

**Appraisal of Real Property**

**Three Portions of The Ardrossan Farm Estate**

Residential Land

Parcels A, B, C located along Darby-Paoli Road and Newtown Road  
Radnor Township (Villanova P.O.), Delaware County, Pennsylvania 19085

**Prepared For:**

Radnor Township Administration

**Effective Date of the Appraisal:**

January 9, 2014

**Report Format:**

Summary

**IRR - Philadelphia**

File Number: 131-2013-1099





**Three Portions of The Ardrossan Farm Estate**

Parcels A, B, C located along Darby-Paoli Road and Newtown Road  
Radnor Township (Villanova P.O.), Delaware County, Pennsylvania



January 15, 2014

Mr. Robert Zienkowski  
Radnor Township Administration Office  
301 Iven Avenue  
Wayne, Pennsylvania 19087

SUBJECT:       Market Value Appraisal  
                  Three Portions of The Ardrossan Farm Estate  
                  Parcels A, B, C located along Darby-Paoli Road and Newtown Road  
                  Radnor Township (Villanova P.O.), Delaware County, Pennsylvania 19085  
                  IRR - Philadelphia File No. 131-2013-1099

Dear Mr. Zienkowski:

Integra Realty Resources – Philadelphia is pleased to submit the accompanying appraisal of the referenced property. The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the real property. The client for the assignment is Radnor Township Administration Office, and the intended use is for the potential acquisition of the subject parcels by Radnor Township, for the purpose of open space preservation.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, and applicable state appraisal regulations.

To report the assignment results, we use the summary report option of Standards Rule 2-2 (b) of USPAP. Accordingly, this report contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

The subject parcels are part of a proposed 87-lot residential subdivision of the prestigious 371.80-acre Ardrossan Farm Estate located at Newtown Road and Darby-Paoli Road. Parcel A is a 27.654-acre tract (known as the Wheeler Field) and located along the west side of Darby-Paoli Road just south of Saw Mill Road; this parcel is adjacent to Darby Creek and includes approximately 15.771 acres of flood plain area. Parcel B is a 16.336-acre site

(known as the Quarry Tract) and located along the west side of Darby-Paoli Road, just south of Newtown Road. Parcel C is a 27.04-acre tract (known as the Rye Field) and located at the southeast corner of Newtown Road and Darby-Paoli Road. The three subject parcels are zoned AC, Agricultural Conservation, which permits single family detached dwellings and a variety of conservation, agricultural, and outdoor recreational uses.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

| <b>Value Conclusions</b>                 |                    |                 |                  |
|--|--------------------|-----------------|------------------|
| Parcel                                   | Interest Appraised | Date of Value   | Value Conclusion |
| Parcel A -- Flood Plain -- Wheeler Field | Fee Simple         | January 9, 2014 | \$2,490,000      |
| Parcel B -- Quarry Tract                 | Fee Simple         | January 9, 2014 | \$3,590,000      |
| Parcel C -- Rye Field                    | Fee Simple         | January 9, 2014 | \$5,680,000      |
| Total                                    |                    |                 | \$11,760,000     |

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#### **Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume there are no environmental hazards either in or on the subject site. Although requested, an environmental report was not made available for our review.
2. This appraisal was completed without the benefit of a formal site survey. We assume the land area allocations and legal descriptions provided by the client are accurate and complete for purposes of this valuation analysis.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume the individual (3) subject parcels can be appropriately subdivided from the existing larger parcels in the near future, as well as be in compliance with all regulatory permits and approvals.
-

Mr. Robert Zienkowski  
Radnor Township Administration Office  
January 15, 2014  
Page 3

If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

**INTEGRA REALTY RESOURCES - PHILADELPHIA**



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# Table of Contents

|   |           |  |           |
|---|-----------|--|-----------|
| <b>Summary of Salient Facts and Conclusions</b> | <b>1</b>  | <b>Valuation</b>                           | <b>45</b> |
| <b>General Information</b>                      | <b>2</b>  | Valuation Methodology                      | 45        |
| Identification of Subject                       | 2         | Sales Comparison Approach                  | 46        |
| Current Ownership and Sales History             | 3         | Adjustment Factors                         | 50        |
| Purpose of the Appraisal                        | 4         | Analysis and Adjustment of Sales           | 51        |
| Definition of Market Value                      | 4         | Land Value Conclusion – Parcel A           | 53        |
| Definition of Property Rights Appraised         | 5         | Land Value Conclusion – Parcel B           | 55        |
| Intended Use and User                           | 5         | Land Value Conclusion – Parcel C           | 57        |
| Applicable Requirements                         | 5         | Reconciliation and Conclusion of Value     | 58        |
| Prior Services                                  | 5         | Exposure and Marketing Times               | 58        |
| Scope of Work                                   | 5         | <b>Certification</b>                       | <b>59</b> |
| <b>Economic Analysis</b>                        | <b>7</b>  | <b>Assumptions and Limiting Conditions</b> | <b>61</b> |
| Delaware County Area Analysis                   | 7         | <b>Addenda</b>                             |           |
| Regional Economy                                | 8         | A. Appraiser Qualifications                |           |
| Cost of Doing Business                          | 17        | B. Definitions                             |           |
| Major Highways and Transportation               | 17        | C. Property Information                    |           |
| Cultural and Recreational Activities            | 18        | D. Comparable Data                         |           |
| Surrounding Area Analysis                       | 19        | Comparable Land Sales                      |           |
| Residential Market Analysis                     | 26        | E. Engagement Letter                       |           |
| County-Wide Analysis                            | 29        |  |           |
| Local Villanova/Radnor Township                 |           |  |           |
| Submarket Analysis                              | 30        |  |           |
| <b>Property Analysis</b>                        | <b>32</b> |  |           |
| Land Description and Analysis                   | 32        |  |           |
| Real Estate Taxes                               | 42        |  |           |
| Highest and Best Use                            | 43        |  |           |

# Summary of Salient Facts and Conclusions

|   |  |
|---|--|
| Property Name                               | Three Portions of The Ardrossan Farm Estate  |
| Address                                     | Parcels A, B, C located along Darby-Paoli Road and Newtown Road<br>Radnor Township (Villanova P.O.), Delaware County, Pennsylvania 19085 |
| Property Type                               | Land   |
| Owner of Record                             | The Robert L. Montgomery Trust and The Sydney F. Tyler Trust #6  |
| Tax ID                                      | P/O 36-04-02463-00 and P/O 36-04-02464-00  |
| Overall Tract Area of Ardrossan Farm Estate | 371.80 acres; 16,195,608 SF  |
| Parcel A -- Flood Plain -- Wheeler Field    | 27.65 acres; 1,204,434 SF  |
| Parcel B -- Quarry Tract                    | 16.34 acres; 711,596 SF  |
| Parcel C -- Rye Field                       | 27.04 acres; 1,177,862 SF  |
| Zoning Designation                          | AC, Agricultural Conservation  |
| Highest and Best Use                        | Residential  |
| Exposure Time; Marketing Period             | within 12 months; within 12 months   |
| Effective Date of the Appraisal             | January 9, 2014  |
| Date of the Report                          | January 15, 2014   |
| Property Interest Appraised                 | Fee Simple   |

## Value Conclusions

|  |              |                  |
|--|--------------|------------------|
| Parcel A -- Flood Plain -- Wheeler Field - 27.65 Acres | \$2,490,000  | (\$90,054/Acre)  |
| Parcel B -- Quarry Tract - 16.34 Acres                 | \$3,590,000  | (\$219,760/Acre) |
| Parcel C -- Rye Field - 27.04 Acres                    | \$5,680,000  | (\$210,059/Acre) |
| Total  | \$11,760,000 | (\$165,573/Acre) |

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than Radnor Township Administration Office may use or rely on the information, opinions, and conclusions contained in the report. The summary shown above is for the convenience of Radnor Township Administration Office, and therefore it is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume there are no environmental hazards either in or on the subject site. Although requested, an environmental report was not made available for our review.
2. This appraisal was completed without the benefit of a formal site survey. We assume the land area allocations and legal descriptions provided by the client are accurate and complete for purposes of this valuation analysis.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume the individual (3) subject parcels can be appropriately subdivided from the existing larger parcels in the near future, as well as be in compliance with all regulatory permits and approvals.

## General Information

### Identification of Subject

The subject parcels are part of a proposed 87-lot residential subdivision of the prestigious 371.80-acre Ardrossan Farm Estate located at Newtown Road and Darby-Paoli Road.

Parcel A is a 27.654-acre tract (known as the Wheeler Field) and located along the west side of Darby-Paoli Road just south of Saw Mill Road; this parcel is adjacent to Darby Creek and includes approximately 15.771 acres of flood plain area.

Parcel B is a 16.336-acre site (known as the Quarry Tract) and located along the west side of Darby-Paoli Road, just south of Newtown Road.

Parcel C is a 27.04-acre tract (known as the Rye Field) and located at the southeast corner of Newtown Road and Darby-Paoli Road.

The three subject parcels are zoned AC, Agricultural Conservation, which permits single family detached dwellings and a variety of conservation, agricultural, and outdoor recreational uses.

This appraisal was completed without the benefit of a formal site survey. Legal descriptions of the allocated parcels are filed in the addenda; we assume the land allocations for each of the subject's three parcels are accurate for purposes of this valuation analysis; see extraordinary assumptions. A location map with identified zoning and the three subject parcels is shown on the following page. The line boundaries are for informational purposes only.

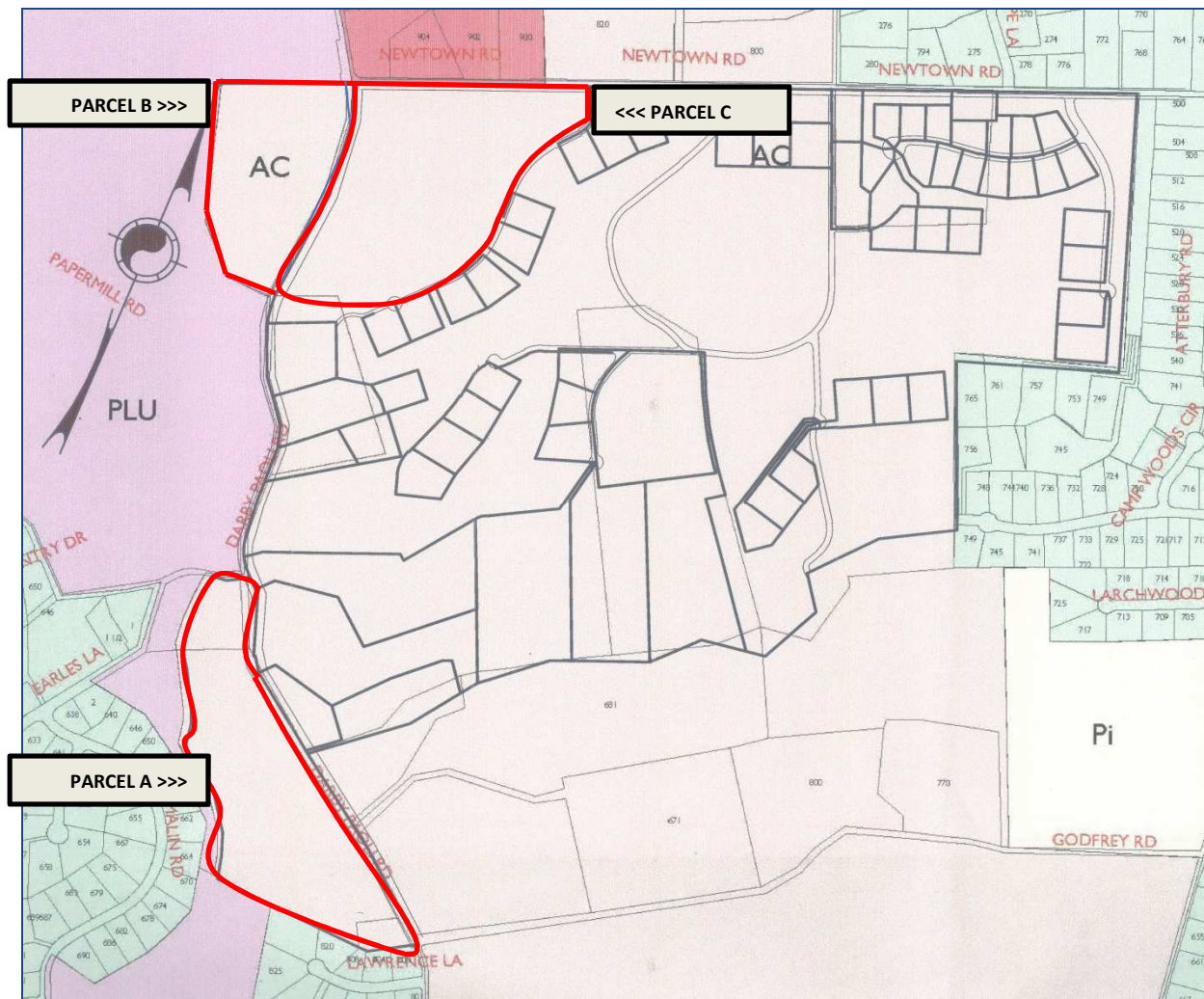
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#### Property Identification

|                     |  |
|---------------------|--|
| Property Name       | Three Portions of The Ardrossan Farm Estate  |
| Address             | Parcels A, B, C located along Darby-Paoli Road and Newtown Road<br>Radnor Township (Villanova P.O.), Delaware County, Pennsylvania 19085 |
| Tax ID              | P/O 36-04-02463-00 and P/O 36-04-02464-00  |
| Census Tract Number | 42045-4097.01  |

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### Current Ownership and Sales History

The owners of record of the two overall tracts are The Robert L. Montgomery Trust and The Sydney F. Tyler Trust #6. These parties have owned the properties for a period longer than three years. The Robert L. Montgomery Trust is the fee simple legal title holder of real property consisting of approximately 240.80 acres per public record (and identified as folio number 36-04-02463-00) and includes Parcels A and B. In addition, the Sydney F. Tyler Trust #6 is the fee simple legal title holder of real property consisting of approximately 131 acres per public record (and identified as folio number 36-04-02464-00) and which includes Parcel C.

We have reviewed a Draft Agreement of Sale regarding the sale of the subject parcels between ES III, LP (Seller, as equitable title holder under an agreement of sale dated July 31, 2013 with the two Trusts recited above and known as the Trusts Agreement) and Radnor Township (Buyer). ES III, LP is represented by Edgar Scott III. Although requested, a copy of the Trusts Agreement was not made available for our review, nor any additional sale information available to us.

The current Draft Agreement of Sale between ES III, LP and Radnor Township recites the acreage of each of the three subject parcels as mentioned throughout this appraisal report. The purchase price for the proposed three open space parcels is \$11,653,820. Closing is anticipated sometime between the first quarter of 2015 and the first quarter of 2016. Our market value conclusion is similar to the purchase price and considers current market-derived sales data from the local marketplace, and is considered most reasonable herein.

It is our understanding that pursuant to the purchase of the subject parcels for township open space, an application for conditional use approval is to be submitted, to develop portions of the Ardrossan Estate pursuant to Radnor's Density Modification Ordinance (similar to a cluster development option). A proposed 87-lot residential subdivision across the Ardrossan Farm Estate (comprising 78 single family detached building lots) was submitted to Radnor Township by Edgar Scott III for the conditional use approval; and an ordinance was granted in December 2013. Next the standard process for subdivision and land development approval then formally begins. After a period of time to complete and receive final approval for the proposed subdivision land development plan, the township will then consider whether or not to acquire the subject parcels for open space preservation. (It should be mentioned herein that the plan approvals are for the balance of the Ardrossan Farm Estate, and not for the three subject parcels.)

To the best of our knowledge, no other sale or transfer of ownership has occurred within the past three years.

### **Purpose of the Appraisal**

The purpose of the appraisal is to develop an opinion of the market value of the fee simple interest in the real property as of the effective date of the appraisal, January 9, 2014. The date of the report is January 15, 2014. The appraisal is valid only as of the stated effective date or dates.

### **Definition of Market Value**

Market value is defined as:

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

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

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

## **Definition of Property Rights Appraised**

Fee simple estate is defined as, "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."

*(Source: The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010)*

## **Intended Use and User**

The intended use of the appraisal is for the potential acquisition of the subject parcels by Radnor Township, for the purpose of open space preservation. The client and intended user is Radnor Township Administration Office. The appraisal is not intended for any other use or user. No party or parties other than Radnor Township may use or rely on the information, opinions, and conclusions contained in this report.

## **Applicable Requirements**

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations.

## **Prior Services**

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

## **Scope of Work**

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

## **Valuation Methodology**

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

| <b>Approaches to Value</b>     |                          |                   |
|--------------------------------|--------------------------|-------------------|
| Approach                       | Applicability to Subject | Use in Assignment |
| Cost Approach                  | Not Applicable           | Not Utilized      |
| Sales Comparison Approach      | Applicable               | Utilized          |
| Income Capitalization Approach | Not Applicable           | Not Utilized      |

We use only the sales comparison approach in developing an opinion of value for the subject. This approach is applicable to the subject because there is an active market for similar properties, and sufficient sales data is available for analysis.

The cost approach is not applicable because there are no improvements that contribute value to the property, and the income approach is not applicable because the subject is not likely to generate rental income in its current state.

### **Research and Analysis**

The type and extent of our research and analysis is detailed in individual sections of the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

### **Inspection**

Michael Silverman, MAI, MRICS conducted an on-site inspection of the property on January 9, 2014. Cindy L. Schoenly conducted an on-site inspection on January 9, 2014.

### **Availability of Information**

Although an environmental report was requested from Radnor Township and is pertinent to the assignment, it was not made available to Integra Realty Resources – Philadelphia. Our inability to obtain this information and consider it in our analysis may affect our value opinion.

### **Report Format**

The report has been prepared under the summary report option of Standards Rule 2-2(b) of USPAP. As such, it contains summary discussions of the data, reasoning, and analyses that are used in the appraisal process whereas supporting documentation is retained in our file. The depth of discussion contained in this report is specific to the needs of the client and the intended use of the appraisal.

## Economic Analysis

### Delaware County Area Analysis

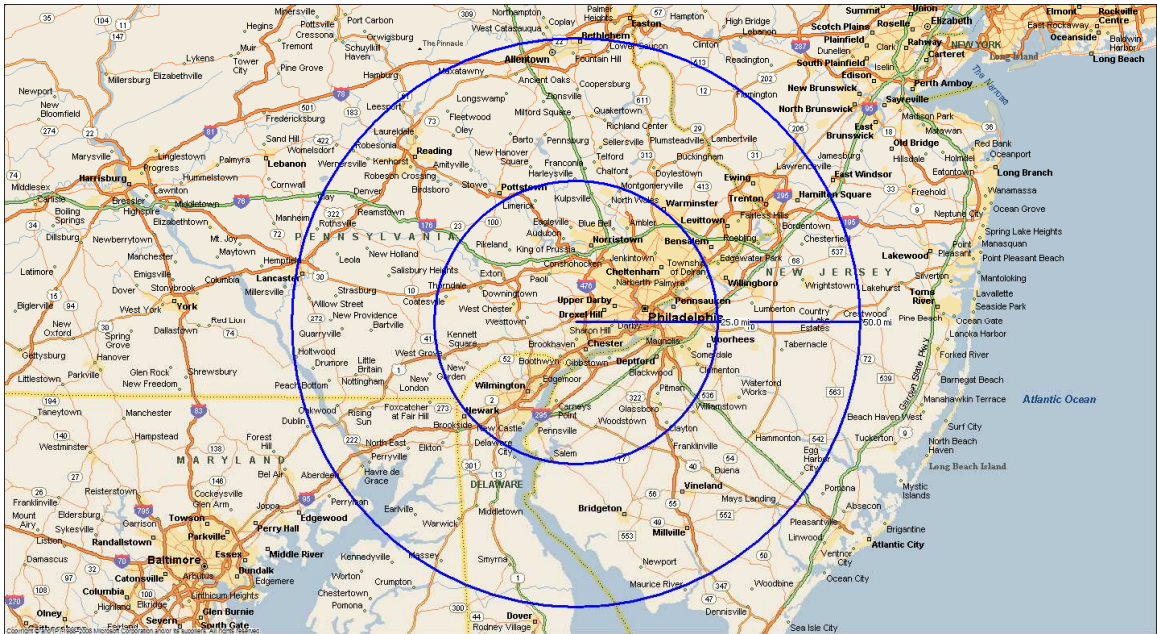
Delaware County is located in northeastern Pennsylvania approximately 4 miles southwest of Center City Philadelphia. It is 184 square miles in size and has a population density of 3,045 persons per square mile. Delaware County is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, hereinafter called the Philadelphia MSA, as defined by the U.S. Office of Management and Budget.

Delaware County is an integral part of the Philadelphia Metropolitan Area, a major region located at the epicenter of the most prosperous, densely populated megalopolis in America. As the sixth largest metropolitan area in the United States (and second largest in the East Coast in terms of population and employment), having a population of almost 6 million and an employment of 2.6 million, Philadelphia is Pennsylvania's largest region and the business capital of the state, and ranks fifth in size only to New York, Los Angeles, Chicago and Dallas-Ft. Worth. More than 25% of the U.S. population lives within a 300-mile radius of the region. Travel times to NYC and Baltimore are less than two hours and three hours to Washington DC.

The Greater Philadelphia region stretches beyond state boundaries into South Jersey (Atlantic City) and Northern Delaware. The Philadelphia-Southern New Jersey-Delaware Metropolitan Statistical Area (MSA) encompasses a nine-county area totaling 3,586 square miles and includes the counties of Philadelphia, Bucks, Chester, Delaware and Montgomery in southeastern Pennsylvania, as well as Burlington, Camden, Salem, and Gloucester in Southern New Jersey and the state of Delaware. The map shown below outlines the various counties (except Cecil County, Maryland) comprising the Greater Philadelphia Metropolitan area. We note, however, the data presented in this section includes Cecil County as the Federal Government includes this data.



