SUMMARY APPRAISAL REPORT

AND

VALUATION ANALYSIS

PROPERTY

Residential Land – 181+/-Acres
Off West Street, North Main Street, &
Cowdry Hill Road
Westford, Massachusetts 01886

DATE OF VALUATION

October 19, 2006

PREPARED FOR

Norman Khumalo, Assistant Town Manager
Town of Westford
55 Main Street
Westford, MA 01886

PREPARED BY

Avery Associates
282 Central Street
Post Office Box 834
Acton, Massachusetts 01720
TEL: 978-263-5002
FILE NO. 26115/2006196

October 23, 2006

Norman Khumalo, Assistant Town Manager
Town of Westford
55 Main Street
Westford, MA 01886

RE: 181+/- Acres of Land
Off West Street, North Main Street &
Cowdry Hill Road
Westford, MA 01886

Dear Mr. Khumalo:

In response to your request, as outlined in the letter of engagement dated September 11, 2006, we are pleased to transmit the appraisal report detailing our estimate of the market value of the fee simple interest in the above referenced property.

The subject of this report is 181+/- acres of land located off of West Street, North Main Street, and Cowdry Hill Road in the Graniteville section of the Town of Westford. Except for the 77 & 79 North Main Street parcels, the property is predominantly vacant, wooded uplands and wetlands. The land contains numerous quarry holes, tailing piles, and other evidence of the former quarry operation on site. The Town of Westford identifies the 181+/- acres as follows:

	Assessors		Current	Legal
Address	Map	Parcel	Owner	Reference (Bk/Pg)
West Street	30	12	Granite Hill Estates, LLC	10576/123
Cowdry Hil Road	29	84	Granite Hill Estates, LLC	10576/123
Lot 3 North Street	30	13	Granite Hill Estates, LLC	10576/123
Cowdry Hill Road	29	70	Granite Hill Estates, LLC	10576/123
79 North Main St	30	9	77/79 NM Realty, LLC	16744/115
77 North Main St	30	10	77/79 NM Realty, LLC	10218/176

(It should be noted that the assessors listed acreage does not add up to 181. This is because formal boundary surveys had not been done. The 181 acre estimate is based upon perimeter surveys).

The 181 acre subject property *specifically excludes* a 16+/- acre parcel, also owned by Granite Hill Estates, LLC, identified as Map 35 Parcel 101.

It should be noted that approximately 150 of the 181 acres are included in a proposal for development of 248 units of housing using Chapter 40B of the Massachusetts General Laws as its means of approval. Our appraisal and market value estimate specifically excludes any consideration of the value of the property under the Chapter 40B proposal. Rather, our estimate of value is based upon the uses of the property allowed under Town of Westford Zoning By-Law only.

The property has been analyzed in conjunction with land planning completed by Hancock Associates, a review of existing zoning by-law, and discussions with town planning officials.

The 77&79 North Main Street properties (*parcels 30/9 & 30/10*) listed above are not yet owned by Granite Hill Estates, LLC. Reportedly they are under agreement to be purchased by Granite Hill for $614,000. We were not given nor have reviewed a purchase and sale agreement concerning these parcels. ***It must be noted here that inclusion of Parcels 30/9 and 30/10 listed above are essential to the development potential of the majority portion of the subject property, and thus its value. Any purchase price negotiated for the subject land must include Parcels 30/9 and 30/10 and not simply the land that is presently owned by Granite Hill Estates, LLC.***

The value opinions are presented in the *summary report* format and are qualified by certain definitions, limiting conditions and certifications presented in detail in the appraisal report. This report has been prepared for your exclusive use. It may not be distributed to or relied upon by other persons or entities without our written permission.

As a result of our analysis it is our opinion that the market value of the fee simple interest in the subject property, subject to specific extraordinary assumptions regarding the development potential of the land, definitions, limiting conditions and certifications set forth in the attached report, as of October 19, 2006 is:

Market Value of the 104+/- Acre "Chapter 40B Parcel"	**$4,800,000**
Market Value of the 77+/- Acres "West St/Cowdry Hill Rd Subdivision"	**$2,000,000**
Total	**$6,800,000**

Note that with both development parcel valuations it is presumed that any and all open space is deeded to the Town for nominal consideration.

This letter must remain attached to the report, which contains 29 pages plus related exhibits, in order for the value opinion set forth to be considered valid.

Respectfully submitted,

Christopher H. Bowler, MAI, SRA
Massachusetts Certified General
Real Estate Appraiser #495

Jonathan H. Avery, MAI, CRE
Massachusetts Certified General
Real Estate Appraiser #26

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Addenda

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

ADDRESS: off West Street, North Main Street, & Cowdry Hill Road
Westford, MA

OWNERS OF RECORD: Granite Hill Estates, LLC 180.60+/- acres
77/79 NM Realty, LLC 0.40+/- acres

DATE OF VALUE ESTIMATE: October 19, 2006

INTEREST APPRAISED: Fee Simple

LAND AREA: 181+/- acres

IMPROVEMENTS: There are no buildings on the land owned by Granite Hill Estates, LLC. On the 77-79 N. Main Street parcels there are 2 older, wood frame dwellings, built between 1900-1920 that contain 2,496 square feet of total living area.

ZONING: Residence A; 40,000 sq ft minimum; 200' frontage

HIGHEST AND BEST USE: Subdivision of the land into the two distinct single family lot developments as detailed on the Hancock Associates conceptual land plans.

VALUE ESTIMATE(s):

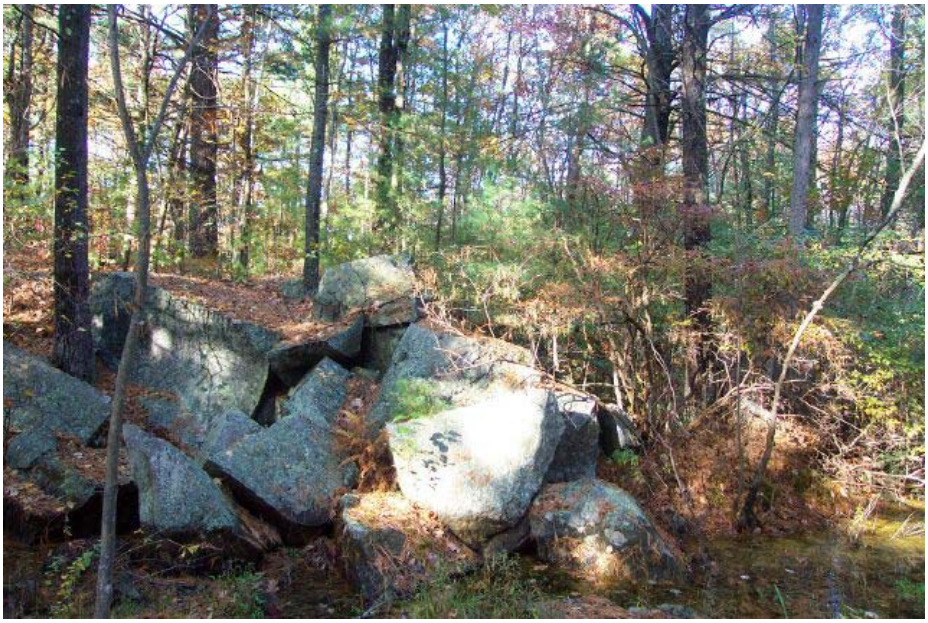
Market Value of the 104+/- Acre "Chapter 40B Parcel"	**$4,800,000**
Market Value of the 77+/- Acres "West St/Cowdry Hill Rd Subdivision"	**$2,000,000**
Total	**$6,800,000**

APPRAISED BY: Christopher H. Bowler, MAI, SRA
Jonathan H. Avery, MAI, CRE
Avery Associates
Post Office Box 834
282 Central Street
Acton, MA 01720

SUBJECT PROPERTY PHOTOGRAPHS

Granite Hill Estates, LLC Land
Westford, Massachusetts
Taken by C.H. Bowler (10/19/06)

View Looking NW Along Cowdry Hill Road. Subject Land is to the Left and Right.



