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LandVest®

APPRAISAL REPORT

Feoffees Of The Grammar School Property
Ipswich, Massachusetts

Located at:

Little Neck Estate
Ipswich, Massachusetts 01938

Effective Valuation Date:

February 13, 2004

Report Date:

March 19, 2004

Requested by:

Mr. Donald F. Whiston, Trustee
Feoffees of the Grammar School
2 Jeffrey's Neck Road
Ipswich, MA 01938

Prepared by:

James E. Monahan, Senior Advisor
Real Estate Consulting Group
LandVest, Inc.
Ten Post Office Square
Boston, MA 02109

Report #3962



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March 19, 2004

Mr. Donald F. Whiston, Trustee
Feoffees of the Grammar School
2 Jeffrey's Neck Road
Ipswich, MA 01938

RE: *Appraisal Report*
"Little Neck Estate" - Ipswich, Massachusetts

Dear Don:

In accordance with your request, I have re-inspected the above-referenced real property generally known as *Little Neck Estate* in Ipswich, southern Essex County, Massachusetts for the purposes of providing the Feoffees of the Grammar School in Ipswich with an updated opinion of the property's *Market Value*.

The attached document represents a "complete appraisal" within a USPAP-compliant Restricted Use Report format. The attached report includes updated opinions regarding the subject property's market value to a third party buyer and investment value assuming purchase by the current tenancy. The attached appraisal constitutes an update of LandVest's original real estate advisory report dated April 15, 1997 and an update report as of December 1, 2000. The previous reports are included herein by reference.

Based on my inspections, research and analyses, it is my opinion that as of February 13, 2004 (date of most recent inspection) that the market value of a fee simple interest in the subject property assuming a condominium conversion of the underlying land was:

Market Value - Third Party Buyer:	\$10,700,000
Investment Value - To Current Tenancy:	\$13,800,000

Mr. Donald F. Whiston, Trustee

March 19, 2004

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Additional documentation in support of the above-outlined value opinions is provided within the attached report, respectfully submitted for your review.

Sincerely,

James E. Monahan

Senior Advisor

Real Estate Consulting Group

LandVest, Inc.

(MA Gen. Cert. #3481)

APPRAISAL REPORT

1. **Report Type:**

USPAP-complaint, *Restricted-Use* appraisal report intended for Client use only.

2. **Intended Use of Appraisal:**

This appraisal report is intended for use by the Feoffees of the Grammar School in Ipswich, Massachusetts and authorized assigns to facilitate an internal, three year interval accounting of Market Value and a review management/disposition options.

3. **Property Identification:**

The subject property is *generally* located at the end of Jeffrey's Neck Road in the easterly portion of the Town of Ipswich. The address is commonly referred to as the *Little Neck Estate* (Ipswich Assessor's Map 24C) As of the effective valuation date, Fee Simple Title of the subject property vested in The Feoffees of the Grammar School in Ipswich, c/o Donald Whiston.

4. **Property Interest Appraised:**

Fee Simple Estate

Fee Simple Estate is defined as:

Absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.¹

5. **Purpose of Appraisal:**

The purpose of this appraisal is to provide the Client with updated opinions regarding the *Highest and Best Use* and *Market Value* to a third party buyer. The property's *Investment Value* to the current tenancy is included. *Highest and Best Use, Market Value* and *Investment Value* are defined as follows.

¹ The Dictionary of Real Estate Appraisal: The Appraisal Institute, 1993.

Highest and Best Use of real estate is defined as:

The reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and results in the highest value.²

Market Value is defined as follows:

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

- (1) Buyer and seller are typically motivated;*
- (2) Both parties are well-informed or well-advised, and acting in what they consider their best interests;*
- (3) A reasonable time is allowed for exposure to the open market;*
- (4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and*
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.³*

Investment Value is defined as:

The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached.⁴

This document represents a re-appraisal of the subject property. LandVest's original summary-format appraisal report with an effective valuation date of April 15, 1997 and Restricted-Use update report with an effective valuation date of December 1, 2000 are incorporated herein by reference. As of December 1, 2000, the subject property's *Market Value* to a third party buyer was estimated at \$7,700,000 and its *Investment Value* to the current tenancy was estimated at \$10,290,000.

²Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers, Chicago, Illinois, 3rd printing, 1987; Page 152.

³The Uniform Standards of Professional Appraisal Practice (USPAP); The Appraisal Foundation, 1997.

6. **Effective Valuation Date:**

The subject property was most recently inspected by James E. Monahan on February 13, 2004. The inspection date serves as the effective valuation date of this re-appraisal.

7. **Report Date:**

March 19, 2004

8. **Scope of Analysis:**

In consideration of the intended use/users of the report and in accordance with our verbal agreement, LandVest's *Market Value* opinion is set forth in a ***Restricted Use Appraisal Report*** prepared and delivered in full conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) Standards Rule 2-2(c) and 8-2(c). This appraisal is intended for client use only and the full extent of the valuation process cannot be fully understood without a review of additional documentation contained in LandVest's original/previous appraisal reports and the appraiser's current working file. This report is not intended for third party use and the appraiser is not responsible for unauthorized use of this report.

The specific scope of analysis involved a review of: The subject property's title ownership and history; Pertinent land use regulations governing legal use; Consideration of the subject property's local and regional market position; Real estate market supply/demand trends and pricing as of the effective valuation date; and, updated information regarding sewage disposal options.

9. **Property Identification and Description:**

The subject property comprises a total of approximately 211 individually-assessed parcels of land with leasehold improvements occupying 35 to 36± acres of coastal upland surrounded by the Ipswich River, Plum Island Sound and Neck Cove in the easterly portion of Massachusetts. Approximately 172 of the total parcels (168 improved and 4 vacant) are the subject of an annual land lease (tenancy at will) dating back to the 1760's. The remaining 39± mostly vacant parcels (one improved) are retained by the Feoffees.

Table I on the following page of this report summarizes the current parcel inventory and Fiscal 2004 assessed values for the parcels comprising the subject property.

Table I
PARCEL INVENTORY
Little Neck Estate - Ipswich, Massachusetts

I. Leased Parcel Inventory/Assessments - F.Y. 2004:

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
1*	63 River Road	E. Mann	3,060 SF	\$203,800	0	\$132,400	\$336,200
2	61 River Road	C. Harris	2,843 SF	\$202,100	0	\$69,000	\$271,100
3	59 River Road	N. Wilkey	3,327 SF	\$205,900	0	\$86,300	\$292,200
4*	57 River Road	Riv.Rd.Trs.	3,400 SF	\$206,400	0	\$87,200	\$293,600
5*	55 River Road	P. Martin	3,210 SF	\$205,000	0	\$89,500	\$294,500
6	53 River Road	M. Sandberg	3,458 SF	\$206,900	0	\$199,400	\$406,300
7	49 River Road	W. Hough	2,400 SF	\$198,700	0	\$127,800	\$326,500
8	47 River Road	R. Saunders	1,980 SF	\$179,200	0	\$67,000	\$246,200
9	44 River Road	R. Aiello	2,860 SF	\$202,300	0	\$140,800	\$343,100
10	46 River Road	J. Cronin	5,160 SF	\$220,000	0	\$132,300	\$352,300
11	48 River Road	T. Ciolek	3,720 SF	\$208,900	\$900	\$277,200	\$487,000
12	50 River Road	J. Blake	3,360 SF	\$206,100	0	\$102,600	\$308,700
13	45 River Road	P. Saunders	2,600 SF	\$183,600	0	\$55,500	\$239,100
14	43 River Road	S. Rodman	2,340 SF	\$198,200	0	\$198,400	\$396,600
15*	41 River Road	T. Clarke	2,350 SF	\$198,300	0	\$180,100	\$378,400
16*	39 River Road	R. Schless	2,400 SF	\$198,700	\$5,000	\$221,100	\$424,800
17	37 River Road	J. Survilas	2,600 SF	\$200,300	0	\$97,000	\$297,300
18*	35 River Road	S. Veno	2,500 SF	\$199,500	0	\$45,600	\$245,100
20*	31 River Road	Darimiro Trust	3,000 SF	\$203,300	\$4,400	\$136,200	\$343,900
21*	29 River Road	R. Maloney	3,250 SF	\$205,300	0	\$80,000	\$285,300
22.	27 River Road	F. Lalikos	2,770 SF	\$201,600	\$1,100	\$114,200	\$316,900
23*	25 River Road	D. Gorham	2,400 SF	\$198,700	\$500	\$124,400	\$323,600
24	6 Bay Crest Rd.	S.&S.Watson	3,000 SF	\$186,400	0	\$78,500	\$264,900

