

Evaluation of the Messenger Industrial Complex as a potential real estate investment.

Landmark Research, Inc.

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**EVALUATION OF THE MESSENGER INDUSTRIAL COMPLEX
AS A POTENTIAL REAL ESTATE INVESTMENT**

**PREPARED FOR
STATE OF WISCONSIN INVESTMENT BOARD**

**PREPARED
BY
LANDMARK RESEARCH, INC.**

*Landmark
Research
Inc.*

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Inc.

September 6, 1989

Jean B. Davis, President
James A. Graaskamp, 1933-1988

David Lewandowski
Due-Diligence Officer
State of Wisconsin Investment Board
P.O. Box 7842
Madison, Wisconsin 53707

RE: EVALUATION OF THE MESSENGER INDUSTRIAL COMPLEX AS A POTENTIAL
REAL ESTATE INVESTMENT

Dear Mr. Lewandowski:

With this letter, Landmark Research, Inc. is submitting our evaluation of the Messenger Industrial Complex located in Des Plaines, Illinois. This evaluation is based upon a visual review of the subject property, its neighborhood, and a sampling of the competition recently completed by our colleagues, Michael Morey and Tom Klein of Oakbrook Realty Advisors, Inc. and upon information obtained by them from interviews with Chicago area brokers, developers, and investors regarding the Chicago industrial market. A preliminary report was presented verbally to the State of Wisconsin Investment Board staff prior to the finalizing of this report. Our evaluation, recommendations, and conclusions are subject to the assumptions and limiting conditions found in the Appendix of this report.

A review and analysis of the information submitted by the L.J. Melody & Company organization and of our independent materials and resources have led us to the conclusion that the Messenger Industrial Complex is suitable as a long term real estate investment for the State of Wisconsin Investment Board, barring any major upheaval in the United States economy. The submarket for this type of property has been strong, and although growth may slow in the future, this property is priced appropriately and will remain rent competitive, given the limited supply of vacant industrial sites in Des Plaines and the increasingly higher land and construction costs for new development west and south of the subject property. As with most real estate acquisitions, a dramatic increase in the assessed value of the real estate based on the new purchase price is a down-side risk and could result in higher taxes that would cause the gross rents to be less competitive in the future. If current assessment procedures for industrial properties in Cook County are continued in the upcoming quadrennial period, the real estate taxes should continue to be within the range projected in the pro forma submitted by L.J. Melody & Company.

Landmark Research, Inc.

David Lewandowski
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September 6, 1989

It has been a pleasure to work with you on this assignment and we remain available for any questions you may have.

FOR LANDMARK RESEARCH, INC.

Jean B. Davis

Jean B. Davis
President

Enclosures

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EXECUTIVE SUMMARY

I. SUBMARKET ANALYSIS

The Messenger Industrial Complex is well located in the Des Plaines, Illinois area and in the West/Northwest industrial submarket. The subject property has good access to the O'Hare International Airport and to the Interstate Highway system. During normal traffic periods, the site is within 30 minutes of the majority of the Chicago market place.

Des Plaines has a good community image and will provide a positive corporate address for warehousing and distribution operations. Des Plaines, an older community of moderately priced residential housing stock, provides the advantage of a semi-skilled labor force which has access to a well established public transportation system.

Des Plaines is a mature area with the future redevelopment of industrial sites as a primary source of competition in the immediate area of the subject property. Higher land prices and the unavailability of large undeveloped parcels of vacant land will force developers further west and south of the subject property with the immediate competition from large industrial parks in Itasca, Wood Dale, Elk Grove, and Addison developed by Trammell Crow, Hamilton Partners, and other developers. Carol Stream and Bolinbrook, with less expensive land, are also within the competitive submarket.

The subject property competes for warehouse/distribution tenants who require contiguous space of 100,000 square feet or more. For the past five years this submarket has been very strong in terms of both supply and demand. The demand is driven by industry's consolidation of multi-city distribution facilities to a more centralized location in the Chicago area in more modern, efficient buildings. The demand is also driven by the consolidation of growing/expanding companies and generally favorable economic conditions. Although the demand for industrial space in the Des Plaines area is expected to remain relatively strong and stable, it is estimated the market for industrial space will slow from the six to seven percent annual growth of the past several years during the buyer's investment horizon. With higher land and construction costs for new development and the demand for impact fees for new development by some area communities, the subject property should be able to remain rent competitive and provide a proper yield on the investment during the projected holding period, assuming that real estate taxes are as projected in the pro forma. A dramatic increase in assessed value during the current quadrennial reassessment could lessen the rental competitiveness of the subject property.

II. MESSENGER INDUSTRIAL COMPLEX PROPERTY ANALYSIS

The surrounding land uses are compatible and the subject property is an appropriate use of the site. Although the neighborhood is industrial, many of these properties are older, smaller buildings with primarily industrial/light manufacturing uses versus warehouse/distribution and, therefore, do not compete directly with the subject property. Immediately east and north of the Messenger Industrial Complex are multi-tenant office/warehouse buildings for smaller users. The ratio of office to warehouse space is larger and the quality of the tenant finishes is higher.

A vacant site just south of the subject property, controlled by Messenger Investment Corporation, is reported to have been dropped due to environmental problems caused by asphalt fill deposited years ago.

The availability of 452 surface parking stalls on site, as noted in the Eckland Consultants' report, give the subject property increased flexibility should the demand increase for a higher ratio of office to warehouse space.

Projected rents for the Messenger Industrial Complex, triple net at \$4.05 and \$4.10 per square foot plus a total of \$1.67 for operating expenses (\$0.27) and real estate taxes (\$1.40) translate to a gross rent of \$5.72 to \$5.77 per square foot. If the tax incentive is secured, actual real estate taxes may be approximately \$0.20 per square foot less during the first eight years. These rents compare favorably with more suburban locations with net rents from \$3.75 to \$4.60 per square foot and gross rents of \$4.65 to \$5.50 per square foot, given operating expenses of \$0.90 per square foot due to lower real estate taxes. Although future rents may seem to be at a slight disadvantage, this disadvantage is expected to be offset by impact fees charged or proposed for new development in Du Page and Lake Counties combined with increases in land and construction costs.

Typical concessions for industrial property of one-half to one full month free rent per each lease year are far less generous than those demanded in the Chicago Class A office market. The cost of tenant finishes for the office area of the warehouse/distribution facility should range from \$20 to \$30 per square foot.

The physical structures are of good quality and design. The overall curb appeal of the property is good. The buildings are properly sized for the most active submarket in the Chicago area with ceiling heights adequate at 24 feet.

According to a recent survey of the property, the subject property contains two separate parcels; this will facilitate the future sale of each building independently of the other if a staged disposition should become advantageous.

III. REAL ESTATE TAX ISSUES

It is our understanding that the subject property has the opportunity to acquire an eight year tax incentive that will reduce property taxes approximately \$0.20 per square foot for eight years and could enhance the competitiveness of the subject property's rents. The requirement to reveal property data to the assessor could offset the advantage of the tax incentive.

Based upon a discussion with a Cook County assessor, it appears that currently assessments of industrial properties are made on the basis of the cost to reproduce, using approximately \$15 to 18 per square foot. If assessment practices change and the subject property is assessed at the purchase price, the rent competitiveness the subject property currently enjoys would be greatly diminished. The owner would need professional assistance to seek relief from this situation, if it should occur.

IV. REVIEW OF FINANCIAL AND RENTAL ASSUMPTIONS

A test of three pro formas using pessimistic, most likely, and optimistic assumptions about the growth rate of rents, length of vacancy periods when leases turnover, and the magnitude of rent concessions were made with resulting internal rates of return ranging from 8.06 percent to 12.71 percent, assuming a 8.5 percent cap rate at resale. Real estate taxes were assumed to be \$1.40 per square foot in Year 1. Other assumptions are detailed within the report. A review of the three scenarios suggest that the asking price of \$17,050,000 is reasonable, assuming a 24 month master lease from the seller at \$4.10 net per square foot with no rent concessions and tenant improvements and leasing commissions paid by the seller. All other recommendations detailed within the report are also assumed to be fulfilled.

V. RECOMMENDATIONS AND SUMMARY

All construction defects, maintenance items, and code violations should be corrected before closing or one and one-half times the estimated cost for these items should be escrowed at closing. All building warranties, contracts, operating manuals and maintenance schedules should be delivered and assigned to the buyer. Improvement allowances for the vacant space must be negotiated with the seller before closing or adequately escrowed at closing. The tenant estoppel certificate for Bantam should reference the two 5 year options at 95 percent of the prevailing market rent. This option is inconsistent with L.J. Melody and Company's lease summary presented in its submission report. Leasing fees for the vacant space should be included in the escrowed amount at closing.

It is our opinion that the subject property is well located, attractive, rent competitive, and is priced appropriately in terms of replacement costs. The Messenger Industrial Complex offers the larger warehouse/distribution space that continues to be in strong demand.

Although the growth rate in the demand for this real estate product is estimated to slow in the future, the increasing cost of land and construction for new development, accompanied by the introduction of impact fees in neighboring areas, will allow the subject property to remain rent competitive if real estate taxes increase no more than the projected five percent per year and the current assessment pattern for industrial property continues.

The property's excellent linkages to ground and air transportation systems with potential for rail service, and its proximity to a semi-skilled work force residing in the Des Plaines area will also enhance the continued desirability of this facility in the industrial warehouse/distribution submarket of Chicago. The primary variables in this submarket are not the physical product or the locational attributes, but rather the rate of production of new speculative warehouse/distribution facilities and the overall economic conditions in the United States.

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I. SUBMARKET ANALYSIS

A. Locational Attributes

The Messenger Industrial Complex, located in Des Plaines, Illinois, is just north of both Interstate Highway 90 which is also known as the Northwest Tollway and O'Hare International Airport. Access from the subject property to the O'Hare Airport is via Mt. Prospect Road and the Northwest Tollway. Truck access to the subject property travelling east on Interstate 90 is via the Elmhurst Road exit to Oakton Avenue and then south via Mt. Prospect Road. Truck access travelling west from downtown Chicago is via Interstate 294 to Touhy Avenue, then north on Lee Street, and west on Howard Avenue. Access is convenient and, during normal traffic periods, the site is within 30 minutes of the majority of the Chicago market place.

Because of its central location, overall community image, and its heritage of industrial buildings, Des Plaines provides a positive corporate address for warehousing operations. Furthermore, when compared to properties located in more suburban areas, Des Plaines has an advantage in its proximity to a needed labor force for the warehouse/distribution business. As unemployment rates remain low, competition for semi-skilled labor will increase. Des Plaines is more accessible to a moderate income work force because an older, less expensive housing stock is available, and public transportation systems are well established.

B. Existing and Future Supply

Des Plaines is a mature industrial market which simply means most of the buildings are older and few larger tracts of vacant land are available. The primary source of competition in the immediate area will be from the upgrading of existing industrial buildings or in site acquisition and demolition of existing buildings. This may occur over the long term; however, the immediate competition is from the large industrial park in Itasca, Wood Dale, Elk Grove, and Addison developed by Trammell Crow, Hamilton Partners, and other developers. Future competition will come from the west (Carol Stream) and south (Bolingbrook) as developers are forced further away from the O'Hare area due to high land prices and the unavailability of large undeveloped parcels of land ranging in

size from 100 to 200 acres. However, in the near future the limiting factor for this type of development may well be the cost of new construction and the impact fees being imposed by more communities rather than the actual availability of land. The subject property competes for warehouse distribution tenants who require contiguous space of 100,000 square feet or more. This submarket becomes less locationally specific because of the relatively short supply of such large structures. This type of facility is usually less than 10 years old and offers 24 foot ceilings, modern office space, and an aesthetically appealing landscaped park like image. When compared with the choices available to the larger space user, the Messenger Industrial Complex is of comparable quality and location, and, therefore, should compete favorably over the long term.

C. Current and Future Demand

The overall demand for industrial space in Chicago is well documented in Coldwell Banker, Bennett & Kahnweiler, and Grubb and Ellis reports presented in Exhibits I and II of the L.J. Melody submission. Pages 13 and 14 of the Grubb and Ellis report, found in the Appendix of this evaluation, gives the reader a brief summary of the strength and magnitude of the Chicago industrial market. Discussions with a large national developer and several Chicago based industrial brokers substantiate that the activity in the market is good from an absorption standpoint with a definite emphasis on production of larger warehouse facilities. The demand for larger facilities is driven by several factors including:

1. Consolidation of multi-city distribution facilities to a central Chicago location in a modern, more efficient building.
2. Growth and expansion of existing companies which often results in consolidation.
3. Favorable general economic conditions.

Although the past five years have been very strong in terms of both supply and demand, historical cycles would suggest that the market for industrial space will slow sometime during the buyer's investment horizon. Chicago has a very diverse economy as well as one of the largest industrial centers in the United States and is, therefore, less subject to large boom and bust cycles.

D. Conclusion

The subject property is rent competitive, well located, and priced appropriately in terms of replacement costs. The availability of a labor force of semi-skilled workers living in the Des Plaines area with its well established transportation network gives the subject property an advantage over the more distant suburban markets. These factors should allow the owner to compete effectively for tenants and to obtain a proper yield on its investment during the anticipated holding period.

II. MESSENGER INDUSTRIAL COMPLEX PROPERTY ANALYSIS

A. Analysis of Surrounding Uses

The location of the Messenger Industrial Complex, as previously described, provides for good highway access as well as close proximity to the O'Hare International Airport. The surrounding land uses are compatible and the subject property is an appropriate use of the site. Industrial properties are available for sale or lease east of the subject property along Howard Street. According to a leasing agent for Coldwell Banker, a 17 acre site with a 290,000 square foot building (Siemens light manufacturing facility) is available east of the subject site. This is being marketed as an industrial light manufacturing facility at a reported asking price of \$8,900,000 or \$30.69 per square foot of building area.

In addition, several smaller buildings along Howard Street are for sale or lease. Two buildings, Leslie Paper and Hughes Optical Products, each have approximately 89,000 square feet of rentable space. A larger research facility (Signal Specialty Group) is also on the market. These buildings are older and do not directly compete with the subject property. None qualify as a warehouse/distribution facility.

The Howard-O'Hare Business Center and Des Plaines Corporate Center are immediately east of the subject property. These facilities are multi-tenant office/warehouse buildings for smaller users with office space users having truck access to the rear of the buildings. The ratios of office space to warehouse space is approximately 50/50 compared to 5/95 for the subject property; the quality of tenant finish is higher in these neighboring facilities. Rents range from \$8.00 to \$13.00 per square foot and the average tenant space is from 1,000 square feet to 5,000 square feet. Facilities with an office/warehouse ratio of 20/80 command rents of \$6.00 to \$8.00 per square foot depending upon the quality of the finish.

