



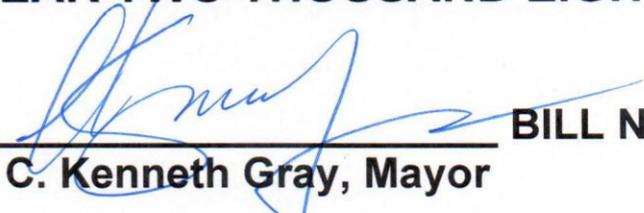
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AMESBURY CITY CLERK

**CITY OF AMESBURY
IN THE YEAR TWO THOUSAND EIGHTEEN**

SPONSORED BY:


C. Kenneth Gray, Mayor

BILL No. 2018-013

An Order to: Acquire property at 29 Water Street owned by Amesbury Carriage Alliance, Inc. and authorize the subsequent conveyance of said property.

Summary: The City Council shall vote to: (1) acquire property located at 29 Water Street, owned by Amesbury Carriage Alliance, Inc., (2) dispose of said property, and (3) authorize the Mayor to execute and record any and all documents to effectuate said acquisition and disposition.

Be it Ordered by the City Council of the City of Amesbury assembled and by the authority of the same, as follows:

Whereas, Amesbury Carriage Alliance, Inc. owns property, consisting of land and a building, located at 29 Water Street, by virtue of a Quitclaim Deed dated May 20, 2004, recorded with the Essex South District Registry of Deeds in Book 22877, Page 56, and further shown as Lot 105 on a plan entitled "Lot Line Adjustment Plan Lower Millyard Water Street Amesbury, MA," dated January 23, 2014 (Sheet 2 of 6), recorded with the Essex South District Registry of Deeds in Plan Book 442, Plan 91 (the "Plan"); and

Whereas, the Mayor seeks to acquire the Amesbury Carriage Alliance property by gift, purchase, eminent domain or otherwise, for the price of \$80,000.00, including any easements and other rights associated with said property; and

Whereas, the Council desires to dedicate a portion of the Amesbury Carriage Alliance property, being Parcel S (270 ± S.F.) as shown on the Plan, to public way purposes, being a portion of Water Street, and further desires to dedicate two parcels in which Amesbury Carriage Alliance may have an interest, being Parcel C (4,515 ± S.F.) and Parcel N (7,830 ± S.F.), both as shown on the Plan, to park purposes, pursuant to G.L. c. 45, §3, under the care, custody and management of the Parks and Recreation Commission; and

Whereas, the Mayor further seeks to thereafter dispose of the Amesbury Carriage Alliance property, and to issue a request for proposals, pursuant to Massachusetts General Laws Chapter 30B.

Now, therefore, the City Council votes as follows:

1. To acquire the property located at 29 Water Street, owned by Amesbury Carriage Alliance, Inc., through gift, purchase, eminent domain or otherwise;
2. To appropriate the sum of \$80,000.00 from Free Cash to fund said acquisition;
3. To dedicate Parcel S of said property to public way purposes, being a portion of Water Street;
4. To dedicate Parcel C and Parcel N of said property to park purposes, pursuant to G.L. c. 45, §3, under the care, custody, management and control of the Parks and Recreation Commission;
5. To authorize the disposition of said property, in accordance with Chapter 30B;
6. To authorize the Mayor to execute any and all documents reasonably necessary to effectuate the purposes of this Order, including, but not limited to, deeds, orders of taking, acceptances, and to negotiate the acquisition and disposition of said property on such terms and conditions as the Mayor deems to be in the best interests of the City.

**REAL ESTATE
APPRAISAL REPORT**

29 Water Street
Amesbury, Massachusetts 01913

Prepared for:
Office of the Mayor
City of Amesbury
62 Friend Street
Amesbury, Massachusetts 01913

Authorized by:
Mr. William Scott
Director of Planning and Economic Development

Prepared by:
Petersen LaChance Regan Pino, LLC
100 Conifer Hill Drive
Danvers, Massachusetts 01923

Date of Value:
October 2, 2017

Petersen LaChance Regan Pino, LLC

Real Estate Services

John G. Petersen, MAI, SRA
William A. LaChance, MAI, SRA
John A. Regan, MAI
Richard K. Pino, MAI

October 17, 2017

Mayor Ken Gray
Office of the Mayor
City of Amesbury
62 Friend Street
Amesbury, Massachusetts 01913

RE: Appraisal of 29 Water Street (Amesbury Carriage Museum/Heritage Center), Amesbury, Massachusetts

Dear Mayor Gray:

In accordance with your request, I respectfully submit a narrative appraisal report that sets forth the fee simple market value estimate of a light industrial property as referenced above. The property consists of a 2.5-story, 10,250-square foot, brick and wood-frame building on 4,320 square feet of land. This property is commonly referred to as the Amesbury Carriage Museum or Heritage Center.

The narrative appraisal report that follows presents the identification of the property, the assumptions and limiting conditions, certification of value, pertinent facts about the subject property and comparable data and the results of my analysis leading to the conclusions. Although this is a full-scope analysis, only the sales comparison approach has been developed. The other approaches are not applicable to the current assignment. Further, the data, analyses and conclusions are presented in a summary format. This is an Appraisal Report, intended to comply with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice.

After inspecting the property and analyzing the data as presented, I estimate the fee simple market value of the subject property as of October 2, 2017 to be:

*** \$80,000 ***

(EIGHTY THOUSAND DOLLARS)

The value estimate and related analyses are intended for the information of the client, which is the City of Amesbury, and the client's duly authorized agents.

Petersen LaChance Regan Pino, LLC

Real Estate Services

John G. Petersen, MAI, SRA
William A. LaChance, MAI, SRA
John A. Regan, MAI
Richard K. Pino, MAI

Respectfully,



John G. Petersen, MAI, SRA

Massachusetts General Certificate No. 837

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John A. Regan, MAI
Richard K. Pino, MAI

TABLE OF CONTENTS

Executive Summary	5
Certification	11
Standard Assumptions and Limiting Conditions	13
Extraordinary Assumptions and Hypothetical Conditions	16
Scope of Analysis	17
Property Identification	18
Purpose, Intended Use and Intended User of the Report	19
Market Value Definition	19
Estimated Exposure Time	20
Property Rights Appraised	20
Date of Appraisal	20
Regional, Municipal and Neighborhood Summary	24
Site Summary	29
Improvements Summary	31
Zoning and Land Use Regulations	33
Highest and Best Use Analysis	34
Sales Comparison Approach	41
Addenda Items	
Appraiser Qualifications	

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Executive Summary

Property Description

Location	29 Water Street, Amesbury, Massachusetts 01913
Type	Light Industrial Building
Site	4,320 square feet (.10 acre); level, rectangular shaped lot with unknown frontage on County Road; officially located outside of the FEMA 100-year flood hazard area; no on-site parking; surrounded by public infrastructure
Improvements	Two and one-half-story, brick and wood- frame building containing approximately 10,250 square feet of gross building area (4,100 square feet on each of the first and second floors and 2,050 square feet on the third floor); built circa 1880; vacant; fair to poor condition (according to structural engineer's report and appraiser's inspection)
Ownership	Amesbury Carriage Alliance, Inc.
Zoning	IC (Central Industrial District); (LMOD) Lower Millyard Overlay District
Tax Assessment	\$275,200

Appraisal Assignment

Purpose	Estimate market value
Intended Use	Potential sale
Intended Users	City of Amesbury

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Interests Appraised	Fee simple
Date of Value	October 2, 2017
Date of Report	October 17, 2017
<u>Highest and Best Use</u>	Light storage use
<u>Indications of Value</u>	
Cost Approach	Not Applicable
Sales Comparison Approach	\$80,000
Income Approach	Not Applicable
Final Value Estimate	\$80,000
Value Attributed to Non-Realty	None

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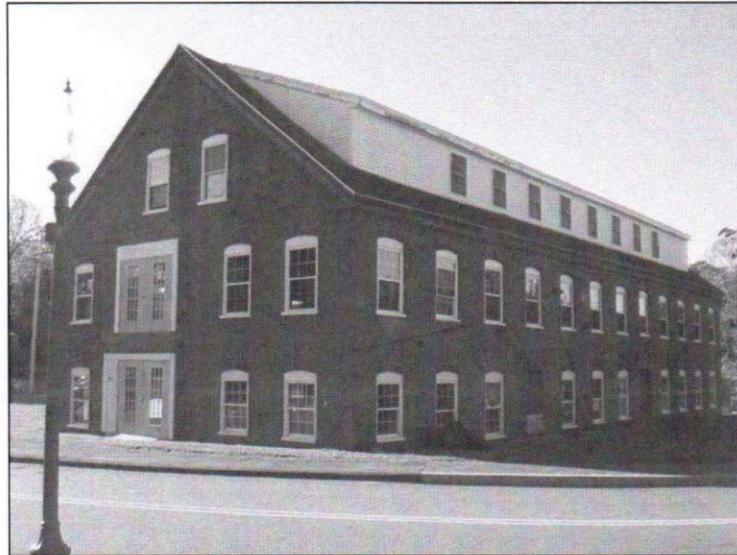


PHOTO OF FRONT AND SIDE FAÇADE OF SUBJECT BUILDING FACING SOUTH

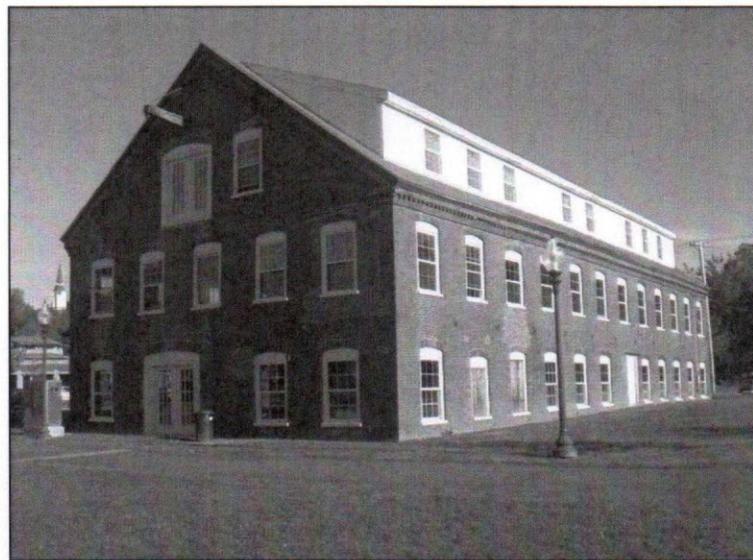


PHOTO OF REAR AND SIDE FAÇADE OF SUBJECT BUILDING FACING NORTH

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PHOTO FACING NORTHWEST ON WATER STREET



PHOTO FACING SOUTHEAST ON COUNTY ROAD

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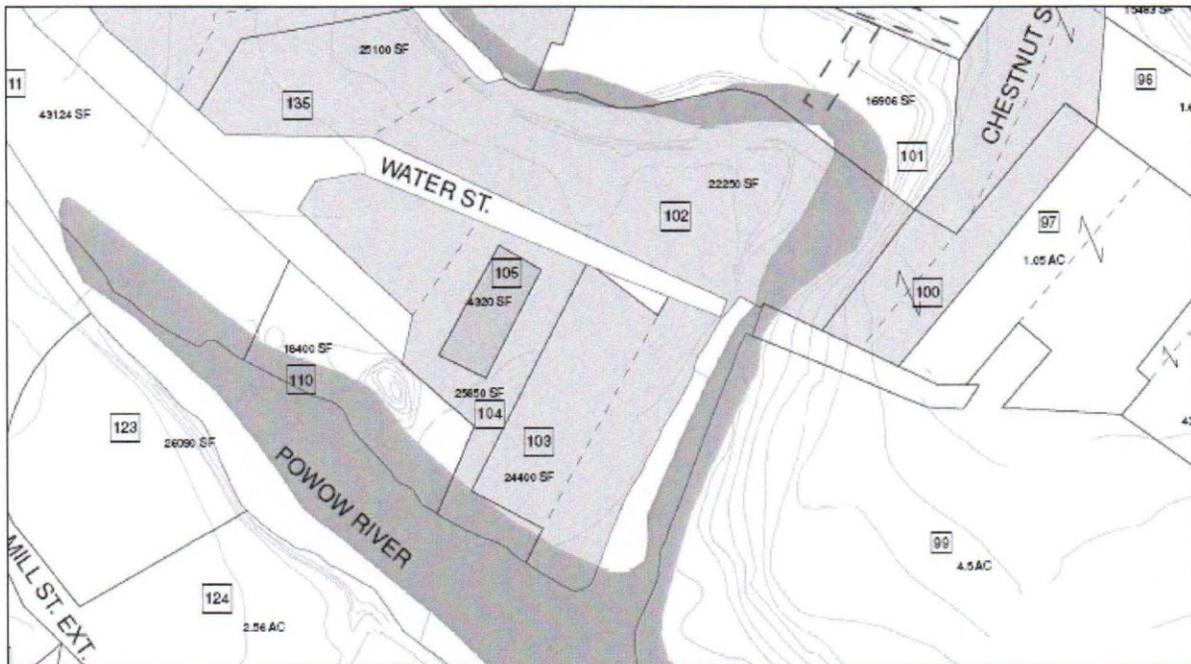
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PHOTO OF GROUND FLOOR OF SUBJECT BUILDING



