**CRAWMER APPRAISAL INC.**
*Appraiser – Broker – Property Manager*
806 West park ave,
CHAMPAIGN, ILLINOIS 61820

PHONE 217-841-7269
Daniel R. Crawmer, MAI, AI-GRS, CPM, CCIM
PRESIDENT
DAN.CRAWMER@COMCAST.NET

May 18, 2016

Brian Desatnick
Busey Bank
115 North Neil Street
Champaign, Illinois 61820

RE: Appraisal of an office and parking garage building in Peoria, Illinois

Dear Mr. Desatnick:

In accordance with your request, we have personally made a complete inspection of the property commonly known as 222 NE Monroe Street, Peoria, Illinois and legally described as Lots 1-3, Block 26, Hale's Addition and Pt. Lots 1-3 incl. vacant alley, Block 26, Original Town of Peoria, the NE ¼ of Section 9, Township 8 North, Range 8 East, 4th Principal Meridian. The purpose of the appraisal report that follows this letter of transmittal is to provide the appraisers' best estimate of the market value and liquidation value of the subject real estate as of the effective date of valuation. This report is intended to assist the client, Busey Bank, in underwriting a real estate loan and/or credit decisions for the subject property.

The subject property consists of an office and parking garage building situated on 0.77 acres of land.

In the attached report, the determined values are contingent upon the following extraordinary assumptions that have been made as of the effective date of this appraisal report. Their use might have affected assignment results if they are found to be false:

The building's top two floors have gold colored windowpanes. According to the building manager, Billy Flanigan, the owner decided several years ago to have a new tint added that would take away the gold color appearance. Recently this added tint has significantly degraded on two sides of the building and needs to be removed to improve the building's appearance. Mr. Flanigan estimates the cost to remove the tint at $40,000. Your appraisers assume this to be the cost of fixing the building's defective window tint.

It is assumed that income and expenses closely approximate projections made within this report.

It is also assumed that the subject has not been altered in any way since the date of inspection.

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Unless otherwise stated in this report, the appraisers did not observe the existence of any hazardous material that may or may not be present on the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimate is based on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. It would be in your best interest to retain an expert in this field, if desired.

It is assumed that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition. If the client has any questions regarding these items, it is the client's responsibility to order appropriate inspections. The appraisers do not have the skill or expertise needed to make such inspections. The appraisers assume no responsibility for these items.

Our analysis specifically assumes that all improvements have been completed in compliance with City of Peoria, Peoria County, and State of Illinois Building and Zoning codes.

According to the building manager, Billy Flanigan, the adjacent hotel is behind in payments for its leased spaces in the subject property's parking garage. We are not aware that any other tenants are in default on their leases. Our analysis considers the terms of the leases and assumes that the hotel and other tenants are in good standing.

The appraisal was made based on market conditions as of May 11, 2016. The appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the appraisal.

No hypothetical conditions have been used within this report.

The report that follows this letter of transmittal is an **Appraisal Report** that is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. This report presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraisers are not responsible for unauthorized use of this report.

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In the final analysis it is our opinion that the market value of the subject property as of May 11, 2016 is **SIX MILLION FIVE HUNDRED THOUSAND DOLLARS……………..$6,500,000.**

The property was appraised as a whole, owned leased fee and encumbered by existing leases, subject to the contingent and limiting conditions outlined herein.

Daniel R. Crawmer MAI, AI-GRS, CPM, CCIM
Illinois license # 553.001460
Expires 09/30/2017

Charles J. Crawmer
Associate Real Estate Trainee Appraiser
Illinois license # 557.005950
Expires 09/30/2017

**APPRAISAL REPORT**

Of
An Office and Parking Garage Building

Located at
222 NE Monroe Street
Peoria, Illinois

As of
May 11, 2016

Prepared for
Brian Desatnick
Busey Bank
115 North Neil Street
Champaign, Illinois 61820

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

| | |
|---|---|
| Location of Property: | 222 NE Monroe Street, Peoria, Illinois |
| Purpose of Appraisal: | To estimate the current Market Value and Liquidation Value of the Leased Fee Estate of the subject property |
| Highest and Best Use as if vacant: | Development as a multistory office site |
| Highest and Best Use as improved: | Current use as an office and parking garage building |
| Site and Zoning Data: | 0.77 Acres / B-1, Downtown Business (Peoria) |
| Improvement Data: | 272,876 gross square feet (Office=68,360 SF, Parking Garage=204,516 SF & 552 spaces) |
| Lessor: | Principal Securities, LLC |
| Lessee: | Various |
| Date of Value Estimate: | May 11, 2016 |
| Estimate of Land Value: | $550,000 |
| Value by Cost Approach: | $6,500,000 |
| Value by Sales Comparison Approach: | $7,300,000 |
| Value by Income Approach: | $6,200,000 |
| **Final Estimate of Market Value:** | **$6,500,000** |
| Liquidation Value: | $5,330,000 |

## TABLE OF CONTENTS

**APPRAISAL DEVELOPMENT AND REPORTING PROCESS**

In preparing this appraisal, the appraisers inspected the subject site and both the exterior and interior of the improvements. Land sales, replacement cost, and depreciation estimate information was obtained. Information on improved sales was gathered, confirmed, and analyzed. Income and expense information has been reviewed and analyzed. The cost, sales comparison, and income approaches were applied.

Purchasers are focusing on income and sales comparison. While the ratio of price/cost to replace may be considered, depreciated cost is not. Cost new and depreciation estimates are difficult to support in the market. In this instance, the cost approach primarily was completed to test the reasonableness of values determined through the income and sales approaches. Greater weight was given to the values determined through those approaches.

Due to insufficient sales in Central Illinois of properties similar to the Subject, or of parking garages similar to that portion of the Subject, only a value for the Subject’s office portion was determined by the sales approach. To arrive at an overall value for the Subject by the sales approach, the value of its parking garage as determined by the income approach was added to the value of its office portion as determined by the sales approach. Because a complete determination of value for the subject property by the sales approach was not possible, greater weight was given to the value determined in the income approach.

It is the opinion of your appraisers that the primary approach to value is the income approach.

This appraisal report is a brief recapitulation of your appraisers’ data analysis and conclusions. Supporting documentation is retained in your appraisers’ file and available to you upon request. The written appraisal, although in rough form, has been prepared and retained in our files and is available to you upon request at a negotiated fee. The written appraisal retained in my files is incorporated herein by reference and is an integral part hereof. The written appraisal retained in our files includes a complete description of the property appraised and it includes developed indications of value employing the cost, direct sales comparison, and income approaches. A brief description of the subject follows.

**PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to estimate the Market Value and Liquidation Value of the subject property on a leased fee basis as of the effective date.

Market Value is defined in The Appraisal of Real Estate, 14th Edition as "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, 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 each acting in what he or she considers his or her own best interest;

3. a reasonable time is allowed for exposure in the open market;

4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

Liquidation Value is defined in The Dictionary of Real Estate Appraisal, 5th Edition as "The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.

2. The property is subjected to market conditions prevailing as of the date of valuation.

3. Both the buyer and seller are acting prudently and knowledgably.

4. The seller is under extreme compulsion to sell.

5. The buyer is typically motivated.

6. Both parties are acting in what they consider to be their best interests.

7. A normal marketing effort is not possible due to the brief exposure time.

8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.

9. 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."

## CLIENT AND INTENDED USERS OF THIS REPORT

The client of this report is Busey Bank.

**This appraisal report is prepared for the sole and exclusive use of the client. It is not to be relied upon by any third party for any purpose, whatsoever. No third parties are authorized to rely upon this report without the express written consent of the appraisers. Neither all, nor any part of the contents of the report, or copy thereof shall be used for any purposes by anyone but the client specified in the report. Further, the appraisers and the appraisal firm named herein assume no obligation, liability, or accountability to any third party. If this report is placed in the hands of anyone but the client, the client shall make such party aware of all the assumptions and limiting conditions of the assignment.**

## INTENDED USE OF THE REPORT

This report is intended to assist the client, Busey Bank, in underwriting a real estate loan and/or credit decisions for the subject property.

## COMPETENCY

From your appraisers' understanding of the assignment to be performed, which is addressed in the Scope and Intended Use sections of this report, it is your appraisers' opinion that they are fully competent to perform this appraisal, due to the fact that:

1. Your appraisers have full knowledge and experience in the nature of the assignment.
2. All necessary and appropriate steps were taken in order to complete the assignment competently.
3. There is no lack of knowledge or experience that would prohibit this assignment from being completed in a professional competent manner or where a biased or misleading opinion of value would be rendered.

## EXTRAORDINARY ASSUMPTIONS

Extraordinary assumptions are defined by USPAP as "an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions."

The following extraordinary assumptions have been made as of the effective date of this appraisal report. Their use might have affected assignment results if they are found to be false:

The building's top two floors have gold colored windowpanes. According to the building manager, Billy Flanigan, the owner decided several years ago to have a new tint added that would take away the gold color appearance. Recently this added tint has significantly degraded on two sides of the building and needs to be removed to improve the building's appearance. Mr. Flanigan estimates the cost to remove the tint at $40,000. Your appraisers assume this to be the cost of fixing the building's defective window tint.

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The appraisal was made based on market conditions as of May 11, 2016. The appraisers cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the appraisal.

**HYPOTHETICAL CONDITIONS**

Hypothetical conditions are defined by USPAP as "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."

No hypothetical conditions have been used within this report.

## PROPERTY RIGHTS APPRAISED

Overall, the real property interest being appraised is that of the leased fee estate. However, the value of the subject property's office portion was completed on a fee simple basis, while its parking garage portion was appraised on a leased fee basis.

## HISTORY OF THE PROPERTY

No sales of the subject have transpired within the last three years.

Also, your appraisers are unaware of any agreements of sale, options, or listings of the subject property current as of the effective date of this appraisal report.

## PERSONAL PROPERTY

No personal property items were included in the valuation of the subject property.

## EFFECTIVE DATE OF VALUE

May 11, 2016

## DATE OF REPORT

May 18, 2016

## SCOPE OF THE APPRAISAL

The scope of the appraisal is intended to provide the reader with a description of the extent of the data collection and the reporting process.

In preparing this assignment the following procedures were undertaken:

- Background information on the subject property was obtained relating to ownership, occupancy, property history and site and improvement data.
- A physical inspection of the property was performed. Site plans and building plans were reviewed and analyzed.
- Records and data were reviewed relating to real estate taxes, zoning regulations, flood plain status and other public and governmental influences.
- Regional, city and neighborhood data was gathered and examined.

- Market research was conducted to find the best available comparable land sales, improved sales and rental comparables.
- The subject's competitive position in the appropriate real estate market was examined.
- The highest and best use of the subject was analyzed.
- Three methods of property valuation were considered: the cost approach, sales comparison approach and income capitalization approach. The most applicable of these methodologies were applied to the value of the subject.
- Reconciliation of the values indicated by the applied approaches was completed. A final value conclusion represents the appraisers' opinion of the subject's market value.
- Finally, the aforementioned procedure was organized into this appraisal report.

Data sources used in this report included, but are not limited to the following:

- The property owner and/or property manager
- Government and public sources
- Market reports and surveys prepared by national and regional real estate companies
- Buyers and sellers of real estate
- Real estate brokers and agents
- Other real estate appraisers
- Primary and secondary data published by marketing firms
- General information and non-confidential data contained in the appraisers' files

However, the scope of this appraisal did not require the appraisers to perform the following:

- Engaging an environmental engineering company to determine if asbestos or other hazardous wastes exist within the improvements, soil, or groundwater
- Engaging a mechanical engineer or technician to inspect the HVAC systems
- Hiring a roofing contractor to inspect the roof and estimate the remaining life or prepare a conditions report with suggested repairs
- Commissioning a soil scientist or engineer to determine soil properties such as bearing capacity, depth to groundwater, etc.

Your appraisers assume that the subject property does not contain any hazardous wastes and that soil conditions allow commercial development within the site.

## EXPOSURE PERIOD

Generally, exposure period relates to what has occurred (retrospective) and is occurring (current) in the market; whereas, marketing period is a projection (prospective) of what is likely to occur in the market. Any sound opinion of market value must consider what has occurred and what is most likely to occur. Both time periods are a function of price, time, property use and the cost and availability of funds. The primary difference between the two periods is that the marketing period also considers anticipated changes in market conditions (trends.) Verified sales data, such as the number of days on the market for listed and sold properties and interviews with market participants, are the primary source for both time estimates. Other important factors are consideration of buyer and seller motivations and their financial assumptions; identification of the most likely purchasers, and how available financing influences their buying decisions. Insomuch as the time periods are based on similar considerations, we have considered the contrast for the time periods based on changing trends. Each of the following scenarios compares the estimated typical exposure period and the marketing period based on how the market is perceived before and after the effective date of the appraisal:

- When the market is stable before and after the effective date, the exposure and marketing periods are generally equal.
- When the market is increasing before and after the effective date, then the exposure period is generally longer than the marketing period.
- When the market is decreasing before and after the effective date, then the exposure period is generally shorter than the marketing period.
- When the market is decreasing before the effective date of the appraisal; but increasing or stable afterwards, then the exposure period is generally longer than the marketing period.

Based on these observations, the obvious conclusion is that properties sell more quickly in stronger markets. The estimated exposure period for the subject property is 12-24 months.

## MARKETING PERIOD

Assuming professional marketing of the subject property at a price at or near the market value opined in this report, the estimated marketing period is 12-24 months. The basis for the estimated marketing period is based on the comparable sales data available, occupancy rates and apparent demand for similar type space, interviews with local real estate professionals and investment survey data, if available.

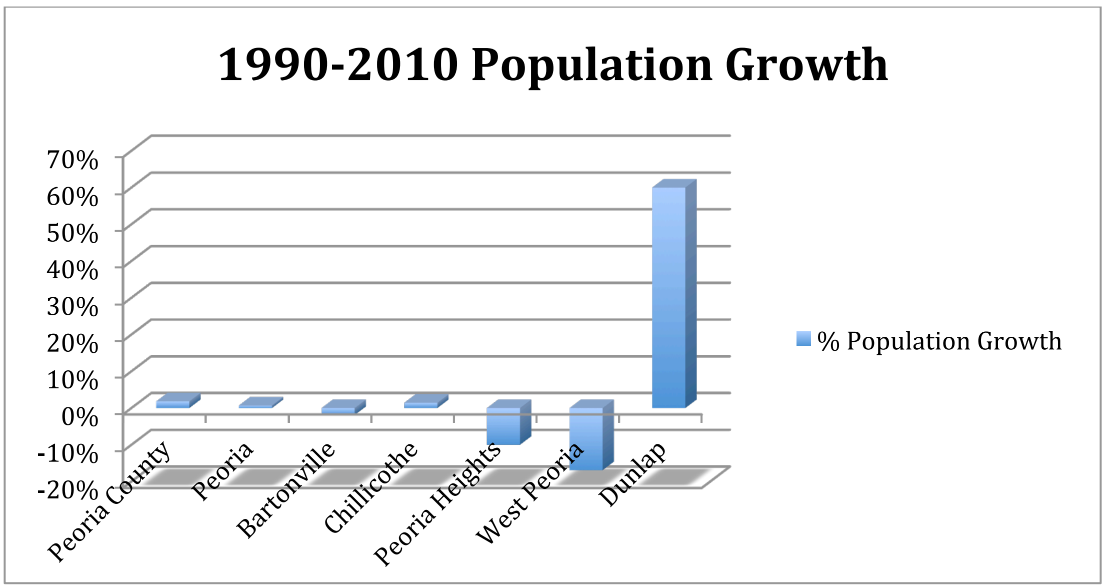
## AREA ANALYSIS

Peoria County has a land area of 619 square miles and is located in the northwest part of Central Illinois, 160 miles southwest of Chicago, 200 miles northwest of Indianapolis, and 165 miles northeast of St. Louis. The county is also located within 75 miles of Galesburg, Springfield, and Bloomington-Normal, three other mid-sized communities in Central Illinois. The Illinois River, which runs through Peoria County, is a major asset and vital transportation artery that has significantly impacted land use patterns, with a population density of 301 people per square mile. This compares with 231 people per square mile for the entire state of Illinois.

Peoria County's 2010 population was 186,494 residents. The following data show population trends in Peoria County:

**1990 – 2010 Population**

| | 1990 | 2000 | 2010 |
|---|---|---|---|
| Peoria County | 183,155 | 183,166 | 186,494 |
| Peoria | 113,982 | 113,028 | 114,893 |
| Bartonville | 6,583 | 6,323 | 6,458 |
| Chillicothe | 6,006 | 5,976 | 6,092 |
| Peoria Heights | 6,839 | 6,600 | 6,156 |
| West Peoria | 5,371 | 4,747 | 4,461 |
| Dunlap | 867 | 963 | 1,386 |

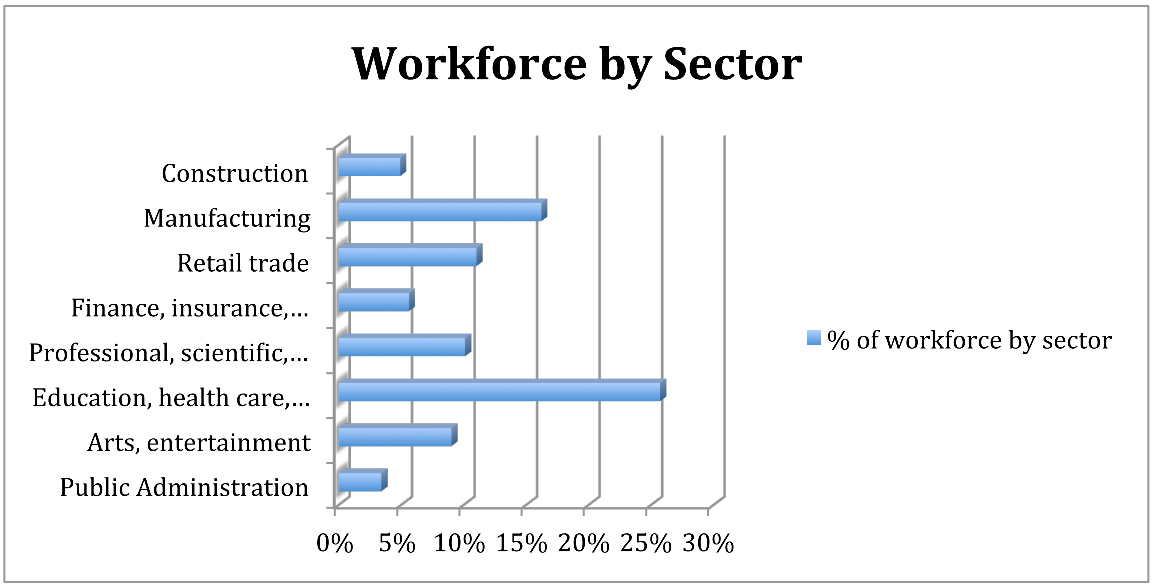



As indicated, Peoria County has experienced virtually no change in population between 1990 and 2010, even though some of its smaller communities have shown higher percentages of increases and decreases. The county increased in population by less than 2%, while its largest city, Peoria, increased by less than 1%.

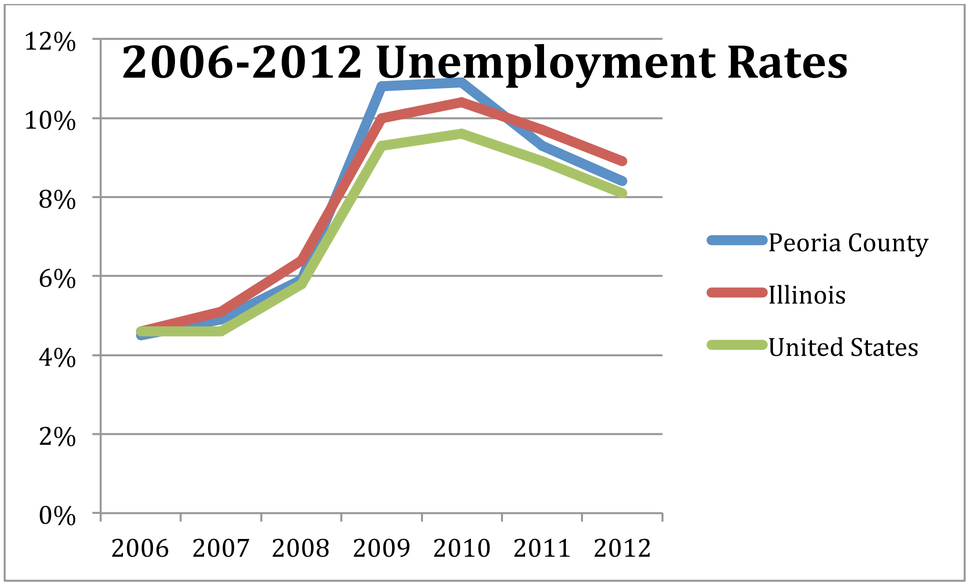
The median age of Peoria County residents is 36.7 years, while the state median age is 36.4 years. Residents 45-54 years of age make up 13.6% of the total, making it the largest portion of the county's population, while residents 25-34 make up the next largest portion with 13.5% of the county's population.

