ECONOMIC ANALYSIS

NATIONAL ECONOMIC & REAL ESTATE TRENDS

The following observations of the current economic market can be made:

- The national economy is recovering and, while there remains uncertainty as to when the markets will fully stabilize, the bottom of the market appears to be at present to very near term.
- Investors remain risk averse and the high level of uncertainty is causing investors to place more emphasis on Class A core Assets in major cities, particularly cities with international appeal.
- Fortunately, recent data from BLS suggests employment trends overall may be improving albeit slightly.
- There continues to be a dearth of investment capital for non-core assets or Class B-, C and below. Capital markets are keenly focused on quality and durability of income stream from properties leased to premier tenants with longer terms.
- While many consumers have been restrained by tight credit markets and high unemployment, economic improvements have been noted in the retail and luxury hospitality sectors. These two sectors have benefited from both discounted price rates and upward trending stock markets that have generally improved household wealth. Furthermore, it should be noted that the national apartment market has been the first commercial real estate sector to find stability, benefiting from increased job creation over the first quarter of 2010. However, the strengthening of the index of leading economic indicators reveals an increase in the number of economic sectors poised for recovery.

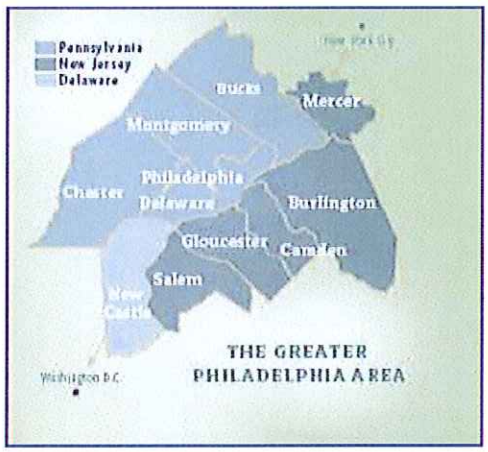
With the foregoing in mind, we now present an analysis of Montgomery County. The subject property is located within the Montgomery County, which is situate in Southeastern Pennsylvania and is part of the Philadelphia MSA.

MONTGOMERY COUNTY AREA ANALYSIS

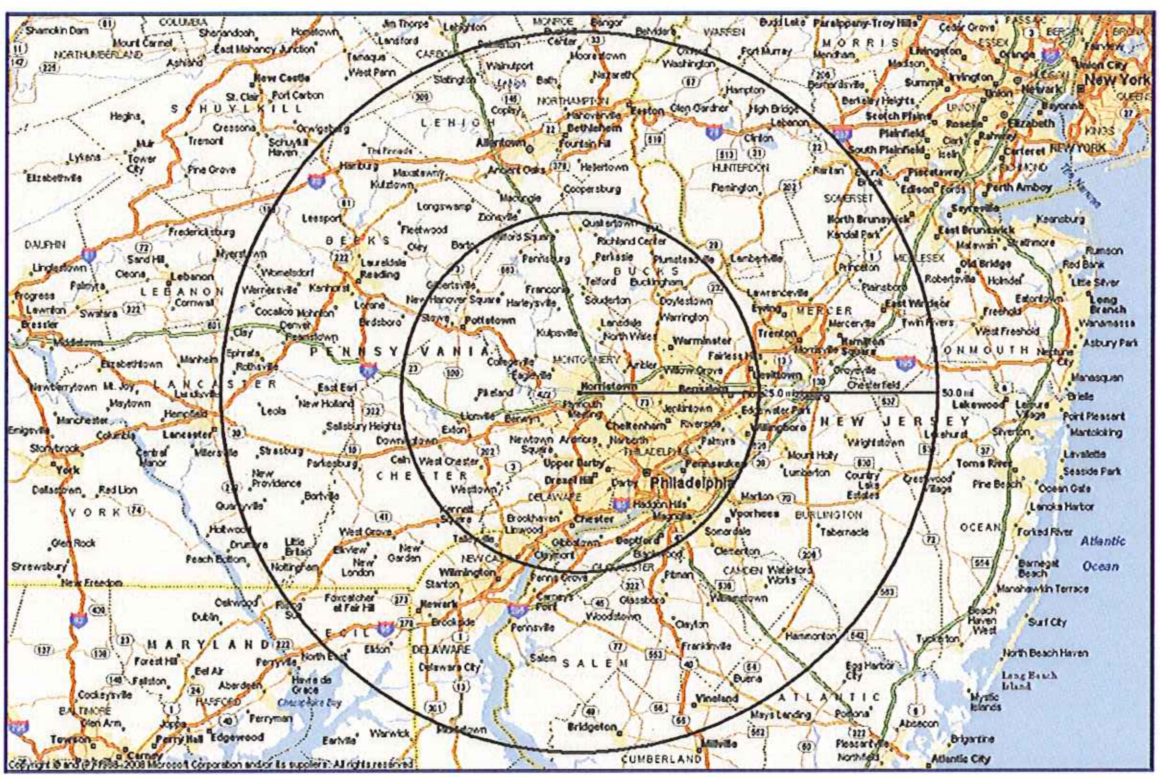
Montgomery County is located in southeastern Pennsylvania approximately 3 miles northwest of Center City Philadelphia. It is 483 square miles in size and has a population density of 1,627 persons per square mile. Montgomery County is part of the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD Metropolitan Statistical Area, hereinafter called the Philadelphia MSA, as defined by the U.S. Office of Management and Budget.

Montgomery 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 fifth 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 not, 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 Norristown, 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. Furthermore, biotechnology attracts a large share of venture capital investments into the region and Montgomery County. 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:

- 5^{th} largest metro region in the US and 2^{nd} largest in the East Coast
- 5^{th} largest in personal income
- 4^{th} largest total employment
- 4^{th} 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 Montgomery 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

Montgomery County has an estimated 2010 population of 785,992, which represents an average annual 0.5% increase over the 2000 census of 750,097. Montgomery County added an average of 3,590 residents per year over the 2000-2010 period, and its annual growth rate exceeded the State of Pennsylvania rate of 0.2%.

POPULATION TRENDS

	Population			Compound Ann. % Chng	
	2000 Census	2010 Est.	2015 Est.	2000 - 2010	2010 - 2015
New Jersey	8,414,350	8,822,373	8,926,303	0.5%	0.2%
Gloucester	254,673	294,832	312,981	1.5%	1.2%
Pennsylvania	12,281,054	12,574,407	12,637,100	0.2%	0.1%
Philadelphia MSA	5,687,147	5,890,141	5,931,875	0.4%	0.1%
United States	281,421,906	311,212,863	323,209,391	1.0%	0.8%
Philadelphia, PA	1,517,550	1,440,459	1,401,688	-0.5%	-0.5%
Delaware, PA	550,864	558,034	557,413	0.1%	0.0%
Montgomery, PA	750,097	785,992	795,882	0.5%	0.3%
Chester, PA	433,501	504,946	534,455	1.5%	1.1%
Bucks, PA	597,635	629,627	633,660	0.5%	0.1%
Camden, NJ	508,932	519,806	521,408	0.2%	0.1%
Burlington, NJ	423,394	452,064	454,204	0.7%	0.1%
Salem, NJ	64,285	66,841	67,497	0.4%	0.2%
New Castle, DE	500,265	534,207	543,917	0.7%	0.4%
Cecil, MD	85,951	103,333	108,770	1.9%	1.0%

Source: STDB/ ESRI

Looking forward, Montgomery County's population is projected to increase at a 0.3% annual rate from 2010-2015, equivalent to the addition of an average of 1,978 residents per year. Montgomery County's growth rate is expected to exceed that of Pennsylvania, which is projected to be 0.1%.

EMPLOYMENT

Total employment in Montgomery County is currently estimated at 469,029 jobs. Between year end 1999 and the present, employment declined by 11,942 jobs, equivalent to a 2.5% loss over the entire period. Employment gains that occurred in the mid-2000's were more than fully offset by job losses that occurred early in the decade and in the current economic downturn starting in 2008. Over a ten-year time span, there were five years in which employment grew and five years in which it declined.

Although many areas suffered drops in employment over the last decade, Montgomery County underperformed Pennsylvania, which experienced a decline in employment of 1.3% or 69,966 jobs over this period. Trends in employment are a key indicator of economic health and strongly correlate with real estate demand.