PHOTO OF SECOND FLOOR OF SUBJECT BUILDING



PLAN OF SUBJECT SITE (#105) FROM ASSESSOR'S MAP

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Richard K. Pino, MAI

Certification

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct;
- 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;
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved;
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
- I, John G. Petersen, inspected the subject property on October 2, 2017;
- no one provided significant professional assistance to the person signing this report;

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- I certify to the best of my knowledge and belief, the reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
- as of the date of this report, John G. Petersen has completed the requirements of the continuing education program of the Appraisal Institute;
- I do not authorize the out-of-context quoting from or partial reprinting of this appraisal report;
- further, neither all nor any part of the appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report;
- I have not performed any services regarding the subject property, as an appraiser or in any other capacity, within the three years prior to accepting this assignment.

Petersen LaChance Regan Pino, LLC



John G. Petersen, MAI, SRA
Principal

Petersen LaChance Regan Pino, LLC

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John G. Petersen, MAI, SRA
William A. LaChance, MAI, SRA
John A. Regan, MAI
Richard K. Pino, MAI

Standard Assumptions and Limiting Conditions

The appraiser assumes:

1. That the subject property's fee simple estate as defined by this report is marketable and that the property is free and clear of all liens, encumbrances, easements and restrictions unless otherwise noted;
2. No liabilities legal in nature;
3. The property ownership and management are in competent, responsible hands;
4. That the property is not operating in violation of any applicable government regulations, codes, ordinances, or statutes. Any zoning variations and special permits currently in place are assumed to be available as of the date of value;
5. That there are no concealed or dubious conditions of the subsoil or subsurface waters, including water table and flood plain;
6. The appraiser personally inspected the subject property. When the date of inspection differs from the effective date of appraised value, the appraiser has assumed no material change in the condition of the property, unless otherwise noted in the report.

The following limiting conditions are submitted with this report and the estimated value of the subject as set forth in this appraisal is predicated on them.

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of valuation. The value of real estate is affected by many related and unrelated economic conditions, both local and national. John Petersen, or Petersen LaChance Regan Pino, LLC, or affiliates, therefore assumes no liability for the effect on this subject property of any unforeseen precipitous change in the economy.
2. The valuation, which applies only to the property described herein, was prepared for the purpose so stated and should not be used for any other purpose.

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3. The appraiser has made no survey of the property. Any and all maps, sketches, and site plans provided to the appraisers are presumed to be correct, but no guarantee is made as to their accuracy.
4. Any information furnished by others is presumed to be reliable and, where so specified in the report, has been verified, but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of any other information.
5. The signatories herein shall not be required to give testimony or attend court or appear at any governmental hearing with reference to the subject property, unless prior arrangements have been made.
6. Disclosure of the contents of this report is governed by the bylaws of the Appraisal Institute. Neither this report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI, SRPA, RM or SRA designation) shall be disseminated to the public through public means of communications without the prior written consent and approval of the appraisers and the firm which they represent.
7. The report does not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks containing hazardous material. The report does not consider the cost of encapsulation, treatment, remediation or removal of such material. If the property owner has a concern over the existence of such conditions in the subject property, the appraisers consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of hazardous material.
8. The appraiser did not ascertain the legal and regulatory requirements, except for zoning applicable to this project, including permits and licenses and other state and local government regulations. Further, no effort has been made to determine the possible effect on the subject property of present or future federal, state or local legislation or any environmental or ecological matters.

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9. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of this property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. Since compliance matches each owner's financial ability with the cost to cure the property's potential physical characteristics, the real estate appraisers cannot comment on compliance to ADA. A brief summary of physical aspects is included in this report. It in no way suggests ADA compliance by the current owner. Given that compliance can change with each owner's financial ability to cure non-accessibility, the value of the subject does not consider possible non-compliance. Specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

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Extraordinary Assumptions and Hypothetical Conditions

The valuation analyses and conclusions are premised on the following conditions and/or assumptions, as defined under Uniform Standards of Professional Appraisal Practice. Relevant definitions follow.

Extraordinary Assumption -- An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.¹

Hypothetical Condition -- A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.²

Extraordinary Assumptions:

None.

Hypothetical Conditions:

None.

¹ Uniform Standards of Professional Appraisal Practice and Advisory Opinions, 2016-2017 Edition, by the Appraisal Standards Board of the Appraisal Foundation, page 3.

² *Ibid.*, page 3.

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Scope of Analysis

In undertaking this appraisal assignment John Petersen has inspected the subject property and reviewed the property's legal description. The appraiser has viewed the neighborhood and surrounding land uses.

Information was gathered on sales of similar industrial sites from a regional market investigation. Insufficient comparable data were available to develop a cost approach or an income capitalization approach. This is due to the imbalance between the subject lot size, building size and renovation costs required to produce a physically and functionally competitive property. This appraisal also relies partially on the cost data, observations and conclusions contained in *Amesbury Heritage Center Strategic Master Plan*, prepared by Finegold Alexander Architects, June 2015.

The scope of this assignment addresses all relevant rules under Standard 1 of Uniform Standards of Professional Appraisal Practice. The data, analyses and conclusions are written to conform to Standards Rule 2-2(a) of USPAP, with respect to Appraisal Reports.

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Property Identification

The subject property has a street address of 29 Water Street, Amesbury, Massachusetts. According to the Amesbury Assessor's Office, the subject property consists of one tax parcel, identified as Map 53, Lot 105.

The parcel is owned by Amesbury Carriage Alliance, Inc. Amesbury Carriage Alliance acquired title to the property from C and C Realty Trust on May 20, 2004 in consideration of \$200,000. According to Kassandra Gove, Director of the Amesbury Chamber of Commerce, there are no pending offers or agreements encumbering the property.

However, according to public sources, the Amesbury Carriage Alliance had planned to auction the property on September 12, 2017, at an initial minimum bid of \$55,000. The City, through the Mayor and Council, asked that the auction be postponed "so that we can develop a mutually agreed upon process for planning an appropriate set of uses for the building."

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Purpose, Intended Use and Intended User of the Report

The purpose of this appraisal is to estimate the "as is" market value of the subject property. The intended use of this appraisal is for potential disposal of the property by the Amesbury Carriage Alliance. The intended user of this report is the City of Amesbury.

All real property associated with the property rights appraised is included in this valuation. In the case of the subject property, this involves a single industrial property. Only real property is being valued in this appraisal.

Market Value Definition

In accordance with generally accepted appraisal guidelines and as required by Title XI of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989 market value is defined as follows:

Market Value -- means the most probable price which a property should bring in competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (A) buyer and seller are typically motivated; (B) both parties are well informed or well advised, and each acting in what they consider their own best interest; (C) a reasonable time is allowed for exposure in the open market; (D) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and (E) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale".³

³

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

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Estimated Exposure Time

A condition implicit in the definition of value is that the property is exposed to the open market for a reasonable amount of time. It appears that the sale of the subject property within a six-month period is reasonable, assuming a reasonable asking price and competent marketing.

Property Rights Appraised

Property rights appraised herein include all benefits to which fee simple ownership is entitled as of the appraisal date. Fee simple 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.⁴

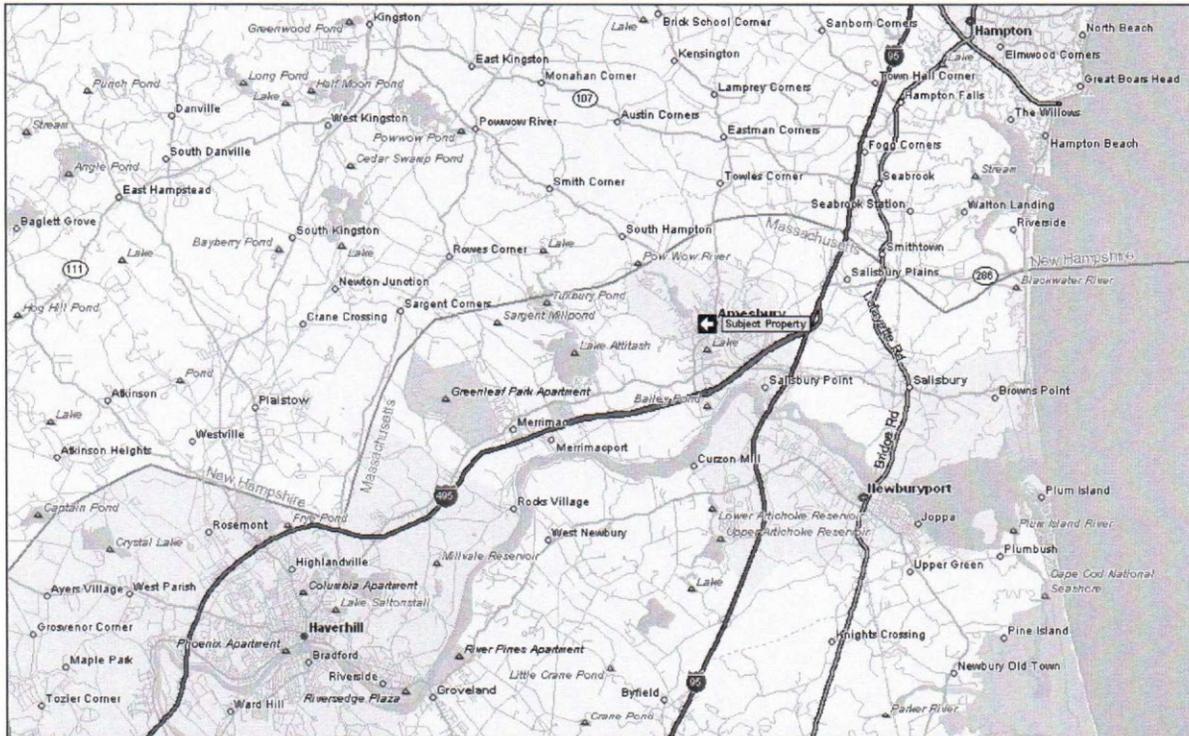
Date of Appraisal

The estimated value of the subject property is as of October 2, 2017. The subject property was inspected by John G. Petersen, MAI, SRA, on October 2, 2017. The date of this report is October 17, 2017.

⁴ The Dictionary of Real Estate Appraisal, copyright 1987, by the American Institute of Real Estate Appraisers, page 123.

