



Fox Valley Industrial Portfolio Batavia, IL



Liberty Property Trust



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Team Organizational Chart



Team Leader



John Huguenard, SIOR, CCIM

International Director

Head of Industrial Capital Markets - Americas

Team Leader Role: John will be a single point of contact for Liberty Property Trust. As a hands-on team leader, John will direct JLL's strategic marketing plan, from deal positioning to investor outreach.

Investment Sales Team



Sean Devaney

Senior Vice President



Ed Halaburt

Vice President



Curran Darling

Associate

Investment Sales Team Roles: The Deal Team will focus on marketing strategy execution, internal team management of the production process, investor outreach, the handling and dissemination of investor questions regarding core underwriting fundamentals and negotiation of PSA contract.

Project Support Team



Elliot Williams

Analyst



Rae Hadad

Due Diligence Coordinator

Project Support Team Roles: The Project Support Team will be integrally involved in the production of the offering materials, organization of due diligence and ARGUS modeling. The Team will also provide ad hoc project support for potential investors and Liberty Property Trust requests.

Debt Market Expert



Tim Noonan

Managing Director

Debt Market Expert Roles: The Debt Market Expert (REIB team) will focus on an active approach to supplying investors with aggressive and realistic leverage for the underwriting of the Portfolio. They will supply real-time info from current relationships and active lenders.

Local Market Experts



Keith Stauber, SIOR

Managing Director



Dominic Carbonari

Executive Vice President



Steve Ostrowski

Vice President

Local Market Experts' Roles: The local Batavia Market Experts will provide real-time data to support underwriting metrics for Batavia, IL, support in-market tours for interested investors and help to sell the story of the market's current and future growth. The local team's prior experience listing the Portfolio with original developer and extensive submarket experience, will best serve potential investors to gain confidence with the assets and surrounding market dynamics.

Executive Summary

Introduction



JLL is pleased to present Liberty Property Trust our valuation and disposition strategy for the Fox Valley Industrial Portfolio (the “Portfolio”). The Portfolio is highlighted by stable income with value-add potential, quality real estate, staggered tenant roll-over, and year-over-year NOI growth. Based on the current capital markets’ appetite for high-quality industrial offerings in Chicago, JLL will create a large investor audience, a competitive bidding process and assurance of close.

Address	City	State	WALT	Occupied	Vacant	Total	Occ. %
101-121 N Raddant Road	Batavia	IL	3.86 Yrs.	274,400	0	274,400	100.0%
506-530 Kingsland Drive	Batavia	IL	2.69 Yrs.	145,290	32,000	177,290	82.0%
900 Douglas Road	Batavia	IL	3.91 Yrs.	76,638	0	76,638	100.0%
1070 Swanson Drive	Batavia	IL	-	0	107,800	107,800	0.0%
			3.52 Yrs.	496,328	139,800	636,128	78.0%

Portfolio Pricing

\$28.7 MILLION

Portfolio pricing will appeal to a wide array of local and regional investors and capital partners as it offers the potential to acquire a well-maintained Portfolio of assets in a stabilized submarket. Furthermore, the overall deal size is ideal and will attract a wide audience of buyers – large enough for regional / national groups and small enough for local groups.

Portfolio Pricing PSF

\$45.15 PER SQUARE FOOT

The basis for the Portfolio is in-line with comparable product in the submarket and would be considered to below replacement cost. At the projected basis, new ownership would be able to absorb future capital expenditures while still being able to execute new leases at competitive rates and exit the project at achievable residual values to generate appropriate returns

Portfolio Stabilized Yield

7.5% Yield

Risk profile associated with vacancy carry and stabilization costs will drive investors to target stabilized yields between 50 and 75 basis points higher than similar stabilized Class B product throughout comparable western Chicago submarkets.

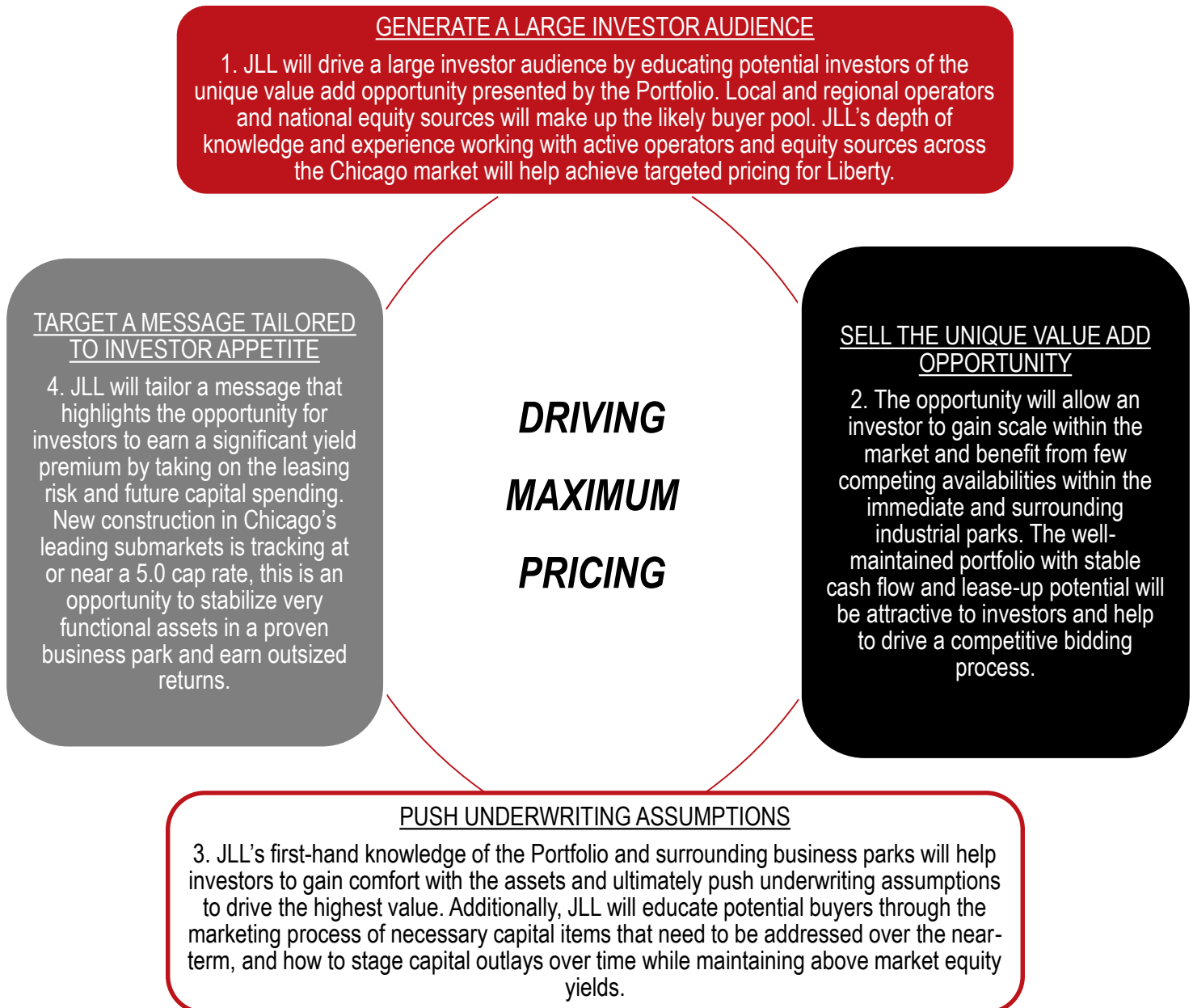
Portfolio Unlevered IRR

7.9% (7 YEAR HOLD)

