



## Financial Information



**David M. Trandel**

Winnetka Station, LLC  
515 Lincoln Avenue  
Winnetka IL, 60093

March 17, 2016

[dtrandel@stonestreetusa.com](mailto:dtrandel@stonestreetusa.com)  
312-286-0395

Village of Winnetka Department of Community Development  
510 Green Bay Road  
Winnetka, Illinois 60093  
Attn: Mr. Michael D'Onofrio  
Mr. Brian Norkus

Re: One Winnetka Public Benefits Summary

Dear Messrs. D'Onofrio and Norkus:

The One Winnetka team is pleased to present for your review an overview of our proposed design enhancements which will bring positive benefits to the residents, retailers, commuters, and visitors of the Village for the foreseeable future. The primary focus of the development of our site at the corner of Lincoln Avenue and Elm Street has always been towards creating an asset to the community which will make a positive contribution. Our goals for this development include the following:

- To enhance the Village of Winnetka retail environment not only visually and with new retail choices, but also to attract more visitors from other North Shore communities throughout the day and evening
- To create a vibrant destination point for both visitors and commuters and to open up opportunities for people to expand their interaction with our retail community
- To provide our visitors and commuters safe and state of the art facilities with abundant parking, easy access to our retail partners, and comfortable and enticing open spaces that encourage foot traffic
- To draw additional commuters to the Winnetka train station by providing the best possible access to the train platforms as well as encouraging these visitors to enjoy the Village's retail shops and restaurants
- To expand the present town square environment and provide opportunities for the Village to bring more community-centric activities to the center of Winnetka
- To bring exceptional value and architecture to a community known for its historic charm

In order to achieve these goals, the One Winnetka team has listened to the valuable input from the Village's Planning Commission, Zoning Board of Appeals, Design Review Board and residents and made numerous modifications to our original design. The result of this extensive effort is as follows:

- A 194 car multi-level state of the art parking deck adjacent to the southbound train platform. The deck features a stair and elevator for commuters to exit at platform level or to take the existing bridge across to the northbound platform. All parking is protected from inclement weather and is accessed from Lincoln Avenue. Since this proposed garage provides for substantially more parking than the current 32 commuter and 30 retail parking spaces on Lincoln Avenue, it not only allows for expansion of the commuter base, but also potentially opens up other allocated commuter parking to other uses by the community. The parking deck can also service the Winnetka retail community with additional parking as well.
- A new Plaza will be constructed above this deck featuring brick pavers, abundant plantings, plaza lighting, and parking. This Plaza will also accommodate through traffic on Lincoln Avenue from Elm Street to Oak Street. It will serve to expand the current Village commons from Village Hall to Lincoln Avenue, including inviting overlooks to the west.

- The current on-grade lot at the east end of the property will be expanded to 116 cars from the current 62 car capacity. One half of the parking spaces available to the Winnetka retailers and shoppers will be covered, and the lot will provide easy access for the shoppers to the stores on Elm Street. Not only will this expansion serve the new Winnetka retail community but it will also increase capacity to encourage visiting shoppers to experience the Village.
- The elimination of an existing driveway curb cut will allow for the expansion of the retail parking on the south side of Elm St. from the current 24 spaces to 28 spaces.
- The existing 30 on-grade retail parking spaces on Lincoln Avenue will be replaced with 13 on-grade spaces and additional spaces in the Lincoln Avenue commuter garage as described above, with easy access to the corner of Lincoln and Elm.
- All sidewalks adjacent to the new project will be expanded and include areas for outside dining and rest areas for pedestrians, with abundant landscaping and lighting per Village standards. These areas will help attract shoppers to the Winnetka retail community and feature paving elements which have become commonplace for pedestrian-oriented community spaces.
- By bringing all the aforementioned features together on a human scale, the public experience of the surrounding areas will be enhanced and the Lincoln/Elm intersection will be reinforced as a central shopping district. The wide roadway over a picturesque bridge, anchored on both ends by powerful aesthetic elements, will create an inviting and memorable experience not only for Winnetka residents, but also for visitors to the shops on East Elm Street.

In order for One Winnetka to achieve these community-related environs, we propose to acquire from the Village the rights of development on 7,767 sf of Village property along the eastern edge of Lincoln Avenue with a current market value of \$279/sf. This space will be used for retail at ground level and residences above. The space below grade will be for the commuter/retail parking garage, which will occupy 4,100 sf of One Winnetka property below grade. It is our understanding that the Village has retained a consultant to perform a valuation of the aforementioned acquisition. One Winnetka welcomes the Village's approval to work with this consultant in an effort to determine a mutually acceptable value of this benefit.

In addition, One Winnetka proposes to perform and pay for all due diligence, design, and permitting for the Work described above. We furthermore are seeking contributions from the Village for the actual "hard" construction costs associated with the following:

- The commuter and retail parking spaces which exceed the current number of parking spaces available and those required by Winnetka zoning codes for the new One Winnetka buildings. (149 spaces @ \$30,000 each - \$4,470,000)
- The cost of the Plaza construction and landscaping on Lincoln Avenue (\$1,500,000)
- The upgrade of the Elm Street water main from Lincoln Avenue to Maple Street and the reconfiguration of the existing Lincoln Avenue water main to a loop system as recommended by the Village Engineer. (\$350,000)
- The restoration and improvement to higher quality materials of the public streetscape along Elm Street adjacent to One Winnetka. (\$200,000)

The proposed total contribution by the Village of Winnetka is estimated at \$6,520,000. These costs will be offset by increased commuter parking income, tax revenues, and higher sales revenues from community businesses as further discussed in the TR Mandigo & Company tax impact analysis report. The proposed public benefit cost sharing plan is broken down in the following table:

Public Improvement Cost Sharing				Developer Contribution \$30,000 Per Space	Village Contribution \$30,000 Per Space
<b>Retail Parking Spaces</b>		existing location	proposed location		
Rebuild of Existing Spaces	79			\$2,370,000	\$0
17 each		Lincoln Avenue	Commuter/Retail garage		
62 each		East parking lot	East Retail parking lot		
New Spaces required by zoning	64			\$1,920,000	\$0
5 each		none	Motor Court		
53 each		none	East Retail parking lot		
6 each		none	Resident garage		
New Spaces not required by zoning	41			\$0	\$1,230,000
4 each		none	Elm Street		
36 each		none	Commuter/Retail garage		
1 each		none	East Retail parking lot		
<b>Total Spaces</b>	<b>184</b>			<b>\$4,290,000</b>	<b>\$1,230,000</b>
<b>Commuter Parking Spaces</b>		existing location	proposed location		
Rebuild of Existing Spaces	33			\$990,000	\$0
33 each		Lincoln Avenue	Commuter/Retail garage		
New Spaces	108			\$0	\$3,240,000
108 each		none	Commuter/Retail garage		
<b>Total Spaces</b>	<b>141</b>			<b>\$990,000</b>	<b>\$3,240,000</b>
<b>Total Proposed Contributions for Parking</b>				<b>\$5,280,000</b>	<b>\$4,470,000</b>
<b>Public Improvements</b>				Developer Contribution	Village Contribution
Plaza Build out and Landscaping Allowance				\$0	\$1,500,000
Streetscape Allowance for Lincoln and Elm				\$0	\$200,000
Elm and Lincoln Water Main Improvements				\$0	\$350,000
<b>Total</b>				<b>\$0</b>	<b>\$2,050,000</b>

We appreciate all the efforts of the Village Boards and the Village Council and look forward to working together to create an invigorated central business district for the Village of Winnetka.

Sincerely,

David M. Trandel  
Manager  
Winnetka Station, LLC

# TR Mandigo & Company

Over 35 Years of Hospitality Experience  
<http://www.trmandigo.com>

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March 17,2016

Mr. Michael D'Onofrio  
Mr. Brian Norkus  
Department of Community Development  
Village of Winnetka  
510 Green Bay Road  
Winnetka, IL 60093

Mr. David Trandel  
Winnetka Station, LLC  
515 Lincoln Ave.  
Winnetka, IL 60093

Gentlemen:

We have revised our analysis of the annual tax impact and estimated new employment that will be generated by the Proposed One Winnetka development. The revised analysis is based on the March 17, 2016 plans providing 172,463 square feet of commercial and residential facilities above grade and a one story underground parking facility.

## ***Description of the Project***

Components of the development include specialty stores totaling 15,000 square feet; three restaurants totaling 15,000 square feet; a Kid Motion operation with 3,450 square feet; and medical office space of 6,750 square feet. The public space and additional facilities, including a lap pool and residence facility, totals 15,490 square feet.

The underground parking facility provides 116 resident and 6 retail employee parking spaces in a 45,400 square foot self-parking ramp. A Village of Winnetka underground garage provides 141 commuter plus 53 retail parking spaces in a 63,700 square foot self-parking ramp, and the existing Village surface lot is replaced by a new parking structure that provides 116 retail spaces.

You have asked us to address the tax benefits and intangible benefits of the ONE Winnetka development.

