

**A REAL ESTATE
APPRAISAL REPORT OF:**

THE CITY OF DOVER PROPERTY
“THE DOVER WATERFRONT PARCEL”
APPROXIMATELY 21.0 ACRES OF LAND
APPRAISED BASED ON SEVERAL
HYPOTHETICAL CONDITIONS AND
EXTRAORDINARY ASSUMPTIONS

LOCATED ON:
31 RIVER STREET
DOVER, NH 03820

PREPARED FOR:
MR. MICHAEL JOYAL
CITY MANAGER
CITY OF DOVER
288 CENTRAL AVENUE
DOVER, NH 03820

PREPARED BY:
BRIAN W. WHITE, MAI

AS OF:
APRIL 26, 2007

WHITE APPRAISAL

Real Estate Appraising & Consulting

May 14, 2007

Mr. Michael Joyal
City Manager
City of Dover
288 Central Avenue
Dover, NH 03820

RE: The City of Dover property
“The Dover Waterfront Parcel”
Approximately 21.0 acres of land appraised based on several
hypothetical conditions and extraordinary assumptions
31 River Street
Dover, NH 03820

Dear Mr. Joyal:

In accordance with our written agreement, dated March 15, 2007, I have prepared for you an appraisal on the above referenced property for the purpose of estimating the market value of the subject property, based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet, based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007, and the market value of the subject property based on its Highest and Best Use and based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007. The property’s legal description together with a definition for market value and other important appraisal terminology is presented in the section of the report titled, “Nature of the Assignment”. Your attention is also directed to the sub-section titled, “Assumptions and Limiting Conditions” which further identifies the scope and use of this report. In addition to a careful physical inspection and analysis of the appraised property, other matters considered pertinent to and indicative of market value have been examined. Such influences include social, economic, governmental and environmental characteristics of the neighborhood together with an assessment of pertinent market trends and market sales.

The accompanying complete summary report summarizes the findings and conclusions, together with maps, plats, photographs and other exhibits which are considered essential in explaining the basis for a final conclusion of value.

Based on the foregoing investigation and analysis, it is my opinion that the market value of the subject property, based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet, based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007, is:

Four Million One Hundred Thousand Dollars
\$4,100,000

The market value of the subject property, based on its Highest and Best Use and based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007, is:

Six Million Dollars
\$6,000,000

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brian W. White", is written over a solid black horizontal line.

Brian W. White, MAI
NHCG-#52

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Summary of Salient Facts and Conclusions

<i>Date of Appraisal:</i>	April 26, 2007
<i>Subject Property:</i>	The City of Dover property “The Dover Waterfront Parcel” Approximately 21.0 acres of land appraised based on several hypothetical conditions and extraordinary assumptions 31 River Street Dover, NH 03820
<i>Zoning:</i>	“CWD” (Cocheco Waterfront District)
<i>Current Use:</i>	Approximately 21.0 acres of land utilized by the City Dover for material and vehicle storage.
<i>Highest and Best Use:</i>	Assumed to be for a mixed use development (based on the Concept Plan dated January 22, 2007) or for a residential development (based on the maximum development plan prepared by Norway Plain Associates).
<i>Site Size:</i>	Approximately 21.0 Acres
<i>Purpose of Appraisal:</i>	To estimate the market value of the subject property, based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet, based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007 and the market value of the subject property based on its Highest and Best Use and based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007.
<i>Intended Use of Appraisal:</i>	The intended use of this appraisal is to assist the City of Dover with valuing the parcel for a pending sale of the subject property to a developer (Dickinson Development).
<i>Development Approach:</i>	\$3,950,000 (Market Value - Concept Plan) \$6,350,000 (Market Value - Highest and Best Use)
<i>Sales Comparison Approach:</i>	\$4,450,000 (Market Value - Concept Plan) \$4,720,000 (Market Value - Highest and Best Use)
<i>Final Value Estimates:</i>	\$4,100,000 (Market Value - Concept Plan) \$6,000,000 (Market Value - Highest and Best Use)

Competency Statement

The following statement was prepared by Brian W. White to address the appraiser's competency to appraise the subject property which is a 21.0 acre parcel of land to be developed with a mixture of commercial and residential space located on River Street in Dover, New Hampshire.

I have been appraising commercial and residential property in the subject's area for the past twenty-three years. For a period of five years I was the manager of the Appraisal Division of Finlay Appraisal Services in Portsmouth, New Hampshire. In 1989 I opened White Appraisal located in Dover, New Hampshire. From this central location, I appraise commercial properties located in York County, Maine and Strafford and Rockingham County, New Hampshire.

I am a Certified General Appraiser with both the State of New Hampshire (#NHCG-52) and the State of Maine (#CG-716).

I have obtained the MAI (member of the Appraisal Institute) designation. This is the highest designation awarded by the Appraisal Institute (MAI Member #9104). I participate in continuing education programs as required for designated members of the Appraisal Institute.

I have been appraising commercial and residential property in the Strafford County area of New Hampshire since 1984. During this period, I have appraised a variety of commercial and residential developments. I have appraised dozens of commercial and residential developments somewhat similar to the subject. During the past three years, I have appraised several multi-unit residential developments and several large scale retail or office developments located in the greater Seacoast area. I am very familiar with the three approaches to estimating value and how they particularly apply to the valuation of this type of property.

SCOPE OF THE APPRAISAL

The Scope of the Appraisal is defined as “the extent of the process of collecting and reporting data”.

Appraisal Problem:

The subject property is approximately 21.0 acres of land located on 31 River Street in Dover, New Hampshire. The subject property is currently proposed for development with a mixed use (commercial and residential) development. The development is based on a Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet. The plans calls for developing the parcel with 182 residential units, 60,000 square feet of retail, office and restaurant space, and an additional 20-25 residential townhouse units, located on the “Bluffs” portion of the parcel. The client has requested estimates of market value for the subject property based on two value scenarios. The first value estimate will be based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet, with several hypothetical conditions and extraordinary assumptions. The second value estimate will be based on the subject’s Highest and Best Use with several hypothetical conditions and extraordinary assumptions.

Intended Use of the Appraisal:

The intended use of this appraisal is to assist the City of Dover with valuing the parcel for a pending sale of the subject property to a developer (Dickinson Development).

Intended User of the Appraisal:

This appraisal report was prepared for the exclusive use of the City of Dover. This report is not intended for any other use. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this appraisal, are the sole risk of the third party. White Appraisal accepts no responsibility for damages suffered by any third party as a result of reliance on, decisions made, or actions taken based on this report.

Property Inspection:

In this appraisal assignment the collection process began with obtaining data on the subject property. Initially, this was done by gathering recorded information on the subject property as follows:

1. A copy of the current tax assessment card is obtained for the assessor’s office.
2. Municipal data (zoning map and zoning regulations) is gathered which addresses the current zoning of the subject property.
3. Copies of the current deed for the subject property are obtained form the registry along with copies of any pertinent older deeds, easements, or recorded site plans.
4. Copies of numerous documents on the Dover Waterfront property were obtained from the client. These documents include: older site plans on the property; various concept site plans; proposed architectural plans prepared by Dickinson Development; the Cocheco Waterfront Design Charrette – 2005 Version; the Term Sheet dated April 18, 2007; and budget, cash flow and cost phasing prepared by Dickinson Development.

5. The subject property is inspected in order to collect additional data on the subject's site and improvements. In addition, information is collected on the subject's community and neighborhood from various state and private publications.

Data Research:

Market data utilized in this report has been collected to support each of the approaches to value. Comparable sales have been identified by researching sales data published by various Multiple Listing Services, and the local municipality. These transactions have been studied and all pertinent data confirmed by checking the recorded deeds and/or by contacting a party directly involved in the sales transaction. Real Estate Brokers, property owners, and other individuals who are knowledgeable with the marketplace have been contacted in order to obtain additional comparable data regarding current asking prices, pending sales, or leases of similar properties. The transactions deemed most meaningful to the valuation of the subject property have been utilized in the approaches to value.

Analyses Undertaken:

The analysis will utilize a Development Method and a Sales Comparison Approach. The Development Method will forecast the sell-out of the proposed condominium units taking into account the various incomes and expenses anticipated over the holding period. The Sales Comparison Approach will estimate component values for both the commercial and residential components of the subject property.

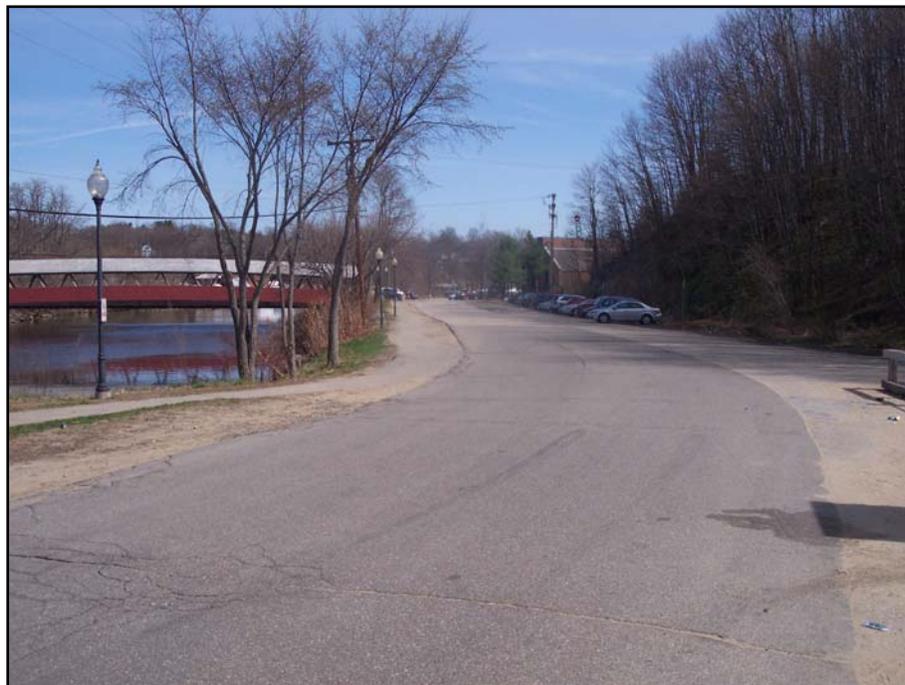
Reporting:

This complete appraisal is presented in a summary report format. The summary report summarizes the description of the subject property along with the market data and the valuation approaches.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



STREET SCENE - FRONT OF SUBJECT PROPERTY
Looking South on River Street - (4/07)



STREET SCENE - FRONT OF SUBJECT PROPERTY
Looking North on River Street - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – FUTURE LOCATION OF WASHINGTON STREET BRIDGE
Looking West - (4/07)



SUBJECT PROPERTY – FUTURE LOCATION OF WASHINGTON STREET
Looking East - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – WESTERN PORTION OF THE PARCEL
Looking South along the Cocheco River - (4/07)



SUBJECT PROPERTY – CENTRAL PORTION OF THE PARCEL
Looking Southeast - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – NORTHERN PORTION OF THE PARCEL
Looking East along the Cocheco River - (4/07)



SUBJECT PROPERTY – FUTURE LOCATION OF THE PIER
Looking Northeast along the Cocheco River - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – NORTHEASTERN PORTION OF THE PARCEL
Looking East toward storage buildings - (4/07)



SUBJECT PROPERTY – NORTHEASTERN BURIED WASTE REMOVAL AREA
Looking Northeast - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – THE FORMER QUARRY AREA & THE BLUFFS AREA
Looking Southwest from future location of Washington Street - (4/07)



SUBJECT PROPERTY – THE BLUFFS AREA
Typical vegetation located on the Bluffs - (4/07)

PHOTOGRAPHS OF THE SUBJECT PROPERTY



SUBJECT PROPERTY – POSSIBLE ACCESS TO THE BLUFFS
Looking West from Nantucket Court - (4/07)



SUBJECT PROPERTY – THE WASTE WATER PUMP BUILDING
Looking West from the future location of Washington Street - (4/07)

NATURE OF ASSIGNMENT

NATURE OF THE ASSIGNMENT

Identification of the Subject Property:

The subject property in this report is approximately 21.0 acres of land, owned by the City of Dover, located at 31 River Street in Dover, New Hampshire.

Purpose and Date of Appraisal:

To estimate the market value of the subject property, based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet, based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007 and the market value of the subject property based on its Highest and Best Use and based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007.

Property Rights Being Appraised:

The property rights being defined are those of Fee Simple. It is defined as:

“An absolute fee, a fee without limitations to any particular class of heirs or restrictions, but subject to limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.”

Ownership History:

The subject property is identified by the Dover Assessor’s Office as being Map 22, Lot 1. The subject property is currently owned by the City of Dover. They purchased the subject property from William Hale on January 19, 1859. This deed is recorded in the Strafford County Registry of Deeds as Book 225, Page 293. At the present time, a term sheet has been completed for the sale and development of the subject property (See Addenda). The total purchase price is \$4,617,000 to be paid as follows:

ITEM	AMOUNT
A. Cash payment to the City of Dover	\$1,000,000
B. Payment to DHA	\$200,000
C. Construction and funding of the Waterfront Park Improvements	\$2,117,000
D. Environmental Remediation funded by the Developer	\$500,000
E. Miscellaneous Public Benefits to include in the following order of priority: 1. Environmental Remediation costs jointly authorized by DHA, the City of Dover and the Developer in excess of the \$500,000 estimated/budgeted cost. 2. Odor Remediation improvements to the River Street Pump Station sewer facility. The current estimated/budgeted cost is \$200,000. 3. Relocation of the pedestrian bridge at the presently estimated/budgeted cost of \$500,000. 4. Supplemental Public Improvements to be agreed upon by the Developer and the DHA.	\$800,000
TOTAL PURCHASE PRICE:	\$4,617,000

Encumbrances:

Based on the most recent deeds and site plans for the subject property, there are no encumbrances on the subject property at the present time. The proposed development will have a retained access easement at a yet to be specified location that will allow for pedestrian and vehicular access to accommodate spring and fall boat commissionings by seasonal users of a possible future marina. There will be a possible future access easement located in the northwestern portion of the parcel that would provide pedestrian and vehicular access to an abutting parcel of land. There are no other known existing or proposed encumbrances on the subject property.

Definitions:

The definition of market value as defined by FIRREA is as follows:

Market Value:

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

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

Rules and Regulations, Federal Register, Vol.55, No.165, Pg.34696

Market Value “AS IS” on Appraisal date:

An estimate of market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.

Value “Upon Completion” on Appraisal Date:

The value of a property with all proposed construction, conversion, or rehabilitation, hypothetically completed, or under other specified hypothetical conditions, as of the appraisal date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy.

LIMITING CONDITIONS AND ASSUMPTIONS

This appraisal report is subject to the following assumptions and limiting conditions and to special assumptions set forth in various sections of the appraisal report. These special assumptions are considered necessary by the appraiser to make a proper estimate of value in accordance with the appraisal assignment and are made a part herein, as though copied in full.

- 1. *Limit of Liability:*** Liability of ***White Appraisal*** and employees is limited to the fee collected for preparation of the appraisal. There is no accountability or liability to any third party.
- 2. *Copies, Publication, Distribution , Use of Report:*** Possession of this report or any copy there of does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report (s) remain the property of the appraiser for the use of the client , the fee being for the analytical services only. The report may not be used for any purpose by any person or corporation other than the client or the party to whom it is addressed or copied without the written consent of ***White Appraisal*** and then only in its entirety.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations efforts, news, sales or other media, without the written consent and approval of ***White Appraisal***.

- 3. *Confidentiality:*** The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing (except as may be required by the Appraisal Institute or the State of New Hampshire Real Estate Appraisal Board, as they request in confidence for ethics enforcement or other appraisal review), or by a court of law or body with the power of subpoena.

This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis which are set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report will be made by anyone other than the appraiser, and the appraiser and firm shall have no responsibility if any such unauthorized change is made.

- 4. *Trade Secrets:*** This appraisal was obtained from ***White Appraisal*** and consists of "trade secrets and commercial or financial information" which is privileged, confidential, and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing the report or ***White Appraisal*** of any request to reproduce this appraisal in whole or in part.
- 5. *Information Used:*** No responsibility is assumed for accuracy of information furnished by or from others, the client, his designee, or public record. We are not liable for such information or the work of possible subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or form affidavit; all are considered appropriate for inclusion to the best of our factual judgment and knowledge.

6. ***Testimony, Consultation, Completion of Contract for Appraisal Services:*** The contract for appraisal, consultation or analytical service is fulfilled and the total fee payable upon completion of the report. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee.
7. ***Exhibits:*** The sketches and maps in this report are included to assist reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose and are not intended to represent the property in other than actual status, as of the date of the photos.
8. ***Legal, Engineering, Financial, Structural, or Mechanical nature, Hidden components, Soil:*** No responsibility is assumed for matters of legal in character or nature, matters of survey, architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.

The appraiser has inspected, by observation, the land and the improvements thereon; however, it is not possible to personally observe conditions beneath the soil or hidden structure. Or other components, or any mechanical components within the improvements; no representations are made herein as to these matters unless specifically stated and considered in the report; the value estimate considers there being no such conditions that would cause a loss of value. The land or the soil of the area being appraised appears firm; however, the degree of subsidence in the area is unknown. The appraiser(s) do not warrant against this condition or occurrence of problems arising from soil conditions.

No judgment is made as to adequacy of type of insulation or energy efficiency of the improvements or equipment. Further, the appraiser(s) have no knowledge of the existence of hazardous waste product or any resultant contamination. Also, the appraisers have not commissioned an environmental audit of the property being appraised, nor have we been provided such a report that would indicate presence or absence of hazardous materials/contamination. The appraiser represents that he is not an expert to appraise insulation or other products banned by the Consumer Product Safety Commission which might render the property more or less valuable, and in connection with this appraisal, the appraiser has not inspected for or tested for, nor taken into consideration in any respect, the presence or absence of insulation or other products described above. Therefore, the appraiser assumes no responsibility in the presence or absence of insulation, hazardous waste contamination, or other products increase or decrease the value of the property from the value placed thereon by the opinion of the appraiser.

9. **Legality of Use:** The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations of all types have been compiled with unless otherwise stated in the report; this assumes that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal, and/or private entity or organization has been or can be obtained or renewed for any use considered in the value estimate.
10. **Component Values:** The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
11. **Auxiliary and Related Studies:** No environmental or impact studies, special market study or analysis, highest and best use analysis or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report. The appraiser reserves the unlimited right to alter, amend, revise or rescind any of statements, findings, opinions, values, estimates, or conclusions upon any analysis subsequently becoming known to him.
12. **Dollar Values, Purchasing Power:** The market value estimated, and the costs used, are as of the date the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.
13. **Inclusions:** Furnishing and equipment or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered.
14. **Proposed Improvements, Conditioned Value:** Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.
15. **Value change, Dynamic Market, Influences:** The estimated market value is subject to changes over time: value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

In cases of appraisals involving the capitalization of income benefits, the estimate of the market value is a reflection of such benefits and appraiser's interpretation of income and yields and other factors derived from general and specific market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the

estimate of value; they are thus subject to change as the market is dynamic and may naturally change over time.

- 16. American Disabilities Act:** The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue. I did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.
- 17. Terrorist Attacks and their affect on Real Estate:** The recent terrorist attacks that began on September 11, 2001 have created a level of uncertainty in the national economy and in the real estate marketplace. As the War on Terrorism is waged, the national economy has at least temporarily slowed, as many companies adjust to the changing times. Expert opinions vary on the affect that terrorism will have on the economy and on real estate values. It is noted that commercial real estate is often long-term investment that must withstand various economic pressures and fluctuations during the holding period. At the present time, there is no market evidence that prices for commercial real estate have been negatively impacted by these recent events. A terrorist attack on a location near the subject property could have a negative impact on the market value of the subject property. However, there is no evidence that the subject is a high risk property type or located in an area that would require the application of a discount in the marketplace. Therefore, this appraisal does not negatively penalize the subject property for these recent events.
- 18. Management of the property:** It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management, neither inefficient nor super-efficient.
- 19. Market Conditions:** This appraisal was based on the market conditions in the marketplace, as of April 26, 2007. The appraiser cannot be held responsible for unforeseeable events that alter the market conditions prior to the effective date of the appraisal.
- 20. General Conditions:** The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report. *Acceptance of, and/or use of, this Appraisal report constitutes acceptance of the above conditions.*
- 21. Hypothetical Condition:** **This appraisal is based on the hypothetical condition that a new bridge is installed allowing for Washington Street to extend to the subject property continuing through to the playing fields to the east.**

22. Extraordinary Assumptions:

- 1. This appraisal is based on the extraordinary assumption that the subject's development is based on a Concept Plan dated January 22, 2007, further described on Pages 9 & 10 of the Term Sheet. The plans calls for developing the parcel with 182 residential units, 60,000 square feet of retail, office and restaurant space, and an additional 20-25 residential townhouse units, located on the "Bluffs" portion of the parcel.**
- 2. It is assumed that the subject property would be maximized if developed with 288 residential units. This assumption is based on an analysis completed by Norway Plains Associates (See Addenda).**
- 3. It is assumed that the Bluffs area of the subject property could gain access to the Washington Street extension by constructing an access road. Based on a previous road cost estimate, it is assumed that this road could be installed for approximately \$800,000.**
- 4. Because there is no recent survey on the subject property, this appraisal assumes that the subject's parcel contains 21.0 acres.**
- 5. For the Concept Plan valuation, this appraisal assumes that the environmental hazards located on the parcel are remedied by the funds allocated by the Developer and that there are no other environmental issues associated with the subject property.**
- 6. For the Highest and Best Use valuation, this appraisal assumes that the subject property is delivered as a clean site with no environmental hazards remaining on the property.**
- 7. For the Concept Plan valuation, it is acknowledged that the developer will pay a total of \$4,617,000 to purchase the property. The various payments (to the City of Dover; to DHA; for the Waterfront Park Improvements; for Environmental Remediation; and for Miscellaneous Public Benefits) will take place at slightly different points in time. It is assumed that the work completed by some of these payments is completed as of the valuation date.**

GENERAL AND SUBJECT PROPERTY INFORMATION

AREA INFORMATION

The state of New Hampshire is located in the northern portion of New England which is comprised of several states including: Connecticut; Rhode Island; Massachusetts; Vermont; Maine; and New Hampshire. Recent population figures for a ten year period for the greater seacoast area are summarized as follows:

<u>AREA</u>	<u>2000</u>	<u>2004</u>	<u>% CHANGE</u>
Dover, NH	26,884	28,688	6.7%
Exeter, NH	14,058	14,539	3.4%
Hampton, NH	14,937	15,376	2.9%
Hampton Falls, NH	1,880	2,008	6.8%
Rochester, NH	28,461	30,244	6.3%
Stratham, NH	6,355	6,944	9.3%
Portsmouth, NH	20,784	21,053	1.3%

The above table indicates that the City of Dover has experienced a moderate increase in population from 2000 to 2004. Much of the population increase in the greater seacoast area was due to the locating of major industrial and service companies in the area. Liberty Mutual, HCA Hospital, Lonza Biologics, Erie Scientific, and the US National Passport Center have helped to create a positive economic climate. Through the 1990's and into 2007, this strong economic climate has demonstrated low unemployment and strong production.

Liberty Mutual Insurance has located its office headquarters in nearby Dover. Liberty recently announced a \$40 million dollar expansion project that will require an additional 1,750 workers. The Portsmouth Naval Shipyard, located in nearby Kittery, Maine, was recently removed from the Base Closure List. The shipyard is one of the major employers in the greater Portsmouth area. Public Service of New Hampshire operates the Seabrook Nuclear Power Station. The Pease International Tradeport is in progress of being redeveloped with the construction of several new office and industrial developments along with passenger and freight air service at the airport. In December of 2001, Amtrak began passenger rail service connecting Dover, Durham, and Exeter stops with Boston, Massachusetts to the south and with Portland, Maine to the north.

The State of New Hampshire ranks relatively high among the 50 states nationwide for various economic and quality of life categories. Of the 50 states, New Hampshire ranks 2nd for total tax burden. Based on the Government Revenue as a percent of personal income, New Hampshire recently averaged 13.1% only second to the State of Missouri that had a 12.1% average. The U.S. Average is 16.5%. Of the 50 states, New Hampshire ranks 9th for Per Capita Personal Income. New Hampshire recently had a Per Capita Income average of \$26,520. The U.S. average during the same time was \$24,231. Of the 50 states, New Hampshire ranks 1st for the Highest Standard of Living. The percentage of the population living in poverty in New Hampshire was 5.1%. The U.S. average during the same time was 13.8%.

The Seasonally Adjusted Unemployment Rates for the U.S. and the New England states are summarized as follows:

<u>STATE/AREA</u>	<u>FEBRUARY 2007</u>	<u>JANUARY 2007</u>	<u>FEBRUARY 2006</u>
Connecticut	4.7%	5.0%	4.9%
Maine	5.4%	5.2%	5.4%
Massachusetts	5.8%	6.0%	5.4%
New Hampshire	4.2%	4.2%	3.9%
Rhode Island	5.1%	5.5%	6.0%
Vermont	4.6%	4.7%	4.3%
New England	5.2%	5.4%	5.1%
United States	4.9%	5.0%	4.8%

The Seasonally Adjusted Unemployment Rates for several Labor Market Areas in the New Hampshire area are summarized as follows:

<u>LABOR MARKET AREA</u>	<u>FEBRUARY 2007</u>	<u>JANUARY 2007</u>	<u>FEBRUARY 2006</u>
Manchester NH MetroNECTA	4.1%	4.2%	3.9%
Nashua NH-MA NECTA	4.3%	4.3%	4.2%
Portsmouth NH-ME MetroNECTA	3.7%	3.7%	3.7%
Rochester-Dover NH-ME MetroNECTA, NH portion	3.9%	3.9%	3.7%

The above unemployment rates indicate that New Hampshire has had unemployment rates toward the low end of the range of rates for all of the New England states for the past two years. During this same period, New Hampshire is well below the national unemployment average. When it is further broken down to the Labor Market Areas, the seacoast area of New Hampshire (the Rochester-Dover NH-ME MetroNECTA, NH portion) has remained at the lower end of unemployment rates throughout the N.H. area. The City of Dover is considered part of the Rochester-Dover NH-ME MetroNECTA, NH portion.

According to an April 2006 report prepared by the Tax Foundation, the State of New Hampshire ranks 2nd in the country for lowest total tax burden. New Hampshire residents pay only 7.3% of income towards taxes while the residents of the other New England states pay substantially more. The following chart summarizes the total tax burden estimated for the New England states.

<u>STATE</u>	<u>TOTAL TAX BURDEN</u>
Connecticut	11.3%
Maine	13.5%
Massachusetts	10.3%
New Hampshire	7.3%
Rhode Island	11.5%
Vermont	11.1%

In general, southern New Hampshire had shown strong economic growth through the nineties and through into 2007. However, the recent terrorist attacks and the subsequent War on Terrorism have created an uncertain economic climate. Over the past three years, there have been several large layoffs nationally and in the seacoast area that slightly increased the unemployment figures. Real estate activity has slightly lessened, however, demand for commercial and investment real estate remains strong. The uncertainty in the stock market has fueled the continued interest in commercial real estate for investors. This continued interest in real estate follows several years of increases in demand and sales prices for most types of commercial real estate located in the seacoast area. The entire northeast section of the country has been experiencing similar economic conditions. Given the past economic strengths of the seacoast New Hampshire area, it is expected that the seacoast area will continue to out pace many of the competing areas throughout the northeast.

NEIGHBORHOOD DATA

A property is an integral part of its surroundings and must not be treated as an entity separate and apart from its surroundings. The value of a property is not found exclusively in its physical characteristics. Physical, economic, political and sociological forces found in the area interact to give value to a property. Therefore, in order to determine the value of a property, a careful and thorough analysis must be made of the area in which the property under study is found. This area is commonly referred to as a neighborhood.

A neighborhood can be a portion of a town, a community or an entire town. It is usually considered to be an area which exhibits a fairly high degree of homogeneity as to use, tenancy and certain other characteristics. Homogeneity is a state of uniform structure or composition throughout. Therefore, in real estate terminology, a homogeneous neighborhood is one in which the property types of uses are similar. A neighborhood is, therefore, a more or less unified area with somewhat definite boundaries. A detailed analysis of the subject neighborhood is described below.

Location:

The subject property is located on the eastern side of River Street along the southern side of the Cocheco River in the downtown area of Dover. The downtown area is dominated by three story brick buildings with retail and office space on the ground level and either office or residential space located on the upper levels. Central Avenue, from the Lower Square to the Upper Square, is largely developed with three story brick buildings with retail or office space on the ground level with either office or residential space on the upper levels. The Lower Square, just to the south of the subject property, is developed with two large five-story multi-tenant brick mixed use buildings, the Foster's Daily Democrat office building and a large bank property. The Foster's property is currently proposed for redevelopment into a mixture of office and retail space. This proposed 61,000 square foot development will be called "Fosters Center".

The Washington Street area is developed with several multi-tenant retail and office buildings. One Washington Street is located directly west of the subject property across the Cocheco River. This former mill building has been redeveloped into retail, office and light industrial space. The Cocheco Falls Millworks, located just north of Washington Street, is a large mill building that has also been redeveloped into retail, office and light industrial space. The remainder of the Main Street area is developed with a variety of retail, office and residential developments.

The Upper Square area of downtown Dover is developed with a variety of buildings that also contain retail and office on the ground level with either office or residential uses on the upper levels. Central Avenue to the south of the Lower Square contains several one or two story commercial or mixed use buildings. Chestnut Street runs parallel with Central Avenue in the downtown area. Chestnut Street is developed with a mixture of commercial buildings, a few older wood frame multi-family properties, a multi-tenant retail and office development, the Dover Post Office, and the Dover Train Station. Chestnut Street is a main commercial corridor in downtown Dover connecting Washington Street with Central Avenue. To the north of the intersection of Chestnut and Central Avenue, there is a variety of office and residential properties that extends to the Miracle Mile retail area of Central Avenue. This area is developed with two supermarket developments and several other retail developments that include: Shaws, Hannaford, Chilli's Restaurant, McDonalds Restaurant, Wendy's Restaurant, Bed and Bath, Blockbuster and Starbucks.

Henry Law Avenue connects with Washington Street at the Lower Square. Henry Law Avenue extends in a eastern direction providing access to River Street and several other interior streets that

are primarily developed with a variety of single-family and multi-family residential properties. River Street extends north off of Henry Law Avenue terminating at the subject property. River Street provides access to the eastern portion of Henry Law Avenue, a skateboard park and the subject property. There is currently a pedestrian bridge that connects the subject property with the dead-end portion of Washington Street on the western side of the Cocheco River. There currently is no direct vehicular access to the Washington Street or Main Street area from the subject property. It is noted that part of the proposed development of the subject property calls for the construction of a new bridge that will extend Washington Street giving it direct access to the subject property. The current pedestrian bridge will be relocated, to the north, giving direct access from the subject property to Young Street. The subject's area is considered to be a well located mixed use area that has good access to both the downtown area of Dover and the Cocheco River. Upon the completion of the installation of the new Washington Street Bridge and the pedestrian bridge, the subject property will have very good direct access to the downtown area of Dover. In fact, the extension of Washington Street will effectively create an extension of the downtown area onto the subject property. The Cocheco River is in progress of a dredging project that will increase the navigable depth of the river. Federal funding for this project is currently delayed postponing the completion of the dredging to 2008 at the earliest.

Access:

The subject property lies in close proximity to several thoroughfares (Route 108 and The Spaulding Turnpike) which provide convenient access to neighboring towns. The main traffic arteries in the area are as follows:

<u>THOROUGHFARE</u>	<u>DIRECTION OF TRAVEL</u>
Route 108	North-South
Route 155	North-South
Route 16	North-South
The Spaulding Turnpike	North-South

The most important thoroughfare in relation to the subject property is the Spaulding Turnpike which is located approximately 1.25 miles to the southwest of the subject property at Exit #8. This highway is the major north-south roadway providing access north to the White Mountains and south to the seacoast area of New Hampshire and Massachusetts.

Surroundings/Trends in Development:

The subject's neighborhood is approximately 95% built-up and is comprised of a variety of commercial and residential properties. The neighborhood experienced fairly steady growth through the 1990's continuing into 2007. The retail and residential market in the Downtown area of Dover has remained fairly strong over the past several years. Retail space is located in numerous downtown buildings, generally limited to first floor space. There are several downtown buildings that contain either residential apartments or residential condominiums. The proposed Fosters Center development, if developed as proposed, would be one of the largest retail and office buildings in the downtown area of Dover. The Cocheco Falls Millworks (a renovated mill building) currently houses several office and retail users. This development provides the largest amount of office space in the downtown Dover area. Many of the mixed use properties located in the downtown area of

Dover have been undergoing rehab or renovation over the past several years. The downtown area of Dover has added several restaurants over the past few years and in-town apartment or condominium units have been added.

There have been new construction residential units constructed in the greater downtown area of Dover on Washington Street, Fourth Street and Sixth Street over the past few years. A couple of older existing mixed use buildings located along Central Avenue have recently been renovated creating new residential units. The demand for downtown residential units has been increasing over the past several years as the downtown area is becoming a more desirable residential address. The retail and restaurant sector of the marketplace, that largely serves the in-town residents, has been expanding over the past few years further enhancing the desirability of the downtown area.

Four Forces that Influence Value:

The various characteristics of a neighborhood must be examined as they reveal changing influences that may have affected value trends in the past and may affect values in the future.

Social Considerations:

The City of Dover is bounded by the Cochecho River to the east, by the town of Madbury to the south, by the towns of Madbury and Barrington and the City of Rochester to the west, and by the City of Rochester and the City of Somersworth to the north. According to the New Hampshire Office of State Planning, Dover's population increased from 26,884 in 2004 to 28,688 in 2004 (a 6.7% increase).

Economic Considerations:

As it specifically relates to the subject property, the demand for retail and residential space in the downtown area of Dover has remained fairly strong over the past several years. Vacancy rates for retail and residential space currently ranges from 0% to 10%. The rental rates for retail and residential space in the in-town area of Dover have slightly increased over each of the past several years. The per square foot sale prices for retail space in the greater Dover has increased over the past several years. The monthly rental rates for in-town apartment units have also slightly increased over the past few years. Investor demand for multi-tenant mixed-use developments has also increased over the past several years.

Since mid-2006, the residential condominium market has been going through a period of slowing demand and a slight lowering in the per square foot sale prices. The extent of this market slow-down varies depending on the condition, location and price range of the residential unit. In general, the high-end residential units have seen a slightly greater decline in demand and thus price as compared to that of the low-end or moderately priced residential units.

Governmental Considerations:

This particular section of New Hampshire exhibits a balanced array of zoning classifications including commercial, and multi-family along the major thoroughfares, shopping centers at the corners of the major thoroughfares, single family along the interior. As such, the nature of the neighborhood is preserved. All necessary services are available including utilities (electricity, city sewer, city water, and gas), police and fire protection. Taxes are considered on a par with other cities and communities in the area.

Environmental Considerations:

The subject's neighborhood combined with the surrounding area provides a balanced land use pattern. The terrain lends itself to most types of development; however, steep sloping or hilly areas can limit the development potential. Street and thoroughfares are adequate, utilities are adequate and open space is limited.

Conclusions:

The subject's neighborhood is located just east of the heart of the downtown area of Dover with good access to work centers and other areas of the city. The subject's location on River Street along the Coheco River is very unique. Upon the completion of the installation of the new Washington Street Bridge, and the pedestrian bridge, the subject property will have very good direct access to the downtown area of Dover. The extension of Washington Street will effectively create an extension of the downtown area onto the subject property. Commercial and residential developments play a large role in the surrounding neighborhoods. These developments combined with the commercial developments located in the downtown area of Dover adequately serve the area. The retail and residential market in Dover is stabilized with vacancy rates ranging from 0% to 10%. The long term outlook for the in-town Dover area is considered to be good given the past history of the mixed use properties and the overall condition and desirability of the in-town Dover area.

SITE DATA

The following site description is based on information gathered from older site plans on the subject property prepared by Cuoco & Cormier, Inc., as of May 15, 1991; the recent concept site plans on the subject property; the Assessor's Tax Maps and the appraiser's physical inspect parcel on April 26, 2007.

Dimensions/Shape:

This appraisal assumes that the subject property contains 21.0 acres. The parcel is located at the end of River Street in the central portion of Dover. The parcel has 1,055.25' of frontage along River Street. The irregular shaped parcel extends along the eastern bank of the Cocheco River. The parcel has approximately 2,150' of frontage along the Cocheco River. The elongated parcel has an average width of approximately 600' and an average depth of approximately 1,450'. The parcel has good visibility from the northbound traffic on River Street.

Ingress/Egress:

At the present time, River Street terminates in the southwestern portion of the subject's parcel. This portion of the parcel is at grade with River Street. There is currently a pedestrian bridge, located at the end of Washington Street, which provides access to the southwestern portion of the subject property. The southeastern portion of the parcel abuts Paul Street which is located off of Henry Law Avenue. In 2003, a court decision concluded that Paul Street could not be utilized to provide access to this portion of the subject property. There are no other access points currently in place on the subject property.

The proposed development calls for the construction of a new bridge as an extension of Washington Street over the Cocheco River to the subject property. Washington Street will extend in an easterly direction through the southern portion of the parcel providing access to playing fields to the east of the subject property. The pedestrian bridge will be relocated north of its current location providing pedestrian access from the subject property to Young Street in the downtown area. There will be a possible future access point located in the northeastern portion of the parcel that will access an abutting parcel to the east of the subject. The proposed development will also have a public dock area and a pier with a floating dock located along the Cocheco River. The upper portion of the Cocheco River, from the subject property to the Lower Narrows, has been dredged over the past few years to increase the depth of the river especially at mean low water. The portion of the Cocheco from the Lower Narrows to the Piscataqua River has not been dredged. Federal funding will be required in order for this dredging to be completed. If the dredging is not finished, boats with larger drafts will not be able to access the subject property at mean low water times. There are currently several no wake areas between the subject property and the City of Portsmouth to the east. Because of this, travel time from the subject property to the Portsmouth area currently ranges from ½ hour to 1 hour, depending on water conditions and boat speed. Access to the Cocheco River, the Piscataqua River, the Great Bay and the Atlantic Ocean is considered an attractive riverfront amenity for the subject property.

For the Bluffs portion of the subject property, there are currently no legal and readily available access points. Paul Street abuts the southeastern portion of the Bluffs area. However, a recent court decision determined that Paul Street, in effect, could not be used for access to the Bluffs. There is one abutting parcel located on Henry Law Avenue (the Dover Bluff Condominiums) that could possibly be used to provide access to the Bluffs. However, considering the narrow width of the existing drive and parking areas of this condominium development, it would be highly unlikely that a right-of-way could be obtained from this property that would provide adequate access to the

Bluffs. At the present time, the City of Dover owns land that abuts the Bluffs to the east (Map 22, Lot 42). The City was granted an access easement (Book 3318, Page 952) over Map 22, Lot 41-4 on January 11, 2006. An extension of this access easement over the abutting city owned land would be possible. However, given the steep slope in this area, and the distance that the access road would have to travel, this is not considered a viable access point. The steep slope of the subject's parcel effectively divides the Bluffs portion of the parcel away from that of the main portion that is proposed for development. There is an area located in the eastern portion of the parcel that could possibly accommodate an access road to the Bluffs. There has not been any recent analysis of this possible road by the City of Dover. According to Paul Vlasich, the Dover City Engineer, in 2003 there was a road cost estimate which totaled \$621,489. Applying a 30% cost escalation factor to this 2003 estimate, results in an access road cost of approximately \$800,000. This "back door" access road would need to cross a wetland area traveling along sloped areas in order to access the Bluffs. This back door access road is currently considered to be the most reasonable possible solution to providing access to the Bluffs, that has an approximated completion cost.

Topography:

The southwestern portion of the subject's parcel along River Street is mostly level. The northern and central portions of the parcel have a mostly level or gently sloping terrain. The southern central and southeastern portion of the parcel has a steep sloped area that contains an elevation gain of approximately 50'. The "Bluffs" area is located in this high-point of the parcel. Paul Street abuts the southeastern portion of the Bluffs area. This Bluffs area contains approximately 3.5 acres of land. With the exception of the steep sloped area that separates the Bluffs area from the remainder of the parcel, the top of the Bluffs area has a gently sloping terrain. There is a hill area located in the eastern central portion of the parcel. This hill area rises from the mostly level main portion of the parcel. For this hill area, the elevation rises approximately 40' with a fairly steep pitch.

Utilities:

The subject property is serviced with natural gas, cable, telephone, city water & sewer, and electricity.

Flood Hazard Data:

According to Flood Hazard Maps (Panel #33017C0330D) prepared by the Federal Emergency Management Agency, the western and northern portions of the subject property **do** appear to be located in a designated flood hazard area (See Flood Map in the addenda of this report).

Environmental Hazards:

There is known environmental hazards on-site that will require remediation. There has been several environmental site assessments completed on the subject property. The most recent reports were completed by GZA Geoenvironmental, Inc., as of August of 2000 and July of 2002. The Executive Summary from these reports can be found in the Addenda of this report. These reports identify several environmental conditions located on the parcel along with remediation plans. As part of the purchase price, the Developer will pay \$500,000 towards this environmental clean-up. Some of the \$800,000 of Supplemental Public Improvements that the Developer is to pay could also go toward this environmental clean-up. This appraisal assumes that the environmental hazards located on the parcel are remedied by the allocated funds and that there are no other environmental issues associated with the subject property.

Soils:

Based on soils mapping prepared by the United States Department of Agriculture Soil Conservation Service in cooperation with the New Hampshire Agriculture Experiment Station, the soils for the subject property appear to be: BzB (Buxton); CfB (Charlton) and ScA (Scantic). The limitations for development for these soil types are as follows:

<u>SOIL TYPE</u>	<u>STREETS</u>	<u>FOUNDATIONS</u>	<u>LAWNS & LANDSCAPING</u>
BzB - Buxton	Severe	Moderate	Slight
Ma – Made Land	Unknown	Unknown	Unknown
SfC – Suffield	Severe	Moderate	Severe

This mapping indicates that the subject property contains a large amount of made land. Made land is filled land which has been leveled. The appraiser recommends that the client obtain a detailed on-site soil analysis in order to accurately determine the possible limitations of the parcel.

Zoning:

The subject property is located in the “CWD” (Cochecho Waterfront District) zone. The following uses are permitted in this zone:

Multi-family dwellings; Conversion of existing dwellings to accommodate additional residential units; Banks; Bed & Breakfasts; Commercial Parking Facility; Commercial Recreation Facility; Eating and Drinking Establishments; Hotels; Marinas; Motels; Offices; Personal Service Establishments; Retail stores; Theaters; Child Care Facilities; Educational Institution, Post Secondary; Public Recreation; Child Care Facilities; Public Utility and Accessory uses.

The dimensional requirements in this zone are as follows:

DIMENSIONAL REQUIREMENT	MINIMUM AREA
Minimum Lot Size	10,000 SF
Minimum Frontage	100’
Minimum Front Yard	None
Minimum Rear Yard	None
Minimum Side Yard	10’ abut a lot; None abut a street
Minimum Building Height	75’
Maximum Building Lot Coverage	None
S.F. of Land Area per Dwelling Unit	1,000

Zoning (Continued):

The proposed development of the subject property, with a mixed use development with 182 residential units, 60,000 square feet of retail and office space and 20-25 additional residential townhouse units, along with park and boat dock areas, would be considered a legal conforming use in the CWD district. Art Nickless, of Norway Plains Associates, has applied the zoning regulations to the subject property in order to estimate a maximum density residential development (See Addenda). His analysis indicated that the subject property could accommodate 288 residential units if maximized. This figure will be utilized in the valuation analysis based on the Highest and Best Use scenario.

Deed Restrictions:

For the purpose of this appraisal, it is assumed there are no deed restrictions which would interfere with development of the subject property.

Easements/Encroachments:

Based on the most recent deeds and site plans for the subject property, there are no encumbrances on the subject property at the present time. The proposed development will have a retained access easement at a yet to be specified location that will allow for pedestrian and vehicular access to accommodate spring and fall boat commissionings by seasonal users of a possible future marina. There will be a possible future access easement located in the northwestern portion of the parcel that would provide pedestrian and vehicular access to an abutting parcel of land. There are no other known existing or proposed encumbrances on the subject property.

On-Site Improvements:

At the present time, the subject property is improved with a waste water pump building, a garage storage building and a temporary storage structure. There is a pier located in the northern portion of the parcel along the Cocheco River. This pier area has been used for the unloading of the dredge material from the Cocheco River. There are several areas located along the Cocheco River that have a stone riprap.

Proposed Development:

It is noted that there has been several development scenarios proposed for the parcel and there has been some minor discrepancies on the number of units and square footage. The following description is based largely on information from the Term Sheet. The proposed development of the subject property will contain 182 residential units and 60,000 square feet of retail, office and restaurant space located on the main portion of the parcel with an additional 20-25 residential townhouse units located on the Bluffs. The development will also have a pedestrian bridge (relocated from its current location), a public dock area, a boardwalk, a retail sidewalk and a pier area. The pier will be located in the northern portion of the parcel containing four small buildings that will house food, picnic, ticket and lavatory areas.