EMPLOYMENT TRENDS

	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
Year	Montgomery County	% Change	Pennsylvania	% Change	Montgomery County	Pennsylvania
1999	480,971		5,544,478		3.0%	4.4%
2000	495,337	3.0%	5,641,391	1.7%	3.2%	4.2%
2001	488,582	-1.4%	5,559,458	-1.5%	3.7%	4.8%
2002	487,321	-0.3%	5,534,883	-0.4%	4.6%	5.6%
2003	483,812	-0.7%	5,524,698	-0.2%	4.6%	5.7%
2004	488,050	0.9%	5,573,736	0.9%	4.2%	5.4%
2005	491,520	0.7%	5,620,456	0.8%	3.9%	5.0%
2006	493,723	0.4%	5,680,840	1.1%	3.6%	4.6%
2007	495,519	0.4%	5,717,355	0.6%	3.4%	4.3%
2008	487,698	-1.6%	5,647,404	-1.2%	4.3%	5.3%
2009	469,029	-3.8%	5,474,512	-3.1%	6.7%	8.1%
Overall Change 1999-2009	-11,942	-2.5%	-69,966	-1.3%		
Avg Unemp. Rate 1999-2009					4.1%	5.2%
Unemployment Rate - December 2010					6.7%	8.1%

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 Montgomery County unemployment rate has been consistently lower than that of Pennsylvania, with an average unemployment rate of 4.1% in comparison to a 5.2% rate for Pennsylvania. This is indicative of an element of stability in the Montgomery County economy that is not reflected in the declining employment figures.

At the current time, the Montgomery County unemployment rate is 6.7% in comparison to a 8.1% rate for Pennsylvania, a positive sign for the Montgomery County economy but one that must be tempered by the fact that Montgomery County has experienced a higher percentage of job losses in the current downturn than Pennsylvania.

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

Montgomery County, PA UNEMPLOYMENT COMPARISON	
Area	**Unemployment Rate**
Montgomery County, PA	6.70%
Philadelphia MSA	8.40%
Pennsylvania	8.10%
Northeast U.S. Region	8.10%
United States	9.80%
New York City	8.60%
Washington D.C.	9.20%
Boston	7.50%
Baltimore	10.40%

Source: Bureau of Labor Statistics
Last Update: December 2010

EMPLOYMENT SECTORS

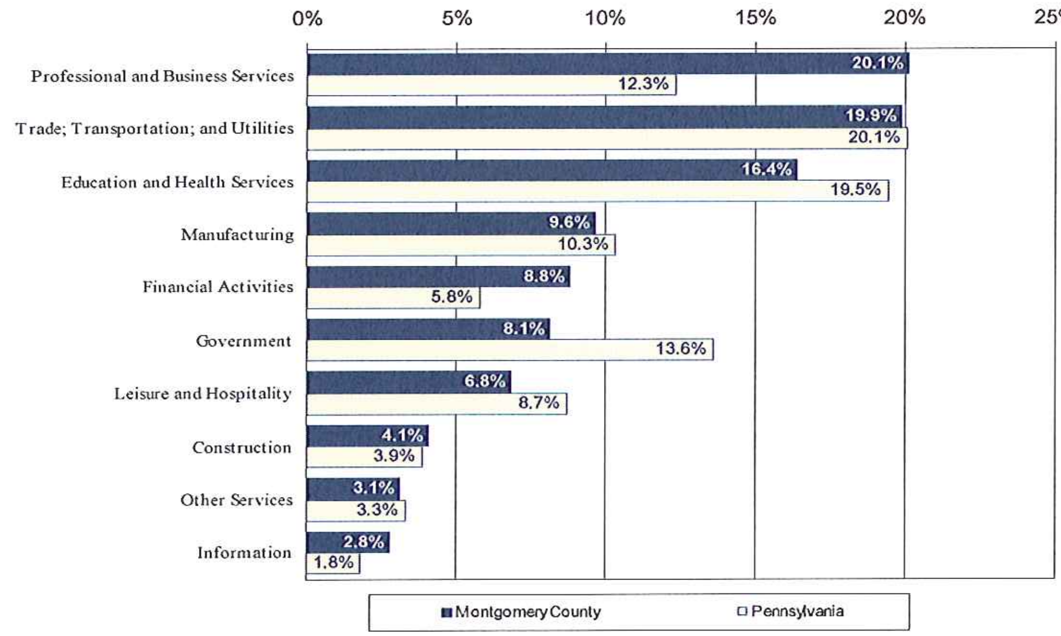
The composition of the Montgomery County job market is depicted in the chart below, along with that of Pennsylvania. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Montgomery County jobs in each category.

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

EMPLOYMENT COMPARISON TO OTHER US CITIES	
Education & Health Systems	1
Financial Activities	5
Information Technology	6

Source: The Select Greater Philadelphia Initiative

EMPLOYMENT SECTORS - 2009



Source: Bureau of Labor Statistics and Economy.com

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
Brisol-Myers Squibb	1,800
Baxter Healthcare	1,200
Covance	1,100

Source: The Select Greater Philadelphia Initiative

Montgomery County has greater concentrations than Pennsylvania in the following employment sectors:

1. Professional and Business Services, representing 20.1% of Montgomery County payroll employment compared to 12.3% for Pennsylvania as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.

2. Financial Activities, representing 8.8% of Montgomery County payroll employment compared to 5.8% for Pennsylvania as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

3. Construction, representing 4.1% of Montgomery County payroll employment compared to 3.9% for Pennsylvania as a whole. This sector includes construction of buildings, roads, and utility systems.

4. Information, representing 2.8% of Montgomery County payroll employment compared to 1.8% for Pennsylvania as a whole. Publishing, broadcasting, data processing, telecommunications, and software publishing are included in this sector.

Montgomery County is underrepresented in the following sectors:

1. Trade; Transportation; and Utilities, representing 19.9% of Montgomery County payroll employment compared to 20.1% for Pennsylvania as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

2. Education and Health Services, representing 16.4% of Montgomery County payroll employment compared to 19.5% for Pennsylvania as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.

3. Manufacturing, representing 9.6% of Montgomery County payroll employment compared to 10.3% for Pennsylvania as a whole. This sector includes all establishments engaged in the manufacturing of durable and nondurable goods.

4. Government, representing 8.1% of Montgomery County payroll employment compared to 13.6% for Pennsylvania as a whole. This sector includes employment in local, state, and federal government agencies.

MAJOR EMPLOYERS

Major employers in Montgomery County are shown in the table below.

TOP PRIVATE EMPLOYERS IN THE GREATER PHILADELPHIA REGION	
University of Pennsylvania	34,000
Jefferson Health System	23,000
Merck	12,000
Lockheed Martin Corporation	11,500
Supervalu Inc. (Acme)	11,500
Wal-Mart	11,445
Catholic Health East	11,339
UPS	10,261
Bank of America Corp.	10,000
Christiana Care Health System	10,000
E.I. du Pont de Nemours & Co.	9,500
Independence Blue Cross	9,500
Johnson & Johnson	9,328
Virtua	8,900

Source: The Select Greater Philadelphia Initiative

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 Montgomery 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 1.9% average annual rate while the United States has grown at a 2.3% rate. The area has felt the effects of the current downturn in a manner that parallels the United States. The Philadelphia MSA's GDP rose by 0.7% in 2008 while the United States GDP rose by a similar amount.

The Philadelphia MSA has a per capita GDP of $47,257, which is 25% greater than the United States GDP of $37,899. 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) Philadelphia MSA	% Change	($ Mil) US	% Change
2001	241,831		9,836,580	
2002	247,902	2.5%	9,981,850	1.5%
2003	256,366	3.4%	10,225,700	2.4%
2004	260,636	1.7%	10,580,200	3.5%
2005	266,656	2.3%	10,912,200	3.1%
2006	270,899	1.6%	11,218,800	2.8%
2007	274,038	1.2%	11,439,200	2.0%
2008	275,906	0.7%	11,523,600	0.7%
Compound % Chg (2001-2008)		1.9%		2.3%
GDP Per Capita 2008	$47,257		$37,899	

Source:Bureau of Economic Analysis and Economy.com

The figures in the table above represent inflation adjusted "real" GDP, with Philadelphia MSA figures stated in 2001 dollars and the United States figures stated in 2000 dollars.

