

**Land Appraisal  
Pennichuck Water  
Works, Inc**

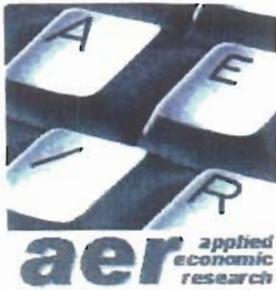
Russell W. Thibeault  
RWT-1  
DW 04-048 • 248 Pages

**Summary Report**

**January 10, 2005**

**Applied Economic  
Research  
Laconia NH 03246**





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January 10, 2006

Thomas Donovan, V.P.  
McLane, Graf, Raulerson & Middleton  
900 Elm Street  
Manchester, NH 03101

Dear Mr. Donovan:

Pursuant to your request, I have completed the attached summary report setting forth my appraisal of the market value of Pennichuck Water Works, Inc. fee and easement land holdings in southern New Hampshire. This report is a summary report, in that I have additional information in my files which I relied on in preparing this report. In other respects the report is complete when read in conjunction with Addendum A, forwarded to you under separate cover.

The purpose of my analysis was to appraise the market value of these parcels as of December 31, 2005.

There are several especially important assumptions to bear in mind as you review this report:

- I identified the Pennichuck Water Works, Inc. land holdings in southern New Hampshire based on tax assessment records in each of the communities where Pennichuck has a presence in southern New Hampshire. I anticipate that company representatives will be reviewing this inventory of fee parcels and easements to verify that I have included all appropriate fee parcels and easements and, conversely, not left out any fee or easement parcels owned by the company.
- I have appraised the land as if "vacant and available for development" consistent with the definition of highest and best use relied on in the appraisal industry and central to the concept of market value. This means that I have reflected all constraints on the use of this land imposed by its physical characteristics, zoning and market conditions. I have not reflected restrictions imposed by virtue of the land's current use by Pennichuck Water Works, Inc. Had I reflected the unique characteristics of the current use of this land, the result would have been "value in use" rather than "market value."

The values in this report reflect the cost of acquiring these parcels in the current market.

This analysis is subject to the assumptions and limiting conditions set forth in the body of this report.

1/10/2006

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This assignment was complex, requiring the estimation of market value of 127 parcels (fee and easement) in six different communities. Many of the parcels were unique, further complicating the appraisal process. I fully expect that in finalizing my analysis, there will be some substantive changes to the body of this report and in my conclusions.

The table below sets forth my conclusions in summary form. In preparing these conclusions I relied on mass appraisal techniques, as set forth in the body of this appraisal report.

I draw your attention to the assumptions, limiting conditions and certification set forth in this analysis.

Thank you very much for retaining Applied Economic Research.

Respectfully yours,



Russell W. Thibeault NHCG 004  
President  
NHCG-04

### Synopsis of Value Estimates

1/7/2006

<b>Fee Parcels</b>				
	<b>Number of Parcels</b>	<b>Total Acres</b>	<b>Estimated Value</b>	<b>Value per Acre</b>
Amherst	6	36.4	\$ 667,800	\$ 18,331
Bedford	3	21.5	\$ 607,000	\$ 28,298
Derry	9	49.4	\$ 1,580,000	\$ 31,964
Hollis	1	1.0	\$ 176,000	\$ 176,000
Merrimack	11	173.0	\$ 1,574,000	\$ 9,098
Nashua	30	422.2	\$ 7,434,000	\$ 17,607
<b>Total: Fee Parcels</b>	<b>60</b>	<b>703.53</b>	<b>\$ 12,038,800</b>	<b>\$ 17,112</b>
<b>Easement Segments</b>				
	<b>Number of Segments</b>	<b>Total Acres</b>	<b>Estimated Value</b>	
Amherst	6	8.01	\$ 201,400	
Bedford	6	2.93	\$ 73,800	
Derry	9	4.42	\$ 111,200	
Hollis	None	-	\$ -	
Merrimack	None	-	\$ -	
Nashua	46	18.97	\$ 477,300	
<b>Total: Easement Segments</b>	<b>67</b>	<b>34.32</b>	<b>\$ 863,700</b>	
<b>Combined Fee and Easement Value</b>			<b>\$ 12,902,500</b>	

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## **INTRODUCTION**

### **Function of Appraisal**

This appraisal was prepared to assist in the estimation of the value of Pennichuck Water Works, Incorporated (PWW). The City of Nashua, New Hampshire has initiated eminent domain hearings before the New Hampshire Public Utilities Commission. The intent of the city is to acquire PWW, which supplies water to Nashua and other southern New Hampshire communities.

This appraisal was undertaken to appraise the market value of fee and easement parcels owned by PWW. It is anticipated that the conclusions of this appraisal will be incorporated into a business valuation of PWW, being performed by a second appraiser.

### **Client**

The client for this appraisal is Thomas Donovan, Esq.

### **Purpose of Appraisal**

The purpose of this appraisal is to appraise the market value of the subject parcels as of December 31, 2005.

### **Definition of Market Value**

Market Value is defined as:

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interest;

3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property, sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”<sup>1</sup>

### **Date of Opinion of Value**

The value opinions expressed herein are as of December 31, 2005.

### **Date Report Prepared**

This report was prepared on January 10, 2006.

### **Scope of Appraisal**

The appraiser has utilized mass appraisal techniques in valuing the subject property. The scope of this appraisal assignment included the following:

- Identification of fee and easement land owned by Pennichuck Water Works, Inc. from local property tax records
- Inspection of the fee simple parcels.
- Inspection of a portion of the easement parcels.
- Inspection of surrounding neighborhoods.
- Identification of current zoning.
- Analysis of highest and best use.
- Identification of comparable sales.
- Analysis of the market environment
- Analysis of the physical characteristics of the subject parcels including topography, wetlands, etc.

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<sup>1</sup> Federal Register, Volume 55, Number 163, August 22, 1990, pages 34228 and 34229; also quoted in the Glossary section of the Uniform Standards of Professional Appraisal Practice, 1997 edition, page 154.

- Matching the characteristics of the subject property with comparable sales data analyzed.
- Estimation of the market value of the parcels.

The appraiser was asked to appraise fee parcels and easements owned by Pennichuck Water Works, Inc. No title searches were completed contemporaneous to this appraisal analysis. Also, no surveys of the subject holdings were available.

The appraiser identified fee parcels by examining property tax records in the following communities:

Amherst  
Bedford  
Derry  
Epping  
Hollis  
Merrimack  
Milford  
Newmarket  
Plaistow  
Salem

In several of these communities, no land is identified as being owned by Pennichuck Water Works, Inc. Based on the appraiser's analysis of property tax records in each of the above communities, it was determined the Pennichuck owned land in the following communities:

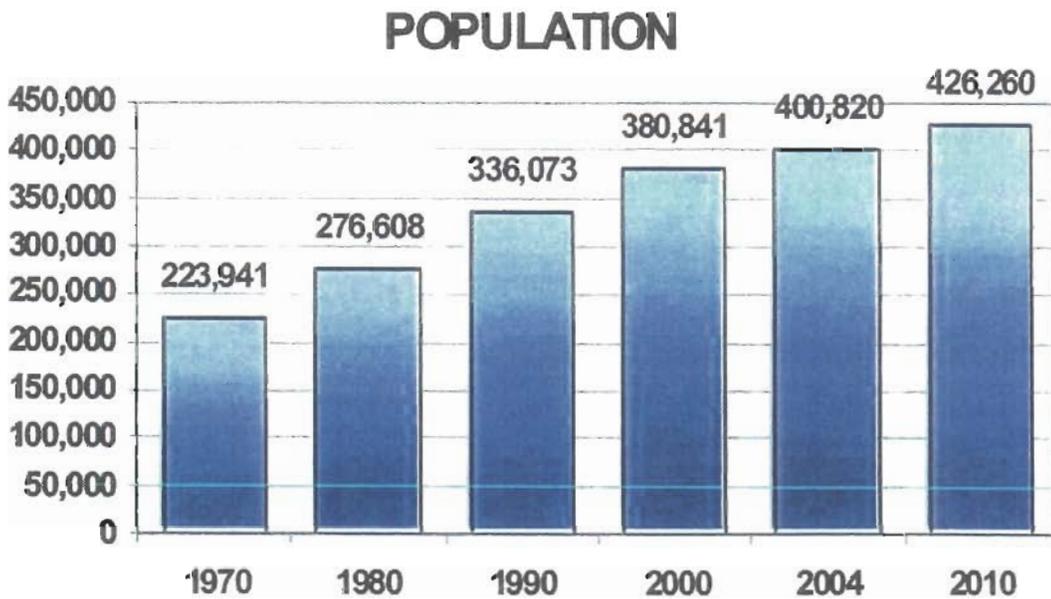
Amherst  
Bedford  
Derry  
Hollis  
Merrimack  
Nashua

Easements were identified on maps provided to the appraiser by Pennichuck Water Works, Inc. This information consisted of maps depicting the existing water distribution system of Pennichuck Water Works, Inc. Easements lying within public or private rights-of-way were not included in the appraisal assignment. Cross-country easements were included, and have been valued.