The Developer (Dickinson Development) has prepared a preliminary budget and cash flow analysis on the subject's development that contains 5 phases (See Addenda). The phasing identifies hard cost assumptions for the mixed use development throughout a forecasted sellout.

SUMMARY OF THE PROPOSED IMPROVEMENTS

The following building description is based on preliminary and general information provided to the appraiser by Ed Shaw of Dickinson Development.

At the present time, there are no detailed building plans or specifications available on the subject's proposed buildings. There is a preliminary Architectural Character and Scale plan (See Addenda) that shows a typical garden style layout. In this plan, the garden style units range in size from 1,050 square feet to 1,500 square feet. Based on the Dickinson's figures, the average residential unit size in the development will be 1,555 square feet. The development plans calls for the construction of various types of building areas including: Residential; Residential/Flex and Retail/Residential; Office; Restaurant; Commercial/Residential; and Garage. A summary of the various building areas, along with the Developer's estimate of phasing, is as follows:

SPACE	BUILDING NUMBER	SQUARE FEET
Office	1	40,000
Commercial/Residential	2 & 3	16,700
Restaurant	4	5,000
Residential/Flex	5 & 8	19,950
Retail/Residential	6 & 7	8,350
Residential	13, 14, 15 16, 17 & 18	<u>279,621</u>
TOTAL S.F.:		369,621

The various buildings will be wood, steel or masonry frame construction with pitched roofs with dormers and an architectural shingle roof cover. The residential and mixed use buildings will have a lower level underground parking area located below the building. The residential townhouse buildings and the office building will not have lower level parking areas. The building exteriors will be a combination of painted clapboard, stucco or brick.

The floor coverings in the various buildings will contain a combination of ceramic tiles, hardwood, wall to wall carpeting, linoleum, and VCT tiles. The majority of the interior finishes will be painted sheetrock walls and ceilings. There will be some suspended acoustical tile ceilings. The buildings will have gas fired heat and air-conditioning.

The residential units will be finished with hardwood floors in the living and dining areas and ceramic tiles in the kitchen and lavatory areas. The kitchens will have granite counter tops. The residential units will each be furnished with a refrigerator, stove with hood, microwave, dish washer, and a washer and dryer. The commercial and office units will likely be provided as a finished space with little partitioning. The tenant would be required to complete the specific interior fit-up the unit.

Based on the Term Sheet, Phase I of the development will include the construction of Buildings 13 (32 residential units) and 5 (5,700 SF residential building with a flex bottom floor), plus either Building 4 (5,000 SF restaurant) or Buildings 6 (4,175 SF commercial & residential building) and 7 (4,175 SF commercial & residential building). There are additional provisions that allow the developer to make substitutions with some restrictions. Phase I will also include: the completion of the Waterfront Park from the Washington Street Bridge to the pier; the completion of the public roadways, sidewalks, and utilities; and reinforcing the existing riverbank with stone riprap and native landscaping from the Washington Street Bridge to the basin area.

ASSESSMENT INFORMATION

The 2006 projected equalization rate for the City of Dover was 95%. The subject property is currently assessed and taxed as follows:

2006 Assessment:

Map 22, Lot 1:

Land:	\$323,700
Building:	<u>\$567,000</u>
Total:	\$890,700

2006 Tax Rate:

City of Dover: \$18.72/\$1,000

The annual taxes at the present time for the subject property would be \$16,673.90 ($\$18.72 \times \$890.7 = \$16,673.90$).

The appraiser spoke with Wil Corcoran, the Assessor for the City of Dover, in order to determine how the subject's assessment could possibly change as it is subdivided to the 21.0 proposed acres and later developed. Mr. Corcoran stated that the assessed value of the parcel (20 acres) would be approximately \$80,000/acre or \$1,600,000. The annual taxes at this time for the subject property would be \$29,952. As the property obtains approvals, the individual units would be assessed. A reasonable range of approved residential units as raw land would be from \$15,000 to \$25,000 per unit. A reasonable per unit range once the infrastructure is completed would be from \$50,000 to \$60,000. The riverfront nature of the subject property will likely make the upper end of these ranges appropriate for the subject. Upon completion of the construction, the residential units would likely be assessed in the range of \$175/SF (back units) to \$250/SF-\$275/SF (riverfront or river view units). The completed commercial space would likely be assessed as follows: Retail or Office Space (\$75.00/SF) and Restaurant Space (\$100.00/SF to \$125.00/SF).

Mr. Corcoran stated that the approved commercial space and commercial space, upon the completion of the infrastructure, would be valued based on an allocation basis. The appraiser estimates that a reasonable allocation for the commercial space would be \$10.00/SF for the approved commercial space. A per square foot assessment of \$20.00/SF is estimated as being reasonable for the commercial space, upon completion of the infrastructure. The above forecasted assessment approximations will be utilized in the discounted sellout analysis.

According to Mr. Corcoran, the effective tax rate for the City of Dover remained constant from 2004 (\$17.28) to 2005 (\$17.28) and the increase from 2005 (\$17.28) to 2006 (\$17.78) was 2.89%.

HIGHEST AND BEST USE ANALYSIS

Physically Possible:

The first constraint imposed on the possible use of the property is dictated by the physical aspects of the site itself. The size and location within a given block are the most important determinants of value. In general, the larger the site, the greater it's potential to achieve economies of scale and flexibility in development. The size of the parcel, considered within the provisions of the zoning, has considerable influence on its ultimate development. The key determinant in developing this site is the permitted size of the project. More land permits higher density development, higher floor to area ratios etc. The total number of square feet allowed for a building structure tends to rise in proportion to the size of the lot. Location is important when considering the subject's proximity to recreational areas, work force areas, public transportation, major highways (access/visibility), etc.

The subject property is a 21.0 acre parcel of land located in the CWD zone. The irregular shaped parcel of land is located along the Cocheco River. The subject property is accessed off of River Street which provided access to Henry Law Avenue and the downtown area of Dover. There is a pedestrian bridge that provides access from the subject property to Washington Street. The subject's parcel is serviced with all utilities. The parcel has a mostly level terrain with one hill area and one area (the Bluffs) with a steep slope. The subject property would be able to accommodate a variety of commercial or residential developments.

Legally Permissible:

Legal restrictions, as they apply to the subject property, are private restrictions and the public restrictions of zoning. The subject property is located in the CWD zone. This zone allows for a variety of commercial or residential uses. The subject property is considered a buildable parcel that could accommodate a number of commercial, residential, or mixed use buildings.

Feasible Use:

The third factor that must be determined is the feasible uses of the subject's site. In order to determine such uses, the surrounding property uses and development trends must be examined. It has been recognized that the subject property is located off of an existing residential cluster subdivision. The majority of surrounding land uses in the subject's area is for single family residential homes. For a site to be used at its highest and best use, that use must have the highest net return to the land while in context with the other limitations, and the proposed development must also be financially feasible. As previously noted, the subject property could be developed with commercial or residential buildings. In the marketplace, the retail prices for residential space far exceed that for commercial space located in the same area. The subject's parcel could be developed entirely with residential units in a private setting with access to private docking areas and a pier. A small amount of commercial space could be incorporated into the development to service the residential units, but this would not be a requirement as the downtown area is located within walking distance to the subject property.

Applying the zoning requirement of 1,000 square feet of land area per dwelling unit to the subject's 21.0 acre (914,760 SF) parcel, results in a possible maximum number of 914 units. This figure does not take into account the physical limitations of the parcel or the market expectations and norms for a residential development in the area. Art Nickless, of Norway Plains Associates, was engaged by the City of Dover to provide an estimate of the maximum number of residential units for the subject property. His analysis (See Addenda) concludes that the subject property could reasonably accommodate approximately 288 residential units if maximized.

Highest and Best Use – As Vacant:

In the final analysis, a determination must be made as to which feasible use is the highest and best use. Demand for residential units (apartments and condominiums) in the area has remained fairly strong over the past few years. Prices for residential units far exceed that of comparably finished commercial space in the area. It can be reasonably concluded that the Highest and Best Use of the subject's vacant 21.0 acre parcel of land is for a 288 unit residential development utilizing the riverfront's docking and pier areas. The Highest and Best Use valuation scenario in this report will be based on the estimated 288 residential units.

Highest and Best Use – As Proposed:

The current concept plan calls for developing the subject property with a total of 182 residential units and 60,000 square feet of commercial space with an additional 20-25 residential townhouse units on the Bluffs. If the subject property is developed as proposed, there will be no excess or surplus land suitable for accommodating any future development. Therefore, the Highest and Best Use of the subject property, as proposed, is for the proposed 182 residential units and 60,000 square feet of commercial space with an additional 20-25 residential townhouse units on the Bluffs. The Concept Plan valuation scenario in this report will utilize the residential and commercial unit mix as currently proposed for the subject property.

MARKETABILITY AND APPEAL

As it specifically relates to the subject property, the demand for both residential condominiums and commercial space in downtown Dover has been on the increase for the past several years. There has been several smaller scale residential condominium developments constructed in the downtown area of Dover over the past few years. In 2004, existing multi-tenant apartments buildings located on 191 Washington Street, 709 Central Avenue and 25 School Street, to name a few were converted to residential condominiums. New units were constructed on 204 Washington Street. In 2005, there were several downtown condominium conversions that included: the Cricket Brook Apartments located on 93 Henry Law Avenue; 45 New York Street; and 12 Portland Avenue. New units were constructed on Capital Street. Since 2006, there have been downtown condominium conversions at 282 Central Avenue and 55-57 Silver Street. New downtown area units have been constructed on 109 Portland Avenue and on Fourth Street. The greater downtown area of Dover had in the past been largely a rental community dominated by apartment units located on the upper levels of the downtown mixed use buildings and with apartment buildings located on the interior streets. Over the past few years, the nature of the greater downtown area has been trending to more of a residential condominium neighborhood. With all of the new residential condominium developments and apartment conversion projects coming to the market, condominium ownership in the downtown area of Dover is becoming the norm.

There is very few commercial condominium units currently located in the downtown area of Dover. The vast majority of the commercial units located along the main downtown roads including Central Avenue, Main Street, Washington Street and Chestnut Street are leased. The demand for first floor retail, restaurant and office space in the downtown area has remained strong over the past few years. Rental rates have been steadily increasing with the better condition well located space commanding the higher rental rates in the range of \$12.00/SF to \$18.00/SF on a triple net basis. Vacancy rates, for these first floor commercial units, ranges from 0% to 10%. The subject's proposed units should be able to command rents within this upper end range.

The marketability and appeal of the proposed residential condominiums and commercial space of the subject property is considered to be good for the area. The subject's proposed residential units will be very good quality units, located in the downtown area, on a new mixed use riverfront development with access to the Coheco River. Because of these factors, the subject's residential units will be unique in the downtown Dover area. The commercial space for the subject property will be very good quality space, with river views, located in a new mixed use development that will effectively be an extension of the downtown area. Both the subject's proposed residential and commercial units should be very marketable considering the many amenities that they will have compared to the typical older or conversion unit in the downtown area.

Demand for residential condominiums was strong from the late 1990's to 2006. Since 2006, the demand and prices for some residential units have lessened. This decline in prices and demand has not been true across the board. While some developments have had been experiencing lower demand causing a reduction in asking and sale prices, other developments have been experiencing a stable level of demand with no reductions in asking or sale prices. In the future, the level of demand for additional residential units will largely be dictated by population growth and various economic factors in the region. A recent 2006 analysis, prepared by Stephen H. Berg, MAI, SRA, of Sargent Appraisal in Portsmouth, examined likely housing demand through 2010 (See Addenda). In this analysis, Mr. Berg utilized population trends and forecasts in order to project the likely housing demand for several cities and towns located in Strafford and Rockingham County. The analysis

concludes that the city of Dover will have a yearly required housing unit demand of 255 units through to 2010. The historical pace for the City of Dover, from 2000 to 2004, was only 190 units per year. This translates into a potential deficit of 65 units per year in Dover. The subject's development will add up to 207 additional residential units to the Dover marketplace. Over a ten year sellout period, there would be an annual unit gain of 20.7 units. The subject's annual unit gain would only satisfy 32% (20.7/65) of the forecasted unit deficit for Dover. In the final analysis, the Berg report implies that there may be a sufficient population in Dover to support a residential development the size of the subject property. Based on square footage, the commercial space for the subject property represents only 16% of the total building area in the mixed use development. Based on absorption history of other mixed use developments in the Seacoast, it is concluded that the subject's commercial space would be able to be absorbed at a rate equal to that of the residential space. As the subject's residential units are constructed and sold, it would be reasonable that a comparable percentage of commercial space would be able to be supported by the development.

The subject's proposed mixed use development is best suited for a developer seeking to construct and sell the residential and commercial units over a holding period. The subject property contains a main portion and the Bluffs portion located on a raised portion of the parcel. The topography differences between these two areas makes it physically and practically possible that the Bluffs portion of the property could be sold off from the main portion of the subject property in the future.

VALUATION SECTION

THE APPRAISAL PROCESS

There are three approaches which may be used in the appraisal of real property. These approaches to value include the Cost Approach, the Sales Comparison Approach and the Income Approach. This appraisal will utilize a Development Approach that will include a Discounted Sellout Analysis to develop value estimates for the subject property based on the current Concept Plan and based on the Highest and Best Use for the subject property. Several sale comparables will be presented in a Sales Comparison Approach. This approach will estimate component values for the commercial and residential components of the subject property. A Cost Approach and an Income Approach will not be used in this valuation as they are not considered viable approaches to value for a proposed mixed use or residential development.

DEVELOPMENT APPROACH

The Development Approach will utilize a Discounted Sellout Analysis which is essentially a residual analysis. This approach to value involves the estimation of the present value of the net cash proceeds potentially receivable from the marketing and sale of the commercial and residential units. Consequentially, for the subject's proposed development, this valuation requires the estimation of the following:

1. The estimation of appropriate retail prices for the subject's proposed residential and commercial units.
2. The estimation of an appropriate absorption or marketing period for the subject's units.
3. An estimate of the architectural and engineering costs for the development.
4. The estimation of the sales expenses including marketing costs and legal fees.
5. The estimation of the associated property taxes due for the subject property during the sellout period.
6. The estimation of costs associated with the completion or development of the infrastructure.
7. An estimate of the building costs for the proposed residential and commercial buildings of the development.
8. An estimate for entrepreneurial profit and miscellaneous expenses.
9. The estimation of the appropriate discount rate applicable to net cash proceeds.

The analysis on the following pages will combine all of the above estimates in a Discounted Sellout which will result in an estimate of the present values of the net cash proceeds. This Development Approach will first estimate the market value of the subject property based on the Concept Plan. The second valuation scenario will value the subject property based on the Highest and Best Use (288 residential units).

1. Analysis of Individual Unit Value Estimates – Concept Plan:

The subject's development will contain 182 residential units, 60,000 square feet of retail, office or restaurant space and 20-25 additional residential townhouse units located on the Bluffs. While the residential units will vary in size, the average unit size will be approximately 1,555 square feet. The desirability of the units within the development will vary as the river-front or river-view units will likely command more on a per square foot basis than the rear units that obstructed or no river views. This analysis will estimate an average base year per square foot price for a typical residential unit of the subject's development. In order to find truly comparable sales of residential condominiums, the appraiser considered sales from dozens of developments located in the greater Seacoast area and in Southern New Hampshire. The subject's proposed development is very unique for Dover. At the present time, there is no condominium development that is directly comparable with the subject's development. In fact, the subject's mixed use riverfront development will be somewhat unique to the Seacoast area and Southern New Hampshire. While there are no directly comparable developments in Southern New Hampshire, there are several developments that offer somewhat similar amenities as compared to the subject.

The typical residential condominium development located in Dover is either a garden style or a townhouse development located outside of the downtown area with no river amenity. These developments such as the Capital Street Townhouses, Tamarack at Dover, River Run and Bellamy Crossing are generally average quality wood frame units with standard or slightly upgraded interiors that are selling for approximately \$150.00 to \$170.00 per square foot. These typical Dover units set the lower end of the range in the marketplace. The typical residential condominium development located in the very desirable nearby City of Portsmouth is either a garden style or a townhouse development located in the greater downtown area. Many of these condominium developments are located near Market Square or near the Piscataqua River with very good city or waterfront views. These developments such as 6-16 Congress Street, the Porter Street Townhouses, Harbor Hill and Harbor Place are generally very good or excellent quality units with highly upgraded interiors that are selling for approximately \$250.00 to \$500.00 per square foot. These high-end Portsmouth units, while not all located on the riverfront, are considered to be more desirable than the subject's units setting the upper end of the range in the marketplace.

In the final analysis, the appraiser has selected six comparable developments that are considered to be comparable to the subject's development in one way or another. Comparable Development #1 is a typical Dover townhouse development. This development will represent where the bulk of the residential condominium sales take place in Dover. Comparable Developments #2, #3 and #6 are new construction multi-story condominiums located in Manchester or Nashua located along a river with river views. These developments will be competing directly with the proposed units of the subject. Comparable Development #4 is a recent rehab condominium development located on Central Avenue in Dover. This development, while much smaller is development size and unit size as compared to the subject's, will demonstrate the upper end of the per square foot prices in downtown Dover. Comparable Development #5 is a large age-restricted residential condominium development located on Spruce Creek in Kittery. This development will also be competing directly with the proposed units of the subject.

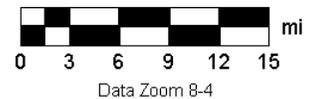
Following a location map, the six Comparable Developments will be summarized and later compared to the proposed residential units of the subject property.



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**COMPARABLE DEVELOPMENT #1
HARVEST PLACE
DOVER POINT ROAD, DOVER, NH**



LOCATION:	Dover Point Road, Dover, NH
UNITS:	7 Townhouse Units
SALE DATES:	June 2006 – October 2006
SALE PRICE RANGE:	\$237,000 to \$251,900
UNIT SIZE:	1,539 SF
PRICE PER S.F.:	\$154.00/SF to \$165.04/SF
AVERAGE PRICE PER S.F.:	\$158.75/SF
ABSORPTION RATE:	1.40/Month; 16.8/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
1	6/20/06	\$251,900	1,539	\$163.68
2	7/7/06	\$241,000	1,539	\$156.60
4	8/11/06	\$239,000	1,539	\$155.30
5	8/18/06	\$243,000	1,539	\$157.89
6	6/21/06	\$237,000	1,539	\$154.00

COMMENTS: These townhouse units contain 2 to 3 bedrooms, 1.5 baths and a ground level garage. These units are considered to be of good quality construction and finish. The development is located on Dover Point Road in a mixed use area. The developer is currently constructing three additional units which are listed for sale for \$239,000 to \$245,000.

COMPARABLE DEVELOPMENT #1 HARVEST PLACE DOVER POINT ROAD, DOVER, NH



Style:	2 1/2 Story	Rooms:	6
Year Built:	2006	Bedrooms:	3
Color:	Grey	Total Baths:	2
Taxes:	\$.00	Full:	1
Tax Year:	2006	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	1
Zoning:	B3	Garage Capacity:	1
Lot Acre:		Garage Type:	Under
Lot SqFt:	0	Total Fin SqFt:	1,539
Road Frontage:		Apx Fin Above Grd:	1,539
Water Frontage:		Apx Fin Below Grd:	
Water Acc Type:		Foot Print:	19x32

Water Body Type: Surveyed: No **Seasonal:** No
Water Body Name: Current/Land Use: **Flood Zone:** Unknown

Public Rems: READY FOR YOUR JULY 4TH PARTY. GREAT LOCATION 10 MINUTES FROM PORTSMOUTH. THIS 3 LEVEL 2-3 BEDROOM TOWNHOUSE WITH GARAGE HAS A FULLY APPLIANCED KITCHEN, LARGE ROOMS, 2ND FLOOR LAUNDRY, MSTR WITH VAULTED CEILING WALK-IN, WOODED SETTING, AND MUCH MORE.

Directions: Exit 6n from the Spaulding Turnpike to Dover Point Road, Harvest Place is on the right as you drive into town, less than a mile past historic Tuttle's Farm. It's that easy.

APPROXIMATE ROOM DIMENSIONS											
ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath		0	0	0	1	1/2 Bath		0	0	1	0
3/4 Bath		0	0	0	0	Den		0	1	0	0
Dining Rm	10X11	0	0	1	0	Family Rm		0	0	0	0
Kitchen	9X10	0	0	1	0	Living Rm	15X17	0	0	1	0
Master BR	14X15	0	0	0	1	2nd BR	10X16	0	0	0	1
3rd BR	11 X 15	0	0	0	0	4th BR		0	0	0	0
Other Rm 1		0	0	0	0	Other Rm 2		0	0	0	0
Other Rm 3		0	0	0	0						
FOR CONDO USE ONLY											
Condo Unit #:	1	Floor:	0			Building #:	0				
# Units/Building:		Common Land Acres:	1.2			Limited Common Area:	52272				
Ownership Type:	Full	Condo Assoc Fees:	90			Special Assessment:					
FEATURES											
Amenities:	Attic , Cable , Cathedral Ceilings , Deck , Pantry										
Basement:	None										
Construction:	Wood Frame										
Driveway:	Common/Shared , Paved					Electric:	100 Amp , Circuit Breaker				
Appliances:	Dishwasher , Disposal , Range-Electric , Kitchen Island , Microwave , Refrigerator , Smoke Detector					Exterior:	Vinyl				
Financing:											
Garage/Park:	On Street , Permitted , Under										
Heat Fuel:	Gas-Natural										
Negotiable:											
Roads:	Association										
Sewer:	Public										
Fee Includes:						Foundation:	Concrete				
						Heating/Cool:	Baseboard , Hot Water , Multi Zone				
						Lot Desc:	Subdivision				
						Restrictions:	Pets Allowed				
						Roof:	Shingle-Asphalt				
						Water:	Public				
						Water Heater:	Gas				

**COMPARABLE DEVELOPMENT #2
THE POINTE
55 RIVER FRONT DRIVE, MANCHESTER, NH**



LOCATION:	55 River Front Drive, Manchester, NH
UNITS:	68 Garden Style Units
SALE DATES:	November 2005 to April 2007
SALE PRICE RANGE:	\$292,100 to \$315,850
UNIT SIZE:	1,350 SF to 1,560 SF
PRICE PER S.F.:	\$188.46/SF to \$224.71/SF
AVERAGE PRICE PER S.F.:	\$207.22/SF
ABSORPTION RATE:	2.12/Month; 25.4/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
117	11/6/06	\$315,850	1,560	\$202.47
301	1/5/07	\$311,900	1,560	\$199.94
121	1/5/07	\$313,900	1,560	\$201.22
307	2/27/07	\$294,000	1,560	\$188.46
303	3/29/07	\$301,950	1,560	\$193.56

COMMENTS: These garden style units contain 2 bedrooms, 2 baths and under ground parking. These units are considered to be of good quality construction and finish. The typical finish includes granite kitchen counters, 9' ceilings, a gas fireplace and balconies with views of the Merrimack River. This development is located on River Front Drive at Exit #6 of I-293 along the Merrimack River near downtown Manchester.

COMPARABLE DEVELOPMENT #2
THE POINTE
55 RIVER FRONT DRIVE, MANCHESTER, NH



Style:	Garden	Rooms:	5
Year Built:	2005	Bedrooms:	2
Color:		Total Baths:	2
Taxes:	\$.00	Full:	2
Tax Year:	2005	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	0
Zoning:	RES	Garage Capacity:	2
Lot Acre:	.00	Garage Type:	Under
Lot SqFt:		Total Fin SqFt:	1,560
Road Frontage:		Apx Fin Above Grd:	1,560
Water Frontage:		Apx Fin Below Grd:	
Water Acc Type:		Foot Print:	

Water Body Type: River **Surveyed:** Yes **Seasonal:** No
Water Body Name: MERRIMACK RIVER **Current/Land Use:** **Flood Zone:** No

Public Rems: FIRST FLOOR LUXURY HOME WITH GORGEOUS STONE PATIO ON MERRIMACK RIVER WATERFRONT. MASTER SUITE WITH SITTING AREA, SOAKING TUB AND SHOWER. EACH BEDROOM HAS A BATHROOM. GAS FP, 9 CEILINGS, GRANITE COUNTERS IN KITCHEN, FULLY APPLIANCED 2 PARKING SPACES.

Directions: EXIT 6 OFF 293N, BEAR RIGHT, TAKE A LEFT AT 1ST LIGHT ON RIVER FRONT DRIVE, FOLLOW SIGNS

APPROXIMATE ROOM DIMENSIONS												
ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	
Full Bath		0	2	0	0	1/2 Bath		0	0	0	0	
3/4 Bath		0	0	0	0	Den		0	0	0	0	
Dining Rm		0	0	0	0	Family Rm		0	0	0	0	
Kitchen	19X14	0	1	0	0	Living Rm	15X17	0	1	0	0	
Master BR	13X18	0	1	0	0	2nd BR	13X13	0	1	0	0	
3rd BR		0	0	0	0	4th BR		0	0	0	0	
Other Rm 1		0	1	0	0	Other Rm 2		0	0	0	0	
Other Rm 3		0	0	0	0							

FOR CONDO USE ONLY			
Condo Unit #:	303	Floor:	1
# Units/Building:	68	Common Land Acres:	4.46
Ownership Type:	Full	Condo Assoc Fees:	194
		Building #:	
		Limited Common Area:	194277
		Special Assessment:	No

FEATURES	
Amenities:	1st Floor Laundry , Cable , Eat In Kitchen , Elevator , Fireplace-Gas , Home Warranty , Master BR with BA , Multi Phonelines , Pantry , Screen Porch , Skylight , Underground Utilities , Whirlpool Tub
Basement:	Other
Construction:	Wood Frame
Driveway:	Common/Shared , Paved
Appliances:	Dishwasher , Disposal , Dryer , Range-Gas , Kitchen Island , Microwave , Smoke Detector , Washer
Financing:	
Garage/Park:	Heated , Under
Heat Fuel:	Gas-Natural
Negotiable:	
Roads:	Public
Sewer:	Public
Fee Includes:	
Electric:	100 Amp
Exterior:	Vinyl , Other
Foundation:	Concrete
Heating/Cool:	Central Air , Hot Air
Lot Desc:	Landscaped , View , Water View , Waterfront
Restrictions:	Pets Allowed
Roof:	Shingle-Other
Water:	Public
Water Heater:	Gas

**COMPARABLE DEVELOPMENT #3
RIVERWALK PLACE
RIVERWALK WAY, MANCHESTER, NH**



LOCATION:	Riverwalk Way, Manchester, NH
UNITS:	45 Townhouse Units
SALE DATES:	December 2005 to April 2007
SALE PRICE RANGE:	\$300,000 to \$606,000
UNIT SIZE:	1,699 SF to 2,163 SF
PRICE PER S.F.:	\$176.57/SF to \$280.17/SF
AVERAGE PRICE PER S.F.:	\$215.74/SF
ABSORPTION RATE:	0.76/Month; 9.18/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
8C	8/18/06	\$309,900	1,699	\$182.40
8A	8/25/06	\$399,556	2,163	\$184.72
8D	3/15/07	\$300,000	1,699	\$176.57
5F	3/26/07	\$519,453	2,163	\$240.15
5A	4/20/07	\$606,000	2,163	\$280.17

COMMENTS: These townhouse style units contain 2 or 3 bedrooms, 2 or 3 baths and a ground level garage. These units are considered to be of very good quality construction and finish. The typical finish includes hardwood floors, a gas fireplace and balconies with views of the Merrimack River. This development is located on Riverwalk Place adjacent to Fisher Cat Stadium and a riverwalk near downtown Manchester.

**COMPARABLE DEVELOPMENT #3
RIVERWALK PLACE
RIVERWALK WAY, MANCHESTER, NH**



Style:	3 Story , Townhouse	Rooms:	5
Year Built:	2005	Bedrooms:	2
Color:	BRICK/TA	Total Baths:	3
Taxes:	\$.00	Full:	2
Tax Year:	2005	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	1
Zoning:	RESIDENTIAL	Garage Capacity:	1
Lot Acre:	.00	Garage Type:	Under
Lot SqFt:	0	Total Fin SqFt:	1,699
Road Frontage:		Apx Fin Above Grd:	1,699
Water Frontage:		Apx Fin Below Grd:	
Water Acc Type:		Foot Print:	

Water Body Type: River **Surveyed:** Yes **Seasonal:** No
Water Body Name: MERRIMACK **Current/Land Use:** **Flood Zone:** Unknown

Public Rems: EXQUISITE 3 STORY TOWNHOME LOCATED WITHIN A COMMUNITY ALONG THE MERRIMACK RIVER. OUTSTANDING FEATURES ARE FOUND THROUGHOUT INCLUDING A ONE CAR GARAGE, GAS FIREPLACE, HARDWOOD FLOORS, BALCONY, DECK, PATIO. PENDING SIGNED RELEASE.

Directions: 293 NORTH, TAKE EXIT 5. TURN RIGHT ONTO GRANITE ST, THEN RIGHT ONTO S. COMMERCIAL ST. GO STRAIGHT PAST FISHER CAT STADIUM ONTO RIVERWALK WAY.

APPROXIMATE ROOM DIMENSIONS

ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath		0	0	2	0	1/2 Bath		0	1	0	0
3/4 Bath		0	0	0	0	Den		0	0	0	0
Dining Rm	17X10	0	0	1	0	Family Rm		0	0	0	0
Kitchen	14X10	0	0	1	0	Living Rm	17X14	0	0	1	0
Master BR	14X10	0	0	0	1	2nd BR	12X12	0	0	0	1
3rd BR		0	0	0	0	4th BR		0	0	0	0
Other Rm 1		0	0	0	0	Other Rm 2		0	0	0	0
Other Rm 3		0	0	0	0						

FOR CONDO USE ONLY

Condo Unit #: D	Floor:	Building #: 8
# Units/Building: 6	Common Land Acres: 10.7	Limited Common Area: 466091
Ownership Type: Full	Condo Assoc Fees: 235	Special Assessment: No

FEATURES

Amenities: Deck , Eat In Kitchen , Fireplace-Gas , Master BR with BA , Whirlpool Tub	
Basement: wWalk Out	
Construction: Wood Frame	
Driveway: Paved	Electric: Circuit Breaker
Appliances:	Exterior: Brick , Vinyl
Financing: Other	Foundation: Concrete
Garage/Park: Under	Heating/Cool: Central Air , Hot Air
Heat Fuel: Gas-Natural	Lot Desc:
Negotiable:	Restrictions:
Roads: Public	Roof: Shingle-Other
Sewer: Public	Water: Public
Fee Includes:	Water Heater: Other

**COMPARABLE DEVELOPMENT #4
WOODMAN CONDOMINIUMS
266-286 CENTRAL AVENUE, DOVER, NH**



LOCATION:	266-286 Central Avenue, Dover, NH
UNITS:	12 Garden Style and Two-story Units
SALE DATES:	August 2006 to February 2007
SALE PRICE RANGE:	\$140,000 to \$185,000
UNIT SIZE:	562 SF to 1,191 SF
PRICE PER S.F.:	\$223.40/SF to \$260.66/SF
AVERAGE PRICE PER S.F.:	\$244.62/SF
ABSORPTION RATE:	0.63/Month; 7.50/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
6	8/28/06	\$140,000	604	\$231.79
5	12/29/06	\$147,000	658	\$223.40
4	1/12/07	\$165,000	633	\$260.66
2	2/5/07	\$163,500	656	\$249.24
3	2/23/07	\$185,000	717	\$258.02

COMMENTS: These garden style and two-story style units contain 1 or 2 bedrooms, 1 or 2 baths and an elevator. These units are located in a renovated brick mixed use building. They are considered to be of good quality construction and finish. The typical finish includes tile and hardwood floors, cherry cabinets and high ceilings. There are some units with views of the downtown. This development is located on Central Avenue across from the City Hall in downtown Dover.

**COMPARABLE DEVELOPMENT #4
WOODMAN CONDOMINIUMS
266-286 CENTRAL AVENUE, DOVER, NH**



Style:	Conversion	Rooms:	4
Year Built:	1895	Bedrooms:	2
Color:		Total Baths:	1
Taxes:	\$.00	Full:	1
Tax Year:	2000	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	0
Zoning:	RES	Garage Capacity:	1
Lot Acre:	.00	Garage Type:	Detached
Lot SqFt:		Total Fin SqFt:	633
Road Frontage:		Apx Fin Above Grd:	
Water Frontage:		Apx Fin Below Grd:	
Water Acc Type:		Foot Print:	

Water Body Type: Surveyed: Unknown **Seasonal:** No
Water Body Name: Current/Land Use: **Flood Zone:** Unknown
Public Rems: THE WOODMAN CONDOMINIUMS. TWO BEDROOM UNIT RIGHT IN THE HEART OF HISTORIC DOWNTOWN DOVER. GRANITE CT, STAINLESS STEEL APPLIANCES, HW / TILE FLOORS, AND CHERRY CABINETS AVAILABLE. CENTRAL AIR, HIGH CEILINGS, AND ELEVATOR SERVICE.
Directions: RIGHT NEXT TO THE DOVER TOWN HALL BUILDING ON CENTRAL AVENUE. SIGN ON PROPERTY.

APPROXIMATE ROOM DIMENSIONS											
ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath		0	1	0	0	1/2 Bath		0	0	0	0
3/4 Bath		0	0	0	0	Den		0	0	0	0
Dining Rm		0	0	0	0	Family Rm		0	0	0	0
Kitchen		0	1	0	0	Living Rm		0	1	0	0
Master BR		0	1	0	0	2nd BR		0	1	0	0
3rd BR		0	0	0	0	4th BR		0	0	0	0
Other Rm 1		0	0	0	0	Other Rm 2		0	0	0	0
Other Rm 3		0	0	0	0						

FOR CONDO USE ONLY			
Condo Unit #:	4	Floor:	2
# Units/Building:	12	Common Land Acres:	0
Ownership Type:	Full	Condo Assoc Fees:	106
		Building #:	
		Limited Common Area:	0
		Special Assessment:	No

FEATURES	
Amenities:	Cable
Basement:	None
Construction:	Wood Frame
Driveway:	Common/Shared , Paved
Appliances:	Dishwasher , Disposal , Range-Gas , Microwave , Refrigerator , Security System , Smoke Detector
Financing:	
Garage/Park:	Deeded , Detached
Heat Fuel:	Gas-Natural
Negotiable:	
Roads:	Public
Sewer:	Public
Fee Includes:	
Electric:	200 Amp
Exterior:	Brick
Foundation:	Granite
Heating/Cool:	Central Air , Hot Air
Lot Desc:	Other
Restrictions:	No Pets
Roof:	Shingle-Asphalt
Water:	Public
Water Heater:	Gas

**COMPARABLE DEVELOPMENT #5
SHEPARD'S COVE
SHEPARD'S COVE, KITTERY, ME**



LOCATION: Shepard's Cove, Kittery, ME
 UNITS: 115 Garden Style, Townhouse and Detached Units
 SALE DATES: June 2004 to April 2007
 SALE PRICE RANGE: \$264,900 to \$747,567
 UNIT SIZE: 1,174 SF to 4,000 SF
 PRICE PER S.F.: \$220.75/SF to \$320.60/SF
 AVERAGE PRICE PER S.F.: \$269.16/SF
 ABSORPTION RATE: 1.71/Month; 20.47/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
C105	3/2/07	\$382,900	1,556	\$246.08
E101	3/7/07	\$532,199	1,660	\$320.60
E304	3/9/07	\$349,900	1,395	\$250.82
E107	3/30/07	\$494,900	1,660	\$297.95
C106	4/6/07	\$274,900	1,206	\$227.94

COMMENTS: These age-restricted garden style, townhouse and detached units contain 1, 2 or 3 bedrooms, 1 or 2 baths and lower level garages. These units are considered to be of very good quality construction and finish. The typical finish includes hardwood floors, a gas fireplace and balconies with views of Spruce Creek. There is a clubhouse, a dock area, a boat house and walking trails on 42.5 acres. This development is located in a wooded residential area on Spruce Creek in Kittery.

COMPARABLE DEVELOPMENT #5 SHEPARD'S COVE SHEPARD'S COVE, KITTERY, ME



Style:	End Row , Multi Level , Other	Rooms:	5
Year Built:	2005	Bedrooms:	2
Color:	SAND	Total Baths:	2
Taxes:	\$.00	Full:	2
Tax Year:	2006	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	0
Zoning:	EHAUR	Garage Capacity:	1
Lot Acre:	42.50	Garage Type:	Under
Lot SqFt:	1,851,300	Total Fin SqFt:	1,660
Road Frontage:		Apx Fin Above Grd:	1,660
Water Frontage:	3,000	Foot Print:	
Water Acc Type:			

Water Body Type: Surveyed: Yes **Seasonal:** No
Water Body Name: SPRUCE CREEK **Current/Land Use:** **Flood Zone:** Unknown
Public Rems: SO. MAINE S ACTIVE ADULT COMMUNITY. UNIT IS LOCATED IN THE KENNEBUNK MID-RISE W/1 ST FLR LIVING, DRIVE UNDER GARAGE/ELEVATOR. INCLUDES A 5000 SQFT PRIVATE CLUB HOUSE MORE. AGENTS MUST ACCOMPANY BUYERS AT 1ST SHOWING. THIS UNIT HAS WATER VIEWS.
Directions: I-95 TO MAINE EXIT 2, RIGHT TO KITTERY TRAFFIC CIRCLE, RIGHT ON 236S, ENTRANCE IS ON THE LEFT.

APPROXIMATE ROOM DIMENSIONS											
ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath		0	2	0	0	1/2 Bath		0	0	0	0
3/4 Bath		0	0	0	0	Den		0	0	0	0
Dining Rm	14X11	0	1	0	0	Family Rm		0	0	0	0
Kitchen	13X14	0	1	0	0	Living Rm	19X21	0	1	0	0
Master BR	13X14	0	1	0	0	2nd BR	12X12	0	1	0	0
3rd BR		0	0	0	0	4th BR		0	0	0	0
Other Rm 1		0	0	0	0	Other Rm 2		0	0	0	0
Other Rm 3		0	0	0	0						

FOR CONDO USE ONLY			
Condo Unit #:	E101	Floor:	1
# Units/Building:	24	Common Land Acres:	42.5
Ownership Type:	Full	Condo Assoc Fees:	266
		Building #:	E
		Limited Common Area:	1851300
		Special Assessment:	No

FEATURES	
Amenities:	1st Floor Laundry , Boat Slip/Dock , Ceiling Fan , Deck , Elevator , Fireplace-Gas , Home Warranty , Master BR with BA , Underground Utilities
Basement:	Other
Construction:	Wood Frame
Driveway:	Common/Shared , Paved
Appliances:	Dishwasher , Disposal , Range-Electric , Microwave , Refrigerator , Security System , Smoke Detector , Trash Compactor
Financing:	
Garage/Park:	1 Parking Space , Auto Open , Deeded , Heated , Under
Heat Fuel:	Gas-Natural
Negotiable:	
Roads:	Association , Private
Sewer:	Community , Public , Pump Up
Electric:	Circuit Breaker
Exterior:	Shingle , Wood
Foundation:	Concrete
Heating/Cool:	Central Air , Hot Air
Lot Desc:	Deed Restricted , Landscaped , ROW to Water , View , Walking Trails , Wooded
Restrictions:	55 and Over , Pets Allowed
Roof:	Shingle-Asphalt
Water:	Public

**COMPARABLE DEVELOPMENT #6
JACKSON FALLS
52 MAIN STREET, NASHUA, NH**



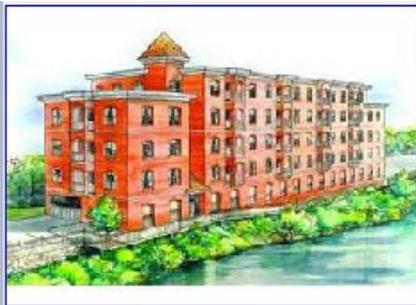
LOCATION:	52 Main Street, Nashua, NH
UNITS:	22 Garden Style Units
SALE DATES:	March 2007 to April 2007
SALE PRICE RANGE:	\$359,500 to \$439,900
UNIT SIZE:	1,323 SF to 1,398 SF
PRICE PER S.F.:	\$257.15/SF to \$332.50/SF
AVERAGE PRICE PER S.F.:	\$294.83/SF
ABSORPTION RATE:	1.0/Month; 12.0/Year

RECENT SALES:

UNIT #	SALE DATE	SALE PRICE	S.F.	\$/S.F.
504	3/2/07	\$439,900	1,323	\$332.50
201	3/9/07	\$359,500	1,398	\$257.15
406	U.A.	\$439,900	1,383	\$318.08

COMMENTS: These garden style units contain 2 bedrooms, 2 baths and a lower level parking garage. These new construction units are considered to be of very good quality construction and finish. The typical finish includes hardwood floors, a gas fireplace and balconies with views of the Nashua River. This development is located on Main Street in the downtown area of Nashua.

**COMPARABLE DEVELOPMENT #6
JACKSON FALLS
52 MAIN STREET, NASHUA, NH**



Style:	Garden	Rooms:	5
Year Built:	2006	Bedrooms:	2
Color:		Total Baths:	2
Taxes:	\$.00	Full:	2
Tax Year:	2006	3/4 Baths:	0
Assoc. Fee:	\$	1/2 Baths:	0
Zoning:	R2	Garage Capacity:	1
Lot Acre:	.00	Garage Type:	Under
Lot SqFt:		Total Fin SqFt:	1,398
Road Frontage:		Apx Fin Above Grd:	1,398
Water Frontage:		Apx Fin Below Grd:	
Water Acc Type:		Foot Print:	

Water Body Type:		Surveyed:	Yes	Seasonal:	No
Water Body Name:	Nashua River	Current/Land Use:		Flood Zone:	Unknown

Public Rems: Location, Location! Downtown Nashua! Enjoy waterfront views from your own private balcony. Brand new construction with high end finishes. Live a maintenance free lifestyle...Come visit our sales center Sat or Sunday, 83 Main Street

Directions: Main St. behind Peddlers Daughter

APPROXIMATE ROOM DIMENSIONS											
ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL	ROOM	DIMS	BASEMENT	1ST FL	2ND FL	3RD FL
Full Bath		0	0	2	0	1/2 Bath		0	0	0	0
3/4 Bath		0	0	0	0	Den		0	0	0	0
Dining Rm	10x13	0	1	0	0	Family Rm		0	0	0	0
Kitchen	10x10	0	1	0	0	Living Rm	13x16	0	1	0	0
Master BR	14x16	0	1	0	0	2nd BR	11x14	0	1	0	0
3rd BR		0	0	0	0	4th BR		0	0	0	0
Other Rm 1		0	0	0	0	Other Rm 2		0	0	0	0
Other Rm 3		0	0	0	0						

FOR CONDO USE ONLY			
Condo Unit #:	201	Floor:	2
# Units/Building:	22	Common Land Acres:	0
Ownership Type:	Full	Condo Assoc Fees:	250
		Building #:	
		Limited Common Area:	0
		Special Assessment:	No

FEATURES	
Amenities:	1st Floor Laundry , Cable , Fireplace-Gas , Home Warranty , Master BR with BA , Porch
Basement:	Other
Construction:	Wood Frame
Driveway:	Common/Shared , Paved
Appliances:	Dishwasher , Disposal , Dryer , Range-Gas , Microwave , Refrigerator , Security System , Smoke Detector , Washer
Financing:	
Garage/Park:	Auto Open , Under
Heat Fuel:	Gas-Natural
Negotiable:	
Roads:	Association , Private
Sewer:	Public
Fee Includes:	
Electric:	200 Amp , Circuit Breaker
Exterior:	Brick
Foundation:	Concrete
Heating/Cool:	Central Air , Hot Air
Lot Desc:	Water View , Waterfront
Restrictions:	
Roof:	Other
Water:	Public
Water Heater:	Gas

Summary of the Residential Condominium Sale Comparables

The preceding improved sales are summarized below in outline form:

COMP#	LOCATION	SALE DATES	AVERAGE PER S.F. PRICE
#1	Harvest Place Dover Point Road Dover, NH	6/06-10/06	\$158.75
#2	The Pointe 55 River Front Drive Manchester, NH	11/05-3/07	\$207.22
#3	Riverwalk Place Riverwalk Way Manchester, NH	12/05-4/07	\$215.74
#4	Woodman Condominiums 266-286 Central Avenue Dover, NH	8/06-2/07	\$244.62
#5	Shepard's Cove 100 Shepard's Cove Kittery, ME	6/04-4/07	\$269.16
#6	Jackson Falls 52 Main Street Nashua, NH	3/07-4/07	\$294.83

Sales Comparison Approach – Analysis

The previous sales are considered to approximately reflect typical investment motivations. The units of comparison were developed using average per square foot sales prices from each of the six comparable developments. The Sales Price Per Square Foot indicator is applicable to each of the properties. However, it is a common element which is general in nature and takes account of all influence without specifically identifying their impact. Variations are generally attributable to amenities, finishes, quality, size, and location of the residential condominium unit. The comparable sales have average indicated per square foot prices from \$158.75 to \$294.83.

