratio	0.26:1	1.03:1	0.68:1	1.41:1
Year Built	1922	± 1920	± 1958	± 1915
Chronological Age at time of Sale	N/A	98	Active Listing	102
Effective Age		N/A	N/A	N/A
Location / Corner vs Interior	Corner / Average	Corner	Corner	Corner
Quality	Poor	Avg.	Avg.	Avg.
Condition	Poor	Avg.	Avg.	Avg.
Parking	0-spaces	9-spaces	Street Parking	60-spaces
Parking Ratio	*0.00/1,000-SF*	*1.13/1,000-SF*	*N/A*	*1.28/1,000-SF*

Analysis of Comparable Sales

The Sales Comparison Approach is most useful when there is a high degree of similarity between the subject and the property sales. With a good number of sales, it is possible to extract some overall guidelines from the market. In this analysis, we have chosen the three-Office/Retail s that we considered to be most comparable to the subject from the data reviewed.

In this analysis, we have chosen the three Office/Retail buildings that we considered to be most comparable to the subject from the data reviewed.

We have adjusted the sale price of each comparable as needed in relation to the subject using the elements of comparison discussed in sequence below with the price per square foot of building area including land as the unit of comparison. The adjustments (if any) to each comparable sale is shown on the above table. The following is an explanation as to the relevance of those adjustments.

Quantitative Adjustments

The subject is in highly dilapidated condition with open walls, open roofing and moisture intrusion. A structural report indicates that the foundation and frame work of the subject is still good. However, all comparable sales are superior in condition. We have further issued a quantitative adjustment based on the level of deterioration for the subject (also reflected in the cost approach of this report) that is greater than the comparable sales. This estimate was made at 30%. Each comparable sale was, therefore, adjusted downward 30% to account for superior condition.

Analysis of Comparable Sales – (Cont.)

Property Rights Conveyed - The property rights appraised in this report are the Fee Simple Interest. To our knowledge, each comparable sale conveyed is either leased fee or fee simple rights and no adjustments were necessary.

Financing Terms - As far as we could determine, all of the comparables were normal sales insofar as the seller received cash or cash equivalent and no special financing was involved in the transactions. Therefore, no adjustments were made for financing terms.

Conditions of Sale - All of the comparable sales were reported to be arms-length transactions. According to the Appraisal Institute, legislation failed in states, including Illinois, Missouri, Maryland, and Nevada, to attempt legislation to limit the use of short sales and bank-owned sales in appraisals. Ultimately, distressed sales may not meet the traditional definition of market value, but distressed sales do have an influence on the market. These sales are available on the market at the same time as other sales (often times in similar to superior condition) and when educated buyers are making decisions with the appropriate motivations, these types of properties are typically deemed viable options for purchase.

Market Conditions (Time) - Typically, it is our opinion that there has been an upward change in market conditions between the date of the earliest sale and the appraisal date. We have considered that the average buyer would look in the foreclosure market before considering regular market sale prices. The comparables sold between October 2017 to April, 2018.

Physical Characteristics - The following factors were considered in our analysis of physical characteristics:

Location - The comparables are located within similar mixed Commercial market areas as the subject. They are all located on or reasonably close to major thoroughfares providing quick and easy access to the expressways. These factors all affect the ability of an improvement to yield the highest sales price possible. Any difference in density, amenities and linkages in a location would warrant an adjustment under this heading. Any adjustments, if warranted were made in accordance with the previous summary table.

Size - Generally speaking, the larger the building area, the lower the unit price and conversely, the smaller the building area, the higher the unit price. The entire subject building consists of 49,000-square feet. The comparables range in size from 8,000- to 46,800-square feet. Any substantial difference from the subject would warrant an adjustment under this heading. Larger sized buildings are adjusted upward as they typically would sell for less per square foot of building area. Adversely smaller sized buildings would be adjusted downward as they would sell for more per square foot of building area.

Age and Condition - The subject building was initially constructed in 1922. The subject is considered to be in poor overall physical condition. The comparable sales are in varying condition as compared to the subject property. Any substantial difference in age, typically by twenty or more years would warrant an adjustment under this heading. Typically, a majority of the selected comparable sales are similar to the subject in addition, so any adjustment for age would be in relation to incurable depreciation.

