

**Schedule E To
Direct Testimony of David M. Swanson
On Behalf of AT&T Illinois**

Appraisal Dated April 3, 2006

**COMPLETE APPRAISAL
SUMMARY REPORT
OFFICE PROPERTY**

SBC Administrative Office Building

65 West Webster
Joliet, Will County, Illinois 60435

PREPARED FOR:

Mr. J. Stephen Sundby
Director
AT&T Services, Inc.
7159 San Pedro
San Antonio, TX 78216

EFFECTIVE DATE OF THE APPRAISAL:

April 3, 2006

INTEGRA REALTY RESOURCES - CHICAGO

File Number: IRRDFW.0602120D



**SBC Administrative Office Building
65 West Webster
Joliet, Illinois**

April 10, 2006

Mr. J. Stephen Sundby
Director
AT&T Services, Inc.
7159 San Pedro
San Antonio, TX 78216

SUBJECT: Market Value Appraisal
SBC Administrative Office Building
65 West Webster
Joliet, Will County, Illinois 60435
Client Reference Number:
Integra Chicago File No. IRRDFW.0602120D

Dear Mr. Sundby:

Integra Realty Resources – Chicago is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the Fee Simple interest in the property. The client for the assignment is AT&T Services, Inc.. The intended use is for asset valuation purposes.

This is a complete appraisal in a summary report that is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

The report has been prepared under the summary report option of Standards Rule 2-2 of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal as noted herein.

The subject is a masonry constructed office building containing 97,631 square feet of rentable

Mr. J. Stephen Sundby
Director
AT&T Services, Inc.
April 10, 2006
Page 2

area. The improvements were constructed in 1956 and are NA owner occupied as of the effective appraisal date. The site area is 0.97 acres, or 42,075 square feet.

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

VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	April 3, 2006	\$7,800,000

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

For purposes of the as is valuation, we assume:

- a. since the subject is owner occupied, we have used market levels for rent, vacancy and expenses.

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



Will Kastilahn
Real Estate Analyst



Gary K DeClark, MAI, CRE
Managing Director
Certified General Real Estate Appraiser
IL Certificate # 153-000218

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Name	SBC Administrative Office Building	
Address	65 West Webster Joliet, Illinois 60435	
Property Type	Office - low rise	
Owner of Record	SBC	
Tax ID	30-07-09-427-012	
Land Area	0.97 acres; 42,075 SF	
Gross Building Area	97,631 SF	
Rentable Area	97,631 SF	
Percent Leased	NA	
Year Built	1956	
Year Renovated	2002	
Zoning Designation	B-2, Central Business District	
Highest and Best Use		
As if Vacant	Office use	
As Improved	Continued office use	
Exposure Time; Marketing Period	9 months; 9 months	
Effective Date of the Appraisal	April 3, 2006	
Property Interest Appraised	Fee Simple	
Market Value Indications		
Cost Approach	\$8,000,000	(\$81.94/SF)
Sales Comparison Approach	\$7,800,000	(\$79.89/SF)
Income Capitalization Approach	\$7,850,000	(\$80.40/SF)
Market Value Conclusion	\$7,800,000	(\$79.89/SF)

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

For purposes of the as is valuation, we assume:

- a. since the subject is owner occupied, we have used market levels for rent, vacancy and expenses.

GENERAL INFORMATION

IDENTIFICATION OF SUBJECT

The subject is a masonry constructed office building containing 97,631 square feet of rentable area. The improvements were constructed in 1956 and are NA owner occupied as of the effective appraisal date. The site area is 0.97 acres, or 42,075 square feet. The street address is 65 West Webster, Joliet, Will County, Illinois 60435. It is identified by the tax assessment office as follows: 30-07-09-427-012. A legal description of the property is was requested but not provided.

CURRENT OWNERSHIP AND SALES HISTORY

The owner of record is SBC. This party acquired the property in 1956 and has occupied the building since that time. To the best of our knowledge, no sale or transfer of ownership has occurred within the past three years, and as of the effective date of this appraisal, the property is not subject to an agreement of sale or option to buy, nor is it listed for sale.

PURPOSE, PROPERTY RIGHTS AND EFFECTIVE DATE

The purpose of the appraisal is to develop an opinion of the market value of the Fee Simple interest in the property as of the effective date of the appraisal, April 3, 2006.

DEFINITION OF MARKET VALUE

Market value is defined as:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 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.” (Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

DEFINITION OF PROPERTY RIGHTS APPRAISED

Fee simple estate is defined as an: “Absolute ownership interest unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (*Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.*)

Leased fee interest is defined as: “An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.” (*Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.*)

Leasehold interest is defined as: “The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.” (*Source: The Dictionary of Real Estate Appraisal, Fourth Edition, 2002.*)

CLIENT, INTENDED USER AND INTENDED USE

The client and intended user is AT&T Services, Inc. The intended use is for asset valuation purposes. The appraisal is not intended for any other use or user.

SCOPE OF APPRAISAL

To perform this assignment, we took the following steps to gather, confirm, and analyze relevant data.

- Physically inspected the property and the surrounding area. Will Kastilahn conducted an interior and exterior inspection of the property on April 2, 2006. Gary K DeClark, MAI, CRE conducted an interior and exterior inspection on April 2, 2006.
- Collected factual information about the property and the surrounding market, and confirmed that information with various sources.
- Prepared a highest and best use analysis of the subject site as if vacant and of the property as improved.
- Collected, confirmed, and analyzed market information under all applicable approaches to value.
- Reconciled the indications of value into a conclusion of value as of the effective date of the appraisal.

Other steps taken to complete this assignment are detailed in individual sections of the report.

Although a survey was requested from ownership and is pertinent to the assignment, it was not made available to Integra Realty Resources – Chicago. Our inability to obtain this information and consider it in our analysis may affect our value opinion.

This is a complete appraisal in a summary report that is intended to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), the

Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and the appraisal guidelines of AT&T Services, Inc.. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

The report has been prepared under the summary report option of Standards Rule 2-2 of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal as noted herein.

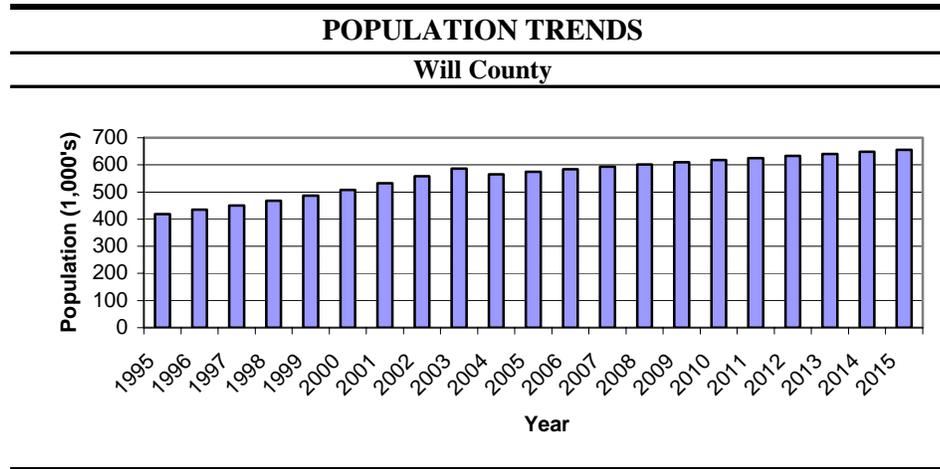
ECONOMIC ANALYSIS

WILL COUNTY AREA ANALYSIS

An analysis of population, employment, and income trends for the Will County and the the Chicago MSA is performed using data provided by NPA Data Services, a recognized source.

POPULATION

Historical and projected population trends for Will County are charted below:



The population of Will County increased at a compounded annual rate of 2.49% from 2000 to 2005. For the same time period, the Chicago MSA grew at a compounded annual rate of approximately 0.63%. Over the last 10 years Will County's average annual compound change was 3.23%, compared to 0.82% for the Chicago MSA.

Looking ahead, both Will County and the Chicago MSA are anticipated to experience continued growth, with future population estimates reflecting growth rates similar to those experienced in the past. For the period 2005 to 2015, the populations of Will County and the the Chicago MSA are expected to increase by an average annual compound rate of 1.33% and 0.44%, respectively. For the next five years, the population of Will County should grow slower than the 10-year average.

POPULATION TRENDS COMPARISON					
Chicago MSA			Will County		
	Year	Population (000's)	% Change	Population (000's)	% Change
Historical	1995	7,886.8		418.4	
	2000	8,294.0	5.2%	508.3	21.5%
	2001	8,369.9	0.9%	532.4	4.8%
	2002	8,433.5	0.8%	558.2	4.8%
	2003	8,491.8	0.7%	586.7	5.1%
	2004	8,521.9	0.4%	565.3	-3.7%
Current	2005	8,556.9	0.4%	574.7	1.7%
	2006	8,592.5	0.4%	583.9	1.6%
Projected	2007	8,629.5	0.4%	592.9	1.5%
	2008	8,668.0	0.4%	601.7	1.5%
	2009	8,701.7	0.4%	609.8	1.4%
	2010	8,736.3	0.4%	617.7	1.3%
	2015	8,937.6	2.3%	655.8	6.2%
Average Annual Compound Change	Historical				
		Past 5 years	0.63%		2.49%
		Past 10 years	0.82%		3.23%
	Projected				
		Next 5 years	0.42%		1.45%
		Next 10 years	0.44%		1.33%

Source: NPA Data Services, Inc.; compiled by IRR

EMPLOYMENT

Employment trends for both Will County and the Chicago MSA should follow a pattern similar to the population trends for these areas, although at higher rates of increase. From 2000 to 2005, Will County employment grew at an average annual compound rate of 1.44% compared to 0.33% for the the Chicago MSA. These figures indicate that Will County surpassed the Chicago MSA in employment growth over the last five years. Looking back 10 years, Will County employment grew at an average annual compound rate of 2.80%, compared to the Chicago MSA growth rate of 1.11%.

Over the next five and 10 years Will County employment growth should lag the Chicago MSA growth rate. From 2005 to 2010, Will County should grow by a 2.05% average annual growth rate, while the long term projection, 2005 to 2015, is for a 1.72% increase. For the same periods, employment in the Chicago MSA is expected to grow at average annual compound rates of 1.40% and 1.19%, respectively. Employment gains are a strong indicator of economic health and generally correlate with real estate demand. Historically, Will County has exceeded the Chicago MSA's growth rate, suggesting that Will County's relative position is strengthening.

Employment trends for Will County and the the Chicago MSA are presented below.

NON-FARM EMPLOYMENT TRENDS COMPARISON					
Chicago MSA			Will County		
	Year	Employment (000's)	% Change	Employment (000's)	% Change
Historical	1995	4,648.8		150.7	
	2000	5,104.8	9.8%	184.8	22.6%
	2001	5,090.3	-0.3%	187.7	1.6%
	2002	5,028.0	-1.2%	193.5	3.1%
	2003	4,996.9	-0.6%	188.6	-2.5%
Current	2004	5,091.1	1.9%	193.2	2.4%
	2005	5,188.9	1.9%	198.5	2.8%
Projected	2006	5,272.0	1.6%	203.2	2.4%
	2007	5,356.9	1.6%	208.0	2.3%
	2008	5,432.1	1.4%	212.2	2.0%
	2009	5,496.4	1.2%	216.0	1.8%
	2010	5,562.1	1.2%	219.7	1.7%
	2015	5,840.4	5.0%	235.3	7.1%
Average Annual Compound Change	Historical				
		Past 5 years	0.33%		1.44%
		Past 10 years	1.11%		2.80%
	Projected				
		Next 5 years	1.40%		2.05%
	Next 10 years	1.19%		1.72%	

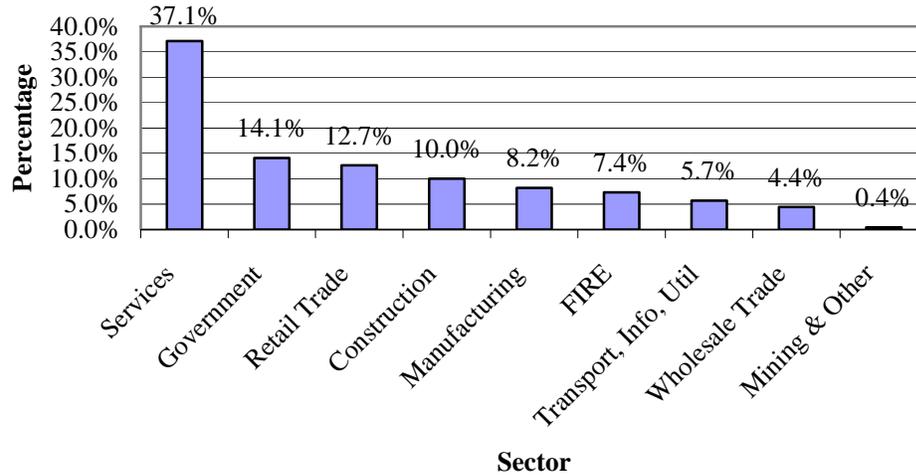
Source: NPA Data Services, Inc.; compiled by IRR

The following chart depicts the current distribution of employment by industry. In 2005, the largest employment sectors in Will County are:

- Services (37.1%)
- Government (14.1%)
- Retail Trade (12.7%)
- Construction (10.0%)

EMPLOYMENT SECTORS 2005

Will County



By comparison, the Chicago MSA's largest employment sectors are Services (42.6%), Government (11.2%), FIRE (10.7%), and Retail Trade (9.6%).

