BMO HARRIS BANK

CHICAGO, ILLINOIS

MARKET VALUE APPRAISAL REPORT

ON

REGENCY POINT

2308 S. GREEN BAY ROAD

RACINE, WISCONSIN

THE APPRAISAL RESOURCE GROUP, Inc.
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Milwaukee, WI 53202

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May 31, 2016

Mr. Timothy Rooney
BMO Harris Bank
111 W. Monroe Street
4 C/2800
Chicago, IL 60603

RE: Project #16-000417-01

Dear Mr. Rooney:

Pursuant to your request, we have prepared a narrative market value appraisal report of the Regency Point located at 2308 South Green Bay Road in the City of Racine, Racine County, Wisconsin.

The subject is comprised of a 163,252 net rentable square foot retail center built in 1988. The shopping center improvements are located on 17.904 acres of land. The center is 98.5% leased, with 2,500 square feet of vacant space. The subject is anchored by a 55,000 square foot Hobby Lobby, a 23,897 square foot Bed Bath & Beyond, and a 27,000 square foot TJ Maxx.

The intended user of this report is BMO Harris Bank, its successors or assigns, and any participating financial institutions. The intended use of the appraisal is to assist in documenting the value for loan underwriting, risk classification and other Bank purposes and this valuation assignment was developed consistent with the scope specified by BMO Harris Bank, in compliance with USPAP.

Our appraisal relates to the leased fee value of the subject improvements in addition to the fee simple value of the underlying land.

The appraisal was conducted for the purpose of expressing an opinion of the “As Is” Market Value of the subject as of a current date of value as of April 15, 2016. The property was inspected on April 15, 2016 and May 17, 2016.

Our pro-forma analyses are made under market conditions prevailing as of the date of inspection. The appraiser cannot be held responsible for unforeseeable events that may alter market conditions and subsequently influence the outcome of our pro-forma.

All portions of this appraisal are to be used only in conjunction with the full report, which is subject to the assumptions and limiting conditions contained herein.

Based upon our investigation as outlined, it is our opinion that the "As Is" Market Value of the subject as of April 15, 2016, is equitably stated as follows:

TWELVE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS
($12,850,000)

Based upon our investigation as outlined, it is our opinion that the "Upon Completion" Market Value of the subject as of October 1, 2016, the estimated date of completion of proposed repairs and replacements, is equitably stated as follows:

THIRTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS
($13,400,000)

Based upon our investigation as outlined, it is our opinion that the hypothetical Market Value of the subject, assuming an extraordinary assumption that all necessary approvals are given for development of a front 24,700 square foot outlot, is equitably stated as follows:

THREE HUNDRED SEVENTY THOUSAND DOLLARS
($370,000)

Our investigation included a personal inspection of the property. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. This appraisal report has been prepared in conformance with the Uniform Standards of Professional Appraisal Practice, with the intentions of conforming to the guidelines issued under Title 11 of the Federal Financial Institutions Reform Recovery, and Enforcement Act of 1989.

The subject was purchased by BMC Racine LLC (Bonnie Investment Group) and Marc Racine LLC (Marc Realty) in February of 2016 for $12,500,000 from R-0 Associates of Racine LP (Redmond). The property was marketed for just over 9 months by Mid-America Real Estate without an active listing price. Initially, the property was under contract with Inland Real Estate REIT for over $13 million but this contract lapsed and the current owner was able to close in a relatively quick timing. The broker approached the subject buyer in October of 2015 and the discounted purchase price of $12.5 million was based on a closing date by the end of the year 2015. The actual closing was then delayed for various reasons to February of 2016. The price also considered a necessary partial roof repair and replacement. Considering the fast timing of the closing for the current owner, a slight upward adjustment is considered to be reasonable to reflect typical buyer and seller motivations as well as a typical marketing period.

Our appraisal assumes that the subject improvements are or will be structurally sound unless otherwise noted. We are not structural engineers and assume no responsibility for structural defects that may be inherent in the subject property.

We are not experts with respect to environmental matters. The Appraisal Resource Group, Inc. does not conduct environmental impact evaluations or assessments. Our opinions relating to the value of the appraised property do not reflect any actual or potential environmental liabilities. We have not factored any potential environmental stigma into our opinion of value of the subject and have appraised the property as though environmentally "clean." When provided with such an assessment we will not verify, nor make any warranties or representations as to the accuracy or integrity of the assessment.

We have not investigated matters with respect to the title of the property, nor have we investigated any matters with respect to liens, liabilities, or other encumbrances against the property.

We certify that neither The Appraisal Resource Group, Inc. nor any of its employees or assigns has a financial interest in the appraised property and that the compensation received for this study is not contingent on any stated conclusions.

Respectfully submitted,

THE APPRAISAL RESOURCE GROUP, INC.

Duane Debelak

5/31/16
(Date)

Duane M. Debelak
Vice President
Wisconsin Certified General Appraiser #628

5/31/16
(Date)

Jeffery G. Pyzyk, MAI, CRE, FRICS
President
Wisconsin Certified General Appraiser #41

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INTRODUCTION

SUMMARY AND SALIENT FACTS CONCLUSION

Property:	Regency Point 2308 South Green Bay Road City of Racine, Racine County, Wisconsin
Property Rights Appraised:	Leased-Fee Interest
Tax Parcel #:	239-01-000
Land Area:	17.904
Zoning:	B-2 Community Shopping District, City of Racine
Improvements:	Subject improvements consist of a 17-tenant one-story community shopping center with 163,252 square feet. The facility is of steel and masonry construction with a masonry exterior and a glass and aluminum storefront system. The center was built in 1988, with several partial renovations.
Highest and Best Use:	Existing Use
Date of Inspection:	April 15, 2016 and May 17, 2016
Date of Valuation:	April 15, 2016 "As Is" October 1, 2016 "Upon Completion"
Estimated Marketing Time:	9 Months

Market Value Indications:

Hypothetical Market Value – 24,700 S.F. Outlot Parcel:	**$370,000**
Value by Cost Approach:	$13,330,000
Value by Sales Comparison:	$13,320,000
Income Approach – Discounted Cash Flow:	$13,390,000
Income Approach – Direct Capitalization:	$13,420,000
Income Approach – Reconciled:	$13,400,000
"Upon Completion" Market Value Conclusion:	**$13,400,000**
"As Is" Income Approach – Direct Capitalization:	$12,850,000
"As Is" Market Value Conclusion:	**$12,850,000**

PROPERTY RIGHTS APPRAISED

The subject has been appraised on the basis of a Leased Fee Interest. A Leased Fee Interest is defined as follows:

> *A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a landlord-tenant relationship (i.e., a leased).*
>
> *Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, pg. 111.*

The subject land value estimate, as well as the subject interest in the Cost Approach, has been appraised on the basis of a Fee Simple Estate. A Fee Simple Estate is defined as:

> *Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.*
>
> *Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, pg. 78.*

IDENTIFICATION OF THE PROPERTY

The subject property consists of a single-story 17-tenant shopping center having a net rentable area of 163,252 square feet situated on 17.904 of land. The appraised property includes land, land improvements, building improvements and building service systems. Intangible assets, furniture and fixtures are excluded from our valuation. The property is located along Regency Point, on the south side of 21st Street, the north side of Regency West Drive, and the west side of State Highway 31 (Green Bay Road), in the City of Racine, Racine County, Wisconsin. The property has a tax reference number of 239-01-000. Legal reference is included in the Appendix.

INTENDED USE / USER

The intended user of this report is BMO Harris Bank, its successors or assigns, and any participating financial institutions. The intended use of the appraisal is to assist in documenting the value for loan underwriting, risk classification and other Bank purposes and this valuation assignment was developed consistent with the scope specified by BMO Harris Bank, in compliance with USPAP.

SCOPE OF THE APPRAISAL

Our investigation included an inspection of the property and surrounding area, a study of supply and demand, an analysis of comparable sales and leases. For this analysis, market sales were obtained for use in the Cost Approach and Sales Comparison Approach. Comparable rentals, as well as market rate support, was obtained for use in the Income Approach. Primary importance was place on the Income Approach, which utilized both the discounted cash flow technique and direct capitalization. Comparable ground lease sales were considered for the outlot value.

This report is submitted in a narrative appraisal report format. The data gathered and the sources that were utilized are listed as follows:

1) Site and Building Physical Data
   - A) Physical Inspection of the Property and Neighborhood
   - B) City of Racine
   - C) Racine County GIS
   - D) Plans Provided By Owner

2) Demographic Data
   - A) Municipal Authorities
   - B) State and County Authorities
   - C) U.S. Census
   - D) Loopnet

3) Cost Data
   A) Marshall Valuation Service
   B) Ownership

4) Sales Data
   A) Assessor's Offices
   B) Local Real Estate Brokers and Appraisers
   C) Loopnet
   D) Costar
   E) Grantors and Grantees

5) Revenue/Expense Data
   A) Ownership
   B) Brokers
   C) Loopnet
   D) Assessor and Treasurer
   E) Property Managers
   F) Lessors and Lessees

6) Confirmation of Data
   - Endeavored to verify data used in this report with at least one source.

DEFINITION OF VALUE

The definition of Market Value as used in this report is as follows:

> *The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.*

Implicit in this definition are 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 U.S. 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: Volume 12, Code of Federal Regulations, Part 34, Subpart C.

DATE OF VALUATION

The analyses and conclusions set forth in this report apply only to the date of value. The property was physically inspected on April 15, 2016 and May 17, 2016. The effective date of the appraisal is April 15, 2016, a current date of value as well as October 1, 2016, the estimated date of completion of proposed repairs. Our pro-forma analysis is made under market conditions prevailing as of April 15, 2016.

HISTORY AND OWNERSHIP OF THE SUBJECT

The subject was constructed in 1988, with subsequent partial renovations. The original Pick 'n Save grocery store anchor vacated about five years ago for a new store just to the south. The south anchor space has now been re-tenanted with a 55,000 square foot Hobby Lobby and a 17,242 square foot DSW Shoes. The subject was purchased by BMC Racine LLC (Bonnie Investment Group) and Marc Racine LLC (Marc Realty) in February of 2016 for $12,500,000 from R-0 Associates of Racine LP (Redmond). The property was marketed for just over 9 months by Mid-America Real Estate without an active listing price. Initially, the property was under contract with Inland Real Estate REIT for over $13 million but this contract lapsed and the current owner was able to close in a relatively quick timing. The broker approached the subject buyer in October of 2015 and the discounted purchase price of $12.5 million was based on a closing date by the end of the year 2015. The price also considering the pending cost to replace and repair subject roofing, with an estimated cost of $500,000, which is to be paid by the buyer. The actual closing was then delayed for various reasons to February of 2016. Considering the fast timing of the closing for the current owner, a slight upward adjustment is considered to be reasonable to reflect typical buyer and seller motivations as well as a typical marketing period. We are not aware of other sales or pending sales of the subject in the past three years.

MARKETING TIME, REASONABLE EXPOSURE PERIOD

Some retail centers somewhat similar to the subject have sold in the current market. The subject is somewhat unique in the market given its relatively large size and number of mid-size anchors. Overall, the subject is in good overall condition, is well located, and is nearly fully occupied. The First Quarter 2016 Korpacz Price Waterhouse Coopers survey of institutional investors reported that the average marketing time for national strip shopping centers was 5.6 months, unchanged from the previous quarter average and down from the previous year average of 6.0 months. The current marketing time ranged from 2.0 to 12.0 months. Considering the location, situs, anchor tenants, the rent level, condition, and occupancy history, the subject is attractive for some institutional investors. Based on a review of comparable sales, the investor survey, and conversations with brokers, we believe a marketing time of approximately three months to nine months to be reasonable for the subject. Our value conclusions are thus predicated on a market exposure period of nine months.

HYPOTHETICAL CONDITIONS OR EXTRAORDINARY ASSUMPTIONS

USPAP (Uniform Standards of Professional Appraisal Practice) Standards Rule 1-2 9 (g) and (h) requires that any Hypothetical Conditions or Extraordinary Assumptions necessary in the assignment be identified. These are understanding or assumptions that are contrary to, or unclear, but are assumed to be true or exist for the purposes of the appraisal assignment.

A Hypothetical Condition is defined in USPAP as “that which is contrary to what exists, but is supposed for the purpose of the analysis.” Hypothetical Conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in the analysis. No Hypothetical Conditions were utilized in our analysis.

An Extraordinary Assumption is defined in USPAP as “an assumption, directly related to specific assignment, which, if found to be false, could alter the Appraiser’s opinions or conclusions.” Extraordinary Assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property or about conditions external to the property, such as market conditions or trends, or the integrity of data used in the analysis. Extraordinary Assumptions were utilized in our analysis. We assume the roof repair and replacement will cost $500,000, based on information provided to us. Also, we have made an Extraordinary Assumption that a rectangular shaped front outlot can be leased and/or sold with a size of approximately 24,700 square feet based on frontage of 190 feet along Highway 31. We assume an approximate 2,000 or 3,000 square foot building could potentially be constructed on the front outlot. Our appraisal assumes all required site work and roof work is completed by October 1, 2016.

DESCRIPTION

REGIONAL OVERVIEW

The property is located in the City of Racine, in Racine County, Wisconsin. Racine is located just to the south of Milwaukee County. As such, the subject is partially impacted by the Milwaukee metro area. Before analyzing Racine County and the subject neighborhood, we have considered the larger Milwaukee regional economy. Exhibit 1 includes an Area Map.

Metropolitan Milwaukee

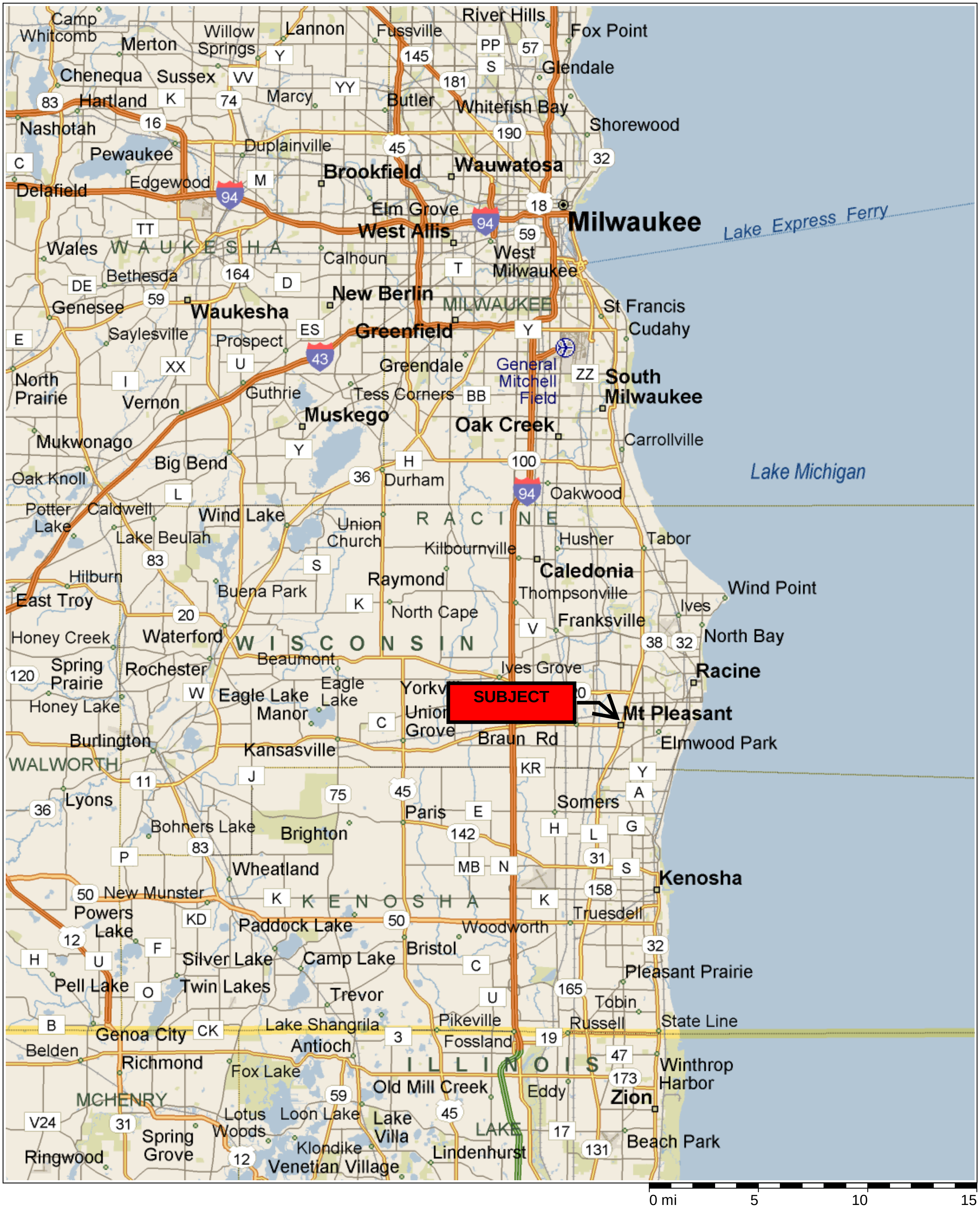
The Milwaukee Standard Metropolitan Statistical Area (SMSA) comprises four counties; Milwaukee, Washington, Ozaukee, and Waukesha. According to the Demographic Services, the SMSA had an estimated population of 1,500,741 as of 2000 and 1,566,981 as of 2012. The Milwaukee metro area comprises nearly one-third of the population of the State of Wisconsin.

Population – The City of Milwaukee had an estimated population of 598,916 as of 2012, which is essentially flat since 2000. The population of the Milwaukee SMSA has increased at the rate of 0.37% per year in the recent past, despite a declining population trend for the City of Milwaukee. Population trends for the City of Milwaukee, Milwaukee County, and Milwaukee SMSA area are summarized as follows:

METRO MILWAUKEE POPULATION TRENDS

Year	City of Milwaukee	Milwaukee County	Milwaukee Metro Area
1980	636,295	964,988	1,397,020
1990	628,088	959,275	1,432,149
2000	596,974	940,164	1,500,741
2010	594,833	947,735	1,555,908
2012	598,916	955,205	1,566,981

AREA MAP


SUBJECT
Braun Rd
Mt Pleasant
Milwaukee
Lake Express Ferry
Lake Michigan
Racine
Kenosha
Waukesha
Brookfield
Wauwatosa
West Allis
West Milwaukee
New Berlin
Greenfield
Greendale
General Mitchell Field
South Milwaukee
Oak Creek
Caledonia
Franksville
Sturtevant
Union Grove
Yorkville
Ives Grove
Elmwood Park
Somers
Paris
Bristol
Pleasant Prairie
Zion
Winthrop Harbor
Beach Park
Muskego
Wind Lake
Waterford
Rochester
Burlington
Paddock Lake
Twin Lakes
Silver Lake
Genoa City
Antioch
Lake Villa
Lindenhurst
Fox Lake
Richmond
Ringwood
Spring Grove
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M I L W A U K E E
R A C I N E
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While Milwaukee County's population decreased around 2000, it has shown significant growth over the past few years. The outlying suburban counties of the Milwaukee metro area have all shown increases in population in the recent past as well. A summary of the 1990, 2000, 2010, and 2012 population by county follows:

MILWAUKEE METRO AREA COUNTY POPULATION

County	1990	2000	2010	2012
Milwaukee County	959,275	940,164	947,735	955,205
Waukesha County	304,715	360,767	389,891	392,292
Washington County	95,328	117,496	131,887	132,661
Ozaukee County	72,831	83,317	86,395	86,823
Total	1,432,149	1,500,744	1,555,908	1,566,981

Source: US Census Bureau

Washington County has led the increase in change in population terms, while Milwaukee County's population has fluctuated. Historical percentage changes in population among counties in the metropolitan area are summarized from Census data as follows:

CHANGES IN COUNTY POPULATION

County	Change in Population 1980-1990	Change in Population 1990-2000	Change in Population 2000-2010	Change in Population 2010-2012
Milwaukee	-0.59%	-1.99%	0.81%	0.79%
Ozaukee	8.73%	14.40%	3.69%	0.50%
Washington	12.35%	23.25%	12.24%	0.59%
Waukesha	8.75%	18.39%	8.07%	0.62%
Total	2.51%	4.79%	3.68%	0.71%

The Milwaukee area has thus paralleled national trends with population shifting from the city to the suburbs.

Industry and Employment – The Milwaukee area is the center of business and industry for the State of Wisconsin and home to such major corporations as Harley Davidson, Briggs & Stratton, Manpower International, Northwestern Mutual Life Insurance, Roundy's, Rockwell, GE Healthcare, and Johnson Controls.

The metro area's work force records a March 2015 unemployment rate of 4.7%, which is slightly higher than the State figure of 4.6%. The U.S. seasonally adjusted figure was 5.5%. The unemployment rate history of the area is summarized as follows:

UNEMPLOYMENT RATE TREND COMPARISON

Area	Jul-07	Jul-08	Jul-09	Jul-11	Jul-13	Apr-14	Mar-15
Milwaukee MSA	6.2%	5.6%	9.5%	8.4%	7.6%	6.1%	4.7%
State of Wisconsin	4.8%	4.4%	8.8%	7.7%	6.8%	5.9%	4.6%
United States	4.9%	6.0%	9.6%	9.1%	7.4%	6.3%	5.5%

In addition to the larger Milwaukee metro unemployment rate of 4.7%, the Milwaukee County unemployment rate was 6.5% as of March of 2015. Additionally, the Waukesha County unemployment rate was 4.6% as of March of 2015.

Milwaukee's work force has made a transition from an employment base that was comprised largely of manufacturing jobs to an economy that is now largely service based. Due to the current recession, Milwaukee's unemployment rate has slowly begun to improve over the past year, as have the State and national rates.

Milwaukee's work force is becoming increasingly educated with an increasing number of people professionally employed in service sectors. The majority of SMSA adults are employed in service occupations, with professional services a secondary employment base. The 2010 median household income for the City of Milwaukee was $30,911. Income comparison, Milwaukee County recorded a figure of, $40,509, while Wisconsin indicated an amount of $49,001.

Transportation – Milwaukee is served by all major transportation systems. Milwaukee's Lake Michigan location provides access to the Atlantic Ocean via the St. Lawrence Seaway. The Port of Milwaukee handles over three million tons of freight annually.

Air transportation is handled primarily from Mitchell International Airport, located eight miles south of downtown Milwaukee. Twenty air carriers provide service to over five million passengers and handle 80 thousand tons of air freight annually. Several railroads provide freight service to the Milwaukee metro area. Amtrak operates seven round trips daily between Milwaukee and Chicago, one round trip daily to Minneapolis/St. Paul, and daily service to Seattle and Portland.

The metro area is serviced by 160 miles of Interstate Highways with the major east-west route being I-94, the major north-south route being I-43, and the major north-northwest route being U.S. 45. I-894 connects all three expressways and circles the southern part of the Milwaukee metro area. Nearly all parts of the city can be reached by car or truck in less than twenty minutes. Additionally, the Milwaukee County Transit System operates bus routes along virtually all major transportation corridors of Milwaukee County. There are 275 trucking and warehousing establishments located in Milwaukee County.

Utilities – Electric power for metropolitan Milwaukee is supplied by WE Energies, Inc. and is in ample supply. The consolidated electrical generating capability of WE Energies is 4,034 megawatts with a reserve capacity of approximately 20%. Sixty-four percent of energy is generated from coal, followed by nuclear and natural gas, and a minimal amount by oil and hydroelectric sources. A good balance between coal, natural gas, and nuclear coupled with a lack of dependence on oil has resulted in an electric rate that has compared favorably with national averages in the recent past.

Water is supplied by the City of Milwaukee using Lake Michigan as a source. The City's pumping capacity of 375 million gallons per day far exceeds daily consumption of 144 million gallons per day.

Sanitary sewerage service is provided by the Milwaukee Metropolitan Sewerage District: Jones Island Service Area and has an average hydraulic design capacity of 200 million gallons per day. Average daily usage is 120 million gallons per day.

Gas service is also provided by WE Energies, Inc. The City of Milwaukee Department of Public Works collects municipal and contracted commercial users' waste on a weekly basis. Telephone service is provided by AT&T, Inc.

Taxes – The State of Wisconsin and City of Milwaukee in particular have earned a reputation for historically being heavily taxed areas of the United States. The income tax rate in the State of Wisconsin averages approximately 7% of taxable income for corporations. The State sales tax rate is currently 5%, with Milwaukee County's sales tax rate adding an additional 0.6%. Changes in state-supported funding of local school districts had lowered the City of Milwaukee's property tax rate to just over $23.00 per $1,000 of assessed value, which was a substantial drop from the

1994 rate of $36.66 per $1,000. However, recently, the 2013 mill rate has increased back up to over $30 per $1,000 of assessed value.

Education – The four county metro area is home to over 620 public and private elementary, junior, and senior high schools. The Milwaukee area is home to 14 colleges and universities with a combined enrollment of more than 75,000. Milwaukee has a larger percentage of college educated adults than major Midwest cities such as St. Louis, Detroit, Cleveland, and Cincinnati. Based upon the mean scores reported in the nation, Wisconsin students have historically ranked at the top among all states in the Scholastic Aptitude Test (SAT) and the American College Test (ACT) in recent years.

Climate – Because of its geographical location, Milwaukee offers four distinct seasons. The mean average monthly temperature ranges from a low of 20.9 degrees in January to a high of 70.7 degrees in July. There are an average of 13 days per year when the temperature reaches zero or less and eight days per year when the temperature reaches 90 degrees or more.

Recreation and Leisure – The City of Milwaukee and State of Wisconsin offer a wide variety of recreational and leisure facilities and activities. Tourism is a major segment of the State's economy. The Milwaukee Art Museum, Discovery World Museum, Milwaukee County Zoo, the Milwaukee Public Museum and Mitchell Park Conservatory serve as major attractions. The downtown Milwaukee Performing Arts Center and theater district are home to the Milwaukee Symphony Orchestra, the Milwaukee Repertory Theater, the Florentine Opera Company, and numerous other cultural events and companies. Milwaukee has nine annual events that draw 100,000 to 1,000,000 persons. Eleven other attractions draw between 25,000 and 100,000 people each year. Major events include Summerfest and the Wisconsin State Fair.

Milwaukee serves as a host to several professional and collegiate sports teams including the Milwaukee Brewers baseball team, the Milwaukee Bucks basketball team, Milwaukee Admirals hockey team, Milwaukee Wave soccer team, and the Marquette Golden Eagles college basketball team. The Bradley Center sports arena provides a somewhat dated but comfortable facility for Milwaukee's sports fans. The old Milwaukee County Stadium was demolished for the opening of Miller Park, which represents the current home of the Milwaukee Brewers.

Outdoor recreation is one of Milwaukee's main attractions. There are over 35,000 acres of park land in the Milwaukee metro area. Lake Michigan is a major recreational attraction to boaters and fishermen. Additionally, the State of Wisconsin has more than 14,000 lakes and 26,000 miles of rivers and streams.

Conclusion

The City's population has fluctuated as has Milwaukee County's. Taxes are generally lower and schools are generally better in outlying suburbs. This has led to suburban flight and has contributed to higher vacancies near the Milwaukee central business district. Milwaukee's economy has mirrored other major metropolitan areas and its unemployment rate is similar to the national figures, but above that for the State of Wisconsin. After a drop in 2008 and 2009, Wisconsin's economy may have partially recovered during 2010 and 2011, with stabilization in 2012, 2013, 2014, and 2015. The trends discussed previously for the metropolitan Milwaukee region are expected to have a positive impact on the subject property.

RACINE COUNTY

Given the location of the subject in Racine County, with the City of Racine located to the east, we have also included an over view of Racine County as follows:

Population

Racine County consists of two cities, seven villages and nine towns. The City of Racine is the largest City in the County, and serves as the County Seat. Racine County has exhibited an increase in total population in the recent past. Between 2000 and 2010, the population of Racine County has increased by a total of 3.5%, to 195,408. The population of the County may have stabilized, or even decreased slightly, between 2010 and 2014.

Historic population levels for Racine County are summarized as follows:

COUNTY OF RACINE

Year	Population	% Change
1960	141,781	-
1970	170,838	20.5%
1980	173,132	1.3%
1990	175,034	1.1%
2000	188,831	7.9%
2010	195,408	3.5%
2014	195,163	-0.1%

The City of Racine had a population of 78,860 as of 2010, according to U.S. Census statistics, down 3.7% from the 2000 level of 81,855, which was down 2.9% from the 1990 level of 84,298, which in turn was down 1.7% from the 1980 level of 85,725. The last major population growth period for the City of Racine was between 1960 and 1970.