B. Competitive Supply

The competitive supply of warehouse/distribution facilities comparable to the subject property is limited. West of the subject property on Mt. Prospect Road is a 150,000 square foot building for sale or lease. Panasonic, now a tenant in the Messenger Industrial Complex, had previously occupied this space. This facility has lower ceiling heights, exterior docks, and is generally of lower quality than the subject property. The footings are in place for a 50,000 square foot expansion of this facility.

Adjacent to this property across Howard Street is a vacant site which was under control by Messenger Investment Company for the construction of an additional warehouse/distribution facility. This site reportedly has been dropped from consideration due to environmental problems caused by asphalt fill deposited years ago by an excavating contractor.

C. Availability of Parking on Site

The subject property has a generous number of parking spaces with 452 surface parking stalls, as detailed in the Eckland report, or 1.19 spaces per 1,000 square feet of rentable area. This compares to 95 spaces for a comparable 226,000 square foot warehouse in Wood Dale; this translates to 0.42 spaces per 1,000 square feet of rentable area. If the demand in future years is for more office space, the subject is well suited to increase the ratio of office to warehouse space because of its parking potential, corner visibility, landscaping, and overall building appeal.

D. Analysis of Market Rents

Projected rents for the Messenger Industrial Complex are triple net at \$4.05 and \$4.10 per square foot plus \$1.67 per square foot which includes operating expenses at \$0.27 per square foot and real estate taxes at \$1.40 per square foot for a gross rental rate of \$5.72 to \$5.77 per square foot. The actual expenses during the first eight years may be approximately \$0.20 less per square foot due to a tax incentive program which is described in more detail in Section III of this report. Net rents for comparable buildings in Elk Grove and Itasca range from \$3.75 to \$4.60 per square foot triple net with estimated taxes of \$0.70 per square foot and operating expenses of \$0.20 for a gross rent of \$4.65 to \$5.50 per square foot. The tax incentive reduces the subject property gross rents to \$5.52 and \$5.57 per square foot which allows it to compete at the upper end of the price range. After the tax abatement period expires at the end of eight years, the gross rental rates for the subject property will be at a \$0.50 to \$0.70 per square foot disadvantage when compared to current gross rents in Du Page County with its lower real estate taxes. (See Section III of this report). The recent trend to charge impact fees for new development in Du Page (enacted) and Lake Counties (proposed) combined with increases in land and construction costs will probably offset a portion of the differential. Higher rents will be required to offset these increased development costs in the future and, as a result, the Messenger Industrial Complex should not be at a competitive disadvantage assuming an otherwise stable market and assessment practices for industrial properties continuing the same historic pattern in the upcoming quadrennial revaluation.

Rent increases have been reported to range from six to seven percent annually for a ten year period according to the market studies presented in the L.J. Melody submission. Discussions with

developers who have recently renewed or released space experienced increases in net rent from \$2.10 to \$4.25 per square foot over the last ten years and from \$3.00 to \$4.25 per square foot over the past five years. These renewal rates verify the trend for rent growth indicated in the market studies. The trend of six to seven percent annual increases probably will diminish somewhat due to increased attention to this market by developers and the resulting increase in supply. Financing costs are a major factor in the supply side of the market. Increased interest rates will result in higher total development costs and higher rents. During the last five years interest rates have been relatively stable and low enough to allow for construction of competitive buildings.

E. Rental Concessions and Tenant Improvements

The industrial market in Chicago has not been as prone to rent concessions as has the office market. Typical concessions are one-half to one full month free rent for each lease year. Tenant finishes are included in the basic building package. The cost to finish office space is from \$20 to \$30 per square foot. The proposed holdback for Messenger's two year master lease of the vacant space should reflect that level of tenant finish for the vacant office space. Brokerage commissions are eight percent the first year and three percent for the remaining lease years based on net rent or seven percent the first year and two percent the remaining years on a gross rent basis. Commission on renewals are negotiable. The allowance for tenant improvements of \$0.50 per square foot on renewal space and an annual structural reserve of \$0.10 per square foot are considered adequate for this property type. A review of the income and expense estimates is found in Section IV of this report.

F. Evaluation of Physical Structure

The physical structures are of good quality and design. There are a number of minor latent defects or punch list items outlined in the Eckland Consultants report which should be corrected or funds escrowed prior to closing. The overall curb appeal of the property is good. The landscaping and water retention areas are attractive and the buildings are well positioned on the site. As previously mentioned, on-site parking is generous. The larger building has the potential for a rail spur, but none serves the site presently. Discussions with developers and brokers indicate rail access is not a major advantage since most freight distribution is by truck. But this potential for rail access does add to the long term flexibility and marketability of the buildings.

Both buildings have 24 foot ceiling heights with a standard 40 foot by 40 foot bay size. These features are typical of competing buildings. Some developers are considering 28 foot and 32 foot ceiling heights to provide additional cubic storage at a lower incremental land and building cost. The subject has interior

docks in contrast to exterior docks typical of Trammel Crow buildings. The advantage of interior docks is the ability to unload under roof such goods as electronic equipment and the disadvantage is the lack of flexibility for smaller users. The interior dock space is charged at full rent even though it cannot be used for storage. The existence of interior and exterior docks appears to be more of a marketing issue rather than an economic issue.

G. Advantage of Separate Parcels

The subject site has been designed to facilitate the sale of each building independently of the other through the division of the site into separate parcels with cross easements, separate tax identification numbers, and separate points of ingress and egress. These features provide for added flexibility upon resale to an owner occupant or for a staged disposition.

H. Conclusion

Based on the physical product, location, gross and net rental rates, the Messenger Industrial Complex should be a competitive facility during the releasing period and the projected holding period. Assuming real estate taxes remain stable, as projected, the primary variables are not physical product or locational attributes, but rather the rate new speculative buildings are delivered to the market and overall economic conditions in the United States.

III. REAL ESTATE TAX ISSUES

Projected real estate taxes make up approximately 25 percent (\$1.40) of the projected gross rent (\$5.75) for the Messenger Industrial Complex. Estimating future real estate taxes for a newly completed building is difficult due to the large variance in sales prices of newly constructed industrial property when compared to existing properties. The subject property is currently valued on a partial assessment since the completion of construction and stabilized occupancy have only recently occurred. In addition, all of Cook County will be reassessed in the 1989 quadrennial. This magnifies the risk of a higher assessment since the full value will be determined within a few months of the sale.

A. Explanation of Tax Incentive Opportunity

The Messenger property is reported to qualify for the Class 6a tax incentive which relates to real estate used primarily for industrial purposes. As a result the property would be assessed at a rate of 30 percent of market value for eight years instead of the usual rate of 36 percent in 1989. To qualify, the owner must file a "Class 6a Eligibility Application" and "Real Estate Assessed Valuation Complaint" requesting that the real estate be reclassified to Class 6a. (See the Appendix for the full explanation of this tax incentive program). To date we have been unable to verify that the required forms have been filed with the assessor's office. Since many of these submission requests require detailed cost and income data, some consideration should be given to whether the benefit is worth the risk of a higher assessment in the future.

The overall potential impact of real estate taxes on the subject property must be viewed from a potential worst case situation in which the assessed value is based on the purchase price and from a more likely situation in which the subject property is assessed in the same manner as existing industrial properties. The following calculations illustrate three approaches to value the assessor could use; the resulting real taxes per square foot are also shown.

1. APPROACH USING PURCHASE PRICE

	As Industrial No Tax Incentive	As Industrial Class 6a
Purchase Price	\$17,050,000	\$17,050,000
Assessment Ratio	0.36	0.30
Assessed Value	\$ 6,138,000	\$ 5,115,000
State Equalized Factor	1.9266	1.9266
Equalized Value	\$11,825,470	\$ 9,854,559
Tax Rate	0.08251	0.08251
Real Estate Taxes	\$975,720	\$813,100
R.E. Taxes per SF	\$2.57	\$2.14
	=====	=====

2. APPROACH USING DIRECT CAPITALIZATION OF NET OPERATING INCOME

Net Operating Income Yr. 1	\$1,421,000
R.E. Taxes Yr. 1	<u>\$531,000</u>
Net Operating Income Before R.E. Taxes	\$1,952,000

Capitalization Rate	0.090
Tax Rate (0.08251 * 1.9266 * 0.36)	<u>0.057</u>
Overall Rate	0.147

Investment Value $\$1,952,000 / 0.147 = \$13,278,911$

	As Industrial No Tax Incentive	As Industrial Class 6a
Investment Value	\$13,278,911	\$13,278,911
Assessment Ratio	<u>0.36</u>	<u>0.30</u>
Assessed Value	\$4,780,408	\$3,983,673
State Equalized Factor	<u>1.9266</u>	<u>1.9266</u>
Equalized Value	\$9,209,934	\$7,674,945
Tax Rate	<u>0.08251</u>	<u>0.08251</u>
Real Estate Taxes	\$759,912	\$633,260
R.E. Taxes per SF	\$2.00	\$1.67
	=====	=====

3. APPROACH USING COST PER SQUARE FEET TO REPRODUCE ASSESSOR'S GENERAL METHOD FOR ASSESSING INDUSTRIAL PROPERTIES

Cost to Reproduce	\$15 to \$18 Per Square Foot
Building Area	379,332 Square Feet
Use \$20 Per Square Foot	$379,332 * \$20/SF =$
	\$7,586,640

	As Industrial No Tax Incentive	As Industrial Class 6a
Market Value	\$7,586,640	\$7,586,640
Using Cost Approach		
Assessment Ratio	<u>0.36</u>	<u>0.30</u>
Assessed Value	\$2,731,190	\$2,275,992
State Equalized Factor	<u>1.9266</u>	<u>1.9266</u>
Equalized Value	\$5,261,910	\$4,384,926
Tax Rate	<u>0.08251</u>	<u>0.08251</u>
Real Estate Taxes	\$434,160	\$361,800
R.E. Taxes per SF	\$1.14	\$0.95
	=====	=====

B. Analysis of Investment Yields

Discussions with the assessor indicated that current practice is to value industrial properties using a cost per square foot method that would substantiate the real estate taxes projected in the L.J. Melody & Company submission pro forma.

As indicated in the calculations shown above, the range of real estate taxes per square foot, without the tax incentive of Class 6a, are from \$1.14 per square foot using the assessor's cost method to \$2.57 per square foot using the proposed purchase price as the assessed value. The rent comparables used in the appraisal done by Northern Appraisal Company indicate that real estate taxes average about \$1.00 per square foot with a range \$0.98 to \$1.09 per square foot based on four older industrial properties located near the Messenger Industrial Complex. The assumption of real estate taxes of \$1.40 per square foot used in Year 1 of the pro forma developed by L.J. Melody & Company is defensible based upon the taxes levied on other industrial properties. (See Appendix for opinion letter from Chicago tax consultants regarding area real estate taxes).

However, the potential worst case situation should also be taken into consideration when escrowing real estate taxes and when negotiating purchase terms. Tax consultants are widely used by property owners in Cook County for large commercial properties. We suggest a firm be engaged to review the tax assessment, if necessary, after the quadrennial reassessed value has been determined.

Du Page County real estate taxes are currently substantially less than Cook County's taxes. The valuation procedures vary from Cook County in that the State Equalization factor is approximately 1.0000, whereas the factor is 1.9266 for Cook County. This difference in equalization factors suggests that in Du Page County assessments are at 100 percent of market value and that in Cook County assessments are less than full market value. Tax rates vary from 7.0 to 8.5 percent of equalized value depending upon the budget requirements of each municipality. If the subject property was located in Du Page County, real estate taxes would be calculated as follows:

1. APPROACH USING PURCHASE PRICE

Purchase Price	\$17,050,000
Assessment Ratio	<u>0.333</u>
Assessed Value	\$5,677,650
State Equalized Factor	<u>1.0000</u>
Equalized Value	\$5,677,650
Tax Rate	<u>0.08000</u>
Real Estate Taxes	\$454,212
R.E. Taxes per SF	\$1.20
	=====

2. APPROACH USING COST PER SQUARE FOOT TO REPRODUCE ASSESSOR'S GENERAL METHOD FOR ASSESSING INDUSTRIAL PROPERTIES

Market Value Using Cost Approach	\$11,379,960 [1]
at \$30/SF for subject property	
Assessment Ratio	<u>0.333</u>
Assessed Value	\$3,789,527
State Equalized Factor	<u>1.0000</u>
Equalized Value	\$3,789,527
Tax Rate	<u>0.08000</u>
Real Estate Taxes	\$303,162
R.E. Taxes per SF	<u>\$0.80</u>
	=====

Currently real estate taxes quoted for industrial properties in Du Page County are approximately \$0.70 per square foot. The worst case situation for the subject property, if taxed in Du Page County, would be \$1.20 per square foot for real estate taxes using the purchase price for market value. Using cost figures, the real estate taxes would be approximately \$0.80 per square foot, thus illustrating the favorable real estate tax climate of Du Page County. These figures substantiate the tax differential of \$0.50 to \$0.70 per square foot currently enjoyed by industrial properties located in Du Page County when compared to Des Plaines in Cook County, as indicated in this report. If Cook County continues to follow its current assessment procedures for industrial property, the tax differential may be offset, in part, by the impact fees enacted in Du Page County for new development and by the increasing land and construction costs. The most significant risk is a change in assessment procedure that reflects recent purchase prices and not aggregated historic comparable property data, especially for newer, larger industrial properties.

- [1] Since Du Page County is assumed to be assessed at 100% of market value, based upon a state equalization factor of 1.00, the cost figures reported to be used by the Cook County assessor of \$15 to \$18 per square foot must be translated to full market costs. By multiplying the Cook County cost figures by the Cook County equalized factor of 1.9266, the adjusted cost range is \$28.89 per square foot to \$34.68 per square foot, say an average of \$30.00 per square foot.

IV. REVIEW OF FINANCIAL AND RENTAL ASSUMPTIONS

A. Sensitivity Analysis of Critical Assumptions

To quantify the effect of changes in operating and resale assumptions, the following variables were tested:

1. Average annual growth rate in base rents.
2. Length of the vacancy period when leases turnover.
3. Magnitude of rental concessions.
4. Capitalization rates to calculate resale values.

