

**Appraisal of Real Property**

**Busch Brothers Tire**

Retail Property

1931 Monongahela Ave.

Pittsburgh, Allegheny County, Pennsylvania 15218

Client Reference: Busch Brothers Tire

**Prepared For:**

Borough of Swissvale

**Effective Date of the Appraisal:**

October 9, 2019

**Report Format:**

Appraisal Report – Standard Format

**IRR - Pittsburgh**

File Number: 210-2019-0482





**Busch Brothers Tire**  
1931 Monongahela Ave.  
Pittsburgh, Pennsylvania



October 11, 2019

Clyde Wilhelm  
Borough Manager  
Borough of Swissvale  
7560 Roslyn Street  
Swissvale, PA 15218

SUBJECT:       Market Value Appraisal  
                  Busch Brothers Tire  
                  1931 Monongahela Ave.  
                  Pittsburgh, Allegheny County, Pennsylvania 15218  
                  Client Reference: Busch Brothers Tire  
                  IRR - Pittsburgh File No. 210-2019-0482

Dear Mr. Wilhelm:

Integra Realty Resources – Pittsburgh is pleased to submit the accompanying appraisal of the Busch Brothers Tire property. The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property. The client for the assignment is Borough of Swissvale and the intended use is for property acquisition purposes.

The subject is an commercial property improved with a one story, 1,341 square foot frame building and a 1,600 square foot metal sided building. The site area is 0.29 acres or 12,676 square feet. The property is leased to a single tenant for a long term and is used as a tire service center.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

<b>Value Conclusion</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	October 9, 2019	\$225,000

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#### **Extraordinary Assumptions and Hypothetical Conditions**

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

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None
- 

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Clyde Wilhelm  
Borough of Swissvale  
October 11, 2019  
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**Integra Realty Resources - Pittsburgh**

DRAFT  
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## Summary of Salient Facts and Conclusions

Property Name	Busch Brothers Tire	
Address	1931 Monongahela Ave. Pittsburgh, Allegheny County, Pennsylvania 15218	
Property Type	Retail - Tire Store	
Owner of Record	Swissvale Tire Associates LLC	
Tax ID	178-G-20	
Land Area - Total	0.29 acres; 12,676 SF	
Gross Building Area	2,941 SF	
Percent Leased	100%	
Zoning Designation	CBD, Central Business District	
Highest and Best Use - As if Vacant	Commercial use	
Highest and Best Use - As Improved	Continued commercial use	
Exposure Time; Marketing Period	12 months; 12 months	
Effective Date of the Appraisal	October 9, 2019	
Date of the Report	October 11, 2019	
Property Interest Appraised	Leased Fee	
Market Value Indications		
Cost Approach	Not Used	
Sales Comparison Approach	\$221,000	(\$75.14/SF)
Income Capitalization Approach	\$227,000	(\$77.18/SF)
Market Value Conclusion	\$225,000	(\$76.50/SF)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Borough of Swissvale may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

### Extraordinary Assumptions and Hypothetical Conditions

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

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

## General Information

### Identification of Subject

The subject is an commercial property improved with a one story, 1,341 square foot frame building and a 1,600 square foot metal sided building. The site area is 0.29 acres or 12,676 square feet.

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#### Property Identification

Property Name	Busch Brothers Tire
Address	1931 Monongahela Ave. Pittsburgh, Pennsylvania 15218
Tax ID	178-G-20
Owner of Record	Swissvale Tire Associates LLC

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### Sale History

The most recent closed sale of the subject is summarized as follows:

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Sale Date	September 29, 2017
Seller	Gustine Jets Associates
Buyer	Swissvale Tire Associates LLC
Sale Price	\$1
Recording Instrument Number	17614/320
Expenditures Since Purchase	NA

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To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

### Pending Transactions

To the best of our knowledge, the property is not subject to an agreement of sale or an option to buy, nor is it listed for sale, as of the effective appraisal date.

### Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property as of the effective date of the appraisal, October 9, 2019. The date of the report is October 11, 2019. The appraisal is valid only as of the stated effective date or dates.

## Definition of Market Value

Market value is defined as:

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

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

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[h]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## Definition of Property Rights Appraised

Leased fee interest is defined as, “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary rights when the lease expires.”

Lease is defined as: “A contract in which rights to use and occupy land, space, or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

*Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

## Intended Use and User

The intended use of the appraisal is for property acquisition purposes. The client and intended user is Borough of Swissvale. The appraisal is not intended for any other use or user. No party or parties other than Borough of Swissvale may use or rely on the information, opinions, and conclusions contained in this report.

## Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
  - Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

## Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

## Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## Valuation Methodology

Appraisers consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

<b>Approaches to Value</b>		
<b>Approach</b>	<b>Applicability to Subject</b>	<b>Use in Assignment</b>
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.
- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.

### **Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### **Inspection**

Anthony Barna, MAI, SRA, CRE, conducted an exterior inspection of the property on March 20, 2019.

# Economic Analysis

## Allegheny County Area Analysis

Allegheny County is located in southwestern Pennsylvania and is 730 square miles in size and has a population density of 1,670 persons per square mile. Allegheny County is part of the Pittsburgh, PA Metropolitan Statistical Area, hereinafter called the Pittsburgh MSA, as defined by the U.S. Office of Management and Budget.

### Population

Allegheny County has an estimated 2019 population of 1,219,499, which represents little to no change from the 2010 census of 1,223,348. The population trend in Allegheny County contrasts with that of the State of Pennsylvania which had a 0.1% average annual increase in population over this time.

Looking forward, Allegheny County's population is projected to stay approximately the same from 2019-2024. The level population trend in Allegheny County differs from that of Pennsylvania, which is projected to increase at a 0.1% rate.

	<b>Population Trends</b>				
	Population			Compound Ann. % Chng	
	2010 Census	2019 Estimate	2024 Projection	2010 - 2019	2019 - 2024
Allegheny County	1,223,348	1,219,499	1,218,128	0.0%	0.0%
Pennsylvania	12,702,379	12,820,587	12,903,225	0.1%	0.1%
USA	308,745,538	329,236,175	340,950,101	0.7%	0.7%

Source: Environics Analytics

### Employment

Total employment in Allegheny County is currently estimated at 702,657 jobs. Between year-end 2007 and the present, employment rose by 10,315 jobs, equivalent to a 1.5% increase over the entire period. There were gains in employment in six out of the past ten years despite the national economic downturn and slow recovery. Although Allegheny County's employment rose over the last decade, it underperformed Pennsylvania, which experienced an increase in employment of 2.7% or 154,825 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Allegheny County unemployment rate has been consistently lower than that of Pennsylvania, with an average unemployment rate of 5.8% in comparison to a 6.4% rate for Pennsylvania. A lower unemployment rate is a positive indicator.

Recent data shows that the Allegheny County unemployment rate is 4.2% in comparison to a 4.4% rate for Pennsylvania, a positive sign for Allegheny County economy but one that must be tempered by the fact that Allegheny County has underperformed Pennsylvania in the rate of job growth over the past two years.

<b>Employment Trends</b>						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Allegheny		Pennsylvania		Allegheny	
	County	% Change	County	% Change	County	Pennsylvania
2007	692,342		5,717,355		4.1%	4.4%
2008	686,123	-0.9%	5,647,404	-1.2%	4.8%	5.3%
2009	670,347	-2.3%	5,476,630	-3.0%	6.8%	8.1%
2010	676,308	0.9%	5,555,783	1.4%	7.6%	8.5%
2011	685,664	1.4%	5,599,808	0.8%	7.1%	7.9%
2012	689,858	0.6%	5,627,180	0.5%	6.9%	7.8%
2013	690,108	0.0%	5,647,263	0.4%	6.5%	7.4%
2014	689,089	-0.1%	5,721,188	1.3%	5.4%	5.9%
2015	692,115	0.4%	5,761,811	0.7%	5.0%	5.3%
2016	694,196	0.3%	5,800,878	0.7%	5.2%	5.4%
2017	702,657	1.2%	5,872,180	1.2%	4.8%	4.9%
Overall Change 2007-2017	10,315	1.5%	154,825	2.7%		
Avg Unemp. Rate 2007-2017					5.8%	6.4%
Unemployment Rate - August 2018					4.2%	4.4%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Major employers in Allegheny County are shown in the following table.