View of the Northwest Section of the 181+/- Acres. These Rock 'Tailing Piles'; Evidence of the former Quarry Operation on Site, are Found Throughout the Subject Land.

SUBJECT PROPERTY PHOTOGRAPHS

Granite Hill Estates, LLC Land
Westford, Massachusetts
Taken by C.H. Bowler (10/19/06)

View Looking Westerly at Portions of the Land off of Cowdry Hill Road. This Photo is of the Path of the Roadway that Would be Required for Lots 9 thru 16 for the Development of the West Street/Cowdry Hill Road Land.

View of a Quarry Pond in the Southeast Section of the Subject Land.

SUBJECT PROPERTY PHOTOGRAPHS

Granite Hill Estates, LLC Land
Westford, Massachusetts
Taken by C.H. Bowler (10/19/06)

View of the 144' of Frontage Along West Street, Between #17 and #27.

View of the 111' of Frontage Along West Street, Between #3 and #5.

SUBJECT PROPERTY PHOTOGRAPHS

Granite Hill Estates, LLC Land
Westford, Massachusetts
Taken by C.H. Bowler (10/19/06)

View of 77-79 North Main Street, Which Provides 81' of Frontage.

View of Rock Outcroppings and Tailings in the Central Portion of the 181 Acres Looking Northerly.

SUMMARY APPRAISAL REPORT

PURPOSE OF THE APPRAISAL: The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property as of October 19, 2006. 2006. In estimating this value it has been necessary to make a careful physical inspection of the property, a review of Hancock Associates conceptual subdivision plans, a review of existing zoning by-law, and an analysis of current market conditions and how they relate to the subject property.

The definitions of market value and fee simple can be found in the Lexicon section of the Addenda to this report.

INTENDED USER OF REPORT: Norman Khumalo, Assistant Town Manager for the Town of Westford, MA.

INTENDED USE OF REPORT: This appraisal is intended to assist the client in determining the market value of the subject property for its potential acquisition.

INTEREST VALUE: Fee Simple.

DATE OF VALUATION: October 19, 2006.

DATE OF REPORT: October 23, 2006.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS: Christopher H. Bowler, MAI, SRA and Jonathan H. Avery, MAI, CRE inspected the subject property on several occasions, most recently October 19, 2006. Photographs of the property were taken at this time.

In addition to the inspections Mr. Bowler:

- Reviewed the "Conceptual ANR Subdivision" land plan of the property, completed by Hancock Associates of Marlborough, dated August 1, 2006.
- Reviewed 3 different conceptual subdivision plans of portions of the subject acreage, also prepared by Hancock Associates.
- Reviewed the Vernal Pool Evaluation of the property completed by Oxbow Associates of Acton dated June 6, 2005.
- Discussed the subject property and the conceptual subdivision plans, as well as other activity in town, with Westford Town Planner Ross Altobelli and Board of Health representative Darren MacCaughey. Mr. MacCaughey provided feedback on soil testing that he witnessed on portions of the property.
- obtained additional information regarding the property from the Westford Assessors Department and the Middlesex North Registry of Deeds.
- gathered information on comparable building lot sales, acreage sales, and new construction data in the subject market area.
- confirmed and analyzed the data and utilized the Cost of Development Analysis in order to estimate the value of the property.

Also, the valuation process and indication of value were reviewed and concurred with by Mr. Avery.

This is a Summary Appraisal Report. It is intended to comply with the reporting requirements set forth under Standards Rule 2-2b of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analyses that were used in the appraisal process to develop our opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraisers file. The appraisers are not responsible for the unauthorized use of this report.

EXTRAORDINARY ASSUMPTIONS; Development Potential of the Land

The development potential of residentially zoned acreage is of critical importance to its market value. The Hancock Associates land planning did take into consideration existing zoning by-law and the rules and regulations regarding the subdivision of land in Westford. The land planning also considered the wetland resources on site and the selected soil testing information.

We presented the conceptual plans to Ross Altobelli, Town Planner, on October 17, 2006. Mr. Altobelli had concerns with various aspects of the plans including the lack of a second means of egress for the 46 lot 'Flex' plan and the 31 lot 'Conventional' plan. He also indicated that one of the cul de sacs for the 16 lot 'Conventional' plan for the land off of Cowdry Hill Road exceeded the 1,000 foot maximum for a dead end road per town by-law. However, he further indicated that these issues could be resolved with remedies that include providing 'boulevard' entrances for the roads in question and/or emergency access from other sources of road frontage.

Board of Health representative Darren MacCaughey, in a meeting also held on 10/17/06, indicated that while the soil testing revealed that soils on site were not 'ideal' for installation of septic systems, tests did find numerous suitable spots that would allow for development.

Based upon the data reviewed and the discussions with various town officials, the value estimates contained herein are based upon the extraordinary assumption that the land does have the development potential as suggested by the Hancock Associates conceptual subdivision plans. Should additional testing/engineering prove this assumption incorrect then the value estimates contained herein will change.

DESCRIPTION OF REAL ESTATE APPRAISED

LEGAL DESCRIPTION -The assessors and legal references for the subject 181+/- acres as follows:

	Assessors		Current	Legal
Address	Map	Parcel	Owner	Reference (Bk/Pg)
West Street	30	12	Granite Hill Estates, LLC	10576/123
Cowdry Hil Road	29	84	Granite Hill Estates, LLC	10576/123
Lot 3 North Street	30	13	Granite Hill Estates, LLC	10576/123
Cowdry Hill Road	29	70	Granite Hill Estates, LLC	10576/123
79 North Main St	30	9	77/79 NM Realty, LLC	16744/115
77 North Main St	30	10	77/79 NM Realty, LLC	10218/176

(It should be noted that the assessors listed acreage does not add up to 181. This is because formal boundary surveys had not been done. The 181 acre estimate is based upon perimeter surveys).

Granite Hill Estates, LLC acquired a larger 200+/- acre property that included the subject acreage on December 15, 1999 for $470,000 from Herbert E. Fletcher, E. Kennard Fletcher and Robert L. O'Brien as Trustee of the H.E. Fletcher Co. Liquidating Trust. This sale is recorded in Book 10576 Page 123 at the Middlesex North Registry of Deeds.

The 77&79 North Main Street properties (*parcels 30/9 & 30/10*) are not yet owned by Granite Hill Estates, LLC. Reportedly they are under agreement to be purchased by Granite Hill for $614,000. We were not given nor have reviewed a purchase and sale agreement concerning these parcels. ***It must be noted here that inclusion of Parcels 30/9 and 30/10 listed above are essential to the development potential of the majority portion of the subject property, and thus its value. Any purchase price negotiated for the subject land must include Parcels 30/9 and 30/10 and not simply the land that is presently owned by Granite Hill Estates, LLC.***

A copy of each of the deeds reference above can be found in the Addenda to this report.

Land Size Discrepancy: The acreage estimate of 181+/- is based upon a recent perimeter survey completed by Hancock Associates. The assessors acreage estimate, as shown below, only adds to 167.9 acres. However, none of the assessors acreage estimates are based upon recent instrument surveys. Because of this we have relied upon the Hancock Associates estimate as the correct one for this appraisal.

