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State of New Hampshire
OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

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Director, Audit Division
(603) 271-2785

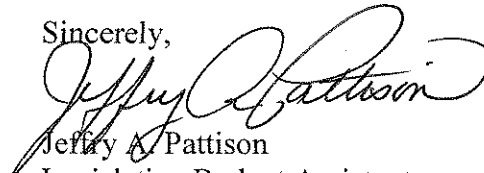
April 8, 2014

To Members of the Long Range Capital
Planning and Utilization Committee

The Long Range Capital Planning and Utilization Committee, as established by RSA 17-M, of which you are a member, will hold a regular business meeting on **Tuesday, April 15, 2014, at 2:00 p.m.** in Room 201 of the Legislative Office Building.

Please find attached information to be discussed at this meeting

Sincerely,


Jeffrey A. Pattison
Legislative Budget Assistant

JAP/pe
Attachments

LONG RANGE CAPITAL PLANNING AND UTILIZATION COMMITTEE
AGENDA

Tuesday, April 15, 2014 at 2:00 p.m. in Room 201 of the Legislative Office Building

- (1) **Acceptance of Minutes** of the March 4, 2014 meeting

- (2) **Old Business:**

RSA 188-F:6, XIII-a, Authority of the Board of Trustees:

LRCP 14-005 Additional Information Community College System of New Hampshire – signed Second Amendment to Purchase and Sale Agreement between the Community College System of New Hampshire and Juliet Marine Systems, Inc., dated March 10, 2014, as required by the conditional Committee approval granted March 4, 2014 (LRCP 14-005) to amend the expiration date of the “Due Diligence Period” from December 31, 2013 to April 15, 2014

- (3) **New Business:**

RSA 4:39-c Disposal of Highway or Turnpike Funded Real Estate:

LRCP 14-010 Department of Transportation – request approval to sell two (2) portions of the Limited Access Right-of-Way consisting of 4,320 +/- square feet and 23,315 +/- square feet located at the southwest corner of Interstate 293 and South Willow Street in the City of Manchester directly to AutoFair Realty, LP for \$351,100, which includes an \$1,100 Administrative Fee, subject to the conditions as specified in the request dated April 1, 2014

LRCP 14-011 Department of Transportation – request approval to enter into a Use and Occupancy Agreement for the use of a 2,230 +/- square foot portion of State owned land and Right-of-Way located on the easterly side of the Spaulding Turnpike, south of the Piscataqua River in Newington, and a 3,990 +/- square foot parcel of State owned land also located on the easterly side of the Spaulding Turnpike, northerly of the Piscataqua River in Dover, with Granite State Gas Transmission, Inc. at no cost, and assess an Administrative Fee of \$1,100, subject to the conditions as specified in the request dated April 2, 2014

RSA 4:40 Disposal of Real Estate:

LRCP 14-007 Department of Administrative Services – request approval, allowing negotiations within the Committee’s current policy guidelines, to reduce the previously approved sale price of the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua from \$1,000,000 to \$800,000, plus an Administrative Fee of \$1,100, and to extend the listing agreement with NAI Norwood Group for an additional six (6) months beyond the current expiration date of June 24, 2014, as specified in the request dated March 21, 2014 (LRCP 13-005, originally approved May 14, 2013, and subsequently amended (LRCP 13-042) on September 24, 2013)

RSA 4:40 Disposal of Real Estate, and RSA 228:57 Sale or Lease; Purpose:

LRCP 14-009 Department of Transportation – request approval to sell approximately .12 acres (5,232.5 square feet) on the State-owned Mountain Division Railroad corridor in the Town of Bartlett to Cabin Fever Property LLC for a total of \$13,500, and assess an \$1,100 Administrative Fee, which includes a required \$500 deposit already submitted by Cabin Fever Property LLC, subject to the conditions as specified in the request dated March 18, 2014

RSA 228:57 Sale or Lease; Purpose:

LRCP 14-008 Department of Transportation – request approval to lease Merrimack Valley Railroad sidings on approximately .87 acres (37,575 square feet) on the State-owned Concord to Lincoln Railroad corridor in the Town of Northfield at \$.10 per square foot for a cost of \$3,757.50 per year, plus \$100 per year for the private pedestrian at-grade and electric utility crossings, for a total of \$3,857.50 per year for a period of five (5) years, with a five-year renewal provision, and assess a one-time \$1,100 Administrative Fee, subject to the conditions as specified in the request dated March 12, 2014

(4) **Miscellaneous:**

(5) **Informational:**

(6) **Date of Next Meeting and Adjournment**

LONG RANGE CAPITAL PLANNING AND UTILIZATION COMMITTEE

MINUTES

March 4, 2014

The Long Range Capital Planning and Utilization Committee met on Tuesday, March 4, 2014 at 2:30 p.m. in Room 201 of the Legislative Office Building.

Members in attendance were as follows:

Representative David Campbell, Chairman
Representative Gene Chandler
Representative John Cloutier, Clerk
Representative Alfred Lerandean
Representative John Graham (Alternate)
Senator David Boutin, Vice Chairman
Senator Sylvia Larsen
Senator James Rausch
Senator Nancy Stiles
Gerard Murphy, Governor's Office

Michael Connor, Department of Administrative Services

Representative Campbell called the meeting to order at 2:42 p.m.

ACCEPTANCE OF MINUTES:

On a motion by Senator Boutin, seconded by Senator Rausch, that the minutes of the January 16, 2014 meeting be accepted as written. MOTION ADOPTED.

NEW BUSINESS:

RSA 4:39-c DISPOSAL OF HIGHWAY OR TURNPIKE FUNDED REAL ESTATE:

LRCP 14-001 Department of Transportation – Charles Schmidt, PE, Administrator, and Phillip Miles, Chief of Property Management, Bureau of Right-of-Way, Department of Transportation presented the request and responded to questions of the Committee.

On a motion by Representative Chandler, seconded by Representative Lerandean, that the Committee approve the request of the Department of Transportation, Bureau of Right-of-Way, to extend the listing agreement with Shea Commercial Properties, Inc. for a term of six months, keep the current listing price of \$3,400,000, allowing negotiations within the Committee's current policy guidelines, and assess an Administrative Fee of \$1,100, to sell a 28.36 +/- acre parcel of State owned land located at 55 Range Road in the Town of Windham, subject to the conditions as specified in the request dated February 3, 2014. This item (LRCP 12-033) was originally approved by the Long Range Capital Planning and Utilization Committee on June 26, 2012 and subsequently amended on June 25, 2013 (LRCP 13-027). MOTION ADOPTED.

LRCP 14-002 Department of Transportation – Charles Schmidt, PE, Administrator, and Phillip Miles, Chief of Property Management, Bureau of Right-of-Way, Department of Transportation presented the request and responded to questions of the Committee.

On a motion by Representative Graham, seconded by Senator Rausch, that the Committee approve the request of the Department of Transportation, Bureau of Right-of-Way, to amend the listing price from \$299,000 to \$250,000, allowing negotiations within the Committee's current policy guidelines, assess an Administrative Fee of \$1,100, and further extend the listing agreement with KW Commercial for a term of 6 months, to sell a 3.5 +/- acre parcel located on the easterly side of US Route 3 in the Town of Bedford, subject to the conditions as specified in the request dated February 3, 2014. This item (LRCP 12-035) was originally approved by the Long Range Capital Planning and Utilization Committee on June 26, 2012 and subsequently amended on June 25, 2013 (LRCP 13-026). MOTION ADOPTED

LRCP 14-003 Department of Transportation – Charles Schmidt, PE, Administrator, and Phillip Miles, Chief of Property Management, Bureau of Right-of-Way, Department of Transportation presented the request and responded to questions of the Committee.

On a motion by Senator Boutin, seconded by Representative Lerandeau, that the Committee approve the request of the Department of Transportation, Bureau of Right-of-Way, to amend the current listing price from \$90,000 to \$78,850, allowing negotiations within the Committee's current policy guidelines, assess an Administrative Fee of \$1,100, and continue its current listing agreement with Shea Commercial Properties, Inc., to sell a 0.75 +/- acre parcel of State owned land located on the southwest corner of Lamson Road and Roulston Road in the Town of Windham, subject to the conditions as specified in the request dated February 13, 2014. This item (LRCP 13-040) was originally approved by the Long Range Capital Planning and Utilization Committee on September 24, 2013. MOTION ADOPTED.

LRCP 14-004 Department of Transportation – Charles Schmidt, PE, Administrator, and Phillip Miles, Chief of Property Management, Bureau of Right-of-Way, Department of Transportation presented the request and responded to questions of the Committee. Glenn Normandeau, Executive Director, New Hampshire Fish and Game Department, and Lynmarie Cusack, Assistant Attorney General, Department of Justice, were also present.

On a motion by Representative Chandler, seconded by Senator Boutin, that the Committee approve the request of the Department of Transportation, Bureau of Right-of-Way, to transfer a 5,200 +/- square foot parcel of State owned land located on the southerly side of Long Island Road and also a 280 +/- square foot easement area located on the northerly side of Long Island Road in Moultonborough to the Harilla Landing Yacht Club Association in exchange for the Harilla Landing Yacht Club Association transferring to the Department of Transportation a 20,100 +/- square foot parcel of land, owned by them, located on the northerly side of Long Island Road, at no cost, and waive the \$1,100 Administrative Fee, subject to the conditions as specified in the request dated February 14, 2014. MOTION ADOPTED.

LRCP 14-006 Department of Transportation – Charles Schmidt, PE, Administrator, and Phillip Miles, Chief of Property Management, Bureau of Right-of-Way, Department of Transportation presented the request and responded to questions of the Committee.

On a motion by Representative Graham, seconded by Senator Boutin, that the Committee approve the request of the Department of Transportation, Bureau of Right-of-Way, to amend LRCP 13-039, originally approved September 24, 2013, by correcting a typographical error in the property location from 4104 to 4014 Brown Avenue, in the City of Manchester, as currently listed with Prudential Verani Realty for the sale of a 0.22 +/- of an acre parcel of State owned land improved with a single-family residence for \$130,000, assess an Administrative Fee of \$1,100, and allowing negotiations within the Committee's current policy guidelines, subject to the conditions as specified in the original request dated September 5, 2013 and as amended February 25, 2014. MOTION ADOPTED.

RSA 188-F:6, XIII-a, AUTHORITY OF THE BOARD OF TRUSTEES:

LRCP 14-005 Community College System of New Hampshire – Dr. Ross Gittell, Chancellor, Community College System of New Hampshire, and Greg Sancoff, President/CEO of Juliet Marine Systems presented the request and responded to questions of the Committee.

On a motion by Senator Boutin, seconded by Senator Stiles, that the Committee **conditionally** approve the request of the Community College System of New Hampshire to amend LRCP 13-033, approved August 6, 2013, by amending the expiration date of the "Due Diligence Period" from December 31, 2013 to April 15, 2014 for the sale of 89.9 +/- acres, consisting of a 100,035 +/- square foot building located at 275 Portsmouth Avenue, Stratham to Juliet Marine Systems, Inc., subject to the conditions as specified in the request dated February 19, 2014. This item (LRCP 13-019) was originally approved by the Long Range Capital Planning and Utilization Committee on April 16, 2013, and a subsequent change (LRCP 13-033) approved on August 6, 2013. MOTION ADOPTED.

Committee approval is conditional upon their receipt, within a week of approval, of a signed Second Amendment to the Purchase and Sale agreement between the Community College System of New Hampshire and Juliet Marine Systems, Inc.

DATE OF NEXT MEETING AND ADJOURNMENT:

The next regular meeting of the Long Range Capital Planning and Utilization Committee was set for Tuesday, April 15, 2014 at 2:00 p.m.

On a motion by Representative Lerandeau, seconded by Representative Cloutier, that the meeting adjourn. (Where upon the meeting adjourned at 3:03 p.m.)

March 10, 2014

Representative David Campbell, Chairman
Long-Range Capital Planning and Utilization Committee
State House, Rom 102
Concord, NH 03301

Re: LRCP 14-005, Second Amendment to Purchase and Sale Agreement between the
Community College System of New Hampshire and Juliet Marine Systems, Inc.

Dear Chairman Campbell and Members of the Committee:

The Community College System of New Hampshire (CCSNH) hereby submits a signed copy of the Second Amendment to Purchase and Sale Agreement between CCSNH, as Seller, and Juliet Marine Systems Inc., as Buyer.

Background

The Community College System of New Hampshire met with the committee on March 4, 2014 to request approval, pursuant to RSA 188-F:6, XIII-a, to amend LRCP 13-033 as adopted by the Committee on August 6, 2013 by amending the expiration date of the "Due Diligence Period" from December 31, 2013 to April 15, 2014. The committee gave conditional approval (LRCP 14-005) pending the committee's receipt of the signed document.

Sincerely,



Ross Gittell
Chancellor

Attachment: Second Amendment to Purchase and Sale Agreement

SECOND AMENDMENT TO PURCHASE AND SALE AGREEMENT

275 Portsmouth Avenue, Stratham, New Hampshire

This second amendment (the "Second Amendment") is made and entered into as of the 10th day of March 2014 by and between the Community College System of New Hampshire, 26 College Drive, Concord, NH ("Seller"), and Juliet Marine Systems, Inc. 62 Deer Street, Portsmouth, NH 03801 ("Buyer").

For and in consideration of the mutual agreement herein contained and the consideration herein expressed, Buyer and Seller agree to amend the Purchase and Sale Agreement executed by them on March 26, 2013, approved by Long Range Capital Planning and Utilization Committee (LRCPUC) on April 16, 2013 (LRCP 13-019) with an Effective Date of May 15, 2013, the date of approval thereof by the Governor and Council of the State of New Hampshire (the "Agreement") which Agreement was first amended by a First Amendment to Purchase and Sale Agreement dated July 24, 2013, approved by LRCPUC on August 6, 2013 (LRCP 13-033) and the Governor and Council of the State of New Hampshire on August 14, 2013, as follows:

Section 4, entitled "Due Diligence/Inspections" is hereby amended by changing the first two sentences of the last paragraph thereof to read in their entirety as follows:

"Between the Effective Date and April 15, 2014 (the "Due Diligence Period"), without prejudice to Buyer's ability at any time prior to April 15, 2014 to provide Seller with Buyer's Notice to Proceed as defined herein, Buyer may determine if the Premises is suitable for its intended uses and purposes as determined by Buyer in its sole and absolute discretion. If Buyer determines that the Premises is suitable for its intended uses and purposes, in its sole and absolute discretion, then Buyer shall notify Seller no later than 5:00 p.m. April 15, 2014, time being of the essence, that Buyer intends to proceed with the Closing on the Premises ("Buyer's Notice to Proceed")."

This Amendment may be subject to approval by the Long Range Capital Planning and Utilization Committee and/or by the Governor and Council of the State of New Hampshire. If approval is required, this Amendment shall be effective as of the date its approval is final.

In all other respects the Agreement shall remain in full force and effect.

SELLER: Community College System of New Hampshire

By: 


Ross Gittell, PhD, Chancellor

BUYER: Juliet Marine Systems, Inc.

By: 

Greg Sancoff, President

As to only the escrow provisions set forth in Exhibit A to the Agreement as modified by this
Second Amendment:

A handwritten signature in cursive script, appearing to read "David F. Choate, III", is written over a solid horizontal line.

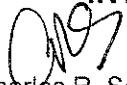
Name: David F. Choate, III

STATE OF NEW HAMPSHIRE

INTER-DEPARTMENT COMMUNICATION

LROP 14-010

FROM:


Charles R. Schmidt, PE
Administrator

DATE: April 1, 2014

AT: Dept. of Transportation
Bureau of Right-of-Way

SUBJECT: Sale of State Owned Land in Manchester
RSA 4:39-c

TO: Representative David Campbell, Chairman
Long Range Capital Planning and Utilization Committee

REQUESTED ACTION

The Department of Transportation, pursuant to RSA 4:39-c, requests authorization to sell two (2) portions of the Limited Access Right-of-Way consisting of 4,320 +/- square feet and 23,315 +/- square feet located at the southwest corner of Interstate 293 and South Willow Street in the City of Manchester directly to AutoFair Realty, LP for \$351,100.00 which includes an \$1,100.00 Administrative Fee, subject to the conditions as specified in this request.

EXPLANATION

The Department of Transportation has received a request from an abutter, AutoFair Realty, LP, for the opportunity to acquire two (2) contiguous portions of State owned Interstate 293 Limited Access Right-of-Way consisting of 4,320 +/- square feet and 23,315 +/- square feet located at the southwest corner of Interstate 293 and South Willow Street in the City of Manchester.

Conditions of this sale would include:

- No access will be allowed through this parcel to South Willow Street or Interstate 293.
- The purchaser of this parcel would at their expense have a survey plan prepared by a Licensed Land Surveyor describing the parcel being sold, and record this plan in the Hillsborough County Registry of Deeds. The Department will use this plan to prepare deeds for the sale of this parcel.
- The purchaser of this parcel will, at their expense, erect a six (6) foot chainlink fence around the perimeter of the parcel as well as install concrete bounds at boundary corners, both in accordance with State specifications.
- The transfer deed(s) would have a deed restriction that these areas could only be used as green space. Proposed deed language in the transfer language for this condition would be:
 - This area will be used for green space only. No permanent structures can be constructed on the above-described area by the Grantee, their successors or assigns, including but not limited to buildings, signs, lighting, or parking areas. This area will remain as green space only and cannot be used for commercial purposes including but not limited to the display, storage, or maintenance of any products in connection with the abutting property use.

This request has been reviewed by this Department and it has been determined that this parcel is surplus to our operational needs and interest.

A staff appraiser from this Department completed an opinion of value for the subject property for the purpose of establishing a contributory value for these two (2) contiguous parcels. The appraiser used (3) sales in Manchester and Bedford as comparables. Based upon the analysis and adjustments of those sales, it was felt that a reasonable contributory value for the subject as of December 26, 2012 was \$425,000.00.

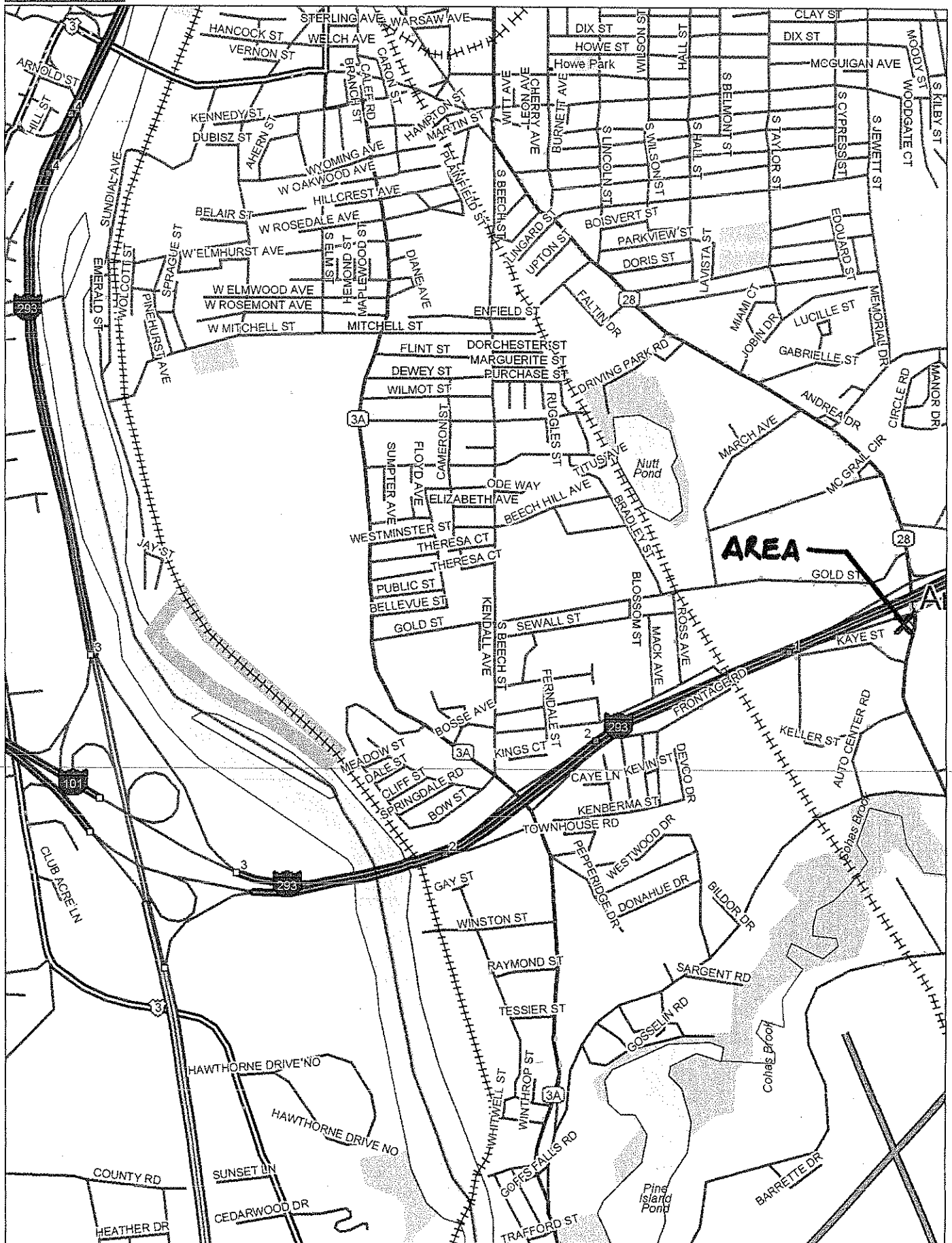
AutoFair Realty, LP also had an appraisal done on this area by Cushman & Wakefield of Massachusetts, Inc. of Boston, Massachusetts. They determined a market value for the subject as of July 15, 2013 to be \$275,000.00. The Department did not agree with the conclusions brought forth by this appraisal as its results did not accurately reflect the contributory value of the subject property.

After meeting with representatives from AutoFair Realty, LP, the Department agreed to revisit its appraisal and attached is an addendum to the Department appraisal where the value upon further analysis was revised to \$350,000.00. This was discussed with representatives of AutoFair Realty, LP and they are willing to move forward with their purchase at this value.

The highest and best use of the subject is to the abutter. The Department proposes to offer the sale of this parcel to AutoFair Realty, LP for \$351,100.00, which includes an Administrative Fee of \$1,100.00.

Authorization is requested to sell the subject parcel as outlined above.

CRS/PJM/dd
Attachments



NOTES:

1) THE PURPOSE OF THIS PLAN: TO SHOW A CONCEPTUAL DESIGN PROPOSED TO BE FINANCIAL BY AFTERMATH FINANCIAL & AUTOMAT FROM FROM MASON.

2) CHARTER INFORMATION & NOMINATE TAKEN FROM REFERENCE PLANS - 1. CHARTER INFORMATION, INCLUDING FINANCIAL LOCATION AND INFORMATION BASED ON INFORMATION AND AS AVAILABLE.

1. **UNITED STATES OF AMERICA**

4) MANCHESTER CIS WAPPING

GRAPHIC SCALE

(IN FEET)

3 inch = 40 ft.

[illegible]

PARCELS

SOUTH WILLOW STREET
(VARIABLE WIDTH R.O.W.)
(PUBLIC STREET)

CONCEPTUAL LOT LINE
ADJUSTMENT PLAN
AUTOFAIR
TAX MAP 675, LOT 17&18

SOUTH WILLOW STREET/KAYE STR.
MANCHESTER, NEW HAMPSHIRE

PROJECT ARCHITECT:
STENBAK DESIGN
4 AUBURN ROAD
LONDONDERRY, NH 03053

CREED HOLDERS

AUTOFAIR REALTY LP,
1477 SOUTH WILLOW STREET
MANCHESTER, NH 03103
BOOK 5504 PAGE 1685 &
BOOK 8191 PAGE 1785



CLD
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ENGINEERS

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Molten-Hex Hampshire-Vermont

1	8-27-2012	ADDED LAND NEXT TO 875-17		
NO.	DATE	REVISION		
DRAWN:		DESIGNED:	CHECKED:	APPROVED:
BAO		BAO		

- STATE OF NEW HAMPSHIRE -

-- BUREAU OF RIGHT-OF- WAY --

MEMORANDUM

TO: Charles R. Schmidt, P.E., Bureau Administrator
FROM: Steve Bernard, Chief ROW Appraiser
DATE: February 19, 2014
RE: Unit Value Analysis for Contributory Value Estimate: AutoFair Realty L.P., Manchester

The purpose of this memorandum is to provide a contributory value estimate for the potential sale of the subject Limited Access Right of Way (LAROW) in Manchester, NH. This memorandum is prepared as a Restricted Use Report in accordance with USPAP (Uniform Standards for Professional Appraisal Practice, SR#2-2c) based upon my review of an appraisal completed by staff appraiser Thomas Hughes.

Hughes Appraisal Review Summary

I have completed a review of an appraisal dated March 1, 2013 prepared for the Department of Transportation, Bureau of Right of Way by staff appraiser Thomas Hughes. The purpose of the appraisal was to estimate the contributory value of two sections of Limited Access Right of Way (LAROW) to the abutting land owned by AutoFair Realty of Manchester. The sections of LAROW are located along the LAROW of Interstate 293 south and approximately 85 feet along South Willow Street in Manchester. The abutting property is identified as being lots 17 and 18 on tax map 875, owned by AutoFair Realty L.P. Lot 17 is described as being 4.14 acres in area and lot 18 is described as being 3.23 acres in area. Both sites are currently improved with automobile dealerships owned and operated by the AutoFair group.

The appraisal by Mr. Hughes was to estimate the contributory value of the two sections of LAROW as assembled to the abutting site owned by AutoFair Realty L.P. In order to arrive at a contributory value, the abutting site must first be appraised as if vacant (to establish land values) and then again as assembled with the sections of LAROW. The values arrived at in the Hughes appraisal are summarized as follows:

Contributory Value Estimates

4,320 Square Foot Section of LAROW	4,320 SF = \$80,000 Rd.
23,315 Square Foot Section of LAROW	23,315 SF = \$345,000 Rd.
Total Contributory Value	= \$425,000 , rounded

The estimates concluded in the Hughes appraisal were based primarily on the market data available at the time enabling the use of the sales comparison approach. The sales comparison approach was employed in order to arrive at an estimated market value for the abutting sites owned by AutoFair Realty. Once the abutting site values were estimated, the value of the same abutting sites was appraised a second time, with the sections of LAROW "assembled" to the abutting sites. The appraisal concluded that there were measurable differences in market value between the abutting sites without the additional LAROW land and the abutting sites with the LAROW land. The difference between the estimated market value in the two scenarios concluded with the values presented above. Although this is the appropriate methodology to apply for the subject of this

appraisal assignment, I feel there are some differences in opinion that would result in different value conclusions.

Contributory Value Analysis

No separate appraisal or land value appraisal has been prepared for this valuation analysis for the proposed sale of the subject sections of LAROW. I have reviewed the previously mentioned appraisal and relied on this appraisal and my own market research and sales investigations to arrive at a reasonable conclusion of value. Points considered in the Hughes appraisal are as follows:

- The sections of LAROW are 4,320 square feet and 23,315 square feet in area; they abut each other mostly along the LAROW of Interstate 293 south
- The abutting site is two lots of record; one lot being 4.14 acres in area and the other being 3.23 acres in area. These two lots were appraised independently and then again with the respective section of LAROW assembled to the lots – resulting in 4 different site values. *This is because the appraiser felt there was a measureable increase in market value with the LAROW land assembled to the two separate lots.*
- The sections of LAROW land, if sold to the abutter, will be transferred with deed restrictions in place that limit the use of the LAROW land to that of open space only.
- One of the sales used in the appraisal was reduced in land area due to the presence of wetlands, thus increasing the price per unit (acre). This sale established the lower parameter of the sales comparison.
- Market values concluded in the appraisal ranged from \$845,000 to \$880,000 per acre.

Additional Adjustments/Consideration

The Hughes appraisal arrived at a contributory value of \$425,000 based primarily on the key factors mentioned above. In my opinion, after review of the appraisal and research into the current market, I feel the following considerations should be applied to the approach to a contributory value of the LAROW land.

-
- Instead of appraising the two sections of LAROW land independently and the abutting sites independently, there is a larger parcel issue that should be addressed. The two abutting sites have common ownership, common highest and best use and are contiguous to each other. This supports the larger parcel theory. Based on that, the two sites should not have been appraised independently, nor should the two sections of LAROW. By appraising the sites separately, one would arrive at a higher unit value (per acre price) than would be applicable to the larger parcel, just by the economies of scale. This was based on the premise by the appraiser that there was a difference in market value by assembling the sections of LAROW to the smaller individual abutting sites. When you look at the larger abutting parcel being a total of 7.34 acres and the total area of the two sections of LAROW being 27,635 square feet, it is questionable whether the assemblage would actually be measureable in the market. The LAROW land amounts to less than 9% of the total area of the abutting larger parcel, which is borderline when attempting to measure the contributory value. It would be more prudent, in my opinion, to acknowledge that the additional LAROW land would have the same unit value as the larger parcel to which it was assembled. This difference could reasonably result in a 15-20% downward shift in the estimated range of unit values for the subject land, or approximately \$680,000 to \$710,000 per acre.

- Another area of consideration in the appraisal is the deed restrictions that will be placed on the LAROW land if sold to the abutting land owner. The appraiser applied a 5% discount to the sales used in the analysis for the deed restrictions, citing the zoning requirements and necessary buffers. This is somewhat of a subjective adjustment based on experience and market indicators that can be difficult to measure. The appraiser did provide a good argument for a low adjustment stating the limited use of the land in the setbacks and buffer required for zoning, that the additional deed restrictions would not overly burden the LAROW land and that the additional land does, in fact, push back the setback limits, permitting additional space to use elsewhere on the site. However, I do feel that this adjustment should be slightly higher, given the fact that the deed restrictions will be permanent and that the use of the "prime" frontage would in effect remain as it was before the assemblage.

Based on this, I would conclude with the opinion that the adjustment for the deed restrictions would reasonably warrant an adjustment of 20%, bringing the estimated range of unit values to \$545,000 to \$570,000, rounded, per acre.

Contributory Value Analysis

This brief memo is considered to be a restricted appraisal report under the Uniform Standards for Professional Appraisal Practice (USPAP) under standards rule #2-2c. The NHDOT is the only intended client for this restricted report.

Based on my review of the Hughes appraisal and my independent research and analysis I have concluded the contributory value of the subject LAROW land to be as follows:


27,635 square feet x \$550,000 per acre (\$12.63/sf) = \$349,030 or \$350,000, rounded.

4,320 square foot area	\$55,000
23,315 square foot area	<u>\$295,000</u>
Total Value	\$350,000

Additional Support/Information

In August of 2009, an appraisal of 20,545 square feet of LAROW was performed by former Chief appraiser Barry Moore. The purpose of the appraisal was to estimate the contributory value of the 20,545 SF of LAROW to the abutting site, which was AutoFair Realty L.P. in Manchester. The LAROW was located along the frontage of South Willow Street. The sale did not have deed restrictions limiting the use of the LAROW land, although due to the configuration of the land, the utility of that land was limited to begin with. The approved appraisal concluded with a contributory value of \$14.85 per square foot. The market has remained relatively stable over the past 3 to 4 years, adding support to my estimated value above of \$12.63 per square foot considering the area in this instance is approximately 33% larger which would imply a lower unit value.

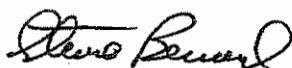
Please feel free to contact me with any questions or concerns you might have regarding this report.



Steve Bernard, NHCG #654
ROW Chief Appraiser

Appraiser Certification

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report.
2. I have no personal interest or bias with respect to the subject matter of the appraisal report or to the parties involved.
3. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this appraisal report.
5. This appraisal report sets forth all of the limiting conditions affecting the analyses, opinions and conclusions contained in this report.
6. No one other than the undersigned prepared the analyses, conclusions, and opinions concerning real estate that are set forth in this appraisal report.
7. The appraisal conforms to the Code of Professional Ethics and Standards of Professional Practice and the Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Standards Board of the Appraisal Foundation and the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).
8. This report is to be used only by the State of New Hampshire for negotiating a potential sale of the subject land.
9. I have not revealed the findings and results of the appraisal to anyone other than the property officials of the State of New Hampshire Department of Transportation or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am required to do so by due process of law, or until I am released by this obligation by having publicly testified as to such findings, and that;
10. The date of this memorandum report is February 12, 2014. Subject to the General Assumptions and Limiting Conditions, the estimated contributory value for the subject land as described herein is \$397,000.



Steve Bernard, NHCG #654

February 19, 2014

Date

- STATE OF NEW HAMPSHIRE -
- INTERNAL BUREAU OF RIGHT-OF-WAY MEMORANDUM -

TO: Phillip J. Miles, Chief of Property Management
Bureau of Right of Way
FROM: Thomas P. Hughes, ROW Staff Appraiser
DATE: March 1, 2013
RE: *Surplus Property - Contributory Value Estimates Of:*
4,320 Square Foot Section of Vacant Land Abutting Autofair Ford &
23,315 Square Foot Section of Vacant Land Abutting Autofair Hyundai

Abutting Parcels: 1475 & 1477 South Willow Street, Manchester,
Owner: Autofair Realty, L.P.

Appraisal Problem: This internal memorandum constitutes a summary appraisal report on the above referenced properties. The effective date of value is December 26, 2012, the date of my on-site inspection. The purpose of this appraisal is to estimate the contributory values of two proposed surplus lots to their respective abutter lots.

The intended recipients and those requesting this report are officials, employees and agents of the Department of Transportation, Bureau of Right of Way. The intended use is to provide support for a reasonable sales price.

Autofair Realty L.P. owns the two abutting lots and each lot is improved with a car dealership. Autofair has indicated that they have exceeded the maximum allowable density on each of the lots and in an effort to bring both properties back into zoning compliance they would like to expand their existing lots by purchasing abutting portions of the I-293 Limited Access Right of Way.

The subject property consists of two portions of the I-293 Limited Access Right of Way. The portions are located to the south of Exit 1's, eastbound off ramp, in Manchester. The proposed surplus areas measure 4,320 square feet and 23,315 square feet. They are both land-locked parcels. The smaller parcel is triangular in shape and the larger parcel has an irregular shape. The size and the shape of the proposed lots were determined by Autofair Realty L.P., based upon their needs.

AUTOFAIR REALTY, L.P. - SURPLUS LAND PURCHASE

Based on "As Is" and "As Assembled" Sales Comparison Approach analyses reasonable contribution values for the proposed surplus areas, as of December 26, 2012 are estimated to be:

4,320 Square Foot Area.....	\$80,000
<u>23,315 Square Foot Area.....</u>	<u>\$345,000</u>
<i>In Aggregate.....</i>	<i>\$425,000</i>

SUMMARY APPRAISAL REPORT

Intended User and Intended Use: The intended recipients and those requesting this report are officials, employees and agents of the Department of Transportation, Bureau of Right of Way. The intended use is to provide support for a reasonable sales price.

Property Identification: The subject of this valuation consists of two portions of the I-293 Limited Access Right of Way. The portions are located to the south of Exit 1's, eastbound off ramp, in Manchester. They are more clearly identified as Proposed Lot A (PL-A) and Proposed Lot B (PL-B) on the attached Conceptual Lot Line Adjustment Plan.

Per Manchester assessment records, the Abutter parcels are identified as; 1475 South Willow Street - Map 875, Lot 17 (4.14 acres) and 1477 South Willow Street - Map 875, Lot 18 (3.23 acres). They are identified as Abutter Lot A (AL-A) -1475 South Willow Street and Abutter Lot B (AL-B) -1477 South Willow Street on the attached Conceptual Lot Line Adjustment Plan.

Purpose of Appraisal: The purpose of this appraisal is to estimate the contributory values of two proposed surplus lots to their respective abutter lots, as of the effective date of value, December 26, 2012. The client has instructed that the value estimates are to be based upon the contributory values of the fee simple interests of the Proposed Lots. In order to estimate the contributory value of the Proposed Lots to the Abutter Lots, it is necessary to compare the as-is, market value of the Abutter Lots to the market value of the Abutter and Proposed Lots as-if assembled. This is done using the *hypothetical conditions that as of the effective date:*

- a) *PL-A and PL-B have each been subdivided out from the I-293 Limited Access Right of Way and exist on their own as legal lots of record.*
- b) *In the "as-if assembled" scenarios AL-A & PL-A have been combined to create one unique lot and AL-B & PL-B have been combined to create one unique lot.*
- c) *AL-A & AL-B are both unimproved, vacant lots.*

Property Rights Appraised: The unencumbered fee simple interest in the Proposed Lots has been appraised. Fee Simple interest is defined in the *Dictionary of Real Estate Appraisal, 4th ed.* (Chicago: Appraisal Institute, 2003), as:

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

Definitions of Value: There are two types of values used in this report. They are contributory value or the "value sought" and market value, which is used as an intermediary value.

The term *Contributory Value* as provided by the client, is defined as:

The contributory value of a property is the incremental increase in market value expected to occur for another property as a consequence of assembling the subject property to it.

The term **Market Value** referenced in the USPAP Advisory opinions 2012-2013 Edition, page A-72 and defined as:

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

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

Scope of Work: The scope of work is the process of collecting, verifying, and reporting data. My investigation and research included an on-site inspection and photographing the subject property. I examined City and County property records including assessment data, zoning regulations, and reviewed the Conceptual Lot Line Adjustment Plan provided to me by the client (included herein).

I formed an opinion of the site's highest and best use based on legal, physical, and neighborhood land use characteristics. I compiled comparable land sales data, verified and analyzed the data, estimated the value of the subject sites. All work was completed in compliance with the most current version of USPAP, as of the effective date of this report, December 26, 2012.

Property data was collected and compiled from several sources, including the City of Manchester, and surrounding towns, Hillsborough County Registry of Deeds, New Hampshire Commercial Property Exchange (NHCPE), Northern New England Real Estate Network (MLS), Real Data, and local real estate professionals.

Subject Property Ownership History: Proposed Lot A and Proposed Lot B are both owned by the state of New Hampshire, as part of the I-293 Limited Access Right of Way. The land was originally acquired as part of the Commissioner's Return of Highway Layout, Section One - Interstate A93, Manchester I-A93-1(12)20 P5373-C, 1958 and recorded in the Hillsborough Registry of Deeds in Book 1549, Page 208.

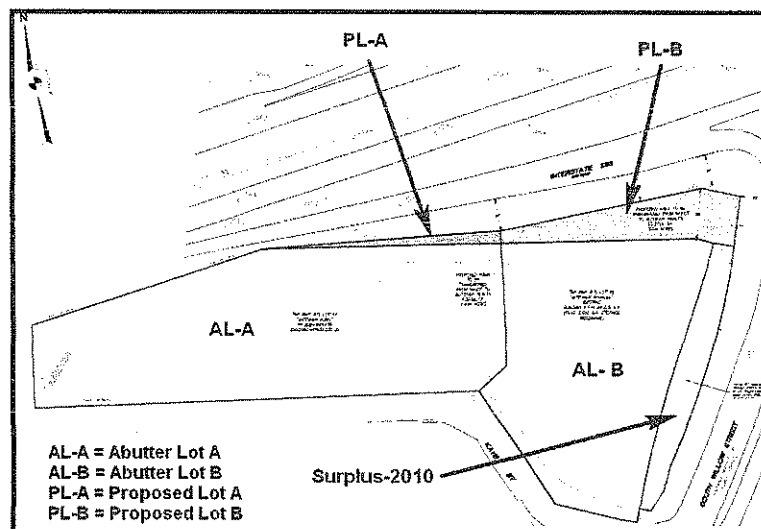
Abutter Lot A was purchased by the current owner, on December 15, 1993, as part of the transfer detailed and recorded in Book 5504 Page 1695. Abutter Lot B was purchased by the current owner, on December 15, 1993, as part of the transfers detailed and recorded in Book 5504 Page 1695 and Book 5504 Page 1697. The terms of the sales are not known, however it is believed that they were arms length transactions with sales prices at or near market value.

Abutter Lot A and Abutter Lot B were then created, in February 2002, by the consolidation of the original lots and the subsequent subdivision into the current existing lots (Reference Plan 31596). Neither of the two lots has transferred since the current owner created them and as such no written legal descriptions have been recorded.

The owner then expanded Abutter Lot B via the purchase of an abutting surplus lot (Surplus-2010) from the State of New Hampshire, in March 2010. The transaction was arms length, however the sale price was *not* based on market value of the land transferred, as the land had no marketability on the open market. The sales price was based on the contributory value of the surplus lot when assembled with Abutter Lot B. For the same reasons, the valuations provided in this report are also based on contributory values.

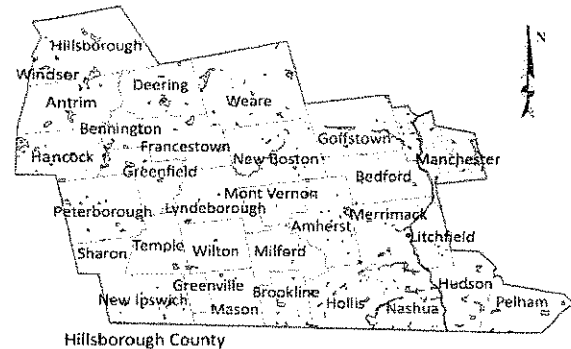
NOTE: Any comparison of this previous sale with the valuations provided in this report must only consider the contributory values of the lots when assembled to the abutter lots and not any direct valuation of the individual lots.

LOT IDENTIFICATION



Market Analysis: Much of the State's population and business activity is located in southern New Hampshire as contrasted with the more northern and western areas of the state, which are oriented toward farming, tourism and recreational uses. Consequently, business activity, real estate values and other economic factors are somewhat homogeneous within the southern portion of the state. Major cities within the southern portion of the state are Manchester, Nashua and Salem.

Manchester is the largest population center in both the State and northern New England. Manchester is located in the northeast section of Hillsborough County. It is approximately 16 miles north of the Massachusetts state border and 53 miles north of Boston. Abutting communities include Bedford to the southwest, Goffstown to the west, Hooksett to the north, Auburn to the east, and Londonderry to the south.



Manchester enjoys very good highway access via Interstate 93, I-293, the Frederick E. Everett Turnpike, Route 101, Route 3, Route 28, Route 114, and Route 3A to name the major state routes. Manchester is also home to the largest commercial and passenger airport in northern New England known as the Manchester-Boston Regional Airport.

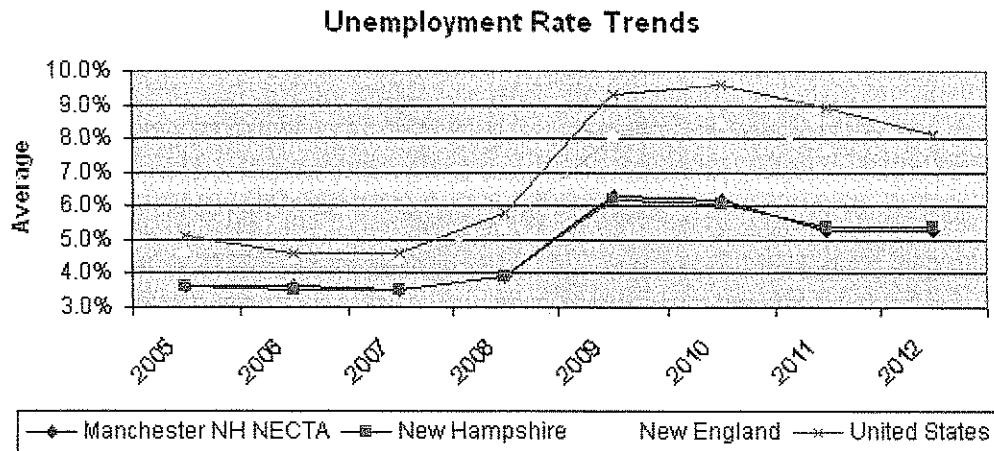
Manchester is the mostly densely populated city in the state with 3,310 persons per square mile within the city's 33 square miles of land area. Manchester's 2010 population was 109,565, up from 107,219 in 2000 but almost unchanged from the 2006 population of 109,497. During the same 10-year time period Hillsborough County's population increased 5.2% and the State's overall population increased 6.5%.

Population Trends			
	1990	2000	2010
Manchester	99,567	107,006	109,565
Change (%)		7.5	2.4
Hillsborough County	336,073	380,841	400,721
Change (%)		13.3	5.2
New Hampshire	1,109,252	1,235,786	1,316,470
Change (%)		11.4	6.5

New Hampshire has continually ranked as having one of the lowest unemployment rates in the country. Unemployment rates rose during the great recession, but they began declining in 2010 and have remained stable during the past year. The most recent statistics available from NH Department of Labor reports unemployment rates in December 2012 were: 5.3%* in the Manchester MetroNECTA; 5.4% in New Hampshire; 7.2% in New England and 8.1% in the United States.

* - Based on an 11 month average

Historical average annual unemployment rates are shown in the chart below:



Source: NH Employment Security

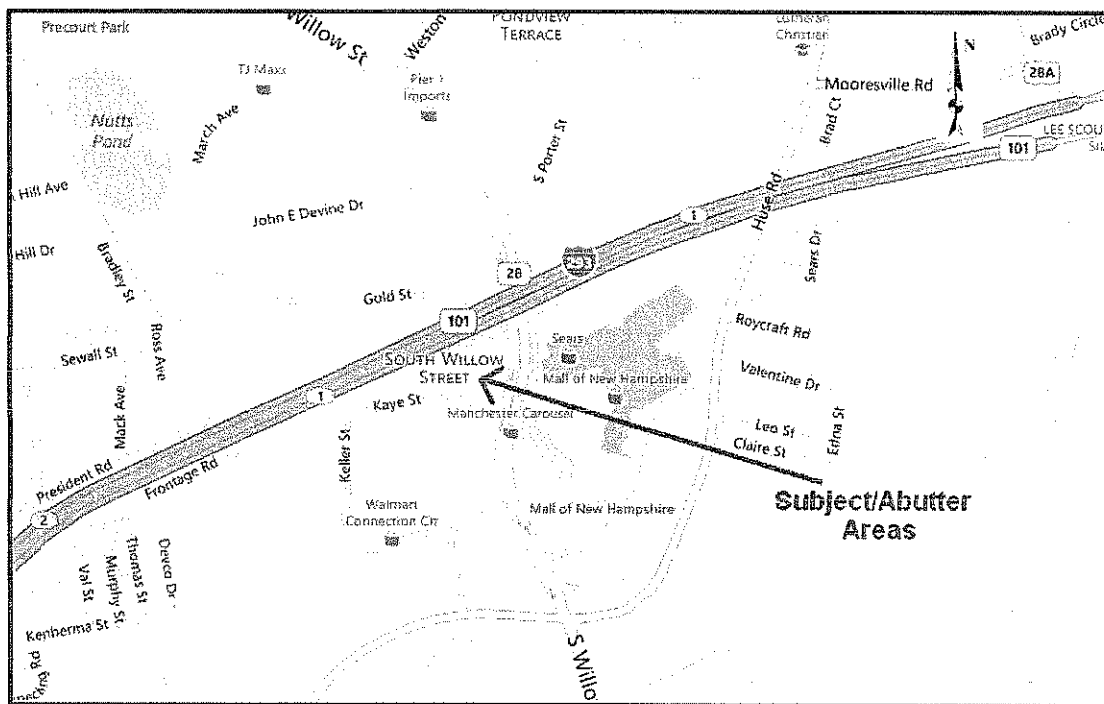
The economic base of the area is diverse and includes sectors such as health care, retail/commercial industrial, educational as well as national and international concerns. The city's largest employer is Elliot Hospital with 3,375 employees. The city's second largest employer, Catholic Medical Center, is also in the health services field and they employee 2,100 people. The Mall of New Hampshire and numerous shopping centers provide the area with national retailer's products. Eight different colleges are either based in Manchester or have satellite campuses there, adding an additional economic base.

The subject properties are situated at the southwest corner of I-293's Exit #1 (South Willow St.) off-ramp, approximately two miles southeast of Manchester's central business district. While both abutter lots have South Willow Street addresses, neither lot has direct access to South Willow Street and only Abutter Lot B has frontage on South Willow Street. Direct access is from Kaye Street, on which both Abutter Lots have road frontage.

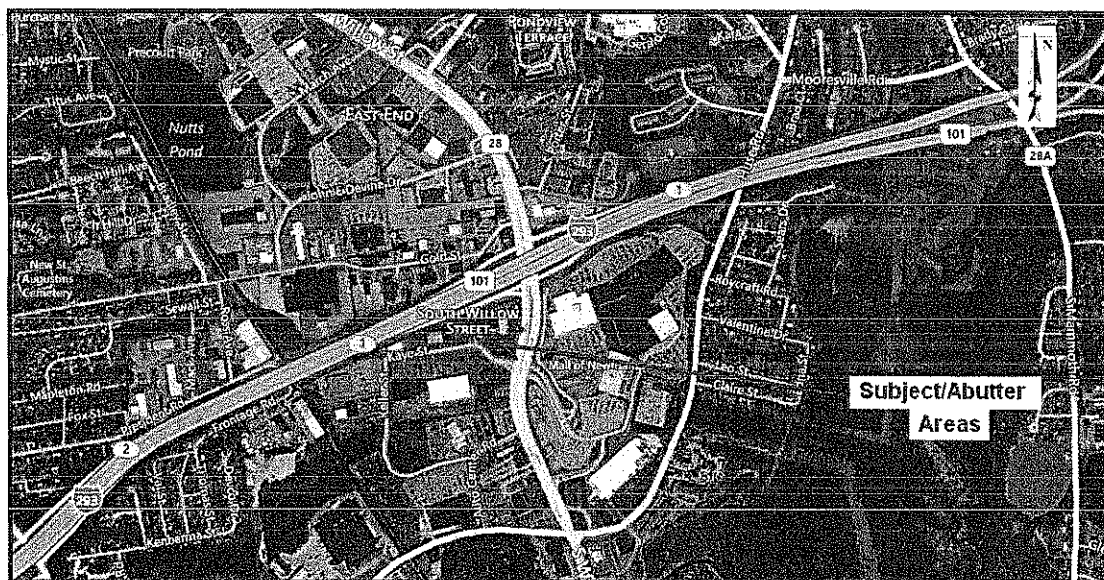
South Willow Street is a divided commercial corridor that generates some of the highest traffic counts in the region. The immediate neighborhood is fully developed with many retail stores, automobile dealerships, restaurants, branch banks, jewelry stores, gas stations and other mixed commercial uses. Directly across South Willow Street is the Mall of New Hampshire; the third largest indoor shopping center in the State. Anchor stores in the Mall include Sears, JC Penney's, Macy's and Best Buy. Directly across Kaye Street is a shopping center anchored by Hobby Lobby and Staples.

In summary, the subject properties, in both the "as-is" and "as-if" assembled scenarios enjoy prime commercial locations. While the local and national economies remain sluggish they have shown some signs of improvement. In addition the subject properties are located, in one of the State's most well developed and most sought after commercial areas. Given their prime locations and the lack of available vacant land in the area, it is my opinion that regardless of the economy they are both highly marketable and would sell for unit prices at the high end of the market.

NEIGHBORHOOD MAP



AERIAL NEIGHBORHOOD MAP



The subject properties are located in the General Business District (B-2). The purpose of the General Business District is to provide appropriate locations in the city for the development and operation of a mixture of commercial uses and personal and business services that have a community-wide or regional market and which require access from major city streets and proximity to arterial highways, including automotive-oriented uses, larger scale retail, and shopping centers. The variety, scale and intensity of the permitted commercial uses in the B-2 zone are intended to be greater than those permitted in the B-1 neighborhood business zone.

The minimum lot area is 12,500 square feet with at least 100 feet of road frontage. Building setbacks are 20 feet from the front and side property lines and 30 feet from rear boundary line. The maximum lot coverage is 75% (includes all impervious surfaces) and the maximum Floor Area Ratio is 1.0.

Permitted uses in the B-2 District include:

- veterinary hospital;
- telecommunications towers and related uses;
- furniture and major appliance stores;
- convenience retail uses including grocery, delicatessen, drug store, and similar uses;
- sale of general goods and merchandise;
- restaurants and nightclubs including drive-through windows;
- banking, finance, real estate, insurance, and other professional offices;
- medical outpatient healthcare offices and medical laboratories;
- hotels and motels;
- cinemas, concert and dance halls;
- bowling and billiard centers;
- business, furniture, and appliance repair shops;
- sales or rental of motor vehicles, small trucks, motorcycles, and incidental repair;
- automotive repair and service station;
- carwashes and car care centers, commercial parking lots; and
- schools, colleges, adult day care facilities, churches, and municipal offices.

Parcel Descriptions: In the “as is” scenario, Abutter Lot A is approximately 180,321 square feet or 4.14 acres in total area. In the “as if” assembled scenario Abutter Lot A & Proposed Lot A have a combined area of approximately 184,641 square feet or 4.24 acres. Due to the size and location of PL-A none of the key property features differ between the “as is” and the “as if” assembled scenarios and as such, unless otherwise noted, the description that follows will be for the subject property in both scenarios.

The site is irregular in shape with approximately 726 feet of frontage along Kaye Street and 820 feet of frontage along the I-293 LAROW. In the “as if” assembled scenario, the addition of the long,

narrow, triangular PL-A results in what amounts to an insignificant change in the I-293 LAROW frontage.

The site's primary access point is shared with Abutter Lot B, which as previously noted has the same ownership. The shared driveway straddles the two lots and appears to slightly favor Abutter Lot A. Neither of the two lots has transferred since they were created by the current owner and as such no easement has been recorded for the shared drive. If the parcels were sold separately they would either need to relocate their driveways or create access easements. Given that the driveway is already in place, the most likely solution would be the use of access easements; therefore for the purposes of this assignment it has been assumed the property would be marketed and sold with an access easement. The site is also encumbered with a 150 square foot loading dock easement and an access easement involving the site's secondary access point on the western boundary line. The loading dock easement is in favor of the abutter to the west and the access easement benefits both lots. The loading dock is used for a retail business and as such is used only on intermittent basis. The site has ample frontage along Kaye Street, therefore the easement and the shared drive are considered to have minimal impact on value.

In the "as is" scenario, Abutter Lot B is approximately 140,699 square feet or 3.23 acres in total area. In the "as if" assembled scenario Abutter Lot B & Proposed Lot B have a combined area of approximately 160,014 square feet or 3.77 acres. Due to the size and location of PL-B none of the key property features differ between the "as is" and the "as if" assembled scenarios and as such, unless otherwise noted, the description that follows will be for the subject property in both scenarios.

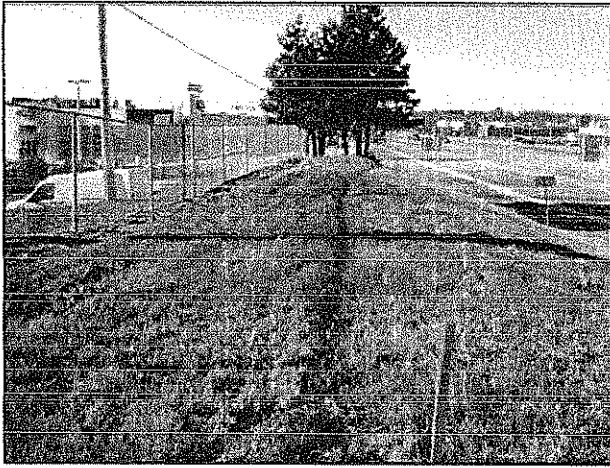
The site is irregular in shape with approximately 393 feet of frontage along Kaye Street, 474 feet of frontage on South Willow Street and 395 feet of frontage along the I-293 LAROW. In the "as if" assembled scenario, the South Willow Street frontage increases to approximately 559 feet and the I-293 LAROW frontage to approximately 422 feet. Typically an increase in frontage would correlate to an increase in value, however in this case the additional frontage can not be used for commercial purposes. A stipulation of the transfer is that the Proposed Lots can only be used as green space.

Due to the site's topography, the area along the South Willow Street frontage is slightly below grade and the area along the Kaye Street frontage is significantly above grade. The site's primary access point is shared with Abutter Lot B, which as previously noted has the same ownership. The shared driveway straddles the two lots and appears to slightly favor Abutter Lot A. Neither of the two lots has transferred since they were created by the current owner and as such no easement has been recorded for the shared drive. If the parcels were sold separately they would either need to relocate their driveways or create access easements. Given that the driveway is already in place, the most likely solution would be the use of access easements; therefore for the purposes of this assignment it has been assumed the property would be marketed and sold with an access easement. The site is also encumbered with an easement for highway purposes running along the Kaye Street frontage. The easement involves the construction and maintenance of Kaye Street and an adjoining sidewalk. The easement area slopes steeply from the lots level area down towards Kaye Street and lies mostly in the setback area. The primary benefit of the area is its contribution in green space calculations. There is also a foot traffic signal easement in the northeast corner of the site. This easement area lies entirely within the setback area and as such has very little impact on the site's value.

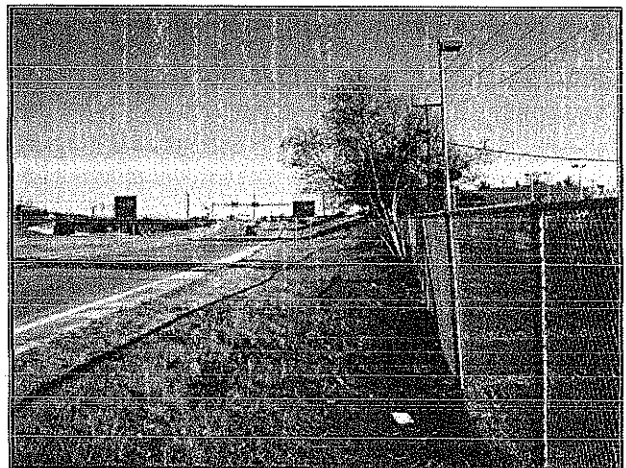
Proposed Lots A & B are to be transferred with the following restrictions; the areas will be used for green space only, in order to facilitate City requirements with building expansion. No permanent structures can be constructed on the areas by the Grantee, its successors and assigns, including but not inclusive of buildings, signs, parking area. The areas will remain as a green space and cannot be used for commercial purposes. While these limitations appear to be very restrictive, it is important to note that B-2 zoning regulations allow for a maximum of 75% lot coverage. Therefore the value of PL-A & PL-B does not necessarily need to come from their potential direct use, but rather can come indirectly from their use as green space, which would permit larger portions of AL-A & AL-B to be improved. This logic is supported by the Abutter's intended purpose for purchasing the proposed lots, which is to allow for further improvements on the existing lots. In addition, in AL-A & PL-A "as if" assembled scenario the impact of these restrictions is even further lessened when the City's 10-foot landscape buffer strip requirement is taken into consideration, as almost all of PL-A lies within the buffer area. However, it is a different case in AL-B & PL-B "as if" assembled scenario, as the Manchester Planning Board has waived the landscape 10-foot buffer strip requirement along the I-293 LAROW. Therefore, based on the above analysis an adjustment is warranted for the restrictions placed on PL-B, but not for the restrictions placed on PL-A.

ABUTTER & PROPOSED LOT PHOTOGRAPHS

(All photos taken on December 26, 2012, by Tom Hughes)



Proposed Lot A - Easterly side - facing west - Exit 1 ramp on right



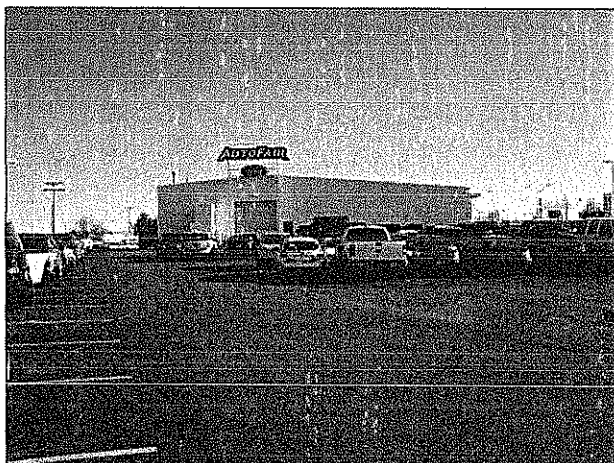
Proposed Lot A - Westerly side - facing east - Exit 1 ramp on left



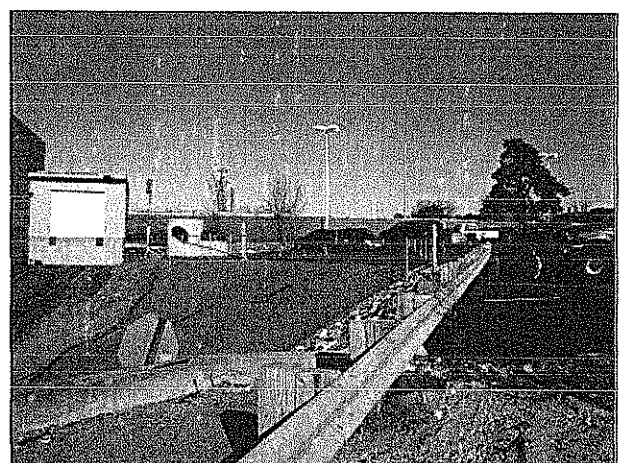
Abutter Lot A - Northeast corner - facing west toward dealership



Abutter Lot A - Northeast corner - facing south toward Kaye Street



Abutter Lot A - Northwest corner - facing east - I-293 on left



Abutter Lot A - Southwest corner - facing north towards I-293

ABUTTER & PROPOSED LOT PHOTOGRAPHS



Abutter Lot A - Southwest corner - facing east - Kaye St on right



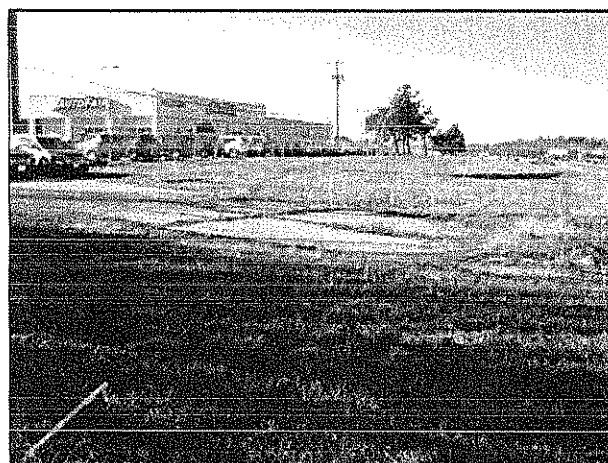
Abutter Lot A - Southeast corner - facing west - Kaye St on left



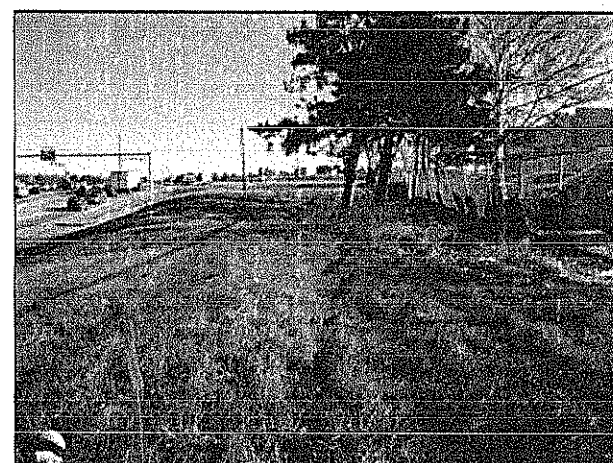
Abutter Lot A - Southeast corner - facing north - toward I - 293



Abutter Lot A - Southeast corner - facing south - towards Kaye St



Proposed Lot B - Easterly side - facing west - Exit 1 ramp on right

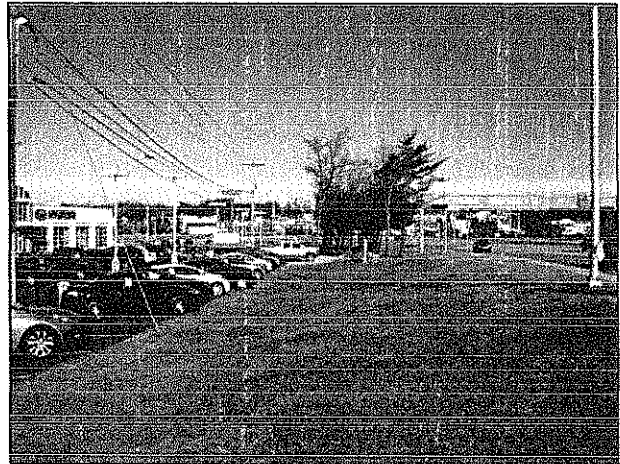


Proposed Lot B - Westerly side - facing east - Exit 1 ramp on left

ABUTTER & PROPOSED LOT PHOTOGRAPHS



Abutter Lot B - Southeast corner - facing dealership



Abutter Lot B - Southeast corner - Northerly view - S Willow St. on right



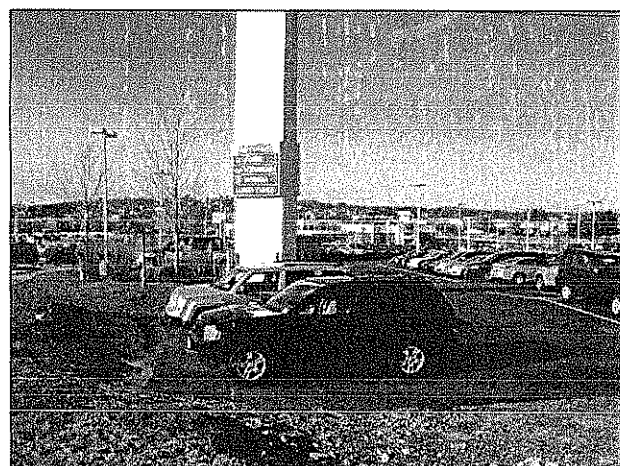
Abutter Lot B - Northeast corner - facing west - Exit ramp on right



Abutter Lot B - Northeast corner - facing south - S Willow St on left



Abutter Lot B - Southeast corner - facing north - S Willow St. on right

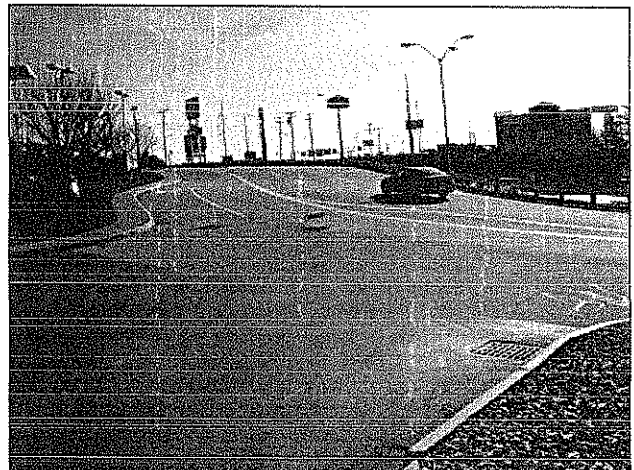


Abutter Lot B - Southeast corner - facing west - Kaye St. on right

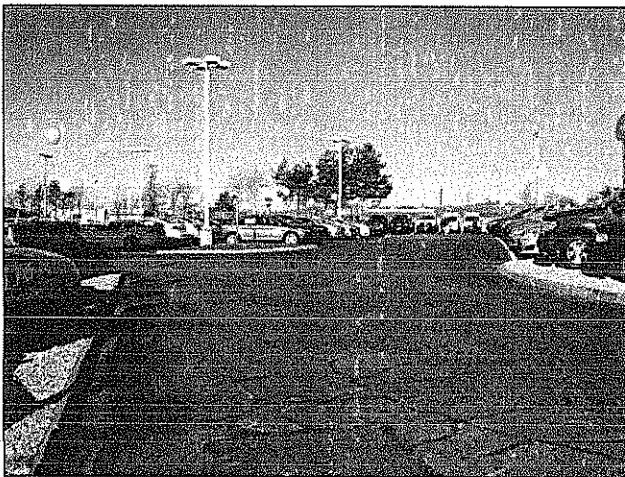
ABUTTER & PROPOSED LOT PHOTOGRAPHS



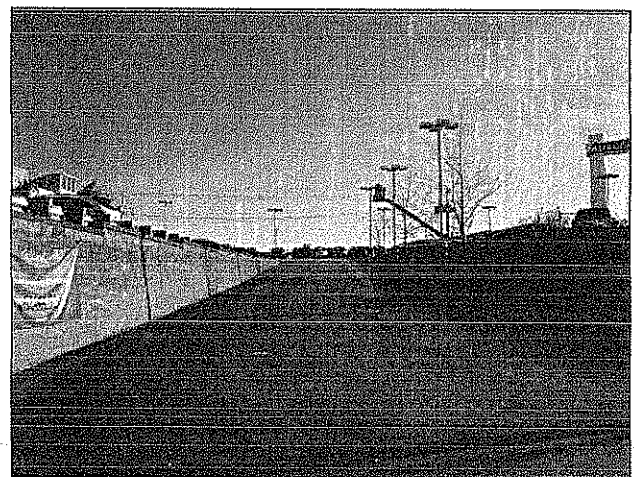
Abutter Lot B - Southwest corner - facing north - towards I-293



Abutter's Shared Access Point - Kaye St - S Willow St. in background



Abutter Lot A - Access driveway - off of shared access point



Abutter Lot B - Access driveway - off of shared access point



Abutter Lot B - Highway easement area on right - street lights out to curb

Highest and Best Use: The highest and best use of the subject parcel is “that reasonable and probable use that supports the highest present value as of the effective date of the appraisal. The tests that are utilized to develop a property are (1) Physically possible, (2) Legally permissible, (3) Economically feasible, (4) Maximally productive.

This analysis of highest and best use relates to both Abutter Lot A and Abutter Lot B. They are considered to be similar enough that their highest and best use analyses would be the same.

In the “as is” and “as if” assembled scenarios, each of the subject site locations and exposures to traffic would support prices that would be at the upper-end of the range for 2-5 acre commercial lots in the southern New Hampshire marketplace. However, due to their frontage along South Willow Street, the AL-B / AL-B & PL-B sites are considered to have more desirability.

The sites are legally and physically suitable for a wide variety of commercial uses. The sites’ locations near a very busy signal-controlled intersection combined with easy on and off freeway access via Exit #1 make the sites most suitable for retail, restaurant, or service uses. Their signage and exposure to 80,000+ cars per day along I-293 make these locations extremely desirable for commercial users seeking high visibility.

In conclusion, based on the subjects’ locations, current zoning (General Business), availability of utilities, access and exposure, and neighborhood land use patterns the highest and best use is considered to be high visibility, commercial development, such as an automotive-related business, retail development or a restaurant.

Approaches To Value: There are five generally recognized methods to valuing vacant sites. They are the sales comparison approach, abstraction (allocation), land residual technique, income approach (direct capitalization of ground rent), and cost of development (land development) method. For this analysis, I have relied exclusively on the sales comparison approach. Given the nature of the subject, the nature of this assignment, and the market data available, the other valuation methods would not produce as reliable results as the sales comparison approach. The approach is based on comparing sales of parcels that are similar to the subject parcel, in order to arrive at a value indication.

Abutter Lot A Comments on Comparable Sales:

Sale 1- Corner of Granite Street & Second Street, Manchester: The property is 0.80 acres (34,848 sf) in size and transferred as a vacant lot on May 13, 2010 for \$600,000. Per the buyer the sales price was considered to be market value and calculates out to \$750,000 per acre or \$17.22 per square foot. The lot has been cleared and leveled and is ready for development. The property has very good visibility, with road frontage along Granite Street, Second Street, School Street and the I-293 Exit 5 on-ramp. Access to the site would be from Second Street as the Granite Street and I-293 boundaries are limited access right of ways (LAROW) and the School Street frontage does not appear to be able to support commercial type access. According to the buyer, at the time of the sale it was known that there were some underground storage tanks on-site and that some remediation would be necessary. The buyer indicated that the \$30,000 estimated cost for remediation and the associated environmental study was paid for by grants. The property is encumbered with a 425 square foot drainage easement and a 4,300 square foot sewer easement both of which run along the Exit 5 on-ramp LAROW boundary. The easements both lie within the rear setback area and as such

do not have an affect on the overall usability of the lot. The property also lies within a FEMA designated X500 Flood Zone. However, based on the density of properties within the X500 flood zone, in the subject's immediate area, it does not appear that being in the X500 flood zone is a significant negative factor. This sale is most similar in location, in that it also abuts an I-293 access ramp and has highway exposure.

Sale 2 - 209 South River Rd (Route 3), Bedford: The property is 3.762 acres (163,875 sf) in size, with 355 feet of frontage. It transferred as a vacant lot on April 14, 2010 for \$2,100,000. The lot has a significant amount of wetlands reducing the developable area to an estimated 3 acres. Using the developable area the sales price calculates out to \$700,000 per acre or \$16.07 per square foot. The site is located approximately ½ mile south of the Route 101 interchange. Its signalized access point is located directly across from the Target & Lowe's retail plaza and will eventually be shared with an abutting lot, which has yet to be developed. The site was cleared and graded prior to the sale. Since the purchase the Grantee has improved the site with a Mini Cooper auto dealership. This sale is most similar in size.

Sale 3 - 785 Goffs Falls Rd, Manchester: The property is 0.59 acres (25,700 sf) in size, with 275 feet of frontage. It transferred as an improved lot on October 25, 2012 for \$400,000. The improvements consisted of 745 square foot, cape style office building, built in 1960, along with an 888 square foot 1 story attached garage. The Grantee has since razed the structures and is in the process of constructing a new 2,273 square foot building. A lump sum of \$5,000 was estimated for demolition costs, using Marshall and Swift Valuation Service. After factoring in the demolition costs, the sales price calculates out to \$686,441 per acre or \$15.76 per square foot. The Grantee owns the abutting lot, which has frontage on South Willow Street. Prior to the unification of ownership, the Goffs Falls lot was used in conjunction with the South Willow Street lot as a used auto dealership. Upon completion of the new building, the two lots will continue to be used for auto sales. This sale is the most recent and the most proximate.

Abutter Lot A - Basis For Adjustments: At this point of the sales analysis all further adjustments to the comparable sales will be applied to the adjusted sale prices as previously noted in the Comments on Comparable Sales section.

All of the sales used in the analysis are similar in property rights conveyed, conditions of sale and involved no known seller concessions.

Market Conditions - The sales presented occurred between April 2010, and October 2012. Based on an analysis of the market and comparable sales, no discernable trends were observed. Therefore, an adjustment for market conditions was not applied.

Location / Exposure – As noted, the subject property is located in a very good location and has very good exposure. Sales 1 & 2 are both considered to be in inferior locations with somewhat inferior exposures and Sale 3's location and exposure is considered be inferior to those of Sales 1 & 2. In order to establish a basis for quantifying the differences in location/exposure between the subject property and the comparable sales, a matched pair analysis was performed on the unit prices of Sales 1 & 3. Sales 1 & 3 are similar in most aspects with the exception of their locations and the fact that Sale 1 is located within a 500-year flood plain. After adjusting for the flood plain inferiority of Sale 1 and with all other factors being considered equal, the difference in unit sale prices has been attributed to the difference in the location/exposure between the two sales. This calculates out to be about a 15% difference.