<b>Major Employers - Allegheny County</b>	
	Name
1	UPMC Presbyterian Shadyside
2	University of Pittsburgh
3	Federal Government
4	PNC Bank NA
5	Western Penn Allegheny Health
6	Giant Eagle Inc
7	Allegheny County
8	Bank of New York Mellon
9	Carnegie Mellon University
10	School District of Pittsburgh

Source: PA Department of Labor and Industry

### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Pittsburgh MSA is considered meaningful when compared to the nation overall, as Allegheny County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Pittsburgh MSA than the United States overall during the past eight years. The Pittsburgh MSA has grown at a 2.3% average annual rate while the United States has grown at a 1.9% rate. As the national economy improves, the Pittsburgh MSA continues to perform better than the United States. GDP for the Pittsburgh MSA rose by 3.7% in 2017 while the United States GDP rose by 2.1%.

The Pittsburgh MSA has a per capita GDP of \$56,237, which is 10% greater than the United States GDP of \$51,337. This means that Pittsburgh MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

<b>Gross Domestic Product</b>				
Year	(\$ Mil)		(\$ Mil)	
	Pittsburgh MSA	% Change	United States	% Change
2010	112,041		14,628,165	
2011	115,313	2.9%	14,833,679	1.4%
2012	116,075	0.7%	15,126,281	2.0%
2013	118,174	1.8%	15,348,034	1.5%
2014	122,322	3.5%	15,717,469	2.4%
2015	126,241	3.2%	16,148,486	2.7%
2016	126,546	0.2%	16,383,812	1.5%
2017	131,222	3.7%	16,721,499	2.1%
Compound % Chg (2010-2017)		2.3%		1.9%
GDP Per Capita 2017	\$56,237		\$51,337	

Source: Bureau of Economic Analysis and Economy.com; data released September 2016. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

### Income, Education and Age

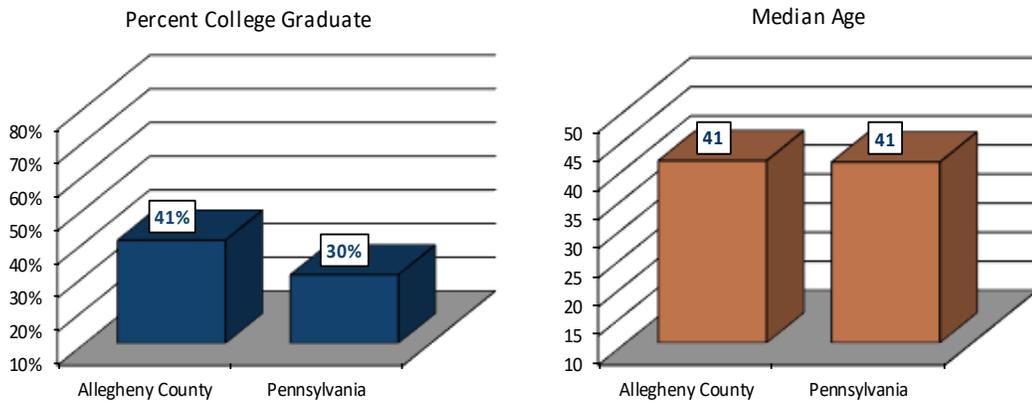
Allegheny County has a slightly lower level of household income than Pennsylvania. Median household income for Allegheny County is \$60,445, which is 1.8% less than the corresponding figure for Pennsylvania.

<b>Median Household Income - 2019</b>	
	Median
Allegheny County	\$60,445
Pennsylvania	\$61,532
Comparison of Allegheny County to Pennsylvania	- 1.8%

Source: EnviroNics Analytics

Residents of Allegheny County have a higher level of educational attainment than those of Pennsylvania. An estimated 41% of Allegheny County residents are college graduates with four-year degrees, versus 30% of Pennsylvania residents. People in Allegheny County are similar in age to their Pennsylvania counterparts. The median age of both Allegheny County and Pennsylvania is 41 years.

**Education & Age - 2019**



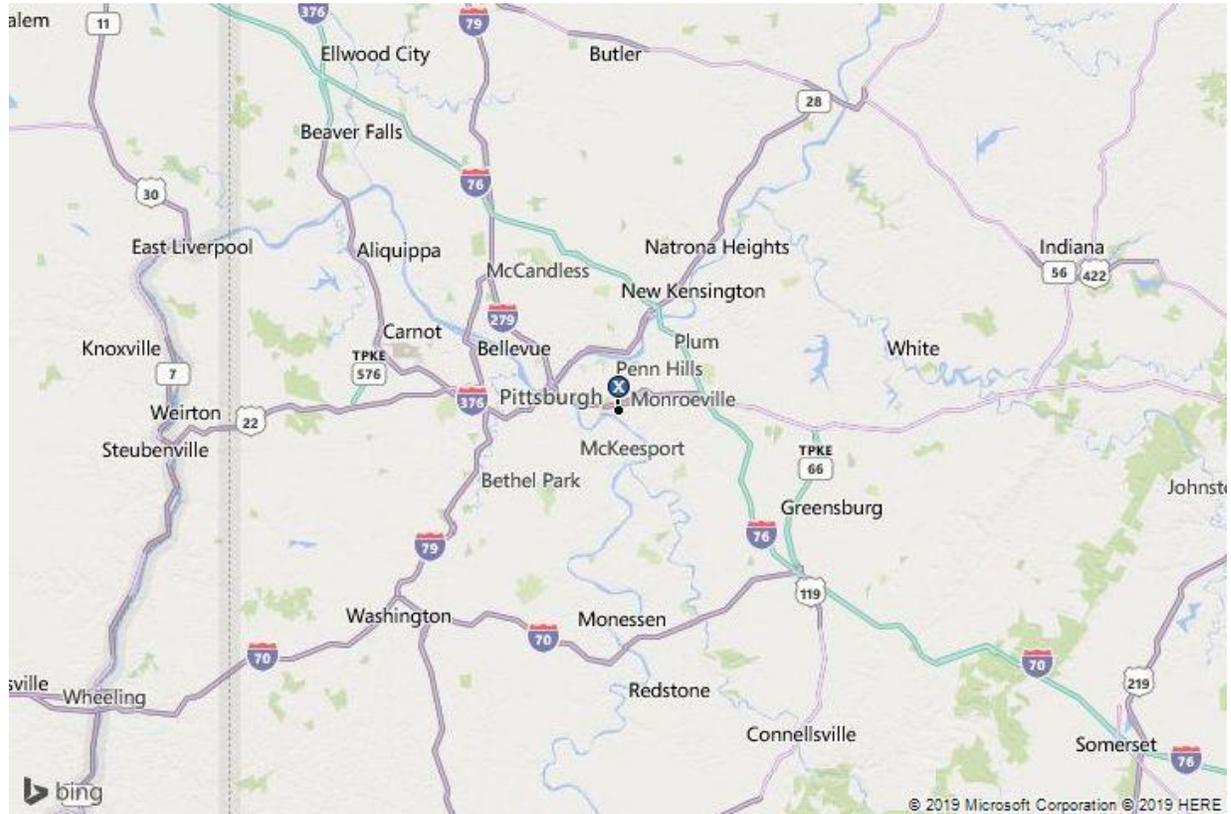
Source: Environics Analytics

**Conclusion**

The Allegheny County economy will struggle with a flat population base and a higher level of educational attainment. Allegheny County experienced growth in the number of jobs and has maintained a consistently lower unemployment rate than Pennsylvania over the past decade. Moreover, Allegheny County benefits from being part of the Pittsburgh MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Allegheny County economy will improve and employment will grow, strengthening the demand for real estate.



