



PROPERTY INSPECTION PROFESSIONALS

June 7, 2010

Client
Client Address

Re: ** South Michigan Avenue, * Floor, Chicago, Illinois 60603

Dear Client,

On June 7, 2010, Tomacor completed an inspection of the above referenced premises, otherwise known as the * floor of ** South Michigan in Chicago, Illinois. During the course of the inspection several deficiencies were noted which should be corrected before this open space is built out. In addition Tomacor recommends that the recently created Board of Directors turn over their minutes to you for your review. Present during the inspection were Mr. Tom Corbett of Tomacor Inc. and Mr. Engineer who is the buildings engineer. Mr. Engineer escorted Tom Corbett throughout the property and provided access to the common areas. It is important that the following areas be addressed before taking possession.

1. Confirm that the engineering report used to convert the property to commercial condominiums did not find problems with the buildings Northeast corner. Tomacor believes there may be a structural engineers report created to address the concerns and deficiencies of the northeast corner. This report, if one exists, should be evaluated by Mr. Client and forwarded to Tomacor for our review.
2. The City of Chicago has recently adopted a façade inspection ordinance in order to maintain a close watch on facades within the city. The façade inspection (all four sides) should be provided to Mr. Client and forwarded to Tomacor for our review in order to confirm that there are no deficiencies in this area. The buildings East façade was designed by Louis Sullivan a famous Chicago architect and it must be managed closely. In addition the East façade is made of terracotta which is very fragile. Forward the façade inspection to Tomacor for our review.
3. The east side skylight has been covered with a layer of roofing material due to apparent leaks. It appears as if this skylight may be rebuilt although it may be prudent to just have it replaced. Tomacor believes that you could wait a year or more even possibly 3 years before the skylight would need to be replaced. If the roof will be replaced sooner than that, then the skylight should be replaced while the new roof is being installed. A new skylight for this area could be \$30,000 or more.

4. In discussing the building with Mr. Engineer, Tomacor learned that the buildings roof will be replaced in 2011. At that point, members of the IA Collaborative (buyers) will occupy the space and be directly beneath the roof. The process of tearing off the existing roof and replacing it is an extremely messy process which sometimes involves asbestos abatement. Both interior and exterior dust tends to collect over office equipment, etc. It is not unusual for commercial properties to be covered with a roof partially fabricated from asbestos, tar paper, or base sheets. This should be checked. Tomacor also noted multiple leaks within the building directly beneath the roof and internal roof drain. Anticipate significant water in the space until the roof is completed. Insist upon inspecting the roof when completed.

The inspection of the flat roof from the top revealed that it is water saturated and needs to be removed and replaced immediately. This process will be very complicated due to multiple telephone cell sites and other roof mounted equipment. As mentioned earlier significant amounts of trash and construction debris will be produced some of which will fall upon the 12th floor office space. Tomacor recommends that the roof be replaced immediately and before you take possession of the property. Should you move in before the roof is replaced, anticipate considerable amounts of paint, dust, and construction debris and water which will fall from the 12th floor ceiling during the destruction of the old roof and installation of the new one. Review the attached photographs.

5. Access to the roof is through a steeply inclined ladder known as a captain's ladder at the top floor of the building. This ladder takes you into a mechanical room enclosure above the 12th floor. This room appears to be clad with cement asbestos board known as Transite siding. Any attempt to cut or demolish this material will release airborne asbestos particulate. Repairs to this siding will present health problems to you and coworkers should the building and your space not be fully prepared.
6. Mechanical and electrical build out has not taken place for the 12th floor space yet piping is available for the mechanical heating and cooling equipment. An electric meter bank sits in the closet at this level where electric connections can be made.

The engineer shared with Tomacor that the hydronic heating system is laid out in such a fashion that you may keep the current piping or and simply add onto it. The equipment appears new and the installation appears professional.

7. The engineer directed Tomacor to look at exterior condensers manufactured by Airstack. This equipment and the circulated coolant in its lines will allow you to air condition small sections of your office even in the middle of the winter. This is sometimes necessary should you own large servers or if your computer equipment creates significant amounts of heat when it is running.
8. The roof which is in place over the building to your immediate south also known as 18 South Michigan is deteriorated and should be replaced within the next 2-5 years. Tomacor would recommend that both of your roofs be replaced at the same time if possible. When the south end roof is replaced it will not affect your business operation.

9. Tomacor evaluated the cold water main which appears adequate and the electrical service entrance equipment which also appears adequate. Exterior masonry walls need repair and addressing at multiple points while the tuckpointing appears to be in average condition overall. Please note that the west and north sides of the property were not seen or inspected along the masonry façade line.
10. The east side windows at the top floor are original and they are rotten and should be replaced immediately. The expense of replacement could exceed \$100,000.

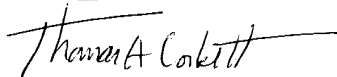
Conclusion

This architectural landmark on Michigan Avenue is known throughout the country as the Gage Building. It was designed by Holabird and Root while the east façade was designed by Louis Sullivan. His interest in ornamental detail is visible at the 12th floor condominium looking out the east side windows. The design intent and construction detailing from the original days of construction are unique and significant for the period. The building is however experiencing difficulties which should be corrected immediately.

Chief amongst those difficulties are the old roof and the Transite or asbestos siding product at the roof line. The roof should be replaced immediately and some disposition needs to be made regarding the future of the Transite siding and whether it will be removed during your ownership period. Any attempt at removal will require significant involvement from the State of Illinois, Department of Environment or EPA. Tearing off the existing roof will be a huge undertaking requiring the relocating of cell sites and roof top equipment for several weeks. The roof replacement should take place immediately once the roof is checked for asbestos content in its base ply and inter ply felts.

Please review the attached photographs for a clear photographic depiction of the deficiencies discovered.

Sincerely,



Thomas A. Corbett, President
Tomacor Incorporated