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REAL ESTATE CONSULTING & VALUATION

SUMMARY APPRAISAL REPORT

PROPOSED COMMERCIAL/ RESIDENTIAL RENOVATION

EXCHANGE HALL

2 SCHOOL STREET, 127 AND 131 MAIN STREET
ACTON, MA 01720

PREPARED FOR:

MR. KENNETH DICKS, MAI
VICE PRESIDENT
SOVEREIGN NEW ENGLAND
REAL ESTATE APPRAISAL UNIT
75 STATE STREET/ MAIL STOP: MA1 SST 03-12
BOSTON, MA 02109

PREPARED BY:

CLARK & COMPANY
150 WHITE STREET
BELMONT, MA 02478

EFFECTIVE DATES:	
"AS IS"	May 1, 2007
"AS COMPLETED/STABILIZED"	May 1, 2008
REPORT DATE:	June 1, 2007
OUR FILE NUMBER:	07-14
PROJECT NAME:	Blue Bird Realty
CLIENT FILE NUMBER:	19681

CLARK & COMPANY

REAL ESTATE CONSULTING & VALUATION
150 WHITE STREET
BELMONT, MA 02478
(617) 489-6233

June 1, 2007

Mr. Kenneth Dicks, MAI
Vice President
Sovereign New England
Real Estate Appraisal Unit
75 State Street/ Mail Stop: MA1 SST 03-12
Boston, MA 02109

Subject: Appraisal of Proposed Commercial/Residential Development
2 School Street and 127, 131 Main Street
Acton, MA 01720

Dear Mr. Dicks:

In accordance with your request, we have prepared an appraisal of the market value of the fee simple estate interest in the above-referenced real property. The intended use of the assignment is to assist Sovereign with its collateral analysis and/or portfolio management. The intended user of the appraisal is Sovereign Bank.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. In addition, this report conforms to the requirements of the Financial Institution Reform, Recovery and Enforcement Act (FIRREA).

The subject property is a 147-year old commercial building in poor condition with a total of 7,670 square feet of gross rentable area above grade space and two, 100+-year old rental houses on a 30,908 square foot site. The current property owner, Glen Berger through Bluebird Realty Trust, has controlled the residential property for nearly 20 years and the commercial property for over twenty years and has allowed the property's condition to deteriorate. Both houses are in fair-to-poor condition and Exchange Hall, the commercial building, is in poor condition and may or may not be structurally sound. No mold was seen on our inspection.

Further, a landscaper is renting the house at 127 Main Street and appears to be using part of the building and the site area for commercial and equipment parking, which may be in violation of the zoning code.

There was a discussion in 2005-2006 of the possibility of the town taking the property by eminent domain because of its condition and the lack of development progress by the current owner, but the owner subsequently obtained a special permit for redevelopment of the site to restaurant/functional hall and residential use that expires in 2009.

In addition, the Exchange Hall is on the National Register of Historic Places and the entire property is located in the South Acton Historic District. We have not considered the financial or developmental impact or benefits of such designation and such an analysis is beyond the scope of this appraisal.

We have considered the subject as one economic entity in this analysis. While the property is on two assessor's parcels, the land is contiguous and used together. The ownership and operation of the property is in common. In addition, the development plan and the site plan special permit issued by the town of Acton constrain the development of the site and consider the two parcels as one development site.

(1)

The developer plans to renovate Exchange Hall into a 172-seat restaurant on the lower levels and function hall on the upper floor, and rent the property to a single user. The house at 127 Main Street will be demolished or moved off site and the house at 131 Main Street renovated into office on the first floor and a two-bedroom apartment on the second floor. Agreements with the town will provide off-site parking to accommodate the restaurant and function hall for a minimal fee.

According to the deed transferring 127/31 Main Street to the current owner, the property is subject to a 30-foot wide easement that runs from Main Street to parcel 11-2 on the Assessor's Map above and allows for vehicular and foot traffic. The easement does not appear to be in use. However, we see no evidence that it has been extinguished and the owner's site plan for the proposed development does not appear to take this into account. We have made the Extraordinary Assumption that the easement would not preclude the proposed development. If this is not the case, the valuation cited herein may be subject to change. **We are not competent to judge this and strongly urge the intended user of this appraisal to seek competent professional advice on this aspect of the property's land title.**

DISAGREE

In preparing this appraisal, the appraiser

1. Inspected the subject site and the interior of parts of the improvements-the owner prevented or was not able to obtain access for the appraiser to interior parts of Exchange Hall, the upper floor of 131 Main Street and 127 Main Street;
2. Reviewed site plans, proposed budget and other documents;
3. Gathered information on comparable rents, operating expenses, construction costs, and sales;
4. Analyzed the data, applied the income approach and wrote this report. In the income approach, the appraiser used direct capitalization.

This report is a Summary Appraisal Report in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Appraisal Practice*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

(2)

The cost estimates provided by the developer were his own, lack details and were not supported by bids from independent contractors. We have modified these estimates based on other sources and our experience other developments and have assumed that the modified costs fairly represent the cost involved in the redevelopment of the subject. If this is not the case, the valuation cited herein may be subject to change.

DISAGREE

DISAGREE

(3) We also note that the developer is not an experienced commercial developer, did not provide detailed building plans and costs. Consequently, the reported cost estimates may or may not be accurate. **We strongly urge the intended user of this report to obtain a cost estimate for the proposed scope of the improvements from an independent contractor.**

(4) Further, the reader should note that this appraisal is based on the approved site development for the subject property, which restrains redevelopment of the site to the stated uses as of the period of the special permit. Based on our analysis in this report, we do not believe that the proposed redevelopment of the subject property is financially feasible. DISAGREE

The constraints of the site plan special permit result in a negligible value for the property "as is." No reasonable developer would purchase the property under such conditions and without an alternative plan approval, especially for a project that requires an immediate expense of more than $525,000 in curable physical depreciation.

It is my opinion that the site plan special permit issued by the town has a negative effect on the value of the subject property and that the highest and best use for the property as a whole (131 Main and 2 School Street) would be for conversion to residential condominiums. This use would not require additional land for parking. DISAGREE

However, if the town insists that the top floor be used as a function hall or some sort of auditorium for historical purposes, then this is a form of incurable external obsolescence that has a negative impact on the property.

Based on research and analysis contained in this report, it is my opinion that the "as is" market value of the fee simple interest, subject to it the existing special permit and the proposed redevelopment, as of May 1, 2007, was negatively affected by the special permit and it was:

NIL

Based on research and analysis contained in this report, it is my opinion that the prospective "as completed/stabilized" market value of the fee simple interest, subject to its proposed redevelopment, as of May 1, 2008, will be:

ONE MILLION SIX HUNDRED THIRTY THOUSAND DOLLARS
($1,630,000)

Marketing time is estimated to be equal in length to the exposure time, which is estimated to be 12 months.

