

SUMMARY APPRAISAL REPORT

PREPARED FOR

BOROUGH OF POTTSTOWN

PARCEL IDENTIFICATION

FORMER HESS SITE
SOUTH HANOVER STREET
POTTSTOWN BOROUGH, PA
MONTGOMERY COUNTY, PENNSYLVANIA

AS OF

DECEMBER 21, 2011

BY

INDIAN VALLEY APPRAISAL COMPANY
SOUDERTON, PENNSYLVANIA
(215) 721-1986
IVAC #2011-589



Indian Valley Appraisal Company

Providing All Aspects of Real Estate Valuation

January 5, 2012

Mr. Jason Bobst-Borough Manager
Borough of Pottstown
Borough Hall
100 East High Street
Pottstown, PA 19464-9525

Re: Summary Appraisal Report
Former Hess Site
South Hanover Street
Pottstown Borough, Montgomery County
IVAC# 2011-589

Dear Mr. Bobst:

At your request, I have prepared the attached appraisal report on the above-referenced property.

The value reported herein states the appraiser's opinion of market value of the fee simple interest in the subject property as of the effective date and is subject to certain assumptions, limiting conditions, and certifications which are set forth in the attached report. This appraisal is completed in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The subject site was formerly used as a gasoline station. The site has history with environmental contamination and was reportedly monitored for several years. A letter by the DEP was issued to prior ownership indicating they had attained their selected clean-up standards of various regulated substances. However, it is our understanding that a Phase 1 environmental study reported the potential of a buried underground tank located at the north end on the site. The presence of this tank is not confirmed as of the date of this report preparation. This appraisal is prepared under the extraordinary assumption that the site is free and clear of environmental

Mr. Jason Bobst
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contamination. In addition, the appraisal is prepared under extraordinary assumption that there are no pending costs to remove any buried tanks. Should the site be found to have a buried tank or otherwise have environmental contamination, the value conclusion within this appraisal will be adversely affected.

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 35 PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

If you have any questions or comments concerning this report, please feel free to contact our office. Thank you for allowing us the opportunity of serving you.

Respectfully submitted,

INDIAN VALLEY APPRAISAL COMPANY



David A. Arnoldi, MAI
PA Certified General Real Estate Appraiser
GA-001533-L



Mark Abissi, MAI
Reviewer
PA Certified General Real Estate Appraiser
GA-000315-L

DAA/MA/pll

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Statement of Assumptions, Facts, and Limiting Conditions

1. All data set forth in this report is true and accurate to the best of my knowledge.
2. I have not made a land survey. Land dimensions given in this report are taken from available records, and I assume no responsibility for the accuracy of such dimensions and areas.
3. No investigation of the legal fee or title to the property is made, and the owner's claim to the property is assumed to be valid. No consideration is given to liens or encumbrances that may exist. I am unaware of any easements, encroachments, deed restrictions or covenants to exist on the subject property other than noted within the context of this report. A title report was not available for review at the time of this assignment. Should any easements, encroachments, deed restrictions or other covenants upon title be discovered beyond those noted within the context of this report, I reserve the right to amend this appraisal accordingly. I recommend the client employ the services of a title company regarding any aspects of clear title.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All opinions as to market value are presented as my opinion based on the facts set forth in this report. I assume no responsibility for changes in market conditions or for the inability of the owner to locate a purchaser at the appraised value.
7. Possession of this report does not carry with it the right of publication. No party other than the client may use this report for any purpose without the prior written consent of the appraiser. Use of this report by the client is restricted to the purpose and function of the appraisal.
8. I have no financial interest in the property appraised.
9. The fee for the appraisal report is not contingent upon the value reported.
10. This appraisal does not affix or set the price of the subject property, but offers only a supported opinion as to the present worth of anticipated benefits subject to investment risk, measured mainly by the market data that is available as of the effective date of this report. Real estate investment has a high degree of risk in performance, and success is dependent upon management, market liquidity, and other outside influences. Therefore, it should be remembered that subsequent events (worldwide, national, regional, local, or neighborhood) might change the value of the subject property.
11. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
12. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.

13. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
14. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless the non-conformity has been stated, defined, and considered in this appraisal report.
15. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
16. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
17. 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 is no encroachment or trespass unless otherwise stated in this report.
18. I am not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. My value estimate is predicated on the assumption that there are no such materials on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
19. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis for the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact would have a negative impact upon the value of the property. Because I have no direct evidence relating to this issue, I did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.
20. No liability is assumed for matters that are legal in nature.
21. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.

22. Neither all nor any part of the contents of this report (especially any conclusions as to value, my identity, or the firm with which I am connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
23. Indian Valley Appraisal Company, its contractors, or employees, cannot be held liable in any cause of action resulting in litigation for any dollar amount in excess of the total fees collected for this assignment.
24. The market data utilized in this report was verified by sources deemed reliable. Should it be confirmed at a later date that facts described within the market data are incorrect, I reserve the right to amend the appraisal accordingly and the valuation if necessary with no liability on the part of Indian Valley Appraisal Company, its contractors or employees.

Extraordinary Assumptions

The subject site was formerly used as a gasoline station. The site has history with environmental contamination and was reportedly monitored for several years. A letter by the DEP was issued to prior ownership indicating they had attained their selected clean-up standards of various regulated substances. However, it is our understanding that a Phase 1 environmental study reported the potential of a buried underground tank located at the north end on the site. The presence of this tank is not confirmed as of the date of this report preparation. This appraisal is prepared under the extraordinary assumption that the site is free and clear of environmental contamination. In addition, the appraisal is prepared under extraordinary assumption that there are no pending costs to remove any buried tanks. Should the site be found to have a buried tank or otherwise have environmental contamination, the value conclusion within this appraisal will be adversely affected.

Hypothetical Conditions

None.

Summary of Salient Facts and Conclusions

Location: Southwest Corner of South & South Hanover Streets
Pottstown Borough
Montgomery County, Pennsylvania

Date of Value: December 21, 2011

Date of Inspection: December 21, 2011

Property Type: Vacant Land

Property Rights Appraised: Unencumbered "Fee Simple" Interest

Land Size: 20,275± Square Feet

Zoning: Downtown Gateway

Highest and Best Use: Office or Commercial Development

Valuation:

Sales Comparison Approach: \$100,000

Income Capitalization
Approach: Not Applicable

Cost Approach: Not Applicable

Final Opinion of Value: \$100,000

Marketing Time: 12 Months

Exposure Time: 9 to 12 Months