Historic population levels for the City of Racine are summarized as follows:

CITY OF RACINE

Year	Population	% Change
1960	89,144	-
1970	95,162	6.8%
1980	85,725	-9.9%
1990	84,298	-1.7%
2000	81,855	-2.9%
2010	78,860	-3.7%
2014	78,065	-1.0%

As the two previous tables indicate, the City of Racine population has been declining as the population of Racine County has been stabilizing recently, after increasing between 196 and 2010. The decrease has been greater in the City of Racine compared with Racine County between 2010 and 2014. Overall, this indicates that the population areas of Racine County outside of the City of Racine have been growing at even a faster rate than overall Racine County including the City of Racine.

The subject is to the west of the City of Racine in the City of Racine, with a 2010 population of 26,197, an increase of 13.4% from 23,104 as of 2000. As of 2014, the Mount Pleasant population was 26,293. This represents an increase of 0.4% from 2010. As such, Mount Pleasant is outperforming the City and County of Racine in terms of population growth.

Economic Background

Racine is a major center of commerce for southeastern Wisconsin and is home to such major corporations as CNH Case, S.C. Johnson and Son, Great Northern Corporation, Ganton Technologies, Twin Disc, Inc., In-Sink-Erator, Modine Manufacturing, and the Jacobsen Division of Textron.

As of December of 2015, the Racine County unemployment rate was 5.1%. The City of Racine, which is located with the larger County, has a high unemployment rate of 6.0%. Historically, the City of Racine has had a significantly higher unemployment rate than other areas of Racine County.

Transportation

Racine is served by all major transportation systems. Racine's Lake Michigan location provides access to the Atlantic Ocean via the St. Lawrence Seaway. The City of Racine is located approximately 30 miles south of the Port of Milwaukee. Two railroads provide freight service to the Racine area. Amtrak operates three round trips daily between Milwaukee and Chicago, stopping in nearby Sturtevant on the way. Train time to the Loop is about an hour from Sturtevant Station.

Air transportation is handled primarily from Mitchell international airport, located eighteen miles north of downtown Racine. Twenty air carriers provide service to over five million passengers and handle 100,000 tons of air freight annually. Additionally, three public use, general aviation airports; Batten Memorial Field, Burlington Municipal Airport, and Sylvania Airport are located in Racine County. Chicago's O'Hare airport is located fifty miles south.

The area is serviced by one Federal, two U.S., and ten State Highways. Interstate 94 is the major highway linking Racine with Milwaukee and Chicago. Additionally, there are 73 trucking and warehousing establishments located in Racine County.

Utilities

Electric power for metropolitan Racine is supplied by WE Energies and is in ample supply. Water is supplied by the City of Racine with natural gas provided by WE Energies, and sanitation provided by Racine County. Utility rates are generally near most national averages. Telephone service is provided by AT&T, as well as smaller providers.

Education

The Racine area is home to 86 public and private elementary, junior, and senior high schools. Racine County is also home to the University of Wisconsin, Parkside, and Gateway Technical College. Carthage College is located just to the south in Kenosha County.

NEIGHBORHOOD DESCRIPTION

The subject is located in a small regional shopping area, or could be considered to be located in a large community shopping area. There are a wide variety of national and regional retailers located in the neighborhood.

East of the subject, on the east side of Highway 31, is the Regency Mall. This smaller regional mall is anchored by Boston Store, Sears, and Burlington Coat Factory. A closed anchor store is being re-tenanted with Ross dress for less. Other nearby retailers, excluding the subject Hobby Lobby and TJ Maxx, includes Target, Home Depot, Toys R Us, Dick’s Sporting Goods, Office Max, Michaels, Best Buy, Barnes and Noble.

Immediately southeast of the subject, at the northwest corner of Regency West Drive is a McDonald’s fast food restaurant, with a small strip center just to the north and a small strip center just to the west. The strip center to the west is could be considered to be located on a south outlot of the subject while the strip center to the north could be considered to be on an east outlot of the subject. The south outlot center is 7,000 square feet in size and has a 1,350 square foot inline space that is available for lease for $20.00 per square foot triple net, with operating expenses of

$11.35 per square foot, or gross rent of $31.35 per square foot. The other retail center is fully leased.

Northeast of the subject, at the southwest corner of 21st Street and Highway 31 is a Speedway gas station and convenience store. North of the subject and 21st Street is a car care center, a quick oil change facility and a KFC fast food restaurant.

West of the subject is an old Sam's Club that is now a light industrial use. Multi-family residential housing is further to the west.

South of the subject are miscellaneous commercial uses including retailers such as Michaels, Best Buy and Dicks. Further south, at the northwest quadrant of Highway 31 and Highway 11, is a relatively new shopping center that is anchored by a Pick 'n Save grocery store previously located at the subject Regency Point shopping center. Outlot development includes a Red Lobster and a Texas Roadhouse. This development is located on the site of the old Village of Mount Pleasant municipal office area that has been relocated to a new facility further northwest.

The population density is relatively strong to the east and north of the subject, with lower population densities further to the west and southwest. Overall, the subject neighborhood features a generally stable population, with a growing amount of households.

According to LoopNet as of 2015, the estimated population was 6,605 in a one-mile radius and 61,355 in a three-mile radius. As of 2015, the households were estimated at 2,892 in a one-mile radius and 34,757 in a three-mile radius.

Between 2010 and 2015, the population increased by 0.8% in a one-mile radius and decreased by 0.6% in a three-mile radius. The number of households increased by 1.3% in a one-mile radius and increased by 0.2% in a three-mile radius between 2010 and 2015.

Between 2000 and 2015, the population decreased by 1.5% in a one-mile radius but increased by 1.5% in a three-mile radius. The number of households increased by 4.7% in a one-mile radius and increased by 4.2% in a three-mile radius between 2000 and 2015.

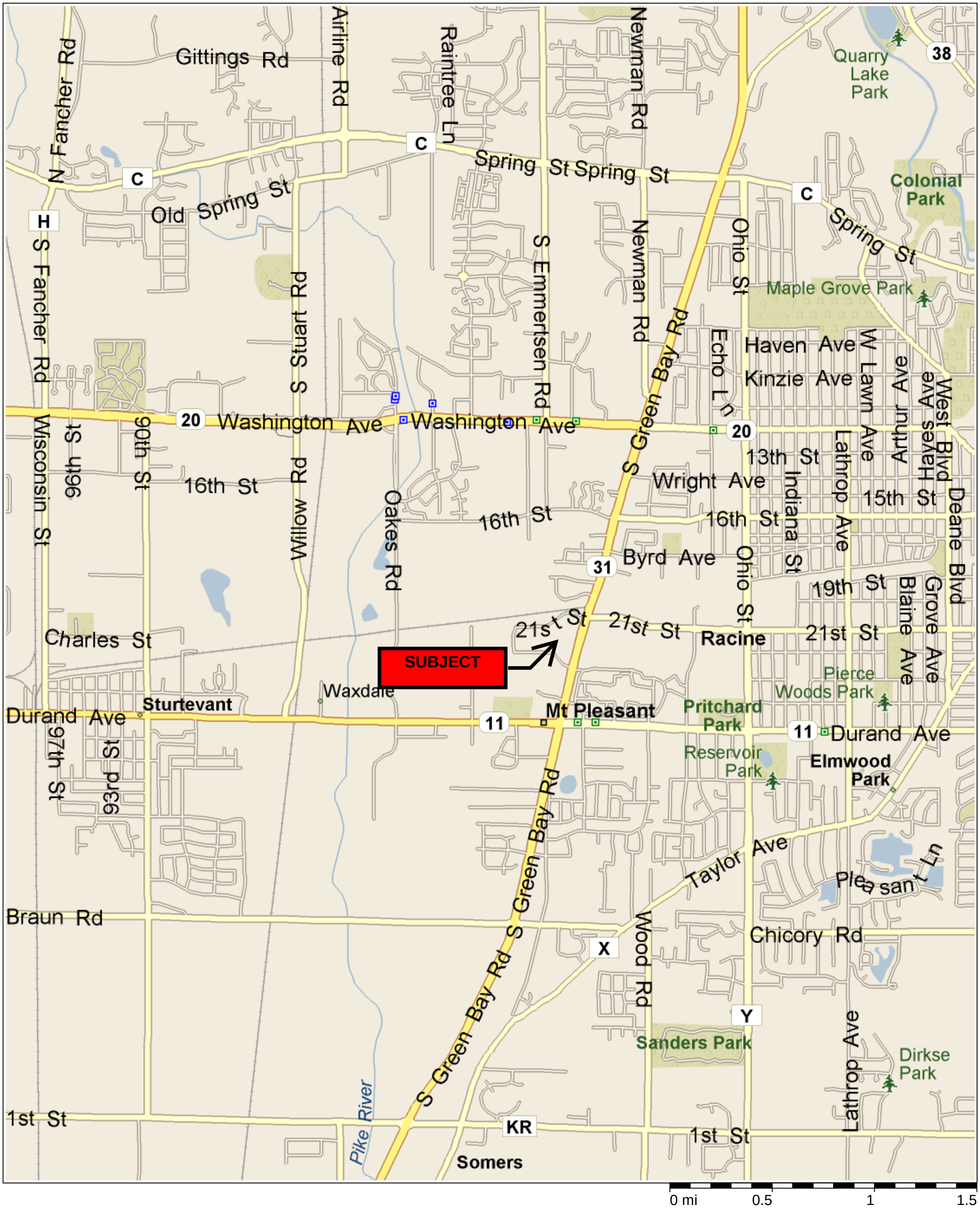
As of 2015, the median household income was $44,339, with average household income of $58,396, in the one-mile radius. The median household income was $48,514, with average household income of $63,039, in the three-mile radius.

The primary north-south roadway in the neighborhood is Highway 31, which is located just east of the subject, and extends north and connects with Highway 20 and extends further north into Milwaukee County. Highway 31 extends south past Highway 11 into Kenosha County and ends at the State of Illinois. Highway 11 is located about ¼ mile south of the subject. Freeway access is available about four miles west of the subject, at the interchange with Highway 11 and I-94.

As of an August 2014 Wisconsin DOT traffic count, 33,800 vehicles were recorded along State Highway 31 just north of the subject.

A location map is included as Exhibit 2.

LOCATION MAP



The subject neighborhood has good access with major roadways, with relatively convenient access to the freeway system to the west. Streets in the neighborhood are generally asphalt or concrete paved and newer roadways have curbs, gutters, sidewalks, and lighting. The subject's neighborhood is near fully built-up. While there is some limited land available for new development, most high profile development would require the demolition of existing land uses. Development in the neighborhood has occurred gradually over the past 5 to 35 years.

The area is served by all utilities including; storm and sanitary sewer, natural gas, telephone service, municipal water service, and electric service. All utilities in the subject's neighborhood are adequate and have ample capacity to accommodate new development.

In summary, the subject neighborhood is a primarily developed with commercial uses, with light industrial and residential uses located further off the primary roadways. The neighborhood has generally good linkages to the local transportation network. The local neighborhood is expected to have a generally positive impact on the value of the subject.

SITE DESCRIPTION

The subject is located along 21st Street, Highway 31 (Green Bay Road) and Regency West Drive. The site contains approximately 779,903 square feet or 17.904. The land is irregular in shape.

An aerial photo is included as Exhibit 3.

A plat map is found as Exhibit 4.

A topographical plan is provided as Exhibit 5.

ArcGIS WebMap

April 19, 2016

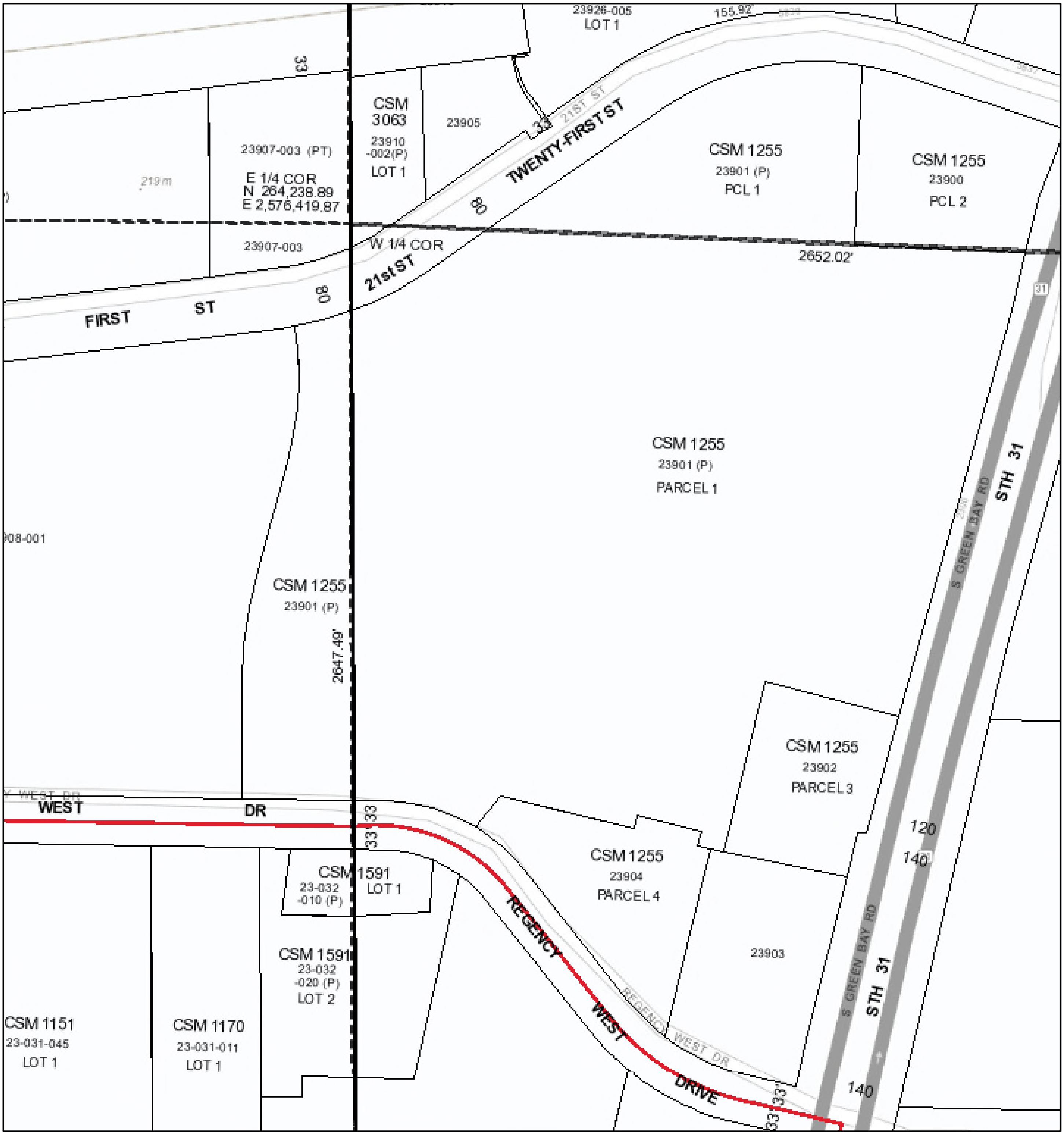
	Tax Parcels		Red: Band_1
	Address Grid		Green: Band_2
	Water lines		Blue: Band_3
	Waterbody		
	Municipal Boundaries		

0 50 100 200 300 400 500 Feet

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community
Racine County

ArcGIS WebApp Builder

ArcGIS WebMap



April 26, 2016

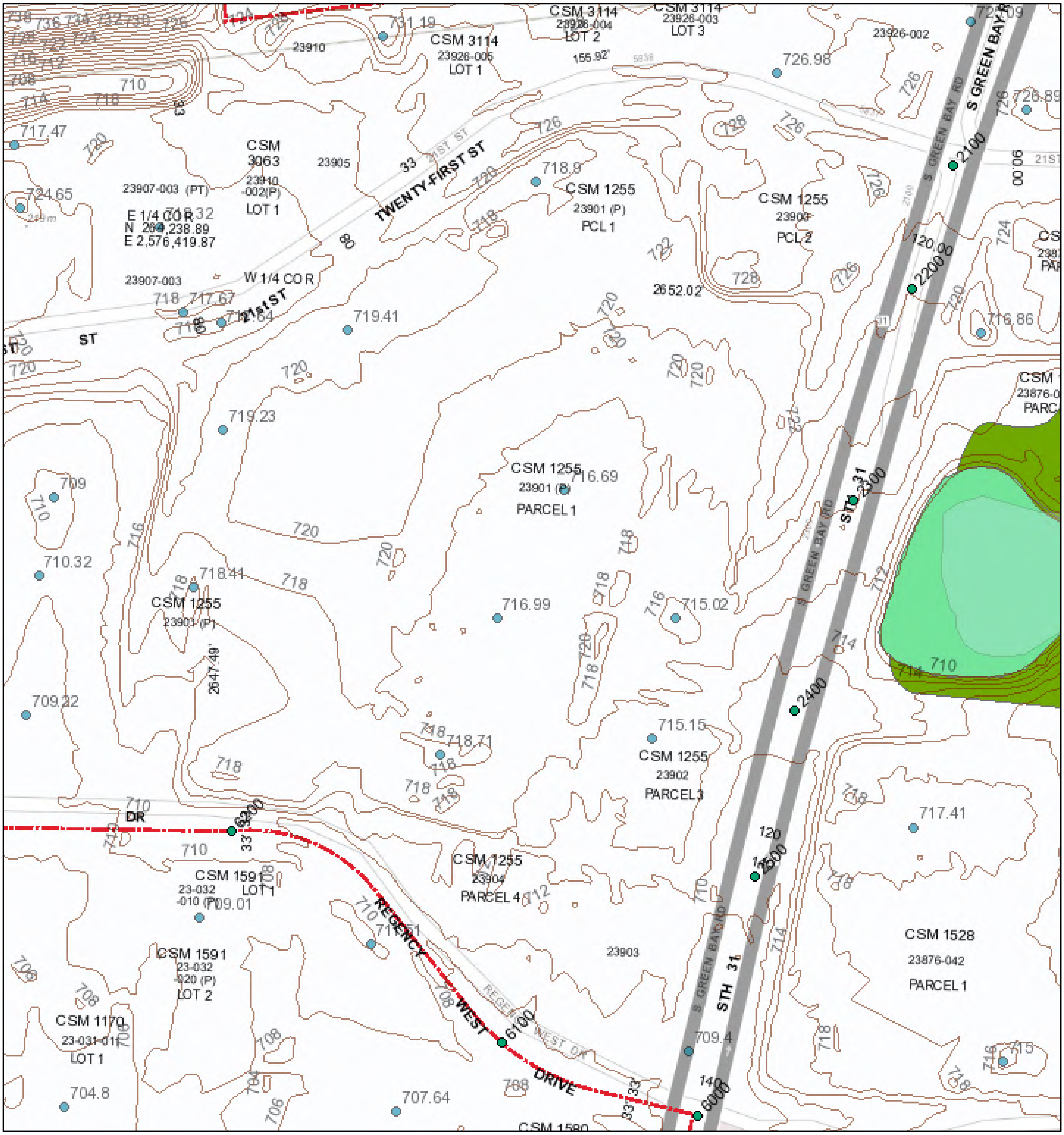
Quarter Quarter Section
Quarter Section
Tax Parcels
PLSS Sections
Water lines
Waterbody
Municipal Boundaries

0 50 100 200 300 400 500 Feet

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community
Racine County, SEWRPC

ArcGIS WebApp Builder

ArcGIS WebMap



April 19, 2016

- Address Grid
- Water lines
- Waterbody
- 2010 LiDAR Spot Elevations
- 2010 LiDAR Two Foot Contours
- 2010 DNR Wetland Survey
- 2010 Environmental Corridors
- Municipal Boundaries

0 50 100 200 300 400 500 Feet

Sources: Esri, HERE, DeLorme, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community
Racine County

ArcGIS WebApp Builder

The subject has about 619.94 feet of frontage on 21st Street, 320.94 feet of frontage on Regency West Drive, and 649.49 feet of frontage on Highway 31.

Based on an area of 163,252 square feet, the subject's land to building ratio is 4.78:1. This land to building ratio is near to above average for most modern commercial centers in the market.

Paved parking is primarily on the east side of the subject center, with some additional rear parking and loading dock access. There is parking for approximately 950 vehicles. The parking ratio equates to an ample 5.8 spaces per 1,000 square feet of building area.

Land improvements consist of concrete and asphalt paved areas, curbing, signage, exterior lighting, landscaping, landscaped islands in the parking areas, and miscellaneous other improvements.

The subject has two access points with Regency West Drive, one access point with 21st Street and one access point with Highway 31. Overall subject access is very good.

Considering the existing subject building layout, as well as the ample parking, we understand a front outlot with a rectangular shape can be developed with 130 feet of frontage along Highway 31, and a depth of 130 feet. An approximate 2,000-3,000 s.f. building could be built on the outlot.

The majority of the site is generally level, with gradual slopes for surface drainage. The subject is at or near grade with surrounding streets. However, the subject is slightly above grade with Regency West Drive to the south and slightly below grade with 21st Street to the north. The subject is near grade with Highway 31 to the east. Excluding the developed outlots, the subject has generally good exposure.

There are no apparent flood hazards with respect to the developable portion of the site, nor is it in any seismic zone. According to the FEMA Flood Insurance Rate Map number 55101C 0228D dated May 2, 2012, the subject property is located in Zone X, an area generally not affected by flood potential. A Flood Hazard Map is included in the Appendix.

The site is encumbered by standard utility easements that do not adversely affect its value. Utilities available to the site include sanitary sewer and water, electricity, natural gas, and telephone. There are cross access easements with adjacent properties which are not considered to negatively impact subject value.

Soil borings for the subject site was not available. Older existing improvements and recent new construction in the immediate area, however, suggest no substantial development problems with subsoil's although we make no guarantee in this respect. There were no observed adverse influences, nuisances, hazards, or easements that would have a negative impact on value.

The subject land is situated in an area of commercial uses and is somewhat typical in comparison to some land parcels in terms of size, shape, slope, wetlands, availability of utilities, and setbacks. Overall, the subject site is considered adequate and suitable for commercial development.

ZONING

The site is zoned a B-2 Community Shopping District, "intended to accommodate the needs of a much larger consumer population than is served by the neighborhood convenience district, thus a wider range of uses and structure sizes is permitted for both daily and occasional shopping." A wide variety of uses are permissible.

The subject appears to be in general conformance with the zoning code. The maximum floor area ratio is 4.0 within the B-2 District. As such, the maximum building area based on 779,903 square feet of land is 194,976 square feet. As such, the subject has potential for expansion. Additional details of the zoning ordinance are included in the Appendix.

REAL ESTATE TAXES AND ASSESSMENTS

The subject property is assessed by the City of Racine. The property has a tax reference number of 239-01-000.

The subject assessment is summarized as follows:

SUBJECT ASSESSMENT SUMMARY (2015)

Parcel Address	Tax Key Number	Land Size (Acres)	Land Assessment	Improvements Assessment	Total Assessment
2308 S. Green Bay Road	239-01-000	17.904	$4,679,400	$8,820,600	$13,500,000

Based on the 2015 City of Racine assessment ratio of 99.23569%, the equalized assessed value is $13,604,700. The equalized assessment equates to $83 per square foot of building area.

The mill rate for the City of Racine was $30.71 per $1,000 of assessed valuation. Including the assessment ratio, the subject tax rate equates to near 3.07% of equalized value.

According to the Treasurer’s office for Racine, subject real estate taxes totaled $435,461.35 for 2015. The taxes equated to $2.67 per square foot based on subject rentable building area. While there is a potential that the subject assessment could decline based on the recent sales price, the decrease in taxes would mostly be passed on to tenants in the form of lower operating expense reimbursements. No adjustment was made to taxes but the potential for a modification in the overall taxes was considered in our conclusions of overall capitalization rate and discount rate.

DESCRIPTION OF IMPROVEMENTS

The subject improvements consist of a community single-story retail project containing a net rentable area of approximately 163,252 square feet. The subject was built in 1988, with occasional partial renovations.

Partial renovations included re-tenanting of the south end-cap anchor space originally built for use by Pick 'n Save into a 55,000 square foot store for Hobby Lobby and a 17,242 square foot store for DSW Shoes.

The subject improvements are of steel frame construction with concrete block and masonry panel walls. Building wall exteriors feature brick, concrete block, and textured concrete block, as well as an EIFS exterior insulation finishing system. Floor slabs and wall foundations are poured concrete.

The roof structure is generally flat with ribbed metal deck and steel bar joist with a rubber membrane cover. The front elevations features raised wall sections for signage. There are some raised wall sections. The center has an attractive overall appearance. There are some structural awning sections with covered walkways.

The interior walls of the center are generally painted or papered drywall with some concrete block. Ceilings are typically suspended acoustical tile with recessed fluorescent light fixtures. Some space features open ceilings with drop florescent lighting. There is some decorative lighting.

Heating is provided by roof mounted gas forced hot air units. Air conditioning is also provided. Electricity is separately metered.

Floor finishes vary, and include carpet, concrete, and ceramic and vinyl tile. Some tenant flooring is wood.

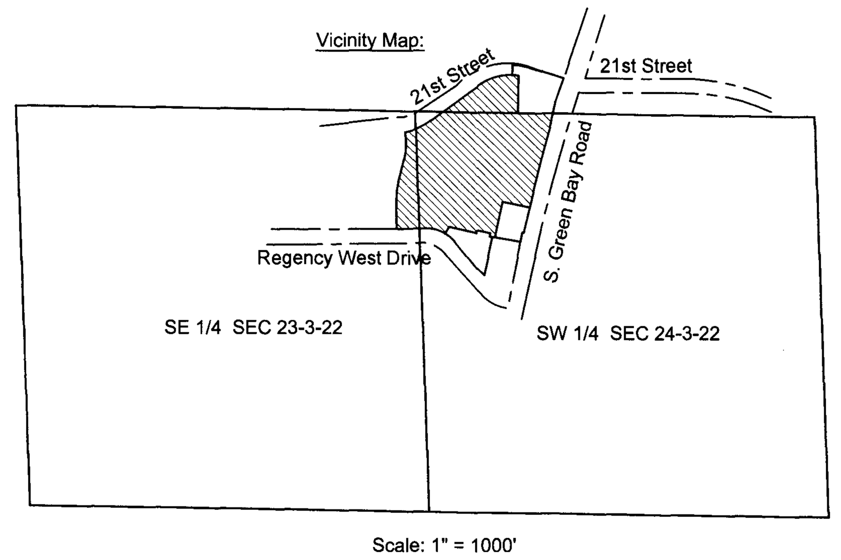
The larger retail stores include truck height loading docks with overhead doors. Some larger tenant spaces also have above standard loading facilities. Most tenant spaces have standard rear door access.

Each tenant space has one or more restrooms based on the size of the overall tenant space. Plumbing fixtures are of standard vitreous china. The subject center is fire protected by a sprinkler system.

Overall, the facility was observed to be in generally good condition considering age. Some spaces feature attractive newer finishes. Physical inspection revealed no major problems. Based on our observations during inspection, we estimate the effective age of the center to be 25 years. The economic life of the facility is estimated from published cost services and depreciation rates of comparable shopping center facilities at approximately 45 years. "As Is", the remaining economic life for the subject is thus estimated at 20 years.

A basic subject building layout is found in Exhibit 6.

Photographs of the subject are found in Exhibit 7.



Surveyor's Certification:

To: Chicago Title Insurance Company
BMC Racine LLC, an Illinois limited liability company and
Marc Racine LLC, an Illinois limited liability company
NW Loan, LLC
R-O Associates of Racine Limited Partnership, a Wisconsin limited partnership

This is to certify that this map or plat and the survey on which it is based were made in accordance with the 2011 Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys, jointly established and adopted by ALTA and NSPS, and includes items 1, 2, 3, 4, 6(a), 7(a & b), 8, 9, 11(a), 13, 14, 16, 18, 20 and 21 of Table A thereof. The field work was completed on September 15, 2015.