A map of showing the location of the region within the East Coast showing a 25 and 50-mile radius from the county seat at Media, PA follows:



## Regional Economy

The Metropolitan Philadelphia area's central location, diverse industry base, proven corporate commitment and talented labor pool has made it a leading economic center for many years. The Philadelphia region boasts a large, highly skilled and educated workforce that comprises one of the most wide-ranging economies in the nation.

Today, the Philadelphia area has a strong presence in the field of healthcare, education, pharmaceuticals, and biotechnology, as well as oil and chemicals, telecommunications, computer technology, food manufacturing and finance. The presence of leading educational institutions in the area has also made Philadelphia a top communications and technology center. The education and healthcare sector, which is largely recession resistant, is the leading employment sector in both size and growth in Greater Philadelphia. The fastest growing sectors of the Philadelphia economy are the biomedical and pharmaceutical industries. Capitalizing on Greater Philadelphia's history as both a chemical and research center, 14 major pharmaceutical firms and nearly 100 biotech firms are located in the area, making it the second largest pharmaceutical center in the nation.

Key economic considerations that drive the region's economy include the following:

- 6<sup>th</sup> largest metro region in the US and 2<sup>nd</sup> largest in the East Coast
- 6<sup>th</sup> largest in personal income
- 4<sup>th</sup> largest total employment
- 4<sup>th</sup> largest media market
- Offers one of the lowest rents among northeastern MSA's with an average Class A office rent of \$27 PSF.



- Life Sciences is the #1 economic engine driving the Greater Philadelphia region with more than 400 locally based life sciences companies. A comparative study released by the Milken Institute in May 2009 ranked Greater Philadelphia second in the study's Overall Composite, after Boston and ahead of Greater San Francisco.
- Manufacturing - The area's industrial and manufacturing base is diversified with more than 90% of all industries as defined by the SIC of the U.S. Labor Department. Manufacturing specialties include chemicals, printing, publishing, medical, pharmaceutical, and transportation equipment. Among the region's largest manufacturing firms are: Boeing Helicopter, Campbell Soup, CertainTeed, DuPont, Sun Company, Dow Chemical, and GlaxoSmithKline.
- Education - The region is home to one of the highest concentrations of institutions of higher learning in the U.S., with over 90 colleges and universities and 290,000 students.
- Tourism - Greater Philadelphia accounts for one third of all tourism revenue generated in the state of Pennsylvania. According to the Greater Philadelphia Tourism Marketing Corporation, the region welcomed 36 million domestic visitors during 2009. Tourism added \$8.2 billion to the regional economy over the course of the year. Tourism sustained 83,664 full-time jobs in 2009, generating \$2.61 billion in wages.
- The cost of living in the Greater Philadelphia region is 13% less than Washington D.C., 6% less than Boston and 72% lower than New York City according to the Center City Development Corporation.
- Greater Philadelphia is home to six medical schools. One in five U.S. physicians has received training in a Greater Philadelphia medical school or hospital.
- Leading Indicator, compiled by the Select Greater Philadelphia group and IHS Global Insight has forecast moderate economic growth for the region beginning summer 2010.

In the following sections a statistical comparison is made of Delaware County with the region. While city-wide numbers are important to review, the regional statistics and the demand generators of the local area surrounding the subject are more relevant to the marketability and value of the subject compared to the specific historical trends of the city overall.

## Population

Delaware County has an estimated 2013 population of 559,856, which represents an average annual 0.1% increase over the 2010 census of 558,979. Delaware County added an average of 292 residents per year over the 2010-2013 period, but its annual growth rate lagged the Philadelphia MSA rate of 0.3%.

| <b>Population Trends</b>        |             |             |             |                      |             |
|---------------------------------|-------------|-------------|-------------|----------------------|-------------|
|                                 | Population  |             |             | Compound Ann. % Chng |             |
|                                 | 2010 Census | 2013 Est.   | 2018 Est.   | 2010 - 2013          | 2013 - 2018 |
| City of Philadelphia            | 1,526,006   | 1,548,343   | 1,579,838   | 0.5%                 | 0.4%        |
| Montgomery County, PA           | 799,874     | 809,053     | 822,203     | 0.4%                 | 0.3%        |
| Bucks County, PA                | 625,249     | 628,487     | 633,488     | 0.2%                 | 0.2%        |
| Delaware County, PA             | 558,979     | 559,856     | 561,593     | 0.1%                 | 0.1%        |
| New Castle County, DE           | 538,479     | 545,911     | 560,475     | 0.5%                 | 0.5%        |
| Camden County, NJ               | 513,657     | 512,512     | 511,501     | -0.1%                | 0.0%        |
| Chester County, PA              | 498,886     | 509,675     | 524,577     | 0.7%                 | 0.6%        |
| Burlington County, NJ           | 448,734     | 450,387     | 453,102     | 0.1%                 | 0.1%        |
| Gloucester County, NJ           | 288,288     | 289,943     | 292,530     | 0.2%                 | 0.2%        |
| Cecil County, MD                | 101,108     | 102,349     | 104,809     | 0.4%                 | 0.5%        |
| Salem County, NJ                | 66,083      | 65,654      | 65,142      | -0.2%                | -0.2%       |
| Philadelphia et al, PA-NJ-DE-MD | 5,965,343   | 6,022,170   | 6,109,258   | 0.3%                 | 0.3%        |
| Pennsylvania                    | 12,702,379  | 12,785,546  | 12,910,005  | 0.2%                 | 0.2%        |
| New Jersey                      | 8,791,894   | 8,852,135   | 8,943,115   | 0.2%                 | 0.2%        |
| United States                   | 308,745,538 | 314,861,807 | 325,322,277 | 0.7%                 | 0.7%        |

Source: Claritas

Looking forward, Delaware County's population is projected to increase at a 0.1% annual rate from 2013-2018, equivalent to the addition of an average of 347 residents per year. Delaware County's growth rate is expected to lag that of the Philadelphia MSA, which is projected to be 0.3%.

## Employment

Trends in employment are a key indicator of economic health and strongly correlate with real estate demand. Total employment in Delaware County is currently estimated at 212,853 jobs. Between year-end 2002 and the present, employment declined by 4,738 jobs, equivalent to a 2.2% loss over the entire period. There were declines in employment in four out of the past ten years, influenced in part by two national economic downturns during this time. Job growth in Delaware County turned positive in 2010 and has remained so.

Although many areas suffered drops in employment over the last decade, Delaware County underperformed the Philadelphia MSA, which experienced a decline in employment of 1.5% or 41,118 jobs over this period. Employment data is shown in the table that follows.



| <b>Employment Trends</b>       |                             |          |                  |          |                               |                  |
|--------------------------------|-----------------------------|----------|------------------|----------|-------------------------------|------------------|
| Year                           | Total Employment (Year End) |          |                  |          | Unemployment Rate (Ann. Avg.) |                  |
|                                | Delaware County             | % Change | Philadelphia MSA | % Change | Delaware County               | Philadelphia MSA |
| 2002                           | 217,591                     |          | 2,655,690        |          | 5.0%                          | 5.4%             |
| 2003                           | 211,338                     | -2.9%    | 2,662,110        | 0.2%     | 5.2%                          | 5.4%             |
| 2004                           | 212,238                     | 0.4%     | 2,685,819        | 0.9%     | 5.1%                          | 5.1%             |
| 2005                           | 211,784                     | -0.2%    | 2,708,381        | 0.8%     | 4.6%                          | 4.7%             |
| 2006                           | 212,023                     | 0.1%     | 2,721,165        | 0.5%     | 4.2%                          | 4.5%             |
| 2007                           | 214,004                     | 0.9%     | 2,731,204        | 0.4%     | 4.0%                          | 4.3%             |
| 2008                           | 212,693                     | -0.6%    | 2,681,956        | -1.8%    | 5.0%                          | 5.4%             |
| 2009                           | 205,386                     | -3.4%    | 2,594,477        | -3.3%    | 7.5%                          | 8.2%             |
| 2010                           | 209,521                     | 2.0%     | 2,607,914        | 0.5%     | 8.3%                          | 8.9%             |
| 2011                           | 210,290                     | 0.4%     | 2,608,930        | 0.0%     | 8.0%                          | 8.6%             |
| 2012*                          | 212,853                     | 1.2%     | 2,614,572        | 0.2%     | 8.0%                          | 8.5%             |
| Overall Change 2002-2012       | -4,738                      | -2.2%    | -41,118          | -1.5%    |                               |                  |
| Avg Unemp. Rate 2002-2012      |                             |          |                  |          | 5.9%                          | 6.3%             |
| Unemployment Rate - April 2013 |                             |          |                  |          | 7.4%                          | 7.2%             |

\*Total employment data is as of June 2012; unemployment rate data reflects the average of 12 months of 2012.

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Unemployment rate trends are another way of gauging an area's economic health. Over the past decade, the Delaware County unemployment rate has been generally lower than that of the Philadelphia MSA, with an average unemployment rate of 5.9% in comparison to a 6.3% rate for the Philadelphia MSA. This is indicative of an element of stability in the Delaware County economy that is not reflected in the declining employment figures.

Recent data shows that Delaware County has a 7.9% unemployment rate, which is the same as the rate for the Philadelphia MSA.

A comparison of the unemployment rates of the region and the United States is presented below.

| <b>Delaware County, PA</b>     |                          |
|--------------------------------|--------------------------|
| <b>UNEMPLOYMENT COMPARISON</b> |                          |
| <b>Area</b>                    | <b>Unemployment Rate</b> |
| Delaware County, PA            | 7.40%                    |
| Philadelphia MSA               | 7.70%                    |
| Pennsylvania                   | 7.20%                    |
| Northeast U.S. Region          | 7.30%                    |
| United States                  | 7.50%                    |
| New York City                  | 7.70%                    |
| Washington D.C.                | 8.00%                    |
| Boston                         | 5.90%                    |
| Baltimore                      | 9.40%                    |

Source: Bureau of Labor Statistics  
Last Update: April 2013

## Employment Sectors

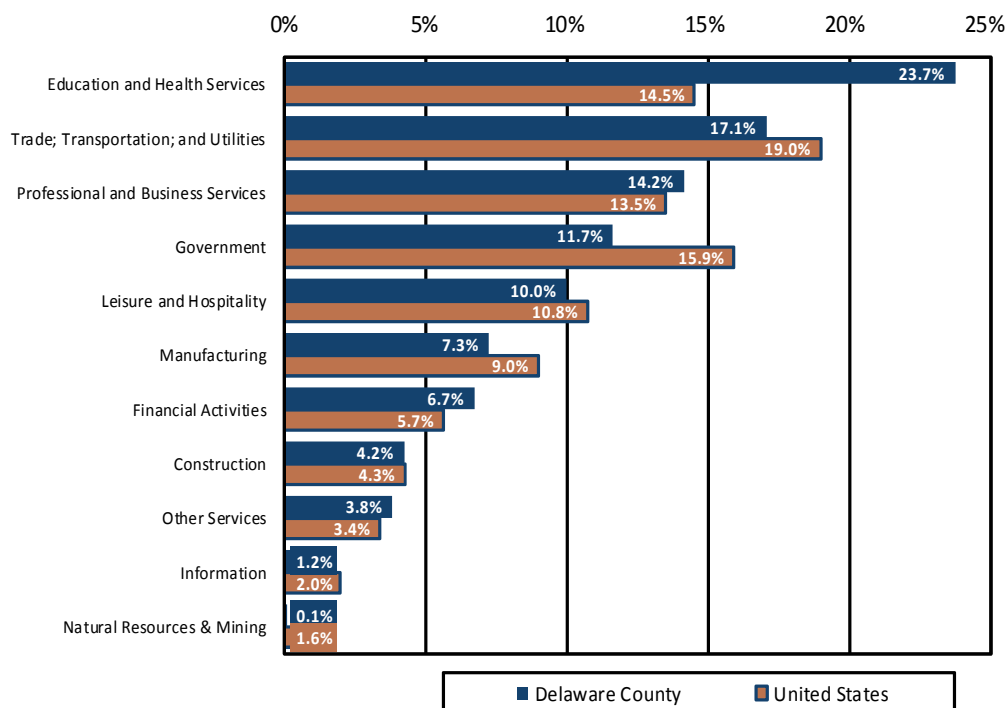
Greater Philadelphia rankings in employment concentrations relative to the United States overall:

| <b>EMPLOYMENT COMPARISON TO OTHER US CITIES</b> |   |
|---|---|
| Education & Health Systems                      | 1 |
| Financial Activities                            | 5 |
| Information Technology                          | 6 |

Source: The Select Greater Philadelphia Initiative

The composition of the Delaware County job market is depicted in the chart below. A complete data set is not available for the Philadelphia MSA, so we will compare Delaware County to the United States. Total employment for the two areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Delaware County jobs in each category.

**Employment Sectors - 2012**



Source: Bureau of Labor Statistics and Economy.com

Delaware County has greater concentrations than the United States in the following employment sectors:

1. Education and Health Services, representing 23.7% of Delaware County payroll employment compared to 14.5% for the nation overall. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Professional and Business Services, representing 14.2% of Delaware County payroll employment compared to 13.5% for the nation overall. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
3. Financial Activities, representing 6.7% of Delaware County payroll employment compared to 5.7% for the nation overall. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.
4. Other Services, representing 3.8% of Delaware County payroll employment compared to 3.4% for the nation overall. This sector includes establishments that do not fall within other defined categories, such as private households, churches, and laundry and dry cleaning establishments.

Delaware County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 17.1% of Delaware County payroll employment compared to 19.0% for the nation overall. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.
2. Government, representing 11.7% of Delaware County payroll employment compared to 15.9% for the nation overall. This sector includes employment in local, state, and federal government agencies.
3. Leisure and Hospitality, representing 10.0% of Delaware County payroll employment compared to 10.8% for the nation overall. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Manufacturing, representing 7.3% of Delaware County payroll employment compared to 9.0% for the nation overall. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

### **Major Employers**

Major employers in Delaware County are shown in the following table.

---

**Major Employers - Delaware County, PA**


---

| Name |                               |
|------|-------------------------------|
| 1    | The Boeing Company            |
| 2    | Crozer-Chester Medical Center |
| 3    | Delaware County               |
| 4    | Villanova University          |
| 5    | United Parcel Service Inc.    |
| 6    | Elwyn                         |
| 7    | Wawa Inc.                     |
| 8    | Federal Government            |
| 9    | SAP of America Inc.           |
| 10   | Upper Darby School District   |

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Source: docs.google.com

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As noted, Greater Philadelphia is a major life science center in the United States. Presented below is a list showing the employment of major Life Science Companies located here:

---

**TOP LIFE SCIENCE COMPANIES IN GREATER  
PHILADELPHIA**


---

|   |        |
|---|--------|
| Merck & Co, Inc (Now merged with Schering-Plough) | 12,000 |
| Wyeth Pharmaceuticals (Now Part of Pfizer)        | 5,470  |
| GlaxoSmithKline                                   | 5,452  |
| AstraZeneca                                       | 4,259  |
| Nova Nordisk                                      | 3,200  |
| Centocor  | 3,000  |
| Pharmanet Development Group                       | 2,000  |
| Bristol-Myers Squibb                              | 1,800  |
| Baxter Healthcare                                 | 1,200  |
| Covance   | 1,100  |

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Source: The Select Greater Philadelphia Initiative

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### Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Philadelphia MSA is considered meaningful when compared to the nation overall, as Delaware County is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat lower in the Philadelphia MSA than the United States overall during the past eight years. The Philadelphia MSA has grown at a 0.9% average annual rate while the United States has grown at a 1.0% rate. As the national economy recovers from the downturn of 2008-2009, the Philadelphia MSA continues to underperform the United States. GDP for the Philadelphia MSA rose by 1.0% in 2011 while the United States GDP rose by 1.5%.

The Philadelphia MSA has a per capita GDP of \$51,461, which is 22% greater than the United States GDP of \$42,070. This means that Philadelphia MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

### Gross Domestic Product

| Year                       | (\$ Mil)<br>Philadelphia MSA | % Change | (\$ Mil)<br>United States | % Change |
|----------------------------|------------------------------|----------|---------------------------|----------|
| 2004                       | 289,582                      |          | 12,199,532                |          |
| 2005                       | 294,195                      | 1.6%     | 12,539,116                | 2.8%     |
| 2006                       | 298,855                      | 1.6%     | 12,875,816                | 2.7%     |
| 2007                       | 305,972                      | 2.4%     | 13,103,341                | 1.8%     |
| 2008                       | 309,503                      | 1.2%     | 13,016,791                | -0.7%    |
| 2009                       | 298,518                      | -3.5%    | 12,527,057                | -3.8%    |
| 2010                       | 305,393                      | 2.3%     | 12,918,931                | 3.1%     |
| 2011                       | 308,377                      | 1.0%     | 13,108,674                | 1.5%     |
| Compound % Chg (2004-2011) |                              | 0.9%     |                           | 1.0%     |
| GDP Per Capita 2011        | \$51,461                     |          | \$42,070                  |          |

Source: Bureau of Economic Analysis and Economy.com; data released February 2013. The release of state and local GDP data has a longer lag time than national data.

The figures in the table above represent inflation adjusted “real” GDP stated in 2005 dollars.

### Household Income

Delaware County has a higher level of household income than the Philadelphia MSA. Median household income for Delaware County is \$61,884, which is 3.5% greater than the corresponding figure for the Philadelphia MSA.

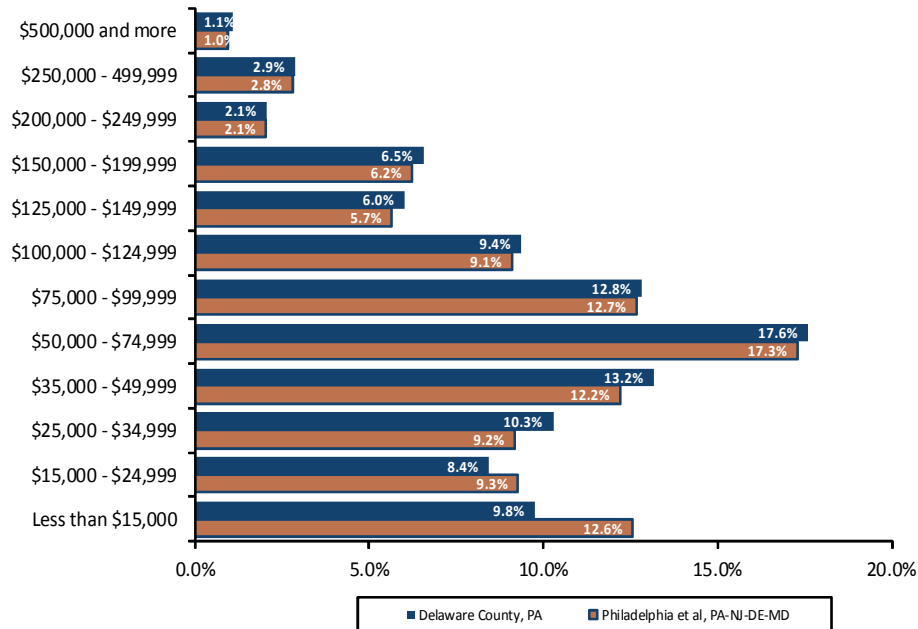
#### Median Household Income - 2013

|  | Mean   | Median   |
|--|--------|----------|
| Delaware County, PA  | 85,816 | \$61,884 |
| Philadelphia et al, PA-NJ-DE-MD                                      | 82,582 | \$59,771 |
| Comparison of Delaware County, PA to Philadelphia et al, PA-NJ-DE-MD | + 3.9% | + 3.5%   |

Source: Claritas

The following chart shows the distribution of households across twelve income levels. Delaware County has a greater concentration of households in the higher income levels than the Philadelphia MSA. Specifically, 41% of Delaware County households are at the \$75,000 or greater levels in household income as compared to 39% of Philadelphia MSA households. A lesser concentration of households is apparent in the lower income levels, as 28% of Delaware County households are below the \$35,000 level in household income versus 31% of Philadelphia MSA households.

## Household Income Distribution - 2013

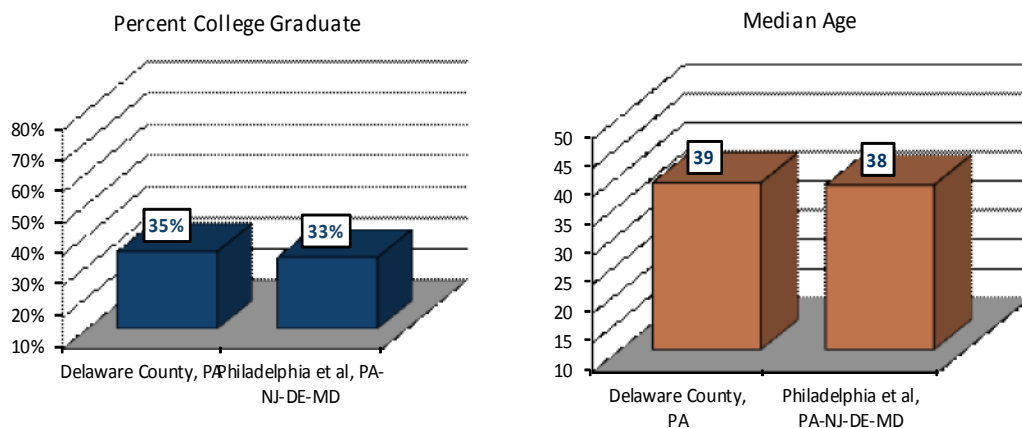


Source: Claritas

## Education and Age

Residents of Delaware County have a slightly higher level of educational attainment than those of the Philadelphia MSA. An estimated 35% of Delaware County residents are college graduates with four-year degrees, versus 33% of Philadelphia MSA residents. People in Delaware County are slightly older than their Philadelphia MSA counterparts. The median age for Delaware County is 39 years, while the median age for the Philadelphia MSA is 38 years.