### AREA AND COMMUNITY DATA

The subject parcels are located in New Hampshire's Hillsborough County, with the exception of the Derry parcels which are in Rockingham County. Western Rockingham County, including Derry, however, shares the same southern New Hampshire economic environment as Hillsborough County.

Hillsborough County is located in south central New Hampshire immediately adjacent to the Massachusetts border. It is a rapidly growing regional setting and the state's most urban environment. The county's population in 2004 stood at just over 400,000, nearly double the 1970 figure. The New Hampshire Office of Energy and Planning anticipates continued population growth during the balance of this decade with the population exceeding 425,000 by the end of the decade.

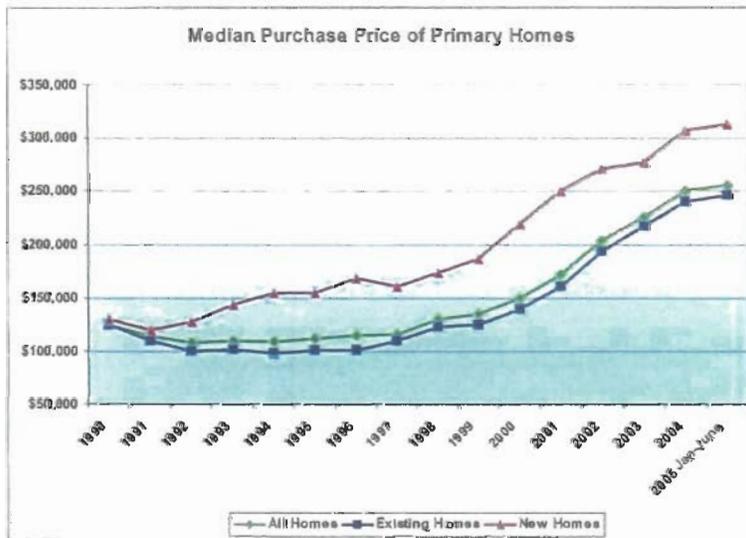


The economic base of the county consists of the following major elements:

- Manufacturing, especially high-technology manufacturing;
- Retail trade, which is particularly strong because New Hampshire has no sales tax in contrast to the heavily populated areas adjacent to Hillsborough County in Massachusetts;
- Services, including health services, educational services, business and personal services.

In addition to the region's internally-generated growth, it experiences an in-migration of new residents from Massachusetts because of lower housing costs and a perception of lower taxes in New Hampshire. By virtue of the strong growth the region has experienced over an extended period of time, vacant land available for development is scarce, particularly in the communities immediately abutting the Everett Turnpike, including Nashua, Merrimack, Bedford and Manchester.

As a result of the region's strong economic growth, and also reflecting national trends, property values within the region have risen rapidly. Data compiled by the New



Hampshire Housing Finance Authority indicate that the median purchase price of a home in Hillsborough County for the January-June 2005 period was \$255,000, reflecting a doubling in value since 1998.

### GENERAL CHARACTERISTICS OF THE SUBJECT PARCELS

The subject parcels have been acquired over the past century to support the water supply activities of PWW. The parcels exhibit a variety of characteristics, as set forth in subsequent materials in this report. Broadly speaking they can be classified as including:

- Small parcels housing pump stations and water tanks;
- Large tracks, adjacent to the company's water supply, acquired to protect that water supply and to house company operations;
- Cross-country easement tying various elements of the water distribution system together.

A total of 127 parcels have been valued, consisting of 60 parcels owned in fee and 67 easement segments:

<b>Fee Parcels</b>		
	<b>Number of Parcels</b>	<b>Total Acres</b>
Amherst	6	36.4
Bedford	3	21.5
Derry	9	49.4
Hollis	1	1.0
Merrimack	11	173.0
Nashua	30	422.2
<b>Total: Fee Parcels</b>	<b>60</b>	<b>703.53</b>
<b>Easement Segments</b>		
	<b>Number of Segments</b>	<b>Total Acres</b>
Amherst	6	8.01
Bedford	6	2.93
Derry	9	4.42
Hollis	None	-
Merrimack	None	-
Nashua	46	18.97
<b>Total: Easement Segments</b>	<b>67</b>	<b>34.32</b>

The neighborhood settings of the parcels range from rural, sparsely developed neighborhoods to urban density developments (in Nashua).

### Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments
A01	Amherst	12		1	0	Craftsman Ln	Comm	0.25	1	Level	Dry	Small parcel. Probably valuable only to an abutter.
A02	Amherst	16		1		Boston Post Road	RR	1.25	51,600	Level	Dry	Narrow parcel, probably unbuildable
A03	Amherst	5		7	1	Thornton Ferry Road	Comm	5.20	12,500	Level	Significant wetlands on parcel	Probably unbuildable due to wetlands
A04	Amherst	16		21	1	Thornton Ferry Road	RR	7.73	154,000	Level	Dry	Buildable lot based on assumed access
A05	Amherst	5		7	0	Thornton Ferry Road	Comm	8.00	93,400	Level	Wetlands on half of parcel	Assumed easement access
A06	Amherst	2		139	0	Boston Post Road	RR	14.00	122,800	Level	Wetlands and stream	Probably unbuildable due to wetlands
<b>Total Amherst</b>									<b>434,300</b>			
B01	Bedford	34	36			Back River Road	Residential-Agricultural	2.22	11,700	Level	Dry	Parcel was apparently subdivided, but is not reflected on the tax map. Half of the parcel is covered by a New England Power Company Easement. Low assessed value in contrast to adjoining parcel (B02) suggests this is backland or otherwise undesirable.
B02	Bedford	34	36		A	Back River Road	Residential-Agricultural	4.11	111,100	Level	Dry	Parcel was apparently subdivided, but is not reflected on the tax map. This appears to be the more desirable of the subdivided parcels
B03	Bedford	8	16	66		Hawk Drive	Residential-Agricultural	4.33	148,000	Level	Dry	Located within a residential subdivision. Appears to be a Pennichuck well site.
B04	Bedford	34	28			Sebbsins Pond Drive	General Residential	10.79	57,600	Moderate slopes on half of the parcel	Wetlands on half of the parcel	Frontage on Sebbsins Pond. Presumed easement access.
<b>Total Bedford</b>									<b>328,400</b>			

## Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments
D01	Derry	7C	47	7		Taryn Road	Low Density Residential	1.00	\$ 84,000	Level	Dry	Within existing residential development
D02	Derry	7C	47	5		Taryn Road	Low Density Residential	3.94	\$ 85,900	slopes down to stream	Wetlands and stream connecting to Drew Brook. 75% wet.	Within existing residential development
D03	Derry	2	81			Bedard Ave Off	Medium Density Residential	4.30	\$ 94,300	Level	Dry	Residential parcel within established subdivision with the possibility of two lots.
D04	Derry	1A	2	36		Thomas St. Off	Low-medium Residential	4.50	\$ 95,000	Level	Dry	Assumed easement access. Access precludes subdivision
D05	Derry	6D		105		Warner Hill Road	Low-medium Residential	4.80	\$ 54,800	Level	Dry	Interior lot with access to Warner Hill Rd.
D06	Derry	13C	15	1054		Jessica Lane	Low Density Residential	5.00	\$ 96,600	Level	Dry	Assumed easement access
D07	Derry	10	62	20		Richardson Road	Low Density Residential	6.17	\$ 100,300	Moderately sloping lot	Wetlands and Brook on half the lot	Within existing residential development.
D08	Derry	10C	98	103		Sheidon Road	Low Density Residential	9.10	\$ 109,600	Level	Dry	Within existing residential development. Limited frontage, but multiple access points
D09	Derry	9		15		Senter Cove Road	Low-medium Residential	10.62	\$ 114,300	Level.	Wetlands and stream connector on half of the lot.	Located within a residential subdivision. Stream and wetlands limit to one lot, despite size
<b>Total Derry</b>									<b>\$ 834,800</b>			
H01	Holls	33	17			Shiptley Drive	RA	1.00	\$ 135,000	Level	Dry	Small land locked parcel surrounded by Applecrest estates open space. Located on the Nashua city line. Presumed easement access

## Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments
M01	Merrimack	2C		5		Thornton Road	R	0.11	\$ 10,400	Slopes down to the river	Hollis Pond Brook	Small parcel with river frontage. Probably valuable only to an abutter.
M02	Merrimack	2C		4		Thornton Road	R	0.20	\$ 10,800	Slopes down to the river	Hollis Pond Brook	Small parcel with river frontage. Probably valuable only to an abutter.
M03	Merrimack	2A		8		Craftsman Lane	R	0.20	\$ 14,400	Level	Dry	Small parcel. Probably valuable only to an abutter.
M03½	Merrimack	2E	32	1		Mast Road	Ind	1.16	\$ 159,200	Slopes down to the river	Dry	Small isolated parcel abutting Merrimack River
M04	Merrimack	2C		75		Thornton Road West	R	0.25	\$ 12,300	Slopes down to the river	Dry	Small isolated parcel abutting Merrimack River
M05	Merrimack	2E		7	1	Mast Road	Ind	1.16	\$ 123,600	Level	Significant wetland	Abuts railroad right-of-way. Limited access and wetlands restricts use
M06	Merrimack	2B		7		Millford Road	Gen	2.35	\$ 33,556	Level	Significant wetland	Abuts railroad right-of-way. Limited access and wetlands restricts use
M07	Merrimack	1D		1	1	Manchester St.	Ind	29.00	\$ 105,005	Slopes down to Harris Pond. Some level areas.	Dry	Extensive frontage on Harris Pond. Serpentine shape limits use. Primary value to abutters. Some industrial/office use possible along Manchester Street. Pond frontage is attractive feature. In Aquifer Conservation District
M08	Merrimack	1A		1		Hall Ave	R	30.00	\$ 99,453	Level	Significant wetlands	Wet parcel fronting on Pennichuck Pond. In Aquifer Conservation District
M09	Merrimack	2C		74		Thornton Road West	R	45.27	\$ 205,023	Slopes down to brook and pond	Some wetlands. Probably lies within aquifer protection district	Serpentine parcel fronting on Pennichuck Brook, Bowers Pond, and Thornton Road West. In Aquifer Conservation District.
M10	Merrimack	2D		4	1	Al Paul Lane	Ind	63.30	\$ 1,644,770	Slopes down to Pennichuck Brook	Dry	Serpentine Parcel fronting on Pennichuck Brook. In Aquifer Conservation District
<b>Total Merrimack</b>									<b>\$ 2,418,507</b>			

## Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments
N01	Nashua	I		4		Narrows Road	AI	16.07	\$ 353,500	level	Parcel has significant wetland, but size probably allows industrial development of a portion of the site	Abuts industrial park, but wetland characteristics impair use.
N02	Nashua	E		1379		Blue Hill Ave	RA	0.05	\$ 6,200	Level	dry	Adverse shape limits use to plottage
N03	Nashua	B		2350		Timberline Drive	R9	0.09	\$ 16,300	Level	dry	Pump house now on site. In quiet, convenient neighborhood of quality homes
N04	Nashua	C		2213		Main Dunstable Rd	R9	0.13	\$ 69,100	Level	dry	Busy commercial roadway but zoning restricts use to residential
N05	Nashua	52		24		Ferry Road	R18	0.25	\$ 4,200	Level	dry	Paper street. Probably not a legal lot. No developed access.
N06	Nashua	52		104		Clarendon St	R18	0.28	\$ 4,200	Level	dry	Paper street. Probably not a legal lot. No developed access.
N07	Nashua	52		1		Ferry Road	R18	0.29	\$ 4,200	Level	dry	Paper street. Probably not a legal lot. No developed access.
N08	Nashua	52		7		Westland Ave	R18	0.41	\$ 4,500	Level	dry	Paper street. Probably not a legal lot. No developed access.
N09	Nashua	H		632		Tinker Road	R40	0.67	\$ 95,800	Moderate Slope	dry, within conservation district	Attractive waterfront parcel. Zoning restricts use due to water source proximity, but excellent plottage value to abutters
N10	Nashua	B		757		Shakespeare Rd	R9	0.75	\$ 105,900	Slopes upward modestly from street	dry	Attractive lot in established, convenient residential neighborhood
N11	Nashua	49		13		Concord St	GI	0.79	\$ 16,400	Steep slope down to river	Merrimack River	Shape and access severely restrict use
N12	Nashua	52		39		Starwood Drive	R18	0.88	\$ 4,900	Level	dry	Paper street. Probably not a legal lot. No developed access.

## Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments
N13	Nashua	52		82		Marlboro St	R18	0.92	\$ 4,900	Level	dry	Paper street. Probably not a legal lot. No developed access.
N14	Nashua	65		215		Columbia Ave	RA	1.00	\$ 97,500	Level	dry	Good lot in neighborhood of older homes
N15	Nashua	H		465		Thomton Rd	R18	1.00	\$ 5,000	Steep	Conservation district applies	Attractive waterfront parcel. Zoning restricts use due to water source proximity, but excellent plotage value to abutters
N16	Nashua	52		14		Westland Ave	R18	1.07	\$ 5,000	Level	dry	Paper street. Probably not a legal lot. No developed access.
N17	Nashua	52		65		Appledore St	R18	1.19	\$ 8,900	Level	dry	Paper street. Probably not a legal lot. No developed access.
N18	Nashua	G		592		Manchester St		1.19	\$ 101,700	Moderate Slope	None	Currently water tank site serving Kessler Farms. Would be a lot, otherwise.
N19	Nashua	52		49		Stanwood Drive	R18	1.21	\$ 5,100	Level	Dry	Paper street. Probably not a legal lot. No developed access.
N20	Nashua	G		484		North Southwood Dr	PI	1.63	\$ 32,600	Below Grade	Significant wetland	Value primarily as commercial/industrial mitigation/open space
N21	Nashua	87		279		Will Street	PI	2.67	\$ 207,000	Level	None	Currently in-town garage and office site
N22	Nashua	G		489		Tinker Road	R40	3.45	\$ 75,900	Rolling to steep	Stream on edge of site	Attractively wooded parcel with good road frontage. Potential for two lots on existing roadway.
N23	Nashua	G		486		Tinker Road	R18	3.76	\$ 37,600	Generally level	Almost entirely occupied by a pond	Attractive waterfront parcel. Zoning restricts use due to water source proximity, but excellent potage value to abutters
N24	Nashua	1		60		Orchard Ave	R9	3.85	\$ 376,300	Moderate to steep	None	Two large water tanks now on site.
N25	Nashua	1		17			R9	9.10	\$ 182,000			Assessor's office reports parcel was merged. No tax map/lot corresponding to this parcel

### Pennichuck Water Works Inventory of Fee Parcels

Parcel	Community	Tax Map	Block	Lot	Sublot	Street Name	Zoning	Land Area Acres	2005 Land Assessment before Current Use	Topography	Wetland	Comments	
N26	Nashua	G		485		North Southwood Dr	PI	11.12	\$ 121,800	Down from road	Stream on site	In prime office/industrial park. Parcel primarily value for plottage due to access issues	
N27	Nashua	H		524		Deerwood Drive	PI	31.00	\$ 248,000	Level	All wetlands	Unusual shape, lack of access, zoning restrictions limit use to wetland mitigation	
N29	Nashua	G		490		Tinker Road	R40	72.00	\$ 396,000	Varies from level to steep	Essentially all wetlands or conservation land	Physical characteristics restrict use to wetland mitigation/residential plottage... could provide abutters with attractive access to pond	
N31	Nashua	52		118		Manchester St	R18	124.40	\$ 66,700	Rolling	Significant wetlands and conservation land	Treatment plant site. Good development potential in southwest quadrant of site, abutting middle school and adjacent to Concord Street	
N32	Nashua	H		523		Deerwood Drive*	PI	131.00	\$ 786,000	Level	Essentially all wetlands or conservation land	All wet. Abuts Industrial Park	
<b>Total Nashua</b>								<b>422.22</b>	<b>\$ 3,443,200</b>				

## Inventory of Easement Parcels

AER Map Segment Code	Community	From-To	Easement Width (Red If Estimated)	Easement Length (feet)	Encumbered Area (Square Feet)
A-1	Amherst	Nashua Rd to Northern Ave	25	6,300	157,500
A-2	Amherst	Patricia Ln to Tech Cir	25	2,100	52,500
A-3	Amherst	Stearns Rd to Boston Post Rd	25	2,100	52,500
A-4	Amherst	Stearns Rd	25	2,700	67,500
A-5	Amherst	Tank to Boston Post Rd	25	300	7,500
A-6	Amherst	Thornton's Ferry Rd To Boston Post	25	450	11,250
		<b>Total Amherst</b>	<b>6</b>	<b>13,950</b>	<b>348,750</b>
B-1	Bedford	Hill Road to Rolling Woods Dr	25	1,500	37,500
B-2	Bedford	New Boston Rd to Essex Rd	25	600	15,000
B-3	Bedford	Arbor Lane to Hardy Rd	25	800	20,000
B-4	Bedford	Hardy Road to Sonoma Dr	25	300	7,500
B-5	Bedford	Bartlett Drive	25	600	15,000
B-6	Bedford	Meadow Rd to Cabot Ln	25	1,300	32,500
		<b>Total Bedford</b>	<b>6</b>	<b>5,100</b>	<b>127,500</b>
D-1	Derry	Anna Circle to North Shore Road	25	1,800	45,000
D-2	Derry	Pump Station to Werner Hill Road	25	550	13,750
D-3	Derry	Pump Station to Werner Hill Road	25	500	12,500
D-4	Derry	Redfield Circle to Olesen Road	25	2,700	67,500
D-5	Derry	Olesen Road to Drew Wood Dr	25	400	10,000
D-6	Derry	Drew Wood Dr to Hampstead Rd	25	1,000	25,000
D-7	Derry	Eastman Drive	25	400	10,000
D-8	Derry	Eastman Drive	25	350	8,750
		<b>Total Derry</b>	<b>9</b>	<b>7,700</b>	<b>192,500</b>