The value estimates are based on the assumptions, limiting conditions, and certification in the report. No business value or FF&E is included in this valuation. No mold was observed on external review.

In accordance with the Uniform Standards of Professional Appraisal Practice, this appraisal is presented in a summary format.

It has been a pleasure to assist you on this assignment. If you have any questions concerning the analysis, or if we can be of further service, please do not hesitate to call.

Respectfully submitted,

CLARK & COMPANY

By:

Charles L. Clark, Ph.D., MAI
MA Certified General Real Estate Appraiser #123

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EXECUTIVE SUMMARY

Property Name:	Exchange Hall
Street Address:	2 School St. and 127/131 Main Street
City:	Acton
State/Zip	MA 01720
County:	Middlesex
Assessor's Parcel:	H2/ A 11, 40
Property Description:	Proposed Restaurant/Office/Apartment
Year Completed:	2008
Gross Building Area (SF):	14,264
Rentable Area Above Grade (SF):	11,794
Land Area (SF):	30,908
Floor Area Ratio (FAR):	0.38
Date of Inspection:	05/01/07
Date of "As Is" Value:	05/01/07
Date of "As Completed/Stabilized" Value	05/01/08
Date of Report:	06/01/07
Real Property Interest Appraised:	Fee simple estate
Intended Use of the Appraisal:	Collateral analysis/ Portfolio management
Intended User of the Appraisal:	Sovereign bank
Current Owner:	Blue Bird Realty
Subject Sold Within Past 3 Years?	Yes, reportedly Blue Bird Realty acquired ownership of 127-131 Main Street for $350,000 in late Spring 2007, but deed is not recorded as of date of report.

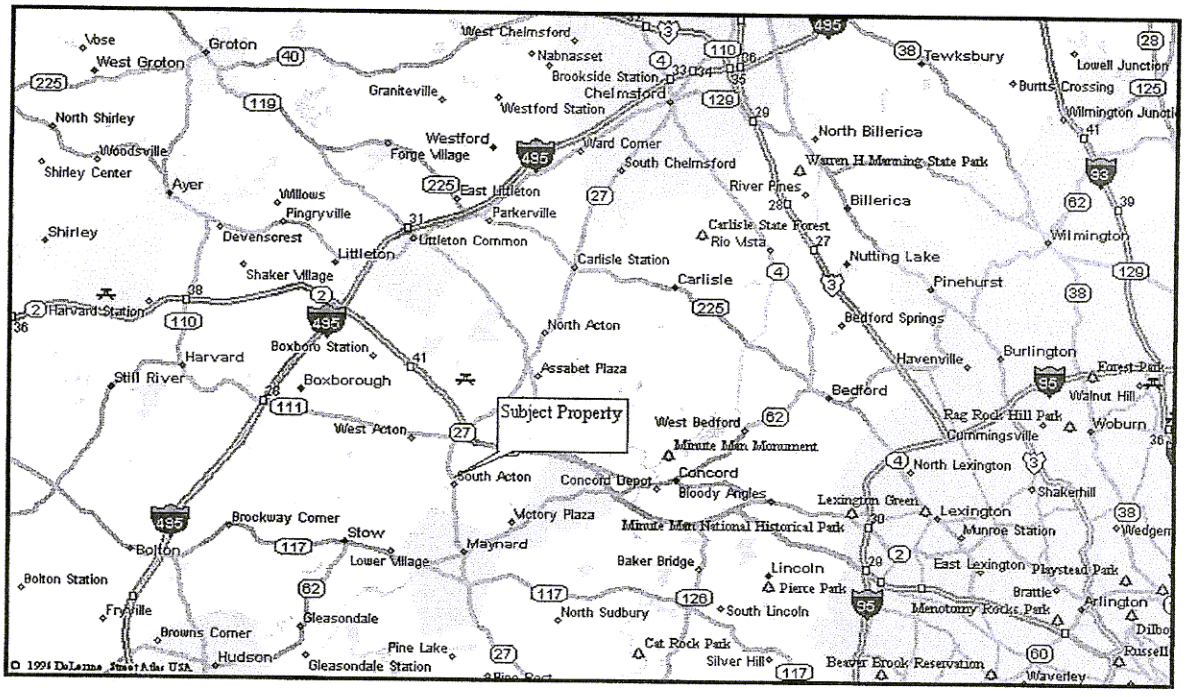
Summary of Estimated Market Values:	
"As Is" Value - 5/1/2007	Nil
"As Completed/Stabilized" Value - 5/1/2008	
Income Approach	$1,630,000
Sales Comparison Approach	N/A
Cost Approach	N/A
Final Market Value Conclusion	$1,630,000
Market Value per Square Foot	$138.21