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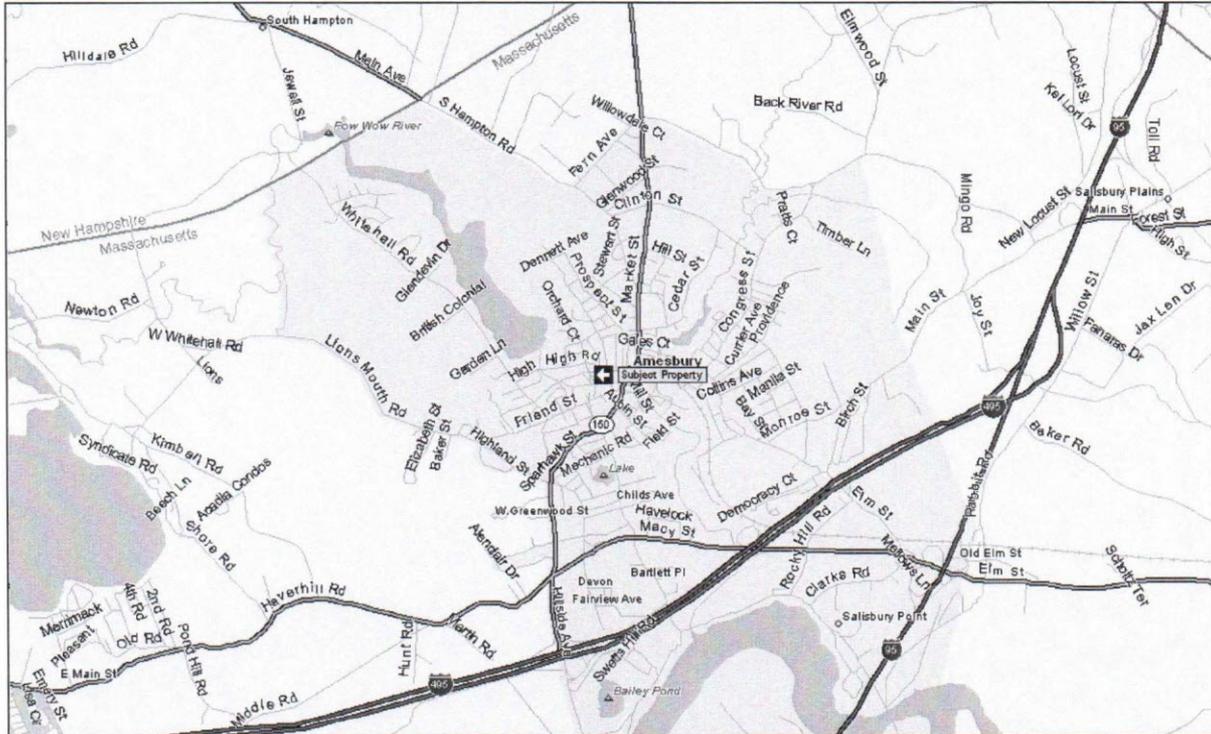
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REGIONAL MAP

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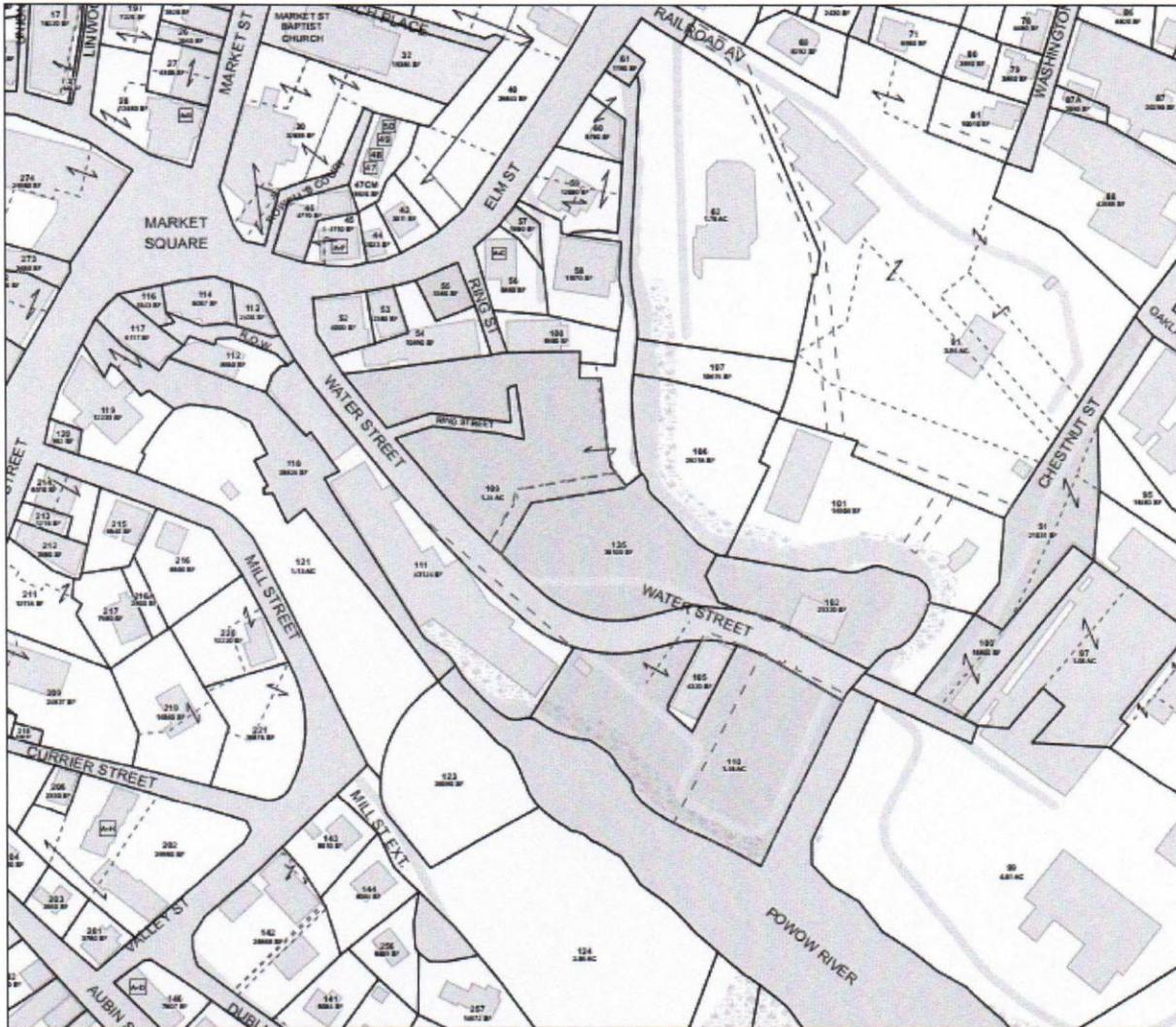
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AMESBURY AND ENVIRONS

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Richard K. Pino, MAI



NEIGHBORHOOD MAP

Regional, Municipal and Neighborhood Summary

The city of Amesbury is located in Essex County in northeastern Massachusetts. It is bordered on the west by the town of Merrimac, on the south by the Merrimack River, on the east by Salisbury and Newburyport, and on the north by Newton and Southamptton, New Hampshire. Amesbury has a population of approximately 17,000, with a land area of 13.81 square miles. The town is 43 miles north of Boston and 20 miles south of Portsmouth, New Hampshire. Haverhill, with a population of approximately 62,000, is 10 miles southwest.

Amesbury benefits greatly from its proximity to Interstate Highways. Interstates 95 and 495 intersect just east of the corporate limits. Regionally, I-95 connects Portland, Maine and Portsmouth, New Hampshire to the north with Boston to the south. Interstate 495, which runs southwest from Amesbury, connects the northern Massachusetts coast with the Merrimack Valley communities of Haverhill, Lawrence (population approximately 78,000), Lowell (population approximately 109,000), and farther to the southwest, Worcester, the third largest city in New England.

In addition to the Interstate Highway system, Amesbury is served by State Routes 110 and 150. Route 110 connects the two Interstates just prior to their intersection east of the town; the state route continues west to communities in the upper Merrimack Valley. Route 150 runs from the I-495 interchange northward, through the Amesbury central business district, to southeastern New Hampshire.

Although the greatest concentration of commercial land lies in the central business district, most of the industrial development in the city is in the industrial parks located on the outskirts of the community, which have been developed within the last 35 years. There are two well established industrial districts: one is located at the junction of Monroe Street and Portsmouth Avenue near the Salisbury line; the other is located along Hunt Road, which runs parallel to I-495 in southwestern Amesbury. These contain the most modern industrial facilities in the city. In addition, several

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smaller light manufacturing companies operate in older, former mill buildings located in, or just outside of, the central business district.

The subject property is located immediately to the south of Amesbury's central business district, just outside Market Square. The business district extends approximately four blocks from Market Square in the east, at the junction of Main Street, Market Street, and Elm Street, to the junction of Main Street and School Street to the southwest.

Beginning in the early 1980s, Amesbury undertook a downtown restoration program, funded through various federal and state grants. This included a \$1.5 million river front park along the Powow River which flows through the heart of the central business district. The centerpiece of the restoration project was the group of former mill buildings known as the Upper Millyard. This is a collection of eight mill buildings, four of which have been totally renovated for office and retail use, one which remains largely unrenovated and used as a hardware and industrial supply store, and three which were renovated in 2004 and converted to loft-style condominiums.

With the completion of the Upper Millyard, the City more recently focused its attention on the Lower Millyard. Contained largely within the Central Industrial zoning district, which lies immediately to the south and east of the CBD, the Lower Millyard once supported dozens of late nineteenth century and early twentieth century mill buildings during the height of the carriage industry. Although only a small fraction of these buildings remain, this area presents tremendous redevelopment potential, taking advantage of extensive frontage along the Powow River and Back River, which once powered the mills.

Currently, the City is promoting mixed-use development of the Lower Millyard, focusing on key parcels in an effort to generate private investment. To facilitate redevelopment of the Lower Millyard, the City established the Lower Millyard Overlay District to the Zoning Bylaw in 2005.

Petersen LaChance Regan Pino, LLC

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Richard K. Pino, MAI

Over the past several years, the City has spent in excess of \$10 million establishing "Heritage Park" in the Lower Millyard. A large portion of this long term project included the relocation of the City's Public Works building from Water Street to a more compatible industrial district on South Hunt Road. The City also spent \$1.2 million on the realignment of Water Street in front of the former Carriage Museum (now known as the "Heritage Center") as well as over \$1 million in creating a park behind the Heritage Center.

One of the earliest redevelopment initiatives in the district was the redevelopment of the former Arc Source welding supply property into a regional transportation center. The Merrimack Valley Regional Transit Authority acquired title to the 2.18-acre site and constructed a 10,000-square foot building containing a bus terminal. In a joint effort with MVRTA, the City relocated its Senior Center and Health and Human Services Division into the center.

Also, the final section of the Riverwalk from the DPW building to Market Square will be completed in the foreseeable future. Currently, the walking and biking trail, which runs along the Powow River from the rear of the Carriagetown Marketplace at Route 110, ends at the entrance to the Bartley Manufacturing property on County Road.

In 2007 a mixed-use development was proposed for the Bartley Machine & Manufacturing Company complex, which lies just to the south of the City's former DPW facilities at the corner of Water Street (shown as Old County Road on some maps) and Chestnut Street. Bartley occupies a 130,000-square foot complex in seven buildings on an 8.5-acre site. Bartley had been working with RE Investments, Inc., of Wellesley on a mixed-use concept called Carriage Hill Landing. Although no formal applications had been made, the project proposed 184 condominium units and 10,000 square feet of commercial and retail space. Bartley continued to search for a developer to acquire the manufacturing facility, which was listed for sale at \$8.28 million in 2007.

More recently it was announced that after converting the industrial complex to condominium form of ownership, Mr. Bartley sold the flagship building, a three-story,

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masonry and steel-frame building containing a gross building area of 46,654 square feet, to its long-term tenant, Coastal Connections, Inc., a non-profit organization serving the needs of physically and mentally challenged adults, for a price of \$2.3 million (or \$49 per square foot of building area) on September 20, 2017.