A qualitative analysis was then used to determine that the difference between the subject's location/exposure and that of Sale 1 & 2 is slightly greater than the difference between Sale 1's location/exposure and that of Sale 3. Upon combining the results of this analysis with the results of the matched pair analysis upward adjustments of 20%, to account for the inferior locations/exposures of Sales 1 & 2, were deemed reasonable. Further extrapolation of this logic indicated that an upward adjustment of 35% be then applied to Sale 3.

Size Adjustments – Economy of scale is a factor when considering the size of a lot. Buyers typically expect to pay more per square foot for smaller parcels than for larger parcels with otherwise equal utility. After analyzing the comparable sales and considering the economy of scale, Sale 2 is considered to be in the same size category as the subject property. Sales 1 & 3 are considerably smaller and therefore, they are superior to the subject property on a per unit price basis. Pairing Sale 1 with Sale 2 indicates a 5 percent size adjustment is warranted.

Easements / Encumbrances - Easements and encumbrances are both factors that can have an impact on value. The subject property shares its main access point with an abutting lot. Sale 2 also has shared access, while Sales 1 & 3 have no such encumbrances. However Sale 1 is located in an X500 flood zone, which is considered to have an impact on value similar to the subject's access encumbrance, thereby negating the need for an adjustment. In order to account for the Sale 3's slightly superior unencumbered access a downward adjustment of 5% was applied to its sales price.

The three land sales shown in the following grid were considered to be the most recent and proximate, comparable sales. The sale descriptions include percentage adjustments, based on the rationale cited in this section. If a significant item in the comparable property is superior to, or more favorable than, the subject site, a negative (-) adjustment is made, thus reducing the indicated value for the subject; if a significant item in the comparable property is inferior to, or less favorable than, the subject site, a positive (+) adjustment is made, thus increasing the indicated value for the subject. Buyers of commercial sites typically rely on a price per acre or price per square foot as units of comparison to analyze competing properties. This permits a normalized basis so small differences in lot sizes don't distort their analysis. I have elected to use price per acre as a unit of comparison in this instance.

AL - A "As Is" Sales Grid

	Subject Property	Sale 1		Sale 2		Sale 3	
Address	1475 South Willow St., Manchester, NH	Map TPK3, Lot 5 Granite St. Manchester, NH		209 South River Rd, Bedford, NH		785 Goffs Falls Rd, Manchester, NH	
Book / Page		8203 / 0542		8194 / 1052		8488 / 1591	
Proximity		2.5 miles NW		1.9 miles SW		0.3 miles S	
Sales Price		\$ 600,000		\$ 2,100,000		\$ 405,000	
Price Per Acre		\$ 750,000		\$ 700,000		\$ 686,441	
Data Source	Inspection	Real Data		Real Data		Real Data	
Verification Source	Assessor, Registry	Assessor, Registry, Owner Rep.		Assessor, Registry		Assessor, Registry	
Date of Sale		Description	Adjustment	Description	Adjustment	Description	Adjustment
Time Adjustment	Insp. Dec. 26, 2012	May 13, 2010		Apr 14, 2010		Oct 25, 2012	
Sales or Financing Concessions	Not Applicable	None		None Known		None Known	
Location & Exposure	Very Good	Inferior	20%	Inferior	20%	Inferior	35%
Site Area (acres)	4.14	0.80	-5%	3.00		0.59	-5%
Easements / Encumbrances	Shared Access	X500 Flood Plain		Shared Access		None	-5%
Net Adjustments (%)			15%		20%		25%
Gross Adjustments (%)			25%		20%		45%
Indicated \$ / Acre			\$ 862,500		\$ 840,000		\$ 858,051
Ind. \$ / Acre (\$ Rnd)			\$ 862,500		\$ 840,000		\$ 858,100

Sales Comparison Approach Reconciliation – Abutter Lot A “As-Is”: After adjustments, the comparable sales provide a narrow range of value. Sale 2 was given the most weight, as it is most similar size and had the lowest gross adjustment. Sale 1 is most similar in location, however it is much smaller in size. Sale 3 is the most recent sale and is most proximate, but is also least similar in size and location. Sales 1 & 3 were given less weight, but equal consideration.

The indicated value most heavily considered was \$840,000 per acre. With \$862,500 and \$858,100, given equal consideration. Therefore, a rounded unit value of, \$850,000 per acre is considered reasonable in this instance. At 4.14 acres, this equates to an indicated value of \$3,519,000, therefore, I estimate the site value of Abutter Lot A “as-is”, as of December 26, 2012 to be \$3,520,000.

Sales Comparison Approach Valuation – AL - A & PL - A “As-If” Assembled: This analysis relies on the same comparable sales and logic for adjusting the sales as the “As Is” scenario did, therefore it was deemed unnecessary to reproduce the developmental details in this section.

AL - A & PL - A “As-If” Assembled Sales Grid

	Subject Property	Sale 1		Sale 2		Sale 3	
Address	1475 South Willow St., Manchester, NH	Map TPK3, Lot 5 Granite St. Manchester, NH		209 South River Rd, Bedford, NH		765 Goffs Falls Rd, Manchester, NH	
Book / Page		8203 / 0542		8194 / 1052		8488 / 1591	
Proximity		2.5 miles NW		1.9 miles SW		0.3 miles S	
Sales Price		\$ 600,000		\$ 2,100,000		\$ 405,000	
Price Per Acre		\$ 750,000		\$ 700,000		\$ 686,441	
Data Source	Inspection	Real Data		Real Data		Real Data	
Verification Source	Assessor, Registry	Assessor, Registry, Owner Rep.		Assessor, Registry		Assessor, Registry	
Date of Sale		Description	Adjustment	Description	Adjustment	Description	Adjustment
Time Adjustment	Insp. Dec. 26, 2012	May 13, 2010		Apr 14, 2010		Oct 25, 2012	
Sales or Financing Concessions	Not Applicable	None		None Known		None Known	
Location & Exposure	Very Good	Inferior	20%	Inferior	20%	Inferior	35%
Site Area (acres)	4.24	0.80	-5%	3.00		0.59	-5%
Easements / Encumbrances	Shared Access	X500 Flood-Plain		Shared Access		None	-5%
Net Adjustments (%)			15%		20%		25%
Gross Adjustments (%)			25%		20%		45%
Indicated \$ / Acre			\$ 862,500		\$ 840,000		\$ 858,051
Ind. \$ / Acre (\$ Rnd)			\$ 862,500		\$ 840,000		\$ 858,100

Sales Comparison Approach Reconciliation – AL - A & PL - A “As-If” Assembled: After adjustments, the comparable sales provide a narrow range of value. Sale 2 was given the most weight, as it is most similar size and had the lowest gross adjustment. Sale 1 is most similar in location, however it is much smaller in size. Sale 3 is the most recent sale and is most proximate, but is also least similar in size and location. Sales 1 & 3 were given less weight but equal consideration.

Once again, the indicated unit value most heavily considered was \$840,000 per acre. With \$862,500 and \$858,100, given equal consideration. Therefore, a rounded unit value of, \$850,000 per acre is considered reasonable in this instance. At 4.24 acres, this equates to an indicated value of \$3,604,000; therefore, I estimate the site value of Abutter Lot A & Proposed Lot A “as-if” assembled, as of December 26, 2012 to be \$3,600,000.

Sales Comparison Approach Contributory Value Estimate For Proposed Lot - A (PL - A):

Contributory value is the difference between the estimated site value of the Abutter Lot A "as-is", and the estimated site value of the Abutter Lot A & Proposed Lot A "as-if" assembled, thus:

AL - A & PL - A "as-if" assembled.....	\$3,600,000
AL - A "as-is"	<u>\$3,520,000</u>
Contributory value (difference).....	\$80,000

Abutter Lot B - Comments on Comparable Sales: As noted earlier in the report Abutter Lot B is very similar to Abutter Lot A in most aspects. They are similar enough that the best available comparable sales for Abutter Lot A are also considered to be the best available comparable sales for Abutter Lot B. Therefore in an effort to eliminate redundancy, the comments on the comparable sales will not be repeated in this section.

Abutter Lot B - Basis For Adjustments: With the exception of the location/exposure adjustment, the basis for the adjustments made in the Abutter Lot A sales comparison approach, also hold true for the Abutter Lot B sales comparison approach. There are some significant differences in their locations and exposures. The differences are:

- Abutter Lot B has exposure along South Willow Street and superior exposure along I-293;
- Due to Abutter Lot B's topography, the area along the South Willow Street frontage is slightly below grade and the area along the Kaye Street frontage is significantly above grade – resulting in an upward sloping driveway

Abutter Lot B's superior exposure more than offsets its inferior topography, therefore the location /exposure adjustments made when comparing the comparable sales to Abutter Lot B will be greater than those made when comparing the comparable sales to Abutter Lot A. An increase of 5% seemed reasonable in this instance.

AL - B "As Is" Sales Grid

	Subject Property	Sale 1		Sale 2		Sale 3	
Address	1477 South Willow St., Manchester, NH	Map TPK3, Lot 5 Granite St. Manchester, NH		209 South River Rd, Bedford, NH		785 Goffs Falls Rd, Manchester, NH	
Book / Page		8203 / 0542		8194 / 1052		8488 / 1591	
Proximity		2.5 miles NW		1.9 miles SW		0.3 miles S	
Sales Price		\$ 600,000		\$ 2,100,000		\$ 405,000	
Price Per Acre		\$ 750,000		\$ 700,000		\$ 686,441	
Data Source	Inspection	Real Data		Real Data		Real Data	
Verification Source	Assessor, Registry	Assessor, Registry, Owner Rep.		Assessor, Registry		Assessor, Registry	
Date of Sale		Description	Adjustment	Description	Adjustment	Description	Adjustment
Time Adjustment	Insp. Dec. 26, 2012	May 13, 2010		Apr 14, 2010		Oct 25, 2012	
Sales or Financing Concessions	Not Applicable	None		None Known		None Known	
Location & Exposure	Very Good	Inferior	25%	Inferior	25%	Inferior	40%
Site Area (acres)	3.23	0.80	-5%	3.00		0.59	-5%
Easements / Encumbrances	Shared Access	X500 Flood Plain		Shared Access		None	-5%
Net Adjustments (%)			20%		25%		30%
Gross Adjustments (%)			30%		25%		50%
Indicated \$ / Acre			\$ 900,000		\$ 875,000		\$ 892,373
Ind. \$ / Acre (\$ Rnd)			\$ 900,000		\$ 875,000		\$ 892,400

Sales Comparison Approach Reconciliation – Abutter Lot B "As-Is": After adjustments, the comparable sales provide a narrow range of value. Sale 2 was given the most weight, as it is most similar size and had the lowest gross adjustment. Sale 1 is most similar in location, however it is much smaller in size. Sale 3 is the most recent sale and is most proximate, but is also least similar in size and location. Sales 1 & 3 were given less weight, but equal consideration.

The indicated value most heavily considered was \$875,000 per acre. With \$900,000 and \$892,400, given equal consideration. Therefore, a rounded unit value of, \$880,000 per acre is considered reasonable in this instance. At 3.23 acres, this equates to an indicated value of \$2,842,400; therefore, I estimate the site value of Abutter Lot B "as-is", as of December 26, 2012 to be \$2,840,000.

Sales Comparison Approach Valuation – AL - B & PL - B "As-If" Assembled: With the exception of the easement / encumbrances adjustment, the basis for the adjustments made in the AL-B sales comparison approach, also hold true for the AL -B & PL - B sales comparison approach. Therefore only the developmental details for the additional adjustment will be provided in this section.

As noted in the Parcel Descriptions section, PL-B will be transferred with certain restrictions that affect its usage. When considering an adjustment for these restrictions, it is important to note that the market would react not to how the restrictions impact PL-B, but rather to how they impact the assembled lot (AL -B & PL - B). Other factors considered when making this adjustment, are the scarcity of lots in similar prime locations and that the majority of the highest and best uses for the lot would not be adversely affected by the restrictions. If the use were retail development or a restaurant the outer portions of the lot would be used for customer parking and it would be preferable to have the parking closer to the building and the green space on the outer edges. After taking all of the above into consideration, it would not be unreasonable for the typical buyer to expect a 5% discount. Therefore a downward adjustment of 5% will be applied to all the comparable sales. It should be noted that this adjustment is in addition to the 5% easement/encumbrance adjustment that has already been discussed and applied to Sale 3.

AL - B & PL - B "As-If" Assembled Sales Grid

	Subject Property	Sale 1		Sale 2		Sale 3	
Address	1477 South Willow St., Manchester, NH	Map TPK3, Lot 5 Granite St. Manchester, NH		209 South River Rd, Bedford, NH		785 Goffs Falls Rd, Manchester, NH	
Book / Page		8203 / 0542		8194 / 1052		8488 / 1591	
Proximity		2.5 miles NW		1.9 miles SW		0.3 miles S	
Sales Price		\$ 600,000		\$ 2,100,000		\$ 405,000	
Price Per Acre		\$ 750,000		\$ 700,000		\$ 686,441	
Data Source	Inspection	Real Data		Real Data		Real Data	
Verification Source	Assessor, Registry	Assessor, Registry, Owner Rep.		Assessor, Registry		Assessor, Registry	
Date of Sale		Description	Adjustment	Description	Adjustment	Description	Adjustment
Time Adjustment	Insp. Dec. 26, 2012	May 13, 2010		Apr 14, 2010		Oct 25, 2012	
Sales or Financing Concessions	Not Applicable	None		None Known		None Known	
Location & Exposure	Very Good	Inferior	25%	Inferior	25%	Inferior	40%
Site Area (acres)	3.77	0.80	-5%	3.00		0.59	-5%
Easements / Encumbrances	Shared Access Restrictions on PL-B	X500 Flood Plain	-5%	Shared Access	-5%	None	-10%
Net Adjustments (%)			15%		20%		25%
Gross Adjustments (%)			35%		30%		55%
Indicated \$ / Acre			\$ 862,500		\$ 840,000		\$ 858,051
Ind. \$ / Acre (\$ Rnd)			\$ 862,500		\$ 840,000		\$ 858,100

Sales Comparison Approach Reconciliation – AL - B & PL - B "As-If" Assembled: After adjustments, the comparable sales provide a narrow range of value. Sale 2 was given the most weight, as it is most similar size and had the lowest gross adjustment. Sale 1 is most similar in location, however it is much smaller in size. Sale 3 is the most recent sale and is most proximate, but is also least similar in size and location. Sales 1 & 3 were given less weight, but equal consideration.

Once again, the indicated unit value most heavily considered was \$840,000 per acre. With \$862,500 and \$858,100, given equal consideration. Therefore, a rounded unit value of, \$845,000 per acre is considered reasonable in this instance. At 3.77 acres, this equates to an indicated value of \$3,185,650; therefore, I estimate the site value of Abutter Lot B "as-is", as of December 26, 2012 to be \$3,185,000.

Sales Comparison Approach Contributory Value Estimate For Proposed Lot - B (PL - B):

Contributory value is the difference between the estimated site value of the Abutter Lot B "as-is", and the estimated site value of the Abutter Lot B & Proposed Lot B "as-if" assembled, thus:

AL - B & PL - B "as-if" assembled.....	\$3,185,000
AL - B "as-is".....	\$2,840,000
Contributory value (difference).....	\$345,000

Reconciliation and Final Value Estimate: This assignment involved estimating an aggregate sales price for two proposed surplus lots, located along the I-293 Exit 1 off ramp in Manchester, NH. The valuation is as of December 26, 2012, the date of my on-site inspection. An "As Is" and "As Assembled" Sales Comparison Approach analysis was applied to each of the proposed lots resulting in estimated Contributory Values of \$80,000 and \$345,000.

Therefore, as of December 26, 2012, I estimate the subjects' aggregate sales price to be:

Four Hundred and Twenty Five Thousand Dollars.....\$425,000

Thank you for the opportunity to be of service. If you have any questions regarding this appraisal, please do not hesitate to contact me at 271-2644.

Respectfully submitted,



Thomas P. Hughes, NHCR#655
Staff Appraiser, NHDOT

Appraiser's 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, impartial, and 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 have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to me.
- I have performed no services, as an appraiser or in any other capacity, relating to the property that is the subject of this report within the 3-year period immediately preceding acceptance of this assignment.



Thomas P. Hughes, NHCR #655
Staff Appraiser, NHDOT

March 1, 2013
Date

General Assumptions And Limiting Conditions

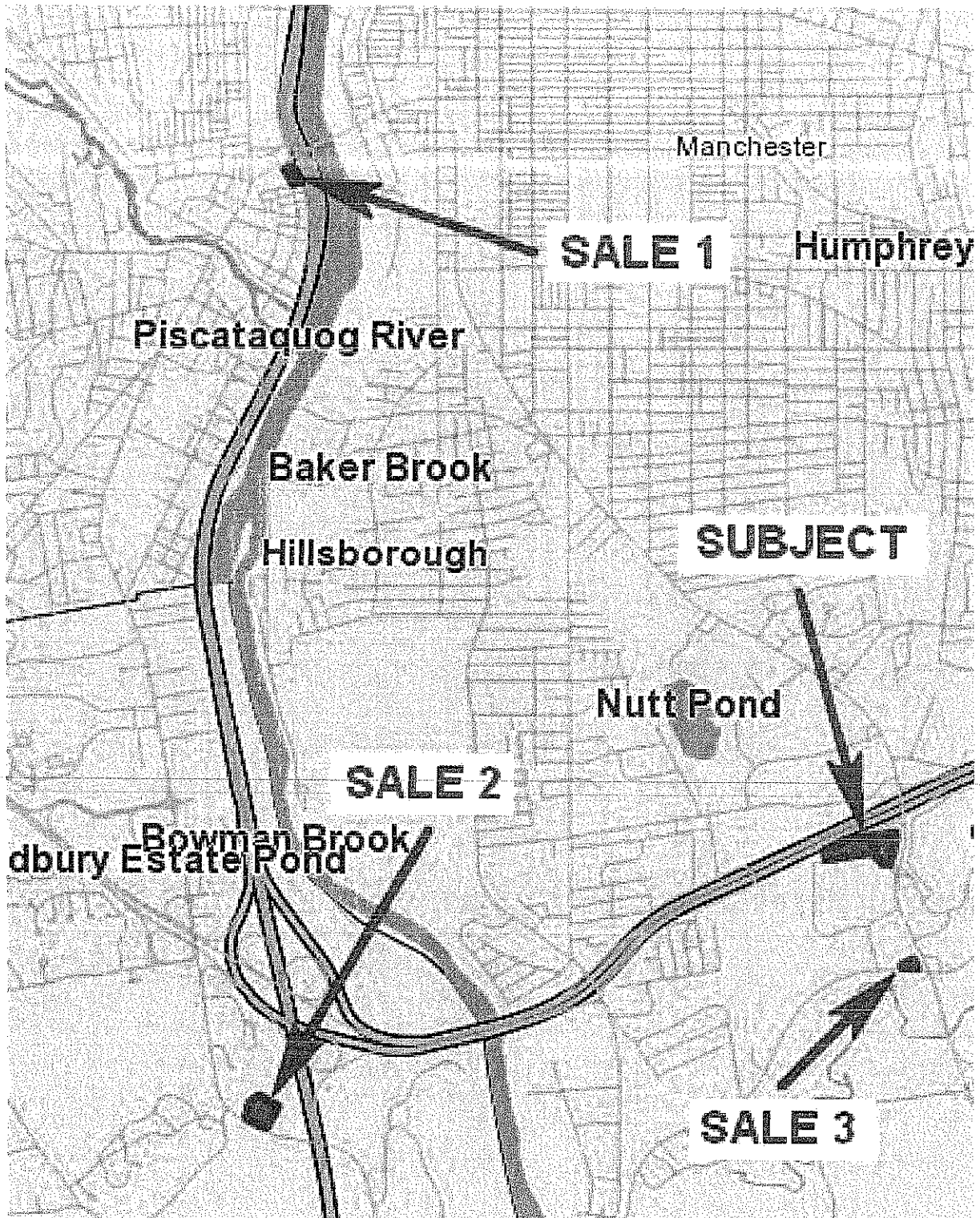
General Assumptions

- All maps, plans, and photographs used are reliable and correct.
- The Proposed Lot areas given to me have been properly calculated;
- Broker and assessor information is reliable and correct; and
- Information from all sources is reliable and correct unless otherwise stated;

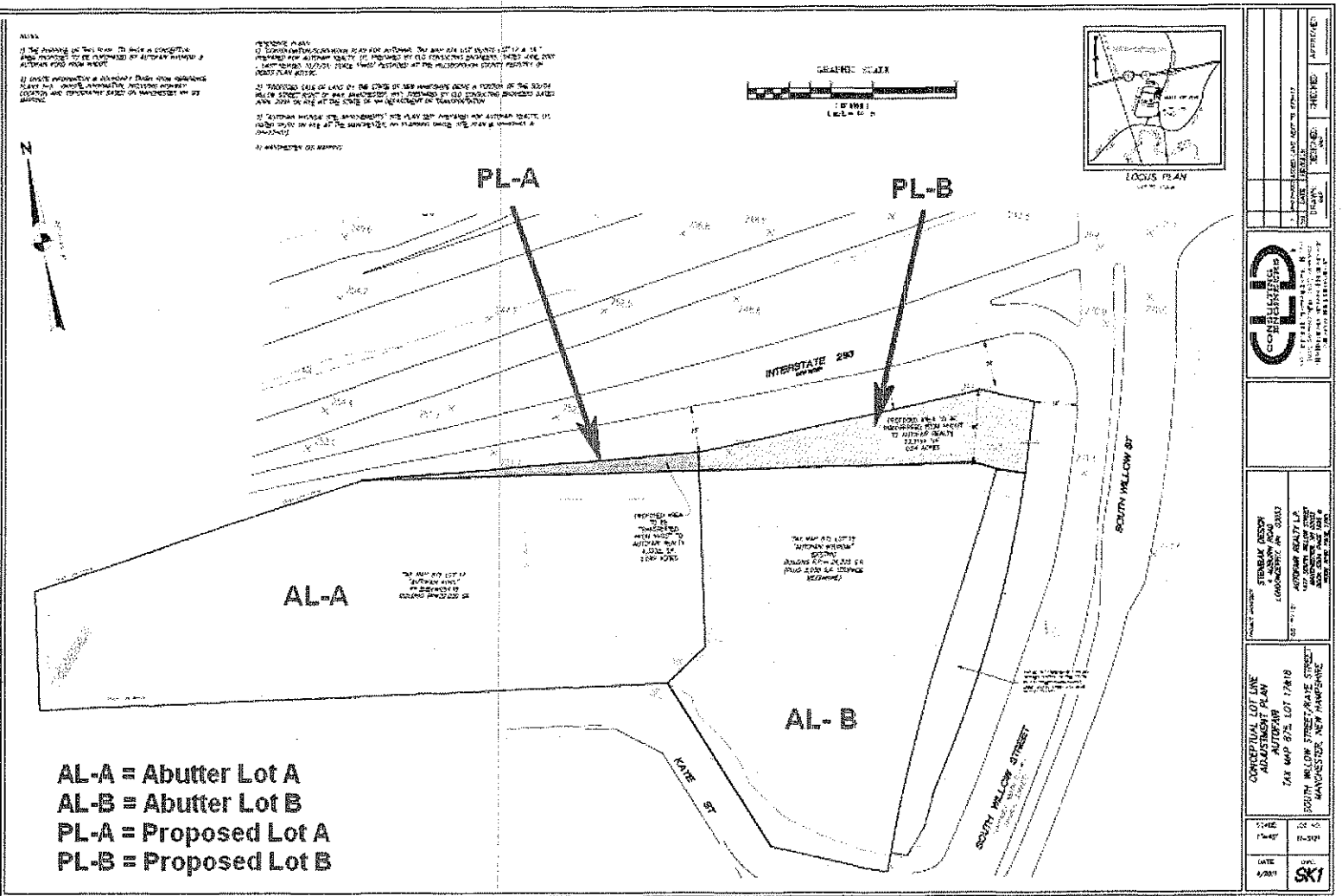
Limiting Conditions

- I have relied upon the legal interpretations of others and have assumed their decisions are correct and valid.
- I have not performed a survey of the property or any of the sales, and do not assume responsibility in these matters.
- There are no hidden or unapparent conditions on the property, in the subsoil (including hazardous waste or ground water contamination), or within any of the structures that would render the property more or less valuable. I assume no responsibility for any of these conditions or the engineering that may be required to discover or correct them. If any contamination is found on the subject, this report becomes null and void.
- This appraisal is made based on information furnished by the requesting party. Any changes, additions, discrepancies, and / or revisions to any of the information provided to me subsequent to the date of this appraisal, may require an updated or new appraisal report.
- Possession of this report (or a copy) does not carry with it the right of publication. It may not be used for any purpose other than by the party to whom it is addressed without the written consent of the State of New Hampshire and in any event only with the proper, written qualification and only in its entirety. Neither all nor any part of the contents (or copy) shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the State of New Hampshire.
- Acceptance and / or use of this report constitutes acceptance of the foregoing underlying limiting conditions and underlying assumptions.

COMPARABLE SALES MAP



CONCEPTUAL LOT LINE ADJUSTMENT PLAN



Job 2-6 Valuation on Autofair Ford & Autofair Hyundai
 1475 & 1477 South Willow St, Manchester, NH
 Owner: Autofair Realty, LP

QUALIFICATIONS OF THOMAS P. HUGHES

PROFESSIONAL EXPERIENCE:

NH DEPARTMENT OF TRANSPORTATION, BUREAU OF ROW (May, 2012 to Present)
Staff Appraiser

AMOSKEAG APPRAISAL COMPANY (2002 to 2012)
Certified Residential Appraiser

THOMSON FINANCIAL TREASURY SOLUTIONS (1998 - 2001)
Financial Software Analyst
Product Consultant/Account Manager

FEDERAL HOME LOAN BANK OF BOSTON (1995 - 1998)
Senior Accountant
Accountant - Investments
Internal Auditor (Intern)

UNITED STATES ARMY RESERVES (1992 - 2006)
Captain (INF) - Assistant Battalion Plans Officer (368th Engineers)

EDUCATION:

Masters of Science in Management: Computer Information Systems
BENTLEY COLLEGE - Waltham, MA

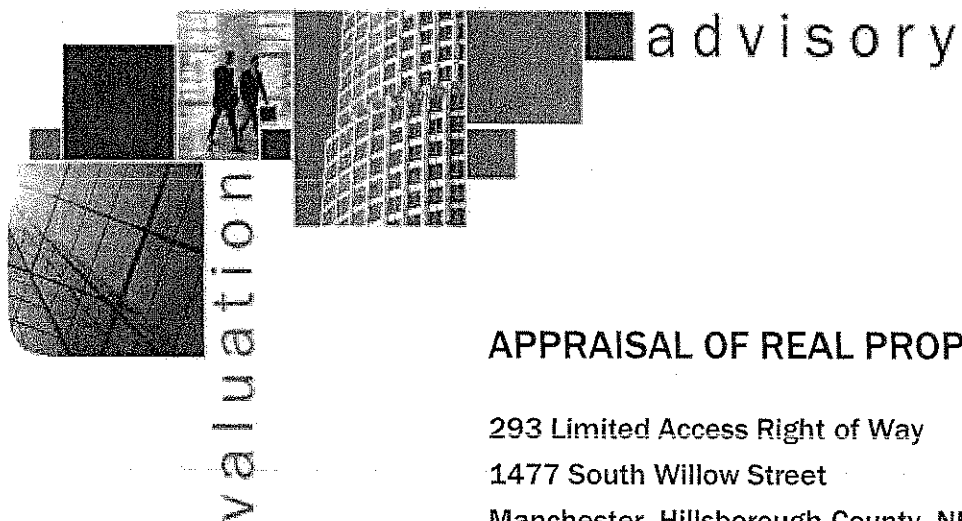
Bachelors of Science in Business Administration: Accounting
UNIVERSITY OF MASSACHUSETTS - Lowell, MA

Associate in Engineering:
WENTWORTH INSTITUTE OF TECHNOLOGY - Boston, MA

CERTIFICATIONS:

Certified Residential Appraiser (NH - # NHCR-655)

Certified Public Accountant (IL - # 99626)

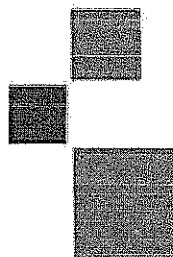


APPRAISAL OF REAL PROPERTY

293 Limited Access Right of Way
1477 South Willow Street
Manchester, Hillsborough County, NH 03103

IN A SELF-CONTAINED APPRAISAL REPORT
As of July 15, 2013

Prepared For:
AutoFair
200 Keller Street
Manchester, NH 03103



Prepared By:
Cushman & Wakefield of Massachusetts, Inc.
Valuation & Advisory
225 Franklin Street, Suite 300
Boston, MA 02110
C&W File ID: 13-27001-900406-001



293 Limited Access Right of Way
1477 South Willow Street
Manchester, Hillsborough County, NH 03103



225 FRANKLIN STREET, SUITE 300
BOSTON, MA 02110

July 24, 2013

H. Andy Crews
President & CEO
AutoFair
200 Keller Street
Manchester, NH 03103

Re: Appraisal of Real Property
In a Self-Contained Report

293 Limited Access Right of Way
1477 South Willow Street
Manchester, Hillsborough County, NH 03103

C&W File ID: 13-27001-900406-001

Dear Mr. Crews:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above property in a self-contained report dated July 24, 2013. The effective date of value is July 15, 2013.

This appraisal report has been prepared in accordance with our interpretation of your institution's guidelines, Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and the *Uniform Standards of Professional Appraisal Practice* (USPAP).

The property to be appraised is identified as the 293 Limited Access Right of Way. The subject is comprised of two parcels with a total land area of 27,635 square feet. Our client is negotiating the purchase of this property subject to a deed restriction that preserves the subject as open space with development of any fashion being prohibited.

Based on the agreed-to Scope of Work, and as outlined in the report, we developed the following opinion of Market Value:

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Fee Simple	7/15/2013	\$275,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions, as well as the following extraordinary assumptions and hypothetical conditions, if any.

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

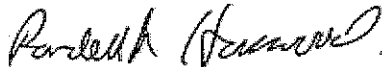
For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

This appraisal does not employ any hypothetical conditions.

This letter is invalid as an opinion of value if detached from the report, which contains the text, exhibits, and Addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.



Randell L. Harwood, MAI, FRICS, CRE
Senior Managing Director/Regional
Manager
NH Certified General Appraiser
License No. NHCG-565
randy.harwood@cushwake.com
(617) 204-4189 Office Direct
(617) 330-9499 Fax

CLIENT SATISFACTION SURVEY

As part of our quality monitoring campaign, attached is a short survey pertaining to this appraisal report and the service that you received. Would you please take a few minutes to complete the survey to help us identify the things you liked and did not like?

Each of your responses will be catalogued and reviewed by members of our national Quality Control Committee, and appropriate actions will be taken where necessary. Your feedback is critical to our effort to continuously improve our service to you, and is sincerely appreciated.

To access the questionnaire, please click on the link here:

[http://www.surveymonkey.com/s.aspx?sm= 2bZUxc1p1j1DWj6n 2fsw1KQ 3d 3d&c=13-27001-900406-001](http://www.surveymonkey.com/s.aspx?sm=2bZUxc1p1j1DWj6n_2fsw1KQ_3d_3d&c=13-27001-900406-001)

The survey is hosted by Surveymonkey.com, an experienced survey software provider. Alternatively, simply print out the survey attached in the Addenda of this report and fax it to (716) 852-0890.

Summary of Salient Facts and Conclusions

The property to be appraised is identified as the 293 Limited Access Right of Way. The subject is comprised of two parcels with a total land area of 27,635 square feet. Our client is negotiating the purchase of this property subject to a deed restriction that preserves the subject as open space with development of any fashion being prohibited.

BASIC INFORMATION

Common Property Name:	293 Limited Access Right of Way
Address:	1477 South Willow Street Manchester, NH 03103
County:	Hillsborough
Property Ownership Entity:	State of New Hampshire

SITE INFORMATION

	<u>Square Feet</u>	<u>Acres</u>
Land Area:		
Proposed Land A	4320	0.09
Proposed Land B	23,315	0.54
Total Land Area:	27,635	0.63
Site Shape:	Irregularly shaped	
Site Topography:	Gently sloping	
Frontage:	No	
Site Utility:	Poor	

MUNICIPAL INFORMATION

Assessment Information:	
Assessing Authority	City of Manchester
Assessor's Parcel Identification	Not Applicable
Current Tax Year	2013
Taxable Assessment	\$0
Current Tax Liability	\$0
Are taxes current?	N/A
Is a grievance underway?	Not to our knowledge
Subject's assessment is	N/A

Zoning Information:	
Municipality Governing Zoning	City of Manchester
Current Zoning	General Business District (B-2)
Is current use permitted?	Yes
Current Use Compliance	Complying use
Zoning Change Pending	No
Zoning Variance Applied For	No

HIGHEST & BEST USE

As Vacant:
open space

As Improved:
open space

VALUATION INDICES		Market Value
VALUE DATE		As-Is
		7/15/2013
Land Value		
Indicated Value:		\$275,000
Per Square Foot:		\$9.95
FINAL VALUE CONCLUSION		
Real Property Interest:		Fee Simple
Concluded Value:		\$275,000
Per Square Foot (NRA):		\$9.95
EXPOSURE AND MARKETING TIME		
Exposure Time:		12 Months
Marketing Time:		12 Months

EXTRAORDINARY ASSUMPTIONS

For a definition of Extraordinary Assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results.

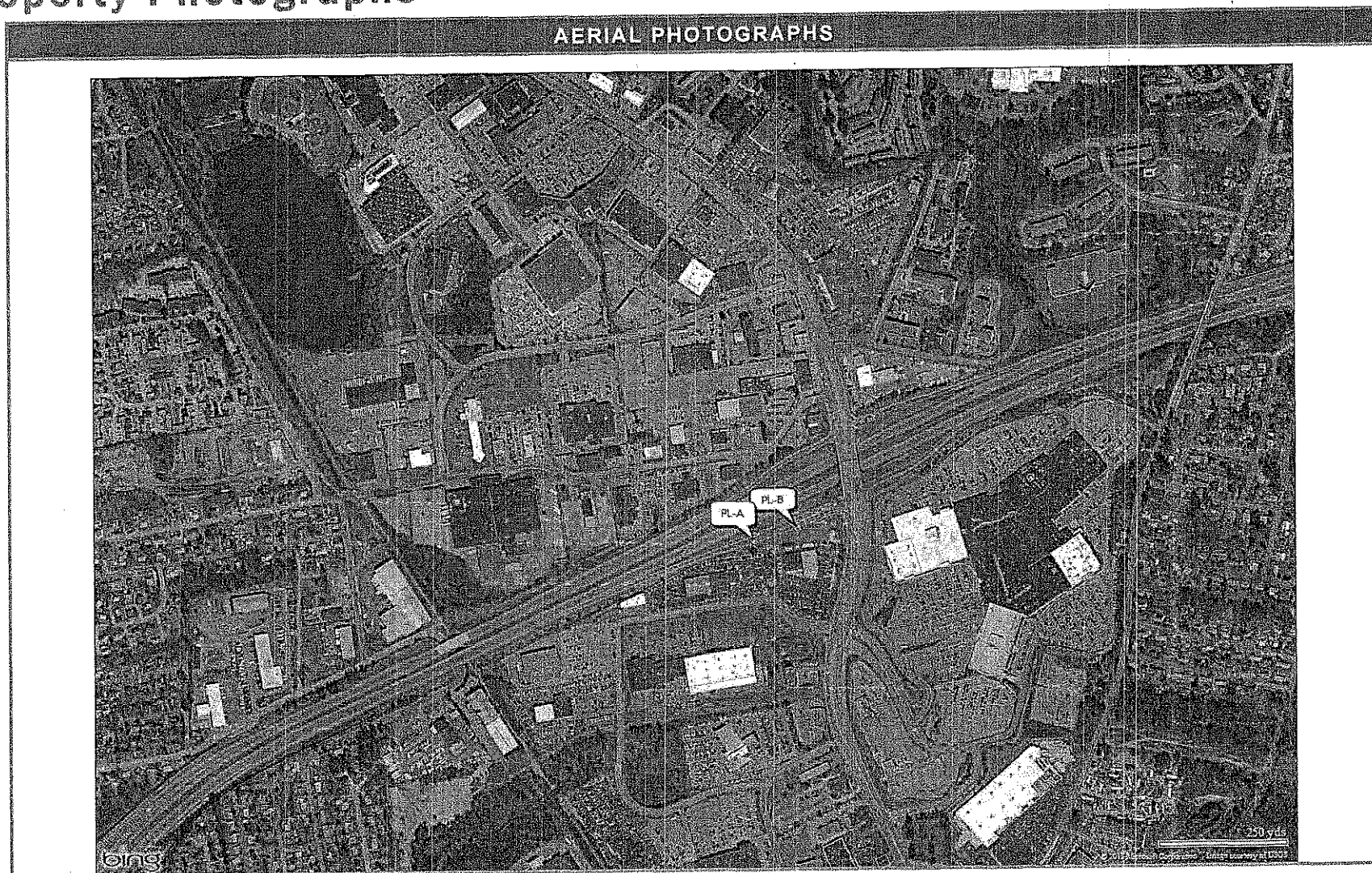
This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results.

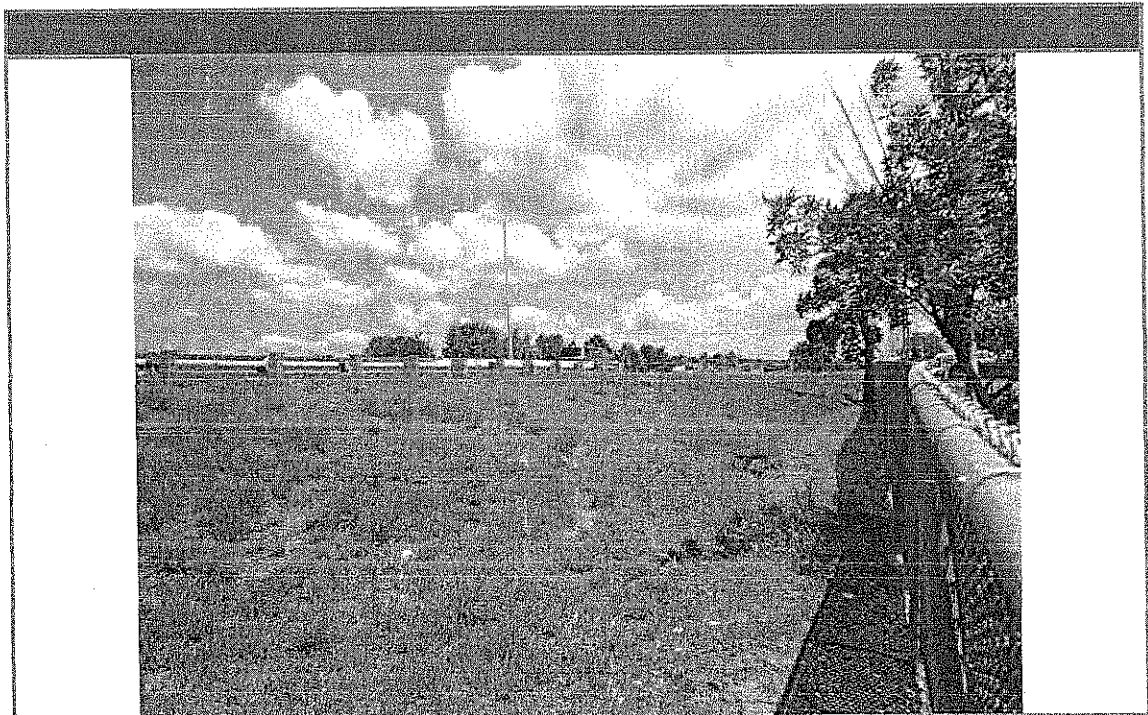
This appraisal does not employ any hypothetical conditions.

Property Photographs





Planned Lot-A & Planned Lot-B



Planned Lot-A & Planned Lot-B

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Introduction

SCOPE OF WORK

This appraisal, presented in a self-contained report, is intended to comply with the reporting requirements outlined under the USPAP for a self-contained appraisal report. The report was also prepared to comply with the requirements of the Code of Professional Ethics of the Appraisal Institute and the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), Title XI Regulations.

Cushman & Wakefield of Massachusetts, Inc. has an internal Quality Control Oversight Program. This Program mandates a "second read" of all appraisals. Assignments prepared and signed solely by designated members (MAIs) are read by another MAI who is not participating in the assignment. Assignments prepared, in whole or in part, by non-designated appraisers require MAI participation, Quality Control Oversight, and signature.

For this assignment, Quality Control Oversight was provided by Robert N. Skinner, MAI, MRICS.

The scope of this appraisal is to determine the market value of the fee simple interest. This required collecting primary and secondary data relevant to the subject property. Vacant land was researched in the subject's market and the input of buyers, sellers, brokers, property developers and public officials was considered. A physical inspection of the property was made. In addition, the general regional economy as well as the specifics of the subject's local area was investigated.

The data have been thoroughly analyzed and confirmed with sources believed to be reliable, leading to the value conclusions in this report. The valuation process used generally accepted market-derived methods and procedures appropriate to the assignment.

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Typical purchasers do not generally rely on the Cost or Income Capitalization Approaches when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach or the Income Capitalization Approach to develop an opinion of market value. The absence of these approaches does not diminish the reliability of the analysis.

IDENTIFICATION OF PROPERTY

Common Property Name: 293 Limited Access Right of Way

Location: The subject property is located at the intersection of 1477 South Willow Street and Interstate 293 in Manchester, Hillsborough County, New Hampshire 03103

Assessor's Parcel Number(s): Parcel numbers have not been assigned to these lots.

PROPERTY OWNERSHIP AND RECENT HISTORY

Current Ownership: State of New Hampshire

Sale History: To the best of our knowledge, the property has not transferred within the past three years.

Current Disposition: Our client, the current owner of the adjoining dealerships, proposes to buy the subject property encumbered by a deed restriction in order to meet the open space requirements of the B-2 zoning ordinance.

DATES OF INSPECTION AND VALUATION

Effective Date(s) of Valuation:

As Is: July 15, 2013

Date of Inspection: July 15, 2013

Property Inspected by: Randell L. Harwood, MAI, FRICS, CRE

CLIENT, INTENDED USE AND USERS OF THE APPRAISAL

Client: AutoFair

Intended Use: This appraisal is intended to provide an opinion of the Market Value of the Fee Simple interest in the property. This appraisal is intended to support negotiations with the State of New Hampshire over the purchase of the subject property.

Intended User: This appraisal report was prepared for the exclusive use of AutoFair. Use of this report by others is not intended by the appraiser.

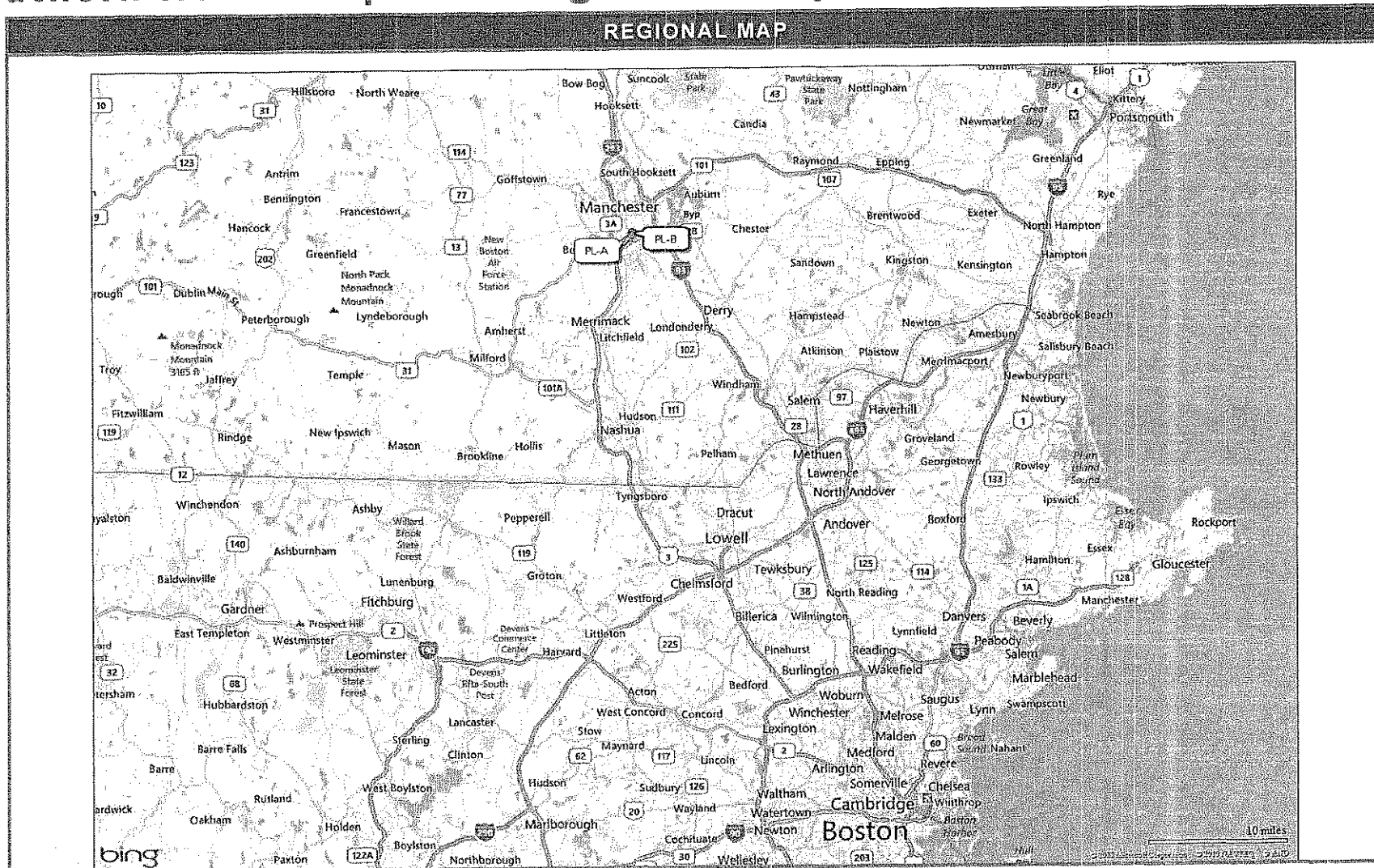
EXTRAORDINARY ASSUMPTIONS

This appraisal does not employ any extraordinary assumptions.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

Southern New Hampshire Regional Analysis



INTRODUCTION

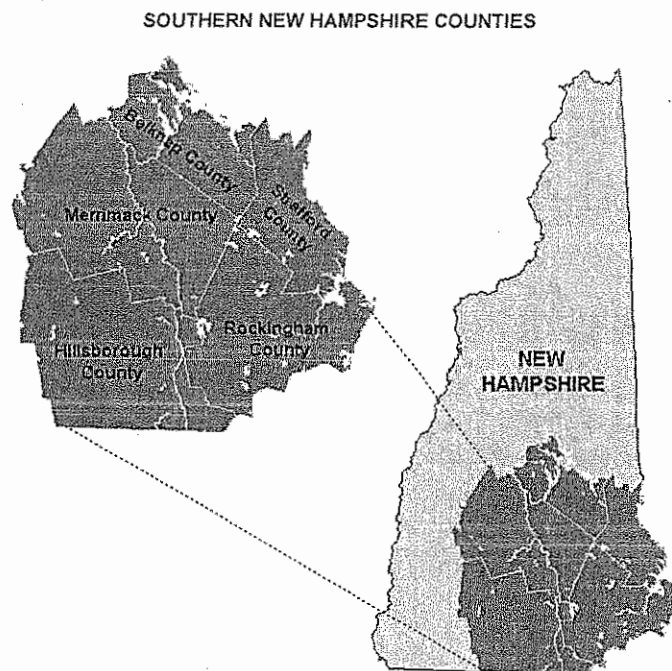
MARKET DEFINITION

The Southern New Hampshire region is located in the northern section of the Greater Boston Combined Statistical Area. The region is comprised of five counties; Belknap, Hillsborough, Merrimack, Rockingham and Strafford. The Southern New Hampshire region has a geographical area of approximately 3,496 square miles. Located in the southeastern portion of the State of New Hampshire, the region's southerly border is the Commonwealth of Massachusetts.

Further considerations are as follows:

- The Southern New Hampshire region is the most populous area in the State of New Hampshire. With a current population of approximately 1.0 million, the Southern New Hampshire region accounts for 78.0 percent of the total state population.
- The City of Manchester is known as the business capital of New Hampshire. Located in Hillsborough County, Manchester has a population of approximately 110,000, making it the largest city in the State of New Hampshire.
- The City of Concord in Merrimack County is the State Capital of New Hampshire. With a population of 43,100, Concord is a popular tourist destination, with its historical landmarks, museums and cultural and art centers.

The following map highlights the counties that construct the Southern New Hampshire region:



Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

CURRENT TRENDS

With a February unemployment rate of 5.6 percent (2.1 percentage points below the national rate), Southern New Hampshire's labor market has recovered from recessionary unemployment. On a year-over-year basis, the

Southern New Hampshire region saw slight improvement by adding approximately 1,500 new jobs to the region. Looking forward, Southern New Hampshire's well-educated population and the linkage to the Boston tech scene will aid the region's stability. Employment is expected to reach pre-recession levels by late 2015, due to stronger factory sales boosting service sector employment.

Further considerations are as follows:

- In June 2012, the Simon Property Group's Merrimack Premium Outlet Center officially opened. With a total price of \$100.0 million, this 430,000 square foot outlet center features approximately 100 stores. With an estimated 100,000 shoppers attending the four-day grand opening, this center is forecast to bring additional employment and tourism to the region.
- The City of Manchester's fiscal year 2012 budget has made many spending cuts combined with tax increases to combat the effects of declining tax revenues resulting from a decline in property values. Included in the budget are layoffs for up to 50 city employees as well as major cuts to city-run programs and personnel. Additionally, the city plans a 3.4 percent tax increase. Mayor Ted Gatsas stated that fiscal year 2013 will be even more difficult, with a projected budget deficit between \$19.0 million and \$22.0 million.
- Similarly, the state legislature passed the 2012 budget with many drastic cuts to education and healthcare, as well as health and human service programs. The legislature cut \$110.0 million from public colleges and universities. This will result in double-digit tuition increases with fewer students able to afford college tuitions.
- Additionally, over the next two years there will be more than \$250.0 million in state funding cuts to hospitals. These funding cuts will most likely result in the reduction of support to community programs and services, salary cuts, higher rates to insurers and possible layoffs.
- Aspen Technology opened a new 41,000 square foot office in Nashua's Technology Park in October 2012. The expansion is being used to accommodate its growing workforce and the office will house about 150 employees. With the arrival of Aspen, Nashua hopes that it will lure other companies and the facility will eventually have over 700,000 square feet of office space, as well as some housing and retail space.
- In the Manchester Millyard, 110 new apartment units in The Lofts at Mill Number One will be ready for occupancy in March 2013. Two-bedroom units will lease for about \$1,400 a month and there are more than 400 names on the waiting list already. Other nearby construction projects include a 300-unit apartment building across the Millyard called Mill West and a 50-unit multi-family building near the Elliot at River's Edge. The construction of these housing projects are a push to help revitalize Manchester's downtown area.

DEMOGRAPHIC TRENDS

DEMOGRAPHIC CHARACTERISTICS

Southern New Hampshire's median age of 40.0 years is three years older than the U.S. median age of 37.0 years. Southern New Hampshire's population is well-educated with 33.3 percent of residents having attained a Bachelor's Degree or higher. This is 5.4 percentage points higher than the U.S. average of 27.9 percent. Both age and educational attainment serve as factors increasing the income levels of the Southern New Hampshire region.

Further considerations are as follows:

- The 40.1 percent share of Southern New Hampshire households with annual incomes above \$75,000 significantly exceeds the national average of 30.1 percent.
- According to 2012 estimates, Southern New Hampshire's median household income was \$63,035, 27.2 percent higher than the national average of \$49,540.
- Over the next four years, median household incomes within the region are forecast to experience 4.1 percent annual growth. The nation as a whole is projected to experience 3.7 percent annual household income growth through 2017.

The following table details demographics of Southern New Hampshire as compared to the U.S.:

Demographic Characteristics Southern New Hampshire vs. U.S.		
2012 Estimates		
Characteristic	Southern New Hampshire	U.S.
Median Age (years)	40.0	37.0
Average Annual Household Income	\$78,965	\$67,303
Median Annual Household Income	\$63,035	\$49,540
<i>Households by Annual Income Level:</i>		
<\$25,000	15.3%	23.8%
\$25,000 to \$49,999	22.8%	26.7%
\$50,000 to \$74,999	21.9%	19.5%
\$75,000 to \$99,999	15.5%	11.9%
\$100,000 plus	24.6%	18.2%
<i>Education Breakdown:</i>		
< High School	8.5%	14.9%
High School Graduate	28.8%	28.7%
College < Bachelor Degree	29.5%	28.5%
Bachelor Degree	21.8%	17.6%
Advanced Degree	11.5%	10.3%

Source: Claritas, Inc., Cushman & Wakefield Valuation & Advisory

POPULATION

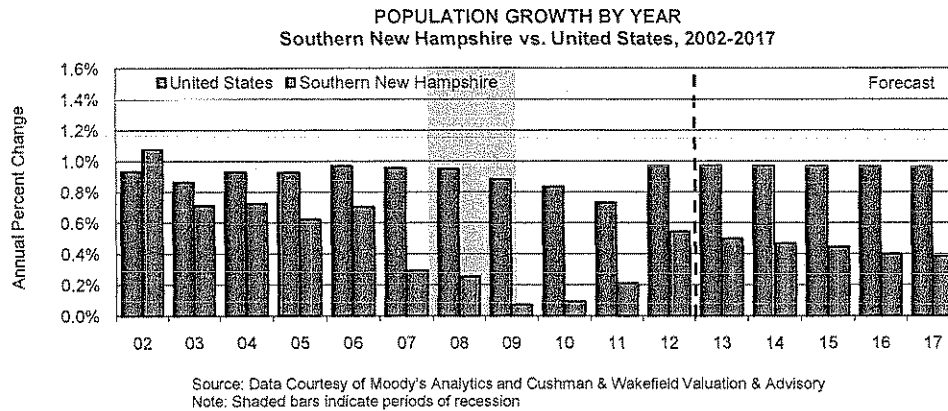
Southern New Hampshire's population growth rates have historically lagged behind national averages. Population growth in the last decade was mainly fueled by the technology-boom in the region. Southern New Hampshire was seen as a desirable alternative for businesses and had lower costs of living compared to the highly taxed Commonwealth of Massachusetts. With a close proximity to Boston, ranked 2nd in tech employment, and a lack of sales, income and capital gains taxes, the region attracted some Massachusetts and national companies to relocate into the area.

Further considerations are as follows:

- Southern New Hampshire's population, currently at just over 1.0 million, grew at an average annual rate of 0.4 percent over the ten-year period from 2002 to 2012. The population of the U.S. grew at a higher rate of 0.9 percent per year, over the same time period.

- Southern New Hampshire's population growth rates are expected to remain steady, with an annual average of 0.4 percent over the next four years. In comparison, the forecast national average annual population growth is 1.0 percent over the corresponding time period.

The following chart illustrates population growth within Southern New Hampshire and the U.S.:



The following table details population growth in Southern New Hampshire and the U.S.:

Annualized Population Growth by County Southern New Hampshire 2002-2017						
Population (000's)	2002	2012	Forecast 2013	Forecast 2017	Compound Annual Growth Rate 02-12	Compound Annual Growth Rate 13-17
United States	287,625.2	314,609.5	317,658.3	330,096.0	0.9%	1.0%
Southern New Hampshire	991.2	1,033.9	1,039.0	1,056.7	0.4%	0.4%
Rockingham County	286.2	298.1	299.7	305.3	0.4%	0.5%
Strafford County	115.8	125.1	126.3	130.2	0.8%	0.8%
Merrimack County	140.9	147.7	148.9	153.0	0.5%	0.7%
Belknap County	58.6	60.7	61.2	62.7	0.3%	0.6%
Hillsborough County	389.7	402.3	402.9	405.6	0.3%	0.2%

Source: Data Courtesy of Moody's Analytics, Cushman & Wakefield Valuation & Advisory

HOUSEHOLDS

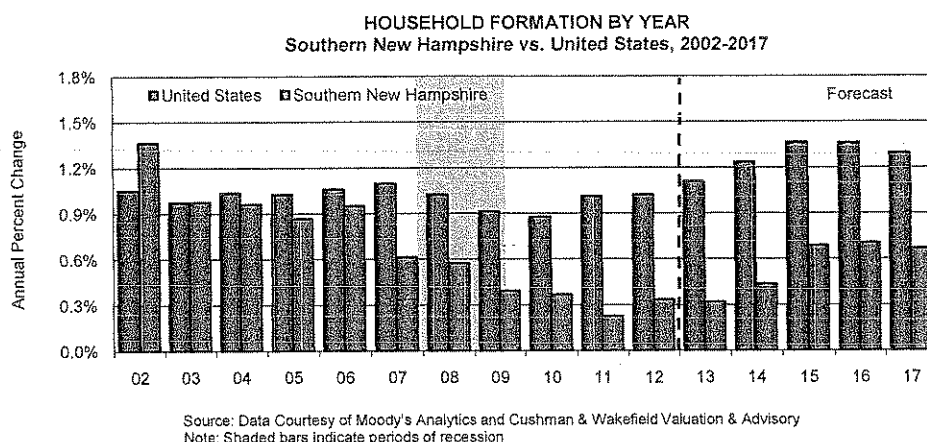
Over the past decade, household formation growth trends in Southern New Hampshire have been higher than overall population growth. There are several outside sociological factors that can be attributed to household growth increasing at a higher rate than the population, such as: longer life expectancies, increasing divorce rates and young professionals postponing marriage. Household formation growth is expected to mirror the regional population growth over the next four years, at a rate significantly below the United States average.

Further considerations are as follows:

- From 2002 to 2012, the average annual household formation rate of 0.6 percent in Southern New Hampshire was slightly below the national household growth rates of 1.0 percent over this time period.
- Through 2017, Southern New Hampshire's annual household formation growth rate is expected to remain steady at 0.6 percent. Contrastingly, through 2017 the national annual household growth rate is forecasted at 1.3 percent.

- Lower household growth has resulted in part by "doubling up", as some people combined households to save money during difficult financial times or possibly due to loss of their home by foreclosure.

The below graph details household formation growth in Southern New Hampshire and the U.S.:



ECONOMIC TRENDS

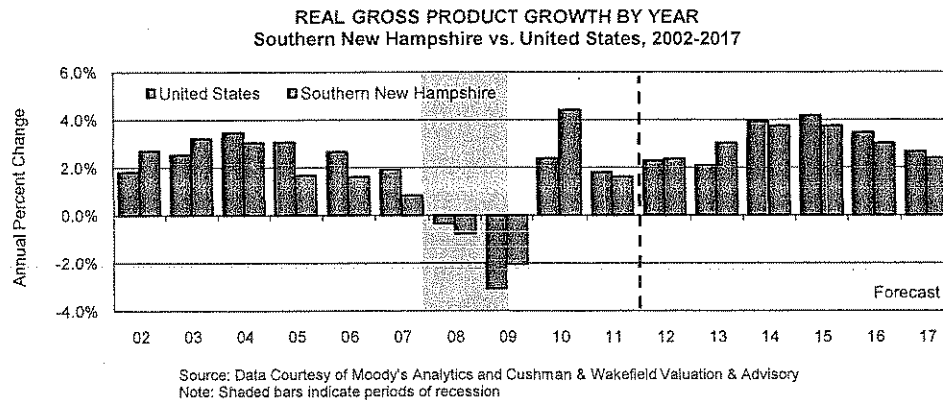
GROSS METRO PRODUCT

Following seven consecutive years of positive gains, growth in Southern New Hampshire's gross metro product (GMP) slowed considerably as a result of the recession that began in late 2007. Throughout 2008 and 2009, Southern New Hampshire's GMP declined 0.8 percent and 2.1 percent, respectively. In comparison, the nation recorded negative 0.3 percent and negative 3.1 percent in GMP over the corresponding time period. By 2010, the region as well as the nation, recovered from recessionary declines, showing positive 4.4 percent growth in GMP. This trend continued throughout 2011 (1.6 percent) and 2012 (2.4 percent), with further improvement expected in the near term.

Further considerations are as follows:

- The region's concentration of high-tech production has traditionally led to the outperformance of the nation as a whole (in terms of GMP growth). The large amount of electro-medical instruments, computer systems and semiconductors produced in Southern New Hampshire will enable the regional economy to rebound more rapidly than the U.S. as a whole.
- From 2002 to 2012, Southern New Hampshire's GMP and the nation's GMP grew at an average annual rate of 1.6 percent.
- Over the next four years, Southern New Hampshire's annual GMP growth rate is predicted to increase at an average annual rate of 3.2 percent, 40 basis points below the forecasted national annual average growth rate of 3.6 percent.

The below graph details gross metro product growth in Southern New Hampshire and the U.S.:



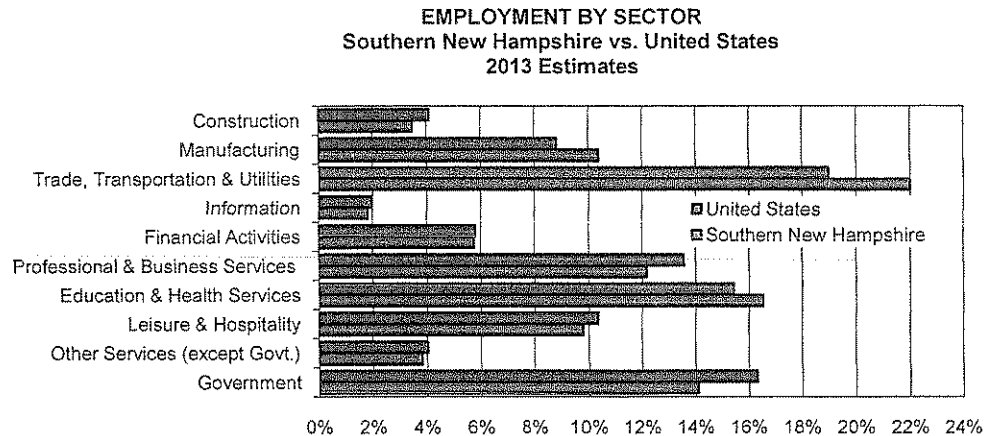
EMPLOYMENT DISTRIBUTION

Trade, Transportation and Utilities is Southern New Hampshire's largest employment sector, containing 22.0 percent of total nonfarm employment. Another significant employment base in the region is Education and Health Services, which amounts to 16.5 percent of total nonfarm employment. With the state's capital and three largest cities in the region, Government rounds out the top three employment sectors, accounting for 14.1 percent of total nonfarm employment in Southern New Hampshire.

Further considerations are as follows:

- The Trade, Transportation and Utilities and Construction sectors, combined, comprise 25.5 percent of the region's total employment. These sectors have seen consistent decreases in employment from 2007 through 2010, as a result of the national recession. However, these sectors showed minimum growth in the following years and with new state infrastructure improvements, such as the widening of Interstate 93 and Spaulding Turnpike, restoration of the commuter rail line from Boston to Concord and the new construction of the Little Bay Bridge, positive employment growth is expected to commence over the next four years.
- With historically consistent positive employment growth, the less-cyclical Education and Health Services sector has helped to stabilize employment in the region. Over the last four years this sector has averaged an annual growth rate of 1.5 percent. Looking forward, growth in this industry is projected to continue, at an annual average of 2.8 percent through 2017.
- Employment in Professional & Business Services (which currently accounts for 12.2 percent of total regional employment) declined 6.1 percent in 2009 as a result of the recession, followed by 1.6 percent average annual growth in 2010 and 2011. By year-end 2012, Professional & Business Services employment is projected to experience 3.7 percent yearly growth through 2017 due to improving economic conditions within the region.

The following chart presents employment distribution in Southern New Hampshire and the U.S.:



Source: Data Courtesy of Moody's Analytics and Cushman & Wakefield Valuation & Advisory

MAJOR EMPLOYERS

Southern New Hampshire's employment picture is dominated by several hospitals located within the MSA. The Education and Health Services Sector, which accounts for 16.2 percent of total nonfarm employment in the region, is largely accounted for by four of the top ten employers in Southern New Hampshire. Top employers in this sector include: Elliot Hospital, Saint Joseph Hospital, Southern New Hampshire Medical Center and Catholic Medical Center.

Further considerations are as follows:

- Elliot Hospital is the keystone of Elliot Health Systems, the largest comprehensive health services provider in New Hampshire. Elliot Health Systems was selected as a winner in the *New Hampshire Business Review's* 2012 Best of Business Awards. Elliot Health Systems was honored in a statewide readers' survey as the state's top healthcare facility.
- Due to recent state budget cuts, the State of New Hampshire has cut funding to hospitals and increased the hospital bed tax. As a result, Southern New Hampshire Medical Center laid-off 6.0 percent of its workforce and Elliot Hospital laid-off nearly 200 employees throughout 2011. Both hospitals are part of a 10-hospital lawsuit suing the State, claiming that the budget uses more than \$200.0 million in Medicare funds that should go to hospitals. The lawsuit is still ongoing.
- BAE Systems, the third largest employer in the Southern New Hampshire region, has a tremendous impact on New Hampshire's economy. In 2011, BAE generated an economic impact of more than \$586.0 million in the State of New Hampshire. This figure reflects \$491.0 million in payroll and more than \$90.0 million awarded for subcontracts and purchase orders to more than 400 suppliers throughout the state. Over the past year, the company and its employees also contributed \$2.4 million in cash and in-kind services to area civic, charitable, and educational institutions.

- FairPoint Communications has invested more than \$111.0 million in infrastructure and technology to bring VantagePoint, a fiber-based, high-capacity network, to the State of New Hampshire. With aid from a federal government grant, FairPoint has brought high-speed broadband internet to more than 50 New Hampshire communities. VantagePoint's increasing availability in the state will lead to faster and more efficient communication for residents and businesses alike. That being said, in fourth quarter 2011, FairPoint laid-off approximately 375 employees (in Maine, New Hampshire and Vermont). The workforce reduction is estimated to have saved \$34.0 million in operating expense in 2012.

The following table details the largest private employers in Southern New Hampshire:

Largest Private Employers Southern New Hampshire, NH		
Company	No. of Employees	Business Type
DeMoulas Super Markets Inc.	6,000	Retail
Hannaford Brothers	4,817	Retail
BAE Systems Electronic Solutions	4,500	Aerospace & Defense
Elliot Hospital	3,375	Healthcare
Southern New Hampshire Medical Center	2,200	Healthcare
Catholic Medical Center	2,100	Healthcare
Public Service Co. of New Hampshire	1,500	Technology
Target Corp.	1,345	Retail
FairPoint Communications	1,300	Technology
St. Joseph Hospital	1,200	Healthcare

Source: New Hampshire Business Review and Cushman & Wakefield Valuation & Advisory

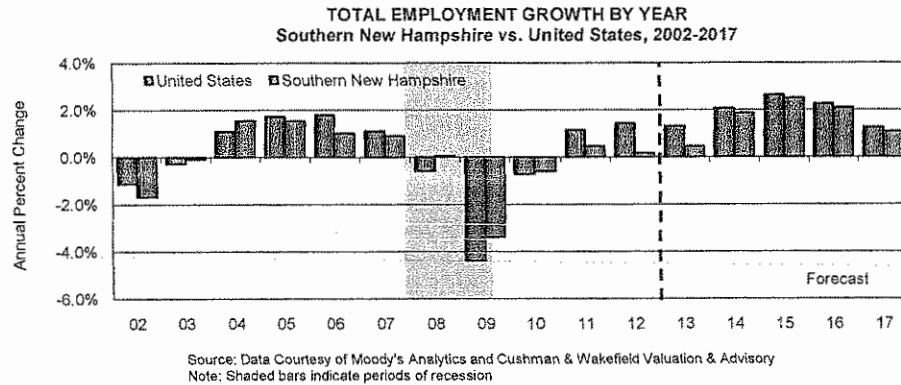
EMPLOYMENT GROWTH

Due to the recent national recession, regional and national employment figures declined from 2008 through 2010. Total nonfarm employment in Southern New Hampshire declined 3.9 percent over this time period, while national employment registered a 5.7 percent decline. By 2011, employers gained confidence in the markets recovery, and as such, regional and national employment recorded positive annual growth of 0.5 percent and 1.2 percent, respectively. Looking forward, the market's continued recovery is expected to sustain continued positive employment growth in the near term.

Further employment characteristics are as follows:

- Over the past decade, Southern New Hampshire showed an average annual job growth rate of 0.2 percent. The nation as a whole also an average annual growth of 0.2 percent from 2002 through 2012.
- Going forward, Southern New Hampshire employment growth is projected to increase to a rate that is slightly below the national average. Regional employment is expected to grow at a 1.9 percent annual average through 2017. Similarly, the nation as a whole is forecast to experience 2.1 percent employment growth over the corresponding time period.
- According to the U.S. Tax Foundation 2012 report, New Hampshire ranks sixth amongst the best states in terms of business-tax climate. Businesses don't have to pay sales, inventory, capital gains, estate, broad base personal income or internet tax. Besides the low tax burdens, the state also offers credit, grants and business services as incentives to have a business in New Hampshire.

The following graph compares employment growth for Southern New Hampshire and the U.S.:



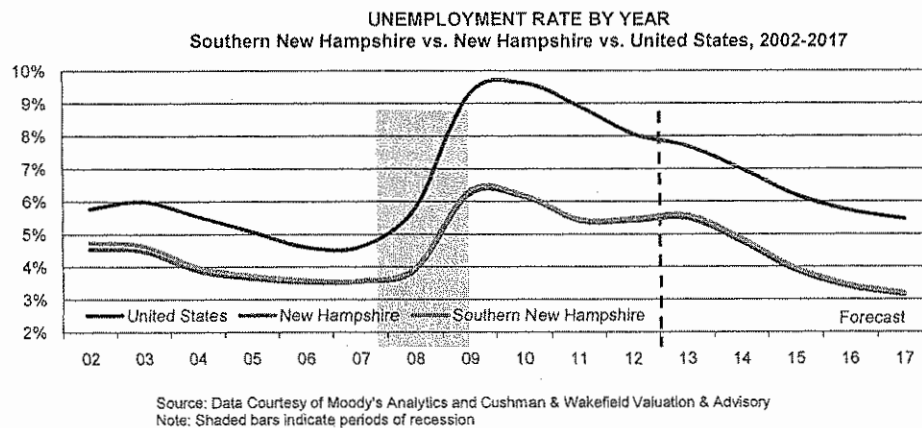
UNEMPLOYMENT

As of February 2013, Moody's Economy.com reported the unemployment rate for Southern New Hampshire at 5.6 percent. Following the recession that began in late 2007, the unemployment rate in the region peaked in 2009 with an annual average rate of 6.3 percent. After the peak in unemployment, job growth in Southern New Hampshire resumed in 2010 and continued through 2012. Recent job growth within the region was driven primarily by hiring within the trade, transportation and utilities industry.

Further considerations are as follows:

- From 2004 through 2007, Southern New Hampshire's unemployment rate remained relatively stable, staying below 4.0 percent.
- Due to the recession, Southern New Hampshire's unemployment rates increased, particularly between 2008 and 2009 as the local economy experienced downward pressure. Both county and state levels remained nearly 3.0 percentage points below national levels throughout the recession.
- After peaking at a 6.3 percent annual average in 2009, the Southern New Hampshire unemployment rate began its descent in 2010. This decrease is expected to continue throughout 2017, reaching a predicted low of 3.2 percent.

The following graph compares historical and projected unemployment levels for Southern New Hampshire, the State of New Hampshire and the U.S. as a whole:



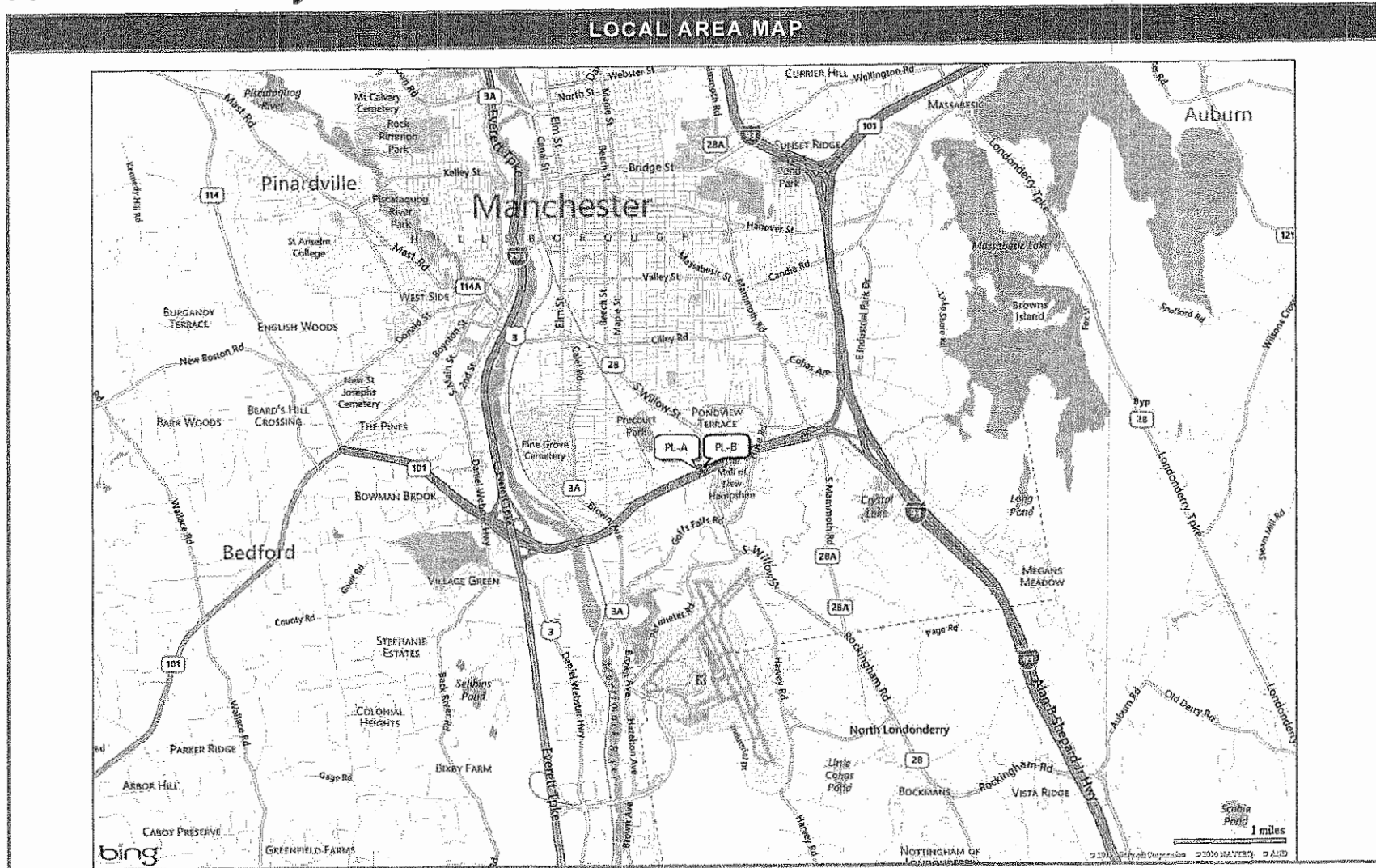
CONCLUSION

Though Southern New Hampshire felt minimized effects of the recent national recession, the past three years have shown positive employment participation rates, leading to the evident initial stages of a recovery. Beginning in 2010, the region commenced a slow, but steady progression towards improvement and continued through 2012. Looking forward, the Southern New Hampshire region is expected to show positive momentum in the near term, as increasing factory orders sustain service sector employment growth.

