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**APPRAISAL REPORT**

Royal Theater  
1520-1536 South Street  
Including 1537-1539 S. Kater Street  
Philadelphia, PA 19146

**FOR**

Dranoff Properties, Inc.

**BY**

Harvey M. Levin, MAI, SRA  
Eugene P. Davey, SRA, ASA  
Keystone Appraisal Company

**AS IS**

SEPTEMBER 16, 2014

**AS COMPLETE**

OCTOBER 1, 2016







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November 18, 2014

Harvey M. Levin, MAI, SRA  
Phillip Fortuna, MAI, SRA  
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(1925-2005)

Mr. Carl Dranoff  
Chief Executive Officer  
Dranoff Properties, Inc.  
755 S. Broad Street  
Philadelphia, PA 19147

Re: Royal Theater  
1520-1536 South Street  
Including 1537-1539 S. Kater Street  
Philadelphia, PA 19146

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Dear Mr. Dranoff:

In accordance with your request, we have inspected and appraised the property captioned above.

As a result of our investigation and analysis, we are of the opinion that the market value of the subject property "as is," as of September 16, 2014, is:

**TWO MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS** **(\$2,230,000)**

Further, we are of the opinion that the prospective market value on completion of construction, at stabilization, in accordance with preliminary plans, sample specifications and cost estimates provided your appraisers, assuming first-class work, using high quality material, with all work completed not later than October 1, 2016, in compliance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner, will be:

**TWENTY-THREE MILLION DOLLARS** **(\$23,000,000)**

**This letter is invalid as an opinion of value if detached from the report, which contains 53 pages, 24 assumptions and limiting conditions and an addendum.**

The opinion as to the values expressed in this report is a full appraisal. This report has been completed in accordance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*, and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, subject to the 24 assumptions, extraordinary assumption and limiting conditions contained herein. As such, it presents discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraisers' opinion of value.

This report is subject to the extraordinary assumption that all data and information that was provided by Dranoff Properties, Inc., and J. Davis, Architect, including the number of residential (apartment) and commercial units, including size, type, number of bedrooms and baths, gross building area, gross rentable area, projected rentals and expenses, plans and information, are assumed to be accurate.

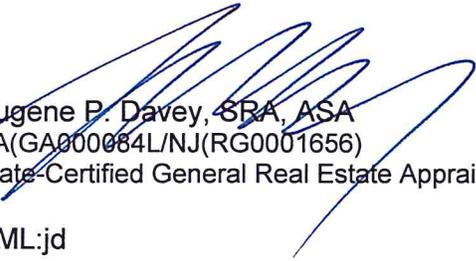
We trust you will find this report satisfactory for your purposes. We appreciate the opportunity to be of service and welcome your comments.

Respectfully submitted,

KEYSTONE APPRAISAL COMPANY



Harvey M. Levin, MAI, SRA  
PA(GA000021L)/(42RG00080400)/DE(X1-0000356)  
State-Certified General Real Estate Appraiser



Eugene P. Davey, SRA, ASA  
PA(GA000084L/NJ(RG0001656))  
State-Certified General Real Estate Appraiser

HML:jd

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**EXECUTIVE SUMMARY**  
**Royal Theater**  
**1520-1536 South Street**  
**Including 1537-1539 S. Kater Street**  
**Philadelphia, PA 19146**

PURPOSE OF APPRAISAL:	To Provide Current "As Is" and "As Completed" Prospective Opinion of Market Value
EFFECTIVE DATE OF APPRAISAL:	As Is – September 16, 2014 As Completed – On or Before October 1, 2016
DATE OF INSPECTION:	September 16, 2014
PROPERTY RIGHTS APPRAISED:	Fee Simple Estate
TAX ACCOUNT NUMBERS:	30-1-0028-00, 30-1-0029-00, 88-2-9212-65 87-1-5397-00, 30-1-0183-00, 30-1-0184-00
ZONING:	"As Is" – CMX-2, Commercial Mixed Use "As Completed" – Variance for 45 apartments, one commercial unit and a 21 auto parking garage  Variances will be required to raise the maximum occupied lot coverage from 75% to 100%; rear yard from 9' or 10% lot depth to none; units allowed from 35 to 45 and building heights from 38' to 50'.
2014 REAL ESTATE ASSESSMENT:	\$2,427,500
2014 ANNUAL REAL ESTATE TAXES:	\$32,528.50
LAND AREA:	17,096± SF/0.3924± Acre
IMPROVEMENTS:	
AS IS	Former Royal Theater, South Street Façade and Shell and Vacant Lots.
AS PROPOSED	Mixed-Use Commercial/Apartment Building with Below-Grade Parking.
HIGHEST AND BEST USE:	Mixed-Use Commercial and Apartment Building
EXPOSURE TIME:	Approximately 12-to-18 months

VALUE INDICATORS:	<u>AS IS</u>
SALES COMPARISON APPROACH	\$2,230,000
INCOME CAPITALIZATION APPROACH	N/A
COST APPROACH	N/A
	<u>AS COMPLETED</u>
COST APPROACH	\$25,500,000
INCOME CAPITALIZATION APPROACH	\$22,000,000
SALES COMPARISON APPROACH	N/A
FINAL OPINION OF VALUE	
“AS IS”	\$ 2,230,000
“AS COMPLETED”	\$23,000,000

**REAL ESTATE APPRAISED:** The property in this report consists of the real estate, land and improvements and proposed improvements at the Royal Theater site and façade located at 1520-1536 Street, including 1537-1539 S. Kater Street, Philadelphia, Pa.

**OWNERSHIP AND HISTORY:** According to the last deeds of record, Universal Community Homes, a PA Not For Profit Corporation, is the owner of the subject parcels.

The property, known as 1520 South Street, was acquired by Universal Community Homes, A PA Nonprofit corporation from Juan D. Levy and Eucalyptus Management, Inc. by its agent Juan Levy, by power of attorney, dated September 5, 2003, partners of Royal Court Associates, a PA General Partnership on October 24, 2007, for a consideration of \$155,000, as recorded in Document No. 51801009.

The properties, known as Premises A, B, C, D & E or 1522 South Street, 1524-34 South Street, 1536 South Street and 1537 and 1539 S. Kater Street, were acquired by Universal Community Homes, a PA Not For Profit Corporation, from the Preservation Alliance for Greater Philadelphia, a PA Nonprofit Corporation, on September 12, 2002 for a consideration of \$250,000 as recorded in Document No. 50164218.

Furthermore, according to the City of Philadelphia, Department of Records, Universal Community Homes, a Not For Profit Corporation, (Grantor) conveyed to the Preservation Alliance for Greater Philadelphia, a Not For Profit Corporation, (Grantee), a deed of preservation easement with no consideration. The grantor granted and conveyed to grantee, an estate, interest and easement in gross in the north facade of the building located on the property to the extent indicated in the Deed of Facade Easement, exhibit "C", for the preservation of historic, architectural, scenic and open space values of the nature and character and to the extent set forth in this preservation easement, to constitute a servitude and covenant upon the property, running with the land for the benefit of and enforceable by the grantee, to have and to hold the said estate, interest and easement, subject to and limited by the provisions of this preservation easement, to and for grantee proper uses forever.

This was transferred on September 12, 2000 and recorded in Document No. 50164219.

There have been no transfers of the subject property in the past three years prior to this valuation. The subject property is not presently under agreement of sale, option or listing to sell.

**PURPOSE OF THE APPRAISAL:** The purpose of the appraisal is to provide an "As is" and "As Completed" opinions of market value of the property rights defined therein, subject to any assumptions and contingencies outlined herein.

**DATE OF REPORT:** The subject property was inspected on September 16, 2014. The effective date of the appraisal is October 1, 2016. The date of this report is November 18, 2014.

**INTENDED USE AND USER OF THE REPORT:** The intended use of this appraisal report is an independent guide for Mr. Carl Dranoff, Dranoff Properties, Inc. for internal purposes. This report should not be used for any other purpose or by any third party without our prior consent or persons Mr. Dranoff may authorize.

**SCOPE OF ASSIGNMENT:** This is a current and prospective appraisal report as defined by the *Uniform Standards of Professional Appraisal Practice* (USPAP) under Standards Rule 2-2(A). This format provides a summary of the appraisal process, subject and market data and valuation analyses to develop the appraisers' opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in our file.

The property was inspected and photographed. Sales, rentals and operating costs were researched and analyzed in the subject's market, and the input of buyers, sellers, appraisers, and brokers was considered. In addition, the general regional economy, as well, as the specifics of the subject property's local area, were investigated.

Specifically, we reviewed the following: Plans – Universal Community Homes, 1520-36 S. Street and 1537 S. Kater Street, Kater Street Elevations, Royal Theater – 1522-36 South Street – Spiral bound booklet, Pro-forma, Rental Return Summary, Timeline, Lend Schedule, Design Costs, Marketing Budget, Summary Information, Davis Scheme Scheme Conceptual Budget, Dranoff plan - Royal Theater – Basement plan; first, second, third, and fourth floors; site section and elevation dated, September 10, 2014, and Survey Plan – Ambric Technology Corporation, Consulting Engineers and Surveyors, dated, March 29, 2010, which are incorporated herein by reference.

The data has been thoroughly analyzed and confirmed with sources believed to be reliable. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal considered the Sales Comparison, Income Capitalization and Cost Approaches. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that the Income Capitalization and Cost Approaches are applicable to the appraisal problem.

**DEFINITIONS:**

**Market Value:** Market value, for the purpose of 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 are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

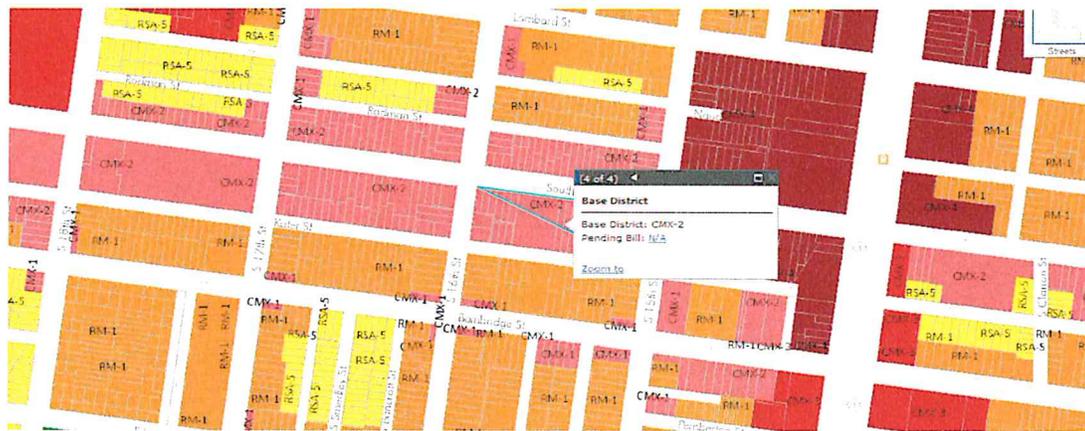
1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale." (Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Chicago, Ill., 2010 p. 123)

**Fee Simple Estate:** The property interest appraised herein is the fee simple estate. This is defined as: "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." (Ibid p. 78)

**Historical Certification:** National Register of Historic Places (1990).

**Façade Easement:** Deed of Façade Easement granted September 12, 2000, Document No. 50164219 – Double height entry and upper floor balconies.

**ZONING:** The current zoning on the subject property falls within the CMX-2, Commercial Mixed Use 2 District.



As proposed for development with mixed use commercial retail on the first floor and apartments above would be in conformity with the regulations of the "CMX-2" Commercial Mixed Use -2 District. However, forty-five (45) apartments, one (1) commercial and twenty-one (21) parking spaces would require a variance.

This is a neighborhood business district in which permitted uses include office, retail sales and commercial services. Specific services and outdoor business and amusement enterprises may be permitted with a zoning board of adjustment certificate.

Area regulations are as follows.

Maximum Occupied Area	Intermediate Lot - 75%
	Corner Lots - 80%
Minimum Front Area Depth	Not Applicable
Minimum Side Yard Width	5' if used
Minimum Rear Yard Depth	The greater of 9' or 10% of lot depth
Maximum Height	38'

It appears that most of the subject property as proposed is in conformity with the regulations of the CMX-2, Commercial Mixed Use Zoning District.

We were advised by Jeffrey Kurtz, Development Associate for Dranoff Properties, that the proposed ground floor South Street commercial space and 45 apartments would not be

permitted under the current CMX-2, Commercial Mixed Use 2 District, and that a variance to develop the site, as discussed below, would be required.

This district is a neighborhood commercial mixed-use district, which is primarily intended to accommodate neighborhood retail and service uses. The range of allowed uses is broader than CMX-1 District.

The developer is confident that all necessary approvals will be granted and the subject's proposed use as forty-five (45) apartments and one (1) retail unit and underground garage with twenty-one (21) spaces will be approved without undue delay.

**ASSESSMENT AND TAXES:** The subject property has a total 2014 assessment of \$2,427,500 with annual real estate taxes of \$32,528.50.

No	Location	Tax I. D. #	Actual Value	Land	Improvements	Total	Estimated Real Estate Taxes
1	1520 South St	30-1-0028-00	\$62,800	\$62,800	\$0	\$62,800	\$841.52
2	1522 South St	30-1-0029-00	\$227,200	\$97,070	\$130,130	\$227,200	\$3,044.48
3	1524-34 South St	88-2-9212-65	\$1,402,600	\$285,400	\$1,117,200	\$1,402,600	\$18,794.84
4	1536 South St	87-1-5397-00	\$367,100	\$61,358	\$305,742	\$367,100	\$4,919.14
5	1537 S. Kater St	30-1-0183-00	\$183,900	\$39,322	\$144,578	\$183,900	\$2,464.26
6	1539 S. Kater St	30-1-0184-00	\$183,900	\$39,322	\$144,578	\$183,900	\$2,464.26
Total			\$2,427,500	\$585,272	\$1,844,228	\$2,427,500	\$32,528.50

The common level ratio ("CLR") is calculated annually for each county by the Tax Equalization Board (TEB). Based on actual sales data, the CLR is the average ratio between the assessed value and fair market value of real estate in that county and is used to equate the assessment of a property to its current market value level. Multiplying the assessment by the mathematical reciprocal of the CLR (the CLR factor), Pa. Department of Revenue, will indicate the assessor's determination of current market value for the subject property. The 2013-2014 CLR factor for Philadelphia County is 100%.

It is assumed that a real estate tax abatement will be applied for and approved to abate the new (proposed) building from real estate taxes for 10 years.

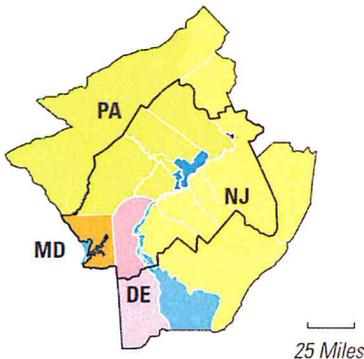
**AREA ANALYSIS:** The Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area (MSA) is comprised of 12 counties in four states. Centrally located on the United States east coast, situated south of New York City and north of Washington D.C. with a population of 6.35 million, it is the 6<sup>th</sup> largest metropolitan area in the US (as reported by the US Census Bureau, 2012). In addition to the city's status as one of the largest in the country, Philadelphia's location, industrial and founding history, rail and highway access has developed it to be a premier location for a range of businesses, educational institutions, and tourist destinations.



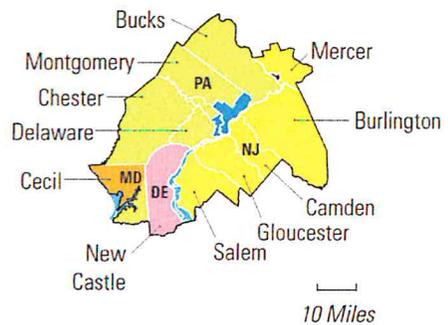
**Philadelphia**  
*11,461 pop/sq. mile*  
*135 sq. miles*

Philadelphia is a consolidated city-county, and the core county of the MSA. Comprised of approximately 135 square miles, with an estimated population of over 1.5 million, Philadelphia is the largest city in the state of Pennsylvania and the fifth largest city in the United States.

Philadelphia is bounded on the north by Montgomery and Bucks Counties, on the south by the Delaware River and Gloucester County, N.J., to the east by the Delaware River and Burlington and Camden Counties, N.J., and to the west by Delaware and Montgomery Counties in Pa.

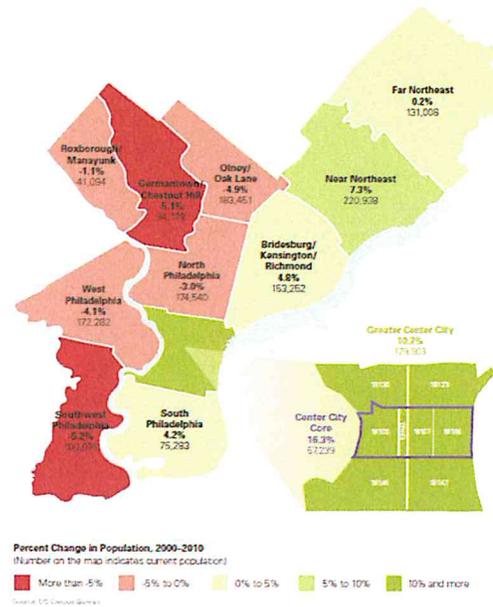
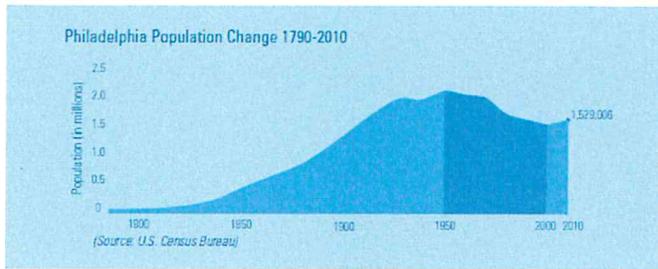


**Extended Region**  
*9.4 million people, 23 counties, 4 states*



**Greater Philadelphia Region**  
*6.35 million people, 12 counties, 4 states*

**Demographics:** Philadelphia's population peaked in 1950 at 2 Million. Since the decline of industrialization, the population has been decreasing, however in recent years it has been steadily increasing. In the CITYWIDE Vision 2035 Plan, the city has estimated a population of about 1.6 million. The central city neighborhood retains the highest and densest population statistics.



The Center City core's zip codes include 19106, 19107, 19103, and 19102. The Center City core has seen extreme population growth in the past 15 years and the income and household value statistics have risen dramatically. This has caused the Center City area definition to extend to neighborhoods both north and south. The zip codes that Center City has extended to include 19130, 19123, 19146, and 19147. Centercityphila.org reports that since 1997, the Center City area has increased by 16,698 new residents and holds 11.8% of the city's population (a 10.2% increase in the decade).

Philadelphia County has an estimated 668,247 housing units, of which 86% are occupied. The majority of houses are owner occupied and built before 1939 (2012 American Community Survey 1-Year Estimates). The median cost of a house is \$142,300 and median gross rent is \$876 per month.

The median household income is \$37,016 and the family median household income is \$46,462. The median household income for Pennsylvania is \$52,267, which is 42% difference from Philadelphia's median income.

**Employment:** Philadelphia has historically been the region's most industrialized area and has a strong presence in port-related industry because of its proximity to the Delaware River.

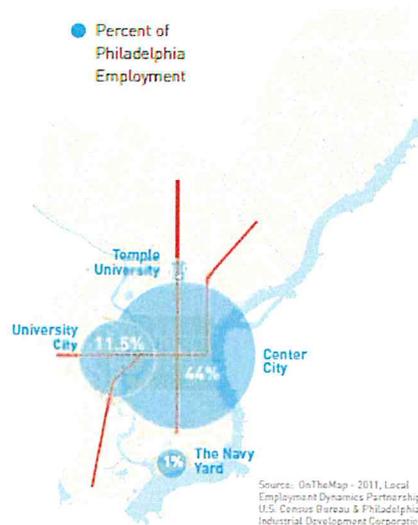
The regional economy, similar to many east and mid-east cities, has shifted from industrial to service-oriented businesses.

