



Valbridge
PROPERTY ADVISORS

Appraisal Report

Highland Middle School
402 Shenango Road
Chippewa Township, Beaver County, Pennsylvania 15010

Report Date: October 10, 2019



FOR:

Blackhawk School District
Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219

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Valbridge File Number:
PA01-19-9529



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October 10, 2019

Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
Blackhawk School District
445 Fort Pitt Boulevard, Suite 503
Pittsburgh, PA 15219

RE: Appraisal Report
Highland Middle School
402 Shenango Road
Chippewa Township, Beaver County, Pennsylvania 15010

Dear Mr. Kustra:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property is located at 402 Shenango Road in Chippewa Township, Beaver County, Pennsylvania. It is further identified as Tax Parcel Numbers: 57-132-0164.000, 57-132-0161.001 and 57-008-0613.000. The site contains a gross area of 47.730 acres or 2,079,119 square feet and it is improved with a modern 137,409 square foot school building.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is the Blackhawk School District. The intended user of this report is the Blackhawk School District. The intended use is for asset valuation by the client. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- Considering the location, the demographics of the community and the quality and condition of the site and building, in this analysis we assume that the highest and best use of the subject would be for it continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could significantly impair its market value.
- The subject site includes three parcels totaling about 47.3 acres, of which, 31.03 acres is the primary school site and two parcels totaling about 16.27 acres is undeveloped surplus land. The surplus land is wooded and only limited observations were possible. Therefore, based on comments from Darrin Fleischman (Facilities Director), we assume that the 16.27 acres of undeveloped surplus land is usable. If a subsequent survey and topographical study of the surplus land is completed that is contrary to what is assumed herein, then we reserve the right to amend the appraisal.
-

Hypothetical Conditions:

- None.

If any of the above are found to be untrue, it could influence the value conclusions.

Based on the analysis contained in the following report, the value conclusion is summarized as follows:

Value Conclusion

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 17, 2019
Value Conclusion	\$29,940,000
Value Conclusion PSF	\$217.89

Respectfully submitted,
Valbridge Property Advisors | Pittsburgh



William K. Murtha, MAI
PA Certified General Real Estate Appraiser
Certification No. GA-000066-L



Thomas A. Murtha
PA Certified General Real Estate Appraiser
Certification No. GA-001590-L

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Summary of Salient Facts

Property Identification

Property Name	Highland Middle School
Property Address	402 Shenango Road Chippewa Township, Beaver County, Pennsylvania 15010
Latitude & Longitude	40.760087, -80.371635
Tax Parcel Numbers	57-132-0164.000, 57-132-0161.001 and 57-008-0613.000
Property Owners	Blackhawk School District and Highland Suburban Jointure

Site

Zoning	Suburban Residential District (R-3)
FEMA Flood Map No.	42007C0063D
Flood Zone	Zone X
Primary Land Area	31.030 acres
Surplus Land Area	16.270 acres
Total Land Area	47.300 acres

Improvements

Property Use	School, University-Classroom Building
Gross Building Area (GBA)	137,409 sf
Number of Buildings	1
Number of Stories	Multi-Level
Year Built	1957 / 2013 Major Renovations and Additions
Condition	Good to excellent
Construction Class	C - Masonry and S - Steel frame
Construction Quality	Excellent
Surface Parking	165 spaces

Valuation Opinions

Highest & Best Use - As Vacant	Remain vacant or a community use if demand is evident.
Highest & Best Use - As Improved	A school if demand is evident.
Reasonable Exposure Time	In excess of 1 year.
Reasonable Marketing Time	In excess of 1 year.

Value Indications

Approach to Value	As Is
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	\$29,940,000

Value Conclusion

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Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- Considering the location, the demographics of the community and the quality and condition of the site and building, in this analysis we assume that the highest and best use of the subject would be for it continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could significantly impair its market value.
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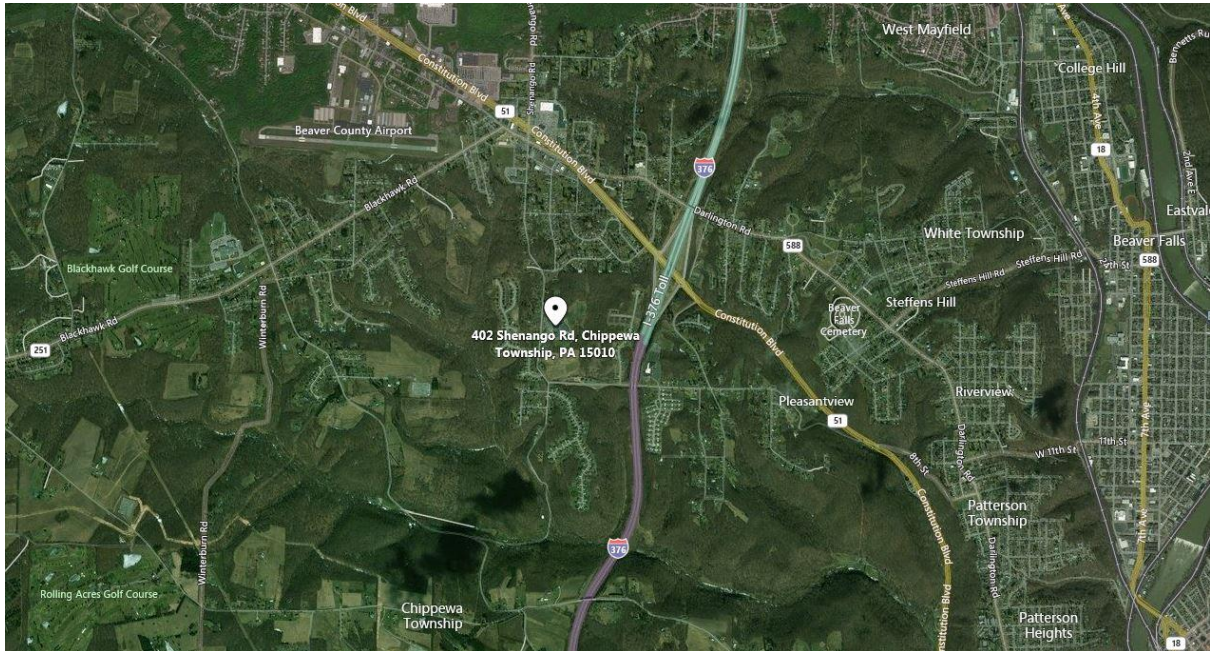
Hypothetical Conditions:

- None.

If any of the above are found to be untrue, it could influence the value conclusions.

Aerial and Front Views

AERIAL VIEW



FRONT VIEW



Introduction

Client and Intended Users of the Appraisal

The client is Blackhawk School District. The intended user of this report is the Blackhawk School District. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The intended use of this report is for asset valuation by the client.

Real Estate Identification

The subject property is located at 402 Shenango Road in Chippewa Township, Beaver County, Pennsylvania, 15010. The subject property is further identified by Tax Parcel Numbers: 57-132-0164.000, 57-132-0161.001 and 57-008-0613.000.

Legal Description

Please refer to the deeds located in the Beaver County Recorder of deeds office for a legal description of the subject.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was a school building property.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as a school, university-classroom building.

History of the Property

According to assessment records, title to the subject property is vested in the name of Blackhawk School District and Highland Suburban Jointure.

Tax Parcel Number(s):	57-132-0164.000, 57-132-0161.001 and 57-008-0613.000
Grantor:	State Public School, et al
Grantee:	Blackhawk School District and Highland Suburban Jointure
Deed Book Volume / Page:	1300/263, 702/134 and 45800
Sale Date:	1987, 1956 and 1930
Sale Price:	NA
Verification Source:	Assessment Records

Other than as noted herein, ownership of the property has not been transferred within the three years prior to earliest valuation date, nor is it presently listed, optioned, or under agreement of sale. The

known transaction history of the subject property has been analyzed and considered in the opinions and conclusions presented in this report.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that 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:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."¹*

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value. Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	September 17, 2019

The date of this report is October 10, 2019, which is the same as the date of the letter of transmittal. A site visit was completed to the subject property on September 17, 2019.

List of Items Requested but Not Provided

- None.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

Extraordinary Assumptions

- Considering the location, the demographics of the community and the quality and condition of the site and building, in this analysis we assume that the highest and best use of the subject would be for it continue to function as a school. If the subject no longer functions as a school, the current residential zoning would limit the potential legal uses of the property and this could significantly impair its market value.
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-

Hypothetical Conditions

- None.

If any of the above are found to be untrue, it could influence the value conclusions.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed below.

Appraisal Problem to be Solved

The appraisal problem is defined by the intended use, which is for asset valuation by the client. In this case, there is a single question to be answered, which is the market value of the real estate as defined under FIRREA, summarized in the following table:

Valuation Scenario	Effective Date of Value
As Is Market Value of the Fee Simple Interest	September 17, 2019

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.
- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

All of these approaches to value were considered in the appraisal process. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment, the Income Capitalization Approach was developed in this appraisal. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

Extent to Which the Property was Identified

The legal description was obtained from the tax parcel reference.

Extent of Property Inspection

The site was visited on September 17, 2019, at which time the exterior and interior were viewed. Floor plan drawings were available for review. Area measures were based on drawings and representations provided by the school district.

Land Use Regulations

The zoning district and land use regulations were confirmed via the zoning authority website.

Type and Extent of the Data Researched

Research included rent and expense comparables. Data sources included proprietary databases, interviews with market participants and Internet websites.

Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

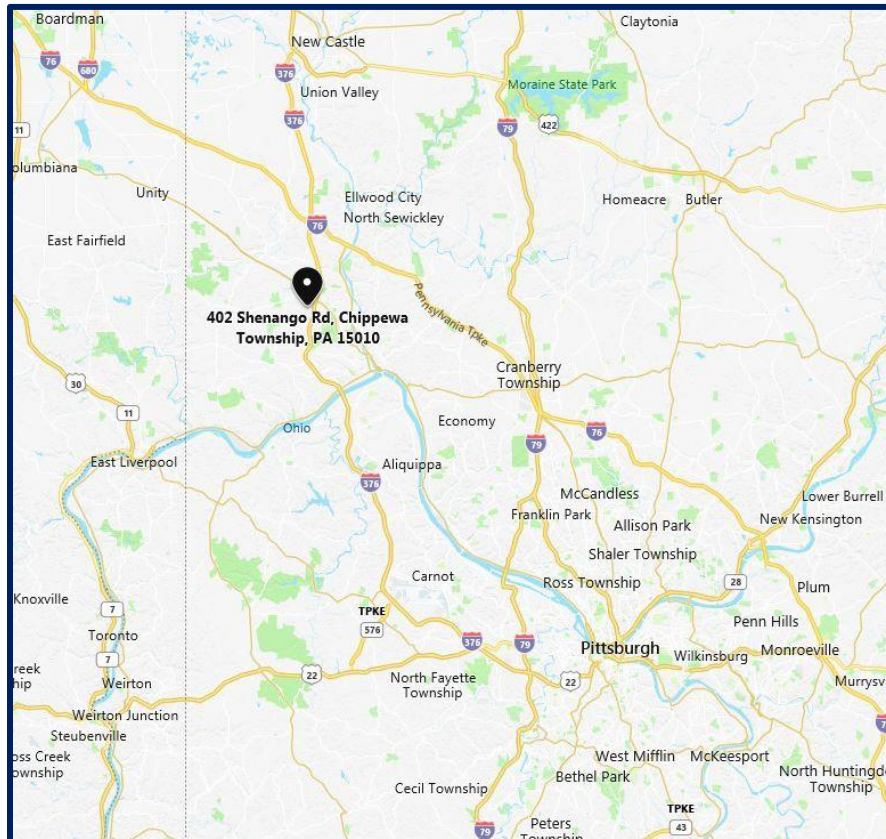
All furniture, fixtures, and equipment (FF&E) or any other personal property have been excluded from our analysis. The opinion of market value developed herein is reflective of real estate only.

Competency Statement

The appraisers have provided opinions of market value of similar properties throughout the region. They are familiar with the current trends impacting the property including mortgage interest rates, employment trends and user requirements. Furthermore, the appraisers are familiar with current financing and investor return expectations and trends within the regional real estate investment market.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in Chippewa Township, in Beaver County. It is part of the Pittsburgh MSA. The relationship of the county to the most proximate major markets is as follows:

Distance to Major Markets

Metro Area	Approximate Distance
Pittsburgh, PA	35 miles (Southeast)
Youngstown, OH	42 miles (Northwest)
Wheeling, WV	67 miles (Southwest)
Morgantown, WV	95 miles (Northwest)
Cleveland, OH	109 miles (Northwest)

* Distances are measured from Beaver Borough, which is the county seat.

Beaver County is in the western portion of the Pittsburgh Metropolitan Statistical Area and benefits from the concentration of employers, services and infrastructure of a major metropolitan area.

Infrastructure

Infrastructure considerations relate primarily to transportation and utility systems. First addressing transportation, roadways are perhaps the most important aspect. Primary routes within the area are identified as follows:

Primary Routes

	North-South	East-West
	PA Route 18	Interstate 76
	US Route 51	Interstate 376
	PA Route 60	US Route 30
	PA Route 65	--

Highway transportation within the region is adequate. Interstate 376 (formerly Route 60) is a limited access highway that bisects the county from the southwest border with Allegheny County and Pittsburgh International Airport extending north to Mercer County. It intersects with the Pennsylvania Turnpike in New Galilee. Route 51 is a heavily traveled secondary artery that connects a number of the older industrially based communities that line the Ohio River. Development along these routes is anticipated as utility services are extended and other local infrastructure improvements are implemented.

Other modes of transportation servicing the area are as follows:

Transportation

Mode	Provider
Airports	Pittsburgh International, Allegheny County
Railroads	Conrail, Amtrak, P&LE, CSX
Bus	Port Authority of Allegheny County, Greyhound, County Transit Authorities

The Pittsburgh International Airport (PIA) is one of the largest complexes built since the construction of the Dallas-Fort Worth Airport in 1974. The facility is fourteen miles west of Pittsburgh and provides transportation for residents throughout southwestern Pennsylvania, as well as those within portions of Ohio and West Virginia. Cutbacks by US Airways, the primary carrier, have left large portions of the structure underutilized and several gates have been moth balled. That said, discount carriers have moved into some of the gates. Southwest Airlines began flying to four non-stop destinations from Pittsburgh in May 2005 and is now the second largest carrier.