Over the past three years, the largest meaningful percentage gains in employment within Will County occurred within the Mining & Other and Services sectors with annual average compound growth rates of 6.07% and 2.89% respectively.

For the Chicago MSA, the largest meaningful gains in employment over the past three years occurred within the Mining & Other and Services sectors with annual average compound growth rates of 6.0% and 1.7% respectively.

We are unable to examine more than four years of historical trends in employment sectors because the U.S. Department of Commerce switched from the Standard Industrial Classification (SIC) system of employment categories to the North American Industrial Classification System (NAICS) in 2001. NAICS employment categories differ from those of the SIC system, making it difficult to compare pre-2001 and post-2001 data.

Ten-year projections for Will County show Mining & Other related employment leading all other sectors with FIRE second. The forecast for the Chicago MSA has Mining & Other related employment leading all other sectors with FIRE second.

EMPLOYMENT SECTOR TRENDS

Will County								
	2001	2005	% of Total	2010	2015	Change Rate		
						'01-'05	'05-'10	'05-'15
Total Employment	187.7	198.5	100%	219.7	235.3	1.41%	2.05%	1.72%
Services	65.8	73.7	37.1%	83.6	91.4	2.89%	2.54%	2.17%
Government	26.0	28.0	14.1%	30.9	33.0	1.87%	1.99%	1.65%
Retail Trade	24.1	25.1	12.7%	27.5	29.1	1.08%	1.83%	1.48%
Construction	18.8	19.9	10.0%	22.3	23.9	1.51%	2.27%	1.86%
Manufacturing	18.8	16.2	8.2%	15.8	15.1	-3.60%	-0.49%	-0.69%
FIRE	13.4	14.6	7.4%	16.6	18.2	2.11%	2.60%	2.25%
Transport, Info, Util	11.8	11.3	5.7%	12.2	12.8	-1.09%	1.41%	1.23%
Wholesale Trade	8.4	8.8	4.4%	10.0	10.7	1.23%	2.44%	1.97%
Mining & Other	0.6	0.8	0.4%	1.0	1.1	6.07%	3.24%	2.82%
Ttl Non-Mfg.	168.9	182.3	91.8%	203.9	220.2	1.92%	2.27%	1.91%
Ttl Office-Related*	105.2	116.3	58.6%	131.1	142.6	2.54%	2.42%	2.06%

*Includes FIRE, Services and Government

(Numbers in thousands (000's))

EMPLOYMENT SECTOR TRENDS

Chicago MSA								
	2001	2005	% of Total	2010	2015	Change Rate		
						'01-'05	'05-'10	'05-'15
Total Employment	5,090.3	5,188.9	100%	5,562.1	5,840.4	0.48%	1.40%	1.19%
Construction	261.6	259.5	5.0%	274.6	284.7	-0.20%	1.14%	0.93%
FIRE	526.9	552.9	10.7%	610.3	658.1	1.21%	2.00%	1.76%
Government	556.5	580.8	11.2%	620.2	649.9	1.08%	1.32%	1.13%
Manufacturing	550.7	475.3	9.2%	465.3	445.7	-3.61%	-0.43%	-0.64%
Mining & Other	7.3	9.3	0.2%	10.6	11.9	5.95%	2.84%	2.54%
Retail Trade	501.2	498.3	9.6%	523.9	540.3	-0.15%	1.01%	0.81%
Services	2,065.5	2,211.7	42.6%	2,410.7	2,569.1	1.72%	1.74%	1.51%
Transport, Info, Util	361.7	350.4	6.8%	381.4	405.9	-0.79%	1.71%	1.48%
Wholesale Trade	258.8	250.7	4.8%	265.1	275.0	-0.79%	1.13%	0.93%
Ttl Non-Mfg.	4,539.6	4,713.6	90.8%	5,096.8	5,394.7	0.94%	1.58%	1.36%
Ttl Office-Related*	3,148.8	3,345.4	64.5%	3,641.2	3,877.1	1.53%	1.71%	1.49%

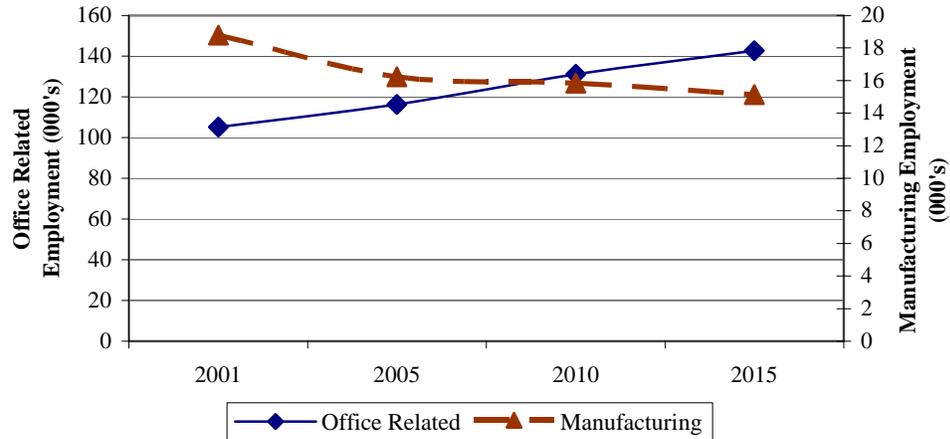
*Includes FIRE, Services and Government

(Numbers in thousands (000's))

In the following chart, we focus on trends in two broad employment sectors: office-related and manufacturing employment. For purposes of this analysis, we define office-related employment as the total number of jobs in the FIRE, Services and Government sectors. While not all employment in these sectors is office-related, office employment trends tend to mirror the trends in these three categories combined. In Will County, office-related employment is growing while manufacturing employment is declining. This indicates a shift toward a more service-based economy, which is consistent with the national trend.

EMPLOYMENT SECTOR TRENDS

Will County



Will County accounted for approximately 3.24% of the Chicago MSA's employment in 1995. In 2005, the ratio is 3.79% and it is projected at 4.03% through 2015. This is an indication that Will County is growing at a rate similar to the Chicago MSA.

Will County's economy is not dependent on a particular sector. The employment base is varied, as are the major employers. Therefore, Will County should be less susceptible to cyclical fluctuations that have occurred in other areas dominated by a single industry.

INCOME

Personal income is a significant factor in determining the real estate demand in a given market. From 2000 to 2005, Will County's income grew at an average annual compound rate of 1.71%, compared to the Chicago MSA average annual compound growth rate of 1.55%. The two market areas displayed a similar pattern in per capita income growth over the last 10 years. Will County's average annual compound growth rate was 1.64% as compared to 2.32% for the Chicago MSA. Projections for the next five- and 10-year periods reflect growth rates for Will County that are greater than the anticipated gains for the Chicago MSA. For the two time frames, 2005 to 2010 and 2005 to 2015, Will County is anticipated to experience 2.94% and 2.62% average annual growth rates, respectively, compared to the projected growth rates of the Chicago MSA of 2.55% and 2.15%.

An examination of income per household reveals that, historically, Will County has experienced a growth rate similar to the Chicago MSA. Future projections predict faster growth for Will County compared to the Chicago MSA. In absolute dollars, Will County's personal income historically has been below that of the Chicago MSA, both on per capita and per household bases.

INCOME PER CAPITA COMPARISON

		Chicago MSA		Will County	
			%		%
		Year	Income/Capita ¹	Income/Capita ¹	Change
			Change		Change
Historical		1995	\$30,701	\$24,758	
		2000	\$35,741	\$26,763	8.1%
		2001	\$35,755	\$26,799	0.1%
		2002	\$35,154	\$28,484	6.3%
		2003	\$34,691	\$26,023	-8.6%
		2004	\$37,391	\$28,073	7.9%
Current		2005	\$38,603	\$29,132	3.8%
Projected		2006	\$39,749	\$30,082	3.3%
		2007	\$40,888	\$31,037	3.2%
		2008	\$41,920	\$31,925	2.9%
		2009	\$42,864	\$32,789	2.7%
		2010	\$43,787	\$33,675	2.7%
		2015	\$47,762	\$37,745	12.1%
Average Annual Compound Change		Historical			
		Past 5 years	1.55%		1.71%
		Past 10 years	2.32%		1.64%
		Projected			
		Next 5 years	2.55%		2.94%
		Next 10 years	2.15%		2.62%

¹ Income figures are stated in year 2000 constant dollars.

Source: NPA Data Services, Inc.; compiled by IRR

INCOME PER HOUSEHOLD COMPARISON					
Chicago MSA			Will County		
Year	Income/Household¹	% Change	Income/Household¹	% Change	
	1995	\$85,195		\$74,868	
	2000	\$99,333	16.6%	\$80,062	6.9%
	2001	\$99,312	0.0%	\$79,234	-1.0%
	2002	\$97,392	-1.9%	\$86,140	8.7%
	2003	\$95,843	-1.6%	\$80,740	-6.3%
	2004	\$103,234	7.7%	\$82,442	2.1%
Current	2005	\$106,384	3.1%	\$85,379	3.6%
	2006	\$109,343	2.8%	\$87,983	3.1%
	2007	\$112,271	2.7%	\$90,591	3.0%
	2008	\$114,891	2.3%	\$92,993	2.7%
Projected	2009	\$117,261	2.1%	\$95,316	2.5%
	2010	\$119,563	2.0%	\$97,691	2.5%
	2015	\$129,191	8.1%	\$108,394	11.0%
Average Annual Compound Growth	Historical				
		Past 5 years	1.38%		1.29%
		Past 10 years	2.25%		1.32%
	Projected				
		Next 5 years	2.36%		2.73%
		Next 10 years	1.96%		2.42%

¹ Income figures are stated in year 2000 constant dollars.

Source: NPA Data Services, Inc.; compiled by IRR

CONCLUSION

Overall, the economic outlook for Will County is positive. Total population is projected to increase slightly. More importantly, the area is projected to experience increasing employment growth. Based on this analysis, it is anticipated that Will County will continue to grow and prosper. The expected growth should provide an economic base that supports demand for real estate in the subject neighborhood and for the subject property. These conditions should stimulate increases in general property values within the foreseeable future.



SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the downtown Joliet. This area is considered part of the Will County submarket.

A map identifying the location of the property follows this section.

ACCESS AND LINKAGES

Primary access to the area is provided by Interstate 80, a major arterial that crosses the Joliet area in an east/west direction (see map). Access to the subject from I-80 is provided by Route 30 and Route 53, and travel time from the major arterial to the subject is about five to 10 minutes. Interstate 55 also cross the area in a north/south direction, and the nearest access is via Route 30 and Route 52, approximately five miles to the west. Overall, vehicular access is good.

Public transportation is provided by Metra rail and provides access to the surrounding suburbs and Chicago. The nearest train station is located in downtown Joliet, approximately four blocks from the subject. The local market perceives public transportation as good compared to other areas in the region; however, the primary mode of transportation in this area is the private automobile.

The Midway International Airport is located about 25 miles from the property; travel time is about 40-60 minutes, depending on traffic conditions. The Chicago CBD, known as the "Loop" the economic and cultural center of the region, is approximately 35 miles from the property.

DEMAND GENERATORS

Major employers include the following:

Employer	Industry	Employees
Caterpillar	Earthmoving Equipment	3,000
Commonwealth Edison	Electric Utility	2,481
Mobil Oil	Refinery	650
St. Joseph Hospital	General Hospital	2,430
Silver Cross Hospital	General Hospital	1,400
Joliet Junior College	Community College	698
Empress Casino	Casino	2,000
Harrah's Casino	Casino	2,000

These companies are located within 10 miles of the property and represent significant concentrations in the service and healthcare industries.

Nearby residential communities such as New Lenox and Matteson, about five miles from the property, provide a reliable source of personnel.