The top 10 major employers in the region are as follows:

Major Employers In The Region Ranked By Number Of Total Local Employees	
Employer	Total Local Employees
1. University of Pennsylvania and Health System	32,851
2. Jefferson Health System Inc.	18,740
3. Temple University	14,000
4. Comcast Corp.	12,858
5. Christiana Care Health System	10,500
6. Main Line Health	10,075
7. Drexel University	9,829
8. Vanguard Group	9,722
9. Einstein Healthcare Network	8,992
10. Temple University Health System	8,975
<i>Source: Book of Lists, Philadelphia Business Journal Volume 32, Number 46 (2014)</i>	

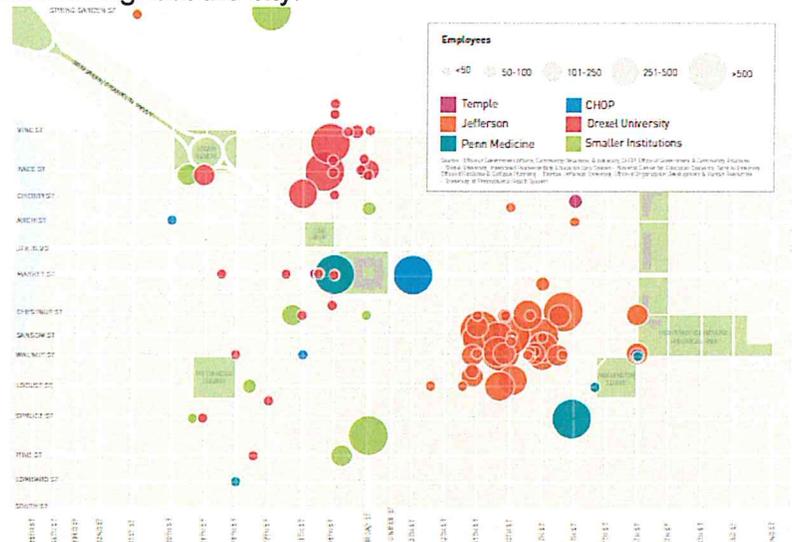
Philadelphia has 25% fewer jobs within its boundaries than it held in 1970. Poverty and unemployment have steadily risen to levels higher than all our major Northeast peer cities. According to the 2006-2008 U.S Census, 24% of individuals in Philadelphia County are living in poverty. According to the 2012 Census, the majority of Philadelphia residents have jobs in the educational services and healthcare.

The majority of jobs exist in the city's central district. 44% of Philadelphia's jobs are in Center City, which accounted for 50% of wage tax revenues that support Philadelphia's municipal services. This area contains 19,362 private sector jobs. Only in the past decade has the job market diversified because of an expanding leisure, entertainment, and arts sector. Employment in other parts of Philadelphia County include 7% in the Far Northeast, 4% in City Avenue, 3% in North Broad Street region, and 15% in the Philadelphia Navy Yard/Sports Complex area.



**Education and Healthcare:** Higher education and medical institutions in Philadelphia provide 243,000 citywide jobs and 36.5% of all employment. University of Pennsylvania, Drexel University, and University of the Sciences are located in University City. Temple University is located north of Center City and Thomas Jefferson University is located centrally within Philadelphia's Center City district. The institutions across the Schuylkill River house 88,601 students from around the world and all together a total of 121,000 students rent apartments and frequent the restaurants, bars, and retailers throughout the city.

The hospitals located in Philadelphia are numerous, but the major locations are Hahnemann University Hospital, Pennsylvania Hospital, Thomas Jefferson University Hospital, Children's Hospital, and Wills Eye Hospital. These hospitals have generated \$2.36 billion in net revenue in 2012.



**Transportation:** There is an extensive public transportation system provided by the Southeastern Pennsylvania Transportation Authority (SEPTA) and the Port Authority Transit Corporation (PATCO). This system includes a network of commuter rail lines, two subway lines and a network of trolleys and buses, all connecting to counties in both Pennsylvania and New Jersey. Amtrak and Conrail provide passenger, commuter and freight train service connecting Philadelphia to other major cities and markets located on the East Coast. There are two airports, Philadelphia International Airport and Northeast Philadelphia Airport.

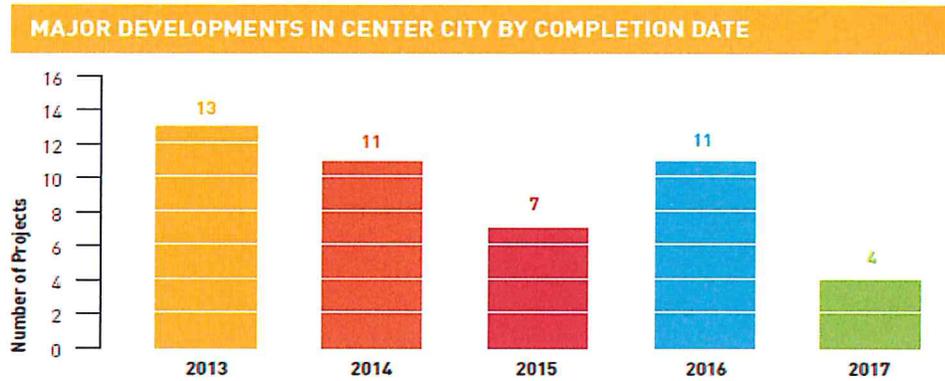
There are five (5) major Delaware River bridges, the Walt Whitman, Ben Franklin, Betsy Ross, Commodore Barry and Tacony-Palmyra. All provide access to New Jersey and major highways, including the New Jersey Turnpike, I-95 and 295.

Important roadways include the Pennsylvania Turnpike (I-276), the Northeast Extension (1-476), the Schuylkill Expressway (I-76), U.S. Route 1, and I-95.

Center City Philadelphia extends from the Delaware River on the east, to the Schuylkill River on the west, from Vine Street on the north to South Street on the south. Broad Street (Route 611) is the major north/south artery intersecting with east/west streets including Market, Chestnut, and Walnut Streets. The Vine Street Expressway (I-676) serves as the crosstown link between the Schuylkill Expressway and I-95.

There are also many bike paths in the city including the Delaware Avenue bike path and along the Schuylkill River.

**Developments:** There are many developments in Philadelphia, both recreationally and residentially; due to the increasing population of the Center City neighborhood, most of the developments are occurring in that area. The city has put out a report listing all of the coming attractions and refurbishments coming in the near future. The report states that 13 major development projects were completed in 2013 and 17 were under construction as of April 2014. Upcoming developments include five cultural, four public spaces, three hospitality, two commercial/mixed use, two government or nonprofit projects, and two education and healthcare developments.

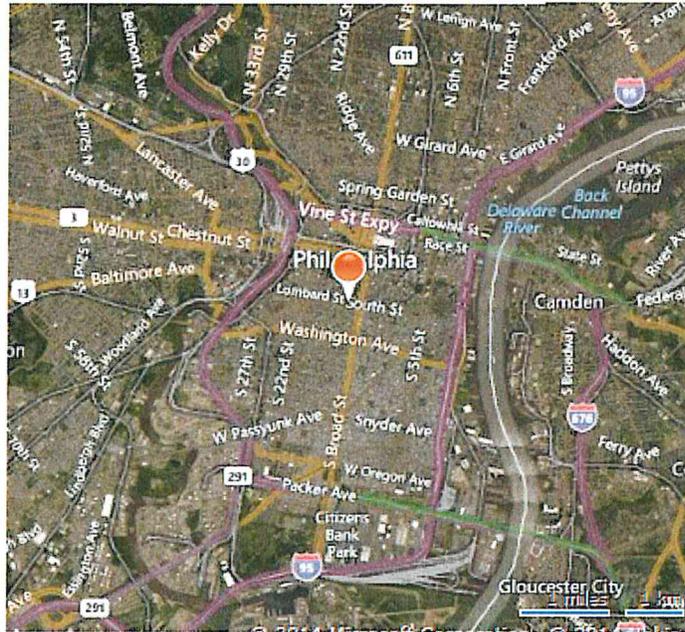


Note: Several of the projects included on the map on the following page had not yet announced completion dates, development costs, or square footage as of the end of Q1 2014. As a result, these figures are not included in the respective totals.

Some notable examples of projects include a renovation to the Benjamin Franklin Museum at the Independence National Park, and a W Hotel to be built at 1441 Chestnut Street, which will have 50 stories and 755 rooms. Pennsylvania Department of General Services is completing a new family courthouse that will contain 14 floors of office space. Finally, major renovations of The Gallery are to be underway in the years to come making it one of Philadelphia's main destinations for shopping and dining.

Residential developments, either completed or underway, include One Riverside Park, an 88-unit, 22-story, luxury condominium at 25<sup>th</sup> and Locust Streets; the Granary, 227 apartment units with underground parking at 20<sup>th</sup> and Callowhill Streets; The Sansom, 104 apartments at 16<sup>th</sup> and Sansom Streets; 2116 Chestnut Street, a 34-story building with 331 units; 1900 Arch, a 14-story structure with 236 dwelling units, offices and an underground garage; and Naval Square, 600 units in Grays Ferry. Additional projects that are in the preliminary stage include Rodin Square, 293 high-end apartments and retail space at N. 22<sup>nd</sup> and Pennsylvania Avenue.

**Market Area Analysis:** The subject property is located just west of the Avenue of the Arts Corridor, a/k/a S. Broad Street, within the southwesterly portion of Center City Philadelphia. Specifically, the subject is located west of S. 15<sup>th</sup> Street on the south side of South Street extending through to the north side of S. Kater Street.



Philadelphia is the region's cultural center. It has dozens of museums, galleries, cultural institutions, theaters and performing arts venues. Most of the performing arts are concentrated on the Avenue of the Arts.

Over the last 50 years Philadelphia has lost 24% of its population while Center City grew by 55%, 11% in the last decade. The number of households is increasing, household size is decreasing and overall, despite empty nesters returning to Center City, the population, "millenniums", is trending younger and more affluent.

Center City is the main driver of regional employment, culture, retail establishments and tourism. Generally, residents in the area cite proximity to transportation, shopping, dining, arts, culture and work as important factors in their choice of living in Center City.

The Avenue of the Arts and South Broad Street area share the same location and identity for the eleven blocks south of Market Street. The southern portion of the Avenue is bounded on the north by City Hall, approximately six blocks north of South Street and on the south by Washington Avenue, south of the subject property.

Over the last 10-15 years the recent market trend shows some of the older office buildings on South Broad Street and adjacent blocks being rehabilitated and re-tenanted as apartments and, occasionally, new office space.

Hotels along the Avenue of the Arts include: the Bellevue at the SWC of Walnut Street; the Ritz Carlton in the landmark Girard Building at the NWC of Chestnut Street and the Hilton Doubletree Hotel at the SEC of Locust Street.

The Avenue of the Arts is the premier destination for the cultural Mecca of Philadelphia, based on an idea which developed in the early 1960s. It is a city, state and related community organization project to provide the South Broad Street Corridor with an arts related identity.

It contains 11 cultural and educational institutions and seven individual performance spaces with an estimated 11,000 seats. It is spurring other development and has been officially extended to include North Broad Street as well.

Existing cultural facilities along the Avenue of the Arts include the Regional Performing Arts Center (RPAC), also known as the Kimmel Center, which is the Avenue's and the City's largest venue, the Philadelphia Arts Bank, Wilma Theater, the Academy of Music, Merriam Theater, the High School of Creative and Performing Arts, the Pennsylvania Ballet and the Suzanne Roberts Theater. Recent investments by cultural institutions in the last decade include Lenfest Hall at the Curtis Institute and the Kimmel Center acoustic renovations.

The University of the Arts continues an aggressive capital development program along Broad Street in response to expanding enrollment. It is the nation's only University dedicated to education and professional training in careers in the arts and related fields.

The western end of the neighborhood is seeing considerable activity. The University of Pennsylvania located on the west bank of the Schuylkill is redeveloping more to the east and doing a lot of infill construction. Along the Schuylkill is the elevated Schuylkill trail and banks which actually extend into the Schuylkill River as a boardwalk above the river.

The surrounding area has had countless rehabs and newly constructed dwellings. The Southstar Lofts was developed at the NEC of Broad and South Streets. This contains 85 luxury apartments atop 10,000± square feet of prime street level retail. The building was completed in Spring 2014. 777 South Broad has luxury apartments with ground floor retail.

The Universal Companies have completed projects in the immediate neighborhood at 15<sup>th</sup> and Christian Streets, which is partly new construction and partly rehabilitation of existing structures. The construction of the Cross and Greenwich Street project began in 2002 and was completed in 2006. Universal companies acted as co-developer and construction manager with Penrose Properties. Osun Village features 16 one bedroom apartments, a first floor community/activity center, a laundry facility, roof top deck and rear patio area. Additionally the first floor will contain commercial spaces with a separate street entrance. The Bainbridge West project was completed in the first quarter of 2006.

The net result of all of this activity has shown property values escalating with a noted demand for land and residential shells that are typically sought out by investors seeking to invest in rehabilitation and the remaking of properties, taking full advantage of economic incentives in the way of real estate tax abatement and record low interest rates.

Auto access to the avenue is excellent. Broad Street is a wide north-south arterial road and is the longest straight street in the United States. It connects the Naval Business Center on the south and Interstate 95, Center City, the Vine Street Expressway, which connects Interstate 95 and the Schuylkill Expressway (I-76) and the Roosevelt Boulevard with Montgomery and Bucks Counties. Access to New Jersey is via a number of bridges, including the Walt Whitman Bridge, Ben Franklin and Betsy Ross Bridges. Washington Avenue is also a major local feeder route between the Delaware River and the Schuylkill River, and South Street is a main east bound street.

The Broad Street Subway runs under the Avenue of the Arts with stops at City Hall, Walnut-Locust, Lombard-South and Ellsworth-Federal. The "C" bus runs north and south along the avenue and there are various other public transportation routes including the Market-Frankford Subway and Elevated which cross at most main streets.

The neighborhoods, districts and corridors are quite diverse, reflect varying characteristics, levels of private investment, trend in real estate prices and socio-economic characteristics. It can easily be observed that they are all improving.

In summary, the subject is considered a desirable central location with future growth prospects benefitting from its proximity to the Avenue of the Arts District and Rittenhouse Square and being a valuable resource to planned South Street future development. Its location just east of Penn Medicine Rittenhouse complex at 18<sup>th</sup> and South Street, west of the Avenue of the Arts and north of redeveloping neighborhoods would support all types of uses including commercial mixed-use and apartment.

### DESCRIPTION OF SUBJECT PROPERTY:

#### Site



Land Area:	17,096 SF or 0.3924 Acre
Frontage:	142.052'+/- of frontage along the south side of South Street (51' wide) 143.331' +/- of frontage along the north side of S. Kater Street (30' wide)
Topography:	Generally level and at grade with street frontages
Access and Roadway Improvements:	South Street is the main east bound road from the Schuylkill River to S. Front Street

Site Improvements Stone and concrete curbing, concrete sidewalk, asphalt paved roadways and typical infrastructure

Utilities: City of Philadelphia water and sewer, PECO Energy, PGW gas and telephone and cable all accessible.

Flood Zone Information: The site is not situated in a flood hazard area as per Federal Emergency Management Agency Map #420757-0183 G, dated January 17, 2007

Soil Conditions: We have not received a soil report. However, we assume that the soil's capacity and condition are sufficient to support the existing and proposed structure. We did not observe any evidence to the contrary during our physical inspection of the property.

Hazardous Substances: We have not received an environmental audit. At the time of our inspection, we did not observe any evidence that environmental contamination exists. However, if a subsequent environmental audit suggests that there are areas of concern, we reserve the right to amend our valuation.

**Land Area Summary**

Property	Land SF	Land Acre
1520 South Street	1,120	0.026
1522 South Street	1,816+/-	0.042
1524-34 South Street	11,418	0.262
1536 South Street	1,096	0.025
1537 S. Kater Street	735	0.017
1539 S. Kater Street	735	0.017
Total	16,920	.388429
Alleyways – Est Diff	176	.389
Total	17,096 sf	.3924

**Improvements - “As Is” – Façade and Shell:** Constructions details are as follows:

Summary The subject improvements consist of a one- and two-story with attic and partial basement, former movie theater containing approximately 9,600 square feet of first floor area.

General Description Apparent concrete footings and foundations, re-enforced concrete floor slab with sloping auditorium floor.

Framing	Mixture of strip masonry bearing walls with structural elements appearing to be steel beams encased in concrete. There are clear span riveted steel roof trusses. In addition, there is steel and concrete facing with brick, six pilasters and a brick parapet wall.
Walls	Common bond brick with recessed brick panels between short, brick pilasters, topped with terra cotta stones. Generally walls are brick and the base of the pilasters are granite.
Windows	Windows are sealed and painted over. These include 6/6 double hung wooden sash flanked by 2/2 double hung wooden sidelights.
Roof	Reportedly built up and there is some metal guttering and down spouting.
Interior	Includes a small basement area under the lobby. First floor, outer lobby, auditorium and stage and behind stage area. The second floor has a former projection room and offices.
Architectural Details	Trim and ornamental details observed included general terra cotta trim and door framing, terra cotta entablature consisting of denticulate cornice, flat frieze and molded architrave. There is a triangular terra cotta pediment and pilasters capped by flat style wise capitals. The second floor has window openings with terra cotta two stone and sill. There are round base relief, terra cotta panels. Two low level rundles in frieze below attic pediments. Low release terra cotta panels in a classical depiction of the "three graces", the panels are between the first and second floors at bays one and five. The "Royal" is the size in frieze at attic level with a low release decorative rundle either side. At the first level there is a double hung brick arch with terra cotta keystone imposts. At the second level three-part window fronted by cast iron balcony with decorative iron rails and four supporting brackets. There are five bays including six terra cotta pilasters.
Mechanical, Electrical and Plumbing Systems	There is no heat, plumbing, domestic hot water, lavatories and only minimal lighting necessary for the first floor inspection.

Age and Condition

Improvements were constructed circa 1919 as a motion picture theater. Reportedly, it has been abandoned since around 1970. We observed that the main building appears to have significant evidence of deferred maintenance, physical deterioration and functional inadequacies including water damage.. It is at the end of its economic life and concluded to be both physically and functionally obsolete requiring full or partial demolition and removal of debris.

**Improvements – As Completed:** Our description is based on a review of very preliminary information provided by Dranoff Properties, Ambric Technology Corp Survey, J. Davis Architect, and preliminary plans and inspection of South Star Lofts for sample finishes. No City of Philadelphia, stamped and signed, L&I plans or specifications were available.

The subject is proposed to be developed with an attached inside bay rear four (4) level and basement mixed-use commercial and apartment building and parking garage. Gross building/rentable area is reported to be approximately 69,599 square feet.

Summary information indicates gross residential area of 49,991 square feet, rentable area of apartments 39,623 to 40,285 square feet, common square feet of 10,368, parking square feet of 8,743; retail square feet of 7,631 and 1,360 square feet of façade.

It is proposed that the interior, as divided into at least 131± rooms including 41± bedrooms and 45± baths, will have an average unit size of 881 square feet. Basement parking area is reported at approximately 8,743 square feet and will contain 21 parking spaces.

The unit mix is as follows.