### Area Map



## Surrounding Area Analysis

### Location

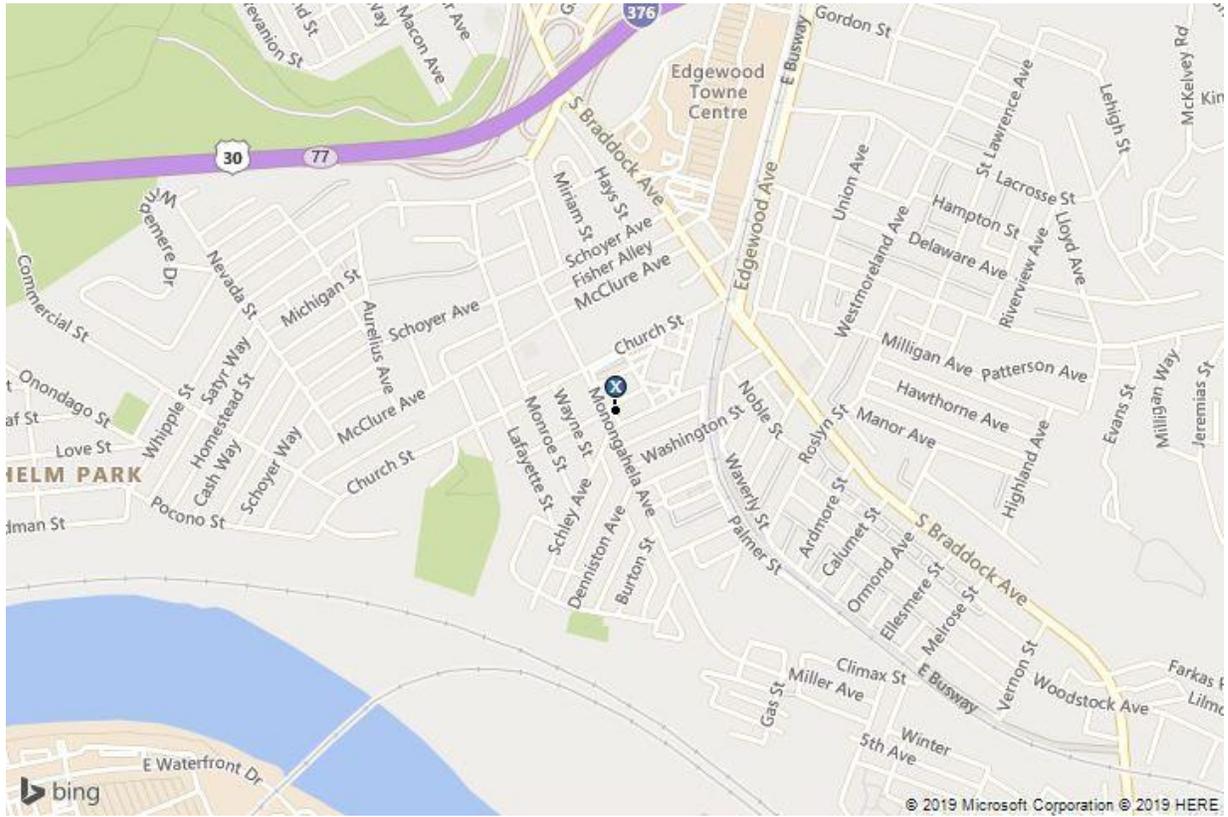
The appraised property is located in Swissvale Borough, which is an urban community situated approximately six miles east of Downtown Pittsburgh. The subject is located on the northern side of Irvine Street, near the intersection with Monongahela Avenue in the central business section of Swissvale. It is located west of South Braddock Avenue, which is the primary commercial thoroughfare in the Borough. The immediate neighborhood is located adjacent to an active railroad line and is comprised of commercial, industrial and residential uses.

The primary thoroughfare in the community is South Braddock Avenue, which runs north - south through the Borough. The subject is located one mile north of the Edgewood Interchange of the Parkway East.

The borough population has steadily decreased, as heavy industry declined in the region beginning in the 1960's and 1970's. The 2010 census indicated a Swissvale population of 8,985, which is a 7% decrease from the 2000 count. The Borough flourished from the early 1900's through the 1950's, as it was home to numerous manufacturing enterprises. The decline in population is attributed to the closing of large employers in the heavy industry sector in the early 1980's and reduced family sizes. There has been a redistribution of the population from older, established communities, which had a predominantly industrial economic base, to newer, suburban communities with a close proximity to centers of employment.

The real estate market in Swissvale is stable. Values have been increasing at a slow, but steady rate, and no significant change in rents and values is expected in the near term.

### Surrounding Area Map



## Property Analysis

### Land Description and Analysis

Land Description		
Land Area	0.29 acres; 12,676 SF	
Source of Land Area	Public Records	
Primary Street Frontage	Monongahela Avenue - 115 feet	
Secondary Street Frontage	Irvine Street - 110 feet	
Shape	Rectangular	
Corner	Yes	
Topography	Generally level and at street grade	
Drainage	No problems reported or observed	
Environmental Hazards	None reported or observed	
Ground Stability	No problems reported or observed	
Flood Area Panel Number	42003C0367H	
Date	September 26, 2014	
Zone	X	
Description	Outside of 500-year floodplain	
Insurance Required?	No	
Zoning; Other Regulations		
Zoning Jurisdiction	Swissvale Borough	
Zoning Designation	CBD	
Description	Central Business District	
Legally Conforming?	Appears to be legally conforming	
Zoning Change Likely?	No	
Permitted Uses	Commercial	
Rent Control	No	
Other Land Use Regulations	None known	
Utilities		
Service	Provider	Adequacy
Water	Public	Adequate
Sewer	Public	Adequate
Electricity	Public	Adequate
Natural Gas	Public	Adequate
Local Phone	Public	Adequate

This property consists of a rectangular site situated at the northeastern corner of Monongahela Avenue and Irvine Street. It is level and at grade with both streets and all public utilities are available and connected.

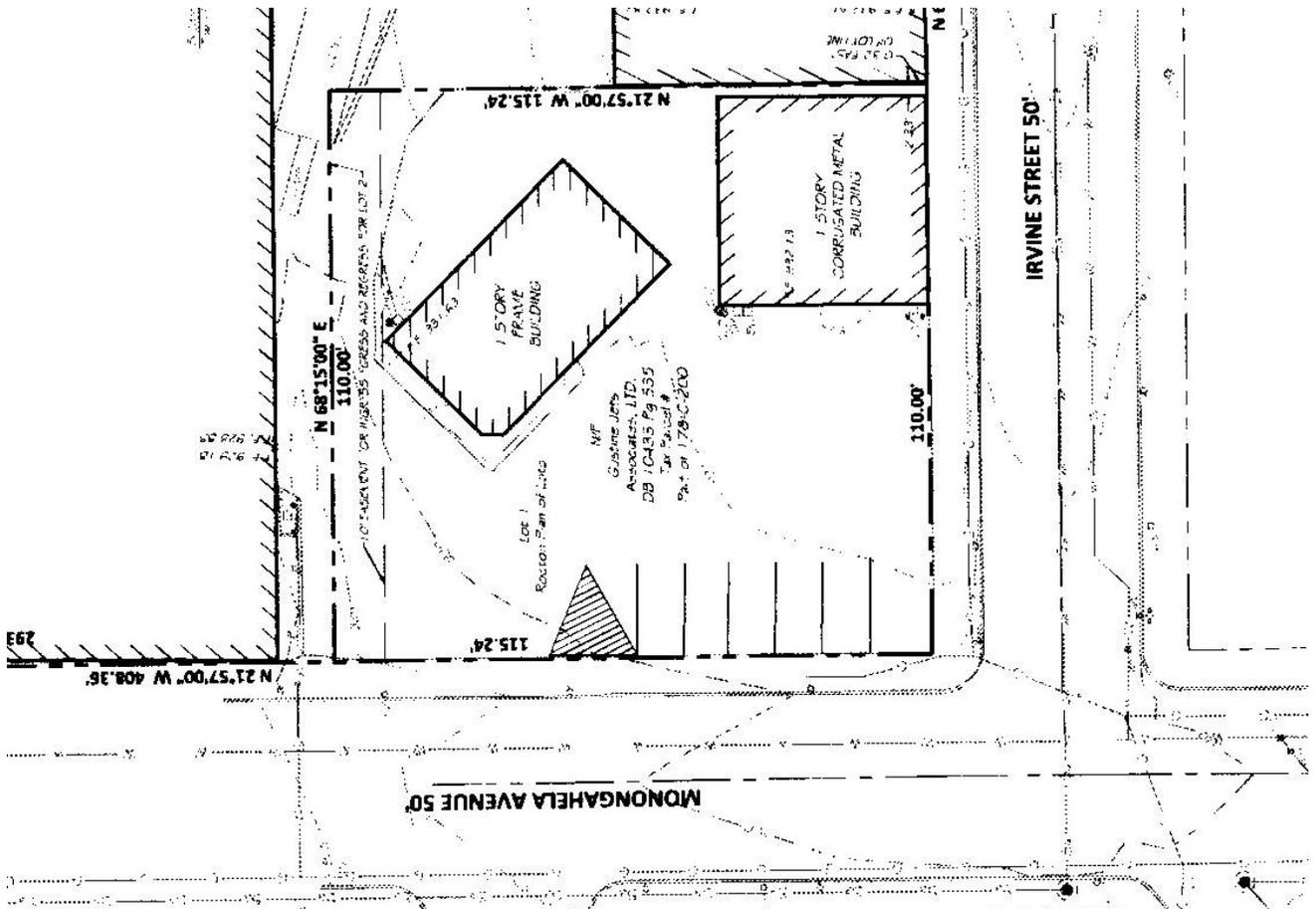
### Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

### Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

### Site Plan



## Improvements Description and Analysis

The property is improved with two free-standing buildings.

