MEEHAN VALUATION LLC

APPRAISAL REPORT
REAL ESTATE APPRAISAL

Of
INDUSTRIAL LAND



466 Sparta Avenue & Newton Sparta Road
Sparta & Andover, New Jersey 07871

As of
As-Is January 18, 2024

Date of Report
January 19, 2024

Prepared For	Prepared By
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January 19, 2024

Robert Boyle, CEO
Planet Networks
4 Park Place
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RE: Industrial Land
466 Sparta Avenue & Newton Sparta Road, Sparta & Andover, New Jersey 07871
Meehan Valuation File No: 24039

Mr. Boyle:

At your request, we have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property is comprised of three tax lots spread over two municipalities (Block 103, Lots 2 & 3.02 in Andover Township and Block 7001, Lot 1 in Sparta) totaling 108.120 acres with an estimated usable land area of 43.248 acres or 40% of the total land area. Block 103, Lots 2 and 3.02 are partially located in the Single-Family Residential (R-2) and the Community Business (CB) zones while Block 7001, Lot 1 is in the Rural Residential (RR). The subject is wooded, the topography is sloping, and the shape is irregular.

In addition, the site has wetlands, two lakes, and a brook along Newton Sparta Road which allows the property access to be only through the eastern portion of Block 7001, Lot 1. As of the effective date of this report, there are four billboards and structures on the property as the subject was used as a camp. The property owner acquired the subject in January 2023 and is in the process of getting Lots 2 & 3.02 as an area in need of redevelopment which would allow the subject to have additional uses including industrial and outdoor storage. The owner plans on constructing a corporate campus with an industrial area for fleet and truck maintenance, industrial outdoor storage, and office space.

The purpose of this appraisal is to develop an opinion of the As-Is (Fee Simple Estate). The following table conveys the final opinion of value that is developed in this appraisal:

MARKET VALUE CONCLUSION			
VALUATION SCENARIO	**INTEREST APPRAISED**	**EFFECTIVE DATE**	**VALUE**
As-Is	Fee Simple Estate	January 18, 2024	$2,450,000

Mr. Boyle
Planet Networks
January 19, 2024

This report conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP), and the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards.

Extraordinary Assumptions

This appraisal report relies on the following extraordinary assumption: 1) that our estimated usable land area is accurate. If this is found not to be true, the value conclusions of this report may be impacted.

Hypothetical Conditions

This appraisal relies on the following Hypothetical Conditions: 1) that Block 103, Lots 2 and 3.02 become an area in need of redevelopment and that corporate headquarters, industrial and outdoor storage uses are added to the underlying zoning permitted uses.

If there are any specific questions or concerns regarding the attached appraisal report, or if we can be of additional assistance, please let us know.

Respectfully submitted,

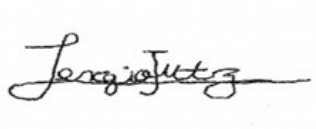
Meehan Valuation



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- Glossary
- Qualifications of Appraiser & Appraiser License
- Comparable Data Sheets
- Property Information
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PROPERTY IDENTIFICATION

Address	466 Sparta Avenue & Newton Sparta Road
City, State Zip	Sparta & Andover, New Jersey 07871
County	Sussex County
MSA	Newark, NJ-PA MSA Division
Market / Submarket	Sussex County / 5 Mile Radius