TAXES AND ASSESSMENT -The Fiscal Year 2006 assessments and tax burdens for the various parcels that comprise the subject property are as follows:

Address	Assessors Map	Assessors Parcel	Size of Parcel (ac)	FY 2006 Assessment	FY 2006 Taxes
West Street	30	12	71.91	$ 575,900	$ 7,440.63
Cowdry Hil Road	29	84	60.57	$ 442,100	$ 5,711.93
Lot 3 North Street	30	13	5.96	$ 22,400	$ 289.41
Cowdry Hill Road	29	70	29.01	$ 713,800	$ 9,222.30
79 North Main St	30	9	0.15	$ 295,100	$ 3,812.69
77 North Main St	30	10	0.25	$ 305,500	$ 3,947.06
			Totals	**$ 2,354,800**	**$ 30,424.02**

LOCATION DESCRIPTION - ***Town*** - The subject property is located in the Middlesex County community of Westford. Surrounding towns are Littleton and Groton to the west; Tyngsborough to the north; Chelmsford to the east; Carlisle and Acton to the south. Westford is 23 miles northwest of Boston and 35 miles northeast of Worcester. Its 2000 population per the US Census is 20,754. This is up 26.61% from the 1990 figure.

Once an agricultural and mill community, Westford has rapidly developed over the last 15 years, into a desirable suburban bedroom community. Residents are attracted to the town because of its convenient location at the intersection of two of the State's busiest highways, (I-495 and Route 3), an excellent school system, a rural character, and diverse housing stock.

The character of Westford has been transformed over the past two decades from an affordable, middle class town, into a relatively affluent, 'white collar' community, home to many of the areas corporate executives.

The town has experienced a building 'frenzy' over the past 8 years. Since 1996 there have been over 1,000 new homes constructed in Westford. This has led to the 26.61% increase in population over the past decade while the overall statewide increase was approximately 5%.

The development has not been limited to single-family homes. Since 1999 there has been 1.3 million square feet of office space either constructed or under development. In addition a 108 unit extended stay hotel was been constructed along with several, smaller retail buildings.

Economic Conditions: When completing an appraisal of real property it is necessary to have a proper perspective of economic conditions as of the date of valuation. Economic conditions play a significant role in the price paid for real estate at any given time. We will look at 3 different sets of economic data; the employment market, consumer confidence, and the health of the stock/bond market.

As of the date of valuation the economy is expanding both nationally and in Eastern Massachusetts. The most recent economic expansion began shortly after a recession is the latter half of 2001. It has been characterized as an economic expansion with tepid job growth (especially locally), but strong real estate markets aided by historically low interest rates.

The following data portrays both the local and national unemployment/job growth trends over the past 13 months:

Unemployment	Westford	Northern Middlesex WIA	Bos-Camb Quincy NECTA	Mass.
Aug-06	3.8%	5.0%	4.5%	4.9%
Jul-06	4.0%	5.2%	4.6%	4.7%
Aug-05	3.8%	5.0%	4.4%	4.7%

# Employed (000's)	Westford	Northern Middlesex WIA	Bos-Camb Quincy NECTA	Mass.
Aug-06	11.35	137.62	2,359.76	3,207.40
Jul-06	11.38	138.05	2,363.29	3,208.70
Aug-05	11.30	137.03	2,350.14	3,204.70

(Source: Mass Department of Employment & Training)

United States	New Jobs Created	Unempl. Rate
Sep-06	51,000	4.6%
Aug-06	188,000	4.7%
Jul-06	123,000	4.8%
Jun-06	134,000	4.6%
May-06	100,000	4.7%
Apr-06	112,000	4.7%
Mar-06	200,000	4.7%
Feb-06	200,000	4.8%
Jan-06	170,000	4.7%
Dec-05	145,000	4.9%
Nov-05	305,000	5.0%
Oct-05	44,000	5.0%
	147,667	(Per month average over past 12 months).

(Source: US Bureau of Labor Statistics)

The data above shows job growth in both Massachusetts and the nation as a whole. Locally, while job growth has been slow, the latest statistics finally show 'year over year' growth in the employment levels. This had not been the case for the first 6 months of the year. An article in the Boston Globe on October 23rd indicates that the state has added 33,000 jobs over the past year and 61,000 since the labor market hit bottom in December of 2003. The technology sector has been particularly strong.

Nationally, job growth had been robust in comparison to the Commonwealth since 2004. However, lately it has slowed down. Labor market analysts generally agree that job growth in the neighborhood of 150,000 per month is needed to absorb those entering the labor force and thus prevent the unemployment rate from rising. The per month average over the past 12 months is 147,667 new jobs, which underscores the slow job growth. Job growth less than the 150,000 per month, nationally, is a recipe for higher unemployment.

CONSUMER CONFIDENCE

		National
2006	Sep-06	104.5
	Aug-06	100.2
	Jul-06	107.0
	Apr-06	109.8
	Jan-06	106.8
2005	Oct-05	85.2
	Jul-05	103.6
	Apr-05	97.5
	Jan-05	105.1
2004	Oct-04	92.9
	Jul-04	105.7
	Apr-04	93.0
	Jan-04	96.8
2003	Oct-03	81.1
	Jul-03	76.6
	Apr-03	81.0
	Jan-03	78.8

(Source: The Conference Board)

The consumer confidence data shown above portrays the ups and downs of the economy over the past 3 years. The index data is shown quarterly since January of 2003, along with the most recent month. The index currently stands at 104.5 up from 100.2 during the previous month. The recent rebound, according to the publishers of the index, is due to the recent sharp decline in gasoline prices and the relatively calm hurricane season.

STOCK MKT & INTEREST RATE TRENDS

	Closing Price 1-Jan-06	Closing Price 19-Oct-06	Change Since 1/1/2006
Dow Jones Industrial	10,717.50	12,002.37	11.99%
S&P 500	1,248.29	1,368.60	9.64%
NASDAQ	2,205.32	2,342.30	6.21%
10 Year Treasury	4.39%	4.78%	8.88%

Recently, the stock market has reached record levels, as the Dow Jones Industrial Average closed above the 12,000 mark for the first time in history. The 3 months drop in energy prices, along with a reduction in interest rates from their first quarter 2006 high, have aided the stock market. Most analysts are cautious regarding the market though and indicate that the recent run above 12,000 may be unsustainable.

Economic Conditions Conclusions: At this point in time, economic conditions are good. We have a surging stock market, average-good labor market conditions and the recent downturn in gasoline prices has increased consumer confidence.

All eyes now are on the residential housing market to see if the downturn that began in 2005 is nearing an end or if conditions will get worse. (see below).

Residential Housing Market – 2005 most definitely brought a change to the residential housing market in most Massachusetts communities including Westford. After 4-5 years of rapidly appreciating prices spurred by high demand and low inventory, market conditions shifted beginning in the Spring/Summer of '05. Between then and now local and national media have had seemingly endless headlines and articles pertaining to the "bubble bursting" in the residential housing market.

The truth of the matter is that dynamics have certainly shifted from a seller's market to a market more favorable to buyers. We are in a correction. However, there has not been a 'crash' in prices as of yet, nor is one expected. Sales volume is down and prices for single family homes and condo units are also under downward pressure.