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
25	31 Middle Road	R. Doherty	2,980 SF	\$186,300	0	\$96,000	\$282,300
26	29 Middle Road	Lot 26 L.N. Nom. Tr.	3,540 SF	\$190,200	0	\$83,600	\$273,800
28	21 Middle Road	M. O'Flahaven	3,000 SF	\$186,400	0	\$134,200	\$320,600
29	19 Middle Road	E. Kaine	3,000 SF	\$186,400	0	\$166,200	\$352,600
30	15 Middle Road	D. Wallace	2,000 SF	\$35,900	\$12,700	0	\$48,600
31	11 Middle Road	D. Wallace	2,780 SF	\$184,800		\$119,000	\$303,800
32	9 Middle Road	J. Krupanski	4,020 SF	\$193,600	0	\$91,900	\$285,500
33	7 Middle Road	The Kelly LN Trust	3,870 SF	\$192,600	0	\$70,400	\$263,000
34*	5 Middle Road	C. Brown	3,870 SF	\$192,600	0	\$124,500	\$317,100
35	3 Middle Road	The Kelly LN Trust	3,870 SF	\$192,600	0	\$69,900	\$262,500
37*	1 Hilltop Road	W. Currie/ Y. Beerman	2,159 SF	\$136,300	0	\$93,900	\$230,200
38	4 Middle Road	D. Gresek	2,230 SF	\$151,800	0	\$197,500	\$349,300
39	6 Middle Road	Kelly LN Trust	2,400 SF	\$152,900	0	\$162,500	\$315,400
40	8 Hilltop Road	P. Scioletti	4,240 SF	\$156,400	0	\$269,700	\$426,100
41	12 Hilltop Road	M. Casey	3,840 SF	\$156,400	0	\$93,700	\$250,100
42	16 Hilltop Road	K. Annen	5,300 SF	\$149,200	0	\$72,100	\$221,300
43*	20 Hilltop Road	K. Sapienza	4,360 SF	\$156,400	0	\$82,100	\$238,500
44	22 Hilltop Road	P. Surette	4,280 SF	\$156,400	0	\$175,900	\$332,300
45	24 Hilltop Road	E. Okeefe	3,590 SF	\$156,400	0	\$130,600	\$287,000
46	26 Hilltop Road	D. Greenwood	3,370 SF	\$156,400	0	\$94,700	\$251,100
47	28 Middle Road	B. Roy	3,240 SF	\$157,800	0	\$122,200	\$280,000
48*	30 Middle Road	P. McDonald	3,000 SF	\$156,400	0	\$132,500	\$288,900
49	25 Hilltop Road	R. Saunders	4,225 SF	\$163,700	0	\$260,000	\$423,700
50	23 Hilltop Road	G. Cutler	3,591 SF	\$159,900	0	\$63,400	\$223,300
51*	21 Hilltop Road	M. Walker	3,450 SF	\$159,100	\$400	\$90,800	\$250,300
52	19 Hilltop Road	A. Donahoe	3,575 SF	\$159,800	0	\$101,600	\$261,400
53*	15 Hilltop Road	M. Kersker	3,950 SF	\$162,100	0	\$140,400	\$302,500

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
54	11 Hilltop Road	J. Reardon	7,420 SF	\$182,700	0	\$165,700	\$348,400
55*	9 Hilltop Road	R. Siebert	3,500 SF	\$159,400	\$500	\$169,500	\$329,400
56	10 Middle Road	J. Duran	3,210 SF	\$149,800	0	\$127,000	\$276,800
57	7 Hilltop Road	D. Dieringer	3,660 SF	\$160,300	\$600	\$159,700	\$320,600
59	35 Bay Road	C. Bouvier	4,550 SF	\$197,400	\$500	\$228,200	\$426,100
60	33 Bay Road	C. Laughton	2,400 SF	\$182,200	\$500	\$146,700	\$329,400
61*	31 Bay Road	J. Norkeika	2,160 SF	\$180,500	0	\$73,900	\$254,400
62	29 Bay Road	B. Carbone	2,400 SF	\$182,200	0	\$132,900	\$315,100
63	27 Bay Road	A. Yemma	2,470 SF	\$182,600	\$600	\$242,900	\$426,100
64	25 Bay Road	J. Gallagher	3,000 SF	\$186,400	\$700	\$52,700	\$239,800
65	23 Bay Road	C. Lichoulas	3,000 SF	\$186,400	0	\$71,400	\$257,800
66*	19 Bay Road	M. Johnson	3,600 SF	\$190,600	0	\$112,200	\$302,800
67	17 Bay Road	M. Holden	3,180 SF	\$187,700	0	\$78,600	\$266,300
68	15 Bay Road	W. Moskowitz	3,230 SF	\$188,000	0	\$93,100	\$281,100
70	16 Bay Road	M. Donaldson	4,510 SF	\$165,400	0	\$130,000	\$295,400
71	18 Bay Road	T. Allen	4,410 SF	\$164,800	\$400	\$221,900	\$387,100
72	5 Gala Way	R. Hamlin	3,000 SF	\$156,400	0	\$103,800	\$260,200
76	10 Hilltop Road	J. Dowling	3,000 SF	\$156,400	0	\$96,600	\$253,000
79	4 Cove Road	B. Horsman	5,110 SF	\$169,000	0	\$92,100	\$261,100
80	6 Cove Road	S. Ruta	3,000 SF	\$156,400	0	\$65,000	\$221,400
81	8 Cove Road	C. Robinson	3,000 SF	\$156,400	0	\$99,200	\$255,600
82	10 Cove Road	N. Ball	3,000 SF	\$156,400	\$600	\$109,700	\$266,700
83	12 Cove Road	M. Anderson	5,100 SF	\$168,900	0	\$97,900	\$266,800
84	12 Bay Road	N. Fidrocki	4,260 SF	\$163,900	0	\$130,400	\$294,300
85	17 Cove Road	K. Gilletti	3,000 SF	\$156,400	0	\$80,600	\$237,000
86	15 Cove Road	R. Varney	3,000 SF	\$156,400	\$1,800	\$99,600	\$257,800
87	9 Cove Road	P. Mattson	3,000 SF	\$156,400	0	\$180,100	\$336,500
89*	5 Cove Road	H. Cogan	3,000 SF	\$156,400	0	\$95,300	\$251,700
90	3 Cove Road	F. Parker	3,000 SF	\$156,400	0	\$92,000	\$248,400
92	18 Hilltop Road	R. Stocker	3,140 SF	\$157,300	0	\$75,300	\$232,600

