

Monahan
DEPT 41

LandVest[®]

REAL ESTATE ADVISORY REPORT

**FEOFFEES OF THE GRAMMAR SCHOOL PROPERTY
IPSWICH, MASSACHUSETTS**

**Located:
Little Neck Estate
Ipswich, Massachusetts 01938**

**Report Date:
April 15, 1997**

**Requested by:
Mr. Donald M. Greenough
Ipswich Cooperative Bank Building
Depot Square - P. O. Box 790
Ipswich, Massachusetts 01938-0790**

**Prepared by:
James E. Monahan, Associate Director
Real Estate Consulting Group
LandVest, Inc.
Ten Post Office Square
Boston, MA 02109**

Report #2573

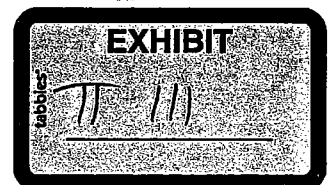


TABLE OF CONTENTS

I.	<u>INTRODUCTION/PURPOSE OF ANALYSIS</u>	1
II.	<u>PROPERTY DESCRIPTION</u>	
A.	Site Description	2
B.	Parcel Inventory and Assessment	3
	• Table I - Parcel Inventory	4
	• Table II - Lot Inventory Under Feoffee's Ownership	10
C.	Current Use Analysis	13
III.	<u>REGULATORY ANALYSIS</u>	
A.	Zoning - Town of Ipswich	15
B.	Open Space Preservation (Cluster) Zoning	15
C.	Subdivision Regulations	16
D.	Wetlands Protection Act	17
E.	Soils Analysis	18
G.	Approval Issues	19.
IV.	<u>REAL ESTATE MARKET ANALYSIS:</u>	
A.	Purchase and Sale Dynamics	21
B.	Comparable Sales Overview:	22
C.	Allocated Land Value Analysis	26
D.	Lot Value Tiers	30
V.	<u>HIGHEST AND BEST USE ANALYSIS</u>	
A.	Concept Plan A - Land as Though Vacant	34
B.	Concept Plan B - Definitive Subdivision at Existing Lot Density	37
C.	Concept Plan C - Condominium Conversion	40
D.	Planning Option D - Conversion to Long-Term Lease	43
VI.	<u>SUMMARY AND RECOMMENDATIONS:</u>	45

APPENDIX:

Certification, James E. Monahan
Qualifications, James E. Monahan

I. INTRODUCTION/PURPOSE OF ANALYSIS

This report constitutes a summary of work completed in accordance with LandVest's Real Estate Advisory Contract with the Feoffees of the Grammar School in Ipswich, Massachusetts. The findings and conclusions contained in this report are intended to serve as a basis for rendering informed decisions regarding continued management and/or the future disposition of Trust-held land known as Little Neck Estate.

The primary goals of this analysis include the following:

- Determine the Highest and Best Use of the land as though vacant, if other than the current use;
- Assuming the most valuable use of the property is its current use, analyze the existing land rental agreement and advise on strategies aimed at enhancing the property's value through stabilized management under the following land use/ownership options:
 - Legal subdivision and conversion to fee simple (land) ownership;
 - Restructure the current tenancy at will as a long term land lease;
 - Convert the land to a condominium or cooperative form of ownership.

This analysis will also evaluate the potential for a bulk sale of the property to a third party investor and provides preliminary estimates of value assuming this disposition option. Finally, the current assessment of the land by the town of Ipswich for taxation purposes will be evaluated relative to the property's market value.

This report includes an evaluation of a full range of use and ownership alternatives and provides preliminary estimates of market value under each option. The steps undertaken in this analysis include an inspection and inventory of physical site conditions; an overview of all pertinent local and state land use regulations; existing utilities and infrastructure; and the supply and demand balance of the local real estate market.

Preliminary market value estimates contained in this report are market-supported, and the appraisal methods employed are considered adequate for the purposes of evaluating the financial implications of a relatively wide range of individual property types and disposition options. However, all market value estimates may be subject to minor revision pending more refined master planning and appraisal efforts.

II. PROPERTY DESCRIPTION

A. SITE DESCRIPTION

The subject of this analysis is a coastal peninsula commonly known as "Little Neck Estate", located in the east-central portion of the Town of Ipswich, southern Essex County, Massachusetts. The property is situated on the northerly bank of the Ipswich River at its confluence with Plum Island Sound and Ipswich Bay. The property is bordered to the east by Plum Island Sound/Ipswich Bay; southerly and westerly by the Ipswich River; and northerly by Neck Cove, an enclosed tidal tributary of the Ipswich River. The property was originally part of a land grant made in trust by the Town of Ipswich in 1650 for the stated purpose of providing financial support for a free grammar school in Ipswich.

There is no recorded perimeter survey or legal subdivision plan of the property. In the absence of a record plan, Town assessor's maps have been used for reference and area calculations. Assuming fee ownership extends to mean low water, planimetric area calculations from the scaled assessor's map 24C, indicates between 35-36 \pm acres.

Geologically, the property represents a coastal drumlin with a regular oval shape and single point of access via Little Neck Road. The primary access road paralleling Pavilion Beach constitutes a flood-prone, filled causeway between Ipswich Bay and Neck Cove. The property's overall (extreme) dimensions are approximately 1,900 \pm feet (east/west) by 1,200 \pm feet (north/south), and the total navigable shorefrontage on Plum Island Sound and the Ipswich River amounts to approximately 3,400 \pm feet. Additional tidal frontage along Neck Cove (measured from Plum Sound Road to the community dock), totals approximately 1,220 \pm feet. The south-central portion of the Ipswich River frontage is sandy beach available to residents and guests. This frontage also provides excellent access to seasonal moorings.

The property ranges in elevation from mean sea level to a high point elevation of approximately 90 \pm feet and although quite steep in areas, the side slopes of the hill are generally quite smooth and regular. A combination of the site's conical/oval shape and substantial elevation allows for a dramatic, 360-degree view perspective from the central upland. The best view perspective is generally to the east/southeast across the mouth of the Ipswich River to Steep Hill, Crane Beach and down the coastline to Halibut Point at Rockport. Long southeasterly views to the Ipswich River, Neck Creek and tidal marshes are also available from the western half of the site. There are a few *natural* impediments to off-site views from the property's interior, though the high density of existing cottages limits views from several portions of the site. The most severe slopes are found in the northeast portion of the property facing Plum Island Sound. Nearly the entire east and northeast-facing slope is composed of dramatic headlands which rise approximately 50

feet from mean sea level at an average gradient of 50%. This portion of the shoreline is structurally retained by a boulder revetment and riprap and the upper portion of the coastal bank is generally well-vegetated and there is no evidence of active gullying, bank-slippage or erosion.

The property is traversed by a grid network of interior private (paved) roads totalling approximately 9,700± feet (184± acres). These roads range in paved width from approximately 10 to 14± feet and are generally improved with underground (conduit) utilities, municipal water and surface storm drainage. The entire interior road network is privately owned and monitored by the Feoffees of the Grammar School, but the Town of Ipswich plows the roads during the winter months.

A review of S.C.S. Soil Map indicate that the entire upland portion of the property is comprised of Paxton fine sandy loam with an overall slope gradient range of 15-25%. These soils are deep, moderately steep and are found mainly on the upper sides of hills. The subsoil consists of fine sandy loam about 14 inches in depth. The substratum is very firm and brittle, extending to a depth of 60" or more. The permeability of the substratum soils is slow to very slow and a high water table is perched above the substratum for brief periods in late winter and early spring. Paxton soils are rated as being severely constrained in terms of on-site sewage disposal due to slope and slow permeability.

B. PARCEL INVENTORY AND ASSESSMENT

Based on a review of Town of Ipswich Assessors' records and parcel mapping, the subject property as currently referenced for taxation purposes has a total of 210 individually-taxed parcels. Of this total, approximately 168 are improved with privately owned, seasonal and year-round dwellings with approximately 42 parcels vacant or marginally improved and owned by the Feoffees of the Grammar School.

A comprehensive tabulation and assessment summary for the improved leasehold parcels is included in Table I on the following pages of this report. A Base Plan of the property (following Table I) provides a color-coded summary of seasonal and year-round cottage lots, vacant parcels, open space and roads.

TABLE I

PARCEL INVENTORY
LITTLE NECK ESTATE - IPSWICH, MASSACHUSETTS

I. Leased Parcels with Existing Dwellings

Parcel #	Address	Owner	Lot Area	Tax Assessments - 1997			Total
				Land	Yard	Bldg.	
1	63 River Road	N. Munro	3,060 SF	\$93,000	\$0	\$78,900	\$171,900
2	61 River Road	C. Stevens	2,843 SF	\$92,300	\$0	\$39,500	\$131,800
3	59 River Road	N. Wilkey	3,327 SF	\$94,000	\$0	\$38,700	\$132,700
4	57 River Road	A. Anderson	3,400 SF	\$94,200	\$0	\$50,900	\$145,100
5	55 River Road	K. Rodman	3,210 SF	\$93,600	\$0	\$50,300	\$143,900
6	53 River Road	M. Sandberg	3,458 SF	\$94,400	\$0	\$77,500	\$171,900
7	49 River Road	W. Hough	2,400 SF	\$90,700	\$0	\$50,300	\$141,000
8	47 River Road	R. Saunders	1,980 SF	\$81,600	\$0	\$37,900	\$119,500
9	44 River Road	R. Aiello	2,860 SF	\$92,300	\$0	\$68,400	\$160,700
10	46 River Road	J. Cronin	5,160 SF	\$100,400	\$0	\$73,600	\$174,000
11	48 River Road	T. Ciolek	3,720 SF	\$95,400	\$900	\$125,500	\$221,800
12	50 River Road	J. Blake	3,360 SF	\$94,100	\$0	\$57,800	\$151,900
13	45 River Road	P. Saunders	2,600 SF	\$83,600	\$0	\$38,600	\$122,200
14	43 River Road	K. Rodman	2,340 SF	\$90,500	\$0	\$87,500	\$178,000
15	41 River Road	C. Hebel	2,350 SF	\$90,500	\$0	\$69,200	\$159,700
16	39 River Road	J. Foley	2,400 SF	\$90,700	\$4,200	\$51,400	\$146,300
17	37 River Road	J. Survilas	2,600 SF	\$91,400	\$0	\$50,300	\$141,700
18	35 River Road	M. Heinlein	2,500 SF	\$91,100	\$0	\$30,700	\$121,800
20	31 River Road	R. Melanson	3,000 SF	\$92,800	\$3,900	\$65,100	\$161,800
21	29 River Road	S. Lalikos	3,250 SF	\$93,700	\$0	\$42,600	\$136,300
22	27 River Road	R. Tetreault	2,770 SF	\$92,000	\$1,200	\$51,900	\$145,100
23	25 River Road	K. Tetreault	2,400 SF	\$90,700	\$500	\$55,300	\$146,500
24	6 Bay Crest Rd.	R. Watson	3,000 SF	\$84,900	\$0	\$47,000	\$131,900
25	31 Middle Road	R. Doherty	2,980 SF	\$84,900	\$0	\$51,200	\$136,100
26	29 Middle Road	C. Laughton	3,540 SF	\$86,700	\$0	\$42,900	\$129,600
28	21 Middle Road	M. Moylan	3,000 SF	\$84,900	\$0	\$51,800	\$136,700
29	19 Middle Road	E. Kain	3,000 SF	\$84,900	\$0	\$102,800	\$187,700

Tax Assessments - 1997

Parcel #	Address	Owner	Lot Area	Land	Yard	Bldg.	Total
30	15 Middle Road	D. Wallace -	2,000 SF	\$16,300	\$5,700	\$0	\$22,000
31	11 Middle Road	D. Wallace +	2,780 SF	\$84,200	\$7,700	\$60,100	\$152,000
32	9 Middle Road	R. Greenhalge	4,020 SF	\$88,200	\$0	\$41,200	\$129,400
33	7 Middle Road	M. Kelly	3,870 SF	\$87,700	\$0	\$34,600	\$122,300
34	5 Middle Road	R. Passarelli	3,870 SF	\$87,700	\$0	\$55,300	\$143,000
35	3 Middle Road	M. Kelly	3,870 SF	\$87,700	\$0	\$34,800	\$122,500
37	1 Hilltop Road	W. Russo	2,159 SF	\$53,300	\$0	\$52,000	\$105,300
38	4 Middle Road	D. Gresek	2,230 SF	\$59,400	\$0	\$81,000	\$140,400
39	6 Middle Road	M. Kelly	2,400 SF	\$59,800	\$0	\$79,400	\$139,200
40	8 Middle Road	R. Marchisio -	4,240 SF	\$64,100	\$0	\$110,600	\$174,700
41	12 Middle Road	W. Hardy	3,840 SF	\$63,200	\$0	\$44,200	\$107,400
42	16 Middle Road	D. Berman	5,300 SF	\$66,600	\$0	\$57,500	\$124,100
43	20 Middle Road	J. Spinney -	4,360 SF	\$64,400	\$0	\$65,200	\$129,600
44	22 Middle Road	H. Gerrish	4,280 SF	\$64,200	\$0	\$57,300	\$121,500
45	24 Middle Road	S. Lewis -	3,590 SF	\$62,600	\$0	\$46,900	\$109,500
46	26 Middle Road	C. Devlin	3,370 SF	\$62,100	\$0	\$49,500	\$111,600
47	28 Middle Road	R. Benjamin	3,240 SF	\$61,800	\$0	\$54,700	\$116,500
48	30 Middle Road	A. Carroll	3,000 SF	\$61,200	\$0	\$81,200	\$142,400
49	25 Hilltop Road	R. Saunders -	4,225 SF	\$64,100	\$0	\$85,300	\$149,400
50	23 Hilltop Road	V. Cutler	3,591 SF	\$62,600	\$0	\$43,700	\$106,300
51	21 Hilltop Road	R. Thorngren	3,450 SF	\$62,300	\$500	\$46,000	\$108,800
52	19 Hilltop Road	A. Donahoe	3,575 SF	\$62,600	\$0	\$53,500	\$116,100
53	15 Hilltop Road	W. Odenthal -	3,950 SF	\$63,400	\$0	\$68,800	\$132,200
54	11 Hilltop Road	J. Reardon -	7,420 SF	\$71,500	\$0	\$82,800	\$154,300
55	9 Hilltop Road	K. Kiley	3,500 SF	\$62,400	\$600	\$71,000	\$134,000
56	10 Middle Road	J. Duran	3,210 SF	\$58,600	\$0	\$63,500	\$122,100
57	7 Hilltop Road	D. Dieringer -	3,660 SF	\$62,800	\$1,000	\$72,900	\$136,700
59	35 Bay Road	C. Bouvier -	4,550 SF	\$89,900	\$800	\$95,000	\$185,700
60	33 Bay Road	C. Laughton	2,400 SF	\$83,000	\$0	\$53,800	\$136,800
61	31 Bay Road	H. Akerstrom	2,160 SF	\$82,200	\$0	\$38,400	\$120,600
62	29 Bay Road	V. Carbone	2,400 SF	\$83,000	\$0	\$58,000	\$141,000
63	27 Bay Road	A. Yemma -	2,470 SF	\$83,200	\$500	\$46,000	\$129,700
64	25 Bay Road	J. Gallagher	3,000 SF	\$84,900	\$500	\$33,100	\$118,500