**Largest Employers**
**In Peoria County**

| Employer | Industry | # of workers |
|---|---|---|
| Caterpillar | Manufacturing | 15,000+ |
| Advanced Technology Services | Manufacturing Consulting | 1,500+ |
| UnityPoint Health – Methodist | Health Care | 1,500+ |
| OSF Saint Francis Medical Center | Health Care | 1,500+ |
| Peoria Public Schools District 150 | Education | 1,500+ |
| Wal-Mart | Retail | 1,500+ |
| HGS | Business Process Outsourcing | 1,000-1,500 |
| Bradley University | Education | 1,000-1,500 |
| Peoria County | Government | 1,000-1,500 |




Education and health care is the most prominent workforce sector in Peoria County, with manufacturing being the second most prominent. The county's largest employer, Caterpillar, is a driving force behind many jobs in the county, while two major medical centers and Bradley University help account for the prominence of education and health care jobs in the area. 2012 per capita income for Peoria County was $28,979. The statewide per capita income for Illinois was $29,519, while the nation's per capita income was $28,051. 2012 median household incomes for Peoria County, the state of Illinois, and the nation were respectively $50,925, $56,853, and $53,046.




As shown in the above graph, based upon information from the Illinois Department of Employment Security, the Peoria County unemployment rate increased 2006-2010. Though county unemployment was higher than state and national averages in 2009-2010, it has otherwise followed those averages very closely, showing a reversing trend 2010-2012.

Peoria has four public school districts: Peoria Public Schools District 150, Dunlap Community Unit School District 323, Limestone Community School District 310, and Peoria Heights School District 325, while the Roman Catholic Diocese of Peoria additionally runs six private schools in the city. Peoria also hosts Bradley University, Midstate College, Methodist College, OSF Saint Francis College of Nursing, the University of Illinois College of Medicine at Peoria, the Downtown and North campuses of Illinois Central College, and the Peoria campus of Robert Morris University. The city has three major hospitals: OSF Saint Francis Medical Center, UnityPoint Health-Methodist, and UnityPoint Health-Proctor.

Three interstate highways run through the Peoria area: I-74, I-474 (southern bypass of I-74 through portions of Peoria), and I-155 (runs south from I-74 in Morton to connect with I-55). Illinois Routes 6, 8, 29, 40, 91, and 116 also travel through Peoria. Though various carriers provide freight railroad service for Peoria, there is currently no passenger rail connecting Peoria with other nearby cities. The Greater Peoria Mass Transit District provides bus service to Peoria and most of the immediately surrounding communities. The General Wayne Downing Peoria International Airport is served by United, American, Delta, and Allegiant Air, and provides passenger flights to Chicago, Dallas-Ft. Worth, Las Vegas, Minneapolis-St. Paul, Detroit, Denver, Phoenix, Orlando, and Tampa. Cargo carrier service is also available via FedEx, UPS, and DHL.

Having become more diversified than it was in the 1980s when Caterpillar was a more dominant employer, the Peoria economy is much more stable than it was during that time. However, the outlook for Peoria and Peoria County continues to reflect the generally stagnant nature of the national economy. The Peoria area has experienced minimal changes in population, and unemployment continues to be relatively high, though it seems to have begun a downward trend in the last few years. Minimal growth is anticipated in the immediate future.

**NEIGHBORHOOD DESCRIPTION**:

The subject property is located in the central business district of downtown Peoria. This area is bordered by the Illinois River, Spalding Avenue, Northeast Glendale Avenue, West Martin Luther King Jr. Drive, and North Hightower Street.

Primarily commercial uses surround the subject property, with the former Four Points by Sheraton hotel occupying the remainder of the block around the subject property. Smaller office buildings are located on the blocks to the north and northeast, while the Riverside Community Church and a building occupied by AMVETS Post 64 are on the block to the northwest. Another church, the Peoria Public Library, the federal courthouse, the 411 Hamilton high-rise office building, a bank branch, and additional smaller office buildings occupy blocks to the west and south. I-74 is a short distance to the northeast of the Subject.

Traffic counts along Monroe Street average 4,750 vehicles per day, while counts along Fayette Street average 3,150 vehicles per day.

The subject property's building has a central location in the Peoria downtown business district. Proximity to the Peoria County Courthouse is highly valued for office space in this area, and the subject's building is about two blocks away. Vacancy rates are relatively high, though rents have been steady for the last few years.

The former Four Points by Sheraton hotel adjacent to the subject property has been a major source of parking garage income for the subject property for many years. The hotel leases 300 spaces monthly for use by its customers, but has been closed and wrapped up in litigation for several years. It recently transferred ownership and, after the completion of remodeling, is expected to reopen during the first quarter of 2017. The subject property's existing lease with the hotel includes ongoing payments for the parking spaces throughout the time that the hotel has been closed and during the current renovation process.

# Executive Summary

222 NE Monroe St, Peoria, Illinois, 61602
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 40.69576
Longitude: -89.59103

| | 1 mile | 3 miles | 5 miles |
|---|---|---|---|
| **Population** | | | |
| 2000 Population | 10,219 | 77,625 | 135,820 |
| 2010 Population | 10,062 | 71,547 | 128,548 |
| 2015 Population | 9,913 | 70,510 | 127,798 |
| 2020 Population | 9,906 | 70,441 | 128,434 |
| 2000-2010 Annual Rate | -0.15% | -0.81% | -0.55% |
| 2010-2015 Annual Rate | -0.28% | -0.28% | -0.11% |
| 2015-2020 Annual Rate | -0.01% | -0.02% | 0.10% |
| 2015 Male Population | 49.0% | 48.1% | 48.1% |
| 2015 Female Population | 51.0% | 51.9% | 51.9% |
| 2015 Median Age | 29.6 | 32.6 | 36.2 |

In the identified area, the current year population is 127,798. In 2010, the Census count in the area was 128,548. The rate of change since 2010 was -0.11% annually. The five-year projection for the population in the area is 128,434 representing a change of 0.10% annually from 2015 to 2020. Currently, the population is 48.1% male and 51.9% female.

**Median Age**

The median age in this area is 29.6, compared to U.S. median age of 37.9.

| | 1 mile | 3 miles | 5 miles |
|---|---|---|---|
| **Race and Ethnicity** | | | |
| 2015 White Alone | 39.1% | 54.8% | 67.5% |
| 2015 Black Alone | 47.2% | 34.6% | 24.0% |
| 2015 American Indian/Alaska Native Alone | 0.7% | 0.4% | 0.4% |
| 2015 Asian Alone | 2.3% | 1.5% | 1.8% |
| 2015 Pacific Islander Alone | 0.0% | 0.0% | 0.0% |
| 2015 Other Race | 5.2% | 3.9% | 2.5% |
| 2015 Two or More Races | 5.3% | 4.7% | 3.9% |
| 2015 Hispanic Origin (Any Race) | 10.8% | 7.9% | 5.8% |

Persons of Hispanic origin represent 5.8% of the population in the identified area compared to 17.6% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 54.3 in the identified area, compared to 63.0 for the U.S. as a whole.

| | 1 mile | 3 miles | 5 miles |
|---|---|---|---|
| **Households** | | | |
| 2000 Households | 4,255 | 30,044 | 55,132 |
| 2010 Households | 4,438 | 28,230 | 53,311 |
| 2015 Total Households | 4,375 | 27,893 | 53,267 |
| 2020 Total Households | 4,375 | 27,882 | 53,615 |
| 2000-2010 Annual Rate | 0.42% | -0.62% | -0.34% |
| 2010-2015 Annual Rate | -0.27% | -0.23% | -0.02% |
| 2015-2020 Annual Rate | 0.00% | -0.01% | 0.13% |
| 2015 Average Household Size | 2.12 | 2.42 | 2.32 |

The household count in this area has changed from 53,311 in 2010 to 53,267 in the current year, a change of -0.02% annually. The five-year projection of households is 53,615, a change of 0.13% annually from the current year total. Average household size is currently 2.32, compared to 2.34 in the year 2010. The number of families in the current year is 30,425 in the specified area.

**Data Note:** Income is expressed in current dollars
**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

May 09, 2016

## Executive Summary

222 NE Monroe St, Peoria, Illinois, 61602
Rings: 1, 3, 5 mile radii

Prepared by Esri
Latitude: 40.69576
Longitude: -89.59103

| | 1 mile | 3 miles | 5 miles |
|---|---|---|---|
| **Median Household Income** | | | |
| 2015 Median Household Income | $20,084 | $36,156 | $41,504 |
| 2020 Median Household Income | $22,931 | $40,255 | $47,064 |
| 2015-2020 Annual Rate | 2.69% | 2.17% | 2.55% |
| **Average Household Income** | | | |
| 2015 Average Household Income | $35,519 | $47,905 | $54,798 |
| 2020 Average Household Income | $39,998 | $53,350 | $61,137 |
| 2015-2020 Annual Rate | 2.40% | 2.18% | 2.21% |
| **Per Capita Income** | | | |
| 2015 Per Capita Income | $16,359 | $19,547 | $23,216 |
| 2020 Per Capita Income | $18,347 | $21,721 | $25,890 |
| 2015-2020 Annual Rate | 2.32% | 2.13% | 2.20% |
| **Households by Income** | | | |

Current median household income is $41,504 in the area, compared to $53,217 for all U.S. households. Median household income is projected to be $47,064 in five years, compared to $60,683 for all U.S. households

Current average household income is $54,798 in this area, compared to $74,699 for all U.S. households. Average household income is projected to be $61,137 in five years, compared to $84,910 for all U.S. households

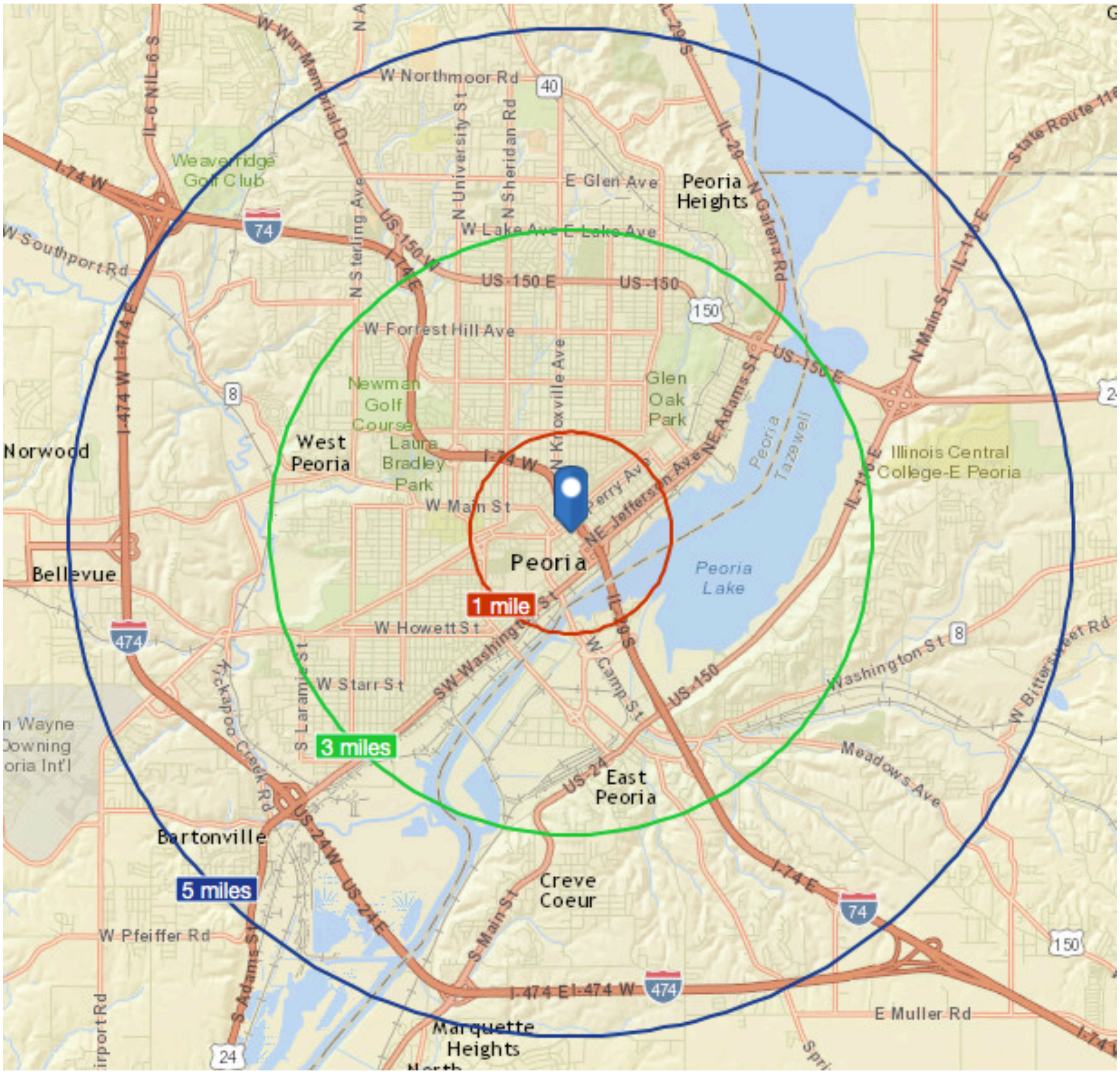
Current per capita income is $23,216 in the area, compared to the U.S. per capita income of $28,597. The per capita income is projected to be $25,890 in five years, compared to $32,501 for all U.S. households

| | 1 mile | 3 miles | 5 miles |
|---|---|---|---|
| **Housing** | | | |
| 2000 Total Housing Units | 4,990 | 32,794 | 59,755 |
| 2000 Owner Occupied Housing Units | 1,095 | 17,724 | 34,681 |
| 2000 Renter Occupied Housing Units | 3,159 | 12,320 | 20,450 |
| 2000 Vacant Housing Units | 736 | 2,750 | 4,624 |
| 2010 Total Housing Units | 5,339 | 31,976 | 59,043 |
| 2010 Owner Occupied Housing Units | 979 | 15,814 | 32,743 |
| 2010 Renter Occupied Housing Units | 3,459 | 12,416 | 20,568 |
| 2010 Vacant Housing Units | 901 | 3,746 | 5,732 |
| 2015 Total Housing Units | 5,434 | 32,302 | 59,894 |
| 2015 Owner Occupied Housing Units | 902 | 14,986 | 31,428 |
| 2015 Renter Occupied Housing Units | 3,473 | 12,907 | 21,840 |
| 2015 Vacant Housing Units | 1,059 | 4,409 | 6,627 |
| 2020 Total Housing Units | 5,525 | 32,660 | 60,657 |
| 2020 Owner Occupied Housing Units | 896 | 14,947 | 31,515 |
| 2020 Renter Occupied Housing Units | 3,479 | 12,935 | 22,099 |
| 2020 Vacant Housing Units | 1,150 | 4,778 | 7,042 |

Currently, 52.5% of the 59,894 housing units in the area are owner occupied; 36.5%, renter occupied; and 11.1% are vacant. Currently, in the U.S., 55.7% of the housing units in the area are owner occupied; 32.8% are renter occupied; and 11.6% are vacant. In 2010, there were 59,043 housing units in the area - 55.5% owner occupied, 34.8% renter occupied, and 9.7% vacant. The annual rate of change in housing units since 2010 is 0.64%. Median home value in the area is $119,245, compared to a median home value of $200,006 for the U.S. In five years, median value is projected to change by 3.87% annually to $144,161.

**Data Note:** Income is expressed in current dollars
**Source:** U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2015 and 2020. Esri converted Census 2000 data into 2010 geography.

May 09, 2016


1 mile
3 miles
5 miles
Peoria
West Peoria
Peoria Heights
East Peoria
Bartonville
Creve Coeur
Bellevue
Norwood
Marquette Heights
Peoria Lake
Glen Oak Park
Newman Golf Course
Laura Bradley Park
Weaverridge Golf Club
Illinois Central College-E Peoria
W Northmoor Rd
E Glen Ave
W Lake Ave
E Lake Ave
US-150 E
US-150
W Forrest Hill Ave
W Main St
W Howett St
W Starr St
SW Washington St
NE Jefferson Ave
NE Adams St
N Knoxville Ave
N University St
N Sheridan Rd
N Sterling Ave
W War Memorial Dr
N Galena Rd
I-74 W
I-74 E
I-474 E
I-474 W
W Southport Rd
Kickapoo Creek Rd
S Laramie St
W Camp St
Meadows Ave
Washington St
W Pfeiffer Rd
E Muller Rd
S Adams St
S Main St
US-24 W
US-24 E

**DESCRIPTION OF SUBJECT REAL ESTATE**

**Site Description**

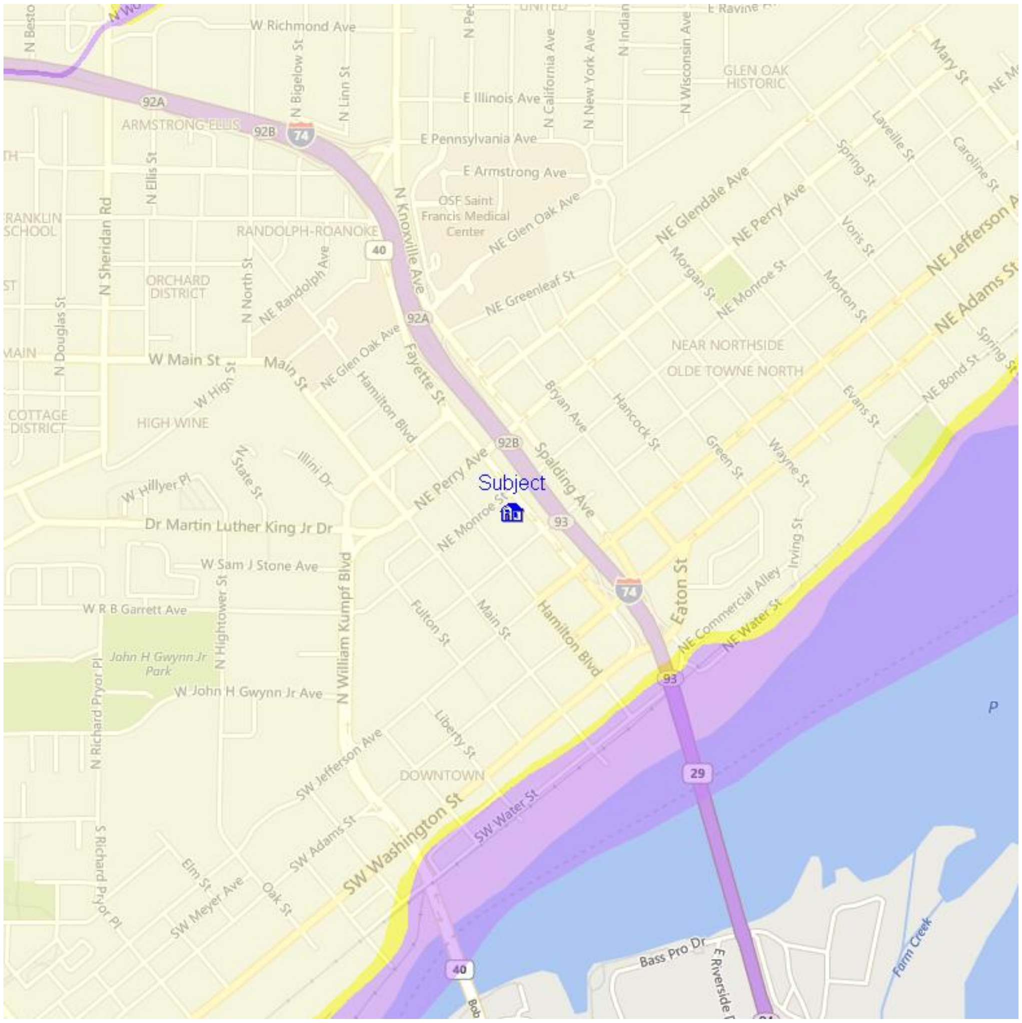
| | |
|---|---|
| General Location: | The subject property is located at 222 NE Monroe Street in Peoria, Illinois. Land use patterns within the subject area are commercial. |
| Size and Shape: | 0.77 Acres / Irregular |
| Topography: | Level |
| Soil Tests: | No soil tests were available to the appraiser. However, per visual inspection of the property appraised and nearby buildings, no signs of abnormal settling or indications of subsoil problems were noted that would create problems for development. |
| Flood Hazard Information: | According to the FEMA Flood Insurance Rate Map Community Panel Number 1705360020B, dated February 1, 1980, the subject property is not located in a designated special flood hazard area (Zone A.) The subject site is located in Zone "X", the minimal risk area. A copy of a portion of the map is included below. |
| Access: | Access to the subject is granted via Monroe Street and Fayette Street. |
| Utilities: | All typical public and private utilities are connected to the site, including municipal water and sewer. |
| Easements and Encroachments: | There are no apparent encroachments onto the site. No adverse easements were observed or known to the appraiser. It is believed that the site is subject to typical utility easements. No current survey or title report was available to the appraiser. |
| Environmental Considerations: | The appraiser has not done an environmental audit of the property; none was available for review. Based on a physical inspection of the property, there were no obvious problems. The appraiser has no knowledge of environmental problems on the property, and none were reported to the appraiser. If certainty is required, the client is advised to consult an expert in environmental conditions. |