DEMOGRAPHIC FACTORS

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

Pop-Facts: Demographic Quick Facts Report						
Description	0.00 - 1.00 miles		0.00 - 3.00 miles		0.00 - 5.00 miles	
	<i>Radius</i>	<i>%</i>	<i>Radius</i>	<i>%</i>	<i>Radius</i>	<i>%</i>
Population						
2011 Projection	30,756		120,147		197,278	
2006 Estimate	27,374		106,124		169,260	
2000 Census	23,524		90,436		136,347	
1990 Census	22,423		87,942		123,168	
Growth 1990 - 2000	4.91%		2.84%		10.70%	
Households						
2011 Projection	9,339		43,491		71,289	
2006 Estimate	8,343		38,217		60,537	
2000 Census	7,122		32,138		47,816	
1990 Census	7,305		31,062		42,625	
Growth 1990 - 2000	-2.51%		3.46%		12.18%	
2006 Tenure of Occupied Housing Units						
Owner Occupied	8,343		38,217		60,537	
Renter Occupied	3,714	44.52	23,490	61.46	41,783	69.02
	4,629	55.48	14,727	38.54	18,754	30.98
2006 Average Household Size						
	3.05		2.69		2.69	
2006 Est. Households by Household Income						
Income Less than \$15,000	8,343		38,217		60,537	
Income \$15,000 - \$24,999	1,649	19.77	5,821	15.23	7,048	11.64
Income \$25,000 - \$34,999	1,172	14.05	4,805	12.57	6,482	10.71
Income \$35,000 - \$49,999	1,036	12.42	4,988	13.05	6,940	11.46
Income \$50,000 - \$74,999	1,701	20.39	7,037	18.41	10,609	17.52
Income \$75,000 - \$99,999	1,415	16.96	7,936	20.77	13,409	22.15
Income \$100,000 - \$149,999	697	8.35	4,106	10.74	8,028	13.26
Income \$150,000 - \$249,999	533	6.39	2,650	6.93	5,932	9.80
Income \$250,000 - \$499,999	93	1.11	687	1.80	1,630	2.69
Income \$500,000 and over	38	0.46	153	0.40	342	0.56
	9	0.11	34	0.09	117	0.19

As shown above, the current population within a three mile radius of the subject is 106,124. Population in the area has grown over the past 16 years and this trend is expected to continue in the foreseeable future. Compared to the Will County area overall, population of the local area is growing at a faster rate. Meanwhile, income levels in the area are lower than income levels in the Chicago area as a whole.

SERVICES AND AMENITIES

The nearest commercial area with restaurants, convenience stores and support services is located in downtown Joliet, in immediate proximity to the property. The closest lodging facilities are located within two blocks of the property and include Harrah's Casino. The nearest fire and police stations are within one mile of the property.

LAND USE

In the immediate vicinity of the subject, predominant land uses are retail, commercial and institutional. Other land use characteristics are summarized below.

SURROUNDING AREA LAND USES

Character of Area	Suburban
Predominant Age of Improvements	New to 60 years
Predominant Quality and Condition	Average
Approximate Percent Developed	98%
Infrastructure/Planning	Average
Predominant Location of Undeveloped Land	Little undeveloped land
Prevailing Direction of Growth	Little land available for growth

SUBJECT'S IMMEDIATE SURROUNDINGS

North	SBC switching station
South	Parking lot
East	Office use
West	Parking lot/ railroad

DEVELOPMENT ACTIVITY AND TRENDS

During the last five years, there has been little new development. The pace of development has generally been intermittent over this time.

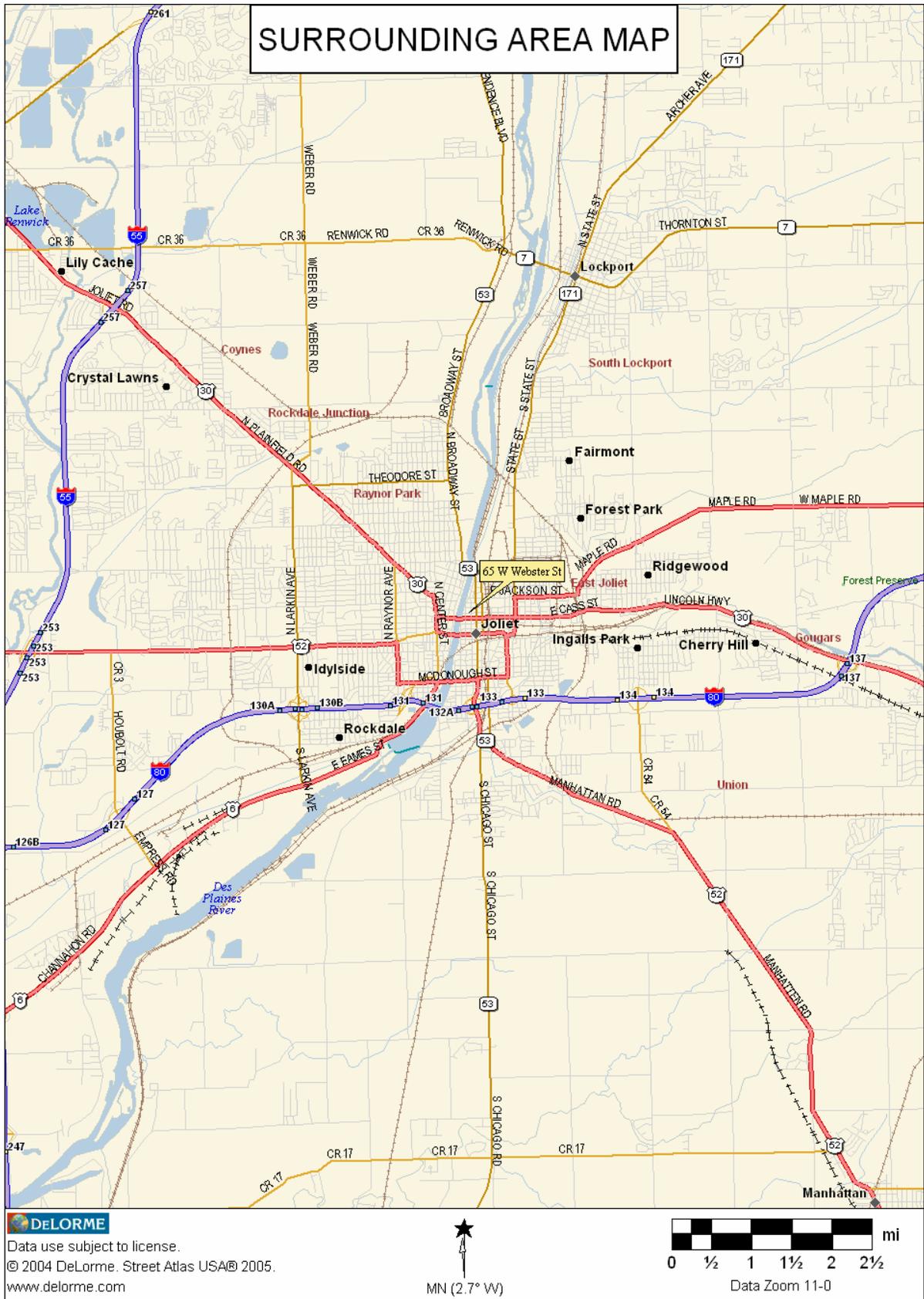
OUTLOOK AND CONCLUSIONS

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

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

SURROUNDING AREA ATTRIBUTE RATINGS

Highway Access	Average
Demand Generators	Average
Convenience to Support Services	Average
Convenience to Public Transportation	Average
Employment Stability	Average
Police and Fire Protection	Average
Property Compatibility	Average
General Appearance of Properties	Average
Appeal to Market	Below Average
Price/Value Trend	Average

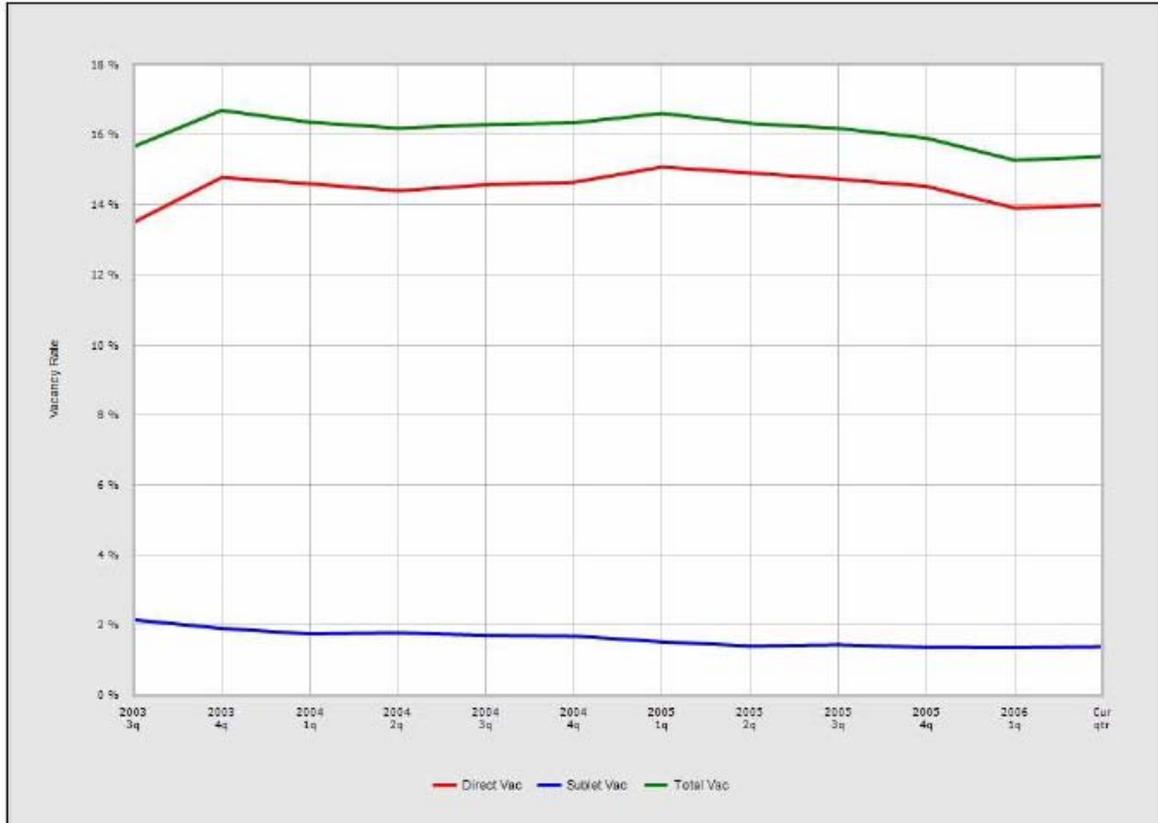


OFFICE MARKET ANALYSIS

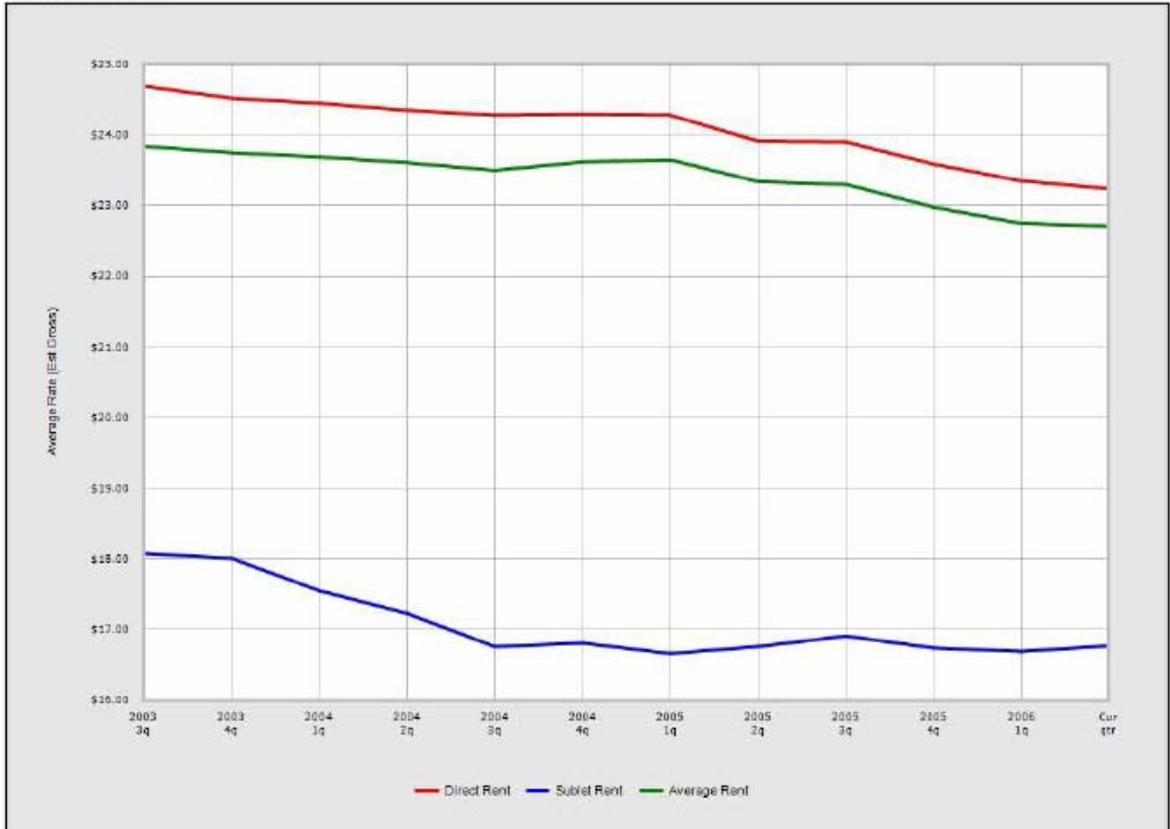
METRO AREA OVERVIEW

Supply and demand indicators for office space in the Chicago metro area, including inventory levels, absorption, vacancy, and rental rates for all classes of space are presented below. The data is provided by *CoStar, Inc.*, a recognized source.

