

Integra Realty Resources

Chicago

Appraisal of Real Property

Mixed Use Property

350 - 356 E. 71st St.

Chicago, Cook County, Illinois 60619

Client Reference: B2293627

Prepared For:

Alpha Realty Advisors

Date of the Report:

May 2, 2024

Report Format:

Appraisal Report

IRR - Chicago

File Number: 194-2024-0723



Subject Photographs



Mixed Use Property
350 - 356 E. 71st St.
Chicago, Illinois

Aerial Image





May 2, 2024

Ms. Cindy Brennan
Alpha Realty Advisors
1787 Sentry ParkwayWest Building 18, Suite 400
Blue Bell , PA 19422

SUBJECT: Market Value Appraisal
Mixed Use Property
350 - 356 E. 71st St.
Chicago, Cook County, Illinois 60619
Client Reference: B2293627
IRR - Chicago File No. 194-2024-0723

Dear Ms. Brennan:

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

- The market value as is of the leased fee interest in the subject property as of the effective date of the appraisal, April 26, 2024

The client and intended user is Alpha Realty Advisors. The intended use of the report is for lending purposes. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

The subject is an existing tenant-heated mixed use property containing 8 apartment units and 3,560 square feet of retail space in four spaces. The improvements were constructed in 1927. The apartments are 75% leased and the retail space is 100% leased, including one owner-occupied storefront. The site area is 0.17 acres or 7,500 square feet. We treat the owner-occupied storefront as though occupied at market rent, without a deduction for lease-up.

The appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Practice of the Appraisal

Institute, applicable state appraisal regulations, and the appraisal guidelines of Alpha Realty Advisors. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

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

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

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	April 26, 2024	\$950,000

Extraordinary Assumptions and Hypothetical Conditions

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

1. None.

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

1. None.

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

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

The opinions of value expressed in this report are based on estimates and forecasts which are prospective in nature and subject to considerable risk and uncertainty. Events may occur which could cause the performance of the property to differ materially from the estimates contained herein, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers.

Additionally, the concluded opinions and forecasts are based partly on data obtained from interviews and third-party sources, which are not always completely reliable. Although the findings are considered reasonable based on available evidence, IRR is not responsible for the effects of future, unforeseen occurrences.

Ms. Cindy Brennan
Alpha Realty Advisors
May 2, 2024
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Chicago



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Quality Assurance

IRR Quality Assurance Program

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

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

Designated IRR Certified Reviewer

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

Executive Summary

Property Name	Mixed Use Property
Address	350 - 356 E. 71st St. Chicago, Cook County, Illinois 60619
Property Type	Mixed Use
Owner of Record	Equity Enterprise Management, Inc
Tax ID	20-22-326-017
Land Area	0.17 acres; 7,500 SF
Number of Units	8
Gross Building Area	11,139 SF
Percent Leased	75%
Year Built; Year Renovated	1927; 2008
Zoning Designation	B3-1, Community Shopping District
Highest and Best Use - As if Vacant	Mixed use
Highest and Best Use - As Improved	The existing use
Exposure Time; Marketing Period	9 to 12 months; 9 to 12 months
Effective Date of the Appraisal	April 26, 2024
Date of the Report	May 6, 2024
Property Interest Appraised	Leased Fee
Market Value Indications	
Cost Approach	Not Used
Sales Comparison Approach	\$850,000 (\$76.31/SF)
Income Capitalization Approach	\$975,000 (\$87.53/SF)
Market Value Conclusion	\$950,000 (\$85.29/SF)

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

Extraordinary Assumptions and Hypothetical Conditions

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

1. None.

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

1. None.

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

Strengths, Weaknesses, Opportunities, Threats (SWOT Analysis)

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

Valuation Influences

Strengths

- Renovated mixed-use property in Greater Grand Crossing, an established market area in Chicago
- All spaces individually metered for gas and electric, reducing costs to ownership
- Apartments and stores all have HVAC systems and in-unit water tanks

Weaknesses

- Lack of off-street parking
- Apartment rents appear slightly below market

Opportunities

- Raising apartment rents closer to market
- Appeal of assessments to reduce the tax burden on the property

Threats

- Geopolitical instability has been increasing, creating more uncertainty in the markets.
- Bank failures in early 2023 along with pressure to increase deposits for expected losses in CRE have created liquidity issues for many institutions. Banks are reducing access to capital for many borrowers.
- While the potential for a soft landing remains possible, risk remains that a greater than expected slowdown could push the economy into recession.

Identification of the Appraisal Problem

Subject Description

The subject is an existing tenant-heated mixed use property containing 8 apartment units and 3,560 square feet of retail space in four spaces. The improvements were constructed in 1927. The apartments are 75% leased and the retail space is 100% leased, including one owner-occupied storefront. The site area is 0.17 acres or 7,500 square feet. We treat the owner-occupied storefront as though occupied at market rent, without a deduction for lease-up. A legal description of the property taken from public record follows:

LOT 16 TO 18 BOTH INCLUSIVE IN BLOCK "F" IN SONNENSCHEIN AND SOLOMON'S PARK MANOR SUBDIVISION OF SUB-LOTS 5,7 AND 12 OF THE SUBDIVISION OF L.C. PAINE FREER RECEIVER OF SEYMOUR ESTATE IN THE EAST 1/2 OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 38 NORTH, RANGE 14, EAST OF THE THIRD PRINCIPAL MERIDIAN, IN COOK COUNTY, ILLINOIS.

Property Identification

Property Name	Mixed Use Property
Address	350 - 356 E. 71st St. Chicago, Illinois 60619
Tax ID	20-22-326-017
Owner of Record	Equity Enterprise Management, Inc

Sale History

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

Pending Transactions

The property is listed for sale as of the effective appraisal date. The sale listing is summarized below:

Listing Date	October 3, 2023
Original Asking Price	\$1,100,000
Current Asking Price	\$1,100,000

Per the MLS listing history, the subject property has been actively listed on the open market since October 3, 2023 at the same price of \$1,100,000.

The owner, Mr. Darwin Norals, reported that he listed the property when the Obama library project began to attract investors to the area. The owner reported that if he was offered his asking price he would sell, but the listing was reportedly just to gauge interest from the market. There were no offers

reported by the owner. From our stabilized net operating income, the asking price of \$1,100,000 implies an overall rate of 8.4%, which is outside of current market parameters.

Appraisal Purpose

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

- The market value as is of the leased fee interest in the subject property as of the effective date of the appraisal, April 26, 2024

The date of the report is May 2, 2024. The appraisal is valid only as of the stated effective date or dates.

Value Type Definitions

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

Market Value

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.¹

Appraisal Premise Definitions

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

As Is Market Value

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

Property Rights Definitions

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

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

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

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.³

Lease

A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.⁴

Client and Intended User(s)

The client and intended user is Alpha Realty Advisors. No other party or parties may use or rely on the information, opinions, and conclusions contained in this report.

Intended Use

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

Applicable Requirements

This appraisal report conforms to the following requirements and regulations:

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

Report Format

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

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have previously appraised the property that is the subject of this report for another client. We have provided no other services, as an appraiser or in any

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

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.

Appraiser Competency

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

Scope of Work

Introduction

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

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

Research and Analysis

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

Subject Property Data Sources

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

The financial data of the subject, including occupancy statistics reports, historical income/expense figures, and tax and assessment records was analyzed. This information, as well as trends established by confirmed market indicators, is used to forecast future performance of the subject property.

Contacts

In addition to public records and other sources cited in this appraisal, information pertaining to the subject was obtained from the following party: Darwin Norals, owner.

Availability of Information

Although the following items were requested from the property contact(s) and are pertinent to the assignment, they were not made available to Integra Realty Resources – Chicago. The inability to obtain this information and consider it results in our stabilizing property expenses from comparable data.

- Detailed three-year operating history

Inspection

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

Property Inspection		
Party	Inspection Type	Inspection Date
Kelly Jones	Interior and exterior	April 26, 2024
James Kutil, MAI	None	N/A

It is assumed the remaining units not personally inspected are similar in terms of condition and finish to those inspected.

Valuation Methodology

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

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

The income capitalization approach is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return is available for analysis.

The sales comparison approach is an applicable valuation method because:

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

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

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.

- This approach is not typically used by market participants, except for new (or proposed) or nearly new properties.

Economic Analysis

Chicago MSA Area Analysis

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

Population

The Chicago MSA has an estimated 2024 population of 9,415,897, which represents an average annual 0.5% decrease from the 2020 census of 9,618,502. The Chicago MSA lost an average of 50,651 residents per year over the 2020-2024 period, and its downward trend in population parallels the State of Illinois which had a 0.6% average annual decrease in population over this time.

Looking forward, the Chicago MSA's population is projected to stay approximately the same from 2024-2029. The level population trend in the Chicago MSA differs from that of Illinois, which is projected to decrease at a 0.1% rate.

Population Trends

	Population			Compound Ann. % Chng	
	2020 Census	2024 Estimate	2029 Projection	2020 - 2024	2024 - 2029
USA	331,449,281	336,157,119	344,209,992	0.4%	0.5%
Illinois	12,812,508	12,526,156	12,473,019	-0.6%	-0.1%
Chicago et al, IL-IN-WI Metro	9,618,502	9,415,897	9,421,900	-0.5%	0.0%

Source: Claritas

Employment

Total employment in the Chicago MSA was estimated at 4,810,500 jobs at year-end 2023. Between year-end 2013 and 2023, employment rose by 299,700 jobs, equivalent to a 6.6% increase over the entire period. There were gains in employment in nine out of the past ten years. The Chicago MSA's rate of employment growth over the last decade surpassed that of Illinois, which experienced an increase in employment of 5.1% or 299,500 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Chicago MSA has had a 6.0% average unemployment rate, which is the same as the rate for Illinois. The two areas are performing similarly according to this measure.

Recent data shows that the Chicago MSA unemployment rate is 4.3% in comparison to a 4.7% rate for Illinois, a positive sign for the Chicago MSA.

Employment Trends

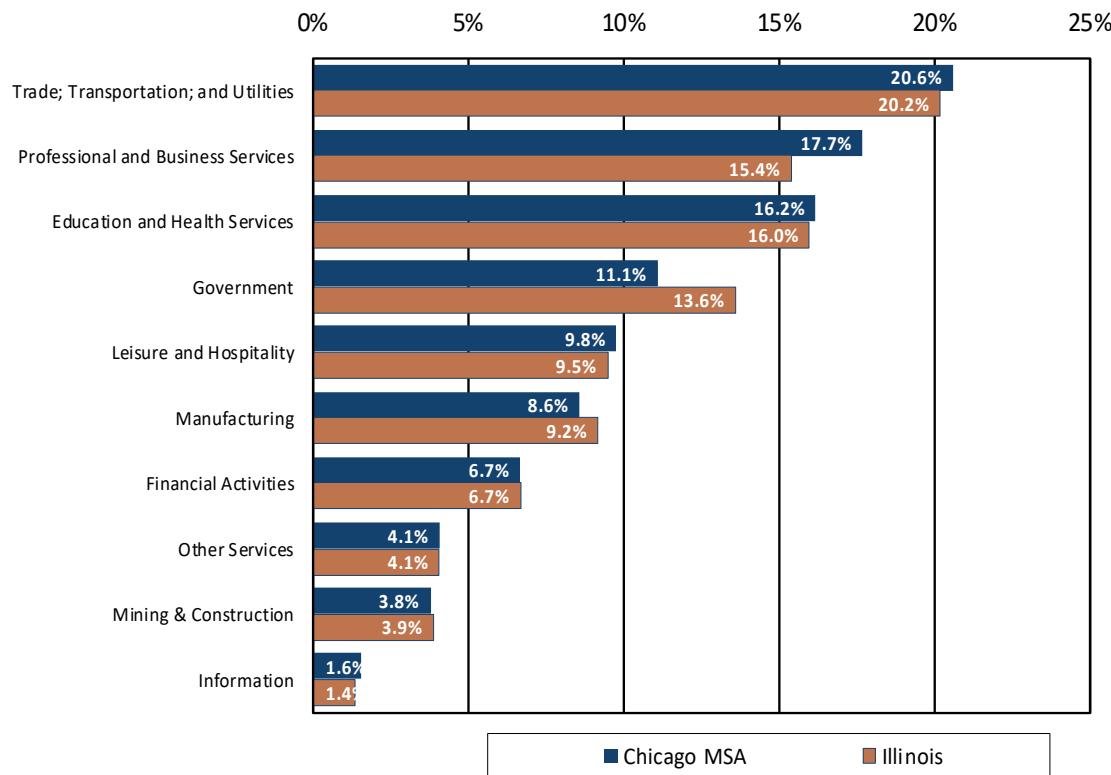
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Chicago MSA	% Change	Illinois	% Change	Chicago MSA	Illinois
2013	4,510,800		5,882,100		9.1%	9.1%
2014	4,582,400	1.6%	5,969,700	1.5%	7.2%	7.2%
2015	4,669,700	1.9%	6,047,500	1.3%	6.0%	6.0%
2016	4,711,600	0.9%	6,077,300	0.5%	5.8%	5.9%
2017	4,748,700	0.8%	6,132,000	0.9%	4.9%	4.9%
2018	4,779,900	0.7%	6,160,000	0.5%	4.2%	4.4%
2019	4,807,500	0.6%	6,177,200	0.3%	3.9%	4.0%
2020	4,422,400	-8.0%	5,702,500	-7.7%	9.7%	9.4%
2021	4,671,700	5.6%	5,993,100	5.1%	6.2%	6.1%
2022	4,771,600	2.1%	6,125,300	2.2%	4.6%	4.6%
2023	4,810,500	0.8%	6,181,600	0.9%	4.3%	4.4%
Overall Change 2013-2023	299,700	6.6%	299,500	5.1%		
Avg Unemp. Rate 2013-2023					6.0%	6.0%
Unemployment Rate - November 2023					4.3%	4.7%

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

Employment Sectors

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

Employment Sectors - 2023



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

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

1. Trade; Transportation; and Utilities, representing 20.6% of Chicago MSA payroll employment compared to 20.2% for Illinois as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Professional and Business Services, representing 17.7% of Chicago MSA payroll employment compared to 15.4% for Illinois as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Education and Health Services, representing 16.2% of Chicago MSA payroll employment compared to 16.0% for Illinois as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
4. Leisure and Hospitality, representing 9.8% of Chicago MSA payroll employment compared to 9.5% for Illinois as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.

The Chicago MSA is underrepresented in the following sectors:

1. Government, representing 11.1% of Chicago MSA payroll employment compared to 13.6% for Illinois as a whole. This sector includes employment in local, state, and federal government agencies.
2. Manufacturing, representing 8.6% of Chicago MSA payroll employment compared to 9.2% for Illinois as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.
3. Mining & Construction, representing 3.8% of Chicago MSA payroll employment compared to 3.9% for Illinois as a whole. This sector includes construction of buildings, roads, and utility systems, as well as mining, quarrying, and oil and gas extraction.

Major Employers

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

Major Employers - Chicago et al, IL-IN-WI Metro

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

Source: Crains

Gross Domestic Product

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

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Chicago MSA than Illinois overall during the past five years. The Chicago MSA has grown at a 0.9% average annual rate while Illinois has grown at a 0.7% rate. The Chicago MSA has recently performed similarly to Illinois. GDP for the Chicago MSA rose by 1.3% in 2022 while Illinois's GDP rose by 1.3%.

The Chicago MSA has a per capita GDP of \$74,737, which is 9% greater than Illinois's GDP of \$68,680. This means that Chicago MSA industries and employers are adding relatively more value to the economy than their counterparts in Illinois.

Gross Domestic Product

Year	(<i>\$,000s</i>) Chicago MSA	% Change	(<i>\$,000s</i>) Illinois	% Change
2017	674,568,186	–	832,826,800	–
2018	691,185,754	2.5%	851,517,200	2.2%
2019	697,333,633	0.9%	857,985,000	0.8%
2020	659,808,286	-5.4%	810,210,100	-5.6%
2021	696,359,946	5.5%	852,749,100	5.3%
2022	705,658,963	1.3%	864,170,900	1.3%
Compound % Chg (2017-2022)		0.9%		0.7%
GDP Per Capita 2022	\$74,737		\$68,680	

Source: U.S. Bureau of Economic Analysis and Moody's Analytics; data released December 2023.

The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2017 dollars.

Household Income

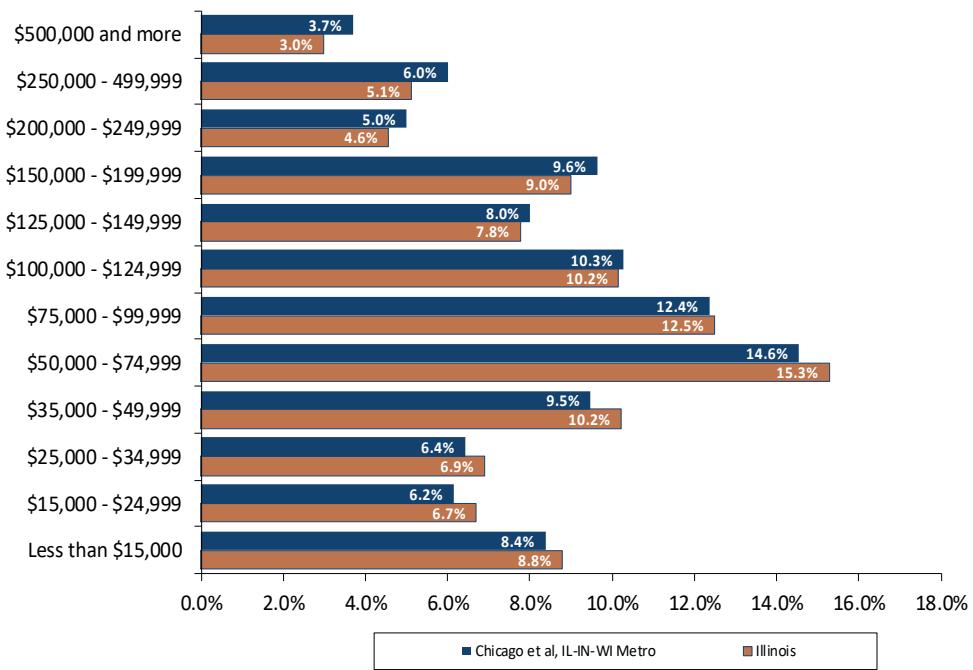
The Chicago MSA has a higher level of household income than Illinois. Median household income for the Chicago MSA is \$84,607, which is 7.3% greater than the corresponding figure for Illinois.

Median Household Income - 2024

	Median
Chicago et al, IL-IN-WI Metro	\$84,607
Illinois	\$78,837
Comparison of Chicago et al, IL-IN-WI Metro to Illinois	+ 7.3%

Source: Claritas

The following chart shows the distribution of households across twelve income levels. The Chicago MSA has a greater concentration of households in the higher income levels than Illinois. Specifically, 24% of Chicago MSA households are at the \$150,000 or greater levels in household income as compared to 22% of Illinois households. A lesser concentration of households is apparent in the lower income levels, as 30% of Chicago MSA households are below the \$50,000 level in household income versus 33% of Illinois households.

Household Income Distribution - 2024

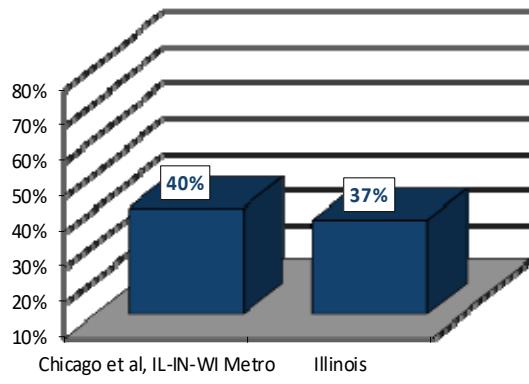
Source: Claritas

Education and Age

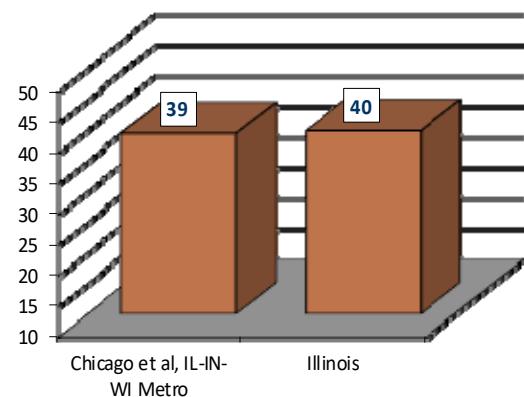
Residents of the Chicago MSA have a higher level of educational attainment than those of Illinois. An estimated 40% of Chicago MSA residents are college graduates with four-year degrees, versus 37% of Illinois residents. People in the Chicago MSA are slightly younger than their Illinois counterparts. The median age for the Chicago MSA is 39 years, while the median age for Illinois is 40 years.

Education & Age - 2024

Percent College Graduate



Median Age

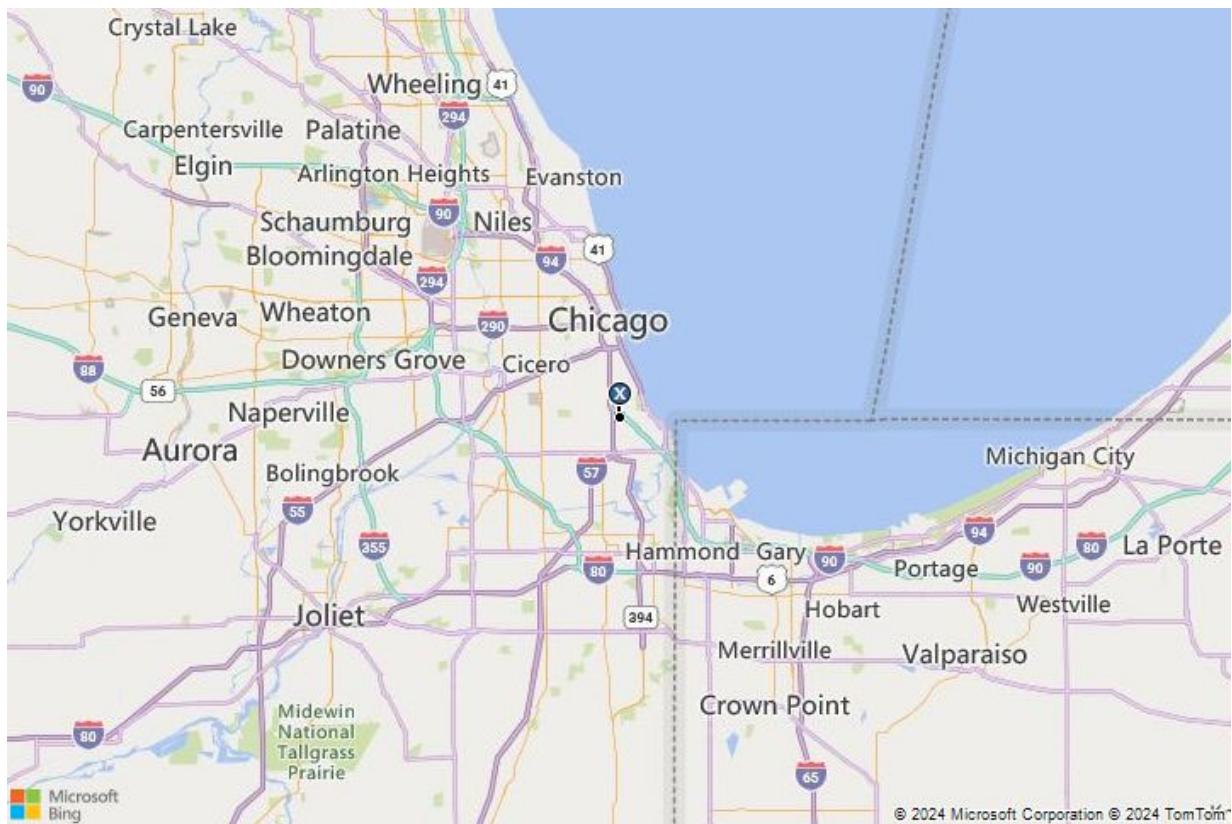


Source: Claritas

Conclusion

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

Area Map



Surrounding Area Analysis

The subject is located along the north side of 71st Street, west of Martin Luther King Jr. Drive, in the Greater Grand Crossing community area on the south side of Chicago, Cook County, Illinois.

Access and Linkages

Primary highway access to the area is via Interstate 94. Public transportation is provided by the Regional Transportation Authority (RTA). The RTA operates three transportation divisions; the Chicago Transit Authority (CTA), the Metra commuter rail, and the PACE suburban bus service. The CTA operates a network of trains and buses within the City of Chicago, while PACE operates a network of buses serving suburban Chicago, and the Metra commuter rail system operates a network of trains that service Chicago as well as the surrounding suburbs. As a whole the RTA services Cook, DuPage, Kane, Lake, McHenry and Will counties and operates over 5,200 buses and nearly 700 rail cars. Overall, the primary mode of transportation in the area is the automobile and public transportation.

Demographics

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

Surrounding Area Demographics					
2024 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Chicago et al, IL-IN-WI Metro	Illinois
Population 2020	32,635	304,556	655,764	9,618,502	12,812,508
Population 2024	31,151	292,123	628,109	9,415,897	12,526,156
Population 2029	30,752	289,411	621,583	9,421,900	12,473,019
Compound % Change 2020-2024	-1.2%	-1.0%	-1.1%	-0.5%	-0.6%
Compound % Change 2024-2029	-0.3%	-0.2%	-0.2%	0.0%	-0.1%
Households 2020	13,377	132,407	261,057	3,672,824	4,998,395
Households 2024	12,917	128,377	252,735	3,626,597	4,924,444
Households 2029	12,872	128,292	252,294	3,656,114	4,934,982
Compound % Change 2020-2024	-0.9%	-0.8%	-0.8%	-0.3%	-0.4%
Compound % Change 2024-2029	-0.1%	0.0%	0.0%	0.2%	0.0%
Median Household Income 2024	\$33,763	\$39,391	\$43,854	\$84,607	\$78,837
Average Household Size	2.4	2.2	2.5	2.6	2.5
College Graduate %	21%	29%	26%	40%	37%
Median Age	38	39	38	39	40
Owner Occupied %	29%	30%	38%	63%	65%
Renter Occupied %	71%	70%	62%	37%	35%
Median Owner Occupied Housing Value	\$194,790	\$203,184	\$205,330	\$316,876	\$256,746
Median Year Structure Built	1939	1942	1943	1970	1970
Average Travel Time to Work in Minutes	41	39	39	33	30

Source: Claritas

As shown above, the current population within a 3-mile radius of the subject is 292,123, and the average household size is 2.2. Population in the area has declined since the 2020 census, and this trend is projected to continue over the next five years. This differs from the population of the Chicago MSA, which is projected to be flat, as discussed previously.