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
93	18 Baycrest Rd.	J. Fogarty	3,000 SF	\$156,400	0	\$75,500	\$231,900
94	22 Baycrest Rd.	L. Fiske	3,000 SF	\$156,400	0	\$70,000	\$226,400
95	24 Baycrest Rd.	J. Lyon	3,000 SF	\$156,400	0	\$129,800	\$286,200
96*	26 Baycrest Rd.	A. Connolly	3,000 SF	\$156,400	0	\$84,900	\$241,300
97	28 Baycrest Rd.	G. Church	3,000 SF	\$156,400	0	\$211,100	\$367,500
98	30 Baycrest Rd.	C. McGilvary	3,870 SF	\$161,600	0	\$150,500	\$312,100
99	8 Bay Road	M. Attridge	3,750 SF	\$160,900	0	\$110,800	\$271,700
100	27 Baycrest Rd.	E. Williams	3,000 SF	\$156,400	0	\$81,100	\$237,500
101	25 Baycrest Rd.	J. Ferrino	3,000 SF	\$156,400	0	\$100,900	\$257,300
102	21 Baycrest Rd.	D. Carroll	3,000 SF	\$156,400	0	\$92,800	\$249,200
104	33 Hilltop Road	R. Gilbert	3,000 SF	\$156,400	0	\$95,200	\$251,600
105	9 Baycrest Rd.	R. Betts	3,000 SF	\$148,600	0	\$66,000	\$214,600
106	32 Middle Road	A. Cairns	3,000 SF	\$156,400	0	\$104,000	\$260,400
107	35 Middle Road	P. Rhodes	3,000 SF	\$186,400	0	\$97,400	\$283,800
108	3 Baycrest Rd.	P. Benjamin	3,000 SF	\$203,300	0	\$93,400	\$296,700
109*	21 River Road	E. Torisi	3,000 SF	\$203,300	0	\$98,700	\$302,000
110	4 Kings Way	B. Rowell	3,000 SF	\$96,500	0	\$70,800	\$167,300
111	37 Middle Road	C. Johnson	3,000 SF	\$96,500	0	\$72,600	\$169,100
112	8 Kings Way	R. Harrington	3,000 SF	\$156,400	0	\$182,900	\$339,300
113	10 Kings Way	B. Pulsford	3,000 SF	\$148,600	0	\$118,700	\$267,300
114	35 Hilltop Road	M. O'Brien	3,000 SF	\$156,400	0	\$109,500	\$265,900
116*	16 Kings Way	M. Mathieson	3,000 SF	\$156,400	0	\$111,500	\$267,900
117*	20 Kings Way	R. Yacubian	3,000 SF	\$156,400	0	\$125,500	\$281,900
118	22 Kings Way	P. Hull	3,000 SF	\$156,400	0	\$105,400	\$261,800
120	6 Bay Road	G. Donovan	2,700 SF	\$154,600	0	\$63,900	\$218,500
121	29 Kings Way	J. Kurnick	4,410 SF	\$164,800	0	\$73,500	\$238,300
122	27 Kings Way	J. Cook	3,000 SF	\$156,400	0	\$130,900	\$287,300
123	25 Kings Way	W. Morrison	3,000 SF	\$156,400	0	\$98,600	\$255,000
124	21 Kings Way	M. Varney	3,000 SF	\$156,400	0	\$121,800	\$278,200
125	19 Kings Way	D. Gorham	3,000 SF	\$156,400	0	\$62,700	\$219,100

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
126	17 Kings Way	J. Spenser	3,000 SF	\$156,400	0	\$89,400	\$245,800
128	37 Hilltop Road	M. Gorman	3,000 SF	\$156,400	0	\$131,800	\$288,200
129	11 Kings Way	F. Kiley	3,000 SF	\$148,600	0	\$99,100	\$247,700
130	36 Middle Road	W. Lonergan	3,000 SF	\$156,400	0	\$139,300	\$295,700
131	39 Middle Road	R. Cole	3,000 SF	\$186,400	0	\$74,400	\$260,800
132	5 Kings Way	R. Barton	3,000 SF	\$186,400	0	\$90,900	\$277,300
133	3 Kings Way	Goodhue Cottage Tr.	3,000 SF	\$203,300	0	\$81,400	\$284,700
134	2 Plum Sound Rd.	J. Maloney	3,000 SF	\$203,300	0	\$155,600	\$358,900
135	4 Plum Sound Rd.	J. Maloney	3,000 SF	\$186,400	0	\$137,800	\$324,200
136*	6 Plum Sound Rd.	Hanson	3,000 SF	\$186,400	0	\$107,200	\$293,600
137	41 Middle Road	C. Huntley	3,000 SF	\$186,400	0	\$108,600	\$295,000
138	38 Middle Road	R. Carroll	3,000 SF	\$156,400	\$500	\$171,200	\$328,100
139*	12 Plum Sound Rd.	P. Dever	3,000 SF	\$156,400	0	\$141,500	\$297,900
140	14 Plum Sound Rd.	M. Green	3,000 SF	\$156,400	0	\$78,000	\$234,400
142	20 Plum Sound Rd.	R. Hodgdon	3,000 SF	\$156,400	\$1,700	\$115,900	\$274,000
143*	22 Plum Sound Rd.	S. Simkins	3,000 SF	\$156,400	0	\$96,300	\$252,700
144	24 Plum Sound Rd.	S. Moore	3,000 SF	\$156,400	0	\$118,400	\$274,800
145	28 Plum Sound Rd.	D. Rocco	3,000 SF	\$156,400	0	\$110,700	\$267,100
146	30 Plum Sound Rd.	F. Davis	3,950 SF	\$162,100	0	\$127,200	\$289,300
147	27 Plum Sound Rd.	D. Blum	4,490 SF	\$196,900	0	\$64,600	\$261,500
148*	25 Plum Sound Rd.	I. Butkiewicz	4,680 SF	\$198,300	0	\$103,600	\$301,900
149	23 Plum Sound Rd.	E. Goodwin	3,000 SF	\$156,400	0	\$129,700	\$286,100

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
150*	21 Plum Sound Rd.	J. Lyons	3,000 SF	\$156,400	0	\$127,100	\$283,500
151	19 Plum Sound Rd.	E. Raynard	3,750 SF	\$160,900	0	\$76,100	\$237,000
152	15 Plum Sound Rd.	Betts Trust	3,000 SF	\$156,400	0	\$112,500	\$268,900
153*	13 Plum Sound Rd.	C. Saline	3,000 SF	\$156,400	0	\$130,000	\$286,400
154	40 Middle Road	A. Veno	3,000 SF	\$156,400	0	\$138,600	\$295,000
155	43 Middle Road	A. Lowden	3,000 SF	\$186,400	0	\$144,200	\$330,600
156*	5 Plum Sound Rd.	B. Brennan	3,000 SF	\$186,400	0	\$74,800	\$261,200
157	3 Plum Sound Rd.	C. Story	3,000 SF	\$203,300	0	\$126,800	\$330,100
158*	15 River Road	K. Stover	3,000 SF	\$203,300	0	\$101,600	\$304,900
159	11 River Road	M. Cowdrey	3,000 SF	\$203,300	0	\$137,900	\$341,200
160*	45 Middle Road	J. Berman	3,000 SF	\$186,400	0	\$131,900	\$318,300
161*	42 Middle Road	P. Sciple	3,000 SF	\$156,400	0	\$146,500	\$302,900
162	3 River Road	R. MacRae	3,000 SF	\$156,400	0	\$78,800	\$235,200
163*	43 Hilltop Road	P. Manzi	3,000 SF	\$186,400	0	\$255,800	\$442,200
164	2 River Road	R. Dever	3,500 SF	\$207,200	0	\$211,300	\$418,500
165	6 River Road	J. Kurnick	2,470 SF	\$199,300	0	\$199,700	\$399,000
166	10 River Road	L. Eaton	3,325 SF	\$205,900	0	\$163,200	\$369,100
167	12 River Road	F. O'Malley	3,000 SF	\$203,300	0	\$130,100	\$333,400
168	16 River Road	P. Merlino	7,820 SF	\$240,600	\$400	\$156,300	\$397,300
169*	2 Cliff Road	F. Koris	3,020 SF	\$203,500	0	\$214,500	\$418,000
170*	4 Cliff Road	D. Girdwood	4,790 SF	\$217,200	0	\$121,000	\$338,200
171*	6 Cliff Road	J. Lyon	3,520 SF	\$207,400	0	\$136,000	\$343,400
172	8 Cliff Road	M. Sullivan	3,700 SF	\$208,800	0	\$85,200	\$294,000
173	10 Cliff Road	J. Duran	2,430 SF	\$198,900	0	\$87,100	\$286,000
101A*	23 Baycrest Rd.	P. Anthony	3,000 SF	\$156,400	0	\$82,200	\$238,600
102A	17 Baycrest Rd.	J. Buckley	3,000 SF	\$156,400	0	\$175,900	\$332,300
116A	18 Kings Way	I. Connor	3,000 SF	\$156,400	0	\$101,100	\$257,500