Further considerations are as follows:

- The New Hampshire State Government's dedication to workforce development has kept the state unemployment rate as one of the nation's lowest (ranked the ninth lowest in the country). Continued efforts, through various state programs, to improve the business environment and employment opportunities within the state will aid in high workforce participation rates in coming years.
- Southern New Hampshire's concentration of high-tech manufacturing, such as semiconductors, computer systems and electro-medical and control equipment, will aid in the region's recovery due to projected increases in defense contracts and global semiconductor sales. Additionally, the high value-added nature of the region's manufacturing industry will assist income growth in Southern New Hampshire.
- One negative for the Southern New Hampshire region is the lack of significant population growth. There is an expected continued out-migration of Southern New Hampshire residents due to the region's inability to retain young professionals that are looking for robust urban amenities, such as: vibrant neighborhoods, bustling downtowns, good parks and alternatives to driving everywhere. This weak growth will hinder the long-term prospects for a strong housing market, labor force growth and consumer industries.

Local Area Analysis



LOCATION OVERVIEW

The property is located in the southern portion of the City of Manchester. Manchester is the largest city in New Hampshire with an estimated 2011 population of 109,845. The city contains 33.0 square miles and the boundaries of the immediate area are Hooksett to the north, Auburn to the east, Londonderry to the south and Bedford and Goffstown to the west. Other local landmarks include the Manchester Airport and the Mall of New Hampshire.

Manchester is approximately 53 miles north of Boston and is the northernmost component of the Boston MSA as previously described.

ACCESS

Local area accessibility is generally good, relying on the following transportation arteries:

Route 28:	Two to four lane divided roadway running in a north south direction connecting Route 3 and Interstate 293 in the Manchester area. In the southern portion of Manchester, this road is also known as South Willow Street. The subject is located on this roadway.
Interstate 293/Route 101:	Interstate 293 provides regional ingress and egress, and in the immediate subject area serves as a connector route between Interstate 93, Route 3 and Route 101, with the nearest access point being approximately 100 yards north of the subject at exit 1.
Interstate 93:	Interstate 93 provides regional ingress and egress, with the nearest access point being less than 2 miles northeast of the subject via Interstate 293.

In addition to the primary and secondary roadways mentioned, the subject market area is serviced by the Manchester Transit Authority (MTA) which runs 13 bus routes throughout the Manchester area. Also, the Manchester Airport is located approximately two miles south of the subject. This airport offers flights from major air carriers across the U.S. and Canada.

NEIGHBORHOOD ANALYSIS

Manchester is considered a blue-collar area with an active local business community and associated supporting retail and office uses. Most services can be found within the greater downtown area, with retail uses located along major roadways. Some of Manchester's largest employers include the national utility service of Verizon, Demoulas and Hannaford Supermarkets, TD Bank, Fidelity Investments, Liberty Mutual, and the defense and aerospace company of BAE Systems.

Total 2010 employment in Manchester was 58,216. This includes concentrations in Manufacturing (7,888), Wholesale and Retail Trade (10,015), Finance, Insurance and Real Estate (5,088) and Services (21,650).

NEARBY AND ADJACENT USES

The subject's local area is composed of a mix of commercial uses, most of which are retail and specifically auto related. The subject itself is located on South Willow Street (Route 28), the premier local retail location. The most significant nearby property is the Mall of New Hampshire. This is an enclosed mall of approximately

775,000 square feet. The mall is anchored by Macy's, Sears, J C Penney and Best Buy. The mall's tenant mix and orientation is traditional and the property is owned and operated by Simon Properties.

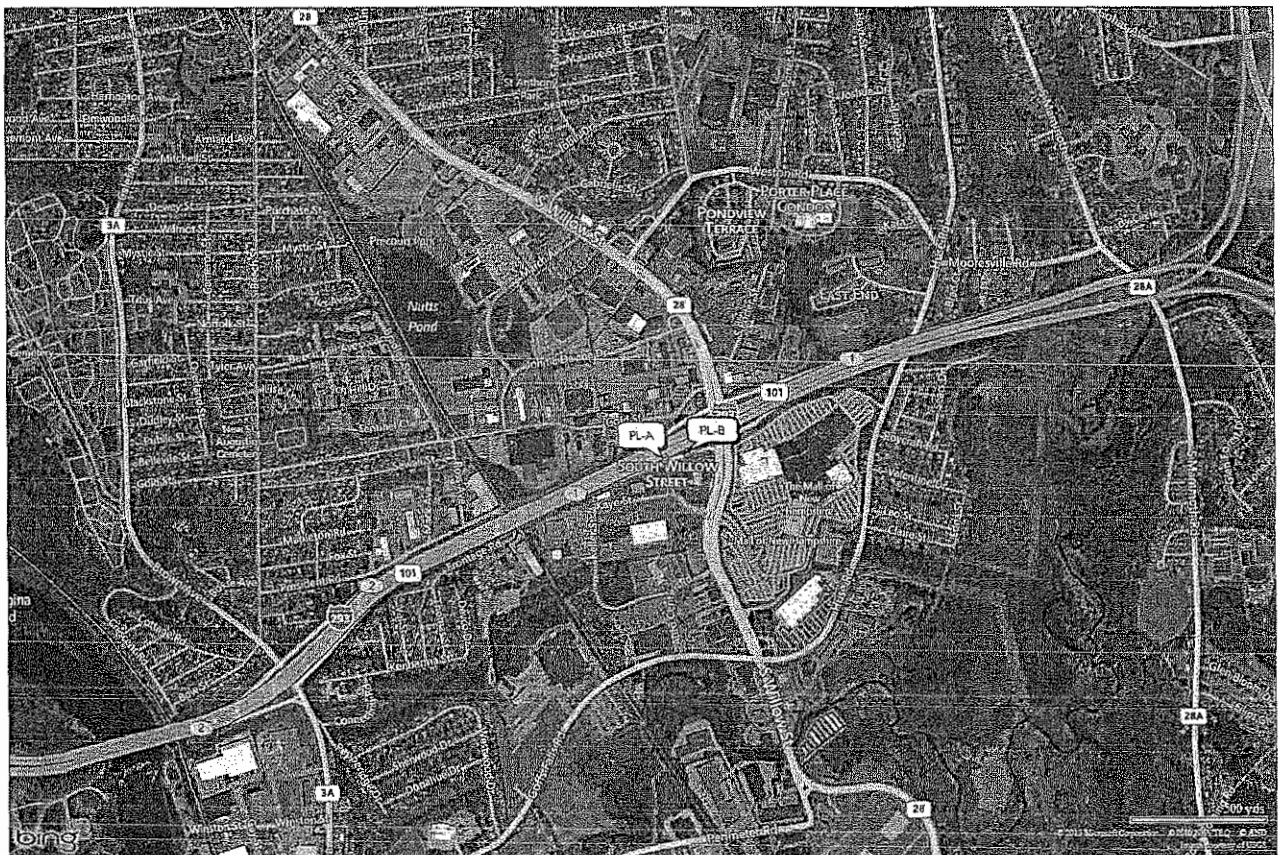
Other major uses in the area include a Home Depot store, Sam's Club store, several multi tenant retail centers and auto related businesses. The local area has several free standing retail stores and many of the nation's fast food outlets are located in the immediate area.

In addition to the heavy concentration of retail utilization, there are multiple hotels and motels within proximity of the intersection of South Willow Street and Interstate 293.

There are some noted residential uses in the subject's local area. This is in areas east and west of the South Willow Street corridor. The housing stock in the immediate area is largely multi-family developments.

The subject property is surrounded by AutoFair Hyundai, AutoFair Ford and Interstate 293.

NEIGHBORHOOD MAP



SPECIAL HAZARDS OR ADVERSE INFLUENCES

We observed no detrimental influences in the local market area, such as landfills, flood areas, noisy or air polluting industrial plants, or chemical factories.

LAND USE CHANGES

The South Willow Street corridor connects the intense retail areas in and around the Mall of New Hampshire with the city's central core. The corridor has heavy traffic counts and many of the nation's most significant retailers are in the immediate market area. There are no foreseen land use changes apparent.

CONCLUSION

The City of Manchester is an established community and is New Hampshire's largest city. The subject's local area around South Willow Street/Route 28 is a high density retail location. Manchester is located just 17 miles from Concord and 53 miles from Boston, with excellent access. The subject property is located in a major destination retail area, located just off of Route 28. Due to the excellent access to this area, off both Interstates 93 and 293, this area has seen major retail development within the past ten years. As such, the neighborhood experiences very high traffic counts.

Despite weakening demand for retail properties locally and nationwide during the recent financial crisis the Manchester area appears to be stable. This can most likely be attributed to its good access to Interstate 93 and 293. This good location should keep the demand for this area competitive, as users and investors will eventually return to good quality properties accessible to Interstate 293/Route 101. Also, given the lack of developable land in this area and the high retail concentration demand is likely to continue for commercial sites. Given the subject's location, the property should benefit from retail demand in the area.

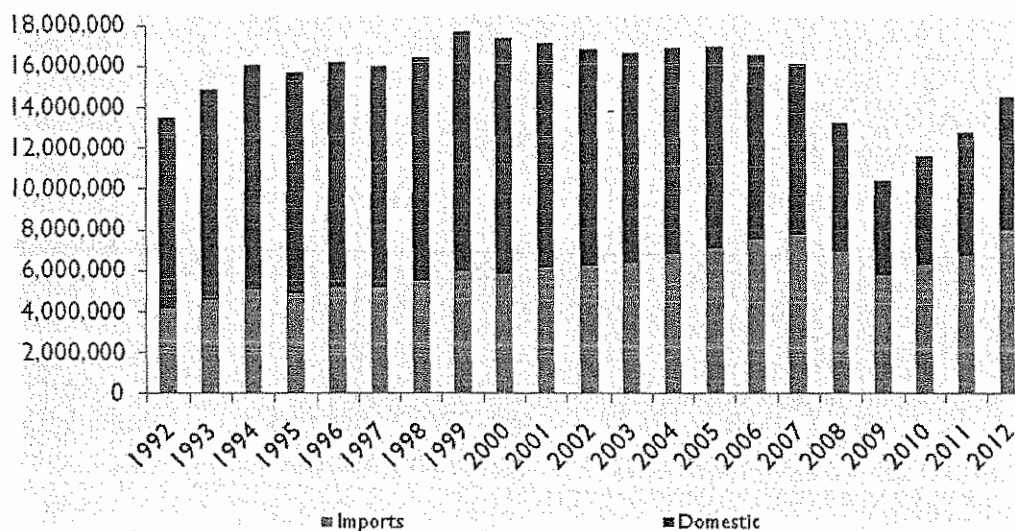
INTRODUCTION

The domestic automobile industry has just gone through a period unlike any other before it. After experiencing historic decreases in unit sales and the bankruptcy of two of the three domestic automakers just four years ago, the industry has roared back to life, with substantial sales gains, record profits and renewed optimism throughout the industry. In the following discussion, we will explore the macro-economic trends affecting the market for light vehicles (cars and light trucks) in the United States, as well as the micro-economic influences of the local and regional market, as they impact the demand for automobile dealerships in general, and the subject property in particular.

VEHICLE SALES TRENDS

Coming out of the early 1990s recession, light vehicle sales increased rapidly from 12.77 million units in 1991 to 14.95 million in 1994. Between 1994 and 1998, unit sales held steady at approximately 15.0 million units, on average. Beginning in 1999, largely as a result of a rapidly expanding national economy and rising household net worth, new light vehicle sales accelerated again, peaking at 17.4 million units in 2000. While one might have expected a substantial decrease in unit sales as a result of the recession of 2001 and 2002, historically low interest rates and the rapid expansion of subprime credit allowed light vehicle sales to remain in a relatively tight range of 16.15 to 16.99 million units, annually, between 2002 and 2007. When the financial crisis of 2008 hit, a perfect storm of sorts affected the automobile industry. The magnitude of the economic decline and the lock-up in credit markets caused unit sales to decrease rapidly from 16.15 million in 2007 to 13.25 million in 2008, and then to 10.42 million units in 2009 (a decline of 35.4 percent over two years). However, since this nadir, sales have rebounded sharply, up 11.1 percent in 2010, 10.3 percent in 2011, and 13.4 percent in 2012.

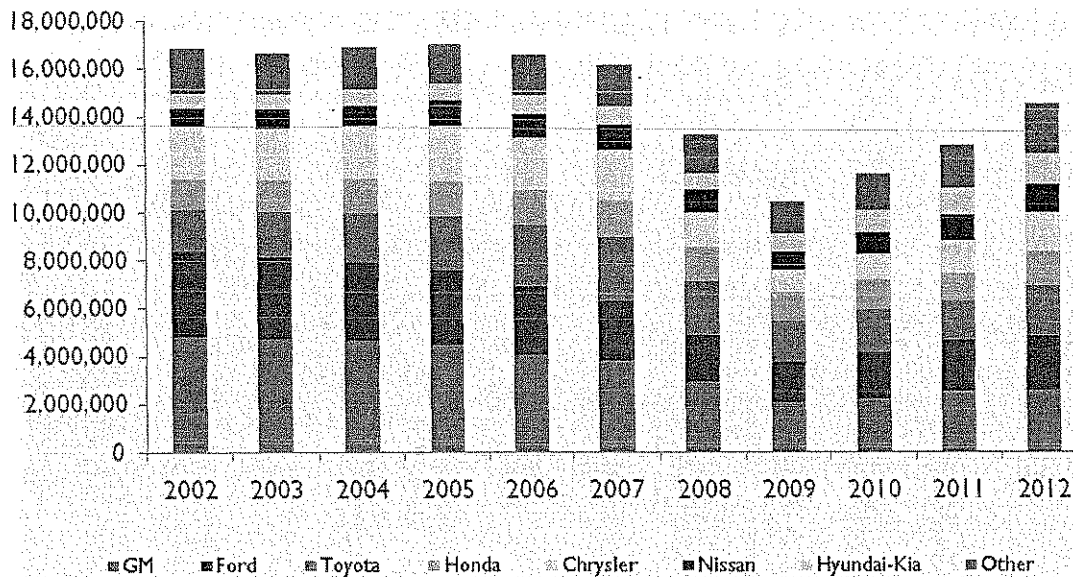
The following chart compares new Domestic and Import vehicle sales between 1990 and 2012:



Between year-end 2007 and year-end 2009, the decline in sales was sharpest among the Domestic brands (44.6 percent), in comparison to Foreign brands (at 25.5 percent). Domestic brands were primarily focused on marketing larger, high margin automobiles and light trucks, at a time when the relatively high costs of gasoline were nudging consumer tastes toward smaller, more fuel-efficient automobiles, an area in which Foreign manufacturers excelled. Significantly, the recession accelerated the long-term trend of the Domestic brands

losing market share to their Foreign competition. Over the last twenty years, Domestic market share has fallen steadily from 67.0 percent in 1991 to 47.0 percent in 2011, and the trend continues. As of year-end 2012, Domestic share stood at 44.8 percent.

The following graph displays new vehicle sales by manufacturer between 2002 and 2012:



Source: Automotive News, 2002-2012

Among the major manufacturers, as of year-end 2012, General Motors continued to have the greatest market share in the United States (at 17.9 percent), followed by Ford (15.5 percent), Toyota (14.4 percent), Chrysler (11.4 percent), Honda (9.8 percent), Hyundai-Kia (8.7 percent) and Nissan (7.9 percent). Significantly, Nissan and Hyundai increased their market share by 79.4 percent and 139.3 percent, respectively, between 2002 and 2012. Toyota and Honda also increased their market share substantially, at 37.9 percent and 32.6 percent, respectively. GM, Ford and Chrysler, on the other hand, experienced significant decreases in market share of 37.3 percent, 27.1 percent and 12.9 percent, respectively, over the same period.

Moving forward, sales of new cars and trucks are looking up for all manufacturers. Consumer confidence is rising, and the United States is making modest but steady progress in its recovery from the latest recession. Lenders are freeing up more cash, and consumers are drawn in by historically low interest rates and longer loan terms. As of year-end 2012, annual unit sales were only 10 percent lower than 2007, prior to the financial crisis, and sales are expected to fully recover within 18 to 24 months, completing a dramatic reversal of fortune in a relatively short period of time.

The turnaround has been even more significant for the Domestic automakers. Largely as a result of the bankruptcy of Chrysler and General Motors in early 2009, the labor cost structure for the domestic automakers fell much more in line with their foreign competition. At the same time, each of the major domestic automakers was beginning to reap the benefits of an increased focus on quality and design. This combination, along with some luck in the form of major product recalls from Toyota, their number one foreign competitor, breathed significant life into the domestic automobile industry over the past 24 months. Between 2009 and 2012, sales increased by 25 percent at GM, 35 percent at Ford, and a substantial 78 percent at Chrysler.

Moving forward, economists expect continued strong growth in new car sales over the next three years. There are two factors working in the industry's favor. First, at over 10 years old, the average vehicle in the United States is nearing the end of its useful life and will need to be replaced. Second, based on the nation's population, they figure that total sales should approximate 16.5 million, annually. Forecasts call for this level to be reached by 2014 or 2015.

DEALERSHIP COUNT AND PRODUCTIVITY

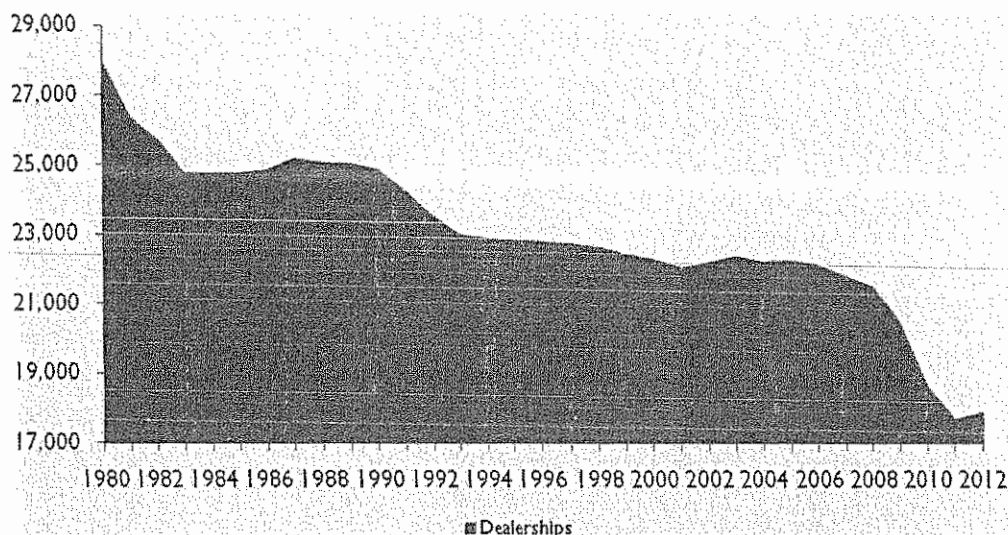
As previously discussed, the automobile industry suffered tremendously as a result of the financial crisis and recession in 2008 and 2009, with a dramatic decrease in sales. While the foreign manufacturers were clearly affected by the decline in sales (30.0 percent between 2007 and 2009), they were able to adjust production, manage their expenses and rely on their financial strength to carry them through. For the domestic automakers, however, it was a completely different situation. Between 2007 and 2009, units sales decreased by almost 39.0 percent.

For two of the three "Big Three" domestic automobile manufacturers, the decline was simply too much, too fast. While substantial efforts were made to reign in variable costs, bloated fixed costs and overly generous and inflexible labor contracts caused all three manufacturers to hemorrhage cash at an alarming rate. While Ford was able to hold off bankruptcy due to its prior issuance of debt and resulting cash hoard, General Motors and Chrysler weren't so fortunate. They did not have enough cash to pull them through, and private funds were simply unavailable. The freeze-up in the credit markets sharply reduced access to private capital, and even if funds were available, there were plenty of doubts about the viability of their long-term business plans. Ultimately, a pre-packaged bankruptcy, funded by the United States government, was the only way to avoid a liquidation of the companies. The bankruptcy filings allowed Chrysler and General Motors to get their labor costs in-line with their foreign-based competition, allowed them to shed unprofitable brands, and sharply reduced the number of dealership franchises.

As indicated in the following graphic, the number of franchised new car dealerships in the United States was already in steady decline prior to the latest recession. Increasing competition from foreign brands simply forced many dealerships out of business. The pace of dealership closures, however, accelerated dramatically as a result of the Chrysler and General Motors bankruptcies. Bankruptcy allowed both companies to cancel franchise agreements quickly and efficiently. While many dealership owners have won subsequent appeals to retain their franchises, many others simply had to close.

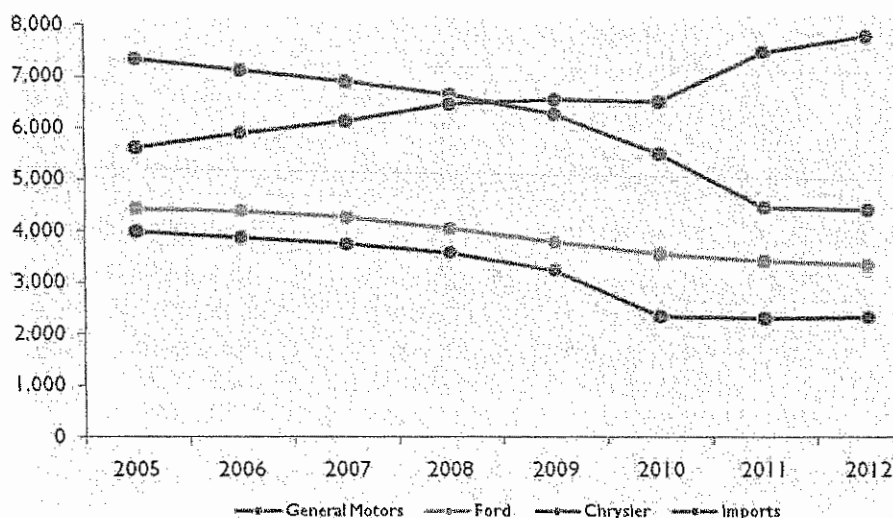
However, in 2012 a state of normalcy returned to the dealership market. As vehicle sales rose, additions and eliminations to dealership counts remained nearly level. Between 2011 and 2012, dealership count in the U.S. actually increased modestly, by 1.0 percent, to 17,859, according to a census conducted by the *Automotive News*.

The following graphic illustrates trends in dealership numbers over the past three decades:



Dealership closures, since 2005, have been concentrated in the domestic brands. In fact, while the number of Import dealerships has remained relatively level since year-end 2008, at approximately 6,500 dealerships, the number of Ford dealerships has decreased by 610, or 15.0 percent. Comparatively, the number of General Motors dealerships decreased by 1,208, or 18.0 percent, and the number of Chrysler dealerships decreased by 1,249, or 35.0 percent. The number of dealerships is expected to level off in coming years, as increased auto sales help current dealerships remain afloat.

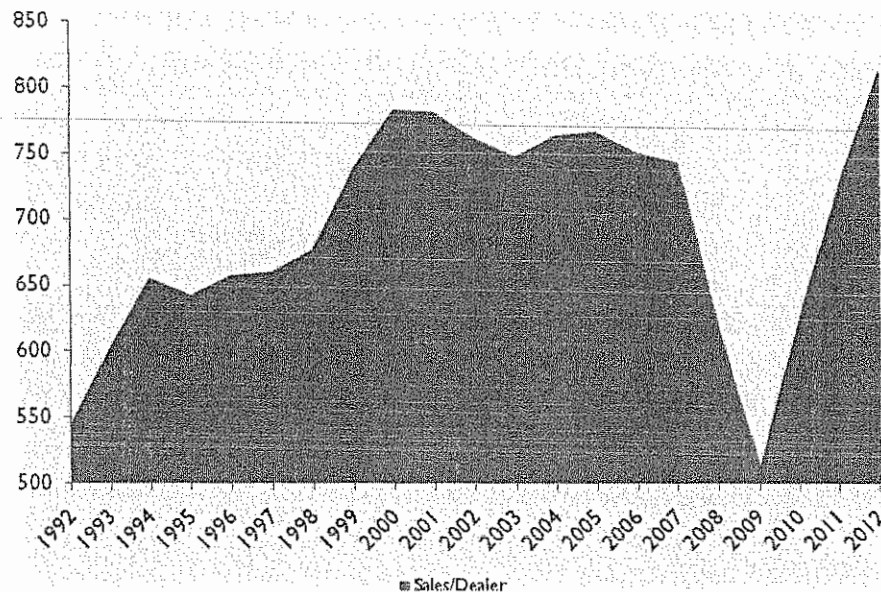
The following graph highlights dealership counts between 2005 and 2012:



While the decline in the number of dealerships over the past three years might give one pause if they were considering an investment in such a property, it is important to note that the contraction in dealerships is beginning to have the intended impact of improving the viability of those dealerships that remain. As indicated in the following chart, the average number of new cars sold per dealer, after decreasing steadily from its peak of 782

units in 2000 to its low of 510 units in 2009, has increased in the last two years by 41.9 percent to 724 units in 2011, and is expected to be even higher in 2012. This puts average unit sales just above the 10-year average of 707 units between 2001 and 2011.

The following graph displays the average sales per dealer between 1991 and 2012:



DEALERSHIP DESIGN AND LOCATION

Automobile dealerships have undergone considerable change since their inception. The first dealerships were small businesses, usually located in downtown areas, which sold one product line and offered no ancillary services.

As consumer demand increased and sales hit record levels in the 1950s, dealer networks expanded and these retailers were encouraged to locate in the burgeoning post-war suburbs. Accompanying this movement was a trend toward larger sites and dealers that carried a wider product line and expanded services. Dealership design was also standardized and improved beginning in the late 1950s and early 1960s.

The "science" of dealership design is now advanced to the point that most manufacturers produce guidelines for development that are based upon the anticipated sales at a facility (also known as "planning potential"). Minimum street frontage, building size (including showroom space, parts and service, back office, etc.), and general layout parameters can be included in these guidelines.

The design standards are aimed at improving the customer experience and enhancing efficiency, and include:

- Large, attractively-finished receptions areas
- Customer lounge area
- Fewer service stalls (resulting from improved vehicle quality)
- Standardized exterior appearance to promote branding

In terms of location, many dealerships historically chose sites contiguous to or near existing dealerships to gain market acceptance and exposure. This led to the development of "auto rows," in which several different dealerships are located along the same arterial, in close proximity to each other. The critical mass achieved is convenient for customers and helps increase traffic for all dealerships.

Owners can also market several different vehicle lines, either from a single outlet or several points located along an auto row. In fact, the ability to market multiple brands, typically through a "dealer group," is a critical factor for the survival of an operator in the current environment. The need to lower per-unit costs through economies of scale makes it increasingly difficult for small, single-line operators to survive.

As part of the ongoing retailing evolution, automalls, or planned clusters of automobile dealership sites, were developed. The automall is distinct from an auto row in the following ways:

- Planned overall development
- Highly visible
- Accessible from major arterials
- Automotive uses only
- An interior roadway design that allows the consumer to shop many dealers within a confined geographic area

The success of automalls is driven by presenting the consumer with a more extensive product line in a convenient, centralized location. In addition, the individual dealerships benefit from the purchasing power of the overall automall in terms of advertising and promotion. Since these costs average over \$30,000 per month, and are the second largest variable expense, the automall attraction for a dealer is significant.

Dealers have also implemented non-traditional methods of marketing, with Internet sites and fixed-price selling becoming more commonplace. For many retail dealerships, the Internet has become a primary source for obtaining new customers. In fact J.D. Powers and Associates estimates that more than two-thirds of new vehicle buyers now employ the Internet in some facet of the shopping process.

Internet use also reduced the significance of dealer location to a degree, as buyers are typically willing to travel out of their way to obtain a favorable price. This factor reduced the importance of a dealership's geographic proximity to customers, such that only one in five consumers now purchases at the dealer closest to him or her.

COMPETITION/COMPETITIVE POSITION OF THE SUBJECT

The subject property is located in Manchester, NH. Presently, competition within a one-mile radius includes nine dealerships covering nine brands. To determine the supply of locally competitive new car dealers, we consulted an internet directory, which showed the following listings for new car dealers within a one-mile radius of the subject.

Primary Competition - Subject Brand(s)				
	Closest Branded Competition	City, State	Distance	Direction
1	Team Nissan	Manchester, NH	1,000 feet	West
2	AutoFair Honda	Manchester, NH	1,500 feet	Southwest
3	Ira Toyota of Manchester	Manchester, NH	1,000 feet	South
Automobile Brands Represented in Market				
	Mass Market Brands	Within 1 Mile	Within 5-Miles	Within 10 Miles
1	Chrysler			X
2	Jeep			X
3	Dodge			X
4	Fiat			
5	Buick	X		
6	GMC	X		
7	Chevrolet	X		
8	Ford	S		
9	Toyota	X		
10	Honda	X		
11	Nissan	X		
12	Hyundai	S		
13	Kia			X
14	Subaru		X	
15	Volkswagen	X		X
16	Mazda	X		
17	Mitsubishi			
17	Mini			X
19	Scion	X		
Luxury Brands				
20	Land Rover		X	
21	Cadillac			
22	Mercedes Benz		X	
23	BMW			
24	Acura			
25	Infiniti			
26	Audi			
27	Lincoln			
28	Volvo		X	
29	Porsche			
30	Jaguar			

As indicated previously, there are a large number of automobile dealerships considered primary competition to the subject properties. In addition to the above primary competition, automobile dealerships are also available in other neighboring communities.

Based upon our inspection of the subject property and its environs, the immediate neighborhood is recognized as an automobile sales and service area.

The closest competitor offering the subject's Ford car line is located 8 miles from the subject in Goffstown, NH and the closest Hyundai dealership is located 20 miles north of the subject in Bow, NH.

CONCLUSION

In the face of overall economic distress, restrictive credit terms, and volatile gas prices, consumers substantially reduced expenditures on automobiles in 2008 and 2009. As the economy improved in 2010 and 2011, sales have bounced back to approximately 80.0 percent of their pre-recessionary levels. Significantly, with the number of dealerships declining as much as they have in recent years, the average new car sales per franchise has bounced up to the relatively high levels of 2000 to 2007, and dealerships are as profitable as they have ever been. Moving forward, there is clearly more optimism in the automobile dealer network. However, continued economic uncertainty, volatile gas prices, and increased demands by manufacturers to update dealerships will continue to be factors influencing values moving forward.

TRADE AREA ANALYSIS

DEFINING THE TRADE AREA

An automobile dealership's trade area contains people who are likely to patronize that particular dealership. A trade area analysis looks at the area's demographics and economic profile to provide key insight into the area's potential for the subject property. The first step in a trade area analysis is to define the trade area.

Among the factors considered in selecting the appropriate trade radii are the following:

- The location of competing dealerships of the same brand. All else being equal, a primary trade area will extend to one-half the distance to a competing dealership of the same brand. A secondary trade radius might extend the full distance to a competing dealership of the same brand, while a tertiary trade radius might extend some distance beyond that. The shape of the trade radii can also be impacted by access to regional highways (i.e., travel time).
- The regional drawing power of the local area for automobile sales and service. The higher the concentration of competing dealerships, the larger will be its regional draw.
- The regional drawing power of the local retail market. If a dealership is located in close proximity to a regional shopping destination, it is more likely to enjoy the benefits of an extended trade radius.

Having given consideration to all of the above factors, we believe the subject property's primary trade area would likely span an area encompassing about 3 miles, while the secondary and tertiary trade areas are estimated to span 5 and 10 miles, respectively.

DEMOGRAPHIC SUMMARY						
	3.0-mile Radius	5.0-mile Radius	10.0-mile Radius	Manchester City of	State of New Hampshire	United States
POPULATION STATISTICS						
2000	69,222	126,156	240,228	107,000	1,235,678	281,394,317
2013	69,966	130,900	251,722	109,845	1,319,553	314,841,431
2018	69,742	131,403	252,638	110,054	1,322,546	325,300,953
Compound Annual Change						
2000 - 2013	0.08%	0.28%	0.36%	0.20%	0.51%	0.87%
2013 - 2018	-0.06%	0.08%	0.07%	0.04%	0.05%	0.66%
HOUSEHOLD STATISTICS						
2000	28,067	50,279	90,373	44,243	474,552	105,466,823
2013	28,743	53,081	97,523	46,245	522,808	119,195,327
2018	28,872	53,668	98,541	46,746	526,857	123,394,220
Compound Annual Change						
2000 - 2013	0.18%	0.42%	0.59%	0.34%	0.75%	0.95%
2013 - 2018	0.09%	0.22%	0.21%	0.22%	0.15%	0.69%
AVERAGE HOUSEHOLD INCOME						
2000	\$48,222	\$55,484	\$64,380	\$50,557	\$61,494	\$56,674
2013	\$64,866	\$73,796	\$85,513	\$65,996	\$79,367	\$69,636
2018	\$70,334	\$80,174	\$92,519	\$71,444	\$83,926	\$71,916
Compound Annual Change						
2000 - 2013	2.31%	2.22%	2.21%	2.07%	1.98%	1.60%
2013 - 2018	1.63%	1.67%	1.59%	1.60%	1.12%	0.65%
OCCUPANCY						
Owner Occupied	48.14%	55.07%	65.21%	47.40%	70.95%	65.00%
Renter Occupied	51.86%	44.93%	34.79%	52.60%	29.05%	35.00%

SOURCE: Claritas, Inc.

DEMOGRAPHIC TRENDS

Having established the subject's trade area, our analysis focuses on the trade area's population, household and income trends. Notable demographic trends are as follows:

POPULATION

- Between 2000 and 2013, the population within the primary trade area (radius of 3) increased by a total of 0.28 percent. This compares to an increase at the State level of 0.51 percent and an increase at the National level of 0.87 percent.
- Between 2013 and 2018, the population within the subject's primary trade area is expected to decrease by 0.06 percent, compared to total population growth at the State and National levels of 0.05 and 0.66,

respectively. Expanding to the secondary trade area (radius of 5), population growth is expected to be 0.08 percent over the same period.

HOUSEHOLDS

A household consists of a person or group of people occupying a single housing unit, and is not necessarily a family unit. When an individual purchases goods and services, these purchases are a reflection of the entire household's needs and decisions, making the household a critical unit to be considered when reviewing market data and forming conclusions about the trade area as it impacts the retail center. Critical observations regarding households includes the following:

- Between 2000 and 2013, the number of households within the primary trade area (radius of 3) increased by a total of 0.18 percent. This compares to an increase at the State level of 0.75 percent and an increase at the National level of 0.95 percent.
- Between 2013 and 2018, the number of households within the subject's primary trade area is expected to increase by an additional 0.09 percent, compared to total population growth at the State and National levels of 0.15 and 0.69, respectively. Expanding to the secondary trade area (radius of 5), household growth is expected to be 0.22 percent over the same period.
- Generally, the smaller the household, the higher the disposable income. In 2013, there were 2.44 persons per household in the subject's primary trade area. This compares to 2.5 at the State level and 2.6 at the National level.

TRADE AREA INCOME

Income levels, either on a per capita, per family or household basis, indicate the economic level of the residents of the trade area and form an important component of this total analysis. Average household income, when combined with the number of households, is a major determinant of an area's retail sales potential.

Trade area income figures for the subject support the profile of a broad middle-income market. According to Claritas, Inc. average household income in the primary trade area in 2013 was approximately \$73,796, 111.82 percent of the City of Manchester average (\$65,996) and 92.98 percent of the State average (\$79,367).

Further distribution of household income is summarized as follows:

DISTRIBUTION OF HOUSEHOLD INCOME						
Category	3.0-mile Radius	5.0-mile Radius	10.0-mile Radius	Manchester City of	State of New Hampshire	United States
\$150,000 or more	3.36%	4.65%	6.93%	3.63%	6.11%	4.88%
\$125,000 to \$149,999	4.21%	5.47%	7.24%	4.25%	5.74%	4.07%
\$100,000 to \$124,999	7.44%	9.13%	10.87%	7.81%	9.58%	7.35%
\$75,000 to \$99,999	13.87%	14.17%	14.72%	14.13%	14.15%	11.73%
\$50,000 to \$74,999	20.01%	19.82%	18.58%	20.55%	19.22%	18.11%
\$35,000 to \$49,999	14.24%	13.90%	12.79%	14.94%	14.03%	14.35%
\$25,000 to \$34,999	10.52%	9.31%	8.28%	10.20%	9.26%	10.94%
\$15,000 to \$24,999	11.54%	9.94%	8.05%	11.08%	8.88%	11.58%

Source: Claritas, Inc.

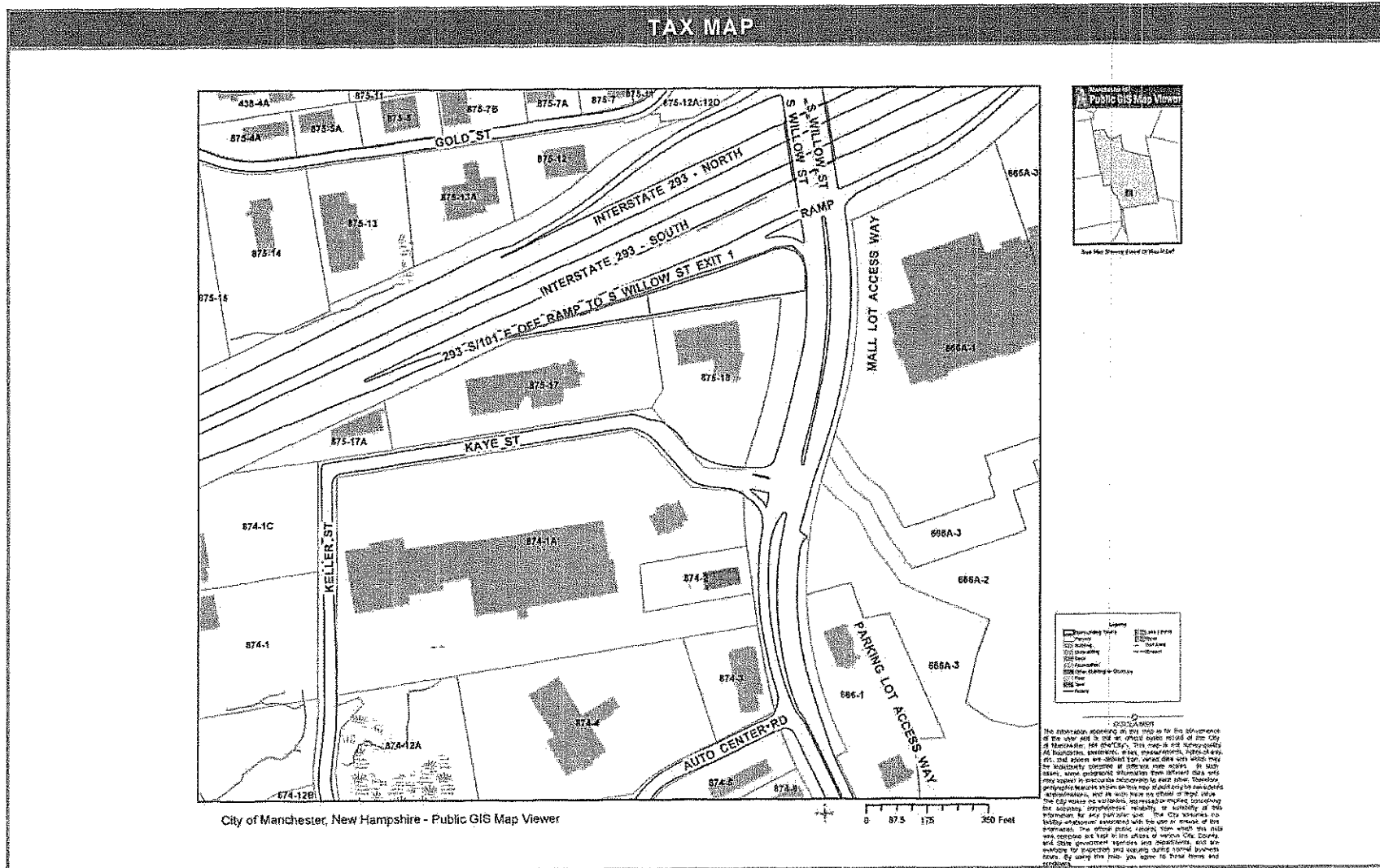
CONCLUSION

Based on the preceding discussion and analysis, it is our opinion that that the subject property is located in a primary new car dealership location. Most major brands are represented in the local area. With increasing populations and household incomes coupled with continued decreases in persons per household figures

Property Analysis

SITE DESCRIPTION

Location:	1477 South Willow Street, Manchester, Hillsborough County, New Hampshire 03103 The subject property is located between AutoFair Ford, AutoFair Hyundai and the I-293 eastbound exit ramp, at the intersection of I-293 and South Willow Street.
Shape:	Irregularly shaped
Topography:	Gently sloping
Land Area:	0.63 acres / 27,635 square feet
Frontage:	The subject property has no frontage along Interstate-293.
Access:	The subject property will be restricted and have no access via Interstate-293, South Willow Street or the abutting dealership lots.
Visibility:	The subject property has good visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All utilities are available at the subject property.
Site Improvements:	There are no improvements on the site.
Land Use Restrictions:	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
Flood Zone Description:	The subject property is located in flood zone X (Areas determined to be outside the 500 year flood plain) as indicated by FEMA Map 33011C0383D, dated September 25, 2009.
Wetlands:	We were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Overall Site Utility:	The subject site is functional for its current use as green space.
Location Rating:	Good



REAL PROPERTY TAXES AND ASSESSMENTS

CURRENT PROPERTY TAXES

The subject property is located in the taxing jurisdiction of the City of Manchester.

The assessment and taxes for the property are presented below:

PROPERTY ASSESSMENT INFORMATION

Assessor's Parcel Number:	PL-A, PL-B
Assessing Authority:	City of Manchester
Current Tax Year:	2013
Assessment Ratio (% of market Value):	100%
Are taxes current?	N/A
Is there a grievance underway?	Not to our knowledge
The subject's assessment and taxes are:	N/A

ASSESSMENT INFORMATION

Assessed Value	Totals
Assessor's Implied Market Value	\$0

TAX LIABILITY

Total Property Taxes	\$0
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Compiled by Cushman & Wakefield of Massachusetts, Inc.

REAL PROPERTY TAX CONCLUSION

As state owned land, the properties have not been assessed for tax purposes.

ZONING

GENERAL INFORMATION

The property is zoned General Business District (B-2) by the City of Manchester. A summary of the subject's zoning is provided below:

ZONING	
Municipality Governing Zoning:	City of Manchester
Current Zoning:	General Business District (B-2)
Current Use:	Highway
Is current use permitted:	Yes
Proposed Use:	Green Space
Is proposed use permitted:	Yes
Change In Zone Likely:	No
Zoning Change Applied For:	No
Zoning Variance Applied For:	No
Permitted Uses:	Permitted uses within this district include most retail uses including car dealerships.
Prohibited Uses:	Prohibited uses within this district include industrial uses.

ZONING REQUIREMENTS	CODE	SUBJECT COMPLIANCE
Minimum Lot Area:	12,500 square feet	Complying
Lot Frontage:	100 feet	Complying
Maximum Floor Area Ratio (FAR):	1.0 times lot area	Complying
Maximum Lot Coverage (% of lot area):	75.0%	Complying
Minimum Yard Setbacks		
Front (feet):	20	Not Applicable
Rear (feet):	30	Not Applicable
Side (feet):	20	Not Applicable

Compiled by Cushman & Wakefield of Massachusetts, Inc.

ZONING COMPLIANCE

Property value is affected by whether or not an existing or proposed improvement complies to zoning regulations, as discussed below.

Complying Uses

An existing or proposed use that complies to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced "as-of-right."

Pre-Existing, Non-Complying Uses

In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-complying use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Complying Uses

A proposed non-complying use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-complying use, it is important to understand the local laws governing this use.

OTHER RESTRICTIONS

We know of no current deed restrictions, private or public, that further limit the subject property's current use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by an attorney or title company can usually uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

ZONING CONCLUSIONS

We analyzed the zoning requirements in relation to the subject property, and considered the compliance of the existing or proposed use. We are not experts in the interpretation of complex zoning ordinances but based on our review of public information, the subject property appears to be a complying use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

Valuation

HIGHEST AND BEST USE

HIGHEST AND BEST USE DEFINITION

The Dictionary of Real Estate Appraisal, Fifth Edition (2010), a publication of the Appraisal Institute, defines the highest and best use as:

The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property being valued.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as vacant land and as presently improved. In both cases, the property's highest and best use must meet the four criteria described above. Since this property is land only, evaluating it as presently improved is not applicable.

HIGHEST AND BEST USE OF PROPERTY AS VACANT

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the subject site is zoned General Business District (B-2) by the City of Manchester. Permitted uses within this district include most retail uses including car dealerships. In addition, we understand that our client is negotiating to buy these properties subject to a deed restriction that they must be preserved as open space and cannot be developed in any fashion.

Physically Possible

The physical possibility of a use is dictated by the size, shape, topography, availability of utilities, and any other physical aspects of the site. The subject site contains 0.63 acres, or 27,635 square feet. The site is irregularly shaped and gently sloping. It has no frontage, no access, and good visibility. The overall utility of the site is considered to be poor as improvements will not be permissible.

Financially Feasible and Maximally Productive

In order to be seriously considered, a use must have the potential to provide a sufficient return to attract investment capital over alternative forms of investment. A positive net income or acceptable rate of return would indicate that a use is financially feasible. Financially feasible uses are those uses that can generate a profit over and above the cost of acquiring the site, and constructing the improvements. Of the uses that are permitted, possible, and financially feasible, the one that will result in the maximum value for the property is considered the highest and best use.

CONCLUSION

We considered the legal issues related to zoning and legal restrictions of the proposed sites. It is our opinion that the Highest and Best Use of the proposed subject site as vacant will be open space.

VALUATION PROCESS

METHODOLOGY

There are three generally accepted approaches to developing an opinion of value: Cost, Sales Comparison and Income Capitalization. We considered each in this appraisal to develop an opinion of the market value of the subject property. In appraisal practice, an approach to value is included or eliminated based on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We considered each approach in developing our opinion of the market value of the subject property. We discuss each approach below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial profit and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

Sales Comparison Approach

In the Sales Comparison Approach, sales of comparable properties are adjusted for differences to estimate a value for the subject property. A unit of comparison such as price per square foot of building area or effective gross income multiplier is typically used to value the property. When developing an opinion of land value the analysis is based on recent sales of sites of comparable zoning and utility, and the typical units of comparison are price per square foot of land, price per acre, price per unit, or price per square foot of potential building area. In both cases, adjustments are applied to the unit of comparison from an analysis of comparable sales, and the adjusted unit of comparison is then used to derive an opinion of value for the subject property.

Income Capitalization Approach

In the Income Capitalization Approach the income-producing capacity of a property is estimated by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization Method is the Yield Capitalization Method. In this method periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

SUMMARY

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Typical purchasers do not generally rely on the Cost or Income Capitalization Approaches when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach or the Income Capitalization Approach to develop an opinion of market value. The absence of these approaches does not diminish the reliability of the analysis.

LAND VALUATION

We used the Sales Comparison Approach to develop an opinion of land value. We examined current offerings and analyzed prices buyers have recently paid for comparable sites. If the comparable was superior to the subject, a downward adjustment was made to the comparable sale. If inferior, an upward adjustment was made.

We attempted to find similar open space transactions in the local market. We searched databases and interviewed local market participants. All of the trades we were able to identify were either too old to remain relevant or displayed economies of scale issues due to their larger size. We came to a wide range of data points that were deemed to vast for us to determine a reliable conclusion.

As a result, we have relied on more conventional sales in the local area and made adjustments for access and overall utility. After the subject trades, there will be no direct access or improvements of any kind allowed on the site, severely limiting the overall utility. As you will see, we have made an across the board 40 percent adjustment to all of the comparables in our set to account for the limiting characteristics of the proposed subject.

The most widely used and market-oriented unit of comparison for properties with characteristics similar to those of the subject is price per square foot of land. All transactions used in this analysis are based on the most appropriate method used in the local market.

The major elements of comparison used to value the subject site include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its utility and the physical characteristics of the property.

The comparables and our analysis are presented on the following pages. Comparable land sale data sheets are presented in the Addenda of this report.

SUMMARY OF LAND SALES													
PROPERTY INFORMATION							TRANSACTION INFORMATION						
No.	Location	Size (sf)	Proposed Use	Zoning	Site Utility	Public Utilities	Grantor	Grantee	Property Rights Conveyed	Sale Date	Sale Price	\$/SF Land	COMMENTS
S	Subject Property	27,635	Green Space	General Business District (B-2)	Poor	All available							
1	840 Second Street, Manchester, NH	20,909	Retail-Commercial	General Business B-2	Good	All Available	Granite Realty	Aragon Oil, Inc.	Fee Simple	4/13	\$500,000	\$23.91	This 7,800 square foot Midas Muffler Shop and related paved parking lot was built in 1970. According to planning department records the improvements are to be demolished and replaced with a new auto-related use and a 1,000 square foot retail use along the front of the building. Traffic count on Second Street is in the range of 16,000 cars per day. With an estimated demolition cost of \$30,000, the price was \$25.35 per square foot.
2	29 Cilley Road, Manchester, NH	35,284	Retail-Commercial	General Business B-2	Good	All Available	John Byrne	Northway Bank	Fee Simple	6/12	\$1,150,000	\$32.59	This property is identified on tax map 372 - Lot 29. It was originally lots 1, 2, 5, 6 and 29. The property was approved in September 2012 for a 2,500 square foot bank branch with 3 drive-thru lanes.
3	15 Leavy Drive, Bedford, NH	87,556	Retail-Commercial	Commercial - CO	Good	All Available	AV Bedford, LLC	Copper Door Restaurant	Fee Simple	4/11	\$500,000	\$5.71	This property is identified on tax map 10 as lot 23-7, a lot within the Bedford Hills & Bedford Springs mixed-use development park. Upon completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101.
4	7 Leavy Drive, Bedford, NH	43,560	Retail-Commercial	Commercial - CO	Good	All Available	AV Bedford, LLC	Bellwether Community Credit Union	Fee Simple	4/11	\$375,000	\$8.61	This property is within the Bedford Hills & Bedford Springs mixed-use development park. Upon completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living, all situated on a knoll on the west side of Route 101. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101 on a former 37,963 acre parcel that has been subdivided into various lots.
5	466 South Willow Street, Manchester, NH	32,670	Retail-Commercial	General Business B-2	Good	All Available	The Holderness School	Trio Real Estate Management	Fee Simple	4/10	\$500,000	\$15.30	This lot is at the corner of South Willow and Parkview Streets. A 2,000 square foot batteries Plus retail store has since been built on the front two thirds of the property as the back third is zoned R-1B. The property was formerly used as a used auto sales lot and was listed for \$549,000.
STATISTICS													
Low		20,909								4/10	\$375,000	\$5.71	
High		87,556								4/13	\$1,150,000	\$32.59	
Average		43,996								9/11	\$605,000	\$17.23	

Compiled by Cushman & Wakefield of Massachusetts, Inc.

LAND SALE ADJUSTMENT GRID													
Economic Adjustments (Cumulative)							Property Characteristic Adjustments (Additive)						
No.	Price PSF Land & Date	Property Rights Conveyed	Conditions of Sale	Financing	Market ⁽¹⁾ Conditions	PSF Land Subtotal	Location	Size	Public Utilities	Utility ⁽²⁾	Other	Adj. Price PSF Land	Overall
1	\$23.91 4/13	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$23.91 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -40.0%	Inferior 5.0%	\$15.54 -35.0%	Superior
2	\$32.59 6/12	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$32.59 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -40.0%	Similar 0.0%	\$19.56 -40.0%	Superior
3	\$5.71 4/11	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$5.71 0.0%	Inferior 10.0%	Larger 15.0%	Similar 0.0%	Superior -40.0%	Similar 0.0%	\$4.85 -15.0%	Superior
4	\$8.61 4/11	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$8.61 0.0%	Inferior 10.0%	Larger 5.0%	Similar 0.0%	Superior -40.0%	Similar 0.0%	\$6.46 -25.0%	Superior
5	\$15.30 4/10	Fee Simple 0.0%	Arm's-Length 0.0%	None 0.0%	Similar 0.0%	\$15.30 0.0%	Similar 0.0%	Similar 0.0%	Similar 0.0%	Superior -40.0%	Similar 0.0%	\$9.18 -40.0%	Superior
STATISTICS													
	\$5.71	- Low										Low -	\$4.85
	\$32.59	- High										High -	\$19.56
	\$17.23	- Average										Average -	\$11.12

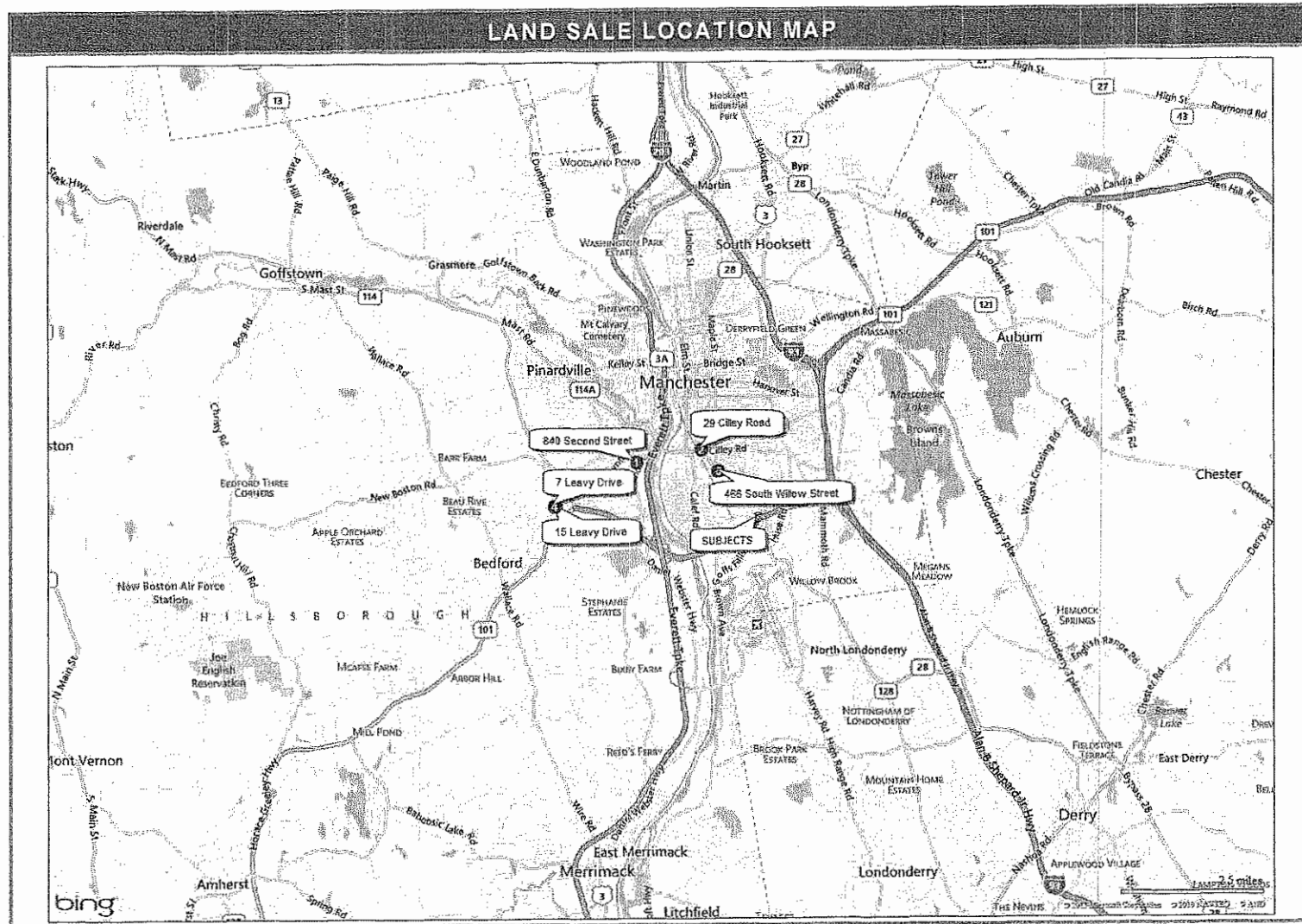
Compiled by Cushman & Wakefield of Massachusetts, Inc.

(1) Market Conditions Adjustment Footnote

Compound annual change in market conditions: 0.00%
Date of Value (for adjustment calculations): 7/15/13

(2) Utility Footnote

Utility includes shape, access, frontage and visibility.



DISCUSSION OF ADJUSTMENTS

Property Rights Conveyed

The property rights conveyed in a transaction typically have an impact on the sale price of a property. Acquiring the fee simple interest implies that the buyer is acquiring the full bundle of rights. Acquiring a leased fee interest typically means that the property being acquired is encumbered by at least one lease, which is a binding agreement transferring rights of use and occupancy to the tenant. A leasehold interest involves the acquisition of a lease, which conveys the rights to use and occupy the property to the buyer for a finite period of time. At the end of the lease term, there is typically no reversionary value to the leasehold interest. Since we are valuing the fee simple interest as reflected by each of the comparables, an adjustment for property rights is not required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arms-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Financial Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favorable financing might pay a higher price, as the reduced cost of debt creates a favorable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service. We analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all of the sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Market Conditions

The sales that are included in this analysis occurred between April 2010 and April 2013. As the market has remained stable over this time period, we applied an annual adjustment of 0.00 percent.

Location

An adjustment for location is required when the locational characteristics of a comparable property differ from those of the subject property. The subject property is rated good in location. An upward adjustment of 10 percent was made to comparables 3 and 4 as Bedford is considered inferior to Manchester in regards to retail locations.

Size

The adjustment for size generally reflects the inverse relationship between unit price and lot size. Smaller lots tend to sell for higher unit prices than larger lots, and vice versa. Therefore, upward adjustments ranging between 5 and 15 percent were made to comparables 3 and 4 for their larger size.

Public Utilities

The availability of public utilities has a significant impact on the value of a property. Municipal utility providers often, but not always, provide utilities such as gas, water, electric, sewer, and telephone. It is therefore important to understand any differences that may exist in the availability of public utilities to the subject property and its comparables. All of the sales, like the subject, had full access to public utilities at the time of sale. Therefore, no adjustments were required.

Utility

The subject parcels are inadequately shaped to accommodate a typical building. After the sale the parcels will be deed restricted and have no access via the Interstate 293 exit ramp, South Willow Street or the abutting dealerships. Although the parcels have good visibility they will have no frontage. Therefore, it has been determined that the site has poor utility. Our across the board, downward 40 percent adjustment is based on the limited access and development potential for the subject site, and is derived from our discussions with market participants and experience in appraising restricted assets.

Other

In some cases, other variables will have an impact on the price of a land transaction. Examples include soil or slope conditions, restrictive zoning, easements, wetlands or external influences. In our analysis of the comparables we found that comparable one had \$30,000 worth of demolition costs razing the old improvement. As a result we made an upward adjustment of 5 percent.

DISCUSSION OF COMPARABLE SALES

Comparable Sale No. 1



This comparable property is located at 840 Second Street, Manchester, NH, within the General Business B-2 zoning district. The parcel contains 20,909 square feet, or 0.48 acres, with a maximum FAR, as per current zoning, of 1.00 times the lot area. The maximum lot coverage is 75 percent. Granite Realty sold this property to Aragon Oil, Inc. in April 2013 for a total price of \$500,000, or \$23.91 per square foot of land area. This property has good utility, and all available public utilities. Its intended use at the time of sale was a retail-commercial use. This 7,800 square foot Midas Muffler Shop and

related paved parking lot was built in 1970. According to planning department records the improvements are to be demolished and replaced with a new auto-related use and a 1,000 square foot retail use along the front of the building. Traffic count on Second Street is in the range of 16,000 cars per day. With an estimated demolition cost of \$30,000, the price was \$25.35 per square foot.

Comparable 1 required a downward adjustment of 40 percent to account for its superior utility in comparison to the subject properties. We also made an upward adjustment of 5 percent for demolition costs associated with razing the existing improvements. After all adjustments this sale indicated a value of \$15.54 per square foot.

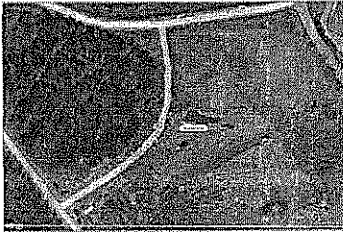
Comparable Sale No. 2



Comparable No. 2 is located at 29 Cilley Road, Manchester, NH, in the General Business B-2 zoning district. It contains 35,284 square feet, or 0.81 acres, and its maximum FAR by current zoning is 1.00 times the lot area. The maximum floor area ratio is 75 percent. John Byrne sold this property to Northway Bank in June 2012 for a price of \$1,150,000, or \$32.59 per square foot of land area. Public utilities on this site are all available and its utility is good. The intended use of this site at the time of sale was retail-commercial.

This property is identified on tax map 372 - Lot 29. It was originally lots 1, 2, 5, 6 and 29. The property was approved in September 2012 for a 2,500-square foot bank branch with 3 drive-thru lanes.

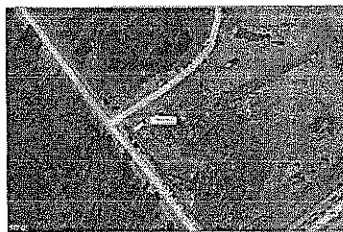
Comparable 2 required a downward adjustment of 40 percent to account for its superior utility in comparison to the subject properties. After all adjustments this sale indicated a value of \$19.56 per square foot.

Comparable Sale No. 3

Located at 15 Leavy Drive, Bedford, NH within the Commercial - CO zoning district, this property was sold from AV Bedford, LLC to Copper Door Restaurant in April 2011 for \$500,000, or \$5.71 per square foot of land area. At the time of sale, this site was intended for an retail-commercial use. It contains 87,556 square feet, or 2.01 acres and has a maximum floor area ratio of 75 percent. The site has good utility, and public utilities are all available. This property is identified on tax map 10 as lot 23-7, a lot within the Bedford Hills & Bedford Springs mixed-use development park. Upon

completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101.

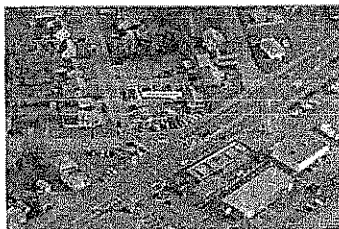
Comparable 3 required upward adjustments of 10 and 5 percent for its inferior location and larger size. We also applied a downward adjustment of 40 percent to account for its superior utility in comparison to the subject properties. After all adjustments this sale indicated a value of \$4.85 per square foot.

Comparable Sale No. 4

This comparable property is located at 7 Leavy Drive, Bedford, NH within the Commercial - CO zoning district, and it encompasses 43,560 square feet, or 1.00 acres. As per current zoning, the maximum floor area ratio is 75 percent. At the time of sale the intended use of this site was retail-commercial. AV Bedford, LLC sold the property to Bellwether Community Credit Union in April 2011 for a price of \$375,000, or \$8.61 per square foot of land area. This site has good utility, and public utilities are all available. This property is within the Bedford Hills & Bedford Springs mixed-use development park. Upon

completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living, all situated on a knoll on the west side of Route 101. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101 on a former 37.963 acre parcel that has been subdivided into various lots.

Comparable 4 required an upward adjustment of 10 percent for its inferior location and a 5 percent adjustment for its larger size. We also applied a downward adjustment of 40 percent to account for its superior utility in comparison to the subject properties. After all adjustments this sale indicated a value of \$6.46 per square foot.

Comparable Sale No. 5

This lot is located at 466 South Willow Street, Manchester, NH in the General Business B-2 zoning district. Its size is 32,670 square feet, or 0.75 acres and its maximum zoning FAR is 1.00 times the lot area. According to the current zoning, the maximum floor area ratio is 75 percent. Trio Real Estate Management acquired this property from The Holderness School in April 2010 for \$500,000, or \$15.30 per square foot of land area. The utility of this site is good with all available public utilities. The intended use of this site at the time of sale was retail-commercial. This lot is at the corner of South Willow and

Parkview Streets. A 2,000 square foot batteries Plus retail store has since been built on the front two thirds of the property as the back third is zoned R-1B. The property was formerly used as a used auto sales lot and was listed for \$549,000.

Comparable 5 required a downward adjustment of 40 percent to account for its superior utility in comparison to the subject properties. After all adjustments this sale indicated a value of \$9.18 per square foot.

CONCLUSION OF SITE VALUE

After a thorough analysis, the comparable land sales reflect adjusted unit values ranging from a low of \$4.85 per square foot to \$19.56 per square foot, with an average of \$11.12 per square foot. We understand that the sale of this land is being negotiated subject to a deed restriction requiring the parcels be preserved as open space and that development of the parcels in any fashion will be prohibited.

We placed greatest reliance on Land Sale 5 due to its similar size, zoning and proximity to the subjects. Therefore, we concluded that the indicated land value by the Sales Comparison Approach is:

AS-IS VALUE CONCLUSION	Price PSF
Indicated Value	\$10.00
SQFT Measure	x 27,635
Indicated Value	\$276,350
Rounded to nearest \$5,000	\$275,000
\$/SF Basis	\$9.95
 LAND VALUE CONCLUSION	 \$275,000
\$/SF Basis	\$9.95

Compiled by Cushman & Wakefield of Massachusetts, Inc.

RECONCILIATION AND FINAL VALUE OPINION

VALUATION METHODOLOGY REVIEW AND RECONCILIATION

This appraisal employs only the Sales Comparison Approach. Based on our analysis and knowledge of the subject property type and relevant investor profiles, it is our opinion that this approach would be considered necessary and applicable for market participants. Typical purchasers do not generally rely on the Cost or Income Capitalization Approaches when purchasing a property such as the subject of this report. Therefore, we have not employed the Cost Approach or the Income Capitalization Approach to develop an opinion of market value. The absence of these approaches does not diminish the reliability of the analysis.

The approach indicated the following:

FINAL VALUE RECONCILIATION	
	Market Value As-Is
Date of Value	July 15, 2013
Land Valuation	
Land Value	\$275,000
Land Value PSF	\$9.95
Final Value Conclusion	\$275,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

We gave sole weight to the Sales Comparison Approach because this mirrors the methodology used by purchasers of this property type.

Value Conclusions			
Appraisal Premise	Real Property Interest	Date Of Value	Value Conclusion
Market Value As-Is	Fee Simple	7/15/2013	\$275,000

Compiled by Cushman & Wakefield of Massachusetts, Inc.

EXPOSURE TIME AND MARKETING TIME

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately twelve (12) months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within twelve (12) months.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions in the Report.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute or to the MAI designation is prohibited. Except as may be otherwise stated in the letter of engagement, the Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- Except as may be otherwise stated in the letter of engagement, the Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural components or for the condition of mechanical equipment, plumbing or electrical components.
- The forecasted potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.
- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.

- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- Unless otherwise stated in the Report, compliance with the requirements of the Americans with Disabilities Act of 1990 (ADA) has not been considered in arriving at the opinion of value. Failure to comply with the requirements of the ADA may adversely affect the value of the Property. C&W recommends that an expert in this field be employed to determine the compliance of the Property with the requirements of the ADA and the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor, together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- In the event of a claim against C&W or its affiliates or their respective officers or employees or the Appraisers in connection with or in any way relating to this Report or this engagement, the maximum damages recoverable shall be the amount of the monies actually collected by C&W or its affiliates for this Report and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- Any estimate of insurable value, if included within the agreed upon scope of work and presented within this Report, is based upon figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, C&W strongly recommends that the Intended Users obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. This analysis should not be relied upon to determine insurance coverage. Furthermore, C&W makes no warranties regarding the accuracy of this estimate.
- Unless otherwise noted, we were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
- Unless otherwise noted, we were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.
- Unless otherwise noted, we were not given a wetlands survey to review. If subsequent engineering data reveal the presence of regulated wetlands, it could materially affect property value. We recommend a wetlands survey by a professional engineer with expertise in this field.
- Unless otherwise noted, we observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
- Unless otherwise noted, we did not inspect the roof nor did we make a detailed inspection of the mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.

CERTIFICATION OF APPRAISAL

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our 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.
- 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- Randell L. Harwood, MAI, FRICS, CRE did make a personal inspection of the property that is the subject of this report.
- We have not performed prior services involving the subject property within the three-year period immediately preceding the acceptance of the assignment.
- No one provided significant real property appraisal assistance to the persons signing this report. The following individuals provided significant real property assistance in preparing this appraisal: Jason Taunton-Rigby
- As of the date of this report, Randell L. Harwood, MAI, FRICS, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.



Randell L. Harwood, MAI, FRICS, CRE
Senior Managing Director/Regional
Manager
NH Certified General Appraiser
License No. NHCG-565
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ADDENDA CONTENTS

ADDENDUM A:	GLOSSARY OF TERMS & DEFINITIONS
ADDENDUM B:	CLIENT SATISFACTION SURVEY
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ADDENDUM A: GLOSSARY OF TERMS & DEFINITIONS

The following definitions of pertinent terms are taken from *The Dictionary of Real Estate Appraisal*, Fifth Edition (2010), published by the Appraisal Institute, Chicago, IL, as well as other sources.

AS IS MARKET VALUE

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Proposed Interagency Appraisal and Evaluation Guidelines, OCC-4810-33-P 20%)

BAND OF INVESTMENT

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment.

CASH EQUIVALENCY

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

DEPRECIATION

1. In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2. In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

DISPOSITION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer and seller is each acting prudently and knowledgeably.
- The seller is under compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider their best interest.
- An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. In the case of Disposition value, the seller would be acting under compulsion within a limited future marketing period.

ELLWOOD FORMULA

A yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern. The formula is

$$RO = [YE - M(YE + P/5n - RM) - \Delta O/5n] / [1 + \Delta I/J]$$

where

RO = Overall Capitalization Rate

YE = Equity Yield Rate

M = Loan-to-Value Ratio

P = Percentage of Loan Paid Off

1/5n = Sinking Fund Factor at the Equity Yield Rate

RM = Mortgage Capitalization Rate

ΔO = Change in Total Property Value

ΔI = Total Ratio Change in Income

J = J Factor

Also called mortgage-equity formula.

EXPOSURE TIME

1. The time a property remains on the market. 2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. See also marketing time.

EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

FEE SIMPLE ESTATE

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

HYPOTHETICAL CONDITIONS

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.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

INSURABLE VALUE

A type of value for insurance purposes.

INTENDED USE

The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER

The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.

LEASED FEE INTEREST

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).

LEASEHOLD INTEREST

The tenant's possessory interest created by a lease. See also negative leasehold; positive leasehold.

LIQUIDATION VALUE

The most probable price that a specified interest in real property is likely to bring under all of the following conditions:

- Consummation of a sale will occur within a severely limited future marketing period specified by the client.
- The actual market conditions currently prevailing are those to which the appraised property interest is subject.
- The buyer is acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- The buyer is acting in what he or she considers his or her best interest.
- A limited marketing effort and time will be allowed for the completion of a sale.
- Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
- 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.

Note that this definition differs from the definition of market value. The most notable difference relates to the motivation of the seller. Under market value, the seller would be acting in his or her own best interests. The seller would be acting prudently and knowledgeably, assuming the price is not affected by undue

stimulus or atypical motivation. In the case of liquidation value, the seller would be acting under extreme compulsion within a severely limited future marketing period.

MARKET RENT

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).

MARKET VALUE

As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.¹

MARKETING TIME

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

MORTGAGE-EQUITY ANALYSIS

Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property.

OPERATING EXPENSES

Other Taxes, Fees & Permits - Personal property taxes, sales taxes, utility taxes, fees and permit expenses.

Property Insurance - Coverage for loss or damage to the property caused by the perils of fire, lightning, extended coverage perils, vandalism and malicious mischief, and additional perils.

Management Fees - The sum paid for management services. Management services may be contracted for or provided by the property owner. Management expenses may include supervision, on-site offices or apartments for resident managers, telephone service, clerical help, legal or accounting services, printing and postage, and advertising. Management fees may occasionally be included among recoverable operating expenses.

Total Administrative Fees - Depending on the nature of the real estate, these usually include professional fees and other general administrative expenses, such as rent of offices and the services needed to operate the property. Administrative expenses can be provided either in the following expense subcategories or in a bulk total. 1) Professional Fees - Fees paid for any professional services contracted for or incurred in property operation; or 2) Other Administrative - Any other general administrative expenses incurred in property operation.

Heating Fuel - The cost of heating fuel purchased from outside producers. The cost of heat is generally a tenant expense in single-tenant, industrial or retail properties, and apartment projects with individual heating units. It is a major expense item shown in operating statements for office buildings and many apartment properties. The fuel consumed may be coal, oil, or public steam. Heating supplies, maintenance, and workers' wages are included in this expense category under certain accounting methods.

Electricity - The cost of electricity purchased from outside producers. Although the cost of electricity for leased space is frequently a tenant expense, and therefore not included in the operating expense statement, the owner may be responsible for lighting public areas and for the power needed to run elevators and other building equipment.

Gas - The cost of gas purchased from outside producers. When used for heating and air conditioning, gas can be a major expense item that is either paid by the tenant or reflected in the rent.

Water & Sewer - The cost of water consumed, including water specially treated for the circulating ice water system, or purchased for drinking purposes. The cost of water is a major consideration for industrial plants that use processes depending on water and for multifamily projects, in which the cost of sewer service usually ties to the amount of water used. It is also an important consideration for laundries, restaurants, taverns, hotels, and similar operations.

Other Utilities - The cost of other utilities purchased from outside producers.

Total Utilities - The cost of utilities net of energy sales to stores and others. Utilities are services rendered by public and private utility companies (e.g., electricity, gas, heating fuel, water/sewer and other utilities providers). Utility expenses can be provided either in expense subcategories or in a bulk total.

Repairs & Maintenance - All expenses incurred for the general repairs and maintenance of the building, including common areas and general upkeep. Repairs and maintenance expenses include elevator, HVAC, electrical and plumbing, structural/roof, and other repairs and maintenance expense items.

¹ "Interagency Appraisal and Evaluation Guidelines." Federal Register 75:237 (December 10, 2010) p. 77472.

Repairs and Maintenance expenses can be provided either in the following expense subcategories or in a bulk total. 1) Elevator - The expense of the contract and any additional expenses for elevator repairs and maintenance. This expense item may also include escalator repairs and maintenance. 2) HVAC - The expense of the contract and any additional expenses for heating, ventilation and air-conditioning systems. 3) Electrical & Plumbing - The expense of all repairs and maintenance associated with the property's electrical and plumbing systems. 4) Structural/Roof - The expense of all repairs and maintenance associated with the property's building structure and roof. 5) Pest Control - The expense of insect and rodent control. 6) Other Repairs & Maintenance - The cost of any other repairs and maintenance items not specifically included in other expense categories.

