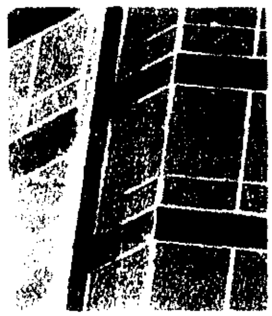
EXHIBIT I

2007 C.B. Richard Ellis appraisal

BOYD THEATER SITE
1908 - 1910 Chestnut Street
Philadelphia, Pennsylvania 19103
CBRE File No. 06-092PA-0583

FINAL



Self Contained Appraisal Report

Prepared for:

Ms. Kathy Willard
Chief Accounting Officer and Executive Vice President
LIVE NATION
9348 Civic Center Drive, 4th Floor
Beverly Hills, California 90210

VALUATION & ADVISORY SERVICES

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January 18, 2007

Ms. Kathy Willard
Chief Accounting Officer and Executive Vice President
LIVE NATION
9348 Civic Center Drive, 4th Floor
Beverly Hills, California 90210

RE: Appraisal of the Boyd Theater Site
1908 -1910 Chestnut Street
Philadelphia, Pennsylvania
CBRE File No 06-092PA-0583

Dear Ms. Willard

At your request and authorization, CB Richard Ellis (CBRE) has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Self Contained Appraisal Report.

The subject is a theater containing 23,100-square-foot of gross building area. This property is located at 1908-1910 Chestnut Street in the central business district of the City of Philadelphia, Pennsylvania. It was built in 1927 and is situated on a 31,569 square foot (0.725-acre) site. Currently, the facility is vacant and in poor condition. The analysis indicates that the current improvements do not represent an economically viable use of the subject site and that demolition of the improvements is necessary in order to place that land to its highest and best use. The subject is more fully described within the enclosed report.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	January 8, 2007	$6,800,000

Compiled by CBRE

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and Title XI Regulations.

The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by CBRE or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

CBRE hereby expressly granted to Client the right to copy this report and distribute it to other parties in the transaction for which this report has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any. It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

CBRE VALUATION & ADVISORY SERVICES

John B. Rush, MAI, CRE
Managing Director
Pennsylvania Certified General
Real Estate Appraiser #GA-000331-L

Joseph T. Murray
Associate
Assistant to the State Certified
Real Estate Appraiser

JTM/JBR

CBRE
CB RICHARD ELLIS

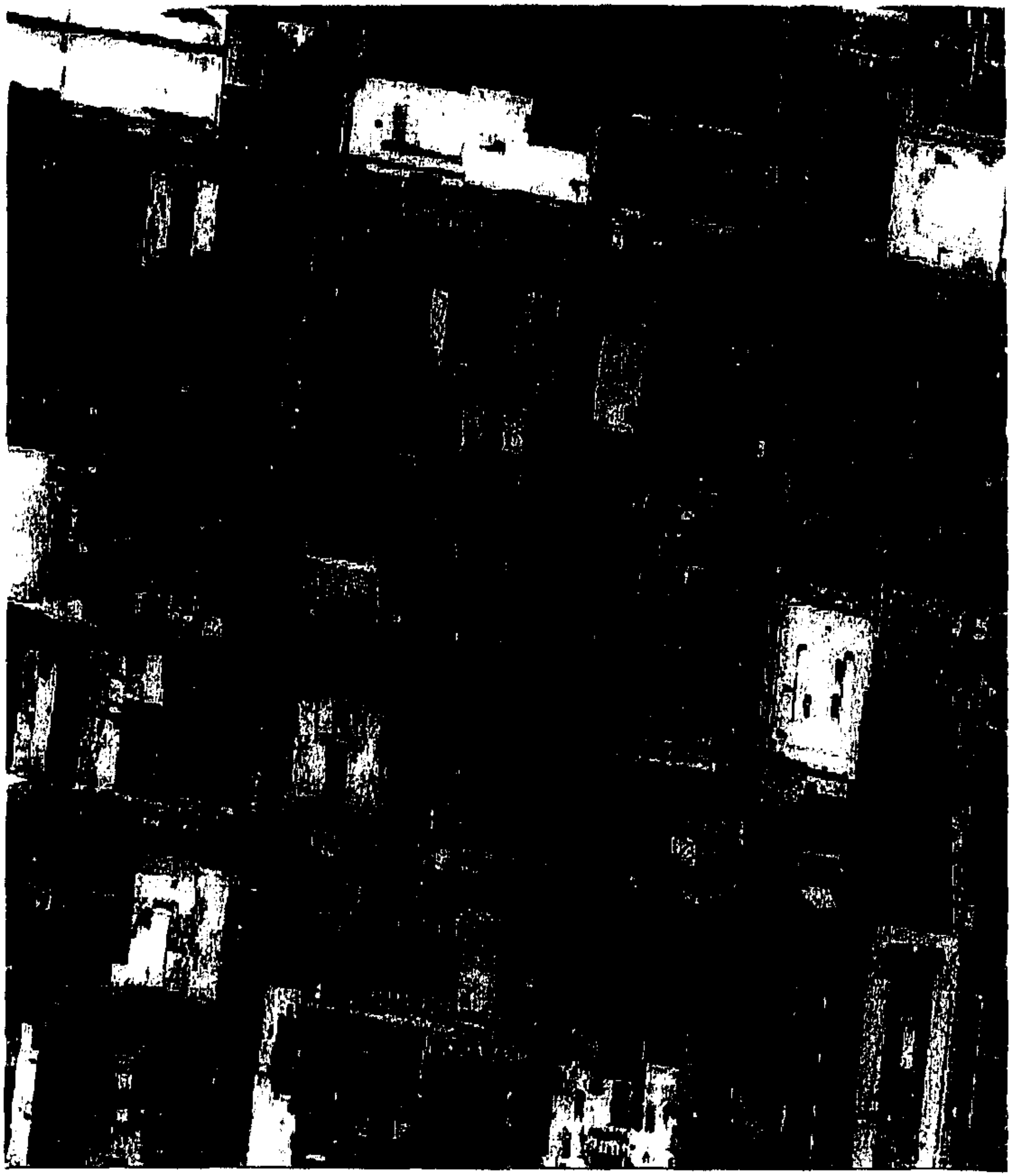
CERTIFICATION OF THE APPRAISAL

We certify to the best of our knowledge and belief:

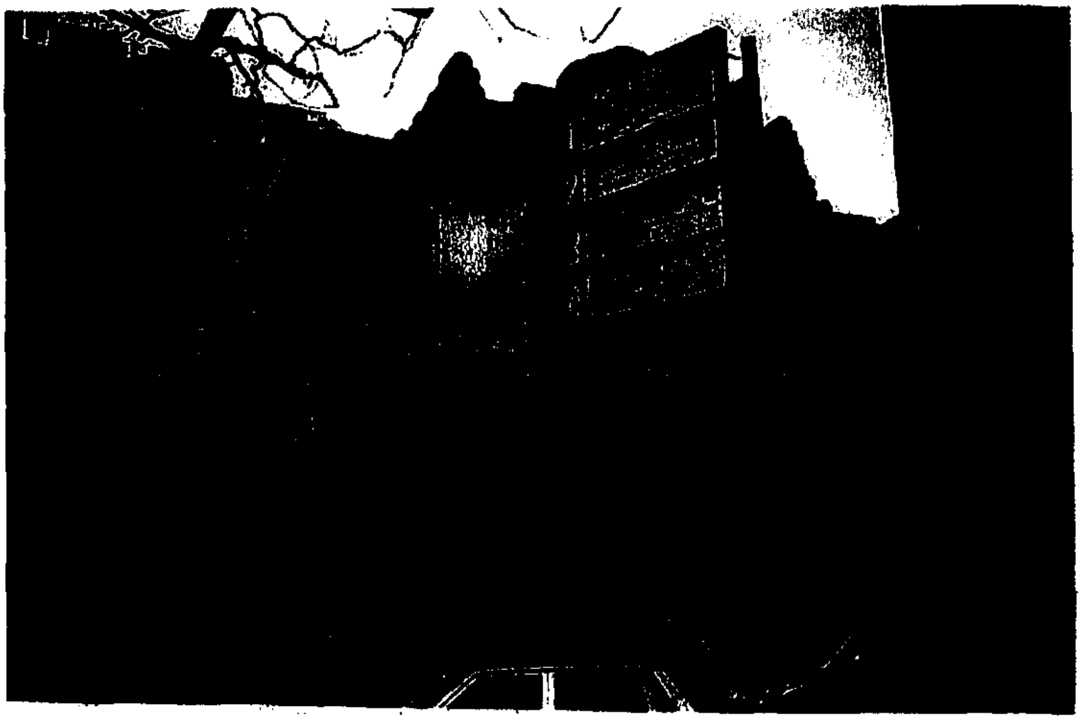
1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal, as well as the requirements of the Commonwealth of Pennsylvania.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, John B. Rush, MAI, CRE has completed the continuing education program of the Appraisal Institute.
11. Joseph T. Murray and John B. Rush, MAI, CRE have made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.

John B. Rush, MAI, CRE Pennsylvania Certified General Real Estate Appraiser #GA-000331-L	Joseph T. Murray Assistant to the State Certified General Real Estate Appraiser

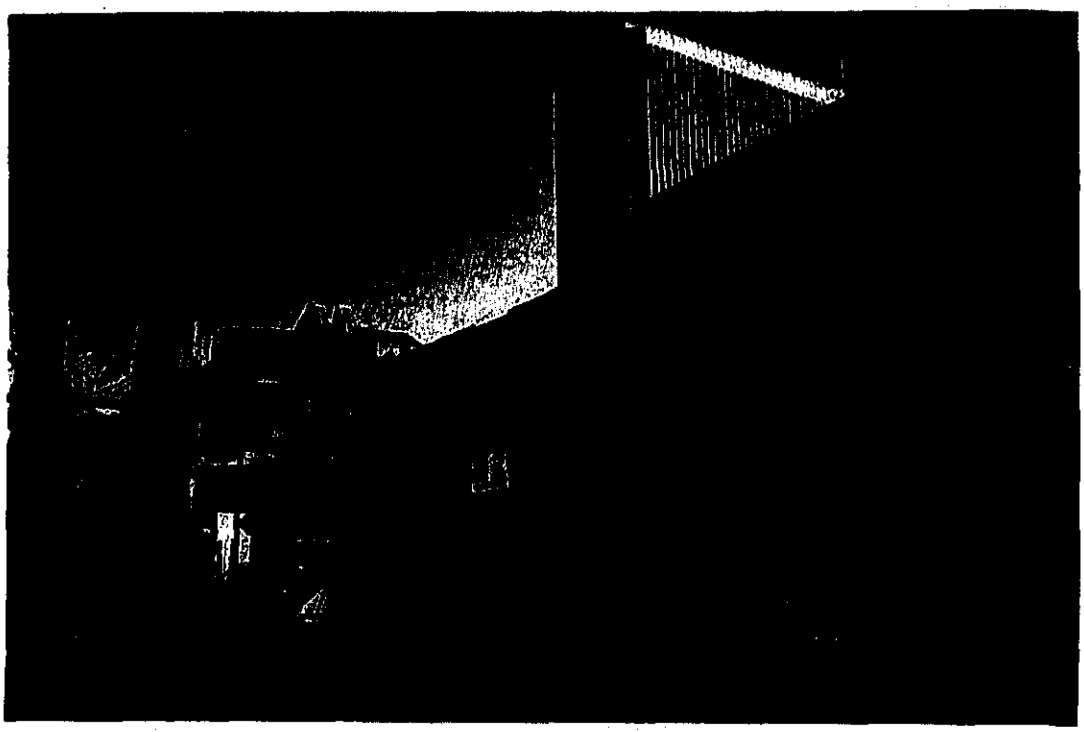
SUBJECT PHOTOGRAPHS



AERIAL VIEW

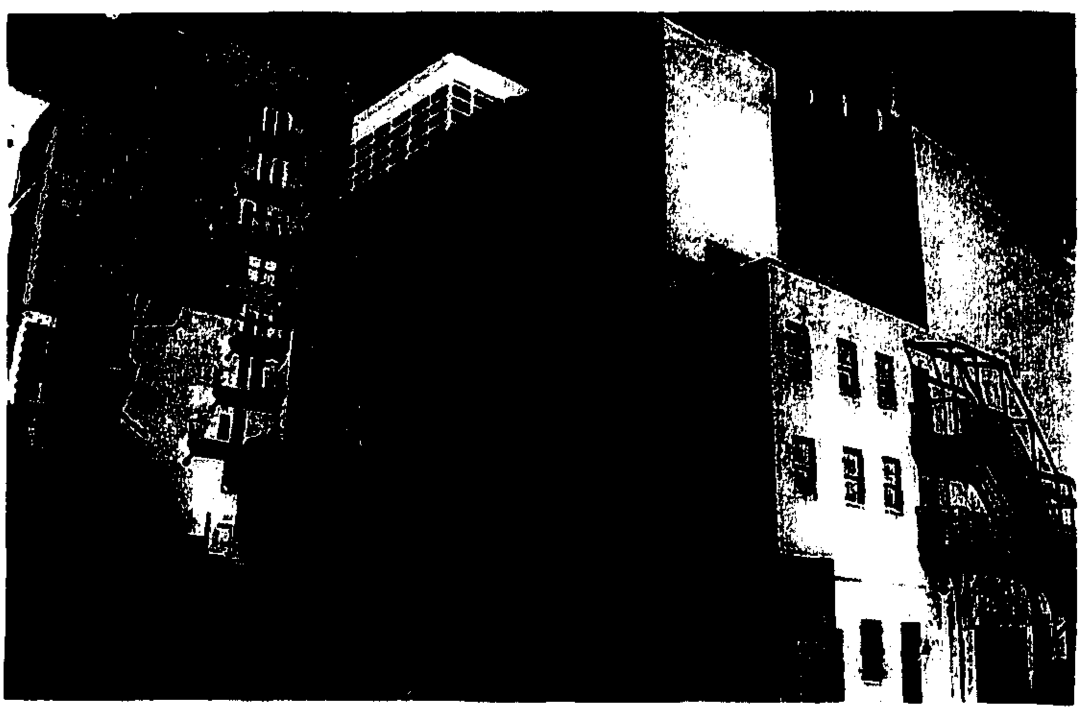


TYPICAL VIEW OF THE SUBJECT



TYPICAL VIEW OF THE SUBJECT

SOUTHERN ELEVATION ALONG SANSOM STREET



TYPICAL VIEW OF THE SUBJECT

CHESTNUT STREET EASTBOUND

CHESTNUT STREET WESTBOUND

SANSOM STREET EASTBOUND SUBJECT ON THE LEFT

SANSOM STREET WESTBOUND

SUMMARY OF SALIENT FACTS

Property Name	Boyd Theater	
Location	1908 - 1910 Chestnut Street, Philadelphia, Pennsylvania 19103	
Assessor's Parcel Number	88-2043-201	
Highest and Best Use		
As Vacant	High Density Mixed Use	
Property Rights Appraised	Fee Simple Estate	
Land Area	0.72 AC	31,569 SF
Estimated Exposure Time	9 Months	

VALUATION	***Total***	***Per SF***
Land Value	$6,800,000	$215.40

CONCLUDED MARKET VALUE			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value**
As Is	Fee Simple Estate	January 8, 2007	$6,800,000

Compiled by CBRE

EXTRAORDINARY ASSUMPTIONS & HYPOTHETICAL CONDITIONS

None noted.

TABLE OF CONTENTS

INTRODUCTION

PROPERTY IDENTIFICATION

The subject is a theater containing 23,100-square-foot of gross building area. This property is located at 1910-1918 Chestnut Street in the central business district of the City of Philadelphia, Pennsylvania. It was built in 1927 and is situated on a 31,569 square foot (0.725-acre) site. Currently, the facility is vacant and in poor condition.

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Clear Channel, a related entity of Live Nation, who acquired title to the property in 2005 for $1.00, as recorded at City Hall by the Philadelphia Recorder of Deeds. This most recent sale transaction does not appear to be an arms length transaction, but a transfer of ownership between related entities. To the best of our knowledge, there has been no other ownership transfer of the property during the previous three years.

PREMISE OF THE APPRAISAL/RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject and the valuation premise(s):

PREMISE OF THE APPRAISAL/RELEVANT DATES	
Date of Report:	January 19, 2007
Date of Inspection:	January 8, 2007
Date of Value	
As Is:	January 8, 2007
Compiled by CBRE	

PURPOSE OF THE APPRAISAL

The current economic definition agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;

2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [1]

TERMS AND DEFINATIONS

The Glossary of Terms in the addenda provides definitions for additional terms that are, and may be used in this appraisal.

