

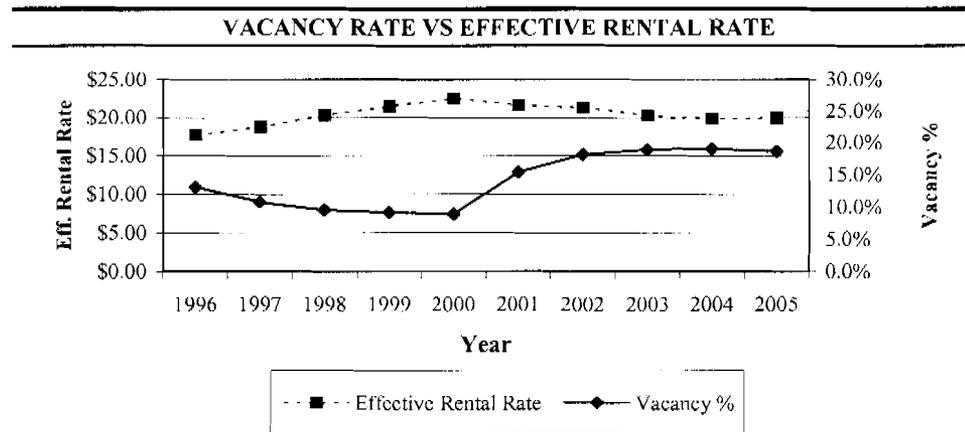
OFFICE MARKET ANALYSIS

METRO AREA OVERVIEW

Supply and demand indicators for office space in the Chicago area, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented below.

CHICAGO METRO AREA OFFICE MARKET							
Year	Quarter	Inventory (SF)	Completions (SF)	Vacancy %	Net Absorption (SF)	Effective Rental Rate	% Change
1996	Annual	206,715,000	532,000	13.1%	4,203,000	\$17.71	6.1%
1997	Annual	206,702,000	1,191,000	10.8%	4,650,000	\$18.81	6.2%
1998	Annual	209,643,000	2,941,000	9.6%	5,231,000	\$20.43	8.6%
1999	Annual	213,563,000	4,338,000	9.2%	4,427,000	\$21.51	5.3%
2000	Annual	218,217,000	4,776,000	8.9%	4,870,000	\$22.62	5.2%
2001	Annual	224,064,000	6,295,000	15.5%	-9,368,000	\$21.71	-4.0%
2002	Annual	227,085,000	4,404,000	18.2%	-3,798,000	\$21.38	-1.5%
2003	Annual	226,482,000	692,000	18.9%	-1,998,000	\$20.31	-5.0%
2004	Annual	227,455,000	2,177,000	19.1%	290,000	\$19.93	-1.9%
2005	Annual	227,451,000	2,015,000	18.7%	1,079,000	\$20.01	0.4%

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



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The Chicago office market contains an overall inventory of about 227,451,000 square feet, which has increased at a 1.1% annual compound rate over the past 9 years.

The market has generally been stable over the last 4 years. The overall vacancy rate is estimated to be 18.7% as of year-end 2005, which represents a substantial increase from a low mark of 8.9% reported in 2000. Absorption turned positive in 2004 as the effects of the national economic expansion were felt. Since that time positive absorption has averaged 684,500 square feet per year.

The effective rental rate is \$20.01 per square foot, which represents a decrease from a high mark of \$22.62 per square foot in 2000. Rental rates have decreased an average of 2.48% per year since that time.

SUBMARKET ANALYSIS

The subject is a Class B property located in the City North office submarket. Key supply and demand indicators for the submarket are displayed in the table below. The reader should note that the City North submarket does not contain any Class A properties so therefore the chart below represents the Class B/C market.