Date of Map February 23, 2016

Kevin A. Slottke, RLS No. 2503

Legal description per Chicago Title Insurance Company Commitment No. KE-2522, Revision H, with an effective date of February 18, 2016

Parcel 1 of Certified Survey Map No. 1255, recorded August 4, 1987 in Volume 3 of Certified Survey Maps, pages 652-657, as Document No. 1236698, being part of the Northwest 1/4 of the Southwest 1/4 and the Southwest 1/4 of the Northwest 1/4 of Section 24 and the Northeast 1/4 of the Southeast 1/4 of Section 23, Town 3 North, Range 22 East, in the City of Racine, County of Racine, State of Wisconsin.
EXCEPTING THEREFROM those lands conveyed by Quit Claim Deed recorded as Document No. 1273582.

Tax Key No: 276-00-00-23901-000
Address: 2308 S. Green Bay Road

Per Chicago Title Insurance Company Commitment No. KE-2522, Revision H, with an effective date of February 18, 2016 the following items appear in Schedule B II as exceptions:

10. Intentionally omitted

11. Recitals as shown on Certified Survey Map No. 1255 recorded on August 4, 1987, as Document No. 1236698, which among other things recites easements, road reservation and access restrictions. Reference is hereby made to said document for full particulars. **Affects property as shown.**

12. Intentionally omitted.

13. Intentionally omitted.

14. Easement(s) for the purpose(s) and rights incidental thereto, as granted in a document, granted to Wisconsin Natural Gas Company, for utility purposes, recorded on September 21, 1987, as Document No. 1240307. **Affects property as shown.**

15. Easement(s) for the purpose(s) and rights incidental thereto, as granted in a document, granted to Wisconsin Electric Power Company, for utility purposes, recorded on January 6, 1988, as Document No. 1247555. **Affects property as shown.**

16. Easement(s) for the purpose(s) and rights incidental thereto, as granted in a document, granted to Wisconsin Electric Power Company and Wisconsin Bell, Inc., for utility purposes, recorded on September 14, 1990, as Document No. 1320462. **Affects property as shown.**

17. Easement(s) for the purpose(s) and rights incidental thereto, as granted in a document, granted to Wisconsin Electric Power Company, for utility purposes, recorded on February 20, 1991, as Document No. 1331938. **Affects property as shown.**

18. Model Agreement recorded June 9, 1987 as Document No. 1231813. Relates to access to S.T.H. 31. **Cannot be depicted graphically.**

19. - 22. NOT SURVEY-RELATED.

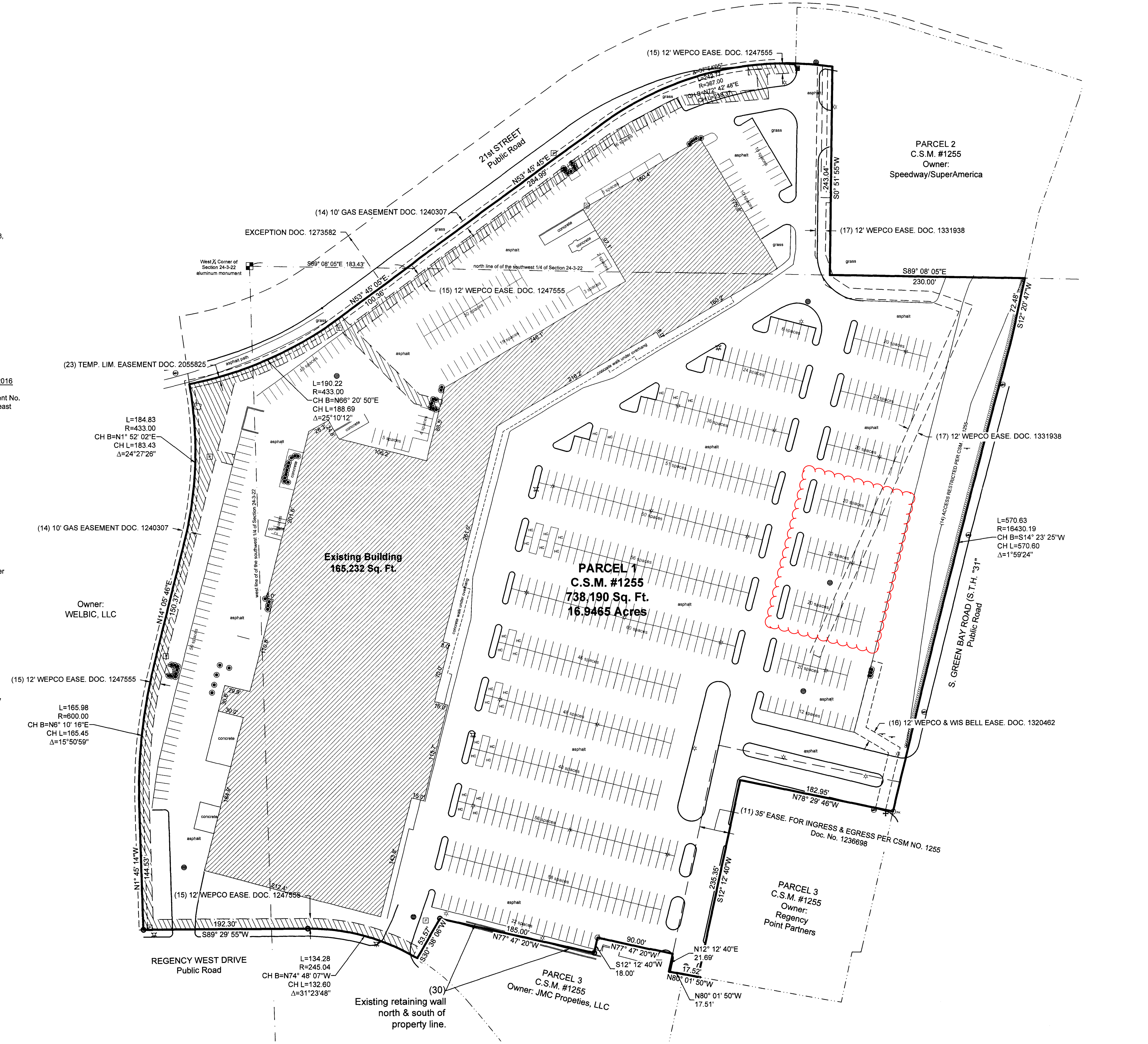
23. Intentionally omitted.

24. - 29. NOT SURVEY RELATED

30. Encroachment of an existing retaining wall of unknown ownership lying both North and South of the Southerly property line of the subject premises, as disclosed on a survey prepared by The Sigma Group, dated September 23, 2015, as Project No. 15701.

SURVEY NOTES:

1. The subject parcel falls within Zone X - Areas determined to be outside the 0.2% annual chance flood plain per FEMA FIRM No. 55101C0228D, with an effective date of May 2, 2012.
2. The property is zoned B-2 Community Shopping District
3. There was no visible evidence on the date of this survey of recent earth moving work, building construction or additions.
4. These was no visible evidence on the date of this survey of the use of the property as a solid waste dump, sump or sanitary landfill.
5. Site contains 928 Total Parking Spaces, including 27 Handicapped Parking Spaces.
6. There is an existing retaining wall that is north & south of the property line. It is not apparent which parcel is the owner of the wall.



THE UNDERGROUND UTILITY INFORMATION SHOWN ON THIS MAP IS BASED ON FIELD MARKINGS AND INFORMATION FURNISHED BY UTILITY COMPANIES AND THE LOCAL MUNICIPALITY. WHILE THIS INFORMATION IS BELIEVED TO BE RELIABLE, ITS ACCURACY AND COMPLETENESS CANNOT BE GUARANTEED.

THE SIGMA GROUP
Single Source. Sound Solutions.
www.thesigmagroup.com
1300 West Canal Street
Milwaukee, WI 53233
Phone: 414-643-4200
Fax: 414-643-4210

LEGEND

REGENCY POINT SHOPPING CENTER
2308 S. GREEN BAY ROAD
RACINE, WISCONSIN

ALTA/ACSM LAND TITLE SURVEY

NO.	REVISION	DATE	BY
5.	Revised Comm.	2/25/2016	KAS
4.	Revised Comm.	2/23/2016	KAS
3.	Revised Comm.	2/1/2016	KAS
2.	Add zoning	9/29/2015	KAS
1.	Survey notes, certificate	9/24/2015	KAS

DRWNG NO. 15027-ALTA.dwg

DRAWN BY: K.A.S. & B.M.R.

DATE: 9-23-2015

PROJECT NO: 15701

CHECKED BY: KAS

SHEET NO.:

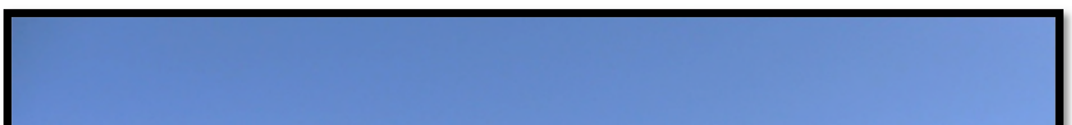
1 OF 1

SUITE	TENANT	SQUARE FEET
2308	TJ Maxx	27,000
2310A	H&R Block	1,217
2310B	Great Clips	1,200
2310C	The UPS Store	1,400
2310D	GameStop	1,540
2310E	Kitchen Design Center	2,227
2310F	Ivy Nails	2,100
2310G	Scrubs Uniforms	1,493
2310M	Weight Watchers	1,505
2310N	Cricket Wireless	1,150
2310H&J	Petland	4,991
2310K	Available	2,500
2360	Bed Bath and Beyond	23,897
2380	Harbor Freight Tools	15,969
2390	Kitchen Design Center (Storage)	2,821
2406	Hobby Lobby	55,000
2410	DSW Shoes	17,242
	Total Square Feet	**163,252**

SOUTHWEST VIEW SUBJECT

NORTH VIEW SUBJECT

NORTHEAST VIEW OF SUBJECT



SOUTHEAST VIEW OF SUBJECT REAR ELEVATION

VIEW OF TENANT SPACE

VIEW OF TENANT SPACE

VIEW OF TENANT SPACE

VIEW OF SUBJECT STRUCTURAL WALKEAY

VIEW OF ANCHOR SPACE

VIEW OF ANCHOR RESTROOM

WEST VIEW TOWARD SUBJECT AND OUTLOT AREA

NORTH VIEW OF POTENTIAL OUTLOT

WEST VIEW OF SUBJECT ENTRANCE, OUTLOT AREA TO RIGHT

SOUTH VIEW OF POTENTIAL OUTLOT

EAST VIEW OF REGENCY WEST DRIVE, SUBJECT TO LEFT

SOUTH VIEW OF HIGHWAY 31, SUBJECT TO RIGHT

MARKET OVERVIEW

The subject is located on the west side of Highway 31 (Green Bay Road), on the south side of 21st Street and the north side of Regency West Drive in the City of Racine in Racine County. The Regency Mall small regional shopping center is located just to the east. Other regional and community oriented retailers are located along both sides of Highway 31 extending to the north and south of the subject.

The 163,252 square foot community oriented subject center is anchored by a 55,000 square foot Hobby Lobby, a 23,897 square foot Bed Bath & Beyond, and a 27,000 square foot TJ Maxx. The subject is 98.5% leased.

In analyzing the market forces affecting the subject retail facility, we have looked at the metro area as a whole as well as the subject's immediate market area.

According to Costar, the southeastern Wisconsin region features an overall vacancy rate of 6.6% as of the Third Quarter of 2015. This is based on a total of 13,209 retail centers and buildings.

For the Racine East submarket, of which the subject is a part, the overall vacancy rate is 7.9%. This is based on 1,187 retail centers and buildings. However, this includes several large retail centers that have large big box vacancies or generally functionally obsolete space.

Additionally, as of early 2016, the vacancy rate has improved. A 149,196 square foot anchor space previously occupied by JC Penney at Regency Mall that was vacant at the time of the survey has been, or is being, redeveloped to include a Ross Dress for Less, a Jo-Ann Fabrics and a Party City. The early 2016 submarket vacancy rate is estimated at 6.5%.

Additionally, for modern and functional retail space, the vacancy rate is even lower. Based on our own observation of the subject submarket, the multi-tenant vacancy rate for modern well located retail space is near 5%.

With the exception of the 149,146 square foot redevelopment old JC Penney space at the west endcap of Regency Mall, which includes some second level space that is to be converted to office, with mid-box ground level retail, there is limited redevelopment or new development in the submarket. New development is occurring further to the south in Kenosha County, comprised primarily of a 150,000 square foot Costco. This project is over 7 miles south of the subject, in the community shopping area near Highway 31 and Highway 50. Overall, new development is not expected to overwhelm existing and projected demand.

The subject is located in a generally good demographic area, with relatively stable growth trends. According to LoopNet as of 2015, the estimated population was 6,605 in a one-mile radius and 61,355 in a three-mile radius. As of 2015, the households were estimated at 2,892 in a one-mile radius and 34,757 in a three-mile radius. Between 2010 and 2015, the population increased by 0.8% in a one-mile radius and decreased by 0.6% in a three-mile radius. The number of households increased by 1.3% in a one-mile radius and increased by 0.2% in a three-mile radius between 2010 and 2015. Between 2000 and 2015, the population decreased by 1.5% in a one-mile radius but increased by 1.5% in a three-mile radius. The number of households increased by 4.7% in a one-mile radius and increased by 4.2% in a three-mile radius between 2000 and 2015.

As of 2015, the median household income was $44,339, with average household income of $58,396, in the one-mile radius. The median household income was $48,514, with average household income of $63,039, in the three-mile radius.

The overall subject traffic count is high. The subject has direct frontage along generally moderate traffic count roadways such as 21st Street and Regency West Drive that directly serve the subject. The subject also has direct frontage along, and access with, Highway 31. As of August 2014, a Wisconsin DOT traffic count along Highway 31 near the subject recorded 33,800 vehicles.

In conclusion, the subject is located in a commercial area with varying, but generally low, retail vacancy rates. Modern retail space generally features vacancy rates of less than 5%. The subject is 98.5% leased. The current subject vacancy rate is 1.5%. For the subject in this analysis, we have utilized a vacancy and collection loss factor of 6.0%, allocated at 5.0% for vacancy and 1.0% for collection loss.

VALUATION PREMISES

GENERAL

The appraised value as developed within this appraisal is supported using standardized and widely accepted appraisal practices and valuation procedures. Three methods have been considered in estimating the value of real property, namely, the Cost Approach, the Sales Comparison Approach, and the Income Approach.

THE COST APPROACH

The Cost Approach is a procedure whereby the depreciated replacement or reproduction cost new of improvements is added to the value of the site as though vacant and available to arrive at an estimate of the Market Value of the property. The Cost Approach is based on the Principle of Substitution; no prudent buyer would pay more for a property than the cost of a new, equally suitable replacement.

In discussing the Cost Approach, it is appropriate to define the following terminology:

> *Replacement Cost – The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout.*
>
> *Reproduction Cost – The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, super adequacies, and obsolescence of the subject building.*
>
> *Curable Physical Deterioration – A form of physical deterioration that can be practically and economically corrected as of the date of appraisal.*

Incurable Physical Deterioration – A form of physical deterioration that cannot be practically or economically corrected as of the date of appraisal.

Curable Functional Obsolescence – An element of accrued depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.

Incurable Functional Obsolescence – An element of accrued depreciation; a defect caused by a deficiency or super adequacy in the structure, materials, or design, which cannot be practically or economically corrected.

External Obsolescence – An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, or tenant.

Accrued Depreciation – In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010.

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is a valuation technique whereby Market Value is estimated based on market prices in actual transactions and/or in light of asking prices for currently available properties. The Sales Comparison Approach is predicated on the Principle of Substitution as a rational buyer would not pay more for a property than the price of an equally suitable replacement. The process is essentially that of a comparison in which market data from property exchanges are analyzed and adjusted in an effort to derive a value indication for the property under appraisal. Given an adequate number of similar properties from which a market inference can be drawn, a range of probable selling prices may be derived. Within the derived range, an estimate of expected price or Market Value may be concluded.

THE INCOME APPROACH

The Income Approach is a method where anticipated net income attributable to a property is capitalized at an appropriate rate or discounted to present value to arrive at a value indication. The Income Approach is predicated on the Principal of Anticipation, which states that a property's value is equal to the present worth of anticipated future benefits. A comparison and analysis of comparable rental properties is used as a basis for estimation of economic rent. Applicable expenses are deducted to arrive at a stabilized net income or forecast of cash flow. Anticipated income is then either directly capitalized at an appropriate rate or discounted to present value using a discounted cash flow methodology.

Under ideal circumstances, all three approaches can be employed. Land is typically valued by the Sales Comparison Approach, with improvements valued by the Cost Approach, and the improved property valued by the Sales Comparison and Income Approaches.

VALUATION ANALYSIS

HIGHEST AND BEST USE

Highest and Best Use is defined as follows:

> *The reasonable probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the Highest and Best Use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.*
>
> *Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, pg. 93.*

The Highest and Best Use of Land or a Site as though Vacant is defined as follows:

> *Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.*
>
> *Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, 2010, pg. 93.*

The Highest and Best Use of property as improved may be defined as *"The use that should be made of a property as it exists."*

Implied within the definition of Highest and Best Use is not only the property's contribution to an individual owner or owners, by the contribution of the property to the community as a whole. Also implied is that the determination of Highest and Best Use is an opinion, not a fact. The appraiser's analytical judgement is used to formulate an opinion of Highest and Best Use on which the valuation of the property is premised.

The opinion of Highest and Best Use may be based on the highest and most profitable continuous use for which the property is reasonably adapted and needed, or the use to which the property will most probably be put, given the various physical, legal, and financial constraints placed on the property in light of its attributes. However, elements affecting value that depend on events that are uncertain, or depend on the actions of another are excluded from consideration.

In determining Highest and Best Use, there are essentially four stages of analysis:

1. **Physically Possible** – Physical attributes of the site such as size, shape, topography, soil conditions, and availability of utilities are evaluated to determine the range of potential uses.

2. **Legally Permissible** – Zoning, deed restrictions, community restrictions, environmental laws and impacts, and any other legal or political restrictions are considered so as to further narrow the range of potential property uses.

3. **Financially Feasible** – The ability of a potential use to return a profit is examined with an unprofitable uses discounted from consideration.

4. **Most Profitable** – Among remaining uses found to be physically, legally, and financially possible, an effort is made to identify the use that will produce the highest net return or highest present land value.

Highest and Best Use of the Land as Though Vacant

The Highest and Best Use of a site as if vacant and available for another use may be different from the Highest and Best Use of the site as Improved. This may be true when the improvement does not represent the most profitable use but continues to make a positive contribution to the value of the site in excess of the cost of clearing the land.

The following tests are made in an effort to identify the Highest and Best Use of the subject land as though vacant and available:

> **Physically Possible** - The appraiser has not seen a soil or toxicity report, however, inspection revealed no obvious deficiencies that may hinder site development. The size, shape, and topography of the site pose no major limitations on development of the site for any number of potential uses. The presence of other office, industrial, retail, and residential developments in the area suggests that these uses meet the test of being physically possible. The subject site may thus be developable for a wide number of potential uses. The subject has access and exposure to several roadways, including Highway 31. The subject is near other major retail centers, including national and regional tenants. This increases the demand for retail related uses.
>
> **Legally Permissible** - The subject is legally restricted in potential use by zoning. The B-2 Community Shopping District permits a variety of commercial and retail uses. Industrial and residential uses are generally not permitted. The highest and best use of the site as though vacant and available can thus be narrowed to include only commercial and retail use.
>
> **Financially Feasible** - Financial feasibility of retail development is partially evidenced by the number of existing structures in the area that have been developed to this type of use. In some cases, rents at retail centers in the submarket are high enough to offer a marginally adequate return on invested capital. Rents in the area for new construction range from $12.00 to $30.00 per square foot for retail use. In many cases, costs are high in relation to capitalized net income so as to offer a minimal return on investment. However, for properties well positioned along high-traffic roadways such as Highway 31, rents and occupancy rates can be high enough to justify some new phased development.
>
> **Maximally Productive** - Given location and situs, shopping center development on the subject site affords the highest return on investment. Zoning setbacks,

parking requirements, and other factors reduce the developable site area of the subject. Based on the size of the subject site and zoning requirements, the Highest and Best Use of the subject site as though vacant and available may thus be narrowed to include a retail shopping center developed in phases having a leasable area of approximately 190,000 square feet, with development occurring after adequate pre-leasing to credit tenants at ample rental rates.

Highest and Best Use as Improved

The subject property is currently improved with a shopping center containing a net leasable area of approximately 163,252 square feet. The subject is 98.5% leased. This use is in general conformance with the highest and best use of the land as though vacant and available as derived above. The existing improvements add value to the underlying land. There is potential for outlot development assuming permission is obtained from several existing tenants at the subject. Overall, it is our conclusion that the existing and intended use of the subject as a community retail center represents the highest and best use of the property as improved. Assuming all required tenants at the subject center approve, we understand an approximate 24,700 square foot rectangular shaped outlot with 190 feet of frontage along Highway 31 and a depth of 130 feet, could be developed. With approval of required subject center tenants, we understand an approximate 2,000 to 3,000 square foot building could be constructed on the outlot. Assuming development of a 3,000 square foot building, the subject land to building ratio would be 4.69:1. This is a nominal change from the existing land to building ratio of 4.78:1. Development of an outlot building of 3,000 square feet or less is not considered to be detrimental to the existing subject center. The existing subject center would still have an ample parking ratio and land to building ratio. Assuming approval of necessary tenants, the highest and best use of the subject as current improved is for development of the front outlot, given the very good access and exposure.

COST APPROACH

In the Cost Approach, the value of the land, appraised as if vacant and available, is added to the depreciated cost of replacement or reproduction of the improvements as of the date of appraisal. The total is the indicated Market Value by the Cost Approach. The Principle of Substitution provides the basic foundation for the Cost Approach. The Cost Approach affirms the principle that no prudent investor would pay more for a property than the amount for which a comparable site could be acquired and for which improvements that have equal desirability and utility could be constructed without undue delay.

The Cost Approach is considered most reliable when 1) the improvements are new or relatively new, 2) represent the Highest and Best Use of the site and, 3) the land value estimate is supported by a reliable group of comparable land sales. In the instance of properties that are not new, however, the Cost Approach must be considered as one of several approaches to value and may not in itself be the most pertinent. The reason is that depreciation of all types is difficult to measure accurately and must in fact be related to market evidence.

Land Valuation

In estimating land value it is typical to employ the Sales Comparison Approach when sufficient data is available for making comparisons. Sales of similar parcels are analyzed and adjusted for individual characteristics such as location, time, zoning, physical characteristics, or other factors that may have affected selling prices.

A summary of comparable land sales is provided as Exhibit 8.

COMPARABLE LAND SALE #1

Location:	NWQ of State Highway 31 (Green Bay Road) and State Highway 11 (6126 Durand Avenue) Mount Pleasant, Racine Co., Wisconsin
Parcel Number:	151-03-22-23-032-000 and -22-24-023-000
Grantor:	Village of Mount Pleasant
Grantee:	General Capital Group (Michael Weiss)
Sale Date:	November 2010
Sale Price:	$4,200,000 (see comments)
Size:	12.430 Gross Acres (11.198 Net Acres)
Zoning:	Rezoned from PUL Public Utility Land to B-3 General Business District with Overall Planned Development Conditional Use District
Price per Acre:	$337,892
Price per Square Foot:	$7.76
Comments:	Sale price of $3.6 million. Village buildings demolished for $150,000 to allow for Pick 'n Save anchored center with 3 outlots (additional $150,000 to grantor for each outlot sold).

COMPARABLE LAND SALE #2

Location:	SEC 76th Street and 94th Avenue Pleasant Prairie, Kenosha Co., Wisconsin
Legal:	Lot 22 of Prairie Ridge
Grantor:	SB1 Pleasant Prairie WI LLC (Starwood)
Grantee:	Costco Wholesale Corporation
Sale Date:	October 2014
Sale Price:	$3,820,210
Size:	17.54 Acres
Zoning:	B-2 Community Business PUD District
Price per Acre:	$217,800
Price per Square Foot:	$5.00
Comments:	Purchased for a 150,000 s.f. Costco. Located on the east side of Prairie Ridge, east of St. Catherine's hospital, south of Highway 50.

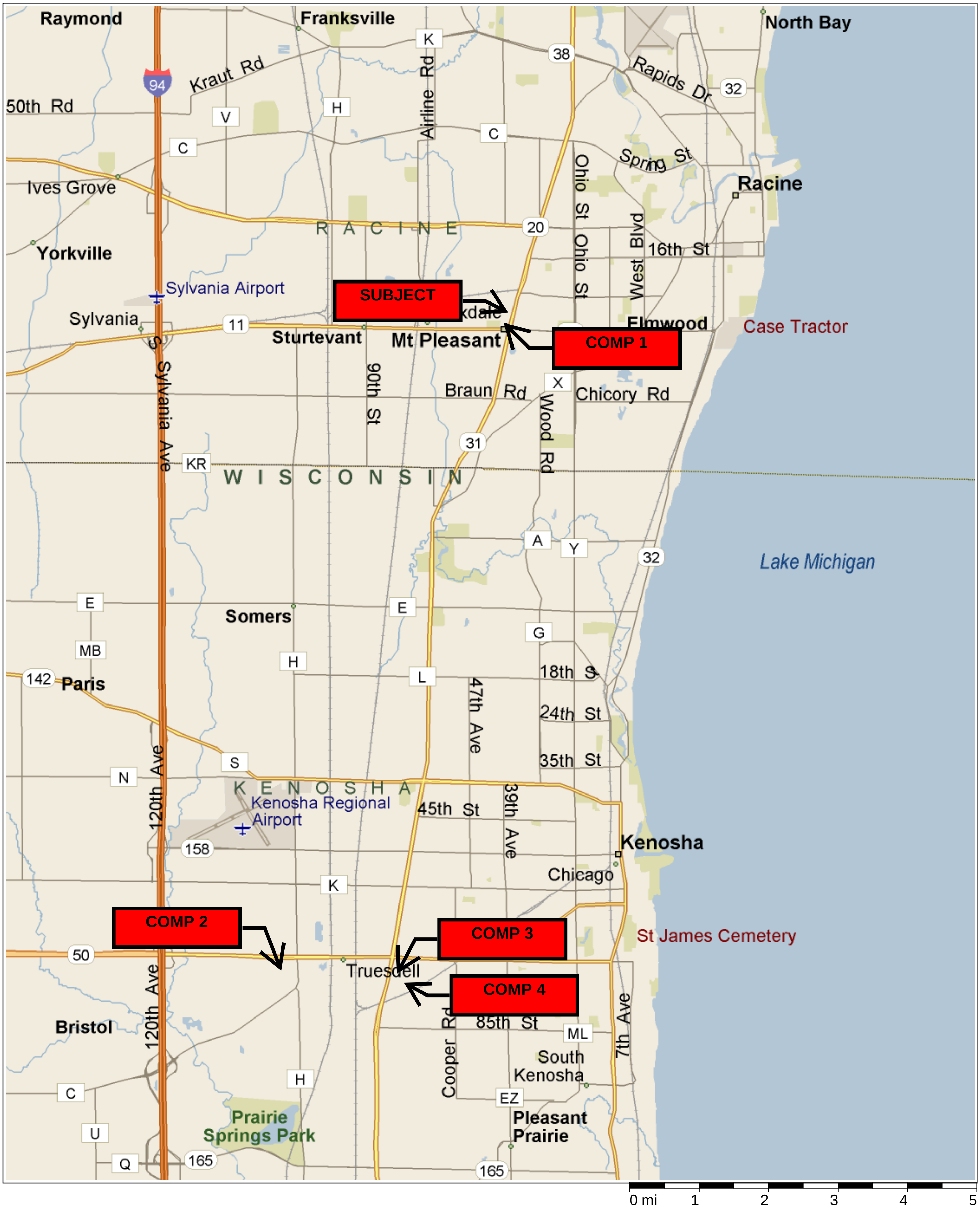
COMPARABLE LAND SALE #3

Location:	SEC Highway 31 and 76th Street Kenosha, Kenosha Co., Wisconsin
Parcel Number:	03-122-10-201-051, -055, -060
Grantor:	76th Street Kenosha LLC (Stephen Mills)
Grantee:	Meijer Stores LP
Sale Date:	October 2013
Sale Price:	$1,650,000
Size:	6.37 Acres
Zoning:	B-2 Community District
Price per Acre:	$259,027
Price per Square Foot:	$5.95
Comments:	Purchased for an assemblage for a 193,000 square foot Meijer store. This site has frontage along the east side of Hwy. 31, south of Walgreens and Hwy. 50.