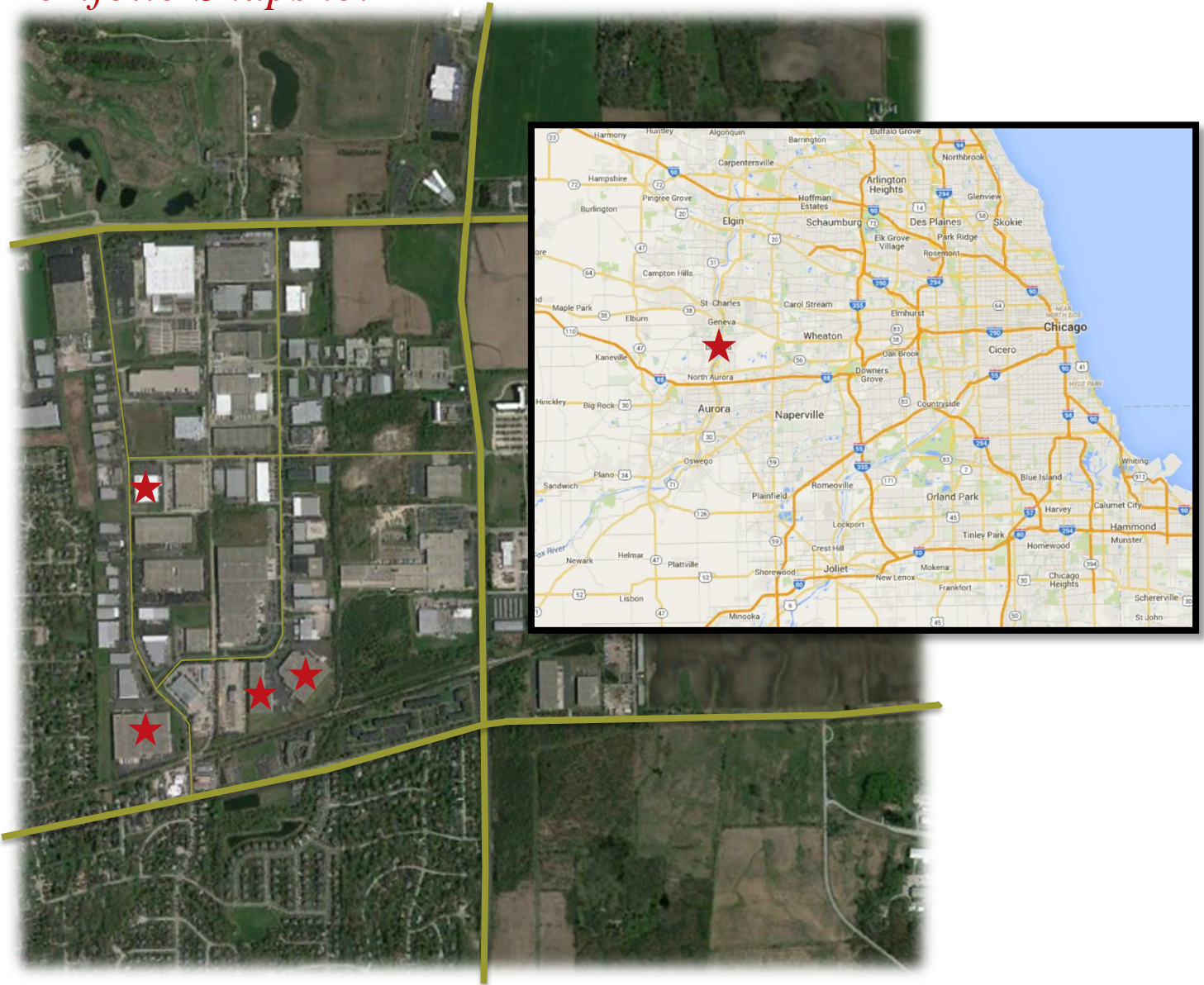
Investors will target unlevered IRR between 8.0 and 9.0 percent, factoring in lease-up risk, near-term roof replacement obligations and other capital improvements for Portfolio maintenance while maintaining a target exit below \$55 per square-foot.

How to Push Pricing

JLL will utilize a four-pronged approach to push pricing when marketing the Portfolio. This approach will help to position the offering in the marketplace to maximize proceeds for Liberty Property Trust and create a competitive bidding landscape.



Portfolio Snapshot



In-Place vs Market Rent

Tenant	Building	Occupied Square Feet	Lease Expiration	In-Place Net Rent ¹	Market Net Rent	PSF Difference	% Difference
Ancor Rigid	101-121 N Raddant Road	243,200	6/30/20	\$3.10	\$3.35	(\$0.25)	-8.1%
Valley Fire Protection	101-121 N Raddant Road	31,200	1/31/17	\$5.89	\$5.25	\$0.64	10.9%
LPT Batavia - Bldg I		274,400		\$3.42	\$3.57	(\$0.15)	-4.4%
Dynamesh Inc	506-530 Kingsland Drive	18,400	7/31/19	\$4.44	\$4.75	(\$0.31)	-6.9%
Pella Windows & Doors	506-530 Kingsland Drive	83,200	9/30/19	\$3.20	\$3.35	(\$0.15)	-4.7%
Vanco International, LLC	506-530 Kingsland Drive	43,690	2/14/17	\$4.46	\$4.50	(\$0.04)	-0.9%
LPT Batavia - Bldg II		145,290		\$3.74	\$3.87	(\$0.14)	-3.7%
Accel Corporation	900 Douglas Road	76,638	2/29/20	\$3.20	\$3.35	(\$0.15)	-4.7%
LPT Batavia - Bldg III		76,638		\$3.20	\$3.35	(\$0.15)	-4.7%
Totals / WAV		496,328	3.52 Yrs	\$3.48	\$3.62	-\$0.15	-4.2%








1) In-Place Net Rent as of 4/1/16

Selling the Portfolio

Portfolio Overview

Portfolio Drivers

Understanding Investor Criteria

Drivers	Impact on Prospective Investor Evaluation				
	Negative	Neutral	Positive	Very Positive	
Lease Term					The Portfolio has a WALT of ± 3.5 years. Despite two near-term lease expirations, JLL believes investors will aggressively underwrite high renewal probabilities due to lack of competition. The staggered expirations are beneficial to investor underwriting.
Size					The Portfolio's size will appeal to a wide audience allowing investors to enter or expand existing footprints within the submarket, gaining instant market share with minimal competition.
Property Quality					Excellent development and ownership has operated the buildings to high-standards, maintaining the integrity of the assets and garnering the attention of users. The buildings are highlighted by above-market clear heights, ESFR sprinklers, cross-dock configurations, abundant auto and trailer parking and appropriate dock / drive in doors.
Debt Profile					The Portfolio is offered free and clear of existing debt, providing investors the opportunity to utilize the historically low interest rate environment and the current appetite for commercial real estate lending. Lenders are looking for quality industrial product well-leased to stable tenants.
Cash Flow Risk					The Portfolio has a well-staggered lease expiration schedule that reduces landlord exposure to rollover in a single year. JLL believes the near-term expirations have a high-probability of renewal. A diverse spectrum of tenant industries further reduces landlord exposure to a downturn in any single industry.
Credit Profile					The tenant base is comprised of regional companies that are not rated. Investors will likely factor in a minor vacancy/credit loss. However, due to the Portfolio's historical occupancy and the respective market vacancy rates, impacts to pricing should be minimal.
Submarket Outlook					This market will remain healthy for the foreseeable future. In fact, there are a couple of occupier transactions that are close to being completed that will draw down Fox Valley's fourth quarter vacancy rate. Development of spec buildings in the submarket remains muted and will help keep vacancies low.

Portfolio SWOT Analysis



STRENGTHS

- Class A portfolio located in tax-favorable Kane County
- Abundant high quality labor force in immediate area
- Close proximity to DuPage County airport
- Batavia utility rates are 10-15 percent lower than ComEd rates
- Mixture of suite sizes provides flexibility to attract a range of tenant sizes upon rollover
- Scale within a relatively stabilized submarket

WEAKNESSES

- Inferior proximity to I-88 interstate than neighboring Aurora and Naperville properties
- Near-term rollover; 20 percent of the business park's square-footage rolls by February 2017
- Near term rollover may result in structured cash flow sweeps from a lender
- Known roof repair and other capital requirements including parking lot

OPPORTUNITY

- Opportunity to drive Portfolio NOI through 139,800 square feet of vacancy lease-up
- Market known vacates as available prior to lease expiration
- Pushing rents upon rollover at market rates that are 4.2 percent above in-place rents
- Expansion opportunities for longer-term tenants upon rollover of smaller near-term vacancies
- Potential for user sales

THREATS

- Competition for lease up of vacancy from new speculative construction in submarket
- Limited tenant demand and leasing velocity in submarket
- Largest tenant represents 38 percent of portfolio
- Lack of investment sales comparables within submarket

Property-level SWOT Analysis

900 Douglas Rd		506-530 Kingsland Dr		101-121 Raddant Rd		1070 Swanson Dr				
										
Tenant	Suite	Square Feet	LCD	LED	Rent Start	Rent End	Annual Pro Rata Lease RSF	Share	Type	Options/Comments
Accel Corporation	100	76,638	12/15/11	2/29/20	Current	12/31/16	3.20	100.00%	Net	Two five (5) year extension terms with 210 days notice of expiration date. Rent shall be the greater of FMV or minimum annual rent at expiration + \$.10/SF.
					1/1/17	12/31/17	3.30			
					1/1/18	12/31/18	3.40			
					1/1/19	12/31/19	3.50			
					1/1/20	12/31/20	3.60			