MORTGAGE PAYOFF $300 K

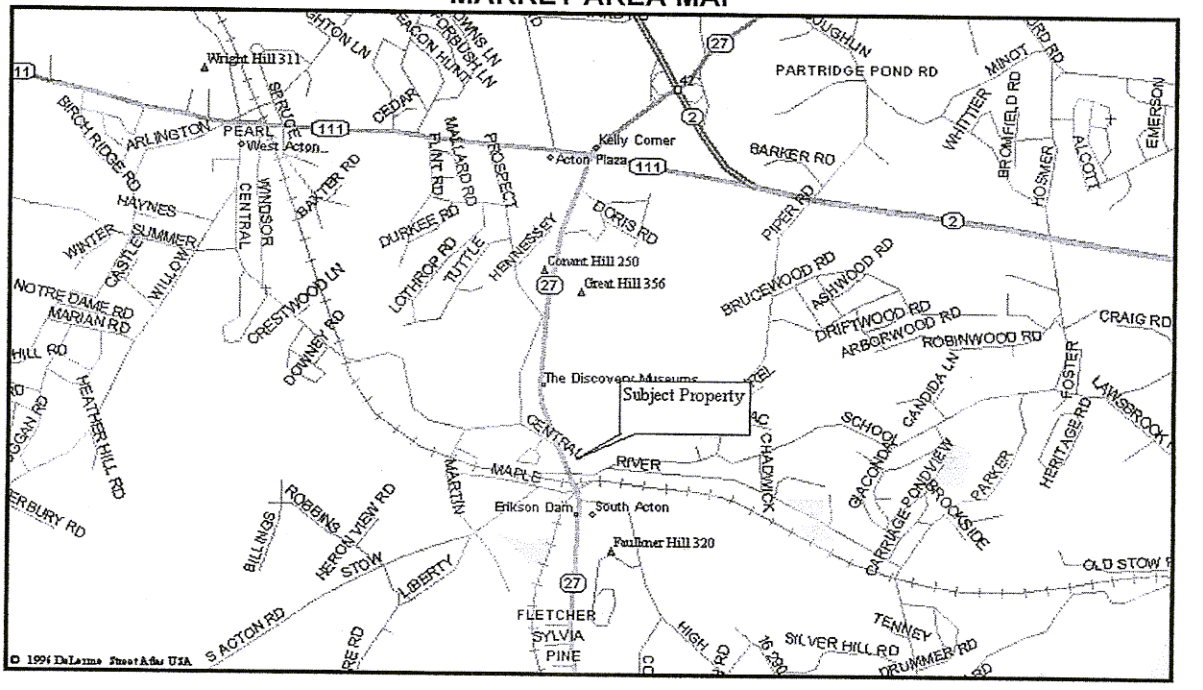
Glen Benson

DEED RECORDED

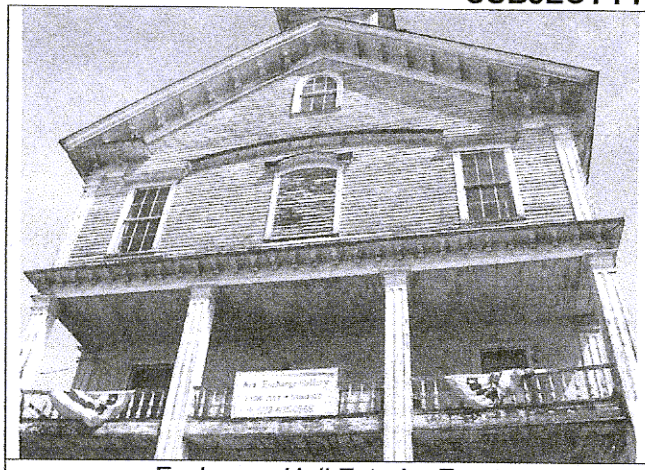
REGIONAL MAP



MARKET AREA MAP



SUBJECT PHOTOGRAPHS



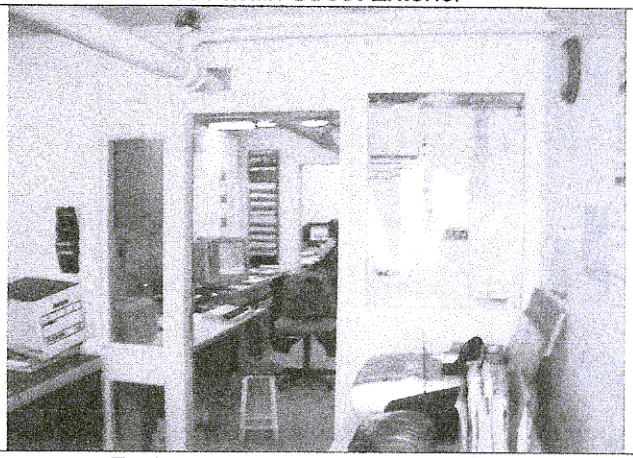
Exchange Hall Exterior Front

Exchange Hall Exterior Front

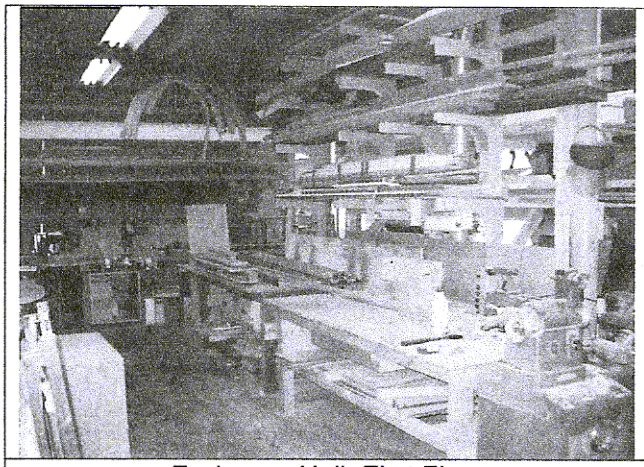
Exchange Hall Exterior Side

131 Main Street Exterior

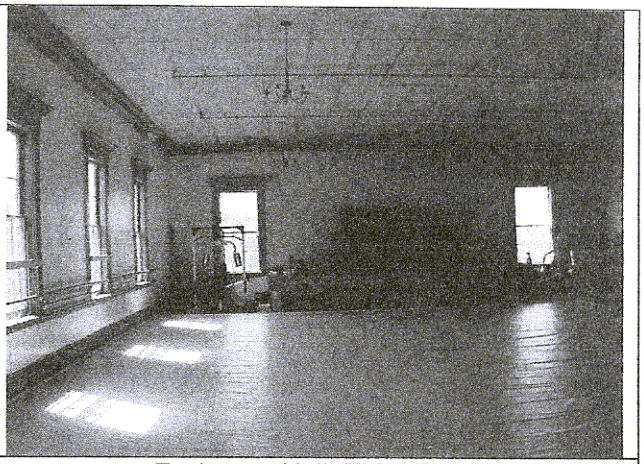
127 Main Street Exterior



Exchange Hall Lower Level Space



Exchange Hall- First Floor

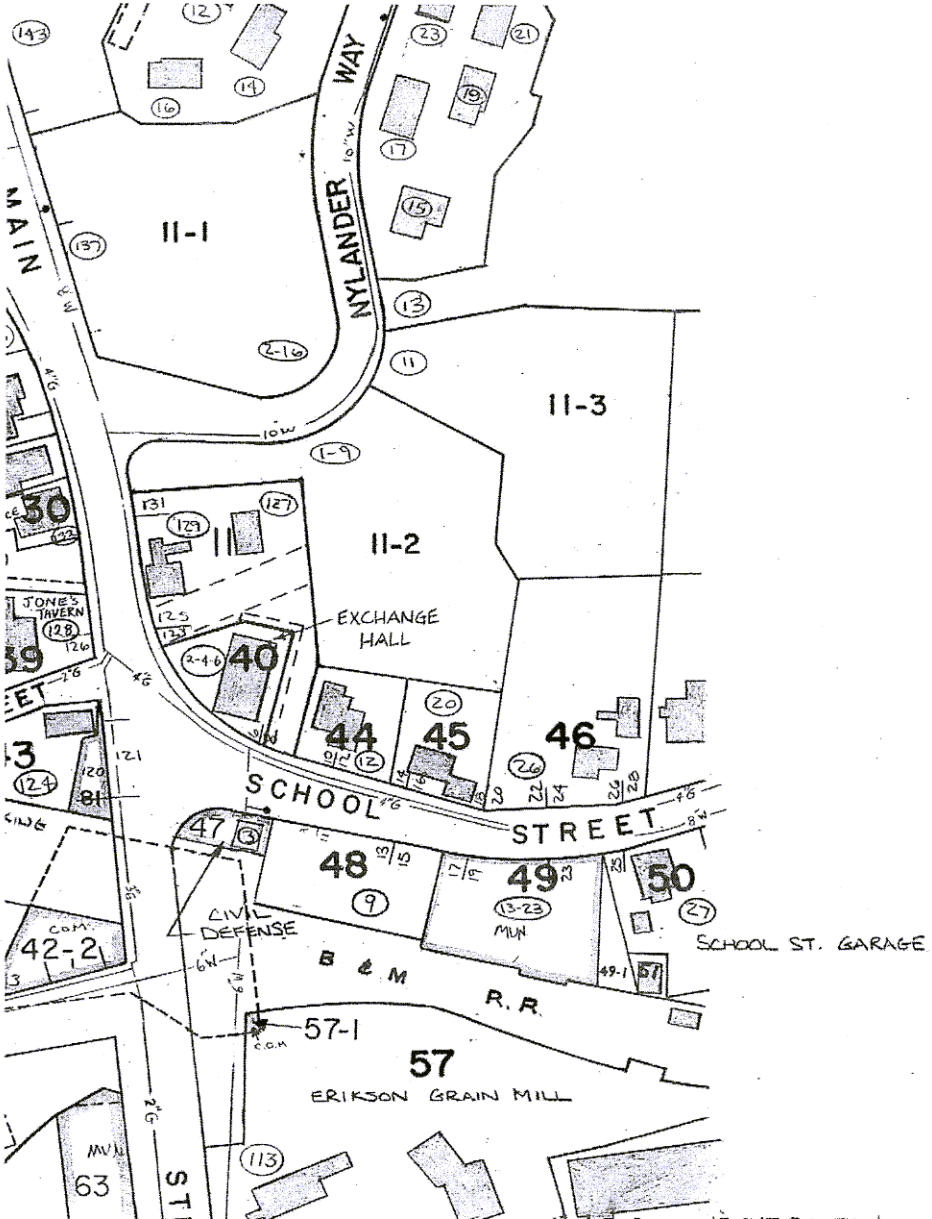


Exchange Hall- Third Floor

131 Main Street Interior

Yard Area -127 Main Street

ASSESSOR'S MAP



SECTION I
INTRODUCTION

Property Summary: The subject property consists of two contiguous parcels totaling 30,908 square feet and are improved with a 147-year old, wood-frame mercantile building (Exchange Hall) with 7,670 square feet of above grade space and 3,757 square feet in two wood-frame houses being used as apartments.

Exchange Hall (2 School Street) is 100% occupied by the property owner's office and woodworking shop, an antique dealer and martial arts studio. The rental income from the existing tenants, exclusive of the owner, is less than $30,000 per year. The residential properties at 127 Main Street (rented house) and 131 Main Street (house demised into two apartments) are partially rented. Exchange Place is in poor condition on the exterior and in fair to poor condition on the interior; 127 Main Street is reportedly in poor condition and 131 Main Street is in poor exterior condition and fair condition in the interior. The owner estimates that exterior curable physical depreciation at $525,000. This does not include interior renovations, carry, contractor's overhead or developer's profit.

Further, the subject property, as a whole, is located in the South Acton Historic District and Exchange Hall is on the National Register of Historical Places. The property is subject to a site plan special permit from the Town of Acton that allows for redevelopment of the property for a restaurant/function hall for Exchange Place, demolition/removal of 127 Main Street and renovation of 131 Main Street into first floor office space with the second floor remaining an apartment. The special permit is phased and requires the owner to renovate the exterior of Exchange Hall and 131 Main Street before any further development can proceed. In addition, the town is providing access, for minimal costs, to non-adjoining parking lots to meet the planned redevelopment's parking needs since the subject is non-conforming "as is" as to parking.

(5) The developer plans to expand the building with an elevator and to NNN lease Exchange Hall to a restaurant operator who would also operate the function hall on the top floor of the building. Because of the parking issues, the developer anticipates that the restaurant/function hall operator would have to use valet parking. ~~X~~ NO LONGER TRUE

The property at 131 Main Street would be converted into an office for the owner and the second floor would remain as an apartment.

As of the date of value, the owner did not have a marketing plan, a broker, detailed internal plans, a building permit or an agreement with a restaurant or function hall operator. The owner has held the property, as a whole, since the 1988.