Median household income is \$39,391, which is lower than the household income for the Chicago MSA. Residents within a 3-mile radius have a considerably lower level of educational attainment than those of the Chicago MSA, while median owner-occupied home values are considerably lower.

These demographic factors combined with the employment base discussed previously provide the basis of demand for multifamily housing in this area.

Land Use

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

Surrounding Area Land Uses

Character of Area	Urban
Predominant Age of Improvements (Years)	80-100
Predominant Quality and Condition	Average
Approximate Percent Developed	95%
Infrastructure and Planning	Average
Predominant Location of Undeveloped Land	Scattered development parcels to the south and southeast
Prevailing Direction of Growth	Proximity to CTA stations

Immediate Surroundings

North	North of the subject are residential properties
South	South across 71st Street is an apartment property; south of 71st are residential uses
East	East along 71st Street are commercial and mixed use properties
West	West along 71st Street are commercial and mixed-use properties; there is a church just southwest of the subject

Outlook and Conclusions

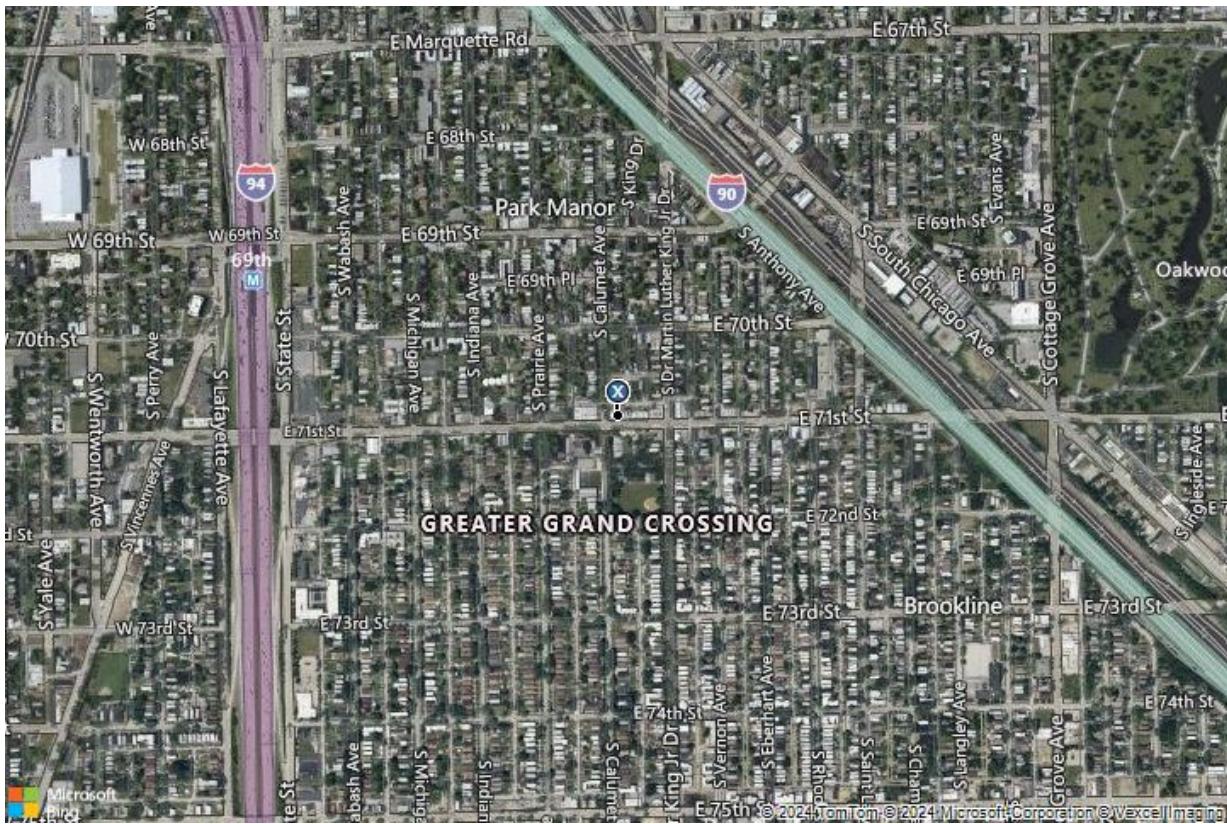
The area is in the stable stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable in the near future.

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

Surrounding Area Ratings

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

Surrounding Area Map



Multifamily Market Analysis

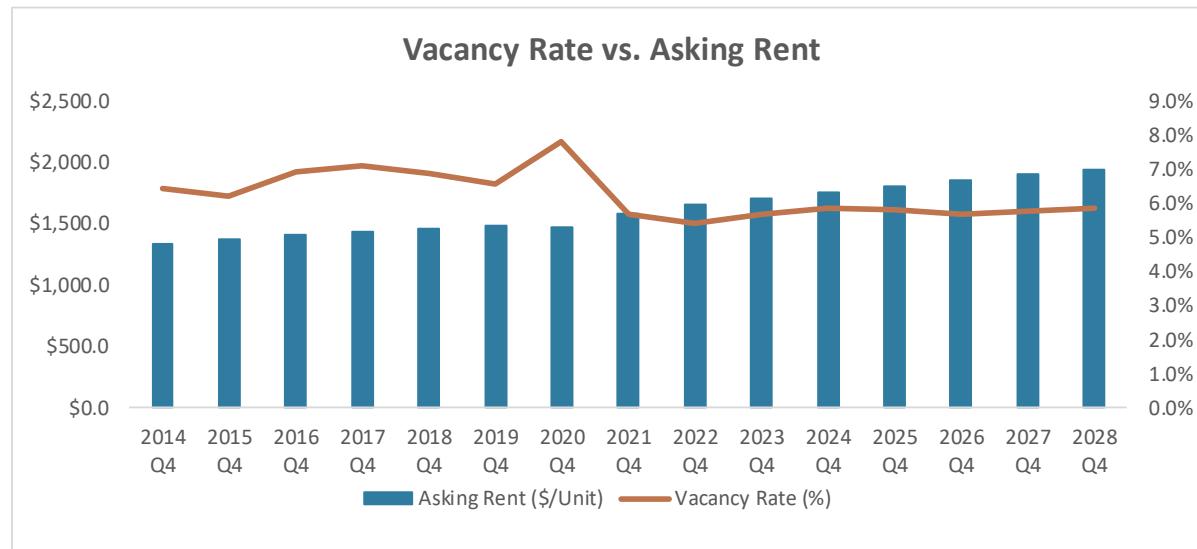
Metro Area Overview

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

All Multifamily Chicago - IL (USA) Metro Trends										
Period	Stock	Demand	Vacancy	Net	Under	Net Absorption 12	Asking	Rent	Price	Cap
				Completions	Construction			Rent Growth		
12 Months	Stock	12 Months	Months	12 Month	12 Month	12 Month	Rent Growth	12 Month	Price Growth	Cap Rate
2014 Q4	478,653	447,883	6.43%	4,693	9,199	5,628	\$1,331	2.22%	8.14%	6.53%
2015 Q4	483,326	453,219	6.23%	4,746	11,848	5,423	\$1,377	3.48%	6.22%	6.40%
2016 Q4	492,112	458,050	6.92%	8,786	15,892	4,844	\$1,406	2.08%	3.66%	6.43%
2017 Q4	501,432	465,962	7.07%	9,318	17,850	7,927	\$1,431	1.81%	3.92%	6.38%
2018 Q4	510,740	475,715	6.86%	9,305	17,695	9,772	\$1,459	1.93%	5.01%	6.36%
2019 Q4	520,082	485,967	6.56%	9,601	15,362	10,502	\$1,485	1.78%	4.32%	6.23%
2020 Q4	530,148	488,789	7.80%	10,065	13,642	2,833	\$1,466	-1.26%	4.47%	5.94%
2021 Q4	539,543	508,948	5.67%	9,395	11,833	20,251	\$1,580	7.78%	14.25%	5.47%
2022 Q4	545,883	516,457	5.39%	6,340	16,836	7,550	\$1,652	4.56%	-4.38%	5.97%
2023 Q4	556,371	524,910	5.65%	10,488	10,995	8,480	\$1,703	3.09%	-9.55%	6.67%
2024 Q4	562,655	529,671	5.86%	6,284	0	4,763	\$1,751	2.79%	-9.09%	7.44%
2025 Q4	567,518	534,487	5.82%	4,863	0	4,816	\$1,806	3.18%	1.90%	7.53%
2026 Q4	570,749	538,310	5.68%	3,231	0	3,823	\$1,858	2.84%	7.90%	7.22%
2027 Q4	576,322	543,152	5.75%	5,573	0	4,842	\$1,902	2.39%	8.28%	6.86%
2028 Q4	582,790	548,671	5.85%	6,468	0	5,519	\$1,945	2.25%	7.41%	6.56%

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

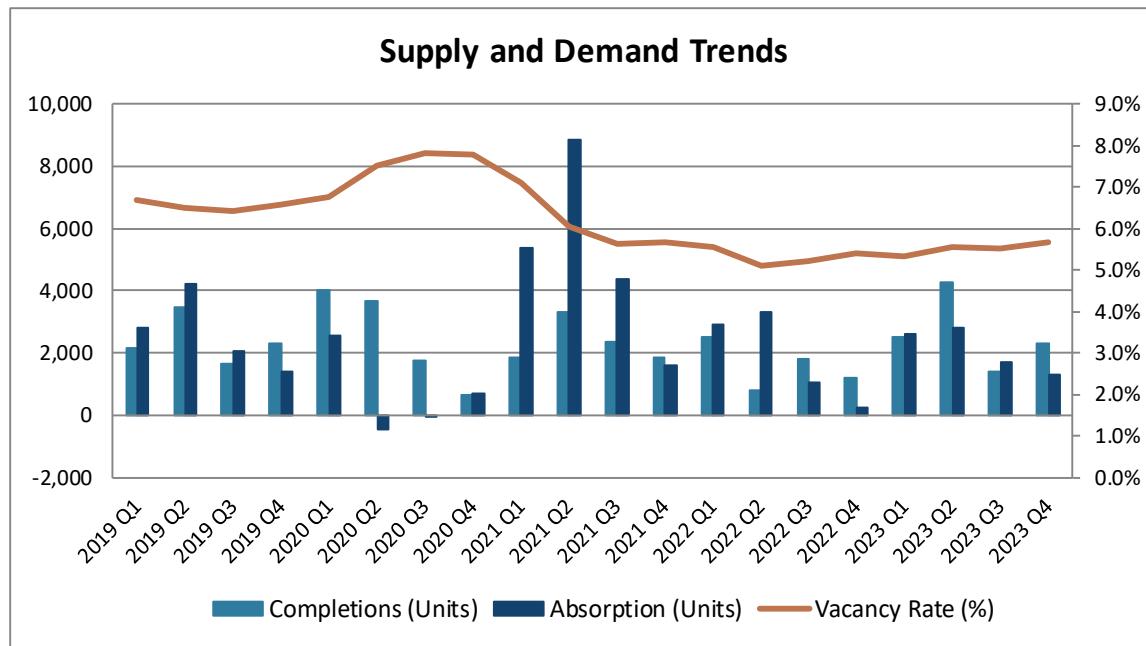
Chicago - IL (USA) Metro Trends and Forecasts



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

- The current vacancy rate in the metro area is 5.65%; the vacancy rate has decreased by 2 bps from 2021 Q4.

- Two-year Base Case forecasts project a 5.82% vacancy rate in the metro area, representing an increase of 16 bps by 2025 Q4.
- Asking rent averages \$1,703/unit in the metro area, and values have increased by 7.80% from 2021 Q4.
- Two-year Base Case forecasts project a \$1,806/unit asking rent in the metro area, representing an increase of 6.04% by 2025 Q4.



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

- The total stock (units) has increased by 3.12% from 2021 Q4, while the demand has increased by 3.14%.
- Between 2019 Q1 and 2023 Q4, net completions in the metro area have averaged 9,178 units annually, and reached a peak of 4,299 units in 2023 Q2.
- Between 2019 Q1 and 2023 Q4, net absorption in the metro area has averaged 9,923 units annually, and reached a peak of 8,850 units in 2021 Q2.

Submarket Overview

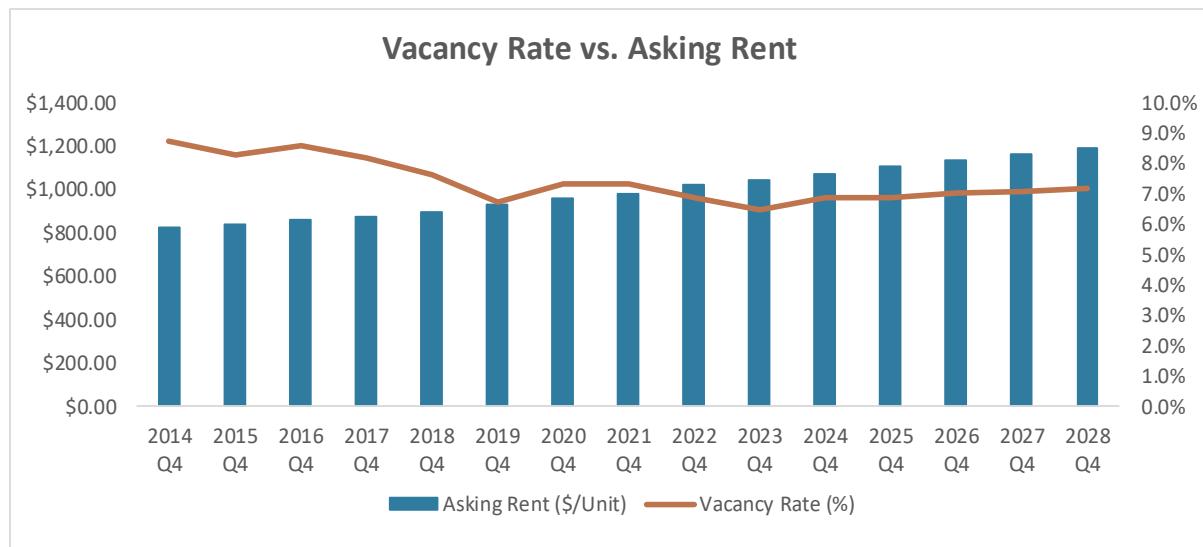
The subject is located in the Southwest Chicago submarket as defined by CoStar. Trended supply and demand statistics, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented in the following table.

All Multifamily Southwest Chicago Submarket Trends

Period	Stock	Demand	Vacancy	Net	Under	Net	Rent		
				Completions	Construction	Absorption	Asking	Growth	Price
12 Months	Stock	12 Months	Rent	12 Month	Growth	12 Month	Growth	Rate	
2014 Q4	26,983	24,632	8.71%	-26	33	36	\$827	1.48%	6.83%
2015 Q4	27,016	24,780	8.28%	33	19	148	\$839	1.50%	5.55%
2016 Q4	27,035	24,710	8.60%	19	6	-70	\$862	2.72%	3.57%
2017 Q4	27,041	24,826	8.19%	6	26	117	\$878	1.87%	4.16%
2018 Q4	27,025	24,964	7.63%	-16	24	137	\$894	1.77%	5.53%
2019 Q4	27,025	25,205	6.73%	0	70	241	\$932	4.28%	5.86%
2020 Q4	27,043	25,058	7.34%	17	58	-147	\$958	2.78%	5.97%
2021 Q4	27,082	25,091	7.35%	39	239	32	\$984	2.70%	14.60%
2022 Q4	27,243	25,372	6.87%	161	496	282	\$1,023	4.05%	-2.36%
2023 Q4	27,635	25,849	6.46%	392	196	476	\$1,041	1.77%	-7.78%
2024 Q4	27,796	25,888	6.87%	161	0	39	\$1,070	2.71%	-7.42%
2025 Q4	27,818	25,900	6.89%	22	0	13	\$1,104	3.17%	2.11%
2026 Q4	27,894	25,941	7.00%	76	0	40	\$1,135	2.84%	7.05%
2027 Q4	28,028	26,051	7.05%	134	0	110	\$1,162	2.40%	7.19%
2028 Q4	28,185	26,162	7.18%	157	0	110	\$1,189	2.28%	6.43%

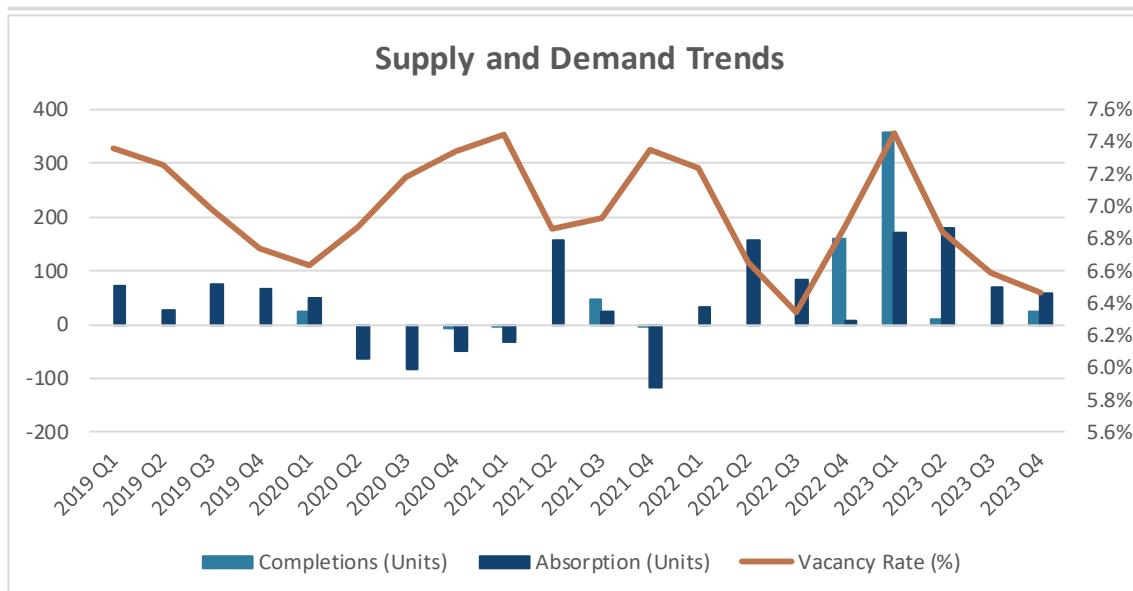
Source: CoStar, Inc.; compiled by Integra Realty Resources, Inc.

- The Southwest Chicago submarket comprises 5.0% of the metro building stock and 4.9% of the metro building demand.
- The vacancy rate in the Southwest Chicago submarket is 6.46%, which is greater than the metro area's average of 5.65%.
- Southwest Chicago market rate is \$1,041/unit which is less than the metro area's average rate of \$1,703/unit.

Southwest Chicago Submarket Trends and Forecasts

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

- The current vacancy rate in the submarket area is 6.46%; the vacancy rate has decreased by 89 bps from 2021 Q4.
- Two-year Base Case forecasts project a 6.89% vacancy rate in the submarket area, representing an increase of 43 bps by 2025 Q4.
- Asking rent averages \$1,041/unit in the submarket area, and values have increased by 5.84% from 2021 Q4.
- Two-year Base Case forecasts project a \$1,104/unit asking rent in the submarket area, representing an increase of 5.97% by 2025 Q4.



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

- The total stock (units) has increased by 2.04% from 2021 Q4, while the demand has increased by 3.02%.
- Between 2019 Q1 and 2023 Q4, net completions in the submarket area have averaged 122 units annually, and reached a peak of 357 units in 2023 Q1.
- Between 2019 Q1 and 2023 Q4, net absorption in the submarket area has averaged 177 units annually, and reached a peak of 179 units in 2023 Q2.

For Greater Grand Crossing alone, CoStar cites a total of 2,130 rental units, a 4.1% vacancy rate, and an average rent of \$949 per unit per month.

Multifamily Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Chicago metro area to have a positive impact on the subject property's performance in the near-term.

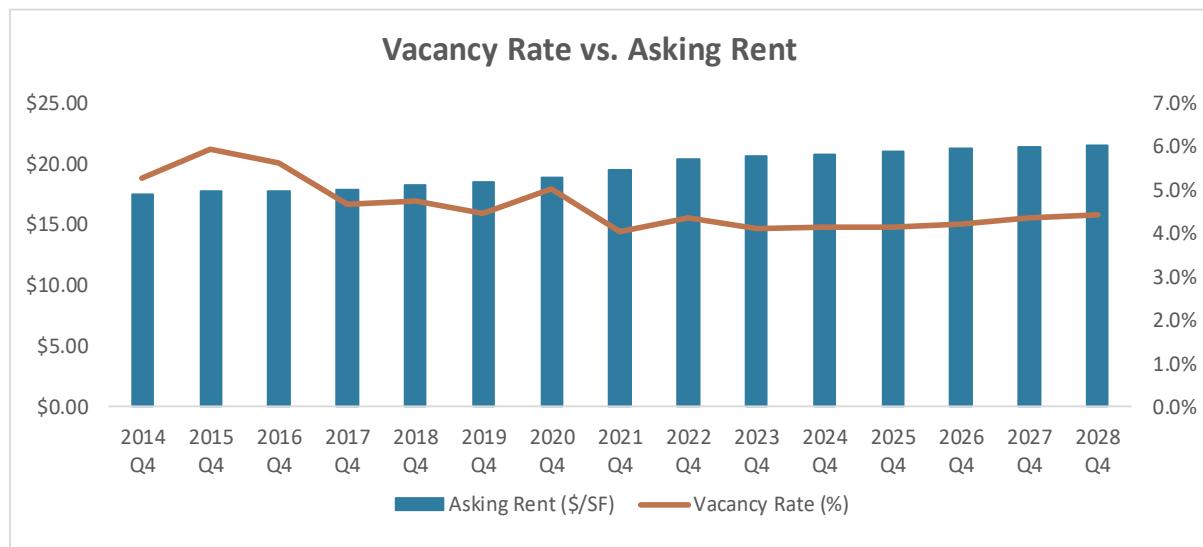
Retail Market Analysis

Submarket Overview

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

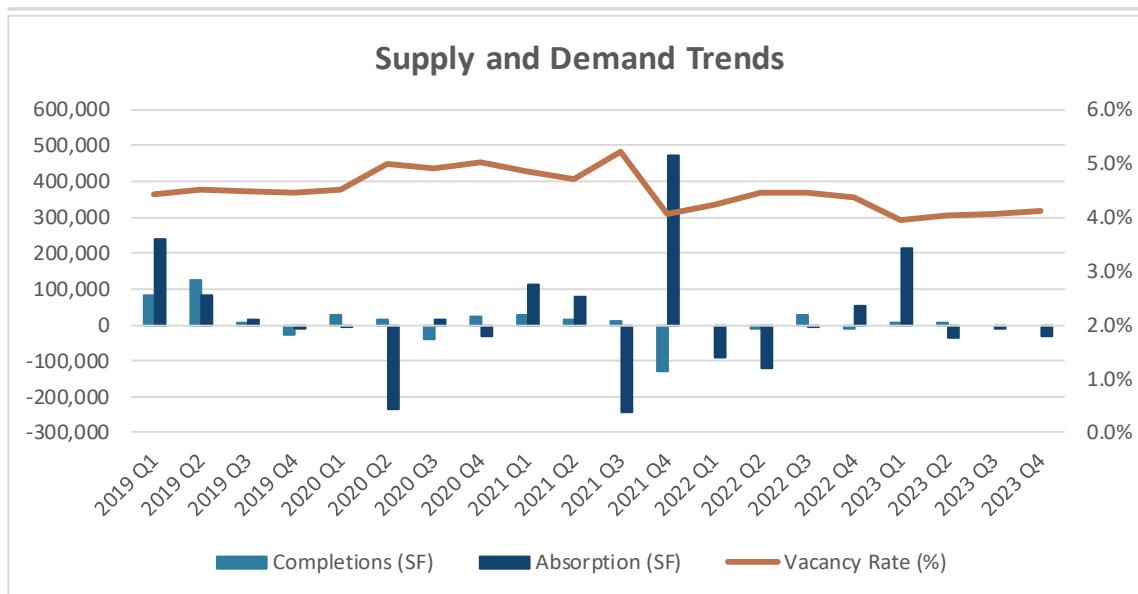
- The South Chicago submarket comprises 8.7% of the metro building stock and 8.8% of the metro building demand.
- The vacancy rate in the South Chicago submarket is 4.13%, which is less than the metro area's average of 4.80%.
- South Chicago market rate is \$20.63/SF which is less than the metro area's average rate of \$21.32/SF.

South Chicago Submarket Trends and Forecasts



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

- The current vacancy rate in the submarket area is 4.13%; the vacancy rate has increased by 7 bps from 2021 Q4.
- Two-year Base Case forecasts project a 4.15% vacancy rate in the submarket area, representing an increase of 2 bps by 2025 Q4.
- Asking rent averages \$20.63/SF in the submarket area, and values have increased by 5.79% from 2021 Q4.
- Two-year Base Case forecasts project a \$21.03/SF asking rent in the submarket area, representing an increase of 1.94% by 2025 Q4.



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

- The total stock (SF) has increased by 0.04% from 2021 Q4, while the demand has decreased by 0.03%.
- Between 2019 Q1 and 2023 Q4, net completions in the submarket area have averaged 32,127 SF annually, and reached a peak of 123,390 SF in 2019 Q2.
- Between 2019 Q1 and 2023 Q4, net absorption in the submarket area has averaged 94,101 SF annually, and reached a peak of 471,023 SF in 2021 Q4.

