

April 20, 2012

Karen Mullins  
Director of Community Development  
Town of Lexington  
1625 Massachusetts Avenue  
Lexington, MA 02420

Land at 241 Grove Street, Lexington

Dear Ms. Mullins:

In accordance with your request, this letter is intended to amend our original appraisal report regarding 13.6+/- acres of land located at 241 Grove Street, Lexington, Massachusetts, owned by Thomas C. Wright Revocable Trust, which has an effective date of appraisal of December 14, 2011 and a date of transmittal on December 19, 2011. This amending letter is hereby made a part of that complete, self-contained appraisal report and should be attached to it. It is subject to the same conditions, assumptions, contingencies and limitations as the original appraisal.

The purpose of this amending letter is to consider a new hypothetical subdivision plan and the owner retaining one of the lots including the existing house and barn.

We hereby certify that we have no present or future contemplated interest herein, and that our employment in making this appraisal is in no way contingent on the amount of our valuation.

This appraisal report has been prepared for the exclusive benefit of the client and intended user, the Town of Lexington, as well as the Commonwealth of Massachusetts to which an application for the funding of the acquisition is anticipated. It conforms to State "EOEA Specifications for Analytical Narrative Appraisal Reports". It may not be used or relied upon by any other party. Any party who uses or relies upon any information in this report, without the preparer's written consent, does so at his own risk.

The original appraisal report was based on a plan showing the property being divided into 12 buildable lots and one Form A lot, with 11 of the lots being accessed by two new cul-de-sacs off of Grove Street. The subject property has now changed to exclude one Form A lot with 1.00+/- acre which includes the existing house, barn and garage. The subject property, therefore, is only 12.6+/- acres. In order to accommodate the existing improvements on one lot, the hypothetical subdivision plan has changed. Now, there are 10 lots on two cul-de-sacs, with the southernmost cul-de-sac being essentially unchanged and the northernmost cul-de-sac being pushed closer to the northerly side lot line.

The date of value in this amending letter remains the same so all general market data and conclusions relating to individual generic lot values remain the same, as do the relative values of the cul-de-sac and corner lots. The overall average price of the lots in the new subdivision of \$520,000 is based on the individual lot values listed in the Lot Pricing Schedule attached to the Addenda of this amending letter. Likewise, most expenses remain the same, with the exception that major demolition is no longer required as the house, barn and garage are no longer on the subject property. Road costs change slightly with the length of the road to be constructed. The lot sell-out in the first year is unchanged and the change in the second year is due to the fact that there are two less lots to be sold, with one being retained by the owner and one being lost in the hypothetical subdivision realignment. Overhead and profit and discount rates remain unchanged as the project has essentially the same risk given the proposed construction of the two cul-de-sacs.

The revised analysis is summarized on a Discounted Cash Flow summary attached after the lot pricing schedule. The indicated value on that schedule using the Income Capitalization Approach to Value is \$3,113,118 or \$3,110,000 rounded.

As a final matter, the effect of enhancement on the remaining lot to be retained by the owner is considered. Enhancement can occur when part of a larger property is conserved and the owner retaining adjacent land has the benefit of increased privacy, views, etc. It is the appraiser's opinion that no such enhancement results from the adjoining land being acquired by the Town of Lexington for several reasons. First, the existing improvements are located on a fairly heavily travelled thoroughfare and the influence of the road has a more pronounced effect on value than the influence of the open land to the rear. Secondly, the large barn, which was originally built to support a farming operation no longer has a relevant purpose on a relatively small suburban lot and is likely to be seen as a liability to most potential buyers either due to high maintenance cost or the need to demolish the barn. Finally, the conserved land connects to other public land to the rear will and likely be the subject of frequent public access, thus reducing the privacy of the subject property. All of these things considered indicate that no enhancement to the remainder property is present.

Plans showing the new hypothetical subdivision plan, Lot Pricing Schedule and revised Discounted Cash Flow Analysis showing the value calculations based on the lot values in the original report are attached in the addenda of this report showing the application of this method. The new indicated market value is as follows:

**THREE MILLION ONE HUNDRED TEN THOUSAND DOLLARS (\$3,110,000)**

This amending letter is subject to the same assumptions, conditions, contingencies and limitations as set forth in the previous appraisal report dated December 19, 2011.

Sincerely,

FOSTER APPRAISAL & CONSULTING CO., INC.



Kenneth J. Croft III, Vice President  
Massachusetts Certified General Appraiser # 3579

**ADDENDA**



**LOT PRICING SCHEDULE**

<u>Lot Number</u>	<u>Lot Area</u>	<u>Description</u>	<u>Value Before</u>
1	0.70	Corner	\$500,000
2	0.70	Cul-de-sac	\$525,000
3	0.70	Cul-de-sac	\$525,000
4	1.61	Cul-de-sac w/wetland at rear	\$500,000
5	2.03	Cul-de-sac w/wetland at rear	\$500,000
6	0.86	Cul-de-sac	\$525,000
7	0.69	Corner	\$500,000
9	0.70	Cul-de-sac	\$525,000
10	0.69	Cul-de-sac	\$525,000
<u>11</u>	<u>2.75</u>	Cul-de-sac w/wetland in middle	<u>\$575,000</u>
Total Lots	11.43		\$520,000
Road Area	<u>1.21</u>		
Total Before	12.64		

**DISCOUNTED CASH FLOW ANALYSIS  
10 LOT DEFINITIVE SUBDIVISION  
GROVE STREET, LEXINGTON**

10 LOT SUBDIVISION	Year:	1	2
INCOME	Lot Sales	6	4
	Average lot price	\$520,000	\$520,000
GROSS LOT SALES		\$3,120,000	\$2,080,000
DEVELOPMENT EXPENSES			
Brokerage	5.465%	\$170,508	\$113,672
Legal per lot	\$800	\$4,800	\$3,200
Engineering and Permitting		\$75,000	
Roads		\$272,500	\$182,000
Real Estate Taxes		\$15,554	\$15,400
Overhead and Profit	15%	\$468,000	\$312,000
TOTAL EXPENSES		\$1,006,362	\$626,272
NET INCOME		\$2,113,638	\$1,453,728
DISCOUNT RATE	10.25%	1.103	1.216
PRESENT WORTH		\$1,917,132	\$1,195,986
INDICATED MARKET VALUE		\$3,113,118	
ROUNDED TO		\$3,110,000	