COMPARABLE LAND SALE #4

Location:	6301 76th Street Kenosha, Kenosha Co., Wisconsin
Parcel Number:	03-122-10-126-071
Grantor:	Albert Locante
Grantee:	Meijer Stores LP
Sale Date:	October 2013
Sale Price:	$1,100,000
Size:	8.56 Acres
Zoning:	B-2 Community District
Price per Acre:	$128,505
Price per Square Foot:	$2.95
Comments:	Purchased for an assemblage for a planned 193,000 square foot Meijer store. This interior site is setback from primary roadways including Hwy. 31. Light industrial uses are located to the east.

COMPARABLE LAND SALES MAP



A search for recent comparable sales and listings was conducted primarily on the basis of size, use, and location. A review of transfers over the past several years was conducted.

Unadjusted comparable prices range from $2.95 per square foot to $7.76 per square foot, with an average of $5.42 per square foot. The land areas range from 6.37 acres to 17.54 acres, with an average of 10.92 acres. The comparables are all located in Racine County, or Kenosha County to the south. Comparable #1 was included because, while dated, it is located just to the south of the subject.

Adjustments were made for 1) terms and market conditions; 2) size; 3) location; 4) situs; and 5) zoning. The comparables were generally similar in terms of availability of utilities.

Property Rights, Terms and Market Conditions – No adjustments were necessary for property rights or terms. All sales were cash to seller. Between 2002 and 2006, land values generally increased. Land prices stabilized in 2007 and early 2008, then declined in late 2008 and 2009. Between 2010 and 2014, land values appear to have stabilized, or slightly increased for high exposure land. The comparables sold in 2010, 2013, and 2014. Given the lack of population growth in the submarket over the past five years, an adjustment was not considered to be necessary for market conditions.

Size - The subject land area is 17.904 acres, or 17.337 acres excluding the front 24,700 square foot outlot. All else equal, larger sites generally appeal to a smaller audience of potential buyers and generally sell at a lower unit price than smaller properties. Comparables #1, #3, and #4 are smaller than the subject parcel and varying degrees of downward adjustment were appropriate for size. Comparable #2 is similar in size to the subject. We note that Comparables #3 and #4 were combined in an assemblage to total a 14.93 acre site.

Location – Comparables #1, #2, #3 and #4 are located in or near commercial shopping areas in Racine County or Kenosha County. While near the subject, the unit price of Comparable #1 was adjusted downward considering higher traffic count along two major roadways. The unit price of Comparable #4 was adjusted upward was adjusted upward significantly for lack of traffic count. After offsetting locational considerations, Comparables #2 and #3 were not adjusted for overall location.

Situs - Corner sites often sell at a higher unit price than interior sites. Frontage to depth ratio, access, shape and topography of the land was considered in this attribute. While the subject does not have direct corner situs, the subject has frontage along, and access with, three roadways. However, the direct corners are developed with other uses. Considering factors such as access to adjacent roadways, the unit prices of Comparables #2, #3, and #4 were adjusted upward for situs. Conversely, the unit price of Comparable #1 was adjusted downward for superior direct corner situs.

Zoning – The comparables generally feature a zoning similar to the subject. No adjustment was necessary for zoning and allowable use.

Conclusion

Overall, we would expect the subject outlot to command a price lower than the per unit price of Comparables #1 and #3 and a market price higher than the per unit prices of Comparable #4. Comparable #2, which sold for $5.00 per square foot, is considered to be a good indication of subject value after offsetting adjustments. After making the necessary adjustments, a market value of $5.00 per square foot is indicated. Based on a unit price of $5.00 per square foot, we calculate our opinion of the fee-simple value of the subject land area as:

FEE-SIMPLE LAND VALUE CONCLUSION

$5.00/S.F. x 755,203 Square Feet (Excluding Outlot)=	$3,776,015
Rounded	**$3,780,000**

Outlot Parcel Ground Lease

Assuming all required tenants at the subject center approve, we understand an approximate 24,700 square foot rectangular shaped outlot with 190 feet of frontage along Highway 31 and a depth of 130 feet, could be developed. With approval of required subject center tenants, we understand an approximate 2,000 to 3,000 square foot building could be constructed on the outlot. Assuming development of a 3,000 square foot building, the subject land to building ratio would be 4.69:1. This is a nominal change from the existing land to building ratio of 4.78:1. Development of an outlot building of 3,000 square feet or less is not considered to be detrimental to the existing subject center. The existing subject center would still have an ample parking ratio and land to building ratio.

To provide an indication of the ground lease rent for the subject, as well as the potential sale price of a front outlot, we have considered comparables in the market.

The ground lease comparables are provided as follows in Exhibit 9.

COMPARABLE GROUND LEASE SALE SUMMARY

	1	2	3	4	5	6
LOCATION:	4111 Harbor Town Lane Manitowoc, WI	1815 63rd Street Kenosha, WI	5880 Durand Avenue Racine, WI	3711 57th Avenue Somers, WI	835 15th Avenue Union Grove, WI	3137 S. 76th Street Milwaukee, WI
LAND SIZE (SF):	77,537	40,398	65,776	80,684	42,638	12,994
LAND SIZE (ACRES):	1.78	0.93	1.51	1.85	0.98	0.30
BUILDING YEAR BUILT:	2010	2006	2013	2011	2013	2014 (new surface lot)
BUILDING SIZE (SF):	16,581	4,580	6,465	4,467	3,500	0
SALE PRICE:	$975,000	$1,610,000	$2,115,000	$1,050,000	$1,100,000	$1,175,000
PRICE PER LAND SF:	$12.57	$39.85	$32.15	$13.01	$25.80	$90.43
SALE DATE:	Sep-14	Mar-15	Nov-13	Apr-12	Aug-13	Jan-16
GRANTOR:	Dewey Properties (Commercial Horizons, Paul Klister)	Kenosha Newco Capital LLC (Wangard Development Partners)	GMX Racine LS, LLC (Speedwagon Properties)	Gendell Partners Kenosha LLC (Developer - Terraco)	TD Union Grove LLC	76th & Oklahoma LLC
GRANTEE:	Jefan LLC, Mascot LLC (Kin Properties, Inc.)	Exchange Right Net Leased Portfolio 9 LLC (CA)	LAG Investments LLC (Sovereign Inv. - CA Eq. Fund)	GO Green Bay LLC (P. Gomopoulos - IL Investor)	15 Union Grove LLC (New Jersey Investor)	Milwaukee McDonald's Parking Lot LLC
DEVELOPED USE:	Aldi	TCF Bank	Buffalo Wild Wings	McDonald's	McDonald's	McDonald's
GROUND LEASE DATE:	Jun-10	Sep-06	Jul-13	Feb-12	Aug-13	May-14
TERM:	15 Yrs.	20 Yrs.	15 Yrs.	20 Yrs.	20 Yrs.	20 Yrs.
ANNUAL RENT	$52,900	$99,000	$120,000	$55,000	$47,960	$55,000
RENTAL RATE (Per S.F.):	$0.68	$2.45	$1.82	$0.68	$1.12	$4.23
EXPENSES:	Absolute Net	Absolute Net	Absolute Net	Absolute Net	Absolute Net	Absolute Net
ESCALATIONS:	5% Every 5 Years	8.4% Every 5 Years	10% Every 5 Years	10% Every 5 Years	7.5% Every 5 Years	7.5% Every 5 Years
OVERALL RATE:	5.43%	6.15%	5.67%	5.24%	4.36%	4.68%
COMMENTS:	Non-corner outlot of Park Medical Center anchored development on the southwest side of Manitowoc near I-43 developed with Aldi. The asking price was $1,058,400 based on a 5.0% overall rate. About 11 years remained on ground lease, plus 3 5-year options. Property marketed for under 2 months.	This site is in an urban infill redevelopment area with a Pick 'n Save just to the south. There is vacant land nearby, as well as older residential. The direct traffic count is low, with only 7,900 cars on 63rd Street.	South outlot of Regency Mall Shopping Center. IHOP to east and Olive Garden to west. Redeveloped site of previous Lone Star Steakhouse. Good exposure and access. Traffic count of 27,500 vehicles.	Vacant site at the northeast quadrant of 57th Avenue and Washington Road, just to the east of Green Bay Road (State Highway 31) on the northwest side of Kenosha near a new Wal-Mart.	Site is located along a moderate traffic road on the site of a teachers college dorm in a small municipality. The property was listed for sale for $1,130,000 at a 4.25% cap and was sold at time of completion.	High profile direct corner site with 44,000 cars functions as 26 space surface parking lot for adjacent McDonald's restaurant to the south on a separate site. On market for 7 months with asking price of $1,222,222. Lease has 15 5-year options.

The lease comparables range from $0.68 to $4.23 per square foot, with an average of $1.83 per square foot.

The comparable land areas range from 0.30 acres to 1.85 acres, with an average of 1.23 acres.

The comparable ground leases are structured on an essentially absolute net basis, with the tenant paying for all operating costs.

Considering the comparables, a reasonable ground rent for the subject is projected at $.90 per square foot absolute net. Based on the subject outlot area, the annual net rent is $22,230.

To establish an appropriate overall rate for the subject, we considered overall rates extracted from commercial land lease sales, the Korpacz Price Waterhouse Coopers Real Estate Investor Survey, and conversations with investors and brokers active in the regional marketplace.

According to the First Quarter 2016 Korpacz Price Waterhouse Coopers investor survey for net leases in the national institutional market, the discount rate for net lease properties averages 8.00% within a range of 6.00% to 10.00%. However, ground leases are typically lower risk than standard net leases for improved properties.

In addition to the investor survey, we also considered comparable ground lease sales. The sales are included as Exhibit 10.

The overall rates for the ground leases range from 4.36% to 6.15%, with an average of 5.29%.

Comparable #1 featured an overall rate of 5.43% with a ground rent of $.68 per square foot. This is considered to be below average in terms of location compared with the subject. However, the outlot is leased to Aldi, a strong tenant. After an upward adjustment, primarily for tenancy, this comparable is an indication of an appropriate overall rate for the subject.

Comparable #2 featured the highest overall rate of 6.15%. The 0.93 acre ground parcel is lease to TCF Bank. The property has a below average location in Kenosha on an in-fill site with a low traffic count and below average demographics. Additionally, only 11 years were left on the original 20 year ground lease at the time of sale. After a downward adjustment for location, this comparable is an indication of an overall rate for the subject.

Comparable #3 is a 1.51-acre parcel along Durand Avenue in Racine. This property was developed with a Buffalo Wild Wings. After a slight upward adjustment, this comparable overall rate of 5.67% is an indication of an appropriate overall rate for the subject.

Comparable #4 is a 1.85-acre parcel at 3711 57th Avenue in Somers. This property was developed with a McDonald's, which often feature some of the lowest overall rates in ground lease transactions on a national basis. After an upward adjustment for tenant, this comparable overall rate of 5.24% is an indication of an appropriate overall rate for the subject.

Comparable #5 is a 0.98-acre parcel along 15th Avenue in Union Grove. This property was developed with a McDonald's, which often feature some of the lowest overall rates in ground lease transactions on a national basis. After a more significant upward adjustment for size, tenant, and lease term, this comparable overall rate of 4.36% is an indication of an appropriate overall rate for the subject.

Comparable #6 is a 0.30-acre parcel at the direct southwest corner of 76th Street and Oklahoma Avenue on the southwest side of the City of Milwaukee. The land is located at a direct stop light controlled intersection. This direct traffic count is high. The property was leased to compliment an existing restaurant. As stated previously, McDonald's feature some of the lowest overall rates in ground lease transactions on a national basis. After an upward adjustment, this comparable overall rate of 4.68% is an indication of an appropriate overall rate for the subject outlot.

The subject outlot ground lease hypothetical value, subject to the extraordinary assumption that all approvals are in space, is summarized as follows:

<u>24,700 S.F. OUTLOT LEASED-FEE GROUND LEASE VALUE SUMMARY</u>

$22,230 annual rent capitalized at 6.00% =	$370,500
Ground Lease Market Value (Rounded)	**$370,000**

The value indication equates to $14.98 per square foot, or $15.00 per square foot rounded. Ground leases sold for $12.57 to $90.43 square foot. Considering the subject market position, $15.00 per square foot is considered to be reasonable.

Valuation of Improvements

The subject building and improvements were described earlier in the section entitled "Description of Improvements". The replacement cost new as of the valuation date was estimated for the structure, building services and finishes, and land improvements. For this analysis of the subject shopping center, a cost estimate has been developed using a model approach from the Marshall Valuation Service, for an "Average Class C" Community Shopping Center (Section 13, Page 34), modified for current costs and location, as follows:

REPLACEMENT COST SUMMARY

Building Base Cost	$90.97
Plus: Sprinkler	$2.40
Total Building Base Cost	$93.37
Times: Perimeter Multiplier	x0.97
Times: Wall Height Multiplier	x1.15
Times: Current Cost Multiplier	x1.00
Times: Local Multiplier (Racine)	x1.07
Times: Miscellaneous Soft Costs	x1.02
Times: Entrepreneurial Profit	x1.10
Adjusted Base Cost	$125.04

Considering the Marshall Valuation service calculation of $125.04 per square foot, we have concluded replacement construction cost at $125.04 per square foot.

Depreciation Analysis

Accrued depreciation is a loss in value from the reproduction cost or replacement cost new of improvements from any cause, as of the date of appraisal. A loss of value can come from one or more of three sources. The sources are Physical Deterioration, Functional Obsolescence, and

External Obsolescence. After identifying and measuring the separate elements of accrued depreciation, the dollar amounts of the applicable types of depreciation are deducted from the reproduction or replacement cost new of the improvements. The resulting difference is the estimated value of the improvements. Several methods are available to estimate accrued depreciation; each is acceptable provided that it is applied consistently and logically and that it reflects the calculus of an informed, prudent buyer. Methods for estimating accrued depreciation include the physical age-life method, economic age-life method, the modified economic age-life method, the breakdown method, market abstraction technique, and income capitalization techniques. Accrued depreciation for the subject improvements has been estimated using the modified economic age/life method.

Physical Deterioration - From the estimate of replacement cost new, the depreciation estimate was deducted. Physical deterioration encompasses wear and tear evident during the field inspection and typical wear associated with a building of this quality and use. Depreciation was applied based on an average age/life basis of the improvements. Based on the subject's effective age of 25 years and remaining economic life of 20 years, physical deterioration is estimated on a straight-line basis as follows:

$$\frac{\text{Effective Age}}{\text{Eff. Age + Rem. Life}}$$

Equals:

$$\frac{25}{25+20}$$

Equals:

56%

Functional Obsolescence - Functional Obsolescence reflects the inability of a facility to adequately perform the function for which it is employed. The project is functional. The subject has good exposure and good access to roadways. The subject layout is good and no deduction was made for Functional Obsolescence.

External Obsolescence - The subject is located in an established commercial area with a good traffic count and population density. The overall vacancy rate in the submarket for well-located modern retail space is relatively low. There has been some newer retail development near the subject. As such, a deduction was not made for External Obsolescence.

Existing Retail Center Conclusion

The value indicated by the Cost Approach is the result of adding the estimated land value to the depreciated value of all other improvements. A summary of our conclusions pertaining to the subject is as follows:

COST APPROACH SUMMARY

Replacement Costs ($125.04/S.F. x 163,252 S.F.)	$20,413,030
Plus: Land Improvements (Lump Sum)	$1,300,000
Total Replacement Cost New	$21,713,030
Less: Physical Deterioration (@ 56%)	($12,159,297)
Adjusted Replacement Cost New	$9,553,733
Less: Functional/Ext. Obsolescence (@ 0%)	($0)
Depreciated Value of Improvements	$9,553,733
Plus: Land Value	$3,780,000
Indicated Value by the Cost Approach	$13,333,733
Rounded	**$13,330,000**

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the concept of Substitution. This principle states that when several similar or commensurate commodities, goods, or services are available, the one with the lowest price attracts the greatest demand and widest distribution.

The Sales Comparison Approach is based upon an analysis of actual sales or current asking prices of other similar properties which are compared with the subject. Comparable sales and asking prices represent the actions of typical buyers and sellers in the marketplace and their actions in the market will determine a price for the subject. When there are an adequate number of truly similar properties with sufficient information for comparison, a range of values for the subject property can be developed.

The range of values developed by using units of comparison such as sales price per unit, per square foot, or any of several other units can be studied and necessary adjustments made to provide for the differences between all the comparables and the subject. An analysis of the adjusted units of comparison can then form the basis of the Market Value of the subject property.

The degree to which an appraiser can rely on the Sales Comparison Approach depends upon an adequate number and similarity of comparable properties. Differences always exist between properties even though they may be almost identical. For commercial sales, differences may exist with respect to size, land to building ratio, age, design, and location.

Adjustments for these differences serve to define more clearly the price that could reasonably be expected, subject to the limitations of the definition of Market Value.

The subject is comprised of a community retail center. A search for shopping centers within the region revealed a total of five sales. Additionally, we included the February 2016 sale of the subject.

The sales occurred in the past approximate three years, with one 2013 sale, two 2014 sales, one 2015 sale, and two 2016 sales including the subject sale.

The subject sale price of $13,000,000 includes $500,000 for deferred maintenance comprised of a roof repair and replacement budgeted by the buyer at the time of sale.

It is therefore possible to infer from past and current market behavior an estimate of Market Value for the subject property within a range of prices in which the most probable price is likely to fall.

The first step in market inference was the collection of recent comparable sales of somewhat similar properties located in the subject's region.

These sales are summarized in Exhibit 10.

IMPROVED COMPARABLE SALES SUMMARY

Comp #	Sale Date	Location	OAR	Sale Price	Building Size (SF)	Avg. Yr. Built	L/B Ratio	Unadjusted Prices (SF)
1	1/16	St. Francis, WI	7.29%	$11,850,000	133,421	1989	4.63	$88.82
2	12/14	Neenah, WI	8.59%	$17,312,000	171,121	1999	3.74	$101.17
3	4/14	Delafield, WI	7.35%	$13,750,000	57,015	2004	5.09	$241.16
4	6/13	Kenosha, WI	7.18%	$12,850,000	87,504	2004	5.08	$146.85
5	11/15	Mt. Pleasant, WI	7.20%	$31,750,000	240,997	2003	5.25	$131.74
Subject	2/16	Racine, WI	7.70%	$13,000,000	163,252	1988	4.78	$79.63
		(sale price includes $500,000 for deferred maintenance)						
Average:			7.55%	$16,752,000	142,218	1998	4.76	$131.56

COMPARABLE SALE #1

Location:	Whitnall Square 4698 South Whitnall Avenue NEQ E. Layton Avenue and S. Whitnall Avenue St. Francis, Milwaukee Co., Wisconsin
Tax Key Number:	591-9987-004
Type and Description:	Grocery store anchored retail center. The single-building 133,421 s.f. center is of masonry and steel frame construction with a masonry exterior. The partially updated center was constructed in 1989.
Gross Leasable Area:	133,421 Square Feet
Land Size:	14.17 Acres
Land to Building Ratio:	4.63:1
Sale Date:	January 2016
Sale Price:	$11,850,000
Grantor:	FW WI – Whitnall Square LLC (Regency Centers; IL REIT)
Grantee:	Newport Capital Partners LLC

Comments: This center is anchored by a recently renovated 69,090 s.f. Pick 'n Save (Roundy's). The anchor lease was recently extended through 2029, a 15-year lease extension. Before the sale, the purchase of Roundy's by Kroger was finalized in December of 2015. Other tenants include Petco, Dollar Tree, Hallmark, Harbor Freight Tools, Fantastic Sams, H&R Block, GNC, Subway, and Papa Murphy's. Purchaser financing was based on a 60% LTV. The parking ratio is 5.0 spaces per 1,000 square feet of building area, which is good for retail. The site has access to three roadways, Layton Avenue, Whitnall Avenue, and Pennsylvania Avenue. The property was 92.8% leased (11,100 s.f. vacant) at time of sale and the cap rate is based on in place 2016 net operating income.

Income Data:

Net Operating Income:	$863,377 ($6.47/s.f.)

Sale Indicators:

Overall Rate:	7.29%
Price per Square Foot:	$88.82

COMPARABLE SALE #2

Location:	Fox Point Plaza 828 Fox Point Plaza, 800 Winneconne Avenue SEQ Green Bay Road and Winneconne Avenue Neenah, Outagamie Co., Wisconsin
Tax Key Number:	806-0640-00-00, 806-0638-00, 806-0645-02-00
Type and Description:	Grocery store anchored retail center. The four-building 171,121 s.f. center is of masonry and steel frame construction with a masonry exterior. The partially updated center was constructed in phases in 1968, 1999, and 2008.
Gross Leasable Area:	171,121 Square Feet
Land Size:	14.68 Acres
Land to Building Ratio:	3.74:1
Sale Date:	December 2014
Sale Price:	$17,312,000
Grantor:	Kite Realty
Grantee:	Inland REIT

Comments: There is a 20-year lease for 60,940 s.f. with Roundy's (Pick 'n Save) that began in October of 2008 in a new building that was built on a section of demolished older center. The majority of the center was originally built in 1968 and 1969, with some partial renovations. A 2,992 free-standing building was built in 1999 at the southwest corner of the site. The parking ratio is 3.2 spaces per 1,000 square feet of building area, which is below average for retail. The site has access to three roadways, but the direct corner of Green Bay Road and Winneconne Avenue is developed with separately owned commercial properties. The property was 98.1% leased at time of sale. This is part of a larger 7 retail center transaction that closed December 16, 2014, with 2nd pool of properties to be sold in 2015.

Income Data:

Net Operating Income:	$1,487,000 ($8.69/s.f.)

Sale Indicators:

Overall Rate:	8.59%
Price per Square Foot:	$101.17

COMPARABLE SALE #3

Location:	Shoppes at Nagawaukee I 3270-3272, 2300-3260 Golf Road Delafield, Waukesha Co., Wisconsin
Tax Key Number:	DELC 0804-999-008
Type and Description:	Two-building multi-tenant retail center. The 57,015 square foot complex, including a 39,000 square foot box and small tenant building and a 18,015 square foot small tenant strip center, is of masonry and steel frame construction with an attractive masonry exterior. The center was built in 2004.
Gross Leasable Area:	57,015 Square Feet
Land Size:	6.66 Acres
Land to Building Ratio:	5.09:1
Sale Date:	April 2014
Sale Price:	$13,750,000
Grantor:	Shoppes at Nagawaukee LLC (TOLD Development Co.)
Grantee:	Wangard Partners Inc.

Comments: This multi-building project has good exposure along the south side of Golf Road, with about 1,205 feet of frontage, to the north of I-94. The center is below the grade of I-94. A Sentry grocery store anchored center is located to the north, to the north of Golf Road. The Shoppes at Nagawaukee center is not located at a direct corner and has three access points with Golf Road. Tenants include Best Buy, Famous Footwear, Panera, and Qdoba. There are 366 parking spaces, or 6.4 spaces per 1,000 square feet of building area. The property was marketed for sale by Mid-America Real Estate. The center was 100% occupied at time of sale.

Income Data:

Net Operating Income:	$1,016,625 ($17.83/s.f.)

Sale Indicators:

Overall Rate:	7.35%
Price per Square Foot:	$241.16

COMPARABLE SALE #4

Location:	Glenwood Crossing 2723 18th Street (2701-2811 18th Street) Kenosha, Kenosha Co., Wisconsin
Tax Key Number:	07-222-24-125-042, 07-222-24-125-043
Type and Description:	Neighborhood oriented grocery store anchored strip shopping center anchored by a 55,000 square foot Pick 'n Save. The 87,504 square foot retail center is of masonry and steel frame construction with a basic masonry exterior. The center was constructed in 1991, with a 10,000 square foot grocery store addition in 2011.
Gross Leasable Area:	87,504 Square Feet
Land Size:	10.20 Acres (including 1.22 acre outlot)
Land to Building Ratio:	5.08:1
Sale Date:	June 2013
Sale Price:	$12,850,000 (see comments)
Grantor:	The Cloverleaf Group (Chicago Inv. Group)
Grantee:	The Phillips Edison Group (Cincinnati Ohio based REIT)

Comments: The center is anchored by a 55,000 square foot Pick 'n Save (Roundy's) grocery store which was expanded by 10,000 square feet in 2011 as part of a $3.6 million renovation and expansion. The anchor began a new 20 year lease in January 2012, with an initial rent of $11.55 per square foot triple net and an escalation to $11.80 per square foot in January 2017. The transaction included a 1.22 acre outlot valued at about $200,000, indicated a price of $12,650,000 for the center itself. NOI calculation based on a 5% vacancy factor but the property 98% leased at the time of sale. The property was not marketed for sale and the grantee approached the owner/ grantor directly and made Cloverleaf "an offer they could not refuse."

Income Data:	
Net Operating Income:	$908,010 ($10.38/s.f.)
Sale Indicators:	
Overall Rate:	7.18%
Price per Square Foot:	$146.85

COMPARABLE SALE #5

Location:	Village Center 5500, 5630 Washington Avenue NWQ Highway 31 and Highway 20 Mount Pleasant, Racine Co., Wisconsin
Tax Key Number:	151-0322-13115090, -13115080, -13115070
Type and Description:	Grocery store anchored retail center. The multi-building 240,997 s.f. center is of masonry and steel frame construction with a masonry exterior. The center includes two outlot buildings and was constructed in 2002 and 2003.
Gross Leasable Area:	240,997 Square Feet
Land Size:	29.032 Acres
Land to Building Ratio:	5.25:1
Sale Date:	October 2015
Sale Price:	$31,750,000
Grantor:	DDRM Village Center I LLC (DDR REIT)
Grantee:	Village Center Station LLC (Phillips Edison Grocery Center REIT II LLC)

Comments: This center is anchored by a 70,712 square foot Festival Foods Store and a 106,424 square foot Kohl's Department Store. Smaller inline tenants include Maurices, Dressbarn, Ulta, Panera, The Cash Store, and Cost Cutters. Chipotle, Noodles & Co., Fedex Office, and Starbucks are located in two outlot buildings along Washington Avenue (Highway 20), which has a traffic count of about 38,400 vehicles. The property also connects with Green Bay Road (Highway 31) to the east. The exposure of some space is blocked by three separately owned outlot parcels, including a Taco Bell, an Advance Auto Parts, and a small outlot strip center. The center was 95.7% leased at time of sale, with 10,443 square feet of vacant space in three tenant spaces, including one outlot building space.

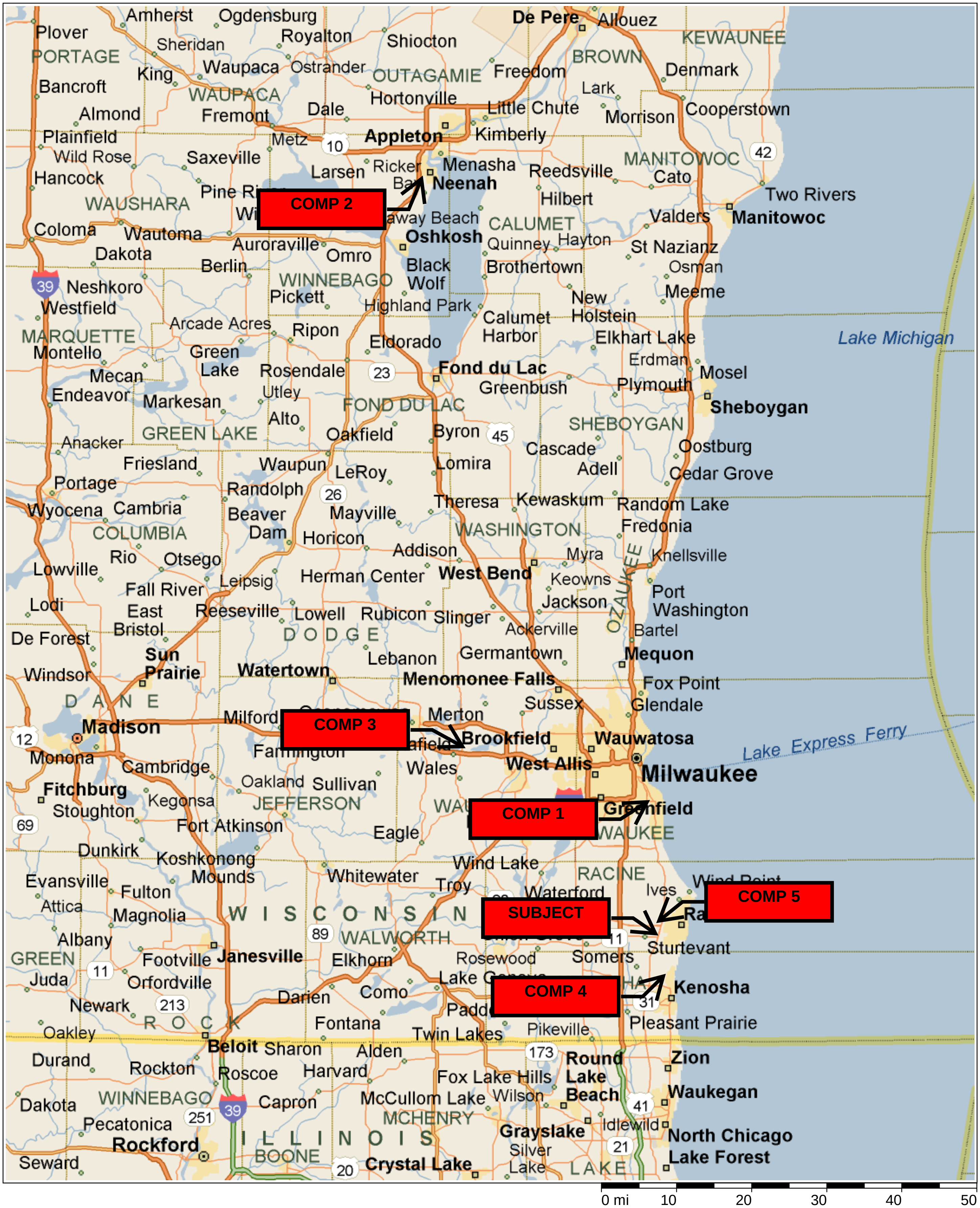
Income Data:

Net Operating Income:	$2,286,000 ($9.49/s.f.)