Market Trends:

The recent purchasers of these very good quality residential condominiums include: the over 55 individual seeking to downsize from a detached residence; a young professional seeking a maintenance free lifestyle; or individuals seeking a condominium with either the riverfront or the downtown amenity. These units would not typically sell to an investor seeking to purchase a unit that can provide cash flow. The demand for these very good quality residential condominiums has remained strong as evidenced by the continuance of sales for many of the comparable developments. Prices for these residential units have generally remained stable over the past couple of years. There are some developments that have experienced slight increases or slight decreases in prices over the past year.

On the following page, each of the six comparables are compared to a typical residential unit of the subject property and adjusted for condition, location, amenities and size.

Overall Adjustments to Comparable Developments

The average or typical unit of each of the comparable developments will be compared to a typical residential condominium unit of the subject property and adjusted for condition, location, amenities and size. For comparison purposes, the average unit of the subject property will be a 1,555 square foot garden style unit in very good overall condition, located in a good residential condominium location, with river views and river access.

Comparable Development #1 is a 7 unit townhouse style development (Harvest Place) located on Dover Point in Dover. This development represents a typical good condition development with no river amenity in Dover. These units are in good overall condition slightly less desirable than that of the subject property. These units are located in an above average residential location inferior to the good residential location of the subject property. This development has no river or view amenity, inferior to the subject. These units contain 1,539 square feet which is similar in size as compared to the 1,555 square feet of the typical unit of the subject. After considering all of these comparisons, a large upward overall adjustment is made to the average per square foot sale price of this comparable development of \$158.75.

Comparable Development #2 is a 68 unit garden style development (The Pointe) located on River Front Drive in Manchester. This development represents a typical very good condition in-town development with river views. These units are in very good overall condition as desirable as compared to that of the subject property. These units are located in an above average residential location inferior to the good residential location of the subject property. This development has river views but no access to the river which is inferior to the subject. These units are generally similar in size as compared to the 1,555 square feet of the typical unit of the subject. After considering all of these comparisons, a moderate upward overall adjustment is made to the average per square foot sale price of this comparable development of \$207.22.

Comparable Development #3 is a 45 unit townhouse style development (Riverwalk Place) located on Riverwalk Way in Manchester. This development represents a typical very good condition in-town development with river views. These units are in very good overall condition as desirable as compared to that of the subject property. These units are located in a good residential location similar to the good residential location of the subject property. This development has river views but no access to the river which is inferior to the subject. These units are generally slightly larger in size as compared to the 1,555 square feet of the typical unit of the subject. After considering all of these comparisons, a slight upward overall adjustment is made to the average per square foot sale price of this comparable development of \$215.74.

Comparable Development #4 is a 12 unit garden and townhouse style development (Woodman Condominiums) located on Central Avenue in Dover. This development represents a lower quality in-town Dover development with no river amenity. These units are in good overall condition, slightly less desirable as compared to that of the subject property. These units are located in an above average residential location inferior to the good residential location of the subject property. This development has no river views or river access which is inferior to the subject. These units are generally much smaller in size as compared to the 1,555 square feet of the typical unit of the subject. After considering all of these comparisons, a slight downward overall adjustment is made to the average per square foot sale price of this comparable development of \$244.62.

Comparable Development #5 is a 115 unit garden and townhouse style development (Shepard's Cove) located on Shepard's Cove in Kittery. This development represents a typical very good condition age-restricted riverfront development. These units are in very good overall condition as desirable as compared to that of the subject property. These units are located in a good residential location similar to the good residential location of the subject property. This development has river views and river access which is similar to the subject. These units are generally slightly larger in size as compared to the 1,555 square feet of the typical unit of the subject. These units are located in a private residential development with a clubhouse building which is slightly superior to that of the subject property. After considering all of these comparisons, a slight downward overall adjustment is made to the average per square foot sale price of this comparable development of \$269.16.

Comparable Development #6 is a 22 unit garden style development (Jackson Falls) located on Main Street in Nashua. This development represents a typical very good condition in-town development with river views. These units are in very good overall condition as desirable as compared to that of the subject property. These units are located in a very good residential location in Nashua slightly superior to the good residential location of the subject property. This development has river views but no access to the river which is inferior to the subject. These units are generally slightly smaller in size as compared to the 1,555 square feet of the typical unit of the subject. After considering all of these comparisons, a downward overall adjustment is made to the average per square foot sale price of this comparable development of \$294.83.

Average Square Foot Price for Residential Units

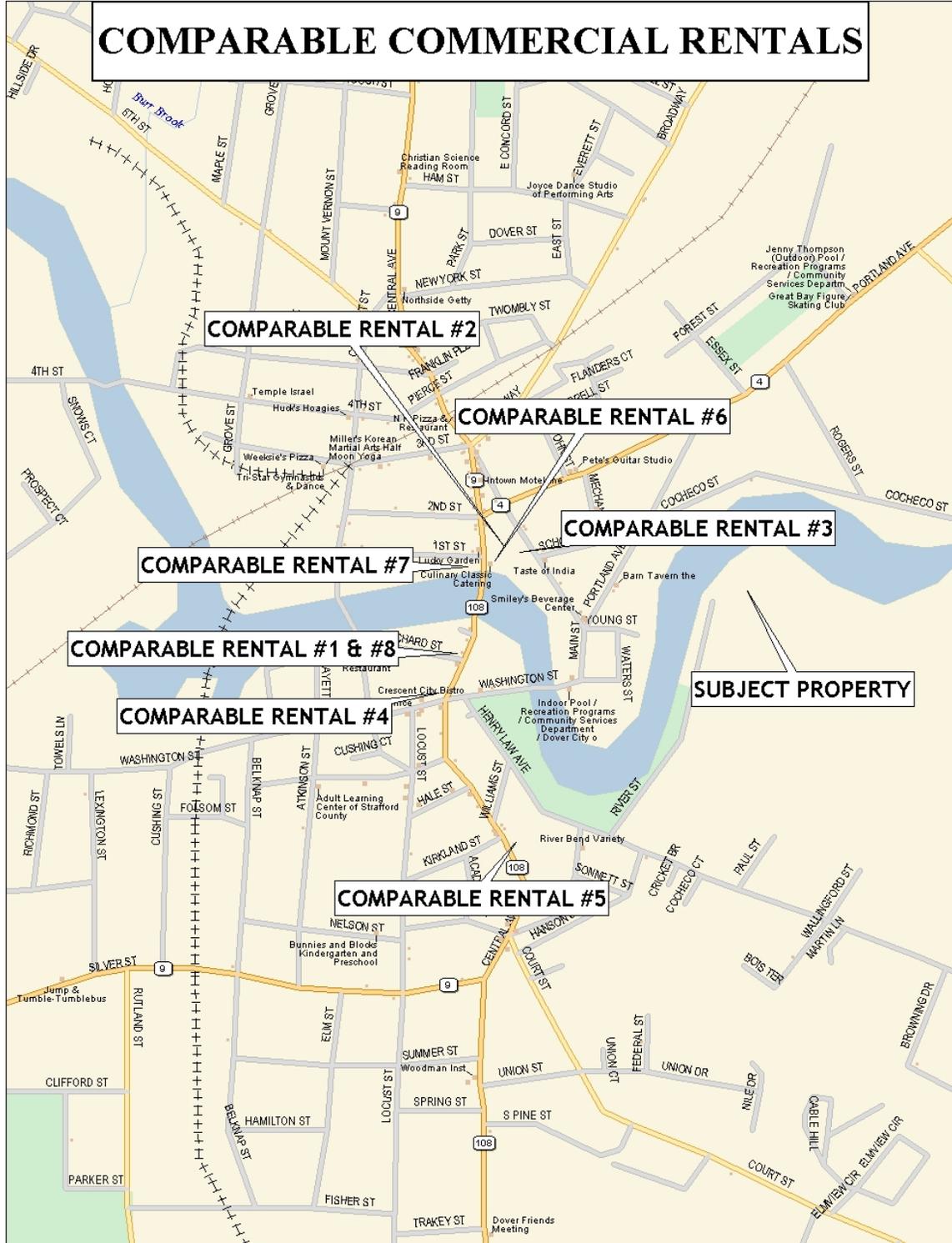
After all adjustment considerations and considering the physical factors of a typical residential condominium of the subject property, (condition, amenities, location, and size), an overall range of per square foot prices from approximately \$215.00 to \$245.00 is derived. The appraiser concludes that this would be a reasonable range of prices for the various units in the development. Of course, the units with superior river views, location in the development or design would command prices at the upper end of this range and the units without these amenities would command prices at the lower end of the range. For the Discounted Sellout Analysis, a mid-point per square foot price of \$230.00 will be utilized for the residential units.

Analysis of Square Foot Price for Commercial Space

In the greater Seacoast marketplace, there are very few commercial condominium sales from which to derive a square foot price for the subject's 60,000 square feet of commercial space. There are a couple of recently constructed mixed use developments located in Portsmouth where there was a combination of commercial and residential condominiums. The developments located at 10 Congress Street and 1039 Islington Street contains a mixture of commercial and residential space. Because these developments are located in the much more desirable City of Portsmouth, it is considered near impossible to make a meaningful and reliable comparison to the subject's commercial space. Lacking any truly comparable commercial condominium units in the area from which to extract per square foot prices, the appraiser will utilize an income analysis. This income analysis will estimate an average per square foot triple net rental rate for the subject's commercial space and then translate the NOI for the space into a value estimate. In the downtown area of Dover, there is a fair amount of recent rental data available to compare to the proposed commercial space of the subject's development.

Following a location map on the next page, several commercial rent comparables will be summarized and later compared to the subject's commercial space.

COMPARABLE COMMERCIAL RENTALS



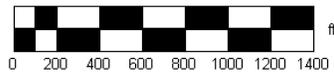
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MN (15.7° W)



Data Zoom 14-5



Rental Comparable #1

Address: 364 Central Avenue, Dover, NH

Lessor: SugarShack Rental Properties, LLC

Lessee: James M. McSharry and Larry Hamel

Type of Space: 5,000 SF of first floor Retail Space

Lease: This first floor commercial unit leased in July of 2004 for \$9.60/SF on a triple net basis. This was a five year fixed rate lease. There is one 5-year renewal option based on a 5-year CPI escalator or a 10% increase, whichever is less.

Comments: This retail unit contains four storefront retail areas. This retail space is currently utilized as a combination of retail, restaurant and lounge space. There is a full basement area for storage space. The Lessee has subleased the corner unit as retail space (Rental Comparable #8). This unit is in very good overall condition. This downtown Dover location is considered to be good.



Rental Comparable #2

Address: 100 Main Street, Dover, NH

Lessor: Roemer

Lessee: Blue Latitudes

Lease: This 4,470 square foot ground level commercial unit was leased on April 1, 2004 for \$11.50/SF on a modified gross basis. The lessee pays for utilities to the unit along with \$1.00/SF for property taxes. The effective triple net lease rate for this unit was \$9.50/SF. This was a 5-year lease with 5% annual escalators.

Comments: This restaurant unit was last used as office space. The tenant completed the fit-up for this restaurant unit. The unit had in place two lavatories. This unit is located at 100 Main Street in a multi-tenant former mill building just off of a large open courtyard. There is effectively no on-site parking for this unit. There is some municipal street parking in the area. This unit has a large front dining area with rear kitchen, office and lavatory areas. The overall condition of this unit is good. This unit is located in a multi-tenant (retail & office) building in an above average commercial location.



Rental Comparable #3

Address: Cocheco Falls Millworks, 100 Main Street, Dover, NH

Lessee: Sellmytimesharenow.com

Leased Space: 12,400 square feet of office space

Lease: The origination date for this lease was January 1, 2006. This was a five year lease. The first year modified gross lease rate was \$13.16/SF. The effective first year triple net lease rate was approximately \$11.00/SF. The rent escalates 5% annually.

Comments: This 12,400 square foot office unit is located in a multi-tenant office building (The Cocheco Falls Millworks) that is a converted mill building. This unit has exposed brick walls, several private offices, open office areas, a conference room, a kitchen area and private lavatories. There is some on-site parking for this development (12 spaces for this unit) with additional off-site parking also available serviced by a shuttle trolley. The overall condition of this space is very good. This is considered an above average office location on Main Street.



Rental Comparable #4

Address: 340 Central Avenue, Dover, NH

Lessor: Sarnia Properties, LLC

Lessee: Mojitos

Type of Space: 4,800 SF of first floor Retail Space

Lease: This first floor commercial unit leased on November 1, 2006 for a first year rental rate of \$12.00/SF on a triple net basis. This is a five year lease that has an annual CPI escalator.

Comments: This multi-tenant building contains several retail units on the first floor and several office suites on the upper levels. This unit was last occupied by the Crescent City Bistro Restaurant. The owner re-worked two lavatories and the tenant completed the remainder of the fit-up. There is a small on-site rear parking area. The overall condition of this commercial unit is good. This downtown Dover location is considered to be good.



Rental Comparable #5

Address: 257 Central Avenue, Dover, NH

Lessor: McQuade

Lessee: Available Space

Type of Space: 4,000 SF of first floor Retail Space

Lease: This first floor commercial unit is currently available for lease with an asking rental rate of \$12.50/SF on a triple net basis.

Comments: This free-standing retail building contains a large open front retail area with rear office, storage and lavatory areas. This building was last occupied by West Coast Video. There is a small on-site parking area. The overall condition of this commercial building is good. This downtown Dover location is considered to be good.



Rental Comparable #6

Address: 421 Central Avenue, Dover, NH

Lessor: 421 Central Avenue, LLC

Lessee: Trophies Sports Bar

Type of Space: 2,200 SF of second floor lounge space

Lease: This second floor commercial unit leased in March of 2006 for \$13.00/SF on a triple net basis. This was a 5-year lease with one three-year renewal option. The rent escalates as follows: YR1-YR3: \$13.00/SF; YR4 & YR5: \$13.65/SF. The net charges for this unit total approximately \$2.50/SF.

Comments: This was a renewal of a prior lease with Daniel's Sports Bar. Trophies Sports Bar purchased the business and they had 8 months remaining on the lease. This second floor space is accessed by an interior set of stairs. There is a large open lounge area, a pool room, a rear kitchen area and lavatory areas. This space was in good overall condition. This downtown Dover location is considered to be good.



Rental Comparable #7

Address: 422 Central Avenue, Dover, NH

Lessor: Brian Fischer

Lessee: One Second Computer

Type of Space: 3,000 SF of first floor Retail Space

Lease: This first floor commercial unit leased in April of 2005 for \$14.00/SF on a triple net basis. There is a 3% annual escalator for this 5 year lease.

Comments: This retail unit is located in a multi-unit retail building located on Central Avenue in downtown Dover. The unit has two front storefronts. There are front open display areas, central work area and rear office, storage and lavatory areas. There is no on-site parking. The overall condition of this commercial building is good. This downtown Dover location is considered to be good.



Rental Comparable #8

Address: 364 Central Avenue, Dover, NH

Lessor: James McSharry & Louis Hamel

Lessee: The Dover Wine Company

Type of Space: 1,000 SF of first floor Retail Space

Lease: This first floor commercial unit leased in July of 2006 for \$22.20/SF on a modified gross basis. This was a three year fixed rate lease. The effective triple net lease rate is approximately \$18.20/SF.

Comments: This retail unit is located in the first floor of the commercial unit of the subject property. This lease is a sublease of a portion of the 5,000 square foot unit that is leased to McSharry and Hamel (Rental Comparable #1). This corner retail unit has a front entrance that accesses an open retail area. There is a small rear storage area and a lavatory. This unit is in very good overall condition. This downtown Dover location is considered to be good.

ANALYSIS OF COMMERCIAL RENT COMPARABLES

Eight comparable retail, restaurant or office units located in the downtown area of Dover have been analyzed. The triple net rental rates range from a low of \$9.50 per square foot to a high of \$18.20 per square foot. The largest determinant for the rental rate appears to be the size and condition of the unit along with the terms of the lease. Of course, other factors are important in determining the rental rate including: location, access, parking and visibility.

The subject property will contain a total of 60,000 square feet of retail, restaurant and office space. The unit sizes for this space is not known other than the individual buildings will range in size from 5,000 square feet to 40,000 square feet. For the purpose of this analysis, a typical unit size of 5,000 square feet will be utilized. The typical unit will be in very good condition located in a good commercial location. Overall comparisons will be made with each of the eight comparable rentals.

Rental Comparable #1 is a slightly older lease of a 5,000 square foot retail unit located on Central Avenue in Dover. The initial lease rate was \$9.60/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 5,000 square foot unit is similar in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is similar as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is slightly upward.

Rental Comparable #2 is a slightly older lease of a 4,470 square foot retail unit located on 100 Main Street in Dover. The initial lease rate was \$9.50/SF on a triple net basis. This property is located in an inferior (above average) commercial location as compared to that of the subject property. This 4,470 square foot unit is slightly smaller in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is slightly inferior as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is upward.

Rental Comparable #3 is a recent lease of a 12,400 square foot office unit located on 100 Main Street in Dover. The initial lease rate was \$11.00/SF on a triple net basis. This property is located in an inferior (above average) commercial location as compared to that of the subject property. This 12,400 square foot unit is much larger in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is similar to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is slightly upward.

Rental Comparable #4 is a recent lease of a 4,800 square foot retail unit located on 340 Central Avenue in Dover. The initial lease rate was \$12.00/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 4,800 square foot unit is similar in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is slightly inferior as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is slightly upward.

Rental Comparable #5 is a current asking lease rate for a 4,000 square foot retail unit located on 257 Central Avenue in Dover. The asking lease rate is \$12.50/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 4,000 square foot unit is slightly smaller in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is slightly inferior as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is slightly upward.

Rental Comparable #6 is a recent lease of a 2,200 square foot retail unit located on 421 Central Avenue in Dover. The initial lease rate was \$13.00/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 2,200 square foot unit is much smaller in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is inferior as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is slightly downward.

Rental Comparable #7 is a slightly older lease of a 3,000 square foot retail unit located on 422 Central Avenue in Dover. The initial lease rate was \$14.00/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 3,000 square foot unit is much smaller in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is inferior as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is downward.

Rental Comparable #8 is a recent lease of a 1,000 square foot retail unit located on 364 Central Avenue in Dover. The initial lease rate was \$18.20/SF on a triple net basis. This property is located in a similar (good) commercial location as compared to that of the subject property. This 1,000 square foot unit is much smaller in size as compared to the 5,000 square foot unit of the subject property. The overall condition of this unit is similar as compared to that of the subject property. Based on the previous comparisons, the overall adjustment for this rental comparable is largely downward.

The eight comparables have been individually compared and adjusted to the subject's typical 5,000 square foot unit. Upward overall adjustments have been made to Comparable Rentals #1, #2, #3, #4 and #5 while downward adjustments were made to Comparable Rentals #6, #7 and #8. Based on these rental comparisons, the appraiser estimates that an appropriate economic market rent for the typical 5,000 square foot unit of the subject property would be \$12.50/SF on a triple net basis.

In order to translate this triple net lease rate into a market value estimate, the base year NOI for the 60,000 square feet of commercial space must be estimated. Allocations are made for Vacancy and Collection Loss (6%); Management and Leasing (5%); and Miscellaneous Expenses (1%). A capitalization rate of 8.50% is estimated based on a Band of Investment Analysis and Overall Rates in the marketplace. The Base Year Income and Expense Analysis for the 60,000 square feet of commercial space is summarized as follows:

Potential Gross Income (60,000 SF x \$12.50/SF):		\$750,000
Less: Vacancy and Collection Losses (6.0%):		<u>\$45,000</u>
Effective Gross Income:		\$705,000
Less: Operating Expenses:		
Management and Leasing Expenses (5.0%):	\$35,250	
Miscellaneous Expenses (1.0%):	<u>\$7,050</u>	
Total Operating Expenses:		<u>\$42,300</u>
Net Operating Income:		\$662,700
Capitalized at 8.50%:		\$7,796,471

The total market value of the 60,000 square feet of commercial space for the subject property is estimated at \$7,796,471. Dividing this value estimate by the 60,000 square feet of commercial space in the subject property, results in a per square foot value of \$129.94, rounded to \$130.00. This per square foot value will be utilized in the Discounted Sellout Analysis.

2. Absorption Analysis:

This absorption analysis for the subject property will concentrate on recent absorption data extracted from several comparable competing residential developments. While past absorption results cannot guarantee similar future absorption results, the historical absorption rates derived from these competing developments will provide a concrete starting place from which to project absorption for the residential portion of the subject's development.

On pages #49 to #60 in this report, six competing residential developments were summarized with the annual absorption rates indicated. The absorption data for these six residential developments is summarized as follows:

COMPARABLE DEVELOPMENT	LOCATION	UNITS	PRICE RANGE	ABSORPTION RATE
#1 – Harvest Place	Dover Point Road Dover, NH	7	\$237,000-\$254,000	16.8/Year
#2 – The Pointe	55 River Front Drive Manchester, NH	68	\$292,100-\$315,850	25.4/Year
#3 – Riverwalk Place	Riverwalk Way Manchester, NH	45	\$300,000-\$606,000	9.18/Year
#4 – Woodman Condos	266-286 Central Ave. Dover, NH	12	\$140,000-\$185,000	7.5/Year
#5 – Shepard's Cove	Shepard's Cove Kittery, ME	115	\$264,900-\$747,567	20.47/Year
#6 – Jackson Falls	52 Main Street Nashua, NH	22	\$359,500-\$439,900	12.0/Year

The six previous developments have historical annual absorption rates ranging from 7.5 per year to 20.47 per year. The mean absorption rate for the six comparable subdivisions is 12.42 units per year. The subject's proposed residential subdivision will be competing directly with some of these developments. The subject's proposed development will likely be offering residential units priced from the low \$300,000's to the low \$400,000's. Considering the quality and size of the subject's development, Comparable Developments #2 and #5 are considered to be more comparable to the subject property than the four other comparables. These two competing developments have absorption rates toward the upper end of the range (25.4/Year and 20.47/Year). Giving more weight to these two competing developments, the appraiser concluded that an absorption rate of 18 units per year would be reasonable for the subject's residential units. For the proposed 182 units of the development, this translates into a sellout period of approximately 10 years.

The subject property also contains 60,000 square feet of commercial space that will need to be absorbed. In the greater Seacoast marketplace, there have been a couple of mixed use condominium developments that were constructed over the past couple of years.

The mixed-use development located at 6-16 Congress Street in Portsmouth contains six first-floor retail units, six second-floor office units and 18 upper level residential units. The shell for this five story building was completed in 2006. At that time, priority was given to completing the retail units

and the office units. The retail units have been selling for approximately \$400.00/SF while the office units are selling for \$275.00/SF. The residential units in this development have been selling for \$485,000 to \$1,050,000. At the present time, all of the retail and office units are sold while only half of the 18 residential units are sold.

The mixed-use development located at 1038 Islington Street in Portsmouth contains 10 residential units and 7 commercial units. These units were available for sale in September of 2005. Since that time, 9 of the 10 residential units have sold and 6 of the 7 commercial units have sold. The commercial units have been selling for approximately \$240.00/SF. The residential units in this development have been selling for \$300,000 to \$340,000. At the present time, all but one of the retail and all but one of the office units have sold.

While these two mixed use developments are much different in location, appeal and design as compared to that of the subject property, it can be concluded that the commercial units in both of these mixed use developments were able to be absorbed at least as fast as the residential units. For the subject's development, the commercial space (60,000 SF) represents approximately 16% of the total square footage of the subject's proposed development (369,621 SF). It would be reasonable to conclude that the subject's commercial space would be able to be absorbed at a rate equal to that of the residential space. As the subject's residential units are constructed and sold, it would be reasonable that a comparable percentage of commercial space would be able to be supported by the development.

The Term Sheet requires that the Developer complete Phase I "before commencing subsequent phases of development of the Project". Therefore, Buildings #4, #5 and #13 would likely be the first three buildings constructed in the development. The Developer's proposed phasing calls for constructing and selling a mix of commercial and residential space throughout the sellout. This Sellout Analysis will contain a 10 year sellout period with an additional first year estimated for the completion of the engineering, approvals and completion of a portion of the infrastructure.

3. Architectural and Engineering Expenses:

The architectural and engineering costs estimated by Dickinson Development total \$3,837,045. Marshall and Swift Valuation Service indicated that a cost of approximately \$3,150,000 would be appropriate for a development the size of the subject's. The estimate of \$3,150,000 will be utilized in the Discounted Sellout and divided evenly over the sellout.

4. Sales Expenses:

Based on actual costs from similar commercial, residential and mixed use developments, marketing costs for marketing the units and selling commissions averages 5% of the gross sales revenues. Legal fees are estimated at \$50,000 plus \$1,000 per unit as the units sell.

5. Property Taxes During Sellout:

The annual taxes are based on the number of the units (completed or approved) held during each year of the sellout. The first year property taxes would be based on the raw land assessment estimate of \$1,600,000. Therefore, the first year property taxes would total \$29,952. In each of the following ten years of the sellout, the forecasted assessment for the given year will be based on the annual average of 18.2 completed residential units and 6,000 square feet of completed commercial space plus the remaining interest of the approved residential and commercial space and the approved residential and commercial space that has the infrastructure completed. Based on the assessment parameters relayed to the appraiser by Wil Corcoran, the Dover City Assessor, the first year assessment for the residential space will be based on a completed SF rate of \$225/SF. The first year rate for the units with infrastructure completed and for the units with approvals will be \$60,000/unit and \$25,000/unit, respectively. The first year assessment for the commercial space will be based on a completed SF rate of \$80/SF. The first year rate for the units with infrastructure completed and for the units with approvals will be \$20/SF and \$10/SF, respectively. Based on annual increases in property taxes over the past several years, an annual increase of 3% will be applied. An annual 3% escalator will also be applied to the unit values and the assessment factors. The following chart summarizes the appraiser's forecast of property taxes over the holding period.

YEAR	½ the Assessed Value of the Completed Residential & Commercial Units	Assessed Value of Residential & Commercial Units w/infrastructure completed	Assessed Value of Residential & Commercial Units w/approvals	Total Forecasted Assessment	Tax Rate	Property Taxes
1	N/A	N/A	N/A	\$1,600,000	\$18.72	\$29,952
2	\$3,423,863	\$1,215,600	\$4,134,400	\$8,773,863	\$19.28	\$169,160
3	\$3,526,578	\$1,252,068	\$3,726,128	\$8,504,774	\$19.86	\$168,905
4	\$3,632,376	\$1,289,630	\$3,289,639	\$8,211,645	\$20.46	\$168,010
5	\$3,741,347	\$1,328,319	\$2,823,607	\$7,893,273	\$21.07	\$166,311
6	\$3,853,588	\$1,368,169	\$2,326,652	\$7,548,409	\$21.70	\$163,800
7	\$3,969,195	\$1,409,213	\$1,797,338	\$7,175,746	\$22.35	\$160,378
8	\$4,088,271	\$1,451,490	\$1,234,173	\$6,773,934	\$23.02	\$155,936
9	\$4,210,919	\$1,495,034	\$635,599	\$6,341,522	\$23.71	\$150,358
10	\$4,337,247	\$1,539,886	\$0	\$5,877,133	\$24.43	\$143,578
11	\$4,467,364	\$0	\$0		\$25.16	\$112,399

6. Development Costs:

Based on several cash flow and phasing reports prepared by Dickinson Development, the total estimate for site work is \$7,379,085 (does not include Public Improvements). The subject property will contain 182 residential units and 60,000 square feet of commercial space. If the average unit size for a commercial unit is 5,000 square feet, then this would make the total effective number of units in the development 194 (182 + 12). Dividing the total k cost of \$7,379,085 by 194 units, results in a per unit cost for site work of \$38,037. In the marketplace, the per unit site work costs typically range from approximately \$20,000/unit to \$40,000/unit. Considering the extensive site work that will be required to level a hill portion of the subject property and to deal with the cliff area of the Bluffs, it would be expected that the subject's per unit site work costs would be toward the upper end of this range. The site work cost for Phase I alone is \$3,825,622. Considering the size and scope of the work to be completed, these site work cost estimates appear to be reasonable. The Discounted Sellout will apply the Phase I costs equally in year 1 and 2. The remaining site work costs will be spread equally over the remaining 9 years of the sellout.

7. Building Costs:

Based on several cash flows and phasing reports prepared by Dickinson Development, the total cost for building construction is \$42,029,217. The costs were based on per square foot building costs ranging from \$100.00/SF to \$118.00/SF. Referencing the Marshall and Swift Valuation Service, and considering the size and quality of the residential and commercial buildings proposed, it appears that these buildings cost estimates are slightly higher than that derived by utilizing Marshall and Swift Valuation Service. The Discounted Sellout will utilize a first year per square foot cost of \$105.00 for the residential space and \$95.00/SF for the commercial space. A 3% annual escalator will be applied to these cost estimates.

8. Entrepreneurial Profit:

Based on conversations with several real estate brokers and developers familiar with residential subdivisions, there is a range of expected entrepreneurial profit in the marketplace. Given the higher amount of risk, pure raw land developments can require an entrepreneurial profit as high as 15% to 25% while approved projects generally require only 10% to 15%. The subject's proposed residential and commercial development has less risk than raw land as the concept plan is in place. Approvals will need to be obtained and estimates have been gathered for the cost of the infrastructure. Based on this, the appraiser estimates Entrepreneurial Profit for the subject's proposed development at 12.5% of the gross sales revenue.

9. Miscellaneous Expenses:

An allocation is made to cover miscellaneous expenses such as impact fees and any unforeseen expenses associated with the development. Based on fact that all of the major expense items have been addressed in detail, an estimate of 1% of the gross sales is made.

10. Discount Rate:

The procedure used to convert periodic incomes into present value is called discounting. The required yield rate of return is called the discount rate. The appropriate discount rate for the subject is considered to be affected by such factors as interest rates, anticipated inflation, the risk of the development, and the value of future income. A Band of Investment Analysis is utilized. The Band of Investment Analysis is based on the premise that investments in income producing properties are typically financed with a mortgage and that the equity investor will seek to obtain the best available loan terms in order to maximize the potential benefits of leverage. The estimation of a Discount Rate by Band of Investment Analysis develops a weighted average between the return on investment that is required to cover mortgage interest and the return on investment that is required to provide a competitive equity dividend rate.

At the present time, typical mortgage terms call for 30% equity investment with 70% mortgage financing. Interest rates are generally in the range of the Federal Home Loan Bank Regular Rate plus 2.5%. The current FHLB Regular Rate is 5.08%. An interest rate of 7.50% is selected as being appropriate for the subject.

A real estate developer is separately being rewarded for the risk of the subject's development in the Entrepreneurial Profit line of the Discounted Sellout. The market indicates that investor's capital would be attracted to a property such as the subject if a yield on equity could be obtained in the range of 10%. This rate of return reflects the inherent risk of the real estate investment as compared to passive financial investments such as stocks and bonds. A Discount Rate is developed by utilizing the Band of Investment Analysis with a weighted average as follows:

Debt Portion:	.70	x	.096671	=	.067670
Equity Portion:	.30	x	.100000	=	<u>.030000</u>
Weighted Average:					.097670
Rounded to: 9.75%					

Based on this analysis, a discount rate of 9.75% is estimated as being appropriate for the subject's development. The Discounted Sellout Analysis on the next page translates the previous projections into a market value estimate of \$3,400,000.

DISCOUNTED SELLOFF ANALYSIS - CONCEPT PLAN												
YEARS:	0	1	2	3	4	5	6	7	8	9	10	11
# RES. UNITS AVAILABLE:	182	182.0	182.0	163.8	145.6	127.4	109.2	91.0	72.8	54.6	36.4	18.2
# RES. UNITS SOLD:	0	0	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2	18.2
AVERAGE RES. UNIT PRICE:			\$357,650	\$368,380	\$379,431	\$390,814	\$402,538	\$414,614	\$427,053	\$439,864	\$453,060	\$466,652
GROSS SALES RES. UNITS:			\$6,509,230	\$6,704,516	\$6,905,644	\$7,112,815	\$7,326,192	\$7,545,975	\$7,772,365	\$8,005,525	\$8,245,692	\$8,493,066
COMM. SPACE AVAILABLE:	60,000	60,000	60,000	54,000	48,000	42,000	36,000	30,000	24,000	18,000	12,000	6,000
COMM. SPACE SOLD:	0	0	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
AVERAGE COMM. S.F. PRICE:			\$130.00	\$133.90	\$137.92	\$142.05	\$146.32	\$150.71	\$155.23	\$164.68	\$169.62	\$174.71
GROSS SALES COMM. SPACE:			\$780,000	\$803,400	\$827,520	\$852,300	\$877,920	\$904,260	\$931,380	\$988,080	\$1,017,720	\$1,048,260
TOTAL GROSS SALES:		\$0	\$7,289,230	\$7,507,916	\$7,733,164	\$7,965,115	\$8,204,112	\$8,450,235	\$8,703,745	\$8,993,605	\$9,263,412	\$9,541,326
LESS EXPENSES:												
ARCHITECTURAL & ENG. EXP:		\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364	\$286,364
LEGAL FEES:	\$1,000	\$50,000	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200	\$18,200
MARKETING COSTS:	5%		\$364,462	\$375,396	\$386,658	\$398,256	\$410,206	\$422,512	\$435,187	\$449,680	\$463,171	\$477,066
PROPERTY TAXES:		\$29,952	\$169,160	\$168,905	\$168,010	\$166,311	\$163,800	\$160,378	\$155,936	\$150,358	\$143,578	\$112,399
DEVELOPMENT COSTS:		\$1,912,811	\$1,912,811	\$394,829	\$394,829	\$394,829	\$394,829	\$394,829	\$394,829	\$394,829	\$394,829	\$394,829
BUILDING COSTS:		\$3,137,250	\$3,231,368	\$3,831,597	\$3,979,523	\$4,098,856	\$4,221,627	\$4,312,713	\$4,442,097	\$4,575,207	\$4,712,453	\$4,853,836
ENTREPRENURIAL PROFIT:	12.5%	\$0	\$911,154	\$938,490	\$966,646	\$995,639	\$1,025,514	\$1,056,279	\$1,087,968	\$1,124,201	\$1,157,927	\$1,192,666
MISCELLANEOUS EXPENSES:	1%	\$0	\$72,892	\$75,079	\$77,332	\$79,651	\$82,041	\$84,502	\$87,037	\$89,936	\$92,634	\$95,413
TOTAL EXPENSES:		\$5,416,377	\$6,966,411	\$6,088,859	\$6,277,561	\$6,438,106	\$6,602,581	\$6,735,777	\$6,907,619	\$7,088,775	\$7,269,155	\$7,430,773
NET CASH PROCEEDS:		(\$5,416,377)	\$322,819	\$1,419,057	\$1,455,603	\$1,527,009	\$1,601,531	\$1,714,457	\$1,796,126	\$1,904,830	\$1,994,257	\$2,110,553
DISCOUNT RATE:	9.75%	<u>0.911162</u>	<u>0.830216</u>	<u>0.756461</u>	<u>0.689258</u>	<u>0.628026</u>	<u>0.572233</u>	<u>0.521397</u>	<u>0.475077</u>	<u>0.432872</u>	<u>0.394416</u>	<u>0.359377</u>
NET PRESENT VALUE:		(\$4,935,195)	\$268,010	\$1,073,461	\$1,003,286	\$959,000	\$916,449	\$893,912	\$853,298	\$824,547	\$786,567	\$758,484
TOTAL NET PRESENT VALUE:		\$3,401,818										
ROUNDED TO:		\$3,400,000										

Value Conclusion - Discounted Sellout Analysis - Concept Plan Scenario:

The previous Discounted Sellout Analysis concluded a Net Present Value of \$3,400,000 for the main portion of the subject property. This development scenario also contains the Bluffs area that can accommodate an additional 20-25 residential townhouse units. This valuation scenario will utilize a mid-point of 22.5 units. Based on per unit values derived in the Sales Comparison Approach section of this report, a per unit value of \$60,000 is estimated as being appropriate for the 22.5 potential residential units of the Bluffs. Multiplying the 22.5 units by a per unit value of \$60,000, results in a value estimate of \$1,350,000. In the Site Data portion of this report, it was estimated that it would cost approximately \$800,000 to install an access road to the Bluffs. Subtracting this road installation cost (\$800,000) from the value estimate of \$1,350,000, results in a net market value of \$550,000 for the Bluffs under this scenario.

Taking the market value of \$3,400,000 for the main portion of the subject property, and adding \$550,000 for the additional market value of the Bluffs, results in a total market value of the subject property, for the Concept Plan, via the Development Approach of:

\$3,950,000

Discounted Sellout Analysis – Highest and Best Use Scenario:

The Highest and Best Use scenario assumes that the subject property is maximized if developed with 288 residential condominium units. The main portion of the parcel would be developed with 240 units and the Bluffs area would be developed with 48 units. The previous analysis of the Concept Plan was based on a complete development and sellout of the main portion of the property largely because the Term Sheet requires the front loading of the infrastructure costs. Without completing the entire sellout, the infrastructure costs spent in Year 1 and Year 2 would not be recouped.

This Discounted Sellout will be based on what is typical in the marketplace for a development that has approvals for 288 residential units in a market where approximately 18 units will be absorbed each year. Based on typical requirements sought by developers and lenders, the subject's initial phase of the proposed 288 unit development would be valued based on a Discounted Sellout Analysis with the remaining units being valued based on their contributory value via a Sales Comparison Approach. The subject's proposed 288 unit development has been designed for 24 unit buildings. In the marketplace, a development the size of the subject property would typically initially construct 10% to 20% of the units in the first phase. This would translate to constructing from 28.8 to 57.6 units. Lenders who finance these multi-unit residential developments would typically prefer to see a first phase of a development that is forecasted to take no longer than three years to complete. For the subject property, this would translate to a first phase with 54 units. Based on the previous information, the appraiser concludes that it would be reasonable to forecast a first phase of development for the subject property with two 24 unit buildings. Applying the absorption rate of 18 units per year to this first phase, will result in a three year sellout. A three year sellout for the 48 units will be utilized.

The Discounted Sellout for the Highest and Best Use scenario will utilize several of the previous income and expense assumptions and conclusions that were used for the Concept Plan scenario. These income and expense items are summarized as follows:

1. Retail and Commercial Prices:

A first year retail sale price of \$230.00/SF will be utilized. The unit size of a typical residential unit is estimated at 1,555 square feet.

2. Absorption:

An absorption rate of 18 residential units per year will be utilized. This translates into a three year sellout period.

3. Architectural and Engineering Expenses:

Utilizing Marshall and Swift Valuation Service, it is estimated that a reasonable estimate for architectural and engineering costs for Phase I would be \$650,000. The estimate of \$650,000 will be utilized in the Discounted Sellout and divided evenly over the three years of the sellout (\$216,667/year).

4. Sales Expenses:

Based on actual costs from similar residential developments, marketing costs for marketing the units and selling commissions averages 5% of the gross sales revenues. Legal fees are estimated at \$50,000 plus \$1,000 per unit as the units sell.

5. Property Taxes During Sellout:

The annual taxes are based on the number of the units (completed or approved) held during each year of the sellout. The first year property taxes would be based on the raw land assessment estimate of \$1,600,000. Therefore, the first year property taxes would total \$29,952. In each of the following two years of the sellout, the forecasted assessment for the given year will be based on 18 residential units being constructed and sold in Year 1 and Year 2 and 12 units being constructed and sold in Year 3. The following chart will utilize previously estimated assessment parameters. The following chart summarizes the appraiser's forecast of property taxes over the holding period.

YEAR	½ the Assessed Value of the Completed Residential Units	Assessed Value of Residential Units w/infrastructure completed	Total Forecasted Assessment	Tax Rate	Property Taxes
1	N/A	N/A	\$1,600,000	\$18.72	\$29,952
2	\$3,315,416	\$741,600	\$4,057,016	\$19.28	\$78,219
3	\$2,276,585	0	\$2,276,585	\$19.86	\$45,213

6. Development Costs:

Based on the previous site work estimate of \$7,379,085 for the Concept Plan scenario, a total site work estimate of \$1,630,000 is made for Phase I of the 48 unit development scenario. These site work costs will be spread equally over the 3 years of the sellout (\$543,333/year).

7. Building Costs:

Referencing the Marshall and Swift Valuation Service, and considering the size and quality of the residential buildings proposed, the Discounted Sellout will utilize a first year per square foot cost of \$105.00 for the residential space. A gross unit square footage of 1,700 will be utilized. A 3% annual escalator will be applied to these cost estimates.

8. Entrepreneurial Profit:

The subject's proposed residential development has more risk as compared to the concept plan as this property will be 100% residential units with no commercial or public access areas. Obtaining the approvals for this type of restricted residential development may be more difficult to obtain as compared to that of the concept plan scenario. Based on this, the appraiser estimates Entrepreneurial Profit for the subject's proposed 48 unit residential development at 15% of the gross sales revenue.

9. Miscellaneous Expenses:

An allocation is made to cover miscellaneous expenses such as impact fees and any unforeseen expenses associated with the development. Based on fact that all of the major expense items have been addressed in detail, an estimate of 1% of the gross sales is made.

10. Discount Rate:

A discount rate of 9.75% is estimated as being appropriate for this development scenario of the subject property. The Discounted Sellout Analysis on the next page translates the previous projections into a market value estimate of \$2,360,000 for Phase I.

DISCOUNTED SELLOUT ANALYSIS				
HIGHEST AND BEST USE DEVELOPMENT PLAN - PHASE I				
YEARS:	0	1	2	3
# RES. UNITS AVAILABLE:	48	48	30	12
# RES. UNITS SOLD:	0	18	18	12
AVERAGE RES. UNIT PRICE:		\$357,650	\$368,380	\$379,431
GROSS SALES REVENUE:		\$6,437,700	\$6,630,840	\$4,553,172
LESS EXPENSES:				
ARCHITECTURAL & ENG. EXP.:		\$216,667	\$216,667	\$216,67
LEGAL FEES:	\$1,000	\$68,000	\$18,000	\$12,000
MARKETING COSTS:	5%	\$321,885	\$331,542	\$227,659
PROPERTY TAXES:		\$29,952	\$78,219	\$45,213
DEVELOPMENT COSTS:		\$543,333	\$543,333	\$543,333
BUILDING COSTS:		\$3,213,000	\$3,309,390	\$2,272,448
ENTREPRENURIAL PROFIT:	15%	\$965,655	\$994,626	\$682,976
<u>MISCELLANEOUS EXPENSES:</u>	1%	<u>\$64,377</u>	<u>\$66,308</u>	<u>\$45,532</u>
TOTAL EXPENSES:		\$5,422,869	\$5,558,085	\$3,829,160
NET CASH PROCEEDS:		\$1,014,831	\$1,072,755	\$724,012
DISCOUNT RATE:	9.75%	<u>0.911162</u>	<u>0.830216</u>	<u>0.756461</u>
NET PRESENT VALUE:		\$924,675	\$890,618	\$547,687
TOTAL NET PRESENT VALUE:	\$2,362,979			
ROUNDED TO:	\$2,360,000			

Value Conclusion - Discounted Sellout Analysis – Highest And Best Use Scenario:

The previous Discounted Sellout Analysis concluded a Net Present Value of \$2,360,000 for the 48 units of Phase I of the subject property. This development scenario also contains approvals for an additional 240 units. There are 192 additional units located in the main portion of the parcel and an additional 48 units located in the Bluffs area. Component values will be estimated for each of these areas that can accommodate additional units.

The 192 units located on the main portion of the parcel are rear surplus units for the development. Based on per unit values derived in the Sales Comparison Approach section of this report, a per unit value of \$15,000 is estimated as being appropriate for the 192 potential rear additional residential units. Multiplying the 192 units by a per unit value of \$15,000, results in a component value estimate of \$2,880,000.

The 48 units located on the Bluffs area could be developed or sold off separately. Based on per unit values derived in the Sales Comparison Approach section of this report and considering the much smaller size of this area and the potential of being developed or sold separately, a per unit value of \$40,000 is estimated as being reasonable for the 48 potential units of the Bluffs. Multiplying the 48 units by a per unit value of \$40,000, results in a value estimate of \$1,920,000. Subtracting the access road construction cost of \$800,000 from this amount, results in a component value estimate of \$1,120,000.

Individual values were estimated for the three components of the Highest and Best Use development scenario. A market value of \$2,360,000 was estimated for Phase I. A market value of \$2,880,000 was estimated for the 192 rear surplus residential units and a market value of \$1,120,000 was estimated for the 48 units located on the Bluffs. Totaling each of these three component values, results in a total market value for the Highest and Best Use scenario of \$6,360,000, rounded to:

\$6,350,000

SALES COMPARISON APPROACH

The Sales Comparison Approach has been selected to estimate the value of the subject property based on the Concept Plan and also based on the Highest and Best Use scenario. The Concept Plan scenario of the subject property is based on a development plan that will contain 182 residential units, approximately 20-25 residential units on the Bluffs and 60,000 square feet of commercial space. The Highest and Best Use Scenario of the subject property is based on a development plan that will contain 288 residential units.