STDB

You are currently logged in as: **(CUSTID_11147)** on **09-May-2016**

**222 Northeast Monroe Street, Peoria, IL**

**222 NE MONROE ST, PEORIA, IL**



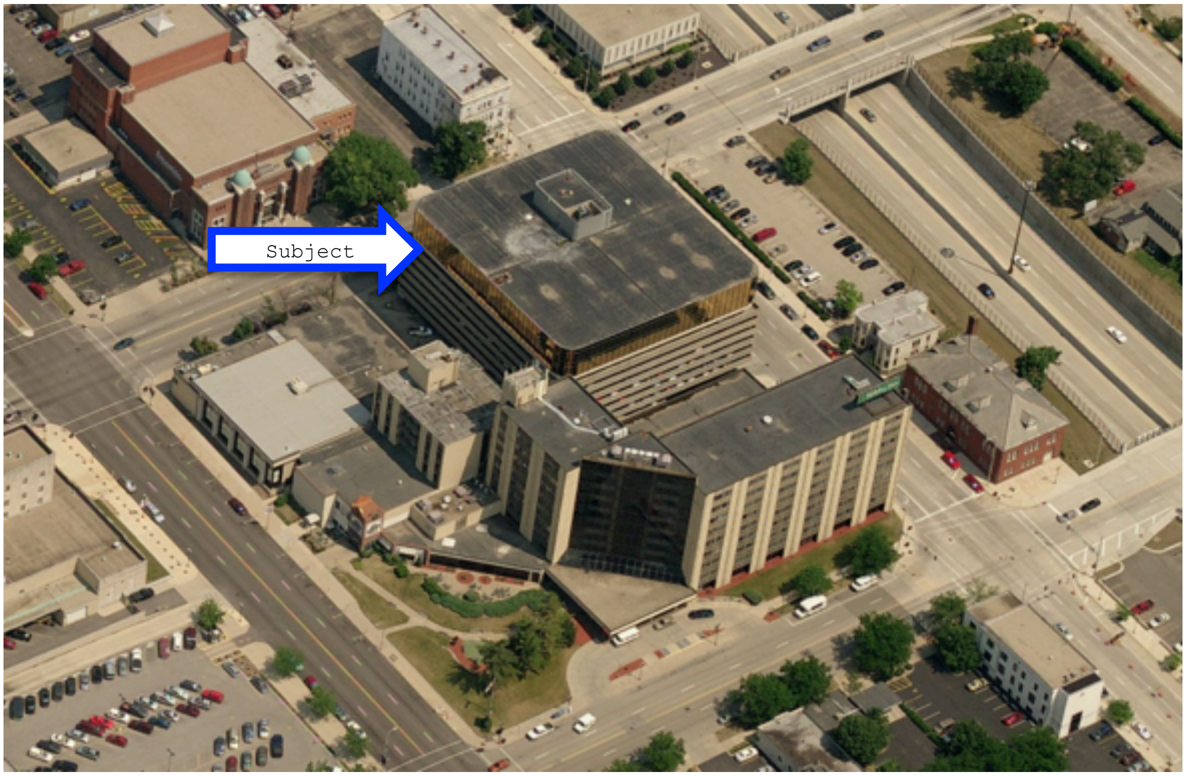

**MAP DATA**

Map Number : **1705360020B**
Panel Date : **February 01,1980**
FIPS Code : **17143**

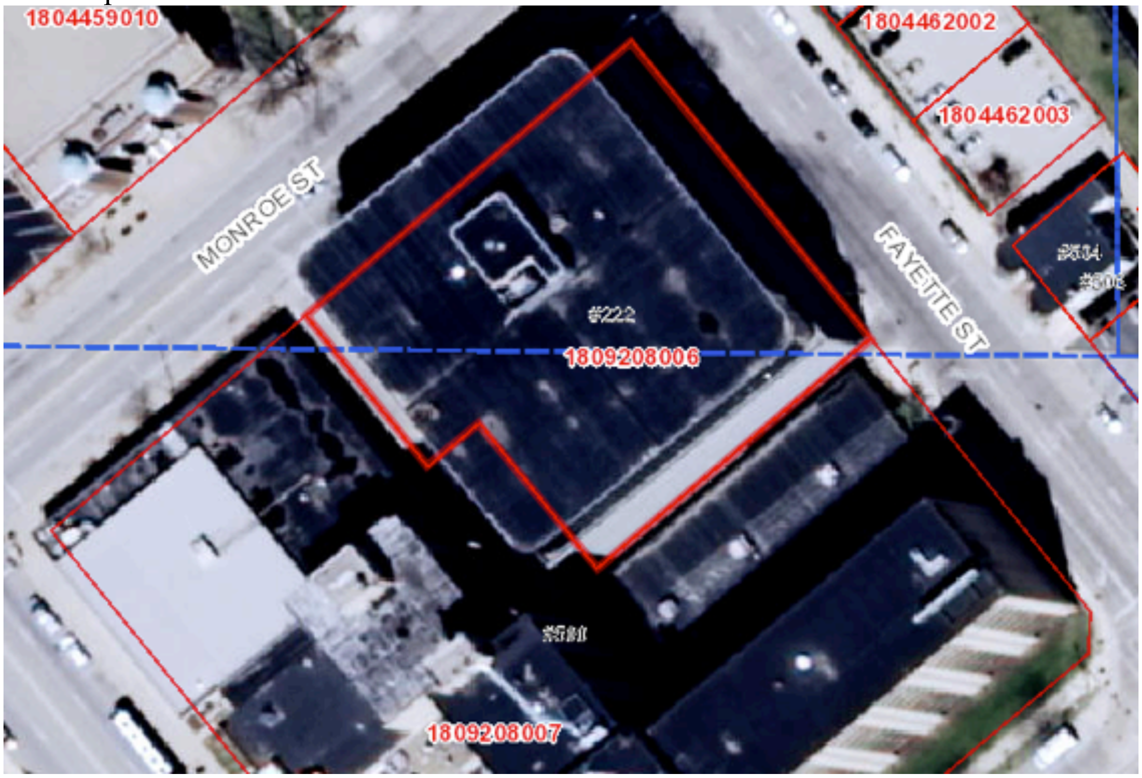
Census Tract : **0012.00**
Geo Result : **S8 (Most Accurate) - single valid address match, point located at a single known address point candidate (Parcel)**

**Flood**

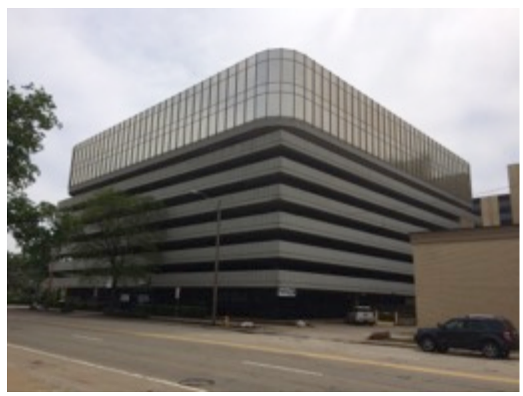
- X or C Zone
- X500 or B Zone
- A Zone
- V Zone
- D Zone
- Area Not Mapped

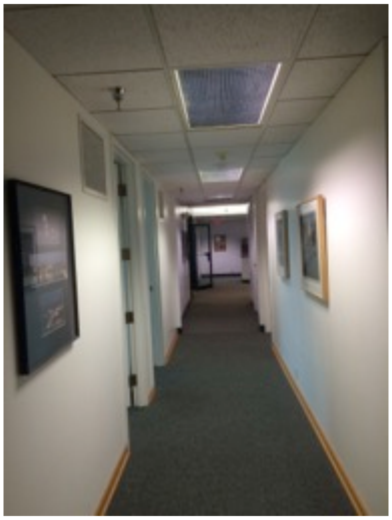

Subject

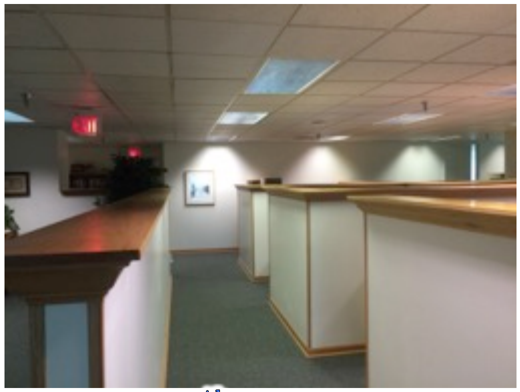
Plat Map


1804459010
1804462002
1804462003
MONROE ST
FAYETTE ST
#222
1809208006
1809208007

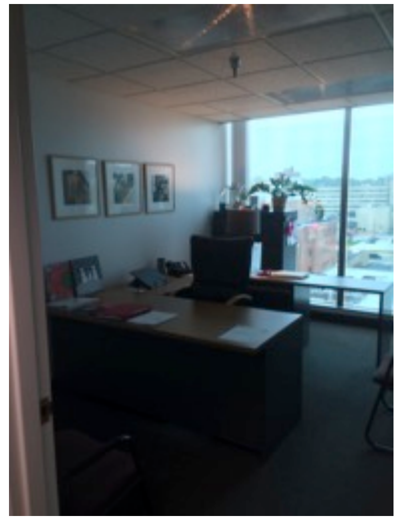
**Pictures of the Subject:**

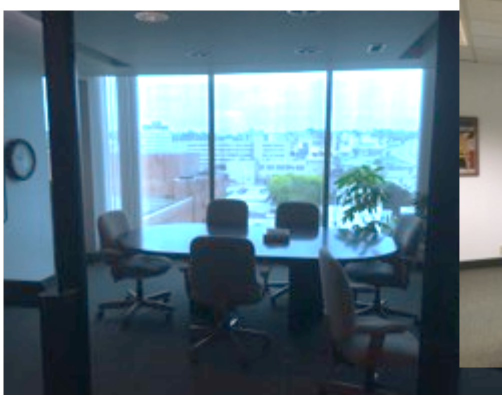



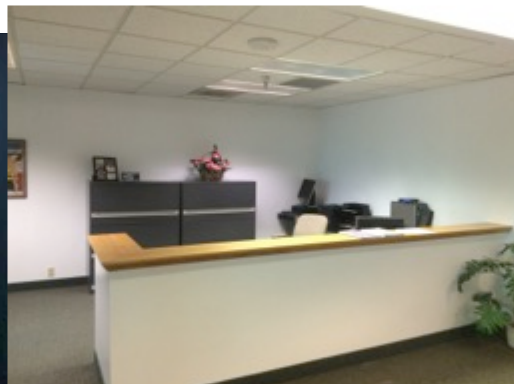


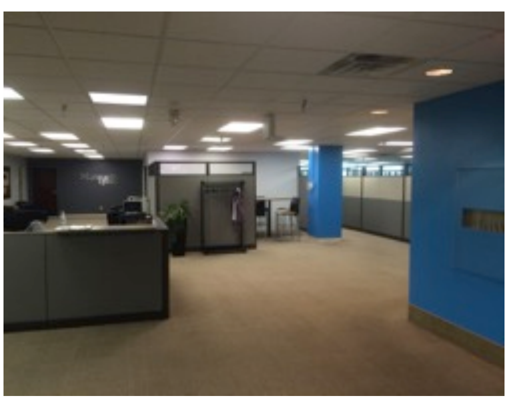


9th Floor

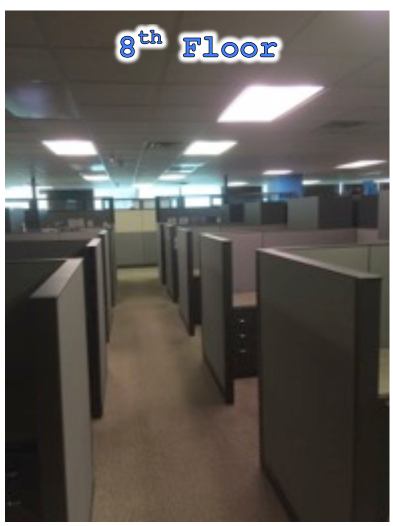


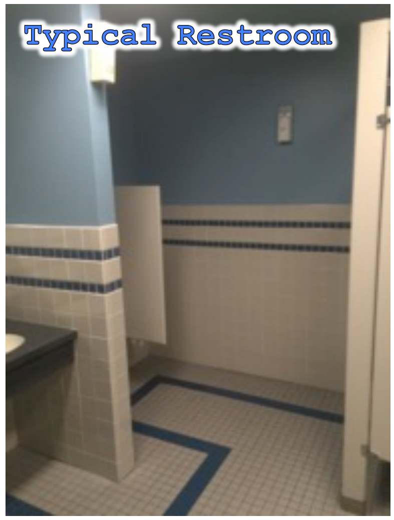


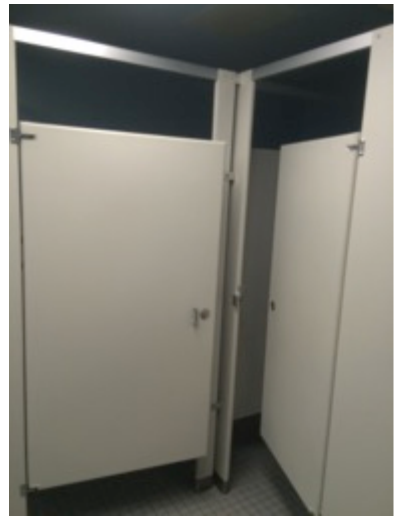




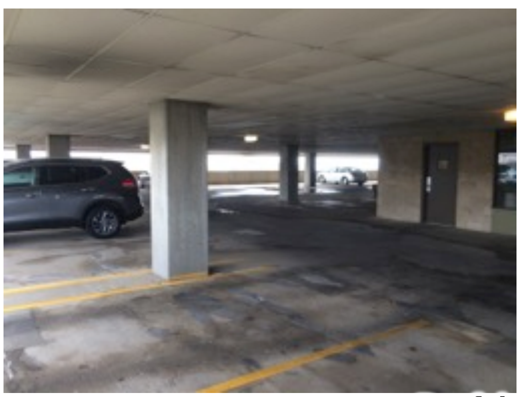
8th Floor



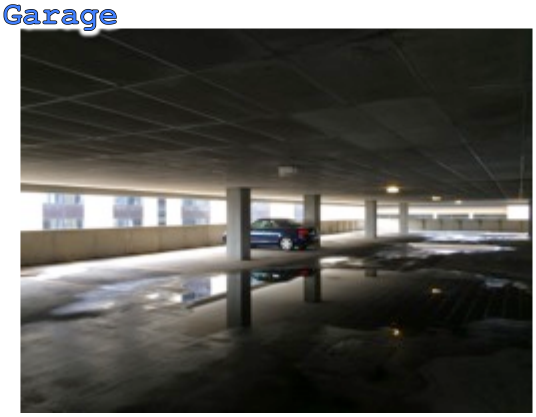




Typical Restroom



Parking Garage

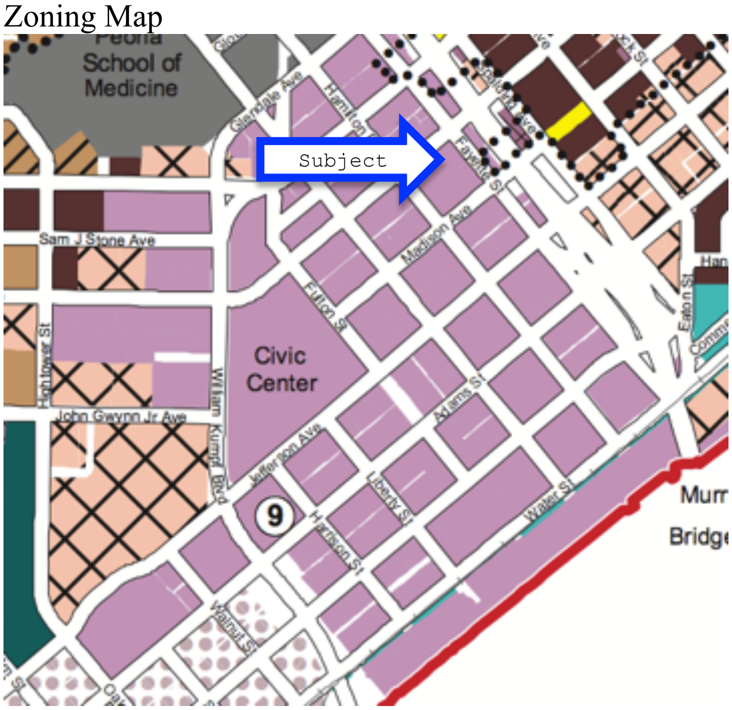


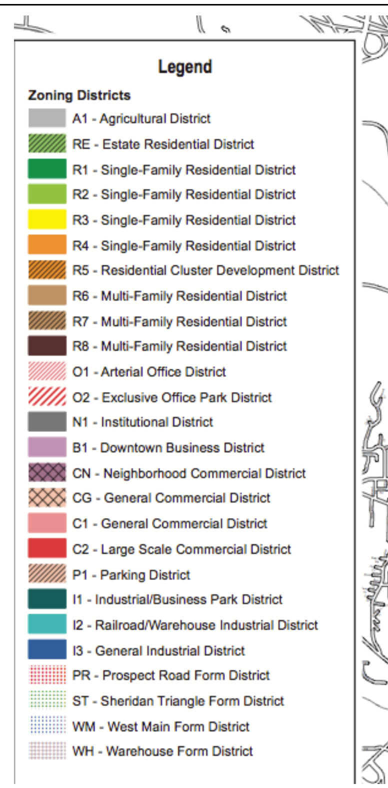
**Zoning:** According to the City of Peoria Zoning Department the subject property is **zoned B1, Downtown Business**. The primary purpose of the B1 District is to allow for those uses customarily expected to be located in an urban downtown environment such as retail, residential, governmental, office, cultural, hotel, entertainment, and ancillary uses.

Your appraiser is not an expert in the interpretation of complex zoning ordinances, but the subject property appears to be a conforming use based on a review of public information. A zoning compliance analysis is beyond the scope of this appraisal. The statements and conclusions are informed opinions based on a broad but reasonable interpretation of the Zoning Ordinance as it applies to the subject property. The statements and conclusions are not nor should they be construed as legal opinion about the legal permissibility, conforming, and /or compliant nature of the subject property.

| | |
|---|---|
| Permitted Uses: | See Addendum |
| Minimum Lot Width: | None |
| Minimum Lot Area: | None |
| Minimum Front Yard: | None |
| Minimum Rear Area: | None |
| Height Restriction: | Minimum=2 stories<br>Maximum=13 stories |
| Maximum Floor Area Ratio: | None |
| Conforming or Nonconforming: | Conforming |

Zoning Map



**Description of Improvements:**

| | |
|---|---|
| General Description: | Office and Parking Garage Building |
| Building Type: | Average Class B Office + Parking Levels |
| Year Built/ Current Age: | 1978 / 38 years |
| Building Area: | 272,876 square feet |
| Land Area: | 33,541 square feet |
| Land to Building Ratio: | 1.1:1 |
| Foundation: | 18,876 SF partial parking level basement; concrete foundation for remaining 6,480 SF |
| Framing: | Concrete |
| Exterior Walls: | Glass and concrete |
| Windows: | Fixed with steel sash |
| Roof: | Flat with concrete framing and rolled composition material covering |
| Roof Drainage: | Roof drains |
| Electrical: | Adequate |
| Fire Protection: | Wet sprinkler and fire alarm systems in office areas; none in parking garage |
| Loading Area: | Small loading area on southwest side |
| General Layout: | 1/3 of first floor contains office space, with the remainder being part of parking garage; basement parking level similar in size to first floor parking; levels 2-7 are entirely parking garage levels, while floors 8 and 9 contain office space only; building's two elevators and main stairway are centrally located and parking garage levels also contain stairs in the south corner of each level |
| Section 1 Use: Office | |
| Square feet: | 68,360; 55,815SF rentable square feet (9th floor=24,019SF, 8th floor=27,560SF, 1st floor=4,236SF) |
| Year built: | 1978 |
| Floor type: | Carpet, vinyl and ceramic tile |
| Wall materials/covering: | Painted drywall |
| Ceilings: | Suspended panel (drop-ceiling) |
| Plumbing: | Adequate |
| Lighting: | Fluorescent |
| HVAC: | Forced-air central heating and cooling |
| Sprinkler system: | Wet |
| Ceiling height: | 8-9 feet |
| Section 1 Use: Parking Garage | |
| Square feet: | 204,516 |
| # Parking Spaces: | 552 |
| Year built: | 1978 |
| Floor type: | Uncovered concrete |

| | |
|---|---|
| Wall materials/covering: | Concrete |
| Ceilings: | Uncovered concrete and suspended panel |
| Plumbing: | None |
| Lighting: | Fluorescent |
| HVAC: | None |
| Sprinkler system: | None |
| Ceiling height: | 8 feet |

Overall Condition of Improvements:

| | |
|---|---|
| Exterior: | Average – The building's top two floors have gold colored windowpanes. Several years ago, the owner decided to have a new tint added that would take away the gold color appearance. Recently this added tint has significantly degraded on two sides of the building and needs to be removed to improve the building's appearance. The building's manager estimates the cost to remove the tint at $40,000. |
| Interior: | Good-Average – The building's top two office floors have office finish in good condition, while the first floor's office finish is in average condition |
| Physical: | Average |
| Functional: | Average |
| External: | There is an oversupply of office space in the subject property's neighborhood of downtown Peoria. |

**Parking and Site Improvements:**
The subject site improvements include a concrete driveway on the southwest side of the building that offers access to the parking garage on that side. Landscaping around the front of the building is of average quality and includes bushes and trees.