Tax Assessments - 1997

Parcel #	Address	Owner	Lot Area	Land	Yard	Bldg.	Total
65	23 Bay Road	C. Lichoulas	3,000 SF	\$84,900	\$0	\$36,100	\$121,000
66	19 Bay Road	H. Lyons	3,600 SF	\$86,900	\$0	\$57,400	\$144,300
67	17 Bay Road	M. Holden	3,180 SF	\$85,500	\$0	\$52,700	\$138,200
68	15 Bay Road	W. Moskowitz	3,230 SF	\$85,700	\$0	\$47,800	\$133,500
70	16 Bay Road	M. Donaldson	4,510 SF	\$64,700	\$0	\$54,500	\$119,200
71	18 Bay Road	T. Allen	4,410 SF	\$64,500	\$500	\$47,900	\$112,900
72	5 Gala Way	R. Hamlin	3,000 SF	\$61,200	\$0	\$52,400	\$113,600
75	8 Hilltop Road	R. Scioletti	3,000 SF	\$61,200	\$0	\$37,600	\$98,800
76	10 Hilltop Road	J. Dowling	3,000 SF	\$61,200	\$0	\$41,000	\$102,200
77	12 Hilltop Road	M. Casey	3,000 SF	\$61,200	\$0	\$43,800	\$105,000
79	4 Cove Road	B. Horsman	5,110 SF	\$66,100	\$0	\$38,600	\$104,700
80	6 Cove Road	S. Ruta	3,000 SF	\$61,200	\$0	\$38,500	\$99,700
81	8 Cove Road	C. Robinson	3,000 SF	\$61,200	\$0	\$44,100	\$105,300
82	10 Cove Road	N. Ball	3,000 SF	\$61,200	\$0	\$51,000	\$112,200
83	12 Cove Road	M. Anderson	5,100 SF	\$66,100	\$0	\$49,200	\$115,300
84	12 Bay Road	N. Fidrocki	4,260 SF	\$64,200	\$0	\$53,200	\$117,400
85	17 Cove Road	K. Gilletti	3,000 SF	\$61,200	\$0	\$36,900	\$98,100
86	15 Cove Road	R. Varney	3,000 SF	\$61,200	\$400	\$44,400	\$106,000
87	9 Cove Road	P. Mattson	3,000 SF	\$61,200	\$0	\$56,900	\$118,100
89	5 Cove Road	Rev. Mcaskill	3,000 SF	\$61,200	\$0	\$43,200	\$104,400
90	3 Cove Road	F. Parker	3,000 SF	\$61,200	\$0	\$52,500	\$113,700
91	16 Hilltop Road	V. Carbone	1,780 SF	\$58,400	\$0	\$44,400	\$102,800
92	18 Hilltop Road	R. Stocker	3,140 SF	\$61,500	\$0	\$49,500	\$111,000
93	18 Baycrest Rd.	J. Fogarty	3,000 SF	\$61,200	\$0	\$48,000	\$109,200
94	22 Baycrest Rd.	L. Fiske	3,000 SF	\$61,200	\$0	\$37,600	\$98,800
95	24 Baycrest Rd.	J. Lyon	3,000 SF	\$61,200	\$0	\$46,400	\$107,600
96	26 Baycrest Rd.	P. Bottomly	3,000 SF	\$61,200	\$0	\$38,300	\$99,500
97	28 Baycrest Rd.	G. Church	3,000 SF	\$61,200	\$0	\$86,700	\$147,900
98	30 Baycrest Rd.	C. McGilvary	3,870 SF	\$63,200	\$0	\$51,100	\$114,300
99	8 Bay Road	R. Attridge	3,750 SF	\$63,000	\$0	\$48,700	\$111,700
100	27 Baycrest Rd.	E. Williams	3,000 SF	\$61,200	\$0	\$40,700	\$101,900
101	25 Baycrest Rd.	J. Ferrino	3,000 SF	\$61,200	\$0	\$41,900	\$103,100
102	21 Baycrest Rd.	D. Carroll	3,000 SF	\$61,200	\$0	\$43,200	\$104,400

Tax Assessments - 1997

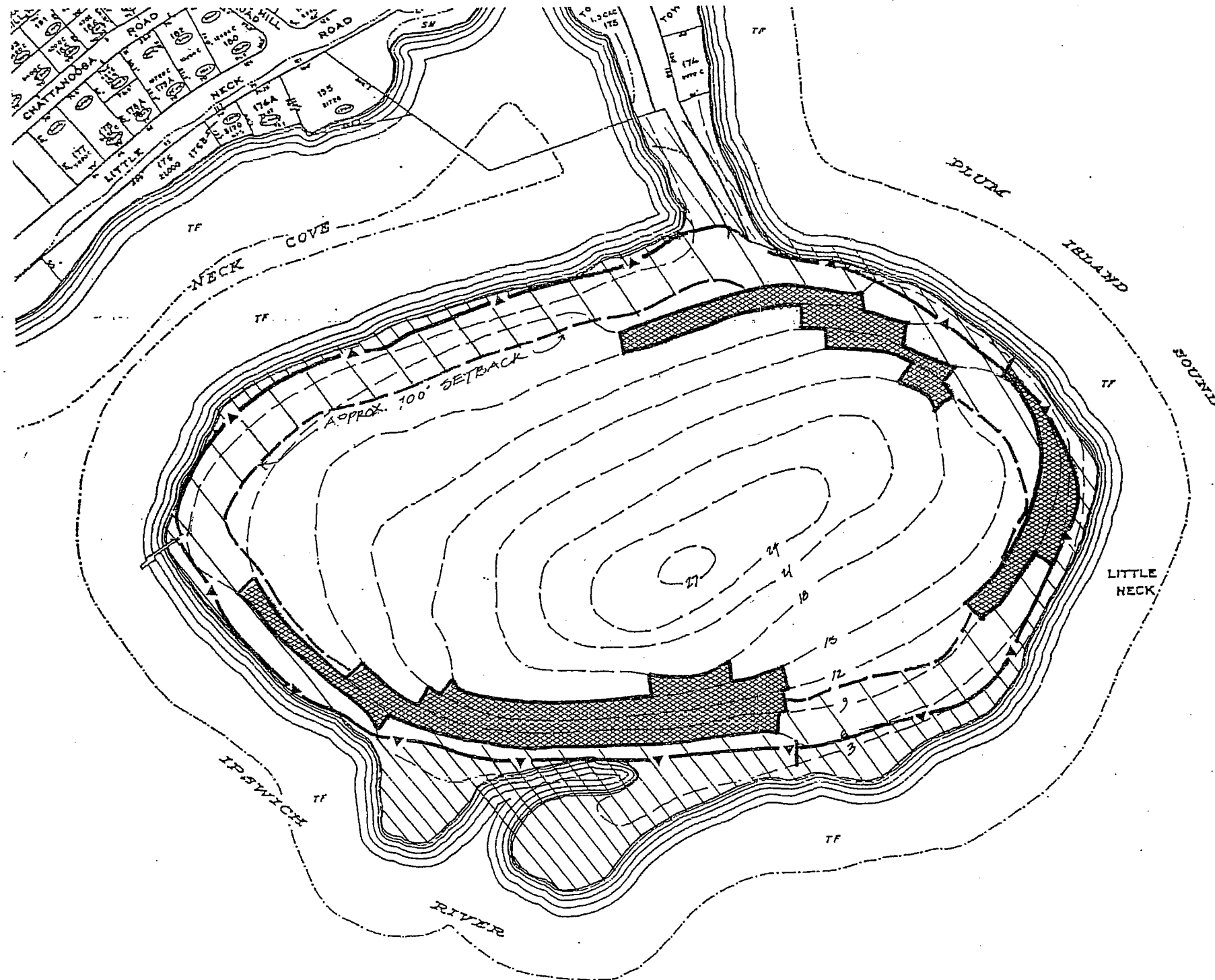
Parcel #	Address	Owner	Lot Area	Land	Yard	Bldg.	Total
103	20 Hilltop Road	J. Garvey	3,000 SF	\$61,200	\$0	\$39,300	\$100,500
104	33 Hilltop Road	R. Gilbert	3,000 SF	\$61,200	\$0	\$48,500	\$109,700
105	9 Baycrest Rd.	R. Betts	3,000 SF	\$58,200	\$0	\$36,200	\$94,400
106	32 Middle Road	R. Harrington	3,000 SF	\$61,200	\$0	\$58,600	\$119,800
107	35 Middle Road	P. Rhodes	3,000 SF	\$84,900	\$0	\$50,700	\$135,600
108	3 Baycrest Rd.	C. Moore	3,000 SF	\$92,800	\$0	\$31,800	\$124,600
109	21 River Road	E. Green	3,000 SF	\$92,800	\$0	\$43,100	\$135,900
110	4 Kings Way	P. Rowell	3,000 SF	\$84,900	\$0	\$54,500	\$139,400
111	37 Middle Road	R. Johnson	3,000 SF	\$84,900	\$0	\$58,400	\$143,300
112	8 Kings Way	R. Harrington	3,000 SF	\$61,200	\$0	\$78,800	\$140,000
113	10 Kings Way	B. Pulsford	3,000 SF	\$58,200	\$0	\$52,500	\$110,700
114	35 Hilltop Road	M. Obion	3,000 SF	\$61,200	\$0	\$51,800	\$113,000
115	14 Kings Way	P. Surette	3,000 SF	\$61,200	\$0	\$73,300	\$134,500
116	16 Kings Way	M. Mathieson	3,000 SF	\$61,200	\$0	\$46,400	\$107,600
117	20 Kings Way	R. McHale	3,000 SF	\$61,200	\$0	\$56,100	\$117,300
118	22 Kings Way	P. Hull	3,000 SF	\$61,200	\$0	\$50,200	\$111,400
120	30 Kings Way	G. Donovan	2,700 SF	\$60,500	\$0	\$37,200	\$97,700
121	29 Kings Way	J. Kurnick	4,410 SF	\$64,500	\$0	\$38,300	\$102,800
122	27 Kings Way	J. Cook	3,000 SF	\$61,200	\$0	\$46,200	\$107,400
123	25 Kings Way	J. Sullivan	3,000 SF	\$61,200	\$0	\$48,400	\$109,600
124	21 Kings Way	L. Varney	3,000 SF	\$61,200	\$0	\$50,200	\$111,400
125	19 Kings Way	F. Phaneuf	3,000 SF	\$61,200	\$0	\$40,300	\$101,500
126	17 Kings Way	J. Spenser	3,000 SF	\$61,200	\$0	\$42,000	\$103,200
127	24 Hilltop Road	E. O'Keefe	3,000 SF	\$61,200	\$300	\$61,200	\$122,700
128	37 Hilltop Road	J. Gorman	3,000 SF	\$61,200	\$0	\$49,100	\$110,300
129	11 Kings Way	F. Kiley	3,000 SF	\$58,200	\$0	\$43,200	\$101,400
130	36 Middle Road	W. Lonergan	3,000 SF	\$61,200	\$0	\$59,900	\$121,100
131	39 Middle Road	R. Cole	3,000 SF	\$84,900	\$0	\$49,100	\$134,000
132	5 Kings Way	R. Barton	3,000 SF	\$84,900	\$0	\$59,800	\$144,700
133	3 Kings Way	D. Goodhue	3,000 SF	\$92,800	\$0	\$55,200	\$148,000
134	2 Plum Sound Rd.	R. Maloney	3,000 SF	\$92,800	\$0	\$67,600	\$160,400
135	4 Plum Sound Rd.	R. Maloney	3,000 SF	\$84,900	\$0	\$64,400	\$149,300
136	6 Plum Sound Rd.	C. Jannino	3,000 SF	\$84,900	\$0	\$56,300	\$141,200

Tax Assessments - 1997




Parcel #	Address	Owner	Lot Area	Land	Yard	Bldg.	Total
137	41 Middle Road	C. Huntley	3,000 SF	\$84,900	\$0	\$54,100	\$139,000
138	38 Middle Road	W. Carroll	3,000 SF	\$61,200	\$500	\$68,900	\$130,600
139	12 Plum Sound Rd.	C. Fogg	3,000 SF	\$61,200	\$0	\$32,700	\$93,900
140	14 Plum Sound Rd.	M. Green	3,000 SF	\$61,200	\$0	\$38,500	\$99,700
141	26 Hilltop Road	D. Greenwood	3,000 SF	\$61,200	\$0	\$52,200	\$113,400
142	20 Plum Sound Rd.	R. Hodgdon	3,000 SF	\$61,200	\$2,000	\$50,300	\$113,500
143	22 Plum Sound Rd.	S. Simkins	3,000 SF	\$61,200	\$0	\$45,100	\$106,300
144	24 Plum Sound Rd.	S. Moore	3,000 SF	\$61,200	\$0	\$48,200	\$109,400
145	28 Plum Sound Rd.	D. Rocco	3,000 SF	\$61,200	\$0	\$54,900	\$116,100
146	30 Plum Sound Rd.	F. Davis	3,950 SF	\$63,400	\$0	\$53,300	\$116,700
147	27 Plum Sound Rd.	D. Blum	4,490 SF	\$89,700	\$0	\$31,600	\$121,300
148	25 Plum Sound Rd.	J. Burkiewicz	4,680 SF	\$90,300	\$0	\$52,400	\$142,700
149	23 Plum Sound Rd.	E. Goodwin	3,000 SF	\$61,200	\$0	\$54,300	\$115,500
150	21 Plum Sound Rd.	L. Fidrocki	3,000 SF	\$61,200	\$0	\$48,200	\$109,400
151	19 Plum Sound Rd.	E. Raymond	3,750 SF	\$63,000	\$0	\$40,500	\$103,500
152	15 Plum Sound Rd.	I. Bettis	3,000 SF	\$61,200	\$0	\$50,000	\$111,200
153	13 Plum Sound Rd.	P. Lucas	3,000 SF	\$61,200	\$0	\$64,400	\$125,600
154	40 Middle Road	R. Veno	3,000 SF	\$61,200	\$0	\$55,300	\$116,500
155	43 Middle Road	A. Lowden	3,000 SF	\$84,900	\$0	\$64,100	\$149,000
156	5 Plum Sound Rd.	G. Boone	3,000 SF	\$84,900	\$0	\$38,900	\$123,800
157	3 Plum Sound Rd.	C. Story	3,000 SF	\$92,800	\$0	\$63,500	\$156,300
158	15 River Road	S. Tannahill	3,000 SF	\$92,800	\$0	\$54,700	\$147,500
159	11 River Road	E. Cowdrey	3,000 SF	\$92,800	\$0	\$63,900	\$156,700
160	45 Middle Road	R. Tomb	3,000 SF	\$84,900	\$0	\$64,200	\$149,100
161	42 Middle Road	J. Warnick	3,000 SF	\$61,200	\$0	\$77,800	\$139,000
162	3 River Road	R. MacRae	3,000 SF	\$61,200	\$0	\$41,500	\$102,700
163	43 Hilltop Road	E. Demers	3,000 SF	\$84,900	\$0	\$86,300	\$171,200
164	2 River Road	E. Dever	3,500 SF	\$94,600	\$0	\$96,100	\$190,700
165	6 River Road	J. Kurnick	2,470 SF	\$90,900	\$0	\$89,700	\$180,600
166	10 River Road	L. Eaton	3,325 SF	\$94,000	\$0	\$80,300	\$174,300
167	12 River Road	F. O'Malley	3,000 SF	\$92,800	\$0	\$62,600	\$155,400
168	16 River Road	P. Merlino	7,820 SF	\$109,800	\$500	\$60,000	\$170,300
169	2 Cliff Road	T. Amore	3,020 SF	\$92,900	\$0	\$92,700	\$185,600