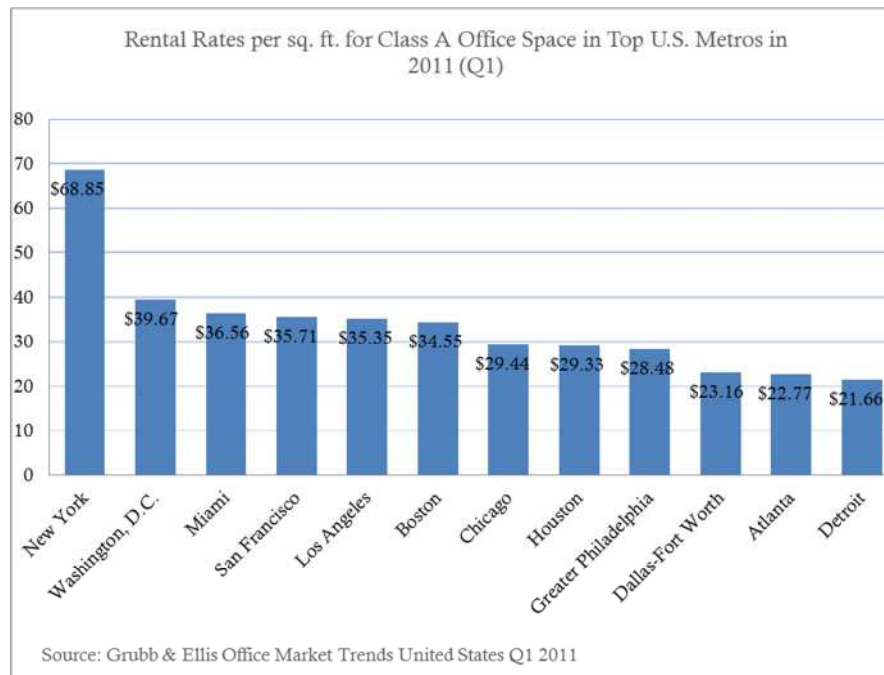
## Education &amp; Age - 2013



Source: Claritas

## Cost of Doing Business

As illustrated below the cost of Class A space in Philadelphia is among the lowest of all Major US Cities:



## Major Highways and Transportation

Philadelphia's central location is enhanced by its sophisticated systems of rail, highway, water and air transport. Corporations can access surrounding areas, receive raw materials and ship products efficiently by utilizing a mass transit system that has made the region one of the least congested major metropolitan areas in the U.S. Highlights of the region's transportation linkages are as follows:

**Highways** - The major highways serving the Philadelphia region are Interstates 76 (including Pennsylvania Turnpike), 95, 476, 676, US Routes 1, 30 and 422 in the Pennsylvania communities; New Jersey Turnpike, Interstates 295, 195 and 55, US Routes 73, 42, 30 and 322, and the Atlantic City Expressway are major linkages in the Southern New Jersey section of the region; and Interstates 95, 495, and 295, US Routes 202, 13, and 40 serve the state of Delaware. This transportation system assures a high quality of distribution to major markets along the Eastern Seaboard and one of the shortest home-to-work commute times of the 60 U.S. major markets.

**Public Transportation** - Southeastern Pennsylvania Transportation Authority (SEPTA), the regional transit system, is the nation's fourth largest mass transit network. SEPTA is used by over 16% of the population, providing effective public transportation to more than one million riders per day. PATCO operates a commuter rail line connecting the communities of Southern New Jersey with the Philadelphia CBD.

Regional Rail - 30th Street Station is the second busiest Amtrak station in the U.S., serving more than 3.6 million passengers annually. Amtrak's rail network provides the region with express service to New York and Washington (one and one and a half-hour trips, respectively).

At Philadelphia International Airport – As the 2nd fastest growing airport in the world, it offers daily non-stop flights to 31 international destinations.

### **Cultural and Recreational Activities**

Metro Philadelphia is also well noted for the depth and quality of its culture and entertainment.

Greater Philadelphia offers:

- Rich cultural experiences including world-class museums, important historical sites, multi-cultural festivals, diverse music and performing arts.
- Eight professional sports teams playing in state-of-the-art stadiums.
- 193 golf courses.
- Easy access to the mountains and seashore.
- Four seasons where the climate seasonal average high/low temperatures of 86/25.

### **Conclusion**

Over the long term, Delaware County will benefit from a stable to slightly growing population base and higher income and education levels. Although Delaware County experienced a decline in the number of jobs over the past decade, it has maintained a generally lower unemployment rate than the Philadelphia MSA during this time, which is a positive indicator. Moreover, Delaware County benefits from being part of the Philadelphia MSA, which is the sixth most populous metropolitan area in the country, and generates a higher level of GDP per capita than the nation overall. Based on these factors, we anticipate that the Delaware County economy and employment base will grow, strengthening the demand for real estate.



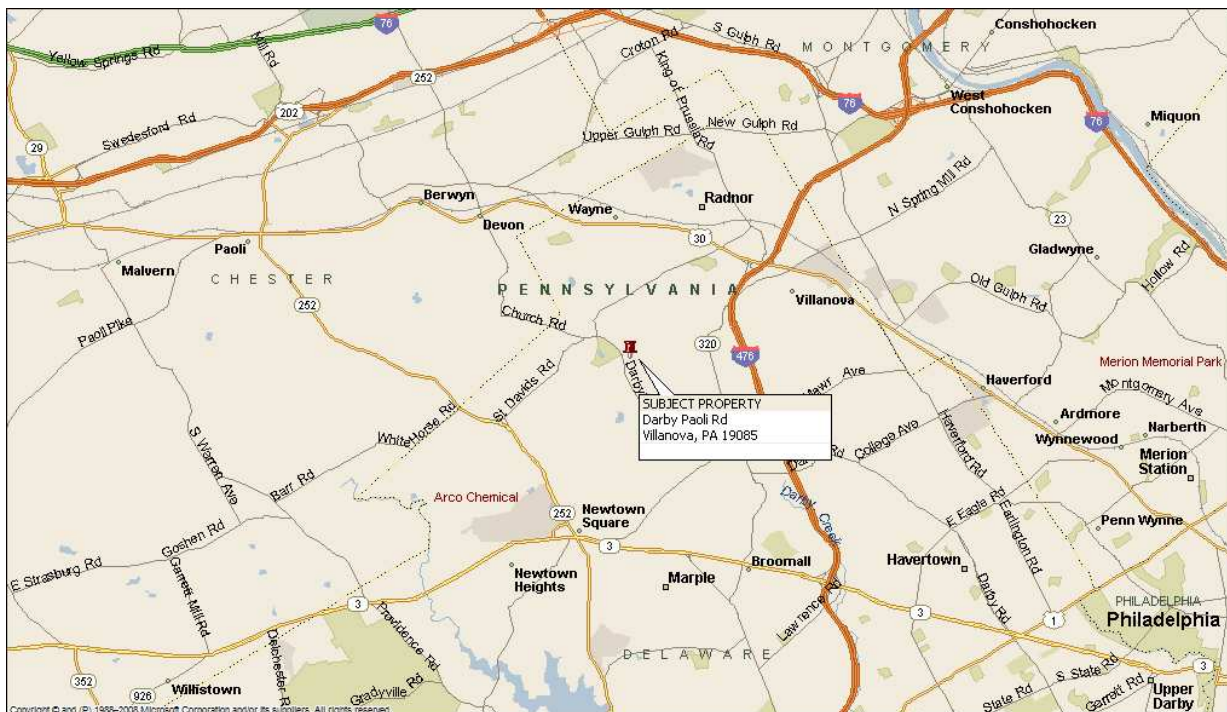
## Surrounding Area Analysis

### Location

The subject is located in the Main Line residential submarket area of northeastern Delaware County, and more specifically in the town of Villanova. The local market area is convenient to the commercial core areas along Lancaster Avenue (a.k.a. Route 30) of the Philadelphia Main Line. The boundaries noted below are soft lines of demarcation and subject to conjecture, and vary from study to study. However, the local residential submarket and generally is delineated as follows:

|              |   |
|--------------|---|
| <b>North</b> | Interstate 76, and King of Prussia                    |
| <b>South</b> | Route 3, and the towns of Newtown Square and Broomall |
| <b>East</b>  | Interstate 476  |
| <b>West</b>  | Route 252 and the Delaware-Chester County line        |

A map identifying the location of the property is presented below.



### Access and Linkages

The market area has good accessibility to numerous major, limited access arterials including the Pennsylvania Turnpike (Interstate 276), Interstates 476 (the Blue Route) and 76 (the Schuylkill Expressway). The Pennsylvania Turnpike provides access to New Jersey, as well as all points in Western Pennsylvania, including Pittsburgh. Interstate 76 (Schuylkill Expressway) provides access to Center City Philadelphia, as well as Interstate 95, and other prominent employment nodes such as

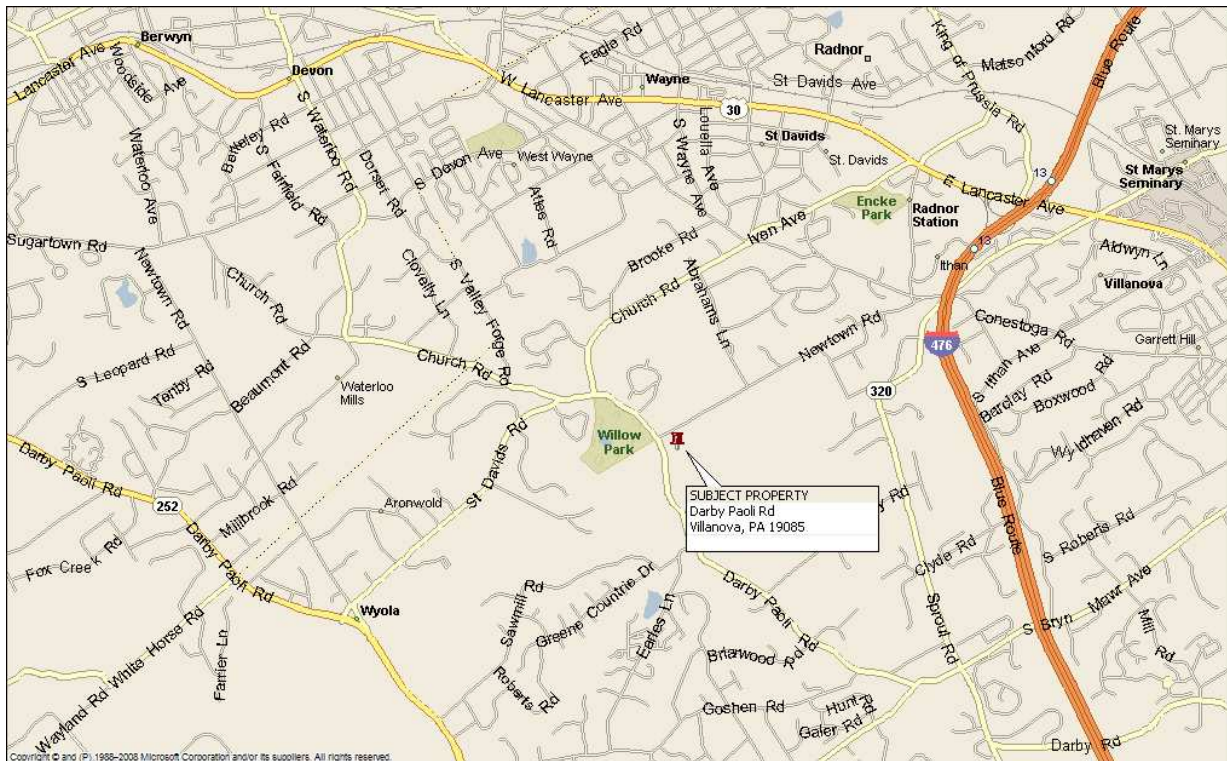
Bala Cynwyd, Conshohocken, Plymouth Meeting, and King of Prussia. Interstate 476 crosses over Delaware County in a north/south direction and connects the local Main Line market with Chester and Wilmington, Delaware points to the south and Plymouth Meeting and the Pennsylvania Turnpike to the north. Regional road access to the market area is considered to be above average. Routes 320 and 30 (Lancaster Avenue) are located within a couple miles from the subject property and serve as primary collector roads serving the local traffic between the Villanova/Radnor area and the surrounding market areas.



Public transportation is provided by Southeastern Pennsylvania Transportation Authority (SEPTA) and affords convenient access to Center City Philadelphia. Several train stations are located along Business Route 30 (Lancaster Avenue) within a couple miles from the subject and include: Wayne, St. Davids, Radnor, and Villanova train stations. However, most area consumers rely on the automobile as the primary source of transportation.

The Philadelphia International Airport is located about 12 miles from the property; travel time is about 30 minutes, depending on traffic conditions. The Philadelphia CBD, the economic and cultural center of the region, is approximately 10 miles from the property.

A map detailing the immediate area is shown on the following page.



### Demand Generators

Primary employers/employment centers in the market area consist of numerous professional businesses located within close proximity to the property primarily situate along Lancaster Avenue (Business Route 30). The local area also has a significant concentration in the medical and institutional fields. Main Line Health System's Bryn Mawr Hospital campus, Bryn Mawr College, Rosemont College, Haverford College, Harcum College, and Villanova University are within a short distance from the property.



The Main Line office submarket currently contains over 2.1 million square feet of office space occupied by a diverse group of employers needing superior regional access. These companies are from a diverse group of businesses and services including finance, insurance, real estate, law, high tech, pharmaceutical, and regional sales and service. This diverse economic base should help continue to propel absorption in the long term and mitigate wide swings in occupancy during changes in various business cycles. Commuting time to the Philadelphia Central Business District is within 20 to 30 minutes, depending on traffic conditions.

The property is also about 15 minutes from Plymouth Meeting and the Bala Cynwyd/City Line office node. King of Prussia (the location of the Court & Plaza at King of Prussia, a super-regional mall



offering additional employment opportunities) is about ten minutes northwest of the property. Access to employment centers in other submarkets is a major demand driver.

Finally, access to residential communities along the Main Line, Plymouth Meeting, Valley Forge, and Norristown and points east and west, are all within close proximity of the subject and provide a healthy source of skilled workers/middle management/executives.

These demand generators support the demographic profile described in the following section.

## Demographics

A demographic profile of the surrounding area, including population, households, and income data, is presented in the following table.

| Surrounding Area Demographics       |               |               |               |                     |                                 |              |
|-------------------------------------|---------------|---------------|---------------|---------------------|---------------------------------|--------------|
| 2013 Estimates                      | 1-Mile Radius | 3-Mile Radius | 5-Mile Radius | Delaware County, PA | Philadelphia et al, PA-NJ-DE-MD | Pennsylvania |
| Population 2010                     | 2,542         | 54,422        | 147,300       | 558,979             | 5,965,343                       | 12,702,379   |
| Population 2013                     | 2,536         | 54,619        | 147,004       | 559,856             | 6,022,170                       | 12,785,546   |
| Population 2018                     | 2,529         | 54,993        | 146,698       | 561,593             | 6,109,258                       | 12,910,005   |
| Compound % Change 2010-2013         | 0.0%          | 0.0%          | 0.0%          | 0.0%                | 0.1%                            | 0.1%         |
| Compound % Change 2013-2018         | -0.1%         | 0.1%          | 0.0%          | 0.1%                | 0.3%                            | 0.2%         |
| Households 2010                     | 895           | 18,312        | 54,416        | 208,700             | 2,260,312                       | 5,018,904    |
| Households 2013                     | 886           | 18,350        | 54,316        | 208,754             | 2,285,264                       | 5,060,354    |
| Households 2018                     | 876           | 18,420        | 54,184        | 209,116             | 2,323,375                       | 5,121,250    |
| Compound % Change 2010-2013         | -0.1%         | 0.0%          | 0.0%          | 0.0%                | 0.1%                            | 0.1%         |
| Compound % Change 2013-2018         | -0.2%         | 0.1%          | 0.0%          | 0.0%                | 0.3%                            | 0.2%         |
| Median Household Income 2013        | \$119,905     | \$92,999      | \$93,014      | \$61,884            | \$59,771                        | \$49,430     |
| Average Household Size              | 2.8           | 2.6           | 2.5           | 2.6                 | 2.6                             | 2.4          |
| College Graduate %                  | 72%           | 63%           | 61%           | 35%                 | 33%                             | 27%          |
| Median Age                          | 45            | 37            | 41            | 39                  | 38                              | 40           |
| Owner Occupied %                    | 86%           | 74%           | 76%           | 70%                 | 68%                             | 70%          |
| Renter Occupied %                   | 14%           | 26%           | 24%           | 30%                 | 32%                             | 30%          |
| Median Owner Occupied Housing Value | \$666,032     | \$460,206     | \$379,365     | \$225,585           | \$227,631                       | \$163,603    |
| Median Year Structure Built         | 1967          | 1961          | 1961          | 1956                | 1962                            | 1961         |
| Avg. Travel Time to Work in Min.    | 28            | 27            | 28            | 30                  | 31                              | 28           |
| Source: Claritas                    |               |               |               |                     |                                 |              |

As shown above, the current population within a 3-mile radius of the subject is 54,619, and the average household size is 2.6. Population in the area has been flat since the 2010 census, but the trend is projected to change to growth over the next five years. Compared to Delaware County overall, the population within a 3-mile radius is projected to grow at a similar rate.

Median household income is \$92,999, which is higher than the household income for Delaware County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Delaware County, while median owner occupied home values are considerably higher.

## Retail and Public Services

The nearest commercial area with restaurants, convenience stores and support services are located along Lancaster Avenue (Business Route 30) and also Route 3 (a.k.a. West Chester Pike) within a few minutes driving time from the property. Boutique stores and personal service shops are situated along

Lancaster Avenue and throughout the quaint towns of Wayne, St. Davids, Villanova, and others. This group of picturesque and affluent Philadelphia suburbs encompasses the Main Line, extending westward from the City limits to Malvern. The nearest fire and police stations are in Radnor, St. Davids, and Wayne, within 1 to 2 miles from the property.

Proximity to parks, open space and other passive recreation is average to above average. There are also a variety of public and private golf courses and country clubs situated throughout this area of Delaware County. Some of the closest ones to the subject (within a couple miles) include but not limited to: Merion West Golf Course, Overbrook Golf Course, and Radnor Valley Country Club. As a matter of fact, Overbrook Golf Course is located within one block of the subject's Parcel A property at Darby-Paoli Road and Godfrey Road.



**Golf Courses and Clubs situate within a couple miles from subject**

### **Land Use**

The area is suburban in character and approximately 85% developed. Predominant land uses are single-family residential, luxury estates, parks and recreation, and some remaining agricultural farms. It is also important to mention herein that two of the three subject parcels are located adjacent to existing public parks and open space -- The Willows Park, Skunk Hollow Park, and Saw Mill Park.

An aerial view highlighting the location of the three subject parcels and surrounding land uses is shown at the end of this section.

During the last five years, development has been predominantly in the infill locations only. The pace of development has generally been intermittent over this time.

### **Outlook and Conclusions**

At the present time, the local area is in the growth stage of its life cycle. The subject site is located in prestigious Radnor Township and also has adequate access to Lancaster Avenue and various business and retail districts along the Philadelphia Main Line, as well as convenient access to limited access arterials within a few miles. The close proximity to all support facilities significantly enhances the future marketability of residential land in the local area. Within a 30-minute drive or less, a township

resident can drive to the Philadelphia International Airport, cross the bridge to New Jersey shore points, access downtown Center City Philadelphia and/or University of Pennsylvania, travel to their favorite Main Line country club, or visit their children or grandchildren at the local colleges.

Despite the current, prolonged economic recovery cycle, given the history of the area and the long-term expected growth trends, it is our opinion that property values will remain stable and gradually increase over the long run.

In comparison to other areas in the region, the Main Line area is rated as follows:

| SURROUNDING AREA ATTRIBUTE RATINGS   |               |
|--------------------------------------|---------------|
| Highway Access                       | Above Average |
| Demand Generators                    | Above Average |
| Convenience to Support Services      | Above Average |
| Convenience to Public Transportation | Above Average |
| Employment Stability                 | Average       |
| Police and Fire Protection           | Average       |
| Property Compatibility               | Above Average |
| General Appearance of Properties     | Above Average |
| Appeal to Market                     | Above Average |
| Barriers to Competitive Entry        | Average       |
| Price/Value Trend                    | Average       |

## Aerial View – Surrounding Land Uses





## Residential Market Analysis

The highest and best use conclusion of the subject parcels, as outlined in our upcoming Highest and Best Use analysis section, is for residential development of the property. Therefore, we present herein a summary of the residential market on a national level, county level, and local area.

### National Overview

According to January 2014 data presented on the National Association of Realtors Economists' Outlook blog chaired by Dr. Lawrence Yun, NAR Chief Economist, the seasonal slowdown in home prices in November has combined with rising mortgage rates and rising income to give a slight boost to affordability, but the trend from a year ago remains down. Dr. Yun said, "Home sales are hurt by higher mortgage interest rates, constrained inventory, and continuing tight credit. There is pent-up demand for both rental and owner-occupied housing as household formation will inevitably burst out, but the bottleneck is in limited housing supply, due to the slow recovery in home construction. As such, rents are rising at the fastest pace in five years, while annual home prices are rising at the highest rate in eight years."