*denotes change in ownership since 2001

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
118A	24 Kings Way	M. Varney	3,000 SF	\$156,400	0	\$125,500	\$281,900
41A*	14 Middle Road	W. Gottlieb	<u>4,900 SF</u>	<u>\$167,700</u>	<u>0</u>	<u>\$170,400</u>	<u>\$338,100</u>
TOTALS:			12.53± ac.	\$23,348,934	\$33,800	\$18,943,700	\$42,326,434

II. Leased Parcels - Vacant

Parcel #	Address	Owner	Lot Area	Assessments			Total
				Land	Yard	Bldg.	
29A	Middle Road	E. Kaine	3,000 SF	\$37,300	0	0	\$37,300
66A	21 Bay Road	C. DiAmico	3,400 SF	\$38,100	0	0	\$38,100
78	Middle/Cove Road	F. Parker	2,400 SF	\$30,600	0	0	\$30,600
159A	River Road	A. Cowdrey	3,000 SF	<u>\$40,700</u>	<u>0</u>	<u>0</u>	<u>\$40,700</u>
TOTALS:				\$146,700	0	0	\$146,700

*denotes change in ownership since 2001

Table II

LOT INVENTORY/ASSESSMENT UNDER FEOFFEE'S OWNERSHIP

Parcel #	Lot Area	Assessments			Total
		Land	Yard	Bldg.	
69	11 acres	\$582,600	\$62,700	\$106,100	\$751,400
6A	.4 acres	\$38,700	0	0	\$38,700
19	2,200 SF	\$39,400	\$4,500	0	\$43,900
36	3,960 SF	\$38,600	0	0	\$38,600
58	2,190 SF	\$151,600	0	0	\$151,600
73	6,000 SF	\$17,400	0	0	\$17,400
74	3,000 SF	\$31,300	0	0	\$31,300
88	3,000 SF	\$31,300	0	0	\$31,300
119	3,000 SF	\$31,300	0	0	\$31,300
101B	3,000 SF	\$31,300	0	0	\$31,300
102B	3,000 SF	\$31,300	0	0	\$31,300
103A	3,000 SF	\$31,300	0	0	\$31,300
109A	1,500 SF	\$38,400	0	0	\$38,400
124A	3,000 SF	\$31,300	0	0	\$31,300
134A	1,500 SF	\$38,400	0	0	\$38,400
141A	3,000 SF	\$31,300	\$2,100	0	\$33,400
144A	3,000 SF	\$31,300	0	0	\$31,300
152A	3,000 SF	\$31,300	0	0	\$31,300
153A	3,000 SF	\$31,300	0	0	\$31,300
158A	1,250 SF	\$38,000	0	0	\$38,000
165A	2,000 SF	\$39,100	0	0	\$39,100
166A	3,000 SF	\$40,700	0	0	\$40,700
166B	3,700 SF	\$41,800	0	0	\$41,800
169A	3,000 SF	\$37,300	0	0	\$37,300
23A	3,000 SF	\$40,700	0	0	\$40,700
25A	3,000 SF	\$37,300	0	0	\$37,300
27A	3,000 SF	\$37,300	0	0	\$37,300
27B	3,380 SF	\$37,800	0	0	\$37,800

Parcel #	Lot Area	Assessments			Total
		Land	Yard	Bldg.	
27C	3,360 SF	\$37,800	0	0	\$37,800
43A	4,360 SF	\$32,900	0	0	\$32,900
49A	2,915 SF	\$31,200	0	0	\$31,200
52A	3,875 SF	\$32,300	0	0	\$32,300
70A	3,000 SF	\$15,600	0	0	\$15,600
71A	3,000 SF	\$31,300	0	0	\$31,300
75A	4,120 SF	\$16,300	0	0	\$16,300
87A	3,000 SF	\$31,300	0	0	\$31,300
92A	3,000 SF	\$31,300	0	0	\$31,300
93A	3,000 SF	\$31,300	0	0	\$31,300
72	3,000 SF	\$156,40	0	\$103,800	\$260,200
Totals		\$2,087,100	\$69,300	\$209,900	\$2,366,300

Tabulation - F.Y. 2004 Assessment

Total Assessed Value - Leased Parcels With Improvements:	\$42,326,434
Total Assessed Value - Leased Parcels - Vacant:	\$ 146,700
Total Assessed Value - Feoffee's Ownership:	<u>\$ 2,366,300</u>

TOTAL ASSESSED VALUE - SUBJECT PROPERTY: \$44,839,434

Based on the F.Y. 2004 mill rate of \$9.54, the total annual tax liability owing to the subject property amounts to approximately \$427,768.20. It should be noted that the effective valuation date for F.Y. 2004 taxation is January 1, 2003.

The above-outlined valuation of the entire subject property indicates a 61.38% increase since F.Y. 2001 (19.24% annually - compounded). The valuation of the land comprising the 168 leased parcels increased from \$14,082,400 to \$23,348,934 (65.8%) over the 3-year update period and the privately-owned improvements increased from \$12,322,300 to \$18,943,700 (53.73%). The updated assessment indicates an average per parcel (land and improvements) value of approximately \$251,943, and an average annual tax liability of \$2,403.53. The average annual tax burden for the underlying land only (paid by tenants) amounts to \$1,325.88, based on an average assessed parcel value of \$139,791.

Site Description

Based on my re-inspection of the subject land, there have been no significant *physical* changes to the subject property over the 3± incremental update period. Additionally, there have been no significant changes in the legal status of the property over the update period and the per parcel delineation and individual assessments do not reflect a legal division of the subject property.

The issue of on-site sewage disposal has become an increasingly important use and valuation issue over the three year update period. In December of 2003, the Massachusetts Department of Environmental Protection issued a second Administrative Consent Order to the Feoffees and tenants requiring the installation of 143 "tight tanks" by 2006 (85% of total cottages). Approximately 24 cottages have been approved by DEP for installation of alternative "drip systems." The initial 25 tight tanks were originally scheduled for installation prior to June 15, 2004 and an additional 25 tanks were scheduled for installation by late fall of 2004. This schedule has been revised such that 25 tanks must now be installed by the fall of 2004.

The Massachusetts Department of Environmental Protection (DEP) does not view the installation of tight tanks as a "solution" to sewage disposal on the subject property and the vehicle trips associated with the projected peak season pumping schedule pose an additional public safety concern at the local level. Little Neck tenants have recently retained an engineering consultant to further evaluate more long-term disposal alternatives. Alternative solutions being evaluated include the installation of a central collection tank aimed at reducing the number and frequency of pumper truck trips. Another option involves pumping sewage to a large, common leaching facility on Great Neck. The option of extending municipal sewer service from Jeffrey's Neck Road is no longer viewed as a realistic disposal option.