LandVest®

Tax Assessments - 1997							
Parcel #	Address	Owner	Lot Area	Land	Yard	Bldg.	Total
170	4 Cliff Road	J. Faria	4,790 SF	\$99,200	\$0	\$54,900	\$154,100
171	6 Cliff Road	A. Rice	3,520 SF	\$94,700	\$0	\$57,100	\$151,800
172	8 Cliff Road	Sullivan	3,700 SF	\$95,300	\$0	\$44,900	\$140,200
173	10 Cliff Road	J. Duran	2,430 SF	\$90,800	\$0	\$36,600	\$127,400
101A	23 Baycrest Rd.	G. Couturier	3,000 SF	\$61,200	\$0	\$34,200	\$95,400
102A	17 Baycrest Rd.	J. Buckley	3,000 SF	\$61,200	\$0	\$87,300	\$148,500
116A	18 Kings Way	J. Connor	3,000 SF	\$61,200	\$0	\$46,800	\$108,000
118A	24 Kings Way	L. Varney	3,000 SF	\$61,200	\$0	\$51,400	\$112,600
41A	14 Middle Road	H. Wills	4,900 SF	\$65,700	\$0	\$93,700	\$159,400
TOTALS:			545,883 SF (12.53 ac.)	\$12,357,300	\$32,200	\$9,197,800	\$21,587,300



Key:

-  - Flood Plain
-  - 25%+ Slopes
-  - Approx. Buffer

Notes: Plan compiled from Town Assessor's Plans and is intended for planning purposes.

LandVest Project #2573

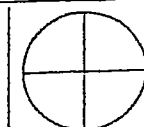
DATE: 3/97

Site Analysis

LITTLE NECK ESTATE IPSWICH, MA

PREPARED FOR:
FEOPPEES/GRAMMAR SCHOOL
PREPARED BY:
LANDVEST, INC.

Scale: 1" = 200'



LandVest

TEN POST OFFICE SQUARE, BOSTON, MA 02108

THIS PLAN IS CONCEPTUAL ONLY AND NOT REPRESENTED AS AN ENGINEERED

2. Vacant Parcel Inventory - Feoffees Ownership

Table II provides an inventory and per parcel assessment of vacant or semi-improved (i.e., landscape improvements) parcels owned by the Feoffees.

TABLE II

LOT INVENTORY UNDER FEOFFEE'S OWNERSHIP

Parcel #	Lot Area	Assessments			Total
		Land	Yard	Bldg.	
0	11 acres	\$295,700	\$8,800	\$72,800*	\$377,300
19	2,200 SF	\$18,000	\$3,900	0	\$21,900
36	3,960 SF	\$17,600	0	0	\$17,600
58	2,190 SF	\$59,300	0	0	\$59,300
73	6,000 SF	\$6,800	0	0	\$6,800
	3,000 SF	\$12,200	0	0	\$12,200
78			0	0	\$12,000
88	3,000 SF		0	0	\$12,200
119	3,000 SF		0	0	\$12,200
101B	3,000 SF	\$12,200		0	\$12,200
102B	3,000 SF			0	\$12,200
103A	3,000 SF	\$	0	0	\$12,200
109A	1,500 SF	\$17,500		0	\$17,500
124A	3,000 SF	\$12,200		0	\$12,200
134A	1,500 SF	\$17,500	0	0	\$17,500
141A	3,000 SF	\$12,200	\$1,900	0	\$14,100
144A	3,000 SF	\$12,200	0	0	\$12,200
152A	3,000 SF	\$12,200	0	0	
153A	3,000 SF	\$12,200	0	0	\$12,200
158A	1,250 SF	\$17,300	0	0	\$17,300
159A	3,000 SF	\$18,600	0	0	\$18,600
165A	2,000 SF	\$17,900	0	0	\$17,900
166A	3,000 SF	\$18,600	0	0	\$18,600

Parcel #	Lot Area	Assessments			Total
		Land	Yard	Bldg.	
166B	3,700 SF	\$19,100	0	0	\$19,100
169A	3,000 SF	\$17,000	0	0	\$17,000
23A	3,000 SF	\$18,600	0	0	\$18,600
25A	3,000 SF	\$17,000	0	0	\$17,000
27A	3,000 SF	\$17,000	0	0	\$17,000
27B	3,380 SF	\$17,200	0	0	\$17,200
27C	3,360 SF	\$17,200	0	0	\$17,200
29A	3,000 SF	\$17,000	0	0	\$17,000
43A	4,360 SF	\$12,900	0	0	\$12,900
49A	2,915 SF	\$12,200	0	0	\$12,200
52A	3,875 SF	\$12,600	0	0	\$12,600
66A	3,600 SF	\$17,400	0	0	\$17,400
6A	1,728 SF	\$17,700	0	0	\$17,700
70A	3,000 SF	\$6,100	0	0	\$6,100
71A	3,000 SF	\$12,200	0	0	\$12,200
75A	4,120 SF	\$6,400	0	0	\$6,400
87A	3,000 SF	\$12,200	0	0	\$12,200
92A	3,000 SF	\$12,200	0	0	\$12,200
93A	<u>3,000 SF</u>	<u>\$12,200</u>	<u>0</u>	<u>0</u>	<u>\$12,200</u>
TOTALS:		13.82 ac. \$925,200	\$14,600	\$72,800	\$1,012,600

3. Land Use/Assessment Analysis

The parcel inventory by lot type/use and ownership is further consolidated as follows:

Property Component	Number	Approx. Acreage	Assessed Value
Improved Parcels/Tenant-owned	168	12.53 ac.	\$21,587,300
Improved Parcels/Feoffee-owned*	1	11.0 ac.	\$377,300
Vacant Parcels/Feoffee-owned	41	2.82 ac.	\$635,300
Total Parcels:	210	26.35 ac.	\$22,599,900

* Community Center

This analysis indicates that the total *land* assessment for the property amounts to \$13,282,500, or approximately \$504,079 per taxable acre and 58.6% of the gross valuation of \$22,599,900.

It is important to note that the total assessed land value for the 168 leasehold parcels of \$12,357,300 indicates values of approximately \$986,217 per rentable (improved) acre and approximately \$73,555 per parcel.

These per unit values would be considered reasonably accurate if the 168 parcels were legally-divided, fee simple lots. However, no legal subdivision exists and the potential of obtaining subdivision approvals for this density is extremely speculative. While the assessed values of the privately owned cottages appear accurate (based on depreciated replacement cost), the near \$1m per acre valuation of the 12.53 acres of improved land appears quite aggressive considering the property constitutes a single legal parcel and owners do not have the benefit of fee simple ownership rights. In fact, the \$73,555 average cottage parcel valuation is closely aligned with current fee simple values for non-seasonal lots seen in the competing shorefront neighborhoods in Ipswich.

The question as to whether the per parcel assessments date back to the original terms of the land grant for the Town or subsequent statute is difficult to ascertain. If this is the case, then the property would represent a somewhat unique property in terms of assessment methodology in the Town. Undivided land is rarely taxed as though legally divided and fully transferrable. Undivided leasehold properties are typically assigned reference numbers, but the assessments typically reflect some level of discount for lack of fee simple property rights and seasonal use restrictions. No such discount is evident in the current per parcel land assessment.

Despite what appears to be an aggressive land assessment, I believe the current overall assessment (i.e., land and improvements) of the rentable properties is reasonably accurate. This opinion is based in part on the fact that 17 sales on Little Neck over the past 7 \pm years have indicated an average value of approximately \$133,525 (see Little Neck Sales Overview - Section IV). The current assessment of 168 improved parcels indicates an average value of \$128,888. Thus, the overall sales/assessed value margin is approximately 3.5%. If Little Neck properties were taxed as a condominium where land value is accounted for in unit assessments as fractional shares of the whole, the individual parcels would not be assessed separately and there would be no question of over valuation. In summary, while I believe the current land assessment *methodology* results in inordinately high per parcel values, the overall assessed value is consistent with market value levels indicated by recent sales activity on Little Neck.

C. CURRENT USE ANALYSIS - TENANCY AT WILL

The Little Neck property is the subject of an annually-renewable land rental agreement which essentially dates back to circa 1650. The terms of this agreement permit each homeowner to occupy their cottages between April 1st and November 30th of each year. With the exception of 17 cottages which were grandfathered in 1966 to allow for year-round occupancy, the balance of the cottages may be occupied only within the designated eight month season, and the Feoffees may impose a fine of \$1,000 per week for each period of illegal, out-of-season use. The seasonal use restriction is attributable to stringent sewage disposal limitations and state sanitary code restrictions.

Under current rental terms, individual parcel rents are assessed equally throughout the property. Seasonal parcels rent for \$600 annually and year-round parcels rent for \$800. Individual tenants (cottage owners) are responsible for a portion of land rent, real estate taxes, insurance and all utilities. Additionally, tenants are responsible for any necessary repair or replacement of in-ground sewage disposal systems in the event of a system failure.

Based on a review of provided financial statements for the years 1992, 1994, and 1995, the total cash receipts and average per-unit rents are summarized below:

TABLE III

	1992	1994	1995
Taxes	\$283,561.54	\$303,809.05	\$312,857.25
Rental Income	\$104,852.07	\$118,834.45	\$ 96,963.28
Total	\$388,413.61	\$422,643.40	\$409,820.53

1. **Potential Gross Rental Income**

Assuming current rates at 100% occupancy and collection, the annual (stabilized) gross (land) rental income totals \$104,200. Average fixed and variable spending expense over the three years of available data (prior to the allowance for school gifts) amounts to approximately \$58,000 indicating a net operating income (NOI) of approximately \$46,200. Capitalized at a relatively conservative rate of 10%, the property's value under the current income structure to an investor would amount to approximately \$462,000 or only \$2,750 per rental parcel. If the school gift allowances are accounted for in the NOI calculation, the property may have a value only slightly above zero.

III. REGULATORY ANALYSIS

The following section of this report provides an overview of the most pertinent land use and environmental regulations impacting the range of legal uses of the subject property.

A. ZONING - TOWN OF IPSWICH

The entire subject property is located within the Town's rural residence B (RRB) Zoning District.

As-of-right uses within this district include single-family detached dwellings, church and religious uses, educational uses, recreational facilities, charitable uses and general conservation/agricultural uses. Uses which may be allowed following the issuance of a special permit from the Board of Appeals and Planning Board include open space preservation (cluster development), two-family dwellings, private clubs, rest home and private waste water treatment plants.

The following is a summary of spatial requirements enforced within the RRB Zoning District.

Minimum Lot Area:	43,560 square feet (1 acre)
Minimum Lot Width:	175 feet
Minimum Lot Frontage:	150 feet
Minimum Front Yard Setback:	20 feet
Minimum Side Yard Setback:	20 feet
Minimum Rear Yard Setback:	20 feet
Maximum Building Area:	20% of lot area
Maximum Floor Area:	30% of lot area

B. OPEN SPACE PRESERVATION (CLUSTER) ZONING

A cluster development is not a permitted use in the RRB District but has been included in this analysis as an alternative to conventional subdivision. It is assumed that the site may either be re-zoned to RRA or RRC to make the property eligible for Special Permit approval of a cluster development.

The following is a brief overview of performance standards enforced under the cluster bylaw.

Minimum Track Size:	At least 5 times the minimum lot area within the District.
Maximum Lot Density:	It cannot exceed density by "conventional" subdivision.
Wetlands/Coastal Exclusion:	50% of wetlands/coastal flood plain may be included in lot area calculations.
Minimum Open Space:	25% of total parcel.
Maximum Site Coverage:	30% (impervious).
Minimum Lot Area:	None.
Minimum Lot Width:	100 feet.
Minimum Lot Frontage:	50 feet.
Minimum Front Yard Setback:	20 feet.
Minimum Side Yard Setback:	20 feet.
Minimum Rear Yard Setback:	30 feet.
Maximum Building Coverage:	20%.
Minimum Project Buffer:	40 feet.

C. SUBDIVISION REGULATIONS

Any subdivision of land within the Town of Ipswich is subject to the regulations enacted under the Subdivision Control Law. These regulations dictate the manner in which subdivisions are implemented, specifically with regard to public health and safety issues such as road construction standards, utility installation, and septic system design and construction. The subdivision regulations pertinent to this study include the following:

Road Classification	Minimum Right-of-Way	Paved Width	Maximum Gradient
Primary	60 Feet	36 Feet	5%
Secondary	50 Feet	30 Feet	6%
Residential	50 Feet	28 Feet	8%

In the Town of Ipswich, there are two types of subdivision review.

1. Approval Not Required

This process allows for the subdivision of land for properties which can provide the proposed lot or lots with adequate street frontage, lot area, and meet all the

minimum requirements of the Subdivision Control Law. When submitted to the Planning Board, the Board must make the determination that the plan meets or exceeds the minimum requirements defined in the Zoning Bylaws. Once a positive determination has been made, the plan is endorsed without requiring approval from the Board, hence the nomenclature, "Approval Not Required."

2. Definitive Subdivision

If a subdivision of land containing less than the minimum required street frontage is proposed, a standard, definitive subdivision is necessary. This type of development requires extensive review and approval of engineering issues related to the proposal. The approval process of a definitive subdivision is longer than that of an ANR and typically involves a public hearing prior to final approval.