**TAX AND ASSESSMENT ANALYSIS**

The subject property is located in Peoria, Illinois and is subject to the taxing jurisdiction of Peoria County. Commercial real estate in Peoria County is assessed at 33% of the assessor's estimated market value ($2,957,000). Assessed values are then multiplied by the tax rate (9.559270%) in order to derive real estate taxes, which are payable one year in arrears (i.e. 2015 taxes are payable in 2016.) The annual tax bill is due in two installments, June and September. The assessor states that when a property transfers ownership in an arm's length transaction, the local assessor will review a property's assigned market or taxable value and if warranted, will recommend a formal review/reassessment for the property. Additionally, the assessor indicates that when a property is reassessed after it sells, the new assessment does not automatically equate to the sale price, but rather the sale is added to the pool of comparable sales the assessor utilizes to assign market, or cash values for like properties.

The Peoria County Tax Assessor's current parcel number, assessment and resulting real estate tax liability for the subject are displayed in the following table.

| **Parcel Number** | **Land** | **Building** | **Total** | **Taxes** |
|---|---|---|---|---|
| 18-09-208-006 | $171,210 | $804,600 | $975,810 | $93,280.32 |

Over the past three years the assessed value has been:

| Year | Assessed Value |
|---|---|
| 2015 | $975,810 |
| 2014 | $984,260 |
| 2013 | $984,260 |

In this report, your appraiser is concerned with the projected real estate tax liability for the subject property at full assessment as a fully improved and stabilized office and parking garage building asset. According to the assessor, the subject's 2015 payable in 2016 assessment and all assessments going forward are at full assessment level. Accordingly, the treasurer's office indicated that all real estate liabilities for the subject are paid in full.

Conclusion: The Assessor's present market value is below the value determined by your appraiser and suggests that taxes may increase in the future.

**HIGHEST AND BEST USE**

The term "highest and best use" is defined in The Appraisal of Real Estate, 14th Edition as:

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

There are four criteria used to narrow the possible uses of a property to a conclusion:

Physically Possible: Consider any restrictions imposed by the physical limits of the site, such as size, topography, easements, shape, or other physical limitations.

Legally Permissible: Consider both public and private restrictions on the use of the site, such as zoning, building codes, deed restrictions, environmental considerations, or other restrictions that may preclude development. If a use is not currently allowed, there must be a reasonable probability of changing the zoning classification or removing the restriction or limitation.

Financially Feasible: Consider those uses that are likely to produce a net positive income after all expenses.

Maximally Productive: Among the feasible uses, the final selection is that use which will produce the highest net return to the land or the highest present worth.

There are two steps in the highest and best use analysis. First, the site is considered as if vacant and available for development to its highest and best use. Second, the property is considered as currently improved. Land is always valued as if vacant. If a site is improved with a building, it is possible that the highest and best use of the site as improved is different from the highest and best use as if vacant.

The basis for conclusions about highest and best use is determined by analysis of market forces. The highest and best use of a property is not a fact that can be discovered. Rather, it is an opinion based on the appraiser's judgment and analysis of the potential market for the property. The estimate of highest and best use provides the basis for analysis of the property appraised and the selection of sales of comparable properties.

**HIGHEST AND BEST USE AS IF VACANT**

**Legal permissibility test:** The subject is zoned B1, Downtown Business. The primary purpose of the B1 District is to allow for those uses customarily expected to be located in an urban downtown environment such as retail, residential, governmental, office, cultural, hotel, entertainment, and ancillary uses.

**Physical possibility test:** The subject site is located in downtown Peoria and is adjacent to commercial uses. The site is rectangular, well drained, has municipal utilities, and is large enough (0.77 acres) to accommodate development of the allowable uses. The site has a curb cut on. Consequently, there are no physical limitations to prevent development of the subject site with any of the uses permitted by the B1 zoning.

**Financial feasibility test:** In analyzing the financially feasible uses of the subject site as if vacant, all uses that are considered to produce a positive return are considered to be financially feasible uses. The possible uses that are expected to produce an income in excess of what is needed to satisfy capital amortization and operating expenses, as well as provide a return to the land, were considered. In estimating the possible financially feasible uses of the Subject site, surrounding land use patterns were considered.

| | Ratings | | | | |
|---|---|---|---|---|---|
| | 1 Poor | 2 Avg. | 3 Good | 4 Exc. | Relative Score |
| Office (multistory) | | | | | |
| Proximity to major activity nodes (Linkages to other office & support) | | | | X | 4 |
| Proximity to major transportation linkages (freeway) | | | | X | 4 |
| Proximity to executive housing | | | | X | 4 |
| Proximity to Fortune 500 firms | | | X | | 3 |
| Total score | | | | | 15 |
| Garden Office (doctors, insurance, etc.) | | | | | |
| Proximity to housing market | | X | | | 2 |
| Proximity to major thoroughfare | | | X | | 3 |
| Proximity to complementary retail | X | | | | 1 |
| Proximity to office occupants' housing | X | | | | 1 |
| Total score | | | | | 7 |
| Retail (regional) | | | | | |
| Proximity to housing market | | X | | | 2 |
| Traffic volume by site | | X | | | 2 |
| Proximity to major activity center (office, etc.) | | | | X | 4 |
| Proximity to complementary retail (malls, etc.) | X | | | | 1 |
| Total score | | | | | 9 |
| Retail (community) | | | | | |
| Proximity to housing | | X | | | 2 |
| Traffic volume by site | | X | | | 2 |
| Proximity to other community shopping | X | | | | 1 |
| Density of area housing | | X | | | 2 |
| Total score | | | | | 7 |
| Warehouse | | | | | |
| Proximity to major transportation linkages | | | | X | 4 |
| Proximity to industrial/commercial uses | X | | | | 1 |

| | | | | | |
|---|---|---|---|---|---|
| Ease of site access | | X | | | 2 |
| Removed from area housing | | | X | | 3 |
| Total score | | | | | 10 |
| Multifamily | | | | | |
| Proximity to employment centers | | | | X | 4 |
| Proximity to cultural activities (restaurants, entertainment, etc.) | | | X | | 3 |
| Proximity to views/amenities | | X | | | 2 |
| Proximity to other apartment communities | | | | X | 4 |
| Total score | | | | | 13 |
| Single Family | | | | | |
| Total score | | | | | N/A |
| Industrial Park | | | | | |
| Total score | | | | | N/A |

The matrix shown above indicates that the best use of the subject property would be as a multistory office development. Secondary uses would be multifamily residential.

**Maximum productivity test:** The subject site is located in downtown Peoria. The subject's zoning designation allows all of these uses and any one of them would maximize the subject's productivity.

**Conclusion:** The highest and best use of the site as though vacant is its development as a multistory office site.

## HIGHEST AND BEST USE AS THOUGH IMPROVED

**Introduction:** The following section will form an opinion concerning the most viable improvement that maximizes the return to the land. If an improvement already exists, this section will form an opinion as to whether the building should be retained or demolished. If the building should be kept, this section will form an opinion as to whether it is economically viable to remodel, alter in size, renovate, repair, or convert it to an alternate use.

**Legal permissibility test:** The current improvement meets or exceeds all B1 zoning requirements.

**Physical possibility test:** The current improvement consists of an office and parking garage building. The improvement is in good physical condition overall, but with some obvious deferred obsolescence. The building does not require any modifications to attain its highest and best use.

**Financial feasibility test:** All physically possible legal uses that are expected to produce a positive return after consideration of risk and all costs to create and maintain the uses are regarded as financially feasible. The subject is an office and parking garage building. The subject's value determined by the cost, sales comparison, and income capitalization approaches are $6,500,000, $7,300,000, and $6,200,000 and indicate a positive return. The subject is financially feasible.

**Maximum productivity test:** The existing use as an office and parking garage building satisfies the first three tests. The subject does not require any changes or modifications to preserve its value and consequently, the existing use as an office and parking garage building satisfies the maximum productivity test.

**Conclusion:** The current use as an office and parking garage building is the highest and best use of the subject.

## APPROACHES TO VALUE

The valuation of real estate is determined principally through the use of the three basic approaches to value: The Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach. From the indicated values resulting from these analyses and the weight accorded to each, an opinion of value is reached, based upon expert judgment within the framework of the appraisal process.

### Introduction of Adjustments

The adjustment process is typically applied through either quantitative or qualitative analysis. Quantitative adjustments are often developed as dollars or percentage amounts, while qualitative adjustments are simply expressed through relative comparison (i.e. significantly inferior). Quantitative adjustments are most applicable when the quality and quantity of data allows paired sales or statistical analysis. Given the availability of data and the imperfect nature of the real estate market, participants most often rely on relative qualitative comparisons.

Combining the benefits of both qualitative and quantitative analysis, a blended adjustment technique has been used in the following approaches. This is accomplished through pre-assigning quantitative adjustments for relative comparison. The chart below illustrates the blended adjustment technique.

Blended Adjustments

| Relative Comparisons | Pre-assigned Quantitative Adjustment | Implied Qualitative Adjustment |
|---|---|---|
| Slight Adjustment | 5% | Slightly Inferior/Superior |
| Moderate Adjustment | 10% | Inferior/Superior |
| Fair Adjustment | 15% | Inferior/Superior |
| Significant Adjustment | 20% | Inferior/Superior |
| Large Adjustment | 25% Plus | Major Inferior/Superior |

Market participants can often identify superior or inferior characteristics when comparing properties. Without paired sales or statistical information, applying quantitative adjustments to reflect the differences is often problematic or subjective. For this analysis, the above listed qualitative adjustments reflect the need for slight, moderate, fair, significant or large adjustments.

## COST APPROACH

The steps taken to apply the cost approach are as follows:

- Develop an opinion of the value of the land as though vacant and available to be developed to its highest and best use, as of the effective date of the appraisal;
- Estimate the cost of replacing the existing improvements under current market conditions;
- Estimate accrued depreciation from all causes and deduct this estimate from replacement cost new to arrive at depreciated replacement cost of the improvements; and
- Add land value to the depreciated cost of the improvements to arrive at a market value indication for the property overall.

**Comparable Land Sale #1**

| | |
|---|---|
| Address: | Corner of SW Washington Street and State Street Peoria, Illinois |
| Parcel ID #: | 18-09-331-014 |
| Recording Information: | Document #2015023498 |
| **Description of Property** | |
| Land Area: | 6,163 SF (0.141 acres) |
| Zoning: | WH, Warehouse Form (Peoria) |
| Utilities: | Public |
| Topography: | Slope to SE |
| Traffic Count: | 5,750 |
| Proposed Use: | Unknown |
| **Facts of Sale** | |
| Grantor: | PNC Bank, N.A., as Trustee under provisions of Last Will and Testament of Emil A. Harbers |
| Grantee: | City of Peoria |
| Date of Sale: | October 2015 |
| Consideration: | $39,500 |
| Terms of Sale: | Cash |
| Price Per SF: | $6.41 |

**Comments**: The parcel in this sale is located in downtown Peoria on the corner of the intersection of Washington Street and State Street, in between Dozer Park and the Illinois River. The County Courthouse is a little more than 6 blocks to the northeast.

**Comparable Land Sale #2**

| | |
|---|---|
| Address: | 207 NE Perry Avenue, Peoria, Illinois |
| Parcel ID #: | 18-04-454-005 |
| Recording Information: | Document #2013018597, 2013018598 |
| **Description of Property** | |
| Land Area: | 9,583 SF (0.22 acres) |
| Zoning: | B1, Downtown Business (Peoria) |
| Utilities: | Public |
| Topography: | Level |
| Traffic Count: | 3,750 |
| Proposed Use: | Parking |
| **Facts of Sale** | |
| Grantor: | Klise, Marjorie A. (Doc#2013018597)<br>PNC Bank, N.A., Trustee of Thomas S. Klise Irrevocable Trust dated May 21, 1969 as Amended Trust B (Doc#2013018598) |
| Grantee: | Dental Arts Laboratory, Inc. |
| Date of Sale: | July 2013 |
| Consideration: | $135,000 |
| Terms of Sale: | Cash |
| Price Per SF: | $14.09 |

**Comments**: These were two ½ interest sales of a parcel, with each sale being $67,500 (for a total sale price of $135,000). The parcel is located in downtown Peoria along the north side of Perry Avenue and in between Hamilton Boulevard and Fayette Street. A house that existed on the lot was demolished prior to this sale, and the buyer, an adjacent dental laboratory, will use the lot for parking. The County Courthouse is located 3-4 blocks to the south.

**Comparable Land Sale #3**

| | |
|---|---|
| Address: | Corner of North Richard Pryor Place & West Romeo B. Garrett Avenue, Peoria, Illinois |
| Parcel ID #: | 18-09-109-025 |
| Recording Information: | Document #2015009110 |

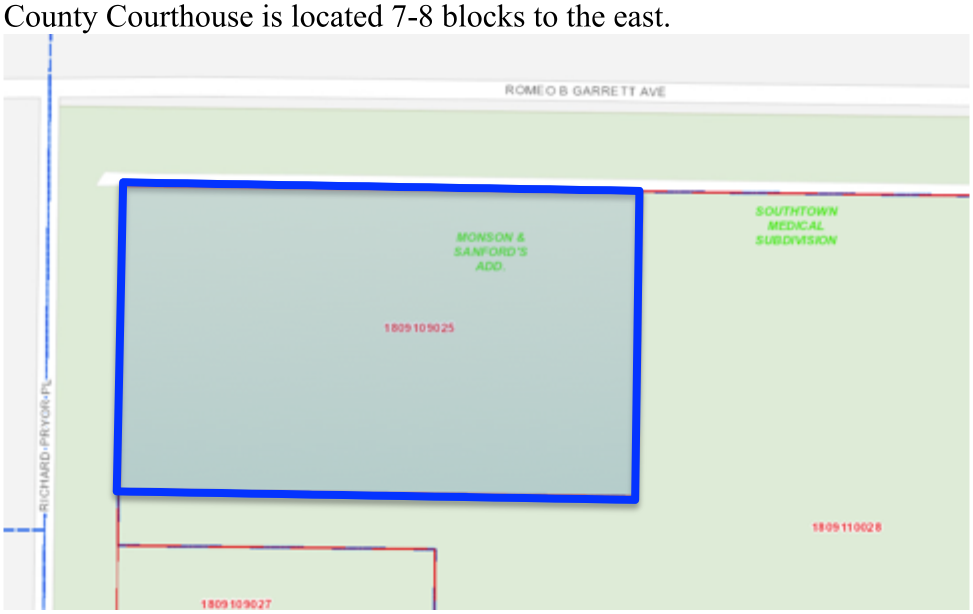
**Description of Property**

| | |
|---|---|
| Land Area: | 31,464 SF (0.72 acres) |
| Zoning: | CG, General Commercial (Peoria) |
| Utilities: | Public |
| Topography: | Level |
| Traffic Count: | 4,000 |
| Proposed Use: | Assisted Living Facility |

**Facts of Sale**

| | |
|---|---|
| Grantor: | Mount Zion Baptist Church |
| Grantee: | Peoria SLF, LP |
| Date of Sale: | May 2015 |
| Consideration: | $200,000 |
| Terms of Sale: | Cash |
| Price Per SF: | $6.36 |

**Comments**: This was the sale of a parcel on the southeast corner of the intersection of Romeo B. Garrett and Richard Pryor. Along with an adjacent parcel separately purchased at the same time, this vacant lot will be used for the construction of a new assisted living facility. The County Courthouse is located 7-8 blocks to the east.



**Comparable Land Sale #4**

| | |
|---|---|
| Address: | 109-117 NE Madison Avenue & 501 Hamilton Boulevard, Peoria, Illinois |
| Parcel ID #: | 18-09-207-003, -004 |
| Recording Information: | Document #2011004269 |

**Description of Property**

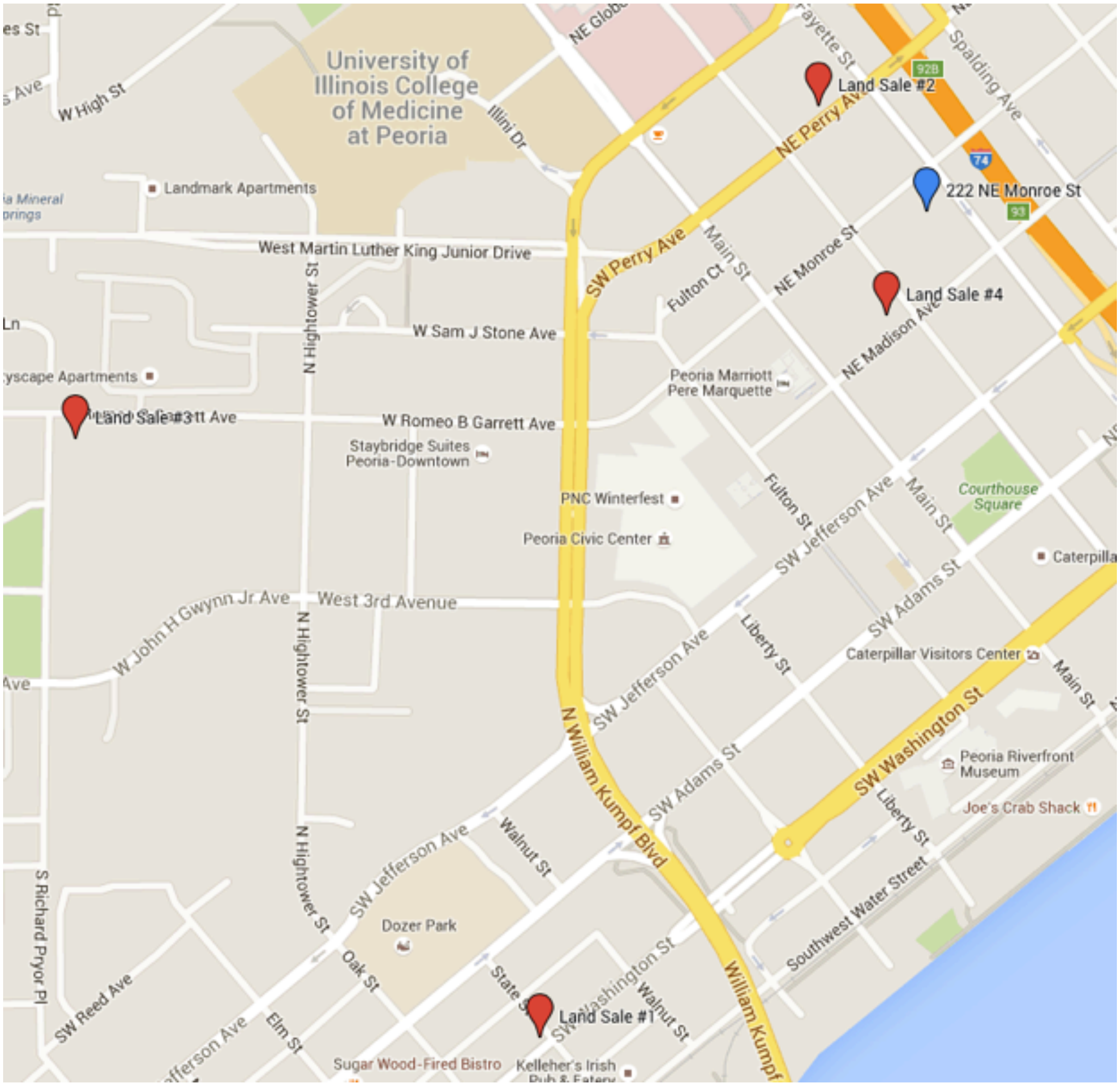
| | |
|---|---|
| Land Area: | 37,026 SF (0.85 acres) |
| Zoning: | B1, Downtown Business (Peoria) |
| Utilities: | Public |
| Topography: | Level |
| Traffic Count: | 4,350 |
| Proposed Use: | Unknown |

**Facts of Sale**

| | |
|---|---|
| Grantor: | Commerce Bank, N.A. |
| Grantee: | Main Street Land, LLC |
| Date of Sale: | February 2011 |
| Consideration: | $725,000 |
| Terms of Sale: | Cash |
| Price Per SF: | $19.58 |

**Comments**: This was the sale of two parcels on the corner of the intersection of Hamilton Boulevard and NE Madison Avenue. The County Courthouse is one block to the south.

LAND COMPARABLE MAP



# COST APPROACH

## Land Sale Comments

The individual amenities of the comparable have been placed on the following grid and have been adjusted for their variances from the subject.