Sale Indicators:

Overall Rate:	7.20%
Price per Square Foot:	$131.74

COMPARABLE SALES MAP



The comparables range in size from 57,015 square feet to 240,997 square feet, with an average of 142,218 square feet. The sale prices range from $76.57 to $241.16 per square foot, with an average of $131.05 per square foot.

Adjustments were made for 1) property rights; 2) terms of sale; 3) market conditions; 4) location; 5) situs; 6) size; 7) land to building ratio; 8) age; 9) design; and 10) occupancy/tenant status.

Property Rights – In rare cases, adjustments are made for property rights transferred. No adjustments were made for property rights transferred.

Terms of Sale - Adjustments are next made to the comparable properties for terms of sale. Terms of sale adjustments have been incorporated into the comparable sale write-ups, if necessary. No adjustments were made for terms of sale with the exception of the February 2016 sale of the subject. As stated previously, the subject was initially to be purchased by Inland REIT. After that sale fell through Mid-America approached the subject buyers in October of 2015 and offered a $12,500,000 purchase price if the buyers closed by the end of the year 2015. The sale was delayed for several reasons and the actual sale closed in February of 2016. A such, a slight upward adjustment was made for terms of sale for the subject sale to provide an indication of market value assuming typical buyer and seller motivations.

Market Conditions – Following a period of increasing then relatively level commercial sale prices between 2002 and 2007, there were generally decreasing prices for commercial properties in 2008 and 2009. For income producing properties, given a compression in overall capitalization rates, prices generally stabilized in 2010 and then increased slightly in 2011, 2012, 2013 and 2014, with recent stabilization in 2015 and 2016. For properties leased to credit or generally strong tenants, capitalization rates have declined and values have increased. For the 2013 sale and the 2014 sales, slight upward adjustment was appropriate. For 2015 and 2016 sales, adjustments were not considered to be required for market conditions.

Location – The variances in price per unit appear to be somewhat correlated to the parcel's location with respect to nearby property values and proximity to major linkages. This attribute includes traffic count, exposure, population density, income level, and adjacent development. The subject's location is considered to be inferior to Comparables #2, #3, and #5, but superior to Comparable #1. For location, varying degrees of downward per unit price adjustment were applied to Comparables #2, #3, and #5. Conversely, the unit price of Comparable #1 was adjusted upward for inferior location compared with the subject.

Situs – This attribute considers factors such as corner versus interior frontage, access with adjacent roadways, frontage to depth ratio, site shape, and overall front frontage. In terms of situs, the per unit price of Comparable #4 required downward adjustment for superior direct corner situs compared with the subject. After offsetting considerations, the remaining comparables were relatively similar in terms of situs.

Size – Larger properties generally require a greater capital expenditure, have a more limited number of potential investors and/or users, and consequently, sell for lower per unit prices than smaller properties. Based on an effective subject size of 163,252 square feet; Comparables #1, #3 and #4 are smaller than the subject. As such, the per unit prices of Comparables #1, #3 and #4 required varying degrees of downward adjustment for size. Conversely, the unit price of Comparable #5 was adjusted upward for larger size.

Land to Building Ratio – Land to building ratio affects a commercial user's availability of parking and capability to expand in the future. All else equal, properties having higher land to building ratios generally sell for higher prices. The unit prices of Comparables #3, #4 and #5 were adjusted downward by varying degrees for land to building ratio. Conversely, the unit price of Comparable #2 was adjusted upward.

Effective Age - A factor influencing comparable property prices was effective age and condition at time of sale. Older properties have a shorter remaining economic life and generally sell at lower prices than newer ones. Considering effective age, the unit prices of Comparables #2, #3, #4 and #5 were adjusted upward for inferior effective age while the unit price of Comparable #1 was not adjusted upward for effective age and condition at time of sale. On an "upon completion" basis, the unit price of Comparable #6, the subject sale, was adjusted upward to account for a roof replacement.

The recent subject price considering the pending cost to replace and repair subject roofing, with an estimated cost of $500,000, which is to be paid by the buyer. As such, the "upon completion" value of the subject is considered to be higher than the current "as is" value.

Design – Retail centers with a modern finish with no add-on construction typically sell at a higher price than properties with add-on construction. The attribute also considers overall tenant space exposure and typical bay depth. Finally, this attribute considers specialized finishes such as a grocery store anchor or restaurant finishes and/or drive-up windows or other miscellaneous features often sell at a higher price than basic retail space. Considering the subject design as well as the comparable designs with grocery store spaces, the unit prices of Comparables #1, #2, #3, and #5 were adjusted downward for design.

Occupancy/Tenant Status – Retail centers that are at stabilized occupancy at time of sale typically sell at higher unit prices than properties with low occupancy. Properties with significant vacant space typically suffer from rent loss during the absorption period, as well as need significant landlord provided tenant improvement allowances and leasing commissions. Additionally, properties with major national credit tenants under long term lease with future escalations tend to sell at higher unit prices, all else equal. Considering the current subject occupancy, as well as the tenant lease terms, and the overall tenant mix, the unit price of Comparable #4 was adjusted downward.

A copy of the improved comparable adjustment summary is provided as Exhibit 11.

IMPROVED COMPARABLE SALES ADJUSTMENT SUMMARY - REGENCY POINT "Upon Completion"

Comp #	Unadjusted Prices (SF)	Property Rights	Terms	Market Cond.	Initial Adjusted Price	Location	Situs	Size	L/B Ratio	Eff. Age	Design	Tenant Status	Net Adjustments	Final Adjusted Price
1	$88.82	0%	0%	0%	$88.82	5%	0%	-5%	0%	0%	-5%	0%	-5%	$84.38
2	$101.17	0%	0%	1%	$102.18	-15%	0%	0%	4%	-6%	-5%	0%	-22%	$79.70
3	$241.16	0%	0%	2%	$245.99	-25%	0%	-20%	-3%	-13%	-5%	0%	-66%	$83.64
4	$146.85	0%	0%	4%	$152.72	0%	-10%	-12%	-3%	-13%	0%	-10%	-48%	$79.42
5	$131.74	0%	0%	0%	$131.74	-10%	0%	5%	-5%	-10%	-20%	0%	-40%	$79.05
Subject	$79.63	0%	3%	0%	$82.02	0%	0%	0%	0%	2%	0%	0%	2%	$83.66
Minimum:														$79.05
Average:	$131.56				$133.91									$81.64
Maximum:														$84.38

Improved Building Value Conclusion

Assuming completion of the $500,000 roof repair, the adjusted range of indicated "upon completion" value varies from a low of $79.05 per square foot to a high of $84.38 per square foot, averaging about $81.64 per square foot, rounded to $81.60 per square foot. As such, the subject "upon completion" value, assuming completion of the proposed improvements, as of October 1, 2016, the estimated date of completion, is summarized as follows:

SALES COMPARISON APPROACH SUMMARY
"UPON COMPLETION"

$81.60/S.F. x 163,252 S.F.	$13,321,363
Rounded	**$13,320,000**

INCOME APPROACH

The Income Approach to value is considered one of the more reliable approaches in the valuation of income producing properties that are not new and, therefore, suffer from some amount of accrued depreciation. The Income Approach is a mathematical measure of what an investor would pay to acquire a property that can reasonably be expected to produce a certain level of net operating income over its remaining economic life; the higher the potential earnings, the higher is the property's value.

The Principle of Anticipation has a crucial role in this approach. This principle states that value is created by the expectations of benefits to be derived in the future. The relevance of anticipation to the approach cannot be overstated. Value is created by the expectation of benefits to be derived in the future, and value may be defined as the present worth of all rights to future benefits. All income capitalization methods, techniques, and procedures represent attempts to quantify expected future benefits. The influence of change on the value of income producing properties is a major focus of the approach. Investors' expectations, changes in income levels, expenses necessary to insure income, and probable increases or decreases in property value must be accurately addressed and measured to provide sound indications of value.

The first step in the procedure is the determination of a proper rental value based upon a study of comparable leased properties with respect to features such as age, amenities, and overall market conditions. Adjustments based upon differences between the comparable rentals and the subject are set forth and analyzed so as to form the basis for estimating the correct economic rent for the subject. A similar analysis of operating expenses further helps the appraiser in constructing an operating statement providing an allowance for vacancy and collection loss, and deduction for all operating expenses. The end result is a net operating income or first year income that can be converted into an indicated property value through the overall capitalization process. It can also be projected over a stated holding period and discounted to present value at an appropriate yield or discount rate.

The Income Capitalization Approach begins by estimating market rent potential from comparison with similar properties which have recently been leased or are currently available for lease. The unit of comparison is typically the annual rent per square foot of rentable building area.

Revenue

The subject features 17 tenant spaces, of which 16 are leased. There are 160,752 square feet of leased space and 2,500 square feet of vacant space. The center is 98.5% leased.

Depending on space size, configuration, and finish, individual subject lease rents vary significantly. Beginning January of 2013, Hobby Lobby is paying $4.50 per square foot for 55,000 square feet of space, with an escalation to $4.75 per square foot triple net in February of 2018. Beginning April of 2015, DSW Shoes is leasing 17,242 square feet of space at $9.00 per square foot triple net, with an escalation to $10.00 per square foot in May of 2020. Beginning February of 2015, Cricket is leasing 1,150 square feet of space, with a current rent of $12.34 per square foot triple net, and an escalation to $12.70 per square foot triple net in February of 2017. In May of 2015, H&R Block began a five-year lease renewal, with a current rent of $14.42 per square foot triple net, and annual 3% base rent increases.

To check the reasonableness of the existing subject lease rents, and to project market rent at the currently vacant space, including one in Kenosha, one in Mount Pleasant, and one in Pleasant Prairie. Comparable Rentals are found as follows in Exhibit 12.

COMPARABLE RENTAL #1

PICK ‘N SAVE CENTER
6126 DURAND AVENUE
MT. PLEASANT, WISCONSIN

COMPARABLE RENTAL #1

Commercial Property:	Pick 'n Save anchored Center
Location:	6126 Durand Avenue (NWQ Hwy. 31 and Hwy. 11) Mt. Pleasant, Racine Co., Wisconsin
Gross Leasable Area:	83,250 Square Feet (Two Buildings)
Land Size:	8.32 Acres
Land to Building Ratio:	4.35:1
Year Built:	2011 and 2012
Anchor Tenant:	Pick 'n Save
Vacancy Rate:	0%
Lease Summary:	
Tenant:	Pick 'n Save
Tenant Size:	70,363 S.F.
Lease Term:	20 Years (6/12)
Rent:	$17.75/S.F. Net (Years 1-5)
Escalations:	$17.92/S.F. Net (Years 6-10) $18.06/S.F. Net (Years 11-15) $19.75/S.F. Net (Years 16-20)
Options:	4 5-Year Option Periods with $1.00/S.F. Rent Bumps during each Option Period
Tenant:	Aspen Dental
Tenant Size:	3,320 S.F. (4-Tenant Outlot Building)
Lease Term:	10 Years (6/12)
Rent:	$29.50/S.F. Triple Net (Years 1-5) $32.45/S.F. (Years 6-10)
Tenant:	Mattress Firm
Tenant Size:	4,025 S.F. (4-Tenant Outlot Building)
Lease Term:	7 Years (6/12)
Rent:	$26.50/S.F. Triple Net (Year 1)
Escalations:	2.0% Annual
Comments:	This project is located to the west of Green Bay Road and to the north of Durand Avenue just to the west of Regency Mall. Outlots were sold to two restaurants. Other commercial uses are located along both high-traffic roadways.

<u>COMPARABLE RENTAL #2</u>

SHOPPES AT PRAIRIE RIDGE
9777 76TH STREET
PLEASANT PRAIRIE, WISCONSIN

COMPARABLE RENTAL #2

Commercial Property:	Shoppes at Prairie Ridge
Location:	9777 76th Street (SWQ Hwy. 50 and Prairie Ridge Access Road) Pleasant Prairie, Kenosha Co., Wisconsin
Gross Leasable Area:	232,606 Square Feet
Land Size:	20.99 Acres
Land to Building Ratio:	3.93:1
Year Built:	2008 and 2009
Anchor Tenant:	Dick's Sporting Goods, Petsmart, ULTA
Vacancy Rate:	3.2%
Lease Summary:	
Tenant:	Petsmart
Tenant Size:	18,714 S.F.
Lease Term:	10 Years (1/09)
Rent:	$14.95/S.F. Net (Years 1-10)
Tenant:	Dick's
Tenant Size:	50,000 S.F.
Lease Term:	10 Years (9/08)
Rent:	$14.00/S.F. Net (Years 1-10)
Tenant:	Gamestop
Tenant Size:	3,573 S.F.
Lease Term:	5 Years (3/12)
Rent:	$14.40/S.F. Net (Years 1-5)
Tenant:	Ambrosia Juice Co.
Tenant Size:	1,166 S.F.
Lease Term:	6 Years (10/11)
Rent:	$16.25/S.F. Net (Years 1-3)
Escalations:	$.50/S.F. Annual Years 4, 5, and 6
Operating Expenses:	$4.25 per S.F.
Comments:	This retail center is set back from developed outlots on the south side of Highway 50, with a Target shadow anchor to the east.

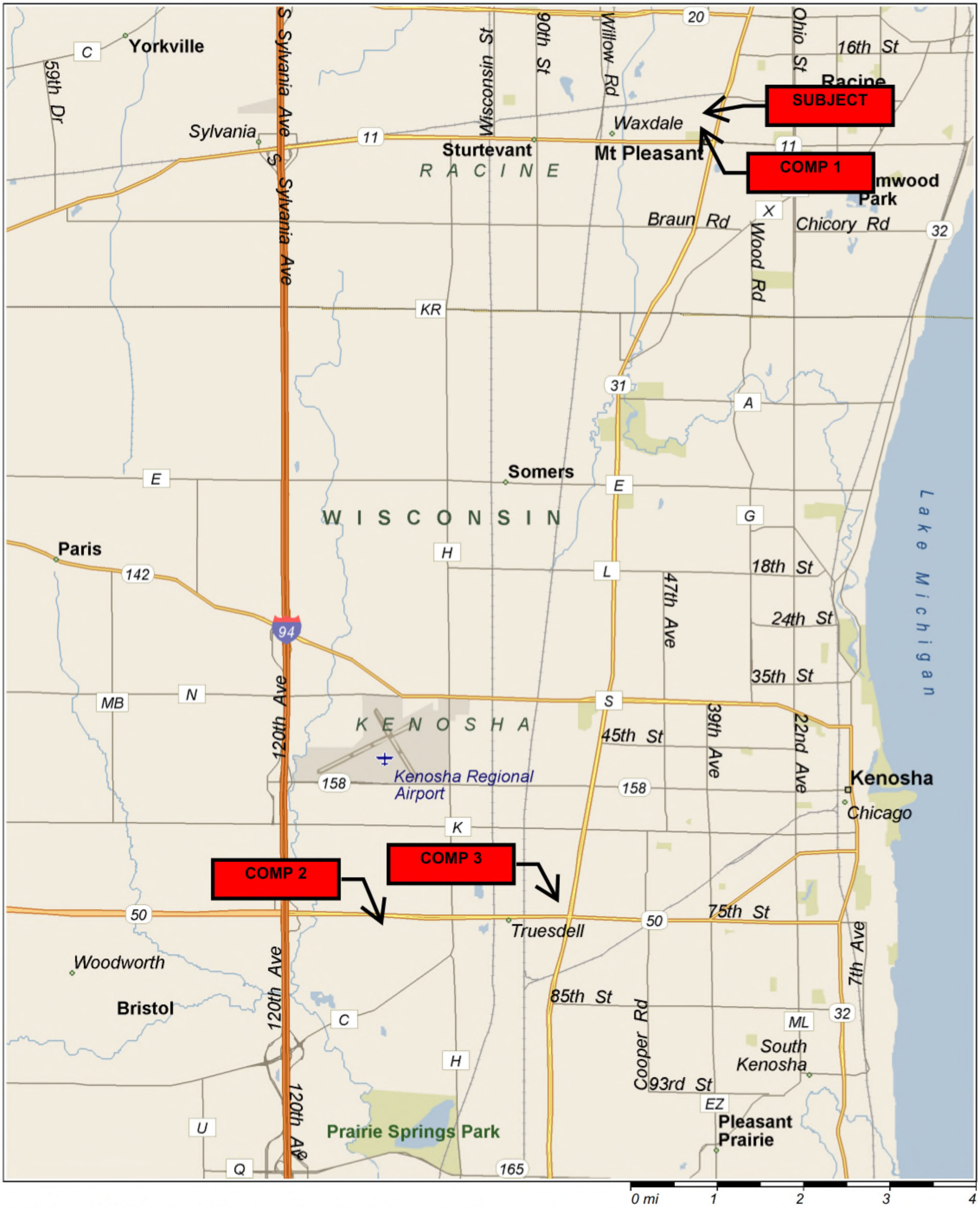
COMPARABLE RENTAL #3

GORDMANS/BED BATH & BEYOND, SOUTHPORT PLAZA
NWQ HIGHWAY 50 & HIGHWAY 31
KENOSHA, WISCONSIN

COMPARABLE RENTAL #3

Commercial Property:	Southport Plaza
Location:	7450 Green Bay Road (NWQ Hwy. 31 and Hwy. 50) Kenosha, Kenosha Co., Wisconsin
Gross Leasable Area:	91,407 Square Feet (Two Tenant South Section) 463,111 Square Feet (Entire Center)
Land Size:	9.67 Acres (South Section Only)
Land to Building Ratio:	4.61:1
Year Built:	1986, Renovations 2000 and 2013
Anchor Tenant:	Gordman's, Bed Bath & Beyond
Vacancy Rate:	0% (9.1% Enter Center)
Lease Summary:	
Tenant:	Gordman's
Tenant Size:	65,391 S.F.
Lease Term:	10 Years (8/13)
Rent:	$8.56/S.F. Net (Years 1-10)
Options:	$9.32/S.F. Net (Years 11-15) $9.70/S.F. Net (Years 16-20) $10.09/S.F. Net (Years 21-25) $10.47/S.F. Net (Years 26-30)
Tenant:	Bed Bath & Beyond
Tenant Size:	26,016 S.F.
Lease Term:	10 Years (9/13)
Rent:	$8.12/S.F. Net (Years 1-10)
Options:	$8.60/S.F. Net (Years 11-15) $9.08/S.F. Net (Years 16-20) $9.56/S.F. Net (Years 21-25) $10.04/S.F. Net (Years 26-30)
Comments:	This project is located on the west of Green Bay Road, to the north of Highway 50. A 95,570 square foot old Target (which vacated for Prairie Ridge) was re-tenanted with two mid-size box tenants. Tenants to the north in the larger Southport Plaza center include Kohl's, Hobby Lobby, Petco, and Office Max. There are several outlot centers as well as fast food restaurants on outlots.

COMPARABLE RENTALS MAP



Comparable Rental #1 is an 83,250 square foot grocery store anchored retail center in Mount Pleasant along Highway 31 and Highway 11 in Racine County, just to the south of the subject. Mattress Firm is paying $26.50 per square foot triple net; with 2.0% annual rent increases for a 4,025 square foot space in a front outlot building. The lease began in June of 2012. Aspen Dental is paying $29.50 per square foot triple net. Accounting for exposure and space finish, this center is an indication of market rent for high exposure space. Considering the subject shopping center position to the west of the developed outlots, a downward adjustment is considered to be reasonable to provide an indication of subject smaller tenant space. The 70,363 square foot anchor space is leased to Pick 'n Save grocery store beginning at $17.75 per square foot triple net. After a significant downward adjustment for age and finish, as well as location next to two highways, this comparable is an indication of subject anchor rent.

Comparable Rental #2 is more similar to the subject in terms of anchor space finish. However, the 232,606 square foot retail center was built in 2008 and 2009 and is located on the south side of Highway 50 in Pleasant Prairie, to the west of Highway 31. The center is considerably set back from developed outlots. Dick's Sporting Goods is leasing a 50,000 square foot box space at $14.00 per square foot double net. Petsmart is leasing an 18,714 square foot space at $14.95 per square foot triple net. After a downward adjustment for age, this comparable is an indication of subject anchor and mid-size space market rent.

Comparable Rental #3 is a 91,407 square foot old Target space that was re-tenanted into a 65,391 square foot Gordman's and a 26,016 square foot Bed Bath & Beyond. Both leases began in late 2013 and the tenants are part of the larger nearly 500,000 square foot Southport Plaza in Kenosha to the north of Highway 50 and to the west of Highway 31. This center was initially built in 1986.

The initial lease rent is $8.12 to $8.56 per square foot triple net. After generally offsetting adjustments, this comparable is an indication of subject market rent for mid-size space with a downward overall adjustment to reflect market rent for larger anchor space.

Considering the adjusted comparables, the existing and projected subject tenant rent levels appear to be reasonable overall.

For the 55,000 square foot anchor space, we project market rent at $5.00 per square foot triple net. For the mid-size space ranging from 4,991 square feet to 27,000 square feet, we project market rent at $9.00 per square foot triple net.

Based on our market rent conclusion of $9.00 per square foot triple net, Harbor Freight is considered to have two below market five-year options after its current lease terms expires in December of 2016 for its 15,969 square foot space. As such, for this analysis, we assume the tenant will exercise its first option at $6.88 per square foot triple net and its second five-year option at $7.56 per square foot triple net.

For standard inline smaller subject space, we have utilized a market rent of $13.00 to $15.00 per square foot triple net. For higher exposure, finish, or shallower space, we project market rent of $17.00 per square foot triple net.

Only two tenant spaces were assigned the highest market rent. The previous rents assume an initial tenant improvement allowance of $10 per square foot and a renewing tenant improvement of $0 per square foot.

For the 2,500 square foot vacant space, we assume an initial rent of $9.50 per square foot triple net, a 3% annual base rent escalation, a concession of two months of free rent, and a $10 per square foot initial landlord provided tenant improvement allowance.

For the 2,227 square foot Kitchen Design Center and the 2,821 square foot Kitchen Design storage space, we have assigned a lower rent of $8.50 per square foot gross, with no tenant improvement allowance. Only this space is assigned the lower rent.

For this analysis, we have utilized actual contract rents during the remainder of the primary term. After lease expiration, we have applied market rent to each individual space based on speculative rollover.

A rent roll showing individual subject lease rents, as well as annual escalations, and the market rent for the vacant space, is provided as Exhibit 13.

Software : ARGUS Ver. 13.2 (Build: 13000-H)
File : Regency Point
Property Type : Office & Retail
Portfolio :

Regency Point
2308 S. Green Bay Road
Racine, WI

Date : 4/21/16
Time : 2:14 pm
Ref# : AEB

Presentation Rent Roll & Current Term Tenant Summary
As of May-2016 for 163,252 Square Feet

Description Tenant Name Type & Suite Number Lease Dates & Term	Area Floor SqFt Bldg Share	Base Rent Rate & Amount per Year per Month	Rent Adjustments & Categories Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Abatements Months to Abate	Pcnt to Abate	Reimbursement Description of Operating Expense Reimbursements	Leasing Costs Imprvmnts Rate Amount	Commssns Rate Amount	Upon Expiration Assumption about subsequent terms for this tenant
1 TJ Maxx Retail, Suite: 2308 Apr-1995 to Mar-2019 288 Months	27,000 16.54%	$8.75 $236,250 $0.73 $19,688	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $9.00N TI 10/0
2 H&R Block Retail, Suite: 2310a Dec-1988 to Apr-2020 377 Months	1,217 0.75%	$14.42 $17,549 $1.20 $1,462	May-2017 May-2018 May-2019	$14.85 $15.30 $15.76	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $15.00N TI 10/0
3 Great Clips Retail, Suite: 2310b Aug-1992 to Aug-2017 301 Months	1,200 0.74%	$15.50 $18,600 $1.29 $1,550	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $15.00N TI 10/0
4 UPS Store Retail, Suite: 2310c May-1992 to Jun-2017 302 Months	1,400 0.86%	$19.03 $26,642 $1.59 $2,220	Jul-2016	$19.54	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $17.00N TI 10/0
5 GameStop Retail, Suite: 2310d Oct-1994 to Sep-2017 276 Months	1,540 0.94%	$14.00 $21,560 $1.17 $1,797	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $15.00N TI 10/0
6 Kitchen Design Center Retail, Suite: 2310e Jun-2002 to Apr-2017 179 Months	2,227 1.36%	$8.08 $17,994 $0.67 $1,500	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	-	Market See assumption: $8.50 G TI 0/0
7 Kitchen Design Storage Retail, Suite: 2390 Jun-2002 to Apr-2017 179 Months	2,821 1.73%	$0.00 $0 $0.00 $0	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	-	Market See assumption: $8.50 G TI 0/0
8 Ivy Nails Retail, Suite: 2310f May-2006 to Apr-2024 216 Months	2,100 1.29%	$16.00 $33,600 $1.33 $2,800	May-2018 May-2020 May-2022	$17.00 $17.50 $18.00	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $17.00N TI 10/0
9 Scrubs Uniforms Retail, Suite: 2310g Aug-2006 to Apr-2017 129 Months	1,493 0.91%	$8.04 $12,004 $0.67 $1,000	-	-	-	-	-	Full Service: Pays no expense reimbursement.	-	-	Market See assumption: $8.50 G TI 0/0
10 Petland Retail, Suite: 2310hj Oct-2000 to Aug-2020 239 Months	4,991 3.06%	$9.76 $48,712 $0.81 $4,059	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $9.00N TI 10/0

(continued on next page)

Presentation Rent Roll & Current Term Tenant Summary
As of May-2016 for 163,252 Square Feet
(continued from previous page)

Description Tenant Name Type & Suite Number Lease Dates & Term	Area Floor SqFt Bldg Share	Base Rent Rate & Amount per Year per Month	Rent Adjustments & Categories Changes on	Changes to	CPI & Current Porters' Wage Miscellaneous	Abatements Months to Abate	Pcnt to Abate	Reimbursement Description of Operating Expense Reimbursements	Leasing Costs Imprvmnts Rate Amount	Commssns Rate Amount	Upon Expiration Assumption about subsequent terms for this tenant
11 Vacant Retail, Suite: 2310k May-2017 to Apr-2022 60 Months	2,500 1.53%	$9.50 $23,750 $0.79 $1,979	-	-	Lease Year	1-2	100%	Net: Pays a full pro-rata share of all reimbursable expenses.	$10.00 $25,000	$1.38 3.00% $3,444	Market See assumption: $9.00N TI 10/0
12 Weight Watchers Retail, Suite: 2310m Sep-2009 to Aug-2019 120 Months	1,505 0.92%	$12.37 $18,617 $1.03 $1,551	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $13.00N TI 10/0
13 Cricket Wireless Retail, Suite: 2310n Feb-2015 to Jan-2018 36 Months	1,150 0.70%	$12.34 $14,191 $1.03 $1,183	Feb-2017	$12.70	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $13.00N TI 10/0
14 Bed Bath & Beyond Retail, Suite: 2360 Nov-2002 to Jan-2020 207 Months	23,897 14.64%	$7.50 $179,228 $0.63 $14,936	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $9.00N TI 10/0
15 Hobby Lobby Retail, Suite: 2390 Jan-2013 to Jan-2023 121 Months	55,000 33.69%	$4.50 $247,500 $0.38 $20,625	Feb-2018	$4.75	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $5.00N TI 10/0
16 DSW Shoes Retail, Suite: 2410 Apr-2015 to Jan-2026 130 Months	17,242 10.56%	$9.00 $155,178 $0.75 $12,932	May-2020	$10.00	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Market See assumption: $9.00N TI 10/0
17 Harbor Freight Tools Retail, Suite: 2380 Jun-2011 to Dec-2016 67 Months	15,969 9.78%	$6.25 $99,806 $0.52 $8,317	-	-	-	-	-	Net: Pays a full pro-rata share of all reimbursable expenses.	-	-	Option See assumption: $9.00N TI 10/0
Total Occupied SqFt Total Available SqFt	160,752 2,500										

Recoverable Expenses

Based on what is typical in the market as well as the subject, we assume new tenants at the subject will be leased on a triple net basis, with tenants reimbursing for most operating expenses including management, with the exception of Kitchen Design. Excluding Kitchen Design, existing tenants are generally reimbursing expenses in a typical triple net structure. For existing tenants, expense recoveries comprising common area utilities and maintenance, management, real estate taxes, and insurance are typically recaptured from the tenants on a pro rata basis. As stated previously, lease summaries showing the reimbursement terms for existing leases are located in the Argus analysis.