D. WETLANDS PROTECTION ACT

Wetland areas in Ipswich are regulated under the State Wetlands Protection Act (M.G.L. Chapter 131, Section 40), and as such, any proposed work within 100 feet of a classified wetland is subject to review by the Town Conservation Commission and State Department of Environmental Protection.

Under the State Wetlands Protection Act (MGL Chapter 131), the subsurface disposal of wastewater within 100 feet of the edge of a vegetative wetland, and within 100 feet of a stream or other waterbody is prohibited. State Wetlands Regulations also prohibit the filling of more than 5,000 square feet of wetlands for the purpose of providing access to a parcel or lot. The Act requires that the proposed alteration of land within 100 feet of any bordering vegetative wetland or waterbody must first be reviewed by the local Conservation Commission under the authority of the State Department of Environmental Protection.

While the 100-foot buffer zone is not considered a "no-build" area, any future work proposed within these areas requires the filing of a "Determination of Applicability" and "Notice of Intent" at the local level. The local Conservation Commission then performs a field inspection of the site relative to the work proposed and then determines whether the work falls within the buffer zone or Protected Resource Area. If the proposed scope of work falls within 100-foot buffer zone, the Conservation Commission may conditionally approve or disapprove the application. Conditional approval is referred to as an "Order of Conditions" which stipulates mitigating measures aimed at protecting wetland resources. Failure to comply with this process in the Commonwealth of Massachusetts can result in punitive damages and/or a cease order.

E. SOILS ANALYSIS

Sewage disposal on the property is currently accommodated by a mix of upgraded, fully complying septic systems and numerous older (original) cesspools which would be considered substandard by current design and leaching requirements enforced under Title 5 of the State Sanitary Code. It is reported that in some cases, two to three cottages may be connected to a single, shallow leaching gallery or cesspool. These types of substandard systems typically go undiscovered until the property either sells (mandatory Title 5 inspection) or the system completely fails. "As built" plans for repaired systems are filed with the Ipswich Board of Health, but these upgraded systems constitute a small fraction of the total systems serving the cottages.

It should be stressed that in-ground sewage disposal is one of the most significant factors affecting the property's development potential and market value. Due to the lack of detailed records, it is beyond the scope of this analysis to ascertain the potential impact on value from outdated systems. As one example of the potential value impact affecting a single parcel, in the event that a cesspool failed and no complying "repair" was feasible, a "tight tank" may be the only option. In this instance, the annual costs incurred in scheduled pumping of a 2,000 gallon tight tank would be capitalized and deducted from the value attributed to the land. At an average pump-out cost of \$180 and a pump-out frequency of eight times per year, the liability to the parcel value may exceed \$14,000. Fifty such cases would result in a devaluation of the property by as much as \$700,000.

Accordingly, the issue of soils/septic suitability has been *generally* considered in the property's valuation, but a detailed analysis of its tangible impact on value will require additional engineering information.

F. COASTAL FLOOD PLAIN

The entire perimeter of the subject property is located within the Flood Hazard District - Zone A as depicted on the Federal Insurance Rate Map of the property (FIRM) (Community Panel No. 250086-3D, revised as of July 2, 1992). If any part of a proposed subdivision is located at or below the base flood elevation, the design of the subdivision and associated utilities should minimize the potential for flood damage, and should provide for adequate drainage to minimize damage to abutting properties.

G. SITE ANALYSIS

The Site Analysis plan on the following page of this report depicts the most significant planning constraints affecting the property. These constraints include the landward extent of the 100-year floodplain (tight cross-hatching on plan); minimum 100-foot setback from the approximate delineation of coastal banks on the property (minimum setback for new septic systems and Conservation Commission jurisdiction as buffer zone); and 25%-plus slopes.

This analysis indicates a total upland area of approximately 21.4± acres.

H. APPROVAL ISSUES

In order to gain additional insight to planning and approval issues affecting the property, I met with Ipswich Planning Director, Glenn Gibbs. The specific goal of this meeting was to evaluate the regulatory feasibility of obtaining definitive subdivision approval for the property as currently platted for taxation purposes (i.e., 168 improved parcels).

Because "cluster" or open space development is not permitted in the RRB zoning district, this option was considered marginal at the outset. Mr. Gibbs indicated that because the property had never been legally subdivided, it could not be "grandfathered" from current zoning or subdivision regulations. Additionally, because the average lot size is well below 5,000 square feet, the lots do not even satisfy the minimum lot size requirement enforced under the state zoning act as a minimum grandfathered lot. While Mr. Gibbs conceded that the acceptance of the tax assessment plan as a legal subdivision may appear logical (if strictly restricted to seasonal use and private road status), the plan would be considered extremely controversial.

While this use cannot effectively be ruled out without an actual plan filing, considerable risks associated with legally subdividing the property will be accounted for in the third party investor/purchase analysis of the property for subdivision purposes.

IV. REAL ESTATE MARKET ANALYSIS

The Little Neck neighborhood is not dissimilar to other seasonal waterfront colonies in New England which were originally settled as clamming and fishing camps which served a relatively utilitarian purpose. There are several examples of this type of settlement from Connecticut to Maine, and all appear to share one common element: each was settled at a time when market demand for waterfront land was low and land use regulations were either slowly evolving or nonexistent. Over the years, cultural changes which place a higher value on leisure time and shorefront recreation have increased the demand for waterfront land and prices have rapidly escalated. This trend has forced owners of this type of property to re-examine the value implications of the original settlement pattern and conditions of use in the present-day economy.

The subject property is unique in that it was one of the earliest settled summer colonies in the country, and the original set of land use guidelines dates back to an original grant made in 1648. The original tenancy-at-will has essentially been perpetuated since that time, and indeed one of the greatest measures of security afforded to today's buyer of Little Neck property is its long-standing history under the Feoffees' ownership and control.

The only local example of a comparable seasonal leasehold property is the 113 \pm lot Conomo Point neighborhood in Essex. This 22 \pm acre town-owned tract is the subject of a long-term land lease at submarket rates. The next renewal date is 2001 at which time the tenants have one remaining ten year renewal option. There is a planned tenant buyout which is scheduled for discussion at the May Town Meeting. The buyout value remains unknown (though recent rumors indicate a range of \$6-\$10 million) and extensive septic system upgrades are required. Therefore, Conomo Point does not provide any useful measure of value for Little Neck, but the eventual value and condition of sale may add insight to the subject analysis.

I am aware of one other shorefront leasehold property purchase being contemplated on the Connecticut shoreline. The tenant buyer group in this case is evaluating the purchase of a 22.5 \pm acres Long Island Sound-front peninsula for \$4.5 million, or approximately \$60,000 per lot (75 total). The average lot size in this case is larger than the average Little Neck lot and there is a greater percentage of accessible shorefront parcels. This land is subject to a remaining lease term of 12 \pm years, also at submarket rates.

The following section of this report provides an analysis of how the Little Neck neighborhood functions under the current land rental program and as a well-defined real estate submarket in Ipswich and Boston's north shore. Key questions and issues to be addressed in this analysis include:

- What are the key attractions and liabilities associated with investment on Little Neck?;
- What is the recent history of transfer activity and what kind of value levels have been achieved for various parcel/property types and locations?;
- Approximately how is value apportioned to the land in the mind of the buyer, or is any value indicated?;
- Do recent transfers on Little Neck indicate any value discount relative to fee simple sales in competing sub-markets? In other words, does the lack of land ownership and rental security affect the buyer's perception of market value?

A. PURCHASE AND SALE DYNAMICS - TRANSFERABLE PROPERTY RIGHTS

Prior to reviewing recent sales transactions and value levels, it is important to first examine the marketable and transferable property rights in Little Neck real estate. As previously noted, the property constitutes a single legal parcel of 35± acres. It is improved with approximately 168 seasonal and year-around cottages on individually referenced and taxed parcels. When a Little Neck property transfers, the buyer purchases the residential improvements in fee simple as well as *the right* to perpetuate the (tenancy-at-will) ground rental at the prevailing rate of \$600 per seasonal property and \$800 per year-around property. Because the property is not legally subdivided nor is it a legal condominium form of ownership, ownership rights do not extend to the land. Additionally, the absence of a recorded lease affords buyers none of the investment security typically found in leasehold property. Typical security provisions may include a set lease term of 5, 10, 15 or 30 years, base rent and escalator provisions, renewal/termination options, a lease assignment clause and termination conditions with defined site restoration or Lessor buyback obligations.

Based on my review of Town assessment records and financial records provided by the Feoffees (assuming 100% occupancy and collection), the average annual financial obligation (including rent, taxes, and insurance) totals approximately \$3,000. This assumes an average tax bill of \$1,825 at \$14.15/\$1,000; average rent of \$620; and, \$500-\$600 in insurance and maintenance. Annual occupancy and carrying costs, coupled with amortized acquisition costs can easily total \$10,000-\$15,000, depending on financing terms. *This level of investment indicates that in the absence of purchasing fee ownership in the underlying land, after allowing for the value of the improvements, buyers in Little Neck are placing a relatively high value on the right to rent the underlying land with a nominal level of investment security. On this point, while tenants under the current rental terms pay property taxes on land they do not own, a considerable percentage of total sales value is attributable to the land.*

This illustrates, to some extent, the property's excellent market appeal as a very scenic coastal neighborhood and relatively convenient second home market. The Little Neck neighborhood generates buyers from the Boston, Hartford and Springfield areas as well

as many local residents who use their cottage sporadically during the summer months. The stable and close-knit character of the neighborhood, its private status and wide-range of children's activities, beach, boating and summer functions - all contribute to its appeal. Additionally, this market is seen as being *relatively* affordable, especially when one considers the monthly rental income potential during the summer months.

The most significant liabilities affecting the Little Neck submarket include the lack of land security and difficulty in obtaining bank financing. The Ipswich Cooperative Bank offers 75-80% financing on improvements only, but most transactions involve either all cash or some level of seller financing.

Additionally, some perceive the properties as having an inordinately high real estate tax burden, and in-ground sewage disposal options (in conformance with Title V) are constrained by limited space.

Average summer rental rates for the prime July/August season (9± weeks) generally range between \$500 and \$900 gross a week. Proximity to the beach (walk-on access) and water views are key factors in achievable summer rental rates. Rents during the shoulder seasons of May/June and September/October average approximately \$1,000 per month, and the approximate winter rental range is \$500 to \$850, depending upon the overall quality of the house and heating costs. Thus, the potential annual gross rental income from the average (seasonal) Little Neck cottage may range between \$8,500 and \$12,000. In most cases, this is sufficient to offset annual debt service and basic carrying costs. It is fair to assume that because a majority of Little Neck cottages have been long-held and are no longer leveraged, this potential rental income is typically more than adequate to offset costs. However, because owners currently accrue no equity in the land, the maintenance of this income/expense balance is an extremely important consideration in continued value stability in the Little Neck market. In other words, as second home/vacation investments with no equity build-up in the land, properties on Little Neck should be financially self-sustaining.

B. COMPARABLE SALES OVERVIEW - LITTLE NECK COTTAGES

Tables III and IV on the following pages of this report summarize information gathered on a total of 17 closed transactions and 4 current listings on Little Neck. This information is followed by more detailed evaluation of approximate allocation of value between improvements and land rights in each sale. The sales information is graphically depicted on the Sales History Plan, three pages forward.

TABLE V
CURRENT LISTINGS

Listing No.	Location	Listing Price	Land Area	Improvements	Exposure
L-1	30 Hilltop Rd. (#48)	\$239,000	3,000 Sf	6 rooms, 3 BR, 1 bath. Year round. 1,694 \pm SF effective area.	NA
L-2	5 Cove Rd. (#89)	\$119,000	3,000 Sf	5 rooms, 2 BR, 1 bath. Seasonal. 752 \pm SF effective area.	2 \pm yrs.
L-3	26 Baycrest Rd. (#96)	\$84,000	3,000 Sf	6 rooms, 3 BR's, 1 bath. 780 \pm SF effective area.	5 \pm mos.
L-4	45 Middle Rd. (#160)	\$184,000	3,000 Sf	1,268 Sf, 2 BR's. Cottage needs septic (seller responsibility at \$12K+). 983 \pm SF effective area.	2 \pm yrs.

ALLOCATED LAND VALUE ANALYSIS

Table VI (below) provides an overview of allocated lot/land rights value from each of the closed sales. The *assessed* land value as a percentage of the total assessment is applied to the *selling* price in each case to indicate the approximate value attributed to the land or land rights. This method is deemed reliable as it utilizes the most accurate value estimates for the improvements value. This process also begins to clarify approximate value levels for various lot types in the neighborhood. These values will be considered in fee simple and condominium conversion options for the property.

TABLE VI
ALLOCATED LOT/LAND RIGHTS VALUE - LITTLE NECK SALES

Sale #	Price	Lot Type	Assessor's Land Assessment as % of Total	Allocated Lot/Land Value**
LN-1	\$150,000	Interior - marginal view	46%	\$69,000
LN-2	\$78,000	Interior - good view	65%	\$51,000
LN-3*	\$172,000	Interior - excellent view	41%	\$70,500
LN-4	\$125,000	Interior - marginal view	64%	\$80,000
LN-5	\$150,000	Ipswich riverfront - average	62%	\$93,000
LN-6	\$189,500	Exceptional view - frontage	50%	\$95,000
LN-7	\$127,000	Interior - average view	58%	\$74,000
LN-8	\$215,000	Ipswich riverfront - prime	58%	\$125,000
LN-9	\$152,000	Neck Cove front - prime	61%	\$93,000
LN-10	\$135,000	Interior - average view	55%	\$74,000
LN-11	\$68,000	Neck Cove front - average	70%	\$47,600
LN-12	\$145,000	Interior - excellent view	54%	\$78,000
LN-13	\$73,000	Interior - average view	NA	NA
LN-14	\$115,000	Front row - Plum Island Sound	74%	\$85,000
LN-15*	\$115,000	Interior - excellent view	49%	\$56,000
LN-16	\$93,400	Interior - good view	61%	\$57,000
LN-17	\$167,000	Ipswich River front - average	69%	\$115,000

* Year round residence

** Rounded figures

Unit Values:

Overall Range: \$47,600-125,000

Average Value: \$78,945

The allocated lot/land rights value outlined above are the most reliable estimates of allocated value to lots of various types and locations on Little Neck. Again, this is most accurately interpreted as value attributed to the occupancy rights to the parcel rather than fee simple land value. This analysis clearly indicates that despite the relative lack of investment security, sales volume in the neighborhood is similar to that of any other densely-settled residential neighborhood.

In essence, the Little Neck submarket appears to function as a condominium development. While the lack of bank financing diminishes the potential buyer pool, buyers obviously consider the total investment value and sub-lease income potential in their assessment of market value. The extent to which buyers may discount property value under the current rental program is evaluated in the following comparison of (fee simple) market value levels on Great Neck (see Table VII - following page).