NAR's President Steve Brown noted that new rules defining the Qualified Mortgage are in effect as of January 2014. He reported, "New underwriting rules to protect borrowers prohibit many loan features, set tighter limits on the amount of debt a borrower can have and still get a mortgage, and require that lenders accurately measure a borrower's ability to repay. This means that qualified borrowers are getting a loan that they are very likely to be able to repay, but some borrowers may wind up paying much more for their mortgage, or not get a loan at all due to the tougher standards," Brown said. "The new rules may tighten credit too much, but we're hopeful regulators will make adjustments if this proves to be true."

Dr. Yun's team outlines other key housing market trends as of January 2014:

- Housing affordability is up for the month of November as mortgage rates and the median price for a single family home in the U.S. decreased slightly from October. In spite of the decrease, the median single-family home price is up 9.4% from last year keeping prices moving at a high year-over-year pace.
- Home prices are expected to slow down while inventory figures improve. Income levels are up and should help consumer confidence before rates begin to rise for the coming year.
- Mortgage rates are expected to increase as the Fed reduces bond purchases and eventually begins to tighten monetary policy.
- While incomes continue to rise, they are not keeping pace with home price gains and mortgage rate increases from a year ago.

The current Freddie Mac Weekly North-East regional rate for a 30-year conventional fixed-rate mortgage is now at 4.51% as of January 9, 2014 which indicates that rates are fluctuating and there is more activity occurring in the housing market recovery given the pent-up demand of buyers in the marketplace.



We present on the following page Standard & Poor's Dow Jones/Case-Shiller Home Price Indices' which reflects key residential real estate indicators as of December 2013 (and reflecting November 2013 data). These residential economic indicators reflect similar national statistics as already discussed herein. Existing home sales in November decreased slightly (0.9%) over a year ago, with inventory increasing 5.6% for the same time period. New home sales in November increased 16.6% over a year ago. The median sales price of new homes is presently \$270,900, representing an increase of 10.6% over the prior year.



### Residential Real Estate Indicators December 2013

|  | Q3       | Q2      | 2013<br>Q1        | Q4       | Q3      | 2012<br>Q2        | %chya  |
|--|----------|---------|-------------------|----------|---------|-------------------|--------|
| <b>S&amp;P/Case-Shiller Home Price Indices</b>                     |          |         |                   |          |         |                   |        |
| U.S. National, %ch   | 3.2%     | 7.1%    | 1.1%              | -0.5%    | 2.0%    | 7.1%              | 11.2%  |
| <b>Residential Construction</b>                                    |          |         |                   |          |         |                   |        |
| Real Residential Construction, billions 2005\$, SAAR               | 499.20   | 487.10  | 471.20            | 457.50   | 437.30  | 423.00            | 14.2%  |
| Real Residential Construction, billions 2005\$, SAAR, %ch          | 2.5%     | 3.4%    | 3.0%              | 4.6%     | 3.3%    | 1.4%              |        |
| Single Family Residential Construction, billions 2005\$, SAAR      | 161.99   | 160.47  | 155.80            | 146.42   | 134.63  | 126.61            | 20.3%  |
| Single Family Residential Construction, billions 2005\$, SAAR, %ch | 0.9%     | 3.0%    | 6.4%              | 8.8%     | 6.3%    | 4.8%              |        |
| <b>Mortgage Delinquency</b>  |          |         |                   |          |         |                   |        |
| Delinquency Rates, All Loans, %                                    | 6.41%    | 6.96%   | 7.25%             | 7.09%    | 7.40%   | 7.58%             |        |
| Foreclosures Started in Quarter, All Loans, %                      | 0.57%    | 0.68%   | 0.70%             | 0.70%    | 0.86%   | 1.03%             |        |
| Delinquency Rates-Prime Loans, %                                   | 3.72%    | 4.18%   | 4.25%             | 4.35%    | 4.66%   | 4.88%             |        |
| Foreclosures Started in Quarter, Prime Loans, %                    | 0.34%    | 0.42%   | 0.46%             | 0.48%    | 0.61%   | 0.70%             |        |
| Delinquency Rates-Subprime Loans, %                                | 20.14%   | 21.72%  | 21.19%            | 20.30%   | 20.62%  | 20.88%            |        |
| Foreclosures Started in Quarter, SubPrime Loans, %                 | 2.13%    | 2.57%   | 1.95%             | 2.10%    | 2.36%   | 2.59%             |        |
|  | November | October | 2013<br>September | November | October | 2012<br>September | %chya  |
| <b>S&amp;P/Case-Shiller Home Price Indices</b>                     |          |         |                   |          |         |                   |        |
| 20-City Composite, %ch   | -        | 0.2%    | 0.7%              | -0.2%    | -0.1%   | 0.3%              | 13.6%  |
| 10-City Composite, %ch   | -        | 0.2%    | 0.7%              | -0.3%    | -0.2%   | 0.3%              | 13.6%  |
| <b>S&amp;P/Experian Consumer Credit Default Indices</b>            |          |         |                   |          |         |                   |        |
| First Mortgage Default Rate, %                                     | 1.28%    | 1.30%   | 1.28%             | 1.58%    | 1.47%   | 1.36%             |        |
| Second Mortgage Default Rate, %                                    | 0.78%    | 0.72%   | 0.69%             | 0.62%    | 0.65%   | 0.64%             |        |
| <b>Existing Home Sales</b>   |          |         |                   |          |         |                   |        |
| Single Family, 000's, SAAR   | 4,320    | 4,490   | 4,680             | 4,360    | 4,270   | 4,220             | -0.9%  |
| Inventory, 000's   | 1,870    | 1,860   | 1,920             | 1,770    | 1,860   | 1,890             | 5.6%   |
| Months' Supply   | 5.2      | 5.0     | 4.9               | 4.9      | 5.2     | 5.4               | 6.1%   |
| Median Sales Price, US\$   | 196,200  | 197,600 | 198,500           | 179,400  | 177,000 | 178,900           | 9.4%   |
| <b>New Home Sales</b>  |          |         |                   |          |         |                   |        |
| Single Family, 000's, SAAR   | 464      | 474     | 403               | 398      | 365     | 384               | 16.6%  |
| Months' Supply   | 4.3      | 4.5     | 5.4               | 4.5      | 4.8     | 4.5               | -4.4%  |
| Median Sales Price, US\$   | 270,900  | 259,200 | 266,100           | 245,000  | 247,200 | 254,600           | 10.6%  |
| <b>Housing Affordability Index</b>                                 |          |         |                   |          |         |                   |        |
| Composite, base = 100  | -        | 165.4   | 165.1             | 203.0    | 203.7   | 198.4             | -18.8% |
| <b>Housing Starts</b>  |          |         |                   |          |         |                   |        |
| Total, 000's, SAAR   | 1,091    | 889     | 873               | 842      | 864     | 854               | 29.6%  |
| Single Family, 000's, SAAR   | 727      | 602     | 580               | 576      | 595     | 591               | 26.2%  |
| <b>Mortgage Loan Data</b>  |          |         |                   |          |         |                   |        |
| New Applications, %ch  | -3.9%    | 7.9%    | -6.9%             | -7.5%    | 0.7%    | 7.4%              |        |
| 30-year Fixed Rate, %  | 4.2%     | 4.2%    | 4.5%              | 3.4%     | 3.4%    | 3.5%              |        |
| 1-year ARM, %  | 2.6%     | 2.6%    | 2.7%              | 2.6%     | 2.6%    | 2.6%              |        |
| <b>Consumer Confidence</b>   |          |         |                   |          |         |                   |        |
| Consumer Confidence Index  | 70.4     | 72.4    | 80.2              | 71.5     | 73.1    | 68.4              |        |
| Plans to Buy a Home w/in 6 Months, % yes                           | 5.0%     | 5.5%    | 6.5%              | 6.6%     | 5.4%    | 5.4%              |        |
| Plans to Buy a Lived-In House w/in 6 months, % yes                 | 2.8%     | 3.1%    | 4.1%              | 3.6%     | 3.3%    | 2.9%              |        |
| <b>Consumer Credit</b>   |          |         |                   |          |         |                   |        |
| Credit Outstanding, US\$ billions                                  | -        | 3,076   | 3,058             | 2,910    | 2,895   | 2,878             | 6.3%   |
| Credit Outstanding, %ch mom  | -        | 0.6%    | 0.5%              | 0.5%     | 0.6%    | 0.3%              |        |

Sources: S&P Dow Jones Indices, CoreLogic®, Experian, Global Insight, National Association of Realtors, Bureau of Economic Analysis, U.S. Census Bureau, Mortgage Bankers Association, US Commerce Department, The Conference Board, Freddie Mac, The Federal Reserve Board

According to David M. Blitzer, Chairman of the Index Committee at S&P Dow Jones Indices, “Home prices increased again in October. Both Composites’ annual returns have been in double-digit territory since March 2013 and increasing; now up 13.6% in the year ending in October. However, monthly numbers show we are living on borrowed time and the boom is fading.”

He said further, “The key economic question facing housing is the Fed’s future course to scale back quantitative easing and how this will affect mortgage rates. Other housing data paint a mixed picture suggesting that we may be close to the peak gains in prices. However, other economic data point to somewhat faster growth in the new year. Most forecasts for home prices point to single digit growth in 2014.”

Recent housing market indicators suggest that the residential housing sector has clearly turned around in 2012-2013 with small, sustained increases in existing home sales, new-home sales, and housing starts. Given the overall tightening of credit standards across the residential mortgage market, demand for housing product has significantly cooled in the recent past; however pent-up demand is evident in increased sales velocity, lower housing inventory, and an increase in housing starts and permits. Residential sales will not rebound until both prices stabilize and credit conditions loosen. Although economists discuss the housing industry with cautious optimism, most anticipate that the market correction will last through 2015.

### County-Wide Analysis

Within Delaware County, the volume of settled sales in for the first 11 months of 2013 increased over 16% over the same period in 2012 – see chart below. The average settled single family residential price has remained relatively steady over the past couple years, and is presently \$267,000. Year to date statistics for Delaware County indicate that the median number of days on the market is 49 days which is a significant decrease over the median of 60 days on the market for the same period in 2012.

#### SINGLE FAMILY RESIDENTIAL MARKET

| <b>Delaware County, PA</b>   |                         |                         |                         |                             |                             |
|------------------------------|-------------------------|-------------------------|-------------------------|-----------------------------|-----------------------------|
|                              | <b>YTD<br/>Nov 2011</b> | <b>YTD<br/>Nov 2012</b> | <b>YTD<br/>Nov 2013</b> | <b>2011/2012<br/>Change</b> | <b>2012/2013<br/>Change</b> |
| <b>Settled Units</b>         | 3,530                   | 4,242                   | 4,773                   | 20.17%                      | 12.52%                      |
| <b>Average Settled Price</b> | \$260,000               | \$258,000               | \$267,000               | -0.77%                      | 3.49%                       |
| <b>Median Settled Price</b>  | \$207,000               | \$206,000               | \$215,000               | -0.48%                      | 4.37%                       |
| <b>Total Settled Volume</b>  | \$918,835,000           | \$1,098,530,000         | \$1,275,091,000         | 19.56%                      | 16.07%                      |
| <b>Avg SPrice/OPrice</b>     | 89.02%                  | 89.72%                  | 91.07%                  | 0.79%                       | 1.50%                       |

Regionally as well as nationally, we confirm a marked slow-down in the acquisition of vacant land for development of new single family residential subdivisions as a result of the fall-out from continued uncertain economic and market conditions. There has been an increasing frequency of take-down deals involving improved or partially improved residential lots in existing subdivisions in the region, where previous developers have either declared bankruptcy or halted new construction at their

existing price points. This is a result of an ongoing readjustment in the market after a period of unprecedented appreciation, record-low mortgage rates, and creative loan products (no-doc mortgages, interest only, etc). This readjustment is magnified by the current economic uncertainties arising from a continued sluggish national economy and past mortgage crisis. No major, significant changes in the underlying health of the regional economy are expected in the near future. We anticipate a period of market correction could last well into 2015.

### **Local Villanova/Radnor Township Submarket Analysis**

As mentioned previously, the subject site is located in prestigious Radnor Township, with extremely favorable access to the various business and retail districts along the Philadelphia Main Line, as well as major arterial highways, within a couple miles. The close proximity to all support facilities significantly enhances the future marketability of the local area.

Population statistics and household income levels were discussed in the previous Surrounding Area Analysis. Median household income is \$92,999, which is higher than the household income for Delaware County. Residents within a 3-mile radius have a considerably higher level of educational attainment than those of Delaware County, while median owner occupied home values are also considerably higher.

Demand for single family housing product was also researched in the local area. At the present time, there are a total of 90 active listings in Radnor Township ranging from \$109,900 (for a one-bedroom condo flat at Radnor House) to \$25,000,000 (for the Albermarle Estate at 770 Godfrey Road, which was originally part of the larger Ardrossan Farm Estate in years' past).

There are a total of 26 pending sales in Radnor Township ranging from \$123,500 to \$3,500,000. The average pending sale price is \$994,007 and the average days on the market are 127.

Lastly, over the past six months, there have been a total of 166 settled sales in Radnor Township ranging from \$96,000 to \$2,750,000. The average settled sale price is \$641,095 and the average days on the market are 83.

As presented in the Surrounding Area Analysis, the local Villanova market area is convenient to the commercial core areas along Lancaster Avenue (a.k.a. Route 30) of the Philadelphia Main Line. At the present time, the local area is near the end of its growth stage of its life cycle. Because of the generally built-up nature of this area, there has been an increasing trend over the past decade to purchase existing dwellings for demolition and the construction of a new residential dwelling. Within a five-mile radius of the subject parcels, there are presently 28 active, pending, or settled (within the past 12 months) sales and listings of building lots in the local area – see table on the following page. Lot prices range from \$225,000 to \$1,275,000; lot sizes range from 0.51 acres to 2.89 acres. The average lot price is \$572,293; the average lot size is 1.49 acres.

**Competitive Residential Building Lots - 5 Mile Radius**

| No. | Address                      | Location                     | Distance from |                  | Sales Price | Sale Status | Closed Date or # |
|-----|------------------------------|------------------------------|---------------|------------------|-------------|-------------|------------------|
|     |                              |                              | Subject       | Lot Size (Acres) |             |             | Days on Market   |
| 1   | 200 Ithan Creek Road, Lot 2  | Villanova, Radnor Twp.       | 1.1 miles     | 1.24             | \$425,000   | Active      | 185 DOM          |
| 2   | 200 Ithan Creek Road, Lot 1  | Villanova, Radnor Twp.       | 1.1 miles     | 2.20             | \$350,000   | Active      | 85 DOM           |
| 3   | 719 S. Bryn Mawr Avenue      | Bryn Mawr, Radnor Twp.       | 1.7 miles     | 1.26             | \$300,000   | Settled     | 6/10/2013        |
| 4   | 3416 Goshen Road             | Newtown Square, Newtown Twp. | 1.9 miles     | 1.17             | \$288,000   | Settled     | 3/15/2013        |
| 5   | 314 Winfield Road, Lot 7     | Devon, Easttown Twp.         | 2.1 miles     | 2.34             | \$1,275,000 | Active      | 125 DOM          |
| 6   | 305 Winfield Road, Lot 1     | Devon, Easttown Twp.         | 2.1 miles     | 2.22             | \$875,000   | Active      | 991 DOM          |
| 7   | 315 Winfield Road, Lot 3     | Devon, Easttown Twp.         | 2.2 miles     | 2.89             | \$1,025,000 | Active      | 991 DOM          |
| 8   | 120 Brookside Road           | Newtown Square, Newtown Twp. | 2.3 miles     | 0.51             | \$239,900   | Active      | 48 DOM           |
| 9   | 941 Academy Lane             | Bryn Mawr, Radnor Twp.       | 2.5 miles     | 1.14             | \$345,000   | Active      | 495 DOM          |
| 10  | 313 S. Fairfield Road        | Devon, Easttown Twp.         | 2.5 miles     | 1.00             | \$799,000   | Active      | 165 DOM          |
| 11  | 739 Trephanny Lane           | Wayne, Tredyffrin Twp.       | 3.4 miles     | 0.80             | \$325,000   | Active      | 75 DOM           |
| 12  | 616 Leopard Road             | Berwyn, Easttown Twp.        | 3.6 miles     | 2.60             | \$615,000   | Active      | 318 DOM          |
| 13  | 54 Pugh Road                 | Wayne, Tredyffrin Twp.       | 3.7 miles     | 1.70             | \$350,000   | Settled     | 11/8/2013        |
| 14  | Lots 8 and 9, Philips Lane   | Newtown Square, Newtown Twp. | 3.7 miles     | 2.60             | \$265,000   | Settled     | 3/27/2013        |
| 15  | 4 Philips Lane               | Newtown Square, Newtown Twp. | 3.7 miles     | 1.30             | \$225,000   | Settled     | 4/24/2013        |
| 16  | 1304 Sugartown Road, Lot 2   | Berwyn, Easttown Twp.        | 3.8 miles     | 1.45             | \$625,000   | Active      | 304 DOM          |
| 17  | 1304 Sugartown Road, Lot 1   | Berwyn, Easttown Twp.        | 3.8 miles     | 1.60             | \$650,000   | Active      | 304 DOM          |
| 18  | 325 Exeter Road              | Haverford, Haverford Twp.    | 3.9 miles     | 1.59             | \$1,250,000 | Active      | 308 DOM          |
| 19  | 670 Heatherwood Road         | Bryn Mawr, Lower Merion Twp. | 4.0 miles     | 1.61             | \$725,000   | Active      | 203 DOM          |
| 20  | 1415 Morris Avenue           | Villanova, Lower Merion Twp. | 4.1 miles     | 1.86             | \$400,000   | Settled     | 9/30/2013        |
| 21  | 716 Harriton Road            | Bryn Mawr, Lower Merion Twp. | 4.2 miles     | 1.03             | \$670,000   | Settled     | 7/26/2013        |
| 22  | Lot 88, N. Valley Forge Road | Devon, Tredyffrin Twp.       | 4.3 miles     | 1.31             | \$250,000   | Active      | 42 DOM           |
| 23  | Ulangollen Lane              | Newtown Square, Newtown Twp. | 4.5 miles     | 0.98             | \$265,000   | Active      | 252 DOM          |
| 24  | 3 Ulangollen Lane            | Newtown Square, Newtown Twp. | 4.5 miles     | 1.68             | \$265,000   | Active      | 252 DOM          |
| 25  | Lot 2, Springton Lake Road   | Media, Upper Providence Twp. | 4.8 miles     | 0.69             | \$1,050,000 | Active      | 91 DOM           |
| 26  | Lot 1, Springton Lake Road   | Media, Upper Providence Twp. | 4.8 miles     | 0.75             | \$1,050,000 | Active      | 91 DOM           |
| 27  | Lot 1, 1691 Maple Avenue     | Paoli, Tredyffrin Twp.       | 4.9 miles     | 0.70             | \$550,000   | Settled     | 12/11/2013       |
|     |                              |                              | MIN           | 0.51             | \$225,000   |             |                  |
|     |                              |                              | MAX           | 2.89             | \$1,275,000 |             |                  |
|     |                              |                              | AVG           | 1.49             | \$572,293   |             |                  |

Source: Trend/MLS data compiled by IRR-Philadelphia 2014

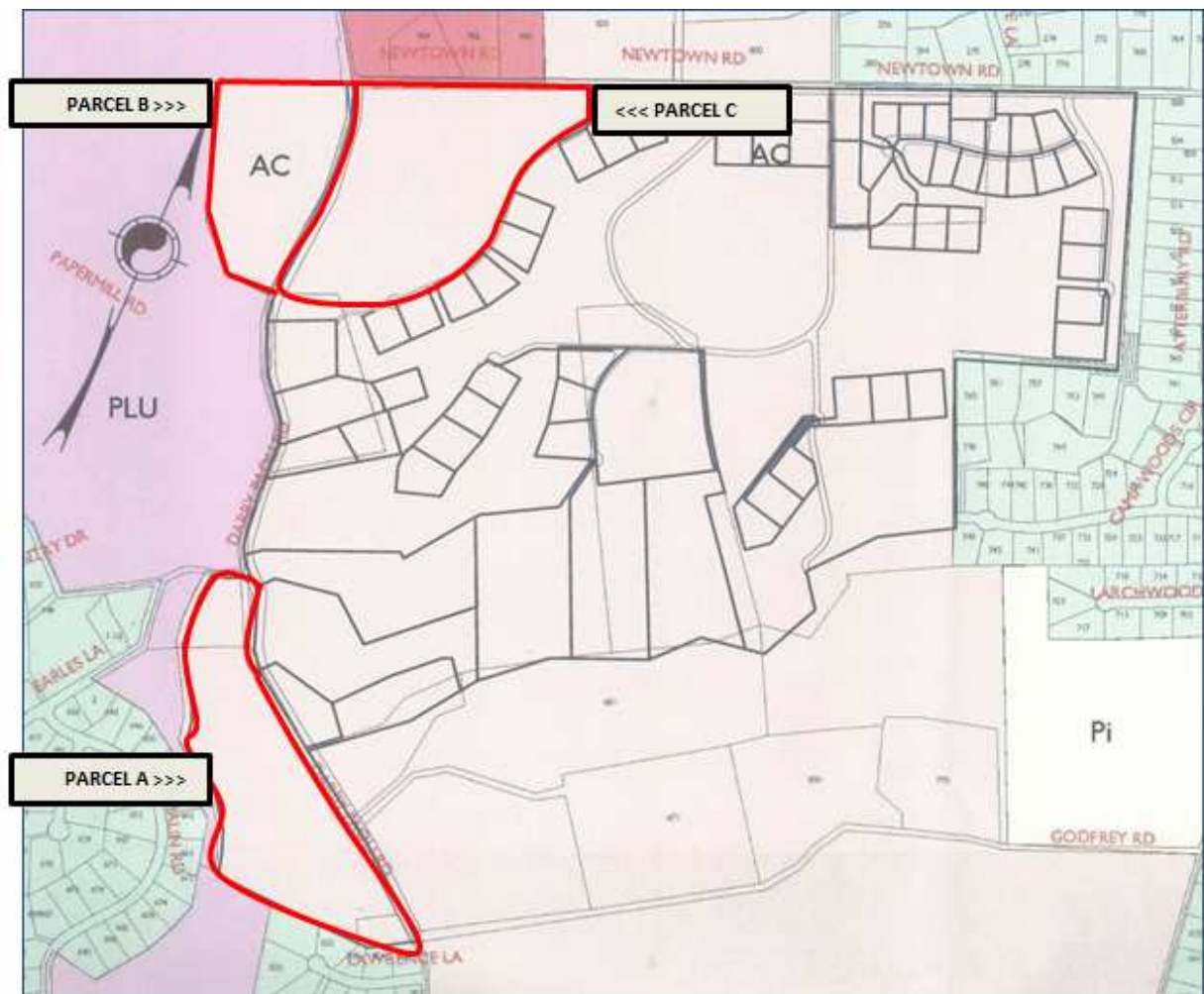
The subject site is located in prestigious Radnor Township and has adequate access to various business and retail districts along the Philadelphia Main Line, as well as convenient access to limited access arterials within a couple miles. The close proximity to support facilities significantly enhances the future marketability of vacant residential land in the local area. Based upon nearby property sales, the subject is located within one of the highest-priced residential areas of the Philadelphia Main Line. Further, the subject's favorable location in addition to a high median household income of \$92,999 in the local area, result in continued strong consumer demand for housing product in the Radnor Township market area.