## Inventory of Easement Parcels

AER Map Segment Code	Community	From-To	Easement Width (Red If Estimated)	Easement Length (feet)	Encumbered Area (Square Feet)
N-1	Nashua	Lojko Dr to Poliquin Dr	20	350	7,000
N-2	Nashua	Spit Brook Rd to Shakespeare Rd	40	3,800	152,000
N-3	Nashua	Gilson Road to Tanglewood Dr	25	1,350	33,750
N-4	Nashua	From Gilson Rd to proposed streets	20	1,130	22,600
N-5	Nashua	Delaware Rd to Candlewood	20	385	7,700
N-6	Nashua	Spring Cove to Foxglove	50	700	35,000
N-7	Nashua	Coleen Rd to Newbury Rd	25	300	7,500
N-8	Nashua	Off Westwood Dr	15	35	525
N-9	Nashua	Wilmington St to Monica Drive	10	650	6,500
N-10	Nashua	Off Westgate Crossing	26	75	1,950
N-11	Nashua	Dogwood Drive to Nancy Ct	25	30	750
N-12	Nashua	Westhill Drive To Fox Grove	20	600	12,000
N-13	Nashua	Lewis Street to Lake Street	20	300	6,000
N-14	Nashua	Lund Rd.	33	100	3,300
N-15	Nashua	Holiday Circle	35	400	14,000
N-16	Nashua	Main St.	25	400	10,000
N-17	Nashua	Clement Street to Reservoirs	25	1,100	27,500
N-18	Nashua	Indiana Dr	10	300	3,000
N-19	Nashua	Fifield St to Summit St	25	200	5,000
N-20	Nashua	Linton St to East Brook Dr	20	300	6,000
N-21	Nashua	Old Ham Lane	25	750	18,750
N-22	Nashua	Colburn Ave to Ressurrection Circle	25	500	12,500
N-23	Nashua	Butternut Drive	25	500	12,500
N-24	Nashua	Coburn Ave to Chatfield Dr.	25	300	7,500
N-25	Nashua	Broad St	20	400	8,000
N-26	Nashua	Pine Hill Rd to Boston & Maine RR	20	1,540	30,800
N-27	Nashua	Long Ave	20	420	8,400
N-28	Nashua	Blue Hill to Pine Hill Ave.	20	605	12,100
N-29	Nashua	Broad St to Nashua River	20	1,296	25,920
N-30	Nashua	Nashua River to canal	30	1,915	57,450
N-31	Nashua	Whipple St	20	1,217	24,340
N-32	Nashua	Factory St to High St	25	200	5,000
N-33	Nashua	Concord St to Water Street	25	200	5,000
N-34	Nashua	Spruce St to Scripture	20	300	6,000
N-35	Nashua	Lock st to Boston and Maine RR	20	81	1,620
N-36	Nashua	Columbia Ave to Baker	25	1,900	47,500
N-37	Nashua	Benton Dr	25	350	8,750
N-38	Nashua	Henri Burque HWY to Ferry Rd	25	400	10,000

### Inventory of Easement Parcels

AER Map Segment Code	Community	From-To	Easement Width (Red If Estimated)	Easement Length (feet)	Encumbered Area (Square Feet)
N-39	Nashua	Trafalgar Square	25	900	22,500
N-40	Nashua	Trafalgar Square to Southwood Dr	25	900	22,500
N-41	Nashua	Ham St to Lochmere	25	300	7,500
N-42	Nashua	Wood Dr to Sandstone Dr	20	250	5,000
N-43	Nashua	White Oak Dr. to Tinker Rd.	25	700	17,500
N-44	Nashua	Heron Cove from Henry Clay Dr	25	2,200	55,000
N-45	Nashua	Concord St toward pump station	50	100	5,000
N-46	Nashua	Boston and Maine RR to Merrimack R	30	900	27,000
<b>Total Nashua</b>			<b>46</b>		<b>826,205</b>
Notes: AER has retained maps in its files showing the location of each easement segment.					
Maps provided to AER did not list easement widths for all segments. If width was unspecified					
AER estimated a width of 25' based on observation of the width when specified on the maps.					

## **VALUATION**

There are three standard approaches to valuing real estate: the Cost Approach, the Income Approach and the Sales Comparison Approach. The Cost Approach and Income Approach are appropriate only for improved parcels. In this appraisal, the Comparable Sales Approach to Value was utilized.

The approach to valuing the fee parcels and the easement parcels (and the results of the valuation) are described in the following paragraphs.

### **Valuation of Fee Parcels**

The appraiser relied on a mass appraisal technique to value the subject parcels. Under this technique the following steps were executed:

- Identified the parcels to be appraised by researching property tax records in each community Pennichuck serves.
- Researched the characteristics of each subject parcel.
- Identified all land transactions in southern New Hampshire reported by the region's real estate agent within the market area.
- Identified the characteristics of each comparable sale.
- Classified comparable sales by their potential use.
- Calculated units of comparison (sale price per acre, sale price per lot, sale price per square foot) for each of the comparable sales.
- Classified the subject parcels by their potential use.
- Matched the characteristics of the subject parcels with the characteristics of the comparable sales data.
- Adjusted the units of comparison (price per acre, etc.) to reflect differences between the subject property and the matched comparable sales.
- Derived a value for each parcel.

**Comparable Sales Data**

Comparable sales of undeveloped land were identified by querying the on-line database of real estate transactions in southern New Hampshire. More specifically, all land transactions occurring between January 1, 2004 and December 15, 2005 in the following communities were abstracted from the Ambience database, which includes all transactions passing through the Multiple Listing Service:

Amherst  
Bedford  
Hollis  
Hudson  
Litchfield  
Milford  
Nashua

Because there are relatively few wetland parcels and they sell infrequently, Multiple Listing Service sales data was supplemented by sales of wetland parcels across a broader range of communities and over a longer timeframe.

A total of over 100 sales were identified, analyzed and incorporated into the comparable sales database relied on in this appraisal. Comparable sales were time adjusted to the date of valuation (December 31, 2005) at the rate of 1 percent per month based on property value trends in the marketplace.

**Categorization of Comparable Sales**

Each comparable sale was classified as to its potential use into one of the following categories.

- Commercial land
- Industrial land
- Residential land smaller than 5 acres
- Residential land larger than 5 acres
- Wetlands mitigation

A table listing the characteristics of each comparable sale appears on the following pages. Measures of central tendency (arithmetic mean and median) were then computed for each of these categories, with the following results:

<b>Synopsis of Comparable Sales</b>				
	<b>Lot Size, Acres</b>	<b>Time Adjusted Sale Price</b>	<b>Time Adjusted Price Per Acre</b>	<b>Adjusted Price per Square Foot</b>
<b>Commercial Parcels</b>				
Mean	8.16	\$ 803,000	\$ 161,000	\$ 3.70
Median	4.10	\$ 191,000	\$ 132,500	\$ 3.04
<b>Industrial Parcels</b>				
Mean	5.25	\$ 268,000	\$ 165,800	\$ 3.64
Median	3.36	\$ 175,000	\$ 89,300	\$ 1.80
<b>Residential Under 5 Acres</b>				
Mean	1.27	\$ 154,000	\$ 223,200	\$ 5.11
Median	0.99	\$ 140,000	\$ 135,700	\$ 3.11
<b>Residential Over 5 Acres</b>				
Mean	24.87	\$ 371,000	\$ 23,400	\$ 0.54
Median	20.16	\$ 300,000	\$ 17,500	\$ 0.40
<b>Wetlands Mitigation</b>				
Mean	141.36	\$ 452,000	\$ 2,500	\$ 0.06
Median	52.13	\$ 66,000	\$ 1,400	\$ 0.03

### Value of Fee Parcels

The characteristics of each of the subject parcels were then matched with these indicators of land value in southern New Hampshire. Adjustments were rendered for the size of the subject parcel in reference to the typical similarly categorized property and the quality of the subject parcel in reference to the comparable category.

Each parcel was analyzed individually. Addendum A incorporates the parcel-by-parcel analysis of value, including parcel characteristics, assessment of highest and best use, comparable sales category, unit of comparison and adjustments to the sales to derive a value for each subject parcel.