Access and Visibility - The access and visibility of a building or parcel of land is important. Infrastructure, corner locations, or highway frontage are important selling factors which can drive
the price per unit up when compared to other locations without these amenities. The subject has an average commercial location along a major thoroughfare. Any sales that do not have similar access, visibility or location near at least one major thoroughfare would warrant an adjustment under this heading.

Analysis of Comparable Sales – (Cont.)

Land to Building Ratio - The land to building ratio is an indicator of the density of the development and can indicate the presence of excess land. Generally, the higher the ratio the better. The subject's land to building ratio is 0.26:1, based on the total building area. Any significant difference in land-to-building ratio (a variance by more than 30%) would warrant an adjustment under this heading.

Miscellaneous - Miscellaneous adjustments are used to account for odd features of the subject or any of the comparables. Such adjustments might be for sales to tenants or sales of waterfront property.

We have compared the subject to similar comparable sales and considered rights conveyed, financing terms, conditions of sale, market conditions, location, size, age and condition, access, visibility and various other physical features. We adjusted comparable sales on a quantitative and qualitative basis as exemplified in our adjustment chart. Overall, the subject falls at the middle portion of the range in terms of condition.

Summary of Adjustments

		Comparable #1	Comparable #2	Comparable #3
		6240 S. Kimbark Ave.	222 E. 61st St.	4192 S. Archer Ave.
		Chicago, IL 60637	Chicago, IL 60637	Chicago, IL 60632
STANDARD ADJUSTMENTS	Financial / Market Adjustments			
	Property Rights Conveyed	Similar	Similar	Similar
	Financing Terms	Similar	Similar	Similar
	Conditions of Sale	Similar	Similar	Similar
	Market Conditions	Similar	Superior (-)	Similar
	Physical Characteristic Adjustments			
	Location	Similar	Similar	Superior (-)
	Size	Smaller (-)	Smaller (-)	Similar
	Age	Similar	Superior (-)	Similar
	Condition / Quality	Superior (-)	Superior (-)	Superior (-)
	Land to Building Ratio	Superior (-)	Similar	Superior (-)
	Parking Rato	Superior (-)	Similar	Superior (-)
	Retail Features			
	Access & Visibility (Traffic Count)	Superior (-)	Superior (-)	Superior (-)
	Overall	Similar	Superior (-)	Superior (-)
	PSF	**$19.69**	**$27.22**	**$17.95**

Correlation of Improved Value

We have analyzed several improved sales, all of which were found to be very comparable. Based on the aforementioned date, we find that comparables two and three are superior to the subject property. Comparable one sold for $28.13 per square foot while comparable two sold for $38.89 per square foot but after adjustments were factored in comparable one appears to be the most compatible with our subject property.

The estimated value via the direct Sales Comparison Approach is often given primary consideration, since it is based on historical actions and tends to set the lower limit of value within an improving market and the higher limit of value within a declining market. Based upon the current demand within the area for similar buildings over the past three-years, combined with the subject's condition, location, and amenities, the middle- portion of the value range is applicable.

Correlation of Improved Value – (Cont.)

Based upon the foregoing information, a market value of $20.00 per square foot of building area would be applicable. Therefore, the total estimated improved value is:

SUMMARY OF VALUE VIA THE SALES COMPARISON APPROACH

Building Area		***Value PSF***		***Estimated Market Value***
49,000-SF	x	$20.00	=	$980,000
		Totals:		$980,000
		Rounded to:		**$980,000**

SECTION VIII. RECONCILIATION OF VALUE

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The Cost Approach, Income Approach, and Sales Comparison Approach do not always result in the same indication of value. In the case that more than one valuation approach is applied, the appraiser weighs the various approaches to determine a final conclusion of value. This process is referred to as the reconciliation.

There are several questions that need to be answered during this process.

1. Is the market data sufficient to support a credible opinion of value?

a. Within the Sales Comparison Approach, the appraiser was able to locate multiple comparable property sales that provide a strong indication of market value.

b. Within the Cost Approach, the appraiser uncovered adequate market data to support land valuation and cost of construction.

2. ***Do the approaches to value support our conclusion of the Highest and Best Use?*** Yes, our analysis in the Sales Comparison Approach and Cost Approach support our conclusion in the Highest and Best Use to either demolish property or retain and complete a total rehab.