Three pro formas were developed using a pessimistic, an optimistic, and a most likely set of variable assumptions. For all three scenarios, real estate taxes were assumed to be at \$1.40 per square foot in Year 1. The assumptions that are common to all three scenarios and the variable assumptions are as follows:

BASIC ASSUMPTIONS COMMON TO ALL SCENARIOS

Panasonic exercises one year renewal option.

5 year lease terms on new tenants.

25,714 square feet of the existing vacant space is rented commencing January 1, 1990.

25,713 square feet of the existing vacant space is rented commencing September 1, 1990.

Assume new tenants whenever the Panasonic and existing vacant space rolls.

Bantam Press exercises both of their 5 year renewal options during the holding period at 95% of the then current market rents.

First time leasing commissions on the existing vacant space will be paid for by the seller.

No leasing commissions paid when Bantam exercises their options.

Leasing commissions calculated at 8% of first year and 3% of remaining four years based on average annual base rents.

CAM, taxes and insurance all escalate at 5% per year. Base year totals \$1.67 per square foot.

Variable Assumptions:

	<u>PESSIMISTIC</u>	<u>MOST LIKELY</u>	<u>OPTIMISTIC</u>
Annual Growth in Rents	2% per year	5% per year	6.5% per year
Vacancy Period on Turnovers	12 months	6 months	3 months
Base Rent Concession Period	12 months	5 months	2.5 months

Four resale assumptions were used for each scenario; the resale price, based on the 11th stabilized net operating income, is calculated using capitalization rates of 8.5%, 9.0%, 9.5% and 10.0%.

B. Analysis of Investment Yields

The resulting annual yields and internal rates of return, based upon the different resale assumptions, are shown for each of the three scenarios.

	<u>PESSIMISTIC</u>		<u>MOST LIKELY</u>		<u>OPTIMISTIC</u>	
	<u>CASH FLOW</u>	<u>ANNUAL YIELD</u>	<u>CASH FLOW</u>	<u>ANNUAL YIELD</u>	<u>CASH FLOW</u>	<u>ANNUAL YIELD</u>
YEAR 1	\$1,381,232	8.10%	\$1,381,232	8.10%	\$1,381,232	8.10%
YEAR 2	1,465,754	8.60%	1,467,645	8.61%	1,468,518	8.61%
YEAR 3	1,478,690	8.67%	1,548,052	9.08%	1,558,372	9.14%
YEAR 4	1,040,726	6.10%	961,138	5.64%	1,100,338	6.45%
YEAR 5	691,550	4.06%	1,411,087	8.28%	1,643,373	9.64%
YEAR 6	1,215,592	7.13%	1,568,614	9.20%	1,697,117	9.95%
YEAR 7	1,234,581	7.24%	1,553,123	9.11%	1,772,992	10.40%
YEAR 8	1,386,991	8.13%	1,783,134	10.46%	1,902,129	11.16%
YEAR 9	1,580,254	9.27%	1,708,986	10.02%	1,366,523	8.01%
YEAR 10	1,074,228	6.30%	952,479	5.59%	2,023,855	11.87%
RESIDUAL @ 8.5%	\$18,670,081		\$23,691,299		\$26,464,855	
RESIDUAL @ 9.0%	17,362,854		22,375,116		24,994,586	
RESIDUAL @ 9.5%	16,704,809		21,197,478		23,679,081	
RESIDUAL @ 10.0%	15,869,569		20,137,605		22,495,127	
IRR @ 8.5% CAP	8.06%		10.73%		12.17%	
IRR @ 9.0% CAP	7.64%		10.30%		11.74%	
IRR @ 9.5% CAP	7.25%		9.91%		11.35%	
IRR @ 10.0% CAP	6.89%		9.54%		10.98%	

The internal rates of return (IRR) resulting from the assumptions used in the most likely scenario range from 10.73 percent when the resale price is based upon a capitalization rate of 8.5 percent to an IRR of 9.54 percent if the resale price is based upon a cap rate of 10.0 percent at the end of the ten year holding period. We have provided a range of capitalization rates that are not necessarily applicable to each scenario. A buyer should be aware of the relationship of the desired yield to the assumed resale price.

The upper end of this yield range appears to be consistent with those presented in the L. J. Melody submission, given certain differences in basic assumptions. The primary differences are due to the following:

1. Variability in the payment of brokerage commissions caused by varying rental rates at the time of leasing.
2. Timing of vacancy periods, given new leases for five year terms versus six year terms used in the Melody pro forma.
3. Rental concessions of five months free rent assumed by Landmark versus the two months concession assumed by Melody.

The Melody pro forma averages leasing commissions at four percent which is consistent with the market place for six year leases. Leasing commissions in the Chicago area are eight percent on the first year net rent and three percent on the net rent for the remaining term of the lease. The increased rental concessions and the shorter lease term are consistent with market conditions we found in the Chicago area.

The pro formas for each of the three scenarios are found in the Appendix. Given a resale price based upon an 8.5 percent capitalization rate applied to the 11th year stabilized net operating income for each of the scenarios, the resulting internal rates of return are:

<u>Scenario Assumptions</u>	<u>IRR</u>
Pessimistic	8.06%
Most Likely	10.73%
Optimistic	12.17%

As previously mentioned, in the three scenarios described above, real estate taxes are assumed to be \$1.40 per square foot in Year 1 and are escalated at five percent per year thereafter. As indicated in Section III of the report, if the subject property is reassessed at the purchase price, real estate taxes would be approximately \$1.00 per square foot more than currently projected. If this were to occur, the lessor would have to adjust the base rents downward at the time of lease renewals to remain competitive in the industrial market. But it is also likely that if real estate taxes increased so dramatically in one taxing municipality, they would also move upward in the surrounding areas to gradually neutralize the increase.

V. RECOMMENDATIONS AND SUMMARY

A. Recommendations for Protection of Buyer

1. All construction defects and maintenance items should be taken care of prior to closing or escrowed from sales proceeds at one and one half times the estimated cost. These items appear to be typical maintenance and construction warranty/latent defects commonly encountered in construction of this type. The most significant items are the drainage problems and the code violations.
2. Code violations should be identified for certain and in writing by the proper authorities. Solutions should be identified complete with cost estimates. The work should either be undertaken and completed prior to closing or sales proceeds should be escrowed at one and one half times the estimated costs.
3. All building warranties and contracts should be identified, validated and assigned to purchaser.
4. All building system operating manuals and maintenance schedules should be located and assigned to purchaser.
5. The buildings are designed to accommodate 20 percent office space. The tenant improvement allowance will be dictated by the absence/existence of demising walls and location of electrical and other repairs to the space.
6. Improvements to the warehouse space should be negotiated with consideration given to the level of work required to demise and finish individual spaces with escrow earn-out arrangements with the seller.
7. Escrows for tenant improvements, maintenance, latent defects, and code compliance should be satisfactorily provided or the buyer's yield will be affected.
8. Buyer should verify existence of the easement for the railroad spur and determine the manner in which this railroad spur would operate.

9. Buyer should verify and implement the opportunity to enjoy an eight year real estate tax incentive for the subject property if the required exposure of cost and income information to the assessor is offset by the economic benefits of the incentive. Buyer should hire an agent to perform this service at the seller's expense before closing or have the closing contingent upon the seller verifying and securing this tax abatement for the subject property.
10. Tenant estoppel certificates for Bantam should reference two 5 year options with rent to be at 95 percent of the prevailing market rent. This option is inconsistent with L.J. Melody and Company's lease summary presented in its submission report.
11. Leasing fees for the vacant space should be included in the escrowed amount at closing.
12. If the quadrennial reassessment of the subject property results in real estate taxes which exceed the amount projected in the pro forma, the property owner should seek expert counsel to assist in challenging the assessment.

B. Summary

The Messenger Industrial Complex is well located in an area close to major ground transportation linkages and the O'Hare International Airport. The proximity of the site to a large work force of semi-skilled labor living in the older, more moderately priced residential area of Des Plaines is another advantage the subject property enjoys over the more suburban industrial properties. The Messenger Industrial Complex is attractive, adjacent to compatible uses, is currently rent competitive in the submarket of larger warehouse/distribution centers, and is priced appropriately in terms of replacement costs. Assuming real estate taxes continue to follow the pattern projected in the pro forma, these other factors should allow the owner to compete effectively for tenants and to obtain a proper yield on its investment during the anticipated holding period although the growth rate of demand for this product type is estimated to slow in the future. Increasing land costs, the introduction of impact fees by neighboring communities, and higher construction costs should allow the subject property to remain rent competitive. The primary variables are not physical product or locational attributes, but rather the rate new speculative buildings are delivered to the market and the overall economic conditions in the United States.

**STATEMENT OF GENERAL ASSUMPTIONS
AND
LIMITING CONDITIONS**

STATEMENTS OF GENERAL ASSUMPTIONS AND
LIMITING CONDITIONS

1. Contributions of Other Professionals

- . Information furnished by others in the report, while believed to be reliable, is in no sense guaranteed by the analysts.
- . The analyst assumes no responsibility for legal matters.
- . All information furnished regarding property for sale or rent, financing, or projections of income and expenses is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.

2. Facts and Forecasts Under Conditions of Uncertainty

- . Forecasts of the effective demand for space are based upon the best available data concerning the market, but are projected under conditions of uncertainty.
- . Engineering analyses of the subject property were neither provided for use nor made as a part of this report contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the analyst and the value conclusions are subject to said limitations.
- . Since the projected mathematical models are based on estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.
- . Sketches in the report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.

3. Controls on Use of Study

- . Values for various components of the subject parcel as contained within the study are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.
- . Possession of the report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the analyst or the applicant and, in any event, only in its entirety.
- . Neither all nor any part of the contents of the report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions and the identity of the analyst, of the firm with which he is connected, or any of his associates.
- . The report shall not be used in the client's reports or financial statements or in any documents filed with any governmental agency, unless: (1) prior to making any such reference in any report or statement or any document filed with the Securities and Exchange Commission or other governmental agency, the analyst is allowed to review the text of such reference to determine the accuracy and adequacy of such reference to the study report prepared by the analyst; (2) in the analyst's opinion the proposed reference is not untrue or misleading in light of the circumstances under which it is made; and (3) written permission has been obtained by the client from the analyst for these uses.
- . The analyst shall not be required to give testimony or to attend any governmental hearing regarding the subject matter of the report without agreement as to additional compensation and without sufficient notice to allow adequate preparation.

APPENDIX

Grubb & Ellis

Metropolitan Chicago Real Estate

1989

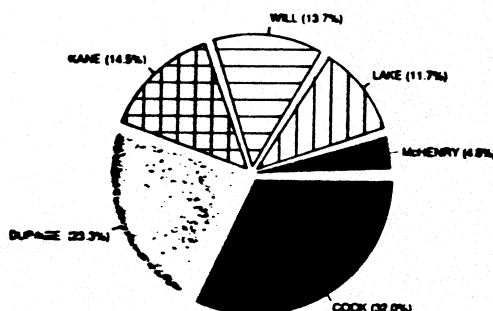
Industrial

Pages 13 and 14

INDUSTRIAL

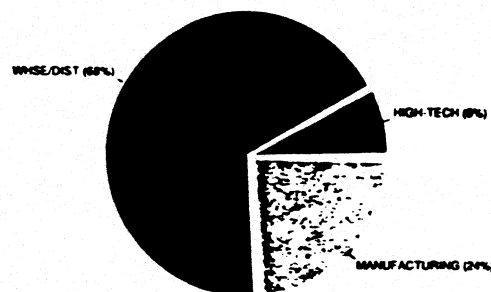
The Chicago metropolitan area is the second largest industrial center in the United States. This area encompasses all of Cook, DuPage, Lake, and parts of Kane, Will, and McHenry counties. The inventory of industrial space is estimated at 670 million square feet of warehouse/distribution, manufacturing/assembly, and high-tech/service center space. The Chicago metropolitan area has a total of 230 active industrial parks containing 35,150 acres of industrial land.

INDUSTRIAL PARK ACREAGE



The industrial space absorbed in 1988 surpassed the 1987 levels and was a new high for the decade. With the addition of 8.8 million square feet of new space in 1988, the vacancy rate remained at approximately 8.1%, very near the 1987 vacancy rate. 1988 was the sixth consecutive year of strong industrial sales and leasing activity. Warehouse/distribution facilities have consistently dominated Chicago area industrial space absorption, followed by manufacturing and high-tech space. During 1988, the warehouse/distribution sector increased its share of industrial absorption, rising 8 percentage points to 68%. Absorption of high-tech space rose to 8%, up from 5% in 1987. In the manufacturing sector, higher productivity has allowed firms to meet rising demand without significant increases in space requirements.

COMPOSITION OF ABSORPTION



The strength of the economy, the devaluation of the dollar, and the shortage of quality existing manufacturing and distribution space, has fueled all segments of the industrial real estate market. Approximately 8 to 9 million square feet of product will be delivered in 1989 as new developers enter the Chicago market.

Land sales in 1988 were extremely strong. An estimated 5,800 acres were purchased in 1988 compared to 3,000 acres in 1987. The leading areas for land activity are the East-West Tollway Corridor, the new North-South Tollway, Lake County along the Tri-State Tollway, and I-55 thru DuPage County. Land prices rose dramatically in all of the areas listed, with increases of 100% to 300%. Plans call for the majority of land to be used for the development of industrial parks, corporate headquarters, office, hotel, and retail development.

1989 will see more small purchases by users and fewer large acquisitions by developers. Activity will continue to be high, but most developers will concentrate on bringing their 1988 purchase to the market.

User impact fees have been enacted in DuPage County and are proposed for Lake County. Although the full impact of the fees are not known, Grubb & Ellis foresees the heated land market stabilizing until the effects are fully understood.

INDUSTRIAL

1988 OVERVIEW

- *Land sales and absorption of industrial space were at their highest levels of the decade.
- *Lease and sale prices for industrial product increased from 6% to 10% in all markets.
- *Build-to-suits continued to dominate the market as supply of existing industrial product became tighter and clients desired newer industrial/business park locations.
- *The city of Chicago saw its first new industrial park in 20 years break ground as the public and private sectors of the local economy placed growing importance on retaining industry.
- *In an attempt to decrease the industrial exodus from Chicago to the suburbs, the Chicago City Council established Planned Manufacturing Districts (PMD) limiting retail and residential encroachment on industrial areas. The first PMD is the Clybourn Avenue/Goose Island manufacturing district on the city's North Side.
- *In spite of the tentative efforts by Chicago's public and private sector to limit industrial displacement to the suburbs, the city of Chicago's vacant stock continued to increase during 1988 particularly in units of over 100,000 s.f.
- *High tech/service center space saw increasing absorption by users in 1988, accounting for 8% of the Chicago area's industrial absorption. This was attributed to the leasing of existing buildings. Little new high-tech/service center space came on-line during 1988.