For retail space along 71st Street, between the Dan Ryan (I-94) to the west and the Skyway (I-90) to the east, CoStar reports a total of 151,000 SF of retail space, no vacancy, and an average rent of \$18.22 PSF. We note CoStar tends to focus on modern shopping centers with on-site parking. Local storefronts like the subject typically experience rents below the average cited by CoStar for this corridor.

Retail Market Outlook and Conclusions

Based on the key metro and submarket area trends, construction outlook, and the performance of competing properties, IRR expects the mix of property fundamentals and economic conditions in the Chicago metro area to have a positive impact on the subject property's performance in the near-term.

Property Analysis

Land Description and Analysis

Land Description	
Land Area	0.17 acres; 7,500 SF
Source of Land Area	Public record
Primary Street Frontage	71st St - 75 feet
Shape	Rectangular
Corner	No
Topography	Generally level and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	17031C0538K
Date	September 10, 2021
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	City of Chicago
Zoning Designation	B3-1
Description	Community Shopping District
Legally Conforming?	Appears to be legally nonconforming
Zoning Change Likely?	No
Permitted Uses	General retail sales, office, restaurant (limited), personal service, financial services, medical service, food and beverage sales, and other related uses with dwelling units above the ground floor
Minimum Setbacks (Feet)	Front: None, unless property borders an R-zoned lot. Then the front setback must be at least 50% of the R lot's front setback. Side: None, unless property borders an R-zoned lot. Then the R lot's front setback applies. Rear: If property has dwelling units, minimum of 30 ft. If its rear property line borders the side property line of an R-zoned lot, the rear setback must equal the side setback of the R-zoned lot. If rear line borders the R lot's rear line, setback must be at least 16 ft.
Maximum Building Height	38'
Maximum Density	Dwelling Units: 2,500 SF Efficiency Units: 2,500 SF SRO Units: Not Allowed
Maximum Floor Area Ratio	1.2
Parking Requirement	Varies Per Use
Rent Control	No
Utilities	
Service	Provider
Water	Municipal
Sewer	Municipal
Electricity	ComEd
Natural Gas	People's Gas
Local Phone	Various

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

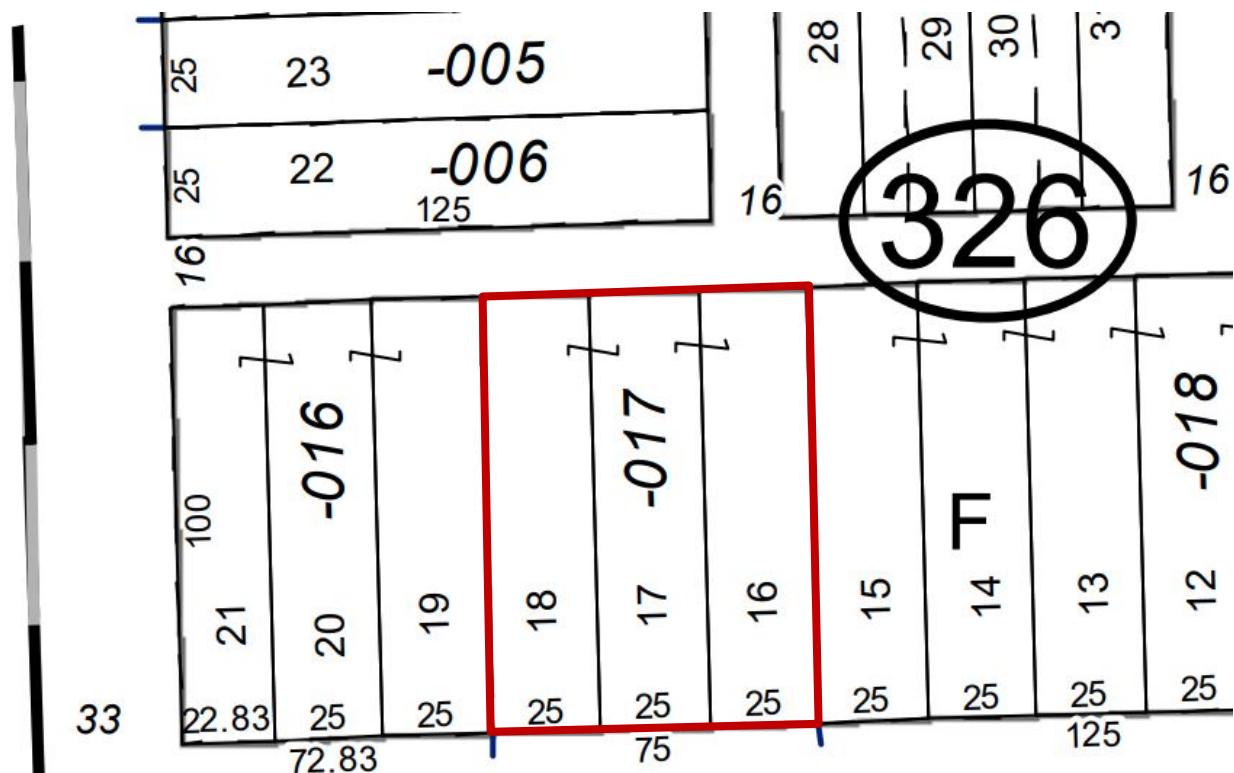
Nonconformance is related to density and off-street parking. Most area properties pre-date the current ordinance and similar nonconformance is common. This does not hamper marketability.

Easements, Encroachments and Restrictions

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

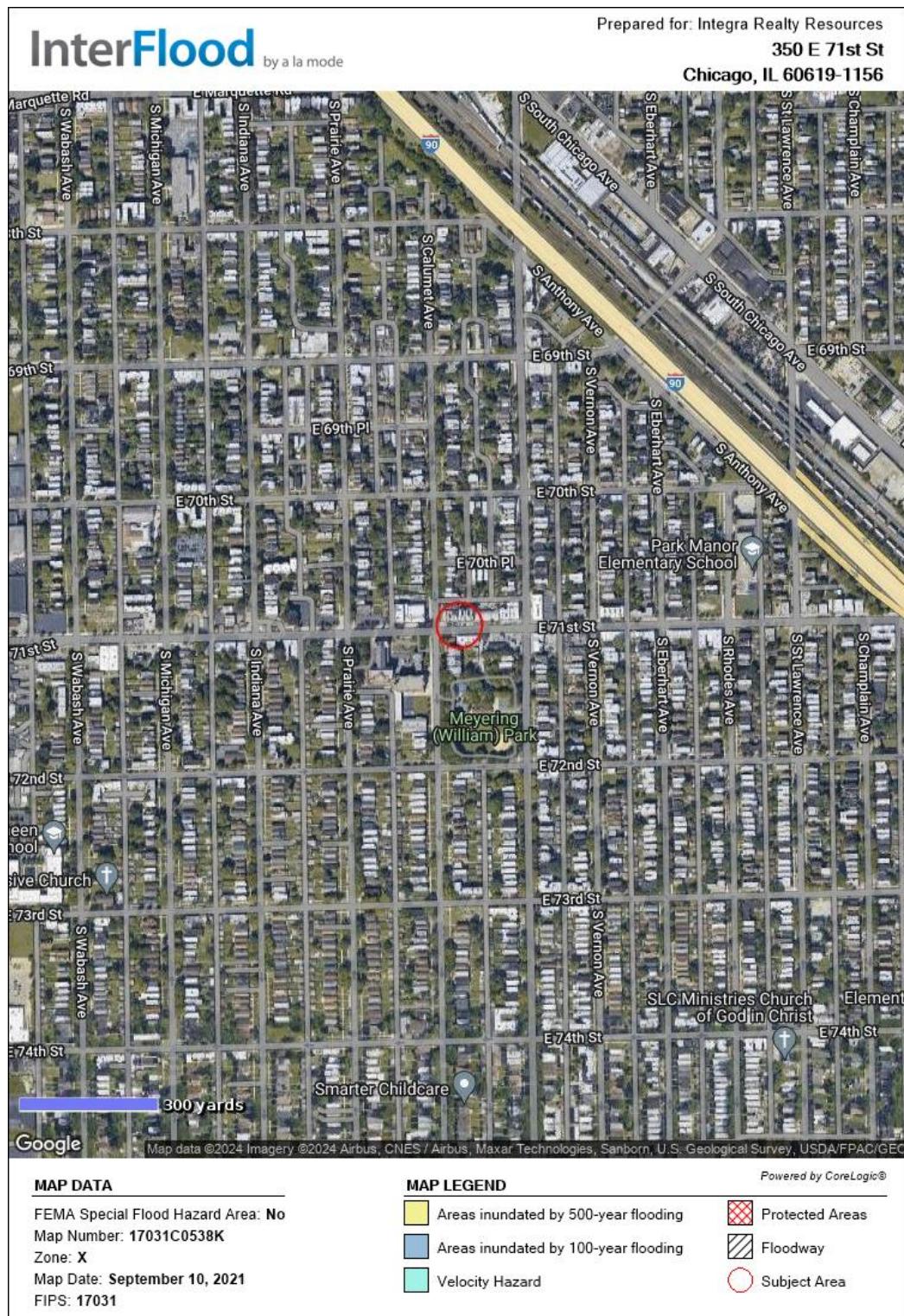
Conclusion of Site Analysis

Overall, the physical characteristics and the availability of utilities result in a functional site, suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include general retail sales, office, restaurant (limited), personal service, financial services, medical service, food and beverage sales, and other related uses with dwelling units above the ground floor. No other restrictions on development are apparent.

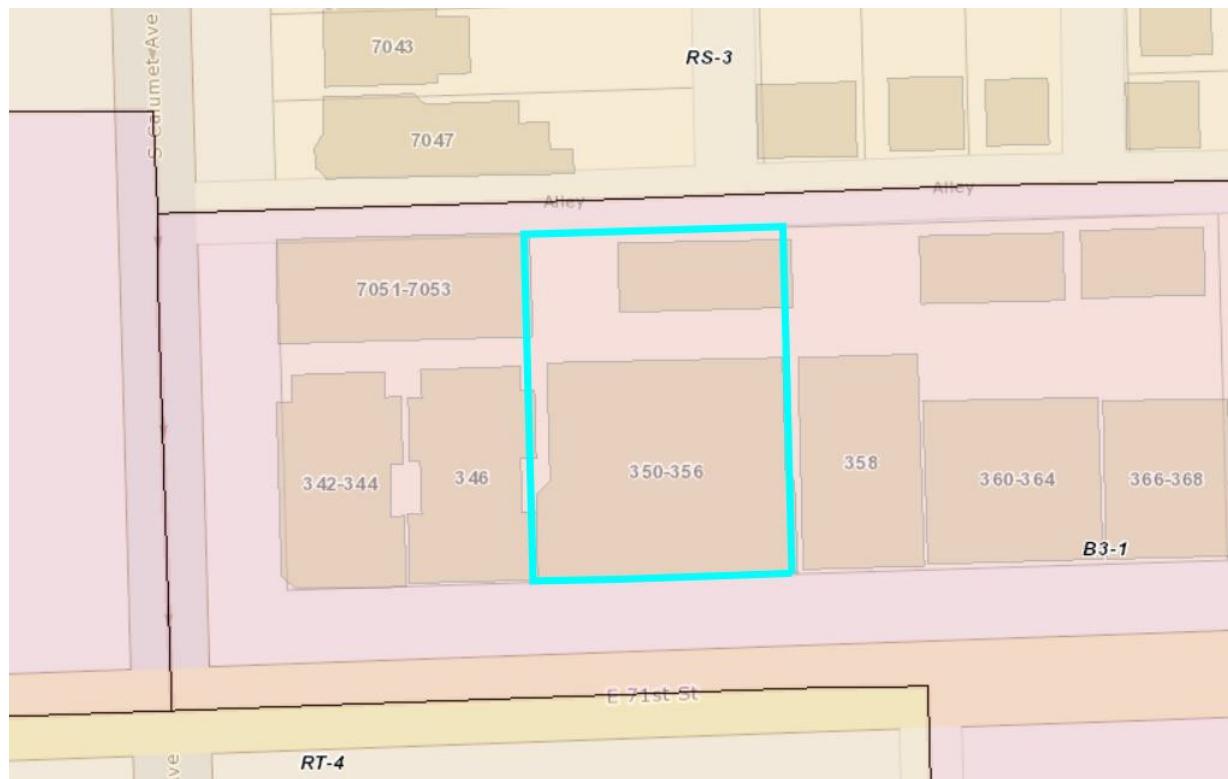
Plat Map

33

Flood Hazard Map



Zoning Map



B3-1 Community Shopping District

Improvements Description and Analysis

Overview

The subject is an existing tenant-heated mixed use property containing 8 apartment units and 3,560 square feet of retail space in four spaces. The improvements were constructed in 1927. The apartments are 75% leased and the retail space is 100% leased, including one owner-occupied storefront. The site area is 0.17 acres or 7,500 square feet. We treat the owner-occupied storefront as though occupied at market rent, without a deduction for lease-up. The following description is based on the inspection of the property and discussion with ownership.

Improvements Description

Name of Property	Mixed Use Property
General Property Type	Multifamily
Property Sub Type	Mixed Use
Specific Use	Multifamily-Retail
Competitive Property Class	C
Occupancy Type	Multi-Tenant
Percent Leased	75%
Commercial Tenants	4
Tenant Size Range (SF)	890 - 890
Number of Buildings	1
Stories	3
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Good
Apartment Units	8
Units per Acre (Density)	46.5
Gross Building Area (SF)	11,139
Land Area (SF)	7,500
Floor Area Ratio (GBA/Land SF)	1.49
Building Area Source	Inspection
Year Built	1927
Year Renovated	2008
Actual Age (Yrs.)	97
Estimated Effective Age (Yrs.)	15
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	35
Number of Parking Spaces	0

Construction Details

Foundation	Concrete slab
Structural Frame	Masonry over load bearing wood frame
Exterior Walls	Brick
Windows	Single-hung casement and glass block
Roof	Flat, reported rubber membrane - new circa 2020
Interior Finishes	RETAIL SPACES
Floors	Tile and wood laminate
Walls	Drywall
Ceilings	Drywall and ceiling tiles
Lighting	Ceiling/surface mounted fixtures
HVAC	HVAC
Electrical	Assumed adequate
Plumbing	Assumed adequate
Heating	HVAC
Air Conditioning	HVAC
Hot Water	Apartments-individual domestic hot water heater
Elevators	None
Restrooms	Adequate
Sprinklers	None
Unit Description	APARTMENTS
Entry Type	Walk-up with private unit entry
Interior Walls	Drywall and exposed brick
Floor Cover	Tile and wood laminate
Kitchen Equipment	Refrigerator, gas oven/range, wood cabinets, double-bowl stainless steel sink and laminate countertops
Laundry Facilities	None
Bathroom Fixtures	Single vanity with cultured marble top, standard toilet and shower/tub combo with tile surround or walk-in shower
Lighting	Ceiling/surface mounted fixtures
Gates/Fencing	Metal fence at rear of lot at alley
Paving	Asphalt paved rear yard area and concrete walkways

Apartment Unit Mix

The apartment unit mix is detailed in the following table, along with the occupancy rate for each type of unit. The overall occupancy rate of the apartments is 75%. Ownership reported quick lease-up for any vacant apartments.

Unit Mix and Occupancy

Unit Type	% of		Avg. Unit Size	Occupied Total SF	Vacant Units	% Occupied	
	Units	Total				Units	Units
2BR/1BA	8	100.0%	875	7,000	6	2	75%
TOTAL/AVG.	8	100.0%	875	7,000	6	2	75%

*Includes employee and model units, as applicable.

Retail Space

The retail space is located on the ground floor of the property and is 100% leased. As shown in the rent roll below, there are 4 tenant spaces, of which 4 spaces are leased. The owner occupies the store at 356 E 71st Street. Our analysis assumes the owner's space is occupied at market rent, and we make no deduction for lease-up costs.

Rent Roll

Suite	Tenant	Term			Lease Type	Income Type	Contract Rent	Contract Rent/SF/Yr	Market Rent	Rent Applied	PGR Projected	PGR/SF
		SF	Lease Start	Lease End (Mos.)								
350	SG Barber	890	3/1/2021	2/28/2026	60	Modified Gross	\$/SF/Yr	\$18,000	\$20.22	\$18.00	Contract	\$18,000 \$20.22
352	Doughboys	890	4/1/2020	2/28/2025	59	Modified Gross	\$/SF/Yr	\$24,000	\$26.97	\$20.00	Contract	\$24,000 \$26.97
354	SM Furniture	890	6/1/2023	5/31/2028	60	Modified Gross	\$/SF/Yr	\$19,200	\$21.57	\$18.00	Contract	\$19,200 \$21.57
356	OWNER	890	1/1/2023	12/31/2044	264	Modified Gross	\$/SF/Yr	\$18,000	\$20.22	\$18.00	Market	\$16,020 \$18.00
Total/Average*		3,560						\$79,200	\$22.25			\$77,220 \$21.69
Vacant SF		0		0%								
Leased SF		3,560		100%								

*Average contract rent is based on leased square feet.

Improvements Analysis

The subject property is improved with a three-story, walk-up, tenant-heated, mixed-use property with four storefronts and eight two-bedroom/one-bathroom (2br/1ba) apartments. There is reportedly a full basement, but we were not provided access to the basement. There are no common amenities at the property and the rear of the site is gated/fenced, but tenants are not offered off-street parking.

The storefronts are occupied by a barber shop, a fast food restaurant, and two offices. None of the stores have use of the basement space beneath the units, per ownership.

The apartments have updated from original kitchen and bathroom finishes/fixtures, albeit modest. All apartment units have HVAC systems and individual water tanks.

There are no common amenities such as storage or laundry.

Quality and Condition

The improvements are of average quality construction and are in good condition. The owner reported renovations during COVID, but the exact scope of work was not provided.

We were informed the apartment units were renovated and the HVAC systems were installed circa 2016. A new roof cover was installed and new back porches were built circa 2013. The quality of the subject is consistent with competing properties. Maintenance has been consistent with competing

properties. Overall, the market appeal of the subject is consistent with competing properties, considering the fact the apartments have most utilities paid by tenants.

Functional Utility

The improvements appear to be adequately suited to their current use. Based on the property inspection and consideration of the foregoing, there do not appear to be any significant items of functional obsolescence.

Market tastes and design standards change over time. Recently constructed apartment units typically include features such as individually controlled heat and a/c, high quality cabinets with hard surface counters, stainless steel appliances, plank flooring and in unit washer and dryer. Larger developments often include significant common area amenities such as central gathering areas, fitness centers and swimming pools. As noted above, the subject falls short of the ideal improvement; however, it is not atypical of what exists or is accepted in the market. Thus, while there is some functional obsolescence, the subject offers a competitive rental option in the market.

Deferred Maintenance

No deferred maintenance is apparent from the property inspection, and none is identified based on discussions with ownership.

Building Square Foot Calculation

Gross Building Square Foot Calculations (GBA)

First Floor	55.00	X	75.00	X	3.00	=	12,375.00
	(7.50)	X	30.00	X	4.00	=	(900.00)
	(3.00)	X	28.00	X	4.00	=	<u>(336.00)</u>
							11,139.00
TOTAL							11,139

ADA Compliance

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

Hazardous Substances

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

Personal Property

Our final value conclusion includes personal property consisting primarily of appliances. According to the Marshall & Swift Valuation Service, appliance packages in a multiple residences property generally range from \$1,100 to \$3,000 per unit. The typical life expectancy for appliances in a residential property is 10 years. Considering the number of appliances and quality, the total estimate for personal property is \$3,200 ($\$2,000/\text{unit} \times 8 \text{ units} = \$16,000$, less 80% depreciation = $\$12,800$).

Conclusion of Improvements Analysis

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

Improvements Ratings

Visibility/Exposure	Average
Design and Appearance	Average
Age/Condition	Average
% Sprinklered	Average
Lobby	Average
Interior Amenities	Average
Elevators	Average
Room Sizes and Layouts	Average
Bathrooms	Average
Kitchens	Average

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



Looking northeast at improvements



Looking northwest at improvements



Looking southwest at improvements



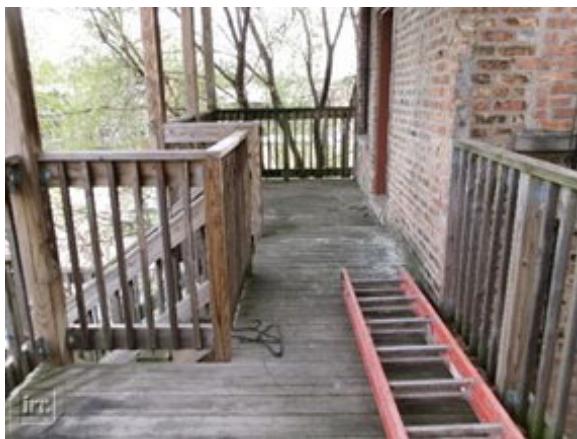
Looking southeast at improvements



View of north part of site



Rear porch



View of back porch



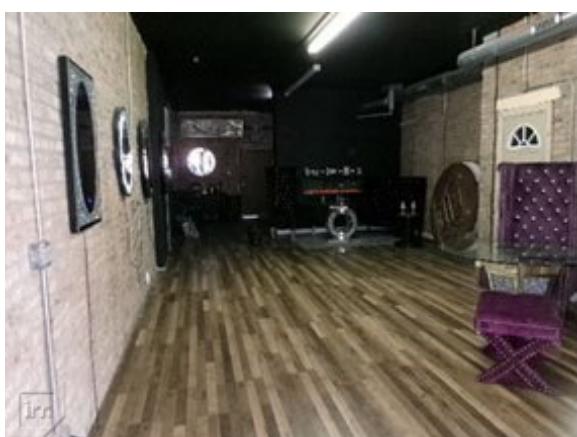
Typical storefront window



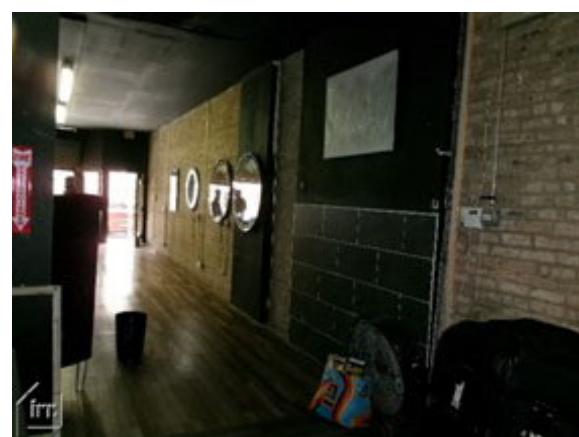
Barber shop



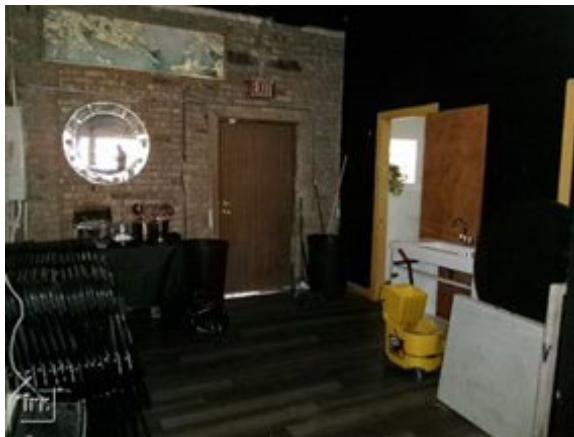
Storefront/barber shop bathroom



Typical view - storefront (354)



Typical view - storefront (354)



Typical view - storefront (354)



