

Appraisal of Real Property

Commercial Condo Unit - Unit 105
Retail Condominium Property
22 N. Morgan St, Unit 105
Chicago, Cook County, Illinois 60607

Prepared For:
Centrust Bank

Date of the Report:
July 17, 2023

Report Format:
Appraisal Report

IRR - Chicago
File Number: 194-2023-1062



Subject Photographs



Commercial Condo Unit - Unit 105
22 N. Morgan St, Unit 105
Chicago, Illinois

Aerial Image





July 17, 2023

Brenda Henry
Loan Documentation Specialist
Centrust Bank
385 Waukegan Rd
Northbrook, IL 60062

SUBJECT: Market Value Appraisal
 Commercial Condo Unit - Unit 105
 22 N. Morgan St, Unit 105
 Chicago, Cook County, Illinois 60607
 IRR - Chicago File No. 194-2023-1062

Dear Ms. Henry:

Integra Realty Resources – Chicago is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, July 3, 2023
- The prospective market value as completed of the fee simple interest in the subject property as of the effective date of the appraisal, January 3, 2024

The client and intended user is Centrust Bank, NA - Northbrook, IL. The intended use of the report is for loan underwriting purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is an existing commercial condominium unit containing 1,738 square feet of gross square feet. The improvements were constructed in 1920 and the building converted from an industrial use to a residential condominium complex with commercial space on the first floor in 2002. The unit was previously proposed to be developed into an MRI facility and work had started. The prospective value assumes the property is vanilla box state. A large pit for MRI will be filled in and demising walls removed. This unit has no direct access to the

street but through secured access common to the residential units. As a concession to the condominium association to secure permission to add a direct street side access for the subject, a 119 square foot area of the unit will become common area for package deliveries. The as complete value takes into account the renovation including carving out this area for common space.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal guidelines of Centrust Bank. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion of value.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, the concluded opinion(s) of value is(are) as follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	July 3, 2023	\$470,000
Prospective Market Value As Completed	Fee Simple	January 3, 2024	\$560,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. Our opinion of prospective market value as completed assumes that the proposed improvements are completed in accordance with plans and specifications as of January 3, 2024, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.



Brenda Henry
Centrust Bank
July 17, 2023
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Chicago

A handwritten signature in black ink, appearing to read "James Kutill".

James Kutill, MAI
Illinois Certified General Real Estate
Appraiser #553.000280
Expires 9/30/23
Telephone: 312-565-3420
Email: jkutill@irr.com



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Quality Assurance

IRR Quality Assurance Program

At IRR, delivering a quality report is a top priority. Integra has an internal Quality Assurance Program in which managers review material and pass an exam in order to attain IRR Certified Reviewer status. By policy, every Integra valuation assignment is assessed by an IRR Certified Reviewer who holds the MAI designation, or is, at a minimum, a named Director with at least ten years of valuation experience.

This quality assurance assessment consists of reading the report and providing feedback on its quality and consistency. All feedback from the IRR Certified Reviewer is then addressed internally prior to delivery. The intent of this internal assessment process is to maintain report quality.

Designated IRR Certified Reviewer

The IRR Certified Reviewer who provided the quality assurance assessment for this assignment is James Kutill, MAI.

Executive Summary

Property Name	Commercial Condo Unit - Unit 105
Address	22 N. Morgan St, Unit 105 Chicago, Cook County, Illinois 60607
Property Type	Retail Condominium - Office Condominium
Owner of Record	CTB Real Estate Holdings, LLC-Morgan Series
Tax ID	17-08-446-022-1023
Land Area	0.51 acres; 22,215 SF
Gross Building Area	1,857 SF
Gross Leasable Area	1,738 SF
Percent Leased	0%
Year Built; Year Renovated	1920 / 2002; 2023
Zoning Designation	DX-3, Downtown Mixed-Use District
Highest and Best Use - As if Vacant	Office use
Highest and Best Use - As Improved	Retail use
Exposure Time; Marketing Period	6 to 12 months; 6 to 12 months
Effective Date of the Appraisal	July 3, 2023
Date of the Report	July 17, 2023
Property Interest Appraised	Fee Simple
Market Value Indications	
Cost Approach	Not Used
Sales Comparison Approach	\$470,000
Income Capitalization Approach	\$520,000
Market Value Conclusion	\$470,000
Prospective As-Complete Market Value Conclusion	\$520,000

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Centrust Bank may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. Our opinion of prospective market value as completed assumes that the proposed improvements are completed in accordance with plans and specifications as of January 3, 2024, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

The analyses presented in this report consider the internal strengths and weaknesses of the subject property, as well as opportunities and external threats. The overall valuation influences are summarized in the following table.

Valuation Influences

Strengths

- Good location just off Madison Street in the heart of the West Loop Market.
- Good access to public transit as the Morgan CTA Pink/Green Line station is two blocks north of the subject.
- The condominium association has agreed to allow direct street access to the unit as it was previously only accessible from an interior corridor. In exchange, this unit needs to convert 119 square feet of this unit to common space. The street accessibility outweighs the slight loss in square feet.

Weaknesses

- None noted

Opportunities

- Appeal of assessments to reduce the tax burden on the property. The taxes are currently low, but once improved, the taxes will rise.

Threats

- While all indications are pointing to an opening of the economy, risk remains that current vaccines are less effective on new variants of COVID-19 and the market begins to pull back.
 - The high rate of inflation, 10 year Treasury yields trending at a 3 year high, and declining GDP are pointing to the potential for a recession.
-

Identification of the Appraisal Problem

Subject Description

The subject is an existing commercial condominium unit containing 1,738 square feet of gross square feet. The improvements were constructed in 1920 and the building converted from an industrial use to a residential condominium complex with commercial space on the first floor in 2002. The unit was previously proposed to be developed into an MRI facility and work had started. The prospective value assumes the property is vanilla box state. A large pit for MRI will be filled in and demising walls removed. This unit has no direct access to the street but through secured access common to the residential units. As a concession to the condominium association to secure permission to add a direct street side access for the subject, a 119 square foot area of the unit will become common area for package deliveries. The as complete value takes into account the renovation including carving out this area for common space. A legal description of the property taken from the most recent deed follows. We note that once the renovation and transfer of a portion of the subject unit to common area takes place, the following ascribed legal description will need revision:

UNIT 105 IN THE MORGAN TOWN LOFTOMINIUM, A CONDOMINIUM, AS DELINEATED ON A SURVEY OF THE FOLLOWING DESCRIBED REAL ESTATE:
CERTAIN PARTS OF LOTS IN BLOCK 50 IN CARPENTER'S ADDITION TO CHICAGO IN THE SOUTHEAST 1/4 OF SECTION 8, TOWNSHIP 39 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN.
WHICH SURVEY IS ATTACHED AS EXHIBIT "B" TO THE DECLARATION OF CONDOMINIUM RECORDED AS DOCUMENT NUMBER 00366859, AND AS AMENDED, TOGETHER WITH ITS UNDIVIDED PERCENTAGE INTEREST IN THE COMMON ELEMENTS, ALL IN COOK COUNTY, ILLINOIS.

PARCEL 2:

EASEMENT FOR THE BENEFIT OF PARCEL 1 FOR LIGHT, AIR & VENTILATION AS SET FORTH IN THE EASEMENT AGREEMENT RECORDED AS DOCUMENT NUMBER 91134890.

PARCEL 3:

EASEMENTS FOR THE BENEFIT OF PARCEL 1 AND OTHER PROPERTY FOR ACCESS, INGRESS, EGRESS, USE AND ENJOYMENT AS SET FORTH IN THE GRANT OF EASEMENTS AND OPERATING AGREEMENT RECORDED AS DOCUMENT NUMBER 00366855.

Property Identification

Property Name	Commercial Condo Unit - Unit 105
Address	22 N. Morgan St, Unit 105 Chicago, Illinois 60607
Tax ID	17-08-446-022-1023
Owner of Record	CTB Real Estate Holdings, LLC-Morgan Series

Sale History

No known sales or transfers of ownership have taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

Based on discussions with the appropriate contacts, the property is not subject to an agreement of sale or an option to buy. It is listed for sale, as of the effective appraisal date.

We note that the subject was previously under contract beginning in late 2019 to early 2020 with a buyer at \$700,000 which had planned to operate a hair salon out of the property. The closing was originally delayed by COVID. Further, ownership had asked the condominium association to allow for a door to provide direct access to the sidewalk but the association denied this request. As such, the deal fell through in early March 2021 as the business would not be feasible without direct customer access. There was another offer at \$600,000 from a buyer which wanted to operate a dental office out of the property. However, this also fell through due to the inability to install a door providing direct access to the sidewalk.

Prior to this the subject had sold for \$749,500 when it was first proposed for the MRI medical space, as of August 31, 2017.

Since this activity, the lender/owner (client) has negotiated and agreed to a transaction with the condominium association whereby a 119 square foot closet area in the subject unit will be carved out and given to the association, to be used as an association package delivery space, since it is at the lobby entrance of the property. In exchange, the subject unit has been approved to open a doorway directly onto the street and so be a true retail property. The unit is now currently listed with SVN with two list prices. Under the assumption of approval for the street fronting door but not yet done, the unit is offered at \$495,000. If the buyer wants to only consider the unit with the door in place, the list price is \$595,000. Reportedly the current listing agreement has been in place less than 30 days.

Appraisal Purpose

The purpose of the appraisal is to develop the following opinion(s) of value:

- The market value as is of the fee simple interest in the subject property as of the effective date of the appraisal, July 3, 2023
- The prospective market value as completed of the fee simple interest in the subject property as of the effective date of the appraisal, January 3, 2024

The date of the report is July 17, 2023. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

The definitions of the value types applicable to this assignment are summarized below.

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 seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. 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.¹

Appraisal Premise Definitions

The definitions of the appraisal premises applicable to this assignment are specified as follows.

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.²

Property Rights Definitions

The property rights appraised which are applicable to this assignment are defined as follows.

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.³

Client and Intended User(s)

The client and intended user is Centrust Bank, NA - Northbrook, IL. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

The intended use of the appraisal is for loan underwriting purposes. The appraisal is not intended for any other use.

¹ Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised April 9, 2018;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of Centrust Bank.

Report Format

Standards Rule 2-2 (Content of a Real Property Appraisal Report) contained in the Uniform Standards of Professional Appraisal Practice (USPAP) requires each written real property appraisal report to be prepared as either an Appraisal Report or a Restricted Appraisal Report. This report is prepared as an Appraisal Report as defined by USPAP under Standards Rule 2-2(a), and incorporates practical explanation of the data, reasoning, and analysis used to develop the opinion of value.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have prepared two appraisals of the subject property for the current client. We also provided an appraisal to a different client in 2021. We have provided no other 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 the agreement to perform this assignment.

Prior Value Comparison				
	Prior	\$/SF	Current	\$/SF
Report Date:	April 10, 2023		July 17, 2023	
As Is Effective Date:	March 30, 2023		July 3, 2023	
As Is Market Value	\$510,000	\$274.64	\$470,000	\$253.10
Net Operating Income	\$47,583		N/A	
Capitalization Rate	9.33%		N/A	
Vacancy & Collection Loss	5.0%		N/A	
	Prior	\$/SF	Current	\$/SF
Prospective Effective Date:	May 31, 2023		January 3, 2024	
Prospective Market Value	\$610,000		\$560,000	\$301.56
Net Operating Income	N/A		\$52,140	
Capitalization Rate	N/A		9.31%	
Vacancy & Collection Loss	N/A		—	

When the property was appraised in March 2021, the unit was previously under construction to be built-out as a medical office with stand-up MRI area. The finishes were not completed and were partially built-out with an area containing copper wall coverings and an approximate 1,200 AMP panel and a three-foot deep concrete pit. These improvements would be considered to be an over-improvement for a typical commercial condo unit. The pit is a detriment to most users. Further, access to the unit is through an interior corridor without direct street access. Street access is desirable for commercial users. The condominium association has agreed to street access in exchange for 119 square feet of the subject space be enclosed and dedicated for common space to be used for a mail / delivery space. The unit without the carve-out for the mail / delivery space is 1,857 square feet. The size of the space after removal of this area is 1,738 square feet.

Since our previous assignment in March, 2023 the interest increases continued, slowing market activity.

Appraiser Competency

No steps were necessary to meet the competency provisions established under USPAP. The assignment participants have appraised several properties similar to the subject in physical, locational, and economic characteristics, and are familiar with market conditions and trends; therefore, appraiser competency provisions are satisfied for this assignment. Appraiser qualifications and state credentials are included in the addenda of this report.

Scope of Work

Introduction

The appraisal development and reporting processes require gathering and analyzing information about the assignment elements necessary to properly identify the appraisal problem. The scope of work decision includes the research and analyses necessary to develop credible assignment results, given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

To determine the appropriate scope of work for the assignment, the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors were considered. The concluded scope of work is described below.

Research and Analysis

The type and extent of the research and analysis conducted are detailed in individual sections of the report. The steps taken to verify comparable data are disclosed in the addenda of this report. Although effort has been made to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Subject Property Data Sources

The legal and physical features of the subject property, including size of the site and improvements, flood plain data, seismic zone designation, property zoning, known easements and encumbrances, access and exposure, and condition of the improvements (as applicable) were confirmed and analyzed.

The financial data of the subject, the renovation budgets and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party: Mr. James McMahon, Vice Chairman, Centrust Bank.

Inspection

Details regarding the property inspection conducted as part of this appraisal assignment are summarized as follows:

Property Inspection		
Party	Inspection Type	Inspection Date
James Kutill, MAI	Interior and exterior	July 3, 2023

Valuation Methodology

Three approaches to value are typically considered when developing a market value opinion for real property. These are the cost approach, the sales comparison approach, and the income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The sales comparison approach is the most reliable valuation method for the subject due to the following:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.
- This approach is typically most relevant for owner-user properties.

The income capitalization approach is an applicable valuation method because:

- There is an active rental market for similar properties that permits us to estimate the subject's income generating potential.
- Sufficient market data regarding income, expenses, and rates of return is available for analysis.

The cost approach is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.
- This approach is not typically used by market participants, except for new (or proposed) or nearly new properties.
- The subject represents a single unit or multiple units within a condominium project and as such, cannot be separated into land and building components.

Economic Analysis

Chicago MSA Area Analysis

The subject is located in the Chicago-Naperville-Elgin, IL-IN-WI Metropolitan Statistical Area, hereinafter called the Chicago MSA, as defined by the U.S. Office of Management and Budget. The Chicago MSA is 7,197 square miles in size, and is the third most populous metropolitan area in the nation.

Population

The Chicago MSA has an estimated 2023 population of 9,504,599, which represents an average annual 0.4% decrease from the 2020 census of 9,618,502. The Chicago MSA lost an average of 37,968 residents per year over the 2020-2023 period, and its downward trend in population parallels the State of Illinois which had a 0.5% average annual decrease in population over this time.

Looking forward, the Chicago MSA's population is projected to decrease at a 0.1% annual rate from 2023-2028, equivalent to the loss of an average of 8,513 residents per year. The Chicago MSA's decline in population parallels Illinois, which is projected to decrease at a 0.2% rate.

Population Trends					
	Population			Compound Ann. % Chng	
	2020 Census	2023 Estimate	2028 Projection	2020 - 2023	2023 - 2028
United States	331,449,281	334,500,069	341,662,969	0.3%	0.4%
Illinois	12,812,508	12,633,738	12,518,254	-0.5%	-0.2%
Chicago MSA	9,618,502	9,504,599	9,462,034	-0.4%	-0.1%

Source: Claritas

Employment

Total employment in the Chicago MSA was estimated at 4,803,700 jobs as of November 2022. Between year-end 2012 and 2022, employment rose by 366,200 jobs, equivalent to an 8.3% increase over the entire period. There were gains in employment in nine out of the past ten years. Consistent with national trends, there were significant losses in 2020, with the onset of the COVID-19 pandemic, followed by a return to positive growth in 2021. The Chicago MSA's rate of employment growth over the last decade surpassed that of Illinois, which experienced an increase in employment of 5.9% or 342,600 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Chicago MSA has had a 6.4% average unemployment rate, which is the same as the rate for Illinois. The two areas are performing similarly according to this measure.

Recent data shows that the Chicago MSA unemployment rate is 4.7% in comparison to a 4.5% rate for Illinois, a negative sign for the Chicago MSA economy but one that must be tempered by the fact that the Chicago MSA has outperformed Illinois in the rate of job growth over the past two years.

Employment Trends

Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Chicago MSA	% Change	Illinois	% Change	Chicago MSA	Illinois
2012	4,437,500		5,822,600		9.1%	9.0%
2013	4,510,700	1.6%	5,882,100	1.0%	9.1%	9.1%
2014	4,582,000	1.6%	5,969,900	1.5%	7.2%	7.2%
2015	4,670,100	1.9%	6,048,000	1.3%	6.0%	6.0%
2016	4,711,400	0.9%	6,076,800	0.5%	5.8%	5.9%
2017	4,748,600	0.8%	6,131,900	0.9%	4.9%	4.9%
2018	4,780,200	0.7%	6,159,700	0.5%	4.1%	4.4%
2019	4,806,900	0.6%	6,176,900	0.3%	3.9%	4.0%
2020	4,422,400	-8.0%	5,702,800	-7.7%	9.5%	9.2%
2021	4,656,900	5.3%	5,981,100	4.9%	6.2%	6.1%
2022*	4,803,700	3.2%	6,165,200	3.1%	4.6%	4.7%
Overall Change 2012-2022	366,200	8.3%	342,600	5.9%		
Avg Unemp. Rate 2012-2022					6.4%	6.4%
Unemployment Rate - January 2023					4.7%	4.5%

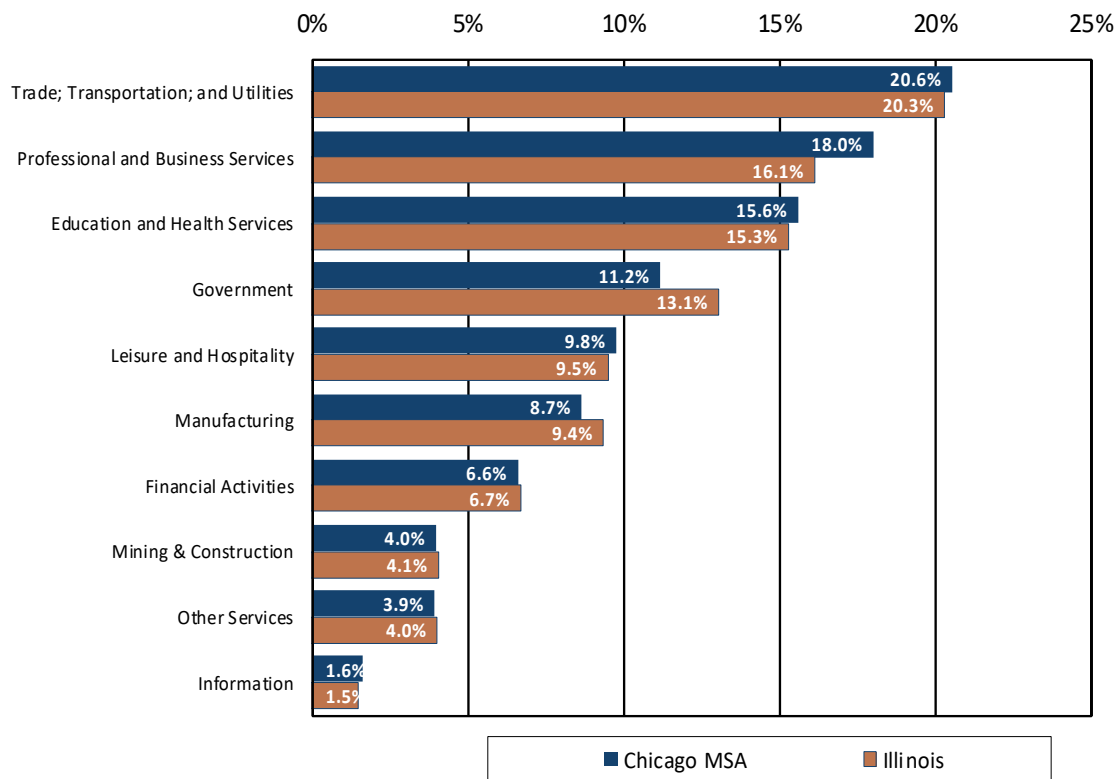
*Total employment data is as of November 2022; unemployment rate data reflects the average of 11 months of 2022.