SITE DESCRIPTION

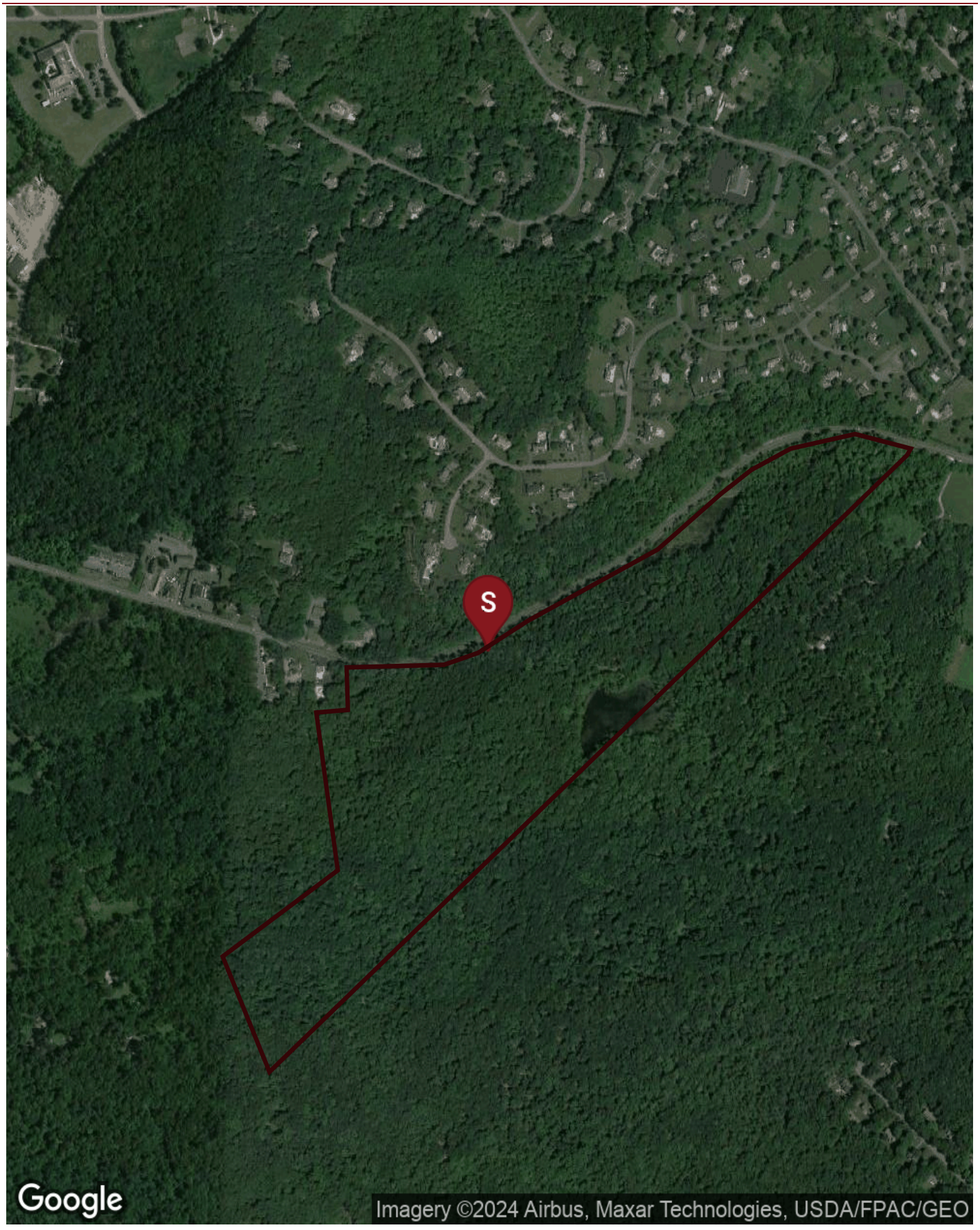
Number of Parcels	7	
Assessor Parcel Numbers	Block 7001, Lot 1. Qual: QFARM (Sparta), Block 103, Lot 3.02. Qual: QFARM (Andover), Block 103, Lot 2. Qual: QFARM (Andover), Block 103, Lot 3.02. Qual: B01 (Andover), Block 103, Lot 3.02. Qual: B02 (Andover), Block 103, Lot 3.02. Qual: B03 (Andover), Block 103, Lot 3.02. Qual: B04 (Andover)	
Land Area	Square Feet	Acres
Total	4,709,707	108.12
Zoning	Rural Residential & Single Family Residential & Community Business (RR, R-2, & CB)	
Shape	Irregular	
Topography	Sloping at street grade	
Flood Zone	Zone X (Unshaded)	

EXPOSURE & MARKETING TIME

Exposure Time	12 Months or Less
Marketing Time	12 Months or Less

VALUE CONCLUSION

VALUATION SCENARIOS	AS-IS
Interest	Fee Simple Estate
Effective Date	January 18, 2024
Cost Approach	Not Presented
Sales Comparison Approach	$2,450,000
Income Capitalization Approach	Not Presented
FINAL VALUE CONCLUSION	**$2,450,000**