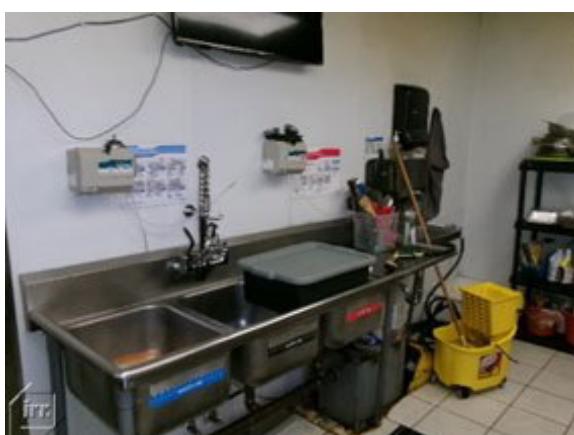
Storefront bathroom



Typical view - 356 E 71st storefront



Fast food restaurant



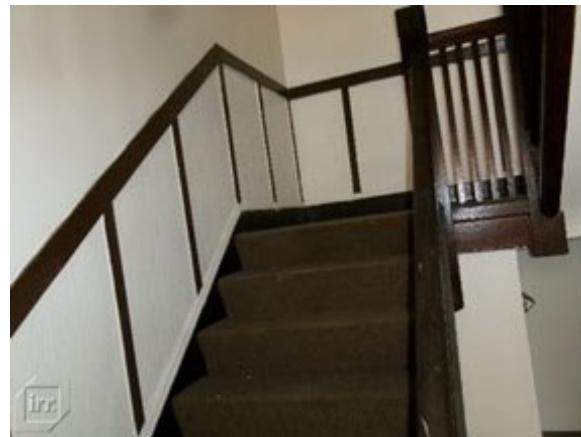
Fast food restaurant



Fast food restaurant cooking hood



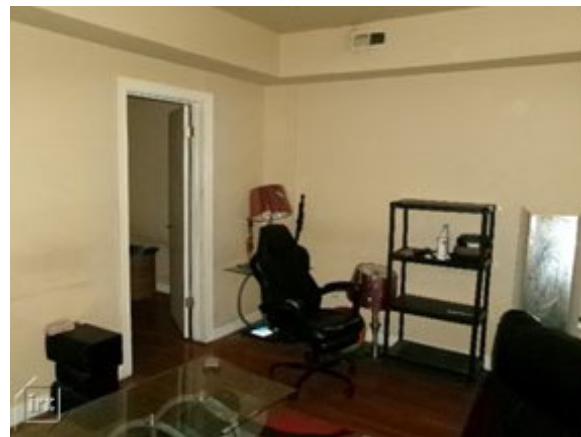
Fast food restaurant cooking hood



Apartment hallway



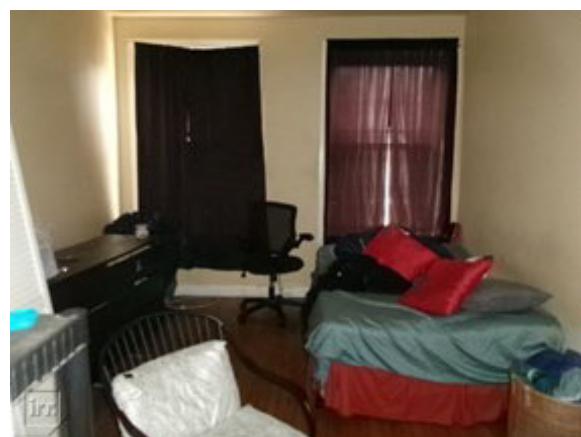
Apartment living room



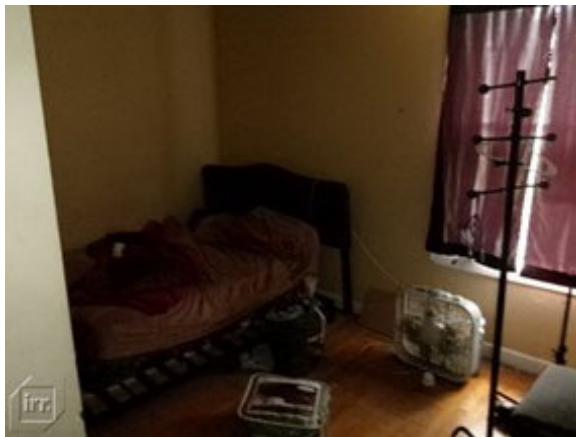
Apartment living room



Apartment bedroom



Apartment bedroom



Apartment bedroom



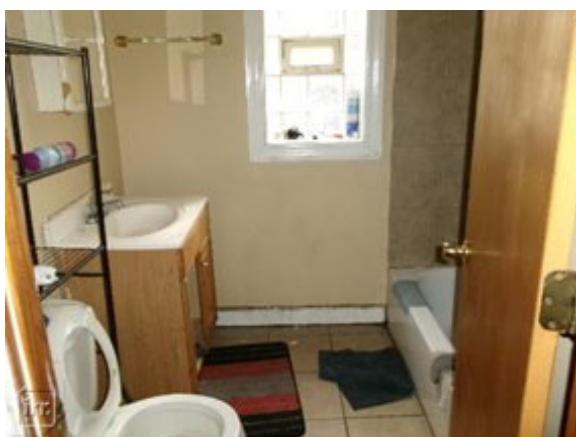
Apartment kitchen



Apartment kitchen



Apartment bathroom



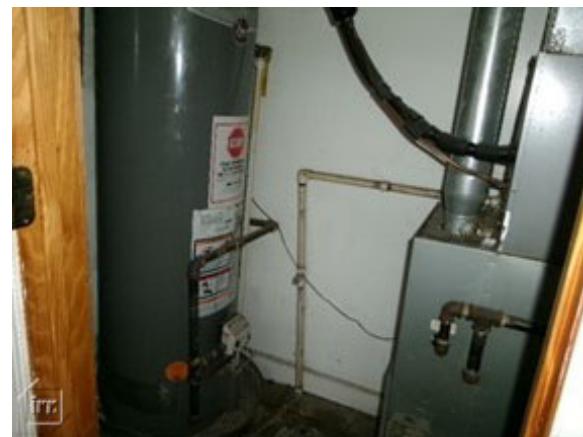
Apartment bathroom



Storefront mechanical closet



Storefront mechanical closet



Apartment mechanical closet



Apartment mechanical closet



Storefront a/c condenser



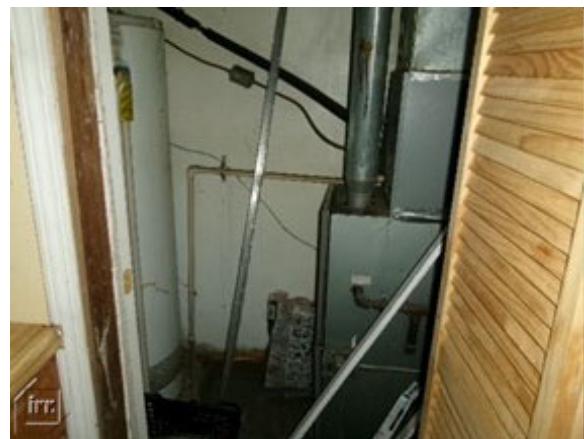
Storefront a/c condenser



Storefront A/C condenser



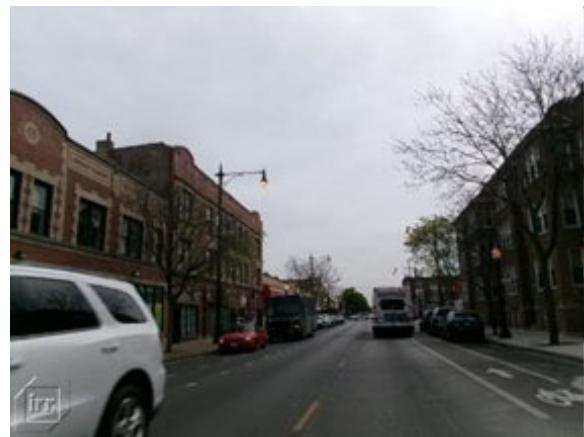
Apartment A/C condensers



Apartment mechanical closet



Apartment A/C condensers



View east along 71st - subject at left



View west along 71st - subject at right

Real Estate Taxes

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

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

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

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

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

Taxes and Assessments - 2022									
Tax ID	Assessed Value					Taxes and Assessments			
	Land	Improvements	Total	Equalization Factor	Equalized Value	Ad Valorem Tax Rate	Taxes	Total	
20-22-326-017	\$6,750	\$113,164	\$119,914	2.9237	\$350,593	7.035000%	\$24,664	\$24,664	
Assessment Ratio	0.10	Assessor's MV	\$1,199,140						
Building SF	GBA	11,139 Per SF	\$107.65						\$2.21

The assessor's opinion of market value is shown above. The most recent 2023 assessed value implies a market value of \$1,199,140 and represents no change. Based on the concluded market value of the subject of \$950,000, the assessment appears high, but not atypical of other properties in the market. The subject's tax history is summarized in the following table.

Tax History								
Tax Year	Real Estate Assessed Value	FF&E Assessed Value	Equalization		Tax Rate	Total	% Change	
	Value	Value	Factor	Equalized Value				
2019	\$100,573	\$0	2.9160	\$293,271	6.890000%	\$20,206	–	
2020	\$100,573	\$0	3.2234	\$324,187	6.911000%	\$22,405	10.9%	
2021	\$119,913	\$0	3.0027	\$360,063	6.697000%	\$24,113	7.6%	
2022	\$119,914	\$0	2.9237	\$350,593	7.035000%	\$24,664	2.3%	

For the purposes of the income capitalization approach, real estate taxes are projected at \$25,404, which equates to \$3,175.51 per unit and 16.2% of our projected effective gross income. This represents a 3.0% increase over the previous year's expenses.

Highest and Best Use

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

Process

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

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

As Though Vacant

First, the property is evaluated as though vacant, with no improvements.

Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

Legally Permissible

The site is zoned B3-1, Community Shopping District. Permitted uses include general retail sales, office, restaurant (limited), personal service, financial services, medical service, food and beverage sales, and other related uses with dwelling units above the ground floor. There are no apparent legal restrictions, such as easements or deed restrictions, effectively limiting the use of the property. Given prevailing land use patterns in the area, only mixed use is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on the accompanying analysis of the market, there is currently demand for additional mixed development at the current time. However, it appears a newly developed mixed use on the site would not have a value commensurate with its cost. It appears construction costs are currently outpacing value in the market; therefore, mixed use is not considered to be financially feasible. Nevertheless, it is expected the market will see an eventual rise in property values to a level justifying the cost of new construction. Thus, it is anticipated mixed development will become financially feasible.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of a mixed use building.

Accordingly, holding the property for future mixed use development, based on the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Holding the property for future development of a mixed use building is the only use which meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as though vacant.

As Improved

The subject site is developed with a three-story mixed-use property, which is consistent with the highest and best use of the site as though vacant. The existing improvements are currently leased and produce a significant positive cash flow that is expected to continue. Several scenarios are examined to analyze feasibility, as follows:

Demolition: The value of the existing improved property exceeds the value of the site, as though vacant. Thus, demolition is not feasible.

Conversion: A repurposing of the subject property is not likely to result in significantly higher rental rates or property value. Converting the subject property to an alternative use is not applicable in this case, nor is it likely.

Expansion: The subject property comprises 0.17 acres. There is no excess or surplus land available for expansion. The property's building to land ratio of 1.49 falls within the typical range observed among competing properties. Expansion appears unlikely.

Renovation: The subject has an overall effective age of 15 years, and is in good condition. It does not appear that renovation of the property would significantly increase rental rates or property value.

Continuation: The current use of the subject property as a mixed use building appears to meet the four criteria for highest and best use. Based on the analysis above, a continuation of the current use is concluded to be financially feasible.

There does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as though vacant. For these reasons, the existing use is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property and its occupancy, the likely buyer is a local or regional investor such as an individual or partnership.

Valuation

Valuation Methodology

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

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

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

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

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

The methodology employed in this assignment is summarized as follows:

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

Sales Comparison Approach

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

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

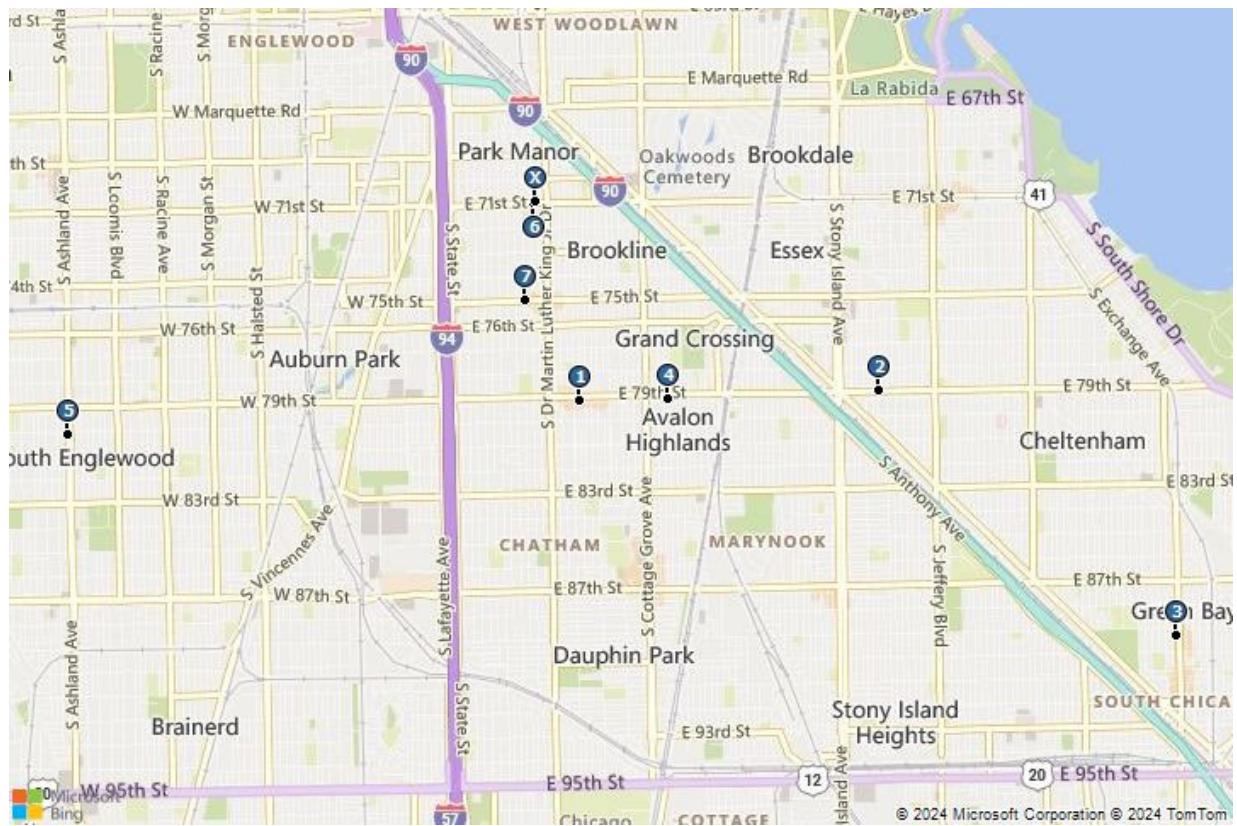
To apply the sales comparison approach, the research focused on transactions within the following parameters:

- Property Type: Mixed-use
- Location: Greater Grand Crossing and adjoining community areas
- Size: Between 5,000 SF and 17,500 SF
- Age/Quality: Vintage construction
- Transaction Date: Selling within the prior 30 months

For this analysis, price per square foot of gross building area is used as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales considered most relevant are summarized in the following table.

Summary of Comparable Improved Sales											
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occup.	Acres; FAR; Parking Ratio	Prop Class; Const Type; Prop Rights	# Units; Rentable SF; Avg. Unit SF	Effective Sale Price	Gross SF; \$/Gross SF	\$/Gross SF	Cap Rate	
1	509-511 E. 79th St 509-511 E. 79th St. Chicago Cook County IL	Oct-21 Closed	1926 3 —	0.14 1.51 0.42/1,000	C Masonry Leased Fee	10 9,450 945	\$335,000	9,450 \$35.45	\$35.45	—	
<i>Comments: No listing or buyer broker on deal. Property is located close to 79th St. and Martin Luther King Dr.</i>											
2	Mixed Use 1732 E. 79th St. Chicago Cook County IL	May-22 Closed	1928 2 93%	0.13 2.77 —	C 0 Leased Fee	14 12,810 881	\$850,000	15,396 \$55.21	\$55.21	—	
<i>Comments: 4 commercial space and 10 apartments. Arms-length sale. No seller concessions or financing.</i>											
3	Mixed use property 8910 - 8912 S. Chicago Cook County IL	Feb-22 Closed	1908 3 —	0.16 1.96 0.34/1,000	C Masonry mixed Leased Fee	6 11,700 1,400	\$1,030,000	13,593 \$75.77	\$75.77	13.37%	
<i>Comments: Listed by North Clybourn Group (Karen Bazar 773-645-7900). Income information is per CoStar. Property is located close to Commercial Ave. and 89th St.</i>											
4	7900 S. Drexel Ave 7900 S. Drexel Ave. Chicago Cook County IL	Sep-22 Closed	1925 2 —	0.16 1.62 0.71/1,000	C Brick Leased Fee	15 11,308 754	\$758,000	11,308 \$67.03	\$67.03	6.58%	
<i>Comments: Located at the southwest corner of Drexel Ave & 79th St. Income information per CoStar. The Listing Broker was Blue Door Dave-Tameka McClellon (773) 217-3963. From rental listings subsequent to the transaction, the property was gut renovated after this sale. The indicated overall rate likely reflects the condition and occupancy at the time of sale.</i>											
5	8000 S Ashland Ave 8000 S. Ashland Ave. Chicago Cook County IL	Oct-22 Closed	1927 3 —	0.12 3.30 —	C Masonry Leased Fee	22 14,800 550	\$1,000,000	17,412 \$57.43	\$57.43	8.40%	
<i>Comments: Listed by Essex (Brian Mond 312-662-9590). Property has a new roof, boiler, and water heater in 2020 per OM. Cap rate is per CoStar. Property is located at Ashland Ave. and 80th St.</i>											
6	Mixed use building 342 E. 71st St. Chicago Cook County IL	Jan-23 Closed	1916 2 —	0.17 2.06 0.20/1,000	C Brick Leased Fee	13 15,000 1,154	\$1,025,000	15,000 \$68.33	\$68.33	10.57%	
<i>Comments: Costar indicates this was a two property sale, however the deed only includes one property located on a single parcel of land. Costar indicated there was a \$25,000 seller concessions but no further information was indicated. We have noted the adjustment to the purchase price and have allocated it for unknown repairs.</i>											
7	Mixed Use Property 312 E. 75th St. Chicago Cook County IL	Jul-23 Closed	1923 3 —	0.10 2.20 0.36/1,000	C Masonry mixed Leased Fee	11 8,400 764	\$400,000	9,882 \$40.48	\$40.48	—	
<i>Comments: No listing or buyer broker on deal. We note that the mortgage amount exceeds the sale price which may indicate renovations might be planned. Property is located close to 75th St. and Martin Luther King Dr.</i>											
	Subject Mixed Use Property Chicago, IL		1927 3 75%	0.17 1.49 —	C Masonry Leased Fee	8 11,139 1,392		11,139			

Comparable Improved Sales Map





Sale 1
509-511 E. 79th St



Sale 2
Mixed Use Retail/Multifamily



Sale 3
Mixed use property



Sale 4
7900 S. Drexel Ave



Sale 5
8000 S Ashland Ave



Sale 6
Mixed use building



Sale 7
Mixed Use Property

Analysis and Adjustment of Sales

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

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

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

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

Transactional Adjustments

Real Property Rights Conveyed

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

The comparables consist of leased fee sales. It appears the leased fee comparables sold with terms equivalent to market and were not influenced by above- or below-market contract terms. No adjustments are required for property rights conveyed.

Financing

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

Conditions of Sale

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

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

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

Expenditures Made Immediately After Purchase

This category considers expenditures incurred immediately after the purchase of a property. There were no issues of deferred maintenance reported for any of the properties. No adjustments are required for expenditures after sale.

Market Conditions

The sales took place from October 2021 to July 2023. A market conditions adjustment is applied when market conditions at the time of sale differ from market conditions as of the effective date of value. Adjustments can be positive when prices are rising, or negative when markets are challenged by factors such as a deterioration of the economy or adverse changes in supply and/or demand in the market area. Consideration must also be given to when the property was placed under contract, versus when the sale actually closed.

Market conditions had generally been strengthening for commercial real estate (CRE) until early 2022 when the Federal Reserve began its aggressive action to tame inflation. With the target federal funds rate moving from under 0.50 percent to just under 5.50 percent in September 2023, the cost of capital has skyrocketed. Further increases in the rate are possible since the Fed's goal of 2 percent core inflation has not yet been met.

Compounding the issue is the pressure on federally regulated financial institutions to shore up reserves for expected CRE losses while community and regional banks struggle to maintain deposits. The result has been a widening of historical spreads for loan pricing, in part due to the potential for further increases in the target federal funds rate.

The impact on pricing for CRE has been varied. Owner/user type properties have been less affected than income producing/cash flow assets. For income producing assets, the most well located, physically "best in class", and those with significant remaining lease term remain in strong demand. On the other hand, office assets (where work-from-home has disrupted market fundamentals) have seen the biggest disconnect between buyers and sellers. Price discovery for many income producing

assets remains a challenge. It is important to note the market fundamentals of supply and demand remain very favorable for almost every asset class but office – net operating income continues to improve, but in most instances, at a rate insufficient to cover the higher cost of debt. Financing remains the primary challenge.

In the case of the subject property, we make two adjustments for market conditions as noted in the table below. First, we adjust the sales that closed before August 2022 upward at an annual rate of 3%, up to August 2022.

Next, we make a flat downward adjustment of -5.00% to all sales that closed before August 2022, reflecting in large part the cost of capital impact on capitalization rates. No adjustments are made to sales that occurred after August 2022, a period more similar to current market conditions.

Market Conditions Adjustment								
Comp #		1	2	3	4	5	6	7
	Sale Date	10/23/2021	5/10/2022	2/22/2022	9/12/2022	10/24/2022	1/12/2023	7/21/2023
Date	Annual Growth Rate							
8/1/2022	3%	2.32%	0.68%	1.32%	0.00%	0.00%	0.00%	0.00%
4/26/2024	-5%	-5.00%	-5.00%	-5.00%	0.00%	0.00%	0.00%	0.00%
Total		-2.68%	-4.32%	-3.68%	0.00%	0.00%	0.00%	0.00%
Rounded		-3%	-4%	-4%	0%	0%	0%	0%

Property Adjustments

Location

Factors considered in evaluating location include, but are not limited to, demographics, growth rates, surrounding uses and property values.

Sales 3, 4 and 6 are similar to the subject. No adjustments are necessary. Sales 1, 2, 5 and 7 are adjusted upward for inferior location, farther from public transportation and/or in areas with more modest rents and values.

Access/Exposure

Convenience to transportation facilities, ease of site access, and overall visibility of a property can have a direct impact on property value. High visibility, however, may not translate into higher value if it is not accompanied by good access. In general, high visibility and convenient access, including proximity to major linkages, are considered positive amenities when compared to properties with inferior attributes.

All of the comparables are similar to the subject. No adjustments are necessary.

Size

Due to economies of scale, the market exhibits an inverse relationship between building area and price per square foot such that larger buildings sell for a lower price per square foot than smaller buildings, all else being equal. To account for this relationship, applicable adjustments are applied for differences in building area. The comparables that are larger than the subject are adjusted upward, and vice versa.

All of the comparables are similar to the subject. No adjustments are necessary.

Floor Area Coverage

The subject property exhibits a floor area ratio of approximately 1.49. A lower floor area ratio can influence price as it may represent an expansion opportunity or simply a desire for lower density. Care must be taken not to double count for adjustments already applied for parking ratios. The extent of adjustments can vary based on underlying land values.

All of the comparables are similar to the subject. No adjustments are necessary.

Quality of Construction

This category accounts for construction quality, amenities, market appeal and functional utility.

All of the comparables are similar to the subject. No adjustments are necessary.

Effective Age/Condition

While year built can give insight into the utility of a property, the more important consideration is the level of condition and modernization of the property. The subject was constructed in 1927, has an effective age of 15 years, and is in good condition. Comparables exhibiting newer effective ages are adjusted downward to reflect the discrepancy in remaining economic life, and vice versa.

Sales 3 and 7 are similar to the subject and require no adjustment. Sales 1, 2, 4, 5 and 6 are older than or inferior to the subject. Upward adjustments are applied.

Project/Unit Amenities

Comparables 1, 3, 4, 6, and 7 have on-site parking and were adjusted downward.

Average Unit Size

In determining the adjustment to be employed for average unit size, the best indicators are from properties that offer multiple selections of units with the same bed/bath count, but different size. Since these units are located within the same property, the difference in rent would be mostly attributable to unit size. Adjustments are applied by accounting for differences in unit size between the comparables and the subject, and the increment of additional rent/value that would be achieved for a larger versus smaller unit.

All of the comparables are similar to the subject. No adjustments are necessary.

Unit Mix

Higher rent is achieved by units with more bedrooms or bathrooms, all else being equal, which is independent of unit size. For example, a complex with all two bedroom units is expected to command higher rents than one with all one bedroom units, even if the unit sizes are similar.

All of the comparables are similar to the subject. No adjustments are necessary.

Economic Characteristics

Items considered in this category consist of non-stabilized occupancy, above/below market rents, tenant mix, and other economic factors. Excluded are differences in rent levels that are already considered in previous adjustments, such as for location or quality. Note: these adjustments are made as refinements. Care is made to avoid double-counting adjustments previously applied.

All of the comparables are similar to the subject. No adjustments are necessary.

Legal Characteristics

Legal characteristics may include zoning or development standards (e.g., use or density), environmental regulations, or differences in highest and best use.

All of the comparables are similar to the subject. No adjustments are necessary.

Non-Realty Components of Value

Non-realty components of value include personal property; furniture, fixtures, and equipment (FF&E); franchises; and trademarks. The purpose of this appraisal is to estimate the market value of the real property. Any comparables transferring with non-realty components for which there was contributory value assigned by the grantor and/or grantee are adjusted to thereby consider the sale price of the real property only.

In this case, adjustments to the comparables have already been applied to arrive at the reported effective sale price, as appropriate. No further adjustments for non-realty components of value are necessary.

Adjustments Summary

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

Improved Sales Adjustment Grid								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Property Name	Mixed Use Property	509-511 E. 79th St	Mixed Use Retail/Multifamily	Mixed use property	7900 S. Drexel Ave	8000 S Ashland Ave	Mixed use building	Mixed Use Property
Address	350 - 356 E. 71st St.	509-511 E. 79th St.	1732 E. 79th St.	8910 - 8912 S. Commercial Ave.	7900 S. Drexel Ave.	8000 S. Ashland Ave.	342 E. 71st St.	312 E. 75th St.
City	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago
County	Cook	Cook	Cook	Cook	Cook	Cook	Cook	Cook
State	Illinois	IL	IL	IL	IL	IL	IL	IL
Sale Date	Oct-21	May-22	Feb-22	Sep-22	Oct-22	Jan-23	Jul-23	
Sale Status	Closed	Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price	\$335,000	\$850,000	\$1,030,000	\$758,000	\$1,000,000	\$1,000,000	\$400,000	
Conditions of Sale Adjustment	—	—	—	—	—	—	—	—
Other Adjustment	—	—	—	—	—	\$25,000	—	
Description of Adjustment						Unknown Repairs		
Effective Sale Price	\$335,000	\$850,000	\$1,030,000	\$758,000	\$1,000,000	\$1,025,000	\$400,000	
Gross Building Area	11,139	9,450	15,396	13,593	11,308	17,412	15,000	9,882
Year Built	1927	1926	1928	1908	1925	1927	1916	1923
Year Renovated	2008	2003	2021	—	—	—	2018	—
Exterior Condition	Good	Average	Average	Good	Below-Average	Average	Average	Good
Parking Ratio	0.00	0.42	0.00	0.29	0.71	—	0.20	0.30
Occupancy	75%	—	93%	—	—	—	—	—
Price per SF of Gross Building Area	\$35.45	\$55.21	\$75.77	\$67.03	\$57.43	\$68.33	\$40.48	
Transactional Adjustments								
Property Rights	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee
% Adjustment	—	—	—	—	—	—	—	—
Financing Terms	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment	—	—	—	—	—	—	—	—
Conditions of Sale	—	—	—	—	—	—	—	—
% Adjustment	—	—	—	—	—	—	—	—
Expenditures Made Immediately After Purchase	—	—	—	—	—	—	—	—
\$ Adjustment	—	—	—	—	—	—	—	—
Market Conditions	4/26/2024	Oct-21	May-22	Feb-22	Sep-22	Oct-22	Jan-23	Jul-23
Annual % Adjustment	Variable	-3%	-4%	-4%	—	—	—	—
Cumulative Adjusted Price	\$34.39	\$53.00	\$72.74	\$67.03	\$57.43	\$68.33	\$40.48	
Property Adjustments								
Location	35%	10%	—	—	20%	—	—	20%
Access/Exposure	—	—	—	—	—	—	—	—
Size	—	—	—	—	—	—	—	—
Floor Area Coverage	—	—	—	—	—	—	—	—
Quality of Construction	—	—	—	—	—	—	—	—
Effective Age/Condition	15%	15%	—	25%	15%	15%	—	—
Project and Unit Amenities	-5%	—	-5%	-5%	—	-5%	-5%	-5%
Average Unit Size	—	—	—	—	—	—	—	—
Unit Mix	—	—	—	—	—	—	—	—
Economic Characteristics	—	—	—	—	—	—	—	—
Legal Characteristics	—	—	—	—	—	—	—	—
Non-Realty Components of Value	—	—	—	—	—	—	—	—
Net Property Adjustments (\$)	\$15.47	\$13.25	-\$3.64	\$13.41	\$20.10	\$6.83	\$6.07	
Net Property Adjustments (%)	45%	25%	-5%	20%	35%	10%	15%	
Final Adjusted Price	\$49.86	\$66.25	\$69.11	\$80.44	\$77.53	\$75.17	\$46.55	
Range of Adjusted Prices	\$46.55 - \$80.44							
Average	\$66.41							
Indicated Value	\$75.00							

Value Indication

Prior to adjustment, the sales reflect a range of \$35.45 - \$75.77 per square foot. After adjustment, the range is narrowed to \$46.55 - \$80.44 per square foot, with an average of \$66.41 per square foot.