The Port of Pittsburgh includes Allegheny, Armstrong, Beaver, Butler, Clarion, Fayette, Greene, Indiana, Lawrence, Washington, and Westmoreland counties and the 200 miles of commercially navigable waterways within that region. It is home to more than 200 river terminals and barge industry service suppliers -- and is served by the CSX and Norfolk Southern railroads and four interstate highways. The port handled 40 million tons of cargo in 2009. About 34,000 jobs in the port area are dependent on the system.

The Beaver County Transit Authority provides bus service throughout Beaver County and to destinations in Allegheny County. The BCTA operates a 51-vehicle fleet including buses and coaches.

The authority opened the \$14 million Expressway Travel Center, a transit terminal with 200 parking spaces for commuters, in 2001. While budget constraints forced cuts in operation, the system still provides adequate service throughout the more densely developed portions of the county.

With regard to utility availability, the following providers service the region:

Utility Providers	
Service	Provider
Natural Gas	Columbia, Peoples
Electricity	Duquesne Light, Pennsylvania Power
Water	Municipal Authorities
Sewerage	Municipal Authorities

The highway system provides adequate access throughout the region and good linkage to nearby major markets. Other modes of transportation supporting passenger and freight movement are also good. The utility infrastructure is developed to the point where public utilities are available to most portions of the county. Overall, the regional infrastructure is well developed and is an asset to attracting new business to the area.

Physical Features and Land Use Characteristics

Beaver County's land area is approximately 444 square miles of rolling topography with its lowest point near the western banks of the Ohio River; much of the area remains undeveloped. The county features 10 square miles of water, the 7,572-acre Raccoon Creek State Park in the southern part of the county, and the 2,000-acre Brady's Run County Park in the center of the county.

Residential development is primarily occurring in the central portion of the county, along the Allegheny County border and near Cranberry Township. Commercial development is primarily occurring in the central portion of the county. Industrial uses are being pursued proximate to the I-76/I-376 Hopewell/Big Beaver corridors.

There is ample land available for development though utilities and infrastructure, as well as demand characteristics, limit the potential for growth.

Population

Population characteristics relative to the subject property are presented in the following table.

Population							
Area	2000	2010	Annual % Change 2000 - 10	Estimated 2019	Projected 2024	Annual % Change 2019 - 24	
United States	281,421,906	308,745,538	1.0%	332,417,793	345,487,602	0.8%	
Pennsylvania	12,281,054	12,702,379	0.3%	13,012,438	13,160,675	0.2%	
Pittsburgh MSA	2,431,087	2,356,285	-0.3%	2,359,300	2,359,594	0.0%	
Beaver County, PA 4	181,412	170,539	-0.6%	167,258	165,135	-0.3%	

Source: Site-to-Do-Business (STDB Online)

After experiencing a slight decline in population from 2000 to 2010, the MSA exhibited a slight gain from 2010 to 2018. This compares favorably to Beaver County which continued to decline in population, albeit at a nominal rate. The data suggests a slight continued decline through 2023.

Employment

Manufacturing, which was long the basis of the local economy, has been declining for an extended period of time. Major areas of employment include finance, health care, education, high technology, and research. Growth in these sectors is now sufficient to offset the losses experienced in the manufacturing sector, though not yet sufficient to drive regional growth. That noted, these sectors draw a highly educated, largely well-paid workforce. Employment by industry for the MSA is as follows:

Employment by Industry - Beaver County

Industry	2019 Estimate	Percent of Employment
Agriculture/Mining	687	0.80%
Construction	5,242	6.10%
Manufacturing	10,312	12.00%
Wholesale trade	2,406	2.80%
Retail trade	9,452	11.00%
Transportation/Utilities	9,280	10.80%
Information	859	1.00%
Finance/Insurance/Real Estate Services	5,242	6.10%
Services	39,872	46.40%
Public Administration	2,492	2.90%
Total	85,930	100.0%

Source: Site-to-Do-Business (STDB Online)

The county has a greater percentage of the population involved in the transportation/utilities industry than the MSA, state, or the nation. Manufacturing is well below any of the assembled areas. Services are generally consistent with state and national trends. Growth in the services sector has been driving economic stability in the region.

Principal employers in the region are listed as follows²:

Top 10 Employers by Employment in Q4 of 2018

Great Arrow Builders LLC
 Valley Medical Facilities Inc
 Passavant Memorial Homes
 Wal-Mart Associates Inc
 FirstEnergy Nuclear Operating Co
 Beaver County
 IPSCO Koppel Tubulars Corp
 McGuire Memorial
 Veka Inc
 Heritage Valley Medical Group Inc

Source: Quarterly Census of Employment and Wages

² Source: www.pasitesearch.com

The employment distribution and array of principal employers suggest adequate economic diversity in Beaver County. While historically there have been few drivers for considerable new employment, recent activity suggests that growth in the health services and research generated from the universities in the MSA may be starting to reinvigorate the economy.

Shell Oil purchased a 340-acre site for \$13.5 million for the development of a world-class, multi-billion-dollar, ethane cracker (petrochemical) plant. Demolition, foundation work, environmental cleanup, and site work are now complete. Construction of the petrochemical complex commenced in November 2017. The primary structures include four processing units, an ethane cracker, and three polyethylene units. In addition, Shell will construct a 900-foot long cooling tower, rail and truck loading facilities, an office building and laboratory, a water treatment plant, and a 250-megawatt natural gas-fired power plant. The plant will be receiving state grants and tax abatement through an expanded Keystone Opportunity Zone. The development is expected to create 600 permanent jobs at the plant and a greater number of spin-off jobs. It is expected that there will be up to 6,000 contractors working on construction of the plant. The proposed plant has also spurred considerable new development, including: a new hotel, a large training center for Columbia Gas, and increased residential activity within close proximity to the plant.

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. The county figure typically represents a figure that is a month behind the national and state figures.

Unemployment Rates

Area	2012	2013	2014	2015	2016	2017	2018	Current
United States	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%
Pennsylvania	7.8%	7.4%	5.9%	5.3%	5.4%	4.9%	4.3%	4.5%
Pittsburgh MSA	7.2%	6.8%	5.7%	5.3%	5.6%	5.0%	4.3%	4.0%
Beaver County	7.5%	7.2%	6.5%	6.0%	6.3%	5.5%	4.5%	3.8%

Source: Bureau of Labor Statistics - Not Seasonally Adjusted

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare unfavorably to the state and the country.

Median Household Income

Area	Estimated 2019	Projected 2024	Annual % Change 2019 - 24
United States	\$60,548	\$69,180	2.9%
Pennsylvania	\$59,112	\$66,924	2.6%
Pittsburgh MSA	\$58,651	\$67,051	2.9%
Beaver County	\$56,100	\$62,596	2.3%

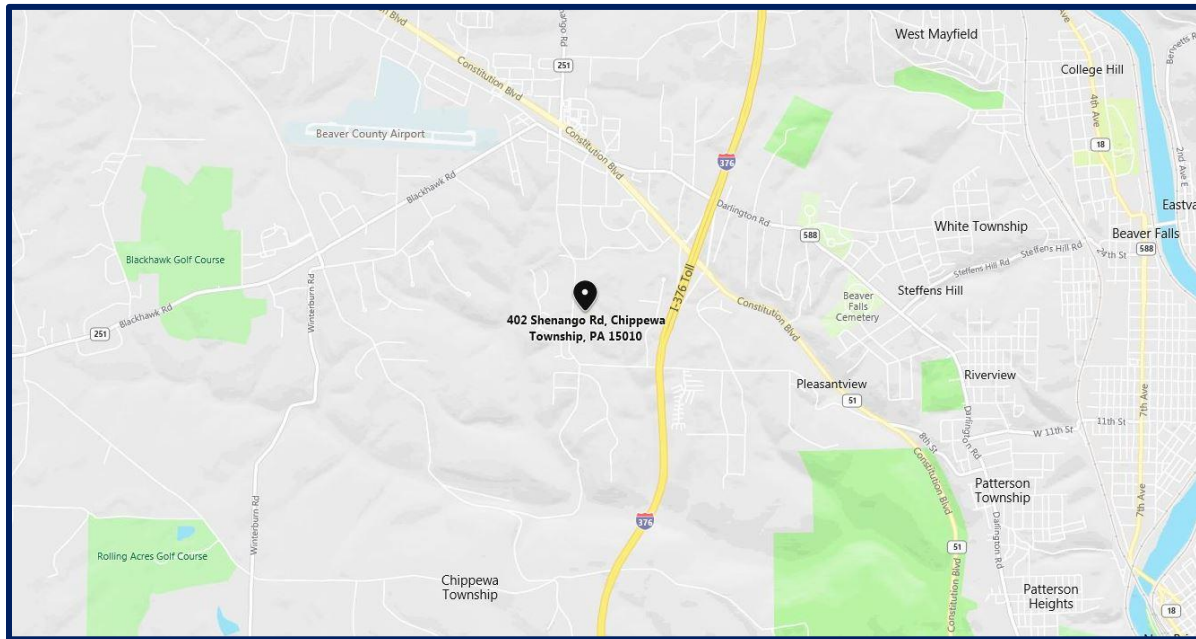
Source: Site-to-Do-Business (STDB Online)

Conclusions

Overall, the regional characteristics exert a stable to positive influence on the subject property.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Neighborhood Location and Boundaries

The neighborhood discussion addresses the relative desirability of the subject area within the region and identifies dominant characteristics of the residential and non-residential properties within the area. Neighborhoods are defined by political boundaries, transportation routes, etc. The subject neighborhood is identified as Chippewa Township.

Political Boundaries

Municipality/Ward/District	School District	Zip Code / Census Tract
Chippewa Township	Blackhawk School District	15010

Transportation Routes

Local East-West	Local North-South	Interstates
Routes 251 & 588	Route 51	I-376

The neighborhood boundaries are summarized in the following table:

Neighborhood Boundaries

Direction	
North	New Gallie Township
South	Brighton Township
East	Patterson, White and West Mayfield Townships
West	South Beaver Township

The location setting is suburban. Access to the area is rated as average.

Demographics

The following table depicts the area demographics within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics			
Radius	1 mile	3 miles	5 miles
Population Summary			
2000 Population	1,866	22,310	47,653
2010 Population	2,213	21,965	45,658
2019 Population	2,375	21,609	44,962
2024 Population Estimate	2,381	21,379	44,486
Annual % Change (2019 - 2023)	0.1%	-0.2%	-0.2%
Housing Unit Summary			
2000 Housing Units	759	9,542	19,896
% Owner Occupied	75.8%	64.6%	66.7%
% Renter Occupied	18.8%	28.0%	26.3%
2010 Housing Units	943	9,929	20,323
% Owner Occupied	75.4%	61.8%	63.6%
% Renter Occupied	18.2%	29.7%	27.8%
2019 Housing Units	1,027	9,954	20,415
% Owner Occupied	75.5%	62.1%	63.9%
% Renter Occupied	17.1%	28.4%	26.5%
2024 Housing Units	1,036	9,969	20,443
% Owner Occupied	74.6%	60.9%	62.7%
% Renter Occupied	17.5%	28.6%	26.7%
Annual % Change (2019 - 2024)	0.2%	0.0%	0.0%
Income Summary			
2019 Median Household Income	\$71,977	\$52,607	\$53,952
2024 Median Household Income Estimate	\$82,234	\$57,677	\$59,514
Annual % Change	2.7%	1.9%	2.0%
2019 Per Capita Income	\$42,000	\$29,879	\$29,175
2024 Per Capita Income Estimate	\$48,159	\$33,734	\$33,053
Annual % Change	2.8%	2.5%	2.5%

Source: Site-to-Do-Business (STDB Online)

Population levels in the 1-mile ring increased between 2010 and 2019; however, the population has declined within the 3 and 5-mile rings over this period. Median household income levels in the 1-mile ring exceed the county average but are below average in the 3 and 5-mile rings. The rate of growth is expected to be similar to the inflation rate.

Residential Desirability

Some of the primary factors influencing residential desirability are school district quality, safety services, municipal amenities, etc.

School District Information

District	Student Population	Grades Served
Blackhawk School District	2,400	K - 8; High School

Safety and Emergency Services

Police	Fire	Medical/EMS
Chippewa PD	Chippewa VFD	Medic Rescue / Tri-County Ambulance

Municipal Amenities

Parks	Library	Public Transport
Yes	Yes	County

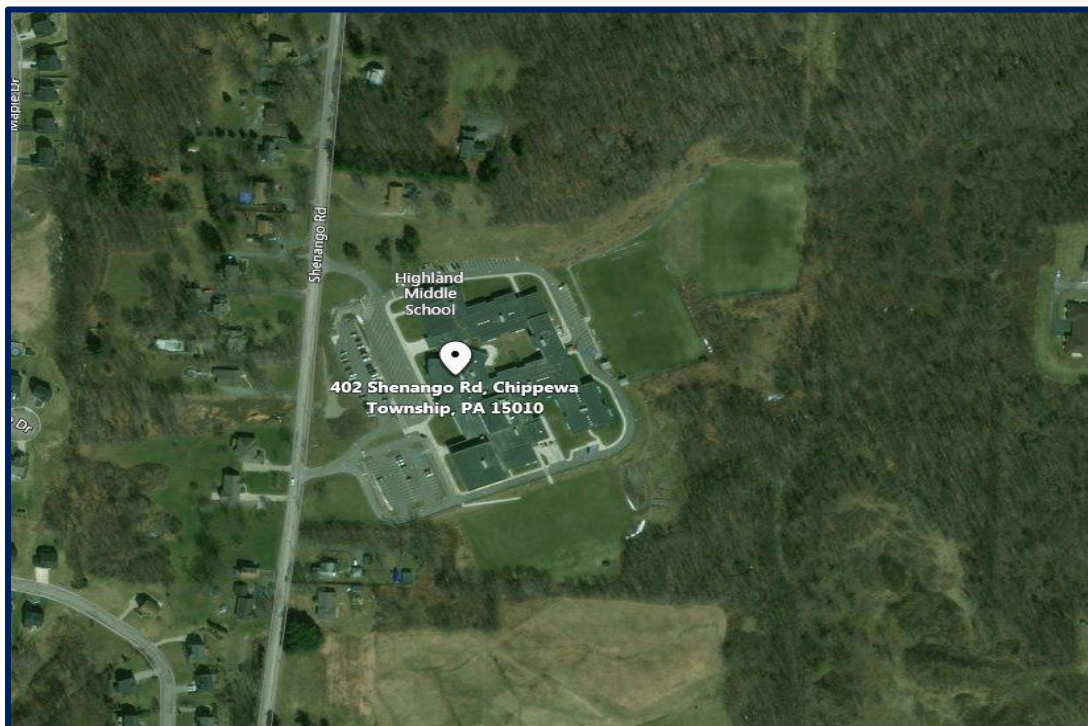
Neighborhood desirability for residential purposes is rated as average to good.