Source: U.S. Bureau of Labor Statistics and Moody's Analytics. Employment figures are from the Current Employment Survey (CES). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Chicago MSA job market is depicted in the following chart, along with that of Illinois. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Chicago MSA jobs in each category.

Employment Sectors - 2022



Source: U.S. Bureau of Labor Statistics and Moody's Analytics

The Chicago MSA has greater concentrations than Illinois in the following employment sectors:

1. Trade; Transportation; and Utilities, representing 20.6% of Chicago MSA payroll employment compared to 20.3% for Illinois as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 18.0% of Chicago MSA payroll employment compared to 16.1% for Illinois as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Education and Health Services, representing 15.6% of Chicago MSA payroll employment compared to 15.3% for Illinois as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Leisure and Hospitality, representing 9.8% of Chicago MSA payroll employment compared to 9.5% for Illinois as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

The Chicago MSA is underrepresented in the following sectors:

1. Government, representing 11.2% of Chicago MSA payroll employment compared to 13.1% for Illinois as a whole. This sector includes employment in local, state, and federal government agencies.
2. Manufacturing, representing 8.7% of Chicago MSA payroll employment compared to 9.4% for Illinois as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Financial Activities, representing 6.6% of Chicago MSA payroll employment compared to 6.7% for Illinois as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Mining & Construction, representing 4.0% of Chicago MSA payroll employment compared to 4.1% for Illinois as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

Major Employers

Major employers in the Chicago MSA are shown in the following table.

Major Employers - Chicago MSA

	Name	Number of Employees
1	U.S. Government	52,357
2	Chicago Public Schools	38,637
3	City of Chicago	30,928
4	Advocate Aurora Health	26,585
5	Cook County	22,074
6	Northwestern Memorial Healthcare	21,999
7	University of Chicago	18,732
8	Amazon.com Inc	18,210
9	Amita Health	18,202
10	Walmart, Inc	16,900
11	State of Illinois	13,936
12	JPMorgan Chase & Co	13,750
13	Walgreens Boots Alliance Inc	13,377
14	United Airlines Holdings Inc	11,059
15	University of Illinois at Chicago	10,691
16	Abbott Laboratories	10,280
17	Rush University Medical Center	10,222
18	Jewel-Osco	10,032
19	Northwestern University	9,888
20	American Airlines Group Inc	9,700
21	Abbvie Inc	9,534
22	AT&T Inc	9,340
23	Chicago Transit Authority	9,069
24	United Parcel Service Inc	8,248
25	Health Care Service Corp	7,889

Source: Crains

Gross Domestic Product

The Chicago MSA is the third largest metropolitan area economy in the nation based on Gross Domestic Product (GDP).

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Chicago MSA than Illinois overall during the past decade. The Chicago MSA has grown at a 1.2% average annual rate while Illinois has grown at a 0.9% rate. Consistent with national trends, both areas experienced declines in 2020 followed by a rebound in 2021. The Chicago MSA continues to perform better than Illinois. GDP for the Chicago MSA rose by 6.4% in 2021 while Illinois's GDP rose by 6.2%.

The Chicago MSA has a per capita GDP of \$66,260, which is 8% greater than Illinois's GDP of \$61,560. This means that Chicago MSA industries and employers are adding relatively more value to the economy than their counterparts in Illinois.

Gross Domestic Product

Year	(\$,000s) Chicago MSA	% Change	(\$,000s) Illinois	% Change
2011	556,699,079		711,283,400	
2012	570,954,874	2.6%	726,399,100	2.1%
2013	571,812,288	0.2%	726,125,000	0.0%
2014	585,490,687	2.4%	741,194,000	2.1%
2015	598,224,439	2.2%	751,754,900	1.4%
2016	600,346,200	0.4%	749,333,500	-0.3%
2017	605,947,501	0.9%	753,027,000	0.5%
2018	622,008,434	2.7%	771,695,500	2.5%
2019	626,388,990	0.7%	775,998,100	0.6%
2020	592,460,553	-5.4%	734,385,000	-5.4%
2021	630,126,315	6.4%	780,060,800	6.2%
Compound % Chg (2011-2021)		1.2%		0.9%
GDP Per Capita 2021	\$66,260		\$61,560	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2022.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2012 dollars.

Household Income

The Chicago MSA has a higher level of household income than Illinois. Median household income for the Chicago MSA is \$82,702, which is 7.3% greater than the corresponding figure for Illinois.

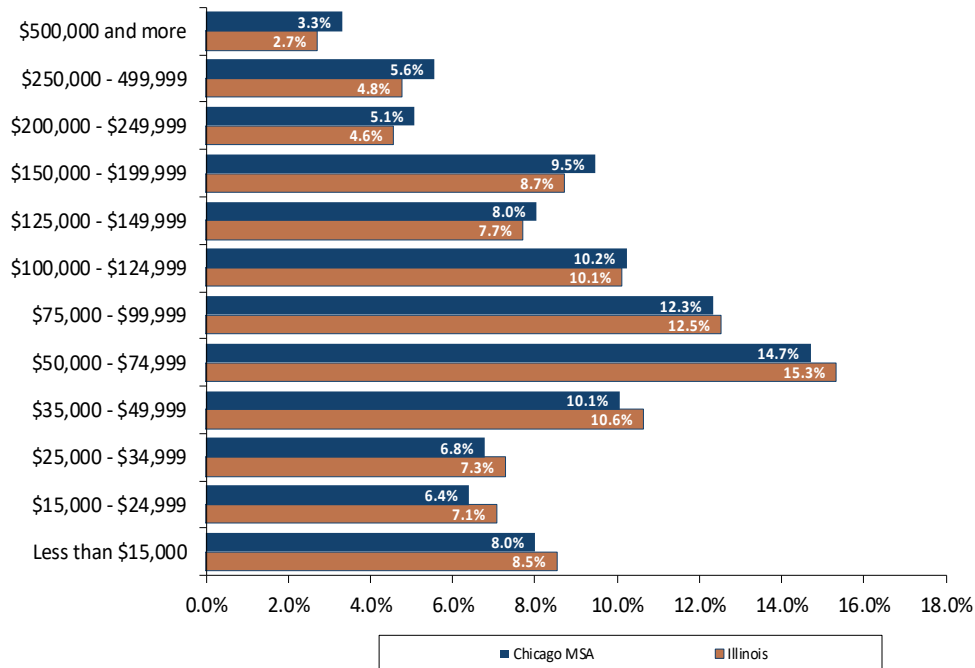
Median Household Income - 2023

	Median
Chicago MSA	\$82,702
Illinois	\$77,083
Comparison of Chicago MSA to Illinois	+ 7.3%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. The Chicago MSA has a greater concentration of households in the higher income levels than Illinois. Specifically, 54% of Chicago MSA households are at the \$75,000 or greater levels in household income as compared to 51% of Illinois households. A lesser concentration of households is apparent in the lower income levels, as 21% of Chicago MSA households are below the \$35,000 level in household income versus 23% of Illinois households.

Household Income Distribution - 2023

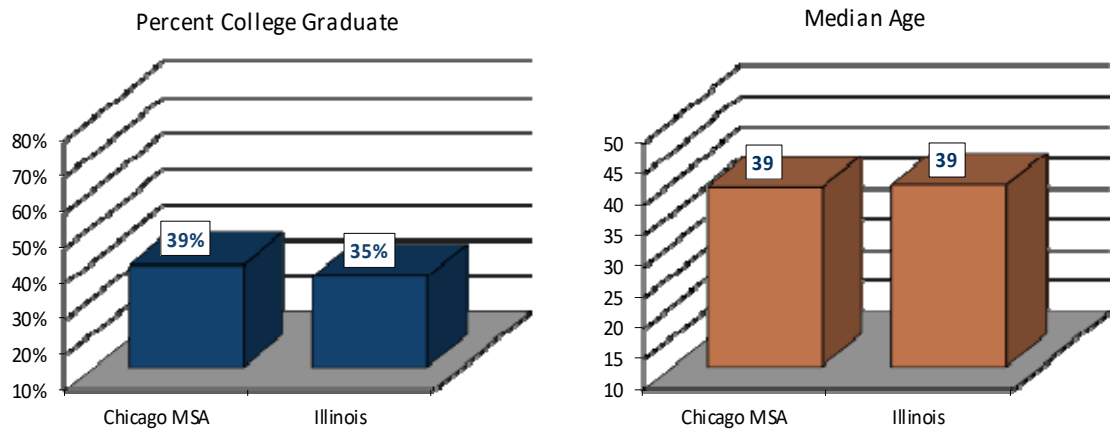


Source: Claritas

Education and Age

Residents of the Chicago MSA have a higher level of educational attainment than those of Illinois. An estimated 39% of Chicago MSA residents are college graduates with four-year degrees, versus 35% of Illinois residents. People in the Chicago MSA are similar in age to their Illinois counterparts. The median age of both the Chicago MSA and Illinois is 39 years.

Education & Age - 2023



Source: Claritas

Conclusion

The Chicago MSA economy will be affected by a flat to declining population base and higher income and education levels. The Chicago MSA experienced growth in the number of jobs over the past decade, and it is reasonable to assume that employment growth will occur in the future. Moreover, the Chicago MSA gains strength from being the third most populous metropolitan area in the country and having both a higher rate of GDP growth and a higher level of GDP per capita than Illinois overall. It is anticipated that the Chicago MSA economy will improve and employment will grow, strengthening the demand for real estate.

Surrounding Area Analysis

The subject is located in the West Loop area of the City of Chicago. This area is part of the Fulton Market/Near West Side submarket. Adjacent neighborhood areas include River West to the North, West Loop to the East, University Village to the South and United Center/Garfield Park to the West.

Access and Linkages

Primary highway access to the area is via I-90. Public transportation is provided by the Regional Transportation Authority (RTA). The RTA operates three transportation divisions; the Chicago Transit Authority (CTA), the Metra commuter rail, and the PACE suburban bus service. The CTA operates a network of trains and buses within the City of Chicago, while PACE operates a network of buses serving suburban Chicago, and the Metra commuter rail system operates a network of trains that service Chicago as well as the surrounding suburbs. As a whole the RTA services Cook, DuPage, Kane, Lake, McHenry and Will counties and operates over 5,200 buses and nearly 700 rail cars. Overall, the primary mode of transportation in the area is the automobile and public transportation.

Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

Surrounding Area Demographics					
2023 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Chicago MSA	Illinois
Population 2020	57,113	454,208	989,635	9,618,502	12,812,508
Population 2023	58,787	457,070	982,109	9,504,599	12,633,738
Population 2028	62,123	468,171	987,208	9,462,034	12,518,254
Compound % Change 2020-2023	1.0%	0.2%	-0.3%	-0.4%	-0.5%
Compound % Change 2023-2028	1.1%	0.5%	0.1%	-0.1%	-0.2%
Households 2020	32,012	234,537	460,040	3,672,824	4,998,395
Households 2023	33,023	237,549	460,431	3,653,281	4,958,627
Households 2028	35,026	245,197	467,388	3,663,684	4,945,885
Compound % Change 2020-2023	1.0%	0.4%	0.0%	-0.2%	-0.3%
Compound % Change 2023-2028	1.2%	0.6%	0.3%	0.1%	-0.1%
Median Household Income 2023	\$131,822	\$112,132	\$90,599	\$82,702	\$77,083
Average Household Size	1.7	1.9	2.1	2.6	2.5
College Graduate %	82%	70%	57%	39%	35%
Median Age	35	37	36	39	39
Owner Occupied %	40%	41%	40%	65%	66%
Renter Occupied %	60%	59%	60%	35%	34%
Median Owner Occupied Housing Value	\$535,165	\$535,569	\$478,282	\$310,872	\$255,281
Median Year Structure Built	2000	1980	1964	1970	1969
Average Travel Time to Work in Minutes	28	31	35	35	32
Source: Claritas					

As shown above, the current population within a 3-mile radius of the subject is 457,070, and the average household size is 1.9. Population in the area has grown since the 2020 census, and this trend is projected to continue over the next five years. This is in contrast to the population of the Chicago MSA, which is projected to decline, as discussed previously.

Median household income is \$112,132, which is higher than the household income for the Chicago MSA. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of the Chicago MSA, while median owner-occupied home values are considerably higher.

Land Use

Predominant land uses in the immediate vicinity of the subject include a mix of retail and office. Land use characteristics of the area are summarized below.

Surrounding Area Land Uses

Character of Area	Urban
Predominant Age of Improvements (Years)	New to 120
Predominant Quality and Condition	Average
Approximate Percent Developed	99%
Infrastructure and Planning	Average
Predominant Location of Undeveloped Land	Infill
Prevailing Direction of Growth	Infill

Immediate Surroundings

North	Vacant single-story freestanding restaurant, then Washington Boulevard. Further north is an office building with ground floor retail. Further north is predominately office and multifamily properties with ground floor commercial space. Looking north, the large office building is the McDonald's headquarters.
South	Vacant site proposed for residential condominium development by the Belgravia Group, Madison Street, and newer mid-rise condominium and apartment developments. Madison Street frontage has convenience type retail and restaurants.
East	Morgan Street, a retail-residential building,, some with street level commercial space. Further east is a mix of retail, office, and multifamily properties.
West	An office building then Carpenter Street. Further west is a mix of multifamily and office properties with ground floor commercial space.

Outlook and Conclusions

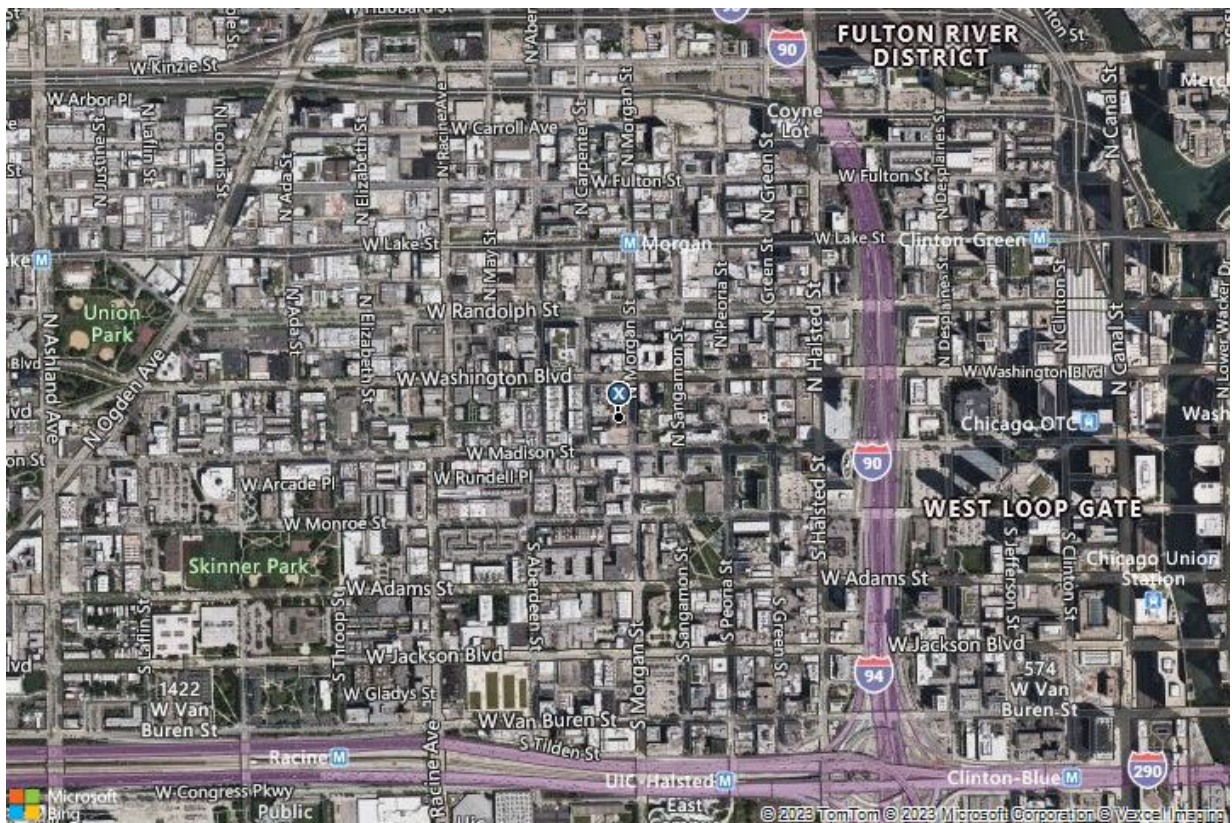
The area continues to be in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable in the near future for some property types, but development sites should continue to escalate. The subject area benefits from above-average daily vehicular and foot traffic counts. Furthermore, the Loop, Chicago's Central Business District (CBD), the economic and cultural center of the region, is less than one mile east of the property.

In comparison to other areas in the region, the area is rated as follows:

Surrounding Area Ratings

Highway Access	Average
Demand Generators	Above Average
Convenience to Support Services	Average
Convenience to Medical Services	Average
Convenience to Public Transit	Above Average
Employment Stability	Above Average
Neighborhood Amenities	Above Average
Police and Fire Protection	Average
Barriers to Competitive Entry	Average
Price/Value Trends	Above Average
Property Compatibility	Average

Surrounding Area Map



Retail Market Analysis

Metro Area Overview

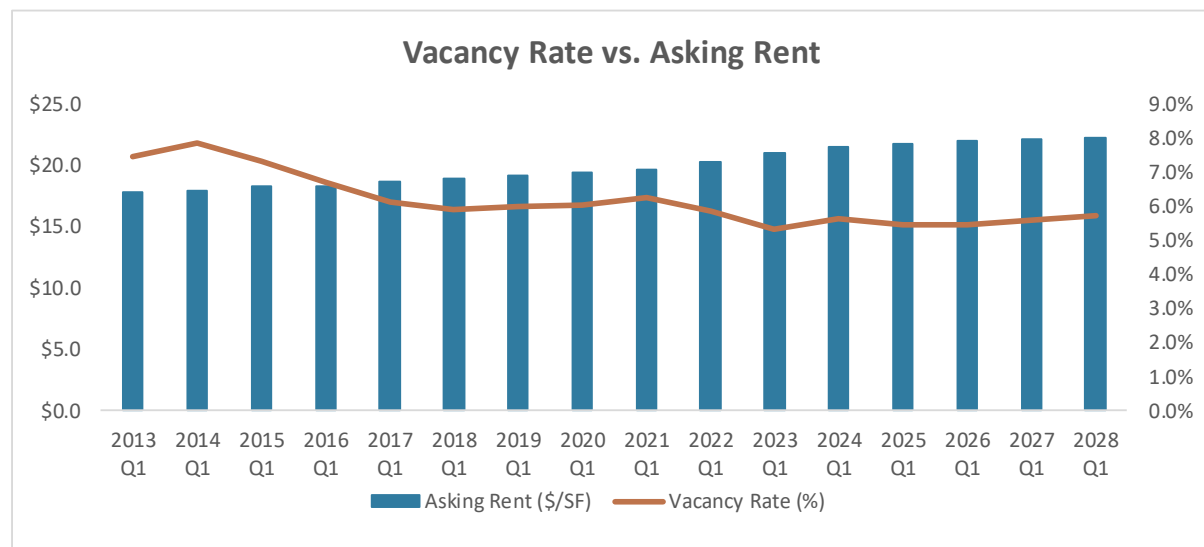
The subject is located in the Chicago - IL metro area as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the ensuing table.