There are several million square feet of space in "mill" buildings in the Merrimack Valley. This is a regional classification of industrial buildings constructed in the mid-to-late 19th century and early 20th century, mostly for the manufacture of textiles, shoes and carriages during the height of the American Industrial Revolution. Typically, these were multi-story buildings with brick exterior walls and heavy timber construction. Floor loads were usually in the vicinity of 80 to 90 pounds per square foot, considerably less than the reinforced concrete slab floors of modern industrial buildings. Ceiling heights were low: usually no more than 14 feet, but often in the 10 to 12-foot range. Utilization of floor space was typically restricted by internal, heavy wood columns and access to upper floors was awkward due to a limited number of antiquated freight elevators. Accessing upper floors was made more difficult due to the linear layout of these often long, narrow buildings.

As a result of the extensive functional obsolescence inherent in these mill buildings, they tend to be much less desirable than single-story concrete and metal industrial buildings for light manufacturing and warehouse uses. Today's use of turn-of-the-century mill buildings is often limited to light manufacturing use on the ground level (which often have poured concrete floors), but light storage on upper floors.

During the mid-to-late 1980s it became marginally economically feasible to justify the renovation and rehabilitation of mill space for other uses such as office and research and development. With an oversupply and eroding manufacturing base in the early 1990s, however, lower quality space suffered higher vacancy rates.

The market for unrehabilitated mill space in the Merrimack Valley slowed considerably from 1989 to 1994 with minimal leasing and sales activity throughout the

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region. Prices for modern industrial properties increased dramatically between 1995 and 1999, but the market for mill properties did not keep pace with modern facilities.

From 2003 through 2007, increasing demand and appreciating prices in the residential market resulted in some mill buildings being purchased for renovation and conversion to apartments and residential condominiums. However, mill buildings with minimal land rendered conversion to residential uses infeasible due to insufficient parking ratios.

Mill space remains an enigma. Current market conditions render it infeasible to renovate most mill buildings for other uses. Unrenovated mill space will likely be plagued by comparatively higher vacancy rates for the foreseeable future due to endemic functional obsolescence inherent in industrial buildings that were designed and built in the 19th century.

In conclusion, renovation and conversion to multi-family use was feasible for some buildings from 2002 through 2005, but only those with sufficient land to accommodate on-site parking. The Upper Millyard benefitted from this window of opportunity, and despite declining prices during the recession of 2008-2009, a handful of mill buildings have continued to be converted to apartments and condominiums over the past few years. Few buildings are suitable for conversion to higher and better uses in the Lower Millyard, however.

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Site Summary

Location -- The subject's street address is 29 Water Street, Amesbury, Massachusetts. The parcel is identified as Map 53, Lot 105 by the Assessor's records.

General Description -- The total site is 4,320 square feet (0.10 acre). The shape is rectangular.

Although the Assessor's plan shows the subject lot as not fronting on a way, the deed implies that the lot fronts on County Road, which extends in a southerly direction from Water Street, in front of the subject site. (The exact point where Water Street ends and County Road begins is difficult to determine, since the realignment of these two roads in conjunction with the relocation of the former DPW property directly affects this determination.)

Topography and Drainage -- The topography of the subject site is predominantly level. However, it descends moderately steeply beyond the subject site to the southwest, in proximity to the Powow River. The Back River flows in a southerly direction from Clark's Pond, which lies approximately one-quarter mile northeast of the subject site, on the north side of Elm Street. The Back River joins the Powow River in the Lower Millyard, roughly one hundred feet to the south of the subject, which empties into the Merrimack River approximately one mile to the south. The Powow River wraps around the southerly and westerly portions of the sites abutting the subject to the south.

The subject site appear to be located outside of the Zone A flood plain ("high flood risk"), as indicated by FIRM Map #25009C0106F, dated 7/3/12, according to the Federal Emergency Management Agency.⁵

⁵Zone C is defined as "areas of minimal flooding" by the Federal Emergency Management Agency. Zone B is defined as "areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths of less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. Zone A is defined as "areas of 100-year flood" (Where the Zone A designation is followed by a numerical sub-designation, the 100-year flood area includes "base flood elevations and flood hazard factors".)

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Soil and Subsoil -- Soils tests and analysis are beyond the scope of this valuation analysis. This appraisal assumes that the soil bearing capacity is capable of supporting most commercial and light industrial structures without unusual design or engineering accommodations. Also, the subject site is assumed to conform to environmental standards contained in Chapter 21E of Massachusetts General Laws.

Utilities -- The site has access to electricity, natural gas, telephone, cable TV and City water and sewer. Electricity, telephone and cable TV are on overhead lines to the south of the subject, but below grade to the north.

Easements, Encroachments, Encumbrances, Etc. -- The Riverwalk Bikeway is an existing easement that runs just outside of the southern boundary of the subject site. Although partially constructed a few years ago, more recent infrastructure improvements have resulted in a loss of a defining trail along the banks of the river immediately to the south of the subject. Notwithstanding, this bituminous concrete paved way is clearly reestablished to the south of the Bartley Manufacturing property, beyond the end of County Road. This is a popular biking and pedestrian trail along the river that connects the Amesbury central business district to the north with the Carriagetown Marketplace retail center and Route 110 to the south.

The deed references "passageways" between the subject building and the Brody Wood Heel Company building and "the garage of the Town of Amesbury." Neither of these buildings currently exist.

Comments -- Although the site is level and rectangular shaped, at 4,320 square feet, the site is too small for most commercial and industrial uses. There is no on-site parking. (The exterior walls of the existing building virtually sit on the boundaries of the site.) Also, despite official information to the contrary, the site has been known to flood on multiple occasions.

Improvements Summary

Improvements Overview -- The primary improvements consist of one light industrial building with a gross building area estimated at 10,250 square feet. The building was built circa 1880. It was originally known as Plant #1 of the Biddle and Smart Company, a carriage manufacturer from the 1800s.

This is a two and one-half-story, brick and wood-frame building. The first two floors contain 4,100 square feet each and the top floor contains 2,050 square feet.

The roof is a straight gable design, with shed dormers that run nearly the length of the building on both sides of the gable. The roof cover is asphalt shingle.

The exterior walls are brick, except for wood clapboards on the sides of the shed dormers. The foundation (if one exists) is assumed to be fieldstone. The windows are double-glazed, double-hung, six-over-six units.

The floor assemblies on the upper two levels consist of the original wood beams sistered with laminated veneer joists, supported by wood columns. The joists are designed to sit in pockets in the perimeter brick walls. The floor surfaces are wood planks and plywood. The first floor is gravel. Clear ceiling height is approximately 10 feet on the second floor and eight feet on the first floor.

Access to the building is by standard double doors at both ends of the building; however, the upper two levels have no egress stair structures. Interior access to the second floor is by an open wooden stairwell. There is no permanent access to the third floor.

There are no interior finishes in the building. The entire building is vacant.

Property Condition and Utility -- On the date of inspection, the subject building varied in physical condition from fair to poor. There is no electrical panel or circuits in the building. There is no access to municipal water or sewer. There is no heating ventilating or air conditioning (HVAC) system in the building.

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(Note: Some of the appraiser's observations and comments are based on, or supplemented by, a report from RSE Associates, Inc., a structural engineering firm. Two professional engineers from RSE inspected the subject building on August 19, 2014 and included a two-page report as an addendum to the Amesbury Heritage Center report completed by Finegold Alexander Architects in June of 2015.)

Although the exterior brick walls were intact, several cracks in the brick were observed. Some of the beams supporting the second and third floors were twisted. Beams that were intended to sit in pockets in the brick walls had pulled away. The wood plank floors in some areas were "excessively deflected."

According to the RSE report:

The masonry walls are in overall poor condition. Most of the damage is likely due to uneven settlement of the foundation. This raises the possibility of more significant damage within the wall that may not be visible from the exterior... There are multiple factors affecting the feasibility of moving this building... from a structural standpoint this building should not be moved in its current condition. In order to stabilize the building the above mentioned repairs need to be made. More extensive repairs may be necessary pending the results of additional investigations.

Essentially, the subject building is a "shell" consisting of structural members in varying degrees of condition and integrity. The building interior is totally unfinished. Most of the deficiencies appear to be economically incurable.

Zoning and Land Use Regulations

The subject property is located in the Central Industrial, or IC zoning district, as identified in the City of Amesbury Zoning Bylaw. The IC district allows a limited number of non-residential uses.

A list of allowable "by right" uses in the IC district includes: churches; schools; parks and conservation areas; town buildings; cemeteries; historic societies; public utilities; "essential services"; agriculture; training schools; business repair; private day care centers; light manufacturing; manufacturing; laundry/cleaning plants; bakeries; research office/labs; and various accessory uses.

All districts allow uses upon granting of a Special Permit by either the Planning Board or the Zoning Board of Appeals. Special Permits are somewhat discretionary permits issued by the permit granting authority and, as such, may be speculative as to the local authority granting such uses. On the other hand, if the proposed use meets the tests established in the Bylaw and is generally perceived to be in the best interest of the community, the permit granting authority is compelled to approve the permit.

In addition, the City established the Lower Millyard Overlay District (LMOD) in 2005 specifically for the purpose of encouraging mixed-use redevelopment. Invoking the LMOD requires a special permit, with the Planning Board the special permit granting authority. Allowable uses under the LMOD include: office and retail; professional/business offices; personal services; multi-family residential; artist live/work space; accessory marina; accessory parking structure.

The minimum lot area in the district is 40,000 square feet and the minimum street frontage is 125 feet. The minimum front, side and rear yard setbacks are 25, 20 and 40 feet, respectively. The maximum building height is four stories and 40 feet. The maximum building area is 50% of the lot.

The subject property does not present a specific use. Therefore, conformance to the Bylaws cannot be determined at this time.

Highest and Best Use Analysis

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible appropriately supported, financially feasible, and that results in the highest value.⁶

The definition of highest and best use encompasses two concepts. The first is highest and best use of land or site as though vacant. The second is highest and best use of property as improved. The “as vacant” analysis assumes the property is vacant and available for development. The “as improved” analysis is appropriate for developed property only. Moreover, in each case, the existing use may or may not be the site's highest and best use.

Highest and Best Use of Land as Though Vacant -- The first type of highest and best use, highest and best use of land or a site as though vacant, assumes that a parcel of land is vacant or that it can be made vacant through the demolition of improvements. The question to be answered in the analysis of this type of highest and best use is, “if the land is (or were) vacant, what use should be made of it?”. That is, what type of building or other improvement (if any) should be constructed on the land?

When a property's highest and best use can reasonably be forecast to change in the near future, the prevailing highest and best use is considered an interim use.

Highest and Best Use of Property As Improved -- The second type of highest and best use, highest and best use of a property as improved, pertains to the use that should be made of the property as it exists. Should the subject improvements be maintained as they are, renovated, expanded, partly demolished, or any combination of these? Or should they be replaced with a use different in type or intensity?

⁶ Appraisal Institute, The Appraisal of Real Estate, 12th Edition, (Chicago, 2001) p. 305.

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To meet the test of highest and best use for both land as though vacant and property as improved, a use must meet four criteria. The criteria are: (1) physically possible, (2) legally permissible, (3) financially feasible and (4) maximally productive.

Highest and Best Use "As Though Vacant"

Physically Possible -- Size, shape, terrain and soil quality affect the uses to which land may be developed. The utility of a parcel may depend on its size, frontage and depth in regard to meeting zoning requirements; irregularly shaped parcels may cost more to develop and when developed may have less utility than a regularly shaped parcel of the same area. Unusually hilly, rocky or wet land may be more costly to develop, and poor soil quality, e.g., wetland conditions, unstable fill, etc., may render a site unbuildable or limit its utility.

As previously mentioned, the subject site is comprised of 0.10 acre (4,320 square feet) of land. Street frontage is unknown; however, the deed references County Road as a boundary; also, a "passageway extending from Water Street."

The shape of the site is rectangular (but the exact measurements are unknown).

In the case of the subject site, topography and soil conditions appear to present no constraints to development. Soil stability is not believed to be an issue. Notwithstanding any factual information to the contrary, this valuation assumes that the subject site has not been contaminated and is in compliance with applicable laws. It is further assumed that the site is physically capable of supporting most commercial structures with typical floor loads without requiring special site preparation or engineering. And although the official FEMA Flood Hazard map indicates the entire site is above the 100-year flood zone, various sources indicate that the site is prone to flooding.