Type	No. of Units
Commercial	1
Studio	4
One Bedroom	32
One Bedroom/Loft	9
<b>Total</b>	<b>46</b>
SOURCE: J. Davis, Preliminary Floor Plans	

As proposed, this building, on completion, will be highly functional. Construction details are as follows:

General Construction

Foundation and Footings

Concrete footings and foundation

Structural Framing

Wood frame and podium with structural steel used to stabilize the historic façade

Floors

Concrete and wood

Front Exterior Walls Bulk glass, metal and Dryvit

Bulk Exterior Walls Dryvit

Doors Garage entry gate

Windows Hi-efficiency casement

Roof Type and Cover Green Roof

Rain-spouting and Gutters Metal

Quality of Construction Good

Proposed Building Height 50'

Interior Construction

Floor Concrete and wood

Walls Drywall over metal studs with wood and stone veneer

Partitions Drywall over metal studs with wood and stone veneer

Insulation Yes

Doors Metal, solid wood, hollow core and bi-fold

Ceilings Drywall

Access to Interior South bound from South Street and North bound from S. Kater Street

Interior Layout/Finish

Basement Parking and utility room

First Floor Front Retail, residential lobby, ramp to garage and six units

Mezzanine Retail

Second, Third and Fourth Floor Each floor will have 13 units

Common Areas: Finish includes wall-to-wall carpet, wood baseboard, wood-chair rail, mirrors and suspended ceilings

Floors	New natural wood, wall-to- wall carpet, marble and porcelain tile
Wall Finish	Paint, natural wood and stone veneer
Doors	Metal and wood
Ceilings	Paint
Light	A mixture of fluorescent and incandescent various types including recessed
Hardware	Stainless steel
Kitchens	Southstar Lofts sample consists of laminate, natural wood floors, laminate and wood cabinetry with composite counters and ceramic tile backsplashes. There will be recessed stainless steel sinks with a GE stainless appliance package with electric range/oven, dishwasher, microwave and refrigerator. The kitchens will have breakfast counters and will have modern functional utility.
Bathrooms	Southstar Lofts sample had porcelain tile floors, walls and ceilings will be painted drywall or tile, vanity sink with composite counters, toilet, stall shower and linen closet.
Amenities	Green roofs, balconies and Juliet balconies
Laundry	Stacked washer and dryer

The 45 apartment units as presented in the architects' floor plans are described as follows.

INDIVIDUAL UNITS						
Unit No.	Level/Floor	Location	Type	Est Gross SF	Shape	Amenity
LEVEL 1						
1	1 <sup>st</sup> Floor	Kater St	Studio	580	-	-
2	1 <sup>st</sup> Floor	Kater St	1 Bdrm/1 Loft	976	-	-
3	1 <sup>st</sup> Floor	Kater St	1 Bdrm /1 Loft	976	-	-
4	1 <sup>st</sup> Floor	Kater St	1 Bdrm /1 Loft	977	-	-
5	1 <sup>st</sup> Floor	Kater St	1 Bedroom	850	-	-
6	1 <sup>st</sup> Floor	Kater St	1 Bedroom	867	-	-
Sub-Total	6			5,226		
LEVEL 2						
7	2 <sup>nd</sup> Floor	Kater St	Studio	609	-	-
8	2 <sup>nd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
9	2 <sup>nd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
10	2 <sup>nd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
11	2 <sup>nd</sup> Floor	Kater St	1 Bedroom	894	-	-
12	2 <sup>nd</sup> Floor	Kater St	1 Bedroom	931	-	-

13	2 <sup>nd</sup> Floor	Mid East Side	1 Bedroom	825	-	Juliet Balcony
14	2 <sup>nd</sup> Floor	Interior East Side	1 Bedroom	810	I	Balcony
15	2 <sup>nd</sup> Floor	East Interior	1 Bedroom	810	I	Balcony
16	2 <sup>nd</sup> Floor	East South St	1 Bedroom	1,040		Juliet Balcony
17	2 <sup>nd</sup> Floor	Mid West Side	1 Bedroom	1,154	I	Balcony
18	2 <sup>nd</sup> Floor	Interior West Side	1 Bedroom	810	I	Balcony
19	2 <sup>nd</sup> Floor	West South St	1 Bedroom	1,046	-	Juliet Balcony
Sub-Total	13			12,007		
LEVEL 3						
20	3 <sup>rd</sup> Floor	Kater St	Studio	609	-	-
21	3 <sup>rd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
22	3 <sup>rd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
23	3 <sup>rd</sup> Floor	Kater St	1 Bdrm/1 Loft	1,026	-	-
24	3 <sup>rd</sup> Floor	Kater St	1 Bedroom	894	-	-
25	3 <sup>rd</sup> Floor	Kater St	1 Bedroom	931	-	-
26	3 <sup>rd</sup> Floor	Mid East Side	1 Bedroom	825	-	Juliet Balcony
27	3 <sup>rd</sup> Floor	Interior East Side	1 Bedroom	810	I	Balcony
28	3 <sup>rd</sup> Floor	East Interior	1 Bedroom	810	I	Balcony
29	3 <sup>rd</sup> Floor	East South St	1 Bedroom	1,040	-	Juliet Balcony
30	3 <sup>rd</sup> Floor	Mid West Side	1 Bedroom	1,154	I	Balcony
31	3 <sup>rd</sup> Floor	Interior West Side	1 Bedroom	810	I	Balcony
32	3 <sup>rd</sup> Floor	West South St	1 Bedroom	1,046	-	Juliet Balcony
Sub-Total	13			12,007		
LEVEL 4						
33	4 <sup>th</sup> Floor	Kater St	Studio	584	-	Terrace
34	4 <sup>th</sup> Floor	Kater St	1 Bdrm/1 Loft	996	-	Terrace
35	4 <sup>th</sup> Floor	Kater St	1 Bdrm/1 Loft	996	-	Terrace
36	4 <sup>th</sup> Floor	Kater St	1 Bdrm/1 Loft	996	-	Terrace
37	4 <sup>th</sup> Floor	Kater St	1 Bedroom	868	-	Terrace
38	4 <sup>th</sup> Floor	Kater St	1 Bedroom	931	-	Terrace
39	4 <sup>th</sup> Floor	Mid East Side	1 Bedroom	730	I	Juliet Balcony
40	4 <sup>th</sup> Floor	Interior Side East	1 Bedroom	810	I	Balcony
41	4 <sup>th</sup> Floor	Interior Side East	1 Bedroom	810	I	Balcony
42	4 <sup>th</sup> Floor	Mid West Side	1 Bedroom	1,154	I	Balcony
43	4 <sup>th</sup> Floor	Interior West Side	1 Bedroom	810	I	Balcony
44	4 <sup>th</sup> Floor	West South St	1 Bedroom	680	-	Terrace
45	4 <sup>th</sup> Floor	East Side South St	1 Bedroom	680	-	Terrace
Sub-Total	13			11,045		
Overall Total	45			40,285*		
I – Irregular *Slight Variation from Summary Information						

Mechanical/Electric/Plumbing

Heat	New HVAC System, ceiling fans
Domestic Hot Water	Electric fired - Adequate for 45 apartments and one commercial unit.
Lighting	Recessed – Installed to City of Philadelphia, Electrical Code
Electrical	Adequate for 45 apartments and 1 commercial.
Plumbing	More than adequate for 45 apartments and 1 commercial unit. Assumed installed to City of Philadelphia plumbing code
Sprinklers	Assumed to be installed to City of Philadelphia, plumbing and fire code
Elevators	Proposed one passenger with marble tile flooring and wood or laminate walls
Metering	Electric – Assumed central water and sewer; no natural gas
Alarm System	Locks at doors – Adequate alarm system
Fire Safety	Assumed installed and tested to City of Philadelphia, Fire Codes
Energy Efficient	Possible LEED certified design proposed as sustainable

**HIGHEST AND BEST USE:** Highest and best use is defined as: “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.” (Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Fifth Edition, Chicago, Ill., 2010, p. 93)

These criteria are further explained as follows:

1. Legal Permissibility: Uses permitted under existing or reasonably attainable zoning and/or other regulations;
2. Physical Possibility: Uses which are physically suitable and adaptable for the site in question;
3. Financial Feasibility: Permissible and possible uses for which there is an economic, social and/or market demand and which will produce a positive net return to the owner of the site;

4. **Maximum Profitability:** Among the feasible uses, that use which will produce the most profitable or highest net return consistent with the rate of return warranted by the market and thus highest present worth.

The use must be legal and probable, not speculative or conjectural. A demand for the use must exist and it must yield the highest net return to the land for the longest period. To arrive at an estimate of highest and best use, the subject property was analyzed as though vacant and improved.

### **Highest and Best Use - As Vacant**

**Legally Permissible** – The subject is located within the CMX-2, Commercial Mixed Use 2 District. Due to the character of the surrounding area, we believe that small scale mixed use commercial and apartment development would be permitted. A Variance could be applied for and it is anticipated it would be approved.

**Physically Possible** – The size, shape, location, and utility of a site are factors considered in analyzing a physical possibility. The subject is of a sufficient net-developable size to accommodate most if not all uses specifically permitted. The subject site is suitable for development as a low to mid rise mixed use commercial apartment project.

**Financially Feasible** - Uses that are legally permissible and physically possible are further analyzed to determine which uses are financially feasible. One method of inferring financial feasibility is to seek evidence of development plans or existing construction on similar sites that are comparable to the subject. Any use of a site which provides a financial return to the land in excess of that required to satisfy debt service, operating and development costs, is considered to be financially feasible. In our opinion, the most financially feasible use of the site, as vacant, is for multifamily development with ground floor commercial for an investor in the current market.

**Maximum Profitability** - Taking into consideration location, zoning and likely allowances, internal physical characteristics of the site and current market conditions, it is your appraisers' opinion that the highest and best use or optimum use of the site is for a mixed-use commercial multifamily development for an investor in the current market.

### **Highest and Best Use - As Improved**

The subject movie theater is a recognized historic landmark on South Street, approximately one and one half blocks west of the Avenue of the Arts. Its façade is architecturally distinctive. Based on our inspection, we observed that the front facade has significant architectural detail relating to history and past quality of materials and workmanship. Based on available government tax provisions, the front of the former movie theater can be saved and incorporated into the subject's proposed mixed-use development. It makes the subject easily recognizable and contributes to historic preservation.

The highest and best use, as improved, would be for a mixed-use commercial/apartment building with the South Street façade intact and below-grade parking as detailed.

The determination of highest and best use results from the appraisers' judgment and analytical skill, i.e., the use determined from the analysis represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most probable use.

**APPRAISAL METHODOLOGY:** There are three conventional approaches to real estate valuation under its highest and best use. The type and age of the property under analysis as well as the quantity and quality of data available from the market will affect the applicability of those methods to a specific case.

Income Capitalization Approach - The Income Capitalization Approach renders an estimate of value based upon the present worth of the potential future benefits derived from ownership of the real estate. An Income Capitalization Approach is best applied to a property that is planned and designed as an investment or business.

Cost Approach - The Cost Approach renders an estimate of value based upon the price of obtaining a site and constructing improvements, both with equal desirability and utility as that of the subject property. The Cost Approach is best applied when the property being appraised is new construction or a special design and use.

Sales Comparison Approach - The Sales Comparison Approach renders an estimate of value based upon the competitive prices at which an equally desirable substitute property can be acquired in the open market. The Sales Comparison Approach is best applied to a property that is typically bought and sold on a regular basis.

**Methodology Applicable to the Subject Property:** This appraisal considered both the Income Capitalization and Cost Approaches to Value. The Sales Comparison Approach was not able to be processed. The subject structure is proposed mixed use commercial apartment development. Typically, developers do not build a new building with commercial and apartments, lease it out to tenants, stabilize the income and sell it. Sales activity of comparable units tends to be older and dated and in inferior locations. Sales Comparison Approach could not be utilized.

**COST APPROACH TO VALUE:** The Cost Approach is based on the premise that a knowledgeable purchaser would pay no more for a property than the cost of producing an equal or substitute property.

Because cost and market value are usually most closely related when properties are new, the Cost Approach is significant in estimating the market value of new or relatively new construction. The approach is especially persuasive when the site value is well supported and the improvements are new or suffer only minor accrued depreciation and, therefore, approximate the highest and best use of the site as though vacant.

Thus, the Cost Approach is most often used to estimate the market value of proposed construction, special-purpose or specialty properties, and other properties that are not frequently exchanged in the market, such as houses of worship and museums. Therefore, current market indications of cost or the costs to acquire and build an existing building are the best reflections of market value.

Within the formal parameters of the Cost Approach, your appraisers have provided an opinion of value of the subject properties through use of the following methodology:

- Estimate the value of the subject parcel of land as though vacant and available to be developed to its highest and best use.
- Estimate the reproduction or replacement cost of the improvements on the effective date of the appraisal.
- Estimate indirect costs
- Estimate entrepreneurial profit.
- Add estimated total replacement or reproduction cost, indirect costs, and entrepreneurial profit to arrive at the total replacement or reproduction cost of the improvements.
- Estimate the amount of accrued depreciation in the structure. This is divided into major categories: physical deterioration, functional obsolescence, and external obsolescence.
- Deduct the estimated accrued depreciation from the total reproduction or replacement cost of the structure to derive an estimate of depreciated reproduction or replacement cost of the improvements.
- Add the depreciated reproduction or replacement cost of the structure and the site improvements to obtain the estimated total depreciated reproduction or replacement cost of all improvements.
- Add the land value to the total depreciated reproduction or replacement cost of all improvements to arrive at the indicated value of the fee simple interest in the property.
- Adjust the indicated fee simple value to reflect the property interest being appraised, if necessary, to produce an indicated value for the interest in the subject property.

It is important to note the difference between reproduction and replacement costs which are sometimes interchangeable.

**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 the deficiencies, superadequacies and obsolescence of the subject building.” (Ibid p. 169)

**Replacement Cost:** The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised using modern materials and current standards, design, and layout. (Ibid p. 168)

The three traditional cost estimating methods are the comparative-unit method, the unit-in-place method, and the quantity survey method:

**Comparative-Unit Method:** The comparative-unit method is used to derive a cost estimate in terms of dollars per unit of area. The method employs the known costs of similar structures adjusted for market conditions and physical differences. The comparative-unit method is relatively uncomplicated, practical, and widely used.

Most appraisers using the comparative-unit method apply unit-cost figures developed using data from a recognized cost service. Unit costs for the benchmark buildings found in cost-estimating manuals usually start with a base building of a specified size to which additions or deductions are made.

In the comparative-unit method, costs are expressed in terms of dollars per unit of area or volume, based on known costs of similar structures that are adjusted for market conditions, location and physical differences.

**The Unit-in-Place Method** or segregated cost method estimates total building cost by adding together the unit costs of the various building components as installed.

**The Quantity Survey Method** is the most comprehensive means of estimating total cost. The quantity and quality of all materials used and all categories of labor required are estimated and unit cost figures are applied to arrive at a total cost estimate for labor and materials.

A critical factor in a cost analysis of a property is the estimation of accrued depreciation. Depreciation is defined as: "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." (Ibid p. 56)

Physical Deterioration is a reduction in the physical structure and systems resulting from an impairment of physical condition. It is loss of value caused by wear and tear, decay due to natural elements, and use in service. The subject improvements will be of new construction and there is no physical depreciation.

Functional obsolescence, is an element of accrued depreciation resulting in reduction of utility from deficiencies or superadequacies. Functional obsolescence reflects a loss in value. Based upon our review of the floor plans including design and layout, no functional obsolescence was noted.

External obsolescence is an element of accrued depreciation caused by negative influences outside a site locationally or economically. Subject's location precludes external obsolescence.

**AS IS VALUE:** The same steps as employed in the Sales Comparison Approach would be utilized here to estimate the land value. Your appraisers have surveyed and analyzed the most recent and competitive sales transactions in the market area and made appropriate adjustments for dissimilarities. Based on this process, a value is derived which most accurately reflects the marketplace. The following transactions were among those considered:

SALE NO. 1

**Property Identification:** **Photograph:**

**Record ID:** 1385  
**Property Type:** Vacant Land  
**Address:** 206-212 N. 22<sup>nd</sup> Street  
Philadelphia, PA 19103  
**Tax ID:** 88-3411300



**Sale Data:** **Land Data:**

**Grantor:** Patriot Parking on 22<sup>nd</sup> Street, LLC  
**Grantee:** 206-212 N. 22<sup>nd</sup> Street, L.P.  
**Sale Date:** April 2013  
**Deed Book/Page:** 5262839  
**Property Rights:** Fee Simple  
**Conditions of Sale:** Arms Length  
**Financing:** Cash-to-Seller  
**Verification:** Agreement of Sale, Philip Fortuna, MAI  
**Sale Price:** \$2,400,000

**Zoning:** RM-1, Residential Multifamily-1  
**Utilities:** All Public Available

**Land Size Information:** **Indicators:**

**Gross Land Size:** 9,504 SF

**Sale Price/Gross SF:** \$252.53

**Remarks:**

Former parking lot with frontage on N. 22<sup>nd</sup> Street. Property is located in the Benjamin Franklin Parkway area. Six homes or \$400,000 per lot are under construction. This was a private sale that was not exposed to the market.

**SALE NO. 2**

<b>Property Identification:</b>	<b>Photograph:</b>
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<b>Record ID:</b>	1402
<b>Property Type:</b>	Vacant Land
<b>Address:</b>	3161-3167 Market Street Philadelphia, PA 19104
<b>Tax ID:</b>	88-4508000



<b>Sale Data:</b>	<b>Land Data:</b>
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<b>Grantor:</b>	Bridgestone Retail Operations, LLC
<b>Grantee:</b>	Drexel University
<b>Sale Date:</b>	April 2013
<b>Deed Book/Page:</b>	52621608
<b>Property Rights:</b>	Fee Simple
<b>Conditions of Sale:</b>	Arms Length
<b>Financing:</b>	Cash-to-Seller
<b>Verification:</b>	Trend, Deed
<b>Sale Price:</b>	\$8,950,000

<b>Zoning:</b>	I-2 Medium Industrial Rezoning to CMX-5 is pending before a City Council as part of the entire University's southwest district rezoning
<b>Utilities:</b>	All Public Available
<b>Corner:</b>	Yes – 3 street frontages

<b>Land Size Information:</b>	<b>Indicators:</b>
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<b>Gross Land Size:</b> 26,675 SF
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<b>Sale Price/Gross SF:</b> \$335.52
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<b>Remarks:</b>
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The grantee, Drexel University, plans to assemble this property, the bed of Lancaster Avenue and other parcels to be developed at some future date, probably within three years, with a student union center on an assembled one-acre site fronting on Market Street, a location that bisects the campus.

The existing building, which contains approximately 19,443 SF, is proposed to be occupied by the grantor for no rent or a nominal rent. Plans are to eventually demolish the structure and assemble.

SALE NO. 3

**Property Identification:** **Photograph:**

**Record ID:** 1383  
**Property Type:** Vacant Land  
**Address:** 501-507 S. 12<sup>th</sup> Street  
a/k/a SEC S. 12<sup>th</sup> and  
Lombard Streets through  
to Rodman Street  
Philadelphia, PA 19147  
**Tax ID:** 88-3232200



**Sale Data:** **Land Data:**

**Grantor:** Kim DeOliveria,  
a/k/a Kim Rogal  
**Grantee:** 200 Christian Street  
Partners, LLC  
**Sale Date:** October 23, 2012  
**Deed Book/Page:** 52555646  
**Property Rights:** Fee Simple  
**Conditions of Sale:** Arms Length  
**Financing:** Cash-to-Seller  
**Verification:** Trend, Deed  
**Sale Price:** \$2,000,000

**Zoning:** RM-1, Residential  
Multifamily-1  
**Utilities:** All Public Available  
**Corner:** Yes with 3 street  
frontages

**Land Size Information:** **Indicators:**

**Gross Land Size:** 10,997 SF

**Sale Price/Gross SF:** \$181.87

**Remarks:**

Formerly a medical/pain center building, built in 1970 that was torn down at a cost of \$60,000. Six, three-story, single-family townhouses were subsequently built.