CITY NORTH SUBMARKET							
Year	Quarter	Inventory (SF)	Completions (SF)	Vacancy %	Net Absorption (SF)	Effective Rental Rate	% Change
1996	Annual	2,417,000	0	7.6%	-56,000	\$13.38	6.3%
1997	Annual	2,417,000	0	5.5%	51,000	\$14.24	6.4%
1998	Annual	2,417,000	0	6.0%	-11,000	\$15.54	9.1%
1999	Annual	2,417,000	0	8.4%	-60,000	\$15.72	1.2%
2000	Annual	2,433,000	16,000	14.2%	-126,000	\$16.01	1.8%
2001	Annual	2,433,000	0	17.0%	-69,000	\$15.48	-3.3%
2002	Annual	2,500,000	67,000	17.0%	57,000	\$15.98	3.2%
2003	Annual	2,452,000	0	18.0%	-64,000	\$15.20	-4.9%
2004	Annual	2,422,000	0	15.7%	31,000	\$15.23	0.2%
2005	Annual	2,422,000	0	9.9%	140,000	\$15.33	0.7%

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

Supply Analysis

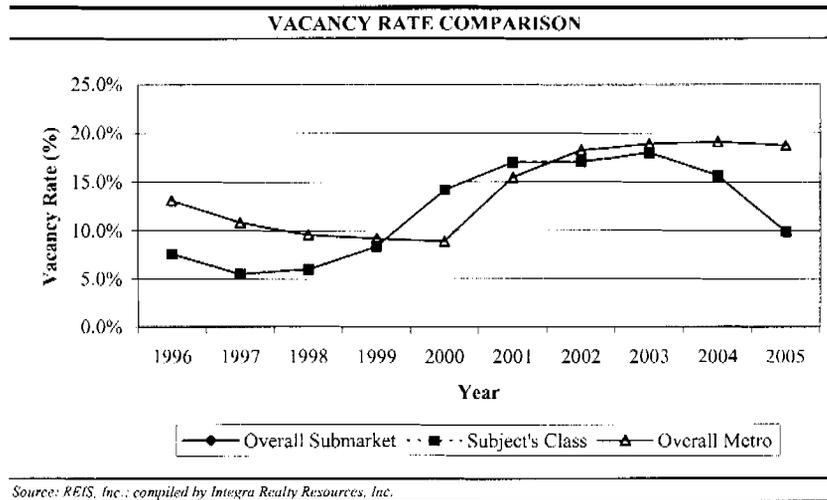
The City North submarket contains an overall inventory of 2,422,000 square feet. Approximately 83,000 square feet have been added to the overall submarket inventory over the past 5 years. The submarket is growing at an average rate of 0.02% per year. The properties in the submarket generally range from 15 to 45 years old.

New and Proposed Construction

Within the City North office market, there are no office buildings that were either recently completed, under construction, or planned. The new development of office buildings has primarily occurred in the CBD and has been focused on the West Loop.

Vacancy Rate Trends

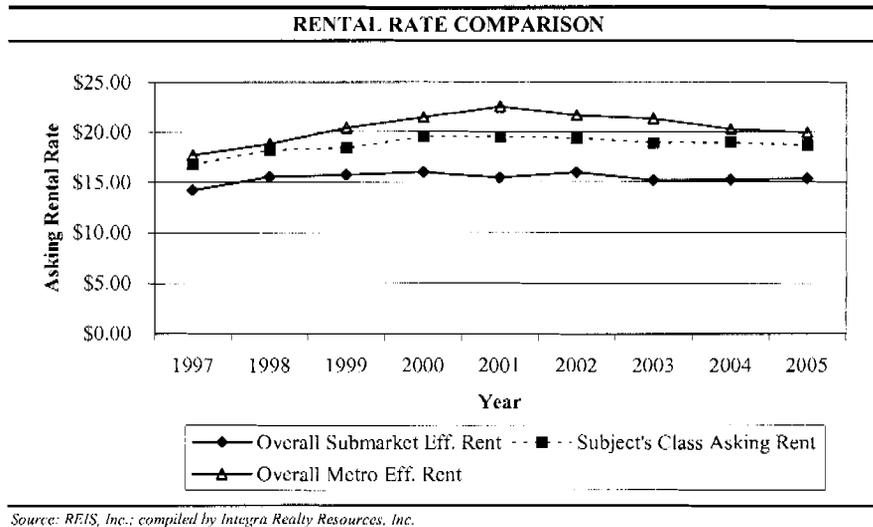
Vacancy rate trends for the City North submarket are charted below.



Overall submarket vacancy is estimated at 9.9% as of year-end 2005, which represents a substantial decrease from a high mark of 18.0% in 2003.

Rental Rate Trends

Trends in reported rents for the City North submarket are shown in the following chart.