HOUSEHOLD INCOME

Montgomery County is more affluent than Pennsylvania. Median household income for Montgomery County is $80,500, which is 52.7% greater than the corresponding figure for Pennsylvania.

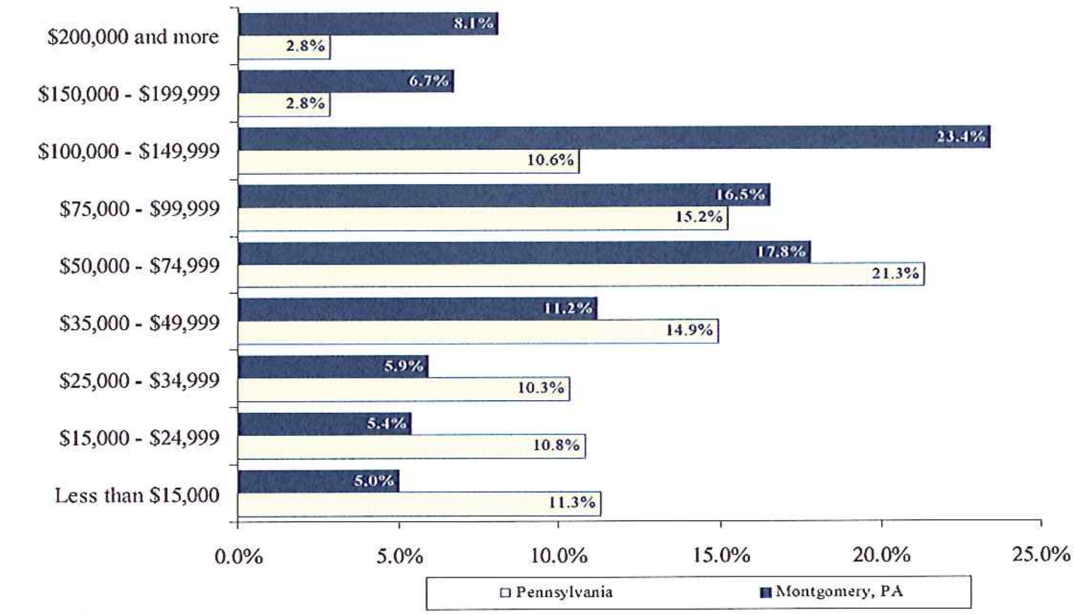
MEDIAN HOUSEHOLD INCOME - 2010

Montgomery, PA	$80,500
Pennsylvania	$52,723
Comparison of Montgomery, PA to Pennsylvania	▲ 52.7%

Source: STDB/ ESRI

The chart below shows the distribution of households across nine income levels. Montgomery County has a greater concentration of households in the higher income levels than Pennsylvania. Specifically, 55% of Montgomery County households are at the $75,000 or greater levels in household income as compared to 31% of Pennsylvania households. A lesser concentration of households is apparent in the lower income levels, as 16% of Montgomery County households are below the $35,000 level in household income versus 32% of Pennsylvania households.

HOUSEHOLD INCOME DISTRIBUTION - 2010

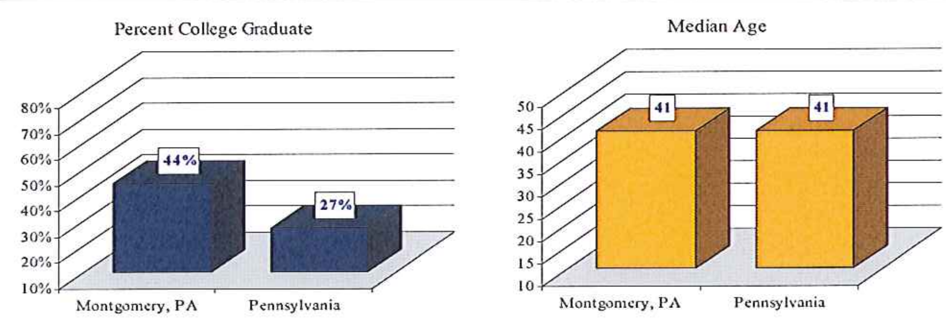


Source: STDB/ ESRI

EDUCATION AND AGE

Residents of Montgomery County have a higher level of educational attainment than those of Pennsylvania. An estimated 44% of Montgomery County residents are college graduates with four year degrees, versus 27% of Pennsylvania residents. People in Montgomery County are similar in age to their Pennsylvania counterparts. The median age of both Montgomery County and Pennsylvania is 41 years.

EDUCATION AND AGE - 2010

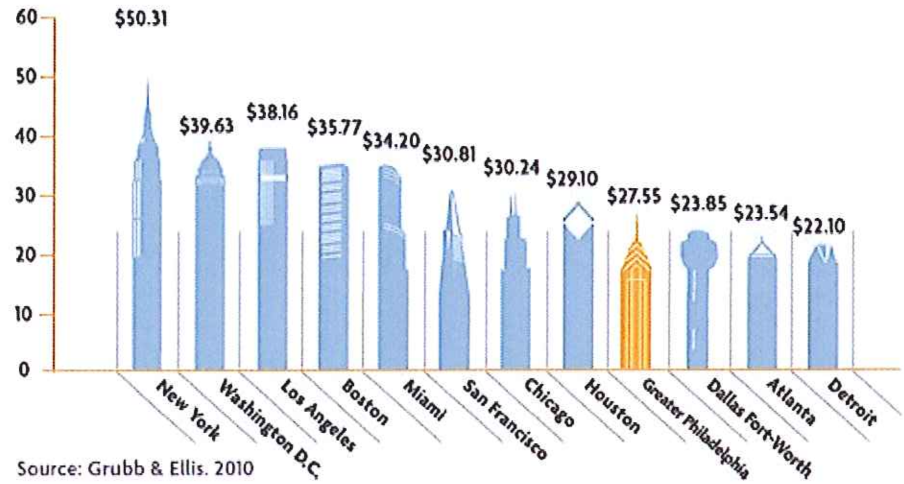


Source: STDB/ ESRI

COST OF DOING BUSINESS

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

Rental Rates per sq. ft. for Class A Office Space in Top U.S. Metros in 2009 (Q3/Q4)



Source: Grubb & Ellis. 2010

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

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

In the short term, Montgomery County will continue to suffer the effects of the current downturn, including job losses and an abnormally high unemployment rate that are exerting a negative influence on real estate demand.

Over the long term, Montgomery County will benefit from a stable to slightly growing population base and higher income and education levels. Although Montgomery County experienced a decline in the number of jobs over the past decade, it has maintained a consistently lower unemployment rate than Pennsylvania during this time, which is a positive indicator. Moreover, Montgomery County benefits from being part of the Philadelphia MSA, which is the fifth 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 Montgomery County economy will recover and employment growth will resume, strengthening the demand for real estate.