Vacancy Rates



Rental Rates



Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Direct Average Rate	Sublet Average Rate	Total Average Rate
QTD	7,719	365,491,383	56,209,382	15.4%	-387506	0	0	0	0	\$23.24/fs	\$16.77/fs	\$22.71/fs
2006 1Q	7,713	365,381,631	55,821,876	15.3%	2571090	22	324,717	0	0	\$23.35/fs	\$16.69/fs	\$22.75/fs
2005 4Q	7,691	365,056,914	58,068,249	15.9%	1930679	13	1,039,220	22	324,717	\$23.59/fs	\$16.74/fs	\$22.98/fs
2005 3Q	7,674	363,973,762	58,915,776	16.2%	984816	12	462,383	38	1,395,469	\$23.90/fs	\$16.91/fs	\$23.30/fs
2005 2Q	7,658	363,410,379	59,337,209	16.3%	2224036	19	1,387,679	42	1,812,445	\$23.91/fs	\$16.76/fs	\$23.34/fs
2005 1Q	7,635	361,993,616	60,144,482	16.6%	-598852	32	635,961	55	2,984,604	\$24.28/fs	\$16.66/fs	\$23.65/fs
2004 4Q	7,615	361,531,671	59,083,685	16.3%	1815525	17	2,226,453	59	3,246,429	\$24.29/fs	\$16.81/fs	\$23.62/fs
2004 3Q	7,592	359,158,098	58,525,637	16.3%	-156681	11	234,219	68	5,324,847	\$24.28/fs	\$16.76/fs	\$23.50/fs
2004 2Q	7,579	358,906,017	58,116,875	16.2%	909334	15	330,414	53	4,928,291	\$24.35/fs	\$17.23/fs	\$23.61/fs
2004 1Q	7,560	358,544,703	58,664,895	16.4%	1583204	42	644,250	52	4,903,671	\$24.45/fs	\$17.55/fs	\$23.69/fs
2003 4Q	7,530	358,096,335	59,799,731	16.7%	-2300395	21	1,670,534	64	4,829,119	\$24.52/fs	\$18.01/fs	\$23.75/fs
2003 3Q	7,507	356,418,281	55,821,282	15.7%	527967	9	482,927	64	5,108,515	\$24.69/fs	\$18.08/fs	\$23.84/fs
2003 2Q	7,498	355,935,354	55,866,322	15.7%	-49904	8	150,676	55	5,338,250	\$24.42/fs	\$18.19/fs	\$23.56/fs
2003 1Q	7,486	355,707,987	55,589,051	15.6%	297924	34	2,268,328	37	3,723,293	\$24.25/fs	\$18.08/fs	\$23.95/fs
2002 4Q	7,458	353,523,870	53,702,858	15.2%	-902318	8	820,800	54	5,656,390	\$24.07/fs	\$19.03/fs	\$23.29/fs
2002 3Q	7,450	352,703,070	51,979,740	14.7%	1341457	17	1,077,415	50	4,815,342	\$24.34/fs	\$19.64/fs	\$23.57/fs
2002 2Q	7,433	351,625,655	52,243,782	14.9%	-62943	16	520,046	56	5,646,266	\$24.62/fs	\$20.03/fs	\$23.86/fs
2002 1Q	7,416	351,083,359	51,638,543	14.7%	315913	42	1,779,380	50	5,532,140	\$24.63/fs	\$21.42/fs	\$24.10/fs
2001 4Q	7,375	349,326,229	50,197,326	14.4%	-2691155	24	1,258,675	81	7,017,033	\$24.70/fs	\$22.26/fs	\$24.27/fs
2001 3Q	7,351	348,067,554	46,247,496	13.3%	-517251	29	3,448,207	99	8,175,122	\$24.65/fs	\$22.65/fs	\$24.35/fs
2001 2Q	7,320	344,563,465	42,226,156	12.3%	-2464342	30	1,984,334	125	10,117,579	\$24.85/fs	\$23.14/fs	\$24.62/fs
2001 1Q	7,289	342,551,367	37,749,716	11.0%	-1185563	50	1,647,730	136	11,688,125	\$24.70/fs	\$22.63/fs	\$24.44/fs
2000 4Q	7,242	340,987,283	35,000,069	10.3%	483021	26	2,022,808	138	11,891,145	\$24.56/fs	\$22.98/fs	\$24.38/fs
2000 3Q	7,213	338,909,834	33,405,641	9.9%	-4638025	16	1,082,274	147	12,186,582	\$24.36/fs	\$21.82/fs	\$24.09/fs
2000 2Q	7,194	337,796,560	27,654,342	8.2%	1971012	19	1,151,106	147	10,640,611	\$23.86/fs	\$22.05/fs	\$23.66/fs
2000 1Q	7,175	336,645,454	28,474,248	8.5%	3473464	57	2,548,464	139	10,523,611	\$24.15/fs	\$21.90/fs	\$23.91/fs

The Chicago office market contains an overall inventory of about 365,491,000 square feet. Overall inventory has increased at a 1.38% annual compound rate over the past five years.

The market has generally strengthened over the last five years. The overall vacancy rate is estimated to be 15.4% as of the current time, which represents a decrease from a high mark of 16.4% reported in Fourth Quarter 2001. Absorption turned positive in Second Quarter 2005 as the effects of the national economic expansion were felt. Since that time positive absorption has averaged 1,464,623 square feet per quarter.

The effective rental rate is \$22.71 per square foot on a gross basis, which represents a decrease from a high mark of \$24.62 per square foot in Second Quarter 2001. Rental rates have decreased by 1.60% since that time.

SUBMARKET ANALYSIS

The subject is a Class B property located in the Will County office submarket. Key supply and demand indicators for all classes of space in this submarket are displayed in the following table.

Period	# Bldgs	Total RBA	Vacant SF	Vacancy %	Net Absorption	# Delivered	RBA Delivered	# Under Const	RBA Under Const	Direct Average Rate	Sublet Average Rate	Total Average Rate
QTD	7,719	365,491,383	56,209,382	15.4%	(387,506)	0	0	0	0	\$23.24/fs	\$16.77/fs	\$22.71/fs
2006 1Q	7,713	365,381,631	55,821,876	15.3%	2,571,090	22	324,717	0	0	\$23.35/fs	\$16.69/fs	\$22.75/fs
2005 4Q	7,691	365,056,914	58,068,249	15.9%	1,930,679	13	1,039,220	22	324,717	\$23.59/fs	\$16.74/fs	\$22.98/fs
2005 3Q	7,674	363,973,762	58,915,776	16.2%	984,816	12	462,383	38	1,395,469	\$23.90/fs	\$16.91/fs	\$23.30/fs
2005 2Q	7,658	363,410,379	59,337,209	16.3%	2,224,036	19	1,387,679	42	1,812,445	\$23.91/fs	\$16.76/fs	\$23.34/fs
2005 1Q	7,635	361,993,616	60,144,482	16.6%	(598,852)	32	635,961	55	2,984,604	\$24.28/fs	\$16.66/fs	\$23.65/fs
2004 4Q	7,615	361,531,671	59,083,685	16.3%	1,815,525	17	2,226,453	59	3,246,429	\$24.29/fs	\$16.81/fs	\$23.62/fs
2004 3Q	7,592	359,158,098	58,525,637	16.3%	(156,681)	11	234,219	68	5,324,847	\$24.28/fs	\$16.76/fs	\$23.50/fs
2004 2Q	7,579	358,906,017	58,116,875	16.2%	909,334	15	330,414	53	4,928,291	\$24.35/fs	\$17.23/fs	\$23.61/fs
2004 1Q	7,560	358,544,703	58,664,895	16.4%	1,583,204	42	644,250	52	4,903,671	\$24.45/fs	\$17.55/fs	\$23.69/fs
2003 4Q	7,530	358,096,335	59,799,731	16.7%	(2,300,395)	21	1,670,534	64	4,829,119	\$24.52/fs	\$18.01/fs	\$23.75/fs
2003 3Q	7,507	356,418,281	55,821,282	15.7%	527,967	9	482,927	64	5,108,515	\$24.69/fs	\$18.08/fs	\$23.84/fs
2003 2Q	7,498	355,935,354	55,866,322	15.7%	(49,904)	8	150,676	55	5,338,250	\$24.42/fs	\$18.19/fs	\$23.56/fs
2003 1Q	7,486	355,707,987	55,589,051	15.6%	297,924	34	2,268,328	37	3,723,293	\$24.25/fs	\$18.08/fs	\$23.95/fs
2002 4Q	7,458	353,523,870	53,702,858	15.2%	(902,318)	8	820,800	54	5,656,390	\$24.07/fs	\$19.03/fs	\$23.29/fs
2002 3Q	7,450	352,703,070	51,979,740	14.7%	1,341,457	17	1,077,415	50	4,815,342	\$24.34/fs	\$19.64/fs	\$23.57/fs
2002 2Q	7,433	351,625,655	52,243,782	14.9%	(62,943)	16	520,046	56	5,646,266	\$24.62/fs	\$20.03/fs	\$23.86/fs
2002 1Q	7,416	351,083,359	51,638,543	14.7%	315,913	42	1,779,380	50	5,532,140	\$24.63/fs	\$21.42/fs	\$24.10/fs
2001 4Q	7,375	349,326,229	50,197,326	14.4%	(2,691,155)	24	1,258,675	81	7,017,033	\$24.70/fs	\$22.26/fs	\$24.27/fs
2001 3Q	7,351	348,067,554	46,247,496	13.3%	(517,251)	29	3,448,207	99	8,175,122	\$24.65/fs	\$22.65/fs	\$24.35/fs
2001 2Q	7,320	344,563,465	42,226,156	12.3%	(2,464,342)	30	1,984,334	125	10,117,579	\$24.85/fs	\$23.14/fs	\$24.62/fs
2001 1Q	7,289	342,551,367	37,749,716	11.0%	(1,185,563)	50	1,647,730	136	11,688,125	\$24.70/fs	\$22.63/fs	\$24.44/fs
2000 4Q	7,242	340,987,283	35,000,069	10.3%	483,021	26	2,022,808	138	11,891,145	\$24.56/fs	\$22.98/fs	\$24.38/fs
2000 3Q	7,213	338,909,834	33,405,641	9.9%	(4,638,025)	16	1,082,274	147	12,186,582	\$24.36/fs	\$21.82/fs	\$24.09/fs
2000 2Q	7,194	337,796,560	27,654,342	8.2%	1,971,012	19	1,151,106	147	10,640,611	\$23.86/fs	\$22.05/fs	\$23.66/fs
2000 1Q	7,175	336,645,454	28,474,248	8.5%	3,473,464	57	2,548,464	139	10,523,611	\$24.15/fs	\$21.90/fs	\$23.91/fs

The Joliet office market contains an overall inventory of about 4,137,000 square feet. Overall inventory has increased at a 3.94% annual compound rate over the past five years.

The market has generally strengthened over the last five years. The overall vacancy rate is estimated to be 9.4% as of the current time, which represents a decrease from a high mark of 16.4% reported in Fourth Quarter 2001. Absorption turned positive in Third Quarter 2004 as the effects of the national economic expansion were felt. Since that time positive absorption has averaged 33,596 square feet per quarter.

The effective rental rate is \$18.75 per square foot, which represents a decrease from a high mark of \$20.30 per square foot in 3Q 2004. Rental rates have decreased by 5.16% since that time.

New and Proposed Construction

Within the Joliet submarket, the following new office buildings are under construction.

Building Address	Year Blt	FAR	SF Avail	RBA	Class	% Leased	Sale Info
2272 W 95th St - KCMS Professional Bldg Naperville, IL 60564	2006	0.55	22,000 SF	47,520	A	53.7%	Not For Sale
1 159th St - Building 1, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
2 159th St - Building 2, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
3 159th St - Building 3, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
4 159th St - Building 4, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
5 159th St - Building 5, Creekside Centre Lockport, IL 60441	2006	0.02	8,098 SF	8,100	A	100%	Condo For Sale
6 159th St - Building 6, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
7 159th St - Building 7, Creekside Centre Lockport, IL 60441	2006	0.02	8,100 SF	8,100	A	100%	Condo For Sale
W 191st St @ 88th Ave - Corporate Corridors of Mokena-Building 2 Mokena, IL 60448	2006	--	7,500 SF	7,500	B	100%	Condo For Sale
W 191st St @ 88th Ave - Corporate Corridors of Mokena-Building 3 Mokena, IL 60448	2006	--	7,500 SF	7,500	B	100%	Condo For Sale
E Colorado Ave Frankfort, IL 60423		--	0 SF	6,000	A	100%	Not For Sale
16W181 S Frontage Rd Burr Ridge, IL 60527	2006	--	10,000 SF	10,000	A	0%	Not For Sale
212 Main St Plainfield, IL 60544	2006	--	17,792 SF	17,792	A	0%	Not For Sale

Within the Joliet submarket, the following office buildings are planned.