The average effective rent for the overall submarket is \$15.33 per square foot, which represents a decrease from the high mark of \$16.01 per square foot in 2000. Reported rents have decreased an average of 0.9% per year since that time.

Demand Analysis

The City North submarket tends to attract financial services companies, Government, and State agencies. The probable space user of the subject is a compilation of financial services companies, and Government or State Agencies. The submarket's current vacancy of 9.9% is considered to be at a stabilize level.

Given past and current trends in the submarket, the likelihood of increased demand for office space in the short and long term is good because the economic activity occurring in the City North and the economic expansion that is occurring.

OFFICE MARKET OUTLOOK AND CONCLUSIONS

The subject is a 93,086 rentable square foot office building in the City North submarket. Supply and demand factors in the region for the short term are expected to be positive. Rental rates are expected to show positive increases. Over the long run, employment growth in the region should foster absorption of excess supply both in the overall region and in the submarket.

PROPERTY ANALYSIS

DESCRIPTION AND ANALYSIS OF THE LAND

PHYSICAL FEATURES

Land Area	2.12 acres, or 92,400 square feet.
Configuration	Rectangular
Frontage Feet	280 feet - West Grace; 330 feet - North Western.
Topography	Level
Drainage	Adequate

Floodplain

Community Panel #	17031C0404F, effective 11/6/2000
Flood Zone	Zone X - Outside of 100-year flood plain.
Flood Insurance	Flood insurance not required.

Environmental Hazards

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. Our inspection of the site did not reveal any obvious signs that there are contaminants on or near the property. Therefore, we assume the subject is not adversely affected by environmental hazards.

Ground Stability

A soil report was not provided for review; however, based on our inspection of the property and observation of development on nearby sites, we assume that the subject is not affected by any adverse soil conditions that would restrict it from being developed to its highest and best use.

ZONING

Designation:	C2-2
Description:	Motor Vehicle-Related Commerical District
Permitted Uses:	Business, service, or commerical use including office and retail uses.
Zoning Jurisdiction:	City of Chicago

Conformity:

Based on our inspection, a review of the site plan, and a discussion with the zoning official, the current use of the site constitutes a legally permissible use that conforms to the current zoning ordinance.

OTHER LEGAL AND REGULATORY CONSTRAINTS**Easements, Encumbrances, and Restrictions**

A title report was provided for our review and no adverse easements, encumbrances, or restrictions that would adversely affect the use of the site were noted. We assume that there are no easements, encumbrances, or restrictions that would restrict the property from being developed to its highest and best use.

Encroachments

We were provided a survey and no adverse encroachments or easements were noted. It is assumed that the property is free and clear of encroachments.

Other Land Use Regulations; Development Moratoriums

We are not aware of any land use regulations other than zoning that would affect the property, nor are we aware of any moratoriums on development.

UTILITIES

Utilities	Provider	Availability	Capacity
Water	City of Chicago	At site	Adequate
Sewer	City of Chicago	At site	Adequate
Electricity	Commonwealth	At site	Adequate
Natural Gas	People's Gas	At site	Adequate
Local Phone	SBC	At site	Adequate

DESCRIPTION AND ANALYSIS OF THE IMPROVEMENTS

EXTERIOR DESCRIPTION

Name of Property	SBC Building
General Property Type	Office
Property Sub Type	CBD General Purpose.
Property Class	C
Occupancy Type	Multi-tenant.
Size	
Gross Building Area (GBA)	93,086 square feet.
Rentable Area (RA)	93,086 square feet.
Basement Area	Yes, contains mechanical area and the breakroom/lounge.
Number of Buildings/Stories	One; four stories not including the basement.
Current Occupancy	100% owner occupied.
Year Built	1960 (46 years actual age).
Estimated Effective Age	35 years.
Estimated Economic Life	55 years (per <i>Marshall Valuation Service</i>).
Structural Frame	Reinforced concrete frame.
Exterior Walls/Windows	Brick and concrete / double pane windows in aluminum frames.
Roof	Flat membrane roof. The interior inspection of the subject suggests no leakage at the date of inspection.
Special Features	The subject contains a breakroom/lounge in the basement.

INTERIOR DESCRIPTION AND MECHANICAL SYSTEMS

Office Space	Open floor plan workstation space.
HVAC	Adequate for office use.
Sprinklers	Basement and top level mechanical are sprinklered only.
Elevators	2 passenger and 1 freight elevator.