This approach utilizes sales of similar residential developments located in the greater Southern New Hampshire area. A search of the area has produced several sales transactions which are deemed to offer sufficient similarity to afford comparison to the various components of the subject property. These sales have been verified either by the buyer, seller, broker, or other source considered reliable and having knowledge of the particular transaction. A per unit price will be estimated for the subject's residential units. A sales price per square foot of building area will be estimated for the 60,000 square feet of commercial space in the Concept Plan.

Adjustments are required to the prices paid for each of the selected sales to compensate for differences between each tract and the subject site. In applying such adjustments, it is necessary to consider the following factors:

Time - The date of the sale is considered in order to assess the overall trend and changes in price levels in the area caused by a lapse of time. This factor may also be appropriate when necessary to estimate the development potential or timing of a particular sale unit it becomes ripe for development.

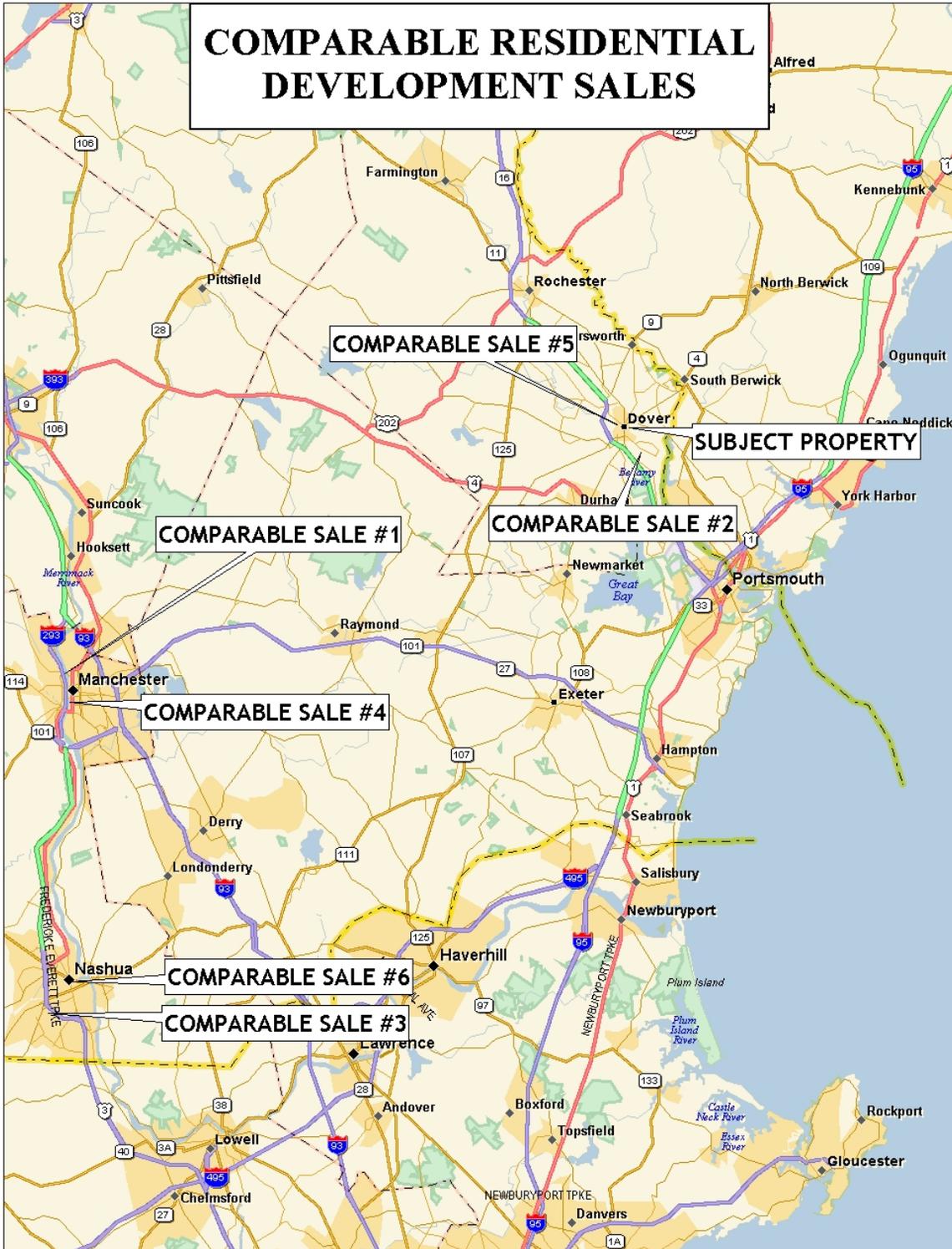
Location - Location is an important element to land value. Major location considerations include the general character and trend of surrounding development in the neighborhood areas, as well as overall access and exposure, and the relative importance of thoroughfare frontage.

Physical/Utility Characteristics - The overall physical utility/and/or characteristics of land have a direct bearing upon its development potential and, therefore, land value. Physical elements which must be considered include zoning, topography, soil conditions, availability of utility services, overall size, shape, depth and any extraordinary development costs which might be applicable.

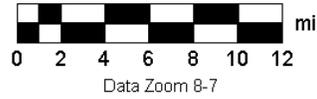
Conditions of Sale - Conditions of sale refers to seller/buyer motivation, special terms of financing arrangements, and/or abnormal circumstances surrounding the transaction which influenced the sale price. Examples of such conditions might include a forced sale, extraordinary seller financing, sale between related parties, or a sale resulting from the exercise of an old option.

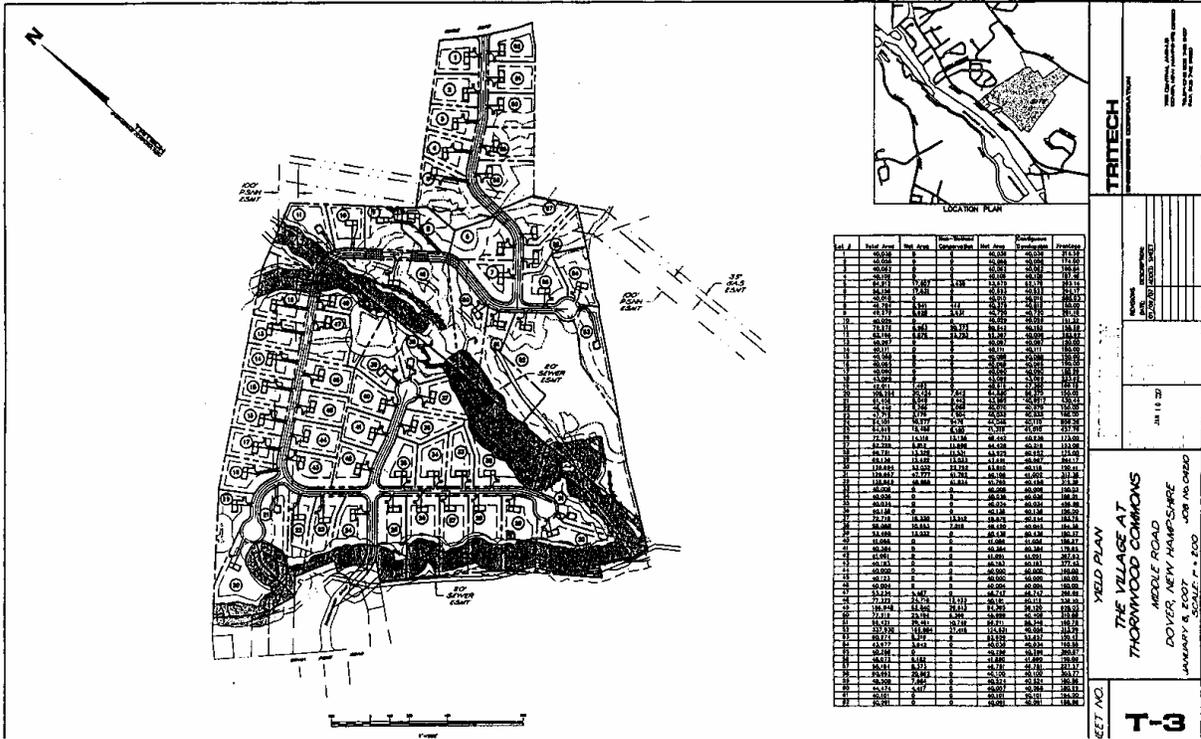
Following a sales location map on the next page, several comparable residential development sales are detailed and later compared to the residential components of the subject property.

COMPARABLE RESIDENTIAL DEVELOPMENT SALES



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Comparable Residential Development Sale #2

Property Type: Multi-unit Residential
 Location: Off Middle Road
 Dover, NH

Map/Lot: Part of M/4

Grantor: Elliot Rose Company of Dover, Inc.
 Sale Price: \$1,220,000
 Sale Date: 4/07 (U.A.)
 Confirmed By: Brian W. White (04/07)

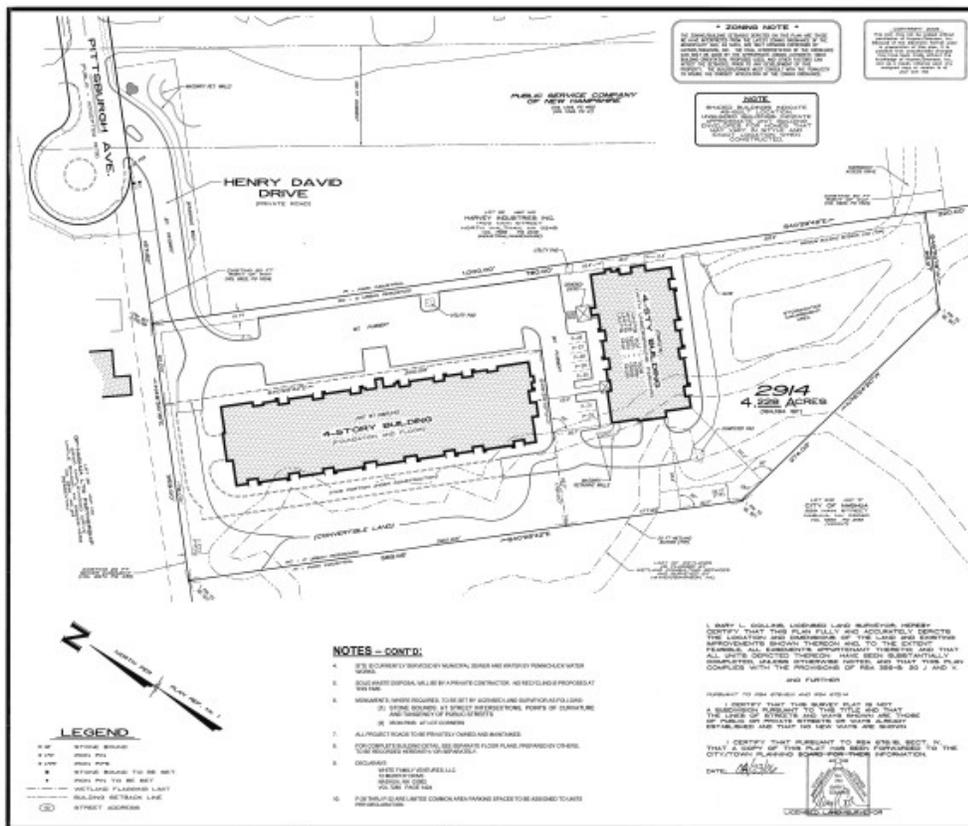
Grantee: Changing Places, LLC
 Unit Value: \$19,677/Unit
 Book/Page: N/A
 Source: Rep. of the Grantee

Property Description

Parcel Size: 30.15 Acres
 Frontage: On Middle Road
 Utilities: Electricity, telephone, cable, water & sewer
 Zoning: ETP (Executive and Technology Park)

Shape: Irregular
 Depth: Varies
 TOPO: Mostly level to gently sloping
 Highest/ Best Use: Residential Units

Comments: This 30.15 acre parcel of land will be subdivided from a larger 98.67 acre parcel of land. This parcel has been under agreement since March of 2005. At the time of the purchase agreement, this portion of the parcel was conceptually designed for 62 residential units. The parcel is located on Middle Road in a good residential area. This parcel is considered to have good utility for a multi-unit residential development.



Comparable Residential Development Sale #3

Property Type: Multi-unit Residential
 Location: 2-4 Henry David Drive
 Nashua, NH
 Grantor: B & M Northeast Realty, LLC
 Sale Price: \$2,100,000
 Sale Date: 7/26/04
 Confirmed By: Brian W. White (04/07)

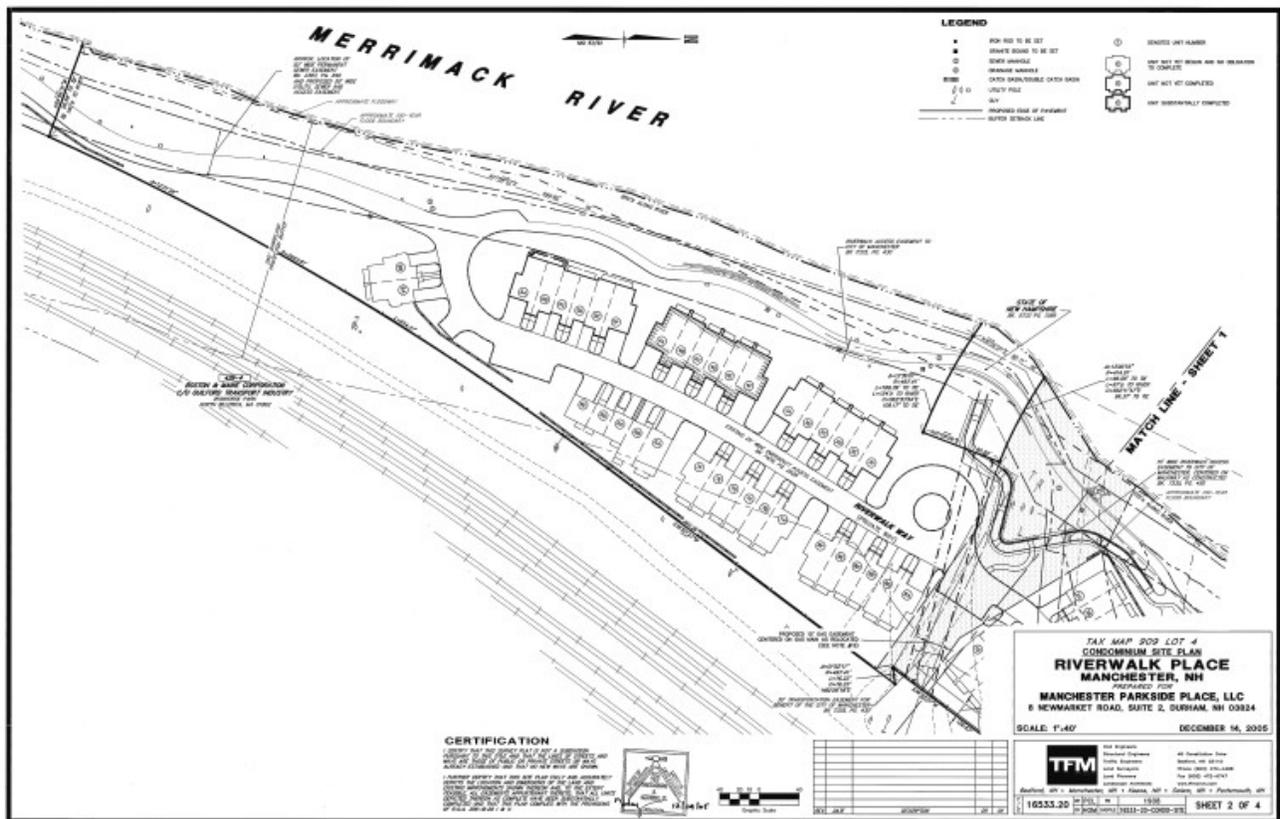
Map/Lot: 29/4
 Grantee: White Family Ventures, LLC
 Unit Value: \$21,875/Unit
 Book/Page: 7258/1424
 Source: Rep. of the Grantee

Property Description

Parcel Size: 4.288 Acres
 Frontage: On Henry David Drive
 Utilities: Electricity, telephone, cable, water & sewer
 Zoning: RC – Urban Residence & PI – Park Industrial

Shape: Irregular
 Depth: Varies
 TOPO: Mostly level
 Highest/ Best Use: Residential Condominiums

Comments: This parcel has been developed with a 96 unit age-restricted residential condominium development (Walden Woods). There are two four-story buildings each with 48 units. The parcel is located in a mixed use area to the west of the F.E. Everett Turnpike in a good residential area. This parcel is considered to have good utility for a multi-unit residential development.



Comparable Residential Development Sale #4

Property Type: Multi-unit Residential

Location: Riverwalk Way
Manchester, NH

Map/Lot: 909/4

Grantor: City of Manchester

Grantee: Manchester Parkside Place, LLC

Sale Price: \$1,105,900

Unit Value: \$24,576/Unit

Sale Date: 9/17/04

Book/Page: 7335/430

Confirmed By: Brian W. White (04/07)

Source: Rep. of the Grantee

Property Description

Parcel Size: 10.7 Acres

Shape: Irregular

Frontage: On Riverwalk Way & along
Merrimack River

Depth: Varies

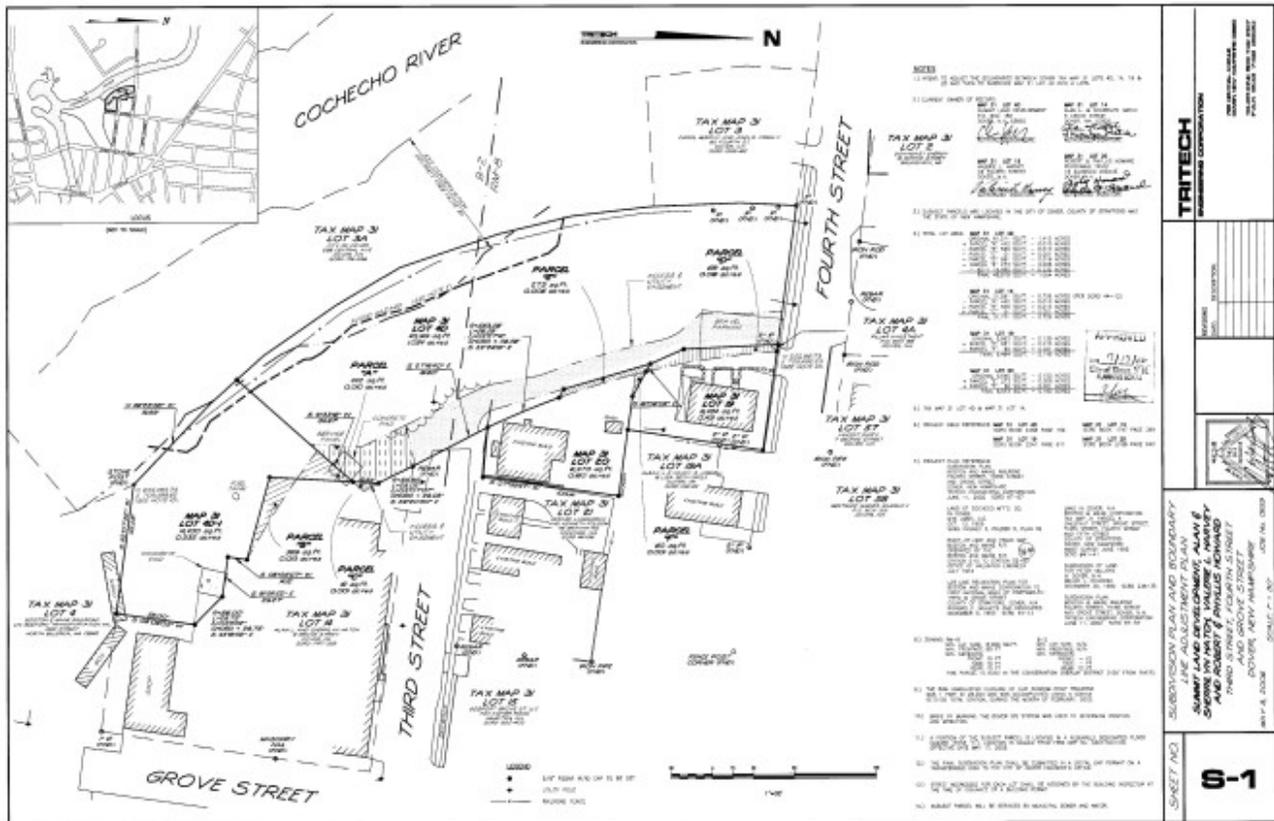
Utilities: Electricity, telephone, cable, water &
sewer

TOPO: Mostly level, sloping to the river

Zoning: Downtown Redevelopment District

Highest/ Best Use: Residential Condominiums

Comments: This parcel has been developed with Riverwalk Place Condominiums. The parcel is located along the Merrimack River just south of the Fisher Cat's Baseball Stadium in a good residential area. This parcel is located on the eastern side of the river just to the south of the downtown area of Manchester. Approvals were not in place at the time of the sale. However, the developer anticipated constructing 45 townhouse condominiums. Since the purchase, approvals have been obtained for two 102 unit towers. This parcel is considered to have good utility for a multi-unit residential development.



Comparable Residential Development Sale #5

Property Type: Multi-unit Residential

Location: Fourth Street
Dover, NH

Grantor: Summit Land Development, LLC

Sale Price: \$550,000

Sale Date: 7/14/06

Confirmed By: Brian W. White (04/07)

Map/Lot: 31/4D

Grantee: KAB Realty Management, LLC

Unit Value: \$42,308/Unit

Book/Page: 3403/296

Source: Rep. of the Grantor

Property Description

Parcel Size: 1.41 Acres

Frontage: On Fourth Street & along Cochecho River

Utilities: Electricity, telephone, cable, water & sewer

Zoning: B2 - Central Business District & RM8 – Urban Residential

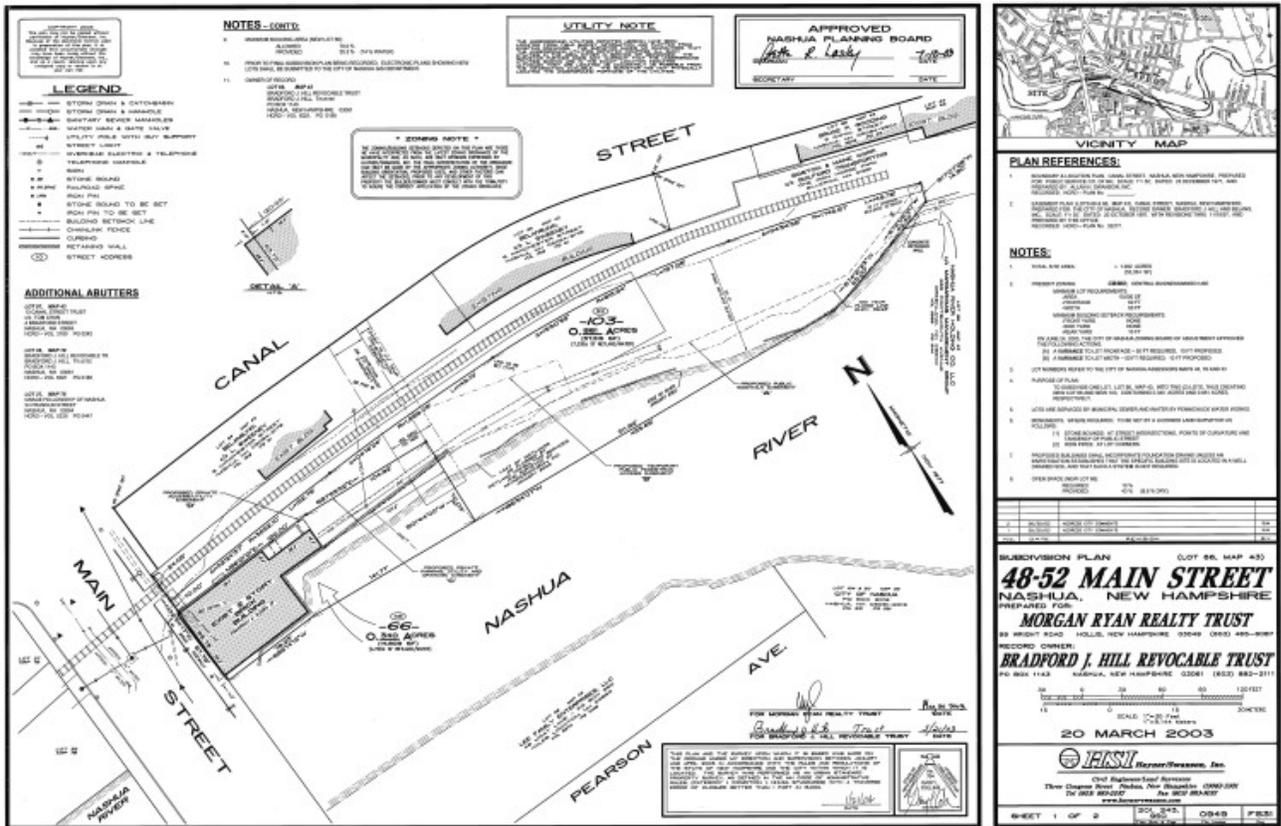
Shape: Irregular

Depth: Varies

TOPO: Mostly level, sloping to the river

Highest/ Best Use: Residential Condominiums

Comments: This parcel has been developed with the River Run Condominiums. The parcel is located along the Cochecho River in an above average residential area. This parcel is located on the eastern side of the river just to the west of the downtown area of Dover. This development sold as raw land with approvals for 13 townhouse units. This parcel is considered to have good utility for a multi-unit residential development.



Comparable Residential Development Sale #6

Property Type: Multi-unit Residential
 Location: 48-52 Main Street
 Nashua, NH

Map/Lot: 43/103

Grantor: Residences at Jackson Falls, LLC
 Sale Price: \$1,320,000
 Sale Date: 7/12/05
 Confirmed By: Brian W. White (04/07)

Grantee: Nashua Riverwalk, LLC
 Unit Value: \$60,000/Unit
 Book/Page: 7501/81
 Source: Rep. of the Grantor

Property Description

Parcel Size: 0.86 Acres
 Frontage: On Main Street & along Nashua River
 Utilities: Electricity, telephone, cable, water & sewer
 Zoning: CB/MU – Central Business/Mixed Use

Shape: Irregular
 Depth: Varies
 TOPO: Mostly level, sloping to the river
 Highest/ Best Use: Residential Condominiums

Comments: This parcel has been developed with the Jackson Falls Condominiums. The parcel is located along the Nashua River at the intersection of Main Street and Canal Street in a very good residential area. This parcel is located on the northern side of the river in the northern portion of the downtown area of Nashua. This development sold as raw land with approvals for 22 garden-style condominium units. This parcel is considered to have good utility for a multi-unit residential development.

Summary of Residential Development Sale Comparables

The preceding improved sales are summarized below in outline form:

SALE #	LOCATION	SALE DATE	SALE PRICE	UNITS	PRICE PER/UNIT
#1	55 Riverfront Drive Manchester, NH	8/30/04	\$1,150,000	68	\$16,912
#2	Off Middle Road Dover, NH	4/07 U.A.	\$1,220,000	62	\$19,677
#3	2-4 Henry David Drive Nashua, NH	7/26/04	\$2,100,000	96	\$21,875
#4	Riverwalk Way Manchester, NH	9/17/04	\$1,105,900	45	\$24,576
#5	Fourth Street Dover, NH	7/14/06	\$550,000	13	\$42,308
#6	48-52 Main Street Nashua, NH	7/12/05	\$1,320,000	22	\$60,000

Sales Comparison Approach – Analysis

The foregoing sales are considered to approximately reflect typical investment motivations. The units of comparison were developed using five closed sales and one property currently under agreement. A sale price per unit method is utilized. The Sales Price Per Unit indicator is applicable to each of the properties. However, it is a common element which is general in nature and takes account of all influence without specifically identifying their impact. Variations are generally attributable to utility for development, size, and location of the development. The comparable sales have indicated per unit prices from \$16,912 to \$60,000.

Market Trends:

The recent purchasers of these residential developments are generally developers or builders who are seeking a residential development suitable for accommodating a multi-unit residential condominium development. The demand for these raw residential parcels of land remain strong as the demand for new residential condominiums in the greater Dover area remains strong. Prices for these residential developments have also increased over the past several years.

Adjustments:

Each of the six comparable residential development sales will be compared to the subject property based on the Concept Plan and also based on the Highest and Best Use scenario. The initial comparison of the comparables to the subject property will be with the potential 182 residential units of the Concept Plan. Consideration will be given to date of sale, location, the size of the development, and the overall utility of the development. In the marketplace, the economies of scale generally apply for a residential development where the per unit price generally decreases as the number of the units of the development increase. Overall adjustments will be concluded for each of the six comparable sales.

Comparable Residential Development Sale #1 is a 4.274 acre residential parcel of land located on 55 Riverfront Drive in Manchester that was developed with 68 residential condominiums. This is a slightly older sale (8/30/04) that requires a slight upward adjustment for time. This 68 unit development is smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required for either location or utility. Considering all of these factors, a slight downward overall adjustment is made to the per unit value of \$16,912.

Comparable Residential Development Sale #2 is a 30.15 acre residential parcel of land located off Middle Road in Dover that was designed for 62 residential units. This is a slightly older agreement (U.A. in March of 2005) that requires a slight upward adjustment for time. This 62 unit development is smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required for either location or utility. Considering all of these factors, a slight downward overall adjustment is made to the per unit value of \$19,677.

Comparable Residential Development Sale #3 is a 4.288 acre residential parcel of land located on 2-4 Henry David Drive in Nashua that was developed with 96 residential condominiums. This is a slightly older sale (7/26/04) that requires a slight upward adjustment for time. This 96 unit development is smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required for either location or utility. Considering all of these factors, a slight downward overall adjustment is made to the per unit value of \$21,875.

Comparable Residential Development Sale #4 is a 10.7 acre residential parcel of land located on Riverwalk Way in Manchester that was engineered for 45 residential condominiums. This is a slightly older sale (9/17/04) that requires a slight upward adjustment for time. This 45 unit development is much smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required for either location or utility. Considering all of these factors, a moderate downward overall adjustment is made to the per unit value of \$24,576.

Comparable Residential Development Sale #5 is a 1.41 acre residential parcel of land located on Fourth Street in Dover that was developed with 13 residential condominiums. This is a recent sale (7/14/06) that requires a very slight upward adjustment for time. This 13 unit development is much smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required

for either location of utility. Considering all of these factors, a large downward overall adjustment is made to the per unit value of \$42,308.

Comparable Residential Development Sale #6 is a 0.86 acre residential parcel of land located on 48-52 Main Street in Nashua that was developed with 22 residential condominiums. This is a slightly older sale (7/12/05) that requires a slight upward adjustment for time. This 22 unit development is much smaller in size as compared to the 182 potential units of the subject property. A downward adjustment is made to this sale for size differences. This development is located in a very good residential location similar to that of the subject's location in Dover. The utility of this development for a residential subdivision is similar to that of the subject property. No adjustments are required for either location of utility. Considering all of these factors, a large downward overall adjustment is made to the per unit value of \$60,000.

Value Conclusion - 182 Units of the Concept Plan:

Each of the six comparable sales have been compared to the 182 residential units of the Concept Plan of the subject property. Slight downward overall adjustments were made to Comparable Sales #1, #2 and #3 while a moderate downward adjustment was made to Comparable Sale #4 and a large downward adjustment was made to Comparable Sales #5 and #6. Based on these overall adjustments, it appears reasonable that a per unit value just below the lower end of the range would be reasonable for the 182 units of the Concept Plan of the subject property. A per unit value of \$15,000 is concluded as being reasonable. Therefore, the market value for the 182 residential unit component of the Concept Plan of the subject property would be:

\$2,730,000

Value Conclusion – 20-25 Additional Residential Units on the Bluffs of the Concept Plan:

For the Concept Plan, this appraisal assumes that the Bluffs area can accommodate 20 to 25 residential units. This valuation scenario will utilize a mid-point of 22.5 units. The 22.5 potential units can be compared to the six sale comparables in a similar manner that was done for the 182 residential units of the subject property. The adjustments will all be the same with one large exception (size). The economies of scale would suggest that the 22.5 units of the Bluffs would have a much higher per unit value than that derived for the 182 units of the subject.

Considering the much smaller size of the 22.5 potential units of the Bluffs, large upward overall adjustments were made to Comparable Sales #1, #2 and #3 while a moderate upward adjustment is made to Comparable Sale #4. A slight upward adjustment is made to Comparable Sale #5 and no overall adjustment is made to Comparable Sale #6. Based on these overall adjustments, it appears reasonable that a per unit value at the upper end of the range would be reasonable for the 22.5 potential units of the Bluffs portion of the Concept Plan of the subject property. A per unit value of \$60,000 is concluded as being reasonable. Multiplying the 22.5 units by a per unit value of \$60,000, results in a value estimate of \$1,350,000. In the Site Data portion of this report, it was estimated that it would cost approximately \$800,000 to install an access road to the Bluffs. Subtracting this road installation cost (\$800,000) from the value estimate of \$1,350,000, results in a net market value for the additional residential units of the Bluffs of:

\$550,000

Value Conclusion – Sales Comparison Approach - 288 Units of the Highest and Best Use Scenario:

The Highest and Best Use Scenario assumes that the subject property can accommodate a total of 288 residential units with 240 units located on the main portion of the parcel and 48 units located on the Bluffs. Based on the comparisons for the 182 potential units for the Concept Plan, it is concluded that a reasonable per unit value for the 240 potential units of the Highest and Best Use Scenario would be \$15,000. Multiplying the 240 potential units of the main portion by a per unit value of \$15,000, results in a market value estimate of \$3,600,000 for the main portion of the Highest and Best Use Scenario.

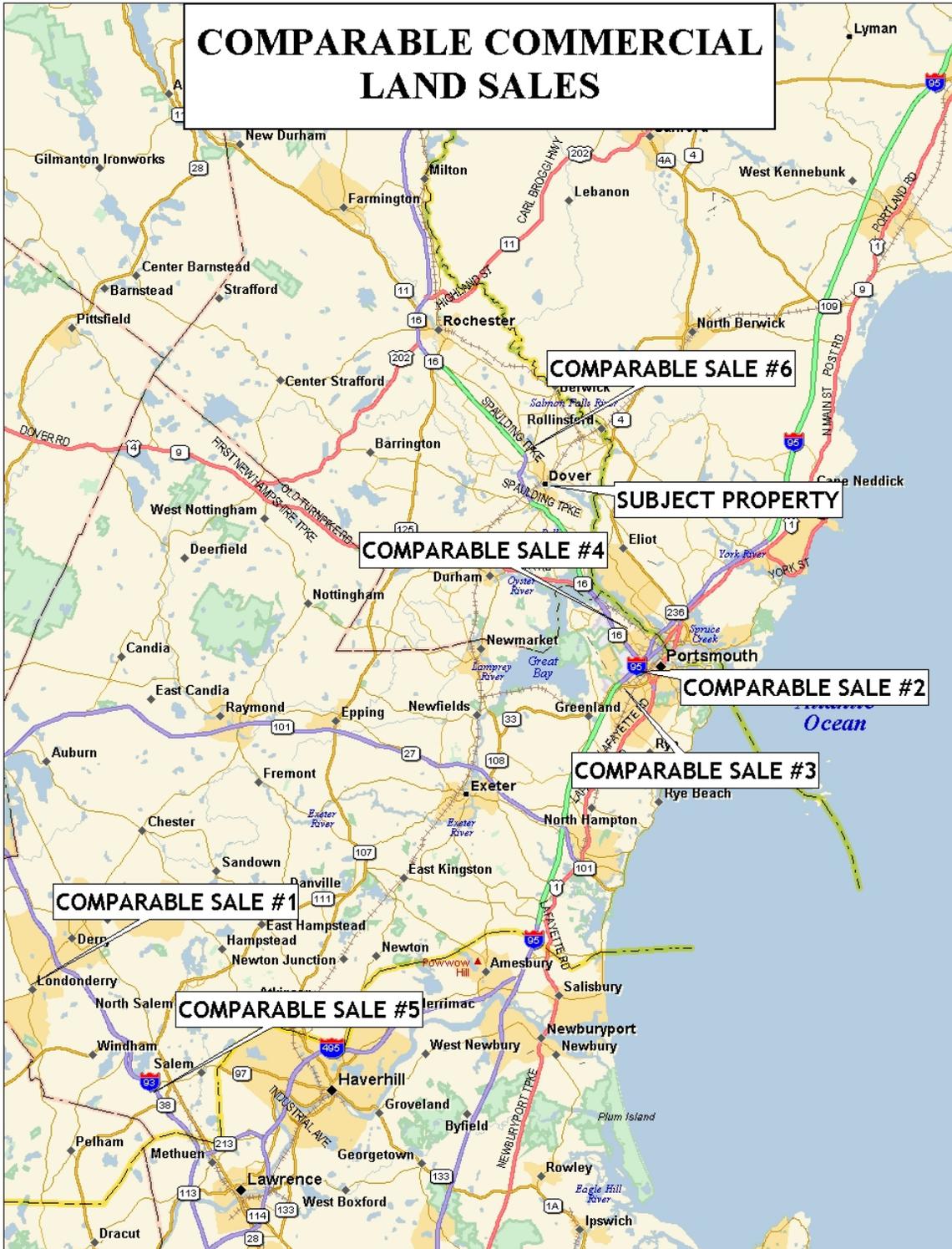
Considering the much smaller size of the 48 potential units of the Bluffs under the Highest and Best Use Scenario, large upward overall adjustments are made to Comparable Sales #1, #2 and #3 while a moderate upward adjustment is made to Comparable Sale #4. A slight downward adjustment is made to Comparable Sale #5 and a moderate downward adjustment is made to Comparable Sale #6. Based on these overall adjustments, it appears reasonable that a per unit value of \$40,000 would be reasonable for the 48 potential units of the Bluffs portion of the Highest and Best Use Scenario of the subject property. Multiplying the 48 units by a per unit value of \$40,000, results in a value estimate of \$1,920,000. In the Site Data portion of this report, it was estimated that it would cost approximately \$800,000 to install an access road to the Bluffs. Subtracting this road installation cost (\$800,000) from the value estimate of \$1,920,000, results in a net market value of \$1,120,000 for the Bluffs under this scenario. Therefore, the market value of the 48 potential residential units of the Bluffs, of the Highest and Best Use Scenario, of the subject property would be \$1,120,000.

Taking the market value of the 240 potential units of the main portion of the subject property (\$3,600,000) and adding to it the market value of the 48 potential residential units of the Bluffs (\$1,120,000), results in a final market value estimate for the Highest and Best Use Scenario of the subject property of:

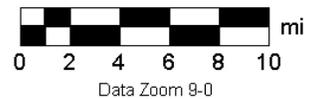
\$4,720,000

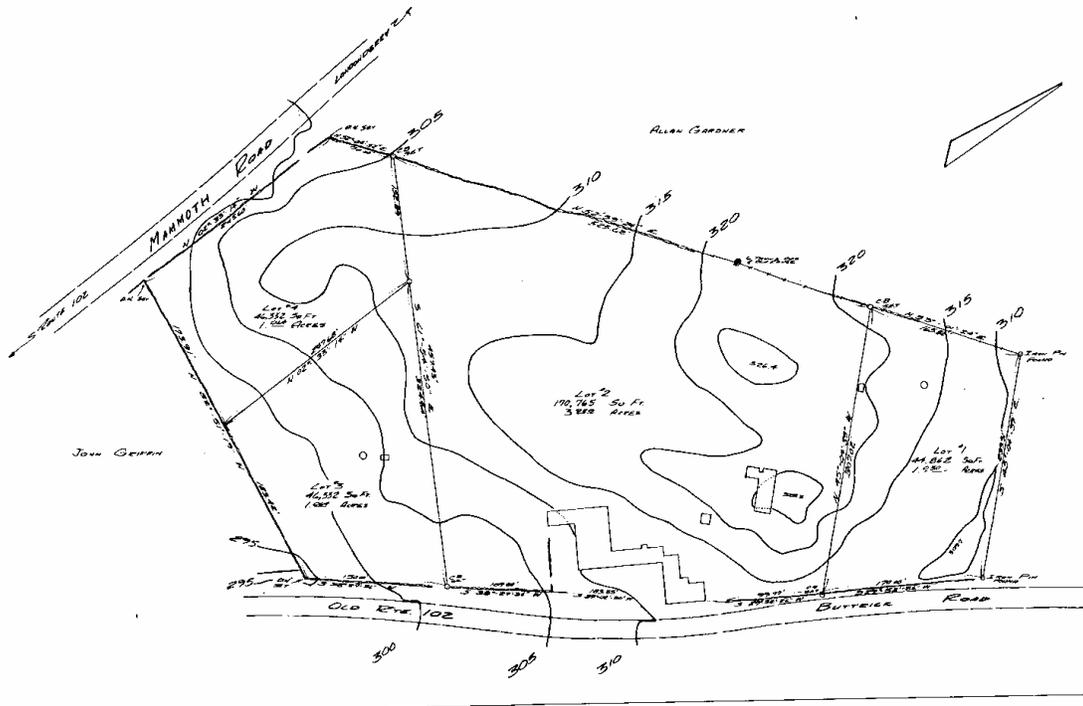
Following a location map on the next page, several recent sales of commercial parcels will be summarized and later compared to the commercial component of the Concept Plan of the subject property.

COMPARABLE COMMERCIAL LAND SALES



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Comparable Commercial Land Sale #1

Property Type: Land for an office development

Location: 40 Buttrick Road
Londonderry, NH

Grantor: Lawrence P. Ehlinger & Susan
Levesque

Sale Price: \$1,175,000

Sale Date: 11/15/05

Confirmed By: Brian W. White (1/07)

Map/Lot: 6/73

Grantee: 40 Buttrick Road, LLC

Unit Value: \$13.35/SF of Bld. Area

Book/Page: 4581/1800

Source: Rep. of the Grantee

Site Description

Size: 7.078 Acres

Frontage: 711' on Buttrick Road
245' on Mammoth Road

Utilities: Elec., Tele., Water & Septic

Zoning: Commercial - III

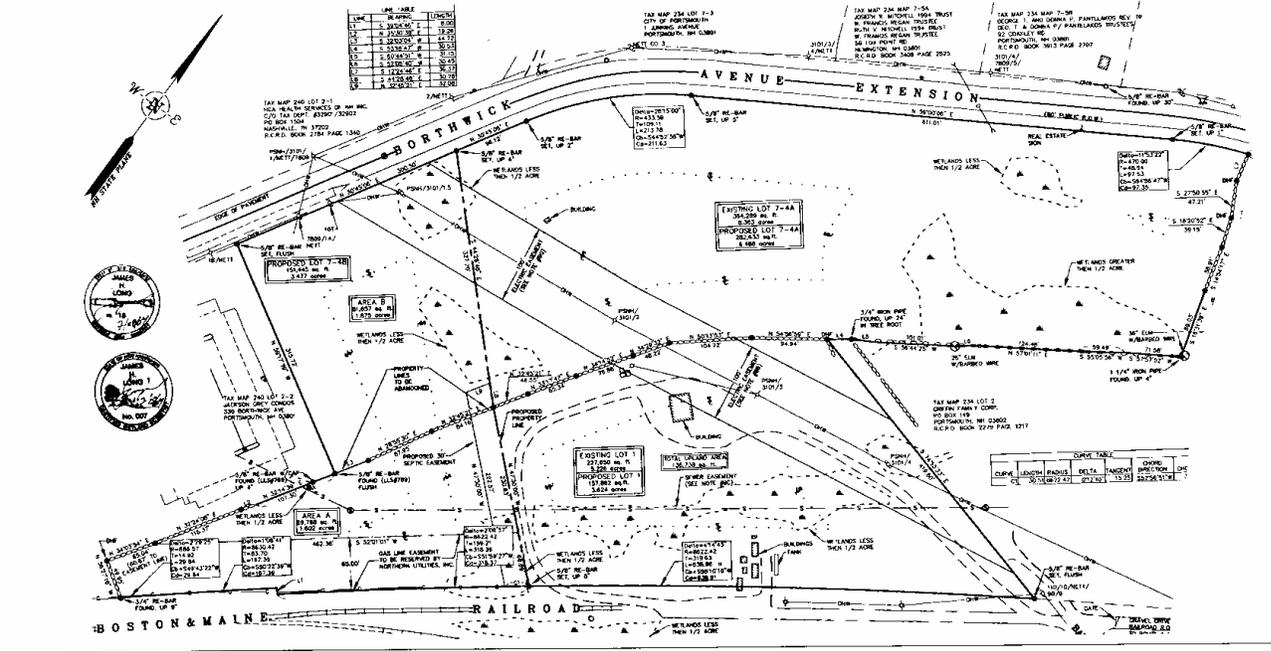
Shape: Irregular

Depth: Varies

TOPO: Mostly level

Highest/Best Use: Office

Comments: This 7.078 acre parcel has frontage on both Buttrick Road and Mammoth Road. The parcel was purchased for the construction of an 88,000 square foot ambulatory surgical center for Elliot Hospital. This parcel has average utility for an office development. This parcel is located in a good office location.