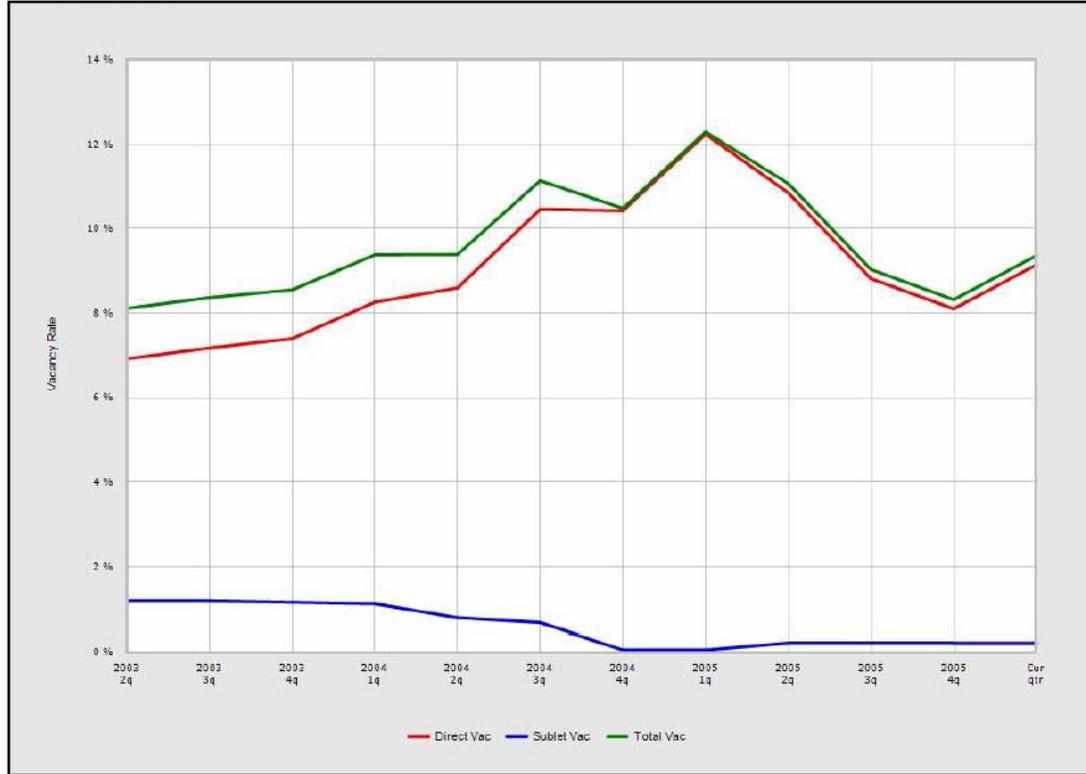
Building Address	Year Blt	FAR	SF Avail	RBA	Class	% Leased	Sale Info
127th St & Van Dyke Rd - Edward Plainfield MOB I Plainfield, IL 60544	2006	--	56,531 SF	56,531	A	0%	Not For Sale
Chamberlain St @ Lakeview Romeoville, IL 60446		--	3,000 SF	3,000	B	0%	Not For Sale
16106 Division St Plainfield, IL 60544		--	10,800 SF	50,000	C	78.4%	Not For Sale
2661 W Division St - Heritage Commons Prf Plz Joliet, IL 60435 John Greene, Realtor - (630) 355-1111		--	6,280 SF	6,280	B	0%	For Sale at \$1,100,000 (\$175.16/SF) - Active
1800 Glenwood Ave Joliet, IL 60435		--	8,170 SF	8,170	B	0%	Not For Sale
Lemont Rd @ I-55 - Offices at Route 66 Darien, IL 60561 CB Richard Ellis - (630) 573-7000		0.22	33,900 SF	33,900	B	0%	For Sale at \$5,085,000 (\$150.00/SF) - Active
300-499 Quadrangle Dr - Bldg 2 Bolingbrook, IL 60440		--	34,675 SF	34,675	A	0%	Not For Sale
Remington Blvd @ Route 53 Bolingbrook, IL 60440		0.38	150,000 SF	150,000	A	0%	Not For Sale
Remington Blvd - Remington Medical Commons Bolingbrook, IL 60440		--	36,000 SF	36,000	B	0%	Not For Sale
215 Remington Blvd - Remington Corporate Center, Remington Office Park Bolingbrook, IL 60440		--	31,492 SF	31,492	A	0%	Not For Sale
235 Remington Blvd - Remington Corporate Center, Remington Office Park Bolingbrook, IL 60440		--	31,492 SF	31,492	A	0%	Not For Sale
Theodore St - Bronk's Corners Joliet, IL 60431		--	16,000 SF	36,800	B	56.5%	Not For Sale
1100 Windham Pky Romeoville, IL 60446 NAI Hiffman - (630) 693-0652		--	50,918 SF	50,918	B	0%	For Sale at \$3,207,834 (\$63.00/SF) - Active
1285 Windham Pky - The Offices at Windham Lakes, Windham Lakes Business Pk Romeoville, IL 60446		0.19	47,487 SF	47,487	A	0%	Not For Sale

It is unlikely that projects in the planning stage will proceed without substantial pre-leasing. Therefore, the impact of these planned buildings on the current market is marginal.

Vacancy Rate Trends

Vacancy rate trends for the Joliet submarket are charted below.

Vacancy Rates

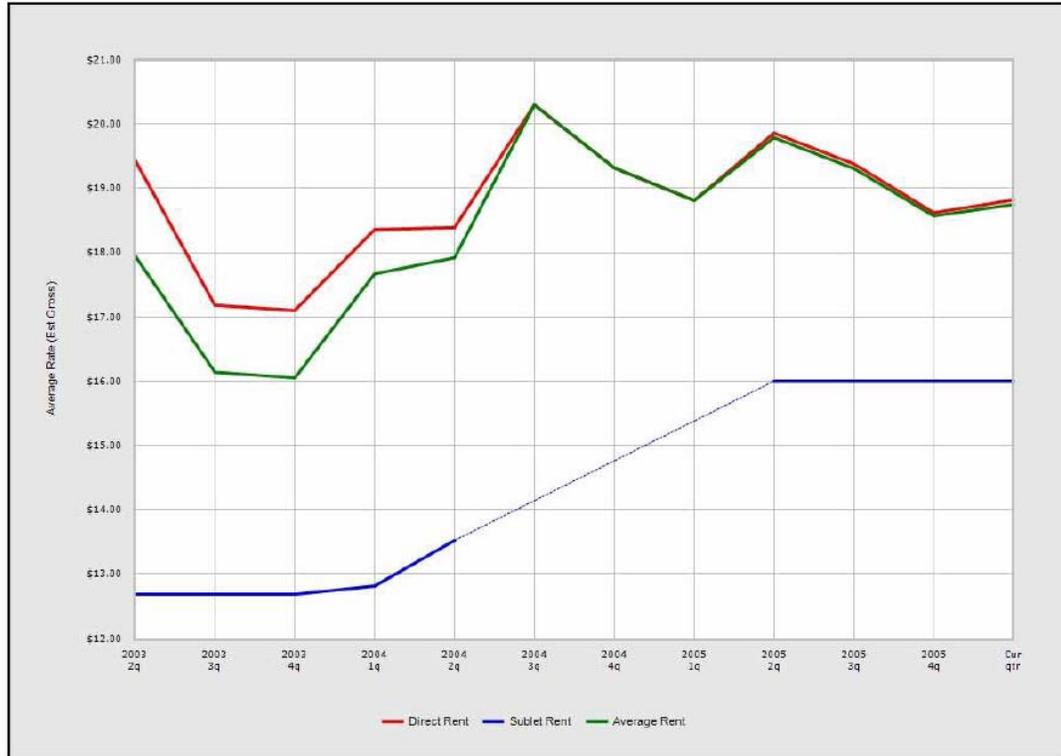


Overall submarket vacancy (all classes of space combined) is estimated at 9.4% as of year-to-date 2006, which represents a decrease from a high mark of 16.4 in Fourth Quarter 2001. Class B vacancy is higher at 10.9% and also has been moving downward since its peak of 13.6% in First Quarter 2005.

Rental Rate Trends

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

Rental Rates



The average effective rent for the overall submarket is \$18.75 per square foot, which represents a decrease from the high mark of \$20.30 in Third Quarter 2004. Reported rents have decreased an average of \$5.16 per year since that time.

The Class B asking rental rate is higher at \$20.49 per square foot but has remained fairly constant over the past 10 quarters.

Demand Analysis

The Joliet submarket tends to attract regional companies. The probable space user of the subject is an owner/user. Based on the past three years rate of absorption, the market has attained a normalized vacancy level.

Given past and current trends in the submarket, the likelihood of increased demand for office space in the short term is good because of the lower rental rates than the Chicago Metro market as a whole.

OFFICE MARKET OUTLOOK AND CONCLUSIONS

Supply and demand factors in the region for the short term are expected to be stable. Rental rates are expected to gradually increase. Over the long run, employment growth in the region should foster absorption of excess supply both in the overall region and in the submarket. In comparison to the region overall, the Joliet submarket is rated as follows:

SUBMARKET ATTRIBUTE RATINGS

Market Size/Stature	Average
Market Demand/Rental Increases	Average
Vacancy Trends	Above Average
Barriers to Entry	Average
Threat of New Supply	Below Average

PROPERTY ANALYSIS

LAND DESCRIPTION AND ANALYSIS

LAND DESCRIPTION	
Land Area - Acres	0.97
Land Area - Square Feet	42,075
Primary Street Frontage	Webster Street - 150 feet
Shape	Rectangular
Corner	Yes
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	17197C0164E
Date	September 6, 1995
Zone	X
Description	outside 100 year flood zone
Insurance Required?	no
ZONING; OTHER REGULATIONS	
Zoning Jurisdiction	City of Joliet
Zoning Designation	B-2
Description	Central Business District
Legally Conforming?	yes
Zoning Change Likely?	no
Permitted Uses	retail, commercial, institutional
Other Land Use Regulations	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	
Service	Provider
Water	municipal
Sewer	municipal
Electricity	ComEd
Natural Gas	People's Energy
Local Phone	SBC

EASEMENTS, ENCROACHMENTS AND RESTRICTIONS:

We have reviewed a title policy prepared by Chicago Title Insurance Company dated March 15, 2006. The report identifies exceptions to title, which include various utility and access easements that are typical for a property of this type. Such exceptions would not appear to have an adverse effect on value. Our valuation assumes no adverse

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

CONCLUSION OF LAND ANALYSIS

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. There are no other particular restrictions on development noted in the analysis.

IMPROVEMENTS DESCRIPTION AND ANALYSIS**IMPROVEMENTS DESCRIPTION**

Name of Property	SBC Administrative Office Building
General Property Type	Office
Property Sub Type	low rise
Occupancy Type	Owner Occupied
Percent Leased	NA
Number of Tenants	1
Tenant Size Range (SF)	97,631 - 97,631
Number of Buildings	one
Stories	four
Construction Class	C
Construction Type	Masonry
Construction Quality	good
Condition	average
Gross Building Area (SF)	97,631
Rentable Area (SF)	97,631
Percent Office Space	100%
Land Area (SF)	42,075
Floor Area Ratio (RA/Land SF)	2.32
Floor Area Ratio (GBA/Land SF)	2.32
Building Area Source	ownership
Year Built	1956
Year Renovated	2002
Actual Age (Yrs.)	50
Estimated Effective Age (Yrs.)	30
Estimated Economic Life (Yrs.)	55
Remaining Economic Life (Yrs.)	25
Number of Parking Spaces	43
Parking Type	surface
Parking Spaces/1,000 SF GBA	0.44

CONSTRUCTION DETAILS

Foundation	poured concrete
Structural Frame	masonry
Interior Finishes	carpet, drywall, acoustic tile ceilings
HVAC	steam heat, central air
Elevators	two
Sprinklers	wet

IMPROVEMENTS ANALYSIS**Quality and Condition**

The quality and condition of the subject is considered to be consistent with that of competing properties.

Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

Deferred Maintenance

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

Personal Property

There are no non-realty items that would be significant to the overall valuation.

CONCLUSION OF IMPROVEMENTS ANALYSIS

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

REAL ESTATE TAX ANALYSIS

Real estate tax assessments are administered and estimated by jurisdiction on a county basis for the subject. The property is located in Will County, Illinois. Real estate taxes in this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by 100, then multiplying the estimate by the composite rate. The composite rate is based on various county and local taxing district rates.

For reference purposes, the subject is identified by the tax assessment office as follows: P.I.N. 30-07-09-427-012. The assessed values are based upon the current conversion assessment rate of 33.3% of Assessor's market value. The current assessment (Tax Year 2006) is as follows:

TAXES AND ASSESSMENTS - TAX YEAR 2005		
	Tax ID	Total
	30-07-09-427-012	
Land Assessment	\$83,762	\$83,762
+ Building Assessment	\$1,163,187	\$1,163,187
= Total Assessment	\$1,246,949	\$1,246,949
x State Multiplier	1.0000	
= Equalized Valuation	\$1,246,949	\$1,246,949
x Composite Tax Rate	8.5326%	
= Real Estate Taxes	\$106,397	\$106,397
Assessment Ratio	33.3%	33.3%
Assessor's Market Value	\$3,741,221	\$3,741,221

The historical tax rates and assessments are illustrated in the following table. As of the effective date of this report, the 2005 composite tax rate for the subject has not been released.

TAX HISTORY					
Year	Total Assessment	State Multiplier	Equalized Valuation	Tax Rate	Taxes
2005	\$1,246,949	1	\$1,246,949	8.5326%	\$106,397
2004	\$1,208,987	1.0000	\$1,208,987	8.5326%	\$103,158
2003	\$1,161,706	1.0000	\$1,161,709	8.4315%	\$97,949
2002	\$1,138,928	1.0000	\$1,138,928	8.7279%	\$99,405

For the 2004 (payable 2005) tax year, the estimated real estate taxes for the subject are the total assessed value multiplied by the state equalization factor (multiplier), then multiplied by the composite rate for a total of \$106,397. This reflects \$1.09 per square foot of rentable building area.