The small size, but rectangular shape of the site, would allow for the development of several legally permissible uses.

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Legally Permissible -- Private restrictions, zoning, building codes, historic district controls and environmental regulations may limit the development potentials of a particular parcel of real estate. The subject is located in the Central Industrial zoning district. The IC zone encompasses most of the Lower Millyard district.

A list of allowable "by right" uses in the IC district includes: churches; schools; parks and conservation areas; town buildings; cemeteries; historic societies; public utilities; "essential services"; agriculture; training schools; business repair; private day care centers; light manufacturing; manufacturing; laundry/cleaning plants; bakeries; research office/labs; and various accessory uses.

The minimum lot area in the district is 40,000 square feet and the minimum street frontage is 125 feet. The minimum front, side and rear yard setbacks are 25, 20 and 40 feet, respectively. The maximum building height is four stories and 40 feet. The maximum building area is 50% of the lot.

In addition, the Lower Millyard Overlay District (LMOD) includes: office and retail; professional/business offices; personal services; multi-family residential; artist live/work space; accessory marina; accessory parking structure.

Any of the allowable uses in the IC district could be legally placed on the site. However, the dimensional restrictions would preclude a large number of the uses allowable by right.

The City likely would grant a special permit for uses allowed in the Overlay district that supported their community development goals. Although the site area is well below what is required in the Bylaw, it would likely be considered a "lot of record" and development of the lot to the current density would be allowed.

Financially Feasible -- For a use to be economically viable, there must be demand for the use at a level sufficient to warrant investment. Most of the legally allowable uses under the IC or LMOD would present some degree of economic feasibility. At the same time, most of the uses would not be ideally suited due to the small lot area or lack of well-defined boundaries.

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Maximally Productive -- The use which provides the highest value is maximally productive and is the highest and best use. In analyzing highest and best use to this point, legally permitted uses and physical characteristics of the site have been analyzed. The final step in this analysis is to identify the use that is legally permitted, physically possible and financially feasible, which will produce the highest land value.

Among the physically possible, legally permissible and economically feasible uses, office and retail; professional/business offices; personal services; multi-family residential; and artist live/work space would compete for the most productive use of the site. Any of these uses would have to take advantage of off-site parking available at the City parking garage across the street.

Highest and Best Use "As Improved"

The second type of highest and best use, highest and best use of a property as improved, pertains to the use that should be made of the property as it exists. Should the subject improvements be maintained, renovated, expanded, demolished, or any combination of these? Or should they be replaced with a different use or intensity?

That use that maximizes the investment property's net operating income (NOI) on a long-term basis is its highest and best use. An analysis of highest and best use of a property as improved can result in a determination that little or no capital expenditure is required, or that significant expenditures are required to convert the property to a different use or to rehabilitate or remodel the existing use.

As presently improved, the subject property is a shell building that was originally used for light manufacturing and/or warehousing of carriages. Given its current state of physical deterioration and functional obsolescence, it is very difficult to identify a use that would produce a positive return to the land.

Under normal circumstances (i.e., where the improvements contribute a significant amount of value to the total property), the uses that would compete for the highest and best would be light manufacturing and single occupant office. Retail, multi-

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tenant professional office (including medical and dental office) and multi-family residential would also compete for most productive use. However, these uses would place heavy demands on parking that cannot be accommodated on the subject site (and the City probably would not be inclined to allow extensive private parking in the public garage).

Similar condition, quality and utility light manufacturing properties in comparison to the subject (assuming extensive renovations detailed below are not required) sell in a range from roughly \$30 to \$60 per square foot of building area. Similar condition, quality and utility office properties sell from \$100 to \$150 per square foot of building area. Unfortunately, extensive renovations *are* required and must be included in the calculations for highest and best use.

According to the *Amesbury Heritage Center Strategic Master Plan*, prepared in June, 2015, the cost to elevate the building above the flood plain is estimated at \$110,000. (The report notes that this figure does not include the cost of a new foundation.) At a minimum, any use of the building beyond the first floor would require that the building be structurally sound. Assuming a fairly modest cost of \$50,000 for a new foundation and a poured concrete floor for the first level, plus \$110,000 for elevating the building, provides a "ball park" estimate of \$160,000 to provide a safe and sound building, at least on the first floor.

To renovate the entire 10,250-square foot building for full occupancy, i.e., build out all three floors, would cost in the vicinity of \$300 per square foot, or \$3,075,000. To bring in utilities would cost an additional \$100,000, more or less. The total cost to have a good quality building (for any use) that would utilize the entire building would be roughly \$4.5 million. The calculations are shown on the following page.

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PROJECTED RENOVATION COSTS

Cost Source	Calculation	Cost
Renovation "Hard" Costs	10,250 SF @ \$300/SF	\$3,075,000
Elevate Building out of Flood Zone		110,000
New Foundation and Concrete Slab		50,000
Utilities and Site Work		100,000
Renovation "Soft" Costs*	\$3,075,000 x 30%	922,500
Construction Contingency	\$3,075,000 x 10%	307,500
Total Cost of Construction		\$4,565,000

* Includes project management, architectural and engineering fees.

The total cost to renovate the building for virtually any of the potential highest and best uses equates to \$445 per square foot of building area ($\$4,565,000 \div 10,250 = \445). This unit cost is well above the unit values found in the market for office or light manufacturing properties. Moreover, this unit cost exceeds the unit values for any of the legally allowable uses available in the Zoning Bylaws that can be accommodated entirely within the 4,320-square foot site. Given the small size of the site and an existing building area limited to 10,250 square feet, there are no legally allowable uses that can produce a value that can offset a cost of development in excess of \$4 million.

Moreover, there appears to be no uses that can be accommodated by a modest approach that addresses raising the building out of the flood zone, pouring a new foundation and concrete slab on the first floor and bringing in basic utilities to the site at a cost in the vicinity of \$260,000. Such a use would have to produce a future (i.e., "as complete") value well in excess of this cost. No such use is evident.

In the final analysis, the use that produces the highest positive return to the land is "accessory marina." Such a use could avoid even the most basic expenditures of a new foundation and raising the building. A boathouse renting kayaks from the first floor of the subject building could be profitable because it would not require any of the costs

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indicated above. Kayaks could be stored on any of the three floors without significantly increasing the live load to a critical level. Limited retail operations could be performed from the rear of the first floor. However, this use would require a small, but permanent wharf be constructed along the bank of the Powow River to the south of the subject site, on the City's land, as well as an easement over the City's land (shown as Lots 103 and/or 104 on the Assessor's maps) to access the wharf.

The highest and best use analysis demonstrates that the improvements have nearly reached the end of their economic life, and to a large extent, represent a burden to the land. The valuation section that follows is based on sales of properties that possess similar highest and best use characteristics, but with little or no contribution in value from the improvements. Also, some positive influence is attributable to water frontage or access, consistent with the highest and best use conclusion as an accessory marina for the storage, rental, launching and hauling of kayaks.

Sales Comparison Approach

The sales comparison approach provides an estimate of market value by comparing the subject property with recent sales of similar properties. The major premise of this approach is that the market value of a property can be directly related to the prices of comparable, competitive properties. The five steps generally involved in this process are outlined on the following page:

1. Identify recent sales of similar properties for which transaction data are known.
2. Verify the information regarding the arms-length nature of the comparable transactions and terms.
3. Compare the attributes of the subject property with those of the comparable properties and adjust for any differences that may have impacted sales price. Specific consideration should be given to issues of time, location, physical characteristics, conditions of sale and current yield data.
4. Identify a unit of comparison between the subject and comparable properties that allows inferences to be made regarding the probable sales price of the subject property.
5. Reconcile the various value indications produced from the analysis of comparable properties to a single value or value range.

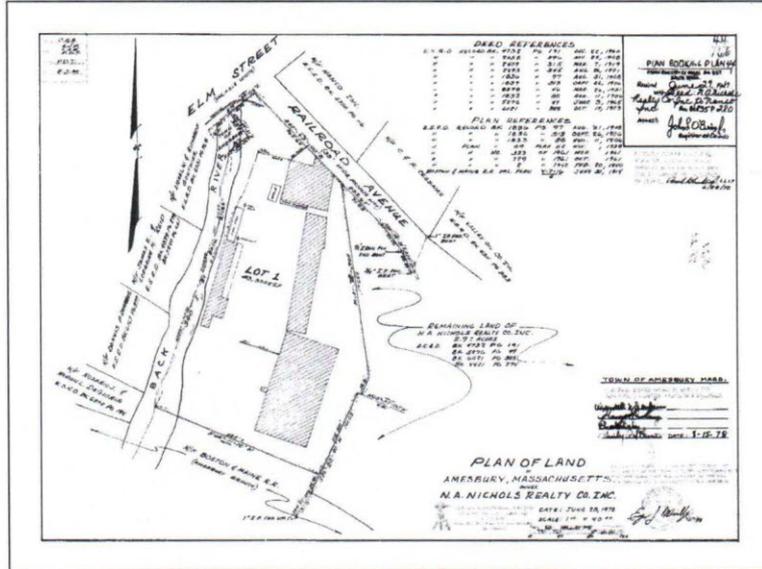
The reliability of the sales comparison approach to valuation is dependent upon both the quality and quantity of recent sales data for comparable properties. When adequate recent market sales information is available, the sales comparison approach can provide a reliable indication of what a probable buyer would pay for the subject property. The following pages present the most comparable of sales among the limited number of sales with limited contribution of value from their improvements.

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Comparable Sale #1 68 Elm Street (aka 1 Railroad Avenue) Amesbury, Massachusetts



Grantor: Katim, Inc., Stephen Nichols, president
Grantee: Merrimack Valley Regional Transit Authority
Property Rights: Fee Simple
Title Reference: Essex South Registry; Book 27806, Page 359
Date of Sale: May 27, 2008
Sale Price: \$781,900
Land Area: 94,800 square feet (2.18 acres)
Price per Square Foot: \$8.25
Zoning: Central Industrial
Utilities: Public water, sewer, gas and electric
Financing: All cash to seller
Sales History: No sales within prior three years

Comments: This is the sale of the former Arc Source welding supply property. It is located just to the southeast of the central business district. The site is comprised of two abutting parcels totaling 2.18 acres. It has 41.99 feet of frontage on Elm Street and 162.64 feet on Railroad Avenue, a private way. The shape of the site is irregular and the Back River runs along the westerly property line. The site is fairly level, but descends gently to the south. At the time of conveyance of title, the site was improved with four buildings, three of which were attached. One building was primarily office space; one was showroom and office; the third contained cylinder welding and filling equipment; the fourth cylinder testing equipment. Three of the buildings were wood-

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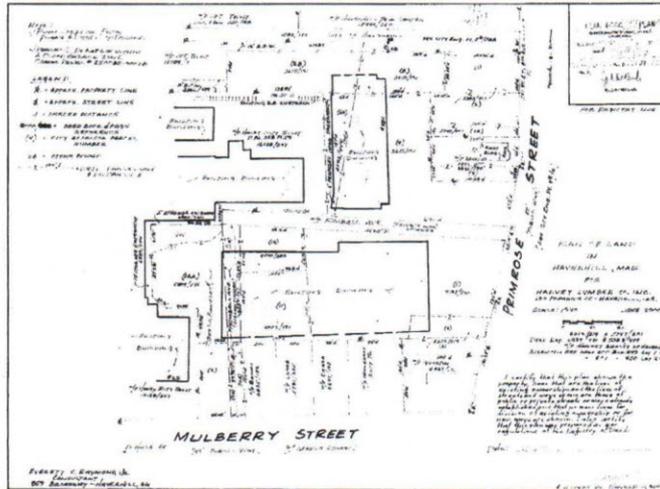
frame and one was concrete block. The combined building area was 21,079 square feet. Virtually the entire area not improved with buildings was paved with bituminous concrete. The property was purchased by the regional transit authority to construct a transportation center on the site. All the buildings will be razed and a 10,000-square foot, two-story building constructed on the site. Site plan approval for the project was issued by the planning board in August, 2007. A bus terminal will occupy approximately 600 square feet on the ground floor and the Town will relocate its Senior Center and Health and Human Services Division into the new facility. The sale price for the property was established by an independent, professional appraisal.