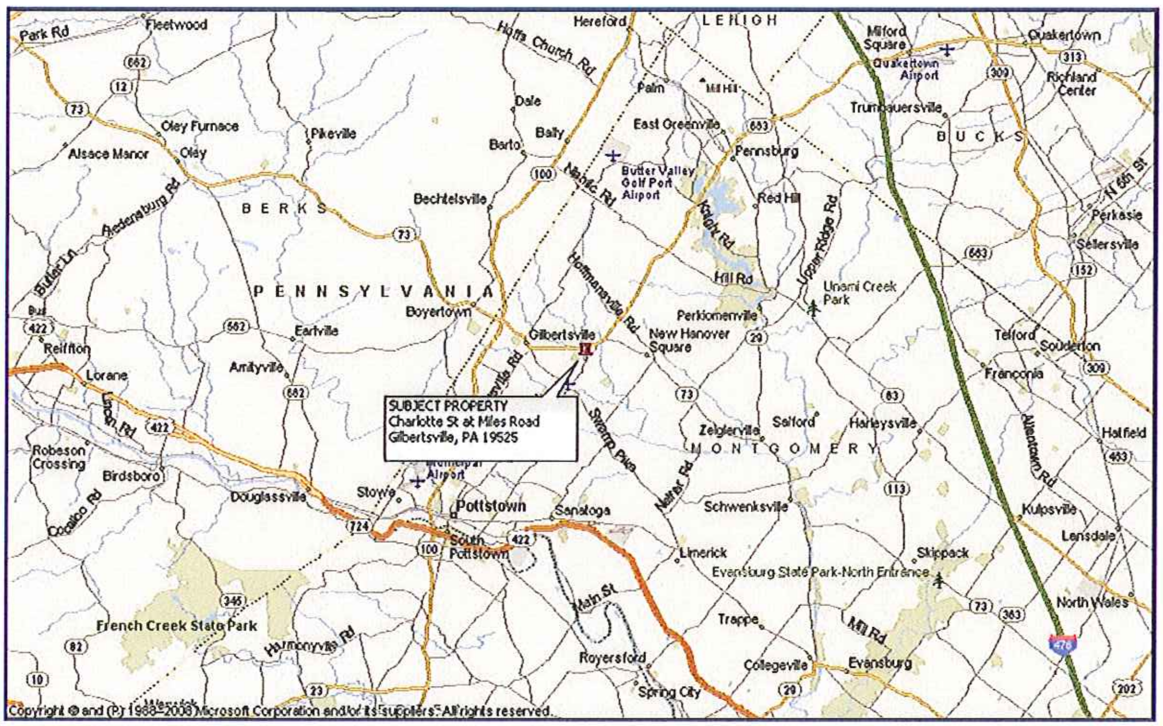
SURROUNDING AREA ANALYSIS

BOUNDARIES

The subject is located in the Gilbertsville market area of the Boyertown Area residential submarket. This area is part of the northern Montgomery County market, and situated approximately 18 miles northwest of the City of Norristown, the County seat. The boundaries noted below are soft lines of demarcation and subject to conjecture, and vary from study to study. However, the local real estate market is generally delineated as follows:

North	Route 100 and the Montgomery-Berks-Lehigh county line
South	Route 422 Expressway and Pottstown Borough
East	I-476 NE Extension of the Pennsylvania Turnpike
West	Route 100 and the Montgomery-Berks county line

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



ACCESS AND LINKAGES

Primary access to the area is provided by Routes 100, 73, 663, and Swamp Pike. Route 100 is a major arterial that crosses Montgomery, Chester, and Lehigh Counties in a north/south direction and connects the local area with the Downingtown and Exton markets to the south, and the Allentown market to the north. Routes 73 and 663 are secondary roadways crossing the local market in east/west directions. Swamp Pike is also a secondary roadway that provides access to the local area from the Limerick exit of the Route 422 Expressway, approximately six miles from the subject site.

Given the suburban-rural nature of the immediate area, public transportation is not available in this area of Montgomery County. Therefore, the primary mode of transportation in this area is the automobile.

The Philadelphia International Airport is located about 60 miles southeast from the property; travel time is about 60 to 90 minutes, depending on traffic conditions. The Philadelphia CBD, the economic and cultural center of the region, is approximately 50 miles from the property.

DEMAND GENERATORS

Major employers in the immediate area include National Penn Bank, Cabot Corporation, Pottstown Memorial Medical Center, Boyertown Area School District, Bally Block Company, and Martin Stone Quarries. These companies are located within ten miles of the property and represent significant concentrations in the banking, electronic performance materials, medical, institutional, and mining industries. In addition to an adequate employment base, the area is easily accessible to the Reading, Allentown, Exton, and King of Prussia submarkets, all within 40 minutes driving time. Access to employment centers in other submarkets is a major demand driver.

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

2010 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Montgomery County	Pennsylvania	United States
Population 2000	628	14,064	49,233	750,097	12,281,054	281,421,906
Population 2010	697	17,202	55,454	785,992	12,574,407	311,212,863
Population 2015	734	18,127	58,091	795,882	12,637,100	323,209,391
Compound % Change 2000-2010	1.0%	2.0%	1.2%	0.5%	0.2%	1.0%
Compound % Change 2010-2015	1.0%	1.1%	0.9%	0.3%	0.1%	0.8%
Households 2000	227	4,846	18,183	286,098	4,777,003	105,480,101
Households 2010	251	6,033	20,748	303,945	4,950,056	116,761,140
Households 2015	266	6,387	21,802	308,827	4,992,057	121,359,604
Compound % Change 2000-2010	1.0%	2.2%	1.3%	0.6%	0.4%	1.0%
Compound % Change 2010-2015	1.2%	1.1%	1.0%	0.3%	0.2%	0.8%
Median Household Income 2010	$93,584	$83,230	$73,834	$80,500	$52,723	$54,442
Average Household Size	2.8	2.8	2.7	2.5	2.5	2.6
College Graduate %	37%	31%	27%	44%	27%	28%
Median Age	41	40	40	41	41	37
Owner Occupied %	89%	83%	79%	70%	63%	58%
Renter Occupied %	7%	14%	18%	26%	26%	30%
Median Owner Occupied Housing Value	$294,886	$266,490	$235,135	$281,919	$159,178	$157,913
Median Year Structure Built	1981	1975	1969	1963	1957	1971
Avg. Travel Time to Work in Min.	33	29	28	27	25	26

Source: STDB/ESRI

As shown above, the current population within a 3-mile radius of the subject is 17,202, and the average household size is 2.8. Population in the area has grown since the 2000 census, and this trend is projected to continue over the next five years. Compared to Montgomery County overall, the population within a 3-mile radius is projected to grow at a faster rate.

Median household income is $83,230, which is higher than the household income for Montgomery County. Residents within a 3-mile radius have a considerably lower level of educational attainment than those of Montgomery County, while median owner occupied home values are lower.

RETAIL AND PUBLIC SERVICES

The nearest shopping facilities serving the area are located at Gilbertsville Shopping Center, about three miles from the property. Also, the new Douglass Town Center is located at Route 100 and County Line Road and within five miles from the property. They offer basic convenience goods and personal services. The closest regional mall is Coventry Mall, located about 10 miles from the property. Restaurants throughout northern Montgomery County and northern Chester County are within a 45-minute travel time of the property. The closest lodging facilities are located within a 15-minute drive of the subject and include a Comfort Inn and Holiday Inn Express.

The nearest fire and police stations are within two miles of the property (Gilbertsville Fire Company and Douglass Township Police). The closest elementary/middle school is Boyertown Junior High East Center, which is situated directly behind the subject site. The Boyertown Area High School is within 5 miles from the property. The closest colleges and universities are Albright College, Alvernia College, Penn State Berks Campus, Reading Area Community College, Kutztown University, Ursinus College, and the Western Campus of Montgomery County Community College. They offer undergraduate and graduate programs as well as various continuing education programs.

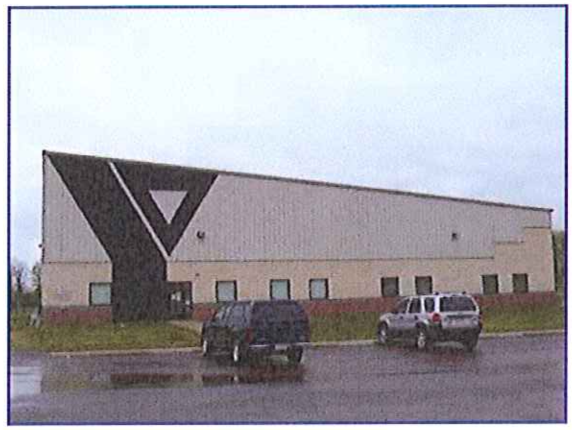
Proximity to parks, open space and other passive recreation is average. Of special note is the close proximity of the Middle Creek Athletic Fields, a New Hanover Township Park, (see photo to the right) situated within one block from the subject and behind the Boyertown Area YMCA (next door to the site).

LAND USE

In the immediate vicinity of the subject, land uses include a mix of institutional and residential uses.

Situated directly behind the subject site (to the north) is the Boyertown Area Junior High East Center, one of two middle schools in the Boyertown Area School District. Located directly south of the subject and across North Charlotte Street (a.k.a. Layfield Road or Route 663) are various single family residences. To the subject's immediate west is the William Hollenbach Boyertown Area YMCA center. Lastly, to the subject's immediate east is open meadowland that is presently owned by Heritage Building Group for future development of a proposed shopping center; according to Rich Carroll, this adjacent parcel is also available for sale at the present time.

Boyertown Area Jr. High East Center



Boyertown Area YMCA, New Hanover Twp.

Typical, new residential construction in this area is occurring at the Windlestrae and Fairbrook subdivisions. Windlestrae has been purchased by Ryan Homes, who is selling townhouse-style and single family detached homes, within ¼ mile from the subject property. Townhomes are starting in the $170,000's and detached homes are starting in the $230,000's. A typical detached home in Windlestrae is shown below; this particular home sold for $339,990 in March 2011.