All Retail Chicago - IL Metro Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2013 Q1	567,138,395	524,867,360	7.45%	1,655,723	2,271,265	2,271,090	\$17.75	0.11%	6.47%	7.85%
2014 Q1	570,037,950	525,232,736	7.86%	2,898,355	2,892,657	364,190	\$17.86	0.60%	4.04%	7.74%
2015 Q1	572,147,839	530,299,680	7.31%	2,109,889	4,059,504	5,065,368	\$18.25	2.19%	12.52%	7.32%
2016 Q1	574,746,203	536,239,840	6.70%	2,577,772	4,258,278	5,971,796	\$18.35	0.53%	3.08%	7.22%
2017 Q1	578,285,484	542,856,960	6.13%	3,379,523	2,699,384	6,460,625	\$18.62	1.51%	1.03%	7.25%
2018 Q1	580,270,397	546,019,712	5.90%	1,934,560	3,933,257	3,147,952	\$18.92	1.61%	-0.01%	7.34%
2019 Q1	581,017,333	546,148,288	6.00%	682,204	2,687,212	225,432	\$19.14	1.16%	0.91%	7.38%
2020 Q1	582,250,368	547,182,336	6.02%	1,155,726	3,018,384	962,366	\$19.37	1.18%	1.30%	7.37%
2021 Q1	584,077,328	547,505,216	6.26%	1,731,710	1,627,966	227,612	\$19.59	1.13%	1.33%	7.29%
2022 Q1	583,635,242	549,442,560	5.86%	-450,534	2,984,602	1,934,723	\$20.26	3.46%	4.24%	7.22%
2023 Q1	584,466,336	553,242,176	5.34%	825,814	2,948,579	3,790,693	\$21.02	3.70%	2.62%	7.23%
2024 Q1	586,567,034	553,444,800	5.65%	2,100,698	0	288,362	\$21.52	2.41%	-1.75%	7.54%
2025 Q1	587,397,064	555,470,976	5.44%	830,030	0	2,020,190	\$21.75	1.06%	-0.12%	7.65%
2026 Q1	589,602,920	557,433,536	5.46%	2,205,856	0	1,890,214	\$22.00	1.16%	0.52%	7.70%
2027 Q1	592,259,531	559,194,432	5.58%	2,656,611	0	1,685,210	\$22.16	0.73%	0.18%	7.74%
2028 Q1	595,010,415	560,996,480	5.72%	2,750,884	0	1,720,722	\$22.25	0.40%	-0.25%	7.78%

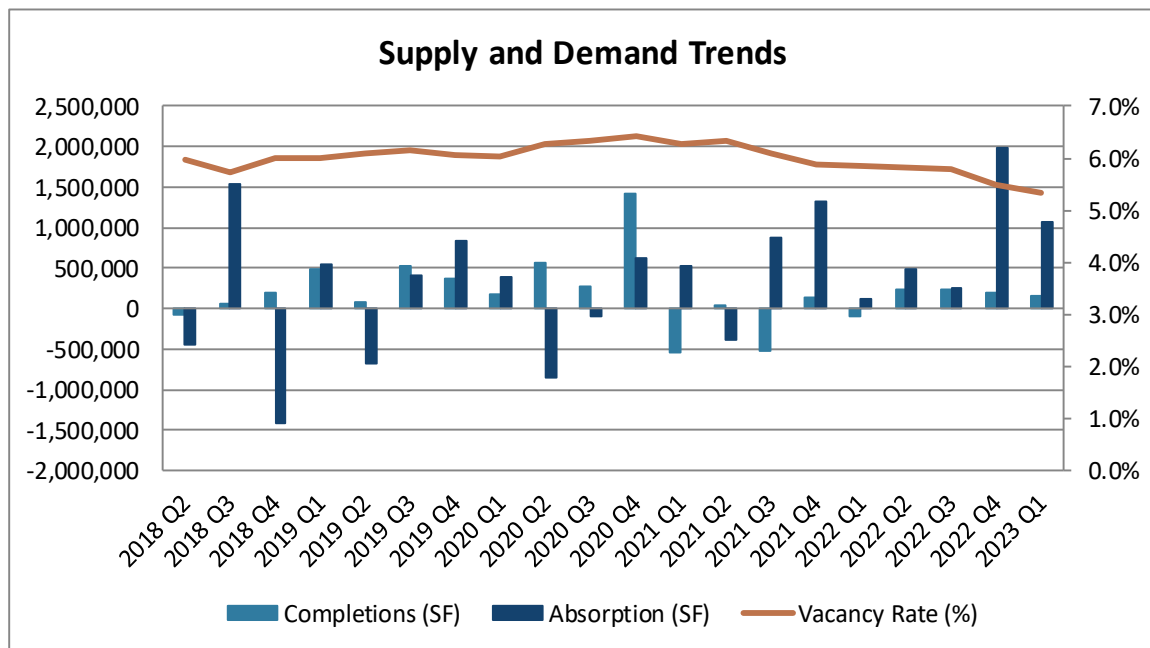
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

Chicago - IL Metro Trends and Forecasts



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the metro area is 5.34%; the vacancy rate has decreased by 92 bps from 2021 Q1.
- Two-year Base Case forecasts project a 5.44% vacancy rate in the metro area, representing an increase of 9 bps by 2025 Q1.
- Asking rent averages \$21.02/SF in the metro area, and values have increased by 7.30% from 2021 Q1.
- Two-year Base Case forecasts project a \$21.75/SF asking rent in the metro area, representing an increase of 3.47% by 2025 Q1.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has increased by 0.07% from 2021 Q1, while the demand has increased by 1.05%.
- Between 2018 Q2 and 2023 Q1, net completions in the metro area have averaged 788,984 SF annually, and reached a peak of 1,429,425 SF in 2020 Q4.
- Between 2018 Q2 and 2023 Q1, net absorption in the metro area has averaged 1,428,165 SF annually, and reached a peak of 1,983,329 SF in 2022 Q4.

Submarket Overview

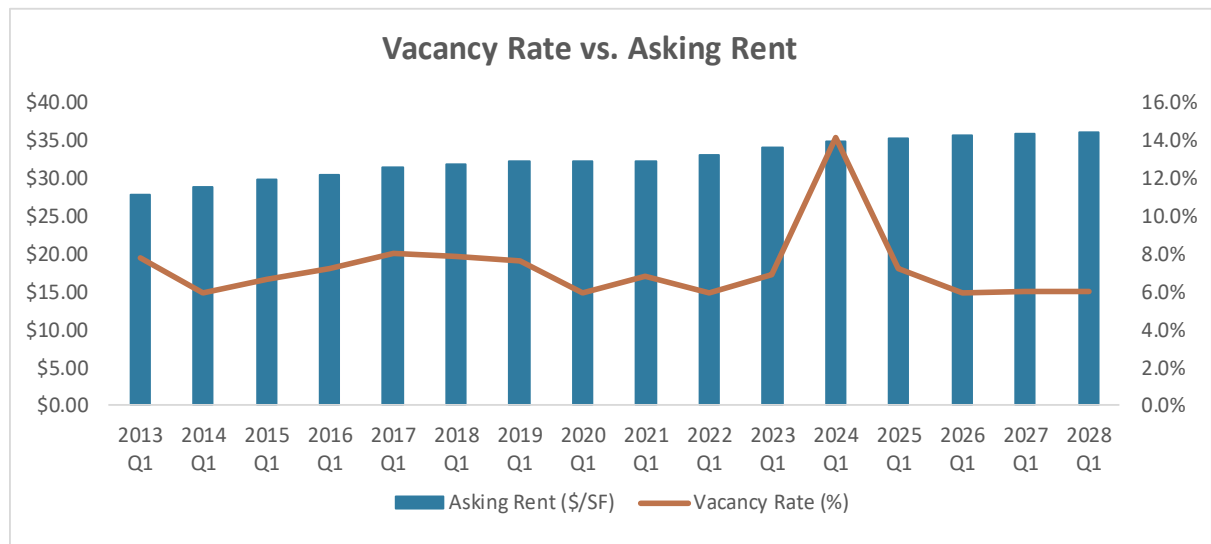
The subject is located in the Fulton Market/Near West Side submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

All Retail Fulton Market/Near West Side Submarket Trends

Period	Stock	Demand	Vacancy	Net Completions 12 Months	Under Construction Stock	Net Absorption 12 Months	Asking Rent	Rent Growth 12 Month	Price Growth	Cap Rate
2013 Q1	2,991,895	2,758,206	7.81%	334,082	15,000	339,366	\$27.89	2.12%	7.79%	7.32%
2014 Q1	3,003,933	2,825,294	5.95%	12,038	0	67,088	\$28.87	3.50%	6.80%	7.10%
2015 Q1	2,953,399	2,756,280	6.67%	-50,534	9,145	-69,014	\$29.82	3.29%	14.21%	6.62%
2016 Q1	2,931,912	2,719,304	7.25%	-21,487	86,937	-36,976	\$30.52	2.34%	2.38%	6.59%
2017 Q1	2,960,003	2,722,942	8.01%	28,091	66,433	3,638	\$31.40	2.89%	0.25%	6.63%
2018 Q1	3,026,436	2,787,188	7.91%	66,433	0	64,246	\$31.78	1.22%	1.16%	6.65%
2019 Q1	3,012,292	2,782,481	7.63%	-14,144	49,089	-4,707	\$32.18	1.26%	1.24%	6.71%
2020 Q1	2,989,463	2,812,308	5.93%	-22,829	27,154	29,827	\$32.27	0.28%	1.93%	6.71%
2021 Q1	2,969,922	2,766,667	6.84%	-19,541	0	-45,641	\$32.16	-0.35%	-0.01%	6.69%
2022 Q1	2,910,657	2,738,391	5.92%	-59,265	42,848	-28,276	\$32.98	2.55%	7.74%	6.48%
2023 Q1	2,933,489	2,731,631	6.88%	22,832	451,000	-6,760	\$34.10	3.39%	2.59%	6.48%
2024 Q1	3,379,915	2,901,068	14.17%	446,426	0	169,802	\$34.90	2.34%	-2.60%	6.81%
2025 Q1	3,388,850	3,144,821	7.20%	8,935	0	243,659	\$35.26	1.03%	-0.27%	6.92%
2026 Q1	3,409,444	3,206,989	5.94%	20,594	0	61,588	\$35.66	1.13%	0.45%	6.97%
2027 Q1	3,433,748	3,228,212	5.99%	24,304	0	20,640	\$35.91	0.70%	0.13%	7.01%
2028 Q1	3,458,826	3,250,760	6.02%	25,078	0	21,966	\$36.05	0.39%	-0.28%	7.05%

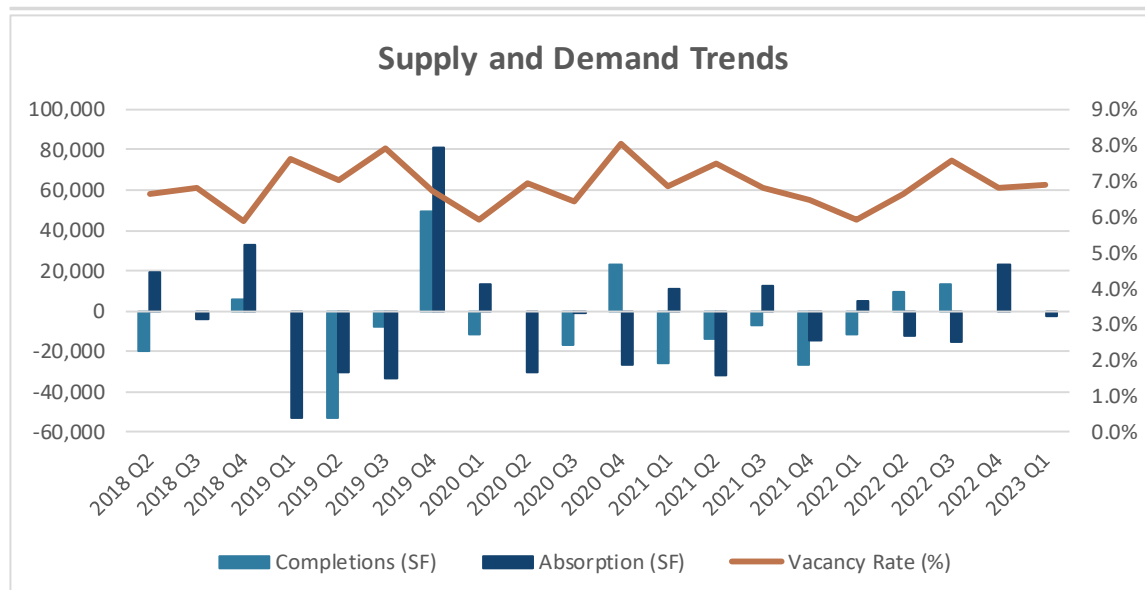
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Fulton Market/Near West Side submarket comprises .5% of the metro building stock and .5% of the metro building demand.
- The vacancy rate in the Fulton Market/Near West Side submarket is 6.88%, which is greater than the metro area's average of 5.34%.
- Fulton Market/Near West Side market rate is \$34.10/SF which is greater than the metro area's average rate of \$21.02/SF.

Fulton Market/Near West Side Submarket Trends and Forecasts

Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The current vacancy rate in the submarket area is 6.88%; the vacancy rate has increased by 4 bps from 2021 Q1.
- Two-year Base Case forecasts project a 7.20% vacancy rate in the submarket area, representing an increase of 32 bps by 2025 Q1.
- Asking rent averages \$34.10/SF in the submarket area, and values have increased by 6.03% from 2021 Q1.
- Two-year Base Case forecasts project a \$35.26/SF asking rent in the submarket area, representing an increase of 3.40% by 2025 Q1.



Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The total stock (SF) has decreased by 1.23% from 2021 Q1, while the demand has decreased by 1.27%.
- Between 2018 Q2 and 2023 Q1, net completions in the submarket area have averaged -18,589 SF annually, and reached a peak of 49,089 SF in 2019 Q4.
- Between 2018 Q2 and 2023 Q1, net absorption in the submarket area has averaged -11,111 SF annually, and reached a peak of 80,831 SF in 2019 Q4.

Retail Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Chicago IL metro area to have a positive impact on the subject property's performance in the near-term. While Fulton Market itself is a rapidly growing area, the West Loop is a more stable local market. The greatest growth in the Madison Corridor was pre-covid.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	0.51 acres; 22,215 SF
Source of Land Area	Public Records
Primary Street Frontage	Morgan St, Unit 105 - 177 feet
Shape	Irregular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	17031C0419J
Date	August 19, 2008
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning: Other Regulations	
Zoning Jurisdiction	City of Chicago
Zoning Designation	DX-3
Description	Downtown Mixed-Use District
Legally Conforming?	Appears to be legally conforming
Zoning Change Likely?	No
Permitted Uses	General retail sales, office, multi-unit residential, personal service, eating and drinking establishments, medical service, hospital, hotel, food and beverage sales, auto supply sales, motor vehicle repair shop, and other related uses
Maximum Building Height	None, but buildings taller than city's "building height thresholds" require Planned Development review.
Maximum Density	Dwelling Units: 400 SF Efficiency Units: 300 SF SRO Units: 200 SF
Maximum Floor Area Ratio	3
Parking Requirement	Varies Per Use
Utilities	
Service	Provider
Water	Municipal
Sewer	Municipal
Electricity	ComEd
Natural Gas	People's Gas
Local Phone	Various

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Easements, Encroachments and Restrictions

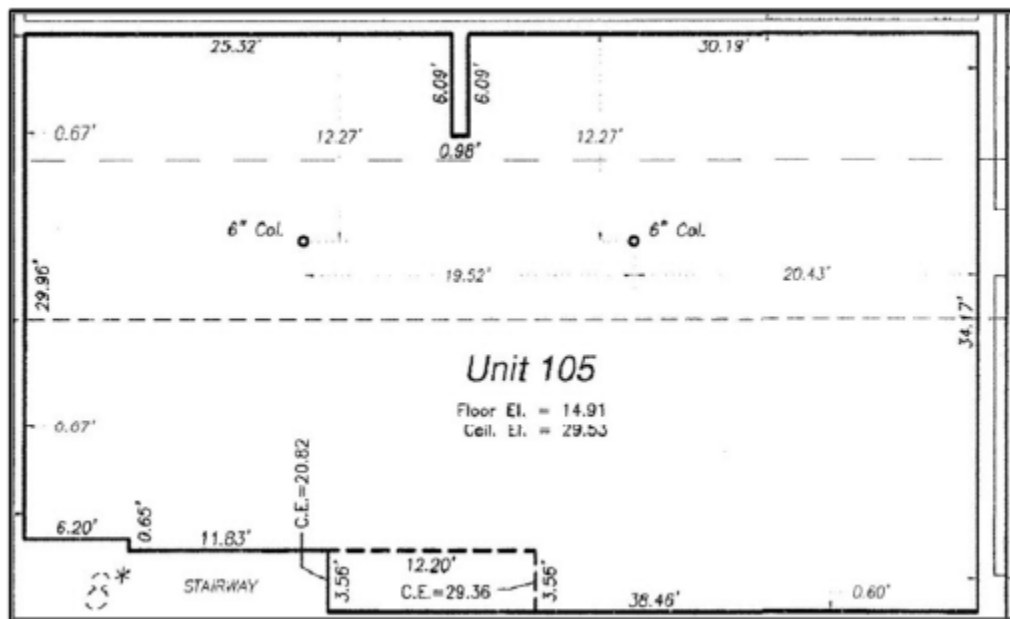
A current title report was not provided for review. There are no apparent easements, encroachments, or restrictions that would adversely affect value. This valuation assumes no adverse impacts from

easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

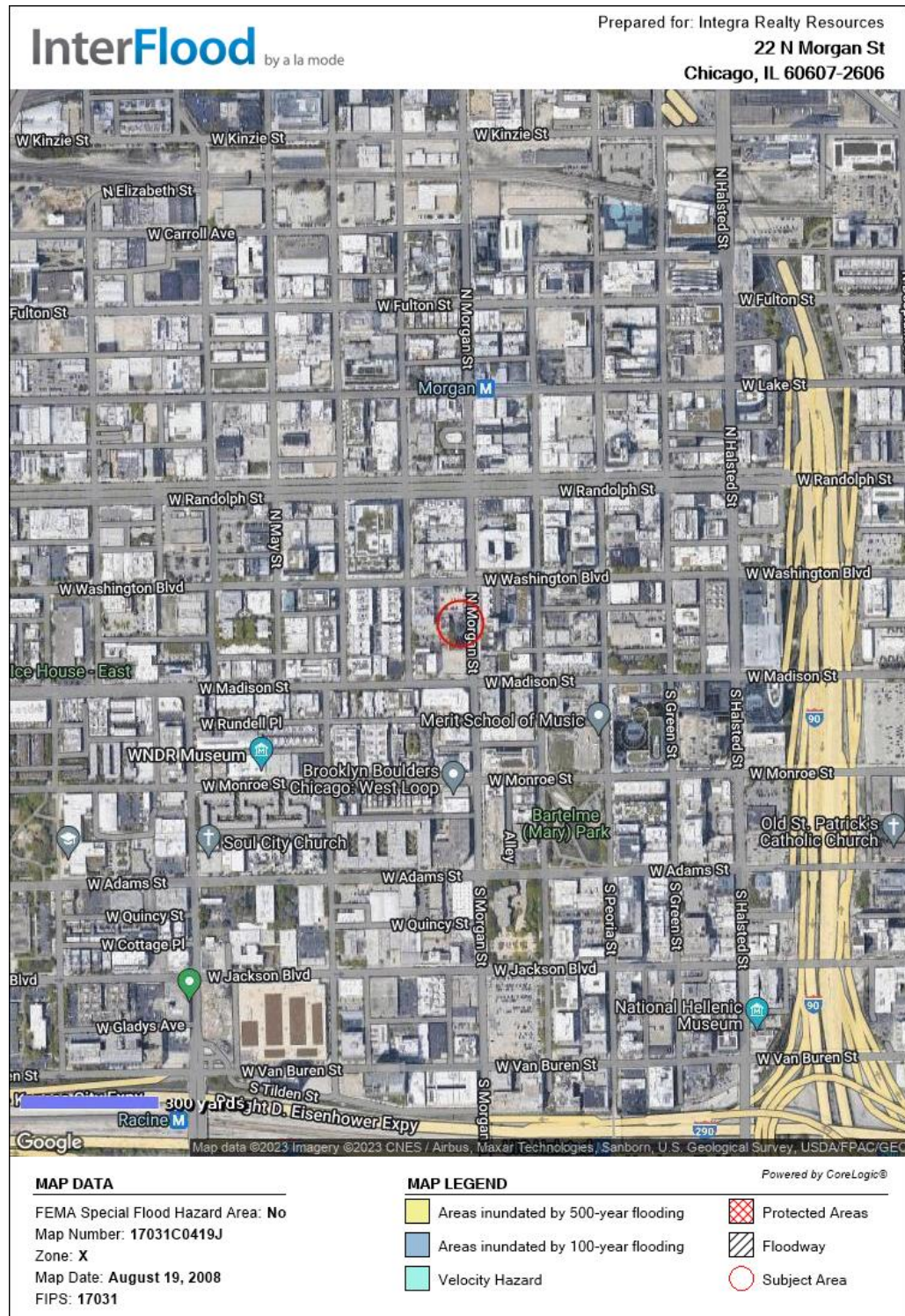
Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include general retail sales, office, multi-unit residential, personal service, eating and drinking establishments, medical service, hospital, hotel, food and beverage sales, auto supply sales, motor vehicle repair shop, and other related uses. No other restrictions on development are apparent.