Strengths:

- Free-standing building that offers expansion potential
- Heavy power and extra thick floors
- Attractive precast construction
- Tenant investment in space

Weaknesses:

- Low 22' clear height
- Only three (3) truck docks
- Two story office may not be attractive to all tenants/investors
- Parking lot appears to be in need of repair in 2-3 years

Opportunities:

- Large land site offers ability to provide more car parking and/or building expansion
- Ideal building for a user sale already in submarket
- Great manufacturing building with low Batavia electrical rates important
- Ability to capture rent on second story office square-footage in future

Threats:

- Limited audience due to specific manufacturing use
- Most attractive manufacturing building in park located next to metal panel construction

Property-level SWOT Analysis



Tenant	Suite	Square Feet	LCD	LED	Rent Start	Rent End	Annual Pro Rata Lease RSF	Share	Type	Options/Comments
Dynamesh Inc	100	18,400	1/15/12	7/31/19	Current 2/1/16 2/1/17 2/1/18 2/1/19	1/31/16 1/31/17 1/31/18 1/31/19 7/31/19	4.44 4.51 4.58 4.65 4.72	10.38%	Net	Five years extension option at FMV with 9 months notice
Pella Windows & Doors	300	83,200	10/1/15	9/30/19	Current 10/1/16 10/1/17 10/1/18	9/30/16 9/30/17 9/30/18 9/30/19	3.20 3.28 3.36 3.45	46.93%	Net	Two three (3) year renewal options with 12 months notice at 102.5% of last rent to grow at 102.5% during extension. One-time termination right on or before 9/30/2017 with 9 months notice and a \$65k term fee.
Vanco International	600	43,690	2/15/07	2/14/17	Current 2/15/16	2/14/16 2/14/17	4.46 4.57	24.64%	Net	Net Lease

Strengths:

- Attractive Class A pre-cast construction at 30' clear height
- Multi-tenant/demising already in place for added flexibility
- Stable cash flow with 70 percent of the tenancy in place through 2019

Weaknesses:

- Irregular shaped building creates less functional demising structure
- Shared truck court with adjoining property (1070 Swanson)
- Lack of visibility for tenants in rear suites
- Metal halide lighting will need to be upgraded to T-5 or LED fixtures throughout

Opportunities:

- Variety of suite sizes increases appeal to broad tenant base when units become available
- Ability to expand existing tenants in the building as neighboring suites vacate
- Improve entry facades for units

Threats:

- Limited number of docks and drive-in doors for some units could cause prospective tenants to look at other options
- Competition from more traditionally configured buildings in submarket
- Construction of new spec buildings in the submarket

Property-level SWOT Analysis



Tenant	Suite	Square Feet	Lease Start	LCD	LED	Rent End	Annual RSF	Pro Rata Share	Lease Type	Options/Comments
Amcor Rigid	100	243,200	4/24/06	6/30/20	Current 7/1/16 7/1/18	6/30/16 6/30/18 6/30/20	3.10 3.20 3.55	88.63%	Net	Net lease. Mgmt fees capped at 3% of rents. Two options to renewal at 3 years term FMV
Valley Fire Protection	200	31,200	4/24/06	1/31/17	Current 1/1/16	12/31/15 1/31/17	5.89 6.01	11.37%	Net	Capped Lease: 5% of prior year excl snow, insurance, RET, electric Extension option for 2 year period with 6 mo written notice at 102% of terminus rent

Strengths:

- Attractive Class A precast construction at 30' clear height
- One of the few cross docked buildings of ±200,000 square feet in the immediate area
- Added security with dock door locks on all dock positions

Weaknesses:

- Under docked for a building of its size (0.39/10,000 SF)
- Limited trailer parking available relative to its size
- Minimal amount of office
- North side dock apron is asphalt increasing repair risk with heavy use

Opportunities:

- Largest tenant committed through 2020
- Small tenant lease expiration Jan '17 providing for expansion of Amcor Rigid
- 2017 lease expiration provides opportunity to push rent
- Additional knock out panels will allow for expanded loading capability for current or future users

Threats:

- Largest tenant represents 89 percent of the space in the building
- Newer construction at this size offers more docks and trailer parking
- Comparable space of this size and quality typically located closer to I-88

Property-level SWOT Analysis



Tenant	Square		Rent		Rent Annual		Annual		Pro Rata Lease	
	Suite	Feet	LCD	LED	Start	End	RSF	Rent	Share	Type Options/Comments

Vacant Space

107,800

100.00%

Strengths:

- Attractive Class A precast construction at 30' clear height
- Good dock door (10) and trailer parking (17 stalls) availability
- 2,064 square feet of existing office that is new and generic for variety of users

Weaknesses:

- Shared truck court with adjoining property, 506-530 Kingsland
- Costs to demise the currently single tenant building and construction additional office

Opportunities:

- 107,000 square-foot vacancy provides tremendous opportunity to significantly increase portfolio cash flow
- Mid-size free-standing vacancy in submarket with limited available competitive properties
- Potential to demise space for two tenants and increase appeal and achieve higher rental rates

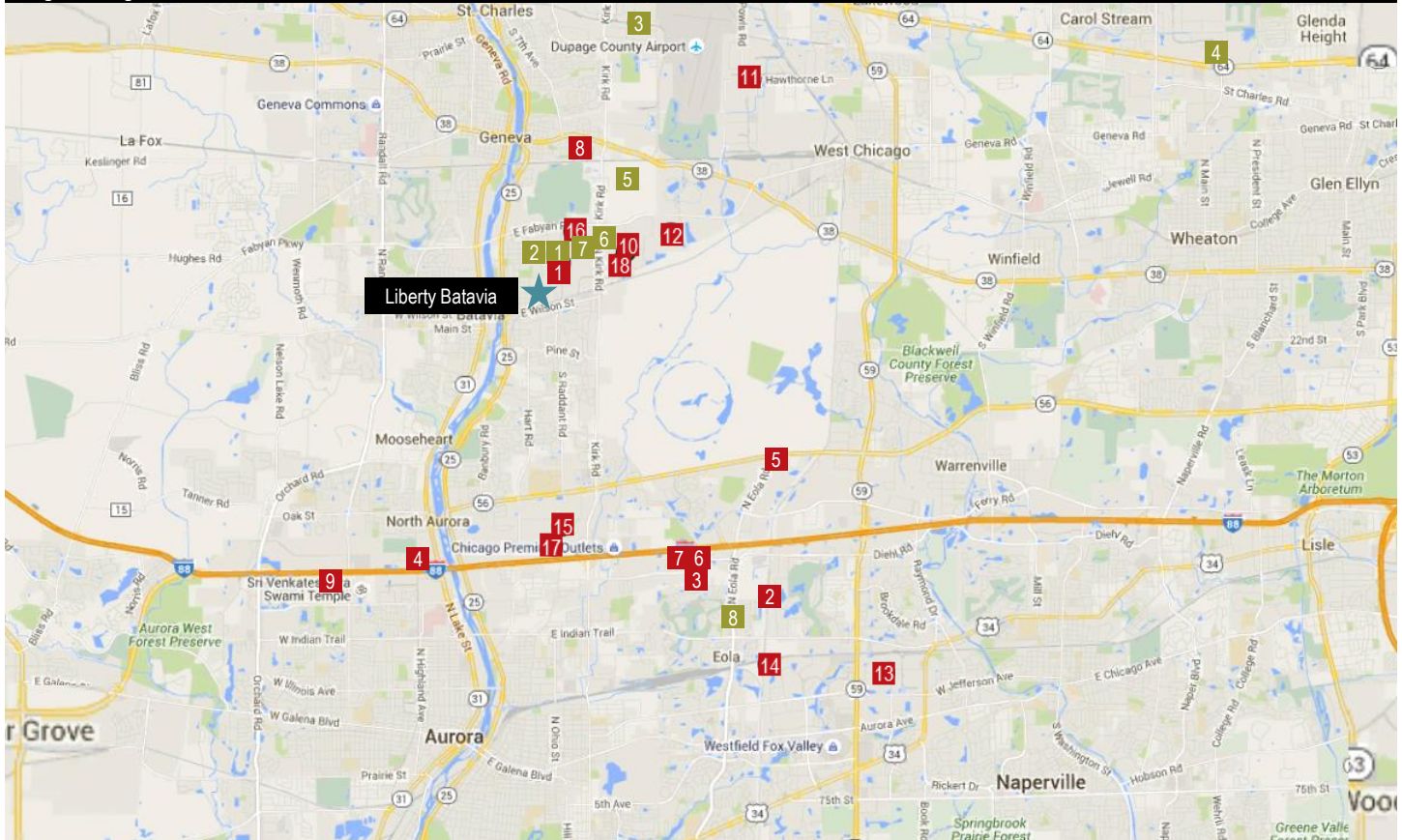
Threats:

- Lack of velocity for 100,000+ square-foot tenants in the submarket
- Competing product of similar size/configuration that is closer to I-88
- Pending new spec construction in the submarket

Comparable lease & sale transactions

	Address	City	Tenant Name	Date	Sq Ft	Rent	Lease Type	Escl	Term	Landlord	Lease Notes
1	970 Douglas Rd	Batavia	Incon Processing	Jul-15	24,844	\$5.60	NET	2.50%	50	Colony Capital	Renewal
2	1270-1280 Frontenac Rd	Naperville	Midwest Pioneers	Aug-15	40,674	\$5.00	NET		36	Colony Capital	Renewal
3	2605 White Oak Cir	Aurora	Huaji Engine Valve USA	Oct-15	20,854	\$4.95	NET	3.50%	63		
4	301 Airport Rd	North Aurora	Bendix Commercial Vehicle Systems	Apr-15	34,399	\$4.93	NET	3.00%	24	GLP	No free rent No TI
5	3553 Butterfield Rd	Aurora	Stericycle	Jan-15	58,114	\$4.82	NET	2.50%	65	Prologis	\$2 pSF TI, 5 mo free
6	2680 Diehl Rd	Aurora	The Illinois Cheer Co	Oct-15	34,650	\$4.75	NET	3.00%	36	AG Realty Investors	Renewal
7	2560 White Oak Cir	Aurora	Custom Blow Mold	Jun-14	36,666	\$4.65	NET	2.50%	91	DCT	\$3 pSF TI, 7 mo free
8	1100-1120 Commerce Dr	West Chicago	Eagle Flexible Packaging	Oct-15	38,639	\$4.48	NET	3.00%	72	Exeter Property Group	1st 9 mo discounted \$2.72 PSF then \$4.48 pSF + 3%
9	1455 Sequoia Dr	Aurora	Lab Exhibits	Aug-15	41,012	\$4.25	NET	2.50%	64	Clarion	\$3 pSF TI, 4 mo free
10	1100 Paramount Pkwy	Batavia	Carlisle Foodservice	Jun-14	102,500	\$3.98	NET		36		Renewal
11	1601-1701 W Hawthorne Ln	West Chicago	Wise Plastics	Feb-15	102,000	\$3.95	NET	2.00%	60	DCT	Rail-served
12	2500 Enterprise Cir	West Chicago	DS Container	Nov-15	300,278	\$3.79	NET	2.00%	180	CenterPoint	BTS; Purchase option
13	140 Ambassador Dr	Naperville	iGPS	Sep-14	83,782	\$3.51	NET	3.00%	52	DB RREEF	
14	3920 Enterprise Ct	Aurora	International Paper	Oct-15	92,800	\$3.42	NET	2.50%	70	Cano Packaging	Sublease
15	1203 Bitter Rd	Aurora	Casio	Nov-14	147,625	\$3.40	NET	2.50%	90	GLP	
16	1400 Kingsland Dr	Batavia	Challenger Lighting	Aug-14	72,000	\$3.35	NET	2.50%	88	Cobalt	\$350k TI
17	2300 N Raddant Rd	Aurora	Cascades Enviropac	Jan-15	61,197	\$3.31	NET		42	GLP	Lease renewal, no free rent
18	1005-1035 Paramount Pkwy	Batavia	Greenseed Contract Packaging	Dec-14	32,169	\$3.25	NET		44	Cobalt	
Weighted Avg Totals: 18 Lease Comparables					1,324,203	\$3.92		2.42%	88		

	Address	City	Sq Ft	Sale Price	Price (PSF)	Cap Rate	Buyer	Seller
1	951 Douglas Rd	Batavia	78,087	\$4,600,000	\$58.91	User	AGS Technology	Chicago Title Land Trust
2	1198-1206 Nagel Blvd	Batavia	131,250	\$7,937,500	\$60.48	7.00%	Cabot Properties	West Wind Properties
3	3825 Ohio Ave	St Charles	158,400	\$10,270,000	\$64.84	8.10%	Cabot Properties	JSQ 3825 Ohio LLC
4	120 N Schmale Rd	Carol Stream	76,620	\$4,375,000	\$57.10	n/a	High Street Realty Co	Metals Tech Realty LLC
5	1250 Carolina Dr	West Chicago	150,000	\$6,500,000	\$43.33	n/a	Exeter Property Group	Duke Realty
6	1160 Pierson Dr	Batavia	251,465	\$11,450,000	\$45.53	n/a	Exeter Property Group	JP Morgan
7	1333 Kirk Rd	Batavia	111,373	\$5,877,153	\$52.77	n/a	Colony Realty	Cobalt Capital
8	920 Frontenac Rd	Naperville	121,220	\$4,675,455	\$38.57	7.70%	Breenan Investment Group	Mirvac Industrial Trust
Weighted Avg Totals			1,078,415		\$51.64			



Investor Audience

Local Operators / Private Equity Funds

- Class B offerings in the Chicago market are beginning to efficiently clear after somewhat of a void in recent years.
 - The Q4 closings of the TA Portfolio (West & Northwest Cook) and Venture One Portfolio (Anticipated) will provide approximately \$150 M of volume and establish meaningful benchmarks for the entire marketplace.
- JLL believes the most aggressive capital sources pursuing this transaction will be local / regional operators and private equity funds that are seeking the yield premium for this asset class.
- JLL has a track record of sourcing newly formed buyer entities (pairing operators with national capital sources) and / or bringing new investors to a market which will help in creating the most competitive process for Liberty and maximize value
- JLL will actively engage its REIB team to be working with potential buyers to source appropriate debt to accommodate ability to transact seamlessly for Liberty

Likely Potential Investors



Customized Marketing Timeline

JLL believes the ideal time to market the Portfolio for sale is *immediately upon the deal being awarded, at start of new year*. This will be advantageous to promoting the largest investor audience due to fresh capital allocations, strong market fundamentals and additional increases in interest rates. This timing allows the seller to capitalize on positive deal statistics such as remaining average lease term, which will stay around 3 years. JLL would have all marketing materials completed within 2 - 3 weeks, and a deal site specific to the Portfolio would be set up to streamline to marketing process. JLL would also be able to expedite the marketing process by launching a Teaser prior to finalizing and distributing the OM.

January 2016

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

February 2016

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29					

March 2016

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

April 2016

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

Marketing Event	Weekday	Date
Execution of Listing Agreement	Wed	1/6
Draft of marketing materials	Tues	1/19
Official launch of marketing campaign	Tues	1/26
Second blast e-mail campaign	Tues	2/9
Call for offers email campaign	Tues	2/16
Initial Offers Due	Tues	2/25
Review offers and choose purchaser(s) for second round bidding	Wed	2/26
Second Round offers due	Tues	3/3
Purchaser Selection/contract negotiations commence	Wed	3/4
Execution of PSA	TBD	1-2 weeks
End of Due Diligence Period	TBD	30 days
Closing Period	TBD	30 days

Valuation & Underwriting

Valuation Summary



Property Fundamentals	Residual Assumptions
Square Feet 636,128	Residual Cap 7.40%
Occupancy: 78.0%	Residual NOI \$2,581,805
In-Place NOI: \$1,548,604	Residual \$/SF \$54.72 PSF
Stabilized NOI (Year 2): \$2,211,507	Hold Period 7

	Low	High	Stretch
Price	\$26,970,000	\$27,820,000	\$28,720,000
Price psf	\$42.40	\$43.73	\$45.15
Cap Rate	5.7%	5.6%	5.4%
Costs to Stabilize	\$735,000	\$735,000	\$735,000
Stabilized Yield (Year 2)	8.0%	7.7%	7.5%
Unleveraged IRR	9.1%	8.5%	7.9%
Leveraged IRR*	15.7%	14.5%	13.3%
Average Equity Yield	8.1%	7.6%	7.0%

*Debt assumed to be 7-year term, 65% LTV, 4.25% interest rate, 30-year amortization, 3-year interest only period and 0.50% financing fee