## Property Analysis

### Land Description and Analysis

#### Location

The subject parcels are part of a proposed 87-lot residential subdivision of the prestigious 371.80-acre Ardrossan Farm Estate located at Newtown Road and Darby-Paoli Road. Parcel A is a 27.654-acre tract (known as the Wheeler Field) and located along the west side of Darby-Paoli Road just south of Saw Mill Road; this parcel is adjacent to Darby Creek and includes approximately 15.771 acres of flood plain area. Parcel B is a 16.336-acre site (known as the Quarry Tract) and located along the west side of Darby-Paoli Road, just south of Newtown Road. Parcel C is a 27.04-acre tract (known as the Rye Field) and located at the southeast corner of Newtown Road and Darby-Paoli Road. See zoning map below.



## Land Area

The following table summarizes the subject's overall land area of the Ardrossan Farm Estate. The three subject parcels are a part of two larger tax parcels as presented in the table below.

| Land Area Summary     |              |            |        |
|-----------------------|--------------|------------|--------|
| Tax ID                | Address      | SF         | Acres  |
| P/O 36-04-02463-00    | Newtown Road | 10,489,248 | 240.80 |
| P/O 36-04-02464-00    | Newtown Road | 5,706,360  | 131.00 |
| Total                 |              | 16,195,608 | 371.80 |
| Source: Public record |              |            |        |

Subject Parcel A is a 27.654-acre tract (known as the Wheeler Field) and located along the west side of Darby-Paoli Road just south of Saw Mill Road; this parcel is adjacent to Darby Creek and includes approximately 15.771 acres of flood plain area.

Subject Parcel B is a 16.336-acre site (known as the Quarry Tract) and located along the west side of Darby-Paoli Road, just south of Newtown Road.

Subject Parcel C is a 27.04-acre tract (known as the Rye Field) and located at the southeast corner of Newtown Road and Darby-Paoli Road.

This appraisal was completed without the benefit of a formal site survey. We assume herein the legal descriptions and land allocations of the three subject parcels are accurate and complete for purposes of this appraisal. Should different information become available at a later date, we reserve the right to amend this report accordingly. See extraordinary assumptions.

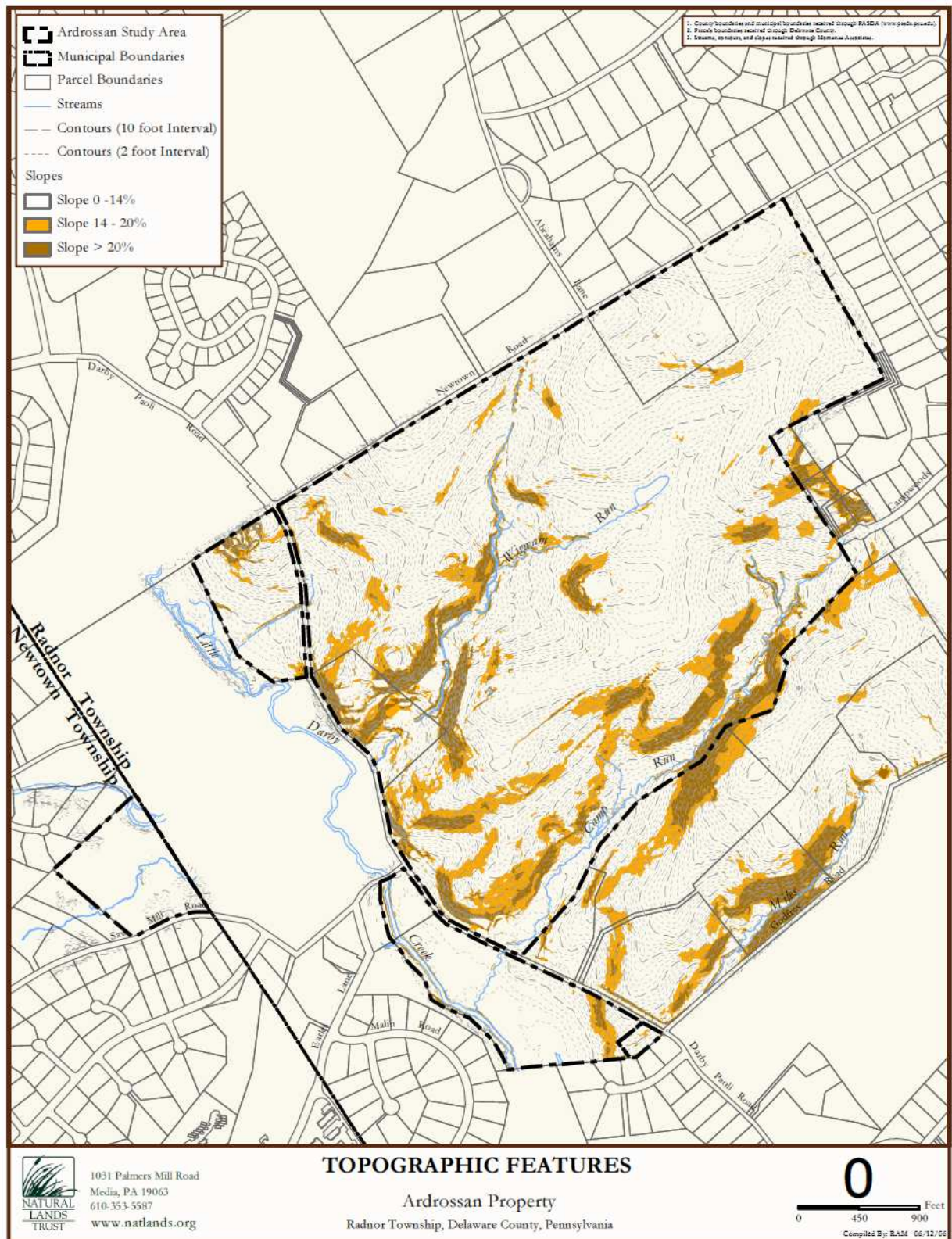
## Shape and Dimensions

The three subject parcels are irregular in shape. Site utility based on shape and dimensions is average.

## Topography

The general topography of the three parcels site is rolling meadowland with some woodland areas - see topography map on the following page. The topography does result in some development limitations, given that Parcel A has a long narrow shape running parallel to Darby Creek and Darby-Paoli Road. Also, a portion of the road frontage has an incline over a small hill thereby providing limited sight distance for potential vehicles to enter the roadway. This factor was considered in our upcoming valuation analysis.







### Drainage

No particular drainage problems were observed or disclosed at the time of field inspection. This appraisal assumes that there are not any unusual drainage issues that would affect the development of the subject.

### Flood Hazard Status

The following table provides flood hazard information.

| Flood Hazard Status    |                            |
|------------------------|----------------------------|
| Community Panel Number | 42045C-0019F               |
| Date                   | November 18, 2009          |
| Zone                   | AE                         |
| Description            | Within 100-year floodplain |
| Insurance Required?    | Yes                        |

Parcel A is a 27.654-acre tract that runs alongside Darby Creek; according to the site plan, approximately 15.771 acres (or 57% of the overall parcel) is located within a 100-year flood plain. This factor was considered in our upcoming valuation analysis.

Also, according to the site plan presented for our review, Parcels B and C do not have any flood plain area.

### Environmental Hazards

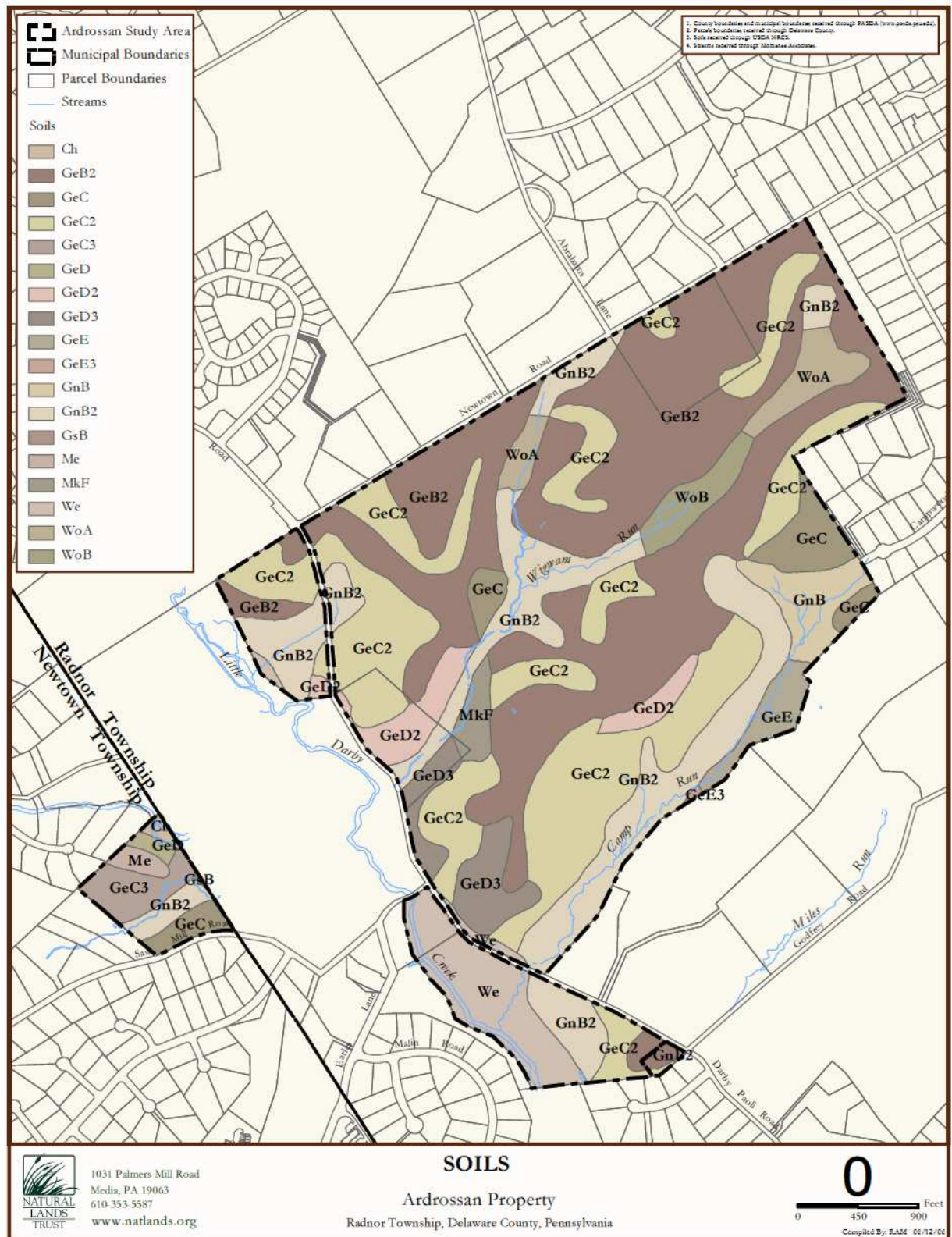
An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

### Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis.

A third party report recites that the southern portion of Parcel A mostly includes soil types We and GnB2 types which are not suitable for residential development; however a small area of GeC2 soil is also located at the southern end of the site and appears suitable for development – see soils map on the following page.

Other than as reported herein, we assume that the subject's soil bearing capacity is sufficient to support a variety of uses, including those permitted by zoning.



### Streets, Access and Frontage

Details pertaining to street access and frontage are provided in the following table.

| <b>Streets, Access and Frontage</b> |                 |                  |               |
|-------------------------------------|-----------------|------------------|---------------|
| Street                              | Newtown Road    | Darby-Paoli Road | Saw Mill Road |
| Paving                              | Asphalt         | Asphalt          | Asphalt       |
| Curbs                               | None            | None             | None          |
| Sidewalks                           | None            | None             | None          |
| Lanes                               | 2 lanes         | 2 lanes          | 2 lanes       |
| Direction of Traffic                | East/West       | North/South      | East/West     |
| Condition                           | Average         | Average          | Average       |
| Traffic Levels                      | Moderate        | Moderate         | Light         |
| Signals/Traffic Control             | Stop sign       | Stop sign        | Stop sign     |
| Access/Curb Cuts                    | None            | None             | None          |
| Visibility                          | Average to Good | Average to Good  | Average       |

### Utilities

The availability of utilities to the subject is summarized in the following table.

| <b>Available Utilities</b> |  |
|----------------------------|--|
| Service                    | Provider   |
| Water                      | Aqua PA  |
| Sewer                      | Delcora (The Delaware County Regional Water Quality Control Authority) |
| Electricity                | PECO Energy  |
| Natural Gas                | PECO Energy  |
| Local Phone                | Verizon or Comcast   |

### Zoning

The subject is zoned AC, Agricultural Conservation, by Radnor Township. The AC zone is intended to provide primarily for the protection of stream valleys and other environmental corridors, to preserve natural vegetation and the semirural character of the township, and to preserve ample and appropriate areas for agriculture, recreation, conservation, and other open space purposes. Specific zoning requirements are summarized in the following table.

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**Zoning Summary**


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|                       |  |
|-----------------------|--|
| Zoning Jurisdiction   | Radnor Township  |
| Zoning Designation    | AC   |
| Description           | Agricultural Conservation  |
| Legally Conforming?   | Yes  |
| Zoning Change Likely? | No   |
| Permitted Uses        | Single family detached dwelling; forest or game or wildlife preserve or other conservation purpose; agricultural use; park, day camp, riding academy, golf course or other outdoor recreational use for public or private use; non-profit organization office use to be utilized solely for providing advice and services to agricultural practitioners. |

| Category                | Zoning Requirement  |
|-------------------------|---|
| Minimum Lot Area        | 2 acres (for single family detached dwelling)   |
| Maximum Building Area   | 15%   |
| Minimum Setbacks        | Front yard 60 feet; each side yard 50 feet; rear yard 60 feet. Riparian buffer setback is a minimum of 35 feet. |
| Maximum Building Height | 3 stories or 38 feet  |

Source: Township of Radnor, Chapter 280 - Zoning, as viewed online at [www.ecode360.com](http://www.ecode360.com), January 2014.

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According to the local planning department, there are no pending or prospective zoning changes. It appears that the property conforms with zoning requirements. A copy of the zoning map outlining the approximate boundaries of the three subject parcels is presented at the beginning of this section on page 32.

It is our understanding that pursuant to the purchase of the subject parcels for township open space, an application for conditional use approval is to be submitted, to develop portions of the Ardrossan Estate pursuant to Radnor's Density Modification Ordinance (similar to a cluster development option). A proposed 87-lot residential subdivision across the Ardrossan Farm Estate (comprising 78 single family detached building lots) was submitted to Radnor Township by Edgar Scott III for the conditional use approval; and an ordinance was granted in December 2013. Next the standard process for subdivision and land development approval then formally begins. After a period of time to complete and receive final approval for the proposed subdivision land development plan (as early as 1Q2015 or as late as 1Q2016), the township then considers whether or not to acquire the subject parcels for open space preservation. It has also been mentioned that should the township not be interested in purchasing the three subject parcels for open space, the developer may decide to develop an additional 6 lots on Parcel A and 16 lots on Parcel C.

Further, it is our understanding that the proposed subdivision plan applied for, and has conditional use approval for a maximum 87 detached lots (78 buildable lots and 9 lots with existing houses and structures); however, the plan may also be reduced to 64 subdivided lots.

### Other Land Use Regulations

We are not aware of any other land use regulations that would affect the property.

**Easements, Encroachments and Restrictions**

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

**Existing Building Improvements on Subject Parcels**

The following building improvements are located on a portion of the subject parcels; these improvements provide minimal, if any, contributory value to the property. An old equipment shed is located on Parcel A, and a small historic schoolhouse building (utilized by the Boy Scouts) is located at the southern end of Parcel A, across from Godfrey Road – see photos below.



**Equipment Shed**



**Historic Schoolhouse**

**Conclusion of Site Analysis**

Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses including those permitted by zoning. Uses permitted by zoning include single family detached dwelling; forest or game or wildlife preserve or other conservation purpose; agricultural use; park, day camp, riding academy, golf course or other outdoor recreational use for public or private use; non-profit organization office use to be utilized solely for providing advice and services to agricultural practitioners. We are not aware of any other particular restrictions on development.

It is important to note herein that at the present time, there are no additional copies of the site plan rendering the three subject parcels other than what has already been presented in this section.





Parcel A – along Darby-Paoli Road  
(Photo Taken on January 9, 2014)



Parcel A – as viewed from Saw Mill Road  
(Photo Taken on January 9, 2014)



Parcel B – along Darby-Paoli Road  
(Photo Taken on January 9, 2014)



Parcel B – along Darby-Paoli Road  
(Photo Taken on January 9, 2014)



Parcel C – along Newtown Road  
(Photo Taken on January 9, 2014)



Parcel C – along Darby-Paoli Road  
(Photo Taken on January 9, 2014)

## Real Estate Taxes

Real estate tax assessments are administered by Delaware County and are estimated on a county basis for the subject. Real estate taxes in this state and jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by \$1,000, then multiplying the estimate by a composite rate. The composite rate is based on a consistent county tax rate throughout this state, in addition to one or more local taxing district rates.

The current common level ratio for Delaware County is 74.0%.

Real estate taxes and assessments for the current tax year are shown in the following table. As mentioned throughout this report, the three subject parcels are a small portion of the overall tract area of 371.80 acres. No tax allocation has been made for the subject parcels; therefore, the assessments below reflect the entire property.

| <b>Taxes and Assessments - 2013-14</b> |                |                        |           |
|--|----------------|------------------------|-----------|
| Tax ID                                 | Assessed Value | Taxes and Assessments  |           |
|  | Total          | Ad Valorem<br>Tax Rate | Taxes     |
| P/O 36-04-02463-00                     | \$6,460,700    | 3.091530%              | \$199,734 |
| P/O 36-04-02464-00                     | \$7,921,130    | 3.091530%              | \$244,884 |
|  | \$14,381,830   |                        | \$444,619 |

## Highest and Best Use

### Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as vacant, and as improved. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

### Highest and Best Use As Vacant

#### Physically Possible

With regard to Parcels B and C, the overall the physical characteristics of the parcels and the availability of utilities result in functional utility suitable for a variety of uses. Regarding Parcel A, the physical characteristics of the site do impose some restrictions on development. Approximately 57% of the tract is located within a 100-year flood plain area. And, the topography results in some development limitations, given that Parcel A has a long narrow shape running parallel to Darby Creek and Darby-Paoli Road. A portion of the road frontage has an incline over a small hill thereby providing limited sight distance for potential vehicles to enter the roadway. We conclude that although there are some physical restrictions on developing the parcels, they remain suitable for some degree of residential development via the Density Modification Ordinance (cluster option).

#### Legally Permissible

The site is zoned AC, Agricultural Conservation. Permitted uses include single family detached dwelling; forest or game or wildlife preserve or other conservation purpose; agricultural use; park, day camp, riding academy, golf course or other outdoor recreational use for public or private use; non-profit organization office use to be utilized solely for providing advice and services to agricultural practitioners. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only residential is given further consideration in determining the highest and best use of the site as vacant.

#### Financially Feasible

The subject site is located in prestigious Radnor Township and has adequate access to Lancaster Avenue and various business and retail districts along the Philadelphia Main Line, as well as convenient access to limited access arterials within a couple miles. The close proximity to support facilities significantly enhances the future marketability of vacant residential land in the local area. Further, the subject's favorable location in addition to a high median household income of \$92,999 in the local area, result in continued strong consumer demand for housing product in the Radnor Township market area.

Based on our analysis of the market, there is currently adequate demand for residential in the subject's area. It appears that a newly developed residential on the site would have a value commensurate with its cost. Therefore, residential is considered to be financially feasible.

**Maximally Productive**

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than residential. Accordingly, it is our opinion that residential, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

**Conclusion**

Development of the site for residential is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as vacant.

**Most Probable Buyer**

Taking into account the functional utility of the site and area development trends, the probable buyer is a regional or national builder/developer.