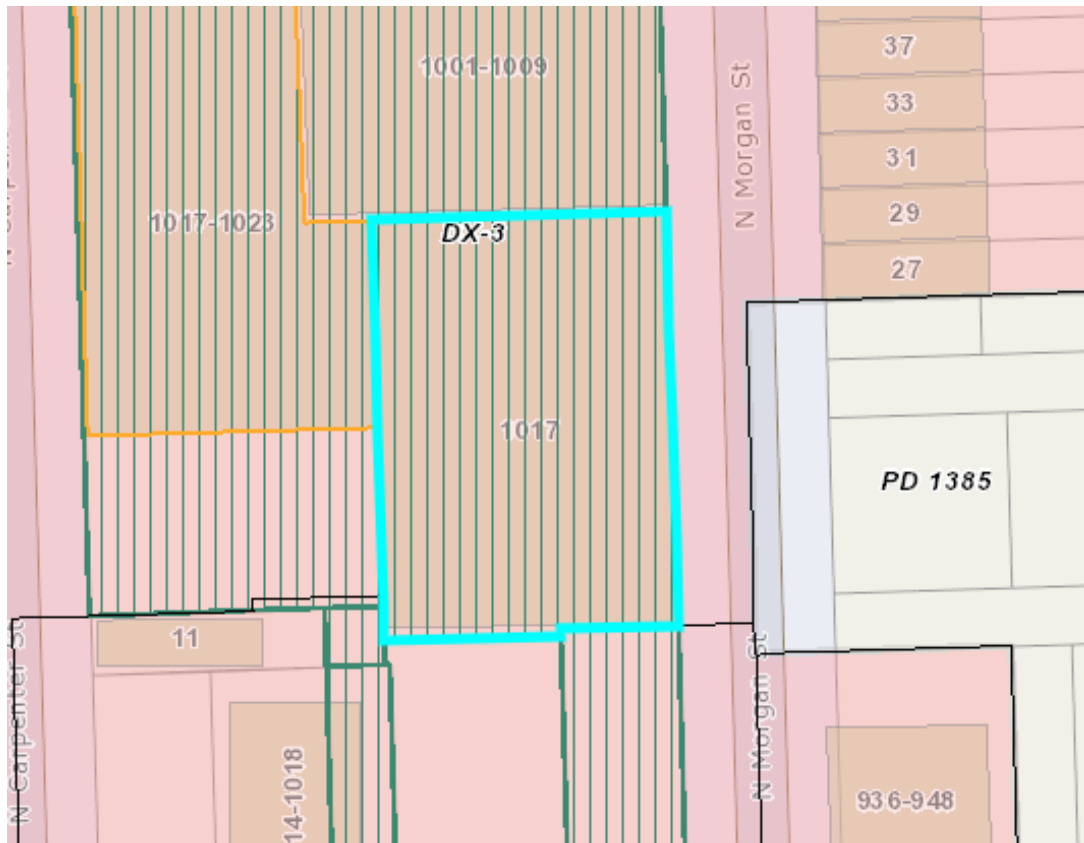
Survey



Flood Hazard Map



Zoning Map



DX-3 Downtown Mixed-Use District

Downtown high-rises - offices or apartments - with ground-floor stores. Prevalent on the edges of Loop: east of Dearborn Ave, in River North, the South Loop, and the West Loop.

Improvements Description and Analysis

Overview

The subject is an existing commercial condominium unit containing 1,738 square feet of gross square feet. The improvements were constructed in 1920 and the building converted from an industrial use to a residential condominium complex with commercial space on the first floor in 2002. The unit was previously proposed to be developed into an MRI facility and work had started. The prospective value assumes the property is vanilla box state. A large pit for MRI will be filled in and demising walls removed. This unit has no direct access to the street but through secured access common to the residential units. As a concession to the condominium association to secure permission to add a direct street side access for the subject, a 119 square foot area of the unit will become common area for package deliveries. The as complete value takes into account the renovation including carving out this area for common space. The following description is based on the inspection of the property and the contractor's proposals for the work to be completed. The contractor is Blackcomb Construction Group and the bids are dated October 27th and 28th, 2022.

Improvements Description

Name of Property	Commercial Condo Unit - Unit 105
General Property Type	Retail Condominium
Competitive Property Class	C
Occupancy Type	Single Tenant
Percent Leased	0%
Number of Buildings	1
Stories	2
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Average
Gross Building Area (SF)	1,857
Land Area (SF)	22,215
Floor Area Ratio (GBA/Land SF)	0.08
Building Area Source	Past Appraisal and Floor Plans
Year Built	1920 / 2002
Year Renovated	2023
Actual Age (Yrs.)	103
Estimated Effective Age (Yrs.)	10
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	40
Number of Parking Spaces	0
Source of Parking Count	Inspection
Parking Type	Street
Parking Spaces/1,000 SF GLA	0.00

Construction Details

Foundation	Poured Concrete
Structural Frame	Masonry and Steel
Exterior Walls	Brick
Roof	N/A
Interior Finishes	Unfinished
HVAC	Gas - individual forced air
Elevators	None
Sprinklers	Wet

Occupancy Status

The property is 100% vacant as of the effective appraisal date.

Improvements Analysis – As Complete

The property was partially finished for an MRI medical office, but the practice was dissolved during renovation. The property will be brought back to a vanilla box state.

Quality and Condition

Once work is completed, the improvements will be of average quality construction and are in average condition for a vanilla box proposed status. The quality of the subject is consistent with competing properties. Overall, the market appeal of the subject is consistent with competing properties.

Functional Utility

The subject's interior was previously under construction to be built-out as a medical office with stand-up MRI area. The finishes were not completed and were partially built-out with an area containing copper wall coverings and an approximate 1,200 AMP panel and a three-foot deep concrete pit. These improvements would be considered to be an over-improvement for a typical commercial condo unit. The pit is a detriment to most users and will be filled as part of the as complete value. Further, access to the unit is through an interior corridor without direct street access. Street access is desirable for commercial users. The condominium association has agreed to street access in exchange for 119 square feet of the subject space be enclosed and dedicated for common space to be used for a mail / delivery space. Once all construction is complete, the proposed improvements appear to be adequately suited for a retail or service type commercial use.

Deferred Maintenance

No deferred maintenance is apparent from the property inspection.

Planned Capital Expenditures

Expenditures for various capital items considered to be necessary are identified in the following table. To estimate the amounts of these expenditures, reliance is placed on estimates prepared by Blackcomb Construction Group. Projected capital expenditures are as follows.

Capital Expenditures

Item	Year 1
Conversion to vanilla box	\$65,318
Construction of mail/package room	\$26,730
Total	\$92,048
Percent Applied	100%
Net Total	\$92,048

ADA Compliance

Based on the property inspection and information provided, there are no apparent ADA issues. However, ADA matters are beyond the scope of expertise of the assignment participants, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

Hazardous Substances

An environmental assessment report was not provided for review, and environmental issues are beyond the scope of expertise of the assignment participants. No hazardous substances were observed during the inspection of the improvements; however, detection of such substances is outside the scope of expertise of the assignment participants. Qualified professionals should be consulted. Unless otherwise stated, it is assumed no hazardous conditions exist on or near the subject.

Personal Property

No personal property items are identified which would have any material contribution to market value.

Conclusion of Improvements Analysis

In comparison to competitive properties in the market, the subject improvements are rated as follows:

Improvements Ratings

Visibility/Exposure	Average
Design and Appearance	Average
Age/Condition	Above Average
Adaptability of Space to other Retail Users	Average
% Sprinklered	Average
Interior Amenities	Average
Layout - Store to Store Proximity	Average
Parking Ratios	Average
Anchor Tenants	Average
Distance of Parking to Store Access	Average
Landscaping	Average

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.



Subject Building



Subject Unit Street Frontage



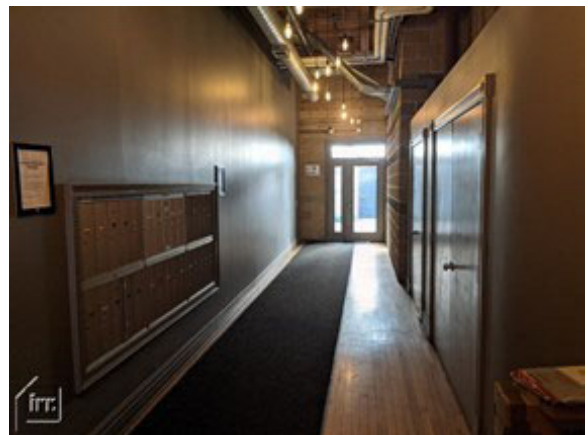
Entry to Building - Subject door to be installed at left



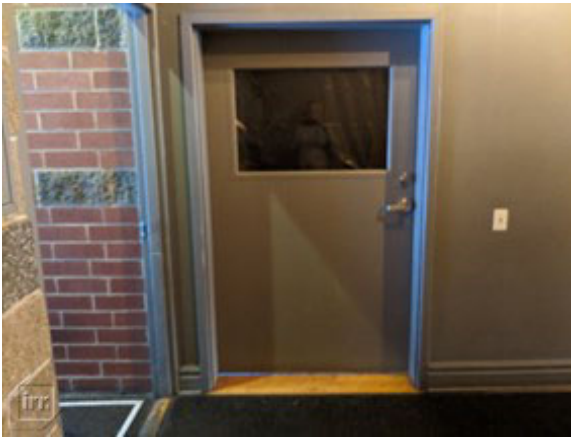
Subject courtyard entry door



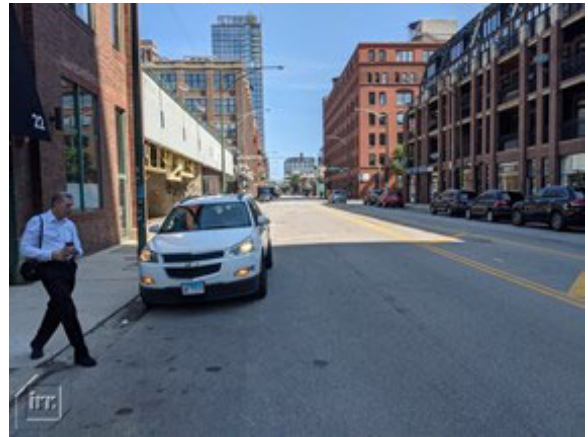
Courtyard view at rear



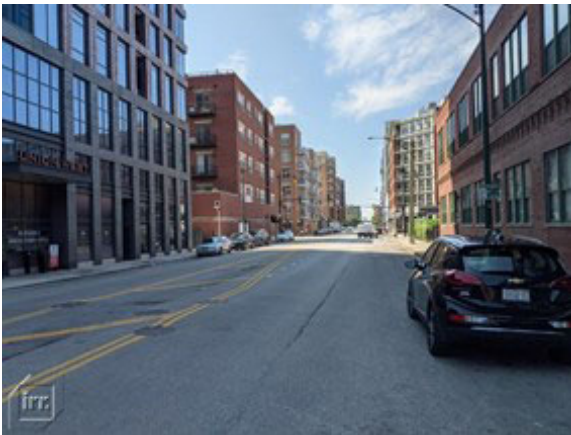
Interior entry corridor



Subject current interior entry door

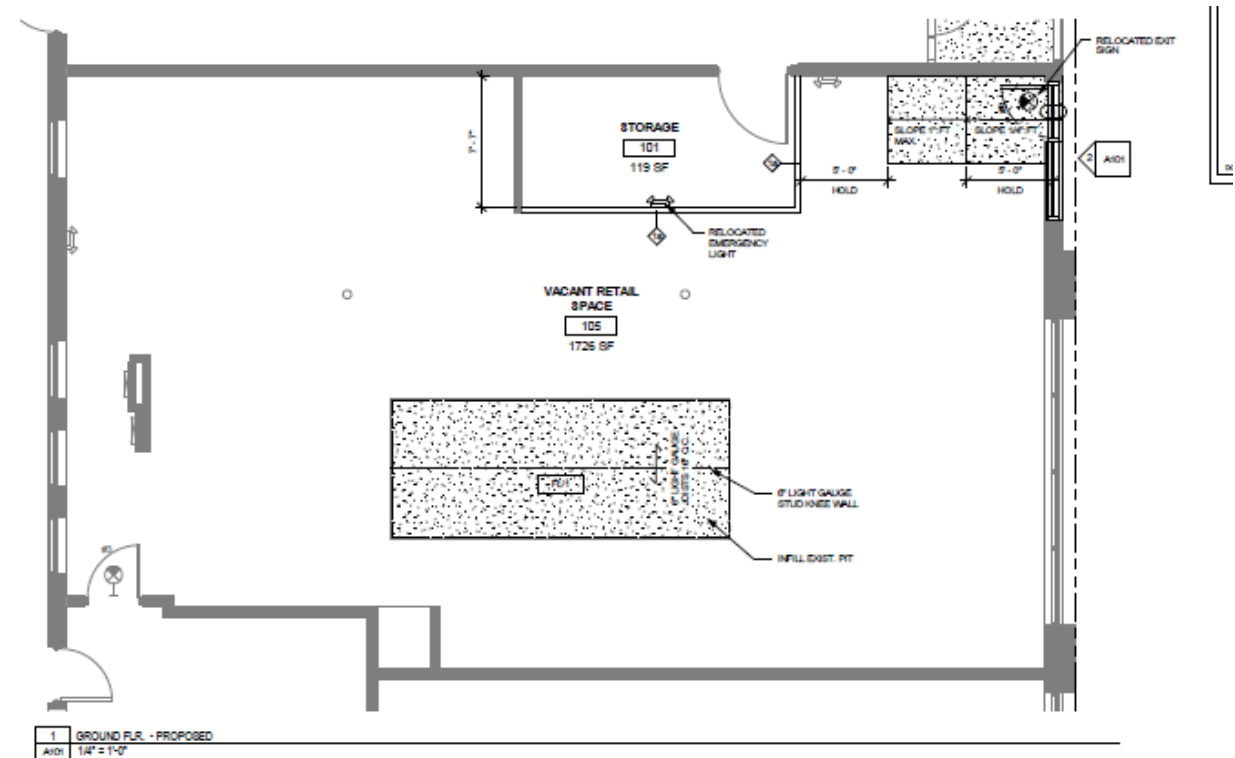


North on Morgan - subject at left

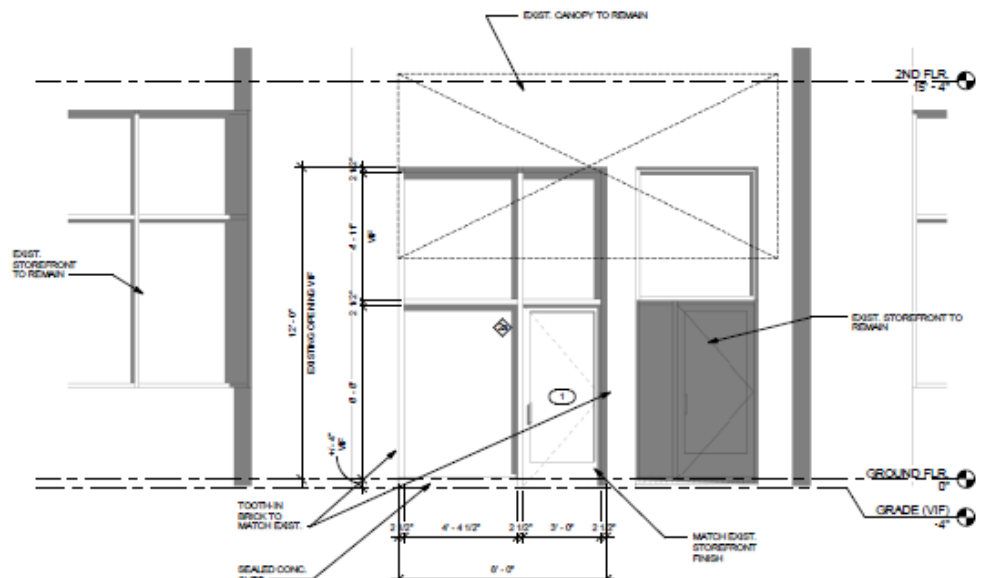
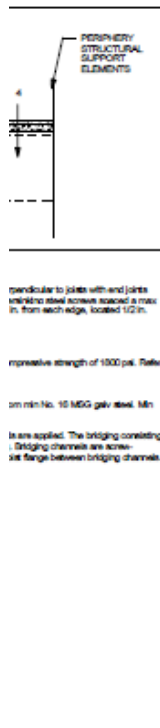


South on Morgan - subject at right

Floor Plan

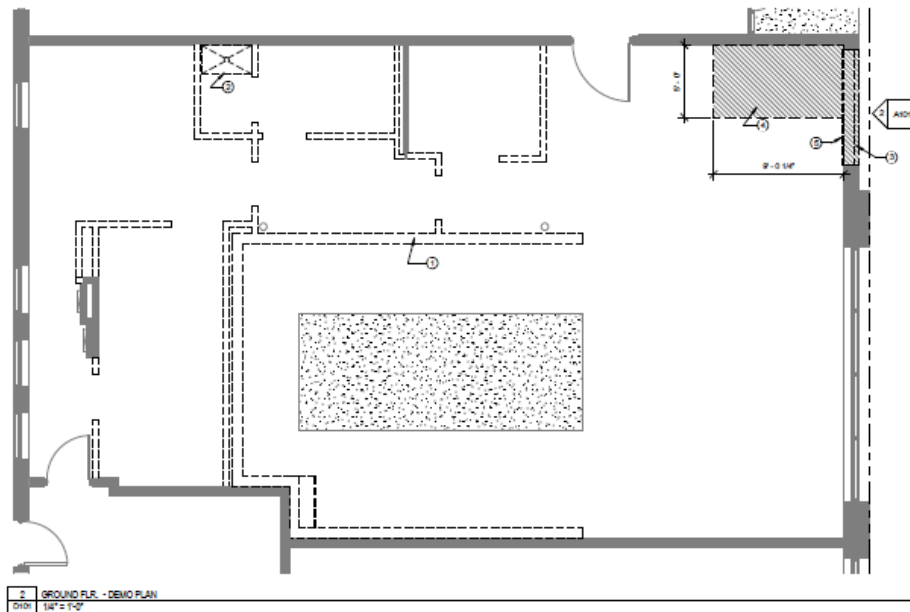


DOOR SCHEDULE - HARDWARE TO MEET (CIVANS) A117.5-2003 - Schlage modern lever with satin chrome finish, Deadbolts and hinges in satin chrome																
Type	Description	Count	Size			Material	Fire Rating / Label	Frame		Hardware						Type Connects
			Width	Height	Thickness			Material	Detail	Lockset	Kickplate	Stops	Clear	Threshold	Weather Stripping	
1	PULL LIGHT	1	3'-0"	7'-0"	1 3/4"	ALUM. INSULATED TEMPERED GLASS		ALUM.	Fixed/Temp.	PULL/DEADBOLT			Y	Y	F	Y
Grand total: 1																



3 GROUND FLR. RCP- DEMO

Scale: 1/8" = 1'-0"



Real Estate Taxes

Cook County is on a triennial assessment cycle (properties are reassessed on a mass basis every three years) with the following schedule:

District	Last Assessment	Next Scheduled Assessment
West & South Suburbs	2020	2023
City of Chicago	2021	2024
North Suburbs	2022	2025

Historically, there has been a lack of correlation between the assessor's opinion of market value and market value. While the assessor has been significantly increasing assessments, the Cook County Board of Review has been granting significant reductions to be more consistent with prior year levels.