1989 FORECAST

- *Sales and leasing activity will remain strong, but will not surpass the record levels of 1988.
- *Vacancy rates will remain close to the present levels.
- *Demand for warehouse/distribution space will remain strong as companies expand their existing facilities, and consolidate their distribution activities from other cities to the Chicago hub.
- *Land sales will remain strong, but developers will not be as active as in 1988.
- *Investor demand will remain at an all time high for quality industrial product. Buyer demand will continue to far outpace the availability of product.
- *High-tech/service center property will remain over-built in most areas, but vacancy rates should reach the 15% to 18% range by year-end. 1989 will be the second year of virtually no new high-tech/service center construction.
- *Industrial displacement from the city of Chicago to the suburbs will continue in spite of the city's new Planned Manufacturing District initiative and the continued interest of firms in relocating within the city. The serious shortage of modern industrial property will remain the primary reason for displacement.
- *Industrial prices and rents around Chicago will continue to rise, driven by very strong demand and an acute shortage of quality product.
- *Impact fees in DuPage and Lake Counties may set a precedent for local municipalities and other taxing bodies to levy similar taxes on new industrial development.
- *Lake County may see a decline in new industrial development due to the passage of impact fees coupled with strong "limited growth" policies and open-space land acquisition.

Explanation of Cook County Tax Incentive Program

APPROVED BY BOARD
OF COMMISSIONERS
MAY 19 1985

AN ORDINANCE AMENDING THE REAL PROPERTY
ASSESSMENT CLASSIFICATION ORDINANCE, AS AMENDED

BE IT ENACTED BY THE COOK COUNTY BOARD OF COMMISSIONERS:

The Real Property Assessment Classification Ordinance, as amended on November 29, 1976; June 6, 1977; September 19, 1977; May 16, 1978; January 2, 1979; March 3, 1980; September 2, 1980; October 3, 1983; April 2, 1984; May 21, 1984; July 30, 1984; September 4, 1984; October 1, 1984; and November 18, 1985, is hereby amended to read as follows:

The Cook County Board of Commissioners finds and declares:

- (1) that in certain areas of Cook County there is a lack of viable industrial and commercial buildings, which is contributing to substantial unemployment in such areas;
- (2) that if existing industrial and commercial structures were improved and utilized fully, and if new industrial and commercial structures were developed, the County's economic well-being would be improved by an increase in the level of economic activity, by increased employment opportunities and by a growth in the real property tax base;
- (3) that because of the blighted or depressed condition of the areas where such development is needed, the ordinary unaided operation of private enterprise cannot accomplish the necessary modernization, rehabilitation and development and that provision must be made for public assistance and encouragement of such private enterprises; and
- (4) that the creation of new property tax classifications for (a) new development of industrial structures, or the substantial rehabilitation and re-utilization of existing industrial structures, for the County as a whole as well as for specific areas of special need, and (b) new development of commercial structures, or the substantial rehabilitation and re-utilization of existing commercial structures in areas that are depressed, blighted or threatened with blight, is an appropriate and necessary method of providing such assistance and encouragement, and will result in increasing the tax base in such areas and for the entire County.

Section 1.

- (A) Cook County hereby establishes the system of classifying real estate for the purposes of assessment for taxation set forth in the following Sections.
- (B) Definitions:
 - (1) For the purpose of this Ordinance, the definition of "real estate" shall be:

APPROVED BY BOARD OF CITY COMMISSIONERS
"Not only the land itself, whether laid out in town lots, or otherwise, with all things contained therein, but also all buildings, structures and improvements, and their permanent fixtures, of whatsoever kind, thereon, and all rights and privileges belonging or in anywise pertaining thereto."
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Included therein is any vehicle or similar portable structure used or so constructed as to permit its being used as a dwelling for one or more persons; if such structure is resting in whole on a permanent foundation.

- (2) For the purpose of this Ordinance, the definition of "market value" shall be:

"That value, estimated at the price it would bring at a fair voluntary sale."

- (3) For the purposes of this Ordinance, the definition of "real estate used for residential purposes" shall be:

"Any improvement or portion thereof occupied solely as a dwelling unit."

- (4) For the purposes of this Ordinance, the definition of "real estate used for industrial purposes" shall be:

~~Those defined as industrial uses in the Cook County Zoning Ordinance---1976, as amended.~~

"Any real estate used primarily in manufacturing, as defined in Section 1 (B) (5) herein, or in the extraction or processing of raw materials unserviceable in their natural state to create new physical products or materials, or in the transportation or storage of raw materials or finished or partially finished physical goods in the wholesale distribution of such materials or goods."

- (5) For the purposes of this Ordinance, the definition of "manufacturing" shall be:

"The material staging and production of goods used in procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes existing material into new shapes, new qualities, or new combinations."

- (6) For the purposes of this Ordinance, the definition of an "area in need of commercial development" shall be:

"Any area within Cook County which satisfies the provisions of Section 4A of this Ordinance."

- (7) For the purposes of this Ordinance, the definition of

"real estate used for commercial purposes" shall be:

"Any real estate used primarily for buying and selling of goods and services, or for otherwise providing goods and services, including any real estate used for hotel or motel purposes."

- (8) For the purposes of this Ordinance, the definition of "community area" shall be:

"An area within the City of Chicago so designated and identified by the Chicago Statistical Abstract - 1980 Community Area Profiles, published by the City of Chicago, December, 1983 or revisions thereto, or in Cook County outside the City of Chicago, as defined by the municipality concerned or by the County in unincorporated areas."

- (9) For the purposes of this Ordinance, the definition of "abandoned property" shall be:

"Buildings and other structures that, after having been vacant and unused for at least 24 continuous months, have been substantially rehabilitated or purchased for value by a purchaser in whom the seller has no direct financial interest."

- (10) For the purposes of this Ordinance, the definition of "severely blighted area" shall be:

"An area no less than 10 contiguous acres or more than 1 contiguous square mile in size which is in a state of extreme economic depression evidenced by such factors, as defined in the rules and regulations as promulgated by the Office of the Cook County Assessor, among others, as: (a) substantial unemployment; (b) a low level of median family income; (c) aggravated abandonment, deterioration, and underutilization of properties; (d) a lack of viable industrial and commercial buildings whose absence significantly contributes to the depressed economic and unemployment conditions in the area; (e) a clear pattern of stagnation or decline of real estate taxes within the area as a result of its depressed condition; (f) a manifest lack of economic feasibility for private enterprise to accomplish the necessary modernization, rehabilitation and development of the area without public assistance and encouragement; and (g) other factors which evidence an imminent threat to public health, welfare and safety."

- (11) For purposes of this Ordinance and more particularly Section 2 thereof, real estate while under lease or license to a unit of local government for an annual rental of fee of not more than ONE DOLLAR (\$1.00), shall not be deemed to be "improved" as a result of any alterations, additions, or modification consisting of the construction, landscaping,

maintenance, or beautification of parks, parkways, parking lots, playgrounds, or similar public facilities operated or maintained for the public benefit. During the term of such lease or license, including extensions thereof, the real estate which is the subject of such lease or license shall be treated as though such alterations, additions, or modifications have not been made.

Section 2.

Real estate is divided into the following assessment classes:

Class 1: Unimproved real estate.

Class 2: Real estate used as a farm, or real estate used for residential purposes when improved with a house, an apartment building of not more than six living units, or residential condominium, a residential cooperative or a government-subsidized housing project, if required by statute to be assessed in the lowest assessment category.

Class 3: All improved real estate used for residential purposes which is not included in Class 2.

Class 4: Real estate owned and used by a not-for-profit corporation in furtherance of the purposes set forth in its charter unless used for residential purposes. If such real estate is used for residential purposes, it shall be classified in the appropriate residential class.

Class 5a: All real estate not included in Class 1, Class 2, Class 3, Class 4, Class 5b, Class 6a, Class 6b, Class 7 or Class 8 of this section.

Class 5b: All real estate used for industrial purposes as defined herein and not included in any other class.

Class 6a: Real estate used primarily for industrial purposes, as defined herein, consisting of all newly constructed buildings or other structures, including the land upon which they are situated; or all buildings and other structures which were substantially rehabilitated to the extent such rehabilitation has added to their value; or abandoned property, as defined herein, including the land upon which such property is situated.

This classification shall continue for a period of eight years from the date such new construction (excluding demolition, if any) or such substantial rehabilitation was commenced or in the case of abandoned property, from the date of substantial reoccupancy. After such eight-year period the real estate

shall revert to the applicable classification under this Ordinance.

Class 6b: All real estate entitled to Class 6a classification under this Ordinance provided that such real estate is (1) located in an "Enterprise Zone" as certified by the Department of Commerce and Community Affairs of the State of Illinois or, in the alternative, (2) utilized for manufacturing purposes, as defined herein, and provided further that the municipality in which such real estate is located or, if in an unincorporated area, the County has by lawful resolution approved such real estate to be appropriate for incentive abatement.

This classification shall continue for a period of twelve years from the date such new construction (excluding demolition, if any) or such substantial rehabilitation was commenced, or in the case of abandoned property, from the date of substantial reoccupancy. After such twelve-year period the real estate shall revert to the applicable classification under this Ordinance.

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COMMISSIONER:
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Additionally, for newly constructed or substantially rehabilitated buildings and other structures to qualify for Class 6b classification, an eligibility application must be made to the Assessor within one year prior to the commencement of such new construction or substantial rehabilitation. With respect to abandoned property, the eligibility application must be made to the Assessor no later than ninety days after purchase for value if such property is encompassed within the definition herein of abandoned property by reason of purchase for value; or within one year prior to the commencement of substantial rehabilitation if such property is encompassed within that definition by reason of substantial rehabilitation.

The Assessor may adopt rules consistent with the foregoing necessary to ensure proper review of all factors relevant to determine eligibility for the benefits provided under Classes 6a and 6b.

Class 7: Real Estate used primarily for commercial purposes, as defined herein, consisting of all newly constructed buildings or other structures including the land upon which they are situated; or all buildings and other structures which were substantially rehabilitated to the extent such substantial rehabilitation has added to their value; or all abandoned property, as defined herein, and the land upon which it is situated; which comprise a qualified commercial development project, as determined pursuant to Section 4A hereunder, located in an "area in need of commercial development".

This classification shall continue for a period of twelve years from the date such new construction (excluding

demolition, if any) or such substantial rehabilitation was commenced, or in the case of abandoned property, from the date of substantial reoccupancy. After such twelve-year period the real estate shall revert to the applicable classification under this Ordinance.

Class 8: Real estate used primarily for industrial or commercial purposes consisting of all newly constructed buildings or other structures including the land upon which they are situated; or all buildings and other structures which were substantially rehabilitated to the extent such substantial rehabilitation has added to their value; or abandoned property, as defined herein; provided each of the foregoing is located in an area which has been certified as severely blighted in accordance with the provisions of Section 43 herein, and further provided that the municipality in which such real estate is located or, if in an unincorporated area, the County has by lawful resolution determined that such real estate is consistent with an overall plan for the rehabilitation of the area.

This classification shall continue for a period of twelve years from the date such new construction (excluding demolition, if any) or substantial rehabilitation was commenced, or in the case of abandoned property, from the date of substantial reoccupancy. After such twelve-year period the real estate shall revert to the applicable classification under this Ordinance.

The Assessor may adopt rules consistent with the foregoing necessary to insure proper review of the application, supporting data and all other pertinent factors. The certification of an area as severely blighted shall continue for five years from the date such certification is granted. Such certification, pursuant to the same criteria, may be extended for one additional five-year period upon reapplication by the appropriate local governing body within six months prior to the expiration of the initial five-year period.

Section 3.

The Assessor shall assess, and the Board of Appeals shall review assessments on real estate in the various classes at the following percentages of market value:

Class 1: 22%

Class 2: 16%

Class 3: 33%

Class 4: 30%

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COUNTY COMMISSIONERS

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Class 5: 40%

Class 5a: 39.5% for 1986; 39% for 1987; 38.5% for 1988; 38% for 1989 and every year thereafter

Class 5b: 39% for 1986; 38% for 1987; 37% for 1988; 36% for 1989 and every year thereafter

Class 6a: 30% for 8 years

Class 6b: 16% for first 8 years, 30% for next 4 years

Class 7: 16% for first 8 years, 30% for next 4 years

Class 8: 16% for 12 years.

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Section 4.

(A) To qualify as a commercial development project under Class 7, it is necessary that the project be located in an area in need of commercial development in that:

- (1) the area is or has been heretofore designated by federal, state or local agency as a conservation, blighted or renewal area or an area encompassing a rehabilitation or redevelopment plan or project adopted under the Illinois Urban Renewal Consolidation Act of 1961, as amended, or the Commercial Renewal Re-development Areas Act of 1967, as amended, or the Commercial District Development Commission Ordinance of the City of Chicago or designation(s) of like effect adopted under any similar statute or ordinance; and
- (2) real estate taxes within said area have declined, remained stagnant or potential real estate taxes are not being fully realized due to the depressed condition of the area; and
- (3) there is a reasonable expectation that the development, re-development or rehabilitation of the commercial development project is viable and likely to go forward on a reasonably timely basis if granted Class 7 designation and will therefore result in the economic enhancement of the area; and
- (4) certification of the commercial development project for Class 7 designation will materially assist development, re-development or rehabilitation of the area and the commercial development project would not go forward without the full incentive offered under Class 7; and
- (5) certification of the commercial development project for Class 7 designation is reasonably expected to ultimately result in an increase in real property tax revenue and employment opportunities within the area.

Where the governing body finds that the foregoing factors are present, it may apply to the County Assessor and request certification of the commercial development project for Class 7 designation. The application shall include a statement by the governing body that factors (1) through (5) are present and any other information deemed necessary by the Assessor. The Assessor shall adopt rules, including a provision for a public hearing, necessary to ensure a proper review of the application and supporting data.

Certification of a commercial development project shall not be denied by reason of insufficient size if it otherwise qualifies hereunder. In determining what constitutes the "full incentive offered" as provided in factor (4) above, consideration may be given to any lawful inter-governmental participation agreements under which the project developer has agreed, as a precondition to Class 7 certification, to share a portion of future profits with the appropriate taxing districts.