Typical Windlestrae Detached Home

Fairbrook is another new residential subdivision located at Swamp Pike and Leidy Road, approximately two miles from the subject tract. Fairbrook is a 36-lot residential subdivision, and is being built by Rouse-Chamberlin. The typical lot size in this community is one-third acre. Seven floor plans are available for sale and range in gross living area from 1,874 to 3,200 square feet. A single family detached home, such as the Longwood II (see below) is being actively listed for sale at an asking price of $345,607.

Fairbrook – Typical Longwood II model

Other land use characteristics in the immediate area are summarized below.

SURROUNDING AREA LAND USES	
Character of Area	Suburban
Predominant Housing Age (Both Ownership and Rental)	0 to 50+ years
Predominant Quality and Condition	Average
Approximate Percent Developed	70%
Infrastructure/Planning	Average
Prospective Change in Land Use	On-going – various proposed uses (residential & commercial)
Prevailing Direction of Growth	North and West

SUBJECT'S IMMEDIATE SURROUNDINGS	
North	Boyertown Area Junior High East Center
South	Single family residential
East	Proposed shopping center development
West	Boyertown Area YMCA, New Hanover Township

An aerial view of the subject and these surrounding land uses is shown on the following page with a yellow arrow pointing to the subject site.


Big Rd
73
Big Rd
N Charlotte St
663
663
Chalet Rd
Dotterer Rd
Boyertown Optimists Girls Softball
500 feet
100 m
Pictometry Bird's Eye © 2010 Pictometry International Corp © AND
© 2010 NAVTEQ © 2011 Microsoft Corporation Image courtesy of USGS

DEVELOPMENT ACTIVITY AND TRENDS

During the last five years, development has been predominantly of residential uses, and has included Cobblestone Crossing, Fairbrook, Kingston Hill, Windlestrae, and others. The pace of development has generally decelerated over this time.

Discussions were held with Mr. Jim Woziak, the New Hanover Township zoning officer. At the present time, there are over 1,500 residential building lots in varying stages of zoning approval or construction within the township. There are also other proposed land uses in varying stages of construction or approvals. A mixed use retail and office development is proposed along Swamp Pike. There is the Heritage shopping center site, situated next door to the subject. Also, there has been a tract of land situated behind Wawa and at the corner of Routes 663 and Swamp Pike, that was re-zoned to Town Center to accommodate a proposed shopping center and potential residential uses; at the present time, this particular tract of land is reportedly held by Wells Fargo, with significant interest by Rouse Chamberlin. All in all, the present state of the economic recovery in addition to tighter credit standards has significantly affected the proposed development and construction of various proposed and ongoing projects in this market area.

OUTLOOK AND CONCLUSIONS

The area is in the growth stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will remain stable for the foreseeable future.

MONTGOMERY COUNTY ANALYSES

For discussion on supply and demand factors in Montgomery County, we first show in the following chart, the supply of housing units by occupancy status, and then in comparison to the county population and median household income trends. From 2000 to 2010, the housing stock in Montgomery County has grown in all categories, reflecting the increases in both population and household growth.

MONTGOMERY COUNTY HOUSING PROFILE

	Census 2000		2010		2015	
Total Housing Units by Occupancy Status	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	297,434	100.0%	318,496	100.0%	325,407	100.0%
Total Occupied	286,098	96.2%	303,945	95.4%	308,827	94.9%
~Owner occupied	210,233	70.7%	221,703	69.6%	225,369	69.3%
~Tenant occupied	75,865	25.5%	82,242	25.8%	83,458	25.6%
Total Units Vacant	11,336	3.8%	14,551	4.6%	16,580	5.1%
Median Value	$158,920		$281,919		$368,181	
Average Value	$200,102		$346,824		$440,802	

2000 Total Population	750,097	2000 Median HH Income	$60,868
2010 Total Population	785,992	2010 Median HH Income	$80,500
2015 Total Population	795,882	2015 Median HH Income	$93,887
2010-2015 Annual Rate	0.25%	2010-2015 Annual Rate	3.12%

Source: STDB, ESRI forecasts for 2010 and 2015; U.S. Bureau of the Census 2000.

According to the U.S. Bureau of the Census, there are 318,496 housing units within Montgomery County in 2010. Home ownership is relatively high at 69.6% of all housing units owner-occupied and is expected to remain stable over the next five years.

According to Trend data (in the charts on the next page) the median settled price in Montgomery County was $270,000 at year end 2010 and $249,000 as of the end of April 2011. These actual Trend statistics report lower median values than the 2010 Census projection ($281,919). Nonetheless, market values are anticipated to increase over the next five years.

However, at the present time and for the foreseeable future, demand for housing product has significantly cooled, given prevailing and continuing, economic conditions and the overall tightening of credit standards across the residential mortgage market. According to Trend's Year-To-Date Market Snapshot Report, the number of homes sold in the county has significantly decreased since 2008 as indicated in the following chart.

Montgomery County, PA

	YTD Dec 2008	YTD Dec 2009	YTD Dec 2010	2008/2009 Change	2009/2010 Change
Settled Units	6,990	6,866	6,401	-1.77%	-6.77%
Average Settled Price	$335,000	$309,000	$327,000	-7.76%	5.83%
Median Settled Price	$275,000	$260,000	$270,000	-5.45%	3.85%
Total Settled Volume	$2,346,449,000	$2,124,076,000	$2,097,553,000	-9.48%	-1.25%
Avg SPrice/OPrice	93.43%	92.64%	92.34%	-0.85%	-0.32%

Trend's Year-To-Date Market Snapshot Report as of the end of April 2011 reflects negative year-over-year changes in all categories as indicated in the following chart.

Montgomery County, PA

	YTD Apr 2009	YTD Apr 2010	YTD Apr 2011	2009/2010 Change	2010/2011 Change
Settled Units	1,472	1,831	1,562	24.39%	-14.69%
Average Settled Price	$296,000	$308,000	$299,000	4.05%	-2.92%
Median Settled Price	$246,000	$262,000	$249,000	6.50%	-4.96%
Total Settled Volume	$437,136,000	$565,161,000	$467,350,000	29.29%	-17.31%
Avg SPrice/OPrice	91.24%	92.46%	90.05%	1.34%	-2.61%

Trend year-to-date statistics also indicate an average of 107 days on market for Montgomery County. This compares higher than at year end 2010, at an average of 84 days on the market, a possible sign indicating that stabilization of the residential housing market in Montgomery County has yet to be achieved.

Regionally, as well as nationally, we confirm a marked slow-down in the acquisition of vacant land for the development of new single-family residential subdivisions as a result of the fall-out from current, uncertain economic and market conditions. There has been an increasing frequency of take-down deals involving approved, improved, or partially improved residential lots in existing subdivisions where previous developers have either declared bankruptcy or halted new construction. This is a result of an ongoing readjustment in the market after a period of unprecedented appreciation and record-low interest rates. This readjustment is magnified by the current uncertainties arising from a sluggish, national economy and the ongoing sub-prime 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 through at least the end of this year and into 2012.

LOCAL SUBMARKET OVERVIEW

The subject is located in the town of Gilbertsville in northern Montgomery County. The immediate area is within the Boyertown Area School District which encompasses several municipalities across Berks and Montgomery Counties.

Population statistics and household income levels across Montgomery County, as charted previously, are also increasing in the immediate area. A housing profile was also conducted on the local housing market within a five-mile radius of the property. We show the current housing stock in the local area in the following chart. From 2000 to 2010, the local housing stock has also grown in all categories, reflecting the increases in both population and household growth.

FIVE-MILE RADIUS - HOUSING PROFILE

	Census 2000		2010		2015	
Total Housing Units by Occupancy Status	Number	Percent	Number	Percent	Number	Percent
Total Housing Units	18,744	100.0%	21,504	100.0%	22,660	100.0%
Total Occupied	18,183	97.0%	20,748	96.5%	21,802	96.2%
~Owner occupied	14,923	79.6%	16,977	78.9%	17,905	79.0%
~Tenant occupied	3,260	17.4%	3,771	17.5%	3,897	17.2%
Total Units Vacant	561	3.0%	756	3.5%	858	3.8%
	Census 2000		**2010**		**2015**	
Median Value	$133,596		$235,135		$305,488	
Average Value	$148,447		$261,904		$346,284	

2000 Total Population	49,233	2000 Median HH Income	$54,464
2010 Total Population	55,454	2010 Median HH Income	$73,834
2015 Total Population	58,091	2015 Median HH Income	$83,092
2010-2015 Annual Rate	0.93%	2010-2015 Annual Rate	2.39%

Source: STDB, ESRI forecasts for 2010 and 2015; U.S. Bureau of the Census 2000.