In a public venue in April 2023, Andrew Pawlak, Chief of Commercial and Industrial Valuations for the Cook County Board of Review, indicated that in spite of the Cook County Assessor raising the assessed value of properties, if there has been no material change in the property and/or the market, there is no reason to believe the final assessed value will be materially different than the prior finalized assessment. While there remains risk due to some uncertainty, the market is concluding the risk of a materially higher assessed value is relatively nominal.

Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2021								
Tax ID	Assessed Value				Taxes and Assessments			
	Land	Improvements	Total	Equalization Factor	Equalized Value	Ad Valorem Tax Rate	Taxes	Total
17-08-446-022-1023	\$4,418	\$52,462	\$56,880	3.0027	\$170,794	6.71900%	\$11,476	\$11,476
Assessment Ratio	0.25 Assessor's MV		\$227,520					
Building SF	GLA	1738 Per SF	\$130.91					\$6.60

The assessor's opinion of market value is shown above. The most recent 2022 assessed value is \$56,881 and represents a 0.0% increase over the prior year. Based on the concluded market value of the subject of \$560,000, the assessed value appears low, but not atypical of other properties in the market.

The subject's tax history is summarized in the following table.

Tax History						
Tax Year	Assessed Value	Equal-ization Factor	Equalized Value	Tax Rate	Ad Valorem Taxes	% Change
2018	\$65,685	2.9109	\$191,202	6.80800%	\$13,017	—
2019	\$65,685	2.9160	\$191,537	6.91300%	\$13,241	1.7%
2020	\$60,018	3.2234	\$193,462	6.93400%	\$13,415	1.3%
2021	\$56,880	3.0027	\$170,794	6.71900%	\$11,476	-14.5%

For the purposes of the income capitalization approach, real estate taxes are projected at \$14,000, which equates to \$8.06 per square foot. This represents a 20.0% increase over the previous year's expenses. The most recent assessment appears to have the benefit of an allowance for vacancy. Our stabilized taxes take the subject back to its level pre-pandemic.

Highest and Best Use

The highest and best use of a property is the reasonably probable use resulting in the highest value, and represents the use of an asset that maximizes its productivity.

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as though vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As Though Vacant

The subject property is a condominium unit within a larger project. As such, Highest and Best Use as vacant does not apply, since the subject does not include exclusive land rights or exclusive ownership of a land site.

As Improved

The subject site is developed with a mixed-use improvement with first floor commercial unit, which is consistent with the highest and best use of the site as if it were vacant. Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued office use is concluded to be maximally productive and the highest and best use of the condominium as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is an owner-user.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply the sales comparison approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

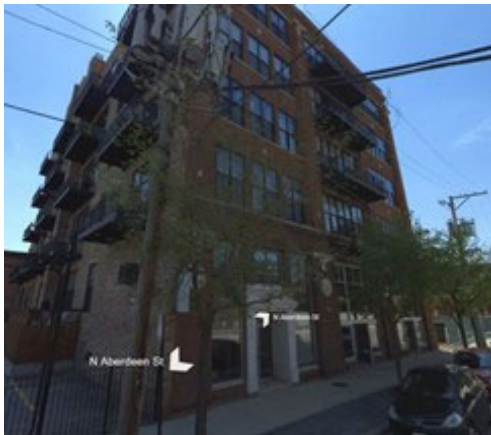
To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Ground Floor Retail Condominiums
- Location: West Loop / Fulton Market District
- Size: 6,000 Square feet or less
- Age/Quality: Any

For this analysis, price per square foot of rentable area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. We can the square footage rentable, but it actually is the gross area after deduction of the closet area being transferred to the association in exchange for the right to open a direct access door to the street. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales

No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Acres; FAR; Parking Ratio	Prop Class; Const Type; Prop Rights	Effective Sale Price	Rentable SF	\$/Rentable SF
1	Ground floor condo / B2 215 N. Aberdeen St. Chicago Cook County IL	Jan-21 Closed	1918 1 0%	— — —	C Masonry five- Fee Simple	\$255,000	650	\$392.31
<i>Comments: This ground floor loft office space sold after an approximate three-month marketing time. We note a prior sale in July 2020 for \$203,000.</i>								
2	1375 N Milwaukee Ave 1375 N. Milwaukee Ave Chicago Cook County IL	Mar-22 Closed	1970 3 —	0.06 1.04 —	C Masonry Fee Simple	\$900,000	2,491	\$361.30
<i>Comments: Per Costar, no brokers were involved in this sale. Sale data was verified through public records. First floor commercial space in 3-story building.</i>								
3	Retail Condo 236 S. Racine Ave. Chicago Cook County IL	Sep-22 Closed	2019 1 —	0.05 1.00 —	B O Fee Simple	\$698,400	2,195	\$318.18
<i>Comments: The subject is a commercial unit within a larger multifamily condominium. The legal carve out of the commercial space allows the commercial space owner to be separate from the expenses of operating the larger building. The buyer will complete the finishing of the new space including HVAC, electric, plumbing and construction of 2 restrooms and the interior finishing of the unit. The cost to complete is \$180,000 or \$82.00 per square foot. In addition, the buyer will spend \$28,400 on some exterior brick and window work. The seller to provide a \$10,000 credit for this work. Once complete, the property will be occupied by a related entity of the owner. The listing broker, Doug Pauly, indicated there was only one other offer, but the deal fell through.</i>								
4	Retail Space 1448 W. Madison St Chicago Cook County IL	Nov-22 Closed	2021 1 0%	0.13 1.00 1.04/1,000	B Masonry Fee Simple	\$1,590,000	5,745	\$276.76
<i>Comments: Vacant, never before finished, retail unit in vanilla box condition in newer mixed-use building. The property had been offered for sale or lease at \$32/sf triple-net. The property sold at asking price.</i>								
5	14 N Sangamon St, Unit 14 N. Sangamon St. Chicago Cook County IL	Sep-22 Closed	1900 3 —	0.24 0.14 0.67/1,000	C Masonry Leased Fee	\$365,000	1,500	\$243.33
<i>Comments: Located 1 block west of 90/94 expressway</i>								
Subject			1920 /	0.51	C		1,738	
Commercial Condo Unit -			2	0.08	Masonry			
Chicago, IL			0%	—	Fee Simple			



Sale 1
Ground floor condo / B2



Sale 2
1375 N Milwaukee Ave



Sale 3
Shell Retail Condo



Sale 4
Retail Space



Sale 5
14 N Sangamon St, Unit 308

Commercial Condo Unit - Unit 105



Analysis and Adjustment of Sales

Adjustments are based on a rating of each comparable sale in relation to the subject. The adjustment process is typically applied through either quantitative or qualitative analysis, or a combination of both analyses. Quantitative adjustments are often developed as dollar or percentage amounts, and are most credible when there is sufficient data to perform a paired sales analysis.

While percentage adjustments are presented in the adjustment grid, they are based on qualitative judgment rather than empirical research, as there is not sufficient data to develop a sound quantitative estimate. Although the adjustments appear to be mathematically precise, they are merely intended to illustrate an opinion of typical market activity and perception. With the exception of market conditions, the adjustments are based on a scale, with a minor adjustment in the range of 1-5% and a substantial adjustment considered to be 20% or greater.

The rating of each comparable sale in relation to the subject is the basis for the adjustments. If the comparable is superior to the subject, its sale price is adjusted downward to reflect the subject's relative attributes; if the comparable is inferior, its price is adjusted upward.

Transactional adjustments are applied for property rights conveyed, financing, conditions of sale, expenditures made immediately after purchase, and market conditions. In addition, property adjustments include – but are not limited to – location, access/exposure, size, quality, effective age, economic and legal characteristics, and non-realty components of value. Adjustments are considered for the following factors, in the sequence shown below.

Transactional Adjustments

Real Property Rights Conveyed

Property rights considerations encompass a wide range of factors including, for example, deed type, deed restrictions, and whether the property is encumbered by leases.

All of the comparables represent fee simple transactions, and adjustments for property rights are not necessary.

Financing

In analyzing the comparables, it is necessary to adjust for financing terms that differ from market terms. Typically, if the buyer retained third-party financing (other than the seller) for the purpose of purchasing the property, a cash price is presumed and no adjustment is required. However, in instances where the seller provides financing as a debt instrument, a premium may have been paid by the buyer for below-market financing terms, or a discount may have been demanded by the buyer if the financing terms were above market. The premium or discounted price must then be adjusted to a cash equivalent basis. The comparable sales represented cash-to-seller transactions and, therefore, do not require adjustment.

Conditions of Sale

Adverse conditions of sale can account for a significant discrepancy from the sale price actually paid, compared to that of the market. This discrepancy in price is generally attributed to the motivations of the buyer and the seller. Certain conditions of sale are considered non-market and may include the following:

- a seller acting under duress (e.g., eminent domain, foreclosure);
- buyer motivation (e.g., premium paid for assemblage, certain 1031 exchanges);
- a lack of exposure to the open market;
- an unusual tax consideration;
- a sale at legal auction.

None of the comparable sales had atypical or unusual conditions of sale. Thus, adjustments are not necessary.

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. No adjustments are required for expenditures after sale for these sales.

Market Conditions

A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

In evaluating market conditions, changes between the comparable sale date and the effective date of this appraisal may warrant adjustment; however, if market conditions have not changed, then no adjustment is required.

The sales took place from January 2021 to November 2022. Market conditions had generally been strengthening for retail properties in established markets. However, the rise in the Federal Funds rate in 2022 combined with the prospect of a weakening economy has created a disconnect in the market between buyers and sellers. The adjustment grid accounts for this trend with modest upward adjustments applied over this period up to August, 2022.

Market Conditions Adjustment

Comp #	1	2	3	4	5
Sale Date	1/26/2021	3/15/2022	9/30/2022	11/9/2022	9/16/2022
Date	Annual Growth Rate				
8/1/2022	3%	4.54%	1.14%	0.00%	0.00%
5/31/2023	0%	0.00%	0.00%	0.00%	0.00%
Total		4.54%	1.14%	0.00%	0.00%
Rounded		5%	1%	0%	0%

Property Adjustments**Location**

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values. Sales 1, 3 and 5 are similar to the subject. No adjustments are necessary. Sales 2 and 4 are adjusted upward for inferior location.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes. All of the comparables are similar to the subject. No adjustments are necessary.

Building Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa. Sales 2, 3 and 5 are similar to the subject and require no adjustment. Sale 1 is smaller than the subject, and a downward adjustment is applied. Sale 4 is larger than the subject and requires an upward adjustment.

Parking

This adjustment refers to the amount and type of parking provided. The subject has a parking ratio of 0.00 spaces per 1,000 square feet of building area. Sales 3 and 4 are similar to the subject and require no adjustment. Sales COMP_WAS_DELETED, 1 and 2 are more finished than the subject, and downward adjustments are applied.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility. Sales 3, 4 and 5 are similar to the subject and require no adjustment. Sales 1 and 2 are superior to the subject. Downward adjustments are applied.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject was constructed in 1920 / 2002, has an effective age of 10 years, and is in average condition. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa. Sales 1, 2, 4 and 5 are similar to the subject and require no adjustment. Sale 3 is older than the subject. An upward adjustment is applied.

Adjustments Summary

The following table summarizes the adjustments discussed above and applied to each sale.

Improved Sales Adjustment Grid

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Commercial Condo Unit - Unit 105	Ground floor condo / B2	1375 N Milwaukee Ave	Retail Condo	Retail Space	14 N Sangamon St, Unit 308
Address	22 N. Morgan St, Unit 105	215 N. Aberdeen St.	1375 N. Milwaukee Ave	236 S. Racine Ave.	1448 W. Madison St	14 N. Sangamon St.
City	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago
County	Cook	Cook	Cook	Cook	Cook	Cook
State	Illinois	IL	IL	IL	IL	IL
Sale Date		Jan-21	Mar-22	Sep-22	Nov-22	Sep-22
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$255,000	\$900,000	\$680,000	\$1,590,000	\$365,000
Expenditures After Purchase		—	—	\$18,400	—	—
Effective Sale Price		\$255,000	\$900,000	\$698,400	\$1,590,000	\$365,000
Gross Building Area	1,857	650	2,491	2,195	5,745	1,500
Rentable Area	1,738	650	2,491	2,195	5,745	1,500
Year Built	1920 / 2002	1918	1970	2019	2021	1900
Price per SF of Rentable Area		\$392.31	\$361.30	\$318.18	\$276.76	\$243.33
Transactional Adjustments						
Property Rights		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		Cash to seller	Cash to seller - buyer obtained financing	Cash to seller - buyer obtained financing	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Expenditures Made Immediately After Purchase		—	—	—	—	—
\$ Adjustment		—	—	\$8.38	—	—
Market Conditions	5/31/2023	Jan-21	Mar-22	Sep-22	Nov-22	Sep-22
Annual % Adjustment	Variable	5%	1%	—	—	—
Cumulative Adjusted Price		\$411.92	\$364.91	\$326.56	\$276.76	\$243.33
Property Adjustments						
Location		—	10%	—	10%	—
Access/Exposure		—	—	—	—	—
Building Size		-10%	—	—	20%	—
Parking		—	—	—	—	—
Quality of Construction		-10%	-10%	—	—	—
Effective Age/Condition		—	—	5%	—	—
Economic Characteristics		—	—	—	—	—
Legal Characteristics		—	—	—	—	—
Non-Realty Components of Value		—	—	—	—	—
Net Property Adjustments (\$)		-\$82.38	\$0.00	\$16.33	\$83.03	\$0.00
Net Property Adjustments (%)		-20%	0%	5%	30%	0%
Final Adjusted Price		\$329.54	\$364.91	\$342.89	\$359.79	\$243.33
Range of Adjusted Prices						
		\$243.33 - \$364.91				
Average		\$328.09				
Indicated Value		\$325.00				

Value Indication

Prior to adjustment, the sales reflect a range of \$243.33 - \$392.31 per square foot. After adjustment, the range is narrowed to \$243.33 - \$364.91 per square foot, with an average of \$328.09 per square foot. To arrive at an indication of value, less weight is given to Comparables #1 and #4 due to the date of sale and the size difference, respectively. We also note that Comparable #5 is a significantly lower sale, and there was a subsequent transaction recorded at \$410,000 within thirty days of this sale. Neither went through any professional brokerage, and so we could not confirm the details. With that unknown, we consider the indicator, but do not put more than average weight to it.

Based on the preceding analysis, the value indication by the sales comparison approach is as follows:

Value Indication by Sales Comparison

At Completion

Indicated Value per SF	\$325.00
Subject Square Feet	1,738
Rounded	<u>\$560,000</u>
Indicated Value	\$564,850
Rounded	<u>\$560,000</u>

As Is

Stabilized Value Indication	\$564,850
Adjustments	
Capital Expenditures	-\$92,048
Contingency	<u>-\$5,523</u>
Total Adjustments	<u>-\$97,571</u>
Indicated Value	\$467,279
Rounded	<u>\$470,000</u>

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization methods to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only the direct capitalization method because of the subject's occupancy status and probable buyer, as discussed below.

Occupancy Status

The subject is currently vacant. The most probable buyer is an owner-user. Accordingly, we use market rent as the basis of our income projection, and our valuation assumes stabilized occupancy without a deduction for lease-up costs.

Lease Types

Responsibility of expenses varies based on lease types. The labels *gross* and *net* can mean different things in different markets. Following are the standard terms and expense responsibilities generally prevalent in the subject's market.

Lease Structure/Responsibilities						
Lease Type	Utilities	Real Estate Taxes	Insurance	Property Maintenance	Management	Structural Repairs
Full Service/Gross	Landlord	Landlord	Landlord	Landlord	Landlord	Landlord
Modified Gross	Landlord	Landlord/BY Stop	Landlord/BY Stop	Landlord/BY Stop	Landlord	Landlord
Net	Tenant	Tenant	Tenant	Landlord	Landlord	Landlord
Triple Net	Tenant	Tenant	Tenant	Tenant	Tenant or Landlord	Landlord
Absolute Net	Tenant	Tenant	Tenant	Tenant	Tenant	Tenant

Source: The Appraisal of Real Estate, 15th Edition

In this case, we consider the subject under a triple net lease scenario.

