

**COMPLETE REAL ESTATE APPRAISAL
IN A SELF-CONTAINED FORMAT**

Bridge Road (a/k/a Route 82)
Haddam, Connecticut

AUTHORIZED BY:

Ms. Elizabeth Brothers, Assistant Director
Land Acquisition & Management Division
State of Connecticut Department of Energy & Environmental Protection
79 Elm Street
Hartford, Connecticut 06106-5127

DATE OF VALUATION

September 28, 2011

PREPARED BY:

R.P. McDermott Associates Inc.
11 Mountain Avenue, Suite 302
Bloomfield, CT 06002

FILE REFERENCE:

RPMAI File #1152
DEP File #A-10-33
© 2011 R. P. McDermott Associates Inc.

R.P. McDERMOTT ASSOCIATES, INC.

Richard P. McDermott, MAI
President

11 Mountain Avenue
Bloomfield, CT 06002
Phone: (860) 242-2700
Fax: (860) 242-1530

November 1, 2011

Ms. Elizabeth Brothers, Assistant Director
Land Acquisition & Management Division
State of Connecticut Department of Energy & Environmental Protection
79 Elm Street
Hartford, Connecticut 06106-5127

Subject: Bridge Road (a/k/a Route 82), Haddam, CT

Dear Ms. Brothers:

At your request we have prepared a Complete Appraisal Report in a Self-Contained Format for the subject property. The purpose of the report is to provide a market value opinion of the fee simple interest for the subject as of the September 28, 2011 date of inspection. The client for this assignment and the intended user of the report is the State of Connecticut Department of Energy and Environmental Protection. It is our understanding that the intended use of the report is to assist the Department of Energy and Environmental Protection and the State of Connecticut to negotiate a possible land exchange that involves the subject and an 87.7-acre parcel on High Street that is owned by Eagle Landing LLC.

The subject consists of 17.4-acre vacant parcel of land with 583.62' of non-contiguous frontage on the southerly side of Bridge Road (a/k/a Route 82). The land along the subject's two frontages is in the R-2A residential zone for depths of about 215' +/- . The majority of land towards the rear of the subject is in the I-1 industrial zone. The town of Haddam is currently in the process of changing the town zoning regulations in the Tylerville section of Haddam (where the subject is located) to a Village District zone. This could have a significant impact on the value of the subject since the new zone would allow commercial uses and a much higher density than what is permitted in the industrial zone.

An environmental assessment report for the property has not been provided to this office for review. *Research has revealed that the Tylerville section of Haddam has a history of contaminated groundwater and this may impact the subject.* **Please be aware that this appraisal office is not qualified to detect the presence or absence of hazardous materials. It is important to note that, unless otherwise stated, this appraisal assumes the subject is free of and unaffected by all hazardous materials and contaminated waste.** No responsibility is assumed for any expertise or engineering knowledge required to discover hazardous substances that may impact the market value of the subject. The client is urged to retain an expert in this field if further environmental information is necessary.

The appraisal report has been prepared in accordance with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice by the Appraisal Foundation and the Uniform Appraisal Standards for Federal Land Acquisitions.

The analyses and conclusions within this report are based on a complete appraisal process that included: researching town records; market research; interviews with market participants; a description and analysis of the real estate; and the development of pertinent valuation methodology. Supporting exhibits are included in the report and in the attached addenda. The report is presented in a Self-Contained Format, which is a full presentation of the data, reasoning and conclusions for the property being appraised.

The land being appraised has been involved in an ongoing controversy. The main issue is whether the State of Connecticut has the right to exchange the subject (that had been acquired by the State for open space preservation) to a private property owner for economic development purposes. *The State Legislature has passed a Special Act approving the land swap (subject to conditions) which appears to provide the legal basis to conduct the land swap. For appraisal purposes, it is an extraordinary assumption of this report that the State of CT has the legal right to exchange the appraised property for economic development purposes.*

This appraisal report has been prepared for the client, the CT Department of Energy & Environmental Protection's Land Acquisition and Management Department, for their sole and exclusive use to evaluate a proposed land swap. The client is the party who initiated the assignment and is a signatory of the Contract for Appraisal Services. R.P. McDermott Associates Inc. and the appraiser signing this report have no responsibility to any other party. This appraisal may not be used or relied upon by anyone other than the client, for any purpose whatsoever without the written consent of the appraiser. Any party who uses or relies on any information in this report, without the written consent of the preparer does so at their own risk.

This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.

After investigating the real estate market and considering all the facts contained in this report, it is our opinion that the market value for the subject property as of September 28, 2011 is:

**ONE MILLION SEVEN HUUNDRED EIGHTY THOUSAND DOLLARS
(\$1,780,000)**

The above value is subject to the assumptions and limiting conditions included in this report. The data, reasoning and judgments substantiating the value estimate are in the attached report.

This letter must remain attached to the report, which contains 87 pages plus addenda, in order for the value opinion noted above to be valid.

Respectfully submitted,

Richard P. McDermott, MAI, President

TABLE OF CONTENTS

CERTIFICATION	2
SUMMARY OF FACTS AND CONCLUSIONS	3
VALUE SUMMARY AND CONCLUSION	3
DEFINITIONS.....	4
SUBJECT PHOTOGRAPHS.....	5
INTRODUCTION	15
EXTRAORDINARY ASSUMPTION.....	15
PURPOSE OF THE APPRAISAL	16
PROPERTY RIGHTS APPRAISED	16
APPRAISAL DATES	16
LEGAL REFERENCES	16
PRIOR SALES OF SUBJECT.....	16
PROPERTY CONTRACTS/LISTINGS	17
SCOPE OF WORK.....	18
SUMMARY OF PROJECT AND APPRAISAL PROBLEMS	19
COMPETENCY PROVISION	20
PERSONAL PROPERTY	20
UNAVAILABILITY OF INFORMATION	20
REGIONAL DATA	22
NEIGHBORHOOD DATA	28
ASSESSMENT AND TAX DATA.....	33
SITE DESCRIPTION	37
PUBLIC/PRIVATE RESTRICTIONS	42
MARKET ANALYSIS.....	50
HIGHEST AND BEST USE	59
VALUATION METHODS.....	63
SALES COMPARISON APPROACH.....	64
SALES COMPARISON APPROACH SUMMARY AND CONCLUSION	84
ANALYSIS OF THE PRIOR SALE OF THE SUBJECT	84
FINAL MARKET VALUE CONCLUSION.....	85
ESTIMATED EXPOSURE TIME	85
ASSUMPTIONS AND LIMITING CONDITIONS.....	86
ADDENDA	88
DEED/LEGAL DESCRIPTION	
SUBJECT INFORMATION	
ENGAGEMENT LETTER	
APPRAISER'S QUALIFICATIONS	

CERTIFICATION

The undersigned does hereby certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
3. 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 and the Appraisal Standards for Federal Land Acquisitions.
4. I have not performed a previous appraisal of the subject property within the three years prior to this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
7. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
9. Richard P. McDermott, MAI, inspected the subject property at Bridge Road, Haddam, Connecticut on September 28, 2011.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. No one provided significant real property appraisal assistance to the person signing this report.
12. The appraisal was made and the appraisal report prepared in conformity with the Appraisal Institute's Standards of Professional Appraisal Practice, except to the extent that the Standards of Federal Land Acquisitions required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions.
13. As of the date of this report, Richard P. McDermott has completed the continuing education program of the Appraisal Institute.
14. I certify that I am appropriately licensed or certified to appraise the subject property in the state in which it is located.
15. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute, which allow for review of the report by duly authorized representatives of the Appraisal Institute.

Richard P. McDermott, MAI
Connecticut Certified General Appraiser
License #406 Expires 4/30/12

SUMMARY OF FACTS AND CONCLUSIONS	
Client	State of Connecticut Department of Energy & Environmental Protection
Appraised Property Location	Bridge Road (a/k/a Route 82), Haddam, Connecticut
Assessor Reference	Map 49 Lot 22-2
Intended User	State of Connecticut Department of Energy & Environmental Protection
Intended Use	Negotiations for a possible land exchange
Report Type	Complete Real Estate Appraisal in a Self-Contained Format
Current Use	Vacant industrial land
Owner of Record	State of Connecticut
Purpose of Appraisal	To provide a market value opinion
Interest Appraised	Fee simple
Inspection Date	September 28, 2011
Date of Valuation	September 28, 2011
Land Area	17.4 acres
Frontage	583.62' of non-contiguous frontage on the southerly side of Bridge Road.
Improvements	None
Zoning	I-1 Industrial
Total Assessment	\$300,540
Total Taxes (2010 List)	Tax exempt (\$8,484 if sold)
Past Due Taxes	NA
Highest and Best Use	Mixed commercial use
VALUE SUMMARY AND CONCLUSION	
Cost Approach	Not Applicable
Sales Comparison Approach	\$1,780,000
Development Approach	Not Applicable
Final Value Conclusion as of September 28, 2011	\$1,780,000
Exposure Time	Within 12 Months

DEFINITIONS

MARKET VALUE

In accordance with the Uniform Appraisal Standards for Federal Land Acquisitions, Market Value is defined as:

The amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

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.

EXTRAORDINARY ASSUMPTION

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

Source: The Dictionary of Real Estate Appraisal
4th Edition, 2002, Appraisal Institute

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Southeast view of subject and adjacent Connecticut River from abutting property



Northwesterly view of sloping land on subject and abutting Riverhouse banquet facility

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Southerly view of subject from abutting property



Southeasterly view of field at northern section of subject abutting Riverhouse banquet facility

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)

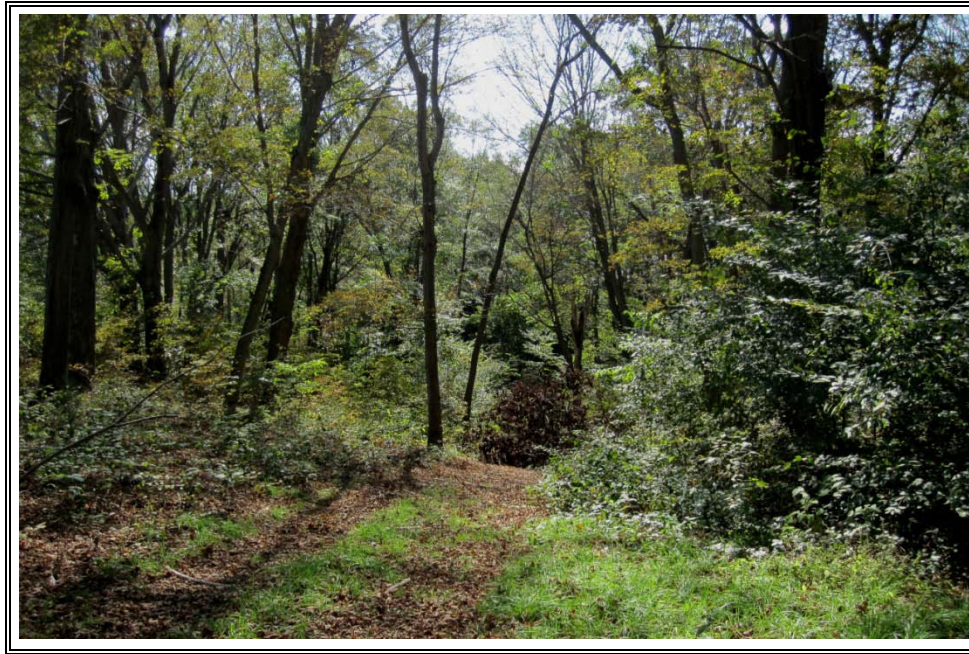


Southern view of property line between Riverhouse and subject near northeastern section of appraised property



Westerly view of field near northern section of subject

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Interior trail leading downward to level land at southern section of subject



Southern view of pathway extending from western part of subject's Bridge Road frontage

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Northern view of pathway towards subject's Bridge Road frontage



Interior view of sloping woodlands

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Eastern view of level pathway near southern section of parcel



Northwesterly view of level land below abutting Riverhouse banquet facility

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Eastern view of State-owned railroad corridor, State-owned land and Connecticut River



Northern view towards Bridge Road of railroad tracks adjacent to subject

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Western view of pathway from abutting State-owned land to railroad tracks



Northern view of land in eastern section of subject

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Southeast view of entrance gate at subject's easternmost frontage on Bridge Road



Eastern view of Bridge Road and entrance gate at eastern end of subject

SUBJECT PHOTOGRAPHS (PHOTOGRAPHS TAKEN BY RICHARD McDERMOTT ON SEPTEMBER 28, 2011)



Easterly view of Bridge Road towards subject's eastern frontage



Southern view of entrance gate at subject's western frontage on Bridge Road

INTRODUCTION

Appraised Property	Bridge Road (a/k/a Route 82), Haddam, Connecticut
Client	State of Connecticut Department of Energy & Environmental Protection Land Acquisition and Management Department
Intended User	State of Connecticut Department of Energy & Environmental Protection
Intended Use	Negotiations for a possible land exchange
Assessor Reference	Map 49 Lot 22-2
Property Type	Land
Current Use	Vacant
Owner of Record	State of Connecticut
Land Area	17.4 acres
Improvements	None
Legal Description	The legal description for the subject is in the addenda of the report.

This appraisal report has been prepared for the client, the CT Department of Energy & Environmental Protection's Land Acquisition and Management Department, for their sole and exclusive use to evaluate a proposed land swap. The client is the party who initiated the assignment and is a signatory of the Contract for Appraisal Services. R.P. McDermott Associates Inc. and the appraiser signing this report have no responsibility to any other party. This appraisal may not be used or relied upon by anyone other than the client, for any purpose whatsoever without the written consent of the appraiser. Any party who uses or relies on any information in this report, without the written consent of the preparer does so at their own risk.

EXTRAORDINARY ASSUMPTION

The land being appraised has been involved in an ongoing and heated controversy. The main issue is whether the State of Connecticut has the right to exchange the appraised property (that had been acquired by the State for open space preservation) to a private property owner for economic development purposes. *The State Legislature has passed a Special Act approving the land swap (subject to conditions) which appears to provide the legal basis to conduct the land swap. For appraisal purposes, it is an extraordinary assumption of this report that the State has the legal right to exchange the appraised property for economic development purposes.*

APPRAISAL STANDARDS

The appraisal report has been prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA), except where it is necessary to invoke USPAP's Jurisdictional Exception Rule to conform to the differing requirements between the UASFLA and USPAP. The sections of the UASFLA that deviate from USPAP are:

- Section A-9 of the UASFLA requires a different definition of market value than USPAP. The UASFLA does not require the value conclusion to be linked to a specific exposure time but the UASFLA definition of market value requires that a reasonable exposure time on the open competitive market is considered.
- Section A-12 of the UASFLA provides that an appraiser disregards any changes in a property's neighborhood brought about by the government's project. Section A-13h also instructs an appraiser to disregard recent re-zoning (or the probability of re-zoning) of the property being appraised if the action is the result of the government's project.

INTRODUCTION (CONTINUED)

Appraisal Standards (continued)

- Section A-13e of the UASFLA requires a ten-year sales record for the subject rather than the 3-years required by USPAP. If no sales occurred in the past ten years, the last sale date of the subject must be reported.
- Section A-14 of the UASFLA provides that the highest and best use conclusion must be an economic use. A non-economic use such as *conservation, natural lands, preservation* or any use that requires the property to be withheld from economic production in perpetuity is not a valid use upon which to estimate market value. Section A-14 also requires the report to consider the "larger parcel" in all appraisals.

In accordance with the Uniform Appraisal Standards for Federal Land Acquisitions, Market Value is defined as:

The amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide a market value opinion of the property as of the September 28, 2011 date of inspection.

PROPERTY RIGHTS APPRAISED

The fee simple interest in the subject is being appraised. "Fee Simple" is defined in the Definitions section of the report.

APPRAISAL DATES

Date of Report: November 1, 2011
Date of Valuation: September 28, 2011
Dates of Inspection: September 28, 2011

LEGAL REFERENCES

The most recent conveyance of the subject is summarized in the following chart.

Grantor	Eagle Land Corp.
Grantee	State of Connecticut
Volume/Page	263/319
Date Recorded	June 12, 2003
Sale Price	\$1,350,000

It is my understanding that the most recent sale price was negotiated between the State and the Grantor based on appraisals of the property. The deed contained a restriction that this land would be retained in its natural scenic or open condition as park or public open space.

PRIOR SALES OF SUBJECT

There have been no other sales of the subject since the previous 2003 acquisition by the State or within ten years of the appraisal date.

INTRODUCTION (CONTINUED)

PROPERTY CONTRACTS/LISTINGS

The subject is involved in a controversial land swap between the owners of the abutting Riverhouse banquet and conference center facility and the State of Connecticut. Although the deed for the acquisition included a restriction that the land be retained as public open space, a bill was passed by the Connecticut Senate and House of Representatives stating that the subject may be used for economic development purposes and that the restrictions contained in the deed are *released and relinquished and shall have no further force and effect*.

Because there is an apparent conflict between the deed restriction and the recent legislative bill, *it is an extraordinary assumption of this report that the subject could be exchanged and utilized for economic development purposes as described in the following Special Act passed by the CT Senate and House of Representatives.*

The recent bill identifying the parcels to be exchanged and defining the terms of the land swap was approved by the Connecticut Senate and House of Representatives in General Assembly through Substitute Senate Bill No. 1196; Special Act No. 11-16, An Act Concerning The Conveyance Of Certain Parcels Of State Land And The Removal Of Certain Traffic Signs. The relevant sections of this bill follow.

Special Act No. 11-16 7 of 14; Substitute Senate Bill No. 1196

Sec. 8. (*Effective from passage*) (a) Notwithstanding any provision of the general statutes, a public hearing having been held on the matter on March 21, 2011, by the joint standing committee of the General Assembly having cognizance of matters relating to government administration, the Commissioner of Environmental Protection shall enter into an agreement with Riverhouse Properties, LLC to exchange lands or other consideration of approximately equal value. If land is exchanged, the fair market value of said parcel or parcels of land shall be determined by the average of the appraisals of two independent appraisers selected by the commissioner. Riverhouse Properties, LLC shall pay the administrative costs of any conveyance of land under this section.

(1) The parcel of land to be conveyed by the state is approximately 17.40 acres and is identified as Haddam Assessor's Lot 22-2 Bridge Road, Haddam, CT. Said parcel is further identified as Lot I and Lot 2 on a map prepared by William B. Bergan, dated February 11, 2003, with revisions dated March 12, 2009, and with such revisions titled "Division of Former Eagle Land Corp. Prop. - 2 Lots." Said parcel shall not include any land with frontage along the Connecticut River.

Notwithstanding certain restrictions contained in a warranty deed from Eagle Land Corp. to the State of CT Department of Environmental Protection, recorded in Volume 263 at Page 319 of the Haddam land records that such land be retained in its natural scenic or open condition as park or public open space, said parcel may be used for economic development purposes and said restrictions are released and relinquished and shall have no further force and effect.

(2) The parcel of land or other consideration to be conveyed by Riverhouse Properties, LLC shall include an approximately 87.70 acre parcel of land on the east side of High Street in the Higganum section of Haddam, CT. Said parcel is further identified as Parcels #42-1, 43 and 44 on Haddam Assessor's Map 24 and Parcel 92 on Map 14, and is further identified as land conveyed from Walkley Heights Associates via a deed dated May 26, 2004, as recorded in Volume 278 at Page 287 of the Haddam land records. Said parcel shall be held in fee ownership by the State and shall become a part of the Cockaponset State Forest. The Commissioner of Environmental Protection shall grant a permanent conservation easement on the entirety of said parcel to a land trust or nonprofit conservation organization selected by the department to ensure that said parcel remains undeveloped.

INTRODUCTION (CONTINUED)

Property Contracts/Listings (continued)

<i>Special Act No. 11-16 7 of 14; Substitute Senate Bill No. 1196 (continued)</i>
<p>(3) The specific description of the parcels of land or other consideration to be conveyed between the Department of Environmental Protection and Riverhouse Properties, LLC shall be established by mutual agreement of said parties, and said parties shall make all reasonable efforts to enter into such agreement on or before December 31, 2011. Said specific description of land to be conveyed shall include an identification of the portion of the 17.40-acre parcel conveyed by the State that shall be open to the public. Said exchange shall be subject to the approval of the State Properties Review Board.</p> <p>(b) If, not later than two years after the date of the exchange of land or other consideration, Riverhouse Properties, LLC does not obtain or otherwise secure approval of the Haddam planning and zoning commission for any zone change necessary for its proposed use of the parcel to be conveyed by the State, the parcel shall revert to the State of Connecticut and if applicable, the parcel conveyed by Riverhouse Properties, LLC shall revert to Riverhouse Properties, LLC and any consideration paid by Riverhouse Properties, LLC shall be returned to Riverhouse Properties, LLC.</p> <p>(c) The State Properties Review Board shall complete its review of the exchange of said parcels of land or other consideration not later than thirty days after it receives a proposed agreement from the Department of Environmental Protection. The State land shall remain under the care and control of said department until a conveyance is made in accordance with the provisions of this section. The State Treasurer shall execute and deliver any deed or instrument necessary for a conveyance under this section, which deed or instrument shall include provisions to carry out the purposes of subsections (a) and (b) of this section.</p>

The bill has reportedly been strongly opposed by environmental groups such as: local land trusts in the towns of Essex, Deep River and East Haddam; the Connecticut Land Conservation Council; the Connecticut League of Conservation Voters; the Sierra Club; Audubon Connecticut; the Citizens Campaign for the Environment; the Connecticut Fund for the Environment; the Citizens for the Protection of Connecticut Public Lands and the Connecticut River Gateway Commission. Also, about 600 people from 50 towns in Connecticut signed a petition against the land swap.

I am not aware of any other current listings, contracts, agreements, options or purchase agreements affecting the subject.

SCOPE OF WORK

The scope of the appraisal describes the extent of the process of collecting, confirming and reporting data. The information listed below is a summary of the primary investigations and research conducted by R.P. McDermott Associates Inc. to complete this assignment.

- Examined all pertinent public records available in the town of Haddam. Departments contacted included, but were not limited to the town's Planning and Zoning, Tax, Assessor and Town Clerk offices.
- Gathered and reviewed pertinent housing, employment and demographic information from State of Connecticut publications and Census data.
- Contacted and interviewed representatives of the Chatham Health District, the town of Haddam and the CT DEEP to evaluate public water and sewer issues that could potentially affect the appraised property.
- Researched and evaluated relevant web sites and articles pertaining to the subject and the proposed land swap.

INTRODUCTION (CONTINUED)

SCOPE OF WORK (CONTINUED)

- Reviewed the most recent 2007 Haddam Plan of Development.
- Reviewed recent conveyances of comparable residential housing and lot sales in Haddam as well as vacant land sales in Haddam and relevant regional towns.
- Reviewed and analyzed all available and relevant maps, site plans and surveys.
- Reviewed and analyzed pertinent zoning, wetlands and subdivision regulations.
- Researched and evaluated commercial land sales and listing information published by the Connecticut Multiple Listing Service, Conn-comp, CERC and various other commercial web sites.
- Conducted a walking inspection of the subject on September 28, 2011 with the owners of the Riverhouse (Steve Rocco and Trevor Furrer); Beth Brothers and Graham Stevens from the Connecticut DEEP; and Ben Baldwin and Bob Silverstein from Miner and Silverstein. Inspections of the subject neighborhood and comparable development in Haddam were also conducted to evaluate the market.
- The market was researched for pertinent land sales information by reviewing planning files and interviewing knowledgeable brokers and owners familiar with the subject market.
- The factual information and market data used in the report has been confirmed with Assessor's records, conveyance deeds, buyers, sellers, property owners, public officials, brokers, property managers, lenders or other public information sources when possible.

SUMMARY OF PROJECT AND APPRAISAL PROBLEMS

The primary purpose of the appraisal is to determine the market value of the fee simple interest in the subject. The subject is a relatively large parcel with zoning that includes residential sections adjacent to the parcel's two frontages with the bulk of the land zoned industrial. The parcel is in a mixed-use section of Haddam where neighborhood improvements include commercial, industrial, residential and recreation uses. In addition to the split zoning, the valuation is complicated by the uncertain status of the town's zoning regulations (which are in the process of being revised) and the lack of approved zoning regulations or standards that will pertain to the subject once the zoning revisions are finalized. The town Plan of Development has recommended that zoning in the Tylerville section of Haddam should be changed to commercial zoning that is similar to the Village District zone in the Higganum Center section of Haddam.

Although the subject is in an industrial zone, there have been discussions among the owners of the Riverhouse, the town of Haddam and the Gateway Commission regarding commercial development on the subject but no applications have been filed with the town and there are no approvals in place that would provide some guidance regarding potential uses for the subject. The lack of any land use approvals and the uncertainty pertaining to the subject's eventual zoning requirements will make it more difficult to value the subject property.

The subject is a very controversial property that has generated strong opposition from groups and people opposing the proposed land swap and seeking to maintain the subject as State-owned open space. These issues combined with the subject's zoning uncertainties are factors that the market would evaluate when deciding whether to acquire the subject and what price they are willing to pay.

INTRODUCTION (CONTINUED)

SUMMARY OF PROJECT AND APPRAISAL PROBLEMS (continued)

As a result, these factors will need to be considered in the valuation process. Development in the Tylerville section of Haddam is also hindered by the lack of public water and sewer utilities and historic problems regarding water contamination. These are also key factors that will need to be considered.

I am not aware of any other significant issues or appraisal problems facing the subject.

PERSONAL PROPERTY

There is no personal property or items other than real property considered or valued in the report.

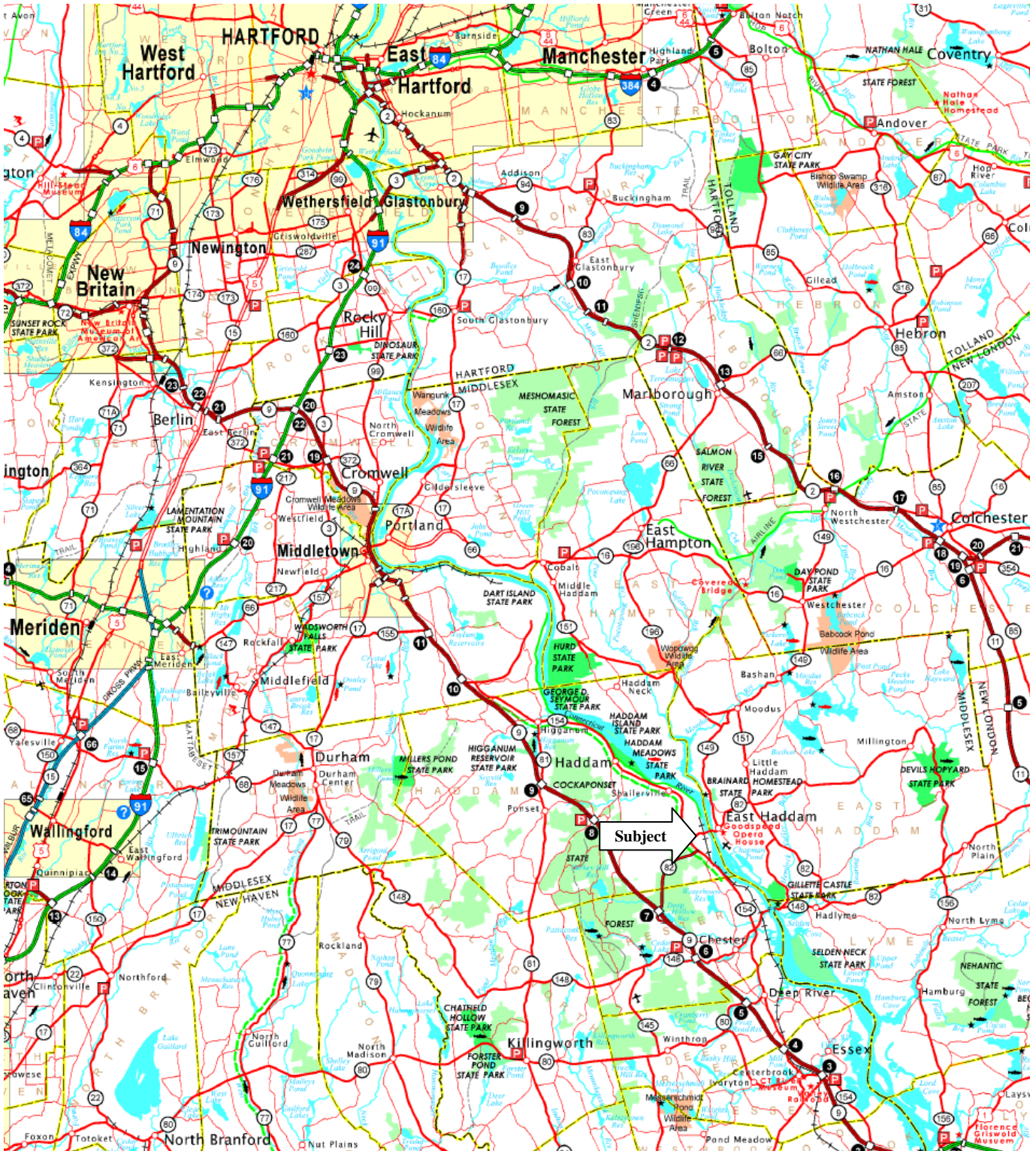
UNAVAILABILITY OF INFORMATION

No wetlands or detailed natural resource studies were available for review. No final zoning or subdivision regulations for the town of Haddam were available. The current and most recent draft zoning and subdivision regulations for Haddam were used in the report. To the best of my knowledge, all other information deemed pertinent to the completion of the report was available.