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Google
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PROPERTY IDENTIFICATION

The assessor parcel Numbers are: Block 7001, Lot 1. Qual: QFARM (Sparta), Block 103, Lot 3.02. Qual: QFARM (Andover), Block 103, Lot 2. Qual: QFARM (Andover), Block 103, Lot 3.02. Qual: B01 (Andover), Block 103, Lot 3.02. Qual: B02 (Andover), Block 103, Lot 3.02. Qual: B03 (Andover), Block 103, Lot 3.02. Qual: B04 (Andover). Please note that Block 103, Lots 2 & 3.02 do not have a street number and only have the street name of Newton Sparta Road as the property location. Block 7001, Lot 1 is referred to as 466 Sparta Avenue. The qualifier QFarm refers to the lots assessed as farmland while the qualifier B01-B04 refers to the billboards located on the subject property. The owner indicated that the four billboards generate $8,000/year in income, however, no lease agreement was provided to the appraisers.

CLIENT IDENTIFICATION

The client of this specific assignment is Planet Networks.

PURPOSE/INTENDED USE/USERS

The purpose of this appraisal is to develop an opinion of the As-Is (Fee Simple Estate). The intended use of this appraisal is to assist the client in making internal business decisions related to this asset. Planet Networks is the only intended user of this report.

PERSONAL PROPERTY

There is no personal property (FF&E) included in this valuation.

APPROVALS

As of the effective date of this report, the subject is unapproved. The owner is in the process of getting Lots 2 & 3.02 as an area in need of redevelopment which would allow the subject property for additional uses including industrial and outdoor storage. This has been confirmed via public records (land use board meetings) and a conversation with John Carafello from the Andover Township Land Use Board. The owner plans on constructing a corporate campus with an industrial area for fleet and truck maintenance, industrial outdoor storage, and office space. See Hypothetical Condition.

PROPERTY AND SALES HISTORY

Current Owner/Three-Year Sales History

The subject property is under the title of Ten ALP Park, LLC according to Sussex County records.

The property was last transferred on January 27, 2023 between The BFD Associates, L.P (Seller) and Ten Alp Park, LLC (Buyer) for the consideration of $750,000 as recorded by Deed (Book:10231/Page:815). Per conversations with the owner, the property was not openly marketed for sale; however, was brought to the attention of the buyer by a local realtor. The realtor fee of 5% was paid by the buyer so the purchase price was in effect $787,500. We consider this transaction arm's length and per the value conclusions of this report, below market. The difference between the sale price and our value conclusion is due to the subject owner being in the process of having Lots 2 & 3.02 as an area in need of redevelopment.

The subject has not sold otherwise in the past three years of the effective date of this report.

Subject Sale Status

The subject is not currently listed for sale or under contract of sale.

EXPOSURE & MARKETING TIME

Marketing time and exposure time are both influenced by price. That is, a prudent buyer could be enticed to acquire the property in less time if the price were less. Hence, the time span cited below coincides with the value opinion(s) formed herein.

USPAP Standard rule 1-2(c)(iv) requires an opinion of exposure time, not marketing time, when the purpose of the appraisal is to estimate market value. In the recent past, the volume of competitive properties offered for sale, sale prices, and vacancy rates have fluctuated little. Sale concessions have not been prevalent.

Exposure Time Conclusion

A reasonable estimate of exposure time for the subject is 12 months or less.

Marketing Time Conclusion

A marketing time estimate is a forecast of a future occurrence. History should be considered as a guide, but anticipation of future events & market circumstances should be the prime determinant. Given the current economic climate, a marketing time of 12 months or less is predicted for the subject.

DEFINITION OF MARKET VALUE

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

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 interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States 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.[1]

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple estate interest.