To get a detailed look at the subject market, where it has been and where it is going, we have put together statistics for the single family markets in Westford and the larger Middlesex County, as follows:

	VOLUME OF SALES/LISTINGS TRENDS				PRICE TRENDS		
ACTIVE LISTINGS		#		% Change	Average Price		% Change
Current Supply of SF Homes (10/19/06)	Westford	162	Up	23.66%	$ 521,723	Down	-2.48%
Supply of SF Homes 1 Year Ago (10/19/05)	Westford	131	-----	-----	$ 535,015	-----	-----
Current Supply of SF Homes (10/19/06)	Middlesex County	6,099	Up	15.75%	$ 636,295	Down	-5.15%
Supply of SF Homes 1 Year Ago (10/19/05)	Middlesex County	5,269	-----	-----	$ 670,824	-----	-----
PENDING SALES							
# of SF Homes; Went Under Agrmnt; 1/1/06 - 10/19/06)	Westford	178	Down	-7.77%	$ 531,472	Down	-9.75%
# of SF Homes; Went Under Agrmnt; 1/1/05 - 10/19/05)	Westford	193	-----	-----	$ 588,861	-----	-----
# of SF Homes; Went Under Agrmnt; 1/1/06 - 10/19/06)	Middlesex County	8,565	Down	-12.36%	$ 623,889	Up	0.06%
# of SF Homes; Went Under Agrmnt; 1/1/05 - 10/19/05)	Middlesex County	9,773	-----	-----	$ 623,528	-----	-----
CLOSED SALES							
Total Closed Sales of SF Homes (01/01/06 - 10/19/06)	Westford	166	Down	-6.74%	$ 489,450	Down	-9.49%
Total Closed Sales of SF Homes (01/01/05 - 10/19/05)	Westford	178	-----	-----	$ 540,754	-----	-----
Total Closed Sales of SF Homes (01/01/06 - 10/19/06)	Middlesex County	7,457	Down	-14.48%	$ 554,479	Down	-0.42%
Total Closed Sales of SF Homes (01/01/05 - 10/19/05)	Middlesex County	8,720	-----	-----	$ 556,800	-----	-----

SOURCE: MLS Statistics

The statistics above present current listings, pending sales, and closed sales for designated time periods for the single family markets in both Westford and Middlesex County. In short, the # of listings are up, sales are down, and prices are down slightly as well.

The statistics are 'sobering' and clearly show that the market has entered a down cycle and a correction is underway. But there has been no 'bursting' of a bubble, and the market may not be as bad as the MLS statistics or the national media suggest. Let's look at the following data released recently by the FHEO:

OFHEO HOUSING PRICE INDEX

	Last Quarter Q2/2006	Last 1 Year	Last 5 Years
Boston-Quincy MSA	-0.61%	2.92%	59.08%
Camb-Newton-Framingham MSA	*-0.59%*	*1.54%*	*44.31%*
Springfield, MSA	0.51%	8.06%	65.63%
Worcester MSA	0.47%	4.71%	61.29%
Massachusetts	-0.44%	3.40%	56.98%

(Source: Office of Federal Housing Enterprise Oversight)

This chart is a better gauge of where residential prices have gone versus the MLS data, as it uses 'repeat sales' data. In Massachusetts, prices are up 3.4% between June 30, 2005 and June 30, 2006. However, prices were down 0.44% during the 2nd quarter of 2006. In the Cambridge-Newton-Framingham MSA, where Westford is located, the same statistics are 1.54% and -0.59% respectively.

In summary, there is no doubt the market is in a 'down' period. Properties take longer to sell as buyers have many more options due to the increase in listings. Going forward we see prices as 'flat' over the past 12-18 months, and remaining so for the next 6-12 months. As study recently released by Moody's Economy.com agrees with this conclusion and suggests the worst of the residential housing market downturn is over in Greater Boston. However, it also indicates a period of no or flat appreciation for the next couple of years. A copy of this article, published in the Boston Globe on October 23, 2006 can be found in the Addenda to this report.

Neighborhood - The subject property is located in the northwest corner of Westford in the *Graniteville* section of town. The village got its name because of the 4 active granite quarries in the area around North and Bridge Street during the late 19th and early 20th centuries. Although primarily a residential community today, *Graniteville* has a rich industrial history. The development of the *Stonybrook Rail Road* in the mid 1800's, combined with the water power of the *Stony Brook*, made *Graniteville* an attractive location for industrial development. *Abbot Worsted Wool* had several mills in the area. *C.G. Sargent & Sons* machine manufacturing was another significant business in the village.

Today, the main streets of *Graniteville* have remnants of the 19th century housing, both single and multi family. On the outskirts of *Graniteville* are newer homes and vacant land.

Route 40 is ½ mile north. Access to Route 3 is 3.75 miles to the east. The Groton town line is 1.5 miles west. The general boundaries of the subject neighborhood are North Street to the east; North Main Street to the southeast; West Street to the southwest and west and Groton Road (Route 40 to the north).

Immediately surrounding the subject acreage there is approximately 35 acres of town owned conservation land to the north; and an additional town owned 44 acre parcel improved with the Town of Westford DPW building. Abutting to the east is a 63+/- acre privately owned salvage yard property that is visually unattractive as it is essentially a junkyard. Abutting to the southwest, south, and southwest are smaller, older single family dwellings. Abutting to the northwest off of Cowdry Hill Road are several parcel, approximately 30 acres in total, that are privately owned vacant parcels.

Recent prices in the subject area of *Graniteville* range from $350,000 for an older, smaller colonial style home on a .25 acre lot, up to $675,000 to $815,000 for two newer colonials off of Allie Lane on the northern outskirts of the village.

From a desirability standpoint, *Graniteville* is considered 'average' for the Town of Westford. Certainly the area surrounding Westford Center and the *Parker Village* area of town east of Route 110 are considered superior.

PROPERTY DESCRIPTION

The subject of this report is 181+/- acres of land located off of West Street, North Main Street, and Cowdry Hill Road in the Graniteville section of the Town of Westford. Except for the 77&79 North Main Street parcels, the property is predominantly vacant, wooded uplands and wetlands. The land contains numerous quarry holes, tailing piles, and other evidence of the former quarry operation on site.

Frontage/Access: The land has two sections of frontage on the northerly side of West Street; 144' and 111'. The latter section, between #3 and #5 West is covered with a small pond. No vehicular access would be available from this section. The former frontage on West Street is partially affected by wetlands and is located between #17 and #27. Access from this section would not be 'encouraged' by the conservation commission, as it would disturb significant wetlands.

There is one section of frontage on North Main Street – 81'. This frontage section is 'dry', but is presently improved with wood frame residential dwellings that would need to be razed to allow for a road to be installed.

On the easterly side of Cowdry Hill Road there is 938+/- feet of frontage. On the westerly side there are two sections of frontage containing 250+/- feet and 650+/- feet respectively. Cowdry Hill Road, from West Street north through the area of the subject land, is a narrow dirt and gravel pathway. It was abandoned as a public way in the 1940's by the Town of Westford, but does presently contain one single family dwelling. We did confirm with the town planner that Cowdry Hill Road, despite its current condition and legal status, could be used as frontage and access to develop portions of the subject land. <u>However, the developer would be required to upgrade this roadway from West Street, north approximately 2,000 linear feet past the subject land</u>.

Wetlands/Floodplain: In total there are approximately 13 acres of wetlands spread throughout the subject 181+/- acres. A map showing their locations can be found in the Addenda to this map. The wetlands include vegetation and small ponds. The land is not located in a designated flood hazard area according to FEMA Panel #250225 0006B dated June 15, 1983.

Topography: The land is densely treed and sloping in nature. Elevations on site vary greatly, ranging from 195 feet above seal level at the North Main Street frontage, to 390 feet at the central portion of the land, to 275-290 feet in the northwest corner of the land off Cowdry Hill Road, to 225 feet along the two sections of West Street frontage.

Evidence of the former use of the land as a granite quarry can be found throughout the land. There are both natural and man made rock formations throughout the land. Some of the former quarry holes remain as ponds, some of which have steep sidewalls as high as 25-30 feet.

Utilities Available/Soils: Municipal water, electricity, telephone, cable t.v. and broadband internet lines are all available to the subject site.