INTENDED USE AND USER OF REPORT

This appraisal is to be used by the client for internal financial decisions.

PROPERTY RIGHTS APPRAISED

The interest appraised represents the fee simple interest.

SCOPE OF WORK

The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the following problem-identifying factors stated elsewhere in this report:

- Client
- Intended use
- Intended user
- Type of opinion
- Effective date of opinion
- Relevant characteristics about the subject
- Assignment conditions

[1] Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

This appraisal of the subject has been presented in the form of a Self-Contained Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. That is, this report incorporates, to the fullest extent possible, practical explanation of the data, reasoning and analysis that were used to develop the opinion of value. This report also includes thorough descriptions of the subject and the market for the property type. CBRE completed the following steps for this assignment:

Extent to Which the Property is Identified

CBRE collected the relevant information about the subject from the owner (or representatives), public records and through an inspection of the subject. The property was legally identified through its postal address, assessor's records, legal description and title report.

Extent to Which the Property is Inspected

CBRE inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal.

Type and Extent of the Data Researched

CBRE reviewed the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process. This process included interviews with regional and/or local market participants, available published data, and other various resources. CBRE also conducted regional and/or local research with respect to applicable tax data, zoning requirements, flood zone status, demographics, and comparable listing, sale information.

Type and Extent of Analysis Applied

CBRE analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. In analyzing the subject "As Is", only the Sales Comparison Approach was considered relevant. A reasonable exposure time and marketing time associated with the value estimate presented has also been concluded.

SPECIAL APPRAISAL INSTRUCTIONS

There have been no special appraisal instructions for this assignment.

EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- marketing time information from the the *Korpacz Real Estate Investor Survey; and*
- the opinions of market participants.

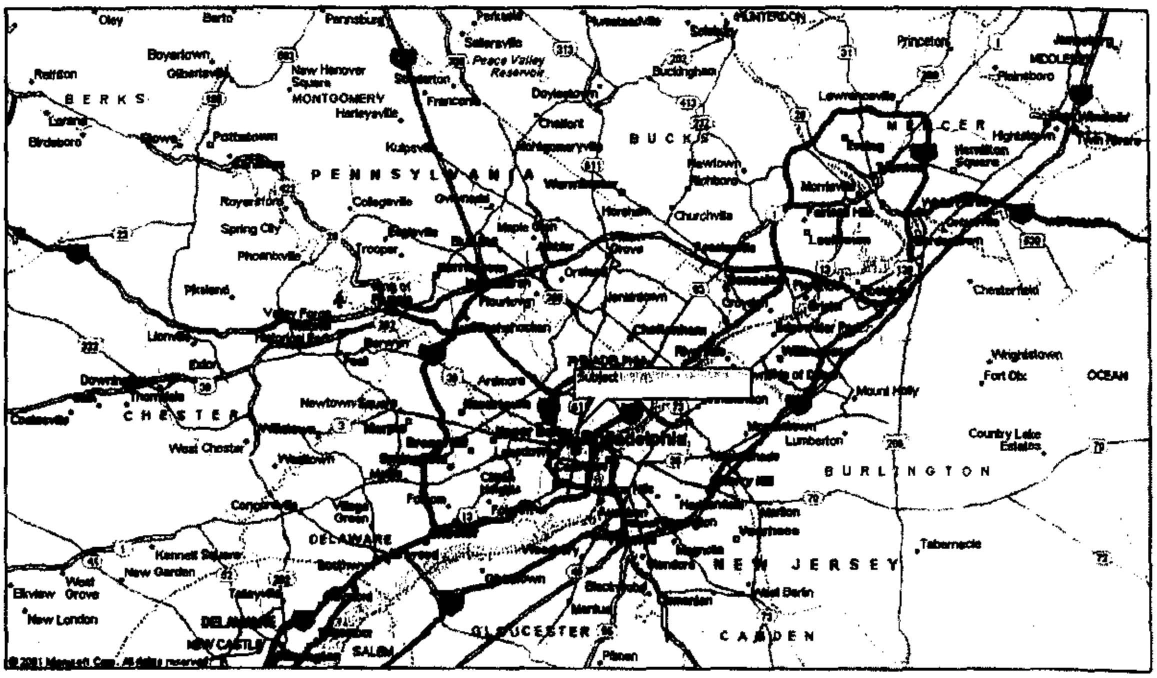
The following table presents the information derived from these sources.

EXPOSURE TIME INFORMATION		
	Exposure Time (Months)	
Investment Type	Range	Average
Comparable Sales Data	6.0 - 12.0	9.0
CBRE General Investment		
4Q2006	**1.00 - 18.00**	6.2
3Q2006	1.00 - 18.00	6.6
4Q2005	1.00 - 18.00	6.5
National Strip Shopping Center Market		
4Q2006	**2.0 - 12.0**	6.9
3Q2006	2.0 - 12.0	6.9
4Q2005	2.0 - 12.0	6.9
CBRE Estimate	**9 Months**	
Korpacz Real Estate Investor Survey		

In general, the improved sales indicate exposure times in the middle portion of the range indicated by the investor survey. In addition to the sales and survey data, we have also reviewed the assumptions and conclusions reached, particularly the income estimates and rates of return and there potential impact on exposure/marketing time. Based on these analyses, we have concluded an exposure/marketing time of 9 months or less would be considered reasonable for the subject.

This exposure/marketing time reflects current economic conditions, current real estate investment market conditions, the terms and availability of financing for real estate acquisitions, and property and market-specific factors. It assumes that the subject is (or has been) actively and professionally marketed. The marketing/exposure time would apply to all valuation premises included in this report.

AREA ANALYSIS



LOCATION

The subject property is located in the center of the Philadelphia Metropolitan Area in the City of Philadelphia. The Philadelphia Metropolitan Area, itself, encompasses over 3,500 square miles through the counties immediately surrounding the city in both Pennsylvania, New Jersey and Delaware. The greater metropolitan area is actually part of a larger economic and geographic entity known as the Delaware Valley, which extends from Trenton, New Jersey at the north to Wilmington, Delaware at the south. The Delaware Valley is a closely integrated market, which is present throughout the many political subdivisions incorporated in it.

POPULATION

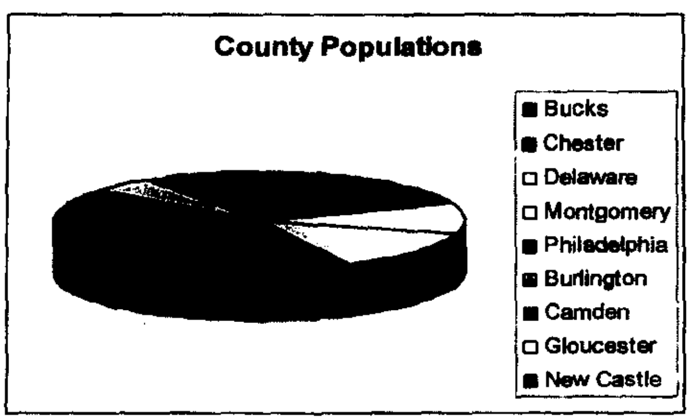
According to the most recent estimate of the Federal Census Bureau, the Philadelphia Metropolitan Area has the fourth largest population in the nation after Los Angeles, New York, and Chicago. The currently reported population of over 5.6 million is 6.7± percent greater than that counted in 1990. A closer inspection of the statistics indicates population growth in the suburban counties surrounding Philadelphia, with a decline in the city itself.

PHILADELPHIA METROPOLITAN AREA POPULATION TRENDS

(In Thousands)

County	1990	2000	% Change	2005	% Change
Bucks	541.2	597.6	10.4%	619.5	3.7%
Chester	376.4	433.5	15.2%	468.4	8.1%
Delaware	547.7	550.8	0.6%	555.5	0.9%
Montgomery	678.1	750.1	10.6%	779.9	4.0%
Philadelphia	1,585.6	1,517.5	-4.3%	1,464.9	-3.5%
Burlington	395.1	423.4	7.2%	454.3	7.3%
Camden	502.8	508.9	1.2%	517.2	1.6%
Gloucester	230.1	254.7	10.7%	273.3	7.3%
New Castle	441.9	489.2	10.7%	522.2	6.7%
Total Metro Area	5,298.9	5,525.7	4.3%	5,655.2	2.3%

Source: US Census Bureau



EMPLOYMENT

The traditional economic base of the region was once heavy manufacturing. Concurrent with national trends, the regional economy has now shifted toward a skilled/service oriented base. Approximately 46.9 percent of the region's 2.82± million in the wage and salary workforce is now employed in the service industries, as contrasted with the approximate 8.1 percent employed in manufacturing. Furthermore, another 19.9 percent of the region's workforce is employed in the wholesale and retail trades, and transportation, while government employs only 12.8 percent.

PHILADELPHIA METROPOLITAN AREA EMPLOYMENT TRENDS

(In Thousands)

Industry	Dec-03	Dec-04	Δ	Dec-05	Δ
Manufacturing	239.5	234.1	-2.3%	229.4	-2.0%
Construction & Mining	121.4	124.8	2.8%	126.2	1.1%
Trade, Transportation & Utilities	553.3	557.0	0.7%	562.8	1.0%
Information	57.5	55.9	-2.8%	54.8	-2.0%
Financial Activities	219.5	218.6	-0.4%	220.2	0.7%
Professional and Business Services	398.2	406.7	2.1%	416.3	2.4%
Educational & Health Services	490.8	497.9	1.4%	508.0	2.0%
Leisure & Hospitality	205.7	211.8	3.0%	215.7	1.8%
Other Services	121.4	122.8	1.2%	124.6	1.5%
Government	360.5	362.7	0.6%	363.0	0.1%
Total Wage & Salary Employment	2,767.8	2,792.3	0.9%	2,821.0	1.0%
Unemployment Rate	4.7%	4.5%		4.7%	

Source: US Bureau of Labor Statistics

While only the strongest of manufacturing firms remain in the region, economic leadership is now shared with companies in health care, information processing, pharmaceuticals, education, banking and insurance. A listing of the ten largest employers in Philadelphia alone bears out this observation.

MAJOR NON-PUBLIC EMPLOYERS - PHILADELPHIA COUNTY			
Rank	Employer	Employees	Product or Service
1	University of Pennsylvania	23,465	Education, Research, Arts & Culture
2	Jefferson Health System	18,884	Health Care
3	Temple Universtiy Health System	8,000	Health Care
4	Children's Hospital of Philadelphia	7,276	Health Care
5	Hospital of the University of Pennsylvania	6,733	Hospital
6	U.S. Airways	6,000	Commercial Airline
7	Comcast/Spectacor	5,955	Security Services
8	Independence Blue Cross	5,000	Health Insurance
9	Drexel University	5,067	Technological Co-operative Education University
10	Wachovia Bank, N.A.	4,532	National Commercial Bank

Source: Philadelphia Business Journal

According to the Pennsylvania Department of Labor and Industry, the October 2006 unemployment rate in the nine county Philadelphia Metropolitan Area is currently estimated to be 4.3 percent. This rate is above the 3.9 percent for the Commonwealth of Pennsylvania, and the 4.1 percent for the nation, as a whole. At the same time, the City of Philadelphia had an unemployment rate of 6.3 percent.

ECONOMICS

Economy.com provides the following Philadelphia metro division economic summary as of September 2006. The full Economy.com report is presented in the Addenda.

PHILADELPHIA ECONOMIC ANALYSIS

Indicators	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Gross Metro Product, C$B	136.4	137.9	141.2	143.7	145.8	149.2	154.6	160.1	163.5	166.9	170.2	173.5
% Change	2.4	1.1	2.4	1.8	1.4	2.3	3.6	3.6	2.1	2.0	2.0	1.9
Total Employment (000)	1,861.8	1,894.2	1,900.3	1,885.4	1,869.9	1,869.5	1,890.1	1,912.4	1,925.3	1,937.4	1,953.0	1,968.5
% Change	2.0	1.7	0.3	-0.8	-0.8	0.0	1.1	1.2	0.7	0.6	0.8	0.8
Unemployment Rate	4.2	4.1	4.6	5.6	5.6	5.5	5.0	4.6	4.8	4.7	4.6	4.5
Personal Income Growth	3.8	7.7	2.2	3.4	3.1	5.1	5.1	4.6	3.9	3.8	3.6	3.5
Population (000)	3,837.6	3,852.2	3,856.3	3,863.0	3,872.4	3,882.3	3,890.2	3,900.4	3,907.1	3,913.1	3,918.0	3,921.2
Single-Family Permits	9,696	9,041	8,179	8,685	7,994	8,348	8,236	8,109	8,430	8,083	7,896	7,853
Multifamily Permits	1,666	2,311	2,105	1,595	3,698	4,335	3,959	3,557	2,170	2,018	2,027	2,184
Existing Home Price ($Ths)	117.4	116.1	128.1	142.0	164.1	177.5	205.7	226.5	230.0	229.3	229.1	230.8
Mortgage Originations ($Mil)	14,040	11,651	21,294	75,195	49,189	28,555	30,554	28,632	26,362	22,989	23,038	23,619
Net Migration (000)	1.2	3.5	-6.7	-4.3	-3.4	-5.1	-9.8	-3.3	-6.7	-7.7	-8.9	-10.8
Personal Bankruptcies	16,197	15,888	17,848	18,287	18,491	17,104	19,522	10,790	12,504	13,421	14,148	15,498

Source: Economy.com

INCOME

The median effective household buying income or disposable income after federal taxes in the Philadelphia Metropolitan Area is currently estimated to be $44,457. This compares to $37,456 for the Commonwealth of Pennsylvania, and $39,324 for the United States as a whole. Philadelphia ranks last in this metropolitan area with a median household income level of $29,268 per dwelling unit.

INCOME STATISTICS
PHILADELPHIA METROPOLITAN AREA
(In Thousands)

County	Households	Effective Buying Income	Median Household EBI
Bucks	229.5	$ 15,350,850	$ 52.935
Chester	172.1	$ 13,295,290	$ 57.480
Delaware	209.0	$ 12,456,301	$ 45.404
Montgomery	298.9	$ 21,755,041	$ 53.554
Philadelphia	572.8	$ 21,672,711	$ 29.268
Burlington	168.6	$ 10,541,493	$ 50.854
Camden	190.5	$ 10,179,373	$ 42.580
Gloucester	98.7	$ 5,471,973	$ 47.901
New Castle	198.1	$ 11,479,738	$ 47.161
Total Metro Area	2,138.2	$ 122,202,770	$ 44.457

Source: Sales & Marketing Management 2005

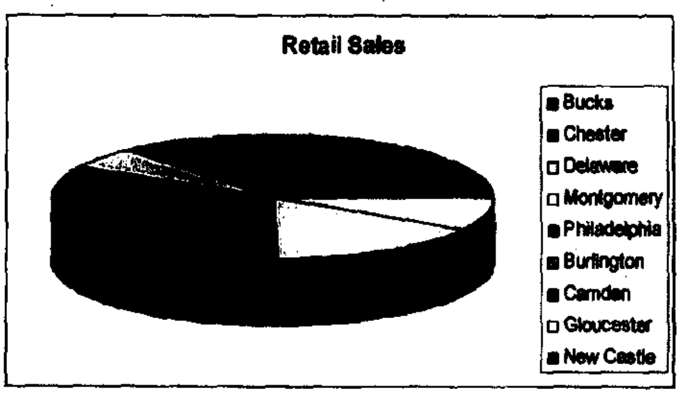
RETAIL

Retail sales in the Philadelphia Metropolitan Area were estimated to approach $85.4 billion during 2004, the last period from which data are available. The Philadelphia Metropolitan Area ranked fifth nationally in total retail sales behind Los Angeles, Chicago, New York, and Washington. In Philadelphia, annual retail sales for 2004 were estimated to exceed $11.9 billion. Despite a lethargic general economy during 2002 and 2003, retail sales in the Philadelphia Metropolitan Area have increased over the past three years at an average annual rate of 8.2%. Increasing retail sales are indicative of positive consumer confidence, which is essential to the regional economy.

PHILADELPHIA METROPOLITAN AREA RETAIL SALES TRENDS
(In Thousands)

Year	Metro Philadelphia	Δ	Philadelphia County	Δ
2004	$ 85,389,350	21.9%	$ 11,958,793	5.2%
2003	$ 70,032,444	4.0%	$ 11,366,900	-1.4%
2002	$ 67,333,002		$ 11,533,595	

Source: Sales & Marketing Management 2005



LINKAGES

The greater Philadelphia Metropolitan Area is conveniently accessible to an extensive network of interstate highways and state and inter-county roads. Interstates 76, 95, 276, 295, 676 and 476 connect the region with all points to the north, south, east and west. The Port of Philadelphia is one of the largest fresh water ports in the country. The Philadelphia International Airport provides service to major North American cities and many European destinations. From its central location in the heart of the eastern megalopolis, excellent rail accessibility is also available.