Upon receipt of the application, the Assessor shall forward it to the Economic Development Advisory Committee of Cook County. The Committee shall within sixty days return the application to the Assessor with a finding stating whether factors (1) through (5) are present. Upon receipt of the findings of the Committee the Assessor shall review the application, supporting data, findings of the Committee and other appropriate fact(s). Where the Assessor finds factors (1) through (5) exist he shall certify the commercial development project eligible for Class 7 treatment under this Ordinance. Such certification shall lapse within one year from the date of issuance unless new construction or substantial rehabilitation, or in the case of abandoned property, reoccupation of the commercial development project has commenced prior to its expiration.

- (B) To be certified as a severely blighted area for purposes of Class 8 classification it is necessary: (1) that the municipality in which the area is located or, if an unincorporated area, the County determine by lawful resolution that the area is in a state of economic depression and that it is not economically feasible for private enterprise to accomplish the necessary modernization, rehabilitation, and development of the area without public assistance and encouragement, or a determination of similar import; (2) that the municipality or, if in an unincorporated area, the County apply to the Assessor for certification of the area as severely blighted; (3) that, upon receiving an application to certify an area as severely blighted, the Assessor shall review the application, supporting data and other appropriate factors relevant to a determination of the severity of the economic conditions of the area.

Upon finding that existing factors convincingly demonstrate that the area is severely blighted, as defined in this Ordinance, the Assessor shall grant such certification to the area. In making this determination statistical data relevant to the surrounding

area as well as the specific area for which certification is sought may be considered. The surrounding area for the City of Chicago shall be the "community area" as defined herein; for all other areas in the County it shall be, where applicable, the municipality in which the area is located.

Section 5.

Where a single parcel of real estate is partially includable in two or more of the above-described classes, each portion shall be assessed at the assessment level herein prescribed for that class.

Section 6.

All portions of this Ordinance are severable, and if any of its provisions or any sentence, clause or paragraph shall be held unconstitutional by any court of competent jurisdiction, the decision of such court shall not affect or impair any of the remaining provisions.

Section 7.

A written report on the status and progress of the implementation of this Ordinance, or any amendments thereto, and all rules promulgated by the Assessor hereunder, shall be submitted by the Cook County Assessor to the President and Board of Cook County Commissioners annually on or before December 1.

Section 8.

- (A) This classification system is applicable to assessments for the tax assessment year ~~1984~~ 1986 and for subsequent tax assessment years. Any new construction, program of substantial rehabilitation, or reoccupancy of real estate used for industrial or commercial purposes, which would qualify any given parcel of real estate for Class 6a, Class 6b, Class 7 or Class 8 treatment, as the case may be, shall result in such treatment if the new or rehabilitated improvements are first assessed on a substantially completed basis in the tax assessment year 1984, or in any subsequent tax assessment year.
- (B) Real estate which became eligible for Class 6 classification prior to the effective date of ~~this revision~~, the October 1, 1984 amendment to this Ordinance shall retain their eligibility for the incentives provided under the terms and conditions of the pre-existing Class 6 provisions. Real estate for which the Assessor issued a written favorable pre-construction determination prior to the effective date of Classes 6a and 6b approving such real estate for Class 6 benefits under the pre-existing Class 6 provisions shall, at the election of the interested taxpayer, be assessed in accordance with the terms and conditions of such pre-existing Class 6 provisions if construction or substantial rehabilitation is commenced no later than one year following the

effective date of this provision the October 1, 1984 amendment to this Ordinance.

- (C) The incentive provisions of this Ordinance provided to qualifying parcels of real estate for Class 6a, Class 6b, Class 7 and Class 8 shall expire five years following the effective date of adoption of the October 1, 1984 amendment to this Ordinance, unless otherwise reviewed by action of the Cook County Board of Commissioners. Real estate which became eligible for Class 6a, Class 6b, Class 7 or Class 8 prior to the effective date of expiration of this revision the provisions of the October 1, 1984 amendment to this Ordinance shall retain their eligibility for incentives provided under the terms and conditions of the those pre-existing provisions.

Section 9.

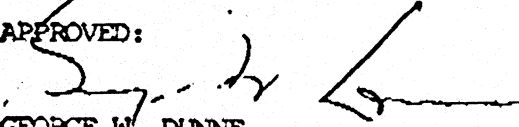
The assessment level applicable to real estate classified under incentive Classes 6a, 6b, 7 and 8, shall in no event exceed the assessment level which otherwise would have been applicable to such real estate under the remaining assessment classes provided herein.

Section 10.

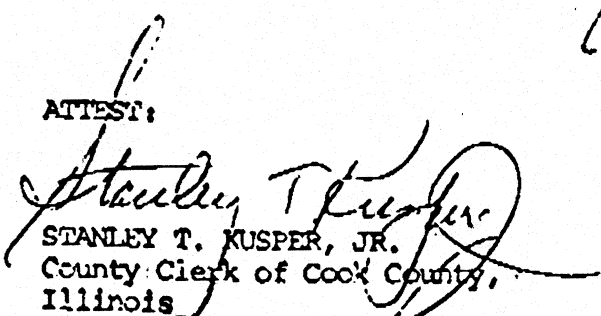
This ordinance shall take effect on October 1, 1984 immediately upon its adoption and approval and shall be applicable to assessments for the tax assessment year 1986 and for subsequent tax assessment years.

Adopted and Approved this 19th day of May, 1986.

APPROVED:


GEORGE W. DUNNE
President of the Board of
Commissioners of Cook County,
Illinois

ATTEST:


STANLEY T. KASPER, JR.
County Clerk of Cook County,
Illinois

APPROVED BY BOARD
COUNTY COMMISSIONERS

MAY 19 1986

COM _____

THOMAS C. HYNES
Cook County Assessor

CLASS 6A ELIGIBILITY BULLETIN

Incentive Benefits

On October 1, 1984 the Cook County Board substantially revised the Cook County Real Property Assessment Classification Ordinance by dividing what was then Class 6 into two new classifications for industrial real estate. These are Class 6a, (the subject of this Bulletin), intended for non-manufacturing industrial properties, and Class 6b, intended for industrial properties that are either manufacturing facilities or non-manufacturing industrial facilities located in state-designated Enterprise Zones. These new classifications are designed to encourage industrial development throughout Cook County by offering real estate tax incentives for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. The goal of both Class 6a and Class 6b is to attract new industry, stimulate expansion of existing industry and increase employment opportunities.

Under the incentive provided by Class 6a, qualifying industrial real estate would be eligible for a 30% level of assessment for a period of eight (8) years from the date that new construction (excluding demolition, if any) or substantial rehabilitation commences or, in the case of abandoned property, from the date of substantial reoccupancy. This constitutes a substantial reduction in the level of assessment and results in significant tax savings. In the absence of the incentive benefits, industrial real estate would be assessed under the Classification Ordinance at 39% of its market value in 1986; 38% of its market value in 1987; 37% of its market value in 1988; and 36% of its market value in 1989 and every year thereafter.

Where buildings or other structures qualify for the incentive as new construction or as abandoned property as defined below, the 30% level of assessment under Class 6a will apply to those structures in their entirety as well as to the land upon which they are situated. Where there is substantial rehabilitation of an existing structure which has not been abandoned, the 30% level of assessment is applicable only to the additional value attributed to the rehabilitated portion of that structure.

Eligibility Requirements

Real estate is eligible for Class 6a status under the following conditions:

1. The real estate is used primarily for "industrial purposes".
2. There is either (a) new construction, or (b) substantial rehabilitation, or (c) substantial reoccupancy of "abandoned" property.

(Revised 9-86)

The following definitions in Section 1 of the Cook County Real Property Assessment Classification Ordinance pertain to the Class 6a incentive provision:

Industrial purposes: "Any real estate used primarily in manufacturing... or in the extraction or processing of raw materials unserviceable in their natural state to create new physical products or materials, or in the transportation or storage of raw materials or finished or partially finished physical goods in the wholesale distribution of such materials or goods."

Manufacturing: "The material staging and production of goods used in procedures commonly regarded as manufacturing, processing, fabrication, or assembling which changes existing material into new shapes, new qualities, or new combinations."

Abandoned property: "Buildings and other structures that, after having been vacant and unused for at least 24 continuous months, have been substantially rehabilitated or purchased for value by a purchaser in whom the seller has no direct financial interest."

What Must Be Filed

An applicant seeking the reclassification of real estate to Class 6a is required to file a "Class 6a Eligibility Application" with the Office of the Assessor. The Eligibility Application consists of a form requiring that certain information be filled in and that certain questions be answered. The Application also requires that certain documents and proofs be attached or submitted in support of the statements made in the Application. In addition to the Eligibility Application, an applicant must also file, in triplicate, a "Real Estate Assessed Valuation Complaint" (Form 4818) requesting that the real estate be reclassified to Class 6a. No final action on a request for reclassification to Class 6a will be taken until a Complaint and an Eligibility Application, along with the required documentation and proofs as described therein, are completed and filed with the Office of the Assessor.

Time For Filing

The Eligibility Application should be filed as soon as the new construction, substantial rehabilitation or reoccupancy of abandoned property has been completed, but no later than the deadline established for filing Complaints. For the purpose of certifying final assessments on a timely basis to the Board of Appeals, deadlines for filing Complaints are established on a township basis. An applicant should check with the Office of the Assessor to determine when the deadline occurs.

Questions regarding Class 6a may be directed to the Incentive Program Department of the Office of the Cook County Assessor, Room 312, 118 North Clark Street, Chicago, Illinois 60602, (312) 443-7528.

Letter from Tax Consultant

Sarnoff & Baccash

SARNOFF & BACCASH

SUITE 2210
33 NORTH LA SALLE STREET
CHICAGO, ILLINOIS 60602
(312) 782-8310

TELEX 26 9889 "RE TAX"

WRITER'S DIRECT DIAL NUMBER

(312)- 782-8311

September 5, 1989

Mr. Thomas G. Klein
Vice President
Oakbrook Corporation
100 State Street
P.O. Box 2020
Madison, Wisconsin 53701-2020

Re: Messenger Industrial Complex
1905 South Mt. Prospect Road
Des Plaines, Illinois
Maine Township - Vol. 95
Perm. No. 09-30-101-034
09-30-101-035

Dear Tom:

You requested information about the above captioned property. Therefore, I am enclosing the following data:

1. Real estate tax bills;
2. Summary of tax rates throughout Cook County;
3. Ordinance 86-0-17 dated May 19, 1986 which amends the Cook County Classification Ordinance.

The 1988 aggregate assessment for Messenger Industrial Complex is \$781,044, which represents a market value of approximately \$2,110,930 (based on a level of assessment of 37% of the fair market value).

The aggregate 1988 taxes are \$124,157.67. The attached summary of tax rates contains the 1988 tax rates of various Cook County suburbs. The tax rate applicable to the subject property is 8.251%. In comparison, the 1988 tax rate for the City of Chicago is 9.927. I have highlighted various areas surrounding the property to give you an idea of the tax rates in other comparable areas in Cook County. As you can see, the tax rate applicable to this property is lower than that of many surrounding areas in Cook County. (However, DuPage County tax rates, in general, are lower than those in Cook County, and the 1988 equalization factor in DuPage County was 1.00, as opposed to 1.9266 in Cook County. Thus, the tax burden on DuPage County taxpayers is obviously lower than that on Cook County taxpayers.)

SARNOFF & BACCASH

Mr. Thomas G. Klein
September 5, 1989
Page Two

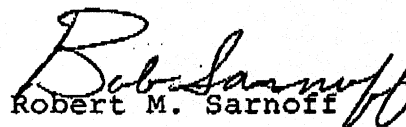
You indicated that Messenger Industrial Complex is subject to a tax abatement. Therefore, I am enclosing the Amended Cook County Classification Ordinance which outlines the various classes of property in Cook County and the qualifications for tax incentives. If a tax abatement is applicable to this property, the appropriate classification would be Class 6a. Under this classification, newly constructed (or rehabilitated) industrial property which is not used for manufacturing purposes is assessed at 30% of market value for eight years after the commencement of new construction. (However, according to the Eligibility Bulletin, the eight year period does not include the demolition of the old buildings.) After that time, the level of assessment returns to 36%. Since the Messenger Industrial Complex was newly constructed, and is used for warehouse storage and distribution, rather than manufacturing, it appears to fall under the provisions of Class 6a, and both land and building could be assessed at 30% of market value.

However, we have no data to support classification of this property as Class 6a (30% level of assessment). In fact, according to the tax bills, this property appears to be classified as Class 5 industrial property (36% level of assessment). Once the property record cards become available, we will be able to investigate this issue further. On Tuesday, September 5, we again requested the property record cards, and were told that they were "in the field" for calculation of the 1989 quadrennial assessment. We are attempting to determine whether Class 6a is applicable to this property by calling the Assessor's Office.

Should you have any questions about any of the information provided with this letter, please feel free to call me.

Very truly yours,

SARNOFF & BACCASH


Robert M. Sarnoff

RMS:jmh
Enclosures

COOK COUN

CLARK STREET CHICAGO, ILLINOIS 60602

ESTATE PROOF OF PAYMENT 1988

1500 MAYBROOK SQUARE MAYWOOD, ILLINOIS 60153

16501 S. KEDZIE AVENUE MARKHAM, ILLINOIS 60426

5800 OLD ORCHARD RD. SKOKIE, ILLINOIS 60077

VOLUME 095 PERMANENT REAL ESTATE INDEX NUMBER 09-30-101-034-0000 TOWN 22028 MAINE

NEW PARCEL

1ST ESTIMATED AMOUNT DUE

DATE PAID TAX AMOUNT PAID BACK TAX/ROLLBACK TAX STATUTORY INTEREST PAID INTEREST PAID COST PAID SERIAL NO.

PAYMENT INFORMATION HAS BEEN TRANSCRIBED FROM THE WARRANT RECORDS ON FILE IN THE OFFICE OF THE COUNTY COLLECTOR

Edmund J. Russell

COOK COUNTY COLLECTOR

PCL 1-00

221,956 ASSESSED VALUATION
 1.9266 STATE EQUALIZATION FACTOR
 427,620 EQUALIZED VALUATION
 8.251 CURRENT TAX RATE
 35,282.93 GROSS TAXES BEFORE EXEMPTION
 SR. CITIZEN'S HOMESTEAD DEDUCTION
 HOMEOWNER'S EXEMPTION DEDUCTION
 35,282.93 TOTAL TAXES AFTER EXEMPTION
 PRIOR YEAR EQUALIZED VALUATION
 PRIOR YEAR TAX RATE
 PRIOR YEAR TOTAL TAXES

2ND FINAL AMOUNT DUE

35,282.93

TAX AMOUNT PAID

INTEREST PAID

COST PAID

SERIAL NO.