SALE NO. 4

**Property Identification:** **Photograph:**

**Record ID:** 1386  
**Property Type:** Vacant Land  
**Address:** 1803-1829 Lombard Street  
Philadelphia, PA 19103  
**Tax ID:** 88-2553800



**Sale Data:** **Land Data:**

**Grantor:** 1803 Lombard, LP  
**Grantee:** Lombard Estates, LLC  
**Sale Date:** June 2012  
**Deed Book/Page:** 52563787  
**Property Rights:** Fee Simple  
**Conditions of Sale:** Arms Length  
**Financing:** Cash-to-Seller  
**Verification:** Trend, Deed, Broker  
**Sale Price:** \$3,900,000

**Zoning:** RM-1, Residential Multifamily-1 with an overlay zoning of CTR, Residential Parking Control Area  
**Utilities:** All Public Available

**Land Size Information:** **Indicators:**

**Gross Land Size:** 14,334 SF

**Sale Price/Gross SF:** \$272.08

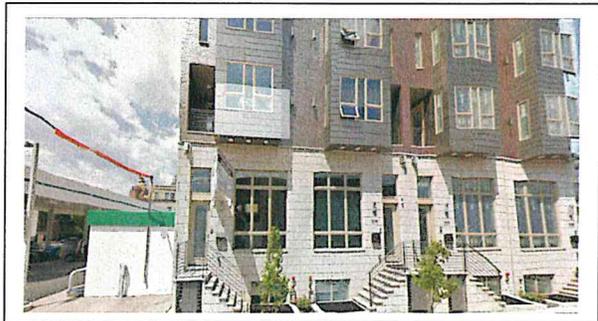
**Remarks:**

Former parking lot across from Penn Medicine Rittenhouse. The property had been approved for 14 homes, which are under construction.

SALE NO. 5

**Property Identification:** **Photograph:**

**Record ID:** 1387  
**Property Type:** Vacant Land  
**Address:** 1319-1349 Bainbridge Street, 620 S. Clarion St. and 1318-1340 Kater St. Philadelphia, PA 19147  
**Tax ID:** Various including 88-2232200



**Sale Data:** **Land Data:**

**Grantor:** Stephen L. Hymowitz  
**Grantee:** Clarke Real Estate Development, LLC  
**Sale Date:** March 2012  
**Deed Book/Page:** 52463967  
**Property Rights:** Fee Simple  
**Conditions of Sale:** Arms Length  
**Financing:** Cash-to-Seller  
**Verification:** Trend, Deed  
**Sale Price:** \$5,000,000

**Zoning:** RM-1, Residential Multifamily-1  
**Utilities:** All Public Available  
**Corner:** Yes with three street frontages

**Land Size Information:** **Indicators:**

**Gross Land Size:** 45,302 SF

**Sale Price/Gross SF:** \$110.37

**Remarks:**

Buyer plans on a re-subdivision of the property from 24 lots to 22 single-family lots plus one lot for a six-unit building. Also, buyer applied for a variance to allow the buildings to be 52' high (RM1-zoning mandates a 38' high maximum height.)

**SALE NO. 6**

<b>Property Identification:</b>	<b>Photograph:</b>
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<b>Record ID:</b>	1376
<b>Property Type:</b>	Vacant Land
<b>Address:</b>	2116-2132 Chestnut St. Philadelphia, PA 19103
<b>Tax ID:</b>	77-204300 and 88-1566950



<b>Sale Data:</b>	<b>Land Data:</b>
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<b>Grantor:</b>	Sidney Hillman Medical Center of the Male Apparel Industry of Philadelphia
<b>Grantee:</b>	2116 Chestnut Partners, LLC
<b>Sale Date:</b>	September 2011
<b>Deed Book/Page:</b>	52400198
<b>Property Rights:</b>	Fee Simple
<b>Conditions of Sale:</b>	Arms Length
<b>Financing:</b>	Cash-to-Seller
<b>Verification:</b>	Trend, Deed
<b>Sale Price:</b>	\$5,865,042

<b>Zoning:</b>	RCMX-4, Center City Commercial mixed-Use
<b>Utilities:</b>	All Public Available
<b>Corner:</b>	Yes with 3 street frontages

<b>Land Size Information:</b>	<b>Indicators:</b>
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<b>Gross Land Size:</b> 33,106 SF
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<b>Sale Price/Gross SF:</b> \$177.16
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<b>Remarks:</b>
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<p>The site , formerly the Sidney Hillman Medical Center, is a 34-story tower to include 40,000 SF of first floor retail, 318 apartment units and parking. The sale was negotiated in late 2009 to early 2010. Reportedly, the project received a \$12,000,000 grant under the State Redevelopment Assistance Capital Program (RACP).</p>
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SUMMARY OF LAND SALES					
#	ADDRESS	SALE DATE	SALE PRICE	AREA-SF	SP/SF
1	206-212 N. 22 <sup>nd</sup> Street Philadelphia, PA 19103	04/13	\$2,400,000	9,504	\$252.53
2	3161-3167 Market Street Philadelphia, PA 19104	04/13	8,950,000	26,675	335.52
3	501-507 S. 12 <sup>th</sup> Street Philadelphia, PA 19147	10/12	2,000,000	10,997	181.87
4	1803-1829 Lombard Street Philadelphia, PA 19103	06/12	3,900,000	14,334	272.08
5	1319-1349 Bainbridge Street Philadelphia, PA 19147	03/12	5,000,000	45,302	110.37
6	2116-2132 Chestnut Street Philadelphia, PA 19103	09/11	5,865,042	33,106	177.16

The above sales, before adjustments, bracket a range between \$110.37 and \$335.52 per square foot, with a mean of \$221.59 per SF, a median of \$217.20 per SF and dates of sale from April 2013 to September 2011.

When searching the market for comparable sales, we presented those deemed most applicable and indicative of the market value of the subject property. Additional sales considered include the site at 777 S. Broad Street, 148 units with ground floor retail space. The land area of 36,830 square feet was a 26-parcel assemblage by the Redevelopment Authority of the City of Philadelphia, acquired by eminent domain. One hundred percent exempt, it sold to 777 South Street Associates, L.P., on June 13, 2008 for \$3,530,000, equivalent to \$96.00 per square foot.

A second transaction on the Northeast Corner of S. Broad and South Streets, known as South Street Lofts, contains 85 units on a parcel of land containing 18,952 square feet. It was transferred on February 4, 2013 from the Philadelphia Authority for Industrial Development to Broad and South Associated, L.P. for a reported consideration of \$2,500,000, equivalent to approximately \$132.00 per square foot.

The main factors of consideration and adjustment were: Property Rights Conveyed, Financing Terms, Conditions of Sale, Market Conditions, Location, Corner Exposure/Visibility, Land Size, Functional Utility, Site Prep, Site Characteristics, Zoning and Economic Characteristics.

We adjusted the researched sales market data for differences with the subject as follows:

Property Rights Conveyed - The fee simple interest is being appraised at the subject property, as was conveyed in all of the comparable sales. No adjustment was necessary.

Financing Terms - Terms for all six sales were cash to the seller or its equivalent with market-oriented financing. For this reason, no adjustment to the market data for financial terms is necessary.

Conditions of Sale - Sales 1, 3, 4, 5 and 6 had typical motivation and were considered to be arms-length transactions. Sale 2 was located on Drexel University's Campus between the south and north campus. It was acquired for future expansion with a student union center. A downward adjustment for conditions of sale was considered appropriate.

Market Conditions – Sales # 1 and 2 sold in a current market and required no time adjustment. Sales 3, 4 and 5 transacted in 2012, which was deemed to be slightly inferior market requiring a small upward adjustment. Sale 6, the oldest sale, settled in 2011 and required the largest upward adjustment.

Locational Attributes – Sale 1 was located in Logan Circle neighborhood in the northwest quadrant of Center City. It was in close proximity to the Ben Franklin Parkway and various museums, including Franklin Institute, Barnes, the Academy of Natural Sciences and the Art Museum. This was deemed to be a superior location requiring a downward adjustment. Sale 2, was located outside Center City, due to its location and proximity to Drexel University, an institutional use, this was considered to be overall comparable to the subject's location with its various venues and institutions between the Avenue of the Arts on the east and Penn Medicine Rittenhouse on the west. Sale 3 was located in the southern part of Washington Square West, two blocks east of the Avenue of the Arts. This was deemed to be slightly inferior requiring a small upward adjustment. Sale 4 was located in the 1800 block of Lombard Street. This was at an inside location on the block and directly across the street from Penn Medicine Rittenhouse and in the southern part of the Rittenhouse Square neighborhood. This required the largest downward adjustment. Sale 5 was located one half blocks east of the Avenue of the Arts but further south of the Center City area. This required a large upward adjustment. Sale 6 was located on Chestnut Street. This was deemed to be superior requiring a downward adjustment.

Corner Exposure/Visibility – The subject is at an inside location on the block with two street fronts. It was considered to be comparable to Sales#1 and 4 and required no adjustment. Sales 2, 3, 5 and 6 were corner locations with better visibility and required downward adjustments.

Land Size – Typically, as sites get smaller, unit prices tend to rise and vice versa. Sale 1 was the smallest site, one of the higher unit prices and required a downward adjustment. Sale 2 was considered larger resulting in a lower unit price, requiring an upward adjustment. Sale 3 was the second from the lowest square footage and required a downward adjustment. Sale 4 was considered to be competitive and was reasonably comparable to the subject in size. Sale 5 was the largest site and the lowest unit price and required the largest upward adjustment. Sale 6 was the second from the highest in size and also required a downward adjustment.

Functional Utility - This factor of adjustment considers the development potential of the site. Sale 4 was considered to be overall comparable requiring no adjustment. Sales 1 and 3 were inferior requiring upward adjustments. Sale #2 was slightly superior requiring a downward adjustment. Sales 5 and 6 required the largest downward adjustment.

Site Preparation – Sales 2 had a Firestone Tire building and would require site preparation which was estimated at 1%. Sale 3 had a conservative demolition permit which was reported in the amount of \$60,000, and required an upward adjustment for site preparation and Sale 6 had larger buildings with an estimated upward adjustment of 5%.

Site Characteristics – This relates to shape, topography and secondary street fronts. Sales 1 and 4 were inferior requiring an upward adjustment. Sales 2, 3, 5 and 6 were superior requiring a downward adjustment.

Zoning – Sales 1, 3, 4 and 5 were zoned within the RM-1, Residential Multi-Family 1 District. The maximum height in this district was 38'. Sale 2 was located in the I-2, Industrial 2 Medium Industrial District. It was proposed to be rezoned to CMX-5 as part of the University's southwest district rezoning. This zoning permitted 100% coverage and a maximum height of 60'. Sale 6

was located within the CMX-4, Center City Commercial Mixed Use District. This permits maximum floor ratio of 500% up to 700% with bonuses. Sales 1, 3, 4, 5 and 6 were deemed to be reasonably competitive requiring no adjustment. Sale 2 due to the industrial zoning required a small upward adjustment.

Economic Characteristics – Sales 2, 3, 4, 5 and 6 required no adjustment. Sale 1 had been a parking lot and required a small downward adjustment.

Summary of Adjustments - Positive adjustments are made to those comparable property land sales that are somehow inferior to the subject, while negative adjustments are appropriate when some trait of a comparable property sale is superior to that of the subject.

Below is an adjustment grid quantifying our adjustments to the market data for the subject property.

SALES ADJUSTMENT GRID						
	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6
UNADJUSTED UNIT RATE	\$252.53	\$335.52	\$181.87	\$272.08	\$110.37	\$177.16
Property Rights Conv.	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Property Rights Adj. Rate	\$252.53	\$335.52	\$181.87	\$272.08	\$110.37	\$177.16
Financing Terms	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Financing Adjusted Rate	\$252.53	\$335.52	\$181.87	\$272.08	\$110.37	\$177.16
Conditions of Sale	0.00%	-25.00%	0.00%	0.00%	0.00%	0.00%
Conditions of Sale Adj. Rate	\$252.53	\$251.64	\$181.87	\$272.08	\$110.37	\$177.16
Market Conditions	0.00%	0.00%	2.00%	2.00%	2.00%	4.00%
Time Adjusted Unit Rate	\$252.53	\$251.64	\$185.51	\$277.52	\$112.58	\$184.25
Location	-10.00%	0.00%	5.00%	-25.00%	25.00%	-5.00%
Corner Exposure/Visibility	0.00%	-5.00%	-5.00%	0.00%	-5.00%	-5.00%
Land Size	-10.00%	5.00%	-10.00%	0.00%	25.00%	20.00%
Functional Utility	10.00%	-5.00%	10.00%	0.00%	-10.00%	-10.00%
Site Prep	0.00%	1.00%	3.00%	0.00%	0.00%	5.00%
Site Characteristics	5.00%	-5.00%	-5.00%	5.00%	-5.00%	-5.00%
Zoning	0.00%	5.00%	0.00%	0.00%	0.00%	0.00%
Economic Characteristics	-5.00%	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL % ADJUSTMENT	-10.00%	-4.00%	-2.00%	-20.00%	30.00%	0.00%
ADJUSTED UNIT RATE	\$227.28	\$241.57	\$181.80	\$222.02	\$146.35	\$184.25
MEAN	\$200.54					

After adjustments, the sale prices per square foot range from \$146.35 to \$241.57 per square foot of land. An opinion of value in the mid-range was considered appropriate for the subject.

The mean (average) of the six sales is \$200.54 per square foot. The median of between Sale #4 at \$222.02 sf and Sale #6 at \$184.25 sf was \$203.14.

All six sales were in extended Center City core neighborhoods. Sale #1 was north of Market Street and Sale #3 was located in the southern part of Washington Square West. Sale #4 was located to the northwest in the southern part of Rittenhouse Square. Sale #5 was one of the furthest sales away being in the 1300 block of Bainbridge Street and Sale #6 was located on Chestnut Street west of S. 21<sup>st</sup> Street. Sale #2 which was the highest unadjusted and adjusted sale price per sf was the furthest away. Sales #1, 3, 4 and 6 were considered to be most comparable after adjustments.

After making adjustments for dissimilarities, we are of the opinion that the market value of the subject property developed to its highest and best use is \$3,420,000. The "as is" value was arrived by subtracting \$550,000 for demolition, clearing and disposal of the existing building and \$640,000 for façade support and preservation = Two Million Two Hundred Thirty Thousand Dollars (\$2,230,000), Equivalent to \$130.44 (CALL) Per Square Foot of Land Area

#### **AS COMPLETED VALUE:**

Estimation of Cost New: The developer reported on the Royal Theater Summary and Pro-forma that the total cost of construction as \$13,032,116 CALL \$13,000,000. When proposed or new, reproduction and replacement costs are the same.

Methodology: As a support for the development estimates, we utilized the Marshall and Swift-Swift-Estimator Commercial Estimator – Summary Report.

Class and Quality of Construction - The subject improvements appear to fall within the category of "D" Class Construction. This is based on the following construction indicators.

Class	FRAME	FLOOR	ROOF	WALLS
A	Structural steel columns and beams, fireproofed with masonry, concrete, plaster, or other noncombustible material	Concrete or concrete on steel deck, fireproofed	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed	Nonbearing curtain walls, masonry, concrete, metal and glass panels, stone, steel studs and masonry, tile or stucco, etc.
B	Reinforced concrete columns and beams. Fire-resistant construction	Concrete or concrete on steel deck, fireproofed	Formed concrete, precast slabs, concrete or gypsum on steel deck, fireproofed	Nonbearing curtain walls, masonry, concrete, metal and glass panels, stone, steel studs and masonry, tile or stucco, etc.
C	Masonry or concrete load-bearing walls with or without pilasters. Masonry, concrete or curtain walls with full or partial open steel, wood, or concrete frame.	Wood or concrete plank on wood or steel floor joists, or concrete slab on grade.	Wood or steel joists with wood or steel deck. Concrete plank.	Brick, concrete block, or tile masonry, tilt-up, formed concrete, nonbearing curtain walls
D	Wood or steel studs in bearing walls, full or partial open wood or steel frame, primarily combustible construction	Wood or steel floor joists or concrete slab on grade	Wood or steel joists with wood or steel deck.	Almost any material except bearing or curtain walls of solid masonry or concrete. Generally combustible construction.

Based on the physical inspection, occupancy, class of construction indicated and the City building code, the type of construction is determined in this case to be frame with possible podium construction.

Adjustments to the Base Square Foot Cost are made for walls, elevators, HVAC and sprinklers.

The Base Square Foot Refined Cost is then adjusted for the area, number of stories (normally the cost per square foot of building is less for each story higher) height per story (the higher the walls go beyond the typical height, the higher the square foot cost and vice versa) and the floor area perimeter (the greater the building perimeter due to corners step in and out, etc. the higher the square foot cost).

The Refined Square Foot Cost was adjusted to the current time (inflation and general rising costs) and for the locality (weather, unions, raw materials, etc.) This Final Square Foot Cost is then multiplied by the building area to determine the Reproduction Cost New.

To this is added a charge for Entrepreneurial Profit. This is defined as: "A market-derived figure that represents the amount an entrepreneur expects to receive for his or her contribution to a project; the difference between the total cost of a property (cost of development and risk) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. In the Cost Approach, an entrepreneur is motivated by the prospect of future value enhanced." (Ibid, p. 67 and 68)

**Estimate of Accrued Depreciation:** The forms of depreciation considered included: physical deterioration, functional obsolescence and external obsolescence.

The subject is new construction. It will not suffer from deferred maintenance or physical deterioration. It is being built to current standards, functionally competitive and there will be no deficiencies, defects or inadequacies. There is no adverse influence locationally and economically.

**DEVELOPMENT REPRODUCTION COST  
SUMMATION AND FINAL VALUE INDICATION**

Land Value (By Comparison) -		\$ 3,420,000
Estimated Cost New (Hard Costs)	\$13,000,000	
Estimated Soft Costs	5,430,758	
Entrepreneurial Profit (20%)	<u>3,686,152</u>	
Cost New		\$ 22,116,910
Less: Accrued Depreciation		
Physical Deterioration		
Functional obsolescence		
External Obsolescence		
Total Depreciation		<u>---</u>
Depreciated Cost New		\$ 22,116,910
Façade 1,360 SF @ Est \$100/SF		<u>136,000</u>
Depreciated Cost/Value of Improvements		\$ 22,252,910
		<u>\$ 25,672,910</u>
		CALL
		<u>\$ 25,500,000</u>

# Marshall & Swift - SwiftEstimator Commercial Estimator - Summary Report

## General Information

<b>Estimate ID:</b>	Copy of 1520	<b>Date Created:</b>	10-20-2014
<b>Property Owner:</b>	Dranoff	<b>Date Updated:</b>	10-29-2014
<b>Property Address:</b>	1520 - 1536 South Street Philadelphia, PA 19146	<b>Date Calculated:</b>	10-29-2014
<b>Local Multiplier:</b>		<b>Cost Data As Of:</b>	10-2014
<b>Architects Fee:</b>		<b>Report Date:</b>	using default

## Section 1

<b>Area</b>	69599	<b>Overall Depreciation %</b>
<b>Stories in Section</b>	5	<b>Physical Depreciation %</b>
<b>Stories in Building</b>	5	<b>Functional Depreciation %</b>
<b>Shape</b>	rectangular	<b>External Depreciation %</b>
<b>Perimeter</b>	(auto-calc)	
<b>Effective Age</b>	0	

## Occupancy Detail

Occupancy	%	Class	Height	Quality
300 Apartment	80	D	11	4.0
353 Retail Store	9	D	19	4.0
388 Underground Prkg Structure	11	B	9	4.0
<b>Occupancy Total Percentage</b>	<b>100</b>			

### System : Elevators

	%/Units	Quality	Depr %	Other
651 Elevators : Passenger #	1	4.0	0	5

### System : Exterior Walls

	%/Units	Quality	Depr %	Other
885 Exterior Walls : Stud -EIFS (Synthetic Stucco)	100	4.0	0	
<b>Total Percent for Exterior Walls:</b>	<b>100</b>			

### System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
617 HVAC (Heating) : Complete HVAC	88	4.0	0	2
<b>Total Percent for HVAC (Heating):</b>	<b>88</b>			

### System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	88	4.0	0	
<b>Total Percent for Sprinklers:</b>	<b>88</b>			

## Calculation Information (All Sections)

<https://www.swiftestimator.com/main/CE/reports/PFV.asp>

11/1/2014

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
<b>Basic Structure</b>					
Base Cost	69,599	\$136.94	\$9,530,887		\$9,530,887
Exterior Walls	69,599	\$21.18	\$1,474,107		\$1,474,107
Heating & Cooling	61,247	\$24.63	\$1,508,514		\$1,508,514
Elevators	1	\$201,961.00	\$201,961		\$201,961
Sprinklers	61,247	\$5.17	\$316,647		\$316,647
<b>Basic Structure Cost</b>	<b>69,599</b>	<b>\$187.25</b>	<b>\$13,032,116</b>	<b>\$0</b>	<b>\$13,032,116</b>

\*\*\*Except for items and costs listed under "Addition Details," this SwiftEstimator report has been produced utilizing current cost data and is in compliance with the Marshall & Swift Licensed User Certificate. This report authenticates the user as a current Marshall & Swift user.\*\*\*



**INCOME CAPITALIZATION APPROACH – AS COMPLETED:** The Income Capitalization Approach is a methodology of valuation used in appraising income-producing properties. The value indicated by this approach rests on the ability of the property to produce future income during the remaining economic life of the improvements.