There is a one story, former automobile service station building containing 1,341 square feet. It has a flat roof and two overhead garage doors and a small office area with a man door.

The southern side of the site is improved with a one story, 1,600 square foot metal sided garage and storage building with a gabled roof and two overhead garage doors and a man door.

### Improvements Description

Name of Property	Busch Brothers Tire
General Property Type	Retail
Property Sub Type	Tire Store
Competitive Property Class	C
Occupancy Type	Single Tenant
Percent Leased	100%
Number of Tenants	1
Number of Buildings	2
Stories	1
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Average
Gross Building Area (SF)	2,941
Land Area (SF)	12,676
Floor Area Ratio (GBA/Land SF)	0.23
Building Area Source	Inspection

### Improvements Analysis

#### Quality and Condition

The quality and condition of the subject is considered to be consistent with that of competing properties.

#### Functional Utility

The improvements appear to be adequately suited to their current use, and there do not appear to be any significant items of functional obsolescence.

#### Deferred Maintenance

No deferred maintenance is apparent from our inspection.

**ADA Compliance**

Based on our inspection and information provided, we are not aware of any ADA issues. However, we are not expert in ADA matters, and further study by an appropriately qualified professional would be recommended to assess ADA compliance.

**Hazardous Substances**

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.

**Personal Property**

No personal property items were observed that would have any material contribution to market value.

**Conclusion of Improvements Analysis**

Overall, the quality, condition, and functional utility of the improvements are average for their age and location.



View of the Property



View of the Property



View from Irvine Street



View from Irvine Street



Rear View

## Real Estate Taxes

Real estate taxes and assessments for the current tax year are shown in the following table.

<b>Taxes and Assessments - 2019</b>					
Tax ID	Assessed Value			Taxes and Assessments	
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes
178-G-20	\$22,800	\$47,200	\$70,000	3.8841%	\$2,719

Dividing the assessments by the county's common level ratio of 86.2% produces the following implied market values:

<b>Assessor's Market Value</b>			
Tax ID	Land	Improvements	Total
178-G-20	\$26,450	\$54,756	\$81,206

Based on the concluded market value of the subject, the assessed value appears low.

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### As If Vacant

#### Physically Possible

The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

#### Legally Permissible

The site is zoned CBD, Central Business District. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only commercial use is given further consideration in determining highest and best use of the site, as though vacant.

**Financially Feasible**

Based on our analysis of the market, there is currently limited demand for commercial use in the subject's area. It appears that a newly developed commercial use on the site would not have a value commensurate with its cost; thus commercial use is not considered to be financially feasible at the current time. However, given anticipated population and employment growth in the subject's area, we expect rents and improved property values to increase to a level at which commercial use would be financially feasible in the future.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the property for future development of a commercial use.

Accordingly, it is our opinion that holding the property for future commercial use, based on the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Holding the property for future development of a commercial use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

**As Improved**

The subject site is developed with two one story buildings utilized in a tire service business, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a significant positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued commercial use is concluded to be maximally productive and the highest and best use of the property as improved.

**Most Probable Buyer**

Taking into account the size and characteristics of the property and its single tenant occupancy, the likely buyer is a local investor or an owner-user.

# Valuation

## Valuation Methodology

Appraisers consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

<b>Approaches to Value</b>		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

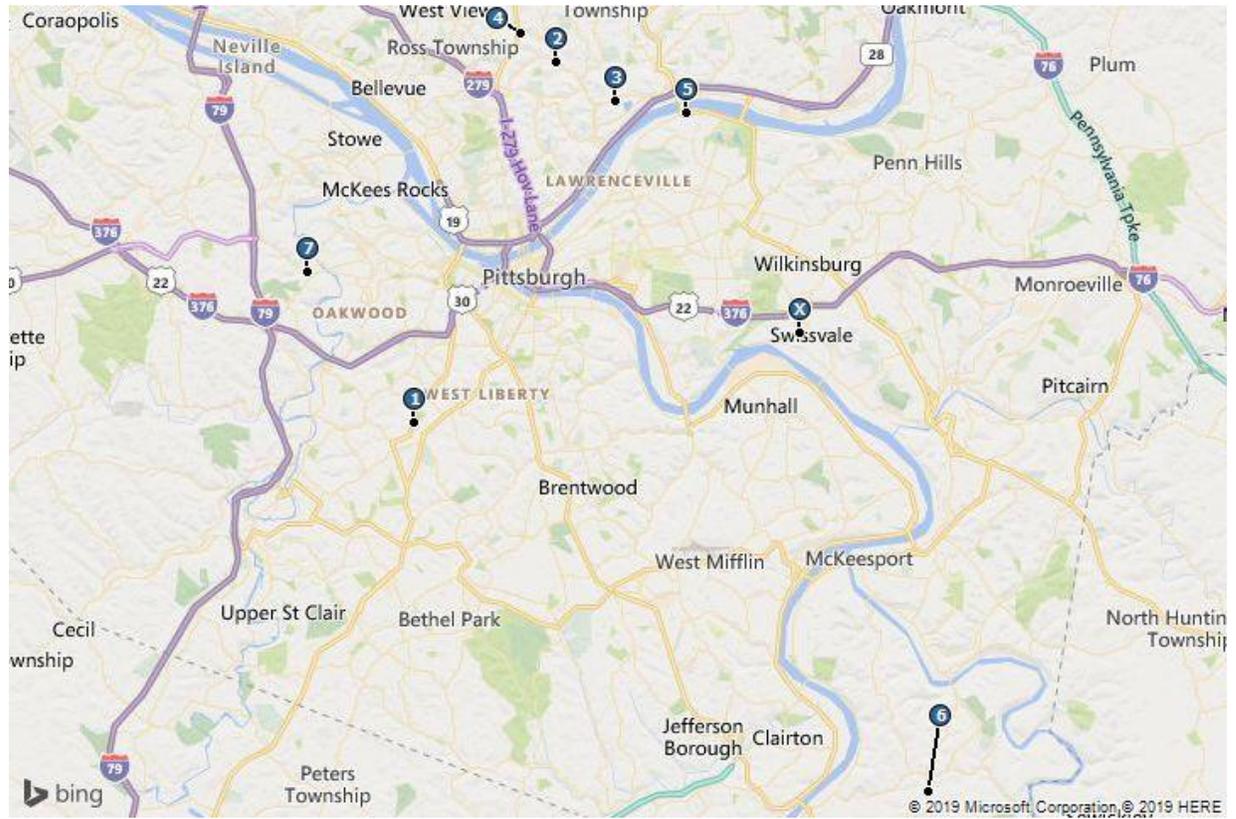
## Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties.

For this analysis, we use price per square foot of gross building area as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. Seven relevant sales are summarized in the following table.

<b>Summary of Comparable Improved Sales</b>						
No.	Name/Address	Sale Date; Status	Acres; FAR; Parking Ratio	Effective Sale Price	Gross SF	\$/Gross SF
1	101 Beverly 101 Beverly Rd. Pittsburgh	Jul-18 Closed	0.22 0.20 –	\$125,000	1,878	\$66.56
2	Don Parker Sales & 1916 Babcock Blvd. Pittsburgh	Jul-18 Closed	1.30 0.08 3.21/1,000	\$345,000	4,680	\$73.72
3	Seavey Motors - Auto 575 Seavey Rd. Pittsburgh	Jan-19 Closed	0.34 0.18 4.47/1,000	\$200,000	2,683	\$74.54
4	Lifetime Automotive 2336 Babcock Blvd. Pittsburgh	Aug-17 Closed	0.22 0.31 5.00/1,000	\$300,000	3,000	\$100.00
5	All-Tech Auto 6311 Butler Street Pittsburgh	Jan-17 Closed	0.30 0.31 5.00/1,000	\$350,000	4,000	\$87.50
6	Cherepko's Auto Body 104 Enterprise Street Elizabeth	May-18 Closed	0.60 0.13 7.35/1,000	\$240,000	3,400	\$70.59
7	Auto Repair Garage 4220 Steubenville Pike. Robinson Township	Oct-16 Closed	0.39 0.17 –	\$225,000	2,864	\$78.56
	<b>Subject</b>		0.29		2,941	
	Busch Brothers Tire Pittsburgh, PA		0.23 –			

### Comparable Improved Sales Map





Sale 1  
101 Beverly



Sale 2  
Don Parker Sales & Service



Sale 3  
Seavey Motors - Auto Repair



Sale 4  
Lifetime Automotive Center



Sale 5  
All-Tech Auto



Sale 6  
Cherepko's Auto Body



Sale 7  
Auto Repair Garage

## Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

<b>Adjustment Factors</b>	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Inverse relationship that often exists between building size and unit value.
Parking	Ratio of parking spaces to building area.
Building to Land Ratio	Ratio of building area to land area; also known as floor area ratio (FAR).
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, and other economic factors. Excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality

Comparable sale four is adjusted downward for its superior condition and no additional adjustments are indicated by the data.