SITE IMPROVEMENTS

Parking

Number of Spaces	213
Type	Surface
Parking Ratio	2.29 spaces per 1,000 SF.

IMPROVEMENTS ANALYSIS

Construction Quality	The quality of construction is average.
Condition	The condition of the improvements is good overall. The property has been adequately maintained.
Deferred Maintenance	Our inspection did not reveal any significant deferred maintenance.
Functional Utility	Our inspection did not reveal any significant items of functional obsolescence.
Personal Property	There are no items of personal property that would be significant to the overall valuation.
ADA Compliance	We are not qualified to determine ADA compliance. We recommend that the client engage the services of an ADA compliance expert in order to determine compliance.
Environmental	No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, it is assumed that no hazardous conditions are present at the subject.

REAL ESTATE TAX ANALYSIS

The real estate tax assessment of the subject is administered by Cook County Assessor's office. The property tax identification number and assessed value of the property for tax year 2004 (payable 2005) are as follows:

Property Tax ID Numbers	13-24-207-014-0000
Land Assessment	\$275,852
Building Assessment	\$1,685,460
Total Assessment	\$1,961,312
Total Equalized Market Value	\$5,051,751

The 2004 taxes, payable 2005 totaled \$317,250 or \$3.41 per square foot of rentable area. We have projected the year 1 total annual property tax liability at \$326,768, reflecting \$3.51 per square foot of rentable area. This represents a 3.00% increase from the previous year's tax level.

Based on our valuation of the subject, the assessed value appears reasonable.

HIGHEST AND BEST USE ANALYSES**AS THOUGH VACANT**

- The only permitted uses under zoning that are consistent with prevailing land use patterns in the area are office and retail uses.
- There are no physical limitations that would prohibit development of any of these uses on the site.
- Present market conditions are modestly favorable to new development and it is our opinion that a newly constructed office building on the site would have a value commensurate with its cost. Therefore, office use is financially feasible.
- There is no reasonably probable use of the site that would generate as high a residual land value as office use.

Therefore, office use is concluded to be the maximally productive use and thus the highest and best use of the site as though vacant.

AS IMPROVED

The existing office building is 100% owner occupied and produces a significant positive cash flow. Conversion to an alternative use would not be financially feasible, nor would demolition of the existing improvements and redevelopment of the site. Therefore, we conclude that continued office use is the highest and best use of the site as improved.

MOST PROBABLE BUYER

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

VALUATION ANALYSIS

We utilize the sales comparison and income capitalization approaches in developing an opinion of value for the property. The cost approach is omitted because the property is forty-six years old, beyond the age at which market participants typically use this methodology to price and value assets. Therefore, the cost approach is not applicable to the assignment, and omission of this approach does not constitute departure under *USPAP*. At the client's request, we have provided a land value for the subject.

LAND VALUE ANALYSIS

In order to develop an opinion of the subject's land value, we analyze three sales of vacant land parcels on a price per square foot basis. The sales took place between May 2004 and February 2006, and reflect a range of unadjusted unit prices of \$69.86 to \$76.42 per square foot, summarized as follows:

SUMMARY OF COMPARABLE LAND SALES					
No.	Address	Sale Date	Sale Price	Square Feet	Price Per SF
1	2747 N. California Avenue Chicago Cook, IL	08/10/05	\$1,205,000	15,769	\$76.42
2	2240 W. Diverscy Ave Chicago Cook, IL	05/28/04	\$6,750,000	96,616	\$69.86
3	2606 N. Elston Ave Chicago Cook, IL	02/07/06	\$7,071,500	100,232	\$70.55
SUBJECT				92,400	

We compare each sale to the subject and adjust its unit price to compensate for all significant differences that affect value. Based on this analysis, the sales provide a range of values from \$70.05 to \$73.68 per square foot. It is our opinion that the applicable unit value is \$71.50 per square foot. This results in an indicated land value as follows:

92,400 Square Feet @ \$71.50 / Square Foot	\$6,606,600
Rounded To	\$6,600,000

LAND SALES ADJUSTMENT GRID				
	Subject	Comparable 1	Comparable 2	Comparable 3
Landsite Name	SBC Building	2747 N. California	2240 W. Diversey Ave	2606 N. Elston Ave
Database Record #				
Address	2401 West Grace	2747 N. California Avenue	2240 W. Diversey Ave	2606 N. Elston Ave
City	Chicago	Chicago	Chicago	Chicago
County, State	Cook, IL	Cook, IL	Cook, IL	Cook, IL
Sale Date		08/10/05	05/28/04	02/07/06
Sale Price		\$1,205,000	\$6,750,000	\$7,071,500
# of Sq Ft	92,400	15,769	96,616	100,232
# of Acres	2.1200	0.3600	2.2100	2.3000
Buildable SF				
Frontage SF				
Zoning	related Commerical District	B3-1	M2-3	C3-3
Land Use				
Shape	rectangular			
Topography	level			
Price Per Square Foot		\$76.42	\$69.86	\$70.55
PROPERTY RIGHTS				
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%
ADJUSTED PRICE		\$76.42	\$69.86	\$70.55
FINANCING TERMS				
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%
ADJUSTED PRICE		\$76.42	\$69.86	\$70.55
CONDITIONS OF SALE				
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%
ADJUSTED PRICE		\$76.42	\$69.86	\$70.55
EXPENDITURES AT PURCHASE				
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%
ADJUSTED PRICE		\$76.42	\$69.86	\$70.55
TIME/MARKET CONDITIONS				
Annualized % adjustment: 3%		2%	5%	0%
ADJUSTED PRICE		\$77.83	\$73.68	\$70.81
CUMULATIVE ADJUSTMENT FACTOR				
		1.02	1.05	1.00
LOCATION				
\$ ADJUSTMENT		Comparable \$0.00	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		0%	0%	0%
SIZE				
\$ ADJUSTMENT		Superior -\$7.78	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		-10%	0%	0%
USE				
\$ ADJUSTMENT		Comparable \$0.00	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		0%	0%	0%
ADDL ADJUST 1				
\$ ADJUSTMENT		Comparable \$0.00	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		0%	0%	0%
ADDL ADJUST 2				
\$ ADJUSTMENT		Comparable \$0.00	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		0%	0%	0%
ADDL ADJUST 3				
\$ ADJUSTMENT		Comparable \$0.00	Comparable \$0.00	Comparable \$0.00
% ADJUSTMENT		0%	0%	0%
NET \$ ADJUSTMENT		-\$7.78	\$0.00	\$0.00
NET % ADJUSTMENT		-10%	0%	0%
ADJUSTED PRICE		\$70.05	\$73.68	\$70.81
Range: Min - \$70.05/Mean - \$71.51/Max - \$73.68				
Indicated Subject Value: 92,400 Square Feet @ \$71.50 Per Square Foot \$6,606,600				
Rounded to: \$6,600,000				

SALES COMPARISON APPROACH

To develop an opinion of value by the sales comparison approach, we analyze four sales on a price per square foot of rentable area basis. The sales occurred within the March, 2005 – October, 2005 time period, and reflect an unadjusted unit price range of \$130.56 to \$151.82 per square foot, summarized below:

SUMMARY OF COMPARABLE IMPROVED SALES					
No.	Name/Address	Sale Date	Year Built	SF of RA	Price/SF of RA
1	Premier Center 1001-1027 W. Van Buren St Chicago Cook, IL	9/05	1906	55,000	\$151.82
2	Office Building 223 W. Erie Street Chicago Cook, IL	3/05	1901	68,000	\$130.56
3	Office 224 N. Des Plaines Ave Chicago Cook, IL	9/05	1910	76,907	\$141.73
4	Office Building 366-370 W. Superior Street Chicago Cook, IL	10/05	1953	120,771	\$149.04
SUBJECT			1960	93,086	

We compare each sale to the subject and adjust its price per square foot to compensate for all significant differences that affect value. Sales 1-4 do not contain parking so therefore we have adjusted these sales upward to account for the fact that the subject contains 213 surface stalls. Based on cost information from Marshall & Swift, the replacement cost new of the parking is \$1,500 x 213 spaces=\$319,500. We have then depreciated the parking at 50% which equals \$159,750, divided by our subject net rentable area of 93,086 SF=\$1.72 per SF adjustment. Based on this analysis, the sales indicate a range of value from \$136.30 to \$155.83 per square foot of rentable area. It is our opinion that the applicable unit value is \$147.50 per square foot. This results in the following property value indication by the sales comparison approach:

93,086 SF of RA @ \$147.50/SF	\$13,730,185
Rounded To	\$13,700,000

IMPROVED SALES ADJUSTMENT GRID					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	SBC Building	Premier Center	Office Building	Office	Office Building
Database Record #					
Address	2401 West Grace	1001-1027 W. Van Buren St	223 W. Erie Street	224 N. Des Plaines Ave	366-370 W. Superior Street
City	Chicago	Chicago	Chicago	Chicago	Chicago
County, State	Cook, IL	Cook, IL	Cook, IL	Cook, IL	Cook, IL
Sale Date		09/20/05	03/13/05	09/20/05	10/24/05
Sale Price		\$8,350,000	\$8,877,750	\$10,900,000	\$18,000,000
Gross Building Area	93,086	55,000	68,000	76,907	120,771
Rentable Area	93,086	55,000	68,000	76,907	120,771
Useable Area	0				
Submarket					
Zoning					
Price Per SF of Rentable Area		\$151.82	\$130.56	\$141.73	\$149.04
PROPERTY RIGHTS					
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
ADJUSTED PRICE		\$151.82	\$130.56	\$141.73	\$149.04
FINANCING TERMS					
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
ADJUSTED PRICE		\$151.82	\$130.56	\$141.73	\$149.04
CONDITIONS OF SALE					
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
ADJUSTED PRICE		\$151.82	\$130.56	\$141.73	\$149.04
EXPENDITURES AT PURCHASE					
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
ADJUSTED PRICE		\$151.82	\$130.56	\$141.73	\$149.04
TIME/MARKET CONDITIONS					
Annualized % adjustment: 3%		1.51%	3.08%	1.51%	1.23%
ADJUSTED PRICE		\$154.11	\$134.58	\$143.87	\$150.88
CUMULATIVE ADJUSTMENT FACTOR					
		1.02	1.03	1.02	1.01
LOCATION					
		Superior	Superior	Superior	Superior
\$ ADJUSTMENT		-\$7.71	-\$6.73	-\$7.19	-\$7.54
% ADJUSTMENT		-5%	-5%	-5%	-5%
SIZE					
		Superior	Superior	Superior	Inferior
\$ ADJUSTMENT		-\$7.71	-\$6.73	-\$7.19	\$7.54
% ADJUSTMENT		-5%	-5%	-5%	5%
AGE/CONDITION					
		Inferior	Inferior	Inferior	Comparable
\$ ADJUSTMENT		\$15.41	\$13.46	\$14.39	\$0.00
% ADJUSTMENT		10%	10%	10%	0%
USE					
		Comparable	Comparable	Comparable	Comparable
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
PARKING					
		Inferior	Inferior	Inferior	Inferior
\$ ADJUSTMENT		\$1.72	\$1.72	\$1.72	\$1.72
% ADJUSTMENT		1%	1%	1%	1%
ADDL ADJUST 2					
		Comparable	Comparable	Comparable	Comparable
\$ ADJUSTMENT		\$0.00	\$0.00	\$0.00	\$0.00
% ADJUSTMENT		0%	0%	0%	0%
NET \$ ADJUSTMENT		\$1.72	\$1.72	\$1.72	\$1.72
NET % ADJUSTMENT		1%	1%	1%	1%
ADJUSTED PRICE		\$155.83	\$136.30	\$145.59	\$152.60
Range: Min - \$136.30/Mean - \$147.58/Max - \$155.83					
Indicated Subject Value: 93,086 SF of RA @ \$147.50 PER SF OF RA = \$13,730,185					
Rounded to: \$13,700,000					

INCOME CAPITALIZATION APPROACH

ECONOMIC PROFILE OF PROPERTY

The property is currently 100% owner occupied by SBC. At the request of the client, we have estimated the fee simple value of the subject. As discussed earlier, we have assumed that SBC will sign a lease for 100% of the subject at market rent. Typical market lease terms are on a net basis, which means that tenants are responsible for most operating expenses.

MARKET RENTAL ESTIMATE

To estimate market rent, we analyze the comparable rentals that are summarized below.