Non-Residential Characteristics

The area is also home to a large concentration of retailers that are situated along Constitution Boulevard to the northwest of Interstate 376. Most goods and services needs can be met within this district. Residential development within the community is likely to pick up as the economic impact of the Shell Cracker Plant grows. Additionally, development in the community is likely to benefit from an increase in the willingness of home buyers to drive longer distances to find new housing that fits within their budget.

Specific Location

The following aerial image provided by Google Earth depicts the subject in relation to its surrounding land uses:

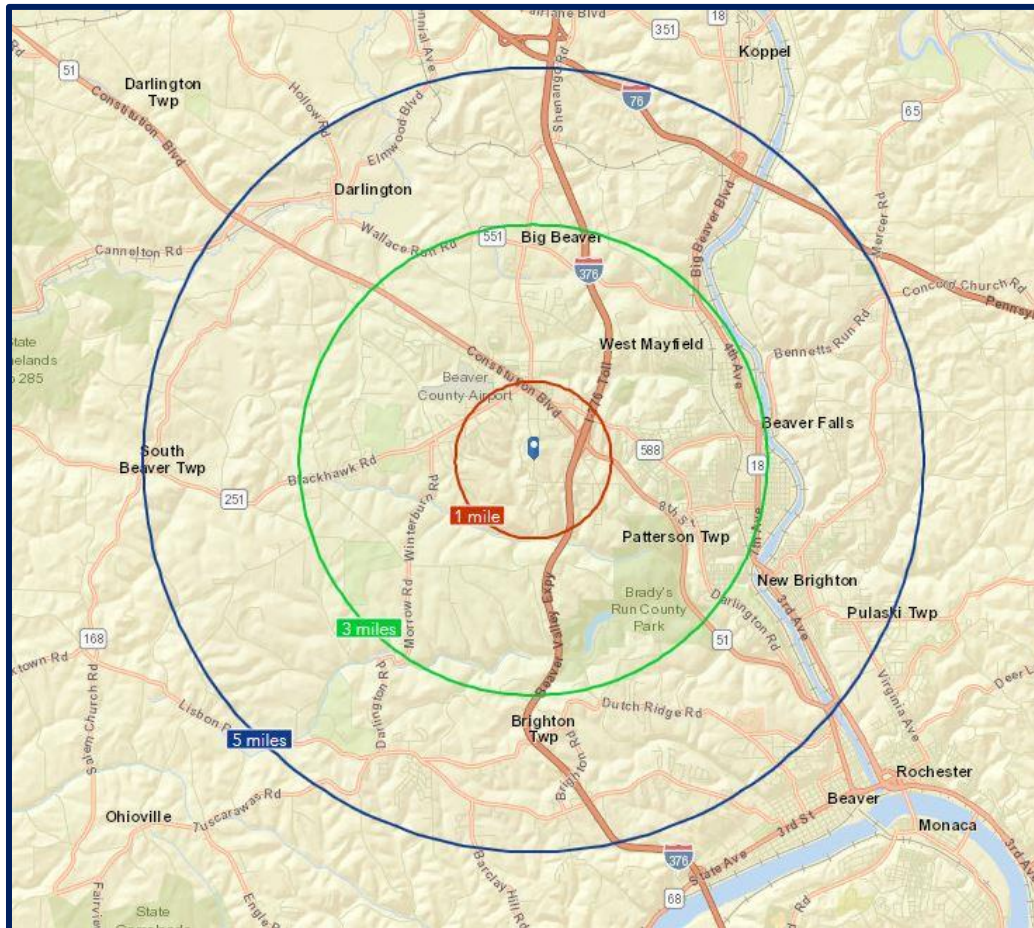


Conclusions

The area is in the stability stage of the neighborhood life cycle. The factors discussed above suggest that the area is generally equal to other neighborhoods in the county, and exerts a neutral influence on local real estate values.

Market Trends

MARKET AREA MAP



Definition of Product and Market Segmentation

In the following paragraphs, we describe the competitive qualities of the subject and the market segment in which it competes.

Property Type

The subject is a school/activity building.

Demographic information

As detailed in the neighborhood analysis, population in the trade area suggests that the neighborhood is suburban.

Supply and Demand Trends

The subject is a special purpose property, a school/activity building. To our knowledge, there are no public market trend surveys of properties of this type, but there are observable market trends occurring that influence this type of real estate.

In the Pittsburgh region, due to declining and shifting population bases, schools, churches, etc. have either been closed or built to accommodate the micro demographic trends in the region. For example, in 2008, the Pittsburgh Public School system put 20 vacant school properties on the market at a combined asking price of \$7 million. Given declining enrollment, these schools had become a burden to the district. A few of these have sold, while others remain for sale. In the North Hills area of Pittsburgh, four schools in the North Hills School District were placed on the market due to school consolidation. One of these, the Seville Elementary school sold in 2017 for \$445,000.

Conversely, some of the Pittsburgh area schools and others around the region have been purchased by a growing number of charter schools such as; Propel, City Charter High School, Northside Urban Pathways, Career Communications, Charter High School, the Urban League of Greater Pittsburgh Charter School, etc. Charter schools have become very popular due to their ability, at times, to outperform public schools. Not all charter schools succeed, however, and often they are at odds with public schools and their political power.

Other buyers in the market for school buildings have been education or religious oriented groups like Glen Montessori who purchased the former Perrysville Elementary School in Ross Township or Spectrum Charter School who specializes in children with cognitive and sensory challenges, including autism. Other school districts wishing to expand special services have also been buyers of these properties. While this group of buyers has focused on continuation of use, ***in other instances these types of properties have been sold or converted into other uses; commercial, multi-family or industrial, depending upon location and zoning. Location and zoning are significant factors in the redevelopment of these properties as they both outline feasible and permitted alternate uses.***

While the property type is special purpose, there has, historically, been enough buyers, to acknowledge that the available sales are market value oriented, however, in most instances, the sale prices are substantially less than the cost of construction unless there is a lease involved that allows for feasibility.

The subject property is the Highland Middle School within the Blackhawk School District. The Blackhawk School District is a small, semi-rural public-school district that spans portions of Beaver and Lawrence Counties in southwest Pennsylvania. The district encompasses approximately 64 square miles and it covers the Boroughs of Darlington, Patterson Heights and West Mayfield, along with Chippewa Township, Darlington Township, Patterson Township and South Beaver Township. It also serves the Borough of Enon Valley in Lawrence County. The school district currently serves approximately 2,400 students and this represents a decline of about 10.7% from the 2007/08 school year. This decline is greater than the overall population decline in the 5-mile radius.

Within the school district the Highland Middle School serves students from 6th to 8th Grade and it has an estimated 2018 enrollment of 752 students. A June 2019 study (*Demographic School Analysis: Population Projections for the Blackhawk School District*) completed for the Blackhawk School District suggests a 2028 enrollment at the Blackhawk Intermediate School of 715 students. The school was originally constructed in 1957 and there have been several expansions and renovations completed, with the most recent being a substantial renovation and addition project in 2013. In regards to the feasibility of the subject's continued use as a school we observed that the building was extensively renovated and expanded in 2013 and it is very good condition. The school is located in a suburban community that is generally stable and the student population is only expected to decline about 5% over the next ten years. These observable conditions suggest that the subject should continue to serve

the Blackhawk School District. If conditions within the district were to change, the school could potentially be used by an alternate educational entity.

Conclusions

In summary, there have been a number of former schools marketed in the Pittsburgh area over the last 20 years due to declining public school and religious school enrollments or due to outdated facilities being replaced. A more recent trend has been for some of these facilities to be purchased by a growing market of private and charter school groups offering alternatives to the public-school system. We expect that the trend will continue. In this instance, given observable conditions, we assume that the subject should continue to serve the Blackhawk School District, or it is possible to continue the use of the property as an educational facility for an alternate user. We do warn the client that if, the subject no longer served the school district or an alternate educational user were not available, the restrictive residential zoning of the site would be a limiting factor that would likely impair the marketing and market value of the property. ***See the Extraordinary Assumption.***

Site Description

The characteristics of the site are summarized as follows:

Site Characteristics

Location:	402 Shenango Road
Gross Land Area:	47.730 Acres or 2,079,119 SF
Usable Land Area:	47.730 Acres or 2,079,119 SF
Usable Land %:	100.0%
Shape:	Irregular
Topography:	Level to rolling to sloping
Utilities:	All available to site
Interior or Corner:	Interior
Signalized Intersection:	No: - Traffic signal nearby that enhances access to the site
Surplus Land:	Yes, see separate description

Street Frontage / Access

Frontage Road	Primary
Street Name:	Shenango Road
Street Type:	2 Lane Public
Number of Curb Cuts:	2
Traffic Count (Cars/Day):	2,225

Flood Zone Data

Flood Map Panel/Number:	42007C0063D
Flood Map Date:	August 17, 2015
Flood Zone:	Zone X

Other Site Conditions

Environmental Issues:	An evaluation of the subsurface conditions is beyond the scope of this report. This analysis assumes that the subsurface conditions are suitable for the existing use. Similarly, we make no determination as to the presence or absence of any environmental hazard and to our knowledge all hazardous materials have been abated.
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Easements/Encroachments: The site is subject to street and utility easements of record, including access easements. Other than those specifically listed, we are not aware of any easements, restrictions, encumbrances, leases, reservations, covenants, contracts, special assessments, ordinances or partial interests that would adversely affect value. We did not complete a title search or survey of the property and assume no responsibility for matters pertaining to title or ownership. We recommend that the client have such studies completed.

Site Ratings

Access: Above Average
Visibility: Average to good

Zoning Designation

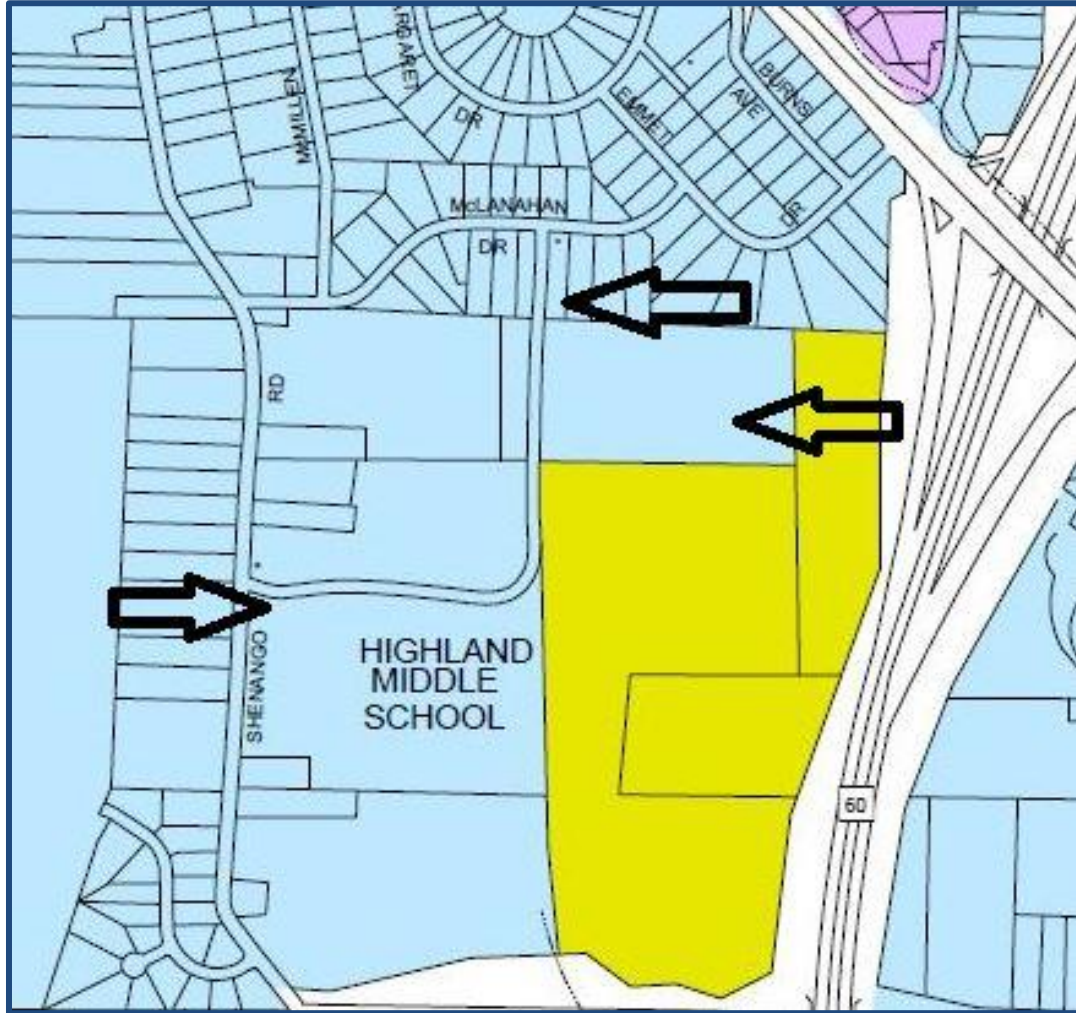
Zoning Jurisdiction: Chippewa Township
Zoning Classification: R-3, Suburban Residential District
Permitted Uses: Single-family detached residential dwellings, duplex, triplex and quadraplex residential, public parks and playgrounds, cemeteries and mausoleums, funeral homes and crematoriums, forestry and traditional neighborhood infill model.
Zoning Comments: A school is a special exception use.