Approach to Valuation & Conclusions

- Investors will underwrite the acquisition of the Portfolio by focusing on stabilized yield in year 2 of analysis
 - With known vacancies and associated lease-up and carry costs through stabilization, **JLL believes investors will underwrite approximately \$735,000 in stabilization costs**, yielding a **Year 2 return between 7.5 – 8.0 percent**
 - Selling the **in-place rent at a 4.2 percent discount to market** and educating investors of **unique value-add potential through lease up of vacancies and rolling near term expirations to market** will help push investor pricing
 - Roof repairs and parking lot obligations in years 2 – 4 will factor in to investor underwriting and impact their target IRRs
- Unlevered returns between 8.0 and 9.0+ percent** over a **seven-year hold period** will be accretive to investors
 - Known capital improvements including near-term roof repair and parking lot repair will factor into investor underwriting, however, by allocating these costs over the hold period, investors can still expect to achieve healthy equity yields and returns.
- Buyers will be able to attain accretive leverage to help balance capital outlay and risk associated with known vacancy lease-up and carry costs
- The basis for the Portfolio will allow investors to spend the necessary capital improvements and competitively position the assets against newer spec buildings. The basis also allows for value-add potential to generate appropriate returns with an exit projected at approximately \$55 per square-foot.

Valuation Summary

Portfolio Assumptions

BUILDING	Expiration	Square	Lease	Market	Annual	Free Rent*	Tenant	Lease	Lease	Lease	Lease	Lease	Lease	Lease
Tenant	Date	Feet	Term	Rent	Bumps	(mos.)	Improvement	Commission	Commission	Commission	Commission	Commission	Commission	Commission
Credit			(Years)	(PSF)		New	Renew	New	Renew	New	Renew	New	Renew	Renew
101-121 N RADDANT ROAD, CHICAGO, IL														
Amarcor Rigid	6/30/2020	243,200	7	\$3.35	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	85%	9	
Valley Fire Protection	1/31/2017	31,200	5	\$5.25	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	75%	6	
506-530 KINGSLAND DRIVE, CHICAGO, IL														
Dynamesh Inc	7/31/2019	18,400	5	\$4.75	2.5%	1	0	\$1.00	\$0.50	6.00%	4.00%	75%	6	
Vacant PDS		32,000	5	\$4.50	2.5%	2	0	\$1.50	\$1.00	6.00%	4.00%	75%	9	
Pella Windows & Doors	9/30/2019	83,200	5	\$3.35	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	75%	9	
Vanco International, LLC	2/14/2017	43,690	5	\$4.50	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	85%	9	
900 DOUGLAS ROAD, CHICAGO, IL														
Accel Corporation	2/29/2020	76,638	5	\$3.35	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	85%	12	
1070 SWANSON DRIVE, CHICAGO, IL														
Vacant		107,800	5	\$3.35	2.5%	2	0	\$1.00	\$0.50	6.00%	4.00%	75%	12	

BATAVIA PORTFOLIO CASH FLOW PROJECTION

		1	2	3	4	5	6	7	8	9	10	11
Average Occupancy	AVG	83%	100%	100%	96%	96%	95%	99%	100%	97%	98%	99%
Fiscal Year Ending March	PSF	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
REVENUE												
Base Rental Revenue	\$3.56	2,264,200	2,285,184	2,391,791	2,468,214	2,570,380	2,652,657	2,731,914	2,812,308	2,899,322	2,991,906	3,079,992
Absorption & Turnover Vacancy	(\$0.65)	(411,842)	0	0	(90,633)	(100,495)	(136,042)	(52,161)	0	(78,036)	(55,831)	(33,222)
Rent Abatement	(\$0.14)	(85,994)	(12,093)	0	(14,664)	(30,148)	(7,164)	(31,985)	0	(17,441)	(8,375)	0
Reimbursement Revenue	\$1.91	1,218,051	1,507,393	1,557,515	1,539,357	1,578,069	1,616,748	1,714,659	1,801,705	1,799,799	1,872,926	1,946,539
Vacancy Loss	\$0.00	0	(57,647)	(60,128)	(45,279)	(84,858)	(144,021)	(165,960)	(230,699)	(165,486)	(217,869)	(216,443)
TOTAL REVENUE	\$4.69	2,984,415	3,722,837	3,889,178	3,856,995	3,932,948	3,982,178	4,196,467	4,383,314	4,438,158	4,582,757	4,776,866
EXPENSES												
Real Estate Taxes	\$1.34	853,299	878,901	905,267	932,424	960,398	989,210	1,018,884	1,049,450	1,080,935	1,113,364	1,146,766
Insurance	\$0.06	36,187	37,272	38,392	39,539	40,730	41,949	43,208	44,506	45,839	47,214	48,633
Utilities	\$0.05	32,894	33,881	34,900	35,944	37,024	38,135	39,277	40,457	41,669	42,920	44,208
Common Area	\$0.57	364,211	375,136	386,389	397,982	409,921	422,218	434,886	447,930	461,372	475,209	489,466
Management Fee	\$0.23	149,220	186,140	194,460	192,849	196,647	199,110	209,823	219,166	221,907	229,137	238,844
TOTAL EXPENSES	\$2.26	1,435,811	1,511,330	1,559,408	1,598,738	1,644,720	1,690,622	1,746,078	1,801,509	1,851,722	1,907,844	1,967,917
NET OPERATING INCOME	\$2.43	1,548,604	2,211,507	2,329,770	2,258,257	2,288,228	2,291,556	2,450,389	2,581,805	2,586,436	2,674,913	2,808,949
NOI GROWTH PER YEAR	6.7%		42.8%	5.3%	-3.1%	1.3%	0.1%	6.9%	5.4%	0.2%	3.4%	5.0%
CAPITAL												
Tenant Improvements	\$0.28	175,034	47,340	0	71,469	213,199	24,597	137,743	0	84,889	59,222	
Leasing Commissions	\$0.25	159,200	86,003	0	94,741	366,801	40,757	201,914	0	112,341	76,114	
Capital Reserve	\$0.10	66,013	67,995	70,032	72,134	74,296	76,526	78,825	81,186	83,621	86,132	
Roof Repair	\$0.00	0	0	582,222	623,051	0	0	0	0	0	0	
Parking Lot	\$0.00	0	182,609	81,305	0	0	0	0	0	0	0	
TOTAL CAPITAL	\$0.63	400,247	383,947	733,559	861,395	654,296	141,880	418,482	81,186	280,851	221,468	
CASH FLOW	\$1.81	1,148,357	1,827,560	1,596,211	1,396,862	1,633,932	2,149,676	2,031,907	2,500,619	2,305,585	2,453,445	

Valuation Summary

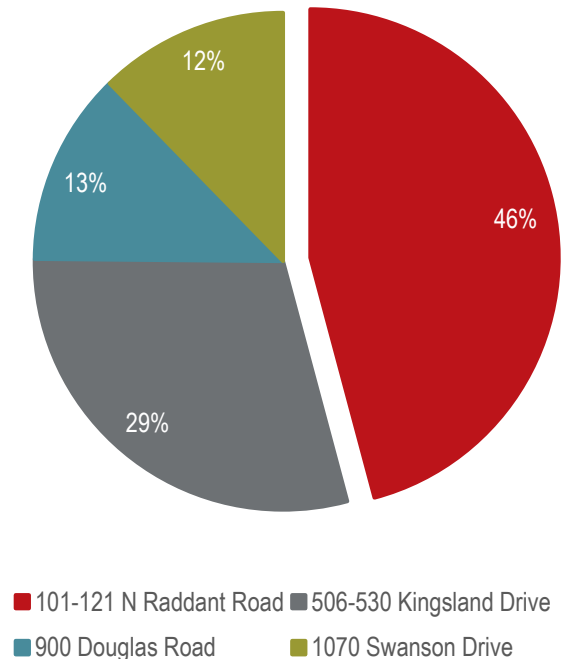
Property	Square Feet	Stretch Price (\$ Amount)	Stretch Price (\$ PSF)	Cap Rate (%) Stabilized Yield (%)	UIRR (%)	LIRR (%)
101-121 N Raddant Road	274,400	\$13,196,500	\$48.09	7.01%	6.8%	10.9%
506-530 Kingsland Drive	177,290	\$8,468,000	\$47.76	7.94%*	7.8%	12.9%
900 Douglas Road	76,638	\$3,666,500	\$47.84	6.94%	6.5%	10.1%
1070 Swanson Drive	107,800	\$3,389,000	\$31.44	8.95%*	10.2%	16.6%
Totals/WAV	636,128	\$28,720,000	\$45.15			

*references stabilized yield

Allocation Conclusions:

- **101-121 N Raddant Road** accounts for 46 percent of the portfolio allocation and 59 percent of the in-place NOI. The largest tenant, Amcor Rigid, has a lease through 2020 with healthy rent bumps. Investors will favorably value this asset due to tenant retention and expansion capabilities for their largest user.
- **506-530 Kingsland Drive** has a known vacancy of 32,000 square feet that will be lease-ready with minor capital improvements. Investors will underwrite some carry cost as well as a near-term roof replacement in year 3 or 4 of the analysis. This may impact pricing slightly compared to stabilized comparable product.
- **900 Douglas Road** is 100% leased to a single user, Accel Corporation. Investors will underwrite this asset favorably due to longer lease term and longevity of tenant. The asset has minimal capital requirements, however, investors may underwrite a parking lot resurfacing in the initial hold years.
- **1070 Swanson Drive** is currently 100% vacant and is designed to be a single user. Investors will likely discount this asset due to lease-up risk and lack of user volume for spaces 100,000 square feet or greater. The projected lease-up could range from 6-12 months, driving diminutive stabilization costs that will impact underwriting.