**Tax Revenues**

The following revenue assumptions are included in our estimates of Sales Tax Revenue:

Specialty Stores: \$4,800,000 Assumed to be: 60% General Merchandise, 40% Qualified Food

<b>Restaurants:</b>	<b>Square Feet</b>	<b>Seats</b>	<b>Assumed Revenue</b>	<b>Revenue Per Seat</b>
East Parcel	5,000	165	\$4,500,000	\$27,273
Center Parcel	5,000	165	\$4,500,000	\$27,273
West Parcel	<u>5,000</u>	<u>165</u>	<u>\$4,500,000</u>	<u>\$27,273</u>
<b>Total</b>	<b><u>15,000</u></b>	<b><u>495</u></b>	<b><u>\$13,500,000</u></b>	<b><u>\$27,273</u></b>

A summary of the sales tax revenue from One Winnetka follows:

<b>Sales Tax</b>	<b>Revenue</b>	<b>Rate</b>	<b>Tax Revenue</b>
<u>Specialty Stores</u>			
Qualified Food	\$1,920,000	2.25%	\$43,200
General Merchandise	\$2,880,000	8.00%	\$230,400
<u>Restaurants</u>			
East Parcel	\$4,500,000	8.00%	\$360,000
Center Parcel	\$4,500,000	8.00%	\$360,000
West Parcel	\$4,500,000	8.00%	\$360,000
<b>Total Sales Tax</b>			<b><u>\$1,353,600</u></b>

We assumed a \$3.00 per square foot for Real Estate Taxes. The tabulation of real estate tax revenues follows:

<b>Real Estate Tax</b>	<b>Square Footage</b>	<b>Rate</b>	<b>Tax</b>
Residential	104,340	\$3.00	\$313,020
Commercial	40,250	\$3.00	\$120,750
Public Space	15,490	\$3.00	\$46,470
<b>Total Real Estate Tax</b>			<b><u>\$480,240</u></b>

**Additional Revenues**

Additional revenues include Utilities and Communication Tax. We based the utilities tax on 83 establishments (residences and the individual commercial operations) at a cost of \$1.75 per square foot using BOMA (Building Owners and Managers Association) data on residential facility operating costs, and applied a 5.00% tax rate. Communication costs were estimated at a monthly rate of \$150.00 per establishment, applying the 13.00% tax rate. A table summarizing these revenues follows:

<b>Utilities and Communication Tax</b>	<b>Square Feet</b>	<b>Rate</b>	<b>Cost</b>	<b>Tax</b>
<u>Utilities</u>				
Residential	104,340	\$1.75	\$182,595	\$9,130
Commercial	40,250	\$1.75	\$70,438	\$3,522
Public Space	15,490	\$1.75	\$27,108	\$1,355
<u>Communication</u>				
83 Establishments		\$150	\$149,400	<u>\$19,422</u>
<b>Total Utilities and Communication Tax</b>				<b><u>\$33,429</u></b>

We also reviewed other potential revenues from user fees, licenses and permits. These revenues are presented below:

<b>Fees</b>	<b>Vehicles</b>	<b>Rate</b>	<b>Revenue</b>
Vehicle Registration	116	\$40	\$4,640
Commuter Parking	141	\$600	\$84,600
Restaurants With Liquor License-2			\$1,750
Retail with Liquor License			\$750
<u>Business Licenses</u>			
Restaurants			\$225
Specialty Stores			\$300
Electric Service			\$185,772
Water and Sewer @ \$80 per month per unit			<u>\$79,680</u>
<b>Total additional fees and revenue</b>			<b><u>\$357,717</u></b>

Total annual tax revenues based on the presentation above are \$1,867,269. Annual user fee, licenses and permit revenue is \$357,717. A total of those benefits including all tax revenues, fees and other revenues is \$2,224,986.

### Allocation of Tax Revenues

The tax revenues as cited above are total revenues based on current tax rates. A multitude of organizations benefit from these taxes with the broadest distribution being the real estate property tax. A distribution schedule indicating allocation of real estate property tax follows:

Entity	Allocation*	One Winnetka Property Tax
Village	13.70%	\$65,793
Public Library	2.70%	\$12,966
Park District	4.60%	\$22,091
School District # 36	40.90%	\$196,418
New Trier School District	24.60%	\$118,139
Other Taxing Units	<u>13.50%</u>	<u>\$64,832</u>
<b>Total</b>	<b><u>100.00%</u></b>	<b><u>\$480,240</u></b>

Police and fire protection are two large categories of expense, and based on population and 2014 budgets are respectively \$570 and \$482 per capita. Based on the population estimated for One Winnetka (shown in the subsequent table) the pro-rata cost, all-in, would be \$99,750 for police protection and \$84,350 for fire protection. However, the *incremental* cost of such services is approximately 10% of the per capita costs from the 2014 budget. Therefore the additional cost to the Village is estimated at \$9,975 for police protection and \$8,435 for fire protection. The development is estimated to contribute \$65,793 in property tax revenues to the Village, covering all services.

The One Winnetka development includes the following mix of units in the 71 residences proposed for development. The targeted market is singles, couples without children and empty nesters desiring a downtown location. It is expected that there will be a limited number of children within the complex, however, these are most likely to be under 5 years of age due to the size and convenience of the facility for family habitation. We have included an estimate of children in the table based on the larger units only.

### Anticipated Residential Population Based on Mix of Units

Type Of Unit	Size in Sq. Ft.	Units	Adults	Children*	Total Adults	Total Children	Total Population
One Bedroom	800	13	1.6	0	21	0	21
Two Bedroom	1,300	39	2	0.65	78	25	103
Three Bedroom	1,900	<u>19</u>	2	0.65	<u>38</u>	<u>12</u>	<u>50</u>
<b>Total</b>		<b>71</b>			<b>137</b>	<b>38</b>	<b>175</b>

\*Number of children is based on 50% of current census data for the Winnetka Village as a whole.

Current statistics indicate an OEPP (Operational Expenses per Pupil) of \$19,774.32 for the 2013-2014 school year. The above statistics would indicate a total cost to the school district(s) of \$751,424 under the assumption of 38 full time students added to the district(s). Again, the *incremental* cost associated with an additional student to the district is estimated at 15%, for a total *incremental* cost of \$112,714 per school year, significantly less than the property tax contribution from the One Winnetka development.

In addition to the above revenues, the Village of Winnetka receives 1.00% retail sales tax (1/8<sup>th</sup> of tax collected) or \$169,200 annually with the combined property tax and sales tax revenues off-setting additional costs to the Village for increased utilization of municipal services.

***Intangible Benefits***

We also reviewed intangible benefits to the community. Documentable economic benefits include employment created by the new development. Our estimate of new employment and an estimate of the total payroll is presented below.

<b>Use</b>	<b>Employees</b>
Specialty Stores	30
Restaurants (21/ 100 Seats)	105
Kid Motion	10
Parking	10
Rental/Building	10
	<u>165</u>
<b>Total Payroll @ \$36,000 average</b>	<b>\$5,940,000</b>

Intangible benefits include the additional residential population and daytime population of the businesses operating in One Winnetka. These will generate additional pedestrian traffic and an increase in business activity in the immediate vicinity, enhancing the attractiveness of the downtown area as a retail and restaurant destination, and providing additional comfort factor and security due to the increased pedestrian traffic in and around the site location.

***Public Improvements***

Estimates by One Winnetka indicate an offset to the total cost to the Village that includes the value of the vacated land; value of the income stream from the commuter parking garage; and the additive sales tax revenue to the Village. The \$6.5 to \$7.0 million projected Village contribution to the commuter/retail parking facilities, Plaza buildout and landscaping, Lincoln and Elm streetscape and Elm Street water main improvements has several off-sets. The annual sales tax revenue to the Village is

\$169,200. The parking revenue is estimated at \$86,400 annually. The total of the revenue streams is \$255,600, not including property tax revenues to the Village that are over and above incremental costs for police, fire and other services, this yields a 25 - 27 year payback in current value dollars for the Village investment related to the project.

**736 Elm Street Alternate**

The alternate option to add the 736 Elm Street property will add approximately 14,290 square feet to the development, of which 4,080 square feet will be retail area. This additional specialty store area is projected to produce a total revenue of \$1,305,600. The result of this revision will be the additional annual tax revenues shown in the chart below:

<b>Additional Annual Tax Revenues</b>				
<u>Specialty Store Sales Tax</u>		<u>Revenue</u>	<u>Rate</u>	<u>Tax Revenue</u>
Qualified Food		\$522,240	2.25%	\$11,750
General Merchandise		\$783,360	8.00%	\$62,669
<u>Real Estate Tax</u>		<u>Square Footage</u>	<u>Rate</u>	<u>Tax</u>
Additional area		14,280	\$3.00	\$42,840
<u>Utilities Tax</u>		<u>Square Footage</u>	<u>Rate</u>	<u>Cost</u>
Additional area		14,280	\$1.75	\$24,990
<b>Total Additional Tax Revenues</b>				<b><u>\$118,509</u></b>

The additional annual Village property tax revenue is projected to be \$5,869 and Village sales tax revenue is estimated at \$9,302.

We understand that you will be presenting the results of the analyses to the Village Council and plan on addressing the economic and tax impact of the overall development plan for One Winnetka.

Thank you for the opportunity to be of service to Winnetka Station, LLC.

Sincerely,



Theodore R. Mandigo, CPA, ISHC  
TR Mandigo & Co.



TRACY CROSS & ASSOCIATES, INC.

**RESIDENTIAL MARKET ANALYSIS  
-- ONE WINNETKA --  
WINNETKA, ILLINOIS**

**TO:** Mr. David Trandel  
Winnetka Station, LLC

**FROM:** Mr. G. Tracy Cross and Ms. HollyAnn Eageny  
Tracy Cross & Associates, Inc.

**SUBJECT:** A Forecast of Sales and Apartment Absorption

**DATE:** March 21, 2016

At the request of Winnetka Station, LLC, Tracy Cross & Associates, Inc. evaluated the market potential for residential development in Winnetka, Illinois, focusing upon the proposed *One Winnetka* mixed-use development in the village's downtown district. Specifically, this memorandum provides a forecast of absorption for the 44 proposed luxury rental apartments, along with projected sales volumes for the 24 planned ownership townhomes and condominiums at pro forma rents and sales prices. A formal report thoroughly addressing market dynamics and conclusions leading to the projected marketing timelines is forthcoming.

**THE SUBJECT PROPERTY**

The subject property is an approximate 1.6-acre commercial parcel located at the southeast intersection of Elm Street and Lincoln Avenue in downtown Winnetka, Cook County, Illinois. The property is located one block east of Green Bay Road and six blocks west of Sheridan Road, and is also within two miles east of Interstate 94 and U.S. 41/Skokie Highway.



**GEOGRAPHIC DELINEATION: ONE WINNETKA PROPERTY  
WINNETKA, ILLINOIS**



Source: Springbank Capital Advisors and Microsoft Streets and Trips.

The property is part of an area of downtown Winnetka slated for redevelopment in conjunction with the village's Strategic Plan. Lincoln Avenue and Elm Street will provide ingress/egress to two new subterranean municipal parking garages, with the East Garage providing 116 parking spaces to accommodate retail users, while the West Garage will provide an additional 194 commuter and municipal parking spaces. Lincoln Avenue will also facilitate access to a private motor court entrance to the proposed residential building and its *private* subterranean parking garage, providing 122 resident parking spaces.