TABLE VII
APPORTIONED VALUES - FEE SIMPLE SALES - GREAT NECK

Sale No.	Location	Sale Date	Sale Price	Land Area	Improvements	Assessment(%)		Extracted Land Value/\$SF	Lot Type
						Land	Bldg.		
1	4 Northridge Rd.	7/8/94	\$170,000	7,971 Sf	1,084 Sf Cottage	68.85%	31.15%	\$117,045/ \$14.68 psf	Eagle Hill River-front -- 55 \pm '
2	8 Northridge Rd.	2/4/94	\$238,000	10,367 Sf	880 Sf Cottage	56.5%	43.5%	\$134,470/ \$12.97 psf	Eagle Hill River-front -- 75 \pm '
3	12 Northridge Rd.	12/29/94	\$175,000	14,331 Sf	1,300 Sf Ranch	65.9%	34.1%	\$115,325/ \$8.04 psf	Eagle Hill River-front -- 109 \pm '
4	26 Northridge Rd.	3/10/95	\$200,000	13,852 Sf	1,130 Sf Bungalow	65.5%	34.5%	\$131,000/ \$9.45 psf	Eagle Hill River-front -- 80 \pm '
5	58 Northridge Rd.	12/20/96	\$190,000	15,682 Sf	658 Sf Cottage	72%	28%	\$136,800/ \$8.72 psf	Eagle Hill River-front -- 75 \pm '
6	60 Northridge Rd.	3/29/95	\$300,000	15,987 Sf	1,263 Sf Ranch	63.7%	36.3%	\$191,100/ \$11.95	Eagle Hill River-front -- 86 \pm '
7	73 Skytop Rd.	11/30/95	\$196,750	13,591 Sf	1,798 Sf Ranch	44.5%	55.5%	\$87,553/ \$6.44 psf	Interior, non-view
8	10 Appomattox Rd.	1/4/95	\$188,000	12,807 Sf	1,440 Sf Ranch	51.3%	48.7%	\$96,444/ \$7.53 psf	Interior, non-view
9	10 Bunker Hill Rd.	2/27/95	\$137,500	8,538 Sf	754 Sf Cottage	65.7%	34.3%	\$90,337/ \$10.58 psf	Interior, non-view

Sale No.	Location	Sale Date	Sale Price	Land Area	Improvements	Assessment(%)		Extracted Land Value/\$SF	Lot Type
						Land	Bldg.		
10	49 Bunker Hill Rd.	9/15/94	\$159,900	12,807 Sf	700 Sf Cottage	61.3%	38.7%	\$98,018/ \$7.65 psf	Interior, pond view
11	16 Capeview Rd	9/12/96	\$199,500	9,540 Sf	1,347 Sf Cottage	53.6%	46.4%	\$106,932/ \$11.20 psf	Interior, non-view
12	10 Bay View Rd	9/30/94	\$175,000	7,492 Sf	1,083 Sf Cottage	56%	44%	\$98,000/ \$13.08	Plum Island Sound view across street

Average Land Value as % of Total Sale Price	61.3%
Average (Extracted) Lot Value:	\$116,255
Average Value per Square Foot	\$10.04

The preceding land value allocations from recent sales on Great Neck (fee simple) and Little Neck (land rental) provides a basis for evaluating value levels for various lot types and approximate market discounts for less than fee simple ownership.

Lot Type	Neighborhood		% Discount
	Great Neck*	Little Neck	
Prime waterfront	\$132,000	\$125,000	-5.3%
Average waterfront	\$105,000	\$90,000	-13.6%
Excellent view	\$95,000	\$80,000	-15.8%
Good view	\$85,000	\$70,000	-16.7%
Average view	\$80,000	\$65,000	-17.65%
Marginal view	\$70,000	\$52,500	-25%

* Size adjusted average values

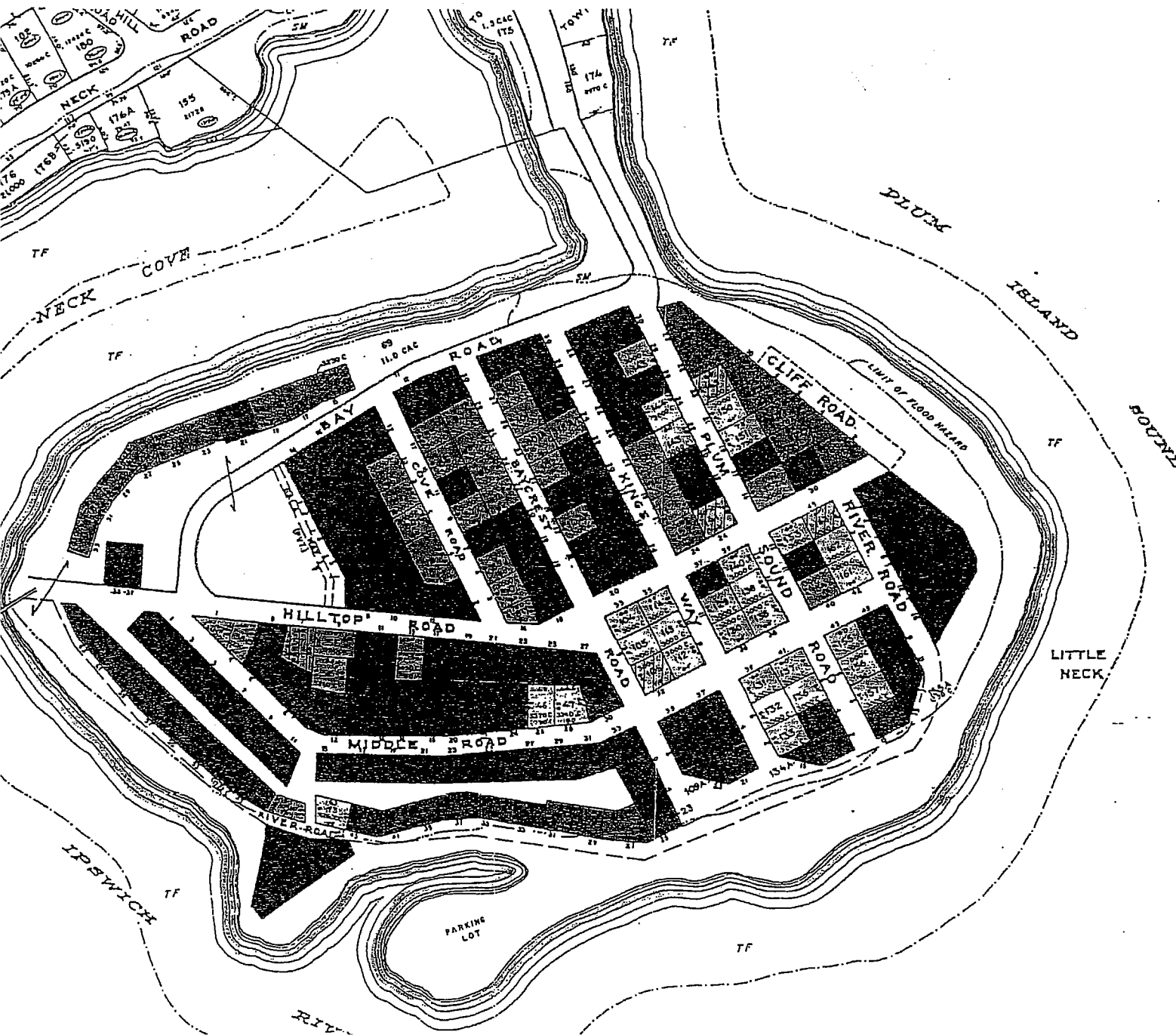
It is interesting to note that the prime waterfront lots indicate the smallest value discount (5.3 %) while lots with the least amenity value (i.e., inland lots with marginal views) indicate the greatest discount of approximately 25%. This trend is attributable to the fact that buyers of the higher quality properties tend to pay a premium for the right to enjoy prime frontage or views, while buyers of more average lots place a higher discount on less than fee simple ownership.

Based on this analysis, which essentially separates building and land values, the market appears to apply a discount for the lack of fee ownership and security of land rented on Little Neck. This discount is considered a reliable indication of underlying land value under condominium form of land ownership (i.e., fractional ownership of total).

D. LOT VALUE TIERS

The color-coded, multi-tier lot value summary plan on the following page depicts a total of ten parcel types as well as waterfront and year round parcels. This plan serves as a basis for estimating the market value of the entire property by parcel type, location and quality (as though subdivided or declared a condominium) and to estimate various market rental rates for the land (assuming continued rental).

The tier classification considers the various view perspectives, direct and road-bisected waterfrontage, solar orientation and beach access afforded by the various lots. While this per lot/tier analysis may be subject to some refinement, it represents a reasonably accurate accounting of the qualitative differences between lots which are seen to directly impact value.



Value Tiers - Key:

- #1 - Exceptional View/
Frontage
- #2 - Front Row/Plum
Island Sound
- #3 - Front Row/Neck
Cove - Prime
- #4 - Front Row/Neck
Cove - Average
- #5 - Front Row/Ipswich
River - Prime
- #6 - Front Row/Ipswich
River - Average
- #7 - Interior - Excellent
View
- #8 - Interior - Good View
- #9 - Interior - Avg. View
- #10 - Interior - Marginal
View
- #11 - Front Row/Yr. Round
- #12 - Interior/Yr. Round

Notes: Plan compiled from Town
Assessor's Plats and is intended for
planning purposes

LandVest Project #2573

DATE: 3/97

BASE PLAN

LITTLE NECK ESTATE IPSWICH, MA

PREPARED FOR
FEOFFEE'S/GRAMMAR SCHOOL
PREPARED BY
LANDVEST, INC.

Scale: 1" = 200'



#1 - Exceptional View/Frontage	4	\$145,000	\$138,000
#2 - Front Row - Plum Island Sound	7	\$138,000	\$130,000
#3 - Front Row - Neck Cove/Prime	2	\$130,000	\$125,000
#4 - Front Row - Neck Cove/Average	7	\$105,000	\$90,000
#5 - Front Row - Ipswich River/Prime	4	\$132,000	\$125,000
#6 - Front Row - Ipswich River/Average	19	\$120,000	\$105,000
#7 - Interior - Excellent View	24	\$95,000	\$80,000
#8 - Interior - Good View	33	\$85,000	\$70,000
#9 - Interior - Average View	35	\$80,000	\$65,000
#10 - Interior - Marginal View	<u>33</u>	\$70,000	\$50,000
Total:	168		

should be noted that the above-outlined average value estimates assume an eight month seasonal use. Specific lots may be valued considerably higher or lower based on septic system grade costs and potential for year-round conversion. The feasibility of common septic systems could be evaluated prior to any future purchase and sale negotiations and/or per parcel land rent increases.

Considering the definition, it is apparent that a potential use for a site must pass the following tests:

1. The use must be physically and legally permissible.
2. That legal use must be probable, not speculative.
3. There must be a demand for such use.
4. That use must be profitable.
5. The use must return to the land the highest return possible.
6. The use must provide the highest return for the longest period of time.

Analysis of Highest and Best Use involves consideration of existing land use regulations, any reasonably probable modifications to those regulations, the subject's physical adaptability, and economic demand for the physically and legally permissible uses of the subject property type. Analysis also accounts for prevailing market trends, established neighborhood development patterns and aesthetic issues impacting market demand.

Following review of development/subdivision options for the property is intended to serve several purposes. First, the property is evaluated as though vacant and available for development to Highest and Best Use. The purpose of this analysis is to determine whether the property may be more valuable if developed at a lesser number of larger lots. In this regard, Highest and Best Use analysis as though vacant will test the most basic assumptions and economic implications of the current use.

Other land use options included in this Highest and Best Use Analysis include the feasibility of subdivision at the current density or a conversion to a condominium/cooperative form of ownership.

Each of these conceptual land use options will be valued utilizing market information summarized in the following section of this report.

Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers, Chicago, Illinois, 3rd printing, 1987; Page 152.

road configured in a loop. This lot density is approximately 14% of the current cottage density, or a net density decrease of $144 \pm$ lots.

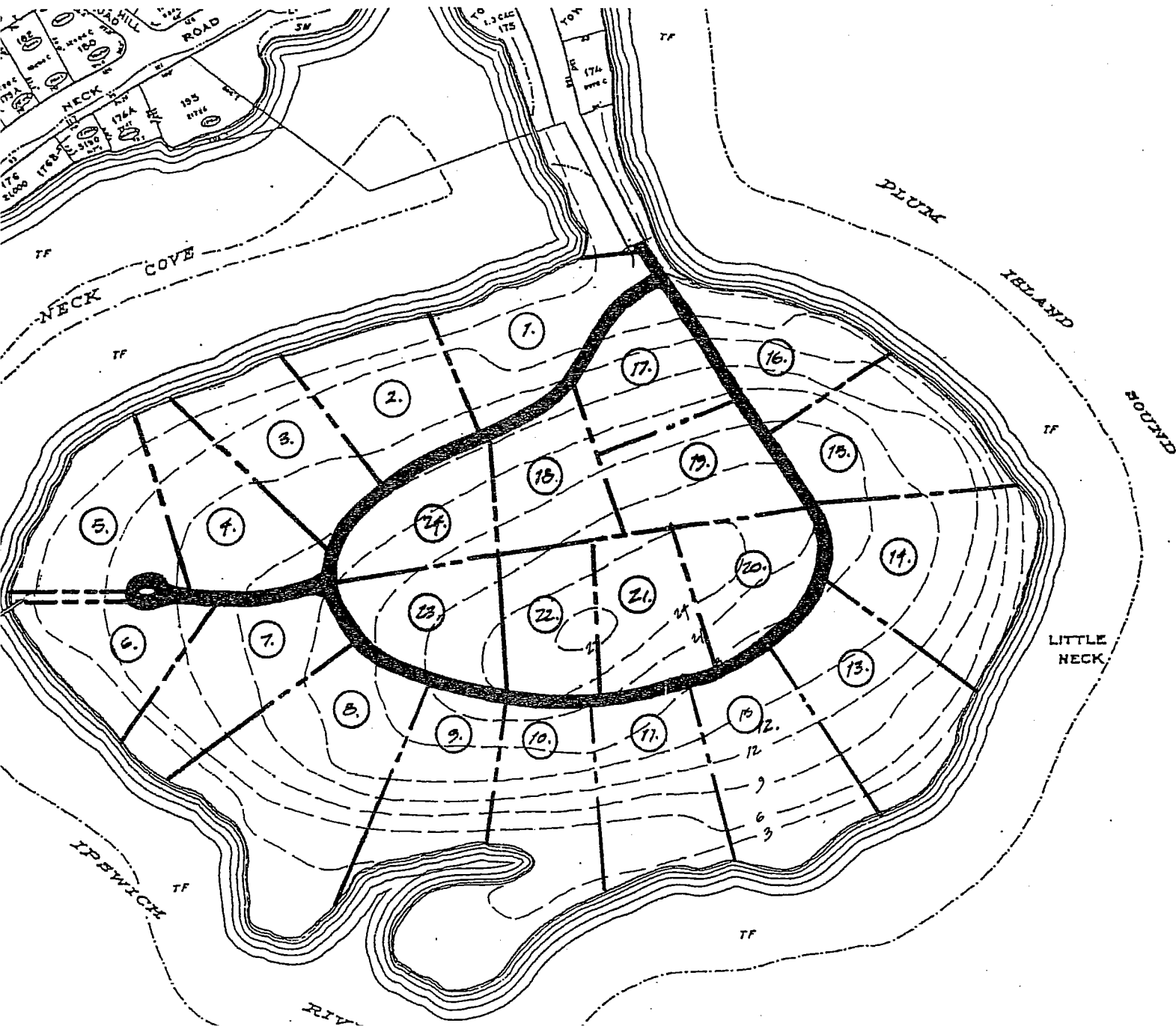
The plan is designed to appeal to the upper middle-high end market as a year-round neighborhood and overall lot pricing ranges between \$160,000 and \$265,000, assuming moderate pricing and between \$210,000 and \$350,000 assuming aggressive lot pricing.