COMPETENCY PROVISION

Richard P. McDermott has the necessary appraisal and review experience with properties similar to the subject to competently complete this assignment. Richard McDermott is a designated Member of the Appraisal Institute and is certified as a general commercial appraiser by the State of Connecticut. Richard McDermott has successfully completed the Valuation of Conservation Easements and the Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications courses conducted by the Appraisal Institute. He has also completed masters-level coursework pertaining to regional planning and has approximately 26 years of experience as a professional real estate appraiser (see Appraiser's Qualifications in the addenda of the report).

REGIONAL LOCATION MAP



REGIONAL DATA

LOCATION

The town of Haddam is in the center of Middlesex County and is bounded by the Connecticut River and the town of East Haddam to the east, Chester and Killingworth to the south; Middletown and East Hampton to the north and Durham to the west. It is approximately 19 miles southeast of Hartford, the State Capital. Middlesex County is situated in south/central Connecticut and is bordered by Hartford County to the north, New London County to the east, New Haven County to the west, and Long Island Sound to the south.

REGIONAL ACCESS

The primary highway in Middlesex County is Route 9, which is a four-lane, divided, State highway that runs southeast from New Britain to Cromwell where it intersects with Interstate 91 (I91) and continues through Haddam and points south, before terminating at I95 in Old Saybrook. Interstate 91 is the primary north/south highway that runs north through central Connecticut from New Haven to Hartford and through to Springfield, Massachusetts and northern New England. Interstate 95 is a six-lane highway that enters Connecticut from New York and runs east through the southern end of Connecticut before continuing into Rhode Island. Besides Route 9, two State highways known as Route 154 and Route 81 serve Haddam.

POPULATION

Haddam's 2010 population was 8,346, which is the fourth largest among the seven towns surveyed. The largest regional towns are the urban centers of Middletown and East Hampton and the smallest regional towns are Chester and Killingworth. Haddam's population increased 16.6% between 2000 and 2010. This increase was significantly greater than area (8.6%), County (6.8%) and State (4.9%) growth rates. The data is summarized in the following chart.

POPULATION TRENDS						
AREA	Population			Population Projection	Population Change	Population Change
	1990	2000	2010	2015	2000-2010	2010-2015
Chester	3,417	3,743	3,994	3,825	6.7%	-4.2%
Durham	5,732	6,627	7,388	7,833	11.5%	6.0%
East Haddam	6,676	8,333	9,126	9,367	9.5%	2.6%
East Hampton	10,428	13,352	12,959	11,638	-2.9%	-10.2%
Haddam	6,769	7,157	8,346	7,712	16.6%	-7.6%
Killingworth	4,814	6,018	6,525	7,027	8.4%	7.7%
Middletown	42,762	43,167	47,648	44,651	10.4%	-6.3%
<i>Totals</i>	<i>80,598</i>	<i>88,397</i>	<i>95,986</i>	<i>92,052</i>	<i>8.6%</i>	<i>-4.1%</i>
<i>Middlesex County</i>	<i>143,196</i>	<i>155,071</i>	<i>165,676</i>	<i>170,121</i>	<i>6.8%</i>	<i>2.7%</i>
<i>State of CT</i>	<i>3,257,115</i>	<i>3,405,565</i>	<i>3,574,097</i>	<i>3,564,130</i>	<i>4.9%</i>	<i>-0.3%</i>

Source: U.S. Bureau of the Census; CT Office of Policy & Management; *Compiled by R.P. McDermott Associates, Inc.*

Population in Haddam is projected to decrease 7.6% through 2015. Overall, the region's population is projected to decrease 4.1% between 2010 and 2015 which is worse than both the County and State of CT over the same time period.

POPULATION DENSITY

Relative to neighboring towns, Haddam has the second largest land area and the third smallest population density. Haddam's population density is most comparable to Killingworth and East Haddam, which are similar rural/residential communities just east and south of Haddam. Haddam's density of 190 persons per square mile is well below area, County and State averages.

REGIONAL DATA (CONTINUED)

Population Density (continued)

POPULATION DENSITY			
AREA	Land Area Sq. Miles	2010 Population	Population Per Sq. Mile
Chester	16.03	3,994	249
Durham	23.60	7,388	313
East Haddam	54.33	9,126	168
East Hampton	35.58	12,959	364
Haddam	44.03	8,346	190
Killingworth	35.32	6,525	185
Middletown	40.89	47,648	1,165
<i>Totals</i>	<i>249.78</i>	<i>95,986</i>	<i>384</i>
<i>Middlesex County</i>	<i>369.20</i>	<i>165,676</i>	<i>449</i>
<i>State of CT</i>	<i>4,844.00</i>	<i>3,574,097</i>	<i>738</i>

Source: U.S. Census; Compiled by R.P. McDermott Associates, Inc.

Haddam is a rural community where residential development is limited by the large amount of public and private open space, the town's steep terrain and rocky soils and the lack of public sewers. As the data shows, Middletown is the most densely developed area and serves as an employment center for the region.

INCOME

Median household income trends for Haddam and area towns are shown in the following chart.

MEDIAN HOUSEHOLD INCOME TRENDS			
Area	2000	2009	% Change 2000-2009
Chester	\$65,156	\$80,353	23.3%
Durham	\$77,639	\$99,199	27.8%
East Haddam	\$62,304	\$79,785	28.1%
East Hampton	\$66,326	\$83,971	26.6%
Haddam	\$78,571	\$97,892	24.6%
Killingworth	\$80,805	\$102,047	26.3%
Middletown	\$47,162	\$61,090	29.5%
<i>Area Averages</i>	<i>\$68,280</i>	<i>\$86,334</i>	<i>26.4%</i>
<i>Middlesex County</i>	<i>\$59,175</i>	<i>\$74,860</i>	<i>26.5%</i>
<i>State of CT</i>	<i>\$53,935</i>	<i>\$68,055</i>	<i>26.2%</i>

Source: U.S. Census Data; Compiled by R.P. McDermott Associates, Inc.

With a 2009 median household income of \$97,892, Haddam ranks third behind Killingworth and Durham. Haddam's median income is significantly higher than the median incomes for both Middlesex County (\$74,860) and the State (\$68,055). The data shows that all adjacent towns, except Middletown, rank well above County and State income figures. Haddam's percentage increase of 24.6% since 2000 is the second lowest among the towns and areas surveyed.

ECONOMIC/EMPLOYMENT

Haddam's unemployment rate has generally ranked in the middle of the neighboring towns surveyed, but below the Hartford LMA and the State of Connecticut. All towns surveyed have consistently outperformed the Hartford LMA and the State of Connecticut. The following chart shows unemployment rate trends by place of residence for Haddam, neighboring communities, the Hartford Labor Market Area (LMA) and the State of Connecticut.

REGIONAL DATA (CONTINUED)

Economic/Employment (continued)

AVERAGE ANNUAL UNEMPLOYMENT RATES BY PLACE OF RESIDENCE												
Area	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Chester	1.8	1.8	1.7	3.1	3.1	2.9	3.5	2.9	3.5	4.2	6.2	6.3
Durham	2.1	1.7	2.7	3.2	4.1	3.3	3.6	3.1	3.4	4.0	5.6	6.2
East Haddam	3.0	2.1	3.1	4.2	4.6	4.0	4.1	3.2	3.7	4.4	6.2	7.1
East Hampton	3.1	2.4	2.8	3.8	5.1	3.7	6.4	4.9	4.8	5.8	7.8	8.9
Haddam	2.2	1.6	2.2	3.0	3.6	3.3	3.8	3.0	3.2	4.0	5.8	6.7
Killingworth	2.2	1.4	2.5	3.2	3.3	2.8	3.4	2.9	3.2	4.1	5.5	6.3
Middletown	3.2	2.3	3.2	4.1	5.3	4.9	4.8	4.0	4.5	5.5	7.3	8.3
<i>Hartford LMA</i>	<i>3.3</i>	<i>2.4</i>	<i>3.3</i>	<i>4.5</i>	<i>5.4</i>	<i>5.1</i>	<i>5.3</i>	<i>4.5</i>	<i>4.7</i>	<i>5.9</i>	<i>8.1</i>	<i>9.1</i>
<i>State of CT</i>	<i>3.2</i>	<i>2.3</i>	<i>3.3</i>	<i>4.3</i>	<i>5.0</i>	<i>4.7</i>	<i>5.1</i>	<i>4.3</i>	<i>4.5</i>	<i>5.8</i>	<i>8.0</i>	<i>9.0</i>

Source: CT Department of Economic and Community Development; *Compiled by R.P. McDermott Associates Inc*

Haddam's unemployment rate was 6.9% as of July 2011. This rate represents a slight increase from the town's 2010 annual average of 6.7% but it is well below the current 9.3% rate for the Hartford LMA and the 9.2% rate for the State of Connecticut. It is also well below the national unemployment rate of 9.3%.

Recent Employment Trends

The total non-farm employment in the State of Connecticut as of July 2011 was 1,617,000. Between July 2010 and July 2011, the State of Connecticut gained 10,400 jobs which represents a 0.6% change. The Educational & Health Services and Professional & Business subsectors had the greatest job gains over the past year (+8,200 jobs and +2,600 jobs respectively). The Financial Activities subsector showed the greatest loss over the same time period with -2,000 jobs.

NON-FARM EMPLOYMENT TRENDS – STATE of CT				
	July 2011	July 2010	# Change	% Change
Non-Farm Employment	1,617,000	1,606,600	10,400	0.6%
Goods Producing	223,400	220,500	2,900	1.3%
Construction, Nat. Res. & Mining	54,900	53,900	1,000	1.9%
Manufacturing	168,500	166,600	1,900	1.1%
Service Producing	1,393,600	1,386,100	7,500	0.5%
Trade, Trans. & Utilities	288,200	288,100	100	0.0%
Information	32,100	31,600	500	1.6%
Financial Activities	134,300	136,300	-2,000	-1.5%
Professional & Business Services	195,300	192,700	2,600	1.3%
Educational & Health Services	310,600	302,400	8,200	2.7%
Leisure & Hospitality	143,800	144,300	-500	-0.3%
Other Services	61,700	62,300	-600	-1.0%
Government	227,600	228,400	-800	-0.4%

The total non-farm employment in the Hartford LMA as of July 2011 was 532,000. This figure represents an increase of 3,500 jobs (0.7%) from July 2010 figures. Government (+1,300 jobs) and Educational & Health Services (+1,200 jobs) had the largest job gains over this time period. The greatest losses in employment were in the Financial Activities subsector with -1,100 jobs.

REGIONAL DATA (CONTINUED)

Recent Employment Trends (continued)

NON-FARM EMPLOYMENT TRENDS – HARTFORD LMA				
	July 2011	July 2010	# Change	% Change
Non-Farm Employment	532,000	528,500	3,500	0.7%
Goods Producing	75,300	74,700	600	0.8%
Construction, Nat. Res. & Mining	19,100	18,100	1,000	5.5%
Manufacturing	56,200	56,600	-400	-0.7%
Service Producing	456,700	453,800	2,900	0.6%
Trade, Trans. & Utilities	85,600	84,700	900	1.1%
Information	11,200	11,100	100	0.9%
Financial Activities	60,700	61,800	-1,100	-1.8%
Professional & Business Services	59,600	59,500	100	0.2%
Educational & Health Services	96,300	95,100	1,200	1.3%
Leisure & Hospitality	44,200	43,300	900	2.1%
Other Services	19,800	20,300	-500	-2.5%
Government	79,300	78,000	1,300	1.7%

HOUSING

The total number of housing units authorized for a 12-year period in Haddam and neighboring towns are shown in the following chart.

ANNUAL HOUSING UNITS AUTHORIZED and TOWN AVERAGES														
Area	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	Totals	Avg.
Chester	26	15	11	11	12	12	12	11	9	6	75	72	272	23
Durham	58	63	46	55	46	46	47	38	31	5	6	6	447	37
East Haddam	86	76	53	61	62	49	52	38	35	22	19	31	584	49
East Hampton	83	76	92	90	144	158	134	85	71	34	23	21	1,011	84
Haddam	42	36	31	40	51	70	59	51	46	28	16	19	489	41
Killingworth	73	37	42	32	27	23	21	21	14	11	5	4	310	26
Middletown	142	179	165	191	203	229	253	213	215	172	85	28	2,075	173
<i>Totals</i>	<i>510</i>	<i>482</i>	<i>440</i>	<i>480</i>	<i>545</i>	<i>587</i>	<i>578</i>	<i>457</i>	<i>421</i>	<i>278</i>	<i>229</i>	<i>181</i>	<i>5,188</i>	<i>432</i>
<i>State of CT</i>	<i>10,637</i>	<i>9,376</i>	<i>9,290</i>	<i>9,731</i>	<i>10,435</i>	<i>11,837</i>	<i>11,885</i>	<i>9,236</i>	<i>7,746</i>	<i>5,220</i>	<i>3,786</i>	<i>3,932</i>	<i>103,111</i>	<i>8,593</i>

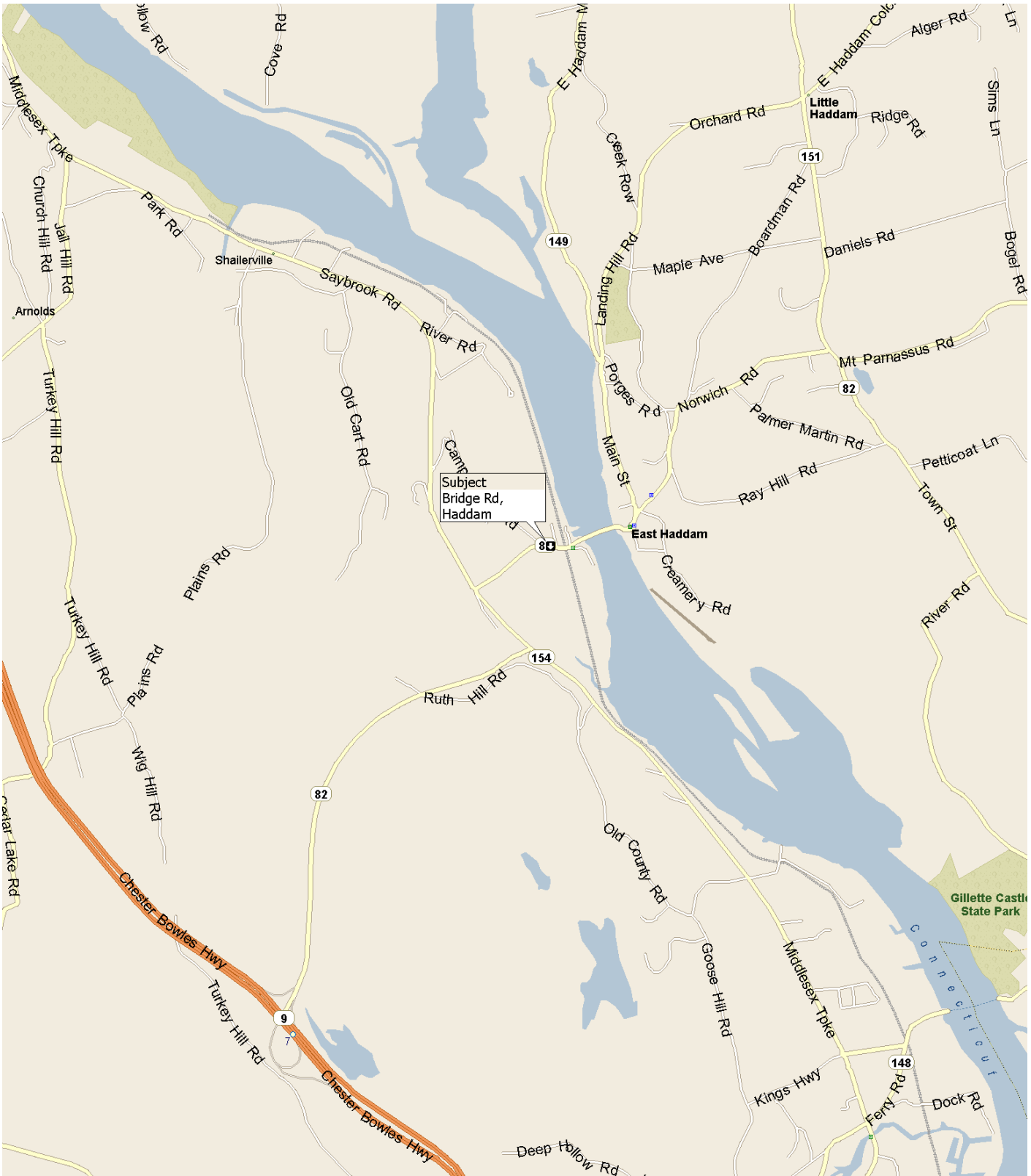
Source: CT Department of Economic and Community Development; *Compiled by R.P. McDermott Associates Inc*

Between 1999 and 2010, Haddam averaged 41 new housing units annually. Over the past five years, this average decreased to 32 units annually. All other towns surveyed, except for Chester, also reflect this downward trend. Middletown and East Hampton have been the most active towns regarding new construction while Chester and Killingworth have the least number of new permits over the 12-year period surveyed. As of September 2011, Haddam issued only 7 new permits, which is well below the 19 units approved in 2010.

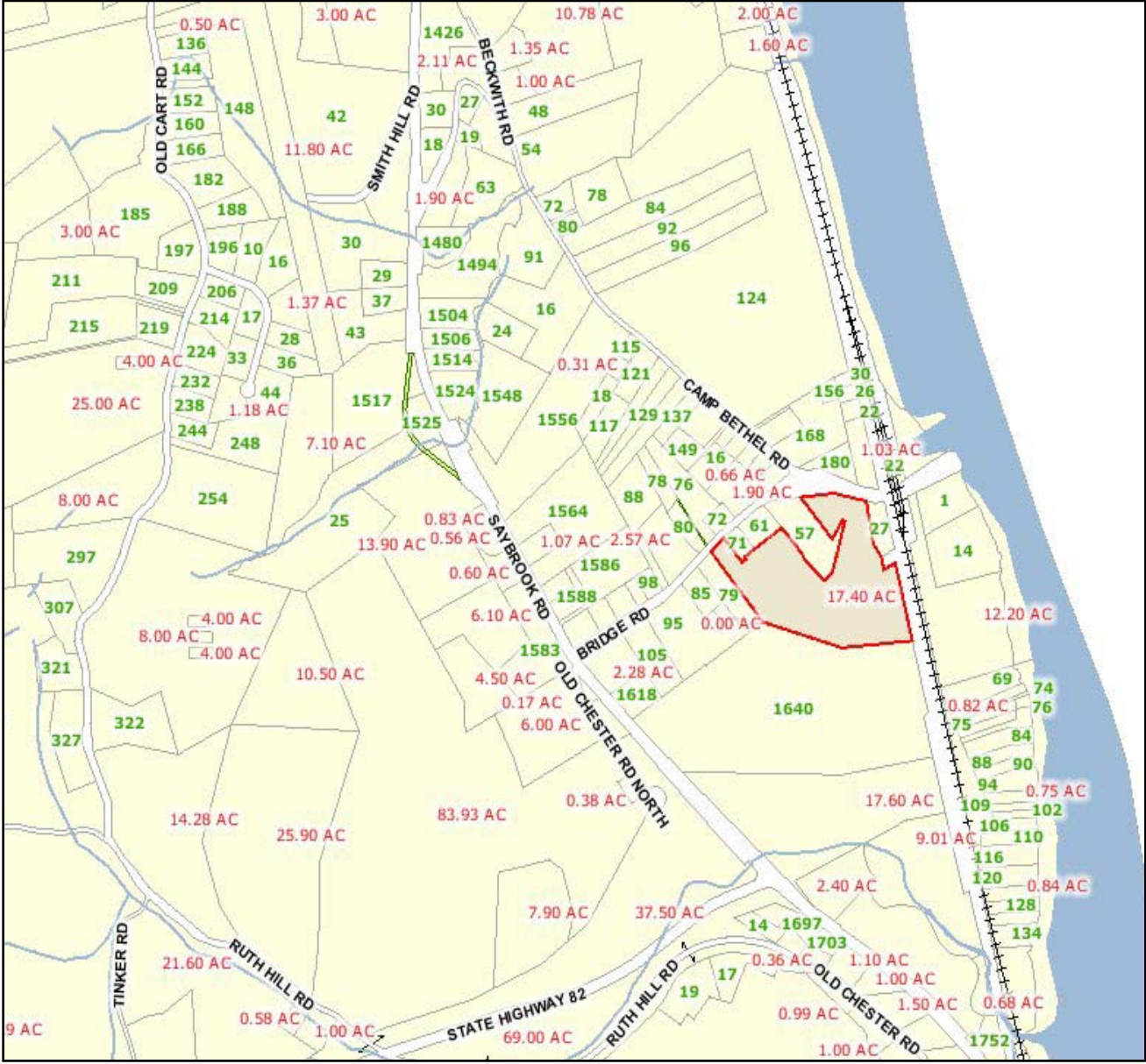
REGIONAL SUMMARY

Haddam is a rural suburban town in the center of Middlesex County that is a bedroom community for employment centers in the greater New Haven, Middletown, Norwich and New London regions. Haddam has a small population base and a low population density relative to other area towns. Population growth in Haddam between 2000 and 2010 was higher than all surrounding towns but the town's population is projected to decrease at a rate higher than area, County and State averages by 2015. Haddam's median household income is among the highest in the area and it is well above County and State figures. Haddam's unemployment rates have historically been significantly lower than the Hartford LMA and the State of CT rates.

NEIGHBORHOOD MAP



NEIGHBORHOOD MAP



NEIGHBORHOOD DATA

Location

The subject is in the southeastern corner of Haddam near the Chester town line in a district known as Tylerville section of Haddam. The immediate neighborhood can be defined as an area bounded to the south by the town of Chester, to the north and east by the Connecticut River and to the west by Route 9 and Beaver Meadow Road.

Access

The primary highway access to the subject is from Route 154 and Route 82. The subject has frontage on Route 82 which extends northeasterly from Route 9 in Chester into the Tylerville section of Haddam before crossing the Connecticut River into East Haddam. The subject is less than 3 miles from the Route 82 and Route 9 interchange.

Route 154 (a/k/a Saybrook Road) runs along the Connecticut River in a southerly direction from Route 9 in Middletown through Haddam and Chester before ending in the Long Island Sound shoreline town of Old Saybrook. Route 154 is primarily a two-lane State designated scenic highway. Route 81 (a/k/a Killingworth Road) is another primary State highway in Haddam that runs southerly from Route 154 in Higganum Center in Haddam to I95 and Route 1 in Clinton. Routes 154 and 81 were formerly primary summer routes to the Connecticut shoreline prior to the construction of the six-lane Route 9.

Tylerville has historically experienced a high regional traffic count (especially during tourist seasons) since it is one of the few spots in central and southern Connecticut where there is a bridge crossing the Connecticut River. Access to the Connecticut River and The Goodspeed Opera House in East Haddam also draws traffic throughout the year.

Despite the presence of the bridge adjacent to the subject, there is no pedestrian traffic allowed on the bridge. This limits seasonal tourist traffic between Haddam and East Haddam to vehicles which in turn increases congestion in the area during the summer months.

The subject abuts a railroad track that is owned by the State of CT and leased to The Valley Railroad Company, which is a company chartered by the Connecticut General Assembly to operate on the rail line from Old Saybrook to Middletown. This company has developed multiple water/railroad products for the public that include historic steam locomotive railroad train rides, riverboat excursions on the Connecticut River from a dock in Deep River, the Essex Clipper Dinner Train (that extends to Haddam near the subject but does not stop there) and the North Pole Express Christmas Excursion Train. The Valley Railroad Company is reportedly one of Connecticut's top 5 visitor attractions with gross annual revenues of over \$3 million. A copy of a map showing the railroad corridor adjacent to the subject is presented later in this section.

Neighborhood Land Uses

The Tylerville section of Haddam is a small mixed-use district with residential, commercial and industrial land uses. Uses adjacent to Route 82 and Route 154 are primarily commercial with a neighborhood shopping center, retail stores, Liberty Bank, a gasoline service station, a convenience store, a Dunkin Donuts, restaurants, a self-storage facility, a flooring store, gift shops, offices, a grocery store, a furniture store and the Riverhouse banquet and conference center facility. The most recent construction in the neighborhood has been the abutting Riverhouse banquet facility, a Dunkin Donuts and the Saybrook at Haddam Assisted Living facility on Route 154. A vacant 1.3-acre parcel of commercial land in Tylerville on the west side of Route 154 just south of Route 80 is available for development on a build-to-suit basis.

NEIGHBORHOOD PHOTOGRAPHS



Eastern view of Saybrook at Haddam assisted living facility off Rt. 154



Easterly view of Rt. 82 just west of subject



Southern view of Rt. 82 and Rt. 154 intersection



Easterly view of gas station/convenience store at corner of Rt. 82 and Rt. 154



Easterly view of Rt. 82



Southeasterly view of Eagle Landing State Park and CT River



Northeastern view of old train station



Easterly view of bridge from Rt. 82



Southern view of railroad track and crossing abutting subject



Southern view of grocery and liquor store on Rt. 82 just west of subject.