The as yet unresolved nature of the sewage disposal issue and absence of a long-term solution will tend to affirm the subject property's "seasonal cottage" market stature and may also limit the extent to which existing and future owners/tenants invest in renovations and expansions of their cottages. Furthermore, tenant-borne costs for tight tank installations and pumping could tend to increase the frequency of peak season rentals to offset carrying costs. For example, tight tank permitting and installation costs may range between \$5,000-\$12,000 per site (depending on slope and access constraints) and high season pumping at a 3-4 week frequency may range between \$750-\$1,000 per site.

The combined effects of these issues are considered in the current valuation of the subject property.

Compiled Base Plans of the subject property are included on the following pages of this report.

10. Current Use - Tenancy At Will

As noted in LandVest's 1997 appraisal report and December 2000 update, the Little Neck property is the subject of an annually-renewable land rental agreement which permits each homeowner to occupy their cottages between April 1 and November 30 of each year. With the exception of cottages grandfathered in 1966 and those recently permitted to allow for year-round occupancy, the balance of the cottages may be occupied only within the designated eight month season.

Under current rental terms, individual parcel rents are assessed equally throughout the property. Following rent increased since LandVest's 1997 valuation, 144 tenants pay \$3,600 annually for seasonal use and 24 year-round tenants pay \$3,900. Thus, potential gross income (PGI) amounts to approximately \$612,000. This indicates a 59.8±% increase since 2000. Individual tenants (cottage owners) are responsible for the 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.

11. Previous Valuation and Recent Purchase Offers

There are no pending purchase offers for the subject property and the property is not actively listed for sale.

12. Highest and Best Use:

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

1. Conceptual Development Analysis

As described in LandVest's original appraisal report in 1997 and 2000 update, the highest and best use of the subject property calls for continued seasonal and year-round residential use (168± parcel density) and conversion of the current tenancy at will land lease structure to a condominium form of ownership.

13. Real Estate Market Analysis

Table II on the following page summarizes market trends in real estate sales volume and median residential value in both Ipswich and surrounding communities from 1999 through 2003.

Table II
Calendar Year Median Sales Price Changes
North Shore Regional Market Overview
1999-2003

Town	1999		2000			2001			2002			2003			99 - 03 Four Year Median Value Trend
	Median Price	No. Sales	Median Price	No. Sales	Median Price Change	Median Price	No. Sales	Median Price Change	Median Price	No. Sales	Median Price Change	Median Price	No. Sales	Median Price Change	
Ipswich	\$233,000	238	\$293,000	235	25.75%	\$325,000	149	10.9%	\$344,000	143	5.8%	\$407,000	145	18.3%	74.7%
Beverly	\$219,000	367	\$243,000	327	10.95%	\$285,000	364	17.3%	\$316,000	340	10.9%	\$345,000	351	9.1%	57.5%
Essex	\$233,700	60	\$263,200	66	12.62%	\$273,500	22	3.9%	\$363,200	35	32.8%	\$354,500	30	-2.4%	51.7%
Topsfield	\$305,000	108	\$350,000	88	14.75%	\$411,000	66	17.4%	\$482,500	62	17.4%	\$527,000	67	9.2%	72.8%
Wenham	\$332,000	83	\$373,590	65	12.52%	\$533,000	53	42.6%	\$530,000	52	-.01%	\$565,000	52	6.6%	70.2%
Hamilton	\$299,000	98	\$364,000	108	21.73%	\$330,750	78	-9.2%	\$378,750	68	14.5%	\$472,250	86	24.7%	57.95%
Rockport	\$234,000	148	\$290,000	130	23.93%	\$311,600	77	7.4%	\$375,000	69	20.3%	\$390,000	71	4%	66.7%
Rowley	\$234,000	49	\$300,000	53	28.2%	\$299,950	58	-0.1%	\$313,500	48	4.5%	\$415,000	47	32.4%	77.35%
Gloucester	\$189,450	272	\$215,000	243	13.4%	\$249,000	235	15.8%	\$295,000	214	18.5%	\$330,000	253	11.85%	74.2%
Manchester	\$384,000	56	\$369,500	57	-3.8%	\$520,000	79	40.7%	\$494,000	70	-5%	\$615,000	55	24.5%	60.15%



COMPARABLE SALES DATA

SALE NO. 1

Location: 1 Hilltop Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$255,000
Sale Date: 11/04/03
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

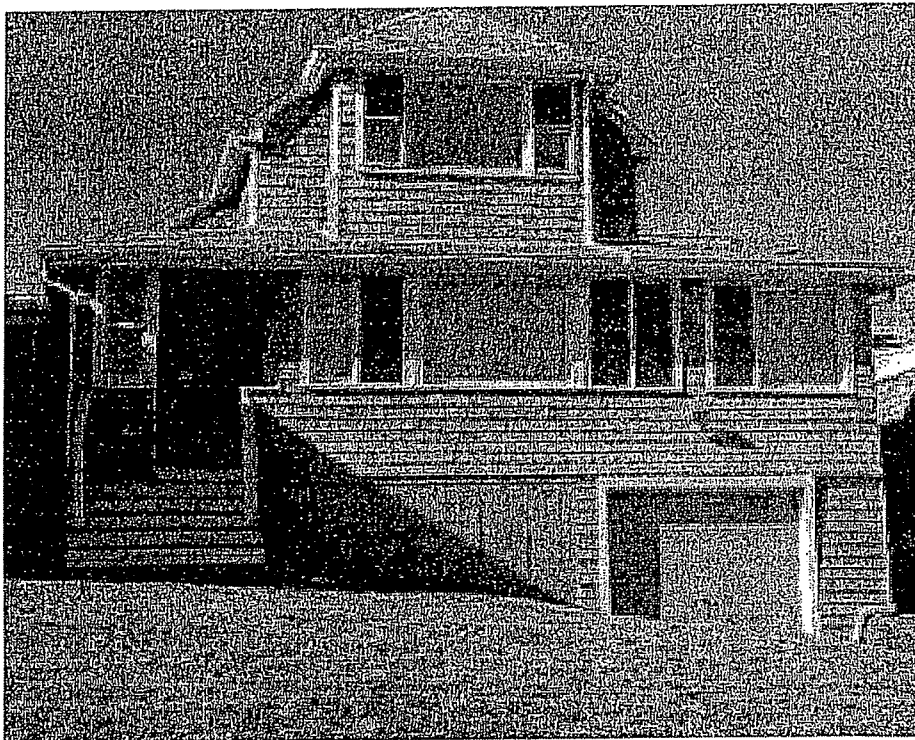
Type: Single Family
Style: Cottage
Total S.F.: 1,023
Mechanical Systems: FHA/Oil
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 1.5
Age (actual): 84 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 2,159 SF
Assessor's Ref.: Map 24C, Block 69, Lot 37
Zoning: RRB

COMMENTS:

This property sold fully furnished and has a dock and a pier.



COMPARABLE SALES DATA

SALE NO. 2

Location: 4 Cliff Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$375,000
Sale Date: 08/01/01
Grantor: James Faria
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

Type: Single Family
Style: Cottage
Total S.F.: 1,338
Mechanical Systems: No heat
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 2
Age (actual): 94 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 4,790 SF
Assessor's Ref.: Map 24C, Block 69, Lot 170
Zoning: RRB

COMMENTS:

This cottage has direct ocean views and was completely rebuilt prior to sale.



COMPARABLE SALES DATA

SALE NO. 3

Location: 13 Plum Sound Road
Municipality: Ipswich
State: Massachusetts

RESIDENCE DESCRIPTION:

Type: Single Family
Style: Gambrel
Total S.F.: 1,046
Mechanical Systems:
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 2
Age (actual): 74 years
Quality: Average
Special Features: Seasonal. Deeded beach rights.