Immediately east of the property is the renowned Hadley School for the Blind, while churches, parks, the Winnetka Library and any number of consumer services are within easy walking distance. As noted, the property is situated one block east of Green Bay Road at the Winnetka METRA commuter station. Travel times to the city of Chicago from this location average 30 minutes. In addition, the property is well served by local and regional transportation systems including the aforementioned Green Bay and Sheridan roads, as well as Tower and Willow roads, principal east-west arterials which connect with the I-94/Edens Expressway and U.S. 41/Skokie Highway within two miles west. These thoroughfares, in turn, provide linkage to the I-294/I-90 highway system and major sources of employment not only in the city of Chicago, but in and around the Glenview, Northbrook and Deerfield areas, as well as heavy satellite employment concentrations in Schaumburg and the O'Hare area of Chicago, which can all be reached within a 30-minute drive time. In aggregate, there are more than 1.6 million private sector jobs or nearly one-half of total metro area private sector employment within convenient commuting distance of Winnetka.

### ***The Environs***

Aligning Lake Michigan, the village of Winnetka is one of the more desirable suburbs of metropolitan Chicago, located approximately 17 miles due north of downtown Chicago and 12 miles east of O'Hare International Airport. The village boasts three vibrant downtown business districts replete with fine dining and casual eateries, numerous long-established local merchants, art and antique galleries, jewelers and specialty boutiques, along with a wealth of consumer service providers. The Winnetka Community House serves as a meeting place for a variety of local organizations and civic gatherings, and also hosts performance theatre, music dance and troupes, as well as programming such as art classes taught by the North Shore Art League. The village also offers an extensive park system, including three shoreline beach parks, as well as recreational programming.



The village of Winnetka supports an estimated 2016 population of 12,311, distributed among 4,203 households. The median age of a householder in Winnetka currently stands at 56.7 years. By age category, 7.7 percent of current householders are under the age of 35, with 35.1 percent aged between 35 and 54. Another 43.5 percent align age categories of 55 to 74, while the remaining 13.8 percent are at 75 years of age and older.



As might be expected, household distributions in Winnetka proper favor ownership status, equal to 89.2 percent of the community's household base (3,751 households), although an estimated 452 householders or 10.8 percent are renters. Overall, householders in Winnetka support an estimated 2016 median income of \$199,092 annually, with 43.4 percent currently earning at least \$250,000 per annum and 23.9 percent earning in excess of \$500,000 yearly.

Residentially, Winnetka boasts tree-lined neighborhoods of expansive single family homes of distinctive architecture, coupled with vintage courtyard apartments and condominiums. As might be expected, Winnetka experienced its strongest growth periods in the early 1900s and through the 1950s when roughly two-thirds of its housing stock was constructed. Reflecting its mature, built-out nature, new residential construction of late primarily reflects single family teardown/replacement activity with new single family homes priced *from* the high \$900,000s to *well over* \$2.0 million.



Over the last 20+/- years, redevelopment efforts in downtown Winnetka have also resulted in a modicum of condominium construction activity. For example, the 16-unit 812 Oak Street Residences marketed during the 1997-1999 timeframe, while the 10-unit Winnetka Belvedere marketed between 2003 and 2006. These two communities, which are within two blocks south of the subject site, carried sales prices from the mid-\$400,000s to the high \$500,000s during their respective marketing periods. Each represents a mixed-use living environment developed over storefront retail and private enclosed parking.



### THE PROPOSED DEVELOPMENT

As conceptualized by Winnetka Station, LLC, One Winnetka will consist of 68 luxury residential units distributed within two (2) moderate-density mixed-use buildings developed over a podium parking structure to include 122 *private* subterranean parking spaces for residents. This translates to a more than sufficient enclosed parking ratio of 1.79 parking spaces per residential unit. As previously noted, two additional subterranean municipal garages will facilitate retail, commuter and public parking for another 310 cars. As illustrated in the following text table, current design concepts envision 47,564 square feet of retail at plaza level, second floor medical office and 131,444 gross residential square feet, incorporating 44 luxury rental apartments, along with six (6) townhome units and 18 midrise condominiums designed to appeal to discretionary homebuyers. Representing energy-efficient construction technologies



and enhanced with a variety of masonry elevation treatments, the development will reflect architectural design aesthetics complimentary to its downtown Winnetka environs.



**PROPOSED DEVELOPMENT BY PRODUCT SERIES: ONE WINNETKA  
- WINNETKA, ILLINOIS -**

Plan Type	Number of Units	Plan Size (Sq. Ft.)	Preliminary Average Monthly Rent/Sales Price	
			\$	\$/Sq. Ft.
<b>Rental Apartments</b>				
One Bedroom	24	950	\$3,088/Mo.	\$3.25/Mo.
Two Bedroom	18	1,241	3,847/Mo.	3.10/Mo.
Three Bedroom	2	2,185	8,194/Mo.	3.75/Mo.
<b>Total/Average</b>	<b>44</b>	<b>1,125</b>	<b>\$3,631/Mo.</b>	<b>\$3.23/Mo.</b>
<b>Luxury Townhomes</b>				
Three Bedroom	6	2,974	\$1,739,790	\$585.00
<b>Total/Average</b>	<b>6</b>	<b>2,974</b>	<b>\$1,739,790</b>	<b>\$585.00</b>
<b>Luxury Condominiums</b>				
Two Bedroom	12	2,150	\$1,429,750	\$665.00
Three Bedroom	4	2,790	1,855,350	665.00
Four Bedroom	2	4,580	3,618,200	790.00
<b>Total/Average</b>	<b>18</b>	<b>2,562</b>	<b>\$1,767,489</b>	<b>\$689.89</b>

Source: Winnetka Station, LLC

In addition to on-site leasing and management, community amenities are expected to include, at a minimum, a motor court entrance to a well-appointed reception lobby, separate mail/package center, a resident business center, some level of concierge services, a club room with demonstration kitchen and areas for social gatherings, central bicycle storage, a fully-equipped fitness center and rooftop terraces with swimming pool, fireside lounge and grilling areas consistent with contemporary new multifamily construction throughout metropolitan Chicago.

As shown, the 44 luxury rental apartments will feature a variety of one bedroom one bath, and two bedroom and three bedroom two bath apartment styles which range in unit size from 950 to 2,185 square feet, exclusive of balcony or terrace. Corresponding lease rates extend from \$3,088 to \$3,847 monthly for the one and two bedroom apartments, while the two (2) three bedroom apartments will carry a monthly rent of \$8,194. Overall, One Winnetka Apartments will carry an average monthly rent of \$3,631 which includes a 1,125 square foot apartment residence, yielding a value ratio of \$3.23 per square foot. All apartments are expected to feature condominium-style interior appointments commensurate with high-quality new multifamily construction development. These include, at a minimum, solid wood flooring throughout,



stainless steel café series kitchen appliances, granite or comparable kitchen countertops/islands, full-size in-unit washer and dryer, walk-in closets with organizers in the master bedroom and porcelain tile baths. All apartments will be pre-wired for cable and internet connectivity. It is expected that the resident will be responsible for all utilities. Apartment residents may lease an assigned enclosed parking space in the private garage for a market-consistent incremental fee of \$150 per month.

In addition to luxury apartments, ownership offerings at One Winnetka include six multi-level three bedroom, two and one half bath townhome units providing 2,974 square feet of living area and base priced at \$1,739,790 or \$585.00 per square foot; along with 18 two, three and four bedroom two or three bath condominium units which provide between 2,150 and 4,580 square feet of living area. Base sales prices for the condominium units extend from \$1,429,750 to \$3,618,200 and average \$1,767,489 for a 2,562 square foot residence, translating to a value ratio of \$689.89 per square foot. Two (2) enclosed assigned parking spaces in the private garage have been allocated for each ownership residence, and are available for an incremental fee of \$40,000 per parking space.

Construction of One Winnetka is expected to commence in late-2016 in anticipation of *phased occupancies* beginning in 2018.

#### CONCLUSION

Based upon a thorough analysis of the current marketplace, it is our professional opinion that the conceptualized mixed-use One Winnetka represents a viable development opportunity. This conclusion is based upon an **excellent** location within one of the region's premier North Shore municipalities proximate to a wealth of employment, dining, shopping, entertainment and healthcare, the expectation of stable or improving economic conditions during the 2016-2021 forecast period, and the expected high level of interior appointments and community amenities to be provided by the discretionary new construction alternative. Perhaps, most importantly, there is sufficient demand for new construction rental and moderate-density for sale development in the marketplace. Despite these strengths, however, it must be recognized that the subject development must compete with other planned and newer larger-scale rental and/or for sale developments found not only in the localized North Shore but also in the city of Chicago. Moreover, there are a number of new rental and for sale units in the planning pipeline in areas generally proximate to Winnetka.

With this in mind, and in anticipation of market introduction in 2018, at benchmark posted rents One Winnetka Apartments will generate an overall absorption rate of 3.5 units per month, enabling the 44-unit community to achieve a stabilized occupancy level of 95.0 percent or 42 units occupied within a 12.0-month timeframe **from first occupancies**. The forecasted leasing period assumes three- to six months of pre-lease marketing prior to initial deliveries, a continuous construction and leasing cycle and, most importantly, the high level of interior appointments and community amenities previously enumerated. The marketplace is expected to maintain balanced occupancies despite the number of units which could come on line during the forecast period. That said, over the course of lease-up, it *may* be necessary to offer a nominal discount on select units if the leasing mix appears imbalanced.

The One Winnetka townhomes and condominiums, in turn, will generate an initial sales volume of 1.0 unit monthly during the first twelve months marketing, benefiting from a measure of incubated localized demand for new discretionary lifestyle housing alternatives. Thereafter, sales volumes will average 0.4 units per month through final sell-out. This translates to an overall sales rate of 0.6 units monthly, enabling the 24 ownership units to achieve final sell-out within a 42.0-month marketing period, as outlined in the following text table.



**ONE WINNETKA SALES FORECASTS**  
**-- WINNETKA, ILLINOIS --**

Product Series	Number of Units	Average Plan Size (Sq. Ft.)	Average Sales Price		Monthly Net Sales For Period			Total Marketing Life in Months
			\$	\$/Sq. Ft.	First 12 Months	Thereafter	Average Through Sellout	
Total Community	24	2,665	\$1,760,564	\$660.62	1.0	0.4	0.6	42.0
Townhomes	6	2,974	1,739,790	585.00				
Condominiums	18	2,562	1,767,489	689.89				

Source: Tracy Cross & Associates, Inc.