Appraisal Problem: The appraisal problem is to value the fee simple interest in the subject property "as is" and "as completed/stabilized," subject to the special site plan permit.

Sales History/ Legal Description: Th property at 2 School Street was acquired in 1984. The legal description for 2 School Street is recorded in the Middlesex South Registry of Deeds in Book 15792, Page 376. Control of the property at 127/131 Main Street was acquired in 1988 and the legal description is recorded in Book 19446, Page 174, but the property was not transferred until 2007 for $350,000 – the deed is not yet recorded. Copies of the legal descriptions are included in the Addenda. The property is not for sale, nor, as far as the appraiser is aware, have any recent offers been made for the subject.

Intended User and Use: This report has been requested by Sovereign Bank, the intended user, for the purpose of estimating the market value, as defined, in the fee simple interest, as described herein, as of May 1, 2007 and March 1, 2008. The intended use of the assignment is to assist Sovereign with its collateral analysis and/or portfolio management.

Definitions: The following definitions are used in this report. All definitions are from electronic version of the fourth edition of the Appraisal Institute's *Dictionary of Real Estate Appraisal* (Chicago: 2002)

Property Rights Appraised: The interest appraised is fee simple interest. The fee simple interest is defined as follows:

> 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.

Market Value Appraised: The value appraised is market value. Market value is defined as follows:

> The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this

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

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their 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.

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

(b) X **Prospective Value:** Prospective value is defined as follows:

A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Scope of The Appraisal:I In preparing this appraisal, the appraiser:

- Inspected the subject site and the interior of parts of the improvements-the owner prevented or was not able to obtain access for the appraiser to interior parts of Exchange Hall, the upper floor of 131 Main Street and 127 Main Street;
- Reviewed site plans, proposed budget and other documents;
- Gathered and considered information on comparable rents, operating expenses, construction costs, and sales;
- Analyzed the data, applied the income approach and wrote this report. In the income approach, the appraiser used direct capitalization.

Report Option: This report is a Summary Appraisal Report in accordance with Standards Rule 2-2(b) of the *Uniform Standards of Appraisal Practice*. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

Exposure and Marketing Time: Considering the nature of the subject property, we estimate a marketing time of 12 months. This assumes an exposure time of 12 months.

SECTION II
PROPERTY DESCRIPTION

Site Description: The subject property consists of two parcels totaling 30,908 square feet and is summarized in the following table.