Land Sale Adjustment Grid

| | Subject | Sale 1 | Sale 2 | Sale 3 | Sale 4 |
|---|---|---|---|---|---|
| **Price/SF** | N/A | $6.41 | $14.09 | $6.36 | $19.58 |
| **Property Rights Appraised** | Fee Simple | Fee Simple | Fee Simple | Fee Simple | Fee Simple |
| **Financing Terms** | Cash | Cash | Cash | Cash | Cash |
| **Conditions of Sale** | Arms Length | Arms Length | Arms Length | Arms Length | Arms Length |
| **Market Conditions** | May 2016 | Oct 2015 | Jul 2013 | May 2015 | Feb 2011 |
| **Total** | N/A | $6.41 | $14.09 | $6.36 | $19.58 |
| **Size** | 33,541 SF | 6,163 SF Superior -2.5% | 9,583 SF Superior -2.5% | 31,464 SF | 37,026 SF |
| **Location** | Downtown Peoria; corner; 2 blocks to Courthouse | Downtown Peoria; corner; 6-7 blocks to Courthouse Inferior +25% | Downtown Peoria; 3-4 Blocks to Courthouse Inferior +5% | Downtown Peoria; Corner; 7-8 Blocks to Courthouse Inferior +25% | Downtown Peoria; Corner; 1 block to Courthouse Superior -5% |
| **Utilities** | Public | Public | Public | Public | Public |
| **Zoning** | B1 | WH Inferior +10% | B1 | CG Inferior +10% | B1 |
| **Gross Adjustments** | N/A | 37.5% | 7.5% | 35% | 5% |
| **Net Adjustments** | N/A | +32.5% | +2.5% | +35% | -5% |
| **Adj. Price/SF** | N/A | $8.49 | $14.44 | $8.59 | $18.60 |

**Property Rights Appraised:** An adjustment is applicable if the rights that were conveyed for any of the comparable sales are different from the rights to be conveyed to the subject property. In each instance, the property rights appraised are those of the fee simple estate, with no leasehold value identified. No adjustments were made.

**Financing Terms:** The transaction price of one property may differ from that of an identical property due to differences in financing. A cash equivalency adjustment is needed when there is a difference between the market rates and the purchase money contract rate. The financing of each comparable was normal and at market rates.

**Conditions of Sale:** This adjustment category represents the circumstances surrounding the purchase of the comparable sales. An adjustment is necessary if the price paid for the comparable was affected by any unusual or compelling circumstances on the part of the buyer or seller. All of the sales were considered as market transactions and no adjustments were made in this category.

**Market Conditions:** The sales dates range from February 2011 to October 2015. There may be a change in market conditions over a period of time. The local market has been affected by the depressed national economy and prices have been stagnant during the last several years. No adjustments were needed.

**Size:** The size of a given tract of land generally affects the per unit sale price all other things being equal. Smaller tracts tend to sell for a higher unit price than otherwise equal larger tracts. Conversely, larger tracts will generally sell for a lower price than otherwise comparable smaller tracts. The subject site consists of 33,541 square feet. In this analysis, Sales 1 and 2 were adjusted downward for their smaller sizes.

**Location:** Properties are particularly sensitive to their immediate environments. External factors may affect value. An adjustment is necessary when the comparable properties have location attributes different from those of the subject. These attributes include view, hazards, economic conditions, linkages and recreational facilities. Within the subject property's neighborhood, proximity to the County Courthouse is preferred. Therefore, Sales 1, 2, and 3 were adjusted upward for their greater distance from the Courthouse, while Sale 4 was adjusted downward because it is closer to the Courthouse.

**Utilities:** Site utilities include water, sewers, drains, electricity, gas and telephone. The utilities to the subject site and to the comparable sites are public and do not require an adjustment.

**Zoning:** A site's zoning classification has a direct effect on the site's value. The zoning classification will determine the type and size of an improvement that can be built on a given tract and in doing so will have a direct effect on the amount of income the improvement can generate. Also various zoning classifications may be more or less restrictive than the subject's zoning classification and will require a negative or positive adjustment. In this analysis, Sale 1 was adjusted upward for the smaller number of permitted uses allowed by its zoning, while Sale 3 was adjusted upward because its zoning has a more restrictive height limit.

**Land Cost Comments:**

The above sales grid shows a ranking of the subject and the comparables as illustrated below:

| Sale | Adjusted Sale Price per SF | Comments |
|---|---|---|
| 4 | $18.60 | Similar size parcel slightly closer to the Courthouse |
| 2 | $14.44 | Smaller parcel slightly farther from the Courthouse |
| 3 | $8.59 | Similar size parcel farther from the Courthouse and with more restrictive zoning |
| 1 | $8.49 | Smaller parcel farther from the Courthouse and with more restrictive zoning |

The data analyzed represents the most recent data available. Sale 4 set the upper limit, while Sale 1 set the lower limit. Sales 2 and 4 required the smallest amount of adjustments and therefore are viewed as being most similar to the Subject. Therefore, a square foot price of $16.50 appears reasonable. This unit price lies within the range indicated by the comparables and is well supported.

33,541 SF @ $16.50 / SF = $553,430

Say = $550,000

**Estimate of Land Value……………………………………………………………$550,000**

Cost Approach: Replacement Cost New

In estimating the replacement cost new for the subject, the following methods have been utilized (where available.)

- The comparative unit method has been employed, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC;
- The subject's actual construction costs (as verbally reported by ownership); and
- Actual/budget construction cost figures available for comparable properties have been considered.

Marshall Valuation Service

Marshall Valuation Service reports costs for different types of improvements and classes of construction. There are five basic cost groups that categorize buildings by type of framing, walls, floors, roof structures and fireproofing. These classes are identified as A, B, C, D and S and are defined as follows:

- Class A buildings have fireproofed structural steel frames and reinforced concrete or masonry floors and roofs.
- Class B buildings have reinforced concrete frames and concrete or masonry floors and roofs.
- Class C buildings have masonry or concrete exterior walls, and wood or steel roof and floor structures, except for concrete slab on grade.
- Class D buildings generally have wood frame, floor and roof structure. They may have a concrete floor on grade and other substitute materials, but are considered combustible construction. This class includes the pre-engineered pole or post-framed, hand arch-rib-frame buildings.
- Class S buildings have frames, roofs and walls of incombustible metal. This class includes pre-engineered metal buildings, including slant-wall and Quonset structures.

Marshall Valuation Service also divides improvements into different quality of construction or building type. The quality scales are low cost, average, good, and excellent. Marshall Valuation Service describes these various qualities as follows:

- Low cost buildings are generally constructed to minimum code requirements often with little regard for architectural appearance or other amenities.
- Average quality buildings constitute the largest group of buildings. These are generally buildings designed for maximum economic potential without some of the pride of ownership amenities of higher-quality construction. They are of good standard code construction with simple ornamentation and finishes.
- Good quality buildings are designed for good appearance, comfort and convenience, as well as an element of prestige. Ornamental treatment is usually of higher quality and interiors are designed for upper-class rentals.

- Excellent quality buildings are normally prestige buildings. On an economic basis, part of the cost must be written off to pride of ownership and some of the income intangibly derived from advertising. Excellent dwellings are generally built for established professionals or those with higher incomes and will have some expensive finishes and fixtures.

*Direct Cost*
Salient details regarding the direst costs are summarized in the Cost Approach Conclusion at the end of this section. The MVS cost estimates include the following:

1. average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. normal interest in building funds during the period of construction plus a processing fee or service charge;
3. materials, sales taxes on materials, and labor costs;
4. normal site preparation including finish grading and excavation for foundation and backfill;
5. utilities from structure to lot line figured for typical setback
6. contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.;
7. site improvements (included as lump sum additions); and
8. initial tenant improvement costs are included in MVS cost estimate. However, additional lease-up costs such as advertising, marketing and leasing commissions are not included.

Base building costs (direct costs) are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the direct building cost is indicated.

*Additions*
Items not included in the direct building cost estimate include parking and walks, signage, landscaping and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the MVS cost guide.

*Indirect Cost Items*
Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs. Research into these cost items indicates that an average property requires an allowance of about 5% to 15% of the total direct costs. A ten percent cost was utilized in this report.

**Cost Work Sheet**
The concluded direct and indirect building cost estimates are provided via the MVS cost guide are illustrated as follows:

**Description of Improvement**

| | Section 1 | Section 2 | Section 3 |
|---|---|---|---|
| 1.Occupancy | Office Buildings[1] | Parking Levels[2] | Basements-Office Buildings[3] |
| 2. Building Class | B | B | B |
| 3. Quality | Average | Average | Parking |
| 4. Exterior Wall | Glass Panels | Partial Concrete Walls | Unfinished Concrete |
| 5. Number of Stories | 3 | 7 | 1 |
| 6. Height per Story | 8-9 feet | 8-9 feet | 8-9 feet |
| 7. Average floor Area | 68,360 SF | 204,516 SF | 18,876 SF |
| 8. Average Perimeter | 704 feet | 704 feet | 557 feet |
| 9. Actual Age | 38 years | 38 years | 38 years |
| 10. Condition | Good-Average | Average | Average |

11. Region – Central
12. Climate – Moderate

**Square Foot Refinements**

| | Section 1 | Section 2 | Section 3 |
|---|---|---|---|
| 13. Base SF Cost | $150.96 | $62.87 | $59.81 |
| 14.Heating, Cooling, | None | None | None |

[1] MVS Guide, Section 15, Page 17
[2] MVS Guide, Section 15, Page 18
[3] MVS Guide, Section 15, Page 19

| | | | |
|---|---|---|---|
| Ventilation | | | |
| 15. Elevator Deduction | None | None | None |
| 16. Misc. | None | None | None |
| 17. Total | $150.96 | $62.87 | $59.81 |

**Height and Size Refinement Multipliers**

| | Section 1 | Section 2 | Section 3 |
|---|---|---|---|
| 18.Number of Stories Multiplier | 1.03 | 1.03 | 1.03 |
| 19.Height per Story Multiplier | .953 | .953 | .953 |
| 20.Floor Area/Perimeter Multiplier | .906 | .906 | .920 |
| 21.Refinement Multipliers Total | .889321 | .889321 | .903063 |

**Final Calculations**

| | Section 1 | Section 2 | Section 3 |
|---|---|---|---|
| 22. Refined SF Cost (17x21) | $134.25 | $55.91 | $54.01 |
| 23. Current Cost Multiplier (Sec. 99. p.3) | .97 | .97 | .97 |
| 24. Local Multiplier (Sec. 99, p.5-10) | 1.10 | 1.10 | 1.10 |
| 25. Final SF Cost (22x23x24) | $143.24 | $59.66 | $57.63 |
| 26. Area | 68,360 SF | 204,516 SF | 18,876 SF |
| 27. Direct Costs (25x26) | $9,791,886 | $12,201,425 | $1,087,824 |
| 28. Lump Sum Direct Costs (from chart below) | $194,021 | | |
| 29. Indirect Costs ((27+28) x 10%) | $998,591 | $1,220,143 | $108,782 |
| 30. Entrepreneurial | $1,276,399 | $1,559,586 | $139,046 |

| | | | |
|---|---|---|---|
| Profit ((27+28+29) x 11.62%) | | | |
| 31. Replacement Cost New (27+28+29+30) | $12,260,897 | $14,981,154 | $1,335,652 |
| 32. Curable Deferred Maintenance | $40,000 | | |
| 33. Subtotal (31–32) | $12,220,897 | $14,981,154 | $1,335,652 |
| 34. Depreciation Percentage (Age/Life) | 79% | 79% | 79% |
| 35. Depreciation Amount (33x34) | $9,654,509 | $11,835,112 | $1,055,165 |
| 36. Depreciated Cost (33–35) | $2,566,388 | $3,146,042 | $280,487 |
| 37. Land Value | $553,430 | | |
| 38. Value via the Cost Approach (36+37) | $3,119,818 | $3,146,042 | $280,487 |
| Overall Value via the Cost Approach (Add all values in row 38) | **$6,546,347** | | |

**Lump Sums (Line 28)**

| | |
|---|---|
| Sprinklers ($2.66 x 68,360SF x .97 x 1.10)[4] | **$194,021** |

**Entrepreneurial Profit**
Entrepreneurial profit represents the return to the developer, and is separate from contractor's overhead and profit. This line item, which is a subjective figure, tends to range from 7.87% to 16.2% of direct and indirect costs for this property type, based on ratios found in the Realty Rates Investor Survey 1st Quarter 2016. This report utilized a profit estimate of 11.62%.

**Depreciation Considerations**
There are essentially three sources of accrued depreciation:

[4] MVS guide, Section 15, Page 37, Average Wet System; includes Section 99, Page 3 current cost multiplier & Section 99, Page 7 local multiplier

1. physical deterioration, both curable and incurable;
2. functional obsolescence, both curable and incurable; and
3. external obsolescence.

*Physical Deterioration*
The subject's physical condition was detailed in the improvement analysis. Curable deterioration affecting the improvements results from deferred maintenance and if applicable was previously discussed (or shown below.) With regard to incurable deterioration, the subject improvements are considered to have deteriorated due to normal wear and tear associated with natural aging. The following chart provides a summary of the remaining economic life.

| | |
|---|---|
| Actual Age | 38 years |
| Effective Age | 38 years |
| MVS Expected Life | 55 years |
| Remaining Economic Life | 17 years |
| Accrued Physical Incurable Depreciation | 69% |

Physical Deterioration

| | Comments |
|---|---|
| Exterior Walls | $40,000 estimated cost to remove defective window tint on glass exterior of building's top two stories |

*Functional Obsolescence*
The MVS replacement cost new considers the construction of the subject improvements utilizing modern materials and current standards, design and layout. Functional incurable obsolescence normally is not applicable.

*External Obsolescence*
The local and neighborhood markets may include forms of external obsolescence due to supply and demand dynamics, location and surrounding highest and best use.

External Obsolescence

| | Comments |
|---|---|
| Physical Factors – Proximity of desirable or unattractive natural or artificial features….. | |
| Economic – Demand/supply imbalance, saturation or monopoly, competition or alternative market share………………. | There is an oversupply of office space in the downtown Peoria market. The subject property's replacement cost new was depreciated an additional 10% to account for this external obsolescence. |
| Infrastructure – Surrounding highest and best use; availability, quality and source of utilities and public services, street improvements, | |

| | |
|---|---|
| traffic patterns, transportation………………… | |

**Cost Comments:**

This approach to value is based upon the assumption that an informed purchaser will pay no more than the cost of producing a substitute property with the same utility as the subject property. Marshall and Swift Valuation Services, a nationally recognized cost service, has been consulted to aid in determining the replacement cost new of the subject. The base price has been adjusted for various building feature costs and local multipliers.

The modified economic age-life method of estimating accrued depreciation has been used. This method estimates the cost to cure all curable items of physical deterioration due to deferred maintenance, as well as the cost to cure functional obsolescence. The curable deferred maintenance is estimated to be $40,000. This sum is deducted from the reproduction cost. The subtotal is then adjusted by a ratio representing the total amount of incurable physical, functional, and external depreciation using the modified economic-life method. The economic life of the subject is 55 years. The effective age of the subject is 38 years. Therefore, the resulting cost is depreciated by 69% to account for incurable deterioration in the subject property improvements. The subject property also was depreciated an additional 10% to account for external obsolescence due to oversupply in the subject property's market. The resulting value represents the final depreciated cost of the Subject.

Finally, the land value as vacant is added to arrive at a total replacement cost "as is". The final calculated value by the cost approach is $6,546,347. Say $6,500,000.

**Indicated Value by the Cost Approach…………………………………………....$6,500,000**

## SALES COMPARISON APPROACH

The principle of substitution is the fundamental principal in the sales comparison approach. "The principle of substitution holds that the value of property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability within a reasonable amount of time." (The Appraisal of Real Estate, 14th Edition, p298-299)

Equally desirable properties that have sold are used as comparable sales. Since no two sales are exactly equal, adjustments to the sale prices are required. The adjustments for the differences, or elements of comparison, are intended to revise the sale price of a comparable property until it reflects how much the comparable would have sold for had it been just like the subject property. The per-unit-adjusted price multiplied by the subject property's number of units determines the indicated value for the subject property.

**Sales Approach Comments**

Due to insufficient sales in Central Illinois of properties similar to the Subject, or of parking garages similar to that portion of the Subject, only a value for the Subject's office portion was determined by the sales approach. To arrive at an overall value for the Subject by the sales approach, the value of its parking garage as determined by the income approach was added to the value of its office portion as determined by the sales approach.

In the analysis that follows, an estimated $40,000 in deferred maintenance for defective window tint was subtracted from the determined value to arrive at an overall "as is" value for the subject property by the sales approach.

OFFICE COMPARABLE SALES

**Comparable Sale #1**

| | |
|---|---|
| Address: | 202 NE Madison Avenue<br>Peoria, Illinois |
| Parcel ID#: | 18-09-227-018 |
| Recording Information: | Doc# 2013-20316 |
| **Description of Property** | |
| Building Classification: | Office |
| Zoning: | B1, Downtown Business (Peoria) |
| Land Area: | 10,602 SF (0.24 acres) |
| Gross Building Area: | 14,781 SF |
| Land to Building Ratio: | 2.2:1 |
| Number of Stories: | Three |
| Year Built / Age: | 1900, addition in 2000 / 13-113 years |
| Exterior Construction: | Brick |
| Construction Quality: | Average Class C |
| Condition of Improvements: | Good |
| Traffic Count: | 3,050 |
| **Facts of Sale** | |
| Grantor: | Tobin Brothers Development Corporation |
| Grantee: | South Side Office of Concern |
| Date of Sale: | August 2013 |
| Consideration: | $1,060,000 |
| Terms of Sale: | Cash |
| Price/SF: | $71.71 |
| Cap Rate: | 8.7% |

**Comments:** This sale of a 3-story Class C office building is located in downtown Peoria, along Northeast Madison Avenue between Hamilton Boulevard and Fayette Street. Slightly more than one block away from the Peoria County Courthouse, the building has 12 parking spaces available. Though the structure was built in 1900, it was recently renovated, and has five private offices, a conference room, a reception area, and a 900 square foot office space on the third floor that is ready for build out. Overall, the building is in average condition with average amenities.

Comparable Sale #1

**Comparable Sale #2**

| | |
|---|---|
| Address: | 207 Main Street<br>Peoria, Illinois |
| Parcel ID#: | 18-09-261-013 |
| Recording Information: | Doc# 2013-13031 |

**Description of Property**

| | |
|---|---|
| Building Classification: | Office |
| Zoning: | B1, Downtown Business (Peoria) |
| Land Area: | 12,327 SF (0.28 acres) |
| Gross Building Area: | 36,000 SF |
| Land to Building Ratio: | 2.1:1 |
| Number of Stories: | Six |
| Year Built / Age: | 1975 / 38 years |
| Exterior Construction: | Brick |
| Construction Quality: | Average Class C |
| Condition of Improvements: | Average |
| Traffic Count: | 7,100 |

**Facts of Sale**

| | |
|---|---|
| Grantor: | Prairie Property Group 1 LP |
| Grantee: | Caterpillar, Inc., c/o Lamia Smith |
| Date of Sale: | May 2013 |
| Consideration: | $2,900,000 |
| Terms of Sale: | Cash |
| Price/SF: | $80.56 |
| Cap Rate: | 8.16% |

**Comments:** The property in this sale is a Class C office building on the west corner of Southwest Washington Street and Main Street. It was constructed in 1975, has six floors of office space, and is about one and half blocks from the Peoria County Courthouse. The parcel in this sale does not have its own parking, but the buyer already owns the parking lot on the adjacent parcel. The building's office units have central heating and cooling, are in average condition, and have average amenities.

Comparable Sale #2

**Comparable Sale #3**

| | |
|---|---|
| Address: | 209 West Romeo B. Garrett Avenue<br>Peoria, Illinois |
| Parcel ID#: | 18-09-132-014, -015, -013, -131-022,<br>-131-024 |
| Recording Information: | Doc# 2013-19137 |

**Description of Property**

| | |
|---|---|
| Building Classification: | Office |
| Zoning: | B1, Downtown Business (Peoria) |
| Land Area: | 131,116 SF (3.01 acres) |
| Gross Building Area: | 16,464 SF |
| Land to Building Ratio: | 6.4:1 |
| Number of Stories: | One |
| Year Built / Age: | 1990 / 23 years |
| Exterior Construction: | Brick |
| Construction Quality: | Average Class C |
| Condition of Improvements: | Good |
| Traffic Count: | 12,000 |

**Facts of Sale**

| | |
|---|---|
| Grantor: | HCH Administration, Inc. |
| Grantee: | Ernest Rose Holdings, LLC |
| Date of Sale: | July 2013 |
| Consideration: | $1,400,000 |
| Terms of Sale: | Cash |
| Price/SF: | $85.03 |
| Cap Rate: | 8% |

**Comments:** This is a one-story Class C office building located in downtown Peoria on the northwest corner of the intersection of West Romeo B. Garrett Avenue and North William Kumph Boulevard. The property is just outside the main downtown district, and is roughly four blocks from the Peoria County Courthouse. The site has 75 parking spaces, while the building offers 14 private offices, 2 conference rooms, mail rooms, copy rooms, server rooms, a 4,116 square foot finished basement, and central heating and cooling. The building was constructed in 1990, has average amenities, and is in good condition.


