APPRAISAL REPORT

BY

AMERICAN PROPERTY COUNSELORS
Real Estate-Market Studies-Appraisals

80 Business Park Drive
Armonk, New York 10504

"DOVER LANDING"

RIVER STREET

DOVER, NEW HAMPSHIRE

APC File #2681

AMERICAN PROPERTY COUNSELORS

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March 31, 2007

Jack Buckley, Executive Director
Dover Housing Authority
62 Whittier Street
Dover, New Hampshire 03820

Re: "Dover Landing" development site
River Street, Dover, New Hampshire

Dear Mr. Buckley:

In accordance with your request, here is our appraisal and study of the proposed Dover Landing property. You will find this report to contain a description of the site and the project, local market background, and information we considered in arriving at our conclusions.

Our appraisal is based on the plans of Dickinson Development Co. for 181 dwellings, a restaurant and commercial space, and another 20 residential units on the "Bluff," which would be the last part of the project.

Based on our independent investigation and analysis, we conclude the property's market value as of March 11, 2007 to be **$4,500,000**. This value assumes conceptual approval for the current development plan. The value further assumes that the property is free of ground contamination and that a publicly funded river dredging project has been completed. Our value conclusion is subject to the definitions and limitations specified in the Addenda to this report.

Our $4.5 million value is based on recent sales of development land in this locale. Our research indicates that the local land market is reasonably transparent, so sellers, buyers and brokers are apt to be aware of land sales and going prices. Price consistency also arises from similar market conditions. In other words, the popular price range for homes and construction costs for this locale dictate what a builder will pay for land. That is how we justify our value.

We also reviewed budgets and cash flow analyses for Dover Landing, and prepared our own financial analyses of the project. These corroborate the value appraised using land sales.

We have been provided with an outline of the terms of sale for this land, from the City of Dover to Dickinson Development Co. The price is $4,617,000, payable as follows:

> $ 500,000 for environmental remediation, with the provision that any unspent funds will be allocated for supplemental public improvements;
>
> $2,117,000 for baseline waterfront park improvements, with any unspent balance to be added to funds available for supplemental public improvements;
>
> $1,000,000 for supplemental improvements. The first $200,000 of this amount is allocated to reimburse the City of Dover/DHA for third party expenses (this includes $140,000 in deposits prior to approvals and possession). The remaining $800,000 may be used as necessary by the Developer for additional environmental remediation costs, enhanced sewage treatment facility odor mitigation measures and enhanced park improvements. Any remaining balance will go to cash payment to the City. And;
>
> $1,000,000 cash payment to the City, which the City may use at its discretion for supplemental improvements not covered by the funds allocated above.

Our analyses indicate that the price and these sale terms appear reasonable and in the financial interests of the City of Dover.

We trust you will find this study to be complete and satisfactory. If we can provide any clarification or be of further assistance in this matter, please feel free to contact us.

Sincerely yours,
AMERICAN PROPERTY COUNSELORS

By: Harvey D. Cohen, MAI

By: Kenneth L. Golub, CRE, MAI

HDC/ld

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SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

OWNER:	City of Dover, New Hampshire
LOCATION OF PROPERTY:	River Street, along the Cocheco River City of Dover, Strafford County, New Hampshire
VALUE APPRAISED:	Market value
RIGHTS APPRAISED:	Fee simple title, assuming several conditions such as conceptual project approval, that the site is free of ground contamination, and that a publicly-funded river dredging project has been completed.
LAND AREA: 20-21± acres	BUILDINGS: None
PROPERTY TYPE:	Vacant waterfront land
ASSESSED VALUE:	Tax Parcel - Map 22, Lot 2-1 Year - 2006 Amount - $890,700 *
TAXES:	Year - 2006/2007 Amount - $16,673.90 *
ZONING:	CWD - Cocheco Waterfront District
DATE OF VALUE:	March 11, 2007
CONCLUDED VALUE:	**$4,500,000, assuming conceptual approval for 181 residential units on the main portion of the site plus 20 units on The Bluff, and no ground contamination.**

* Our subject property is only a portion of this tax parcel, it has not yet been formally subdivided. The assessment and taxes are for 29.10 acres total.

INTRODUCTION

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of a fee simple interest in the subject property, as identified. The value and interest appraised are fully defined in the Addenda to this report. The value applies under market conditions on and around March 11, 2007.

The appraisal assumes certain conditions which are not yet definite. Our value conclusions assume conceptual approval for the Dover Landing project, in the form proposed around January 2007. We have been advised that there is environmental contamination on the site at this writing, and we assume this has been remediated. There is also a publicly-funded project to dredge the adjacent Cocheco River, and the appraised site is being used as a staging area for that project. Dover Landing will not be able to proceed until the dredging is complete and all equipment has been cleared from the site, so our values assume that that has already happened.

This appraisal has been commissioned as part of the planning and approval process for the proposed Dover Landing development. This report has been prepared solely for the use of the City of Dover Housing Authority.

PROPERTY IDENTIFICATION AND OWNERSHIP

The subject property is called "Dover Landing." It is a proposed redevelopment site which encompasses 20-21± acres of a 29.10 acre tract in downtown Dover, New Hampshire. This land was formerly used by the City of Dover, which had a wastewater treatment plant, a bus garage and a maintenance garage here. The property is situated on River Street and along the Cocheco River, and is further identified on municipal tax maps as a portion of Map 22 Lot 22-1.

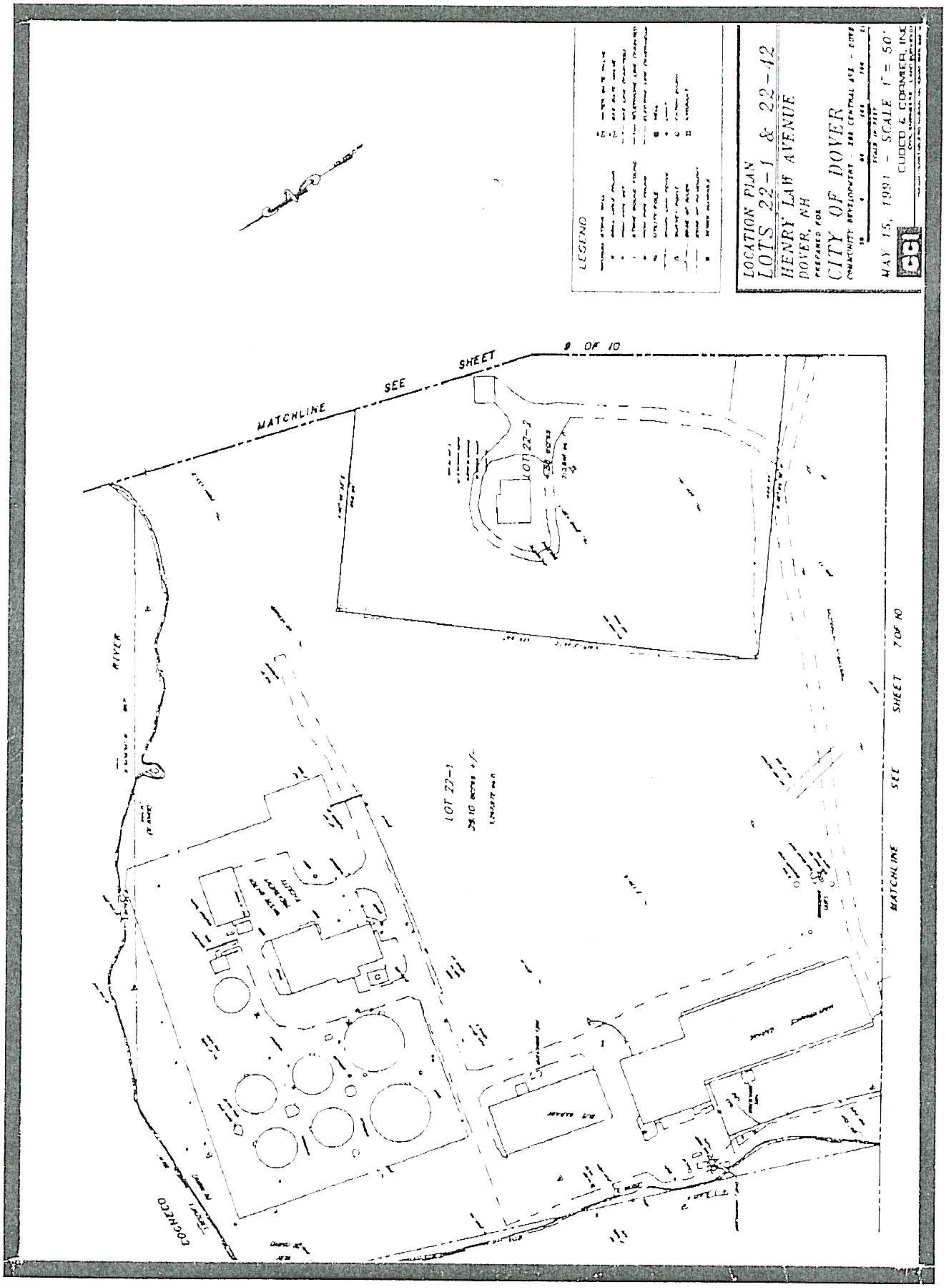
The owner of record is the City of Dover, New Hampshire. The city has owned the property for many years. There have not been any recent transfers of the property itself which would be indicative of its market value around the appraisal date.

DESCRIPTION OF THE PROPERTY

The subject of this study is a tract of vacant land along the Cocheco River in downtown Dover.

Size and Shape: The site is irregularly shaped and contains 20-21± acres of land, part of a 29.10 acre holding. The land appraised is the western two-thirds of the 29.10 acre tract, and is bounded on the north and west by the Cocheco River. The reader is directed to the tax map on the following page which delineates our subject property.

Access: The site has over 400 feet of frontage on River Street, a paved two-lane road which ends at this property. River Street is off Henry Law Avenue and lies parallel to the Cocheco River where it enters the subject. The subject site also has approximately 2,900 feet of frontage along the Cocheco River. Pedestrian access is provided by a 10.5 foot wide, 153 foot long single span pre-engineered timber bridge over the river. The bridge extends from the re-aligned section of Washington Street to the southern end of the subject site. Vehicular and pedestrian access to the property appears generally adequate.


LEGEND
LOCATION PLAN
LOTS 22-1 & 22-42
HENRY LAW AVENUE
DOVER, NH
PREPARED FOR
CITY OF DOVER
MAY 15, 1991 - SCALE 1" = 50'
CUOCO & CORMIER, INC
MATCHLINE SEE SHEET 9 OF 10
MATCHLINE SEE SHEET 7 OF 10
LOT 22-2
LOT 22-1
RIVER
COCHECO

It is our understanding that a new vehicle bridge will be constructed at the site of the current pedestrian bridge, and that the existing pedestrian bridge will be moved further north.

Topography: The land is fairly level and at or near street grade, it seems to be almost fully usable. The exception is the southeast end, which is rocky and wooded, and slopes up to the east (the "Bluff"). A water treatment plant and bus garages were once here, but these have been removed, leaving the land cleared and graded level.

Soil Conditions: The parcel appears to be dry and have good surface drainage. We have not been provided with or reviewed a soil study. Based on the buildings that were previously on the site, and large old buildings on land nearby, we assume that the soil has sufficient load bearing capacity for normal building support.

Utilities: City water and sanitary sewer mains, telephone, electric and natural gas service are all available for connection.

Title Limitations: We have not reviewed an authoritative report of title but there do not appear to be any easements, encroachments or restrictions that would adversely affect the utilization of the site. There appears to be an access easement over the subject property to Tax Map 22, Lot 2, an improved 5 acres near the center of the subject's easterly half. This should have little if any effect on the subject's development potential. A professional survey or title report could be ordered for final determination of any adverse title conditions.

Flood Hazard: According to Flood Insurance Rate Map 330145 0330D dated May 17, 2005, the Cocheco River and land along its banks are a flood prone area. This should have little or no effect on the proposed project because the flood-prone land will be a waterfront park, with no building improvements. It may also be possible to mitigate flood risk by filling the land to a higher grade, installing retention walls, and or elevating any improvements that might be built.

Comments: The subject site is not unlike other parcels along the Cocheco and Bellamy rivers. It appears to be well suited for a variety of uses.

An overview of the subject site looking southeast. The photographer is near the center of the property, the Cocheco River is to the right.

This view of the property is to the north. The fence marks the location of the former City of Dover water treatment plant that was removed.

VISUAL IMPRESSIONS - DECEMBER, 2006

This view of the property is to the east. The wooded area is part of the private property not owned by the City of Dover.

A view of the Cocheco River as seen from the subject. This view is to the west, toward downtown Dover.

NEIGHBORHOOD IMPRESSIONS - DECEMBER, 2006

A view of One Washington Center and the Cocheco River from the pedestrian bridge. The view is south, toward Henry Law Avenue.

Another view of the Cocheco River this time looking north. The bridge in the foreground carries utility lines.

NEIGHBORHOOD IMPRESSIONS - DECEMBER, 2006

A view of Henry Law Avenue looking west. River Street is about 20 yards behind the photographer.

Another view of Henry Law Avenue, this time looking east. River Street is visible at the left in the photograph.

NEIGHBORHOOD IMPRESSIONS - DECEMBER, 2006

An overview of the park along Henry Law Avenue and One Washington Center. The subject property is to the right, outside of the photograph.

THE SUBJECT LOCATION

The location of real estate is critical to its use, marketability and value. Our description and analysis of the subject's location begins with its immediate setting and proceeds geographically outward to the neighborhood and the general locale.

The Immediate Setting

NORTH - The Cocheco River, which is about 60 to 75 feet wide near the subject. North across the river are Cocheco Street (which lies east-west, parallel to the Cocheco River), and mostly modest, detached single family homes. The adjacent Town of Rollinsford is a short distance north.

EAST - A single family home and outbuilding on a five acre site overlooking the subject property, and the rest of the 29.10 acre city-owned property. Further east we find residential uses along Henry Law Avenue and side streets. Most of the housing stock is older detached single family homes; virtually all are wood frame, two-story structures of approximately 1,200 - 2,500 SF. There are some moderately priced condominium complexes also located nearby. Further east there are large tracts of undeveloped land and the Piscataqua River which separates Maine and New Hampshire.

SOUTH - Henry Law Avenue and primarily detached single family homes. The exception is Central Towers, a six-story brick apartment building owned and operated by the City of Dover Housing Authority.

WEST - The Cocheco River, One Washington Center, and the downtown business district. The Cocheco River appears to be about 5-7 feet deep in this location, and varies in width from about 50 - 75 feet. One Washington Center is a massive old mill complex (formerly Pacific Mills) which has been renovated as a multi-tenant business center.

Comments: The subject property is at the eastern end of the downtown business district and adjacent to One Washington Center. The Cocheco River physically separates the subject site from downtown, but a new vehicle bridge and the relocation of the existing pedestrian bridge should establish a direct link with the downtown central business district.