Common Area Maintenance - The common area is the total area within a property that is not designed for sale or rental, but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. Common Area Maintenance (CAM) expenses can be entered in bulk or through the sub-categories. 1) Utilities - Cost of utilities that are included in CAM charges and passed through to tenants. 2) Repair & Maintenance - Cost of repair and maintenance items that are included in CAM charges and passed through to tenants. 3) Parking Lot Maintenance - Cost of parking lot maintenance items that are included in CAM charges and passed through to tenants. 4) Snow Removal - Cost of snow removal that are included in CAM charges and passed through to tenants. 5) Grounds Maintenance - Cost of ground maintenance items that are included in CAM charges and passed through to tenants. 6) Other CAM expenses are items that are included in CAM charges and passed through to tenants.

Painting & Decorating - This expense category is relevant to residential properties where the landlord is required to prepare a dwelling unit for occupancy in between tenancies.

Cleaning & Janitorial - The expenses for building cleaning and janitorial services, for both daytime and night-time cleaning and janitorial service for tenant spaces, public areas, atriums, elevators, restrooms, windows, etc. Cleaning and Janitorial expenses can be provided either in the following subcategories or entered in a bulk total. 1) Contract Services - The expense of cleaning and janitorial services contracted for with outside service providers. 2) Supplies, Materials & Misc. - The cost any cleaning materials and any other janitorial supplies required for property cleaning and janitorial services and not covered elsewhere. 3) Trash Removal - The expense of property trash and rubbish removal and related services. Sometimes this expense item includes the cost of pest control and/or snow removal. 4) Other Cleaning/Janitorial - Any other cleaning and janitorial related expenses not included in other specific expense categories.

Advertising & Promotion - Expenses related to advertising, promotion, sales, and publicity and all related printing, stationary, artwork, magazine space, broadcasting, and postage related to marketing.

Professional Fees - All professional fees associated with property leasing activities including legal, accounting, data processing, and auditing costs to the extent necessary to satisfy tenant lease requirements and permanent lender requirements.

Total Payroll - The payroll expenses for all employees involved in the ongoing operation of the property, but whose salaries and wages are not included in other expense categories. Payroll expenses can be provided either in the following subcategories or entered in a bulk total. 1) Administrative Payroll - The payroll expenses for all employees involved in on-going property administration. 2) Repair & Maintenance Payroll - The expense of all employees involved in on-going repairs and maintenance of the property. 3) Cleaning Payroll - The expense of all employees involved in providing on-going cleaning and janitorial services to the property. 4) Other Payroll - The expense of any other employees involved in providing services to the property not covered in other specific categories.

Security - Expenses related to the security of the Lessees and the Property. This expense item includes payroll, contract services and other security expenses not covered in other expense categories. This item also includes the expense of maintenance of security systems such as alarms and closed circuit television (CCTV), and ordinary supplies necessary to operate a security program, including batteries, control forms, access cards, and security uniforms.

Roads & Grounds - The cost of maintaining the grounds and parking areas of the property. This expense can vary widely depending on the type of property and its total area. Landscaping improvements can range from none to extensive beds, gardens and trees. In addition, hard-surfaced public parking areas with drains, lights, and marked car spaces are subject to intensive wear and can be costly to maintain.

Other Operating Expenses - Any other expenses incurred in the operation of the property not specifically covered elsewhere.

Real Estate Taxes - The tax levied on real estate (i.e., on the land, appurtenances, improvements, structures and buildings); typically by the state, county and/or municipality in which the property is located.

PROSPECTIVE OPINION OF VALUE

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.

PROSPECTIVE VALUE UPON REACHING STABILIZED OCCUPANCY

The value of a property as of a point in time when all improvements have been physically constructed and the property has been leased to its optimum level of long-term occupancy. At such point, all capital outlays for tenant improvements, leasing commissions, marketing costs and other carrying charges are assumed to have been incurred.

SPECIAL, UNUSUAL, OR EXTRAORDINARY ASSUMPTIONS

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

ADDENDUM B: CLIENT SATISFACTION SURVEY

Survey Link: http://www.surveymonkey.com/s.aspx?sm=_2bZUxc1p1j1DWj6n_2fsw1KQ_3d_3d&c=13-27001-900406-001

C&W File ID: 13-27001-900406-001

Fax Option: (716) 852-0890

1. Given the scope and complexity of the assignment, please rate the development of the appraisal relative to the adequacy and relevance of the data, the appropriateness of the techniques used, and the reasonableness of the analyses, opinions, and conclusions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: _____

2. Please rate the appraisal report on clarity, attention to detail, and the extent to which it was presentable to your internal/external users without revisions:

- ☐ Excellent
- ☐ Good
- ☐ Average
- ☐ Below Average
- ☐ Poor

Comments: _____

3. The appraiser communicated effectively by listening to your concerns, showed a sense of urgency in responding, and provided convincing support of his/her conclusions:

☐ Not Applicable

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: _____

4. The report was on time as agreed, or was received within an acceptable time frame if unforeseen factors occurred after the engagement:

☐ Yes

☐ No

5. Please rate your overall satisfaction relative to cost, timing, and quality:

☐ Excellent

☐ Good

☐ Average

☐ Below Average

☐ Poor

Comments: _____

6. Any additional comments or suggestions?

7. Would you like a representative of Cushman & Wakefield's National Quality Control Committee to contact you?

☐ Yes

☐ No

Your Name: _____

Your Telephone Number: _____

Contact Information: Scott Schafer
Managing Director, National Quality Control
(716) 852-7500, ext. 121

ADDENDUM C: ENGAGEMENT LETTER

Randell L. Harwood, MAI, CRE, FRICS
Senior Managing Director, Regional Manager



**CUSHMAN &
WAKEFIELD®**

Cushman & Wakefield of Massachusetts, Inc.
125 Summer Street, Suite 1500
Boston, MA, 02110
617-204-4189 Tel
617-951-1349 Fax
randy.harwood@cushwake.com

June 14, 2013

H. Andy Crews
President & CEO
AutoFAIR
200 Keller Street
Manchester, NH 03103

Re: 293 Limited Access Right of Way
Southwest corner of I-93 and South
Willow Street
Manchester, NH

Dear Andy:

Thank you for requesting our proposal for appraisal services. This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

TERMS OF ENGAGEMENT

I. PROBLEM IDENTIFICATION

The Parties To This Agreement:	The undersigned Cushman & Wakefield affiliated company and AUTOFAIR (herein at times referred to as "Client")
Intended Users:	The appraisal will be prepared for AutoFair and is intended only for the use specified below. The Client agrees that there are no other Intended Users.
Intended Use:	To support negotiations with the State of New Hampshire over the purchase of the subject property
Type of Opinion and Rights Appraised:	Market value of the Fee Simple Interest.
Date Of Value:	<ul style="list-style-type: none">• Date of Inspection
Subject of the Assignment and Relevant Characteristics:	The property to be appraised is identified as the 293 Limited Access Right of Way. This is two parcels with a total land area of 27,635 square feet. We understand that our client is negotiating to purchase this property subject to a deed restriction that they must be preserved as open space and can not be developed in any fashion. The property is located in Manchester, NH.
Assignment Conditions:	The assignment should not incorporate any extraordinary assumptions or hypothetical conditions.

II. ANTICIPATED SCOPE OF WORK

USPAP Compliance:

The undersigned Cushman & Wakefield affiliated company and/or its designated affiliate or subsidiary (herein at times "C&W") will develop an appraisal in accordance with USPAP and the Code of Ethics and Certification Standards of the Appraisal Institute.

General Scope of Work:

- Property Inspection to the extent necessary to adequately identify the real estate
- Research relevant market data, in terms of quantity, quality, and geographic comparability, to the extent necessary to produce credible appraisal results
- Consider and develop those approaches relevant and applicable to the appraisal problem. Based on our discussions with the Client, we anticipate developing the following valuation approaches:
- Sales Comparison Approach

III. REPORTING AND DISCLOSURE

Scope of Work Disclosure:

The actual Scope of Work will be reported within the report.

Reporting Option:

The appraisal will be communicated in a Self-Contained report.

Fee:

All invoices are due upon receipt. The Client shall be solely responsible for C&W's fees. Acknowledgement of this obligation is made by the countersignature to this agreement by an authorized representative.

Additional Expenses:

Fee quoted is inclusive of expenses related to the preparation of the report.

Retainer:

A retainer is not required for this assignment in order to commence work.

Report Copies:

The final report will be delivered in electronic format. Up to three hard copies will be provided upon request.

Start Date:

The appraisal process will initiate upon receipt of signed agreement, applicable retainer, and the receipt of the property specific data.

Acceptance Date:

This proposal is subject to withdrawal if the engagement letter is not executed by the Client within four (4) business days.

Final Report Delivery:

Within thirty (30) days of receipt of your written authorization to proceed, assuming prompt receipt of necessary property information. Payment of the fee shall be due and payable upon delivery of the report.

Changes to Agreement:

The identity of the Client, intended users, or intended use; the date of value; type of value or interest appraised; or property appraised cannot be changed without a new agreement.

Prior Services Disclosure:

The engaging or principal appraiser have not performed a previous appraisal of the subject property

H. Andy Crews
AutoFair
June 14, 2013
Page 3

involving the subject property within the three years prior to this assignment.

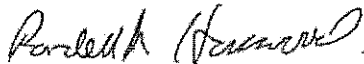
Conflicts of Interest:

C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment we reserve the right to withdraw from the assignment without penalty.

Further Conditions of Engagement: The Conditions of Engagement attached hereto are incorporated herein and are part of this letter of engagement.

Thank you for calling on us to render these services and we look forward to working with you.

Sincerely,
CUSHMAN & WAKEFIELD OF MASSACHUSETTS, INC.



Randell L. Harwood, MAI, CRE, FRICS
Senior Managing Director, Regional Manager

cc:

AGREED:
CLIENT: AUTOFAIR

By:



H. Andy Crews

Date:

6/26/13

Title:

President & CEO

E-mail Address/Phone & Fax Nos.:

acrews@autofair.com 603-634-1090

CONDITIONS OF ENGAGEMENT

- 1) The Client and any Intended Users identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than as specified in this engagement letter.
- 2) Federal banking regulations require banks and savings and loan associations to employ appraisers where a FIRREA compliant appraisal must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions, including mortgage bankers/brokers. Because of that requirement, this appraisal, if ordered independent of a financial institution or agent, may not be accepted by a federally regulated financial institution. This appraisal will be prepared in accordance with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Standards of Professional Practice and the Code of Ethics of the Appraisal Institute.
- 3) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
- 4) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and C&W, its employees and the appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party which retained C&W to prepare the appraisal.
- 5) In the event the Client provides a copy of this appraisal to, or permits reliance thereon by, any person or entity not an identified Intended User at the time of the assignment and authorized by C&W in writing to use or rely thereon, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such unauthorized person or entity.
- 6) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, outcome of the consultation report, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
- 7) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
- 8) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made.
- 9) It is acknowledged that any opinions and conclusions expressed by the professionals of C&W or its affiliates during this assignment are representations made as employees and not as individuals. C&W's or its affiliate's responsibility is limited to the Client, and use of our product by third parties shall be solely at the risk of the Client and/or third parties.
- 10) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorney's fees incurred by C&W in connection with the collection or attempted collection thereof.

ADDENDUM D: COMPARABLE LAND SALE DATA SHEETS

840 Second Street
Manchester NH 03103
MSA: Boston
Hillsborough County



Property Type: Land
Property Subtype: N/A
ID: 256181
APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	0.48	Public Utilities:	All Available
Site Area (SqFt):	20,909	Electricity:	Yes
Zoning:	General Business B-2	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Retail-Commercial
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Building Area:	N/A
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$23.91
Transaction Date:	4/2013	Price per Acre:	\$1,041,658
Sale Price:	\$500,000	Price per Building Area:	N/A
Grantor:	Granite Realty	Price per Potential Units:	N/A
Grantee:	Aragon Oil, Inc.		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

Assessor Card, Deed

COMMENTS

This 7,800 square foot Midas Muffler Shop and related paved parking lot was built in 1970. According to planning department records the improvements are to be demolished and replaced with a new auto-related use and a 1,000 square foot retail use along the front of the building. Traffic count on second street is in the range of 16,000 cars per day. With an estimated demolition cost of \$30,000, the price was \$25.35 per square foot.

29 Cilley Road
Manchester NH 03103
MSA: Boston
Hillsborough County



Property Type: Land
Property Subtype: N/A
ID: 256182
APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	0.81	Public Utilities:	All Available
Site Area (SqFt):	35,284	Electricity:	Yes
Zoning:	General Business B-2	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Retail-Commercial
Visibility:	Average	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	N/A
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$32.59
Transaction Date:	6/2012	Price per Acre:	\$1,419,737
Sale Price:	\$1,150,000	Price per Building Area:	N/A
Grantor:	John Byrne	Price per Potential Units:	N/A
Grantee:	Northway Bank		
Value Interest:	Fee Simple		
Condition of Sale:	None		

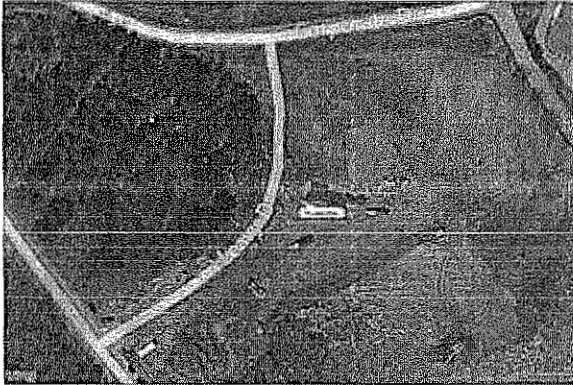
VERIFICATION COMMENTS

Assessor's Card, Deed

COMMENTS

This property is identified on tax map 372 - Lot 29. It was originally lots 1, 2, 5, 6 and 29. The property was approved in September 2012 for a 2,500 square foot bank branch with 3 drive-thru lanes.

15 Leavy Drive
Bedford NH 03110
MSA: Boston
Hillsborough County



Property Type: Land
Property Subtype: N/A
ID: 256183
APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	2.01	Public Utilities:	All Available
Site Area (SqFt):	87,556	Electricity:	Yes
Zoning:	Commercial - CO	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Retail-Commercial
Visibility:	Average	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	N/A
Topography:	Gently Sloping	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$5.71
Transaction Date:	4/2011	Price per Acre:	\$248,755
Sale Price:	\$500,000	Price per Building Area:	N/A
Grantor:	AV Bedford, LLC	Price per Potential Units:	N/A
Grantee:	Copper Door Restaurant		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

Assessor's Card, Deed

COMMENTS

This property is identified on tax map 10 as lot 23-7, a lot within the Bedford Hills & Bedford Springs mixed-use development park. Upon completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101.

7 Leavy Drive
 Bedford NH 03110
 MSA: Boston
 Hillsborough County



Property Type: Land
 Property Subtype: N/A
 ID: 256185
 APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	1.00	Public Utilities:	All Available
Site Area (SqFt):	43,560	Electricity:	Yes
Zoning:	Commercial - CO	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Retail-Commercial
Visibility:	Average	Maximum FAR:	N/A
Shape:	Irregular	Building Area:	N/A
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$8.61
Transaction Date:	4/2011	Price per Acre:	\$375,000
Sale Price:	\$375,000	Price per Building Area:	N/A
Grantor:	AV Bedford, LLC	Price per Potential Units:	N/A
Grantee:	Bellwether Community Credit Union		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

Assessor's card, deed

COMMENTS

This property is within the Bedford Hills & Bedford Springs mixed-use development park. Upon completion, the park will consist of a bank, restaurant, coffee shop, medical offices, business offices, a pharmacy and multi-family living, all situated on a knoll on the west side of Route 101. This lot has since been improved with a 7,860 square foot single story restaurant with 137 parking spaces with visibility on Route 101 on a former 37.963 acre parcel that has been subdivided into various lots.

466 South Willow Street
Manchester NH 03103
MSA: Boston
Hillsborough County



Property Type: Land
Property Subtype: N/A
ID: 256186
APN: N/A

PROPERTY INFORMATION

Site Area (Acres):	0.75	Public Utilities:	All Available
Site Area (SqFt):	32,670	Electricity:	Yes
Zoning:	General Business B-2	Water:	Yes
Utility:	Good	Sewer:	Yes
Access:	Average	Gas:	Yes
Frontage:	Average	Proposed Use:	Retail-Commercial
Visibility:	Average	Maximum FAR:	N/A
Shape:	Rectangular	Building Area:	N/A
Topography:	Level	Potential Units:	N/A

SALE INFORMATION

Sale Status:	Recorded Sale	Price per SqFt:	\$15.30
Transaction Date:	4/2010	Price per Acre:	\$666,667
Sale Price:	\$500,000	Price per Building Area:	N/A
Grantor:	The Holderness School	Price per Potential Units:	N/A
Grantee:	Trio Real Estate Management		
Value Interest:	Fee Simple		
Condition of Sale:	None		

VERIFICATION COMMENTS

Assessor's Card, Deed

COMMENTS

This lot is at the corner of South Willow and Parkview Streets. A 2,000 square foot batteries Plus retail store has since been built on the front two thirds of the property as the back third is zoned R-1B. The property was formerly used as a used auto sales lot and was listed for \$549,000.

ADDENDUM E: QUALIFICATIONS OF THE APPRAISERS

PROFESSIONAL QUALIFICATIONS

Randell L. Harwood, MAI, CRE, FRICS

Senior Managing Director
Valuation & Advisory

Mr. Harwood is the Senior Managing Director of Cushman & Wakefield's Valuation & Advisory in the New England Area. In this capacity, he manages Cushman & Wakefield's V&A activities in Boston, Massachusetts, Manchester, New Hampshire and Portland, Maine. Prior to joining Cushman & Wakefield, Mr. Harwood was a Director of the PWC Real Estate Group of PricewaterhouseCoopers, LLP. Before that, he was a Senior Manager with the E&Y Kenneth Leventhal Real Estate Group of Ernst & Young. During his six years in the public accounting arena, Mr. Harwood was responsible for a wide range of valuation and consulting activities, including due diligence, expert testimony and complex valuation assignments.

Mr. Harwood was previously with Cushman & Wakefield as a Senior Appraiser before going to Ernst & Young. He also spent five years with Jones Lang Wootton, primarily providing due diligence and other real estate consulting services to offshore investors.

Mr. Harwood holds the MAI designation of the Appraisal Institute is a Fellow of the Royal Institution of Chartered Surveyors and has the CRE designation of the Counselors of Real Estate. He is a member of the Real Estate Finance Association (REFA). In addition, he is a State Certified General Appraiser in Massachusetts, Rhode Island, Maine, Vermont and New Hampshire.

Experience

Mr. Harwood has experience in appraising and consulting on all properties.

Education

Master of Business Administration, Boston College Graduate School of Management, 1982.
Bachelor of Arts – Major in History, Boston University, 1979.

Appraisal Education

Successfully completed all courses and experience requirements to qualify for the MAI designation. Also, he has completed the requirements of the continuing education program of the Appraisal Institute.

Memberships, Licenses and Professional Affiliations

- Designated Member, Appraisal Institute
- Member, Counselors of Real Estate
- Fellow, Royal Institution of Chartered Surveyors
- Member, Real Estate Finance Association
- Certified General Real Estate Appraiser:
 - Massachusetts License No. 1958
 - New Hampshire License No. NHCG-565
 - Rhode Island License No. A00843G
 - Maine License No. CG1100
 - Vermont License No. 080.0000142

PROFESSIONAL QUALIFICATIONS Randell L. Harwood, MAI, CRE, FRICS

**JOINT BOARD OF LICENSURE AND CERTIFICATION
STATE OF NEW HAMPSHIRE**

57 Regional Drive

Concord, N.H. 03301-8518

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Manufactured Housing Installers



Wednesday, January 02, 2013

RANDELL L HARWOOD
125 SUMMER ST
BOSTON MA 02110

CERTIFICATE

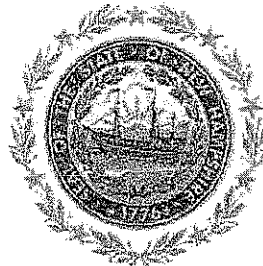
This is to certify that the above named individual is an authorized Certified General Real Estate Appraiser in the State of New Hampshire under the provisions of RSA 310-B:2, VIII.

This certificate is issued by the Real Estate Appraiser Board on the basis of information in the application filed with the Board.

NH Real Estate Appraiser Board

Certificate No: NHCG-565

Expiration Date: 08/31/14



STATE OF NEW HAMPSHIRE
INTER-DEPARTMENT COMMUNICATION

FROM: Charles R. Schmidt, PE
Administrator



DATE: April 2, 2014

AT: Dept. of Transportation
Bureau of Right-of-Way

SUBJECT: Newington – Dover, Use and Occupancy Agreement
RSA 4:39-c

TO: Representative David Campbell, Chairman
Long Range Capital Planning and Utilization Committee

REQUESTED ACTION

Pursuant to RSA 4:39-c, the Department of Transportation requests authorization to enter into a Use and Occupancy Agreement for the use of a 2,230 +/- square foot portion of State owned land and Right-of-Way located on the easterly side of the Spaulding Turnpike, south of the Piscataqua River in Newington, and a 3,990 +/- square foot parcel of State owned land also located on the easterly side of the Spaulding Turnpike, northerly of the Piscataqua River in Dover, with Granite State Gas Transmission, Inc. at no cost, and assess an Administrative Fee of \$1,100.00, subject to the conditions as specified in this request.

EXPLANATION

The Department of Transportation has received a request from Granite State Gas Transmission, Inc. (Granite State) to enter into a Use and Occupancy Agreement for the right to use a portion of Department owned Right-of-Way and land to construct, install, access, maintain, and repair an interstate natural gas pipeline facility. This natural gas facility will consist of a 10-inch diameter pipeline installed through the use of horizontal directional drilling.

The areas of land in question consist of a 2,230 +/- square foot portion of State owned Right-of-Way located on the easterly side of the Spaulding Turnpike, south of the Piscataqua River in Newington, and a 3,990 +/- square foot parcel of State owned land also located on the easterly side of the Spaulding Turnpike, north of the Piscataqua River in Dover.

Granite State is a New Hampshire corporation with a principal place of business in Portsmouth. Among other assets, Granite State owns and operates an interstate bi-directional high pressure natural gas pipeline that transports natural gas between Haverhill, Massachusetts and Portland, Maine. The pipeline is 87 miles in length. The pipeline includes a tie-in between Newington and Dover; this tie-in consists of a buried pipeline on either side of Little Bay with approximately 1,500 feet of above-ground 10-inch pipe affixed to and suspended below the Little Bay Bridge.

The Department required the removal of this pipeline from this bridge due to the rehabilitation of the bridge that the pipeline is currently located on, as well as the construction of additional bridges and the reconstruction and widening of the Spaulding Turnpike / NH 16 through this area. After the Department and Granite State reviewed alternative locations for this utility pipeline including eliminating this crossing, it was determined that the most feasible alternative was to relocate the pipeline to this proposed location under the Piscataqua River.

Granite State had previously, in 2012, acquired a 50-foot wide easement from the State of New Hampshire for the installation of an interstate natural gas pipeline under the Piscataqua River between Newington and Dover at no cost which was approved by both this Committee (LRCP12-028) and the Governor and Council. This approval was with the condition that there shall be no costs to the Department or to the State for any part of the relocation of the pipeline. The requested areas in this Use and Occupancy Agreement are located on both sides of this previously acquired easement that will allow for a connection of the existing gas transmission line to this easement.

The proposed term of the Use and Occupancy Agreement is for an initial 15-year period with the option to extend this agreement for additional terms of 5 years. The cost for the installation and maintenance of the natural gas pipeline shall be the responsibility of Granite State. There shall be no cost to the Department or to the State for any part of the relocation of the pipeline.

This request has been reviewed by the Department of Transportation and it has been determined that the granting of this Use and Occupancy Agreement allowing the installation and maintenance of the pipeline will not interfere with the operation of the highways.

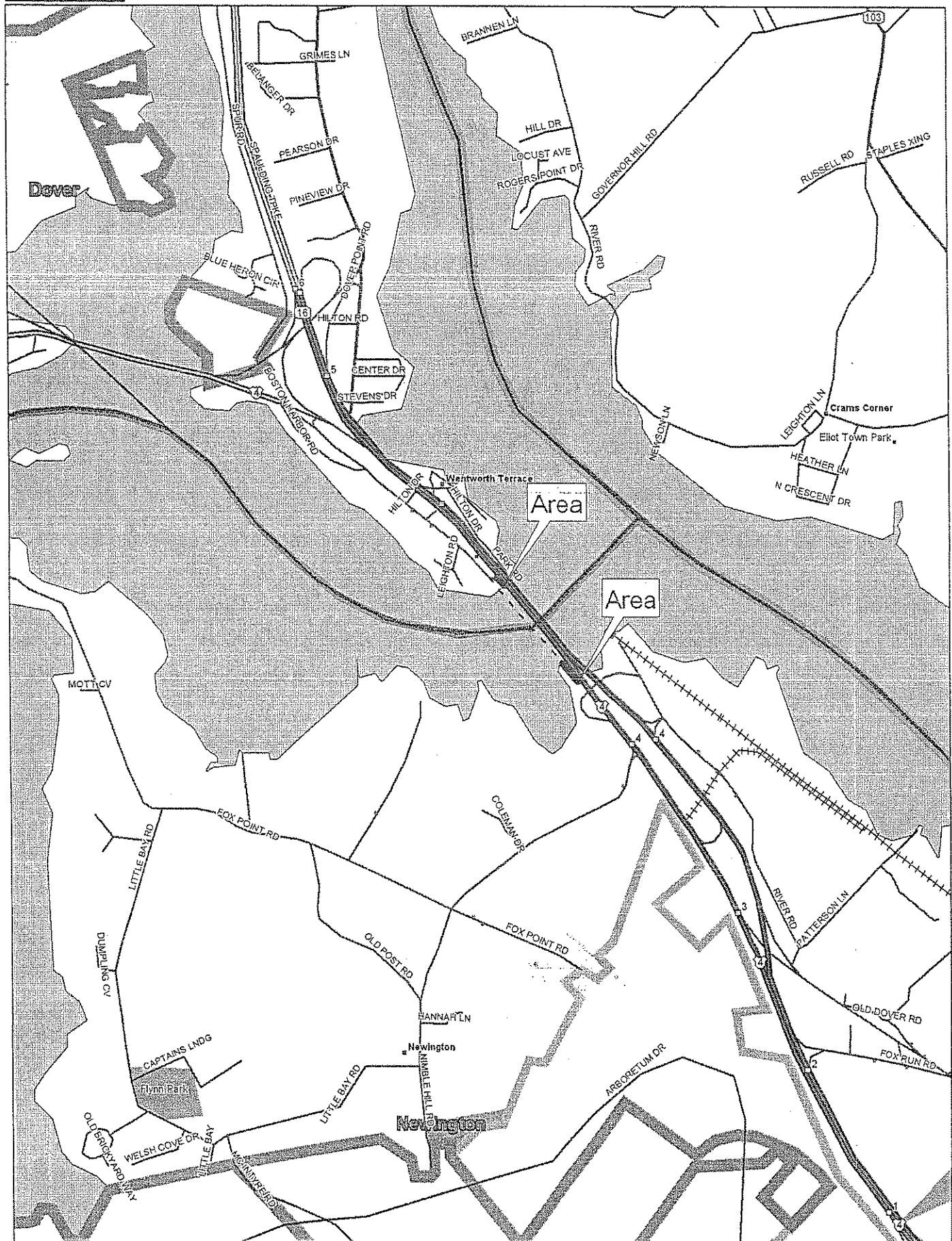
The New Hampshire Fish and Game Department (NHFG) has reviewed this request and determined that the granting of this Use and Occupancy Agreement will not interfere with NHFG's proposed construction of a new boat ramp in Hilton Park.

For the Committee's information the Department also had a staff appraiser complete an opinion of value for the subject property for the purpose of establishing the value of the 15-year encumbrance of the 2,230 +/- square foot and 3,990 +/- square foot parcels. The appraiser used eight (8) sales in Dover, Newington, and Portsmouth as comparables. Based upon the analysis and adjustments of those sales, it was felt that a reasonable contributory value for the subjects as of April 19, 2013, is \$11,200.00.

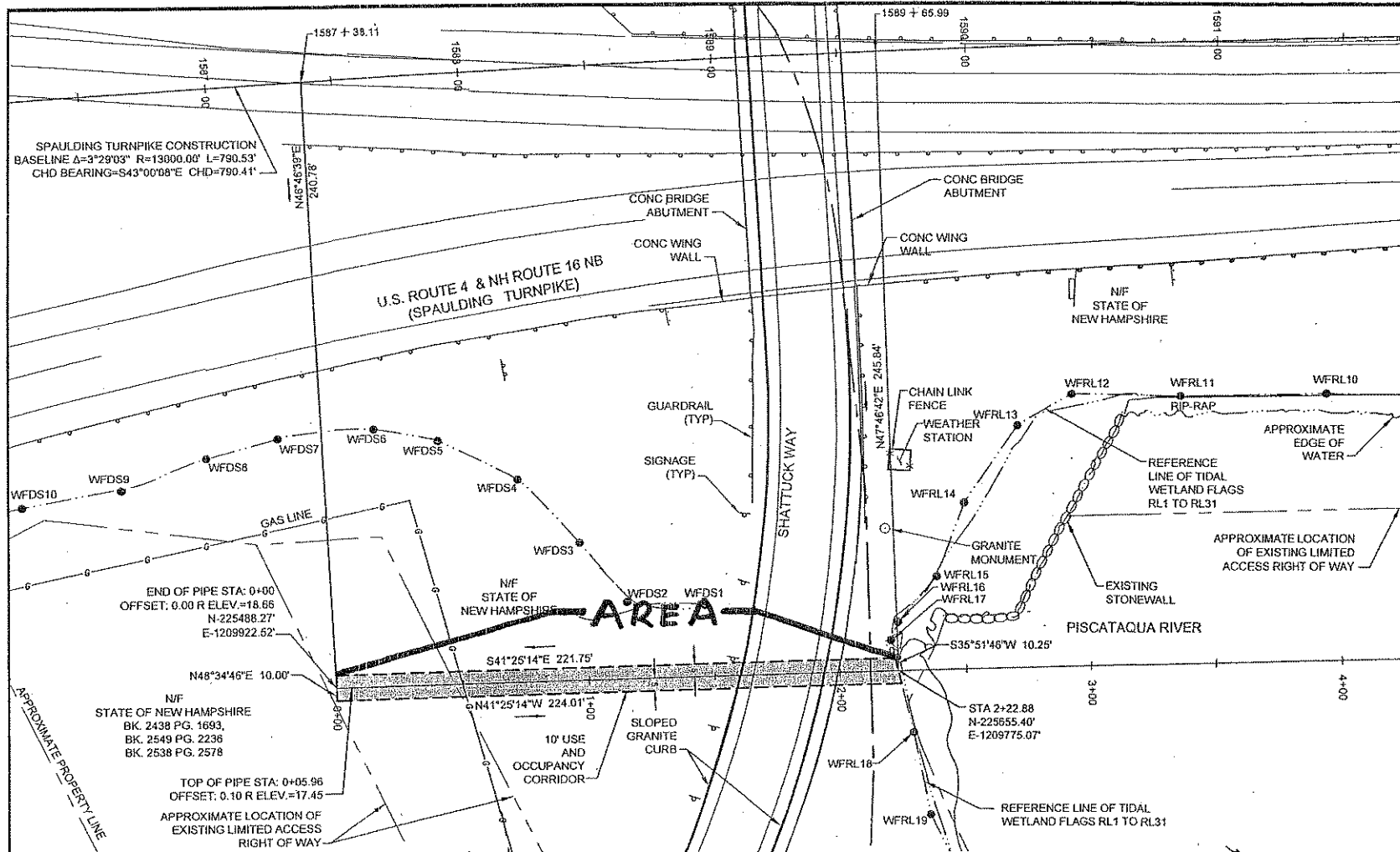
With this proposed location of this gas pipeline benefitting the Department and Granite State, and with Granite State previously acquiring an easement for the relocation of the natural gas pipeline at no cost, the Department proposes to enter into a Use and Occupancy Agreement for an initial 15-year period with the option to extend this agreement for additional terms of 5 years at no cost, and to assess an Administrative Fee of \$1,100.00, subject to the conditions as specified in this request.

Authorization is requested to enter into a Use and Occupancy Agreement for the subject parcels as outlined above.

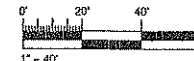
CRS/PJM/dd
Attachments



AREA LOCATED IN NEWINGTON



- NOTE:
- GPS COORDINATES ARE BASED UPON THE NEW HAMPSHIRE STATE PLANE COORDINATE SYSTEM NAD83 (CORS 1996) OF THE AS-BUILT PIPE. UNITS ARE EXPRESSED IN U.S. SURVEY FEET.
 - SPAULDING TURNPIKE CONSTRUCTION BASELINE FROM NHDOT.



amec
 ENVIRONMENT & INFRASTRUCTURE, INC.
 2 ROBBINS ROAD
 WESTFORD, MASSACHUSETTS 01885
 TELEPHONE: (978) 692-9090
 FAX: (978) 692-6633
 WEB: WWW.AMEC.COM

CLIENT:
 GRANITE STATE GAS
 TRANSMISSION

PROJECT:
 GRANITE STATE GAS
 TRANSMISSION, INC.
 HORIZONTAL DRILL AT
 LITTLE BAY BRIDGE,
 NEWINGTON-DOVER,
 NEW HAMPSHIRE

REV	DATE	DESCRIPTION

ISSUE / REVISION:
 DESIGNED BY: DED
 CHECKED BY: DATE: JUNE 2013
 SCALE: AS SHOWN
 PROJECT NUMBER: 7773130001
 TITLE: GSGT USE AND
 OCCUPANCY CORRIDOR,
 LITTLE BAY BRIDGE,
 NEWINGTON, NH

FIGURE NUMBER:
 1

- STATE OF NEW HAMPSHIRE -

DEPARTMENT OF TRANSPORTATION - BUREAU OF RIGHT-OF-WAY - APPRAISAL SECTION

DATE: January 14, 2014

FROM: Laura J. Davies, NHCG #529
Appraiser

SUBJECT: Valuation of property owned by the State of New Hampshire in Newington and Dover, proposed for use and occupancy by Granite State Gas Transmission, Inc. for the purpose of constructing, accessing, operating and maintaining new gas pipeline required for the Granite State Gas Transmission Horizontal Directional Drill Project No. 11C3860 and necessary for continued and uninterrupted regional supply of natural gas. The Use and Occupancy Agreement involves a 2,230 square foot area in Newington and a 3,990 square foot area in Dover, NH.

PROJECT: Newington-Dover **11238-0**
Granite State Gas Transmission Horizontal Directional Drill Project No. 11C3860

TO: Charles Schmidt, PE, Administrator Project Manager
Bureau of Right-of-Way

THRU: Stephen Bernard
Chief ROW Appraiser

Appraisal Problem: This memo constitutes a summary appraisal report on the above referenced subject parcels. The intended recipients and those requesting this report are officials, employees and agents of the Department of Transportation, Bureau of Right of Way. The intended use of this report is to assist the intended users in determining the market value of the rights to be conveyed to Granite State Gas Transmission, Inc. through the proposed Use and Occupancy Agreement. This report is in compliance with the Standard Rule 2-2(a) within USPAP governing Appraisal Reports.

The two areas governed by the Use and Occupancy Agreement are a 2,230 square foot area in Newington and a 3,990 square foot area in Dover, NH. The Newington area is located within a 1.28± acre parcel owned by the State of New Hampshire and identified as Parcel 29 on the Right-of-Way plans for Newington-Dover Project 11238-C, as well as areas within the right-of-way, also owned by the State of New Hampshire. The Dover area is located within a 16 acre parcel at the tip of Dover Point owned by the State of New Hampshire and known as Hilton Park. Both areas allow the connection of existing gas lines to the submerged pipeline recently constructed between the two high water marks of the Piscataqua River in Newington and Dover.

The effective date of value is April 19, 2013, the date of my inspection. The areas for the gas pipeline are located on property acquired by the State of New Hampshire at various points in time in connection with the construction of the Spaulding Turnpike and Hilton Park. The improvements to the existing Spaulding Turnpike, which include the rehabilitation of the Little Bay Bridge, required the removal of the existing gas pipeline from the bridge to the subject locations. The Use and Occupancy Agreement between the State of New Hampshire and Granite State Gas Transmission, Inc. covers the term, rights and obligations of the State and Granite State Gas Transmission, Inc. with regard to the preparation, drilling, laying, construction, maintenance, operation, alteration, improvement, repair, replacement, removal and access to the gas facilities on the land. The Agreement is for a term of fifteen (15) years with provisions for consecutive five (5) year extensions. There is no limit to the number of extension terms.

- STATE OF NEW HAMPSHIRE -

DEPARTMENT OF TRANSPORTATION – BUREAU OF RIGHT-OF-WAY – APPRAISAL SECTION

The subject of this assignment, the pipeline area covered by the proposed Use & Occupancy Agreement, represents two very small utility corridors that are entirely within property owned by the State of New Hampshire located in two communities on either side of the Piscataqua River and within areas used as a State Park, a Limited Access Right-of-way and a surplus parcel adjacent to the Right-of-way. In the valuation of Right-of-Way corridors, a variation of the Sales Comparison Approach known as “Across the Fence” is often employed because there are no comparable sales for a corridor of this sort. This methodology is based on the premise that corridor land should be worth at least as much as the land through which it passes. The value of adjacent, similar land constitutes the base from which the appraiser determines the indicated value to be applied to each of the subject properties in Newington and Dover in order to arrive at an opinion of market value for the pipeline area “Across the Fence,”

Based on the comparable sales data analyzed herein, the estimated present value of the market lease rate for the fifteen-year lease term for the pipeline areas under the proposed Use and Occupancy Agreement as of April 19, 2013 is:

PROPOSED GAS PIPELINE AREA IN NEWINGTON AND DOVER, NH

Eleven Thousand Two Hundred Dollars.....\$11,200

Purpose of Appraisal: The purpose of this appraisal assignment is to estimate a market value (based upon an across the fence value) of the rights to be conveyed to Granite State Gas Transmission, Inc. through the proposed Use and Occupancy Agreement as of April 19, 2013, the effective date of value.

Definition of Value: The term “Across the Fence (ATF) Value” is defined in The Dictionary of Real Estate Appraisal, 4th Edition, as:

“In the valuation of real estate corridors, the value concluded based on a comparison with adjacent lands before the consideration of any other adjustment factors. The ATF value accounts for location and market conditions. Accordingly, this is an intermediate value without (or prior to) the consideration of the corridor factor.”

NOTE: The corridor factor is only applicable when the highest and best use of the parcel is the continued use as a corridor. This is not the case with the subject property (ref. Highest and Best Use section) therefore in the context of this report the ATF value is not an intermediate value, but rather a final value.

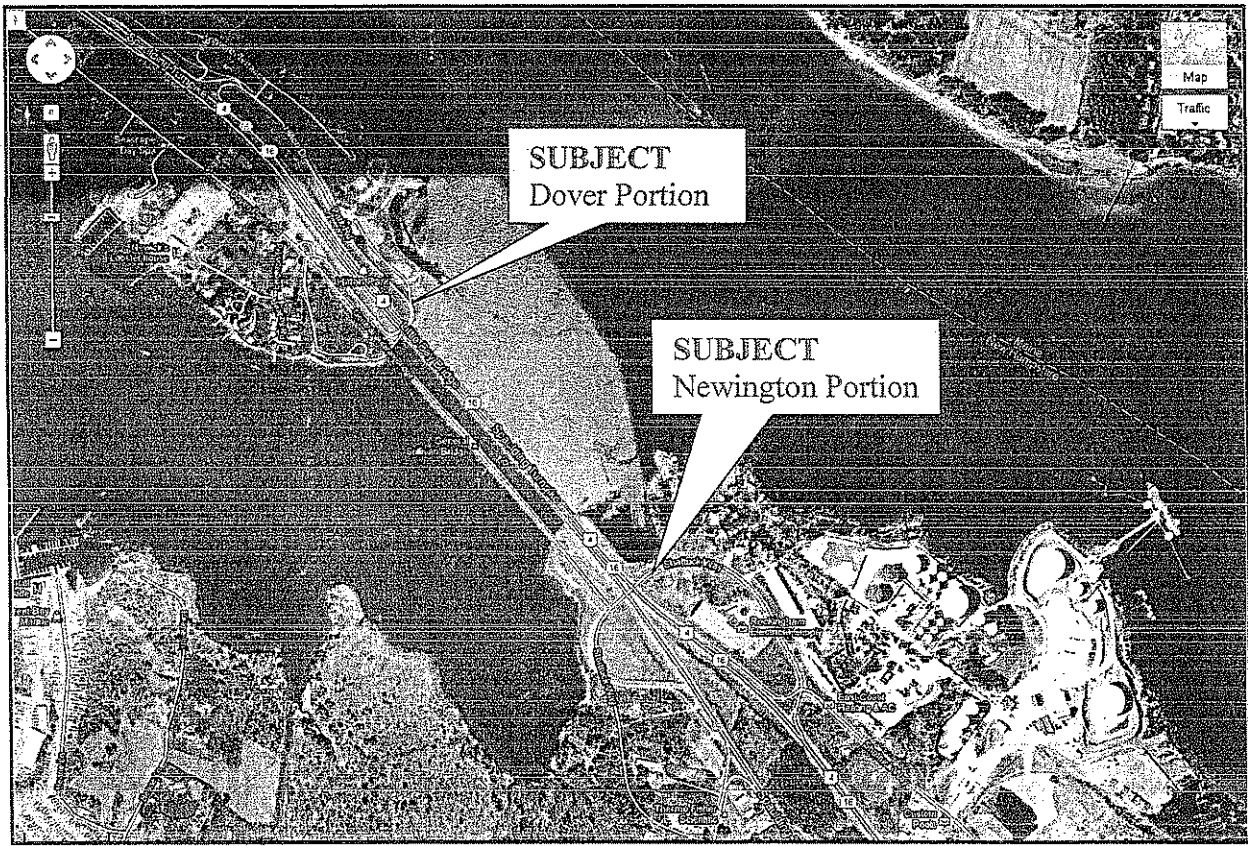
Scope of Appraisal: My investigations and research included an inspection of both of the pipeline locations on April 19, 2013, review of ROW plans for the proposed Newington – Dover Project Number 11238 –C and Q and Granite State Transmission, Inc., plans entitled GSGT Use and Occupancy Corridor, Little Bay Bridge, Newington and Dover, NH, review of the Newington and Dover Zoning Ordinances, review of the proposed Use and Occupancy Agreement, identification of the impacts of the pipeline on the encumbered parcels, including consideration of vertical division, research of assessment data, tax maps, neighborhood development proposals and recent trends, traffic counts, and other pertinent public data. I compiled the market value indicator land sale data, analyzed these transactions, and inspected the ones considered to be the most reliable indicators of market value for the subject sites, derived an appropriate lease rate and calculated the present value of the annual lease payments for the fifteen year term and prepared this summary report in compliance with USPAP #2-2(b) governing summary reports.

Parcel Identification: The subject parcels consists of a 1.28± acre parcel owned by the State of New Hampshire and identified as Parcel 29 on the Right-of-Way plans for Newington-Dover Project 11238-C, as well as areas within the right-of-way associated with Shattuck Way and the Spaulding Turnpike near the east side of the Little Bay Bridge in Newington and a 16 acre parcel at the tip of Dover Point known as Hilton Park, all owned by the State of New Hampshire. The proposed areas to be governed by the Use & Occupancy Agreement allow the connection of existing gas lines to the submerged pipeline recently constructed between the two high water marks of the Piscataqua River in Newington and Dover. The Newington area is 10 feet wide by 223± feet long or 2,230 square feet and runs in a northwesterly direction from the northern border of Parcel 29 across 55± feet of land identified as right of way and into the limited access right of way that continues to the high water mark of the Piscataqua River. The Dover area is 10 feet wide by 399 feet long or 3,990 square feet and lies entirely within the parcel identified as Parcel D13-1 on Right-of-Way plans for the Newington – Dover Project 11238Q and as Lot 26 on the Dover Tax Map 8. The Dover pipeline area begins in the paved parking area near the pier

at northern portion of Hilton Park on Dover Point, east of the Spaulding Turnpike and the Little Bay Bridge and runs southeasterly to the high water mark of the Piscataqua River.

The larger parcels for the two areas covered by the Agreement lie within different counties, municipalities and zoning districts but are within the same labor market area and are linked in many other ways.

AERIAL VIEW OF SUBJECT LOCATIONS



Area Data: Dover and Newington are located in the Portsmouth-Rochester Labor Market Area, which is in the southeast portion of the State of New Hampshire. Both municipalities are located north of Portsmouth, south of Rochester, and southwest of Somersworth. Dover is in Strafford County and Newington is in Rockingham County. Both communities lie several miles inland from the Atlantic Ocean, approximately 50 miles north of Boston, Massachusetts, 50 miles south of Portland, Maine and 40 miles east of Concord, New Hampshire, the state capitol.

Access to the area is good. The primary thoroughfare is Interstate-95, which extends from Boston, MA, north through Hampton, Portsmouth, NH and into Maine. Other thoroughfares for the area include the Spaulding Turnpike, Route 108, Route 9, Route 16A and 16B, and Route 4. Air transportation is provided by Skyhaven Airport located in Rochester and Pease International Tradeport in Portsmouth and Newington, as well as larger regional airports in Manchester, New Hampshire; Portland, Maine; and Logan International Airport in Boston. The New Hampshire

Port Authority provides sea transportation facilities out of Portsmouth. Coast buses provide public transportation to the adjacent cities in the Seacoast area.

According to the 2000 U.S. Census, there were 26,884 residents in the City of Dover, while the 2010 Census reports 29,987 residents, an 11.09 percent increase. Dover ranks fifth in population among New Hampshire's incorporated cities and towns. Newington had 777 residents in 2000 and 753 in 2010, a 3.09 percent decrease. Newington tied for 201st in population among New Hampshire's 234 incorporated cities and towns.

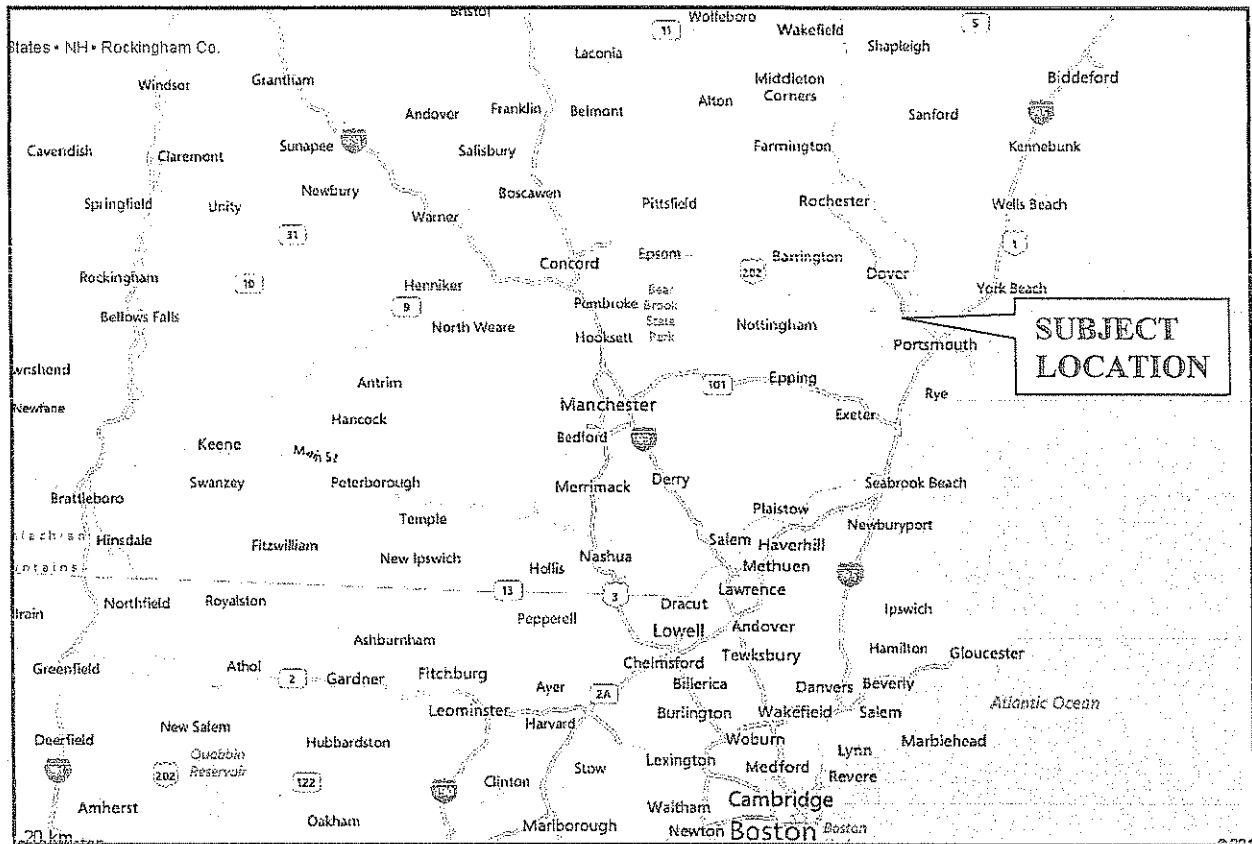
The unemployment rate for the State of New Hampshire for March 2013 was 6.0 percent, seasonally adjusted to 5.7 percent and the unemployment rate for the Rochester-Dover NH-ME MetroNECTA Division was 5.9 percent. The rate for the city of Dover for March 2013 was 4.5 percent and the town of Newington was 5.2 percent. The State and local rates are significantly lower than the nation's, estimated to be 7.6 percent.

The economic base of the area has diversity ranging from retail/commercial centers to educational centers to national and international concerns. The Fox Run Mall in Newington and the outlet Malls of Kittery, Maine provide the area with national retailer's products. The University of New Hampshire in Durham, Franklin Pierce University and Southern New Hampshire University in Portsmouth provide an economic base through the educators employed at the schools and students in attendance. National concerns such as Liberty Mutual Insurance, Tyco, Lonza Biologics, General Electric and Westinghouse are just a few of the companies along with three hospitals and the US Department of State National Passport Center that contribute to the diversity of the area's economic base.

The Pease Air Force Base closed down its operations in 1991, but the Air National Guard still maintain some of their facilities. The base is now known as the Pease International Tradeport as the land and many of the facilities at the base have been redeveloped for use as an industrial and commercial business park. The Tradeport continues to attract the majority of new businesses in the Seacoast area. Consequently, the Tradeport is where the majority of new office space and industrial construction has located in the past decade.

In conclusion, Dover and Newington are both attractive locations for residents of the community with easy access to major transportation routes, air service at the Pease International Tradeport, the Manchester/Boston Regional Airport and Logan Airport, as well as shopping and recreational facilities. Dover has a thriving historic downtown as well a good diversity of land uses while Newington has substantial retail and waterfront industrial development, allowing the community to have the 4th lowest tax rate in the state. Both communities benefit from their locations on Great Bay and the rivers that flow into and out of the Bay. At present, due in part to historically low interest rates, declining unemployment levels, improved consumer confidence as well as the diversification of the local economic base, the real estate markets have stabilized and are improving.

AREA MAP



Zoning: The Dover portion of the subject is located in the R-20 Low-Density Residential District. Legally conforming lots in this zone have a minimum area of 20,000 square feet and at least 125 feet of frontage. The maximum lot coverage ratio is 30%. The minimum setback requirements in this zone are 20 feet (front), 20 feet (side), and 30 feet (rear) for the principal building and 10 feet for outbuildings and accessory uses. The maximum building height is 35 feet. State of NH regulations dictate minimum setbacks for septic systems, and the zoning ordinance requires a 50 foot minimum distance of any buildings from any intermittent streams or wetlands.

Permitted uses in Dover's R-20 Low Density Residential District

Accessory Dwelling Unit	Educational Institution
Adult Daycare	Farm and Farm Animals for Family Use
Assembly Hall	Office
Bank	Personal Service Establishment
Beauty and Barber Shop	Public Recreation
Bed and Breakfast	Public Utility
Child Care – Home and Facility	Roadside Farm Stand
Conservation Lot	Theater
Dwelling – Single Family, 2 Family, 3-4 Family	Veterinary Office, Animal Hospital or Kennel

The present use of the Dover portion of the underlying parcel is as a State Park, a permitted use as it falls under public recreation and appears to meet all dimensional requirements. The pipeline use is subsurface and is permitted as a public utility.

The Newington portion of the subject is located in the O-Office District. The minimum land area is 120,000 square feet or 2.75 acre with a minimum of 300 feet of contiguous road frontage. The minimum front setback is 75 feet and side and rear setbacks are 30 feet.

Permitted uses in Newington's Office District

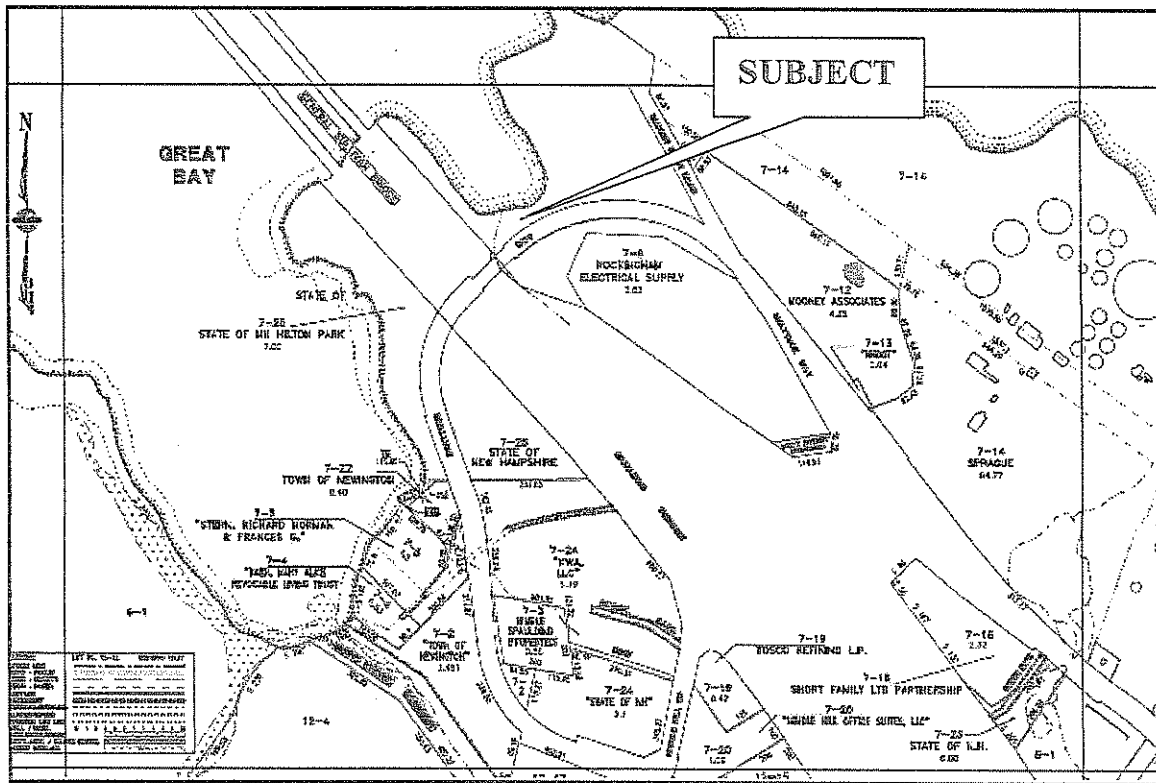
Offices	Nursing homes
Research & development facilities	Veterinary hospitals
Biotech facilities	Schools
Light manufacturing	Hotels of 3 stories or higher
Warehouses	Conference centers
Hospitals	Facilities for the developmentally disabled
Medical clinics	Light manufacturing

The present uses of the Newington portion of the underlying parcels vary from a vacant non-conforming surplus parcel to right-of-way and limited access right-of-way and would not constitute conforming sites in their present configuration. The pipeline use, as a public utility, is not specifically provided for as a permitted use within the Newington Office District.

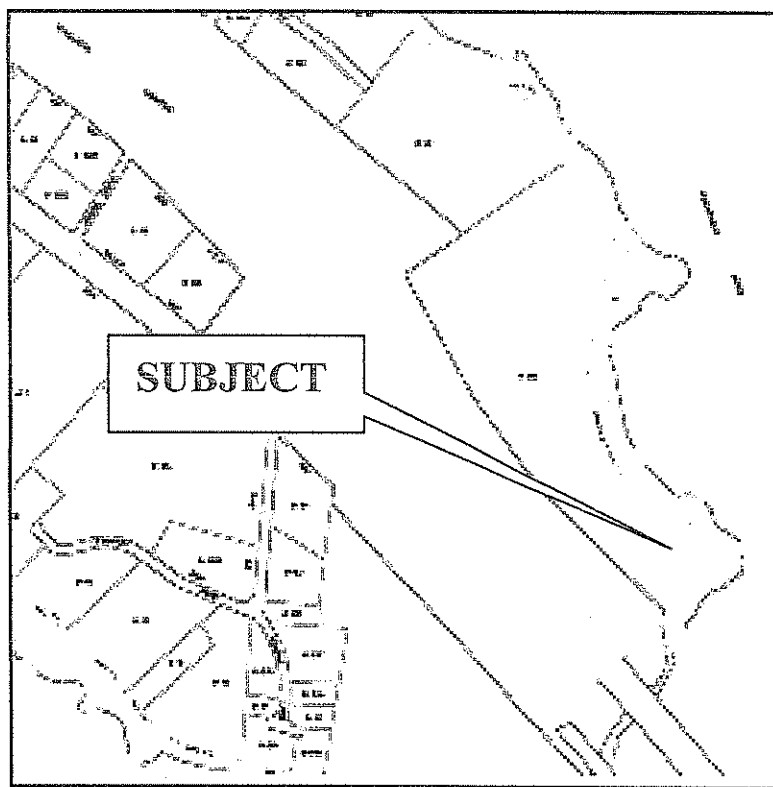
Flood Hazard Status: The pipeline improvements that are the subject of the proposed Use and Occupancy Agreement are subsurface and extend to the high water mark of the Piscataqua River in both Dover and Newington, partially within flood hazard areas. Given the pipeline use, the flood hazard is not of particular consequence.

Assessment Information: The locations of the areas covered by the proposed Use and Occupancy Agreement are within properties owned by the State of New Hampshire and are not subject to assessment by the municipalities in which they are located. The tax maps of the pertinent areas are included for informational purposes below.

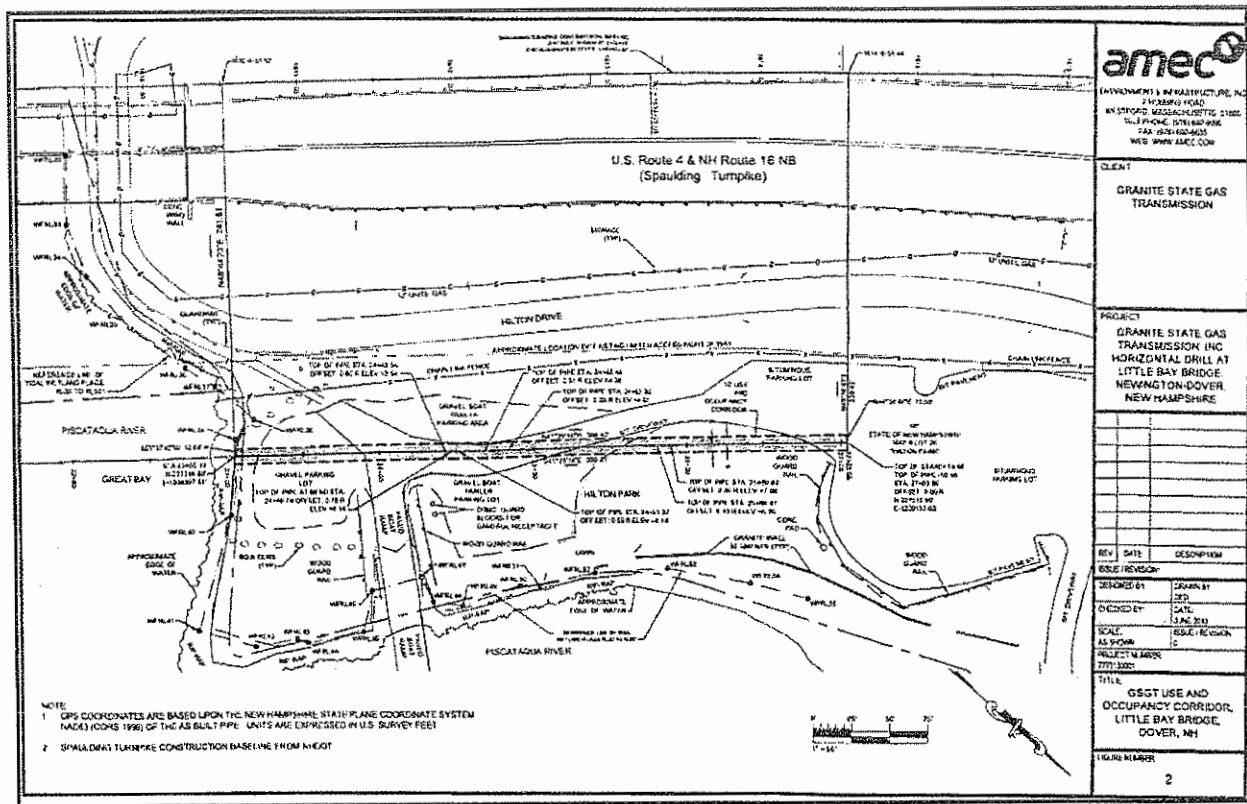
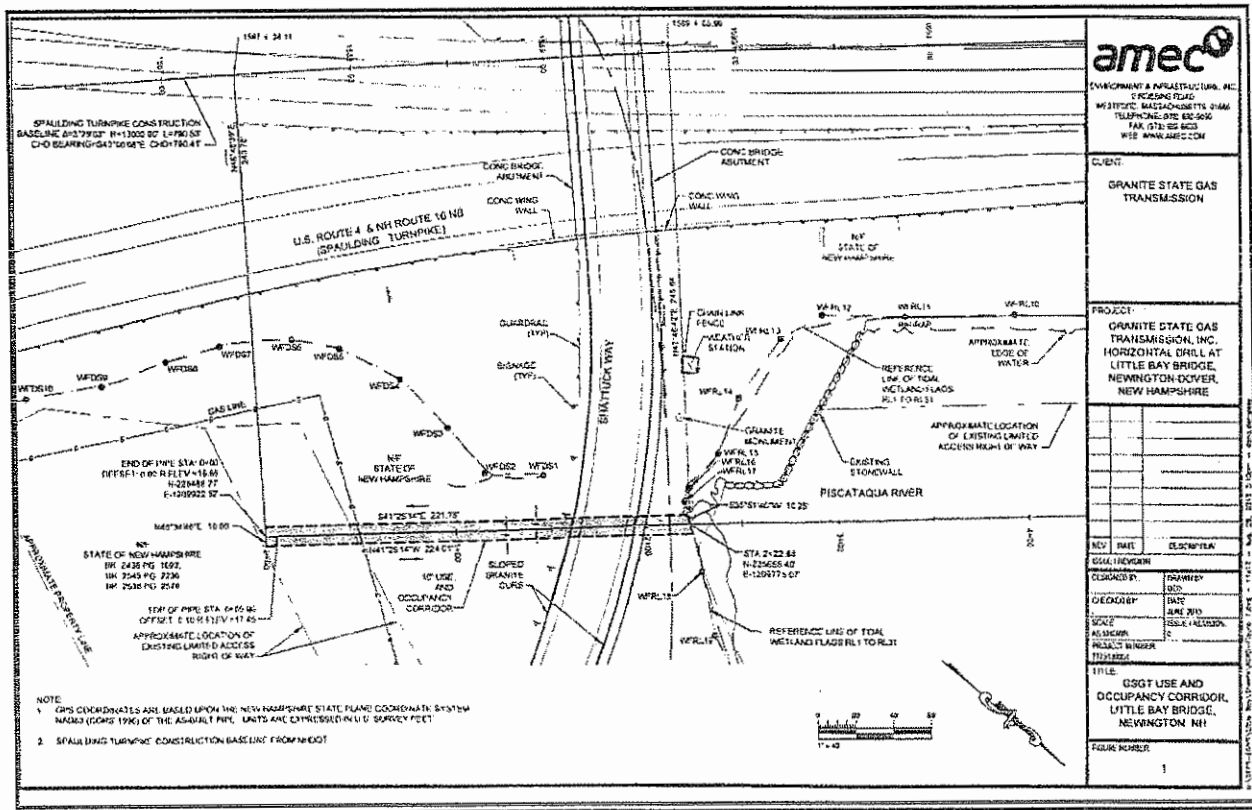
NEWINGTON TAX MAP 7, Part of Lot 25



DOVER TAX MAP 8, Part of Lot 26



SITE PLANS



SUBJECT PHOTOGRAPHS
Taken by Laura J. Davies on April 19, 2013



Newington – Area of Pipeline Looking North Across Shattuck Way Toward Little Bay Bridge/Piscataqua River



Newington - View of Drilling Pit With Pipeline Running to the North Visible.



Area of Pipeline & High Water Mark in Newington



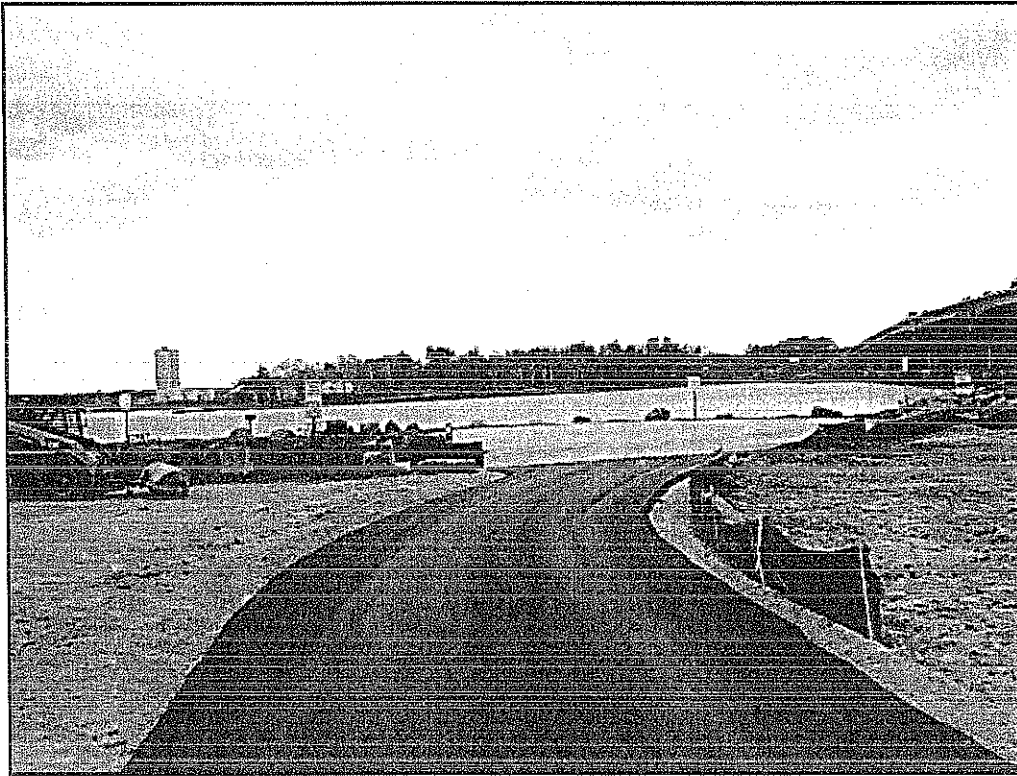
View From Shattuck Way Looking South Toward Drilling Pit in Area of Pipeline.



Newington – Temporary Construction Area

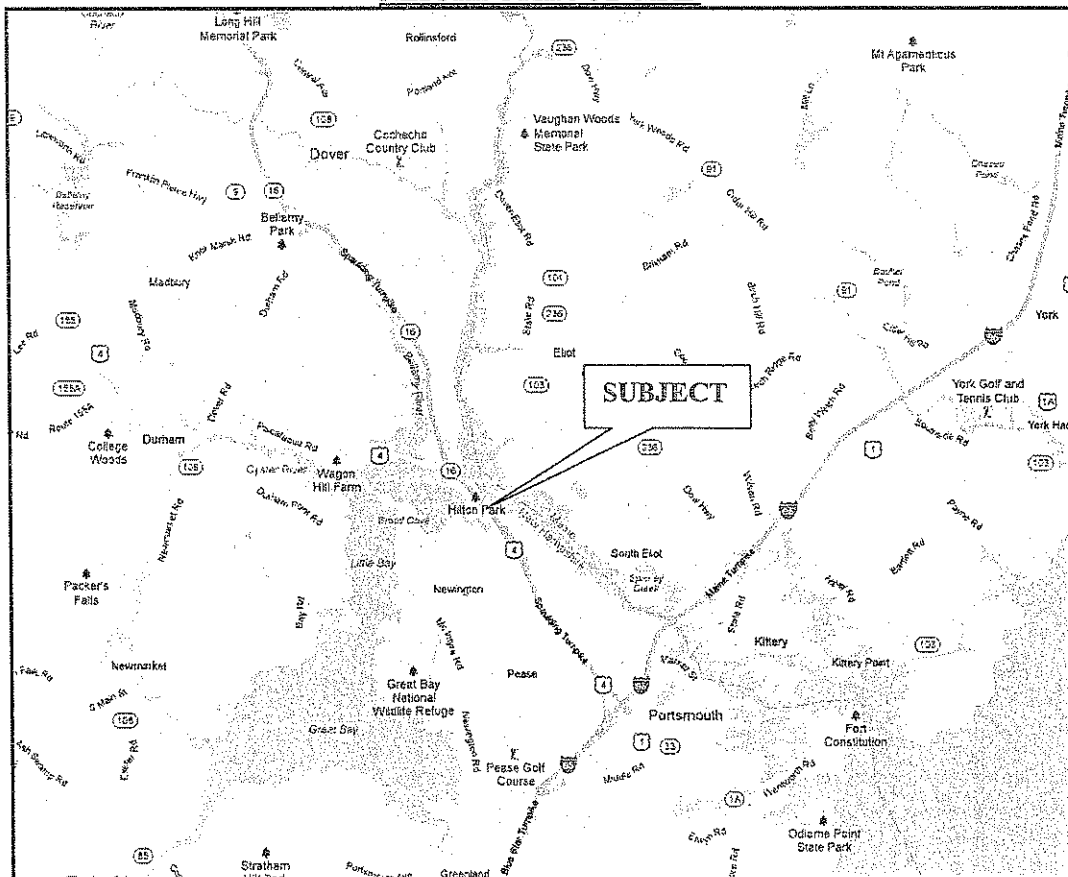


Dover – Fresh Asphalt is location of Northern End of Pipeline.



Dover – View of Pipeline Area Looking South Toward the
High Water Mark of Piscataqua River

NEIGHBORHOOD MAP



Highest and Best Use: The proposed Use & Occupancy Agreement entitles Granite State Gas Transmission, Inc. to the right to use specified areas totaling 6,220 square feet of the larger State of New Hampshire owned properties in specific ways, analogous to an easement. The Agreement runs for a term of 15 years but allows for consecutive five-year renewal periods without limit.

These two areas that constitute the subject property do not form a traditional corridor because they are so small but they fit the definition by providing an economic benefit by connecting two end points, as defined by the agreement. They connect the pipeline under the Piscataqua River with existing lines on either side of the river.

The subject areas do not have a viable independent use other than to Granite State Gas Transmission, Inc. for connecting their pipeline and there is no market for these rights. The Highest and Best Use is as part of the underlying parcels. The Dover portion is located within a parcel currently utilized as a State Park but is within the R-20 District, with extensive water frontage. The Highest and Best Use of this parcel is as waterfront residential, based on the uses permitted by zoning and the uses and trends in the immediate area. The Newington portion is located within the right-of-way associated with the Spaulding Turnpike as well as partially in a surplus non-conforming parcel, all within the Office District. The Highest and Best Use of this portion is for continued use as a right-of-way with the non-conforming surplus parcel to be combined with the abutting parcel owned by Rockingham Associates and utilized as a lighting and electrical supply showroom and distribution facility.

Appraisal Procedures Used: The Across the Fence method has been employed to estimate a sale value for the subject property. This approach is commonly used in valuing corridors and corridor type properties. In this method, the price or value of land adjacent to the corridor is considered for the valuation. The value of this adjacent, similar land constitutes the base from which the appraiser determines the indicated value to be applied to each segment of the parcel. It is important to note that the land sales used in the ATF method are not considered to be comparable sales, but rather they are considered to be indicators of market value or market indicators. The initial term of the proposed Use & Occupancy Agreement is 15 years. The sale price arrived at through the Across the Fence methodology is used to derive an annual rent for the pipeline areas. The present value of this annual rent over the fifteen year term is then calculated.

Valuation of Dover Portion: The Highest and Best Use of the land currently utilized as Hilton Park on which the Dover portion of the subject is located was determined to be waterfront residential. Research was conducted for transfers of larger waterfront residential parcels for use as market indicators for the Dover portion of the subject. Four indicators located in Dover with significant frontage on the Piscataqua, Cocheco or Salmon Falls Rivers were identified and analyzed. In addition an indicator from nearby Portsmouth on the Piscataqua River was also analyzed. All of these transfers occurred between 2010 and 2012 and the properties were in residential zones.

Two of the indicators were transfers to the Nature Conservancy for conservation purposes. These were both bargain sales where the property sold for well below the established and agreed upon market value and the difference between the price and market value was recognized as a charitable donation. These indicators were adjusted up to reflect the full market value as reported by a representative of the buyer.

A year over year analysis of all single-family sales that were listed in MLS within the City of Dover over the period in question revealed no discernable price trend. An analysis of sale/resale activity during this period for single-family homes that did not involve foreclosure was also inconclusive. No adjustments have been applied for market conditions.

The market value indicators present a range between \$89,091 and \$225, 806 per acre. The high end of the range is represented by the only indicator not located in Dover. This property is in an area of higher surrounding values, closer to the open ocean and is given the least weight. The Dover sales are all located in a less congested, more pastoral area than the subject's location but have inferior access to Great Bay and the Atlantic Ocean. Their locations are considered roughly equivalent in market appeal, confirmed by an analysis of the acquisition prices for the lots immediately to the north of Hilton Park, purchased in 2003 and 2006 from different sellers by the same buyer for a total price of \$1,163,000 for 3.46 acres with older improvements that were either demolished or totally renovated. The mid-point of these Dover indicators best represents the location and features of the subject site value.

Based upon my analysis, it is my opinion that the indicated unit value of \$145,000 per acre or \$3.33 per square foot best represents the Dover portion of the subject's site value.

I estimate the site value of the Dover portion of the subject, as of April 19, 2013 to be \$3.33 per square foot.