The most proximate sale, Comparable 6, is a similar vintage property that appears to have been significantly renovated as there is a shell building sale of this property from 2011 for \$130,000. We could not determine the level of renovations for this property, which is adjacent to the subject along its west property line.

The subject has most expenses paid by tenants. All units have individual HVAC units and the subject is valued at stabilized occupancy. We conclude a value at the high end of the adjusted range.

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

Value Indication by Sales Comparison

Indicated Value per SF	\$75.00
Subject Square Feet	11,139
Indicated Value	\$835,425
Rounded	\$850,000

Income Capitalization Approach

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

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

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

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

Apartment Occupancy and Rental Rates

The unit mix and occupancy status of the apartments are shown in the following table.

Unit Mix and Occupancy							
Unit Type	Units	% of Total	Avg. Unit Size	Occupied		Vacant Units	% Occupied
				Total SF	Units		
2BR/1BA	8	100.0%	875	7,000	6	2	75%
TOTAL/AVG.	8	100.0%	875	7,000	6	2	75%

*Includes employee and model units, as applicable.

Currently, 75% of the apartment units are leased and occupied. The apartment component of the property is not currently stabilized. However, with only two units to lease, we have not deducted for lease-up costs since this would be nominal in comparison to the property value.

A summary of rental rates by unit type is shown next. In this table, the floor plans are combined into fewer unit types for purposes of analysis.

Subject Rental Rates

Unit Type	Average Unit Size	Total Units	Contract Rent	
			Average	Avg. \$/SF
2BR/1BA	875	8	\$875	\$1.00
TOTAL/AVG.	875	8	\$875	\$1.00

The weighted average contract rent is \$875 per month or \$1.00 per square foot.

Apartment Utilities Expenses

The division of expense responsibilities between the tenants and property owner is detailed as follows.

Utilities Expenses

Tenant-Paid Utilities	Owner-Paid-Utilities
Gas Heat	Cold Water
Gas Cooking	Sewer
Hot Water	Common Area Electric
In-Unit Electric	

This expense structure is typical of the market for renovated buildings. Older buildings still have owner-paid heat and the subject has an advantage in this respect.

Apartment Market Rent Analysis

In addition to contract rent, our analysis considers the market rent of each basic unit type within the subject.

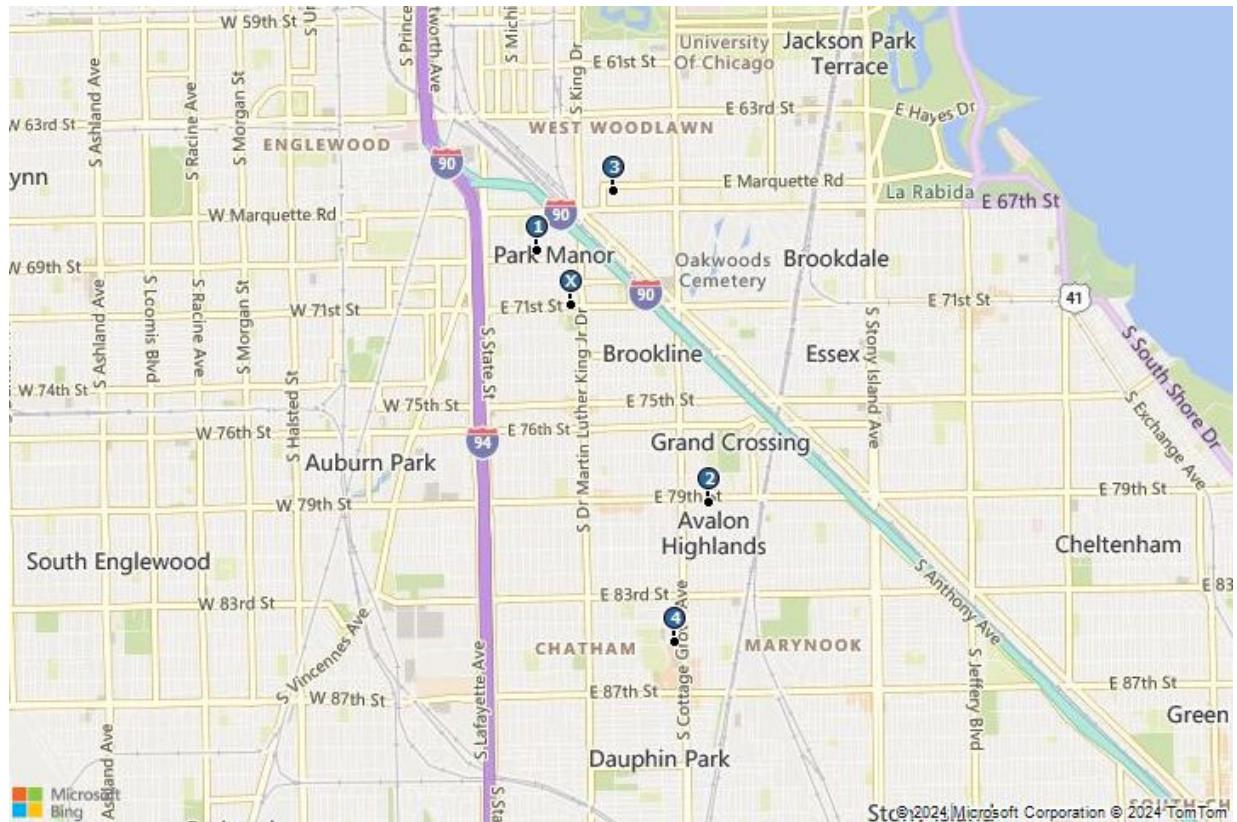
To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, and building age.

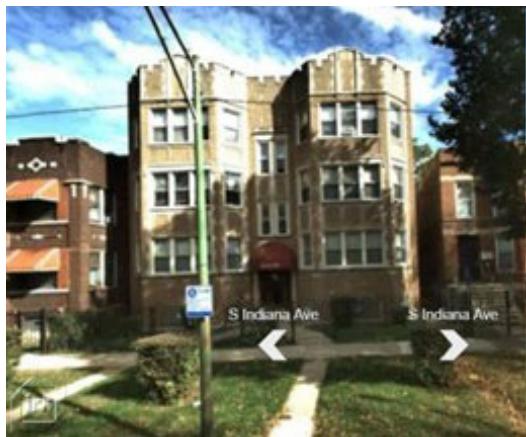
Comparable rentals considered most relevant are summarized in the following table.

Summary of Comparable Rentals

No.	Property Name; Address	Survey Date	Yr Built; Stories	Unit Mix	# Units; % Occ.	Avg.	Avg.	Avg.
						Unit	Rent/ Month	Rent/ SF
1	Owner Heated Apartment Property 6833 S. Indiana Ave. Chicago	9/1/2023	1925 –	2br/1ba In-Unit Electric, Gas Cooking Reported rent for 2br apartment	6 –	1,100	\$1,010	\$0.92
2	7901 S Drexel 7901 S. Drexel Ave. Chicago	9/21/2023	1925 3	2bd/2ba In-Unit Electric, Gas Heat, Gas Cooking Range, Refrigerator Extra Storage Area, Common Laundry	24 –	825	\$935	\$1.13
3	Tenant heated apartment 6601 S. Rhodes Ave. Chicago	2/7/2024	1898 3	2br/1ba In-Unit Electric, Hot Water, Gas Heat, Gas Cooking Newly renovated 2br unit	– –	1,100	\$950	\$0.86
4	Multifamily Property 8416 S. Cottage Grove Ave. Chicago	3/11/2024	1950 3	2BR/1BA In-Unit Electric, Gas Cooking Carpeting, Vinyl Plank Floors (LVT/LVP), Window Blinds/Shades, 8' Ceiling Height, Range - Electric, Refrigerator, Laminate Counters Surface Parking Asking rent for rehabbed 2br unit. Rents quoted as a wide range - \$1,169 - \$1,952	240 –	900	\$1,169	\$1.30

Comparable Rentals Map

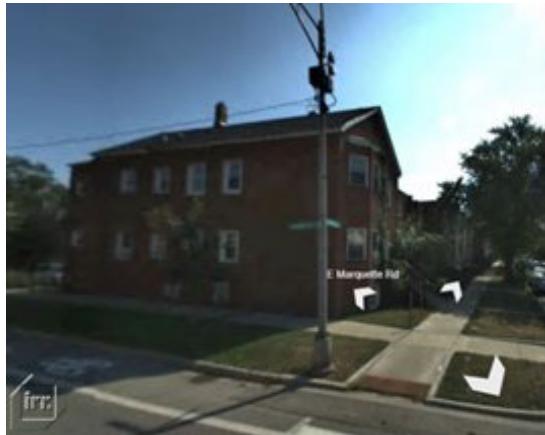




Rent Survey 1
Owner Heated Apartment Property



Rent Survey 2
7901 S Drexel



Rent Survey 3
Tenant heated apartment



Rent Survey 4
Multifamily Property

Mixed Use Property



Apartment Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors	
Tenant Paid Utilities	Utilities costs for which tenants are responsible.
Unit Size	Floor area in square feet.
Location	Market or submarket area influences on rent; surrounding land use influences.
Age/Condition	Effective age; physical condition.
Quality	Construction quality, market appeal, functional utility.
Unit Features	Features included in individual residential units.
Project Amenities	Amenities available to the entire property.

Analysis of Comparable Rentals

Rental Analysis Summary - 2BR/1BA Units						
No.	Property Name	Unit Type	Avg	Avg	Avg	Overall
			Unit SF	Rent/Mo	Rent/SF	Comparison to Subject
1	Owner Heated Apartment Property	2br/1ba	1,100	\$1,010	\$0.92	Similar
2	7901 S Drexel	2bd/2ba	825	\$935	\$1.13	Inferior
3	Tenant heated apartment	2br/1ba	1,100	\$950	\$0.86	Inferior
4	Multifamily Property	2BR/1BA	900	\$1,169	\$1.30	Superior
Rental Ranges and Averages						
			Range	Average	Avg/SF	
Comparables			\$935 - \$1,169	\$1,016	—	
Subject Contract Rents			\$800 - \$950	\$875	\$1.00	
Concluded Market Rent			875	\$950	\$1.09	

Apartment Market Rent Conclusions

Based on the preceding analysis of comparable rentals, market rent is estimated for each unit type as shown in the following table.

Market Rent Conclusions					
Unit Type	Total Units	Avg. Unit	Average	Market	Market
		Size	Contract Rent	Rent/ Month	Rent/SF
2BR/1BA	8	875	\$875	\$950	\$1.09
Total/Avg.	8	875	\$875	\$950	\$1.09

Lease Types

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

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

Source: The Appraisal of Real Estate, 15th Edition

The subject is leased on a gross basis.

Retail Occupancy and Rental Rates

A rent roll for the retail space is shown below, based on our review of leases and the owner's rent roll.

Rent Roll												
Suite	Tenant	SF	Lease Start	Lease End	Term (Mos.)	Lease Type	Income Type	Contract	Contract	Market	Rent	PGR/
								Rent	Rent/SF/Yr	Rent	Rent	SF
350	SG Barber	890	3/1/2021	2/28/2026	60	Modified Gross	\$/SF/Yr	\$18,000	\$20.22	\$18.00	Contract	\$18,000 \$20.22
352	Doughboys	890	4/1/2020	2/28/2025	59	Modified Gross	\$/SF/Yr	\$24,000	\$26.97	\$20.00	Contract	\$24,000 \$26.97
354	SM Furniture	890	6/1/2023	5/31/2028	60	Modified Gross	\$/SF/Yr	\$19,200	\$21.57	\$18.00	Contract	\$19,200 \$21.57
356	OWNER	890	1/1/2023	12/31/2044	264	Modified Gross	\$/SF/Yr	\$18,000	\$20.22	\$18.00	Market	\$16,020 \$18.00
Total/Average*		3,560						\$79,200	\$22.25			\$77,220 \$21.69
Vacant SF		0										
Leased SF		3,560										
*Average contract rent is based on leased square feet.												

As of the effective valuation date, the retail space is 100% leased and occupied, but ownership has use of the 356 E 71st storefront which we project occupancy at market rent. There are three non-related tenants, and contract rents range from \$20.22 to \$26.97 per square foot for the non-related tenant spaces.

The retail space is considered to be at stabilized occupancy because the percentage of leased space is typical of the market.

Overall, the credit quality of the tenancy appears to be typical of the subject's property class.

Retail Expense Structure

The division of expense responsibilities between the owner and typical tenants is detailed as follows.

Subject Expense Structures

Space Type	Retail		Fast Food	
	Modified Gross		Modified Gross	
	Owner	Tenant	Owner	Tenant
Real Estate Taxes	XX		XX	
Insurance	XX		XX	
Utilities	XX		XX	
Repairs/Maintenance	XX		XX	
General/Administrative	XX		XX	
Management	XX		XX	
Replacement Reserves	XX		XX	

The existing expense structure is typical in the market.

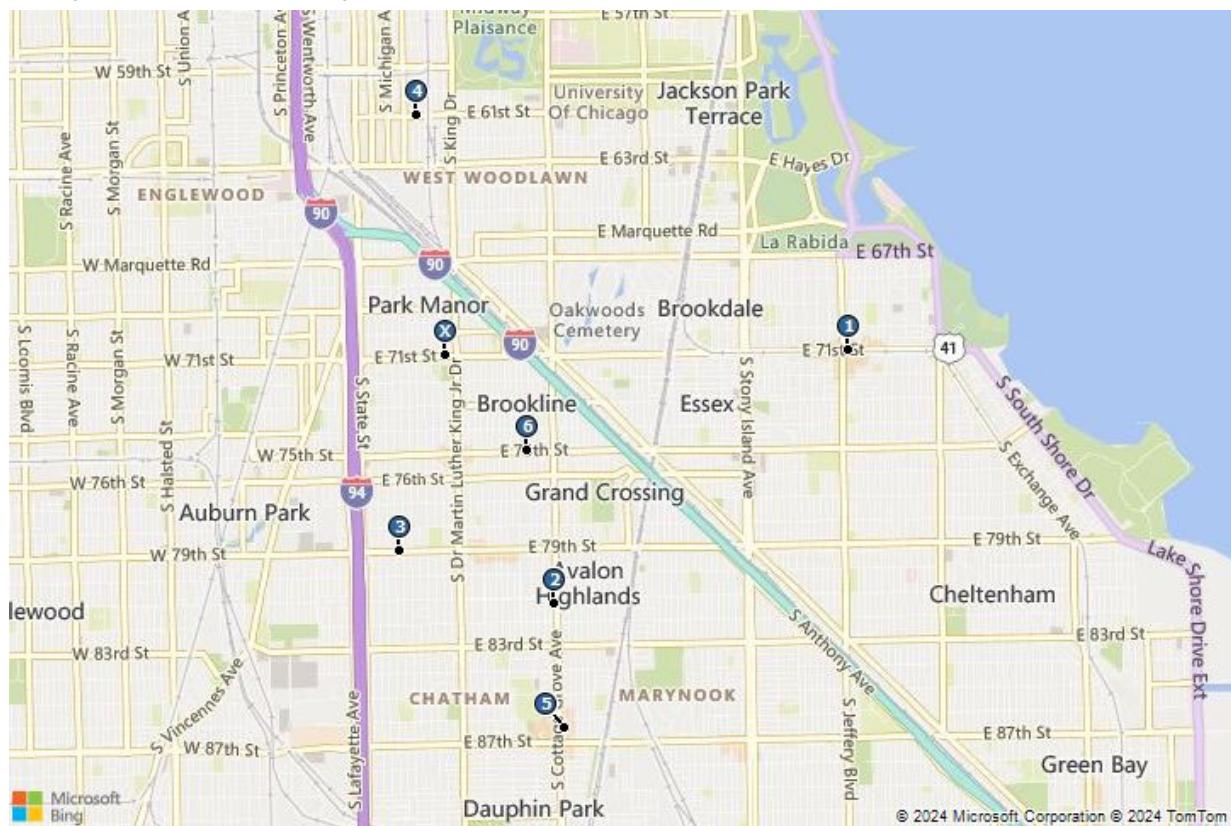
Retail Market Rent Analysis

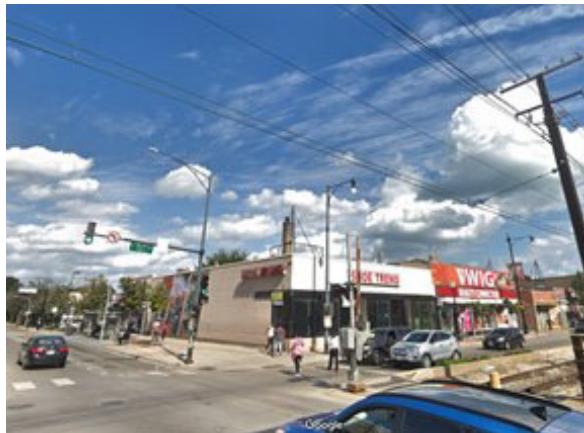
Contract rents typically establish income for leased space, while market rent is the basis for estimating income for current vacant space and future speculative re-leasing of space due to expired leases. To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location,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

Summary of Comparable Rentals - Retail

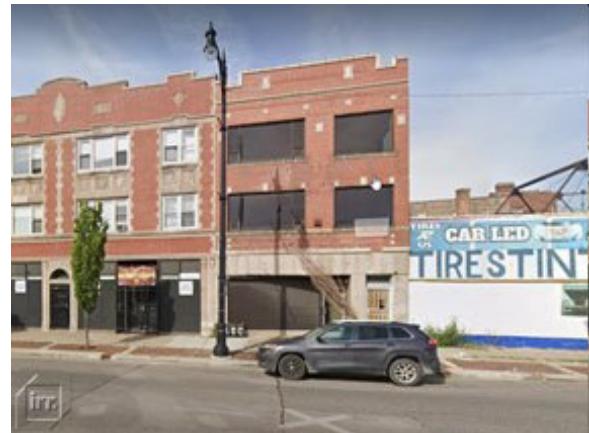
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Escalations	Lease Type
1	Retail/Showroom Property 2006 E. 71st St. Chicago Cook County IL	Yr Blt: 1908 Stories: 1 GBA: 20,000 Parking Ratio: —	Boost Mobile	4,500	Jul-22	24	\$13.87	None	Triple Net
<i>Comments: The two-year lease was signed 04/30/2022 with an asking rent at the time of \$13.87 per square foot. Boost Mobile is a national cellular service provider.</i>									
2	Mixed Use Property 8110 S. Cottage Grove Chicago Cook County IL	Yr Blt: 1923 Stories: 3 GBA: 5,100 Parking Ratio: 0.4 /1,000	Not disclosed	2,200	Sep-22	—	\$17.00	None	Modified Gross
<i>Comments: Signed lease for undisclosed period. Tenant pays electric, heat, air conditioning and CAM. Landlord pays \$2.70 for real estate taxes. Renovated 1st floor space.</i>									
3	Multi-Tenant Retail 102 E. 79th St. Chicago Cook County IL	Yr Blt: 1985 Stories: 1 GBA: 3,400 Parking Ratio: 2.9 /1,000	ASKING RATE	1,250	Jan-23	36	\$15.00	Fixed	Net
<i>Comments: This 1,250 SF unit at 79th / Michigan Avenue has an asking rate of \$15 PSF, net.</i>									
4	Day Care Property 222 E. 61st St. Chicago Cook County IL	Yr Blt: 1925 Stories: 3 GBA: 8,500 Parking Ratio: 1.4 /1,000	Undisclosed	6,000	Apr-23	36	\$20.00	None	Modified Gross
<i>Comments: This is a new lease for 6,000 square feet of retail space. The tenant is undisclosed and the lease began April 9, 2023. The starting rent at the time of lease was \$20.00/SF, modified gross. According to the leasing broker, Juan Espinosa, the property was leased to another day care user. No landlord tenant improvements. The tenant received 3 months free rent at the beginning of the lease for as they were updating the space, but 3 months were added at the end of the lease. Tenant only pays base rent plus gas and electric for the unit. Landlord pays insurance and real estate taxes. Real estate taxes estimated at \$4,53 per square foot.</i>									
5	8619-8625 S Cottage Grove 8619-8625 Cottage Grove Chicago Cook County IL	Yr Blt: 1953 Stories: 1 GBA: 7,225 Parking Ratio: 1.1 /1,000	Not disclosed	3,000	Oct-23	—	\$12.00	None	Modified Gross
<i>Comments: Tenant pays gas and electric.</i>									
6	7458 S Langley Ave 7458 Langley Chicago Cook County IL	Yr Blt: 1950 Stories: 1 GBA: 1,710 Parking Ratio: —	Not disclosed	1,710	Nov-23	—	\$11.56	None	Modified Gross
<i>Comments: Asking rent was \$14.04 per square foot. The property was marketed the property for lease for 2 months.</i>									

Comparable Rentals Map





Lease 1
Retail>Showroom Property



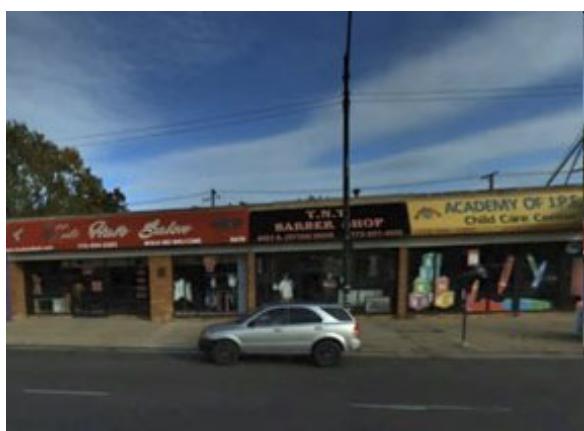
Lease 2
Mixed Use Property



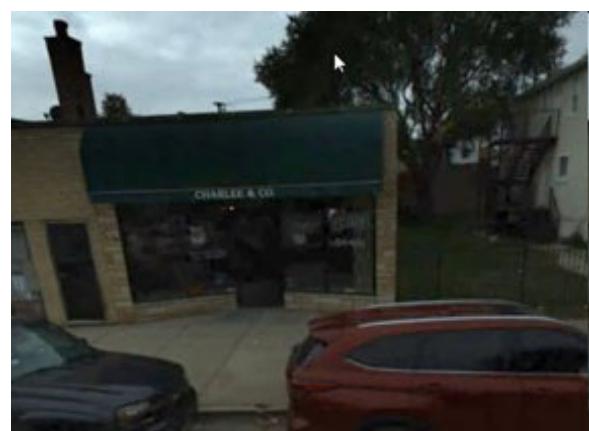
Lease 3
Multi-Tenant Retail



Lease 4
Day Care Property



Lease 5
8619-8625 S Cottage Grove Ave



Lease 6
7458 S Langley Ave

Mixed Use Property

Rental Analysis Factors

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

Adjustment Factors	
Factor	Description
Transactional Adjustments	
Expense Structure	Division of expense responsibilities between landlord and tenant(s).
Conditions of Lease	Extraordinary motivation of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Property Adjustments	
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Space Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Parking	Amount and type of parking provided.
Effective Age/Condition	Effective age; physical condition.
Quality of Construction	Quality of materials used in construction, as well as interior finishes.
Anchor Strength	Benefits of being located within a strong anchored retail center; the influence of the additional foot traffic that a strong anchor draws to the center.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Analysis of Comparable Rentals

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

Rental Adjustment Grid - Retail

	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6
Property Name	Mixed Use Property	Retail/Showroom Property	Mixed Use Property	Multi-Tenant Retail	Day Care Property	8619-8625 S Cottage Grove Ave	7458 S Langley Ave
Address	350 - 356 E. 71st St.	2006 E. 71st St.	8110 S. Cottage Grove	102 E. 79th St.	222 E. 61st St.	8619-8625 Cottage Grove	7458 Langley
City	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago	Chicago
County	Cook	Cook	Cook	Cook	Cook	Cook	Cook
State	IL	IL	IL	IL	IL	IL	IL
Lease Start Date	Jul-22	Sep-22	Jan-23	Apr-23	Oct-23	Nov-23	
Lease Term (Months)	24	0	36	36	0	0	
Tenant Name	Boost Mobile	Not disclosed	ASKING RATE	Undisclosed	Not disclosed	Not disclosed	
Leased SF	4,500	2,200	1,250	6,000	3,000	1,710	
Lease Type	Triple Net	Modified Gross	Net	Modified Gross	Modified Gross	Modified Gross	
Base Rent/SF/Yr	\$13.87	\$17.00	\$15.00	\$20.00	\$12.00	\$11.56	
Transactional Adjustments							
Expense Structure							
\$ Adjustment	\$7.00	—	\$6.00	—	—	—	—
Conditions of Lease							
% Adjustment	-10%	—	-10%	—	—	—	-10%
Market Conditions	4/26/2024	Jul-22	Sep-22	Jan-23	Apr-23	Oct-23	Nov-23
Annual % Adjustment	—	—	—	—	—	—	—
Cumulative Adjusted Rent	\$18.78	\$17.00	\$18.90	\$20.00	\$12.00	\$10.40	
Property Adjustments							
Location	-10%	-5%	20%	-5%	-5%	30%	
Access/Exposure	—	—	—	—	—	—	
Space Size	—	—	—	—	—	—	
Parking	—	—	—	—	—	—	
Effective Age/Condition	—	—	—	-10%	—	—	
Quality of Construction	—	—	-10%	—	—	—	
Anchor Strength	—	—	—	—	—	—	
Economic Characteristics	—	—	—	—	—	—	
Net Property Adjustments (\$)	-\$1.88	-\$0.85	\$1.89	-\$3.00	-\$0.60	\$3.12	
Net Property Adjustments (%)	-10%	-5%	10%	-15%	-5%	30%	
Final Adjusted Price	\$16.90	\$16.15	\$20.79	\$17.00	\$11.40	\$13.53	
Range of Adjusted Rents	\$11.40 - \$20.79						
Average	\$15.96						
Indicated Rent	\$18.00						

An upward adjustment is assigned to the above rentals with regard to the subject's fast food space.