VALUE SCENARIOS

As-Is Value

The estimate of the value of real property in its current physical condition, use, and zoning as of the appraisal date.[2]

[1] Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C -Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

[2] The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

The scope of work for this appraisal assignment is outlined below:

- The appraisal analyzes the regional and local area profiles including employment, population, household income and real estate trends. The local area was inspected to consider external influences on the subject.
- The appraisal analyzes legal and physical features of the subject including site size, improvement size, flood zone, zoning, easements, encumbrances, site access and exposure.
- The appraisal includes a market analysis for the general area and submarket using vacancy, absorption, supply and rent data. Conclusions were drawn for the subject's competitive position given its physical and locational features, current market conditions and external influences.
- The appraisal includes a Highest and Best Use analysis and conclusions have been completed for the highest and best use of the subject property. The analysis considered legal, locational, physical, and financial feasibility characteristics of the subject site and existing improvements.
- In selecting applicable approaches to value, the appraiser considered the applicability of each traditional approach given the subject's characteristics and the intended use of the appraisal. As a result, this appraisal developed Sales Comparison Approach. The values presented represent the As-Is (Fee Simple Estate).
    - The Cost Approach is not a specific scope requirement of this assignment. Characteristics specific to the subject property do not warrant that this valuation technique is developed. Based on the preceding information, the Cost Approach will not be presented.
    - The Sales Comparison Approach is a specific scope requirement of this assignment. Considering the applicability of this approach in relation to the subject property's characteristics, we consider the application of this approach to be warranted.
    - The Income Approach is not a scope requirement for this assignment. The subject property type is not typically analyzed on an income basis by buyers and sellers, reducing the applicability of this valuation technique. Therefore, the Income Approach is not developed.
- The assignment was prepared as an Appraisal Report in accordance with USPAP Standards Rules 2, with the analysis stated within the document and representing a summarized level of analysis.
- The authors of this report are aware of the Competency Rule of USPAP and meet the standards.

SOURCES OF INFORMATION

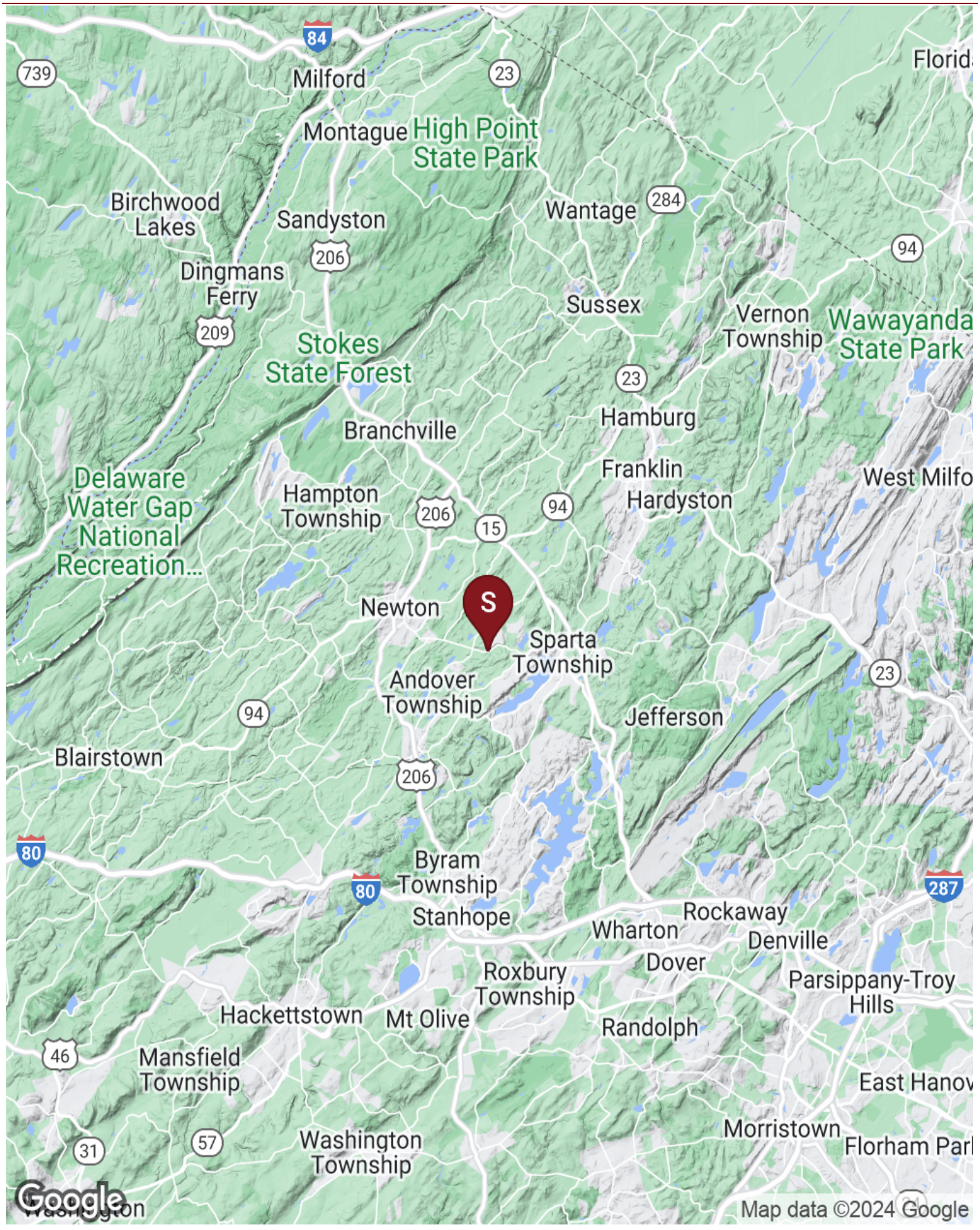
The following sources were contacted to obtain relevant information:

INFORMATION PROVIDED	
Property Assessment & Tax	Sparta & Andover Assessor
Zoning & Land Use Planning	Sparta & Andover Township Zoning
Site Size	Sparta & Andover Assessor
Building Size	Sparta & Andover Assessor
Supply & Demand	CoStar
Flood Map	FEMA
Demographics	STDB On-Line
Comparable Information	MLS | Public Records | Confirmed by Local Agents

As part of the general assumptions and limiting conditions, the subject is assumed to have no adverse easements, significant items of deferred maintenance, or be impacted by adverse environmental conditions.

SUBJECT PROPERTY INSPECTION

PROPERTY INSPECTION				
APPRAISER	**INSPECTED**	**EXTENT**	**DATE**	**ROLE**
James Meehan, MAI, AI-GRS	Yes	Site	January 18, 2024	Primary Appraiser
Sergio Martinez	No	N/A	N/A	Appraiser
Matthew Englehardt	No	N/A	N/A	Appraiser


84
739
Milford
23
Florid
Montague
High Point
State Park
Birchwood
Lakes
Sandyston
206
Wantage
284
94
Dingmans
Ferry
209
Sussex
Vernon
Township
Wawayanda
State Park
Stokes
State Forest
23
Hamburg
Branchville
Franklin
Hardyston
West Milfo
Delaware
Water Gap
National
Recreation...
Hampton
Township
206
94
15
S
Newton
Sparta
Township
Andover
Township