Any development of the land would require on site, private septic systems for the treatment of effluent. To that end, soils found on site, per the maps of the Middlesex County Soil Survey include:

- *Hollis-Charlton Rock Outcrop Complex with 3-15% slopes.*
- *Hollis-Charlton Rock Outcrop Complex with 15-25% slopes.*
- *Paxton Fine Sandy Loam with 3-8% slopes.*
- *Woodbridge Fine Sandy Loam with 3-8% slopes.*

The latter two soils are rated 'very low' by the MCSS in terms of their potential for on site septic installation. The first two soils are rate 'low' and 'high'.

We have also been made aware of preliminary soil testing completed by Hancock Associates in the southeast corner of the site and the northwest corner. These tests were witnessed by Darren MacCaughey of the Westford Board of Health. Mr. MacCaughey did relay to us that while soils were not ideal for septic installation, the testing revealed adequate areas to allow for septic systems.

Existing Improvements: The only dwelling(s) on site can be found on the 77-79 N. Main Street parcels where there are older wood frame structures with a total living area of 2,496 sq ft. They were constructed between 1900 and 1920 per municipal records. These dwellings would need to be razed to allow for development of the land.

Comments/Conclusions: The subject land can be characterized as "rough terrain". There is lots of rock on site, both natural and man made, steep slopes, and difficult access issues. Developing the land will be expensive. That said, once roads and infrastructure are installed, lots on site would be attractive, have interesting natural features and would enjoy attractive views.

Consideration of Hazardous Substances in the Appraisal Process

Although no specific geotechnical engineering data has been provided, it is our assumption that the property is free and clear of any hazardous wastes or contaminating substances, as specified in applicable municipal, state and federal regulations or laws. In the event that this is not the case, the value as estimated herein may vary to the extent of contamination and the cost of cleanup.

As of October 19, 2006 the subject property is not included as either a contaminated site or a location to be investigated by the Bureau of Waste Site Cleanup of the Department of Environmental Protection, Commonwealth of Massachusetts. It is our assumption in this report, therefore, that the subject site is not a contaminated site. However, if the subject site is found to be contaminated, the value estimate contained herein will change.

Zoning

The land is zoned *Residence A*. Uses allowed in the residential zone include: conservation, farming and ancillary uses; single-family detached dwellings; home office; small bed & breakfast homes and establishments, municipal, educational, and religious uses.

Dimensional requirements include a minimum lot size of 40,000 square feet, minimum frontage of 200 feet, and front, side, and rear yard requirements of 50, 15, and 30 feet respectively.

Additional options available for the subject property using various options under Westford Zoning By-Law will be discussed in the Highest and Best use section of this report.

Growth Management Plan - In May of 2002, the Growth Management provision (Section 6.3) of the Westford Zoning By-Law was amended. Prior to this amendment the town-wide growth limitation was targeted at no more than 125 new homes in any one year. To limit growth, new subdivisions were restricted from constructing on too many lots in any given year. In the case of subdivisions with 125 or more lots or units, the Growth Rate Limit was 12.5% of the total lots, or 16.

The May 2002 amendments to the Growth Rate Limitation were significant. Instead of a town-wide growth limit of 125 new homes per year, the figure was changed to 30 (Section 6.3.3-2). Schedules for individual subdivisions were changed so that no matter how many lots/units, no more than 6 permits per year can be issued. There is an allowance for more for an individual subdivision if between December 16 and 31 of a given year, the town wide number of permits has not reached 30.

Thus far in 2006 there has been just 14 new permits issued against the town wide cap. In 2005 the cap was not reached. The Growth Management provision in its current form is set to expire in May of 2007. It may or may not be renewed.

HIGHEST AND BEST USE

The Dictionary of Real Estate Appraisal, Fourth Edition defines highest and best use as "the reasonable, 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 highest and best use is often referred to as the optimum use.

Given existing market conditions, zoning, and the general scarcity of land in the area, some form of residential development is the highest and best use of the 181+/- acres. Yes, market conditions are slow at the moment for residential housing. However, as touched upon earlier, it appears we have hit the 'bottom' in the current downturn. With approvals for any development expected to take at least 1 year, it is likely the market will be ready for new construction at that time. Also, there has been a dearth of single family development in the area in the past 5-6 years. Most of the residential development occurring along the upper I-495 belt has been in the form of condominium construction via Chapter 40B.

From a physically possible and legally permissible standpoint Hancock Associates has completed 3 different conceptual, single family subdivision plans for portions of the land. They have broken the site down into the two following areas:

- The 104+/- Acre "Chapter 40B Parcel"
- The 77+/- Acres "West St/Cowdry Hill Rd Subdivision"

The former section refers to the land for which proposals have been made regarding a 200+ development using Chapter 40B as the vehicle for gaining approvals. The latter section is located in the northwest corner of the site and is bisected by Cowdry Hill Road.

For the latter 77+/- acres, Hancock has prepared a conventional subdivision plan showing 16 lots; 8 on both the west and east side of Cowdry Hill Road. The development would require the installation of two cul de sac roadways of 700+/- linear feet and 1,400+/- linear feet. In addition, as mentioned previously, the developer would have to upgrade approximately 2,000 linear feet of the existing Cowdry Hill Road from the West Street intersection to the south, to the subject land. The development would use a total of approximately 48 acres, leaving 29 as open space. These 29 acres do not have significant development potential as it is some of the 'roughest' of the terrain for the 181 acres.

For the 104+/- acre section, Hancock actually prepared two conceptual subdivision plans. One involved a 31 lot conventional subdivision, requiring the installation of 4,268 linear feet of roadway in from North Main Street. Lots would range in size from 40,000 sq ft to 135,737 sq ft. There would be 47 acres of open space with this development.

The alternative plan is a 46 lot 'flexible', cluster development designed to conform to the Flexible Development option under Westford Zoning By-Law. The flexible development encourages more open space, development of affordable housing and age restricted housing. In return, developers are allowed density bonuses over and above that allowed through conventional subdivision. Smaller lots are encouraged. In this case the 46 lots would range in size from 30,000 to 59,964 sq ft. The open space, which must be deeded to the town per the by-law, would be 62 acres. The linear feet of roadway required would be the same – 4,268 feet. Of the 46 lots allowed, 15% or 6 would have to be reserved for affordable housing development. Thus, only 40 of the lots would be 'market rate'. This is key and will be addressed further in the valuation section. Also, among the 46, an additional 6 lots would have to be reserved for adults 55+ years in age. However, these lots/homes could be sold at market rates.

We developed valuation models for each scenario, and the 46 lot Flexible Development produced the higher value.

Based upon our examination of market conditions, the land planning completed by Hancock Associates, and discussions with town officials it is our opinion that the highest and best use of the subject land is as follows:

- The 104+/- Acre "Chapter 40B Parcel" - 46 lot "Flexible Development".
- The 77+/- Acres "West St/Cowdry Hill Rd Subdivision" - 16 lot Conventional Development.

A copy of each conceptual subdivision plan can be found in the Addenda to this report.

SUMMARY OF ANALYSIS AND VALUATION

In order to estimate the value of the subject property a Cost of Development Analysis has been utilized. Due to the lack of sales of large tracts of land in the area for which single family development was the highest and best use, a direct Sales Comparison Approach could not be utilized.

The following is a brief description of the valuation technique used followed by the data and methodology employed.

Cost of Development Analysis: A Cost of Development Approach is an additional valuation tool available to the appraiser when subdivision and development represent the highest and best use of a property. After determining the number and size of lots that can be created from the appraised parcel, physically, legally, and economically, a sales comparison analysis of finished lots is then undertaken. After adjusting the comparable sales for differences, the appraiser estimates the most likely retail sale prices of the lots, the probable development period and the absorption rate.