Retail Market Rent Conclusion

Based on the preceding analysis of comparable rentals, we conclude market lease terms for the retail space as follows:

Concluded Market Lease Terms

Space Type	Market			Rent Escalations	Lease Type	Lease Term (Mos.)
	SF	Rent	Measure			
Retail	2,670	\$18.00	\$/SF/Yr	Fixed percentage	Modified Gross	36
Fast Food	890	\$20.00	\$/SF/Yr	Fixed percentage	Modified Gross	36

We note that the contract rents for the occupied spaces are above our concluded market rent. We have scheduled the contract rents in our analysis and the impact of the contract rents is considered to be reflected in the selection of an appropriate overall capitalization rate.

Gross Income Estimate

Potential Gross Rent - Apartments

The following table summarizes the potential gross rent from the apartment units based on contract rent from leased units plus market rent applied to vacant units. The total of these amounts is then compared to the potential rent that would be generated if 100% of the apartment units were leased at market rates.

Figures presented below reflect the 12-month period following the effective date of the appraisal.

Potential Gross Rent						
Unit Type	Total Units	Potential Rent at Contract (1)	Avg. Contract Rent/Unit	Market Rent/Unit	Potential Rent at Market	Contract As % of Market
Leased Units						
2BR/1BA	6	\$63,000	\$875	\$950	\$68,400	92%
Total Leased	6	\$63,000	\$875	\$950	\$68,400	92%
Vacant Units						
2BR/1BA	2	\$22,800	\$950	\$950	\$22,800	100%
Total Vacant	2	\$22,800	\$950	\$950	\$22,800	100%
Grand Total	8	\$85,800	\$894	\$950	\$91,200	94%

¹ Contract rent for leased units; vacant and employee/model units, if any, at market.

For purposes of the direct capitalization analysis that follows, potential gross rent for the apartment units is based on market rent.

Potential Gross Rent - Retail Space

Potential rental income from the retail space is summarized next.

Potential Gross Rent								
Space Type	Potential Rent at Contract (1)			Potential Rent at Market		Contract as % of Market	Projected Rent (2)	
	SF	Annual	\$/SF/Yr	\$/SF/Yr	Annual		Annual	\$/SF/Yr
Retail	2,670	\$55,200	\$20.67	\$18.00	\$48,060	115%	\$53,220	\$19.93
Fast Food	890	\$24,000	\$26.97	\$20.00	\$17,800	135%	\$24,000	\$26.97
Total Subject	3,560	\$79,200	\$22.25	\$18.50	\$65,860	120%	\$77,220	\$21.69

¹ Contract rent for leased space; vacant space at market.

² Projected Rent is different from Potential Rent at Contract in cases in which market rent, rather than contract rent, is applied to some of the existing leased space. Please refer to the Rent Roll.

For direct capitalization purposes, potential gross rent for the retail space is based on contract rents in place plus the owner's space at market rent.

Expense Reimbursements - Apartments

As the apartment leases do not provide for any tenant reimbursements of expenses, no expense recovery income from the apartment tenants is estimated.

Expense Reimbursements - Retail

There are no pass through expenses called for in the leases and no reimbursement income is shown.

Vacancy & Collection Loss Allowance

The vacancy rate for apartment units at competing properties in the larger submarket is reported at 6.46%, with CoStar citing Greater Grand Crossing at 4.1%.

The vacancy rate for competing retail space in the larger submarket is reported at 4.13%, with retail space along 71st Street near the subject reported at 0%.

Based on the relative proportions of multifamily and retail space at the subject, an allowance for stabilized vacancy and collection loss is estimated at 7.0%.

Concessions

Rent concessions are not customary at the subject or typical in the market; therefore, no deductions are made.

Other Income

There are no other sources of income.

Effective Gross Income

Based on the preceding estimates of gross income less allowances if any for vacancy, collection loss, and concessions, effective gross income is calculated at \$156,631.

Operating Expenses

We requested three years of historical operating data, year-to-date figures, and a current budget for the property. The owner provided only a monthly snapshot of expenses.

To develop projections of stabilized operating expenses, we analyze the subject's expenses, and comparable data. The following table summarizes our analysis.

Operating History and Projections

	Actual 2022	Actual 2023	Partial Year 1 Months 2024	1 Months Annualized 2024	IRR Projection
Income					
Rental Income - Apartments	\$61,500	\$68,400	\$5,250	\$63,000	\$91,200
Rental Income - Retail	58,650	71,200	6,600	79,200	77,220
Potential Gross Income*	\$120,150	\$139,600	\$11,850	\$142,200	\$168,420
Vacancy & Collection Loss @ 7.0%					-11,789
Effective Gross Income	\$120,150	\$139,600	\$11,850	\$142,200	\$156,631
Expenses					
Real Estate Taxes	\$26,400	\$26,400	\$2,200	\$26,400	\$25,404
Insurance	7,200	7,200	600	7,200	7,240
Utilities	7,656	7,656	638	7,656	7,797
Repairs/Maintenance	0	0	0	0	8,354
Painting & Decorating	0	0	0	0	2,228
Payroll/Benefits	0	0	0	0	3,342
General/Administrative	0	0	0	0	1,671
Management	0	0	0	0	6,265
Replacement Reserves	0	0	0	0	2,785
Total Expenses	\$41,256	\$41,256	\$3,438	\$41,256	\$65,086
Net Operating Income	\$78,894	\$98,344	\$8,412	\$100,944	\$91,544
Operating Expense Ratio**	34.3%	29.6%	29.0%	29.0%	39.8%

*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss.

Historical income is the actual income that has been collected by the property owner.

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Per square foot expense data for the subject is summarized below.

Expense Analysis per Square Foot

	Comp Data*				Subject			
	Comp 1	Comp 2	Comp 3	Comp 4	Historical and Projected Expenses			
Year Built	1918	1991	1890	2021	1927			
SF	6,900	9,336	4,894	8,503	11,139			
Operating Data Type					Pro-forma			
Year	In Place	In Place	In Place	Owner	Actual	Annualized	IRR	Projection
Real Estate Taxes	\$5.32	\$5.09	\$1.85	\$5.95	\$2.37	\$2.37	\$2.28	
Insurance	\$1.77	\$1.48	\$0.00	\$0.27	\$0.65	\$0.65	\$0.65	
Utilities	\$0.02	\$2.30	\$0.21	\$0.59	\$0.69	\$0.69	\$0.70	
Repairs/Maintenance	\$0.19	\$1.27	\$1.59	\$0.79	\$0.00	\$0.00	\$0.75	
Painting & Decorating	\$0.00	\$0.00	\$1.01	\$0.11	\$0.00	\$0.00	\$0.20	
Payroll/Benefits	\$0.00	\$0.00	\$0.23	\$0.18	\$0.00	\$0.00	\$0.30	
General/Administrative	\$0.05	\$1.41	\$0.08	\$0.12	\$0.00	\$0.00	\$0.15	
Management	\$0.98	\$1.51	\$0.00	\$1.53	\$0.00	\$0.00	\$0.56	
Replacement Reserves	\$0.00	\$0.00	\$0.00	\$0.09	\$0.00	\$0.00	\$0.25	
Total	\$8.32	\$13.05	\$4.96	\$9.63	\$3.70	\$3.70	\$5.84	
Operating Expense Ratio	–	31.8%	31.0%	25.0%	29.6%	29.0%	39.8%	

Operating Expense Analysis by Category

Discussions of our operating expense projections are presented in the following paragraphs.

Real Estate Taxes

This expense category includes all local, county, and state property tax levies, including special assessments. Our projection is based on the property assessment and tax rate for the subject, as discussed previously in the Real Estate Tax Analysis.

Real Estate Taxes Expense

	Comp 1	Comp 2	Comp 3	Comp 4	Actual	Actual	Annualized	IRR
	2022	2022	2022	2023	2022	2023	2024	Projection
Total	–	–	–	–	\$26,400	\$26,400	\$26,400	\$25,404
% of EGI	–	12.4%	11.5%	15.6%	22.0%	18.9%	18.6%	16.2%
\$/Unit	\$7,343	\$47,522	\$2,262	\$16,861	\$3,300	\$3,300	\$3,300	\$3,176
\$/SF	\$5.32	\$5.09	\$1.85	\$5.95	\$2.37	\$2.37	\$2.37	\$2.28

Insurance

Insurance expense includes property and casualty insurance for the subject. Our projection is based on the subject's historical and budgeted expenses and comparable data, as shown below.

Insurance Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$7,200	\$7,200	\$7,200	\$7,240
% of EGI	–	3.6%	–	0.7%	6.0%	5.2%	5.1%	4.6%
\$/Unit	\$2,436	\$13,810	–	\$773	\$900	\$900	\$900	\$905
\$/SF	\$1.77	\$1.48	–	\$0.27	\$0.65	\$0.65	\$0.65	\$0.65

Utilities

Utilities expenses include common electric, water, and sewer.

Our projection of owner's utilities expenses is based on the subject's actual and budgeted expenses, and comparable data, as shown below.

Utilities Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$7,656	\$7,656	\$7,656	\$7,797
% of EGI	–	5.6%	1.3%	1.6%	6.4%	5.5%	5.4%	5.0%
\$/Unit	\$28	\$21,474	\$254	\$1,684	\$957	\$957	\$957	\$975
\$/SF	\$0.02	\$2.30	\$0.21	\$0.59	\$0.69	\$0.69	\$0.69	\$0.70

The following three expense line items include Repairs/Maintenance, Painting/Decorating and Payroll. For smaller multi-family and mixed-use assets in particular, owners often do not make distinctions between the three categories but rather lump them together as a single line item under Repairs/Maintenance. When this occurs, our projection will often reflect lower amounts for Repairs/Maintenance but potentially higher amounts in Painting/Decorating and Payroll. As a test of reasonableness we consider not only the individual line item amounts for both the subject and the comparables but the combined amounts for these three items.

Repairs/Maintenance

Repairs and maintenance includes expenditures to repair and maintain building mechanical systems and structural components, and also the grounds. This category includes supplies and independent contractor charges but excludes payroll costs. Also excluded are painting and decorating costs. Major replacements and building alterations are not included because they are considered capital costs.

Our projection of repairs/maintenance expenses is based on the comparable data.

Repairs/Maintenance Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$0	\$0	\$0	\$8,354
% of EGI	–	3.1%	9.9%	2.1%	–	–	–	5.3%
\$/Unit	\$264	\$11,859	\$1,941	\$2,232	–	–	–	\$1,044
\$/SF	\$0.19	\$1.27	\$1.59	\$0.79	–	–	–	\$0.75

Painting/Decorating

This category includes painting, decorating and cleaning costs associated with the turnover of units. It includes supplies and independent contractor charges but excludes payroll costs.

Our projection is based on the comparable data and our experience in the market.

Painting & Decorating Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$0	\$0	\$0	\$2,228
% of EGI	–	–	6.3%	0.3%	–	–	–	1.4%
\$/Unit	–	–	\$1,230	\$300	–	–	–	\$278
\$/SF	–	–	\$1.01	\$0.11	–	–	–	\$0.20

Payroll/Benefits

Payroll and benefits expenses pertain to onsite personnel including maintenance workers, porters, and resident superintendent, if any. It also includes the cost of employee occupied apartment units, based on the difference between market rent and actual rent charged to employees.

Our projection is based on the comparable data and our experience in the market.

Payroll/Benefits Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$0	\$0	\$0	\$3,342
% of EGI	–	–	1.4%	0.5%	–	–	–	2.1%
\$/Unit	–	–	\$281	\$515	–	–	–	\$418
\$/SF	–	–	\$0.23	\$0.18	–	–	–	\$0.30

General/Administrative

General and administrative expenses consist of general office expenses for onsite personnel, legal and accounting fees, license fees, and business taxes. Our projection below is based on the comparable data.

General/Administrative Expense

	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$0	\$0	\$0	\$1,671
% of EGI	–	3.4%	0.5%	0.3%	–	–	–	1.1%
\$/Unit	\$65	\$13,152	\$96	\$350	–	–	–	\$209
\$/SF	\$0.05	\$1.41	\$0.08	\$0.12	–	–	–	\$0.15

Management

Management charges are typically a percentage of collected revenues and cover the supervision of rent collections, leasing, property maintenance, and bookkeeping, but exclude payroll and benefits costs of onsite personnel. Typical management fees for properties of this type range from 3.0% to

6.0%. Considering the current management expenses at the subject and the complexity of the property, we project an overall management fee of 4.0% of effective gross income.

Management Expense								
	Comp 1 2022	Comp 2 2022	Comp 3 2022	Comp 4 2023	Actual 2022	Actual 2023	Annualized 2024	IRR Projection
Total	–	–	–	–	\$0	\$0	\$0	\$6,265
% of EGI	–	3.7%	–	4.0%	–	–	–	4.0%
\$/Unit	\$1,350	\$14,058	–	\$4,323	–	–	–	\$783
\$/SF	\$0.98	\$1.51	–	\$1.53	–	–	–	\$0.56

Replacement Reserves

Buyers in the multifamily market tend to include replacement reserves in an income and expense pro forma to reflect costs of replacing short-lived items such as appliances, carpet and vinyl floor coverings, window coverings and mechanical systems, such as hot water heaters and HVAC units. Reserves also consider short-lived building components such as the roof and parking lot paving. An estimate of \$0.25 per square foot is considered reasonable.

Total Operating Expenses

Total operating expenses are projected at \$65,086.

Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$91,544, as shown next.

Projection of Net Operating Income

		Annual	\$/Unit	\$/SF
INCOME				
Rental Income - Apartments		\$91,200	\$11,400	\$8.19
Rental Income - Retail		\$77,220	\$9,653	\$6.93
Potential Gross Income		\$168,420	\$21,053	\$15.12
Vacancy & Collection Loss	7.00%	-\$11,789	-\$1,474	-\$1.06
Effective Gross Income		\$156,631	\$19,579	\$14.06
EXPENSES				
Real Estate Taxes		\$25,404	\$3,176	\$2.28
Insurance		\$7,240	\$905	\$0.65
Utilities		\$7,797	\$975	\$0.70
Repairs/Maintenance		\$8,354	\$1,044	\$0.75
Painting & Decorating		\$2,228	\$278	\$0.20
Payroll/Benefits		\$3,342	\$418	\$0.30
General/Administrative		\$1,671	\$209	\$0.15
Management	4.00%	\$6,265	\$783	\$0.56
Replacement Reserves		\$2,785	\$348	\$0.25
Total Expenses		\$65,086	\$8,136	\$5.84
NET OPERATING INCOME		\$91,544	\$11,443	\$8.22

Capitalization Rate Selection

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

Analysis of Comparable Sales

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

Capitalization Rate Comparables										
No.	Address	City	State	Year Built	Sale Date	Gross Building Area	Effective Price/SF	No. Units	Effective Price/Unit	Cap Rate
1	342 E. 71st St.	Chicago	IL	1916	1/12/2023	15,000	\$65.00	13	\$75,000	10.57%
2	7900 S. Drexel Ave.	Chicago	IL	1925	9/12/2022	11,308	\$67.03	15	\$50,533	6.58%
3	8910 - 8912 S. Commercial Ave.	Chicago	IL	1908	2/22/2022	11,700	\$88.03	6	\$171,667	13.37%
4	7201 S. Western Ave.	Chicago	IL	1964	10/6/2021	13,754	\$57.80	20	\$39,750	13.33%
5	2621-25 W. 79th St.	Chicago	IL	1962	5/4/2021	8,450	\$45.56	7	\$55,000	13.35%
6	2111-2115 S. State St.	Chicago	IL	1918	3/31/2021	21,000	\$133.33	10	\$280,000	10.22%
Indicated Cap Rate Range:										6.58% - 13.37%
Average (Mean) Cap Rate:										11.24%

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

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

The survey data above indicates a capitalization rate within a range of 6.58% - 13.37%. After considering current market conditions along with the subject's location, physical and economic benefits, we conclude a capitalization rate range of 9.0% - 10.0% to be appropriate for the subject.

National Investor Surveys

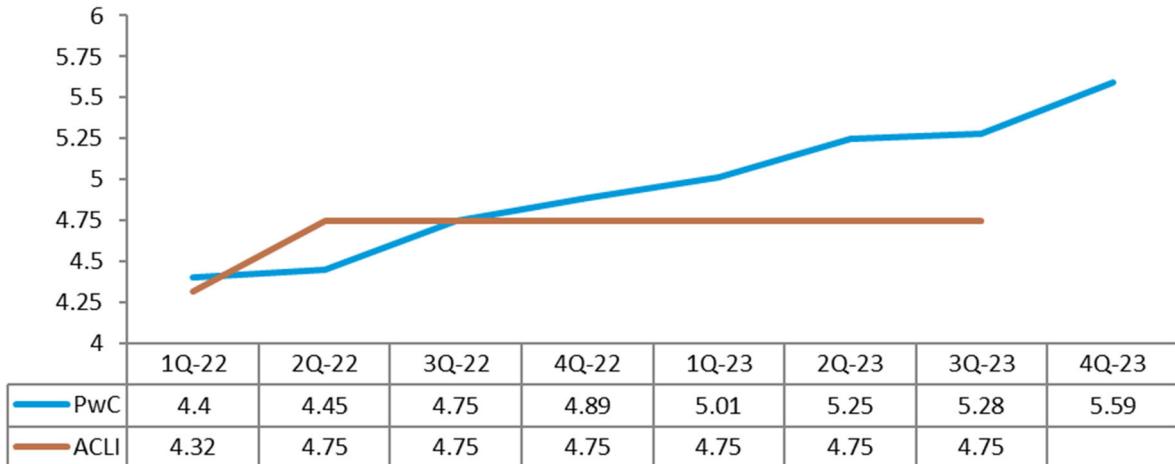
Data pertaining to investment grade properties from the PwC, ACLI, and Viewpoint surveys are summarized in the exhibits that follow.

Capitalization Rate Surveys – Multifamily Properties

	IRR-ViewPoint National Urban Multifamily	IRR-ViewPoint National Suburban Multifamily	PwC 4Q-23 National Apartment	ACLI 3Q-23 National Apartment
Range	4.00% - 6.75%	3.75% - 7.00%	4.00% – 8.00%	NA
Average	5.18%	5.29%	5.59%	5.04%

Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey; American Council of Life Insurers Investment

Multifamily Capitalization Rate Trends



PwC- PwC Real Estate Investor Survey - National Apartment Market

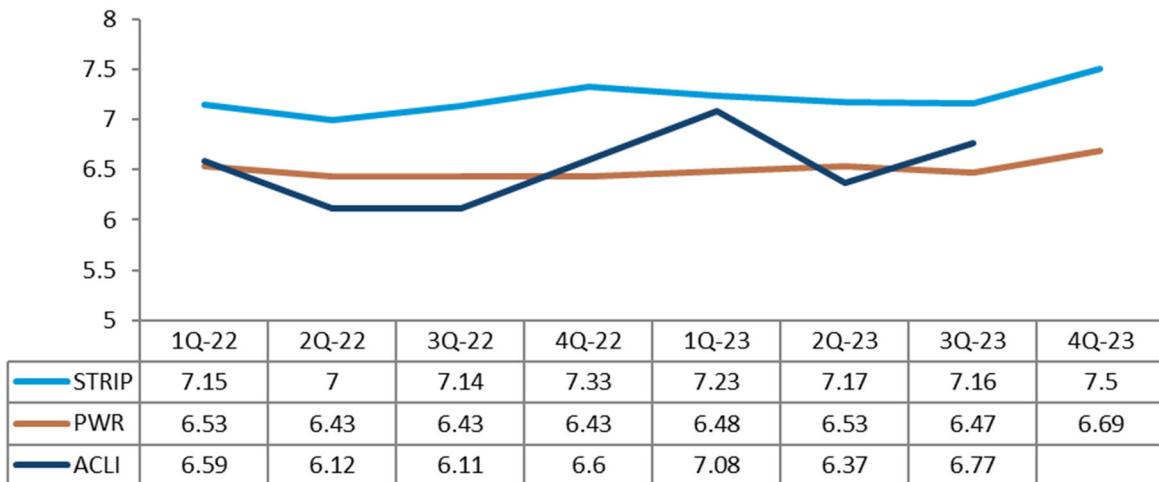
ACLI - American Council of Life Insurers Investment Bulletin - Apartment Properties

Capitalization Rate Surveys – Retail Properties

	IRR-ViewPoint Natl Regional Mall	IRR-ViewPoint Natl Neighborhood Retail	IRR-ViewPoint Natl Community Retail Center	PwC 4Q-23 National Strip Shopping Center	PwC 4Q-23 National Power Center	ACLI 3Q-23 National Retail
Range	5.75% - 10.00%	5.00% - 9.00%	5.00% - 8.50%	5.25% – 10.00%	5.50% – 7.50%	NA
Average	7.59%	7.17%	7.15%	7.50%	6.69%	6.77%

Source: IRR-Viewpoint 2023; PwC Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

Retail Capitalization Rate Trends



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

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

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

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

The most current national survey data above indicates an average going-in capitalization rate of 5.18% for the urban multi-family survey to 7.17% for the national neighborhood retail survey. The rate appropriate to the subject is expected to be above the average rate in the survey data, because of the location and physical characteristics of the property. Accordingly, a capitalization rate within a range of 9.0% - 10.0% would be expected.

Band of Investment

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

Apartments: All Apartments

Item	Input						OAR
Minimum							
Spread Over 10-Year Treasury	0.72%	DCR Technique		1.00	0.056992	0.90	5.13
Debt Coverage Ratio	1.00	Band of Investment Technique					
Interest Rate	4.89%	Mortgage		90%	0.056992	0.051293	
Amortization	40.0	Equity		10%	0.046560	0.004656	
Mortgage Constant	0.056992	OAR					5.59
Loan-to-Value Ratio	90%	Surveyed Rates					5.26
Equity Dividend Rate	4.66%						
Maximum							
Spread Over 10-Year Treasury	4.78%	DCR Technique		1.86	0.121355	0.55	12.41
Debt Coverage Ratio	1.86	Band of Investment Technique					
Interest Rate	8.95%	Mortgage		55%	0.121355	0.066745	
Amortization	15.0	Equity		45%	0.136282	0.061327	
Mortgage Constant	0.121355	OAR					12.81
Loan-to-Value Ratio	55%	Surveyed Rates					12.04
Equity Dividend Rate	13.63%						
Average							
Spread Over 10-Year Treasury	2.75%	DCR Technique		1.43	0.082726	0.73	8.68
Debt Coverage Ratio	1.43	Band of Investment Technique					
Interest Rate	6.92%	Mortgage		73%	0.082726	0.060666	
Amortization	26	Equity		27%	0.095907	0.025575	
Mortgage Constant	0.082726	OAR					8.62
Loan-to-Value Ratio	73.3%	Surveyed Rates					8.33
Equity Dividend Rate	9.59%						

*3rd Quarter 2023 Data

Realty Rates Investor Survey 2023 Q4

Retail: All

Item	Input						OAR
Minimum							
Spread Over 10-Year Treasury	0.92%	DCR Technique		1.05	0.058581	0.80	4.92
Debt Coverage Ratio	1.05	Band of Investment Technique					
Interest Rate	5.09%	Mortgage		80%	0.058581	0.046865	
Amortization	40	Equity		20%	0.075752	0.015150	
Mortgage Constant	0.058581	OAR					6.20
Loan-to-Value Ratio	80%	Surveyed Rates					5.83
Equity Dividend Rate	7.58%						
Maximum							
Spread Over 10-Year Treasury	5.88%	DCR Technique		2.15	0.129320	0.50	13.90
Debt Coverage Ratio	2.15	Band of Investment Technique					
Interest Rate	10.05%	Mortgage		50%	0.129320	0.064660	
Amortization	15	Equity		50%	0.171292	0.085646	
Mortgage Constant	0.129320	OAR					15.03
Loan-to-Value Ratio	50%	Surveyed Rates					14.13
Equity Dividend Rate	17.13%						
Average							
Spread Over 10-Year Treasury	3.27%	DCR Technique		1.39	0.088151	0.70	8.55
Debt Coverage Ratio	1.39	Band of Investment Technique					
Interest Rate	7.44%	Mortgage		70%	0.088151	0.061766	
Amortization	25	Equity		30%	0.128299	0.038403	
Mortgage Constant	0.088151	OAR					10.02
Loan-to-Value Ratio	70.1%	Surveyed Rates					9.77
Equity Dividend Rate	12.8%						

*3rd Quarter 2023 Data

Realty Rates Investor Survey 2023 Q4

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

Band of Investment Method**Mortgage/Equity Assumptions**

Loan To Value Ratio	65%
Interest Rate	6.50%
Amortization (Years)	25
Mortgage Constant	0.0810
Equity Ratio	35%
Equity Dividend Rate	12.00%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	65%	x	8.10% =	5.27%
Equity Requirement	35%	x	12.00% =	4.20%
Indicated Capitalization Rate				9.47%
Rounded				9.50%

Interest Rate Impact on Capitalization Rates

In an attempt to curb inflation, the Federal Reserve aggressively moved the target federal funds rate from sub 0.50 percent to currently in the 5.25 to 5.5 percent target range. The 10-year Treasury rate, a benchmark for commercial mortgages, is now in the four percent range. Combined with increasing spreads required by most commercial banks, the cost of debt has escalated significantly. While interest rates certainly influence capitalization rates, the impact is often diluted by investors accepting lower cash on cash returns in the short run. Market expectations are for rates to pull back in mid to late 2024, but at a relatively slow pace. Our analysis considers the impact of the higher cost of capital.