Summing these individual parcel values results in the following conclusions regarding the market value of the fee parcels as of December 31, 2005:

## Southern NH Land Transactions January 2004-December 2005

Sale Number	Zoning	Use	Street #	Lot Size Acres	Town	Sold Date	Sold Price	Time Adjusted Sale Price	Time Adjusted Price Per Acre	Time Adjusted Price per Square Foot	
<b>Commercial Parcels</b>											
63	LC	Commercial	0	0.15	Milford	1/30/2004	\$ 75,000	\$ 75,000	\$ 510,469	\$ 11.72	
93	GB-COMM	Commercial	220	0.51	Nashua	5/4/2004	\$ 125,000	\$ 125,000	\$ 245,098	\$ 5.63	
56	C-2	Commercial	723	0.90	Merrimack	9/19/2005	\$ 164,800	\$ 165,000	\$ 182,370	\$ 4.19	
48	CI	Commercial	442	1.20	Litchfield	5/5/2005	\$ 127,500	\$ 128,000	\$ 106,667	\$ 2.45	
38	G1	Commercial	0	3.20	Hudson	4/29/2004	\$ 312,500	\$ 313,000	\$ 97,813	\$ 2.25	
49	Transitional D1	Commercial	Rte 3A	5.00	Litchfield	12/21/2004	\$ 217,000	\$ 217,000	\$ 43,400	\$ 1.00	
50	Trans/Res	Commercial	31	6.00	Litchfield	6/1/2004	\$ 110,000	\$ 110,000	\$ 18,333	\$ 0.42	
41	Business	Commercial	140	10.10	Hudson	10/31/2005	\$ 1,600,000	\$ 1,600,000	\$ 158,416	\$ 3.64	
8	Commercial	Commercial	0	18.20	Amherst	7/7/2005	\$ 3,700,000	\$ 3,700,000	\$ 203,297	\$ 4.67	
53	Mixed	Commercial	22	36.30	Litchfield	11/22/2005	\$ 1,600,000	\$ 1,600,000	\$ 44,077	\$ 1.01	
<b>Average (Mean)</b>							\$ 803,000	\$ 803,000	\$ 161,000	\$ 3.70	
<b>Median</b>							\$ 191,000	\$ 191,000	\$ 132,500	\$ 3.04	
<b>Industrial Parcels</b>											
54	Ind/Res	Industrial	5	0.23	Merrimack	11/30/2005	\$ 206,300	\$ 206,000	\$ 897,336	\$ 20.60	
35	Industrial	Industrial	5	1.23	Hudson	6/23/2004	\$ 175,000	\$ 175,000	\$ 142,276	\$ 1.80	
36	Industrial	Industrial	209	1.50	Hudson	8/9/2004	\$ 112,500	\$ 113,000	\$ 75,333	\$ 1.73	
57	Industrial	Industrial	0	2.86	Merrimack	4/29/2005	\$ 275,000	\$ 275,000	\$ 96,154	\$ 2.21	
78	ICI	Industrial	0	3.36	Milford	10/19/2005	\$ 300,000	\$ 300,000	\$ 89,286	\$ 2.05	
39	Industrial	Industrial	7	3.91	Hudson	6/23/2004	\$ 165,000	\$ 165,000	\$ 42,199	\$ 0.97	
40	Industrial	Industrial	25	4.40	Hudson	3/15/2004	\$ 152,000	\$ 152,000	\$ 34,545	\$ 0.79	
60	I1	Industrial	0	5.80	Merrimack	4/7/2005	\$ 550,000	\$ 550,000	\$ 94,828	\$ 2.18	
42	Industrial	Industrial	300	24.00	Hudson	6/25/2004	\$ 475,000	\$ 475,000	\$ 19,792	\$ 0.45	
<b>Average (Mean)</b>							\$ 268,000	\$ 268,000	\$ 165,800	\$ 3.64	
<b>Median</b>							\$ 175,000	\$ 175,000	\$ 89,300	\$ 1.80	

# Southern NH Land Transactions January 2004-December 2005

Sale Number	Zoning	Use	Street #	Lot Size Acres	Town	Sold Date	Sold Price	Adjusted Sale Price	Time Adjusted Price Per Acre	Adjusted Price per Square Foot
<b>Residential Land Under Five Acres</b>										
85	RC	Residential	Lot 63	0.11	Nashua	4/22/2004	\$ 38,000	\$ 38,000	\$ 345,455	\$ 7.60
86	Res	Residential	19L	0.17	Nashua	9/30/2005	\$ 155,000	\$ 155,000	\$ 911,765	\$ 20.67
87	R-A	Residential	0	0.22	Nashua	7/15/2005	\$ 150,000	\$ 150,000	\$ 681,818	\$ 15.51
88	Res	Residential	0	0.23	Nashua	2/22/2004	\$ 100,000	\$ 100,000	\$ 434,783	\$ 10.14
89	RA	Residential	65	0.26	Nashua	11/22/2005	\$ 199,900	\$ 200,000	\$ 769,231	\$ 17.66
90	R9	Residential	21	0.28	Nashua	5/31/2005	\$ 150,000	\$ 150,000	\$ 535,714	\$ 12.17
91	R9	Residential	25	0.29	Nashua	5/31/2005	\$ 150,000	\$ 150,000	\$ 517,241	\$ 11.83
64	Residential	Residential	8-79-13	0.35	Milford	11/14/2005	\$ 135,000	\$ 135,000	\$ 384,629	\$ 8.83
65	Res	Residential	8-79-12	0.36	Milford	3/15/2005	\$ 135,000	\$ 135,000	\$ 375,014	\$ 8.61
66	Res	Residential	9-25	0.36	Milford	6/10/2005	\$ 135,000	\$ 135,000	\$ 375,014	\$ 8.61
67	Res	Residential	9-22	0.36	Milford	10/19/2005	\$ 130,000	\$ 130,000	\$ 358,133	\$ 8.22
68	Res	Residential	8-79-8	0.39	Milford	8/28/2005	\$ 134,500	\$ 130,000	\$ 346,162	\$ 7.95
55	Res	Residential	50	0.43	Merrimack	10/8/2004	\$ 130,000	\$ 130,000	\$ 305,882	\$ 7.02
69	Res	Residential	8-79-11	0.43	Milford	3/15/2005	\$ 135,000	\$ 135,000	\$ 314,689	\$ 7.22
70	Res	Residential	17-9-1	0.45	Milford	5/9/2005	\$ 135,000	\$ 135,000	\$ 300,000	\$ 6.89
30	Res	Residential	47	0.46	Hudson	5/13/2004	\$ 116,500	\$ 117,000	\$ 254,348	\$ 5.84
92	Res	Residential	Lot 1	0.49	Nashua	12/22/2004	\$ 125,000	\$ 125,000	\$ 255,102	\$ 5.86
94	R-18	Residential	Lot 14A	0.54	Nashua	8/1/2005	\$ 100,000	\$ 100,000	\$ 185,185	\$ 4.25
95	RC	Residential	7	0.56	Nashua	1/7/2004	\$ 375,000	\$ 375,000	\$ 669,643	\$ 15.37
96	Res	Residential	22	0.65	Nashua	7/11/2005	\$ 175,000	\$ 175,000	\$ 269,231	\$ 6.18
31	Res	Residential	4	0.70	Hudson	11/30/2005	\$ 152,500	\$ 153,000	\$ 218,571	\$ 5.02
32	Res	Residential	4	0.70	Hudson	3/21/2005	\$ 190,000	\$ 190,000	\$ 271,429	\$ 6.23
1	Res	Residential	40-1	0.75	Amherst	10/31/2005	\$ 145,000	\$ 145,000	\$ 193,333	\$ 4.44
97	Res	Residential	Lot 2	0.85	Nashua	12/22/2004	\$ 155,000	\$ 155,000	\$ 182,353	\$ 4.19
98	Res	Residential	Lot 613	0.92	Nashua	5/20/2004	\$ 107,500	\$ 108,000	\$ 117,391	\$ 2.69
99	Res	Residential	Lot 612	0.92	Nashua	7/8/2004	\$ 107,500	\$ 108,000	\$ 117,391	\$ 2.69
33	Res	Residential	8	0.92	Hudson	4/15/2004	\$ 122,500	\$ 123,000	\$ 133,696	\$ 3.07
71	Res	Residential	L51-26-37	0.98	Milford	3/12/2004	\$ 104,900	\$ 105,000	\$ 107,035	\$ 2.46
72	Res	Residential	16	1.00	Milford	6/28/2005	\$ 200,000	\$ 200,000	\$ 130,000	\$ 2.98
100	R	Residential	L534	1.12	Nashua	3/31/2004	\$ 200,000	\$ 200,000	\$ 178,571	\$ 4.10
46	Res	Residential	7-2	1.12	Litchfield	7/15/2005	\$ 145,000	\$ 145,000	\$ 129,464	\$ 2.97
47	Res	Residential	7-2	1.12	Litchfield	11/16/2005	\$ 165,000	\$ 165,000	\$ 147,321	\$ 3.38
34	Res	Residential	10	1.21	Hudson	4/15/2004	\$ 122,500	\$ 123,000	\$ 101,653	\$ 2.33