Market Rent Analysis

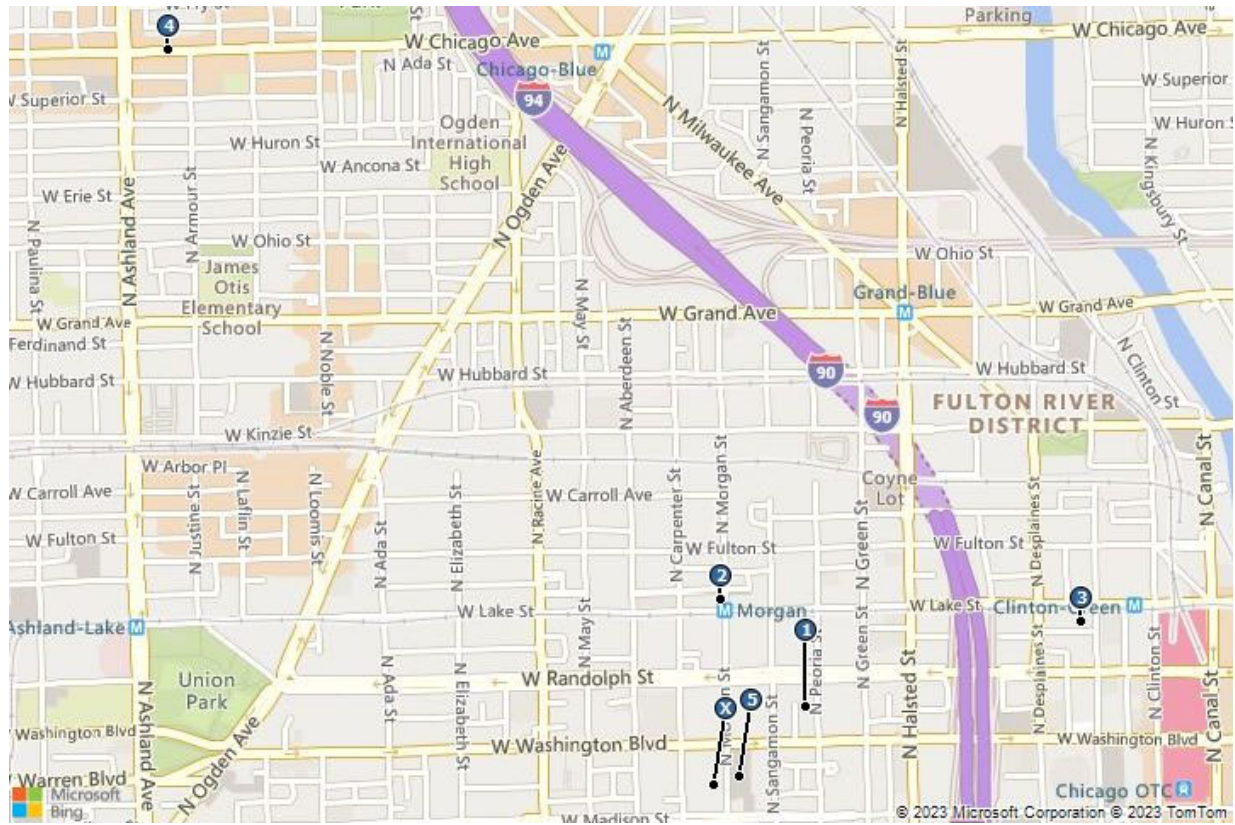
Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, size, and transaction date.

We note that Comparable #5 is actually a current asking rent, and so is adjusted downward.

Comparables used in our analysis are summarized in the following table.

Summary of Comparable Rentals - Office											
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Free Rent (Months)	Ti/SF	Lease Type
1	Multi-Tenant Office 118 N. Peoria Chicago Cook County IL	Yr Blt. Stories: GLA: Parking Ratio:	1907 5 38,500 -	Undisclosed	2,400	Sep-21	36	\$33.00	None	-	Triple Net
<i>Comments: This is a new lease for 2,400 square feet of office space. The tenant is undisclosed and the lease began September 1, 2021. The rent at the time of lease was \$33.00/SF, triple net.</i>											
2	1000 W. Lake St. 1000 W. Lake St. Chicago Cook County IL	Yr Blt. Stories: GLA: Parking Ratio:	2007 2 4,996 0.4 /1,000	-	1,667	Dec-21	36	\$41.00	Fixed	-	Modified Gross
<i>Comments: This space was listed as a sublease, with the asking rent at \$50.00 psf. The broker confirmed that the space was rented to the tenant that was in place on the upper two floors. The ground floor rate was \$41, mod gross.</i>											
3	180 North Jefferson 180 N. Jefferson St. Chicago Cook County IL	Yr Blt. Stories: GLA: Parking Ratio:	2004 28 217,107 1.3 /1,000	Fons Empanadas	1,005	Mar-22	36	\$38.00	None	-	Triple Net
<i>Comments: This is a new lease for 1,005 square feet of retail space. The tenant is Fons Empanadas and the lease began March 18, 2022. The starting rent at the time of lease was \$38.00/SF, net.</i>											
4	1536 W. Chicago Ave 1536 W. Chicago Ave. Chicago Cook County IL	Yr Blt. Stories: GLA: Parking Ratio:	2018 2 2,745 0.7 /1,000	TriStar Catering	1,800	Jan-23	36	\$25.00	Fixed	-	Triple Net
<i>Comments: Asking rent for lease signed in Dec 2022. Per CoStar, it was on the market for almost 2 years.</i>											
5	27-41 N. Morgan St. 27-41 N. Morgan St. Chicago Cook County IL	Yr Blt. Stories: GLA: Parking Ratio:	2007 5 31,479 -	Local Tenant	926	Nov-22	-	\$39.00	Fixed	-	Net
<i>Comments: This is a new lease for 926 sf of retail space on the ground floor. The lease began on November 25, 2022 and the rent at the time of the lease was \$39/SF, triple-net.</i>											

Comparable Rentals Map





Lease 1
Multi-Tenant Office Property



Lease 2
1000 W. Lake St.



Lease 3
180 North Jefferson Apartments



Lease 4
1536 W. Chicago Ave



Lease 5
27-41 N. Morgan St.

Rental Analysis Factors

The following elements of comparison are considered in our analysis of the comparable rentals.

Adjustment Factors	
Factor	Description
Transactional Adjustments	
Expense Structure	Division of expense responsibilities between landlord and tenant(s).
Conditions of Lease	Extraordinary motivation of either landlord or tenant to complete the transaction; discount from ask to actual rates.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Property Adjustments	
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Space Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Parking	Amount and type of parking provided.
Quality of Construction	Quality of materials used in construction, as well as interior finishes.
Effective Age/Condition	Effective age; physical condition.

Analysis of Comparable Rentals

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.

Rental Adjustment Grid - Office

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Commercial Condo Unit - Unit 105	Multi-Tenant Office Property	1000 W. Lake St.	180 North Jefferson Apartments	1536 W. Chicago Ave	27-41 N. Morgan St.
Address	22 N. Morgan St, Unit 105	118 N. Peoria	1000 W. Lake St.	180 N. Jefferson St.	1536 W. Chicago Ave.	27-41 N. Morgan St.
City	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago
County	Cook	Cook	Cook	Cook	Cook	Cook
State		IL	IL	IL	IL	IL
Lease Start Date		Sep-21	Dec-21	Mar-22	Jan-23	Nov-22
Lease Term (Months)		36	36	36	36	0
Tenant Name		Undisclosed	0	Fons Empanadas	TriStar Catering	Local Tenant
Leased SF	1,738	2,400	1,667	1,005	1,800	926
Lease Type		Triple Net	Modified Gross	Triple Net	Triple Net	Net
Year Built	1920 / 2002	1907	2007	2004	2018	2007
Base Rent/SF/Yr		\$33.00	\$41.00	\$38.00	\$25.00	\$39.00
Transactional Adjustments						
Expense Structure						
\$ Adjustment		—	-\$13.46	—	—	
Conditions of Lease		—	—	—	—	-20%
% Adjustment						
Market Conditions	5/31/2023	Sep-21	Dec-21	Mar-22	Jan-23	Nov-22
Annual % Adjustment	Variable	3%	2%	1%	—	—
Cumulative Adjusted Rent		\$33.99	\$28.09	\$38.38	\$25.00	\$31.20
Property Adjustments						
Location		—	—	—	10%	—
Access/Exposure		—	—	—	—	—
Space Size		—	—	-5%	—	-5%
Parking		—	—	—	—	—
Quality of Construction		—	—	—	—	—
Effective Age/Condition		—	—	—	—	—
Economic Characteristics		—	—	—	—	—
Net Property Adjustments (\$)		\$0.00	\$0.00	-\$1.92	\$2.50	-\$1.56
Net Property Adjustments (%)		0%	0%	-5%	10%	-5%
Final Adjusted Price		\$33.99	\$28.09	\$36.46	\$27.50	\$29.64
Range of Adjusted Rents		\$27.50 - \$36.46				
Average		\$31.14				
Indicated Rent		\$30.00				

Market Rent Conclusion

Based on the preceding analysis of comparable rentals and recent leases at the subject, we conclude market lease terms for the subject as follows.

Concluded Market Lease Terms

Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)
Office	1,738	\$30.00	\$/SF/Yr	2%	Triple Net	60

Stabilized Income and Expenses

Potential Gross Rent

The market rental rate is applied to the subject's gross leasable area to arrive at Potential Gross Rent.

Expense Reimbursements

Operating expenses, including real estate taxes, insurance, utilities, and repairs/maintenance, are assumed to be paid directly by the tenant. Therefore, it is not necessary to estimate reimbursement income.

Vacancy & Collection Loss

Stabilized vacancy and collection loss is considered to be part of the capitalization rate.

Expenses

As stated previously, it is assumed that operating expenses are directly paid by the tenant. The only expense deductions that could be appropriate are structural maintenance and property management.

The expense deduction for structural maintenance represents an allowance for future replacement of capital items such as the roof and HVAC system. We estimate this expense at \$0.25 per square foot based on the age, condition, and construction quality of the improvements. In this case, as a single unit in a larger condominium, the reserve is only for replacement of in-unit equipment.

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. As is typical of single tenant triple net leased properties these minor expense are considered to be part of the capitalization rate.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$52,140, or \$30.00 per square foot.

Direct Capitalization Analysis

		Annual	\$/SF Bldg.
Income			
Potential Gross Rent		\$52,140	\$30.00
Vacancy & Collection Loss	0.00%	\$0	\$0.00
Effective Gross Income		\$52,140	\$30.00
Expenses			
Total Expenses		\$0	\$0.00
Net Operating Income		\$52,140	\$30.00

Capitalization Rate Selection

A capitalization rate is used to convert a single year's estimated net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. The following methods are used to derive a capitalization rate for the subject: analysis of comparable sales, review of national investor surveys, interviews with market participants, and the band of investment method.

Analysis of Comparable Sales

Capitalization rates derived from comparable sales are shown in the following table.

Capitalization Rate Comparables									
No.	Property Name	City	State	Year Built	Sale Date	Gross Leasable Area	% Occup.	Effective Price/SF	Cap Rate
1	Shoppes at Irving Park &	Chicago	IL	1910	3/9/2021	5,745	100%	\$472.58	6.83%
2	Ground floor commercial space	Chicago	IL	1920	5/12/2021	8,143	100%	\$257.89	7.64%
3	L&L Academy & Preschool	Chicago	IL	1956	6/17/2021	3,300	100%	\$454.55	7.10%
4	Chicago Children's House	Chicago	IL	2006	6/21/2021	6,544	100%	\$305.62	8.10%
5	2044 W. Roscoe, 1st Floor	Chicago	IL	1896	6/25/2021	4,720	100%	\$362.29	6.76%
6	Retail Condo	Chicago	IL	2007	11/1/2021	3,160	100%	\$314.87	8.00%
7	Commercial Condo - Little	Chicago	IL	2006	5/19/2022	5,000	100%	\$455.00	6.78%
Indicated Cap Rate Range:								6.76% - 8.10%	
Average (Mean) Cap Rate:								7.32%	

Because the overall rate must implicitly reflect the anticipated changes in income and value over an expected holding period, wide variations in capitalization rates for comparable sales can occur. For example, if income and/or value for a particular sale are expected to increase notably, this puts downward pressure on the overall rate. When estimating an overall rate for the subject property, it is therefore important to understand the expected changes in income and value for the comparables and how these changes compare to the changes in the income stream expected for the subject.

Another consideration is the necessity to understand what income was used to develop the overall rate for the comparable. Use of trailing income (net income prior to date of sale) in a rising market for example will tend to show a "lower" overall capitalization rate than use of pro forma (net income looking forward) income. Consistency in treatment of expenses (e.g., Management fees and Replacement allowances) is critical.

A capitalization rate within a range of 6.76% - 8.10% is expected for the subject, based on the preceding information. The majority of these comparables occurred before the rise in interest rates, so a capitalization rate towards the upper range is appropriate.

National Investor Surveys

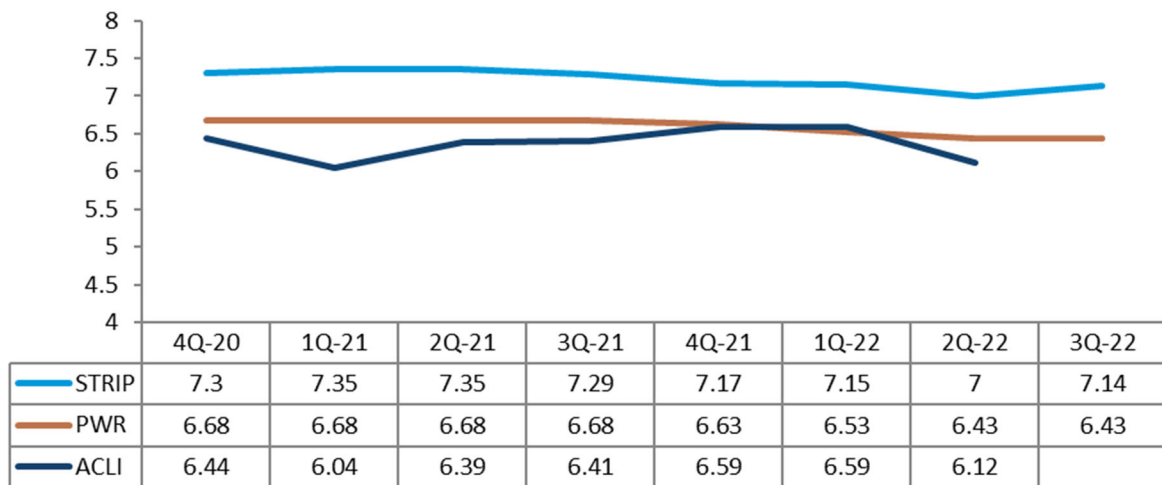
Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Natl Regional Mall	IRR-ViewPoint Natl Neighborhood Retail	IRR-ViewPoint Natl Community Retail Center	PwC 3Q-22 National Strip Shopping Center	PwC 3Q-22 National Power Center	ACLI 2Q-22 National Retail
Range	5.50% - 9.00%	4.75% - 9.00%	4.75% - 8.50%	5.00% – 10.00%	5.25% – 7.50%	NA
Average	7.22%	6.97%	6.89%	7.14%	6.43%	6.12%

Source: IRR-Viewpoint 2022; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

Retail Capitalization Rate Trends



STRIP - PwC Real Estate Investor Survey - National Strip Shopping Center Market

PWR - PwC Real Estate Investor Survey - National Power Center Market

ACLI - American Council of Life Insurers Investment Bulletin - Retail Properties

In contrast to the comparable sales which reflect historical transactions, the surveys present *desired* rates of return for investors looking forward. It is significant to understand the tiered nature of real estate markets and the corresponding impact on rates of return. Tier 1 markets (i.e. large MSA's where competition for assets is significant) tend to trade at the lower end of the survey range for rates of return compared to Tier 2 and 3 markets (i.e. smaller markets with less investor demand). The IRR-Viewpoint survey includes more Tier 2 and Tier 3 survey respondents than the PwC survey and thus, the average rates of return are higher. Conversely, the ACLI data (implied rates of return from mortgage commitment surveys) tend to reflect lower rates of return due to the concentration in higher quality assets.

The most current national survey data above indicates an average going-in capitalization rate of 6.12% to 6.89%. The rate appropriate to the subject is expected to be above the average rate in the survey data, because of the subject's small size and not a candidate for a national credit user. Accordingly, a capitalization rate within a range of 7.50% to 8.5% would be expected.

Band of Investment

The band of investment method derives a capitalization rate from the weighted average of the mortgage and equity demands on net income generated from the property. This method involves an estimate of typical financing terms as well as an estimated rate of return on equity capital sufficient to attract investors. The Mortgage Interest Rate and the Equity Dividend Rate (EDR) are based upon current market yields for similar investments as derived from RealtyRates.com, as shown in the table below.

Retail: All

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.85%	DCR Technique	1.05	0.047354	0.80	3.98
Debt Coverage Ratio	1.05	Band of Investment Technique				
Interest Rate	3.62%	Mortgage	80%	0.047354	0.037884	
Amortization	40	Equity	20%	0.077211	0.015442	
Mortgage Constant	0.047354	OAR				5.33
Loan-to-Value Ratio	80%	Surveyed Rates				5.01
Equity Dividend Rate	7.72%					
Maximum						
Spread Over 10-Year Treasury	5.79%	DCR Technique	2.15	0.118591	0.50	12.75
Debt Coverage Ratio	2.15	Band of Investment Technique				
Interest Rate	8.56%	Mortgage	50%	0.118591	0.059296	
Amortization	15	Equity	50%	0.174501	0.087251	
Mortgage Constant	0.118591	OAR				14.65
Loan-to-Value Ratio	50%	Surveyed Rates				13.78
Equity Dividend Rate	17.45%					
Average						
Spread Over 10-Year Treasury	3.29%	DCR Technique	1.39	0.077640	0.70	7.55
Debt Coverage Ratio	1.39	Band of Investment Technique				
Interest Rate	6.06%	Mortgage	70%	0.077640	0.054505	
Amortization	25	Equity	30%	0.130721	0.038951	
Mortgage Constant	0.077640	OAR				9.35
Loan-to-Value Ratio	70.2%	Surveyed Rates				9.30
Equity Dividend Rate	13.1%					

*2nd Quarter 2022 Data

Source: RealtyRates.com Investor Survey Q3- 2022

Based on this data, the capitalization rate indicated by the band of investment method is shown in the following table.

Band of Investment Method

Mortgage/Equity Assumptions

Loan To Value Ratio	65%
Interest Rate	6.50%
Amortization (Years)	25
Mortgage Constant	0.0810
Equity Ratio	35%
Equity Dividend Rate	10.00%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	65%	x	8.10% =	5.27%
Equity Requirement	35%	x	10.00% =	3.50%

Indicated Capitalization Rate	8.77%
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Rounded	8.75%
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Interest Rate Impact on Capitalization Rates

In an attempt to slow the economy and curb inflation, the Federal Reserve hiked interest rates multiple times in 2022. Potential for further increases remain on the horizon. Ten-year Treasury rates, a benchmark for commercial mortgages, are now in the four percent range. Combined with increasing spreads required by most commercial banks, the cost of debt has escalated significantly. While interest rates certainly influence capitalization rates, the impact is often diluted by investors accepting lower cash on cash returns in the short run. Some investors view the rise in rates as a temporary situation and are purchasing assets with the expectation of refinancing in two to three years in what they believe will be a lower interest rate environment. Our analysis considers the impact of the higher cost of debt as well as market expectations for changes in income.

Capitalization Rate Conclusion

To conclude a capitalization rate, the following investment risk factors are considered to determine an impact on the appropriate rate. The direction of each arrow in the following table indicates a judgment of an upward, downward, or neutral impact of each factor.