Analysis/Comments on Site

The subject site includes three parcels totaling about 47.3 acres, of which 31.03 acres is the primary school site and we judge the primary site to be usable. The location is suburban and all public utilities are available. Access and visibility are favorable. The site is not located within a flood plain and we are not aware of any other adverse site conditions. Overall, the most limiting factor impacting the potential uses of the property is its R-3 zoning.

There is approximately 16.27 acres of undeveloped surplus land. The surplus land is wooded and only limited observations were possible. We assume that the site is usable. ***See the Extraordinary Assumption.***

ZONING MAP



ZONING DISTRICTS	
	AR-1 AGRICULTURAL RESIDENTIAL
	R-2 RURAL RESIDENTIAL
	R-3 SUBURBAN RESIDENTIAL
	C-1 NEIGHBORHOOD COMMERCIAL
	PC PLANNED COMMERCE
	SG SPECIAL GROWTH
	IC INDUSTRIAL CORRIDOR
	AIRPORT SURFACE OVERLAY DISTRICT
	PRD PLANNED RESIDENTIAL DISTRICT
	ARTD AGRICULTURAL RESIDENTIAL TRANSITION DISTRICT
	RCO RESIDENTIAL COLLECTOR OVERLAY

Improvements Description

Improvement Characteristics

Property Type:	Special Purpose
Property Subtype:	School, University Classroom Building
Number of Buildings:	1
Number of Stories	2 – Main level plus a partial upper level and a partial lower level that has rear exposure and is improved. All floor levels are included in the gross building area.
Construction Class:	C - Masonry and S - Steel frame per Marshall Valuation Service
Construction Quality:	Excellent
Gross Building Area (GBA):	137,409 SF (based on Eckles Engineering Documents)

Age / Life

Year Built:	1957
Renovated/Yr. Renovated:	Yes 2013
Yr. Blt./Renovated Comments:	Major renovations and additions in 2013.
Condition:	Good to excellent
Actual Age:	42 years
Effective Age:	5 years
Typical Building Life:	45 years
Remaining Economic Life:	40 years

Structural Characteristics

Foundation:	Masonry
Building Frame:	Masonry and steel
Exterior Walls:	Brick and decorative metal panels
Roof Material:	Rubber membrane (EPDM)

Interior Characteristics

Floors:	Combination
Walls:	Combination
Ceilings:	Acoustic Tile / Exposed
Lighting:	T-8 Fluorescent; vapor lighting
Restrooms:	Multiple student and faculty

Mechanical Systems

Electrical:	225 KV / 1,200 Amp – Observed. We assume that the electrical service is adequate.
Heating:	Boiler (gas), radiant heaters

Air Conditioning:	Chillers with Air Handlers
Fire Protection/Sprinklers:	Wet system
Number of Elevators:	2

Site Improvements

Primary Site Improvements:	Paved parking, concrete sidewalks and athletic fields
Landscaping:	Good

Ratios & Parking

Land-to-Building Ratio:	15.13 to 1 (Usable Land/GBA)
Floor Area Ratio (FAR):	0.07 (based on GBA)
Parking Spaces:	165
Parking Ratio:	1.20 (per 1,000 sf of GBA)

Deferred Maintenance

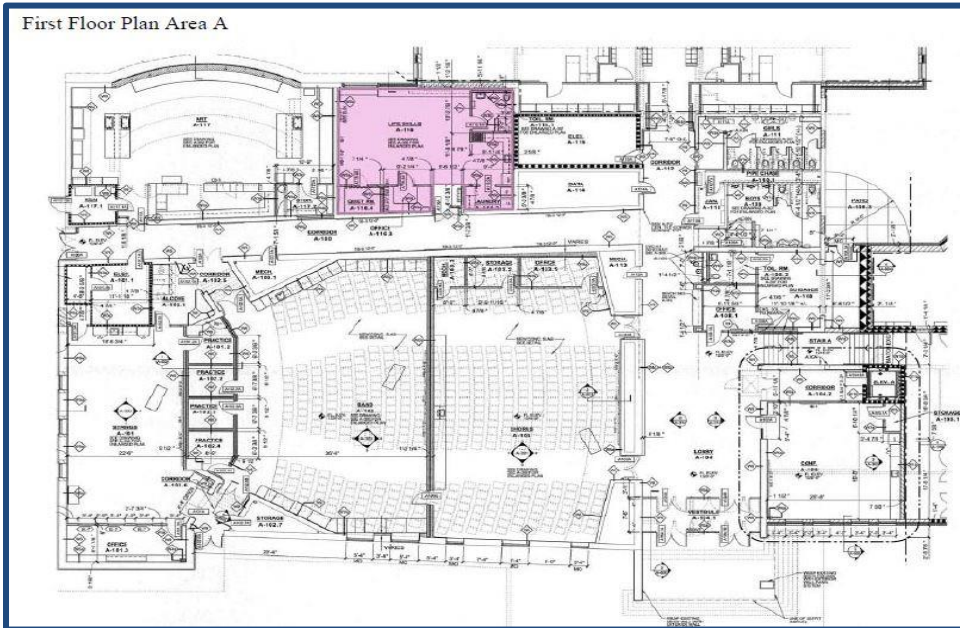
None observed.

Analysis/Comments on Improvements

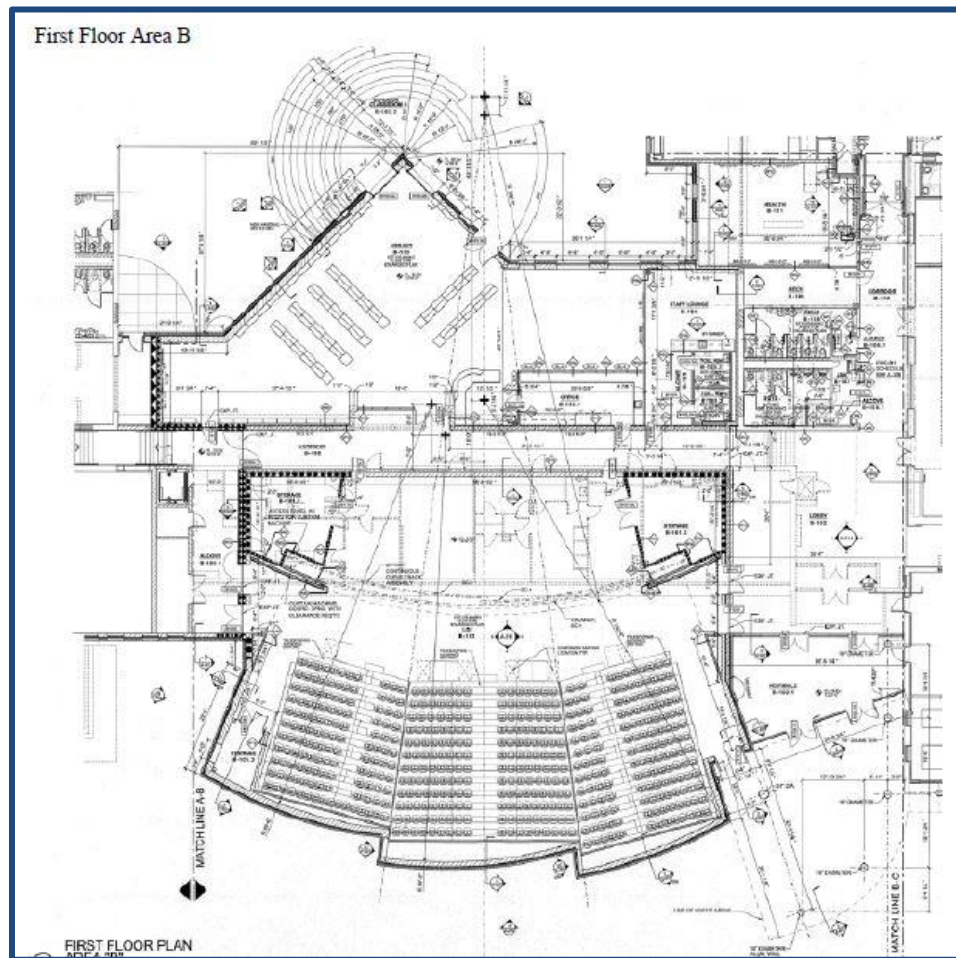
The subject is a modern school building and the functional utility of the property is rated as very good based upon a comparison of similar properties in the market area.