Based on our valuation of the subject, the Assessor's market value of \$3,741,221 is low. However, in order to thoroughly analyze the appropriate real estate tax expense associated with the subject, we surveyed and compared several competitive properties, summarized below:

TAX COMPARABLES

No.	Location	Tax ID	Assessed Value	Annual Taxes	GBA / GLA / NRA (sf)	Taxes Per SF	Assessed Value Per SF
1	310 Hammes	30-07-07-308-002	\$1,205,313	\$91,513	52,000	\$1.76	\$23.18
2	120 N Scott	30-07-10-324-001	\$652,170	\$55,647	58,978	\$0.94	\$11.06
3	694 Veterans Parkway	12-02-20-201-002	\$777,400	\$57,057	92,267	\$0.62	\$8.43
4	900 S Frontage Road	10-08-102-004	\$3,014,820	\$189,412	70,130	\$2.70	\$42.99
Subject			\$1,246,949	\$106,397	68,344	\$1.56	\$18.25

CONCLUSION

The previous table indicates that tax valuations per square foot of gross building area range from \$0.62 to \$2.70 per square foot. This provides an indication that the subject's tax valuation is reasonable, and that a reduction in the assessment level is unlikely despite the assessor's market value being low. However, based on comparable data and industry benchmarks, we have chosen \$2.00 per square foot of GBA as the estimated tax liability for the subject in the Income Capitalization analysis of this report.

HIGHEST AND BEST USE ANALYSIS

PROCESS

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if 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.

HIGHEST AND BEST USE AS IF VACANT

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 B-2, Central Business District. Permitted uses include retail, commercial, and institutional uses. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only commercial uses are given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

Based on our analysis of the market, there is currently adequate demand for office use in the subject's area. It appears that a newly developed office use on the site would have a value commensurate with its cost. Therefore, office use is considered to be financially feasible.

Maximally Productive

Based on our analysis, there does not appear to be any reasonably probable use of the site that would generate a higher residual land value than office use. Accordingly, it is our opinion that office use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Development of the site for office use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

AS IMPROVED

The subject site is developed with a 97,631 square foot office building, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

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

MOST PROBABLE BUYER

Based on the characteristics of the property, the likely buyer is a national investor such as an owner-user, much like the current owner, SBC.

VALUATION ANALYSIS

VALUATION METHODOLOGY

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

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

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

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

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

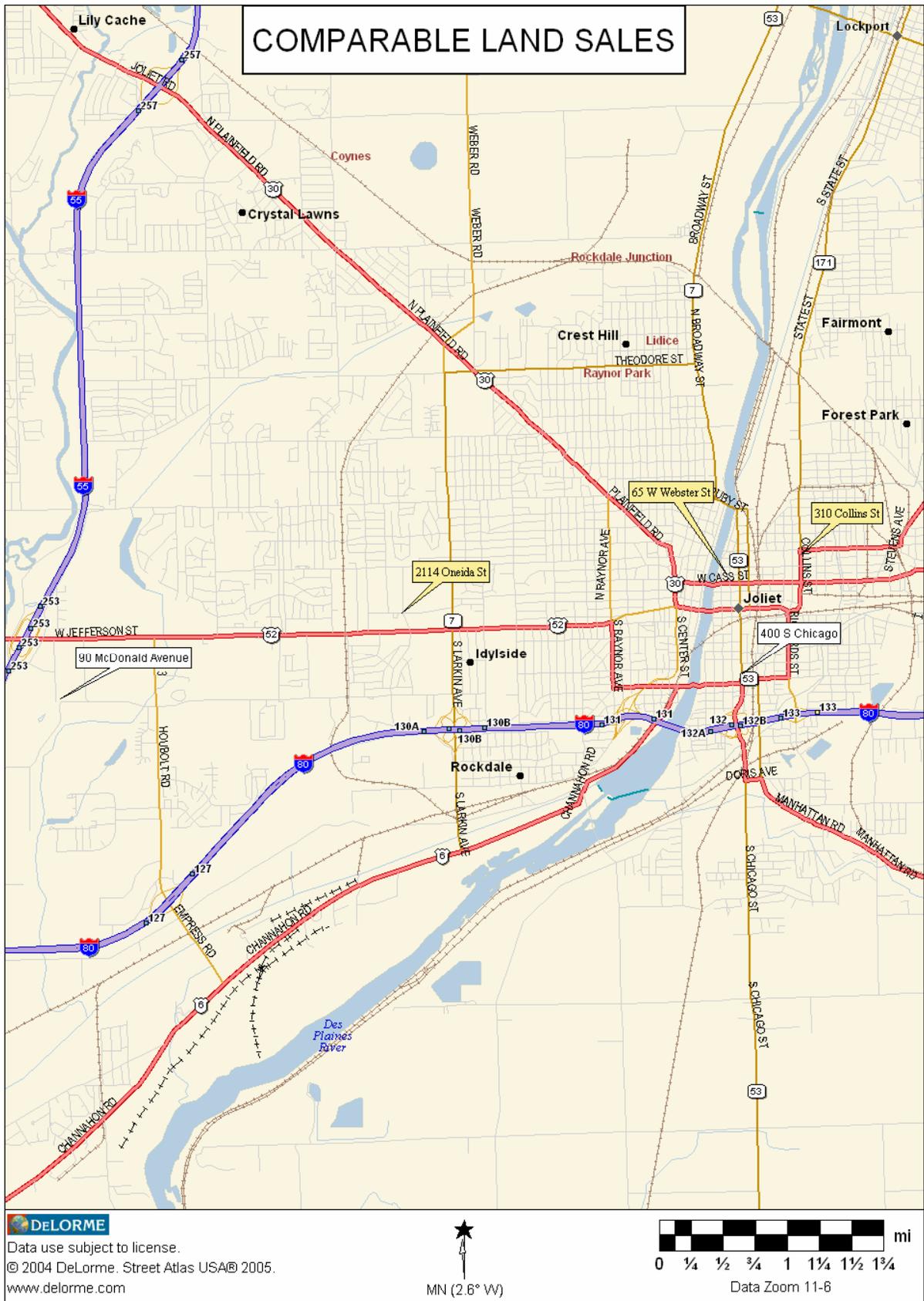
All three approaches are utilized in the valuation of the subject.

LAND VALUATION

To develop an opinion of the subject's land value, as if vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. Our search for comparable sales focused on transactions most relevant to the subject in terms of location, size, highest and best use, and transaction date. The most relevant sales are summarized in the following table.

The most relevant sales are summarized in the following table.

SUMMARY OF COMPARABLE LAND SALES						
No.	Name/Address	Sale Date	Sale Price	SF; Acres	Zoning	\$/SF Land \$/Acre
1	Development Site 400 S. Chicago Joliet	Jun-05	\$1,350,000	111,514 2.56	General	\$12.11 \$527,344
2	Retail building site 310 Collins St. Joliet	Jul-04	\$700,000	52,272 1.20	general	\$13.39 \$583,333
3	Development Site 90 McDonald Ave. Joliet	Jun-04	\$258,000	73,573 1.68	industrial	\$3.51 \$153,571
4	Office Site 2114 Oneida Sq. Joliet	Dec-04	\$575,000	74,052 1.70	general	\$7.76 \$338,235
5	Retail Site 3001 W. Jefferson Sq. Joliet	Jul-04	\$560,000	76,840 1.76	general	\$7.29 \$318,182



ANALYSIS AND ADJUSTMENT OF SALES

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments we make to each sale.

LAND SALES ADJUSTMENT GRID						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Name	SBC Administrative Office Building	Development Site	Retail building site	Development Site	Office Site	Retail Site
Address	65 West Webster	400 S. Chicago	310 Collins St.	90 McDonald Ave.	2114 Oneida Sq.	3001 W. Jefferson Sq.
City	Joliet	Joliet	Joliet	Joliet	Joliet	Joliet
County	Will	Will	Will	Will	Will	Will
Sale Date		Jun-05	Jul-04	Jun-04	Dec-04	Jul-04
Sale Price		\$1,350,000	\$700,000	\$258,000	\$575,000	\$560,000
Square Feet	42,075	111,514	52,272	73,573	74,052	76,840
Acres	0.97	2.56	1.20	1.68	1.70	1.76
Building Square Feet	0	0	0	0	0	0
Number of Units	0	0	0	0	0	0
Price Per Square Foot		\$12.11	\$13.39	\$3.51	\$7.76	\$7.29
PROPERTY RIGHTS		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% ADJUSTMENT		0%	0%	0%	0%	0%
FINANCING TERMS						
% ADJUSTMENT		0%	0%	0%	0%	0%
CONDITIONS OF SALE						
% ADJUSTMENT		0%	0%	0%	0%	0%
MARKET CONDITIONS	4/3/2006					
ANNUAL % ADJUSTMENT	3%	3%	5%	5%	4%	5%
CUMULATIVE ADJUSTED PRICE		\$12.47	\$14.06	\$3.68	\$8.08	\$7.65
LOCATION		Similar	Similar	Similar	Inferior	Superior
% ADJUSTMENT		0%	0%	0%	5%	-5%
ACCESS/EXPOSURE		Similar	Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%	0%
SIZE		Inferior	Similar	Inferior	Inferior	Inferior
% ADJUSTMENT		10%	0%	5%	5%	5%
UTILITY		Similar	Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%	0%
ZONING		Similar	Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%	0%
Net \$ Adjustment		\$1.25	\$0.00	\$0.18	\$0.81	\$0.00
Net % Adjustment		10%	0%	5%	10%	0%
Final Adjusted Price		\$13.72	\$14.06	\$3.87	\$8.88	\$7.65
Overall Adjustment		13%	5%	10%	14%	5%
Range of Adjusted Prices		\$3.87 - \$14.06				
Average		\$9.64				
Indicated Value		\$10.00				

Each sale was adjusted to compensate for differences in market conditions, location, size, use, and zoning.

LAND VALUE CONCLUSION

We give greatest weight to sales No. 1 and No. 4, and arrive at a land value conclusion as follows:

LAND VALUE CONCLUSION	
Indicated Value per Square Foot	\$10.00
Subject Square Feet	<u>42,075.00</u>
Indicated Value	<u>\$420,750</u>
Rounded	<u>\$420,000</u>

COST APPROACH

The table below summarizes our valuation by the cost approach. The replacement cost new of the improvements is estimated using Marshall Valuation Service.

COST APPROACH VALUATION							
Replacement Cost New							
<i>Bldg Name</i>	<i>Occupancy</i>	<i>MVS Class</i>	<i>Quality</i>	<i>Quantity</i>	<i>Unit</i>	<i>Unit Cost</i>	<i>Cost New</i>
SBC Administrative Office Building	0	C	good	97,631	SF	\$141.24	\$13,789,402
Subtotal - Building Improvements							\$13,789,402
Site Improvements							\$56,657
Subtotal							\$13,846,059
Plus: Indirect Cost						10.0%	\$1,384,606
Subtotal							\$15,230,665
Plus: Entrepreneurial Incentive						10.0%	\$1,523,067
<i>Total Replacement Cost</i>							\$16,753,732
<i>New</i>							
Accrued Depreciation							
Deferred Maintenance							\$0
Remaining Cost							\$16,753,732
Age-Life Depreciation						54.8%	-\$9,176,847
Functional Obsolescence						0.0%	\$0
External Obsolescence						0.0%	\$0
Total Accrued Depreciation							-\$9,176,847
Depreciated Replacement Cost							\$7,576,884
Rounded							\$7,580,000
Value Indication							
Depreciated Replacement Cost							\$7,580,000
Land Value							\$420,000
Indicated Property Value							\$8,000,000
Rounded							\$8,000,000

SALES COMPARISON APPROACH

Our search for comparable sales focused on transactions most relevant to the subject in terms of property type, location, size, age, quality, and transaction date. The most relevant sales are summarized in the following table.

The most relevant sales are summarized in the following table.

SUMMARY OF COMPARABLE IMPROVED SALES								
No.	Name/Address	Sale Date	Yr. Built; # Stories; % Occ.	Acres; FAR; Parking Ratio	Prop Class; Const Type; Prop Rights	Sale Price	Rentable SF	\$/Rentable SF
1	Dental Office 310 N. Hammes Ave. Joliet Will County IL	Feb-05	1980	3.95 0.30	B 0 Fee Simple	\$5,100,000	52,000	\$98.08
	Comments:	This property consists of two adjacent buildings located at the southeast corner of Glenwood						
2	Multi Tenant office 120 N. Scott St. Joliet Will County IL	Aug-05	1950	1.03 1.30	B 0 Fee Simple	\$5,000,000	58,978	\$84.78
	Comments:	This property is located at the southeast corner of Scott and Clinton Streets in downtown Joliet.						
3	Waterfall Glen Office 900 S. Frontage Rd. Woodridge Du Page County IL	Oct-05	1986	3.82 0.42	B 0 Fee Simple	\$6,700,000	70,130	\$95.54
	Comments:	This sale is located along thr forntage road just east of Lemont Road, south of I-55.						
4	Multi Tenant office 694 Veterans Parkway Bolingbrook Will County IL	Jan-06	1999	7.96 0.26	B 0 Fee Simple	\$7,800,000	92,267	\$84.54
	Comments:	This property is located along Veterans Parkway, just north of I-55.						