**Supportive Rationale**

The following paragraphs summarize market dynamics which lead to the projected marketing periods:

- The conceptualized One Winnetka residences will primarily appeal to more mature, discretionary income households desirous of a lifestyle living environment. In this regard, our general conclusion and the forecasted absorption and sales periods reflect the demographic and socio-economic characteristics of the host North Shore Market Area, defined as the townships of New Trier and Northfield in Cook County and Moraine and West Deerfield in southeast Lake County. Specifically, as detailed in **Exhibit 1**, while the defined North Shore Market Area supports a limited base of households under the age of 35 which earn requisite incomes in excess of \$150,000, the defined four-township area supports a sufficient base of lifestyle-oriented households aged 55 to 74 earning requisite higher incomes, estimated at 76,983 households or 38.4 percent. It is noted, however, that only 3.3 percent of all market area discretionary income households (2,507 households) reside in Winnetka itself. Hence, the forecasted rental absorption and sales rates thus reflect the fact that once *localized* levels of demand have been satisfied, One Winnetka must compete with other lifestyle/discretionary rental apartment and for sale alternatives available throughout not only the North Shore, but in Evanston and the Lincoln Park, Loop and Near North community areas of Chicago as well.
  
- Focusing upon the proposed apartment program, from a practical standpoint, and considering developments of scale, plan designs, community amenities and/or location, 15 new and/or *fully renovated* developments offering a collective 2,675 apartment units are viewed to represent the most comparable sources of competitive rental substitution vis-à-vis the proposed development. These include selected, primarily higher-density and/or mixed-use developments in Buffalo Grove, Deerfield, Glenview, Lake Forest, Northbrook, and Vernon Hills defined as the *North Shore Competitive Market Area or CMA*. Notably, the boutique-scaled 30-unit Renaissance Place in Highland Park, built in 2000, is the only newer construction rental alternative located east of U.S. 41 and most proximate to the Winnetka area. As summarized in **Exhibit 2**, *posted* asking rents among the 15 newer developments average \$2,075 monthly for a 1,021 square foot apartment home. This translates to a value ratio





**POPULATION, HOUSEHOLDS, AND INCOME  
-- NORTH SHORE MARKET AREA AND VILLAGE OF WINNETKA --**

Attribute	North Shore Market Area <sup>(1)</sup>	Village of Winnetka	Attribute	North Shore Market Area <sup>(1)</sup>	Village of Winnetka
<b>Population</b>			<b>Households</b>		
2000	205,954	12,523	2000	74,266	4,189
2010	205,732	12,187	2010	75,808	4,088
2016	206,029	12,311	2016	76,983	4,203
2021	206,376	12,319	2021	77,677	4,244
<b>Annual Change</b>			<b>Annual Change</b>		
2000 - 2010	-22	-34	2000 - 2010	154	-10
2010 - 2016	50	21	2010 - 2016	196	19
2016 - 2021	69	2	2016 - 2021	139	8
<b>2016 Households by Income</b>			<b>2016 Households by Household Size</b>		
<b>Total Households</b>	<b>76,983</b>	<b>4,203</b>	<b>Total Households</b>	<b>76,983</b>	<b>4,203</b>
Under 35,000	12,747	425	1-Person	17,678	750
35,000 - 49,999	6,252	226	Percent	23.0	17.8
50,000 - 74,999	8,968	253			
75,000 - 99,999	7,294	182	2-Person	25,783	1,324
100,000 - 124,999	6,594	337	Percent	33.5	31.5
125,000 - 149,999	5,492	273			
150,000 - 199,999	8,115	413	<b>2016 Households by Tenure</b>		
200,000 - 249,999	4,538	271	<b>Total Housing Units</b>	<b>82,430</b>	<b>4,523</b>
250,000 - 499,999	9,551	817	<b>Total Occupied</b>	<b>76,983</b>	<b>4,203</b>
500,000 and Over	7,432	1,006	Owner Occupied	64,411	3,751
<b>Average</b>	<b>\$164,430</b>	<b>\$250,440</b>	Percent	83.7	89.2
<b>Median</b>	<b>\$112,248</b>	<b>\$199,092</b>			
With Incomes \$250,000+	16,983	1,823	Renter Occupied	12,572	452
Percent	22.1	43.4	Percent	16.3	10.8
With Incomes \$500,000+	7,432	1,006			
Percent	9.7	23.9			

<sup>(1)</sup> Excludes Shields Township because of the influence of North Chicago and Naval Station Great Lakes.

Source: U.S. Department of Commerce, Bureau of the Census: Census 2000 and Census 2010; The Nielsen Company: 2016 and 2021



**COMPOSITE SUMMARY: NEWER APARTMENT DEVELOPMENTS  
NORTH SHORE CMA - DECEMBER 2015**

Area/Municipality/ Development	Year Built/ Renovated	Number of Units	Number Vacant	Percent Vacant	Average Unit Size (Sq. Ft.)	Rent Characteristics					Stabilized Developments <sup>(1)</sup>		
						Average Posted December 2014	December 2015		Average Effective		Number of Units	Number Vacant	Percent Vacant
							\$	\$/Sq.	\$	\$/Sq. Ft.			
<b>Market Area Totals/Averages</b>	---	<b>2,675</b>	<b>998</b>	<b>37.3</b>	<b>1,021</b>	<b>\$2,048</b>	<b>\$2,075</b>	<b>\$2.03</b>	<b>\$1,978</b>	<b>\$1.94</b>	<b>896</b>	<b>58</b>	<b>6.5</b>
<b>Buffalo Grove</b>	---	<b>90</b>	<b>3</b>	<b>3.3</b>	<b>1,127</b>	<b>\$1,914</b>	<b>\$1,810</b>	<b>\$1.61</b>	<b>\$1,810</b>	<b>\$1.61</b>	<b>90</b>	<b>3</b>	<b>3.3</b>
301 Riverwalk Place	2006	90	3	3.3	1,127	1,914	1,810	1.61	1,810	1.61	90	3	3.3
<b>Deerfield</b>	---	<b>560</b>	<b>309</b>	<b>55.2</b>	<b>959</b>	<b>\$2,235</b>	<b>\$2,119</b>	<b>\$2.21</b>	<b>\$2,007</b>	<b>\$2.09</b>	<b>56</b>	<b>6</b>	<b>10.7</b>
Amli Deerfield	2015	240	174	72.5	930	---	2,051	2.21	1,969	2.12	---	---	---
Deerfield Village Centre	2000	56	6	10.7	1,082	2,235	2,420	2.24	2,420	2.24	56	6	10.7
Woodview	2015	264	129	48.9	959	---	2,117	2.21	1,954	2.04	---	---	---
<b>Glenview</b>	---	<b>965</b>	<b>273</b>	<b>28.3</b>	<b>1,013</b>	<b>\$2,237</b>	<b>\$2,166</b>	<b>\$2.14</b>	<b>\$2,061</b>	<b>\$2.03</b>	<b>293</b>	<b>20</b>	<b>6.8</b>
Aloft at The Glen Town Center	2004	181	10	5.5	1,170	2,545	2,402	2.05	2,402	2.05	181	10	5.5
Midtown Square	2014	138	11	8.0	906	2,165	2,135	2.36	2,032	2.24	---	---	---
The Reserve Glenview	2014	238	135	56.7	995	---	2,233	2.24	2,061	2.07	---	---	---
Tapestry Glenview	2014	296	107	36.1	888	1,989	1,832	2.06	1,691	1.90	---	---	---
Valley Lo Towers	1985	112	10	8.9	1,259	2,484	2,566	2.04	2,524	2.00	112	10	8.9
<b>Highland Park</b>	---	<b>30</b>	<b>1</b>	<b>3.3</b>	<b>1,221</b>	<b>\$2,348</b>	<b>\$2,545</b>	<b>\$2.08</b>	<b>\$2,545</b>	<b>\$2.08</b>	<b>30</b>	<b>1</b>	<b>3.3</b>
Renaissance Place	2000	30	1	3.3	1,221	2,348	2,545	2.08	2,545	2.08	30	1	3.3
<b>Northbrook</b>	---	<b>347</b>	<b>308</b>	<b>88.8</b>	<b>965</b>	---	<b>\$2,259</b>	<b>\$2.34</b>	<b>\$2,085</b>	<b>\$2.16</b>	---	---	---
Northshore 770	2015	347	308	88.8	965	---	2,259	2.34	2,085	2.16	---	---	---
<b>Vernon Hills</b>	---	<b>683</b>	<b>104</b>	<b>15.2</b>	<b>1,091</b>	<b>\$1,835</b>	<b>\$1,830</b>	<b>\$1.68</b>	<b>\$1,780</b>	<b>\$1.63</b>	<b>427</b>	<b>28</b>	<b>6.6</b>
AMLi at Museum Gardens	2004	294	25	8.5	1,117	1,746	1,689	1.51	1,689	1.51	294	25	8.5
The Commons at Town Center <sup>(3)</sup>	2009	85	0	0.0	1,221	2,147	2,097	1.72	2,097	1.72	85	0	0.0
The Oaks of Vernon Hills-Flats	2014	256	76	29.7	921	1,708	1,705	1.85	1,573	1.71	---	---	---
The Oaks of Vernon Hills-Townhomes	2014	48	3	6.3	1,604	2,507	2,882	1.80	2,882	1.80	48	3	6.3

<sup>(1)</sup> Excludes rental programs currently undergoing renovation and/or new programs undergoing initial absorption.

of \$2.03 per square foot, reflecting a substantial 5.2 percent increase from the \$1.93 per square foot average noted in December 2014.

- However, virtually all of the directly competitive developments, including seven which represent *new market entrants undergoing initial lease-up*, are offering discounts and lease incentives which equate to an average *effective rent* of \$1,978 monthly or \$1.94 per square foot, *fully negating the posted rent increase year-over-year*. The typical discounts include up to two months free with a 12- to 13-month lease, waived administration fees and/or special rates for enclosed parking.
- As Exhibit 2 also indicates, vacancies among the seven *stabilized CMA* developments stand at a relatively balanced 6.5 percent with 58 of 896 stabilized units currently unoccupied. This vacancy factor, however, is *well above* the 3.7 percent stabilized vacancy factor noted one year ago, with this reversal in conditions among post-1985 rental inventory attributed at least in part to the introduction of several large-scale lifestyle rental communities in the general area over the last year.
- The projected monthly absorption pace is generally consistent with absorption levels achieved by the newest apartment communities of comparable scale in the north/northwest suburban region which today are at stabilized occupancy. For example, *Deerfield Village Centre, Aloft at The Glen Town Center, AMLI at Museum Gardens, 301 Riverwalk Place and Commons at Town Center* generated an *average per project* absorption rate of 8.3 units per month during their respective lease-up periods, while the nine newest developments undergoing initial lease-up are currently generating an average absorption rate of 11.5 units per month on a per project basis. The forecasted absorption rate balances the lack of new construction rental developments in the immediate Winnetka area over the last two-plus decades (and a trend likely to continue), with the expectation that One Winnetka will come to market at a time of better economic growth offset to some degree by higher levels of competition not only from existing newer larger-scale rental communities to the south/southwest, but also from those which today are under construction.