## Southern NH Land Transactions January 2004-December 2005

Sale Number	Zoning	Use	Street #	Lot Size Acres	Town	Sold Date	Sold Price	Adjusted Sale Price	Time Adjusted Price Per Acre	Adjusted Price per Square Foot
73	Res	Residential	0	1.34	Milford	8/20/2004	\$ 110,000	\$ 110,000	\$ 82,090	\$ 1.88
10	Res	Residential	24-11-13	1.41	Hollis	2/4/2005	\$ 275,000	\$ 275,000	\$ 195,037	\$ 4.48
37	Res	Residential	12	1.53	Hudson	4/15/2004	\$ 122,500	\$ 123,000	\$ 80,392	\$ 1.84
2	Res	Residential	00	1.75	Amherst	6/10/2005	\$ 129,000	\$ 129,000	\$ 73,714	\$ 1.69
11	Res	Residential	163-8	1.78	Hollis	4/29/2004	\$ 182,000	\$ 182,000	\$ 102,248	\$ 2.35
101	Res R40	Residential	26	1.83	Nashua	5/10/2004	\$ 175,000	\$ 175,000	\$ 95,628	\$ 2.20
75	Res	Residential	10-54	2.00	Milford	2/13/2005	\$ 107,000	\$ 107,000	\$ 53,500	\$ 1.23
74	Res	Residential	136	2.00	Milford	10/27/2004	\$ 109,900	\$ 110,000	\$ 55,000	\$ 1.26
12	Res	Residential	13-20-1	2.00	Hollis	9/2/2004	\$ 199,000	\$ 199,000	\$ 99,500	\$ 2.28
3	Res	Residential	157-2	2.00	Amherst	2/4/2005	\$ 190,000	\$ 190,000	\$ 94,953	\$ 2.18
13	Res	Residential	35-30	2.02	Hollis	10/29/2004	\$ 236,000	\$ 236,000	\$ 116,832	\$ 2.68
14	Res	Residential	2	2.03	Hollis	3/29/2004	\$ 159,600	\$ 160,000	\$ 78,818	\$ 1.81
15	Res	Residential	63-7	2.08	Hollis	9/17/2004	\$ 203,500	\$ 204,000	\$ 98,313	\$ 2.26
16	Res	Residential	30	2.10	Hollis	11/5/2004	\$ 235,000	\$ 235,000	\$ 111,905	\$ 2.57
17	Res	Residential	Lot 11	2.17	Hollis	8/19/2005	\$ 299,000	\$ 299,000	\$ 137,788	\$ 3.16
4	Res	Residential	16B	2.20	Amherst	11/15/2004	\$ 132,000	\$ 132,000	\$ 60,000	\$ 1.38
18	Res	Residential	63-6	2.23	Hollis	9/17/2005	\$ 202,000	\$ 202,000	\$ 90,462	\$ 2.08
76	Res	Residential	31	2.24	Milford	10/14/2005	\$ 115,000	\$ 115,000	\$ 51,339	\$ 1.18
19	Res/Rec	Residential	Lot #18	2.90	Hollis	12/12/2005	\$ 235,000	\$ 235,000	\$ 81,034	\$ 1.86
58	Res	Residential	5	2.91	Merrimack	5/13/2004	\$ 150,000	\$ 150,000	\$ 51,547	\$ 1.18
77	Res	Residential	414	3.25	Milford	2/3/2005	\$ 10,000	\$ 10,000	\$ 3,077	\$ 0.07
59	Res	Residential	Lot 204	3.40	Merrimack	11/11/2005	\$ 155,000	\$ 155,000	\$ 45,588	\$ 1.05
5	Res	Residential	43-1	4.36	Amherst	10/28/2004	\$ 110,000	\$ 110,000	\$ 25,229	\$ 0.58
<b>Average (Mean)</b>							<b>\$ 153,000</b>	<b>\$ 154,000</b>	<b>\$ 223,200</b>	<b>\$ 5.11</b>
<b>Median</b>							<b>\$ 140,000</b>	<b>\$ 140,000</b>	<b>\$ 135,700</b>	<b>\$ 3.11</b>

## Southern NH Land Transactions January 2004-December 2005

Sale Number	Zoning	Use	Street #	Lot Size Acres	Town	Sold Date	Sold Price	Time Adjusted Sale Price	Time Adjusted Price Per Acre	Time Adjusted Price per Square Foot
<b>Residential Land Over Five Acres</b>										
79	Res	Residential	000	5.25	Milford	6/10/2005	\$ 137,500	\$ 138,000	\$ 26,281	\$ 0.60
20	R	Residential	25-17-1	5.27	Hollis	6/3/2005	\$ 250,000	\$ 250,000	\$ 47,412	\$ 1.09
21	Res	Residential	162	5.67	Hollis	6/3/2004	\$ 260,000	\$ 260,000	\$ 45,855	\$ 1.05
80	Res	Residential	3-9	6.20	Milford	3/9/2004	\$ 119,900	\$ 120,000	\$ 19,355	\$ 0.44
6	Rural	Residential	Lot 007-055	6.20	Amherst	6/2/2005	\$ 300,000	\$ 300,000	\$ 48,387	\$ 1.11
22	Res	Residential	8	6.72	Hollis	11/5/2004	\$ 345,000	\$ 345,000	\$ 51,332	\$ 1.18
61	Res	Residential	Lot 242	7.37	Merrimack	10/14/2005	\$ 175,000	\$ 175,000	\$ 23,745	\$ 0.55
51	Res	Residential	253	8.80	Litchfield	11/24/2004	\$ 135,100	\$ 135,000	\$ 15,341	\$ 0.35
23	Res-Agr	Residential	L43	10.00	Hollis	10/19/2005	\$ 550,000	\$ 550,000	\$ 55,000	\$ 1.26
7	Res	Residential	Lot 84-2	16.00	Amherst	10/28/2005	\$ 550,000	\$ 550,000	\$ 34,375	\$ 0.79
24	Res	Residential	46-32	20.00	Hollis	3/17/2004	\$ 210,000	\$ 210,000	\$ 10,500	\$ 0.24
25	Res	Residential	22	20.16	Hollis	9/2/2005	\$ 530,000	\$ 530,000	\$ 26,290	\$ 0.60
52	Res	Residential	Lots	25.00	Litchfield	9/19/2005	\$ 260,000	\$ 260,000	\$ 10,400	\$ 0.24
81	Res	Residential	0	25.70	Milford	5/5/2004	\$ 450,000	\$ 450,000	\$ 17,510	\$ 0.40
26	AG/RUL	Residential	Lot 50	26.30	Hollis	2/24/2005	\$ 360,000	\$ 360,000	\$ 13,688	\$ 0.31
43	Res	Residential	20	27.34	Hudson	2/20/2004	\$ 295,000	\$ 295,000	\$ 10,790	\$ 0.25
62	Res	Residential	20	27.80	Merrimack	10/2/2004	\$ 249,900	\$ 250,000	\$ 8,993	\$ 0.21
9	Res	Residential	34	28.11	Amherst	2/23/2005	\$ 300,000	\$ 300,000	\$ 10,672	\$ 0.25
44	R-2	Residential	34	30.26	Hudson	12/29/2004	\$ 425,000	\$ 425,000	\$ 14,045	\$ 0.32
27	RES/AG	Residential	0	36.30	Hollis	1/23/2004	\$ 250,000	\$ 250,000	\$ 6,887	\$ 0.16
45	R2	Residential	11	37.49	Hudson	10/29/2004	\$ 840,000	\$ 840,000	\$ 22,406	\$ 0.51
28	RES/AG	Residential	Lot 46	60.00	Hollis	5/25/2004	\$ 895,000	\$ 895,000	\$ 14,917	\$ 0.34
82	Res	Residential	0	130.00	Milford	3/16/2004	\$ 647,500	\$ 648,000	\$ 4,985	\$ 0.11
<b>Average (Mean)</b>							<b>\$ 371,000</b>	<b>\$ 371,000</b>	<b>\$ 23,400</b>	<b>\$ 0.54</b>
<b>Median</b>							<b>\$ 300,000</b>	<b>\$ 300,000</b>	<b>\$ 17,500</b>	<b>\$ 0.40</b>

## Southern NH Land Transactions January 2004-December 2005

Sale Number	Zoning	Use	Street #	Lot Size Acres	Town	Sold Date	Sold Price	Time Adjusted Sale Price	Time Adjusted Price Per Acre	Time Adjusted Price per Square Foot
<b>Wetland Mitigation Parcels</b>										
F-1	Res/Ag	Mitigation	38	33.00	Stratham	6/26/2003	\$ 50,000	\$ 50,000	\$ 1,515	\$ 0.03
F-2	Industrial	Mitigation	19	3.71	Londonderry	1/22/2001	\$ 9,000	\$ 9,000	\$ 2,426	\$ 0.06
F-3	Rural	Mitigation		454.00	Exeter/Newfi	12/27/2000	\$ 549,000	\$ 549,000	\$ 1,209	\$ 0.03
F-5		Mitigation		33.25	Mason	10/30/2003	\$ 23,100	\$ 23,000	\$ 692	\$ 0.02
F-6		Mitigation		71.00	Raymond	6/12/2002	\$ 82,000	\$ 82,000	\$ 1,155	\$ 0.03
Southwood	Industrial	Mitigation		253.20	Nashua	11/1/2001	\$ 2,000,000	\$ 2,000,000	\$ 7,899	\$ 0.18
<b>Average (Mean)</b>							<b>\$ 452,000</b>	<b>\$ 452,000</b>	<b>\$ 2,500</b>	<b>0.06</b>
<b>Median</b>							<b>\$ 66,000</b>	<b>\$ 66,000</b>	<b>\$ 1,400</b>	<b>0.03</b>

### Synopsis of Value Estimates

1/7/2006

#### Fee Parcels

	Number of Parcels	Total Acres	Estimated Value	Value per Acre
Amherst	6	36.4	\$ 667,800	\$ 18,331
Bedford	3	21.5	\$ 607,000	\$ 28,298
Derry	9	49.4	\$ 1,580,000	\$ 31,964
Hollis	1	1.0	\$ 176,000	\$ 176,000
Merrimack	11	173.0	\$ 1,574,000	\$ 9,098
Nashua	30	422.2	\$ 7,434,000	\$ 17,607
<b>Total: Fee Parcels</b>	<b>60</b>	<b>703.53</b>	<b>\$ 12,038,800</b>	<b>\$ 17,112</b>

Detailed data on each fee parcel and its valuation is in Appendix A to this report.