# Valuation

## Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

| <b>Approaches to Value</b>     |                          |                   |
|--------------------------------|--------------------------|-------------------|
| Approach                       | Applicability to Subject | Use in Assignment |
| Cost Approach                  | Not Applicable           | Not Utilized      |
| Sales Comparison Approach      | Applicable               | Utilized          |
| Income Capitalization Approach | Not Applicable           | Not Utilized      |

## Sales Comparison Approach

To develop an opinion of the subject's land value, as vacant and available to be developed to its highest and best use, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

- Location: Philadelphia Main Line and surrounding areas
- Size: Maximum 50 acres
- Use: Residential development
- Transaction Date: 2010 to present

For this analysis, we use price per acre as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The sales most relevant to analyzing the subject's land value are summarized in the following table:



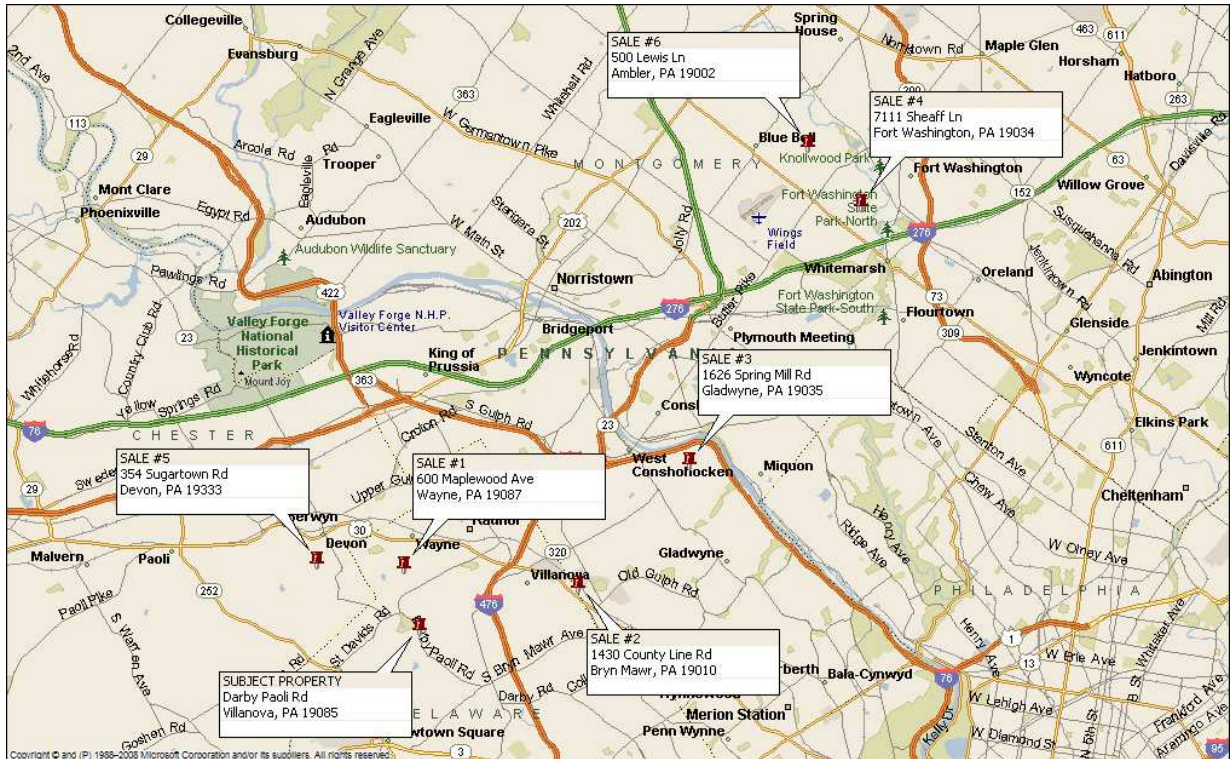
**Summary of Comparable Land Sales**

| No.                      | Name/Address   | Sale Date;<br>Status | Effective Sale Price | SF;<br>Acres       | Zoning                       | \$/SF<br>Land | \$/Acre   |
|--------------------------|--|----------------------|----------------------|--------------------|------------------------------|---------------|-----------|
| 1                        | Poplar House Estate<br>600 Maplewood Avenue<br>Wayne<br>Delaware County<br>Pennsylvania<br>Tax ID: 36-03-01752-00<br>Grantor: George L. Harrison Jr.<br>Grantee: Thomas & Jill Nerney<br><i>Comments: Property was originally listed for sale in October 2009 at an asking price of \$13,500,000. Buyer initially planned to rehab existing improvements, but end up demolishing the buildings, and plans to construct one residence. No subdivision was planned.</i>  | Oct-10<br>Closed     | \$8,800,000          | 1,566,418<br>35.96 | Agricultural<br>Conservation | \$5.62        | \$244,716 |
| 2                        | Radnor Walk Development Site<br>1430 County Line Road<br>Bryn Mawr<br>Delaware County<br>Pennsylvania<br>Tax ID: 36-07-04409-00-0<br>Grantor: Maud Harrison Gibbs Testamentary Trust<br>Grantee: Boathouse Realty Associates L.P. c/o Bentley Homes<br><i>Comments: At time of sale, property was an estate with some building improvements thereon which were razed post-settlement. There were no approvals at time of sale; property was sold as raw land. Final approval was granted on 8/20/2012. Soft costs in gaining final approval status was \$260,000. Site work is estimated at \$1,219,629. This equates to a total developer investment of \$307,463 per approved/improved lot. Proposed lot sizes ranged from 13,220 SF to 28,652 SF; some lots back up to Business Route 30.</i> | Jun-11<br>Closed     | \$1,595,000          | 201,857<br>4.63    | Residence                    | \$7.90        | \$344,195 |
| 3                        | Rubin Property<br>1626 Spring Mill Road et al<br>Gladwyne<br>Montgomery County<br>Pennsylvania<br>Tax ID: 40-00-56652-008, 40-00-56656-004, 40-00-56664-005, 40-00-19236-002, 40-00-19237-001<br>Grantor: Michael Rubin<br>Grantee: Edward & Brucie Baumstein<br><i>Comments: Property was originally listed for sale as 5 assembled tax parcels in September 2010 for \$8,073,000 and most recently reduced to \$6,279,000. Property sold after a total of 1,553 days on the market. Buyer purchased the 5 contiguous parcels, razed the 3 existing houses, and planned to develop the property as a family compound.</i>   | Jul-12<br>Closed     | \$4,750,000          | 520,978<br>11.96   | Residential                  | \$9.12        | \$397,157 |
| <b>Subject</b>           |  |                      |                      | 1,204,434          | Agricultural                 |               |           |
| Part of Ardrossan Estate |  |                      |                      | 27.65              | Conservation                 |               |           |
| Villanova, PA            |  |                      |                      |                    |                              |               |           |

**Summary of Comparable Land Sales**

| No.                      | Name/Address   | Sale Date;<br>Status | Effective Sale Price | SF;<br>Acres     | Zoning       | \$/SF<br>Land | \$/Acre   |
|--------------------------|--|----------------------|----------------------|------------------|--------------|---------------|-----------|
| 4                        | Sheaff Lane Vacant Lot<br>7111-A Sheaff Lane<br>Fort Washington<br>Montgomery County<br>Pennsylvania<br>Tax ID: P/O 65-00-10611-502 and 65-00-10612-609<br>Grantor: Dennis Alter<br>Grantee: Active Listing<br><i>Comments: Active listing of vacant land that is part of a larger estate which has been listed for sale for over 12 months. The entire 70-acre luxury estate property is currently listed for sale at \$25,000,000.</i>   | Jan-14<br>Listing    | \$4,000,000          | 958,320<br>22.00 | Residential  | \$4.17        | \$181,818 |
| 5                        | Sugartown Road Site<br>354 Sugartown Road<br>Devon<br>Chester County<br>Pennsylvania<br>Tax ID: 55-02-228<br>Grantor: Daniel & Candice Kane<br>Grantee: Active Listing<br><i>Comments: Property is listed for sale in Easttown Township near South Waterloo Road. Property includes a manor house, carriage house, and pond. Original asking price was \$3,000,000; total days on the market are 116.</i>  | Jan-14<br>Listing    | \$2,900,000          | 461,736<br>10.60 | Residential  | \$6.28        | \$273,585 |
| 6                        | Lewis Lane Vacant Land<br>500 Lewis Lane<br>Ambler<br>Montgomery County<br>Pennsylvania<br>Tax ID: 66-00-03293-007<br>Grantor: Richard & Felicia Wezner<br>Grantee: Active Listing<br><i>Comments: Active listing of vacant residential land that is potentially subdividable into two building lots along with conservation easements in place. Rear portion of site borders Prophecy Creek. Property was originally listed for sale at \$3,700,000 and currently reduced to \$2,985,000. Total days on the market are 1,258. Prior conveyance was in January 2007 for \$2,500,000.</i> | Jan-14<br>Listing    | \$2,985,000          | 477,853<br>10.97 | Residential  | \$6.25        | \$272,106 |
| <b>Subject</b>           |  |                      |                      | 1,204,434        | Agricultural |               |           |
| Part of Ardrossan Estate |  |                      |                      | 27.65            | Conservation |               |           |
| Villanova, PA            |  |                      |                      |                  |              |               |           |

## Comparable Land Sales Map



### Adjustment Factors

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

| Adjustment Factors     |   |
|------------------------|---|
| Effective Sale Price   | Accounts for atypical economics of a transaction, such as demolition cost, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis. |
| Real Property Rights   | Fee simple, leased fee, leasehold, partial interest, etc.   |
| Financing Terms        | Seller financing, or assumption of existing financing, at non-market terms.   |
| Conditions of Sale     | Extraordinary motivation of buyer or seller, assemblage, forced sale, related parties transaction.  |
| Market Conditions      | Changes in the economic environment over time that affect the appreciation and depreciation of real estate.   |
| Location               | Market or submarket area influences on sale price; surrounding land use influences. Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.          |
| Size                   | Inverse relationship that often exists between parcel size and unit value.  |
| Shape and Topography   | Primary physical factors that affect the utility of a site for its highest and best use.  |
| Zoning/Entitlements    | Government regulations that affect the types and intensities of uses allowable on a site. The specific level of governmental approvals attained pertaining to development of a site.                            |
| Conservation Easements | Specific deed restrictions against any future development of the site (in perpetuity).  |
| Flood Plain            | Significant influence of 100-year flood hazard area on a site which can adversely affect its highest and best use.  |

When considering market conditions, we note that the sales took place from October 2010 to January 2014, and that market conditions generally have been slowly strengthening over this period through the effective date of value. Accordingly, we apply an overall adjustment of 3% per year to the 2010, 2011, and 2012 sales to account for this trend.

We have also considered the amount of building improvements, if any, on the comparable sale properties when compared to the subject's minimal improvements. As mentioned previously, the

local area is nearing the end of its growth stage of its life cycle. Because of the generally built-up nature of this area, there has been an increasing trend over the past decade to purchase existing dwellings for demolition and the construction of a new residential dwelling. We have made no adjustments for building improvements on the comparable tract properties, because we conclude that in this market, some buyers would choose to keep the improvements and renovate, while other buyers would choose to completely raze the existing improvements and construct a new residence.

### **Analysis and Adjustment of Sales**

Our analysis of the comparable sales is described in the following paragraphs for the upcoming sales grids.

**Conditions of Sale** – In this case scenario and given the limited amount of land available for development along the Philadelphia Main Line, it was necessary to utilize 3 settled sales and 3 active listings. A downward adjustment of 15% was applied to each of the asking prices of the 3 active listings since most buyers will not pay full price in the current real estate marketplace.

**Location** – The subject site is located in the Villanova market area of the prestigious Philadelphia Main Line. A downward adjustment was applied to Sale No. 3, given its superior Gladwyne/Main Line location. Upward adjustments were required to Sale No. 3 for its inferior Fort Washington location and No. 6 for its inferior Ambler location.

**Size** – Given the inverse relationship that exists between parcel size and unit value, upward adjustments were made to larger size comparables, and downward adjustments were applied to the smaller size comparables as necessary.

**Shape & Topography** – As described previously, Subject Parcel A had a long narrow shape running parallel to Darby Creek and Darby-Paoli Road in addition to limited sight distance for vehicles to enter the roadway. Therefore, comparable parcels with these superior physical attributes were adjusted downward accordingly. Comparable Sale Nos. 4 and 6 had similar shape issues with minimal, if any road frontage; therefore no adjustments were required on Parcel A's sales grid. Conversely, the same comparable sales on the grids for Subject Parcels B and C were adjusted in the opposite direction.

**Zoning/Entitlements** – No adjustments were required.

**Conservation Easements** – Comparable Sale No. 6 reportedly had conservation easements running with the land and therefore land development was restricted; an upward adjustment was applied to compensate for this factor when compared to the subject's fee simple estate.

**Flood Plain** – As recited previously, Subject Parcel A had a significant amount of flood hazard areas; therefore the comparables were adjusted downward for this factor. Comparable Sale No. 6 has some minimal flood hazard area at the rear portion of the site and therefore a smaller adjustment was applied. Subject Parcels B and C reportedly do not have any 100-year flood plain areas.

The following tables summarize the adjustments we make to the comparable sales as well as providing the value conclusions for each of the three subject parcels.

**Land Sales Adjustment Grid - Parcel A -- Flood Plain -- Wheeler Field**

|                                  | Subject                  | Comparable 1                | Comparable 2                 | Comparable 3                | Comparable 4           | Comparable 5        | Comparable 6           |
|----------------------------------|--------------------------|-----------------------------|------------------------------|-----------------------------|------------------------|---------------------|------------------------|
| Name                             | Part of Ardrossan Estate | Poplar House Estate         | Radnor Walk Development Site | Rubin Property              | Sheaff Lane Vacant Lot | Sugartown Road Site | Lewis Lane Vacant Land |
| Address                          | Darby-Paoli Road         | 600 Maplewood Avenue        | 1430 County Line Road        | 1626 Spring Mill Road et al | 7111-A Sheaff Lane     | 354 Sugartown Road  | 500 Lewis Lane         |
| City                             | Villanova                | Wayne                       | Bryn Mawr                    | Gladwyne                    | Fort Washington        | Devon               | Ambler                 |
| County                           | Delaware                 | Delaware                    | Delaware                     | Montgomery                  | Montgomery             | Chester             | Montgomery             |
| State                            | Pennsylvania             | Pennsylvania                | Pennsylvania                 | Pennsylvania                | Pennsylvania           | Pennsylvania        | Pennsylvania           |
| Sale Date                        |                          | Oct-10                      | Jun-11                       | Jul-12                      | Jan-14                 | Jan-14              | Jan-14                 |
| Sale Status                      |                          | Closed                      | Closed                       | Closed                      | Listing                | Listing             | Listing                |
| Effective Sale Price             |                          | \$8,800,000                 | \$1,595,000                  | \$4,750,000                 | \$4,000,000            | \$2,900,000         | \$2,985,000            |
| Acres                            | 27.65                    | 35.96                       | 4.63                         | 11.96                       | 22.00                  | 10.60               | 10.97                  |
| <b>Price per Acre</b>            |                          | <b>\$244,716</b>            | <b>\$344,195</b>             | <b>\$397,157</b>            | <b>\$181,818</b>       | <b>\$273,585</b>    | <b>\$272,106</b>       |
| Property Rights                  |                          | Fee Simple                  | Fee Simple                   | Fee Simple                  | Fee Simple             | Fee Simple          | Fee Simple             |
| % Adjustment                     |                          | —                           | —                            | —                           | —                      | —                   | —                      |
| Financing Terms                  |                          | Cash to seller              | Cash to seller               | Cash to seller              | Cash to seller         | Cash to seller      | Cash to seller         |
| % Adjustment                     |                          | —                           | —                            | —                           | —                      | —                   | —                      |
| Conditions of Sale               |                          | Arms length                 | Arms length                  | Arms length                 | Active Listing         | Active Listing      | Active Listing         |
| % Adjustment                     |                          | —                           | —                            | —                           | -15%                   | -15%                | -15%                   |
| Market Conditions                | 1/9/2014                 | Oct-10                      | Jun-11                       | Jul-12                      | Jan-14                 | Jan-14              | Jan-14                 |
| Annual % Adjustment              |                          | 9%                          | 6%                           | 3%                          | —                      | —                   | —                      |
| <b>Cumulative Adjusted Price</b> |                          | <b>\$266,741</b>            | <b>\$364,847</b>             | <b>\$409,072</b>            | <b>\$154,545</b>       | <b>\$232,547</b>    | <b>\$231,290</b>       |
| Location                         |                          | —                           | —                            | -15%                        | 10%                    | —                   | 10%                    |
| Size                             |                          | 5%                          | -25%                         | -10%                        | —                      | -10%                | -10%                   |
| Shape & Topography               |                          | -15%                        | -15%                         | -15%                        | —                      | -15%                | —                      |
| Zoning/Entitlements              |                          | —                           | —                            | —                           | —                      | —                   | —                      |
| Conservation Easements           |                          | —                           | —                            | —                           | —                      | —                   | 10%                    |
| Flood Plain                      |                          | -40%                        | -40%                         | -40%                        | -40%                   | -40%                | -35%                   |
| Net \$ Adjustment                |                          | -\$133,370                  | -\$291,877                   | -\$327,258                  | -\$46,364              | -\$151,156          | -\$57,822              |
| Net % Adjustment                 |                          | -50%                        | -80%                         | -80%                        | -30%                   | -65%                | -25%                   |
| <b>Final Adjusted Price</b>      |                          | <b>\$133,370</b>            | <b>\$72,969</b>              | <b>\$81,814</b>             | <b>\$108,182</b>       | <b>\$81,392</b>     | <b>\$173,467</b>       |
| Overall Adjustment               |                          | -46%                        | -79%                         | -79%                        | -41%                   | -70%                | -36%                   |
| <b>Range of Adjusted Prices</b>  |                          | <b>\$72,969 - \$173,467</b> |                              |                             |                        |                     |                        |
| <b>Indicated Value</b>           |                          | <b>\$90,000</b>             |                              |                             |                        |                     |                        |



**Land Value Conclusion – Parcel A**

Prior to adjustments, the sales reflect a range of \$181,818 - \$397,157 per acre. After adjustment, the range is narrowed to \$72,969 - \$173,467 per acre, with an average of \$108,532 per acre. Based on the preceding analysis, we reach a land value conclusion as follows:

| <b>Land Value Conclusion</b> |                    |
|------------------------------|--------------------|
| Indicated Value per Acre     | \$90,000           |
| Subject Acres                | <u>27.65</u>       |
| Indicated Value              | \$2,488,500        |
| Rounded                      | <u>\$2,490,000</u> |

**Land Sales Adjustment Grid - Parcel B -- Quarry Tract**

|                                  | Subject                  | Comparable 1                 | Comparable 2                 | Comparable 3          | Comparable 4           | Comparable 5        | Comparable 6           |
|----------------------------------|--------------------------|------------------------------|------------------------------|-----------------------|------------------------|---------------------|------------------------|
| Name                             | Part of Ardrossan Estate | Poplar House Estate          | Radnor Walk Development Site | Rubin Property        | Sheaff Lane Vacant Lot | Sugartown Road Site | Lewis Lane Vacant Land |
| Address                          | Darby-Paoli Road         | 600 Maplewood Avenue         | 1430 County Line Road        | 1626 Spring Mill Road | 7111-A Sheaff Lane     | 354 Sugartown Road  | 500 Lewis Lane         |
| City                             | Villanova                | Wayne                        | Bryn Mawr                    | Gladwyne              | Fort Washington        | Devon               | Ambler                 |
| County                           | Delaware                 | Delaware                     | Delaware                     | Montgomery            | Montgomery             | Chester             | Montgomery             |
| State                            | Pennsylvania             | Pennsylvania                 | Pennsylvania                 | Pennsylvania          | Pennsylvania           | Pennsylvania        | Pennsylvania           |
| Sale Date                        |                          | Oct-10                       | Jun-11                       | Jul-12                | Jan-14                 | Jan-14              | Jan-14                 |
| Sale Status                      |                          | Closed                       | Closed                       | Closed                | Listing                | Listing             | Listing                |
| Effective Sale Price             |                          | \$8,800,000                  | \$1,595,000                  | \$4,750,000           | \$4,000,000            | \$2,900,000         | \$2,985,000            |
| Acres                            | 16.336                   | 35.96                        | 4.63                         | 11.96                 | 22.00                  | 10.60               | 10.97                  |
| <b>Price per Acre</b>            |                          | <b>\$244,716</b>             | <b>\$344,195</b>             | <b>\$397,157</b>      | <b>\$181,818</b>       | <b>\$273,585</b>    | <b>\$272,106</b>       |
| Property Rights                  |                          | Fee Simple                   | Fee Simple                   | Fee Simple            | Fee Simple             | Fee Simple          | Fee Simple             |
| % Adjustment                     |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Financing Terms                  |                          | Cash to seller               | Cash to seller               | Cash to seller        | Cash to seller         | Cash to seller      | Cash to seller         |
| % Adjustment                     |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Conditions of Sale               |                          | Arms length                  | Arms length                  | Arms length           | Active Listing         | Active Listing      | Active Listing         |
| % Adjustment                     |                          | —                            | —                            | —                     | -15%                   | -15%                | -15%                   |
| Market Conditions                | 1/9/2014                 | Oct-10                       | Jun-11                       | Jul-12                | Jan-14                 | Jan-14              | Jan-14                 |
| Annual % Adjustment              |                          | 9%                           | 6%                           | 3%                    | —                      | —                   | —                      |
| <b>Cumulative Adjusted Price</b> |                          | <b>\$266,741</b>             | <b>\$364,847</b>             | <b>\$409,072</b>      | <b>\$154,545</b>       | <b>\$232,547</b>    | <b>\$231,290</b>       |
| Location                         |                          | —                            | —                            | -15%                  | 10%                    | —                   | 10%                    |
| Size                             |                          | 10%                          | -20%                         | -5%                   | 5%                     | -5%                 | -5%                    |
| Shape & Topography               |                          | —                            | —                            | —                     | 5%                     | —                   | 5%                     |
| Zoning/Entitlements              |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Conservation Easements           |                          | —                            | —                            | —                     | —                      | —                   | 10%                    |
| Flood Plain                      |                          | —                            | —                            | —                     | —                      | —                   | 5%                     |
| Net \$ Adjustment                |                          | \$26,674                     | -\$72,969                    | -\$81,814             | \$30,909               | -\$11,627           | \$57,822               |
| Net % Adjustment                 |                          | 10%                          | -20%                         | -20%                  | 20%                    | -5%                 | 25%                    |
| <b>Final Adjusted Price</b>      |                          | <b>\$293,415</b>             | <b>\$291,877</b>             | <b>\$327,258</b>      | <b>\$185,455</b>       | <b>\$220,920</b>    | <b>\$289,112</b>       |
| Overall Adjustment               |                          | 20%                          | -15%                         | -18%                  | 2%                     | -19%                | 6%                     |
| <b>Range of Adjusted Prices</b>  |                          | <b>\$185,455 - \$327,258</b> |                              |                       |                        |                     |                        |
| <b>Indicated Value</b>           |                          | <b>\$220,000</b>             |                              |                       |                        |                     |                        |