Allocated % of Portfolio Pricing



Life Company

- Continue to drive 'best pricing' on 65% LTV debt and strong appetite. 10/30 170-180 spreads for both 7-10 year spreads.
- Inflows of foreign Life Company capital increasing allocations for 70% LTV, 200 spreads, with IO on A and B quality product in primary and secondary markets.
- Since March 2015 Life Company spreads are +10-20 basis points versus CMBS +75 bps and BBB Corporate's at +40 bps. Allocations to real estate debt still very favorable for life companies.

Bank

- Continued strong appetite for loans, particularly for key clients
- Spread pricing has widened slightly, for some lenders, as forthcoming regulatory capital rules are incorporated into current pricing models
- For select, small to medium size deals, willing to go longer term (7+ years)

CMBS

- Spreads have widened out 75 basis points since March 2015. Triple A spreads are their widest (135-140 over T's) since 2012. Very attractive for bond buyers. Kickout's average 15-20% of pool versus 7-9% historically. 2015 volume is approximately \$90 billion in US which is similar to 2014.
- December 2016 Risk Retention Regulations will start to show up June-July 2016 and potentially widen spreads by 25-50 bps, reduce Interest Only and Leverage. Will be a game changer for higher LTV Borrowers and lower quality product by the end of 2016.

Alternative

- Bridge debt spreads have decreased 50-75 basis points since summer 2015 for 75% - 80% LTV debt on Value Add Product and will continue to show stress on spreads.
- Foreign capital flowing into Debt Funds and reducing spreads into the low to mid 300's for 75% LTV Value Add Product.

Current Lending Parameters

Bank

	3 Years	5 Years	10 Years
Leverage	50 – 65%	50 – 65%	N/A
Debt Yield	9 – 12%	9 – 12%	N/A
Pricing	LIBOR* + 150 – 250	LIBOR* + 150 – 250	N/A
Current Rates	2.74 – 3.74%	3.09 – 4.09%	N/A

Life Company

	3 Years	5 Years	10 Years
Leverage	N/A	50 – 70%	50 – 70%
Debt Yield	N/A	8 – 12%	8 – 12%
Pricing	N/A	T + 150 – 210	T + 140 – 210
Current Rates	N/A	3.20 – 3.80%	3.62 – 4.32%

CMBS

	3 Years	5 Years	10 Years
Leverage	N/A	65 – 75%	70 – 75%
Debt Yield	N/A	8 – 12%	8 – 12%
Pricing	N/A	S + 235 – 280	S + 200 – 260
Current Rates	N/A	4.02 – 4.47%	4.15 – 4.75%



*Current Rates based on December 17, 2015 interest rates. Floating rate debt assumes swapped all-in rate.

Why
JLL

JLL Industrial Capital Markets Capabilities



Investment Sales

Nearly \$5 billion and over 85 million square feet of closed transactions over the past three years with expertise in all industrial asset classes:

- Warehouse / distribution centers
- Manufacturing facilities
- Flex properties
- Data centers
- Truck Terminals
- Freezer / Cold Storage

Debt Placement

Senior and subordinate debt for acquisition, refinancing and construction for single assets and portfolios

Credit Tenant Lease bond financing

Equity Placement

Joint venture and preferred equity for:

- Project capitalization
- Platform growth
- Portfolio and asset / recapitalization

Closed end fund equity raising

Sale Leaseback

Investment grade and sub-investment grade long term monetization transactions

Short term sale / leasebacks and structured dispositions

Sale and partial leasebacks

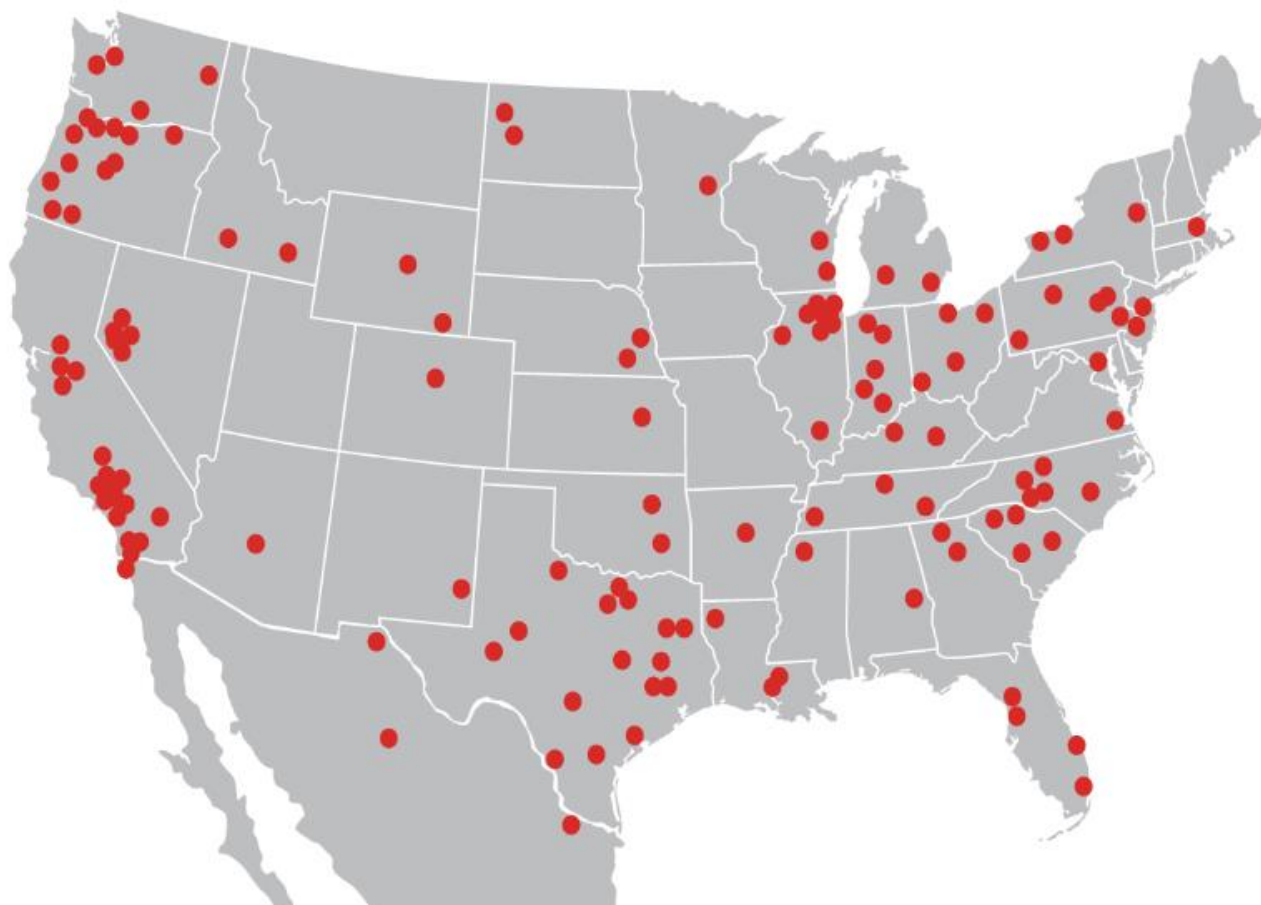
Build-to-Suit Structuring

Source and structure project capitalization (debt and equity)