Comparable Commercial Land Sale #2

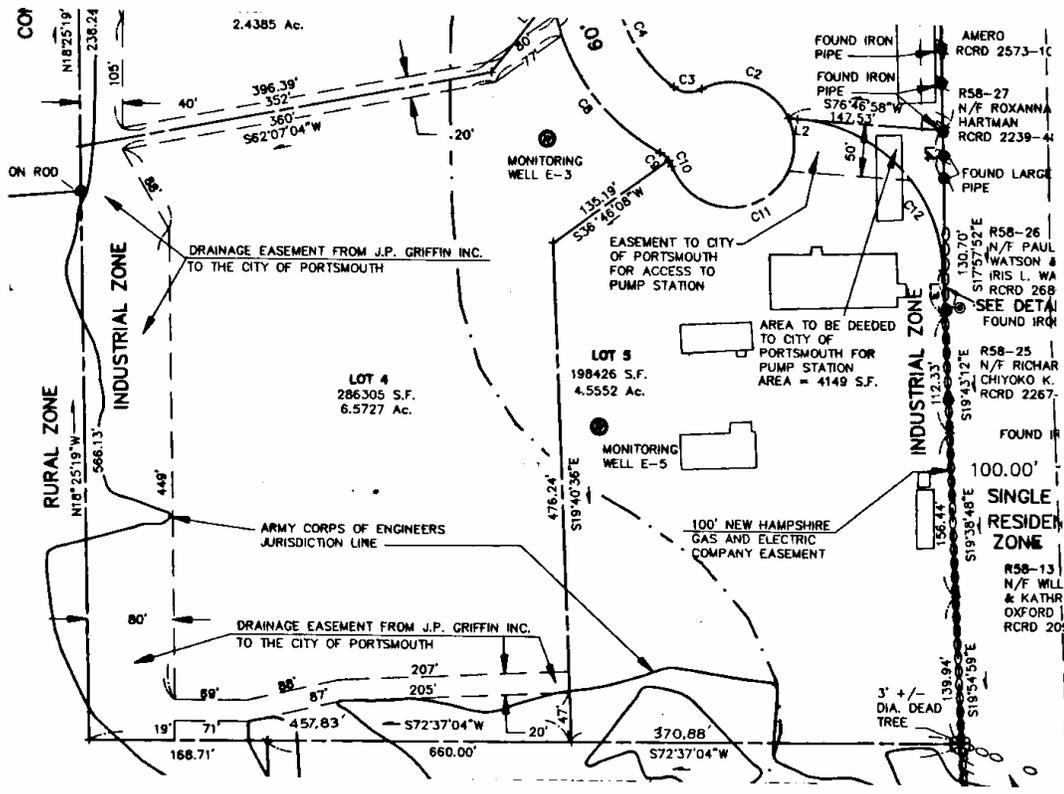
Property Type: Land for an office development
 Location: Borthwick Avenue Extension
 Portsmouth, NH
 Grantor: Islington Woods, LLC
 Sale Price: \$800,000
 Sale Date: 11/24/04
 Confirmed By: Brian W. White (1/07)

Map/Lot: 234/7-4A
 Grantee: HCA Realty, Inc.
 Unit Value: \$14.81/SF of Bld. Area
 Book/Page: 4400/2048
 Source: Rep. of the Grantee

Site Description

Size: 6.488 Acres (3.50 Usable Acres)
 Frontage: 1,233' on Borthwick Avenue Ext.
 Utilities: Elec., Tele., Water & Sewer
 Zoning: Office Research
 Shape: Irregular
 Depth: Varies
 TOPO: Mostly level
 Highest/Best Use: Office

Comments: This 6.488 acre parcel contains sloped and wetland areas that reduce the usable area to 3.50 acres. The parcel is located on the Borthwick Avenue Extension off of Route 1. The parcel was purchased by Portsmouth Hospital which is located to the southwest of this site. The site was previously engineered for 54,000 square feet of office space. The buyer did not have immediate plans to construct on the site. This parcel has good utility for an office development. This parcel is located in a good office location.



Comparable Commercial Land Sale #3

Property Type: Land for an office development

Location: 200 Griffin Road
Portsmouth, NH

Grantor: Griffin Family Corporation

Sale Price: \$740,000

Sale Date: 12/22/03

Confirmed By: Brian W. White (1/07)

Map/Lot: 263/1-4

Grantee: Astoria Griffin Park, LLC

Unit Value: \$18.04/SF of Bld. Area

Book/Page: 4211/1557

Source: Rep. of the Grantee & Appraiser for sale

Site Description

Size: 6.57 Acres (4.50 Usable Acres)

Frontage: 200' on Griffin Road

Utilities: Elec., Tele., Water & Sewer

Zoning: Industrial

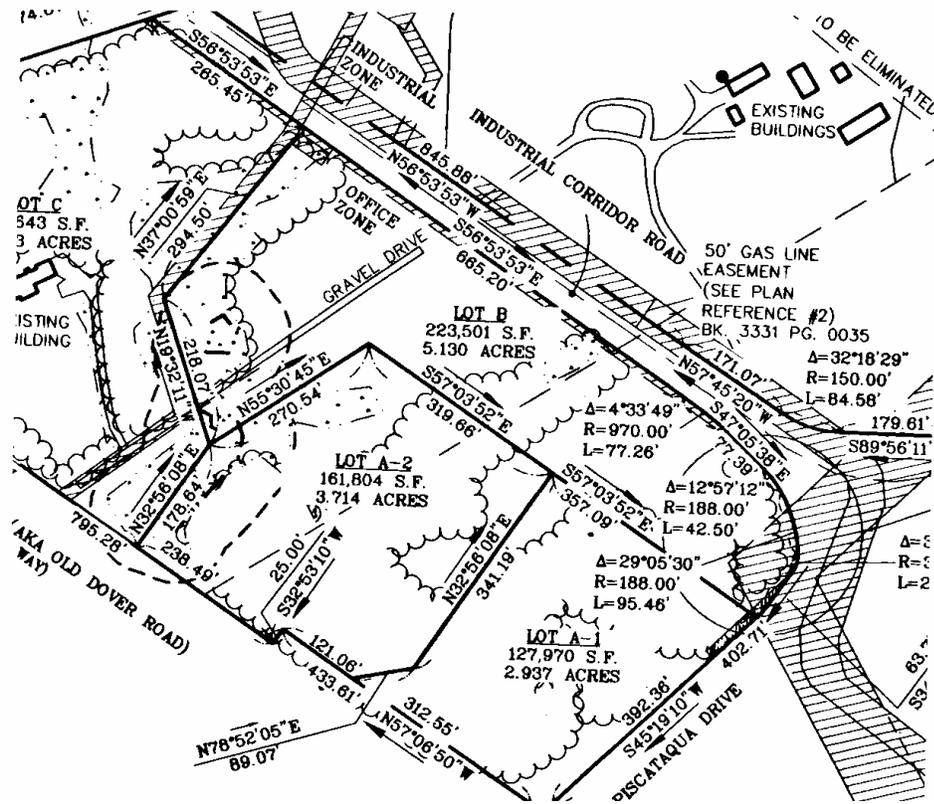
Shape: Irregular

Depth: Varies

TOPO: Mostly level

Highest/Best Use: Office

Comments: This 6.57 acre parcel has wetland areas that reduce the usable upland area to 4.50 acres. The parcel was purchased by a developer based on constructing a 16-unit, 41,020 square foot office building. This parcel is located off of Route 33 in a small office and industrial park. This parcel has good utility for an office development. This parcel is located in a good office location.



Comparable Commercial Land Sale #4

Property Type: Land for an office development
 Location: Shattuck Way & Piscataqua Drive
 Newington, NH

Map/Lot: 27/B

Grantor: Tyco Integrated Cable Systems
 Sale Price: \$700,000
 Sale Date: 11/22/05
 Confirmed By: Brian W. White (1/07)

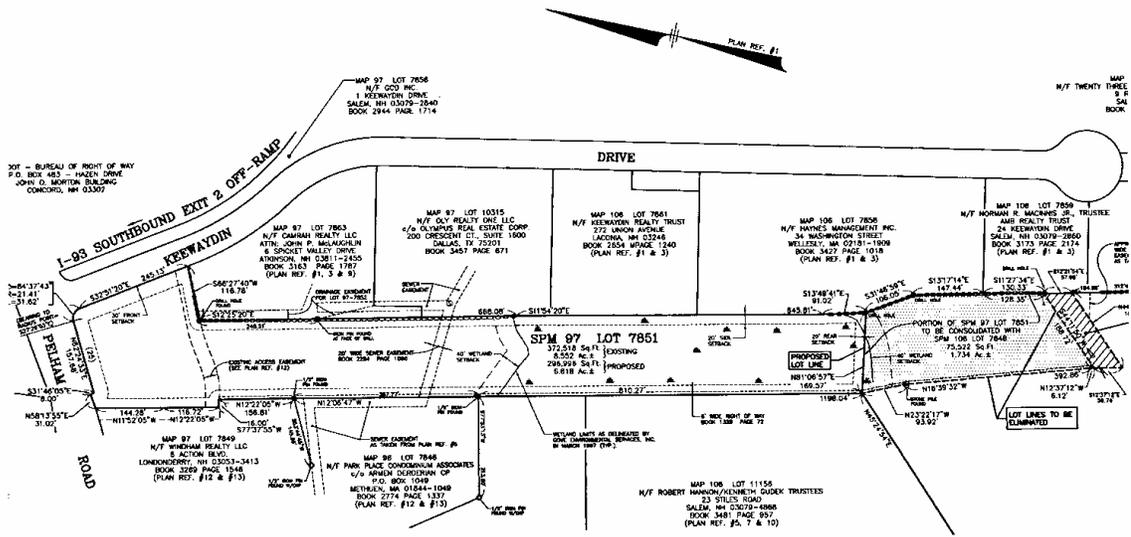
Grantee: Shattuck Way Associates, LLC
 Unit Value: \$21.88/SF of Bld. Area
 Book/Page: 4586/1372
 Source: Rep. of the Grantee

Site Description

Size: 5.13 Acres
 Frontage: 983' on Shattuck Way & Piscataqua Drive
 Utilities: Elec., Tele., Water & Sewer
 Zoning: Office

Shape: Irregular
 Depth: Varies
 TOPO: Mostly level
 Highest/Best Use: Office

Comments: This 5.13 acre parcel is located off of Woodbury Avenue in a mixed use area. The Fox Run Mall and several large industrial developments are located nearby. This parcel was purchased by a developed who has constructed a 32,000 square foot office condominium building. This parcel has good utility for an office development. This parcel is located in a good office location.



Comparable Commercial Land Sale #5

Property Type: Land for an office development

Location: 25 Pelham Road
Salem, NH

Grantor: JLM Realty, LLC

Sale Price: \$1,450,000

Sale Date: 6/6/05

Confirmed By: Brian W. White (1/07)

Map/Lot: 87/7851

Grantee: Anum Real Estate Leasing, LLC

Unit Value: \$22.15/SF of Bld. Area

Book/Page: 4496/1134

Source: Broker

Site Description

Size: 6.818 Acres

Frontage: 157.68' on Pelham Road
245.13' on Keewaydin Drive

Utilities: Elec., Tele., Water & Sewer

Zoning: Commercial/Industrial B

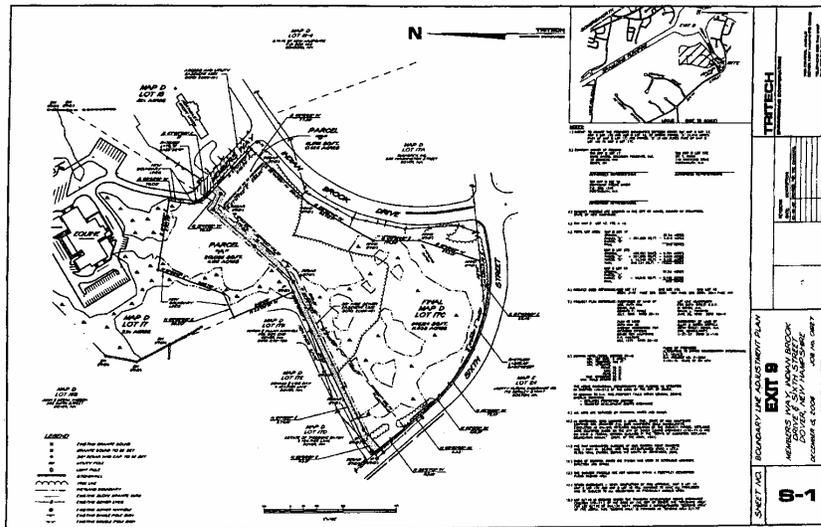
Shape: Irregular

Depth: Varies

TOPO: Mostly level

Highest/Best Use: Office

Comments: This elongated 6.818 acre parcel is located at the corner of Pelham Road and Keewaydin drive just off of Exit #2 of I-93. This site was approved for a 65,460 square foot 4-story office building. Parking would have been limited for this development. The broker indicated that a 45,000 square foot office building would be more suitable for the parcel because of the narrow shape of the parcel. This parcel has good utility for an office development. This parcel is located in a very good office location.



Comparable Commercial Land Sale #6

Property Type: Land for an office development

Location: Indian Brook Drive, Member Way & Sixth Street
Dover, NH

Grantor: Erickson Holdings, LLC (D/17)
Mo Y. Wong (D/17C)
Northeast Credit Union (D/18)

Grantee: Fortuna North, LLC

Sale Price: \$586,500 (D/17); \$1,050,000 (D/17C); \$425,000 (D/18);
\$2,061,500 (Total Purchase Price)

Unit Value: \$25.77/SF of Bld. Area

Sale Date: 3/05/07 (Each parcel)

Book/Page: 3501/47 (D/17); 3501/53 (D/17C);
3501/55 (D/18)

Confirmed By: Brian W. White (4/07)

Source: Rep. of the Grantee

Site Description

Size: 14.83 Front acres and 5.00 rear acres
Frontage: 396.48' on Members Way
1,003.75' on Indian Brook Drive
919.64' on Sixth Street

Shape: Irregular
Depth: Varies

Utilities: Elec., Tele., Water & Sewer
Zoning: B-4 (Hotel/Retail) & TDR

TOPO: Mostly level
Highest/Best Use: Office development

Comments: This is a sale of three adjacent parcels of land that total 14.83 acres. Included in the sale is 5.00 rear detached acres of wetlands that will be used for development rights in the TDR zone. The main portion of the parcel contains approximately 6.00 acres of upland. This parcel had conceptual plans for an 80,000 square foot office development. The parcel is located on Members Way, Indian Brook Drive and Sixth Street across from the Liberty Mutual Insurance Office Complex. The parcel is located ¼ of a mile off of Exit #9 of the Spaulding Turnpike in a very good office location. The upland portion of this parcel has good utility for an office development.

Summary of Land Sale Comparables

The preceding improved sales are summarized below in outline form:

SALE #	LOCATION	SALE DATE	SALE PRICE	BUILDING AREA	PRICE PER / SF OF BLD. AREA
#1	40 Buttrick Road Londonderry, NH	11/15/05	\$1,175,000	88,000	\$13.35
#2	Borthwick Avenue Ext. Portsmouth, NH	11/24/04	\$800,000	54,000	\$14.81
#3	200 Griffin Road Portsmouth, NH	12/22/03	\$740,000	41,020	\$18.04
#4	Shattuck Way & Piscataqua Drive Newington, NH	11/22/05	\$700,000	32,000	\$21.88
#5	25 Pelham Road Salem, NH	6/6/05	\$1,450,000	65,460	\$22.15
#6	Indian Brook Drive Dover, NH	3/5/07	\$2,061,500	80,000	\$25.77

Sales Comparison Approach – Analysis

The foregoing sales are considered to approximately reflect typical investment motivations. The units of comparison were developed using six closed sales. A sale price per square foot of building area unit indicator has been used. However, it is a common element which is general in nature and takes account of all influence without specifically identifying their impact. Variations are generally attributable to utility for development, size, and location of the property. The comparable sales have indicated per square foot of building area prices from \$13.35/SF to \$25.77/SF.

Market Trends:

The recent purchasers of these commercial parcels of land are generally owner-users who are purchasing a development site for the construction of a new office building. These parcels often sell to investors who are constructing a multi-tenant office building for rentals or condos. The demand for vacant parcels of land suitable for accommodating a new office development located in the greater Seacoast area of New Hampshire has increased over the past several years. As would be expected, prices for these vacant parcels have also increased over the past several years.

For comparison purposes, the subject property is considered to have good utility for development and it is located in a good commercial location. The Concept Plan for the subject property calls for 60,000 square feet of commercial space. On the following page, each of the six comparable land sales are compared to the commercial portion of the Concept Plan of the subject property and adjusted for utility, location, and size.

ADJUSTMENTS

Market Conditions:

The effective date of this appraisal is April 26, 2007. The most recent comparable documented by the appraiser is Comparable Sale #6 which sold in March of 2007. The other sales sold from December of 2003 to November of 2005. The appraiser has identified slight appreciation in the commercial land values from 2003 to the present. Over this period, prices for well located commercial parcels of land located in the Seacoast area have appreciated at approximately 6% annually.

Utility:

The commercial component of the Concept Plan of the subject property is mostly level serviced with electricity, telephone, cable and municipal water and sewer. The subject property is considered to have good utility for development. Five of the six comparable sales (Comparable Sales #2, #3, #4, #5 and #6) also have good utility for development similar to that of the subject property. These sales are not given any adjustment for utility. Comparable Sale #1 only has average utility for development which is inferior to that of the subject property. This comparable sale is given an upward adjustment for differences in utility.

Location:

The commercial component of the Concept Plan of the subject property is located on River Street in a good commercial location. Comparable Sales #1, #2, #3 and #4 are located in similar (good) commercial locations as compared to the subject property. These comparables sales are not given any adjustment for locational differences. Comparable Sales #5 and #6 are located in superior commercial locations as compared to the subject property. These comparables sales are given downward adjustments for locational differences.

Size:

The commercial component of the Concept Plan of the subject property totals 60,000 square feet of building area. Typically in the marketplace, the economies of scale are recognized with respect to the amount of building area that a given parcel can accommodate. Based on size difference, upward adjustments are made to Comparable Sales #1 and #6 as they are slightly larger than the subject property. Downward adjustments are made to Comparable Sales #3 and #4 as they are smaller in size as compared to the subject property. No adjustments are made to Comparable Sales #2 and #5 as they are similar in size as compared to the subject property.

On the adjustment grid on the following page, each of the six comparables are compared to the subject property and adjusted for date of sale, utility, location, and size.

COMPARABLE LAND SALE ADJUSTMENT GRID - CONCEPT PLAN							
	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4	SALE #5	SALE #6
LOCATION:	River Street Dover, NH	40 Buttrick Road Londonderry, NH	Borthwick Ave. Ext. Portsmouth, NH	200 Griffin Road Portsmouth, NH	Shattuck & Piscataqua Newington, NH	25 Pelham Road Salem, NH	Indian Brook Drive Dover, NH
ACRES:	21.00	7.078	6.488	6.57	5.13	6.818	19.830
BLD. AREA (SF):	60,000	88,000	54,000	41,020	32,000	65,460	80,000
SALE DATE:	N/A	Nov-05	Nov-04	Dec-03	Nov-05	Jun-05	Mar-07
SALE PRICE:	N/A	\$1,175,000	\$800,000	\$740,000	\$700,000	\$1,450,000	\$2,061,500
PROPERTY RIGHTS CONVEYED:	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
FINANCING:	N/A	TYPICAL	TYPICAL	TYPICAL	TYPICAL	TYPICAL	TYPICAL
CONDITIONS OF SALE:	TYPICAL MARKET	TYPICAL MARKET	TYPICAL MARKET	TYPICAL MARKET	TYPICAL MARKET	TYPICAL MARKET	TYPICAL MARKET
ADJ. SALE PRICE:	N/A	\$1,175,000	\$800,000	\$740,000	\$700,000	\$1,450,000	\$2,061,500
PRICE/BLD. SF.:	N/A	\$13.35	\$14.81	\$18.04	\$21.88	\$22.15	\$25.77
MKT. CONDITIONS ADJUSTMENT:	Apr-07	Nov-05 8.50%	Nov-04 14.50%	Dec-03 20.00%	Nov-05 8.50%	Jun-05 11.00%	Mar-07 0.50%
TIME ADJ. \$/BLD/SF:	N/A	\$14.49	\$16.96	\$21.65	\$23.73	\$24.59	\$25.90
UTILITY ADJUSTMENT:	GOOD	AVERAGE 20%	GOOD 0%	GOOD 0%	GOOD 0%	GOOD 0%	GOOD 0%
LOCATION ADJUSTMENT:	GOOD	GOOD 0%	GOOD 0%	GOOD 0%	GOOD 0%	VERY GOOD -20%	VERY GOOD -20%
SIZE (BLD. SF) ADJUSTMENT:	60,000	88,000 5.0%	54,000 0.0%	41,020 -5.0%	32,000 -10.0%	65,460 0.0%	80,000 5.0%
TOTAL PCT. ADJ.:		25.00%	0.00%	-5.00%	-10.00%	-20.00%	-15.00%
ADJ. PRICE/BLD.SF:		\$18.11	\$16.96	\$20.57	\$21.36	\$19.67	\$22.01
NET ADJ.:		35.63%	14.50%	14.00%	2.35%	11.20%	14.58%
GROSS ADJ.:		33.50%	14.50%	25.00%	18.50%	31.00%	25.50%

Value Conclusion – Commercial Component of the Concept Plan:

After all adjustment considerations and considering the physical factors of the commercial component of the Concept Plan of the subject's parcel, (utility, location, and size), adjusted per square foot of building area prices from \$16.96 to \$22.01 are derived. Comparable sales #2 and #4 are given the most weight as they had the least net and gross adjustments (Sale #2: 14.5% and 14.5%; Sale #4: 2.35% and 18.5%). The adjusted per square foot of building area prices for these sales were \$16.96 and \$21.36, respectively. Comparable sales #3, #5 and #6 are given moderate weight as they have slightly higher net and gross adjustments (Sale #3: 14.0% and 25.0%; Sale #5: 11.2% and 31.0%; Sale #6: 14.58% and 25.5%). The adjusted per square foot of building area prices for these comparables were \$20.57, \$19.67 and \$22.01, respectively. Comparable sale #1 is given the least weight as it had the highest net and gross adjustments (Sale #1: 35.63% and 33.5%). The adjusted per square foot of building area price for this sale was \$18.11.

Based on this rationale, a per square foot of building area price of \$19.50 is estimated as being reasonable for the 60,000 square feet of commercial space of the commercial component of the Concept Plan of the subject property. This per square foot of building area price is applied to the subject, as follows:

$$\begin{array}{rcccl} \text{Size/SF} & & \text{Price/SF} & & \text{Value} \\ 60,000 & \times & \$19.50 & = & \$1,170,000 \end{array}$$

Rounded to:

\$1,170,000

Value Conclusion – Sales Comparison Approach - Concept Plan:

The Sales Comparison Approach derived three component values for the various residential and commercial components of the Concept Plan. Market value estimated for the 182 residential units located on the main portion of the parcel, for the additional 20-25 residential units located on the Bluffs and for the commercial component which will contain 60,000 square feet of space. The three complimentary components are combined in order to derive a final market value estimate for the Concept Plan as follows:

LAND COMPONENTS	VALUE ESTIMATE
182 Residential Units:	\$2,730,000
20-25 Additional Residential Units on the Bluffs:	\$550,000
60,000 Square Feet of Commercial Space:	\$1,170,000
TOTAL:	\$4,450,000

The market value of the Concept Plan of the subject property, via the Sales Comparison Approach is:

\$4,450,000

RECONCILIATION AND FINAL VALUE ESTIMATES

A summary of the market value estimates derived in the two approaches utilized in this report are summarized as follows:

APPROACH TO ESTIMATING VALUE	CONCEPT PLAN SCENARIO	HIGHEST AND BEST USE SCENARIO
Development Approach	\$3,950,000	\$6,350,000
Sales Comparison Approach	\$4,450,000	\$4,720,000

A Development Approach utilized a Discounted Sell-off to estimate the net present value of the proposed mixed use development of the subject property. Allocations and projections were made for absorption time, marketing costs, property taxes, and development costs. These projections were forecasted over a sellout period. The resulting cash proceeds were discounted to net present values. Market value estimates were derived for the Concept Plan scenario and the Highest and Best Use scenario. The Concept Plan scenario resulted in a value estimate of \$3,950,000 while the Highest and Best Use scenario concluded a value estimate of \$6,350,000. This approach was based on a series of reasonable projections that speak directly to the expected revenues and expenses of the proposed development. Therefore, this approach is given high weight in the final analysis.

A Sales Comparison Approach examined several recent sales of approved residential developments located in Southern New Hampshire and several recent sales of commercial developments planned for large scale retail or office buildings. An overall adjustment was made to each of the comparables based on time, location, size and utility differences. The weakness of this approach is the fact that the development costs and retail unit values for each of the sale comparables vary greatly. A market value estimate of \$4,450,000 was derived for the Concept Plan scenario. The estimated market value of the Highest and Best Use scenario was \$4,720,000. This approach is only given low weight in the final analysis.

It is the appraiser's opinion that the Development Approach provides the most reliable value estimates for the subject's development. The Sales Comparison Approach is given only low weight in the final analysis. Therefore, it is my opinion that the market value of the subject property, based on the Concept Plan dated January 22, 2007, further described on pages 9 & 10 of the Term Sheet based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007, is:

Four Million One Hundred Thousand Dollars
\$4,100,000

The market value of the subject property, based on its Highest and Best Use and based on several hypothetical conditions and extraordinary assumptions, as of April 26, 2007, is:

Six Million Dollars
\$6,000,000

Marketing Time Estimate:

The subject's proposed residential and commercial development is a well located property conceptually planned for residential and commercial condominiums. The demand for multi-unit residential and commercial developments located in the greater Seacoast area remains high. Recent market sales of similar residential and commercial developments utilized in this report and in the surrounding area have marketing periods ranging from several months to (1) year. The reported marketing periods for the sale comparables utilized in this report also ranged from several months to approximately (1) year. The subject property is considered a well located mixed use development located in a desirable downtown riverfront area which would likely have a marketing period towards the middle of the range. Therefore, a six month marketing period is considered reasonable for the subject's development.

WHITE APPRAISAL

Real Estate Appraising & Consulting

CERTIFICATE

I do hereby certify that, except as otherwise noted in this report:

1. the statements of fact contained in this report are true and correct;
2. the reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, unbiased professional analyses, opinions and conclusions;
3. I have no present or prospective interest in the property which is the subject of this report and I have no personal interest or bias with respect to the parties involved;
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. my engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
7. my analysis, opinions, and conclusions, were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Brian W. White has made a personal inspection of the property that is the subject of this report;
9. no one has provided significant real property appraisal assistance to the person signing this certification.
10. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice;
11. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
12. as of the date of this report, Brian W. White has completed the continuing education program of the Appraisal Institute.



Brian W. White, MAI
NHCG-#52

Qualifications of the Appraiser

Brian W. White, MAI, SRA

Professional Designations:

Member, Appraisal Institute (*MAI*) – Awarded by the Appraisal Institute. MAI #9104
Senior Residential Appraiser (*SRA*)

Employment:

1989 to Present White Appraisal – Dover, NH
President – Senior Appraiser
Owner of White Appraisal, a commercial and residential
real estate appraisal firm. Complete appraisals on all
types of commercial and residential properties.
Consulting.

1988 Finlay Appraisal Services – Portsmouth, NH
Senior Vice President/Chief Operations Officer
Oversaw the operation of four appraisal offices. Completed commercial
and residential appraisals on all types of properties.

1985 Finlay Appraisal Services – Portsmouth, NH
and Appraisal Services Manager – South Portland, ME. Completed
commercial and residential appraisals on all types of properties.

Education:

Mitchell College
Associate of Arts, Liberal Studies, 1979

University of Southern Maine
Bachelors of Science, Business Admin., 1984
Bus 022 Real Estate Law
Bus 023 Real Estate Practice
Bus 025 Real Estate Valuation

American Institute of Real Estate Appraisers
1A-1 Real Estate Appraisal Principles, 1985
1A-2 Basic Valuation Procedures, 1985
1B-A Cap. Theory and Technique (A), 1985
1B-B Cap. Theory and Technique (B), 1985
2-3 Standards of Pro. Practice, 1985
Exam #7 Industrial Valuation, 1986

Society of Real Estate Appraisers
101 Intro. To Appraising Real Property, 1986
102 Applied Residential Property Val., 1987
201 Prin. Of Income Property Appraising, 1985
202 Applied Income Property Valuation, 1985

Education (Continued):

Recent Appraisal Institute Classes:
430 Stds. Of Prof. Practice, Part C, 2000
Appraising from Blueprints – 2001
Analyzing Operating Expenses – 2002
Residential Property Construction – 2003
National USPAP Update – 2003
Feasibility, Market Value, Investment Timing & Option value – 2003
330 Apartment Appraisal – 2004
Business Practices & Ethics – 2004
Subdivision Analysis – 2004
USPAP Update - 2005

Recent Seminars:

Appraising Cell Towers – 2003
Going Concerns – 2003
Current Use for Appraisers - 2004
Economics for the Appraiser – 2004
Excavation in New Hampshire – 2005
Allocation of Real Estate in a Going Concern - 2005
Economics for the Appraiser – 2005
Conservation Easements - 2005

Appointments:

Board of Directors – New Hampshire Chapter of the Appraisal
Institute - 1991 to 1993 & 2003 to the present

Experience:

Review Chairperson – New Hampshire Chapter of the Appraisal
Institute – 1994 to the present

Licenses:

N.H. Certified General Appraiser #NHCG -52, Expires 12/31/07
M.E. Certified General Appraiser #CG716, Expires 12/31/07

Partial List of Clients:

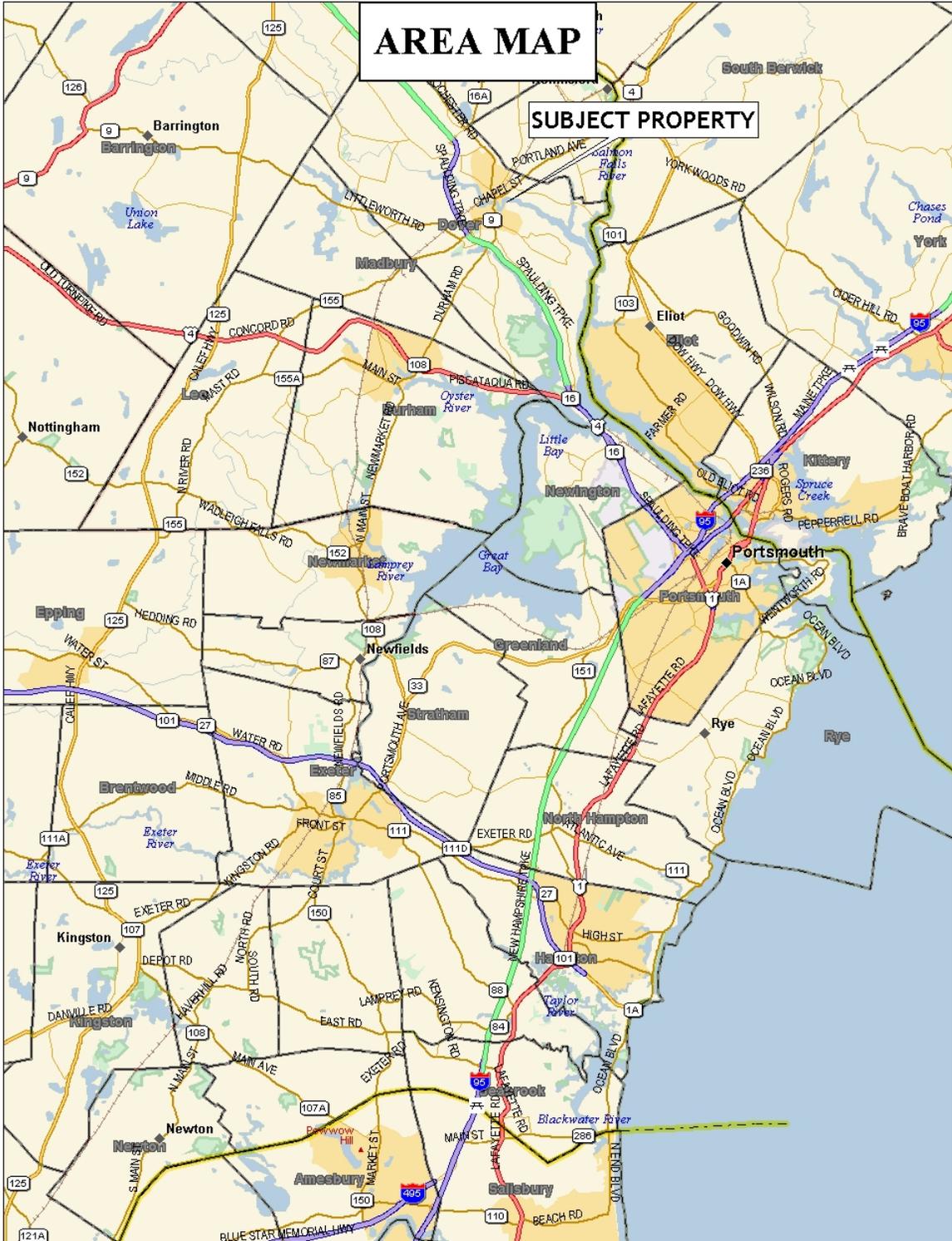
Banks:

Bank of New Hampshire
Centrix Bank
Citizens Bank
Community Bank & Trust
Federal Savings Bank
First Essex Bank
First Massachusetts Bank
Fleet Bank
Kennebunk Savings Bank
Northeast Federal Credit Union
Ocean National Bank
Key Bank

Attorneys:

John Colliander
Karyn Forbes
Gerald Giles
Samuel Reid
John Hinsman
Richard Krans
Simone Massy
Daniel Schwartz
Robert Shaines
William Shaheen
Steve Soloman
Ralph Woodman

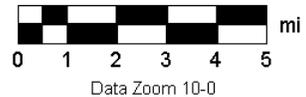
ADDENDA



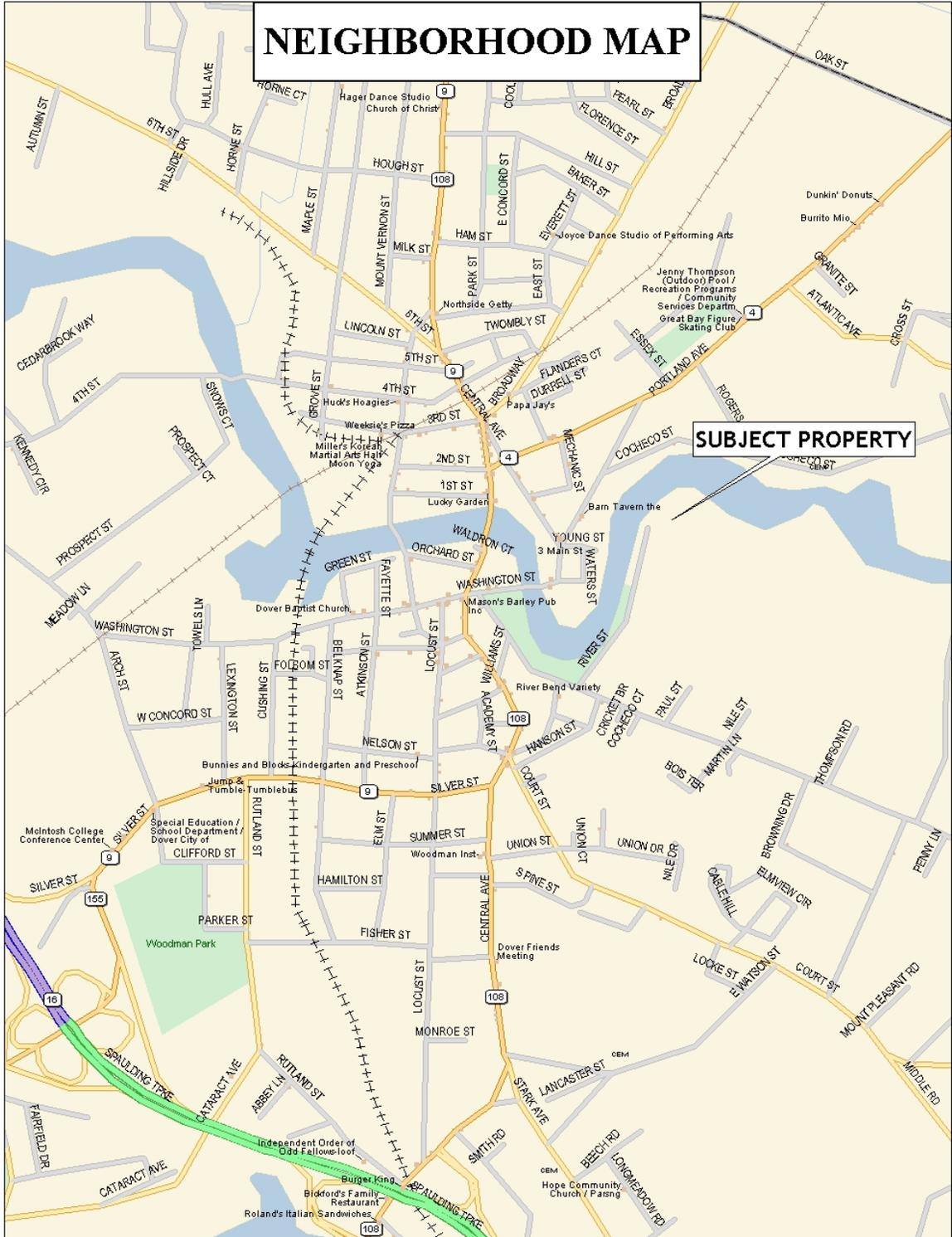
AREA MAP

SUBJECT PROPERTY

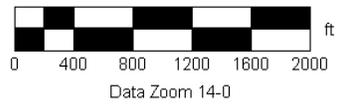
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 www.delorme.com



NEIGHBORHOOD MAP



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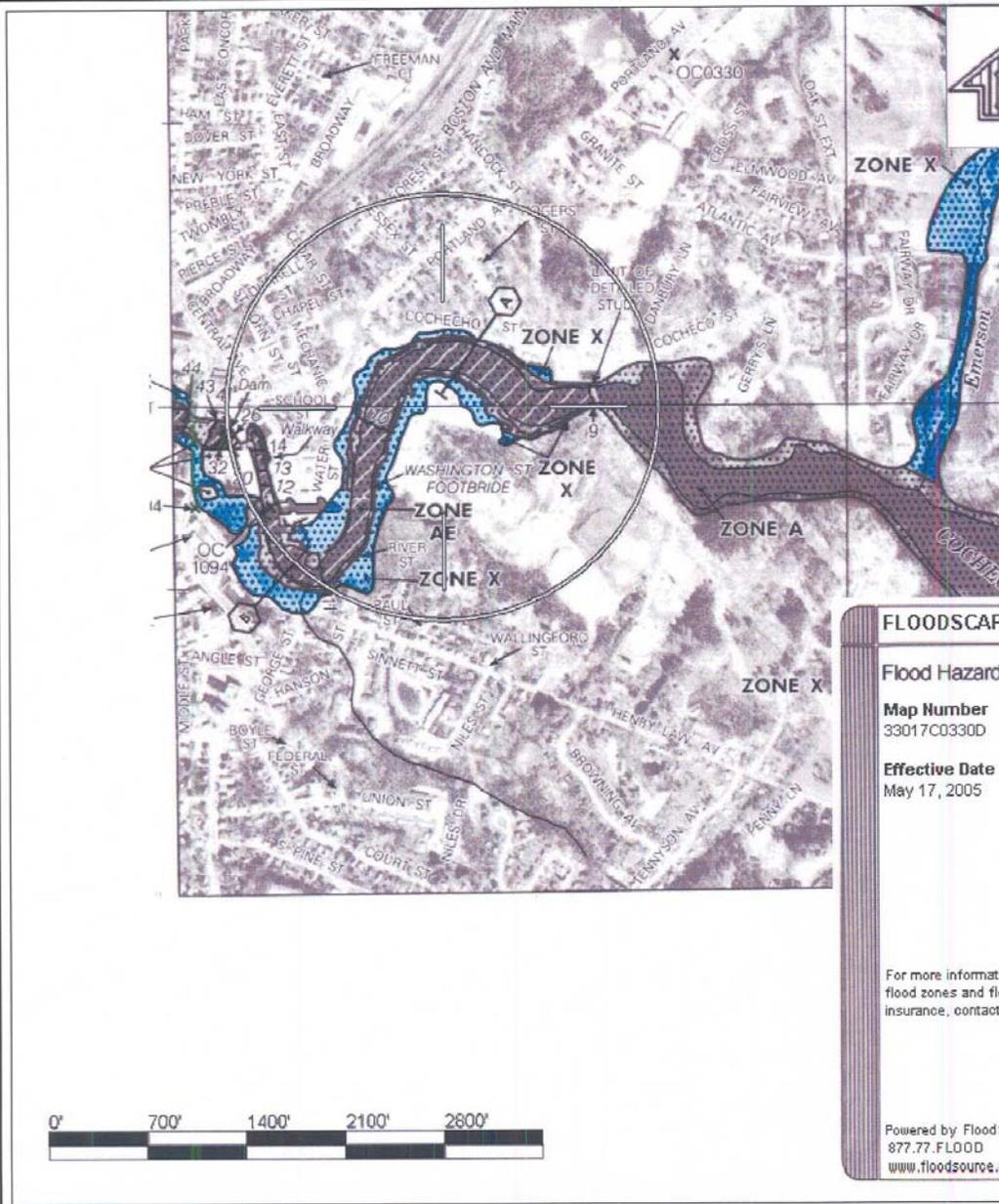


FLOOD MAP

InterFlood  by a la mode
 www.interflood.com • 1-800-252-6633

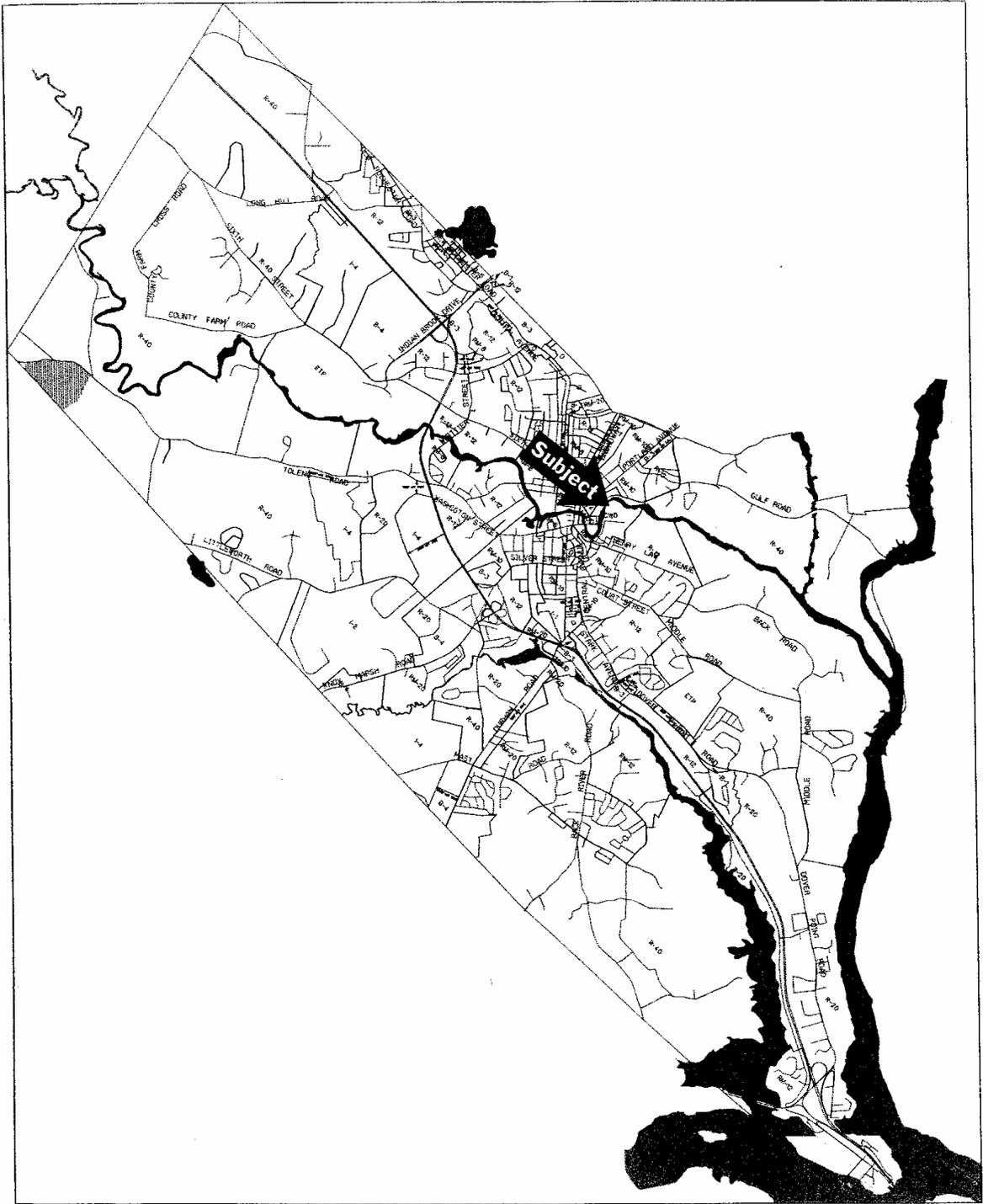
Prepared for:
 White Appraisal

RIVER ST
 DOVER, NH 3820



<http://floodmap3.alamode.com:8080/FloodScapelImage?customerNum=1&caption=White ...> 4/25/2007