DATE PAID 08-07-89 TAX AMOUNT PAID 35,282.93 INTEREST PAID COST PAID SERIAL NO. 0807912076

OHARE AIRPORT PARTNERS

OR CURRENT OWNER

16912 A VON KARMEN AVE

IRVINE CA 92714-4923

WHEN PAYING IN PERSON DO NOT DETACH

WHEN PAYING BY MAIL PLEASE DETACH AND KEEP FOR YOUR RECORDS

COOK COUNTY COLLECTOR

ESTIMATED AMOUNT DUE

PERMANENT REAL ESTATE INDEX NUMBER VOLUME

118 N. CLARK STREET 16501 S. KEDZIE AVENUE
 CHICAGO, ILLINOIS 60602 MARKHAM, ILLINOIS 60426
 1500 MAYBROOK SQUARE 5800 OLD ORCHARD RD.
 MAYWOOD, ILLINOIS 60153 SKOKIE, ILLINOIS 60077
 HOURS 9AM TO 5PM MONDAY THRU FRIDAY

PERMANENT REAL ESTATE INDEX NUMBER MUST APPEAR ON CHECK
 SEND THIS STUB ONLY WITH YOUR 1ST INSTALLMENT PAYMENT.
 1.5% PENALTY PER MONTH ADDED AFTER MARCH 1, 1989

TOWN YEAR TOWNSHIP

88

PARTIAL

1

1st

FOR OFFICE USE ONLY

TAX AMOUNT

INTEREST

COSTS

09-30-101-034-0000
 OHARE AIRPORT PARTNERS
 OR CURRENT OWNER
 16912 A VON KARMEN AVE
 IRVINE CA 92714-4923

YOUR CANCELLED CHECK WILL SERVE AS YOUR RECEIPT

COOK COUNTY COLLECTOR

FINAL AMOUNT DUE

PERMANENT REAL ESTATE INDEX NUMBER VOLUME

118 N. CLARK STREET 16501 S. KEDZIE AVENUE
 CHICAGO, ILLINOIS 60602 MARKHAM, ILLINOIS 60426
 1500 MAYBROOK SQUARE 5800 OLD ORCHARD RD.
 MAYWOOD, ILLINOIS 60153 SKOKIE, ILLINOIS 60077
 HOURS 9AM TO 5PM MONDAY THRU FRIDAY

PERMANENT REAL ESTATE INDEX NUMBER MUST APPEAR ON CHECK
 SEND THIS STUB ONLY WITH YOUR 2ND INSTALLMENT PAYMENT.
 1.5% PENALTY PER MONTH ADDED AFTER AUG. 7, 1989

TOWN YEAR TOWNSHIP

88

PARTIAL

2

2nd

00035282933 093010103400005 08820 093010103400005

FOR OFFICE USE ONLY

TAX AMOUNT

INTEREST

09-30-101-034-0000
 OHARE AIRPORT PARTNERS
 OR CURRENT OWNER
 16912 A VON KARMEN AVE
 IRVINE CA 92714-4923

COOK COUNTY

ESTATE PROOF OF PAYMENT 1988

18 N. CLARK STREET CHICAGO, ILLINOIS 60602

1500 MAYBROOK SQUARE MAYWOOD, ILLINOIS 60153

16501 S. KEDZIE AVENUE MARKHAM, ILLINOIS 60426

5600 OLD ORCHARD RD. SKOKIE, ILLINOIS 60077

VOLUME 095 PERMANENT REAL ESTATE INDEX NUMBER 09-30-101-035-0000 TOWN 22028 MAINE

NEW PARCEL

1ST ESTIMATED AMOUNT DUE

DATE PAID TAX AMOUNT PAID BACK TAX/ROLLBACK TAX STATUTORY INTEREST PAID INTEREST PAID COST PAID SERIAL NO.

2ND FINAL AMOUNT DUE

DATE PAID TAX AMOUNT PAID 88,874.74 INTEREST PAID COST PAID SERIAL NO. 08-07-89 88,874.74 0807912075

PAYMENT INFORMATION HAS BEEN TRANSMITTED FROM THE WARRANTY RECORDS ON FILE IN THE OFFICE OF THE COUNTY COLLECTOR

Edward J. Russell

COOK COUNTY COLLECTOR

PCL 5-93

559,088 ASSESSED VALUATION
 1.9266 STATE EQUALIZATION FACTOR
 1,077,139 EQUALIZED VALUATION
 8.251 CURRENT TAX RATE
 88,874.74 GROSS TAXES BEFORE EXEMPTION
 SR. CITIZEN'S HOMESTEAD DEDUCTION
 HOMEOWNER'S EXEMPTION DEDUCTION
 88,874.74 TOTAL TAXES AFTER EXEMPTION
 PRIOR YEAR EQUALIZED VALUATION
 PRIOR YEAR TAX RATE
 PRIOR YEAR TOTAL TAXES

OHARE AIRPORT PARTNERS

OR CURRENT OWNER

16912 A VON KARMEN AVE

IRVINE CA 92714-4923

WHEN PAYING IN PERSON DO NOT DETACH

WHEN PAYING BY MAIL PLEASE DETACH AND KEEP FOR YOUR RECORDS

COOK COUNTY COLLECTOR

ESTIMATED AMOUNT DUE

18 N. CLARK STREET CHICAGO, ILLINOIS 60602
 16501 S. KEDZIE AVENUE MARKHAM, ILLINOIS 60426
 1500 MAYBROOK SQUARE MAYWOOD, ILLINOIS 60153
 5600 OLD ORCHARD RD. SKOKIE, ILLINOIS 60077
 HOURS 9AM TO 5PM MONDAY THRU FRIDAY

TOWN YEAR TOWNSHIP

88

PARTIAL

1

PERMANENT REAL ESTATE INDEX NUMBER VOLUME

PERMANENT REAL ESTATE INDEX NUMBER MUST APPEAR ON CHECK
 SEND THIS STUB ONLY WITH YOUR 1ST INSTALLMENT PAYMENT.
 1.5% PENALTY PER MONTH ADDED AFTER MARCH 1, 1989

1st

FOR OFFICE USE ONLY

TAX AMOUNT

INTEREST

COSTS

YOUR CANCELLED CHECK WILL SERVE AS YOUR RECEIPT

COOK COUNTY COLLECTOR

FINAL AMOUNT DUE

18 N. CLARK STREET CHICAGO, ILLINOIS 60602
 16501 S. KEDZIE AVENUE MARKHAM, ILLINOIS 60426
 1500 MAYBROOK SQUARE MAYWOOD, ILLINOIS 60153
 5600 OLD ORCHARD RD. SKOKIE, ILLINOIS 60077
 HOURS 9AM TO 5PM MONDAY THRU FRIDAY

TOWN YEAR TOWNSHIP

22028 1988 MAINE

88

PARTIAL

2

PERMANENT REAL ESTATE INDEX NUMBER VOLUME

09-30-101-035-0000 095

PERMANENT REAL ESTATE INDEX NUMBER MUST APPEAR ON CHECK
 SEND THIS STUB WITH YOUR 2ND INSTALLMENT PAYMENT.
 1.5% PENALTY PER MONTH ADDED AFTER AUG. 7, 1989

2nd

00088874749 093010103500008 08820 093010103500008

FOR OFFICE USE ONLY

TAX AMOUNT

INTEREST

09-30-101-035-0000
 OHARE AIRPORT PARTNERS
 OR CURRENT OWNER
 16912 A VON KARMEN AVE
 IRVINE CA 92714-4923

Here is the list of combined tax rates supplied by the county clerk's office that will be used to compute 1988 tax bills for property owners in Cook County suburbs. The taxes due Aug. 7 are based on the 1988 rates. The 1987 tax rates are provided for comparison. The listed rates are the sums of those levied by a number of taxing authorities; within most municipalities, property owners in different areas will pay taxes at different rates, depending on which park, school, library or fire protection district is providing those services.

Taxing body	1988	1987	SD 143 1/2	15.019 13.805	SD 79	7.817 7.375
BARRINGTON TOWNSHIP			SD 144	12.780 11.896	Northlake	SD 83 in
Barrington			Midlothian		SD 83 in	N'lake Fire
SD 220	8.990	8.444	SD 143	10.259 9.301	SD 83 in	Leyden Fire
Barrington Hills			SD 142	9.003 8.548	SD 87 in	N'lake Fire
SD 220	8.328	7.872	Oak Forest		Park Ridge	SD 64
SD 220			SD 142	9.844 9.491	River Grove	SD 84 1/2
city park	8.870	8.387	SD 144	10.845 9.850	in park	SD 84 1/2
Hoffman Estates			SD 145	10.657 9.445	SD 84 1/2	SD 84 1/2
SD 220	9.784	9.167	SD 146/		SD 84 1/2	SD 84 1/2
South Barrington			HS 230/		SD 84 1/2	SD 84 1/2
SD 220	8.787	8.189	College 624	9.922 9.098	SD 84 1/2	SD 84 1/2
SD 220			Posen		SD 84 1/2	SD 84 1/2
Barrington			SD 143 1/2		SD 84 1/2	SD 84 1/2
C'side Fire	7.783	7.356	SD 143 1/2	12.653 11.338	SD 84 1/2	SD 84 1/2
SD 220			SD 143 1/2	12.343 11.055	SD 84 1/2	SD 84 1/2
E. Dundee			Robbins		SD 84 1/2	SD 84 1/2
Fire	8.031	7.530	SD 143	10.834 10.078	SD 84 1/2	SD 84 1/2
BERWYN TOWNSHIP			SD 143 1/2	12.618 11.393	SD 84 1/2	SD 84 1/2
Taxing body	1988	1987	Tinley Park		SD 84 1/2	SD 84 1/2
Berwyn			SD 145	9.979 8.759	SD 84 1/2	SD 84 1/2
SD 100			SD 146	10.029 8.927	SD 84 1/2	SD 84 1/2
no park	10.085	9.201	CALUMET TOWNSHIP		SD 84 1/2	SD 84 1/2
SD 98 in			Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
N. Berwyn			Blue Island		SD 84 1/2	SD 84 1/2
Park	10.115	9.558	SD 130	10.321 9.419	SD 84 1/2	SD 84 1/2
BLOOM TOWNSHIP			SD 132	10.659 9.813	SD 84 1/2	SD 84 1/2
Taxing body	1988	1987	Calumet Park		SD 84 1/2	SD 84 1/2
Chicago Heights			SD 132	11.997 11.448	SD 84 1/2	SD 84 1/2
SD 161			Alverdale		SD 84 1/2	SD 84 1/2
In Park			SD 132	12.215 10.920	SD 84 1/2	SD 84 1/2
and Thorn			SD 133	11.958 10.441	SD 84 1/2	SD 84 1/2
Creek San.	13.615	13.268	CICERO TOWNSHIP		SD 84 1/2	SD 84 1/2
SD 167			Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
In Park			Cicero		SD 84 1/2	SD 84 1/2
and Thorn			SD 99		SD 84 1/2	SD 84 1/2
Creek San.	13.846	13.468	In Clyde Park	10.826 9.920	SD 84 1/2	SD 84 1/2
SD 167			SD 99 in		SD 84 1/2	SD 84 1/2
no pk. or			Hawthorn. Pk.	10.632 9.777	SD 84 1/2	SD 84 1/2
san. dist.	11.754	11.228	ELK GROVE TOWNSHIP		SD 84 1/2	SD 84 1/2
SD 170			Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
In Park			Arlington Heights		SD 84 1/2	SD 84 1/2
and Thorn			SD 25	9.487 9.088	SD 84 1/2	SD 84 1/2
Creek San.	13.674	13.194	SD 69	8.057 7.546	SD 84 1/2	SD 84 1/2
SD 163			Des Plaines		SD 84 1/2	SD 84 1/2
HSD 227			SD 57	9.134 8.156	SD 84 1/2	SD 84 1/2
In Park			SD 58	7.825 7.357	SD 84 1/2	SD 84 1/2
and Thorn			Elk Grove Village		SD 84 1/2	SD 84 1/2
Creek San.	16.721	15.723	SD 59 Elk		SD 84 1/2	SD 84 1/2
SD 161			Grove Park	7.354 6.988	SD 84 1/2	SD 84 1/2
HSD 233			SD 59 Mt.		SD 84 1/2	SD 84 1/2
In Park			Prospect Pk.	7.508 7.119	SD 84 1/2	SD 84 1/2
and Thorn			Mt. Prospect		SD 84 1/2	SD 84 1/2
Creek San.	13.173	13.087	SD 57	9.787 8.800	SD 84 1/2	SD 84 1/2
SD 194			SD 58	8.478 8.001	SD 84 1/2	SD 84 1/2
HSD 206			Rolling Meadows		SD 84 1/2	SD 84 1/2
In Park			SD 15	9.303 8.153	SD 84 1/2	SD 84 1/2
Creek San.	12.623	12.300	EVANSTON TOWNSHIP		SD 84 1/2	SD 84 1/2
Flossmoor			Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
SD 161			Evanston		SD 84 1/2	SD 84 1/2
Ford Heights			SD 65 no park	13.501 13.146	SD 84 1/2	SD 84 1/2
SD 169	15.065	14.277	SD 65 in		SD 84 1/2	SD 84 1/2
Stenwood			Lights. Pk.	13.593 13.239	SD 84 1/2	SD 84 1/2
SD 167			SD 65 in		SD 84 1/2	SD 84 1/2
no fire	11.754	11.228	Ridgely. Pk.	13.648 13.288	SD 84 1/2	SD 84 1/2
SD 153			SD 65 in		SD 84 1/2	SD 84 1/2
HSD 233	11.581	11.298	Skokie Park	13.917 13.584	SD 84 1/2	SD 84 1/2
Homewood			HANOVER TOWNSHIP		SD 84 1/2	SD 84 1/2
SD 153	11.183	11.006	Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
SD 161	11.369	11.214	Bartlett		SD 84 1/2	SD 84 1/2
Homewood			SD 46 in park	10.036 9.660	SD 84 1/2	SD 84 1/2
SD 171	11.540	10.853	SD 46 no		SD 84 1/2	SD 84 1/2
Lynwood			park, in		SD 84 1/2	SD 84 1/2
SD 172/HS			Ontarioville		SD 84 1/2	SD 84 1/2
Dist. 208	10.165	9.927	Fire	9.924 9.481	SD 84 1/2	SD 84 1/2
SD 171/HS			Elgin		SD 84 1/2	SD 84 1/2
Dist. 216	11.181	10.322	SD 46	9.617 9.093	SD 84 1/2	SD 84 1/2
Olympia Fields			Hanover Park		SD 84 1/2	SD 84 1/2
SD 161	9.729	9.673	SD 46 in		SD 84 1/2	SD 84 1/2
Park Forest			Ontarioville		SD 84 1/2	SD 84 1/2
SD 194	11.417	10.816	Fire	10.932 10.378	SD 84 1/2	SD 84 1/2
SD 163	15.302	14.095	SD 46 in		SD 84 1/2	SD 84 1/2
Sauk Village			Bartlett		SD 84 1/2	SD 84 1/2
SD 168	11.681	11.084	SD 46 in		SD 84 1/2	SD 84 1/2
South Chicago Heights			Country		SD 84 1/2	SD 84 1/2
SD 194	10.773	10.086	Country		SD 84 1/2	SD 84 1/2
SD 170	11.824	10.980	Fire	10.591 10.087	SD 84 1/2	SD 84 1/2
Steger			Streamwood		SD 84 1/2	SD 84 1/2
SD 194	10.027	9.693	SD 46	10.242 9.884	SD 84 1/2	SD 84 1/2
BREMEN TOWNSHIP			LEMONT TOWNSHIP		SD 84 1/2	SD 84 1/2
Taxing body	1988	1987	Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
Blue Island			Lemont		SD 84 1/2	SD 84 1/2
SD 143 1/2			SD 113	9.405 9.245	SD 84 1/2	SD 84 1/2
In park	12.913	11.396	LEYDEN TOWNSHIP		SD 84 1/2	SD 84 1/2
SD 143 1/2			Taxing body	1988 1987	SD 84 1/2	SD 84 1/2
no park	12.440	10.983	Bensenville		SD 84 1/2	SD 84 1/2
Country Club Hills			SD 83 no fire	6.624 6.226	SD 84 1/2	SD 84 1/2
SD 144			Elmwood Park		SD 84 1/2	SD 84 1/2
no san.	12.572	10.965	SD 401	9.880 9.526	SD 84 1/2	SD 84 1/2
SD 160			Franklin Park		SD 84 1/2	SD 84 1/2
no fire	11.561	10.178	SD 83 in		SD 84 1/2	SD 84 1/2
SD 160 in fire	12.534	11.131	Vets. Park,		SD 84 1/2	SD 84 1/2
Crestwood			no fire	7.385 6.835	SD 84 1/2	SD 84 1/2
SD 143			SD 84 1/2 in		SD 84 1/2	SD 84 1/2
In fire	9.505	8.706	Vets. Park,		SD 84 1/2	SD 84 1/2
SD 140			no fire	7.273 6.785	SD 84 1/2	SD 84 1/2
no san.	8.842	8.573	SD 81		SD 84 1/2	SD 84 1/2
SD 130	8.432	7.791	Franklin Pk.,		SD 84 1/2	SD 84 1/2
Harvey			no fire	7.410 6.923	SD 84 1/2	SD 84 1/2
SD 143 1/2	16.026	14.587	SD 83		SD 84 1/2	SD 84 1/2
Hazelcrest			Franklin Pk.,		SD 84 1/2	SD 84 1/2
SD 144/			no fire	7.434 6.887	SD 84 1/2	SD 84 1/2
College 510	12.115	10.981	SD 84		SD 84 1/2	SD 84 1/2
SD 152 1/2/			no fire	7.978 7.098	SD 84 1/2	SD 84 1/2
College 510	10.820	9.991	Meirose Park		SD 84 1/2	SD 84 1/2
SD 153/			SD 83	7.275 6.759	SD 84 1/2	SD 84 1/2
HS 233/			SD 84	7.868 7.022	SD 84 1/2	SD 84 1/2
College 515	11.865	11.557	SD 87		SD 84 1/2	SD 84 1/2
Homewood			N'lake Fire	9.992 9.389	SD 84 1/2	SD 84 1/2
SD 163	10.898	10.718	SD 84 1/2	7.183 6.709	SD 84 1/2	SD 84 1/2