Western view of bridge connecting East Haddam with Haddam



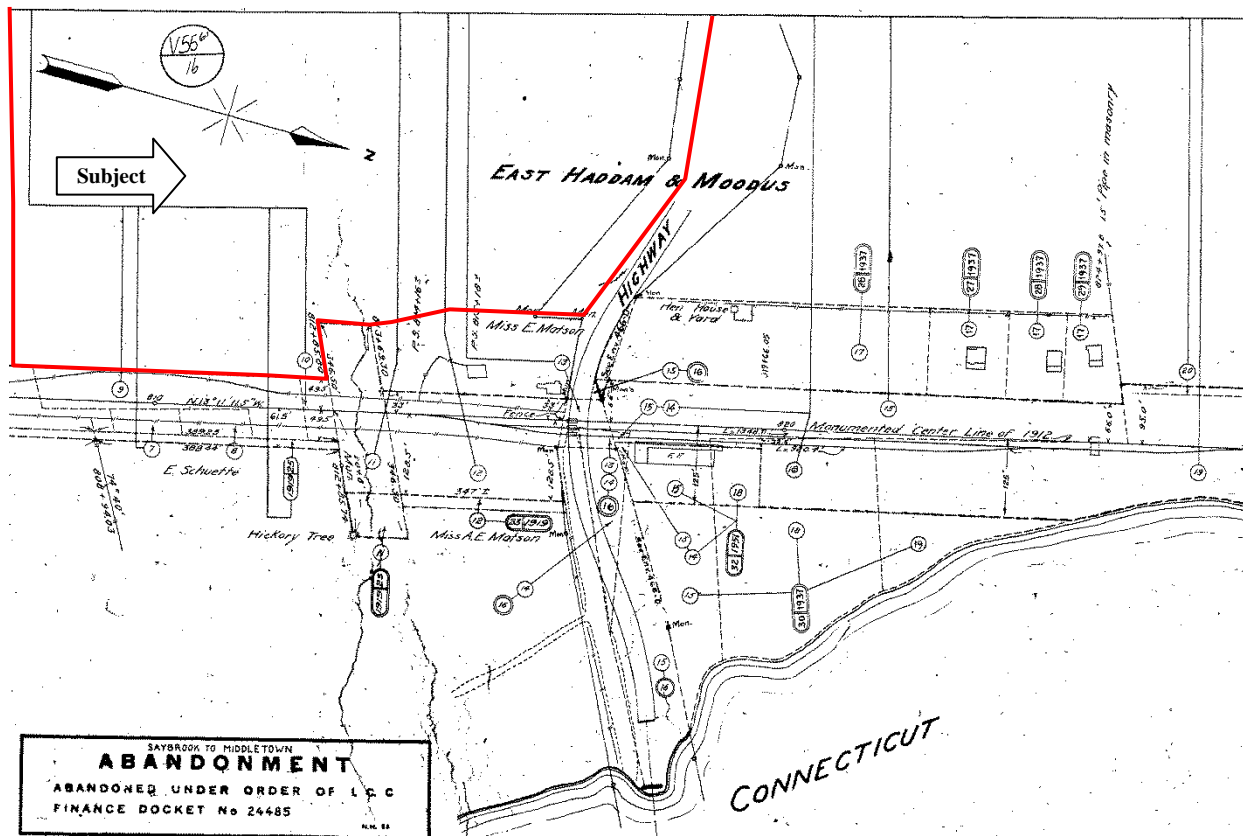
Western view of Goodspeed Opera House and bridge in East Haddam

NEIGHBORHOOD/COMMUNITY DATA (CONTINUED)

Neighborhood Land Uses (continued)

Land uses abutting the subject include:

- the Riverhouse at Goodspeed Station, a 12,078 SF banquet facility on 3 acres built in 2007 that is almost fully surrounded by the subject to the west, south and east;
- two historic Colonial homes (built in 1790 & 1800) on 0.6 and 1.07-acre lots to the north;
- a 1-acre lot with two small ranch dwellings containing 840 SF and 1,500 SF to the southwest;
- a 19,824 SF garage facility on 34.4 acres owned by the State of CT to the south;
- a 1,272 SF dwelling on 0.9 acres that was built in 1872 to the east along the railroad tracks and;
- a railroad corridor with active tracks owned by the State of Connecticut (leased to The Valley Railroad Company) and the Eagle Landing State Park adjacent to the Connecticut River to the east.



The two largest properties in Tylerville are the CT Connecticut Department of Transportation properties to the south of the subject and a campground to the north. The CT DOT garage facility and abutting vacant land under the same State ownership is the industrial use that dominates Tylerville. The DOT land consists of three contiguous parcels totaling 61.01 acres (a garage facility on 34.4 acres and vacant parcels with 17.6 and 9.01 acres).

NEIGHBORHOOD/COMMUNITY DATA (CONTINUED)

Neighborhood Land Uses (continued)

Another major nearby land use is Camp Bethel, which is an interdenominational Christian campground on 46.7 acres that sits atop a 50 foot bluff overlooking the Connecticut River. The camp is owned and operated by Camp Bethel Association, Inc., a non-profit organization. The grounds include about 40 seasonal cottages owned by members and over a dozen buildings owned by the Association that are interspersed among woodlands and tree lined lawns. This property is a short distance north of Route 82 and the subject.

Residential uses are scattered along Route 82 and in a section of old waterfront cottages to the south of Eagle Landing State Park that evolved into a year round community. A marina is situated on the Connecticut River just north of the bridge. An old train station on Route 82 near the railroad track crossing has been converted to a gift shop.

The subject and neighborhood land uses are shown in the following map.



The Tylerville District is part of a dual-town regional tourist district that includes the Goodspeed section of East Haddam that is just across the CT River from the subject. The Goodspeed Opera House, the Gelston House, adjacent shops and restaurants, as well as Gillette Castle in East Haddam are regional attractions that draw both seasonal tourists and year round visitors.

This concentration of tourist related attractions plus the natural attraction of the Connecticut River support the town of Haddam's goal of focusing on ecotourism related efforts by reestablishing Haddam's historic connection to the Connecticut River.

NEIGHBORHOOD/COMMUNITY DATA (CONTINUED)

Economic Base

Haddam is primarily a bedroom community with few major employers in town and only about 3% of its total land is classified for commercial or industrial use. The primary commercial activity is along Routes 154 and 81. Businesses are primarily smaller retail, restaurant and office properties mixed with older residential dwellings. Many of the office buildings are converted residential dwellings. The major employers in town as of 2006 were the Haddam Board of Education, CT Yankee Atomic Power Company, ECS Marin Environmental, the town of Haddam and J.C. Products. As of the October 1, 2010 Grand List the top ten taxpayers were: Conn Yankee Atomic Power Company; Conn Light & Power; MCAP Sabine Pointe LLC; The Riverhouse Properties LLC; Touchstone Development Associates LLC; Rogers Realty LLC; The Davidson Company; Camp Bethel Associates Inc.; Bridge Street Associates and Village Plaza LLC.

As of 2005, the largest economic sector in Haddam was Services, which represented 41.4% of the 338 business firms in town and employed 53.8% of the local work force. The second largest sector was Trade with 19.5% of the town's business firms and 17.8% of the employment base. It should also be noted that approximately 23% of Haddam's total land area is owned by the State of Connecticut.

Haddam has a very limited amount of commercial or industrial land. Of the town's total land area, less than 1% (0.68%) was commercial and only 2.1% was industrial as of 2005. The lack of commercial/industrial zoned land combined with the very limited amount of commercial and industrial land with access to public utilities will continue to limit the supply of land for future economic growth.

Town Government/Services/Amenities

The town of Haddam was established in 1662 and is currently governed by a Town Selectman, a Board of Selectmen, a Board of Finance and a Town Meeting format. Municipal services include a resident State trooper, a volunteer fire department, a volunteer ambulance and road maintenance. There are no hospitals in Haddam but major medical facilities are available in Middletown. The town's has two public elementary schools and a high school. Haddam is part of the Regional School District #17 which includes the 3 schools in town as well as an elementary school and middle school in Killingworth. Total town school enrollment as of the 2009-2010 school year was about 1,375 students. Recreation facilities include the town-owned Brickyard Playing Field, while the State of Connecticut owns the 14-acre Haddam Island State Park, the 147-acre Haddam Meadows State Park, Higganum Reservoir State Park, Cockaponset State Forest (15,000 acres in seven towns), George D. Seymour State Park, the Mattabesett Trail, the Cockaponset Trail (two blue trails) and the Eagle Landing State Park. Additionally the Haddam Land Trust holds approximately 290 acres of open space in trust.

Summary

Haddam is a rural residential bedroom community with a very limited amount of commercial or industrial development. A primary industry in Haddam is tourism and recreation associated with State parks and the Connecticut River. The subject is in the southeast section of Haddam in a district of Haddam that is characterized by commercial/industrial development, historic homes, seasonal cottages and recreation associated with the Connecticut River. The synergy created by the Tylerville Village District, the Connecticut River and attractions across the Connecticut River in East Haddam suggests that the neighborhood could support development that capitalizes on the local entertainment and the tourism industries. The lack of land suitable for development though is a limiting factor.

ASSESSMENT AND TAX DATA

The town of Haddam's assessments are based on 70% of market value as of the October 1, 2010 revaluation. Annual taxes are due on January 1 and July 1 of each year. Assessment and tax information for the subject is presented below. The parcel is owned by the State of Connecticut and the property is tax exempt. The taxes shown below are what would be owed if taxes were collected.

ASSESSMENT and TAX DATA	
Assessment	\$300,540
Tax Rate (10/1/10)	x 0.02823
Total Taxes	\$8,484.24

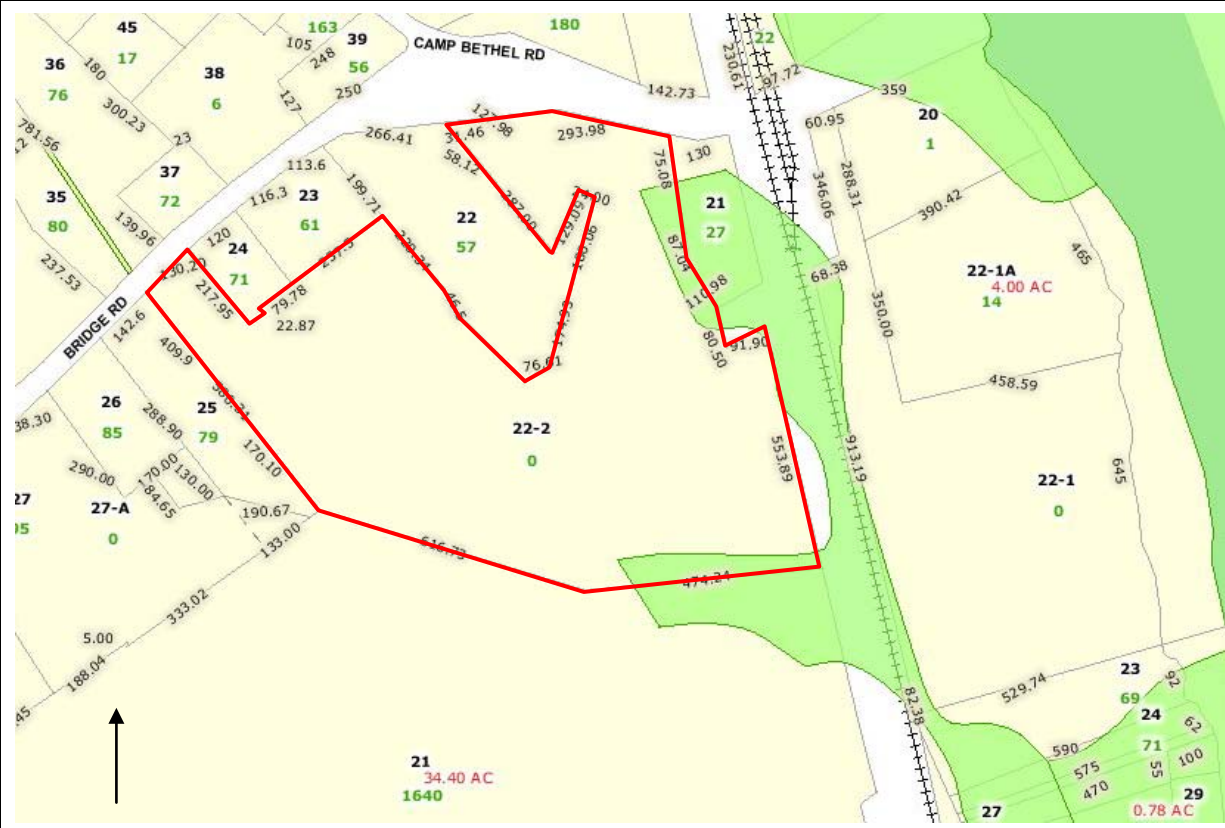
The subject was assessed at \$1,550,000 as of the last revaluation in 2005. A discussion with the town assessor indicated that the current assessment is based on its value as raw, unimproved land. Reportedly, the current assessor was not involved in establishing the prior assessment. As a result, she indicated that she could not properly evaluate the significant change that occurred since the 2005 assessment.

The tax rate history for the town of Haddam is presented below.

Town of Haddam Real Estate Tax Rate History		
Grand List Year	Tax Rate	Percentage Change
2010 (revaluation)	28.23	3.0%
2009	27.40	3.8%
2008	26.40	1.5%
2007	26.00	4.0%
2006	25.00	0.0%
2005(revaluation)	25.00	NA
2004	31.00	5.1%
2003	29.50	3.5%
2002	28.50	NA

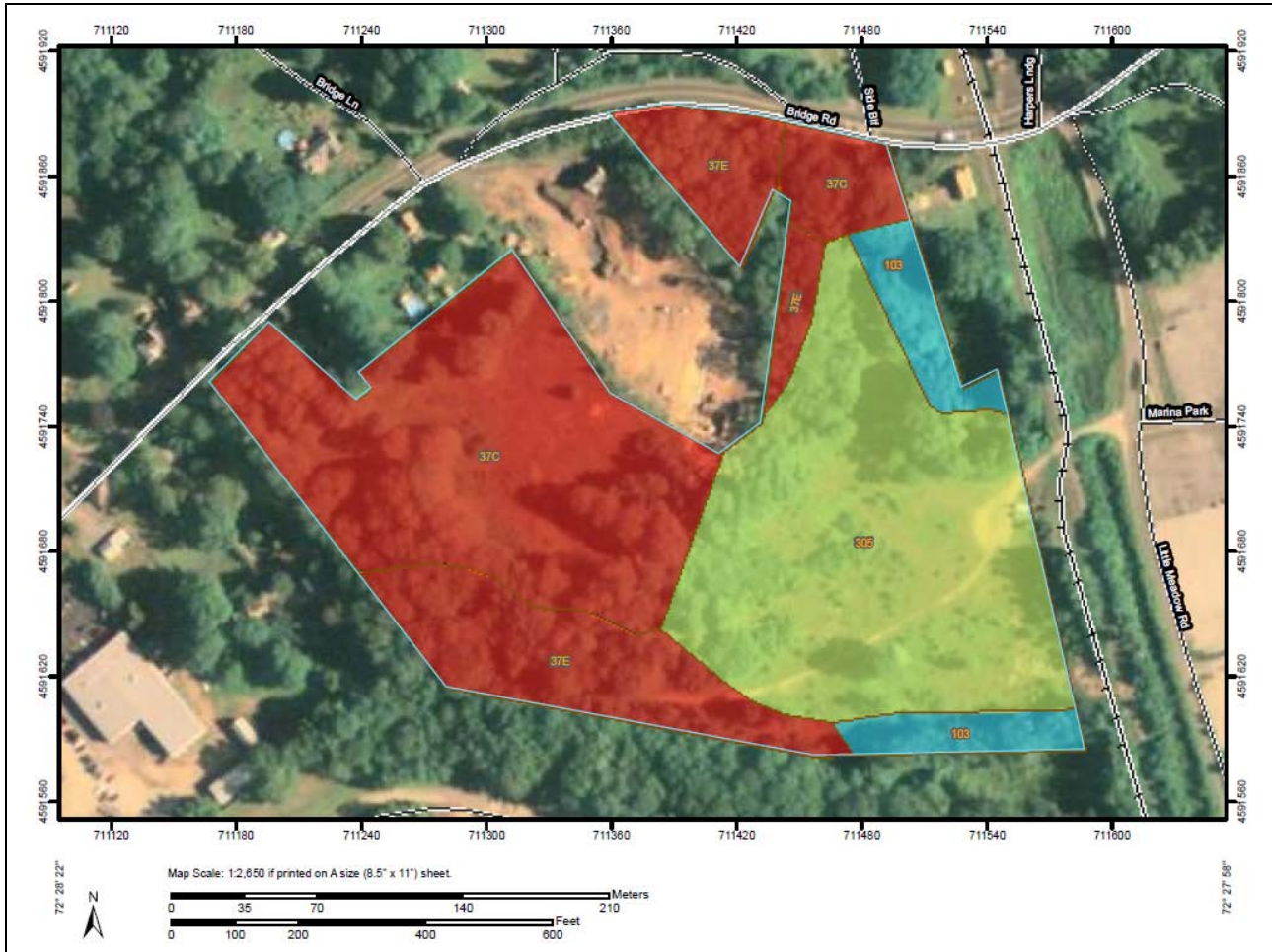
The preceding chart summarizes tax rate changes over the past eight years. Based on historical tax increases in Haddam, taxes are projected to increase 3% annually.

WETLANDS & AERIAL MAPS



SITE DESCRIPTION	
Land Area	17.4 acres or 757,944 SF (Source: Survey Map, Property of New England Maritime Corp, Steamboat Land Co, Inc. and Eagle Land Corp. dated 9/25/96 by William G. Bergan.)
Parcel Frontage	A total of 583.62' of non-contiguous frontage on the southerly side of Bridge Road (a/k/a Route 82) with 130.20' at the western most frontage and 453.42' at the parcel's eastern frontage.
Access	<p>The parcel has good interior access from two sections of road frontage. The western frontage provides access to a level field and some woodlands on the upper elevation of the parcel. A woods road descends downward to a rear level area at the southern section of the parcel. The eastern frontage also provides direct access to the rear or southern lower level section from Bridge Road.</p> <p>A State-owned railroad track runs parallel to a section of the subject's eastern property line. Although there is an existing driveway that crosses the railroad tracks and leads to other State-owned land along the Connecticut River, the subject does not have the right for pedestrians or vehicles to cross the tracks.</p> <p>Bridge Road can be busy and traffic can back up along the subject's frontages when the bridge crossing the Connecticut River is swung open. Overall, the access to the subject is average.</p>
Traffic Count	The Connecticut Department of Transportation average daily traffic count on Bridge Road just east of Route 154 is 11,700 cars per day as of October/November 2010.
Shape	Irregular U-shaped
Topography (See topography map in this section)	The subject is essentially on two tiers. The land generally slopes downward in a west to east direction between the Bridge Road frontages. The upper section of the subject consists of level to sloping land that descends in a southern direction from an elevation around 75' near the western frontage to an elevation of about 60' near a steep embankment that is in the central section of the parcel. At the embankment, the land drops steeply about 40' to a level rear area that is at an elevation of about 20'. The rear level area extends south from the access gate at the eastern road frontage to an area adjacent to the eastern and southern property line.
Drainage	Natural drainage is southerly, southeasterly and easterly. A low lying area to the west of the steep embankment that curves through the property is adjacent to the entrance roadway extending south from the eastern frontage.
Flood Zone (See flood map in this section)	The most recent Flood Insurance Rate Map Panels #09007C0253G and #09007C0254G dated August 28, 2008 show the majority of the subject is in Zone X, areas determined to be outside the 0.2% annual chance floodplain. A small area along the central eastern border of the parcel is in Zone AE, areas of base flood elevations determined.
Wetlands	The soils map and the town GIS map indicate there is about 1 acre of wetlands soils (6% of the total land area) along the northeastern section of the parcel and along the southeastern property line.
Ground Cover	The subject consists of open fields on the upper and lower sections that are interspersed with woodlands.
Soils (Source: see USDA NRCS, soils map in this section)	The majority of the soils on the subject are the Manchester gravelly sandy loam with about 10 acres. There is also about 1 acre of Rippowam fine sandy loam and about 6 acres of gravelly Udorthents-Pits complex.
Site Improvements	None
Easements, Restrictions	The right to drain as contained in a deed dated 1/5/96 and recorded in Volume 205 Page 353 of the Haddam land records. Based on our research and a title report, there are no known easements or restrictions that affect the property.

SOILS MAP



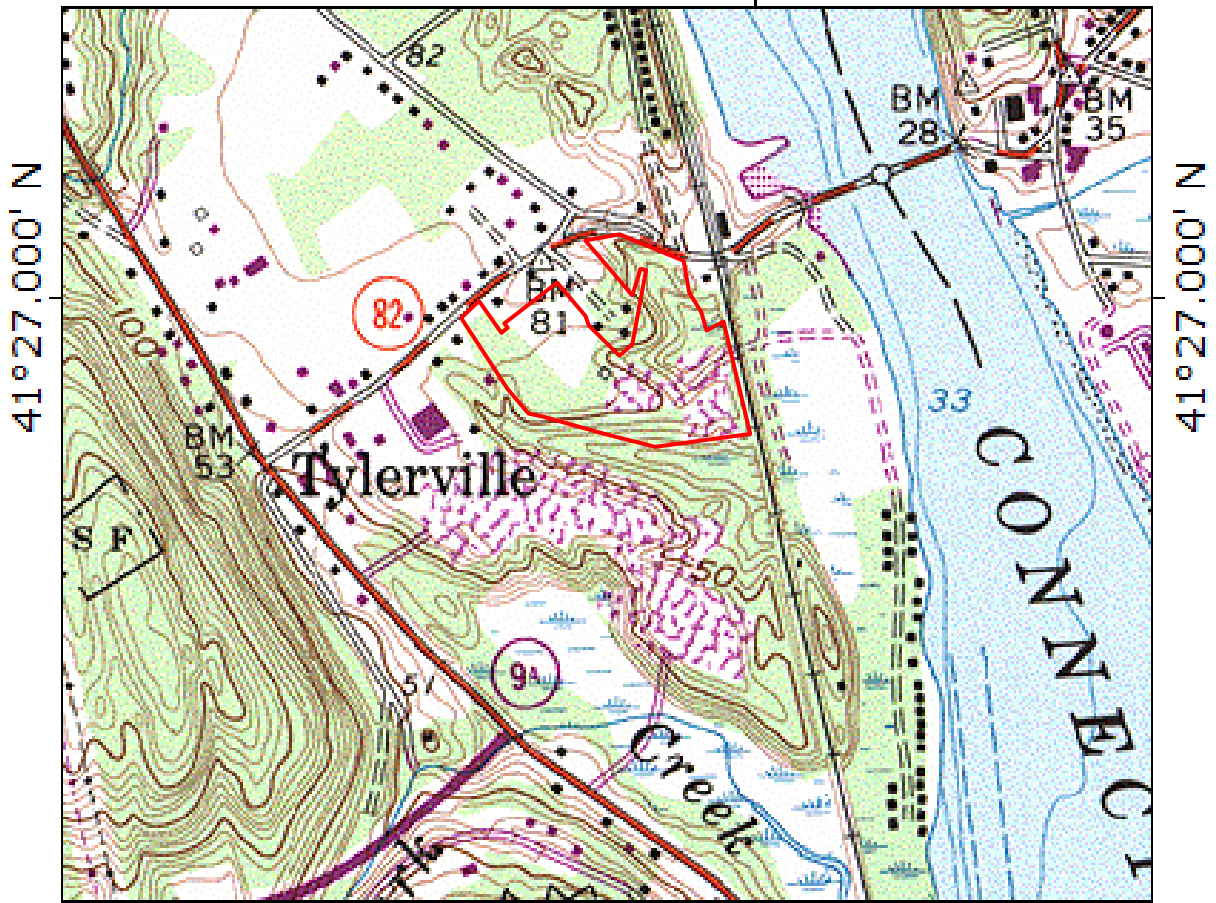
Soil Ratings

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Excessively drained | Moderately well drained | Very poorly drained |
| Somewhat excessively drained | Somewhat poorly drained | Subaqueous |
| Well drained | Poorly drained | Not rated or not available |

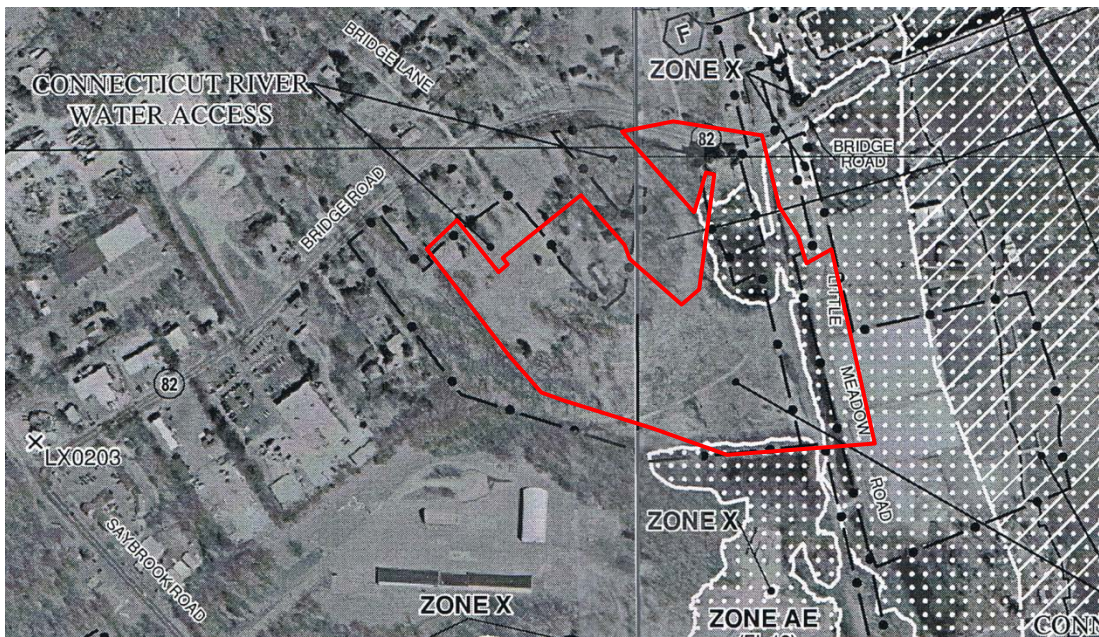
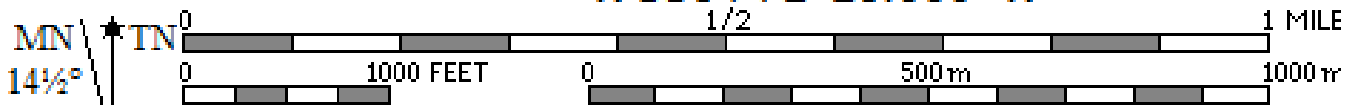
Drainage Class— Summary by Map Unit — State of Connecticut (CT600)				
Map unit symbol	Map unit name	Rating	Acres in AOI	Percent of AOI
37C	Manchester gravelly sandy loam, 3 to 15 percent slopes	Excessively drained	6.5	36.8%
37E	Manchester gravelly sandy loam, 15 to 45 percent slopes	Excessively drained	3.3	18.8%
103	Rippowam fine sandy loam	Poorly drained	1.2	6.7%
305	Udorthents-Pits complex, gravelly	Moderately well drained	6.6	37.7%

TOPOGRAPHY & FLOOD ZONE MAPS

WGS84 72°28.000' W



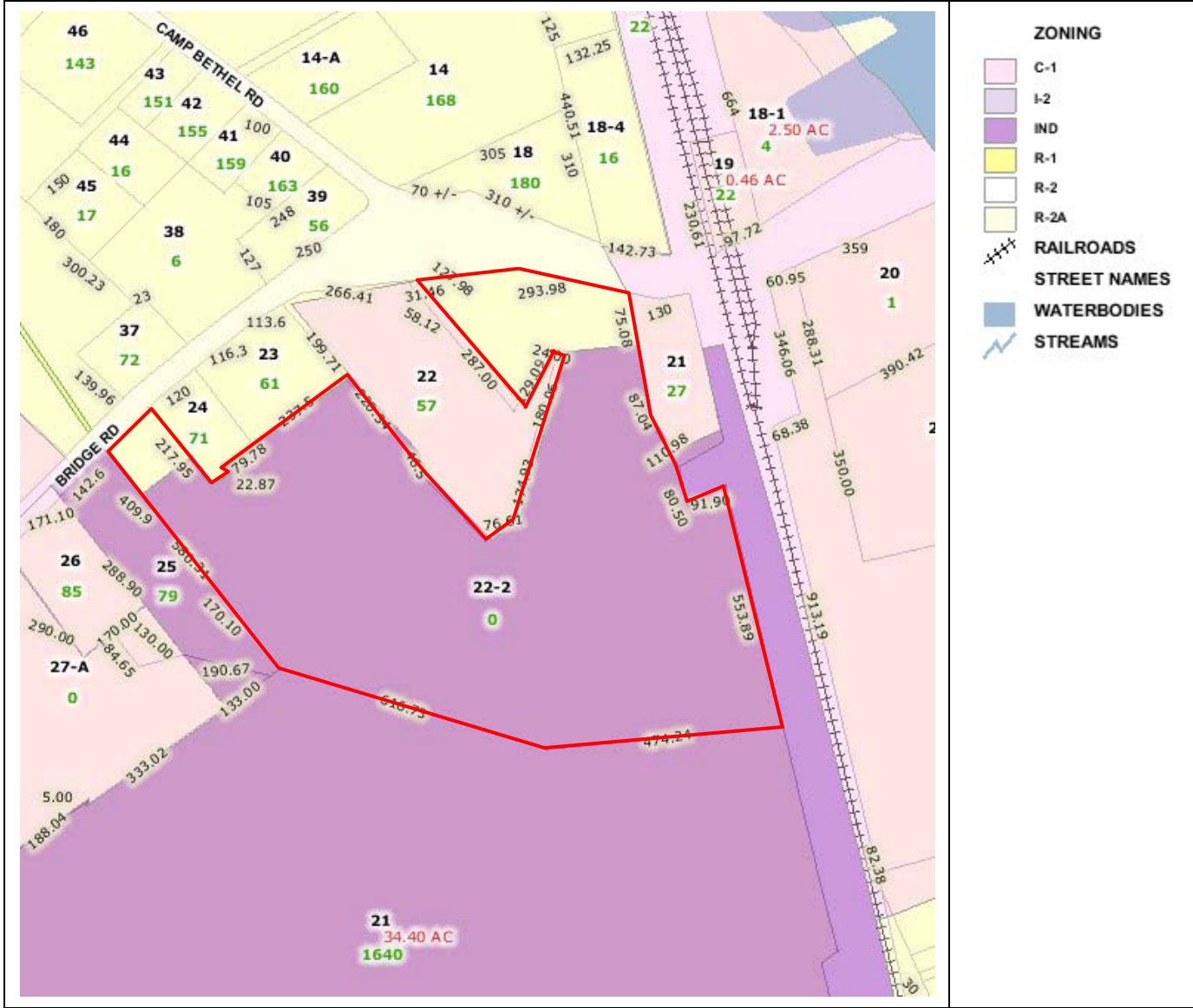
WGS84 72°28.000' W



SITE DESCRIPTION (CONTINUED)