The process requires computation of potential income and expenses; the resulting net income is then converted into an indication of value using either direct or yield capitalization (discounted cash flow analysis). For purposes of our valuation, we have used the direct capitalization method. This method is defined as follows: “A method used to convert an estimate of a single year’s income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor...” (Ibid p. 83)

Our derivation of a ‘stabilized year’ operating statement results in a net operating income expectancy that is indicative of the subject property’s performance suitable for capitalization into value.

We analyzed the subject’s projected income and expenses, specifically, we have performed the following steps:

- Analyzed the subject’s potential gross income, which is the total income from all units and miscellaneous sources.
- We applied a vacancy and collection rate to reflect the effective gross income (EGI).
- We subtracted operating expenses and reserves to determine the net operating income (NOI).

**Apartment Rental:** The Royal Theater Development pro-forma indicates an anticipation of monthly apartment rental to be about \$2.75 per square feet.

The average unit size is 881 square feet, and the average apartment rental income is \$2,422.75/month or \$29,073/year. The estimated range is \$1,595 to \$1,675 per month for studios and \$2,000 to \$3,175 per month for one bedroom with and without loft.

We have researched the Center City market, specifically relatively new and comparable rentals. Rentals that were found to be comparable are as follows:

Rental No.	Location	Type	Approximate Unit SF	Range of Monthly Rentals	Range of Monthly Rentals/SF	Comments
1	Southstar Lofts Avenue of the Arts 521 South Broad Street	Studio	500	\$1,595-\$1,695	\$3.19 to \$3.39	Newer green living, sustainability, club room, studio, 1 & 2 bedroom loft apartments, some with balconies, 10' ceilings, large windows, gourmet kitchen with stainless steel appliances and granite countertop, marble master bath, on-site parking, and pet friendly
		1 Bdrm	600	\$1,695-\$2,000	\$2.83 to \$3.33	
		1 Bdrm/Den	800	\$2,250-\$2,250	\$2.81 to \$2.81	
2	777 South Broad Street a/k/a Avenue of the Arts	1 Bdrm	832 to 877	\$2,210-\$2,350	\$2.66 to \$2.68	New, green living, sustainable, sky deck with hot tub, outdoor theater, areas for dining, lounging and sun bathing, 1 & 2 bedroom loft apartments, some with dens, 10' ceilings, private gated parking, gourmet kitchens, marble master baths, and rental bike share program
		1 Bdrm/Den	962 to 975	\$2,340-\$2,350	\$2.43 to \$2.41	
3	2116 Chestnut St 2116 Chestnut St	Studio	610 to 629	\$1,820-\$19,40	\$2.98 to \$3.08	New, sun deck, spacious lawn, green roof, hot tub, lounge seating, entertainment suite with catering kitchen, club room, state of the art business center, business center with conference room, wifi, dog run, storage areas, secure indoor parking, and car share in garage
		1 Bdrm	751 to 757	\$2,190-\$2,360	\$2.92 to \$3.12	
4	The Sansom 1605 Sansom St	Studio	390 to 490	\$1,400-\$15,00	\$3.59 to \$3.06	Newer eight-story newer apartment development with granite countertops, new kitchens with stainless steel appliances, hardwood floors, and washer/dryer in each unit
		1 Bdrm	514 to 556	\$1,550-\$1,645	\$3.02 to \$2.96	
5	The Granary 1901 Callowhill	1 Bdrm	668 to 930	\$1,795-\$3,015	\$2.69 to \$3.24	New in Logan Square, storage spaces, resident's lounge, fitness center, door attendant, all appliances, on-site management, washer and dryer in each apartment, sun deck, on-site maintenance, and concierge

Studio rentals range from \$1,400 to \$1,940 per month or \$2.98 to \$3.59 per square foot, plus electric. One bedroom rentals range from \$1,550 to \$3,015 per month or \$2.41 to \$3.33 per square foot, plus electric.

In estimating the fair market rentals for the apartments, we note that the subject is centrally located, at a distinctive location. With good access, it is proposed for sustainable high end apartments, convenient walking distance to the office towers on Market and Arch Street to the north and the Avenue of the Arts on the east.

\$2.75 per square foot on average is reasonable and at an economic or market rental level. Gross potential apartment rental income was estimated at \$2.75 per square foot x 39,623 square feet x 12 months or \$1,307,559.

**Commercial Rental:** It is proposed that there will be a commercial unit on the ground floor. This unit is proposed to contain 7,631 square feet with an anticipated rental of \$35.00 per square foot on a triple net basis or \$267,085 annually.

We did review commercial contract and offering rents in Center City. The following contract rents were reviewed. We have researched the subject's market and immediate markets and found rental data. This rental data is both contract rental data and offering rental data. Rentals to the north

easily exceed \$50.00 per square foot. It is noted that demographics in the area continue to improve.

The following commercial rentals represent the best available in the area: Southstar Lofts - \$37.00 to \$42.00 per square foot. – Marketed on a Net Basis. 777 S. Broad Street - \$30.00 to \$40.00 per square foot.

The contract rentals that follow were considered in the Income Approach.

Rental No.	Location - Suite	Tenant	SF	Lease Start	Lease End	Term Months	Lease Type	Contract Rent/SF
1	Gallery at Market East							
	1015	Adams Apple	1,064	8/1/12	7/31/15	36	Net	\$68.83
	1078	Foot Locker	2,370	7/1/10	1/31/16	67	Net	\$56.00
	2140	Old Navy	31,170	8/1/11	8/31/16	61	Gross	\$32.99
	1064	T-Mobile	2,754	11/1/10	11/30/15	61	Net	\$43.45
2	210 . Washington Square C-1	Star Restaurant	4,500	02/11	01/21	10	Net	\$35.00
3	1 S Broad	Walgreens	25,498	06/13	05/53	480	Net	\$35.00
4	1327 Chestnut St	Italian Bistro	4,176	10/12	09/22	120	Modified Gross	\$43.98
5	107 S. 13 <sup>th</sup> St	Duross	1,591	6/1/12	5/30/17		N	\$39.22
6	105 S. 12 <sup>th</sup> Street	Kitchen Accessory Store	1,675	1/1/12	2/28/18		N	\$33.09
7	1729 Chestnut St	Knit Wit	2,000	4/1/12	3/31/22		N	\$50.00
8	Shops at Liberty Place	Confidential - Shore Store	3,126	8/1/12	7/31/17		N	\$36.29

Actual and reported contract rentals range from \$30.00 to \$68.83 per sf of reported rentable area on a net to gross basis.

The following rental offerings were also considered:

Rental Offering No.	Location	Approximate Area-SF	Annual Monthly Rental	Approximate Asking Rent/SF
1	1300 South Street	2,000	4,695	\$28.17
2	1618 South Street	800	1,750	\$26.25
3	641 South Street	900	24,000 2,000	\$26.67
4	325 South Street	1,200	54,000 4,500	\$45.00
5	1520 Locust Street	3,800	163,400 13,617	\$43.00
6	922 Walnut Street	900	40,500 3,375	\$45

The subject is south of Rittenhouse Square East, between the Avenue of the Arts on the east and Penn Medicine Rittenhouse on the west. It is an easily identified neighborhood location and street. The commercial space will enjoy above average visibility and frontage and in addition, the

landmark status and quality of the façade and architecture should add to the commercial establishment. The utility of the space should be good.

Based on a review of the commercial contract rentals and commercial rental offerings, the proposed \$35.00 per square foot on a triple net basis does not appear to be unrealistic.

Gross Potential Commercial Rental Income is estimated at \$267,085 or \$35.00 per square foot on a triple net basis.

**Parking:** The subject will have 21 parking spaces at the subject's lower level garage. There are 45 apartments and one commercial unit. The developer anticipates that the monthly garage parking costs would be rented for \$200 per month or \$2,400/year x 21 spaces = \$50,400.

Most dwellings in the area and neighborhood were built without parking. Parking rates at South Star Lofts and 777 S. Broad Street range from \$200 to \$275 per month. 777 S. Broad has uncovered parking at \$175 per month and garage space at \$275. In addition there were other parking offerings in the area. The estimated charge for parking falls within the neighborhood range. The proposed secure garage month parking charges at the subject at \$2,400 per year per space equates to a gross parking income of \$50,400.

Gross Annual Potential Rental of \$1,625,044 appears to be reasonable and falls within the anticipated range.

**Vacancy and Collection Loss:** A vacancy factor of 5% was applied to the residential units. It was not attributed to commercial rental income. The strength of the location and improving demographics would not necessitate vacancy and collection loss for the residential unit.

Since there are 21 parking spaces, which is less than the units in the building and there is a dire need for parking the area, it was felt that no vacancy or collection loss would be applied to the parking spaces.

**Total Effective Gross Income:** Was estimated at \$1,559,666.

**Expenses:** Fixed and variable operating expenses and reserves include real estate taxes; insurance; licenses; utilities including common area electricity, water/sewer and cable internet; building maintenance and repairs; contract services for trash removal, cleaning and janitorial, and elevator maintenance; supplies; parking area maintenance and snow removal; management, leasing commissions; employee salaries, benefits and payroll taxes; advertising and marketing; legal, accounting and professional fees; security and fire alarm system and miscellaneous. Also replacement reserves for such items as kitchen appliances, HVAC, roof cover and miscellaneous fixtures and equipment. Specific comments on the expenses follow.

### Comments

**Real Estate Taxes** – Estimated at \$7,853. It is assumed that the developer would be granted a 10-year abatement under Ordinance 1130 for ten years. The mixed use building would be exempt.

**Insurance** – The insurance expense was estimated at \$10,000 or between \$200 and \$250 per unit.

**Licenses** – The City has a housing rental licenses at \$50 per unit or \$2,250.

**Utilities** – This would include electricity for power and lights in the common area, water/sewer and storm water and cable/internet. Common area electricity, power and lights, would include exterior, garage, lobby, stairwells, halls, elevator, emergency lighting, fire and smoke alarms, common equipment, etc. Water and sewer can vary due to meter size, monthly water and sewer and storm water charge. As of July 1, 2014 through June 30, 2015 rates were increased by 5%. Since this is a sustainable building, it is expected that there will be high efficiency equipment. Cable and internet charges can vary based on level of internet provided for the building. This was estimated at \$33,000.

**Contract Services** - Estimated on the pro-forma at \$45,000 or \$1,000 per year per unit. This would include elevator, trash, and window cleaning. Trash removal was estimated at \$12,000 or \$1,000 per month. Elevator was estimated at \$5,000. Cleaning and janitorial were estimated at \$12,000 or \$1,000 per month.

**Building Maintenance and Repairs** – This is a new building. It is not expected that there would be substantial repairs and maintenance, however, the developer does plan to maintain the upkeep at a high level. This was estimated at \$11,250 or \$250 per apartment per year.

**Supplies** – This was estimated at \$50 per unit per year.

**Parking Garage Maintenance and Snow Removal** – Estimated at \$100 per month or \$1,200 per year.

**Management** – This was estimated at 4% of effective gross income or \$62,387.

**Leasing Commissions** – The mixed-use environment in Center City and extended areas is becoming more competitive. The developer is involved with many other buildings in close proximity, including Symphony House, Southstar Lofts, 777 and other buildings. We estimate this at 1% apartment and commercial effective gross income or \$15,143.

**Employee Salaries, Benefits and Payroll Taxes** – This category can vary significantly. We believe \$100,000 or between \$2,200 and \$2,250 per apartment per year is realistic.

**Advertising and Marketing** – We estimate \$200 per apartment per year.

**Legal/Accounting/Professional** – Estimated at \$20,000.

**Security and Fire Alarm** – Estimated at \$9,000.

**Miscellaneous** – Unforeseen contingencies. Estimated at 1% of effective gross income or \$15,597.

**Replacement Reserves** – The building will be new. This would include roof cover, kitchen appliances, HVAC, domestic hot water tanks, some fixtures and plumbing items and miscellaneous equipment.

Total fixed and operating expenses and replacement reserves were estimated at \$351,134. This represents 23% of Total Effective Gross Income or \$8.86 per square foot of apartment area.

We utilized the above income, vacancy and collection costs, fixed and operating expenses and reserves at stabilization which results in Net Operating Income of \$1,208,532. This was arrived at by subtracting total expenses and replacement reserves of \$351,134 from total effective gross income of \$1,559,666.

**RECONSTRUCTED INCOME AND EXPENSE STATEMENT**

Gross Annual Income Estimate

Residential (Apartments)	
39,623 SF @ \$2.75/SF = \$108,963/Month x 12 Months =	\$ 1,307,559
Less Vacancy and Collection Loss (5%)	<u>- 65,378</u>
Effective Gross Annual Income	\$ 1,242,181
Commercial Unit – 7,631 SF @ \$35.00/SF (Annual) =	267,085
Parking – 21 Spaces @ \$200/Month x 12 Months =	<u>50,400</u>
Total Effective Gross Income	\$ 1,559,666

Expenses

Real Estate Taxes	\$ 7,853	
Insurance	\$ 10,000	
Licenses	\$ 2,250	
Utilities	\$ 33,000	
Building Maintenance and Repairs	\$ 11,250	
Contract Services	\$ 45,000	
Supplies	\$ 2,250	
Parking Area Maintenance/Snow Removal	\$ 1,200	
Management (4%)	\$ 62,387	
Leasing Commissions (1%)	\$ 15,597	
Employee Salaries, Benefits & Payroll Taxes	\$100,000	
Marketing and Advertising	\$ 9,000	
Legal, Accounting and Professional	\$ 20,000	
Security and Fire Alarm System	\$ 9,000	
Miscellaneous (1%)	\$ 15,597	
Replacement Reserves	<u>\$ 6,750</u>	
Total Expenses and Replacement Reserves		<u>351,134</u>
Net Operating Income		\$ 1,208,532

**Derivation of Overall Capitalization Rates:** Any interest in real estate that is capable of generating income can be valued using direct capitalization. The direct capitalization formula is:

$$\text{Value} = \frac{\text{Net Operating Income}}{\text{Overall Capitalization Rate}}$$

Overall capitalization rates can be estimated with various techniques depending on the quantity and quality of data available. Accepted techniques include:

- Derivation from comparable sales
- Band of investment-mortgage and equity components
- Surveys

**Derivation of Capitalization Rates from Comparable Sales:** Deriving capitalization rates from comparable sales is the preferred technique when sufficient information about sales of similar, competitive properties is available. The appraiser must make certain that the net operating income of each comparable property is calculated and estimated in the same way that the net operating income of the subject property is estimated.

Both income and expense data and the structure of expenses should be similar to those of the subject property. Income streams for the comparable properties analyzed must be at or around the level of market rent. Expectations for changes in the income and value of the comparable properties must also match those of the subject property.

The overall level of risk associated with each comparable should be similar to that of the subject property. Risk includes the credit rating of the property's tenants, market conditions, stability of the property's income stream, level of investment in the property by the tenant, net income ratio, and the property's upside or downside potential.

When these requirements are met, the appraiser can estimate an overall rate by dividing each property's net operating income by its sale price. Due to the nature of the subject property, this methodology cannot be processed.

**Band-of-Investment Technique:** A technique in which the capitalization rate attributable to components of a capital investment (debt and equity) are weighted and combined to derive a weighted-average rate attributable to the total investment.

Because most properties are purchased with debt and equity capital, the overall capitalization rate must satisfy the market return requirements of both investment positions. Lenders anticipate receiving a competitive interest rate commensurate with the perceived risk of the investment and equity investors must anticipate receiving a competitive equity return (i.e., equity capitalization rate) commensurate with the perceived risk.

The mortgage capitalization rate is the ratio of the annual debt service to the principal amount of the mortgage loan. The rate established at the inception of a mortgage is commonly called the *mortgage constant*.

The mortgage capitalization rate can be calculated by simply dividing annual debt service by the remaining mortgage balance, if known.

The rate used to capitalize equity income is the ratio of the annual return to the equity position to the amount of equity investment.

The overall capitalization rate must satisfy both the mortgage capitalization rate requirement of the lender and the equity return requirement of the equity investor. For mortgage-equity analysis, it can be viewed as a composite rate. The overall capitalization rate is a weighted average of the mortgage capitalization rate and equity capitalization rate.

Although this technique can be used to derive overall capitalization rates, the technique is only applicable when sufficient market data is available to estimate equity capitalization rates. An opinion of market value should be justified and supported by market data, but sometimes this data is not available.

**Surveys:** Various national real estate and research firms survey institutional investors periodically and publish the discount and capitalization requirements of those investors. The results of these surveys give appraisers an overall picture of current return requirements.

Survey data obtained directly from subscription services contains more comprehensive information about investment criteria and trends than information published in the trade press.

Presented below, we have utilized the Band-of-Investment Technique and considered the most nationally recognized surveys:

Band-of-Investment

.75	x	.07389	=	.05542* Constant
.25	x	.06	=	<u>.01500</u>
				.07042
Credit for Equity Build-Up				
.75	x	.2485 x .0759	=	<u>.01415</u>
				.05627
Appreciation/Depreciation				<u>.05627</u>
				CALL
Indicated Capitalization Rate by Mortgage-Equity Analysis			=	<u>5.5%</u>

Commercial lending policies indicate mortgage loans for 75% of market value, based on a 25-year amortization at an annual interest rate of 5.5%, holding period of 10 years, a constant of .07389. An annual equity return of 6% was deemed necessary and sufficient to induce investment. The overall rate was developed as follows.

Terms are 5.11% interest rate with a 25-year amortization, a 75% loan-to-value ratio, 10-year call. The annual mortgage constant for these terms is 0.07389.

**Equity Yield** - Desired yields for real estate investment results from the yields that can be obtained from alternative investment vehicles plus adjustments for such items as perceived risk, management intensiveness, and difference in liquidity. Yields on U.S. Government Treasury bonds reflect the market perception of a risk-free return. All other investment alternatives are measured from those rates. Based on investor surveys, alternative investment yields and rates of return for similar properties, a 6% equity yield rate is considered reasonable.

**Equity-Buildup** - This is the periodic increase in equity caused by the gradual reduction in the mortgage balance through repayment of principal on a mortgage loan. By multiplying the loan-

to-value ratio times the percent of repayment of principal, for a 10-year holding period, times the sinking fund factor at the equity yield rate for the holding period, a credit for the increase in equity is factored into the overall capitalization rate.

No allowance for appreciation or depreciation was factored into the equation on the assumption that commercial real estate in Center City will be stable for the ensuing holding period. There is the strong possibility that the City of Philadelphia Actual Value Initiative (AVI) and an increase in the use and occupancy tax could offset any property value appreciation during this period.

The Band of Investment Technique results in a 5.5% capitalization rate.

The Price Waterhouse Cooper Real Estate Survey, 3<sup>rd</sup> Quarter 2014 provides investment criteria for real estate and a general indication of capitalization rate expectations for Regional and National Apartment Markets. We reviewed the yields, as stated in the survey for Regional Apartment Markets.