1ST FLOOR PARTIAL PLAN

First Floor Plan Area A

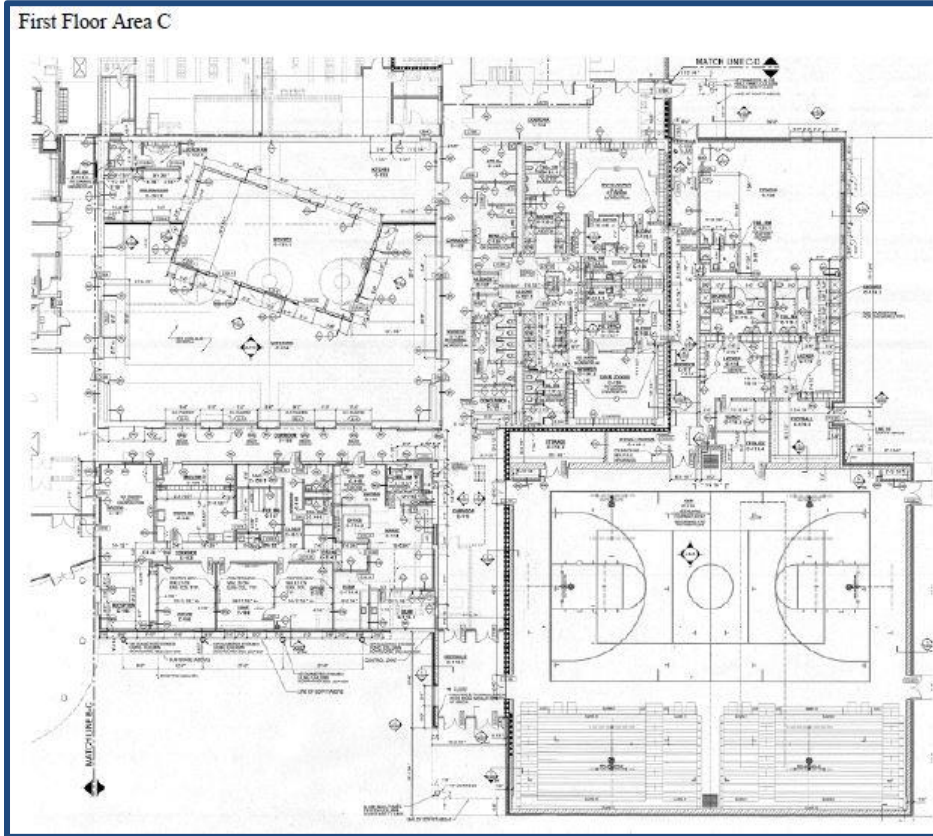


First Floor Area B

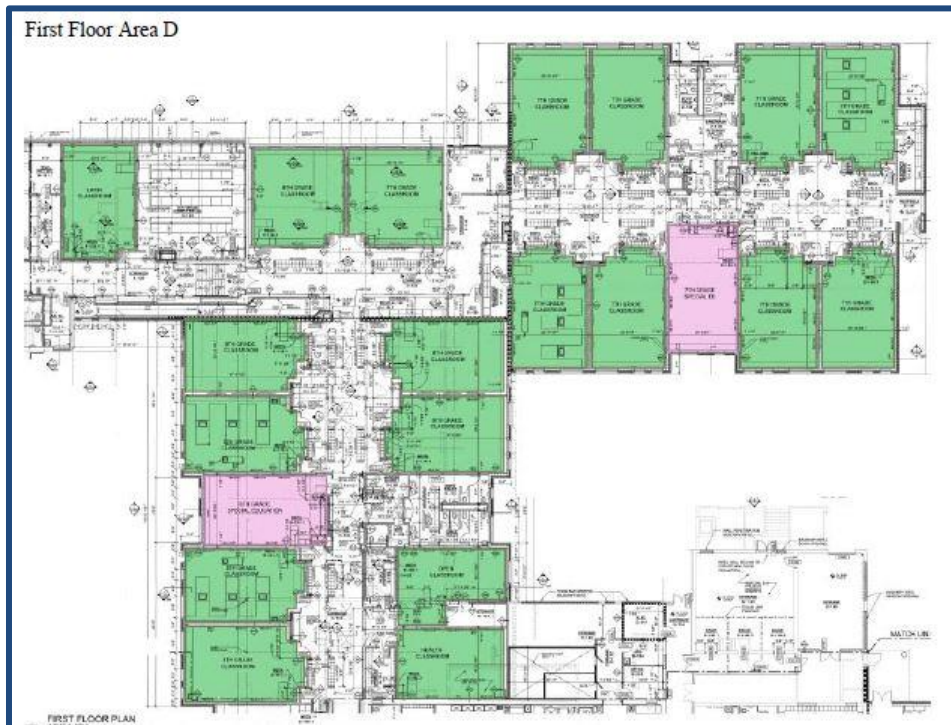


1ST FLOOR PARTIAL PLAN

First Floor Area C



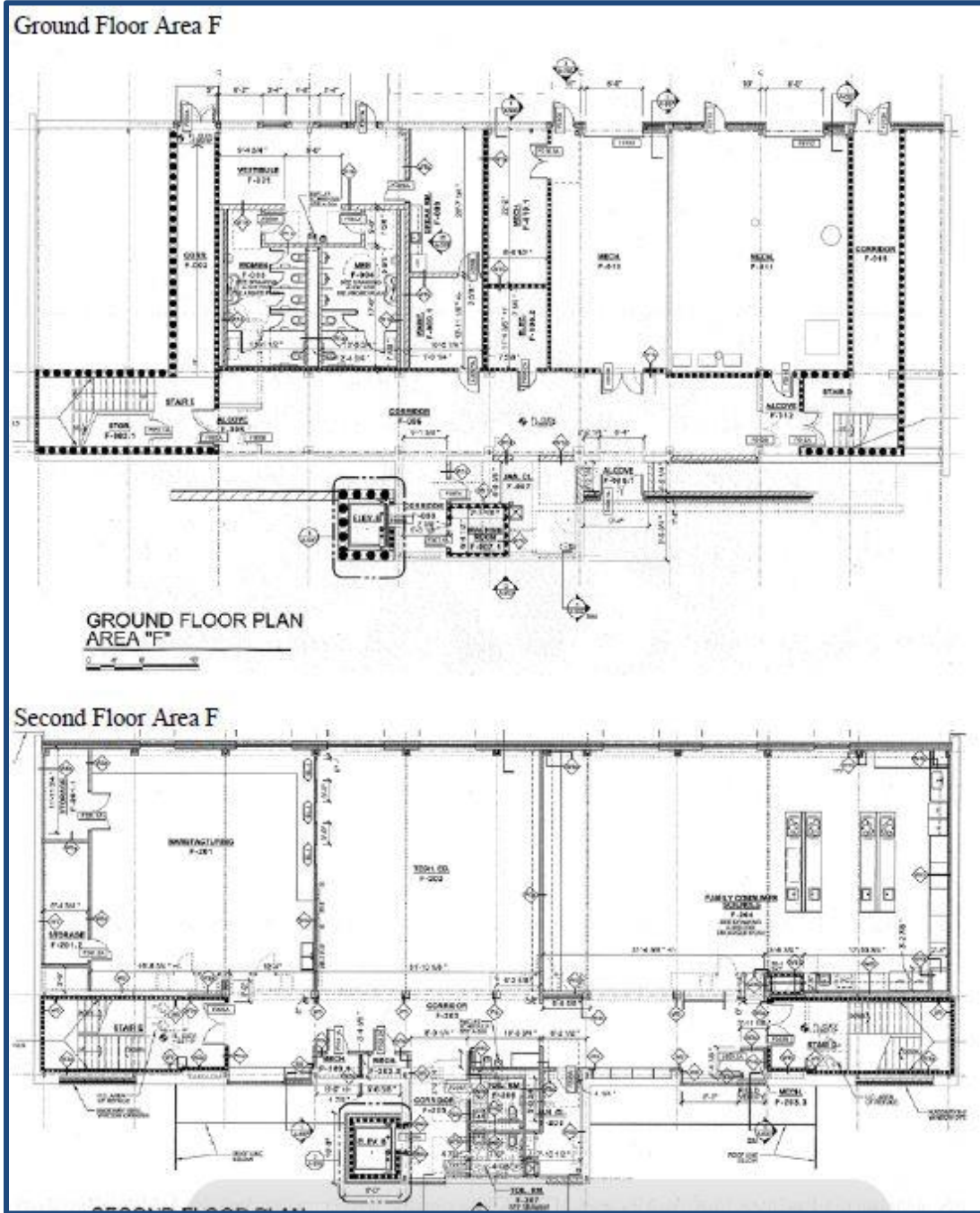
First Floor Area D



1ST FLOOR PARTIAL PLAN



GROUND FLOOR AND 2ND FLOOR PLANS



Zoning Overview

An overview of the zoning characteristics and requirements is provided in the tables that follow:

ZONING DESCRIPTION

Zoning Overview	
Jurisdiction:	Chippewa Township
Zoning Code:	R-3
Description/Category:	Suburban Residential District
Permitted Uses:	Single-family detached residential dwellings, duplex, triplex and quadraplex residential, public parks and playgrounds, cemeteries and mausoleums, funeral homes and crematoriums, forestry and traditional neighborhood infill model.
Current/Proposed Use Permitted:	Yes – as a special exception.

Conclusion

Based on the existing zoning regulations, the current use of the subject property was likely approved as a special exception use.

Limitations of Zoning Analysis

Zoning regulations are often complex and a number of factors can impact the compliance of a property. The data presented and the conclusions reported are not intended to be an absolute statement of compliance (or non-compliance) as that is beyond the scope of this assignment. If the intended user requires a more in-depth analysis of the zoning, an expert in that field should be consulted.

Subject Photos



Exterior View



Exterior View



Exterior View



Exterior View

Additional photos are included in the Addenda

Assessment and Tax Data

Assessment Methodology

The following identifies the current assessment for the subject. As a public educational facility the property is tax-exempt.

2019 Assessment

Parcel No.	57-132-0164.000	57-132-0161.001	57-008-0613.000	Total
Land:	\$53,450	\$28,850	\$4,850	\$87,150
Building:	<u>\$2,137,050</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,137,050</u>
Total:	\$2,190,500	\$28,850	\$4,850	\$2,224,200

The current common level ratio / factor for Beaver County is 4.59. Assuming an assessment of \$2,224,200 and a factor of 4.59, the indicated market value for tax purposes only is \$10,209,078. If an alternate use of the property is assumed the property would be reassessed by Beaver County.

Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

Legally Permissible

The subject site is zoned R-3, Suburban Residential District which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

Physically Possible

The primary factors impacting adaptability are the physical characteristics of the land and the influence of other land uses within the area. The physical site characteristics are reiterated as follows:

PHYSICAL CHARACTERISTICS

Characteristic	Conclusion
Land Area	2,079,119 square feet / 47.730 acres
Topography	Level to rolling to sloping
Shape	Irregular
Utilities	All available to site
Visibility	Average to good
Flood Plain	Zone X
Access	Above Average
Surrounding Land Uses	Suburban residential

Conclusion: There are no items of a physical nature that would materially limit any reasonable development plan.

Financially Feasible

Feasibility is a function of demand, which in turn can be measured through achievable sale, rent and occupancy levels. Ultimately, the question is whether or not demand is adequate to assure sale or rent levels that warrant anticipated construction costs. The test for financial feasibility depends on estimates of costs, income risk and expected rates of return.

Considering the permitted uses of the property, it is questionable if the demand for another permitted use would support a speculative development at this time, eg., a residential subdivision. Per the federal government’s SOCDS Building Permit Database, for the 5-year period from 2014 to 2018 there have been 61 new housing permits issued in Chippewa Township. This suggests that there is demand for new home development in the township. While demand may be evident, the cost to develop a residential housing subdivision on the subject site is not known, but the cost is expected to be high since at a minimum there would be a substantial cost to demo the existing school building. A qualitative comparison of the demand versus the anticipated development costs appears to suggest that the development of a residential subdivision on this site would not be feasible at this time. None of the other permitted uses appear to be a good physical match for the use of the subject site, or their feasibility is unlikely.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for the site to residential or a community use if demand is evident.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for residential or a community use if demand is evident.

Analysis of Highest and Best Use as Improved

As an improved property, the analysis must consider the following alternatives:

- Operate the property with no significant modifications.
- Implement property modifications to increase revenue potential, improve functional utility, enhance marketability or extend the remaining economic life.
- Raze the improvements to allow for an alternate development.

The following table summarizes the relevant factors:

Property Feature	Evaluation
Size	Consistent
Condition	Good to excellent
Functional Utility	Good
Consistency with Highest & Best Use as Vacant	Consistent

The highest and best use of the subject property, as improved, is a school if demand is evident.

Surplus Land

The improved subject property has a land-to-building ratio that is larger than generally associated with similar properties. We considered whether the additional land area is excess and allows for separate development, or if it is simply surplus land that provides some additional utility for expansion, storage, etc. In the first case, 'excess' land may be legally separated from the parent tract and have a distinctly separate HBU while in the second, the land is not separable from the larger tract.

Our analysis has established that the differential is representative of surplus land, which most likely cannot be developed separately unless there is an approved legal access to public roads. The impact of this surplus land is considered in the Income Approach.

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an alternate educational user.

Appraisal Methodology

Three Approaches to Value

There are three traditional approaches typically available to develop indications of real property value: the cost, sales comparison, and income capitalization approaches.

Cost Approach

The cost approach is based upon the principle that a prudent purchaser would pay no more for a property than the cost to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there are too few comparable sales to develop a credible Sales Comparison Approach analysis.

Sales Comparison Approach

In the sales comparison approach, the appraiser analyzes sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

The income capitalization approach is based on the principle that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Subject Valuation

As stated within the Scope of Work, we have relied upon the Income Capitalization Approach. The Cost Approach was considered; however, an estimate of accrued depreciation and obsolescence would be subjective. The Sales Comparison Approach was not completed since there is a lack of school sales in the region that are of similar quality, age and condition.

Income Capitalization Approach

Methodology

The income capitalization approach is developed by converting anticipated future income into an indication of present value by a capitalization process. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.

Direct capitalization involves applying a market derived capitalization rate to a stabilized forecast of income. This methodology is most appropriate for properties that investors would view as having stabilized income, expense, and risk levels.

Discounted cash flow (DCF) analysis requires a forecast of the income stream a property may produce during its remaining useful life or during a specific holding period, and a value reversion (i.e., resale of the property) at the end of the holding period. Development of the cash flow is a forecast predicated upon various assumptions about the property's future performance. The income stream and reversion are discounted to a present value at an appropriate discount or yield rate. This allows the modeling of an income stream to reflect potential fluctuations during the holding period. Thus, discounted cash flow analysis is of particular importance to investors, as it enables one to compare the financial return of the subject with alternative investments.

Income-producing properties, by nature, are developed and purchased for investment purposes, where earning power, including an income stream and return of investment, are the most critical elements affecting value. The forecast of income and selection of appropriate rate(s) are therefore important aspects of the valuation process. The process of developing the income approach consists of the following analyses:

Market Rent Analysis

An opinion of market rent is developed through an analysis of comparable rental transactions and offerings obtained through market surveys.

Income Analysis

Existing subject leases (if any) are reviewed and compared to market rent, which is applied to vacant space and upon lease rollover. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI).

Vacancy Analysis

The subject's existing vacancy is compared to the market. The potential loss of gross income due to vacancy, turnover, collection loss, or other factors is considered. The application of vacancy and collection loss to potential gross income develops effective gross income (EGI).

Expense Analysis

Expenses that are an obligation to the property are estimated based on the subject's history and/or comparable data, and are deducted from effective gross income to develop an estimate of net operating income (NOI). Inflation of expenses and other costs such as leasing commissions, tenant improvements, concessions and replacement reserves are included as appropriate.

Rate Analysis

Capitalization of the net operating income and/or cash flow stream is completed through the development of appropriate direct (overall), terminal, and yield capitalization rates, as appropriate.

Application of Methodology

Direct capitalization is most applicable to single-tenant and stabilized properties and those with long-term leases and level income. Discounted cash flow analysis better recognizes changes in income patterns over a holding period and is most applicable to below-stabilized and multi-tenant properties, properties that have tenants with various lease structures and/or properties with a high-level of anticipated lease turnover. Given the nature of the property in question, in this appraisal, we employed the direct capitalization to develop an indication of market value.

Income Analysis

In this section, the subject rent roll is reviewed and existing subject leases (if any) are compared to market rent to discern if a measureable leasehold interest is present. Additional income sources, expense recoveries, and rent escalations are considered. The sum of all income develops potential gross income (PGI), discussed as follows:

Lease Abstracts

The subject is currently not encumbered by any arm's length leases.

Estimate of Market Rent

To develop an opinion of market rent we surveyed representatives of comparable and competitive properties in the region, focusing on those offering the greatest similarity in terms of location, size and market appeal. We have included meaningful rent comparables in the analysis. The following table summarizes each of the rent comparables.

Rent Comparable Summary

#	Name/Location	Size - SF	Description	Rent PSF	Lease Structure	Lease Term
1	Alumni Hall Midland Beaver County	29,027	Charter School	\$40.28	Modified Gross	20 Years
2	Charter School Regent Square Allegheny County	34,000	Charter School	\$16.41	NNN	NA
3	Charter School Baldwin Allegheny County	40,677	Charter School	\$15.50	NNN	20 Years
4	Urban Academy Pittsburgh Allegheny County	36,687	Charter School	\$13.79	NNN	5 Years
5	Propel School Kennedy Township Allegheny County	33,306	Charter School	\$13.67	NNN	15 Years
6	Propel Elementary School Braddock Hills Allegheny County	34,490	Charter School	\$13.30	NNN	NA
7	Propel High School Braddock Hills Allegheny County	44,843	Charter School	\$12.02	NNN	NA

Market Rent Analysis

Notes are as follows:

- The rent comparables indicate a range of \$12.02 to \$40.28 per square foot.
- The low end of the range is set by older school properties that were renovated for continued educational use. These indicate a tight cluster from \$12.02 to \$16.41 per square foot, with NNN lease terms. Of this grouping, Comparable 2 is the most current lease (LOI). The current lease terms for this property is \$13.50 psf with NNN terms; however, once the expansion and renovations are completed the lease rate increases to \$15.50 psf. The LOI is expected to be effective by September 2020. The remaining leases in this grouping tend to have older start dates, but properties like this are not often leased.
- The high end of the range is set by a lease for a new music school in Midland Borough, Beaver County, PA. The higher rent is reflective of the modified gross terms, its smaller size and the new construction and high-tech features.
- The Propel school in Kennedy Township is a former industrial building that was converted. It is 33,306 square feet on 2.95 industrial acres. The property has good access from the Parkway West.
- The Propel schools in Braddock Hills are a part of a shopping center that also contained retail space. The center is on 11.47 acres of commercial land.
- The Regent Square property is an older building that was renovated.

There is a considerable rent gap between the older leased properties and the newer performing arts facility built in Midland, PA. Special purpose properties like the subject, when leased, are often leased at rates that are reflective of their construction cost. Per Marshall Valuation Service, a cost manual, the replacement cost of a good to excellent quality middle school ranges from \$227 to \$273 per square foot. Allowing for land and other miscellaneous costs, the replacement cost is likely to be around \$275 to \$300 per square foot without considering depreciation. Using other properties as a guide, rates of return are likely to be around 9 to 10%. This would indicate that a rental rate of \$24.75 to \$30.00 per square foot on a NNN basis would be reasonable. Allowing for depreciation, as the subject is a renovation, a rate toward the lower end seems supportable.

Conclusions

From the market data available, we used meaningful rent comparables, which were analyzed based on pertinent elements of comparison. The following table summarizes the market rent estimate considering the location, age, quality and condition of the improvements, and its larger size:

Market Rent Conclusion

Building Area	Market Rent PSF	Lease Term	Expense Structure	Tenant Allowance
137,409 SF	\$25.00	+/- 10 Years	NNN	As Is

Potential Rental Income

Potential rental income during the first year of the analysis is forecast in the following table:

Rental Income			
Component	Rentable Area (SF)	Rental Rate / SF	Annual Rent
School	137,409	\$25.00	\$3,435,225
Total	137,409	\$25.00	\$3,435,225

Expense Reimbursement and Other Income

Additional income can be derived from a number of sources including expense recoveries, parking income, percentage rent, and other sources. Based on the lease structure and operation of the subject property, no expense reimbursement income and other income are applicable.