SALE DATA:

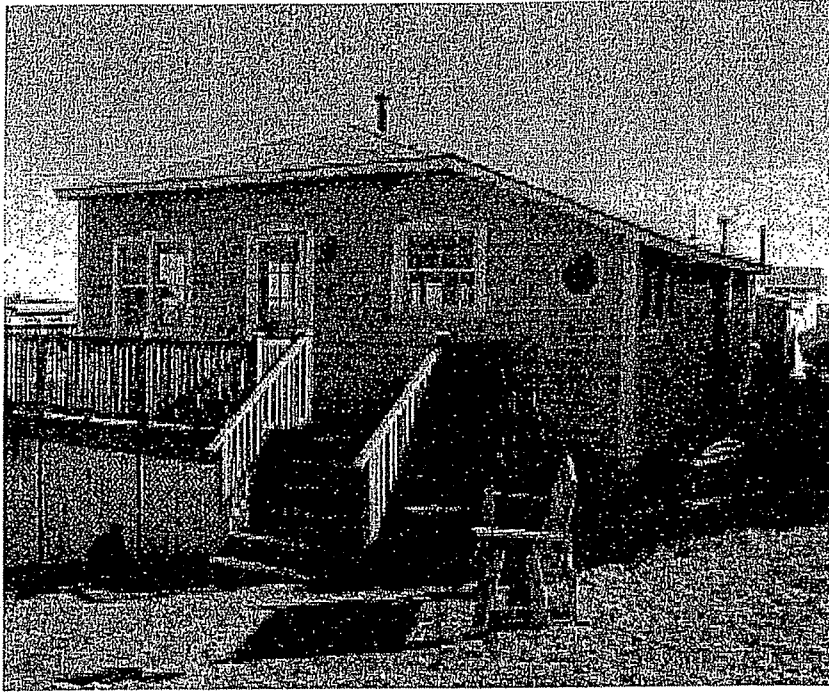
Sale Price: \$384,000
Sale Date: 09/22/03
Grantor:
Grantee:
Financing:
Deed Reference:

LAND DATA:

Land Area: 3,000 SF
Assessor's Ref.: Map 24C, Block 69, Lot 153
Zoning: RRB

COMMENTS:

This property has a deck off the master bedroom and a wraparound enclosed porch. It has views of Plum Island Sound and Crane Beach.



COMPARABLE SALES DATA

SALE NO.4

Location: 19 Kings Way
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$248,000
Sale Date: 08/22/01
Grantor: Geoffrey Weiler
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

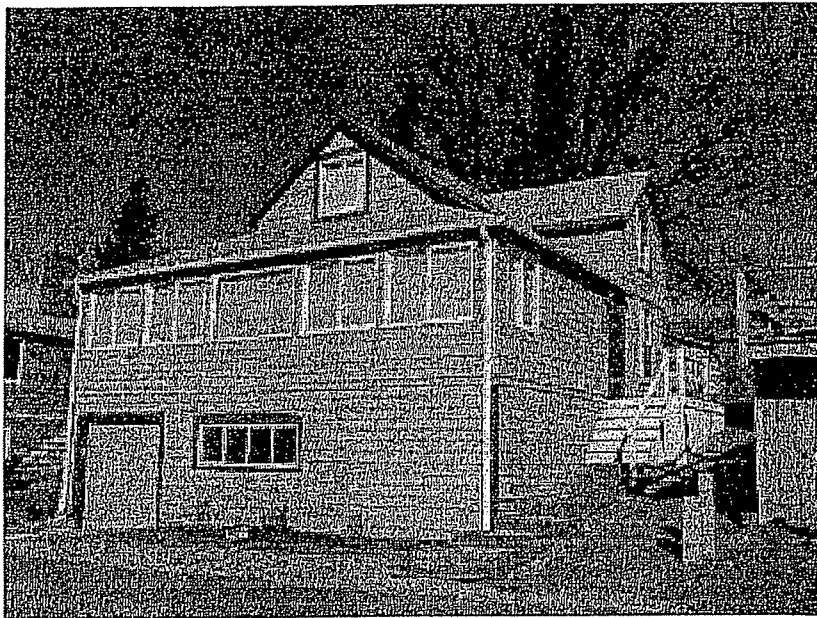
Type: Single Family
Style: Cottage
Total S.F.: 672
Mechanical Systems: No heat.
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 1
Age (actual): 74 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 3,000 SF
Assessor's Ref.: Map 24C, Block 69, Lot 125
Zoning: RRB

COMMENTS:

This property has ocean views and sold with a mooring available.



COMPARABLE SALES DATA

SALE NO. 5

Location: 22 Middle Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$405,000
Sale Date: 05/14/03
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

Type: Single Family
Style: Cottage
Total S.F.: 1,244
Mechanical Systems:
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 1.75
Age (actual): 74 years
Quality: Average
Special Features: Seasonal. Deeded beach rights.

LAND DATA:

Land Area: 4,280 SF
Assessor's Ref.: Map 24C, Block 69, Lot 44
Zoning: RRB

COMMENTS:

This cottage has panoramic views of the Ipswich River and Plum Island Sound. The electrical system has been updated and it has an updated kitchen and a new bath on the second floor.



COMPARABLE SALES DATA

SALE NO.6

Location: 23 Baycrest Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$250,000
Sale Date: 05/31/02
Grantor: Geoffrey Weiler
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

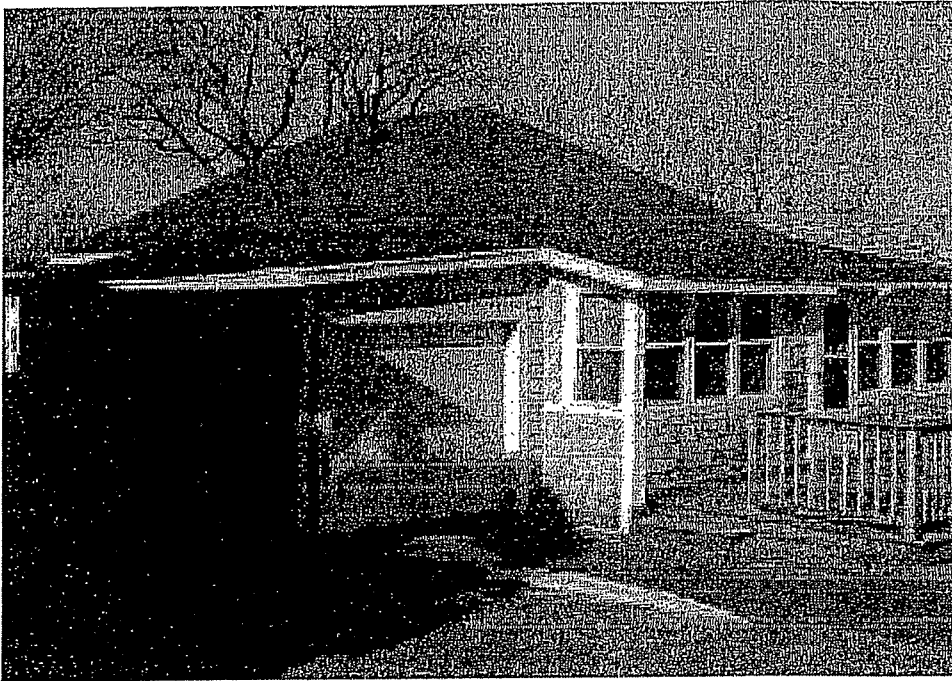
Type: Single Family
Style: Cottage
Total S.F.: 928
Mechanical Systems: FHW/Central A/C
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Vinyl siding
Stories: 1
Age (actual): 74 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 3,000 SF
Assessor's Ref.: Map 24C, Block 69, Lot 101A
Zoning: RRB

COMMENTS:

This cottage has panoramic views of Plum Island Sound. It was completely renovated prior to sale and has heat and central air conditioning.