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Comparable Sale #2 234-240 Primrose Street Haverhill, Massachusetts



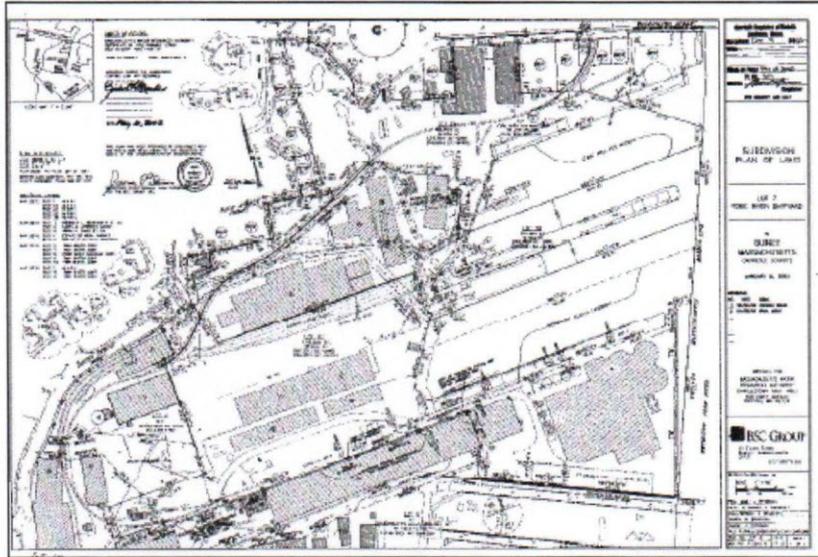
Grantor: JMDL Realty Company, LLC
Grantee: JPT2 Trust, Joseph P. Faro, trustee
Property Rights: Fee Simple
Title Reference: Essex South Registry; Book 28969, Page 285
Date of Sale: September 28, 2009
Sale Price: \$2,000,000
Land Area: 152,311 square feet (3.50 acres)
Price per Square Foot: \$13.13
Zoning: General Industrial
Utilities: Public water, sewer, gas and electric
Financing: All cash to seller
Sales History: No sales within prior three years
Comments: This is the sale of the Jackson Lumber Company property in Haverhill. The site is located in an in-town industrial district, just outside the central business district. It has approximately 420 feet of frontage on the west side of Primrose Street and 45.45 feet of frontage on the north side of Mulberry Street. The site is improved with a two-story, steel-frame, concrete block warehouse building of 20,886 square feet, built in 1960. It also has a two-story, wood-frame warehouse of 44,301 square feet, built in 1940. The buildings were in fair condition and contributed minimal value. The property was bought by the abutter to the north: the owner of Joseph's Gourmet Pasta & Sauces property. The intended use is additional employee parking and tractor-trailer staging area for Joseph's 135,000-square foot food processing facility.

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Comparable Sale #3 Lot 7C1 South Street Quincy, Massachusetts



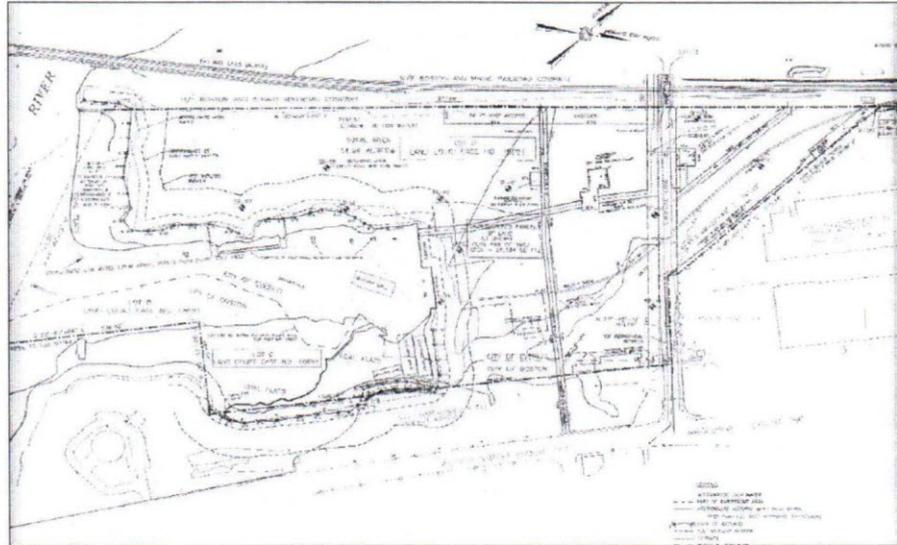
Grantor:	Massachusetts Water Resources Authority
Grantee:	Fore River Marine Terminal, LLC (Jay Cashman, Inc.)
Property Rights:	Fee Simple
Title Reference:	Norfolk Registry; Book 24870, Page 307
Date of Sale:	June 5, 2007
Sale Price:	\$4,411,000
Land Area:	618,853 square feet (14.21 acres); 320,385 upland square feet (7.36 acres upland acres)
Price per Square Foot:	\$7.13 (\$13.77 per upland square feet)
Zoning:	Industrial
Utilities:	Public water, sewer, gas and electric
Financing:	All cash to seller
Sales History:	No sales within prior three years
Comments:	This is the sale of a marine industrial site that is comprised of uplands, flowed tidelands and a pier and bulkhead in Quincy Harbor. Part of the former Quincy Fore River Shipyard, this land was acquired by Jay Cashman as a base for his civil and marine construction company. Along with earlier acquisitions by Cashman, he now owns a total of 26 acres (14 upland), for which he paid an aggregate price of \$6,611,000. There were four buildings on the site, which were in variable condition at the time of sale, but contributed minimal value.

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Real Estate Services

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John A. Regan, MAI
Richard K. Pino, MAI

Comparable Sale #4 1 Horizon Way Everett and Boston, Massachusetts

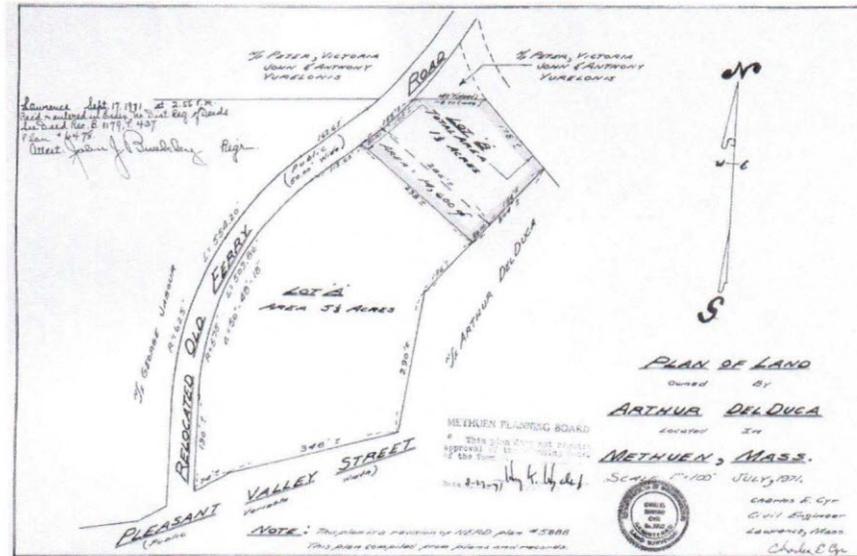


Grantor: Mystic Landing, LLC (Modern Continental)
Grantee: FBT Everett Realty, LLC
Property Rights: Fee Simple
Title Reference: Middlesex South District Registry; Book 53680, Page 333
Date of Sale: October 15, 2009
Sale Price: \$8,000,000
Land Area: 1,522,858 square feet (34.96 acres); 1,045,440 upland square feet (24 acres upland)
Price per Square Foot: \$5.25 (\$7.65 per upland square foot)
Zoning: Industrial
Utilities: Public water, sewer, gas and electric
Financing: All cash to seller
Sales History: No sales within prior three years
Comments: This waterfront site has access from Route 99 and 820 feet on the Mystic River. The existing waterfront improvements are in poor condition. It was purchased by a local developer who is considering retail and/or industrial use, but had no definitive plan at the time of purchase. The site is partially environmentally impaired; it had been one of the country's largest chemical manufacturing plants, owned by Monsanto for several decades, but closed in 1992. Modern Continental purchased it for use as an equipment "lay down" site during the "Big Dig" construction project.

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 Real Estate Services

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 Richard K. Pino, MAI

Comparable Sale #5
15 Old Ferry Road
Methuen, Massachusetts



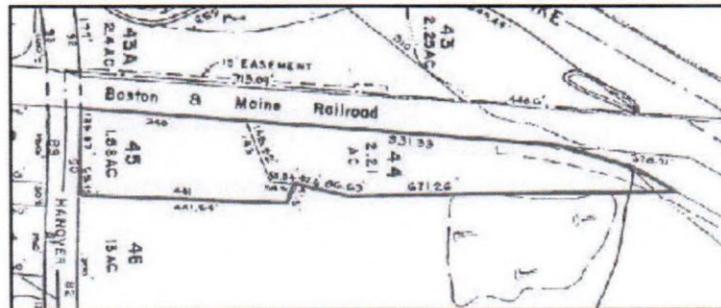
Grantor:	KJA Realty Trust, Richard G. Stockbridge, trustee
Grantee:	15 Old Ferry Road, LLC
Property Rights:	Fee Simple
Title Reference:	Essex North Registry; Book 11455 Page 335
Date of Sale:	February 5, 2009
Sale Price:	\$290,000
Land Area:	58,161 square feet (1.34 acres)
Price per Square Foot:	\$4.99
Zoning:	IL
Utilities:	Public water, sewer, gas and electric
Financing:	All cash to seller
Sales History:	No sales within prior three years
Comments:	This site is located on the southeast side of Old Ferry Road, a few hundred feet north of Pleasant Valley Street in Methuen. It has 155 feet of frontage. Surrounding land uses are lower quality industrial and outside storage. The land had been improved with a 7,200-square foot commercial building that was destroyed by fire in 2007. The buyer, DeLuca Fence Company, is an abutter who acquired the land to build a 7,200-square foot office building. (As of mid-2010, it was being used for outside storage.) Access to Route 213 is approximately one-half mile west of this property.

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Real Estate Services

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Richard K. Pino, MAI

Comparable Sale #6
90 Hanover Street
Newbury, Massachusetts



Grantor:	Hanover Real Estate Trust
Grantee:	JJ McCarthy, LLC
Property Rights:	Fee Simple
Title Reference:	Book 29912, Page 98
Date of Sale:	October 28, 2010
Sale Price:	\$750,000
Land Area:	160,301 square feet
Price per Square Foot:	\$4.68
Zoning:	Industrial
Utilities:	Public water, gas and electric; private septic
Financing:	All cash to seller
Sales History:	No sales within the past three years

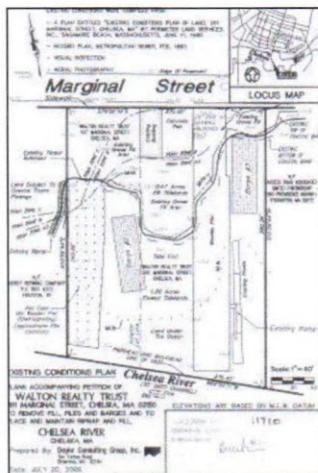
Comments: This site is located just off Route 1 in Newbury. It is a narrow parcel with 188.70 feet of frontage on the north side of Hanover Street, but several hundred feet of frontage on the passenger rail line that terminates in Newburyport. The site is improved with a 7,100 square foot industrial building in fair condition built circa 1968. The site was purchased for use as a school bus terminal operated by North Reading Transportation, the owner's school bus transportation company.