3. ***Are the property rights appraised consistent throughout the appraisal?*** This appraisal engagement is concerned with the *Interest* in the valuation of the subject.

a. Within the Sales Comparison Approach, we have made an extraordinary assumption that any sales that have leases in place (i.e. leased fee interest) have market leases, which indicates the *Leased Fee* value is similar to the *Fee Simple* value. Proving otherwise would require the rent roll, leases, or an income statement of a comparable sale property, which is extremely rare due to confidentiality concerns of market participants.

4. ***Do the approaches to value utilize information from the same market area?*** The comparable sales and comparable rentals utilized in this appraisal are generally located in similar market areas as compared to the subject. The appraiser has taken location into strong consideration in both the Cost Approach and Sales Comparison Approach when making adjustments to comparable properties, and we believe these adjustments are appropriate to account for any market area differences.

5. *Conclusion* – For the estimate of value As-IS (Improved), we have given 80% consideration to the sales approach and 20% to the cost approach:

RECONCILIATION AND FINAL ESTIMATE OF VALUE – (Cont.)

The values as indicated by each approach are as follows:

AS-IS (As Improved) Value Indications:

Cost Approach	$1,090,000 or $22.25 per square foot of building area.
Income Approach	Not used.
Sales Comparison Approach	$980,000 or $20.00 per square foot of building area. The sales range from $15.38 to $23.33 per square foot of building area.
Final Opinion of Value:	$1,000,000.

LAND (As Vacant) Value Indications:

Estimated Land Value:	$960,000 (As Vacant) or $35.00 per square foot of allowable building area. This equates to $77.00 per square foot of land area. Comparable land sales ranged between $22.36 to $39.55.
Final Opinion of Value:	$960,000.

LAND (As Improved) Value Indications:

Estimated Cost of Demolition:	$150,000 or $3.00 per square foot of GBA
Estimated Land Value:	$800,000. Or $960,000 minus the cost of demolition (estimated at $150,000), rounded to the nearest hundred thousand.
Final Opinion of Value:	$800,000.

Conclusion

The approaches, while interrelated, indicate values based upon different circumstances. The appraisal process has established a reasonable range of value, and, in the final analysis, an interpretation of these estimates is made. Considering the above factors, it is estimated that the market value of the subject property as of July 3, 2018 was:

ONE MILLION DOLLARS
($1,000,000)

SECTION IX. CERTIFICATION

CERTIFICATION

We, the undersigned, do hereby certify that we have personally observed the property located at:

6300 S. Cottage Grove Ave.
Chicago, Illinois 60637

To the best of our knowledge and belief, the statements of fact contained in this report and upon which the opinions herein are based are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

Employment in and compensation for writing this appraisal report were not contingent upon developing or reporting a predetermined result or results. Also, we have no present or prospective interest in the property that is the subject of this appraisal report and no personal interest with respect to the parties involved. The compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or a 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.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

The appraisal report identifies all of the limiting conditions affecting the analysis, opinions, and conclusions contained in this report. These may appear throughout the report.

We have not performed appraisal services, as an appraiser (or in any other capacity); regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

The analysis, opinions and the conclusions contained in this report have been developed in accordance with the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute.

The use of this report is subject to the requirements of The Appraisal Institute relating to reviews by its duly authorized representatives. No one other than the undersigned prepared the analysis, opinions and conclusions concerning the real estate that are set forth in this appraisal report.

The Appraisal Institute conducts a voluntary program of continuing education for designated members. MAI's and SRA's who meet the minimum standards are awarded periodic educational recertification as of the date of this report; Joseph J. Calvanico has completed the requirements of the continuing education program of the Appraisal Institute. Also, as of the date of this report, Joseph J. Calvanico has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members. Joseph Calvanico has made a personal on-site visit of the property that is the subject of this report.

Joseph J. Calvanico, MAI, FRICS
Illinois Certified General Appraiser 553.001732
Expires 9/30/2019

CONTINGENT AND LIMITING CONDITIONS

It is assumed that the title to the properties is good and marketable. No title search has been made, nor have we attempted to determine the ownership of the properties. The value estimates are given without regard to any questions of title, boundaries, encumbrances, or encroachments. It is assumed that all assessments are paid.

The legal description, if included herein, should be verified by legal counsel before being used in any conveyance or other legal document.