COMPARABLE SALES DATA

SALE NO.7

Location: 24 Baycrest Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$255,000
Sale Date: 07/23/01
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

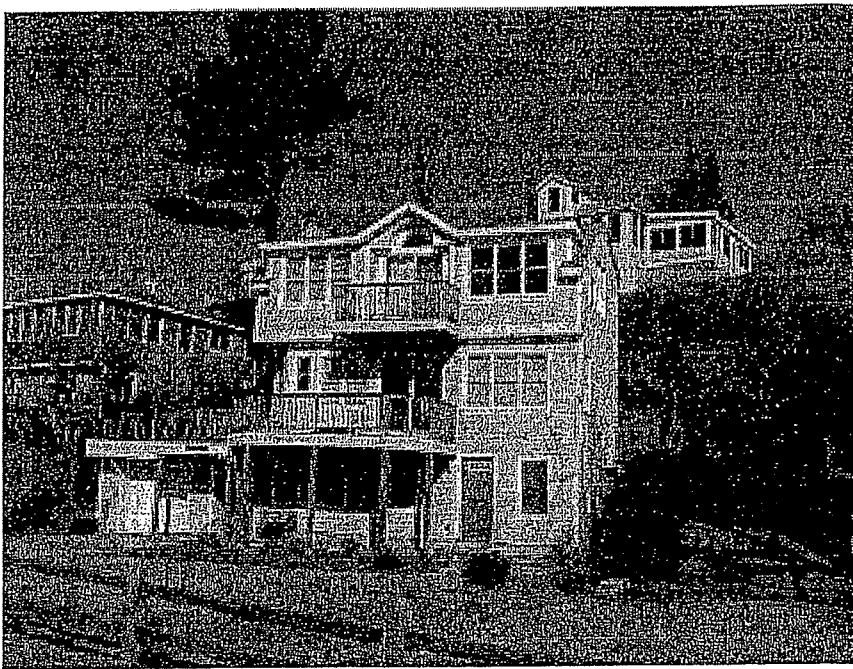
Type: Single Family
Style: Cottage
Total S.F.: 863
Mechanical Systems: Electric baseboard
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 1
Age (actual): 74 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 3,000 SF
Assessor's Ref.: Map 24C, Block 69, Lot 95
Zoning: RRB

COMMENTS:

This cottage has views of Ipswich Bay and was recently renovated. It has two decks and a screened porch.



COMPARABLE SALES DATA

SALE NO.8

Location: 39 River Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$240,000
Sale Date: 11/30/01
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

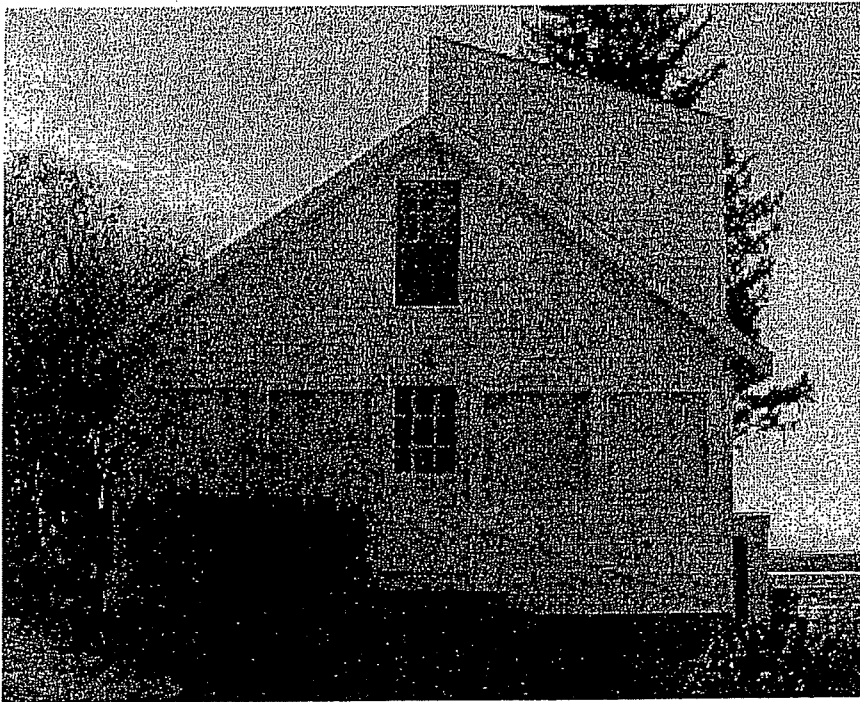
Type: Single Family.
Style: Cottage
Total S.F.: 1,450
Mechanical Systems: Electric baseboard.
Utilities: Public water, Private sewer
Exterior Wall: Wood shingle
Roof Covering: Asphalt shingle
Stories: 2
Age (actual): 3 years
Quality: Average
Special Features: Deeded beach rights. Seasonal.

LAND DATA:

Land Area: 2,400 SF
Assessor's Ref.: Map 24C, Block 69, Lot 16
Zoning: RRB

COMMENTS:

This property has direct views of the Ipswich River and Crane Beach. It has electric baseboard heat and a 1 car attached garage.



COMPARABLE SALES DATA

SALE NO.9

Location: 15 Hilltop Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$280,000
Sale Date: 09/12/03
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

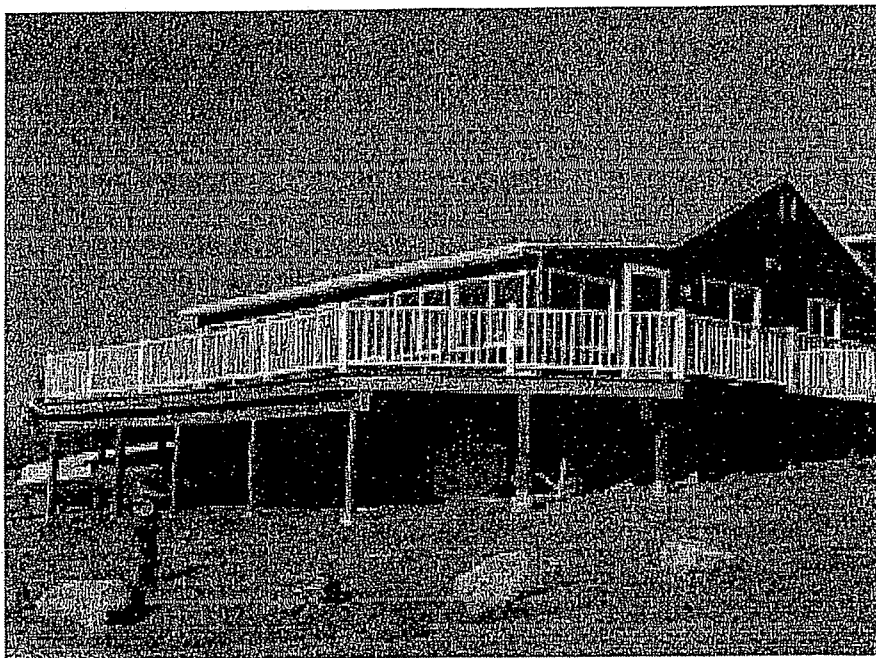
Type: Single Family
Style: Cottage
Total S.F.: 2,029
Mechanical Systems: FHA/Oil
Utilities: Public water, Private sewer
Exterior Wall: Vinyl siding
Roof Covering: Asphalt shingle
Stories: 1
Age (actual): 84 years
Quality: Average
Special Features: Deeded beach rights. Year-round dwelling.