SITE DESCRIPTION							
Descriptive Location:	Located along School and Main Street in South Acton in a mixed-use commercial and residential neighborhood near the MBTA commuter rail station.						
Address:	2 School Street/127-131 main Street, Acton, MA						
Frontage: (feet)	319		Shape:	Irregular			
Depth: (feet)	165 +/-		Excess Land Area: (SF)	No			
Site Size (SF/Ac.):	30,908	0.38	Topography:	Sloping			
Usable Land Area (SF/Ac.):	30,908	0.38	Zoning:	S. Acton Historical District			
			Excellent	**Good**	**Average**	**Fair**	**Poor**
Access					X		
Drainage					X		
Function/Utility					X		
Landscaping					X		
Shape					X		
Street Frontage					X		
Traffic Pattern					X		
Traffic Volume					X		
Utilities (adequacy of)					X		
	Yes	**No**				**Yes**	**No**
Alley		X	Corner Lot			X	
Curb & Gutters	X		Underground Utilities				X
Electric	X		Earthquake Zone				X
Gas	X		Assume Adequate Soils			X	
Lighting	X		Development Limitations			X	
Sewer	(131 Main St. only)		Environmental Issues				X
Sidewalks	X		Easements/Restrictions			X	
Storm/Drain	X		**Flood Plain Information**				
Street	X		Map No:	2501760003c			
Water	X		Zone Code:[1]	C			
			Date:	01/06/88			

FEMA defines Zone C as follows: "This area has been identified in the community flood insurance study as an area of moderate or minimal hazard from the principal source of flood in the area."

6.1

According to the deed transferring 127 and 131 Main Street to the current owner, the property is subject to a 30-foot wide easement that runs from Main Street to parcel 11-2 on the Assessor's Map above and allows for vehicular and foot traffic. The easement does not appear to be in use. However, the easement does not appear to have been extinguished and the owner's site plan for the proposed development does not appear to take this into account. In addition, there is a non-detrimental right-of-way affecting Exchange Hall. There are no other known easements or restrictions that impact the site's functionality or diminish its value.

Property Taxes and Assessment Data: The property has a combined FY-07 assessed value of $1,071,800 and a tax burden of $15,670.

Zoning: The subject property is located in the South Acton Village District and is also within the South Action Historical District. The South Acton Village District allows a wide range of retail, commercial, governmental, institutional and residential uses. Restaurant use is by special permit. There is no minimum lot size, frontage or width. There are 10-foot front and real yard setbacks. The FAR is .20 and the height limit is 36 feet. Parking varies by use.

The current improvements are legally, non-conforming (parking and FAR for Exchange Hall) since they predate the zoning statutes. The proposed redevelopment of the subject is allowed by a special site permit and by the promised provision of additional parking from the town that would allow the proposed use to meet the parking requirements.

Improvements: The subject property consist of three buildings. Exchange ~~Place~~ HALL is located at 2 School Street and is a three-story wooden mercantile/hall building that was constructed in 1860. There is some dispute between the property card and the owner's plans regarding the size of the floor plate; the owner had plans draw that show the floor plate as being 38 feet wide and 65 feet in length yielding size of 2,470 square feet, except the third floor which has an additional 260 feet. We have used these figures since they were recently calculated.

Accordingly, Exchange Hall has a total of 7,670 square feet of gross building area above grade and 2,470 square feet of lower level space whose front is at grade with School Street: the remainder is typical basement space. The owner's development plan will result in the addition of a 32' X 15" elevator stairway addition to the above grade northerly portion of the building. This will result in a gross rentable addition of 1,440 square feet, for a total above grade improvement of 9,110 square feet. Total building area including the basement will be 11,580 square feet on a gross basis.

As the exterior photographs in the front of this report show, the exterior of Exchange ~~Place~~ HALL is in poor condition. The paint is peeling and there is rot evidenced on the porches, window frames and other portions of the improvements. It is not know if the building is structurally sound as the owner claims; however, he estimates a cost of $525,000 to fix just the exterior of the building (a small part of the cost is allocated to 131 Main Street). The interior is in fair condition and shows signs of deferred maintenance. The building is sprinklered.

7 When the renovations and addition are completed per the developer's schedule, the exterior will be in good condition and the interior in fair condition. The developer plans to leave the existing oil-fired steam system in place (with a hot air blower on the third floor) and does not plan to add air conditioning. According to the developer the tenant will install new HVAC if it is required. We do not believe that this is reflective of the market. I DISAGREE

7.1 The property at 127 Main Street is a 19th century, single-family house and garage with a total of 1,037 square feet of living area. The property owner would not allow the appraiser access to the interior of the property. The exterior was in poor condition and the interior is reportedly in similar condition. The owner plans to demolish this building or give it away to allow for additional parking at the redeveloped property.

The house at 131 Main Street is 2,684 square foot a wooden house constructed in the 1800s, has been demised into two, two-bedroom apartments. The exterior of the building similar to Exchange Hall with rotted porches, walls, drains etc, and is in poor condition. The interior unit we examined was in fair condition and would require a complete renovation. The developer plans to renovate the exterior of this property as part of the exterior renovation of Exchange Hall. The interior of the first floor would be cleaned up and used as an office for the owner's cabinet-making business and the second floor would get "paint and carpet", according to the owner. The building has gas heat through radiators and is not air-conditioned. The building is hooked-up to the town sewer.

Market Area Description: The subject property is located in South Acton Village. The area is characterized by a mix of residential and stand-alone and strip center commercial development along Main Street (Route 27). The areas off Main Street are primarily residential. The subject's immediate area is situated near the South Acton MBTA commuter rail station and the School Street. There are several small, older commercial buildings that are being rented in the low to mid-teens per square foot for first floor retail and upper floor office space. A church near the entrance to the commuter rail station is being converted to six condominiums. The neighborhood is a secondary retail location and appears to be stable.

SECTION III
MARKET ANALYSIS

Commercial and industrial real estate markets in the Boston area have suffered over the past several years. Since the 2000 high tide mark, the overall market has declined. Factors including the downturn in the stock market, disappointing earnings reports from many major companies, and the closing of many area dot-com companies, have caused concern and cautiousness to enter the marketplace over the past year. Indeed, many high tech companies have put space back on the market, leading to an increase in sublease space or a delay in planned expansions. There have been significant rises in vacancy and availability rates while rental rates have fallen and the area continues to experience negative absorption. There are signs that the markets have stabilized and may see some appreciation. The investment market, in particular, has been very strong and portions of the office and industrial markets are strong. The retail market has been more robust that the overall commercial markets.

According to the Federal Reserve Bank of Boston, the Boston-area economy has continued to register the net employment gains begun in 2004. Nonfarm employment increased by 0.7% to 2,441,9000 during the 12 months ending in December 2006. This represents a continuation of the modest recovery from the 136,700 jobs that Boston lost from 2000 to 2004. For the past several years, the Boston market has suffered from considerable consolidation and restructuring, particularly in the financial, information and business service industries. The unemployment rate in the Boston area was 5.0% as of December 2006, up from 4.7% in previous year.