Our value estimate involves only the real estate and all normal building equipment. No consideration was given to personal property, unless stated, or special equipment. The value stated herein assumes that all normal mechanical items are in good working order and that all improvements are structurally sound unless otherwise noted. The physical condition of the real estate described herein was based on a visual inspection, except where noted. It is assumed that there are no hidden or unapparent conditions that would render the property more or less valuable.

We are not familiar with any engineering studies made to determine the bearing capacity of the land. Improvements in the area appear to be structurally sound. It is therefore assumed that soil and subsoil conditions are stable.

The various exhibits included in this report are intended to assist the reader in visualizing the property and its surroundings. The drawings are not intended as surveys, and no responsibility is assumed for their cartographic accuracy.

The separate allocation of the valuation between land and improvements represents our judgment only under the existing utilization of the properties. A revaluation should be made if the improvements are removed or substantially altered and the land utilized for another purpose. No court testimony is required by the appraiser with reference to the property appraised unless arrangements have previously been made.

All of the analysis, opinions and conclusions stated in this report assume responsible ownership and competent management.

Neither all or any part of the contents of this report (especially any conclusions, the identity of persons signing or contributing to this report or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without prior written consent and approval.

Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. We have no knowledge (beyond which was already stated) of the existence of such materials on or in the property and are not qualified to detect such substances. The presence of any potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

This report is made for the information and/or guidance of our client and is not intended to be published or distributed to other persons. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without our written consent and approval, particularly as to the valuation conclusion, the identity of the appraisers, or any reference to the Appraisal Institute or any of its designations.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of the 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 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 non-compliance with the requirements of the ADA in estimating the value of the property, unless otherwise stated in the Scope of the report.

PRIVACY POLICY

This Appraisal firm is required by the Gramm-Leach-Bliley Act to inform customers of our policies regarding the collection of nonpublic personal information during the appraisal process.

The Federal Trade Commission (FTC) has ruled that appraisers are now considered to be financial institutions. This stems from statements by FannieMae, FreddieMac, and FHA that appraisers are considered to be part of the financial institution for their participation in the lending process.

State-Licensed / Certified Appraisers have been and continue to be bound by the *Uniform Standards of Professional Appraisal Practice* (USPAP) and the Ethics Rule which consists of conduct, management, confidentiality, and record-keeping sections. These rules and standards are more stringent than those required by law.

Types of Nonpublic Personal Information Collected

Personal and financial information about your property is collected during the course of developing the appraisal process. This is generally accomplished with your knowledge and approval. Nonpublic information is normally provided to our company by you or obtained by us with your authorization. The purpose of the appraisal process is to develop an opinion of value for a client or customer for a specific property. This value opinion is a part of the requirement for successful completion of a particular real estate financial transaction.

Parties to Whom We Disclose Information

Our company does not disclose any nonpublic personal information obtained during the course of developing a property's opinion of value except as required by law or at the direction of the client to assist in the completion of a particular financial transaction. Such nonpublic information may be disclosed to the client and any identified users of the specified appraisal, review, or appraisal consulting assignment. A fiduciary agreement is automatically in effect between our agency and the identified customer / client and intended users per the Ethics Rule contained within USPAP. Additionally, in all such situations, the appraiser must comply with all pertinent laws, rules, and regulations regarding the safeguarding of the analyses, conclusions, survey results, adjustments, and opinions relative to the appraisal process.

Record Keeping Requirements

Our agency retains records relating to the informational services that we provide so that we are better able to assist you with your professional needs and to comply with the requirements of the Ethics Rule as contained within USPAP. In order to secure your nonpublic personal information, our agency maintains physical, electronic, and procedural safeguards to comply with our professional standards of practice.

Customers Right to Limit Public Disclosure or Sharing of Nonpublic Personal Information

Our clients and customers have the right to limit the use or reuse of the nonpublic personal information gathered during the course of the appraisal process. The customer must notify this agency within a reasonable time that public disclosure, use, or reuse of such information is prohibited except as required by applicable law, regulation, or USPAP.

Please call if you have any questions concerning this policy. We are bound by our professional ethics and guidelines and your confidentiality and the ability to provide you with a quality product or service are very important to us.

Loop Capital Financial Consulting Services
111 West Jackson Blvd., Suite 1901
Chicago, IL 60604
Phone: P: 312.356-5841
E-Mail: Josesph.Calvanico@loopcapital.com

SECTION X. QUALIFICATIONS

JOSEPH JAMES CALVANICO, MAI, FRICS

Joseph Calvanico is Managing Director of Loop Capital Financial Consulting Services, LLC, a full-service commercial and industrial real estate appraisal firm. Joe is a valuation and property tax expert with nearly 35 years of experience in the industry.