CULTURAL, EDUCATIONAL & RECREATIONAL RESOURCES

The City of Philadelphia is known for its rich history, most notably for the signing of the Declaration of Independence as well as the nations first capital. Independence National Historical Park, "America's most historic square mile" includes the Liberty Bell and Independence Hall. In addition to Philadelphia's rich history, the city and its surrounding areas are a hub of culture and education.

Philadelphia is the cultural center of the Delaware Valley, with numerous museums and cultural institutions such as the Philadelphia Museum of Art, Pennsylvania Academy of Fine Arts, the Franklin Institute, and the Philadelphia Zoo. The city is also home to numerous historic theaters located on the Avenue of the Arts, such as the Kimmel Center for the Performing Arts, the Academy of Music and the Merriam Theater.

The area supports several major professional sports teams including: The Eagles of the National Football League; The Philadelphia Phillies baseball team; The 76ers basketball team; The Flyers and Phantoms hockey teams as well as the Kixx indoor soccer team and the Wings lacrosse team. Two new stadiums have recently been completed, the Citizens Bank Park and Lincoln Financial Field, which are state of the art sport facilities.

In addition to the vast number of cultural and sporting venues in the area, the Philadelphia Metropolitan area is considered to have the greatest concentration of institutions of higher learning in the country. Such institutions include Pennsylvania University, Temple University, Drexel University, Haverford College, Villanova University and Penn State University to name a few.

GOVERNMENT

Representative forms of local government run area municipalities, in addition there are county-level administrators with various departments providing additional services. Each municipality within the area has their own zoning ordinances and building codes. Their respective counties regulate the remaining unincorporated areas. The City of Philadelphia has a comprehensive zoning plan and building codes, which provides specific guidelines for development of all types of properties and is considered to have had a positive effect on area development. In summary, area governments appear to be well run and provide adequate community services to support area residents. Local zoning and planning boards tend to be supportive of new development and no unusual restrictions on development were noted.

CONCLUSION

Employment figures in December grew by a larger than expected amount, sparking concerns over inflation and reducing the likelihood of a rate cut by the Federal Reserve in the near term. The labor market added more jobs than most economists had forecasted as non-farm payrolls increased 167,000 last month. Payrolls for October and November were also revised higher by a net 29,000 jobs. The unemployment rate remained the same at 4.1%.

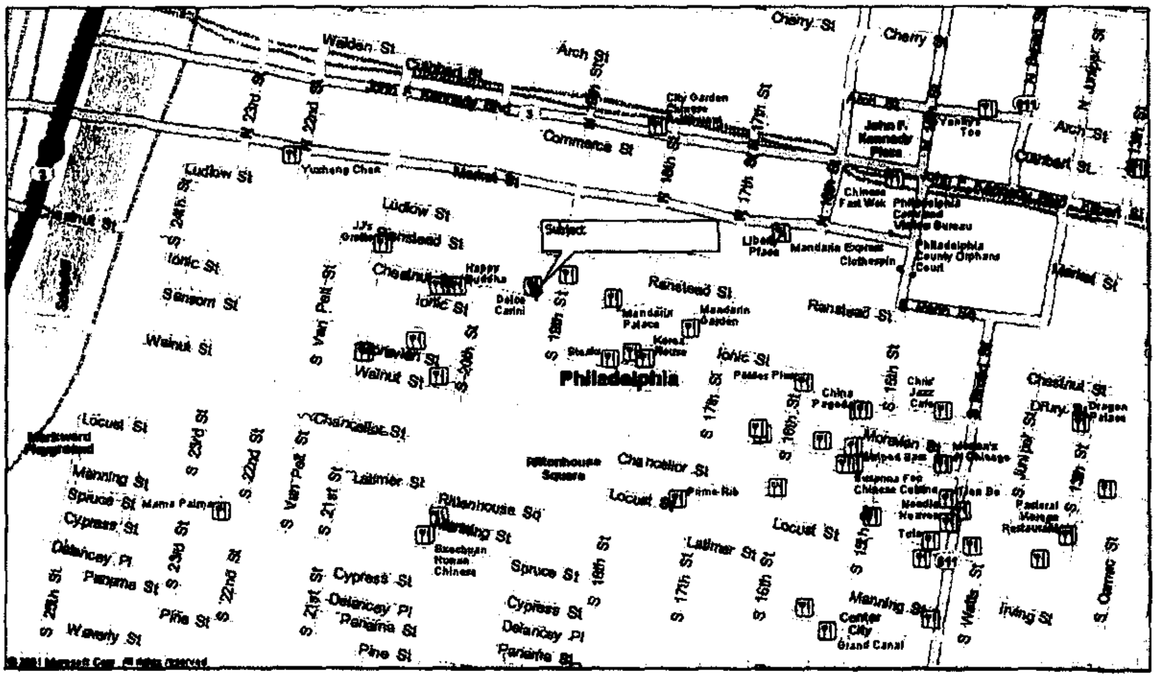
The final estimates for third quarter GDP were revised lower to an annual rate of 2.0%, down from preliminary estimates of 2.2%. GDP growth in the third quarter has still slowed dramatically since the beginning of the year which saw 5.6% growth in the first quarter of the year. This is the slowest the economy has expanded since the fourth quarter of last year. Residential investment continued to fall, declining 18.7%, putting a drag on growth. The GDP price deflator, which is another metric used to gauge inflation, decreased to 1.9% in the third quarter compared to 3.3% in the second quarter. Weak residential investment hurt economic growth dragging down private domestic investment for the quarter.

Both new and existing home sales increased in November, potentially showing signs of stabilization in the housing market. However, because the holiday season usually has a more subdued level of sales activity, the people that do shop in the last two months of the year are usually represent the more serious buyers. Because of that, the seasonally adjusted figures may look better in comparison to the last few months, but probably do not represent any significant change in demand trends on their own. National average mortgage rates were at 6.18% in the latest Primary Mortgage Market Survey released weekly by Freddie MAC on January 4th. Average rates are slightly less than they were a year ago. Lower rates and a buyer's market are keeping purchase and mortgage refinance activity relatively steady.

Fortunately for the real estate market, the Philadelphia Metropolitan Area benefits from a relatively diversified economic base, which protects the region from the effects of wide swings in the economy. This region's strategic location along the eastern seaboard and its reputation as a business center should further enhance the area's long-term outlook. Though short-term prospects are mixed, it is our conclusion that the long-term trends of the region should exert positive influences on the value of well-located and well-designed real property.

NEIGHBORHOOD ANALYSIS

The subject property is situated at the south side of Chestnut Street, between 19th and 20th Streets, in Center City Philadelphia. Center City Philadelphia is the commercial, financial and governmental core of the fourth largest metropolitan center in the country. Like all other central business districts, Center City Philadelphia is characterized by a concentration of high density commercial, residential and institutional land uses.



Although office development is the primary land use in Center City, high rise residential properties are also found. Major residential projects include the Rittenhouse, Independence Place, Wanamaker House, and Society Hill Towers. In addition, a large number of former Class B and C office structures, as well as older industrial lofts buildings, unable to compete for tenants, have been acquired by entrepreneurs for redevelopment into apartment and condominium use. Strong demand for condominium properties has led to the conversion of numerous apartment complexes and Class B office buildings into condominiums.

Low interest rates combined with tax incentives for new construction have helped fuel demand for housing and spurned new construction as well. New construction in the CBD vicinity includes the *St. James House* at 7th and Walnut Streets. This is the first new multi-story luxury apartment development in decades. New condominium development is also in full swing in Old City with several projects recently begun or recently completed/converted. These include *10 Rittenhouse, 23 South 23rd,* the *the Ambassador Apartments* at 21st and Chestnut, *1706 Rittenhouse Square* and the *the PArc Rittenhouse* at 225 South 18th Street. Townhouse construction is again underway at 3rd and Lombard in Society Hill, as well as at the *National* in Old City and Naval Square on the site of the former Naval Hospital in southwest Philadelphia.

Buyers in the market are a combination of affluent "Baby Boomers"; professionals who view the area as inexpensive in comparison to similar areas in such urban centers as New York or San Francisco; those "buying up" who previously may have moved to the suburbs but have a desire for city living and "empty nesters". Sharing a belief that the less driving you do, the better quality of life, these urban converts are flocking to all sections of center city. Attracted by the colonial symbols, sense of community and proximity to employment centers, shopping, movie theaters, and nightlife, they are buying up homes so quickly that real estate agents are complaining about a lack of inventory – despite the current building boom.

The area immediately surrounding and influencing the subject property is primarily characterized by a combination of low-rise buildings with ground-floor retail space and office buildings. The property lies one block north of prestigious Rittenhouse Square and one block south of the West Market Street office corridor. Just east of the subject, at 1920 Chestnut Street, a building was recently converted to residential condominiums. According to the project's sponsor, these units sold at prices ranging from \$253± to \$534± per square foot. Adjacent to that building at 1930 Chestnut Street, a former office building converted to luxury high rise apartments. At the northeast corner of 20th and Chestnut Streets, a building has been converted to 30 apartment units. Thus, the character of the immediate neighborhood continues to evolve as a residential location. Walnut Street, in the vicinity of the subject property, is also the site of numerous high fashion boutiques and restaurants.

There is one parcel of vacant land on Rittenhouse Square that is available for future development. This site, at the north side of Walnut Street adjacent to its intersection with West Rittenhouse Square, was planed for a cinema, ground floor retail space, and structured parking. The local civic organization opposed this planned development, and it has not occurred. At present, this site sits fallow.

The Market West office corridor is situated just north of the subject. This corridor runs primarily along Market Street and John F. Kennedy Boulevard, from Broad Street to the Schuylkill River and has the region's largest concentration of office space (49 buildings and over 25 million square feet), which serves as the hub of many professional, clerical and service workers in the city. The Schuylkill Expressway (Interstate 76) is just five blocks to the west, connecting this neighborhood to the rest of the region. Amtrak's 30th Street Station serves as a regional transportation hub of sorts, with commuter lines served by SEPTA, and the northeast corridor and the nation served by Amtrak's extensive rail service. Approximately 35,000 commuters pass through 30th Street Station on a daily basis. University City, just across the Schuylkill River west of the subject, is home to the University of Pennsylvania, Drexel University, the University City Science Center, and the Hospital of the University of Pennsylvania. The area is also served by public surface buses. The regional commuter rail line (SEPTA) has a station at 17th Street and Kennedy Boulevard, approximately 4 blocks northeast of the subject. SEPTA's subway network also runs along Market Street and Broad Street, a short walk from

The City of Philadelphia is currently developing a public park on the east bank of the Schuylkill River. This park will extend from Lombard Street on the south to the Art Museum on the north. When completed, the park will include playing fields, boat docks, and a walking/biking trail that connects with Kelly Drive and West River Drive's popular pedestrian paths. Bulkheading of the riverfront has been completed and construction of the pathways and green areas is well underway.

To conclude, the subject property situated in a desirable residential neighborhood with close proximity to commercial, retail, medical, educational and cultural attractions as well as redevelopment projects in the area. In our opinion, the trend for the neighborhood is positive with ample prospects of long-term appreciation in real property values.

MARKET ANALYSIS

Although the City of Philadelphia has lost 30 percent of its population since 1960, Center City has grown by more than 20 percent. With 88,000 residents, Philadelphia has the third largest downtown population in the United States, behind only Manhattan and Chicago. According to a recent study completed by the Central Philadelphia Development Corporation (CPDC), Center City's population increased by approximately 9,300 residents a 12% increase over the 2000 Census. This trend is expected to continue through the next decade.

The impetus for such population growth is twofold - employment and a positive attitude regarding the future of the Central Business District (CBD.) Center City has 275,000 private sector and 37,500 public sector jobs. Forty percent of the city's and 11 percent of the region's jobs are in Center City. During the first half of the decade, Center City continued to lose jobs and firms, as surrounding counties grew by 5 percent by adding new businesses and capturing the lion's share of corporate expansion. However, beginning in 1997, Center City and the city as a whole finally experienced modest job growth. Median family income levels in Center City are quite dramatic relative to the rest of the region. Depending upon zip code, median family income ranges from a low of $49,044 to a high of $100,636. In addition, local government has demonstrated greater fiscal responsibility, improving the overall financial outlook for the city. As a whole, big cities are now viewed more favorably by homebuyers nationwide, and the perception of Center City as a livable neighborhood with quality housing is vastly improved.

Concerted public and private initiatives also contribute to this achievement in population growth. The passage in 1997 of the ten-year tax abatement for the conversion of vacant office and industrial buildings to rental residential use has proven successful in removing older office inventory from the market. According to the most recent Center City District from 1998 to 2005, a total of 11,586 new residential units were added in Center City. Since 2000 there has been a steady increase in the number of all types of housing completed annually in Center City: 2001 increased 80% over completions in 2000; in 2002 the increase was 3% over the previous year; in 2003 the increase was 23% over 2002; in 2004 there was a 40% bump in residential units over the previous year; in 2005 construction slowed somewhat, but still showed an increase of 12% over 2004.

Over the past decade, 1,390 new units per year (including rental and ownership) were added to the existing residential inventory. During this period, rental rates and home prices have continued to trend upward. It would appear then that the balance between supply and demand factors still favors development as the influx of residents continues into Center City.

Despite the growing inventory of housing options, sale and rental prices soared in all zip codes of Center City. Median sale prices for condominiums posted gains of between 20 and 104 percent, between 1998 and 2004. Philadelphia continues to be more affordable than other cities in the Northeast. The housing-cost-to-income ratio at 31% in Philadelphia remains attractive to buyers. In other large northeastern cities such as Washington, DC and Newark, NJ the ratio is 53%, while New York's is 72%.

Many highly paid individuals are now moving *into* Philadelphia, particularly professionals associated with area universities and hospitals. There is a desire among them to reside close to work, and those with families have sufficient disposable income to send their children to private school so that quality of public education is not an issue for them.

Many "empty-nesters" are also returning to town for the cultural and social attractions and ease of upkeep which rentals or condominium ownership affords. Based upon information compiled by CPDC, approximately 25 percent of new residents in recently converted projects are New Jersey and Pennsylvania suburbs and 11 percent came from other Philadelphia neighborhoods. Most significantly, 89 percent were owner-occupants.

Although the housing market in Center City Philadelphia has experienced dramatic growth in velocity and pricing, there are concerns among market participants. Since June 2004, the Federal Reserve Bank has raised interest rates 17 times putting the nation's benchmark rate above 4.75%. It would appear that the Fed is now reevaluating their outlook as inflation concerns have ebbed. There were no increases at their past three meetings on interest rates. Traditional fixed-rate mortgages have remained a remarkably good deal for borrowers, and have also helped keep the mortgage and housing markets chugging. Now, though, the fixed rate on the average 30-year mortgage is about 6.2%.

A growing number of borrowers are now shunning the risk of adjustable mortgages and some are moving to lock in rates for longer periods. Lenders are meeting that challenge by granting interest only mortgages to lower payments in the early years of the term. Those borrowers will face sharper payments when that interest only period ends.

Some of the nation's largest lenders are cutting back on financing and are tightening standards for condominium projects, a sign that banks may be growing more skeptical about the prospects for residential properties. In addition, many banks have cut back on loans in markets where there has been the most building and investors already have bought up a large number of new condos.

As interest rates have risen, the boom that has more than doubled home prices in many US cities over the past five years appears to be trending downward. Many economists believed this recent run of interest rate increases would be nearing an end. After all during the most recent economic expansion, inflation has remained moderate and under control. However, increasing oil prices, currently about $50.00 per barrel could inflame inflationary trends and force renewed rate increases.

Even as the city grows more attractive as a place to live, it lags behind the surrounding metropolitan areas in job creation. While developers have added thousands of homes to Philadelphia's core, the number of office jobs – the lifeblood of Center City's economy – has flatlined. Although there has been some improvement in the CBD job sector, these gains have been concentrated in the retail/restaurant sectors. A major demand factor is the ability of a consumer to buy a house. Full time employment is a necessary pre condition enabling buyers to save for the necessary down payment and make monthly mortgage payments.