Integra Realty Resources' (IRR) Viewpoint 2006 cites an overall 5.24% retail vacancy rate for the Boston area and ranks Boston in the top 10 cities in average household income growth and high in sales per household. After considering vacancy rates, sales data, inventory per capital and household growth for 50 major cities, they note that Boston's retail market is in the third part of the expansion phase of the market cycle. This market cycle stage is characterized by decreasing vacancy rates, moderate/high new construction, high absorption, moderate/high employment growth and medium to high rental rate growth. According to IRR's statistics, Massachusetts remains under supplied in terms of retail space with 13.73 square feet of retail space per capita (2006) versus a national average of 20.22 square feet per capita.

Finard and Company, LLC, is a regional commercial real estate firm that publishes retail market reports. Their 2007 Eastern Massachusetts report indicates market size of 178.4 million square feet, a vacancy rate of 6.9% (an increase from 2006 due to the Federated/May merger) and an overall optimistic view of the long-term prospects for retail property. Net absorption in 2006 was a negative 389,000 square feet and was due to the Federated/May merger. Of the 2 million square feet of new space delivered, 1.2 million square feet were absorbed. Eating-places added 159,500 square feet in 2006, indicating a growth of less than 1% for the 20 million square

foot market. Most of the expansion in eating-places was in the Quick Service and Casual Dining categories.

The National Restaurant Association (NRA) reports that sales growth in the industry on a national basis (inflation adjusted) was 2.5% in 2006. They expect that the industry will continue to expand, and that the full service sector should match the industry's growth as baby boomers palates continue to become more sophisticated. The association expects additional demand for take-out services from these patrons. Expectations are that operators will experience productivity pressure, and that many will expand their banquet and catering businesses.

EXPECTED GROWTH

Restaurants are a specialized form of retail and tend to follow the retail markets. Generally speaking, the qualities of a good retail location – high population density, traffic volume and disposable income-make for a good restaurant location. The only exception is destination restaurants that offer specialized services and have an established clientle. Function halls are frequently, though not exclusively, associated with restaurants and are ancillary businesses to the restaurant.

The typical suburban restaurant and/or function hall is a single-story building with ample parking around the building and is situated in an easy to reach location. Larger restaurants with function facilities such as the Chateau in Waltham and Andover, Café Escadrille in Burlington and Max Steins in Lexington are near major highways and are big enough to cater to larger weddings. Other facilities such as the Sherborn Inn and properties on the Cape have affluent population bases and established business histories.

According to Costar's market survey, the overall retail market in Eastern Massachusetts is 164.9 million square feet with a 6.5% vacancy and an average asking rent of $16.73 per square foot NNN. Acton has a retail market totaling 975,072 square feet and an availability rate of 6.5%. Asking rents range from $6.50 to $26.66 per square foot NNN, and the average retail asking rent is $13.19 per square foot NNN.

Properties along Great Road (Route 2A) reflect the top of the local market and have average rents in the mid-$20s per square foot NNN – some are higher. Locations along Massachusetts Avenue and the Route 27/Route 111 interchange are somewhat inferior locations and reflect rents in the mid-teens to, in some cases, low $20s on a NNN basis. The subject's location is inferior to this.

COMMENT

The subject is along a secondary road in a fair retail location. The subject's multi-story space is a form of incurable functional obsolescence as is the lack of immediately accessible parking. The off-site parking solution that may require valet parking is considered to be a negative factor. In addition, the developer does not plan to renovate the heating system or add air-conditioning

↑ DISAGREE

since he believes that this is a tenant's responsibility. We do not believe that this is reflective of the market. Taken together, theses factors reduce the marketability of the subject for a restaurant/function hall to prospective tenants.

The subject's small office space is typical of buildings in the immediate area and has a market rents in the mid-teens, net of heat and electric. The apartment, as renovated, will have a market rent of about $1,200 per month, net of heat and electric.

SECTION IV
HIGHEST AND BEST USE

Highest and best use is defined as follows:

> 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 productivity.

It is recognized that in cases where a site has existing improvements, the concluded highest and best use as if vacant may be different from the highest and best use given the existing improvements (as improved). The existing use will continue, however, until the land value, in its highest and best use, exceeds that total value of the property under its existing use plus the cost of removing or altering the existing structure.

The appraiser has thoroughly reviewed the subject neighborhood and nearby land uses in an effort to adequately discuss the four criteria for highest and best use. They are: legally permissible, physically possible, financially feasible and maximally productive.

As improved, the highest and best use of the subject property is not for commercial development as a proposed by the property owner.

Since the property's development is constrained by the special site permit which only allows restaurant/function hall for Exchange Place and office and residential for 131 Main Street, we have appraised the property as such. The income analysis below shows that the cost to develop the property as proposed exceeds the stabilized value of the property. **Thus, the proposed redevelopment as restaurant and function hall space is not the highest and best use of the property as is.**

COMMENT

At the same time, because of the development constraints associated with the special permit coupled with the apparent desire of the town to have the upper floors as a function hall, reflecting their historic use, there does not appear to be an alternative highest and best use at this time except to hold the property as is and attempt to obtain approvals from the town for another development. DISAGREE

Since the most probable highest and best use is redevelopment as residential condominiums, this would entail a special permit from the town since the property as a whole exceeds the FAR for the district. Further complicating the subject's highest and best use is the historic status of Exchange Hall. If the town is unwilling to consider allowing a change from commercial to residential use or if such a change in use cannot be made, then the highest and best use would

be for use by the town (or other governmental or non-profit institution) and not as a commercial development. The present highest and best use is to hold for a future development that is financially feasible. DISAGREE

As vacant, the highest and best use for the subject would be for multi-family residential development in conformity with the municipality's zoning regulations.

SECTION V
APPRAISAL METHODOLOGY

This valuation develops the income approach. The income approach is used to estimate the value upon completion of the proposed improvements and stabilization of the property, and the sales is used as a check on that value. The "as is" value is estimated by deducting the costs to create the finished improvements. The summary report is concise presentation of the information considered.

The income approach is based on the principle that value is created by the expectation of future income. This approach is particularly applicable in the case of income-producing properties.

The direct capitalization technique has been used to convert income to value is direct capitalization. In this method, net operating income (NOI) is estimated based on deducting estimated operating expenses from projected income. The estimated NOI is capitalized into an indication of value using a market derived overall capitalization rate.

Direct capitalization is typically most applicable in a stabilized environment in which a property has an income stream that is generally reflective of market rent patterns. It may also be applicable in non-stabilized environments in which the derived capitalization rate is taken from properties with similar economic characteristics as the subject.

SECTION VI - INCOME APPROACH

The income approach is based on the principle that value is created by the expectation of future income. This approach is particularly applicable in the case of income-producing properties and is used here to value the subject upon completion/stabilization of the subject property.

In this method, net operating income (NOI) is estimated based on deducting estimated operating expenses from projected income. The estimated NOI is capitalized into an indication of value. This technique is considered appropriate to the subject because a stabilized NOI can be estimated and a capitalization rate applied to the NOI.