As reported in the Price Waterhouse Cooper Real Estate Investor’s Survey (PwC) 2014, 3<sup>rd</sup> Quarter Summary for both the National Markets and Mid-Atlantic Apartment Market properties, property rates are as follows:

REGIONAL AND NATIONAL APARTMENT MARKET 3 <sup>RD</sup> QUARTER 2014 OVERALL CAP RATE ANALYSIS	
<b>National Markets</b>	
Apartment OAR Range	Average 5.51% 3.50% - 9%
Residual OAR	Average 5.97%
<b>Mid – Atlantic</b>	
Apartment Markets	Average 5.50%
Overall Cap Rate Forecast	
<b>Apartments</b>	
National	5.51%
Mid-Atlantic	5.50%
Source: Price Waterhouse Cooper Real Estate Investor Survey	

We considered the mortgage equity band-of-investment technique, which resulted in a capitalization rate of 5.5% and the market survey which ranges from 3.50% to 9% with an average of 5.51% for the national market and an average of 5.5% for the Mid-Atlantic apartment market.

\$1,208,532 @ 5.5% = \$21,973,309 CALL \$22,000,000

**TWENTY-TWO MILLION DOLLARS**

**FINAL OPINION OF VALUE:** Two approaches to value were processed. This included the Cost Approach and the Income Capitalization Approach as follows:

**As Is Valuation**

Sales Comparison Approach                      \$2,230,000

**As Completed Valuation**

Cost Approach    \$25,500,000

Income Capitalization Approach                      \$22,000,000

Since the subject property as proposed is investment real estate, which would be purchased on its ability to produce income, it was felt that the Income Capitalization Approach would be given more weight.

As a result of our investigation and analysis, we are of the opinion that the market value of the subject property "as is," as of September 16, 2014, is:

**TWO MILLION TWO HUNDRED THIRTY THOUSAND DOLLARS**  
**(\$2,230,000)**

Further, we are of the opinion that the prospective market value "on completion" of construction, at stabilization, in accordance with plans, specifications and cost estimates provided your appraisers, assuming first-class work, using high quality material, with all work completed no later than October 1, 2016, in compliance with applicable law, according to sound engineering and construction standards, and in a workmanlike manner, will be:

**TWENTY-THREE MILLION DOLLARS**  
**(\$23,000,000)**

**REASONABLE EXPOSURE TIME:** Reasonable Exposure Time is: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market." (The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, Washington, D.C., 2014-2015, p. U-2).

The estimate of reasonable exposure time is not a prediction, but rather, is only a judgment made by the appraiser based on market conditions preceding the effective date of the appraisal.

Based upon the determination of the subject's highest and best use, with consideration given to current market conditions impacting the subject property type, it is estimated that a reasonable exposure time preceding the effective date of this appraisal, and thus implicit in our value estimate, is approximately 12-to-18 months.

**CERTIFICATION:** We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- We have not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the developing or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event, directly related to the intended use of this appraisal.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- The Appraisal Institute conducts a continuing education program. As of the date of this report, Harvey M. Levin, MAI, SRA, and Eugene P. Davey, SRA, ASA have completed the continuing education program of the Appraisal Institute.
- Harvey M. Levin, MAI, SRA and Eugene P. Davey, SRA, ASA, have made a personal inspection of the subject property.
- No one provided significant real property appraisal assistance to the persons signing this certification.

  
\_\_\_\_\_  
Harvey M. Levin, MAI, SRA  
PA (GA000021L)/NJ (42RG00080400)/DE(X10000356)  
State-Certified General Real Estate Appraiser

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Eugene P. Davey, SRA, ASA  
PA (GA000084L)/NJ (RG0001656) State Certified General  
Real Estate Appraiser

**ASSUMPTIONS AND LIMITING CONDITIONS:** The appraisers whose signatures appear on the Certificate of Appraisal do hereby certify that, except as otherwise noted in this appraisal report:

1. The appraisers assume no responsibility for matters legal in nature, nor do we render an opinion as to title, which is assumed to be marketable. The appraisers are not qualified to render an "opinion of title", no responsibility is assumed or accepted for matters of a legal nature affecting the property being appraised. No formal investigation of legal title was made, and we render no opinion as to ownership of the property or condition of the title.

2. The appraisers have made no survey of the property. Plans furnished the appraisers or obtained from public records are assumed to be correct and square foot areas or acreage reported herein are the appraisers' best judgment. No responsibility, however, can be assumed for their accuracy. The legal description of the appraised property, if exhibited in the report, is assumed correct.

3. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no encroachments, easements, trespass, etc., unless noted within the report. The appraisers have not made a survey of the property and no responsibility is assumed in connection with any matter that may be disclosed by a proper survey.

4. All maps, plats, building diagrams, site plans, floor plans, photographs, etc. incorporated into the appraisal are for illustrative purposes only, to assist the reader in visualizing the property. They are believed to accurately represent the property, but are not guaranteed to be exact. Dimensions and descriptions are based on public records and/or information furnished by others and are not meant to be used as a reference in legal matters or matter of survey.

5. The appraisers herein, by reason of the report, are not required to give testimony or be in attendance at any court or administrative proceeding with reference to the property appraised unless additional compensation is agreed to and prior written arrangements have been made.

6. To the best of our knowledge and belief, the statements of fact contained in the appraisal report, upon which the analyses, opinions and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to the appraisers and contained in the report or utilized in the formation of the value conclusion(s) were obtained from sources considered reliable and believed to be true and correct. However, no representations, liability or warranty for the accuracy of such items is assumed by or imposed on the appraisers and is subject to corrections, errors, omissions and withdrawal without notice.

6. The appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal.

8. Neither all nor any of the contents of this report, particularly any conclusions as to value, the identity of the appraisers, or the firm with which they are connected, or any references to any professional society or any initialed designation conferred upon the appraisers shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the appraisers.

9. The appraisal report may not be reproduced, in whole or in part, and the findings for the report may not be utilized by a third party without the written consent of the appraisers.

10. The appraisers take no responsibility for any events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report, or the date of our field inspection, whichever occurs first. The estimate(s) of value stated in the appraisal applies only to the effective date of value stated in the report. Value is affected by many related and unrelated economic conditions within a local, regional, national and/or worldwide context, which might necessarily affect the future value of the subject property. The appraisers, therefore, assume no liability for an unforeseen precipitous change in the economy, subject property, or project, if applicable.

11. Unless otherwise noted in the appraisal, it is assumed that there are no encroachments, zoning, building, fire or safety code violations, or restrictions of any type affecting the subject property. It is assumed that the property is in full compliance with all applicable federal, state, local, and private codes, laws, consents licenses, and regulations, and that all licenses, permits, certificates, franchises and so forth can be freely renewed and/or transferred to a purchaser.

12. All mortgages, liens, encumbrances, leases and servitude have been disregarded unless specified within the report.

13. In completing this appraisal, it is understood and agreed that the report is not now intended, and will not be used in connection with a Real Estate Syndication or Syndicates. The report and any liability or obligation on the part of the appraisers are invalid if used in connection with a syndication.

14. A real estate syndicate means a general or limited partnership, joint venture, unincorporated association or similar organization formed for the purpose of, and engaged in, investment or gain from an interest in real property, including but not limited to sale, exchange, trade or development of such real property, on behalf of other, or which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency which regulates investments made as a public offering.

15. The prior written consent and approval of the review by the signatory(s) of the appraisal report to ensure the accuracy and adequacy of any reference to the appraisal report is required.

16. Unless specifically so stated, the value conclusion(s) contained in the appraisal apply to the real estate only, and do not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other non-realty items. Income tax considerations have not been included or valued unless so specified in the appraisal. The appraisers make no representations as to the value increment which may attributed to such considerations.

17. Management is assumed to be competent, and the ownership to be in responsible hands. The quality of property management can have a direct effect on a property's economic viability and value. The financial forecasts contained in the appraisal assume both responsible ownership and competent management. Any variance from this assumption could have a significant impact on the final value estimate(s).

18. The estimated operating results shown in this report are based upon an evaluation of the present general level of the economy of the area, and neither takes into account nor makes provisions for the effect of any sharp rise or decline in local or general economic conditions.

19. The Appraisers assume that there are no hidden or unapparent conditions of the property, soil, subsoil or structures which would render it more or less valuable. No responsibility is assumed for such conditions, or for engineering which might be required to discover such factors. Detailed soil studies were not made available to the appraisers. Statements regarding soil qualities, if made in the report, are not conclusive but have been considered consistent with information available to the appraisers and provided by others. In addition, unless stated otherwise in the appraisal, the land and soil of the area under appraisal appears firm and solid, but the appraisal does not warrant this condition.

20. Any areas or inaccessible portions of the property or improvements not inspected are assumed to be as reported or similar to the areas which were inspected.

21. In the appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the improvements, such as the presence of urea formaldehyde foam insulation, asbestos, toxic waste, radon and/or any other prohibited material or chemical which may or may not be present on or in the property, was, unless specifically indicated in the report, not observed by the appraisers, nor do they have any knowledge of the existence of such materials on or in the property. The appraisers however, are not qualified to detect such substances which, if present, may have a significant effect on the value of the property. The client is urged to retain an expert in this field, if desired. The value conclusion(s) assumes the property is "clean" and free of any of these adverse conditions.

22. The client(s) by receipt of the appraisal, shall indemnify and hold harmless Keystone Appraisal Company from and against all damages, expenses, claims, demands and costs, including legal fees incurred in investigating and defending any claims, arising from or in any way connected to the inclusion of the aforesaid reference to Keystone Appraisal Company for damages and expenses resulting from Keystone Appraisal Company's failure to render the opinion(s) of value or produce the appraisal in a manner consistent with sound appraisal practice.

23. In any event, the maximum damages recoverable from Keystone Appraisal Company relative to this engagement shall be the amount of the monies actually collected by Keystone Appraisal Company for this assignment and under no circumstances shall any claim or consequential damages be made. In addition, there is no accountability or liability to any third party.

24. This appraisal was prepared by Keystone Appraisal Company for the exclusive use of Carl Dranoff, Dranoff Properties, Inc., and/or persons he may authorize. The information and opinions contained in this appraisal set forth the appraisers' best judgment in light of the information available at the time of the preparation of this report. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this appraisal are the sole responsibility and at the sole risk of the third party. Keystone Appraisal Company accepts no responsibility for damages suffered by any third party as a result of reliance on or decisions made or actions taken based on this report.

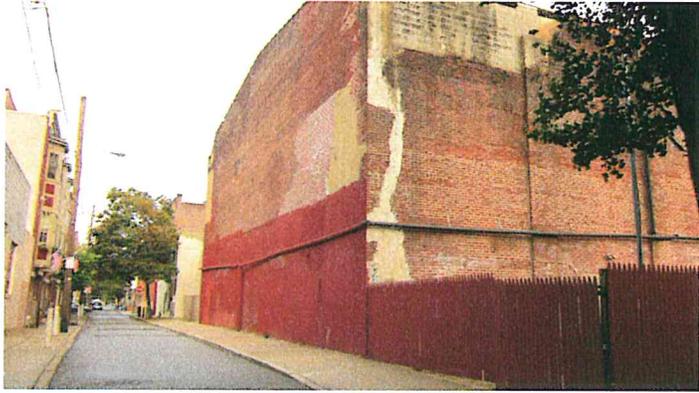
**APPENDIX**



SUBJECT PROPERTY - FRONT ELEVATION



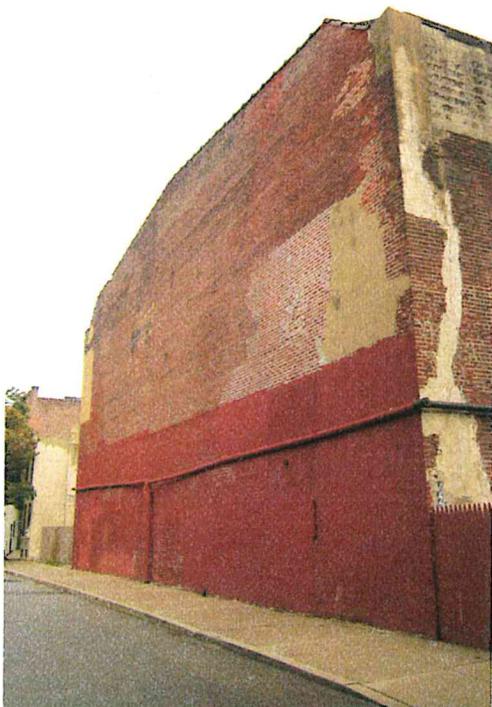
SUBJECT PROPERTY



KATER STREET FRONTAGE



SUBJECT PROPERTY - EAST ELEVATION



SUBJECT PROPERTY - SOUTH ELEVATION



SUBJECT PROPERTY - WEST ELEVATION



DECORATIVE ARCHWAYS



DECORATIVE JULIET BALCONIES



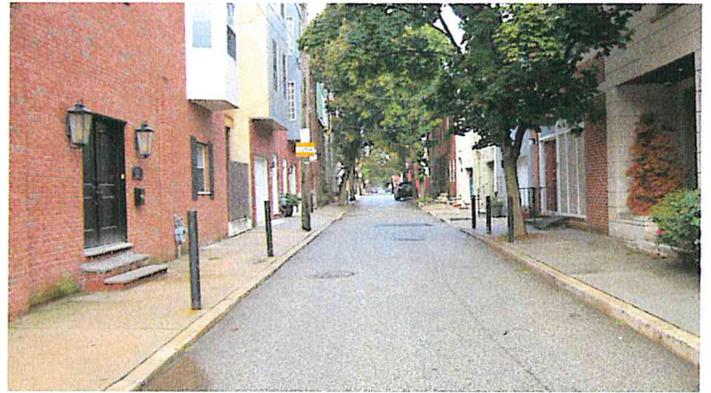
DECORATIVE STONE MEDALLIONS



THEATER SIGNAGE



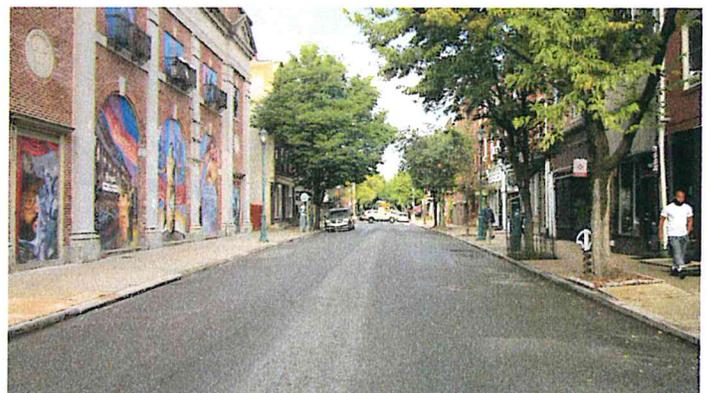
KATER STREET - VIEW EAST



KATER STREET - VIEW WEST



SOUTH STREET - VIEW EAST



SOUTH STREET - VIEW WEST



property's architectural or historical characteristics. The Commission will be given thirty (30) days from receipt of the notice to review and respond in writing to the appropriateness of said work.

For work that involves ground disturbance that affects the property's architectural or historical characteristics as described in the deed referenced herein, the Commission may require archaeological investigation at UCH's expense. In the event that archaeological materials are discovered during ground-disturbing activities under the designated historical portion of the property as described in the deed referenced herein, work shall temporarily cease, and the Commission shall be consulted for instructions prior to proceeding with the work. Any archaeological work shall be conducted in accordance with the Secretary of the Interior's *Standards and Guidelines for Archaeological Documentation* (48FR 447344-37) and any such standards and guidelines as the Commission may specify.

UCH shall allow the Commission, at all reasonable times and upon reasonable advance notice to the UCH, access to inspect said property to ensure compliance with this preservation covenant.

It is further agreed that the Commission in no way assumes any liability or obligation for maintaining, repairing or administering said property and UCH shall hold the Commonwealth harmless from and indemnify the Commonwealth against any and all claims, demands and actions based upon or arising out of any activities performed by the Commonwealth, Commission, its officials, employees and agents under this covenant and shall, at the request of the Commonwealth, defend any and all actions brought against the Commonwealth based upon any such claims or demands.

Failure of the Commission to exercise any rights or remedies granted under this covenant shall not be construed to be a waiver by the Commonwealth of its rights and remedies in regard to the event of default or any succeeding event of default.

The rights and remedies of the Commonwealth provided in this covenant shall not be exclusive and are in addition to any other rights and remedies provided by law or under this covenant.

In Witness thereof, the UCH has hereunto set its hand and seal this 22nd day of July, 2008

Universal Community Homes

By: AWD

Shahied A. Dawan, Exec VP/CFO

Commonwealth of Pennsylvania  
County of Philadelphia

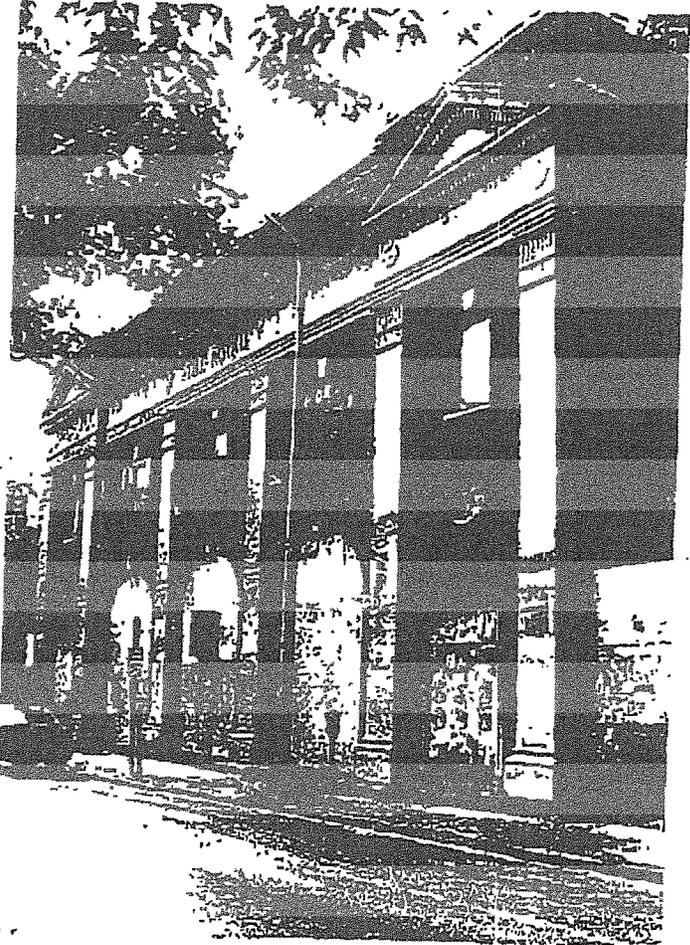
On this 25<sup>th</sup> day of July, personally appeared the above named Shahied A. Dawan and acknowledged the foregoing Declaration of Covenants to be the free act and deed of Universal Community Homes and being so authorized to do so, executed the foregoing instrument for the purpose therein contained.

In witness whereof, I hereunto set my hand and official seal.

Wallace S. Dawan Notary Public

COMMONWEALTH OF PENNSYLVANIA  
NOTARIAL SEAL  
WALLACE S. DAWAN, Notary Public  
City of Philadelphia, Phila. County  
My Commission Expires October 26, 2009

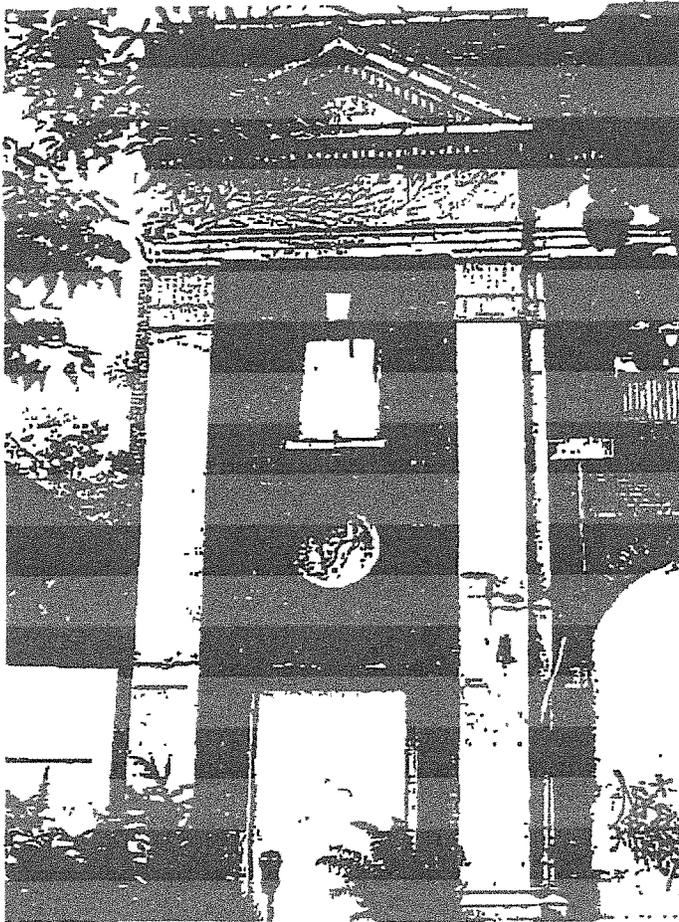
**EXHIBIT C-1**  
**DEED OF FACADE EASEMENT**  
**1524-34 South Street, Philadelphia**  
**from**  
**Universal Community Home**  
**to the**  
**Preservation Alliance for Greater Philadelphia**  
Existing Conditions, August, 2000



**Left:** view to southwest. Facade is composed of five bays (identified within this document as, from left to right in photo, bays one to five) separated by six, flat terra-cotta pilasters. Building is two stories plus an attic with a framework of steel and concrete faced with brick; and terra cotta, primarily, trim and ornamental details.