<p>Hazardous Conditions</p>	<p>The Tylerville section of Haddam where the subject is located has had problems with contaminated groundwater since the 1970's. There has been significant activity among the towns of Haddam and Chester, the Chatham Health District and the CT DEEP to evaluate and possibly extend a water main from Chester to the Tylerville section of Haddam. To date, the town of Haddam has received grants from the CT DEEP (\$2,100,000 in February 2011) and the CT Office of Policy and Management (\$500,000 in August 2010 and \$63,250 in 2009) to assist in the estimated \$5.5 million cost to extend the water main from Chester to the Tylerville section of Haddam.</p> <p>According to a DEEP official, there has been no known on-site testing of the subject. However, all the wells on abutting properties and wells in Eagle Landing State Park and abutting riverfront dwellings to the east are also contaminated showing a pattern of contaminated groundwater both up and down gradient from the subject. This data suggests that groundwater on the subject would also be contaminated.</p> <p>Besides an abrupt steep slope on the property, no other obvious hazardous conditions are known or were observed at the time of inspection. Be aware that R.P. McDermott Associates Inc. is not an environmental expert. (Please see the assumptions and limiting conditions at the end of the report.)</p>
<p>Utilities</p>	<p>Electric, telephone, septic and well. As indicated above, there have been efforts by the towns of Haddam and Chester and the CT DEEP to extend a water main and public water into Tylerville. This project has stalled due to insufficient funding. There is no known date or clear indication of when or if this project will commence and/or be completed. The soils on the subject appear to be capable of accommodating subsurface sewerage systems for either industrial or commercial development.</p>
<p>Street Improvements</p>	<p>Bridge Road is a two-lane State highway that is maintained by the State of Connecticut. There is a railroad crossing and a traffic signal just east of the subject's eastern entrance. A steel truss swing bridge that crosses the Connecticut River just past a traffic signal on Bridge Road that is adjacent to the subject connects Haddam with East Haddam.</p>
<p>Functional Utility</p>	<p>The subject is a relatively large parcel of industrial land in a town where there is very limited commercial or industrial land available for development. The physical characteristics of the subject essentially divide the land into an upper and lower tier. Each section has good interior access from two sections of road frontage and the two sections are linked by an unimproved pathway.</p> <p>The soils are primarily sand and gravel which are ideal for an on-site septic system that would be required to develop the site. The contaminated water in the area is a concern but the recent development of the abutting Riverhouse banquet and conference center facility indicates that this issue should not prohibit development of a similar commercial use on the subject. There is also the future possibility of a water main extension to the Tylerville section of Haddam.</p> <p>Despite its somewhat isolated location in a small rural community, the subject has a relatively high traffic count that is enhanced by the adjacent Connecticut River bridge crossing which is one of the few bridge crossings in Middlesex County. This bridge is used both for seasonal tourist traffic and for residents of East Haddam who have limited alternative means of access from areas west of the Connecticut River.</p> <p>The subject also benefits from topography that provides some scenic water views of the Connecticut River from the upper section and possibly from some lower sections of the property. The land is also within walking distance of the Connecticut River waterfront.</p>

ZONING MAP



- ZONING**
- C-1
 - I-2
 - IND
 - R-1
 - R-2
 - R-2A
 - RAILROADS
 - STREET NAMES
 - WATERBODIES
 - STREAMS

PUBLIC/PRIVATE RESTRICTIONS

ZONING

The zoning map indicates that the subject is in the I-1 industrial zone with two small sections of land adjacent to the Route 82 frontage for depths of about 215' +/- in the R-2A residential zone. Only a small part of the subject is in the residential zone and one section is not large enough to meet the minimum lot size required by zoning. The second section of R2-A land also may not meet lot size requirements. In addition, both residential zoned sections provide access to the rear industrial zoned land so it is unlikely that they would be developed. For these reasons, only minor consideration is given to the subject's R-2A zoning regulations.

The town is currently in the process of revising its zoning regulations. Based on conversations with town officials and a review of town documents, it appears that the town will support a new "village district" zoning designation for the center of Tylerville that is very similar to regulations currently in effect for Higganum Center. Although this objective is still being considered and requires a public hearing process before the town zoning regulations are revised, this objective is clearly supported by the town of Haddam and the most recent town Plan of Development. For these reasons, the Village District zoning regulations are also considered.

Permitted Uses (I1 Zone)

At this time, the only permitted use in the I-1 zone is single-family and two-family dwellings and accessory buildings existing prior to the effective date of this regulation. Residences in industrial zones are required to conform to the R-1 zoning regulations.

Special Permit Uses (I1 Zone)

The following uses are permitted subject to the issuance of a special permit by the planning and zoning commission.

- Legal industrial uses which are not dangerous by reason of fire or explosion hazard, nor injurious, noxious or detrimental to the community or neighborhood by reason of the emission dust, odor, fumes, smoke, wastes, refuse matter, noise, vibration, or because of any other objectionable feature.

The Village District (*Draft Zoning Revisions 9/15/11*)

The purpose of the Village District is to integrate and reconcile the protection and preservation of aesthetic resources and promote environmental protection, economic development, education, recreational development, historic preservation and the preservation of community character that possesses characteristics consistent with village centers. Specifically, this Village District exists to promote and preserve community assets and unique resources, and encourage denser commercial development consistent and in harmony with existing structures. It is the intent of this section to encourage the conservation, conversion and preservation of existing buildings and uses in a manner which maintains or enhances the historic, natural and community character of the center area of the town of Haddam, and is consistent with village center architecture, denser commercial village land use patterns, and a pedestrian friendly atmosphere. The arrangement and orientation of any proposed building or site improvement should be both appropriate for the property, and consistent with the development of the village center, adjacent properties, and properties within the immediate neighborhood.

In addition to specifying minimum standards for the Village District, and in order to encourage denser commercial development consistent with village centers, this Village District also provides a special procedure that authorizes the Planning and Zoning Commission to modify certain standards of the regulations under special circumstances.

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

The Village District (continued)

The purpose of this modification procedure is to encourage property and business owners to develop commercial uses that go beyond simply meeting the minimum standards in order to substantially advance the goals of this Village District. This modification procedure is limited to certain regulatory standards, and is further limited in the degree to which any modification may be approved. Specifically, this modification procedure to be utilized by the Planning and Zoning Commission does not provide for complete variance relief as is delegated to the Zoning Board of Appeals of the town of Haddam, as provided by law.

Application Review Process

The Village District zoning regulations provide for certain permitted uses within the district subject to one of the following processes:

1. Administrative Review and Zoning Permit by the officer and/or person charged with the enforcement of these regulations by the Commission as provided by Section 7A.6 of these regulations;
2. Site Plan review as provided by this section, and as further provided by Section 14 of these regulations; and/or
3. Special Permit review as provided by this section, and as further provided by Section 15 of these regulations.

The purpose and intent of this regulatory review procedure is to promote the efficient review of proposals, and consistent application of the regulations, whereby less intense uses may be permitted subject to the Administrative Review and Zoning Permit process, with more intense uses being subjected to either the Site Plan or Special Permit review process. The procedure further provides that the Commission may specially modify, in limited fashion, certain regulatory standards when reviewing proposed uses. This modification procedure is specified in Section 7A.5. This Village District shall not apply to existing non-conforming buildings and uses unless otherwise provided by Section 29 of these regulations.

Minimum Standards

Notwithstanding any provision of these regulations, and to the extent permitted by state health and sanitation regulations, shared septic and well system arrangements that facilitate denser commercial development are encouraged.

Permitted Uses

A. Any use not expressly permitted is prohibited. The following uses are permitted as of right subject to these regulations:

1. The following uses are permitted by Administrative Review and Zoning Permit where the total floor area for such proposed use does not exceed 2,000 square feet of total floor area (*Draft Zoning Revisions 9/15/11*):
 - a. Retail;
 - b. Business or professional office;
 - c. Theatre;
 - d. Barber shop, beauty salon and standard personal service establishments;
 - e. Bank or financial institute (provided that no drive-through services are permitted unless the drive-through use is approved by the Planning and Zoning Commission);

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

The Village District (continued)

- f. Restaurant (provided that no drive-through services are permitted unless the drive-through use is approved by the Commission as provided by Section 7A.5 of this Section);
- g. Bakery or other food service shops;
- h. Bed and breakfast establishment;
- i. Single-family residential use where such residential use in part of a mixed use development the ratio of residential to commercial units shall be within the discretion of the Commission given the attendant circumstances;
- j. Artist, artisan and craft establishment; and
- k. Municipal, state or federal park, or duly qualified private land trust subject to limitations of Section 24 of these regulations.

Site Plan Review

The following uses are permitted subject to site plan approval as provided by Section 14 of the town zoning regulations and this section:

All those uses as provided in Section 7A.4.A.1. of this section, where such use is in excess of 2,000 square feet of total floor area. Provided, any retail use shall not exceed 15,000 square feet of total floor area, and no bakery or other food service shop shall exceed 5,000 square feet without a special permit.

Special Permit Review

The following uses are permitted subject to Special Permit Review as provided by Section 15 of the zoning regulations:

- a. Public transportation facility;
- b. Hotel, and/or conference center;
- c. Post office;
- d. School or educational facilities;
- e. Church or house of worship;
- f. Bakery or other food service shop (in excess of 5,000 square feet);
- g. Housing for the elderly (see Section 13);
- h. Assisted living or congregate housing (see Section 13A);
- i. A multi-family residential use where such use is part of a mixed use development (see Section 26);
- j. Health club or private recreational facility (not subject to limitations of Section 24);
- k. Dry cleaning facilities;
- l. Clubs owned and managed by qualified charitable organizations;
- m. Light manufacturing with accessory retail sales and/or storage, not to exceed 5,000 square feet in total floor area;
- n. Recreational facilities including outdoor recreational facilities (see Section 24), Municipal uses except those housing public works facilities;
- o. Municipal or private community sewer or septic sewage treatment facilities;
- p. Change of use for non-conforming uses per Section 29.4.

An applicant may seek a modification of any regulatory requirement concerning a use permitted by administrative, site plan or special permit review, as provided by Section 7A.5 of this section. However, the provisions of the modification must be but not limited to, the public hearing requirement.

Modification Procedure For Uses Permitted In Village District:

In an effort to encourage denser development within the Village District consistent with a village center, and promote environmental development, historic preservation and the preservation of community character within this Village District, an applicant may seek a modification of certain regulatory requirements as provided by this subsection.

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

The Village District (continued)

Modification Procedure For Uses Permitted In Village District (continued)

In addition, to those minimum standards required by this section, and those standards provided by the Administrative Review and Zoning Permit, Site Plan, and Special Permit review and approval processes, the applicant must demonstrate to the satisfaction of the Commission that such modification adds to and complements the character of the Village District, does not adversely impact upon adjacent property or properties in the Village District, and substantially satisfies the standards as provided in this subsection. This is not a variance procedure and the procedure is limited to the following regulatory requirements applicable to the Village District and, if not expressly provided for, no modification of any other requirement may be granted by the Commission nor may the Commission grant a modification or change in use:

- The Commission may not grant any modification in excess of 75% of the regulatory requirements, sought to be modified in effect at the time of the request. Any application to modify any of the aforementioned regulatory standards is subject to a public hearing as provided by Section 9-7d of the Connecticut General Statutes.
- The applicant shall demonstrate to the satisfaction of the Commission that the proposed modification will produce equal or better results than could be achieved by a site development without the requested modification, and further demonstrate that the requested proposed modification is the minimum necessary to achieve a site development consistent with the purposes, scope, goals, objectives and standards of this section, and is consistent with the public health and safety as provided by these regulations.
- If the Commission determines in its discretion that the applicant has substantially satisfied the requirements for a modification, the Commission may, by a majority vote of the commission, vote, approve the modification application request. This modification approval shall be specifically noted on the approved plans, and notice of such modification shall be recorded on the land records of the town of Haddam within sixty (60) days of the date of approval, or within sixty (60) days of the expiration of any appeal period, as provided by law.

Lot, Yard and Building Requirements

Development in the R-2A, I-1 and Village District zones is subject to the requirements presented in the following chart.

LOT, YARD AND BUILDING REQUIREMENTS			
Requirement	R-2A Zone	I-1 Zone	Village District
Minimum Lot Area	2 acres	1 acre	None
Minimum Lot Frontage Width	200'	150'	30'
Minimum Front Yard	30' (1F); 40' (2F)	30'	10'
Minimum Rear Yard	20' (1F); 30' (2F)	20'	10'
Minimum Side Yard	20'	20'	8'
Minimum Aggregate Side Yards	50'	50'	15'
Maximum Building Height	35'	35'	35'
Maximum % of Land Coverage	10%	25%	70%

(1F) = single-family dwelling, (2F) = two-family dwellings

As the chart shows, the requirements for the Village District are much more permissive than the subject's current industrial zone with the major difference being the much higher coverage allowed in the Village District (70% versus 25%) than in the industrial zone. All other requirements except building height are also much less restrictive than the industrial zone.

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

CONNECTICUT RIVER GATEWAY COMMISSION

The Gateway Commission is a regional regulatory agency for member towns within the CT River Corridor. The mission of the Gateway Commission is the preservation of the "*natural and traditional river way scene*" for current and future residents of the State of Connecticut. The Commission has the authority to carry out this mission by adopting development standards within the Gateway Conservation Zone. Section 25-102g of the Connecticut General Statutes enables them to adopt minimum zoning standards in a Gateway Overlay Zone.

The standards adopted by the Gateway Commission are generally adopted into the Zoning Regulations of each of the eight member towns so that any proposed development should comply with the zoning regulations within these towns and those of the Gateway Commission.

These standards apply to the "Conservation Zone" as defined in Sec. 25-102c of the Connecticut General Statutes as it now exists or may thereafter be amended. No regulated activity shall commence prior to the issuance of a valid permit by the appropriate local authority having jurisdiction, in accordance with these standards, and no such permit shall be granted unless the issuing authority finds upon appropriate evidence that the proposed activity is compatible with the *preservation of the natural or traditional river way scene* and consistent with the purposes of Chapter 477a of the Connecticut General Statutes.

The Gateway Commission standards were first developed in 1973 and subsequently revised with the most recent modification adopted in 2004. The 2004 modification requires a Special Exception approval from a town's Planning & Zoning Commission for a structure or structures totaling more than 4,000 square feet. The Special Exception process and the standards that go along with it give the community the chance to evaluate if a development proposal has been designed in a manner that "fits the land." The Commission also encourages the retention of visually-buffering trees and other vegetation to the greatest degree possible and that the riparian buffer (the vegetated area adjacent to the river, its tributaries and marshes) is left intact so as to allow it to continue to filter storm water runoff and to minimize riverfront erosion.

No building shall be constructed, reconstructed, enlarged, extended, moved or structurally altered in such a manner as to exceed the maximum percentage of total land coverage allowed for such buildings in the aggregate on any single lot as indicated in the following table.

GATEWAY COMMISSION LAND USE REQUIREMENTS		
District	Minimum Lot Sizes	Maximum Coverage
Residential	Up to 20,000 SF	25%
	20,000 – 40,000 SF	15%
	Above 40,000 SF	10%
Commercial (includes waterfront)	All sizes	40%
Industrial	All sizes	25%

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

HADDAM GATEWAY CONSERVATION ZONE

Permitted Uses

With the exception of uses prohibited in Section 10.2, all uses, which are permitted by right, permitted with site plan review or permitted by special permit, under the Haddam zoning regulations, in the zone designated in Section 5.1 shall also be permitted with the same conditions, in such zones within the Haddam Gateway Conservation Zone.

Prohibited Uses

- a. Dumping and Storing of Refuse: No dumping or storage of refuse shall be permitted other than the temporary dumping or storage of small amounts of such material for brief periods pending final lawful disposition, or shall any new public solid waste disposal facility be established or an existing facility be expanded in area.
- b. Removal of Earth Materials: The removal of soil and earth materials shall be prohibited except as indicated in Section 18 of these regulations.
- c. Signs, Directional: Signs which call the attention of the general public to any commercial activities, services or products not available on the premises where the sign is located are prohibited.

Setback from a Water Course

No building or other structure shall be constructed, reconstructed, enlarged, extended, moved or structurally altered within 100 feet of the high tide line, as defined in the Connecticut General Statutes, of the Connecticut River or any of its tributaries or associated wetlands. At its discretion, upon determination of functional need, the local commission having jurisdiction may issue a special permit to reduce the setback for structures that require direct access to the water as an operational necessity such as piers, docks, and boathouses. Buildings and structures accessory to a conforming residential use, not intended for human occupancy, and outside the Gateway Conservation Zone, are exempt from this regulation.

Special Permit Criteria

- 1) Proposed site development shall maintain the essential natural characteristics of the site, such as major landforms, natural vegetative and wildlife communities, hydrologic features, scenic qualities and open space that contributes to a sense of place.
- 2) Structures shall be adapted to the existing terrain, rather than altering the earth form to create a platform development site.
- 3) Structures located above the crest of hillsides facing the river shall be held back from the crest of the hill to maintain a clear sense of the hillside brow in its natural coordination.
- 4) Vertical architectural elements shall not be over emphasized in a manner which disrupts the natural silhouette of the hillside. Structures shall be designed so that the slope angle of the roof pitch is generally at or below the angle of the natural hillside or manufactured slope.
- 5) Building forms shall be scaled to the particular environmental setting to avoid excessively massive forms that fail to enhance the hillside character. Massing of structural elements such as large roof areas shall be broken up to approximate natural slopes.
- 6) Roof lines shall relate to the slope and topography. Rooftop treatment shall be designed to avoid monotony of materials, forms and colors. Dark colored roof treatments, which reduce visual impact of the structure on the landscape, are preferred.

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

HADDAM GATEWAY CONSERVATION ZONE (continued)

Special Permit Criteria (continued)

7) Site design shall preserve the existing natural landscape where possible and include new landscaping which is compatible with existing natural vegetation, the scenic character of the area, and increases visual buffering between the building and the river or its tributaries within the Gateway Conservation Zone.

8) Development shall be located so as to minimize disturbance of sensitive areas. The smallest practical area of land should be exposed at any one time during development and the length of exposure should be kept to shortest practical time. Disturbed areas shall be replanted with trees, shrubs and ground cover which are compatible with existing vegetation.

9) Site grading shall avoid straight and unnatural slope faces. Cut and fill slopes shall have curved configurations to reflect as closely as possible the forms and shapes of surrounding topography. At intersections of manufactured and natural slopes, abrupt angular intersections should be avoided and contours should be curved to blend with the natural slope.

Findings

The following findings shall be made by the Commission for Special Permits within the Gateway Conservation Zone:

- a. Proposed structures and site work have been designed to fit the hillside rather than altering the hillside to fit the structure and site design.
- b. Disturbance to existing topographic forms is minimized and proposed grading and excavation will not result in soil erosion and silting of lower slopes.
- c. The proposed development retains or enhances the visual character of the site and the area by utilizing proper structural scale and character, varied architectural treatments and appropriate plant material to buffer mass of the building from the river or its tributaries in the Gateway Conservation Zone.
- d. The proposed design preserves or enhances significant natural features and maintains or restores the natural and traditional character of the river scene.

Vegetated Buffer

There shall be no cutting of vegetation within a strip of land extending 50 feet in horizontal distance inland from the high tide line, as defined in Section 22a-359c of the Connecticut General Statutes, of the Connecticut River or any of its tributaries or associated wetlands, except as provided in this section.

- a. There shall be no clear cut openings, and a well distributed stand of trees and other vegetation, including existing ground cover, shall be maintained. Existing vegetation less than three feet in height and other ground cover shall not be removed except to provide for a footpath or other permitted uses. Pruning of tree branches on the bottom third of trees is permitted. Fields which have reverted primarily to shrubs, trees or other woody vegetation shall be regulated under the provisions of this section. Cleared openings legally in existence on the effective date of these regulations may be maintained but shall not be enlarged.
- b. There shall be no timber harvesting within the buffer area except to remove safety hazards.

PUBLIC/PRIVATE RESTRICTIONS (CONTINUED)

TOWN OF HADDAM PLAN OF DEVELOPMENT

Selected goals and strategies contained in the Haddam's 2007 Plan of Development that pertain to the Tylerville section of Haddam where the subject is located are summarized below.

- Capitalize on Tylerville's existing commercial nature and close proximity to cultural attractions in East Haddam to create additional economic development in this village center.
- Create a new "village district" zoning designation for the center of Tylerville similar to that of Higganum Center.
- Fashion zoning regulations that allow a mix of uses at a greater density to create more economic activity.
- Encourage the development of commercial uses that complement and capitalize on the presence of the Goodspeed Opera House and other nearby attractions.
- Focus on developing a partnership with the State of CT Department of transportation for the large DOT site in Tylerville.
- Focus on ecotourism related efforts, especially reestablishing Haddam's historical connection to the Connecticut River.

These objectives were identified as either ongoing or targeted to occur within 1-3 years of the town's 2007 Plan of Development.

SUMMARY

The subject is currently State-owned open space which is a legal use of the property. Town zoning maps show that the subject's frontages along Bridge Road are in a residential zone with the majority of the land in the I-1 industrial zone.

The town of Haddam is presently in the process of revising the town's zoning regulations. Although the regulations for the Tylerville section of Haddam where the subject is located have not yet gone through the public hearing process or been finalized, the town Plan of Development strongly supports a change in zoning from the subject's current industrial zone to a Village District commercial zone similar to the existing regulations for the Higganum Center section of Haddam. According to the town planner, the public hearing for these regulations is projected to occur sometime in the first quarter of 2012 after other areas of the zoning revisions are finalized.

The subject would also be required to meet the regulations of the Gateway Commission. The primary requirements of these regulations that would impact the subject are building height and coverage, which would be more restrictive than the requirements of the Village District zone.

A change to a Village District zone in Tylerville would permit commercial uses, a much higher development density and more flexibility than the current I-1 industrial zone.

Based on my research, there is a high probability that the subject's industrial zone will be changed to a Village District commercial zone.

MARKET ANALYSIS

SUBJECT OVERVIEW

The subject is a relatively large parcel of land within a mixed-use village center setting that is in a rural community where there is a very limited supply of land for commercial or industrial development. The subject is presently vacant land in a split residential and industrial zone but the town of Haddam is presently in the process of changing the town zoning regulations which, depending on the outcome, could have a significant impact on the use and development potential of the subject. These complications and uncertainties increase the market risks since potential uses, development parameters and densities for the subject would not be clear until the revised zoning regulations are finalized. Based on my research, the regulations are projected to be finalized sometime in the first half of 2012.

There are no public utilities currently available adjacent to the subject and groundwater contamination has been an ongoing problem in Tylerville. A plan to extend a water main from the abutting town of Chester to the Tylerville section of Haddam has been progressing but it is still unclear if and when this may occur. These issues are factors that could limit the development density on the subject depending on subsurface sewerage demands and water requirements for any proposed development or potential uses on the subject.

The subject's location adjacent to the Connecticut River and the synergy of the river with tourist related businesses and attractions in Haddam and East Haddam provide a foundation that could attract tourism related development on the subject. This is evident from recent discussions among the recipient of the subject in the proposed land swap, the town of Haddam and the Gateway Commission where a hotel, retail, housing and a theatre have been considered.

The bulk of the subject is in the industrial zone with small sections along the frontage zoned residential. Since residential land makes up such a small portion of the subject, and the existing and proposed zoning strongly indicates either industrial or commercial uses would be developed on the subject, the analysis focuses on the industrial, commercial and hospitality markets. These market segments plus economic trends are evaluated below.

ECONOMIC/MARKET TRENDS

The real estate market declined steadily from the middle of 2007 before the economy experienced a steep decline around January 2008. The market took another major hit in September 2008 when Lehman Brothers filed for bankruptcy, Bank of America acquired a failing Merrill Lynch and AIG received an emergency bailout from the Federal Reserve. The federal government also took control of Fannie Mae and Freddie Mac (which were on the brink of failing) and announced a multi-billion dollar bailout plan for the country's major financial institutions to prevent further bank failures and to restore the market's confidence in the banking system. As a result of these conditions, financing became difficult to obtain and lenders who were still providing financing established more stringent financing terms to account for the greater risks in the market.

Continued market uncertainty, a lack of confidence among buyers and sellers and the slow return of capital to the real estate market has resulted in a market where new development, acquisitions, refinance, expansion and relocation decisions by commercial users have been limited over the past three years. This in turn has had a major negative impact on market demand for acquiring and leasing commercial properties during this time period. In the current market, major economic concerns include:

MARKET ANALYSIS (CONTINUED)

ECONOMIC/MARKET TRENDS (continued)

- The slow pace of economic growth
- High unemployment rates and the lack of any significant near-term regional job growth
- The high percentage of commercial mortgage-backed securities (CMBS) loans past due more than 30-days

The final unknown is the impact that impending future foreclosures may have on the market. At the end of 2008, \$23 billion in office properties alone were considered troubled assets due to maturing debt, a weakening economy and financial difficulties for owners. If lenders begin to foreclose commercial properties, this will add inventory to the market, result in distressed sales and exert downward pressure on rental rates and property values.

High quality assets (primarily in the office, industrial and apartment sectors) in prime locations have commanded a premium in today's market, while lesser-quality and more illiquid properties in secondary or tertiary markets remain hindered by risk-averse buyers and lenders. In addition, lenders are not liquidating non-performing debt and assets readily. The sale of distressed commercial real estate by lenders has been occurring but this activity has been spread out and not as concentrated as in past recessions. This has minimized the major negative impact that returning commercial properties to the market at reduced prices would have on existing assets (lower priced distressed properties would have an unfair competitive advantage in the market since investors could undercut market prices).

There are still concerns about the potential for a double-dip recession which will delay and slow down a real estate market recovery. One of the few positive factors in the current market is the lack of overbuilding prior to and during the recession. If the return to market of troubled assets does not begin to accelerate, the market could begin to experience a recovery sometime towards the end of 2012 or during 2013.

REGIONAL INDUSTRIAL MARKET

Market Trends *(Source: CB Richard Ellis and Cushman and Wakefield Market Beat)*

The national economy continues to recover slower than expected from the steep downturn in the market. According to the U.S. Bureau of Labor Statistics, unemployment remains at 9.1% at the end of September. Although signs of a recovery are limited, the unemployment rate has been steady and well below the 9.6% unemployment rate of September 2010. The Central Connecticut economy has mirrored the national outlook, slow to recover. At the end of August, Hartford and New Haven unemployment were at 9.1% and 9.5% respectively. According to the Connecticut Economic Digest, total non-farm employment continues to grow slowly in both Hartford and New Haven, but manufacturing employment is stagnant in Hartford and continues shrinking in New Haven.

MARKET ANALYSIS (CONTINUED)

REGIONAL INDUSTRIAL MARKET (continued)

To further evaluate the current industrial market, the following Cushman and Wakefield market data has been analyzed.

CENTRAL CONNECTICUT INDUSTRIAL MARKET SUMMARY – 3rd Quarter 2011									
Market	Inventory	Vacancy Rate	YTD Leasing Activity	YTD User Sales	YTD SF Built	YTD Overall Net Absorption	Direct Weighted Avg. Net Rental Weight		
							HT	MF	W/D
Hartford County	88,987,618	13.3%	1,195,416	567,953	212,480	440,456	\$6.82	\$3.93	\$4.38
New Haven County	50,692,132	16.0%	615,680	194,789	0	(302,569)	\$5.82	\$4.56	\$4.76
Central CT (Totals)	139,589,750	14.3%	1,811,096	762,742	212,480	137,887	\$6.35	\$4.21	\$4.50
Source: Cushman & Wakefield, <i>Compiled by R.P. McDermott Associates, Inc.</i>									
<i>HT-High Tech; MF-Manufacturing; W/D-Warehouse/Distribution</i>									

The vacancy rates for the areas surveyed range from 13.3% in Hartford County to 16% in New Haven County. The overall vacancy rate of 14.3% is at the 10-year average but it is much higher than the record low of 10.9% in 2009. Although 1,811,096 SF of space was leased in Central CT, New Haven County experienced negative absorption of over 300,000 SF with no new construction activity.