Market Value Indicator Grid											
Item	Subject Property	Market Value Indicator 1		Market Value Indicator 2		Market Value Indicator 3		Market Value Indicator 4		Market Value Indicator 5	
Location	Parcel D13-1 Hilton Park-Dover Point Dover	Lot 6 Three Rivers Farm Road Dover		Saddle Trail Drive Dover		Off of Gulf Road Dover		Off of Gulf Road Dover		Little Harbor Road Portsmouth	
Grantor		Three Rivers Farm Irrev Security Trust, Mark Kearns, Trustee		Benjamin & Victoria Auger		Stephen M. Wood		Cocheco Country Club		Carylyn Grondin Rev. Tr. & Laura A. Strasburg Trust	
Grantee		Avishai & Orly Shachar		Eileen M. Rullo		Nature Conservancy		Nature Conservancy		Lisa A. Grondahl Rev. Tr.	
Recorded Book/Page		SCRD 4044/794		SCRD 3983/639		SCRD 3804/687		SCRD 3891/137		RCRD 5148/1933	
Effective Sales Price	Estimate		\$980,000		\$1,050,000		\$1,402,667		\$1,200,000		\$2,100,000
Price Per Acre			\$89,091		\$89,744		\$127,515		\$81,411		\$225,806
Data Source		Public Records/MLS/Broker		Public Records/Developer/Broker		Public Records/Appraisal/Buyer		Public Records/Appraisal/Buyer		Real Data	
Date of Sale		Description	Adjustment	Description	Adjustment	Description	Adjustment	Description	Adjustment	Description	Adjustment
& Market Conditions Adj.		8/16/2012		1/6/2012		1/8/2010		12/21/2010		9/22&23/2010	
Motivation		Arm's-length		Arm's-length		Bargain Sale	+ \$ 797,333	Bargain Sale	+ \$ 670,000	Arm's Length	
Adjusted Price			\$980,000		\$1,050,000		\$2,200,000		\$1,870,000		\$2,100,000
Total Site Area (Acres)	16.0	11.00		11.70		11.00		14.74		9.30	
Adjusted Price Per Acre			\$89,091		\$89,744		\$200,000		\$126,866		\$225,806
Location	Piscataqua River Little Bay	Cocheco River Salmon Falls River		Cocheco River Fresh Creek		Cocheco River		Cocheco River		Piscataqua River	
Zoning	R-20	R-40		R-40		R-40		R-40		SRA	
Indicated Price per Acre		\$89,091		\$89,744		\$200,000		\$126,866		\$225,806	

Valuation of Newington Portion: The land currently utilized as right-of-way and surplus land on which the Newington portion of the subject is located is designated as Office District by the town of Newington. Research was conducted for transfers of land within this district in recent years. Three parcels have been identified as market value indicators, all located just on the other side of the Spaulding Turnpike from the subject. All of these indicators are from between the end of 2009 and the present.

The area of the subject and each of the sales has been impacted in recent years by the reconfiguration of Exit 4 and Shattuck Way. Market Value Indicator 1 is a portion of a property bisected by the construction of Shattuck Way and purchased in a distressed sale in 2009. A 5.19 acre portion on the east side of Shattuck Way reportedly approved for 30,000 square feet of building has been on the market for the past 2± years with an asking price of \$1,000,000. The seller reports he has received two offers from developers for \$650,000 to \$750,000. The offers were rejected. The average of these offered prices is used in this analysis as a market value indicator.

Market Value Indicator 2 abuts MVI 1 to the south and consists of a grandfathered non-conforming lot of record that was improved with a small cape style home in poor condition and a 2 story old barn on 0.88 acre that was purchased in a distressed sale for \$140,000 in October 2011 by the owner of MVI 1. The home was demolished but the shell of the barn was retained and has since been redeveloped into an office/flex building. The buyer reportedly allocated about \$10,000 of the purchase price to the shell of the barn but this was mostly offset by the demolition costs for the house. A +10% adjustment has been made to the purchase price to account for greater than typical seller motivation, based on a conversation with the buyer.

Market Value Indicator 3 was two adjacent parcels owned by essentially the same party, sold together to a buyer who intended to develop them together despite his knowledge that a taking was planned down the middle of the two parcels. His purchase decision was based on an appraisal that failed to fully account for the impacts of the taking and resulted in litigation. Nonetheless, the purchase is considered to be reflective of a willing buyer and seller's actions for 1.61 acres of land in the Office District and is used as an indicator of market value.

The indicators have not been adjusted for changes in market conditions as there is no clear indication of a trend in prices for this property type during the period in question. The locations are all quite similar to the subject, requiring no adjustments. The indicators range between \$134,875 and \$217,391 per acre. The variance is attributed to site-specific factors such as size, shape, encumbrances and highway visibility. The mid-point of the indicators is the best represents the value for the subject location.

Based upon my analysis, it is my opinion that the indicated unit value of \$175,000 per acre or \$4.02 per square foot best represents the subject site value.,

**I estimate the site value of the Newington portion of the subject, as of April 19, 2013 to be
\$4.02 per square foot.**

Market Value Indicator Grid							
Item	Subject Property	Market Value Indicator 1		Market Value Indicator 2		Market Value Indicator 3	
Location	Parcel 29 and Shattuck Way Newington	Spaulding Turnpike Shattuck Way Newington		521 Shattuck Way Newington		Spaulding Turnpike at Exit 4 Newington	
Grantor		KWA, LLC		Nimble Spaulding Properties		Clara W. Butler	
Grantee		Developers		TWA Realty, LLC		Clara W. Butler Marital Trust	
Recorded Book/Page		2 Offers		RCRD 5256/1610		Nimble Hill Office Suites, LLC	
Effective Sales Price	Estimate		\$700,000		\$140,000		\$350,000
Price Per Acre			\$134,875		\$159,091		\$217,391
Data Source		Public Records/Buyer		Public Records/Buyer		Public Records/Appraisal/Buyer	
		Description	Adjustment	Description	Adjustment	Description	Adjustment
Date of Sale & Market Conditions Adj.		Within past 2 years		10/24/2011		12/16/2009	
Motivation		Arm's-length		Distressed	+10%	Arm's-length	
Adjusted Price			\$700,000		\$154,000		\$350,000
Total Site Area (Acres)	N/A	5.19		0.88		1.61	
Adjusted Price Per Acre			\$134,875		\$175,000		\$217,391
Location	Some Highway Visibility	Highway Visibility		No Visibility		Highway Visibility	
Zoning	Office	Office		Office		Office	
Indicated Price per Acre		\$134,875		\$175,000		\$217,391	

Encumbrance Allocation: In a May/June 2006 article entitled Easement Valuation by Donald Sherwood, SR/WA in the Right of Way Journal, the author presents an Easement Valuation Matrix reflecting the percentage of impacts various easements can create on the utility of a site, ownership interests, and the use of real property interests. For example, severe impacts on surface use and inability to convey future uses would cause a 90-100% impact on the fee ownership position. These easements would include overhead electric lines, flowage easements, railroad ROW's, irrigation canals, and access roads.

The proposed Use and Occupancy Agreement has an initial term of 15 years but provides for consecutive five-year renewal periods without limitation on the number of renewals. The Agreement impacts the utility of the subject sites and the use of the real property interests, similar to an easement. As a result, the Easement Valuation Matrix mentioned above is referenced as a guide in arriving at a percentage to reflect the impact of the restrictions and limitations the Agreement places on the subject sites.

The Agreement conveys the rights to Granite State Gas Transmission, Inc. for the preparation, drilling, laying, construction, maintenance, operation, alteration, improvement, repair, replacement, removal and access to the gas pipeline facilities on the subject land. Although the majority of the impact is subsurface, the agreement does have some impact on the surface use of the land and conveys rights for access, maintenance, replacement, etc. which involve impacts to a larger area than the 6,220 square feet covered by the agreement. The Easement Valuation Matrix suggests a range of 51% to 74% as a percentage of the fee value to account for the impacts for a pipeline. A 60% impact allocation is made herein since the restrictions on future use caused by the fairly long term encumbrance impact the surface use of a larger area of the surface than the 6,220 square feet covered by the agreement as well as the subsurface rights.

Reconciliation and Final Value Estimate: Applying a 60% impact allocation to the unit value estimates for the two subject sites, the estimated value of the fifteen-year encumbrance is calculated as follows:

Dover Portion

Fee Value / Unit area	\$3.33 (\$/sf)
% Contribution (adjustment)	60% (% of fee value is represented by agreement)
Cap. Rate	10% (for calculating annual rent)
Easement Area	3,990 (sf)
Annual ground rent:	\$ 797.20 (in advance)
Discount Rate	10% (per year)
Term of Easement	180 months (will be converted to years)
PV Factor	8.367
Present Value	\$6,669.94 (annual rent x PV factor)

Newington Portion

Fee Value / Unit area	\$4.02 (\$/sf)
% Contribution (adjustment)	60% (% of fee value is represented by easement)
Cap. Rate	10% (for calculating annual rent)
Easement Area	2,230 (sf)
Annual ground rent:	\$ 537.88 (in advance)
Discount Rate	10% (per year)
Term of Easement	180 months (will be converted to years)
PV Factor	8.367
Present Value	\$4,500.24 (annual rent x PV factor)

Total = \$11,170.18

The analysis results in a value indication for the proposed permanent encumbrance affecting the subject sites of \$11,170.18, rounded to **\$11,200**.

It is my opinion that the indicated value of the permanent encumbrance as of April 19, 2013, is:

PROPOSED GAS PIPELINE USE & OCCUPANCY AGREEMENT IN NEWINGTON AND DOVER, NH

ELEVEN THOUSAND TWO HUNDRED DOLLARS.....\$11,200

Respectfully submitted,



Laura J. Davies
Appraiser, NHCG #529
Bureau of ROW

Certification

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

- ♦ 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 I have no personal interest with respect to the parties involved;
- ♦ I have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment;
- ♦ I have appraised the subject property within the last 3 years.
- ♦ my engagement in this assignment was not contingent upon developing or reporting predetermined results;
- ♦ neither my compensation nor my employment is contingent upon the reporting of a predetermined value or direction in value that favors the cause of my employer, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event;
- ♦ I will not directly or indirectly benefit from the acquisition of such property appraised;
- ♦ my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP), and the appropriate State laws, regulations, policies, and procedures applicable to appraisal of right of way for these purposes;
- ♦ I have personally made an inspection of the property that is the subject of this report and the market value indicators relied upon for this appraisal;
- ♦ that the subject is as represented by the photographs in this report.
- ♦ no one provided significant professional assistance to me in the preparation of this report;
- ♦ I have not revealed the findings and results of this appraisal to anyone other than the proper officials of the Department of Transportation of the State of New Hampshire or officials of the Federal Highway Administration and I will not do so until so authorized by State officials, or until I am either required to do so by due process of law or until I am released of this obligation by having publicly testified as to such findings.

January 14, 2014

Date



Laura J. Davies

General Assumptions And Limiting Conditions:

General Assumptions

- ♦ all maps, plans, and photographs used are reliable and correct.
- ♦ the parcel areas given to me have been properly calculated;
- ♦ broker and assessor information is reliable and correct;
- ♦ there are no encumbrances or mortgages other than those reported in the abstracts; and,
- ♦ information from all sources is reliable and correct unless otherwise stated.

Limiting Conditions

- ♦ I have relied upon the legal interpretations of others and have assumed their decisions are correct and valid. I have also relied upon the abstracts of title, right-of-way plans and other legal information available and take no responsibility for their correctness.
- ♦ Sketches in this report are included to assist the reader in visualizing the property. I have not performed a survey of the property or any of the sales, and do not assume responsibility in these matters.
- ♦ There are no hidden or unapparent conditions on the property, in the subsoil (including hazardous waste or ground water contamination), or within any of the structures that would render the property more or less valuable. I assume no responsibility for any of these conditions or the engineering that may be required to discover or correct them. If any contamination is found on the subject, this report becomes null and void.
- ♦ Possession of this report (or a copy) does not carry with it the right of publication. It may not be used for any purpose other than by the party to whom it is addressed without the written consent of the State of New Hampshire and in any event only with the proper, written qualification and only in its entirety. Neither all nor any part of the contents (or copy) shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the State of New Hampshire.
- ♦ Acceptance and / or use of this report constitutes acceptance of the foregoing underlying limiting conditions and underlying assumptions.

Extraordinary Assumptions

None.

ADDENDUM

PROPOSED USE & OCCUPANCY AGREEMENT

NEWINGTON - DOVER
11228-O
(Spaulding Turnpike (NH 16) Little Bay
Bridge Rehabilitation
(Granite State Gas Transmission Relocation))

USE AND OCCUPANCY AGREEMENT

1. The following entities shall be parties to this Agreement made in duplicate this _____ day of _____, 2013, and shall be bound by its provisions:
 - A. Granite State Gas Transmission, Inc., hereinafter called the "GSGT", incorporated in the State of New Hampshire, having a principal place of business at 6 Liberty Lane West, Hampton, New Hampshire 03842).
 - B. The STATE OF NEW HAMPSHIRE, hereinafter called the "State", acting by and through the Commissioner, New Hampshire Department of Transportation (NHDOT), 7 Hazen Drive, PO Box 483, Concord, NH, 03302-0483.
2. The parties have entered into an agreement dated June 13, 1966, as amended on several occasions, including in October 1966 ("Original Agreement") regarding the use and occupancy by the existing gas pipeline of State land adjacent to Shattuck Way in Newington, New Hampshire, across the existing Spaulding Turnpike Bridge across Little Bay ("Little Bay Bridge") and State land within Hilton Park in Dover, New Hampshire. Except as amended by this Agreement, the Original Agreement is hereby ratified and confirmed. In the event of conflict between the Original Agreement and this Agreement, this Agreement shall control.
3. The State is expanding and rehabilitating Little Bay Bridge, and in connection with such rehabilitation is requiring GSGT to remove the existing interstate natural gas pipeline from the Little Bay Bridge and to relocate the gas pipeline described in Section 2 to a submerged gas pipeline under the Piscataqua River and then connecting the submerged gas pipeline to the existing gas pipeline located on opposite banks of the Piscataqua River. All work associated with the removal and relocation of GSGT gas pipeline for purposes of the Little Bay Bridge rehabilitation is known as the Granite State Gas Transmission Horizontal Directional Drill Project No. 11C3860 ("Project"). The Project is approved by the Federal Energy Regulatory Commission under a blanket certificate of public convenience and necessity. The State, through its Governor and Executive Council, has granted an Easement to GSGT conveying the property interests necessary to submerge the pipeline between the two high water marks of the Piscataqua River in Newington and Dover ("State Easement"). The New Hampshire Public Utilities Commission has granted a water crossing license to construct, operate and maintain the pipeline under and across State property. NHDOT and GSGT have entered a Temporary Use & Occupancy Agreement dated January 22, 2013, to allow for commencement of Project construction. As more fully described in Section 5, this Agreement pertains to the use and occupancy of State property for the purpose of constructing, accessing, operating and maintaining new gas pipeline required for the Project and necessary for continued and uninterrupted regional supply of natural gas.

4. GSGT, through its consultant, has submitted to the State a set of plans titled "Unitil Horizontal Drill at Little Bay Bridge, US Route 4/NH Route 16 (Spaulding Turnpike), Newington and Dover, New Hampshire," dated November 11, 2011, as revised through May 28, 2012, prepared by BI Companies, 355 Research Park, Meriden, CT 06450 ("Plans"), which are incorporated into this Agreement, for installation of the Gas Facilities as shown on the Plans. The State acknowledges that it has reviewed the Plans and has incorporated them into its highway project plans for the area. The State also acknowledges that the Plans may be amended over time in order to accommodate highway, environmental and other considerations that may arise.
5. This Agreement covers the Use and Occupancy of the Limited Access Right-of-Way (LAROW) of Spaulding Turnpike (NH 16) and property owned, administered and managed by the State (through the New Hampshire Department of Transportation, Bureau of Turnpikes) as shown on the attached Plans. Such occupancy having been granted by execution of this document covers the preparation, drilling, laying, construction, maintenance, operation, alteration, improvement, repair, replacement, removal and access to gas pipelines and all related equipment, facilities, improvements and structures ("Gas Facilities") at the location described as follows: a 10 foot wide corridor (a) beginning at approximately Station 1587+38 RL 240.8' (11238-L Construction Centerline) on a State owned property adjacent to Shattuck Way east of the Spaulding Turnpike, then northwesterly across the property, Shattuck Way and the LAROW of the Spaulding Turnpike approximately 222.9' to the high water mark of the Piscataqua River which is shown on Figure 1 and Sheets PP-1 and PP-6 of the Plans, and (b) then from the high water mark on the opposite side of the Piscataqua River northwesterly onto Hilton Park approximately 398.9' ending at approximately Station 1614+55 RL239.4' (11238-L Construction Centerline) which is shown on Figure 2 and Sheets PP-4 and PP-5 of the Plans in the Town of Newington and City of Dover, Counties of Rockingham and Strafford, respectively, New Hampshire (collectively, "Land").
6. This Agreement covers the term, rights and obligations of the State and GSGT with regard to the preparation, drilling, laying, construction, maintenance, operation, alteration, improvement, repair, replacement, removal and access to the Gas Facilities on the Land. The area of the Land upon which the Gas Facilities will be located is shown on the Plans, as well as on "GSGT Use and Occupancy Corridor, Little Bay Bridge, Newington, NH" Figure 1 and "GSGT Use and Occupancy Corridor, Little Bay Bridge, Dover, NH" Figure 2 dated June 2013, prepared by AMEC Environment & Infrastructure, Inc., 2 Robbins Road, Westford, MA 01886 ("Corridor Plans"), of this Agreement ("Gas Facilities Area").
7. GSGT shall submit any proposed alterations to the Plans in writing to the State for review, consideration and approval by the State, which approval shall incorporate by reference into this Agreement such altered plans.
8. GSGT has furnished Certificates of Insurance for General Liability and for Worker's Compensation and Employer's Liability under the Temporary Use & Occupancy Agreement. Upon completion of construction within the Gas Facilities Areas, GSGT

agrees to keep in force the term of this Use & Occupancy Agreement and to designate the State of New Hampshire as an additional insured a policy of insurance for bodily injury and property damage liability in the amount of one million dollars (\$1 million) for each occurrence and two million dollars (\$2 million) in the aggregate. Certificates of insurance in such amounts designating the State as an additional insured shall be provided to the State. GSGT retains the right to self-insure and, in such event, shall provide evidence of such self-insurance. Certificates of insurance provided by GSGT contractors for construction of the Gas Facilities Areas under the Temporary Use & Occupancy Agreement shall remain in force pending completion of construction to the extent that the Temporary Use & Occupancy Agreement is terminated before construction is completed.

9. All materials supplied and work performed by GSGT or its contractor in the installation of the Gas Facilities shall be subject to the inspection of a representative of the State. Any deficiencies in materials, methods of construction, or workmanship shall be promptly corrected to the reasonable satisfaction of the State, provided that the State provides notice of such deficiency within 10 days of its inspection.
10. The State has initiated the development of a Geographic Information System (GIS) to identify facilities, including drainage and utilities within the ROW. GSGT shall submit Global Positioning System (GPS) coordinates based upon the New Hampshire State Plane coordinates system on the North American Datum of 1983 (1996 adjustment by NGS) of the as built Gas Facilities. The coordinates shall be submitted to the Chief of Design Services, NHDOT, 7 Hazen Drive, PO Box 483, Concord, NH, 03302.
11. GSGT shall submit its written maintenance policies and procedures which are to be used for the inspection, repair, and maintenance of the Gas Facilities to the State for review and approval. Such procedures shall be approved by the State prior to initial operation of the Gas Facilities.
12. GSGT shall give the State Turnpike officials reasonable notice of scheduled or nonscheduled maintenance of the Gas Facilities except emergency repairs, for which GSGT shall contact the State Turnpike officials while such emergency repairs are being done. GSGT shall provide notice to the State Turnpike officials if it alters its schedule of regular maintenance and inspection, will keep the State Turnpike officials apprised, and updating by GSGT shall not be conducted without prior notification to the State Turnpike officials.
13. The costs and expenses for the installation and maintenance of the Gas Facilities shall be the responsibility of GSGT.
14. GSGT or its contractor is solely responsible for the presence of the Project equipment on the Land. GSGT agrees the installation shall be consistent with the State's right to access if necessary.
15. GSGT agrees that access to the gas facilities for scheduled or nonscheduled maintenance or for any other purpose shall be made in accordance with the following procedure:

- A. Prior to working on or crossing the LAROW of the Spaulding Turnpike and Turnpike owned property, State Turnpike officials will be notified and work will be scheduled with them.
 - B. At all times when working on the Spaulding Turnpike, traffic control devices will be provided by GSGT as required by the State.
 - C. Any and all work done by GSGT at these locations will conform to standards set by the State in consultation with GSGT and upon reasonable notice of such standards.
16. The State agrees that it will not grant licenses, use or occupancy rights or easements or enter into leases or other agreements that interfere with GSGT's rights under this Agreement. State further agrees that no excavation, change of grade or water impoundment will be made on and no structures or other obstructions will be placed or erected over, under or across the Gas Facilities Area without prior written consent of GSGT which shall not be unreasonably withheld.
 17. The State agrees that GSGT shall have non-exclusive access over, in and through the Land for the construction, preparation, drilling, laying, maintenance, operation, alteration, improvement, repair, replacement and removal of the Gas Facilities.
 18. This Agreement shall remain in full force and effect for a term of fifteen (15) years from the date that both parties have executed the Agreement and is not subject to termination before such term has expired, absent an agreement of the parties. The agreement may be extended for consecutive five (5) year terms provided that GSGT makes a written request to the Commissioner, New Hampshire Department of Transportation, no less than one hundred eighty (180) days, but no more than three hundred sixty five (365) days prior to the expiration of the initial term or the respective five (5) year term thereafter. If the State chooses to deny the extension, it shall do so, no less than one hundred twenty (120) days prior to the expiration of the respective term. Upon notice of the denial of the requested extension, the State shall provide GSGT with reasonable opportunity to conduct all necessary activities to remove, relocate or otherwise realign the Gas Facilities and all appurtenances from the Gas Facilities Area. The State shall reasonably cooperate with GSGT to facilitate removal, relocation or realignment of any Gas Facilities located on the Land made necessary through the State's termination of this Agreement.
 19. GSGT shall promptly and at its sole expense make such relocations and adjustments, including removal of facilities if required by the State, as may be necessary to accommodate highway or bridge construction, reconstruction, repair, or maintenance, but only to the extent that such relocations and adjustments do not compromise operation or access to Gas Facilities necessary for exercise of property interests granted under the State Easement. The State shall provide reasonable opportunity to relocate or adjust the Gas Facilities so as to allow for exercise of rights granted under the State Easement. Such relocation and adjustment shall be at the sole expense of GSGT. Notwithstanding any statute or regulation to the contrary which may now exist or hereafter be created, no cost of such relocation or adjustment shall be eligible for participation by the State or Federal Highway Administration (FHWA) and GSGT hereby waives any right it may

now have or hereafter acquire to request such participation. EXCEPT THAT, the provisions of RSA 228:22 shall govern where applicable.

20. Where Applicable, in accordance with RSA 72:23, 1(b), this agreement is made between the parties subject to the condition that GSGT shall pay all properly assessed real and personal property taxes for the Gas Facilities. Failure of GSGT to pay duly assessed personal and real estate taxes when due shall be cause to terminate this Agreement. In accordance with the requirements of RSA 72:23, 1(b), GSGT shall be obligated to pay real and personal property taxes on structures or improvements added.
21. GSGT agrees that the State, its agencies and their employees, agents, and representatives shall not incur any legal liability whatsoever to GSGT for any damage to the Gas Facilities or to any other property or employee of GSGT or to any other person or entity hired by or affiliated with GSGT resulting from or arising out of any ownership and use of and operations within the Gas Facilities Area, including but not limited to inspection, maintenance, cleaning, snow removal, construction, reconstruction, rehabilitation, and repair.
22. GSGT shall indemnify, defend, and hold harmless the State, NHDOT, United States Department of Transportation (USDOT), FHWA, and their employees, agents, and representatives against any and all claims, actions, causes of action, demands, liabilities, losses, penalties, damage of any kind, and failure by GSGT to comply with any utility-related commission permitting, regulations, and guidelines, including all actions for indemnity and/or contribution, and including reasonable attorneys' fees, resulting from or arising out of GSGT's use of, and GSGT's operations within the Gas Facilities Area, including but not limited to inspection, maintenance, cleaning, snow removal, construction, reconstruction, rehabilitation, and repair of either the gas pipeline or the highway facilities. The indemnification provided under this paragraph shall include, but not be limited to, any and all claims or demands for loss of revenue, income, business or economic opportunity, customers, profits, presence of and occupation of, and service resulting from or arising out of any inability or failure of the Gas Facilities to provide service as intended by GSGT.
23. GSGT shall, at the request of the State and at the expense of GSGT, provide whatever protection is deemed necessary by GSGT or by the State in the event the State performs any work on the highway, including but not limited to inspection, maintenance, cleaning, snow removal, construction, reconstruction, rehabilitation, and repair of the highway facilities.
24. Any damage to the Land that is caused by, results from, or arises out of the installation, maintenance, or presence of the Gas Facilities shall be repaired by GSGT or, if mutually agreed by the parties, by the State. GSGT shall fully compensate the State for all reasonable costs associated with the repair of any such damage.
25. Upon breach of any provision of this Agreement by either party, the non-breaching party may either (a) enforce the breach provision by means of an injunction proceeding, or (b) seek damages, or both.

26. Notwithstanding any provision of this Agreement, nothing herein contained shall be deemed to constitute a waiver of sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this Agreement.
27. This Agreement may be amended only by an instrument in writing signed by the parties hereto and only after approval of such amendment by the State of New Hampshire, through the NHDOT, and the FHWA, if applicable.
28. This Agreement shall be construed in accordance with the law of the State of New Hampshire, and is binding upon and inures to the benefit of the parties and their respective parents, successors and assigns including all agencies, departments, bureaus, authorities, boards, commissions, and committees of the State.
29. The parties hereto do not intend to benefit any third parties and this Agreement shall not be construed to confer any such benefit. The State also shall not be responsible for any negligent/intentional acts of third parties.
30. GSGT shall not assign or otherwise transfer any interest in this Agreement without the prior written consent of the State, which shall not be unreasonably withheld or delayed, except that no consent shall be required for a transfer or assignment to a (i) wholly owned subsidiary, (ii) affiliate, (iii) parent or (iv) any other entity related to GSGT.
31. This Agreement, which may be executed in a number of counterparts, each of which shall be deemed an original, constitutes the entire Agreement and understanding between the parties, and supersedes all prior Agreements and understandings relating hereto, subject to the provisions of paragraph 2 herein.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

THE STATE OF NEW HAMPSHIRE
Department of Transportation

GRANITE STATE GAS TRANSMISSION, INC.

BY: _____
William P Janelle, P.E.
Director of Operations

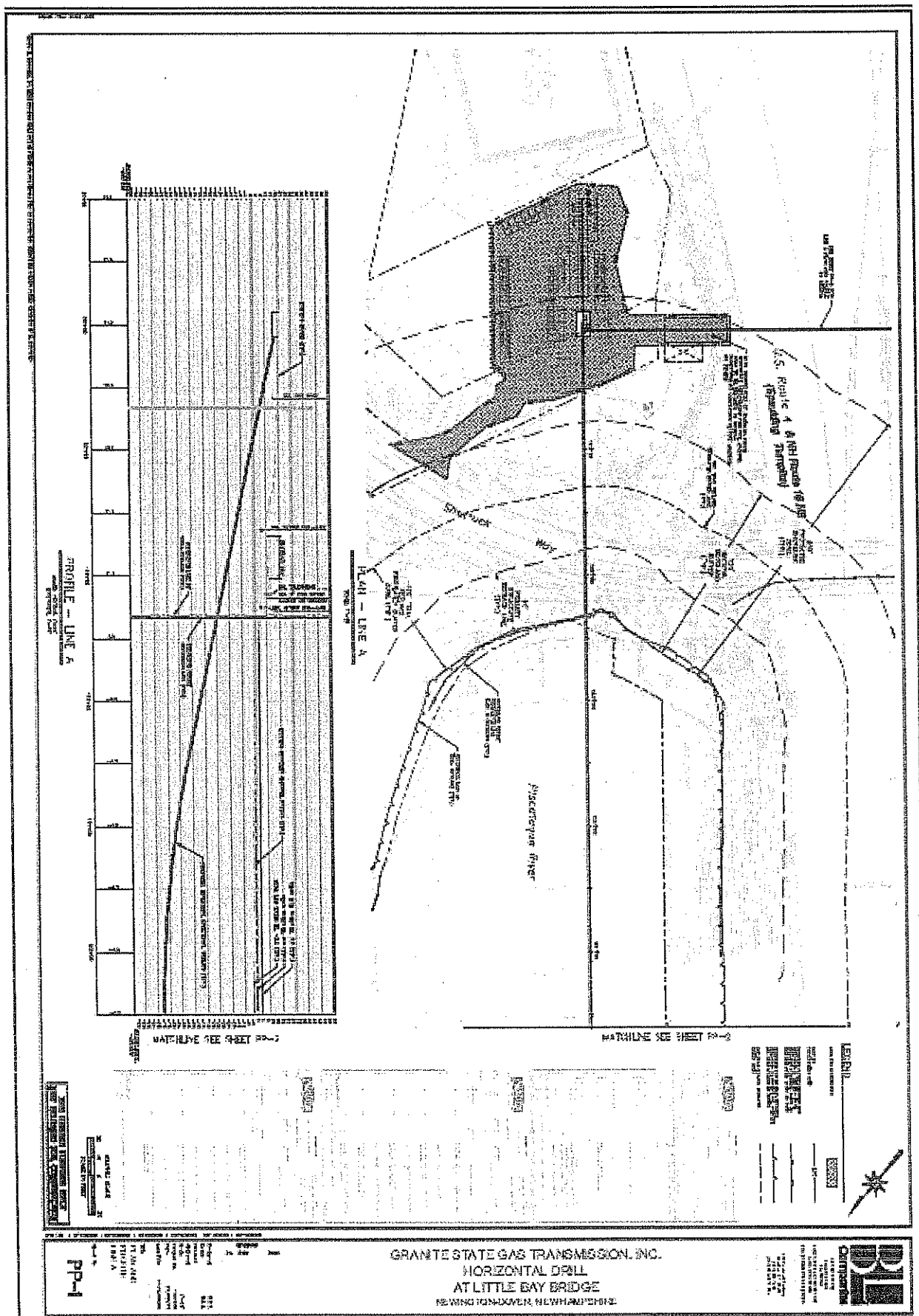
BY: _____
(Signature)

(Typed Signature)

WJO

(Title)

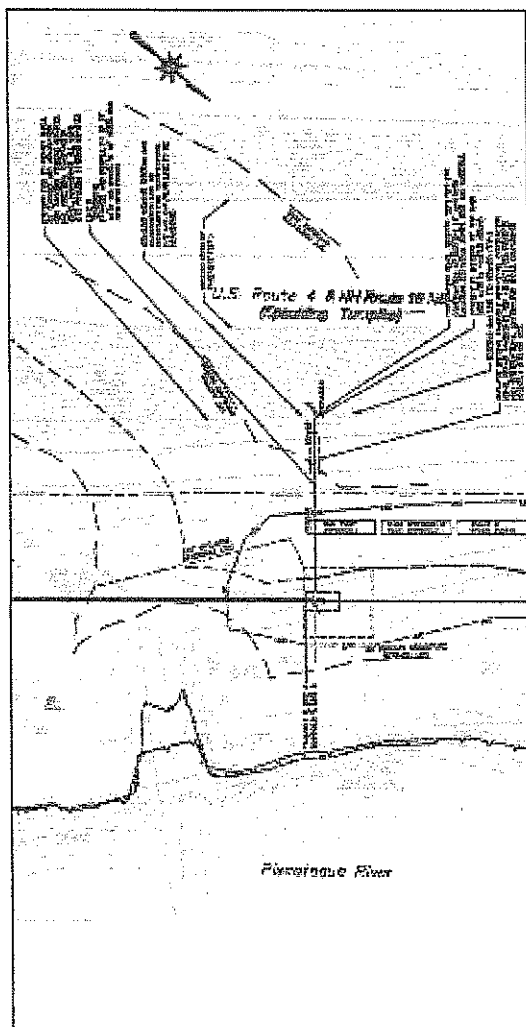
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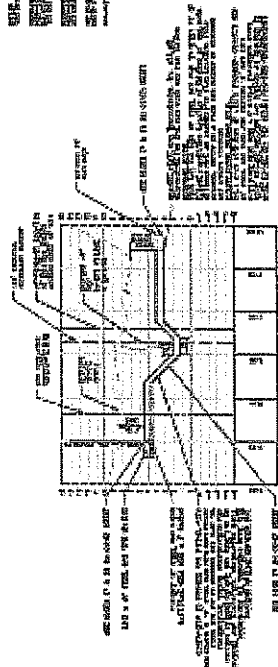
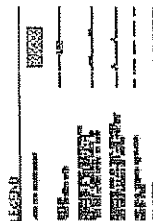


GRANITE STATE GAS TRANSMISSION, INC.
HORIZONTAL DRILL
AT LITTLE BAY BRIDGE
NEWINGTON-DOVER NEW HAMPSHIRE

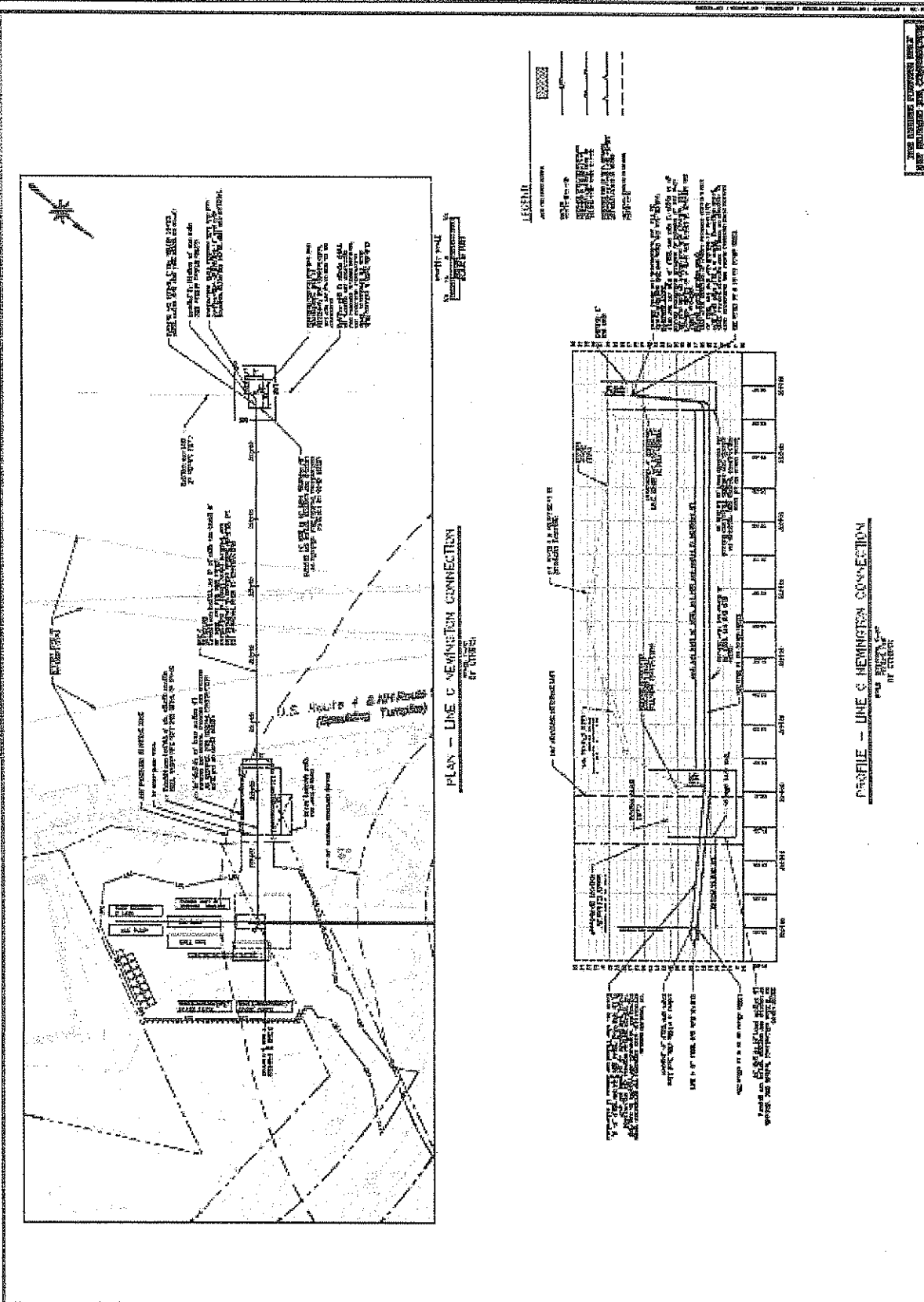
PP-6
DATE: 10/1/88
BY: J. J. JONES
CHECKED: J. J. JONES
APPROVED: J. J. JONES



PLAN - LINE B POWER CONNECTION
SCALE: 1" = 100'



PROFILE - LINE B POWER CONNECTION
SCALE: 1" = 100'



Appraiser Qualifications
LAURA J. DAVIES
Certified General Appraiser No. NHCG-529

Background Summary

Over 28 years experience in commercial/industrial real estate and 26 years experience in the appraisal industry, valuing all property types and interests ranging from unimproved land, subdivisions, commercial, residential, industrial, conservation easements, eminent domain and special-purpose properties for a wide variety of clients including federal, state and municipal governments, universities, lending institutions, major corporations, law firms, developers, investors and non-profit organizations.

I have completed in depth market studies for residential and office projects and impact studies on telecommunication towers, quarries and environmental issues. My appraisals have been widely used for estate planning, charitable contributions, financing, litigation, corporate planning, eminent domain proceedings, etc.

Education

University of Massachusetts, Amherst, MA - B.S. School of Management/Finance
University of Copenhagen, Copenhagen, Denmark - International Business Program
The Appraisal Institute

Course 1A-1:	Real Estate Appraisal Principles
Course 1A-2:	Basic Valuation Procedures
Course 1B-A:	Capitalization Theory & Techniques, Part A
Course 1B-B:	Capitalization Theory & Techniques, Part B
Course SPP:	Standards of Professional Practice, Parts A & B
	Appraising Environmentally Contaminated Properties
	Condemnation Appraising: Basic Principles & Applications
	Valuation of Conservation Easements
	Appraisal Curriculum Overview
	Online Analyzing Operating Expenses
	Online Small Hotel/Motel Valuation
	Online Internet Search Strategies for Real Estate Appraisers
	Online Detrimental Conditions in Real Estate

National Association of Realtors

Course 101:	Real Estate Investment and Taxation
Course 102:	Real Estate Development
Course 103:	Federal Taxation and Real Estate Planning

Massachusetts Board of Real Estate Appraisers – Standards of Professional Practice
– Attacking & Defending an Appraisal in Litigation

JMB Real Estate Academy – Advanced Income Property Appraisal

The Beckman Company - The Technical Inspection of Real Estate

LeMay School of Real Estate – Federal Land Acquisition Appraising

Beyond Paired Sales

Estimating Property Damage

Bureau of Education & Training, State of NH – Certified Public Supervisor Program - ongoing

Qualified Expert Witness

New Hampshire Superior Court
New Hampshire Board of Land and Tax Appeals
United States Bankruptcy Court, Boston, MA and Portland, ME

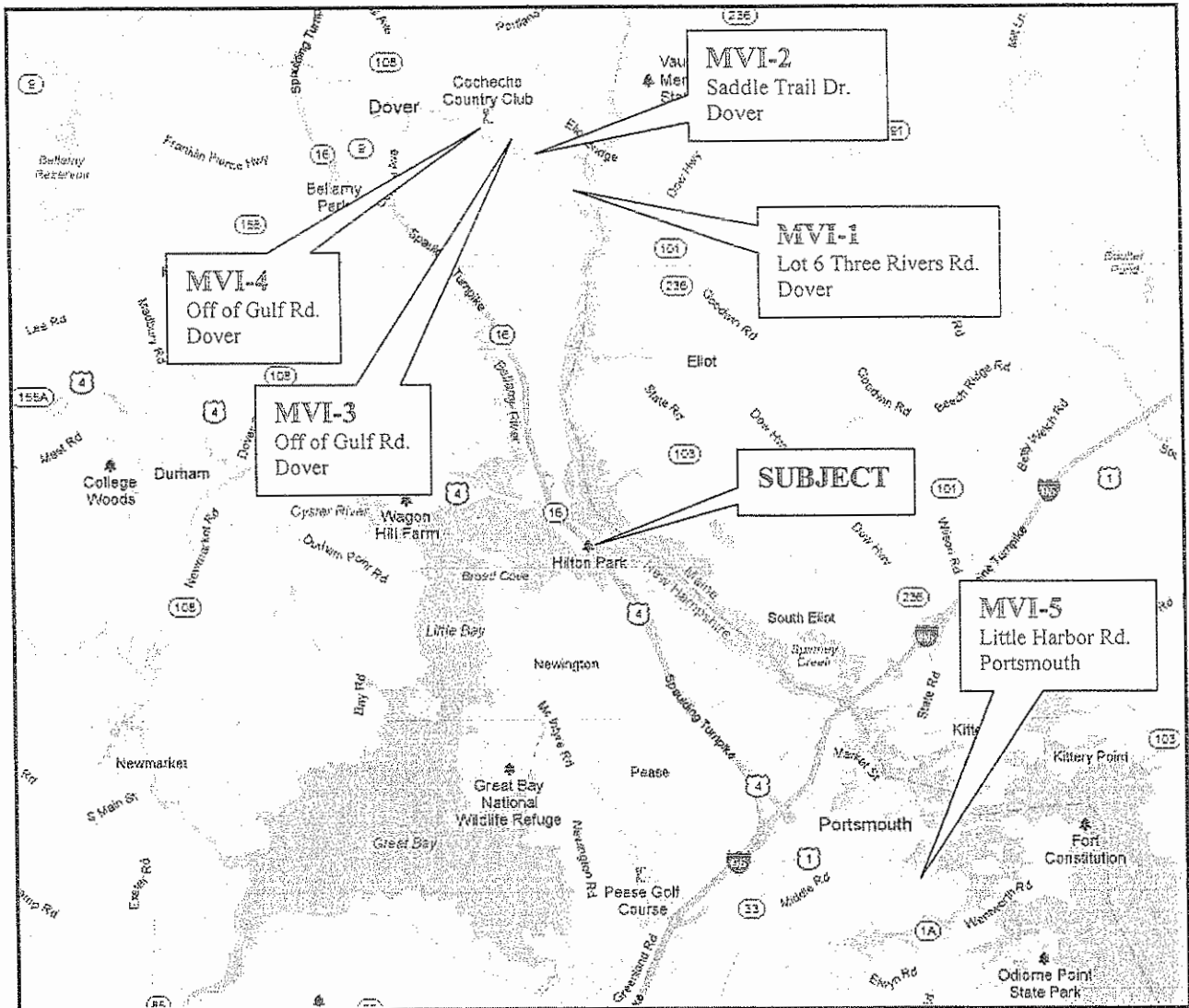
Professional Experience

2012 to Present	Appraisal Supervisor, New Hampshire Department of Transportation, Bureau of Right of Way, Concord, NH
2011 to 2012:	Commercial Appraiser, Shuka Associates Inc., Beverly, MA
2010 - 2011:	Real Estate Analyst, Bayview Loan Servicing, Coral Gables, FL
1988 - 2010:	Commercial Appraiser, Crafts Appraisal Associates, Ltd., Bedford, NH
1987 - 1988:	Appraiser, Cassell Appraisal Services, Hampton, NH
1985 - 1987:	Commercial Real Estate Salesperson Finlay Commercial Real Estate, Lowell & Newburyport, MA

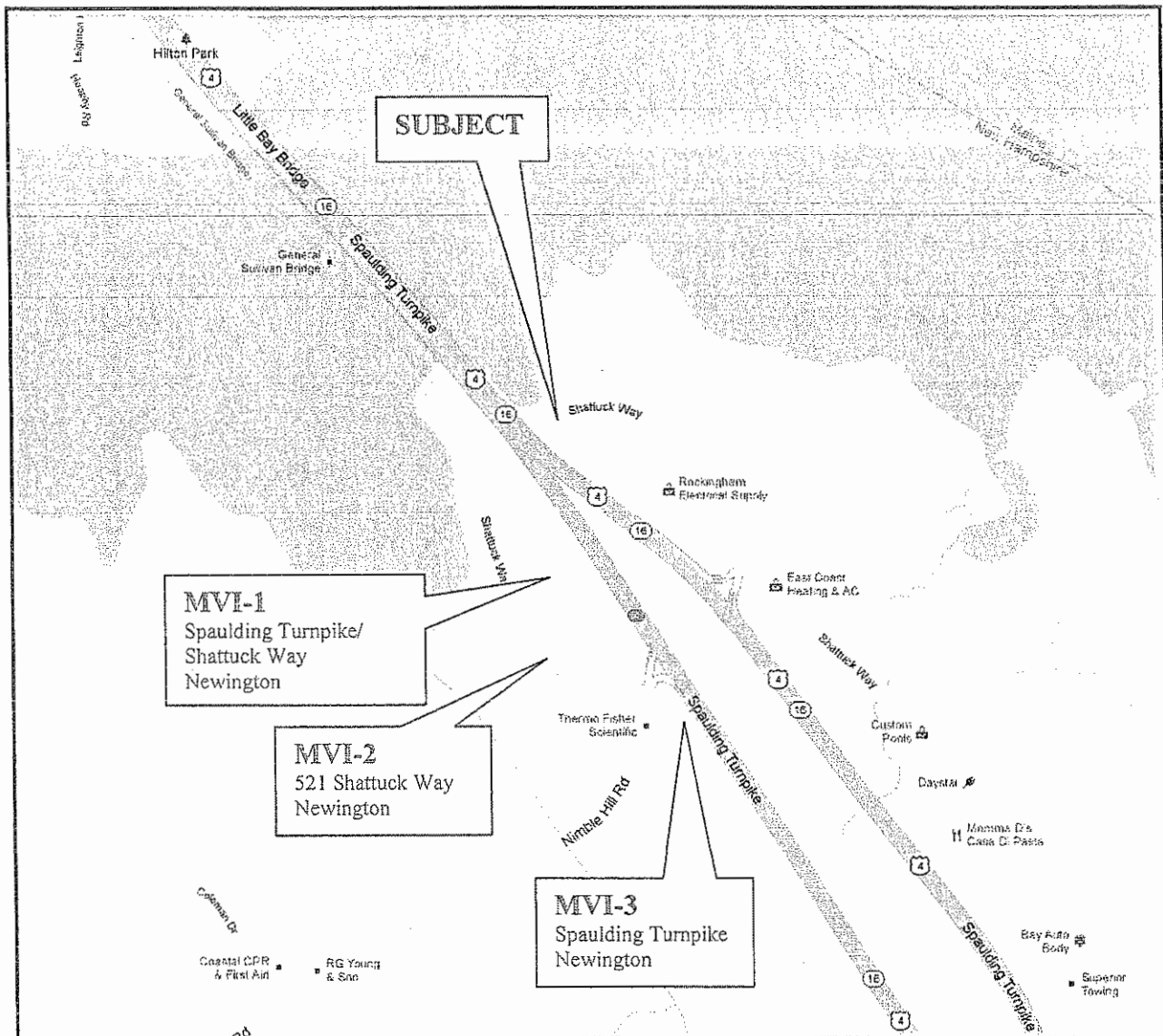
Professional Affiliations

Certified General Real Estate Appraiser – New Hampshire
 Licensed Real Estate Salesperson – Massachusetts 1985-1986

DOVER PORTION MARKET VALUE INDICATORS MAP



NEWINGTON PORTION MARKET VALUE INDICATORS MAP





JEFFRY A. PATTISON
Legislative Budget Assistant
(603) 271-8161

MICHAEL W. KANE, MPA
Deputy Legislative Budget Assistant
(603) 271-8161

State of New Hampshire
OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

LRCP 12-028

RICHARD J. MAHONEY, CPA
Director, Audit Division
(603) 271-2785

June 26, 2012

Joanne Morin, Director
Office of Energy and Planning
107 Pleasant Street
Concord, New Hampshire 03301

Dear Director Morin,

The Long Range Capital Planning and Utilization Committee, pursuant to the provisions of RSA 4:40, on June 26 2012, approved the request of the Office of Energy and Planning, to convey a 50-foot wide easement under the Piscataqua River between Newington and Dover, at no cost to the State, to Granite State Gas Transmission, Inc. of Hampton, NH for an interstate natural gas pipeline and to assess an Administrative Fee of \$1,100, subject to the conditions as specified in the request dated June 6, 2012, amended with the condition that there be no cost to the Department of Transportation or the State for any part of the relocation of the pipeline.

Sincerely,

Jeffry A. Pattison
Legislative Budget Assistant

JAP/pe
Attachment



State of New Hampshire

LRCP 14-007

DEPARTMENT OF ADMINISTRATIVE SERVICES

OFFICE OF THE COMMISSIONER

25 Capitol Street – Room 120

Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

March 21, 2014

The Honorable David Campbell, Chairman
Long Range Capital Planning and Utilization Committee
L.O.B. – Room 201
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 4:40, the Department of Administrative Services requests approval, allowing negotiations within the Committee's current policy guidelines, to reduce the previously approved sale price of the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua from \$1,000,000 to \$800,000, plus an administrative fee of \$1,100, and to extend the term of the Department's listing agreement with NAI Norwood Group for an additional six (6) months beyond the current expiration date of June 24, 2014.

EXPLANATION

The former Nashua District Court property is comprised of land, building, and other improvements located inside the traffic oval at 25 Walnut Street in downtown Nashua (the "Property"), adjacent to the former millyard and just a few blocks from the Main Street business district. The courthouse building was purpose-built in 1979 when the Property was owned by the City of Nashua, and the Property was later leased to the State until the State purchased it in 1992. The building was used continuously as a courthouse until November 2011 and has remained vacant since. A more specific description of the Property is as follows: an oval-shaped parcel of land encircled by city streets which is approximately 1.11 acres in size, a two story masonry office building with approximately 19,459 square feet of above grade space and a full basement, and a paved surface parking lot with 45 spaces.

On May 14, 2013, the Committee approved the request of the Department to enter into a listing agreement with NAI Norwood Group ("Norwood") for a term of up to one (1) year, allowing negotiations within the Committee's current policy guidelines, to sell the Property for \$1,153,778, plus an administrative fee of \$1,100, as specified in the Department's request dated January 17, 2013 (LRCP 13-005). The Department entered into an Exclusive Marketing Agreement with Norwood effective June 24, 2013. After working with the Department to design basic marketing materials, on July 12, 2013 Norwood began to advertise the Property through the Northern New England Real Estate Network (NNEREN) (a Multiple Listing Service or "MLS"), the New England Commercial Property Exchange (NECPE),

and LoopNet. Norwood has also placed signage on the Property, run print advertisements in the New England Real Estate Journal and the New Hampshire Business Review, and conducted both a post card mailing and an email blast directed at brokers, developers, investors, and other potentially interested parties. As a result of these marketing activities, Norwood received inquiries about the Property from thirteen (13) separate parties, showed the Property to three (3) separate parties (one of whom was Tom Galligani, Economic Development Director for the City of Nashua), and received one (1) tentative offer—all within two (2) months of listing the Property.

Although the tentative offer was too low to fall within the acceptable range contemplated by the Committee's current negotiation policy guidelines, the Department believed that the offered price was instructive with regard to its reflection of certain objectively unavoidable buyer costs that were not contemplated by the appraisal or by Norwood's initial opinion of value but are now understood to be necessary to convert the building from a 1979 government-owned courthouse into private office space. In particular, the City Fire Marshal indicated that a fire suppression sprinkler system must be installed throughout the building (estimated cost: \$143,105). In addition, the existing two-inch (2") diameter water main serving the building must be upgraded to a four-inch (4") diameter main in order to accommodate the sprinkler system (estimated cost: \$74,680). Finally, multiple lenders indicated that proper removal of the underground storage tank currently used to store heating oil would be required as a condition of financing (estimated cost: \$37,200). In light of this, it was the prospective buyer's intention to replace the existing boiler and connect the building to City natural gas. The foregoing costs, excluding boiler replacement and gas line connection, total more than \$254,000.

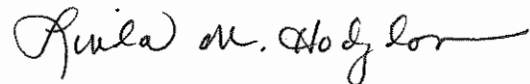
As a result, on September 24, 2013 the Department sought and received the Committee's approval to lower the sale price of the Property to \$1,000,000 plus an administrative fee of \$1,100, allowing negotiations within the Committee's current policy guidelines (LRCP 13-042). Unfortunately, the party who made the first tentative offer had to withdraw, because the offer relied upon commitments from prospective tenants, at least one of which withdrew and has yet to be replaced. Since that time Norwood has diligently continued to execute its various targeted marketing strategies, such as by hosting a broker open house on site in November which attracted 20 attendees. These strategies have resulted in two (2) additional tentative offers as well as potential interest from at least two (2) other parties. However, both of these tentative offers are too low to fall within the acceptable range contemplated by the Committee's current negotiation policy guidelines, even after last September's price reduction. In fact, ever since the first tentative offer was withdrawn last fall, all pricing discussions with potentially interested parties (including the party that submitted the first tentative offer) have suggested a perceived market value of the Property well below the authorized minimum sale price. In addition to the common buyer costs discussed above, all of the recent pricing discussions and tentative offers have contemplated such additional built-in cost factors as: HVAC unit upgrade or replacement, roof repair or replacement, and interior renovations to reconfigure the current courthouse floor plan into a more conventional and attractive private office space layout. Depending on the buyer, these estimated additional costs appear to total anywhere from \$150,000 to nearly \$400,000.

In light of the foregoing and the persistence of weak demand for office space in Nashua, the Department has decided to seek approval to further lower the sale price of the Property to \$800,000 plus an administrative fee of \$1,100, allowing negotiations within the Committee's current policy guidelines. Norwood reports that the listing prices of other high quality office properties in Nashua that have been on the market for several months or longer have in some cases been lowered far more significantly than the price reduction requested herein.

As part of this submission, the Department is also requesting authorization to negotiate with prospective buyers of the Property within a ten percent (10%) range below the reduced sale price approved by the Committee. If the Committee approves this condition, then the Department would be authorized to enter into a purchase and sale agreement that is subject to Governor and Executive Council approval within (10%) of the reduced price. The Department believes that such latitude is necessary to provide a quick response to prospective buyers and efficiently market the Property.

Authorization is hereby requested: to reduce the previously approved sale price of the Property from \$1,000,000 to \$800,000, plus an administrative fee of \$1,100 in accordance with RSA 4:40, III-a, and to extend the term of the Department's listing agreement with NAI Norwood Group for an additional six (6) months beyond the current expiration date of June 24, 2014.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Linda M. Hodgdon", with a stylized flourish at the end.

Linda M. Hodgdon
Commissioner



LRCP 13-042

JEFFRY A. PATTISON
Legislative Budget Assistant
(603) 271-3161

MICHAEL W. KANE, MPA
Deputy Legislative Budget Assistant
(603) 271-3161

State of New Hampshire
OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

RICHARD J. MAHONEY, CPA
Director, Audit Division
(603) 271-2785

September 25, 2013

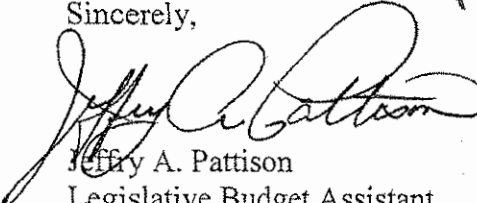
Linda M. Hodgdon, Commissioner
Department of Administrative Services
25 Capitol Street, Room 120
Concord, New Hampshire 03301

Dear Commissioner Hodgdon,

The Long Range Capital Planning and Utilization Committee, pursuant to the provisions of RSA 4:40, on September 24, 2013, approved the request of the Department of Administrative Services, to reduce the previously approved sale price of the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua from \$1,153,778 to \$1,000,000, plus an Administrative Fee of \$1,100, allowing negotiations within the Committee's current policy guidelines, as specified in the request dated September 16, 2013.

This item (LRCP 13-005) was originally approved by the Long Range Capital Planning and Utilization Committee on May 14, 2013.

Sincerely,



Jeffry A. Pattison
Legislative Budget Assistant

JAP/pe
Attachment

Cc: Michael Connor, Deputy Commissioner



State of New Hampshire

LRCP 13-042

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

September 16, 2013

The Honorable David Campbell, Chairman
Long Range Capital Planning and Utilization Committee
L.O.B. – Room 201
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 4:40, the Department of Administrative Services requests approval, allowing negotiations within the Committee's current policy guidelines, to reduce the previously approved sale price of the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua from \$1,153,778 to \$1,000,000, plus an administrative fee of \$1,100.

EXPLANATION

The former Nashua District Court property is comprised of land, building, and other improvements located inside the traffic oval at 25 Walnut Street in downtown Nashua (the "Property"), adjacent to the former millyard and just a few blocks from the Main Street business district. The courthouse building was purpose-built in 1979 when the Property was owned by the City of Nashua, and the Property was later leased to the State until the State purchased it in 1992. The building was used continuously as a courthouse until November 2011 and has remained vacant since. A more specific description of the Property is as follows: an oval-shaped parcel of land encircled by city streets which is approximately 1.11 acres in size, a two story masonry office building with approximately 19,459 square feet of above grade space and a full basement, and a paved surface parking lot with 45 spaces.

On May 14, 2013, the Committee approved the request of the Department to enter into a listing agreement with NAI Norwood Group ("Norwood") for a term of up to one (1) year, allowing negotiations within the Committee's current policy guidelines, to sell the Property for \$1,153,778, plus an administrative fee of \$1,100, as specified in the Department's request dated January 17, 2013 (LRCP 13-005). The Department entered into an Exclusive Marketing Agreement with Norwood effective June 24, 2013. After working with the Department to design basic marketing materials, on July 12, 2013 Norwood began to advertise the Property through the Northern New England Real Estate Network (NNEREN) (a Multiple Listing Service or "MLS"), the New England Commercial Property Exchange (NECPE), and LoopNet. Norwood has also placed signage on the Property, run print advertisements in the New England Real Estate Journal and the New Hampshire Business Review, and conducted both a post card mailing and an email blast directed at brokers, developers, investors, and other potentially interested parties. As a result of these marketing activities, Norwood has received inquiries about the Property from thirteen (13) separate parties, shown the Property to three (3) separate parties (one of whom was Tom Galligani, Economic Development Director for the City of Nashua), and received one (1) tentative offer. Norwood is currently planning a broker open house for next month.

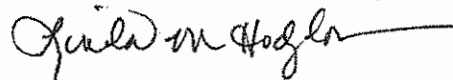
The sole tentative offer received so far came from an investor whose uniquely thorough investigation of the Property has included more than eight (8) site visits (including some with prospective tenants), multiple exploratory communications with the City Fire Marshal and other City offices, discussions with possible lenders, and procurement of early estimates for much of the work anticipated to prepare the building for occupancy by multiple office tenants. Although the tentative offer was too low to fall within the acceptable range contemplated by the Committee's current negotiation policy guidelines, the Department believes that the offered price is instructive with regard to its reflection of certain objectively unavoidable buyer costs that were not contemplated by the appraisal or by Norwood's initial opinion of value but are now necessary to convert the building from a 1979 government-owned courthouse into private office space. In particular, the City Fire Marshal has apparently indicated that a fire suppression sprinkler system must be installed throughout the building (estimated cost: \$143,105). In addition, the existing two-inch (2") diameter water main serving the building must be upgraded to a four-inch (4") diameter main in order to accommodate the sprinkler system (estimated cost: \$74,680). Finally, multiple lenders have apparently indicated that proper removal of the underground storage tank currently used to store heating oil will be required as a condition of financing (estimated cost: \$37,200). In light of this, it is the prospective buyer's intention to replace the existing boiler and connect the building to City natural gas. The foregoing costs, excluding boiler replacement and gas line connection, total more than \$254,000.

In light of the foregoing and the persistence of an unusually high office space vacancy rate in Nashua, the Department has decided to seek approval to sell the Property for \$1,000,000. Norwood reports that the listing price for at least one other high quality office property in Nashua that has been on the market for several months has been lowered far more significantly than the price reduction requested herein.

As part of this submission, the Department is also requesting authorization to negotiate with prospective buyers for the Property within a ten percent (10%) range below the reduced sale price approved by the Committee. If the Committee approves this condition, the Department would be authorized to enter into a purchase and sale agreement that is subject to Governor and Executive Council approval within (10%) of the reduced price. The Department believes that such latitude is necessary to provide a quick response to prospective buyers and efficiently market the Property.

Authorization is hereby requested: to reduce the previously approved sale price of the Property from \$1,153,778 to \$1,000,000, plus an administrative fee of \$1,100 in accordance with RSA 4:40, III-a.

Respectfully submitted,



Linda M. Hodgdon
Commissioner



LRCP 13-005

JEFFRY A. PATTISON
Legislative Budget Assistant
(603) 271-3161

State of New Hampshire

OFFICE OF LEGISLATIVE BUDGET ASSISTANT
State House, Room 102
Concord, New Hampshire 03301

RICHARD J. MAHONEY, CPA
Director, Audit Division
(603) 271-3785

MICHAEL W. KANE, MPA
Deputy Legislative Budget Assistant
(603) 271-3161

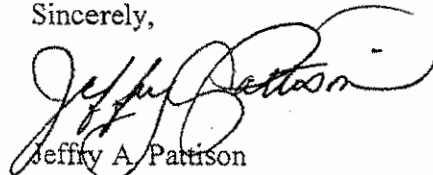
May 15, 2013

Linda M. Hodgdon, Commissioner
Department of Administrative Services
25 Capitol Street, Room 120
Concord, New Hampshire 03301

Dear Commissioner Hodgdon,

The Long Range Capital Planning and Utilization Committee, pursuant to the provisions of RSA 4:40, on May 14, 2013, approved the request of the Department of Administrative Services, to enter into a listing agreement with NAI Norwood Group for a term of up to one (1) year, allowing negotiations within the Committee's current policy guidelines, to sell the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua for \$1,153,778, plus an \$1,100 Administrative Fee, as specified in the request dated January 17, 2013.

Sincerely,


Jeffry A. Pattison
Legislative Budget Assistant

JAP/pe
Attachment

Cc: Michael Connor, Deputy Commissioner



State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street - Room 120
Concord, New Hampshire 03301

LINDA M. HODGDON
Commissioner
(603) 271-3201

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

January 17, 2013

Chairman
Long Range Capital Planning and Utilization Committee
L.O.B. - Room 201
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 4:40, the Department of Administrative Services requests approval to enter into a listing agreement with NAI Norwood Group, allowing negotiations within the Committee's current policy guidelines, for a term of up to one year to sell the former Nashua District Court property located at 25 Walnut Street (including one building of approximately 19,459 square feet and approximately 1.11 acres of land) in the City of Nashua for \$1,153,778 plus an administrative fee of \$1,100.

EXPLANATION

The former Nashua District Court property is comprised of land, building, and other improvements located inside the traffic oval at 25 Walnut Street in downtown Nashua (the "Property"), adjacent to the former millyard and just a few blocks from the Main Street business district. The courthouse building was purpose-built in 1979 when the Property was owned by the City of Nashua, and the Property was later leased to the State until the State purchased it in 1992. The building was used continuously as a courthouse until November 2011, at which time the Nashua District Court functions and personnel moved to the Hillsborough County Superior Court South building on Spring Street in Nashua, in part to alleviate a significant overcapacity of unused space in the Superior Court building. This consolidation of courts at one location and the proposed disposition of the Property both result from substantial Judicial Branch budget cuts in recent years. A more specific description of the Property is as follows: an oval-shaped parcel of land encircled by city streets which is approximately 1.11 acres in size, a two story masonry office building with approximately 19,459 square feet of above grade space and a full basement, and a paved surface parking lot with 45 spaces.

As of March 23, 2012, McManus & Nault Appraisal Company, Inc., an independent appraisal firm, appraised the market value of the Property at \$1,300,000.

On September 19, 2012, the Department issued a Request for Proposal to Provide Real Estate Brokerage Services ("RFP"). The RFP was posted on the Department's Current Bidding Opportunities web site and was advertised in the Manchester Union Leader September 19-

21, 2012 and by a direct email solicitation sent to eighteen (18) commercial brokers licensed by the New Hampshire Real Estate Commission. In response to the RFP the Department received conforming proposals from five (5) brokers. These proposals included opinions of value ranging from \$750,000 to \$1,800,000 and proposed effective commission rates (calculated based on the appraised value) ranging from 4.33% to 5.77%.

All five (5) proposals were reviewed and scored by an Evaluation Committee comprised of three (3) Department employees in accordance with the procedure set forth in the RFP. This procedure includes a two-tier review beginning with a scored evaluation by each Committee member of each broker's qualifications, experience, and proposed marketing strategy, and the quality of the broker's market analysis—all as set forth in the proposal. Each broker must score an average total of 70% of the available evaluation criteria points allocated in the RFP to this first tier review in order to qualify for the second tier review, which focuses entirely on proposed commissions and fees. Four (4) out of the five (5) proposals qualified for the second tier review. Points scored during the second tier review are then added to the first tier score in order to determine the total score. Brokers are ranked by total score, with the highest score receiving the top rank. Scores and rankings for all four (4) proposals that qualified for second tier review are summarized on the attached spreadsheet.

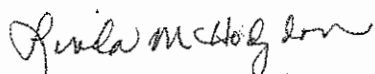
The top ranked proposal was submitted by NAI Norwood Group ("Norwood"). Norwood believes that the Property will sell "as-is" between \$1,038,400 and \$1,132,800. After further discussions with Norwood, the Department has decided to seek approval to sell the Property for \$1,153,778. The Department understands that the discrepancy between the foregoing prices and the appraised value primarily reflects an abundance of caution in the still-lagging Nashua commercial real estate market, which continues to suffer from a relatively high vacancy rate and a limited number of prospective tenants and buyers. The proposed sale price also reflects the lack of existing tenants and the estimated cost of renovations to reconfigure the building interior to better accommodate a conventional or medical office building use. Norwood has proposed a fixed commission rate of 5% of the sale price.

As part of this submission, the Department is also requesting authorization to negotiate with prospective buyers for the Property within a ten percent (10%) range below the sale price approved by the Long Range Capital Planning and Utilization Committee. If the Committee approves this condition, the Department would be authorized to enter into a purchase and sale agreement that is subject to Governor and Executive Council approval within (10%) of the approved price. We feel this type of latitude is necessary to provide quick response to prospective buyers and efficiently market the Property.

The listing agreement will specify that the Department is required to offer the Property to the City of Nashua at the sale price approved by the Long Range Capital Planning and Utilization Committee as part of the statutory disposal process, and that the real estate broker will not receive any commission for a sale to the City of Nashua or if any other State agency expresses interest in acquiring the Property.

Authorization is hereby requested: to enter into an exclusive listing agreement with a maximum term of one (1) year that will be subject to final approval by the Governor and Executive Council for the sale of the Property at or above the proposed sale price and subject to the conditions outlined above; to pay from the proceeds of such sale a commission fee to the selected broker at the rate of five percent (5%) of the sale price; and to retain for the Department from the proceeds of such sale an administrative fee of \$1,100, or such larger amount as the Committee may deem appropriate, in accordance with RSA 4:40, III-a.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Linda M. Hodgdon", written in a cursive style.


Linda M. Hodgdon
Commissioner

Attachments


**STATE OF NEW HAMPSHIRE
INTER-DEPARTMENT COMMUNICATION**

From: Shelley Winters
Administrator

Date: March 18, 2014

Thru: Patrick C. Herlihy 
Director, Division of Aeronautics, Rail & Transit

AT: Dept. of Transportation
Bureau of Rail and Transit

 Charles Schmidt, PE
Administrator, Bureau of Right-of-Way

Subject: State-owned Mountain Division Railroad Corridor
Proposed Sale – Town of Bartlett (RSA 4:40, RSA 228:67)

To: Rep. David Campbell, Chairman
Long Range Capital Planning and Utilization Committee

REQUESTED ACTION

The Department of Transportation, pursuant to the provisions of RSA 4:40 and RSA 228:67, request approval to sell approximately .12 acres (5,232.5 square feet) on the State-owned Mountain Division Railroad corridor in the Town of Bartlett to Cabin Fever Property LLC for a total of \$13,500. The Department will also assess a \$1,100 Administrative Fee, which includes a required \$500 deposit that the Cabin Fever Property has already submitted.

EXPLANATION

Cabin Fever Properties owns a triangular parcel of land on US Route 302 in the Town of Bartlett. This parcel abuts the railroad property just east of a crossing of the highway and the railroad. The Maine Central Railroad, the previous owner of the Mountain Division Railroad Corridor, had tolerated minor encroachments into the railroad corridor at this location. A structure was built, by previous owners, on the triangular parcel of land now owned by Cabin Fever Property LLC, however this structure was built prior to the establishment of municipal standards such as setbacks from property lines. Due to the proximity of the structure to the common property line with the State-owned railroad, a stairway was constructed that actually extends into the State-owned railroad property. As the stairway is a safety feature of the building and should not be removed, this land sale will allow that safety feature to remain.

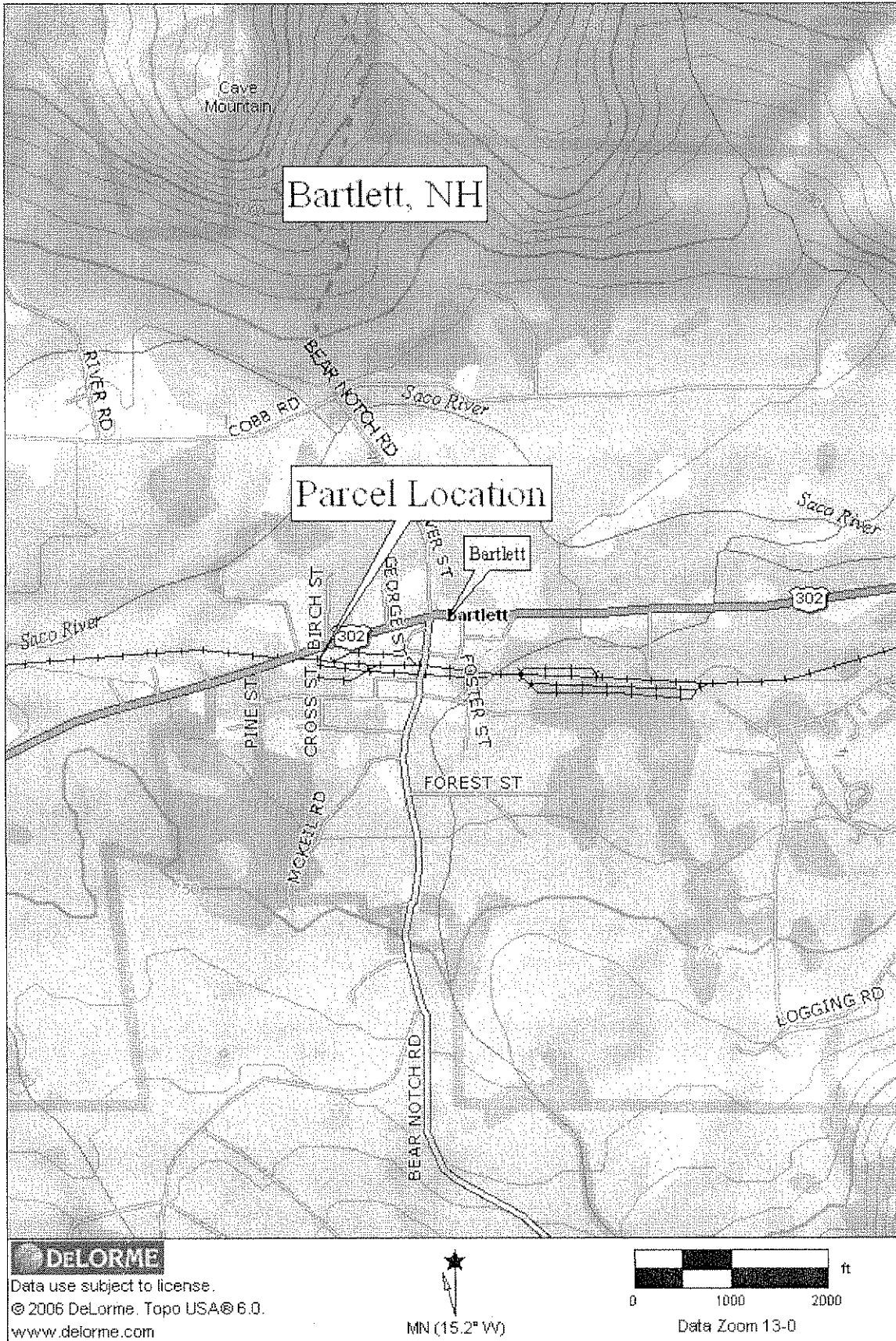
A previous owner of the Cabin Fever property also installed a septic tank and due to the configuration of the triangular parcel this septic tank was actually located on railroad property. We have reviewed this issue with Cabin Fever Property LLC and are in agreement that the septic tank cannot be reasonably relocated.

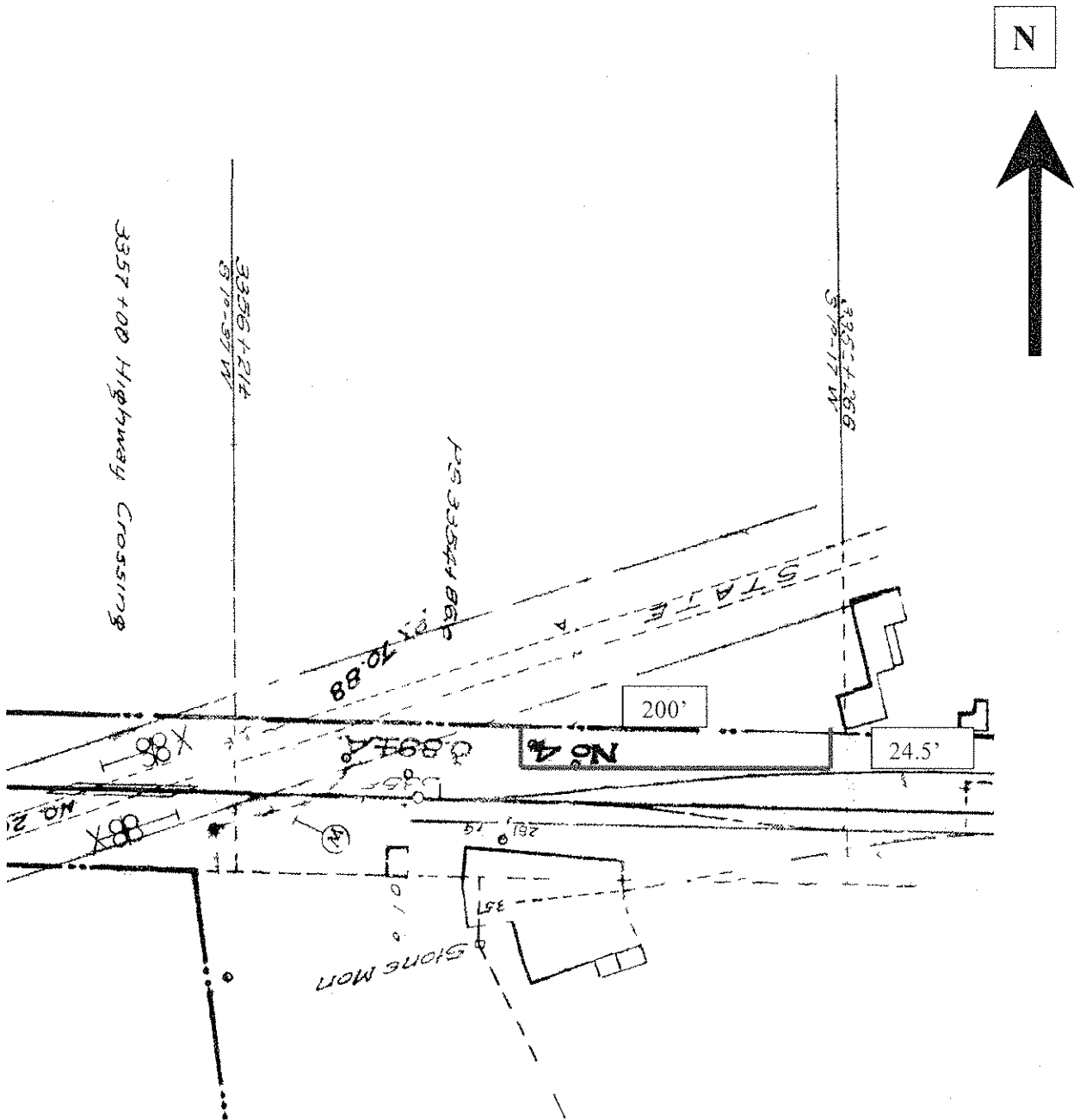
The Department of Transportation, through the Bureau of Rail and Transit, has received a request from Cabin Fever Property LLC to purchase a .12-acre (5,232.5 square feet) parcel, which encompasses the aforementioned areas of encroachment. The Department has reviewed this request and consulted with the current Railroad Operator operating on the Mountain Division Railroad Corridor and determined that selling this property will not interfere with its current or future use as a railroad corridor as the Department will still maintain a minimum 75-foot wide corridor at this location.