Capitalization Rate Conclusion

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

Capitalization Rate Risk Factors

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

Accordingly, the capitalization rate is concluded as follows:

Capitalization Rate Conclusion

Method	Capitalization Rate Indication
Analysis of Comparable Sales	9.0% - 10.0%
National Investor Surveys	9.0% - 10.0%
Band of Investment	9.50%
Primary Weight	Analysis of Comparable Sales
Secondary Weight	National Investor Surveys
Conclusion	9.50%

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown below.

Direct Capitalization

Effective Gross Income	\$156,631
Expenses	\$65,086
Net Operating Income	\$91,544
Capitalization Rate	9.50%
Indicated Value	\$963,624
Rounded	\$975,000

Reconciliation and Conclusion of Value

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

Summary of Value Indications

Cost Approach	Not Used
Sales Comparison Approach	\$850,000
Income Capitalization Approach	\$975,000
Reconciled	\$950,000

Cost Approach

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

Sales Comparison Approach

The sales comparison approach is most reliable in an active market when an adequate quantity and quality of comparable sales data are available. In addition, it is typically the most relevant method for owner-user properties, because it directly considers the prices of alternative properties with similar utility for which potential buyers would be competing. The analysis and adjustment of the sales provides a reasonably narrow range of value indications. Nonetheless, it does not directly account for the income characteristics of the subject. Therefore, this approach is given secondary weight.

Income Capitalization Approach

The income capitalization approach is usually given greatest weight when evaluating investment properties. The value indication from the income capitalization approach is supported by market data regarding income, expenses and required rates of return. An investor is the most likely purchaser of the appraised property, and a typical investor would place greatest reliance on the income capitalization approach. For these reasons, the income capitalization approach is given greatest weight in the conclusion of value.

Final Opinion of Value

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

Value Conclusion

Value Type & Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value As Is	Leased Fee	April 26, 2024	\$950,000

Extraordinary Assumptions and Hypothetical Conditions

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

1. None.

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

1. None.

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

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

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local mixed use market, it is our opinion that the probable exposure time for the subject at the concluded market value stated previously is 9 to 12 months.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As we foresee no significant changes in market conditions in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at 9 to 12 months.

An estimate of the replacement cost for insurance purposes, based on the calculator method of Marshall Valuation Service, is shown in the following table. In the absence of specific instructions from the client, this estimate is based on the replacement cost new of the building improvements. From the total of these amounts, we deduct insurance exclusions.

Our estimate is based on MVS data as well as our data on file from historical development budgets, which may not reflect volatile current pandemic market conditions. We are not experts in estimating construction costs in the current market climate. We recommend the engagement of an appropriately qualified construction professional if a definitive current estimate of insurable replacement cost is required.

The following are not considered in our estimate: land value, site improvement costs, entrepreneurial incentive, depreciation, and costs to demolish damaged structures.

We have not viewed the specific policy that is in effect or may be written for the subject, nor have we been given specific instructions by the client on what is to be included in, or excluded from, the estimate of replacement cost for insurance purposes. Moreover, methodologies for developing these estimates vary between underwriters. Therefore, reliance should not be placed on our estimate unless the client independently determines that the items included in our estimate are consistent with the terms of the subject's insurance coverage.

Estimate of Replacement Cost for Insurance Purposes

Replacement Cost New - Building Improvements

Bldg Name	MVS Building Type	MVS Class	Quality	Quantity	Unit	Unit Cost	Cost New
Mixed Use Property	Mixed Retail with Residential Units	C	Average	11,139	SF	\$156.24	\$1,740,357
Subtotal							\$1,740,357
Less: Insurance Exclusions							
Basement Excavation							0.4% \$6,961
Architect's fees							6.0% \$104,421
Total Exclusions							6.4% \$111,383
Insurable Replacement Cost							\$1,628,974
Rounded:							\$1,630,000

Building Improvements - Unit Costs

Building 1 Name: Mixed Use Property

MVS Building Type:	Mixed Retail with Residential Units	Unit	SF	Current Multiplier	1.050
Const Class:	C	Unit Cost	\$120.00	Local Multiplier	1.240
Quality:	Average	Sprinklers:	\$0.00	Story Ht Multiplier	1.000
Quality Rating:		HVAC Adjust	\$0.00	Perimeter Multiplier	1.000
Section/Page		Other:	\$0.00		
Economic Life	50	Subtotal:	\$120.00	Final Unit Cost	\$156.24

Source: Marshall Valuation Service

Certification

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

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

14. As of the date of this report, James Kutil, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
15. As of the date of this report, Kelly Jones has completed the continuing education program for Practicing Affiliates of the Appraisal Institute.



Kelly Jones
Illinois Certified General Real Estate Appraiser
#553.001746



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

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Assumptions and Limiting Conditions

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

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

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

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

covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

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

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

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

which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.

25. IRR - Chicago is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).

26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.

27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

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

1. None.

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

1. None.

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

Addendum A

Appraiser Qualifications

Kelly Jones

Experience

Senior Analyst for Integra Realty Resources
Former Appraiser for Appraisal Research Counselors
Former Appraiser for Renzi and Associates, Inc.

Kelly Jones began his appraisal career in 2002. Mr. Jones work experience focuses on a wide range of property types including industrial, office, retail and mixed use properties. He has completed numerous assignments throughout the Chicago MSA in addition to work in California, Utah, Michigan, Iowa and Indiana. Mr. Jones has provided expert testimony in the Cook County Circuit Courts. Mr. Jones has an Associate's degree in Business Administration from Morton College.



Integra Realty Resources - Chicago

1 N Franklin St
Suite 3010
Chicago, IL 60606

irr.com

Professional Activities & Affiliations

Practicing Affiliate of the Appraisal Institute

Licenses

Illinois, Certified General Real Estate Appraiser, 553.001746, Expires September 2025

Education

Morton College - Associates Degree

APPRAISAL EDUCATION:

Courses sponsored by Real Estate Education Company which were successfully completed:

Standards of Professional Practice (APP I)
Foundations of Real Estate Appraisal (APP II)
Appraising Single Family Residences (APP III)

Courses sponsored by the Appraisal Institute which were successfully completed:

Business Practices and Ethics (OL-420N)
Residential Sales Comparison and Income Approaches (Course 202R)
Basic Income Capitalization (Course 310)
Advanced Income Capitalization (Course 510)
Non-Residential Report Writing (Course IL – VII)
General Market Analysis and Highest and Best Use (Course 400G)
Site Valuation and Cost Approach (OL-402G)
Advanced Concepts and Case Studies (Course 573.000581)

ksjones@irr.com - 312.565.3427





James Kutil, MAI

Experience

Managing Director for Integra Realty Resources

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

Mr. Kutil oversees the senior care property practice including independent living (ILF), assisted living (ALF), skilled nursing (SNF) and continuing care retirement communities (CCRC). He also oversees neighborhood oriented and mid-market investment properties assignments. His valuation experience includes limited and full service hospitality, retail, office and multi-family (market rent, HUD, LIHTC and age restricted). He has extensive experience with appraisal compliance review, for a variety of property types, and has testified as an expert witness for a variety of matters. Jim has completed studies for insurable replacement cost for a variety of clients for a number of years.



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Professional Activities & Affiliations

MAI Designation, Appraisal Institute

Member: University of Illinois Real Estate Alumni Association (2004-present)

Board of Directors: Appraisal Institute Chicago Chapter (2015-2021)

President: Pleasant Condominium Homeowners Association (2014-2015)

President: Chicago Real Estate Council (2010)

Treasurer: Chicago Real Estate Council (2008)

Secretary: Chicago Real Estate Council (2007)

Board of Directors: Chicago Real Estate Council (2004-2006)

Chairman: Illinois Mortgage Bankers Association - Appraisers Committee (1989)

Member: Illinois Mortgage Bankers Association - Appraisers Committee (1987-1989)

Board of Directors: Rogers Park Builders Group (2023-present)

Licenses

Illinois, Certified General Real Estate Appraiser, 553.000280, Expires September 2025

Indiana, Certified General Real Estate Appraiser, CG49500029, Expires June 2024

Wisconsin, Certified General Real Estate Appraiser, 1113-10, Expires December 2025

Michigan, Certified General Real Estate Appraiser, 1205078242, Expires July 2025

Education

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





About IRR

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

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

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

Local Expertise...Nationally!

irr.com



Addendum B

IRR Quality Assurance Survey

IRR Quality Assurance Survey

We welcome your feedback!

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

Integra Quality Control Team

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

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

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

Addendum C

Financials and Property Information

Rent Roll

Rent Roll - Commercial

Full Service Gross = Property Owner pays all costs including utilities, taxes, even janitorial. *Modified Gross* = Property Owner pays taxes, building insurance and Tenant pays utilities, sometimes interior maintenance. *Explain all Modified Gross rents under property*

OWNER'S COMMENTS: "Type Net" (or Net, Net, Net) = Tenant pays pro rata share of taxes, insurance, building maintenance and utilities.

PLEASE COMPLETE ALL COLUMNS AND SECTION									
PROPERTY ADDRESS		CITY		STATE		ZIP CODE		RENT ROLL AS OF	
SUITE #	TENANT'S NAME (With tenant for vacant suites)	SO. FEET (approx)	CURRENT MONTHLY RENT IN PLACE	RENT/CHG'S	LEASE & START DATE (MM/DD/YY)	CURRENT LEASE EXPIRATION (MM/DD/YY)	MTM or Vacant	NET RENT INCREASE (\$1,000)	LEASE TYPE (NNN, MO, FSG)
360	SG Barber	1200	1500.00		03/01/2021	2/26/26			
352	JB Cheo res#+	1200	2000.00		04/01/2020	3/31/30			
354	SM Furniture	1200	1600.00		06/01/2023	05/31/28			
356	CherryC NFP	1200	1500.00		01/01/2023	12/31/24			
35a	T. Montgomery	900	900.00						
35b	Vera Leggett	900	950.00						
35c	Open	900	0.00						
35d	M. Miller	900	800.00						
35e	Open	900	0.00						
35f	K. Charles	900	800.00						
35g	G. DOSS	900	900.00						
35h	T. Willis	900	900.00						
TOTALS			11850.00	0					

NOTES ON TENANTS

Month to month tenants for all residential units.

I (we) certify under penalty of perjury that the foregoing information herein is true and accurate.


Signature

02/01/2024#
Date

V2 10252022

Reported Expenses

Mixed Use Property



Addendum D

Comparable Data

Improved Sales

Multifamily Sale Profile

Sale No. 1

Location & Property Identification

Property Name:	509-511 E. 79th St
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	509-511 E. 79th St.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
Property Location:	S side 79th / E of MLK
IRR Event ID:	2766617



Sale Information

Sale Price:	\$335,000
Effective Sale Price:	\$335,000
Sale Date:	10/23/2021
Recording Date:	11/04/2021
Listing Price:	\$395,000
Sale Status:	Closed
\$/SF GBA:	\$35.45
\$/SF NRA:	\$35.45
\$/Unit:	\$33,500 /Unit
Grantor/Seller:	East Seventy-Ninth Street LLC
Grantee/Buyer:	509-11 East Seventy Ninth Ltd
Assets Sold:	Real estate and FF&E only
Property Rights:	Leased Fee
Exposure Time:	15 (months)
Financing:	Cash to seller
Terms of Sale Comments:	\$251,250 mortgage from First Secure Bank & Trust Co.
Document Type:	Warranty Deed
Recording No.:	2130839046
Rent Subsidized:	No
Verified By:	Jamie Johnson
Verification Date:	02/02/2022
Verification Type:	Secondary Verification

Secondary Verific. Source: CoStar, Historical MLS, Deed

Occupancy

Occupancy Type Before Sale: Multi-Tenant

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-34-202-002
GBA-SF:	9,450
NRA-SF:	9,450
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,250/6,250
Usable/Gross Ratio:	1.00
Year Built:	1926
Most Recent Renovation:	2003
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/3
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	4
Park. Ratio 1000 SF GLA:	0.42
No. Covered Spaces:	4
Park. Ratio 1000 SF GBA:	0.42
Parking Ratio(/Unit):	0.40

Improvement and Site Data (Cont'd)

Elevators/Count:	None
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	60
Frontage Desc.:	79th St.
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Count:	15097
Density-Unit/Gross Acre:	69.69
Density-Unit/Usable Acre:	69.69
Bldg. to Land Ratio FAR:	1.51
Zoning Code:	B3-2
Zoning Desc.:	Community Shopping District
Flood Plain:	No
Flood Zone:	Outside of 500 year flood plain
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Public Records

the property was renovated as it appears there are newer windows after the 2012 sale.

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00	8			0.0%
		8			

Project & Unit Amenities

Range
Refrigerator

Comments

No listing or buyer broker on deal. Property is located close to 79th St. and Martin Luther King Dr.

GBA is 9,450 sf per historical MLS. Property consists of 8 apartments and 2 retail units. There is a 4 car garage on the property. Information from a 2012 sale reported building needed rehab. Available web images appear to indicate

Multifamily Sale Profile

Sale No. 2

Location & Property Identification

Property Name: Mixed Use Retail/Multifamily

Sub-Property Type: Mixed Use, Multifamily-Retail

Address: 1732 E. 79th St.

City/State/Zip: Chicago, IL 60649

County: Cook

Submarket: South Shore

Market Orientation: Urban

IRR Event ID: 2805355



Sale Information

Sale Price:	\$850,000
Effective Sale Price:	\$850,000
Sale Date:	05/10/2022
Recording Date:	05/19/2022
Contract Date:	03/01/2022
Listing Price:	\$975,000
Listing Date:	10/15/2021
Sale Status:	Closed
\$/SF GBA:	\$55.21
\$/SF NRA:	\$66.36
\$/Unit:	\$60,714 /Potential Unit
Grantor/Seller:	SAW Equity Group LLC
Grantee/Buyer:	1732 E. 79th LLC
Assets Sold:	Real estate only
Property Rights:	Leased Fee
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	2213918019
Rent Controlled:	No
Rent Subsidized:	No
Verified By:	Elizabeth Ritzenthaler, MAI
Verification Date:	04/14/2022
Confirmation Source:	Anthony White
Verification Type:	Confirmed-Buyer Broker

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
Occupancy Type After Sale:	Multi-Tenant
Occupancy at Time of Sale:	93.00%
Number of Tenants at T.O.S.:	13

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-25-327-031
GBA-SF:	15,396
NRA-SF:	12,810
Acres(Usable/Gross):	0.13/0.13
Land-SF(Usable/Gross):	5,554/5,554
Usable/Gross Ratio:	1.00
No. of Units (Potential):	9
Year Built:	1928
Most Recent Renovation:	2021
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/2
No. of Units/Unit Type:	14/Potential Units
Multi-Tenant/Condo.:	Yes/No

Mixed Use Retail/Multifamily



Multifamily Sale Profile

Sale No. 2

Improvement and Site Data (Cont'd)

Roof,Heating,AC Comm.:	New rubber membrane
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	59
Frontage Desc.:	79th
Traffic Count:	8100
Density-Unit/Gross Acre:	109.80
Density-Unit/Usable Acre:	109.80
Bldg. to Land Ratio FAR:	2.77
Zoning Code:	B3-2
Zoning Desc.:	Community Shopping District

Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	17031C0539K
Date:	09/10/2021

Bldg. Phy. Info. Source:	Past Appraisal
Source of Land Info.:	Engineering Report

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00	2	420	840	9.5%
1.00	1.00	2	834	1,668	18.9%
2.00	1.00	4	1,000	4,000	45.4%
3.00	1.00	2	1,150	2,300	26.1%
		10		8,808	

Project & Unit Amenities

Carpeting
Wood Floors
Range
Refrigerator
Window Blinds/Shades

Mixed Use Retail/Multifamily



Multifamily Sale Profile

Sale No. 3

Location & Property Identification

Property Name:	Mixed use property
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	8910 - 8912 S. Commercial Ave.
City/State/Zip:	Chicago, IL 60617
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	2819164



Sale Information

Sale Price:	\$1,030,000
Effective Sale Price:	\$1,030,000
Sale Date:	02/22/2022
Recording Date:	03/08/2022
Listing Price:	\$1,049,000
Sale Status:	Closed
\$/SF GBA:	\$75.77
\$/SF NRA:	\$88.03
\$/Unit:	\$171,667 /Unit
Grantor/Seller:	Suite Living Development, LLC
Grantee/Buyer:	Unique Purpose Living Inc
Assets Sold:	Real estate and FF&E only
Property Rights:	Leased Fee
Exposure Time:	6 (months)
Financing:	Cash to seller
Terms of Sale Comments:	2 mortgages totaling \$772,500 from BankFinancial
Document Type:	Warranty Deed
Recording No.:	2200706091
Rent Subsidized:	No
Verified By:	Jamie Johnson
Verification Date:	05/31/2022
Verification Type:	Secondary Verification

Secondary Verific. Source: CoStar, Deed, Sale Brochure, Prior Appraisal

Operating Data and Key Indicators

Net Operating Income:	\$ 137,772
Cap Rate - Derived:	13.37%

Occupancy

Occupancy Type Before Sale: Multi-Tenant

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	26-06-216-025
GBA-SF:	13,593
NRA-SF:	11,700
Acres(Usable/Gross):	0.16/0.16
Land-SF(Usable/Gross):	6,950/6,950
Usable/Gross Ratio:	1.00
Year Built:	1908
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
Construction Desc.:	Masonry mixed use
No. of Buildings/Stories:	1/3

Mixed use property



Improvement and Site Data (Cont'd)

Multi-Tenant/Condo.:	Yes/No	Range
Total Parking Spaces:	4	Washer/Dryer In Unit
Park. Ratio 1000 SF GLA:	0.34	Refrigerator
No. Surface Spaces:	2	
No. Covered Spaces:	2	
Park. Ratio 1000 SF GBA:	0.29	
Parking Ratio(/Unit):	0.67	
Elevators/Count:	None	
Shape:	Rectangular	
Topography:	Level	
Corner Lot:	No	
Frontage Feet:	50	
Frontage Desc.:	on Commercial Ave.	
Frontage Type:	2 way, 1 lane each way	
Traffic Control at Entry:	None	
Traffic Count:	7205	
Density-Unit/Gross Acre:	37.59	
Density-Unit/Usable Acre:	37.59	
Bldg. to Land Ratio FAR:	1.96	
Zoning Code:	B1-2	
Zoning Desc.:	Neighborhood Shopping District	
Flood Plain:	No	
Flood Zone:	Outside of 500 year flood plain	
Flood Zone Designation:	X	
Utilities:	Electricity, Water Public, Sewer, Gas	
Bldg. Phy. Info. Source:	Broker	
Source of Land Info.:	Public Records	

Comments

Listed by North Clybourn Group (Karen Bazar 773-645-7900). Income information is per CoStar. Property is located close to Commercial Ave. and 89th St. GBA, NRA, & unit mix per past appraisal. Property consists of 2 retail units totaling 6,100 sf and 4 apartments. Marketing information from 2022 sale reports building was gut renovated; apartments described as hyper luxury.

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
3.00	2.00	4	1,400	5,600	100.0%
		4		5,600	

Project & Unit Amenities

Multifamily Sale Profile

Sale No. 4

Location & Property Identification

Property Name:	7900 S. Drexel Ave
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	7900 S. Drexel Ave.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	2992016



Sale Information

Sale Price:	\$758,000
Effective Sale Price:	\$758,000
Sale Date:	09/12/2022
Recording Date:	12/16/2022
Sale Status:	Closed
\$/SF GBA:	\$67.03
\$/SF NRA:	\$67.03
\$/Unit:	\$58,308 /Unit
Grantor/Seller:	Judicial Sales Corporation
Grantee/Buyer:	Wilson Property Management

Assets Sold:	Real estate only
Property Rights:	Leased Fee
Financing:	Cash to seller
Terms of Sale Comments:	Mortgage not recorded with the county as of 4/4/23
Document Type:	Warranty Deed
Recording No.:	2135029022
Verified By:	Anna Trocki
Verification Date:	04/04/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Assessor, Deed, MLS, Past Appraisal

Operating Data and Key Indicators

Operating Data Type:	Pro-forma Broker
Potential Gross Income:	\$114,000
Effective Gross Income:	\$114,000
Operating Expenses:	\$64,154
Net Operating Income:	\$ 49,846
Expense Ratio:	56.28%
Cap Rate - Derived:	6.58%
GRM - Derived:	6.65
EGIM - Derived:	6.65

Occupancy

Occupancy Type Before Sale: Multi-Tenant

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-35-101-013
GBA-SF:	11,308
NRA-SF:	11,308
Acres(Usable/Gross):	0.16/0.16
Land-SF(Usable/Gross):	7,000/7,000
Usable/Gross Ratio:	1.00
Year Built:	1925
Property Class:	C
M&S Class:	B
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick

Multifamily Sale Profile

Sale No. 4

Improvement and Site Data (Cont'd)

Construction Desc.:	Brick
No. of Buildings/Stories:	1/2
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	8
Park. Ratio 1000 SF GLA:	0.71
No. Surface Spaces:	8
Park. Ratio 1000 SF GBA:	0.71
Parking Ratio(/Unit):	0.53
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	56
Frontage Type:	1 way, 1 lane
Traffic Control at Entry:	None
Traffic Count:	10,161 vpd
Density-Unit/Gross Acre:	93.34
Density-Unit/Usable Acre:	93.34
Bldg. to Land Ratio FAR:	1.62
Zoning Code:	B3-2
Zoning Desc.:	Community Shopping District

Located at the southwest corner of Drexel Ave & 79th St. Income information per CoStar. The Listing Broker was Blue Door Dave-Tameka McClellon (773) 217-3963. From rental listings subsequent to the transaction, the property was gut renovated after this sale. The indicated overall rate likely reflects the condition and occupancy at the time of sale.

Mixed-use property with eight retail/office storefronts and seven apartments. Unit mix is per CoStar.

Flood Plain:	No
Flood Zone:	outside 500 year
Flood Zone Designation:	X
Comm. Panel No.:	17031C0538K
Date:	09/10/2021
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Public Records
Source of Land Info.:	Public Records

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.00	6			
1.00	1.00	1			
		7			

Comments

7900 S. Drexel Ave



Multifamily Sale Profile

Sale No. 5

Location & Property Identification

Property Name:	8000 S Ashland Ave
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	8000 S. Ashland Ave.
City/State/Zip:	Chicago, IL 60620
County:	Cook
Submarket:	Southwest Cook
Market Orientation:	Urban
IRR Event ID:	2985520



Sale Information

Sale Price:	\$1,000,000
Effective Sale Price:	\$1,000,000
Sale Date:	10/24/2022
Recording Date:	11/02/2022
Listing Price:	\$1,149,000
Sale Status:	Closed
\$/SF GBA:	\$57.43
\$/SF NRA:	\$67.57
\$/Unit:	\$45,455 /Unit
Grantor/Seller:	Bella Skyline Properties
Grantee/Buyer:	Pan Deleon LLC
Assets Sold:	Real estate and FF&E only
Property Rights:	Leased Fee
Exposure Time:	6 (months)
Financing:	Cash to seller
Terms of Sale Comments:	\$800,000 mortgage from Verve Credit Union
Document Type:	Warranty Deed
Recording No.:	2230633053
Verified By:	Jamie Johnson
Verification Date:	03/16/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Deed, Offering Memorandum

Operating Data and Key Indicators

Cap Rate - Reported:	8.40%
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Occupancy

Occupancy Type Before Sale:	Multi-Tenant
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-31-215-018
GBA-SF:	17,412
NRA-SF:	14,800
Acres(Usable/Gross):	0.12/0.12
Land-SF(Usable/Gross):	5,270/5,270
Usable/Gross Ratio:	1.00
Year Built:	1927
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/3
Elevators/Count:	None
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes

8000 S Ashland Ave



Improvement and Site Data (Cont'd)

Density-Unit/Gross Acre: 181.82
Density-Unit/Usable Acre: 181.82
Bldg. to Land Ratio FAR: 3.30
Zoning Code: B1-1
Zoning Desc.: Neighborhood Shopping District
Flood Plain: No
Flood Zone: Outside of 500 year flood plain
Flood Zone Designation: X
Utilities: Electricity, Water Public, Sewer, Gas
Source of Land Info.: Public Records

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00	12	500	6,000	68.2%
1.00	1.00	4	700	2,800	31.8%
		16		8,800	

Project & Unit Amenities

Range
Refrigerator
Wood Floors

Comments

Listed by Essex (Brian Mond 312-662-9590). Property has a new roof, boiler, and water heater in 2020 per OM. Cap rate is per CoStar. Property is located at Ashland Ave. and 80th St.

NRA is 14,800 sf per OM. GBA is based on an estimated 15% loss factor. Property consists of 6 retail units totaling 6,000 sf, and 16 apartments.