Expense Reimbursement and Other Income	
Expense Category	Stabilized Estimate
Reimbursement	\$0
Other Income	\$0
Total	\$0

Potential Gross Income

The potential gross income is summarized in the following table:

Potential Gross Income	
Income Source	Stabilized Estimate
Rental Income	\$3,435,225
Reimbursement	\$0
Other	\$0
Potential Gross Income	\$3,435,225

Vacancy/Collection Loss

In this section, vacancy is estimated based on the current and projected market conditions. Collection loss is also considered. The application of vacancy loss develops effective gross income (EGI), discussed as follows:

- There is no Co-Star or other similar data available relative to the property type. For the most part either the schools are occupied or they are vacant.
- From a physical standpoint, the subject is a modern and well-maintained facility. The location is adequate, but a higher population density would be more desirable.
- Typically, commercial properties are purchased based on vacancy and credit loss factors ranging from zero to 15 percent. The low end of the range represents a property encumbered by a long-term lease with a credit user. The high end of the range represents a shorter-term contract with a local user. Typically, there are concerns about the durability of the income stream for properties at the high end of the range.

Potential users for the property would include a number of non-profit agencies that provide training/educational services to individuals with physical or mental limitations, vocational schools, charter schools, etc. Typically, the lease would be longer term since new improvements are involved but, there is no lease and there is risk associated with tenancy as the facility is not designed for a wide audience. Initial marketing and exposure time could be extended.

Given the location of the subject and the market data presented, a vacancy and collection loss factor of 15.0% is estimated.

Effective Gross Income (EGI)

Effective gross income consists of the income from all operations of the real property after an allowance for vacancy and collection loss has been applied. The revenue, stabilized vacancy and collection loss estimates discussed in the prior sections indicate a stabilized effective gross income as follows:

Effective Gross Income	
Item	Stabilized Estimate
Potential Gross Income	\$3,435,225
Vacancy & Collection Loss %	12.5%
Vacancy & Collection Loss Estimate	(\$429,403)
Effective Gross Income	\$3,005,822

Expense Analysis

Expense categories include Management/Administration, Utilities, Repairs/Maintenance, Cleaning, Real Estate Taxes, Insurance, Security, and Reserves. The expense projection is based on the following:

- No expense information was provided. All of the leases examined were NNN. Expense providers such as IREM and BOMA do not cover this property type. Under the assumed leasing scenario, the owner would be responsible for management/administration, reserves and miscellaneous expenses.

Management & Administration

This expense category includes management fees, professional fees, general office expenses, administrative payroll and payroll taxes. Management and administrative fees are typically measured as a percentage of the effective gross income. In western Pennsylvania, third-party management contracts typically fall in a range of two to five percent of the effective gross income. Administrative expenses are an additional half to three percent depending upon the age of the building and number of tenants. Given the potential leasing characteristics of the subject property, this expense is estimated as follows:

Management and Administration			
Effective Gross Income	Expense Ratio	Expense / Square Foot	Stabilized Expense
\$3,005,822	2.0%	\$0.44	\$60,116

Replacement Reserves

This expense allows for the periodic replacement of capital items. We have utilized the RealtyRates Investors Survey to develop a market-derived cost for this expense item. This survey indicates reserve for replacement costs ranging from \$0.25 to \$0.90 per square foot for the national special purpose market, with an overall average of \$0.63 per square foot. Considering the physical characteristics of the subject building and site improvements, a reserve for replacement cost is estimated as follows:

Reserves

Rentable Building Area	Expense / Square Foot	Stabilized Expense
137,409	\$0.50	\$68,705

Miscellaneous

Legal, audit, etc. We estimate a miscellaneous expense of \$5,000.

Stabilized Net Operating Income (NOI)

Net operating income consists of the income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and other non-periodic leasing and capital expenditures. The stabilized net operating income calculation is presented in the following table:

Stabilized Income/Expenses

	Stabilized		
	Total	Per Sq. Ft.	% of EGI
Income			
Rental Income	\$3,435,225	\$25.00	-
Reimbursement Income	\$0	\$0.00	-
Other Income	\$0	\$0.00	-
Potential Gross Income	\$3,435,225	\$25.00	-
Vacancy and Collection Loss	-\$429,403	-\$3.13	-
Effective Gross Income	\$3,005,822	\$21.88	100.00%
Operating Expenses			
Management and Administration	\$60,116	\$0.44	2.00%
Reserves	\$68,705	\$0.50	2.29%
Miscellaneous	\$5,000	\$0.04	0.17%
Total Expense	\$133,821	\$0.97	4.45%
N.O.I.	\$2,872,001	\$20.90	95.55%

Direct Capitalization Analysis

The income capitalization approach to value is based on the premise that a direct relationship exists between the value of a property and the stabilized level of net income it is capable of generating. Direct capitalization is the process of converting a stabilized income stream into an estimate of value and is obtained by applying an overall capitalization rate (OAR) to the net operating income (NOI) before debt service. The direct capitalization rate is the ratio between a single year's net operating income expectancy and the total property price or value. Several techniques were employed in the determination of an appropriate overall capitalization rate for the subject. These are discussed below.

Overall Capitalization Rate (OAR)

Two indicators have been analyzed to estimate an appropriate overall capitalization rate for the subject, including market comparables and the band of investment technique.

Market

In the market extraction method, recent sales of similar buildings purchased solely for investment purposes were assembled and analyzed. In each case, the stabilized income potential was estimated and applicable expenses deducted to derive stabilized net income potential. The following overall rates, listed in descending chronological order, were extracted from recent sales of similar properties.

OAR - Market Extraction

#	Property / Address	Sale Price	Sale Date	OAR
1	Propel - Kennedy Township	\$5,555,000	Aug-10	7.51%
2	Propel - Braddock	\$11,202,170	May-13	10.39%
3	Office - Pine Township	\$2,850,000	Mar-19	8.52%
4	Office - Monroeville	\$960,000	Jan-19	8.01%
5	Office - Brentwood	\$1,600,000	Oct-18	9.71%
6	Office - Castle Shannon	\$2,050,000	Dec-17	8.03%
7	Office - Pine Township	\$3,300,000	Sep-17	8.61%
8	Office - Center Township	\$1,633,000	May-17	9.02%
9	Office - Pleasant Hills	\$5,125,000	Dec-17	10.05%
10	Office - Bethel Park	\$3,600,000	Sep-16	8.96%
11	Office - Pleasant Hills	\$1,920,000	Apr-16	8.91%

OAR - Summary

Minimum	Mean	Median	Maximum
7.51%	8.88%	8.91%	10.39%

The first two sales are sales of leased school facilities. They range from 7.51% to 10.39%. The first sale was in Braddock Hills and the sale was a mix of retail and building area that had been converted into educational use for Propel. The second sale was also a Propel school having a superior location off of the Parkway West. There was about ten years remaining on the lease at sale. The remaining sales are for office properties in superior commercial locations. Given, the dearth of sales of leased schools we felt that office sales would reflect the lower end of overall rates as there is less risk and the properties are in better locations with superior zoning.

There are locational, physical and economic factors that influence the estimation of an overall capitalization rate. In our opinion the overall rate should be above the averages of the data set. Factors that influence a selection above the averages and reflect higher risk are an absence of credit tenancy, its specific design as a school which limits alternate users, its residential zoning and location, and its larger size. Favorable influences are primarily the quality, age and condition of the building and improvements. In summary, it is our opinion that the physical and economic risk assessment places upward pressure on the capitalization rate and suggests a rate above the mean of the data set. Given the previous observations, the Market Extraction Method supports an overall capitalization rate of 9.50 percent.

Band of Investment Technique

This technique is based on the premise that investments in income-producing properties are typically financed with a mortgage, and that an equity investor will seek the best available loan terms to take advantage of leverage. An overall capitalization rate must reflect the complete cash flow requirements of an investment. The derivation of an overall capitalization rate by the band of investment method develops a weighted average of the mortgage constant and a competitive equity dividend rate necessary to compensate for alternative investments. The equity dividend rate is described in the following table:

Equity Requirement		
Class	Rate Range	Description
A	6% to 9%	Properties have good locations, minimal risk and future upside potential. Appreciation must be expected. Only the best Class A facilities fall within this category. Facilities with one or a few tenants delineate the low end of the range.
B	9% to 12%	Properties that are not perceived to have substantial risk, but the upside is often limited. Locations are still generally good and sometimes there are barriers to new competition.
C	12% +	These facilities typically have secondary market positions, occupancy issues or no upside. The durability of the income stream is an issue. In some cases, properties have significant competition or serve a limited market.

Given the characteristics of the subject property, an equity requirement of 14.0% is estimated. The following summarizes the indication from the band of investment technique:

Band of Investment Technique			
Mortgage Interest Rate	=		6.00%
Mortgage Term	=		20 years
Mortgage Ratio (M)	=		75.0%
Mortgage Constant (R _M)	=		0.08597
Equity Dividend Rate (R _E)	=		14.00%
Mortgage (LTV) Ratio (M)		Mortgage Constant (R _M)	Mortgage Component
75.0%	x	0.08597	= 0.06448
1 - Mortgage Ratio (1-M)		Equity Dividend Rate (R _E)	Equity Component
25.0%	x	14.00%	= 0.03500
Overall Rate (R_O)			= 9.95%

The overall capitalization rate indications are as follows:

OAR Summary Table

Market Extraction	Band of Investment	Conclusion
9.50%	9.95%	9.75%

Direct Capitalization Conclusions

The direct capitalization calculation is presented as follows:

Value Indication - Income Capitalization Approach	
Net Operating Income	\$2,872,001
Overall Capitalization Rate	9.75%
Stabilized Value Indication	\$29,456,421
Add: Surplus Land (See Below)	\$160,000
Value Indication	\$29,616,421
Rounded To	\$29,620,000

Surplus Land

We estimate that there is approximately 16.27 acres of undeveloped surplus or excess land, depending upon access. The surplus land is wooded and only limited observations were possible. We assume that the site is usable (**See the Extraordinary Assumption**); however, lacking a survey of the site identifying the location of available utility lines, roadway frontage and access, and the topography of the site, it is more subjective to estimate a market value. Nevertheless, following are 9 recent residential / agricultural land sales from the Blackhawk School District that sold through the West Penn Multi-List.

Land Sales

Sale #	Street	Township	Sale Date	Sale Price	Acres	Price Per Acre
1	Park Road	Chippewa	2019	\$98,000	5.25	\$18,667
2	Morrow Road	Chippewa	2016	\$252,500	14.86	\$16,992
3	Branch Street	Chippewa	2018	\$90,000	5.71	\$15,762
4	McLain Road	Chippewa	2019	\$150,000	14.74	\$10,176
5	Taggart Road	Darlington	2019	\$138,000	15.30	\$9,020
6	Edgewater Drive	Darlington	2018	\$75,000	15.59	\$4,811
7	SR 551	Darlington	2018	\$210,000	44.90	\$4,677
8	East Palestine Road	Darlington	2017	\$165,000	48.66	\$3,391
9	SR 168	Darlington	2019	\$115,000	48.00	\$2,396
Average	-	-	-	\$143,722	23.67	\$6,072

The sales range is sized from 5.25 acres to 48.66 acres and the average size is 23.67 acres. The price per acre range is \$2,396 to \$18,667 per acre and the average is \$6,072 per acre. Sales 1 and 3 are the smallest sites in the compendium of sales and these two sales are at the top of the unit price range. Sale 2 is a 14.86-acre site that is also at the top of the unit price range; however, the site is located in an improved housing plan. Based on our knowledge, Sale 1 to 3 are superior to the subject due to either smaller size or location. Sales 7, 8 and 9 set the low-end of the unit price range and these three sales are also the largest parcels in the data set. It is typical for larger sites to sell at a lower unit price range and for this reason these 3 sales are judged to be inferior to the subject. Sale 4 is located in Chippewa Township and at 14.74 acres the size of this property is quite similar to the subject. Therefore, according most weight to Sale 4, our market value estimate for the subject surplus land is \$10,000 per acre, or about \$160,000 (rounded).

Sales Comparison Approach

The Sales Comparison Approach was not completed since there is a lack of school sales in the region that are of similar quality, age and condition. However, as support of the Income Capitalization Approach we have identified 11 nationwide school sales that provide supplemental support of the concluded value. These sales are summarized as follows:

1	 School, University	PID 10990462 500 Perry Street Trenton, New Jersey 08638	County Land Acres Sale Price Sale Date GBA SF Buyer	Mercer 5.35000 \$20,000,000 07-15-2019 82,244 Trenton Board Of Education	Seller Adj\$/SF GBA	Education Capial Solutions LLC \$243.18
2	 School, University	PID 10974101 Franklin Academy Charter School 6301 South Flamingo Road Cooper City, Florida 33330	County Land Acres Sale Price Sale Date GBA SF Buyer	Broward 9.24796 \$20,047,852 08-10-2016 82,485 Florida Charter Foundation Inc.	Seller Zoning Code Adj\$/SF GBA	CA Miami 6271 SFR LLC X-1 \$243.05
3	 School, University	PID 10868835 4175 E Conant St 4175 E Conant St Long Beach, California 90808	County Land Acres Sale Price Sale Date GBA SF Buyer	Los Angeles 7.13170 \$30,600,000 06-15-2017 136,965 Rexford Industrial Realty LP	Seller Adj\$/SF GBA	EGC-CEC LLC \$223.41
4	 School, University	PID 10868834 3333 Harbor Blvd 3333 Harbor Blvd Costa Mesa, California 92626	County Land Acres Sale Price Sale Date GBA SF Buyer	Orange 14.79977 \$35,000,000 01-26-2017 126,125 BEG Holdings LP	Seller Adj\$/SF GBA	Whittier College, Inc. \$277.50
5	 School, University	PID 10836969 Hebrew College 160 Herrick Road Newton, Massachusetts 02459	County Land Acres Sale Price Sale Date GBA SF Buyer	Middlesex 6.73000 \$18,000,000 08-17-2018 86,824 Winthrop Park School	Seller Zoning Code Adj\$/SF GBA	Hebrew College SR3 \$207.32
6	 School, University	PID 10835827 Aquinas College 15 Walnut Park Newton, Massachusetts 02460	County Land Acres Sale Price Sale Date GBA SF Buyer	Middlesex 6.02000 \$15,350,000 09-02-2015 95,163 The City of Newton	Seller Zoning Code Adj\$/SF GBA	The Congregation of the Sisters of Saint Joseph of Boston, I MR1 \$161.30