According to the U.S. Bureau of the Census, there are 21,504 housing units in the local area in 2010. Home ownership is relatively high at 78.9% of all housing units owner-occupied and is expected to remain relatively stable at 79.0% in the next five years. The 2010 Census indicates an average home value of $261,904 and expected to increase to $346,284 in 2015.

Demand for single family detached housing product was also researched and a compilation of Trend/MLS data analyzed as of year end 2010, and then year to date April 2011. Home sales in New Hanover Township, in which the property is located, are presently settling at an average price of $291,059 (as of end April 2011) and $295,084 at year end 2010. Again, we remind the reader that the local market is on the fringe of a suburban, yet rural area, and offers the potential buyer a wide diversity of housing alternatives.

Nonetheless, the 2010 local housing barometer has kept pace with Montgomery County and the State of Pennsylvania, as shown in the following chart. Given prevailing economic conditions and the challenging financial markets in the short term, we anticipate these housing statistics to stabilize in the foreseeable future.

COMPARISON OF 2010 HOUSING PROFILES

Total Housing Units by Occupancy Status	5-Mile Radius Number	5-Mile Radius Percent	Montgomery County Number	Montgomery County Percent	State of Pennsylvania Number	State of Pennsylvania Percent
Total Housing Units	21,504	100.0%	318,496	100.0%	5,574,512	100.0%
Total Occupied	20,748	96.5%	303,945	95.4%	4,950,056	88.8%
~Owner occupied	16,977	78.9%	221,703	69.6%	3,507,429	62.9%
~Tenant occupied	3,771	17.5%	82,242	25.8%	1,442,627	25.9%
Total Units Vacant	756	3.5%	14,551	4.6%	624,456	11.2%

Owner Occupied Housing Units by Value	5-Mile Radius Number	5-Mile Radius Percent	Montgomery County Number	Montgomery County Percent	State of Pennsylvania Number	State of Pennsylvania Percent
Total	16,975	100.0%	221,703	100.0%	3,507,429	100.0%
< $10,000	58	0.3%	205	0.1%	34,805	1.0%
$10,000 - $14,999	17	0.1%	59	0.0%	12,631	0.4%
$15,000 - $19,999	42	0.2%	175	0.1%	28,960	0.8%
$20,000 - $24,999	31	0.2%	172	0.1%	24,156	0.7%
$25,000 - $29,999	24	0.1%	249	0.1%	29,612	0.8%
$30,000 - $34,999	24	0.1%	207	0.1%	28,078	0.8%
$35,000 - $39,999	37	0.2%	165	0.1%	40,216	1.1%
$40,000 - $49,999	40	0.2%	301	0.1%	74,736	2.1%
$50,000 - $59,999	39	0.2%	369	0.2%	101,097	2.9%
$60,000 - $69,999	18	0.1%	435	0.2%	101,247	2.9%
$70,000 - $79,999	36	0.2%	521	0.2%	116,168	3.3%
$80,000 - $89,999	35	0.2%	663	0.3%	112,952	3.2%
$90,000 - $99,999	44	0.3%	1,234	0.6%	150,561	4.3%
$100,000 - $124,999	313	1.8%	4,288	1.9%	350,348	10.0%
$125,000 - $149,999	1,183	7.0%	8,404	3.8%	424,402	12.1%
$150,000 - $174,999	2,108	12.4%	15,819	7.1%	337,055	9.6%
$175,000 - $199,999	1,679	9.9%	13,993	6.3%	280,337	8.0%
$200,000 - $249,999	3,927	23.1%	39,440	17.8%	406,628	11.6%
$250,000 - $299,999	3,145	18.5%	37,834	17.1%	267,849	7.6%
$300,000 - $399,999	2,645	15.6%	44,125	19.9%	299,066	8.5%
$400,000 - $499,999	857	5.0%	19,985	9.0%	111,073	3.2%
$500,000 - $749,999	472	2.8%	20,532	9.3%	112,061	3.2%
$750,000 - $999,999	94	0.6%	6,537	2.9%	35,480	1.0%
$1,000,000 +	107	0.6%	5,991	2.7%	27,911	0.8%
Median Value	$235,135		$281,919		$159,178	
Average Value	$261,904		$346,824		$203,460	
2010 Total Population	55,454		785,992		12,574,407	
2010 Median HH Income	$73,834		$80,500		$52,723	

Source: STDB, ESRI forecasts for 2010 and 2015; U.S. Bureau of the Census 2000.

BUILDING PERMIT ACTIVITY

The following compilation illustrates the development activity of single family and multi-family residential units that has occurred over the past 11 years within Montgomery County.

BUILDING PERMIT ACTIVITY - MONTGOMERY COUNTY							
Year	Single-Family Permits	As %	2-4 Family Permits	As %	5+ Family Permits	As %	Total
2000	2,334	92%	112	4%	97	4%	2,543
2001	2,358	92%	40	2%	156	6%	2,554
2002	2,151	88%	24	1%	277	11%	2,452
2003	2,132	82%	133	5%	333	13%	2,598
2004	2,001	83%	80	3%	343	14%	2,424
2005	2,154	61%	84	2%	1278	36%	3,516
2006	1,669	74%	85	4%	504	22%	2,258
2007	1,290	72%	87	5%	423	24%	1,800
2008	1,265	95%	34	3%	26	2%	1,325
2009	630	80%	26	3%	131	17%	787
2010	866	83%	54	5%	128	12%	1,048
Total 2000-2010	18,850		759		3696		23,305
Average 2000-2010	1,714		69		336		2,119

Source: U.S. Bureau of Census and Real Estate Center at Texas A&M University online at tamu.edu.

The demands of a growing residential population between 2000 and 2010 resulted in an overall average of 2,119 building permits issued per year. In 2010, 83% were single-family homes, 5% was 2-4 family, and 12% were multifamily properties containing five or more units.

CONCLUSIONS

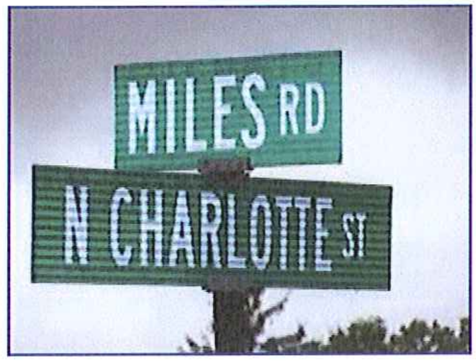
Demand for residential units and/or lots are considered to be weak at the current time. The overall residential market in Montgomery County remains soft. The local residential market, like most residential markets regionally and nationally, has slowed down dramatically in recent years. Unit pricing has been adjusted accordingly as a whole to account for these new demand patterns. However, it is anticipated that an extended period of market and economic recovery will likely be needed to absorb the over-supply of available residential inventory. As a result of this excess inventory, a large number of properties have remained on the market longer than originally anticipated.