#### Valuation of Easement Parcels

In addition to the fee parcels described in the preceding paragraphs, the appraiser was asked to value cross-country easements owned by Pennichuck Water Works, Inc. Cross-country easements are easements that do not lie within an existing public or private roadway. They serve to connect various segments of the water system together, crossing over land not owned by Pennichuck Water Works, Inc.

The methodology in establishing the value was to:

- Determine the length of cross-country easements in each community by segment, relying on maps provided by Pennichuck Water Works, Inc.
- Calculating the easement area for each segment as depicted on the maps provided to the appraiser. If no width was specified on the maps, the appraiser applied a width of 25 feet unless a width was specified on the maps provided to the appraiser.
- Applying a fee value to the easements based on the comparable sales data set forth in the fee value section of this appraisal.
- Ascribing 75 percent of the fee value to the across the fence value to reflect the lesser value of an easement as compared to fee ownership.

The fee value utilized was \$0.77 per square foot. This is the average square foot value of all sale parcels in the data base, (which included a wide range of property types consistent with the characteristics of the easement segments) developed in the course of appraising the fee parcels.

The 75% easement factor reflects the fact that a purchaser of an easement does not purchase all the property rights included in a purchase of the fee interest (the interest reflected in the comparable sales). The appraiser examined a sample of Pennichuck Water Works easements to reach a conclusion that the easement rights acquired are substantial.

The resulting values of the easements by community are as follows:

#### Synopsis of Value Estimates

<b>Easement Segments</b>	<b>Number of Segments</b>	<b>Total Acres</b>	<b>Estimated Value</b>
Amherst	6	8.01	\$ 201,400
Bedford	6	2.93	\$ 73,800
Derry	9	4.42	\$ 111,200
Hollis	None	-	\$ -
Merrimack	None	-	\$ -
Nashua	46	18.97	\$ 477,300
<b>Total: Easement Segments</b>	<b>67</b>	<b>34.32</b>	<b>\$ 863,700</b>

### FINAL VALUE ESTIMATE

The appraiser has relied on the Comparable Sales approach in valuing the Pennichuck Water Works, Inc. easement and fee parcels. The conclusion of this analysis is that as of December 31, 2005 the market value of the subject parcels was:

#### Synopsis of Value Estimates 1/7/2006

Fee Parcels	Number of Parcels	Total Acres	Estimated Value	Value per Acre
Amherst	6	36.4	\$ 667,800	\$ 18,331
Bedford	3	21.5	\$ 607,000	\$ 28,298
Derry	9	49.4	\$ 1,580,000	\$ 31,964
Hollis	1	1.0	\$ 176,000	\$ 176,000
Merrimack	11	173.0	\$ 1,574,000	\$ 9,098
Nashua	30	422.2	\$ 7,434,000	\$ 17,607
<b>Total: Fee Parcels</b>	<b>60</b>	<b>703.53</b>	<b>\$ 12,038,800</b>	<b>\$ 17,112</b>
Easement Segments	Number of Segments	Total Acres	Estimated Value	
Amherst	6	8.01	\$ 201,400	
Bedford	6	2.93	\$ 73,800	
Derry	9	4.42	\$ 111,200	
Hollis	None	-	\$ -	
Merrimack	None	-	\$ -	
Nashua	46	18.97	\$ 477,300	
<b>Total: Easement Segments</b>	<b>67</b>	<b>34.32</b>	<b>\$ 863,700</b>	
 <b>Combined Fee and Easement Value</b>			 <b>\$ 12,902,500</b>	

## About Applied Economic Research

Applied Economic Research provides comprehensive economic and development consulting services to public and private clients. Since 1976 Applied Economic Research has developed a reputation for objective research and seasoned judgment. We take special pride in our high level of repeat clients and referrals--the best indicators of a job well done. Typical assignments include:

*Feasibility Studies* including market studies of new residential, commercial and industrial developments; financial pro formas; rehabilitation/reinvestment projects; and highest/best use studies of vacant land.

*Development Strategies* including target market/product definition analysis, market penetration, buyer preference surveys, problem loan work-outs, and site selection studies.

*Valuation/Appraisal* of real estate and businesses in financing, acquisition/disposition, tax and litigation settings.

*Public Policy Analysis* including downtown redevelopment, affordable housing, capital improvement programming, economic development strategies, growth impact studies and neighborhood revitalization.

*Impact Studies* including school and community facilities impacts, shopping center impact studies, and economic impact analysis of new public investments including highways.

## Our Assets

AER brings to each assignment critical resources:

Objectivity. AER's research is thorough, objective and honest. Our studies may not say what the client was hoping to hear - but they report the truth and our unbiased, seasoned advice. As a result, our clients entrust us with their most important and difficult decisions.

*"When we can't afford to miss, I call Applied Economic Research. I trust AER to give us the information, the insight and the advice we need to make tough real estate decisions. You get what you pay for. The information and guidance they provide have helped us avoid costly pitfalls."*  
**New Hampshire Banker**

Unmatched Information Resources. AER maintains an exclusive database of New England economic and real estate information. Our systems analyst maintains current population, income and housing, production and sales information. Our computer modeling capabilities are comprehensive, flexible and sophisticated.

Seasoned Judgment. Our studies get results. They extend beyond a compilation of data. We interpret the information and recommend strategies that are realistic and effective.

*"AER has been extraordinarily accurate in predicting market trends. But they do more than give us good numbers. Just discussing project ideas with them can be invaluable--because of their experience and understanding of the market."*

**Southern New Hampshire Developer**

Credibility. AER enjoys outstanding credibility with lenders, investors and public agencies recommending optimal strategies based on solid research.

*"Their work throughout the region gives AER great credibility. The AER team is great to work with. They're personal and very professional."*  
**State Government Official**

Confidentiality. Our office has a written policy of confidentiality. We do not disclose our research or findings to anyone but our client.

Top Level Contacts. AER has an extensive network of business and professional contacts throughout New England. We go beyond published market data to the community leaders and business decision makers who influence public policy and investment decisions.

## **Diverse Experience**

AER has completed over 3,000 assignments for a balanced mix of public and private clients. Our public clients find our intimate understanding of the developer's world especially useful. Our private clients benefit from our working knowledge of public policy and development issues.

Private assignments include market and development strategies for award-winning ventures such as Windward Harbor, which received Builder magazine's *Project of the Year* award; Wildwood Village, winner of Professional Builder magazine's *Homes for Better Living* award; and the Villages at Granite Hill, winner of 11 New Hampshire Home Builder's Association awards, including *Project of the Year*. Our retail experience ranges from small specialty centers to regional malls. Our office and industrial assignments address both reuse and new construction proposals.

Our public clients range from metropolitan areas to islands off the Maine coast to the region's largest communities and state agencies.

## **Extensive Exposure**

Russ Thibeault, president of AER, is frequently quoted in the state and national media. He is a frequent commentator on National Public Radio's *Marketplace*, heard nationally by over 3 million listeners a week. He has appeared on ABC World News, *The McNeil-Lehrer News Hour*, BBC World Television and Japan Public Television. He has been quoted in *The New York Times*, *The Wall Street Journal*, *The Washington Post* and the *Los Angeles Times*.

Russ is a frequent public speaker addressing economic and development issues before the state's business and government leaders.

Our clients include most of the area's financial institutions, government agencies, developers and municipalities. They provide AER with a high degree of repeat assignments—the best measure of a successful assignment.

**RUSSELL W. THIBEAULT**  
**PRESIDENT**  
**APPLIED ECONOMIC RESEARCH, INC.**

Russell W. Thibeault is a real estate and economic consultant providing services to public and private clients. He founded Applied Economic Research in 1976 and has completed assignments in 30 states.

*Expertise*

Mr. Thibeault's expertise falls into a variety of economic and real estate topics:

*Economic Development Studies* for states, regions and municipalities concerned about job, investment or income displacement.

*Market and Financial Feasibility Analysis* of shopping centers, office buildings, apartments, condominiums, industrial and land developments.