<i>SUMMARY OF COMPARABLE OFFICE LEASES</i>							
No.	Property Address	Tenant	NRA (Square Feet)	Lease Start	Lease Term	Base Rent/ Square Foot	Lease Type
1	2551 North Clark	Confidential	2,000	2005	2008	\$14.00	Net
2	212 W. Superior	Confidential	3,000	2005	2010	\$13.00	Net
3	1801 W. Bryon	Confidential	1,800	2006	2008	\$9.00	Net
4	1880 W. Fullerton	Confidential	3,000	2006	2011	\$8.00	Net
5	1880 W. Fullerton	Confidential	2,000	2006	2009	\$7.00	Net
6	1440 North Dayton	Confidential	2,250	2005	2007	\$11.50	Net
7	222 W. Ontario	Confidential	1,600	2006	2009	\$12.50	Net
8	1945 W. Wilson	Confidential	6,000	2005	2010	\$14.50	Net

The rent comparables indicate a market rental range of \$7.00 to \$14.50 per square foot. It is our opinion that a market rental rate of the SBC space is \$10.00 per square foot on a net basis. This is at the lower end of the range of the comparables, but we feel this is appropriate given the large size of the subject's market rent lease.

ESTIMATE OF STABILIZED INCOME AND EXPENSES

The first forecast year is the 12-month period following the effective date of the appraisal, starting April 1, 2006 and ending March 31, 2007. On this basis, we estimate potential gross rent as follows:

Potential Gross Rent:	93,086 SF@ 10.00/SF NRA	\$930,860
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The Income Reconstruction Chart, below, shows our income and expense projections for the first forecast year as well as historical income and expense figures provided by the property owner. The key points of our analysis are:

- Expense reimbursement income of \$733,421 is estimated. This amount is added to the potential gross rent to arrive at potential gross income (PGI).
- Stabilized vacancy and collection loss is estimated at 3.00%. This is lower than the year-end 2005 City North submarket vacancy rate of 9.9%. We believe that a 3.00% vacancy and credit loss estimate is appropriate given our assumption that SBC will occupy 100% of the subject at a market rent level. Vacancy and collection loss is deducted from PGI to arrive at effective gross income (EGI).
- Operating expenses are estimated at \$799,351 overall or \$8.59 per square foot based on an analysis of historical expenses at the subject along with expenses at comparable properties and *BOMA* published expense data. Total operating expenses include management fees of 3.00% of Total EGI.
- Operating expenses are deducted from Total EGI to arrive at net operating income (NOI) of \$815,001.

INCOME RECONSTRUCTION CHART		
Forecast Year		
04/01/06 - 03/31/07		
Category	(Stabilized Basis)	
	<i>Amount</i>	<i>Per \$17 of RA</i>
<i>Gross Income</i>		
Potential Gross Rent	\$930,860	\$10.00
Expense Reimbursements	\$733,421	\$7.88
Potential Gross Income	\$1,664,281	\$17.88
Vacancy/Collection Loss	-\$49,928	-\$0.54
Total Effective Gross Income	\$1,614,352	\$17.34
<i>Expenses</i>		
Real Estate Taxes	\$326,768	\$3.51
Insurance	\$37,234	\$0.40
Utilities	\$158,246	\$1.70
Repairs/Maintenance	\$139,629	\$1.50
Janitorial	\$46,543	\$0.50
Grounds/Security	\$25,000	\$0.27
General/Administrative	\$10,000	\$0.11
Other Operating	\$7,500	\$0.08
Management Fees 3.00%	\$48,431	\$0.52
Total Expenses	\$799,351	\$8.59
Operating Expense Ratio	49.5%	49.5%
Net Operating Income	\$815,001	\$8.76