**Right:** view to southeast. Stretching across the facade at attic level is a terra cotta entablature which rests upon the six pilasters. Atop the entablature at either outer bay is a terra cotta triangular pediment set against the brick parapet wall.

**EXHIBIT C-2**  
**DEED OF FACADE EASEMENT**  
**1524-34 South Street, Philadelphia**  
 from  
 Universal Community Home  
 to the  
 Preservation Alliance for Greater Philadelphia  
Existing Conditions, August, 2000



**Left: view to south of Bay 1. Pilasters, as elsewhere, are capped by flat, stylized Corinthian capitals. At 1st level is a doorway, now closed with stucco panel, surrounded by a terra cotta frame. At 2nd level is a window opening with terra cotta keystone and sill, and remnants of wood sash frame. Between floors is round bas-relief terra cotta panel (see C-5). Walls, as elsewhere, are common-bond face brick.**

**Right: view to south of Bay 2. At 1st level is double-height brick arch now infilled with stucco panel with terra cotta keystone and imposts. At 2nd level is three-part window fronted by cast-iron balcony with decorative ironwork rails and four supporting brackets. These details are the same in Bays 3 and 4.**

AUG-28-00 MON 15:25

ROBERT J. SHUSTERMAN

FAX NO. 215 772 0580

P. 05

08/28/2000 MON 13:12 FAX

004/013

EXHIBIT C-3  
 DEED OF FACADE EASEMENT  
 1524-34 South Street, Philadelphia  
 from  
 Universal Community Home  
 to the  
 Preservation Alliance for Greater Philadelphia  
Existing Conditions, August, 2000



Left: view to south of Bay 3. Details of infilled arch and 2nd level window/balcony are the same as at Bays 2 and 4. "The Royal" is incised in frieze at attic level with a low-relief decorative roundel to either side.

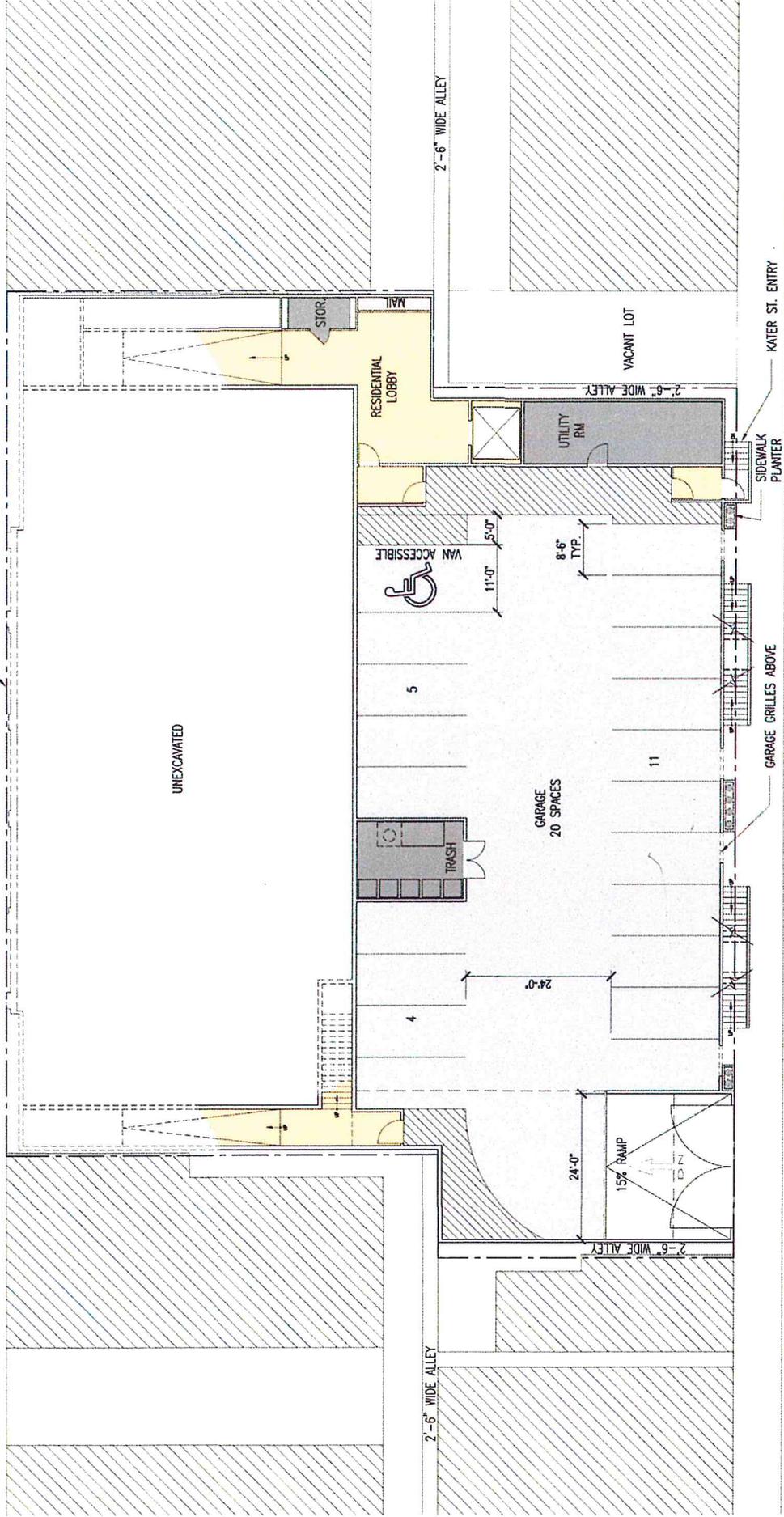
Right: view to south of Bay 4. Of bays 2, 3, and 4, this bay contains the most surviving elements of the frame and sash of the 2nd-level window, which consists of a central 6/6 double-hung wooden sash flanked by 2/2 double-hung wooden sidelights.





SOUTH STREET

EXISTING HISTORIC FACADE ABOVE



KATER STREET

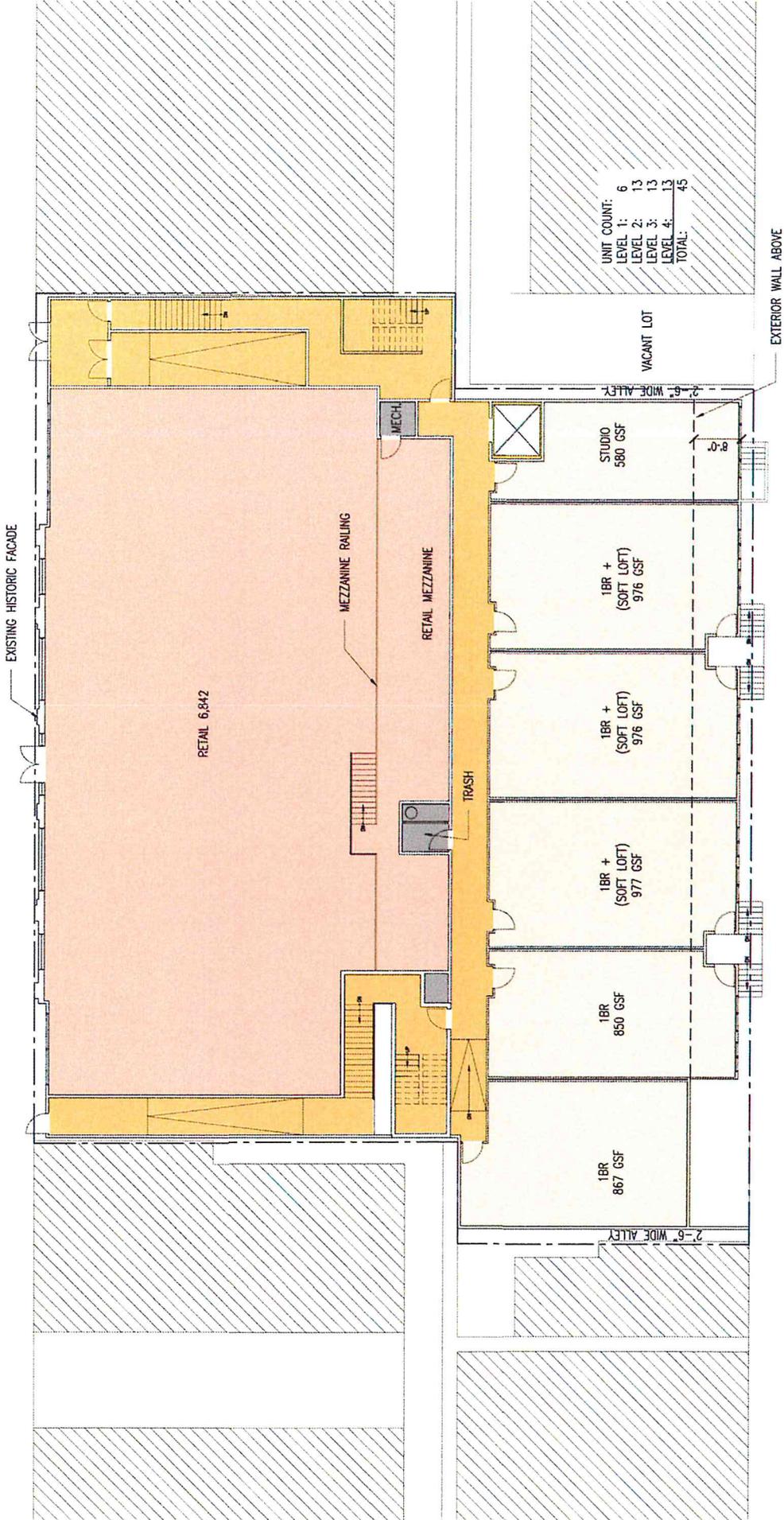
ROYAL THEATER



DRANOFF ARCHITECTS

BASEMENT PLAN SCALE: 1/16"=1'-0"

SEPTEMBER 10, 2014

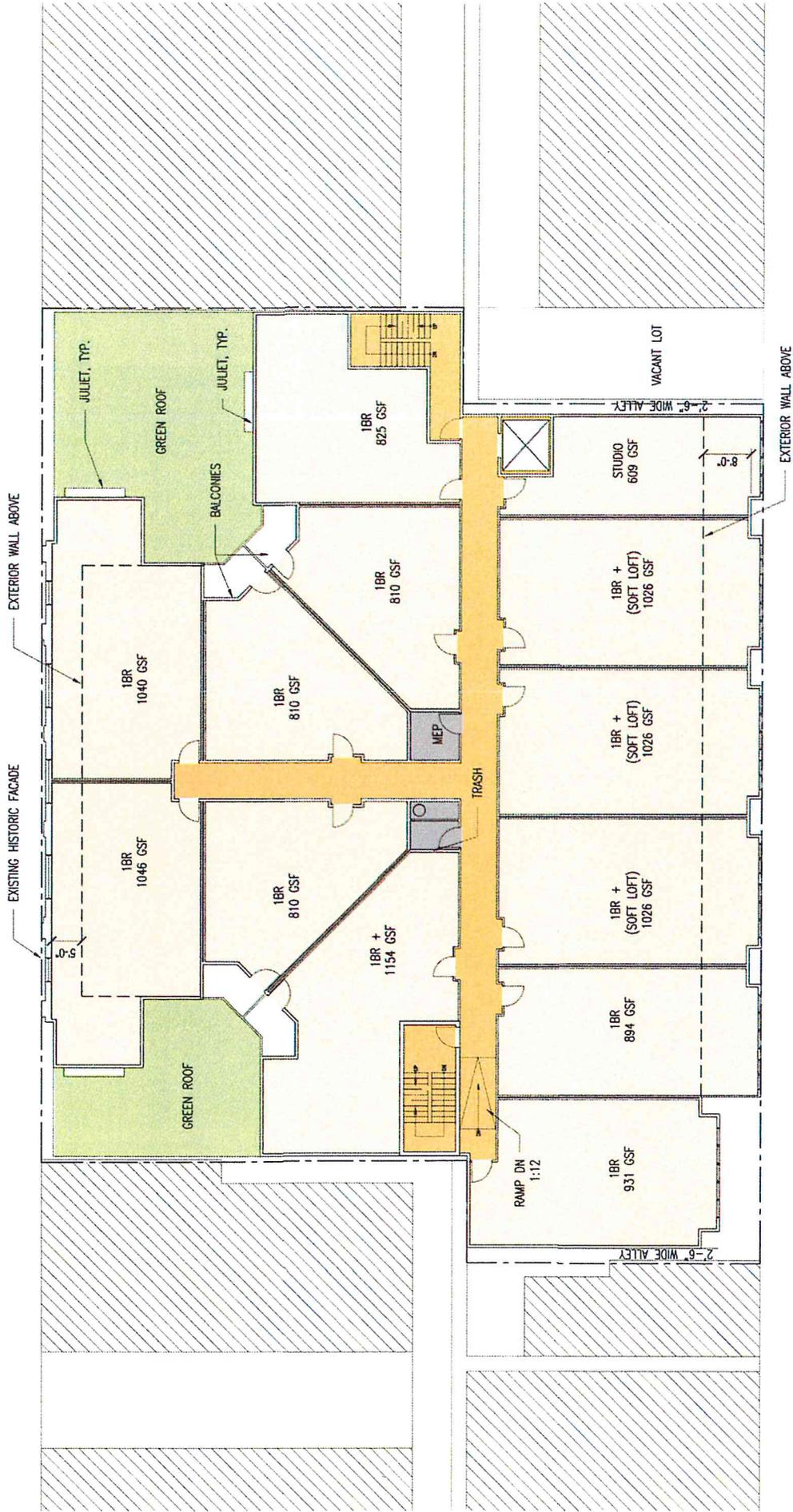


UNIT COUNT:	6
LEVEL 1:	13
LEVEL 2:	13
LEVEL 3:	13
LEVEL 4:	13
TOTAL:	45

FIRST FLOOR SCALE: 1/16"=1'-0"  
 SEPTEMBER 10, 2014

ROYAL THEATER

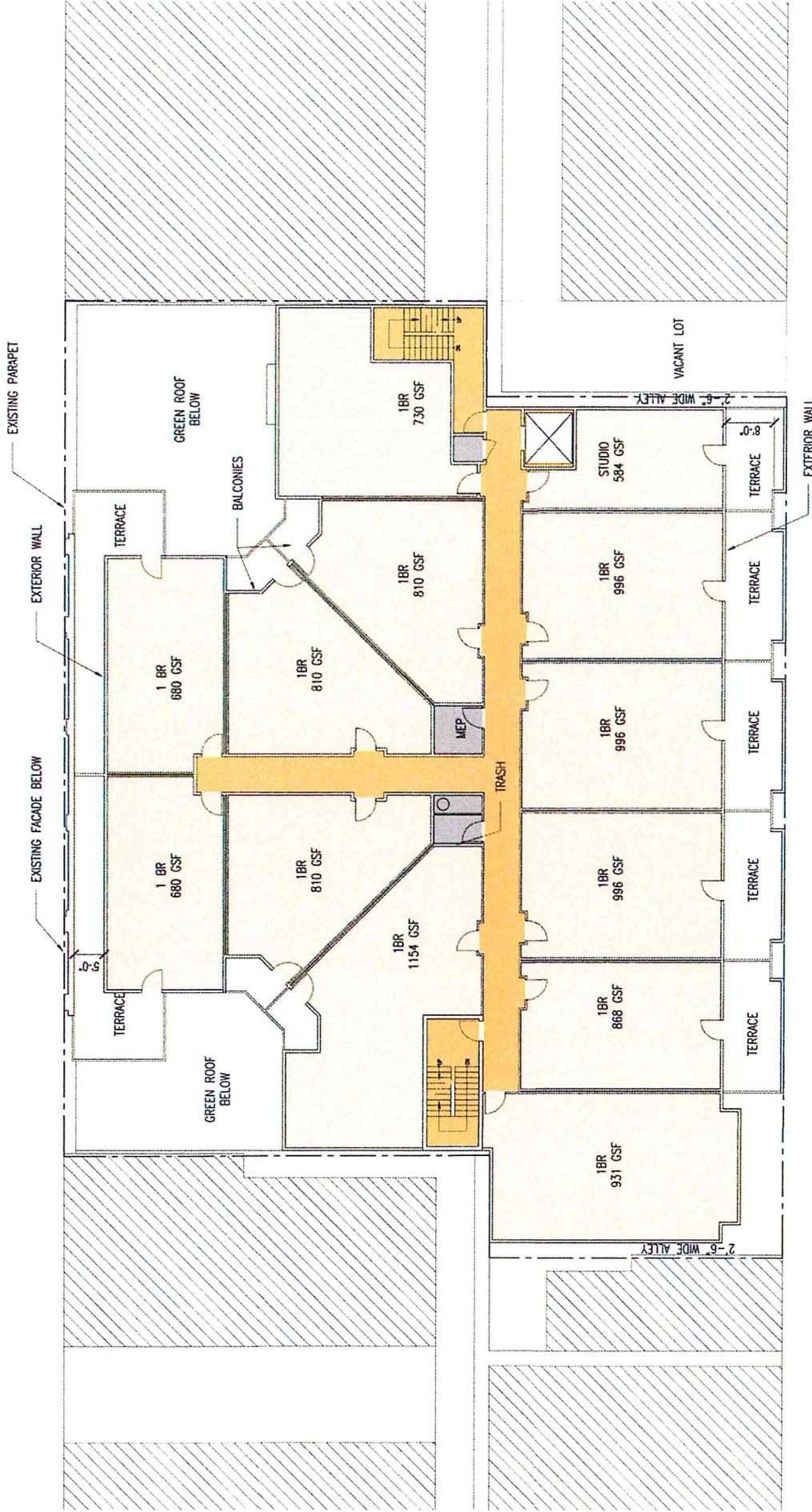




2ND-3RD FLOOR SCALE: 1/16"=1'-0"  
SEPTEMBER 10, 2014

ROYAL THEATER





4TH FLOOR SCALE: 1/16"=1'-0"  
SEPTEMBER 10, 2014

ROYAL THEATER



JDAVIS ARCHITECTS



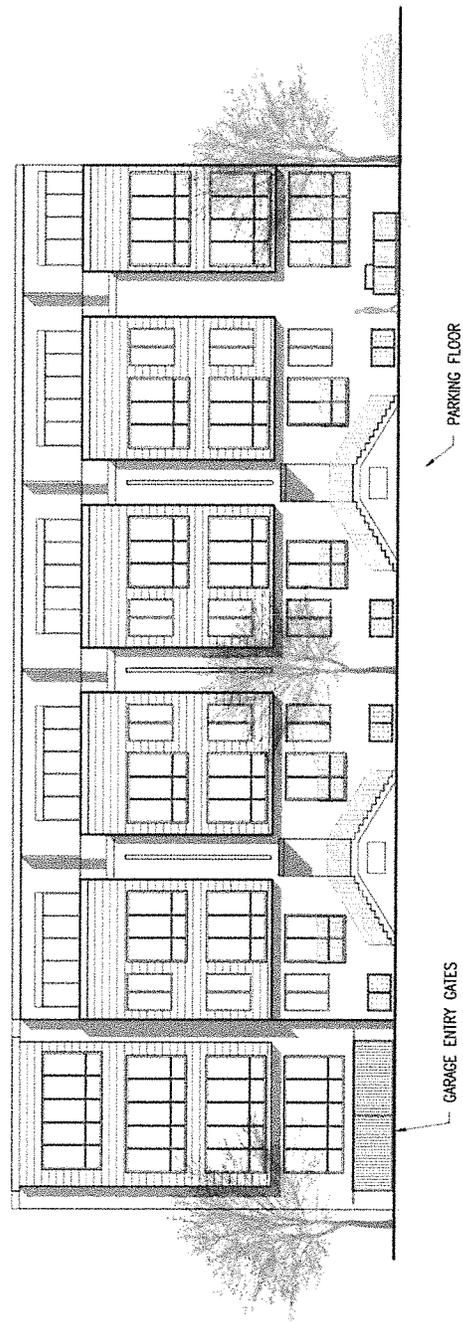


ELEVATION SCALE: 1/16"=1'-0"

SEPTEMBER 10, 2014



ROYAL THEATER



## **RÉSUMÉ AND APPRAISER'S QUALIFICATIONS**

### **HARVEY M. LEVIN**

President  
Keystone Appraisal Company

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### **LICENSURE**

State-Certified General Real Estate Appraiser  
PA(GA000021L), NJ(42RG00080400), DE(X10000356)  
Real Estate Broker - Commonwealth of Pennsylvania  
(RM022404C) (RB060587C)

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### **PROFESSIONAL AFFILIATIONS**

Member, Appraisal Institute (MAI) (SRA)  
Lambda Alpha International - Honorary Land Economic Society  
National Association of Realtors

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Member/Chairman - Served under gubernatorial appointments to  
the Pennsylvania State Real Estate Commission 1989-1999  
Member/Vice Chairman - Board of Revision of Taxes,  
City of Philadelphia, 1999-2010  
Member - Board of View, Philadelphia County, 1992-1999  
Review Appraiser/Consultant-Louisville International Airport, KY

### **COURT TESTIMONY/LITIGATION SUPPORT**

Qualified as an expert witness: United States District Court, Eastern and Middle  
Districts of Pennsylvania and State of New Jersey; United States Bankruptcy Court,  
Eastern District of Pennsylvania and District of New Jersey.