A staff appraiser from this Department completed an opinion of value of the .12-acre parcel of the railroad corridor with research including three sales in the Bartlett area. Upon analysis and adjustment of these sales the appraiser determined the value of the subject parcel as of August 20, 2013 to be \$13,500.

Therefore in the best interest of all parties and to amicably resolve the aforementioned issues, the Department requests authorization to sell the subject parcel to Cabin Fever Property LLC as outlined above.

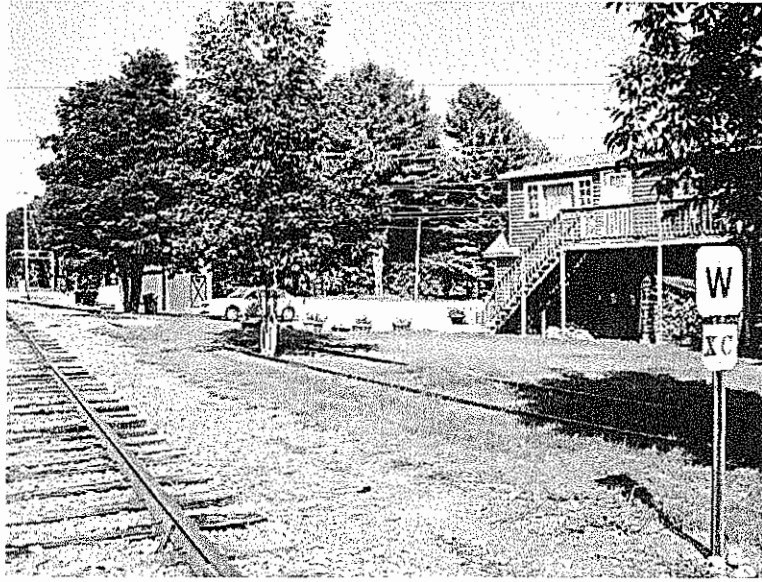
Attachments





Bartlett, NH
 Valuation Station 3352+50 to 3354+50 +/-
 Section V17/21
 Surplus Property Request – Cabin Fever Properties

Summary Appraisal Report
Of a 5,232 SF Railroad Land Lease



Located at:

Railroad Land adjacent to 1395 US Route 302 (Main Street)
Bartlett, New Hampshire

Property Owner:

State of New Hampshire
Mountain Division Railroad Corridor – V17/21
Station 3352+50 to 3354+50 +/-

as of:

August 20, 2013

Prepared for:

Mr. Louis Barker
Bureau of Rail & Transit
State of New Hampshire
Department of Transportation
7 Hazen Drive, PO Box 483
Concord, NH 03302-0483

Prepared by:

Pollyann Printy, Appraiser
Bureau of Right of Way
7 Hazen Drive, PO Box 483
Concord, NH 03302-0483

Letter of Transmittal

October 10, 2013

Mr. Louis Barker
Railroad Planner
Bureau of Rail & Transit
NH Department of Transportation
7 Hazen Drive, PO Box 483
Concord, New Hampshire 03302-0483

Re: 5,232 SF land sale/lease for parking, an area for septic system, dumpster, shed, propane tank and stairs to residential unit

Owned by: State of New Hampshire

Located at: Railroad Land adjacent to 1395 US Route 302, Bartlett, NH

Dear Mr. Barker,

I have prepared this summary appraisal report per the request for a contributory value and an annual ground rent to negotiate a potential land sale or long-term lease that has a total estimated area of 5,232 sf (227.5' length x 23' width) on an active state-owned railroad parcel.

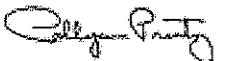
This report is intended to provide the State of New Hampshire Department of Transportation (NHDOT) officials and agents, an estimate of a contributory value and an annual ground rent to negotiate a sale or lease. The lease area is a rectangular shaped parcel abutting the property at 1395 Route 302 and part of the State-owned Mountain Division Railroad Corridor, Bartlett, NH V17/21, Station 3352+50 to 3354+50 +/- and identified by the town as a railroad parcel, Tax Map 5Villg Lot 000MAI Sub: 000RRR, in Bartlett, NH.

I have made an inspection of the property. Information was gathered on the neighborhood and district area. I researched land sales, and local ground rents. I have confirmed all the data included in the analysis and considered them along with the sales comparison, income and cost approaches. The report is governed by the assumptions and limiting conditions of this project and the comparables are summarized in a later section. I have taken into consideration all factors that are pertinent to the value estimate developed and I have not knowingly or intentionally omitted any important data.

I certify that I have no interest, direct or indirect, in the real property being appraised for the Agency that would in any way conflict the preparation or review of this appraisal. My wages or compensation from my employer is not based on the amount of the valuation.

It is my conclusion that the **contributory value** for the subject area is **\$13,500**, as of **August 20, 2013**. It is also my conclusion that the **annual ground rent** for the subject lease area is **\$1,350** annually.

Respectfully submitted,

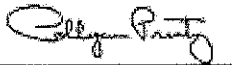


Pollyann D. Printy
Right-of-way Appraiser

Appraisal 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 I have no personal interest or bias with respect to the parties involved;
- ♦ I have no bias with respect to the property that is the subject of this report;
- ♦ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ♦ My compensation is not contingent on the analyses, opinions or conclusions reached or reported in this report;
- ♦ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
- ♦ I have made a personal inspection of the property that is the subject of this report, and that the lessee, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- ♦ No one has provided assistance to me in the preparation of this report.
- ♦ I have not appraised nor performed any valuation service for the subject area in the past three years.



Pollyann Printy
Staff Appraiser, NHDOT

October 10, 2013

Date

General Assumptions and Limiting Conditions:

Assumptions

- ♦ all maps, plans, and photographs used are reliable and correct;
- ♦ the Parcel area given to me has been properly calculated;
- ♦ broker and assessor information is reliable and correct;
- ♦ there are no encumbrances or mortgages other than those reported in the abstracts;
- ♦ information from all sources is reliable and correct unless otherwise stated; and,
- ♦ The value estimates reflect contributory value and annual ground rent for the subject sale/lease area land only.

Limiting Conditions

- ♦ I have relied upon the legal interpretations of others and have assumed their decisions are correct and valid. I have also relied upon the abstracts of title and other legal information available and take no responsibility for their correctness.
- ♦ Sketches or photos in this report are included to assist the reader in visualizing the property. I have not performed a survey of the property or any of the sales, and do not assume responsibility in these matters.
- ♦ Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such material(s) on or in the property. The appraiser, however, is not qualified to detect any such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the values of the properties. The value estimates are predicated on the assumption that there were no such materials on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for expertise or engineering knowledge required to discover them.
- ♦ The appraiser assumes that there are no hidden or unapparent conditions of the property or subsoil, which would render them more or less valuable. There is a history of a remediation site in the subject area which would cause the NHDOT to include a deed restriction preventing any disruption to the soils and no excavation is to take place on the subject lease/sale area. If any further information is necessary, refer to the NHDOT Bureau of Environment's Contamination Program Manager. The appraiser assumes no responsibility for such conditions or for engineering studies, which might be required to discover such factors.
- ♦ Possession of this report (or a copy) does not carry with it the right of publication. It may not be used for any purpose other than by the party to whom it is addressed without the written consent of the State of New Hampshire and in any event only with the proper, written qualification and only in its entirety. Neither all nor any part of the contents (or copy) shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the State of New Hampshire.
- ♦ Acceptance and / or use of this report constitutes acceptance of the foregoing underlying limiting conditions and underlying assumptions.

Hypothetical Conditions

- ♦ This analysis develops a value opinion of the abutting site "as if vacant". Whereas, the site is developed with building improvements consisting of a restaurant on the first level, a single residential unit on the 2nd level, and a shed. The abutter has a septic system, shed/barn, propane tank and dumpster encroachment on the subject sale/lease area.

Extraordinary Assumptions

- ♦ I have appraised the subject as a 5,323-square foot area. Should it be incorrect or vary significantly, it may have a direct impact on the value conclusions.

Summary of Appraisal Problem: The subject is located in the State-owned Mountain Division Railroad Corridor right-of-way adjacent to the Cabin Fever Restaurant addressed at 1395 US Route 302 in Bartlett, NH. The NHDOT Bureau of Rail and Transit is considering selling or entering into a long-term lease for the portion of the corridor to the owners of the adjacent parcel. The railroad is active except during the winter months. The NHDOT, Bureau of Rail and Transit requested a contributory value and an annual ground rent appraisal for the purpose of negotiating a sale or lease agreement. The abutter's acquisition or secondary use of the land would not impact the state's primary use of the property as a railroad corridor.

The abutter has a restaurant that abuts the railroad along its eastern boundary. The abutting property is a mixed use non-conforming, grandfathered property but the northwesterly corner of the building is set approximately eighteen inches (18") from the railroad right-of-way. The abutter's improvement was built in 1962, which is prior to the State of New Hampshire's acquisition of the railroad corridor in 1994. The restaurant is open all year serving local residents (10% of business) and transient visitors (90% of business). The parking lot is unpaved. The subject area would provide additional parking, and an area for the restaurant's dumpster, shed (small barn), propane tank and stairs to the 2nd level (owners) residential unit and the property's septic system. The total estimated area for lease/sale is 5,232 sf. The subject consists of a strip of land 227.5 feet in length, 23 feet wide, and ranges between 13' to 26' from the centerline of the railroad track. The State of NH Bureau of Rail and Transit would like the abutter to construct some kind of barrier or fence within the subject area for safety purposes.

A land lease agreement wouldn't affect the parcel's conformity, frontage length or the property use for the railroad or the abutter. Bartlett has this one railroad and it is owned by the State of New Hampshire.

Scope of Work: The scope of work is the type and extent of research and analyses in an assignment. My investigations and research included an on-site inspection and photographing the subject property with the abutter, Cabin Fever Property LLC, Owner: Tom Ramadon, on August 20, 2013. I examined Town and County property records including assessment data and taxes, zoning regulations, and reviewed available railroad plans, multiple listing service (MLS) and Real Data. I have been asked to appraise the contributory value of the subject area to its abutter's parcel. I formed an opinion of the abutter and subject site's highest and best use based on legal, physical, and neighborhood land use characteristics. I compiled comparable land sales data, verified and analyzed the data, estimated the value of the subject site, and prepared this summary appraisal report in compliance with USPAP 2-2(b) to convey my findings, the market data, and the analyses.

Purpose of the Appraisal: The purpose of the appraisal is to form an opinion of the contributory value of the fee simple interest of the subject area by estimating the market value of the subject "as if assembled" and then "as is" in order to determine the contributory value of the subject area. I will also determine the annual ground rent for the subject as a potential land lease.

Contributory Value: *Contributory Value* is defined by *The Dictionary of Real Estate Appraisal, 5th ed.* (Chicago: Appraisal Institute, 2010), as "The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component."

Ground Rent is defined by *The Dictionary of Real Estate Appraisal, 5th ed.* (Chicago: Appraisal Institute, 2010), as: "The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land."

Property Rights Appraised: The Fee Simple interest of the subject area has been appraised and defined in the *Dictionary of Real Estate Appraisal, 5th ed.* (Chicago: Appraisal Institute, 2010), as: "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat."

Intended Use/User: The intended user of this report is the New Hampshire Department of Transportation (NHDOT) Bureau of Rail and Transit. The intended use is to provide an estimate of contributory value and an annual ground rent for the subject area in order to negotiate a potential sale/lease with the abutter.

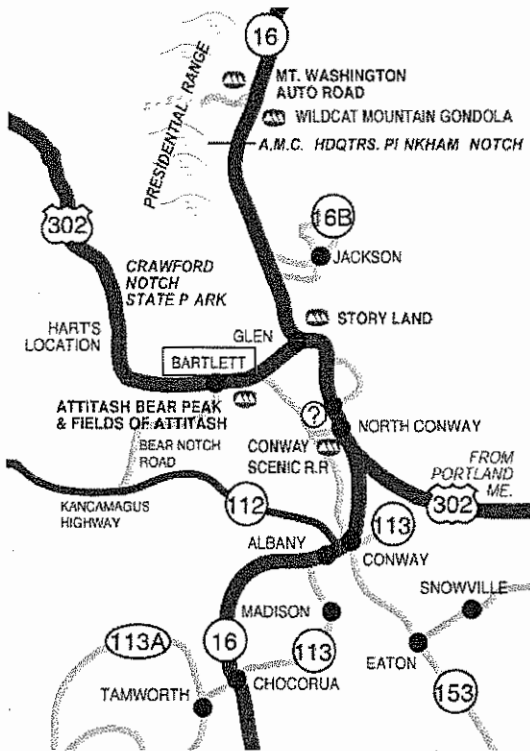
Property Owner

The State of New Hampshire
Contact person: Mr. Louis Barker
NHDOT Bureau of Rail & Transit
7 Hazen Drive, PO Box 483
Concord, New Hampshire 03302-0483
Phone: (603) 271-2425

Abutter

Cabin Fever Property LLC
Owners: Tom and Dawn Ramadon
1395 Main Street (1395 US Route 302)
Bartlett, NH 03812
Phone: (603) 374-9013

Area and Neighborhood Data



The subject property is located in the Town of Bartlett, which is part of Carroll County. Carroll County is the only county in New Hampshire that has no cities. Bartlett is situated in the White Mountains Region and includes the villages of Glen, Lower Bartlett, Intervale and Kearsarge. Bartlett has 74.9 square miles of land area with 37.2 persons per square mile. Inland water area totals 0.4 square miles.

The White Mountains is a popular tourist destination area that includes Attitash Ski Area and other downhill and cross country ski areas; Storyland, Echo Lake State Park; Scenic areas to drive, hike and bike; and stay at campgrounds, motels, hotels, vacation cottages, and resorts. In the fair weather months, tourists especially enjoy hiking, biking, camping and scenic overlooks. In the fall the colorful foliage brings "leaf peepers" from all around. The winter has multiple ski areas and snowmobile trails and resorts.

Other recreational areas include municipal parks, golf courses, museums, performing arts facilities, tourist attractions, beach or waterfront recreational areas, fishing, hunting, snowmobile and bike trails, youth organization and sports, camping, and cross country skiing.

The Town of Bartlett has road access to Routes 302, 16, 16A, I-93 exit 32 is 46 miles away and exit 24 is 56 miles away. Bartlett is a town favorable for living, the scenery, vacationing, snowmobiling and skiing. It is well attended all year long.

The Conway Scenic Railroad passes through Bartlett except in the winter and was part of the Maine Central Railroad until the line was acquired by the State of New Hampshire in 1994 (and also referred to as Mountain Division Railroad Corridor). The railroad parcel consists of multiple parcels in Carroll and Coos Counties and is an active line except during the winter months. A portion of this railroad's right-of-way is the subject of this appraisal. The State of NH has active lease agreements with many railroad abutters as a secondary use.

Bartlett is bound to Livermore to the west, Hart's Location, Hadleys Purchase and Sargents Purchase to the northwest, Jackson to the north, Chatham to the east, Conway and Hart's Location to the southeast and Albany to the south. Bartlett is approximately 90 miles north of Concord, NH, 69 miles west of Portland, ME, 106 miles from Manchester, NH, 140 miles from Boston, MA and 58 miles east of St. Johnsbury, VT.

Bartlett's population as of 2011 was 2,778 which ranked 113th amongst New Hampshire incorporated cities and towns. Per Census data, Bartlett's population change totaled 1,765 over 51 years, from 1,013 in 1960 to 2,778 in 2011. The largest decennial percent change was a 47 percent increase between 1980 and 1990, following a 43 percent increase over the previous decade. Bartlett's largest employer is Mt. Attitash Lift Corporation, a ski area with 360 employees. The second largest employer is Morrell Corporation, an amusement park, and museum with 255 employees.

In summary, Bartlett is located in a tourist destination area with excellent recreational activities. The owner of Cabin Fever Restaurant disclosed that the restaurant is busy year-round, with ninety percent of his revenue generated by tourists and the other ten percent by local residents. Overall, the immediate neighborhood remains relatively stable.

Zoning: The Town of Bartlett is divided into five base districts and one overlay district. The subject parcel is located in Bartlett's Town Commercial (TCD) District. The town commercial district includes land which fronts on, has direct access to, and is within 400 feet on either side of the rights-of-way of Route 302 and/or 16, which are within the limits of the Town of Bartlett.

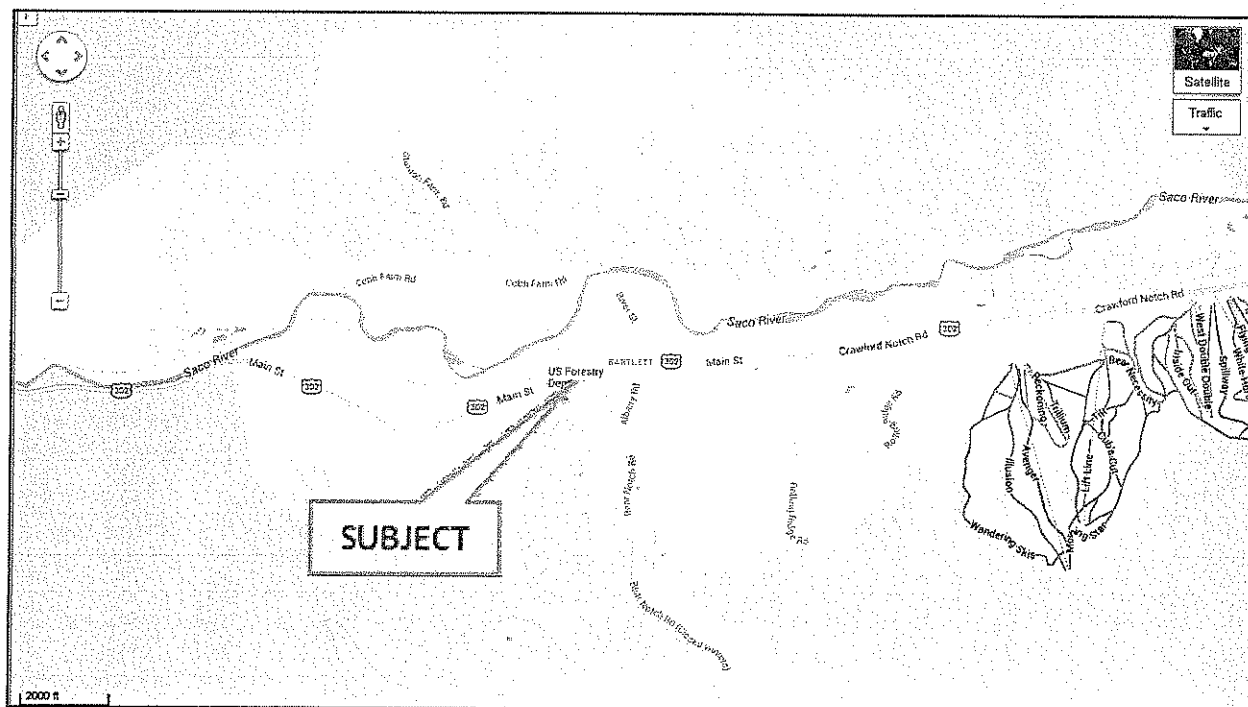
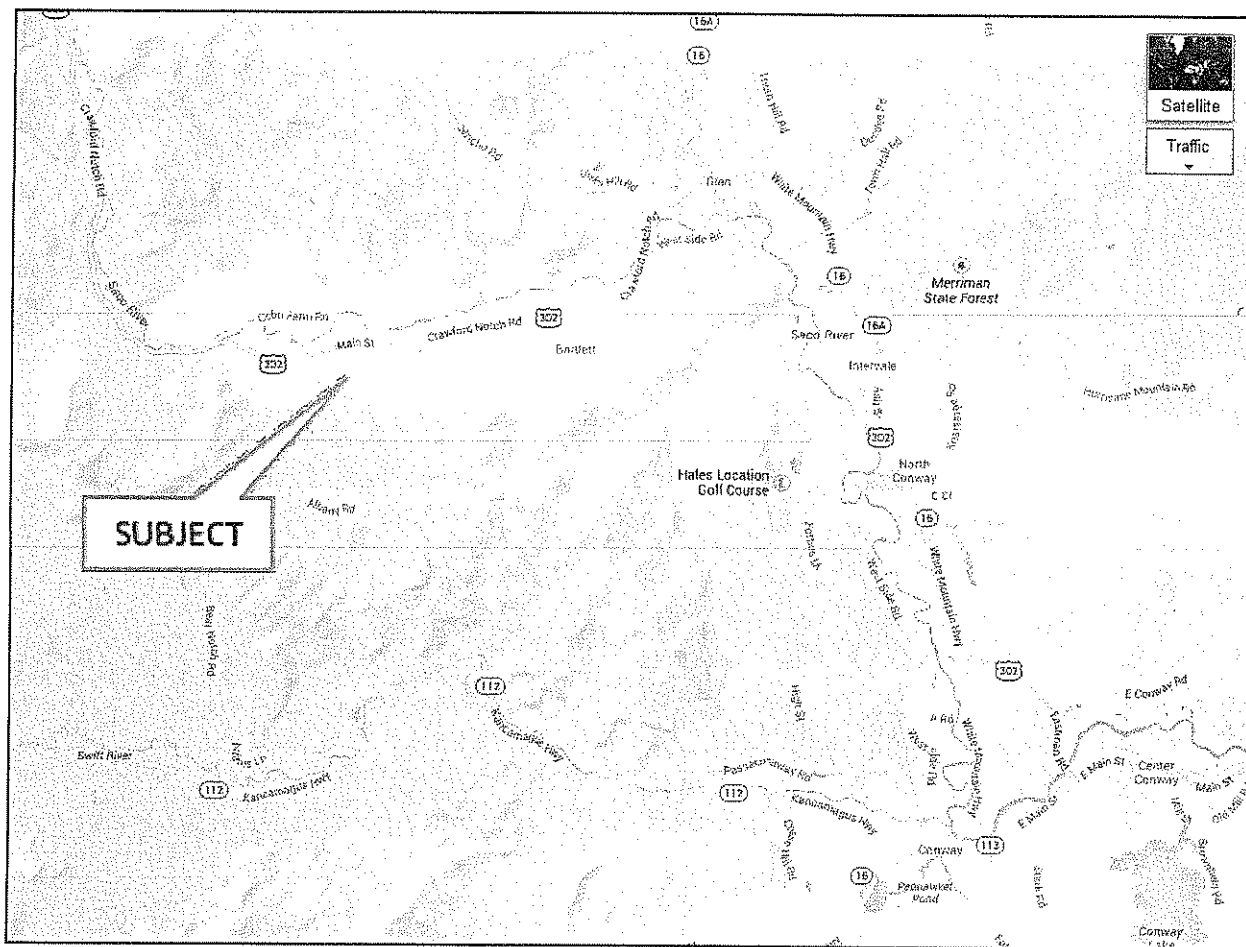
The purpose of this district is to provide selected commercial services to residents and transient traffic in consonance with the desires of the citizens of the Town of Bartlett to separate commercial and residential areas.

Permitted uses in the commercial zone are as follows: retail stores and shops, restaurants, rest homes, convalescent homes, clinics and nursing homes, small industry, veterinary clinics, commercial stables, riding schools, general building contractor headquarters and facilities, motels, hotels, tourist courts, and cabins, health and racquet clubs, skiing facilities, home heating oil business, archery ranges, miniature golf, Laundromats, laundry and / or dry cleaning services, filling stations, auto repair shops, golf courses, commercial tennis courts, building supply and / or hardware stores, office buildings, all town residential district A permitted uses, railroad, museums, car dealership, private schools, state regulated day care facilities, multi-function, research, education and / or cultural facility, all rental businesses not defined as renting a motorized vehicle.

The minimum lot size is 40,000 for commercial use; Residential uses require a minimum lot size of 30,000 to 90,000 square feet depending on slope and soils. The minimum frontage is 200 feet. The minimum front setback is 115 feet from the road centerline and the side/rear is 50 ft. The maximum building height is 38' and the maximum building footprint is 25,000 square feet. Fences in excess of 6 ft 6 in height are considered structures and then must comply with all setback requirements. Decks, stairways, landings, and handicap access structures that are less than 48 square feet in size and are no closer than 10 feet to any property line are not considered structures for the purpose of determining setbacks.

Non-conforming lots that do not meet the minimum requirements are grandfathered, as of August 27th, 1985. Non-conforming structures destroyed by fire or natural disaster or obsolescence may be repaired or replaced if the degree of non-conformity is not altered.

The subject area is a level, rectangular area that is part of an active railroad corridor. The abutter has a permitted restaurant use on a grandfathered lot. The subject area would provide additional use to the abutter for parking, an area for septic system, dumpster, shed, propane tank and stairs to residential unit, but would not add sufficient area to bring the abutting lot into conformance with current zoning.



Aerial View

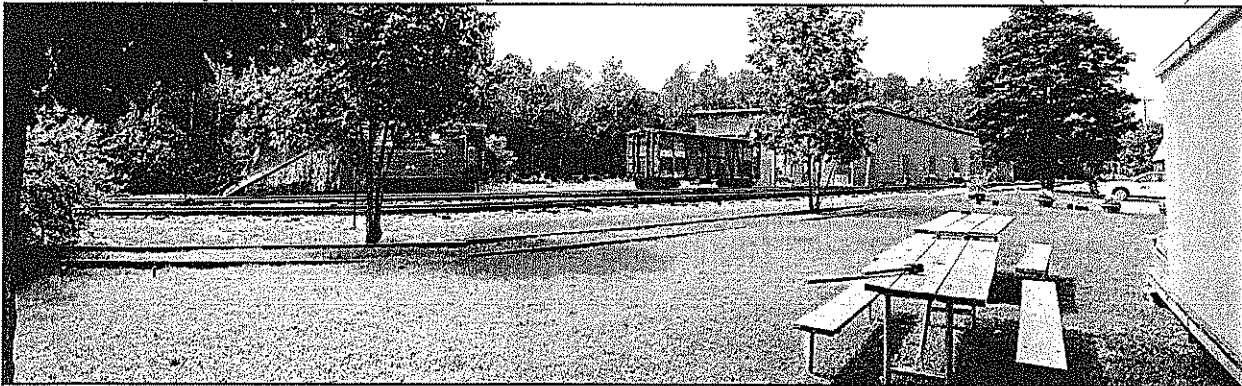


Photographs

Taken by Pollyann Printy on August 20, 2013.



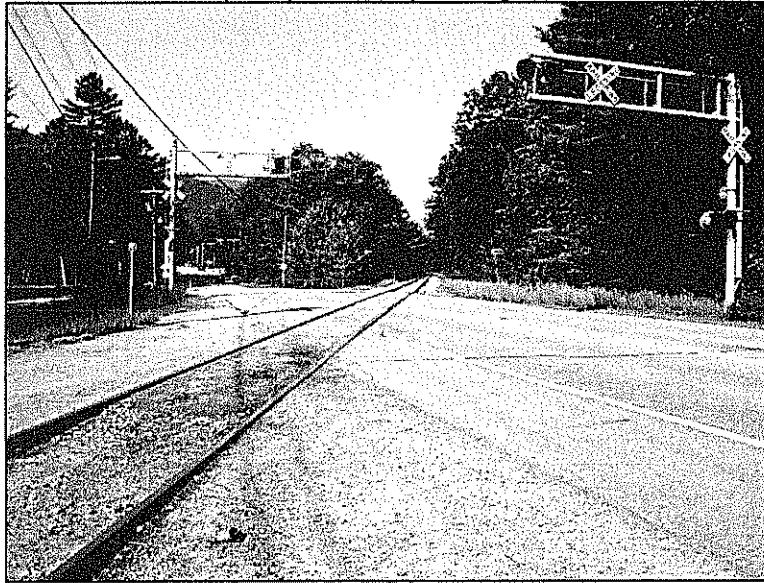
Northwesterly (front) view of the subject lease and abutter area from US Route 302 (Main Street)



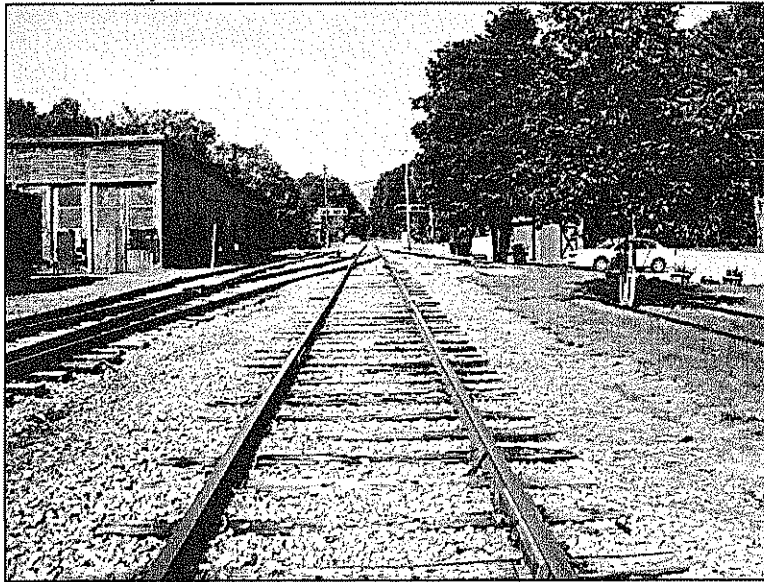
Northwesterly view of the subject area (including historic railroad station "round house")

Photographs

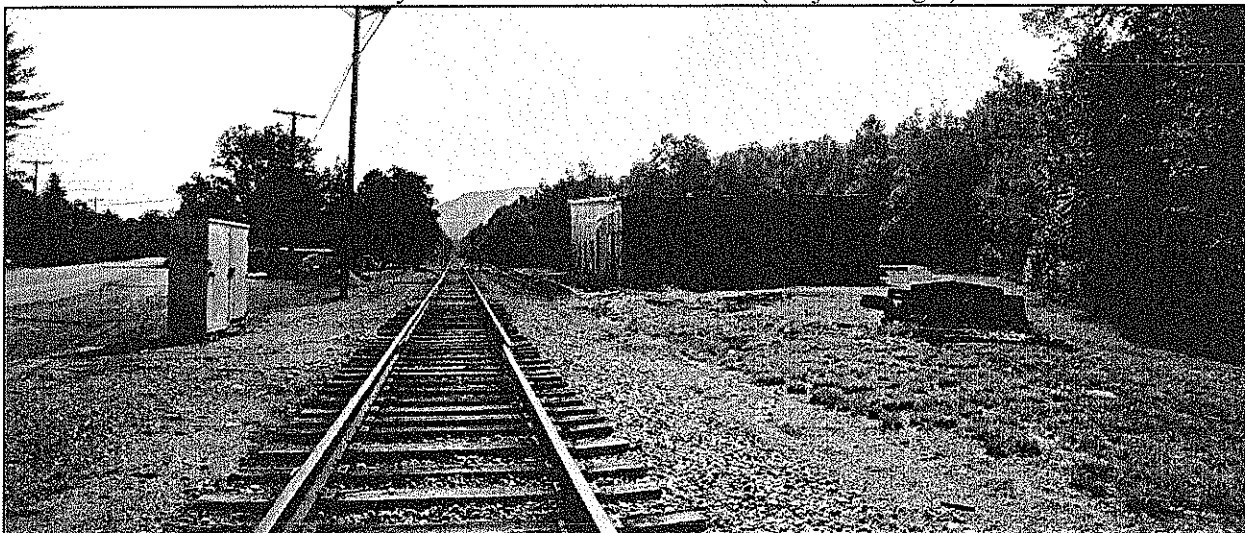
Taken by Pollyann Printy on August 20, 2013



Northerly view of the railroad corridor and US Route 302



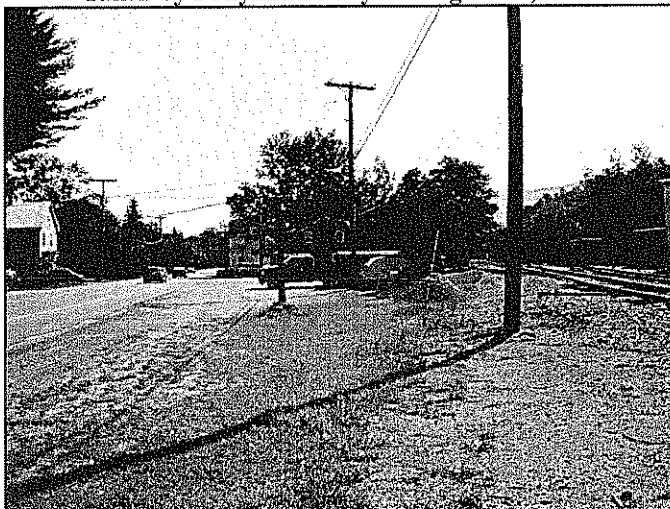
Northerly view of the railroad corridor (Subject at right)



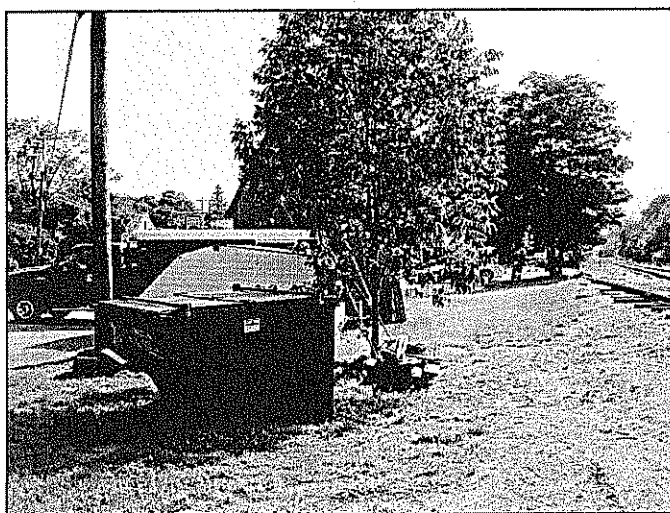
Southerly view of the US Route 302 (left), railroad corridor and railroad station "round house" (right);
(Subject at left)

Photographs

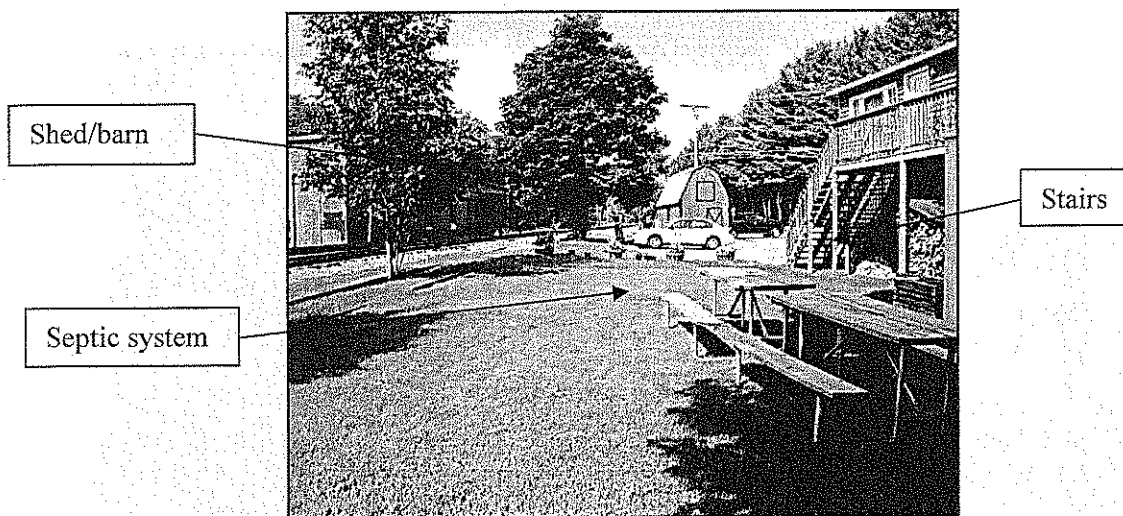
Taken by Pollyann Printy on August 20, 2013



Southerly view of the Subject area to the left and rear of the telephone pole



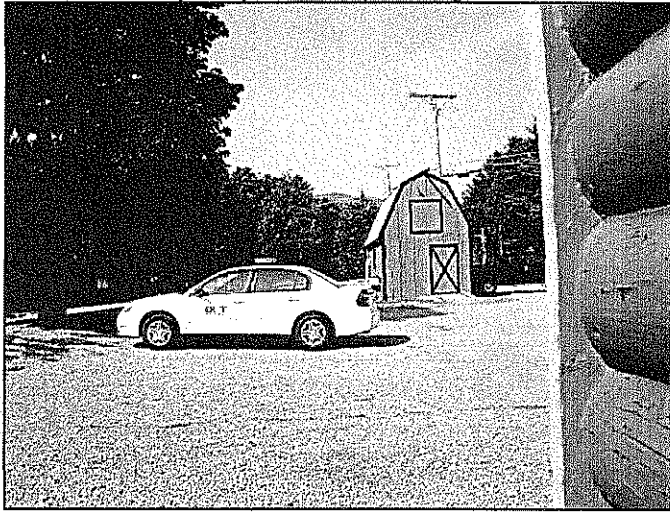
Southerly view of the encroaching dumpster and shed/barn



Northerly view of the subject area from left side of stairwell, with septic system, parking area & shed/barn

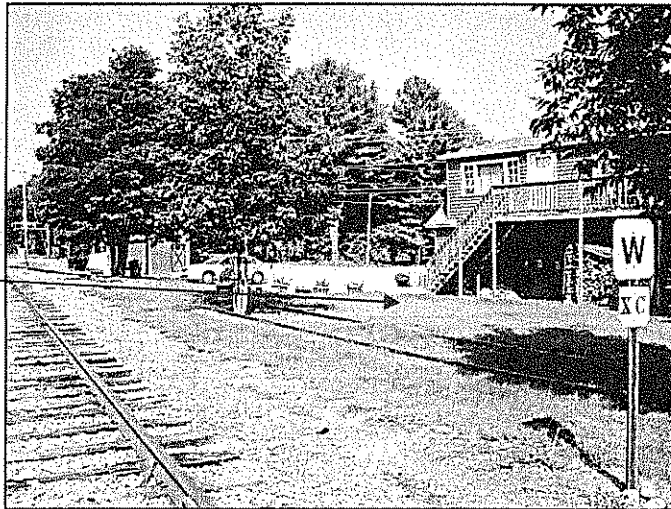
Photographs

Taken by Pollyann Printy on August 20, 2013

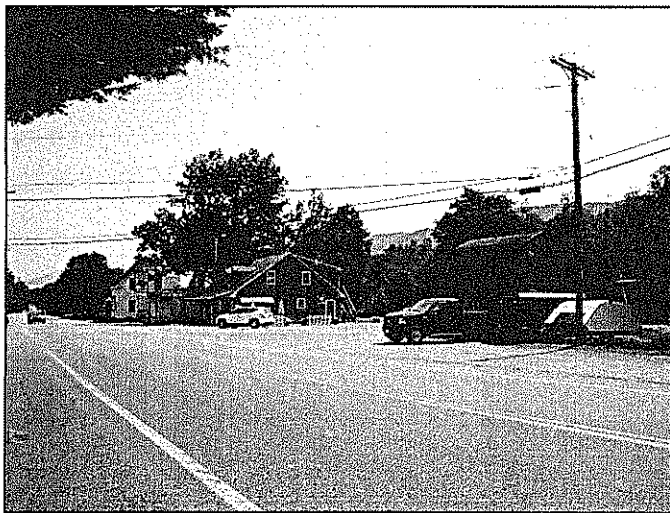


Southerly view of the subject area toward parking area and shed/barn from stairwell

Septic System Area



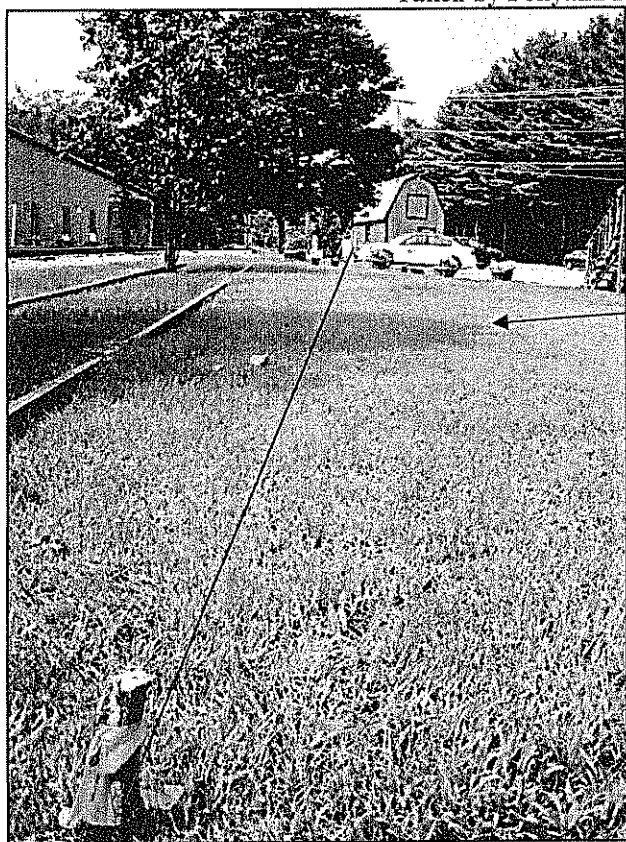
Northeasterly view of the subject area toward US Route 302



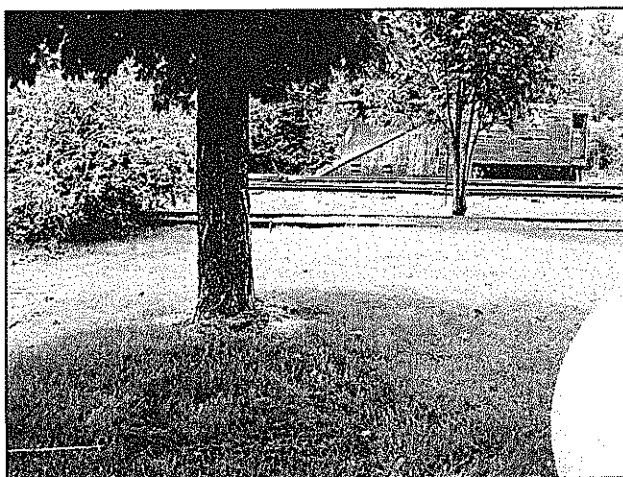
Southwesterly view of the subject area and abutter from across US Route 302

Photographs

Taken by Pollyann Printy on August 20, 2013



Subject Area

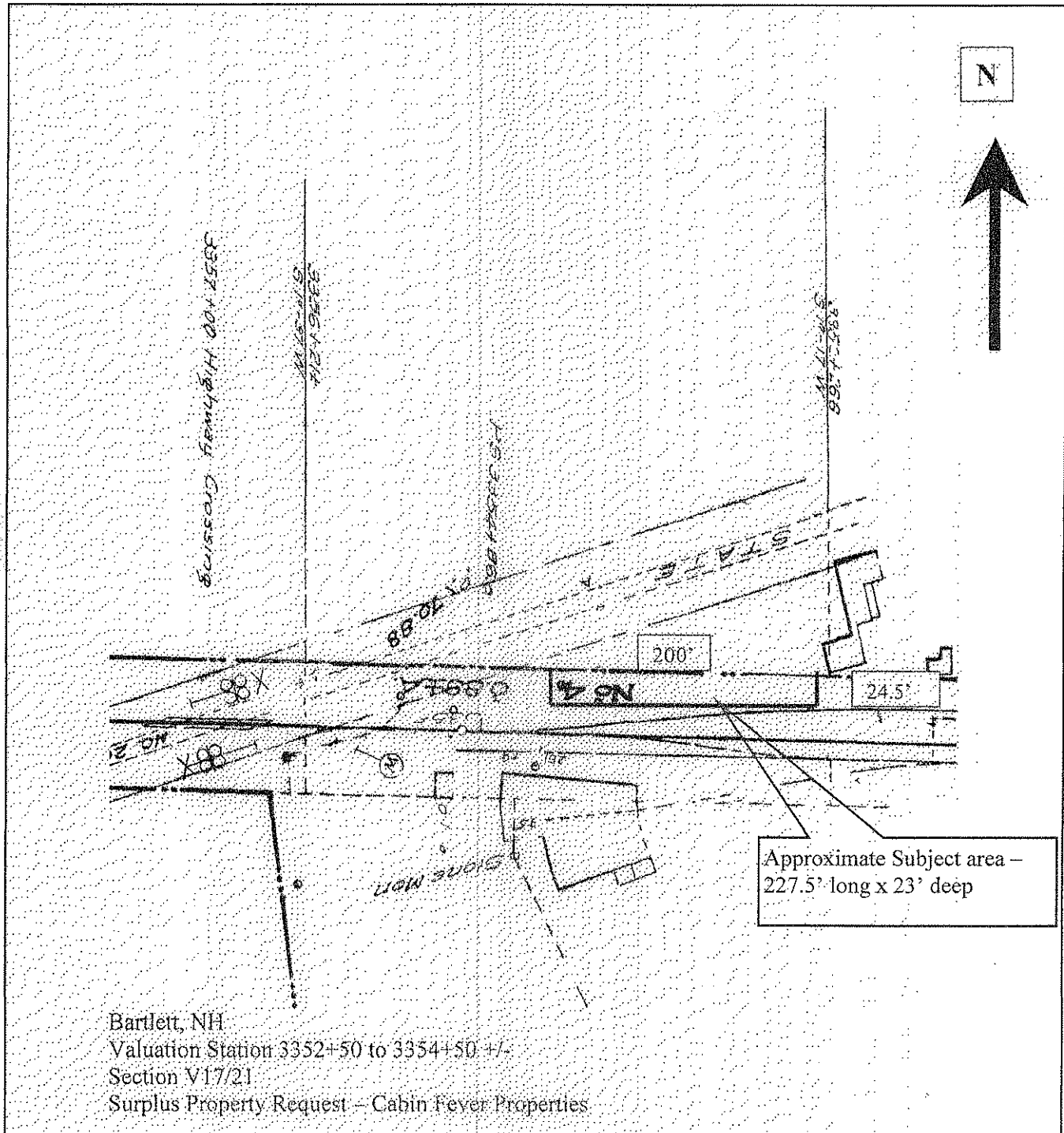


Pink tape measured 26' from center of railway (not siding rail).

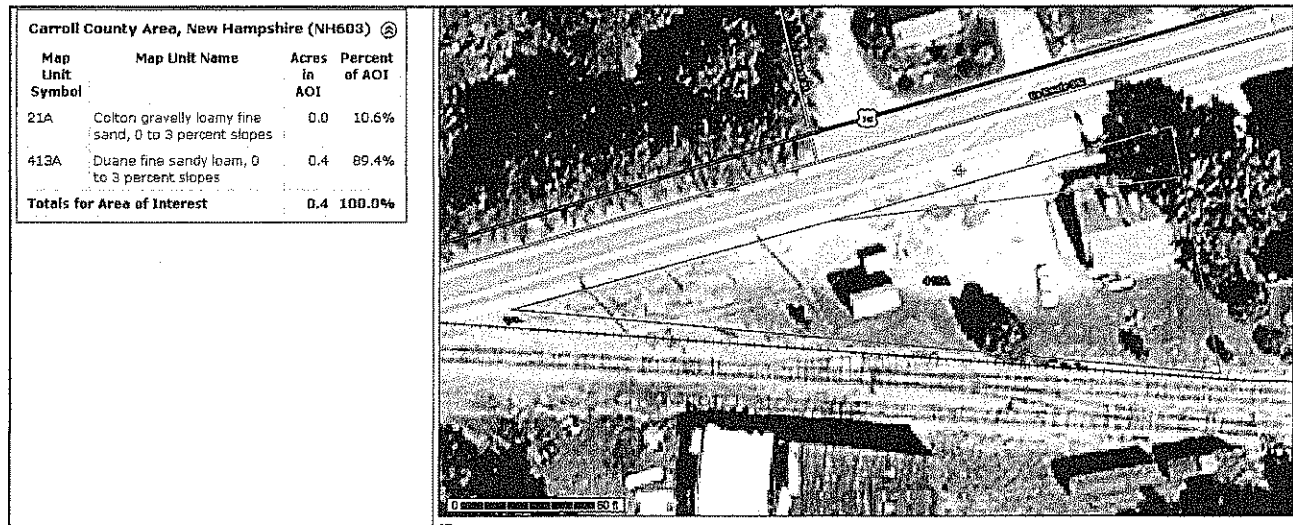
Property Description: The subject is shown as a portion of a 4.82-acre parcel on tax map 5VILLG Lot 000MAI Sub 000RRR, in Bartlett, and is a portion of a larger railroad corridor consisting of multiple railroad parcels. The subject area is a level area of railroad right-of-way that is 5,232 sf in size (227.5' long x 23' deep) that is adjacent to 1395 US Route 302, parcel ID 5VILLG Lot 000 Sub 000910, in Bartlett, NH. A railroad valuation sheet identifies the lease area as located near Station 3352+50 – 3354+50 +/- of the State-owned Mountain Division Railroad Corridor and shown on the Valuation Sheet V17/21 as No. 4. The railroad actively carries freight north and south of the subject property, except during the winter months. The railroad's subject area abuts Cabin Fever Restaurant to the east, Route 302 to the north, a single family residence to the south and the railway to the south and west.

The NHDOT Bureau of Rail and Transit leases portions of the corridor to abutters for secondary use such as access, parking and storage. The NHDOT Bureau of Rail and Transit proposes to either sell the land or enter into a lease agreement with the abutter, Cabin Fever Properties.

Site Plan on Valuation Sheet V17/21



The Soil covering the site is 413A, Duane fine sandy loam, 0 to 3 percent slopes. This soil type is moderately well drained, not prone to flooding as it is a sandy stony soil. The subject lease area is compacted dirt with some grassy area to be used above grade for the parking, and an area for the abutter's stairs, dumpster, shed/barn; as well as maintenance of an existing septic system.



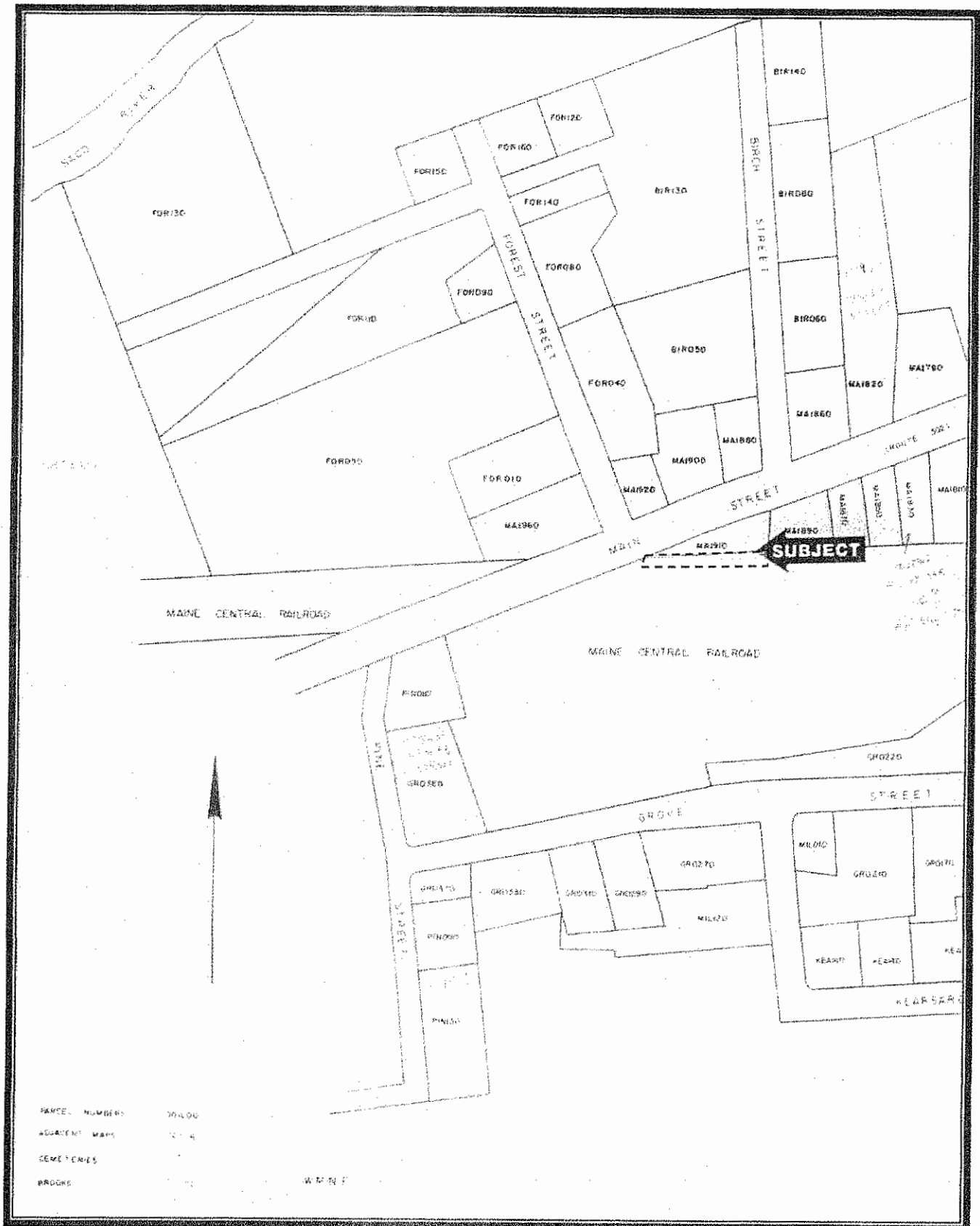
Easements and Right-of-Ways: There are utility easements but none that are known to affect the subject's property value.

History of Subject Property: The Maine Central Railroad Company sold to The State of New Hampshire, Department of Transportation by release deed the Mountain Division railroad line on August 30, 1994. The subject area was acquired with many other tracts of land that ran through Carroll and Coos Counties. The release deed was recorded in Carroll County in Book 1591, Page 289 on 09/27/94. To the best of my knowledge, there is no offer of sale for this property.

The NHDOT has documentation determining that any use of the subject area would be limited. If the subject property were to be transferred a deed restriction could include no disruption of the underlying soil and no excavation is to take place on the parcel.

Assessment: The subject property is identified on Tax Map 5VILLG, Lot 000MAI, Sub 000RRR, but is tax exempt. The railroad property is assessed as: Land: \$49,800, Building: \$70,700, Parcel Total \$120,500. The current 2012 tax rate in Laconia is \$10.33 per \$1,000 of assessed value with an equalization ratio of 96.2.

Tax Map 5VILLG - Subject



Highest and Best Use

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. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

SUBJECT

The subject lease/sale area is a 5,232 sf (227.5 feet long x 23 feet deep) area of railroad right-of-way that is part of an active railroad corridor. The subject area would lie outside a range of 13' to 26' from the centerline of the railroad track. The subject is located in the Town Commercial zone. The subject area is not a conforming lot due to its size of 0.12 of an acre in a minimum 40,000 square foot zone. The subject lease/sale area will not meet current setback requirements for a developed lot, as it is 23 feet deep.

The railroad actively carries freight north and south of the subject property during the three seasons without snow. Some railroad corridors are open for snowmobiling during the snow months.

The subject's abutter (Cabin Fever Properties LLC) at 1395 US Route 302 (Tax Map 5VILLG Lot 000MAI Sub 000910) is a 0.20-acre (8,520 sf) property that abuts the railroad corridor on the southwest side and a residential property on the east side. The abutter is legal, non-conforming parcel. Cabin Fever Properties LLC (Tom and Dawn Ramadan) purchased the abutting property to operate the Cabin Fever Restaurant with the encroachments in place. Mr. Ramadan said he could correct some of the encroachment issues but not the stairs or the septic system. The restaurant is operational and the owner is refinancing his property in order to repay the original promissory note obtained by seller financing. Northway, the banking institution that Cabin Fever Properties is doing business with, wants them to have a clean title to the property in case of potential foreclosure or future transfer.

The highest and best use of the subject whole parcel remains as a portion of a larger railroad corridor. The subject area has a secondary use or would be supplemental or surplus land for the abutter to be used to expand parking, and an area for their dumpster, shed/barn, propane tank, stairs to the second level and the existing septic system. Therefore, the highest and best use of the subject area is as supplemental land to an abutter or continued use as part of an existing railroad corridor.

The State of NH Bureau of Rail and Transit would like the abutter to construct some kind of barrier or fence within the lease area for safety purposes.

Conclusion: The primary use of the subject parcel is as part of a larger railroad corridor. The railroad corridor right-of-way has a secondary market to its abutters for uses unrelated to railroad use, for purposes such as parking, access and storage. A potential land sale or lease of the subject area in the railroad right-of-way does not change the whole parcel's highest and best use of as a railroad corridor. The subject lease/sale area will not meet current setback requirements as a buildable lot, as it is only 23 feet deep; therefore, the subject lease/sale area has a highest and best use as supplemental land to a non-conforming abutter to fix the encroachment issues, parking and additional access.

ABUTTER

The abutter (Cabin Fever Properties LLC) at 1395 US Route 302 (Tax Map 5VILLG Lot 000MAI Sub 000910) is a 0.20-acre (8,520 sf) triangular-shaped property that abuts the active Mountain Division Railroad Corridor on the southwest side and a residential property on the east side. The abutter is located in the Town Commercial zone. The abutter is a non-conforming property that does not conform to the minimum size or setback requirements, therefore the existing lot and structure is grandfathered as improved with commercial use. The abutter consists of the Cabin Fever Restaurant on the first level and its owner's apartment on the second level. The abutter's site is so small it encroaches on the subject parcel.

Historically, the abutter was a convenience store that was closed for two years before the current owners turned it into a restaurant. Cabin Fever Properties LLC (Tom and Dawn Ramadan) purchased the property, to operate the Cabin Fever Restaurant, and the encroachments were already in place. Mr. Ramadan said he could correct some of the encroachment issues but not the stairs or the septic system.

The abutter parcel is a non-conforming lot due to its small size of 8,520 square feet in a minimum 40,000 square foot zone and the placement of the exterior stairs and septic system encroaching onto the railroad corridor parcel. The abutter will not meet current setback requirements for a developed lot even if

assembled with the subject lease/sale area due to its small size and triangular shape. If the abutter were to be used for single family or duplex use, the structure would need a 115 feet setback area from the centerline of Route 302 and 15 feet from all other property boundaries, which the abutter does not meet. If the abutter were vacant as the abutter's structure is a non-conforming structures and if destroyed by fire or natural disaster or obsolescence it may be repaired or replaced if the degree of non-conformity is not altered.

The 1,750 sf restaurant is operational and the owner is refinancing his property in order to repay the original promissory note obtained by seller financing. Northway, the banking institution that Cabin Fever Properties is doing business with, wants them to have a clean title to the property in case of potential foreclosure or future transfer.

The abutter's improvements are encroaching upon the subject, and the owner's would like to lease/purchase the subject area to be used to expand parking, and an area for their dumpster, shed/barn, propane tank, stairs to the second level and the existing septic system. The State of NH Bureau of Rail and Transit would like to negotiate a potential long-term lease/sale and also would like the abutter to construct some kind of barrier or fence within the lease/sale area for safety purposes.

Conclusion: The highest and best use of the abutter's property is continued use as commercial use as a restaurant.

Land Valuation Analysis

There are three basic approaches to valuing real estate: the sales comparison, income and cost approaches. They are interdependent but also interrelated. Each approach is based on available market research and data.

Income Capitalization Approach: The income approach specifically deals with net income. The State of New Hampshire owns the railroad corridor that is used to provide scenic railroad train rides by the Conway Scenic Railroad. The subject's lease area is a small area of railroad right-of-way that would not affect the railroad's use as a railroad corridor. As a result, The State of NH leases various areas of right of way to abutters in order to specify the abutter's use of the land, the terms of agreement and safety measures that must be implemented. The subject lease is not comparable to typical for profit commercial use railroad operations.

The State of New Hampshire could sell the subject area or negotiate a long-term lease agreement with the abutter, who pays an annual ground rent for the right to use the subject's lease area. Land is fixed in supply and as the land demand increases the rent will increase proportionately. Market rents are determined from the desire of anyone who lives within a community to use land. The income approach is applied as a means of deriving a ground rent from the contribution of the leased area to the abutter's site value.

Sales Comparison Approach: The sales analysis is based on the elements of comparison. The adjustments in this comparison are intended to reflect those conditions, which the buyers and sellers consider important and which are present in various degrees between the subject and one or more of the comparables. The subject site is part of a railroad corridor. This type of property is not typical of most properties in the real estate market or of an active railroad corridor. There are no qualified land sales or leases in Bartlett that are similar to the subject property. There are qualified land sales on Routes 302 and 16 in Bartlett and Conway similar to the abutter that I considered in order to determine the subject lease area's contribution to the value of the abutter's site. The Sales Comparison Approach was considered applicable since there are comparable land sales to arrive at a site value similar to the subject and abutter.

Cost Approach: The cost approach specifically deals with estimating the construction or replacement costs minus the improvements' depreciation and adding in the land value to arrive at a value indication for the subject. The cost approach was considered but is not applicable for this site value.

Conclusion: The abutter's building value does not influence the land value of this property; therefore the abutter's improvements will be ignored in deriving an opinion of land value for this ground rent/contributory value appraisal assignment. To arrive at my opinion of value for the abutter, the Cost Approach, Income Approach and Sales Comparison Approach were considered. Use of the subject has been considered and comparables have been selected to appropriately arrive at a site valuation in order to generate an annual ground rent/contributory value for this assignment. The cost approach was considered but not used. The sales comparison approach has been developed in this report to arrive at an opinion of value. The income approach has been partially developed in this report to derive a ground rent from the land value estimated using the sales comparison approach.

Sales Comparison Approach

Researching the Multiple Listing Service (MLS) and RealData, I found 33 active land listings in the Town of Bartlett and 23 closed land sales in the with a date search range from 08/27/11 to 08/27/13 and sales prices ranging from \$14,000 to \$153,750. Two sales sold in 2011, fifteen sales sold in 2012 and six sold in 2013. Most of the sales are residential building lots. I opened my search to surrounding towns with commercial land properties on Routes 302 or 16 (White Mountain Highway) and found land sales in the town of Conway. I disregarded sales that included improvements, land sales that weren't potentially commercial use properties.

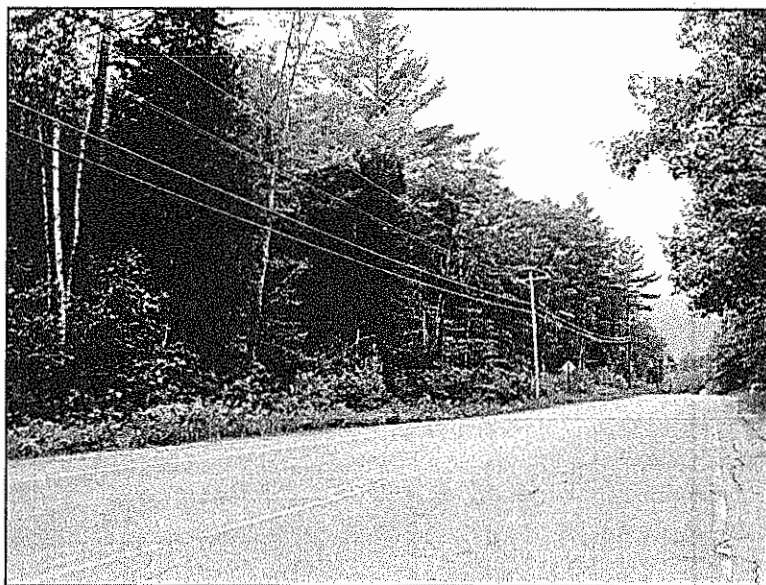
Prime location commercial land sales are scarce in the White Mountain Region. I interviewed the owner of a local (GDC) concrete and garden center located on Route 302 near Pinkham Notch Road / Route 16 and he indicated that traffic flow is busy on Routes US 302/NH 16 between Conway to Bartlett and then splits at the junction of Route 16 (Pinkham Notch Road). I verified this information with data published by the NHDOT Bureau of Traffic. Routes US 302/NH 16 near Main Street in the Town of Conway has a reported 11,000 vehicles per day (near Sale L-3). US 302/NH 16 (White Mountain Highway) east of Junction of NH 16 recorded 13,000 vehicles per day in 2012. NH 16 North of US 302 has a recorded 7,400 vehicles per day during 2012 and US 302 (Crawford Notch Road) west of NH 16 recorded 6,800 vehicles per day reported in 2009. The traffic count drops to 2,491 vehicles per day on US 302 2 miles east of Harts Location town line (close to Sale L-1).

The best recent comparable sales of commercial land were used and summarized in a chart. Elements of comparison are tested against market evidence to estimate which elements are sensitive to change and how they affect value.

Sales Analysis

Sale L-1

Location: US Route 302, Bartlett, NH (west of 1669 US Rt 302)
Grantor > Grantee: Barry Estate, John M. > McNulty, Robert L. & Heather E.
Sale Date: 03/22/2012
Recording Data: CCRD Book 2986, Page 0974
Sale Price: \$39,000 or \$18,571 per acre
Land Size: 2.10-acres
Frontage: 300'
Zoning: Town Commercial District
Utilities: Electricity, telephone, and cable; Well and Septic systems needed
Easements: None known
Comments: Tax Map 3RT302-2/130/L00. L-1 is a wooded, rolling vacant lot located outside the village area where the density of development is low.



Sale L-2

Location: US Route 302, Bartlett, NH
Grantor > Grantee: Zachary, E Carolyn > Davis, Dean R & Nancy P
Sale Date: 03/10/2010
Recording Data: CCRD Book 2847, Page 0001
Sale Price: \$85,000 or \$35,865 per acre
Land Size: 2.37-acres
Frontage: 170' road; 175' Saco River
Zoning: Town Commercial District
Utilities: Electricity, telephone, and cable; Municipal Water, existing Well; Septic needed
Easements: None known
Comments: Tax Map 2RT302/155/L00. L-2 is a wooded, rolling vacant lot located across from Golden Apple Inn. Septic design, survey on file.



Sale L-3

Location: White Mountain Highway, Conway, NH
Grantor > Grantee: Patterson, Maurice H & Andrea D > Hirschfeld, Eric
Sale Date: 01/29/2010
Recording Data: CCRD Book 2841, Page 0283
Sale Price: \$149,900 or \$111,866 per acre
Land Size: 1.34-acres
Frontage: 260' road
Zoning: Commercial District
Utilities: Electricity, telephone, and cable; Municipal Water and Sewer
Easements: None known
Comments: Tax Map 265/2691/128.1. L-3 is a wooded, sloping vacant lot located next to Davis Park and Saco River, before Rockingham Electric. L-3 was sold with an existing driveway permit in place and the buyer purchased the land for a new dentist office. The buyer representative indicated that it hasn't been financially feasible to build due to regional economic decline.



Explanation of Adjustments

The adjustments are intended to reflect the market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to, or more favorable than the subject site, a negative (-) adjustment is made, thus reducing the indicated value for the subject; if a significant item in the comparable property is inferior to, or less favorable than the subject site, a positive (+) adjustment is made, thus increasing the indicated value for the subject. To equate the comparable property lot size to the subject a unit of comparison is established (whole lot, usable acre, square foot). The comparable properties will be adjusted on a price per whole lot basis.

Property Rights Conveyed: All of the sales conveyed the fee simple interest; therefore, no adjustment is warranted for property rights.

Financing/Sale Concessions: An adjustment for the type of financing is necessary when it could have an impact on the sale price, especially if the grantor is directly involved in a non-market financing arrangement. All three transactions were offered to the open market. Sale L-1 sold for \$39,000 with the buyer paying in terms of cash. Sale L-2 sold for \$85,000 with the buyer paying in terms of cash. No adjustment is warranted for any financing/sales concessions on L-1 and L-2.

Sale L-3 sold for \$149,900 with seller financing \$104,930 that was considered as a cash transaction by the buyer. L-3 was financed with 70% LTV financing but seller financing can result in the buyer paying a slightly higher sale price and obtaining below market financing. The buyer has an operational dental practice

and therefore is especially creditworthy. The abutter was financed similar to sale L-3 with seller financing; therefore no adjustment is necessary to financing/sale concessions.

Conditions of Sale: An adjustment for conditions of sale is required when circumstances surrounding a transaction are unusual to the market and may have influenced the price paid. L-1 was sold by a motivated seller as a fiduciary transaction. The seller's broker documentation included a statement by the seller that he was the executor of the estate of the owner and has no personal knowledge of the property. L-1's broker sold the commercial zoned land as a residential use site which commands a lower sales price; therefore I have adjusted Sale L-1 an upward 25% for condition of sale. L-2 and L-3 were arm's length transactions so no adjustment is warranted for conditions of sale.

Market Conditions: The sales presented occurred between January 2010 and March 2012. During this time period overall market conditions were very volatile. The current supply of 33 existing land listings exceeds current demand. There has not been sufficient sales activity within the very limited market for commercial lots in the Bartlett area to establish a trend, as demand for commercial land has been quite low in recent years. Therefore, based on the data currently available, adjustments for market conditions were not applied.

Physical Adjustments

The comparable sales are generally similar in physical characteristics to the subject property. The comparable sales have similar potential use compared to the subject as commercial zoned land located in the Bartlett area.

Location / Exposure: The abutter's site is located in close proximity to the railroad corridor and on Route 302 with easy access to White Mountain recreational attractions, ski slopes, parks and trails. The traffic flow on Route 302 is busy between Conway to Bartlett and then splits at the junction of Route 16 (Pinkham Notch Road). NH 16 North of US 302 has a recorded 7,400 vehicles per day during 2012 and US 302 (Crawford Notch Road) west of NH 16 recorded 6,800 vehicles per day reported in 2009. The traffic count drops to 2,491 vehicles per day on US 302 2 miles east of Harts Location town line (close to Sale L-1). US 302/NH16 (White Mountain Highway) east of Junction of NH 16 recorded 13,000 vehicles per day in 2012. Route 302 near Main Street in the Town of Conway has a reported 11,000 vehicles per day (near Sale L-3).

L-1 is located westerly on Route 302 near Bartlett's town line with Hart's Location. This is an inferior location that has limited exposure and traffic counts compared to the subject and other sales that the area is noted for; therefore I have applied a 25% adjustment on L-1. L-2 is located easterly on Route 302 in Bartlett, closer to Pinkham Notch Road. This is a superior location with good exposure and traffic counts compared to the subject therefore I have applied a negative 15% adjustment on L-2. L-3 is located in Conway on White Mountain Highway (Route 16), in a commercial neighborhood within walking distance to the downtown area. L-3's location and exposure is superior to the subject and other two sales, therefore, I have applied a negative 40% adjustment on L-3 for location/exposure.

Site Area (SF)/Utility: The utility of land must be able to satisfy the want or need of a buyer. The value of an amenity is related to the utility or desirability to the owner. Land characteristics influence its value. Size, shape and topography are a few characteristics that can influence land and property value.

The abutter's site "as is" is 8,520 sf in size, triangular shaped, commercial zoned property. The abutter land area is non-conforming due to size, and encroaches on the State of New Hampshire's Railroad property. The abutter's site is no small it could not function in its present use without encroaching onto the subject area for its septic system. This is not a typical condition for commercial sites and this condition is not found in any of the comparable sales, which are all superior in size and utility.

L-1 is a 91,476 sf, fairly square, conforming, commercial site. L-2 is a 103,237 sf, long fairly rectangular, conforming, commercial site. L-3 is a 58,370 sf, irregular shaped, conforming, commercial site. Based on an analysis of the sales site sizes and their adjusted price differences as well as considerations of the abutter's and sales site utility, I have applied a negative 30% adjustment to the sales for superior size/utility.

Sales Grid

Analysis Grid - Abutter "As Is"							
	Abutter Property	Sale 1		Sale 2		Sale 3	
Address	US Route 302, Bartlett, NH	US Route 302 (near 1669), Bartlett, NH		US Route 302 (near 322), Bartlett, NH		White Mountain Hwy, Conway, NH	
Data Source	MLS, NHDOT files	MLS, Real Data		MLS, Real Data		MLS, Real Data	
Verification Source	Inspection, Owner	Badger Realty		Badger Realty		Buyer	
Book / Page		2986 / 0974		2847 / 0001		2841 / 0283	
Proximity		1 mile		5 miles		17 miles	
Sales Price			\$ 39,000		\$ 85,000		\$ 149,900
Property Rights		Fee Simple	0%	Fee Simple	0%	Fee Simple	0%
Financing/Sale Concessions	Not Applicable	None	0%	None	0%	None	0%
Conditions of Sale		Motivated Seller	25%	Arms Length	0%	Arms Length	0%
Market Conditions	8/20/13	3/22/12	0%	3/10/10	0%	1/29/10	0%
Adjusted price			\$48,750		\$85,000		\$149,900
Location & Exposure	Route 302	Route 302	25%	Route 302	-15%	Route 16	-40%
Site Area (SF)/Utility	8,520	91,476	-30%	103,237	-30%	58,370	-30%
Net Adjustments (%)			-5%		-45%		-70%
Gross Adjustments (%)			55%		45%		70%
Final Adjusted Price			\$46,313		\$46,750		\$44,970

Low: \$44,970

Median: \$46,313

Average: \$46,011

High: \$46,750

Reconciliation – Abutter As Is

The three methods to estimate the value of property rights in real estate were considered. The cost approach was considered but not used. The sales comparison and income approaches are the applicable approaches to value that have been developed in this report. The sales used as comparable were verified and found to be the most comparable to the subject. The sales were adjusted for location/exposure and site area/utility.

The following table is a summary of the indicated property value for the comparable sales that were used and compared to the subject in the analysis grid.