Multifamily Sale Profile

Sale No. 6

Location & Property Identification

Property Name:	Mixed use building
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	342 E. 71st St.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
Property Location:	NEC 71st/Calumet Ave
IRR Event ID:	2992054



Sale Information

Sale Price:	\$1,000,000
Effective Sale Price:	\$975,000
Sale Date:	01/12/2023
Recording Date:	01/25/2023
Sale Status:	Closed
\$/SF GBA:	\$65.00
\$/SF NRA:	\$65.00
\$/Unit:	\$75,000 /Unit
Grantor/Seller:	Falcon Calumet Ave Rental LLC
Grantee/Buyer:	The Kamm Howard Revocable Trust
Assemblage:	No
Portfolio Sale:	No
Assets Sold:	Real estate only
Property Rights:	Leased Fee
Exposure Time:	4 (months)
Financing:	Cash to seller
Terms of Sale Comments:	\$731,250 mortgage with Grand Ridge National Bank \$25,000 seller concessions
Document Type:	Trust Deed
Recording No.:	2302546301
Rent Subsidized:	No
Verified By:	Anna Trocki

Verification Date:	04/04/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	Assessor, CoStar, Deed, MLS

Operating Data and Key Indicators

Operating Data Type:	Pro-forma Broker
Potential Gross Income:	\$180,000
Effective Gross Income:	\$180,000
Operating Expenses:	\$76,949
Net Operating Income:	\$ 103,051
Expense Ratio:	42.75%
Management Included:	Yes
Cap Rate - Derived:	10.57%
GRM - Derived:	5.42
EGIM - Derived:	5.42

Sale Analysis

Other Adjustment:	\$25,000
Adjustment Comments:	Unknown Repairs

Occupancy

Occupancy Type Before Sale:	Multi-Tenant
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-22-326-016

Mixed use building



Improvement and Site Data (Cont'd)

GBA-SF:	15,000
NRA-SF:	15,000
Acres(Usable/Gross):	0.17/0.17
Land-SF(Usable/Gross):	7,283/7,283
Usable/Gross Ratio:	1.00
Year Built:	1916
Most Recent Renovation:	2018
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Brick
No. of Buildings/Stories:	2/2
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	3
Park. Ratio 1000 SF GLA:	0.20
No. Surface Spaces:	3
Park. Ratio 1000 SF GBA:	0.20
Parking Ratio(/Unit):	0.23
Shape:	Rectangular
Topography:	Level
Corner Lot:	Yes
Frontage Feet:	71
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Count:	15,878 vpd
Density-Unit/Gross Acre:	77.75
Density-Unit/Usable Acre:	77.75
Bldg. to Land Ratio FAR:	2.06
Zoning Code:	B3-1
Zoning Desc.:	Community Shopping District
Flood Plain:	No
Flood Zone:	outside 500 year
Flood Zone Designation:	X
Comm. Panel No.:	17031C0538K
Date:	09/10/2021
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Public Records

Source of Land Info.:

Past Appraisal

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.00	10			
		10			

Comments

Costar indicates this was a two property sale, however the deed only includes one property located on a single parcel of land. Costar indicated there was a \$25,000 seller concessions but no further information was indicated. We have noted the adjustment to the purchase price and have allocated it for unknown repairs.

Mixed-use property consists of three commercial storefronts and ten apartments. Unit mix is per MLS.

Multifamily Sale Profile

Sale No. 7

Location & Property Identification

Property Name:	Mixed Use Property
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	312 E. 75th St.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	3050394



Sale Information

Sale Price:	\$400,000
Effective Sale Price:	\$400,000
Sale Date:	07/21/2023
Recording Date:	08/16/2023
Sale Status:	Closed
\$/SF GBA:	\$40.48
\$/SF NRA:	\$47.62
\$/Unit:	\$36,364 /Unit
Grantor/Seller:	Chicago Title Land Trust Company #L017-010
Grantee/Buyer:	MEB Development Group Inc
Assets Sold:	Real estate and FF&E only
Property Rights:	Leased Fee
Financing:	Cash to seller
Terms of Sale Comments:	\$539,500 construction mortgage from Nextres LLC
Document Type:	Trust Deed
Recording No.:	2322813420
Rent Subsidized:	No
Verified By:	Jamie Johnson
Verification Date:	09/18/2023
Verification Type:	Secondary Verification
Secondary Verific. Source:	CoStar, Deed, Historical Sale Brochure

Occupancy

Occupancy Type Before Sale: Multi-Tenant

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID:	20-27-122-031
GBA-SF:	9,882
NRA-SF:	8,400
Acres(Usable/Gross):	0.10/0.10
Land-SF(Usable/Gross):	4,500/4,500
Usable/Gross Ratio:	1.00
Year Built:	1923
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Good
Exterior Walls:	Brick
Construction Desc.:	Masonry mixed use
No. of Buildings/Stories:	1/3
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	3
Park. Ratio 1000 SF GLA:	0.36
No. Covered Spaces:	3
Park. Ratio 1000 SF GBA:	0.30
Parking Ratio(/Unit):	0.27
Elevators/Count:	None

Mixed Use Property



Improvement and Site Data (Cont'd)

Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	50
Frontage Desc.:	on 75th St.
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Count:	19549
Density-Unit/Gross Acre:	106.49
Density-Unit/Usable Acre:	106.49
Bldg. to Land Ratio FAR:	2.20
Zoning Code:	B1-1
Zoning Desc.:	Neighborhood Shopping District
Flood Plain:	No
Flood Zone:	Outside of 500 year flood plain
Flood Zone Designation:	X
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Broker
Source of Land Info.:	Public Records

apartments and 3 retail units. There is a 3 car garage on the property. 2022 sale MRED listing includes photos that show renovated storefronts and updated apartments, and what appears to be a new boiler and hot water tanks.

Unit Mix

No. of Bed-rooms	No. of Bath-rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00	8			
		8			

Project & Unit Amenities

Range
Refrigerator

Comments

No listing or buyer broker on deal. We note that the mortgage amount exceeds the sale price which may indicate renovations might be planned. Property is located close to 75th St. and Martin Luther King Dr.

GLA is 8,400 sf per historical sale brochure. GBA is based on an estimated 15% loss factor. Property consists of 8

Mixed Use Property



Apartment Rent Surveys

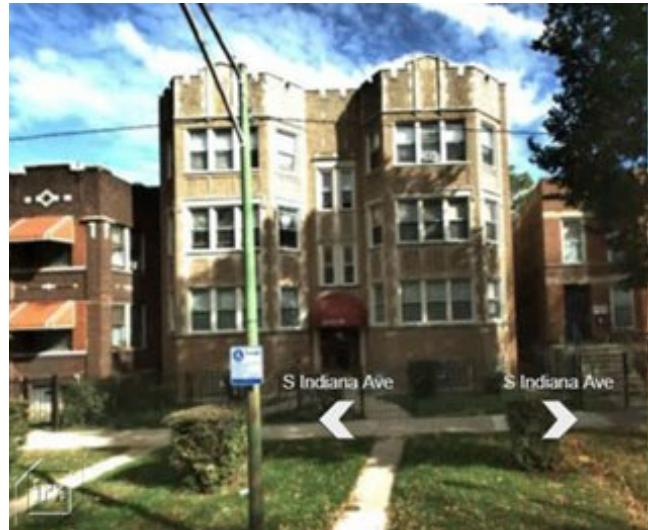
Multifamily Rent Survey Profile

Rent Survey No. 1

Location & Property Identification

Property Name: Owner Heated Apartment Property
Sub-Property Type: Conventional, Garden/Low Rise
Address: 6833 S. Indiana Ave.
City/State/Zip: Chicago, IL 60637
County: Cook
Submarket: South Shore
Market Orientation: Urban

IRR Event ID: 3210517



Property Data

Survey Date: 09/01/2023
No. of Units/Unit Type: 6/Apt. Units
Multi-Tenant/Condo.: Yes/No
Property Class: C
Yr. Built/Yr. Renov.: 1925/
Construction Type: Masonry apartment
Land Size (Ac.): 0.00

Project & Unit Amenities

Landlord Pays: Trash, Sewer, Cold Water, Hot Water, Gas Heat
Tenant Pays: In-Unit Electric, Gas Cooking
Survey Comp./Contact: AJ B.I.G.S. Realty/

Unit Mix

Unit Information	Rms/BR/ Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
2br/1ba	/2/1.0		INA	1,100	\$1010	\$0.92	

Comments

Reported rent for 2br apartment
Owner heated apartment

Location & Property Identification

Property Name:	7901 S Drexel
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	7901 S. Drexel Ave.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	3053629



Property Data

Survey Date:	09/21/2023
No. of Buildings/Stories:	1/3
Property Class:	C
Yr. Built/Yr. Renov.:	1925/2017
Construction Type:	Masonry mixed use
Land Size (Ac.):	0.38

Project & Unit Amenities

Project Amenities:	Extra Storage Area, Common Laundry
Unit Amenities:	Range, Refrigerator
Landlord Pays:	Trash, Sewer, Water
Tenant Pays:	In-Unit Electric, Gas Heat, Gas Cooking

Unit Mix

Unit Information	Rms/BR/ Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1bd/1ba	3/1/1.0		INA	625	\$875	\$1.40	Sizes: 600-650 SF
2bd/2ba	4/2/1.0		INA	825	\$935	\$1.13	

Comments

GBA is per historical MLS. NRA and unit mix are per OM. Property consists of 19 apartments and 5 commercial units.

Location & Property Identification

Property Name:	Tenant heated apartment
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	6601 S. Rhodes Ave.
City/State/Zip:	Chicago, IL 60615
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
Property Location:	SEC Rhodes / Marquette
IRR Event ID:	3210515



Property Data

Survey Date:	02/07/2024
No. of Buildings/Stories:	1/3
Multi-Tenant/Condo.:	Yes/No
Property Class:	C
Yr. Built/Yr. Renov.:	1898/
Construction Type:	Masonry apartment
Land Size (Ac.):	0.08

Project & Unit Amenities

Landlord Pays:	Trash, Sewer, Cold Water
Tenant Pays:	In-Unit Electric, Hot Water, Gas Heat, Gas Cooking
Survey Comp./Contact:	Publix Realty Inc/

Unit Mix

Unit Information	Rms/BR/ Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
2br/1ba	/2/1.0		INA	1,100	\$950	\$0.86	New renovation

Comments

Newly renovated 2br unit
Renovated apartment property

Location & Property Identification

Property Name:	Multifamily Property
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	8416 S. Cottage Grove Ave.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	3210524



Property Data

Survey Date:	03/11/2024
No. of Buildings/Stories:	6/3
No. of Units/Unit Type:	240/Apt. Units
Multi-Tenant/Condo.:	Yes/No
Property Class:	C
Yr. Built/Yr. Renov.:	1950/
Land Size (Ac.):	6.11

Project & Unit Amenities

Project Amenities:	Common Laundry
Unit Amenities:	Carpeting, Vinyl Plank Floors (LVT/LVP), Window Blinds/Shades, 8' Ceiling Height, Range - Electric, Refrigerator, Laminate Counters
Landlord Pays:	Trash, Sewer, Cold Water, Hot Water, Gas Heat
Tenant Pays:	In-Unit Electric, Gas Cooking
Survey Comp./Contact:	Apartments.com/

Unit Mix

Unit Information	Rms/BR/Bth	No. of Units	Vacant Units	SF Per Unit	Base Rent	\$/SF Effective	Unit Comments
1BR/1BA	/1/1.0	216	INA	650			
2BR/1BA	/2/1.0	24	INA	900	\$1169	\$1.30	Rents start at \$1,169

Comments

Asking rent for rehabbed 2br unit. Rents quoted as a wide range - \$1,169 - \$1,952

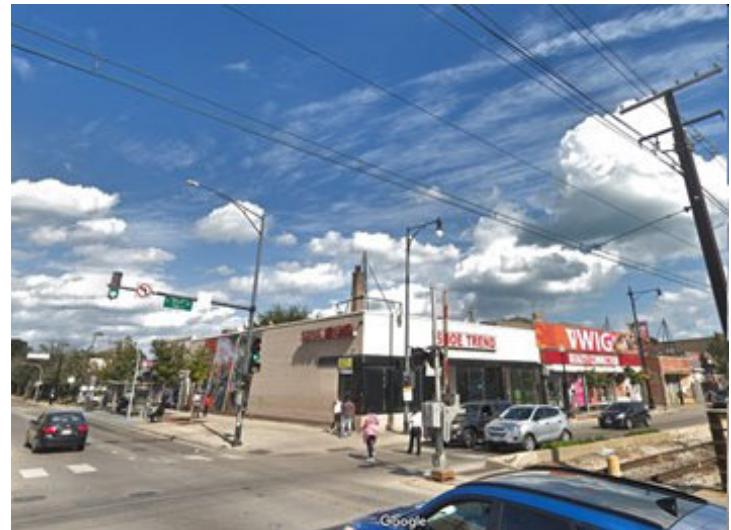
Retail Lease Comparables

Retail Lease Profile

Lease No. 1

Location & Property Identification

Property Name:	Retail/Showroom Property
Sub-Property Type:	Single User
Address:	2006 E. 71st St.
City/State/Zip:	Chicago, IL 60649
County:	Cook
Submarket:	South
Market Orientation:	Urban
IRR Event ID:	3034820



Space Information

Space Type:	Retail
Suite #:	End Cap
Leased Area:	4,500

GLA-SF:	20,000
Acres(Usable/Gross):	0.48/0.48
Land-SF(Usable/Gross):	20,892/20,982
Usable/Gross Ratio:	1.00
Year Built:	1908
Most Recent Renovation:	1989
Property Class:	C
No. of Buildings/Stories:	1/1
Traffic Count:	16,200 (Jeffery); 10,850 (71st)
Accessibility Rating:	Above average
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.95
Source of Land Info.:	Public Records

Comments

The two-year lease was signed 04/30/2022 with an asking rent at the time of \$13.87 per square foot. Boost Mobile is a national cellular service provider.

Lease Expense Information

Reimbursement Method:	Triple Net
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
GBA-SF:	20,000

Retail/Showroom Property

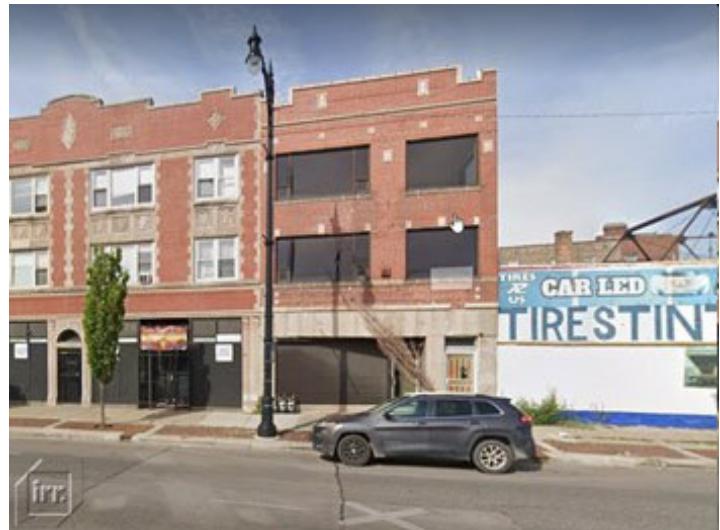


Multifamily Lease Profile

Lease No. 2

Location & Property Identification

Property Name:	Mixed Use Property
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	8110 S. Cottage Grove
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South Shore
Market Orientation:	Urban
IRR Event ID:	2963723



Space Information

Space Type:	Office
Suite #:	1st Floor
Leased Area:	2,200

Legal/Tax/Parcel ID:	20-34-223-022
GBA-SF:	5,100
NRA-SF:	5,100
Acres(Gross):	0.06
Land-SF(Gross):	2,675
Year Built:	1923
Improvements Cond.:	Poor
Total Parking Spaces:	2
Park. Ratio 1000 SF GLA:	0.39
Park. Ratio 1000 SF GBA:	0.39
Parking Ratio(/Unit):	0.67
Density-Unit/Gross Acre:	48.86
Bldg. to Land Ratio FAR:	1.91
Zoning Desc.:	B3-2
Source of Land Info.:	Other

Lease Information

Lease Status:	Signed Lease
Lessee:	Not disclosed
Lease Signed Date:	08/26/2022
Start/Available Date:	09/01/2022
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$17.00
Effective Rental Rate:	\$17.00
Escalation Type:	None
Verified by:	Elizabeth Ritzenthaler, MAI
Verification Date:	01/10/2023
Transaction Reliability:	Researched

Comments

Signed lease for undisclosed period. Tenant pays electric, heat, air conditioning and CAM. Landlord pays \$2.70 for real estate taxes. Renovated 1st floor space.

Lease Expense Information

Reimbursement Method:	Modified Gross
Estimated Annual Property Expenses (\$/SF):	\$2.70

Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
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Mixed Use Property



Retail Lease Profile

Lease No. 3

Location & Property Identification

Property Name:	Multi-Tenant Retail
Sub-Property Type:	Shopping Center, Strip/Convenience Center
Address:	102 E. 79th St.
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South
Market Orientation:	Urban
IRR Event ID:	3051536



Space Information

Space Type:	Retail
Full Building Lease:	No
Leased Area:	1,250

Legal/Tax/Parcel ID:	20-27-320-028
GBA-SF:	3,400
GLA-SF:	3,400
Acres(Usable/Gross):	0.21/0.21
Land-SF(Usable/Gross):	9,019/9,019
Usable/Gross Ratio:	1.00
Year Built:	1985
Most Recent Renovation:	2005
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Stone
No. of Buildings/Stories:	1/1
Total Parking Spaces:	10
Park. Ratio 1000 SF GLA:	2.94
No. Surface Spaces:	10
Park. Ratio 1000 SF GBA:	2.94
Corner Lot:	Yes
Traffic Count:	13,900
Bldg. to Land Ratio FAR:	0.38
Source of Land Info.:	Public Records

Lease Information

Lease Status:	Asking Rent
Lessee:	ASKING RATE
Lease Signed Date:	01/22/2023
Start/Available Date:	01/01/2023
Term of Lease:	36 months
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$15.00
Effective Rental Rate:	\$15.00
Escalation Type:	Fixed Percentage
Verified by:	Kelly Jones
Verification Date:	09/23/2023
Verification Source:	MRED
Transaction Reliability:	Researched

Comments

This 1,250 SF unit at 79th / Michigan Avenue has an asking rate of \$15 PSF, net.

Lease Expense Information

Reimbursement Method:	Net
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Improvement and Site Data

MSA:	Chicago-Naperville-Elgin, IL-IN-WI
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Multi-Tenant Retail



Retail Lease Profile

Lease No. 4

Location & Property Identification

Property Name: Day Care Property
Sub-Property Type: Single User, Day Care Facility/Nursery
Address: 222 E. 61st St.
City/State/Zip: Chicago, IL 60637
County: Cook
Submarket: South
Market Orientation: Urban

IRR Event ID: 3002917



Space Information

Space Type: Retail
Full Building Lease: No
Leased Area: 6,000

Lease Information

Lease Status: Signed Lease
Lessor: Love Burchell
Lessee: Undisclosed
Lease Signed Date: 03/09/2023
Start/Available Date: 04/09/2023
Expiration Date: 04/09/2026
Term of Lease: 36 months
Lease Measure: \$/SF/Yr
Face Rental Rate: \$20.00
Effective Rental Rate: \$20.00
Escalation Type: None
Verified by: Laura Oltmanns
Verification Date: 05/05/2023
Verification Source: Costar Lease Comps
Transaction Reliability: Researched

MSA: Chicago-Naperville-Elgin, IL-IN-WI
Legal/Tax/Parcel ID: 20-15-309-037, -038 and -032
GBA-SF: 8,500
GLA-SF: 8,500
Acres(Usable/Gross): 0.28/0.38
Land-SF(Usable/Gross): 12,341/16,464
Usable/Gross Ratio: 0.75
Year Built: 1925
Property Class: C
M&S Class: C
Construction Quality: Average
Improvements Cond.: Average
Exterior Walls: Brick
Construction Desc.: Masonry
No. of Buildings/Stories: 1/3
Multi-Tenant/Condo.: Yes/No
Total Parking Spaces: 12
Park. Ratio 1000 SF GLA: 1.41
Park. Ratio 1000 SF GBA: 1.41
Fire Sprinkler Type: Wet
Shape: Rectangular
Topography: Level
Corner Lot: Yes
Bldg. to Land Ratio FAR: 0.52
Zoning Code: B3-2
Zoning Desc.: Business
Flood Plain: No
Flood Zone: outside 500 year
Flood Zone Designation: X

Lease Expense Information

Reimbursement Method: Modified Gross

Improvement and Site Data

Day Care Property



Improvement and Site Data (Cont'd)

Utilities: Electricity, Water Public, Sewer, Gas

Source of Land Info.: Public Records

Comments

GBA of 18,000 SF per CoStar and confirmed reasonable by satellite imagery

This is a new lease for 6,000 square feet of retail space. The tenant is undisclosed and the lease began April 9, 2023. The starting rent at the time of lease was \$20.00/SF, modified gross. According to the leasing broker, Juan Espinosa, the property was leased to another day care user. No landlord tenant improvements. The tenant received 3 months free rent at the beginning of the lease for as they were updating the space, but 3 months were added at the end of the lease. Tenant only pays base rent plus gas and electric for the unit. Landlord pays insurance and real estate taxes. Real estate taxes estimated at \$4.53 per square foot.

Retail Lease Profile

Lease No. 5

Location & Property Identification

Property Name:	8619-8625 S Cottage Grove Ave
Sub-Property Type:	Multi-Tenant
Address:	8619-8625 Cottage Grove
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South
Market Orientation:	Urban
IRR Event ID:	3199392



Space Information

Space Type:	Retail
Leased Area:	3,000

Lease Information

Lease Status:	Signed Lease
Lessee:	Not disclosed
Lease Signed Date:	09/27/2023
Start/Available Date:	10/01/2023
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$12.00
Effective Rental Rate:	\$12.00
Escalation Type:	None
Verified by:	Elizabeth Ritzenthaler, MAI
Verification Date:	02/08/2024
Transaction Reliability:	Researched

Land-SF(Gross):	16,553
Year Built:	1953
Property Class:	C
M&S Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	Masonry
Total Parking Spaces:	8
Park. Ratio 1000 SF GLA:	1.11
Park. Ratio 1000 SF GBA:	1.11
Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Bldg. to Land Ratio FAR:	0.44
Source of Land Info.:	Public Records

Comments

Tenant pays gas and electric.

Lease Expense Information

Reimbursement Method:	Modified Gross
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Improvement and Site Data

Legal/Tax/Parcel ID:	APN 20-35-314-008, 009, 010, and 011
GBA-SF:	7,225
GLA-SF:	7,225
Acres(Gross):	0.38

8619-8625 S Cottage Grove Ave



Retail Lease Profile

Lease No. 6

Location & Property Identification

Property Name:	7458 S Langley Ave
Sub-Property Type:	Single User, Store
Address:	7458 Langley
City/State/Zip:	Chicago, IL 60619
County:	Cook
Submarket:	South
Market Orientation:	Urban
IRR Event ID:	3199406



Space Information

Space Type:	Retail
Leased Area:	1,710

Lease Information

Lease Status:	Signed Lease
Lessee:	Not disclosed
Lease Signed Date:	10/27/2023
Start/Available Date:	11/01/2023
Lease Measure:	\$/SF/Yr
Face Rental Rate:	\$11.56
Effective Rental Rate:	\$11.56
Escalation Type:	None
Verified by:	Elizabeth Ritzenthaler, MAI
Verification Date:	02/08/2024
Transaction Reliability:	Researched

Lease Expense Information

Reimbursement Method:	Modified Gross
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Improvement and Site Data

Legal/Tax/Parcel ID:	APN 20-27-229-037-0000
GBA-SF:	1,710
GLA-SF:	1,710
Acres(Gross):	0.07
Land-SF(Gross):	3,093
Year Built:	1950

7458 S Langley Ave



Addendum E
Engagement Letter



REFERENCE NUMBER: B2293627

PROPERTY INFORMATION

PROPERTY ADDRESS

350-356 East 71st Street, Chicago, IL 60619

PROPERTY DESCRIPTION/INSTRUCTIONS

Primary Improvement: 3600sf Approximate Year Built: 1916 Number of Units: 12 Occupancy: 2 Vacant Pending sale: No

PARCEL NUMBER

20-22-326-017-0000

APPRAISAL INFORMATION

LOAN NUMBER

6723185662

DATE BID DUE	TURN TIME	DATE REQUIRED	BID AMOUNT
	16 days	05/09/2024	\$1,400.00
OWNER NAME	REPORT TYPE	PROPERTY TYPE	SIZE
	Appraisal Report	Mixed Use	.17 acres

VALUE APPROACH

COST: NO, INCOME: YES, SALES: YES

PROPERTY INTEREST

Leased Fee

SALES PRICE

LEGAL DESCRIPTION

DETAILS

Primary Improvement: 3600sf Approximate Year Built: 1916 Number of Units: 12 Occupancy: 2 Vacant Pending sale: No

ADDITIONAL INSTRUCTIONS

PAYMENT DETAILS

Appraisal amount is \$1,400.00

Appraiser bills Alpha Realty Advisors (lender) directly

CONTACT INFORMATION

NAME	PHONE	CELL
Marion Norals	(312)569-0470	

Addenda

TYPE	EMAIL
Owner	eeminic@icloud.com

BORROWER INFORMATION

BORROWER(S):
Marion Norals

Requesting Lender	Customer Service	Appraiser
Alpha Realty Advisors 30699 Russell Ranch Rd, Ste. 295 Westlake Village, CA 91362 (818) ____ - ____	SharperLending, a Xactus company 1410 N Mullan Rd Ste 110 Spokane, WA 99206 (800) 452-1174	Integra Realty Resources - Chicago 1 North Franklin Street, Suite 3010 Chicago, IL 60606 (312) 565-3420

From: AppraisalFirewall@SharperLending.com <support@appraisalfirewall.com>
Sent: Tuesday, April 23, 2024 4:50 PM
To: James Kutil jkutill@irr.com
Subject: Message - property: 350-356 East 71st Street Chicago; borrower: Marion Norals

Message!

Jim Kutil, MAI ,

Message from Administrator:

Hi Jim, thanks for accepting this project in Firewall. When you are ready to deliver your report and invoice please put the address below for Alpha. Thanks. Cindy. Alpha Realty Advisors 1787 Sentry Parkway West Bldg. 18, Suite 400 Blue Bell, PA 19422;

On property:

350-356 East 71st Street Chicago

Reference Number:

B2293627

To reply to this message please open the order and select the "Send Message" button on the right. You can access the order [here](#).