Vacancy and Collection Loss

The subject is currently 98.5% occupied, with 2,500 square feet of vacant space. The subject center has a vacancy rate of 1.5%. We assume the nominal vacant space will be leased in one year, with an additional free rent period of two months. The subject is considered to be a strong center given its position in an established community retail area, with major national and regional retailers located nearby.

As stated in the Market Overview, for the subject, we have utilized a vacancy and collection loss rate of 6.0%, allocated at 5.0% for general vacancy and 1% for collection loss. We have applied the vacancy and collection loss factor to all tenants.

Based on the 2,500 square foot vacant space and the market, we project the vacant space will be leased up in one year. For year one, in addition to the actual 1.5% vacancy, we have utilized an additional general vacancy allowance of 3.5%, or 5.0%, with an additional collection loss factor of 1.0%, or 6.0% total.

For this analysis, we assume there is a 30% probability of tenant departure at lease expiration. If a tenant vacates, we assume there will be a six month re-lease period. As such, upon speculative rollover, there is an effective two month downtime for space.

Based on a lease term of 60 months and a downtime of 2 months at time of speculative rollover for tenant space, the rolling vacancy factor is approximately 3.3%. However, the rolling vacancy factor is used as an offset to the standard vacancy loss factor. As such, the effective long-term vacancy rate upon stabilization remains at about 6.0% for this analysis.

Expenses

The subject is a multi-tenant retail center that is stabilized. We have been provided with a three year 2013, 2014, and 2015 operating history, by a representative of the purchasing entity. While the thee year history is not subdivided, we have also been provided with a more detailed 2015 operating history.

Considering the varied subject history, we have considered recent operating expenses from several multi-tenant retail centers in the region. Following is a summary of the expenses associated with building operation including repairs and maintenance, utilities, administration, management fees, real estate taxes and insurance. The following are details of the expense estimates that will be utilized in the pro-forma analysis. The unit of comparison in most cases was the expense per square foot of rentable area.

Utilities - Utilities expense typically includes charges for electricity, gas, and water. Recent information for the subject and the comparables is summarized as follows:

Utilities	
Item	Cost/S.F.
Capitol Plaza West	$.49
New Berlin Plaza	$.47
Falls Plaza I, II, III	$.37
Muskego AutoZone Center	$.30
Silvernail II	$.43
Burlington Center	$.51
IHOP Plaza	$.23
College Plaza	$.41
Riverwood Plaza	$.57
Oak Creek Center	$.38
Germantown Village Centre	$.51
Subject	$.23

Comparable utilities expense ranged widely from $.23 to $.57 per square foot. Among the comparable properties, some tenant utilities were directly metered and billed. At the subject, which features some common areas, there was a utilities expense of $.23. In some cases, direct tenant utilities expense is typically directly metered and billed. For this analysis, we allocate subject utilities expense at $.25 per square foot.

Insurance - Insurance expense has been based on our review of the recent experience among the subject and the expense comparables. Recent historical information for insurance is summarized as follows:

Insurance	
Item	Cost/S.F.
Capitol Plaza West	$.24
New Berlin Plaza	$.17
Falls Plaza I, II, III	$.11
Muskego AutoZone Center	$.20
Silvernail II	$.31
Burlington Center	$.18
IHOP Plaza	$.14
College Plaza	$.25
Riverwood Plaza	$.25
Oak Creek Center	$.12
Germantown Village Centre	$.25
Subject	$.14

At the comparables, insurance expense ranged from $.11 to $.31 per square foot. Subject insurance expenses equated to $.14 per square foot as of 2015. Considering the comparables and the subject, we conclude insurance expense for the subject at $.15 per square foot.

Repairs and Maintenance - This item includes miscellaneous building and roof repairs. The pertinent comparison data is presented as follows:

Repairs and Maintenance	
Item	Cost/S.F.
Capitol Plaza West	$1.54
New Berlin Plaza	$1.22
Falls Plaza I, II, III	$.81
Muskego AutoZone Center	$1.19
Silvernail II	$.84
Burlington Center	$1.33
IHOP Plaza	$.80
College Plaza	$1.09
Riverwood Plaza	$1.46
Oak Creek Center	$1.42
Germantown Village Centre	$1.69
Subject	$1.05

Subject repairs and maintenance for 2015 equated to $1.05 per square foot. The comparables repairs and maintenance category ranged from $0.80 to $1.69 per square foot. Maintenance expenses can vary based on the amount of service provided for and expected by the tenants. Considering the subject age and design, as well as the historic subject expense history and the comparables, we project a pro-forma repairs and maintenance expense of $.90 per square foot. This excludes a forthcoming non-reimbursable capital reserves allocation of $.15 per square foot.

Management and Administration - For commercial multi-tenant real estate, there is typically an on-site management fee of 3% to 5% of effective gross income to manage the property. The subject 2015 management fee equated to 4.0%. Considering the small tenant nature of the subject property, as well as the subject tenant rent level and the subject size, a management fee of 4.0% of effective gross revenue is considered to be reasonable for the holding period.

Considering our management fee, there is typically some nominal administrative expense. Administrative expense is comprised of auditing, postage, supplies, printing, and licenses, etc. Typical administrative expenses at comparables can range widely from $.02 to $.27 per square foot. Miscellaneous expenses at the subject were about $.03 per square foot in 2015. For this analysis, we have projected an additional administrative expense of $.08 per square foot.

Real Estate Taxes - As stated in the Real Estate Taxes and Assessments section of this appraisal, subject real estate taxes are projected at $2.67 per square, based on current taxes, with a 3% escalation annually thereafter. Recent historical information for the comparables real estate taxes is summarized as follows:

Real Estate Taxes	
Item	Cost/S.F.
Capitol Plaza West	$2.15
New Berlin Plaza	$1.52
Falls Plaza I, II, III	$1.18
Muskego AutoZone Center	$1.81
Silvernail II	$1.11
Burlington Center	$2.10
IHOP Plaza	$3.91
College Plaza	$3.59
Riverwood Plaza	$2.76
Germantown Village Centre	$1.49
Subject (2014 Tax Year)	$2.54

The comparables range widely from $1.11 to $3.91 per square foot. Considering the comparables and the recent subject history, as well as the age, tenant mix, size, and design of the subject center, the subject real estate tax projection of $2.67 per square foot is considered to be reasonable. Given the triple net nature of the majority of the subject leases, an increase in the assessment and real estate taxes would be mostly passed on to subject tenants on a pro-rata basis. Any additional risk associated with an assessment increase is accounted for in our discount rate and overall rate selections.

Total Expenses - The total first year expenses on an annualized basis are estimated at $731,555, or $4.48 per square foot of rentable area in Year 1. Subject operating expenses were $4.35 per square foot in 2015.

In comparison, the expense comparables generally range from $3.50 to $6.25 per square foot. After considering subject age and size, as well as the rental rates and location, the comparables generally support our operating expense conclusion.

According to the First Quarter 2016 Korpacz Price Waterhouse Coopers investor survey of institutional properties in the national strip retail market, investors are projecting an annual average expense rate change of 2.72%. For our analysis, we have utilized an expense change rate of 3.0%.

<u>Net Operating Income</u> – On an "as is" basis, the total first year net operating income on an annualized basis is $1,028,051, or $6.30 per square foot of net building area, before deducting for reserves. In comparison, 2015 net operating income was $844,550, or $5.17 per square foot. However, in early 2015, the subject vacancy rate was higher. Most notably, DSW began a lease for 17,242 square feet in April of 2015. As of October 1, 2016, the net operating income is to increase to $1,033,379.

<u>Below Line Adjustments</u>

Below line items are incurred in leasing activity and long term reserve allowances. These items are discussed as follows:

<u>Tenant Improvements</u> - Typical tenant improvements for strip retail space can range from approximately $0 to $35 per square foot. This tenant finish amount may significantly vary with a number of factors. The first is the existing condition and build-out of the space to be leased. Space previously leased, with many components (electric, HVAC, plumbing, ceiling, partitions, carpeting, etc.) in place and in good condition is less expensive to renovate or remodel than and raw or empty shell space. For second generation space, tenant improvements are generally lower.

Another factor is the length of the lease term. Generally speaking, both landlords and tenants would be more inclined to spend additional funds for tenant improvements if they were to occupy the space for a longer period of time. Lastly, the type or classification of the tenant itself may require either substantial or minimal interior finishes. Ultimately, a larger tenant improvements allowance generally results in a higher rent structure, as landlords recover part of this expense of the lease term. In the market, an increase in tenant improvement requirements may require an increase in the rental rate.

For subject tenants, based on our review of tenant improvement costs for comparable rentals, and considering the subject lease structure, we have utilized a build-out allowance of $10.00 per square foot for second generation space tenants with a $0.00 per square foot allowance for renewing subject tenants. We have utilized an average allowance of $3.00 per square foot on tenant space speculative renewals. This average of $3.00 per square foot for space was obtained by applying a 70%/30% renewal/re-lease ratio to the following parameters:

New Lease	$10.00/S.F. x .30	$3.00
Renewing Lease	$0.00/S.F. x .70	$0.00
Weighted Tenant Improvement Allowance		$3.00

For the current vacant 2,500 square feet of space, we have utilized an initial tenant improvement allowance of $10 per square foot. For the storage oriented Kitchen Design Center space, we have not applied a landlord tenant improvement allowance. Tenant improvement costs are projected to increase at an inflationary rate of 3.0% per year.

Leasing Commissions - This expense includes the cost of leasing the various spaces for the first time or for renewal. A standard leasing commission is based upon 7% of the total minimum lease income for the first year and 2% thereafter. This equates to an average of approximately 3%. Renewing tenant leasing commissions are estimated at 3%, assuming that the subject management does not negotiate directly with the subject tenant. This commission structure has been included in our cash flow pro-forma utilizing a 70/30 rollover assumption for all tenants.

Reserves - A reserve account of approximately $.15 per square foot, growing at the rate of inflation, has been utilized in this analysis. The reserve account is designed to account for the ultimate replacement of short-lived items and to accommodate the contingency for possible extra ordinary expenditures.

Net Cash Flow

The net cash flow is the result of deducting tenant improvements, leasing commissions and reserves from the estimate of net operating income. Based on assumptions presented in the preceding discussion, we have prepared a pro-forma cash flow for the subject using the Argus discounted cash flow software program. Specific assumptions underlying the Argus discounted cash flow model are presented in the Appendix.

The "as is" cash flow projection is included in Exhibit 14.

Software : ARGUS Ver. 13.2 (Build: 13000-H)
File : Regency Point
Property Type : Office & Retail
Portfolio :

Regency Point
2308 S. Green Bay Road
Racine, WI

Date : 5/30/16
Time : 10:22 pm
Ref# : AEG
Page : 1

Schedule Of Prospective Cash Flow
In Inflated Dollars for the Fiscal Year Beginning 5/1/2016

For the Years Ending	Year 1 Apr-2017	Year 2 Apr-2018	Year 3 Apr-2019	Year 4 Apr-2020	Year 5 Apr-2021	Year 6 Apr-2022	Year 7 Apr-2023	Year 8 Apr-2024	Year 9 Apr-2025	Year 10 Apr-2026	Year 11 Apr-2027
Potential Gross Revenue											
Base Rental Revenue	$1,151,483	$1,212,693	$1,228,480	$1,272,314	$1,335,965	$1,340,199	$1,381,847	$1,441,475	$1,492,489	$1,554,468	$1,605,720
Absorption & Turnover Vacancy		(23,253)	(21,483)	(64,860)	(11,850)		(84,673)	(1,532)	(85,676)	(70,868)	(32,192)
Base Rent Abatements		(3,958)									
Scheduled Base Rental Revenue	1,151,483	1,185,482	1,206,997	1,207,454	1,324,115	1,340,199	1,297,174	1,439,943	1,406,813	1,483,600	1,573,528
CPI & Other Adjustment Revenue			3,247	8,244	21,601	44,076	50,840	66,716	58,400	47,267	81,120
Expense Reimbursement Revenue	691,036	719,243	733,585	734,583	786,498	815,148	782,385	865,727	850,378	883,269	931,376
Total Potential Gross Revenue	1,842,519	1,904,725	1,943,829	1,950,281	2,132,214	2,199,423	2,130,399	2,372,386	2,315,591	2,414,136	2,586,024
General Vacancy	(64,488)	(73,146)	(76,783)	(35,897)	(95,353)	(109,971)	(26,081)	(117,164)	(34,387)	(53,382)	(98,719)
Collection Loss	(18,425)	(19,047)	(19,438)	(19,503)	(21,322)	(21,994)	(21,304)	(23,724)	(23,156)	(24,141)	(25,860)
Effective Gross Revenue	1,759,606	1,812,532	1,847,608	1,894,881	2,015,539	2,067,458	2,083,014	2,231,498	2,258,048	2,336,613	2,461,445
Operating Expenses											
Utilities	40,813	42,037	43,299	44,597	45,935	47,313	48,733	50,195	51,701	53,252	54,849
Insurance	24,488	25,222	25,979	26,758	27,561	28,388	29,240	30,117	31,020	31,951	32,910
Repairs/Maint.	146,927	151,335	155,875	160,551	165,367	170,328	175,438	180,701	186,122	191,706	197,457
Management	70,384	72,501	73,904	75,795	80,622	82,698	83,321	89,260	90,322	93,465	98,458
Administrative	13,060	13,452	13,856	14,271	14,699	15,140	15,595	16,062	16,544	17,041	17,552
Taxes	435,883	448,959	462,428	476,301	490,590	505,308	520,467	536,081	552,163	568,728	585,790
Total Operating Expenses	731,555	753,506	775,341	798,273	824,774	849,175	872,794	902,416	927,872	956,143	987,016
Net Operating Income	1,028,051	1,059,026	1,072,267	1,096,608	1,190,765	1,218,283	1,210,220	1,329,082	1,330,176	1,380,470	1,474,429
Leasing & Capital Costs											
Tenant Improvements		41,347		171,784	20,961		220,805	4,243	116,308	185,331	64,383
Leasing Commissions		24,372		78,289	10,666		74,867	2,758	56,676	84,828	28,972
Reserves	24,488	25,222	25,979	26,758	27,561	28,388	29,240	30,117	31,020	31,951	32,910
Total Leasing & Capital Costs	24,488	90,941	25,979	276,831	59,188	28,388	324,912	37,118	204,004	302,110	126,265
Cash Flow Before Debt Service & Taxes	$1,003,563	$968,085	$1,046,288	$819,777	$1,131,577	$1,189,895	$885,308	$1,291,964	$1,126,172	$1,078,360	$1,348,164

Discounted Cash Flow Analysis

The value of the property is the discounted worth of the anticipated income stream that is reasonably expected to be generated by the property over a specified period of time. In addition to the right to receive periodic cash flows, an owner of real property has the right to receive a final cash flow resulting from the ultimate sale of the property. It is the present worth of the sum of the annual net income and reversion that represents the value of the property by this method.

Holding Period - Based on the size and quality of this type of investment, it is estimated that a typical reasonable holding period would be ten years. This allows the analysis to include the speculative lease up at market rents of all subject space. A projection period of this length is considered appropriate since it places greater emphasis on the growth of the annual cash flow and less significance on the estimation of the residual value.

Discount Rate Selection - In the preceding discussion, the net income over a 10-year projection period has been estimated. Each year's net cash flow will be discounted to a present worth by an appropriate discount rate. The selection of the appropriate discount rate becomes a significant factor in applying this technique. Many factors have been considered in estimating this rate including: risk free returns and compensation for risk inherent in real estate investments.

The rate utilized to discount the projected cash flows and eventual property reversion has been based on an analysis of anticipatory yield rates of several investors dealing in similar quality investments. These rates are not actual or historical rates of prior purchases or actual cash flows because what might have been considered acceptable in the past may not be appropriate today. The rate instead reflects acceptable expectations of yields to be achieved by investors currently active in the marketplace.

A yield rate differs from an income rate such as cash-on-cash (equity dividend after debt service cash flow) in that it takes into consideration all equity benefits including the equity reversion at time of resale, in addition to annual cash flows. The yield rate is the single rate (internal rate of return or IRR) that discounts all of the future equity benefits (cash flows and equity reversion) to the original equity investment. The yield rate currently accepted by investors in the market can be related to a projected cash flow and, therefore, the value of the subject property.

The subject community shopping center is considered to be most similar to space in the national strip retail market.

Exhibit 15 outlines a recent national market survey of large equity investors in the national strip retail market in the First Quarter of 2016:

National Strip Shopping Center Market

As investor interest remains strong for strip shopping centers, a highly competitive buying environment still exists, especially for quality assets in good locations and with strong anchor tenants. "Top-performing offerings remain richly priced," remarks a participant. While continuous cap rate compression was largely responsible for the aggressive pricing realized over the past several quarters, the anticipation of higher rental rates amid improving fundamentals is starting to drive pricing a bit more. "We like what we are finally starting to see in terms of rent growth potential," shares an investor.

Even though this market's average rent growth expectation remains slightly below its long-term average, it is "moving in the right direction" for property owners, particularly in robust metros, where vacancies are below the national average. Specific cities noted by surveyed investors as "hot prospects" for ownership include Seattle, Westchester County, Orange County, and Fairfield County, Connecticut.

While some investors continue to search for opportunities in secondary markets, others are strictly setting their sights on major metros and infill areas where they believe overall cap rates will hold up better over the long term. ✦

KEY 1Q16 SURVEY STATS*

Tenant Retention Rate:		
Average	72.0%	=
Range	60.0% to 85.0%	
Months of Free Rent(1):		
Average	2	=
Range	0 to 6	
% of participants using	63.0%	=
Market Conditions Favor:		
Buyers	0.0%	=
Sellers	75.0%	=
Neither	25.0%	=

* ▼, ▲, = change from prior quarter
(1) on a ten-year lease

Table 3
NATIONAL STRIP SHOPPING CENTER MARKET
First Quarter 2016

	CURRENT	LAST QUARTER	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	6.00% – 10.75%	6.00% – 10.75%	6.00% – 11.00%	6.50% – 12.50%	6.75% – 12.50%
Average	7.66%	7.78%	8.09%	8.42%	8.97%
Change (Basis Points)		– 12	– 43	– 76	– 131
OVERALL CAP RATE (OAR)[a]					
Range	4.75% – 9.50%	4.50% – 9.50%	5.00% – 10.00%	5.50% – 9.50%	5.50% – 9.50%
Average	6.41%	6.38%	7.00%	7.04%	7.40%
Change (Basis Points)		+ 3	– 59	– 63	– 99
RESIDUAL CAP RATE					
Range	4.75% – 9.75%	4.75% – 9.75%	5.00% – 10.00%	6.00% – 12.00%	6.50% – 12.00%
Average	6.59%	6.70%	7.19%	7.61%	8.10%
Change (Basis Points)		– 11	– 60	– 102	– 151
MARKET RENT CHANGE[b]					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	0.00% – 4.00%	0.00% – 4.00%
Average	1.94%	1.88%	1.84%	1.44%	1.23%
Change (Basis Points)		+ 6	+ 10	+ 50	+ 71
EXPENSE CHANGE[b]					
Range	0.00% – 3.00%	0.00% – 3.00%	0.00% – 3.00%	2.50% – 4.00%	2.00% – 4.00%
Average	2.72%	2.72%	2.72%	3.03%	2.98%
Change (Basis Points)		0	0	– 31	– 26
MARKETING TIME[c]					
Range	2 – 12	2 – 12	2 – 12	2 – 18	2 – 18
Average	5.6	5.6	6.0	7.1	8.2
Change (▼, ▲, =)		=	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

The previous rates are reflective of yields anticipated by institutional buyers of strip retail projects in the national real estate marketplace. The national investor survey reports an average discount rate of 7.66%, within a range of 6.00% to 10.75%.

The First Quarter 2016 average discount rate is down 12 basis points from the previous quarter and down 43 basis points from the previous year. The subject could be attractive in a portion of the institutional market given its size, age, location, and tenant mix.

Given the cash flow forecast for the subject, and considering the subject contract rental rates, as well as the subject size, design, occupancy, shadow anchor, parking availability, location, and age, we believe that an investor would employ a near to slightly above average discount rate for the subject. Considering the property's market position, we have chosen an 10.00% discount rate for the annual cash flow "as is" and “upon completion”. The subject is currently considered to be stabilized. We believe that the rate is appropriate for discounting the 10-year projected cash flow, in consideration of alternative investments with comparable risk available today for the same time period.

Reversion - At the termination of the projected holding period, the selling price for the property at reversion has been estimated based upon the capitalization of the 11th year net operating income.

Capitalization rates from sale comparables contained in the Sales Comparison Approach of this report were available for study.

The capitalization rates are presented as follows:

MARKET ABSTRACTED CAPITALIZATION RATES

Sale Number	Overall Rate
1	7.29%
2	8.59%
3	7.35%
4	7.18%
5	7.20%
Subject 2/16 Sale	7.70%
Average	7.55%

The overall rates range from 7.18% to 8.59%, with an average of 7.55%.

In deriving a proper terminal capitalization rate, an upward adjustment is generally necessary to "going in" overall rates to account for the uncertainty of market conditions after a typical ten year holding period.

Overall, we would expect the subject overall rate to be below the comparable average, considering the subject size, age, location, and tenant mix.

Finally, we have considered the First Quarter 2016 Korpacz Price Waterhouse Coopers national investor survey. For national strip retail properties, the investor survey indicates survey participants using residual capitalization rates ranging from 4.75% to 9.75%, with an average of 6.59%. The average terminal rate has decreased by 11 points in the past quarter and decreased by 60 basis points in the past year.

Considering the market position, design, occupancy history, age, size, and location of the subject, we would expect an above average terminal capitalization rate to be appropriate. The subject could be attractive in a portion of the institutional investment grade market. Based upon review of the adjusted sale in the market in conjunction with the results of the survey of large equity investors, especially the upper end of the range, it has been concluded that a reasonable terminal capitalization rate for the subject would be 8.20%.

"Upon Completion" Discounted Cash Flow Conclusion

The "upon completion" value table on a leased fee basis, as of October 1, 2016, the estimated date of completion of the roof repair, is presented in Exhibit 16.

The subject prospective "upon completion" market value indication, based on an 10.00% discount rate and an 8.20% terminal capitalization rate, is $13,392,000, rounded to $13,390,000.

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period
Present Value as of 10/1/2016

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 9.50%	P.V. of Cash Flow @ 9.75%	P.V. of Cash Flow @ 10.00%	P.V. of Cash Flow @ 10.25%	P.V. of Cash Flow @ 10.50%
Year 1	Sep-2017	$963,547	$879,952	$877,947	$875,952	$873,966	$871,988
Year 2	Sep-2018	1,038,960	866,504	862,561	858,645	854,755	850,892
Year 3	Sep-2019	914,023	696,169	691,423	686,719	682,058	677,439
Year 4	Sep-2020	976,796	679,434	673,265	667,165	661,134	655,171
Year 5	Sep-2021	1,151,898	731,717	723,421	715,238	707,165	699,202
Year 6	Sep-2022	1,194,025	692,674	683,260	673,996	664,878	655,903
Year 7	Sep-2023	919,318	487,043	479,329	471,755	464,318	457,014
Year 8	Sep-2024	1,104,009	534,146	524,489	515,028	505,759	496,677
Year 9	Sep-2025	1,198,701	529,644	518,884	508,366	498,085	488,034
Year 10	Sep-2026	1,269,530	512,273	500,723	489,459	478,473	467,757
Total Cash Flow		10,730,807	6,609,556	6,535,302	6,462,323	6,390,591	6,320,077
Property Resale @ 8.20% Cap		17,973,508	7,252,565	7,089,042	6,929,565	6,774,026	6,622,319
Total Property Present Value			$13,862,121	$13,624,344	$13,391,888	$13,164,617	$12,942,396
Rounded to Thousands			$13,862,000	$13,624,000	$13,392,000	$13,165,000	$12,942,000
Per SqFt			84.91	83.46	82.03	80.64	79.28

Schedule Of Prospective Cash Flow
In Inflated Dollars as of 10/1/2016

For the Years Ending	Year 1 Sep-2017	Year 2 Sep-2018	Year 3 Sep-2019	Year 4 Sep-2020	Year 5 Sep-2021	Year 6 Sep-2022	Year 7 Sep-2023	Year 8 Sep-2024	Year 9 Sep-2025	Year 10 Sep-2026	Year 11 Sep-2027
Potential Gross Revenue											
Base Rental Revenue	$1,176,727	$1,220,293	$1,241,143	$1,304,825	$1,336,580	$1,349,067	$1,416,685	$1,458,666	$1,517,251	$1,570,892	$1,637,849
Absorption & Turnover Vacancy	(15,176)	(8,077)	(45,393)	(48,587)	(4,213)	(17,911)	(68,294)	(58,841)	(54,190)	(43,513)	(43,797)
Base Rent Abatements	(3,958)										
Scheduled Base Rental Revenue	1,157,593	1,212,216	1,195,750	1,256,238	1,332,367	1,331,156	1,348,391	1,399,825	1,463,061	1,527,379	1,594,052
CPI & Other Adjustment Revenue		789	5,308	13,027	30,552	49,843	53,891	67,220	50,921	58,709	98,326
Expense Reimbursement Revenue	702,951	729,511	731,144	753,668	799,391	821,731	796,559	848,877	876,402	908,469	941,023
Total Potential Gross Revenue	1,860,544	1,942,516	1,932,202	2,022,933	2,162,310	2,202,730	2,198,841	2,315,922	2,390,384	2,494,557	2,633,401
General Vacancy	(68,095)	(74,662)	(59,747)	(60,670)	(101,444)	(75,016)	(64,034)	(82,674)	(42,301)	(72,272)	(87,367)
Collection Loss	(18,684)	(19,211)	(19,464)	(20,262)	(21,602)	(21,705)	(22,313)	(23,488)	(23,566)	(24,857)	(26,165)
Effective Gross Revenue	1,773,765	1,848,643	1,852,991	1,942,001	2,039,264	2,106,009	2,112,494	2,209,760	2,324,517	2,397,428	2,519,869
Operating Expenses											
Utilities	41,323	42,563	43,840	45,155	46,509	47,904	49,343	50,821	52,349	53,917	55,535
Insurance	24,794	25,537	26,304	27,092	27,906	28,743	29,605	30,493	31,408	32,350	33,322
Repairs/Maint.	148,763	153,227	157,823	162,559	167,433	172,458	177,630	182,960	188,449	194,102	199,925
Management	70,951	73,945	74,120	77,680	81,570	84,240	84,500	88,391	92,981	95,897	100,795
Administrative	13,224	13,621	14,028	14,450	14,883	15,329	15,790	16,263	16,750	17,255	17,771
Taxes	441,331	454,572	468,208	482,254	496,723	511,624	526,973	542,783	559,064	575,838	593,111
Total Operating Expenses	740,386	763,465	784,323	809,190	835,024	860,298	883,841	911,711	941,001	969,359	1,000,459
Net Operating Income	1,033,379	1,085,178	1,068,668	1,132,811	1,204,240	1,245,711	1,228,653	1,298,049	1,383,516	1,428,069	1,519,410
Leasing & Capital Costs											
Tenant Improvements	29,326	12,021	88,511	87,382	16,852	8,955	216,093	110,589	104,023	87,027	74,765
Leasing Commissions	15,712	8,660	39,830	41,541	7,584	13,988	63,637	52,958	49,384	39,162	33,644
Reserves	24,794	25,537	26,304	27,092	27,906	28,743	29,605	30,493	31,408	32,350	33,322
Total Leasing & Capital Costs	69,832	46,218	154,645	156,015	52,342	51,686	309,335	194,040	184,815	158,539	141,731
Cash Flow Before Debt Service & Taxes	$963,547	$1,038,960	$914,023	$976,796	$1,151,898	$1,194,025	$919,318	$1,104,009	$1,198,701	$1,269,530	$1,377,679

Direct Capitalization

The subject is stabilized, with 98.5% leased occupancy. For stabilized properties, an alternative income capitalization technique is direct capitalization. In direct capitalization, the stabilized net operating income is capitalized by a market derived overall rate. The value of this technique as a check on the discounted cash flow approach lies in its simplicity and directness.