**Land Value Conclusion – Parcel B**

Based on the preceding analysis, we reach a land value conclusion as follows:

| <b>Land Value Conclusion</b> |                    |
|------------------------------|--------------------|
| Indicated Value per Acre     | \$220,000          |
| Subject Acres                | <u>16.34</u>       |
| Indicated Value              | \$3,593,920        |
| Rounded                      | <u>\$3,590,000</u> |

**Land Sales Adjustment Grid - Parcel C -- Rye Field**

|                                  | Subject                  | Comparable 1                 | Comparable 2                 | Comparable 3          | Comparable 4           | Comparable 5        | Comparable 6           |
|----------------------------------|--------------------------|------------------------------|------------------------------|-----------------------|------------------------|---------------------|------------------------|
| Name                             | Part of Ardrossan Estate | Poplar House Estate          | Radnor Walk Development Site | Rubin Property        | Sheaff Lane Vacant Lot | Sugartown Road Site | Lewis Lane Vacant Land |
| Address                          | Darby-Paoli Road         | 600 Maplewood Avenue         | 1430 County Line Road        | 1626 Spring Mill Road | 7111-A Sheaff Lane     | 354 Sugartown Road  | 500 Lewis Lane         |
| City                             | Villanova                | Wayne                        | Bryn Mawr                    | Gladwyne              | Fort Washington        | Devon               | Ambler                 |
| County                           | Delaware                 | Delaware                     | Delaware                     | Montgomery            | Montgomery             | Chester             | Montgomery             |
| State                            | Pennsylvania             | Pennsylvania                 | Pennsylvania                 | Pennsylvania          | Pennsylvania           | Pennsylvania        | Pennsylvania           |
| Sale Date                        |                          | Oct-10                       | Jun-11                       | Jul-12                | Jan-14                 | Jan-14              | Jan-14                 |
| Sale Status                      |                          | Closed                       | Closed                       | Closed                | Listing                | Listing             | Listing                |
| Effective Sale Price             |                          | \$8,800,000                  | \$1,595,000                  | \$4,750,000           | \$4,000,000            | \$2,900,000         | \$2,985,000            |
| Acres                            | 27.04                    | 35.96                        | 4.63                         | 11.96                 | 22.00                  | 10.60               | 10.97                  |
| <b>Price per Acre</b>            |                          | <b>\$244,716</b>             | <b>\$344,195</b>             | <b>\$397,157</b>      | <b>\$181,818</b>       | <b>\$273,585</b>    | <b>\$272,106</b>       |
| Property Rights                  |                          | Fee Simple                   | Fee Simple                   | Fee Simple            | Fee Simple             | Fee Simple          | Fee Simple             |
| % Adjustment                     |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Financing Terms                  |                          | Cash to seller               | Cash to seller               | Cash to seller        | Cash to seller         | Cash to seller      | Cash to seller         |
| % Adjustment                     |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Conditions of Sale               |                          | Arms length                  | Arms length                  | Arms length           | Active Listing         | Active Listing      | Active Listing         |
| % Adjustment                     |                          | —                            | —                            | —                     | -15%                   | -15%                | -15%                   |
| Market Conditions                | 1/9/2014                 | Oct-10                       | Jun-11                       | Jul-12                | Jan-14                 | Jan-14              | Jan-14                 |
| Annual % Adjustment              |                          | 9%                           | 6%                           | 3%                    | —                      | —                   | —                      |
| <b>Cumulative Adjusted Price</b> |                          | <b>\$266,741</b>             | <b>\$364,847</b>             | <b>\$409,072</b>      | <b>\$154,545</b>       | <b>\$232,547</b>    | <b>\$231,290</b>       |
| Location                         |                          | —                            | —                            | -15%                  | 10%                    | —                   | 10%                    |
| Size                             |                          | 5%                           | -25%                         | -10%                  | —                      | -10%                | -10%                   |
| Shape & Topography               |                          | —                            | —                            | —                     | 5%                     | —                   | 5%                     |
| Zoning/Entitlements              |                          | —                            | —                            | —                     | —                      | —                   | —                      |
| Conservation Easements           |                          | —                            | —                            | —                     | —                      | —                   | 10%                    |
| Flood Plain                      |                          | —                            | —                            | —                     | —                      | —                   | 5%                     |
| Net \$ Adjustment                |                          | \$13,337                     | -\$91,212                    | -\$102,268            | \$23,182               | -\$23,255           | \$46,258               |
| Net % Adjustment                 |                          | 5%                           | -25%                         | -25%                  | 15%                    | -10%                | 20%                    |
| <b>Final Adjusted Price</b>      |                          | <b>\$280,078</b>             | <b>\$273,635</b>             | <b>\$306,804</b>      | <b>\$177,727</b>       | <b>\$209,292</b>    | <b>\$277,548</b>       |
| Overall Adjustment               |                          | 14%                          | -21%                         | -23%                  | -2%                    | -24%                | 2%                     |
| <b>Range of Adjusted Prices</b>  |                          | <b>\$177,727 - \$306,804</b> |                              |                       |                        |                     |                        |
| <b>Indicated Value</b>           |                          | <b>\$210,000</b>             |                              |                       |                        |                     |                        |

**Land Value Conclusion – Parcel C**

Based on the preceding analysis, we reach a land value conclusion as follows:

| <b>Land Value Conclusion</b> |                    |
|------------------------------|--------------------|
| Indicated Value per Acre     | \$210,000          |
| Subject Acres                | <u>27.04</u>       |
| Indicated Value              | \$5,678,400        |
| Rounded                      | <u>\$5,680,000</u> |

## Reconciliation and Conclusion of Value

As discussed previously, we use only the sales comparison approach in developing an opinion of value for the subject. The cost and income approaches are not applicable, and are not used.

Based on the preceding valuation analysis and subject to the definitions, assumptions, and limiting conditions expressed in the report, our value opinion follows:

| <b>Value Conclusions</b>                 |                    |                 |                  |
|--|--------------------|-----------------|------------------|
| Parcel                                   | Interest Appraised | Date of Value   | Value Conclusion |
| Parcel A -- Flood Plain -- Wheeler Field | Fee Simple         | January 9, 2014 | \$2,490,000      |
| Parcel B -- Quarry Tract                 | Fee Simple         | January 9, 2014 | \$3,590,000      |
| Parcel C -- Rye Field                    | Fee Simple         | January 9, 2014 | \$5,680,000      |
| Total                                    |                    |                 | \$11,760,000     |

## Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume there are no environmental hazards either in or on the subject site. Although requested, an environmental report was not made available for our review.
2. This appraisal was completed without the benefit of a formal site survey. We assume the land area allocations and legal descriptions provided by the client are accurate and complete for purposes of this valuation analysis.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume the individual (3) subject parcels can be appropriately subdivided from the existing larger parcels in the near future, as well as be in compliance with all regulatory permits and approvals.

## Exposure and Marketing Times

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal. Marketing time is an estimate of the amount of time it might take to sell a property at the estimated market value immediately following the effective date of value.

Based on our review of recent sales transactions for similar properties and our analysis of supply and demand in the local market, it is our opinion that the probable exposure time for the property is within 12 months.

We foresee no significant changes in market conditions in the near term; therefore, it is our opinion that a reasonable marketing period is likely to be the same as the exposure time. Accordingly, we estimate the subject's marketing period at within 12 months.



## Certification

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. Michael Silverman, MAI, MRICS made a personal on-site inspection of the property that is the subject of this report. Cindy L. Schoenly has also made a personal on-site inspection of the subject.
12. No one provided significant real property appraisal assistance to the person(s) signing this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.
14. As of the date of this report, Michael Silverman, MAI, MRICS has completed the continuing education program for Designated Members of the Appraisal Institute.

15. As of the date of this report, Cindy L. Schoenly has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.



Michael Silverman, MAI, MRICS  
Managing Director  
Certified General Real Estate Appraiser  
Pennsylvania Certificate # GA-001541-R



Cindy L. Schoenly  
Senior Analyst  
Certified General Real Estate Appraiser  
Pennsylvania Certificate # GA-000976-L

## Assumptions and Limiting Conditions

This appraisal is based on the following assumptions, except as otherwise noted in the report.

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos or toxic mold in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal is subject to the following limiting conditions, except as otherwise noted in the report.

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
  8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters.
  9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
  10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the person signing the report.
  11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
  12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
  13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
  14. No consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
  15. The current purchasing power of the dollar is the basis for the value stated in our appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
  16. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
  17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during

- the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
  19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
  20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property and the person signing the report shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
  21. The person signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
  22. Integra Realty Resources – Philadelphia is not a building or environmental inspector. Integra Philadelphia does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
  23. The appraisal report and value conclusion for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
  24. It is expressly acknowledged that in any action which may be brought against Integra Realty Resources – Philadelphia, Integra Realty Resources, Inc. or their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), arising out of, relating to, or in any way pertaining to this engagement, the appraisal reports, or any estimates or information contained therein, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with gross negligence. It is further acknowledged that the collective

- liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with gross negligence. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Philadelphia, an independently owned and operated company, has prepared the appraisal for the specific purpose stated elsewhere in the report. The intended use of the appraisal is stated in the General Information section of the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
  26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. Integra Realty Resources, Inc. and the undersigned are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
  27. All prospective value estimates presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
  28. The appraisal is also subject to the following:

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**Extraordinary Assumptions and Hypothetical Conditions**

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The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. We assume there are no environmental hazards either in or on the subject site. Although requested, an environmental report was not made available for our review.
2. This appraisal was completed without the benefit of a formal site survey. We assume the land area allocations and legal descriptions provided by the client are accurate and complete for purposes of this valuation analysis.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. We assume the individual (3) subject parcels can be appropriately subdivided from the existing larger parcels in the near future, as well as be in compliance with all regulatory permits and approvals.
-



## **Addendum A**

### **Appraiser Qualifications**

# Michael Silverman, MAI, MRICS

## Experience

Actively engaged in real estate valuation and consulting since 1993. Practice is focused on commercial properties such as community/neighborhood shopping centers, office buildings CBD and suburban, industrial, multifamily, vacant land, subdivisions, and special purpose properties such as college campuses, churches, car washes, and sports facilities. Specialized services include appraisals, market feasibility studies, acquisition/disposition counseling, and litigation support. Clients served include life insurance companies, banks and financial institutions, developers and investors, law firms, business/industry & government. Valuations have been performed for condemnation purposes, title issues, estate planning, financing, equity participation and due diligence support. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.

## Professional Activities & Affiliations

Appraisal Institute, Member (MAI) , March 2005  
Royal Institute of Chartered Surveyors, Member (MRICS)

## Licenses

Pennsylvania, General Appraiser, GA-001541-R, Expires June 2015  
New Jersey, General Appraiser, RG-001403, Expires December 2013  
Pennsylvania, Real Estate Broker, AB-061011-L, Expires May 2014

## Education

Bachelor of Business Administration in Real Estate, Penn State University, 1993.

Successfully completed numerous real estate and valuation courses and seminars sponsored by the Appraisal Institute, accredited universities and others.

## Articles and Publications

[http://www.usatoday.com/news/nation/census/2011-06-03-fewer-children-census-suburbs\\_n.htm](http://www.usatoday.com/news/nation/census/2011-06-03-fewer-children-census-suburbs_n.htm)

## Qualified Before Courts & Administrative Bodies

Qualified as an expert witness before various judicial bodies.

## Miscellaneous

Secretary – Appraisal Institute Philadelphia Metro Chapter- 2008  
Treasurer – Appraisal Institute Philadelphia Metro Chapter -2009  
Vice President – Appraisal Institute Philadelphia Metro Chapter -2010  
President – Appraisal Institute Philadelphia Metro Chapter- 2011  
Education Chair –Appraisal Institute Philadelphia Metro Chapter- 2007 -2009  
Instructor – Temple University Real Estate School-2007 - Present

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# Cindy L. Schoenly

## Experience

Actively engaged in real estate valuation and consulting since 1985. Assisted in the valuation of all styles of residential, commercial, industrial, and vacant land properties. Residential appraising and consulting include experience in unique styles such as mansions, earth-sheltered dwellings, geodesic domes, log homes, converted barns, etc. Commercial appraising and consulting include experience in subdivisions, smaller commercial office, retail, and mixed use properties along Main Street, USA; apartment buildings, and special purpose facilities including private schools, churches, self-storage facilities, and veterinary hospitals. Industrial appraising and consulting include experience in various auto and truck repair garages, auto body shops, and industrial warehouse and manufacturing facilities. Vacant land appraising and consulting include experience in subdivision, working farms, agricultural conservation farms and farmettes, gun club facilities, estate properties, and commercial and industrial tracts. Specialized services include appraisals, portfolio valuation, market feasibility studies, acquisition/disposition counseling, and litigation support in connection with real estate transactions. Clients served include life insurance companies and pension fund advisors, banks and financial institutions, conduits, developers and investors, law firms, business/industry and government, and mortgage bankers. Valuations have been performed for estate, financing, equity participation and due diligence support. Valuations and market studies have been done on proposed, partially completed, renovated and existing structures.

Has participated in portfolio valuations involving major properties throughout the United States working with other Integra offices.

## Licenses

Pennsylvania, General Appraiser, GA-000976-L, Expires June 2015

## Education

Associate Degree, Business Administration, Montgomery County Community College

Successfully completed numerous real estate and valuation courses and seminars sponsored by the Appraisal Institute, National Association of Independent Fee Appraisers, and U.S. Department of Housing and Urban Development.

## Integra Realty Resources Philadelphia

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# Integra Realty Resources, Inc.

## Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 63 independently owned and operated offices in 33 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and each is headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS  
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS  
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS  
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS  
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS  
BOSTON, MA - David L. Cary, Jr., MAI, MRICS  
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI  
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS  
CHICAGO, IL - Denis Gathman, MAI, CRE, FRICS, SRA  
CHICAGO, IL - Eric L. Enloe, MAI, FRICS  
CINCINNATI, OH - Gary S. Wright, MAI, FRICS  
CLEVELAND, OH - Douglas P. Sloan, MAI  
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM  
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS  
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS  
DAYTON, OH - Gary S. Wright, MAI, FRICS  
DENVER, CO - Brad A. Weiman, MAI, FRICS  
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS  
FORT WORTH, TX - Gregory B. Cook, SR/WA  
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS  
GREENVILLE, SC - Michael B. Dodds, MAI, CCIM  
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS  
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS  
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS  
JACKSONVILLE, FL - Robert Crenshaw, MAI  
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS  
LAS VEGAS, NV - Shelli L. Lowe, MAI, SRA, FRICS  
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS  
LOS ANGELES, CA - Matthew J. Swanson, MAI  
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS  
MEMPHIS, TN - J. Walter Allen, MAI, FRICS  
MIAMI/PALM BEACH, FL - Scott M. Powell, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS  
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS  
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS  
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS  
NEW JERSEY COASTAL - Halvor J. Egeland, MAI  
NEW JERSEY NORTHERN - Barry J. Krauser, MAI, CRE, FRICS  
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS  
ORANGE COUNTY, CA - Larry D. Webb, MAI, FRICS  
ORLANDO, FL - Christopher Starkey, MAI, MRICS  
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS  
PHOENIX, AZ - Walter 'Tres' Winius III, MAI, CRE, FRICS  
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS  
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS  
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS  
RALEIGH, NC - Chris R. Morris, MAI, FRICS  
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS  
SACRAMENTO, CA - Scott Beebe, MAI, FRICS  
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS  
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, CCIM, FRICS  
SAN ANTONIO, TX - Martyn C. Glen, MAI, CRE, FRICS  
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS  
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS  
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS  
SAVANNAH, GA - J. Carl Schultz, Jr., MAI, FRICS, CRE, SRA  
SEATTLE, WA - Allen N. Safer, MAI, MRICS  
SYRACUSE, NY - William J. Kimball, MAI, FRICS  
TAMPA, FL - Bradford L. Johnson, MAI, MRICS  
TULSA, OK - Robert E. Gray, MAI, FRICS  
WASHINGTON, DC - Patrick C. Kerr, MAI, SRA, FRICS  
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS  
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS

### Corporate Office

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## **Addendum B**

### **Definitions**

## Definitions

The source of the following definitions is *The Dictionary of Real Estate Appraisal, Fifth Edition*, Appraisal Institute, Chicago, Illinois, 2010, unless otherwise noted.

### **As Is Market Value**

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date.

### **Disposition Value**

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a future exposure time specified by the client.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. An adequate marketing effort will be made during the exposure time specified by the client.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

### **Effective Date of Appraisal**

The date on which the analyses, opinions, and advice in an appraisal, review, or consulting service apply.

### **Entitlement**

In the context of ownership, use, or development of real property, the right to receive governmental approvals for annexation, zoning, utility extensions, construction permits, and occupancy/use permits. The approval period is usually finite and may require the owner and/or developer to pay impact and/or user fees in addition to other costs to secure the entitlement. Entitlements may be transferable, subject to covenants or government protocols, may constitute vested rights, and may represent an enhancement to a property's value.

### **Entrepreneurial Profit**

1. A market-derived figure that represents the amount an entrepreneur receives for his or her

- contribution to a project and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses.
2. In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

**Exposure Time**

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

**Fee Simple Estate**

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

**Floor Area Ratio (FAR)**

The relationship between the above-ground floor area of a building, as described by the building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area.

**Highest and Best Use**

The reasonably probable and legal use of vacant land or an improved property that 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. Alternatively, the probable use of land or improved property – specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

**Lease**

A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

**Leased Fee Interest**

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

**Leasehold Interest**

The tenant's possessory interest created by a lease.



**Liquidation Value**

The most probable price that a specified interest in real property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars, or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms.

**Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.

**Market Value**

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:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their own best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

*(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)*

**Prospective Opinion of Value**

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

## **Addendum C**

### **Property Information**



## MOMENEE AND ASSOCIATES, INC.

924 COUNTY LINE ROAD • BRYN MAWR, PENNSYLVANIA 19010

610-527-3030 • FAX 610-527-9008

E-Mail: [Info@momenec.com](mailto:Info@momenec.com)

[www.momenec.com](http://www.momenec.com)

Description of Parcel "A" a portion of "The Ardrossan Farm",  
(AKA: The Wheeler Field and Schoolhouse Lot) Situate in the  
Township of Radnor, Delaware County and Commonwealth of  
Pennsylvania according to a plan prepared by Momenec  
Survey Group Inc. titled "Boundary Survey of Ardrossan  
Farm" Sheet 1 of 1" dated July 27, 1999 as follows to wit:

**BEGINNING** at a point being the northeasterly corner of Parcel "A", said beginning point being the intersection of the title line of Darby-Paoli Road (33 feet wide) and the title line of Saw Mill Road (33 feet wide), thence from said beginning point along said Darby-Paoli Road Title line, the following seven courses and distances, 1) S 47°57'20" E, 103.77 feet to a point, 2) S 19°54'20" E, 344.80 feet to a point, 3) N 66°53'00" E, 11.30 feet to a point, 4) S 36°17'00" E, 95.65 feet to a point 5) S 54°51'00" E, 426.60 feet to a point 6) S 56°14'53" E, 737.07 feet to a point, 7) S 51°34'00" E, 607.00 feet to a point being the intersection of the title line of Darby-Paoli Road and Godfrey Road, thence leaving said Darby-Paoli Road Title line, along line of lands N/F of Domenic Ciliberto and lands N/F of Robert C. and Nancy P. Steinmann S 57°37'22" W, 283.36 feet to a point being a corner of lands of Steinman and lands N/F of Robert J. and Annette Shields, thence along line of lands of Shields and lands N/F of Joseph L. and Christina Fox and The Township of Radnor N 88°18'36" W, 934.900 feet to a corner point in or near the bed of Darby Creek, thence along the path of Darby Creek, the following twelve courses and distances; 1) N 14°43'21" W, 132.99 feet to a point, 2) N 21°18'36" W, 132.03 feet to a point, 3) N 36°34'56" W, 230.23 feet to a point, 4) N 59°31'46" W, 201.82 feet to a point, 5) N 51°13'16" W, 99.06 feet to a point, 6) N 10°08'36" W, 138.35 feet to a point, 7) N 22°38'26" W, 69.79 feet to a point, 8) N 30°27'46" W, 243.15 feet to a point, 9) N 36°04'26" W, 117.64 feet to a point, 10) N 06°52'06" W, 169.77 feet to a point, 11) N 03°37'56" W, 121.46 feet to a point, 12) N 06°56'22" E, 145.13 feet to a point, in the bed of Saw Mill Road, thence along a line in the bed of Saw Mill Road, the following two courses and distances; 1) N 78°50'00" E, 84.5 feet to a point, 2) N 60°20'35" E, 133.86 feet to the first mentioned point and place of beginning.