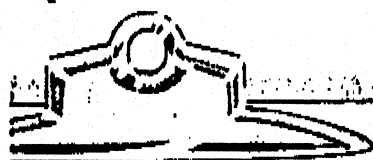
Estimating yo 1987 Tax ex

\$100,000 _____ Ho
x0.16 _____ As
\$16,000 _____
x1.8916 _____
\$30,266 _____ Ea
-\$3,500 _____ Aven
\$26,766 _____ A
\$267.66 _____
x9.660 _____ Gen
\$2,585.60 _____

Worksheet
Home's fair market
Assessment percent
Assessed value _____
Equalization factor
Equalized assessed
Average homeowners
Adjusted equalized
Divide by 100 _____
Your general munic
Amount of tax bill _____
Chicago Tribune Graphic

Pk. Ridge	9.305	9.023
Pk. SD 64 in		
Pk. Ridge	9.810	9.174
Pk. Rosemont		
SD 62	8.446	8.015
NEW TRIER TOWNSHIP		
Taxing body	1988	1987
Glencoe		
SD 35	12.263	10.751
SD 36	12.381	11.184
Glennview		
SD 37	9.473	8.684
SD 39	9.638	9.018
Kenilworth		
SD 38 in		
Winnetka Pk.	11.996	11.359
SD 38 in		
Ken'w'th Pk.	11.692	11.075
Northfield		
SD 37	10.054	9.085
SD 37 no	9.455	8.507
park		
Wilmette		
SD 37	10.757	9.735
SD 39		
no san.		
no fire	10.922	10.069
SD 39	10.922	10.069
Winnetka		
SD 36 in		
Winnetka Pk.	11.852	10.629
SD 37 in		
Winnetka Pk.	11.172	10.244
SD 38	12.035	11.160
NILES TOWNSHIP		
Taxing body	1988	1987
SD 34/HS 225	8.804	8.243
SD 34 no		
fire, no san.	8.399	7.910
SD 67/HS 219	7.590	7.267
Golf		
SD 34	9.016	8.553
Lincolnwood		
SD 74		
no park	7.184	6.679
Morton Grove		
SD 67 in		
Mort. Gr. Pk.	8.752	8.422
SD 67		
Glennview Pk.	8.678	8.392
SD 68 in		
Mort. Gr. Pk.	9.151	8.947
SD 69 in		
Mort. Gr. Pk.	9.463	9.008
SD 69 in		

DUKE COUNTY SUBURBS



your property tax

Examples based on Chicago 1988

Home's fair market value \$100,000

Assessment percentage x0.16

Assessed value \$16,000

Equalization factor x1.9266

Equalized assessed value \$30,826

Age homeowner exemption -\$3,500

Adjusted equalized value \$27,326

Divide by 100 \$273.26

General Chicago city tax rate x0.927

Amount of tax bill \$2,712.65

value \$

Age x0.16

x1.9266

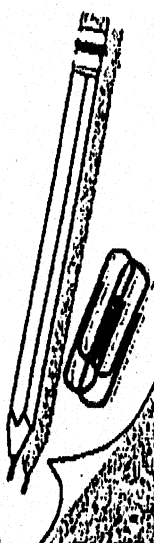
value \$

Exemption -\$3,500

value \$

Equal tax rate x

\$



Mori. Gr. Pk.	7.577	7.171
Niles		
SD 67		
In Niles Park	7.226	6.837
SD 71		
In Niles Park and Library	6.051	5.586
SD 72		
In Niles Park	6.615	6.291
SD 72 in Skokie Park	6.615	6.291
Skokie		
SD 66 in Skokie Park	8.720	8.553
SD 68 in Glenview Pk.	8.765	8.623
SD 69 in Skokie Park	9.032	8.814
SD 70 in Mori. Gr. Pk.	8.617	8.316
SD 71 in Skokie Park	7.146	6.777
SD 72 in Skokie Park	7.710	7.482
SD 73 in Skokie Park	8.667	8.306
SD 73 1/2 in Skokie Park	9.416	9.010
SD 65/HS 202 in Skokie Park	12.036	11.673

NORTHFIELD TOWNSHIP		
Taxing body 1988 1987		
Deerfield	8.666	8.351
Glencoe		
SD 29	11.367	10.113
Glencoe		
SD 34	8.731	8.247
no fire		
SD 34	8.977	8.356
In park		
Northbrook		
SD 26 park, Glenbrook	8.731	8.086
San.		
SD 27 park, Mrs. Birk, San., NW	9.105	8.524
SD 29/HS 203	8.275	7.457
SD 30		
San. Pk., No. St. Mary, no fire	9.410	8.993

NORWOOD PARK TOWN-SHIP		
Taxing body 1988 1987		
Harwood Heights		
SD 80/HS 234	7.846	7.532
SD 86/HS 234	7.874	7.374
SD 79/HS 207	7.747	7.128
Northridge		
SD 80	7.410	7.128
SD 86	7.868	7.470
SD 79/HS 207	7.741	7.294
In park		
SD 79/HS 207	7.311	6.794
no park		
Park Ridge		
SD 84	9.420	9.004

OAK PARK TOWNSHIP		
Taxing body 1988 1987		
Oak Park		
Village of	13.491	12.078

ORLAND TOWNSHIP		
Taxing body 1988 1987		
Orland Park		
SD 135	9.825	9.343
Tinley Park		
SD 140	10.335	10.162
Westhaven		
SD 135	9.875	9.149
SD 140	10.751	10.159

PALATINE TOWNSHIP		
Taxing body 1988 1987		
Arlington Heights		
SD 15	9.881	9.207
Barrington		
SD 220	8.077	8.425
Hoffman Estates		
SD 15	10.288	9.617
Inverness		
SD 15 in Palatine		
River Park	8.882	8.293
SD 15		
No San.	8.491	7.937
SD 15		
no park	8.348	7.769
Palatine		
SD 15 in Palatine Park	10.244	9.782
SD 15 in Salt Crk Pk.	10.488	10.015
Rolling Meadows		
SD 15 in Salt Crk Pk.	9.794	8.428

Schaumburg SD 15	8.743	8.123
PALOS TOWNSHIP		
Taxing body 1988 1987		
Bridgeview		
SD 117	9.207	8.974
Pk.		
SD 117		
Hickory Hills Park, no fire	9.318	9.125
Hickory Hills		
SD 117		
park, N. Palos		
Two, Lib.	9.340	9.142
SD 117 in park, N. Palos		
Fire	9.634	9.437
SD 117 in park, Roberts		
Pk. Fire	9.783	9.571
Palos Heights		
SD 118 in Palos Fire	9.161	8.900
SD 118		
In Palos Heights Fire	9.164	8.974
Palos Hills		
SD 117	8.887	8.699
SD 118	9.240	9.093
Palos Park		
SD 118	9.311	8.955
Willow Springs		
SD 108	10.025	8.938
Worth		
SD 118	10.921	10.506
SD 127	10.588	9.655

PROVISO TOWNSHIP		
Taxing body 1988 1987		
Bellevue		
SD 87	13.808	12.045
SD 88	12.608	11.864
Berkley		
SD 87		
no park	11.521	10.048
SD 87 in Vets. Park	11.521	10.048
SD 87 in Mem. Park	11.672	10.154
SD 93		
no park	8.851	8.515
SD 93 in Elm's Pk.		
Broadview		
SD 100	10.368	9.848
SD 89	9.975	9.474
SD 92	9.962	9.485
SD 92 1/2	9.202	8.687
SD 94	8.981	8.337
Brookfield		
SD 95	9.964	9.831
Forest Park		
SD 89		
no park	9.455	9.247
SD 89		
In park	9.869	9.872
SD 91	10.458	10.134
Hillside		
SD 87	11.106	9.627
SD 88	9.906	9.446
SD 93		
In park	8.526	8.094
SD 93		
no park	8.033	7.645
La Grange Park		
SD 95/HS 208	10.260	10.088
SD 102/HS 204	9.892	9.629
Maywood		
SD 88		
no park	13.498	13.005
SD 89 Central		
Area Park	13.448	12.935
SD 89		
In West		
Maywood Pk.	13.395	12.870
McGraw Park		
SD 88		
In Mem. Park	9.404	9.124
SD 89		
In Vets. Park	8.858	8.635
SD 87		
In Mem. Park	10.694	9.305
Northlake		
SD 87		
In Mem. Pk., no fire	10.486	9.140
SD 87		
In Mem. Pk. and Fire	11.438	9.880
SD 87		
In Vets. Park	10.333	9.025
North Riverside		
SD 94	7.205	6.953
Stone Park		
SD 88	10.537	10.118
SD 87	11.827	10.299
Westchester		
SD 92 1/2	8.578	8.373
SD 93	8.364	8.182
Western Springs		
SD 101	9.447	8.930

RIVER FOREST TOWNSHIP		
Taxing body 1988 1987		
River Forest		
Village of	12.264	11.837

RIVERSIDE TOWNSHIP		
Taxing body 1988 1987		
Brookfield		
SD 96	8.505	8.378
Lyons		
SD 98	8.494	8.509
North Riverside		
SD 94	7.245	6.988
SD 96	7.678	7.533
Riverside		
SD 96	10.232	10.002

SCHAUMBURG TOWNSHIP		
Taxing body 1988 1987		
Elk Grove		
SD 54	9.141	8.982
Hanover Park		
SD 54	10.980	10.698
Hoffman Estates		
SD 54		
In Hoffman Estates Park	10.405	10.130
SD 54		
In Hoffman Est. Pk., no fire, no San.	10.497	10.206
Rolling Meadows		
SD 54	9.998	9.259
Schaumburg		
SD 54 in Schunbrg. Pk.	8.698	8.512

STICKNEY TOWNSHIP		
Taxing body 1988 1987		
Bedford Park		
SD 110		
In Park	7.547	7.050
SD 110		
no Park	7.265	6.774
SD 111		
In Park	8.808	8.288
SD 111		
no Park	8.524	8.010
Burbank		
SD 111	8.674	8.548
Forest View		
SD 103	8.402	8.008
SD 104	9.344	8.727
SD 110/HS 201	7.815	7.450
SD 110/HS 220	7.479	7.225
Stickney		
SD 99	9.437	8.607
SD 103	8.355	7.893
SD 110	7.788	7.337