1. Market Value Estimates - Development per Plan A

Two-page Discounted Cash Flow Analyses (DCF) of concept Plan A are provided two pages forward. The DCFs incorporate both moderate and aggressive lot pricing and absorption assumptions and summarize all approval/holding/resale costs to be incurred by a developer in the successful implementation of Plan A.

Assuming a total project duration of four years (i.e., "as is" acquisition until final lot sale), the estimated market value of the property as though vacant amounts to approximately \$2,220,000, or \$92,500 per raw lot (using moderate pricing) and \$3,350,000, or \$139,585 per raw lot under the aggressively-priced sellout.

When divided by the current cottage density of 168, the above-outlined values indicate a range of approximately \$13,215 to \$19,940 per lot. This clearly indicates that the current non-conforming use (possibly under a different ownership mechanism) represents the property's highest and best use.



LEGEND:

- PROPERTY BOUNDARY
- PARCEL BOUNDARIES
- EXISTING DWELLINGS

Notes: Plan compiled from Town Assessor's Plans and is intended for planning purposes.

LandVest Project #2573

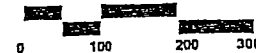
DATE: 3/97

Plan A

Conventional Subdivision
LITTLE NECK ESTATE IPSWICH, MA

PREPARED FOR:
FEOFFEEES/GRAMMAR SCHOOL
PREPARED BY:
LANDVEST, INC.

Scale: 1" = 200'



DISCOUNTED CASH FLOW ANALYSIS (Third Party Buyer)				PROJECT :	FEOFFICES/GRAMMAR SCHOOL									
PLAN B - 168 FEE SIMPLE LOTS - AS THOUGH DIVIDED				DATE :	MARCH 97									
SALES ASSUMPTIONS		#UNITS	UNIT VALUE	SUBTOTAL (')	SALES SCHEDULE (UNIT)								TOTAL	
					YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8		
Tier 1 :	Exceptional view/frontage	4	145,000	\$580,000	2	2	0	0	0	0	0	0	4	
Tier 2 :	Front Row - Plum Island Sound	7	134,000	\$938,000	2	2	1	1	1	0	0	0	7	
Tier 3 :	Front Row - Neck Cove/Prime	2	130,000	\$260,000	1	1	0	0	0	0	0	0	2	
Tier 4 :	Front Row - Neck Cove/Average	7	105,000	\$735,000	1	1	1	1	1	1	1	0	7	
Tier 5 :	Front Row - Neck Cove/Average	4	132,000	\$528,000	0	1	1	1	1	0	0	0	4	
Tier 6 :	Front Row - Ipswich River/Prime	19	120,000	\$2,280,000	0	4	2	2	2	2	3	4	19	
Tier 8 :	Front Row - Ipswich River/Average	24	95,000	\$2,280,000	0	8	3	3	3	3	3	3	24	
Tier 7 :	Interior - Ex cellant view	33	85,000	\$2,805,000	0	4	4	5	7	8	5	2	33	
Tier 8 :	Interior - G od view	35	80,000	\$2,800,000	0	5	5	5	5	5	5	5	35	
Tier 9 :	Interior - A g. view	33	70,000	\$2,310,000	0	5	5	5	5	5	5	3	33	
Tier 10 :	Interior - M rginal view	0	0	\$0	0	0	0	0	0	0	0	0	0	
Tier 11 :		0	0	\$0	0	0	0	0	0	0	0	0	0	
Tier 12 :		0	0	\$0	0	0	0	0	0	0	0	0	0	
TOTAL		168		\$15,544,000	8	31	22	23	25	22	22	17	168	
APPRECIATION :					0%	3%	3%	3%	3%	3%	3%	3%		

COST ASSUMPTIONS		SIZE / LENGTH	UNIT COST	SUBTOTAL	COST SCHEDULE (%)								TOTAL
				(')	1YR	2YR	3YR	4YR	5YR	6YR	7YR	8YR	
DIRECT COSTS					100%	0%	0%	0%	0%	0%	0%	0%	100%
Engineering/Survey/Plan Prep (\$500/lot)		168	\$500	\$84,000	100%	0%	0%	0%	0%	0%	0%	0%	100%
Legal Fees/Approvals		168	\$300	\$50,400	100%	0%	0%	0%	0%	0%	0%	0%	100%
Soil Testing/Septic Upgrade Analysis (1/2 of syst)		84	\$600	\$50,400	100%	0%	0%	0%	0%	0%	0%	0%	100%
Wetland Delineations/Coastal Bank/NOI		1	\$12,000	\$12,000	90%	10%	0%	0%	0%	0%	0%	0%	100%
Interior Road Improvements		9,700	\$35	\$339,500	100%	0%	0%	0%	0%	0%	0%	0%	100%
Septic Upgrades/Common System		1	\$500,000	\$500,000	25%	50%	25%	0%	0%	0%	0%	0%	100%
Contingency (% of Direct Costs)			5.00%	\$1,815									
CPI					4%	4%	4%	4%	4%	4%	4%	4%	
INDIRECT COSTS													
Developer Profit Allowance			20.00%	\$3,108,800									
Real Estate Taxes (Per Unsold Lot @50%)			1.295	\$217,615									
Transfer Taxes (\$/1000)			0.47%	\$72,280									
Sales Commission (% of Gross Sales)			8.00%	\$32,640									
Advertising Expense (% of Gross Sales)			0.00%	0									
Contingency (% of Indirect Costs)			5.00%	\$218,587									
CPI					0%	0%	0%	0%	0%	0%	0%	0%	0%
TOTAL:				\$5,838,018	0%	3%	3%	3%	3%	3%	3%	3%	

LITTLE NECK ESTATE - IPSWICH

BANK FINANCING

Prime Rate		8.3%
Interest Rate - Prime	2.50%	10.8%
% Land Costs		9.0%
% Development Costs (Direct & Indirect)		100.0%
Annual Drawdown Rate (Ave. outstanding loan balance)		90.0%
Construction Loan Fee		1.0%
Discount Rate:		18.00%

DCF - Plan B - Fee Simple (168 Lots)

Ten Post Office Square • Boston, Massachusetts 02109 • 617-723-1800

LandVest

CASH FLOW ANALYSIS - PLAN B - LITTLE NECK ESTATE RESALES ANALYSIS - AS THOUGH DIVIDED		PROJECT: FEOFFICES/GRAMMAR SCHOOL DATE: MARCH 1997								
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Totals
SALES PROCEEDS:										
Total Lots (Beginning of Year)		168	162	131	109	88	61	39	17	168
Lots/Unit Sold		8	31	22	23	25	22	22	17	168
Gross Sales Price		\$801,000	\$3,165,190	\$2,040,700	\$2,137,250	\$2,312,350	\$1,848,700	\$1,082,750	\$1,501,350	16,988,290
Cum. Gross Sales Price		\$801,000	\$3,966,190	\$6,016,890	\$8,153,140	\$10,465,490	\$12,412,190	\$14,394,940	\$15,896,290	
DEVELOPMENT COSTS:										
DIRECT COSTS:										
Engineering/Survey		\$87,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$87,360
Legal Fees		\$52,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,418
Soil Testing/Septic		\$52,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,418
Wetland Delineations		\$11,232	\$1,208	\$0	\$0	\$0	\$0	\$0	\$0	\$12,530
Road Construction		\$353,080	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$353,080
Septic Upgrades		\$130,000	\$270,400	\$140,608	\$0	\$0	\$0	\$0	\$0	\$541,008
Contingency		\$27,825	\$65	\$0	\$0	\$0	\$0	\$0	\$0	\$27,890
Total Direct Costs		\$714,329	\$271,783	\$140,608	\$0	\$0	\$0	\$0	\$0	\$1,126,700
INDIRECT COSTS:										
Construction Loan Fee		\$58,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$58,360
Developer's Overhead		\$60,200	\$33,038	\$409,940	\$27,450	\$82,470	\$89,340	\$98,550	\$18,270	\$3,197,258
Real Estate Taxes		\$68,295	\$4,140	\$9,797	\$4,838	\$8,654	\$5,032	\$1,168	\$3,422	\$393,336
Transfer Taxes		\$3,725	\$17,716	\$5,531	\$9,390	\$10,752	\$9,052	\$9,220	\$7,400	\$74,336
Sales Commission		\$48,060	\$88,911	\$22,982	\$28,235	\$38,741	\$16,602	\$16,985	\$5,481	\$659,177
Advertising Expense		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Charges		\$77,147	\$20,352	\$5,185	\$0	\$0	\$0	\$0	\$0	\$106,823
Contingency		\$22,589	\$2,281	\$318	\$275	\$32,531	\$27,011	\$26,795	\$21,229	\$143,029
Total Indirect Costs		\$474,378	\$963,441	\$827,753	\$620,738	\$683,148	\$587,237	\$582,687	\$445,801	\$4,945,181
TOTAL COSTS:		\$1,188,705	\$1,235,203	\$768,361	\$620,738	\$683,148	\$587,237	\$582,687	\$445,801	\$6,071,881
NET CASH PROCEEDS		(\$387,705)	\$1,929,987	\$1,281,339	\$1,618,514	\$1,629,202	\$1,379,463	\$1,420,063	\$1,145,540	\$9,914,409
DISCOUNT FACTOR (PW @ 15.00%)		0.8698	0.7581	0.6575	0.5718	0.4972	0.4323	0.3759	0.3269	
PRESENT VALUE		(\$337,135)	\$1,459,347	\$842,501	\$887,072	\$810,001	\$598,380	\$533,854	\$374,482	
CUMULATIVE PRESENT VALUE	\$5,146,502									SAY: \$5,145,000 (\$30,625/Unit)
TOTAL PROFIT	\$4,767,908									29.82% OF GROSS SALES
OUTSTANDING LOAN BALANCE										
(At beginning of year; Interest charges also based on 50% average development cost balance)										
		0	387,705	0	0	0	0	0	0	387,705
		0	0	0	232,253					
		(657,950)	(660,603)	(633,365)	4,320,895					

C. CONCEPT PLAN C - CONDOMINIUM CONVERSION

Planning option C assumes a condominium ownership of the land underlying the existing cottages. All land outside of the individual building "footprints" would be considered common land and properties would be assessed as units with apportioned association dues. This plan would not require any municipal or state subdivision review/approval. One key advantage to this planning option is that the existing land use/density would be legalized and units would be made eligible for bank financing, etc. Additionally, owners would have the added benefit of equity build-up accruing to the common land.

1. Market Value Estimate - Plan C - Condominium Conversion

Planning Option C could be implemented under several different scenarios. The simplest program would involve a bulk offering of the property by the Feoffees to the current tenancy, who would likely form a cohesive purchase group and appoint leaders. This would assume 100% participation among the tenancy and would allow for an all-inclusive, single phased land condominium declaration. The association leadership would essentially play the role of "developer" and would be responsible for securing financing, administering the legal process of declaration and scheduling closings on the resale of fractional land interests to existing cottage owners.

If tenant participation is less 100%, it may be possible to divide the ownership between condo units and leaseholds, but this option is not very desirable in terms of neighborhood cohesiveness. The ideal plan would assume 100% participation over a pre-determined grace period of perhaps two to three years.

The financial analysis of Planning Option C assumes sale to a profit-minded third party investor who would convert the land to a condominium ownership and resell land interests. While it is readily arguable that the existing tenancy should be expected to pay a higher value for the property under this use (i.e., higher self-interest and lower profit requirement), the third-party investor value will serve as a reliable baseline value in any future purchase and sale negotiations with the tenancy. Their price will ultimately reflect the initial level of tenant purchase participation and commitment to long term ownership on Little Neck.

The DCF on the following page assumes an eight year sellout of land interests and all costs associated with condo conversion and tenant resale and indicates a market value of approximately \$6,145,000, or \$36,577 per unit.

Again, the investment value of the property assuming a condominium conversion and sale to the current tenancy (as opposed to a third party investor) may be substantially higher. For example, an additional Discounted Cash Flow analysis for Option C employed a more aggressive sellout schedule of only three years. Additionally, developer profit requirements were reduced to approximately 12% and sale commissions are reduced to 2%. Under these more aggressive resale assumptions, the upper end of value to the current tenancy may range as high as \$9,500,000, or \$56,550 per unit. Assuming a 20% downpayment, average annual debt service per unit would amount to approximately \$4,175 (or \$521 per month in season).

Based on this analysis, the overall (preliminary) range of negotiating value to the third party investors and the current tenancy is estimated at between \$6,145,000 and \$9,500,000.