The following table summarizes the adjustments we make to each sale.

<b>Improved Sales Adjustment Grid</b>								
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5	Comparable 6	Comparable 7
Property Name	Busch Brothers Tire	101 Beverly	Don Parker Sales & Service	Seavey Motors - Auto Repair	Lifetime Automotive Center	All-Tech Auto	Cherepko's Auto Body	Auto Repair Garage
Address	1931 Monongahela Ave. Pittsburgh	101 Beverly Rd.	1916 Babcock Blvd.	575 Seavey Rd.	2336 Babcock Blvd.	6311 Butler Street	104 Enterprise Street	4220 Steubenville Pike.
City	Pittsburgh	Pittsburgh	Pittsburgh	Pittsburgh	Pittsburgh	Pittsburgh	Elizabeth	Robinson Township
County	Allegheny Pennsylvania	Allegheny PA	Allegheny PA	Allegheny PA	Allegheny PA	Allegheny PA	Allegheny PA	Allegheny PA
Sale Date		Jul-18	Jul-18	Jan-19	Aug-17	Jan-17	May-18	Oct-16
Sale Status		Closed	Closed	Closed	Closed	Closed	Closed	Closed
Sale Price		\$125,000	\$345,000	\$200,000	\$300,000	\$350,000	\$240,000	\$225,000
Price Adjustment		-	-	-	-	-	-	-
Description of Adjustment								
Effective Sale Price		\$125,000	\$345,000	\$200,000	\$300,000	\$350,000	\$240,000	\$225,000
Gross Building Area	2,941	1,878	4,680	2,683	3,000	4,000	3,400	2,864
<b>Price per SF of Gross Building Area</b>		<b>\$66.56</b>	<b>\$73.72</b>	<b>\$74.54</b>	<b>\$100.00</b>	<b>\$87.50</b>	<b>\$70.59</b>	<b>\$78.56</b>
Property Rights		Fee Simple	Leased Fee	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
% Adjustment		-	-	-	-	-	-	-
Financing Terms		Cash to seller					Conventional	
% Adjustment		-	-	-	-	-	-	-
Conditions of Sale								
% Adjustment		-	-	-	-	-	-	-
Market Conditions	10/9/2019	Jul-18	Jul-18	Jan-19	Aug-17	Jan-17	May-18	Oct-16
Annual % Adjustment		-	-	-	-	-	-	-
<b>Cumulative Adjusted Price</b>		<b>\$66.56</b>	<b>\$73.72</b>	<b>\$74.54</b>	<b>\$100.00</b>	<b>\$87.50</b>	<b>\$70.59</b>	<b>\$78.56</b>
Location		-	-	-	-	-	-	-
Access/Exposure		-	-	-	-	-	-	-
Size		-	-	-	-	-	-	-
Parking		-	-	-	-	-	-	-
Building to Land Ratio (FAR)		-	-	-	-	-	-	-
Building Quality		-	-	-	-	-	-	-
Age/Condition		-	-	-	-25%	-	-	-
Economic Characteristics		-	-	-	-	-	-	-
Net \$ Adjustment		\$0.00	\$0.00	\$0.00	-\$25.00	\$0.00	\$0.00	\$0.00
Net % Adjustment		0%	0%	0%	-25%	0%	0%	0%
<b>Final Adjusted Price</b>		<b>\$66.56</b>	<b>\$73.72</b>	<b>\$74.54</b>	<b>\$75.00</b>	<b>\$87.50</b>	<b>\$70.59</b>	<b>\$78.56</b>
Overall Adjustment		0%	0%	0%	-25%	0%	0%	0%
<b>Range of Adjusted Prices</b>		<b>\$66.56 - \$87.50</b>						
<b>Average</b>		<b>\$75.21</b>						
<b>Indicated Value</b>		<b>\$75.00</b>						



## Value Indication

Prior to adjustment, the sales reflect a range of \$66.56 - \$100.00 per square foot. After adjustment, the range is narrowed to \$66.56 - \$87.50 per square foot, with an average of \$75.21 per square foot. We arrive at a value indication as follows:

<b>Value Indication by Sales Comparison</b>	
Indicated Value per SF	\$75.00
Subject Square Feet	2,941
Indicated Value	\$220,575
Rounded	\$221,000

## Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply direct capitalization to convert anticipated net income to an indication of value.

## Leased Status of Property

The property is leased to a single tenant for a long term for \$2,100 per month on a triple net basis. The current lease renewal term began on January 1, 2017 and runs to December 31, 2026. There is a five year option period to December 31, 2031 and an additional five year option period until December 31, 2036. Based on comparable rental data in the Pittsburgh market, this rent appears to be in line with market rates.

## Stabilized Income and Expenses

### Potential Gross Rent

Potential gross rent is based on contract rent from the existing lease in place and amounts to \$25,200 per year.

### Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 10.0% based on the credit quality of the tenant, the length of the lease and general vacancy rates in Swissvale.

### Effective Gross Income

Effective gross income is calculated at \$22,680, or \$7.71 per square foot.

### Expenses

The subject is leased on a triple net basis with the owner's expense obligations limited to property management.

Management fees are considered an expense of operation, whether the services are contracted or provided by the property owner. We estimate this expense at 5.0% of effective gross income considering the limited managerial responsibilities associated with a property of this type.

### Net Operating Income

Based on the preceding income and expense projections, stabilized net operating income is estimated at \$21,546, or \$7.33 per square foot.

### Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

<b>Capitalization Rate Comparables</b>							
No.	Property Name	City	State	Sale Date	Gross Building Area	Effective Price/SF	Cap Rate
1	71-75 Clairton Road	W. Mifflin	PA	7/14/2017	3,760	\$106.38	9.42%
2	1917 Centre Avenue	Pittsburgh	PA	6/28/2019	9,743	\$102.64	9.47%
3	6026 Saltsburg Road	Penn Hills	PA	5/2/2016	8,120	\$41.26	9.42%
Average (Mean) Cap Rate:							9.44%

Accordingly, we conclude a capitalization rate as follows:

<b>Capitalization Rate Conclusion</b>	
Going-In Capitalization Rate	9.50%

### Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the following table.

<b>Direct Capitalization Analysis</b>				
		SF	Annual	\$/SF Bldg.
<b>Income</b>				
Base Rent				
Potential Gross Rent		2,941	\$25,200	\$8.57
Vacancy & Collection Loss	10.00%		-\$2,520	-\$0.86
Effective Gross Income			\$22,680	\$7.71
<b>Expenses</b>				
Management	5.00%		\$1,134	\$0.39
Total Expenses			\$1,134	\$0.39
<b>Net Operating Income</b>			<b>\$21,546</b>	<b>\$7.33</b>
Capitalization Rate			9.50%	
<b>Indicated Value</b>			<b>\$226,800</b>	<b>\$77.12</b>
<b>Rounded</b>			<b>\$227,000</b>	<b>\$77.18</b>

### Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

<b>Summary of Value Indications</b>	
Cost Approach	Not Used
Sales Comparison Approach	\$221,000
Income Capitalization Approach	\$227,000
Reconciled	\$225,000

In the sales comparison approach, seven sales of similar properties in the Pittsburgh market were analyzed and provide a reliable indication of value for the subject property.

The income approach is developed with confidence because the property is leased on a triple net basis and capitalization rate data is readily available.

Our opinion of value is as follows:

<b>Value Conclusion</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	October 9, 2019	\$225,000

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**Extraordinary Assumptions and Hypothetical Conditions**

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

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

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The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

**Exposure Time**

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market value stated previously, it is our opinion that the probable exposure time is 12 months.

**Marketing Period**

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 12 months.

## Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Anthony Barna, MAI, SRA, CRE, made a personal inspection of the property that is the subject of this report.

12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Anthony Barna, MAI, SRA, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.