THORNTON TOWNSHIP		
Taxing body 1988 1987		
Blue Island		
SD 147		
In Park	13.844	12.578
SD 147		
no Park	13.171	12.166
Burnham		
SD 149/HS 205	11.513	10.300
SD 154 1/2/HS 215	12.170	10.646
SD 155/HS 215	12.250	11.380
Calumet City		
SD 149/HS 205	10.555	9.586
SD 150/HS 205		
no San., no fire	10.088	9.329
SD 157/HS 215	9.720	9.014
SD 155/HS 215	11.292	10.646
SD 156/HS 215	10.694	9.961
Diamond		
SD 147	12.856	11.844
Dorton		
SD 148 in Dorton Park	13.144	11.470
SD 149 in Calumet Pk.	12.138	10.301
SD 149 in Dorton Park	12.001	10.308
SD 152 in Dorton Park	12.777	11.121
East Hazel Crest		
SD 152 1/2		
San., no fire, no San.	9.260	8.191
Glenwood		
SD 167	11.100	10.851
Harvey		
SD 147	16.117	15.280
SD 148		
In Park	14.522	13.496
SD 151		

Matteson SD 162	10.405	9.811
Olympia Fields SD 161	10.832	10.265
SD 162		
In Park, no San.	10.421	10.064
Park Forest		
SD 162 in Thorn Creek	11.980	11.350
San.		
SD 163 in Thorn Creek	15.084	13.862
San.		
Richton Park		
SD 162 no Sanitary	10.668	10.358

WHEELING TOWNSHIP		
Taxing body 1988 1987		
Arlington Heights		
SD 25 in park	9.501	9.092
SD 57 in park	9.380	8.449
SD 21 in park	9.210	8.493
Buffalo Grove		
SD 21	9.817	9.274
Des Plaines		
SD 28	8.983	8.730
ML Prospect		
SD 28 in ML Prospect Pk.	9.887	9.546
SD 57 in ML Prospect Pk.	9.801	8.804
SD 57 in Arlington		
Hts. Park	9.779	8.797
Wheeling		
SD 21 in Lib., no fire	9.671	8.867
SD 21 in park, Lib., no fire	9.916	9.025
SD 21 in Wheeling Pk., Lib., no fire	9.604	8.749

WORTH TOWNSHIP		
Taxing body 1988 1987		
Alain		
SD 125	10.408	9.975
SD 126	8.495	7.908
SD 130	9.182	8.568
Blue Island		
SD 130	10.061	9.197
Bridgeview		
SD 122 in Bridgeview	9.504	9.203
SD 122 in S. Stickney		
Park	9.568	9.206
Chicago Ridge		
SD 127 1/2/HS 218	9.469	8.596
SD 122/HS 218	9.757	9.146
SD 127/HS 218	9.749	8.737
Crestwood		
SD 128	8.298	7.814
SD 130	8.437	7.823
Evergreen Park		
SD 124		
no fire, no San.	8.721	8.660
Hometown		
SD 123	9.407	8.698
Marianette Park		
SD 125	9.542	9.241
Oak Lawn		
SD 123/HS 218	9.167	8.535
SD 125/HS 218	11.047	10.694
SD 126/HS 218	9.134	8.627
SD 122/HS 229	9.987	9.653
SD 123/HS 229	9.061	8.516
SD 122/HS 218	10.093	9.672
Palos Heights		
SD 128 no San., in park	8.803	8.434
SD 127 no fire, no park	9.205	8.419
SD 128 no fire, in park	8.689	8.245
SD 128 in fire, in park	8.803	8.434
Robbins		

**Proformas for Three Scenarios
To Test
Sensitivity of Yield To Changes
In Leasing, Vacancy and Tenant Concession
Assumptions**

PESSIMISTIC SCENARIO

	9/89 8/90	9/90 8/91	9/91 8/92	9/92 8/93	9/93 8/94	9/94 8/95	9/95 8/96	9/96 8/97	9/97 8/98	9/98 8/99	9/99 8/00	
GROSS POTENTIAL	1,548,993	1,550,193	1,563,529	1,577,367	1,591,306	1,640,285	1,665,920	1,668,235	1,668,235	1,701,982	1,813,875	17,989,924
LESS FREE RENT	(85,936)	0	0	0	(325,734)	(232,667)	(79,199)	(160,708)	0	0	(366,818)	(1,251,061)
LESS VACANCIES	0	0	0	(319,131)	(232,667)	(77,656)	(158,394)	0	0	(359,481)	(262,013)	(1,409,342)
TOTAL BASE RENT	1,463,057	1,550,193	1,563,529	1,258,236	1,032,905	1,329,962	1,428,328	1,507,527	1,668,235	1,342,501	1,185,048	15,329,520
GROSS RECOVERIES	633,493	665,167	698,426	733,347	770,014	808,515	848,941	891,388	935,957	982,755	1,031,893	8,999,897
LESS VACANCIES	0	0	0	(141,829)	(106,372)	(36,538)	(76,727)	0	0	(190,664)	(142,548)	(694,077)
TOTAL RECOVERIES	633,493	665,167	698,426	591,518	663,643	771,977	772,214	891,388	935,957	792,691	889,345	8,305,820
EFFECTIVE GROSS INCOME	2,096,550	2,215,361	2,261,955	1,849,754	1,696,548	2,101,939	2,200,542	2,398,915	2,604,192	2,135,192	2,074,393	23,635,340
C.A.M.	79,661	83,644	87,826	92,217	96,828	101,670	106,753	112,091	117,695	123,580	129,759	1,131,724
TAXES	531,072	557,625	585,507	614,782	645,521	677,797	711,687	747,271	784,635	823,867	865,060	7,544,824
INSURANCE	22,760	23,898	25,093	26,348	27,665	29,048	30,501	32,026	33,627	35,309	37,074	323,350
MANAGEMENT FEES	43,892	46,506	46,906	37,747	30,987	39,899	42,850	45,226	50,047	40,275	35,551	459,866
TOTAL EXPENSES	677,385	711,673	745,332	771,094	801,002	848,414	891,791	936,614	986,004	1,023,030	1,067,444	9,459,783
NET OPERATING INCOME	1,419,166	1,503,688	1,516,623	1,078,660	895,546	1,253,525	1,308,751	1,462,301	1,618,188	1,112,162	1,006,948	14,175,557
STRUCTURAL RESERVE	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	417,271
LEASING COMMISSION	0	0	0	0	89,345	0	19,008	19,377	0	0	100,613	228,343
TENANT IMPROVEMENTS	0	0	0	0	76,717	0	17,228	17,999	0	0	101,870	213,815
CASH FLOW	1,381,232	1,465,754	1,478,690	1,040,726	691,550	1,215,592	1,234,581	1,386,991	1,580,254	1,074,228	766,531	13,316,126

SALE

		YEAR	CASH FLOW	ANNUAL YIELD
YEAR 11 GROSS POTENTIAL	2,845,771			
LESS 5% VACANCY RESERVE	(142,289)			
LESS O.E. & T. & MGMT	(1,067,444)			
YEAR 11 STABILIZED	1,636,038			
CAP RATE	8.50%			
SALES PRICE	19,247,506			
SALES COMMISSION	3.00% (577,425)			
NET SALE PROCEEDS	18,670,081			
	=====			

RESIDUAL 18,670,081

IRR 8.06%

MOST LIKELY SCENARIO

	9/89 8/90	9/90 8/91	9/91 8/92	9/92 8/93	9/93 8/94	9/94 8/95	9/95 8/96	9/96 8/97	9/97 8/98	9/98 8/99	9/99 8/00	
GROSS POTENTIAL	1,548,993	1,552,143	1,635,036	1,689,821	1,692,965	1,816,525	1,877,390	1,877,390	1,891,119	2,079,873	2,311,917	19,973,173
LESS FREE RENT	(85,936)	0	0	(49,782)	(199,130)	(22,414)	(92,440)	0	0	(333,280)	0	(782,981)
LESS VACANCIES	0	0	0	(298,694)	0	(67,242)	(70,582)	0	(63,512)	(333,280)	(22,414)	(855,724)
TOTAL BASE RENT	1,463,057	1,552,143	1,635,036	1,341,345	1,493,836	1,726,869	1,714,368	1,877,390	1,827,607	1,413,313	2,289,503	18,334,467
GROSS RECOVERIES	633,493	665,167	698,426	733,347	770,014	808,515	848,941	891,388	935,957	982,755	1,031,893	8,999,897
LESS VACANCIES	0	0	0	(121,568)	0	(27,403)	(28,772)	0	(25,859)	(135,760)	(11,658)	(351,020)
TOTAL RECOVERIES	633,493	665,167	698,426	611,780	770,014	781,112	820,169	891,388	910,098	846,995	1,020,235	8,648,877
EFFECTIVE GROSS INCOME	2,096,550	2,217,311	2,333,462	1,953,124	2,263,850	2,507,981	2,534,536	2,768,778	2,737,705	2,260,308	3,309,738	26,983,344
C.A.M.	79,661	83,644	87,826	92,217	96,828	101,670	106,753	112,091	117,695	123,580	129,759	1,131,724
TAXES	531,072	557,625	585,507	614,782	645,521	677,797	711,687	747,271	784,635	823,867	865,066	7,544,824
INSURANCE	22,760	23,898	25,093	26,348	27,665	29,048	30,501	32,026	33,627	35,309	37,074	323,350
MANAGEMENT FEES	43,892	46,564	49,051	40,240	44,815	51,806	51,431	56,322	54,828	42,399	68,685	550,674
TOTAL EXPENSES	677,385	711,732	747,477	773,587	814,830	860,321	900,372	947,710	990,786	1,025,155	1,100,578	9,549,931
NET OPERATING INCOME	1,419,166	1,505,579	1,585,985	1,179,537	1,449,021	1,647,659	1,634,164	1,821,068	1,746,920	1,235,154	2,209,160	17,433,413
STRUCTURAL RESERVE	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	417,271
LEASING COMMISSION	0	0	0	107,521	0	24,655	25,880	0	0	146,643	0	304,699
TENANT IMPROVEMENTS	0	0	0	72,944	0	16,457	17,228	0	0	98,097	0	204,726
CASH FLOW	1,381,232	1,467,645	1,548,052	961,138	1,411,087	1,568,614	1,553,123	1,783,134	1,708,956	952,479	2,171,226	16,506,716

SALE

		YEAR	CASH FLOW	ANNUAL YIELD
YEAR 11 GROSS POTENTIAL	3,343,810			
LESS 5% VACANCY RESERVE	(167,191)			
LESS O.E. & T. & MGMT	(1,100,578)			
YEAR 11 STABILIZED	2,076,042			
CAP RATE	8.50%			
SALES PRICE	24,424,020			
SALES COMMISSION	3.00% (732,721)			
NET SALE PROCEEDS	23,691,299			
	=====			

RESIDUAL 23,691,299

IRR 10.73%

OPTIMISTIC SCENARIO

	9/89 8/90	9/90 8/91	9/91 8/92	9/92 8/93	9/93 8/94	9/94 8/95	9/95 8/96	9/96 8/97	9/97 8/98	9/98 8/99	9/99 8/00	
GROSS POTENTIAL	1,548,993	1,553,043	1,645,676	1,719,681	1,733,306	1,914,593	2,000,065	2,000,065	2,077,201	2,231,474	2,575,481	20,999,579
LESS FREE RENT	(85,936)	0	0	(129,696)	0	(30,107)	(32,034)	0	(71,163)	(106,744)	0	(455,683)
LESS VACANCIES	0	0	0	(155,635)	0	(36,128)	(38,441)	0	(213,488)	0	(41,250)	(484,942)
TOTAL BASE RENT	1,463,057	1,553,043	1,645,676	1,434,350	1,733,306	1,848,358	1,929,590	2,000,065	1,792,551	2,124,730	2,534,231	20,058,957
GROSS RECOVERIES	633,493	665,167	698,426	733,347	770,014	808,515	848,941	891,388	935,957	982,755	1,031,893	8,999,897
LESS VACANCIES	0	0	0	(60,754)	0	(13,702)	(14,386)	0	(77,577)	0	(14,573)	(181,021)
TOTAL RECOVERIES	633,493	665,167	698,426	672,563	770,014	794,814	834,555	891,388	858,380	982,755	1,017,320	8,818,876
EFFECTIVE GROSS INCOME	2,096,550	2,218,211	2,344,101	2,106,913	2,503,320	2,643,171	2,764,145	2,891,453	2,650,931	3,107,486	3,551,552	28,877,833
C.A.M.	79,661	83,644	87,826	92,217	96,828	101,670	106,753	112,091	117,695	123,589	129,759	1,131,724
TAXES	531,072	557,625	585,507	614,782	645,521	677,797	711,687	747,271	784,635	823,867	865,060	7,544,824
INSURANCE	22,760	23,898	25,093	26,348	27,665	29,048	30,501	32,026	33,627	35,309	37,074	323,350
MANAGEMENT FEES	43,892	46,591	49,370	43,030	51,999	55,451	57,888	60,002	53,777	63,742	76,027	601,769
TOTAL EXPENSES	677,385	711,759	747,796	776,378	822,014	863,966	906,829	951,390	989,734	1,046,497	1,107,920	9,601,666
NET OPERATING INCOME	1,419,166	1,506,452	1,596,305	1,330,536	1,681,307	1,779,205	1,857,316	1,940,063	1,661,197	2,060,989	2,443,632	19,276,167
STRUCTURAL RESERVE	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	37,934	417,271
LEASING COMMISSION	0	0	0	119,320	0	27,698	29,163	0	163,674	0	0	339,855
TENANT IMPROVEMENTS	0	0	0	72,944	0	16,457	17,228	0	93,067	0	0	199,696
CASH FLOW	1,381,232	1,468,518	1,558,372	1,100,338	1,643,373	1,697,117	1,772,992	1,902,129	1,366,523	2,023,055	2,405,698	18,319,346

SALE

		YEAR	CASH FLOW	ANNUAL YIELD
YEAR 11 GROSS POTENTIAL	3,607,374			
LESS 5% VACANCY RESERVE	(180,369)			
LESS O.E. & T. & MGMT	(1,107,920)			

YEAR 11 STABILIZED	2,319,085	1	1,381,232	8.10%
		2	1,468,518	8.61%
		3	1,558,372	9.14%
		4	1,100,338	6.45%
CAP RATE	8.50%	5	1,643,373	9.64%
SALES PRICE	27,283,356	6	1,697,117	9.95%
SALES COMMISSION	3.00% (818,501)	7	1,772,992	10.40%
	-----	8	1,902,129	11.16%
NET SALE PROCEEDS	26,464,855	9	1,366,523	8.01%
	=====	10	2,023,055	11.87%

RESIDUAL 26,464,855

IRR 12.17%