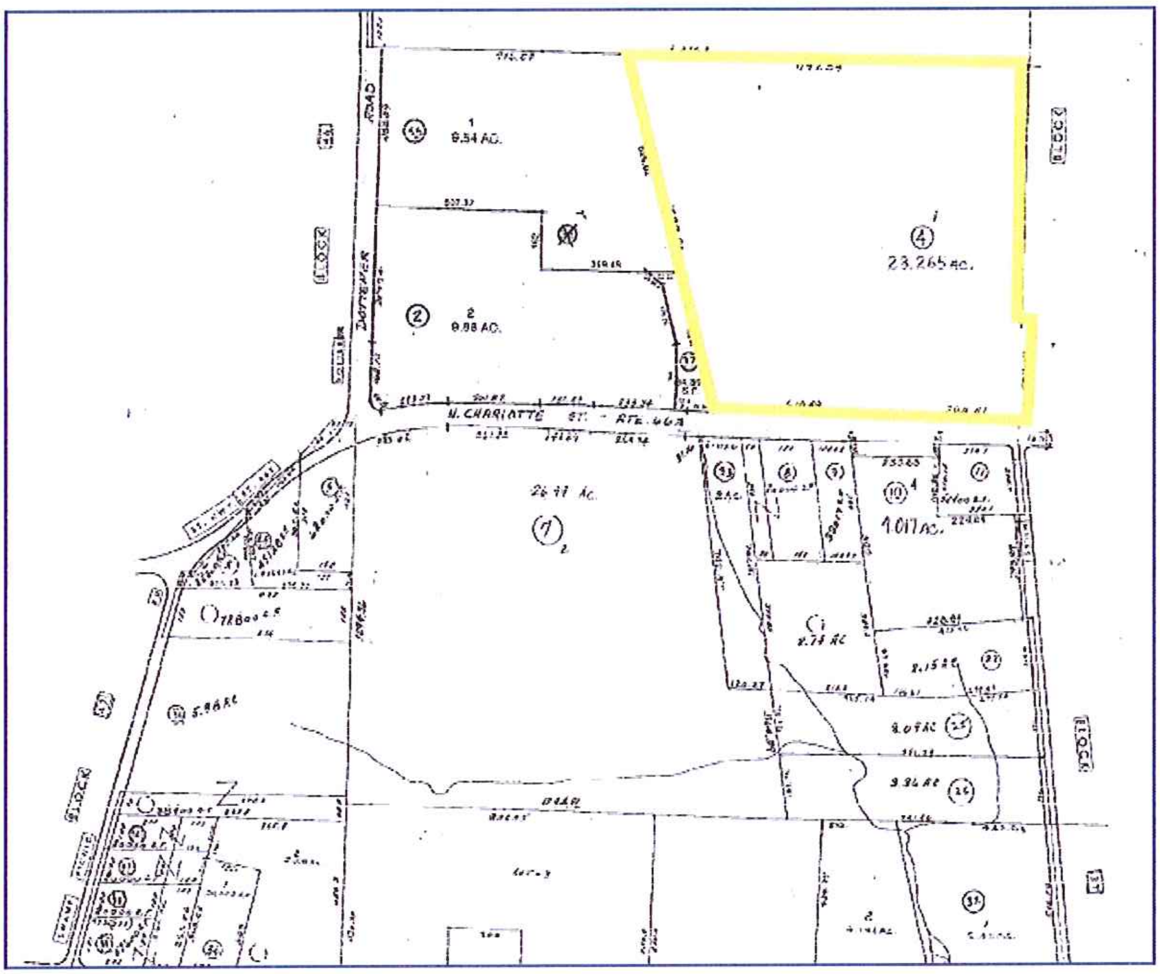
PROPERTY ANALYSIS

LAND DESCRIPTION AND ANALYSIS

LOCATION

The property is located along the western side of North Charlotte Street, also known as Layfield Road and Route 663, and across from the intersection of Miles Road and North Charlotte Street. We show below the tax map of the subject parcel, outlined in yellow.





LAND AREA

The following table summarizes the subject's land area.

LAND AREA SUMMARY

Tax ID	Address	SF	Acres
47-00-03816-01-6	North Charlotte Street	1,013,380	23.264

Source: Board of Assessment public record and Final Land Development Plan, sheet 2 of 40.

SHAPE AND DIMENSIONS

The site is irregular rectangle in shape, with dimensions of approximately 903 feet in width and 993 feet in depth. Site utility based on shape and dimensions is average.

TOPOGRAPHY

The site is generally level and at street grade. The topography does not result in any particular development limitations.

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	42091C-0087E
Date	December 19, 1996
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No

ENVIRONMENTAL HAZARDS

A Phase I Environmental Site Assessment Update was prepared for the subject and the adjoining commercial properties, by RT Environmental Services, Inc., dated August 2006. The following outstanding comments were summarized:

- RT recommended that a total of four composite soil samples be collected from the near-surface soils from the cultivated portions of the site and analyzed for lead, arsenic, and pesticides. "There is no change in this issue."
- RT mentioned that the presence of wetlands and flood areas should be taken into account as part of any planned development of the site through surveys conducted by qualified contractors. "There is no change in this issue."

- RT reported that there may be potential asbestos-containing materials in the form of floor tile in the porch of the abandoned farmhouse. (Please note this structure is on the adjacent commercially-zoned land.) "There is no change in this issue."
- RT reported that an active potable well exists near the farmhouse and an inactive former well adjacent to the former chicken house. (Please note that these structures are on the adjacent commercially-zoned land.) "If the wells are not planned for continued use, the wells should be property closed by a licensed Pennsylvania well driller. "There is no change in this issue."
- RT outlined that given the age of the structures (on the adjacent commercial site), lead-based paint may be present; a licensed lead based paint inspector and contractor should be used to identify areas of lead paint and properly remove or renovate the paint surfaces. "There is no change in this issue."

RT Environmental Services Inc. conclusions indicated "there are no new significant environmental liabilities which are of further concern. We assume there are no environmental hazards in or on the site. No costs for mitigation have been included in our valuation analysis.

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. 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.

STREETS, ACCESS AND FRONTAGE

Street	North Charlotte Street
Frontage Feet	903
Paving	Asphalt
Curbs	None
Sidewalks	None
Lanes	2 lanes
Direction of Traffic	North/South
Condition	Average
Traffic Levels	Moderate
Signals/Traffic Control	None
Access/Curb Cuts	None
Visibility	Good

UTILITIES

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

UTILITIES	
Service	Provider
Water	Superior Water Company
Sewer	New Hanover Township Authority
Electricity	Metropolitan Edison
Natural Gas	UGI Utilities
Local Phone	Verizon

ZONING

The subject is zoned R15, Residential, by New Hanover Township. The purpose of the R-15 Residential district is to provide for higher density residential development in the vicinity of the village of New Hanover. The area is publicly sewered or is intended for public sewer service. In this area, a variety of housing types are permitted which provides the opportunity for builders to address the needs and interest of a wide range of economic and age groups in the community. This area is adjacent to complementary commercial areas. Specific zoning requirements are summarized in the following table.

ZONING SUMMARY	
Zoning Jurisdiction	New Hanover Township
Zoning Designation	R15
Description	Residential
Legally Conforming?	Yes
Zoning Change Likely?	No
Permitted Uses	Detached dwelling, farming, nursery, forestry, noncommercial kennel, performance standard development, mobile home park, municipal use.
Category	Zoning Requirement
Minimum Lot Area	15,000 SF with public water and sewer
Minimum Lot Width (Feet)	94
Minimum Setbacks (Feet)	Front yard 40 feet; side yard 15 feet; rear yard 30 feet
Maximum Building Coverage	20 percent
Maximum Building Height	35 feet

Source: New Hanover Township Zoning Ordinance and discussions with Jim Woziak, Zoning Officer on 5/4/2011.

According to the local planning department, there are no pending or prospective zoning changes. It appears that the property conforms with zoning requirements.

As mentioned throughout this report, the subject tract received final conditional approval for 40 single family detached residential lots on February 25, 2008 per New Hanover Resolution No. 12-08 (Final). Since that time, various extensions have been filed by the owner/developer permitting additional time to meet the conditions. The most recent extension is a one-year timeline extension granted to Heritage on July 12, 2010 per Resolution 30-10; this extension expires on July 12, 2011. However, it is noted that Senate Bill 1042 (passed on 7/7/2010) grants a timeline extension until July 2, 2013 for subdivision plans or extensions signed after December 31, 2008. According to Jim Woziak, Township Zoning Officer, this applies to the subject plan. We have made the assumption herein that the final plan approval remains current and the timeline extensions granted thus far permit the final plan approval to remain in place at the present time.

RESIDENTIAL SUBDIVISION CHARACTERISTICS

The subject has final conditional approval for 40 single-family detached lots, as outlined below. The average lot size is 18,567 square feet. The average lot width is 112 feet. The average lot depth is 167 feet. The typical building envelope size is 78' x 96'. Thirty-three of the houses will have side-entry garages. Eight houses will have front-entry garages. Seven houses will have a walk-out basement level.