DRAFT

Anthony Barna, MAI, SRA, CRE  
Certified General Real Estate Appraiser  
Pennsylvania Certificate # GA-001069-L

## Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.

6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.

17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environmental hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. IRR - Pittsburgh, Integra Realty Resources, Inc., and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.

24. **IRR - Pittsburgh is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR - Pittsburgh. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**
25. IRR - Pittsburgh is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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

1. None

The value conclusions are based on the following hypothetical conditions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

1. None

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**Addendum A**  
**Appraiser Qualifications**



# Anthony C. Barna, MAI, SRA, CRE

## Experience

Senior Managing Director and consulting appraiser for Integra Realty Resources – Pittsburgh.

Integra Realty Resources is a national valuation and consulting firm with offices in the United States and the Caribbean.

Mr. Barna has been actively engaged in valuation and consulting since 1991 and his practice specializes in complex assignments for litigation support, eminent domain, tax assessment, and financing.

## License

Anthony Barna is a certified general real estate appraiser in Pennsylvania (GA-001069-L).

## Professional Activities & Affiliations

Mr. Barna holds the internationally recognized MAI and SRA professional designations from the Appraisal Institute. He earned the SRA designation in 1995 in recognition of his expertise in the analysis and valuation of residential property. The MAI professional designation was awarded in 1999 for his experience and proficiency in the valuation of commercial, industrial, residential and specialty properties and for advising clients on real estate investment decisions.

While practicing as an appraiser, Mr. Barna was appointed to teach as an adjunct professor of real estate topics at the Duquesne University Donahue Graduate School of Business. He also served as President of the Appraisal Institute Pittsburgh Chapter.

Mr. Barna currently serves on the Appraisal Journal Review Panel and holds the CRE designation from the Counselors of Real Estate, which certifies individual professional achievement in the real estate counseling profession and acknowledges a member's status as one of the most trusted professionals in the field of real estate and real estate related counseling and advisory services.

## Qualified Before Courts & Administrative Bodies

Mr. Barna has been qualified to provide expert witness testimony before courts throughout the Commonwealth of Pennsylvania, as well as in Virginia, West Virginia and Connecticut.

## Education

Anthony Barna was trained as a biomedical engineer at Boston University (B.S. 1984) and has a graduate degree in finance from Duquesne University (MBA 1988).

[abarna@irr.com](mailto:abarna@irr.com) - 412.683.2211

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Certified General Appraiser

ANTHONY CAMILLO BARNA  
3535 BLVD OF THE ALLIES  
PITTSBURGH, PA 15213



License Status  
Active

Initial License Date  
06/30/1993

License Number  
GA001069L

Expiration Date  
06/30/2021

Acting Commissioner of Professional and Occupational Affairs

  
Signature

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## About IRR

Integra Realty Resources, Inc. (IRR) provides world-class commercial real estate valuation, counseling, and advisory services. Routinely ranked among leading property valuation and consulting firms, we are now the largest independent firm in our industry in the United States, with local offices coast to coast and in the Caribbean.

IRR offices are led by MAI-designated Senior Managing Directors, industry leaders who have over 25 years, on average, of commercial real estate experience in their local markets. This experience, coupled with our understanding of how national trends affect the local markets, empowers our clients with the unique knowledge, access, and historical perspective they need to make the most informed decisions.

Many of the nation's top financial institutions, developers, corporations, law firms, and government agencies rely on our professional real estate opinions to best understand the value, use, and feasibility of real estate in their market.

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**Addendum B**  
**Comparable Data**



## Improved Sales



## Location & Property Identification

Property Name:	101 Beverly
Sub-Property Type:	Auto Related, Repair Facility
Address:	101 Beverly Rd.
City/State/Zip:	Pittsburgh, PA 15216
County:	Allegheny
Submarket:	South Suburbs
Market Orientation:	Suburban
Property Location:	Mt. Lebanon Township
IRR Event ID:	2253321



## Sale Information

Sale Price:	\$125,000
Effective Sale Price:	\$125,000
Sale Date:	07/02/2018
Sale Status:	Closed
\$/SF GBA:	\$66.56
\$/SF NRA:	\$66.56
Grantor/Seller:	James H. Freiland
Grantee/Buyer:	Beverly Road Ventures Inc.
Property Rights:	Fee Simple
Financing:	Cash to seller
Verification Type:	Secondary Verification

## Occupancy

Occupancy Type Before Sale:	Single Tenant
Occupancy Type After Sale:	Single Tenant

## Improvement and Site Data

MSA:	Pittsburgh, PA
Legal/Tax/Parcel ID:	98-A-378
GBA-SF:	1,878
GLA-SF:	1,878
Acres(Usable/Gross):	0.22/0.22
Land-SF(Usable/Gross):	9,630/9,630
Usable/Gross Ratio:	1.00
Property Class:	C

Construction Quality:	Average
Improvements Cond.:	Fair
Exterior Walls:	Brick
No. of Buildings/Stories:	1/1
Fire Sprinkler Type:	None
Shape:	Rectangular
Topography:	Gently Sloping
Corner Lot:	Yes
Frontage Feet:	73
Frontage Desc.:	Beverly Road
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	Traffic light
Traffic Flow:	High
AccessibilityRating:	Average
Visibility Rating:	Good
Bldg. to Land Ratio FAR:	0.20
Zoning Desc.:	Commercial
Flood Plain:	No
Source of Land Info.:	Public Records

## Comments

Former Gulf station with 3 service bays, which required underground tank removal.

## Location & Property Identification

Property Name:	Don Parker Sales & Service
Sub-Property Type:	Warehouse
Address:	1916 Babcock Blvd.
City/State/Zip:	Pittsburgh, PA 15209
County:	Allegheny
Submarket:	North Suburbs
Market Orientation:	Suburban
Property Location:	Ross Township
IRR Event ID:	2227368



## Sale Information

Sale Price:	\$345,000
Effective Sale Price:	\$345,000
Sale Date:	07/27/2018
Recording Date:	08/10/2018
Sale Status:	Closed
\$/SF GBA:	\$73.72
\$/SF NRA:	\$73.72
Grantor/Seller:	Carol S. Raida
Grantee/Buyer:	Nz and Kz Properties, LLC.
Property Rights:	Leased Fee
Document Type:	Deed
Recording No.:	Deed Book: 17318 / Page: 11
Verified By:	Brian P. Kelly, MAI, SRA
Verification Date:	05/03/2019
Confirmation Source:	County Records
Verification Type:	Confirmed-Other
Secondary Verific. Source:	CoStar

## Occupancy

Occupancy at Time of Sale:	100.00%
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## Improvement and Site Data

Legal/Tax/Parcel ID:	219-L-230
GBA-SF:	4,680
NRA-SF:	4,680
Acres(Usable/Gross):	1.30/1.30

Land-SF(Usable/Gross):	56,802/56,802
Usable/Gross Ratio:	1.00
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Masonry.
No. of Buildings/Stories:	1/1
Ceiling Height Maximum:	16.00
Percent Office:	32%
Total Parking Spaces:	15
Park. Ratio 1000 SF GLA:	3.21
No. Surface Spaces:	15
Park. Ratio 1000 SF GBA:	3.21
Roof,Heating,AC Comm.:	Asphalt shingle
Shape:	Irregular
Topography:	Level
Vegetation:	Trees and grasses
Frontage Feet:	141
Frontage Desc.:	Babcock Boulevard
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.08
Zoning Code:	I-1
Zoning Desc.:	General Commercial/Light Industrial District
Easements:	No
Environmental Issues:	No
Flood Plain:	No

## Improvement and Site Data (Cont'd)

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Flood Zone:	Outside of 500-year floodplain.
Flood Zone Designation:	X
Comm. Panel No.:	42003C0213H
Date:	09/26/2014
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All public available.
Source of Land Info.:	Public Records

## Comments

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1,500 square foot office. 16 foot ceilings in garage area.