*Highest and Best Use Studies* of undeveloped land, industrial, commercial, and investment real estate for government bodies, corporations, financial institutions, estates and private investors.

*Market Value Appraisals* of undeveloped land, industrial, commercial, and investment real estate for government bodies, corporations, financial institutions, estates and private investors.

*Business Valuations* and economic loss estimates of closely held businesses for estate planning, family interest transfers and court testimony.

*Real Estate Investment Strategies* for corporations, institutions, syndicates and individuals including: acquisition studies, market strategies, after tax cash flow studies, and financing strategies.

*Site Location Studies* for banks, retail stores, and industrial firms

*Downtown Revitalization Studies* for corporations, private investors and government bodies, including market penetration estimates, revitalization strategies, and financing strategies.

*Economic Impact Studies* including retail sales impact of proposed shopping centers and cost-revenue impacts of proposed shopping centers, residential, commercial or industrial developments.

Housing Market Studies for state, regional and local governments, including the evaluation of existing housing markets and identification of housing needs.

Public Finance Studies for local governments including revenue and cost projections, capital improvement programs and tax base analysis.

Between 1972 and 1976, Mr. Thibeault was employed by Hammer, Siler, George Associates, a Washington-based national economic and real estate consulting firm with field offices in Atlanta and Denver. In 1976, he resigned his senior associate position with the Hammer firm to establish Applied Economic Research, an independent consulting practice.

Private real estate investments analyzed by Mr. Thibeault represent a combined investment of nearly \$1 billion. His public and private experience has taken him to more than 30 states. Between his Applied Economic Research practice and his Washington position, clients include:

- American Institute of Architects
- National Association of Home Builders
- U.S. Department of Transportation
- U.S. Department of Housing & Urban Development
- U.S. Army Corps of Engineers
- National Commission on Water Quality
- National Trust for Historic Preservation
- Greater Baltimore Committee
- PPG Industries (Pittsburgh)
- MONDEV, International (Montreal)
- Town of Scarborough, Maine
- Haywood Properties (South Carolina)
- Pennsylvania Avenue Development Corp. (Washington, DC)
- Travelers Insurance
- New York State Urban Development Corporation
- Public Service Company of New Hampshire
- Appalachian Power Company (Virginia)
- Chittenden County Regional Planning Commission (Vt.)
- Piedmont Environmental Council (Virginia)
- City of New Orleans
- Lakes Region Planning Commission (New Hampshire)
- International Paper Company (New York)
- Town of Plymouth, Massachusetts
- Town of Franklin, Massachusetts
- City of Burlington, Vermont
- City of Concord, New Hampshire
- City of Laconia, New Hampshire
- City of Baltimore, Maryland
- State of Delaware
- State of Rhode Island
- New Hampshire Housing Finance Authority
- Fleet National Bank
- Dartmouth College
- Boston Redevelopment Authority

### *Education/Affiliations*

Russell W. Thibeault holds a master's degree in urban and regional planning with an emphasis in economic analysis from the University of North Carolina (Chapel Hill). While attending the University, he was elected president of Planner's Forum, the graduate student organization. He holds a Bachelor of Arts degree from the University of New Hampshire and has taken advanced real estate courses in the Graduate School of Business at American University (Washington, D.C.). He has successfully completed courses leading to the MAI designation offered by the American Institute of Real Estate Appraisers. He has successfully completed residential and income property appraisal course examinations offered by the Society of Real Estate Appraisers. He is presently an candidate member of the Appraisal Institute. He has completed course work leading to the CBA designation offered by the Institute of Business Appraisers

Mr. Thibeault is a Certified General Appraiser licensed by the New Hampshire Real Estate Appraiser Board, License #NHCG-4. He has served as the only Certified General Real Estate Appraiser on the New Hampshire Real Estate Appraiser Board. He presently serves on the NH appraisal review committee of the Board.

He was the recipient of a National Science Foundation research assistantship for research on consumer housing preferences and placed first in the Southern Regional Science Association research competition. He has authored several papers published in professional journals, including The Review of Regional Studies and Traffic Quarterly. He was a contributor to the President's Report on National Growth and Development issued to the U.S. Congress in 1974 and has authored several research papers distributed by the National Association of Home Builders. He has served as a course instructor in economics at New Hampshire College and has lectured in urban planning at Plymouth State College.

He maintains membership in the Institute of Business Appraisers, the Appraisal Institute (candidate member), the International Right of Way Association and the National Association of Home Builders.

### *Appearances*

Mr. Thibeault has appeared as an economist/real estate expert on *Nightline*, *ABC World News*, the *MacNeil-Lehrer News Hour*, *CNN* the *Japanese Broadcasting Network* and *BBC World Television News*. He has been interviewed by the New York Times, the Los Angeles Times, the Wall Street Journal, the Washington Post, Fortune magazine, the Kiplinger Letter, the Irish Times, USA Today and U.S. News and World Report.

Mr. Thibeault has served on the Board of Directors and as President of the New Hampshire Planners Association. He was elected to the Executive Committee of the North Carolina Chapter of the American Institute of Planners.

Mr. Thibeault served on the Board of Directors of the Indian Head National Bank of Laconia, until such time as that institution merged with the Indian Head National Bank of Nashua. He has served on the Board of Directors and Finance Committee of the Lakes

Region General Hospital and as a director of First NH Bank, and Citizens Bank (NH). He is past-president of the Laconia Industrial Development Corporation and also of Plan NH. Mr. Thibeault has served on the NH Governor's Revenue Advisory Panel.

His economic commentaries have been heard nationally over National Public Radio affiliates on programs including Marketplace, The Savvy Traveler and Living on Earth

He has completed professional development courses offered by the Institute of Business Appraisers, the Appraisal Institute, and the International Right of Way Association.

He is a frequent public speaker. He has presented before the NH Bar Association's Continuing Legal Education series (CLE), the NH Chapter of the Appraisal Institute, the NH Bankers Association, the NH Association of School Superintendents, the NH Assessors Association, and the National Conference of the National Association of Home Builders.

He has been qualified as an expert witness in the US District Court, the US Bankruptcy Court, the NH Board of Tax and Land Appeals and most of the Superior courts in New Hampshire.

6/05

**CERTIFICATION**

**CERTIFICATION: I certify that, to the best of my knowledge and belief:**

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions and conclusions.
- 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.
- Our compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the code of professional ethics and the uniform standards of professional appraisal practice of the appraisal foundation.
- The undersigned has inspected the subject parcels, either on the ground or from aerial photographs.
- The appraiser has previously completed appraisal assignments of commercial property such as the subject.
- The property does not have significant natural, cultural, recreational or scientific value.
- This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or approval of a loan.

**I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.**



\_\_\_\_\_  
2006 \_\_\_\_\_  
Russell W. Thibeault, Appraiser  
NHCG-4

DATE: \_\_ January 10,

## STATEMENT OF LIMITING CONDITIONS

The certification of the Appraiser appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

1. The Appraiser does not assume responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The Appraiser has made no survey of the property.
3. The subject land is appraised as described in the body of the report. If a subsequent or undisclosed survey or other more accurate description is revealed, there may be a significant effect on value requiring a re-evaluation.
4. The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore.
5. Any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
6. The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, or for engineering, which might be required to discover such factors.
7. Information, estimates, and opinions furnished to the Appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the Appraiser can be assumed by the Appraiser.
8. The By-laws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated govern disclosure of the contents of the appraisal report.
9. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the Appraiser, professional designations, reference to any professional appraisal organizations, or the firm with which the Appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial

institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without the previous written consent of the Appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the Appraiser.

10. On all appraisals, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a competent manner.
11. Unless stated elsewhere in this report, the presence of toxic or hazardous materials or gases is unknown. If such materials are present, there could be a negative effect on the value of the subject property. Such effects, if present, are not addressed in this appraisal. If the presence of hazardous or toxic materials is suspected, the Appraiser recommends the client retain the appropriate, qualified experts.
12. Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.
13. Full compliance with all applicable zoning and use regulations and restrictions is assumed unless a nonconformity has been stated, defined and considered in the appraisal report.
14. That all required licenses, consents or other legislative or administrative authority from any local, state or national governmental, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based is assumed.
15. I (we) have not made a survey or analysis of the subject property to determine whether the physical aspects of the improvements meet the accessibility guidelines specified under the Americans with Disabilities Act (ADA). Under ADA guidelines, compliance matches each owner's financial ability with the cost to cure the potential physical deficiencies of the property. Thus, the requirements for compliance can change with each owner's financial ability to correct (cure) the non-accessibility problems for the property. Specific studies of the cost to cure the deficiencies and the owner's financial ability to afford these costs would be needed for the Department of Justice to determine compliance. Since this Act has only been effective since January 26, 1992, there has been an insufficient amount of market data to determine what impact this Act has had on values. Given these factors, the estimates of market value and fair value presented herein do not consider the effects of potential non-compliance.
16. This is a summary appraisal report that is intended to comply with the mass appraisal report requirements set forth under the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it presents only summary discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the

needs of the client and the intended use. The appraiser is not responsible for unauthorized use of this report.