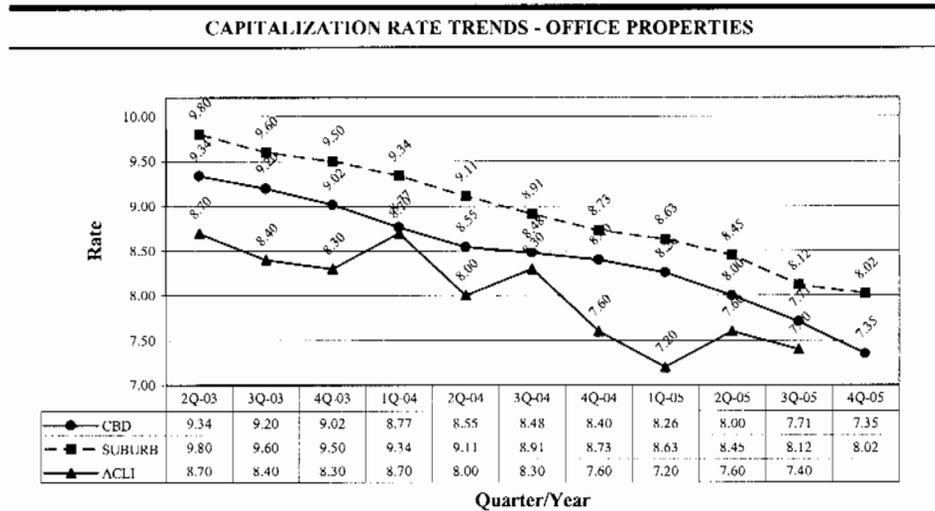
CAPITALIZATION RATE ANALYSIS

We use two methods to estimate a capitalization rate applicable to the stabilized NOI for the subject: review of investor surveys and extraction of rates from comparable sales. Investor surveys summarized below indicate a range of capitalization rates for office properties of 4.5% to 11.0% with a central tendency of 7.35% to 8.02%. Rates have been moving downward over the past ten quarters, and this trend is expected to continue in the near term.

CAPITALIZATION RATE SURVEYS – OFFICE PROPERTIES					
	IRR-Viewpoint	IRR-Viewpoint	Korpacz	Korpacz	ACLI
	Year End 2005	Year End 2005	4Q-2005	4Q-2005	3Q-2005
	National	National	4Q-2005	National	3Q-2005
	CBD	Suburban	National CBD	Suburban	National
	Office	Office	Office	Office	Office
Range	5.5%-11%	6.25%-9.8%	4.5%-9.5%	5.5%-10.5%	NA
Average	8.00%	8.02%	7.35%	8.02%	7.40%

Source: IRR-Viewpoint 2006; Korpacz Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.

Additionally, we have also considered the national survey from the National Net Lease Market. According to Korpacz 1st Quarter 2006, the range of capitalization for National Net Lease properties is 6.50% to 10.00%, with an average of 7.71%.



CBD - Korpacz Real Estate Investor Survey - National CBD Office Market
 SUBURB - Korpacz Real Estate Investor Survey - National Suburban Office Market
 ACLI - American Council of Life Insurers Investment Bulletin - Office Properties

The second method, extraction of capitalization rates from comparable sales, is considered reliable when recent comparable sales are available. The table below summarizes the sales that provide the best indications of a capitalization rate for the subject.

CAPITALIZATION RATE COMPARABLES

No.	Property Name	Year Built	Sale Date	Overall Cap Rate	RA (SF)	Price /SF
1	Office Building, Chicago, IL	1901	3/05	8.00%	68,000	\$131
2	Crate & Barrel, Northbrook, IL	2004	11/05	5.88%	159,445	\$245
Average(Mean)				6.94%		

The sales show capitalization rates ranging from 5.88% to 8.00% with an average of 6.94%. Based on the instructions from the client, the subject will be leased back to SBC at a market rental rate. This decreases the investment risk and we believe a capitalization rate below the average of the investor surveys is appropriate. The Crate & Barrel sale in the chart above was a sale leaseback transaction of a new office facility in suburban Chicago. Although this property has a suburban location and was constructed in 2004, the sale leaseback structure is similar to what has been represented to us regarding the subject transaction. In determining our capitalization rate, we have placed primary reliance on this transaction. We conclude a capitalization rate of 6.00% for the subject.

DIRECT CAPITALIZATION

We estimate a capitalization rate of 6.00% based on rates extracted from comparable sales and supported by investor surveys. By applying the capitalization rate to the stabilized net operating income of \$815,001, we arrive at the following value indication:

Effective Gross Income	\$1,614,352
Less Expenses	\$799,351
Net Operating Income	\$815,001
Capitalization Rate	6.00%
Stabilized Value Indication	\$13,583,350
Rounded To	\$13,600,000

VALUE INDICATION - INCOME CAPITALIZATION APPROACH

We arrive at a final value indication by the income capitalization approach of **\$13,600,000.**