One of the biggest concerns among real estate financiers if the affect of market speculation by investors in an appreciating market. Speculation occurs when a developer overestimates the demand for housing and builds excess inventory. Speculation also occurs when a buyer purchases a property with the hope of reselling it later at a profit. A major warning sign of a weakening market is when a majority of buyers are speculators purchasing second or third homes for investment purposes. This signals that consumer demand for primary residence is weak. If consumer demand is weak, who is going to buy properties from speculators? Who is going to buy excess inventory from homebuilders? The downside of too much investor participation occurs when rising interest rates increase holding costs to the point were the owner is forced to liquidate the real estate, especially at prices below its original purchase price. This further depresses the market for existing inventory and new construction.

This does not appear to be the present case in the Philadelphia CBD. According to the *2006 Philadelphia Center City District Residential Housing Market Report* 89% of respondents to a recent residential survey of 13 Center City condominium survey were owner-occupants. In comparison, some areas of recent condominium development such as South Florida and Las Vegas over 80% of condominium buyers were investors.

PMI Group, a Walnut Creek, California research firm and mortgage insurer that rates the nation's top 50 largest real-estate markets risk for potential gives Philadelphia a risk factor of 98 on its quarterly U.S. Market Risk Index. This means they estimate there is a 9.8% chance of a local drop in real estate prices in 2006. In comparison, San Diego's risk factor is 588, Boston's 579 and New York City 477. The index, which uses 1995 as a base year, ranges from one to 1,000. The smaller the number, the lower the risk.

Although the Philadelphia housing market appears better positioned than many nationally, there are signs of a slow down in pricing as the market adjusts. The latest analysis by Wharton researcher Kevin Gillen suggests the days of uninterrupted price increases are over. Using data supplied by *Hallwatch*, Gillen found that the average Philadelphia condominium experienced a slight drop in value of 1.5% during the third quarter, taking into account the season and quality. As recent as last quarter the price of the typical condominium went up by 7.2%.

A record number of condos – 906 – changed hands in the third quarter of 2006, even as the citywide condo price index posted its first downturn since the third quarter of 1998. While this number is an all-time high, it is only slightly larger than the 884units which sold the previous quarter. Price appreciation varied significantly across the city. The area around Center City experienced an increase of +4.9% while Center City lagged the market with a decrease of -5.6%. Northwest and Northeast Philadelphia recorded small changes in prices of -0.1% and +2.2%, respectively.

These results are also consistent with recent findings of NAR, which reported that the median price of condos in the Philadelphia region also experienced a slight decline of $8,000 during the third quarter. Two other indicators of the condominium market set all-time highs: the total inventory of condos listed for sale rose to 2,052 units, and the average numbers of days it took to sell a condominium increased to 95 days. All of these numbers suggest that Philadelphia's total supply of condominium units is increasing – due to new construction and conversions – as demand decreases.

CONCLUSIONS

Philadelphia has the third largest downtown population in the country, surpassed only by Manhattan and Chicago. As a whole, big cities are now viewed more favorably by homebuyers, and the perception of Center City has a livable neighborhood has greatly increased over the past decade. Despite this renaissance, home prices in Center City continue to be more affordable than other cities in the Northeastern quadrant of the country.

The demographers are projecting continued population increases for Center City Philadelphia as more empty nesters downsize from the suburbs and young homeowners seek employment and housing within Center City. Although there are some signs of a softening in the market, a continued low interest rate environment should serve to nurture market demand.

RETAIL COMMERCIAL MARKET

For retail properties, the low interest rate environment that has existed over the past three years has kept consumers buying, which in turn has kept demand for retail space strong. However, modern retailing concepts and merchandising formats are in a state of flux as consumers' tastes and desires change. People now have less time for shopping and crave convenience. The winning formula for retail development today is a combination of location and a dominant merchant with the latest format.

Primary data utilized for this analysis of the retail component of the subject were derived from Reis, Inc., purveyors of such information to the real estate industry. Retail market statistics for the Metropolitan Philadelphia Area and Philadelphia County at the end of the fourth quarter 2005 are presented below.

RETAIL MARKET STATISTICS

Category	Metro Philadelphia	City of Philadelphia
Existing Supply (SF)	58,703,000	10,196,000
New Construction (SF)	717,000	55,000
Absorption (SF)	1,317,000	222,000
Average Occupancy	93.0%	94.9%
Average Rent PSF	$18.78	$18.97
Date of Survey	December-06	

Source: REIS, Inc.

As outlined above, Reis estimated that there are approximately 58.1± million square feet of retail space in the Philadelphia Metropolitan Area, of which about 10.1± million square feet are in Philadelphia County. During the last thee months, but 717,000 square feet were delivered in the overall region, with 55,000 in the City of Philadelphia. During that period, though, absorption of retail space has been positive. The overall vacancy rate throughout this metropolitan area is estimated to be 7.0 percent, while that of Philadelphia County, wherein the proposed retail space at the subject would compete for tenants and consumer dollars, is now estimated to be 6.1 percent.

Center city's retail market is supported by surrounding neighborhoods and by 300,000± workers. The growth in tourism, conventions and cultural attractions, along with an expanding residential population in Center city, now generates high volumes of pedestrians on the streets day and night.

According to a June 2005 survey conducted by Center City District and Central Philadelphia Development Corporation there were 2,146 retail establishments in Center City, up 4.9% from year-end 2003 of 2,045. In addition, 67 premises were under construction and 255 (11.8%) were vacant. The total number of vacant spaces at year-end 2003 was 332 (16%). Over the past decade, the number of retail establishments along with rental rates has been trending upward.

At the time of inspection, we surveyed a number of retail leases in the Center City area. These leases are summarized on the following charts. As these charts illustrate, retail leases ranged from an average low $23.08 per square foot to a high of $100.00 per square foot. All of these transactions were on a net basis with terms typically ranging from 3 to 10 years.

RETAIL/COMMERCIAL RENTS

No.	Tenant Location	Area SF	Start Term (Yrs.)	$/SF Contract Escalations	Escalations Years	Average Rent (SF)	Tenant Reimbursements	TI $/SF	Free Rent
1	Sailor Jerry 114 South 13th	950	Aug-06	$31.58 3.0% P.Y.	2-5	$33.44	Net	As Is	None
2	Triumph Brewing Company 117-21 Chestnut Street	5,500	Jan-06 10	$38.29 3.0% P.Y.	2-10	$43.90	Net	As Is	None
3	Mexican Restaurant 3 Ben Franklin Parkway NEc Cherry Street	6,269	Jan-06 10	$22.00 0.50/SF P.Y.	2-10	$24.25	Net	$25.00	None
4	Lee's Hogies 1701 Chestnut Street W/s of S. 17th	749	Sep-05 2.0	$65.64 5% P.Y.	1-2	$67.59	Net	As Is	None
5	Wine Bar 129 S. 13th Street	1,472	Sep-05 5	$24.46 3.2% P. Y.	2-4	$23.08	Net	As Is	6.3 Months
6	Salon Ricochet 104 S. 13th Street	1,200	Aug-05 3	$28.50 3.45% P.Y.	2-3	$27.74	Net	As Is	2.0 Months
7	Melting Pot 1201 Filbert	4,651	Jun-05 10.0	$32.00 10.0%	3, 7	$35.20	Net	As Is	None
8	Kimberly's 123 S. 16th Street	977	May-05 3.6	$58.34	0	$58.34	Net	As Is	7 Months
9	2000 Sansom St. SWc 20th Street	469	Jan-05 3.0	$40.59 3% P.Y.	1-2-3	$41.82	Net	As Is	None
10	Cole Hahn 1600 Walnut Street SWc S. 16th Street	2,400	Jan-05 10.0	$100.00	0	$100.00	Net	As Is	None
11	Starbucks SE/c 8th & Walnut Street	1,500	Jan-05 10.0	$40.00 15.0%	6	$40.08	Net	$20.50	None

Compiled by: CBRE

Concessions

Concessions are not mainstream in the local retail leasing market. The only exception to this is the granting of 30 to 60 days free rent to a local merchant occupying a smaller in-line store in place of a tenant work letter. In the leasing of retail space like that proposed for the subject, rent concessions are the exception and the not the rule.

Tenant Improvements

Traditionally, retail space is leased with ownership responsible for no tenant improvements or fixtures. However, recent competitive pressures now frequently motivate owners to make contributions to a retailer's costs of preparing a store for occupancy. These contributions vary from a nominal amount, to up to $60.00 per square foot, depending on the perceived need by the parties to the negotiations for each other. In the case of the subject property, ownership would most likely be expected to contribute to a tenant's interior finishes. However, all those costs are included in the property's initial construction budget.

Leasing Commissions

The typical leasing commission for in-line tenant space is 6 percent of the first year's rent, 5 percent of the second year's rent, 4 percent of the third year and 3 percent for each subsequent year, payable in the initial year. For renewal tenants, the typical leasing commission is half that, payable in the year of renewal. Initial leasing commissions are also included among the property's construction costs.

PARKING MARKET

Throughout Center City Philadelphia, there are a number of complexes that sell condominium ownership rights in parking spaces. Most are associated with residential multi-family condominium projects like the subject. However, there is one garage, known as the Old City Parkominium that is exclusively for motor vehicles for neighbors without an attached or related residential component. Below is a summary presentation of recent market transactions involving condominium parking spaces.

CONDOMINIUM PARKING MARKET SUMMARY

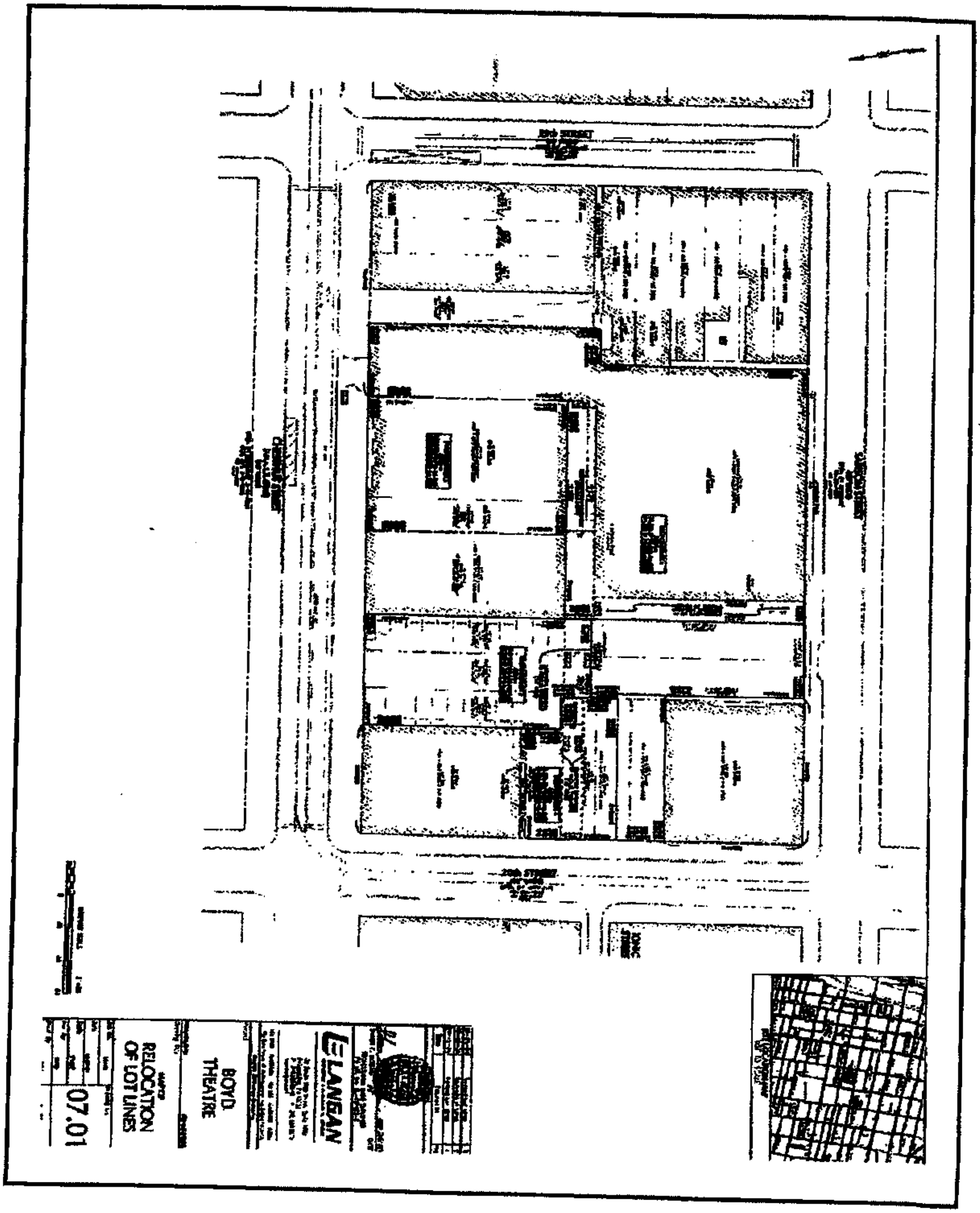
Project	Total Units	$/Space Low	$/Space High
1 Parkominium	280	$ 35,000	$ 49,900
2 Moravian	17	$ 35,000	$ 45,000
3 108 Arch Street	29	$ 37,500	$ 45,000
4 2200 Arch Street	200	$ 25,000	$ 35,000
5 Metro Club	130	$ 25,000	$ 25,000
6 Lenox	26	$ 36,000	$ 40,000
7 Symphony House	189	$ 40,000	$ 65,000

Compiled by Cb Richard Ellis, Inc. 2007

CONCLUSIONS

As can be seen, new construction is occurring in Center City Philadelphia, although there have been recent signs of a softening in the residential market. Tax abatements on new residential construction, and low interest rates combined with renewed interest in center city has helped fuel this demand. An increased population in the central business district has had a spill over affect on the retail sector and rental rents are trending upward. The subject property is well positioned to benefit from these factors and the overall outlook for long term is positive.

PLAT MAP



SITE ANALYSIS

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY			
Physical Description			
Total Site Area - Parcels "A to J"		0.72 Acres	31,569 Sq. Ft.
Total Site Area Parcels "C & D"		0.32 Acres	14,010 Sq. Ft.
Primary Road Frontage		Ss Chestnut Street	45 Feet
Secondary Road Frontage		Ns Sansom Street	142 Feet
Shape		Irregular	
Topography		Level	
Zoning District		C-4, Commercial	
Flood Map Panel No. & Date		420757 0183 F	2-Aug-96
Flood Zone		X	
Adjacent Land Uses		Commercial and residential uses	
Comparative Analysis		**Rating**	
Access		Average	
Visibility		Average	
Functional Utility		Average	
Traffic Volume		Average	
Adequacy of Utilities		Average	
Landscaping		Average	
Drainage		Assumed adequate	
Utilities	**Provider**		**Adequacy**
Water	City of Philadelphia		Yes
Sewer	City of Philadelphia		Yes
Natural Gas	Philadelphia Gas Works		Yes
Electricity	PECO Energy		Yes
Telephone	Verizon		Yes
Mass Transit	SEPTA		Yes
Other	**Yes**	**No**	**Unknown**
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights			X
Common Ingress/Egress			X

Source: Various sources compiled by CBRE

LOCATION

The subject is situated on the south side of Chestnut Street, just east of 19th Street.

ASSESSOR'S PARCEL NUMBER

The Philadelphia Board of Revision of Taxes identifies as Tax Parcel number 88-2043-201.

LAND AREA

The land area size was obtained via tax assessment data. The site is considered adequate in terms of size and utility. There is no unusable, excess or surplus land area.

SHAPE AND FRONTAGE

The site is generally rectangular and has adequate frontage along two primary thoroughfares within the neighborhood.

INGRESS/EGRESS

Ingress and egress are available to the site via the south side of Chestnut Street and the north side of Sansom Street. Chestnut Street, at the subject, is a primary connector that has a dedicated width of 50 feet and is improved with two lanes of traffic in an eastbound direction. Street improvements include asphalt paving and concrete curbs, gutters and sidewalks, and street lighting. Sansom Street at the subject is one-way westbound that has a dedicated width of 40 feet. It is improved with concrete curbs, gutters and sidewalks, and street lighting. Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject.

TOPOGRAPHY AND DRAINAGE

The site is generally level and at street grade. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

EASEMENTS AND ENCROACHMENTS

Based on an inspection and review of the site plan, the property does not appear to be adversely affected by any easements or encroachments. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use.

UTILITIES AND SERVICES

The site is within the jurisdiction of the city of Philadelphia and is provided all municipal services, including police, and fire. All utilities are available to the site in adequate quality and quantity to service the highest and best use.

FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, as indicated on the indicated Community Map Panel No. 420757 0183 F, which is not a designated flood hazard area.