Hanover Glen Lot Schedule

Lot #	Lot Area (Sq.Ft.)**	Average Lot Width (Ft.)	Building Envelope Width (Ft.)	Average Lot Depth (Ft.)	Building Envelope Depth (Ft.)
1	18,556	120.80	77.09	156.46	78.99
2	15,399	100.00	70.00	153.99	78.99
3	15,399	100.00	70.00	153.99	78.99
4	15,014	97.50	70.00	153.99	78.99
5	15,014	97.50	70.00	153.99	78.99
6	15,400	100.00	70.00	154.00	79.00
7	18,091	113.41	83.09	159.25	85.32
8	30,112	131.84	101.84	227.50	182.44
9	35,260	161.65	166.75	211.62	72.31
10	26,675	154.51	84.16	176.01	85.43
11	16,061	100.00	70.00	160.61	85.75
12	16,112	100.00	70.00	161.12	85.88
13	16,649	103.00	73.00	161.64	86.41
14	17,028	105.00	75.00	162.17	87.31
15	17,084	105.00	75.00	162.71	87.83
16	16,767	105.57	75.00	163.24	88.00
17	16,380	103.00	73.41	164.04	70.74
18	26,740	130.10	95.10	189.91	116.43
19	18,671	114.00	59.00	164.00	109.00
20	15,416	94.00	64.00	164.00	94.00
21	15,416	94.00	64.00	164.00	94.00
22	16,236	99.00	69.00	164.00	94.00
23	18,484	112.84	57.84	164.00	109.00
24	17,588	137.01	89.17	125.00	59.00
25	15,000	116.28	86.28	125.00	59.00
26	15,000	116.28	86.28	125.00	59.00
27	15,000	116.28	86.28	125.00	59.00
28	16,487	127.64	94.41	125.00	74.00
29	20,867	118.38	62.98	171.11	119.56
30	19,044	94.90	58.00	202.60	130.64
31	20,745	94.00	64.00	226.11	156.05
32	16,552	100.00	70.00	165.52	95.52
33	18,042	168.42	160.83	117.14	91.09
34	18,759	100.00	70.00	200.45	130.45
35	15,400	100.00	70.00	154.00	84.00
36	19,845	129.00	74.00	154.00	99.00
37	22,900	100.00	70.00	229.00	159.00
38	22,900	100.00	70.00	229.00	159.00
39	20,597	129.00	74.00	159.84	104.84
40	15,984	100.00	70.00	159.84	89.00
Avg	**18,567**	**112.25**	**78.49**	**166.50**	**95.90**
Min	**15,000**	**94.00**	**57.84**	**117.14**	**59.00**
Max	**35,260**	**168.42**	**166.75**	**229.00**	**182.44**

** Gross Area

According to the owner/developer, site infrastructure costs are approximately $2,087,803 or $52,195 per lot. A copy of the Improved Lot Summary is included in the Addenda to this report. These site improvement costs encompass on-site (escrow) improvements, off-site improvements (off-site highway and Miles Road extension), all utilities, and traffic impact and recreation fees.

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, encumbrances, or restrictions that would adversely affect value. Our valuation assumes no adverse easements, encroachments or restrictions and that the subject has a clear and marketable title.

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 detached dwelling, farming, nursery, forestry, noncommercial kennel, performance standard development, mobile home park, and municipal use. There are no other particular restrictions on development noted in the analysis.

Subject View
(Photo Taken on May 4, 2011)

Subject View
(Photo Taken on May 4, 2011)

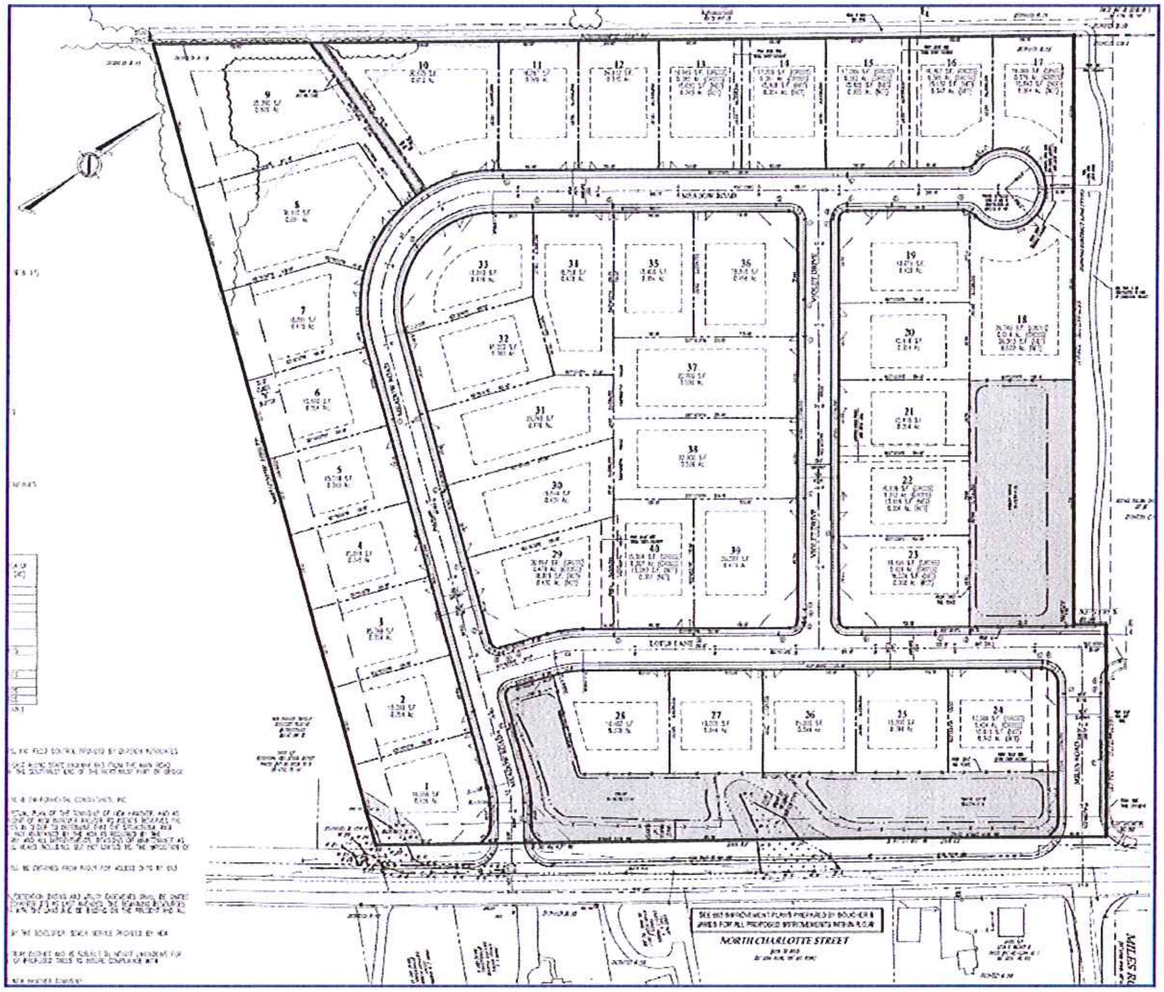
Subject View
(Photo Taken on May 4, 2011)

Miles Road Streetscape
(Photo Taken on May 4, 2011)

North Charlotte Streetscape, southbound
(Photo Taken on May 4, 2011)

North Charlotte Streetscape, northbound
(Photo Taken on May 4, 2011)

SITE PLAN



REAL ESTATE TAX ANALYSIS

Real estate tax assessments are administered by Montgomery County and are estimated on a County basis for the subject. Real estate taxes in this state and this 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.

Real estate taxes and assessments for the current tax year are shown in the following table.

TAXES AND ASSESSMENTS - 2010-2011			
	Assessed Value	Taxes and Assessments	
Tax ID	Total	Tax Rate	Ad Valorem Taxes
47-00-03816-01-6	$8,540	2.473500%	$211

In Montgomery County, the assessed values are based upon the current conversion assessment rate of 56.1% of Assessor's market value. The subject tract appears to be in Act 319, the Clean and Green Act offering a reduced tax assessment on agricultural land.

Given the fact that the subject is raw approved land, the entire parcel is taxed as one entity at the present time. During the development process, the developer/builder will be responsible for the real estate taxes of the unsold units and the land held in inventory. Upon the closing of the individual homes, each dwelling will be reassessed to reflect the improved land in addition to an assessment reflective of the improvements built on each individual site. The tax liability for each lot will then be the responsibility of the end purchaser.