Dover, New Hampshire

This study concerns a redevelopment parcel adjacent to downtown Dover, New Hampshire. Dover is an incorporated city near the southeast corner of the state, in New Hampshire's so-called Seacoast region. Dover is 10 miles north of Interstate 95 (Interchange 4), 12 miles north of Portsmouth, 43 miles southeast of Manchester, the state capital, and 62 miles south of Boston.

Dover is bounded on the east by the Piscataqua River, a navigable, tidal river which joins the Atlantic Ocean 12 miles south at Portsmouth. The Piscataqua is used as an industrial shipping channel, barges and ocean going vessels deliver some bulk products up through Portsmouth. There are two other major rivers in Dover: the Bellamy and the Cocheco. Both drain southeast into the Piscataqua. The Bellamy and the Cocheco are suitable for recreational boating.

Dover was founded in 1623 and, because of its river access, enjoyed many decades of prosperity from maritime businesses and water powered mills. Some of these remain, including a massive complex now called One Washington Center, which has been upgraded and leased as a multi-tenant business center with stores, offices and semi-industrial businesses. The city's old building stock helps form its unique identity and enhances its patina.

The city covers a land area of 26.7 square miles and has a current population estimated at over 28,500 residents. Population growth has been slow, partly because there is so little good land left for expansion, but there has been a fairly steady growth trend, which is a positive comment about the community's vitality. Here are population counts since 1970:

1970	20,850 residents
1980	22,370 residents
1990	25,420 residents
2000	26,884 residents
2004	28,495 residents

Building permits for new single family homes give us some idea of the local development pace:

Year 2000	169 permits
Year 2001	143 permits
Year 2002	113 permits
Year 2003	144 permits
Year 2004	97 permits
Year 2005	85 permits

We don't interpret new building permits as a definitive trend because Dover is so extensively built up. There isn't much land available for new development, and one large development, particularly a condominium or townhouse project, can make a big difference to permits issued in a given year. Over the long term, Dover's housing stock has been expanding and this definitely includes some redevelopment sites:

Year 1970	6,872 dwellings in City
Year 1980	8,711 dwellings in City
Year 1990	11,307 dwellings in City
Year 2000	11,924 dwellings in City

From the 11,924 dwellings shown in the 2000 census, 5,243 (44%) were single family homes, 6,274 (53%) were multi-family dwellings and 407 were mobile homes. The ratio of homeowners to renters in the City was approximately 50/50. The city's old housing stock provides a good inventory of apartments, which puts Dover at an advantage for attracting and retaining businesses. Resident population supports a good mix of retail stores and services and, of course, it makes municipal services more cost effective.

The city's civilian workforce for year 2004 averaged an estimated 17,119 persons. 16% were involved in manufacturing, 72% were employed in service-related work and 12% were employed by government. 60% of those employed by government worked for the City of Dover.

Compared with regional norms, Dover still has a robust manufacturing sector. Government employment is relatively low, but federal and state jobs don't play a big role in the city's economy. Service-related work is a very broad category which spans jobs from computer programming to motel housekeeping. The 72% ratio has little meaning without a more detailed breakdown.

Here are major employers in Dover, and the approximate number of workers each employs:

Liberty Mutual Insurance	1,177
City of Dover	1,139
Wentworth-Douglass Hospital	1,048
Heidelberg Harris, Inc. (web offset presses)	900
Foster's Daily Democrat (newspaper)	220
Cambridge Tool North (die casting)	200
EAD Motors (electric motor mfg.)	172
DT Magnetics (electric transformers mfg.)	105
Moore Business Eqpt. (business machines)	80

Some employees live and work in here, Dover is also an employment center for surrounding towns. 67% of Dover residents commute to jobs outside the town; Portsmouth, Durham and Newington are the three biggest destinations, in priority order. Average job commuting time for Dover residents is 21.4 minutes, which is about average for the Seacoast region. The employment pattern is a regional one and helps link Dover to surrounding communities, but Dover also holds a fairly strong position as a regional activity center.

We are sanguine about Dover's future prospects because it is an established activity center, it is large enough to have critical mass, and it has a good balance of businesses, homes and apartments. Dover probably won't change much because it is so extensively developed, but steady growth and ongoing redevelopment should enable the community to remain vibrant and maintain its strong regional position. Real estate values should keep pace with regional norms and, depending on opportunity, may exceed them.

THE DOVER LANDING PLAN

Here is a summary of the most recent (January 22, 2007) plan proposed for the subject property by the Dickinson Development Corporation ("Dickinson"). This plan has evolved through many planning sessions and public hearings, but is not yet finalized. For this appraisal, we assume that it has been.

Dickinson will purchase 20-21± acres of the 29.10 acres of City land, with the remaining land retained by City. Dickinson proposes to have an option on the remaining acreage, but portions of this land is wet and there are remediation issues which must be settled.

Dickinson proposes a mixed use development in five (5) phases as follows:

* 181 residential units, excluding future development of the "Bluff"
* retail/office/restaurant
* waterfront park

Here are more details about the commercial and residential components, taken from the most recent concept plan by Sheskey Architects, dated January 22, 2007.

Residential - Residential units will be contained in multiple buildings of varying size. There will be 181 dwellings, excluding future development on the Bluff. The dwellings include seven (7) townhouses where occupants will live and work, which the plan calls "flex commercial space." The townhouses will contain a total 5,250 SF, other dwellings comprise 276,121 SF, so the living space in the project totals 281,371 SF (gross building area is 309,621 SF).

Retail/Office/Restaurant - 60,000 SF total; waterfront restaurant of 5,000 SF, up to 15,000 SF of retail/office space, and 40,000 SF of office in one building. (The large office building is proposed to be 40,000 SF gross. Because of the building's utility core and common areas, net rentable office space will be 36,000 SF).

Gross building area under the current development proposal is 369,621 SF.

It should be noted that additional residential units could be built on the "Bluff" portion of the property, somewhere between 20 and 27 units as currently envisioned. These would probably be townhouse style units. Currently there is no legal access to this portion of the property except over the land of an adjacent property owner. As such, this portion of the development is currently not a priority, and a formal development plan has not been decided.

PROPOSED LAND PURCHASE PRICE

The City of Dover has negotiated a selling price of $4,617,000 for the subject property. The price is payable on a structured payment schedule, as follows:

$ 500,000 for environmental remediation, with the provision that any unspent funds will be allocated for supplemental public improvements;

$2,117,000 for baseline waterfront park improvements, with any unspent balance to be added to funds available for supplemental public improvements;

$1,000,000 for supplemental improvements. The first $200,000 of this amount is allocated to reimburse the City of Dover/DHA for third party expenses (this includes $140,000 in deposits prior to approvals and possession). The remaining $800,000 may be used as necessary by the Developer for additional environmental remediation costs, enhanced sewage treatment facility odor mitigation measures and enhanced park improvements. Any remaining balance will go to cash payment to the City. And;

$1,000,000 cash payment to the City, which the City may use at its discretion for supplemental improvements not covered by the funds allocated above.

HIGHEST AND BEST USE ANALYSIS

Before we can proceed with the valuation we must define what the subject property is and the best way to use it so as to maximize its value. Optimal use is more than just a general type of use, such as residential or commercial. It is a specific use which will result in the highest market value. Another pertinent concern is the possibility of packaging the property for marketing or dividing the property for different occupants or uses. The disciplined appraiser makes an orderly review of the various ways to use the property, and then selects that use where maximum value can be realized. This search for the optimal use is the highest and best use analysis.

The Dictionary of Real Estate Appraisal, Second Edition, 1989, (Page 149) published by the American Institute of Real Estate Appraisers, defines highest and best use as:

> "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

The highest and best use of the land could be different than the existing use, and it could be different than with existing improvements. When improvements do not match the optimal land use, they will continue to be used so long as they have value over and above the basic land value. Ultimately, forces of market change may call for conversion or demolition of improvements that do not enhance the value of the underlying land.

The subject is now vacant land, so one might expect the highest and best use analysis to be relatively simple. Yet this property has been the subject of scrutiny and controversy since the early 1980's, so there are obviously differing opinions as to its highest and best use.

Prior to the current "Dover Landing" proposal put forth by Dickinson, no fewer than eight detailed studies were made of this site between 1984 and 2000. Two more in-depth marketing studies were completed in 1991. In the end, all the studies seem to point to the fact that the subject property is best suited for a mixed use development with residential and commercial uses. The predominant opinion expressed in these studies is that the property provides an excellent opportunity for recreational, office, retail and residential uses, and that increased public access should be a priority in any development plan. Other potential uses proffered by the experts include a marina, restaurant/conference center, and possibly a hotel.

Our analysis of highest and best use will begin by considering current zoning and surrounding land uses. The property is zoned CWD, Cocheco Waterfront District. This permits single and multi-family dwellings, banks, bed and breakfast inns, commercial parking facilities, commercial recreation, eating and drinking establishments, hotels/motels, marinas, offices, personal service establishments, retail stores, theaters, waterborne passenger transportation facilities, water related education/resource centers, child care facilities and post secondary educational institutions. There are even more uses permitted by Special Exception: conversion of existing dwellings into apartments, and helicopter pads.

The specific bulk requirements (minimum lot size, setbacks, etc.) of this district are minimal and provide for very dense development. This is probably a result of public sentiment being voiced by City officials, all of whom would like to see the subject property developed as an adjunct to the existing downtown central business district. There is no minimum lot size or setback requirements, and maximum lot coverage is 100% for properties located south of the Cocheco River. Maximum building height is 55 feet, which should readily accommodate a four or five-story building.

The CWD zoning is not very limiting in defining our use options. It was written to be extremely flexible, and it allows for high density development, in keeping with the City's adjacent central business district. CWD zoning is, in fact, a statement of public policy to see the waterfront redeveloped as an expansion of the existing business district. This is further demonstrated by the plan to extend Washington Street across the Cocheco River and build two new bridges to do it. These bridges will increase traffic flow directly to the subject site.

A mix of living and business space along the waterfront seems like a balanced plan: it addresses market demand, it should be financeable, and it stands a fine chance of extending downtown activity patterns. Residential and commercial uses are mutually supportive, and their combination is important to the community's future.

Housing is the strongest demand sector in this real estate market. It has the greatest number of potential buyers and occupants, and it is a standard product which is easy to finance. In residential marketing today, water is magical. All other factors being equal, buyers flock to, buy more quickly and pay higher prices for any housing on or near water. We expect housing to be the core of Dover Landing, and the entire project will build from the housing segment.

Dover's business district has a strong core of retail and service businesses, but expansion and variety benefit any business district. It is much more difficult to control a downtown than a shopping center, where there is just one landlord and just one manager. A downtown can only compete with a shopping center when it offers a similar range of products and services. One good way to do this is by expanding downtown's size.

To some extent the demand is already here. One Washington Center has already increased the city's daytime population, but more of the workers in this former mill can be induced to shop and dine downtown, and stay longer after working hours. Creating space for more businesses is a good way to accomplish that.

Downtown Dover's existing housing stock is small, and mostly old. New housing downtown is apt to bring in more affluent homeowners and expand local purchasing power. It will bring more people into the city, and more into the business district after business hours. That too means more trade for downtown businesses. Improved vehicle and pedestrian access will help incorporate Dover Landing - along with One Washington Center - into the downtown business district.

New housing at Dover Landing also bridges the business district and the established residential neighborhood to the east. Until now, the Cocheco River has been something of a barrier between the city's residential and business districts. The new bridges and Dover Landing will tend to unify the city's activity patterns and make the business district more accessible to city residents, who might otherwise drive elsewhere for their needs.

That is how a mix of residential and commercial uses in Dover Landing offers excellent prospects for improving the entire community, and fulfills the basic criteria for a highest and best use.

Beyond these basic concepts, we can and should refine our highest and best use in greater detail. To reiterate, we see the residential component of this project as dominant, the business space is not as critical and doesn't play the same leading role. That means we should first focus on the ideal type of housing, 'ideal' in the sense of marketability and complementing the community. Then we can focus on the ideal form of commercial development, consistent with the ideal housing.

We don't have enough land for detached single family homes on large lots. We need scale, a large number of dwellings, if we are to make a real impact on the neighborhood. This means townhouses or clustered houses, on small lots. That would be appropriate for this basically urban setting. We considered a tall building, which could have a small footprint and leave more open land on our site, but an apartment tower isn't really appropriate for Dover, and it might not sell either. Two, perhaps three story buildings are going to fit best with the character of the downtown business district, and that will make for consistency with our business space, which can't really be taller than two stories (retail with offices above). The proposed Dover Landing development, with condominiums in low rise buildings, is a good model for the highest and best use.

We feel it critically important that a public area be created and kept open along the river. This obviously allows all components of the project to share the charm - and added value - of being near water. It is far better than say, relegating the waterfront to private backyards for a few premium dwellings. It is even more important for linking Dover Landing to downtown, because Dover Landing residents can walk to businesses, and downtown shoppers can walk to new business places at Dover Landing. Pedestrian activity makes for a more pleasant community, and one which feels safer. The creation of a small public dock is advisable because it enhances to river's influence. The plans we reviewed did propose such a dock, and a waterfront park connecting to other parkland along Henry Law Avenue.

In summary, Dover Landing as proposed appears to contain most, if not all the components appropriate to a successful project. We envision success as creating a salable and profitable development project which also meshes with and enhances the surrounding City of Dover, New Hampshire. In our opinion, the proposed plan meets all the basic criteria for highest and best use.

VALUATION

THE APPROACHES TO VALUE

The subject of this study is a parcel of vacant land. This appraisal seeks to estimate the land's market value. There are three basic approaches which can be taken in the valuation of real property. These three approaches correspond to the three options which anyone can use to obtain a property. The three approaches are the cost approach, the sales comparison approach and the income approach.

The cost approach corresponds to the option of construct a new building for one's needs. The first step in this approach is to estimate the value of the subject property's land as if it were vacant. The value of improvements is then calculated on the basis of current construction cost. With existing buildings, depreciation is deducted from cost new, to indicate current value. A cost approach will not be developed for this study since the subject is vacant land, with no building improvements.

The sales comparison approach is based on the option of purchasing an existing property. Under this premise, the appraiser analyzes the value of a particular property relative to prices which have been paid for other properties of similar utility and desirability. A market study has been prepared for this report and we have obtained details on open market transfers of other land parcels which are similar and competitive to the property under review. These will be used as a basis for relative value and applied to the subject property.

The income approach is predicated on the premise that an investor can avail himself of a wide variety of investments, including the subject property, other income-producing real estate or other forms of equity or debt instruments. In this approach, the appraiser analyzes the income-producing potential of the property under review, relative to investment standards and prevailing yields now available. The income approach is relevant to the subject property because a development plan has been proposed for this site. We have included a discounted cash flow analysis to value the property as completed.

In summary, the sales comparison approach and income approaches will be relied upon to support value conclusions for the subject property.

SALES COMPARISON APPROACH

The sales comparison approach is based on the concept that recent sales of similar types of property (in the same or a similar market) can be used as benchmarks to gauge the value of the property being appraised. This approach is the most direct reading of the market, since it deals with factual data representing the actions of typical buyers and sellers. The background investigations necessary for the preparation of the sales comparison approach provide useful insights into "going prices" and also help to identify those factors which have the greatest influence on market value.