The net positive absorption shown in the chart ends a trend over the past three years when the market experienced negative absorption. Total leasing activity of about 1,460,000 SF in the first half of 2011 matched the total *annual* absorption for both 2010 and 2009. Although the positive absorption achieved in the 3rd quarter of 2011 is a positive sign, the large amount of vacant space still available should inhibit future short term demand for moderate sized parcels of industrial land like the subject.

Industrial absorption in the Central Connecticut industrial market finally turned positive at 137,887 SF year-to-date for the first time since fourth quarter 2008. However, this activity is due almost entirely to sales of more than 2.2 million SF of industrial space, much of which sold at distressed prices. Leasing remains dismal with only 1.8 million SF leased year-to-date and no transactions over 50,000 SF. Leasing though is on track for its best year in the last four years when leasing activity has not exceeded 1.5 million SF.

The indicated rental rates ranging from \$3.93 to \$6.82/SF are not high enough in most markets to support new speculative construction. This is clearly illustrated by the limited amount of new construction that has been built in the first three quarter of 2011. The limited amount of new development that is occurring in the region is being fueled more by owner/users rather than speculative investors. This market trend is also a factor that will negatively impact demand for industrial use of the subject since the subject is not an attractive site for a large industrial owner/user.

Overall Central Connecticut industrial availability has stabilized and the supply of new space entering the market is dwindling. The market has struggled on the demand side, especially with leasing, but the increase in sales transactions and the slight positive absorption suggests the markets are beginning to beginning to show signs of stabilization.

MARKET ANALYSIS (CONTINUED)

INDUSTRIAL LAND MARKET

Regional land sales data for industrial zoned parcels ranging in size from 3 to 35 acres in Hartford, Middlesex and New Haven Counties that occurred between 2009 and 2011 have been analyzed. The results are summarized in the following chart.

INDUSTRIAL LAND SALES (2009-2011)							
County	# of Sales	Average Sale Price	Average Lot Size	Average Price/Acre	Median Sale Price	Median Lot Size	Median Price/Acre
Hartford	16	\$392,932	8.98	\$53,055	\$325,000	7.59	\$51,010
New Haven	15	\$512,309	9.92	\$58,332	\$425,000	7.29	\$49,211
Middlesex	4	\$330,863	4.88	\$58,358	\$145,000	4.87	\$36,707

Source: Conn-Comp; Compiled by R.P. McDermott Associates Inc.

There have been only 4 industrial sales in Middlesex County over the past 2.75 years which is just over one sale per year. This is partially due to the lack of industrial-zoned land available for sale in Middlesex County towns as well as a lack of demand. Hartford and New Haven Counties averaged between 5 and 6 industrial land sales per year which illustrates the limited demand even in these more favored industrial locations.

The average price per acre for industrial zoned land has been fairly consistent ranging from \$53,055 to \$58,358 per acre for average lot sizes ranging from 4.88 to 9.92 acres. The median values have a wider range with the lowest in Middlesex County (\$36,707/acre) and the highest in Hartford County (\$51,010/acre).

The subject is not a desirable industrial location due to its below average access to regional highways and a location in a mixed use area where there are a limited number of industrial uses and most of the land uses are oriented towards local/regional services or tourism.

COMMERCIAL LAND MARKET

The prices for commercial land on a per acre basis and a price per square foot of approved building area vary considerably depending on the location, size and intended use. There have been a very limited number of recent vacant land sales acquired for commercial development due to the stagnant economy and the large supply of existing office and retail space currently available for sale and lease. The high cost of new construction, a tight financing market and the lack of large users interested in undertaking commercial development in the current market is also limiting demand for larger parcels like the subject.

Historically, sale prices of larger commercial land parcels have ranged from \$36,000 to \$346,000 per acre, but more recent sales have yielded sale prices ranging from \$104,255 to \$145,442 per acre (see Sales Comparison Approach). An analysis of commercial land sales in Hartford, New Haven and Middlesex Counties between 2009 and 2011 is summarized in the following chart.

MARKET ANALYSIS (CONTINUED)

COMMERCIAL LAND MARKET (continued)

COMMERCIAL LAND SALES (2009-2011)							
County	# of Sales	Average Sale Price	Average Lot Size	Average Price/Acre	Median Sale Price	Median Lot Size	Median Price/Acre
Hartford	12	\$1,096,604	8.35	\$128,679	\$712,500	4.59	\$120,326
New Haven	7	\$1,052,129	5.57	\$194,655	\$1,000,000	4.8	\$177,268
Middlesex	0	NA	NA	NA	NA	NA	NA

Source: Conn-Comp; Compiled by R.P. McDermott Associates Inc. Criteria 3 – 35 acres

There have been no commercial zoned land sales in Middlesex County over the past three years. In Hartford County the average sale price was about \$129,000 with a median value of \$120,000. Of the 12 sales, the average parcel size was 8.35 acres. Both the average (\$194,655/acre) and the median (\$177,268/acre) were higher in New Haven County but these figures are based on a smaller number of sales (7) than in Hartford County (12).

Commercial Land (Supply)

The lack of new commercial construction for office and retail uses over the past three years has resulted in a large supply of well-located commercial land parcels throughout the State. I am not aware of any comparable commercial acreage listings in Haddam, East Haddam or similar rural tourist-oriented towns in Connecticut. A small parcel of commercial land on Route 154 in Haddam just south of Bridge Road is available on a build-to-suit basis only.

Market research identified 15 parcels of commercial-zoned land with between 4.85 and 26.1 acres that ranged in price from \$695,000 to \$5,500,000 and \$63,758 to \$305,556 per acre (see details in Sales Comparison Approach). The average parcel size for these listings was 13.8 acres with an average list price of \$2,117,667 or about \$160,000/acre. The median price was lower at \$1,500,000 or about \$132,000/acre for a parcel with a median size of 14.01 acres. Most of these listings are in far superior locations, which suggest that the subject would need to compete with listings towards the middle to lower end of the range on a per acre basis.

Although there is a large regional supply of commercial land parcels similar in size to the subject, there is a lack of any competing properties in Haddam or East Haddam. In addition, the town of Haddam is targeting the Tylerville section of Haddam for zone changes that would encourage commercial development and allow a much higher density and a larger variety of uses than are currently permitted by the subject's underlying industrial zone. This will make the subject more attractive to a broader market that would include commercial developers anticipating the zone changes.

HOSPITALITY MARKET

Nationally, the travel and tourism industry had been impacted by high unemployment and low consumer confidence. A recent recovery in the national hospitality sector though sustained momentum during the summer 2011 travel season but economic turmoil at the end of the third quarter is projected to temper any further improvement over the remainder of 2011. Greater travel volume will generate an increase in room demand, but limited job growth and employment opportunities will tend to discourage consumers.

MARKET ANALYSIS (CONTINUED)

HOSPITALITY MARKET (continued)

Although the national average daily rate (ADR) is projected to rise more than 3% this year, lingering uncertainty over the economy will delay more significant rate growth until next spring, when travel typically picks up. Room supply, meanwhile, will grow at one of the slowest rates on record this year, and the slowdown in construction will persist well into 2012. Accordingly, even modest increases in room demand will translate to higher occupancy.

In the investment market, low interest rates will sustain activity over the remainder of the year, though the effects of uncertain economic conditions remain unclear. Unresolved challenges in the hospitality market may tighten the availability of acquisition financing, which remains accessible only to the most qualified borrowers.

A shift in buyer composition may also develop in the fourth quarter. REITs dominated investment activity so far in 2011, paying cap rates as low as 7 percent for select assets in primary markets. A decline in stock prices in the third quarter, however, will relegate many to the sidelines, providing additional acquisition opportunities for private investors. The market for branded full-service or select-service hotels remains strong, especially for assets in primary markets or locations with strong demand factors. Cap rates for these listings can vary depending upon brand and location, but generally start from 9% to 10% for most assets. Distressed properties also remain available, usually on an all-cash basis. The opportunity to buy properties at low cost represents a modest risk for experienced operators seeking to deploy capital set aside during the recession.

Financing trends affecting the hospitality industry are shown below:

- Long-term interest rates will remain low. The yield on the 10-year U.S. Treasury hovered near 2% at the start of the fourth quarter.
- In response to continuing economic turmoil, many financing sources have pushed out spreads, including CMBS lenders, which may affect hotel acquisition financing in the months ahead. Overall, banks and other financing companies continue to underwrite loans on hospitality properties at loan-to-value ratios ranging from 60% to 65% for the most qualified borrowers. Debt-service coverage ratios generally vary from 1.3 to 1.5, with financing rates in the high-6% range.
- Despite sector-wide improvements in property operations, distress remains prevalent, totaling approximately \$34 billion in the third quarter. Lenders are starting to see value in utilizing expedited means to avoid lengthy and often costly foreclosures; short sales and accepting deeds in lieu of foreclosure stand out as two ways to quickly resolve situations involving troubled assets.

Travel and Tourism Trends

Tourism trends from the CT Economic Digest are summarized below

YEAR TO YEAR AND TRAVEL TRENDS (2008-2011)				
Indicator	9/08-9/09 % Chg	9/09-9/10 % Chg	9/10-9/11 % Chg	Average % change
Info Center Visitors **	-4%	-12.9%	-20.6%	-13%
Major Attractions Visitors	7%	1.3%	-1.5%	2%
Air Passenger Count	-3.2%	7.3%	4.3%	3%
Indian Gaming Slots	-8%	1.8%	-5.4%	-4%
Travel and Tourism Index	5.5%	0.9%	2.9%	3%
<i>** State budget cuts suspended some visitor services causing a drop in visitors</i>				
<i>Source: CT Economic Digest; Compiled by R.P. McDermott Associates Inc.</i>				

MARKET ANALYSIS (CONTINUED)

Travel and Tourism Trends (continued)

The Information Center Visitors indicator has declined dramatically over the past three years but this is due to a large extent on state budget cuts that have negatively impacted the statistics for this indicator.

After increasing 7% between 2008 and 2009, visitors to major attractions increased only 1.3% in 2010 and declined 1.5% in 2011 for an average increase of only 2%. This trend is contrary to the air passenger count which has increased over the past two years after a decline in 2009. However, the average increase was only slightly higher at 3%. This more positive indication though is tempered by the fact that it is difficult to isolate the passenger traffic that is the result of tourism.

Indian Gaming Slots income declined 8% in 2009 and 5.4% in 2011 with a slight 1.8% increase in 2010. Overall, the average decline in this indication over the past three years has been about 4%.

The Travel and Tourism Index that is generated by the CT Economy publication at the University of Connecticut shows increases ranging from 0.9% in 2010 to 5.5% in 2009 with a 3-year average increase of 3%.

Although these indications are mixed, the bulk of the data shows positive changes in the Connecticut tourism economy over the past three years. These indications are more favorable than the trends indicated for the industrial and commercial markets evaluated previously.

Consumer Confidence Trends (As of November 2011)

The Consumer Confidence Index (CCI) is a monthly release from the Conference Board, a non-profit business group that is highly regarded by investors and the Federal Reserve. The CCI is formed from survey results of more than 5,000 households and designed to gauge the relative financial health, spending power and confidence of the average consumer. There are three separate categories: one for how people feel currently (Index of Consumer Sentiment), one for how they feel the general economy is going (Current Economic Conditions), and the third for how they see things in six months' time (Index of Consumer Expectations). Recent consumer trends are discussed below.

The Consumer Confidence Index, which had declined in October, improved in November and the index now stands at 56.0 up from 40.9 in October. The Present Situation Index increased to 38.3 from 27.1 and the Expectations Index rose to 67.8 from 50.0 (based on a reference point of 100).

The monthly Consumer Confidence Survey indicated that confidence has bounced back to levels last seen during July 2011 (59.2). Consumers' assessment of current conditions finally improved, after six months of steady declines. Consumers' apprehension regarding the short-term outlook for business conditions, jobs and income prospects eased considerably. Consumers appear to be entering the holiday season in better spirits, though overall readings remain historically weak.

MARKET ANALYSIS (CONTINUED)

Consumer Confidence Trends (As of November 2011)

Consumers' appraisal of present-day conditions improved in November. Those stating business conditions are "good" increased to 13.3% from 11.2%, while those stating business conditions are "bad" declined to 38.2% from 43.7%. Consumers' appraisal of the labor market was also more upbeat. Those claiming jobs are "plentiful" increased to 5.8% from 3.6%, while those saying jobs are "hard to get" decreased to 42.1% from 46.9%.

Consumers' short-term outlook, which had declined last month, was less negative in November. The proportion of consumers anticipating business conditions to improve over the next six months increased to 13.6% from 10.2%, while those anticipating business conditions will worsen declined to 15.8% from 21.3%.

Consumers' outlook for the job market also improved. Those expecting more jobs in the months ahead rose to 12.9% from 10.8%, while those expecting fewer jobs decreased to 24.1% from 27.6%. The proportion of consumers anticipating an increase in their incomes rose to 14.9% from 11.1%.

FINANCING

Financing for commercial properties has become more available recently and commercial financing rates are currently very favorable but underwriting standards continue to be tight. Commercial lenders are also being very conservative and selective when financing is available with loan to value ratios higher than historical standards. Lenders have been underwriting deals with terms between 7 and 15 years with a maximum repayment period of 20 to 30 years and loan to value ratios from 50% to 75% and interest rates between 5.5% to 8%. Recourse loans (where borrowers are personally liable for loans) are also becoming more prevalent, which makes financing less attractive to borrowers, especially for risky projects or properties like the subject.

Financing for land acquisition and commercial/industrial development projects from local and regional banks is tight with interest rates that reflect the risks associated with each development project and the experience and credit worthiness of the borrower. Although interest rates are favorable, it is very difficult for developers to secure this type of financing in the current market. As a result, many land deals are being facilitated by either cash sales and/or seller financing. These financing constraints have made it more difficult for owners to sell raw land and for developers to undertake new commercial development.

Current financing conditions have resulted in a market where purchase, refinance, expansion and relocation decisions by commercial and industrial users have diminished significantly. These factors have also had a major negative impact on market demand for land parcels like the subject, made it more difficult for investors to buy and sell properties, increased the risk for buyers and owners and negatively impacted market demand and property values.

PURCHASER PROFILE

The most likely purchaser for the subject will be the abutting property owner who has a pending agreement with the State of Connecticut to swap other land that they own for the appraised property. The general market for the subject would be a local or regional developer that would anticipate the pending zone change and acquire the land to develop a commercial project that capitalizes on the property's location in a rural, tourist-oriented community adjacent to the Connecticut River.

MARKET ANALYSIS (CONTINUED)

SUMMARY

The downturn in the economy over the past three years has discouraged new commercial or industrial development throughout the region. This has resulted in a diminishing number of recent commercial or industrial land sales that are comparable to the subject and very few new development projects.

The industrial market declined steadily since 2007 but this downward trend has shown signs of subsiding. Land values for this type of use have averaged between \$53,055 to \$58,358/acre over the past three years. Commercial development has also declined and there has been very little new commercial development in the market over the past 3 years. Average commercial land values ranging from \$128,679 to \$194,655/acre though are much higher than industrial land values. This wide variation between industrial and commercial land values would most likely motivate a seller to hold the subject until the outcome of a proposed change to a commercial Village District zone is finalized.

Although the state of the hospitality market is somewhat uncertain, the market indications suggest that it is healthier than both the industrial and commercial sectors and it has most likely been enhanced by recent improvements in consumer confidence.

The subject is in a rural area that would generate less regional demand than many of the better located commercial parcels currently available for sale. However, the price of the subject would be positively affected by the lack of any competing properties in Haddam or East Haddam and the lack of commercial zoned land that would limit competing projects and future commercial development opportunities in Haddam. These market factors that limit supply would tend to have an upward impact on the value of the subject.

The value of the subject is positively impacted by its proximity to the Connecticut River and potential views of the river and the possibility of plugging into an established tourism economy that could include rail access from The Valley Railroad that already operates on active tracks abutting the subject. The primary negative features that will affect the subject are the lack of public utilities and the uncertainties associated with contaminated wells, the proposed extension of a water main to service the subject and the need to provide on-site subsurface water sewerage treatment that could limit the development density on the property.

Overall, the subject would have below average to average market appeal to the general market due primarily to the lack of competing properties and the limited future supply of commercial land.

HIGHEST AND BEST USE

Real estate value is based on a property's highest and best use, which is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.

Source: The Dictionary of Real Estate Appraisal
Fourth Edition, 2002, Appraisal Institute

Highest and best use analysis requires that a property be considered "as vacant" and "as improved." When analyzing the highest and best use "as vacant," it is assumed that the subject land is vacant and available for development or that the land can be made vacant by demolishing any improvements. All reasonable, alternative uses are considered. Using the criteria noted above, an analysis is conducted to determine the type of development that is most appropriate for the appraised property. This is determined by identifying the use that yields the highest present land value after considering the costs, risks and market factors associated with probable and potential uses. Since the subject is vacant, unimproved land, an analysis of the highest and best use as improved is not applicable.

The UASFLA standards require that the highest and best use conclusion "must be an economic use. A non-economic highest and best use such as *conservation, natural lands, preservation*, or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to estimate market value." The UASFLA analysis and reasoning leading to the subject's highest and best use are presented below.

THE LARGER PARCEL

The UASFLA or "Yellow Book" standards require all appraisal reports to make a determination of the larger parcel. The UASFLA defines the *larger parcel* "as that tract, or those tracts, of land, which possess a unity of ownership and have the same, or an integrated, highest and best use. Factors considered in making this determination are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use." This essentially requires an analysis of all the adjacent property owned or controlled by the owner of the subject property to determine if there is an increase or decrease in value as a result of an acquisition by a federal or state agency. If the value of the adjacent land is enhanced by an acquisition, then the increase in value must be deducted from the value of the subject. Conversely, if the acquisition results in a negative impact, then the decrease in value needs to be deducted from the appraised value of the subject. Since the subject property is already owned by the State of Connecticut and they are not acquiring the appraised property, the larger parcel criteria noted above does not apply to the appraised property.

Further guidance pertaining to land exchanges and the larger parcel though is provided by Section D-7 of the UASFLA standards. This section explains that in a land swap, "the lands to be exchanged are specifically delineated, the estates to be conveyed are identified and an assignment of responsibility between the parties for performance of required functions" are contained in an *agreement to initiate an exchange (ATI)*. In an exchange appraisal, the tracts to be appraised are defined by the ATI. The Special Act No. 11-16, An Act Concerning The Conveyance Of Certain Parcels Of State Land summarized earlier in the report contains the terms and conditions of the swap agreement.

HIGHEST AND BEST USE (CONTINUED)

THE LARGER PARCEL (continued)

The Yellow book states that even if the property defined in the ATI is part of a larger contiguous ownership (like the appraised property and the abutting State-owned Eagle Landing property) that clearly has a unitary use, *the lands outside of the property described in the ATI should not be considered in either larger parcel determination or in reaching a conclusion of highest and best use*. For these reasons, the larger parcel does not consider the abutting State-owned land and the appraised property as described in this report is considered to be the larger parcel.

HIGHEST AND BEST USE AS VACANT

Legally Permissible

The subject is currently zoned for both residential and industrial use. The town of Haddam is in the process of changing the zoning regulations in the Tylerville section of Haddam to a Village District zone. This zone change is recommended by the town Plan of Development and the town supports this change since there are very few areas in Haddam that could accommodate future commercial growth. The Gateway Commission though has the authority to veto any proposed town zoning regulations if they do not conform to the CT River Gateway Commission's mission to prevent deterioration of the natural and traditional resources of the Connecticut River corridor. The subject would also need to comply with the Gateway Commission regulations regarding height and coverage requirements.

It is difficult to project potential legally permissible uses since there are no uses as of right allowed in the subject's industrial zone and any industrial use would require a special permit. In addition, there are still many uncertainties regarding the proposed zone change. From a market perspective, both industrial and commercial developers would compete for the property since the land is currently zoned industrial and there is a strong possibility that the land will be rezoned to allow commercial uses that would allow a much higher density than is currently allowed in the industrial zone.

The abutting property owner has presented plans for mixed-use development on the subject that would include a boutique hotel, retail, housing, a train stop and a theatre. All of these uses conform to existing uses in the immediate neighborhood and they would complement the local tourism industry, which is a goal of the most recent town Plan of Development.

The complex legal considerations affecting the subject would most likely result in the market acquiring the subject contingent on a particular proposed use to eliminate the significant risks of acquiring the subject without any approvals in place. A major risk to any potential commercial development though is the strong opposition that has mobilized as a result of the land swap.

Based on current and prospective zoning regulations, all potential uses allowed in the industrial and proposed Village District zone would be possible and there is a high probability that the commercial uses in the proposed Village District zone would also be legally permissible in the near future.

HIGHEST AND BEST USE (CONTINUED)

Physically Possible

The subject is a relatively large, irregular shaped parcel of land that is essentially on two levels with an abrupt and steep topographic decline to a level area below the uplands at the west end of the property. The two frontages provide adequate access to the two sections of the parcel. The soils are also ideal for both development and on-site subsurface sewerage disposal.

The lack of public sewers could have an impact on the eventual development density and the location of any proposed improvements on the parcel since land would need to be set aside for an on-site sewerage system. Despite these concerns, the soils on the subject should support a sizable sewerage system and this factor should not prohibit larger scale or higher density development on the subject. This is evident from the abutting banquet facility and a nearby assisted living facility that were recently developed in Tylerville (the assisted living facility has similar sewerage disposal demands that a hotel might have on the subject).

Any development would also need to be sensitive to the views of the Connecticut River and the existing vegetation on the subject. This could present a dilemma for a developer who would most likely want to develop the site in a manner that capitalizes on the scenic views of the Connecticut River while the town and the Gateway Commission intend to protect the river corridor view.

The potential problem with contaminated groundwater is an issue that could increase development costs but recent development in the area and discussions with representatives of the Chatham Health District, town and the DEEP indicate that this problem should not deter development on the subject. In addition, a buyer would also consider the Chester water main extension to the subject.

Although the physical characteristics of the subject might affect development costs and the size and location of potential improvements on the subject, there are no physical factors that would prohibit most industrial and commercial uses that would be permitted by existing or proposed land use regulations.

Financially Feasible

Without narrowing the number of potential legally permissible and physically possible uses, it is hard to evaluate the financial feasibility of either industrial or commercial development on the subject.

The uses being considered by the recipient of the subject in the proposed land swap appear to conform to adjacent land uses and they would complement the local and regional economy. A hotel is a use that could probably succeed since there are no other hotels in the immediate area (except for a few bed and breakfast facilities) and the Riverhouse conference and banquet facility, the Goodspeed Opera House and local tourist attractions could provide a steady flow of customers for this type of facility.

There has also been talk of the Goodspeed Opera House moving to a larger venue that might be developed on the subject with a hotel, retail shops, a train stop that could bring tourists to Haddam on The Valley Railroad Company trains and possibly apartment units. This type of mixed-use development appears to have the necessary elements to be financially supported by the local and regional economy.

HIGHEST AND BEST USE (CONTINUED)

Maximally Productive

The Market Analysis section presented earlier evaluated various sectors of the economy that included the commercial, industrial and hospitality markets. The subject is currently in the industrial zone but the analysis clearly showed that industrial land values are much lower than land acquired for commercial use. This is supported by commercial land values that generally achieve between 2 to 5 times the prices per acre indicated by regional industrial sales.

Although the subject is zoned industrial, there is a high probability that this zone will be changed in the near future to high density commercial. Based on these circumstances and current market conditions, an owner and a buyer would either wait until the zone changes are finalized before entering into an agreement or the owner would sell the land contingent on the proposed zone changes and specified land use approvals. Commercial use of the subject is more likely than industrial because commercial development conforms more to local land uses, it is strongly supported by the Haddam Plan of Development, it complements the local and regional economies in Haddam and East Haddam and it would generate a significantly higher return for both the seller and the buyer than industrial land would achieve. Based on these factors, commercial use would maximize the value of the land.

HIGHEST AND BEST USE CONCLUSION

Based on the available data, a zone change to commercial is a reasonable and probable and the market would most likely acquire the subject contingent on specified land use approvals. When considering the complex issues affecting the subject, it is my judgment that the highest and best use of the subject as vacant would be commercial uses that would be consistent with and capitalize on the local and regional tourism economy.

VALUATION METHODS

The three standard methods to provide an opinion of value are the cost, sales comparison, and income capitalization approaches. These methods are defined below:

COST APPROACH - *A set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of or replacement for the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the market land value opinion plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.*

SALES COMPARISON APPROACH - *A set of procedures in which a value indication is derived by comparing the property being appraised to similar Property that have been sold recently, applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison.*

INCOME CAPITALIZATION APPROACH - *A set of procedures through which an appraiser derives a value indication for income-producing property by converting anticipated benefits, (cash flows and reversions), into property value. This conversion can be accomplished in two ways: One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.*

Source: The Dictionary of Real Estate Appraisal
4th Edition, 2004, Appraisal Institute

All three approaches were considered. The Cost Approach is not applicable to vacant land and it is not applicable to the subject. There was adequate information to develop the Sales Comparison Approach and this is the most applicable approach for a parcel of land like the subject.

Commercial land sales and listings are considered in the Sales Comparison Approach which is presented on the following pages.

SALES COMPARISON APPROACH

The Sales Comparison Approach compares recent sales of similar properties to the subject. This approach is based on the premise that a direct correlation exists between the prices paid for comparable properties and the market value of the subject. The appraisal principle related to this premise is substitution, which implies that the value of a property is set by prices of similar properties with equally desirable characteristics.

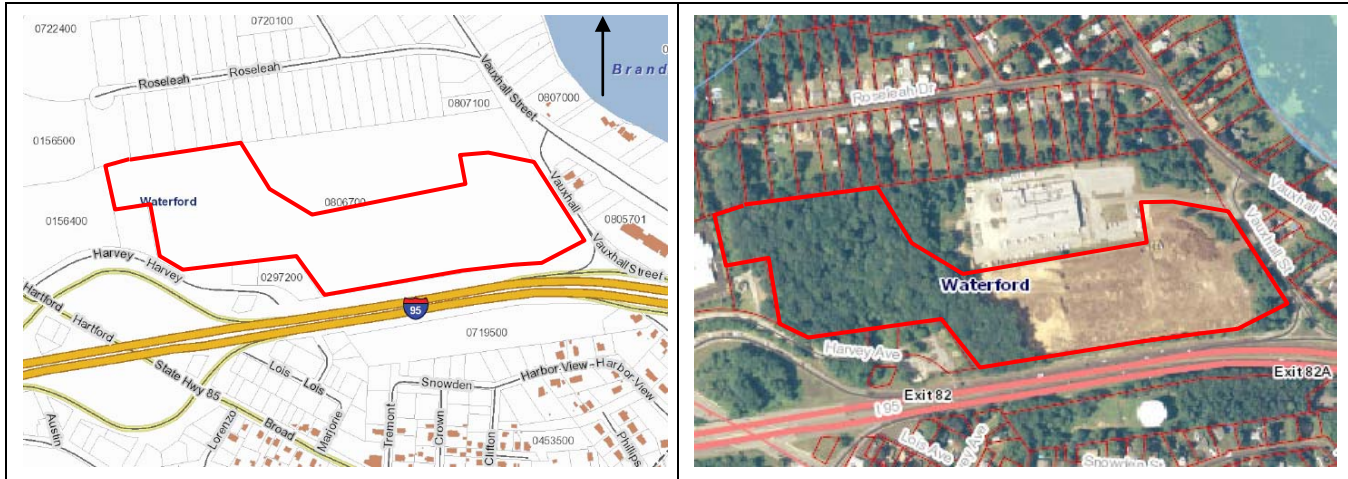
The appraisal principal of supply and demand is also pertinent to the Sales Comparison Approach. The price a buyer is willing to pay is directly related to the supply of comparable properties available for sale and the extent of competing buyers in the marketplace. The balance between supply and demand fluctuates with changing market conditions.