Sale 1
310 N. Hammes, Joliet, IL



Sale 2
120 N. Scott, Joliet, IL



Sale 3
900 S. Frontage Road, Woodridge, IL



Sale 4
694 Veterans Parkway, Bolingbrook, IL

ANALYSIS AND ADJUSTMENT OF SALES

The sales are compared to the subject and adjusted to account for material differences that affect value. The following table summarizes the adjustments we make to each sale.

IMPROVED SALES ADJUSTMENT GRID					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	SBC Administrative Office Building	Dental Office	Multi Tenant office building	Waterfall Glen Office Building	Multi Tenant office building
Address	65 West Webster	310 N. Hammes Ave.	120 N. Scott St.	900 S. Frontage Rd.	694 Veterans Parkway
City	Joliet	Joliet	Joliet	Woodridge	Bolingbrook
County	Will	Will	Will	Du Page	Will
State	Illinois	IL	IL	IL	IL
Sale Date		Feb-05	Aug-05	Oct-05	Jan-06
Sale Price		\$5,100,000	\$5,000,000	\$6,700,000	\$7,800,000
Effective Sale Price		\$5,100,000	\$5,000,000	\$6,700,000	\$7,800,000
Gross Building Area	97,631	52,000	59,000	70,130	93,000
Rentable Area	97,631	52,000	58,978	70,130	92,267
Price Per SF of Rentable Area		\$98.08	\$84.78	\$95.54	\$84.54
PROPERTY RIGHTS		Fee Simple	Fee Simple	Fee Simple	Fee Simple
% ADJUSTMENT		0%	0%	0%	0%
FINANCING TERMS		0	0	0	0
% ADJUSTMENT		0%	0%	0%	0%
CONDITIONS OF SALE					
% ADJUSTMENT		0%	0%	0%	0%
MARKET CONDITIONS	4/3/2006	Feb-05	Aug-05	Oct-05	Jan-06
ANNUAL % ADJUSTMENT	3%	3%	2%	1%	1%
CUMULATIVE ADJUSTED PRICE		\$101.02	\$86.47	\$96.49	\$85.38
LOCATION		Similar	Similar	Superior	Superior
% ADJUSTMENT		0%	0%	-5%	-5%
ACCESS/EXPOSURE		Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%
SIZE		Superior	Superior	Superior	Similar
% ADJUSTMENT		-5%	-5%	-3%	0%
PARKING		Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%
LAND TO BUILDING RATIO		Superior	Similar	Superior	Superior
% ADJUSTMENT		-10%	0%	-5%	-10%
BUILDING QUALITY		Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%
AGE/CONDITION		Similar	Inferior	Similar	Similar
% ADJUSTMENT		0%	5%	0%	0%
ECONOMIC CHARACTERISTICS		Similar	Similar	Similar	Similar
% ADJUSTMENT		0%	0%	0%	0%
Net \$ Adjustment		-\$15.15	\$0.00	-\$12.06	-\$12.81
Net % Adjustment		-15%	0%	-13%	-15%
Final Adjusted Price		\$85.87	\$86.47	\$84.43	\$72.58
Overall Adjustment		-12%	2%	-12%	-14%
Range of Adjusted Prices		\$72.58 - \$86.47			
Average		\$82.34			
Indicated Value		\$80.00			

Sale 1 is Dental Office, located at 310 N. Hammes Ave., Joliet, Will County, IL, a 52,000 square foot office property. The property sold in February 2005 for \$5,100,000, or \$98.08 per square foot. This property was adjusted downward for its smaller square footage and superior land-to-building ratio.

Sale 2 is Multi-Tenant office building, located at 120 N. Scott St., Joliet, Will County, IL, a 58,978 square foot office property. The property sold in August 2005 for \$5,000,000, or \$84.78 per square foot. This sale was adjusted downward for its smaller square footage but upward for its inferior condition. Although this sale was constructed only six years prior to the subject, the subject has undergone significant renovations in recent years: namely two new elevators and new plumbing both in 2002. Overall, the sale was adjusted only for time.

Sale 3 is Waterfall Glen Office Building, located at 900 S. Frontage Rd., Woodridge, DuPage County, IL, a 70,130 square foot office property. The property sold in October 2005 for \$6,700,000, or \$95.54 per square foot. This sale was adjusted downward for its superior location in Woodridge, its smaller square footage, and its superior land-to-building ratio.

Sale 4 is Multi-Tenant office building, located at 694 Veterans Parkway, Bolingbrook, Will County, IL, a 92,267 square foot office property. The property sold in January 2006 for \$7,800,000, or \$84.54 per square foot. This sale was adjusted downward for its superior location in Bolingbrook, and its superior land-to-building ratio.

VALUE INDICATION - SALES COMPARISON APPROACH

We give greatest weight to sale No. 2, and arrive at a value indication by the sales comparison approach as follows:

SALES COMPARISON APPROACH	
INDICATED VALUE	
Indicated Value per SF	\$80
Subject Square Feet	97,631
Indicated Value	<u>\$7,810,480</u>
Rounded	<u>\$7,800,000</u>

INCOME CAPITALIZATION APPROACH

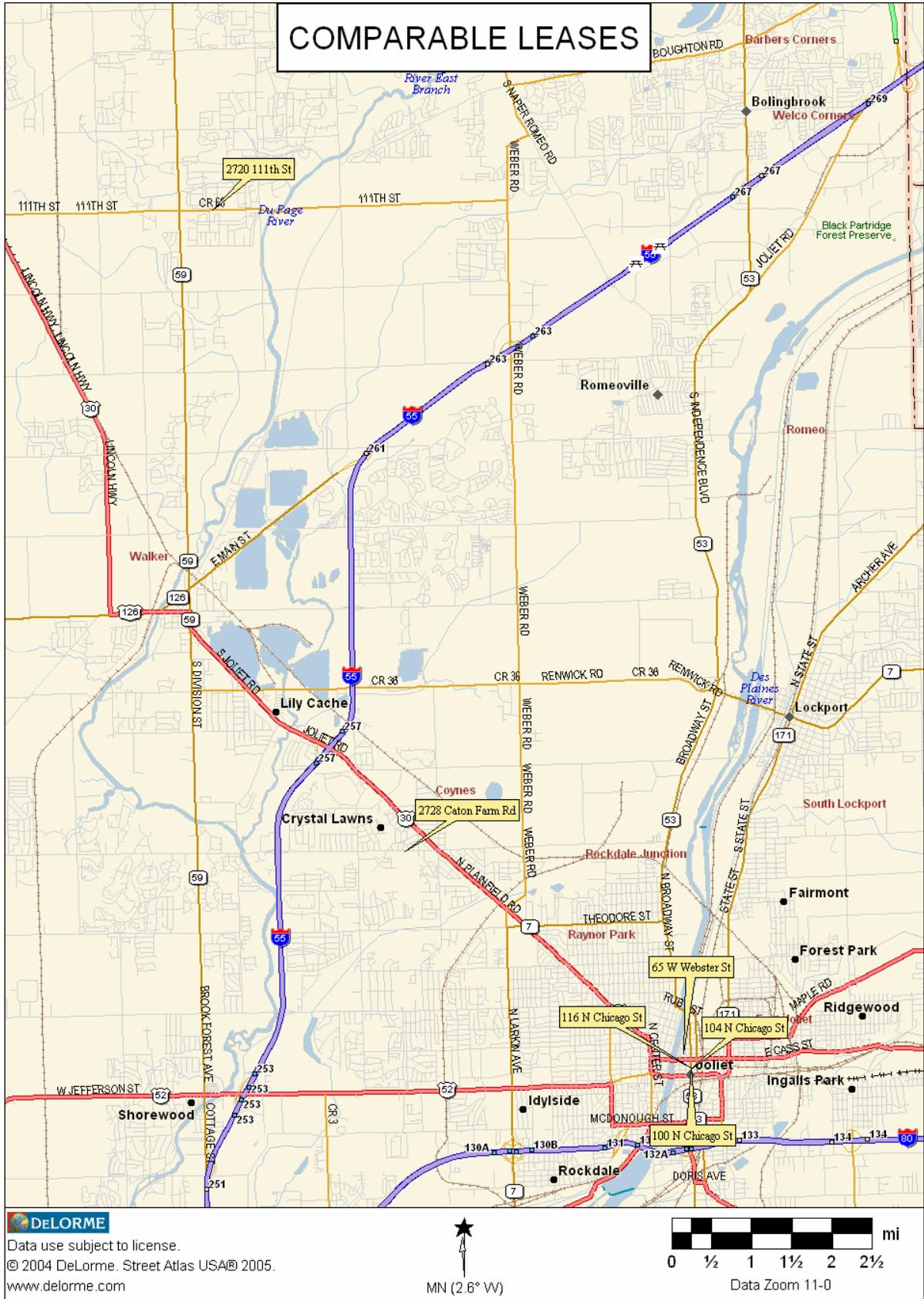
LEASED STATUS OF THE PROPERTY

The property is owner occupied. As such, we have used market level rent, vacancy and expenses to analyze the subject in this approach.

MARKET RENT ANALYSIS

Contract rents typically establish income for leased space, and 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 the comparable rentals summarized in the following table.

SUMMARY OF COMPARABLE RENTALS									
No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Lease Type	
1	Republic Bank Building 2720 111th St. Naperville Will County IL	Yr Blt. Stories: RA: Parking Ratio: -	2001 Confidential	11,520	10/04	60	\$18.00	Net	
	<i>Comments: This lease represents 11,520 SF of class B office space in a 25,500 SF office building constructed in 2001. The property is currently 77.4% occupied and has 5,760 SF available for \$18.00/SF on a net basis.</i>								
2	Ridgefield Commons 2728-2762 Caton Farm Rd. Joliet Will County IL	Yr Blt. Stories: RA: Parking Ratio: 1.5 /1,000	2004 Confidential	62,000	11/04	60	\$15.00	Net	
	<i>Comments: This lease represents 62,000 SF in a 68,000 SF building. The property is currently 95% occupied. A 4,000 SF unit is available for lease at \$15.00/SF on a net basis.</i>								
3	Rialto Square 100 N. Chicago St. Joliet Will County IL	Yr Blt. Stories: RA: Parking Ratio: -	- Confidential	11,136	03/03	60	\$12.00	Net	
	<i>Comments: This lease represents 11,136 SF in a 13,186 SF building. The property is 84.5% occupied and there is currently 2,050 SF available for \$12.00 / SF on a net basis.</i>								
4	Rialto North 104 N. Chicago St. Joliet Will County IL	Yr Blt. Stories: RA: Parking Ratio: -	1980 Confidential	18,000	02/05	60	\$12.00	Net	
	<i>Comments: This lease represents 18,000 SF in a 42,778 SF building. The property is currently 100% leased.</i>								
5	Two Rialto Square 116 N. Chicago St. Joliet Will County IL	Yr Blt. Stories: RA: Parking Ratio: -	1980 Confidential	21,087	11/05	60	\$16.00	Gross	
	<i>Comments: This lease represents 21,087 SF in a 64,081 SF building. The property is currently 75.3% occupied and space is being offered at</i>								





Rent 1
2720 111th St., Naperville, IL



Rent 2
2728 Caton Farm Road, Joliet, IL



Rent 3
100 N. Chicago St., Joliet, IL



Rent 4
104 N. Chicago St., Joliet, IL



Rent 5
116 N. Chicago St., Joliet, IL

Analysis of Comparable Rentals

The comparable rentals are compared with the subject and adjusted to reflect material differences that affect market rental value.

Rent 1 is the October 2004 lease of 11,520 square feet, located at Republic Bank Building, 2720 111th St., Naperville, Will County, IL. The rent is \$18.00 per square foot, net. This lease was adjusted downward for its superior location in Naperville and its smaller rentable area.

Rent 2 is the November 2004 lease of 62,000 square feet, located at Ridgefield Commons, 2728-2762 Caton Farm Rd., Joliet, Will County, IL. The rent is \$15.00 per square foot, net. This lease was adjusted downward for its smaller rentable area.

Rent 3 is the March 2003 lease of 11,136 square feet, located at Rialto Square, 100 N. Chicago St., Joliet, Will County, IL. The rent is \$12.00 per square foot, net. This lease was adjusted downward for its smaller rentable area.

Rent 4 is the February 2005 lease of 18,000 square feet, located at Rialto North, 104 N. Chicago St., Joliet, Will County, IL. The rent is \$12.00 per square foot, net. This lease was adjusted downward for its smaller rentable area.

Rent 5 is the November 2005 lease of 21,087 square feet to Confidential, located at Two Rialto Square, 116 N. Chicago St., Joliet, Will County, IL. The rent is \$16.00 per square foot, gross. This lease was adjusted downward for its smaller rentable area. Additionally, it was adjusted downward by \$6.00 to compensate for its gross basis expense structure.