Analysis of Prospective Tenancy/ Rent Estimate: The proposed development at Exchange Place is limited to a restaurant and function hall per the special development permit. Retail rents in the subject area are summarized in the following table provide the best indication of the subject's market rent.

COMPARABLE RETAIL RENTS

Address	Town	Tenant	Size (SF)	Start Date	Term	$/SF	Basis	Comments
864 Main St.	Acton	Available	1,500	Current	2 to 5	$12.00	NNN	As is
1000 Main St.	Acton	Available	4,336	Current	Neg.	$12.50	NNN	As is
136 Main St.	Acton	Available	1,366	Current	Neg.	$15.81	N	Retail/ office across from subject
2 Spruce St.	Acton	Hopscotch	1,326	Dec-06	2	$16.28	NNN	Renovated shell - W. Acton
590 Mass. Avenue	Acton	Graphic Connections	870	Dec-06	5	$17.00	NNN	Older space, corner location- W. Acton
240 Arlington St.	Acton	Tables to Teapots	6,000	Nov-06	5	$10.00	NNN	Space As Is, good parking- W. Acton
11 Spruce St.	Acton	Golf Doctor	1,431	Nov-05	2	$16.78	Gross	Former Liqour store, now golf shop- W. Acton
440 Great Rd	Acton	Calico Corners	7,000	Sep-03	5	$18.00	NNN	Space As Is/Lease renewal- Better Location
179 Great Rd	Acton	C. Morgam	3,300	Jun-03	7	$15.00	Gross	Space as is, sublease 1st 2 yrs- Better location
Nagog Mall	Acton	Scupper Jacks	9,360	May-03	10	$21.37	NNN	Renewal of resturant space on Pond- Better location
133 Great Rd	Acton	Pool & Spa	2,400	Apr-03	5	$22.00	NNN	Space As Is- Better location
Nagog Mall	Acton	Quiznos	1,600	Feb-03	10	$14.00	NNN	$3.75 TI/$renewal @ $18.50 1-5 yr- Better location
340 Great Rd	Acton	American Express	1,892	Jan-03	5	$20.00	NNN	2nd generation space, leased "as-is". - Better location
185-187 Main Street	Maynard	Janeel's Hair	800	N/A	3 Yr	$14.25	NNN	First floor retail unit, near ClockTower Place
14 Nason Street	Maynard	Maria Haynes	3,200	Dec'03	3 Yr + optio	$9.75	NNN	First floor retail space- Maynard Center
98 Powder Mill Road	Maynard	Martin Rest Group	4,586	Dec'03	5 + options	$16.75	NNN	Tenant to pay for fit-up- Route 62
39-43 Main Street	Maynard	D and L Nails	750	Current	Unk	$10.40	Gross	Space as is- Maynard center
39-43 Main Street	Maynard	Bella Fashion	750	Current	5 Yr	$10.56	Gross	Space as is- Maynard center
39-43 Main Street	Maynard	Main St. Barber	250	Current	5 Yr	$14.16	Gross	Space as is- Maynard center
39-43 Main Street	Maynard	Music Shop	350	Current	Unk	$13.54	Gross	Space as is- Maynard center
131-137 Main Street	Maynard	Blue Coyote	5,600	Current	2+ Options	$10.71	NN	Existing restaurant space including basement- Center
53-55 Main Street	Maynard	Warrior Way	2,200	Mar-06	5 Yr	$15.00	NNN	New retail space on Main Street- Maynard Center

Summary Statistics

Low Rent	$9.75
Median Rent	$14.63
High Rent	$22.00

It is our opinion that the subject, at a maximum and as renovated, would have a market rent of $18 per square foot NNN for the first floor space at Exchange Hall. Each floor above the first would be reduced by 25%, and the walkout basement would have a market rent well below $10 per square foot because of its reduced utility; say, $8.00. At 131 Main Street we estimate that the office space has a rent of $16.00 per square foot and the apartment a rent of $1,200 per month, net of utilities.

Potential Gross Rental Income: The PGI is summarized in the following table.

POTENTIAL GROSS INCOME (PGI)

Location	Gross Size (SF)	Plus Addition	SF After Addition	Market Rent ($/SF)	Annual Rent
Exchange Hall					
Lower Level	2,470	0	2,470	$8.00	$19,760
First Floor	2,470	480	2,950	$18.00	$53,100
Second Floor	2,470	480	2,950	$13.50	$39,825
Third Floor	2,730	480	3,210	$10.13	$32,501
Total	10,140	1,440	11,580	$12.54	$145,186
131 Main St.					
Office	1,342		1,342	$16.00	$21,472
Apartment	1,342		1,342	$1,200	$14,400
			2,684		$35,872
Total SF (includes basement space)			14,264		
Total Potential Gross Income (PGI)					$181,058

Vacancy and Collection Loss: Considering the retail markets, we estimate a vacancy/credit loss of 8.0%. The effective gross income (EGI) is $166,574.

Reimbursements: There are no reimbursements.

Expense Analysis: Exchange Hall would be leased on a NNN basis and 131 Main Street would be leased less real estate taxes and insurance. In addition, we have assessed the property 3% of EGI for management and miscellaneous expenses.

The combined expenses are $11,497.

Net Operating Income: The net operating income of the subject property is the amount of annual income remaining subsequent to the payment of all expenses due to the general operation of the project. The stabilized pro forma net operating income is $155,076.

Capitalization Rate: Capitalization rates have generally been low over the past two years as interest rates been at low levels and investors are seeking alternative investments. The Korpacz Real Estate investor Survey (1st Quarter 2007) notes that the national non-investment retail market for strip centers (a proxy for the restaurant) exhibits overall capitalization rates (OAR) range from 7.00% to 11.00%, and average 8.9%.

RealtyRates.com reports low capitalization rates of 9.89% to 10.35% and an average capitalization rate range for full service restaurants properties of 11.69% to 12.57%, based on the debt coverage rate technique, band of investment analysis and a survey of active market participants.