DISCOUNTED CASH FLOW ANALYSIS (Third Party Buyer)						PROJECT: LITTLE NECK ESTATE - IPSWICH, MA									
PLAN C - EXISTING DENSITY - CONDO CONV./SELLOUT						MARCH 97									
=====						=====									
SALES ASSUMPTIONS		#UNITS	UNIT VALUE	TOTAL (')	SALES SCHEDULE (UNIT)								TOTAL		
					YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8			
Tier 1:	Exceptional view/frontage	4	138,000	\$552,000	2	2	0	0	0	0	0	0	4		
Tier 2:	Front Row - Plum Island Sound	7	130,000	\$910,000	2	2	1	1	1	0	0	0	7		
Tier 3:	Front Row - Neck Cove/Prime	2	125,000	\$250,000	1	1	0	0	0	0	0	0	2		
Tier 4:	Front Row - Neck Cove/Average	7	90,000	\$630,000	1	1	1	1	1	1	1	0	7		
Tier 5:	Front Row - Ipswich River/Prime	4	125,000	\$500,000	1	1	1	1	0	0	0	0	4		
Tier 6:	Front Row - Ipswich River/Average	19	105,000	\$1,995,000	2	4	2	2	2	2	3	2	19		
Tier 7:	Interior - Excellent view	24	80,000	\$1,920,000	2	6	3	3	3	3	3	1	24		
Tier 8:	Interior - Good view	33	70,000	\$2,310,000	2	4	4	5	7	6	5	0	33		
Tier 9:	Interior - A good view	35	65,000	\$2,275,000	2	5	5	5	5	5	5	3	35		
Tier 10:	Interior - Marginal view	33	50,000	\$1,650,000	2	5	5	5	6	6	4	0	33		
Tier 11:		0	0	\$0	0	0	0	0	0	0	0	0	0		
Tier 12:		0	0	\$0	0	0	0	0	0	0	0	0	0		
				\$0	0	0	0	0	0	0	0	0	0		
TOTAL				168	\$12,992,000	17	31	22	23	25	23	21	8	168	
				APPRECIATION:				0%	3%	3%	3%	3%	3%	3%	
=====						=====									
COST ASSUMPTIONS		SIZE / LENGTH	UNIT COST	SUBTOTAL (')	COST SCHEDULE (%)								TOTAL		
					1YR	2YR	3YR	4YR	5YR	6YR	7YR	8YR			
DIRECT COSTS															
	Engineering/Survey/Plan Prep (\$500/lot)	168	\$500	\$84,000	100%	0%	0%	0%	0%	0%	0%	0%	100%		
	Legal Fees/Condo Declaration	1	\$50,000	50,000	100%	0%	0%	0%	0%	0%	0%	0%	100%		
	Soil Testing/Septic Evaluations (1/2 os systems)	84	\$800	50,400	100%	0%	0%	0%	0%	0%	0%	0%	100%		
	Wetland Delineations/Coastal Bank/NOI	1	\$12,000	12,000	80%	10%	0%	0%	0%	0%	0%	0%	100%		
	Road Improvements	9,700	\$10	97,000	100%	0%	0%	0%	0%	0%	0%	0%	100%		
	Septic Upgrades/Common System	1	\$500,000	500,000	50%	50%	0%	0%	0%	0%	0%	0%	100%		
	Contingency (% of Direct Costs)		5.00%	38,870											
CPI					4%	4%	4%	4%	4%	4%	4%	4%			
INDIRECT COSTS															
	Developer Overhead Allowance		15.00%	\$1,946,800											
	Real Estate Taxes (Per Unsold Lot @50%)		1.385	232,680											
	Transfer Taxes (\$/1000)		0.47%	80,413											
	Sales Commission (% of Gross Sales)		8.00%	779,520											
	Advertising Expense (% of Gross Sales)		0.00%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%		
	Contingency (% of Indirect Costs)		5.00%	151,071											
CPI					0%	3%	3%	3%	3%	3%	3%	3%			
TOTAL:				\$4,005,553											

LITTLE NECK ESTATE - IPSWICH

BANK FINANCING

Prime Rate		8.5%
Interest Rate - Prime	2.50%	11.0%
% Land Costs		0.0%
% Development Costs (Direct & Indirect)		100.0%
Annual Drawdown Rate (Ave. outstanding loan balance)		50.0%
Construction Loan Fee		1.0%
Discount Rate:		10.00%

CASH FLOW ANALYSIS - PLAN B - LITTLE NECK ESTATE RESALES ANALYSIS									
PROJECT: LITTLE NECK ESTATE - IPSWICH DATE: MARCH 1997									
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Totals
SALES PROCEEDS:									
Total Lots (Beginning of Year)	168	151	120	98	75	50	27	6	168
Lots/Unit Sold	17	31	22	23	25	23	21	6	168
Gross Sales Price	\$1,616,000	\$2,709,030	\$1,699,500	\$1,771,600	\$1,838,550	\$1,632,550	\$1,585,600	\$499,550	\$13,333,280
Cum. Gross Sales Price	\$1,616,000	\$4,325,030	\$6,025,430	\$7,797,030	\$9,635,580	\$11,268,130	\$12,853,730	\$13,333,280	
DEVELOPMENT COSTS:									
DIRECT COSTS:									
Engineering/Survey	\$97,360	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$97,360
Legal Fees	\$52,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,000
Soil Testing/Septic	\$52,418	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$52,418
Wetland Delineations	\$11,232	\$1,298	\$0	\$0	\$0	\$0	\$0	\$0	\$12,530
Road Improvements	\$100,880	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$100,880
Septic Upgrades	\$260,000	\$270,400	\$0	\$0	\$0	\$0	\$0	\$0	\$530,400
Contingency	\$15,164	\$65	\$0	\$0	\$0	\$0	\$0	\$0	\$15,259
Total Direct Costs	\$579,062	\$271,763	\$0	\$0	\$0	\$0	\$0	\$0	\$850,845
INDIRECT COSTS:									
Construction Loan Fee	\$40,058	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,058
Developer's Overhead	242,400	406,490	254,925	265,740	275,763	244,883	234,840	74,933	\$1,999,982
Real Estate Taxes	82,019	63,056	51,163	39,766	25,900	14,476	3,521	1,766	\$280,667
Transfer Taxes	7,514	12,601	7,903	8,238	8,549	7,591	7,280	2,323	\$62,000
Sales Commission	98,950	162,596	101,970	108,298	110,313	97,953	93,838	29,973	\$799,997
Advertising Expense	0	0	0	0	0	0	0	0	\$0
Interest Charges	62,549	29,350	0	0	0	0	0	0	\$22,409
Contingency	26,574	12,281	318	275	21,027	18,246	16,979	5,450	\$101,149
Total Indirect Costs	\$558,063	\$686,373	\$416,279	\$419,315	\$441,572	\$383,148	\$356,658	\$114,444	\$3,375,750
TOTAL COSTS:	\$1,137,148	\$958,136	\$416,279	\$419,315	\$441,572	\$383,148	\$356,658	\$114,444	\$4,226,596
NET CASH PROCEEDS	\$478,854	\$1,751,784	\$1,283,221	\$1,352,285	\$1,396,978	\$1,249,402	\$1,209,044	\$385,106	\$9,108,684
DISCOUNT FACTOR (PW @ 10.00%)	0.9091	0.8264	0.7513	0.6830	0.6209	0.5645	0.5132	0.4665	
PRESENT VALUE	\$435,322	\$1,447,763	\$964,103	\$923,829	\$867,413	\$705,255	\$620,431	\$179,655	
CUMULATIVE PRESENT VALUE	\$6,143,671		SAY: \$8,146,000 (\$38,577/Unit)						
TOTAL PROFIT	\$2,963,113	22.22% OF GROSS SALES							
OUTSTANDING LOAN BALANCE									
(At beginning of year; Interest charges also based on 50% average development cost balance)	0	0	0	0	0	0	0	0	0

D. PLANNING OPTION D - CONVERSION TO LONG-TERM LEASE

1. Continued Land Rental - Market Rate Analysis

One final planning option would involve the conversion of the current tenancy-at-will to a long-term lease with a 15- to 30-year term. Under this option, the currently delineated tax parcels will be evaluated based on estimated market level rental rates.

There are several accurate and technically appropriate means of calculating market land rent for seasonal and year round leasehold property. The first method employed in the subject analysis involves a calculation of market rent attributable to the rental cottages and residual income attributable to the underlying land. This method relies on a reasonably accurate estimate of total net rental income (i.e. land and building) and essentially separates income attributable to the land. Due to the relatively broad range of achievable (land) rental values and variable quality of improvements, this analysis will, as a matter of necessity, utilize *averaged* rental income estimates and assume a cottage of average size and quality.

As previously discussed, annual potential gross income for various cottages may range between \$8,500 and \$12,000. The approximate midpoint of this range is \$10,250. Using this assumed rental income level, market rate (net of real estate taxes) land rent is calculated as follows:

<u>POTENTIAL GROSS INCOME:</u>	\$10,250.00
---------------------------------------	-------------

Less vacancy allowance/ collection loss @ 5%:	512.50
Less real estate taxes:	<u>1,825.00</u>

<u>NET RENTAL INCOME:</u>	\$8,425.00
----------------------------------	------------

Income Allocation:

Estimated Building Value (1,200± SF @ \$36.50*)	\$43,800.00
	x .11

Estimated Market Rent - Building:	\$4,818.00
-----------------------------------	------------

* depreciated replacement cost

LandVest™

Land Income Calculation:

Net Rental Income:	\$8,425.00
less Building Rent:	<u>4,818.00</u>

<i>INCOME ATTRIBUTABLE TO LAND:</i>	\$3,607.00
(Average Market Level Land Rent)	

From this average case analysis, it is clearly evident that the current contract land rent of \$620 (seasonal and year round parcels) is approximately \$3,000 below market rent.

As a check on this methodology, market rate land rent was estimated by calculating the market value of the fee simple interest of the property derived from Planning Option C - Condominium Conversion. The value to a third party investor was estimated at \$6,145,000. Capitalized at a rate of 10.5% the estimated market rent is then: $\$6,145,000 \times .1050 = \$645,225$ or \$3,840 per land rental unit. This reconciles quite closely with the value derived via the above outlined land residual analysis.

An average rent increase of this magnitude would push annual occupancy costs (i.e., rent, taxes and insurance) to approximately \$6,000 (or \$750 per month in season).

VI. SUMMARY AND RECOMMENDATIONS

The preceding land planning evaluation analysis indicates the following findings and preliminary value estimates:

- The current overall assessed value of the property is generally consistent with the values indicated by recent sales. I believe there is an arguable basis for seeking a value abatement against the per parcel land value as comparable sales for *fee simple, year-round* lots are consistent with the average assessed value of smaller, seasonally-restricted lots on Little Neck. The success of an abatement request will, however, be limited by the close sales value/assessment ratio indicated by recent transfers.
- If the Feoffees decide to continue to hold and manage the property, the feasibility of a tax abatement should be tested prior to renegotiating land rental rates with the current tenancy. Without any offsetting measure of tax relief or preliminary discussion of purchase options, a \$3,000± average land rent increase, though technically supportable, would not be well-received and could prompt some percentage of owners to sell. This would, of course, carry negative value implications for the entire neighborhood.
- Regardless of the Feoffees decision to hold or sell, the Highest and Best Use of the property calls for the conversion of the underlying land to a condominium form of ownership. This use carries the lowest approval risk and infrastructure expense and would provide owners with a more stable and secure legal ownership structure. Additionally, this use would essentially allow transfer activity to occur as it has in the past, while substantially increasing the depth of the prospective buyer pool. The approximate market value under this use is \$6,145,000 (\$36,577/Unit) assuming an "as is" sale to a third party investor. The upper limit of negotiable value to an association of current tenants may approach \$9,500,000 (\$56,547/Unit). Net of sales costs, a value of this magnitude would readily provide an annual dividend of over \$500,000 (at a conservative yield rate of 6% over a 100 year term) in fulfillment of the Feoffees original charter.
- If the Feoffees decide to sell the property, the recommended disposition strategy would involve the initiation of preliminary purchase and sale negotiations toward a tenant purchase and (land) condominium conversion. The evaluation of septic system upgrades and possible common septic system use is recommended prior to more detailed valuation studies and purchase contract negotiations.

APPENDIX

Certification, James E. Monahan
Qualifications, James E. Monahan

CERTIFICATION OF VALUE

I hereby certify that:

1. I have made a personal inspection of the property that is the subject of this report.
2. To the best of my knowledge and belief, the statements of fact and the opinions contained in this report are true and correct.
3. 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.
4. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
5. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
6. This appraisal was not based on a requested minimum valuation, specific valuation or approval of a loan.
7. I am a candidate for the MAI designation from the Appraisal Institute. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of The Appraisal Institute, as well as the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation. I am currently licensed as a Certified General Appraiser in Massachusetts (CG-3481).
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. No one provided significant professional assistance to the person(s) signing this report.

Appraiser:


James E. Monahan

Date:

4/24/97

JAMES E. MONAHAN

Associate Director, Real Estate Consulting Group, LandVest, Inc.

James E. Monahan is the Associate Director with the Real Estate Consulting Group of LandVest, a broad-based real estate company involved in all aspects of land planning, real estate brokerage, consulting, development, and conservation planning. As Associate Director, he is responsible for residential and commercial appraisals, development feasibility studies, land use planning and design, and implementation of development projects.

Prior to joining the firm, Mr. Monahan was Project Manager with the Massachusetts Department of Environmental Management where his responsibilities included design and engineering studies, contract documents, and construction management on a variety of projects including site design for the restoration of Walden Pond Reservation in Concord, acquisition and site planning for Halibut Point State Park, and site design for the expansion of Ashland State Park. Additionally, as founder of Landforms, Inc., he has worked as a consultant on various landscape design projects throughout Boston's North Shore.

Mr. Monahan received a Bachelor of Arts degree in Liberal Arts from St. Anselm's College, Manchester, New Hampshire in 1982 and a Master of Arts degree in Landscape Design from the Conway School of Design in 1985. He is a Certified General Appraiser in the state of Massachusetts (CG-#3481) and is a current candidate for the MAI designation, a commercial appraisal designation awarded by the Appraisal Institute.