PROFESSIONAL HISTORY Madison Appraisal, LLC Navigant Consulting, Inc. Crowe Horwath LLP
Grant Thornton LLP General Electric KPMG LLP
Price Waterhouse
Morton Thiokol / Morton International

EDUCATION

John Marshall Law School	Master of Science: Real Estate Law
University of Wisconsin-Milwaukee	Bachelor of Arts: Economics

DESIGNATIONS & ACCREDITATION
The Appraisal Institute, MAI, Member
American Society of Appraisers, Senior Appraiser
Institute of Professionals in Taxation, CMI, Member
Association of Machinery & Equipment Appraisers, CEA, Appraiser
Royal Institute of Chartered Surveyors, FRICS, Fellow

Certified General Appraiser:
- Illinois
- Indiana
- Florida
- Nebraska
- New York
- Pennsylvania
- Texas
- Virginia

AREAS OF EXPERTISE

» Real Property Appraisals
» Personal Property Appraisals
» Utility Appraisals
» Hospitality Valuation
» Appraisals for Bankruptcy Cases
» Property Tax Management

REPRESENTATIVE EXPERIENCE

» Plaza Hotel – New York City
» Mall of America - Minneapolis
» Kiel Center – St. Louis
» PGA National – Boca Raton, FL

LEADERSHIP

The Appraisal Foundation, Chair Industry Advisory Council
RICS Midwest Chapter, Vice President Public Affairs iCAP, Board of Directors

TRAINING

Conservation Easement Valuation Certificate, Appraisal Institute
Marine Survey & Valuation Credential, American Society of Appraisers
REIT School Coursework
Interview and Interrogation Techniques, Reid School

TEACHING

» Loyola University School of Law | Guest Lecturer on Property Tax
» Webinar Series on Property Tax | Online Instructor
» Podcast Series on Property Tax | Online Instructor
» Institute for Professionals in Taxation | Lecturer
» McHenry County College | Professor Property Appraisal

RECENT TALKS:

» Northern California Chapter of Appraisal Institute – Fall 2014

TESTIMONY:

» Utah Legislature | Expert Witness
» Indiana State Tax Commission | Expert Witness
» Federal Bankruptcy Court | Expert Witness
» Local Property Tax Appeal Hearings Nationwide | Expert Witness

PUBLICATIONS

Author of over 100 articles, including:
Economic Obsolescence of Manufacturing Facilities
Useful Lives of Machinery & Equipment Employed in Salt Production Economic Life of Improvements Associated with Salt Production Modified Expected Value Method
Bounty-Hunting in Property Taxation
Property Tax Trends – The Impact of Environmental Contamination on the Value of Real Estate
Overlooked Standard Could Save Business Taxes on Equipment
Perspectives in State and Local Taxation
The Taxing Predicament of Bank Consolidations
The Changing Role of Bank Branches Saving Property Tax Dollars
The Obsolescence Principle: A Tax-Savings Strategy
Determining Abnormal Obsolescence of Rural Electric Cooperatives for Property Taxation
Gimme Shelter
Economic Obsolescence in the Aircraft Industry Is a Company in Control of Its Fixed Assets?
Easement Come, Easement Go
Madison Two Associates v. Maria Pappas
Using the State of the Real Estate Industry for Tax Advantages
The Diamond-Star Decision
Methods for Calculating Obsolescence
Property Tax Issues for Lessees

MEDIA

- Wall Street Journal | Assessor Survey Story | 2011
- Elkhart Times | Assessor Survey Story | 2011
- Real Estate Publications Group | State of the RE Market | 2011
- Rutland Vermont News | Story on Property Tax Appeal | 2003
- Ames Tribune | Story on Property Tax Appeal | 2000
- Practical Homeowner | Story on Value of Home Renovations | 1991

INVOLVEMENT

- Infraguard | Treasurer
- Illinois Attorney Registration & Disciplinary Commission | Hearing Board
- Chicago Crime Commission | Board of Directors
- YMCA Camp Duncan | Board of Directors
- Chicago Public Schools | Principal-for-A-Day Program
- The John Marshall Law School – Center For Real Estate Law, Advisory Board