The investor survey for institutional national strip retail properties indicates survey participants are using overall rates ranging from 4.75% to 9.50%, with an average of 6.41%. The investor survey average is 18 basis points lower than the terminal capitalization rate average. The average overall rate has increased by 3 basis points in the past quarter and has decreased by 59 basis points in the past year.

As stated previously, the overall rates from comparables contained in the Sales Comparison Approach of this report range from 7.18% to 8.59%, with an average of 7.55%.

Finally, our discounted cash flow analysis utilized an average terminal capitalization rate of 8.20%. Given the subject's market position, and recent occupancy history, as well as the potential for upside in market rents in the subject market, we believe an investor would employ a capitalization rate approximately 50 basis points lower than the previously derived terminal rate.

Based upon review of the adjusted sales in the market in conjunction with the results of the survey of large equity investors and adjusting for the subject market position, it has been concluded that a reasonable "going in" capitalization rate for the subject would be 7.70%.

Considering how the overall rates were extracted from the comparables, we have not deducted for reserves before capitalization of net operating income.

The pro-forma stabilized net operating income, before reserves, has been projected at $1,033,379 as of October 1, 2016. This is the date of completion of the proposed $500,000 in roof repairs. Utilizing an 7.70% overall rate, the indicated market value of the subject, via direct capitalization, as of October 1, 2016, the estimated date of completion of proposed repairs, is therefore summarized as follows:

DIRECT CAPITALIZATION SUMMARY "UPON COMPLETION"

Net Operating Income	$1,033,379
Capitalization Rate	7.70%
Indicated Value	$13,420,506
Rounded	**$13,420,000**

"Upon Completion" Income Approach Summary

Considering both the discounted cash flow method value conclusion of $13,390,000 and the direct capitalization technique value conclusion of $13,420,000, the reconciled value indication of the Income Approach is **$13,400,000**.

“As Is” - The pro-forma “as is” net operating income, before reserves, has been projected at $1,028,051. Utilizing an 7.70% overall rate, the indicated market value of the subject, via direct capitalization, as of April 15, 2016, is therefore summarized as follows:

DIRECT CAPITALIZATION SUMMARY “AS IS”

Net Operating Income	$1,028,051
Capitalization Rate	7.70%
Indicated Value	$13,351,312
Rounded	$13,350,000
Less Roof Repairs	($500,000)
Adjusted “As Is” Value	**$12,850,000**

CORRELATION AND FINAL VALUE CONCLUSION

The current market value conclusions for the subject from the utilized approaches as of October 1, 2016, assuming completion of pending repairs, as well as April 15, 2016, a current date of value, are restated below:

Value by Cost Approach – Fee Simple:	$13,330,000
Value by Sales Comparison:	$13,320,000
Income Approach – Discounted Cash Flow:	$13,390,000
Income Approach – Direct Capitalization:	$13,420,000
Income Approach – Income Approach – Reconciled:	$13,400,000
Income Approach – "As Is":	$12,850,000

The three traditional methods of valuation were utilized in developing indicators of the subject property's Market Value. All three have been relied upon in formulating our opinion of the subject's value.

The Cost Approach is based on the Theory of Substitution. The Cost Approach often sets the upper limit on value when the subject is relatively new, developed to its Highest and Best Use, and may be quickly and easily duplicated by others. The Cost Approach is a reasonable indicator when the subject is new, the land value is supported by a reliable group of sales, and costs and depreciation estimates are supported by market evidence. In the Cost Approach the value of the site was estimated through an analysis of comparable land sales. To the concluded site value was added the estimated cost of the subject improvements. This approach has various strengths and weaknesses. For mid-aged projects like the subject, the amount of physical deterioration and accrued depreciation is high enough so that its estimation has a limited impact on the Market Value indication. Thus, the Cost Approach was given limited consideration in our market value opinion.

Ground leases and ground leases sales were considered in valuing the 24,700 square foot front outlot.

The Sales Comparison Approach, like the Cost Approach, is based on the Theory of Substitution. It is an estimate of value based upon actual market transactions of similar properties. The strength of the approach lies in its directness. The approach requires the fewest number of estimates by the appraiser. In the Sales Comparison Approach, sales of somewhat similar properties were selected and analyzed to arrive at units of comparison deemed applicable to the subject facility. Sales of buildings somewhat similar to the subject property in terms of size, design, location, and age were generally available. Consequently, the Sales Comparison Approach was given some consideration in arriving at the value conclusion.

The Income Approach is founded on the Principle of Anticipation. The approach is considered most appropriate for properties that are purchased primarily for their income generating potential. In the Income Approach, estimates of gross income, vacancy and collection loss, and applicable expenses were made to arrive at a net income stream. This amount was then discounted and/or capitalized to arrive at an indication of value for the subject property. The Income Approach thus relies on a number of estimates that must be made by the appraiser, including rental estimates, vacancy estimates, expense estimates, and estimates of the proper discount and capitalization rates. Rental rates, expense rates, and discount and capitalization rate estimates were supported with a fairly reliable body of market data. Despite the number of estimates that must be made with this approach, the approach does reflect the calculus of a potential buyer/investor. The Income Approach was given primary consideration in arriving at our “upon completion” and "as is" leased-fee interest value conclusions.

Based upon our investigation as outlined, it is our opinion that the "As Is" Market Value of the subject as of April 15, 2016, is equitably stated as follows:

TWELVE MILLION EIGHT HUNDRED FIFTY THOUSAND DOLLARS
($12,850,000)

Based upon our investigation as outlined, it is our opinion that the "Upon Completion" Market Value of the subject as of October 1, 2016, the estimated date of completion of proposed repairs and replacements, is equitably stated as follows:

THIRTEEN MILLION FOUR HUNDRED THOUSAND DOLLARS
($13,400,000)

Based upon our investigation as outlined, it is our opinion that the hypothetical Market Value of the subject, assuming an extraordinary assumption that all necessary approvals are given for development of a front 24,700 square foot outlot, is equitably stated as follows:

THREE HUNDRED SEVENTY THOUSAND DOLLARS
($370,000)

ASSUMPTIONS AND LIMITING CONDITIONS

1. The appraiser assumes no responsibility for matters legal in nature, nor does he render any opinion as to the title, which is assumed to be marketable.

2. The appraiser assumes that the property will be responsibly owned and properly maintained

3. The appraiser has not made a land survey of the property. The boundaries used in this report are taken from records believed to be accurate. The sketches included in this report are provided to assist the reader in visualizing the property, and no responsibility is assumed for their accuracy.

4. No expert witness testimony or other appearance in court will be required of the appraiser on matters pertaining to this report unless previous arrangements have been made.

5. The allocation of the total value between land and improvements stated in the report is invalid if used separately or in conjunction with any other appraisal. This appraisal is to be used only in its entirety and only for the purpose for which it was prepared.

6. The appraiser assumes that there are no hidden or un-apparent conditions of the property, subsoil, or structures, which would render the property more or less valuable. The appraiser assumes no responsibility for any such conditions or for any engineering surveys, which might be required to discover such conditions.

7. Any information furnished by others and included in this report is from sources deemed to be reliable and believed to be true and accurate, but is in no way guaranteed by The Appraisal Resource Group or its employees.

8. Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is associated, or any reference to the Appraisal Institute of Real Estate Appraisers or the MAI or SRA designation) shall be disseminated to the public through advertising media, news media, sales media or any public means of communication, without the prior written consent and approval of the author.

9. The opinion of value expressed herein is valid only for the stated purpose as of market conditions prevailing as of the date of appraisal.

10. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is specifically stated, defined, and considered in the appraisal report.

11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the report.

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

13. Our Pro-Forma analysis is made under market conditions prevailing as of the effective date(s) of valuation. The appraiser cannot be held responsible for unforeseeable events that may alter market conditions and subsequently influence the outcome of our Pro-Forma.

14. Unless otherwise stated in this report, the existence of hazardous substances which may or may not be present on the subject property, or other environmental conditions, were not called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on, in, or near the subject property unless otherwise stated. The appraiser, however, is not qualified to identify such substances or conditions. If the presence of such substances or conditions may affect the value of the property, the value estimate is predicated on the assumption that there is no such condition on or in the property, or in such proximity thereto that it would cause a loss in value. No responsibility is assumed for such conditions, or for any expertise or knowledge required to discover them.

15. Unless otherwise stated in this report, intangible assets, furniture and fixtures, and other types of personal property are not included in our valuation.

16. We are not qualified to evaluate the subject property's compliance with The Americans With Disabilities Act. Our appraisal assumes that the property is in compliance with the Americans With Disabilities Act.

17. Unless otherwise stated in this report, we have assumed the subject improvements to be structurally sound. No adverse structural conditions were called to the attention of nor did the appraiser become aware of such during the appraiser's inspection. The appraiser, however, is not qualified as a structural engineer. If an adverse structural condition may affect the value of the property, the value estimate is predicated on the assumption that no such condition is present. No responsibility is assumed for such conditions, or for any expertise or knowledge required to discover them.

CERTIFICATION

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

The subject property was personally inspected by Duane M. Debelak.

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

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

As well as can be determined, the statements contained in this appraisal and upon which the opinions expressed herein are based are correct, subject to the limiting conditions set forth.

This appraisal report sets forth all of the limiting conditions imposed by the terms of our assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in this report.

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

No one other than the undersigned prepared the analyses and reviewed the conclusions and opinions concerning the subject property that are set forth in the appraisal report.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, news media, sales media, or any other public means of communication, without express prior written consent and approval of the author.

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

The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs who meet the minimum standards of this program are awarded periodic educational certification. Jeffery Pyzyk is currently certified under the Appraisal Institute's voluntary continuing education program.

The amount of fee received for this assignment is no contingent upon reporting a predetermined value or upon the amount of the value estimate.

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

Previous to the engagement for this assignment, the appraisers have conducted appraisal or consulting work on the subject one time in the past three years.

The appraisers are considered to be competent to appraise the subject property.

As of the date of this report, Duane M. Debelak has completed the continuing education program and Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.

As of the date of this report, Jeffery G. Pyzyk has completed the continuing education program and Standards and Ethics Education Requirements for Designated Members of the Appraisal Institute.

Neither our engagement to make this appraisal (or any future appraisals for this client) nor any compensation thereof are contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

Respectfully submitted,

THE APPRAISAL RESOURCE GROUP, INC.

Duane Debelak

5/31/16

Duane M. Debelak (Date)
Vice President
Wisconsin Certified General Appraiser #628

5/31/16

Jeffery G. Pyzyk, MAI, CRE, FRICS (Date)
President
Wisconsin Certified General Appraiser #41

APPENDIX 1

Full Report

Property Location : **2308 S Green Bay RD**

Owner:

R-O Associates Of Racine
W228N745 Westmound DR
Waukesha, WI 53186-1654

Owner Occupied:
Property Address:
2308 S Green Bay RD
Racine, WI 53406-4922

Map with:
MapQuest
Google Maps

County: Racine
Taxed by: City Of Racine
Taxkey # 23901000

Assessments

Assessment Year	Property Class	Land Assessment	Improvement Assessment	Total Assessment	Percent Of Change	Acres	Ratio
2015	Commercial	$ 4,679,400	$ 8,820,600	$ 13,500,000	0.000		0.992356901
2014	Commercial	$ 4,679,400	$ 8,820,600	$ 13,500,000	0.000		0.998934200
2013	Commercial	$ 4,679,400	$ 8,820,600	$ 13,500,000	0.000		1.035680186
2012	Commercial	$ 4,679,400	$ 8,820,600	$ 13,500,000	0.000		1.004176402
2011	Commercial	$ 4,679,400	$ 8,820,600	$ 13,500,000	-5.594		1.002371724
2010	Commercial	$ 4,679,400	$ 9,620,600	$ 14,300,000	0.000		1.016203080
2009	Commercial	$ 4,679,400	$ 9,620,600	$ 14,300,000	0.000		1.002672380
2008	Commercial	$ 4,679,400	$ 9,620,600	$ 14,300,000	10.000		1.006952053
2007	Commercial	$ 2,729,700	$ 10,270,300	$ 13,000,000	23.810		0.978952952

Taxes

Tax Year	Total Tax	First Dollar	Lottery Credit	Net Tax	Special Taxes	Special Assessment	Special Charges	Full Pay Amount
2015	$414,533.73	$69.09		$414,464.64		$20,996.71		$435,461.35
2014	$393,436.05	$62.34		$393,373.71		$21,189.08		$414,562.79
2013	$393,205.87	$63.74		$393,142.13		$21,850.59		$414,992.72
2012	$384,351.32	$66.35		$384,284.97		$20,325.59		$404,610.56
2011	$343,902.60	$60.77		$343,841.83		$19,911.77		$363,753.60
2010	$340,952.20	$58.02		$340,894.18		$19,627.60		$360,521.78
2009	$325,208.80	$55.71		$325,153.09		$19,038.17		$344,191.26
2008	$311,821.82	$28.14		$311,793.68		$18,523.82		$330,317.50
2007	$280,285.79			$280,285.79		$17,751.08		$298,036.87

Assessor

Building Square Feet : 164201
Bedrooms :
Full Baths :
Half Baths :
Total Rooms :
Number of Stories : 1.00

Year Built : 1987
Year Remodeled :
Effective Year Built :
Air Conditioning : Yes
Fireplace :
Number of Units :

Township :
Range :
Section :
Quarter :
Pool :
Attic :

Building Type : Community Shopping Center
Exterior Wall : Concrete Block
Exterior Condition : Fair
Land Use : 291 Strip/plaza Shopping Centers
Zoning : B2 Community Shopping

Basement :
Heat : Complete Hvac
Garage :
School District : 4620 Racine
Historic Designation :

Legal Description

Ne 1/4 Se 1/4 Sec 23-3-22 + NW 1/4 SW 1/4 Sec 24-3-22 PCL 1 CSM No 1255 Rec Vol 3 CSM PG 652 Exc PT For ST S Green Bay RD

Sales

Conveyance Date : 10/5/2005
Date Recorded : 10/25/2005
Value/Sale Price :
Grantor Name : Ro Associates Of Racine
Transfer Fee :
Grantee Name : Racine County
Document# : 2055825
Conveyance Instrument : Easement
Conveyance Type :

Conveyance Date :
Date Recorded : 2/20/1991
Value/Sale Price :

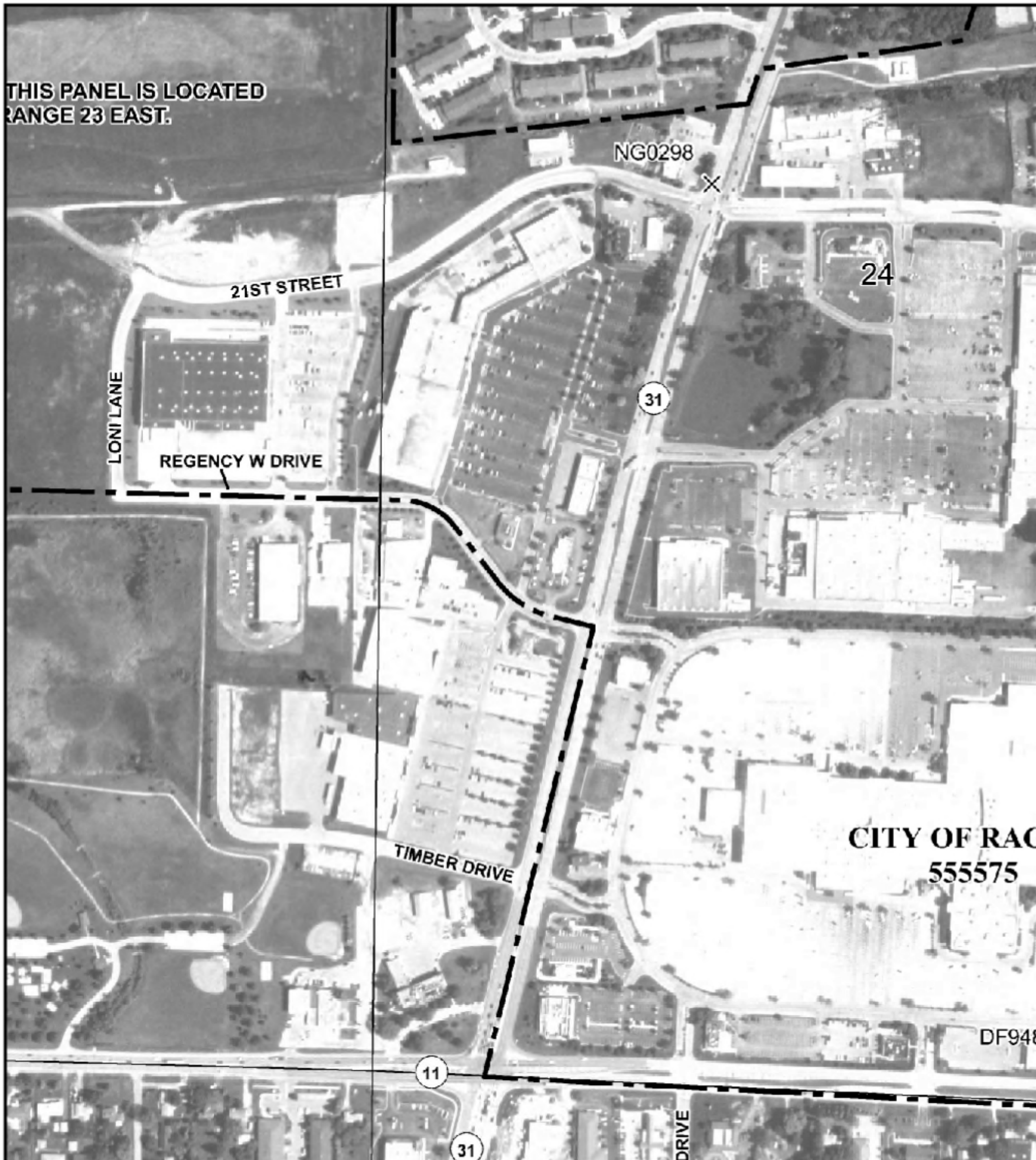
Grantor Name : R-O Associates Of Racine Limited Pa **Transfer Fee :**
Grantee Name : Wisconsin Electric Power Company **Document# :** 1331938
Conveyance Instrument : Easement **Conveyance Type :**

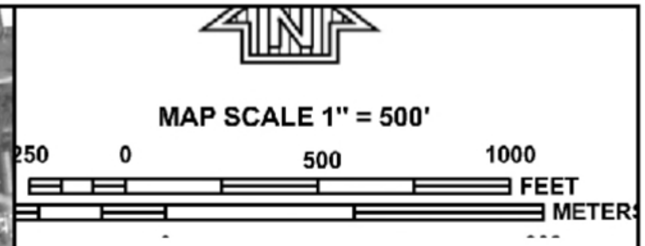
Conveyance Date : **Date Recorded :** 9/14/1990 **Value/Sale Price :**
Grantor Name : R-O Associates Of Racine Limited Pa **Transfer Fee :**
Grantee Name : Wisconsin Bell Inc
Wisconsin Electric Power Company Et **Document# :** 1320462
Conveyance Instrument : Easement **Conveyance Type :**

Conveyance Date : **Date Recorded :** 1/3/1989 **Value/Sale Price :**
Grantor Name : Biogas Development Corporation LTD
R-O Associates Of Racine Limited Pa
Sekao Inc
Oakes Glenn A & Sandra M **Transfer Fee :**
Grantee Name : Racine City Of **Document# :** 1273582
Conveyance Instrument : Quit Claim Deed **Conveyance Type :**

Conveyance Date : **Date Recorded :** 1/6/1988 **Value/Sale Price :**
Grantor Name : R-O Associates Of Racine Limited Pa **Transfer Fee :**
Grantee Name : Wisconsin Electric Power Company **Document# :** 1247555
Conveyance Instrument : Easement **Conveyance Type :**

APPENDIX 2





NATIONAL FLOOD INSURANCE PROGRAM

NFIP

PANEL 0228D

FIRM

FLOOD INSURANCE RATE MAP

RACINE COUNTY, WISCONSIN AND INCORPORATED AREAS

PANEL 228 OF 295

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
MOUNT PLEASANT, VILLAGE OF	550322	0228	D
RACINE, CITY OF	555575	0228	D

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

MAP NUMBER
55101C0228D

EFFECTIVE DATE
MAY 2, 2012

Federal Emergency Management Agency

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes or amendments which may have been made subsequent to the date on the title block. For the latest product information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

APPENDIX 3

Subdivision V. - B2 Community Shopping District[11]

Footnotes:
*--- (**11**) ---*
***Cross reference—** Required improvements in subdivision of land in any residential district, B-1 neighborhood shopping district, B-2 local business district, B-3 commercial district plots, § 86-92.*

Sec. 114-466. - Purpose.

The B2 community shopping district is intended to accommodate the needs of a much larger consumer population than is served by the neighborhood convenience district, thus a wider range of uses and structure sizes is permitted for both daily and occasional shopping.

(Code 1973, § 16.08.050)

Sec. 114-467. - Permitted uses and regulations.

(a) *Uses subject to conditions.* Uses allowed in the B2 community shopping district are subject to the following conditions:

   (1) All business establishments shall be retail or service establishments dealing directly with consumers. All goods produced on the premises shall be sold at retail on the premises where produced except as permitted herein.

   (2) All business, servicing or processing, except for off-street parking or loading, shall be conducted within completely enclosed buildings.

   (3) Establishments of the drive-in type offering goods or services directly to customers waiting in parked motor vehicles are allowed only by conditional use permit.

   (4) Any parking of trucks on land adjacent to residential property shall be screened therefrom by a wall, fence, or densely planted compact hedge, not less than five feet nor more than six feet in height, and having at least 60 percent opacity.

(b) *Permitted uses.* Any use permitted in the B1 district and the following uses shall be permitted in the B2 district, provided that all those permitted uses located in an access corridor overlay district shall comply with article VI of this chapter:

   (1) Commercial recreational facilities (indoor): Amusement centers, bowling alleys, pool halls, swimming pools, skating rinks and dancehalls.

   (2) Antique shops.

   (3) Educational services:

      a. Schools: Music, and business.

      b. Schools: Commercial or business machine, but not trade schools or vocational.

   (4) Automobile accessory stores.

   (5) Blueprinting and photostating establishments.

   (6) Business machine sales and service.

   (7) Carpet and rug stores, retail sales only.

   (8) Catering establishments.

   (9) Clothing and costume rental stores.

(10) Coin and philatelic stores.

(11) Department stores.

(12) Dry cleaning establishments.

(13) Electrical and household appliance stores, including radio and television sales, and repair.

(14) Employment agencies.

(15) Frozen food stores, including locker rental in conjunction therewith.

(16) Furniture stores.

(17) Furrier shops, including the incidental storage and conditioning of furs.

(18) Garden supply, tool, and seed stores.

(19) Hearing aid stores.

(20) Household appliance stores.

(21) Leather goods and luggage stores.

(22) Libraries, museums and art galleries, public.

(23) Locksmith shops.

(24) Mail order, catalog store.

(25) Medical and dental clinics and laboratories.

(26) Musical instrument sales and repair.

(27) Office machine sales and servicing.

(28) Orthopedic and medical appliance stores.

(29) Paint, glass, and wallpaper stores.

(30) Pet shops.

(31) Phonograph record and sheet music stores.

(32) Photography studios, including the developing of film and pictures when conducted as part of the retail business on the premises.

(33) Picture framing, when conducted for retail trade on the premises only.

(34) Radio and television sales, service, and repair shops.

(35) Restaurants, including entertainment and dancing.

(36) Secondhand stores and rummage shops.

(37) Sewing machine sales and service, household appliances only.

(38) Telegraph offices.

(39) Theater, indoor.

(40) Ticket agencies, amusement.

(41) Travel bureaus and transportation ticket offices.

(42) Repair, rental, and servicing of any article the sale of which is a permitted use in the district.

(43) Funeral establishments, including accessory crematories, which comply with the following conditions:

a. That the unloading of bodies to be cremated be inside a building;

b. That all cremation operations be within an enclosed building;

c. That the cremation business not eliminate any required parking;

d. That no noises from the cremation operations be audible on adjacent residential properties;

e. That no odor emanate from the cremation operations;
f. That the cremation operations comply with all air pollution standards;
g. That the crematory be maintained in good operating condition;
h. That all codes and ordinances be complied with and required permits acquired; and
i. That all cremains, ashes and residue be disposed of off-site in a dignified manner.

(44) Hardware stores.
(45) Home centers, not including outdoor storage or sales.
(46) Packaged alcohol beverages.
(47) Food stores, grocery stores, meat markets, and delicatessens including the sale of packaged alcohol beverages.
(48) Class 2 non-commercial-type uses as defined in section 114-1.

(Code 1973, § 16.08.050(a), (b); Ord. No. 31-90, pt. 5, 9-18-90; Ord. No. 4-02, pt. 2, 3-19-02; Ord. No. 12-10, pt. 5, 7-6-10; Ord. No. 03-15, pt. 4, 4-8-15; Ord. No. 12-15, pt. 1, 12-15-15)

Sec. 114-468. - Conditional uses.

Any use allowed as a conditional use in the B1 district shall be allowed in the B2 district, and in addition, the following:

(1) Animal hospitals and kennels (enclosed).
(2) Automobile service stations.
(3) Bus stations and terminals.
(4) Garages for storage, repair, and servicing of motor vehicles.
(5) Hotels and motels.
(6) Parking garages or structures, other than accessory, for the storage of private passenger automobiles only.
(7) Radio and television stations and studios.
(8) Recreation buildings and community centers.
(9) Drive-in establishments.
(10) Any permitted use or uses located on a zoning lot of four or more acres.
(11) A brewery, a brewery with a restaurant, or a brew pub, each as defined by Wis. Stat. §§ 125.29 and 125.295, and producing less than 1,000 barrels per year.
(12) Retail and/or service uses whose primary business does not involve dealing directly with consumers at the establishment.
(13) Flea market (indoor).
(14) Physical fitness centers, including physical culture and health services gymnasiums.
(15) Electrical, plumbing, heating and air conditioning showrooms, including limited storage and shop area.
(16) Printing and publishing, including newspaper, letter press, business cards, mimeographing and other similar job printing services having not more than five employees.
(17) Used automobile sales, which are accessory to the storage, repair, and servicing of automobiles, including automobile service stations, provided the used auto sales do not limit vehicular access to and on the site, do not interfere with the storage, repair, and servicing business (the principal

use) and when combined with the principal use, complies with city codes and ordinances and state regulations.

(18) Adult entertainment uses.

(19) Car wash.

(20) Pawnbroker businesses, provided that no other pawnbroker business is located within 2,500 feet and the business is located at least 250 feet from a residential district.

(21) Recycling drop-off sites.

(22) Access corridor overlay district.

(23) Mixed use development in an existing building having a minimum of 5,000 square feet of floor area (including all floors except the basement). The uses allowed shall be determined by the plan commission not to be detrimental to the surrounding properties and uses.

(24) Charitable meal establishment.

(25) Body piercing establishments.

(26) Tattoo establishments.

(27) Convenient-cash businesses, provided that no other convenient-cash business is located within 2,500 feet and the business is located at least 250 feet from a residential district.

(28) Uses as described in subsection 114-825(b).