## Location & Property Identification

Property Name:	Seavey Motors - Auto Repair
Sub-Property Type:	Warehouse
Address:	575 Seavey Rd.
City/State/Zip:	Pittsburgh, PA 15209
County:	Allegheny
Submarket:	North Suburbs
Market Orientation:	Suburban
Property Location:	Shaler Township
IRR Event ID:	2227345



## Sale Information

Sale Price:	\$200,000
Effective Sale Price:	\$200,000
Sale Date:	01/10/2019
Recording Date:	01/14/2019
Sale Status:	Closed
\$/SF GBA:	\$74.54
\$/SF NRA:	\$74.54
Grantor/Seller:	Kenneth W. Stasiak
Grantee/Buyer:	Mark A. McQuaide
Property Rights:	Fee Simple
Document Type:	Deed
Recording No.:	Deed Book: 17491 / Page: 332
Verified By:	Brian P. Kelly, MAI, SRA
Verification Date:	05/03/2019
Confirmation Source:	Charlie Eidenmiller, Broker
Verification Type:	Confirmed-Other

## Improvement and Site Data

Legal/Tax/Parcel ID:	166-N-088
GBA-SF:	2,683
NRA-SF:	2,683
Acres(Usable/Gross):	0.34/0.34
Land-SF(Usable/Gross):	14,958/14,958
Usable/Gross Ratio:	1.00
Year Built:	1920

Most Recent Renovation:	1995
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Construction Desc.:	Masonry.
No. of Buildings/Stories:	1/1
Overhead/Grade/Bay:	5
Percent Office:	4%
Total Parking Spaces:	12
Park. Ratio 1000 SF GLA:	4.47
No. Surface Spaces:	12
Park. Ratio 1000 SF GBA:	4.47
Shape:	Irregular
Topography:	Gently Sloping
Vegetation:	Trees and grasses
Frontage Feet:	138
Frontage Desc.:	Seavey Road
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.18
Zoning Code:	NS
Zoning Desc.:	Neighborhood Shopping
Flood Plain:	No
Flood Zone:	Outside of 500-year floodplain.
Flood Zone Designation:	X

## Improvement and Site Data (Cont'd)

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Comm. Panel No.:	42003C0352H
Date:	09/26/2014
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All public available.
Source of Land Info.:	Public Records

## Comments

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Garage building with a small office approximately 150 square feet. 5 bays, 4 with lifts. This is a turn-key garage that includes all equipment (minus owners personal tools and items).

## Location & Property Identification

Property Name:	Lifetime Automotive Center
Sub-Property Type:	Auto Related, Repair Facility
Address:	2336 Babcock Blvd.
City/State/Zip:	Pittsburgh, PA 15237
County:	Allegheny
Submarket:	North Suburbs
Market Orientation:	Suburban
Property Location:	Ross Township
IRR Event ID:	2192720



## Sale Information

Sale Price:	\$300,000
Effective Sale Price:	\$300,000
Sale Date:	08/10/2017
Recording Date:	08/10/2017
Sale Status:	Closed
\$/SF GBA:	\$100.00
\$/SF NRA:	\$100.00
Grantor/Seller:	Philip J. and Sandra M. Coblitz
Grantee/Buyer:	Lockamp Group, LLC
Property Rights:	Fee Simple
Exposure Time:	23 (months)
Verified By:	Chris Frederick
Verification Date:	01/28/2019
Confirmation Source:	Porter Scott
Verification Type:	Confirmed-Seller Broker
Secondary Verific. Source:	CoStar

## Occupancy

Occupancy Type Before Sale:	Owner Occupied
Occupancy Type After Sale:	Single Tenant

## Gas Station/C-Store/Auto/Car Wash

Auto Repair:	Yes
No. of Bays:	4

Price/Bay: \$75,000

## Improvement and Site Data

MSA:	Pittsburgh MSA
Legal/Tax/Parcel ID:	281-M-260
GBA-SF:	3,000
GLA-SF:	3,000
Acres(Usable/Gross):	0.22/0.22
Land-SF(Usable/Gross):	9,632/9,632
Usable/Gross Ratio:	1.00
Year Built:	2006
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
No. of Buildings/Stories:	1/1
Multi-Tenant/Condo.:	No/No
Total Parking Spaces:	15
Park. Ratio 1000 SF GLA:	5.00
No. Surface Spaces:	15
Park. Ratio 1000 SF GBA:	5.00
Shape:	Irregular
Topography:	Level
Vegetation:	Minimal
Corner Lot:	Yes
Frontage Feet:	85
Frontage Desc.:	Babcock Blvd.
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	Turn lane

## Improvement and Site Data (Cont'd)

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Traffic Flow:	High
Traffic Count:	17692
AccessibilityRating:	Average
Visibility Rating:	Above average
Bldg. to Land Ratio FAR:	0.31
Zoning Code:	C-1
Zoning Desc.:	Commercial
Flood Plain:	Yes
Flood Zone Designation:	AE
Comm. Panel No.:	42003C0194H
Date:	09/26/2014
Utilities:	Electricity, Water Public, Sewer, Gas
Utilities Desc.:	All public available.
Source of Land Info.:	Public Records

## Comments

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The improvement includes a second level of approximately 1,000 SF that was utilized as storage. The buyer's intention was to finish this space as a break room.

## Location & Property Identification

Property Name:	All-Tech Auto
Sub-Property Type:	Auto Related
Address:	6311 Butler Street
City/State/Zip:	Pittsburgh, PA 15201
County:	Allegheny
Submarket:	Urban Fringe
Market Orientation:	Urban
IRR Event ID:	2166495



## Sale Information

Sale Price:	\$350,000
Effective Sale Price:	\$350,000
Sale Date:	01/30/2017
Listing Price:	\$400,000
Listing Date:	05/11/2016
Sale Status:	Closed
\$/SF GBA:	\$87.50
\$/SF NRA:	\$87.50
Grantor/Seller:	Berman Real Estate LLC
Grantee/Buyer:	6311 Butler Street LLC
Property Rights:	Fee Simple
Exposure Time:	7 (months)
Document Type:	Deed
Recording No.:	16687/1
Verified By:	Anthony Barna, MAI, SRA, CRE
Verification Date:	12/04/2018
Confirmation Source:	Broker
Verification Type:	Confirmed-Seller Broker

## Improvement and Site Data

MSA:	Pittsburgh, PA
Legal/Tax/Parcel ID:	120-D-75
GBA-SF:	4,000
GLA-SF:	4,000
Acres(Gross):	0.30
Land-SF(Gross):	13,068

Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Ceiling Height Maximum:	12.00
Total Parking Spaces:	20
Park. Ratio 1000 SF GLA:	5.00
Park. Ratio 1000 SF GBA:	5.00
Shape:	Irregular
Topography:	Level
Corner Lot:	No
Frontage Feet:	186
Frontage Desc.:	Butler Street
Frontage Type:	2 way, 2 lanes each way
Traffic Control at Entry:	None
Traffic Flow:	High
AccessibilityRating:	Average
Visibility Rating:	Average
Bldg. to Land Ratio FAR:	0.31
Zoning Code:	UI
Zoning Desc.:	Urban Industrial
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas
Improve. Info. Source:	Broker
Source of Land Info.:	Public Records

## Comments

One and part two story commercial building near the

## Comments (Cont'd)

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62nd Street Bridge in Upper Lawrenceville, which was formerly used for auto service.

## Location & Property Identification

Property Name:	Cherepko's Auto Body
Sub-Property Type:	Other
Address:	104 Enterprise Street
City/State/Zip:	Elizabeth, PA 15037
County:	Allegheny
Submarket:	Route 51 Corridor
Market Orientation:	Suburban
Property Location:	Elizabeth Township
IRR Event ID:	2143951



## Sale Information

Sale Price:	\$240,000
Effective Sale Price:	\$240,000
Sale Date:	05/24/2018
Recording Date:	05/31/2018
Sale Status:	Closed
\$/SF GBA:	\$70.59
\$/SF NRA:	\$70.59
Grantor/Seller:	Cherepko Richard L & Scarlett L (W)
Grantee/Buyer:	Seibert James R. & Christine (W)
Property Rights:	Fee Simple
Terms of Sale:	Conventional
Document Type:	Deed
Recording No.:	BV: 17229 / Page: 375
Verified By:	Brian P. Kelly, MAI, SRA
Verification Date:	10/24/2018
Confirmation Source:	William Beynon
Verification Type:	Confirmed-Seller Broker

NRA-SF:	3,400
Acres(Gross):	0.60
Land-SF(Gross):	26,136
Year Built:	1996
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Block
Add. Constr. Features:	1 Drive in door 10' x 12'. 3 Drive in doors in rear 10' x 10'.
Total Parking Spaces:	25
Park. Ratio 1000 SF GLA:	7.35
Park. Ratio 1000 SF GBA:	7.35
Roof,Heating,AC Comm.:	Roof: Shingle
Frontage Feet:	100
Bldg. to Land Ratio FAR:	0.13
Zoning Code:	B2
Zoning Desc.:	Highway Commercial
Utilities:	Electricity, Water Public, Sewer, Gas
Source of Land Info.:	Inspection

## Gas Station/C-Store/Auto/Car Wash

No. of Bays:	4
Price/Bay:	\$60,000

## Improvement and Site Data

Legal/Tax/Parcel ID:	0999-R-00046-0000-00
GBA-SF:	3,400

## Comments

Highly visible 3,400 square foot concrete block building situated on a 1/2 acre + lot. The building has 4 bay doors and interior capacity of approximately 9 cars. The office space has its own private bath with shower. B-2 zoning allows for a multitude of uses including retail, office, or many other sales and service related businesses.