ZONING MAP



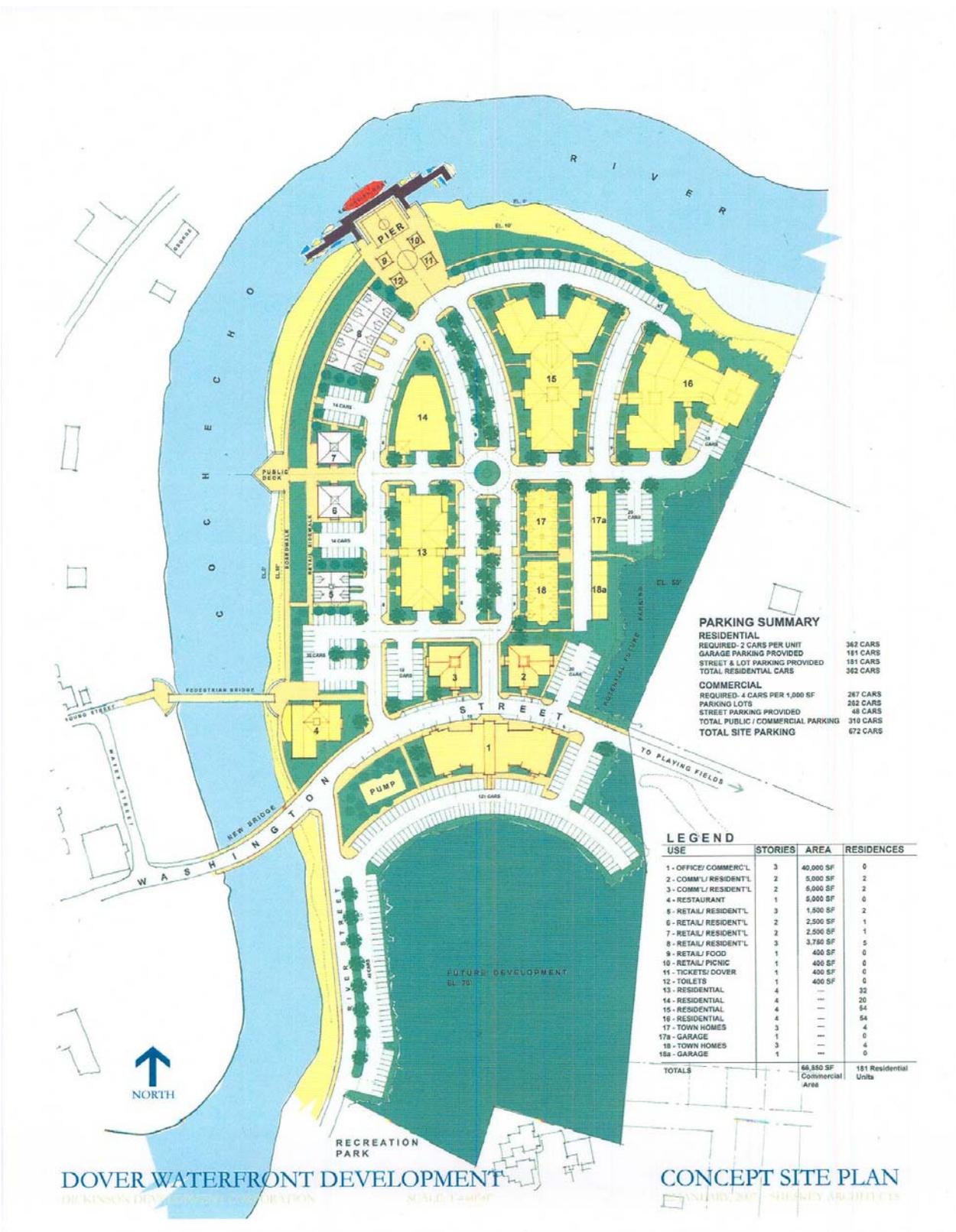
SOILS MAP



CONCEPT SITE PLAN



CONCEPT SITE PLAN



PARKING SUMMARY

RESIDENTIAL	REQUIRED - 2 CARS PER UNIT	362 CARS
	GARAGE PARKING PROVIDED	191 CARS
	STREET & LOT PARKING PROVIDED	191 CARS
	TOTAL RESIDENTIAL CARS	362 CARS
COMMERCIAL	REQUIRED - 4 CARS PER 1,000 SF	287 CARS
	PARKING LOTS	282 CARS
	STREET PARKING PROVIDED	48 CARS
	TOTAL PUBLIC / COMMERCIAL PARKING	310 CARS
	TOTAL SITE PARKING	672 CARS

LEGEND

USE	STORIES	AREA	RESIDENCES
1 - OFFICE / COMMERC'L	3	40,000 SF	0
2 - COMM'L / RESIDENT'L	2	5,000 SF	2
3 - COMM'L / RESIDENT'L	2	5,000 SF	2
4 - RESTAURANT	1	5,000 SF	0
5 - RETAIL / RESIDENT'L	3	1,500 SF	2
6 - RETAIL / RESIDENT'L	2	2,500 SF	1
7 - RETAIL / RESIDENT'L	2	2,500 SF	1
8 - RETAIL / RESIDENT'L	3	3,750 SF	5
9 - RETAIL / FOOD	1	400 SF	0
10 - RETAIL / PICNIC	1	400 SF	0
11 - TICKETS / DOVER	1	400 SF	0
12 - TOILETS	1	400 SF	0
13 - RESIDENTIAL	4	---	32
14 - RESIDENTIAL	4	---	20
15 - RESIDENTIAL	4	---	54
16 - RESIDENTIAL	4	---	54
17 - TOWN HOMES	3	---	4
17a - GARAGE	1	---	0
18 - TOWN HOMES	3	---	4
18a - GARAGE	1	---	0
TOTALS		66,850 SF Commercial Area	181 Residential Units

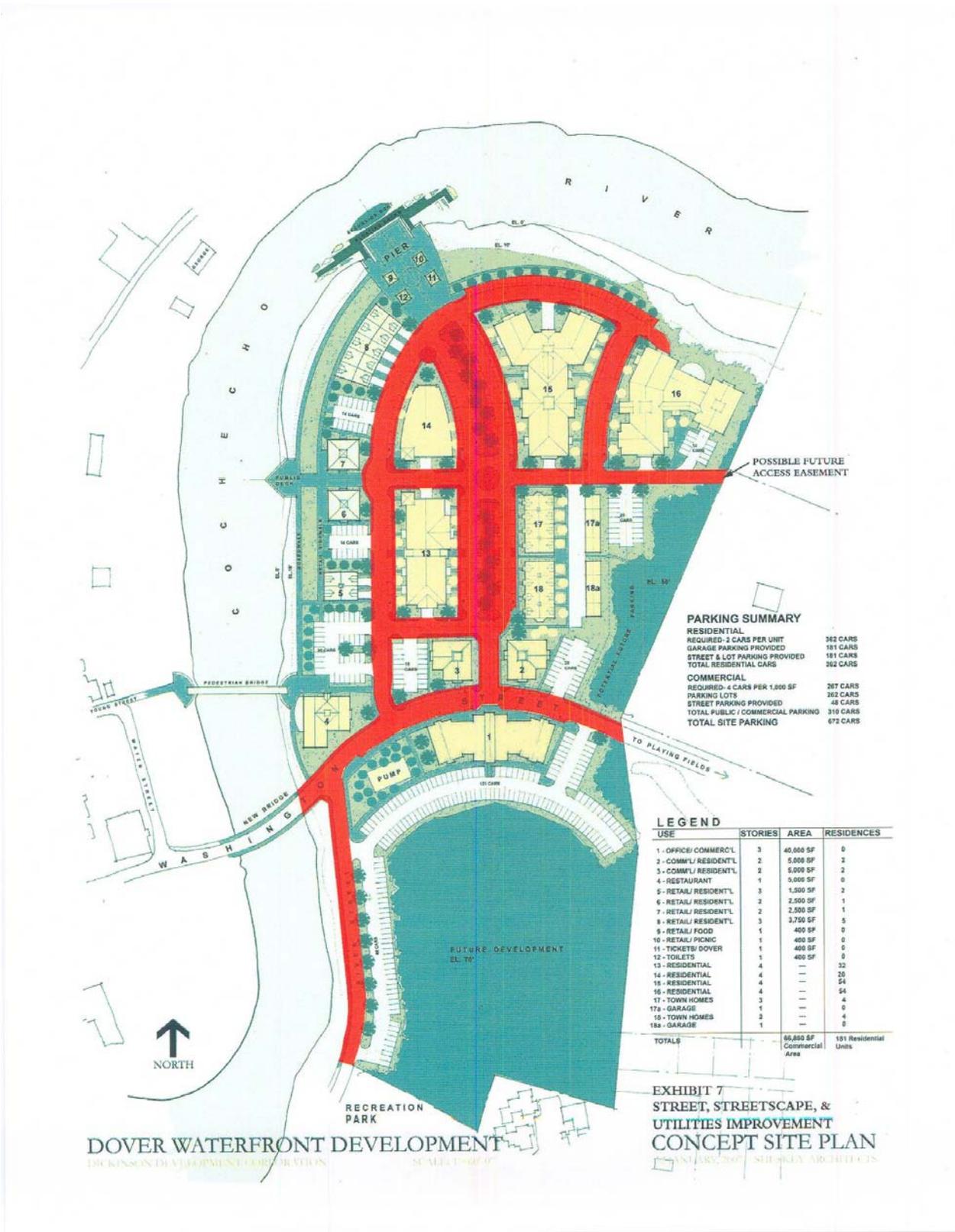
DOVER WATERFRONT DEVELOPMENT

CONCEPT SITE PLAN

CONCEPT SITE PLAN



CONCEPT SITE PLAN



PARKING SUMMARY

RESIDENTIAL	REQUIRED - 2 CARS PER UNIT	382 CARS
	GARAGE PARKING PROVIDED	181 CARS
	STREET & LOT PARKING PROVIDED	181 CARS
	TOTAL RESIDENTIAL CARS	382 CARS
COMMERCIAL	REQUIRED - 4 CARS PER 1,000 SF	287 CARS
	PARKING LOTS	282 CARS
	STREET PARKING PROVIDED	48 CARS
	TOTAL PUBLIC / COMMERCIAL PARKING	319 CARS
	TOTAL SITE PARKING	672 CARS

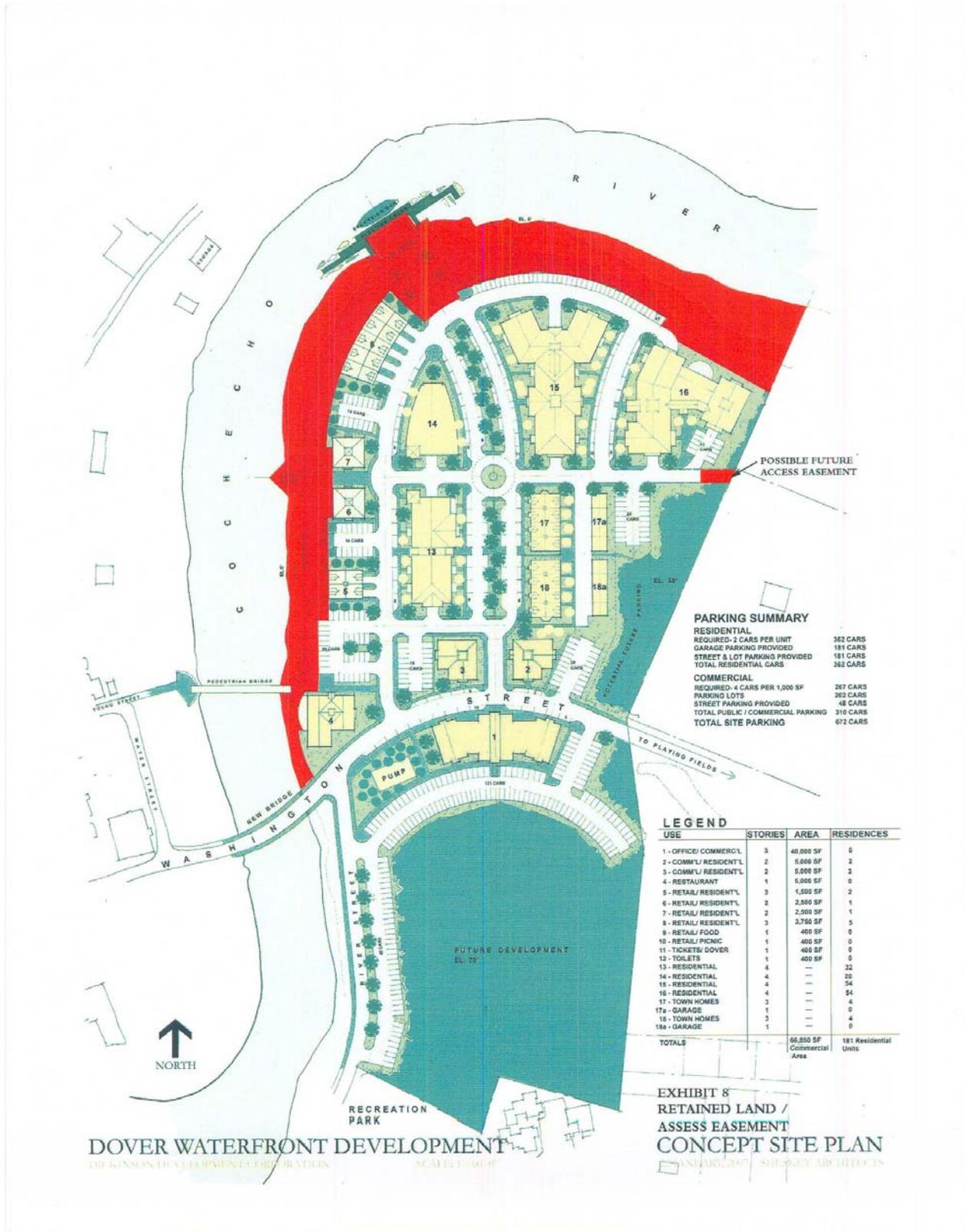
LEGEND

USE	STORIES	AREA	RESIDENCES
1 - OFFICE/ COMMERC'L	3	40,000 SF	0
2 - COMM'L/ RESIDENT'L	2	5,000 SF	2
3 - COMM'L/ RESIDENT'L	2	5,000 SF	2
4 - RESTAURANT	1	9,000 SF	0
5 - RETAIL/ RESIDENT'L	3	1,500 SF	2
6 - RETAIL/ RESIDENT'L	2	2,500 SF	1
7 - RETAIL/ RESIDENT'L	2	2,500 SF	1
8 - RETAIL/ RESIDENT'L	3	3,750 SF	5
9 - RETAIL/ FOOD	1	400 SF	0
10 - RETAIL/ PICNIC	1	400 SF	0
11 - TICKETS/ DOVER	1	400 SF	0
12 - TOILETS	1	400 SF	0
13 - RESIDENTIAL	4	---	32
14 - RESIDENTIAL	4	---	20
15 - RESIDENTIAL	4	---	54
16 - RESIDENTIAL	4	---	54
17 - TOWN HOMES	3	---	4
17a - GARAGE	1	---	0
18 - TOWN HOMES	2	---	4
18a - GARAGE	1	---	0
TOTALS		66,800 SF Commercial Area	101 Residential Units

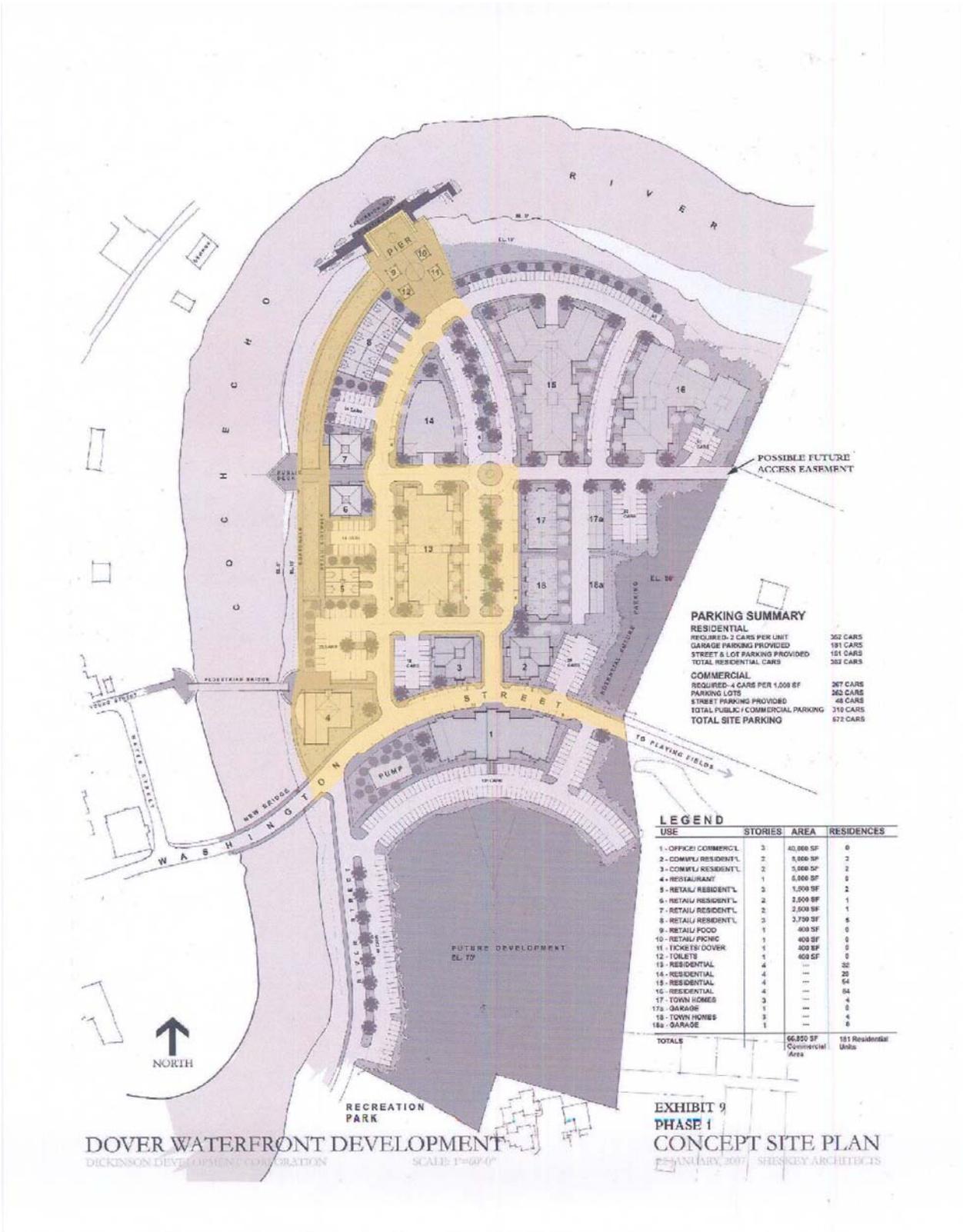
DOVER WATERFRONT DEVELOPMENT
 THE KINROSS DEVELOPMENT CORPORATION
 SCALE: 1"=60' 0"

EXHIBIT 7
STREET, STREETSCAPE, & UTILITIES IMPROVEMENT
CONCEPT SITE PLAN
 JANUARY, 2007 SHEET 5 OF 10 PROJECTS

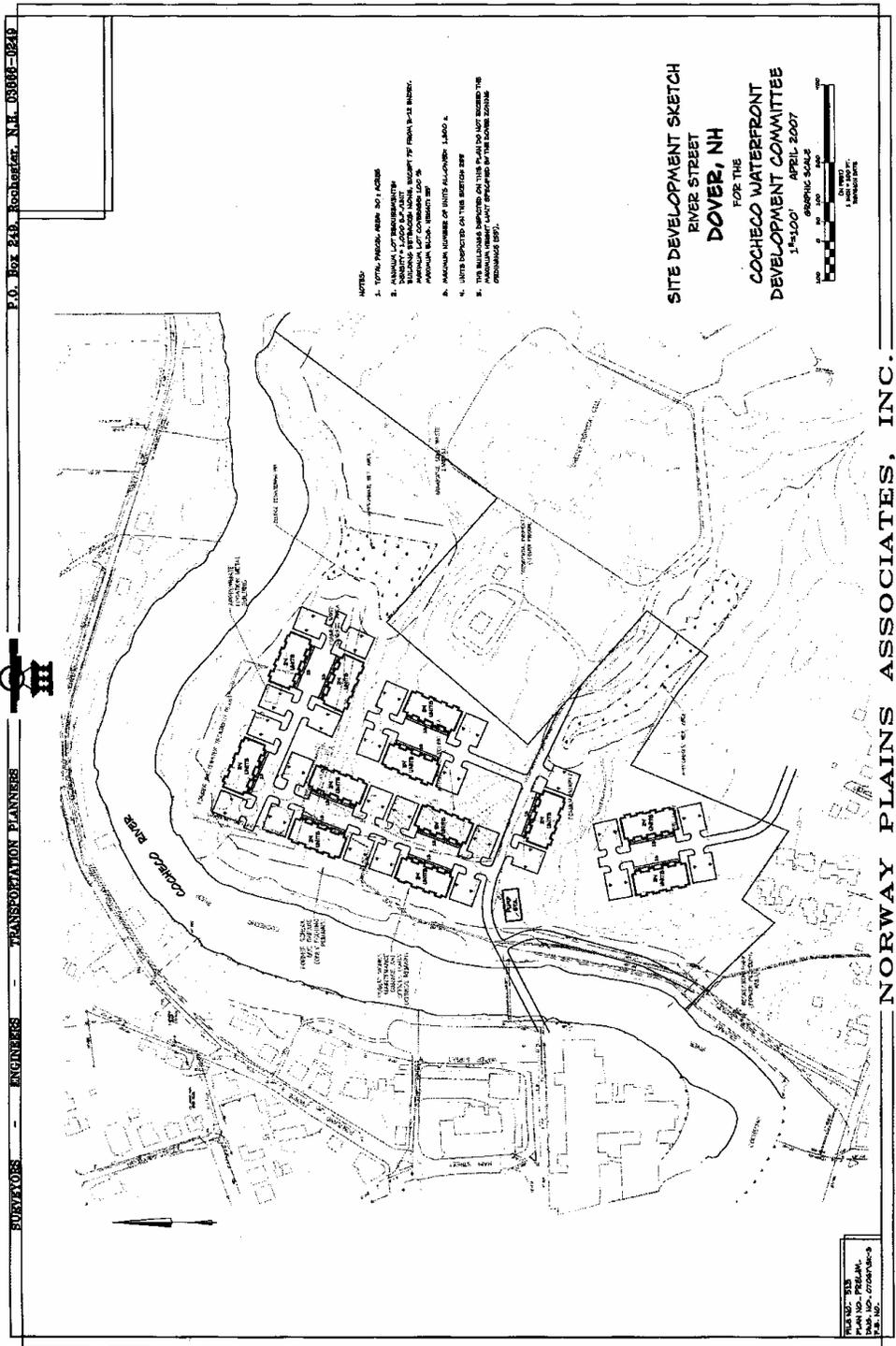
CONCEPT SITE PLAN



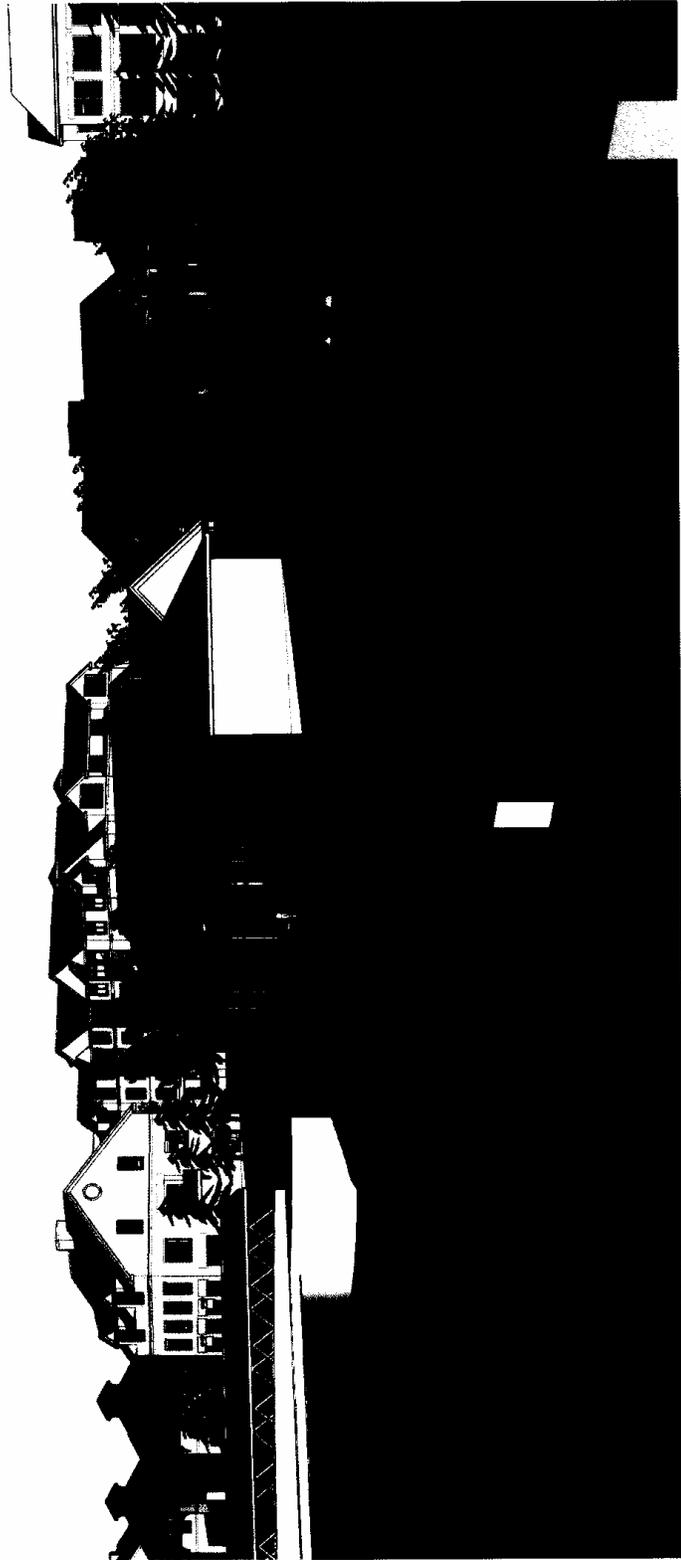
CONCEPT SITE PLAN



NORWAY PLAINS SITE PLAN



RENDERING OF THE BUILDINGS



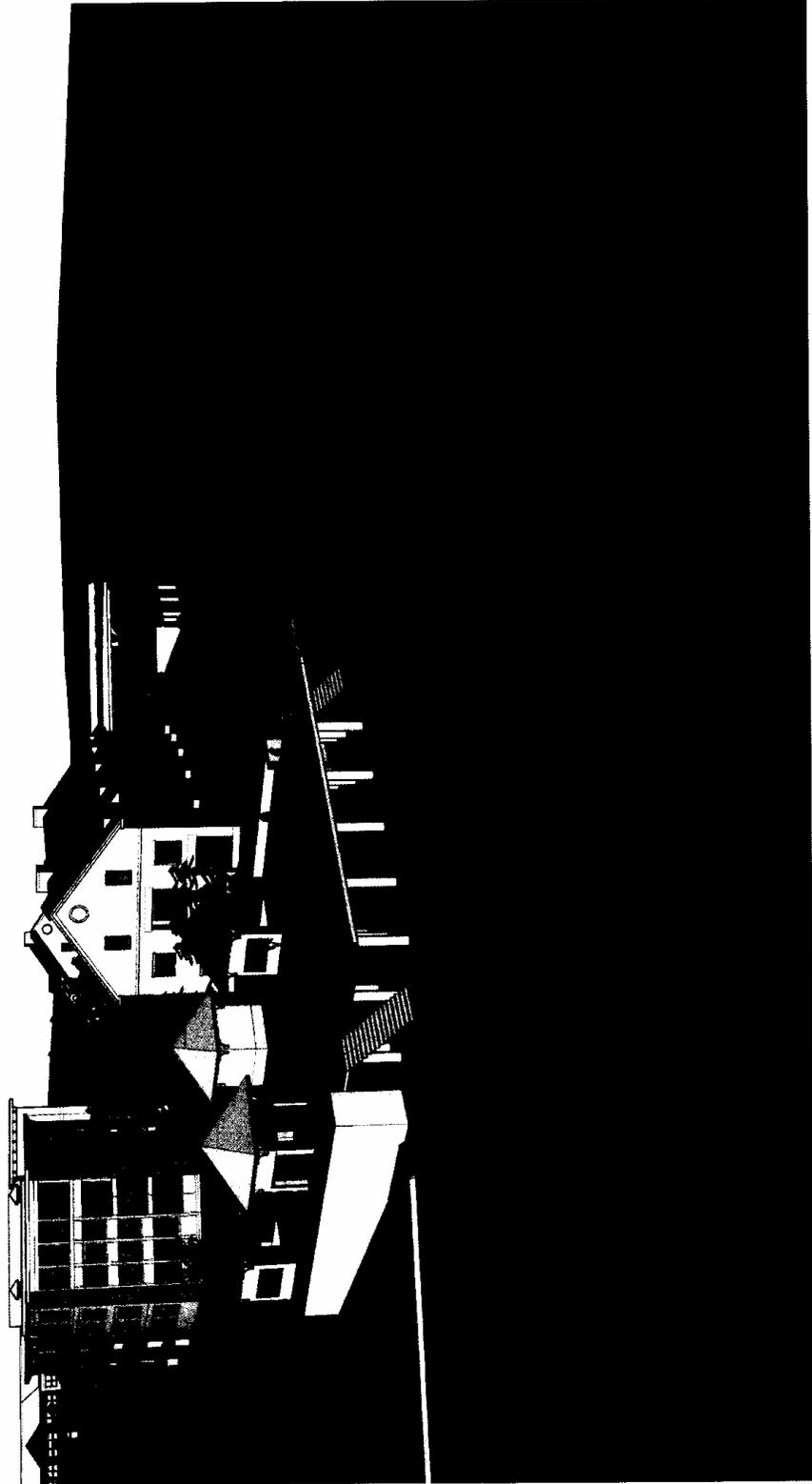
RENDERING OF THE BUILDINGS



RENDERING OF THE BUILDINGS



RENDERING OF THE BUILDINGS



RENDERING OF THE BUILDINGS



ARCHITECTURAL CHARACTER



WEST ELEVATION - BUILDING SIX



BUILDING SIX - TYPICAL FLOOR PLAN

ARCHITECTURAL CHARACTER AND SCALE

SQUARE FOOT CALCULATIONS

Dover Landing

3/19/2007

Average Sq. Ft. Calculations

Sheskey Architects Plan dated 22 January 2007

Building	Unit Size	#	Total SF	Avg Unit SF
2	1,675	2	3,350	
2	1,675	2	3,350	
5*	2,850	2	5,700	
6	1,675	1	1,675	
7	1,675	1	1,675	
8*	2,850	5	14,250	
13	1,360	32	43,520	
14	1,542	20	30,854	
15	1,497	54	80,850	
16	1,358	54	73,347	
17	2,850	4	11,400	
18	2,850	4	11,400	
	23,857	181	281,371 \$	1,554.54

* Unit Size includes ground floor flex square footage of 750 SF/unit

PROPOSED PUBLIC BENEFITS

DOVER LANDING - PROPOSED PUBLIC BENEFITS			
Based on Concept Site Plan 1/22/07			
Improvement / Benefit	Phase 1	Future Phases	Total Cost
Engineering / Permitting	400,000		400,000
Erosion / Dust Control	43,180	7,620	50,800
Regrade Existing Bank	170,000	30,000	200,000
Stone Riprap to High Water	433,500	76,500	510,000
Vegetative Bank to Top of Slope	102,000	18,000	120,000
Park Walkway, Ammenities, Landscaping, Irrigation, Lighting	445,000	50,000	495,000
Public Restrooms	50,000		50,000
Excursion Boat Landing	20,000		20,000
Public Boat Slips (12)	250,000		250,000
Public Parking Spaces	21,500		21,500
Total Waterfront Park Improvements	\$1,935,180	\$182,120	\$2,117,300
Public Benefit Roadways			
Washington St Bridge to Property Line	200,000		200,000
Improvements to Existing River Road		100,000	100,000
Landscaped Median at River Road		50,000	50,000
N. River Rd to Parking	200,000		200,000
Total Public Benefit Roadways	\$400,000	\$150,000	\$550,000
Environmental Remediation	\$500,000	\$0	\$500,000
Total Public Benefits	\$2,835,180	\$332,120	\$3,167,300

Does not include cost of Boulevard landscaping, Other streetscape,
or any developer contributions to operation, maintenance
Revision date 2/23/07

DEVELOPER'S HARD COST ASSUMPTIONS

Hard Costs Assumptions -Sheskey Plan January 22, 2007

Total # Units

181

Revision Date: 3-6-07

Phase 1	SF	PSF	#Units	\$/Unit	
\$5,943,622 Sitework Phase 1*					<i>*Includes majority of Public Improvements (see sheet)</i>
\$112,000 Impact Fees and Other					
\$500,000 Bldg 4	5,000	\$100	0		Restaurant
\$598,500 Bldg 5	5,700	\$105	2	\$299,250	Residential with Flex Bottom Floor
\$5,623,371 Bldg 13			32	\$175,730	Residential
					\$12,777,493 Subtotal Phase
Phase 1A					
\$342,204 Sitework Phase 1A					
\$10,000 Impact Fees and Other					
\$4,000,000 Bldg 1	40,000	\$100			Office
					\$4,352,204 Subtotal Phase
Phase 2					
\$725,517 Sitework Phase 2					
\$81,000 Impact Fees and Other					
\$459,250 Bldg 6	4,175	\$110	1		Commcl Below/Residential Above
\$459,250 Bldg 7	4,175	\$110	1		Commcl Below/Residential Above
\$1,496,250 Bldg 8	14,250	\$105	5	\$299,250	Residential with Flex Bottom Floor
\$4,090,755 Bldg 14			20	\$204,538	Residential
					\$7,312,022 Subtotal Phase
Phase 3					
\$858,812 Sitework Phase 3**					<i>Includes balance of Waterfron Park Landscaping</i>
\$162,000 Impact Fees and Other					
\$10,628,596 Bldg 15	80,838		54	\$196,826	Residential
					\$11,649,408 Subtotal Phase
Phase 4					
\$1,371,678 Sitework Phase 4					
\$162,000 Impact Fees and Other					
\$9,642,246 Bldg 16			54	\$178,560	Residential
					\$11,175,924 Subtotal Phase
Phase 5					
\$254,252 Sitework Phase 3					
\$36,000 Impact Fees and Other					
\$918,500 Bldg 2	8,350	\$110	2		Commcl Below/Residential Above
\$918,500 Bldg 3	8,350	\$110	2		Commcl Below/Residential Above
\$1,347,000 Bldg 17			4	\$336,750	Residential
\$1,347,000 Bldg 18			4	\$336,750	Residential
					\$4,821,252 Subtotal Phase
\$52,088,303 Totals	170,838		181		

Note: Soft Costs broken down by phase in cash flow spreadsheet

DEVELOPER'S PHASING SUMMARY

DOVER LANDING Preliminary Building Area Calculations & Phasing Summary

Based on 22 January, 2007 Shestak/Architects Plan

3/19/2007



Building	Typical Floor	GFA*	SEA*	Efficiency	Resid. SF	# Units	Avg Net/Unit	Average Unit Size	Garage Area	Cost/SF/Unit	GSF	Total Cost	Phase 1	Phase 1A	Phase 2	Phase 3	Phase 4	Phase 5	
1- Office	15,000 sq ft	49,997	59,000 sq ft	99%	0	0	na	na	na	100.00	5,000.00	4,999,970							
2- Comm/ Res	5,000 sq ft Retail	8,259	3,259 sq ft Res	100%	2	2	1,675 sq ft x 2 units	1,675 sq ft x 2 units	na	100.00	3,259.00	318,990							
3- Comm/ Res	5,000 sq ft Retail	8,259	3,259 sq ft Res	100%	2	2	1,675 sq ft x 2 units	1,675 sq ft x 2 units	na	100.00	3,259.00	318,990							
4- Restaurant**	5,000 sq ft	5,000	na	100%	0	0	na	na	na	100.00	5,000.00	500,000		4,633,000					
5- Res/Flex	1,500 sq ft Retail	5,700	4,200 sq ft Res	100%	2	2	2,100 sq ft x 2 units	2,100 sq ft x 2 units	700 sq ft	105.00	5,700.00	598,500			459,250				
6- Retail/ Res	2,500 sq ft Retail	4,175	1,675 sq ft Res	100%	1	1	1,675 sq ft x 1 unit	1,675 sq ft x 1 unit	na	110.00	4,175.00	459,250							
7- Retail/ Res	2,500 sq ft Retail	4,175	1,675 sq ft Res	100%	1	1	1,675 sq ft x 1 unit	1,675 sq ft x 1 unit	na	110.00	4,175.00	459,250							
8- Res/Flex	3,750 sq ft Retail	14,250	10,500 sq ft Res	100%	5	5	2,100 sq ft x 5 units	2,100 sq ft x 5 units	1,750 sq ft	105.00	14,250.00	1,486,250			1,486,250				
9- Retail/ Food	400 sq ft Retail	na	na	100%	0	0	na	na	na	na	na	na							
10- Retail/ Pknic	400 sq ft Retail	na	na	100%	0	0	na	na	na	na	na	na							
11- Retail/ Tickets	400 sq ft Retail	na	na	100%	0	0	na	na	na	na	na	na							
12- Public Toilets	400 sq ft	na	na	100%	0	0	na	na	na	na	na	na							
13- Residential	13,000 sq ft	48,899	43,820 sq ft Res	89%	32	32	1,369 sq ft x 32 units	1,369 sq ft x 32 units	13,600 sq ft	115.00	48,899.00	5,623,371							
14- Residential	9,642 sq ft	34,867	30,854 sq ft Res	89%	20	20	1,542 sq ft x 20 units	1,542 sq ft x 20 units	9,642 sq ft	118.00	34,867.00	4,090,755			4,090,755				
15- Residential	25,266 sq ft	90,843	80,850 sq ft Res	89%	54	54	1,497 sq ft x 54 units	1,497 sq ft x 54 units	25,266 sq ft	117.00	90,843.00	10,626,586				10,626,586			
16- Residential	22,021 sq ft	82,412	73,347 sq ft Res	89%	54	54	1,359 sq ft x 54 units	1,359 sq ft x 54 units	22,021 sq ft	117.00	82,412.00	9,642,246					9,642,246		
17- Residential	3,259 sq ft	11,469	11,469 sq ft Res	100%	4	4	2,859 sq ft x 4 units	2,859 sq ft x 4 units	16 sq ft	105.99	11,469.00	1,197,000						1,197,000	
17a- Garage	na	37,209	na	100%	0	0	na	na	3,179 sq ft	4	na	150,000						150,000	
18- Residential	3,259 sq ft	11,469	11,469 sq ft Res	100%	4	4	2,859 sq ft x 4 units	2,859 sq ft x 4 units	16 sq ft	105.99	11,469.00	1,197,000						1,197,000	
18a- Storage	na	37,209	na	100%	0	0	na	na	2,179 sq ft	4	na	150,000						150,000	
Totals													42,029,217	6,721,871	3,033,039	6,005,065	10,626,586	9,642,246	4,531,000

* GFA and SEA to be adjusted for field unit sizes, building design and market conditions. Current shows only schematic design and square footages subject to change.
 ** For Phases 1 - 3, Developer may substitute a total of 5,000 SF of retail space in either (a) Buildings 6&7 or (b) in Buildings 1&3. In the event that Building 4 is postponed to a later phase.

Total 42,029,217

DEVELOPER'S PRELIMINARY BUDGET & CASH FLOW

PROJECT: DOWELANDING - PRELIMINARY BUDGET & CASH FLOW

3/19/2007
Development/Phasing

	151	34	0	27	54	54	12	Total
Gross Square Footage - Comm - Small Bldg	15,000	0	0	5,000	0	0	10,000	0
Gross Square Footage - Office/Retail	40,000	0	40,000	0	0	0	0	0
Rent from Retail/Office/Lea p4/NN	\$ 32.80	\$ 0	\$ 432,000	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ 0
Leas. Vacancy	9.0%	0	0	0	0	0	0	0
Sales Proceeds from Retail (less 8% COGS)	8.0%	\$ 0	\$ 4,980,000	\$ 0	\$ 0	\$ 0	\$ 1,242,000	\$ 6,617,000
Gross Square Footage - Restaurant	5,000	0	0	0	0	0	0	0
Rent from Restaurant p4/NN	\$ 15.00	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sales Proceeds from Restaurant (less 8% COGS)	8.0%	\$ 892,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 892,500
Total IRR Commercial	60,000							\$ 814,500

	PRE-DEV		PHASE 1		PHASE 1A		PHASE 2		PHASE 3		PHASE 4		PHASE 5		TOTAL BUDGET	
	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months	12 Months
LAND	140,000	1,600,000	0	0	0	0	0	0	0	0	0	0	0	0	0	2,000,000
ARCHITECTURAL/ENGINEERING	475,000	850,531	230,000	455,205	744,000	744,000	674,000	317,175	0	0	0	0	0	0	0	3,037,015
CONSTRUCTION	0	15,777,833	4,248,000	7,319,000	11,641,000	11,641,000	4,600,000	0	0	0	0	0	0	0	0	39,209,000
FINANCIAL	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	51,000
LEGAL	250,000	150,000	28,000	53,201	81,257	79,264	29,264	0	0	0	0	0	0	0	0	371,003
GENERAL & ADMINISTRATIVE	65,000	140,000	70,000	70,000	70,000	70,000	70,000	0	0	0	0	0	0	0	0	3,060,000
CONTINGENCY	65,000	620,733	248,210	421,750	653,000	653,000	255,214	0	0	0	0	0	0	0	0	3,120,419
TOTAL Unleveraged PROJECT COSTS	1,415,500	17,350,031	5,234,465	8,857,856	13,713,175	13,713,175	5,922,858	0	65,655,114							

Average SF per Unit: 1,553
 Average Sales Price PSF: \$285.00
 Average Sales Price PSF less 8% COGS: \$262.80

	151	34	0	27	54	54	12	Total
Revenue from Residential Sales	\$376,109	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 1 Sales	34	0	0	0	0	0	0	0
Phase 2 Sales	27	0	0	0	0	0	0	0
Phase 3 Sales	54	0	0	0	0	0	0	0
Phase 4 Sales	12	0	0	0	0	0	0	0
Phase 5 Sales	181	0	0	0	0	0	0	0
Total # of Units	181	0	0	0	0	0	0	0

	151	34	0	27	54	54	12	Total
Official/Commercial - Sales Value with no rental income	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Phase 1 Sales	0	0	0	0	0	0	0	0
Phase 2 Sales	0	0	0	0	0	0	0	0
Phase 3 Sales	0	0	0	0	0	0	0	0
Phase 4 Sales	0	0	0	0	0	0	0	0
Phase 5 Sales	0	0	0	0	0	0	0	0
Total REVENUES	\$376,109	\$0	\$0	\$0	\$0	\$0	\$0	\$0

	151	34	0	27	54	54	12	Total
Unleveraged Net Cash Flow	-\$1,415,500	-\$17,350,031	\$6,178,350	-\$3,116,583	\$1,640,739	\$1,281,983	\$1,749,739	-\$2,274,654
Unleveraged IRR	12.86%							

LEVERAGED CASH FLOW

	151	34	0	27	54	54	12	Total
TOTAL Unleveraged PROJECT COSTS	17,350,031	600,000	5,234,465	8,857,856	13,713,175	13,713,175	5,922,858	65,655,114
Financing Fees	0	0	0	0	0	0	0	0
Unleveraged PROJECT COSTS - Financing Fees	17,350,031	600,000	5,234,465	8,857,856	13,713,175	13,713,175	5,922,858	65,655,114
Construction Loan Interest	450,000	0	0	0	0	0	0	0
Construction Loan	18,350,000	5,448,000	9,080,230	9,080,230	14,072,011	13,866,220	6,148,615	65,043,324
Construction Loan	11,010,493	3,286,082	5,453,601	5,453,601	8,443,207	8,091,109	3,889,606	43,172,485
Person's Outstanding Loan Balance	3,751,146	0	0	0	0	0	0	3,751,146
Interest From Previous Outstanding Balance	11,010,493	7,146,665	5,453,601	8,443,207	8,443,207	8,091,109	3,889,606	54,828,965
Equity Requirement	-7,340,328	-2,166,721	-3,058,794	-5,394,130	-5,394,130	-2,658,879	-2,658,879	-\$26,645,568
Net Revenues from Sales	7,307,353	1,415,653	5,738,972	5,738,972	15,353,915	15,353,915	2,274,654	47,172,229
Leveraged Net Cash Flow	-\$1,415,500	-\$7,340,328	\$4,277,248	-\$295,371	\$6,916,708	\$12,300,981	\$10,692,792	\$2,274,654
Leveraged IRR	14.73%							

GEOENVIRONMENTAL INC. – SUMMARY PAGES

GZA
GeoEnvironmental, Inc.