ENVIRONMENTAL ISSUES

CBRE has not observed and is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	Retail/office
South:	Retail/high density residential
East:	Retail/office/high density residential
West:	Retail/high density residential

CONCLUSION

The site is well located and afforded average access and visibility from roadway frontage. The size of the site is larger than the typical site in the area, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors which are considered to prevent the site from development to its highest and best use.

IMPROVEMENTS ANALYSIS

The following chart depicts a summary of the improvements.

IMPROVEMENTS SUMMARY	
Property Type	Theater
Number of Buildings	1
Number of Stories	6-Jan
Gross Building Area	23,100 SF
Site Coverage	73.0%
Land-to-Building Ratio	1.4: 1
Parking Improvements	None
Year Built	1927
Actual Age	80 Years
Effective Age	80 Years
Total Economic Life	50 Years
Functional Utility	Shell condition

As shown, the subject is a former theater that was built in 1927 on a 31,569 square foot site. Currently, the facility is vacant and in poor condition. The original stage theater is located on the north side of Sansom Street and is approximately six-stories above grade and one and one-half stories below grade. The building has had some interior demolition work done and is considered to be in shell condition.

Building plans and specifications were provided in conjunction with this appraisal and were prepared by Martinez & Johnston and dated April 12, 2006. The following is a description of the subject improvements and basic construction features derived from these plans and CBRE's inspection.

YEAR BUILT

The subject was built in 1927.

FOUNDATION

The foundation consists of a continuous monolithic slab poured on reinforced concrete footings.

FLOOR STRUCTURE

The floor structure is concrete on the ground level. The stage area and office/mezzanine has wood flooring. The balcony floor is cast in place concrete.

EXTERIOR WALLS

The building has a limestone façade at the entrance with the remaining walls consisting of brick.

ROOF COVER

The roof has a membrane covering over concrete deck supported by steel trusses.

INTERIOR

At the time of inspection all seating had been removed and the building was in shell condition.

STAIR SYSTEM

Two sets of interior stairwells connect with the balcony level and basement levels. In addition, there is a stairway off the entrance, which connects to an upper level office/mezzanine.

HVAC

At the time of inspection there was no air-conditioning. Temporary heating was provided by electric space heaters.

MECHANICALS

Electric service was in operation at the time of inspection, but there was no operating plumbing.

FUNCTIONAL UTILITY

The overall layout of the property is considered atypical, due to a third floor mezzanine level.

ENVIRONMENTAL ISSUES

CBRE has not observed and is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed that any hazardous materials that would cause a loss in value do not affect the subject.

CONCLUSION

The building suffers from various forms of physical and functional obsolescence. The interior is in shell condition and not considered to contribute significantly to the overall marketability of the property. Retrofitting the building with a sprinkler system as well as overall upgrades to the interior finishes would be required for an alternative use. Overall the condition of the building is considered poor.

Demolition costs are estimated based on *Marshall Valuation Service* and our experience with similar properties in Center City Philadelphia. On a square foot basis, demolition costs for a Class B building range from $5.25 to $7.20 per square foot. We note that the subject has a base building area of 23,100 square feet. However, portions of the structure are six-stories above and one and one-half stories below grade. In addition, there is a balcony area and office/mezzanine level. Considering these physical traits, we estimate demolition costs at $400,000.

ZONING

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current zoning	C-4, Commercial
Legally conforming	Yes
Uses permitted	High density commercial, mixed use and residential development generally found in the business core of large cities.
Zoning change	Not likely
Category	**Zoning Requirement**
Minimum Lot Size	Not Applicable
Minimum Lot Width	Not Applicable
Height limit	Not Applicable
F. A. R.	500% of the lot area, plus additional gross floor area as provided up to 1,300%.
Occupied Area	100%
Front setback	Not Applicable
Rear setback	Not Applicable
Side yard setbacks	Not Applicable
Source: City of Philadelphia	

ANALYSIS AND CONCLUSION

The improvements represent a legally-conforming use and, if damaged, may be restored without special permit application. We are not experts on complex zoning issues and it is recommended that local planning and zoning personnel be contacted regarding more specific information that might be applicable to the subject.

TAX AND ASSESSMENT DATA

The following summarizes the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures and equipment.

AD VALOREM TAX INFORMATION		
Assessor's Market Value		2006
88-2043-201		$2,303,000
Subtotal		$2,303,000
Assessed Value @		32%
		$736,960
General Tax Rate	(per $1,000 A.V.)	82.640000
Total Taxes		$60,902
Source: Board of Revision of Taxes		

REAL ESTATE TAXE RATE

The current tax rate for real estate in Philadelphia is $82.64 per $1,000 of assessment. This tax rate has been unchanged since 1990. It should be noted that the Philadelphia Board of Revision of Taxes has announced a plan to re-assess all properties throughout the city in 2008 at 100 percent of market value. This re-valuation program will cause most property assessments to rise. At the same time, though, tax rates will fall as they are a function of the city budget. Thus, real estate taxes on the subject are expected to remain about the same in the near-term.

CONCLUSION

The current real estate taxes over the subject equate to a total annual tax liability for the subject of $60,902 or 1.93 per square foot of land area.

HIGHEST AND BEST USE

Under the definition of market value, a rational person seeks to maximize profit. Consistent with that definition, all real property is analyzed under its highest and best use. The highest and best of real estate is that use of the asset that is:

- legally permissable;
- physically possible;
- financially feasible; and
- maximumally productive.

AS VACANT

Legal Permissibility

The first constraint imposed on the possible use of the site is dictated by the private restrictions of deed and the public restrictions of zoning. The subject site is zoned for high-density uses by the City of Philadelphia, which multi-family residential with supporting retail and parking. Thus, a mixed use development of the subject site is legally permissible.

Physical Possibility

As noted in the Site Analysis section of this report, the size and shape of the subject are conducive to a wide variety of developments. All utilities necessary for development are in place, and the soil is assumed to have sufficient load-bearing capacity to support most types of structures. The site has a level topography with good visibility and access.

Compatibility with existing surrounding land uses is also an important physical consideration for a harmonious development. In the Neighborhood Analysis section of this report, we note that the area immediately surrounding and directly influencing the subject to be primarily characterized by a combination of multi-family land and commercial land uses. Thus, from a physical perspective, a multi-family development of the site with complimentary ground floor commercial space and structured parking would be the most homogeneous use of the land that is legally permissible.

Financial Feasibility

After analyzing the legally permissible and physically possible aspects of the site, a particular use must show a positive return on investment or profit above development costs for it to be deemed financially feasible. The Area Analysis section of this report presents demographic and general economic trends that continue to be favorable for real estate ownership. Additionally, as outlined in the Market Analysis section, multi-family development with ancillary parking and complimentary ground floor commercial use is now economically feasible, although there are signs of a weakening national and locally in the housing market. Thus, we conclude that a multi-family development with ancillary parking and complimentary ground floor commercial use of the subject site would be financially feasible supported by a credit worthy sponsor.

Maximum Profitability

Among the financially feasible uses, the use that provides the highest rate of return is the highest and best use of the land. Given the subject's zoning requirements, its physical traits, and the nature of the local real estate market, we conclude multi-family development with supporting retail and parking would be the maximally productive utilization of the land. In our opinion, such a use would yield to ownership the largest return over the longest period of time.

CONCLUSION: HIGHEST AND BEST USE AS VACANT

Based on the foregoing analysis, the highest and best use of the site as though vacant would be demolition of the existing improvements and multi-family development with ancillary parking and complimentary ground floor commercial use when market conditions warrant development under sponsorship of a credit worthy entity.

APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

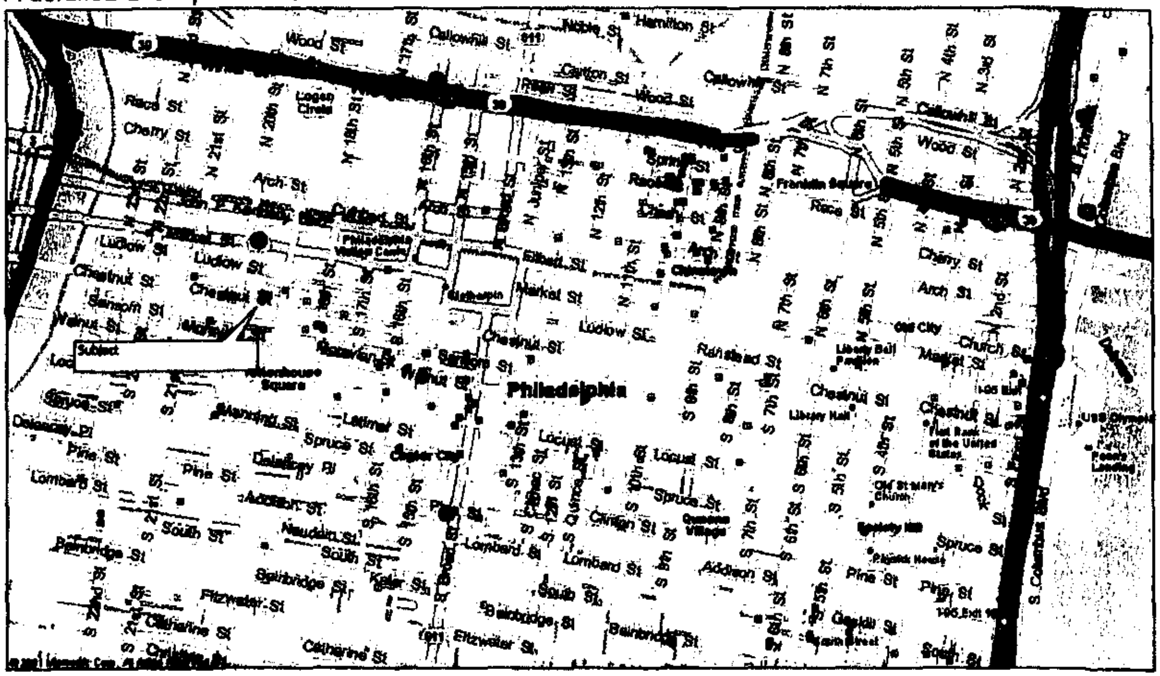
The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject *As Is* only the Sales Comparison Approach has been utilized. As an older, shell building which suffers from various forms of physical and functional obsolescence, neither the Cost nor Income Capitalization Approaches were applicable.

LAND VALUE

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



No.	Property Location	Transaction Type	Transaction Date	Zoning	Sale Price	Size (Acres)	Size (SF)	Price Per Acre	Price Per SF
1	230 North Columbus Boulevard, Philadelphia, PA	Sale	Jun-05	C-3	$10,000,000	1.26	55,000	$7,920,165	$181.82
2	1919-1943 Market Street, Philadelphia, PA	Sale	Mar-05	C-5	$8,900,000	0.80	34,850	$11,125,000	$255.38
3	107 Callowhill 108-10 Produce Street, Philadelphia, PA	Sale	May-05	C-3 & C-4	$8,075,000	1.03	44,693	$7,870,370	$180.68
4	1601 Vine Street, Philadelphia, PA	Sale	Apr-05	C-5	$7,500,000	2.11	92,025	$3,550,128	$81.50
5	400-426 South Broad Street Nwc Broad & Lombard, Philadelphia, PA	Sale	Dec-04	C-4	$7,500,000	0.93	40,712	$8,024,823	$184.22

SUMMARY OF COMPARABLE LAND SALES

Compiled by CBRE

DISCUSSION/ANALYSIS OF LAND SALES

The most widely used and market-oriented unit of comparison for a site like the subject is the sale price per square foot of land area. All of the above comparable land sales are summarized on that basis. We then adjust those market data for differences with the subject, as follows:

Land Sale One

This property is located on the west side of Christopher Columbus Boulevard, just north of the Ben Franklin Bridge and adjacent to the on-ramp for Interstate 95. This site is zoned C-3 and contains 55,000 square feet of land. The site was purchased for the construction of a 30-story condominium building. However, the site was unapproved at the time of sale. The topography of the site was level and at grade with all utilities available. This site is adjacent to an on-ramp for Interstate 95 and access and visibility were considered good.

No adjustments were needed for property rights conveyed, financing or conditions of sale. In addition, due to the recent softening of the residential market, no adjustment was made to this sale for market conditions. Upward adjustments were also necessary for this site's inferior location and zoning. A downward adjustment was needed for this site's superior access/visibility, due to its proximity to Interstate 95. Lastly, an upward adjustment was made to this sale for size, due to economies of scale which inure to larger parcels over smaller ones. Overall, a higher unit rate is indicated for the subject.

Land Sale Two

This site is situated at the northeast corner of 20th and Market Streets. Plans call for the buyer to construct a 30-story residential development, above ground floor retail and a parking garage. However, approvals were not in place at the time of sale. This site is zoned C-5 which permits the greatest density. The site was vacant and ready for development with all utilities available. Access and visibility were considered good.

No adjustments were needed for property rights conveyed, financing or conditions of sale. Again, no adjustment was made to this sale for market conditions. This site is considered similar in terms of location and no adjustment was necessary. However, a downward adjustment was required for superior zoning/density. No other adjustments were apparent. Overall, a lower unit rate is indicated for the subject.

Land Sale Three

This site is situated at the corner of Callowhill and North Front Streets in the Riverfront section of Northern Liberties. This site contains 44,693 square feet of land and is adjacent to an on-ramp for Interstate 95. At the time of sale, the site was zoned C-3 and C-4, but unapproved. The site is irregular in shape with a level topography and all utilities. Access and visibility are considered good due to the site's proximity to Interstate 95.

No adjustment was made to this sale for market conditions. In terms of location, this site was considered inferior and adjusted upward accordingly. Upward adjustments were also necessary for inferior zoning and size. A downward adjustment was appropriate for superior highway access. No other adjustments were apparent for physical traits. Overall, a higher unit rate is indicated for the subject.

Land Sale Four

Comparable Land Sale #3 is situated at the corner of 16th and Vine Streets. This site contains 92,025 square feet. This site is level and at street grade with all utilities available. According to the listing agent for the site, this transaction represents motivated sellers. The property was sold on an *As Is* basis, without approvals and zoned C-5. The buyers plan on constructing a mixed use complex with a combination of retail, parking garage and condominium units. The proposed use of the site must be approved by the Redevelopment Authority of the City of Philadelphia. Access and visibility were considered average.

Upward adjustments were made to this sale for the motivational factors on the part of the seller and improved market conditions since the date of sale. Although this transaction closed in 2005, the property was under a long term purchase agreement negotiated a number of years prior to the actual sale. An upward adjustment was appropriate for this site's inferior location on Vine Street compared to the subject Chestnut situs. Upward adjustments were also required for this site's inferior access/visibility and size. Lastly, an upward adjustment was made for this site's need for additional approvals from the redevelopment authority, which adds an additional layer of oversight not found at the subject. Overall, a higher unit rate is indicated for the subject.

Land Sale Five

This parcel is being developed as Symphony House condominiums. The site consists of two contiguous parcels. The main parcel contains 36,032 square feet and was purchased for $6,000,000. In addition, the grantee agreed to purchase an adjoining 4,680 square foot parcel for $1,500,000. The second smaller parcel is improved with two small townhouses containing approximately 5,400 square feet of useable building area. These structures are historically certified and therefore may not be demolished. This second parcel contributes to the total permitted FAR calculation for the site. Reportedly, in order to obtain maximum permitted density for this site, the developer also agreed to sell the theater portion to a non-profit group at a below market price. In addition, it is believed that the main seller, PAID, was motivated to act in order to promote development along South Broad Street, the city's Avenue of the Arts.

The developer is constructing a high-density mixed use structure on the site containing 320,000 square feet of gross residential space, 4,122 square feet of retail space, a 152,812 square foot 8-story parking garage and a 35,000 square foot theater. Upon completion, the building will contain a total building area of 511,934 square feet in 31 stories. The buyer paid the costs for the approval process.

Upward adjustments were made to this comparable for conditions of sale and improved market conditions since the date of this transaction. Upward adjustments were also required for location, and size. No other adjustments were necessary for physical traits. Overall, a higher unit rate is indicated for the subject.

SUMMARY OF ADJUSTMENTS

As presented herein, comparable land in the local market sells from $81.50 to $255.38 per square foot. Positive adjustments are made to those comparable land sales that are somehow inferior to the subject site, while negative adjustments are appropriate when some trait of a comparable land sale is superior to that of the subject site. Below is a matrix quantifying our adjustments to those market data.

LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	5
Transaction Type	Sale	Sale	Sale	Sale	Sale
Transaction Date	Jun-05	Mar-05	May-05	Apr-05	Dec-04
Zoning	C-3	C-5	C-3 & C-4	C-5	C-4
Sale Price	$10,000,000	$8,900,000	$8,075,000	$7,500,000	$7,500,000
Size (Acres)	1.26	0.80	1.03	2.11	0.93
Size (SF)	55,000	34,850	44,693	92,025	40,712
Price Per Acre	$7,920,165	$11,125,000	$7,870,370	$3,550,128	$8,024,823
Price Per SF	$181.82	$255.38	$180.68	$81.50	$184.22
Price ($ PSF)	$181.82	$255.38	$180.68	$81.50	$184.22
Property Rights Conveyed	0%	0%	0%	0%	0%
Financing Terms	0%	0%	0%	0%	0%
Conditions of Sale	0%	0%	0%	30%	10%
Market Conditions (Time)	0%	0%	0%	9%	3%
Subtotal	$181.82	$255.38	$180.68	$115.48	$208.72
Location	10%	0%	10%	30%	5%
Shape	0%	0%	0%	0%	0%
Access/visibility	-5%	0%	-5%	20%	0%
Topography	0%	0%	0%	0%	0%
Utilities	0%	0%	0%	0%	0%
Zoning/Density	10%	-5%	5%	-5%	0%
Size	10%	0%	5%	25%	5%
Approvals	0%	0%	0%	10%	0%
Total Other Adjustments	25%	-5%	15%	80%	10%
Value Indication for Subject	$227.27	$242.61	$207.78	$207.87	$229.59

Compiled by CBRE

CONCLUSION

After making those adjustments, the market data produce value indicators ranging from $207.78 to $242.61 per square foot. In consideration of these adjusted data, we conclude an average market value of about $215.00 to $235.00 per square foot. From within that range, we conclude the following market value for the subject site based on a total land area of 31,569 square feet.

CONCLUDED LAND VALUE				
$ PSF		Subject SF		Total
$215.00	x	31,569	=	$6,787,335
$235.00	x	31,569	=	$7,418,715
Indicated Value:				**$7,200,000**
Less: Demolition Costs				**400,000**
Value Conclusion				**6,800,000**
				$215.40 PSF
Compiled by CBRE				

ASSUMPTIONS AND LIMITING CONDITIONS

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the property or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

   We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review

all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a "sale" or "offer for sale" of any "security", as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.
16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.

17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.

18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.

20. CBRE assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.

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

22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.

23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE has no specific information relating to this issue, nor is CBRE qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.

24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client proximately result in damage to Appraiser. The Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover from the other reasonable attorney fees and costs.

25. The report is for the sole use of the client; however, client may provide only complete, final copies of the appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with loan underwriting or securitization efforts. Appraiser is not required to explain or testify as to appraisal results other than to respond to the client for routine and customary questions. Please note that our consent to allow an appraisal report prepared by CBRE or portions of such report, to become part of or be referenced in any public offering, the granting of such consent will be at our sole discretion and, if given, will be on condition that we will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to us, by a party satisfactory to us. We do consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

26. As part of the client's requested scope of work, an estimate of insurable value is provided herein. CBRE has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as the Marshal Valuation Service handbook. The methodology employed is a derivation of the cost

approach which is primarily used as an academic exercise to help support the market value estimate and therefore is not reliable for Insurable Value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

This analysis should not be relied upon to determine proper insurance coverage which can only be properly estimated by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

ADDENDA

ADDENDUM A

GLOSSARY OF TERMS

assessed value Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base. †

cash equivalency The procedure in which the sale prices of comparable properties sold with atypical financing are adjusted to reflect typical market terms.

contract rent The actual rental income specified in a lease. ‡

effective rent The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis. ‡

excess land In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land no needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. *See also* surplus land. ‡

extraordinary assumption An assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. *See also* hypothetical condition. ‡

fee simple estate Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. ‡

floor area ratio (FAR) The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area; also called *building-to-land ratio.* ‡

full service lease A lease in which rent covers all operating expenses. Typically, full service leases are combined with an *expense stop,* the expense level covered by the contract lease payment. Increases in expenses above the expense stop level are passed through to the tenant and are known as *expense pass-throughs.*

going concern value Going concern value is the value of a proven property operation. It includes the incremental value associated with the business concern, which is distinct from the value of the real estate only. Going concern value includes an intangible enhancement of the value of an operating business enterprise which is produced by the assemblage of the land, building, labor, equipment, and marketing operation. This process creates an economically viable business that is expected to continue. Going concern value refers to the total value of a property, including both real property and intangible personal property attributed to the business value. †

gross building area (GBA) The total floor area of a building, including below-grade space but excluding unenclosed areas, measured from the exterior of the walls. Gross building area for office buildings is computed by measuring to the outside finished surface of permanent outer building walls without any deductions. All enclosed floors of the building including basements, mechanical equipment floors, penthouses, and the like are included in the measurement. Parking spaces and parking garages are excluded. ‡

hypothetical condition That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *See also* extraordinary assumption. ‡

insurable value Insurable Value is based on the replacement and/or reproduction cost of physical items that are subject to loss from hazards. Insurable value is that portion of the value of an asset or asset group that is acknowledged or recognized under the provisions of an applicable loss insurance policy. This value is often controlled by state law and varies from state to state. †

investment value Investment value is the value of an investment to a particular investor based on his or her investment requirements. In contrast to market value, investment value is value to an individual, not value in the marketplace. Investment value reflects the subjective relationship between a particular investor and a given investment. When measured in dollars, investment value is the price an investor would pay for an investment in light of its perceived capacity to satisfy his or her desires, needs, or investment goals. To estimate investment value, specific investment criteria must be known. Criteria to evaluate a real estate investment are not necessarily set down by the individual investor; they may be established by an expert on real estate and its value, that is, an appraiser. †

leased fee
See leased fee estate

leased fee estate An ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the leased fee are specified by contract terms contained within the lease.‡

leasehold
See leasehold estate

leasehold estate The interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a stated term under certain conditions.‡

market rent The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations. ‡

market value Market value is one of the central concepts of the appraisal practice. Market value is differentiated from other types of value in that it is created by the collective patterns of the market. Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: 1) A reasonable time is allowed for exposure in the open market; 2) Both parties are well informed or well advised, and acting in what they consider their own best interests; 3) Buyer and seller are typically motivated; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.§

marketing period The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. ‡

net lease Lease in which all or some of the operating expenses are paid directly by the tenant. The landlord never takes possession of the expense payment. In a *Triple Net Lease* all operating expenses are the responsibility of the tenant, including property taxes, insurance, interior maintenance, and other miscellaneous expenses. However, management fees and exterior maintenance are often the responsibility of the lessor in a triple net lease. A *modified net lease* is one in which some expenses are paid separately by the tenant and some are included in the rent.

net rentable area (NRA) 1) The area on which rent is computed. 2) The Rentable Area of a floor shall be computed by measuring to the inside finished surface of the dominant portion of the permanent outer building walls, excluding any major vertical penetrations of the floor. No deductions shall be made for columns and projections necessary to the building. Include space such as mechanical room, janitorial room, restrooms, and lobby of the floor. *

occupancy rate The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.‡

prospective value opinion A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new us, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written. ‡

reasonable exposure time The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market. ††

rent
See
full service lease
net lease
market rent
contract, coupon, face, or nominal rent
effective rent

shell rent The typical rent paid for retail, office, or industrial tenant space based on minimal "shell" interior finishes (called plain vanilla finish in some areas). Usually the landlord delivers the main building shell space or some minimum level of interior build-out, and the tenant completes the interior finish, which can include wall, ceiling, and floor finishes; mechanical systems, interior electric, and plumbing. Typically these are long-term leases with tenants paying all or most property expenses. ‡

surplus land Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. *See also* excess land. ‡

usable area 1) The area actually used by individual tenants. 2) The Usable Area of an office building is computed by measuring to the finished surface of the office side of corridor and other permanent walls, to the center of partitions that separate the office from adjoining usable areas, and to the inside finished surface of the dominant portion of the permanent outer building walls. Excludes areas such as mechanical rooms, janitorial room, restrooms, lobby, and any major vertical penetrations of a multi-tenant floor. *

use value Use value is a concept based on the productivity of an economic good. Use value is the value a specific property has for a specific use. Use value focuses on the value the real estate contributes to the enterprise of which it is a part, without regard to the property's highest and best use or the monetary amount that might be realized upon its sale. †

value indication An opinion of value derived through application of the appraisal process. ‡

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† *The Appraisal of Real Estate*, Twelfth Edition, Appraisal Institute, 2001.

‡ *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002.

§ Office of Comptroller of the Currency (OCC), 12 CFR Part 34, Subpart C – Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed. (Chicago: Appraisal Institute, 2002), 177-178. This is also compatible with the RTC, FDIC, FRS and NCUA definitions of market value as well as the example referenced in the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

* 2000 BOMA Experience Exchange Report, Income/Expense Analysis for Office Buildings (Building Owners and Managers Association, 2000)

†† *Statement on Appraisal Standard No. 6*, Appraisal Standards Board of The Appraisal Foundation, September 16, 1993, revised June 15, 2004.

Marina View Condominiums

Location Data

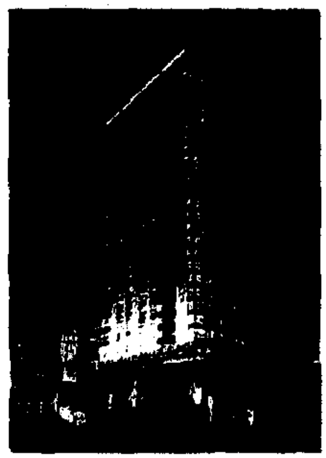
Location:	230 North Columbus Boulevard Philadelphia,PA 19106
County:	
Assessor's Parcel No:	N/A
Atlas Ref:	N/A

Physical Data

Type:	Mixed-Use	
Land Area:	Gross	Usable
Acres:	1.2626	1.2626
Square Feet:	55,000	55,000
Topography:	Level, At Street Grade	
Shape:	Irregular	
Utilities:	All public	
Zoning:	C-3	
Allowable Bldg Area:	N/A	
Floor Area Ratio:	N/A	
No. of units:	182	
Max FAR:	4	
Frontage:	N/A;	

Sale Data

Transaction Type:	Sale
Date:	6/2005
Marketing Time:	N/A
Grantor:	Summer Delaware Ass; Winter
Grantee:	Delaware River Development
Document No.:	N/A
Sale Price:	$10,000,000
Financing:	Cash to Seller
Cash Eq.Price:	$10,000,000
Onsite/Offsite Costs:	$0
Adj. Sale Price:	$10,000,000
Verification:	Michael Asbell, Principal



Analysis

Use At Sale:	Industrial
Proposed Use or Dev.	Condominium
Price Per Acre:	$7,920,164
Price Per SF of Land:	$181.82
Price Per Unit:	$54,945
Price Per SF of Bldg:	N/A

Comments

This property is located on the west side of Christopher Columbus Boulevard, just north of the Ben Franklin Bridge. At the time of sale the site was unapproved and improved with an industrial building. Demolition costs were unavailable.

Construction began on this project, Marina View Condominiums, in July 2005. Plans call for a 30-story luxury condominium building containing 182 units on this 1.26-acre site. These units will feature bamboo hardwood flooring, marble master baths, floor-to-ceiling windows, an outdoor swimming pool, plus a rooftop swimming pool and health club. This is one of three towers proposed by Louis Cicalese of the Delaware River Development Group. The other two projects are proposed for Pier 34, south of Penns Landing and at Pier 40. Floor plans at Marina View Towers will include one, two and three bedroom layouts. Pricing and final unit sizes are still in flux, but initial plans indicate pricing starting at $400,000 for a 866 square foot one-bedroom unit ($461 per square foot) increasing to $2,000,000 for the penthouse. This building will also contain 15,000 square feet of commercial space.

MIXED-USE LAND SALE No. 2

1919-1943 Market Street

Location Data

Location:	**1919-1943 Market Street Philadelphia,PA 19103**
County:	**Philadelphia**
Assessor's Parcel No:	**88-3034400**
Atlas Ref:	**N/A**

Physical Data

Type:	**Mixed-Use**	
Land Area:	**Gross**	**Usable**
Acres:	**0.8000**	**0.8000**
Square Feet:	**34,850**	**34,850**
Topography:	**Level, At Street Grade**	
Shape:	**Rectangular**	
Utilities:	**All public**	
Zoning:	**C-5**	
Allowable Bldg Area:	**402,672**	
Floor Area Ratio:	**11.55**	
No. of units:	**N/A**	
Max FAR:	**12**	
Frontage:	**205 Ns Market St.; 170 Es 20th St.**	

Sale Data

Transaction Type:	**Sale**
Date:	**3/2005**
Marketing Time:	**N/A**
Grantor:	**1919 Trust**
Grantee:	**Opus Development**
Document No.:	**N/A**
Sale Price:	**$8,900,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$8,900,000**
Onsite/Offsite Costs:	**$0**
Adj. Sale Price:	**$8,900,000**
Verification:	**Property Appraiser**

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Condo & garage**
Price Per Acre:	**$11,125,000**
Price Per SF of Land:	**$255.38**
Price Per Unit:	**N/A**
Price Per SF of Bldg:	**$22.10**

Comments

This site is situated at the northeast corner of 20th and Market Streets. The site is subject to cross easements and development agreements with the Blue Cross office tower, which adjoins the eastern boundary line of the site. Preliminary plans indicate the buyer will construct a 30-story residential development above ground floor retail and a parking garage. However, approvals were not in place at the time of sale, although the site was vacant and ready for development. The property had been previously foreclosed, and was the subject of extensive litigation.

MIXED-USE LAND SALE No. 3

412-38 North Front Street

Location Data

Location:	107 Callowhill Philadelphia,PA 19123	
County:		
Assessor's Parcel No:	55015600	
Atlas Ref:	N/A	

Physical Data

Type:	Mixed-Use	
Land Area:	Gross	Usable
Acres:	1.0260	1.0260
Square Feet:	44,693	44,693
Topography:	Level, At Street Grade	
Shape:	Irregular	
Utilities:	All public	
Zoning:	C-3 & C-4	
Allowable Bldg Area:	201,063	
Floor Area Ratio:	4.50	
No. of units:	128	
Max FAR:	4	
Frontage:	311 West side of North Front Street;	

Sale Data

Transaction Type:	Sale
Date:	5/2005
Marketing Time:	N/A
Grantor:	Bennett and Linda Levin
Grantee:	412 North front Associates, LC
Document No.:	N/A
Sale Price:	$8,000,000
Financing:	Not Available
Cash Eq.Price:	$8,000,000
Onsite/Offsite Costs:	$75,000
Adj. Sale Price:	$8,075,000
Verification:	Phil Mc Filin for grantee

Analysis

Use At Sale:	Industrial
Proposed Use or Dev.	Mixed Use
Price Per Acre:	$7,870,370
Price Per SF of Land:	$180.68
Price Per Unit:	$63,086
Price Per SF of Bldg:	$40.16

Comments

Title to the property is currently vested in the name of 412 North Front Associates, LC who acquired title to the property in May 2005 As Is for $8,000,000, cash from Bennett Levin and Linda Levin Silverberg. The site was originally placed under contract in November 2004 "As Is". Prior to the sale the buyer, at their own costs, secured approvals for the construction of a 21-story high rise condominium project containing 164,637 square feet of residential space in 128 units, 9,546 square feet of ground floor commercial space and 177 parking spaces for a total allowable building area of 201,063. At the time of sale, the site was improved with a one-story industrial building scheduled for demolition. The estimated demolition costs were $75,000. Therefore the total consideration was $8,075,000.