CT: FEOFFES/GRAMMAR SCHOOL
Date: MARCH 1997

[illegible]

Prime Rate	8.25%
Interest Rate - Prime + 2.00%	10.25%
% Land Costs	0.0%
% Development Costs (Direct)	75.0%
Release Payments (% of Net Cash Proceeds)	130.0%
Construction Loan Fee	1.0%
Discount Rate:	9.00%

CASH FLOW ANALYSIS - PLAN A - PLAN A - VALUE AS VACANT (CURRENT MARKET VALUE)									
ECT: FEOFFEE/GRAMMAR SCHOOL MARCH 1997									
	Closing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Totals
SALES PROCEEDS :									
Total Lots (Beginning of Year)	24	24	24	16	8	0	0	0	24
Lots/Unit Sold	0	0	8	8	8	0	0	0	0
Gross Sales Price	\$0	\$0	\$1,703,400	\$1,754,502	\$1,881,152	\$0	\$0	\$0	\$5,339,054
Cum. Gross Sales Price	\$0	\$0	\$1,703,400	\$3,457,902	\$5,339,054	\$5,339,054	\$5,339,054	\$5,339,054	
DEVELOPMENT COSTS :									
DIRECT COSTS :									
Engineering - Approvals, Plan Prep.	\$0	\$72,000	\$0	\$0	\$0	\$0	\$0	\$0	\$72,000
Legal - Initial Approvals	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000
Legal Fees - Lot Closings	\$0	\$0	\$4,000	\$4,000	\$0	\$0	\$0	\$0	\$12,000
Filing Fees	\$0	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$750
Performance Bond	\$0	\$2,058	\$6,358	\$0	\$0	\$0	\$0	\$0	\$8,415
Wetland Delineation	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000
Site Prep	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Common Drive	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hydrants	\$0	\$4,320	\$10,362	\$0	\$0	\$0	\$0	\$0	\$14,702
New Interior Road	\$0	\$195,750	\$470,453	\$0	\$0	\$0	\$0	\$0	\$666,203
Soil Testing	\$0	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000
Contingency	\$0	\$15,394	\$24,560	\$200	\$200	\$0	\$0	\$0	\$40,354
Total Direct Costs	\$0	\$323,271	\$515,752	\$4,200	\$4,200	\$0	\$0	\$0	\$847,424
INDIRECT COSTS :									
Project Management	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$50,000
Developer's Profit	\$0	\$0	\$255,510	\$263,175	\$282,173	\$0	\$0	\$0	\$800,858
Real Estate Taxes - Phase I	\$0	\$81,398	\$87,832	\$40,699	\$13,566	\$0	\$0	\$0	\$203,495
Sales Commission	\$0	\$0	\$85,170	\$87,725	\$84,058	\$0	\$0	\$0	\$266,953
Advertising Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$3,517	\$8,773	\$9,406	\$0	\$0	\$0	\$26,695
Accounting/ Administration	\$0	\$0	\$12,776	\$13,159	\$14,109	\$0	\$0	\$0	\$40,043
Contingency	\$0	\$2,128	\$3,098	\$8,271	\$8,268	\$0	\$0	\$0	\$27,761
Total Indirect Costs	\$0	\$108,528	\$463,900	\$421,801	\$421,577	\$0	\$0	\$0	\$1,415,804
TOTAL COSTS :	\$0	\$431,797	\$979,652	\$428,001	\$425,777	\$0	\$0	\$0	\$2,263,228
NET CASH PROCEEDS BEFORE DEBT	\$0	(\$431,797)	\$723,748	\$1,328,501	\$1,455,375	\$0	\$0	\$0	\$3,075,828
Loan Proceeds	\$624,393								
Construction Loan Fee	\$15,748								
Release Payments	\$0	\$0	\$212,757	\$397,095	\$14,451	\$80	\$0	\$0	\$624,393
Interest Payments	\$0	\$84,000	\$53,095	\$21,842	\$750	\$5	\$0	\$0	\$139,693
NET PROCEEDS AFTER DEBT SERVICE	\$608,645	(\$495,797)	\$457,894	\$909,564	\$1,440,174	(\$85)	\$0	\$0	\$2,920,385
DISCOUNT FACTOR (PW @ 9.00%)	1.0000	0.9174	0.8417	0.7722	0.7084	0.6499	0.5963	0.5470	0.5019
PRESENT VALUE	\$608,645	(\$495,797)	\$385,403	\$702,350	\$1,020,255	(\$85)	\$0	\$0	\$2,220,759
CUMMULATIVE PRESENT VALUE	\$2,220,759								
ROUNDED:	\$2,220,000								
NET CASH PROCEEDS:									\$2,920,385
LESS LAND VALUE:									\$2,220,000
DISCOUNT:									\$700,385
LINE ITEM PROFIT: (From Above)									\$800,858
TOTAL PROFIT:									\$1,501,243
(% GROSS SALES):									28.12%

PROJECT ASSUMPTIONS - DEVELOPER BUYER ANALYSIS				PROJECT: FEOFFICES/GRAMMAR SCHOOL									
LITTLE NECK PROPERTY - PLAN A - AS THOUGH VACANT Aggressive Pricing DATE:				MARCH 1997									
=====													
SALES ASSUMPTIONS		#UNITS	UNIT VALUE	SUBTOTAL (')	SALES SCHEDULE (UNIT)								TOTAL
					YR1	YR2	YR3	YR4	YR5	YR6	YR7	YR8	
I:	Oversized Waterfront	7	\$350,000	\$2,450,000	0	3	2	1	0	0	0	0	6
II:	Average Waterfront	9	\$290,000	\$2,610,000	0	4	3	3	0	0	0	0	10
III:	Interior	8	\$210,000	\$1,680,000	0	4	3	1	0	0	0	0	8
IV:		0	\$0	\$0	0	0	0	0	0	0	0	0	0
V:		0	\$0	\$0	0	0	0	0	0	0	0	0	0
V:		0	\$0	\$0	0	0	0	0	0	0	0	0	0
TOTAL		24		\$6,740,000	0	11	8	5	0	0	0	0	24
APPRECIATION:					0.0%	2.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	
=====													
COST ASSUMPTIONS		SIZE/LENGT OR UNIT	UNIT COST	SUBTOTAL (')	COST SCHEDULE (%)								TOTAL
					1YR	2YR	3YR	4YR	5YR	6YR	7YR	8YR	
DIRECT COSTS													
Engineering - Approvals, Plan Prep. (\$3000/Lot)		24	\$3,000	\$72,000	100%	0%	0%	0%	0%	0%	0%	0%	100%
Legal (Initial Approvals)		1	10,000	10,000	100%	0%	0%	0%	0%	0%	0%	0%	100%
Legal Fees/Closings		24	500	12,000									0%
Filing Fees		1	750	750	100%	0%	0%	0%	0%	0%	0%	0%	100%
Performance Bond (\$10 per \$1,000 Direct Cost)		823	10	8,230	25%	75%	0%	0%	0%	0%	0%	0%	100%
Welland Delineations/NOI Filing		1	5,000	5,000	100%	0%	0%	0%	0%	0%	0%	0%	100%
Site Preparation/Demolition		0	0	0	80%	20%	0%	0%	0%	0%	0%	0%	100%
Common Drive Construction		0	0	0	60%	40%	0%	0%	0%	0%	0%	0%	100%
Hydrants		9	1,600	14,400	30%	70%	0%	0%	0%	0%	0%	0%	100%
New Subdivision Road w/ Water		2,900	225	652,500	30%	70%	0%	0%	0%	0%	0%	0%	100%
Soil Testing/Schematic Septic Design		24	750	18,000	100%	0%	0%	0%	0%	0%	0%	0%	100%
Contingency (% of Direct Costs)			5.00%	39,544									
CPI					0.0%	3.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
		SUB-TOTAL:		\$832,524									
INDIRECT COSTS													
Project Management			1	\$50,000	50%	50%	0%	0%	0%	0%	0%	0%	100%
Developer's Profit			15.00%	\$1,011,000									
Phase I R.E. Taxes (per \$1000 of Reassessment)			\$14.15	71,599									
Phase II R.E. Taxes (per \$1000 of Reassessment)			\$0.00	0									
Sales Commission (% of Gross Sales)			5.00%	337,000									
Advertising/Marketing Expense (% of Gross Sales)			1.00%	67,400	0%	0%	0%	0%	0%	0%	0%	0%	0%
Insurance			0.50%	33,700	50%	50%	0%	0%	0%	0%	0%	0%	100%
Accounting/ Administration			0.75%	50,550	50%	50%	0%	0%	0%	0%	0%	0%	100%
Contingency (% of Indirect Costs)			2.00%	32,425									
CPI					0.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
		SUB-TOTAL:		1,653,674									
		TOTAL:		\$2,486,198									
=====													
BANK FINANCING													
				8.25%									
Prime Rate				10.25%									
Interest Rate - Prime + 2.00%				0.0%									
% Land Costs				75.0%									
% Development Costs (Direct)				130.0%									
Release Payments (% of Net Cash Proceeds)				1.0%									
Construction Loan Fee				8.00%									
Discount Rate:													
=====													

CASH FLOW ANALYSIS - PLAN A - PLAN A - VALUE AS VACANT (CURRENT MARKET VALUE)										ECT: FEOFFICES/GRAMMAR SCHOOL MARCH 1997	
	Closing	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Totals	
SALES PROCEEDS :											
Total Lots (Beginning of Year)	24	24	24	13	5	0	0	0	0	24	
Lots/Unit Sold	0	0	11	8	5	0	0	0	0		
Gross Sales Price	\$0	\$0	\$3,111,000	\$2,311,320	\$1,554,941	\$0	\$0	\$0	\$0	\$6,977,261	
Cum. Gross Sales Price	\$0	\$0	\$3,111,000	\$5,422,320	\$6,977,261	\$6,977,261	\$6,977,261	\$6,977,261	\$6,977,261		
DEVELOPMENT COSTS :											
DIRECT COSTS :											
Engineering - Approvals, Plan Prep.	\$0	\$72,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$72,000	
Legal - Initial Approvals	\$0	\$10,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	
Legal Fees - Lot Closings	\$0	\$0	\$5,500	\$4,000	\$2,500	\$0	\$0	\$0	\$0	\$12,000	
Filing Fees	\$0	\$750	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$750	
Performance Bond	\$0	\$2,058	\$6,358	\$0	\$0	\$0	\$0	\$0	\$0	\$8,415	
Welland Delineation	\$0	\$5,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$5,000	
Site Prep	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Common Drive	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$14,702	
Hydrants	\$0	\$4,320	\$10,382	\$0	\$0	\$0	\$0	\$0	\$0	\$666,203	
New Interior Road	\$0	\$195,750	\$470,453	\$0	\$0	\$0	\$0	\$0	\$0	\$18,000	
Soil Testing	\$0	\$18,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$40,354	
Contingency	\$0	\$15,394	\$24,635	\$200	\$125	\$0	\$0	\$0	\$0	\$847,424	
Total Direct Costs	\$0	\$323,271	\$517,327	\$4,200	\$2,625	\$0	\$0	\$0	\$0		
INDIRECT COSTS :											
Project Management	\$0	\$25,000	\$25,000	\$0	\$0	\$0	\$0	\$0	\$0	\$50,000	
Developer's Profit	\$0	\$0	\$466,650	\$348,698	\$233,241	\$0	\$0	\$0	\$0	\$1,046,589	
Real Estate Taxes - Phase I	\$0	\$107,399	\$82,786	\$40,274	\$11,187	\$0	\$0	\$0	\$0	\$241,647	
Sales Commission	\$0	\$0	\$155,550	\$115,566	\$77,747	\$0	\$0	\$0	\$0	\$348,863	
Advertising Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Insurance	\$0	\$0	\$15,555	\$11,557	\$7,775	\$0	\$0	\$0	\$0	\$34,886	
Accounting/ Administration	\$0	\$0	\$23,333	\$17,335	\$11,662	\$0	\$0	\$0	\$0	\$52,329	
Contingency	\$0	\$2,648	\$15,377	\$10,829	\$6,832	\$0	\$0	\$0	\$0	\$35,486	
Total Indirect Costs	\$0	\$135,046	\$784,251	\$542,059	\$348,444	\$0	\$0	\$0	\$0	\$1,809,801	
TOTAL COSTS :	\$0	\$458,318	\$1,301,579	\$548,259	\$351,069	\$0	\$0	\$0	\$0	\$2,657,224	
NET CASH PROCEEDS BEFORE DEBT	\$0	(\$458,318)	\$1,809,421	\$1,765,061	\$1,203,871	\$0	\$0	\$0	\$0	\$4,320,036	
Loan Proceeds	\$624,393										
Construction Loan Fee	\$18,646										
Release Payments	\$0	\$0	\$212,757	\$397,095	\$14,541	\$0	\$0	\$0	\$0	\$624,393	
Interest Payments	\$0	\$64,000	\$53,086	\$21,842	\$745	\$0	\$0	\$0	\$0	\$139,684	
NET PROCEEDS AFTER DEBT SERVICE	\$605,747	(\$522,318)	\$1,543,588	\$1,346,125	\$1,188,585	\$0	\$0	\$0	\$0	\$4,161,706	
DISCOUNT FACTOR (PW @ 8.00%)	1.0000	0.9259	0.8573	0.7938	0.7350	0.6806	0.6302	0.5835	0.5403		
PRESENT VALUE	\$605,747	(\$522,318)	\$1,323,361	\$1,068,597	\$873,645	\$0	\$0	\$0	\$0	\$3,349,032	
CUMULATIVE PRESENT VALUE	\$3,349,032										
ROUNDED:	\$3,350,000										
NET CASH PROCEEDS:										\$4,161,706	
LESS LAND VALUE:										\$3,350,000	
DISCOUNT:										\$811,706	
LINE ITEM PROFIT:										\$1,046,589	
(From Above)											
TOTAL PROFIT:										\$1,858,295	
(% GROSS SALES):										26.63%	

p.2

DCF - Plan A - Continued

Ten Post Office Square • Boston, Massachusetts 02109 • 617-723-1800

LandVest

B. CONCEPT PLAN B - DEFINITIVE SUBDIVISION AT EXISTING LOT DENSITY

Concept Plan B on the following page of this report assumes the approval of the existing lot (tax parcel) density by the Ipswich Planning Board.

This plan calls for a total 168 lots ranging in size from approximately 1,980± square feet to 7,820± square feet. Wherever possible, improved lots would be merged with adjoining vacant lots owned by the Feoffees in an effort to increase the average lot size and improve the potential for septic system expansion/replacement. The area underlying the playing field would likely be reserved as common open space and possibly as a site for a community leach field, if required as a Condition of Approval.

The financial evaluation of Concept Plan B will assume a speculative developer purchase of the property and the anticipated difficulty in obtaining municipal subdivision approval.

1. Market Value Estimate - Plan B - Divided as Platted

The valuation of the property per Plan B (i.e., existing tax parcel delineation) is based on a highly aggressive set of assumptions regarding municipal subdivision approval feasibility. The most compelling argument in favor of approval is the fact that parcels are individually assessed, improved, and for the most part restricted to seasonal use. Due to the uncertainty of gaining approval, an outside investor would take an extremely guarded view of an "as is" purchase of the property for subdivision. Accordingly, the total developer profit margin is understandably aggressive.

Assuming an 8-year approval and absorption schedule, the DCF on the following pages indicates a value for the entire property of approximately \$5,145,000 or \$147,000 per gross acre and \$30,625 per unapproved lot.

Due to the risks associated with subdivision approval of the existing density, Plan B is not considered a reliable planning option for the purposes of disposition analysis. However, this Plan and resulting value may prove valuable in future approval negotiations and tax abatement applications.



Notes: Plan compiled from Town Assessor's Plats and is intended for planning purposes.

LandVest Project #2573

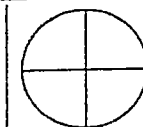
DATE: 3/97

Plan B

Divided as Platted

PREPARED FOR:
FEOFFEEES/GRAMMAR SCHOOL
PREPARED BY:
LANDVEST, INC.

Scale: 1" = 200'



LandVest

TEN POST OFFICE SQUARE, BOSTON, MA 02109

THIS PLAN IS CONCEPTUAL ONLY AND NOT REPRESENTED AS AN ENGINEERED PL