Lease underwriting and structuring

Tenant credit underwriting

Completed Transaction Locations between 2011 and 2015

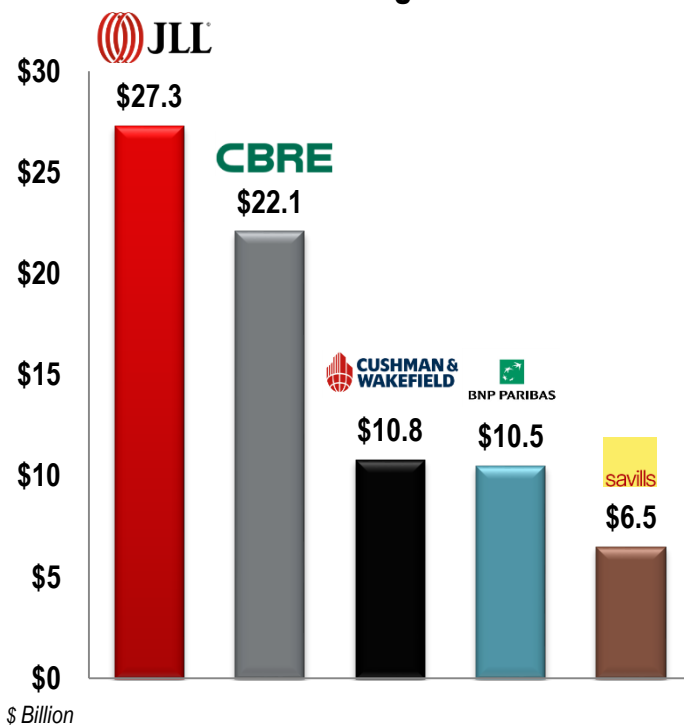


Capital Markets Global Presence

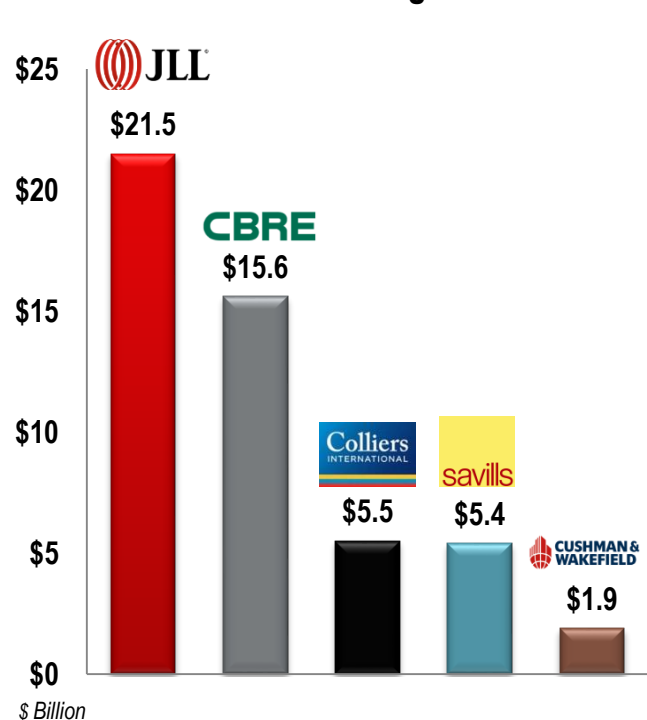
JLL's global footprint and track record are evidence that we know the assets, markets, buyers and optimal capital solutions that provide clients with maximum value. The International Capital Group's vast knowledge of the international capital markets will allow us to present the Property to a global audience.

As the number one real estate investment brokerage firm in EMEA and Asia Pacific, we have established lasting relationships with the most active capital sources worldwide. Our firm has held the top position for these rankings since 2011. Recently, JLL was ranked number one financial advisor by number of real estate transactions by the Sovereign Wealth Fund Institute (SWFI), ahead of Macquarie, HSBC, Citigroup, Barclays and JP Morgan.

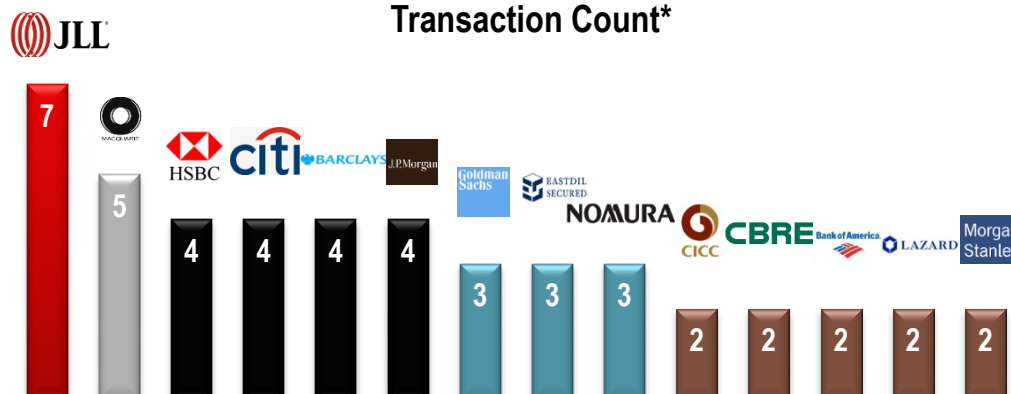
Top 2014 EMEA Investment Sales Brokerage Firms*



Top 2014 Asia Pacific Investment Sales Brokerage Firms*



Top 2014 Sovereign Wealth Fund Advisors by Transaction Count*



"Topping the SWFI league table for the second half of 2014 is a great testament to the hard work of JLL's capital markets teams globally on behalf of our clients. A key priority for us is to operate as one integrated team across borders, providing clients with a seamless service globally."
 -Arthur de Haast, Lead Director, International Capital Group, JLL

*Source: Real Capital Analytics

Relevant Chicago Portfolio Experience

JLL's depth of market experience across both leasing and capital markets throughout the Chicago industrial market, positions JLL to best execute on the disposition of the Fox Valley Industrial Portfolio on behalf of Liberty. Our local leasing experts have first-hand knowledge of the assets and surrounding industrial parks, including having represented current ownership and the original developer of this Portfolio as a leasing agent. JLL's Industrial Capital Markets team has a depth of knowledge and relevant experience across Chicago and other Midwest markets. Notably, JLL sold 2001 Baseline Road in Montgomery and is actively marketing the PPG Build-To-Suit in Aurora, further showcasing familiarity within the submarket. Below are two case studies of recent Chicago portfolios the team has executed on:



Transaction Characteristics

Transaction Name:	Northern Builders, Inc. Chicago Offering
Sale Price:	\$90,900,000
Close Date:	September 2014
Seller:	Northern Builders, Inc.
Buyer:	Hillwood Investments
Square Footage:	1,343,000 SF (6 buildings)
Location:	Chicagoland, IL
JLL Role:	Seller Representation

Transaction Description

Northern Builders, Inc. is one of the most well-recognized developers, investors and operators of real estate in the Chicago area. They hired JLL due to our established presence in the Chicago market from a leasing and capital markets perspective. JLL used a targeted marketing approach to efficiently close the transaction and educate potential investors on the market and leasing velocity in the Chicagoland area. The bulk distribution assets were highlighted by investment grade tenancy, and JLL local brokers who leased the Portfolio to its transacting occupancy were able to 'sell the story' behind the Portfolio and the potential growth forecasted for the market and the specific building types.



Transaction Characteristics

Transaction Name:	Chicago Industrial Portfolio
Sale Price:	\$45,273,000
Close Date:	July 2014
Seller:	Sitex Group
Buyer:	SparrowHawk Real Estate
Square Footage:	920,000 SF (14 buildings)
Location:	Chicagoland, IL
JLL Role:	Seller Representation

Transaction Description

Sitex Group hired JLL to market a 12 building Portfolio totaling approximately 742,000 square feet. JLL launched a broad marketing campaign, selling the several notable investment highlights, including value-add opportunity, scale in the growing Chicago market and tenured tenancy. During the marketing process, JLL effectively negotiated with SparrowHawk to include 2 more buildings, enlarging the Portfolio size and making SparrowHawk's first acquisition in the Chicago market larger.