Comparable ID	Adjusted Price per Whole Lot
Sale L-1	\$46,313
Sale L-2	\$46,750
Sale L-3	\$ 44,970

The comparable sales used are commercial sites similar to the subject parcel. After adjustments, the sales shown within the sales comparison grid have rounded indicated values from \$44,970 to \$46,750 with an average of \$46,011.

Each of the sales represents a buildable site within the Bartlett area. The adjusted sales present a reasonable range of value indicators, given the property type.

Sale L-1 and L-2 are developable sites in Bartlett, NH. L-1 is further west and outside town development and L-2 is further east on the other side of town on Route 302. Both have commercial development potential, but L-1 is more likely to be developed with residential use and L-2 with commercial or mixed use. I have placed the most weight on the value between these two comparable sales. Sale L-3 is the oldest, highest priced and smallest sized sale but L-3 is located in Conway on White Mountain Highway (Route 16) with good steady traffic exposure. L-3 is a good comparable for commercial land sale, but L-3 is superior to the abutter, so I have placed the least amount of weight on the value of Sale L-3.

Based on my research and analysis, using the sales comparison approach, it is my opinion that the market value for the 0.20-acre (8,520 sf) Abutter Site "As Is", as of **August 20, 2013**, is **\$46,500**.

Land Valuation – Abutter “As If Assembled”

Highest and Best Use: The property is similar in both the “As If Assembled” and “As Is” analyses with the exception of the subject size. The abutter as if assembled includes an additional 5,232 sf area to fix the encroachments: septic system, stairs, barn/shed and dumpster and allows for improved parking. Any differences between the two analyses will be described. Please refer to the prior section for descriptions that are the same. The Highest and Best Use is the same in both analyses since the abutter is non-conforming in both analyses.

Land Valuation Analysis: The site valuation is the same in both As If Assembled and As Is analyses. Any differences to the site in the As If Assembled scenario will be summarized in this section. Please refer to the prior sections for sections that are the same. The cost approach was considered but not used. The sales comparison and income approaches have been developed in this report to arrive at an opinion of value.

Sales Comparison Approach: The sales used in the prior section are the same as well as the adjustments with the exception of the subject size and utility. The parcel still belongs to the owner, setbacks, frontage remain the same in both analyzes. The property is still a non-conforming grandfathered lot due to size.

Site Area (SF)/Utility: The abutter’s site “as if assembled” is 13,752 sf in size and has an irregular shape. The site is a grandfathered commercial use property as evidenced by the mixed use existing improvements. The subject analysis indicates that the 38% size increase (8,520 sf vs. 13,752 sf) as if assembled still leaves the abutter land area as non-conforming due to size, but the additional area fixes the encroachment issues. The abutter’s utility is substantially improved in the “as if assembled” scenario and more similar to that of the comparable sales which are still superior in size and shape so some adjustment is still warranted.

L-1 is a 91,476 sf, fairly square, conforming, commercial site that is 1 mile west of the abutter. L-2 is a 103,237 sf, long fairly rectangular, conforming, commercial site that is 5 miles east of the abutter. L-3 is a 58,370 sf, irregular shaped, conforming, commercial site that is 17 mile southeast of the abutter. I have applied a negative 10% adjustment to all three sales for superior size/utility.

Analysis Grid - Abutter "As If Assembled"

	Abutter Property	Sale 1		Sale 2		Sale 3	
Address	US Route 302, Bartlett, NH	US Route 302 (near 1669), Bartlett, NH		US Route 302 (near 322), Bartlett, NH		White Mountain Hwy, Conway, NH	
Data Source	MLS, NHDOT files	MLS, Real Data		MLS, Real Data		MLS, Real Data	
Verification Source	Inspection, Owner	Badger Realty		Badger Realty		Buyer	
Book / Page		2986 / 0974		2847 / 0001		2841 / 0283	
Proximity		1 mile		5 miles		17 miles	
Sales Price			\$ 39,000		\$ 85,000		\$ 149,900
Property Rights		Fee Simple	0%	Fee Simple	0%	Fee Simple	0%
Financing/Sale							
Concessions	Not Applicable	None	0%	None	0%	None	0%
Conditions of Sale		Motivated Seller	25%	Arms Length	0%	Arms Length	0%
Market Conditions	8/20/13	3/22/12	0%	3/10/10	0%	1/29/10	0%
Adjusted price			\$48,750		\$85,000		\$149,900
Location & Exposure	Route 302	Route 302	25%	Route 302	-15%	Route 16	-40%
Site Area (SF)/Utility	13,752	91,476	-10%	103,237	-10%	58,370	-10%
Net Adjustments (%)			15%		-25%		-50%
Gross Adjustments (%)			35%		25%		50%
Final Adjusted Price			\$56,063		\$63,750		\$74,950

Low: \$56,063

Median: \$59,960

Average: \$59,924

High: \$63,750

Reconciliation – Abutter “As If Assembled”

The three methods to estimate the value of property rights in real estate were considered. The cost approach was considered but not used. The sales comparison and income approaches are the applicable approaches to value that have been developed in this report. The sales used as comparable were verified and found to be the most comparable to the subject. The sales were adjusted for location/exposure and site area/utility.

The following table is a summary of the indicated property value for the comparable sales that were used and compared to the subject in the analysis grid.

Comparable ID	Adjusted Price per Whole Lot
Sale L-1	\$56,063
Sale L-2	\$63,750
Sale L-3	\$74,950

The comparable sales used are commercial sites similar to the subject parcel. After adjustments, the sales shown within the sales comparison grid have rounded indicated values from \$56,063 to \$74,950 with an average of \$59,924.

Each of the sales represents a buildable site within the Bartlett area. The adjusted sales present a reasonable range of value indicators, given the property type. Sales L-1 and L-2 are developable sites in Bartlett, NH. L-1 is further west and outside town development and L-2 is further east on the other side of town on Route 302. Both have commercial development potential, but L-1 is more likely to be developed with residential use and L-2 with commercial or mixed use. I have placed the most weight on the value between these two comparable sales. Sale L-3 is the oldest, highest priced and smallest sized sale but L-3 is located in Conway on White Mountain Highway (Route 16) with good steady traffic exposure. L-3 is a good comparable for commercial land sale, but L-3 is superior to the abutter, so I have placed the least amount of weight on the value of Sale L-3.

The property is similar in both the “As If Assembled” and “As Is” analyses with the exception of the subject size. The abutter as if assembled includes an additional 5,232 sf of area. Based on my research and analysis, using the sales comparison approach, it is my opinion that the market value for the 0.315-acre (13,752 sf) abutter’s land “as if assembled”, as of **August 20, 2013**, is **\$60,000**.

Reconciliation / Final Value Conclusion

Sales Comparison Abutter “As If Assembled”:	\$60,000
Sales Comparison Abutter “As Is”:	\$46,500
Contributory Value of the Subject Lease Area:	\$13,500

Based on my research and analysis, using the sales comparison approach, it is my opinion that the **Contributory Value** for the 5,232 sf (lease area) of the **Subject Land**, as of **May 1, 2013** is **\$13,500**.

Land Lease Analysis

The subject is a railroad use property. The subject's gross income could be determined with a site value and land capitalization rate. Ground rent is the price paid annually for the right to use a certain location, piece of land or other natural resource. Land is fixed in supply and as land demand increases the rent will increase proportionately. Ground rents are determined from the desire of anyone who lives within a community to use land.

A land site is a parcel of land that is finished and ready for use under the minimum requirements as called for in the area. The principal of substitution would have the value of the site be set by a price that a person would have to pay to acquire an equally desirable substitute property, assuming there is no expensive delay in making the substitution. A person would pay no more for a site than would have to be paid for an equally desirable site. Site value can be thought of as the relationship between a desired location and a potential user. The important factors that make up site value are utility, scarcity and desirability. These factors must all be present for land to have value.

Many times, it is appropriate to use the current rental data that the subject is presently generating when considering market data and gross income. The real estate market is an imperfect market that is subject to the economy and needs of the investor. Properties like the subject are special use properties. The lessor and lessee are not typical market investors. The lessor is a public entity and the lessee is an abutter that appears to require more area than their property can support. The NHDOT Bureau of Rail and Transit would be willing to negotiate lease agreements to the railroad's abutters if there are no safety issues and the terms are negotiated.

Annual Ground Rent

In the preceding analysis, I have developed a value opinion of \$13,500 for the contributory value of the subject area.

Capitalization rates (R) are typically extracted from market data. The subject lease area is land only and the annual market rent is the potential income that could be generated by the ground lease. The NHDOT historically has used a 10% cap rate for all types of lease valuations, and most types of land uses, regardless of location in order to be fair and consistent to various owners throughout the State. Many property owners own multiple properties in different parts of the state. I have concluded that a cap rate of 10% is a reasonable rate for land in the northeast area.

The Contributory Value of the subject's railroad lease area of 5,232 sf is \$13,500. Applying a 10% land capitalization rate suggests an annual ground rent as shown:

$$\begin{aligned} I (\text{Income}) &= R (\text{Cap Rate}) \times V (\text{Value}) \\ I (\text{Income}) &= .10 \times \$13,500 \\ \text{Income} &= \$1,350 \end{aligned}$$

It is my opinion that the estimated **annual ground rent** of the **Subject Lease Area**, as of August 20, 2013, is **\$1,350**.

Comparable Sales Map



CARROLL COUNTY

150

BK1591 PG0289

IN WITNESS WHEREOF, the Maine Central Railroad Company has caused this Release Deed to be executed in its name, and its corporate seal to be hereto affixed by David A. Fink, its President, thereunto duly authorized this 30th day of August, 1994.

MAINE CENTRAL RAILROAD COMPANY

Philip Trumbly-Tenn
Witness

By: David A. Fink
David A. Fink
President

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss

August 30, 1994

Then personally appeared the above-named David A. Fink, President of the Maine Central Railroad Company and acknowledged the foregoing release deed to be his free act and deed and the free act and deed of said Maine Central Railroad Company, before me.

[Signature]
Notary Public
My Commission Expires: 1-30-99

BK1591 PG 290

- 2 -

6499-B26

EXHIBIT A
PROPERTY DESCRIPTION

MOUNTAIN DIVISION RIGHT-OF-WAY

A certain strip or parcel of land (railroad right-of-way) located partially in the Counties of Carroll and Coos, New Hampshire and being a portion of the railroad line sometimes referred to as the Mountain Division and being more particularly described as follows:

Beginning at approximately centerline engineering station ("CLE") 2312+95.5 as shown on plans for federal valuation section V17 on map 1 in Conway, New Hampshire at the Maine-New Hampshire State Line;

thence continuing through the Towns of Conway, Bartlett and Harts Location to the Harts Location-Crawford Grant Town Line at CLE 4083+83.5 as shown on plans for federal valuation section V17 on map 35 within the County of Carroll;

thence continuing from the Harts Location-Crawford Grant Town Line through the Towns of Crawford Grant, Nash and Sawyers location, Carroll and into Whitefield to the point of termination at CLE 5060+25 as shown on plans for federal valuation section V17 on map 53 within the County of Coos.

The strip is the Mountain Division right-of-way and extends for approximately 52.03 contiguous miles of rail line and includes the entire width of said portion of said rail line, including all rail and other track material located thereon from the "Intervale Switch", so-called, at CLE 2839+80± as shown on plans for federal valuation section V17 on map 11 in Conway, New Hampshire northerly to the point of termination in Whitefield, New Hampshire as hereinabove described.

Also included in this conveyance is that segment of said Mountain Division known as "Quebec Junction", so-called, situated between CLE 0+92 as shown on plans for federal valuation section V19 on map 1 in Carroll, New Hampshire and extending in a northerly direction to CLE 33+00 on said valuation section V19, map 1 in Whitefield, New Hampshire all within Coos County, New Hampshire, including all rail and other track material located thereon.

The said Mountain Division and Quebec Junction railroad right-of-ways are more particularly defined as shown outlined within heavy dashed lines (_____) on federal valuation plans on file with the Chief Engineer of the Maine Central Railroad Company, Iron Horse Park, North Billerica, Massachusetts 01862 and the State of New Hampshire, Department of Transportation, Bureau of Railroads and Public Transportation, 91 Airport Road, P. O. Box 483, Concord, New Hampshire 03302-0483.

#6494-B26

BK 1591 PG 291

Printed: 08/19/2013

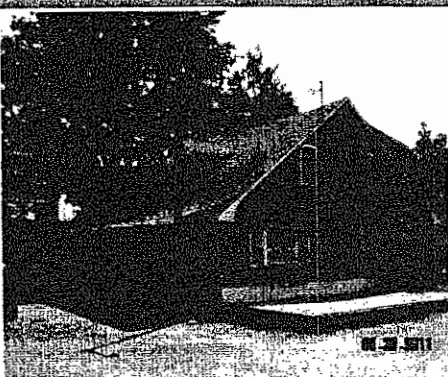
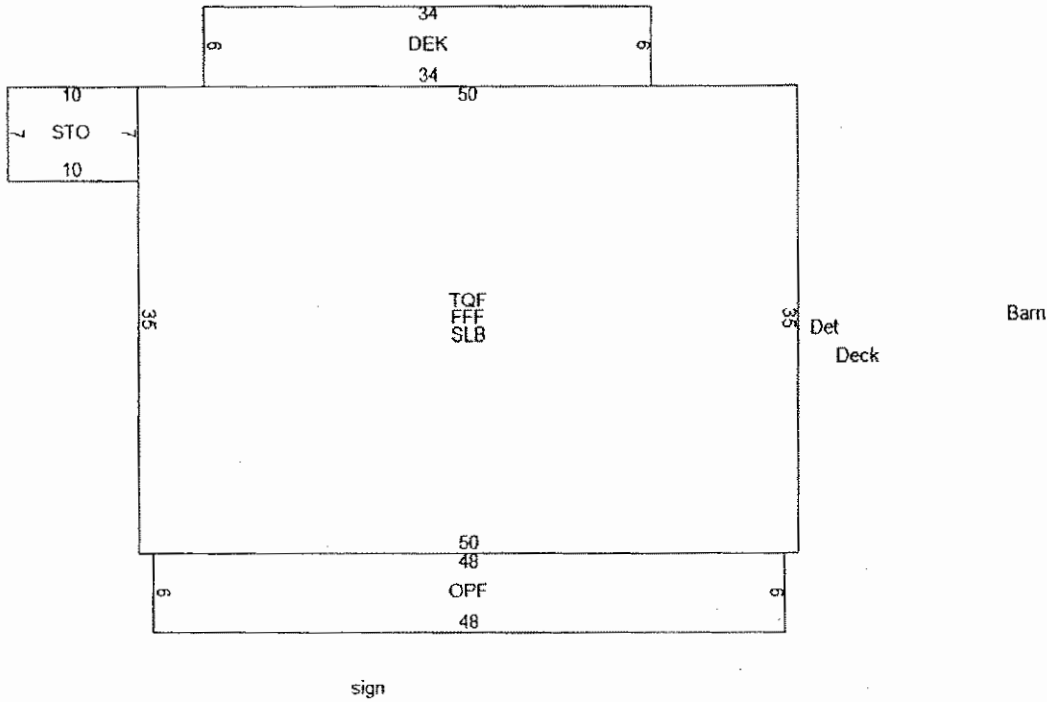
Subject Tax Card

Map: 5VILLG Lot: 000MAI Sub: 000RRR Card: 1 of 1		US RT 302		BARTLETT		Printed: 08/19/2013																					
PROPERTY		OWNER		USABLE DISTRICTS		BUILDING DETAILS																					
		STATE OF NEW HAMPSHIRE BUREAU OF RAILRDS/PUBLIC TRANS PO BOX 483 (91 AIRPORT RD) CONCORD, NH 03302		District Percentage BART VLG WATE % 100		Model: 1.00 STORY FRAME WAREHOUSE Roof: SHED/ROLLED/COMPO Ext: CLAP BOARD Int: MINIMUM Floor: MIN PLYWD Heat: WOOD/COAL/NONE																					
		PERMITS		Bedrooms: Baths: Fixtures: Extra Kitchens: Fireplaces: A/C: No Generators:																							
		<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th>Date</th> <th>Permit ID</th> <th>Permit Type</th> <th>Notes</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td><td> </td></tr> </tbody> </table>		Date	Permit ID	Permit Type	Notes													Quality: B3 MINIMUM Com. Wall: Size Adj: 0.8238 Base Rate: EXM 60.00 Bldg. Rate: 0.2941 Sq. Foot Cost: \$ 17.65							
Date	Permit ID	Permit Type	Notes																								
				BUILDING SUB AREA DETAILS																							
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2011 BASE YEAR BUILDING VALUATION																											
Market Cost New: \$ 85,867 Year Built: 1900 Condition For Age: POOR 42 % Physical: Functional: Economic: Temporary: Total Depreciation: 42 % Building Value: \$ 49,800																											

Map: 5VILLG Lot: 000MA1 Sub: 000910 Card: 1 of 1 1395 US RT 302 BARTLETT Printed: 08/20/2013

OWNER INFORMATION		SALES HISTORY						PICTURE																													
CABIN FEVER PROPERTY LLC		Date	Book	Page	Type	Price	Grantor																														
1395 MAIN ST		02/04/2010	2842	362	Q1	195,000	BEAR PEAK REALTY																														
BARTLETT, NH 03812																																					
LISTING HISTORY		NOTES																																			
10/05/11	CMSR	BARTLETT VILLAGE TAVERN REST/TAVERN DOWNSTAIRS MAX 40 SEATS/2 APTS UPSTAIRS/98 CHG STORE>TAVERN + CORRECTED INFO ON CARD\ 99 ABATMT GRANTED\FOUR PEAKS CAFE\LEGAL WDK CANNOT BE USED FOR SEATING/PTO 960. 6/2011 SISTERS COUNTRY RESTAURANT & TAVERN AND TWO 2 BED/1 BATH APTS IN TQF W/GAS/CONVECTION HEAT. SOME UNFINISHED INTERIOR IN FFF. CHECK 2012 FOR COMPLETION. FD=MIXED QUALITY. POOR LAYOUT.MIX USE																																			
06/29/11	DJRL																																				
EXTRA FEATURES VALUATION								MUNICIPAL SOFTWARE BY AVITAR																													
Feature Type	Units	Length x Width	Size Adj	Rate	Cond	Market Value	Notes	BARTLETT ASSESSING OFFICE																													
BARN /1.0FT	240	12 x 20	127	20.00	30	1,829																															
DECK DETACHED	288	12 x 24	116	7.00	30	702		PARCEL TOTAL TAXABLE VALUE <table border="1"> <thead> <tr> <th>Year</th> <th>Building</th> <th>Features</th> <th>Land</th> </tr> </thead> <tbody> <tr> <td>2011</td> <td>\$ 135,200</td> <td>\$ 2,500</td> <td>\$ 56,700</td> </tr> <tr> <td colspan="4">Parcel Total: \$ 194,400</td> </tr> <tr> <td>2012</td> <td>\$ 135,200</td> <td>\$ 2,500</td> <td>\$ 56,700</td> </tr> <tr> <td colspan="4">Parcel Total: \$ 194,400</td> </tr> <tr> <td>2013</td> <td>\$ 135,200</td> <td>\$ 2,500</td> <td>\$ 56,700</td> </tr> <tr> <td colspan="4">Parcel Total: \$ 194,400</td> </tr> </tbody> </table>		Year	Building	Features	Land	2011	\$ 135,200	\$ 2,500	\$ 56,700	Parcel Total: \$ 194,400				2012	\$ 135,200	\$ 2,500	\$ 56,700	Parcel Total: \$ 194,400				2013	\$ 135,200	\$ 2,500	\$ 56,700	Parcel Total: \$ 194,400			
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						2,500																															
LAND VALUATION																																					
Zone: VILLRES A VILL		Minimum Acreage: 1.00		Minimum Frontage: 50		Site:		Driveway:		Road:																											
Land Type	Units	Base Rate	NC	Adj	Site	Road	DWay	Topography	Cond	Ad Valorem	SPI	R	Tax Value	Notes																							
COM/IND	0.200 ac	28,333	E	100	100	100	100		200	56,700	0	N	56,700	USE																							
	0.200 ac									56,700			56,700																								

Map: 5VILLG Lot: 000MAI Sub: 000910 Card: 1 of 1 1395 US RT 302 BARTLETT Printed: 08/20/2013

OWNER	TAXABLE DISTRICTS	BUILDING DETAILS																																								
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STATE OF NEW HAMPSHIRE
INTER-DEPARTMENT COMMUNICATION

From: Michelle Winters *mw*
Administrator

Date: March 12, 2014

AT: Dept. of Transportation
Bureau of Rail and Transit

Thru: Charles Schmidt, PE *CNS*
Administrator, Bureau of Right-of-Way

Subject: State-owned Concord to Lincoln Railroad Corridor
Proposed lease – Town of Northfield (RSA 228:57)

To: Rep. David Campbell, Chairman
Long Range Capital Planning and Utilization Committee

REQUESTED ACTION

The Department of Transportation, pursuant to the provisions of RSA 228:57, requests authorization to lease Merrimack Valley Railroad sidings on approximately .87 acres (37,575 sf) on the State-owned Concord to Lincoln Railroad corridor in the Town of Northfield at \$.10 per square foot. The lease for the sidings will be \$ 3,757.50 per year, plus \$100 per year for the private pedestrian at-grade and electric utility crossings, for a total of \$3,857.50 per year for a period of five years, with a five-year renewal provision. In addition, the Department will assess a one-time \$1,100.00 Administrative Fee.

EXPLANATION

RSA 228:57 allows the Department to lease any part of rail properties for continued operation of a railroad to a responsible person or firm. The owner of the former Northfield Freight Station building whose property abuts the Concord Lincoln railroad corridor in Northfield has asked to renew a lease for parcels of the railroad property to store railroad passenger cars and cabooses. Merrimack Valley Railroad has leased this railroad property for this purpose since 1997. These railroad cars are in good repair and operational. The Railroad Operators that utilize the Concord to Lincoln Railroad corridor were consulted and confirmed that they are hired by the Merrimack Valley Railroad to move the passenger cars and cabooses in special trains, thereby supporting the advantage to the State in leasing this property.

Although the area is part of and contiguous to the corridor, the Department has reviewed the request and determined the lease will not interfere with the use of the active

railroad line. The lease will include termination language in the event that it would impact current or future rail use.

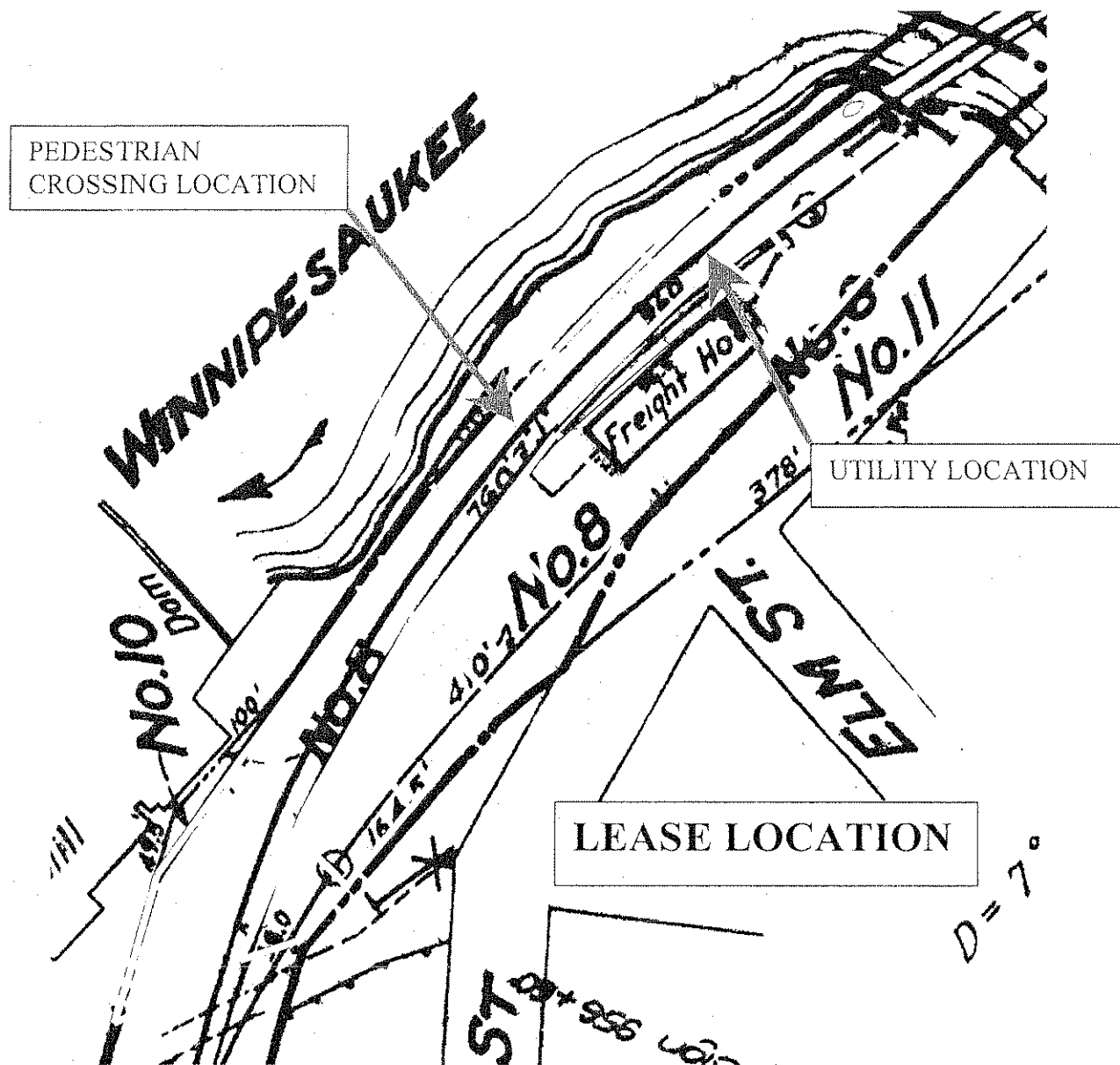
A staff appraiser from the Department completed an opinion of value to determine the market value of the 0.87 acres of the railroad corridor. The appraiser researched three leases in the Lakes Region and upon analysis and adjustment of these leases determined that; as of August 8, 2013 the market lease value of the subject parcel was \$0.10 per square foot. This unit rate for 37,575 sf equates to the fee of \$3,757.50.

The New Hampshire Council on Resources and Development previously recommended the lease of this area on August 13, 2007.

Authorization is requested to lease this property on the State-owned Concord to Lincoln railroad corridor in Northfield to the Merrimack Valley Railroad, as outlined above.

Attachments

S:\Rail-Transit\RAIL\Property Management\Long Range\14 Merrimack Valley RR Memo.doc



PARK STREET, NORTHFIELD, NEW HAMPSHIRE

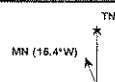
EXHIBIT A
 STATE OF NH - DOT
 BUREAU OF RAIL & TRANSIT
 DOT ID # 473 & 1101
 LEASED TO MERRIMACK VALLEY RAILROAD CO., INC.
 V21/53
 STATIONS 956+00 +/- TO 961+40 +/-



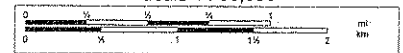
Data use subject to license.

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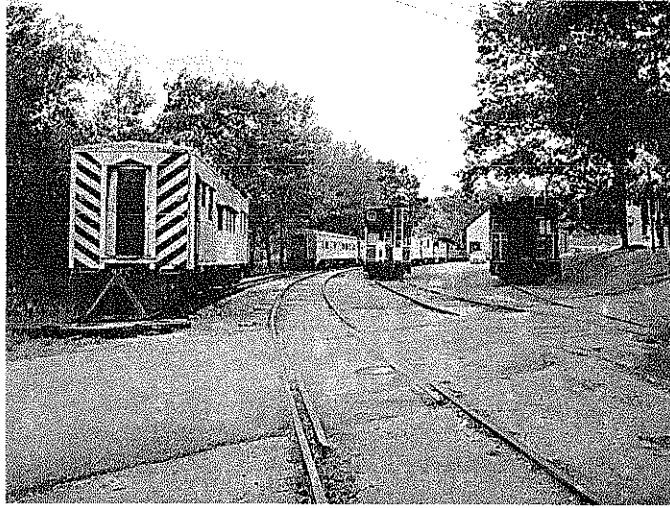
www.delorme.com



Scale 1 : 50,000



Summary Appraisal Report
Of a 37,575 SF Railroad Land Lease



Located at:
Railroad Land adjacent to 11 Park Street
Northfield, New Hampshire

Property Owner:
State of New Hampshire
Concord-Lincoln Railroad Corridor – V21/53
Station 965+00 – 961+40 +/-

as of:
August 8, 2013

Prepared for:

Mr. Louis Barker
Bureau of Rail & Transit
State of New Hampshire
Department of Transportation
7 Hazen Drive, PO Box 483
Concord, NH 03302-0483

Prepared by:

Pollyann Printy, Appraiser
Bureau of Right of Way
7 Hazen Drive, PO Box 483
Concord, NH 03302-0483

Letter of Transmittal

September 12, 2013

Mr. Louis Barker
Railroad Planner
Bureau of Rail & Transit
NH Department of Transportation
7 Hazen Drive, PO Box 483
Concord, New Hampshire 03302-0483

Re: 37,575 SF land lease for caboose storage
Owned by: State of New Hampshire
Located at: Railroad Land adjacent to 11 Park Street, Northfield, NH

Dear Mr. Barker,

This report is intended to provide the State of New Hampshire Department of Transportation (NHDOT) Bureau of Rail and Transit with a market annual ground rent estimate to negotiate a lease. The lease area is two non-contiguous sections of land totaling 37,575 sf that has an irregular shape, abuts the property at 11 Park Street and is a portion of the State-owned Concord to Lincoln Railroad Corridor, Laconia V21/53, Station 956+00 – 961+40 +/- and identified on Tax Map U07 as Lot 1-2, in Northfield, NH.

I have made an inspection of the property. Information was gathered on the neighborhood and district area. I researched land sales, and local ground rents. I have confirmed all the data included in the analysis and considered them along with the sales comparison, income and cost approaches. The report is governed by the assumptions and limiting conditions of this project and the comparables are summarized in a later section. I have taken into consideration all factors that are pertinent to the value estimate developed and I have not knowingly or intentionally omitted any important data.

I certify that I have no interest, direct or indirect, in the real property being appraised for the Agency that would in any way conflict the preparation or review of this appraisal. My wages or compensation from my employer is not based on the amount of the valuation.

It is my conclusion that the **market annual ground rent** for the subject lease area is **\$3,750**, as of **August 8, 2013**.

Respectfully submitted,



Pollyann D. Printy
Right-of-way Appraiser

Appraisal 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 I have no personal interest or bias with respect to the parties involved;
- ♦ I have no bias with respect to the property that is the subject of this report;
- ♦ My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ♦ My compensation is not contingent on the analyses, opinions or conclusions reached or reported in this report;
- ♦ My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
- ♦ I have made a personal inspection of the property that is the subject of this report, and the lessee, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection;
- ♦ No one has provided assistance to me in the preparation of this report.
- ♦ I have not appraised nor performed any valuation service for the subject lease area in the past three years.



Pollyann Printy
Staff Appraiser, NHDOT

September 12, 2013

Date

General Assumptions and Limiting Conditions:

Assumptions

- ♦ all maps, plans, and photographs used are reliable and correct;
- ♦ the Parcel area given to me has been properly calculated;
- ♦ broker and assessor information is reliable and correct;
- ♦ information from all sources is reliable and correct unless otherwise stated; and,
- ♦ The value estimate reflects annual rent for the lease area land only.

Limiting Conditions

- ♦ I have relied upon the legal interpretations of others and have assumed their decisions are correct and valid. I have also relied upon the abstracts of title and other legal information available and take no responsibility for their correctness.
- ♦ Sketches or photos in this report are included to assist the reader in visualizing the property. I have not performed a survey of the property or any of the sales, and do not assume responsibility in these matters.
- ♦ Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous material, which may or may not be present on the property. The appraiser has no knowledge of the existence of such material(s) on or in the properties. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the values of the properties. The value estimates are predicated on the assumption that there were no such materials on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions or for expertise or engineering knowledge required to discover them.
- ♦ The appraiser assumes that there are no hidden or unapparent conditions of the property or subsoil, which would render them more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering studies, which might be required to discover such factors.
- ♦ Possession of this report (or a copy) does not carry with it the right of publication. It may not be used for any purpose other than by the party to whom it is addressed without the written consent of the State of New Hampshire and in any event only with the proper, written qualification and only in its entirety. Neither all nor any part of the contents (or copy) shall be conveyed to the public through advertising, public relations, news, sales, or any other media without written consent and approval of the State of New Hampshire.
- ♦ Acceptance and / or use of this report constitutes acceptance of the foregoing underlying limiting conditions and underlying assumptions.

Extraordinary Assumptions and Hypothetical Conditions

- ♦ None

Intended Use/User: The intended user of this report is the New Hampshire Department of Transportation (NHDOT) Bureau of Rail and Transit. The intended use is to provide an estimate of market annual ground rent for the subject area in order to negotiate a lease with the abutter.

Property Owner

The State of New Hampshire
Contact person: Mr. Louis Barker
Bureau of Rail & Transit
Department of Transportation
7 Hazen Drive, PO Box 483
Concord, New Hampshire 03302-0483
Phone: (603) 271-2425

Abutter

Merrimack Valley Railroad
Company Inc.
E. Alan Larter
P.O. Box 216
39 River Street
Franklin, NH 03235
Phone: (603) 934-3660

Summary of Appraisal Problem: The subject lease area is located as a railroad spur adjacent to Merrimack Valley Railroad addressed at 11 Park Street for use by the lessee as caboose storage. The subject lease area runs between Winnepesaukee River Trail and the railroad bridge over the Winnepesaukee River before Main Street.

The potential lessee owns the abutting function hall at 11 Park Street. The railroad abuts the function hall along its western, southern and northern boundaries, and they are autonomous of each other. The lease area is improved with lightweight #85 passenger use rail that has no remaining economic value. The subject lease area provides caboose storage to the lessee. The Merrimack Valley Railroad does not have any railroad operating rights. In order to move the cabooses, they had hired a railroad with operating rights.

The Concord to Lincoln Line is an active railroad corridor except during the winter months. The NHDOT, Bureau of Rail and Transit requested a market annual ground rent appraisal for a 37,575 sf of railroad corridor right-of-way for the purpose of negotiating a lease agreement. This is a renewal lease and proposed consolidation of two prior leases to the Merrimack Valley Railroad Corp at this location. The lessee's secondary use of the railroad right-of-way would not impact the state's primary use of the property as a railroad corridor.

Scope of Work: My investigation and research included an on-site inspection of the property with the abutter and potential lessee, Merrimack Valley Railroad Corp Owner: Alan Larter, on August 8, 2013; an examination of state, town and county property records including assessment data and taxes, researching zoning regulations, and local railroad lease data. The property data was collected and compiled from several sources, including the NHDOT, the Town of Northfield, New Hampshire Multiple Listing Services and Real Data.

My appraisal conclusions are based on the site's highest and best use which is based on legal, physical and financial characteristics, compilation of comparable land leases, verification and analysis of the leases, and preparation of this summary appraisal report. Typically, a railroad corridor has a long narrow shape with a limited number of investors and does not represent a probable or typical building site. The subject site is zoned commercial/industrial but is located to the north and west of the Winnepesaukee River, to the east by Park Street and the south by the Winnepesaukee River Trail (paved road). The subject is a non-conforming lot and my analysis indicates that it is not reasonable to value the subject lease area using buildable commercial sales.

I have data on three active railroad land leases in the City of Laconia that are comparable to the subject site. The City of Laconia and the State of New Hampshire both have land lease agreements with Lakeport Landing Marina, which is 11 miles (by car) from the subject area. The State of New Hampshire also has a land lease agreement with Thurston's Marina, located on Channel Lane, which is 15.5 miles (by car) from the subject area. My analysis of the property indicates to me that these land lease sites are the best comparables to estimate the market annual ground rent for the subject land.

Area and Neighborhood Data

The subject property is located in the Town of Northfield. Northfield is a small town located in the Lakes Region and in close proximity to the Tilton shopping outlets, in Merrimack County. The Lakes Region is a destination area for visitors to vacation on and close to Lake Winnepesaukee which has 72 square miles of water surface area. The area around Lake Winnepesaukee is 182 miles and it has 253 islands. This great lake flows into the Paugus Bay, over the Lakeport Dam and into Lake Opechee. It then flows over the Avery Dam, through the Winnepesaukee River, into Lake Winnisquam, on to the Merrimack River, and then into the Atlantic Ocean.

The State-Owned Concord-Lincoln Railroad Corridor runs from Concord through Northfield, around the lakes in Laconia and up to Lincoln and was part of the Boston and Maine Railroad from the late 1800s until the line was acquired by the State of New Hampshire in 1975. The railroad parcel consists of multiple parcels and is an active line except during the winter months. The area railroads provide transportation as well as a recreational function in this region. A portion of this railroad's right-of-way is the subject of this appraisal. The State of NH has active lease agreements with many railroad abutters.

The Merrimack Valley Railroad Company owns the function hall at 11 Park Street, bordered by the railroad along its western, southern and northern boundaries. The function hall and the subject lease area are used independently of each other and are not economically dependent on the other. Most of the rail installed on the subject site has been there since 1990s.

The NHDOT bureau of Rail and Transit leases a portion of the State-owned railroad property to the lessee for caboose storage, who in turn leases caboose storage to additional railroad hobbyists. His lease expenses and utility costs offset the lessee's income. The rail surrounds three sides of the abutter's property with a total estimated lease area of 37,575 sf. The Merrimack Valley Railroad Company does not have any railroad operating rights. In order to move the cabooses, the railroad hobbyists have to hire a railroad that has operating rights on the active railroad corridor.

The Town of Northfield has road access to Routes 132, 140; and local access to I-93 exit 19. Northfield is bounded by Franklin to the west, Tilton to the north, Belmont to the northeast, Canterbury to the south, and Boscawen to the south west. Northfield is approximately 18 miles north of Concord, NH, 10 miles southwest of Laconia, 35 miles from Manchester, NH, 126 miles west of Portland, ME, and 85 miles from Boston, MA.

Northfield's population as of 2011 was 4,833 which ranked 71st amongst New Hampshire incorporated cities and towns. Per Census data, Northfield's population hasn't changed much since 1990 when the population was 4,277. Northfield's largest employers include Wyman Gordon, manufacturer (mfg) – Investment castings with 200 employees; Freudenberg-NOK, (mfg) with 200 employees; Spaulding Young Center has 160 employees; Tobin Tool (mfg) with 100 employees; Eptam Plastics (mfg) with 100 employees; Blouin Steel (mfg) with 10 employees; and Pike Industries (asphalt) with 10 employees.

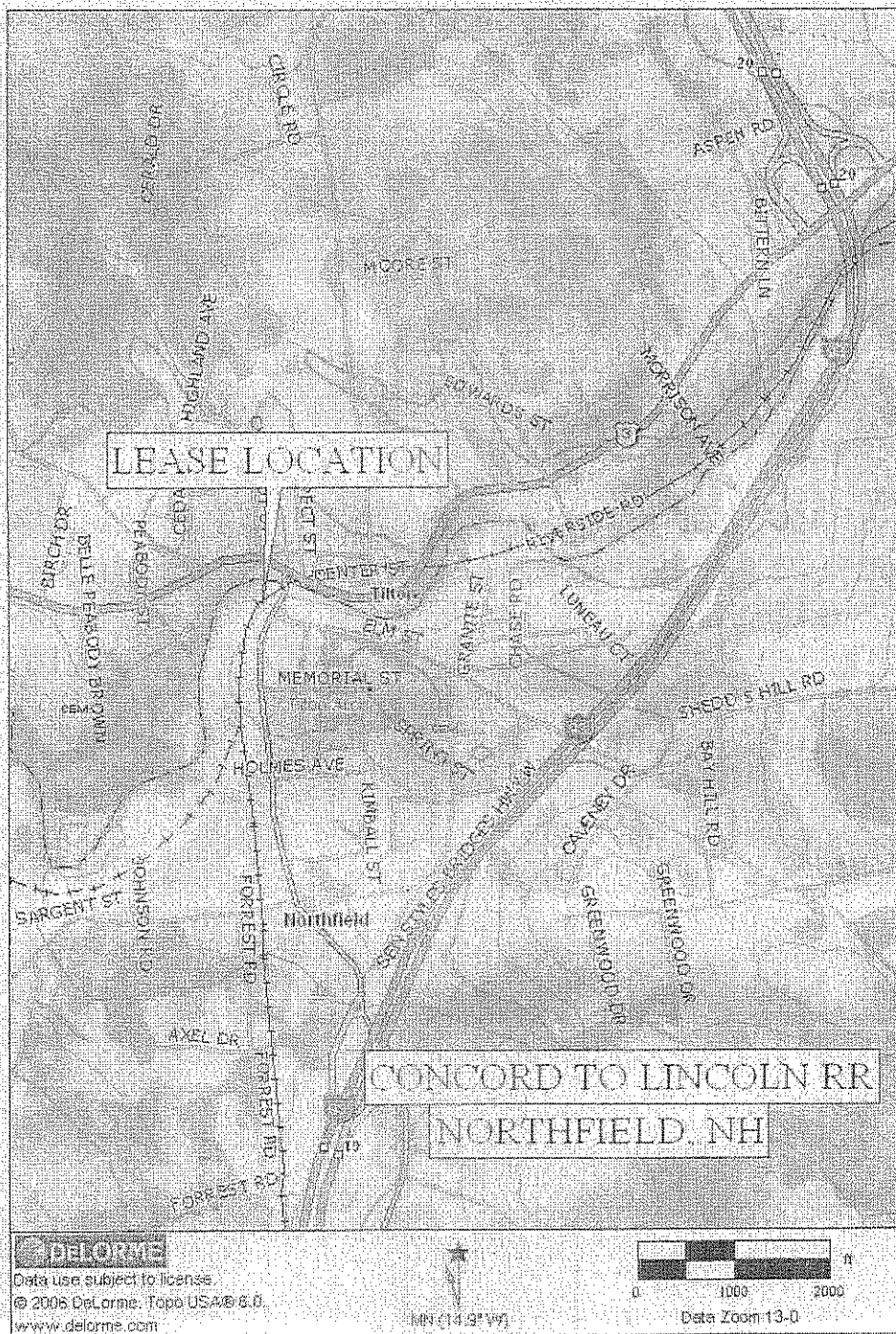
Northfield's recreational areas include municipal parks, beach or waterfront recreational areas, fishing, hunting, snowmobile and bike trails, a bike park, youth organizations and youth sports.

Northfield is a small community on the outskirts of the Lake's Region that is favorable for living. Like the rest of the State of NH, the Town of Northfield has experienced economic issues, which has challenged the stability of the residential, industrial and commercial markets. The lakes provide a lot of interest and activities for the region. Overall, the immediate neighborhood remains relatively stable.

Zoning: The Town of Northfield is divided into 4 classes of districts with the following designations: conservation (CONS), single-family residential (R-1), multi-family residential (R-2) and commercial / industrial (C/I) districts. The subject parcel is located in Northfield's commercial/industrial district. The purpose of the C/I zone is to allow for commercial and industrial development in proximity to major transportation corridors, municipal water, sewer and other municipal services. C/I district permits bed & breakfast, home occupation, indoor recreational facility, industrial and manufacturing, light manufacturing, medical care facility, motel, hotel, inn, municipal buildings, offices, research & development, retail sales, sale of home produce and products, service business, warehouse and wholesale uses.

The subject is a level, long, narrow area that is part of a railroad corridor. The subject lease area would be leased for caboose storage, which is permitted by the town. The subject and its abutter are non-conforming lots because the lot's irregular shape and size prevent them from meeting setbacks and depth, therefore they do not conform to the existing zoning requirements. The subject narrows close to the Winnepesaukee River at its northeasterly border within the Winnepesaukee River setback. The abutter has a grandfathered use as a recreational facility.

LOCATION MAP



Subject Parcel Lease Location

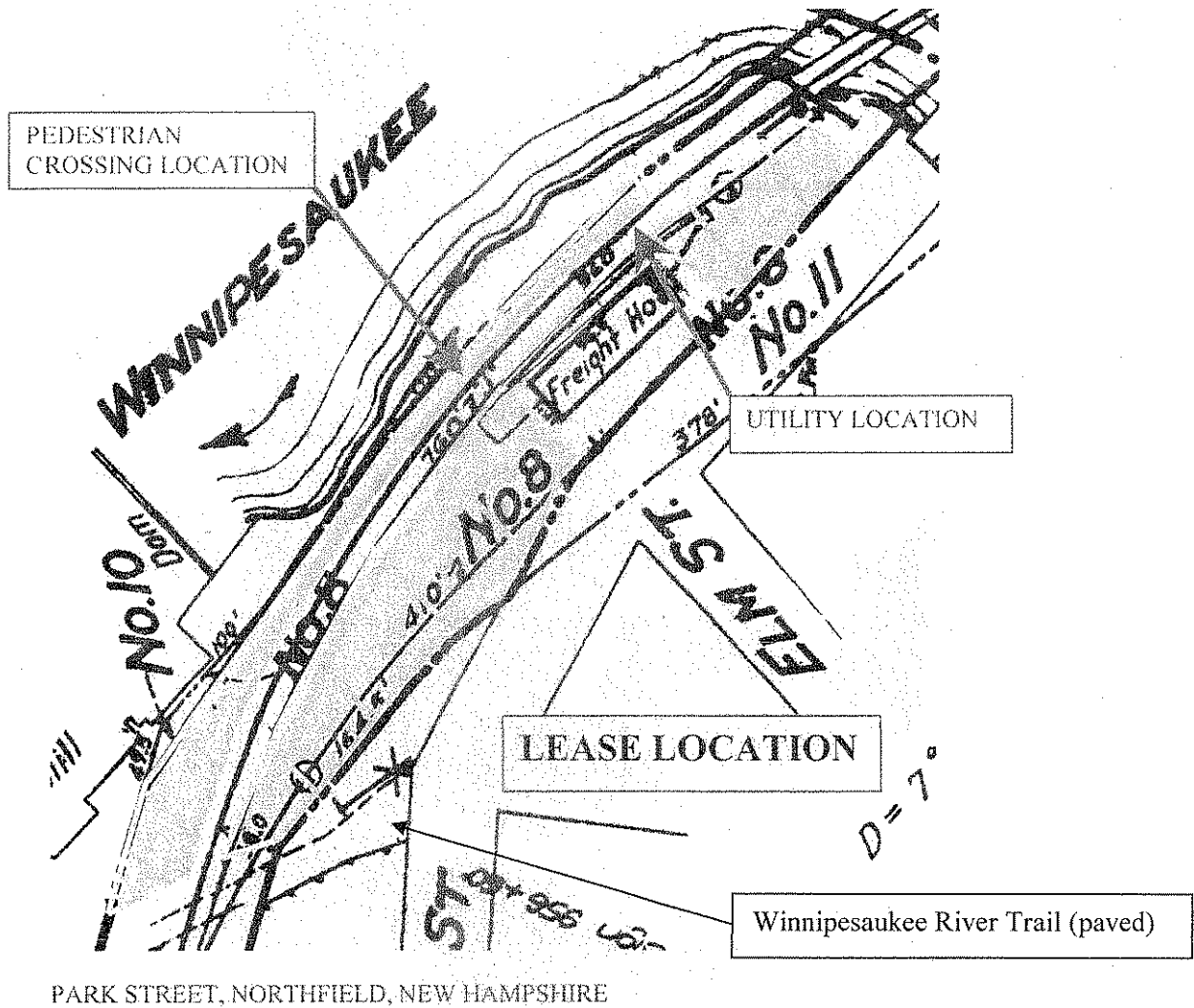
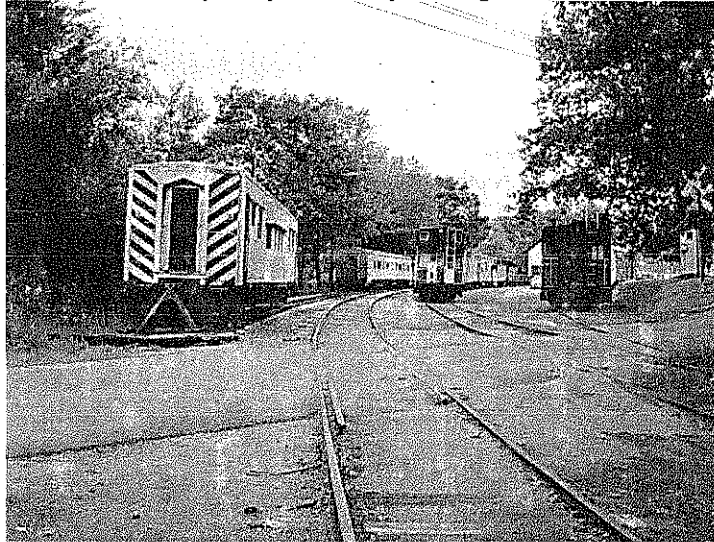


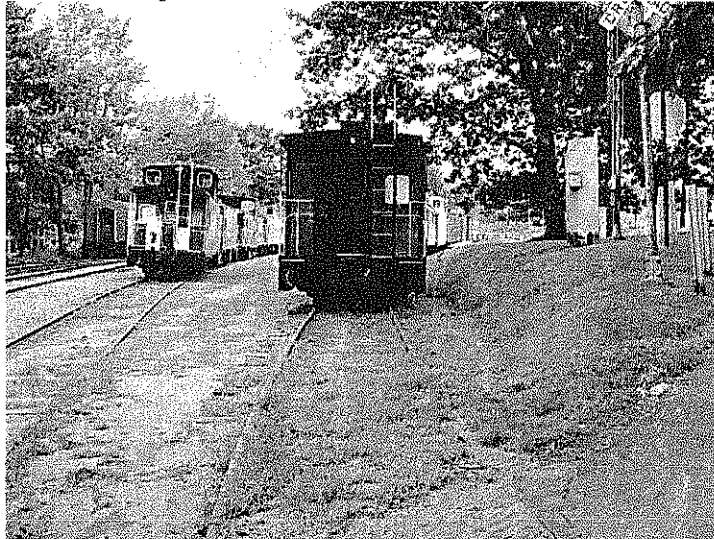
EXHIBIT A
STATE OF NH - DOT
BUREAU OF RAIL & TRANSIT
DOT ID # 473 & 1101
LEASED TO MERRIMACK VALLEY RAILROAD CO., INC.
V21/53
STATIONS 956+00 +/- TO 961+40 +/-

Photographs

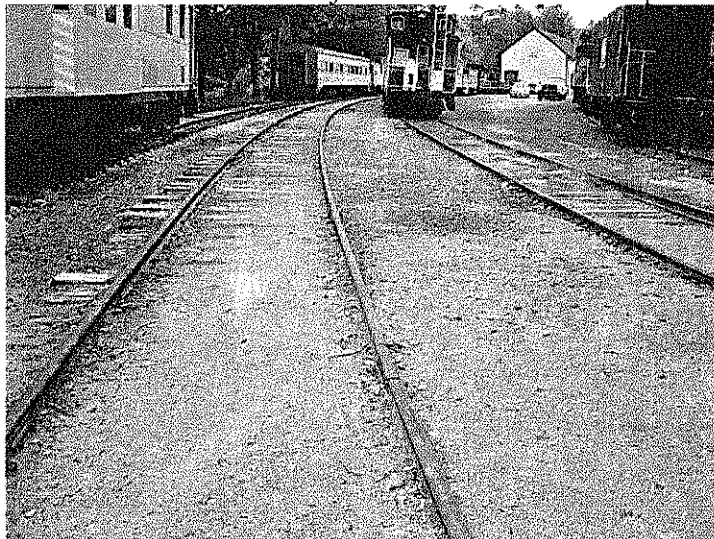
Taken by Pollyann Printy on August 8, 2013.



Northerly View of the subject lease area from south side of Winnepesaukee River Trail



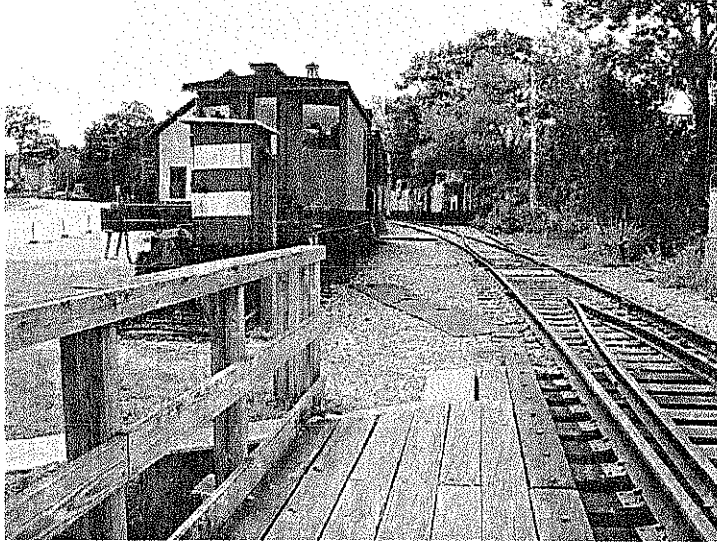
Northerly View of the east side of the subject lease area from Winnepesaukee River Trail



Northerly View of the subject lease area

Photographs

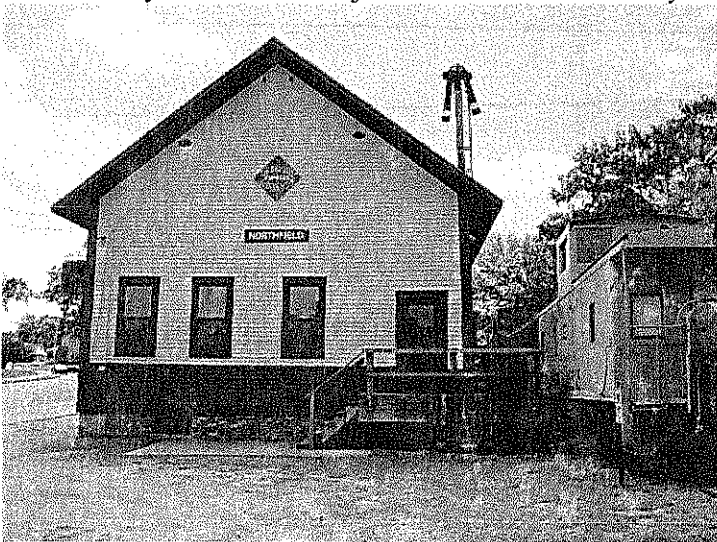
Taken by Pollyann Printy on August 8, 2013.



Southerly View of the subject lease area from railroad bridge over Winnepesaukee River



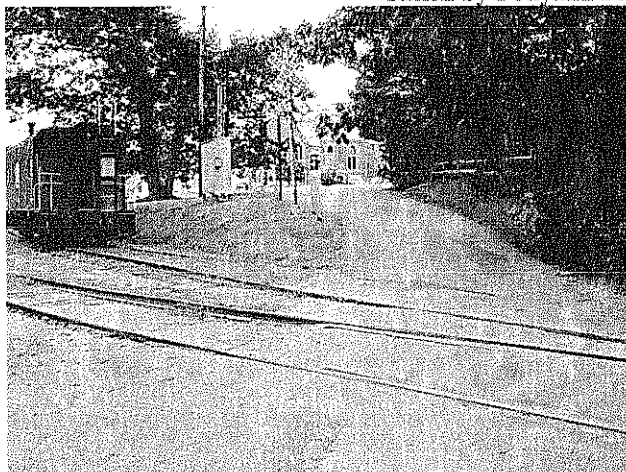
Southerly View of the subject lease area from railway



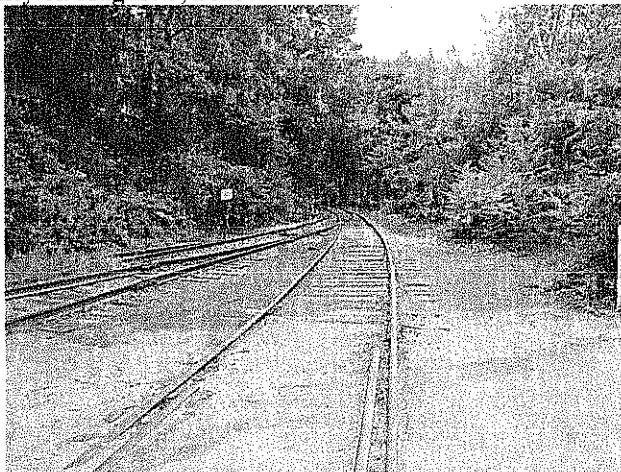
Southerly View of the abutting function hall and subject lease area

Photographs

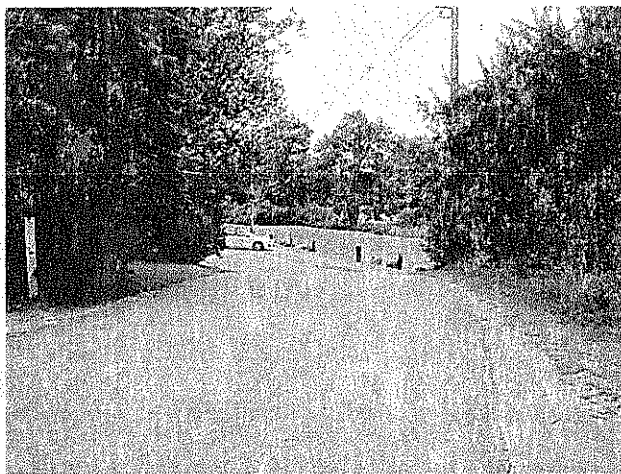
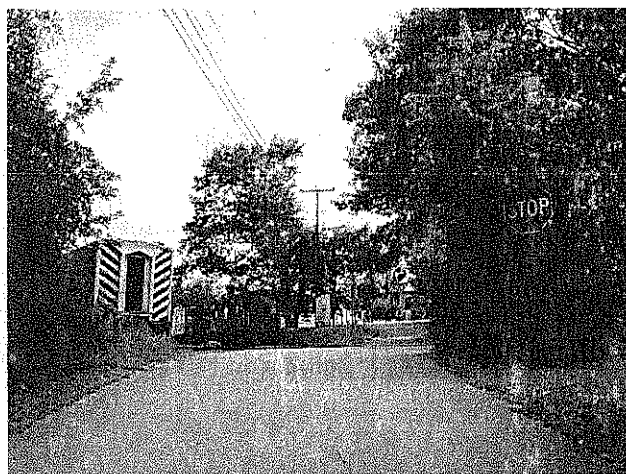
Taken by Pollyann Printy on August 8, 2013.



Easterly view from railroad toward Park Street
from Winnepesaukee River Trail



Southerly view of Railroad Corridor
from Winnepesaukee River Trail



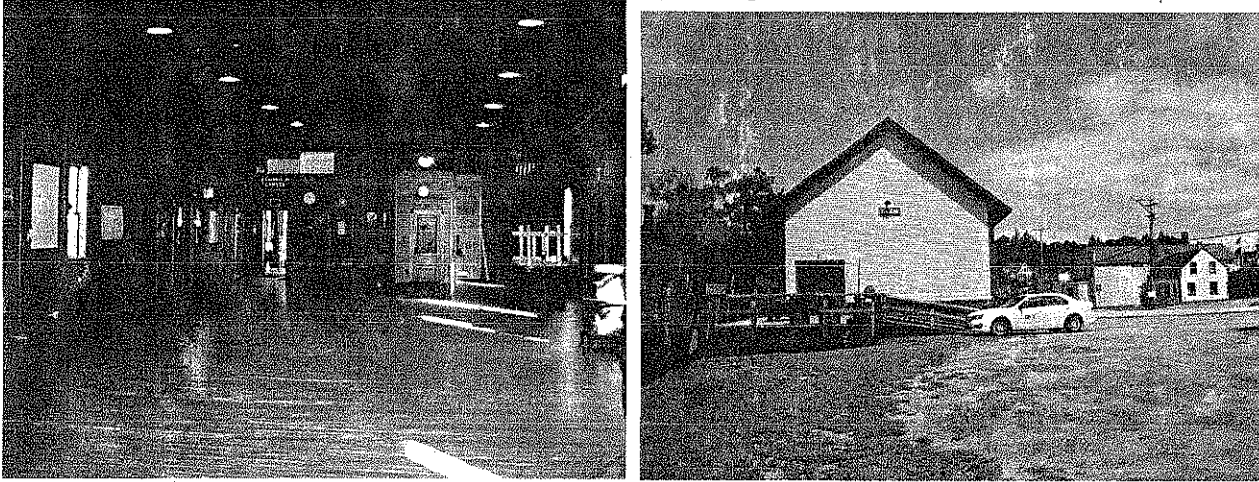
Easterly and Westerly Street scenes of Winnepesaukee River Trail



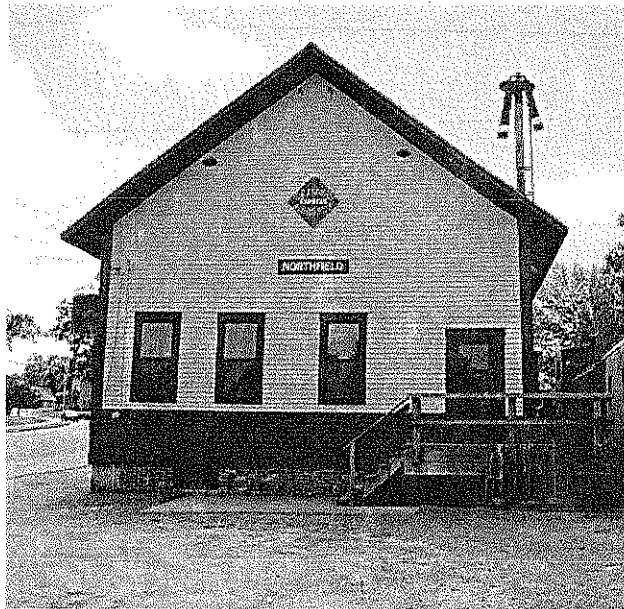
View of the railroad lease area from Tilton's Riverfront park across the Winnepesaukee River

Photographs

Taken by Pollyann Printy on August 8, 2013.



Interior and Exterior photos of Merrimack Valley Railroad's Function Hall; (formerly used as railroad depot)



Southerly view of the abutter improvements and parking from Fair Street

Property Description: The subject is shown on tax map U7 as lot 1-2, in Northfield, but is a portion of a larger railroad corridor consisting of 35-acres and 72 miles of land and multiple parcels. The subject is an irregular shaped parcel of land that is approximately 0.86-acre in size. The topography is level and the lot cover consists of hard-pack dirt, improved with several sets of railroad tracks. Utilities to the subject area include water, sewer, electricity and telephone at the road.

The total subject lease area is a level area of railroad right-of-way that is 37,575 sf in size. Railroad valuation sheet V21/53 identifies the lease area as located between Park St. No. 8 & No. 10, the Winnepesaukee River, across from Elm Street, as Station 956+00 – 961+40 +/- of the State-owned Concord to Lincoln Railroad Corridor. The railroad actively carries freight and or passengers north and south of the subject property, except during the winter months.

The subject is appraised as a renewal of and proposed consolidation of two prior leases to the Merrimack Valley Railroad Corp, the abutter at 11 Park Street, in Northfield, NH. The subject property consists of a strip of land varying from 5 to 45 feet in width, 440 feet in length and 9700 square feet on the opposite side of the tracks encompassing the former Northfield Freight Station grounds is a 27,875 sf lease area with 223 feet of frontage on Park Street with an average depth of 59 feet for a total of 37,575 sf.

The NHDOT Bureau of Rail and Transit leases portions of the corridor to abutters for secondary use such as access and parking. The NHDOT Bureau of Rail and Transit proposes to renew a lease agreement with the abutter, Merrimack Valley Railroad for caboose storage.

Site Plan on Valuation Sheet V21/53

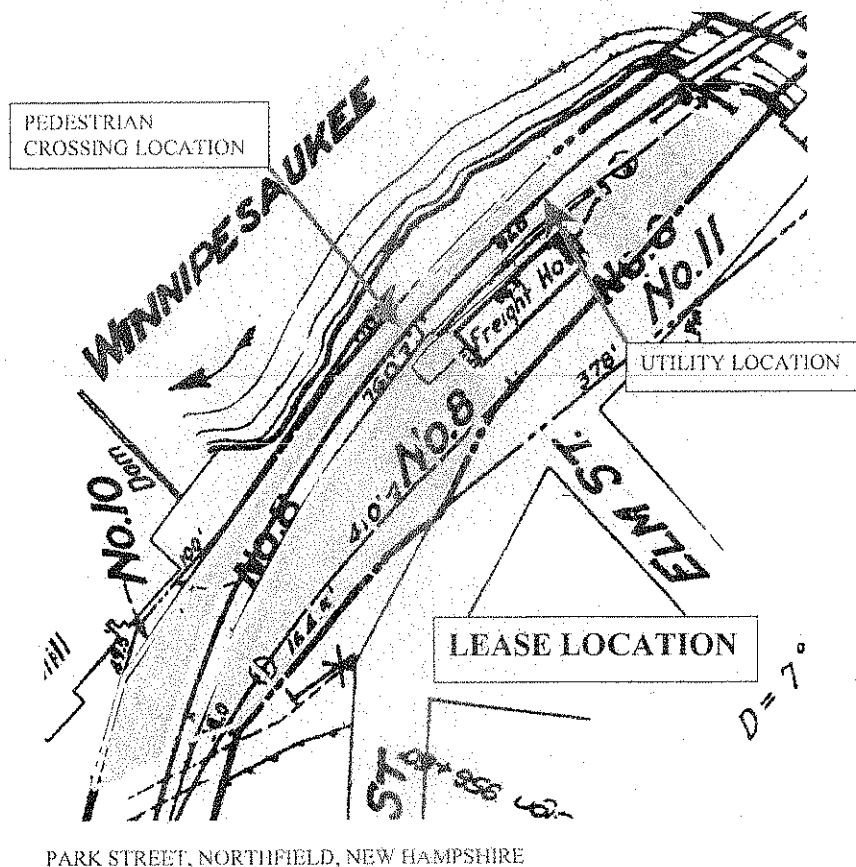
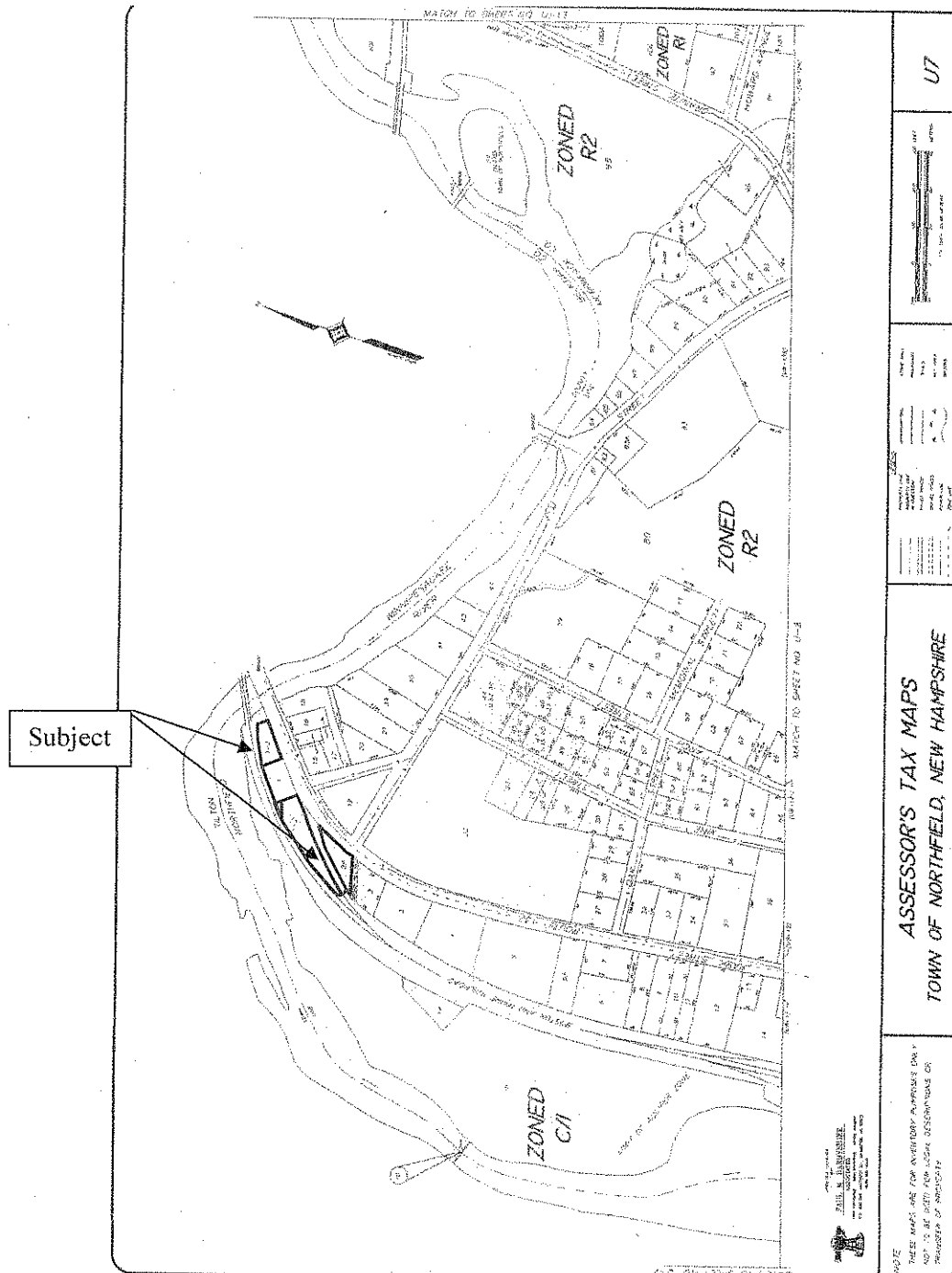


EXHIBIT A
STATE OF NH - DOT
BUREAU OF RAIL & TRANSIT
DOT ID # 473 & 1101
LEASED TO MERRIMACK VALLEY RAILROAD CO., INC.
V21/53
STATIONS 956+00 +/- TO 961+40 +/-

History of Subject Property: The current owner filed a Notice of Condemnation, dated October 30, 1975 against the Trustees of the Boston & Maine Corporation. The property was acquired with many other tracts of land throughout the state owned by The Boston & Maine Corporation. The Notice of Condemnation was recorded in Book 786, Page 069 on 02/29/80 and the valuation sheet identifies the subject area on the Valuation Sheets V21/53. To the best of my knowledge, the subject is negotiating a renewal of and proposed consolidation of two prior leases to the Merrimack Valley Railroad Corp at this location but there is no offer of sale for this property.

Assessment: The subject property is identified on Tax Map U7, Lot 1-2, but is tax exempt. The assessed value recorded on the subject's tax card is Land: \$14,400, other features: \$4,800, total \$19,200. The current 2012 tax rate in Northfield is \$28.00.

Tax Map U7



Highest and Best Use

The 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. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."

The subject lease area is a 37,575 sf area of railroad right-of-way that is part of an active 35-acre railroad corridor. It runs between Winnepesaukee River Trail and the railroad bridge that crosses the Winnepesaukee River. The railroad actively carries freight north and south of the subject property during the three seasons without snow. Some railroad corridors are open for snowmobiling during the snow months. **The subject lease area does not conform to the minimum zoning requirements** because the subject consists of three non-contiguous rail sides that are offset from an active railroad corridor. The lease area has an irregular long narrow shape that also does not meet the zoning setback requirements. The subject narrows close to the Winnepesaukee River at its northeasterly border within the Winnepesaukee River setback. The subject is not a buildable lot as its primary use is as a rail corridor.

Merrimack Valley Railroad Station is an historic freight station that was built in the late 1800's to store freight coming in by train. The building was restored in 1990 into a unique function hall to be used for public social functions. The function hall can seat up to 150 people, includes a BBQ area on the back deck and for rates ranging from \$240 to \$475 the public can hold their social function at the Merrimack Railroad Station. Revenue generated by the function hall is independent of the lessee's activities serving railroad hobbyists.

As a railroad hobbyist, Mr. Alan Larter provides railroad caboose storage on the subject lease area for \$130 per month. The lease area has a potential capacity of 22 - 24 cabooses, and currently Mr. Larter has 4 cabooses of his own, 1 common caboose for general storage and rents caboose storage space for approximately 12 others on site. Caboose rent does not include use of the function hall, nor fees required for railroad car movement. Railroad car movement requires hiring a railroad that has railroad operating rights. The Plymouth-Lincoln Railroad maintains the railway and operates the railroad northerly of the subject area. The NE Southern Railroad operates the railroad southerly of the subject area. The subject lease area and its abutter have different uses separate from each other.

The lease area is improved with lightweight #85 passenger use rail that has no remaining economic value. The subject lease area provides caboose storage to the lessee. The Merrimack Valley Railroad does not have any railroad operating rights. In order to move the cabooses, they hire a railroad with operating rights.

The NHDOT Bureau of Rail and Transit leases portions of the corridor to abutters for secondary use such as access and parking. The NHDOT Bureau of Rail and Transit proposes to renew a lease agreement with the abutter, Merrimack Valley Railroad for caboose storage. In addition to renewing and consolidating the lease area, the State of NH Bureau of Rail and Transit would like the abutter to pay an additional fee for the use and maintenance of existing railroad switch(es) for caboose access.

The abutter would pay a market annual ground rent for the right to use the subject's lease area. Land is fixed in supply and as the land demand increases the rent will increase proportionately. Market rents are determined from the desire of anyone who lives within a community to use land. A potential land lease of the subject area does not change the whole parcel's primary highest and best use as a railroad corridor.

A land lease agreement wouldn't affect the property size, side setback, frontage length or the property use for the railroad or the abutter. Northfield has one railroad and it is owned by the State of New Hampshire.

Conclusion: The Highest and Best Use of the subject site is a railroad corridor. The railroad corridor right-of-way does have a secondary market to its abutters for uses such as access and parking.

Market Annual Ground Rent Analysis

The State of New Hampshire owns the railroad corridor that is active except during winter months. The subject's lease area is a small area of railroad right-of-way that would not affect the railroad's primary use as a railroad corridor. As a result, The State of NH leases various areas of right-of-way to abutters in order to specify the abutter's secondary use of the land, the terms of agreement and safety measures that must be implemented. The subject's secondary lease is not comparable to typical for profit commercial use railroad operations. Any income being generated would not be considered typical for the industry.

The analysis to determine market annual ground rent is based on the elements of comparison. The subject site is part of a railroad corridor. This type of property is not typical of most properties in the real estate market or of an active railroad corridor. There are qualified secondary land leases in Laconia that are similar to the subject property that I considered in order to determine the subject lease area's market annual ground rent.

Determination of Ground Rent

The lessee is a railroad hobbyist that stores his cabooses on the subject site. The lessee earns a small unreliable net income on the subject lease area known as Caboose Village for caboose storage on the rail from other railroad hobbyists. The lessee provides the storage area, electricity, advertising, site maintenance and schedules train movements and as a group they have additional shared costs for liability insurance, rail line maintenance fees, and train movement. Train movement for passenger use involves hiring a railroad locomotive, crew, pre-inspection/ maintenance. The subject's location is at the extreme end of two railroad companies routes (with operating rights). The lessee has experienced a decline in the number of cabooses stored due to the low number of train rides they've been able to schedule. Recently, several cabooses have relocated to its owner's private property. The income generated by Merrimack Valley Railroad is considered business income, not comparable to the market lease rate which is the subject of this analysis.