**ABSORPTION TRENDS: APARTMENT DEVELOPMENTS IN INITIAL LEASE-UP  
-- NORTH SHORE CMA --**

Program/Location	Total Units	Leasing (Month/Year)	Average Unit Absorption Per Month Since Opening
The Oaks of Vernon Hills-Flats/Vernon Hills	256	July 2014	10.9
Midtown Square/Glenview	138	September 2014	8.9
Tapestry Glenview/Glenview	296	October 2014	13.7
The Reserve Glenview/Glenview	238	February 2015	10.8
Woodview/Deerfield	264	February 2015	15.9
Amli Deerfield/Deerfield	240	May 2015	9.8
Northshore 770/Northbrook	347	August 2015	10.4
<b>Total Units/Average Unit Absorption:</b>	<b>1,779</b>	---	<b>11.5</b>
<b>Average Development Size:</b>	<b>254</b>	---	---

Source: Tracy Cross & Associates, Inc.

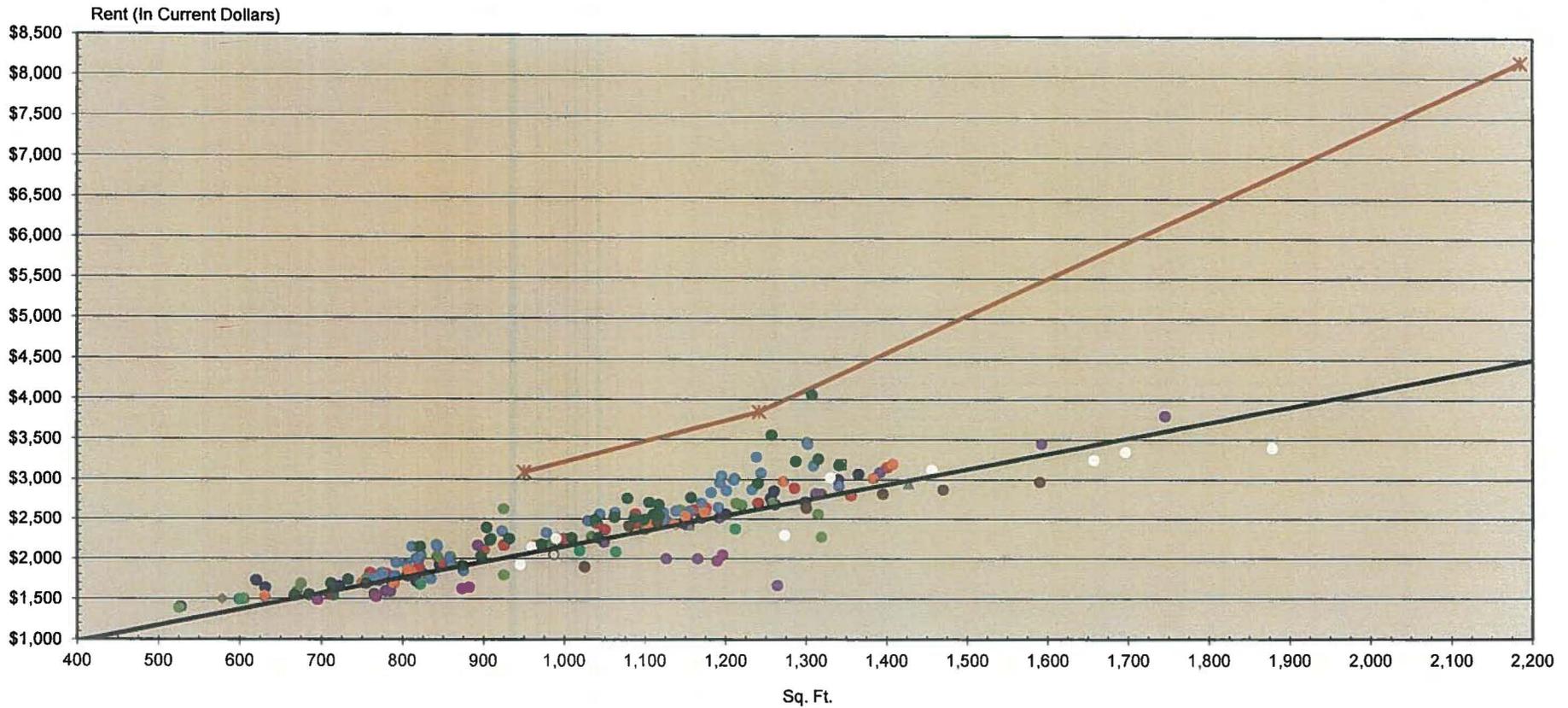


- ❑ As illustrated in **Exhibits 3 and 4**, the forecasted absorption rate also reflects competitive positioning of One Winnetka Apartments relative to sources of newer suburban rental competition. Specifically, on a comparable footage basis and in whole dollars pro forma rents place One Winnetka at the very high end of its suburban marketplace, leading to the lower forecasted absorption rate. For additional perspective, Appendix Tables A1 through A4 further illustrate the competitive positioning of One Winnetka Apartments' pro forma rents compared to newer apartment communities in Evanston and Park Ridge, as well as select community areas of Chicago which also offer an amenity-enriched lifestyle environs.
- ❑ At an average price of \$1,760,564 for a 2,665 square foot residence, the townhomes and condominiums at One Winnetka will carry a per square foot value ratio of \$660.62. This value position is viewed as proper when compared with ten higher-priced developments currently marketing in the Lincoln Park, Loop, and Near North Side community areas of the city. As shown in **Exhibit 5**, these ten developments, which have averaged 2.0 sales on a monthly basis since opening, presently support an average base sales price of \$2,041,649 for a 2,500 square foot residence equal to a value ratio of \$816.66 per square foot.
- ❑ One Winnetka's for sale component will appeal directly to higher-income, more mature householders currently living on the North Shore who are desirous of a maintenance-free move-down alternative. Typically, these purchasers will be selling a single family home priced at \$2.0 million or more. Last year, 105 homes were sold in the North Shore at this price point heavily concentrated in Winnetka itself and in the neighboring villages of Glencoe, Wilmette, and Kenilworth as shown in **Exhibit 6**.
- ❑ There is a significantly large number of very high income households currently living throughout the North Shore and in Winnetka proper. For example, there are 7,432 households in the north Shore with incomes of \$500,000 or more. Of these, 13.5 percent reside in Winnetka proper equal to a very high income base of 1,006 households.
- ❑ It should be noted that the upside potentials of One Winnetka's for sale performance will likely be limited, a result of the following:
  - One Winnetka will be the highest priced attached community to ever enter the Chicago suburbs. Additionally, at present, there are 48 townhome and condominium communities priced, on average, above \$300,000 with only seven priced above \$700,000. Since opening, the average suburban townhome/condominium program priced at \$300,000 or more has averaged only 0.8 sales on a monthly basis.





Rent/Value Analysis  
Representative Newer Apartment Flats  
North Shore CMA  
December 2015



Program (Vacancy/Absorption)

◆ Convertible	● One Bedroom Flat	○ One Bedroom+Den Flat	■ Two Bedroom Flat
□ Two Bedroom+Den Flat	▲ Three Bedroom Flat	● Amlii Deerfield (9.8/Mo.)	● Deerfield Village Centre (10.7)
● Woodview (15.9/Mo.)	● Aloft at The Glen Town Center (5.5)	● Midtown Square (8.9/Mo.)	● The Reserve Glenview (10.8/Mo.)
● Tapestry Glenview (13.7/Mo.)	● Valley Lo Towers (8.9)	● Renaissance Place (3.3)	● Northshore 770 (10.4/Mo.)
● The Oaks of Vernon Hills-Flats (10.9/Mo.)	— One Winnetka Prototype	— Market Line	

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.



**Rent/Value Analysis**  
**Representative Newer Apartment Flats**  
**North Shore CMA**  
**December 2015**

Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Year Built/ Renovated	Total Units	Average Plan Size (Sq. Ft.)	Average Posted Rent		Average Market Rent	Variance From Market	Vacancy Rate/ (Monthly Absorption)
						Dollars	Rent per Sq. Ft.			
400	\$981	One Winnetka Prototype	2018	44	1,125	\$3,631	\$3.23	\$2,395	+\$1,236	3.5/Mo. Fcst
500	1,176	Northshore 770/Northbrook	2015	347	965	2,259	2.34	2,083	+176	(10.4/Mo.)
600	1,371	Midtown Square/Glenview	2014	138	906	2,135	2.36	1,968	+167	(8.9/Mo.)
700	1,566	Deerfield Village Centre/Deerfield	2000	56	1,082	2,420	2.24	2,311	+109	10.7
800	1,761	The Reserve Glenview/Glenview	2015	238	995	2,233	2.24	2,141	+92	(10.8/Mo.)
900	1,956	Woodview/Deerfield	2015	264	959	2,117	2.21	2,071	+46	(15.9/Mo.)
1,000	2,151	Amlt Deerfield/Deerfield	2015	240	930	2,051	2.21	2,015	+36	(9.8/Mo.)
1,100	2,346									
1,200	2,541	--- Market ---	2008	2,158 / 196	984	2,120	2.15	2,120	0	7.1 / (11.5/Mo.)
1,300	2,736									
1,400	2,931	Renaissance Place/Highland Park	2000	30	1,221	2,545	2.08	2,582	-37	3.3
1,500	3,126	Aloft at The Glen Town Center/Glenview	2004	181	1,170	2,402	2.05	2,483	-81	5.5
1,600	3,321	Valley Lo Towers/Glenview	1985	112	1,259	2,566	2.04	2,656	-90	8.9
1,700	3,516	Tapestry Glenview/Glenview	2014	296	888	1,832	2.06	1,933	-101	(13.7/Mo.)
1,800	3,711	The Oaks of Vernon Hills-Flats/Vernon Hills	2014	256	921	1,705	1.85	1,997	-292	(10.9/Mo.)
1,900	3,906	<sup>(1)</sup> Cardinal Square-Building C/Mundelein	2015	65	840	1,381	1.64	1,839	-458	(8.0/Mo.)
2,000	4,101	<sup>(1)</sup> The Commons at Town Center/Vernon Hills	2009	85	1,221	2,097	1.72	2,582	-485	0.0
2,100	4,296	<sup>(1)</sup> 301 Riverwalk Place/Buffalo Grove	2006	90	1,127	1,810	1.61	2,399	-589	3.3
2,200	4,491	<sup>(1)</sup> Amlt at Museum Gardens/Vernon Hills	2004	294	1,117	1,689	1.51	2,379	-690	8.5

Slope: \$1.95 per sq. ft.