Market Rent Conclusion

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

CONCLUDED MARKET LEASE TERMS					
Space Type	SF	Market Rent/ SF/Yr	Rent Escal.	Lease Type	Lease Term (Mos.)
SBC	97,631	\$10.00	2%	net	120

STABILIZED INCOME AND EXPENSE ESTIMATE

Potential Gross Rent

Potential gross rent is based on contract rent from the existing lease in place. Income is projected for the 12-month period following the effective date of the appraisal.

Expense Reimbursements

Operating expenses are directly paid by the tenant; therefore, no reimbursement income is due the owner.

Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 10.0% based on market levels previously discussed in the Market analysis section of this report.

Expenses

We have analyzed the subject as if it is leased on a triple net basis. The owner's expense obligations are limited to structural repairs and property management.

Management is estimated at 4.0% of effective gross income considering the limited managerial responsibilities associated with a single tenant property.

CAPITALIZATION RATE SELECTION

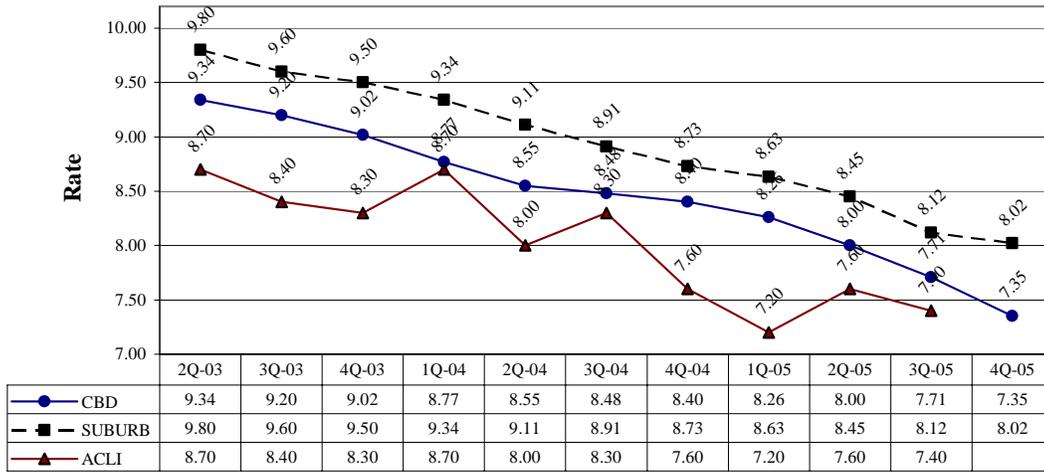
We consider the following data in selecting a capitalization rate for the subject.

CAPITALIZATION RATE COMPARABLES						
No.	Property Name	Year Built	Sale Date	Rentable Area	Price /SF	Overall Cap Rate
1	Creekside Corporate Center	2003	Nov-05	39,258	\$141.02	5.79%
2	Larkin Professional Center	1985	Jun-04	43,184	\$98.42	7.13%
3	McDonald Building	N/Av	Mar-04	4,200	\$128.57	7.83%
4	1408 Joliet Rd.	1988	Feb-04	9,600	\$119.79	9.11%
Average (Mean) Cap Rate:						7.47%

Based on this information, a capitalization rate within a range of 5.79% to 9.11% could be expected for the subject.

CAPITALIZATION RATE SURVEYS – OFFICE PROPERTIES					
	IRR-Viewpoint Year End 2005 National CBD Office	IRR-Viewpoint Year End 2005 National Suburban Office	Korpacz 4Q-2005 National CBD Office	Korpacz 4Q-2005 National Suburban Office	ACLI 3Q-2005 National 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%
<i>Source: IRR-Viewpoint 2006; Korpacz Real Estate Investor Survey; American Council of Life Insurers Investment Bulletin.</i>					

CAPITALIZATION RATE TRENDS - OFFICE PROPERTIES



Quarter/Year

*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 Korpacz survey indicates that a going-in capitalization rate for the national suburban office market ranges from 4.5% to 11.0% and averages 7.35% to 8.02%. We would expect the rate appropriate to the subject to be above the average rate in the survey data because of its older age and build-out. Accordingly, based on the survey data, a capitalization rate within a range of 8.5% to 9.5% could be expected for the subject.

CAPITALIZATION RATE CONCLUSION

Going-In Capitalization Rate 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.

OPERATING PROJECTIONS

	Appraiser's Projection
INCOME	
Base Rent	\$976,310
Expense Reimbursements	\$576,023
Net Parking Income	\$0
<hr/>	
POTENTIAL GROSS INCOME	\$1,552,333
Vacancy & Collection Loss at 10.0%	-\$155,233
Other Income	\$0
<hr/>	
EFFECTIVE GROSS INCOME	\$1,397,100
EXPENSES	
Real Estate Taxes	\$195,262
Insurance	\$9,763
Utilities	\$73,223
Repairs/Maintenance	\$122,039
Cleaning/Janitorial	\$48,816
Grounds	\$9,763
Security	\$19,526
General/Administrative Management	\$97,631
Replacement Reserves	\$55,884
Replacement Reserves	\$19,526
<hr/>	
TOTAL EXPENSES	\$651,433
<hr/>	
NET OPERATING INCOME	\$745,667
<hr/>	
Operating Expense Ratio	46.6%

DIRECT CAPITALIZATION

Effective Gross Income	\$1,397,100
Expenses	\$651,433
Net Operating Income	\$745,667
Capitalization Rate	9.00%
Indicated Value	\$8,285,184
Rounded	\$8,290,000

RECONCILIATION AND CONCLUSION OF VALUE

The values indicated by our analyses are as follows:

SUMMARY OF VALUE INDICATIONS	
Cost Approach	\$8,000,000
Sales Comparison Approach	\$7,800,000
Income Capitalization Approach	\$7,850,000
Reconciled	\$7,800,000

The sales comparison approach is given the greatest weight because the likely purchaser is an owner-user who would negotiate a purchase price in relation to the prices of alternative properties having similar utility. The income capitalization approach is given less weight even though owner-users consider the income-producing characteristics of a property in their decision making. The cost approach is given less weight but provides additional support for the results of the other approaches. Accordingly, our opinion of value is as follows:

VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Fee Simple	April 3, 2006	\$7,800,000

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

For purposes of the as is valuation, we assume:

- a. since the subject is owner occupied, we have used market levels for rent, vacancy and expenses.

EXPOSURE AND MARKETING TIMES

Our estimates of exposure and marketing times are as follows:

EXPOSURE TIME AND MARKETING PERIOD	
Exposure Time In Months	9
Marketing Period In Months	9

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 no bias with respect to the property that is the subject of this report or the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. Our 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, which includes the Uniform Standards of Professional Appraisal Practice (USPAP), and also in conformity with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. Will Kastilahn made a personal inspection of the property that is the subject of this report. Gary K DeClark, MAI, CRE has personally inspected the subject. No one provided significant real property appraisal assistance to the person(s) signing this certification.
10. This appraisal is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
11. We have not relied on unsupported conclusions relating to characteristics such as race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, handicap, or an unsupported conclusion that homogeneity of such characteristics is necessary to maximize value.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
13. As of the date of this report, Gary K DeClark, MAI, CRE, and has completed the continuing education program of the Appraisal Institute.



Will Kastilahn
Real Estate Analyst



Gary K DeClark, MAI, CRE
Managing Director
Certified General Real Estate Appraiser
IL Certificate # 153-000218

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is based on the following 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 is 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.
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 person signing the report.
11. Information, estimates and opinions contained in the report, 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. 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 value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The value found herein is 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 any property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. In as much as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, we cannot comment on compliance to *ADA*. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. 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 the Client, its 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 and the person signing the report 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 person 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. 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. Integra Realty Resources – Chicago is not a building or environmental inspector. Integra Chicago does 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 conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
 24. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Chicago, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein,

- the Integra Parties shall not be responsible or liable for an incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Chicago, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of 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 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. Integra Realty Resources, Inc. and the undersigned 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 estimates 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.

The appraisal is also subject to the following:

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

The value conclusions are subject to the following extraordinary assumptions and hypothetical conditions that may affect the assignment results.

For purposes of the as is valuation, we assume:

- a. since the subject is owner occupied, we have used market levels for rent, vacancy and expenses.
-

ADDENDUM A

APPRAISER QUALIFICATIONS

**PROFESSIONAL QUALIFICATIONS
OF
GARY K. DeCLARK, MAI, CRE**

EXPERIENCE: Mr. DeClark is the Managing Director for INTEGRA REALTY RESOURCES in Chicago, Illinois and Milwaukee, Wisconsin. He has been actively engaged in real estate valuation and counseling since the mid 1970s. His background includes several years in trust asset management, and life insurance company mortgage underwriting, and 20 years serving the general public. Recent experience is concentrated in major urban and suburban developments. Valuations have been performed on various properties including, but not limited to: special use properties; neighborhood, community and regional shopping centers; apartment complexes; single- and multi-tenanted industrial buildings; low to high rise office buildings; mixed use facilities; and vacant land for different uses. Specialized real estate valued includes golf courses, casinos, self-storage, athletic clubs and congregate care/nursing facilities. Clients served include accountants, investment firms, law firms lenders, private and public agencies. Valuations have been performed for condemnation purposes, bankruptcy estate planning, financing, investment analysis equity participation, due diligence support and re-use development.

Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.

He is qualified as an expert witness in: Northern Illinois Federal District Court; Northern and Southern Indiana Federal District Courts; the Circuit Courts of Cook County, Lake County DuPage County, and Kane County; and the Circuit Court of Lake County, Indiana.

**PROFESSIONAL
ACTIVITIES:**

Member: Appraisal Institute (MAI No. 6362)
(Past President, Chicago Chapter 2001)
(Past Admissions Chairman, Chicago Chapter 1990-1992)
(Past Secretary and Treasurer, Chicago Chapter)

Counselors of Real Estate (CRE No. 1095)
(Past Midwest Chapter Chairman – 1999-2000)

Licensed: Certified General Real Estate Appraiser in states noted below:
Illinois – No. 153-000218 Minnesota – No. 4001839
Colorado—CG40027342 Nebraska – No. CG980092
Georgia – No. 254930 New York – No. 46000038089
Indiana – No. CG49300124 Ohio – No. 389977
Iowa – No. CG1640 Wisconsin – No. 261
Michigan – No. 1201002765

Author: “Tax Reform Act of 1976,” The Atlanta Real Estate Journal, Fall 1978
“Counseling and the Institutional Client,” Real Estate Issues, Dec. 1995

EDUCATION: B.S. Degree, Finance, University of Illinois, Champaign/Urbana, Illinois (1975)
M.A. Degree, Real Estate and Urban Development, University of Georgia, Athens, Georgia (1978)

He has successfully completed numerous real estate and related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.

CERTIFICATION: He is currently certified by the Appraisal Institute’s voluntary program of continuing education for its designated members.

PROFESSIONAL QUALIFICATIONS
OF
WILLIAM H. KASTILAHN

EXPERIENCE: Mr. Kastilahn is currently a Real Estate Analyst with INTEGRA REALTY RESOURCES--CHICAGO, his experience includes valuation research for litigation on condemnation, real estate impact studies, industrial complexes, office properties, vacant land, asphalt plants, cold storage facilities, automotive maintenance buildings, marinas, golf courses, apartment complexes, condominium complexes, townhomes complexes, manufactured housing communities, retail facilities, mixed use facilities, auto auction facilities, subdivisions, crop farms, easements and TIF districts.

Prior to joining Integra, Mr. Kastilahn had been a senior project manager involved in international Retail Leasing Consulting. He advised clients in the U.S. and the U.K. on where to construct enclosed shopping centers, and how to adjust rents based on internal pedestrian traffic. In addition to working with enclosed shopping center developers, he was the project manager for the retail chain store division as well, assisting clients with data collection and strategic planning based on that data. He also assisted casino clients in the same fields.

EDUCATION: Mr. Kastilahn graduated from Wittenberg University, Springfield, Ohio in 1997 with a Bachelor of Science degree in Psychology, with a concentration in statistics and research.

He is currently attending classes offered by the Appraisal Institute toward the attainment of his Illinois state Real Estate Appraisal license.

INTEGRA REALTY RESOURCES, INC.

CORPORATE PROFILE

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 52 independently owned and operated offices in 30 states. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Managing Director who is an MAI member of the Appraisal Institute.

The following map shows the locations of Integra's 52 local offices.



Corporate Office

3 Park Avenue, 39th Floor, New York, New York 10016-9502
Telephone: (212) 255-7858; Fax: (646) 424-1869; E-mail Integra@irr.com
Website: www.irr.com

ADDENDUM B

SUBJECT PHOTOGRAPHS



Exterior
(Photo Taken on April 2, 2006)



Exterior
(Photo Taken on April 2, 2006)



Exterior
(Photo Taken on April 2, 2006)



Exterior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Interior
(Photo Taken on April 2, 2006)



Mechanical Room
(Photo Taken on April 2, 2006)



Roof
(Photo Taken on April 2, 2006)

ADDENDUM C

FINANCIALS AND PROPERTY INFORMATION

Financials and Property Information

ADDENDUM D

COMPARABLE DATA

Comparable Data

ADDENDUM E

DCF REPORTS

DCF REPORTS

ADDENDUM F

LETTER OF AUTHORIZATION

Letter of Authorization