The Sales Comparison Approach is most relevant when there are an adequate number of recent comparable sales. Based on the Highest and Best Use conclusion, the market was researched to identify similar acreage sales. Four comparable sales were selected. The primary criteria used to select the sales were date of sale, location, parcel size and intended use.

The unit of comparison used in the analysis is price per acre. This unit has been selected because it is the value indication most commonly used by the market when analyzing sale prices of raw residential acreage without approvals.

The Sales Comparison Approach is presented on the following pages. After the sales are a summary grid and an adjustment chart accompanied by an explanation of the adjustment process.

Land Sale #1



Location: Vauxhall Street Extension, Waterford, Connecticut

Grantor:	SNET	Volume/Page:	1085/314
Grantee:	JDP Assoc. LLC & Vauxhall St. Assoc.	Date Recorded:	7/20/09

Sale Price: \$2,100,000 Verified: Town Clerk records; Grantee; planning files
 Price Per Acre: \$104,255
 Price Per SF: \$1.53

Financing: None recorded

Site Data

Size: 20.143 acres (Source: Survey)

Frontage: 744.69' on the westerly side of Vauxhall Street Extension, 1,052.34' of non-access frontage on the northerly side of I95 and 109.21' on the northeasterly side of Harvey Avenue.

Access: The property abuts an access ramp to westbound I95 but local access to the site is below average due to a somewhat isolated location that is difficult to reach directly from local arterial roads.

Shape: Irregular

Topography: Rolling to steep

Wetlands: None

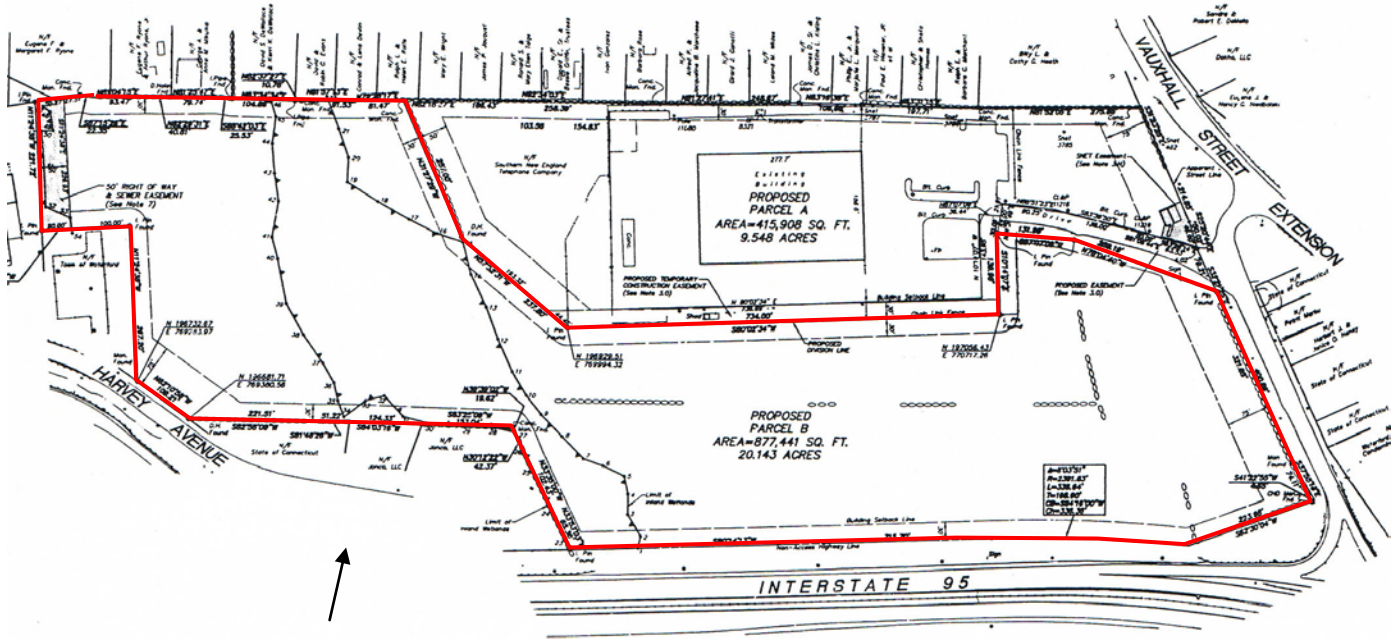
Zoning: CG (General Commercial)

Utilities: Sewer, water, electric, telephone

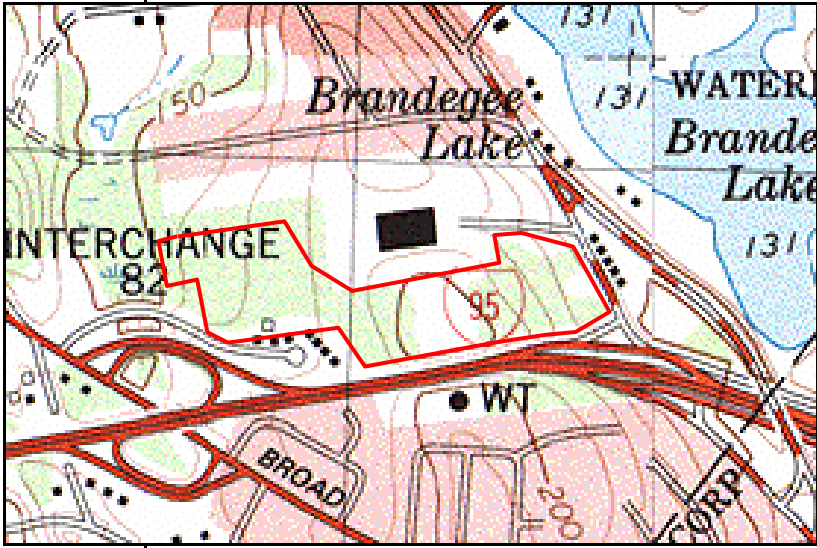
Easements: Common access easement; special permit for sharing access drainage

Comments: The Waterford Planning and Zoning Commission approved a 68,000 SF plumbing supply building on June 14, 2010. The building included corporate offices, a retail showroom store and wholesale storage and distribution. There was significant cut and fill work on about 9 acres of the site with an estimated cost of \$1,100,000. The grantee incurred off-site costs of \$150,000 to widen a short connector road off of Vauxhall Road Extension to provide better access to the site. The property has very good visibility from I95 and it fronts on a westbound access ramp to I95. The closest average daily traffic count is approximately 10,200 cars per day as of the most recent July/August 2008 Connecticut Department of Transportation count.

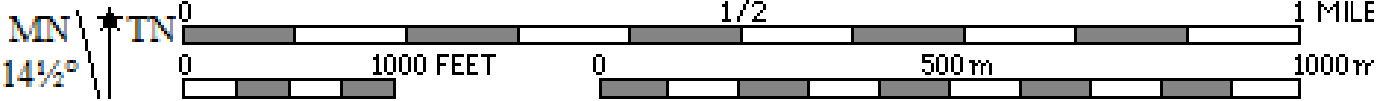
SALE 1 SURVEY & TOPOGRAPHY MAPS



WGS84 72°08.000' W



WGS84 72°08.000' W



SALE 1 PHOTOGRAPHS
Taken by Richard McDermott 8/11



Western view



Southerly view of retail section towards I95

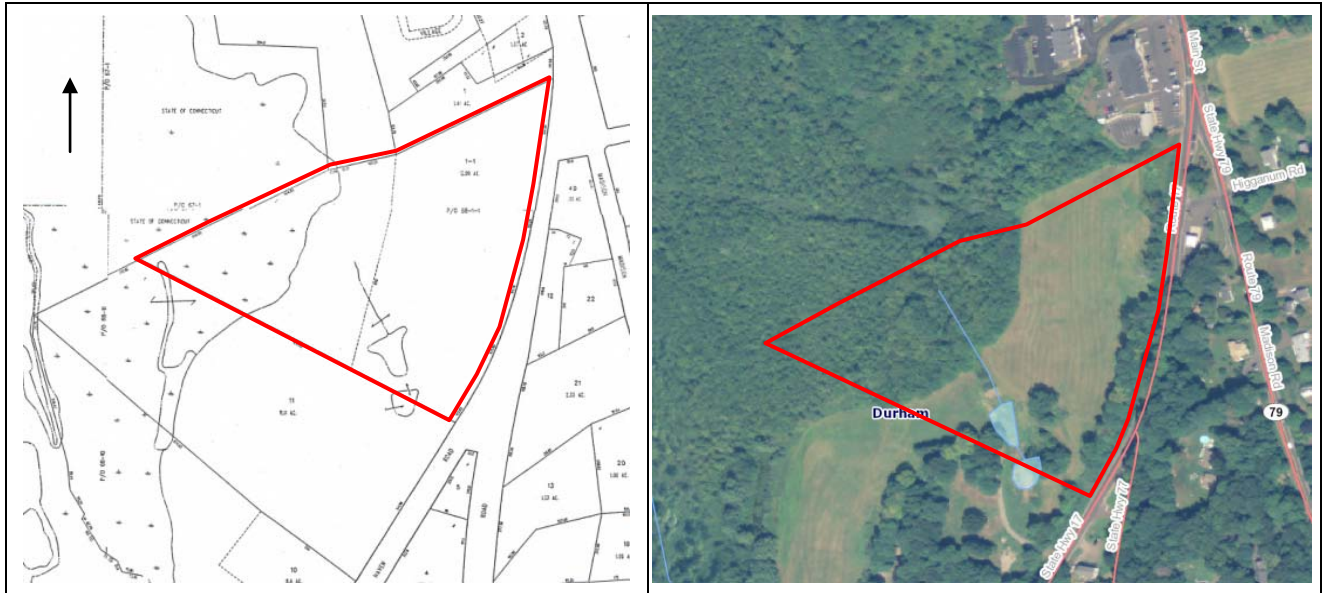


Southern view



Eastern view of I95 from corner of property

Land Sale #2



Location: 33 New Haven Road (a/k/a Route 17), Durham, Connecticut

Grantor:	Jeanne F. Koerber, Fredrick D. and Debra A. Dahlmeyer and Diane H. White	Volume/Page:	231/903
Grantee:	Durham Acquisition LLC	Date Recorded:	2/15/08

Sale Price: \$1,100,000 Verified: Town Clerk records; Grantor; third parties
 Price Per Acre: \$85,271

Financing: None recorded; cash sale

Site Data

Size: 12.9 acres

Frontage: 1,063' on the westerly side of New Haven Road and Main Street (a/k/a Route 17)

Access: The land is just southwest of a busy intersection where 3 major arterial roads converge. Site access is hindered by a moderate downward slope along the frontage.

Shape: Triangular

Topography: The site slopes moderately downward from the road frontage

Wetlands: Wetlands at the rear and in the southern section where there are two small ponds.

Zoning: C-2 (front half to a depth of about 350') and Farm Residential (rear section)

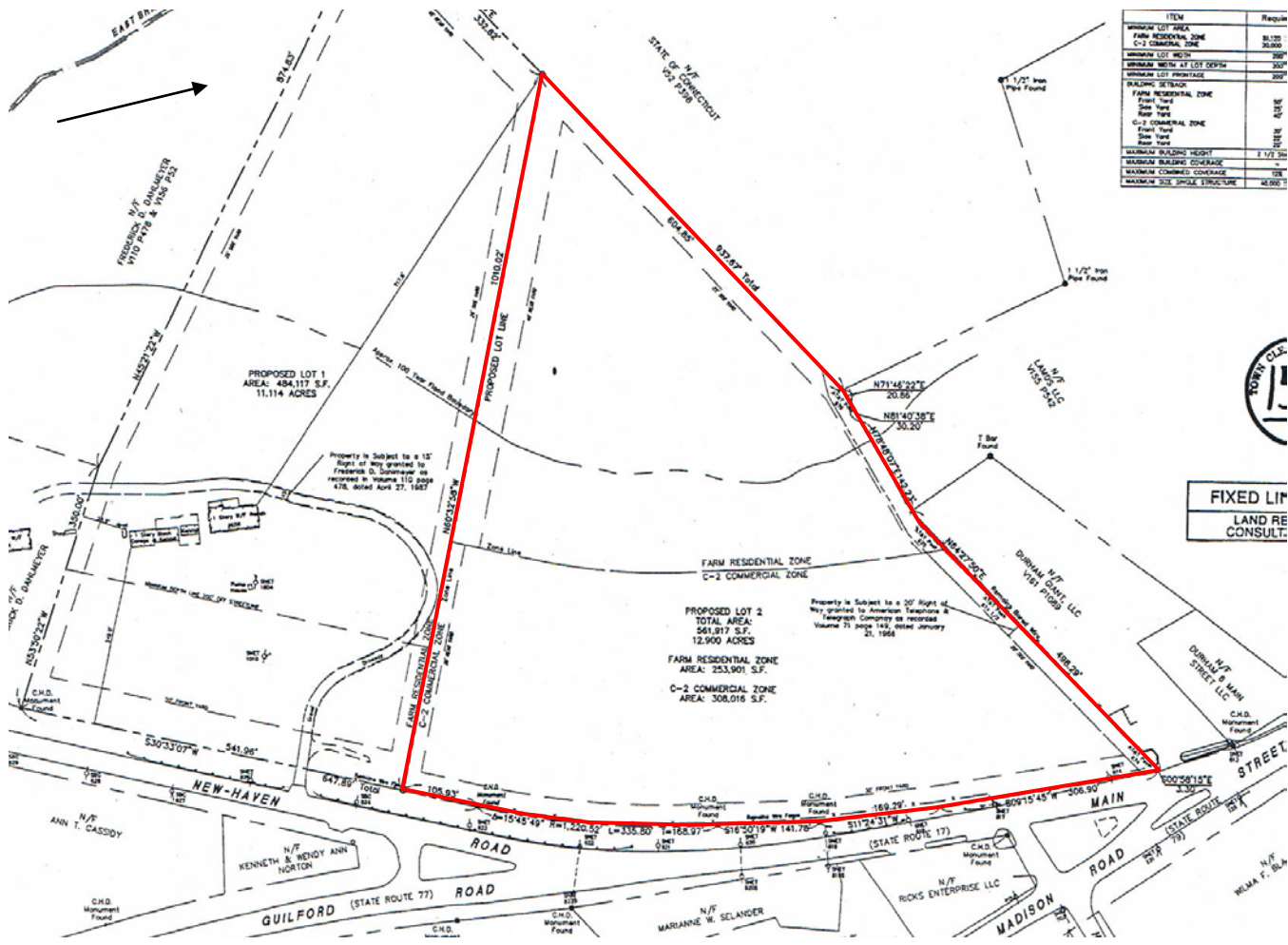
Utilities: Septic, well, electric, telephone

Easements: 20' ROW in favor of American Telephone and Telegraph Company

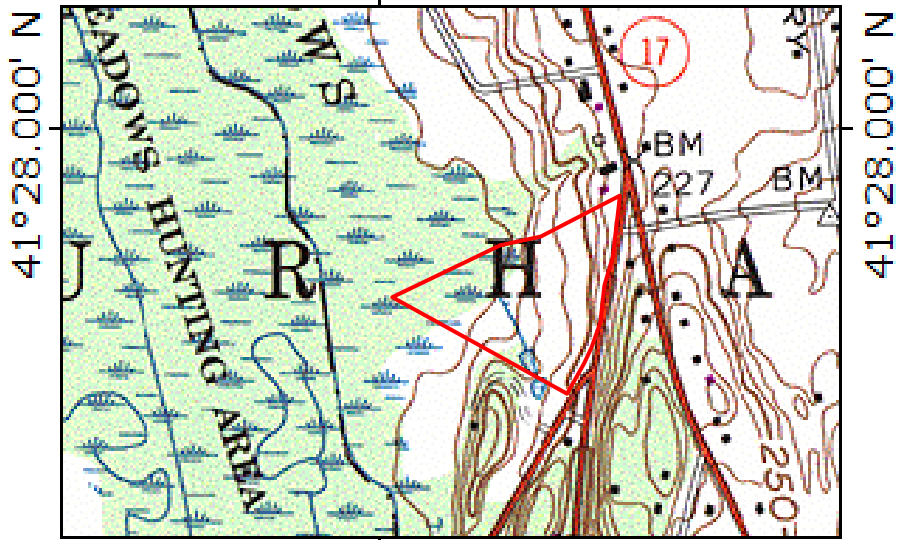
Comments: The property was sold by an abutting property owner who operates the Westview Boarding Kennels to the south. The parcel was reportedly acquired for development of a Stop & Shop Supermarket. No development proposals have been filed with the town since the property was acquired. The average daily traffic count near the parcel is approximately 10,200 cars/day as of the most recent Sept. 2010 CT DOT count. The rear residential portion of the property has little value and the land was acquired for its potential commercial development value.

SALE 2 SURVEY & TOPOGRAPHY MAPS

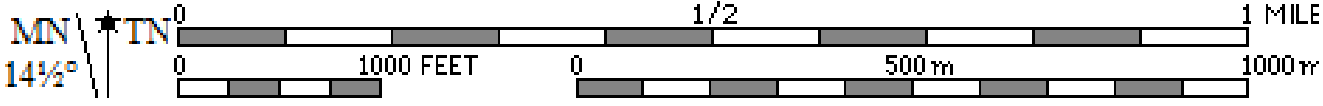
ITEM	Require
MINIMUM LOT AREA	8,130
FARM RESIDENTIAL ZONE	20,000
C-2 COMMERCIAL ZONE	200
MINIMUM LOT WIDTH	200
MINIMUM SETBACK AT LOT DEPTH	200
MINIMUM LOT FRONTAGE	200
BUILDING SETBACK	
FARM RESIDENTIAL ZONE	
Front Yard	10'
Side Yard	5'
Rear Yard	5'
C-2 COMMERCIAL ZONE	
Front Yard	10'
Side Yard	5'
Rear Yard	5'
MINIMUM BUILDING HEIGHT	1 1/2' TO 3'
MAXIMUM BUILDING COVERAGE	25%
MAXIMUM COVERED COVERAGE	10%
MAXIMUM SIGN STRUCTURE	45.00'



WGS84 72°41.000' W



WGS84 72°41.000' W



SALE 2 PHOTOGRAPHS
Taken by Richard McDermott 11/11



Southwesterly view from northeast corner of site



Northern view near southern property line

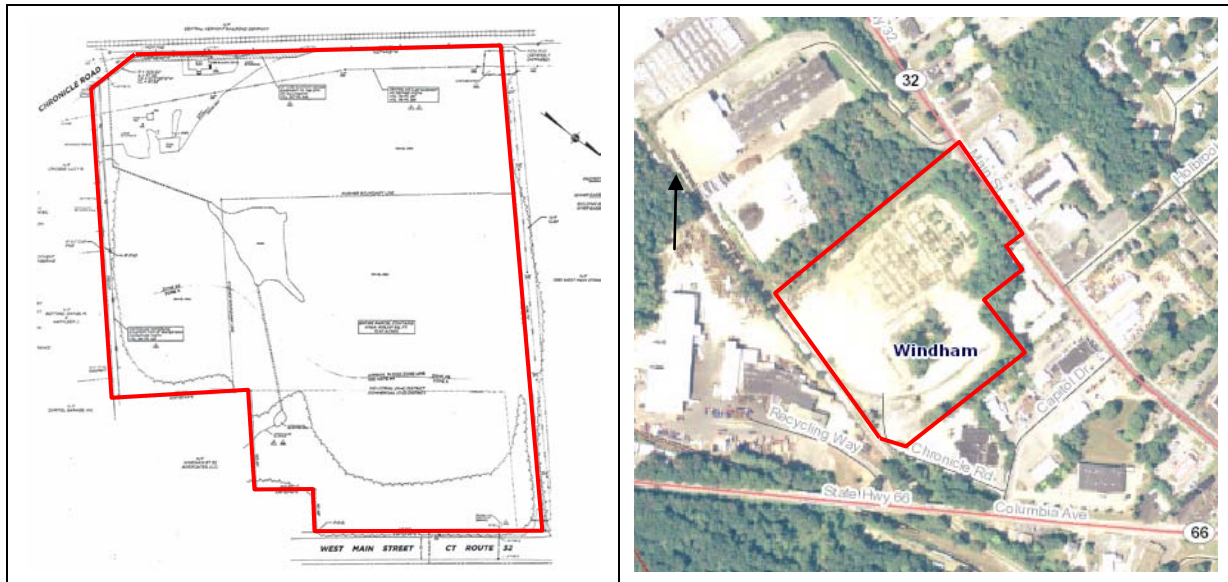


Northerly street view of frontage



Northerly view from northeast corner of parcel

Land Sale #3



Location: 161 Chronicle Road and 1562 West Main Street (a/k/a Rt. 32), Windham, CT

Grantor:	Jane L. Haney	Volume/Page:	1107/192
Grantee:	161 Chronicle Road LLC	Date Recorded:	6/23/11

Sale Price: \$1,800,000 Verified: Town Clerk records; town planning files; third party
 Price Per Acre: \$128,848

Financing: Savings Institute, \$2,120,000 open end mortgage; \$1,440,000 advanced (Construction to Permanent Loan) at 5% fixed interest rate through 6/23/12 then adjusted at 5-year FHLBB Classic Advance Rate plus 2.5% every 5 years; note due 6/23/27 or on demand if borrower fails to complete construction of proposed improvements by 6/12/12.

Project Approvals: The Windham Planning and Zoning Commission approved a zoning amendment to return 11.3 acres of the property to M-4 Manufacturing and two Special Permits for a truck maintenance facility and work within a flood hazard zone on April 28, 2011.

Site Data

Size: 13.97 acres (Source: Survey)

Frontage: 418.9' on the southwesterly side of West Main Street and 97.53' on the northerly side of Chronicle Road.

Access: The commercial land along Route 32 slopes moderately to steeply downward from the road frontage to a larger, level rear area that is accessed from Chronicle Road. The parcel is less than 1 mile from a full Route 6 interchange and about ¼ mile from the Route 32 and Route 66 intersection.

Shape: Irregular

Topography: Primarily level with about a 30' downward slope from the West Main Street frontage to the rear level land.

Wetlands: Small wetlands area with pond, about 2% of the property

Zoning: M4 & C2

Land Sale 3 (continued)

Utilities: Sewer, water, electric, telephone

Easements: None known

Comments: There was a 1,491 SF office building built in 1985 on 161 Chronicle Road at the time of sale. The buyer is an abutter who had been searching Eastern Connecticut for a site to expand his business, the Willimantic Waste Paper Company, by building a state-of-the-art truck terminal and maintenance facility. The zoning of the property had been changed from manufacturing to commercial by Lowes Home Centers Inc. to construct a facility that Lowes subsequently abandoned in 2008 due to the economy and an increase in site development costs.

The buyer received approvals from the town to rezone a section of the property back to the M4 manufacturing zone and an application for a special permit to build the truck terminal facility that will require between 1,000 and 5,000 cubic yards of fill.

The closest average daily traffic count is approximately 15,400 cars per day as of the most recent January 2010 Connecticut Department of Transportation count.

SALE 3 PHOTOGRAPHS
Taken by Richard McDermott 8/11



West Main Street frontage (on left)



Rear level area

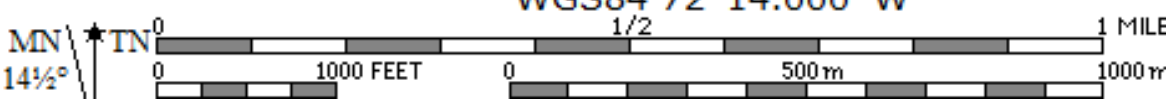
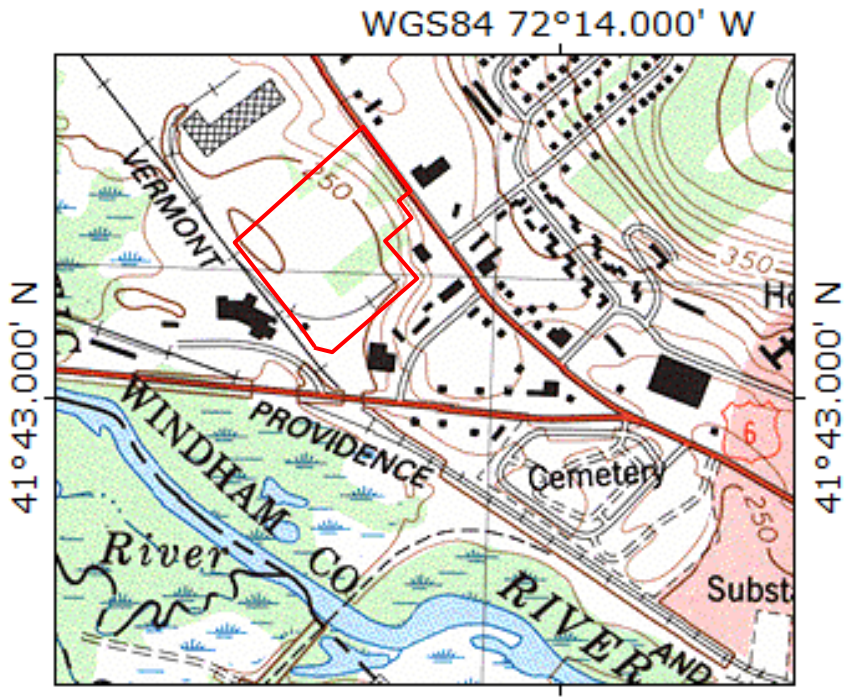
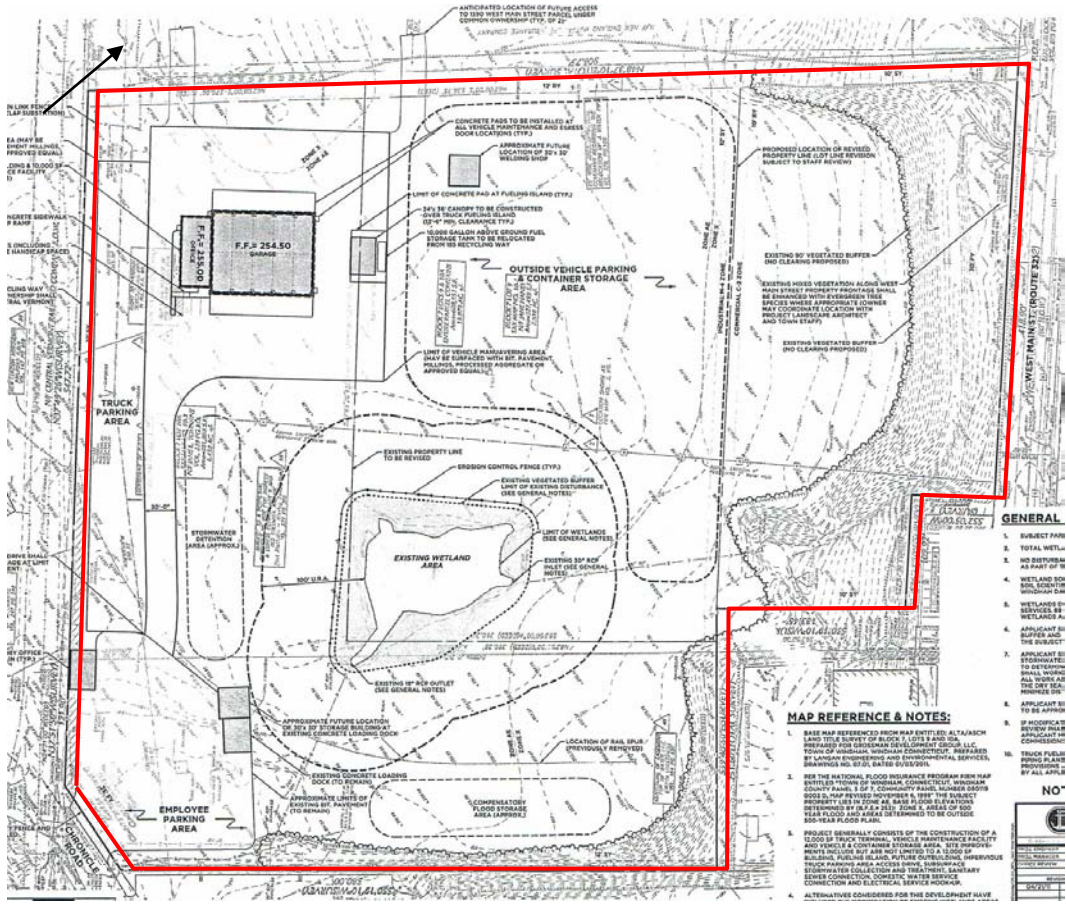


Rear view towards railroad tracks

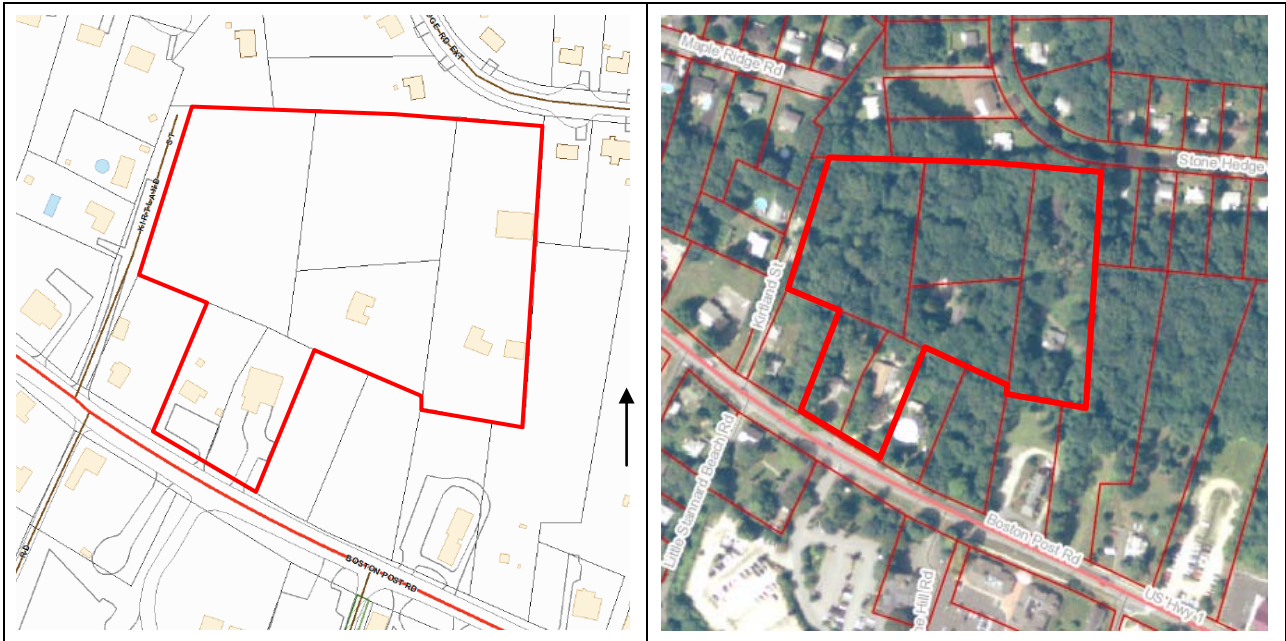


View of rear access road

SALE 3 SITE PLAN & TOPOGRAPHY MAP



Land Sale #4



Location: 1520 & 1536 Boston Post Road (a/k/a Route 1), 26 & 32 Kirtland Street and Kirtland Street, Westbrook, CT

Grantor:	FH Real Estate Company LLC and Nancy B. Pytlik	Volume/Page:	309/842 & 844
Grantee:	Dattilo Family Holdings LLC	Date Recorded:	5/31/11

Sale Price: \$1,085,000 **Verified:** Town Clerk records; Grantor; Grantee; Broker
Price Per Acre: \$145,442

Financing: None recorded

Site Data

Size: 7.46 acres (Source: Deed and Assessor maps)

Frontage: 200' on the northerly side of Boston Post Road and approximately 290' on the easterly side of Kirtland Street (a private road).