Symphony House

Location Data

Location:	400-426 South Broad Street Philadelphia,PA 19102
County:	Philadelphia
Assessor's Parcel No:	78-2026103; 77-2511010
Atlas Ref:	N/A

Physical Data

Type:	Mixed-Use	
Land Area:	Gross	Usable
Acres:	0.9346	0.9346
Square Feet:	40,712	40,712
Topography:	Level, At Street Grade	
Shape:	Irregular	
Utilities:	All public	
Zoning:	C-4	
Allowable Bldg Area:	511,934	
Floor Area Ratio:	12.57	
No. of units:	163	
Max FAR:	N/A	
Frontage:	282 Ws Broad Street; 80 North side of Lombrd Street	

Sale Data

Transaction Type:	Sale
Date:	12/2004
Marketing Time:	N/A
Grantor:	PAID/Pierce College
Grantee:	Symphony House Associates, LP
Document No.:	N/A
Sale Price:	$7,500,000
Financing:	Cash to Seller
Cash Eq.Price:	$7,500,000
Onsite/Offsite Costs:	$0
Adj. Sale Price:	$7,500,000
Verification:	Carl Dranoff, (Grantee)

Analysis

Use At Sale:	Surface parking/townhouses
Proposed Use or Dev.	Mixed use
Price Per Acre:	$8,024,823
Price Per SF of Land:	$184.22
Price Per Unit:	$46,012
Price Per SF of Bldg:	$14.65

Comments

This parcel is currently under contract to Symphony House Associates, LP. The site consists of two contiguous parcels. The main parcels contains 36,032 square feet and is being purchased for $6,000,000. In addition, the grantee has agreed to purchase an adjoining 4,680 square foot parcel for $1,500,000. The second smaller parcel is improved with two small townhouses containing approximately 5,400 square feet of useable building area. These structures are historically certified and therefore may not be demolished. This second parcel contributes to the total permitted FAR calculation for the site. Reportedly, in order to obtain maximum permitted density for this site, the developer also agreed to sell the theater portion to a non-porfit group at a below market price. In addition, it is believed that the main seller, PAID, was motivated to act in order to promote development along South Broad Street, the city's Avenue of the Arts.

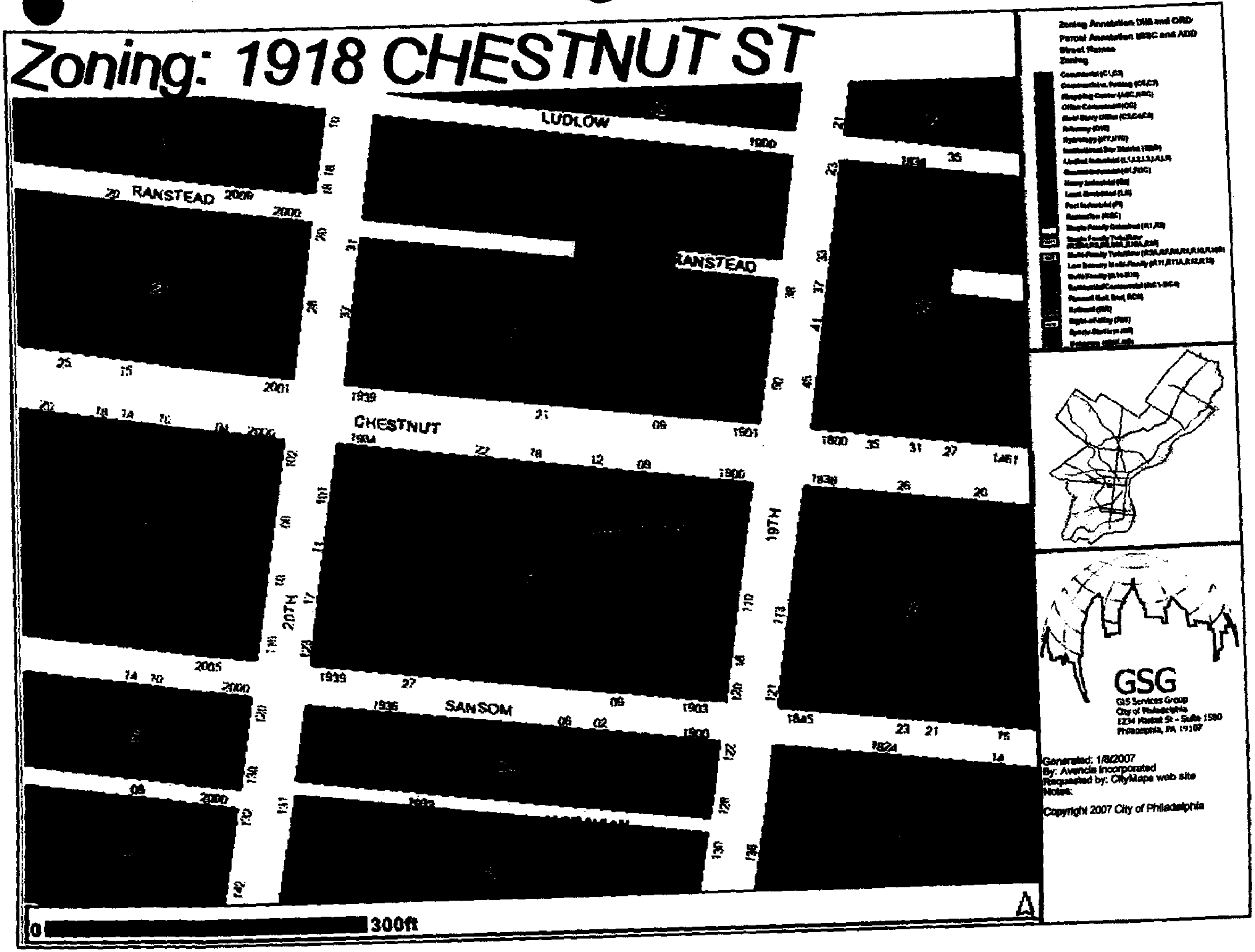
The developer plans on construction a high-density mixed use structure on the site containing 320,000 square feet of gross residential space, 4,122 square feet of retail space, a 152,812 square foot 8-story parking garage and a 35,000 square foot theater. Upon completion, the building will contain a total building area of 511,934 squarefeet in 31 stories.

The residential units will range in size from 852 square feet to 4,593 squaaare feet with an average size of approximately 1,421 square feet. These units will be marketed at an average price of approximately $510 per square foot.

ADDENDUM C

ZONING MAP

Zoning: 1918 CHESTNUT ST



ADDENDUM D

PRÉCIS METRO REPORT - ECONOMY.COM, INC.

PHILADELPHIA

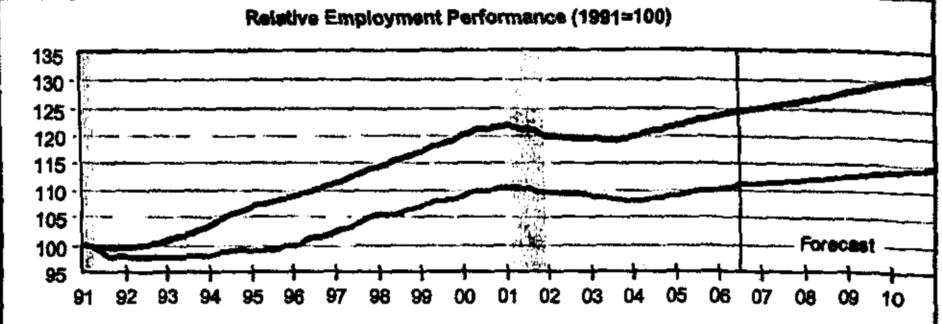
VITALITY 72

244

COST OF DOING BUSINESS 109%

277

COST OF LIVING 102%



DataBuffet® MSA code: *DMPHI*

1999	2000	2001	2002	2003	2004	2005	Indicators	2006	2007	2008	2009	2010
136.4	137.9	141.2	143.7	145.8	149.2	154.6	**Gross Metro Product, C$B**	160.1	163.5	166.9	170.2	173.5
2.4	*1.1*	*2.4*	*1.8*	*1.4*	*2.4*	*3.6*	*% Change*	*3.6*	*2.1*	*2.0*	*2.0*	*1.9*
1,861.8	1,894.2	1,900.3	1,885.4	1,869.9	1,869.5	1,890.1	**Total Employment (000)**	1,912.4	1,925.3	1,937.4	1,953.0	1,968.5
2.0	*1.7*	*0.3*	*-0.8*	*-0.8*	*-0.0*	*1.1*	*% Change*	*1.2*	*0.7*	*0.6*	*0.8*	*0.8*
4.2	4.1	4.8	5.6	5.6	5.5	5.0	**Unemployment Rate**	4.6	4.8	4.7	4.6	4.5
3.8	7.7	2.2	3.4	3.1	5.1	5.1	**Personal Income Growth**	4.6	3.9	3.8	3.6	3.5
3,837.6	3,852.2	3,856.3	3,863.0	3,872.4	3,882.3	3,890.2	**Population (000)**	3,900.4	3,907.1	3,913.1	3,918.0	3,921.2
9,696	9,041	8,179	8,685	7,994	8,348	8,236	**Single-Family Permits**	8,109	8,430	8,083	7,896	7,853
1,666	2,311	2,105	1,595	3,696	4,335	3,959	**Multifamily Permits**	3,557	2,170	2,018	2,027	2,184
117.4	116.1	128.1	142.0	164.1	177.5	205.7	**Existing Home Price ($Ths)**	226.5	230.0	229.3	229.1	230.8
14,040	11,651	21,294	75,195	49,189	28,555	30,554	**Mortgage Originations ($Mil)**	28,632	26,362	22,989	23,038	23,619
1.2	3.5	-6.7	-4.3	-3.4	-5.1	-9.8	**Net Migration (000)**	-3.3	-6.7	-7.7	-8.9	-10.8
16,197	15,888	17,848	18,287	18,691	17,104	19,522	**Personal Bankruptcies**	10,790	12,504	13,421	14,148	15,498

STRENGTHS & WEAKNESSES

STRENGTHS

- Concentration of well-regarded educational institutions.
- Center for health services and medical research.
- Relatively affordable housing and living costs.
- Well developed port.

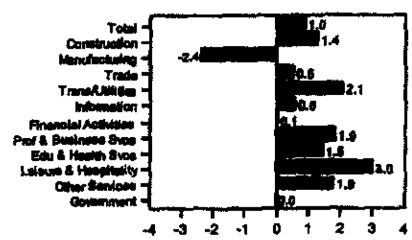
WEAKNESSES

- Weak population growth.
- Lower per capita income than other large Northeast metro areas.

CURRENT EMPLOYMENT TRENDS

August 2006 Employment Growth

% change year ago, 3 mo. MA



FORECAST RISKS

UPSIDE

- New office space, tax incentives attract more employers into PHI.
- Increased port activity sparks payroll gains in supporting industries.
- Budding tourist activity boosts demand for service-based industries.

DOWNSIDE

- House prices decline causing a reduction in household wealth and availability of credit.
- Political red tape delays issuance of slot licenses.

ANALYSIS

Recent Performance. The Philadelphia economy has been maintaining growth at a fairly steady clip over the past year. Payroll employment hit a new peak in the second quarter. A surge in tourism-related hiring and in the business services industries are the primary drivers of the PHI economy. Job growth has moderated some in the past few months, due to shrinking retail payrolls and slower growth in construction jobs. The PHI housing market is cooling in an orderly fashion. Price growth has slowed in the past year, but is still increasing at a double-digit pace. Permit issuance, specifically in single-family markets, has also moderated some in the past few months.

Commercial boom? While the PHI housing market is showing signs of fatigue, its office counterpart continues to improve. The office market is being buoyed by steady growth in office-using employment and record corporate profitability. According to CBRE, PHI's office vacancy rate is gradually declining and lease rates are rising as corporate expansions have absorbed a portion of the excess supply on the market.

The prospects for commercial real estate are looking weaker, however. Although we expect the PHI economy to slow over the next several quarters, there are a few signs of a measurable reduction in commercial construction activity. The success of the Cira Centre has rumors circulating that another similar building will be erected to add additional Class 'A' office space in PHI. This sort of speculative building could suppress rental rates as slower job creation will limit demand for office space going forward.

Pharmaceuticals. Conditions in PHI's significant pharmaceutical industry are gradually improving, which is in stark contrast to the broader manufacturing sector. After hitting its nadir in early-2004, job growth in PHI's pharmaceutical manufacturing industry has gradually improved. Still, the industry remains 5,000, or 21%, below its previous employment peak.

Despite the recent increase in payrolls, the near-term outlook for the PHI's pharmaceutical manufacturers is mixed. The industry is facing increased competition from generic drug manufacturers, which are taking advantage of patent expirations on some of the industry's blockbuster drugs. Moreover, Merck continues to be bombarded with lawsuits, while GlaxoSmithKline just settled the largest tax settlement in U.S. history which orders them to pay billions to the government. Although Merck has stated that its Montgomery County facility will not be shuttered, if the fallout from the lawsuits are larger than anticipated more cost cutting measures may be needed.

Spending. Steady, above-average house-price growth has generated wealth gains and increased purchasing power for PHI residents over the past two years. The impact of the wealth gains, however, has not been enough to compensate for below-average income and population growth in PHI. As a result, the local retail industry continues to flounder with very weak job growth. Conditions are not expected to improve as consumer finances nationwide face increasing headwinds. High interest rates and record debt burdens will continue to test household budgets, foreshadowing a further slowdown for consumer-driven industries, particularly retail trade.

In the near term, the Philadelphia economy will continue to decelerate through the remainder of this year and into early 2007. Slower job growth in PHI's core sectors including education and health services will facilitate this slowdown. Although the pace of job cuts in manufacturing will slow, the industry will remain PHI's Achilles heel. Impediments to growth include PHI's above average living and business costs, and weak immigration trends. In sum, PHI is expected to be an underperformer over the extended forecast horizon.

Ryan Sweet

September 2006

EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

University of Pennsylvania	23,465
Jefferson Health System	18,884
Merck & Company	10,000
The Vanguard Group of Investment Cos., Inc.	8,000
Temple University Health Systems Inc.	8,000
Children's Hospital of Philadelphia	7,276
SEPTA	7,057
Crozer-Keystone Health System	7,026
Tenet Healthcare Corporation	7,002
Prudential Financial	6,568
Lockheed Martin Corporation	6,500
US Airways, Inc.	6,000
Comcast Corporation	5,955
Exelon Corporation	5,695
Independence Blue Cross	5,100
Drexel University	5,067
Allied Security	5,000
Rosenbluth International	5,000
Abington Memorial Hospital	4,987
Wyeth Pharmaceuticals and Research	4,700

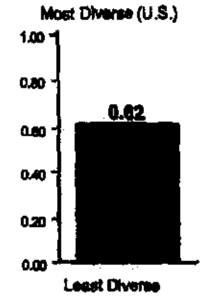
Source: Philadelphia Business Journal, 2006

Public

Federal	44,450
State	22,510
Local	152,374

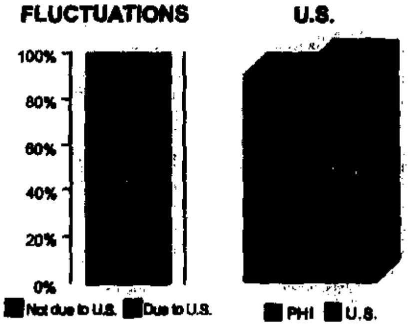
2005

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY

DUE TO U.S. FLUCTUATIONS | **RELATIVE TO U.S.**

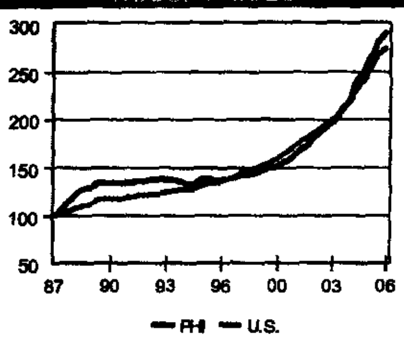


COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment PHI	PA	US	Average Annual Earnings PHI	PA	US
Construction	3.9%	4.4%	5.5%	$63,728	$46,858	$45,869
Manufacturing	8.5%	12.0%	10.7%	$80,748	$64,743	$65,803
Durable	*50.8%*	*60.6%*	*62.9%*	*nd*	*$63,060*	*$68,019*
Nondurable	*49.2%*	*39.4%*	*37.1%*	*nd*	*$67,215*	*$62,134*
Transportation/Utilities	3.2%	4.0%	3.7%	$64,332	$56,513	$55,375
Wholesale Trade	4.5%	4.1%	4.3%	$78,988	$63,232	$63,130
Retail Trade	10.6%	11.6%	11.4%	$29,910	$25,077	$26,719
Information	2.2%	1.9%	2.3%	$83,245	$68,211	$80,020
Financial Activities	7.7%	5.9%	6.1%	$69,685	$52,278	$53,576
Prof. and Bus. Services	14.9%	11.5%	12.6%	$64,643	$50,781	$48,978
Educ. and Health Services	20.3%	18.0%	13.0%	$45,902	$41,110	$39,628
Leisure and Hosp. Services	7.8%	8.5%	9.6%	$21,720	$17,014	$19,325
Other Services	4.6%	4.6%	4.0%	$27,823	$24,016	$23,364
Government	11.6%	13.1%	16.3%	$59,618	$51,021	$52,846

Sources: Percent of total employment - Moody's Economy.com & BLS, 2005; Average annual earnings - BEA, 2004