RealtyRates.com INVESTOR SURVEY - 2nd Quarter 2007*
RESTAURANTS - FULL SERVICE

Item	Input						OAR
Minimum							
Spread Over 10-Year Treasury	2.40%	**DCR Technique**		1.40	0.108666	0.65	**9.89**
Debt Coverage Ratio	1.40	**Band of Investment Technique**					
Interest Rate	7.12%	Mortgage		65%	0.108666	0.070633	
Amortization	15	Equity		35%	0.093800	0.032830	
Mortgage Constant	0.108666	OAR					**10.35**
Loan-to-Value Ratio	65%	**Surveyed Rates**					**9.93**
Equity Dividend Rate	9.38%						
Maximum							
Spread Over 10-Year Treasury	7.50%	**DCR Technique**		2.00	0.145723	0.50	**14.57**
Debt Coverage Ratio	2.00	**Band of Investment Technique**					
Interest Rate	12.22%	Mortgage		50%	0.145723	0.072861	
Amortization	15	Equity		50%	0.164500	0.082250	
Mortgage Constant	0.145723	OAR					**15.51**
Loan-to-Value Ratio	50%	**Surveyed Rates**					**14.74**
Equity Dividend Rate	16.45%						
Average							
Spread Over 10-Year Treasury	4.95%	**DCR Technique**		1.70	0.126541	0.58	**12.37**
Debt Coverage Ratio	1.70	**Band of Investment Technique**					
Interest Rate	9.67%	Mortgage		58%	0.126541	0.072761	
Amortization	15	Equity		43%	0.125615	0.053386	
Mortgage Constant	0.126541	OAR					**12.61**
Loan-to-Value Ratio	58%	**Surveyed Rates**					**11.69**
Equity Dividend Rate	12.56%						

*1st Quarter 2007 Data

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Considering the nature of the property (newly renovated with office/residential and in a secondary location), we are of the opinion that the subject reflects a capitalization rate somewhere between the 9% and 10%: say, 9.5%

Direct Capitalization: The capitalization of the subject's net operating income is summarized below.

DIRECT CAPITALIZATION SUMMARY
RESTAURANT/ FUNCTIONAL HALL/RESIDENTIAL OFFICE USE
AS OF MAY 1, 2007

		Amount	Per SF
Base Rental Income (PGI)		$181,058	$12.69
Less Vacancy & Credit Loss @	8.0%	-$14,485	-$1.02
Effective Gross Income (EGI)		$166,574	$11.68
Recoveries Adjusted For Vacancy		$0	$0.00
Total Revenues		$166,574	$11.68
Less Operating Expenses			
RE Taxes/ Insurance (131 Main St.)		$6,500	$0.46
Management/Expenses While Vacant	3.0%	$4,997	$0.35
Total:		$11,497	$0.81
Net Operating Income (NOI)		$155,076	$10.87
Capitalized @		9.5%	
Market Value Indication "As Is"		$1,632,383	
Market Value "As Is", rounded		**$1,630,000**	
Value Per Rentable s.f.		$114	

[1] Management fee is % of EGI before recoveries

"As Is" Value: The subject's "as is" value, subject to the special permit, is estimated by deducting the costs to create the improvements from the estimated value as of the date of completion/stabilization.

The renovation and development costs for the subject were estimated using the developer's estimates and were supplemented with additional costs that we believe, based on other commercial development projects, also would be applicable. Specifically, we have added some interior improvements, contractor's overhead, brokerage fees, a contingency, financing and contingency deduction, and a minimum entrepreneurial incentive estimate of 15%.

Our adjusted redevelopment cost estimate indicates a cost of $2,280,000 for the project as proposed. This estimate, as noted earlier, is based in part on the owner's estimate and may be subject to change if another developer's estimate for the project were obtained.

The cost estimate is summarized in the table on the following page.

EXCHANGE HALL – ACTON, MA
PROPOSED REDEVELOPMENT COST ESTIMATE

	Subtotals	Totals
Renovation Exterior of Exchange Hall/131 Main St.[1]	$525,000	
Demo 127 Main St./ Site Improvements- Sewer etc.[1]	$700,000	
Elevator Addition w/HVAC & Electrical Stub To Floors[1]	$410,000	
Developer's Estimate (Includes 10% contingency)	$1,635,000	$1,635,000
Additional Costs[2]		
TIS for updated Vanilla Box - Exchange Hall Above Grade @ $10/SF	$76,700	
Interior TIs for 131 Main Street @$5/SF	$13,420	
Subtotal	$90,120	$1,725,120
Contractor's Overhead @ 8%	$138,010	$1,863,130
Brokerage/Marketing @ 18% of year 1 rent	$32,590	
Contingency/Financing/Contingency @5%	$86,256	
Subtotal	$118,846	$1,981,976
Plus Entrepreneurial Incentive @ 15%	$297,296	
Total Development Costs		**$2,279,272**
Rounded		**$2,280,000**
Price Per SF (Above Grade)		***$193.32***

[1] Estimates provided by the developer
[2] Appraiser's estimates

As noted above, the "as is' value, subject to the site plan special permit, is the estimated value of the property via the income approach less the cost to create the improvements. As the table below shows, the proposed cost of the development exceeds the capitalized value. Consequently, the subject – currently subject to the site plan special permit - is not feasible and the proposed redevelopment of Exchange Hall and 131 Main Street does not create value to the property as is.

ESTIMATE VALUE "AS IS" VIA DEVELOPMENT APPROACH ANALYSIS

Capitalized Value	$1,630,000
Less Cost To Create	$2,280,000
As Is Value	-$650,000
Say,	Nil

SECTION VII
RECONCILIATION OF VALUE

The purpose of the appraisal is to estimate the current and prospective market value of the fee simple estate.

"As Completed/Stabilized" Value

The income approach is predicated on the principle of anticipated economic benefits and therefore best reflects the investment characteristics of the subject. Local investors or owner-occupants typically acquire properties such as the subject for their income-generating capacity; thus, this approach closely parallels the anticipated analysis that would be employed by the most typical purchaser. The stabilized value for the property was estimated by yield capitalization. This is the most reliable estimate of the subject's value under its proposed redevelopment and subject to the site plan special permit that restricts redevelopment of the site.

Based on research and analysis contained in this report, it is my opinion that the prospective market value of the fee simple interest, subject to its proposed redevelopment, as of May 1, 2008, will be:

ONE MILLION SIX HUNDRED THIRTY THOUSAND DOLLARS
($1,630,000)

"As Is" Value

The "as is" value is the "as completed/stabilized" prospective value less the cost to complete the improvements. The analysis presented in the income section indicates that the proposed redevelopment of the subject is not feasible. Further analyzing the property indicates that the redevelopment requires a NNN rent over $18.00 per square foot on all levels of Exchange Hall for the project to be feasible. The market does not support this rental rate. Consequently, the proposed redevelopment plan for the subject property is not feasible.

The constraints of the site plan special permit result in a negligible value for the property "as is." No reasonable developer would purchase the property under such conditions and without an alternative plan approval, especially for a project that requires an immediate expense of more than $525,000 in curable physical depreciation. It is my opinion that the site plan special permit issued by the town has a negative effect on the value of the subject property and that the highest and best use for the property as a whole (131 Main and 2 School Street) would be for conversion to residential condominiums. This use would not require additional land for parking

and is an allowed use. However, if the town insists that the top floor be used as a function hall or some sort of auditorium for historical purposes, then this is a form of incurable external obsolescence.

Based on research and analysis contained in this report, it is my opinion that the "as is" market value of the fee simple interest, subject to and constrained by the site plan special permit, as of May 1, 2007, was:

NIL

The value estimates are based on the assumptions, limiting conditions, and certification in the report. No business value or FF&E is included in this valuation.

The value estimate is based on the assumptions, limiting conditions, and certification in the report.