LAND DATA:

Land Area: 3,950 SF
Assessor's Ref.: Map 24C, Block 69, Lot 53
Zoning: RRB

COMMENTS:

This property has river and beach views. It was in need of updating at the time of sale.



COMPARABLE SALES DATA

SALE NO.10

Location: 21 River Road
Municipality: Ipswich
State: Massachusetts

SALE DATA:

Sale Price: \$375,000
Sale Date: 04/17/02
Grantor:
Grantee:
Financing:
Deed Reference:

RESIDENCE DESCRIPTION:

Type: Single Family
Style: Ranch
Total S.F.: 1,080
Mechanical Systems: Floor furnace/gas
Utilities: Public water, Private sewer
Exterior Wall: Clapboard
Roof Covering: Asphalt shingle
Stories: 1
Age (actual): 74 years
Quality: Average
Special Features:

Deeded beach rights. Seasonal..

LAND DATA:

Land Area: 3,000 SF
Assessor's Ref.: Map 24C, Block 69, Lot 153
Zoning: RRB

COMMENTS:

This property has direct views of the Ipswich River and Crane Beach. It was in good condition at the time of sale.

As outlined above, the median residential home price in Ipswich increased approximately 10.9% on 2001; 5.8% in 2002; and, 18.3% in 2003. **The 3-year total appreciation amount to approximately 38.9%.**

A comparison of market appreciation rates and assessed value increases over the same 3-year time period is summarized as follows:

Market Appreciation (12/99-12-02):	47.64%
Assessed Value Increase (1/1/00-1/1/03):	61.38%

Accordingly, there is a 13.8%+ discrepancy between appreciation rates by both measures.

Sales volume dropped dramatically in 2001 and leveled off at 145± sales annually through 2003. Record low interest rates in the past 18 months have fueled the residential market, but the average marketing period prior to sale is growing, as the regional buyer pool is considerably shallower than it was 2-3 years ago.

a. Little Neck Sales Activity

The sales data sheets on the following pages of this report provide photographs and transaction information regarding each of the Little Neck Cottage sales documented between June 1, 2001 and February 9, 2004. It should be noted that this information does not account for several intra-family transfers occurring within the update.

These 10 sales occurred between 7/23/01 and 11/4/03 and indicate sale prices ranging between \$240,000 and \$405,000. The average sale price is \$306,700 and the indicated median price is \$302,750. Prices per square foot of gross building area exhibit a wide range of value between \$138.00 and \$369.05.

The 10-sale average selling price of \$306,700 indicates a 55.2% increase from the 10-sale average indicated by sales from 1998-2000 (outlined in LandVest's previous update report). Interestingly, this rate marks the numerical mid-point between the town-wide *market* appreciation rate and the *assessed* value increase noted above.

Based on a review of ~~apportionment of~~ *assessed* land/building value, indicate a range of land value (*as though held in fee simple*) ranges between \$98,000 and \$200,000.

Seasonal rental rates in July and August currently range from \$850 per week to \$4,000 for the month. Most rentals require at least a 2 week minimum stay.

When cottages are rented on a weekly basis, typical rents range from \$750 - \$850 per week for a 2 or 3 bedroom cottage.

An example of an typical off-season rental is 27 Kings Way, which is rented from September through June for \$750 per month.

Although increased ground rents and higher assessed values have caused some owners to consider raising rents, it does not appear likely that the market will bear substantially higher rents in the foreseeable future.

b. Market Value Estimate - Condominium Conversion

As outlined in LandVest's 1997 report and 2000 update, *Planning Option C* assumes condominium ownership of the land underlying the existing cottages. All land outside the individual building "footprints" would be considered common land and the property's would be assessed as units with apportioned association dues. Under this planning option, the 168 unit density would be made legal and eligible for bank financing without the need for any formal approval at the state or local level.

Based on a review of local and real estate market trends since 2000 and with specific reference to the 12 value tiers delineated in LandVest's original 1997 report, land unit pricing has been appreciated at a rate of 45% over the 3-year update period. The indicated rate is slightly below the indicated town-wide median residential rate for the period.

The initial financial analysis of the subject property as a condominium conversion assumes outside sale to a third party buyer. **Based on an updated Discounted Cash Flow Analysis with unit pricing ranging from \$70,000 - \$200,000, it is my opinion that the Market Value of the subject property (assuming condominium conversion) to a third party buyer as of February 13, 2004 was:**

\$10,700,000

(TEN MILLION SEVEN HUNDRED THOUSAND DOLLARS)

c. Value Estimate - Investment Value to Current Tenancy

The second updated valuation of the subject property assumes a sale to the existing tenancy. In this *investment value* analysis, developer profit allowances and cost of resale allowances have been reduced to reflect a largely internal buyer pool and control over the property's disposition. All unit pricing, internal absorption and line item development expenses remain the same.

In accordance with this analysis, it is my opinion the Investment Value of the subject property to the current tenancy as of February 13, 2004 was:

\$13,800,000

(THIRTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS)

d. **Land Rental Analysis**

An evaluation of *current* land rental rates levied by the Feoffees relative to "market-rate" rents requires careful consideration of real market value gains and the extent to which these gains may be offset, or tempered by escalating carrying costs. Given the indicated range of underlying land (parcel) values of \$98,000 - \$200,000, when capitalized at a "safe" return rate of 6.5% (i.e. prime plus 2.5), the indicated market-rate land rent ranges between \$6,370 - \$13,000. The mid-point parcel value of \$150,000 indicates an annual land rate of \$9,750.

It is important to note that these market rental rates are derived from arm's length transactions where the fee interest in the underlying land is not transferred. Perhaps as notable as the upward trend in values on Little Neck is the continued trend whereby the market continues to function or behave as a fee simple market. In other words, buyers continue to pay, (and sellers continue to receive) *significant* value for the right to perpetuate the tenancy-at-will land leases with full knowledge that the Feoffees are bringing rents into alignment with the market.

However, the next incremental land rent increase should account for the relative instability in the local market caused by the on-going sewage disposal debate and lack of any apparent long-term engineering solution. The state-mandated installation of tight tanks poses significant economic, safety and aesthetic risks both to the community and the *Little Neck* sub-market. Collectively, these issues and attendant costs may lead to a higher sale rate and alter new buyers' perceptions of investment security on Little Neck.

For example, if certain tenants opt to pass septic pump fees through to sub-tenants, this could damage even the high season rental market. If absorbed by the tenants, these fees may, together with escalating taxes, tend to provide tenants with negotiating leverage against aggressive rent increases, as the sewage issue calls into questions the basic suitability of the land for residential use.

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. 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)**, Vermont (CG #80-212), Maine (CG #1289) and New York (CG #46000042014).
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: _____

JAMES E. MONAHAN**Senior Advisor - Real Estate Consulting Group, LandVest, Inc.**

James E. Monahan is a *Senior Advisor* with the Real Estate Consulting Group of LandVest, a broad-based real estate company involved in all aspects of land planning, real estate brokerage, broad-scope consulting, development, and conservation planning. As Senior Advisor, he is responsible for oversight and management of residential and commercial real property appraisals, development feasibility studies, land use planning and design, conservation planning and implementation of limited development projects. Mr. Monahan's specific area of expertise involves the design, valuation and implementation of multi-use disposition plans for privately-held land in the context of generational asset/estate planning.

Prior to joining the firm in 1989, 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 and contract administration for the expansion of Ashland State Park. Additionally, as co-founder of Landforms, Inc., he has worked as a design/build consultant on various residential and commercial design projects throughout Boston's North Shore.

Mr. Monahan received a Bachelor of Arts degree in Liberal Studies 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), Vermont (CG #080-212), Maine (CG #1289) and New York (CG #46000042014) and is an Affiliate Member of the Appraisal Institute.