Market Overview

Chicago Industrial Overview

Big box build-to-suits aim for 80

Large footprint build-to-suit construction continues to accelerate across the market as constrained big-box supply is driving more users to consider new development. 5.7 million square feet of build-to-suit development is currently underway across the market with another 4.8 million in the pipeline. The largest new projects are gravitating toward the I-80 submarket where ample land and superior connectivity offer opportune conditions for new warehouse and distribution facilities. I-80 boasts two intermodal facilities and an abundant labor supply making the submarket particularly attractive to heavy importers who are fueling large footprint demand. In the third quarter Mars/Wrigley and CenterPoint finalized negotiations on a 1.4 million-square-foot build-to-suit in Joliet marking Chicago's most significant new deal of 2015. The T-shaped distribution center being planned within the CenterPoint Intermodal Center is a stone's throw away from the 1.1 million-square-foot Saddle Creek build-to-suit the developer announced last spring. As development persists I-80 will continue to establish itself as one of Chicago's prime big box distribution corridors.

Industrial investors bet big

The Chicago industrial market reached another milestone in September after Exel Logistics and JLL announced plans to launch the first million square foot speculative project since 2013. Slated for a 2016 delivery, the distribution facility located in Exel's Joliet Campus will feature a 40 foot clear ceiling making it the first speculative building of its kind in the Midwest. The extra clearance will be particularly desirable for retail and e-commerce users seeking to implement a three tier of racking system. The project is a testament to the current state of the market where rising absorption and investment sale volumes have piqued investor's interest. Heightened investor confidence has ignited speculative development across Chicago's core industrial submarkets. 7.9 million square feet of spec has been delivered to date in 2015 and another 8.4 million is under construction. Approximately 63.5 percent of completed speculative space was leased prior to delivery.

Small to midsize user segment on the rebound

Leasing activity for industrial spaces between 10,000 and 80,000 square feet in Chicago is at the highest level observed since 2008. Feeling renewed confidence in the economy, users in the small to midsize segment are becoming more aggressive in their search for new space. At present there are at least 45 active small- to mid-size requirements out in the market seeking an average of 44,273 square feet. The majority of segment demand has been concentrated within higher density submarkets including O'Hare, DuPage, and Lake County.

Notable leases

Tenant name: submarket	Deal type	Size (s.f.)
Mars/Wrigley : I-80 Corridor	New - BTS	1,388,000
WM Wrigley Jr. Co. : I-55	Renewal	500,160
The Central American Group : I-55	New	490,420
Swap.com : I-55	New	361,176

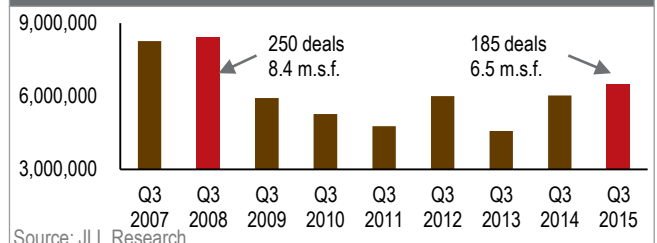
Source: JLL Research

Notable sales

Buyer: Cap rate	Seller	Bldg(s) SF	\$ Price per s.f.
Exeter: (Vacant)	Griffin Capital	1 700,200	\$31
American Realty : 5.2%	Opus / USAA	1 604,565	\$74
Pearlmark: 5.5%	Draper & Kramer	1 531,456	\$56
Midwest Rfrd: User	CenterPoint	1 411,415	\$55

Source: JLL Research

YTD lease volume in 10,000 to 80,000 s.f. segment



Source: JLL Research

4,501,769

Q3 2015 net absorption (s.f.)

20,723,000

Active tenant requirements (s.f.)

14,304,379

Total under construction (s.f.)

\$4.72

Average asking rent (p.s.f.)

14,739,428

YTD net absorption (s.f.)

6.9%

Total vacancy

13,875,064

YTD completions (s.f.)

\$52.92

Average sale price (p.s.f.)

Fox Valley Submarket Overview

1

Velocity tends to lag the overall Chicago industrial market

2

High ratio of heavy and advanced manufacturers

3

Limited Class A bulk distribution product when compared to the I-88 and North DuPage submarkets

4

Access to large, available and skilled local workforce

LEASE ACTIVITY

In the third quarter, smaller blocks were the big news, as three of the four leases signed this quarter were in spaces under 25,000 square feet. One significant deal signed this quarter was inked by Pella Windows which took possession of 83,200 square feet at 506-530 Kingsland Drive in Batavia. The lease represented an expansion for the window manufacturer. Third quarter volume, 108,171 square feet, was tremendously better than the second quarter volume of 45,566 square feet

RENTS

Rental rates are improving with asking net rental figures hovering at \$4.20 per square foot. The tightening of space in near by North DuPage will draw more interest in Fox Valley which could impact rents.

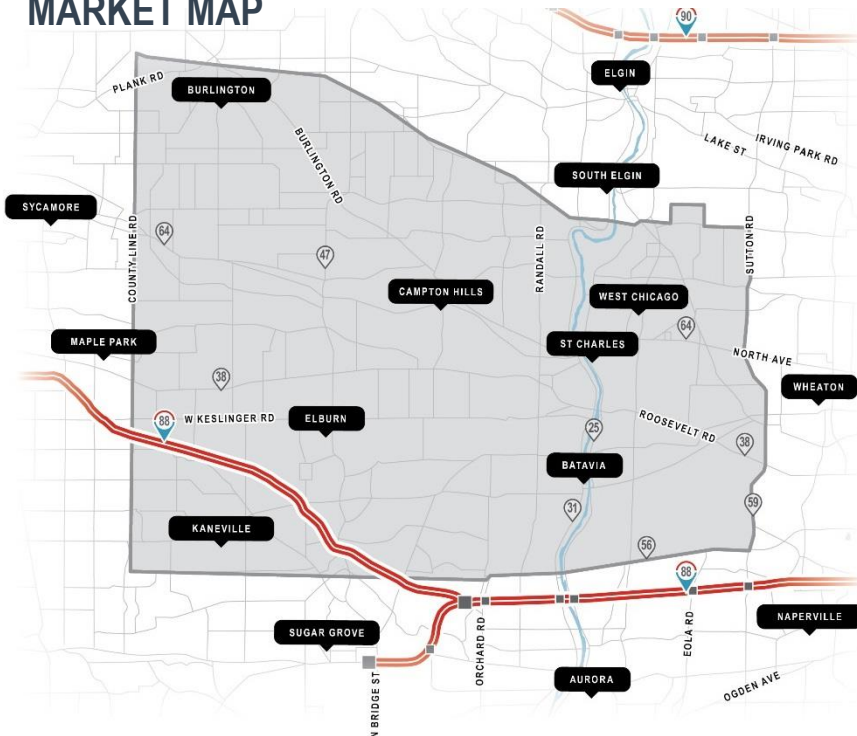
SALES AND CONSTRUCTION

Third quarter captured one investment sale as Cabot Properties purchased a 131,250 square-foot multi-tenant facility at 1198-1206 Nagel Blvd, Batavia. The building sold for \$7,937,500 or \$60.48 per square foot. Cabot is an active buyer in the Fox Valley market. Industrial development has been non-existent over the past 24 months. It appears it will remain that way as no new developments have been announced.

ECONOMIC OUTLOOK

This market will remain healthy for the foreseeable future. In fact, there are a couple of occupier transactions that are close to being completed that will drawn down Fox Valley's fourth quarter vacancy rate. The Fed's posturing about raising interest rates by the end of 2015 could spark more demand for building for sales in this heavily owner occupied market

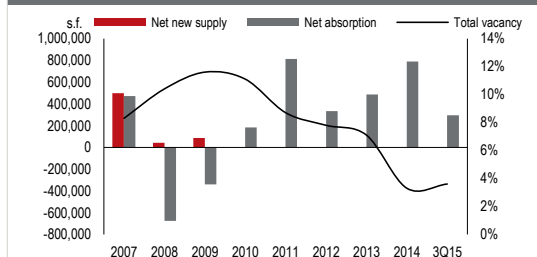
MARKET MAP



KEY MARKET INDICATORS

Supply	Total inventory (s.f.)	34,434,744	➤
	Total direct vacancy (%)	3.5%	▼
	Total vacancy (%)	3.6%	▼
Demand	Total net absorption (s.f.)	123,651	➤
	YTD net absorption (s.f.)	293,851	➤
Pricing	Average rental rate (nnn)	\$4.20	▼
	12-month dollar change	\$0.80	➤

NET NEW SUPPLY, NET ABSORPTION, VACANCY



Fee

Proposal

Fee Proposal

- 9-month exclusive listing agreement
- \$10,000 marketing budget
- 110 bps fee on gross sales price



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