Court of Common Pleas Berks, Bradford, Bucks, Chester, Delaware, Montgomery,  
Philadelphia and Schuylkill Counties

Superior Court Atlantic, Camden and Cape May Counties, New Jersey

Zoning Board of Adjustment, Philadelphia; Tax Court of New Jersey; Board of Claims,  
Commonwealth of Pennsylvania

## **EDUCATION**

B.S. Degree (Economics) - Temple University  
Graduate - Real Estate Curriculum, Wharton School, University of Pennsylvania  
Certificate in Advanced Condemnation Appraising and Eminent Domain

## **CONTINUING EDUCATION (Recent Partial List)**

Valuation Issues in the Marcellus Shale  
Shale Exploration, Development Production Overview  
NAR - Green Designation  
National Uniform Standards of Professional Appraisal (USPAP)-2012  
Business Practice and Ethics - 2012  
PA Laws, Rules and Regulations  
Delaware Appraisal Laws & Regulations  
Internet Search Strategies for Real Estate Appraisers  
Environmental Issues for Real Estate Appraisers  
Feasibility Analysis, Market Value and Investment Timing  
  
Continuing Education for State Certification of Appraisers' Licensees  
Continuing Education for Real Estate Broker's License  
Continuing Education for Appraisal Institute

## **APPRAISING EXPERIENCE**

Appraisal assignments executed for Lending Institutions, Attorneys, Government and Quasi-Government Agencies, Corporations, Estates, and Pension Funds

Valuation of commercial, industrial and special purpose properties. Assignments include landfills and transfer stations, shopping centers, residential subdivisions, office buildings, parking garages and industrial/manufacturing facilities.

## **TEACHING EXPERIENCE**

Adjunct Professor of Real Estate - Temple University, Real Estate Institute: Residential Real Estate Appraisal; Real Estate Investment; PA Real Estate License Exam Review Course  
Real Estate Appraising - Immaculata College

## **SPEAKING ENGAGEMENTS** (Partial List)

Pennsylvania Bar Institute

Deposing the Real Estate Valuation Expert

Preparing the Real Estate Valuation Case

Environmental Law Forum - Property Damage,

Value, Diminution and Stigma

Philadelphia Bar Association

New Jersey State League of Municipalities/Municipal Assessors of

New Jersey, 83<sup>rd</sup> Annual League Conference, Atlantic City, New

Jersey, - Assessed Market Value of Environmentally

Contaminated Property

American Bar Association - Section of Environmental Litigation

Midyear Meeting, Breckenridge, Colorado

Assessors Association of Pennsylvania and Northeastern Regional

Association of Assessing Officers, Seminar - Environmental Impact on Valuations

## **PUBLICATIONS**

*Modern Real Estate Practice in Pennsylvania*-Editorial Review Board,

Dearborn Financial Publishing Co., 7<sup>th</sup> Edition

Pennsylvania State Real Estate Commission Newsletter

## **AWARDS**

Philadelphia Metropolitan Chapter of the Appraisal Institute, *Harrison-Winder Memorial*

*Award* for exceptional ability, wise counsel and untiring efforts to advance the professional status of the Independent Real Estate Appraiser

The Association of Municipal Assessors of New Jersey Presidential Citation in recognition

of efforts in the promotion of Assessment Administration

Philadelphia Board of Realtors, *Albert Letson Distinguish Service Award* in recognition of

the extraordinary deeds which have distinguished you in your profession

**\*Client List Available Upon Request**

**PROFESSIONAL  
PROFILE AND QUALIFICATIONS  
EUGENE P. DAVEY, MBA- SRA-ASA CAE-RES-CPE-CTA  
APPRAISER - ANALYST - CONSULTANT**

**PRESIDENT**

Eugene P. Davey and Associates - Appraisers and Analysts - September 1975 to present -  
801 Arch Street, Suite 500, Philadelphia, PA 19107 Phone (215) 523-9104  
FAX (215) 523-9105 Cell (215)806-3268 E-mail [EPDavey@aol.com](mailto:EPDavey@aol.com)

Eugene P. Davey, Property Tax and Real Estate Assessment Expert – Pa. & NJ, LLC  
May 2009 to present 1919 Chestnut Street, Apt. 918, Philadelphia, PA 19103 Phone  
(215) 523-9104 FAX (215) 523-9105 E-mail [EPDavey@aol.com](mailto:EPDavey@aol.com)

**City of Philadelphia – Board of Revision of Taxes**

**Member – Board of Revision of Taxes of the City and County of Philadelphia,**  
November 2010 to present

**Retired - Director of Assessments – October 2003 to May 2008**

Chief Real Property Appraiser

**Real Property Appraisal Administrator – July, 1993 to October, 2003**

Chief Real Property Assessor

**Real Property Assessment Administrator – 1982 – 1993**

**EDUCATION**

University of Penna., Wharton Evening School, Certificate in Real Estate, 1974

Major: General Real Estate

Drexel University, Master of Business Administration (MBA), 1972

Major: Management and Economics

LaSalle College, Bachelor of Science in Business Administration, 1970

Major: Personnel Management and Labor Relations

**REAL ESTATE APPRAISAL, EVALUATION AND ASSESSMENT STATE CERTIFICATIONS**

PA State Certified Real Estate Appraiser

General - #GA-000084-L, Spring 1991, Expires: 6/30/15

New Jersey Certified Real Estate Appraiser

General - #RG 01656, Summer 1993, Expires: 12/31/15

PA State Certified Pennsylvania Evaluator (CPE)

#AV 000131 L – Expires: 6/30/15

New Jersey Certified Tax Assessor (CTA) 1996

#3654 – Expires: 6/30/17

**PROFESSIONAL APPRAISAL DESIGNATIONS ATTAINED**

Senior Residential Appraiser (S.R.A.), 1979 and Residential Member (RM), 1980

The Appraisal Institute

American Society of Appraisers (A.S.A.)

Real Property Discipline: Ad Valorem Tax Appraising, 1979

Certified Review Appraiser (C.R.A.)

The National Association of Review Appraisers, 1977  
Residential Evaluation Specialist (R.E.S.) No. 43.  
International Association of Assessing Officers, 1980  
Certified Pennsylvania Evaluator (C.P.E.)  
The Assessors' Association of Penna., 1976 and State Tax  
Equalization Board - Commonwealth of Penna., 1987  
Certified Assessment Evaluator (C.A.E.) No. 694,  
International Association of Assessing Officers, 1983  
Society of Professional Assessors, (S.P.A.) The Society of Professional Assessors,  
April 23, 1984

## **MEMBERSHIPS**

Realtor Member of the National Association of Realtors (NAR)  
PA Assn of Realtors  
Tri-State Commercial and Industrial Assn of Realtors  
Senior Residential Appraiser Member (SRA) and  
Residential Member (RM) of the Appraisal Institute  
Senior Member of the American Society of Appraisers

## **PROFESSIONAL MEMBER**

International Association of Assessing Officers (IAAO)  
and I.A.A.O. Computer Assisted Appraisal Section  
Assessors' Association of Pennsylvania  
Southeast Chapter Pennsylvania Chapter of Assessors Association of Pennsylvania

## **PARTICIPATION IN STATE COMMITTEES**

Volunteer Appraiser Advisory Committee - Commonwealth of PA. -  
State Real Estate Commission 1989

## **A SUMMARY OF APPRAISAL, VALUATION AND RELATED COURSES ATTENDED AND SUCCESSFULLY COMPLETED INCLUDE:**

The Appraisal of Real Estate, University of Penna., 1973  
Advanced Real Estate Appraisal, University of Penna., 1974  
The Appraisal of a Single Family Dwelling, Course 8, AIREA, Villanova Univ. 1975  
Capitalization Theory and Techniques, Course 1B, AIREA, Villanova University, 1976  
The Appraisal of Urban Properties, Course 2, AIREA, Villanova University, 1977  
Fundamentals of Real Property Appraisal, Course 1, IAAO, Winter, 1978  
Appraisal and Analysis of Investment Properties, AIREA, Villanova Univ. Spring 1978  
The Appraisal of Income Properties, Course 2, IAAO, Fall, 1978  
The Development and Analysis of Narrative Appraisal Reports, Course 3, IAAO, 1979  
Real Estate Investment Techniques, Temple University Real Estate Institute, Fall 1981  
Tax Impact of Real Estate Transactions, Temple Univ. Real Estate Institute, Sept., 1985  
Case Studies in Real Estate Valuation, AI, December, 1990  
Property Tax Administration Part 2, Rutgers University, 01/24/08  
Introduction to Commercial Real Estate Sales, Temple University, 03/14  
Environmental Issues in Your Real Estate Practice, Temple University, 04/14

**A SUMMARY OF VALUATION, APPRAISAL AND RELATED SEMINARS AND WORKSHOPS SUCCESSFULLY COMPLETED INCLUDE:**

Seminar on Capitalization Theory and Techniques, AIREA, 1976  
Narrative Report Writing Seminar, SREA, Villanova University, 1977  
Standards of Professional Practice, AIREA, Penn State, June-July, 1990  
Review Appraisers - Analysis and Perspective, February, 12, 1992, Appraisal Institute USPAP  
Update Seminar, Philadelphia Chapter, ASA, 1993, 1995 and 1997  
Standards of Professional Practice - Part A (USPAP) 1993, 1995 and 1997, Part B and Part C, AI, 1999  
The Truth About Mold, A.I., 3/23/06  
Contemporary Legal & Appraisal Issues Involving Eminent Domain, A.I., 7/12/06  
Issues to Consider in Revaluation View From the Bench, A.I., 04/12/07  
Rules of Thumb for Appraisers, A.I., 5/14/07  
Real Estate Finance, Value and Investment Performance, A.I., 5/15/07  
Case Studies in Commercial Highest and Best Use, A.I., 05/16/07  
Surveying-Know What You Are Appraising, AAP, 12/12/07  
Litigation Skills for the Appraiser, A.I., 9/10/08  
Highest and Best Use, AAP, 9/24/08  
Qualifying as a Tax Exempt Property, AAP, 3/25/09  
New Residential Market Conditions Form, A.I., 4/1/09  
Office Building Valuation: A Contemporary Perspective, A.I., 4/16/09  
Introduction to FHA Appraising, A.I., 4/30/09  
7-Hour National USPAP Update Course, A.I., 6/5/09  
Valuation of Detrimental Conditions, A.I., 11/18/09  
Foreclosures and Fraud – Effect on Value, AAP, 12/16/2009  
Land Use Planning and Zoning, AAP, 03/24/10  
The Road Less Traveled: Special Purpose Properties, A.I., 4/7/10  
Act 319... What Constitutes a Violation? AAP, 09/15/10  
Business Practices and Ethics, A.I., 09/24/10  
Current Real Estate Market, A.I., 09/27/10  
The Valuation of Tidelands and Riparian Lands, A.I., 09/27/10  
The Uniform Appraisal Dataset FNMA form, 4/28/11  
Pa. State Regulations, A.I., 4/28/11  
Act 28, Certification Rules and Regulations, AAP, 5/11/11  
Anatomy of a House, AAP, 06/15/11  
Uniform Appraisal Dataset from FNMA and Freddie Mac, A.I., 06/29/11  
Assessment Legal Issues & Court Case Decisions, AAP, 09/11/11  
Evaluating Commercial Construction, A.I., 10/19 and 20/11  
Legal Road Map to Assessment Valuation and Procedures, AAP, 3/21/12  
Seven Hour USPAP Update Course, 04-18-12  
Where Oh Where Has My Equity Gone, AAP, 6/20/12  
Real Estate Taxes in Phila., A.I., 11/13/12  
Pa. Appraisal Law & Assessors Certification, ASA, 11/14/12  
Small Retail/Shopping Center Appraisal, AAP, 12/19/12  
From Tax Assessment to Tax Claim Bureau, Tax Sale & Back Again, AAP, 3/13/13  
Pa. Appraisal Statutes, Regulations & Policies, A.I., 06/03/13  
Seven Hour National USPAP Update Course, A.I., 01/09/14

## **RECERTIFICATIONS**

Currently Recertified with the Pennsylvania and New Jersey State Boards of Real Estate Appraisers, N.J. Treasury Department, Pennsylvania State Real Estate Commission, Appraisal Institute, American Society of Appraisers and International Association of Assessing Officers

## **EXAMINATIONS SUCCESSFULLY PASSED**

An Introduction to the Appraisal of Real Property, Course Exam 101, SREA, 1974 Real Estate Appraisal Principles, Course Exam #1A-1/8-1, AIREA, September, 1987 Real Estate Valuation Procedures Course Exam #1A2, AIREA, September, 1987 Capitalization Theory and Techniques, Part A, Course 1B-A, AIREA, February, 1988 Capitalization Theory and Techniques, Part B, Course 1B-B, AIREA, September 19, 1988

## **LICENSES HELD**

Real Estate Broker (Pennsylvania) No. RB 028092-L

## **TEACHING EXPERIENCE**

AGuest Lecturer" - Real Estate Principles and Practice 2, Philadelphia Board of Realtors, Drexel University, Winter, 1979

"Guest Lecturer" - Residential Appraising, Summer, 1986, Fall, 1989, Spring, 1990, February 21, 1991 and March 22, 1994 and Spring, 1990

Income Property Appraising, Temple Real Estate Institute

Co-Instructor - Exam Preparation Seminar - State Certified Residential Appraiser

Certification -Appraisal Institute - February 18 & 19, 1991, Fort Washington, PA. Senior Administrative Instructor, Faculty, Society of Real Estate Appraisers, Course 101, "An Introduction To Appraising Real Property" and Course 102, "Applied Residential Property Valuation"

Presentation made to FNMA Sales Representatives, April 19, 1994 - Topic: Residential and Small Income Property REO Appraising, FNMA Office, 1900 Market Street, Philadelphia, PA.

Senior Instructor - Assessors' Association of Penna. Certified Instructor for the Assessor's Association of Penna.

Certification by comprehensive exam, training committee and student evaluation. Courses taught include: Introduction To Assessing; The Market Approach To Value; Basic and Advanced Income Approaches To Value; The Cost Approach To Value; Site Analysis and Valuation and Introduction To Statistics and Sales Ratio Analysis.

Co-Instructor - Complex Residential Appraisal Assignments, ASA, 1997

## **COURSES TAUGHT**

Course 101 - "An Introduction To Appraising Real Property - SREA - Goldey Beacon College - 10-4-86 to 12-13-86, Montgomery County Community College, 9-13-86 to 11-22-86, 2-21-87 to 5-9-87, 9-15-87 to 12-12-87 and 2-27-88 to 5-7-88; Course 102 - "Applied Residential Property Valuation" -SREA - Montgomery County Community College, Spring and Fall, 1989 and Spring 1990 and Course 8-2 - Residential Valuation - AI - Penn State Great Valley, Spring 1991 and Spring, 1992

## **PAST PRESIDENT**

Philadelphia Metropolitan Chapter – Appraisal Institute, 2002  
Philadelphia Chapter - American Society of Appraisers (ASA) 1992-1993  
Society of Real Estate Appraisers, (SREA), Philadelphia Chapter No. 2, 1988-1989 Assessors' Association of Pennsylvania, 1987-1988  
S.E. Chapter - Assessors' Association of Pennsylvania, 1986

## **PARTICIPATION IN PROFESSIONAL ORGANIZATIONS**

Regional Voting Representative – Region III – Appraisal Institute, 1990 thru 1994

Member - Harrison-Winder Award Committee, 2003 thru 2014

Member - Faculty, Appraisal Institute, Residential Valuation

## **AWARDS**

Harrison Winder Memorial Award – Appraisal Institute, December 2003  
George D. Sinclair Professionalism Award, ASA, May 21, 2003  
Board of Governors Award, AAP, May 2003  
John William Brucker Memorial Distinguished Achievement Award - Philadelphia Chapter - ASA - 1999

## **PANEL MEMBER**

National Assoc. of Corporate Real Estate Executives - Summer 1986  
Phila. Chapter - American Institute of Real Estate Appraisers, 1986  
Phila. Chapter - Society of Real Estate Appraisers, 1986  
Institute of Property Taxation, 1997  
Philadelphia Chapter American Society of Appraisers, January 2001  
F. N. M. A. – Land Taxation, 2003  
Phila. Metro Chapter, Appraisal Institute, Nov. 2012

## **PROFESSIONAL DESIGNATION ADVISOR**

Commonwealth of Pennsylvania, IAAO - 1985 through 1994

## **TYPES OF PROPERTIES APPRAISED**

All types of properties including:

Auto Sales Lots

Auto Repair and Body Shops

Row, Semi-Detached and Detached Dwellings

Duplexes, Triplexes and Quadra-plexes

Apartment Complexes, Boarding and Rooming Houses

Catering Halls

Churches and Houses of Worship

Condominium Units - Residential and Commercial

Commercial Properties (All types)

Cooperative Units

Day Care

Easements

Funeral Homes

Industrial Facilities

Institutional

Lofts

Refrigerated Industrial Buildings

Mixed Use Properties - All Types

Nursing Homes and Personal Care Facilities

Office Buildings

Restaurants

Shop and Garage Buildings

Shopping Centers and Strip Centers

Storefront Property (with dwelling and/or apartments)

Vacant Residential, Commercial, Industrial, Multi-Family and Institutional Land

Residential Development Air Rights

School and Educational Buildings

Movie Theaters

Veterans Posts

Group Homes

Veterinary Facilities

Dental Facilities

Transportation Properties

Special Purpose Properties