Since no two parcels of real estate are ever exactly alike, and since real estate almost always sells in a free market, individual sales rarely have identical prices. However, a sampling of several sales often produces a recognizable pattern of market value. When good and sufficient market data is available, the sales comparison approach often provides the most cogent basis for property valuation.

The initial step in performing this approach is finding and investigating comparable sales. These sales will provide a market context, and help to develop a pattern of value.

Each sale is then compared individually to the subject. Positive or negative adjustments are applied to the sale's price for items which would enhance or detract from the subject's value, relative to the sale.

Finally, the adjusted sale prices are used to show a pattern of value which can be applied to the subject property.

We have made a detailed investigation of the competitive market in which the subject property could be expected to sell. A number of property sales were found which can be used to judge the relative value that the subject would have if it were sold on the open market. In the Exhibits section of this report is a selection of those comparable sales which were deemed most relevant for the appraisal of the subject property.

VALUATION OF THE DOVER LANDING SITE

We appraise the subject land in its current status as raw vacant land. We do this by comparing it with other parcels of similar and competitive land that sold recently on the open market.

Our research tells us that most residential developers in this market can and do make reasonable assumptions about the number of dwellings they can build on a parcel of land. The lot yield on any given parcel will vary with zoning and the land's physical characteristics. That complicates analyzing per acre prices, but the relative predictability of lot yields makes it easier to price land based on the number of dwellings that can be built. So builders, brokers, land buyers and land sellers tend to use price per residential unit as a common denominator for pricing land.

We can see this from analyzing the land sales we found. There is some consistency in per acre prices, but the most consistent price pattern is price per residential unit. In fact, this market's price pattern shows it to be a fairly orderly market, with prices set through negotiations between informed buyers and informed sellers. Each party in a transaction understands that there is a maximum yield (in residential units) and that number of units is what determines the land's price. Implicit in this equation is that most sellers and buyers agree that a given parcel of land will yield "X" number of units.

Our valuation methodology recognizes that the subject property isn't yet formally approved for development. Still, the City of Dover has been working with a developer, a development plan is close to final approval, and we have reasonable assurance that we are close to a final lot yield for this property. Dickinson Development, or perhaps another informed developer, could buy this property today with advanced knowledge as to its potential lot yield. As of January 29, 2007 that lot yield is 181 dwelling units. That is the count we will use for our appraisal.

The land sales we selected all have aspects of similarity to the subject. We have an approximate or final lot yield for each sale, and we will use the per unit prices of the sales as benchmarks to appraise the subject. We will develop a per unit value for the subject parcel, and multiply it by 181 units. We have also taken note of the total price paid for each of the comparable sales. Total price can be an important measure of purchasing power in the local land market, so the total could affect the subject's potential market value as much as price per acre.

The selected land sales took place between 2004 and 2006, and we make plus adjustments to the 2004 and 2005 sales. The adjustments reflect strengthening economic conditions between those dates and our appraisal date. The 2006 sales are recent enough to be reliable measures of current market value, so they aren't adjusted for time.

All of the land sales sold in fee simple and none of the selling prices were distorted by abnormal financing. To the best of our understanding, none of the comparables involved abnormal motivations on the part of seller or buyer.

We note that our sales comparison grid treats the subject as approved to build 181 dwelling units, but we **do not** assume that infrastructure improvements have been made. The grid also does not reflect the added benefit (assuming that there is one) from that portion of the property that will be developed commercially. We view the commercial development as an adjunct to the residential component of the property, and of secondary importance. In fact, we consider the commercial aspect of the project a detriment to a potential purchaser as it presents the developer with a substantial risk, far more so than the residential component. Some residential buyers might not want retail and office activity so nearby. This is a secondary commercial location anyway, it could be a challenge to lease this space at all. Also, leasing and managing commercial space is a very different business than building homes; many developers wouldn't want this commercial space in their project. Because of these negative factors, we include no specific value increment for the commercial component of the subject project.

We use five land sales in the sales comparison grid which follows. Not on the grid but contained in the Exhibits section of this report, we have two other similar land parcels which are currently offered for sale. These offerings serve as a "check" on the appropriateness of our sales selection and value conclusion. The two offerings have **not** sold, and when they do sell, the prices are apt to be less than the asking prices. Still, these asking prices expand our understanding of the subject property's value potential, and they tend to validate of our final value conclusion.

The following comparison factors have been considered in arriving at the subject's potential land value relative to each of the land sales:

> Location: The location of the subject relative to each sale is judged after reviewing the desirability of adjacent roads and highway access patterns, traffic flows and local growth trends and the character of land use and other properties in the surrounding neighborhood. Consideration has also been given to the reputation and prestige of the property address, local zoning and planning regulations and the availability or lack of public utilities, which could influence land development costs.
>
> Topography: Topography has been considered as an element of land utility and potential development costs, since sloping, hilly or poorly drained land is more costly to develop than level property. In some instances, buyers may also tend to pay slightly greater prices for sites situated above the road rather than below road grade.
>
> Project size (units): When compared on the basis of the total selling price, larger developments with more units are usually more valuable than smaller developments with fewer units. However, when comparing properties on a price per unit basis (i.e., price per acre, price per SF, price per dwelling unit), larger developments tend to have lower per unit prices. This is because large projects require more capital, and there are fewer competing bidders. Also buyers typically expect a discount when purchasing in quantity.
>
> Density of development: We calculate a density per acre based on the approved number of units. Typical market behavior indicates that buyers are willing to pay more (on a per unit basis) for a property that accommodates a greater number of dwelling units per acre than one which is less densely developed. This is because profit is maximized by building the greatest number of units on a site and concentrating development in a smaller physical area.
>
> Other: The subject property is in close proximity to the Cocheco River, which has some aesthetic appeal. We make adjustments to recognize that the river may enhance the marketability of new housing here, and increase our land value.

A brief discussion of the sales and an explanation of the adjustments on the accompanying sales comparison grid follows.

Sale 1 is the site River View Condominiums, a 20 unit townhouse project in Dover. This is on the south side of Fourth Street and the end of Third Street, a neighborhood of modest older homes. A big old multi-story warehouse is adjacent to the sale site, and other commercial uses are nearby. We deem this location inferior to the subject's, and a plus adjustment is applied. Part of the sale site is level, but the rear drops off dramatically, a disadvantage. Sale 1 is a much smaller project, the larger subject should sell for less per unit. Sale 1's density is almost 19 units per acre, inferior to the subject's 9 units per acre density. Like the subject, Sale 1 overlooks the Cocheco River. Sale 1 indicates a subject land value of $24,750/unit.

Sale 2 is another small project at the end of Mast Road Extension, in a suburban residential neighborhood south of Dover's city center. The site is close to Davis Farm Condominiums and Fords Landing, in a homogeneous residential setting with broader market appeal than the subject location. The sale land slopes down gradually from west to east and appears well drained, but it will require more site preparation than the subject. A plus adjustment is warranted. Sale 2 was approved for 21 units, the larger subject is worth less per unit. Sale 2 has a density of 3.23 units/acre, which is less dense than the subject; we recognize this with a plus adjustment. Sale 2 has a 24 foot wide right-of-way over property owned by Fords Landing which provides the residents access to the Bellamy River. This is on a par with the subject's proximity to the Cocheco River. After adjustments, Sale 2 indicates a land value of $27,783/unit.

Sale 3 is a relatively large tract of land on Tolend Road and Columbus Avenue in a suburban neighborhood slightly north and west of downtown Dover. This homogeneous residential locale has broader market appeal than the subject's. Sale 3's terrain is level to rolling, but it will need more sitework than the subject. Sale 3 was approved for 72 units, the larger subject project is worth less per unit. Sale 3 is a large site which will have large lots. That will increase the builder's costs because the project needs more interior roads and construction can't be managed as efficiently as it could on the subject. We make a plus adjustment because the subject's higher density makes it more valuable. Sale 3 has no river views or access. We make a plus adjustment to bring Sale 3 into parity with the riverfront subject site. After adjustments, Sale 3 indicates a subject land value of $28,417/unit.

Sale 4 is in a developing residential neighborhood in the nearby Town of Durham. This is a suburban setting with detached single family homes. The sale is part of a senior living community called the Inn at Spruce Wood. The sale has a more valuable residential location because of its attractive woods and its access to support services, i.e., the Inn and Spruce Wood. A minus adjustment is made for location. The sale's terrain is level and on par with the subject's. The sale site was approved for 50 units; the larger subject would be worth less per unit, so a minus adjustment is applied. Sale 4 has a lower development density than the subject; the subject's density makes it more attractive to a developer. Sale 4 is not on the river, as the subject is. Sale 4 indicates a relative subject land value of $30,724/unit.

Sale 5 is a 32 lot residential development called Haven Farms. The market perceives this to be a more desirable residential locale than the subject's. Sale 5's level terrain is similar to the subject's, but we make a minus adjustment for the subject's larger project size. At 63.8 acres, the sale's development density is low; the subject is more attractive to a builder. Sale 5 is not on water, as the subject is. After adjustments, Sale 5 indicates a value of $30,261/unit.

All five sales were considered. Four of the five sales are in Dover, the fifth is in nearby Durham. All are good indicators of market value for residential development parcels. The sales required adjustments to bring them into parity with the subject, but after adjustments we are left with a relatively narrow value range. Price consistency indicates that there is an orderly market of informed buyers and sellers, and that both tend to think about land values in similar terms.

We place added emphasis on Sale 1 because it is located in the City of Dover's urban core, and because its project density is closest to the subject's. This development is small compared to the subject, but its proximity and condominium style makes it more similar to the subject than the other four sales. Sale 5 is probably least comparable; it is a more conventional suburban subdivision of homesites. Sales 2 through 4 are more comparable to the subject than Sale 5, but still less comparable than Sale 1.

Based on our analysis of these five sales, we conclude the market value of the subject property to be $26,000/unit.

The Sales Comparison Grid

The grid on the following page illustrates adjustments which were made to bring each sale into parity with the subject. Each sale is compared to the subject, and the adjustments help to indicate what price the comparable might have sold for if it were more like the subject. With several different sales on the same grid, we get to see a market pattern. The grid explains the sale comparison process in a manner similar to a graph.

> When the subject property is superior to the comparable sale, a **plus** adjustment is applied to show that the subject would be worth more.
>
> When the subject property is inferior to the sale, a **minus** adjustment shows that the subject would sell for less.

The amount of the adjustment is sometimes based on cost differences and sometimes on the appraiser's judgment as to how much each individual factor would influence a difference in value. Prior to preparing the grid, the sales were compared among themselves to see if clear price differences could be ascertained from the market data. In all cases, the controlling element in selecting the amount of adjustments is the influence which each factor could have on the decision of a typical buyer in the market.

At the conclusion of the grid, a final value indication is selected based upon stronger similarities of some sales and the prevailing price pattern indicated by the grid.

SALES COMPARISON GRID - ASSUMING 181 UNITS

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5
SALE PRICE		$550,000	$816,000	$1,550,000	$1,643,000	$1,085,000
PRICE/UNIT		$27,500	$38,857	$21,528	$32,860	$33,906
DATE OF SALE	3/2007	7/2006 0	8/2004 +10%	9/2006 0	1/04 +10%	6/2005 +5%
FINANCING	Typical	0	0	0	0	0
MOTIVATION	Normal	0	0	0	0	0
ADJ.PRICE/UNIT		$27,500	$42,743	$23,681	$36,146	$35,602
LOCATION	Dover	+10%	-25%	-10%	-20%	-30%
TOPOGRAPHY	Level	+10%	+10%	+10%	0	0
PROJECT SIZE (UNITS)	181	20 -25%	21 -25%	72 -15%	50 -20%	32 -25%
LAND AREA (ACRES)	*20-21±*	*1.054*	*6.51*	*42.38*	*42.30*	*63.8*
DENSITY (UNIT/AC)	8.62-9.05	18.98 -5%	3.23 +5%	1.70 +10%	1.18 +10%	0.50 +15%
OTHER	Riverfront	0	0	+25%	+25%	+25%
NET ADJUSTMENT		-10%	-35%	+20%	-15%	-15%
INDICATED SUBJ. LAND VALUE/UNIT	$26,000	$24,750	$27,783	$28,417	$30,724	$30,261

CONCLUDED SUBJECT VALUE: $26,000/UNIT

SALE OFFERINGS

In addition to the land sales, we also looked at two current sale offerings, both land parcels with residential development potential. Offerings often provide helpful insight into the current thinking of brokers and sellers, and a buyer could become aware of an asking price sooner than he could find out about the prices of properties which already sold. That makes these offerings useful as a check on our concluded value.

Offering 1 is an approved 44 unit condominium project located in nearby Deerfield. This 26.32 acre parcel is called "Deerfield Place." The property already has wells drilled, and the land is offered with engineering plans and a consultant's pro-forma. Offering 1 is not a waterfront property. Its location and terrain are generally comparable to the subject's, but this is a smaller-size project than the subject. Its development density is less than the subject's. This offering indicates a relative subject value of $28,409/unit, which is generally in line with our appraised value.

Offering 2 is not an approved development site but we include it because it is in the City of Dover, and, like the subject, it is zoned for multi-unit, multi-purpose development. It also has a waterfront location on the Bellamy River. We note that this property has two old duplex homes but they are in poor condition and would likely be razed to redevelop the land. Someone shopping around for a property like the subject would probably encounter this offering and could consider the two sites as alternative development opportunities. The asking price of this offering could influence the thinking of someone pricing the subject property.

The real estate broker handling Offering 2 advised us that the yield on this 4.27 acre site should be approximately 45 units, but the office of the Dover Planning Board told us that overtures have been entertained for 60 units. Predicated on a conservative 45 units, Offering 2's asking price is $27,778 per unit; if 60 units were permitted, the asking price would be only $20,833/unit. These numbers don't seem to contradict our appraised value for the subject.

These two offerings appear to substantiate our appraised subject value, which we based on other already-closed transactions. The two offerings provide added support for our value conclusion.

Valuation of the "Bluff"

Our previous analysis excluded the land which Dover officials refer to as the "Bluff". This portion of the site has been excluded because there are access issues concerning the "Bluff". The current plan is to defer development of the "Bluff" until after the other 181 residential units have been built and sold.

In our observation and experience, a prospective buyer for the subject property would consider the "Bluff" a bonus parcel. It wouldn't be addressed specifically until the main part of the subject project is well under way. Preliminary estimates indicate that the "Bluff" could support 20 to 27 housing units, probably townhouses. At this early stage, an informed buyer would be conservative, and plan on no more than 20 units on The Bluff.

We apply our appraised value of $26,000 per unit for residential development land, which gives us a value for the "Bluff" of $520,000. That is only a potential value, assuming there is suitable access to the "Bluff". As it currently stands, the only access to this land is over an adjacent parcel. There is no guarantee that suitable access is available to the "Bluff", or that such access could be purchased. Thus any additional value ascribed to this portion of the site would have to be deeply discounted for risk. A prudent investor would discount the potential value by at least 50%, to $13,000/unit. This indicates a value for the "Bluff" of $260,000.