*Engineers and
Scientists*

August 30, 2000
File No. 22457



Mr. Robert Minicucci II, P.E.
New Hampshire Department of Environmental Services
Waste Management Division
6 Hazen Drive
Concord, New Hampshire 03301-6509

Re: Remedial Action Plan
Dover Public Works Facility
Dover, New Hampshire

380 Harvey Road
Manchester
New Hampshire
03103-3347
603-623-3600
FAX 603-624-9463
<http://www.gza.net>

Dear Bob:

On behalf of the New Hampshire Office of State Planning and City of Dover, GZA GeoEnvironmental, Inc. (GZA) is pleased to provide the attached Remedial Action Plan for the above-referenced Site. This report was completed as part of the Coastal Piscataqua River Watershed Brownfields Assessment Demonstration Pilot Project.

GZA looks forward to continuing to work with you on this very important project.

Very truly yours,

GZA GEOENVIRONMENTAL, INC.

A handwritten signature in cursive script, reading 'Nancy J. Nichols'.

Nancy J. Nichols, P.E.
Project Manager

A handwritten signature in cursive script, reading 'Steven R. Lamb'.

Steven R. Lamb, C.G.W.P.
Associate Principal

NJN/SRL:sjh
i:\jobs\22457\trap\coverf.doc

Enclosure

cc: McLaughlin; OSP
Peschel; City of Dover
Jennings; EPA

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GEOENVIRONMENTAL INC. – SUMMARY PAGES



EXECUTIVE SUMMARY

GZA GeoEnvironmental, Inc. (GZA) has prepared this Brownfields Remedial Action Plan (RAP) for the New Hampshire Office of State Planning (OSP) and City of Dover (City) under the Coastal Piscataqua River Watershed Brownfields Assessment Demonstration Pilot Project. The objectives of this study were to address several unknowns concerning site contamination, investigate environmental data gaps identified from reviewing the previous site studies, and to assist in Brownfields redevelopment strategy. This report summarizes important site environmental information for the use of parties who are interested in its development, provides GZA's assessment of current (non-petroleum related) site environmental conditions, and presents environmental and regulatory issues affecting site redevelopment. GZA particularly focused on areas of buried waste, surficial soil quality, and groundwater quality data gaps. This RAP does not address petroleum issues identified in connection with underground storage tanks (USTs), because these issues are being managed under the New Hampshire Petroleum Funds. Furthermore, aboveground issues such as building materials containing or suspected to contain asbestos or other hazardous materials, as well as piled/stored materials, were not part of this study.

GZA's findings/recommendations with regard to site issues are summarized as follows:

- The site is currently used by the City's Department of Public Works (DPW) for vehicle storage and maintenance, materials storage (road salt, sand and gravel, Jersey Barriers, and so forth), and engineering offices; and is also occupied by an active sewer pump station, recycling center, and recently closed waste water treatment plant (WWTP). School buses were also maintained and parked at the site until recently. Buildings at the site currently include a DPW office and attached storage/vehicle maintenance facility, DPW garage (a.k.a., former school bus garage), pump station, three-sided salt storage shed, and metal storage building.
- Historic industrial uses of the site include soap manufacturing, a velvet mill, a coal shed, stone crushing, refuse incineration, and solid waste disposal.
- DPW and WWTP personnel reported in 1991 "that sludge from septage haul trucks is sometimes discharged into a shallow 10' x 12' pit with wooden retaining walls at the east end of the WWTF storage area in the vicinity of monitoring well MW-4. The frequency of this activity was not known." This practice reportedly ceased in 1991.
- Others identified at least seven culverts under the Site that discharge to the Cocheco River. In addition, floor drains reportedly existed in the DPW building and former school bus garage, and discharged directly to the Cocheco River. The floor drains in the DPW building were redirected to the WWTP in 1999, and the floor drains in the garage were closed in 1996. The culvert reportedly directs stream flow to the Cocheco River.

GZA performed a number of subsurface exploration programs at the site between December 1999 and April 2000 to supplement work performed for the City at the site by others. These recent explorations included 34 test pit explorations, three test borings with monitoring well installations, soil and groundwater sampling at the new monitoring wells and several of the test pits, groundwater sampling at select pre-existing monitoring wells, and

GEOENVIRONMENTAL INC. – SUMMARY PAGES



surficial soil sampling. Laboratory analytical testing was performed for volatile organic compounds (VOCs), semi-VOCs, metals, polynuclear aromatic hydrocarbons (PAHs), and/or herbicides and pesticides (one sample only). The following is a brief summary of groundwater level and analytical laboratory results:

- Depth to groundwater level measurements in December 1999 and April 2000 ranged from about 3.7 feet (April 21, 2000) at monitoring well GZ-3, which is located in the former quarry area, to 15 feet (December 20, 1999) at test pit TP-1, which is located within the upper municipal solid waste landfill.
- Based on previous and new explorations, at least one-half of the Site consists of significantly altered ground surface topography. The rear, eastern portion consists of a closed municipal landfill. Within the vicinity of the former WWTP there exist buried construction debris and foundations/structures, including six buried clarifiers and a buried sludge thickener, as well as miscellaneous solid waste (e.g., sand, bricks, glass, metal scraps, rags, paper, ash, rubber, and/or wood). The former WWTP storage area, located to the east of the former WWTP, contains similar miscellaneous waste plus tannery waste and catchbasin grit. Buried river dredgings were encountered between the former WWTP and Cocheco River.
- Chromium and lead were detected in several subsurface soil samples at elevated concentrations. Chromium is typically associated with tannery waste, and lead is typically associated with ash. The majority of subsurface soil samples contained two to four PAHs in exceedance of S-1 and/or S-2 standards. In general, the types and relative concentrations of detected PAHs typify coal ash. Mercury was detected at a concentration slightly above its S-1 standard in one soil sample.
- The majority of surficial soil samples contained arsenic in exceedance of S-1 and S-2 standards. The NHDES considers the detect concentrations indicative of background conditions. Low level PAH concentrations were detected in surficial soils, which is likely due to vehicle use and maintenance at the site, as well as possibly aboveground portable storage of waste oil. Only one soil sample, located near the landfill access road, was found to have PAH concentrations in exceedance of S-1 and S-2 standards. No herbicides or pesticides were detected in the one analyzed sample, which was from a former gardening area.
- Arsenic and cadmium were detected in several groundwater samples at concentrations exceeding GW-1 standards. Chromium was detected in only one groundwater sample at a concentration slightly above its GW-1 standard.

On-site solid waste can possibly be left in-place provided it is permitted/registered and/or closed in a manner acceptable to the New Hampshire Department of Environmental Services (NHDES) Solid Waste Management Bureau. Closure may be required, because there is at least some groundwater impact due to the presence of the solid waste. Closure may include capping with soil and/or engineered materials. Prior to site redevelopment, additional explorations will be needed to further characterize the nature and thickness of the material, and to evaluate engineering characteristics, such as compressibility and/or bearing strength. Special

GEOENVIRONMENTAL INC. – SUMMARY PAGES

considerations for construction over these materials will include the release of methane gas and settlement due to decomposition of organic materials, and presence of insects and rodents attracted to organic solid waste.

Based on existing subsurface information presented herein, GZA does not recommend removal of soil or buried solid waste prior to site redevelopment. There are no apparent source areas of groundwater contamination or localized “hot spots” separate from tank areas.



Due to detected concentrations of several metals and naphthalene above GW-1 standards and possible closure of on-site solid waste, GZA recommends groundwater quality monitoring in accordance with a Groundwater Management Permit (GMP), pursuant to Env-Wm 1403.12. A GMP is one type of de-facto Activity and Use Restriction (AUR). Solid waste permitting is another type of de-facto AUR. If no solid waste permit is required, then an excavation AUR should be implemented to provide the framework to manage solid waste and contaminated soil and groundwater that may be encountered during excavation activities.

Based on the findings presented in this report, GZA recommends that the City request the NHDES issue a Certificate of Partial Completion for site-wide hazardous waste (non-petroleum) issues. This certificate would be issued following agreement of solid waste permitting/registration and/or closure requirements, GMP modification, and specific AURs, if any, with the NHDES. After on-site petroleum issues have been abated, on-site solid waste issues have been addressed to the satisfaction of the NHDES, and specific AURs, if any, have been implemented. GZA recommends that the City request a comprehensive Certificate of Completion and/or a Certificate of No Further Action.

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GEOENVIRONMENTAL INC. – SUMMARY PAGES



**SUPPLEMENTAL TEST PITS AND
SOIL GAS SURVEY
DOVER PUBLIC WORKS FACILITY
RIVER STREET
DOVER, NEW HAMPSHIRE**

PREPARED FOR:
New Hampshire Office of State Planning
Concord, New Hampshire

PREPARED BY:
GZA GeoEnvironmental, Inc.
Manchester, New Hampshire

July 2002
File No. 22457

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GEOENVIRONMENTAL INC. – SUMMARY PAGES

5.0 SUMMARY AND CONCLUSIONS

Based on the results of test pits conducted as part of this study and review of historical photographs and maps, GZA concludes the following:



- Buried municipal solid waste was not observed west of test pit TP-17 in the southern portion of the site. Municipal solid waste was not found in TP-17, GZ-3 (OW), or test pits TP3-1 through TP3-4 (Area 1). Blasted rock, brick and wood were found in one or more of these explorations, but these materials by themselves reflect historical site use and do not constitute municipal solid waste.
- Municipal solid waste is also not present in Area 2 at the northern corner of the former prison property. No waste was encountered in the five test pits conducted in this area.
- Municipal solid waste was encountered in test pits performed in the wet area (Area 3) located east of the WWTP storage area. Municipal solid waste was not detected in test pits (TP3-5, TP3-11, TP3-13, TP3-14, and TP3-20) conducted along the western edge of the wet area. These five test pits contained material, described as miscellaneous solid waste containing wood boards, wood fragments and glass fragments (TP3-13 only). The approximate limit of miscellaneous solid waste is shown on Figure 3 to include most of the WWTP area, its storage area, and the western edge of the wet area.

Based on the available subsurface information from historical and current explorations at the site, and historical information reviewed during the current study, it is GZA's opinion that the solid waste observed in the vicinity of the former WWTP and its storage area has a different filling history than the municipal solid waste landfill on the easterly adjoining property. Much of the on-site solid waste was likely in-place before the 1950s, and prior to the time when the off-site municipal landfill was in operation.

The results of gas monitoring at the new gas wells (SG-1 through SG-5) indicate the presence of methane (about 1 to 20 percent) that is elevated relative to ambient air; and concentrations of carbon dioxide (about 1 to 11 percent) and oxygen (0 to 15 percent) that are depressed relative to ambient air. These conditions are consistent with biodegradation of organic matter in the subsurface. The relatively low methane concentrations measured in the wells may be due to the old age, and/or low organic content of the on-site fill.

Based on relative gas concentrations at the five gas monitoring wells, it appears that less biodegradation is occurring in the vicinity of SG-1. This may be due to less organic matter present adjacent to SG-1, which was constructed within construction debris fill. While methane gas is likely associated with the tannery waste observed in nearby test pit TP-14, the data suggests limited or no methane gas migration to SG-1 at the sampling times.

Up to 12 VOCs were detected at low concentrations in laboratory samples of gas collected from wells SG-1 and SG-3, where the highest PID readings were observed. Maximum direct-read measurements for total VOCs using a PID for SG-1 and SG-3 were 1.3 and 31 ppm, respectively. The detected VOCs included petroleum compounds such as BTEX, as well as chlorinated solvents. The VOCs detected in the two samples were generally similar, although 1,2,4-trimethylbenzene was detected only at SG-3. The concentration detected for

GEOENVIRONMENTAL INC. – SUMMARY PAGES

1,2,4- trimethylbenzene of 490 ppb was higher than for any other detected compound. SG-3 is located near two former USTs, one of which was known to contain #2 fuel oil. The content of the second former UST is unknown.

The presence of methane gas, and thus potentially explosive conditions, is an issue that needs to be addressed during site redevelopment which includes structures (e.g., buildings, subsurface conduits, asphalt paving, etc.). The issue of subsurface gas can be addressed as follows:



1. *Construction of structure(s) at a distance away from buried organic waste, such that potentially explosive conditions are not present at the structure location(s).* To assess the buffer distance away from buried on-site and off-site organic waste, the distribution of methane gas at distance from the buried waste and gas generation rates need to be assessed with additional investigations. Assessment of gas distribution outside areas of buried waste would require multiple direct-read measurements at gas probes and/or additional gas monitoring wells. Assessment of generation rates could be performed using the existing five monitoring wells.
2. *Removal of solid waste containing organic matter.* If the organic matter is removed, then subsurface gas will no longer be an issue relative to site redevelopment. Removal of on-site solid waste containing organic matter would likely reduce on-site subsurface methane gas concentrations, but may not entirely remediate the on-site subsurface gas due to possible migration of subsurface gas from the adjoining wet area and off-site municipal landfill.

Solid waste that is removed must be properly disposed. It is anticipated that the excavated material could be disposed as unregulated soil/waste at Turnkey Landfill in Rochester, or other permitted facility. Another possible option may include re-use as dike material at the abutting municipal landfill as part of the U.S. Army Corps of Engineers Cocheco River dredging project. The latter option requires approval by the U.S. Army Corps of Engineers, assessment of possible environmental issues, and evaluation of engineering properties of the buried waste. It may be feasible and cost effective to segregate waste from soils prior to waste disposal and soil re-use.

Excavation of construction debris in the vicinity of SG-1 and other areas where the waste contains minimal organic matter may not be necessary for locating a nearby structure if it can be shown that methane levels are consistently at safe levels, and the proposed structure(s) is well ventilated.

Remedial planning that includes excavation of solid waste should include supplemental deep test pits to further assess the vertical extent and nature/distribution of solid waste, as well as to further assess groundwater conditions. It should be noted that samples collected from test borings were generally not representative of the buried solid waste due to the narrow diameter of the sampler, and prior test pits generally did not extend to the bottom of waste.

3. *Collection of soil gas via an engineered system.* An engineered system to safeguard structures and their inhabitants from the harmful effects of soil gas is technically feasible. An engineered system may consist of a gas extraction trench located between

GEOENVIRONMENTAL INC. – SUMMARY PAGES

the solid waste and structure to serve as a gas barrier. Alternatively, it may consist of sub-slab venting system and/or gas extraction at a number of wells located at a distance from a structure(s).

4. *Capping of solid waste and collection of soil gas.* Capping may consist of asphalt-paved parking, concrete slab, or other engineered gas impermeable barrier. To prevent build-up of explosive gases below the cap, the cap would need to be vented with a gas collection system.



The cost and feasibility of applying one or more of the above measures to address soil gas and prepare the site for redevelopment needs to be evaluated. Additional information regarding site re-use concept(s) would help to focus such an evaluation. Comments from the NHDES regarding regulatory issues that may be associated with the above-listed options, such as excavation of a portion of the solid waste, would also help to focus such an evaluation.

i:\jobs\22457\soil_gas\report.doc

BERG – LIKELY HOUSING DEMAND REPORT

Analysis of Likely Housing Demand Through 2010

Municipality	NECTA	Population		% Change	Housing		% Change	Household Size		% Change	2000 Vacancy Rate	
		1990 Actual	2000 Actual		1990 Actual	2000 Actual		1990 Actual	2000 Actual		2000 Actual	2000 %
Barrington	r	6,164	7,475	21.3%	2,640	3,147	19.2%	2.78	2.71	-2.5%	12.4%	
Berwick, ME	r	5,995	6,353	6.0%	2,222	2,414	8.6%	2.91	2.72	-6.5%	3.9%	
Dover	r	25,042	26,884	7.4%	11,307	11,924	5.5%	2.36	2.26	-4.2%	2.9%	
Durham	r	11,818	12,664	7.2%	2,508	2,923	16.5%	2.68	2.79	4.1%	1.4%	
Eliot, ME	p	5,329	5,954	11.7%	2,019	2,418	19.8%	2.78	2.58	-7.2%	4.6%	
Exeter	h	12,481	14,058	12.6%	5,346	6,107	14.2%	2.45	2.32	-5.5%	1.9%	
Farmington	r	5,739	5,774	0.6%	2,260	2,337	3.4%	2.81	2.68	-4.6%	8.2%	
Greenland	p	2,768	3,208	15.9%	1,082	1,244	15.0%	2.74	2.65	-3.2%	3.2%	
Hampton	p	12,278	14,937	21.7%	8,599	9,349	8.7%	2.40	2.28	-5.0%	30.8%	
Hampton Falls	h	1,503	1,880	25.1%	591	729	23.4%	2.82	2.67	-5.3%	3.4%	
Kittery, ME	p	9,372	9,543	1.8%	3,927	4,375	11.4%	2.59	2.29	-11.6%	6.8%	
Lebanon, ME	p	4,263	5,083	19.2%	1,750	2,090	19.4%	2.94	2.79	-5.1%	12.8%	
Lee	r	3,729	4,145	11.2%	1,393	1,534	10.1%	2.90	2.81	-3.1%	4.4%	
Madbury	r	1,404	1,509	7.5%	528	543	2.8%	2.87	2.83	-1.4%	1.7%	
Middletown	r	1,182	1,440	21.8%	654	706	8.0%	2.96	2.80	-5.4%	27.2%	
Milton	r	3,691	3,910	5.9%	1,767	1,815	2.7%	2.79	2.69	-3.6%	19.8%	
New Castle	p	840	1,010	20.2%	399	488	22.3%	2.11	2.16	2.4%	9.2%	
New Durham	r	1,974	2,220	12.5%	1,231	1,309	6.3%	2.87	2.71	-5.6%	37.4%	
Newfields	h	888	1,551	74.7%	324	532	64.2%	2.85	3.10	8.8%	3.0%	
Newington	r	990	775	-21.7%	320	305	-4.7%	2.60	2.55	-1.9%	3.6%	
Newmarket	h	7,157	8,027	12.2%	3,285	3,457	5.2%	2.47	2.37	-4.0%	2.3%	
North Hampton	p	3,637	4,259	17.1%	1,495	1,782	19.2%	2.62	2.55	-2.7%	6.2%	
Portsmouth	p	25,925	20,784	-19.8%	11,369	10,186	-10.4%	2.39	2.04	-14.6%	3.1%	
Rochester	r	26,630	28,461	6.9%	11,076	11,836	6.9%	2.40	2.49	3.5%	3.4%	
Rollinsford	r	2,645	2,648	0.1%	1,040	1,060	1.9%	2.71	2.56	-5.5%	2.5%	
Rye	p	4,612	5,182	12.4%	2,443	2,645	8.3%	2.40	2.35	-2.1%	17.7%	
So Berwick, ME	r	5,877	6,671	13.5%	2,262	2,488	10.0%	2.79	2.76	-1.1%	3.4%	
Somersworth	r	11,249	11,477	2.0%	4,719	4,841	2.6%	2.56	2.44	-4.7%	3.2%	
Stratford	r	2,965	3,626	22.3%	1,264	1,564	23.7%	2.96	2.82	-4.7%	18.1%	
Straatham	p	4,955	6,355	28.3%	1,917	2,371	23.7%	2.73	2.76	1.1%	2.7%	
Wakefield	r	3,057	4,252	39.1%	3,158	3,331	5.5%	2.61	2.52	-3.4%	49.4%	
Rochester / Dover		124,414	135,367	8.8%	52,099	56,167	7.8%				9.0%	
Gr. Portsmouth		69,716	71,232	2.2%	33,250	34,858	4.8%				12.4%	
NH Portion Haverhill		22,029	25,515	15.8%	9,546	10,825	13.4%				2.2%	
TOTAL/AVGS		216,159	232,115	7.4%	94,895	101,850	7.3%	2.67	2.58	-3.4%	10.0%	

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603-433-4404

BERG – LIKELY HOUSING DEMAND REPORT

Analysis of Likely Housing Demand Through 2010

Municipality	Forecast 2010 Population	% Change Forecast	Req'd 2010 Housing	% Change Forecast	Est. 2004 YE Housing	Add'l Required by 2010	Req'd Yearly Pace '00-'04	Actual Pace '00-'04	% of 2000 Stock	Potential Surplus or (Deficit)	% of 2010 Stock
Barrington	8,860	18.5%	3,822	21.4%	3,473	349	70	65	2.1%	(23)	-0.6%
Berwick, ME	7,777	22.4%	3,133	29.8%	2,802	331	66	78	3.2%	57	1.8%
Dover	29,640	10.3%	14,145	18.6%	12,872	1,273	255	190	1.6%	(325)	-2.3%
Durham	9,038	-28.6%	3,411	16.7%	3,204	207	41	56	1.9%	74	2.2%
Eliot, ME	6,683	12.2%	2,839	17.4%	2,618	221	44	40	1.7%	(21)	-0.7%
Exeter	15,500	10.3%	7,021	15.0%	6,420	601	120	63	1.0%	(288)	-4.1%
Farmington	6,910	19.7%	3,029	29.6%	2,738	291	58	80	3.4%	110	3.6%
Greenland	3,700	15.3%	1,497	20.3%	1,335	162	32	18	1.5%	(71)	-4.7%
Hampton	16,590	11.1%	10,278	9.9%	9,780	498	100	86	0.9%	(67)	-0.7%
Hampton Falls	2,180	16.0%	878	20.5%	800	78	16	14	1.9%	(7)	-0.8%
Kittery, ME	9,869	3.4%	4,896	11.9%	4,667	229	46	58	1.3%	63	1.3%
Lebanon, ME	6,415	26.2%	2,718	30.0%	2,299	419	84	42	2.0%	(210)	-7.7%
Lee	4,770	15.1%	1,875	22.2%	1,658	217	43	25	1.6%	(93)	-4.9%
Madbury	1,850	22.6%	691	27.3%	636	55	11	19	3.4%	38	5.5%
Middleton	1,800	25.0%	878	24.3%	847	31	6	28	4.0%	110	12.6%
Milton	4,710	20.5%	2,223	22.5%	2,059	164	33	49	2.7%	80	3.6%
New Castle	1,110	9.9%	575	17.8%	511	64	13	5	0.9%	(41)	-7.1%
New Durham	2,870	29.3%	1,646	25.8%	1,491	155	31	36	2.8%	27	1.6%
Newfields	1,760	13.5%	607	14.0%	568	39	8	7	1.4%	(3)	-0.4%
Newington	860	11.0%	368	20.5%	320	48	10	3	1.0%	(33)	-8.9%
Newmarket	9,350	16.5%	4,167	20.5%	4,076	91	18	124	3.6%	528	12.7%
North Hampton	4,870	14.3%	2,150	20.6%	1,904	246	49	24	1.4%	(124)	-5.8%
Portsmouth	22,200	6.8%	11,454	12.5%	10,418	1,036	207	46	0.5%	(804)	-7.0%
Rochester	32,140	12.9%	14,026	18.5%	12,944	1,082	216	222	1.9%	26	0.2%
Rollinsford	2,920	10.3%	1,223	15.3%	1,080	143	29	4	0.4%	(123)	-10.0%
Rye	5,670	9.4%	2,961	11.9%	2,704	257	51	12	0.4%	(198)	-6.7%
So Berwick, ME	8,189	22.8%	3,224	29.6%	2,735	489	98	49	2.0%	(242)	-7.5%
Somersworth	12,190	6.2%	5,408	11.7%	5,068	340	68	45	0.9%	(113)	-2.1%
Stratford	4,330	19.4%	1,912	22.2%	1,742	170	34	36	2.3%	8	0.4%
Stratham	7,390	16.3%	2,849	20.2%	2,692	157	31	64	2.7%	164	5.7%
Wakefield	5,220	22.8%	4,025	20.8%	3,727	298	60	79	2.4%	98	2.4%
Rochester / Dover	150,489	11.2%	67,755	20.6%	61,695	6,060	1,212	1,106	2.0%	(532)	-0.8%
Gr. Portsmouth	78,082	9.6%	39,499	13.3%	36,629	2,870	574	354	1.0%	(1,099)	-2.8%
NH Portion Haverhill	28,790	12.8%	12,673	17.1%	11,864	809	162	208	4.9%	230	1.8%
TOTAL/AVGS	257,361	10.9%	119,927	17.7%	110,188	9,739	1,948	1,688	1.6%	(1,401)	-1.2%

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BERG – LIKELY HOUSING DEMAND REPORT

Analysis of Likely Housing Demand Through 2010

Discussion

NECTA is the census "New England City & Town Area". P-Portsmouth; R-Rochester/Dover; H - Haverhill/Amesbury

Population, housing and household figures per US Census Bureau (1990 and 2000 Census).

Forecasted population from NH Office of State Energy & Planning (Jan 2005) and ME State Planning Office (Dec 2005).

Required housing is projected 2010 population divided by projected 2010 household size.

Required housing estimate is adjusted for anticipated vacancy. In order to "normalize" the region's low vacancy, a 50% increase is forecast for all towns having less than 9% vacancy. Towns that have between 9% and 20% vacancy do so because of a large quantity of seasonal homes. Assuming that housing demand will result in many seasonally occupied housing units becoming year-around, vacancy in these towns are forecast at 95% of the 2000 vacancy level. Towns with greater than 20% vacancy are expected to see even more stabilization and are forecast at 90%.

Projected 2010 household size assumes a 3% drop from 2000 size; the same decrease (average) from 1990 to 2000.

Estimated 2004 NH Housing per NH Office of Energy and Planning (Nov 2005).

Est 2004 Maine housing is total of 2000 - 2004 building permits and 2000 census total.

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DOVER - ASSESSOR'S PROPERTY CARD

04/10/07 3:13:16 PM COMMERCIAL/INDUSTRIAL PROPERTY RECORD CARD / DOVER, NEW HAMPSHIRE / EFFECTIVE DATE OF VALUE: APRIL 1, 2006

31 RIVER ST Parcel ID: 22001-000000 SHEET # 002 Number of Units: 1 Class: E - 903 Zoning: CWD Card # 1 of 2

CURRENT OWNER/ADDRESS
CITY OF DOVER

288 CENTRAL AVE NH 03820

DEED BOOK:
DEED PAGE:
DEED DATE:
LAST UPDATE: 20060718

SALES DATA:
DATE TYPE PRICE CODE

LAND DATA:
TYPE WATERFRONT SIZE 6,000 LAND INFLUENCE(S) RESTRICTION SHAPE/SIZE FACTOR LAND VALUE 323,700

Neighborhood ID: 300.00
ASSESSMENT INFORMATION:
PRIOR CURRENT
LAND 2,450,900 323,700
BUILDING 526,000 567,000
TOTAL 2,977,500 890,700

- DATA COLLECTION INFORMATION -
20040701 RD ENTRY GAINED ENTRY & SIGN ENTRY & SIGN

OTHER FEATURES/ATTACHED IMPROVEMENTS

STUC/CODE	MEASUREMENTS	IDENT. UNITS
LD1	4 1 9	1

SKETCH DATA:

AREA	AREA
* 1SBRK/B	3240 D
A	56 E
B	56 F
C	56 G
H	56 I

COST APPROACH DETAIL:
STRUCTURE TYPE: 398

LEVELS	USE	PERIMETER	HEATING	A/C	W/H	AREA	SF RATE	RCN	% GOOD	RCNLD
B1 TO B1	86	242	HOT AIR		32	3240	144.34	467.640	.85	397.490
O1 TO O1	44	242	HOT AIR		16	3240	107.15	347.180	.85	295.110
M1 TO M1	84	56	HOT AIR		8	192	91.87	17.640	.85	14.990
TO										
TO										
TO										

OUTBUILDING/YARD ITEM DETAIL:

BUILDING #	YEAR BUILT	QUAN.	YEAR BUILT	PHYS. COND.	FUNC. UTIL.	VALUE
1	1990	1	1980	NORMAL		73,260
# UNITS	1		1990	NORMAL		3,200
QUALITY GRADE	C+		1990	NORMAL		770
# IDENT UNITS	1					
# EFFICIENCIES						
# 1-BEDROOMS						
# 2-BEDROOMS						
# 3-BEDROOMS						

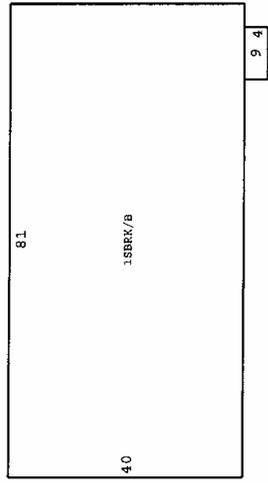
TOTAL UNADJ. RCNLD 393,110
AVE % GOOD 0.85
GRADE FACTOR 1.08
IDENT UNITS 1
FUNC/ECON FACTOR 1.00
RCNLD 424,600

OTHER IMPROV

PERMIT DATA:	DATE	#	PRICE	PURPOSE
20020206	02-60			DEMO PMD BLDGS
19961126	6266	3,000		NEW CONSTRU
19960916	6156	2,850		REMODEL

TOTAL OBJ/YARD VALUE: 77,230

INCOME APPROACH SUMMARY:
TOTAL RENTABLE SQUARE FEET:
MARKET RENT/SQUARE FOOT:
TOTAL REVENUE (INC. INCOME):
TOTAL EXPENSES (INC. INCOME):
TOTAL NET OPERATING INCOME:
OVERALL RATE:
INCOME INDICATED VALUE:



DOVER - ASSESSOR'S PROPERTY CARD

04/10/07 3:13:17 PM COMMERCIAL/INDUSTRIAL PROPERTY RECORD CARD / DOVER, NEW HAMPSHIRE / EFFECTIVE DATE OF VALUE: APRIL 1, 2006

31 RIVER ST Parcel ID: 22001-000000 SHEET # 002 Number of Units: 1 Class: E - 903 Zoning: CMD Card # 2 of 2

CURRENT OWNER/ADDRESS
 CITY OF DOVER
 288 CENTRAL AVE NH 03820
 DEED BOOK:
 DEED PAGE:
 DEED DATE:
 LAST UPDATE: 20060718

SALES DATA
 DATE TYPE PRICE CODE

OTHER FEATURES/ATTACHED IMPROVEMENTS

STUC/CODE MEASUREMENTS IDENT. UNITS

STUC/CODE	MEASUREMENTS	IDENT. UNITS
OD1	12 1 12 3	

SKETCH DATA: AREA AREA

* A B C H	AREA	AREA
15MTL	2400	D
		E
		F
		G
		I

DESCRIPTION	WIDTH	LENGTH	QUAN.	YEAR BUILT	PHYS. COND.	FUNC. UTIL.	VALUE
40							
60							
15MTL							

OUTBUILDING/YARD ITEM DETAIL:

BUILDING #	YEAR BUILT	# UNITS	QUALITY GRADE	# IDENT UNITS	# EFFICIENCIES	# 1-BEDROOMS	# 2-BEDROOMS	# 3-BEDROOMS	TOTAL UNADJ. RCNLD	AVE % GOOD	GRADE FACTOR	# IDENT UNITS	FUNC/ECON FACTOR	RCNLD
2	1970	1	C	1					65,160	0.64		1	1.00	65,200

INCOME APPROACH SUMMARY:
 TOTAL RENTABLE SQUARE FEET:
 TOTAL RENT/SQUARE FOOT:
 POTENTIAL GROSS INCOME:
 TOTAL EXPENSES (INCL. MAINT.):
 TOTAL NET OPERATING INCOME:
 OVERALL RATE:
 INCOME INDICATED VALUE:

LAND DATA:
 TYPE SIZE LAND INFLUENCE(S) FACTOR LAND VALUE

TYPE	SIZE	LAND INFLUENCE(S)	FACTOR	LAND VALUE
LAND	2,450,900	323,700		
BUILDING	526,600	567,000		
TOTAL	2,977,500	890,700		

TOTAL ACRESAGE: 36.000 TOTAL LAND VALUE: 323,700

ASSESSMENT INFORMATION:
 PRIOR CURRENT
 LAND 2,450,900 323,700
 BUILDING 526,600 567,000
 TOTAL 2,977,500 890,700

DATA COLLECTION INFORMATION -
 20040701 RD ENTRY GAINED
 ENTRY SIGN
 ENTRY & SIGN

STRUCTURE TYPE: 398

COST APPROACH DETAIL:
 LEVELS USE PERIMETER HEATING A/C W/H AREA SF RATE RCN % GOOD RCNLD

LEVELS	USE	PERIMETER	HEATING	A/C	W/H AREA	SF RATE	RCN	% GOOD	RCNLD
01 TO 01	45	200	UNIT HEAT	18	2400	76.36	183,260	.64	117,290

NEIGHBORHOOD ID: 300.00

DEED BOOK:
 DEED PAGE:
 DEED DATE:
 LAST UPDATE: 20060718

SALES DATA
 DATE TYPE PRICE CODE

OTHER FEATURES/ATTACHED IMPROVEMENTS

STUC/CODE MEASUREMENTS IDENT. UNITS

STUC/CODE	MEASUREMENTS	IDENT. UNITS
OD1	12 1 12 3	

SKETCH DATA: AREA AREA

* A B C H	AREA	AREA
15MTL	2400	D
		E
		F
		G
		I

DESCRIPTION	WIDTH	LENGTH	QUAN.	YEAR BUILT	PHYS. COND.	FUNC. UTIL.	VALUE
40							
60							
15MTL							

OUTBUILDING/YARD ITEM DETAIL:

BUILDING #	YEAR BUILT	# UNITS	QUALITY GRADE	# IDENT UNITS	# EFFICIENCIES	# 1-BEDROOMS	# 2-BEDROOMS	# 3-BEDROOMS	TOTAL UNADJ. RCNLD	AVE % GOOD	GRADE FACTOR	# IDENT UNITS	FUNC/ECON FACTOR	RCNLD
2	1970	1	C	1					65,160	0.64		1	1.00	65,200

INCOME APPROACH SUMMARY:
 TOTAL RENTABLE SQUARE FEET:
 TOTAL RENT/SQUARE FOOT:
 POTENTIAL GROSS INCOME:
 TOTAL EXPENSES (INCL. MAINT.):
 TOTAL NET OPERATING INCOME:
 OVERALL RATE:
 INCOME INDICATED VALUE:

DEED

Know all Men by these Presents, THAT

22/12/1871
Wm Hale
City of Dover

I William Hale of Dover in the County of
Stafford and State of New Hampshire
for and in consideration of the sum of fifty six hundred Dollars
(to me) in hand before the delivery hereof, well and truly paid by the City of Dover in
the County & State aforesaid
do hereby acknowledge, have given, granted, bargained and sold, and by these presents do
give, grant, bargain, sell, alien, enfeoff, convey and confirm unto the said City of Dover their
heirs and assigns forever, a certain tract

Successors
or parcel of land situate in said Dover and is bounded
& described as follows Beginning on the southern side of
Cocheco River at the Northwesterly corner of J. W. V. Co.
Foster's land and running south 28 degrees east by said Foster's
land eighteen rods & a voluntary link to land formerly owned
by the late J. M. Durall to the North 48 degrees east 16 paces
J. Durall's land thirty nine rods & a voluntary link to the North-
westerly corner of the same thence south 44 degrees east
east forty rods & a voluntary link to a Willow tree at the
southwesterly corner of the said Durall land thence North
about 70 degrees east by a line of stakes (diminished in
the ground) about seventy five rods to Cocheco
River, thence by said River to the bound begun at, and
containing thirty nine rods & a voluntary link with the buildings
thereon

To Have and to Hold the said granted premises, with all the privileges and appurtenances to the same belonging, to
the said City of Dover their Successors and heirs and assigns to and their
only proper use and benefit forever. And I the said William Hale
and my heirs, executors and administrators, do hereby covenant, grant, and agree to and with the said City
of Dover their Successors and assigns, that until the delivery hereof I am the lawful
owner of the said premises, and am seized and possessed thereof in my own right in fee simple, and have
full power and lawful authority to grant and convey the same in manner aforesaid; that the said premises are
free and clear from all and every incumbrance whatsoever; and that I and my heirs, executors and admin-
istrators, shall and will warrant and defend the same to the said City of Dover their
Successors and heirs and assigns, against the lawful claims and demands of any person or
persons whatsoever.

And I Martha Hale wife of the said William Hale
in consideration aforesaid, do hereby relinquish my right of dower in the before mentioned premises.
In Witness Whereof we have hereunto set our hands and seals, this nine tenth day of
December, in the year of our Lord, one thousand eight hundred and eighty one
Signed, Sealed and Delivered in presence of us,
Geo. F. Rollins
William B. Higgins
Wm Hale - Seal
Martha Hale Seal

State of New Hampshire, Stafford ss.
Personally appearing, the above named William Hale
acknowledged the foregoing instrument to be
his voluntary act and deed before me, William B. Higgins Justice of the Peace.
Recorded 12/23/1871 Examined by A. H. Young Recorder.

LEGAL DESCRIPTION

Beginning at the most southeasterly corner of said parcel on the easterly side of River Street and running S 44° 37' 49" E a distance of 236.55 feet to an iron pin, thence turning and running N 35° 48' 07" E a distance of 100.40 feet to a point, thence turning and running S 56° 36' 46" E a distance of 205.89 feet to a point, thence turning and running N 24° 55' 16" E a distance of 421.45 feet to an iron pin, thence turning and running S 62° 21' 49" E a distance of 554.72 feet to a point, thence turning and running N 30° 02' 06" E a distance of 1230.15 feet to a point, thence continuing along the same course a distance of 28.9 feet to a point along the Cocheco River, thence turning and running along a tie course by the Cocheco River S 77° 12' 01" W a distance of 537.59 feet to a point, thence turning and running N 54° 70' 24" W a distance of 694.71 feet to a point, thence turning and running N 85° 52' 29" W a distance of 220.01 feet, thence turning and running S 39° 38' 40" W a distance of 92.86 feet, thence continuing S 23° 11' 51" W a distance of 643.21 feet to a point, thence continuing S 13° 17' 01" W a distance of 625.96 feet to a point, thence turning and running S 44° 35' 32" E a distance of 34.00 feet to an iron pin, thence turning and running along River Street N 38° 22' 01" E a distance of 24.08 feet to an iron pin, thence running along a curve to the left with a radius of 125.01 feet and a length of 55.38 feet to an iron pin, thence running along River Street N 12° 59' 07" E a distance of 409.03 feet to an iron pin, thence turning and running S 77° 00' 53" E a distance of 50.00 feet to an iron pin, thence turning and running S 12° 59' 07" W a distance of 409.03 feet to a point, thence running along a curve to the left with a radius of 175.01 feet and a length of 77.53 feet to an iron pin, thence running S 38° 22' 01" W a distance of 30.20 feet to the point of beginning. Said parcel containing 29.10 acres more or less.

Said parcel may be subject to future lot line adjustments and/or subdivision which will change the overall acreage of the parcel.

ENGAGEMENT LETTER

ALLAN B. KRANS, SR.
City Attorney

a.krans@ci.dover.nh.us



288 Central Avenue
Dover, New Hampshire 03820-4169
(603) 516-6520
Fax: (603) 516-6523
www.ci.dover.nh.us

City of Dover, New Hampshire

OFFICE OF THE CITY ATTORNEY

March 15, 2007

Brian W. White, MAI
White Appraisal
130 Varney Road
Dover, New Hampshire 03820

Re: Quote Q07-017 Appraisal Services for the Dover Waterfront

Dear Brian:

On March 14, 2007, the Dover City Council accepted your bid for performing a full real estate appraisal pursuant to the above stated Request for Quotes and your letter dated March 12, 2007.

The City of Dover authorizes you to proceed with your appraisal services at this time based upon your quote of Twelve thousand (12,000.00) dollars for a full appraisal plus your hourly rate for extra services.

Please submit your billing requirements if you desire periodic payments in stages as you progress through the process. The standard procedure of the City of Dover is payment of invoices within 20-30 days of submission.

You should consider your client as the City of Dover as a municipal corporation. The chief administrative officer of the City of Dover is the City Manager, Michael Joyal. He is the proper city official for any direction you may require as you proceed. You may contact him by telephone at 516-6023 or by e-mail at m.joyal@ci.dover.nh.us. The City Manager may direct you for further assistance to City staff who will be at your disposal.

The intended use of the appraisal is limited to the client. The client is the City of Dover. Direct distribution of the report shall be to the Dover City Council through the City Manager. It is understood that further distribution by the City of Dover shall include members of the public and press.

The scope of the engagement is contained in Quote #Q07-017 and that document is incorporated by reference in this letter. Please note the size of the parcel to be appraised is smaller than the size of the development parcel described in Quote #Q07-017. The proper size of the parcel to be appraised is 21 +/- acres, which excludes the Waterfront Park as well as the portion of land on which the sewer pump station is located.

The effective date of your opinions and conclusions is the date of your report.

The City understands your report will conform to the requirements of the Uniform Standards of Professional Appraisal Practice, specifically without limitation Standards #1 and #2. USPAP requirements are incorporated by reference into this letter.

ENGAGEMENT LETTER

The purpose of the appraisal services is to answer the following questions:

- a. **QUESTION #1:** What is the market value of the property using a development analysis based upon the hypothetical condition the property is approved by the Dover Planning Board using the current concept plan dated 1-22-07 consisting of:
 - i. 180 residential units consisting of townhouses or condominiums with an expected sales value of \$400,000-\$700,000 (1,200-1,800 square feet)
 - ii. 40,000 square feet of mixed use commercial space including restaurants, office and retail
 - iii. Waterfront park constructed for public use at an estimated cost of \$2.1 million
 - iv. 20-25 residential units on the portion of the property known as the Bluffs taking into consideration access issues

The appraiser shall perform an investigation to assist in answering these questions including but not limited to inquiry of the developer, Dickinson Development for pro forma information. The appraiser may adjust pro forma information provided by the developer with market figures.

- b. **QUESTION #2:** What is the market value of the subject property if appraised at its Highest and Best Use based on a hypothetical condition which assumes the site is clean and free of environmental contamination?

The subject property is the subject of various special matters, which qualify as extraordinary assumptions and conditions pursuant to the requirements of USPAP Standards #1 and #2 as follows:

1. **Sewer Pumping Station:** The main sewer pumping station for the City of Dover is located on the development site. The station services the majority of the sewer system in the City. The function of the station is to receive sewage from most areas of the City and to pump sewage to the main treatment facility on Middle Road. Presently, the processes of the pumping station are the subject of a Master Plan study conducted by Wright-Pierce, Civil Engineers. A report is expected in August 2007 with recommendations for improvements for processing the sewage materials handled by the pumping station. Odor problems at the pumping station have been reported. The City Council has appropriated \$1.5 million for process improvements based upon the expected recommendations of the Wright-Pierce report. Additional odor control measures may be recommended by the Master Plan report estimated to be \$200,000-\$300,000. The Developer will fund these additional costs for odor control and will receive a credit on the purchase price. Neither the City of Dover, nor Wright-Pierce will guarantee the elimination of odor conditions associated with the pumping station.
2. **The Bluffs:** The Developer has identified a general development plan to build 20-25 condominiums on the area of the development parcel known as the "Bluffs". Due to the topography and its location, access to the "Bluffs" is not currently available. Several options for access are available but all options involve the purchase of real property interests from abutters. The City of Dover unsuccessfully pursued legal action to obtain access to the "Bluffs".
3. **Environmental Contamination:** The development site has been tested and studied by an environmental consulting firm, GZA Associates. The site requires environmental remediation estimated to cost \$500,000 with a 20 % variable for unknown areas of contamination.

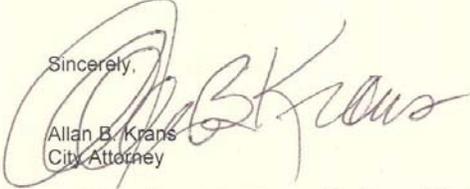
ENGAGEMENT LETTER

4. **Community vision:** The citizens of Dover have studied and sought public input regarding the vision of the community for developing the waterfront area. This vision was articulated in a document known as the 2005 Charrette. On January 22, 2007, the developer submitted a concept plan to the community. The components of the vision include:
 - a. **Public Access Waterfront Park:** An advisory committee of Dover citizens has requested a waterfront park estimated to cost \$2.1 million along the water's edge for a substantial portion of the development site. The park will include a pier, a walkway along the river, kiosks, river stabilization work along the water's edge and other amenities. The Developer will pay for the construction of the public waterfront park and receive a credit on the purchase price.
 - b. **Retail/Commercial Space:** The advisory committee also requires a portion of the development involve retail and commercial uses. The concept plan includes a response to this requirement.
 - c. **Relocation of the pedestrian bridge:** The Developer will pay for the relocation and will receive a credit on the purchase price for payment of the relocation costs.
5. **Vehicular access from Washington Street:** The City of Dover has appropriated funds for the construction of a vehicular bridge to allow access to the development site. This bridge will be constructed near the location of the present pedestrian bridge which will be moved.
6. **Development property is a physical segment of the parcel:** The portion of the parcel scheduled for development is 21+/- acres of the entire property owned by the City of Dover. Specific reference is made to the omission of the portion of the City owned property set aside for the Waterfront Park and the sewer pump station as part of the property to be conveyed to the developer.
7. **Concept Plan:** The concept plan presented by the developer, Dickinson Development, Inc. as attached is incorporated into the development plan.
8. **Financial Arrangements:** The City of Dover and the developer are contemplating the completion of payment of the purchase price to include cash and financial arrangements the equivalent of cash. Specifically, the City of Dover will require the developer to pay in advance the cost of improvements to the Waterfront Park, the relocation of the pedestrian bridge, and odor control measures exceeding \$1.5 million dollars. In exchange, the developer will receive a credit on the purchase price. In addition, the developer will pay cash to the City of Dover.