Comparable Sale #3

**Comparable Sale #4**

| | |
|---|---|
| Address: | 410 Fayette Street<br>Peoria, Illinois |
| Parcel ID#: | 18-09-228-001 |
| Recording Information: | Doc# 2015020631 |

**Description of Property**

| | |
|---|---|
| Building Classification: | Office |
| Zoning: | B1, Downtown Business (Peoria) |
| Land Area: | 4,356 SF (0.1 acres) |
| Gross Building Area: | 14,820 SF |
| Land to Building Ratio: | 1.2:1 |
| Number of Stories: | Four |
| Year Built / Age: | 1930 / 85 years |
| Exterior Construction: | Brick |
| Construction Quality: | Average Class C |
| Condition of Improvements: | Good |
| Traffic Count: | 3,050 |

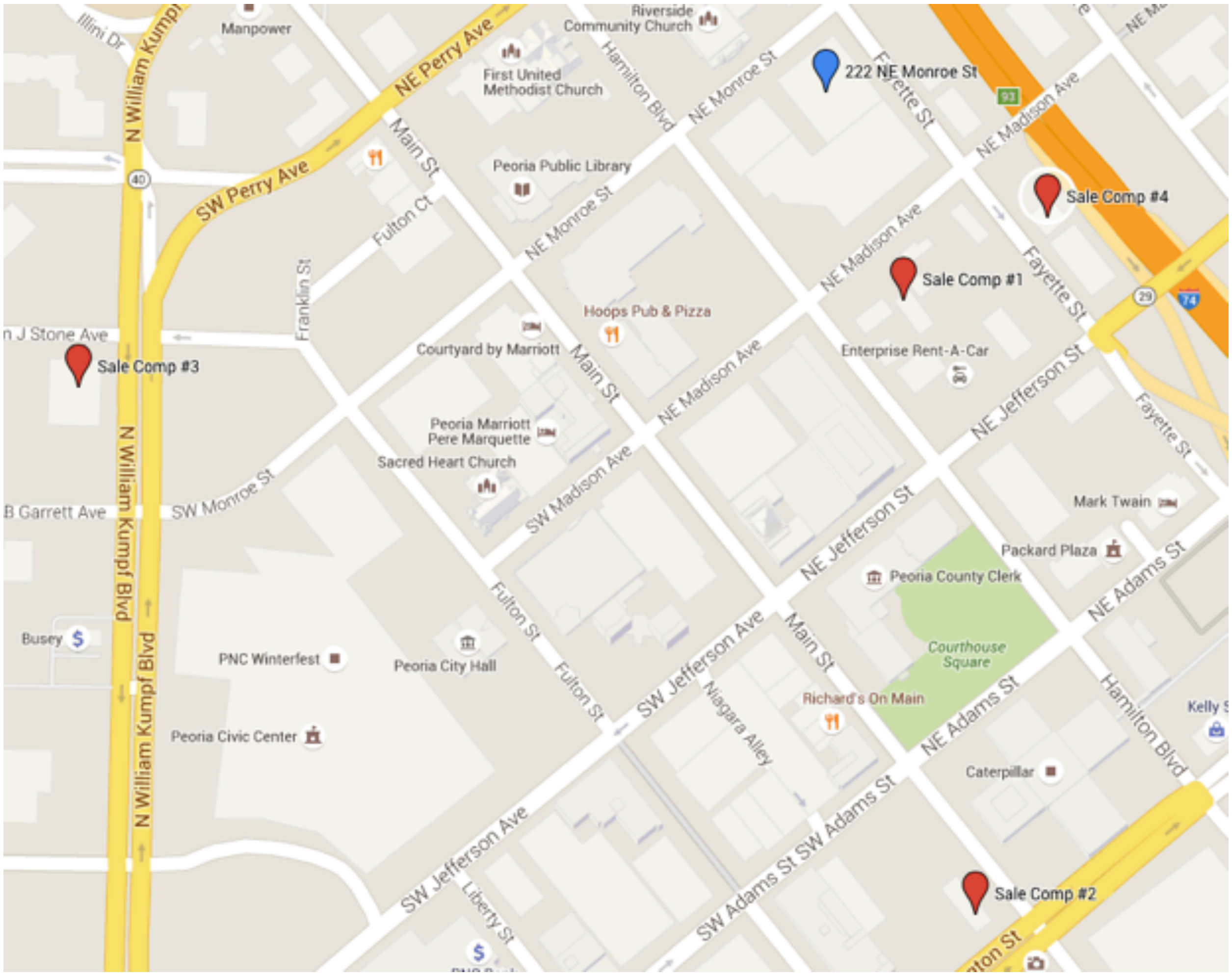
**Facts of Sale**

| | |
|---|---|
| Grantor: | Intellisuites of Peoria |
| Grantee: | Waite Foster Properties, LLC |
| Date of Sale: | September 2015 |
| Days on Market: | 690 |
| Consideration: | $1,194,000 |
| Terms of Sale: | Cash |
| Price/SF: | $80.57 |
| Cap Rate: | 8.6% |

**Comments:** This is a four-story Class C office building located in downtown Peoria along Fayette Street in between Madison Avenue and Jefferson Street. Though it is only a little more than one block away from the County Courthouse, the property does not have on-site parking. The building was constructed in 1930 and fully renovated in 1994. It is in good condition with average amenities and central heating and cooling.

Comparable Sale #4

OFFICE COMPARABLE SALE MAP



## SALES COMPARISON APPROACH: Office

### Sales Comparison Approach Comments

The characteristics of the above sales have been adjusted for relevance to the subject's in the grid below. A discussion of the necessary adjustments follows:

| | Subject | 202 Madison<br>Sale 1 | 207 Main<br>Sale 2 | 209 Garrett<br>Sale 3 | 410 Fayette<br>Sale 4 |
|---|---|---|---|---|---|
| **Price/SF** | N/A | $71.71 | $80.56 | $85.03 | $80.57 |
| **Property Rights Appraised** | Fee Simple | Fee Simple | Leased Fee | Fee Simple | Leased Fee |
| **Financing Terms** | Cash | Cash | Cash | Cash | Cash |
| **Conditions of Sale** | Arms Length | Arms Length | Arms Length | Arms Length | Arms Length |
| **Expenditures made After sale** | N/A | None | None | None | None |
| **Market Conditions** | May 2016 | Aug 2013 | May 2013 | Jul 2013 | Sep 2015 |
| **Total** | N/A | $71.71 | $80.56 | $85.03 | $80.57 |
| **Location** | Downtown Peoria; corner; 2 blocks to Courthouse | Downtown Peoria; 1-2 Blocks to Courthouse<br>Superior<br>-2.5% | Downtown Peoria; corner; 1-2 blocks to Courthouse<br>Superior<br>-2.5% | Downtown Peoria; corner; 4 blocks to Courthouse; Traffic=12,000 | Downtown Peoria; 1-2 blocks to Courthouse<br>Superior<br>-2.5% |
| **Building Area** | 68,360 SF | 14,781 SF<br>Superior<br>-15% | 36,000 SF<br>Superior<br>-10% | 16,464 SF<br>Superior<br>-15% | 14,820 SF<br>Superior<br>-15% |
| **Land to Building Ratio** | 1.1:1 | 2.2:1 | 2.1:1 | 6.4:1<br>Superior<br>-10% | 1.2:1 |
| **Age/Condition** | 38 / Good -Average | 13-113 / Average<br>Inferior<br>+5% | 38 / Average<br>Inferior<br>+2.5% | 23 / Good<br>Superior<br>-7.5% | 85 / Good<br>Inferior<br>+5% |
| **Quality** | Average Class B | Average Class C<br>Inferior<br>+5% | Average Class C<br>Inferior<br>+5% | Average Class C<br>Inferior<br>+5% | Average Class C<br>Inferior<br>+5% |
| **Amenities** | Average | Average | Average | 4,116 SF finished basement<br>Superior<br>-2.5% | Average |
| **Gross Adjustments** | N/A | 27.5% | 20% | 40% | 27.5% |
| **Net Adjustments** | N/A | -7.5% | -5% | -30% | -7.5% |

| | | | | | |
|---|---|---|---|---|---|
| **Adj. Price/SF** | N/A | $66.33 | $76.53 | $59.52 | $74.53 |
| **Overall Rate** | | 8.7% | 8.16% | 8% | 8.6% |

**Property Rights Appraised:** An adjustment is applicable if the rights that were conveyed for any of the comparable sales are different from the rights to be conveyed to the subject. Adjustments must be made to reflect the difference between properties leased at market rent and those leased either below or above market levels. The length of remaining leases also influences required adjustments.

In each instance, no adjustments are required since all of the properties sold either in fee simple or with only short-term leases in effect at approximately market rates.

**Financing Terms:** This adjustment is generally applied to a property that transfers with atypical financing such as having assumed an existing mortgage at a favorable interest rate. Conversely, a property may be encumbered with an above-market mortgage, which has no prepayment clause or a very costly prepayment clause. Such atypical financing often plays a role in the negotiated sale price.

In this analysis, no adjustments are required since all of the properties were conveyed with conventional third party financing and all cash to the seller.

**Conditions of Sale:** This adjustment category reflects extraordinary motivations of the buyer and the seller to complete the sale. Examples include a purchase for assemblage involving anticipated incremental value, or a quick sale for cash. This adjustment category may also reflect a distress-related sale or a corporation recording at non-market price.

In this analysis, no adjustments are required as all of the transactions were verified as being arm's length with no unusual conditions of sale.

**Expenditures Made Immediately after Purchase:** A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include the costs to remodel, demolish and remove any buildings, costs to petition for a zoning change, or costs to remediate environmental contamination.

In this analysis, no adjustments are required for expenditures made after purchase.

If the previous adjustments are required, they are applied sequentially in the order indicated.

**Market Conditions:** Market conditions generally change over time. However, the local market has been affected by the depressed national economy and unit sale prices have been stagnant during the past several years. No adjustments are required. The sale dates range from May 2013 to September 2015.

The Market Conditions adjustments are applied after the previous required adjustments and before any of the following combined adjustments.

**Location:** A property's location greatly affects its value. This adjustment category considers general neighborhood influences as well as a property's accessibility and visibility from a main thoroughfare. Differing rent levels or land values are typically good indicators for a location adjustment.

Within the subject property's neighborhood, proximity to the County Courthouse is preferred. Therefore, Sales 1, 2, and 4 were adjusted downward, because they are closer to the Courthouse. Sale 3 is farther from the Courthouse, but was not adjusted upward because it is near higher traffic counts than the subject property.

**Land to Building Ratio:** This ratio compares the building area to the site area. Properties with excess land have a higher land to building ratio and have additional land to develop. These properties are superior to a subject property with a lower land to building ratio and require a negative adjustment. Conversely, a property with a lower land to building ratio than the subject will require a positive adjustment.

In this analysis, Sale 3 was adjusted downward for its superior ratio.

**Physical Characteristics:** If the physical characteristics of a comparable property and the subject property differ in many ways, each of these differences may require comparison and adjustment. Physical differences include differences in building size, quality of construction, architectural style, building materials, age, condition, functional utility, site size, attractiveness and amenities including air-conditioning. The condition adjustment is intended to reflect an overall appearance or pride of ownership of the property. A property considered in good condition has a well maintained landscaping program, site management and other factors that contribute to the overall appearance of a project. This factor attempts to adjust for the level of management and curb appeal of each sale.

In this analysis, all sales were adjusted downward for their smaller sizes. Smaller properties tend to sell for higher prices per square foot than larger properties. Sales 1, 2, and 4 were adjusted upward for their inferior age/condition, while Sale 3 was adjusted downward for its superior age/condition. Finally, all sales were adjusted upward for their inferior construction quality, and Sale 3 was adjusted downward for its finished basement.

The above sales grid shows a ranking of the subject and the comparables as illustrated below:

Office

| Sale | Adjusted Sale Price per SF | Comments |
|---|---|---|
| 2 | $76.53 | Smaller office building of inferior construction closer to Courthouse |
| 4 | $74.53 | Much smaller and older office building of inferior construction closer to Courthouse |
| 1 | $66.33 | Much smaller and older building of inferior construction closer to Courthouse |
| 3 | $59.52 | Much smaller and newer office building of inferior construction with more land and farther from Courthouse but near higher traffic counts |

Prices on a square foot basis show a variance that is attributed to location, size, land to building ratio, age/condition, construction quality, and amenities. Sale 2 set the upper limit, while Sale 3 set the lower limit. A price of $70 per square foot is well supported by the comparables and appears reasonable. At a price of $70 per square foot, a value of $4,785,200 is indicated for the subject property's office portion.

| | |
|---|---|
| 68,360 square feet @ $70 / SF = | $4,785,200 |
| Parking Garage = | +2,538,020 |
| Window deferred maintenance = | -40,000 |
| | $7,283,220 |
| Say $7,300,000 | |

**Indicated Value by the Sales Comparison Approach…………………………...$7,300,000**

# INCOME CAPITALIZATION APPROACH

The income approach considers the present value of the future benefits of ownership of a property by analyzing its potential income and expenses. It also reflects what the typical investor can expect both in a return of capital and a return on capital or profit. The resulting net operating income is capitalized or discounted to convert the income into a value estimate. Because the subject's income and expenses are stabilized, your appraiser has utilized direct capitalization to value the property.

## Income Approach Comments

Separate values were developed within the income approach for the subject property's office and parking garage portions, so that a separate value for the parking garage could be applied to the value developed in the sales approach. The two values for the subject property's office and parking garage portions then were added together to arrive at an overall value for the Subject by the income approach.

In the analysis that follows, an estimated $40,000 in deferred maintenance for defective window tint was subtracted from the determined value to arrive at an overall "as is" value for the subject property by the income approach.

## Lease Analysis

The table below is presented to help the reader understand the difference between the basic types of lease commonly found in the market. These are not hardbound classifications as the Lessor and Lessee can negotiate an infinite number of combinations of arrangements in a lease. However, the most common elements are shown below:

| LEASE TYPE | LANDLORD PAYS | TENANT PAYS |
|---|---|---|
| FULL SERVICE (ABSOLUTE GROSS) | Utilities, taxes, exterior maintenance, janitorial & insurance | Typically Tenant pays nothing beyond rental rate |
| MODIFIED NET (or GROSS) | Roof & structural integrity of building, taxes, insurance | Utilities, interior maintenance, janitorial & CAM |
| ABSOLUTE or TRIPLE NET | Management and reserves for replacement | Taxes, utilities, insurance, all maintenance, CAM |

OFFICE

**Current Rent Roster: Office**

| Tenant | Square Feet | Per SF Rent | Lease End |
|---|---|---|---|
| Marquette Group (8th floor) | 27,560 | $12.39 | 5/31/17 |
| Stellar Systems (9th floor) | 5,395 | $9.50 | 8/31/17 |
| Pen Flex Services (9th floor) | 3,495 | $10.76 | 10/31/16 |
| University of Illinois (9th floor) | 5,448 | $14.63 | 4/30/21 |
| University of Illinois College of Medicine (9th floor) | 5,923 | $13.50 | 6/30/21 |
| 9th Floor vacant space | 3,758 | | |
| 1st Floor A (vacant) | 2,118 | | |
| 1st Floor B (vacant) | 2,118 | | |
| **Total** | **55,815** | | |

*The 9th floor additionally contains a 1,341SF training room and a roughly 200SF manager's office that are not included in the floor's rentable square feet.

**Rent Comparables: Office**

In order to determine if the Subject's rental rates are reflective of the market, rental rates from similar properties within the neighborhood have been reviewed. Comparable rentals are shown on the following pages.

An average office space size of 7,000 square feet was used for the subject property in the analysis that follows.

**Comparable Rental #1**

| | |
|---|---|
| Address: | 411 Hamilton Boulevard, Suite 125<br>Peoria, Illinois |
| Listing Company: | RE/MAX Commercial |
| Area: | 7,507 SF |
| Rent/SF: | $15.25 |
| Lease Type: | Full Service |

**Comments:** 7,507 square feet of office space is available for lease on the first floor of this downtown Peoria average Class B office building that was constructed in 1961. The building stretches the length of the southwest side of Hamilton Boulevard between Madison Avenue and Jefferson Street. It is across the street from the Peoria County Courthouse, and has 20 stories with 260,000 total square feet. Additionally, the structure contains a conferencing facility, a food court, and a restaurant. The space has average amenities and is in good condition. Parking is not included in rent, but spaces in the attached parking garage can be leased for $62/month.

**Comparable Rental #2**

| | |
|---|---|
| Address: | 414 Hamilton Boulevard, Suite 300<br>Peoria, Illinois |
| Listing Company: | Maloof Commercial Real Estate |
| Area: | 2,024 SF |
| Rent/SF: | $12.00 |
| Lease Type: | Full Service |

**Comments:** 2,024 square feet of office space is available for lease on the third floor of this 18,923 square foot, average Class C office building in downtown Peoria that was constructed in 1920. The building is located along Hamilton Boulevard between Madison Avenue and Jefferson Street and is less than one block from the Peoria County Courthouse. The listed space is in average condition with average amenities, and the property has limited on-site, uncovered parking for use by tenants.

**Comparable Rental #3**

| | |
|---|---|
| Address: | 456 Fulton Street, Suite 380<br>Peoria, Illinois |
| Listing Company: | Joseph & Camper Commercial |
| Area: | 3,215 SF |
| Rent/SF: | $8.00 |
| Lease Type: | Gross (tenant covers utilities only) |

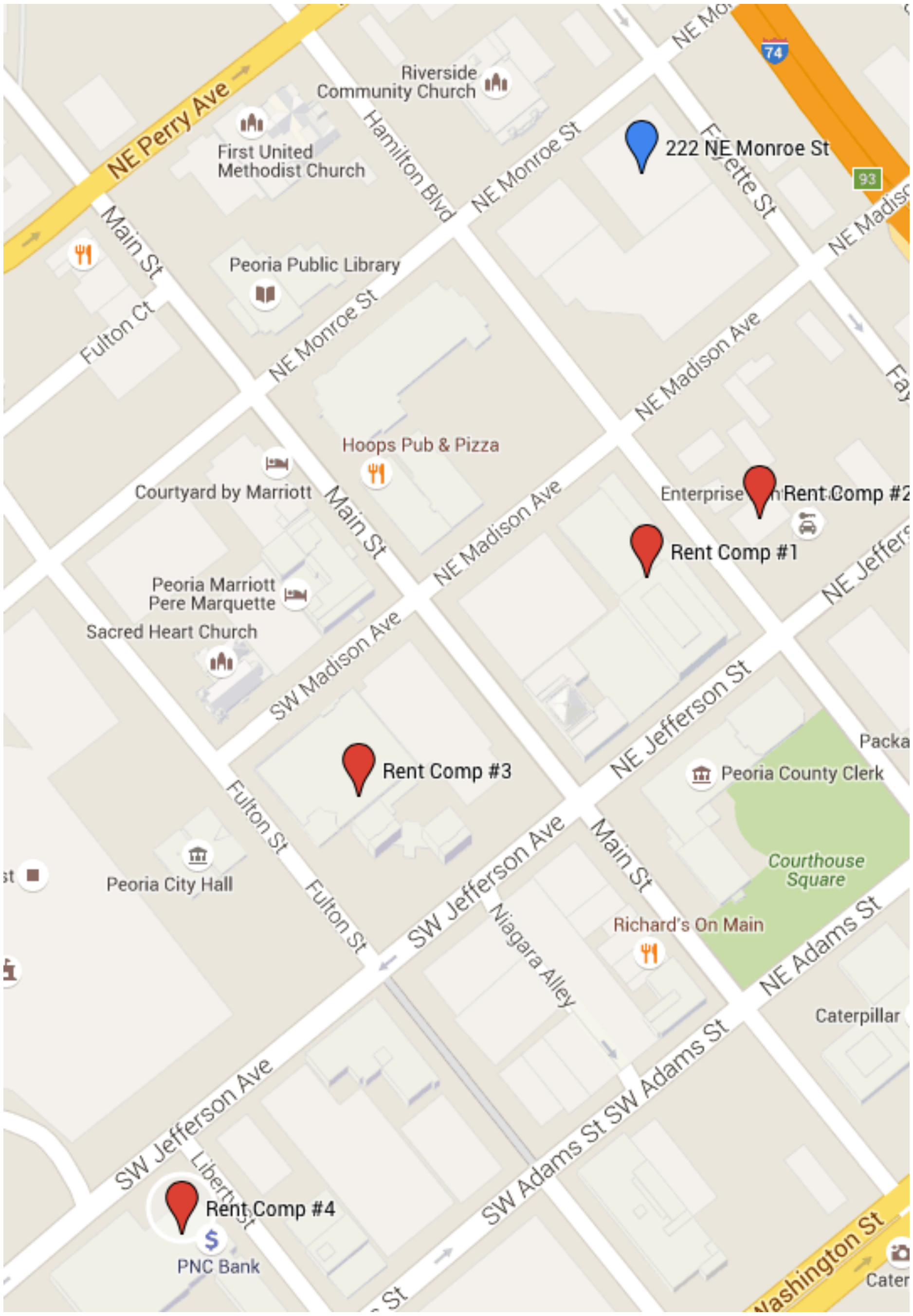
**Comments:** This listing is for a third floor space in a four-story, average Class B office building constructed in 1984. It is located in downtown Peoria, across the street from the Peoria Civic Center on the corner of Madison Avenue and Fulton Street. The building is slightly more than one block away from the Peoria County Courthouse. The space is in average condition and offers average amenities. Parking is not included in rent, but the building is connected to an underground parking garage that offers spaces for $75/month.