Summary of Land Values, by Sales Comparisons

181 unit development @ $26,000/unit =	$4,706,000
20 unit development @ $13,000/unit =	260,000
Total indicated value	$4,966,000

Discount for Time Delay

The subject property still lacks final approvals the proposed development. A prudent buyer would negotiate with the seller for a reduction in the sale price to compensate for the time and risk involved in achieving final approvals. Although our valuation is predicated on the likelihood of developing approximately 201 units on the subject site, there is no guarantee that this will occur. Even if approvals for 201 units are achieved, discussions with the Planning Board indicate that it will be at least one year until this happens.

It is therefore appropriate that we discount the property's value for the time delay which is almost certain to occur before construction can start. The discount needs to recognize that this project is worth less because it isn't available today. The discount reflects what investors call "opportunity cost" because the developer is turning down other business opportunities to wait for Dover Landing.

For perspective, here are some financial market rates around the subject's date of value. These rates are based on last trades at the time of New York market closing on Friday, March 2, 2007:

Prime rate (NYC)	8.25%
Corporate bond index, investment grade	6.22%
Treasury bonds, 30 years	4.75%
Treasury bonds, 10 years	4.50%
Treasury notes, 2 years	4.53%
Municipal Bonds (Bond Buyer Index)	4.51%
Jumbo CD's, national average 5 years	4.26%
Home mortgages, national average	
15 years fixed	5.44%
30 years fixed	5.70%
1 year adjustable	5.34%
Home equity credit line	8.13%
New car loan, nat'l. average	7.70%
Selected subject discount rate range	10% - 12%

These are rates which the developer might be able to realize at a minimum, though these are all safer, more liquid investments with lower yields than a developer expects to earn. We looked at yields which large institutional real estate investors expect. Our source for this information is the "Korpacz Real Estate Investor Survey" published quarterly by Price Waterhouse Coopers LLP. Here are the discount rate expectations cited by survey respondents for the 4th quarter of 2006:

Regional mall investment, discount rates	7.0% to 11.0%
CBD office investment, discount rates	6.0% to 10.0%
Warehouse investment, discount rates	5.5% to 11.5%
Rental apartments investment, discount rates	6.0% to 11.0%

Of course, these discount rates apply to stabilized, occupied, investment grade properties. Dover Landing isn't in this league, so even opportunity cost demands a higher discount rate. The developer isn't just waiting passively to start the Dover Landing project. He has already had invest capital to plan the project and will invest more to get final approvals. Then there is the risk that final approvals may be in a less desirable form than expected (e.g., fewer homes approved), and there is always a chance that the form of the approvals could be unacceptable, or adverse market conditions could occur. So we elect to use discount rates of 10% to 12%.

The American Institute of Real Estate Appraisers Financial Tables show these annual discount factors for one year:

10% discount factor, 1 year =	0.909091
11% discount factor, 1 year =	0.900901
12% discount factor, 1 year =	0.892857

Applying these factors to the total property value of $4,966,000, yields the following range of values:

0.909091 X $4,966,000 =	$4,514,546
0.900901 X $4,966,000 =	$4,473,874
0.892587 X $4,966,000 =	$4,432,587

Based on this value range, and assuming that the values indicated by the 10% and 11% discount rate round to about $4,500,000, we conclude a value final of **$4,500,000**, net present value.

This value assumes that the site is "clean" (i.e., free of any ground contamination) and that the publicly-funded river dredging project has been completed. This value further assumes that the Dover Landing project has conceptual approval in substantially the same format proposed in January 2007.

INCOME APPROACH

The income approach to value is applicable to any property which would be purchased as an income-producing investment, or for which a rental income is known or can be estimated. The income approach analyzes the value of the income directly attributable to capital invested in real estate. The foundation of this approach is the direct relationship between income and capital value.

An investor purchasing income-producing real estate is effectively trading a sum of current dollars for the rights to receive future dollars. These future dollars are generally received in two ways: as net income received from operations of the property, and as lump sums that are received when the property is resold or refinanced. In other words, the investor receives a return on his investment, and a recapture of his investment through resale or refinancing.

We will use a discounted cash flow (DCF) analysis here. The DCF is a financial model widely used by corporations, accountants, institutional investors and pension fund managers because of its clarity and ready adaptability to changing income streams. For example, we can use discounted cash flow analysis to show negative carrying costs for the subject land before development begins, and we can deduct land preparation costs, construction costs and marketing costs as they are incurred. Discounted cash flow analysis makes it easy to measure the impact of irregular income and expenses on the property's value.

We have been provided with a schedule of costs and sales revenues for Dover Landing, which was prepared by Dickinson Development Co. This sets forth the project revenues and costs in various phases over time, and shows net incomes for each year over a time span sufficient to build and sell the entire project. We will discount the net incomes for each year, and arrive at present value conclusions.

Briefly, the mechanics of the discounted cash flow analysis are:

1. Select a projection period over which our forecasts will be made. The projection period should be the time a typical developer might expect to need for approvals, construction and sales.

2. Estimate potential gross revenue, in this case, expected home prices and income from the commercial space. Revenue is projected for each year of the forecast.

3. Analyze and deduct the costs necessary to build and sell out the project. Expenses and carrying costs are deducted when they are incurred. The result of deducting expenses from income is a net operating income (NOI) for each year. There will be no revenue initially, because of the time needed to finalize approvals and build the first buildings.

4. Select an appropriate discount rate (or a range of rates) for the property as of the date of the appraisal. This rate will represent a competitive return on the capital investment needed to attract the

projected income stream.

6. Using the appropriate discount rate, discount the annual net incomes for each time period in the forecast. This provides a total present value by the income approach.

We were furnished with and have reviewed the Preliminary Budget dated January 22, 2007, prepared by Dickinson Development. We have been asked to comment about whether the budget appears reasonable, financially viable and capable of being realized timely and profitably.

We must preface this discussion by stating that we are appraisers, not engineers. We review the cash flow schedule based on market prices for income, format, timing of the cash flow schedule, completeness of expenses, and discounting techniques. We have not studied any architectural drawings, seen specifications or quantity estimates. That means we are not in a position to judge the accuracy of the construction budgets. We assume that Dickinson Development has relied on professional engineers, surveyors, construction managers and/or contractors to arrive at these cost projections. We are simply accepting Dickinson's hard and soft costs for Dover Landing.

We like Dover Landing because this is an appropriate use of an attractive site, the project complements existing land use patterns and it expands downtown in a beneficial way. The planned mix of living and business space along the waterfront seems like a balanced plan, it addresses market demand, and it should be financeable. There is every reason this project should work.

In our view Dickinson's budget is a lean one, lacking the sort of contingency allowances we normally see. There is no explicit fee budgeted to pay the developer, which is a necessary incentive. It is also fairly optimistic, assuming a fast and steady sales pace. The budget doesn't seem to have much tolerance for error. It looks like profit margins could be scant if the project takes any unexpected turn.

The budget shows a sale of the commercial space as soon as it is completed. That was probably done to simplify the analysis, but it is a problematic assumption. The commercial space will be easier to lease than sell, and it should be retained, at least initially, to keep Dover Landing under unified control. The cash flow analysis should more properly recognize rental income and a later sale of the commercial space. The financial model showing the early sale also weakens the credibility of the cash flow projection. The sale proceeds comprise much of the early revenues, without which it takes years longer before Dover Landing breaks even.

We replicated the developer's cash flow model in our computers, to test it with slightly different assumptions. We were immediately confused by the project's initial staging. The developer's projections have a cash outlay of $1,415,500 pre-development, followed by $17.3 million of initial construction cost. The schedule is ambiguous about whether these outlays take place in the first year, or in years 1 and 2. Initial sales revenues are $7,307,353, which could be in either year 2 or year 3. This makes a difference to every subsequent year of the projections, and it makes a big difference to the final value after discounting.

Dickinson budget Jan. 2007

The developer's budget schedules these net cash flows:

Year 1	($ 1,415,500)	cash outlay
Year 2	($17,300,621)	cash outlay
Year 3	$ 7,307,353	cash receipts
Year 4	$ 6,178,368	cash receipts
Year 5	($3,118,585)	cash outlay
Year 6	$ 1,640,739	cash receipts
Year 7	$ 7,330,437	cash receipts
Year 8	$ 7,759,739	cash receipts
Year 9	$ 2,274,654	cash receipts

Year 3 on Dickinson's schedule shows gross revenues with no expenses deducted. Revenues for Year 3 seem to be deducted from revenues for Year 4, which skews the net cash flows.

We tried treating the cash outlays for Years 1 and 2 as if they were all expensed in Year 1. That is suggested by the way gross revenues are stated for Year 3, which has no expense deductions. That would shorten the project schedule from 9 years to 8. We aren't certain.

But let's look again at the cash flow schedule above. In the first year or two, Dickinson would be laying out nearly $19 million cash, after which it has a positive cash flow. $862,500 of that initial cash flow is from the sale of the restaurant, $4,968,000 of the second cash flow (80%) comes from the sale of the commercial building. Without those two sales, Dickinson's net cash flow from the project's first positive years is $7,655,221. That means that four years after starting, the developer is in the hole to the tune of minus $11 million. In year 5 he loses another $3.1 million. A developer could have trouble financing this project using this schedule.

We should highlight one other issue which makes a big difference to this, or any other, cash flow analysis. A cash flow analysis has an arbitrary starting date, which is when the investor writes his first check. Dickinson's budget seems to start shortly before Dover Landing is approved; the exact starting time is ambiguous because of the scheduling ambiguity we described above. The schedule seems to imply that buildings are going up within 12 months.

If construction doesn't start that soon, every period's cash flow gets pushed back in time, and discounted to a lower value. If the project is delayed, then the value is lower. Also, the value shown by the schedule isn't necessarily current value, it may be future value, perhaps after final approvals are issued.

<u>American Property Counselors - Revised Cash Flow</u>

As an extension of our review of the Dickinson budget, we assembled our own discounted cash flow schedule. This is based almost entirely on Dickinson's budget, but with a few changes.

First, we assumed that Dover Landing won't be approved and ready to start construction for approximately two years. That allows time for environmental remediation, completing the river dredging project and finalizing approvals.

We also used different assumptions about the commercial space. Dickinson's model has the commercial space built at the start of the project, and sold upon completion. We think it is more logical to show the commercial space rented, because it will be easier to find a tenant than a buyer who would occupy the same space. The commercial space can also be sold for more after it has been leased. In practice, astute investors don't sell on a schedule, they sell when they can get a high price. The commercial space in Dover Landing is most apt to sell when the project is nearly completed, when the project is a proven success and there are residents living in the new homes. It makes more sense to show a later sale of the commercial space.

We then budgeted a fee for the developer. Some observers think that the developer is the only one on the job site who isn't working. In fact, the developer has already invested an enormous amount of time in Dover Landing. He has retained engineers, lawyers and architects, negotiated with Dover, lined up financing and a small army of experts and contractors he will need before building. During construction the developer must oversee the project's construction, marketing and finances, and see that the commercial space is marketed. The developer puts in long, hard hours, and he isn't going to put forth this effort without drawing a reasonable fee. We have budgeted a modest allowance in the approvals stage, and a fuller amount during development.

The developer's fee should be distinguished from the allowance for General and Administrative (G & A) expenses. G & A are real expenses: travel costs, setting up a project office, installing telephones and utilities, hiring support staff, payroll, bookkeeping, printing promotional material and paying incidental fees. We are budgeting a developer's allowance as a fee to be paid to the individual coordinating the project. The developer will probably be an investor too, but unlike the silent investors, he needs to commit time to Dover Landing, for which he deserves to draw a separate fee.

Here are basic assumptions we used in formulating our cash flow analysis:

Our Income Assumptions

1. Office and retail rents are estimated at $12/SF per year on a triple net basis, with a 10% vacancy and collection loss factor. Absorption is 1,500 SF upon initial completion, and full leasing of the large office building when that is completed. The large office building has 36,000 SF net rentable, plus the initial 1,500 SF, or 37,500 SF. An additional 8,750 SF is completed and leased in year 3, which is 46,250 SF rented. An additional 10,000 SF is completed and leased in year 6, which is 56,250 SF rented.

2. Restaurant rent is estimated at $15/SF, completely net. We assume pre-completion leasing to a single restaurant operator. We deduct no vacancy or collection loss allowance. We expect that the restaurant will be subsidized if necessary to keep it open, at least initially. Any subsidy would be part of the developer's budget.

3. All commercial rents remain flat (i.e., no increases) for five years. This is to allow tenants to establish themselves.

4. We use an average residential unit cost of $370,109 in the first year of sales, and increase this cost by 5% per year.

5. Residential absorption follows Dickinson's projections.

Our Expense Assumptions

6. Sales costs for the residential units are projected to be 8% of each unit's selling price.

7. Other expenses are taken from Dickinson's budget.

Reversion

8. The reversion for the commercial units has been calculated using an 8.0% capitalization rate on net income projected for year 2013. We make a 10% deductions from the proceeds for selling costs.

Discount Rate

Real estate investments such as the subject are purchased by knowledgeable investors who can choose among a number of competing investment alternatives. An investor considering the purchase of the subject property will be familiar with prevailing rates in the financial markets and will use these as a guide in setting his own yield expectations.

Here is a summary of financial rates at the time of New York market closing on Friday, March 2, 2007. We considered these initially as background for arriving at a subject discount rate.

Prime rate (NYC)	8.25%
Corporate bonds, Moody's Aaa	5.25%
Corporate bonds, Moody's Baa	6.15%
Treasury bonds, 30 years	4.75%
Treasury bonds, 10 years	4.50%
Treasury notes, 2 years	4.53%
Municipal Bonds (Bond Buyer Index)	4.51%
Jumbo CD's, national average 5 years	4.26%
Home mortgages, national average	
15 years fixed	5.44%
30 years fixed	5.70%
1 year adjustable	5.34%
Home equity credit line	8.13%
New car loan, nat'l. average	7.70%

All of these financial market rates above are really in a different category than Dover Landing. They are passive investments which are a commodity: except for differences in terms and credit ratings, one bond is much like another. If you buy a bond or a CD, or make a mortgage loan, there are other investors who will buy it from you. When you invest in Dover Landing, you are probably locked into the deal for the duration. If you get frustrated with the deal, move to another state, or get sick, your invested is still locked in the deal. And the deal's success or failure relies very much on one key individual, the developer.

Dover Landing actually has more risk than most real estate development projects because of its mixed uses, and its phasing.

Mixed uses - Most developers specialize in one type of property: office buildings, shopping centers, warehouses, apartments or luxury homes. Each real estate sector has its own attributes and requires its own skill set. Building a large building is a different construction process than building a small one. Offices, stores and apartments each lease differently and a developer who specializes benefits from his experience, his track record and his contacts. It is unusual to encounter a developer who does different types of property successfully. A typical developer may have some difficulty handling the mix of uses in Dover Landing, it could lead to construction inefficiencies, extra costs or leasing problems. This would be a less risky project if it were solely residential.