Capitalization Rate Risk Factors

Factor	Issues	Impact on Rate
Income Characteristics	Credit strength of tenant, escalation pattern, above/below market rent, rollover risk	↔
Competitive Market Position	Construction quality, market appeal, age/condition, functional utility	↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand	↔
Highest and Best Use	Upside potential from redevelopment, adaptation, and/or expansion	↔
Overall Impact		↔

Accordingly, the capitalization rate is concluded as follows:

Capitalization Rate Conclusion

Method	Capitalization Rate Indication
Analysis of Comparable Sales	6.76% - 8.10%
National Investor Surveys	7.50% to 8.5%
Band of Investment	8.75%
Primary Weight	Analysis of Comparable Sales
Secondary Weight	National Investment Surveys
Conclusion	8.25%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to arrive at a value indication by the income capitalization approach as follows:

Direct Capitalization

At Completion

Effective Gross Income	\$52,140
Expenses	\$0
Net Operating Income	\$52,140
Capitalization Rate	8.25%
Stabilized Value Indication	\$632,000
Rounded	\$630,000

As Is

Stabilized Value Indication	\$632,000
Adjustments	
Capital Expenditures	-\$92,048
Contingency	-\$5,523
Entrepreneurial Incentive	-\$13,807
Total Adjustments	-\$111,378
Indicated Value	\$520,622
Rounded	\$520,000

Reconciliation and Conclusion of Value

Reconciliation involves the weighting of alternative value indications, based on the judged reliability and applicability of each approach to value, to arrive at a final value conclusion. Reconciliation is required because different value indications result from the use of multiple approaches and within the application of a single approach. The values indicated by our analyses are as follows:

Summary of Value Indications

	Market Value As Is	Prospective Market Value As Completed
Cost Approach	Not Used	Not Used
Sales Comparison Approach	\$470,000	\$560,000
Income Capitalization Approach	\$520,000	\$630,000
Reconciled	\$470,000	\$560,000

Cost Approach

The cost approach is most reliable for newer properties that have no significant amount of accrued depreciation. As previously discussed, the Cost Approach is judged to be inapplicable and is not utilized.

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing.

There is a reasonably active market for comparable properties, and this approach most closely reflects buyer behavior. Accordingly, the sales comparison approach is given greatest weight in the value conclusion.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. An owner-user is the most likely purchaser of the appraised property, and the income capitalization approach does not represent the primary analysis undertaken by the typical owner-user. Accordingly, this approach is given secondary weight in arriving at a value conclusion.

Final Opinion of Value

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Fee Simple	July 3, 2023	\$470,000
Prospective Market Value As Completed	Fee Simple	January 3, 2024	\$560,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. Our opinion of prospective market value as completed assumes that the proposed improvements are completed in accordance with plans and specifications as of January 3, 2024, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

The value conclusion(s) in this report consider the impact of COVID-19 on the subject property.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local retail condominium market, it is our opinion that the probable exposure time for the subject at the concluded market values stated previously is 6 to 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 6 to 12 months.

Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have prepared two appraisals of the subject property for the current client. We also provided an appraisal to a different client in 2021. We have provided no other 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 the agreement to perform this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. James Kutill, MAI has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the person signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, James Kutill, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.

A handwritten signature in black ink, appearing to read "James Kutill".

James Kutill, MAI
Illinois Certified General Real Estate Appraiser
#553.000280

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

- conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
 19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
 20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Chicago, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
 21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
 22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
 23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. IRR - Chicago is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Chicago. In addition, it is expressly agreed that in any action

- which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. IRR - Chicago is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

1. Our opinion of prospective market value as completed assumes that the proposed improvements are completed in accordance with plans and specifications as of January 3, 2024, the effective appraisal date.

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None.

The use of any extraordinary assumption or hypothetical condition may have affected the assignment results.

Addendum A

Appraiser Qualifications

James Kutill, MAI

Experience

Managing Director for Integra Realty Resources
Former Vice President and Partner, Appraisal Research Counselors
Former Director of Neighborhood Properties and Senior Care Projects
Former Senior Staff Appraiser, Advisory Appraisal Service, Division of Unity Savings Association

Mr. Kutill oversees the senior care property practice including independent living (ILF), assisted living (ALF), skilled nursing (SNF) and continuing care retirement communities (CCRC). He also oversees neighborhood oriented and mid-market investment properties assignments. His valuation experience includes limited and full service hospitality, retail, office and multi-family (market rent, HUD, LIHTC and age restricted). He has extensive experience with appraisal compliance review, for a variety of property types, and has testified as an expert witness for a variety of matters. Jim is a member of the Board of Directors of the Chicago Chapter of the Appraisal Institute, and a former president of the Chicago Real Estate Council.

Professional Activities & Affiliations

Member: Appraisal Institute (MAI)
Member: University of Illinois Real Estate Alumni Association (2004-present)
Board of Directors: Appraisal Institute Chicago Chapter (2015-present)
President: Pleasant Condominium Homeowners Association (2014-2015)
President: Chicago Real Estate Council (2010)
Treasurer: Chicago Real Estate Council (2008)
Secretary: Chicago Real Estate Council (2007)
Board of Directors: Chicago Real Estate Council (2004-2006)
Chairman: Illinois Mortgage Bankers Association - Appraisers Committee (1989)
Member: Illinois Mortgage Bankers Association - Appraisers Committee (1987-1989)

Licenses

Illinois, Certified General Real Estate Appraiser, 553.000280, Expires September 2023
Indiana, Certified General Real Estate Appraiser, CG49500029, Expires June 2024
Wisconsin, Certified General Real Estate Appraiser, 1113-10, Expires December 2023
Michigan, Certified Residential Real Estate Appraiser, 1205078242, Expires July 2025

Education

Bachelor of Science Degree in Finance and Real Estate, University of Illinois, Urbana-Champaign, May, 1978.



Integra Realty Resources - Chicago

1 N Franklin St
Suite 3010
Chicago, IL 60606

T 312.565.0977

irr.com



State of Illinois

Department of Financial and Professional Regulation
Division of Real Estate

LICENSE NO.
553.000280

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

EXPIRES:
09/30/2023



CERTIFIED GENERAL REAL ESTATE APPRAISER

JAMES K KUTILL



Mario Treto, Jr.

MARIO TRETO, JR.
ACTING SECRETARY

Laurie Murphy

LAURIE MURPHY
ACTING DIRECTOR

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

15530132

About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

Local Expertise...Nationally!

irr.com



Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

At IRR, providing a quality work product and delivering on time is what we strive to accomplish. Our local offices are determined to meet your expectations. Please reach out to your local office contact so they can resolve any issues.

Integra Quality Control Team

Integra does have a Quality Control Team that responds to escalated concerns related to a specific assignment as well as general concerns that are unrelated to any specific assignment. We also enjoy hearing from you when we exceed expectations! The members of this team are listed below. You can communicate with this team by clicking on the link below. If you would like a follow up call, please provide your contact information and a member of this Quality Control Team will call contact you.

Link to the IRR Quality Assurance Survey: quality.irr.com

Integra Regional Quality Managers		
Region	Regional Quality Manager	Title
Northeast Region	William Kimball, MAI	Senior Managing Director
Southeast Region	Leslie North, MAI, AI-GRS	Managing Director
Central Region	Gary Wright, MAI, SRA	Senior Managing Director
Southwest Region	Rusty Rich, MAI, MRICS	Senior Managing Director
West Region	Larry Close, MAI	Senior Managing Director
Corporate	Rob McPherson, MAI, CCIM	Director of Product Development and Quality

Addendum C

Financials and Property Information

Blackcomb Construction Group Inc

949 North Willard Court, Suite 205
Chicago, IL 60642 US
(312) 809-6985
www.blackcombcg.com

**Estimate****ADDRESS**

Centrust Bank
385 Waukegan Road
northbrook, IL 60062

SHIP TO

Centrust Bank
385 Waukegan Road
northbrook, IL 60062

ESTIMATE

2994

DATE

10/27/2022

ACTIVITY	DESCRIPTION	AMOUNT
Division 09 — Finishes	8'x12' mail room -Demo Desk -Frame walls using metal stud, 3-5/8" framing -Rock 2 sides 5/8" Drywall -leave existing door in place -Hard Lid ceiling -Install lighting as required -Install supply and return diffusers off of existing HVAC main trunk Lines from lobby -Install (2) new sprinkler heads	14,300.00
Sales	General Conditions Supervision	10,000.00
Sales	Overhead and Fee	2,430.00
SUBTOTAL		26,730.00
TAX		0.00
TOTAL		\$26,730.00

Accepted By

Accepted Date

Blackcomb Construction Group Inc

949 North Willard Court, Suite 205
Chicago, IL 60642 US
(312) 809-6985
www.blackcombcg.com

**Estimate**

ADDRESS
Centrust Bank
385 Waukegan Road
northbrook, IL 60062

SHIP TO
22 N. Morgan
Chicago, IL

ESTIMATE 2995
DATE 10/28/2022

JOB NAME
Vanilla Box

ACTIVITY	DESCRIPTION	AMOUNT
Division 02 — Existing Conditions	Demolition -Demo Existing Ceilings, Framing, Lumber, Conduit, Lighting.	14,890.00
Division 06 — Wood, Plastics, and Composites	Infill Pit with Structural framing Install (2) layers, 5/8" fire rated plywood deck at pit	4,120.00
Division 26 — Electrical	Electrical -Make safe for demo -Demo existing circuits back to panel -Install Temp Lighting ***ALL EQUIPMENT TO BE LEFT IN PLACE, OR REMOVED, SALVAGE BY BLACKCOMB NOT INCLUDED ***ALL FIRE ALARM EXCLUDED	4,890.00
Division 23 — Heating, Ventilating, and Air Conditioning (HVAC)	HVAC -Start up of units to provide heat only ***ALL EQUIPMENT TO BE LEFT IN PLACE, OR REMOVED, SALVAGE BY BLACKCOMB NOT INCLUDED ***ALL PLUMBING WORK EXCLUDED	2,340.00
Division 09 — Finishes	Finishes -Patch Drywall as required at demising walls only	3,890.00
Division 08 — Openings	Store Front -Remove Garage Door -Demo Brick to existing Lintel -Install new 2 door storefront and 8' transom -Electrostatic Paint to match	13,250.00
Sales	General Conditions -Supervision -Project Management -Dumpsters, Street Permits	16,000.00
Sales	Overhead and Fee at 10%	5,938.00
SUBTOTAL		65,318.00
TAX		0.00
TOTAL		\$65,318.00

22-N-MORGAN-STREET, UNIT-105

CHICAGO, IL-60607

June 22, 2023

¶

James McMahon

Vice Chairman

Centrust Bank

385 Waukegan Road

Northbrook, IL 60062

¶

¶

Re: 22-N-Morgan-Street, Unit-105, Chicago, IL-60607 -- Updated Sale Analysis

¶

¶

Dear Mr. McMahon,

¶

The SVN-Chicago-Urban-Team thanks you for the opportunity to work with you on the disposition of 22-N-Morgan-Street, Unit-105.

¶

A summary of our Proposal is below:

- → Comparable Sold Commercial Condos
- → Pricing Recommendations -- Sale
- → Marketing Strategy
- → Proposed Listing Terms

¶

¶

Comparable Sold Commercial Condos

Address	Sale Date	Sale Price	Square Feet	Price/SF	Notes
1024 W Madison, Unit C	May-23	\$475,000	1,740	\$272.99	Similar condition to 14 N Bishop, but superior location.
1448 W Madison, Unit C	Nov-22	\$1,590,000	5,745	\$276.76	New construction ground floor retail condos.
1111 W Madison, 1st Floor	Apr-20	\$450,000	1,513	\$297.42	Sold with existing worn vanilla box conditions.
1119 W Grand, 1st Floor	Mar-23	\$372,500	3,100	\$184.68	Condo was used as a former hair salon - fully built out.
1338 W Madison, Unit 1	Mar-23	\$550,000	1,500	\$366.67	Commercial condo built used for office with MEZZ. basement and private outdoor deck.
14 N Sangamon, Unit 1N	Sep-22	\$418,000	1,500	\$278.67	Fully built out commercial condo for chiropractic user.
228 S Racine, 1st Floor	Jun-22	\$680,000	2,300	\$295.65	Condo in vanilla-box condition sold to Owner-User.
1118 W Fulton, Unit CE	Jan-20	\$595,000	1,300	\$457.69	Sold in move-in ready conditions.
312 N May, Suite 110	Jun-22	\$2,050,000	6,700	\$305.97	Sold in move-in ready conditions.

Average Sale Price Per SF: \$304.06

¶

Pricing Recommendations -- Sale

Taking our sub-market experience, current market trends, approval of a private at-grade access point, comparable sold commercial condos, the property's current condition and location all into account below is a summary of our analysis.

¶

The most accurate valuation for the asset accounts for ground floor retail condos that sold with no-in-place income. Recent sale transactions as described above sold on average for \$304.06/SF. With removing the highest sale comp (1118 W Fulton, Unit CE, which sold for nearly double of the other sale comps, the average sale price is approximately \$285/SF).

¶



940 W Adams, Suite 200
Chicago, IL 60607
WWW.SVN.COM

→

--Page 1 of 3

22-N-MORGAN-UNIT-105

CHICAGO, IL 60607

With a vanilla-box delivery, completion of common area package room and installation of a glass door off Morgan Street, we anticipate the market will support a value in the range of \$500,000 -- \$575,000 (approximately \$285 -- \$325/SF on 1,761 SF) and recommend going to market with a list price of \$595,000 (\$340/SF).

Additionally, if the subject property is kept in its current condition with no private at-grade access point, but with written approval by the board, we estimate Buyers will be interested at pricing levels of ~\$100,000 less than the above.

The only two first floor office sale comps that sold without a direct access point from the street are below:

22-N-Morgan, Unit 110 | Sold December 2020 | \$425,000 | 2,000 SF | \$212.50/SF

110-N-Peoria, Unit 104 | Sold September 2020 | \$320,000 | 1,650 SF | \$193.94/SF

Average Price/SF: \$202.94/SF

The above comps were fully built out and sold during a more favorable interest rate time period, which directly benefits price. If we did not go through this entire process, we estimate the subject property would trade for approximately \$325,000 -- \$350,000 (around \$200/SF less construction costs of about \$50,000 due to the subject property's raw condition). Please note, we received an offer from a Design Company for \$400,000 with no contingencies.

Marketing Strategy

Our marketing strategy is centered around maximum exposure. Upon full execution of a listing agreement, the listing team will create a fully custom marketing brochure for the property advertising the property For Sale, which will include:

- → 3D virtual tour via Matterport
- → Interior and exterior drone photography
- → Floorplans
- → Survey
- → In-depth sub-market information

Upon completion of the above our marketing process includes, but is not limited to the following:

- → Online marketing (listing on multiple commercial databases)
- → Direct reachout to prospective buyers
- → Utilizing the SVN network and presenting the offering on the SVN National Sales Call
- → Email marketing campaigns
- → Broker to broker marketing

22-NORTH-MORGAN-STREET, UNIT-105

CHICAGO, IL 60607

Proposed Listing Terms

The SVN Chicago Urban Real Estate Team is very interested in this assignment. We propose the following:

¶

Term of Agreement / Proposed Listing Prices:

6 months / \$595,000 (Work Completed), \$495,000 (Plans and Board Approval)

¶

Sale Brokerage Fees:

6.00% of the total gross sale price split equally with the buyer representative broker. In the event of no outside cooperating broker, listing broker is requesting 5.00% of the total gross sale price.

¶

Listing Agents:

Adam Thomas & Logan Parsons

¶

Expenses:

Standard brokerage expenses covered by broker (standard signage, admin, information dissemination, management of on-line e-blasts & databases, etc).

¶

Reporting:

Listing Agents to provide bi-weekly written reports via email to Seller.

¶

We greatly appreciate your consideration in hiring SVN Chicago Commercial for its disposition services at 22 North Morgan Street, Unit 105. Let us know if you have any questions regarding our Proposal.

¶

We look forward to working with you!

¶

¶

Sincerely,

Adam Thomas → → → → Logan Parsons
adam.thomas@svn.com → → → logan.parsons@svn.com
847.219.6383 → → → 262.903.8417

DocuSign Envelope ID: 613906A8-1494-4214-B515-F1ACFFA5B1EC



Addendum

This Addendum is attached to, becomes part of, and supersedes the listing agreement dated 10/25/2019 regarding the property located at 22 N Morgan, Suite 105, Chicago, IL 60607 by and between CTB Real Estate Holdings, LLC – Morgan Series as Owner and SVN | Chicago Commercial as Broker.

The following items of the listing agreement shall be amended as follows:

The ending date of the listing agreement is hereby extended to 12/31/23.

The listing price shall be reduced to the following:

\$595,000 with the plans including a private storefront door and common package room approved by the Condo Board and construction to do such work completed.

\$495,000 with the plans including a private storefront door and common package room approved by the Condo Board.

All other terms and conditions of the listing agreements are in full force and effect.

Accepted and agreed as Seller

X 

Date: 6/23/2023

X _____

Date: _____

Accepted and agreed as Broker

X 

Managing Director

SVN | Chicago Commercial

6/30/2023

Date: _____

Addendum D

Comparable Data

Improved Sales

Location & Property Identification

Property Name:	Ground floor condo / B2
Sub-Property Type:	Office Condominium
Address:	215 N. Aberdeen St.
City/State/Zip:	Chicago, IL 60607
County:	Cook
Submarket:	Near West Side
Market Orientation:	Urban
Property Location:	E side Aberdeen / N of Lake
IRR Event ID:	2767446



Sale Information

Sale Price:	\$255,000
Effective Sale Price:	\$255,000
Sale Date:	01/26/2021
Recording Date:	03/09/2021
Contract Date:	01/26/2021
Listing Price:	\$300,000
Listing Date:	10/28/2020
Sale Status:	Closed
\$/SF GBA:	\$392.31
\$/SF NRA:	\$392.31
\$/Unit:	\$255,000 /Unit
Grantor/Seller:	Michael J Leyva, Shana B Schneider
Grantee/Buyer:	Tokya Group LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
% of Interest Conveyed:	100.00
Exposure Time:	3 (months)
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	2021.21167
Verified By:	Kelly Jones
Verification Date:	02/03/2022
Verification Type:	Secondary Verification
Secondary Verific. Source:	MRED, Cook County records

Occupancy

Occupancy Type Before Sale:	Owner Occupied
Occupancy Type After Sale:	Owner Occupied
Occupancy at Time of Sale:	0.00%

Improvement and Site Data

Legal/Tax/Parcel ID:	17-08-421-018-1150
GBA-SF:	650
NRA-SF:	650
Acres(Gross):	0.00
Land-SF(Gross):	0
Year Built:	1918
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Masonry five-story
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/Yes
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. Phy. Info. Source:	Broker
Source of Land Info.:	Other

Comments

This ground floor loft office space sold after an approximate three-month marketing time. We note a prior sale in July 2020 for \$203,000.

Unit B2 in a multi-story condominium building along

Comments (Cont'd)

Aberdeen St



Location & Property Identification

Property Name: 1375 N Milwaukee Ave
 Sub-Property Type: Freestanding, Street/Highway Retail
 Address: 1375 N. Milwaukee Ave
 City/State/Zip: Chicago, IL 60622
 County: Cook
 Submarket: Northwest City

IRR Event ID: 2918980



Sale Information

Sale Price: \$900,000
 Effective Sale Price: \$900,000
 Sale Date: 03/15/2022
 Recording Date: 04/12/2022
 Sale Status: Closed
 \$/SF GBA: \$361.30
 \$/SF NRA: \$361.30
 Grantor/Seller: 1373-1375 Milwaukee Adventures
 Grantee/Buyer: Friends Of Volumes Llc
 Assets Sold: Real estate only
 Property Rights: Fee Simple
 Financing: Cash to seller - buyer obtained financing
 Terms of Sale Comments: \$681,818 loan with FW Bank taken at the time of sale
 Document Type: Deed
 Recording No.: 2210228310
 Verified By: Elizabeth Ritzenthaler, MAI
 Verification Date: 09/13/2022
 Verification Type: Secondary Verification
 Secondary Verific. Source: CoStar, Deed

Occupancy

Occupancy Type Before Sale: Owner Occupied

Improvement and Site Data

MSA: Chicago
 Legal/Tax/Parcel ID: Parcel Number(s): 17-06-219-064-1001, 17-06-219-064-1002
 GBA-SF: 2,491
 GLA-SF: 2,491
 Acres(Gross): 0.06
 Land-SF(Gross): 2,400
 Year Built: 1970
 Property Class: C
 Construction Desc.: Masonry
 Frontage Desc.: 96.000 feet on Milwaukee Ave
 Bldg. to Land Ratio FAR: 1.04
 Zoning Desc.: B1-3
 Source of Land Info.: Other

Comments

Per Costar, no brokers were involved in this sale. Sale data was verified through public records. First floor commercial space in 3-story building.
 Great place for any retail. Excellent space inside. 1,000's of new condo's being built across the street. Great for any bank, bar or restaurant. Developing area. Many new condo's going up within the next few months. Area will be hot in the near future. The time to lease is now!!