**Comparable Rental #4**

| | |
|---|---|
| Address: | 304 SW Jefferson Avenue<br>Peoria, Illinois |
| Listing Company: | Maloof Commercial Real Estate |
| Area: | 12,883 SF |
| Rent/SF: | $13.50 |
| Lease Type: | Gross (tenant covers utilities only) |

**Comments:** This is a listing for 12,883 square feet of office space on the 2nd floor of a 66,960 square foot, average Class B office building in downtown Peoria that was constructed in 1970. The building is located at the corner of Jefferson Avenue and Liberty Street, and is about 2 blocks away from the Peoria County Courthouse. The offered space is in average condition and has average amenities. The rental rate includes parking in a connected garage that usually rents for $60/car/month, and it is assumed that rent would include one parking spot per 1,000 square feet of rented space.

OFFICE RENT COMPARABLE MAP



RENT COMPARABLE GRID: Office

| | Subject | Comp 1 | Comp 2 | Comp 3 | Comp 4 |
|---|---|---|---|---|---|
| **Rental Price** | N/A | $15.25 | $12.00 | $8.00 | $13.50 |
| **Full Service +Parking Lease Equivalent** | N/A | +$0.69 | +$0.77 | +$2.34 | +$1.50 |
| **Total** | N/A | $15.94 | $12.77 | $10.34 | $15.00 |
| **Location** | Downtown Peoria; corner; 2 blocks to Courthouse | Downtown Peoria; corner; Across from Courthouse Superior -7.5% | Downtown Peoria; 0-1 blocks to Courthouse Superior -7.5% | Downtown Peoria; corner; 1-2 blocks to Courthouse | Downtown Peoria; corner; 2-3 blocks to Courthouse |
| **Size** | 7,000 SF | 7,507 SF | 2,024 SF | 3,215 SF | 12,883 SF |
| **Quality of Construction** | Average Class B | Average Class B | Average Class C Inferior +2.5% | Average Class B | Average Class B |
| **Age/Condition** | 38 / Good | 55 / Good Inferior +2.5% | 96 / Average Inferior +7.5% | 32 / Average Inferior +2.5% | 46 / Average Inferior +2.5% |
| **Gross Adjustments** | N/A | 10% | 17.5% | 2.5% | 2.5% |
| **Net Adjustments** | N/A | -5% | +2.5% | +2.5% | +2.5% |
| **Adjusted Price Per SF** | N/A | $15.14 | $13.09 | $10.60 | $15.38 |

**Rent Comparable Comments:**

**Full Service + Parking Lease Equivalent:** Lease terms may differ as to the amount of taxes, insurance and maintenance costs the tenant must pay in addition to rental payments. The Lessee may be responsible for all of these costs, part of the costs or none of the costs. Rent is being projected on a full service basis where parking is included and tenants do not cover any expenses beyond the rental rate. So, the first adjustment brings rent to that basis for all the comparables.

In this analysis, Comparables 1, 2, and 3 were adjusted upward for the parking not included in their rental rates. The determination of these values included an assumption of one parking space per 1,000SF leased by the tenant. Comparables 3 and 4 also were adjusted upward by $1.50/SF for estimated utility expenses not included in their gross rental rates.

**Location:** Perceived location attributes have a direct effect on rental rates. Within the subject property's neighborhood, proximity to the County Courthouse is preferred. Therefore, Comparables 1 and 2 were adjusted downward, because they are closer to the Courthouse.

**Size:** The size of the property has an inverse relationship with the rental rate. In general, smaller spaces rent for more per square foot than larger spaces. In this analysis, no adjustments for size could be justified.

**Quality of Construction:** The quality of a building's construction has a direct relationship to the building's rental rate. In this analysis, Comparable 2 was adjusted upward for its inferior construction quality

**Age/Condition:** The age, condition, and overall appearance of a building has a direct effect on the rental rate. In this analysis, all comparables were adjusted upward for their inferior age and/or condition.

The adjusted rental rates show a rental range of $10.60 to $15.38 per square foot. The rental rate range is as follows:

Office

| Rental Comparable | Price per Square Foot | Comments |
|---|---|---|
| 4 | $15.38 | Similar office space SW of Courthouse |
| 1 | $15.14 | Similar office space across street from Courthouse |
| 2 | $13.09 | Office space in older building but closer to Courthouse |
| 3 | $10.60 | Similar space west of Courthouse |

Rental rates show a variance attributed to location, construction quality, age/condition, and amenities. Rental Comparable 4 set the upper limit and Rental Comparable 3 set the lower limit. A rental rate of $13.50 per square foot seems reasonable for the subject property's top two floors of office space. Its 1st floor space is not in as good of condition and does not command the same views as the top floors. Therefore, a lower rate of $12 per square foot seems reasonable for that space. Also, part of the building's 9th floor vacant space contains about 1,200 square feet of isolated office space that likely could only be leased for a rate significantly lower than the market rate for other space in the building. A rental rate of $7 per square foot seems reasonable for this space. These three rental rates result in a gross potential income of $739,349:

| | |
|---|---|
| $13.50/SF x 50,379SF = | $680,117 |
| $12/SF x 4,236SF = | + 50,832 |
| $7/SF x 1,200SF = | + 8,400 |
| | $739,349 |

Overall, the Subject's existing contract rental rates for office space are lower than the market rate derived above. However, your appraisers do not believe that a significant positive leasehold exists for the subject property. Leases with contract rates below the determined market rate are short-term, and your appraisers therefore assume that those rates will adjust to market in the near future. Newer leases with the University of Illinois are more long-term (5 years), but rates for those leases are not significantly different from the determined market rate.

Due to the above conclusions, the market rental rates derived above are most indicative of the value of the subject property's office space and will be used in the net operating income estimate calculated below.

**Stabilized Income/Expense Statement: Office**

This is not intended as a summary of income and expenses for last year or an estimate for next year. Rather, it is provided as an estimate of what could be typical for an "average" year over a longer holding period.

| | | | |
|---|---|---|---|
| Potential Gross Income | | | $739,349 |
| Vacancy & Rent Loss (.15) | | | - 110,902 |
| Effective Gross Income | | | $628,447 |
| | | | |
| Expenses | | | |
| Taxes | -- | -- | |
| Insurance | 2.5% | 15,712 | |
| Management | 5.2% | 32,679 | |
| Maintenance | 6% | 37,707 | |
| Utilities | 11% | 69,129 | |
| Advertising | 1% | 6,284 | |
| Reserves | 5.4% | 34,180 | |
| Total Expenses | 31.1% | | - 195,691 |
| | | | |
| Net Operating Income | | | $432,756 |

**Income Approach Comments:** The aforementioned expenses represent actual and projected expenses incurred by the subject and are based on similar properties known to the appraiser.

**Vacancy and Credit Loss**: Some vacancy between tenants must be anticipated as lost rent or non-payment. A rate of 15% seems reasonable based on your appraisers' knowledge of the local market and information found in the Realty Rates 1st Quarter 2016 Market Survey.

**Effective Gross Income:** Effective gross income is the rental income plus expense recoveries less the allowance for vacancy and credit loss.

**Expenses:** There are two types of expenses, fixed and variable. The fixed expenses are those that do not change with occupancy. These are typically real estate taxes and insurance (fire and extended coverage.) These expenses must be paid regardless of occupancy. The variable expenses include management, maintenance, and utilities.

**Taxes:** To estimate a tax expense that is reflective of the market value opinion for the subject property determined in this report, taxes have been accounted for through an "add-on" to the capitalization rate rather than by including them as part of net operating income. Taxes consequently have been omitted from the calculations above.

**Insurance:** Based on actual costs provided by the owner, an insurance expense of 2.5% of effective gross income seems reasonable.

**Management:** Although buildings are frequently managed by the owner, compensation for the time spent is an appropriate charge against income. A variation in management fees can be found in the marketplace, with variations due to the services performed. Local property managers charge from 5% to 8% of effective gross income for their services. Based on information provided by the owner, management expenses for the subject property are in the range of 5% to 6% of effective gross income. Therefore, a 5.2% rate appears to be reasonable for the subject property.

**Maintenance/Repairs:** Due to the age of the building, maintenance costs are projected to be 6% of effective gross income.

**Utilities:** The utility expenditure is an estimation of the electric, water and gas expenditure for the subject during periods of vacancy and rent loss, as well as to cover the expense of common area facilities. As all office space leases for the subject property are full service leases where the owner covers the cost of all utilities, a cost of 11% of effective gross income seems reasonable and agrees with figures provided by the owner.

**Advertising:** A cost of 1% of effective gross income seems reasonable.

**Reserves:** Funds should be set aside each year to replace the HVAC and roof at the end of their life expectancy. An amount for reserves is estimated based on a cost range found in the Realty Rates Investor Survey 1st Quarter 2016 ($0.50/SF).

**Capitalization: Office**

The Capitalization method is used to convert a single year's estimated net operating income into an indication of value. Estimated net income is divided by the appropriate rate or multiplied by a factor. The overall rate included consideration of both a return on and a return of invested capital. It is also representative of the amount necessary to satisfy both the requirements of debt service and the return of equity.

The key step in the method of direct capitalization is the selection of an overall rate, and this rate can be obtained by several different methods. When available, a reliable method is analysis of market data, as the net income per building divided by the sales price indicates the overall rate. However, this method is reliable only if accurate information is available on the income and expenses for the sold property.

Other methods of selecting the appropriate capitalization rate include the following:

Band of Investment Method:
An alternate method for selecting the overall rate is to develop a rate by use of the band of investments. This considers the requirements of both components of an investment (debt and equity) and weighs the relative contribution of each to develop an overall capitalization rate.

The first consideration is the debt amount. Typical financing for the subject property as an owner-occupied building would likely be based on a 63% loan to value ratio, a 6.07% fixed interest rate, and a 23-year amortization period. Given these terms the mortgage constant for such a loan is .081558.

The second position to be considered is equity or cash invested. If the loan to value ratio is assumed to be 63%, the equity investment must be 37%. The return on the equity investment must be competitive with alternative yields on equity investments. Considering the non-liquid nature of real estate investment, the rate would typically be higher than more liquid equity market investments. Considering the risk associated with real estate, it is the opinion of the appraiser that capital could be attracted to an investment of this nature with anticipated return on equity of 11%.

Under these parameters, an overall rate of 9.2% is indicated as noted below:

| | | | | |
|---|---|---|---|---|
| .63 M | x | .081558 $R_M$ | = | .0513815 |
| .37 E | x | .110000 $R_E$ | = | .0407000 |
| | | $R_O$ | = | .0920815 |

Overall Rate from Debt Coverage Ratio:
The reasonableness of the above overall rate can be checked by comparison with another method for finding an overall capitalization rate. Lenders are most concerned about the ability of the borrower to repay the loan. An important consideration in any transaction is the debt coverage ratio. This is a ratio of annual net income to annual debt service required by the terms of the loan. Bankers frequently require minimum debt coverage in a range from 1.50 to 2.50. A ratio of 1.5 recognizes that the net income is 50 percent greater than the required annual debt service.

An overall rate can be derived by consideration of the debt coverage ratio and the loan terms. The formula is as follows:

Overall Rate = Debt Coverage Ratio x Loan Constant x Loan to Value Ratio

Considering the type of property appraised, it is likely that a financial institution would expect to see a debt coverage ratio for the property of approximately 1.75. Given a loan constant mortgage ratio as indicated above, the overall rate is calculated as follows:

| Debt Coverage Ratio | x Mortgage Constant | x Loan to Value Ratio | = Overall Rate |
|---|---|---|---|
| 1.75 | .081558 | .63 | 9% |

Market Capitalization Data:
According to the Realty Rates Investor Survey 1st Quarter 2016, national office – central business district capitalization rates range from 5.71% to 13.35% with an average of 10.13%.

Also, estimated capitalization rates for comparables used in the sales approach section of this appraisal report are as follows:

Sale 1: 8.7%
Sale 2: 8.16%
Sale 3: 8%
Sale 4: 8.6%

Income Capitalization:
The final step is to capitalize the estimated net income into an indication of value. Using the net income projected above and the determined overall rate, a market value can be calculated by dividing the estimated net income by the estimated overall rate. After analyzing all of the above-mentioned methods an overall rate of 8.5% appears to be reasonable.

An "add-on" to the capitalization rate for taxes is calculated by multiplying the tax rate by the assessment ratio of 33%. The tax rate is 9.55927%, which results in an add-on rate of 3.155%: 0.0955927 x .33 = 0.0315456.

When the net operating income of the Subject's office space is capitalized by the overall rate, a value of $3,713,050 is indicated for the office portion of the subject property.

\$432,756 NOI / .11655 $R_O$ = \$3,713,050

PARKING GARAGE

| Tenant | Annual Rent | # Spaces | Rent per space per month | Lease End |
|---|---|---|---|---|
| Hotel Parking | $273,750 | 300 | $76.04 | 12/31/24 |
| Federal Courthouse | $11,400 | 10 | $95 | Unknown |
| Church | $8,400 | General weekend access | n/a | Unknown |
| Single tenant | $600 | 1 | $50 | Month-to-month |
| Hotel Validations / Cash | $150,000 | varies | n/a | n/a |
| **Total** | **$444,150** | | | |

A long-term lease exists with the adjacent hotel that guarantees 300 parking spaces on an ongoing basis for registered guests of the hotel. The hotel has been closed and wrapped up in litigation for several years. However, it recently transferred ownership and, after the completion of remodeling, is expected to reopen during the first quarter of 2017. The subject property's existing lease with the hotel includes ongoing payments for the parking spaces throughout the time that the hotel has been closed and during the current renovation process.

"Hotel Validations / Cash" represents an average annual income over previous years, as reported by the owner, for daily parking and for additional parking paid for by the hotel for special events like banquets, weddings, business functions, etc..

**Rent Comparables: Parking Garage**

One method of assessing potential gross income for a parking garage is to examine monthly rental rates in the neighborhood for competing parking garages. Monthly rental rates per car for comparable parking garages in downtown Peoria are as follows:

| | |
|---|---|
| 312 Jefferson Street | $60 |
| 128 SW Monroe Street | $62 |
| 410 Fulton Street | $75 |
| 118 NE Madison | $62 |
| 222 SW Jefferson Street | $75 |

The average of these rates is approximately $67. Applying this rate to the subject property, potential gross income would be $443,808 ($67 x 552 spaces x 12 months). This value supports the overall income reported by the owner, though the subject property generates parking income in several different ways. Your appraisers therefore assume existing rental rates for the subject property parking garage generally to reflect market rates in the neighborhood and further that the income reported by the owner is a valid indication of potential gross income for the subject property's parking garage. The potential gross income reported by the owner will be used in the net operating income estimate calculated below.

Your appraisers additionally assume that the reported "Hotel Validations / Cash" income will return to previous levels in the short-term once the hotel reopens.

**Stabilized Income/Expense Statement: Parking Garage**

This is not intended as a summary of income and expenses for last year or an estimate for next year. Rather, it is provided as an estimate of what could be typical for an "average" year over a longer holding period.

| | | | |
|---|---|---|---|
| Potential Gross Income | | | $444,150 |
| Vacancy & Rent Loss (.10) | | | - 44,415 |
| Effective Gross Income | | | $399,735 |
| | | | |
| Expenses | | | |
| Taxes | -- | -- | |
| Insurance | 2.5% | 9,993 | |
| Management | 3% | 11,992 | |
| Maintenance | 5.5% | 21,985 | |
| Utilities | 5% | 19,987 | |
| Advertising | 1% | 3,997 | |
| Reserves | 15.3% | 61,355 | |
| Total Expenses | 32.3% | | - 129,309 |
| | | | |
| Net Operating Income | | | $270,426 |

**Income Approach Comments:** The aforementioned expenses represent actual and projected expenses incurred by the subject and are based on similar properties known to the appraiser.

**Vacancy and Credit Loss**: Some vacancy between tenants must be anticipated as lost rent or non-payment. A rate of 10% seems reasonable when considering that more than half of the parking garage income is associated with a long-term lease with the adjacent hotel.

**Taxes:** To estimate a tax expense that is reflective of the market value opinion for the subject property determined in this report, taxes have been accounted for through an "add-on" to the capitalization rate rather than by including them as part of net operating income. Taxes consequently have been omitted from the calculations above.

**Insurance:** Based on actual costs provided by the owner, an insurance expense of 2.5% of effective gross income seems reasonable.

**Management:** Based on information provided by the owner, management expenses for the subject property parking garage are estimated at 3% of effective gross income.

**Maintenance/Repairs:** Due to the age of the building, maintenance costs are projected to be 5.5% of effective gross income.

**Utilities:** A cost of 5% of effective gross income seems reasonable for the subject property's parking garage and agrees with figures provided by the owner.

**Advertising:** A cost of 1% of effective gross income seems reasonable.

**Reserves:** Funds should be set aside each year for major structural repairs and the long-term maintenance of the parking garage. A rate of $0.30/SF, or $111.15/parking space, appears to be reasonable for the subject property's parking garage.

**Capitalization: Parking Garage**

Due to the lack of abundant sales for this property type, there is little or no industry average information regarding capitalization rates. Also, due to the lack of sales in the Central Illinois market, your appraisers were unable to estimate capitalization rates for comparable sales as a point of reference.

However, your appraisers believe it is reasonable to assume an overall rate of 7.5% for the subject property's parking garage. It is likely that the adjacent hotel will reopen as planned for the near future, and that the income stream from its lease of the parking garage will continue over the long-term. There exists strong demand for the hotel's rooms within downtown Peoria, since there are not many competing options. When the hotel reopens, your appraisers also believe that income related to hotel functions will quickly resume according to averages from previous years. Therefore, your appraisers believe the subject property's parking garage to be a relatively low-risk investment.

An "add-on" to the capitalization rate for taxes is calculated by multiplying the tax rate by the assessment ratio of 33%. The tax rate is 9.55927%, which results in an add-on rate of 3.155%: 0.0955927 x .33 = 0.0315456.

When the net operating income of the Subject's parking garage is capitalized by the overall rate, a value of $2,538,020 is indicated for the subject property's parking garage.

| | |
|---|---|
| \$270,426 NOI / .10655 $R_O$ = | \$2,538,020 |
| Office = | +3,713,050 |
| Window deferred maintenance = | -40,000 |
| | \$6,211,070 |
| Say \$6,200,000 | |

**Indicated Value by the Income Approach ............................................................ $6,200,000**

**Final Analysis**

In the cost approach, land sales from the subject neighborhood were analyzed. These sales indicate a reasonable value range and are considered of good quality. Marshall Valuation Service was consulted to aid in determining the replacement cost new, as well as to assist in depreciation estimates by referencing their building life expectancy tables. The depreciated cost was finally added to the site value in order to find the indicated value by the cost approach. The Subject suffers from a high level of depreciation and therefore, the value indicated by the cost approach was not given the same amount of consideration as the values indicated by the sales comparison and income approaches.

Due to insufficient sales in Central Illinois of properties with similar office and parking garage configurations, or of parking garages similar to that portion of the Subject, only a value for the Subject's office portion was determined by the sales approach. In the sales comparison approach, an analysis of similar office properties in the neighborhood resulted in a price per square foot for the subject property's office portion. These prices were placed on an adjustment grid recognizing variances between comparables and the subject property. The value chosen for the Subject's office portion lies within the range indicated by the comparables. The overall quality of the office sales data is considered good. To arrive at an overall value for the Subject by the sales approach, the value of its parking garage as determined by the income approach was added to the value of its office portion as determined by the sales approach. Because a complete determination of value for the subject property by the sales approach was not possible, greater weight was given to the value determined in the income approach.

In the income approach, area rental properties of similar office buildings were analyzed from which rental rates on a per square foot basis were extracted and analyzed to determine the appropriate level of rent for the Subject's office portion. Area parking rental information likewise was analyzed to evaluate the subject property's parking garage income. Actual and projected expenses for similar type properties were used to determine separate net operating income amounts for the Subject's office and parking garage portions. An overall rate for the Subject's office portion was developed using the mortgage/equity technique by incorporating current mortgage/equity requirements and through examination of estimated rates for comparable office building sales. The net operating income amount was discounted by the resulting overall rate in order to calculate an indicated value by the income capitalization approach for the subject property's office portion. An overall rate for the Subject's parking garage portion was chosen using your appraisers' judgment of the risk associated with that portion of the property's income. The parking garage's income amount then was discounted by the determined rate to calculate the parking garage's value by the income approach. Finally, the separate values developed were added together to arrive at an overall value by the income approach.

In the final analysis, the income approach was given primary consideration. It is therefore the opinion of your appraisers that the fair market value of the Subject as of May 11, 2016, is **SIX MILLION FIVE HUNDRED THOUSAND DOLLARS…………………………($6,500,000).** It is the opinion of your appraisers that the Subject should sell at the determined value within an exposure time of 12-24 months.

At the client's request, your appraisers developed a liquidation value for the subject property on the following page.

**SUMMARY OF ANALYSES AND VALUATION**

| | |
|---|---|
| **Estimate of Land Value** | **$550,000** |
| **Cost Approach** | **$6,500,000** |
| **Sales Comparison Approach** | **$7,300,000** |
| **Income Approach** | **$6,200,000** |
| **As Stabilized Market Value Conclusion** | **$6,500,000** |
| **Liquidation Value** | **$5,330,000** |

## Liquidation Value

The client has requested a liquidation value for the subject property. Such a value has been developed below according to the following definition:

Liquidation Value is defined in The Dictionary of Real Estate Appraisal, 5th Edition as "The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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."