Phasing - Building one large building is an exercise in logistics, but a good builder can control the process and complete the project on schedule. Dover Landing will take several years to build out, and that is time in which costs can escalate, economic conditions can change and market preferences can change. Those are problems outside the developer's control. There is no way to avoid phasing because Dover isn't a market where this project can sell out in a matter of months, and the infrastructure requirements demand phased construction as well. The project's phasing over time means extra risk, which demands a higher discount rate.

Financial market rates give us some background, but Dover Landing is actually a high-risk business venture. Business investors aren't like financial market investors, business investors talk in terms of 'payback period'. That means the investors want their money back in 4 years or 5 years. A 4 year payback requires a 25% return, a 5 year payback 20%. A 6 year payback would require 16.67%. We often use discount rates in the 12% to 15% range, but Dover Landing is more in the 'payback' category. Therefore, <u>we will use a 20% discount rate</u>, which implies an investor payback period of five years.

<u>Land Residual Technique</u>

We made another adaptation to our cash flow analysis. We removed all of the expenses budgeted as part of the land acquisition. We removed $140,000 of the initial downpayment on the land, and $1,860,000 to be paid when the land sale contract is signed. Another $2,617,000 was removed from the budgeted construction cost, which is the cost of municipal infrastructure and park improvements. That is a total of $4,617,000 we deducted from Dickinson's budgeted expenses, the same as the total it is to invest to acquire the Dover Landing site.

Presumably, this leaves us with a financial analysis of this project that accounts for all elements of investment return <u>except</u> for the land. Rents, sale proceeds and development costs are all part of the budget. The investors are paid through the discount rate, and the developer is paid by a fee. So the residual net value resulting from this analysis can be seen as a measure of the land's value.

Our selected discount rate is 20%. On the next page is our projected schedule of revenues from residential sales and commercial rent, less expenses and carrying costs over the absorption period. We will then discount the net operating income for each year at the 20% discount rate.

OUR CASH FLOW ANALYSIS

	2007	2008	2009	2010	2011	2012	2013	2014	TOTALS
RENT INCOME Office/Retail	0	0	$ 16,200	$405,000	$499,500	$499,500	$499,500	$607,500	$2,527,200
Restaurant	0	0	75,000	75,000	75,000	75,000	75,000	75,000	$450,000
Subtotal,rent income	0	0	$91,200	$480,000	$574,500	$574,500	$574,500	$682,500	$2,977,200
SALES Units sold/yr	0	0	34	34	34	27	27	25	181
Units remaining	181	181	147	113	79	52	25	0	
Avg.Price/Unit	$0	$0	$370,109	$388,614	$408,045	$428,447	$449,870	$472,363	
Subtotal,sales	0	0	$12,583,706	$13,212,891	$13,873,536	$11,568,081	$12,146,485	$11,809,082	$75,193,781
Gross Income	$0	$0	$12,674,906	$13,692,891	$14,448,036	$12,142,581	$12,720,985	$12,491,582	$78,170,981
EXPENSES Arch./engin.	$ 250,000	$ 225,000	$ 890,531	$ 280,000	$ 455,385	$ 744,002	$ 674,957	$ 317,170	$3,837,045
Construction	0	0	10,160,493	4,352,204	7,312,022	11,649,408	11,175,924	4,821,252	$49,471,303
Marketing	0	15,000	168,000	240,000	30,000	0	0	60,000	$513,000
Financial	0	0	119,044	28,000	53,361	81,757	79,784	9,062	$371,008
Legal	75,000	170,000	140,000	70,000	70,000	70,000	70,000	0	$665,000
Gen.& admin.	100,000	400,000	520,000	515,000	515,000	515,000	515,000	500,000	$3,580,000
Develop.fee	75,000	75,000	250,000	250,000	250,000	250,000	250,000	250,000	$1,650,000
Contingency	0	65,500	825,753	249,260	421,788	653,008	625,783	285,374	$3,126,466
Sales costs	0	0	1,013,992	1,095,431	1,155,843	971,406	1,017,679	999,327	$6,253,678
Land	0	0	0	0	0	0	0	0	0
Gross expenses	$500,000	$950,500	$14,087,813	$7,079,895	$10,263,399	$14,934,581	$14,409,127	$7,242,185	$69,467,500
Net Income	($500,000)	($950,500)	($1,412,907)	$6,612,996	$4,184,637	($2,792,001)	($1,688,142)	$5,249,398	$8,703,480

Value Calculation by the Income Approach

Value is the present worth of future benefits, which in this case consist of the net cash flows each year, plus the proceeds from selling the commercial space. We will calculate these values separately, then add them together to arrive at a subject land value.

Annual cash flows - The schedule on the preceding page project net income for each year, starting on the valuation date and extending out 8 years, until the last of the residential units are sold. We will now discount those net incomes for each year, using a compounded annual discount rate (called a 'reversion factor') taken from published discount factor tables.

Year	Projected Net Income	20% Reversion Factor, 8 yrs.	Discounted Net Present Value	Cumulative Value
1	($500,000)	0.833333	($416,667)	($416,667)
2	($950,500)	0.694444	($660,069)	($1,076,736)
3	($1,412,907)	0.578704	($817,655)	($1,894,390)
4	$6,612,996	0.482253	$3,189,137	$1,294,747
5	$4,184,637	0.401878	$1,681,714	$2,976,460
6	($2,792,001)	0.334898	($935,036)	$2,041,425
7	($1,688,142)	0.279082	($471,130)	$1,570,295
8	$5,249,398	0.232568	$1,220,842	**$2,791,137**

The far right column shows the cumulative net value of the project at the end of each year. The first three years are negative because that is the start of the project. Capital investments are made in construction, and sales revenues are barely starting to come in. The ledger turns positive by year 4, which puts our projections on track for the investor seeking a five year payback on capital invested. By the end of the eighth year, i.e., the last year of our cash flow schedule, the cumulative position from cash flows is $2,791,137. That is the present value of the property solely from the annual cash flows.

The reversion - Commercial space - The proceeds from sale of the commercial space are the second part of our property's value. We will now forecast possible sale proceeds from the office building and restaurant, and discount those proceeds to present value.

In the last year of the projection period the office and retail space has a proforma rent of $607,500/ann. That is 56,250 SF rentable space @ $12/SF net rent = $675,000 less 10% vacancy and collection loss allowance, or $607,500.

$607,500 net / 0.08 capitalization rate, value =	$7,593,750
Deduct 10% selling costs	759,375
Net proceeds of reversion, commercial space	$6,834,375

In the last year of the projection period the restaurant has a proforma rent of $75,000/ann. That is 5,000 SF @ $15/SF net rent = $75,000.

$75,000 net / 0.08 capitalization rate, value =	$ 937,500
Deduct 10% selling costs	93,750
Net proceeds of reversion, commercial space	$ 843,750

When the developer sells the commercial space and restaurant, his net sale proceeds are projected to be $7,678,125. We call that the 'reversion' to distinguish it from rental income, and from the net cash flows received as the residential units are sold. The reversion value isn't projected to be received until the eighth year of our cash flow projection. So we will need to discount it to present value. We will discount it using the same reversion factor we used above, for the cash flows. The reversion factor for 8 years at a compounded 20% annual rate is 0.232568. (This means that $1 to be received in eight years at a 20% discount rate is worth $0.23 today).

Reversion of office building, $6,834,375 net proceeds X 0.232568 reversion factor =	$1,589,457
Reversion of restaurant, $843,750 net proceeds X 0.232568 reversion factor =	196,229
Total reversion, net present value	$1,785,686

Summary of Values

Based on the income approach, we have calculated this residual market value of the subject land. The value is comprised of two sources of revenue: net cash flows to be received each year as the project is built and the residential units sold; plus the net proceeds from selling the office building and restaurant.

Net present value of annual cash flows	$2,791,136
Net proceeds from reversionary sale of commercial space	1,785,686
Total market value of land by income approach	$4,576,822
rounded,	**$4,575,000**

CORRELATION AND FINAL VALUE CONCLUSION

Indicated Value by the Sales Comparison Approach	$4,500,000
Indicated Value by the Income Approach	$4,575,000
Indicated Value by the Cost Approach	Not Utilized
Concluded Value	$4,500,000

The sales comparison approach is a direct measure of what has been happening in the local market. We found several other parcels of development land which are local and sold recently, and those land sales provide good price benchmarks for appraising our subject land. We also found some development sites which are currently offered for sale, and we considered their asking prices as well. The sales comparison approach corresponds to the process of comparison shopping, which is the same sort of process that a developer might use if he were analyzing the subject property. The prices of recent sales and current offerings are the sort of information that will influence an informed developer.

It is significant that the prices of the comparables showed a consistent price range. That tells us that buyers and sellers are aware of going market prices, and their own price decisions are informed by the comparables. There is a more fundamental reason for price consistency: construction costs are fairly standard, and home prices converge toward a mean because of local purchasing power and competition among builders. That indirectly limits what a builder is willing to pay for a homesite, so that land prices tend to standardize.

In our opinion, the sales comparison approach is most apt to influence what the subject land would sell for on the open market. We place primary reliance on this approach for supporting our final value conclusion.

The income approach is an investor's approach. It is a financial analysis which measures the present value of income to be received in the future. We generally use this approach with rental properties, where we convert one year's net income into a total value. But there are many variations of the income approach, including a discounted cash flow analysis, which we used here. The discounted cash flow analysis projects future net incomes over a period of years, and discounts them individually. This technique is particularly well suited to investments with variable incomes, like Dover Landing. For example, Dover Landing will require large capital investments (expenses) early on, with revenues received much later. The net income is negative in early years and positive in later years. This is just the sort of net income stream that discounted cash flow analysis is designed for.

In our experience, not many developers rely on a discounted cash flow analysis and many don't use it at all. However, lenders do use it. Since most of the investment in Dover Landing will come from sophisticated lenders, the discounted cash flow analysis will play a part in making this project happen. Dickinson Development has, in fact, prepared a cash flow schedule, probably as part of a financing package. The involvement of lenders is sufficient reason for us to use it. As appraisers, we are also trained to use more than one value approach, to test and retest our value, and that is another reason we used it.

We reviewed Dickinson's cash flow analysis and discounted it, then we modified their schedule and prepared our own discounted cash flow analysis. In our own model we removed the cash outlay for land acquisition, which was part of Dickinson's development cost. This enabled us to offset construction costs and developer's profits, leaving only a residual value for the land. In essence we have used the income approach as a secondary means of appraising the land value.

The net land value shown by the income approach is $75,000 higher than the sales comparison approach. That is a value difference of 1.67%, a negligible amount. The income approach closely corroborates the value shown by the sales comparison approach.

The cost approach is used to appraise properties with buildings. It calculates new construction costs and depreciation allowances. Since our subject property is vacant land, the cost approach isn't relevant, which is why we didn't use it.

In summary, we considered all three of the basic value approaches and used two of them in this study. We place primary reliance on the sales comparison approach because we think it is the simplest and the one most likely to influence a seller or buyer if the Dover Landing site were on the market. We don't emphasize the income approach as heavily but its close correlation with the sales comparison approach certainly gives us more confidence that our value conclusion is reasonable. Based upon our independent investigation and analysis, the concluded value for a fee simple interest in the Dover Landing site is:

FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS

($4,500,000)

This value assumes that the property is free of ground contamination, that the property has conceptual development approvals from the City of Dover and that the dredging project on the Cocheco River has been completed. The value is further subject to all of the definitions, assumptions and limiting conditions set forth in the addenda to this report.

<u>CERTIFICATE OF THE APPRAISERS</u>

We hereby certify:

That Harvey D. Cohen inspected the appraised property and have also made a field inspection of the comparable sales relied upon in making this appraisal.

That to the best of our knowledge and belief, the statements contained in this report are true, and that no important facts have been withheld or overlooked; subject to the limiting conditions set forth.

That neither our employment nor our compensation for making this appraisal and report are in any way contingent upon the values reported.

That we have no direct or indirect present or contemplated future personal interest in this property, nor will we in any way benefit from the acquisition or financing of this property.

That we have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.

That 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 the Standards of Professional Appraisal Practice of The Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.

That disclosure of the contents of this report is governed by the By-laws and regulations of The Appraisal Institute. Neither all nor any part of contents of this report (especially any conclusions as to value, or the identity of the appraisers), shall be disseminated to the public through advertising media, public relations media, news media, or any other public means of communication without prior written consent and approval of the authors.

That the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

That no one other than the undersigned prepared the analyses, conclusions and opinions concerning the real estate in question.

That as of the date of this report, Harvey D. Cohen has completed the requirements of the continuing education program of the Appraisal Institute.

That our opinion of the market value of the property as of the 11th day of March, 2007, is **$4,500,000** based upon our independent appraisal and the exercise of our professional judgment. The value assumes that the site is "clean" and free of any contamination.

Harvey D. Cohen, MAI

Kenneth L. Golub, MAI

EXHIBITS

COMPARABLE SALE 1

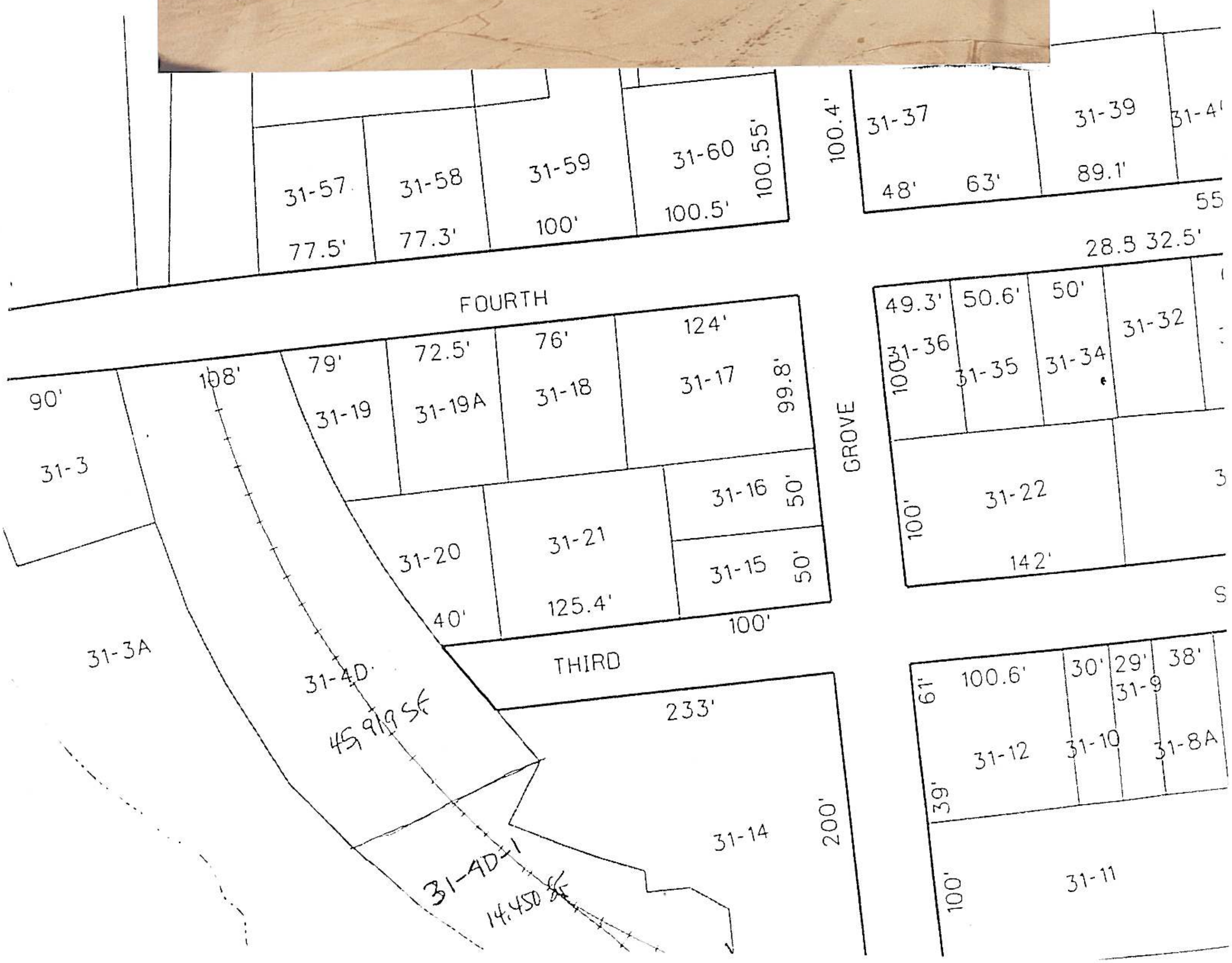
LOCATION:	South side of Fourth Street, west of Grove Street City of Dover Strafford County, New Hampshire		
DATE OF SALE:	July 14, 2006	SALE PRICE:	$550,000
LAND AREA:	1.054 Acres	UNIT PRICE:	$27,500
SELLER:	Summit Land Development, LLC 210 Commerce Way - Suite 200 Portsmouth, New Hampshire		
BUYER:	KAB Realty Management LLC 686 Central Avenue Dover, New Hampshire		
DEED RECORDING:	Strafford County Deed 3403, Page 296		
TAX MAP:	Map 31, Lot 4D		