7	 School, University	PID 10769949 Amethod Public Schools 1450 Marina Way South Richmond, California 94804	County Land Acres Sale Price Sale Date GBA SF Buyer	Contra Costa 4.73200 \$23,750,000 08-05-2016 96,440 AEP Charter1450 Amethod LLC	Seller Zoning Code Adj\$/SF GBA	Marina Bay Partners LLC IB \$246.27
8	 School, University-Classroom Building	PID 10509020 Minnesota International Middle Charter School 277 12th Ave N Minneapolis, Minnesota 55401	County Land Acres Sale Price Sale Date GBA SF Buyer	Hennepin 4.37000 \$14,000,000 12-18-2017 89,688 HSRA Building Company	Seller Zoning Code Adj\$/SF GBA	ZS Real Estate Investment, LLC I2 \$156.10
9	 School, University-Classroom Building	PID 10484495 Knowledge Academies 5314 Hickory Hollow Parkway Antioch, Tennessee 37013	County Land Acres Sale Price Sale Date GBA SF Buyer	Davidson 9.34000 \$22,420,684 11-14-2017 110,901 Knowledge Academies	Seller Zoning Code Adj\$/SF GBA	Freeland Realty 2, LLC SCR \$202.17
10	 School, University	PID 10435949 Cardinal Charter Academy 1020 St. Charles Place Cary, North Carolina 27513	County Land Acres Sale Price Sale Date GBA SF Buyer	Wake 8.55000 \$13,274,000 10-28-2014 87,204 Red Apple at Cary, LLC	Seller Zoning Code Adj\$/SF GBA	Ryan Companies US, Inc. OIP \$152.22
11	 School, University	PID 1131465 Roseman University 1 Breakthrough Way Las Vegas, Nevada 89135	County Land Acres Sale Price Sale Date GBA SF Buyer	Clark 5.67000 \$23,000,000 04-08-2015 143,290 Roseman University Of Health Sciences	Seller Zoning Code Adj\$/SF GBA	Regents of the University of California C-2 \$195.41

The sale data is summarized as follows:

Sale Statistics			
Sale #	Sale Price	GBA-SF	Price PSF
1	\$20,000,000	82,244	\$243.18
2	\$20,047,852	82,485	\$243.05
3	\$60,600,000	136,965	\$442.45
4	\$35,000,000	126,125	\$277.50
5	\$18,000,000	86,824	\$207.32
6	\$15,350,000	95,163	\$161.30
7	\$23,750,000	96,440	\$246.27
8	\$14,000,000	89,688	\$156.10
9	\$22,420,684	110,901	\$202.17
10	\$13,274,000	87,204	\$152.22
11	\$23,000,000	143,290	\$160.51
Average	\$24,131,140	103,394	\$233.39

The Income Approach indicated a market value estimate of about \$216 per square foot, exclusive of the surplus land. This value estimate is within the per square foot range of national school sales.

Reconciliation

Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Indications	
Approach to Value	As Is
Cost Approach	Not Developed
Sales Comparison Approach	Not Developed
Income Capitalization Approach	\$29,620,000
Value Conclusion	
Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	September 17, 2019
Value Conclusion	\$29,620,000
Value Conclusion PSF	\$217.89

To reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Income Approach, we gave this approach full weight in arriving at our final value conclusions.

Analysis of Prior Appraisals

Not applicable.

Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of >1 year and >1 year, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Pittsburgh will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Pittsburgh is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.

12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Pittsburgh and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Pittsburgh.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an 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 Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Pittsburgh both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Pittsburgh and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Pittsburgh or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Pittsburgh for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Pittsburgh shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Pittsburgh. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Pittsburgh and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Pittsburgh harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Pittsburgh in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Pittsburgh. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – William K. Murtha, MAI

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. William K. Murtha has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



William K. Murtha, MAI
PA Certified General Real Estate Appraiser
Certification No. GA-000066-L

Certification – Thomas A. Murtha

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My 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 value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Thomas A. Murtha did personally inspect the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.

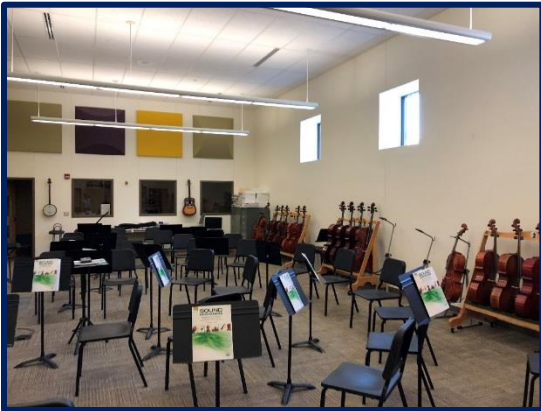


Thomas A. Murtha
PA Certified General Real Estate Appraiser
Certification No. GA-001590-L

Addenda

- Subject Photographs
- Exhibit 1 – Assessment Records
- Exhibit 2 – Zoning Information
- Exhibit 3 – Engagement Letter
- Glossary
- Qualifications
 - William K. Murtha, MAI
 - Thomas A. Murtha
- Information on Valbridge Property Advisors

Subject Photographs



Interior View



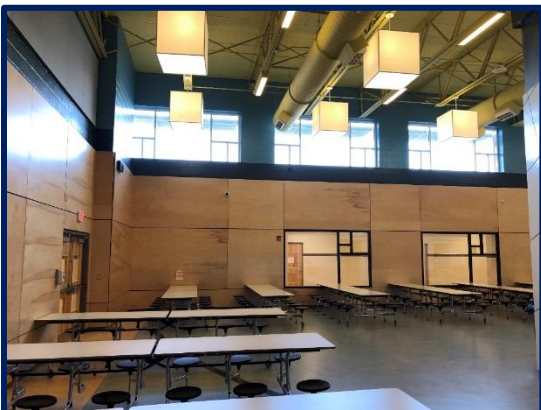
Interior View



Interior View



Interior View



Interior View



Interior View

Subject Photographs



Interior View



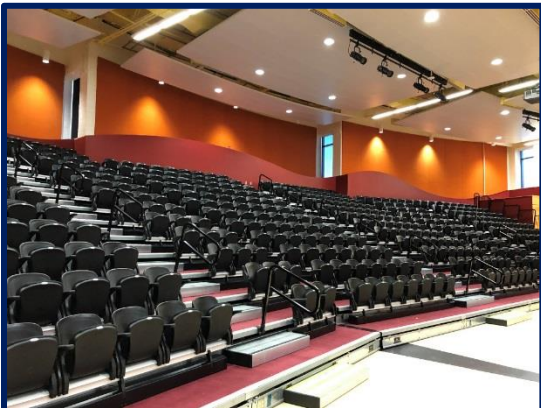
Interior View



Interior View



Interior View



Interior View



Interior View

Subject Photographs



Athletic Field



Athletic Field



Parking



Parking



Street Scene: Shenango Road



Street Scene: Shenango Road

Exhibit 1 – Assessment Records



Property Search

Print

Highland

[New Search](#)

Parcel	57-132-0164.000
Owner	BLACKHAWK SCHOOL DISTRICT
Owner Address	500 BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00402 SHENANGO RD
Description	31.034 AC SCHOOL
Year Built	0000
Neighborhood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	31.03
Landuse	NURSERY, PRIMARY AND SECONDARY SCHOOLS
Assessment For Year:	2020
Ratio	.5000
Assessed - Land	\$53,450.00
Assessed - Building	\$2,137,050.00
Assessed - Total	\$2,190,500.00
Market - Land	\$106,900.00
Market - Build	\$4,274,100.00
Market - Total	\$4,381,000.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History
	View Property Record Card
	View in GIS



Property Search

Print

Highland Undeveloped Property

[New Search](#)

Parcel	57-132-0161.001
Owner	HIGHLAND SUBURBAN JOINTURE
Owner Address	BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00000 MCLANAHAN DRIVE
Description	15.9 AC
Year Built	0000
NeighborHood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	15.90
Landuse	NURSERY, PRIMARY AND SECONDARY SCHOOLS
Assessment For Year:	2020
Ratio	.5000
Assessed - Land	\$28,850.00
Assessed - Building	\$0.00
Assessed - Total	\$28,850.00
Market - Land	\$57,700.00
Market - Build	\$0.00
Market - Total	\$57,700.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History View Property Record Card View in GIS



Property Search

[Print](#)

Highland Road Access to McLanahan

[New Search](#)

Parcel	57-008-0813.000
Owner	HIGHLAND SUBURBAN JOINTURE OF BEAVER COUNTY
Owner Address	MR 17 BLACKHAWK ROAD BEAVER FALLS PA 15010
Property Location	00000 MCLANAHAN DRIVE
Description	LOT 22 WD AC
Year Built	0000
NeighborHood	CHIPPEWA TWP
School District	BLACKHAWK
Total Acres	0.80
Landuse	EXECUTIVE, LEGISLATIVE AND JUDICIAL FUNCTIONS
Assessment For Year	2020
Ratio	.5000
Assessed - Land	\$4,850.00
Assessed - Building	\$0.00
Assessed - Total	\$4,850.00
Market - Land	\$9,700.00
Market - Build	\$0.00
Market - Total	\$9,700.00
Lender	No Data Available
	No Data Available
	No Data Available
Display Owner History	Owner History
	View Property Record Card
	View in GIS

Exhibit 2 – Zoning Information

CHAPTER 27
November 2002**PART VII****R-3 SUBURBAN RESIDENTIAL DISTRICT****SECTION 700 PURPOSE**

To provide for a residential living environment with a broad range of residential types while protecting the personal enjoyment of individual residential properties through flexible design, screening and controlled use of local streets. (The maximum permitted density shall be three and six-tenths [3.6] dwelling units per acre in conventional and clustered developments. The maximum density for multi-family shall be six [6.0] dwelling units per acre.)

SECTION 701 PERMITTED USES

- A. Principal Uses
1. Single family detached residential dwellings.
 2. Duplex, triplex and quadraplex structures as a single principal use on a single lot or parcel.
 3. Publicly owned parks and playgrounds.
 4. Cemeteries and mausoleums.
 5. Funeral homes and crematoriums.
 6. Forestry.
 7. Traditional Neighborhood Infill Model (See Section 1624) (Ord. 233, 4/16/08)
- B. Accessory Uses
1. Private garages and parking areas. (See Part XVII)
 2. Other accessory uses customarily incidental to a permitted use.
 3. Signs in accordance with Part XVIII of this Chapter.
 4. Home occupations. (See Section 1623)
 5. Home gardening excluding the sale of products.

SECTION 702 CONDITIONAL USES

- A. Multi-family dwellings (townhouses and condominiums). (See Section 2121)
- B. Chippewa Township municipal uses and uses directly related to Chippewa Township's municipal programs and services. (Revised by Ord. 182, 09/08/1997) (See Section 2122.)

CHAPTER 27
November 2002

- C. Home day care in a single family detached dwelling by a resident of such dwelling for the day care of six (6) or fewer children other than those who reside on the site, whether or not for compensation. (See Section 2112).
- D. Clustered Subdivision developments in accordance with Section 2109 of this Chapter and the Chippewa Township Subdivision and Land Development Ordinance.
- E. Planned Residential Development in accordance with Part XV.
- F. Hospitals and clinics. (See Section 2115).
- G. Home museums. (See Section 2114).
- H. Amateur Radio Communication Towers. (See Section 2103).
- I. Oil and Gas Development (See Section 301 of Part III). In addition to all of the other matters pertaining to conditional uses in the R-3 District, the provision of Section 1625 shall also be applicable to this conditional use. (Ord. 238, 10/20/10) Repealed (Ord. 244, 8/8/12)
- I. Municipal and non-profit public service administrative offices (general administrative offices of municipal authorities and non-profit organizations providing municipal and general services to the public). (Ord. 243, 6/20/2012)

SECTION 703 SPECIAL EXCEPTION USES

- A. Earth sheltered dwellings. (See Section 2139)
- B. Religious and educational uses. (See Section 2144)
- C. Nursing and personal care facility. (See Section 2142)

SECTION 704 LOT REQUIREMENTS

- A. For permitted Uses
 - 1. Minimum Lot Area
 - (a) With public sanitary sewers - ten thousand eight hundred and ninety (10,890) square feet per dwelling unit.
 - (b) With on lot septic disposal - twenty-one thousand seven hundred and eighty (21,780) square feet per dwelling unit.
 - 2. Minimum Lot Width - (Ord. 174)
 - (a) Eighty-five feet (85') at the right-of-way line for linear property lines.
 - (b) Fifty feet (50') at the right-of-way line for curvilinear property lines, including arc distance.
 - 3. Minimum Front Yard - thirty (30) feet measured from the right of way line.
 - 4. Minimum Side Yard
 - (a) For a principal use
 - (1) Single family detached residential dwelling - ten (10) feet on each side yard.
 - (2) Duplex, triplex and quadraplex - fifteen (15) feet on each side yard.

Exhibit 3 – Engagement Letter



Valbridge Property Advisors |
Pittsburgh
4701 Baptist Road, Suite 304
Pittsburgh, PA 15227
(412) 881-6080
(412) 881-8040
valbridge.com

July 15, 2019

William K. Murtha, MAI
(412) 881-6080 Ext/ 303
bmurtha@valbridge.com

Victor Kustra, Esquire
Weiss Burkardt Kramer, LLC
445 Fort Pitt Blvd., Suite 503
Pittsburgh, PA 15219
Via E-Mail: vkustra@wbklegal.com

**RE: 4 School Properties
Blackhawk School District
Beaver Falls, Beaver County, PA 15010**

Dear Mr. Kustra,

Valbridge Property Advisors | Pittsburgh ("Appraiser") is pleased to present this proposal to perform Appraisal Services regarding the above referenced properties for Blackhawk School District. If this document is executed by both parties, it will form the engagement contract for our services ("Agreement").