<sup>(1)</sup> Development not included in derivation of market line.



**COMPOSITE SALES SUMMARY - SELECTED NEW CONDOMINIUM DEVELOPMENTS  
-- CITY OF CHICAGO - CENTRAL DISTRICT --**

Community Area/ Development	Developer	Opening Date	Number of Units	Sales History		Average Plan Size (Sq. Ft.)	Average Sales Price	
				Total	Average Monthly		\$	\$/Sq. Ft.
<b>LINCOLN PARK</b>								
1615 Burling	Sedgwick Investments	6/15/15	15	11	1.7	1,899	\$1,232,333	\$648.94
Lincoln Park 2550	Ricker-Murphy Development	4/1/07	218	218	2.1	2,172	1,815,509	835.87
<b>Community Average</b>	---	---	<b>117</b>	<b>115</b>	<b>1.9</b>	<b>2,036</b>	<b>\$1,523,921</b>	<b>\$748.49</b>
<b>LOOP</b>								
Legacy at Millennium Park	Mesa Development	2/4/06	356	333	2.8	2,117	\$1,514,356	\$715.33
<b>Community Average</b>	---	---	<b>356</b>	<b>333</b>	<b>2.8</b>	<b>2,117</b>	<b>\$1,514,356</b>	<b>\$715.33</b>
<b>NEAR NORTH</b>								
101 North	1546 North Clark, LLC	10/20/15	32	0	0.0	3,004	\$1,994,500	\$663.95
4 East Elm	Convexity Properties	7/17/14	35	31	1.8	3,249	3,283,333	1,010.57
400 West Huron	Smithfield Properties	5/15/15	25	13	1.8	2,780	1,787,500	642.99
No. 9 Walton	JDL Development	5/11/15	66	39	5.0	3,093 <sup>(1)</sup>	3,432,500 <sup>(1)</sup>	1,109.76 <sup>(1)</sup>
Ritz Carlton Residences	Prism Development	3/1/06	89	40	0.3	2,370	2,277,502	960.97
The Ronsley	LG Development	1/5/15	41	41	1.1	2,408	1,697,400	704.90
Trump Tower Residences	Trump International	9/24/03	486	486	3.4	1,906	1,381,556	724.85
<b>Community Average</b>	---	---	<b>111</b>	<b>93</b>	<b>1.9</b>	<b>2,687</b>	<b>\$2,264,899</b>	<b>\$842.91</b>
<b>Overall Average - All Community Areas</b>	---	---	<b>136</b>	<b>121</b>	<b>2.0</b>	<b>2,500</b>	<b>\$2,041,649</b>	<b>\$816.66</b>

<sup>(1)</sup> Excludes Unit 2900 priced at \$12.5 million for 7,085 square feet of living area.

Source: Tracy Cross & Associates, Inc.



**SINGLE FAMILY CLOSINGS BY LOCATION AND PRICE RANGE: 2015**  
**-- NORTH SHORE MARKET AREA --**

Price Range	Number of Closings by Location: 2013												
	North Shore Market Area	Deerfield	Glencoe	Glenview	Highland Park	Highwood	Kenilworth	Lake Bluff	Lake Forest	Northbrook	Northfield	Wilmette	Winnetka
Under \$500,000	898	129	6	205	165	9	—	76	31	173	19	79	6
500,000 - 749,999	846	84	33	147	132	6	3	38	69	177	22	103	32
750,000 - 999,999	462	32	23	74	64	—	8	24	43	53	22	78	41
1,000,000 - 1,249,999	244	14	17	36	19	1	4	8	34	24	7	45	35
1,250,000 - 1,499,999	145	4	17	19	8	—	5	1	28	6	4	27	26
1,500,000 - 1,749,999	84	5	7	13	2	—	3	1	14	4	—	17	18
1,750,000 - 1,999,999	48	—	6	2	2	—	1	—	6	3	—	10	18
2,000,000 - 2,249,999	26	1	3	—	1	—	3	—	4	2	—	3	9
2,250,000 - 2,499,999	21	3	3	2	4	—	1	—	2	—	2	—	4
2,500,000 - 2,749,999	15	2	2	3	—	—	2	—	1	—	—	—	5
2,750,000 - 2,999,999	12	1	1	—	1	—	1	—	3	1	—	1	3
3,000,000 and Over	31	—	1	1	—	—	6	1	6	—	—	2	14
<b>Total</b>	<b>2,832</b>	<b>275</b>	<b>119</b>	<b>502</b>	<b>398</b>	<b>16</b>	<b>37</b>	<b>149</b>	<b>241</b>	<b>443</b>	<b>76</b>	<b>365</b>	<b>211</b>
<b>Average Price</b>	<b>\$730,494</b>	<b>\$621,174</b>	<b>\$1,117,454</b>	<b>\$659,143</b>	<b>\$610,255</b>	<b>\$438,156</b>	<b>\$1,800,581</b>	<b>\$576,397</b>	<b>\$1,044,794</b>	<b>\$607,882</b>	<b>\$755,539</b>	<b>\$871,041</b>	<b>\$1,420,195</b>
<b>Median Price</b>	<b>\$653,000</b>	<b>\$520,000</b>	<b>\$969,000</b>	<b>\$550,000</b>	<b>\$540,000</b>	<b>\$319,000</b>	<b>\$1,450,000</b>	<b>\$489,000</b>	<b>\$835,000</b>	<b>\$540,000</b>	<b>\$706,250</b>	<b>\$750,000</b>	<b>\$1,200,000</b>
<b>Average Days on Market</b>	<b>106</b>	<b>111</b>	<b>140</b>	<b>89</b>	<b>114</b>	<b>107</b>	<b>200</b>	<b>101</b>	<b>154</b>	<b>91</b>	<b>113</b>	<b>75</b>	<b>124</b>
<b>Average Year Built</b>	<b>1964</b>	<b>1971</b>	<b>1959</b>	<b>1971</b>	<b>1959</b>	<b>1963</b>	<b>1951</b>	<b>1968</b>	<b>1970</b>	<b>1972</b>	<b>1962</b>	<b>1950</b>	<b>1957</b>

Source: Midwest Real Estate Data

**SALES HISTORY - HIGHER-PRICED ATTACHED DEVELOPMENTS BY PRICE RANGE  
-- SUBURBAN CHICAGO --**

Price Range	Number of Active Developments	Average Monthly Sales Rate Since Opening	Average Plan Size (Sq. Ft.)	Average Base Sales Price	
				\$	\$/Sq. Ft.
<b>All Higher-Priced Developments</b>	<b>48 (47) <sup>(1)</sup></b>	<b>0.8 (.08) <sup>(1)</sup></b>	<b>2,199 (2,199) <sup>(1)</sup></b>	<b>\$485,119 (\$480,073) <sup>(1)</sup></b>	<b>\$220.61 (\$218.31) <sup>(1)</sup></b>
\$300,000 - 399,999	15	0.9	1,981	\$351,742	\$177.56
400,000 - 499,999	16	0.7	2,063	455,137	220.62
500,000 - 599,999	7	0.9	2,347	540,389	230.25
600,000 - 699,999	3	1.2	2,665	651,498	244.46
700,000 and Over	7 (6) <sup>(1)</sup>	0.9 (.03) <sup>(1)</sup>	2,624 (2,692) <sup>(1)</sup>	755,745 (761,322) <sup>(1)</sup>	288.01 (282.81) <sup>(1)</sup>

<sup>(1)</sup> Excludes 40 South Ashland in LaGrange which converted a high number of reservations into contracts in a short three-month period.

Source: Tracy Cross & Associates, Inc.

- Closest to Winnetka are nine attached programs actively marketing in Deerfield, Glenview, Lake Forest, and Northbrook. These programs, which have achieved 1.1 sales per month per project since opening, are priced at an average of \$603,453 for a 2,383 square foot residence, equal to a value ratio of \$253.23 per square foot. Comparatively, One Winnetka will be positioned at \$660.62 per square foot.

**COMPOSITE SALES SUMMARY - PROXIMATE ATTACHED COMMUNITIES  
-- NORTH SHORE SUBMARKET --**

Development	Location	Product Type	Average Monthly Sales Rate Since Opening	Average Plan Size (Sq. Ft.)	Average Base Sales Price	
					\$	\$/Sq. Ft.
Taylor Junction	Deerfield	Conv. TH	0.7	2,330	\$612,333	\$262.80
Patriot Commons at the Glen	Glenview	MR Condo	2.5	1,283	421,995	328.91
Westgate at the Glen-Mews	Glenview	CY TH	2.4	2,108	493,900	234.30
Westgate at the Glen-Rowhomes	Glenview	Conv. TH	1.6	2,049	549,900	268.37
Willow Lake	Lake Forest	Duplex	0.4	3,385	875,000	258.49
Meadowridge-Duplex	Northbrook	Duplex	0.8	2,662	671,500	252.25
Meadowridge-TH	Northbrook	Conv. TH	0.4	2,423	549,000	226.58
Provenance-Terraces	Northbrook	Conv. TH	0.5	2,543	546,300	214.83
Provenance-Villas	Northbrook	Duplex	0.4	2,668	711,150	266.55
<b>Average</b>	<b>--</b>	<b>---</b>	<b>1.1</b>	<b>2,383</b>	<b>\$603,453</b>	<b>\$253.23</b>

Source: Tracy Cross & Associates, Inc.