Comments (Cont'd)



Location & Property Identification

Property Name:	Shell Retail Condo
Sub-Property Type:	Other
Address:	236 S. Racine Ave.
City/State/Zip:	Chicago, IL 60607
County:	Cook
Submarket:	West Loop
Market Orientation:	Urban
IRR Event ID:	2919106



Sale Information

Sale Price:	\$680,000
Effective Sale Price:	\$680,000
Sale Date:	09/30/2022
Recording Date:	10/25/2022
Contract Date:	04/25/2022
Listing Price:	\$800,000
Listing Date:	06/23/2020
Sale Status:	Closed
\$/SF GBA:	\$309.79
\$/SF NRA:	\$309.79
\$/Unit:	\$680,000 /Unit
Grantor/Seller:	228 Racine LLC
Grantee/Buyer:	LLMZ Chicago Holdings, LLC
Assets Sold:	Real estate only
Property Rights:	Fee Simple
Exposure Time:	22 (months)
Financing:	Cash to seller - buyer obtained financing
Terms of Sale Comments:	\$666,300 mortgage with American Metro Bank
Document Type:	Warranty Deed
Recording No.:	2229846103
Verified By:	Elizabeth Ritzenthaler, MAI
Verification Date:	09/15/2022
Confirmation Source:	Doug Pauly
Verification Type:	Confirmed-Seller Broker

Sale Analysis

Expenditures After Purchase:	\$18,400
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	17-17-113-121-0000
GBA-SF:	2,195
GLA-SF:	2,195
Acres(Usable/Gross):	0.05/0.05
Land-SF(Usable/Gross):	2,195/2,195
Usable/Gross Ratio:	1.00
Year Built:	2019
Most Recent Renovation:	2022
Property Class:	B
M&S Class:	B
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Glass
No. of Buildings/Stories:	1/1
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Gas
Roof Comm.:	Flat roof
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Desc.:	Racine

Improvement and Site Data (Cont'd)

Density-Unit/Gross Acre:	19.84
Density-Unit/Usable Acre:	19.84
Bldg. to Land Ratio FAR:	1.00
Zoning Code:	B3-5
Zoning Desc.:	Community Shopping District
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	17031C0418J
Date:	08/19/2008
Source of Land Info.:	Public Records

Comments

The subject is a commercial unit within a larger multifamily condominium. The legal carve out of the commercial space allows the commercial space owner to be separate from the expenses of operating the larger building. The buyer will complete the finishing of the new space including HVAC, electric, plumbing and construction of 2 restrooms and the interior finishing of the unit. The cost to complete is \$180,000 or \$82.00 per square foot. In addition, the buyer will spend \$28,400 on some exterior brick and window work. The seller to provide a \$10,000 credit for this work. Once complete, the property will be occupied by a related entity of the owner. The listing broker, Doug Pauly, indicated there was only one other offer, but the deal fell through.



Location & Property Identification

Property Name:	Retail Space
Sub-Property Type:	Other
Address:	1448 W. Madison St
City/State/Zip:	Chicago, IL 60607-1822
County:	Cook
Market Orientation:	Urban
IRR Event ID:	2992992



Sale Information

Sale Price:	\$1,590,000
Effective Sale Price:	\$1,590,000
Sale Date:	11/09/2022
Recording Date:	11/15/2022
Sale Status:	Closed
\$/SF GBA:	\$276.76
\$/SF NRA:	\$276.76
Grantor/Seller:	14 North Bishop Llc
Grantee/Buyer:	1448 W Madison St LLC
Property Rights:	Fee Simple
Exposure Time:	8 (months)
Financing:	Cash to seller
Document Type:	Warranty Deed
Recording No.:	2231942238
Verified By:	Elizabeth Ritzenthaler, MAI
Verification Date:	04/06/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Deed, Offering Memorandum

Legal/Tax/Parcel ID:	Parcel Number(s): 17-08-333-040-0000
GBA-SF:	5,745
GLA-SF:	5,745
Acres(Gross):	0.13
Land-SF(Gross):	5,745
Year Built:	2021
Property Class:	B
M&S Class:	A
Improvements Cond.:	Excellent
Exterior Walls:	Brick
Construction Desc.:	Masonry
Ceiling Height Maximum:	16.00
Total Parking Spaces:	6
Park. Ratio 1000 SF GLA:	1.04
Park. Ratio 1000 SF GBA:	1.04
Frontage Desc.:	134.000 feet on Madison St
Traffic Flow:	Low
Traffic Count:	12,400
Bldg. to Land Ratio FAR:	1.00
Zoning Code:	C2-3
Zoning Desc.:	C2-3
Source of Land Info.:	Public Records

Occupancy

Occupancy at Time of Sale:	0.00%
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Improvement and Site Data

MSA:	Chicago
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Comments

Vacant, never before finished, retail unit in vanilla box condition in newer mixed-use building. The property had been offered for sale or lease at \$32/sf triple-net. The property sold at asking price.

Comments (Cont'd)

Retail unit carved out of a newer mixed, retail / residential condominium complex with 32 residential condominiums.



Location & Property Identification

Property Name: 14 N Sangamon St, Unit 308
Sub-Property Type: Office Condominium
Address: 14 N. Sangamon St.
City/State/Zip: Chicago, IL 60607
County: Cook
Submarket: Near West Side
Market Orientation: Urban



IRR Event ID: 3027451

Sale Information

Sale Price: \$365,000
Effective Sale Price: \$365,000
Sale Date: 09/16/2022
Recording Date: 10/04/2022
Sale Status: Closed
\$/SF GBA: \$243.33
\$/SF NRA: \$243.33
\$/Unit: \$365,000 /Unit
Grantor/Seller: Jared S. Carr
Grantee/Buyer: Michael Bottiglieri
Assets Sold: Real estate only
Property Rights: Leased Fee
Financing: Cash to seller
Terms of Sale Comments: \$292,000 mortgage with Guaranteed Rate

Document Type: Warranty Deed
Recording No.: 2227708165
Verified By: Anna Trocki
Verification Date: 07/17/2023
Verification Type: Secondary Verification
Secondary Verific. Source: CoStar, Assessor, Deed

Occupancy

Occupancy Type Before Sale: Single Tenant

Improvement and Site Data

MSA: Chicago
Legal/Tax/Parcel ID: 17-08-447-025-1020,
17-08-447-025-1040
GBA-SF: 1,500
NRA-SF: 1,500
Acres(Gross): 0.24
Land-SF(Gross): 10,500
Year Built: 1900
Property Class: C
M&S Class: C
Construction Quality: Average
Improvements Cond.: Average
Construction Desc.: Masonry
No. of Buildings/Stories: 1/3
Multi-Tenant/Condo.: No/Yes
Total Parking Spaces: 1
Park. Ratio 1000 SF GLA: 0.67
Park. Structure Space: 1
Park. Ratio 1000 SF GBA: 0.67
Parking Ratio(/Unit): 1.00
Elevators/Count: None
Fire Sprinkler Type: Wet
Shape: Rectangular
Topography: Level
Corner Lot: No
Density-Unit/Gross Acre: 4.15
Bldg. to Land Ratio FAR: 0.14

Improvement and Site Data (Cont'd)

Zoning Code:	DX-3
Zoning Desc.:	Downtown Mixed-Use District
Flood Plain:	No
Flood Zone:	outside 500 year
Flood Zone Designation:	X
Comm. Panel No.:	17031C0419J
Date:	08/19/2008
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

Comments

Located 1 block west of 90/94 expressway



Lease Comparables

Location & Property Identification

Property Name:	Multi-Tenant Office Property
Sub-Property Type:	Creative/Loft
Address:	118 N. Peoria
City/State/Zip:	Chicago, IL 60607
County:	Cook
Submarket:	Near West Side
Market Orientation:	Urban
IRR Event ID:	2945878



Estimated Annual Property Expenses (\$/SF): \$7.57

Space Information

Space Type:	Office
Suite #:	2S
Full Building Lease:	No
Leased Area:	2,400

Lease Information

Lease Status:	Signed Lease
Lessor:	J. Rochman
Lessee:	Undisclosed
Lease Signed Date:	08/11/2021
Start/Available Date:	09/01/2021
Expiration Date:	08/31/2024
Term of Lease:	36 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$33.00
Effective Rental Rate:	\$33.00
Escalation Type:	None
TI Type:	New Tenant
Verified by:	Laura Oltmanns
Verification Date:	11/21/2022
Verification Source:	Costar Lease Comps
Transaction Reliability:	Researched

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	17-08-440-009
GBA-SF:	28,500
NRA-SF:	38,500
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,098/6,098
Usable/Gross Ratio:	1.00
Year Built:	1907
Most Recent Renovation:	2010
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/5
Multi-Tenant/Condo.:	Yes/No
Roof,Heating,AC Comments:	Renovation year is estimated based on leasing dates.
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Bldg. to Land Ratio FAR:	4.67

Improvement and Site Data (Cont'd)

Zoning Code:	DX-3
Flood Plain:	No
Flood Zone:	outside 500 year
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Other
Source of Land Info.:	Broker

Comments

This is a renovated West Loop loft building filled with creative tenants: 5 art galleries, a high-end wine company, film companies and an advertising agency. All spaces have trac lighting, high ceilings, private washrooms, private offices and open space. Units 3S and 5S have kitchens with stainless appliances. Unit 5S has a newly built conference room with a skylite.

This is a new lease for 2,400 square feet of office space. The tenant is undisclosed and the lease began September 1, 2021. The rent at the time of lease was \$33.00/SF, triple net.

Location & Property Identification

Property Name: 1000 W. Lake St.
 Sub-Property Type: Mixed Use
 Address: 1000 W. Lake St.
 City/State/Zip: Chicago, IL 60607
 County: Cook
 Submarket: West Loop
 Market Orientation: Urban

IRR Event ID: 2763829



Space Information

Space Type: Office
 Leased Area: 1,667

Lease Information

Lease Status: Signed Lease
 Lease Signed Date: 11/07/2021
 Start/Available Date: 12/07/2021
 Term of Lease: 36 months
 Lease Measure: \$/SF/Yr
 Face Rental Rate: \$41.00
 Effective Rental Rate: \$41.00
 Escalation Type: Fixed Percentage
 Verified by: Kelly Jones
 Verification Date: 12/08/2022
 Verification Source: Brent Burden
 Transaction Reliability: Confirmed

Land-SF(Gross): 1
 Year Built: 2007
 Property Class: B
 No. of Buildings/Stories: 1/2
 Total Parking Spaces: 2
 Park. Ratio 1000 SF GLA: 0.40
 Park. Structure Space: 2
 Park. Ratio 1000 SF GBA: 0.40
 Bldg. to Land Ratio FAR: 4,996.00
 Source of Land Info.: Other

Comments

This is a two-story building at the northwest corner of Lake and Morgan. The building has a two-car attached garage

This space was listed as a sublease, with the asking rent at \$50.00 psf. The broker confirmed that the space was rented to the tenant that was in place on the upper two floors. The ground floor rate was \$41, mod gross.

Lease Expense Information

Reimbursement Method: Modified Gross

Improvement and Site Data

MSA: Chicago-Naperville-Elgin, IL-IN-WI
 GBA-SF: 4,996
 GLA-SF: 4,996
 Acres(Gross): 0.00

Location & Property Identification

Property Name:	180 North Jefferson Apartments
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	180 N. Jefferson St.
City/State/Zip:	Chicago, IL 60661
County:	Cook
Submarket:	The Loop
Market Orientation:	Urban
IRR Event ID:	2933284



Space Information

Space Type:	Retail
Suite #:	Ground Floor
Full Building Lease:	No
Leased Area:	1,005

Lease Information

Lease Status:	Signed Lease
Lessor:	LaSalle Investment Management
Lessee:	Fons Empanadas
Lease Signed Date:	03/17/2022
Start/Available Date:	03/18/2022
Expiration Date:	03/17/2025
Term of Lease:	36 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$38.00
Effective Rental Rate:	\$38.00
Escalation Type:	None
Verified by:	Laura Oltmanns
Verification Date:	10/17/2022
Verification Source:	Costar Lease Comps
Transaction Reliability:	Researched

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	17-09-322-004
GBA-SF:	310,000
NRA-SF:	217,107
Acres(Usable/Gross):	1.12/1.12
Land-SF(Usable/Gross):	48,665/48,665
Usable/Gross Ratio:	1.00
Year Built:	2004
Property Class:	A
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Reinforced Concrete
No. of Buildings/Stories:	1/28
No. of Units / Unit Type:	274/Apt. Units
Total Parking Spaces:	276
Park. Ratio 1000 SF GLA:	1.27
Park. Structure Space:	276
Park. Ratio 1000 SF GBA:	0.89
Parking Ratio(/Unit):	1.01
Elevators Count:	Yes
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Traffic Count:	10,650 vpd

Improvement and Site Data (Cont'd)

Density-Unit/Gross Acre:	245.26
Density-Unit/Usable Acre:	245.26
Bldg. to Land Ratio FAR:	6.37
Zoning Code:	DX-7
Zoning Desc.:	Downtown
Flood Plain:	No
Flood Zone:	outside 500 year
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Public Records

the living areas, carpeting in the bedrooms, white wood cabinets in the kitchens and baths, granite counters, and stainless-steel appliances. Common amenities include a fitness center, indoor pool, whirlpool, rooftop sundeck with grilling stations, business center, library, and party room.

This is a new lease for 1,005 square feet of retail space. The tenant is Fons Empanadas and the lease began March 18, 2022. The starting rent at the time of lease was \$38.00/SF, net.

Unit Mix

No. of Bed- Room	No. of Bath- Room	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00	24	580	13,920	6.6%
0.00	1.00	100	655	65,500	31.3%
1.00	1.00	98	745	73,010	34.8%
2.00	1.00	24	930	22,320	10.7%
2.00	2.00	26	1,200	31,200	14.9%
3.00	3.00	2	1,780	3,560	1.7%
		<u>274</u>		<u>209,510</u>	

Project & Unit Amenities

BBQ Grill/Picnic Area	8' Ceiling Height
Co-Working Space	Carpeting
Fitness Center	Central AC
Garage/In Building	Dishwasher
Resident Lounge	Disposal
Roofdeck/Sundeck	Granite/Quartz Counters
Security/Door Staff	Microwave
Swimming Pool	Patio/Balcony/Deck
	Range - Gas
	Refrigerator
	Washer/Dryer In Unit
	Wood Floors

Comments

High-rise mixed-use property with 7,497 SF of retail space on the ground floor. Finishes are an 8' ceiling height with a popcorn finish, carpeting or wood-laminate flooring in

Location & Property Identification

Property Name:	1536 W. Chicago Ave
Sub-Property Type:	Shopping Center, Neighborhood Center
Address:	1536 W. Chicago Ave.
City/State/Zip:	Chicago, IL 60622
County:	Cook
Submarket:	Northwest City
Market Orientation:	Urban
IRR Event ID:	2968473



Space Information

Space Type:	Retail
Suite #:	1st Floor
Full Building Lease:	No
Leased Area:	1,800

Lease Information

Lease Status:	Signed Lease
Lessee:	TriStar Catering
Lessee Type:	Local
Lease Signed Date:	12/13/2022
Start/Available Date:	01/01/2023
Expiration Date:	01/01/2026
Term of Lease:	36 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$25.00
Effective Rental Rate:	\$25.00
Escalation Type:	Fixed Percentage
Verified by:	Rebecca Franklin, MAI
Verification Date:	01/30/2023
Verification Source:	CoStar
Leasing Agent/Company:	Colliers / Chris Irwin
Transaction Reliability:	Researched

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	17-05-325-031
GBA-SF:	2,745
GLA-SF:	2,745
Acres(Gross):	0.07
Land-SF(Gross):	3,049
Year Built:	2018
Property Class:	A
Total Parking Spaces:	2
Park. Ratio 1000 SF GLA:	0.73
No. Surface Spaces:	2
Park. Ratio 1000 SF GBA:	0.73
Frontage Feet:	25
Bldg. to Land Ratio FAR:	0.90
Source of Land Info.:	Other

Comments

Asking rent for lease signed in Dec 2022. Per CoStar, it was on the market for almost 2 years.

Location & Property Identification

Property Name: 27-41 N. Morgan St.
 Sub-Property Type: Freestanding
 Address: 27-41 N. Morgan St.
 City/State/Zip: Chicago, IL 60607
 County: Cook
 Submarket: West Loop
 Market Orientation: Urban

IRR Event ID: 3006292



Space Information

Space Type: Retail
 Suite #: 33
 Full Building Lease: No
 Leased Area: 926

Land-SF(Gross): 926
 Year Built: 2007
 Property Class: B
 No. of Buildings/Stories: 1/5
 Bldg. to Land Ratio FAR: 33.99
 Source of Land Info.: Public Records

Lease Information

Lease Status: Signed Lease
 Lessee: Local Tenant
 Lease Signed Date: 10/26/2022
 Start/Available Date: 11/25/2022
 Lease Measure: \$/SF/Yr
 Face Rental Rate: \$39.00
 Effective Rental Rate: \$39.00
 Escalation Type: Fixed Percentage
 Verified by: Kelly Jones
 Verification Date: 05/15/2023
 Verification Source: CoStar
 Transaction Reliability: Researched

Comments

This is a new lease for 926 sf of retail space on the ground floor. The lease began on November 25, 2022 and the rent at the time of the lease was \$39/SF, triple-net.

Lease Expense Information

Reimbursement Method: Net

Improvement and Site Data

GBA-SF: 31,479
 GLA-SF: 31,479
 Acres(Gross): 0.02

27-41 N. Morgan St.



Addendum E

Engagement Letter

CENTRUST BANK

385 Waukegan Rd.,
Northbrook, IL 60062

Phone: 847-267-1331
fax: 847-267-1441
www.centrustbank.com

June 23, 2023

Integra Realty Resources
James Kutill
1 N. Franklin Street, Suite
3010
Chicago, IL 60606

Via email: jkutill@irr.com

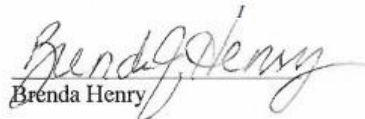
This letter authorizes your firm to prepare an updated Commercial Appraisal Report for the property referenced below:

The address of the property is: 22 N. Morgan Street, Unit 105, Chicago, IL 60607
Property: **Office Condo Unit #105**

The Contact person is: James McMahon@ 312-608-3000

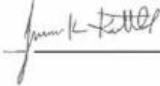
It is understood that this Engagement Letter is confidential.

Sincerely,


Brenda Henry

Loan Operations
224-927-123 6

Accepted:



By: _____
Date: _____