All direct and indirect costs associated with the development and conveyance of the lots are then deducted from their projected retail sale prices. Development and entrepreneurial profit are then deducted from the projected gross sale price to arrive at the net sales proceeds. In cases where an extended development and sellout period are projected (over one year), the periodic net sale proceeds are then discounted to present value at an appropriate yield rate over the estimated period required for the project development and market absorption. The result is an indication of the value of the raw land.

In the subject case, we will project the estimated retail value of 16 potential conventional lots off of Cowdry Hill Road and the 40 'flex' lots from the development of the 104+/- acres Chapter 40B parcel. The reader will notice that we listed '40' and not '46' here even though the total lots will be the latter. The reason is that 6 of the lots would not produce a 'retail' price. The houses constructed on these 6 affordable lots must be sold a pre-determined below market prices. The below market price will typically just cover the cost of construction. Without the ability to make a profit, no developer would want to buy these 6 lots. These 'affordable' are considered 'a wash' by most developers. When negotiating purchases, the developer will pay for the number of 'market rate' lots not the total lots, and simply consider the cost of constructing the affordable homes as offsets to whatever price is allowed. Therefore, these 6 affordable lots have no retail value in our opinion.

Retail Lot Price Projections - A search for building lot sales as well as current listings, was conducted in Westford from the present dating back approximately 24 months. The following is a list of 12 lot sales considered most similar to the new potential lots on the subject land.

WESTFORD LOT SALES SURVEY

Annual Time Adjustment	0.00%
Monthly Time Adjustment	0.00%
Date of Valuation	19-Oct-06

#	Address	Sale Price	Sale Date	Legal Reference (Bk/Pg)	Land Area (sf)	Time Adjusted Price	Water	Sewer	Comments
#1.	Lot 2 Main Street	$ 360,000	28-Dec-05	19678/42	46,818	**$ 360,000**	priv	priv	Corner of Chamberlain. 1 of 2 new lots being developed with 3000+ sf colonials. New 3508 sf colonial constructed on mkt for $799,900. Was $879,900.
#2.	Lot 3 Main Street	$ 335,000	29-Nov-05	19570/116	41,978	**$ 335,000**	priv	priv	Corner of Chamberlain. 1 of 2 new lots being developed with 3000+ sf colonials.
#3.	Lot 0 Main St & Leland Rd	$ 325,000	28-Jul-06	20349/18	43,686	**$ 325,000**	pub	priv	Frontage on both Leland and Main. Rolling lot with mature trees and a tennis ct. Just east of Westford Center.
#4.	Lot 4 Carlisle Rd	$ 310,000	21-Dec-05	19655/29	120,049	**$ 310,000**	priv	priv	1 of 4 new lots in Parker Village. All lots are sloping and on busy Rte 225 near the Carlsile line. This lot largest, and most private of the 4 as it is a 'rat-tail' lot.
#5.	Lot 2 Wheeler Ln	$ 300,000	30-Dec-05	19694/238	181,210	**$ 300,000**	pub	priv	Secluded lot in Westford Center. Part of a 5 lot private drive development. Was listed for $425,000. Sold lower due to market and the cost of constructing driveway.
#6.	Lot 1 Carlisle Rd	$ 260,000	3-Feb-06	19790/250	40,086	**$ 260,000**	priv	priv	1 of 4 new lots in Parker Village. All lots are sloping and on busy Rte 225 near the Carlsile line. This lot smallest of the 4 and directly on Route 225.
#7.	Lot 29 Main St	$ 260,000	4-Mar-05	18470/150	32,227	**$ 260,000**	pub	priv	Cluster sized lot; part of 41 lot Chamberlain Hill Estates. This lot only 1 in the subdivision that doesn't front on a new street.
#8.	28 Birch Rd	$ 222,000	3-Oct-06	20570/52	11,761	**$ 222,000**	pub	priv	Tear down lot sale in Nabnasset Village. Older ranch torn down to make way for new 2,000 sf colonial that is now listed for $499,900.
#9.	33 Acton Road Westford	$ 270,000	16-Jul-04	17598/169	41,740	**$ 270,000**	priv	priv	Wooded building lot on Route 27 near Butterbrook Golf Course, near the Acton town line. Corner lot with frontage on Shelley Lane as well as Acton Road. Price included a drilled well, worth approximately $7,000.
#10.	0 Carlisle Road Westford	$ 260,000	5-Oct-04	17926/147	63,597	**$ 260,000**	priv	priv	Wooded lot on Route 225 in the Parkerville section of Westford. Lot is 0.5 miles west of Carlisle line. Buyer assumed all engineering, septic design costs.
#11.	Lot 7, 60 Tenney Rd Westford	$ 240,000	5-Oct-04	17922/178	70,229	**$ 240,000**	priv	priv	Level, wooded lot at corner of Dunstable Road in North Westford, near the Tyngsboro line. In cluster of 4 new homes.
#12.	Lot 1 Carlisle Road Westford	$ 235,000	14-Jun-04	17443/144	70,229	**$ 235,000**	priv	priv	Wooded lot in Parkerville section of Westford adjacent to the newly opened Butterbrook Golf Course. Land is rolling with some wetlands. Sold with 4 bedroom septic designed and approved.

Lot Sales Analysis – The 12 comparables range in price from $222,000 to $360,000. All are located in Westford and all closed within 28 months of the date of valuation. We have made no adjustments for market conditions/time and have detailed our reasoning previously in this report. Prices have been flat in Westford for the past 12-18 months when most of the sales listed above occurred.

Comparables #1 through #5 are all generally superior to the potential subject lots in terms of location. These lots are located either close to *Westford Center*, or in *Parker Village*, which are both superior to a *Graniteville* location.

Comparables #6, 9, 10, and 12 are also located in Parker Village. However, each has its building envelope close to a busy street, either Route 225 or 27, which is inferior to the subject lots which would be off of private, newly installed roadways.

The subject is also superior to #7 for the same reason. Although on the outskirts of *Westford Center*, its building envelope is right on Main Street.

The potential subject lots are superior in location and size when compared to lot sale #8. This lot, only 11,761 sq ft, is within an older neighborhood of smaller homes. The subject lots would be within a new neighborhood of presumably larger colonial and contemporary style dwellings.

After analysis of the sales it is our opinion that the retail price projections for the potential subject lots must be higher than the $260,000 range indicated by lot sales #6, 7, 9, and 10, but below the $300,000+ range indicated by lot sales #1 through #5.

Based upon a review of the sales we have projected that the average retail prices for the 16 lots with the development of the West Street/Cowdry Hill Road 77+/- acre portion should be **$285,000.**

For the smaller, 40 lots within the 104+/- acre Chapter 40B parcel section of the land, we projected the retail prices at **$275,000** each. The reason for the $10,000 difference is that we feel that the West Street/Cowdry Hill Road development, once infrastructure is complete, will offer larger, more private lots in a lower density development than the lots within the 40 lot Flexible Development.

Now, going forward, as can be seen on the cash flow sheets to follow, we expect prices to remain 'flat' for the next two years, or 4 six month periods. After that, we project prices/values to begin rising again at a 4% annualized rate.

Open Space Parcel Price Projections – The conventional 16 lot subdivision and the 46 lot 'flexible development' have 29 acres and 62 acres of open space respectively. For the flexible development, the open space must be deeded to the town at no cost.

For the 16 lot conventional plan, we think the open space has no retail value. Rather, its value lies in its donation to the town in return for issuing approvals for the conventional plan given the fact that variances will be needed, most notably in allowing for the dead end/cul de sac roadway in excess of 1,000 feet. The developer might also negotiate sidewalks on only one side of the road instead of two in exchange for the open space. What ever the case, we do not think there is retail value to a third party for this open space. Who would buy this land, knowing it has no development potential, but does contain some dangerous rock ledges, cliffs that might carry liability with ownership?