DESCRIPTION:

This is an irregular shaped site located along the south side of Fourth Street, 351.5 feet west of Grove Street. The property has 108 feet of frontage along Fourth Street, and additional frontage at the western end of Third Street. The site is a former railroad spur located just east of the Cocheco River, alongside City owned vacant land. There is a large warehouse located nearby and some older two-story wood frame homes. The front of the site is level and at or near road grade, but drops off sharply toward the river. All municipal utilities are available, and zoning is RM-8, residential with minimum lot sizes of 8,000 SF.

The property sold with approvals for 20 condominiums and is known locally as River Run Condominiums. The project is under construction as of this writing.

COMPARABLE SALE 1



COMPARABLE SALE 2

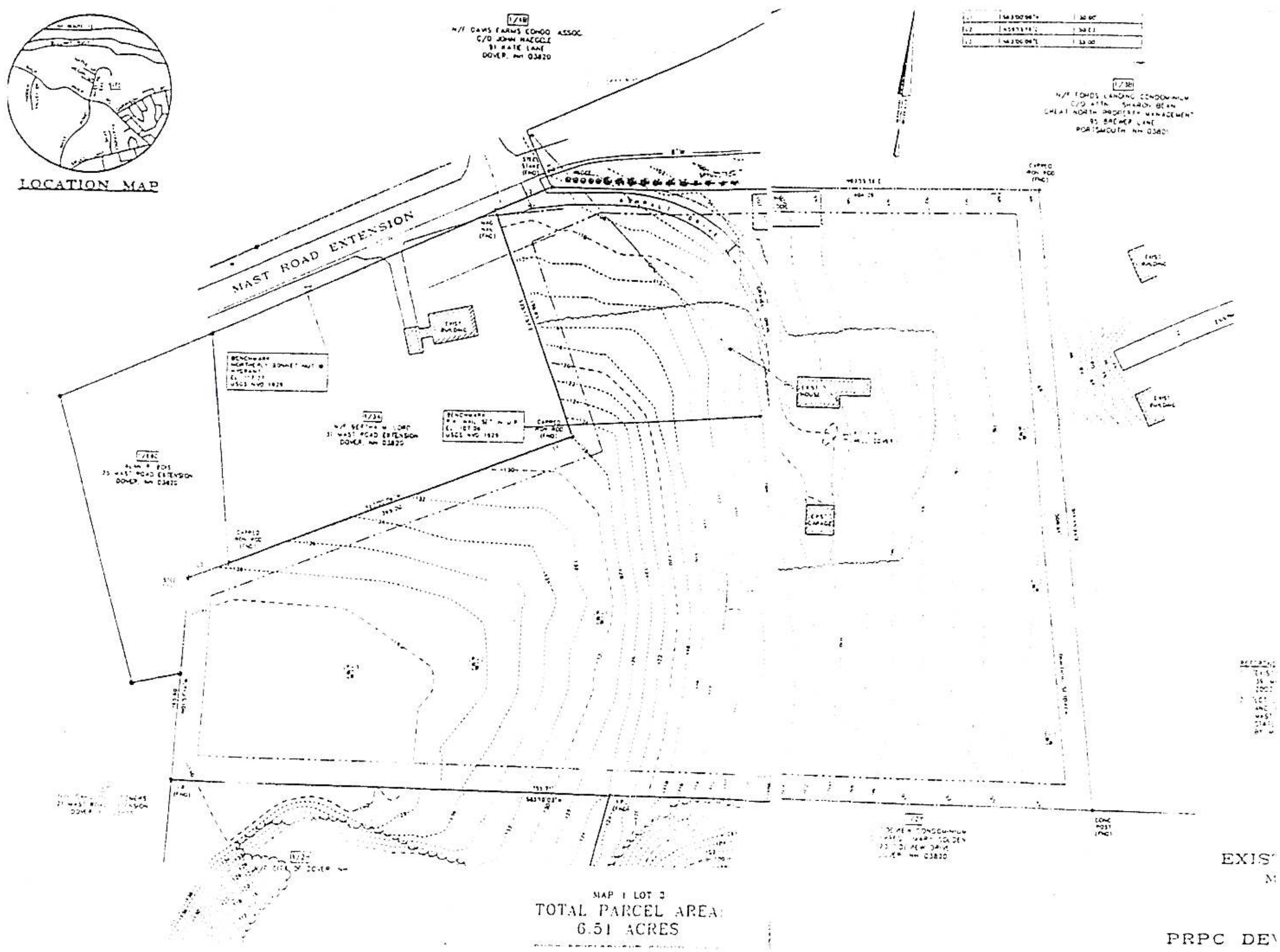
LOCATION:	End of Mast Road Extension City of Dover Strafford County, New Hampshire		
DATE OF SALE:	October 2, 2004	SALE PRICE:	$816,000
LAND AREA:	6.51 Acres	UNIT PRICE:	$38,857
SELLER:	Michael L. Hill, Trustee 12 River Road Rollinsford, New Hampshire		
BUYER:	PRPC Development Group LLC 60 Farmington Road - Suite 400 Rochester, New Hampshire		
DEED RECORDING:	Strafford County Deed 3044, Page 960		
TAX MAP:	P/O 4-46 (Map 1, Lot 3 - File 179, Drawing 4138)		

DESCRIPTION:

This is the sale of an irregular shaped site located at the end of Mast Road Extension. The immediate area is a quiet residential neighborhood of detached single family homes and condominiums. The site has minimal frontage along the south side of Mast Road Extension. The site begins at road grade and slopes down gradually from west to east. The site is largely cleared and appears well suited to development. Zoning is RM-12, multi-family residential.

The development was first put in front of the Planning Board in 2004. Subsequently in September, 2005, the property was approved for 21 units, of which six (6) are duplexes (townhouses) and nine are single units. The development is under construction as of this writing.

COMPARABLE SALE 2



COMPARABLE SALE 3

LOCATION:	South side of Tolend Road, east side of Columbus Avenue City of Dover Strafford County, New Hampshire		
DATE OF SALE:	September 22, 2006	SALE PRICE:	$1,550,000
LAND AREA:	42± Acres	UNIT PRICE:	$21,528
SELLER:	Stanley B. & Joyce E. Goldberg 17555 Atlantic Blvd. - #607 Sunny Isles Beach, Fl.		
BUYER:	Tolend Road Properties LLC 210 Commerce Way - Suite 150 Portsmouth, New Hampshire		
DEED RECORDING:	Strafford County Deed 3440, Page 278		
TAX MAP:	G24J, G24J-1, G24J-2, G24J-4, G24J-5, G24J-6		

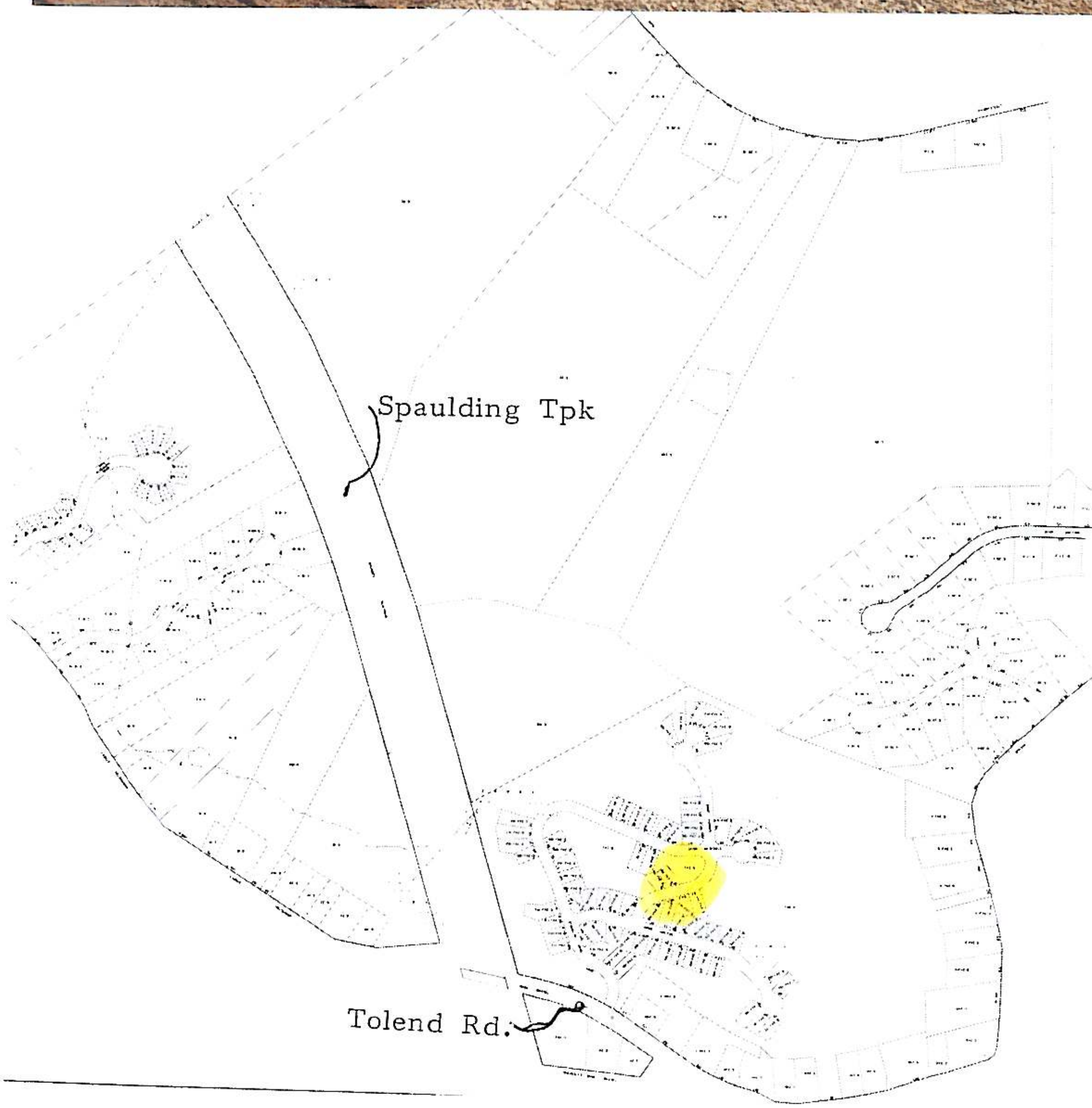
DESCRIPTION:

This is the sale of four adjoining lots and a 38 acre tract of raw land located along the south side of Tolend Road, the west side of Spaulding Turnpike, and the east side of Columbus Avenue. The four sites are generally rectangular in shape and vary in size from 0.69 - 1.34 acres, while the 38 acre tract is irregular shaped and abuts the four sites. Each of the four sites has at least 100 feet of frontage, while the 38 acre tract has 97.88 feet of frontage along Tolend Road, and 147.38 feet along Columbus Avenue. The terrain is lightly wooded and rolling near Spaulding Turnpike, but generally level from Columbus Avenue. Zoning is R20 residential (20,000 SF min. lot size).

The property received approvals in mid-2005 for a 72 unit senior housing complex. Site work on the development has begun in early 2007.

Site sizes are: G24J-1, 30,128 SF; G24J-2, 30,613 SF; G24J-4, 35,838 SF; G24J-5, 36,152 SF; G24J-6, 58,253 SF.