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Real Estate Services

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Richard K. Pino, MAI

Comparable Sale #7 201 Marginal Street Chelsea, Massachusetts



Grantor: Walton Family Realty, LLC, James F. and Rita C. Walton, managers
Grantee: 201 Marginal Street, LLC, Harold Kalick, manager
Property Rights: Fee Simple
Title Reference: Suffolk Registry; Book 47367, Page 199
Date of Sale: December 21, 2010
Sale Price: \$1,440,000
Gross Land Area: 2.33 acres (101,495 square feet)
Price per Square Foot: \$14.19
Upland Land Area: 0.58 acres (25,265 square feet)
Price per Square Foot: \$57.00
Zoning: Waterfront Industrial
Utilities: Public water, sewer, gas and electric
Financing: Seller took back \$985,000 mortgage at undisclosed rate and terms
Sales History: No sales within prior three years
Comments: This is the sale of an industrial waterfront parcel located on the north side of Chelsea Creek, mid-way between the McArdle Bridge to the west and the Chelsea Street Bridge to the east. This is a nearly rectangular parcel with 1.75 acres (75%) of submerged and flowed tidelands and 0.58 acres of filled tidelands (uplands). The seller had acquired a Chapter 91 license in 2007 to construct a rip-rap barrier around the upland portion of the site, remove an old pile field and construct new fixed and floating docks. Subsequent to the sale, the buyer was granted a new Chapter 91 license to expand and construct a pile-held floating dock system with the intension of operating a

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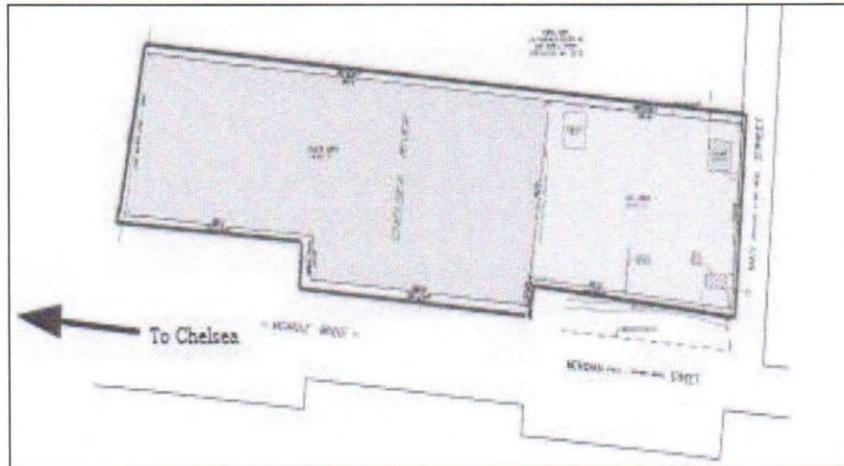
marina for pleasure boats. The site is improved with an older, one-story, high-bay, metal industrial building of 2,200 square feet (with mezzanine office). The building was in average condition.

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Comparable Sale #8 479-499 Meridian Street Boston, Massachusetts



Grantor: R & W Realty Trust, Peter Bang, trustee
Grantee: 479 Meridian Street, LLC, Joseph Marchese, manager

Property Rights: Fee Simple
Title Reference: Suffolk Registry; Book 47846, Page 199
Date of Sale: April 25, 2011
Sale Price: \$1,201,278
Gross Land Area: 3.89 acres (169,457 square feet)
Price per Square Foot: \$7.09
Upland Land Area: 1.27 acres (55,457 square feet)
Price per Square Foot: \$21.66
Zoning: MER
Utilities: Public water, sewer, gas and electric
Financing: All cash to seller
Sales History: No sales within prior three years

Comments: This is the sale of an industrial waterfront parcel located on the south side of Chelsea Creek, immediately adjacent to the McArdle Bridge, in East Boston. This is a nearly rectangular parcel with 2.62 acres (67%) of submerged and flowed tidelands and 1.27 acres of filled tidelands (uplands). The buyer owns scrap metal yards in Boston and Everett. He purchased this property to cut up old steel barges for scrap. The upland portion of this site is used for staging of the scrap business, with the submerged portion providing access to the barges. The site has no significant improvements.

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Comparable Sale #9 22-32 Nay Street and 60-62 Condor Street Boston, Massachusetts



Nay Street Parcel



Condor Street Parcel

Grantor:	Fairfield – Exeter, Inc., Jay Cashman, president
Grantee:	Condor Nay, LLC, Michael J. Merullo, manager
Property Rights:	Fee Simple
Title Reference:	Suffolk Registry; Book 53970, Page 235
Date of Sale:	January 19, 2015

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Sale Price: \$1,700,000
Gross Land Area: 5.97 acres (260,113 square feet)
Price per Square Foot: \$6.54
Upland Land Area: 2.61 acres (113,653 square feet)
Price per Square Foot: \$14.96
Zoning: MER (Nay Street); Local Industrial (Condor Street)
Utilities: Public water, sewer, gas and electric
Financing: All cash to seller
Sales History: No sales within prior three years

Comments: This is the sale of two abutting parcels totaling 5.97 acres. The property is located just to the east of the McArdle Bridge, in East Boston. The parcel at 22-32 Nay Street (a private way) contains 5.43 acres, of which 2.06 (38%) are upland. The remaining site area consists of tidal mudflats extending in a northerly direction into the Chelsea River. The federal channel north of the flats extends to a depth of approximately 40 feet. The parcel at 62-66 Condor Street contains 0.55 acres, all of which are upland. The Nay Street parcel's upland area is generally level and surfaced with gravel. The upland area of this parcel is separated from the tidal area by a steel bulkhead. This parcel is encumbered by an AUL that restricts the site to industrial uses. Two, 3,200-square foot Quonset buildings built in the 1940s are the only improvements on the Nay Street parcel. The Condor Street parcel is improved with a one and two-story, 3,516-square foot, wood-frame office building built circa 1910. The improvements on both parcels were in fair to average condition at the time of sale. The property was sold by one of the largest marine industrial construction companies in the region. The property was purchased by Capitol Waste Management, an East Boston based municipal solid waste disposal company.

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Comparable Sale #10 95 Behen Street Everett, Massachusetts



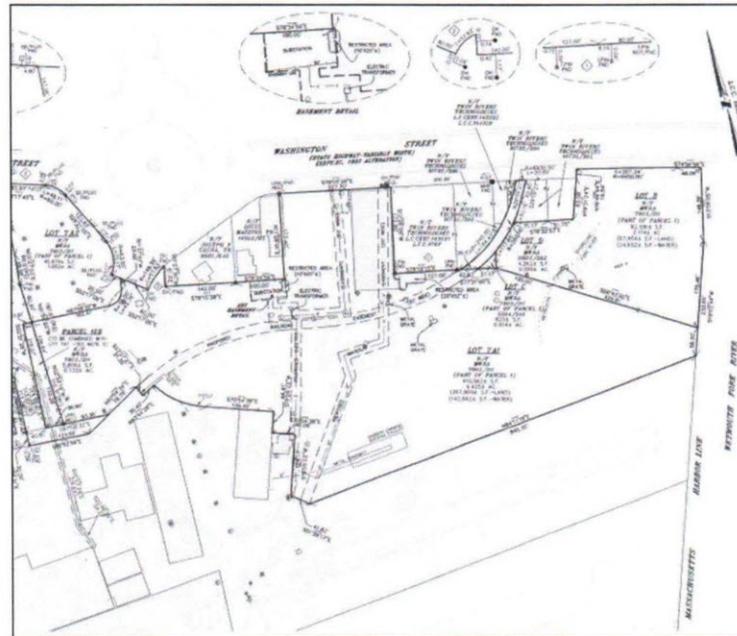
Grantor: Island End Corporation, Ronald A. Francoeur, president
Grantee: MRT Wharf, LLC, Wayne P. Capolupo, manager
Property Rights: Fee Simple
Title Reference: Middlesex South Registry; Book 54830, Page 264
Date of Sale: June 15, 2010
Sale Price: \$2,500,000
Gross Land Area: 2.00 acres (87,038 square feet)
Price per Square Foot: \$28.72
Upland Land Area: 2.00 acres (87,038 square feet)
Price per Square Foot: \$28.72
Zoning: Industrial
Utilities: Public water, sewer, gas and electric
Financing: Seller took back a \$2 million note at 6% for five years
Sales History: No sales within prior three years
Comments: This is the sale of a waterfront industrial site located on the northwest side of the Island End River, which separates Everett from Chelsea. The site has approximately 660 feet of recently constructed bulkheading and paving, completed in 2006. Effectively, the entire site is upland. The site has immediate access to rail and the Island End River, which was recently dredged to a depth of 21 to 27 feet. The property was purchased by the principal of SPS New England, a major roads and bridges contractor, for equipment and material storage and transportation. The seller is a pile driving contractor. Both the buyer and seller are based on Elm Street in Salisbury.

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Comparable Sale #11 683 Washington Street Quincy, Massachusetts



Grantor:	Massachusetts Bay Transportation Authority
Grantee:	Fore River Recycling, LLC (Jay Cashman, manager)
Property Rights:	Fee Simple
Title Reference:	Norfolk Registry; Book 32415, Page 168
Date of Sale:	July 7, 2014
Sale Price:	\$1,111,101
Gross Land Area:	11.69 acres (509,101 square feet)
Price per Square Foot:	\$2.18
Upland Land Area:	7.85 acres upland (341,787 square feet upland)
Price per Square Foot:	\$3.25
Zoning:	Industrial
Utilities:	Public water, sewer, gas and electric
Financing:	All cash to seller
Sales History:	No sales within prior three years
Comments:	This is the sale of a marine industrial site that is comprised of uplands, flowed tidelands and a pier and bulkhead in Quincy Harbor. Part of the former Quincy Fore River Shipyard, this land was acquired by Jay Cashman as an expansion of his civil and marine construction company. The property consists of roughly 67% uplands

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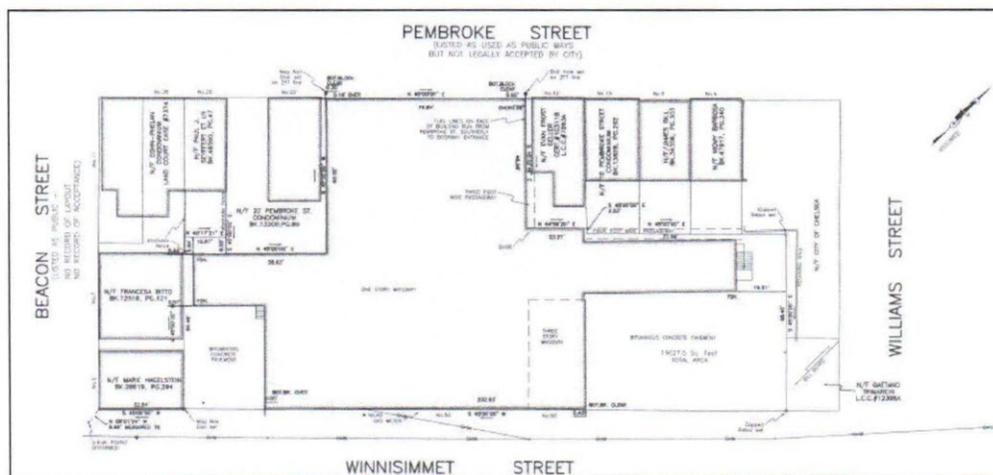
and 33% flowed tidelands. This sale reflects a public auction conducted on behalf of the MBTA (as successor in title from MWRA). Mr. Cashman was the only bidder. It was reported that other potential bidders may have been reluctant to bid due to a damaged water pipe that resulted in a collapse of the surrounding pavement and bulkhead at the MBTA's Harbor Express dockage facility. The estimated cost to repair the structural damage was at least \$900,000 (which would explain the much lower unit price paid for the property). Along with earlier acquisitions by Cashman, he now owns a total of 37.7 acres (21.9 upland), for which he paid an aggregate price of \$7,722,101, or \$8.09 per upland square foot.