Access: The property has good access from its Route 1 frontage. The rear section of the land is accessed from Kirtland Street, which is reportedly a private road serving some adjacent residential lots and dwellings. The property is directly across Route 1 from the Water's Edge Resort which generates high seasonal traffic during the summer months.

Shape: Irregular

Topography: Level

Wetlands: None

Zoning: NCD (Boston Post Road lots) and MDR (rear lots)

Land Sale 4 (continued)

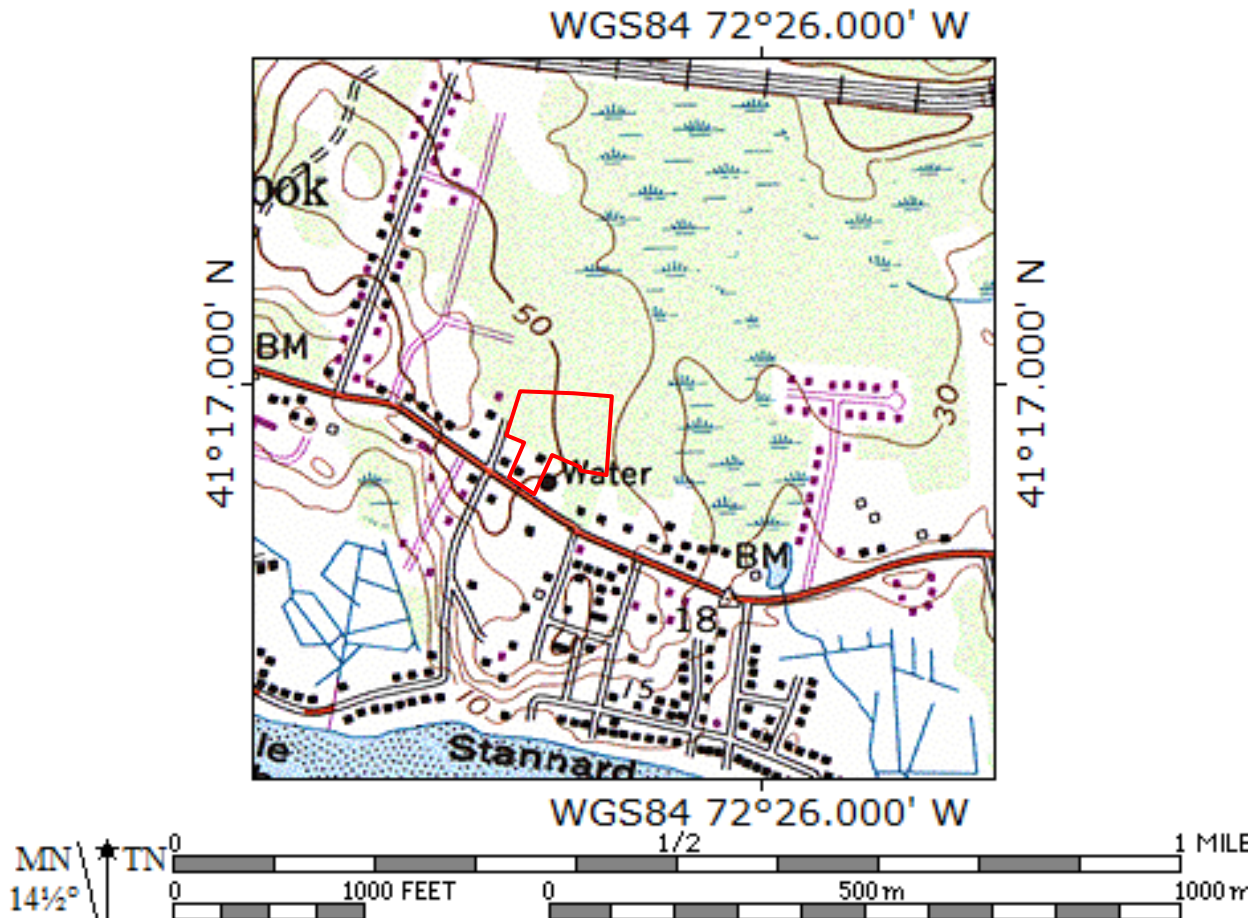
Utilities: Gas, electric, water, electric, telephone

Easements: Shared right to use septic system between division line of 1520 and 1536 Boston Post Road and subject to repair and maintenance of the system; a 20' ROW across land now or formerly of Donald P. and Henry A. Wilcox (through Kirtland Street) to the Boston Post Road; a 30' ROW from Boston Post Road; easement in favor of CL&P; 20 ROW over and across land of Elvira W. Stevens and Raymond F. and Florence W. Field through Kirtland Street to Boston Post Road.

Comments: The property included 6 tax lots that were acquired in two transfers. At the time of sale, the following buildings were on the property: a 1,547 SF retail building built in 1930 at 1520 Boston Post Road, a 3,280 SF retail building built in 2001 at 1536 Boston Post Road, a 1,632 SF ranch built in 1940 at 26 Kirtland Street and a 1,631 SF cape built in 1942 on 32 Kirtland Street. The property also included three large garage structures.

The property was acquired for investment purposes by the owner of the Water's Edge Resort facility that is across the street from this property. The existing commercial and residential improvements are considered interim uses. As of November 2011, the commercial buildings were offered for lease by a realtor related to the buyer at \$10/SF. The commercial buildings were essentially vacant (one tenant was on a reduced-rent month-month lease) and the two residences were being rented at \$1,100 and \$1,500 per month. The closest average daily traffic count on Route 1 is approximately 9,600 cars per day as of the most recent September 2010 Connecticut Department of Transportation count.

SALE 4 TOPOGRAPHY MAP



SALE 4 PHOTOGRAPHS
Taken by Richard McDermott 11/11



Northwesterly view of 1520 and 1536 Boston Post Road



Westerly view of Boston Post Road frontages

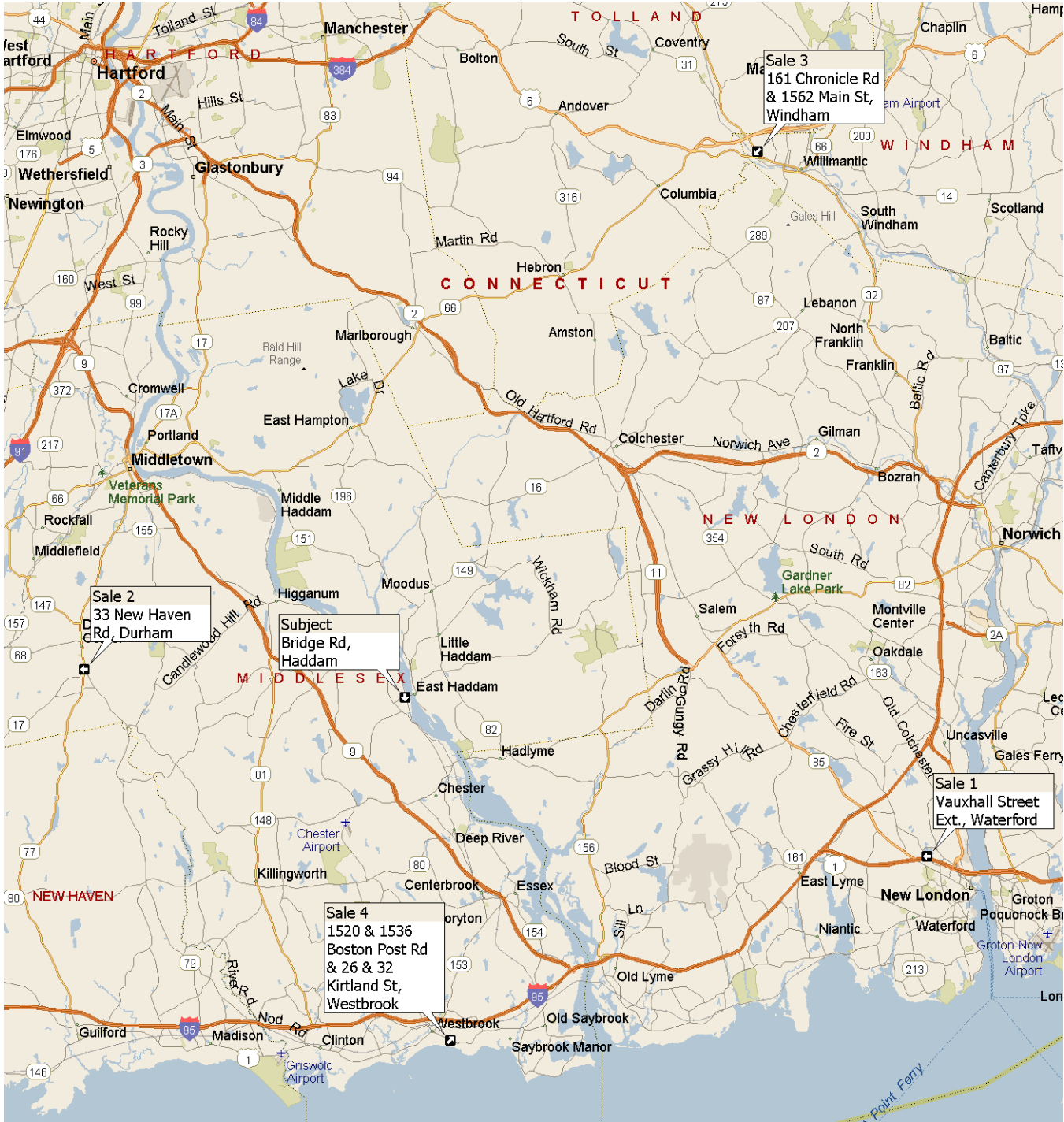


32 Kirtland Street



26 Kirtland Street

SALES LOCATION MAP



SALES COMPARISON APPROACH (CONTINUED)

LAND SALES SUMMARY					
Sale	Location	Acres	Sale Date	Sale Price	Price/Acre
1	Vauxhall Street Extension, Waterford	20.143	7/20/09	\$2,100,000	\$104,255
2	33 New Haven Road, Durham	12.90	2/15/08	\$1,100,000	\$85,271
3	161 Chronicle Road & 1562 West Main St, Windham	13.97	6/23/11	\$1,800,000	\$128,848
4	1520 & 1536 Boston Post Rd, 26 & 32 Kirtland Street and Kirtland Street, Westbrook	7.46	5/31/11	\$1,085,000	\$145,442
<i>Subject: Bridge Road, Haddam</i>		<i>17.40</i>	<i>6/12/03</i>	<i>\$1,350,000</i>	<i>\$77,586</i>

SUMMARY OF ADJUSTMENTS									
	Subject	Sale 1	Adj	Sale 2	Adj	Sale 3	Adj	Sale 4	Adj
Price Per Acre		\$104,255		\$85,271		\$128,848		\$145,442	
Property Rights	Fee Simple	Fee Simple	0	Fee Simple	0	Fee Simple	0	Fee Simple	0
Financing	Typical	Unaffected	0	Unaffected	0	Unaffected	0	Unaffected	0
Conditions of Sale	Typical	Unaffected	0	Unaffected	0	Approved/ Abutter	-	Affected	-
Market Conditions	9/11	7/09	-	2/08	-	6/11	0	5/11	0
Adjusted SP		\$99,042	-	\$72,480	-	\$103,078	-	\$130,898	-
Location	Average	Superior	-	Similar	0	Inferior	+	Superior	-
Size (acres)	17.4	20.143	0	12.9	0	13.97	0	7.46	-
Shape	Irregular	Similar	0	Triangular	+	Irregular	0	Irregular	0
Frontage	584 LF	854'	0	1,063'	0	516'	0	490'	0
Frontage/Area Ratio	34 LF/acre	42 LF/ac		82 LF/ac		37 LF/ac		66 LF/ac	
Access	Average	Superior	-	Similar	0	Similar	0	Similar	0
Topography	Level/rolling	Inferior	+	Inferior	+	Similar	0	Superior	-
Wetlands	6%	None	0	Similar	0	Similar	0	None	0
Utilities	Septic/well	Superior	-	Similar	0	Superior	-	Superior	-
Soils	Fair	Similar	0	Similar	0	Similar	0	Similar	0
Zoning	R-2A & I-1	GC	+	C-2/FR	+	M4 & C2	+	NCD & MDR	+
Functional Utility	Average	Similar	0	Inferior	+	Similar	0	Similar	0
Net Adjustment		Upward	+	Upward	+	Downward	-	Downward	-
Adjusted Price/Acre		\$109,000		\$102,000		\$103,000		\$98,000	
Value Range		\$1,900,000		\$1,770,000		\$1,790,000		\$1,710,000	

ANALYSIS OF LAND SALES

The characteristics of the comparable relative to the subject and adjustments for each element of comparison are summarized in the previous grid. The summary information describes the comparable sale. A negative or downward adjustment signifies that the subject is inferior to the comparable while a positive or upward adjustment means the subject is superior for the specified element of comparison. When a zero is entered in the grid, the subject is considered comparable to the sale and no adjustment is required.

The sales are adjusted first for Property Rights Appraised, Financing, Conditions of Sale, and Market Conditions. After making these adjustments, further adjustments are considered for Location and the other noted elements of comparison. The adjustment process is discussed on the following pages.

SALES COMPARISON APPROACH (CONTINUED)

Property Rights

All of the sales conveyed a fee simple interest and no adjustments are made for these factors.

Financing

Financing did not affect the sale prices of the comparables and no adjustments are required.

Conditions of Sale

Sale 3 is adjusted downward for the motivation of the buyer, who was an abutter who contested a Lowes development previously approved for the property. The Lowes project though did not get built due primarily to the downturn in the economy in 2008. Although the buyer secured a zone change from commercial to industrial for the rear portion of the property prior to the sale, the land along the frontage remained in the commercial zone. After considering these factors, downward adjustments are required for the motivation of the buyer and the time, cost and risks that would be required to secure development approvals for the subject (since the subject is currently raw land with no approvals in place). Sales 1, 2 and 4 were acquired as raw land with no land use approvals in place and no adjustments are required for these comparables.

Based on existing and potential rent that Sale 4 could generate from a number of commercial and residential structures on the property, a downward adjustment is warranted for the interim value contribution of these improvements. The degree of this adjustment is tempered by the short term nature of this potential income since the intent of the acquisition was for future re-development of the property.

I am not aware of any other conditions of sale that impacted the sale prices of the comparables.

Market Conditions

The land sales transferred between February 2008 and June 2011. Sale 2 is the oldest sale and it requires a net downward adjustment since the market for development land has declined significantly since early 2008 when this sale occurred. Sale 1 also requires a downward adjustment but to a lesser degree than the adjustment to Sale 2 since the decline in market conditions has been less severe since the July 2009 sale date for this comparable. Sales 3 and 4 are relatively recent sales that require no adjustment.

Sale 1

This parcel is in a shoreline community with more than double the population of Haddam but Haddam is more affluent than Waterford. Waterford though benefits from its shoreline location and an influx of seasonal residents. Waterford is also more accessible to larger local and regional populations from I95 and local highways. Overall, the comparable location is superior to the subject. Considering these factors, downward adjustments are also made for the comparable's superior location and access.

The comparable has an irregular shape, a frontage-to-land-area ratio and site access that are all very similar to the subject. The primary physical difference between the comparable and the subject is topography. The comparable required significant cut and fill site work to develop the land. Although the subject may also require some similar site work, both the on-site and off-site work done on the comparable was significant and a net upward adjustment is made for the extraordinary site costs on the comparable.

SALES COMPARISON APPROACH (CONTINUED)

Sale 1 (continued)

The comparable had access to public water and sewer systems. The development flexibility and lower costs of public utility access require a downward adjustment since a buyer for the subject would most likely need to deal with groundwater contamination and constructing a dedicated sewerage system capable of servicing commercial development.

The subject is currently in the R-2A and I-1 zones while the comparable was zoned commercial. As discussed earlier in the report, it is likely that the subject would be developed at a higher density than allowed by the current zoning regulations. After considering the time, cost and risk of securing a zone change on the subject and the much higher density that could potentially be permitted in a Village District zone on the subject, a net upward adjustment is supported for this anticipated benefit.

The utility of both the comparable and subject are quite similar. The benefit of the subject's proximity to the Connecticut River is offset by the economic benefit of the comparable's superior exposure and visibility from I95.

After all adjustments, the net adjustment is upward.

Sale 2

This site is in the rural/suburban town of Durham which is very similar to the subject regarding population, income and its local economy.

The comparable has an inferior triangular shape that slopes steadily downward from its extensive frontage. The triangular shape combined with the amount of rear land in the residential zone limits the developable commercial land on the comparable parcel. In addition, the downward slope on the land hinders the parcel's visibility and exposure which diminishes the value of the comparable's extensive frontage. These physical characteristics require upward adjustments.

The comparable has split zoning like the subject but the larger percentage of residential zoned land on the comparable, as well as the subject's greater development density potential, require an upward adjustment for the comparable's inferior zoning.

Overall, the subject is a more functional development parcel that benefits from its proximity and potential views of the Connecticut River while the comparable abuts an older industrial facility. These factors require an upward adjustment.

After all adjustments, the net adjustment is upward.

Sale 3

This comparable is in the more urban town of Windham. Windham's population is more than double the population of Haddam but the median income in Windham is also less than half of Haddam's median income. There are also more opportunities and a greater supply of commercial/industrial land and re-development properties in Windham compared to Haddam. For these reasons, the comparable's location is inferior to the subject and an upward adjustment is warranted.

SALES COMPARISON APPROACH (CONTINUED)

Sale 3 (continued)

The physical characteristics of the comparable are very similar to the subject. The comparable has contiguous frontage on Route 32 and it slopes downward to a rear level area that has soils very similar to the subject. Like the subject, the rear portion of the land is well below the commercial section and it abuts railroad tracks and other industrial land uses.

The site was zoned commercial when it was marketed but the zone was changed back to industrial by the buyer. Overall, the purpose of the acquisition was for a lower density than what a buyer would most likely consider on the subject and the zoning for the comparable at the time of sale was less favorable than the potential density that would drive the value of the subject. For these reasons, an upward adjustment is made for the greater potential development density that a buyer would anticipate for the subject.

After all adjustments, the net adjustment is downward.

Sale 4

This comparable is in a tourist-oriented community along the shoreline that has a similar size year-round population but the population increases significantly during the summer months. This advantage is offset to a degree by the much lower median income in Westbrook compared to Haddam. Like the subject, the comparable is adjacent to a large banquet and conference center facility. The traffic generated by the Water's Edge Resort, which is across the street from the comparable, the high seasonal summer traffic and the comparable's location on the primary state highway (Route 1) in Westbrook support a net downward adjustment for the comparable's superior location.

Although the comparable was assembled, both the buyer and sellers indicated that this did not impact the sale price. Typically smaller parcels are more affordable to the broader market that competes for commercial properties. This greater market activity tends to have an upward impact on the price per acre achieved by smaller parcels (assuming the property characteristics or both parcels are similar). As a result, the economics associated with the comparable's much smaller parcel size (which is less than half the size of the subject) requires a downward adjustment due to the narrower market appeal of larger development parcels like the subject.

The comparable parcel is entirely level while the subject is essentially a dual tiered parcel of land with some steep slopes. As a result, the comparable would be less costly and more easily developed. For these reasons, a downward adjustment is warranted for the comparable's superior topography.

The comparable has access to public water while a buyer for the subject would need to deal with the uncertainty pertaining to the proposed Chester water line extension and contaminated wells adjacent to the subject. A modest downward adjustment is made for this factor.

The comparable is in both residential and commercial zones with only a small area of the land along Route 1 in the commercial zone. Since the subject's current and potential zoning are considered superior to the comparable's split zoning, an upward adjustment is made.

After all adjustments, the net adjustment is downward.

SALES COMPARISON APPROACH (CONTINUED)

Supplemental Sales

To better evaluate the comparable sales, two additional sales have also been considered. These sales are summarized below.

SUPPLEMENTAL LAND SALES						
Project/Location	Town	Sale Date	Sale Price	Acres	Price/Per Acre	Zone
Winslow Place	Simsbury	1/22/07	\$1,800,000	14.80	\$121,540	B1
800 Boston Post Road	Guilford	12/28/10	\$1,700,000	9.59	\$177,268	TS

The first sale in Simsbury is in a larger community with similar income characteristics as Haddam. This is an older 2007 land sale that would need to be adjusted downward due to the far superior market conditions at the time of this sale. This comparable is adjacent to Route 10/202 and just north of the Route 10/202 and Route 185 intersection. The parcel, which has direct water frontage on the Farmington River, was subsequently developed with a banquet and conference facility like the Riverhouse abutting the subject. After downward adjustments for location and market conditions, this sale lends additional support to the adjusted value range indicated by the comparables.

The sale in Guilford included an old deteriorating garden center. This property is on a very busy section of Route 1 that abuts a community shopping center anchored by a Big Y supermarket and a high quality 3-story office building. Just west of the Big Y plaza is a Walmart store. This parcel is smaller than the subject and a large percentage of the land towards the rear of the site is encumbered by wetlands. Despite this encumbrance, the comparable is in a much more desirable location with better access, topography, visibility and exposure. It is clear that the subject would achieve a much lower value on a price per acre basis than indicated by this comparable.

Supplemental Listings

Current listings have also been considered to evaluate potential competition and the impact these properties may have on the potential market value of the subject. These listings are summarized in the chart on the following page.

The listings range from \$695,000 to \$5,500,000 or \$63,758 to \$305,556/acre with an average list price of \$2,117,667 or \$160,328/acre for a site with an average size of 13.8 acres. The median asking price is \$1,500,000 or \$132,653/acre for a site with a median size of 14.01 acres.

The high end of the range is represented by a much more appealing site in a regional retail district just off I84 and adjacent to major big box retailers such as Costco and Kohls. The low end of the asking price range is represented by Listing 7B, a 14.9-acre parcel of land in a rural section of Ellington that is well north of the commercial development that has been occurring on Route 83.

The much higher average price relative to the median is influenced upward by two higher priced parcels of land in a regional retail district in Waterbury. If these listings are excluded, the average asking price declines to about \$1,640,000 or \$146,400/acre.

SALES COMPARISON APPROACH (CONTINUED)

SUPPLEMENTAL COMMERCIAL LAND LISTINGS				
#	Location	List Price	Area (acres)	List Price Per Acre
1B	Route 175 and Berlin Turnpike, Newington	\$2,200,000	9.00	\$244,444
2B	2248 Berlin Turnpike, Berlin	\$1,450,000	7.05	\$205,674
3B	Orchard and Tollgate Roads, Berlin	\$695,000	6.40	\$108,594
4B	Captain Neville Dr. and Progress Lane, Waterbury	\$5,500,000	18.00	\$305,556
5B	East Main Street, Waterbury	\$4,900,000	25.00	\$196,000
6B	908 Hartford Turnpike, Waterford	\$1,375,000	16.64	\$82,262
7B	Somers Rd. (a/k/a Route 83 and Meadowbrook Rd., Ellington	\$950,000	14.90	\$63,758
8B	175-211 Sullivan Ave, South Windsor (Lot 1)	\$2,600,000	19.60	\$132,653
9B	175-211 Sullivan Ave, South Windsor (Lot 2)	\$2,150,000	17.00	\$126,471
10B	1050 Straits Turnpike, Middlebury	\$1,100,000	4.85	\$226,804
11B	91-97 Berlin Road, Cromwell	\$1,295,000	14.01	\$92,434
12B	40 & 48 Merrow Road, Tolland	\$2,900,000	26.10	\$111,111
13B	15-17 Dodd Road, New Milford	\$2,000,000	11.00	\$181,818
14B	342 Bantam Road, Litchfield	\$1,500,000	6.87	\$218,341
15B	994 Hartford Turnpike, Waterford	\$1,150,000	10.55	\$109,005
	<i>Averages</i>	<i>\$2,117,667</i>	<i>13.80</i>	<i>\$160,328</i>
	<i>Median</i>	<i>\$1,500,000</i>	<i>14.01</i>	<i>\$132,653</i>

With the exception of Listing 7B, the locations of the listings are generally superior to subject. It is reasonable that the asking prices are generally much higher than the comparable sale indications and that the average asking price is well above the adjusted value range indicated by the comparables since buyer's tend to negotiate asking prices downward. Considering these factors, it is logical that the subject should achieve a value well below both the average and median asking prices (on a per acre basis) indicated by the listings.

SALES COMPARISON APPROACH SUMMARY

The unadjusted sale indications range from \$85,271 to \$145,442 per acre. After adjustment, the range narrowed to \$98,000 to \$109,000 per acre. This translates into a value range of \$1,710,000 to \$1,900,000 (rounded).

Sale 1 had the lowest net adjustment but it also required the largest number of adjustments, which hinders the reliability of this sale.