COMPARABLE SALE 3



COMPARABLE SALE 4

LOCATION:	Both sides of Worthen Road, Off Mill Road Town of Durham Strafford County, New Hampshire		
DATE OF SALE:	January 29, 2004	SALE PRICE:	$1,643,000
LAND AREA:	42.3 Acres	UNIT PRICE:	$32,860
SELLER:	John H. Farrell, Trustee of Sprucewood Realty Trust 8 Little John Road Durham, New Hampshire		
BUYER:	Sandy Brook Corporation 8 Newmarket Road - Suite 2 Durham, New Hampshire		
DEED RECORDING:	Strafford County Deed 2934, Page 579		
TAX MAP:	13/14/14,15		

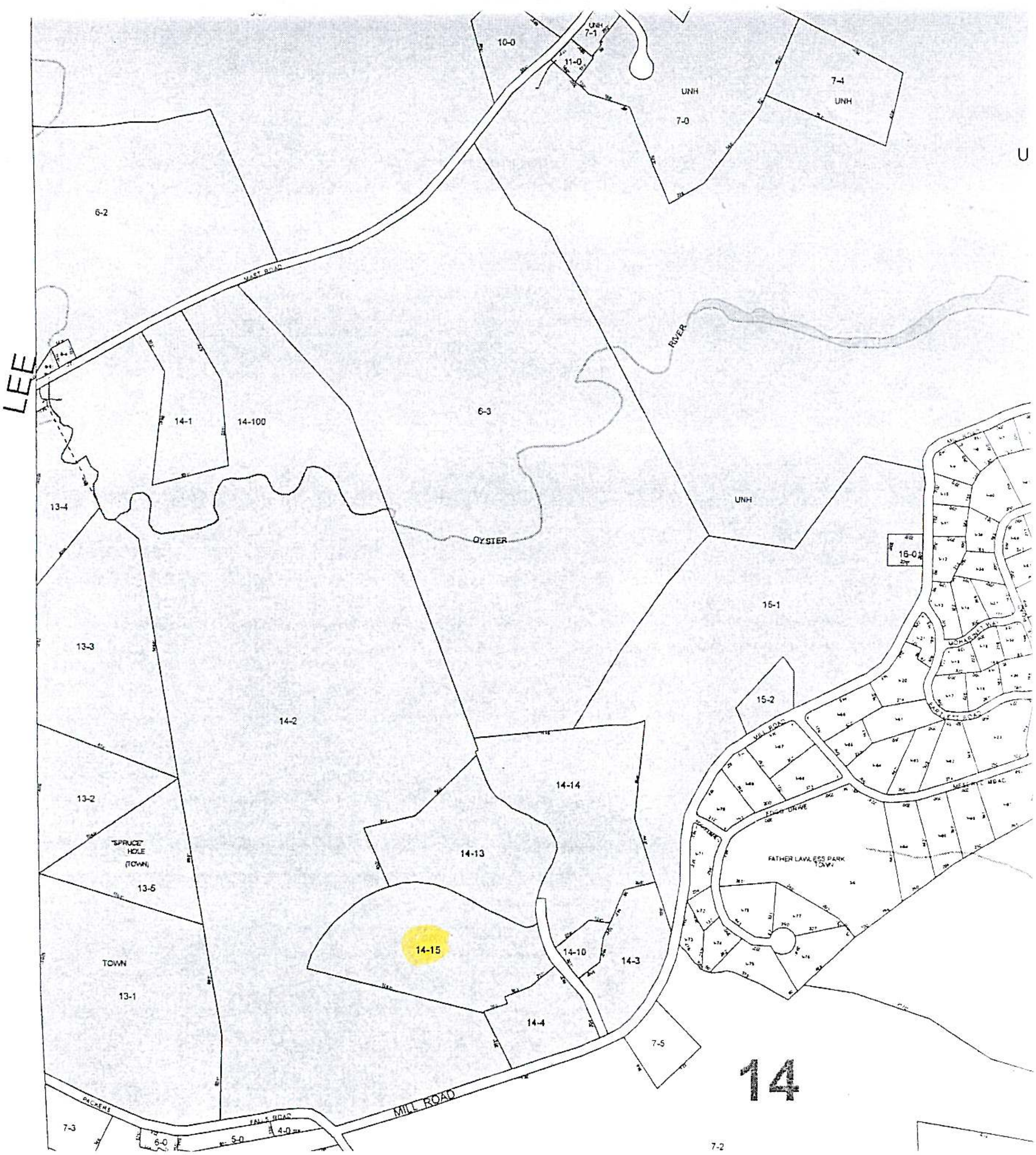
DESCRIPTION:

This is the sale of two irregular shaped tracts of lands located on either side of Worthen Road in the western part of the town. The site is adjacent to The Inn at Spruce Wood, a senior living home located at the end of Worthen Road. The property slopes up gently from road grade with terrain that is mostly level to gently rolling. The site is wooded and appears well suited to development. Zoning is R40 residential.

The property sold with subdivision approval for 50 dwellings, all of which have minimum age eligibility requirements.

COMPARABLE SALE 4

NO PHOTO PER OWNER"S REQUEST



COMPARABLE SALE 5

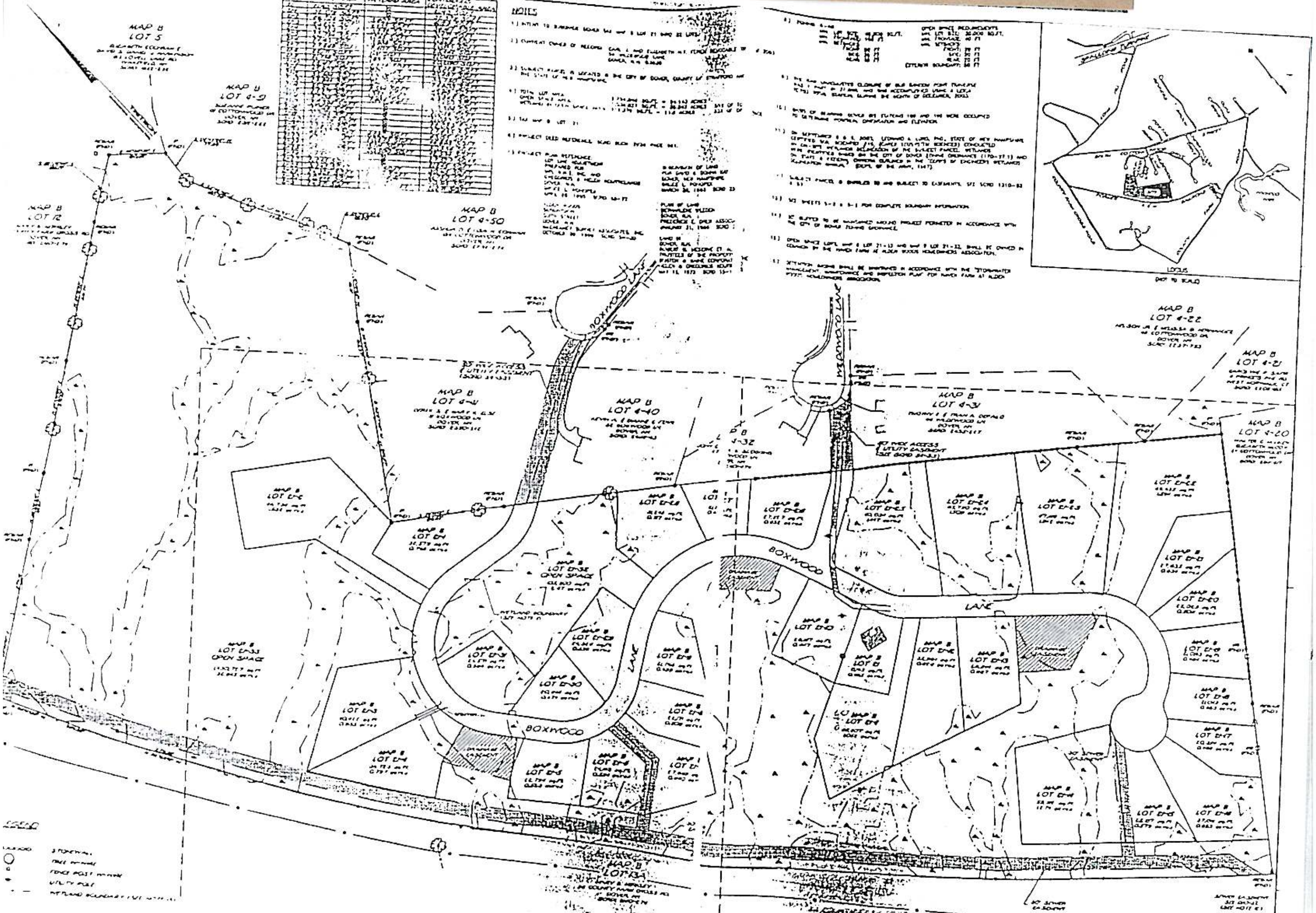
LOCATION:	End of Boxwood and Wildwood lanes City of Dover Strafford County, New Hampshire		
DATE OF SALE:	June 20, 2005	SALE PRICE:	$1,085,000
LAND AREA:	63.8 Acres	UNIT PRICE:	$35,602
SELLER:	Elizabeth H.T. & Carl J. Feren, Trustees 56 Wildwood Lane Dover, New Hampshire		
BUYER:	Fairhaven Development Associates, LLC 28 Hubbard Road Dover, New Hampshire		
DEED RECORDING:	Strafford County Deed 3308, Page 254		
TAX MAP:	P/O 4-42 (Map B, Lot 21 - Deed Plans 80-35, 80-36)		

DESCRIPTION:

This is the sale of an irregular shaped tract of land located at the end of an existing residential development in an suburban neighborhood. Known locally as Haven Farms, the site is located at the end of two cul-d-sacs that were opened to be extended into the subject tract. The terrain varies from level to gently rolling and is lightly wooded. There are large wetland areas scattered throughout the site. All municipal utilities are available, and zoning is R40, residential.

The property received subdivision approvals in December, 2004 for 32 units. Approximately 55% of the property remained undeveloped open space, with most of the lots in the 0.5 - 1.5 acre size range.

COMPARABLE SALE 5



SALE OFFERING 1

LOCATION:	Old Center Road South Town of Deerfield Rockingham County, New Hampshire		
DATE OF OFFERING:	Current	OFFERING PRICE:	$1,250,000
LAND AREA:	26.32 Acres	NUMBER OF UNITS:	44
UNIT PRICE:	$28,409		

DESCRIPTION: This is the offering of a fully approved 44 unit senior housing condominium complex known as Deerfield Place. Wells have already been drilled on the property, and the property is being offered with full engineering plans and a construction pro-forma. The property has 322 feet of road frontage and is in a relatively rural location.

SALE OFFERING 2

LOCATION:	On the Bellamy River City of Dover Strafford County, New Hampshire		
DATE OF OFFERING:	Current	OFFERING PRICE:	$1,250,000
LAND AREA:	4.27 Acres	UNIT PRICE:	$27,777
# OF UNITS (EST.):	45 - 60		

DESCRIPTION: This is the offering of a wooded waterfront site that is currently improved with two old wood frame duplex homes in poor condition. Reportedly the property has one acre on the river, and the property is zoned UMUD (Urban Multiple Use District) which allows for high density development with no open space requirement. Based on current zoning, the broker has indicated that the property could support approximately 45 residential units, although preliminary discussions with the Planning Board indicate that up to 60 units might be feasible.

MLS # 242781 Deerfield, NH |

Deerfield, NH, Deerfield NH, Major Price Reduction! Fully approved 44 unit Senior Housing condo complex in picturesque Deerfield NH. Motivated seller offering financing! Easy access to Manchester, Concord and Seacoast. Full engineering plans and construction pro-forma available. Wells installed. Submit an offer!

approved 44 Units @ $28,409/Unit = $1.25mm
Senior housing

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offering ?

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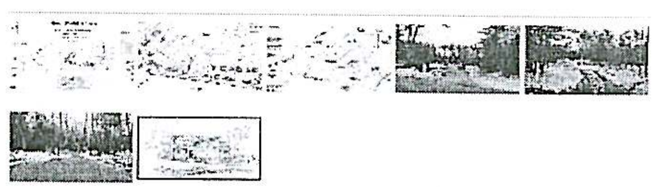
Deerfield, NH
Major Price Reduction! Fully approved 44 unit Senior Housing condo complex in picturesque Deerfield NH. Motivated seller offering financing! Easy access to Manchester, Concord and Seacoast. Full engineering plans and construction pro-forma available. Wells installed. Submit an offer!

MLS # 242781 offered at $1,250,000

For more information please call Laurel Trzaskoma at (603) 793-6594 or click to contact me



Essentials

MLS#: 242781

Price: $1,250,000

Rooms:

Lot Size: 26.32 acres

Taxes: $4,544

Baths:

Half Baths:

Location: Deerfield, NH

Status: Current

Bedrooms:

Color:

Style:

Three Quarter Baths:

Property Toolbox

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Deerfield, NH Schools
Deerfield, NH Map

Please Contact

Real Estate Property Details | MLS #253388 Dover, NH

Dover, NH, Dover NH, 3 plus acres with two duplexes ,only one unit used,in need of updating.zoning UMUD,high density use . 45 + unit potential . 1 acre on Bellamy River,water and sewer on property.

4.27 Ac

Urban multiple Use District
(UMUD)
no open space required in
this district

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Dover, NH

3 plus acres with two duplexes ,only one unit used,in need of updating.zoning UMUD,high density use . 45 + unit potential . 1 acre on Bellamy River,water and sewer on property.

MLS # 253388 offered at $1,250,000

For more information please call Julie Dufault at (603) 661-2027 or click to contact me

< prev next >

Click for address

Essentials

MLS#: 253388	Location: Dover, NH
Price: $1,250,000	Status: Current
Rooms:	Bedrooms:
Lot Size: 4.27 acres	Color:
Taxes: $8,502	Style:
Baths:	
Half Baths:	Three Quarter Baths:
Finished Square Feet:	Square Feet Above Ground:
Square Feet Below	Footprint:

Property Toolbox

- Add to Favorites
- View Favorites
- Send Listing to Friend
- Print Property Flyer
- Request More Info
- Mortgage Calculator
- Dover, NH Schools
- Dover, NH Map

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ADDENDA

DEFINITION OF MARKET VALUE

The Appraisal of Real Estate, Ninth Edition, 1987, (Page 19) published by the American Institute of Real Estate Appraisers, defines market value as:

> "The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Fundamental assumptions and conditions presumed in this definition are:

1. Buyer and seller are motivated by self-interest.
2. Buyer and seller are well informed and are acting prudently.
3. The property is exposed for a reasonable time on the open market.
4. Payment is made in cash, its equivalent, or in specified financing terms.
5. Specified financing, if any, may be the financing actually in place or on terms generally available for the property type in its locale on the effective appraisal date.
6. The effect, if any, on the amount of market value of atypical financing, services, or fees shall be clearly and precisely revealed in the appraisal report.

PROPERTY RIGHTS APPRAISED

The valuation in this report is of the fee simple title of the property. Fee simple title is the most complete form of ownership of real estate, implying complete possession subject only to the four universally applicable powers of government:

1. The power of taxation.
2. The power of eminent domain - the right of government to take private property for the public benefit through condemnation.
3. Police power - the right to regulate property through zoning and building codes, traffic violations, and sanitary regulations.
4. Escheat - the right of the government to assume possession of property when the owner does not pay taxes or dies with no known heirs ascertainable.

The rights which fee simple title implies include, but are not limited to, the right to occupy the property, lease it, assign it, restrict its uses by others, pledge it as collateral for a loan (mortgage it), leave it to designated heirs, and sell it.

ASSUMPTIONS AND LIMITING CONDITIONS

This report has been prepared solely for the use of the client identified in the letter of transmittal and for the purpose stated. No other parties may assume rights to use, reproduce or distribute any information in this report without express authorization from American Property Counselors.

This appraisal was prepared under the following assumptions:

1. There are no encumbrances, encroachments or defects of title and the property has a marketable title which would be acceptable to a title insurance company doing business in the State of New Hampshire.

2. Ownership and management are in competent, responsible hands.

3. The property identification and legal description furnished to or researched by American Property Counselors is correct. Other reasonable information furnished to American Property Counselors by others is assumed to be reliable.

4. The property is free and clear of all liens, except as may be noted in this report.

5. We relied on budget information provided to us regarding development and construction costs, potential house prices, rents and values for commercial buildings. This information was reviewed and deemed reasonable, but was not independently verified.

6. This property is affected by a river dredging project along its waterfront. As of the valuation date, construction equipment related to the project is being stored on the subject land. The subject land cannot be developed until that equipment is removed, which removal may be delayed until the dredging project is completed. For this appraisal we have ignored the stored equipment and assumed that the dredging has been completed and all equipment removed. Time delays relating to the dredging project could have an adverse impact on this property's current market value.