The following provisions will apply to our services:

Subject Property	4 School Properties, Blackhawk School District, Beaver Falls, Beaver County, PA 15010
Intended Use	Asset valuation Alternate uses are neither intended nor authorized.
Intended User(s)	Blackhawk School District
Date of Value	Date of Inspection
Scope of Assignment	<input type="checkbox"/> Land Value <input type="checkbox"/> Cost <input type="checkbox"/> Income <input checked="" type="checkbox"/> Sales Comparison
Assignment Conditions	Specific assignment conditions to be assumed by the Appraiser per the Client's request None
Presentation of Findings	Narrative Appraisal Report. Electronic copy in PDF format.



July 15, 2019
Page 2

Professional Fee	The professional fee for this assignment will not exceed: Highland School. \$3,750 Blackhawk Intermediate \$3,500 Patterson \$3,500 Northwestern \$3,500
Retainer	50%
Responsibility for Fees	<p>The balance of the fee is due upon completion of the assignment. In the event that the balance is not paid in full within 30 days, late charges will accrue at a rate of 1% per month on the original balance. Additionally, Appraiser will have the right to seek immediate collection and shall be entitled to recover costs and attorney fees associated with any such action.</p> <p>If the assignment is terminated prior to completion of the report, billing will reflect expenses to date and work to date. Billing of a cancelled assignment will follow the standard payment policy described in the included Terms and Conditions.</p>
Additional Services	In the event that additional services are needed, such as, but not limited to additional reports, further analysis, formal presentations, court testimony or any other services, a fee of \$250 per hour will be charged.
Delivery	<p>30-45 Days (final electronic report)</p> <p>Appraiser will use Appraiser's best efforts to deliver the appraisal report by the above date. Appraiser's delivery of the report is contingent on receipt of an executed copy of this engagement contract, receipt of the retainer, and receipt of the requested information and documentation from Client within seven (7) business days of acceptance of this proposal.</p>
Requested Information	A data request will be submitted upon receipt of the executed engagement letter.
Professional Standards Governing Assignment	The analyses, opinions, and conclusions will be developed and presented in conformance with (and the use of this report is subject to) the requirements of: (1) the Uniform Standards of Professional Appraisal Practice, and (2) the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
Disclosure of Prior Services Regarding Subject Property	The appraiser(s) who will perform the appraisal has not performed any prior services regarding the Subject Property within the three year period immediately preceding the date of this Agreement, as an appraiser or in any other capacity.

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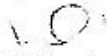


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Page 3

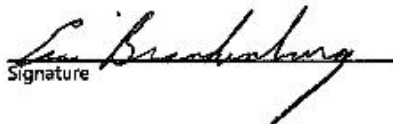
Attached to and incorporated in this engagement letter are Valbridge Property Advisors | Pittsburgh's Terms and Conditions of Agreement. These Terms and Conditions form a material part of this Agreement and are no less important than any other part. The appraisal(s) performed under this Agreement also will be subject to all assumptions and limiting conditions and other conditions (collectively, "Appraisal Conditions") set forth in the appraisal report(s). Client's use of the appraisal will constitute acceptance of the Appraisal Conditions stated in a report. The Appraisal Conditions shall be considered as being incorporated into and forming part of this Agreement with respect to the appraisal in which they are contained and to the services relating to that appraisal.

Thank you for considering our firm for this assignment. If these terms are acceptable to you, please indicate below by your signature, or the signature of an authorized alternate. Please retain a copy for your records and return a signed copy to us, along with the retainer. We look forward to working with you on this assignment.

Respectfully submitted,


Valbridge Property Advisors | Pittsburgh

AGREED AND ACCEPTED


Signature

BOND SECRETARY
Title

ERIC BRANDENBURG
Name (print)

08/14/2019
Date

724 846-6600 X 1004
Phone Number

File Name: 2018-03-16 - Standard Engagement Letter - DP.docx

July 15, 2019
Page 4**TERMS AND CONDITIONS OF AGREEMENT**

1. "Appraiser" means Valbridge Property Advisors | Pittsburgh and its appraisers, employees, partners, owners, shareholders, members, officers, directors and independent contractors.
2. Acceptance of this Agreement assumes that Client will provide all necessary information needed for the appraisal on a timely and truthful basis.
3. It is Client's responsibility to read the report and to inform Appraiser of any errors or omissions, prior to utilizing the report or making it available to any third party.
4. The fee quoted is based on Appraiser's understanding of the assignment as outlined in the scope of work. Changes in scope will be billed at Appraiser's normal hourly rates. The fee and estimated completion time are subject to change if the property is not as outlined in our proposal, or if issues come to light during the course of Appraiser's investigation which, in Appraiser's opinion, necessitates such change. If Client places an assignment "on hold," then reactivates the appraisal, an additional charge may apply due to the inefficiency created. If Appraiser is requested or required to provide testimony as a result of this appraisal, testimony and preparation time will be charged at our normal hourly rates.
5. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Pittsburgh. Neither Valbridge Property Advisors, Inc., nor any of its affiliates, has been engaged to provide this report. Valbridge Property Advisors, Inc., does not provide valuation services, and has taken no part in the preparation of this report.
6. If any legal action or claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or Appraiser, in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Appraiser from Client.
7. Unless the time period is shorter under applicable law, any legal action or claim in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement shall be filed in court (or in the applicable arbitration tribunal) within two (2) years from the date of delivery to Client of the appraisal to which the claims or causes of action relate or, in the case of acts or conduct after delivery of the report, two (2) years from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all non-criminal claims or causes of action of any type.
8. Legal claims or causes of action in connection with, or in any way arising out of, or relating to, the appraisal(s) or this Agreement are not assignable, except: (i) as the result of a bona fide merger, consolidation, sale or purchase of a legal entity, (ii) with regard to the collection of a bona fide existing debt for services but then only to the extent of the total compensation for the appraisal plus reasonable interest, or (iii) in the case of an appraisal performed in connection with the origination of a mortgage loan, as part of the transfer or sale of the mortgage before an event of default on the mortgage or note or its legal equivalent.
9. Appraisal reports and associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes. If Client is unwilling to waive confidentiality for this purpose, client must inform Valbridge Property Advisors | Pittsburgh upon acceptance of this assignment.
10. This appraisal shall be used only for the function outlined in the attached letter, unless expressly authorized by Valbridge Property Advisors | Pittsburgh. The format and value reported may or may not be valid for other purposes.
11. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Pittsburgh will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client secure appropriate inspections from qualified experts if the presence of hazardous materials or contamination poses any concern.

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July 15, 2019
Page 5**TERMS AND CONDITIONS OF AGREEMENT**

12. Our standard payment policy is as follows: the balance is due upon presentation of the invoice; if payment is not made within 30 days of date due, interest at the rate of 1.5% per month will be added to the principal from the due date to date payment is received, and you shall pay all expenses of collection, including court costs and attorney fees. If the client requests a draft, the fee is due upon delivery of the draft. Valbridge Property Advisors | Pittsburgh shall be under no obligation to continue work on an assignment that is not paid current.
13. The fee for this appraisal is not contingent upon the valuation of the property, the funding of any loan or outcome of litigation. Any opinions Appraiser may have expressed about the outcome of your matter or case are expressions of Appraiser's opinions only and do not constitute any guarantee about the outcome. Should the assignment be terminated prior to completion, you agree to pay for time and costs incurred prior to Appraiser's receipt of written notice of cancellation.
14. If this assignment includes a provision for work performed on an hourly billing basis, such work is subject to periodic adjustment to Appraiser's then-current rates. Valbridge Property Advisors | Pittsburgh shall provide 30 days' notice to client prior to any rate increase. If client chooses not to consent to the increased rates, client may terminate Valbridge Property Advisors | Pittsburgh's services by written notice effective when received by Valbridge Property Advisors | Pittsburgh.
15. If this assignment includes a provision for work on an hourly billing basis, client acknowledges that Valbridge Property Advisors | Pittsburgh has made no promises about the total amount of fees to be incurred by client under this agreement.
16. Client and Valbridge Property Advisors | Pittsburgh both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Pittsburgh and the client cannot agree on the arbitrator, the presiding civil administrative judge the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, the Client and Appraiser both acknowledge that, by agreeing to binding arbitration, each is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party entitled to do so, makes a claim against Valbridge Property Advisors | Pittsburgh or any of its employees in connection with or in any way relating to this assignment, the maximum damages recoverable from Valbridge Property Advisors | Pittsburgh or its employees shall be the amount of monies actually collected by Valbridge Property Advisors | Pittsburgh for this assignment and under no circumstances shall any claim for consequential damages be made.
17. Appraiser shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Pittsburgh. "Client" shall not include partners, affiliates or relatives of the party named in the engagement letter. Client shall hold Appraiser harmless in the event of any lawsuit brought by any third party, lender, partner or part owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Appraiser harmless from and against any liability, loss, cost or expense incurred or suffered by Appraiser in such action, regardless of its outcome.
18. Distribution of this report is at the sole discretion of the client, and the Appraiser will make no distribution without the specific direction of the client. However, in no event shall client give a third party a partial copy of the appraisal report.
19. This Agreement contains the entire agreement of the parties. No other agreement, statement or promise made on or before the effective date of this agreement will be binding on the parties. This agreement may be modified by subsequent agreement of the parties.

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Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A

conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

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. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market. The estimated length of time that 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;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

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. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's

operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future.

(Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are 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. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

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. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

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. (Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease, net net net lease, or fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)

Qualifications

Qualifications of William K. Murtha, MAI

Senior Managing Director

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State Certifications

Pennsylvania

Membership/Affiliations:

Member: Appraisal Institute - MAI Designation

Appraisal Institute & Related Courses:

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Education

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Experience:

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Since 1979, Mr. Murtha has completed thousands of appraisals throughout Pennsylvania, Delaware, Ohio, West Virginia, Georgia, Maryland and New York. Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; religious and special purpose properties including schools, churches, hotel/motel, golf courses, service stations; residential subdivisions; and vacant industrial, commercial and residential land. Mr. Murtha also completes appraisal reviews.

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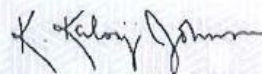
License Status
Active


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Initial License Date
07/01/1991

Expiration Date
06/30/2021

License Number
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Acting Commissioner of Professional and Occupational Affairs


Signature

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State Certifications

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General Appraiser

Membership/Affiliations:

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Member: American Institute of Certified Public Accountants
Member: Pennsylvania Institute of Certified Public Accountants

Education

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Bachelor of Arts
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Appraisal Institute & Related Courses:

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Mr. Murtha has been associated with Valbridge Property Advisors | Barone, Murtha, Shonberg and Associates, Inc. since 1994. He has participated in a variety of appraisals addressing a diverse spectrum of property types. The majority of his work has been oriented towards income producing properties with an emphasis on vacant land, office, retail and small commercial facilities. Prior to his association with this company, Mr. Murtha held various management accounting and finance positions for the H.J. Heinz Company in Pittsburgh.

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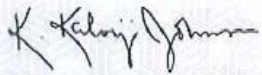
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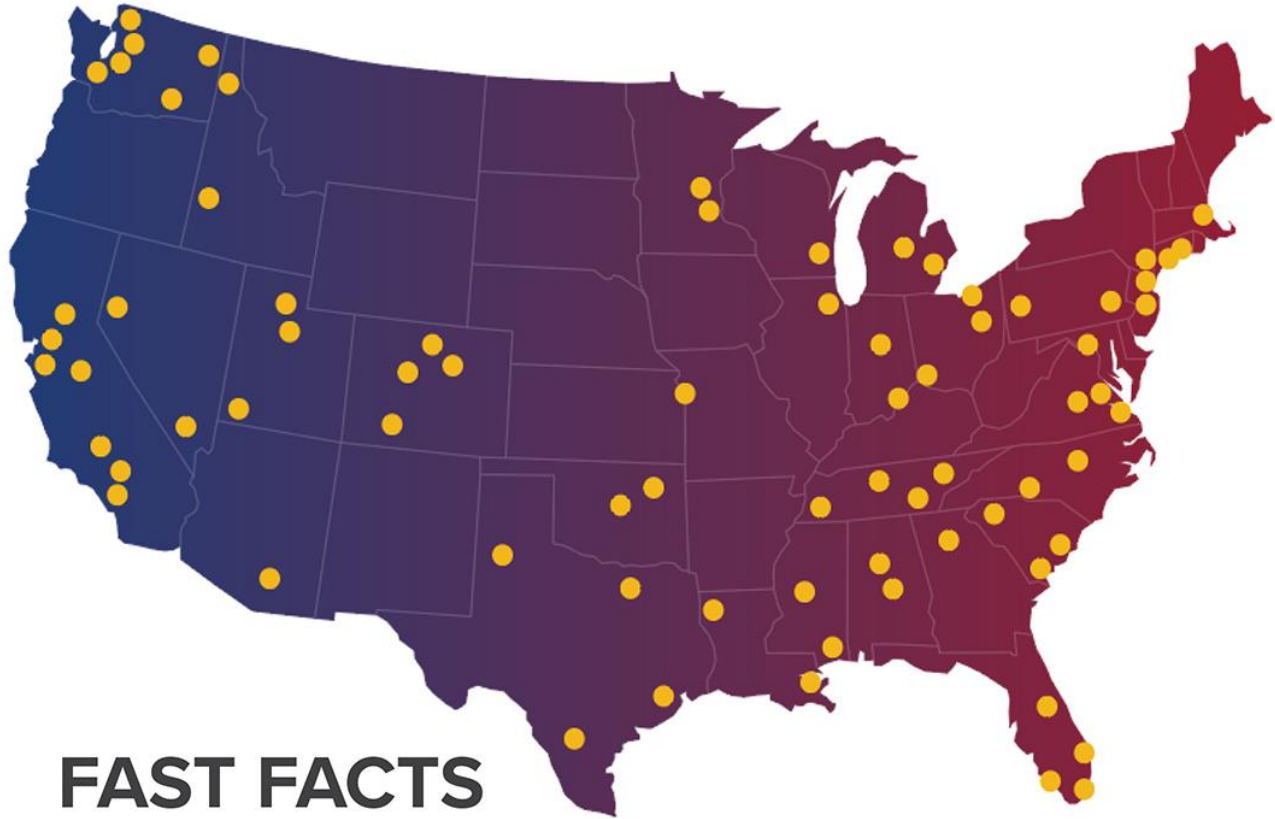

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FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (70+ across U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties and residential.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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