Absorption: The pace of sales/receipt of proceeds, is important in the valuation of the subject property. The longer it takes to sell out the development, the lower the present value of the property. The inverse is also true.

Two factors will influence the pace of sales at the development of the subject property: market conditions, and the Growth Management By-Law. For the latter, with conventional developments, only 6 lots per year are allowed to be built upon. If a lot can't be built upon until 1 or 2 years from now, then it is unlikely that the sale of said lot would be closed upon. Thus, we project sales only if the lot can be readily built upon. Now, for the past two years, the number of new single family permits issued that count against the growth management by-law have not reached to the 30 cap. Thus, a developer, theoretically could get more than just the 6.

In terms of market conditions, selling at a pace of 3+ lots/homes per month in any development is not realistic in today's market. We examined the sales paces at 3-4 large scale single family developments along I-495 and found a range of sales paces of 1-2.5 per month.

With these thoughts in mind, our opinions on absorption of the development going forward are as follows:

- We expect the by-law, which is scheduled to expire in May of 2007, to be renewed.
- With the 46 lot flexible development, the developer would be entitled to a 'development schedule', giving the planning board discretion over the allowed buildout schedule. Given past schedules in town, we would expect an allowed schedule of 1.5 to 2 per month, or 18 to 24 per year.
- With the 16 lot conventional development, we project a sales pace of 1 per month or 12 per year. As a conventional development a minimum of 6 lots per year would be allowed to be developed. Given the lack of new single family construction ongoing in the area, and market conditions, we expect that there will be at least an additional 6 permits per year allowed, giving a maximum of 12 per year to the conventional development.
- We project that no sales or construction will take place during the first 12 months or 2 six month periods as the developer secures necessary permits. Development, road construction and lot sales begin in earnest in Period 3 of each development.

Development Expense Analysis - It is now necessary to deduct expenses necessary to make each of the lots readily buildable. The following is an estimate and summary of these expenses.

Engineering/Approval Costs – In order to gain final approvals for the two different developments of 16 and 46 lots, we have projected an engineering and approval cost at $3,000 per lot based upon discussions with two greater Boston based engineering firms specializing in residential developments. This expense is expected to cover engineering, soil testing, representation at numerous planning board meetings, and definitive plans.

Road Costs – We touched upon this in the 'Property Description' section of this report and we will detail it now. It is our opinion that developing the subject land will be quite expensive due to the rugged terrain that includes steep slopes, lots of rock, wetlands, and the rather expensive specifications for new roadways required by the Westford Planning Board.

In order to project the road costs for the two different developments we have reviewed the actual road costs at other developments in the area. The following is a summary of these developments and their costs:

Town	Project	Road(lf)	Road Cost	Price/LF	Date	Comments
Acton	Robbins Mill Estates	8,066	$3,250,000	$402.93	2005	90 lots, sloping land, wetland crossings, below grnd utils, asphalt curbs, septic.
Bedford	Freedom Estates	3,057	$1,350,000	$441.61	2004,5	55 lots, flat terrain, sewer, water, gas all below ground. Granite curbs.
Milford	Walden Woods	8,117	$8,622,075	$1,062	2006	165 unit detached condo development. Sloping site, excessive ledge, muni water & sewer, sloped granite curbing.
Methuen	Stone Castle Estates	7,070	$4,638,400	$656.07	2005	89 unit, detached condo development on 75 acres. Extensive wetlands, rolling, sloped granite curbs, below grnd utils.
Bedford	Village @ Conc Farm	950	$762,077	$802.19	2002	Granite curbs, 22' pavement, sidewalks on 1 side, raised 6' with fill.
Groton	Surrenden Farm	10,150	$3,111,200	$306.52	2003-4	134 unit/lot development on 194 acres. Costs include on site only.
Andover	Greenwood Meadows	580	$384,616	$663.13	2003	Granite curbs, 26' pavement, sidewalks
Franklin	Brandywine Village	4,600	$1,760,000	$382.61	2003	Normal conditions, medium specs.
Northboro	Stirrup Brook Estates	1,500	$439,500	$293.00	2004	Level site; sloped granite curbing
Westford	Village @ Stoneridge	9,995	$3,700,000	$370.19	2002	Several wetland crossings
Dracut	Meadow Creek	5,052	$1,606,500	$317.99	2002	Phase I only. Entrance to development. Costly road specs, granite, muni utils.

The specifications of the roadways required include pavement width of 22-27 feet, sloped granite curbing, below ground utilities, and sidewalks on both sets of the roadways.

In addition we have consulted the Marshall Valuation Service, a national cost service. Based upon each of these sources we project the following per linear road costs for the various components of the two different potential subject developments.

- $800 per linear foot for the 46 lot Flexible Development.
- $300 per linear foot to upgrade Cowdry Hill Road.
- $600 per linear foot for the cul de sac needed off of the easterly side of Cowdry Hill Road.
- $400 per linear foot for the cul de sac needed off of the westerly side of Cowdry Hill Road.

The roads/infrastructure for the 46 lot development were projected at the highest cost as the terrain for these roads would be within the most sloping land. The Cowdry Hill Road upgrade was projected at the least per linear foot as clearing and grubbing of this roadway has already been established.

The road costs for each of the two development scenarios are spread out over the term of the development as a prudent developer would not install all roadways to a 100% complete status until all dwelling construction is complete.

Legal/Conveyance - The stamp tax alone on the sale of real estate in the Commonwealth of Massachusetts is $4.56 per thousand dollars of sale price. We have taken a closing cost expense of $4.56/$1000, plus $1,000 per sale to pay for the representation of an attorney at closings.

Marketing Expense – A marketing expense has been estimated for the purpose of allocating resources to the marketing and sale of the individual lots. The estimate of 5% of the retail sale price is based upon the going rate for brokerage commissions in the Westford area.

Real Estate Taxes During Sellout – Although a change in use would take place, there is a significant lag period between the change and the time it takes the local assessors to recognize the new use and change the tax status. During the first 24 months of development, or Periods 1 through 4 on the cash flows to follow, there will be no change in the assessment and taxation of the subject due to a significant lag in the assessment process. Thus the real estate tax expense during these periods is the pro rata current expense (*adjusted for inflation in Periods 3 and 4*).

In Period 5 we have projected a per lot assessment of 80% of the projected retail price, based upon precedent in town. The total tax burden is thus calculated as the semi annual burden for all lots unsold at the end of each period, plus the tax burden for ½ of the burden for the lots sold in this period, assuming a straight line sellout. (*We adjusted the current tax rate for inflation for these calculations*).

Discount Rate – The discount rate in this analysis includes a rate that recognizes the time value of money and compensation for the illiquidity of funds; it includes a factor for the risk associated with installing roadways, carrying costs and selling the various components of the development; and it includes overhead and entrepreneurial profit.

In order to project a rate commensurate with the subject property we have reviewed two sets of investor/developer surveys, excerpts of which can be found in the Addenda section to this report. The range of discount rates from these developers surveys, which do include overhead and profit in the rate, range from 11-25%. If 'entitlement' (approvals) are not in hand, the same surveys suggest an increased range of 14% to 30%.

We have two different development and two different cash flows in this appraisal. We have used a discount rate of 15%, which does include overhead and profit, for the 46 lot 'flexible development', and 12% for the 16 lot conventional. The difference is due to the perceived lower risk involved with the smaller, conventional development.

SUMMARY - After making expense deductions, the net cash flows are derived and the present worth of the investment can be calculated. After applying an appropriate discount rate, it is our opinion that the market value of the 104+/- acre, "Chapter 40B Parcel" section of the subject property, via the Cost of Development Analysis, as of October 19, 2006 is **$4,800,000**.