Agent Remarks:

## Comments (Cont'd)

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Auto Body Shop owner is retired and new owner uses space as a cabinet business. He had the main shop building constructed in 1996 and then added on to the building several years later. He has operated it as a body shop ever since. List price is for the building and land only. All equipment is available to be purchased separately. Included a 15 X 24 Spray-Tech spray booth, 80 gal 15 H air compressor with multiple air drying systems incorporated in the air delivery system. Paint area is being used by new owner for cabinet business.

## Location & Property Identification

Property Name: Auto Repair Garage  
Sub-Property Type: Flex Space  
Address: 4220 Steubenville Pike.  
City/State/Zip: Robinson Township, PA 15205  
  
County: Allegheny  
Submarket: West Suburbs  
Market Orientation: Suburban  
  
IRR Event ID: 1517540



## Sale Information

Sale Price: \$225,000  
Effective Sale Price: \$225,000  
Sale Date: 10/12/2016  
Recording Date: 10/17/2016  
Sale Status: Closed  
\$/SF GBA: \$78.56  
\$/SF NRA: \$78.56  
Grantor/Seller: Rt 66 Auto & Truck Repair, Inc.  
  
Grantee/Buyer: George Tomei  
Assets Sold: Real estate only  
Property Rights: Fee Simple  
% of Interest Conveyed: 100.00  
Document Type: Deed  
Recording No.: 016568000362  
Confirmation Source: Buyer Agent  
Verification Type: Confirmed-Buyer Broker

Land-SF(Usable/Gross): 590,499,360/16,945  
Usable/Gross Ratio: 34,848.33  
Year Built: 1980  
Property Class: C  
M&S Class: C  
Construction Quality: Average  
Improvements Cond.: Average  
Exterior Walls: Block  
No. of Buildings/Stories: 1/1  
Ceiling Height Minimum: 10.00  
Percent Office: 17%  
Bldg. to Land Ratio FAR: 0.17  
Source of Land Info.: Broker

## Occupancy

Occupancy at Time of Sale: 0.00%

## Improvement and Site Data

Legal/Tax/Parcel ID: 106-G-95  
GBA-SF: 2,864  
NRA-SF: 2,864  
Acres(Usable/Gross): 13,556.00/0.39

## Auto Repair Garage



**THIRD AMENDMENT TO COMMERCIAL LEASE AGREEMENT**

Addendum Date: October 12, 2016

Lessor: GUSTINE SWISSVALE ASSOCIATES, LTD., a Pennsylvania limited partnership, successor-in-interest to Rocton Corporation

Lessee: MARTIN F. BUSCH D/B/A BUSCH BROTHERS TIRE SERVICE

Leased Premises: Known as 1931 Monongahela Ave, including land in plot plan, one-story storeroom, 40x40 Building along with a 15' X 20' room behind the China House Restaurant know as 7400 Church Street Swissvale, Pa. 15218

WITNESSETH, that Lessor and Lessee agree to amend that certain Commercial Lease Agreement by and between GUSTINE SWISSVALE ASSOCIATES, LTD., a Pennsylvania limited partnership, successor-in-interest to Rocton Corporation and PAUL C. BUSCH, JR. AND MARTIN F. BUSCH D/B/A BUSCH BROTHERS TIRE SERVICE, dated October 22, 1996, inclusive of the Addendum attached thereto (the "Lease"), as amended by that certain First Amendment to Commercial Lease Agreement, dated September 27, 2010 (the "First Amendment"), and as further amended by that certain Second Amendment to Commercial Lease Agreement, dated January 26, 2012 (the "Second Amendment") as follows:

WHEREAS, the 3<sup>rd</sup> Renewal period under Paragraph 3 of the Lease expires on December 31, 2016; and

WHEREAS, the Lessee's current base monthly rental payment under the 3<sup>rd</sup> Renewal, First Amendment and Second Amendment is \$2,100; and

WHEREAS, the parties desire to add a 4<sup>th</sup> renewal period, which would extend the Lease, at Lessee's option, to December 31, 2026; and,

WHEREAS, the parties further desire to add two (2) additional five (5) year renewal periods, which would extend the Lease, at Lessee's option, to December 31, 2031 (the "5<sup>th</sup> Renewal") and December 31, 2036 (the "6<sup>th</sup> Renewal"), respectively.

WHEREAS, the parties also desire to designate Lessee's base monthly rental payments during said Renewal period(s).

NOW, THEREFORE, in consideration of the mutual covenants contained in this Addendum and other good and valuable consideration, receipt whereof is hereby acknowledged, the parties agree as follows:

1. Paragraph 3 of the Lease is amended as follows:

If Lessee is not then in default under the Lease, immediately following the 3<sup>rd</sup> Renewal period expiring on December 31, 2016, Lessee hereby exercises their option for a 4<sup>th</sup> Renewal, extending the Lease term to December 31, 2026 (the "4<sup>th</sup> Renewal"). The Tenant shall also have the option for two (2) additional five (5) year renewals, which would extend the Lease to December 31, 2031 (the "5<sup>th</sup> Renewal") and December 31, 2036 (the "6<sup>th</sup> Renewal"), respectively. Tenant may exercise the options for the 5<sup>th</sup> and/or 6<sup>th</sup> Renewals by written notice to Lessor no later than 90 days prior to the expiration of the previous Renewal period.

2. Paragraph 3 of the Lease is further amended as follows:

The base monthly rental payments during the 4<sup>th</sup>, 5<sup>th</sup> and 6<sup>th</sup> Renewal periods shall be paid as follows:

4<sup>th</sup> Renewal (Yrs. 1-5) \$2,100.00 per month, from 1-1-2017 to 12-31-2021

(Yrs. 6-10) \$2,130.00 per month, from 1-1-2022 to 12-31-2026

5<sup>th</sup> Renewal (Yrs. 11-15) TBD per month, from 1-1-2027 to 12-31-2031

6<sup>th</sup> Renewal (Yrs. 16-20) TBD per month, from 1-1-2031 to 12-31-2036

The base monthly rental payments during the 5<sup>th</sup> and 6<sup>th</sup> renewal periods shall be determined by taking the average rental rates of similar properties in the area and making any necessary adjustments.

Additional Rent

Tenant also shall pay to Lessor as additional rent 100% of the property taxes, insurance and maintenance of the "Premises" at 1931 Monongahela Avenue Parcel ID 178-G-20. Tenant's obligation to pay for maintenance of the "Premises" shall be capped at Four Thousand and 00/100 Dollars (\$4,000.00) per occurrence.



3. Paragraph 3 entitled "Paragraph 2. Rent" of the First Amendment dated September 27 2010 is amended to remove any reference to the use of the rear of the New China House Restaurant for tire storage as being coterminous with the Lease. The use of the rear of the New China House Restaurant for tire storage shall be amended to be on a Month to Month basis and can be terminated by the Landlord upon 30 days notice. Upon receiving such notice, Tenant shall vacate the premises described in the First Amendment as being in the rear of the New China Restaurant within 30 days leaving the premises broom swept.

4. All other terms, conditions and obligations of the Lease, inclusive of all Addendums and Amendments, with the exception of the terms modified herein, remain the same and in full force and effect.

5. To the extent the terms of this Amendment conflict with any terms of the Lease and/or any Addendum or Amendment thereto, the terms of this Amendment shall prevail and be binding on the parties.

*(Signature page follows.)*

**WE HAVE READ THE ABOVE, UNDERSTAND THE SAME, AND AGREE TO BE LEGALLY BOUND BY ALL THE TERMS OF THIS ADDENDUM.**

IN WITNESS WHEREOF, the parties to this Amendment have hereunto set their hands and seals the day and year first written above.

WITNESS:

*Dan Busch*

LESSEE:

*Martin F. Busch* 10/13/16  
MARTIN F. BUSCH

WITNESS:

*Ann J. Clark*

LESSOR:

*[Signature]* 10/20/16

GUSTINE SWISSVALE ASSOCIATES, LTD.

By: Henry Winkler, its General Partner

By: \_\_\_\_\_