Other railroad properties located in Laconia, NH are similar to the subject in proximity to the railroad corridor and generate a market annual ground rent. The real estate market is an imperfect market that is subject to the economy and needs of the investor. Properties like the subject and lease comparables are special use properties. The lessor and lessee are not typical market investors. The lessor is a governmental entity and the lessee is an abutter that appears to require caboose storage and additional access to them. The comparable parcels have annual ground rents and the leases are relatively long-term leases with five-year term increments and the lessee pays any maintenance or expenses.

The subject is a railroad use property that historically had two areas with two leases, one expired and one up for renewal. Copies of the two lease agreements are included in the Addendum Section. There are no parking fees in Northfield or Laconia for public parking spaces. The subject's gross income could be determined with a site value and land capitalization rate but there are no sales similar to the subject area in Northfield over the last 2 years. Land rent is the price paid annually for the right to use a certain location, piece of land or other natural resource. Land is fixed in supply and as land demand increases the rent will increase proportionately. Land rents are determined from the desire of anyone who lives within a community to use land.

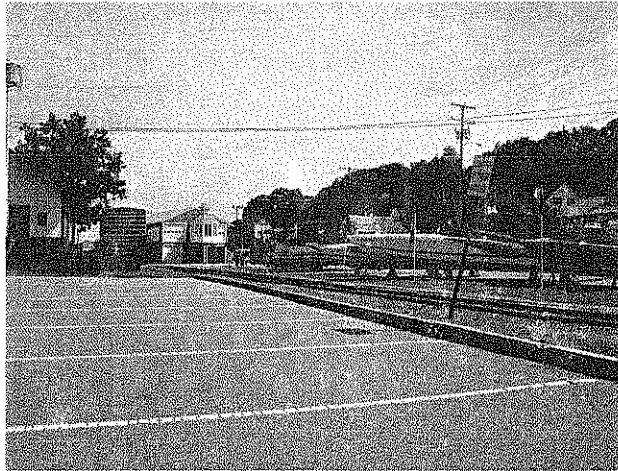
A land site is a parcel of land that is finished and ready for use under the minimum requirements as called for in the area. The principal of substitution would have the ground rent that a person would be willing to pay to use an equally desirable substitute property. A person would pay no more for a site than would have to be paid for an equally desirable site. Site value can be thought of as the relationship between a desired location and a potential user. The important factors that make up ground rents are utility, scarcity and desirability. These factors must all be present for land to have value.

I found three land lease agreements in Laconia, NH for property considered similar to the subject abutting railroad land in close proximity to the waterfront. I have analyzed the land leases and concluded there is adequate market data to estimate the market annual ground rent for the subject site. The annual ground rents on these three parcels are good indicators for this unique market.

Land Lease Analysis

L-1: L-1 is a lease agreement is recorded at the Belknap County Registry of Deeds in Book 1101 / Page 910 to 914 entered into on December 31, 1985 between the City of Laconia (Lessor) and Lakeport Landing Inc (Lessee). The lease states that the City of Laconia solicited proposals for the lease of the Lakeport Railroad Station property and that Lakeport Landing Inc submitted a proposal, which was accepted by the City of Laconia.

L-1 is a 0.81-acre commercial zoned site located in 65 Gold Street, Laconia (Lakeport), NH. There is a 20' utility easement on the north and easterly portion of the site and the lessor reserves the rights to it. The easement does not impact this lot's value or the value of the lease.



Terms: The agreement terms were for 10 years with two ten year renewals which would be automatic unless the lessee gives the lessor at least 60 day notice prior to the end of the term with the intent to not renew. The lease began on November 1, 1985.

Rent: The lessee will pay a rent during the term of the lease as follows:

\$5,000 is due per year for the five-year period commencing 11/1/1985, first payment due 1/15/1986.

\$5,750 is due per year for the five-year period commencing 11/1/1990

\$6,500 is due per year for the five-year period commencing 11/1/1995

\$7,250 is due per year for the five-year period commencing 11/1/2000

\$8,000 is due per year for the five-year period commencing 11/1/2005

\$8,750 is due per year for the five-year period commencing 11/1/2010

First ½ of the rent is due January 15 of the year; Second ½ is due on July 15 of the year.

I spoke with the City Manager, Scott Myers, on August 14, 2012 and then again July 1, 2013 regarding the termination date of 2015 of the lease agreement between the City and the owners of Lakeport Landing Marina. The City Manager plans to continue leasing L-1 to Lakeport landing and does not want to sell the property. The City Manager stated that the next lease agreement could have two five-year terms with a rent increase of 10% per term. Lakeport Landing Marina would like to buy the property but will continue to lease if the city isn't willing to sell.

Use of the premises: The lessee was allowed to replace an old railroad station with a new 2-story building with 4,920 sf per floor for a total floor area of 9,840 for the marina showroom. 10 public parking spaces were required to be built and maintained by the lessee and regulated by the City of Laconia.

Utilities and Maintenance: The lessee is to provide all utilities necessary for the leased premises and pay all costs and charges associated with it including but not limited to snow plowing and snow removal. The property will be maintained in good order and in an attractive and acceptable manner.

Other conditions: Insurance will be obtained and held responsibly per the terms of the agreement. The property will be used in compliance with necessary laws, ordinances and properly paid user fees. The lessee will pay taxes on time, responsibly and per terms of the agreement. The lessor retains the right to inspect the premises. All buildings and improvements constructed on the property shall become the property of the lessor at the termination of the lease. All personal property, furnishings, equipment and fixtures, remain the

property of the lessee and can be removed at the time of termination but must be completed within 30 days after termination of the agreement. Any property left after 30 days will transfer to the lessor.

L-1 is paying a ground rent of $\$8,750 / 35,284 \text{ sf} (0.81 \text{ acres}) = \0.25 sf . Given the indicated ground rent value $\$0.25 \text{ sf}$, the estimated ground rent value of the subject property would be $\$9,394 (37,575 \text{ sf} \times 0.25)$.

L-2: The L-2 leased area is a strip of land 210' in length and 12' wide with 2,520 sf that is part of a 1.5 acres State of NH railroad parcel. This portion of the property was wanted by an abutter to provide parking and temporary boat storage to the end of Gold Street in Laconia. This land required, per the lease, a 200' fence or guardrail installed 15' from the center of the railroad track for protection to the railroad influence. This fence would partition the railroad from L-2 allowing the railroad to pass safely and without interruption from parked vehicles.

L-2 is level, with a long, narrow, irregular shaped area located on the easterly side of Railroad Avenue at the corner of Gold Street, in Laconia (Lakeport), NH across from Paugus Bay. It is part of the commercial district on a quiet road that is occupied with Lakeport Landing Marina and neighbored by Irwin Marina and the municipal Fire Department.

L-2 is part of a railroad parcel identified on tax map 367/189/23; beginning at the southerly portion of the lot and runs northeasterly along Railroad Avenue past the cornering Gold Street, through Station 1532+37 on the track and location of the former BMRR, 1008' +/- long then varies with widths between 30' to 90'. No survey bounds are available for this parcel, but a railroad valuation sheet along with the City of Laconia GIS plans provided me with a reasonable plan of the property. The railroad is active carrying freight, except during the winter months.

Lakeport Landing Marina owns other abutting property in fee simple as well as leases 0.81 acres of land from the City of Laconia (L-1) that abuts the L-2 property and prior to the lease it had a history of encroachment onto the railroad parcel near Railroad Avenue border to the point of interrupting the travel of the active railroad.

The ground rent is \$600 annually, effective as of February 6, 2009 between the lessor (NHDOT, Bureau of Rail and Transit) and lessee (Lakeport Landing Marina). The land lease agreement doesn't affect the property size, side setback, frontage length or the property use for the railroad or the building lease.

The terms of the lease for L-2 are similar to L-1, i.e. the duration of the lease is increments of 5 years for rent, any costs for utilities and maintenance, and other conditions like permits, insurance, taxes, etc are all the responsibility of the lessee similar to the terms that apply to L-1.

L-2 is paying a ground rent of $\$600 / 2,520 \text{ sf} = \0.238 sf . Given the indicated ground rent value $\$0.24 \text{ sf}$, the estimated ground rent value of the subject property would be $\$9,018 (37,575 \text{ sf} \times 0.24)$.



L-3: L-3 is a leased area that is a portion of a parcel identified on Laconia Tax Map 345/198/39. It is part of the State of NH railroad corridor consisting of 35 acres of land area that runs adjacent to Channel Lane which runs north-south between the west and east parcels of Thurston's Marina. The State of New Hampshire leases portions of the corridor to abutters for access and parking. Thurston's Marina has leased the railroad right-of-way from the State of New Hampshire since 1993. The original lease had expired and the new one was negotiated, effective as of May 13, 2009 with an \$850 annual ground rent.

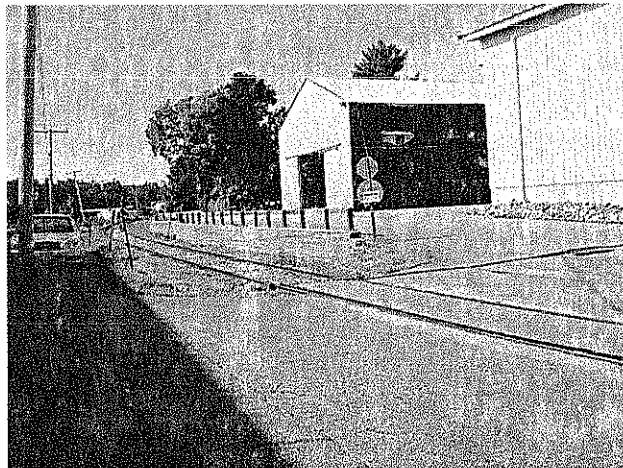
L-3 is the railroad right-of-way lease area used for access between the two parcels totaling 6 acres that the lessee owns in fee simple. The parcel is located on the westerly side of the railroad adjacent to Channel Lane, in Laconia, NH at Paugus Bay. Thurston's Marina with the permission from the State of NH built a small stonewall with a rail and improved the lease area drainage, which benefits both lessor and lessee. The lease area has 9200 sf (0.2 acres) of land. Thurston's Marina has another access but through a complex route, not easily maneuverable with watercraft forklifts hauling boats.

The railroad parcel is level, with a long, narrow, irregular shape. The leased area includes 50 feet +/- wide area crossing the railroad that is 29 feet +/- deep. It runs past the stone wall/rail area that is 320 feet +/- long by 15 to 22 feet wide lane, then narrows to 15 feet into an irregular curved, triangular shaped area for the remainder of the total 445 feet and the lane is 15 feet wide. The mostly 15' wide access area allows equipment and vehicles to pass across the rail and around the Marina's storage buildings.

No survey bounds are available for the leased area, but a recorded site plan and lease plan along with walking the area with a measuring wheel provided me with a reasonable area of the leased property. The railroad is active carrying freight, except during the winter months. L-3 is part of the commercial resort district on an unaccepted city road that is occupied with Thurston's Marina, Channel Marine and various small resort developments. L-3 land lease agreement doesn't affect the property size, side setback, frontage length or the property use for the railroad or the abutter.

The terms of the lease are similar to L-1, i.e. the duration of the lease is increments of 5 years for rent, any costs for utilities and maintenance, and other conditions like permits, insurance, taxes, etc are all the responsibility of the lessee similar to the terms that apply to L-1.

L-3 is used as access and parking and is most similar to the subject lease area. The L-3 ground rent $\$850 / 9,200 \text{ sf} = \0.09 sf . Given an indicated ground rent of \$0.09 sf, the estimated ground rent value of the subject property would be \$3,382 ($37,575 \text{ sf} \times \0.09).



Land Lease Grid

Effective Lease Date	Parcel	Ground Rent	SF	Price per SF (PSF)	Indicated Ground Rent	Lease Area Use
08/08/13	Subj		37,575			Caboose storage
11/1/2010	L-1	\$8,750	35,284	\$0.25	\$9,394	Marina showroom
02/6/2009	L-2	\$600	2,520	\$0.24	\$9,018	Street side parking
05/13/2009	L-3	\$850	9,200	\$0.09	\$3,382	Access, temp parking

Average adjusted price per square foot: \$0.19

Site Reconciliation

The following table is a summary of adjusted price per square foot and indicated lease rate supported by the comparables used in the subject market.

Comparable Lease	Price per Square Foot	Indicated Ground Rent
L-1	\$0.25	\$9,394
L-2	\$0.24	\$9,018
L-3	\$0.09	\$3,382

The subject lease area has a secondary use to the railroad for access to and storage for cabooses on the railroad siding. This is a unique market and the lessee is experiencing the results of a decline in use. In the event the lessee has no further use of the rail, the State of New Hampshire Bureau of Rail and Transit have indicated they would potentially remove the excess rail in that area. The Town of Northfield appears to enjoy the railroad's charm and have named the lease area as Caboose Village. The rail materials have a light weight rating, are in fair condition and have exceeded its economic lifespan.

The comparable leases used are railroad influenced land leases in Laconia similar to the subject in Northfield. They were analyzed and it was determined that the unit of comparison for the vacant land is price per square foot. Using the available market data and my judgment, it is unnecessary to make feature adjustments since the land size and square foot price are small. The real estate market is an imperfect market that does not calculate most characteristics by an exact dollar; the subject and lease comparables are part of a unique market. The lease analysis resulted in a price per square foot range from \$0.09 to \$0.25 and the average price per square foot is \$0.19. The comparables ground rents support an indicated market ground rent range from \$3,382 to \$9,394 and the average is \$7,139.

L-1, L-2 and L-3 are generally similar to the subject in location, proximity to the railroad and downtown waterfront. The comparables are railway parcels with land that is surplus to the City of Laconia and State of New Hampshire railroad operations. L-1 and L-2 differ in price per square foot compared to L-3 by \$0.15, due to the difference of use for L-3. There are no market trends to indicate any need for adjustments for these comparables. The three leases used are current active long-term leases.

L-1 is an old railroad parcel leased and used by a Marina for their showroom business, boat storage and parking. I have applied the least amount of weight to L-1, because it is the comparable with the most utility. L-2 is leased by the same lessee as L-1; but the shape consists of a sliver of land abutting the same railroad parcel as L-1, is located between the road and railroad, and used for additional boat storage. I have given a some amount of weight to L-2. L-3 is part of the railroad corridor, but is used mainly for additional access and some temporary parking. The lessee could still do business without the leased area, but it would be more challenging to access. I have given most amount of weight to L-3 due to lower commercial land demand and values in Northfield, and nearby Tilton town line as compared to the Lake Winnepesaukee waterfront.

There are comparable leased railroad parcels in Laconia with market rents. These leases have been in place long enough to be agreed upon for renewal, reflecting what the market is doing for this unique property type in the Lakes Region.

Based on the analysis, I have concluded that the market ground rent for the subject lease area is \$0.10 sf (37,575 sf x \$0.10 psf), it is my opinion that the **market annual ground rent** for the **Lease Area**, as of August 8, 2013 is **\$3,750 annually**.

ADDENDUM
Legal Description

NOTICE OF CONDEMNATION

THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION BY ALEXANDER J. KALINSKI, CHAIRMAN OF THE COMMISSION, AS SOLE AGENT FOR THE STATE OF NEW HAMPSHIRE, HAS ON OCTOBER 30, 1975, FILED WITH THE MERRIMACK COUNTY SUPERIOR COURT, SEPTEMBER 1975 COURT TERM, A DECLARATION OF TAKING FOR THE FEE TITLE AND OTHER RIGHTS TO THE FOLLOWING PROPERTY LOCATED IN THE CITIES OF CONCORD, FRANKLIN AND LACONIA AND THE TOWNS OF CANTERBURY, NORTHFIELD, TILTON, BELMONT, GILFORD, MEREDITH, NEW HAMPTON, ASHLAND, BRIDGEWATER, PLYMOUTH, CAMPTON, THORNTON, WOODSTOCK AND LINCOLN, IN THE COUNTIES OF MERRIMACK, BELKNAP AND GRAFTON, OWNED BY:

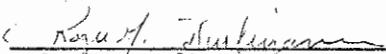
THE BOSTON AND MAINE CORPORATION, DEBTOR,
FIRST NATIONAL BANK OF BOSTON,
STATE STREET TRUST COMPANY AND
MICHAEL P. BENTLEY, ESQUIRE, GUARDIAN AD LITEM

SAID PROPERTY BEING THE CONCORD-LINCOLN RAILROAD LINE, SO-CALLED, INCLUDING THE FRANKLIN-TILTON SPUR, SO-CALLED:

More specifically described on the Right-of-Way and Track Maps numbered V-21:36 through 88, excluding map numbered V-21:65-C; V-30:1 through 22, excluding maps numbered V-30:2a, 8b, 21-B and 21-C; and V-31:1 through 5, prepared and maintained by and on file with the Boston and Maine Corporation, Debtor, a railroad in reorganization, at Iron Horse Park, Billerica, Massachusetts, copies of which are attached hereto and made a part hereof, and includes all right, title and interest, present and future, tangible and intangible, to all real property, railway properties, trade fixtures, affixed or appurtenant to the line including without limitation, all tracks, ties, bridges, signals and crossing protection devices, on, within and appurtenant to the Line, whether owned by the Boston and Maine Corporation, Debtor, a railroad in reorganization or others, located between Stations 56 + 75 as shown on map V-21:36 and Station 1130 + 70 as shown on map V-30:22, but not including parcels 5 and 8 as shown on map V-21:38; parcels 6, 9, 10, 11, 13, 15, 17 and 42-12 as shown on map V-21:43; parcels 4, 5 and 6 as shown on map V-21:46; parcels 27 through 32 as shown on map V-21:54; parcels 20 and 22 as shown on map V-21:65; parcels 9 and 10 as shown on map V-21:65B; parcel 3 as shown on map V-21:74; parcels 7 and 8 as shown on map V-21:77; parcels 1, 2 and 4 as shown on map V-30:2; parcel 9 as shown on map V-30:17; and parcels 6 through 8 as shown on map V-30:21A.

THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

By


Roger G. Burlingame
Assistant Attorney General

October 30, 1975

BK 662 PGE-455

FILED

1975 OCT 30 PM 1:01

CLERK OF COURT
BELKNAP COUNTY

SEE PLAN BOOK DRAWER 'B' PAGES 17 & 32

*Amendment
See Book 786,
Page 69
Edw. J. G. D. Jr.*

AMENDED

NOTICE OF CONDEMNATION

IN accordance with the order of the Merrimack County Superior Court in the case of New Hampshire Public Utilities Commission v. Trustees of the Boston & Maine Corporation, Debtors, et al (Eq. 22,902), the State of New Hampshire filed in said Court an Amended Declaration of Taking which thereby became part of the Declaration of Taking filed in said Court on October 29, 1975, relating to certain tracts of land in the Cities of Concord, Franklin and Laconia and the Towns of Canterbury, Northfield, Tilton, Belmont, Gilford, Meredith, New Hampton, Ashland, Bridgewater, Plymouth, Campton, Thornton, Woodstock and Lincoln, in the Counties of Merrimack, Belknap and Crafton, owned by The Boston & Maine Corporation, Debtor, First National Bank of Boston, State Street Trust Company and Michael F. Bentley, Esquire, Guardian Ad Litem.

In accordance with the order of said Court, the New Hampshire Transportation Authority hereby files this "Amended Notice of Condemnation" reflecting the following changes in the Notice of Condemnation dated October 30, 1975, and recorded in the Merrimack County Registry of Deeds at Book 1260, Page 227; in the Belknap County Registry of Deeds at Book 662, Page 455; and in the Crafton County Registry of Deeds at Book 1262, Page 141:

Paragraph 3 of said Notice of Condemnation, which reads as follows:

More specifically described on the
Right-of-Way and Track Maps numbered V-21:36

OK 786 PGE-069

****AMENDED****

NOTICE OF CONDEMNATION

In accordance with the order of the Merrimack County Superior Court in the case of New Hampshire Public Utilities Commission v. Trustees of the Boston & Maine Corporation, Debtors, et al (Eq. 22,902), the State of New Hampshire filed in said Court an Amended Declaration of Taking which thereby became part of the Declaration of Taking filed in said Court on October 29, 1975, relating to certain tracts of land in the Cities of Concord, Franklin and Laconia and the Towns of Canterbury, Northfield, Tilton, Belmont, Gilford, Meredith, New Hampton, Ashland, Bridgewater, Plymouth, Campton, Thornton, Woodstock and Lincoln, in the Counties of Merrimack, Belknap and Grafton, owned by The Boston & Maine Corporation, Debtor, First National Bank of Boston, State Street Trust Company and Michael P. Bentley, Esquire, Guardian Ad Litem.

In accordance with the order of said Court, the New Hampshire Transportation Authority hereby files this "Amended Notice of Condemnation" reflecting the following changes in the Notice of Condemnation dated October 30, 1975, and recorded in the Merrimack County Registry of Deeds at Book 1260, Page 227; in the Belknap County Registry of Deeds at Book 662, Page 455; and in the Grafton County Registry of Deeds at Book 1262, Page 141:

Paragraph 3 of said Notice of Condemnation, which reads as follows:

More specifically described on the
Right-of-Way and Track Maps numbered V-21:36

OK 786 PGE-069

Plan V-21/51: So much of Parcel #5 as was not acquired by the State of New Hampshire for highway purposes; and Parcels #7 and #8 (meaning the right to cross a highway).

Plan V-21/52: Parcels #1, #2, #3, and #4 (meaning the right to cross a highway).

Merrimack and Belknap Counties

Plan V-21/53: Parcels #1 (meaning the right to cross a highway), #2, #3, #4, #5, #6, #7, #8, #13 (meaning the right to cross a highway), #14, #15 (meaning the right to cross Prospect Street, so called), #20, #21, #22, #28, #29, and #30; and including, if not specifically described by the foregoing, all of the Railroad roadbed as existed on October 29, 1975, from the centerline of the Winnepesaukee River at the County line northerly through the town of Tilton to the match mark of Plan V-21/54.

Plan V-21/54: Parcels #1, #2, #3, the rights reserved to the railroad with respect to Parcel #4, #6 (meaning the right to cross School Street, so called), #8, #9, #10, #11, #12, #13 (meaning the right to cross Main Street, so called), #14, #15, #16, #17 (meaning the right to cross Granite Street, so called) #18, #19, #20, #21, #22, #23, #24, #25, #26, #27, #28, #29, #30, #31, and #32.

Belknap County

Plan V-21/55: Parcels #1, #2, #3, #4, #5 (meaning the right to cross a highway), #6, #7, #8, #9, #11, and #12 (meaning an easement to clear view only).

Plan V-21/51: So much of Parcel #3 as was not acquired by the State of New Hampshire for highway purposes, and Parcels #7 and #8 (meaning the right to cross a highway).

Plan V-21/52: Parcels #1, #2, #3, and #4 (meaning the right to cross a highway).

Merrimack and Belknap Counties

Plan V-21/53: Parcels #1 (meaning the right to cross a highway), #2, #3, #4, #5, #6, #7, #8, #13 (meaning the right to cross a highway), #14, #15 (meaning the right to cross Prospect Street, so called), #20, #23, #27, #28, #29, and #30; and including, if not specifically described by the foregoing, all of the Railroad roadbed as existed on October 29, 1975, from the centerline of the Winnepesaukee River at the County line northerly through the Town of Tilton to the match mark of Plan V-21/54.

Plan V-21/54: Parcels #1, #2, #3, the rights reserved to the railroad with respect to Parcel #4, #6 (meaning the right to cross School Street, so called), #8, #9, #10, #11, #12, #13 (meaning the right to cross Main Street, so called), #14, #15, #16, #17 (meaning the right to cross Granite Street, so called) #18, #19, #20, #21, #22, #23, #24, #25, #26, #27, #28, #29, #30, #31, and #32.

Belknap County

Plan V-21/55: Parcels #1, #2, #3, #4, #5 (meaning the right to cross a highway), #6, #7, #8, #9, #11 and #12 (meaning an easement to clear view only).

Plan V-21/56: Parcels #1, #2, #3, #4, #5, #8, #9, #11, #12, and #13.

Plan V-21/57: Parcels #1, #2, #3, #4, #5, #6 (meaning the right to cross a highway), #7, #8 (meaning the right to cross a highway), #9 (meaning the right to cross a highway) and #10.

Plan V-21/58: Parcels #1, #2, #3, #4, and #5.

Plan V-21/59: Parcels #1, #2, and #3.

Plan V-21/60: Parcels #1, #4, #5, #7, and #8.

Plan V-21/61: Parcels #1, #2, and #6.

Plan V-21/62: Parcels #1 and #2.

Plan V-21/SL63: Parcels #1, #2 (meaning the right to cross Bay Street, so called), #3 (meaning the right to cross Fair Street, so called), #4, #5, #6, #7, #8 (meaning the right to cross Water Street, so called), #9, #10, #11, #12, #13, #14, #15, #16 (meaning the right to cross Pleasant Street, so called), #17, #18, #19, #27, #28, #29, #30, #31, #32, #34, #35, #36, #37, #38, #40, #41, #42, #43, and #44 (meaning the right to cross Main Street, so called).

Plan V-21/64: Parcel #1 (meaning the right to cross Messer Street, so called), #2, #3, #5 (meaning the right to cross Messer Street, so called), #6, #7, #8, #9, #10, #11, #12, #13, #14, #15, #16 (meaning the right to cross Bridge Street, so called), and #17.

Plan V-21/65: Parcels #1, #2, #3, #4, #5, #6, #7, #8, #9, #10, #11

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OK 786 PGE-074

(meaning the right to cross Elm Street, so called), #12, #15, #16, #17, #18, #20, #21, and the right to operate and maintain a railroad over Parcel #29, in accordance with the railroad's reservation of rights under the conveyance of said Parcel.

Plan V-21/65-A: Parcels #9, #10, #11, #12, #13, #14, #15, #16, #17 (meaning the right to cross a highway), #18 (excluding, however, any portion of said Parcel #18 as may have been conveyed by Parcel #10 of Plan V-21/65-B), #19, and the right to operate and maintain a railroad over Parcels #23, #24, and #25, in accordance with the railroad's reservation of rights under the conveyance of said Parcels.

Plan V-21/65-B: No parcels acquired.

Plan V-21/65-C: No parcels acquired.

Plan V-21/66: Parcels #1, #2, #3, and #4.

Plan V-21/67: Parcels #1, #2, #3, #4, and #5.

Plan V-21/68: Parcels #1, #2, #3, #4, #5, and #6.

Plan V-21/69: Parcels #1, #2, #3, #4, and #5.

Plan V-21/70: Parcels #3 (meaning the right to cross a highway), #6, and #12.

Plan V-21/71: Parcels #1, #2, #3, and #4.

Plan V-21/72: Parcels #1, #2, #3, and #4.

Plan V-21/73: Parcels #1, #2, #3, #4, and #5.

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BK 786 PGE-075

of its political subdivisions for highway or other public purposes.

Excepting and reserving from the above-described takings any and all express or implied easement rights or licenses, private or public, to cross said railroad line as were legally in effect on October 29, 1975.

All parcels, or portions thereof, appearing or described on said Plans which are not specifically referred to above are intended to be excluded from, and shall not constitute a part of, this taking.

Where any of the parcels referred to above have been modified or reduced in size by subsequent conveyances under other parcel numbers not referred to, only such portions of the referenced parcels as remain are intended to be acquired.

In all other respects, the Notice of Condemnation dated October 30, 1975, shall remain the same.

THE STATE OF NEW HAMPSHIRE
TRANSPORTATION AUTHORITY
By its Executive Director

Charles W. Chandler
Charles Chandler

John Q. Morton Building
85 Loudon Road
Concord, New Hampshire 03301

February 28, 1980

Attorney for the State of New Hampshire
Attorney General Thomas B. Rath
State House Annex
Concord, New Hampshire 03301

James E. Motria
James E. Motria
Assistant Attorney General

FILED

1980 FEB 29 AM 10:36
Querett S. Wheeler
REGISTRY OF DEEDS
BELKNAP COUNTY
by Lynn M. Dunleavy
Deputy

BK 786 PGE-080

Tax Card

DRA Web GIS Property Card

NEW HAMPSHIRE DEPARTMENT OF REVENUE ADMINISTRATION

PARK STREET, Northfield New Hampshire

NHGIS ID: 07162-U07-0001-002	Muni ID: U07-001-002	CAMA ID: U07-0001-002			
County: Merrimack	Town: Northfield	C/T ID: 7/162			
Map: U07	Map Cut:	Block:	Block Cut:	Lot: 0001	Lot Cut:
Unit:	Unit Cut:	Sub: 002	Cards: 1		

Ownership Information

Owner: STATE OF NH - DOT Co-Owner: ATTN: BRIAN LOMBARD, PE
Mailing Address: BUREAU OF RAIL & TRANSIT PO BOX 483 CONCORD, NH 03302

Land Information

Area: 0.3 ac	Zone: C/I-SCOM/IND-S	Use Code: Local: EXEMPT-	State: 27
Flood Code:	Util Code 1:	Util Code 2:	Traffic Code:
Excess Frontage: 0	Waterfront: 0	View Factor: N	

Building Information:

Type 1:	AYB: 0	Rooms:	Beds: 0	Baths: 0	Full:	Half:
Area (G): 0 sqft	Cond:	Wall Type:		Roof Type:		
Area (N): sqft	Grade:	XWall Type:		Roof Cover:		

Transaction Information

Date:	Price:	Book-Page:
Grantor:		

Assessment Information

Land: \$11500	Building: \$0	Feat: \$4800	Total: \$16300
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Supplemental Information

Current To: 09/21/2012	Records: 2049	State Owned: Yes	LND Vpsf: 0.88
Updated: 02/02/2013	Parcel Link? Yes	Ratio:	BLD Vpsf:

Previous Year Information -2011-08-09

Land: \$14400	Building: \$0	Feat: \$4800	Total: \$19200
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This report was compiled using data believed to be accurate; however, a degree of error is inherent in all municipally sourced information. This report was distributed "AS-IS" without warranties of any kind, either expressed or implied, including but not limited to warranties of suitability to a particular purpose or use. If you believe this information to be incorrect please contact nht2gis@gmail.com for assistance.

6 August 2013

NHDOT Railroad Lease Agreement

LEASE

THIS LEASE, made and entered into this 15 day of Jan, 2008, between the State of New Hampshire, Department of Transportation, hereinafter called the "LANDLORD", and Merrimack Valley Railroad Company, Inc., PO Box 216, Franklin, New Hampshire, hereinafter (collectively) called the "TENANT".

WHEREAS, the LANDLORD is the owner of the hereinafter described property, which is not immediately required by the LANDLORD and has been requested by the TENANT to lease the property to the TENANT on an "as is" basis.

WHEREAS, the LANDLORD is willing to comply with said request, provided that the TENANT, as a condition to the occupancy of said premises, joins in the execution of this LEASE for the purpose of accepting each and every condition herein set forth during the occupancy of said premises by the TENANT.

NOW, THEREFORE, THIS LEASE WITNESSETH THAT:

1. DEMISE OF THE PREMISES

1.01 For and in consideration of the rent and the mutual covenants hereinafter stated, and the acceptance by the TENANT of each and every term and condition herein set forth, the LANDLORD hereby lease and demises to the TENANT the premises located in the Town of Northfield on the State-owned Concord to Lincoln railroad corridor and from Engineering Station 956+00 to Station 961+40, as shown on the attached Railroad Valuation Map V21/53 (EXHIBIT A).

2. TERM

2.01 The term of this lease shall begin on the 1st day of January, 2008, or upon approval by the Governor and Executive Council, whichever is later, and shall end five years after the effective date, unless terminated sooner in accordance with Condition 17.01 or 17.02.

2.02 The TENANT shall notify the LANDLORD within ninety (90) days of the ending date that the TENANT wishes to enter negotiations for a new LEASE for an additional five (5) year period. If the TENANT and the LANDLORD cannot agree upon a new LEASE, the TENANT shall surrender to the LANDLORD the premise in accordance with Condition 18.01.

3. SECURITY DEPOSIT AND RENT

3.01 The TENANT agrees to pay to the LANDLORD as a Security Deposit for demised premises the sum of zero (\$0) dollars to secure the performance of the TENANT's obligations hereunder. The LANDLORD may at its option set off all or portions of the deposit to pay for damages caused by any breach of the TENANT's obligations hereunder. The TENANT shall not have the right to apply the security deposit in payment of any past due rent.

3.02 All real or personal property taxes assessed by the Town of Northfield as a result of this LEASE are not included in the rent and will be paid by the TENANT. In accordance with RSA 72:23, I(b), "failure of the lessee to pay any duly assessed personal and real estate taxes when due shall be cause to terminate said lease or agreement by the lessor."

Initial 

- 3.03 Rent shall be three thousand (\$3,000.00) dollars per year, payable in advance in quarterly payments of seven hundred fifty (\$750.00) dollars, due upon the 1st day of January, April, July and October of each year to the LANDLORD at the following address:

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
BUREAU OF FINANCE & CONTRACTS
J. O. MORTON BUILDING
PO BOX 483
CONCORD NH 03302-0483

If the total rental amount is not paid within ten (10) days after the due date, the TENANT agrees to pay a late charge of sixty (\$60.00) dollars.

4. QUIET ENJOYMENT

- 4.01 The LANDLORD covenants and agrees that so long as the TENANT is not in default of any of the covenants and agreements of this LEASE, the TENANT's quiet and peaceful enjoyment of the premises shall not be disturbed or interfered with by the LANDLORD or any person claiming by or through the LANDLORD.

5. USE OF PREMISES

- 5.01 The premises shall be used and occupied by the TENANT exclusively for storage of cabooses and railroad passenger cars, and neither the premises nor any part thereof shall be used at any time during the term of this LEASE by the TENANT for the purpose of carrying on any other business, profession or trade of any kind. The TENANT shall comply with all laws, ordinances, rules and orders of appropriate governmental authorities affecting the cleanliness, occupancy, and preservation of the demised premises during the term of this LEASE. This includes restrictions on overnight camping or temporary living arrangements. The TENANT shall not use the premises in any manner that will disturb a neighbor's peaceful enjoyment of other property.
- 5.02 No TENANT or visitor or invitee of the TENANT may park any motorized vehicle on any area, which is not designated specifically for parking. No unregistered motorized vehicles shall be stored upon the premises.

6. MAINTENANCE OF PREMISES

- 6.01 The TENANT acknowledges that the premises are in good order and repair at the beginning of the LEASE term. The TENANT shall at its own expense maintain the premises in a clean and sanitary manner. The TENANT shall not allow brush, leaves, grass or other plant matter, ice, snow, dirt or any other material to be placed on the premises.
- 6.02 The TENANT shall be responsible for any damage caused during this tenancy. The TENANT shall return the premises to the LANDLORD in as good order and condition as when received, ordinary wear and tear excepted. The TENANT agrees to be responsible for all single job repair costs. The LANDLORD reserves the right to select the persons or company to perform any such repairs.

Initial 

7. DAMAGE TO PREMISES

- 7.01 If the premises are damaged so as to render them untenable, then either party shall have the right to terminate this LEASE as of the date on which the damage occurs, through written notice to the other party, to be delivered within ten (10) days after the occurrence of such damage. However, should the damage or destruction occur as a result of any act or omission on the part of the TENANT or its invitees, then only the LANDLORD shall have the right to terminate this LEASE. Should the right to terminate be exercised, the rent for the current year shall be prorated between the parties as of the date the damage occurred.

8. ALTERATIONS AND IMPROVEMENTS

- 8.01 The TENANT shall make no alterations to the premises or construct any building or make other improvements on the premises without the prior written consent of the LANDLORD. All alterations, changes, and improvements built, constructed, or placed on the premises by the TENANT, with the exception of fixtures removable without damage to the premises and movable personal property, shall, unless otherwise provided by written agreement between the LANDLORD and the TENANT, be the property of the LANDLORD and remain on the demised premises at the expiration or sooner termination of this LEASE.

9. ENTRY AND INSPECTION

- 9.01 The LANDLORD retains the right to enter the premises in the case of an emergency, or to make necessary repairs, alterations, improvements, or to supply necessary or agreed services, or to exhibit the premises to prospective purchasers or tenants, workmen, contractors, or others, or when the TENANT has abandoned or surrendered the premises, or whenever necessary to determine the condition of the premises. Whenever practical the LANDLORD shall provide the TENANT with 24 hours notice prior to entry. Any indication of LEASE violations shall be grounds for immediate eviction action.

10. ASSIGNMENT AND SUBLETTING

- 10.01 Without the prior written consent of the LANDLORD, the TENANT shall not assign this LEASE, or sublet or grant any concession or license to use the premises or any part thereof. A consent by the LANDLORD to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession, or license without the prior written consent of the LANDLORD or an assignment or subletting or operation of law, shall be void and shall, at the LANDLORD's option, terminate this LEASE.

11. UTILITIES

- 11.01 The TENANT shall be responsible for arranging for and paying for all utility services required on the premises.

Initial 

12. DANGEROUS MATERIALS

- 12.01 The TENANT shall not keep or have on the premises any article or thing of a dangerous, inflammable, or explosive character that might unreasonably increase the danger of fire on the premises or that might be considered hazardous or extra hazardous.

13. INDEMNIFICATION AND INSURANCE

- 13.01 The TENANT acknowledges that the facility is being requested for the TENANT's advantage and does not involve the Plymouth & Lincoln Railroad or LANDLORD's performance of their duties to the public. The TENANT further acknowledges that the installation and used of the facility by the TENANT will expose the LANDLORD and the Railroad to additional liability to which they would not otherwise be exposed. Accordingly, the TENANT agrees that neither the LANDLORD nor the Plymouth & Lincoln Railroad shall be liable for injury or death of the TENANT or agent of TENANT, regardless of status as guest, invitee or trespasser, or for loss or destruction of or damage to any property of the TENANT or any agent of the TENANT while upon, or about, or in the use of the facility. The TENANT and its employees, contractors and agents agree to defend, indemnify, and hold harmless the LANDLORD, its officers, agents and employees, from and against any and all losses suffered by the LANDLORD, its successors and assigns, officers, agents, employees and Plymouth & Lincoln Railroad, from any and all claims, liabilities or penalties asserted against the LANDLORD, its successors and assigns, officers, agents and employees, by or on behalf of any person on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the TENANT or from the use, maintenance, installation, removal or existence of this facility, respective of any negligence on the party of the LANDLORD, the Railroad or their agents or employees. Without limiting the foregoing, it is agreed that this covenant of indemnification shall apply to all cases of loss, damage, injury, death, cost or expense for which any party to this agreement may or shall be liable. For the purpose of this agreement, all persons using the facility shall be deemed agents of the TENANT. This covenant shall survive the termination of this Agreement. In addition the TENANT shall pay the premiums on a policy or policies of insurance covering the following at said facility, designating the State of New Hampshire and the Plymouth & Lincoln Railroad as additional named insureds.

13.01.1 Commercial General Liability:
\$1,000,000.00 each occurrence/\$2,000,000.00 in the aggregate

- 13.02 The TENANT further agrees to obtain and keep in force a policy or policies of insurance providing Comprehensive General Liability or Comprehensive Personal Liability with a minimum \$1,000,000.00 per occurrence limit covering bodily injury and property damage and \$2,000,000.00 in the aggregate designating the State of New Hampshire and Plymouth & Lincoln Railroad as additional named insureds.
- 13.03 Procurement and delivery of a certificate indicating such insurance acceptable to the State is a condition precedent to the effectiveness of this Agreement. Nothing contained herein shall be construed as a waiver of sovereign immunity.
- 13.04 No provision of this Agreement is intended to waive any aspect of the State's sovereign immunity, and any possible counterclaims or defenses it may assert relative to any claim brought related to this Agreement or the facility.

Initial 

14. HOLDOVER BY TENANT

- 14.01 No holdover by the TENANT will be permitted. The LANDLORD and TENANT must execute a new LEASE upon expiration of an existing LEASE in order for a TENANT to remain in possession of the premises.

15. DEFAULT

- 15.01 The LANDLORD shall be the sole judge of what shall constitute a violation of the provisions of the LEASE, or the failure of the TENANT to otherwise abide by any of the covenants herein contained, and may order a discontinuance of the practices, or the performance of any of the work related to such default by giving the TENANT ten (10) days notice in writing. Failure of the TENANT to comply with the notice shall automatically give the LANDLORD the right to terminate this LEASE evict the TENANT and take full and complete possession of the premises.

16. TERMINATION OF LEASE FOR CAUSE

- 16.01 In the event that the TENANT shall default in the payment of any installment of rent or other sum herein specified and such default shall continue for ten (10) days after written notice, thereof, or if the TENANT shall default in the observance or performance of any other of the TENANT's covenants, agreements, or obligations hereunder and such default shall not be corrected within ten (10) days of written notice by the LANDLORD to the TENANT specifying such default and requiring it to be remedied then, and in such an event, the LANDLORD may serve a written notice of termination of this LEASE upon the TENANT and this LEASE and the term hereunder shall terminate and upon such termination the LANDLORD may immediately or at any time thereafter, without demand or notice enter into or upon the premises and repossess the same.
- 16.02 If it becomes necessary for the LANDLORD to institute suit for eviction or damages on account of rental arrears or violation of the terms of this LEASE, the LANDLORD shall be entitled to include in such suit for eviction or damages, a claim for attorney's fees and court costs incident thereto, which fees the TENANT hereby covenants and agrees to pay.

17. TERMINATION FOR CONVENIENCE

- 17.01 The LANDLORD may terminate the LEASE at any time by giving thirty (30) days notice thereof in writing, and may take full and complete possession of the premises hereby leased, at the end of said thirty (30) day period with no further liability of any nature whatsoever to the TENANT for so doing. Should the LANDLORD terminate this LEASE by giving the thirty (30) days notice during any period for which a full year's rent has already been paid, the LANDLORD will reimburse the TENANT for the pro-rata proportion of the remaining number of days for which rent has been paid in advance but during which the TENANT no longer occupy the premises.
- 17.02 The TENANT may terminate this LEASE Agreement at any time by giving at least thirty (30) days notice in writing, specifying in said notice the day (and the time of day) on which possession of the premises will be surrendered. The TENANT shall not vacate or leave the premises unattended on the day of surrender until the LANDLORD's representative shall have sufficient time to check the premises prior to taking formal possession thereof. In the event that the TENANT shall terminate this LEASE in accordance with the above provisions, payment of rent shall cease at the end of the

said thirty (30) day period, or at the end of the day on which possession shall be surrendered, whichever shall last occur.

18. SURRENDER OF THE PREMISES

- 18.01 In the event that the term or any extension thereof shall have expired or terminated, the TENANT shall peacefully quit and surrender to the LANDLORD the premises together with all improvements, alterations, or additions made by the TENANT, which cannot be removed without damaging the premises. The TENANT shall remove all personal property and shall repair any damage caused by such removal. The TENANT's obligations to observe or perform the covenants contained herein shall survive the expiration or termination of this LEASE.

19. INDEMNIFICATION AND RELEASE FROM LIABILITY

- 19.01 The TENANT further releases the LANDLORD, its agents and employees, from any and all claims or demands for damages or injuries of any nature whatsoever attributable to the taking, use and occupancy of any portion of the premises caused by the construction and maintenance by the State of New Hampshire of any transportation project or proposed project which abuts (or will abut) or may effect in any way the property herein leased.

20. DISCRIMINATION PROHIBITED

- 20.01 The TENANT hereby covenants and agrees that no person on the ground of race, color, national origin or sex, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises, and that in the construction of any improvements on, over or under such premises and the furnishing of services thereon, no person on the ground of race, color, national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and that the TENANT shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

21. MISCELLANEOUS

- 21.01 LANDLORD's Agents. All rights and obligations of the LANDLORD under this LEASE may be performed or exercised by such agents as the LANDLORD may select.
- 21.02 Notice. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by registered or certified mail, postage prepaid, in a United States Post Office.
- 21.03 Extent of Instrument, Choice of Laws, Amendment, etc. This LEASE, which may be executed in a number of counterparts, each of which shall have been deemed an original, but which shall constitute one and the same instrument, is to be construed according to the Laws of the State of New Hampshire, is to take effect as a sealed instrument, is binding upon, inures to the benefit of, and shall be enforceable by the parties hereto and their respective successors and assigns, and may

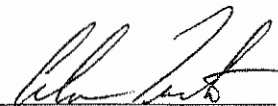
Initial 

be canceled, modified, or amended only by a written instrument executed and approved by the LANDLORD and the TENANT.

- 21.04 No Waiver of Breach. No assent, by either party, whether express or implied, to a breach of covenant, condition or obligation by the other party, shall act as a waiver of a right of action for damages as a result of such breach, or shall be construed as a waiver of any subsequent breach of the covenant, condition or obligation.
- 21.05 Unenforceable Terms. If any terms of this LEASE or any application thereof shall be invalid or unenforceable, the remainder of this LEASE and any application of such term shall not be affected thereby.
- 21.06 Entire LEASE. This LEASE embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.
- 21.07 No Waiver of Sovereign Immunity. No provision in this LEASE is intended to be nor shall it be interpreted by either party to be a waiver of the State's sovereign immunity.

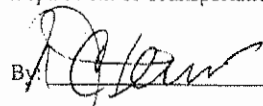
IN WITNESS WHEREOF, the parties hereto have set their hands the date first-written above.

TENANT:

By: 

LANDLORD:

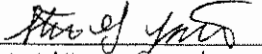
THE STATE OF NEW HAMPSHIRE
Department of Transportation

By: 

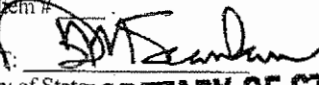
Jack W. Ferns, Director
Aeronautics, Rail, and Transit
NHDOT

for Commissioner

Approved by Attorney General this 31st day of January, 2008, as to form and execution.

By: 
Assistant Attorney General


Approved by Governor and Council on MAR 05 2008, Item #

ATTEST: 

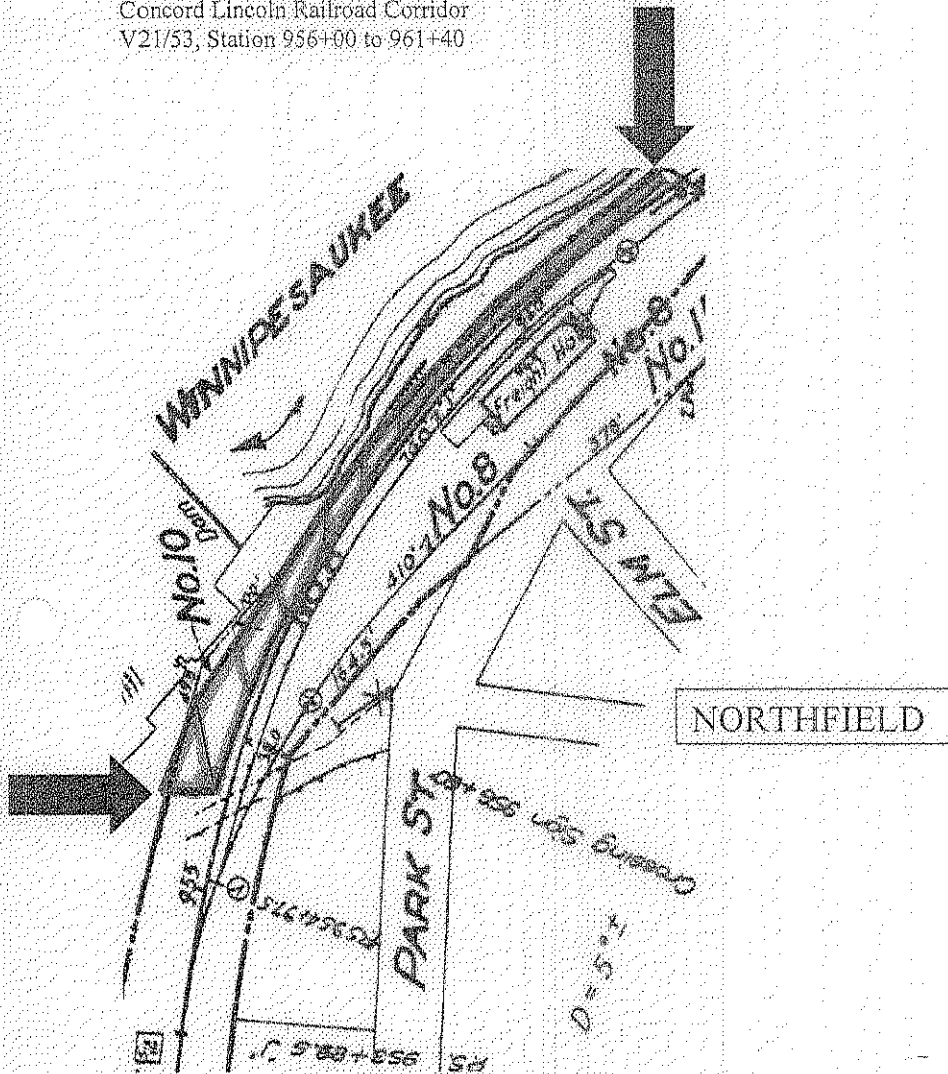
DEPUTY SECRETARY OF STATE

Approved by New Hampshire Council on Resources and Development on August 13, 2007.

Approved by Long Range Capital Planning and Utilization Committee on November 27, 2007.

Initial 

Attachment A - Merrimack Valley Railroad, lease-Northfield
 Concord Lincoln Railroad Corridor
 V21/53, Station 956+00 to 961+40



BLOCK ARROWS INDICATE LIMITS OF PROPOSED LEASE AREA
 (West side of mainline track.)

Field Measurements (Proposed lease area west side of main)

1st segment 100 X 45 = 4500 sf

2nd segment 220 X 45/5 = 4100 sf

3rd segment 220 X 5 = 1100 sf

Total = 9700 sf

Initial

[Signature]

CERTIFICATE OF VOTE

I, R P Shapiro hereby certify that I am the duly elected Clerk of the Merrimack Valley Railroad Company, Inc.

I hereby certify that ALAN LARTER is the TREASURER of the Merrimack Valley Railroad Company, Inc. and is empowered to execute a Lease Agreement with the State of New Hampshire will shall allow the Merrimack Valley Railroad Company, Inc. to lease a portion of the State-owned Concord to Lincoln Railroad Corridor in Northfield, NH.

I certify that the above has not been amended or repealed and remains in force and effect as of Jan 15, 20 08.

1/17/08
Date

Attested:
[Signature]
, Clerk
(Print Name)
R. Petek Shapiro

CORPORATE SEAL

Initial _____

State of New Hampshire
Department of State

CERTIFICATE

I, William M. Gardner, Secretary of State of the State of New Hampshire, do hereby certify MERRIMACK VALLEY RAILROAD COMPANY, INC. is a New Hampshire corporation duly incorporated under the laws of the State of New Hampshire on August 27, 1984. I further certify that all fees and annual reports required by the Secretary of State's office have been received and that articles of dissolution have not been filed.



In TESTIMONY WHEREOF, I hereto
set my hand and cause to be affixed
the Seal of the State of New Hampshire,
this 11th day of January, A.D. 2008

A handwritten signature in cursive script, appearing to read "William M. Gardner".

William M. Gardner
Secretary of State

ACORD CERTIFICATE OF LIABILITY INSURANCE				CSR PR FRANK-2	DATE (MM/DD/YYYY) 11/14/07														
PRODUCER Colby Insurance Agency, Inc. e Gallery Suite 211 16 Newport Road New London NH 03257 Phone: 603-526-2451 Fax: 603-526-2903			THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.																
INSURED Merrimack Valley Railroad Co. PO Box 216 Franklin NH 03235-0216			INSURERS AFFORDING COVERAGE <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">INSURER A</td> <td style="width: 70%;">Acadia Insurance Company</td> <td style="width: 20%;">NAIC #</td> </tr> <tr> <td>INSURER B</td> <td></td> <td></td> </tr> <tr> <td>INSURER C</td> <td></td> <td></td> </tr> <tr> <td>INSURER D</td> <td></td> <td></td> </tr> <tr> <td>INSURER E</td> <td></td> <td></td> </tr> </table>		INSURER A	Acadia Insurance Company	NAIC #	INSURER B			INSURER C			INSURER D			INSURER E		
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INSURER C																			
INSURER D																			
INSURER E																			
COVERAGES THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED, OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN (AA) HAVE BEEN REDUCED BY PAID CLAIMS.																			
INSR ACCT LTR INSR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS														
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CERTIFICATE HOLDER State of New Hampshire & Plymouth and Lincoln Railroad as an additional insured PO Box 9 Lincoln NH 03251			CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>NA</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL NOT CONSTITUTE A WAIVER OF LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE E. Jon Barsella																

ACORD 25 (2001/08)

© ACORD CORPORATION 1988

Expired Lease

LEASE

THIS LEASE, made and entered into this 28th day of AUGUST, 20 03, between the State of New Hampshire, Department of Transportation, hereinafter called the "LANDLORD", and Merrimack Valley Railroad Co., Inc., PO Box 216, Franklin, NH 03235, hereinafter (collectively) called the "TENANT".

WHEREAS, the LANDLORD is the owner of the hereinafter described property, which is not immediately required by the LANDLORD and has been requested by the TENANT to lease the property to the TENANT on an "as is" basis.

WHEREAS, the LANDLORD is willing to comply with said request, provided that the TENANT, as a condition to the occupancy of said premises, joins in the execution of this LEASE for the purpose of accepting each and every condition herein set forth during the occupancy of said premises by the TENANT.

NOW, THEREFORE, THIS LEASE WITNESSETH THAT:

1. DEMISE OF THE PREMISES

- 1.01 For and in consideration of the rent and the mutual covenants hereinafter stated, and the acceptance by the TENANT of each and every term and condition herein set forth, the LANDLORD hereby lease and demises to the TENANT the premises located in the Town of Northfield on the State-owned Concord to Lincoln railroad line and nearly opposite Engineering Station 960+00+/-, as shown on the attached Railroad Valuation Map V21/53 (EXHIBIT A).

2. TERM

- 2.01 The term of this lease shall begin on the 1st day of July, 2003; or on approval by the Governor and Executive Council, which ever is later and shall end on the 30th day of June, 2008, unless terminated sooner in accordance with Condition 17.01 or 17.02.

2.02 The TENANT shall notify the LANDLORD within ninety (90) days of the ending date of June 20, 2008, that the TENANT wishes to enter renegotiations for a new LEASE for an additional five (5) year period beginning July 1, 2008. If the TENANT and the LANDLORD cannot agree upon a new LEASE by June 20, 2008, the TENANT shall surrender to the LANDLORD the premise in accordance with Condition 18.01.

Initial 

3. SECURITY DEPOSIT AND RENT

- 3.01 The TENANT agrees to pay to the LANDLORD as a Security Deposit for demised premises the sum of zero (\$ -0-) dollars to secure the performance of the TENANT's obligations hereunder. The LANDLORD may at its option set-off all or portions of the deposit to pay for damages caused by any breach of the TENANT's obligations hereunder. The TENANT shall not have the right to apply the security deposit in payment of any past due rent.
- 3.02 All real or personal property taxes assessed by the Town of Northfield as a result of this LEASE will not be included in the rent and will be paid by the TENANT. In accordance with RSA 72:23(b), "failure of the lessee to pay any duly assessed personal and real estate taxes when due shall be cause to terminate said lease or agreement by the lessor."
- 3.03 Rent shall be two thousand five hundred (\$2,500.00) dollars per year, payable in advance in quarterly payments of six hundred twenty-five (\$625.00) dollars, due upon the 1st day of July, October, January and April of each year to the LANDLORD at the following address:

NEW HAMPSHIRE DEPARTMENT OF TRANSPORTATION
BUREAU OF FINANCE & CONTRACTS
PO BOX 483
CONCORD NH 03302-0483

If the total rental amount is not paid within ten (10) days after the due date, the TENANT agrees to pay a late charge of thirty-five (\$35.00) dollars.

4. QUIET ENJOYMENT

- 4.01 The LANDLORD covenants and agrees that so long as the TENANT is not in default of any of the covenants and agreements of this LEASE, the TENANT's quiet and peaceful enjoyment of the premises shall not be disturbed or interfered with by the LANDLORD or any person claiming by or through the LANDLORD.

5. USE OF PREMISES

- 5.01 The premises shall be used and occupied by the TENANT exclusively as a parking lot for the railroad related facility and railroad car display area, and neither the premises nor any part thereof shall be used at any time during the term of this LEASE by the TENANT for the purpose of carrying on any other

business, profession or trade of any kind other than as a parking lot for the railroad related facility and railroad car display area. The TENANT shall comply with all laws, ordinances, rules and order of appropriate governmental authorities affecting the cleanliness, occupancy, and preservation of the demised premises during the term of this LEASE. The TENANT shall not use the premises in any manner that will disturb a neighbor's peaceful enjoyment of other property.

- 5.02 No TENANT or visitor or invitee of the TENANT may park any motorized vehicle on any area, which is not designated specifically for parking. No unregistered motorized vehicles shall be stored upon the premises.

6. MAINTENANCE OF PREMISES

- 6.01 The TENANT acknowledges that the premises are in good order and repair at the beginning of the LEASE term, unless otherwise indicated by attached written statement. The TENANT shall at their own expense maintain the premises in a clean and sanitary manner. The TENANT shall not allow brush, leaves, grass or other plant matter, ice, snow, dirt or any other material to be placed on the premises.
- 6.02 The TENANT shall be responsible for any damage caused during this tenancy. The TENANT shall return the premises to the LANDLORD in as good order and condition as when received, ordinary wear and tear excepted. The TENANT agrees to be responsible for all single job repair costs. The LANDLORD reserves the right to select the persons or company to perform any such repairs.

7. DAMAGE TO PREMISES

- 7.01 If the premises are damaged so as to render them untenable, then either party shall have the right to terminate this LEASE as of the date on which the damage occurs, through written notice to the other party, to be delivered within ten (10) days after the occurrence of such damage. However, should the damage or destruction occur as a result of any act or omission on the part of the TENANT or its invitees, then only the LANDLORD shall have the right to terminate this LEASE. Should the right to terminate be exercised, the rent for the current year shall be prorated between the parties as of the date the damage occurred.

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8. ALTERATIONS AND IMPROVEMENTS

- 8.01 The TENANT shall make no alterations to the premises or construct any building or make other improvements on the premises without the prior written consent of the LANDLORD. All alterations, changes, and improvements built, constructed, or placed on the premises by the TENANT, with the exception of fixtures removable without damage to the premises and movable personal property, shall, unless otherwise provided by written agreement between the LANDLORD and the TENANT, be the property of the LANDLORD and remain on the demised premises at the expiration or sooner termination of this LEASE.

9. ENTRY AND INSPECTION

- 9.01 The LANDLORD retains the right to enter the premises in the case of an emergency, or to make necessary repairs, alterations, improvements, or to supply necessary or agreed services, or to exhibit the premises to prospective purchasers or TENANT's, workmen, contractors, or others, or when the TENANT has abandoned or surrendered the premises, or whenever necessary to determine the condition of the premises. Whenever practical the LANDLORD shall provide the TENANT with 24 hours notice prior to entry. The LANDLORD or its agent shall inspect the premises at least one (1) time in each calendar year. Any indication of LEASE violations shall be grounds for immediate eviction action.

10. ASSIGNMENT AND SUBLETTING

- 10.01 Without the prior written consent of the LANDLORD, the TENANT shall not assign this LEASE, or sublet or grant any concession or license to use the premises or any part thereof. A consent by the LANDLORD to one assignment, subletting, concession, or license shall not be deemed to be a consent to any subsequent assignment, subletting, concession or license. An assignment, subletting, concession, or license without the prior written consent of the LANDLORD or an assignment or subletting or operation of law, shall be void and shall, at the LANDLORD's option, terminate this LEASE.

11. UTILITIES

- 11.01 The TENANT shall be responsible for arranging for and paying for all utility services required on the premises.

12. DANGEROUS MATERIALS

- 12.01 The TENANT shall not keep or have on the premises any article or thing of a dangerous, inflammable, or explosive character that might unreasonably increase the danger of fire on the premises or that might be considered hazardous or extra hazardous.

13. INSURANCE

- 13.01 During the term of the LEASE, the TENANT, at their own expense, shall maintain TENANT's general liability coverage in the amount of one million (\$1,000,000.00) dollars each occurrence and two million (\$2,000,000.00) dollars in the aggregate on the premises. The TENANT shall provide to the LANDLORD a certificate of insurance demonstrating that the required coverage has been obtained and designating the State of New Hampshire and the Plymouth and Lincoln Railroad are named as additional insureds before taking possession of the premises.
- 13.02 The TENANT shall also obtain and maintain comprehensive automobile liability insurance covering all motor vehicles, including owned, hired, borrowed and non-owned vehicles, for all claims of bodily injury, death or property damage, in policy amounts of not less than five hundred thousand (\$500,000.00) dollars combined single limit. The TENANT shall provide to the LANDLORD a certificate of insurance demonstrating that the required coverage has been obtained and designating the State of New Hampshire and the Plymouth and Lincoln Railroad are named as additional insureds before taking possession of the premises.

14. HOLDOVER BY TENANT

- 14.01 No holdover by the TENANT will be permitted. The LANDLORD and TENANT must execute a new LEASE upon expiration of an existing LEASE in order for a TENANT to remain in possession of the premises.

15. DEFAULT

- 15.01 The LANDLORD shall be the sole judge of what shall constitute a violation of the provisions of the LEASE, or the failure of the TENANT to otherwise abide by any of the covenants herein contained, and may order a discontinuance of the practices, or the performance of any of the work related to such default by giving the TENANT ten (10) days notice in writing. Failure of the TENANT to comply with the notice shall automatically give the LANDLORD the right to

terminate this LEASE evict the TENANT and take full and complete possession of the premises.

16. TERMINATION OF LEASE FOR CAUSE

- 16.01 In the event that the TENANT shall default in the payment of any installment of rent or other sum herein specified and such default shall continue for ten (10) days after written notice, thereof, or if the TENANT shall default in the observance or performance of any other of the TENANT's covenants, agreements, or obligations hereunder and such default shall not be corrected within ten (10) days of written notice by the LANDLORD to the TENANT specifying such default and requiring it to be remedied then, and in such an event, the LANDLORD may serve a written notice of termination of this LEASE upon the TENANT and this LEASE and the term hereunder shall terminate and upon such termination the LANDLORD may immediately or at any time thereafter, without demand or notice enter into or upon the premises and repossess the same.
- 16.02 If it becomes necessary for the LANDLORD to institute suit for eviction or damages on account of rental arrears or violation of the terms of this LEASE, the LANDLORD shall be entitled to include in such suit for eviction or damages, a claim for attorney's fees and court costs incident thereto, which fees the TENANT hereby covenants and agrees to pay.

17. TERMINATION FOR CONVENIENCE

- 17.01 The LANDLORD may terminate the LEASE at any time by giving thirty (30) days notice thereof in writing, and may take full and complete possession of the premises hereby leased, at the end of said thirty (30) day period with no further liability of any nature whatsoever to the TENANT for so doing. Should the LANDLORD terminate this LEASE by giving the thirty (30) days notice during any period for which a full year's rent has already been paid, the LANDLORD will reimburse the TENANT for the pro-rata proportion of the remaining number of days for which rent has been paid in advance but during which the TENANT no longer occupy the premises.
- 17.02 The TENANT may terminate this LEASE Agreement at any time by giving at least thirty (30) days notice in writing, specifying in said notice the day (and the time of day) on which possession of the premises will be surrendered. The TENANT shall not vacate or leave the premises unattended on the day of surrender until the LANDLORD's representative shall have sufficient time to check the premises prior to taking formal possession thereof. In the event that

the TENANT shall terminate this LEASE in accordance with the above provisions, payment of rent shall cease at the end of the said thirty (30) day period, or at the end of the day on which possession shall be surrendered, whichever shall last occur.

18. SURRENDER OF THE PREMISES

- 18.01 In the event that the term or any extension thereof shall have expired or terminated, the TENANT shall peacefully quit and surrender to the LANDLORD the premises together with all improvements, alterations, or additions made by the TENANT, which cannot be removed without damaging the premises. The TENANT shall remove all personal property and shall repair any damage caused by such removal. The TENANT's obligations to observe or perform the covenants contained herein shall survive the expiration or termination of this LEASE.

19. INDEMNIFICATION AND RELEASE FROM LIABILITY

- 19.01 The TENANT shall defend, indemnify and hold harmless the State, its officers, agents and employees, from and against all losses suffered by the State, its officers, agents and employees, and any and all claims, liabilities or penalties asserted against the State, its officers, agents and employees, by or on behalf of any person on account of, based or resulting from, arising out of (or which may be claimed to arise out of) the acts or omissions of the TENANT or from the use, maintenance, installation, removal or existence of this facility (the facility meaning the leased premises or any improvements made thereon). Notwithstanding the foregoing, nothing herein contained shall be deemed to constitute a waiver of sovereign immunity of the State, which immunity is hereby reserved to the State. This covenant shall survive the termination of this LEASE. The TENANT shall pay the premiums on a policy or policies of insurance required in Condition 13 of this LEASE.
- 19.02 The TENANT further releases the LANDLORD, its agents and employees, from any and all claims or demands for damages or injuries of any nature whatsoever attributable to the taking, use and occupancy of any portion of the premises caused by the construction and maintenance by the State of New Hampshire of any transportation project or proposed project which abuts (or will abut) or may effect in any way the property herein leased.

20. DISCRIMINATION PROHIBITED

20.01 The TENANT hereby covenants and agrees that no person on the ground of race, color, national origin or sex, shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the premises, and that in the construction of any improvements on, over or under such premises and the furnishing of services thereon, no person on the ground of race, color, national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, and that the TENANT shall use the premises in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

21. MISCELLANEOUS

21.01 LANDLORD's Agents. All rights and obligations of the LANDLORD under this LEASE may be performed or exercised by such agents as the LANDLORD may select.

21.02 Notice. Any notice by a party hereto to the other party shall be deemed to have been duly delivered or given at the time of mailing by registered or certified mail, postage prepaid, in a United States Post Office.

21.03 Extent of Instrument, Choice of Laws, Amendment, etc. This LEASE, which may be executed in a number of counterparts, each of which shall have been deemed an original, but which shall constitute one and the same instrument, is to be construed according to the Laws of the State of New Hampshire, is to take effect as a sealed instrument, is binding upon, inures to the benefit of, and shall be enforceable by the parties hereto and their respective successors and assigns, and may be canceled, modified, or amended only by a written instrument executed and approved by the LANDLORD and the TENANT.

21.04 No Waiver of Breach. No assent, by either party, whether express or implied, to a breach of covenant, condition or obligation by the other party, shall act as a waiver of a right of action for damages as a result of such breach, or shall be construed as a waiver of any subsequent breach of the covenant, condition or obligation.

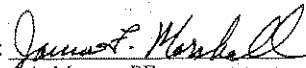
21.05 Unenforceable Terms. If any terms of this LEASE or any application thereof shall be invalid or unenforceable, the remainder of this LEASE and any application of such term shall not be affected thereby.

21.06 Entire LEASE. This LEASE embodies the entire agreement and understanding between the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof.

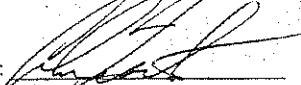
22.07 No Waiver of Sovereign Immunity. No provision in this LEASE is intended to be nor shall it be interpreted by either party to be a waiver of the State's sovereign immunity.

IN WITNESS WHEREOF, the parties hereto have set their hands the date first-written above.

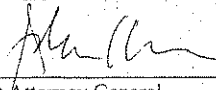
LANDLORD:
THE STATE OF NEW HAMPSHIRE
Department of Transportation

By: 
Carol A. Murray, PE
Commissioner

TENANT:
MERRIMACK VALLEY RAILROAD

By: 
Alan Larter, Treasurer

Approved by Attorney General this 26 day of October, 2003, as to form and execution.

By: 
Assistant Attorney General

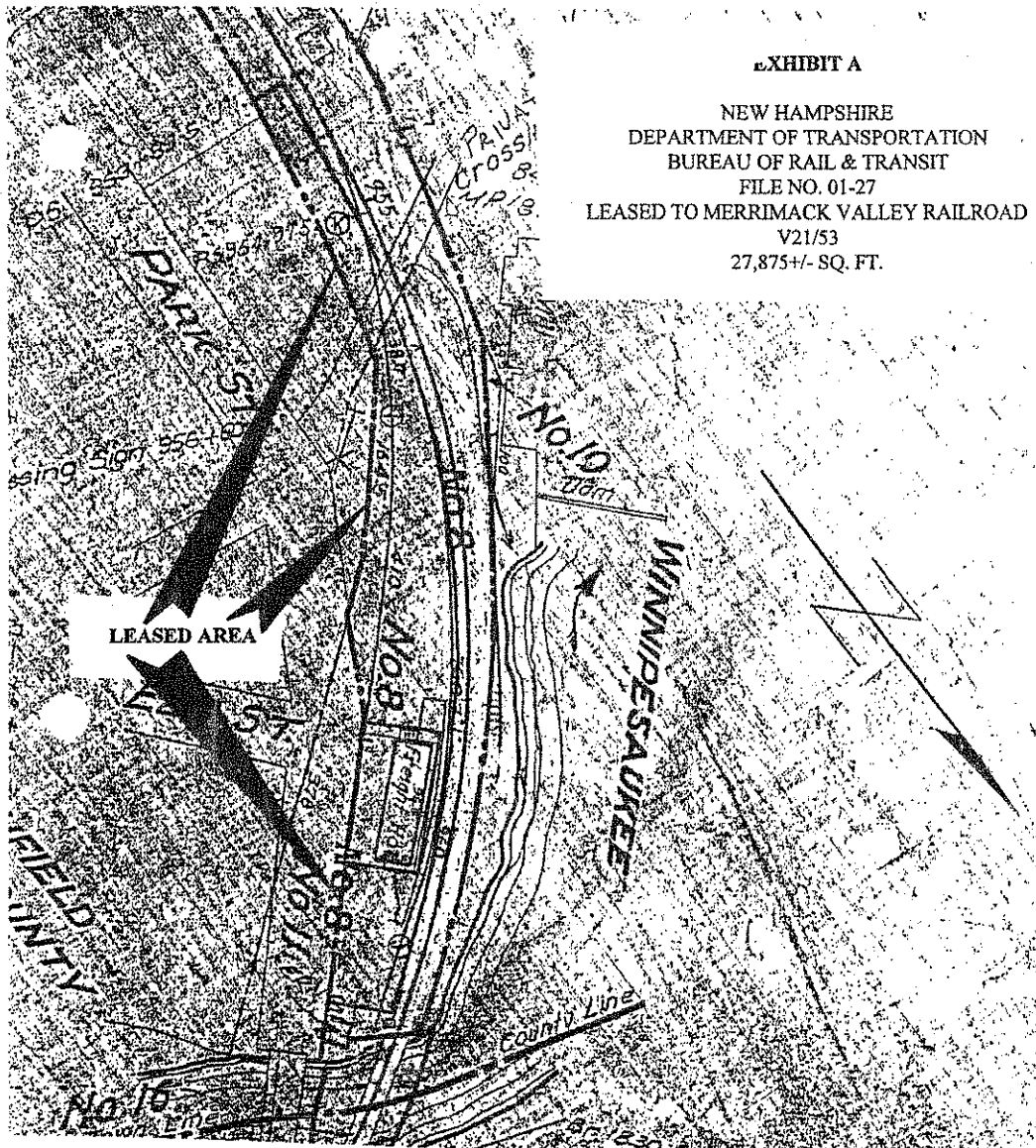
Approved by Governor and Council on NOV 19 2003, 20 , Item # .

ATTEST: 
Secretary of State
DEPUTY SECRETARY OF STATE

Initial fil

EXHIBIT A

NEW HAMPSHIRE
DEPARTMENT OF TRANSPORTATION
BUREAU OF RAIL & TRANSIT
FILE NO. 01-27
LEASED TO MERRIMACK VALLEY RAILROAD
V21/53
27,875+- SQ. FT.



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Initial *ll*

CERTIFICATE OF VOTE

I, Alan Larter, hereby certify that I am the duly elected Clerk of the Merrimack Valley Railroad Co.

I hereby certify that Alan Larter is the Treasurer of the Merrimack Valley Railroad and is empowered to execute a Lease Agreement with the State of New Hampshire will shall allow the Merrimack Valley Railroad Co., to lease a portion of the State-owned Concord to Lincoln railroad corridor in Northfield, NH.

I certify that the above has not been amended or repealed and remains in force and effect as of Aug 28, 20 03.

Aug 28/03
Date

Attested:

[Signature]
Alan Larter, Clerk

CORPORATE SEAL

APPRAISAL QUALIFICATIONS
OF
POLLYANN D. PRINTY
NHDOT ROW Appraiser

Education

JMB Real Estate Academy, Inc.

Basics of Real Estate Appraisal, 30 hours, May 2006
Uniform Standards of Professional Appraisal Practice, 15 hours, May 2006
Residential 1 – 4 Family Appraisals, 30 hours, June 2006
Residential Site Valuation & Cost Approach, 15 hours, June 2006
Income Capitalization Approach, 30 hours, November-December 2006
Advanced Income Capitalization Approach, 35 hours, July 2007

MBREA (Massachusetts Board Real Estate Appraisers)

General Sales Comparison Approach, 30 hours, October 2009
Statistics, Modeling & Finance, 15 hours, October 2009
General Site Valuation & Cost Approach, 30 hours, November 2009
General Market Analysis & Highest & Best Use, 30 hours, April 2010
General Report Writing & Case Studies, 30 hours, November 2010

Appraisal Institute

Uniform Appraisal Standards for Federal Land Acquisitions, 15 hours, Dec 2006
The Appraiser as an Expert Witness: Preparation and Testimony, 15 hours, March 2007
Appraisal for Federal-Aid Highway Programs, 15 hours, September 2007
Appraisal Review for Federal-Aid Highway Programs, 7-1/2 hours, September 2007
Commercial Real Estate Roundtable Seminar, 2 hours, May 21, 2013

New Hampshire Association of Assessing Officers (NHAAO)

The Elusive Cap Rate (by Peter Korpacz, MAI), Concord, NH, 1 hour, May 14, 2013

International Right of Way Association

401 The Appraisal of Partial Acquisition, Revere, MA, 40 hours, October 2008

LeMay School of Real Estate (through the NHDOT)

Estimating Property Damage, NHDOT Concord, NH, 2-1/2 hours, July 1 2009
The Strange Case of Agile Mountain, Concord, NH 7-1/2 hours, April 27, 2012 (CE class)

National Business Institute (NBI, Inc.)

Title Law in NH, Radisson Inn, Manchester, NH, 1 day seminar, June 15 2011
Eminent Domain from Start to Finish, Webinar, Manchester, NH, 1 day seminar, May 30 2012

Southern New Hampshire University (previously NH College) – Lifelong student

Technical Management B.S., Manchester, NH

Professional Experience

04/2011-Present – Right Of Way (ROW) Appraiser II - Concord, NH
02/2006-4/2011 – Right Of Way (ROW) Appraiser I - Concord, NH
State of New Hampshire, Department of Transportation (NHDOT), ROW Bureau
12/2005-02/2006 – Engineering Tech III - Concord, NH
State of New Hampshire, Department of Admin. Services, Public Works
09/2003-12/2005 – Engineering Tech III - Concord, NH
State of New Hampshire, Department of Transportation, Highway Design