The appraiser is entitled to make reasonable assumptions concerning the costs of these assumptions and conditions. In addition, the appraiser is entitled to assess the impact of these conditions on the answers to the questions addressed in the report.

If you have any questions, please feel to inquire.

Sincerely,


Allan B. Krans
City Attorney

cc. Michael Joyal, members of the Dover City Council

ENGAGEMENT LETTER

APPROVED: Brian W. White 3/27/07

BRIAN W. WHITE, MAI

DATE: 3-22-07

APPROVED: [Signature]

MICHAEL JOYAL, CITY MANAGER

TERM SHEET

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TERM SHEET FOR SALE AND DEVELOPMENT OF DOVER LANDING

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LIST OF EXHIBITS

1. Original City Council Resolution
2. Request for Qualifications (RFQ)
3. Request for Proposals (RFP)
4. 22 January 2007 Concept Site Plan (with 3-D Renderings)
5. Proposed City Council Resolution
6. Waterfront Park Improvements
7. Public Street, Streetscape and Utilities Improvements
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TERMS

1. Parties

This Term Sheet is intended to outline the scope and terms of a Redevelopment Project as defined by N.H. RSA Chapter 205 to be undertaken and overseen by the Dover Housing Authority (DHA), a New Hampshire Housing Authority properly authorized and existing pursuant to N.H. RSA 203. The City of Dover is the owner of the waterfront property by deed of William Hale to the City of Dover dated January 19, 1859 as shown on the Tax Maps of the City of Dover as Map 22, Lot 1. The Dover City Council delegated development authority to the DHA by Resolution dated February 9, 2005 attached as Exhibit 1 and incorporated by reference in this document.

Dickinson Development Corp., a Massachusetts corporation having a principal place of business at 1266 Furnace Brook Parkway, Quincy, MA 02169 (Developer), has been selected by DHA as the Preferred and/or Designated Developer for DHA's Redevelopment Project, as contemplated by this Term Sheet. All references to Developer herein shall include Developer and its approved project affiliates and, subject to certain conditions, its successors and assignees, as more fully defined in Section 3 below.

2. Background

DHA has been delegated development authority by the Dover City Council to develop the property known as the Cochecho Waterfront Development Area (the Project Area) for development of a mixed-use project and public improvements. The resolution authorizing this delegation is attached as Exhibit 1.

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Pursuant to Exhibit 1 the DHA issued a Request for Qualifications (RFQ) in May 2005 soliciting parties interested in submitting redevelopment plans for the Project Area. Developer was among four RFQ responders interviewed by the Cochecho Waterfront Development Advisory Committee (CWDAC), the advisory board authorized by Exhibit 1 to assist DHA with development of the Project Area. The RFQ is attached as Exhibit 2 and incorporated by reference into this document. Developer was one of two RFQ responders to whom a Request for Proposal (RFP) dated November 29, 2005 was sent, requesting responses in March, 2006. A copy of the RFP is attached as Exhibit 3 and incorporated into this document.

Developer submitted an RFP response to the DHA, and then met with the CDWAC on a number of occasions and refined its submission in response to CWDAC feedback. Developer was officially designated Preferred Developer as contemplated by the RFP in October 2006. By its Preferred Developer designation, the DHA endorsed Developer's proposal, and required payment of a \$20,000 deposit. The Developer has paid the deposit and the DHA has expended it to offset DHA costs for an appraisal and advisors in negotiating this Term Sheet.

Since being designated Preferred Developer, Developer modified its original proposal in response to CWDAC feedback. By its November 2, 2006 Committee deliberations and vote, the CWDAC found Developer's revised plans "generally consistent with the 2005 Charette goals" (a project design requirement of Exhibit 1). The CWDAC conducted further public hearings and forums to solicit additional public comment and to propose further changes to Developer's project's design. Representatives of the DHA, CWDAC, the City of Dover and the Developer began negotiating the terms of the Term Sheet. In response to the additional public hearings and public comment forums referenced above, Developer further modified its proposal, as represented by Developer's January 22, 2007 Concept Site Plan and three-dimensional renderings attached as Exhibit 4. The CWDAC unanimously endorsed Developers Concept Site Plan and renderings (Exhibit 4) as being consistent with the spirit and directives of DHA's Exhibit 1 development charge (i.e., consistent with the 2005 Design Charette). With the Exhibit 4 Concept Site Plan in mind, negotiations have resulted in this Term Sheet.

Term Sheet negotiations noted that the Exhibit 1 original Resolution lacked express authorization for the City Manager to execute a deed to transfer title to the City owned Project Area, or portions thereof, and lacked express authorization for the City Manager to execute related contracts, or amendments thereto. The Dover City Council will consider the adoption of a Resolution, substantially conforming to Exhibit 5 attached, to authorize the City Manager to sign this Term Sheet, with DHA and Developer, to make it a legally binding document for the purposes stated therein, and to authorize the City Manager to sign, with or without the DHA, any and all associated documents contemplated by and in order to comply with the terms of this Term Sheet, including, but not limited to, a legally binding Land

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Disposition Agreement (LDA) with Developer, including any amendments thereto contemplated by the terms and negotiating discretions outlined in this Term Sheet, and including also any agreements either before or after the City of Dover's Delivery of Possession of the Project Area to approve and confirm reasonable modifications to the Project as it moves forward without further action of the Dover City Council.

The Resolution shall further authorize the City Manager, on behalf of the City of Dover, to sign any deed(s) and other closing or transaction documents appropriate to facilitate conveyance of that portion of the City-owned Waterfront parcel described as Lot 22-1 on Dover's City Tax Maps, containing 21 acres, more or less, it being the intent to convey all land necessary for the development contemplated by the Term Sheet, as shown on Developer's January 22, 2007 Concept Plan, as possibly modified by future surveys and engineering of the site.

The authorization contemplated by said Resolution (Exhibit 5) acknowledges the City Manager's authority, together with DHA and CWDAC, to negotiate the use of Purchase Price proceeds for infrastructure improvements, environmental cleanup, administrative costs, consultant costs, and Land Use and Design standards over and above the cash payment of One Million (\$1,000,000.00) paid pursuant to Section 6 (a).

Any reference to the "City of Dover" when requiring approval, disapproval, agreement or signature, including specifically but not limited to determinations regarding Environmental Remediation as herein defined, shall mean the City Manager as the chief administrative officer of the City of Dover, except with respect to Section 6 (a) as it relates to the cash payment to the City of Dover which shall be under the control of the Dover City Council, and except with respect to the provisions of Section 7 (c).

By requesting the reaffirming Resolution, the DHA intends to remove any subjective or conditional nature of its authority, as granted by the original Resolution (Exhibit 1), to undertake, oversee and complete the Redevelopment Project contemplated by this Term Sheet. By reaffirming its delegation of development authority, the Dover City Council acknowledges that the DHA will be fully authorized to negotiate and approve reasonable modifications to the Project without need for further action by the Dover City Council.

Notwithstanding such delegation of development authority by the City of Dover as owner of the waterfront property to the DHA, the DHA and Developer acknowledge that the City Manager may reasonably condition his signature to documents obligating the City of Dover to terms and conditions reasonably contemplated by this Term Sheet on the reasonable approval by department heads and other City officials of certain plans, specifications and documents, as may require such approval in the ordinary course, including, by way of example, but not by limitation, contracts and deeds by the City Attorney as to form, plans

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and specifications by members of Dover's Technical Review Committee, as to compliance with City Code and policy.

This Term Sheet is intended to establish the framework for the negotiation of the LDA as contemplated by the RFP. Developer shall not have any right to purchase any property from the City of Dover until the LDA, including all of the terms and conditions that either party shall deem necessary or appropriate for inclusion in an LDA, shall have been signed by the Developer and the DHA. The parties intend to execute the LDA on or before December 31, 2007.

The parties intend the Term Sheet to be legally binding. The parties have acknowledged that this Term Sheet requires each to make significant expenditures prior to signing the LDA before the intended closing. To induce the parties to undertake their respective obligations as contained herein, the parties' desire for this Term Sheet to be legally binding with respect to said obligations. The attached Resolution (Exhibit 5) shall affirm that the agreements, covenants, terms, conditions and respective obligations contained within this Term Sheet, are legally binding upon the parties.

Whenever the approval of DHA or the City of Dover is required, it shall be in writing unless otherwise provided.

3. Limitation on Developer's Ability to Assign.

Dickinson Development Corp.'s participation in the meetings and public forums described in Section 2 gives the DHA, and its advisory board, the CWDAC, confidence in Dickinson Development Corp.'s ability to effectuate final plan design, permitting, and construction consistent with the spirit and intent of Exhibit 5. Consistent with the RFP, project implementation and construction shall occur as a multiphase development process. Dickinson Development Corp. has agreed to include development components beneficial to the public interest within the initial development phase (Phase 1 as defined by Exhibit 9 and as discussed later in this document at Section 4) including odor and environmental remediation, relocation of a pedestrian bridge, construction of a waterfront park, infrastructure improvements, and other amenities. Developer and its affiliates have agreed to fund or finance the Project, and the frontloaded cost of public improvements during Phase 1, resulting in a significant benefit to the City of Dover and a substantial financial obligation to Developer.

The parties expect Developer to finance all or a portion of the Project. As a condition of financing, the parties expect a lender to require Developer to create a special/single purpose entity for the sole purpose of developing the Project so that the lender's agreements and security are related solely to the Project. Consequently, Dickinson Development Corp. must reserve a right to assign its rights as Developer under this Term Sheet and the LDA to such a

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special purpose entity expected to be formed.

Where a special purpose entity is required, Dickinson Development Corp., or Mark Dickinson, will generally be the managing member, and maintain a fifty (50%) percent or more ownership interest thereof. However, the lender or financing source may require the developer relinquish a greater interest in the special purpose entity in order to protect its interest therein. If that were to occur, Dickinson Development Corp. shall be required to sign sufficient documentation to insure the performance of the special purpose entity, which shall remain in effect through the completion of Phase I. This documentation shall be in the nature of a co-signing obligation in conjunction with the special purpose entity. Nothing in this paragraph shall be interpreted to relieve Dickinson Development Corp. of responsibility for the obligations of this agreement as it pertains to Phase I. The parties agree to cooperate to assist Dickinson Development Corp. in obtaining financing.

After the completion of Phase I, Dickinson Development Corp. (or the special purpose entity created for the purpose of developing this project, as contemplated above) shall have the right to assign its rights under this Term Sheet and the LDA but only with the approval of DHA, which approval shall be at DHA's sole discretion.

In exercising its sole discretion to approve Developer's right to assign, DHA intends only to consider prospective assignees whose development and/or management experience, capability, capitalization, and good business standing, are at a level to carry forward operation of the Project at the same or higher quality of Developer, consistent with this Term Sheet and the LDA (Acceptable Successors and Assignees). The standards and process for approval of Acceptable Successors and Assignees will be specified in the LDA.

Notwithstanding the above provisions, an institutional lender foreclosing upon a mortgage to Developer for construction of Project Improvements shall be considered a Developer for that component at any time.

4. The Project

The Project shall comprise certain Public Improvements and certain Private Improvements as more specifically described below with reference to attached exhibits.

The Project Area is encumbered with certain environmental conditions requiring remediation for which the City of Dover, as land owner, and depositor of certain substances, is or would be legally mandated to remediate, or for which it would incur costs to make the Project Area more appropriately ready for sale to perspective developers. The RFP contemplates the construction of public infrastructure and public amenities within the Project Area, including the development of a public park along the waterfront. It has been a public goal, confirmed by the RFP to accomplish both legally required environmental remediation, and construction

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of public infrastructure and public amenities without using taxpayer monies. The Purchase Price as defined in Paragraph 6 accomplishes this goal with funds provided by Developer, to be acknowledged as a credit to the Project Area purchase price. Typical of other developments approved within the city, the Developer shall be responsible for the cost of public streets, infrastructure and utility improvements necessary to sustain its Private Improvements for which Developer shall receive no credit on the Purchase Price, as more specifically contemplated below.

Both the Public Improvements and Private Improvements shall be constructed over time in phases. The concept of phasing, as it relates both to the City of Dover conveying the Project Area to Developer and Developer's development of the Project, is more specifically set out in Section 5 below.

As contemplated by the parties, Public Improvements and Private Improvements are hereinafter further described by the following categories/headings and detail:

(a) The Public Improvements. The Public Improvements shall comprise the Site-Related Public Infrastructure Improvements; the Waterfront Park Improvements; the Public Street, Streetscape and Utilities Improvements; and the Supplemental Public Improvements, all as more specifically defined as follows:

(i) The **Site-Related Public Infrastructure Improvements** shall comprise in descending order of priority:

- (1) Environmental Remediation of the Project Area pursuant to a methodology jointly approved by Developer and DHA and the City of Dover at a presently estimated/budgeted cost of \$500,000. The DHA shall have the right to terminate the LDA and abandon the Redevelopment Project if the costs of anticipated Environmental Remediation in excess of \$500,000 can not be fully paid from the Purchase Price proceeds as contemplated by Section 6 below;
- (2) Odor remediation improvements to the River Street Pump Station sewer facility, which Developer and DHA and the City of Dover jointly approve as prudent and necessary to successfully market the Project and which exceed the \$1.5 million appropriated and intended to be spent by the City of Dover on facility and processes improvements to said facility, at a presently estimated/budgeted cost of \$200,000; and
- (3) relocating the pedestrian covered bridge, at a presently estimated/budgeted cost of \$500,000.

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The Developer shall manage the Site-Related Public Infrastructure Improvements in consultation with the parties as provided in this agreement except for the odor remediation improvements which shall be managed by the City of Dover.

The City of Dover and the Developer shall agree on the nature of any Environmental Remediation techniques and processes and the cost of the remediation prior to the initiation of any environmental remediation. If such agreement is not reached within One hundred eighty (180) days of execution of LDA the DHA and/or the City of Dover may in its sole discretion void the agreement.

(ii) The **Waterfront Park Improvements** shall comprise the landscape, hardscape, water's edge stabilization, dock and pier improvements and parking areas, which, at a minimum, shall conform to the preliminary specifications summarized in Exhibit 6 at a presently estimated/budgeted cost of \$2,111,700. The Developer and the DHA shall continue to refine and negotiate on the design elements of the waterfront park in order to reach a mutual agreement on the final design of the public areas within the existing budgetary constraints.

(iii) The **Public Street, Streetscape and Utilities Improvements** shall comprise the streets, sidewalks, utilities, parking areas open to the general public, and other infrastructure improvements to be constructed by Developer to serve the waterfront park and the Private Improvements and shall conform to the preliminary specifications summarized and generally located as indicated in Exhibit 7, the expense for same shall be borne solely by the Developer without credit to the Purchase Price.

(iv) The **Supplemental Public Improvements** shall comprise any additional site-related public infrastructure improvements and/or amenities and/or off-site public infrastructure improvements which DHA and Developer shall jointly agree to be constructed in the public interest and, as so jointly approved, may be funded from the Purchase Price (i.e. Developer pays but receives credit against the purchase price) subject to the limitations specifically set forth in Section 6 below. Nothing in this paragraph pertains to the monies in the amount of One Million (1,000,000) dollars received by the City of Dover pursuant to Paragraph 6 (a).

The Developer shall advance the monies to pay for the costs of all Public Improvements. The costs associated with Site-Related Public Infrastructure Improvements, Waterfront Park Improvements, and jointly authorized Supplemental Public Improvements (as contemplated by Section 4(a)(i), (ii) and (iii) above) shall be credited as Developer payments towards the purchase price, subject to the limitations more specifically set forth in Section 6 below.

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All costs for Site-Related Public Infrastructure Improvements, Waterfront Park Improvements, and Supplemental Public Improvements (per Section 4(a)(i), (ii) and (iv) above) shall be reviewed and approved/disapproved by the CWDAC or its designee upon presentation by the Developer. All expenditures by the Developer for Site-Related Public Infrastructure Improvements, Waterfront Park Improvements, and Supplemental Public Improvements (per Section 4(a) (i), (ii) and (iv) above) shall be subject to reasonable inspection and review by the CWDAC or its designee.

(b) The Private Improvements. The Private Improvements shall comprise mixed-use development which shall include multi-family residential, office, retail, restaurant, and, possibly, hotel and/or banquet facilities, along with dedicated private parking serving those uses.

The conceptual development program consists of:

1. An approximately 5,000 gross square foot waterfront restaurant conceptually located and designated as Building 4 on Exhibit 4.
2. An approximately 40,000 gross square foot three or four story commercial office/retail building, conceptually located and designated as Building 1 on Exhibit 4.
3. Two 2 story buildings, each with an approximate first floor footprint of 5,000 gross square feet, conceptually located and designated as Buildings 2 and 3 on Exhibit 4.
4. Approximately seven (7) two or three story town houses along the river's edge, conceptually located and designated as Buildings 5 and 8 on Exhibit 4, architecturally designed for the riverside portion of the ground floor space to be adaptable for retail use and intended for such space to be used primarily for retail or commercial office use.
5. Two 2 story buildings, each with an approximate first floor footprint of 2,500 gross square feet, conceptually located and designated as Buildings 6 and 7 on Exhibit 4.
6. Approximately 300,000 gross square feet of multi-family residential (preliminarily planned for appx. 168 units in addition to the up to 14 units that could be developed in the upper floors of the Buildings 5 and 8 on Exhibit 4.
7. Additional residential town house units to be developed on the Bluff portion of the Property (preliminarily estimated to equal approximately 20 to 25 units) subject to Developer acquiring land or easements allowing access to this area.

Phase 1 shall include Buildings 13 and 5 per Exhibit 4, plus either Building 4 or Buildings 6 and 7. If Developer chooses to construct Building 4 as a component of Phase 1, it shall be a

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restaurant. If Developer chooses to construct Buildings 6 and 7 in lieu of Building 4, the buildings shall be for retail and/or restaurant use. In addition to that requirement, when buildings conceptually located and designated as Buildings 2, 3, 6 and 7 are constructed by Developer, Developer shall make best efforts to lease or sell the ground floor spaces within those buildings for restaurant and/or retail use. Developer shall be specifically precluded from leasing or selling the first floor space in said buildings for office or service uses until after a year has passed from the issuance of Certificates of Occupancy for said buildings.

(c) Design Standards/Approval. Developer shall have latitude to alter the relative composition of the uses and the magnitude of the Private Improvements in response to permitting issues and/or market conditions as long as the development conforms the Land Use and Design Standards which will specifically address definition, minimums, maximums, and other parameters of allowed uses, height, massing, design/construction standards, parking requirements, landscaping and other conceptual concepts (the Land Use and Design Standards) as contemplated by this Term Sheet and its related Exhibits, all to be agreed upon in the LDA. The purpose of the Land Use and Design Standards is to provide ongoing comfort to Developer of its ability to build the proposed Project with reasonable flexibility and comfort to DHA that Developer will not be able to build structures or accommodate uses that are considered not to conform to the general parameters and spirit of Exhibit 4. Developer agrees to use best efforts to conform final development of the Project to Exhibit 4. The LDA shall contain specific standards for the development of the Project. The Land Use and Design Standards will be included in restrictive covenants or other agreements to be recorded at the Strafford County Registry of Deeds to ensure their ongoing application.

(d) Permitting. All Private and Public Improvements to be constructed by Developer shall be subject to design approval by DHA and Site Plan approval by the City of Dover Planning Board and such other federal and/or state regulatory agencies having jurisdiction over matters required to be permitted pursuant to the Site Plan (the Public Approvals). All Site Plans presented for such approval shall first be reviewed by the DHA to assure reasonable conformance with the terms and conditions of the LDA and the Land Use and Design Standards. The Developer shall pay for all fees and expenses of the permitting process without receiving a credit on the Purchase Price.

5. The Property: Conveyance and Development Phasing

The portion of the Project Area upon which the Project is to be developed (the Project Site) depicted on Exhibit 4 comprises approximately twenty one (21) acres of land as delineated on Exhibit 4. Its precise acreage shall be determined by survey work to be completed by Developer holding boundary lines conforming to Exhibit 4. Upon satisfaction of the Conditions Precedent to Delivery of Possession, outlined in Section 13 below, the Conveyed Land, being all of the Project Site, except for the Retained Land defined below, and subject

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to the Retained Access Easement defined below, together with easements to facilitate relocation of the Pedestrian Bridge and reasonable public use thereof thereafter, shall be conveyed in fee simple absolute, by Warranty Deed, but subject to the Conditions of Conveyance defined below, to a title holding entity designated and controlled by Dickinson Development Corp. and/or the special purpose entity created for the purpose of developing the Project as contemplated in Section 3 above.

(a) The Retained Land shall comprise the waterfront park land in the approximate location designated on Exhibit 8, intended to be improved with the Waterfront Park Improvements. The Warranty Deed transferring the Conveyed Land as clarified below, shall also grant to Dickinson Development Corp. or the special purpose entity created for the purpose of developing the Project as contemplated in Section 3 above, a temporary construction easement and/or license to facilitate its completion of the Waterfront Park Improvements, together with easement rights (obtained by the City from abutting private property owner(s)) to facilitate Pedestrian Bridge relocation and use by the public (as more specifically contemplated by Section 10(h) below). The Developer agrees to indemnify the DHA and City of Dover for losses occurring during and/or relating to its development of the Waterfront Park Improvements by separate indemnification agreement; said indemnification agreement shall terminate upon the DHA's acceptance of the Waterfront Park Improvements and the extinguishment of Developer's temporary easement/license rights for construction purposes.

(b) The Retained Access Easement shall comprise a yet to be specifically located access easement to facilitate pedestrian and vehicular access to accommodate spring and fall boat commissionings by seasonal users of a possible future marina in the so-called Basin Area east of Exhibit 4's Building 16. Exhibit 8 depicts a possible location(s) for said easement. The LDA shall address the text of the easement's retained access rights, characterizing the parties' intended seasonal use restrictions.

(c) The Conveyed Land shall comprise all of the Project Site less (for purposes of fee simple conveyance) the Retained Land together with the temporary easement/license rights for construction of Waterfront Park Improvements, and burdened by the Retained Access Easement.

(d) The Due Diligence Access. Pending transfer of the Conveyed Land, and upon execution of this Term Sheet, DHA and the City of Dover, as property owner, grant to Developer, its agents and retained subcontractors, reasonable access to and onto the Project Site to complete the inspections and due diligence more specifically contemplated by Section 7 below.

(e) The Conditions of Conveyance. The Conveyed Land shall be transferred subject to the following Conditions of Conveyance, to be memorialized in either the Warranty Deed

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transferring same or, at Developer's construction lender's preference, by a separate, legally binding agreement.

(i) Those portions of the Conveyed Land making up the building sites for Buildings 4, 5, 6, 7 and 8, as shown on Exhibit 4, together with the three parking pods appurtenant to said buildings which have not been developed by Developer nor substantially commenced with satisfactory assurance to DHA of Developer's ability to complete the development commenced within seven (7) years from the date of the recording of the deed transferring the Conveyed Land shall be subject to the DHA's option and right to require reconveyance to DHA's designee, without payment of any consideration. It is the intent of this condition for DHA to facilitate development of said riverfront parcels consistent with Exhibit 4 if Developer does not develop same within said seven (7) year period.

(ii) DHA shall furthermore have the option and right to require reconveyance to DHA or DHA's designee, for payment of consideration as herein contemplated, of all or any portion of the Conveyed Land not yet developed by Developer nor substantially commenced with satisfactory assurance to DHA of Developer's ability to complete the development commenced, after that date which is ten (10) years from the date of recording of the deed transferring the Conveyed Land. The LDA shall clarify the parties' intent that any such exercised option to require reconveyance shall be for a buy back price to be detailed in the LDA which will approximate fair market value of the parcel(s) to be acquired. The LDA shall specify the pricing formula, processes and procedures. While the Developer contemplates its phased buildout of the Project to occur over five (5) years under best conditions, it is the intent of this provision to provide to Developer a ten (10) year window of time to fully complete its planned development of the Project (allowing for adverse market conditions), but to also provide to DHA a procedure to assure complete buildout of the Project in order to accrue the increased tax assessment public benefit contemplated by the RFP.

(iii) The LDA shall include provisions by which the Developer and/or the title holding entity of the Conveyed Land shall appoint the DHA as its/their true and lawful attorney for purposes of executing a deed and such other documentation as may be required to fulfill the intent of either of the above reconveyance conditions if exercised by DHA (in the event of Developer's or title holding entity's refusal to voluntarily execute such deeds and other documents of reconveyance).

Within thirty (30) days of transfer of the Conveyed Land to Developer, Developer shall commence the Phase 1 Improvements as delineated on Exhibit 9 attached. Developer shall complete the Phase 1 Improvements to DHA's satisfaction, or shall have substantially commenced the Phase 1 Improvements with satisfactory assurances to complete same, before commencing subsequent phases of development of the Project. The Developer currently

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contemplates completing the entire Project in approximately four phases, subject to market conditions. Developer shall provide advance notice to the DHA and CWDAC of its intended phased development of the Project.

Developer shall be granted a temporary easement or control by license or otherwise of the Retained Land upon which the Waterfront Park Improvements shall be developed. Developer shall be fully responsible for the Retained Land for the duration of its temporary easement and/or control. Upon completion of the Waterfront Park Improvements, the temporary easement, license or lease will extinguish, and full control of and responsibility for the Retained Land shall revert to the City. The Developer agrees to indemnify the DHA and City of Dover for losses occurring during the construction period on Retained Land by separate indemnification agreement.

6. Purchase Price

The Purchase Price includes the Developer's payment for the property rights to develop the Private Improvements and for assuming responsibility (financial and otherwise) for and oversight of all Public Improvements.

The parties acknowledge that the value of the property rights to be purchased by the Developer is affected by:

1. the scope and design of the Project as a result of public comment and the intent of the RFP;
2. the construction of public amenities without use of taxpayer monies also as a result of public comment; and
3. the benefit to the City of Dover in being relieved from incurring legally mandated environmental remediation costs.

Acknowledging the above, the Purchase Price shall be Four Million Six Hundred Seventeen Thousand Dollars (\$4,617,000) to be paid as follows:

- (a) A \$1,000,000 cash payment to the City of Dover which upon transfer shall be under the exclusive control of the Dover City Council.
- (b) A \$200,000 payment to the DHA which shall be allocated for preauthorized expenditures by CWDAC and the City of Dover, including expenditures incurred by the CWDAC to hire experts and other consultants, and unallocated amounts to be credited to Supplemental Public Improvements for the benefit of the citizens of the City of Dover. Developer has and shall pay this payment as follows: Developer shall be credited for its

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\$20,000 initial deposit paid at time of Preferred Developer designation, additional \$20,000 Developer deposit to be paid upon the execution of this Term Sheet, additional \$100,000 deposit to be paid upon execution of LDA, with the \$60,000 balance to be paid upon delivery of deed for the Conveyed Land.

(c) Developer's construction and funding of the Waterfront Park Improvements at an estimated project cost of \$2,117,000 (as established by Developer's baseline cost estimates for the Waterfront Park Improvements as delineated by the Phase 1 Specifications attached as Exhibit 6).

(d) Environmental Remediation to be funded by Developer at an estimated authorized cost of \$500,000.

The balance, \$800,000 to be spent by Developer on the following improvements for the benefit of the public in the following order of priority:

(e) Environmental Remediation costs jointly authorized by DHA, the City of Dover and Developer in excess of the \$500,000 estimated/budgeted cost,

(f) Odor remediation improvements to the River Street Pump Station sewer facility, which Developer, DHA and the City of Dover jointly approve as prudent and necessary to successfully market the Project and which exceed the \$1.5 million appropriated and intended to be spent by the City of Dover on facility and processes improvements to said facility, at a presently estimated/budgeted cost of \$200,000.

(g) Relocating the pedestrian covered bridge, at a presently estimated/budgeted cost of \$500,000.

(h) Supplemental Public Improvements to be agreed upon by the Developer and the DHA.

It is the intent of the parties that the above described Public Improvements be constructed, if at all, according to the above prioritization, and as the contemplated total Purchase Price and the per item estimated budget allow. To the extent the actual cost of Developer's expenditures for (c), (d), (e), (f), and (g) above are less than contemplated, the difference shall be expended on Supplemental Public Improvements as agreed upon by Developer and the DHA. To the extent the actual cost to be incurred for each separate prioritized public improvement exceeds the anticipated budgets, such that cumulative expenditures do not permit completion of all work as itemized and budgeted above, Developer shall not be required to expend funds in excess of the Purchase Price to accomplish same, but rather shall be excused from completing the last prioritized item (most likely, relocation of pedestrian covered bridge). In such instance, those portions of the Purchase Price budgeted for any

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excused item shall be reallocated to fund Supplemental Public Improvements to be agreed upon by Developer and DHA. Additional funding of Supplemental Public Improvements as contemplated in either case above, is consistent with the intent of the parties that the portion of the Purchase Price allocated to Public Improvements expenditures in fact be invested in the Project, as the DHA and Developer jointly agree best, for the public benefit.

Developer shall provide guarantee of completion in a form acceptable to DHA of any portion of these Public Improvements to be constructed following Phase 1 at an estimated cost authorized by DHA.

Developer shall be responsible for delivering the baseline Public Improvements, any agreed upon Supplemental Public Improvements, and Environmental Remediation to the reasonable satisfaction of DHA and the City of Dover, and DHA and the City of Dover shall in no way be financially responsible for nor will either the Purchase Price or the one million dollar (\$1,000,000) cash payment to the Dover City Council be impacted by any cost overruns beyond the costs of Supplemental Public Improvements properly authorized by both DHA and Developer.

The Purchase Price may be increased by the amount of any grant funding or the value of any other type of financing assistance obtained by DHA or the City of Dover or by Developer. The amount of any such increase to the Purchase Price would be lowered by a reasonable allocation (to be negotiated) for Developer's cost in applying for such grant and increased by the value of City Staff (to be negotiated) in locating and obtaining the grant or financial assistance. If such grant funding is found or obtained primarily on account of efforts by DHA and/or the City of Dover, the total amount of grant funding or value received, less the cost associated with Developer's assistance in obtaining same, shall be added to the Purchase Price. If such grant funding is found or obtained primarily on account of efforts by the Developer, then half the amount of grant funding or value received (after first deducting the cost associated with Developer's assistance in obtaining same as negotiated and adding the value of the efforts of City staff) shall be added to the Purchase Price.

7. Inspection Period

(a) Inspection Period Term. Developer shall have that period (Inspection Period) which begins with the date of full execution hereof of the Term Sheet and ends on December 31, 2007, within which to inspect the Project Area and the Project Site, and make any and all investigations and/or market studies which it deems necessary or relevant to make a determination as to whether the Project Site is suitable for Developer's purposes. Such investigations shall include, but not be limited to title, survey, environmental, geotechnical, soil, zoning and use investigations and reviews. Developer shall promptly provide DHA with complete copies of any and all such reports, investigations, studies and/or reviews. If the results of Developer's inspections or

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feasibility studies are not satisfactory to it for any reason, Developer shall have the right to terminate its obligation to proceed with the Project by delivery of written notice to DHA prior to the end of said Inspection Period and, upon such termination, the parties hereto shall have no further liability one to the other.

(b) Project Access Rights/Responsibilities. Developer and its representatives shall have full and complete access to the Project Area and Project Site from and after the date hereof during business hours and upon at least twenty four (24) hours prior notice for the purpose of conducting its inspections and feasibility studies, which may include, but shall not be limited to survey, environmental, geotechnical, soil, zoning and land use investigations and reviews. Developer agrees to conduct its inspection and investigations in a manner designed to minimize disruption of any operation of City to the extent reasonably possible. Developer covenants that it shall repair any damages to said property caused by reason of such access at Developer's expense. Developer shall indemnify and hold DHA and City harmless from and against any and all costs, expenses, liabilities and claims arising from or in connection therewith, but expressly excluding any liability resulting from the discovery of a pre-existing conditions. Developer's indemnity obligations hereunder shall survive the termination of its obligations to proceed with the Project and also the execution of the LDA and conveyance of Property.

(c) Project Inspection Rights. As of the end of the Inspection Period, Developer acknowledges and agrees that it shall have been given the opportunity to perform all inspections and investigations concerning the Project Area and the Project Site to its satisfaction. Developer acknowledges and agrees that DHA is not making and has not made any representations or warranties, express or implied, as to said property including, but not limited to, title, survey, its physical condition, suitability or fitness for any particular purpose, building and zoning restrictions, value, financial prospects or condition or the presence or absence of hazardous substances. Developer acknowledges it is relying solely on Developer's own inspections and investigations of said property to determine whether to proceed with the Project. As a material part of the consideration of this Term Sheet, and the LDA, Developer agrees to accept the said property on the possession date in its AS IS and WHERE IS condition, with all faults, and without representations and warranties of any kind, express or implied, or arising by operation of law. **Notwithstanding the above, nothing about the intended AS IS WHERE IS conveyance shall be meant or construed to absolve or indemnify the City of Dover, or any prior owners of any property or property rights conveyed or temporarily controlled by Developer, from owner liability relating to the condition of said property or property rights, including specifically any and all environmental liabilities resulting on account of the current past owners' ownership, control or otherwise.**

(d) Other. Other specific requirements relating to Developer's inspection are:

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(i) Survey. Developer shall be responsible for engaging a qualified professional to prepare a survey of the Project Area. The survey shall be completed as a part of Developer's Permitting responsibilities. The survey shall be available for review by DHA and shall become property of DHA should Developer at any time withdraw from the Project.

(ii) Environmental Assessment / Remediation. Developer shall be responsible for engaging qualified professionals, to be chosen by Developer, with DHA and the City of Dover having the right of reasonable disapproval to assess subsurface environmental conditions of the Project Area. Developer, DHA and the City of Dover shall agree upon an appropriate approach to assessment, design, and implementation of remediation plans relative to development of the Project with the goal of achieving an optimum balance of realization of project objectives in terms of program and design and economic efficiency and in conformance with federal, state, and local regulations.

8. LDA Negotiation Period.

DHA and Developer intend that the LDA shall be executed by December 31, 2007. Failure to reach agreement and execute the LDA within that period shall result in the termination of Developer's rights hereunder, unless extended at the sole discretion of DHA.

9. LDA Negotiation Deposit.

Developer shall within seven days of execution of this document pay to DHA the LDA Negotiation Deposit in the amount of twenty thousand dollars (\$20,000) which shall be applied to DHA's documented third party costs in negotiating and documenting the Term Sheet and LDA and any related costs of evaluating the Project. Should, at any time during the LDA Negotiation Period, Developer determines to withdraw from the Project, the remaining balance after subtracting costs incurred to the date upon which written notice of termination is delivered to DHA will be refunded to Developer. Except as specified above, this deposit will be nonrefundable, but all portions not refunded shall be applicable to the Purchase Price.

10. Conditions Precedent to LDA Execution.

The parties shall execute the LDA subject to the following conditions precedent:

- (a) Developer, in collaboration with DHA may make any refinements to the conceptual development program, and phasing plan for the Project, considered desirable by the

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Developer and the DHA to improve the Project, but only if the refinements are reasonably consistent with this Term Sheet and Exhibit 4.

(b) Developer and DHA shall agree upon defined Land Use and Design Standards, including parameters for construction that will be allowed in the development ensuring high quality construction.

(c) Developer and DHA will agree upon a preliminary program of Supplemental Public Improvements and a preliminary authorized cost(s) for these improvements.

(d) Developer will, as necessary, revise and update its cost estimates and financial pro forma, so that DHA shall be able to confirm to its satisfaction that the Project is viable.

(e) Developer shall provide evidence of commitment of its equity investor in the project at a level satisfactory to DHA that Developer has financial resources available to carry out the long term phased development of the Project.

(f) Developer will, as necessary, revise and update its preliminary development schedule.

(g) All parties determining to their reasonable satisfaction the City of Dover's commitment to fund and acquire (assuring for its completion) a vehicular bridge crossing the river from lower Washington Street, to provide reasonable access to the Project Area, for all the improvements contemplated by this Term Sheet.

(h) All parties determining to their reasonable satisfaction the City of Dover has obtained appropriate property interests (by land ownership or easement right) to create a landing zone for the relocated pedestrian bridge as shown on Exhibit 4 and for pedestrian access from the landing point of said relocated pedestrian bridge to public streets and/or sidewalks facilitating pedestrian access towards Main Street. The pedestrian bridge shall be stored on River Street until the Developer is ready to re-install the bridge.

(i) All parties determining to their reasonable satisfaction the City of Dover's commitment to commit its \$1.5 million currently appropriated for improvements to the River Street Pump Station plant and its processing equipment.

11. LDA Execution Deposit.

Within seven days of execution of the LDA, Developer shall pay to an escrow agent jointly chosen by DHA and Developer the LDA Execution Deposit in the amount of one hundred

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thousand dollars (\$100,000). The LDA shall specify the terms of said deposit providing specifically for its full return to Developer as a result of any of the following conditions:

(a) DHA's voiding the LDA because the costs of Environmental Remediation in excess of \$500,000 would exceed the \$800,000 portion of the Purchase Price contemplated to be spent pursuant to Section 6 (e), (f), (g) and (h) above.

(b) DHA's voiding the LDA because of the failure to reach agreement within one hundred eighty (180) days of LDA execution on the nature of Environmental Remediation techniques and processes and the costs of same.

(c) Developer voiding the LDA because (1) the costs of environmental remediation in excess of \$500,000; plus (2) the odor remediation improvements to the River Street pump station sewer facility, which Developer, DHA and the City of Dover jointly approve as prudent and necessary to successfully market the Project and which exceed the \$1.5 million appropriated and intended to be spent by the City of Dover for facility and processes improvements to said facility in excess of \$200,000, (3) would collectively exceed the \$800,000 portion of the Purchase Price contemplated to be spent pursuant to Section 6 (e), (f), (g) and (h) above.

(d) Developer voiding the LDA on account of the City of Dover being unable to deliver marketable title to the Conveyed Land.

(e) Developer voiding the LDA on account of the City of Dover failing to fund its share of the new Washington Street vehicular bridge funding.

(f) Developer voiding the LDA on account of the City of Dover not acquiring easement rights to create a landing zone for the relocated pedestrian bridge as contemplated by Section 10(h) above.

(g) Developer voiding the LDA on account of the City of Dover failing to commit to the \$1.5 million River Street Pump Station plant and processing equipment improvements contemplated by Section 10 (i) above.

Developer acknowledges and agrees that the LDA Execution Deposit shall be forfeited if Developer terminates the LDA for reasons within its control.

Failure of the Developer to pay the deposit within seven (7) days of the signing of the LDA shall void the LDA and the Term Sheet.

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12. Permitting Period.

Developer shall have until December 31, 2009 to obtain the Public Approvals for the Project contemplated by Section 4(d) above and deemed reasonably desirable and/or necessary by Developer to complete the project and to satisfy the conditions precedent to a closing of the real estate and delivery of possession of the real property. Notwithstanding the above, Developer may, at its option, extend said December 31, 2009 deadline (and its need to satisfy said obligations by said deadline) as provided for in Section 14 below.

13. Conditions Precedent to Delivery of Possession.

The following conditions must be satisfied for the Developer to be delivered possession of the Conveyed Land.

- (a) Completion of plans and specifications for the Public Improvements and for the Phase 1 Private Improvements in form and substance reasonably acceptable to DHA;
- (b) Developer and DHA's agreement upon an estimated program for Site-Related Public Infrastructure Improvements and Supplemental Public Improvements;
- (c) DHA shall have received and approved the loan commitment or commitments for the construction and permanent financing of the Public Improvements and Phase 1 Private Improvements, or such other evidence as may be reasonably satisfactory to DHA that such financing has been committed or is available, which approval shall not be unreasonably withheld, conditioned or delayed. Developer may, at its option, self-finance all or any portion of the Project and Developer must provide DHA with evidence, to DHA's satisfaction, that Developer has the financial resources to self-finance such portion of the Project;
- (d) Developer simultaneously closes on its construction financing for the Phase 1 Improvements and either received its initial funding on its construction financing or the initial funding is conditioned on possession of the Property being delivered to Developer;
- (e) Developer provides DHA with evidence of its having entered into general contract(s) for construction of the Phase 1 Improvements;
- (f) Developer must have received the required Public Approvals and permits (issued without qualifications other than those customarily included in permits of this nature) for the Phase 1 Improvements and Developer must have received those approvals that may reasonably be obtained for the entire Project, as reasonably satisfactory to DHA and the City;

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(g) Developer or its contractors providing performance bonds or other good and sufficient surety, in form and content reasonably acceptable to DHA for all Public Improvements intended to be completed in Phase 1;

(h) Developer shall deliver to DHA adequate guarantees that construction of the Phase 1 Improvements shall commence within thirty (30) days of Delivery of Possession; and

(i) The LDA must be in full force and effect and free of any defaults.

14. Outside Possession Date.

Developer must satisfy the Conditions Precedent, specified in the preceding section, and execute necessary documents for closing of the sale by December 31, 2009, unless the closing/possession date is extended as contemplated by either Sections (a) or (b) below. Until the conditions of Section 13 are satisfied to the reasonable satisfaction of the DHA, Developer shall have no right to purchase the Private Development Property and construct the Project. If Developer fails to meet the above conditions, DHA shall have the right and option to terminate the LDA.

(a) Notwithstanding the above, Developer may, at its option, extend the Outside Possession Date for up to twelve (12) additional months if Developer makes monthly payments of ten thousand dollars (\$10,000) so long as it has demonstrated reasonable progress to that time. Parameters for reasonable progress shall be defined in the LDA. Payments made to extend the Outside Possession Date would be nonrefundable and would not be credited to the Purchase Price.

(b) Notwithstanding the above, if the City of Dover is unable to perform its obligations hereunder for closing/possession by either of the deadlines contemplated above, then Developer may, at its option, extend the Outside Possession Date by such time as is reasonable for the City of Dover to cure its inability to close, which may be caused by delays beyond its or Developer's reasonable control. The LDA shall further address this concept of unavoidable further delay.

15. Delivery of Possession.

Upon satisfaction of the conditions precedent, execution of the necessary documents, and payment of that portion of the Purchase Price required by Sections 6 (a) and (b) above, the City of Dover shall deliver its Warranty Deed defined by Section 5 above, subject to the conditions of Section 7 (c) above. Conveyance and/or conditional lease of said property shall be AS IS and WHERE IS are not and shall not be intended to absolve the City of Dover, NH from any environmental owner liability it now has as owner of the Project Area.

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After the conveyance, the environmental liability of the Developer and the City of Dover will be governed by the prevailing law.

16. Other Environmental Provisions

Either before or after Delivery of Possession, or both, Developer shall investigate it's and/or DHA's and/or The City of Dover's ability to obtain environmental insurance to indemnify against Environmental Remediation costs which exceed those contemplated to be incurred up to the amount of \$500,000.00. Developer shall fully inform DHA of it's efforts to procure such insurance, and if deemed prudent, financially or otherwise, by both DHA and Developer to procure such insurance to minimize the possibility of incurring "Supplemental Public Improvements" costs or Environmental Remediation, then by agreement of both Developer and DHA, such insurance in amounts and for coverages are agreeable to both parties shall be procured, and the costs of same shall be considered an authorized Supplemental Public Improvements cost.

It is the intent of the parties, the DHA, in its role facilitating this new Redevelopment Project, not take on any chain of title ownership status with respect to any part of the Project Area. To the extent any third party, including governmental agencies, claim otherwise, the City of Dover indemnifies and promises to hold harmless the DHA from any and all environmental liabilities relating to the Project Area.

[THIS SPACE INTENTIONALLY LEFT BLANK, SIGNATURES ON PAGE 23]

In witness whereof, the undersigned executes this instrument this ___ day of _____, 2007:

DICKINSON DEVELOPMENT CORP.

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Witness

By: Mark Dickinson, Its President
Duly Authorized

In witness whereof, the undersigned executes this instrument this ___ day of _____, 2007:

DOVER HOUSING AUTHORITY

Witness

By: Jack Buckley, Its Executive Director
Duly Authorized

In witness whereof, the undersigned executes this instrument this ___ day of _____, 2007:

CITY OF DOVER, NH

Witness

By: J. Michael Joyal, Its City Manager
Duly Authorized