HOUSE PRICES



Source: OFHEO, 1987Q1=100, NSA

CREDIT QUALITY

MOODY'S RATING	Baa1	CITY

LEADING INDUSTRIES

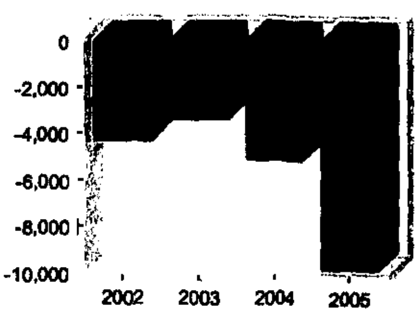
NAICS	Industry	Employees (000)
GVSL	State & Local Government	174.9
6221	General Medical and Surgical Hospitals	79.9
6113	Colleges, Universities & Professional Schools	66.6
7221	Full-Service Restaurants	51.1
GVF	Federal Government	44.4
4451	Grocery Stores	39.5
7222	Limited-Service Eating Places	34.7
6211	Offices of Physicians	30.5
5617	Services to Buildings and Dwellings	30.0
5241	Insurance Carriers	29.5
5511	Management of Companies and Enterprises	28.7
5613	Employment Services	27.3
5411	Legal Services	27.3
5415	Computer Systems Design and Related Srvcs.	26.0
6231	Nursing Care Facilities	24.9
	High-tech employment	114.8
	As % of total employment	6.0

Sources: BLS, Moody's Economy.com, 2005

MIGRATION FLOWS

Into Philadelphia	Number of Migrants	Median Income
New York NY	9,840	27,426
Wilmington DE	[illegible]	[illegible]
Reading PA	[illegible]	[illegible]
Trenton NJ	[illegible]	[illegible]
Washington DC	[illegible]	[illegible]
Total Inmigration	[illegible]	[illegible]
From Philadelphia		
Camden NJ	9,020	40,527
[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Washington DC	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
Total Outmigration	[illegible]	[illegible]
Net Migration	**-9,436**	**-1,763**

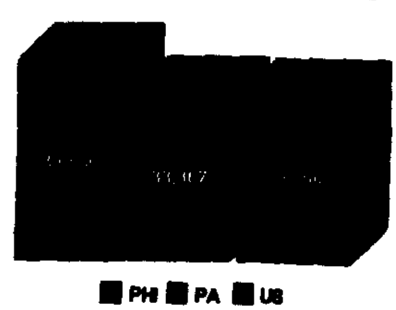
Net Migration, PHI



	2002	2003	2004	2005
Domestic	-15,849	-14,334	-15,125	-18,886
Foreign	11,544	10,966	9,981	9,110
Total	-4,305	-3,368	-5,144	-9,776

Sources: IRS (top), 2004; Census Bureau, 2005

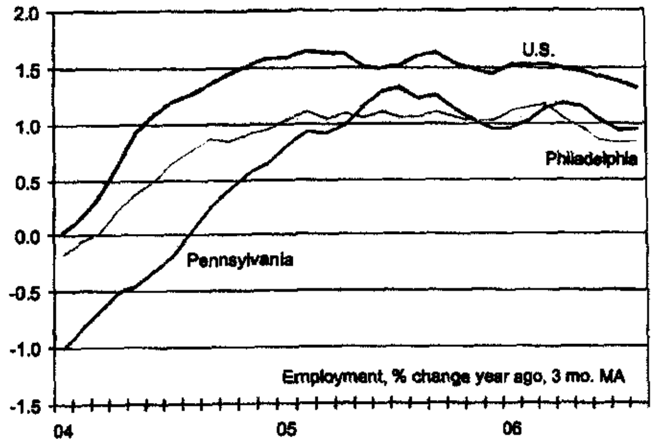
PER CAPITA INCOME



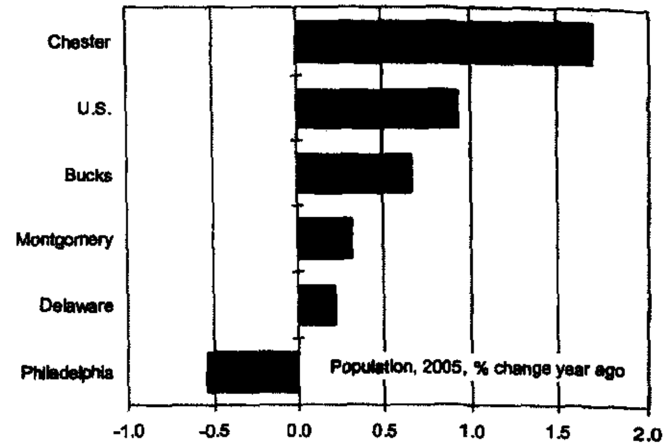
Source: Bureau of Economic Analysis, 2004

Philadelphia

Philadelphia Fading, Blame Goods-Producing Industries

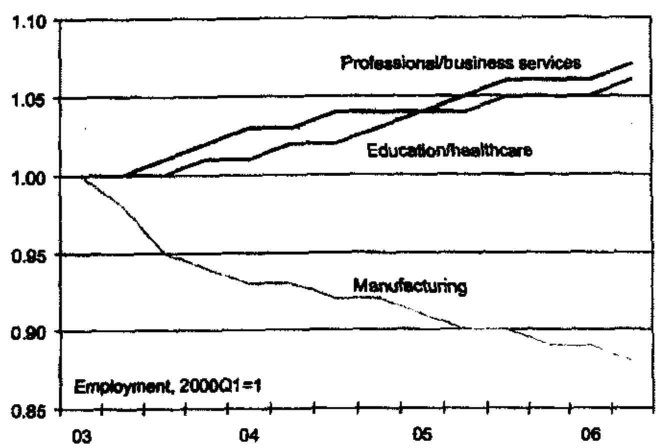


The Suburbs Help Offset Exodus from Center City

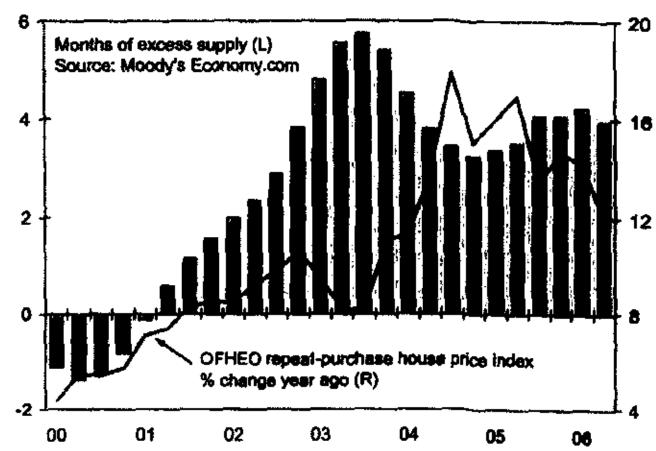


PHI's population base is barely growing, which is not surprising for a larger, older Northeast metro division. Suburban growth is still feeding activity in PHI. In 2005, Chester and Bucks counties accounted for most of the gains in population. That said, growth in the suburbs is coming at the expense of Center City. In fact, Center City has been contracting for nearly two decades now with its population falling 10% over that span. Looking ahead, poor population growth is a major long-term term hurdle for PHI as it will limit demand for housing and consumer-based industries.

Hiring Focused in Philadelphia's Core Sectors

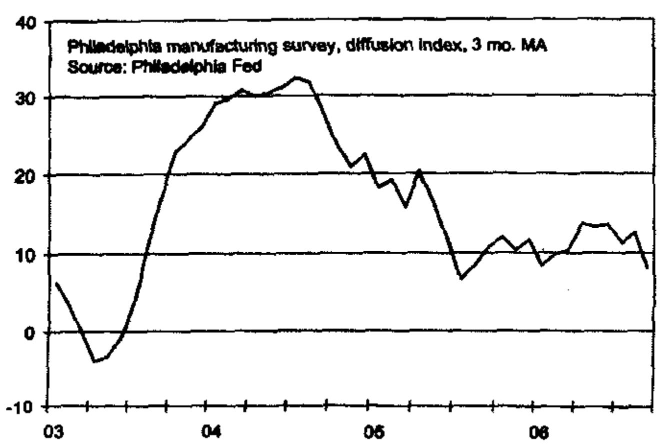


Philadelphia's Housing Market Is Losing Steam



The PHI housing market is in the early stages of its downturn as high mortgage rates and double-digit house-price growth have weighed on affordability. As a result, home sales are well off their 2005 peak, inventories are on the rise and house-price growth is clearly moderating. With inventories piling up, homebuilders are quickly pulling back the reins. In the second quarter, the number of housing starts in PHI fell to its lowest level since late-2004. That said, house prices in PHI were still growing at a double-digit clip through the first half of the year.

Manufacturing Softens Amid a Backdrop of Mixed Drivers



ADDENDUM E

QUALIFICATIONS

CBRE
CB RICHARD ELLIS

PROFESSIONAL QUALIFICATIONS

JOSEPH T. MURRAY

REAL ESTATE EXPERIENCE

CB RICHARD ELLIS, INC.
Philadelphia, Pennsylvania
Senior Real Estate Analyst
Valuation and Advisory Services

Presently, Mr. Murray is a Senior Real Estate Analyst with Valuation and Advisory Services in the Philadelphia office of CB Richard Ellis, Inc. CBRE is a commercial real estate services company. CB Richard Ellis, Inc. acquired Insignia/ESG, Inc. in July 2003.

INSIGNIA/ESG, INC.
Philadelphia, Pennsylvania
Associate
Valuation Services Group

Between June 1998 and July 2003, Mr. Murray served as a staff appraiser with the Valuation Services Group in the Philadelphia office of Insignia/ESG, Inc.

JACKSON-CROSS VALUATION CONSULTANTS, Ltd.
Philadelphia, Pennsylvania
Associate

Between July 1997 and June 1998, Mr. Murray served as a staff appraiser and analyst providing quality valuation and related services to the firm's clients on real property throughout the Middle Atlantic States. Jackson-Cross Valuation Consultants, Ltd. was a partnership of the Jackson-Cross Company, Realtors• and Lynch-Rush & Associates, Inc., Real Estate Analysts and Consultants.

JACKSON-CROSS COMPANY
Philadelphia, Pennsylvania
Staff Appraiser

Mr. Murray was an employee of that company from June 1990 through July 1997 specializing in counseling and the valuation of complex commercial, industrial and investment real estate in the Middle Atlantic States. His tenure began in January 1988 as a Researcher in the company's Appraisal Division contributing primary data for that group's professional staff.

CBRE
CB RICHARD ELLIS

FORMAL EDUCATION	**TEMPLE UNIVERSITY** Philadelphia, Pennsylvania Attended 1970 to 1972 **TEMPLE UNIVERSITY REAL ESTATE INSTITUTE** Philadelphia, Pennsylvania Real Estate Fundamentals Real Estate Practices **APPRAISAL INSTITUTE** Chicago, Illinois Real Estate Appraisal Principles Basic Valuation Procedures Standards of Professional Practice Basic Income Capitalization Theory and Techniques Advanced Income Capitalization Highest And Best Use And Market Analysis

CB RICHARD ELLIS

Professional Qualifications
John B. Rush, MAI, CRE

REAL ESTATE EXPERIENCE:

CB RICHARD ELLIS, INC.
Philadelphia, Pennsylvania
Managing Director
Valuation and Advisory Services

Presently, Mr. Rush is Managing Director of the Valuation and Advisory Services Group in the Philadelphia office of CB Richard Ellis, Inc. CBRE is a commercial real estate services company. CB Richard Ellis, Inc. acquired Insignia/ESG, Inc. in July 2003.

INSIGNIA/ESG, INC.
Philadelphia, Pennsylvania
Managing Director
Valuation Consultants

Between June 1998 and July 2003, Mr. Rush served as Managing Director of the Valuation and Consulting Group in the Philadelphia office of Insignia/ESG, Inc.

JACKSON-CROSS VALUATION CONSULTANTS, LTD.
Philadelphia, Pennsylvania
Managing Director

Between July 1997 and June 1998, Mr. Rush served as Managing Director of Jackson-Cross Valuation Consultants, Ltd. a partnership of the Jackson-Cross Company, Realtors® and Lynch-Rush & Associates, Inc., Real Estate Analysts and Consultants. Jackson-Cross was a recognized regional commercial real estate services company in business since 1876; Lynch-Rush & Associates possessed the experience and talent necessary to efficiently meet the real property valuation and related needs of our mutual clients.

CUSHMAN & WAKEFIELD OF PENNSYLVANIA, INC.
Philadelphia, Pennsylvania
Director and Manager
Valuation Advisory Services Group

Mr. Rush was an officer of that company from October 1985 through July 1997 and served as manager of its Philadelphia based appraisal group which specialized in the counseling on and the valuation of complex commercial, industrial and investment real estate in the Middle Atlantic States. His tenure with Cushman & Wakefield began in January 1980 as a Senior Appraiser responsible for the primary valuation analyses on a wide variety of commercial, industrial and income producing real property types.

CBRE
CB RICHARD ELLIS

PROFESSIONAL QUALIFICATIONS
JOHN B. RUSH, MAI, CRE

BOYLE/HELBIG REALTY, INC.
Philadelphia, Pennsylvania
Staff Appraiser

From December 1977 to December 1979, Mr. Rush worked for this local firm specializing in the appraisal and consulting on commercial and industrial real estate. The company was acquired by Cushman & Wakefield, Inc. to be the spearhead of its newly organized Valuation Advisory Services Group in December 1979.

MICHAEL SINGER - REAL ESTATE
Philadelphia, Pennsylvania
Associate

Leasing, management and financing of local residential and commercial real estate from June 1975 to December 1977.

FORMAL EDUCATION:

DREXEL UNIVERSITY
Philadelphia, Pennsylvania
Master of Business Administration - 1982

SAINT JOSEPH'S UNIVERSITY
Philadelphia, Pennsylvania
Bachelor of Arts - 1975

APPRAISAL INSTITUTE
Chicago, Illinois
Required Courses of Study Leading to the MAI Designation and State Certification
Various Lectures and Seminars for Continuing Education Credits

PHILADELPHIA BOARD OF REALTORS® SCHOOL
Philadelphia, Pennsylvania
Required Courses of Study Leading to State Licensure
Mr. Rush also attends various lectures and seminars to maintain his Pennsylvania Real Estate Broker's License

PROFESSIONAL AFFILIATIONS:

MEMBER, APPRAISAL INSTITUTE
(MAI Designation #7261)

MEMBER, THE COUNSELORS OF REAL ESTATE
(CRE Designation #1949)
DELAWARE CERTIFIED GENERAL APPRAISER
(Certificate #X1-0000051)

CBRE
CB RICHARD ELLIS

PROFESSIONAL QUALIFICATIONS
JOHN B. RUSH, MAI, CRE

MARYLAND CERTIFIED GENERAL APPRAISER
(Certificate #10041)

NEW JERSEY CERTIFIED GENERAL APPRAISER
(Certificate #RG 00808)

PENNSYLVANIA CERTIFIED GENERAL APPRAISER
(Certificate #GA-000331-L)
PENNSYLVANIA REAL ESTATE BROKER
(License #AB043144A)

ASSOCIATE, URBAN LAND INSTITUTE
(Associate #164089)

AFFILIATE, TRI-STATE COMMERCIAL & INDUSTRIAL ASSOC. OF REALTORS®

QUALIFIED EXPERT WITNESS:

UNITED STATES BANKRUPTCY COURT
Eastern District of Pennsylvania
Middle District of Pennsylvania
District of Maryland

COURT OF COMMON PLEAS
Dauphin County, Pennsylvania
Chester County, Pennsylvania

BOARD OF ASSESSMENT APPEALS
Berks County, Pennsylvania
Bucks County, Pennsylvania
Dauphin County, Pennsylvania
Delaware County, Pennsylvania
Montgomery County, Pennsylvania

BOARD OF REVISION OF TAXES
City of Philadelphia

BOARD OF TAX REVIEW
City of Philadelphia

GUEST LECTURER:

UNIVERSITY OF PENNSYLVANIA
Philadelphia, Pennsylvania
The Wharton School

Commonwealth of Pennsylvania
Department of State
Bureau of Professional and Occupational Affairs
PO Box 2649 Harrisburg PA 17105-2649

04-237273

Certificate Type

Certified General Appraiser

Certificate Status

Active

Initial Certification Date

09/10/1991

JOHN BENJAMIN RUSH
325 POWDER HORN ROAD
FORT WASHINGTON PA 19034

Certificate Number

GA000331L

Expiration Date

06/30/2007

Commissioner of Professional and Occupational Affairs

Signature