Sale 2 is the oldest sale but it is most similar to the subject regarding its location in a similar rural town and many physical characteristics. Like the subject, the comparable is also affected by split zoning and the history of the sale indicates that the buyer was seeking a zone change to develop a commercial use on the property. These factors increase the reliability of this sale.

Comparable 3 is the most recent sale, it required the fewest adjustments and it's physical characteristics are very similar to the subject. The uses proposed by owners of this parcel included both commercial and industrial uses. A prior owner also intended to develop the entire site with a commercial use. These factors are very similar to the subject's current situation. For these reasons, considerable weight is placed on this sale.

Sale 4 is a recent sale of a parcel in a similar tourist-oriented community. This parcel is much smaller than the subject and only a small area of the land is in a commercial zone. The comparable is also complicated by split zoning with most of the land in the residential zone. This sale also had the largest net percentage adjustment among the four sales. For these reasons, less weight is placed on this sale.

SALES COMPARISON APPROACH (CONTINUED)

SALES COMPARISON APPROACH SUMMARY (continued)

Overall, the quality of the data is fair to average when the lack of commercial land sales in Haddam and the very limited number of recent commercial land sales throughout the State of Connecticut are considered. The four comparable sales were supplemented by two additional land sales and a large quantity of current commercial land listings. This listing data was logical and provides additional support for the adjusted value range indicated by the comparable sales.

SALES COMPARISON APPROACH SUMMARY AND CONCLUSION

After considering the preceding data and analyses, the market value of the subject by the Sales Comparison Approach, as of September 28, 2011, is:

**ONE MILLION SEVEN HUUNDRED EIGHTY THOUSAND DOLLARS
(\$1,780,000)**

ANALYSIS OF THE PRIOR SALE OF THE SUBJECT

The subject last sold on June 12, 2003 for \$1,350,000 or \$77,586/acre. The appraised value represents a total increase of 33% since 2003 or an average annual increase of about 4%.

Since the subject last sold, the 2007 Haddam Plan of Development has targeted Tylerville (where the subject is located) for a zone change to a Village District zone. This zone change, which has been endorsed by the town, would allow a large variety of commercial uses and a much higher development density than the industrial zone that was in place when the subject last sold.

The town of Haddam, the Chatham Health District, the town of Chester and the CT DEEP are also cooperating to extend a water main from Chester to the Tylerville section of Haddam in order to address groundwater contamination issues that were also evident in 2003. To date, Haddam has secured about half of the project costs through State grants and is seeking additional funding to go forward with the project.

Market conditions improved dramatically between 2003 and 2007 before a steep decline in the real estate market that began in late 2007 and crashed in September of 2008. Since then, market conditions have continued to decline but to a much lesser degree than in 2008.

An analysis of the CPI from June 2003 through October 2011 indicates that inflation during this time totaled about 45% or an average annual increase of about 5%. This rate is 25% higher than the previous 4% increase indicated by the change in value between the prior sale price and the appraised value of the subject. It is reasonable that the subject would increase at a rate below inflation due to the below average location and the complications associated with the subject even when offsetting external economic factors (such as a probable zone change and the possibility of a public water line extension to the subject) would have an significant upward impact on the current market value of the subject.

The facts in the previous analysis are logical relative to changes that have occurred since the prior sale and this analysis provides additional support for the subject's market value conclusion.

FINAL MARKET VALUE CONCLUSION

The conclusions for the approaches to value developed in the report are summarized below:

MARKET VALUE SUMMARY	
Sales Comparison Approach	\$1,780,000

The sales data used in the Sales Comparison Approach is considered average to good when the size, location and lack of market activity over the past three years are considered. The sales were all relatively similar to the subject regarding size and two of the four comparables were recent 2011 sales. Most of the sales were either in split zones like the subject or were acquired for commercial or industrial uses that required zone changes. The analysis of the comparable sales was also supported by an evaluation of similar competing commercial parcels of land and an analysis of the prior sale of the subject to test the reasonableness of the final value conclusion. Overall, the market value conclusion is strongly supported by the available data and the conclusion is considered to have average to good reliability.

MARKET VALUE CONCLUSION

Based on the preceding data and analysis, the market value for the subject as of September 28, 2011 is:

**ONE MILLION SEVEN HUUNDRED EIGHTY THOUSAND DOLLARS
(\$1,780,000)**

ESTIMATED EXPOSURE TIME

The exposure period is projected to be within 12 months at the estimated market value conclusion.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No thorough investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, leases, use restrictions and reservations, easements, cases or actions pending, tax liens, and bonded indebtedness, unless otherwise specified. No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, unless otherwise specified.
2. The maps, plats and exhibits included in this report are for illustration only to help the reader visualize and understand the property. They should not be considered as surveys or relied upon for any other purpose.
3. This appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been made previously.
4. No engineering survey has been provided, and no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed.
5. Unless otherwise stated in the report, the existence of potentially hazardous materials, which may or not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however is not qualified to detect such substances. The presence of hazardous materials used in the construction or maintenance of the building, such as urea-formaldehyde foam insulation, asbestos, lead paint and/or the existence of other toxic or hazardous materials which may or may not be present on the property, may affect the value of the property. The market value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field if desired.
6. No soil survey has been furnished, and it is assumed that no surface or subsurface contaminants, pollutants, or discharge is present. The appraiser reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, or investigation.
7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report.
8. No soil borings or analyses of the subject have been made. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.
9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the market value opinion contained in this report is based, unless noncompliance is stated and considered in this report.
10. The market value opinions are invalid if divided or prorated or considered as components in connection with any other appraisal. Any market value opinions provided in the report, apply to the entire property, and any division or proration of the total into fractional interests will invalidate the market value opinion, unless such division or proration of interests has been set forth in the report.
11. When the Discounted Cash Flow Analysis is utilized, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variations may be material.

ASSUMPTIONS AND LIMITING CONDITIONS (CONTINUED)

12. The date of value to which the opinions expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date, which may affect the opinions herein stated.
13. If this report is used within a credit sale-leaseback-type transaction, of the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the market value opinion rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.
14. Our market value opinion presumes that all benefits, terms and conditions have been disclosed in any lease agreements, and we have been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buybacks, free rent, equity options).
15. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the authors or firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI Designation.
16. This appraisal was prepared for the confidential use of the client for the purpose specified and must not be used in any other manner without the written consent of the principal of R.P. McDermott Associates Inc. The report and the data contained in the report, except data provided by the client, is the exclusive property of R.P. McDermott Associates Inc.
17. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey or analysis of this property to determine whether the physical aspects of the improvements are in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since compliance matches each owner's financial ability with the cost to cure potential ADA violations, the appraiser cannot comment on compliance to ADA. Given that compliance can change with each owner's financial ability to cure ADA violations, the value of the subject does not consider possible non-compliance. Detailed study of both the owner's financial ability and the cost to cure deficiencies would be needed by the Department of Justice to determine compliance with ADA.
18. Soils, hydrology, engineering reports or a timber cruise were not available for review. As a result, we have not considered the potential value of any natural resources that may be on the property. It is assumed that the value of the underlying land is greater than the value of any surface or subsurface natural resources. If engineering reports or a timber cruise indicates a greater value than the land value in this report, we reserve the right to modify this report after reviewing these studies.
19. The signatory of this appraisal is a fully qualified commercial appraiser who has been involved in the valuation and or review of many similar properties. The education and experience in valuing and reviewing similar properties satisfies the competency provision of USPAP.
20. ***This appraisal report and all of the appraiser's work in connection with the appraisal assignment are subject to the limiting conditions and all other terms stated in the report. Any use of the appraisal by any party, regardless of whether such use is authorized or intended by the appraiser, constitutes acceptance of all such limiting conditions and terms.***

ADDENDA

DEED/LEGAL DESCRIPTION

WARRANTY D E E D

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT IT, EAGLE LAND CORP., a Connecticut corporation with a place of business at One Marine Park, Haddam, Connecticut 06438, hereinafter GRANTOR, for the consideration of One Million Three Hundred Fifty Thousand (\$1,350,000) Dollars, and other valuable consideration, received to its full satisfaction of the STATE OF CONNECTICUT, hereinafter GRANTEE, does give, grant, bargain, sell, convey and confirm unto the said State of Connecticut, its successors and assigns forever, acting herein by Arthur J. Rocque, Jr., Commissioner of the Department of Environmental Protection, duly authorized under the provisions of Section 23-75 of the Connecticut General Statutes, following his determination pursuant thereto that the hereinafter described premises, being located on the Connecticut River, a prime natural feature of the Connecticut landscape, has high priority recreation, fishery, and conservation value, and is consistent with the state comprehensive plan for outdoor recreation and the state plan of conservation and development, and should be retained in its natural scenic or open condition as park or public open space, with WARRANTY COVENANTS, all that certain piece or parcel of land, together with all the rights and appurtenances thereto, located on the south side of Bridge Road, AKA CT Route 82 in the Town of Haddam, County of Middlesex, and State of Connecticut, hereinafter PREMISES, shown more fully as "Eagle Land Corp. Area = 17.40 Acres" on a survey map entitled "Survey Map Prepared For The Department of Environmental Protection, State of Connecticut Property of New England Maritime Corp., Steamboat Land Co., Inc. and Eagle Land Corp. Bridge Road Haddam, Conn. 1" = 100' Feb. 11, 2003 William B. Bergan Land Surveyor Haddam, Conn.", which map is on file in the Haddam Town Clerk's Office. Said Premises are more particularly bounded and described as set forth in Schedule A attached hereto.

SAID PREMISES are conveyed together with any buildings and improvements thereon and all the estate and rights of the Grantor in and to said property.

SAID PREMISES are conveyed free and clear of all encumbrances except the following:

1. Taxes to the Town of Haddam, not yet due and payable.
2. A right to drain set forth in an Executrix' Deed from Judith Zurles, Executrix of the Estate of Paul Zurles to Steven F. Corbin and Jeanne Corbin, dated January 5, 1996, and recorded January 9, 1996 in Volume 205 at Page 353 of the Haddam Land Records.

NO CONVEYANCE TAX RECEIVED

Georgia A. Emanuel ATC
TOWN CLERK OF HADDAM

STATE

NO CONVEYANCE TAX RECEIVED

Georgia A. Emanuel ATC
TOWN CLERK OF HADDAM

SCHEDULE A

A certain piece or parcel of land located on the southerly side of Bridge Road, AKA CT Route 82 in the Town of Haddam, County of Middlesex, and State of Connecticut bounded and described as follows:

Beginning at an steel stake found on the southerly street line of Bridge Road, AKA CT Route 82, being the northeast corner of land N/F of Robert A. & Sharon L. Botelle and the northwest corner of the herein described parcel; thence, N47°58'45"E for a distance of 130.20 feet to an iron pin set at the northwest corner of land N/F of Maria E. and Arthur H. Rochette; thence, S37°50'20"E for a distance of 217.95 feet to an iron pipe found; thence, N50°34'00"E for a distance of 37.17 feet to an iron pin set; thence N37°15'10"W for a distance of 22.87 feet to an iron pipe found; thence N48°13'50"E for a distance of 79.78 feet to an iron pipe set at the southwest corner of land N/F of M.J. Piscopiello and M.A. Humphreys; thence, N54°16'25"E for a distance of 237.30 feet to an iron pipe found on the westerly line of land N/F of John J. Conaroli, Jr.; thence, S40°20'00"E for a distance of 220.34 feet to a stone monument; thence, S21°08'00"E for a distance of 46.50 feet to an iron pin found; thence S43°37'50"E for a distance of 197.35 feet to an iron pin found; thence N50°16'55"E for a distance of 76.61 feet to an iron pin found; thence N11°04'25"E for a distance of 174.93 feet to an iron pin found; thence, N10°09'50"E for a distance of 180.06 feet to an iron pipe; thence N76°13'20"W for a distance of 24.00 feet to an iron pipe; thence S17°30'45"W for a distance of 129.09 feet to an iron pin found; thence, N40°23'00"W for a distance of 287.00 feet to an iron pin found; thence N39°13'00"W for a distance of 58.12 feet to an iron pipe found on the southerly street line of Bridge Road, AKA CT Route 82; thence, N81°52'20"E for a distance of 31.46 feet to a CHD monument; thence, N81°48'05"E for a distance of 127.98 feet to a CHD monument; thence, S77°05'15"E for a distance of 293.98 feet to a CHD monument found at the northwest corner of land N/F of Paul W. Horgan; thence, S11°45'45"E for a distance of 75.08 feet to a CHD monument; thence, S10°16'05"E for a distance of 66.56 feet to a fence post; thence, S12°33'45"E for a distance of 87.04 feet to a fence post; thence, S27°54'25"E for a distance of 110.98 feet to an iron pipe found along other land N/F of the State of Connecticut, being the former N.Y., N.H. & H.R.R. Co. Right of Way; thence, S13°11'11"E for a distance of 83.50 feet to an iron pipe set; thence, N65°07'35"E for a distance of 91.90 feet to an iron pipe set; thence, S13°11'11"E for a distance of 553.89 feet to a point at the northeast corner of other land N/F of the State of Connecticut; thence, S84°05'40"W for a distance of 474.24 feet to an iron pipe set; thence, N71°58'05"W for a distance of 616.79 feet to a steel stake at the southeast corner of said land of Botelle; thence, N36°31'40"W for a distance of 580.31 feet to a steel stake found on the southerly street line of Bridge Road, AKA CT Route 82, said point being the point and place of beginning.

The above described parcel contains 17.40 acres and is more fully shown as "Eagle Land Corp. Area = 17.40 Acres" on a survey map entitled: "SURVEY MAP PREPARED FOR THE DEPARTMENT OF ENVIRONMENTAL PROTECTION STATE OF CONNECTICUT PROPERTY OF NEW ENGLAND MARITIME CORP., STEAMBOAT LAND CO., INC. AND EAGLE LAND CORP. BRIDGE ROAD HADDAM, CONN. 1" = 100' FEB.11, 2003 WILLIAM B. BERGAN LAND SURVEYOR HADDAM, CONN."

RECEIVED FOR RECORD
6-12-20 03 at 5:12 M.
TOWN CLERK'S OFFICE
HADDAM, CONN.
Georgia J. Emanuel ATC.
TOWN CLERK

WARRANTY DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT IT, STEAMBOAT LAND COMPANY, INC., a Connecticut corporation with a place of business at One Marine Park, Haddam, Connecticut 06438, hereinafter GRANTOR, for the consideration of Two Million Seven Hundred Ninety Thousand (\$2,790,000) Dollars, and other valuable consideration, received to its full satisfaction of the STATE OF CONNECTICUT, hereinafter GRANTEE, does give, grant, bargain, sell, convey and confirm unto the said State of Connecticut, its successors and assigns forever, acting herein by Arthur J. Rocque, Jr., Commissioner of the Department of Environmental Protection, duly authorized under the provisions of Section 23-75 of the Connecticut General Statutes, following his determination pursuant thereto that the hereinafter described premises, being located on the Connecticut River, a prime natural feature of the Connecticut landscape, has high priority recreation, fishery, and conservation value, and is consistent with the state comprehensive plan for outdoor recreation and the state plan of conservation and development, and should be retained in its natural scenic or open condition as park or public open space, with WARRANTY COVENANTS, all that certain piece or parcel of land, together with all the rights and appurtenances thereto, located at 16 Little Meadow Road in the Town of Haddam, County of Middlesex, and State of Connecticut, hereinafter PREMISES, shown more fully as "Steamboat Land Co., Inc. Area = 12.2 Acs. ±" on a survey map entitled "Survey Map Prepared For The Department of Environmental Protection, State of Connecticut Property of New England Maritime Corp., Steamboat Land Co., Inc. and Eagle Land Corp. Bridge Road Haddam, Conn. 1" = 100' Feb. 11, 2003 William B. Bergan Land Surveyor Haddam, Conn.", which map is on file in the Haddam Town Clerk's Office. Said Premises are more particularly bounded and described as set forth in Schedule A attached hereto.

SAID PREMISES are conveyed together with any buildings and improvements thereon and all the estate and rights of the Grantor in and to said property.

SAID PREMISES are conveyed free and clear of all encumbrances except the following:

1. Taxes to the Town of Haddam, not yet due and payable.
2. Easement in favor of Connecticut Light & Power Company dated May 18, 1973 and recorded in Volume 118 at Page 473 of the Haddam Land Records.
3. Said parcel is subject to a non-exclusive right of way favor of land N/F of New England Maritime Corp. and of property owners on Little Meadow Road providing access to Bridge Road.

NO CONVEYANCE TAX RECEIVED

STATE
NO CONVEYANCE TAX RECEIVED

Georgia S. Emanuel A.T.C.
TOWN CLERK OF HADDAM

Georgia S. Emanuel A.T.C.
TOWN CLERK OF HADDAM

TO HAVE AND TO HOLD the above granted and bargained Premises, with the appurtenances thereof, unto it, the said Grantee, its successors and assigns forever, to its and their own proper use and behoof.

IN WITNESS WHEREOF, Charles A. Robertson, President of Steamboat Land Company, Inc., a Connecticut corporation, hereunto sets his hand this 11 day of June 2003.

Signed in the Presence of:

[Signature]
Witness: Amanda Cardella

STEAMBOAT LAND COMPANY, INC.

[Signature]
By: Charles A. Robertson,
Its: President

[Signature]
Witness: Constance M. Kisluk

STATE OF CONNECTICUT)
COUNTY OF Middlesex) SS. Haddam

On this the 11th day of June, 2003, before me, Constance Kisluk the undersigned officer, personally appeared Charles A. Robertson, who acknowledged himself to be President of Steamboat Land Company, Inc. a Connecticut Corporation, and that he, as such President, being authorized to do so, executed the foregoing instrument, for the purposes therein contained, by signing the name of the corporation by himself as President.

In witness whereof I hereunto set my hand.

[Signature]
Title of Officer

Date Commission Expires: _____
CONSTANCE M. KISLUK
NOTARY PUBLIC
MY COMMISSION EXPIRES APR. 30, 2005

STATUTORY AUTHORITY
Connecticut General Statutes Section 23-75.

APPROVED AS TO FORM:
Richard Blumenthal
Attorney General

[Signature]
By: William B. Gundling
Associate Attorney General

6/12/03
Date

SCHEDULE A

A certain piece or parcel of land located on the southerly side of Bridge Road, AKA CT Route 82 in the Town of Haddam, County of Middlesex, and State of Connecticut bounded and described as follows:

Beginning at a concrete monument found on the southerly street line of Bridge Road, AKA CT Route 82, being the northeast corner of the herein described parcel and the northwest corner of land N/F of Anne G. Beckwith; thence, S13°11'11"E for a distance of 288.31 feet to a concrete monument found at the northwest corner of land N/F of New England Maritime Corp.; thence, S13°11'11"E for a distance of 350.00 feet to a concrete monument; thence, N77°08'45"E for a distance of 458.59 feet, more or less, to the mean high water line of the Connecticut River; thence, following the mean high water line for a distance of 645 feet, more or less, to a point located at the northeast corner of land N/F of Kathleen Klinck; thence, S68°11'18"W for a distance of 529.74 feet, more or less, to an iron pipe located at land N/F of Donald A. Smith; thence, N23°16'06"W for a distance of 82.38 feet to an iron pipe located at land N/F of the State of Connecticut, being the former N.Y., N.H. & H.R.R. Co. Right of Way; thence, N13°11'11"W for a distance of 913.19 feet to a concrete monument; thence, N65°16'04"E for a distance of 68.38 feet to a concrete monument; thence, N13°11'11"W for a distance of 346.06 feet to a concrete monument; thence, N67°13'04"E for a distance of 53.06 feet to a CHD monument; thence, N63°35'04"E for a distance of 7.89 feet to a concrete monument, said point being the point and place of beginning.

The above described parcel contains 12.2 acres and is more fully shown as "Steamboat Land Co., Inc. 12.2 Acres±" on a survey map entitled: "SURVEY MAP PREPARED FOR THE DEPARTMENT OF ENVIRONMENTAL PROTECTION STATE OF CONNECTICUT PROPERTY OF NEW ENGLAND MARITIME CORP., STEAMBOAT LAND CO., INC. AND EAGLE LAND CORP. BRIDGE ROAD HADDAM, CONN. 1" = 100' FEB.11, 2003 WILLIAM B. BERGAN LAND SURVEYOR HADDAM, CONN."

Said parcel is subject to a R.O.W. in favor of land N/F of New England Maritime Corp. as shown on said map. Parcel is also subject to such rights as may exist for property owners to the south from Little Meadow Road across the subject property to Bridge Road.

RECEIVED FOR RECORD
6-12-20 03 at 5:18 P.M.
TOWN CLERK'S OFFICE
HADDAM, CONN.
Georgia A. Maxwell
TOWN CLERK

OWNER OF RECORD: EAGLE LAND CORP.
ADDRESS OF PROPERTY: BRIDGE ROAD
HADDAM, CT 06438
ISSUED TO: STATE OF CONNECTICUT
DEPARTMENT OF ENVIRONMENTAL
PROTECTION

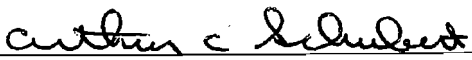
THIS IS TO CERTIFY that I have examined the Land Records in and for the Town of Haddam, County of Middlesex and State of Connecticut, with regard to the title to certain real estate known as Bridge Road, which is more particularly bounded and described in Schedule A attached hereto and made a part hereof.

According to the General Index of said Land Records, examined to the date hereto, I am of the opinion that Eagle Land Corp. is the owner of said premises in fee simple; and that the title thereto is free from all encumbrances except:

1. Any and all provisions of any ordinance, municipal regulation, public or private law;
2. Building, building line, zoning restrictions and inland wetland regulations.
3. Real property taxes to the Town of Haddam on the List of October 1, 2001. Amount due through February 28, 2003 is \$10,447.29.
4. Any rights to mechanic's liens for materials furnished or services rendered within the last 90 days for which no certificate has been filed.
5. Mortgage from Eagle Land Corp. to Judith Zurles, Executrix of the Estate of Paul Zurles in the original amount of \$180,000.00 dated 8/23/1996 and recorded in Volume 208 at Page 563 of the Haddam Land Records.
6. Right to drain set forth in a Warranty Deed from Judith Zurles, Executrix of the Estate of Paul Zurles to Steven F. Corbin and Jeanne Corbin, dated January 5, 1996, and recorded in the Haddam Land Records.

There are excepted from this certification any facts relating to said premises which an accurate survey might disclose, and all pertinent data not included in the aforementioned General Index.

Dated at Clinton, Connecticut this 18th day of February, 2003 at

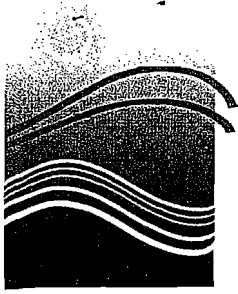


Arthur C. Schubert
Attorney at Law

This certificate is covered by
Lawyer's Professional Liability
Insurance - Westport Insurance
Corporation, Policy No. CTB-005111-1

SUBJECT INFORMATION

ENGAGEMENT LETTER/CORRESPONDENCE



Connecticut Department of

**ENERGY &
ENVIRONMENTAL
PROTECTION**

September 13, 2011

Richard McDermott
R.P. McDermott Associates
11 Mountain Avenue, Suite 302
Bloomfield, CT 06002

Re: DEP File #: A-10-33 - DEEP Property, Bridge Street, Haddam

Dear Mr. McDermott:

This agency requires the services of a professional appraiser to prepare an estimate of the market value of the above referenced property for acquisition by the CT Department of Energy and Environmental Protection. We require a Self-Contained Appraisal Report (full narrative), in conformity with the Uniform Standards for Federal Land Acquisitions (Yellow Book) AND the Uniform Standards of Professional Appraisals Practices.

Please provide three original copies of the report and an electronic copy.

The property rights to be appraised are: fee interest in property of State of Connecticut DEEP as described below:

PARCEL

Address: Bridge Street, Haddam

Property Owner: State of Connecticut DEEP

Contact: To inspect the Property, please contact Elizabeth Brothers
Phone: 860-424-3086

Area: 17.40 Acres (Survey Attached)

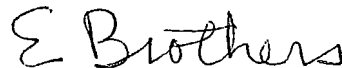
The fee for this assignment is _____ The Department of Energy and Environmental Protection will pay the fee upon acceptance of your report. Please submit the appraisal reports to Elizabeth Brothers at the address below by **November 1, 2011**. If, for any reason you feel that you cannot comply with the above date, please notify this Department. A penalty assessment of \$100.00 per day will be retained from final payment for failure to meet the conditions of this contract by the agreed upon due date. If you have any questions, you may contact me directly at 860-424-3086 or via email at elizabeth.brothers@ct.gov.

In accordance with Section 4a-60 of the Connecticut General Statutes, as amended by Sections 9 and 10 of Public Act 07-142, the undersigned contractor agrees and warrants that in the performance of this contract he will not discriminate or permit discrimination against any person or group of persons on the grounds of race, color, religious creed, age, marital status, national origin, sex, mental retardation or physical disability, including, but not limited to, blindness, unless it is shown by such contractor that such disability prevents performance of the work involved in any manner prohibited by the laws of the United States or of the State of Connecticut. The undersigned contractor has complied with Section 4a-60-3(10) of the Connecticut Contract Compliance Regulations and completed copies of the Contract Compliance Assurance forms are on file with this department.

This contract is subject to the provisions of Executive Order No. 16 of Governor John G. Rowland promulgated August 4, 1999 regarding Violence in the Workplace, and, as such, the contract may be canceled, terminated or suspended by the State for violation of or noncompliance with said Executive Order No. 16. The parties to this contract, as part of the consideration hereof, agree that said Executive Order N. 16 is incorporated herein by reference and made a part hereof and agree that a requirement for compliance with Executive Order No. 16 shall be included in all subcontracts or other agreement that may result from this contract. The parties agree to abide by such Executive Order.

Please sign in the space provided below and return this letter to acknowledge your acceptance of these terms and conditions.

Sincerely,



Elizabeth Brothers
Land Acquisition & Management Division

The above contract to appraise the property of the State of Connecticut DEEP, Bridge Street, Haddam is hereby accepted in its entirety.

RICHARD MCDERMOTT
R.P. MCDERMOTT ASSOCIATES

By: Richard McDermott
Richard McDermott

Date: 9/21/11

QUALIFICATIONS

QUALIFICATIONS

RICHARD P. McDERMOTT, MAI

11 Mountain Avenue, Suite 302
Bloomfield, CT 06002
(860) 242-2700 (phone); (860) 242-1530 (fax)

EXPERIENCE

R. P. McDermott Associates, Inc., Bloomfield, Connecticut, July 1993 to Present

President A real estate appraisal firm providing commercial appraisal, review and consulting services

Fleet Bank, N.A., Hartford, Connecticut, August 1991 to July 1993

Assistant Vice President, Team Leader

Responsible for managing a team of appraisers and support staff. Duties included appraisal management and review services.

Fleet Bank of Connecticut, Hartford, Connecticut, April 1990 to August 1991

Chief Appraiser

Established and managed the commercial appraisal department. Responsible for analyzing real estate collateral values for the commercial loan portfolio. Managed the appraisal contracting process and the review of commercial appraisals.

Karl G. Kaffenberger, MAI, John Flint, MAI, CPM, Simsbury, Connecticut, July 1986 to April 1990

Fee Appraiser

Fee appraisal assignments included office, industrial, multi-family, gasoline stations, land and retail properties.

Trust for Public Land, New York, New York, March 1984 to July 1986

Real Estate Analyst

Managed public land acquisition project in western Massachusetts; evaluated land acquisitions, easements and land exchange projects.

EDUCATION

University of Massachusetts, Amherst, Massachusetts

Master of Regional Planning (MRP), 1985

Montclair State University, Upper Montclair, New Jersey

Bachelor of Science (BS), Business Administration with concentration in Marketing Management, 1976

University of Virginia, Charlottesville, Virginia

Summer Program, Landscape Architecture, 1981

CONTINUING EDUCATION

Valuation of Conservation Easements, Appraisal Institute, May 2009

Real Estate Trends and Outlook/Beware of Rising House Prices, Appraisal Institute, March 2008

National Uniform Standards of Professional Appraisal Practice Update, Appraisal Institute, November 2007

Uniform Appraisal Standards for Federal Land Acquisitions, Appraisal Institute, November 2006

PROFESSIONAL

Member of the Appraisal Institute, MAI

Connecticut General Certified Appraiser - License #406

Qualified as an expert witness in Federal and State Courts