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Comparable Sale #12 34-62 Winnisimmet Street and 14 Pembroke Street Chelsea, Massachusetts



Grantor:	Kayem Foods, Inc.
Grantee:	Chelsea Hospitality, LLC
Property Rights:	Fee Simple
Title Reference:	Suffolk Registry; Book 49512, Page 209
Date of Sale:	May 11, 2012
Sale Price:	\$660,000
Gross Land Area:	0.45 acres (19,627.5 square feet)
Price per Square Foot:	\$33.63
Upland Land Area:	0.45 acres (19,627.5 square feet)
Price per Square Foot:	\$33.63
Zoning:	Waterfront
Utilities:	Public water, sewer, gas and electric
Financing:	All cash to seller
Sales History:	No sales within prior three years

Comments: This is the sale of an industrial non-waterfront property in south Chelsea. It is located a few hundred feet from the end of Winnisimmet Street and the industrial waterfront along Chelsea Creek. It fronts on Winnisimmet Street and Pembroke Street, between Beacon and Williams Streets. This is an irregularly shaped lot comprised of nine parcels. At the time of sale, the property was improved with a one and three-story brick mill building in poor condition; it had previously been occupied by Kayem Foods. The property was acquired by a group of local developers who were considering developing the site with a boutique hotel.

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Unit of Comparison -- The most appropriate units of comparison used in valuing potentially developable land is the price per acre (or price per square foot) and the price per square foot of potential building area. The price per acre/square foot is a more appropriate indicator for valuing the subject site. The table below summarizes each sale based on this unit of comparison.

LAND SALES SUMMARY OF SALIENT DATA

<u>Sale #</u>	<u>Square Feet</u>	<u>\$/SF</u>	<u>Sale Date</u>
	<u>Upland Area</u>		
Subject	4,320		
1	94,800	\$8.25	5/08
2	152,311	\$13.13	9/09
3	320,385	\$13.77	6/07
4	1,045,440	\$7.65	10/09
5	58,161	\$4.99	2/09
6	160,301	\$4.68	10/10
7	25,265	\$57.00	12/10
8	55,457	\$21.66	4/11
9	113,653	\$14.96	1/15
10	87,038	\$28.72	6/10
11	341,787	\$3.25	7/14
12	19,628	\$33.63	5/12

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Analysis of Sale Data -- Sale #1 is land improved with buildings that nearly abuts the subject to the north. This property is located in Amesbury's Lower Millyard district. The improvements were to be razed in order to construct a regional public transportation facility on the site. This sale has identical locational characteristics as the subject.

Sale #2 is located just outside the Haverhill central business district; within an industrial district, but abutting a residential neighborhood to the north. It has broad street frontage on Primrose Street and narrow frontage on Mulberry Street. The use of this site is a lumber yard and building supply store. The owner of Jackson Lumber had publicly disclosed his intention to close the facility due to poor economic conditions in the housing and construction markets in 2008-2009. Joseph Faro, purchased this property to provide additional employee parking and tractor-trailer staging area for the Joseph's Gourmet Pasta & Sauces facility, which abuts this sale to the north. Subsequent to this sale, the buyer leased the land to Nestle Prepared Foods Company, the lessee of the Joseph's Pasta property. The Jackson Lumber property includes two older industrial buildings, both of which appear to be in fair condition. There was nominal value in the improvements.

Sale #3 is a large marine industrial site located in the former Fore River Shipyard, on the Quincy and Weymouth lines, approximately 10 miles southeast of Boston. The buyer acquired the land for a base of operations for a marine and civil heavy construction business. Although there were four older buildings on the site, they contributed minimal value to the total enterprise. A significant portion of the site was contained within flowed tidelands.

Sale #4 is located in Everett and Boston, with fairly broad frontage on the Mystic River. It has access to the site from Route 99 via Chemical Way and backs up to the Gateway Center, a retail complex developed on part of the original Monsanto site. Although there were buildings on the site, both the buyer and seller judged that they

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had little or no value. No specific use for the property had been identified by the buyer at the time of sale.

Sale #5 is a relatively small industrial site located on the southeast side of Old Ferry Road, a few hundred feet north of Pleasant Valley Street in Methuen. Surrounding land uses are lower quality industrial and outside storage. The land had been improved with a 7,200-square foot commercial building that was destroyed by fire in 2007. The buyer, DeLucca Fence Company, is an abutter who acquired the land to build a 7,200-square foot office building.

Sale #6 is a narrow parcel with frontage on the passenger rail line that terminates in Newburyport. The site is improved with a 7,100 square foot industrial building in fair condition built circa 1968. The site was purchased for open storage of school busses. There was nominal value in the improvements.

Sale #7 is the sale of a marine industrial site located in Chelsea on the north side of Chelsea Creek. A small percentage of the site area is dry. The property had an approved Chapter 91 license, but the buyer acquired a new license that allowed for the expansion of the water-dependent use to include dockage for pleasure boats. The site was improved with a small metal industrial building, with little or no contributory value. However, the Chapter 91 license likely contributed significant value.

Sale #8 is the sale of a marine industrial site located on the south side of Chelsea Creek, immediately to the east of the McArdle Bridge, in East Boston. A majority of this site is also comprised of submerged or flowed tidelands. It was purchased by a scrap metal operator so that old barges could be tied up to this site, dismantled and sold as scrap. The site is dirt and gravel, with an older bulkhead separating the tidal flats from the upland area.

Sale #9 is a marine industrial site abutting Sale #8 to the east. This sale represents two abutting parcels, only one of which has direct access to Chelsea Creek and the federal channel. The older buildings on site contributed minimally to the total value of the combined properties.

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Sale #10 is a marine industrial site located on the west side of the Island End River, a few hundred feet north of the Mystic River in Everett. It has extensive marine improvements, including 660 linear feet of recently constructed bulkheading and concrete decking. Although a portion of this site is supported by piles and bulkheading, effectively, the entire site area is dry.

Sale #11 is another section of the Quincy Shipyard purchased by the same buyer as Sale #3. This sale reflects an upland area of roughly 67% and a tideland area of 33%. The single bidder auction may have had a downward influence on the unit price paid by the buyer. Also, the structural damage to the bulkheading and Harbor Express dockage facility undoubtedly influenced the unit price in a negative direction. Simply applying the estimated cost to repair the damage of \$900,000 to the bid price of \$1,111,101 would result in an adjusted unit price of \$5.88 per square feet of upland area.

Sale #12 is a fairly recent sale of several parcels of land that were part of the Kayem Food properties. The site is improved with an old mill building and attached garages, which contributed little or no value. It was purchased for development of a boutique hotel. This property is virtually surrounded by the several parcels that comprise an industrial boatyard complex.

Reconciliation of Sale Data -- Among the 12 comparable sales, the unit prices range from \$3.25 to \$57.00. At \$57.00 per foot and \$33.63, Sales #7 and #12 are outliers. Sale #7 had a Chapter 91 License and had the characteristics of a recreational marina with fairly extensive dockage. (A substantial portion of the sale was seller financed at unknown terms.) This would have had an upward influence on unit price. Sale #12 sold on a higher and better use (i.e., boutique hotel), which also had an upward influence on the unit price.

Setting these two outliers aside, the unadjusted range of unit prices is reduced to \$3.25 to \$28.72. The average unit price among the remaining 10 sales is \$12.11. Sales #1, #2, #3, #8 and #9 presented slightly higher overall comparability than the

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remaining sales, suggesting a unit value for the subject in the vicinity of \$15.00 per foot. However, all of the sales possessed significantly larger site sizes. Based on the premise that there is an inverse relation between unit price and lot size, i.e., as the size increases, the unit price decreases, and vice versa, the preliminary unit value has been adjusted upward 25%, indicating a unit value of \$18.75.

Reconciling the data, the most supportable unit value for the subject site is estimated at \$18.75 per square foot of land value. Multiplying 4,320 square feet of land by \$18.75 equals \$81,000.

Value Conclusion -- Based on the data presented, the fee simple market value of the subject property is estimated at (rounded):

*** \$80,000 ***

(EIGHTY THOUSAND DOLLARS)

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Professional Qualifications

JOHN G. PETERSEN, MAI, SRA

John G. Petersen is a founding partner of Petersen LaChance Regan Pino, LLC, a real estate appraisal and consulting firm serving public, private and institutional clients throughout New England and the Northeast. William A. LaChance, MAI, SRA, joined Mr. Petersen to form Petersen/LaChance Realty Advisors in 1994. John Regan, MAI, and Richard Pino united with Messrs. Petersen and LaChance to establish the current company in 2011.

Prior to establishing Petersen/LaChance, Mr. Petersen was affiliated with Byrne McKinney & Associates, Inc., a real estate appraisal and consulting firm in Boston, where he was a Senior Associate. Prior to this, he was Vice President/Senior Review Appraiser with Home Owners Federal Savings, one of the largest savings and loan associations in the Northeast. Other professional experience includes appraisal and brokerage positions as well as community development and city planning positions with local governments in Massachusetts. His real estate appraisal and consulting career began in 1982, with a continuous practice spanning over 30 years.

John Petersen also served as Regional Appraiser for Region 1 (New England) of the General Services Administration. Under the broad administrative oversight of the Director, Portfolio Management Division, he was responsible for the development and application of real estate appraisal principles and practices in support of GSA's Public Building Service, which includes over 10 million square feet of space in 56 federally owned buildings in New England. Mr. Petersen served as the regional expert in the valuation of real estate for a broad range of projects within GSA and assisted Central Office (Washington) in rewriting appraisal policy for the Fair Annual Rent program. He also provided technical reviews and consulting services for Border Station land acquisitions, redevelopment and exchanges under Special Operations, and projects under the purview of the Disposal Division in facilitating the sale and reuse of surplus federal property.

Mr. Petersen personally has completed more than 3,000 appraisals and 5,000 appraisal reviews. Property types include (but are not limited to) apartment and condominium projects, residential properties, industrial facilities, biotechnology facilities, food processing facilities, gas stations, convenience stores, retail centers, office properties, hotels, motels, car washes, marinas, boat yards, salvage yards, nursing homes, assisted living facilities, airports and aviation facilities, self-storage facilities, mobile home parks, farms, schools, skating rinks, special use properties, undevelopable land, and land development and redevelopment projects.

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In addition, Mr. Petersen has experience in highest and best use studies, marketability and feasibility studies. Further, he has experience in the valuation of full and partial interests for eminent domain, such as easements and leaseholds, in conformance with Uniform Appraisal Standards for Federal Land Acquisitions. Mr. Petersen has valued several undivided fractional interests, including those requiring discounts for lack of control and/or marketability. He has extensive experience in complex, multi-tenant property valuation and evaluation assignments and is proficient in both Pro-Ject® and Argus® financial analytical software. He has also consulted on several land development projects for private and public entities.

John Petersen is a member of the Appraisal Institute, having been awarded both the MAI and SRA designations. The Appraisal Institute is the largest professional appraisal organization in the country and the MAI and SRA are widely regarded to be the most prestigious general and residential appraisal designations, respectively, conferred in North America.

Mr. Petersen has been active in professional appraisal organizations for over two decades. He has served in several leadership capacities in the Appraisal Institute, including: chair, (National) Experience (peer) Review Committee; chair, Chapter Admissions Committee, chair, Chapter Government Relations Committee. He served two, three-year terms on the Board of Directors of the Massachusetts Chapter of the Appraisal Institute. He has held every chapter officer position, including President, and served as a Regional Representative to the Institute.

His formal education includes a Bachelor of Science degree in Sociology with a Concentration in Urban Studies from Northeastern University. The core curriculum in this program included courses in Urban Economics, Urban Geography, Economic Geography, Community Analysis, Transportation Management and Environmental Studies.

John Petersen served on the Amesbury Planning Board from 1986 to 1994 and chaired the Board for two terms. He is the former chair of the Amesbury Industrial Development Commission. He is licensed by the Commonwealth of Massachusetts as a Construction Supervisor – Unrestricted Class (#019079) and Real Estate Broker (#9062031). Mr. Petersen is a state certified-general appraiser in Massachusetts (#837), New Hampshire (#405) and Maine (#1297) and has qualified as an expert witness before the Federal Bankruptcy Court, Essex County Superior Court and the Massachusetts Appellate Tax Board. He holds a Private Pilot License and owns a single engine aircraft.