- Elsewhere in the suburban market there are only eight other new townhome/condominium communities currently active supporting average sales prices of \$500,000 or more. These programs, which include three in Park Ridge and one each in Elmhurst, Evanston, Oak Park, Western Springs, and Wheaton, have averaged 0.8 sales monthly since opening at an average sales price of \$628,246 for a 2,484 square foot home, or \$252.92 per square foot.

**COMPOSITE SALES SUMMARY - OTHER SELECTED ATTACHED COMMUNITIES  
-- SUBURBAN CHICAGO --**

Development	Location	Product Type	Average Monthly Sales Rate Since Opening	Average Plan Size (Sq. Ft.)	Average Base Sales Price	
					\$	\$/Sq. Ft.
Fountain Point	Elmhurst	CY TH	0.5	2,428	\$734,900	\$302.68
The Nine Ten	Evanston	MR Condo	0.0	1,781	758,083	425.65
Oak Park Oasis	Oak Park	CY TH	1.1	2,700	535,900	198.48
Brighton Mews of Park Ridge	Park Ridge	CY TH	1.2	2,126	535,026	251.66
Fairview Station	Park Ridge	MR Condo	0.7	2,000	559,900	279.95
Hinkley Park	Park Ridge	CY TH	2.0	3,002	670,660	223.40
Timber Trails-Pinehurst II	Western Springs	Conv. TH	0.9	2,590	506,700	195.64
Courthouse Square-TH	Wheaton	CY TH	0.2	3,243	724,800	223.50
<i>Average</i>	---	---	<b>0.8</b>	<b>2,484</b>	<b>\$628,246</b>	<b>\$252.92</b>

Source: Tracy Cross & Associates, Inc.

- As shown in **Exhibit 7**, only three attached closings occurred in the North Shore Market Area in 2015 priced at or above the \$1,250,000 mark. Two of these closings were recorded at Regents Row townhome community in Lake Forest while one \$1.5 million condominium unit was sold at the Park Claridge community in Highland Park.
- Finally, the for sale portion of One Winnetka will, like other higher end condominium programs throughout Chicago, experience a strong initial surge in sales due to heightened levels of pent up demand followed by a significant drop in volume once these incubated potentials have been tapped. This surge, followed by a 60 to 70 percent decline after the first year, occurs as a result of potential cancellations, initial penetration of a market that does not recycle itself, and, in the suburban market, the need to stretch to a wider geographic area where the number of very high income households is, at best, mediocre.





**ATTACHED CLOSINGS BY LOCATION AND PRICE RANGE: 2015**  
**-- NORTH SHORE MARKET AREA --**

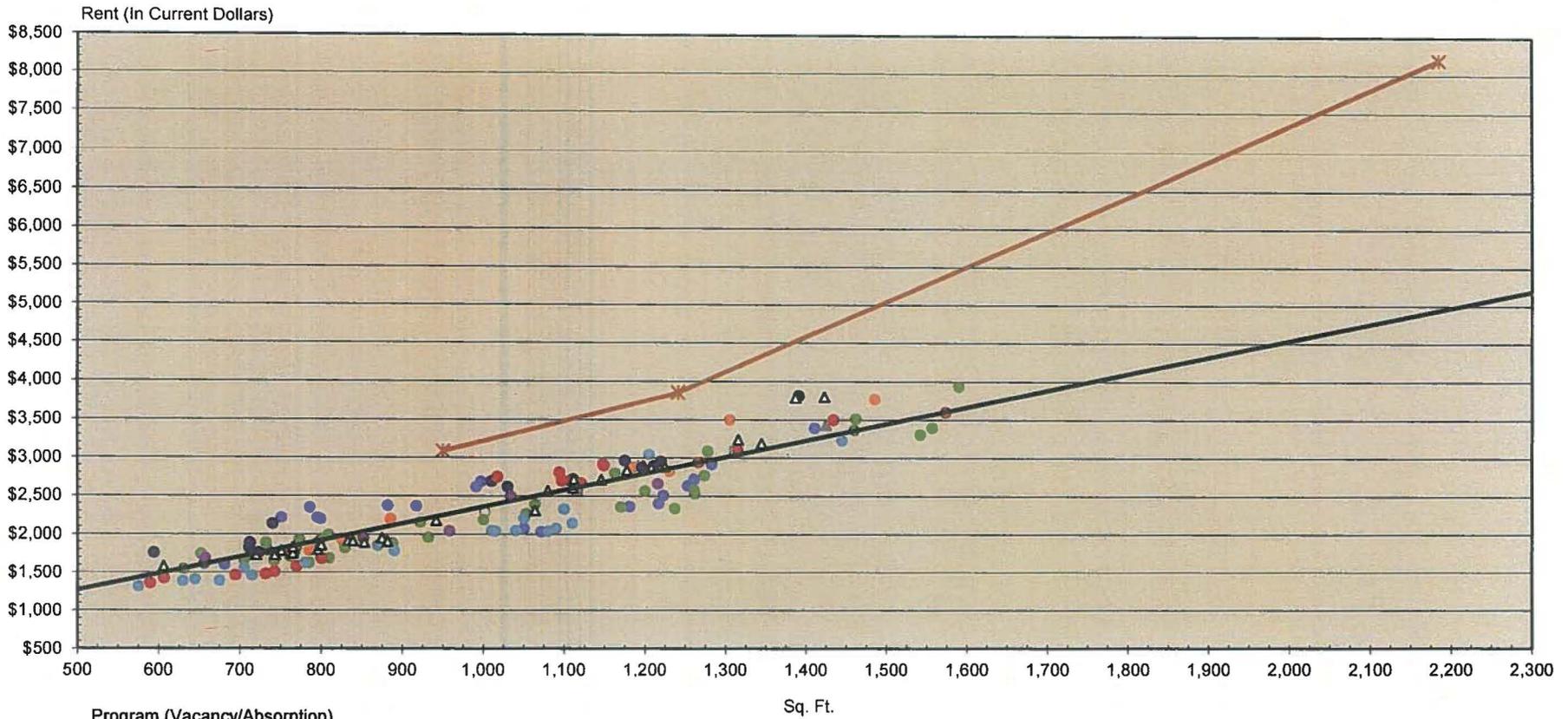
Price Range	Number of Closings by Location: 2013												
	North Shore Market Area	Deerfield	Glencoe	Glenview	Highland Park	Highwood	Kenilworth	Lake Bluff	Lake Forest	Northbrook	Northfield	Wilmette	Winnetka
Under \$500,000	902	89	9	272	95	9	--	43	38	229	32	69	17
500,000 - 749,999	372	1	2	46	11	4	--	1	17	264	4	14	8
750,000 - 999,999	28	--	--	7	5	--	--	--	9	1	4	--	2
1,000,000 - 1,249,999	5	--	--	--	2	--	--	--	3	--	--	--	--
1,250,000 - 1,499,999	2	--	--	--	--	--	--	--	2	--	--	--	--
1,500,000 - 1,749,999	1	--	--	--	1	--	--	--	--	--	--	--	--
1,750,000 - 1,999,999	--	--	--	--	--	--	--	--	--	--	--	--	--
2,000,000 - 2,249,999	--	--	--	--	--	--	--	--	--	--	--	--	--
2,250,000 - 2,499,999	--	--	--	--	--	--	--	--	--	--	--	--	--
2,500,000 - 2,749,999	--	--	--	--	--	--	--	--	--	--	--	--	--
2,750,000 - 2,999,999	--	--	--	--	--	--	--	--	--	--	--	--	--
3,000,000 and Over	--	--	--	--	--	--	--	--	--	--	--	--	--
<b>Total</b>	<b>1,310</b>	<b>90</b>	<b>11</b>	<b>325</b>	<b>114</b>	<b>13</b>	<b>--</b>	<b>44</b>	<b>69</b>	<b>494</b>	<b>40</b>	<b>83</b>	<b>27</b>
<b>Average Price</b>	<b>\$319,323</b>	<b>\$236,494</b>	<b>\$268,627</b>	<b>\$306,978</b>	<b>\$347,300</b>	<b>\$341,404</b>	<b>--</b>	<b>\$200,337</b>	<b>\$510,747</b>	<b>\$310,467</b>	<b>\$328,423</b>	<b>\$341,445</b>	<b>\$421,187</b>
<b>Median Price</b>	<b>\$283,500</b>	<b>\$230,500</b>	<b>\$216,000</b>	<b>\$265,000</b>	<b>\$260,000</b>	<b>\$380,000</b>	<b>--</b>	<b>\$201,500</b>	<b>\$445,000</b>	<b>\$289,000</b>	<b>\$266,250</b>	<b>\$299,900</b>	<b>\$371,050</b>
<b>Average Days on Market</b>	<b>74</b>	<b>47</b>	<b>63</b>	<b>59</b>	<b>93</b>	<b>81</b>	<b>--</b>	<b>57</b>	<b>83</b>	<b>76</b>	<b>96</b>	<b>109</b>	<b>74</b>
<b>Average Year Built</b>	<b>1983</b>	<b>1984</b>	<b>1973</b>	<b>1986</b>	<b>1981</b>	<b>1983</b>	<b>--</b>	<b>1990</b>	<b>1991</b>	<b>1984</b>	<b>1985</b>	<b>1969</b>	<b>1969</b>

Source: Midwest Real Estate Data



A1

**Rent/Value Analysis**  
**Representative Newer Luxury Apartments: Excluding Studios and Convertibles**  
**Evanston and Park Ridge**  
**December 2015**



Program (Vacancy/Absorption)

● One Bedroom Flat	○ One Bedroom+Den Flat	■ Two Bedroom Flat	□ Two Bedroom+Den Flat	▲ Three Bedroom Flat
● 1717 (4.0)	● Amli Evanston (10.8)	● Central Station (5.0)	● E2 (27.5/Mo.)	● Evanston Place (1.1)
● Park Evanston (7.4)	● Reserve at Evanston (3.1)	▲ Park 205 (9.2/Mo.)	— One Winnetka Prototype	— Market Line

Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.