This definition acknowledges that entrepreneurs demand compensation to purchase real estate in less than normal marketing times. Entrepreneurial profit for central business district office properties tends to range from 7.87% to 16.2% with an average of 11.62%, based on ratios found in the Realty Rates Investor Survey 1st Quarter 2016. A rate of 12% was used in the calculations below. Additionally, the stabilized market value was reduced by an additional 6% to account for costs such as commissions and legal fees that would be associated with a potential forced sale.

The Liquidation Value is calculated by deducting entrepreneurial profit and sale costs from the Stabilized Market Value.

| | |
|---|---|
| As Stabilized Market Value: | $6,500,000 |
| **Less** | |
| Entrepreneurial Profit (12%): | $780,000 |
| Sale Costs (6%): | $390,000 |
| **Liquidation Value:** | **$5,330,000** |

# CERTIFICATION

The undersigned does hereby certify that except as otherwise noted in this appraisal report:

1. Charles J. Crawmer personally inspected the subject property.

2. We have no present or contemplated future interest in the real estate that is the subject of this analysis report.

3. We have no personal interest or bias with respect to the subject matter of this analysis report or the parties involved.

4. The amount of the fee is not contingent upon reporting a predetermined opinion, conclusion, or recommendation, or upon any result, value or subsequent transaction.

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

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

7. This analysis report has been made in conformity with and is subject to the requirements of the Code of Ethics and Standards of Professional Practice and Conduct of the Appraisal Institute.

8. As of the date of this report, Daniel R. Crawmer has completed the continuing education program for Designated Members of the Appraisal Institute.

9. As of the date of this report, Charles J. Crawmer has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

10. No one provided significant professional assistance to the persons signing this report.

11. The analyses, opinions, and conclusions were developed, and this report were prepared in conformity with Uniform Standards of the Professional Appraisal Practice (USPAP), and in accordance with the regulations developed by the Lender's Federal Regulatory Agency as required by FIRREA.

12. The compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

13. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

14. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

15. We will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

16. We have performed no (or the specified) services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

17. Determined Values: $6,500,000

**RESTRICTIONS UPON DISCLOSURE AND USE**

Disclosure of the contents of this appraisal report is governed by the By Law regulations of the Appraisal Institute.

The appraiser must provide his written consent before the lender/client specified in the appraisal report can distribute the appraisal report (including conclusions about the property value, the appraiser's identity and professional designations, and references to any professional appraisal organizations or the firm with which the appraiser is associated) to anyone other than the borrower, professional appraisal organizations, any state or federally approved financial institution, and/or department, agency, or instrumentality of the United States or any state or the District of Columbia; and approval must be obtained before the appraisal can be conveyed by anyone to the public through advertising, public relations, sales, or other media.

Neither all nor part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or the SRA/MAI designations) shall be disseminated to the public through advertising media, public relations media, to the public through means of communication without prior written consent and approval of the undersigned.

Daniel R. Crawmer, MAI, AI-GRS, CPM, CCIM
Illinois license # 553.001460
Expires 09/30/2017

Charles J. Crawmer
Associate Real Estate Trainee Appraiser
Illinois license # 557.005950
Expires 09/30/2017

# ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and appraisal report are subject to the following limiting conditions:

The legal description furnished us is assumed to be correct.

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

The sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

Unless otherwise noted herein, it is assumed that there are no encroachments, zoning violations or restrictions existing in the subject property.

All engineering studies are assumed to be correct. The plot plans and illustrative materials in this report are included only to help the reader visualize the property.

It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.

It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in this appraisal report.

It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in this appraisal report.

It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

By this notice, all persons and firms reviewing, using or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions. **Do not use this report if you do not accept these assumptions and limiting conditions. These conditions are a part of this appraisal report.** These conditions are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the appraiser's function is to provide a present market value as of a certain date. As the value of the property appraised may be impacted by changes within the economy and/or the marketplace, this opinion of value is considered to be reliable for a period of six (6) months from the date of the appraisal. Subsequent to that date, the appraiser(s) reserves the right to amend the analysis and/or value conclusion contained within the appraisal report in light of such changed conditions. This appraisal is not an engineering, legal or architectural study or survey, and expertise in these areas is not implied.

The liability of Crawmer Appraisal Inc., its officers, employees, contractors and associate appraisers (hereinafter referred to collectively as "CAI") is limited to the client only. There is no accountability, obligation or liability to any third party except if otherwise specifically stated within the appraisal report. CAI's maximum liability relating to services rendered under this appraisal assignment (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the charges paid to CAI for the portion of its services or work products giving rise to liability. In no event shall CAI be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. CAI is in no way responsible for any costs incurred to discover or correct any deficiency in the property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other part), the client will hold CAI completely harmless. Acceptance of and/or use of this appraisal report by client or any third party is prima facie evidence that the user understands and agrees to these conditions.

Information, estimates and opinions contained in this report are obtained from sources considered reliable, however, no liability for them can be assumed by the appraiser.

Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the applicant without the previous written consent of the appraiser or the applicant, and in any event only with the proper qualifications.

We are not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in question, unless arrangements have been made previously therefore.

The division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

Environmental Disclaimer: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions, which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and environmental conditions on or around the property that would negatively affect its value.

This is an **Appraisal Report,** which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature and would restrict access by disabled individuals may adversely affect the property's value, marketability or utility. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

# PROFESSIONAL QUALIFICATIONS
# OF
# DANIEL R. CRAWMER, MAI, AI-GRS, CPM, CCIM

Daniel R. Crawmer has been a licensed real estate broker since 1975, a commercial property manager since 1985 and a State Certified General Appraiser since 2005. He has earned four commercial real estate designations, CCIM, CPM, MAI, and AI-GRS. The CPM designation is awarded by the Institute of Real Estate Management, the MAI and AI-GRS designations are awarded by the Appraisal Institute, and the CCIM designation (commercial real estate investment) is awarded by the CCIM Institute.

**Experience:**
**Commercial Real Estate Appraisal**
**2008 to present**
He is the owner of Crawmer Appraisal Inc., which specializes in the valuation of commercial properties (including multi-family, office, retail, mobile home parks, warehouse/industrial, government, nursing homes) and farm/recreational/vacant land properties and appraisal review.

**Associate Director of Real Estate Planning and Services, University of Illinois**
**2001 to present**
He is an Associate Director of the Office of Real Estate Services at the University of Illinois, Urbana/Champaign Campus. His duties include negotiating leases for various University groups, negotiating property purchases and property sales, the hiring of appraisers, review of appraisal reports and as an eminent domain consultant.

**Commercial Real Estate Brokerage, Management, Appraisal**
**1985 to 2008**
Daniel R. Crawmer was the Broker/Owner of Green Street Realty, Champaign, Illinois for twenty-three years. Green Street Realty specialized in the purchase, management and appraisal of commercial properties in Central Illinois.

**Education:**
Bachelor of Arts Degree, Beloit College
Master Business Administration, Arizona State

**Professional Affiliations:**
Appraisal Institute (AI)
Champaign County Board of Realtors
Institute of Real Estate Management (IREM)
Association of University Real Estate Officials
CCIM Institute

**Professional Activities:**
IREM Chapter 78 – Vice President – 2003

IREM Chapter 78 – President – 2004 – 2006
IREM Chapter 78 – President – 2010 – 2011
IREM Chapter 78 – Treasurer – 2013 - 2015
Chair of Commercial MLS – Champaign County – 1995
Appraisal Institute Leadership Development Advisory Council – 2002, 2003
Appraisal Institute Leadership and Advisory Council Discussion Leader – 2004
Director – Chicago Chapter of the Appraisal Institute – 2015-2017

**Professional Designations:**
General Review Specialist (AI-GRS) - 2015
Certified Commercial Investment Manager (CCIM) - 2010
Member Appraisal Institute (MAI) - 2005
Commercial Property Manager (CPM) - Institute of Real Estate Management – 1996
Graduate Real Estate Institute (GRI) – 1977

**Licenses:**
State Certified General Real Estate Appraiser - (Illinois)
Licensed Real Estate Broker - (Illinois)

**List of Clients:** Busey Bank; Midland States Bank; Champaign, Illinois School District; City of Springfield, Illinois; Veterans Administration; US Postal Service; Cole Taylor Bank; Allstate Appraisal LP; Iroquois Federal; City of Champaign, Illinois; MB Financial; First Bank & Trust, Paris, Illinois; First Mid-Illinois Bank & Trust, Mattoon, Illinois; National Bank, Springfield, Illinois; Heartland Bank; Central Illinois Bank; State Bank & Trust Company Middle Georgia; Heritage Financial Group, Elkhart, Indiana; Lake City Bank, Warsaw, Indiana; GSA – Asset Management and Valuation Division, Washington DC; KS State Bank, Manhattan, Kansas; State Farm Bank; Strategic Capital Bank; Peoples State Bank, Prairie du Chien, Wisconsin; GreatBanc Trust Company; Forest Park National Bank & Trust Co., Forest Park, Illinois; Bank Champaign; Atlanta Postal Credit Union, Duluth, Georgia; Pinnacle Bank – Lincoln, NE; Longview State Bank, Newman, Illinois

**Primary Market Area**: Central Illinois including the following counties – Champaign, Piatt, Moultrie, Coles, Shelby, Effingham, Douglas, DeWitt, Ford, McLean, Vermilion, Logan, Sangamon, Tazewell, Peoria, Woodford

# State of Illinois

Department of Financial and Professional Regulation

Division of Real Estate

LICENSE NO.

553.001460

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:

09/30/2017

CERTIFIED

GENERAL REAL ESTATE APPRAISER

DANIEL R CRAWMER
806 W PARK
CHAMPAIGN, IL 61820

Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

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

9947935

Cut on Dotted Line

# PROFESSIONAL QUALIFICATIONS
# OF
# CHARLES J. CRAWMER

Charles J. Crawmer has been a licensed Associate Real Estate Trainee Appraiser since 2013. He is currently working towards becoming a State Certified General Appraiser. Prior to becoming an appraiser, Charles was a teacher for the Urbana and Champaign school districts.

**Experience:**
**Commercial Appraisal**
**2013 to present**
Charles J. Crawmer specializes in the appraisal of commercial properties in Central Illinois.

**Teacher, Urbana School District 116**
**2004 to 2013**

**Teacher, Champaign Unit 4 School District**
**2001 to 2004**

**Education:**
Bachelor of Science in Business Administration, University of Illinois
Master of Business Administration, University of Illinois
Master of Education in Curriculum and Instruction, University of Illinois

**Appraisal courses attended, completed and examination challenged and passed:**
Appraisal Institute Course 573.000583 – Basic Appraisal Principles – 2013
Appraisal Institute Course 573.000584 – Basic Appraisal Procedures – 2013
Appraisal Institute Course 573.000585 – 15 Hour National USPAP Equivalent Course – 2013
Appraisal Institute Course 573.0000490 – Real Estate Finance Statistics and Valuation Modeling – 2013
Appraisal Institute Course 573.000537 - General Appraiser Sales Comparison Approach – 2013
Appraisal Institute Course 573.000527 - General Appraiser Site Valuation and Cost Approach – 2013
Appraisal Institute Course 575.001483 – Business Practices and Ethics – 2014
Appraisal Institute Course 573.000620 - General Appraiser Mkt. Analysis & Highest & Best Use – 2014
Appraisal Institute Course 573.000597 – General Appraiser Income Approach Part I – 2015
Appraisal Institute Course 573.000597 – General Appraiser Income Approach Part II – 2015

**Professional Affiliations:**
Appraisal Institute (AI)

**Licenses:**
State Certified Associate Real Estate Trainee Appraiser - (Illinois)

# State of Illinois

## Department of Financial and Professional Regulation

Division of Real Estate

LICENSE NO.

557.005950

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:

09/30/2017

**ASSOCIATE**
**REAL ESTATE**
**TRAINEE APPRAISER**

**CHARLES J CRAWMER**
**711 DOVER PLACE**
**CHAMPAIGN, IL 61820**

Bryan A. Schneider
BRYAN A. SCHNEIDER
SECRETARY

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

9940835

# ADDENDUM

Busey

Date: April 14, 2016

RIMS Project #: 16-000113-02-01

Daniel R. Crawmer

806 W. Park Ave. Champaign, Illinois 61820
Champaign, IL 61820

Dear Daniel R. Crawmer,

This letter will serve as Busey Bank's engagement to complete a real estate appraisal with regard to the property noted below. The specifics of the engagement, including the agreed upon fee and delivery date, are also listed. The report must be addressed to Busey Bank at 100 W. University Avenue, Champaign, IL 61820. In addition, an electronic copy of the report should be uploaded onto the RIMSCentral website along with an invoice uploaded separately. Please reference on the invoice the RIMS project # and a property reference. Any questions pertaining to this assignment should be addressed to the Busey Bank job manager.

| | |
|---|---|
| Fee: | $1,800.00 |
| Due Date: | May 10, 2016 |
| Project Name: | Principal Securities, LLC |
| Property Location: | 222 NE Monroe St, Peoria, IL 61602 |
| Property Type: | Retail-Commercial - Other |
| Report Type: | Summary |
| Format: | Narrative |

| Premise | Qualifier | Interest |
|---|---|---|
| Market Value | As-Is | Leased Fee |
| Liquidation Value | Orderly Liquidation Value | Leased Fee |

| | |
|---|---|
| Comments: | None |
| Property Contact(s): | Steve Henderson, Account Officer<br>Phone: 217-365-4165<br>steve.henderson@busey.com |
| Job Manager: | Brian Desatnick |
| Phone: | 217-365-4599 |
| Email: | brian.desatnick@busey.com |

By accepting this award electronically, you agree to the terms of this engagement letter, and a copy of it should be included in the addenda to the report. Acceptance also indicates that your report will comply with the most current Uniform Standards of Professional Appraisal Practice (USPAP) and Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement

Act (FIRREA).

Subject to the terms and conditions contained herein, the appraisal is intended for our exclusive use. The contents of the appraisal, the purpose of the report, and the value conclusions should not be revealed to anyone other than our employees. However, Busey Bank reserves the right to convey a copy of the appraisal to third parties which includes, but is not limited to, the use of contract fee appraisers for review. Any information concerning our customer or the subject property is deemed confidential, unless the information is a matter of public record or may be readily obtained by the general public.

Our customer relationship depends on prompt receipt of your appraisal. Should you experience any delays in delivery time, please notify us in writing via email in a reasonable amount of time prior to the due date. If upon review, the appraisal report or evaluation is deemed unacceptable by Busey Bank for non-compliance issues and requested changes and/or additions are not properly made, Busey Bank may elect to refuse payment of the appraiser's invoice.

Please acknowledge your agreement with these terms and conditions by signing this letter where indicated and return it to me.

Sincerely,

***Brian Desatnick***

ACCEPTED

5/4/2016

Date

# Zoning Permitted Uses

| | KEY: | Blank cell = Not Permitted | | | | | | ■ = Permitted | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| USE CATEGORY | SPECIFIC USE | R1 | R2 | R3 | R4 | R6 | R7 | R8 | CN | CG | B1 |
| **RESIDENTIAL** | | | | | | | | | | | |
| Household Living (see 5.6.2.A) | Single-Family | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | | |
| | Two-Family (Duplex) | ■ | ■ | ■ | ■ | ■ | ■ | ■ | | | |
| | Townhouse | | | | | ■ | ■ | ■ | ■ | ■ | |
| | Apartment | | | | | ■ | ■ | ■ | ■ | ■ | |
| | Upper Story Residential | | | | | | | ■ | ■ | ■ | ■ |
| | Live-Work | | | | | | | ■ | ■ | ■ | ■ |
| Group Living | Boarding House, Rooming House | | | | | | □ | □ | □ | □ | ■ |
| Community Service (see 5.6.3.A) | Museum, Library | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Neighborhood Arts Center or Similar Community Facility (public) | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Philanthropic Institution | | | | | | | | | ■ | ■ |
| | Police, Fire, EMS Substation | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| Day Care (see 5.6.3.B) | All day care, except as listed below: | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Child Care Home (up to 8 children) | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| | Day Care Center (8+ children) | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Drop-in Child Care Center | | | | | | | | ■ | ■ | ■ |
| Educational Facility (see 5.6.3.C) | All educational facilities, except as listed below: | □ | □ | □ | □ | □ | □ | □ | □ | □ | □ |
| | Academy (special training) | | | | | | | | ■ | ■ | ■ |
| | College, Community College, University | | | | | | | | | | |
| | Job Training, Vocational Rehabilitation Service | | | | | | | | | ■ | ■ |
| | School, Vocational, Business | | | | | | | | | ■ | ■ |
| | School, Trade, no heavy equipment or truck operators | | | | | | | | | ■ | ■ |
| Medical Facility (see 5.6.3.D) | All medical facilities, except as listed below: | | | | | | | | □ | ■ | ■ |
| | Hospital, Medical Center | | | | | | | | | | |
| | Medical or Dental Laboratory | | | | | | | | ■ | ■ | ■ |
| | Medical or Dental Clinic, Rehabilitative Clinic | | | | | | | | ■ | ■ | ■ |
| | Medical, Dental Office or Chiropractor | | | | | | | | ■ | ■ | ■ |
| Parks and Open Area | All parks and open areas, except as listed below: | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ | ■ |
| Place of Worship (see 5.6.3.G) | All places of worship | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| Social Service Institution (see 5.6.3.H) | Outpatient Treatment Facility, Recovery Home, Residential Treatment Facility | | | | | □ | □ | □ | | □ | ■ |
| | Halfway House | | | | | □ | □ | □ | □ | □ | □ |
| | Psychiatric Institution, Sanatorium | | | | | | | | | ■ | ■ |
| | Single Room Occupancy | | | | | | □ | □ | □ | □ | ■ |
| | Social Service Facility, Soup kitchen, Transient Lodging or Shelter for the Homeless | | | | | | | | | | □ |
| Utilities | All minor utilities | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |

| | KEY: | Blank cell = Not Permitted | | | | | | | ■ = Permitted | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| USE CATEGORY | SPECIFIC USE | R1 | R2 | R3 | R4 | R6 | R7 | R8 | CN | CG | B1 |
| **RESIDENTIAL** | | | | | | | | | | | |
| Indoor Recreation (see 5.6.4.A) | All indoor recreation, except as listed below: | | | | | | | | ■ | ■ | ■ |
| | Auditorium, arena, stadium (indoor) | | | | | | | | | □ | □ |
| | Convention Center | | | | | | | | | | ■ |
| | Indoor Shooting Range | | | | | | | | | □ | □ |
| Office (see 5.6.4.B) | All offices | | | | | | | | ■ | ■ | ■ |
| Outdoor Recreation (see 5.6.4.C) | All outdoor recreation, except as listed below: | | | | | | | | | □ | □ |
| | Outdoor Shooting Range | | | | | | | | | | |
| | Stadium or Arena, Commercial Amphitheater | | | | | | | | | | □ |
| Overnight Lodging (see 5.6.4.D) | Bed and Breakfast | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Hotel, Motel, Inn, Extended Stay Facility | | | | | | | | □ | ■ | ■ |
| | Youth Hostel | | | | | | | | | □ | ■ |
| Parking, Commercial (see 5.6.4.E) | All commercial parking | | | | | | | | | □ | ■ |
| Restaurant (see 5.6.4.F) | All restaurants, except as listed below: | | | | | | | | ■ | ■ | ■ |
| | Restaurant, Drive-in | | | | | | | | | ■ | |
| Retail Sales and Service (see 5.6.4.G) | All retail sales and service, except as listed below: | | | | | | | | ■ | ■ | ■ |
| | Animal Hospital, Veterinary Clinic, Pet Clinic | | | | | | | | ■ | ■ | ■ |
| | Animal Boarding, Animal Shelter, Kennel, Doggy Day Care | | | | | | | | ■ | ■ | ■ |
| | Art or photo studio, gallery | | | | □ | □ | □ | □ | ■ | ■ | ■ |
| | Convenience Cash Businesses | | | | | | | | | □■ | □■ |
| | Convenience store with gas pumps, Gas station | | | | | | | | ■ | ■ | ■ |
| | Convenience store without gas pumps | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Post Office | | | | □ | □ | □ | □ | ■ | ■ | ■ |
| | Pawnshop | | | | | | | | | ■ | ■ |
| | School for the Arts | □ | □ | □ | □ | □ | □ | □ | ■ | ■ | ■ |
| | Tattoo, Palmist, Psychic or Medium, Massage parlor | | | | | | | | | □ | ■ |
| | Vehicle parts and accessories | | | | | | | | | ■ | ■ |
| Self-Service Storage (see 5.6.4.H) | Warehouse, self-service, mini-storage | | | | | | | | | | |
| | Warehouse, indoor multi-story | | | | | | | | | ■ | ■ |
| Vehicle Sales and Service (see 5.6.4.I) | All Vehicle Service, except as listed below: | | | | | | | | □ | ■ | ■ |
| | Lube, Oil Change Facility | | | | | | | | | ■ | ■ |
| | Tire motor vehicle sales and service | | | | | | | | | ■ | ■ |
| | Full- or Self-Service Vehicle Wash | | | | | | | | | ■ | ■ |
| | All Vehicle Repair | | | | | | | | | ■ | ■ |
| | All Vehicle Sales, except as listed below: | | | | | | | | | ■ | ■ |
| | Manufactured housing sales | | | | | | | | | | |
| Water-Oriented (see 5.6.4.J) | All water-oriented | | | | | | | | | ■ | ■ |