7. The value conclusions assume that the property has conceptual approvals for Dover Landing, in substantially the same format as proposed in January 2007.

8. The property complies with applicable use, zoning and environmental regulations except as otherwise noted.

9. There are no concealed conditions or defects which would render this property more or less valuable than other similar properties.

This appraisal is subject to the following limiting conditions:

1. This report is presented as an integrated whole. Using parts of this report out of context invalidates the appraisal.

2. The appraisers signing this report are not required to appear or testify in court with

reference to this property, unless prior arrangements have been made.

3. Measurements, land areas and building sizes in this report are stated to help the reader visualize the property. They are not authoritative and may not be accurate.

4. We have been advised that the City of Dover expects a buyer of this land to make public infrastructure improvements which may not be necessary for the development of this land alone. We have noted that a prudent buyer would allow for such costs, and adjust his bid price accordingly. However, we have not independently reviewed the city's public infrastructure demands or expectations, or their costs. We make no representation about actual infrastructure which might be demanded of a developer, or the effect that might have on the land's net market value today.

5. This is an analysis of issues relevant to the marketability and value of defined real estate interests. We make no representation of engineering or legal expertise, only expertise in market analysis and valuation.

6. No soil analyses or geological studies were ordered or made by the appraisers as part of this assignment, nor were any water, oil, gas, coal or other subsurface minerals or rights investigated.

7. The existence of potentially hazardous materials such as urea formaldehyde foam, lead-based paint, asbestos or toxic waste has not been considered. The appraisers are not qualified to detect or analyze such substances. We were advised that there is ground contamination on this property. We did not verify that independently but the property has been valued as if clean.

8. The existence of underground storage tanks and their contents has not been considered. The appraisers are not qualified to analyze such items. An environmental engineer should be retained to clarify any ambiguity about underground storage tanks.

9. All of the facts, observations and conclusions contained in this report are consistent with information available as of the date of appraisal. The market value of real estate is affected by many related and unrelated conditions, local and national. No liability is assumed for sudden or unforeseen changes in the economy, legislation or governmental regulation which might influence the value of this property.

ASSESSMENT AND REAL ESTATE TAX INFORMATION

The subject is shown on City of Dover tax maps as part of Map 22 Lot 2. The current tax assessment is:

Land	$323,700
Improvements	567,000
Total	$890,700

At the latest tax rate of $18.72, current real estate taxes are $16,673.90. It should be noted that our subject property is only a portion of this parcel, and it has not been formally subdivided.

The assessment and taxes are for 29.10 acres total.

. We have not attempted to forecast taxes on Dover Landing, either during or after construction. Those taxes will be determined by the City of Dover Assessor. We have assumed that property taxes have been included in the cash flow analyses we were furnished.

LOCAL ZONING INFORMATION

The subject property is governed by zoning regulations of the City of Dover, Chapter 170 of the Municipal Code. The property is zoned CWD, Cocheco Waterfront District.

Permitted uses

Uses permitted in this zone are single family dwellings, two-family dwellings, three-four family dwellings, multi-family dwellings, bank, bed and breakfast, commercial parking facility, commercial recreation facility, eating and drinking establishments, hotel/motel, marina, office, personal service establishment, retail store, theater, waterborne passenger transportation facility, water related education/resource center, child care facility and post secondary educational institution.

Uses permitted by Special Exception include conversion of existing dwellings to accommodate additional residential units and helicopter take offs and landings.

Specific zoning standards

Minimum lot area -	None
Minimum lot frontage -	None
Minimum front building setback -	None
Minimum rear building setback -	None
Minimum side building setback -	None
Maximum setback to abutting street -	None
Maximum lot coverage -	0.75 (100% south of Cocheco River)
Maximum building height -	55 feet

Comments: The CWD zoning is extremely flexible and allows for high density development. It demonstrates the city's desire to promote redevelopment of the downtown waterfront, and we expect that this zoning would be perceived as enhancing the marketability and value of the subject property.

This appraisal assumes that there is conceptual approval for development of Dover Landing, in substantially the same form as proposed in the January 2007 plan. That plan has been designed to conform with existing zoning and we assume that the plan legally conforms with zoning.

SCOPE OF THE APPRAISAL

This appraisal is the result of observation, research, data assembly and interpretation by trained and experienced real estate analysts. At the start of the appraisal assignment information was obtained in a systematic manner from a number of sources.

Inspection and Observation - The subject property was inspected in detail, then field inspections and classifications were made of the immediate area, the community and the surrounding locale. The objective of these on-site inspections was to itemize the attributes and potential uses of the subject property, and to judge its conformance with and suitability for its location. Field inspections of properties which compete with the subject were also made. When sale properties were identified and deemed suitable for use in the appraisal, these were also visited and inspected to judge their attributes relative to the worth of the subject.

First Level Research - Supporting data for the appraisal was assembled from sources such as:

> Interviews - Personal interviews were held with a representative of the subject property owner for first-hand impressions of the property, its functional and economic performance. Discussions were also initiated with individuals active in the real estate market such as brokers, property managers, lenders and appraiser colleagues. Buyers and sellers were traced through documentation on property sales, sale particulars were verified and principals were interviewed about their motivations and perceptions of the market.
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> Government records - Deeds and other land records are documentary proof of real estate market activity and were relied on heavily. Similar information was also gathered from local tax assessors, building inspectors and other officials who compile vital statistics pertinent to the real estate market. A primary objective of this research was to find and investigate actual real estate transactions that could be incorporated in the appraisal.

Second Level Research - American Property Counselors monitors supporting material on real estate and business conditions to provide a context for all appraisal work.

> Newspapers and magazines - Local, regional, national and international events all influence the economic climate and real estate values. Because real estate transactions are few and slow to reach completion, the effects of an event or trend on the real estate market usually take a long time to show. This makes overall awareness critical to effective real estate appraisal.
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> Professional journals - Subscriptions to a variety of specialized real estate and appraisal publications are maintained for the appraisers' use. Many of these include articles by working appraisers who contribute their observations, conclusions and new ideas to further the progress of the appraisal industry. Members of American Property Counselors write and contribute articles regularly to nationally recognized journals.
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> In-house files - Computerized files on thousands of real estate transactions are compiled and sorted into 150 different categories. These files are updated and expanded continually to keep abreast of values for all types of property values, land use patterns

and long term price trends. In-house files are often the starting point for each appraisal. During the course of each appraisal assignment, new sales found in the field are entered in the file for possible use at another time.

Library sources - An in-house library is maintained with surveys and professional studies on local market conditions, statistics on marketing, demographics, retail sales and labor statistics. Computer internet access is also available for information furnished by private information suppliers and public agencies which can be related to specific geographic areas.

PROFESSIONAL QUALIFICATIONS
HARVEY D. COHEN

Professional Affiliations
Appraisal Institute - MAI Designation
New York State Certified Real Estate General Appraiser

Experience

1989 - Present	Senior Appraiser, American Property Counselors
1986 - 1989	Lakewood Appraisal Corporation, a subsidiary of Progressive Bank Corporation (NASDAQ) Manager, Commercial Division, 1988 - 1989 Staff Appraiser, 1986 - 1987
1985 - 1986	Vantage Funding Company, Mortgage Loan Officer
1984 - 1985	Key Associates Realtors, Inc., Real Estate Salesman

Professional Training
Appraisal Institute (American Institute of Real Estate Appraisers)
- Report Writing and Valuation Analysis
- Case Studies in Real Estate Valuation
- Capitalization Theory and Techniques
- Real Estate Risk Analysis
- Money Markets and Real Estate
- Standards of Professional Practice
- Mortgage Equity Analysis
- Analyzing Commercial Lease Clauses
- Litigation Skills for the Appraiser
- Rates and Ratios
- Appraisal Consulting: A Solutions Approach for Professionals
- Scope of Work: Expanding Your Range of Services

Society of Real Estate Appraisers
- Introduction to Appraising Real Property
- Applied Residential Property Valuation
- Professional Practice Seminars

I have successfully completed courses and seminars concerning shopping center development and leasing, computer-assisted valuation techniques, real estate law and brokerage.

I have written and conducted seminars sponsored by the Northeast Regional Association of Assessing Officers and the New York State Association of Assessing Officers.

My article on the valuation of water rights appeared in the "Appraisal Journal" of July 1996.

Educational Background
B.A., New York University, Washington Square College, 1969
M.A., Columbia University, 1972

PROFESSIONAL QUALIFICATIONS
KENNETH L. GOLUB

Professional Affiliations
American Society of Real Estate Counselors - CRE Designation
Appraisal Institute - MAI Designation
Westchester County New York Board of Realtors

Services Provided
Investment analysis; valuation for buyers, sellers and lenders; studies for eminent domain takings; appraisals for tax assessment; gift and estate tax appraisals; appraisals for easement acquisitions for sewers and electric power lines, scenic and conservation easements; feasibility studies, market studies; distressed property workout strategies; property investment counseling, leasing arrangements; asset allocation and property exchanges.

I have analyzed properties throughout the United States and prepared intensive studies of the impact of electric power lines, communications towers, highways and conservation easements.

Career Experience
Partner, American Property Counselors since 1987.

President of Golub Appraisal Company, Mount Kisco, New York, specializing in the preparation of real estate appraisals, and counseling relating to real estate matters (1972-1987).

Manager of New York office of C. L. Orbaker and Associates, Inc., a real estate appraisal firm with offices in Connecticut, New Jersey, New York and Pennsylvania (1970-1972).

Staff Appraiser with Thorne Appraisal Service, Inc., Binghamton, New York for two years (1968-1970).

Expert Testimony
I have appeared and been qualified as an expert witness at legal proceedings involving condemnation, tax certiorari and business dissolutions in various jurisdictions in New York, Connecticut, New Jersey and Pennsylvania.

Publications
Articles I have written on valuation related topics have appeared in "The Appraisal Journal," "The Real Estate Appraiser and Analyst," "The Appraisal Review Journal" and "The Journal of Property Tax Management."

Teaching
Faculty Member, American Institute of Real Estate Appraisers. I have written and conducted seminars sponsored by the National Association of Review Appraisers and Mortgage Underwriters, the Northeast Regional Association of Assessing Officers and the New York State Association of Assessing Officers.

CLIENTS WE HAVE SERVED

Corporations
Agway, Inc.
Akindale Farms, Inc.
American Maize Corp.
Atlantic Mutual Insurance Co.
Bancroft & Martin
Bell Atlantic Mobile Corp.
Boise Cascade
Bowater Corp.
BP Oil Co.
Cellular One
Chase Enterprises
Chrysler Corporation
Cibro Petroleum, Inc.
Citgo
Clough Harbour Associates
Con Edison
Continental Insurance Company
Cumberland Farms
Doctor's Sunnyside Hospital
Ellaneff Manufacturing Corp.
Financial Guaranty Insurance Company
Getty Oil
Hackensack Water Co.
Holliday Fenoglio
I.T.T. Corp.
International Business Machines Corp.
KOSCO
McGraw Hill
Meenan Oil Co.
Mobil Oil Corp.
Modern Maid Corporation
New York State Electric & Gas Corp.
Northville Petroleum, Inc.
Pfizer, Inc.
Presidential Realty Corp.
Prudential Insurance Co. of America
Reynolds Metals Company, Inc.
Shell Oil Corp.
Sprint PCS
Star Enterprise, Inc.
Stony Lodge Hospital, Inc.
Texaco, Inc.
United Parcel Service
Westinghouse Electric Corp.
Wyatt Oil Co.

Financial Institutions
AMRESCO
Bank of Baltimore
Bank of New York
Chase Manhattan/Chemical Bank
Citibank
EQ Services, Inc. (Equitable)
Fleet Bank
General Electric Credit Corp.
Holliday & Fenoglio
J. P. Morgan Interfunding Corp.
Marine Midland Bank
Morgan Guaranty Trust Co.
National Westminster Bank
Norwest
RECOLL Management, Inc.
United Jersey Bank

Trusts
AMB Institutional Investors
Mid-Hudson Medical Group, P.C.
Open Space Institute
Scenic Hudson, Inc.
The Nature Conservancy
The Trust for Public Land
The New School for Social Research

Attorneys and Accountants
Andora, Palmisano & Geany
Bond, Schoeneck & King, LLP
Cadwalader, Wickersham & Taft
Corbally Gartland & Rappleyea
Danziger & Markoff
Fleischman & Mushett
Gellert & Cutler
Hall Dickler Kent Friedman, P.C.
Herzfeld & Rubin
John Rubin, Esq.
John F. Burkhardt, Esq.
Karcher Rainone, P.C.
Kirshon & Shron
Maroney, Ponzini & Spencer
Nixon Hargrave Devans & Doyle
Nolan & Heller
Paul Bergins, Esq.
Plunkett & Jaffe
Podell, Rothman, Schechter & Banfield
Raymond Kuntz, P.C.
Richard Blancato, Esq.
Shanley & Fisher
Sperduto & Spector
Tofl, Saxl & Berenson, P.C.
VanDeWater & VanDeWater
Wilson, Elser, Moskowitz, Edelman & Dicker

CLIENTS WE HAVE SERVED

Federal Agencies
Federal Deposit Insurance Corporation
Resolution Trust Corporation
U.S. Dept. of Agriculture, Forest Service
U.S. Dept. of the Interior, National Park Service
United States Postal Service

State Agencies
New York State Power Authority
New York State Thruway Authority
NJ Transit
Palisades Interstate Park Commission
Port of Seattle, Washington
Illinois Dept. of Transportation
NYS OMRDD
NYS Dormitory Authority
NYS Office of Mental Health
Connecticut Dept. of Transportation
NYS Office of the Attorney General
NYS Facilities Development Corporation
NYS Dept. of Environmental Conservation
State University of New York
NYS OPRHP
NJ Green Acres Program
NJ Dept. of Transportation
NYS Dept. of Transportation

Local Governments
Arlington (N.Y.) School District
Borough of South Plainfield, N.J.
Broome County, N.Y.
City of Mt. Vernon, N.Y.
City of Portsmouth, N.H.
City of Poughkeepsie, N.Y.
City of White Plains, N.Y.
City of Yonkers, N.Y.
Orange County, N.Y.
Orangetown School District
Pearl River School District
Putnam County, N.Y.
Town of Pelham, N.Y.
Town of Ossining, N.Y.
Town of Mount Pleasant, N.Y.
Town of Eastchester, N.Y.
Town of Orangetown, N.Y.
Town of Stony Point N.Y.
Town of Greenburgh, N.Y.
Town of Pleasant Valley, N.Y.
Town of Newington, N.H.
Town of Lagrange, N.Y.
Town of Fishkill, N.Y.
Town of Poughkeepsie, N.Y.
Town of Ramapo, N.Y
Town of Cortlandt, N.Y.
Township of Edison, N.J.
Village of Pelham Manor, N.Y.
Village of Tuckahoe, N.Y.
Village of Elmsford, N.Y.
Village of Mamaroneck, N.Y.
Village of Dobbs Ferry, N.Y.
Village of Tarrytown, N.Y.
Westchester County, N.Y.