A2

**Rent/Value Analysis**  
**Representative Newer Luxury Apartments: Excluding Studios and Convertibles**  
**Evanston and Park Ridge**  
**December 2015**

Plan Size (Sq. Ft.)	Average Market Rent	Program/Location	Year Built/ Renovated	Total Units <sup>(1)</sup>	Average Plan Size (Sq. Ft.)	Average Posted Rent <sup>(1)</sup>		Average Market Rent <sup>(1)</sup>	Variance From Market	Vacancy Rate/ (Monthly Absorption)
						Dollars	Sq. Ft.			
500	\$1,266	One Winnetka Prototype	2018	44	1,125	\$3,631	\$3.23	\$2,629	+\$1,002	3.5/Mo. Fcst
600	1,484	E2/Evanston	2015	299	834	2,191	2.63	1,994	+197	(27.5/Mo.)
700	1,702	Central Evanston/Evanston	2013	72	1,004	2,438	2.43	2,365	+73	5.0
800	1,920	1717/Evanston	2013	161	941	2,294	2.44	2,228	+66	4.0
900	2,138									
1,000	2,356	<b>— Market —</b>	<b>2007</b>	<b>1,447 / 181</b>	<b>921</b>	<b>2,184</b>	<b>2.37</b>	<b>2,184</b>	<b>0</b>	<b>5.5 / (18.4/Mo.)</b>
1,100	2,574									
1,200	2,792	Park Evanston/Evanston	1996	255	969	2,286	2.36	2,289	-3	7.4
1,300	3,010	Park 205/Park Ridge	2015	115	969	2,284	2.36	2,289	-5	(9.2/Mo.)
1,400	3,228	Evanston Place/Evanston	1990	169	943	2,199	2.33	2,232	-33	1.1
1,500	3,446	Amlie Evanston/Evanston	2013	190	963	2,157	2.24	2,276	-119	10.8
1,600	3,664	Reserve at Evanston/Evanston	2003	186	854	1,799	2.11	2,038	-239	3.1
1,700	3,882									
1,800	4,100									
1,900	4,318									
2,000	4,536									
2,100	4,754									
2,200	4,972									

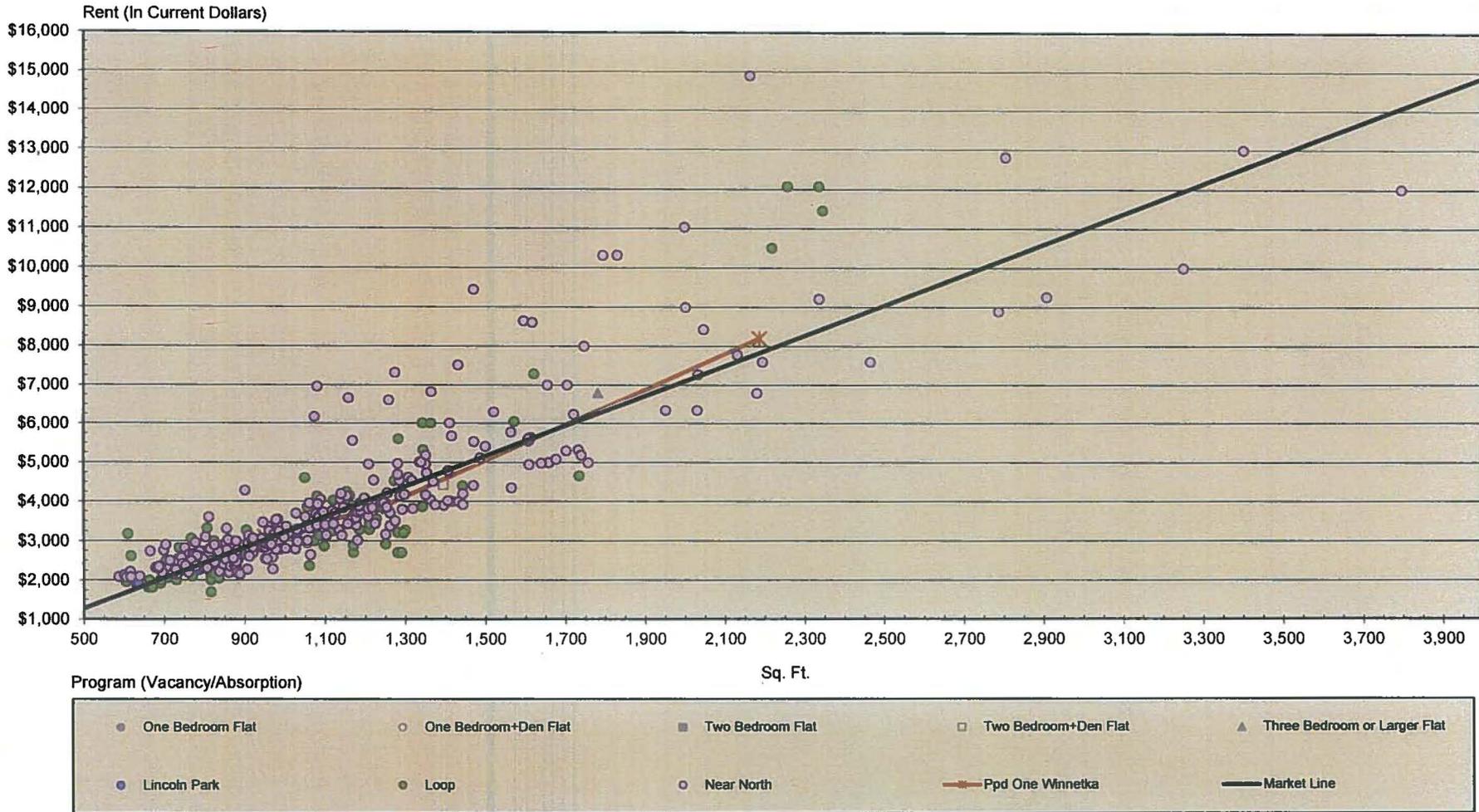
Slope: \$2.18 per sq. ft.

<sup>(1)</sup> Statistics exclude studio and convertible plan types; utilized for analytical purposes.



A3

Rent/Value Analysis  
Representative Newer Luxury Apartments: Excluding Studios and Convertibles  
City of Chicago  
December 2015



Rent/value analysis uses a scatter diagram to graphically represent a set of observations found in today's marketplace, specifically the square footage of units offered and their associated rent levels. Regression analysis is then used to fit a line through the set of market observations that represent the "best fit" or average market line. This market line can then be used to predict the performance of a new, untested product line or offer explanations regarding the occupancy/absorption rates of currently available product lines.



A4

**Rent/Value Analysis**  
**Representative Newer Luxury Apartments: Excluding Studios and Convertibles**  
**City of Chicago**  
**December 2015**

Plan Size (Sq. Ft.)	Average Market Rent	Program/Community Area	Year Built/ Renovated	Total Units <sup>(1)</sup>	Average Plan Size (Sq. Ft.) <sup>(1)</sup>	Average Posted Rent <sup>(1)</sup>		Average Market Rent	Variance From Market	Vacancy Rate/ (Monthly Absorption)
						Dollars	Rent per Sq. Ft.			
500	\$1,280	One Eleven/Loop	2014	408	947	\$3,586	\$3.79	\$3,015	+\$571	2.8
600	1,668	Walton on the Park/Near North	2010	164	1,463	5,573	3.81	5,017	+556	1.2
700	2,056	Wolf Point West/Near North	2015	371	848	3,039	3.58	2,631	+408	(10.3/Mo.)
800	2,444	North Water/Near North	2015	358	1,079	3,927	3.64	3,527	+400	(23.3/Mo.)
900	2,832	State and Chestnut/Near North	2015	327	744	2,502	3.36	2,227	+275	(27.3/Mo.)
1,000	3,220	The Hensley/Near North	2015	43	1,053	3,666	3.48	3,426	+240	(2.7/Mo.)
1,100	3,608	Lakeshore East-Aqua/Loop	2009	272	863	2,907	3.37	2,689	+218	7.0
1,200	3,996	Eight O Five/Near North	2015	149	771	2,467	3.20	2,332	+135	(19.7/Mo.)
1,300	4,384	500 Lake Shore Drive/Near North	2013	267	1,127	3,840	3.41	3,713	+127	2.4
1,400	4,772	1225 Old Town/Near North	2012	189	970	3,219	3.32	3,104	+115	12.0
1,500	5,160	Jones Chicago/Near North	2014	170	920	3,017	3.28	2,910	+107	1.6
1,600	5,548	The Scott Residences/Near North	2014	50	960	3,126	3.26	3,065	+61	5.7
1,700	5,936									
1,800	6,324	<b>— Market —</b>	<b>2012</b>	<b>5,488 / 239</b>	<b>970</b>	<b>3,104</b>	<b>3.20</b>	<b>3,104</b>	<b>0</b>	<b>4.8 / (15.7/Mo.)</b>
1,900	6,712									
2,000	7,100	Webster Square/Lincoln Park	2014	68	860	2,609	3.03	2,677	-68	5.4
2,100	7,488	Lakeshore East-Coast/Loop	2012	386	856	2,593	3.03	2,662	-69	5.0
2,200	7,876	One Winnetka Prototype	2018	44	1,125	3,631	3.23	3,705	-74	3.5/Mo. Fcst
		Lofts at River East/Near North	1901/2015	255	1,060	3,274	3.09	3,453	-179	(11.0/Mo.)
		ENV/Near North	2010	207	969	2,871	2.96	3,100	-229	1.2
		<sup>(2)</sup> Chestnut Tower/Near North	2000	205	909	2,628	2.89	2,867	-239	5.2
		Parc Huron/Near North	2010	221	969	2,858	2.95	3,100	-242	3.2
		73 East Lake/Loop	2014	208	1,005	2,966	2.95	3,240	-274	7.0
		Lakeshore East-The Tides/Loop	2007	380	884	2,490	2.82	2,770	-280	3.6
		Optima Chicago Center I/Near North	2013	283	1,058	3,134	2.96	3,445	-311	6.2
		Lakeshore East-The Shoreham/Loop	2005	372	855	2,189	2.56	2,658	-469	6.0
		850 Lake Shore Drive/Near North	1927/2013	187	1,325	3,933	2.97	4,481	-548	7.6
		The Bernardin/Near North	2005	153	1,106	3,027	2.74	3,632	-605	5.8
		<sup>(2)</sup> The Chicagoan/Near North	1990	173	1,012	2,612	2.58	3,267	-655	3.6
		<sup>(2)</sup> Grand Plaza/Near North	2001	381	1,144	3,115	2.72	3,779	-664	2.9

<sup>(1)</sup> Statistics exclude studio and convertible plan types; utilized for analytical purposes.

<sup>(2)</sup> Development not included in derivation of market line.

Slope: \$3.88 per sq. ft.