(Code 1973, § 16.08.050; Ord. No. 31-90, pt. 2, 9-18-90; Ord. No. 33-90, pt. 1, 9-18-90; Ord. No. 25-94, pt. 1, 12-6-94; Ord. No. 9-98, pt. 2, 7-21-98; Ord. No. 17-98, pt. 2, 10-6-98; Ord. No. 25-06, pt. 2, 7-28-06; Ord. No. 4-07, pt. 2, 5-1-07; Ord. No. 07-08, pt. 3; Ord. No. 8-12, pt. 1, 8-15-12; Ord. No. 05-13, pt. 1, 2-20-13; Ord. No. 03-15, pts. 5, 6, 4-8-15; Ord. No. 12-15, pt. 2, 12-15-15)

Charter ordinance reference—Location of gasoline service stations, restricted, § 5-9.

Sec. 114-469. - Lot size requirements.

In the B2 district, there shall be no minimum lot area requirements, except for permanent dwelling units which shall provide 2,400 square feet of lot area per dwelling unit.

(Code 1973, § 16.08.050(d))

Sec. 114-470. - Yard requirements.

(a) *Generally.* Residential structures in the B2 community shopping district shall provide yards as specified in the R4 general residence district, section 114-330. However, nonresidential uses are not required to provide yards except for transitional yards as provided in subsection (b) of this section.

(b) *Transitional yard requirements.* No building or structure in the B2 district shall be located within 100 feet of a residence district boundary line, unless such building or structure is effectively screened from such residence district property by a wall, fence, or densely planted compact hedge, not less than five feet nor more than eight feet in height; in the event of such screening, the transitional yard requirements specified in the B1 district shall apply in the B2 district. The zoning administrator may waive this requirement if the structure, use, or building is already effectively screened by natural topography or existing screening comparable to the types mentioned.

(Code 1973, § 16.08.050(e))

Sec. 114-471. - Floor area ratio.

In the B2 district, floor area ratio shall not exceed 4.0.

(Code 1973, § 16.08.050(f))

Sec. 114-472. - Signs.

Signs in the B2 district shall be subject to the regulations contained in article X of this chapter.

(Code 1973, § 16.08.050(g))

Sec. 114-473. - Off-street parking and loading requirements.

Off-street parking and loading facilities in the B2 district shall be provided in accordance with article XI of this chapter.

(Code 1973, § 16.08.050(h))

Secs. 114-474—114-485. - Reserved.

APPENDIX 4

Property Summary Report

Timing & Inflation	
Reporting Period:	May 1, 2016 to April 30, 2026; 10 years
Inflation Month:	Analysis Start
General Inflation Rate:	3.00%
Property Size & Occupancy	
Property Size:	163,252 Square Feet
Alternate Size:	1 Square Foot
Number of rent roll tenants:	17
Total Occupied Area:	160,752 Square Feet, 98.47%, during first month of analysis
General Vacancy	
Method:	Percent of Potential Gross Revenue
Rate:	3.50% for 1 year
	5.00% thereafter
Based On:	Tenant Groups
Affect Primary Rate As:	Replace
Included Groups:	0.00% for Credit Tenants, Excluded Upon Rollover
Credit & Collection Loss	
Method:	Percent of Potential Gross Revenue
Rate:	1.00%
Property Purchase & Resale	
Purchase Price:	-
Resale Method:	Capitalize Net Operating Income
Cap Rate:	8.20%
Cap Year:	Year 11
Commission/Closing Cost:	$539,425
Net Cash Flow from Sale:	$17,441,416
Present Value Discounting	
Discount Method:	Annually (Endpoint on Cash Flow & Resale)
Unleveraged Discount Rate:	10.00%
Unleveraged Present Value:	$13,107,492 at 10.00%

Software : ARGUS Ver. 13.2 (Build: 13000-H)
File : Regency Point
Property Type : Office & Retail
Portfolio :

Date : 4/21/16
Time : 2:15 pm
Ref# : AEB
Page : 1

Regency Point
2308 S. Green Bay Road
Racine, WI

For the Year Ending 4/30/17
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 5/01/16

MLA Categories		$17.00N TI	$9.00N TI 1	$15.00N TI	$8.50 G TI	$13.00N TI	$5.00N TI 1
Renewal Probability		70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Market Rent		$/SqFt/Yr	$/SqFt/Yr	$/SqFt/Yr	$/SqFt/Yr	$/SqFt/Yr	$/SqFt/Yr
	New:	17.00	9.00	15.00	8.50	13.00	5.00
	Renewal:	17.00	9.00	15.00	8.50	13.00	5.00
	Result:	17.00	9.00	15.00	8.50	13.00	5.00
Months Vacant	New:	6.00	6.00	6.00	6.00	6.00	6.00
	Renewal:	0	0	0	0	0	0
	Rounded:	2	2	2	2	2	2
Tenant Improvements		$/SqFt	$/SqFt	$/SqFt	$/SqFt	$/SqFt	$/SqFt
	New:	10.00	10.00	10.00	0.00	10.00	10.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	3.00	3.00	3.00	0.00	3.00	3.00
Leasing Commissions		Lease Yr %	Lease Yr %	Lease Yr %	Lease Yr %	Lease Yr %	Lease Yr %
	New:	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Renewal:	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
	Result:	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
		3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Rent Abatements	New:	0.00	0.00	0.00	0.00	0.00	0.00
	Renewal:	0.00	0.00	0.00	0.00	0.00	0.00
	Result:	0.00	0.00	0.00	0.00	0.00	0.00

(continued on next page)

Regency Point
2308 S. Green Bay Road
Racine, WI

For the Year Ending 4/30/17
Market Leasing Assumption Results
In Inflated Dollars for the Fiscal Year Beginning 5/01/16

Non-Weighted Items						
Rent Changes	Yes	Yes	Yes	Yes	Yes	Yes
Retail Rent Changes						
Reimbursements	Net	Net	Net	None	Net	Net
Term Lengths	5 Years	5 Years	5 Years	5 Years	5 Years	5 Years
Term Overrides	No	No	No	No	No	No

Regency Point
2308 S. Green Bay Road
Racine, WI

Individual Tenant Cash Flow & Summary
Harbor Freight Tools, Suite 2380, 15,969 Square Feet, Market Leasing $9.00N TI 10/0

For the Years Ending	Year 1 Apr-2017	Year 2 Apr-2018	Year 3 Apr-2019	Year 4 Apr-2020	Year 5 Apr-2021	Year 6 Apr-2022	Year 7 Apr-2023	Year 8 Apr-2024	Year 9 Apr-2025	Year 10 Apr-2026	Year 11 Apr-2027
Tenant Potential Gross Revenue											
Base Rental Revenue	$66,538										
Absorption & Turnover Vacancy											
Base Rent Abatements											
Scheduled Base Rental Revenue	66,538										
Base Rental Step Revenue											
Porters' Wage Revenue											
Miscellaneous Rental Revenue											
CPI & Other Adjustment Revenue											
Parking Revenue											
Retail Sales Percent Revenue											
Expense Reimbursement	47,707										
Non-Refundable Deposits											
Earned Interest											
Total Potential Gross Revenue	114,245										
Leasing & Capital Costs											
Tenant Improvements											
Leasing Commissions											
Security Deposits											
Investment of Capital											
Distribution from Investment											
Deposit Refund											
Total Leasing & Capital Costs											
Tenant Potential Net Cash Flow	$114,245										

For This Tenant	
Lease Expiration Date	12/16
Potential Market Rent per SqFt	9.00
Scheduled Base Rent per SqFt	4.17
Retail Sales per SqFt	
Deposit Balance	
Average Occupancy	10,646.00

Regency Point
2308 S. Green Bay Road
Racine, WI

Individual Tenant Cash Flow & Summary
Harbor Freight Tools, Suite 2380, 15,969 Square Feet, Market Leasing $9.00N TI 10/0

For the Years Ending	Year 1 Apr-2017	Year 2 Apr-2018	Year 3 Apr-2019	Year 4 Apr-2020	Year 5 Apr-2021	Year 6 Apr-2022	Year 7 Apr-2023	Year 8 Apr-2024	Year 9 Apr-2025	Year 10 Apr-2026	Year 11 Apr-2027
Tenant Potential Gross Revenue											
Base Rental Revenue	$36,622	$109,867	$109,867	$109,867	$109,867	$73,244					
Absorption & Turnover Vacancy											
Base Rent Abatements											
Scheduled Base Rental Revenue	36,622	109,867	109,867	109,867	109,867	73,244					
Base Rental Step Revenue											
Porters' Wage Revenue											
Miscellaneous Rental Revenue											
CPI & Other Adjustment Revenue											
Parking Revenue											
Retail Sales Percent Revenue											
Expense Reimbursement	23,853	73,706	75,841	78,085	80,678	55,375					
Non-Refundable Deposits											
Earned Interest											
Total Potential Gross Revenue	60,475	183,573	185,708	187,952	190,545	128,619					
Leasing & Capital Costs											
Tenant Improvements											
Leasing Commissions											
Security Deposits											
Investment of Capital											
Distribution from Investment											
Deposit Refund											
Total Leasing & Capital Costs											
Tenant Potential Net Cash Flow	$60,475	$183,573	$185,708	$187,952	$190,545	$128,619					

For This Tenant	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11
Lease Expiration Date						12/21					
Potential Market Rent per SqFt	9.00	9.27	9.55	9.83	10.13	10.43					
Scheduled Base Rent per SqFt	2.29	6.88	6.88	6.88	6.88	4.59					
Retail Sales per SqFt											
Deposit Balance											
Average Occupancy	5,323.00	15,969.00	15,969.00	15,969.00	15,969.00	10,646.00					

Regency Point
2308 S. Green Bay Road
Racine, WI

Individual Tenant Cash Flow & Summary
Harbor Freight Tools, Suite 2380, 15,969 Square Feet, Market Leasing $9.00N TI 10/0

For the Years Ending	Year 1 Apr-2017	Year 2 Apr-2018	Year 3 Apr-2019	Year 4 Apr-2020	Year 5 Apr-2021	Year 6 Apr-2022	Year 7 Apr-2023	Year 8 Apr-2024	Year 9 Apr-2025	Year 10 Apr-2026	Year 11 Apr-2027
Tenant Potential Gross Revenue											
Base Rental Revenue						$40,242	$120,726	$120,726	$120,726	$120,726	$144,867
Absorption & Turnover Vacancy											(32,192)
Base Rent Abatements											
Scheduled Base Rental Revenue						40,242	120,726	120,726	120,726	120,726	112,675
Base Rental Step Revenue											
Porters' Wage Revenue											
Miscellaneous Rental Revenue											
CPI & Other Adjustment Revenue											
Parking Revenue											
Retail Sales Percent Revenue											
Expense Reimbursement						27,689	85,374	88,272	90,762	93,527	80,457
Non-Refundable Deposits											
Earned Interest											
Total Potential Gross Revenue						67,931	206,100	208,998	211,488	214,253	193,132
Leasing & Capital Costs											
Tenant Improvements											64,383
Leasing Commissions											28,972
Security Deposits											
Investment of Capital											
Distribution from Investment											
Deposit Refund											
Total Leasing & Capital Costs											93,355
Tenant Potential Net Cash Flow						$67,931	$206,100	$208,998	$211,488	$214,253	$99,777
For This Tenant											
Lease Expiration Date											12/26
Potential Market Rent per SqFt						10.43	10.75	11.07	11.40	11.74	12.10
Scheduled Base Rent per SqFt						2.52	7.56	7.56	7.56	7.56	7.06
Retail Sales per SqFt											
Deposit Balance											
Average Occupancy						5,323.00	15,969.00	15,969.00	15,969.00	15,969.00	13,307.50

Regency Point
2308 S. Green Bay Road
Racine, WI

Occupancy Rates - Occupied Total
Physical Occupancy Based on Absorption & Turnover Vacancy Assumptions

For the Years Ending	Year 1 Apr-2017	Year 2 Apr-2018	Year 3 Apr-2019	Year 4 Apr-2020	Year 5 Apr-2021	Year 6 Apr-2022	Year 7 Apr-2023	Year 8 Apr-2024	Year 9 Apr-2025	Year 10 Apr-2026	Year 11 Apr-2027
Square Feet Occupied											
May	160,752.00	156,711.00	163,252.00	136,252.00	162,035.00	163,252.00	160,752.00	162,102.00	161,152.00	139,355.00	163,252.00
June	160,752.00	156,711.00	163,252.00	163,252.00	162,035.00	163,252.00	160,752.00	163,252.00	134,152.00	163,252.00	163,252.00
July	160,752.00	161,852.00	163,252.00	163,252.00	163,252.00	163,252.00	156,711.00	163,252.00	136,252.00	162,035.00	163,252.00
August	160,752.00	161,852.00	163,252.00	163,252.00	163,252.00	163,252.00	156,711.00	163,252.00	163,252.00	162,035.00	163,252.00
September	160,752.00	162,052.00	163,252.00	161,747.00	158,261.00	163,252.00	161,852.00	163,252.00	163,252.00	163,252.00	163,252.00
October	160,752.00	160,512.00	163,252.00	161,747.00	158,261.00	163,252.00	161,852.00	163,252.00	163,252.00	163,252.00	163,252.00
November	160,752.00	161,712.00	163,252.00	163,252.00	163,252.00	163,252.00	162,052.00	163,252.00	161,747.00	158,261.00	163,252.00
December	160,752.00	163,252.00	163,252.00	163,252.00	163,252.00	163,252.00	160,512.00	163,252.00	161,747.00	158,261.00	163,252.00
January	160,752.00	163,252.00	163,252.00	163,252.00	163,252.00	163,252.00	161,712.00	163,252.00	163,252.00	163,252.00	147,283.00
February	160,752.00	162,102.00	163,252.00	139,355.00	163,252.00	163,252.00	108,252.00	163,252.00	163,252.00	146,010.00	147,283.00
March	160,752.00	162,102.00	163,252.00	139,355.00	163,252.00	163,252.00	108,252.00	163,252.00	163,252.00	146,010.00	163,252.00
April	160,752.00	163,252.00	136,252.00	163,252.00	163,252.00	163,252.00	162,102.00	163,252.00	139,355.00	163,252.00	163,252.00
Average Occupied For The Year	160,752.00	161,280.17	161,002.00	156,768.33	162,217.33	163,252.00	151,792.67	163,156.17	156,159.75	157,352.25	160,590.50

APPENDIX 5

BMO Harris Bank	# Appraisal Engagement Contract

Date Awarded: 5/10/2016 **Project Number:** 16-000417-01

Appraiser Name:	Jeff Pyzyk, MAI, CRE, FRICS.
Appraiser Company:	The Appraisal Resource Group
Address:	225 E. Mason St.,, #402, Milwaukee, WI 53202

Phone: 414-271-9890 **Fax:** **Email:** appraisalresourcegroup@msn.com

Property/Project Name:	MARC Realty
Property Address:	2308 S Green Bay Road, Racine, WI 53406
Property Type:	Shopping Center, Other
Property Description:	The subject is comprised of a 163,252 net rentable square foot retail center built in 1988. The shopping center improvements are located on 17.904 acres of land. The center is 98.5% leased,with 2,500 square feet of vacant space. The subject is anchored by a 55,000 square foot Hobby Lobby, a 23,897 square foot Bed Bath & Beyond, and a 27,000 square foot TJ Maxx.

Access/Contact Info:	Jorge Salamanca, Property Contact	**Phone:**	312-884-5490
Email:	JSalamanca@MarCRealty.com	**Alt. Phone:**	773-842-1298

Please accept this document as your authorization to develop an appraisal of the referenced property on behalf of BMO Harris Bank N.A. hereinafter referred to as "the Bank". This engagement is subject to the following:

- The specific terms and conditions outlined in the Request for Proposal (RFP) in RIMS including, but not limited to, the Comments section and any other attached Reference Documents;
- The Bank's Commercial Real Estate Appraisal Guidelines; and
- Any specific requirements set forth in this engagement contract document.

Total Appraisal Fee: $2,000, inclusive of all costs necessary to complete the appraisal assignment and report.

Delivery Due Date: 5/27/2016

Delivery Requirements: Within two (2) business days of the award date, submit any requests for information to the property contact and arrange for a property inspection. If you have not received all required information within day of the award date, or if at any time you believe the report may be delayed, contact the Job Manager noted herein. **Upload an electronic copy of the entire signed appraisal report in a "read only" format (Adobe "PDF") to the RIMSCentral website on or before the delivery due date.** The RIMSCentral web address is http://www.rimscentral.com. If the complete copy of the report cannot be uploaded, please contact support at CREASU.rimssupport@harrisbank.com.

Address the Report and/or Questions to the CREASU Job Manager:

Timothy Rooney
111 W. Monroe Street
4 C/2800
Chicago, IL 60603
Phone: 312-461-2273
Fax: 312-293-5846
Email: timothy.rooney@bmo.com

Number of Hard Copies of Report (Please deliver <u>ONLY AFTER</u> you receive notice from Job Manager that report has been reviewed & approved):	0

Scope of Work

Intended User:	See RFP for details.
Intended Use:	See RFP for details.
Value(s) Requested:	Market Value - As-Is (Leased Fee) Prospective Market Value - Upon Completion (Leased Fee) Prospective Market Value - Upon Stabilization (Leased Fee) Hypothetical Market Value - Upon Completion (Leased Fee)
Report Type:	Self-Contained
Report Format:	Narrative
Valuation Approaches:	See RFP for details.
Inspection Requirements:	See RFP for details.
Special Conditions:	The prospective market value upon completion is to include the renovation of the roof. The prospective market value upon stabilization is to consider the out lot parcel being held in a ground lease. The hypothetical market value upon completion considers the sale of the out lot parcel. In all cases the value of the main property must be reported along with the separate value of the ground lease parcel and sale of the out lot.

Invoice Requirements

To ensure prompt payment of your professional fee, please see RFP for details.

Acceptance and Agreement

By accepting this award electronically, you agree to the terms of this engagement contract including terms set forth in documents incorporated herein by reference, and that this engagement contract accurately represents your understanding of this appraisal assignment and the specifications pertaining thereto. **Please include a copy of this engagement contract and evidence of your state certification in the addenda of the appraisal report**.

Additional Requirements / Conditions

The appraisal must be prepared in compliance with FIRREA Regulations and the Uniform Standards of Professional Appraisal Practice (USPAP). The appraisal must also conform to the Bank's Commercial Real Estate Appraisal Guidelines.

Overall, ensure that the level of data and analysis is sufficient to produce a credible value, and that the type and extent of analysis is properly disclosed.

It is a specific requirement that: (1) your value estimate of the above-referenced property be based on and conform to the definition of "Market Value" contained in Title XI of the Financial Institution Reform, Recovery and Enforcement Act of 1989, and regulations promulgated by relevant regulatory agencies pursuant to that act (collectively, "FIRREA"), and (2) the definition of "Market Value" contained in FIRREA be stated in the appraisal report. Unless specifically requested herein, there must be no reference(s) whatsoever in the appraisal report to any other technically recognized perceptions of and/or modifications to value, such as "Fair Value", "Use Value", "Liquidation Value" or any other such term(s) that might be construed or interpreted to be an alternative to, a substitute for, or synonymous with Market Value as defined in FIRREA.

You are acting in this capacity as an independent contractor and you are not authorized to represent yourself as an employee or agent of the Bank. You agree to comply with the Confidentiality section of the Ethics Rule of USPAP in regards to any data furnished by the Bank or the Bank's customer in connection with this assignment.

Any request for the extension of the report delivery date must be in writing and should be faxed or e-mailed to the Job Manager noted herein as soon as possible (generally requests should only be made when reasons for delay are attributable to either our customer or our own bank personnel). Please be aware that unless we have given prior approval to your request for an extension, a late charge may be assessed at the rate of 10% of the total fee for receipt of your appraisal report by our office on the first business day following the due date and 5% per day thereafter. This charge is in the nature of liquidated damages, and you agree that it represents a reasonable estimate of loss and not a penalty.

It is imperative that you contact the Job Manager noted herein immediately if the property contact has been unresponsive and/or the delivery of the necessary information to complete this assignment is being delayed. It must be emphasized that your failure to comply with this directive will eliminate the lack of necessary property information as an acceptable reason for late delivery.

The Bank reserves the right to provide copies of the appraisal report (in its entirety) to interested parties, including the Bank's agents, subsidiaries, affiliates, and their successors; the borrower(s); and existing and/or potential loan participants or purchasers. During this appraisal assignment, neither the value conclusion nor any other aspect of the valuation should be released to anyone other than the Job Manager noted herein or another member of the Bank's Commercial Real Estate Appraisal Services Unit. Please contact the Job Manager noted herein if you have any questions or comments regarding this assignment.

APPENDIX 6

QUALIFICATIONS OF

JEFFERY G. PYZYK, MAI, CRE, FRICS

Professional Position

President of The Appraisal Resource Group, Inc. Proficient in all phases of commercial real estate valuation and evaluation, including appraisal, feasibility analysis, market study, and investment analysis. Areas of specialized expertise include income property appraisal and analysis, and business enterprise valuations involving special purpose real estate.

Authorizations and Certifications

Member of the Appraisal Institute (MAI) #8686
Fellow, Royal Institute of Chartered Surveyors (FRICS)
Counselor of Real Estate (CRE)
Certified General Appraiser (CGA), State of Wisconsin #41

Education

Master of Science - Business, Real Estate Appraisal and Investment Analysis,
University of Wisconsin, Madison, 1985.

Master of Business Administration - Finance. Investments, and Banking,
University of Wisconsin, Madison, 1985.

Bachelor of Business Administration - Marketing, Economics,
University of Wisconsin, Madison, 1982.

Seminars and Related Coursework

Business Enterprise Valuation
Defining and Allocating Going Concern Value Components
Valuation of Credit Tenant Leased Properties
Public Markets for Real Estate: Public Equity and Debt
Uniform Standards of Professional Practice
Advanced Consulting and Appraisal of Historic Properties
The Appraiser as Expert Witness
CI 101: Financial Analysis for Commercial Investment Real Estate
2-4 Family Finesse
The Cost Approach
Business Practices and Ethics
CI 103: User Decision Analysis for Commercial Investment Real Estate
Major Land Use Laws in Wisconsin
Fair Lending and the Appraiser
Appraising Special Purpose Properties
Advanced Writing Skills for the Appraiser
The Internet and Appraising
Appraising From Blueprints and Specifications

Seminars and Related Coursework (Continued)

Appraisal of Farm and Rural Properties
Appraisal of Apartment Buildings
Financial Valuation
FNMA Multifamily Appraisal Issues
Condominiums/Market and Submarket Analysis

Professional Experience

1991 - Present	President and Founder of The Appraisal Resource Group, Inc. Milwaukee, Wisconsin
1989-1991	Assistant Vice President and Manager of Real Estate Professional Services, Valuation Research Corporation, Milwaukee, Wisconsin.
1985-1989	Senior Appraiser, Appraiser, Valuation Research Corporation, Milwaukee, Wisconsin.
1984, 1985	Real Estate Analyst, Kohner Properties, Inc. St. Louis, Missouri. Coordinated renovations of apartment projects. Performed Pro-forma investment analyses. Conducted a feasibility study on a major historic property.

Court Testimony

Expert Witness, State of Wisconsin Circuit Court, Waukesha County
Expert Witness, State of Wisconsin Circuit Court, Milwaukee County Expert
Witness, U.S. District Bankruptcy Court, Milwaukee, Wisconsin Expert Witness,
U.S. District Bankruptcy Court, Madison, Wisconsin Expert Witness, State of
Wisconsin Tax Commission, Madison, Wisconsin Expert Witness, Milwaukee Board
of Assessment

Professional Affiliations

Active Member of the Appraisal Institute
Fellow, Royal Institute of Chartered Surveyors
Active Member of the Counselors of Real Estate
University of Wisconsin Real Estate Alumni Association
University of Wisconsin School of Business Alumni Association Member of
Wisconsin Commercial Association of Realtors
CCIM Candidate, Commercial Investment Real Estate Institute

EXPIRES: 12/14/2017

NO. 41 - 10

The State of Wisconsin
Department of Safety and Professional Services

Hereby certifies that

JEFFERY G PYZYK

was granted a certificate to practice as a

CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT

in the State of Wisconsin in accordance with Wisconsin Law
on the 23rd day of September in the year 1991.
The authority granted herein must be renewed each biennium by the granting authority.
In witness thereof, the State of Wisconsin
Department of Safety and Professional Services
has caused this certificate to be issued under
its official seal.

Secretary

This certificate was printed on the 4th day of December in the year 2015

QUALIFICATIONS OF

DUANE M. DEBELAK

Professional Position

Vice President of the Appraisal Resource Group, Inc. Proficient in all areas of commercial real estate valuation, including appraisal, feasibility, investment, and market analysis.

Authorizations and Certifications

Certified General Appraiser, State of Wisconsin #628 (CGA)

Practicing Affiliate of the Appraisal Institute

Education

Master of Science - Business, Real Estate Appraisal and Investment Analysis, University of Wisconsin, Madison, 1992.

Classes Completed:

- Advanced Real Estate Appraisal
- Feasibility Analysis
- Market Analysis
- Equity Investment
- Real Estate Transactions
- Commercial Real Estate Development
- Contemporary Real Estate Analysis
- Real Estate Negotiations
- Asset Management
- Urban Land Economics

Bachelor of Business Administration - Real Estate and Urban Development, University of Wisconsin, Milwaukee, 1990.

As a practicing affiliate of the Appraisal Institute, has satisfied the following professional course requirements of the Institute:

110	Appraisal Principles
120	Appraisal Procedures
310	Basic Income Capitalization
320	General Applications
410	Standards of Professional Practice, Part A
420	Standards of Professional Practice, Part B
510	Advanced Income Capitalization
520	Highest and Best Use and Market Analysis

Professional Experience

1994 - Present	Vice President, Appraisal Resource Group, Inc. Milwaukee, Wisconsin
1992 - 1994	Senior Appraiser, Appraisal Resource Group, Inc. Milwaukee, Wisconsin
1991 - 1992	Commercial Appraiser, Appraisal Resource Group, Inc. Milwaukee, Wisconsin

Court Testimony

Expert Witness	State of Wisconsin Circuit Court, Dane County
Expert Witness	Oak Creek Board of Assessment

Major Clients Served

Allstate Insurance Co.	Allianz Life Insurance Co.
AMCCU Credit Union	American National Bank
Associated Bank	Associated Commercial Mortgage
Bank of America	Bank One N.A. (Chase Bank)
Berkshire Mortgage Co.	Bldg. Trades United Pension Fund
Catholic Family Life Ins. Co.	CitiBank
Citicorp Real Estate, Inc.	Collateral Mortgage Co.
Dept. of Housing and Urban Dev.	Dover House Capital
Equitable Investment Services	Equitable of Iowa
Emmes Capital	FGB Realty Advisors, Inc.
Firstar Bank (US Bank)	First Bank of Missouri
Foley & Lardner	Foundations Bank
GMAC Commercial Mortgage	Great Northern Annuity
Harris Bank	Heller Financial (GE)
Hinsdale Bank & Trust	Horicon Bank
Indianapolis National Bank	Inland Real Estate
Investors Bank	Johnson Bank
JP Morgan	Key Bank
LaSalle National Bank (ABN Amro)	Marshall & Ilsley M & I Bank
Mercantile-Safe Deposit & Trust	Metropolitan Life Insurance Co.
Michael, Best & Friedrich	Michigan National Corp.
Mutual of Omaha Life Ins. Co.	National Exchange Trust
Northwestern Mutual. Life	Park Bank
Principal Life Ins. Co.	Resolution Trust Corporation
Richter-Schroeder Company, Inc.	Ridgestone Bank
Saint Francis Bank (Bank Mutual)	State Financial Bank (Assoc. Bank)
Suburban National Bank	Transcontinental Corporation
Tri City National Bank	TCF Bank fsb
Union Labor Life Insurance Co.	US Bank
Washington Mortgage Financial Grp.	Weil, Gotshal & Mangies
Weis, Berzowski, Brady & Donahue	West Allis Savings Bank

EXPIRES: 12/14/2017

NO. 628 - 10

The State of Wisconsin
Department of Safety and Professional Services

Hereby certifies that

DUANE M DEBELAK

was granted a certificate to practice as a

CERTIFIED GENERAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT

in the State of Wisconsin in accordance with Wisconsin Law on the 25th day of August in the year 1994.

The authority granted herein must be renewed each biennium by the granting authority.

In witness thereof, the State of Wisconsin Department of Safety and Professional Services has caused this certificate to be issued under its official seal.

STATE OF WISCONSIN ★ DEPT. OF SAFETY AND PROFESSIONAL SERVICES ★ FORWARD

This certificate was printed on the 16th day of December in the year 2015