**CONTAINING:** 27.654 acres more or less.

## MOMENEE AND ASSOCIATES, INC.

924 COUNTY LINE ROAD • BRYN MAWR, PENNSYLVANIA 19010  
610-527-3030 • FAX 610-527-9008  
E-Mail: [Info@momenec.com](mailto:Info@momenec.com)  
[www.momenec.com](http://www.momenec.com)

**Description of Parcel "B" a portion of "The Ardrossan Farm",  
(AKA: The Quarry Tract) Situate in the Township of Radnor,  
Delaware County and Commonwealth of Pennsylvania  
according to a plan prepared by Momenec Survey Group Inc.  
titled "Boundary Survey of Ardrossan Farm" Sheet 1 of 1"  
dated July 27, 1999 as follows to wit:**

**BEGINNING** at a point being the northeasterly corner of Parcel "B", said beginning point being the intersection of the title line of Darby-Paoli Road (33 feet wide) and the title line of Newtown Road (33 feet wide), thence from said beginning point along said Darby-Paoli Road Title line, the following four courses and distances, 1) S 36°28'58" E, 51.75 feet to a point, 2) S 20°00'00" E, 155.49 feet to a point, 3) S 07°25'00" E, 441.45 feet to a point, 4) S 04°08'30" W, 646.05 feet to a point, thence leaving said Darby-Paoli Road Title line, crossing a monument, along lands N/F of The Township of Radnor "Skunk Hollow Park" the following three courses and distances; 1) S 89°13'49" W, 276.57 feet to a point, 2) N 45°20'33" W, 341.83 feet to a point, 3) N 18°01'30" W, 786.87 feet to a corner point on line of lands N/F of The Township of Radnor "The Willows Park", thence along line of lands of The Willows Park, N 66°55'10" E, 727.10 feet to the first mentioned point and place of beginning.

**CONTAINING:** 16.336 acres more or less.

# MOMENEE AND ASSOCIATES, INC.

924 COUNTY LINE ROAD • BRYN MAWR, PENNSYLVANIA 19010

610-527-3030 • FAX 610-527-9008

E-Mail: [Info@momenee.com](mailto:Info@momenee.com)

[www.momenee.com](http://www.momenee.com)

## EXHIBIT \_\_\_\_

Description of Parcel "C" a portion of "The Ardrossan Farm",  
(AKA: The Rye Field) Situate in the Township of Radnor,  
Delaware County and Commonwealth of Pennsylvania  
according to a plan prepared by Momenee And Associates Inc.  
titled "Plan of Parcels - The Ardrossan Farm" Sheet 1 of 1"  
dated September November 4, 2013 as follows to wit:

**BEGINNING** at a point being the northeasterly corner of Parcel "C", said beginning point being the intersection of the title line of Darby-Paoli Road (33 feet wide) and the title line of Newtown Road (33 feet wide), thence from said beginning point along said Newtown Road Title line, N 66°43'41" E, 1,250.80 feet to a point, thence leaving said Newtown Road Title Line along a line through Lands of Ardrossan Farm the following twelve courses and distances, 1) S 23°16'19" E, 128.51 feet to a point of curvature, 2) along the arc of a circle curving to the right, having a radius of 33.50 feet and a central angle of 61°55'36" an arc distance of 36.21 feet to a point of tangency, 3) S 38°39'36" W, 159.27 feet to a point of curvature, 4) along the arc of a circle curving to the left, having a radius of 616.50 feet and a central angle of 41°24'53" an arc distance of 445.62 feet to a point of tangency, 5) S 02°45'17"E, 232.43 feet to a point of curvature, 6) along the arc of a circle curving to the right, having a radius of 383.50 feet and a central angle of 45°11'19" an arc distance of 302.46 feet to a point of tangency, 7) S 42°26'03" W, 264.73 feet to a point, 8) Along the arc of a circle curving to the left, having a radius of 140.00 feet, a central angle of 64°41'00", an arc distance of 158.05 feet, a chord bearing of S 43°46'23" W, a chord distance of 149.79 feet to a point, 9) S 42°26'03" W, 84.72 feet to a point of curvature, 10) along the arc of a circle curving to the left having a radius of 225.11 feet, and a central angle of 36°56'15" an arc distance of 145.13 feet, a chord bearing of S 57°23'03" W, a chord distance of 142.63 feet to a point, 11) S 25°08'33" E, 126.18 feet to a point, 12) S 64°53'30" W, 388.10 feet to a point on the title line of Darby-Paoli Road, thence along said Darby-Paoli Road title line the following six courses and distances, 1) N 10°41'30" W, 88.07 feet to a point, 2) N 03°32'38" W, 72.05 feet to a point, 3) N 04°08'30" E, 646.05 feet to a point, 4) N 07°25'00" W, 441.45 feet to a point, 5) N 20°00'00" W, 155.49 feet to a point, 6) N 36°28'58" W, 51.75 feet to the first mentioned point and place of beginning.

**CONTAINING:** 27.04 acres more or less.

ES III LP

## **Addendum D**

### **Comparable Data**



## Comparable Land Sales

## Location & Property Identification

Property Name: Poplar House Estate  
 Sub-Property Type: Land: Residential (Single Family)  
 Address: 600 Maplewood Ave.  
 City/State/Zip: Wayne, PA 19087  
 County: Delaware  
 Submarket: Philadelphia Main Line  
 Market Orientation: Suburban

Lat./Long.: 40.034481/-75.395966 IRR Event ID ( 727746 )

## Sale Information

Sale Price: \$8,800,000  
 Eff. R.E. Sale Price: \$8,800,000  
 Sale Date: 10/04/2010  
 Contract Date: 06/29/2010  
 Sale Status: Closed  
 \$/Acre(Gross): \$244,716  
 \$/Land SF(Gross): \$5.62  
 \$/Acre(Usable): \$244,716  
 \$/Land SF(Usable): \$5.62  
 Case Study Type: none  
 Grantor/Seller: George L. Harrison Jr.  
 Grantee/Buyer: Thomas & Jill Nerney  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: Book 4818, Page 1266  
 Verification Type: Secondary Verification

Zoning Code: AC  
 Zoning Desc.: Agricultural Conservation  
 Source of Land Info.: Other

## Comments

Property was originally listed for sale in October 2009 at an asking price of \$13,500,000. Buyer initially planned to rehab existing improvements, but end up demolishing the buildings, and plans to construct one residence. No subdivision was planned.

Main house construction in 1900 and maintained in fair condition. Property also has a carriage house and caretaker's house. Frontage along Brooke Road and Maplewood Road. Some steep slopes across property.

## Improvement and Site Data

MSA: PHL  
 Legal/Tax/Parcel ID: 36-03-01752-00  
 Acres(Usable/Gross): 35.96/35.96  
 Land-SF(Usable/Gross): 1,566,417/1,566,417  
 Usable/Gross Ratio: 1.00

## Location & Property Identification

|                     |                          |
|---------------------|--------------------------|
| Property Name:      | Radnor Walk              |
| Sub-Property Type:  | Residential: Subdivision |
| Address:            | 1430 County Line Rd.     |
| City/State/Zip:     | Bryn Mawr, PA 19010      |
| County:             | Delaware                 |
| Submarket:          | Philadelphia Main Line   |
| Market Orientation: | Suburban                 |



Lat./Long.: 40.029545/-75.331039 IRR Event ID ( 590157 )

## Sale Information

|                       |   |
|-----------------------|---|
| Sale Price:           | \$1,595,000   |
| Eff. R.E. Sale Price: | \$1,595,000   |
| Sale Date:            | 06/24/2011  |
| Sale Status:          | Closed  |
| Eff. Price/Unit:      | \$159,500 /Unit                                       |
| \$/Acre(Gross):       | \$344,195   |
| \$/Land SF(Gross):    | \$7.90  |
| \$/Acre(Usable):      | \$344,195   |
| \$/Land SF(Usable):   | \$7.90  |
| \$/Unit(Potential):   | \$159,500   |
| Case Study Type:      | none  |
| Grantor/Seller:       | Maud Harrison Gibbs<br>Testamentary Trust             |
| Grantee/Buyer:        | Boathouse Realty Associates<br>L.P. c/o Bentley Homes |

|                         |                                  |
|-------------------------|----------------------------------|
| Property Rights:        | Fee Simple                       |
| % of Interest Conveyed: | 100.00                           |
| Terms of Sale:          | Cash to seller                   |
| Document Type:          | Deed                             |
| Recording No.:          | Book 4960, Page 617              |
| Verified By:            | Cindy L. Schoenly                |
| Verification Date:      | 10/22/12                         |
| Verification Source:    | Suzanne Bono, CFO, Bentley Homes |
| Verification Type:      | Confirmed-Buyer                  |

## Improvement and Site Data

|                           |  |
|---------------------------|--|
| MSA:                      | Philadelphia-Camden-Wilmington, PA-NJ-DE-MD<br>Metropolitan Statistical Area |
| Legal/Tax/Parcel ID:      | 36-07-04409-00-0   |
| Acres(Usable/Gross):      | 4.63/4.63  |
| Land-SF(Usable/Gross):    | 201,857/201,857  |
| Usable/Gross Ratio:       | 1.00   |
| No. of Units/Unit Type:   | 10/Approved Lots   |
| No. of Units (Potential): | 10   |
| Zoning Code:              | R-4  |
| Zoning Desc.:             | Residence  |
| Source of Land Info.:     | Owner  |

## Comments

At time of sale, property was an estate with some building improvements thereon which were razed post-settlement. There were no approvals at time of sale; property was sold as raw land. Final approval was granted on 8/20/2012. Soft costs in gaining final approval status was \$260,000. Site work is estimated at \$1,219,629. This equates to a total developer investment of \$307,463 per approved/improved lot. Proposed lot sizes ranged from 13,220 SF to 28,652 SF; some lots back up to Business Route 30.

This is an approved residential 10-lot single family detached subdivision along County Line Road and

## Comments (Cont'd)

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Lancaster Avenue in Radnor Township. Township Resolution 2012-91 granted final approval on 8/20/2012. Lot sizes range from 13,220 SF to 28,652 SF. Houses will range from \$979,000 (3652 SF) to \$999,000 (3659 SF). Public records reflects that this was a sheriff sale.

## Location & Property Identification

Property Name: Rubin Property  
 Sub-Property Type: Residential: Subdivision  
 Address: 1626 Spring Mill Rd.  
 City/State/Zip: Gladwyne, PA 19035  
 County: Montgomery  
 Submarket: Philadelphia Main Line  
 Market Orientation: Suburban

Lat./Long.: 40.063900/-75.290367 IRR Event ID ( 727745 )

## Sale Information

Sale Price: \$1,735,740  
 Eff. R.E. Sale Price: \$1,735,740  
 Sale Date: 07/13/2012  
 Contract Date: 04/26/2012  
 Sale Status: Closed  
 \$/Acre(Gross): \$145,129  
 \$/Land SF(Gross): \$3.33  
 \$/Acre(Usable): \$145,129  
 \$/Land SF(Usable): \$3.33  
 Case Study Type: none  
 Grantor/Seller: Michael Rubin  
 Grantee/Buyer: Edward & Brucie Baumstein  
 Property Rights: Fee Simple  
 % of Interest Conveyed: 100.00  
 Financing: Cash to seller  
 Document Type: Deed  
 Recording No.: Book 13360, Page 2324  
 Verification Type: Secondary Verification

Acres(Usable/Gross): 11.96/11.96  
 Land-SF(Usable/Gross): 520,977/520,977  
 Usable/Gross Ratio: 1.00  
 Zoning Code: RAA  
 Zoning Desc.: Residential  
 Source of Land Info.: Other

## Comments

Property was originally listed for sale in September 2010 for \$8,073,000 and most recently reduced to \$6,279,000. Property sold after a total of 1,553 days on the market. Buyer plans to purchase the site and develop the property as a family compound.

Assemblage of 5 parcels known as 1626 Spring Mill Road (2.28 acres), 1650 Spring Mill Road (2.60 acres), 1145 Gingko Lane (1.96 acres), 1125 Gingko Lane (2.50 acres), and 1135 Gingko Lane (2.50 acres). Of the 5 contiguous parcels, three parcels have existing dwellings that will be razed to make way for development.

## Improvement and Site Data

MSA: PHL  
 Legal/Tax/Parcel ID: 40-00-56652-008,  
 40-00-56656-004,  
 40-00-56664-005,  
 40-00-19236-002,  
 40-00-19237-001

## Location & Property Identification

|                     |                                   |
|---------------------|-----------------------------------|
| Property Name:      | Sheaff Lane Vacant Lot            |
| Sub-Property Type:  | Land: Residential (Single Family) |
| Address:            | 7111-A Sheaff Ln.                 |
| City/State/Zip:     | Fort Washington, PA 19034         |
| County:             | Montgomery                        |
| Submarket:          | Montgomery County                 |
| Market Orientation: | Suburban                          |

IRR Event ID ( 727742 )

## Sale Information

|                          |                        |
|--------------------------|------------------------|
| Listing Price:           | \$4,000,000            |
| Eff. R.E. Listing Price: | \$4,000,000            |
| Listing Date:            | 01/01/2014             |
| Sale Status:             | Listing                |
| \$/Acre(Gross):          | \$181,818              |
| \$/Land SF(Gross):       | \$4.17                 |
| \$/Acre(Usable):         | \$181,818              |
| \$/Land SF(Usable):      | \$4.17                 |
| Case Study Type:         | none                   |
| Grantor/Seller:          | Dennis Alter           |
| Grantee/Buyer:           | Active Listing         |
| Property Rights:         | Fee Simple             |
| % of Interest Conveyed:  | 100.00                 |
| Financing:               | Cash to seller         |
| Document Type:           | Listing Flyer          |
| Verification Type:       | Secondary Verification |

|                       |             |
|-----------------------|-------------|
| Zoning Desc.:         | Residential |
| Source of Land Info.: | Other       |

## Comments

Active listing of vacant land that is part of a larger estate which has been listed for sale for over 12 months. The entire 70-acre luxury estate property is currently listed for sale at \$25,000,000.

Part of a 70+acre estate located in Whitmarsh Township.

## Improvement and Site Data

|                        |   |
|------------------------|---|
| MSA:                   | PHL                                     |
| Legal/Tax/Parcel ID:   | P/O 65-00-10611-502 and 65-00-10612-609 |
| Acres(Usable/Gross):   | 22.00/22.00                             |
| Land-SF(Usable/Gross): | 958,320/958,320                         |
| Usable/Gross Ratio:    | 1.00                                    |
| Zoning Code:           | AAA                                     |

## Location & Property Identification

|                     |                          |
|---------------------|--------------------------|
| Property Name:      | Sugartown Road Site      |
| Sub-Property Type:  | Residential: Subdivision |
| Address:            | 354 Sugartown Rd.        |
| City/State/Zip:     | Devon, PA 19333          |
| County:             | Chester                  |
| Submarket:          | Philadelphia Main Line   |
| Market Orientation: | Suburban                 |

IRR Event ID ( 727744 )

## Sale Information

|                          |                        |
|--------------------------|------------------------|
| Listing Price:           | \$2,900,000            |
| Eff. R.E. Listing Price: | \$2,900,000            |
| Listing Date:            | 01/01/2014             |
| Sale Status:             | Listing                |
| \$/Acre(Gross):          | \$273,585              |
| \$/Land SF(Gross):       | \$6.28                 |
| \$/Acre(Usable):         | \$273,585              |
| \$/Land SF(Usable):      | \$6.28                 |
| Case Study Type:         | none                   |
| Grantor/Seller:          | Daniel & Candice Kane  |
| Grantee/Buyer:           | Active Listing         |
| Property Rights:         | Fee Simple             |
| % of Interest Conveyed:  | 100.00                 |
| Financing:               | Cash to seller         |
| Document Type:           | Listing Flyer          |
| Verification Type:       | Secondary Verification |

## Comments

Property is listed for sale in Easttown Township near South Waterloo Road. Original asking price was \$3,000,000; total days on the market are 116.

Residential land with a manor house and pond. Sketch plans were drawn for a 6-lot subdivision.

## Improvement and Site Data

|                        |                 |
|------------------------|-----------------|
| MSA:                   | PHL             |
| Legal/Tax/Parcel ID:   | 55-02-228       |
| Acres(Usable/Gross):   | 10.60/10.60     |
| Land-SF(Usable/Gross): | 461,736/461,736 |
| Usable/Gross Ratio:    | 1.00            |
| Zoning Code:           | AA              |
| Zoning Desc.:          | Residential     |
| Source of Land Info.:  | Other           |



## Location & Property Identification

|                     |                          |
|---------------------|--------------------------|
| Property Name:      | Lewis Lane Vacant Land   |
| Sub-Property Type:  | Residential: Subdivision |
| Address:            | 500 Lewis Ln.            |
| City/State/Zip:     | Ambler, PA 19002         |
| County:             | Montgomey                |
| Submarket:          | Montgomery County        |
| Market Orientation: | Suburban                 |

Lat./Long.: 40.152874/-75.246201 IRR Event ID ( 727743 )

## Sale Information

|                          |                          |
|--------------------------|--------------------------|
| Listing Price:           | \$2,985,000              |
| Eff. R.E. Listing Price: | \$2,985,000              |
| Listing Date:            | 01/01/2014               |
| Sale Status:             | Listing                  |
| \$/Acre(Gross):          | \$272,106                |
| \$/Land SF(Gross):       | \$6.25                   |
| \$/Acre(Usable):         | \$272,106                |
| \$/Land SF(Usable):      | \$6.25                   |
| Case Study Type:         | none                     |
| Grantor/Seller:          | Richard & Felicia Wezner |
| Grantee/Buyer:           | Active Listing           |
| Property Rights:         | Fee Simple               |
| % of Interest Conveyed:  | 100.00                   |
| Financing:               | Cash to seller           |
| Document Type:           | Listing Flyer            |
| Verification Type:       | Secondary Verification   |

## Comments

Active listing of vacant residential land that is potentially subdividable into two building lots. Property was originally listed for sale at \$3,700,000 and currently reduced to \$2,985,000. Total days on the market are 1,258. Prior conveyance was in January 2007 for \$2,500,000.

Site borders Prophecy Creek and adjoining open space owned by Wissahickon Valley Watershed Association. Conservation easements have been established to preserve integrity of the property. Tract is reportedly subdividable into 2 building lots. Site also has utility and private driveway easements across the property.

## Improvement and Site Data

|                        |                 |
|------------------------|-----------------|
| MSA:                   | PHL             |
| Legal/Tax/Parcel ID:   | 66-00-03293-007 |
| Acres(Usable/Gross):   | 10.97/10.97     |
| Land-SF(Usable/Gross): | 477,853/477,853 |
| Usable/Gross Ratio:    | 1.00            |
| Zoning Code:           | R5              |
| Zoning Desc.:          | Residential     |
| Source of Land Info.:  | Other           |

**Addendum E**  
**Engagement Letter**



T 215-587-6001  
F 215-587-6007  
jpasquarella@irr.com  
www.irr.com



December 17, 2013

Mr. Robert Zienkowski  
Radnor Township  
301 Ivan Avenue  
Wayne, PA 19087

SUBJECT: Proposal/Authorization for Valuation and Consulting Services  
Three Portions of the Ardrossan Property  
Darby-Paoli and Newtown Roads  
Portions of Tax Parcel 36-36-8  
Identified as Parcels A (27.65 acres), Parcel B (16.336 acres), & Parcels C & D  
(46.23 acres)  
Radnor Township, PA (the "Subject Property")

Dear Mr. Zienkowski:

Integra Realty Resources – Philadelphia (“Integra – Philadelphia”) appreciates the opportunity to provide this proposal for valuation and counseling services to Radnor Township (the “Client”) for the above-captioned property.

It is our mutual understanding that the purpose of this appraisal is to provide an opinion of the market value of the fee simple estate in the Subject Property identified as Parcels A through D of the larger property known as Tax Parcel 36-36-8. The intended use of the report is for potential acquisition by Radnor Township of the subject for open space preservation. The appraisal and report will be prepared in conformance with and subject to, the Standards of Professional Practice and Code of Ethics of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation.

In accordance with our discussions, the scope of this assignment will require Integra Philadelphia to consider all relevant and applicable approaches to value as determined during the course of our research, property analysis and preparation of the report. The format of the report will be as presented in summary format.

Mr. Robert Zienkowski  
Radnor Township  
Page 2

Please be advised that my partner, Michael Silverman, MAI, Managing Director will be the appraiser who will complete the assignment. I will be out of the country and will not have sufficient time to complete the appraisal. I am expecting to be back by January 4, so I will plan to assist Michael in the presentation to the community, however, I will not be a signer.

Our fee for this assignment will be \$7,500. The fee will be inclusive of one presentation to A Radnor Township public hearing. We will provide three (3) copies of the report; however, additional copies of the report are available at an additional cost. The current minimum cost for each additional copy is \$100 per copy. The report will be completed and delivered to you on or before January 15th, 2014 based on our receipt of this fully executed engagement letter and the information requested in Attachment II no later than tomorrow, December 18, 2013.

The terms of Attachment I apply to this engagement and are hereby incorporated by reference.

The appraisal report will be limited by our standard Assumptions and Limiting Conditions and any Extraordinary Assumptions and Limiting Conditions, which become apparent or necessary during the course of the assignment. A copy of the standard Assumptions and Limiting Conditions is set forth in Attachment II.

If this proposal is acceptable, please authorize us to proceed by executing this letter agreement where noted below and returning one copy to the undersigned.

Sincerely,

INTEGRA REALTY RESOURCES – PHILADELPHIA



Joseph D. Pasquarella, MAI, CRE, FRICS  
Senior Managing Director

Attachments

AGREED & ACCEPTED THIS 17 DAY OF DECEMBER, 2013.

BY: Radnor Township



AUTHORIZED SIGNATURE  
Mr. Robert Zienkowski