It is further our opinion that the market value of the 77+/- acre "West Street/Cowdry Hill Road Subdivision" section of the subject property, via the Cost of Development Analysis, as of October 19, 2006 is **$2,000,000**.

The following is our cash flow models for the two different potential subject developments:

SUBDIVISION DEVELOPMENT ANALYSIS

Subject Property

off West Street/North Main Street
Westford, MA
104+/- Acres
("Chapter 40B" Parcel)

Semi Annual - 6 Month Periods

***(Note that the total # of lots under the Flexible Dev plan is 46. However, 6 are 'affordable' and would not sell for market rates).*

Development Presumptions/Expenses

Date of Valuation	19-Oct-06	
Average Lot Price	$275,000	
Semi Annual Price Change	0.0%	thru Period 4; then 2% from Period 5 on.
Semi Annual Cost Change	1.5%	
Real Estate Taxes (during sellout)	$71,672	
Legal - Closing Cost per lot	$4.56/$1000+$1000 per lot	
Assumed Tax per lot	$1,508	(beginning Period 5)
Advertising, brokerage	5%	
Discount Rate	15%	
(includes overhead and developers profit, time cost of money, risk)		

Number of lots to be sold	40	**Sales During Period**	0	0	9	9	9	9	4	
		Lots Remaining	40	40	31	22	13	4	0	
INCOME			**Period 1**	**Period 2**	**Period 3**	**Period 4**	**Period 5**	**Period 6**	**Period 7**	**TOTALS**
Proceeds from Lot Sales			$0	$0	$2,475,000	$2,475,000	$2,524,500	$2,574,990	$1,167,329	$11,216,819
EXPENSES										
Engineering/Permitting/Approvals	@	$3,000 **per lot**	$100,000	$38,000	$0	$0	$0	$0	$0	$138,000
Road Installation 4,268 lf	@	$800 **per ft**	$0	$0	$1,365,760	$682,880	$682,880	$682,880	$0	$3,414,400
Legal Expense/Closing Costs		$4.56/$1000+$1000	$0	$0	$20,286	$20,286	$20,512	$20,742	$9,323	$91,149
Real Estate Taxes During Sellout			$7,253	$7,253	$7,471	$7,471	$26,390	$12,818	$3,016	$71,672
Advertising, brokerage	@	5% **of sales proceeds**	$0	$0	$123,750	$123,750	$126,225	$128,750	$58,366	$560,841
Total Expenses			$107,253	$45,253	$1,517,267	$834,387	$856,007	$845,189	$70,705	$4,276,061
Net Development Proceeds			($107,253)	($45,253)	$957,733	$1,640,613	$1,668,493	$1,729,801	$1,096,623	$6,940,758
PRESENT WORTH OF NET PROCEEDS		$4,804,543 **Rounded to**	**$4,800,000**							

SUBDIVISION DEVELOPMENT ANALYSIS

Subject Property

off West Street/Cowdry Hill Road
Westford, MA
77+/- Acres

Semi Annual - 6 Month Periods

Development Presumptions/Expenses

Date of Valuation	19-Oct-06	
Average Lot Price	$285,000	
Semi Annual Price Change	0.0%	thru Period 4; then 2% from Period 5 on.
Semi Annual Cost Change	1.5%	
Real Estate Taxes (during sellout)	$27,227	
Legal - Closing Cost per lot	$4.56/$1000+$1000 per lot	
Assumed Tax per lot	$1,563	(beginning Period 5)
Advertising, brokerage	5%	
Discount Rate	12%	

(includes overhead and developers profit, time cost of money, risk)

Number of lots to be sold	16		**Sales During Period**	0	0	6	6	4
			Lots Remaining	16	16	10	4	0
INCOME				**Period 1**	**Period 2**	**Period 3**	**Period 4**	**Period 5**	**TOTALS**
Proceeds from Lot Sales				$0	$0	$1,710,000	$1,710,000	$1,162,800	$4,582,800
EXPENSES									
Engineering/Permitting/Approvals	@	$3,000	**per lot**	$30,000	$18,000	$0	$0	$0	$48,000
Road Install 700 lf west of Cowdry	@	$400	**per ft**	$0	$0	$280,000	$0	$0	$280,000
Road Install 1,400 lf east of Cowdry	@	$600	**per ft**	$0	$0	$0	$840,000	$0	$840,000
Road Upgrade, 2,000 lf of Cowdry Hill	@	$300	**per ft**	$0	$0	$600,000	$0	$0	$600,000
Legal Expense/Closing Costs		$4.56/$1000+$1000		$0	$0	$13,798	$13,798	$9,302	$36,898
Real Estate Taxes During Sellout				$5,936	$5,936	$6,114	$6,114	$3,126	$27,227
Advertising, brokerage	@	5%	**of sales proceeds**	$0	$0	$85,500	$85,500	$58,140	$229,140
Total Expenses				$35,936	$23,936	$985,412	$945,412	$70,568	$2,061,265
Net Development Proceeds				($35,936)	($23,936)	$724,588	$764,588	$1,092,232	$2,521,535
PRESENT WORTH OF NET PROCEEDS		$1,974,977	**Rounded to**	**$2,000,000**					

RECONCILIATION

The final step in estimating the market value of the subject property is a correlation of the value from each of the approaches utilized in the appraisal process. Based upon our opinion of the highest and best use of the property for residential development, we have not presented the Income Approach nor Cost Approach to value in this report. A Cost of Development Analysis has been utilized in order to estimate the value of the two different sections of the subject land.

The Cost of Development is considered a reliable indicator of the market value of the property. Retail price projections for the lots of the two different developments were made based upon an analysis of 12 recent lot sales in Westford. Expenses necessary to sell the lots, including roadway installation, engineering and approval costs, taxes due during development, brokerage, and legal and recording were deducted from gross sale proceeds to produce net cash flows for each of the periods projected for development. These net cash flows were then discounted at rates of 15% and 12%, (*depending upon which development*), which does include overhead and profit, to produce indications of value of $4,800,000 and $2,000,000 respectively for the 104+/- acre "Chapter 40B Parcel" and the 77+/- acre "West Street/Cowdry Hill Road Subdivision" portions of the property respectively.

Based upon the methods of valuation used in this report, and our opinion of the highest and best use of the land (that use producing the highest value), it is our opinion that the market value of the fee simple interest in the subject property, subject to specific extraordinary assumptions regarding the development potential of the land, definitions, limiting conditions and certifications set forth in the attached report, as of October 19, 2006 is:

Market Value of the 104+/- Acre "Chapter 40B Parcel"	**$4,800,000**
Market Value of the 77+/- Acres "West St/Cowdry Hill Rd Subdivision"	**$2,000,000**
Total	**$6,800,000**

CERTIFICATION OF VALUE

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 unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of this report.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute and 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.
- Mr. Bowler and Mr. Avery are currently certified under the voluntary continuing education program of the Appraisal Institute.
- We have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the persons signing this report.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

Based upon the data and analysis presented above, it is our opinion that the market value of the fee simple interest in the subject property, subject to specific extraordinary assumptions regarding the development potential of the land, definitions, limiting conditions and certifications set forth in the attached report, as of October 19, 2006 is:

Market Value of the 104+/- Acre "Chapter 40B Parcel"	**$4,800,000**
Market Value of the 77+/- Acres "West St/Cowdry Hill Rd Subdivision"	**$2,000,000**
Total	**$6,800,000**

Christopher H. Bowler, MAI, SRA
Massachusetts Certified General
Real Estate Appraiser #495

Jonathan H. Avery, MAI, CRE
Massachusetts Certified General
Real Estate Appraiser #26