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Jefferson
Blairstown
206
80
Byram
Township
80
287
Stanhope
Rockaway
Wharton
Denville
Dover
Roxbury
Township
Parsippany-Troy
Hills
Hackettstown
Mt Olive
Randolph
46
Mansfield
Township
East Hanov
Morristown
31
57
Washington
Township
Florham Parl
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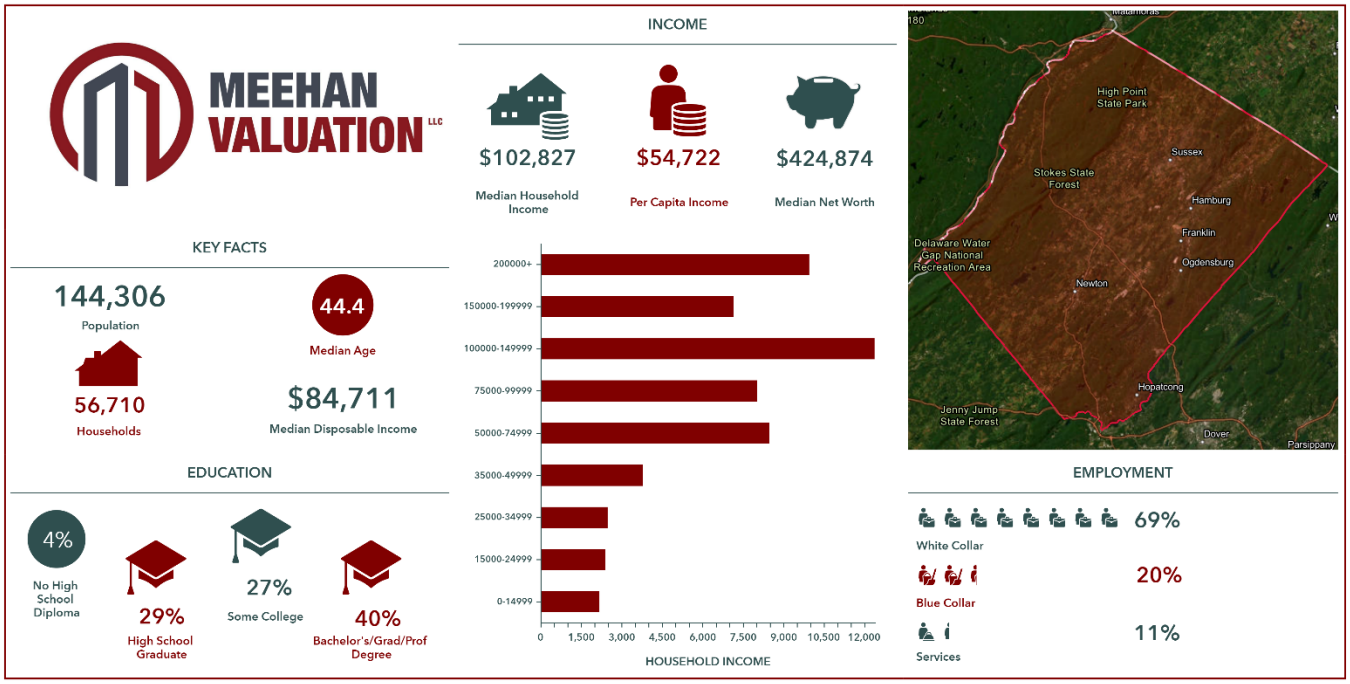
REGIONAL AREA ANALYSIS

The subject is located within Sussex County in New Jersey. Located approximately halfway between Boston and Washington, D.C., the region combines excellent transportation links, a diverse and educated work force, a wide range of housing and proximity to both New York City and Philadelphia. As a function of these attributes, New Jersey realized unprecedented growth and development in the 1990's. These gains have not been without cost, however, presently, the area is wrestling with the same problems faced by most large urban economies in America. These include a shortage of affordable housing, a shrinking industrial base, and overburdened infrastructure.



Land Use

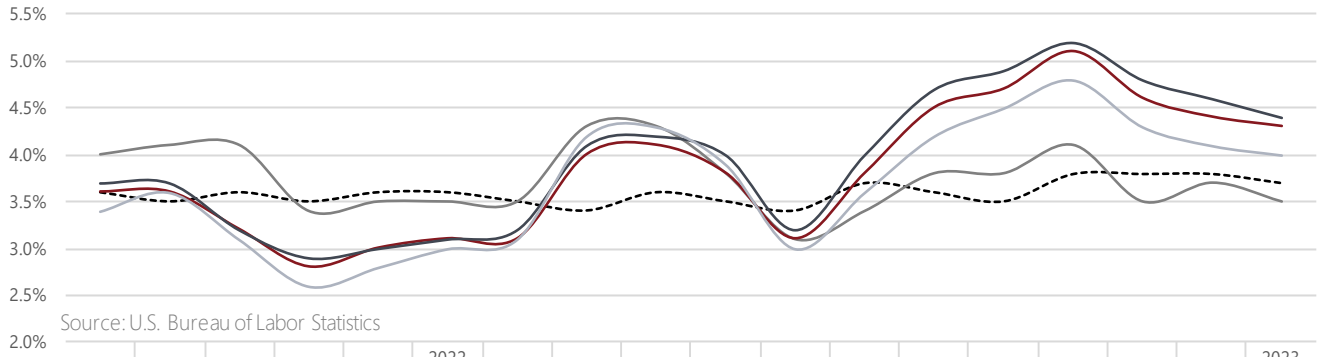
The County is primarily rural, with large tracts of vacant and agricultural land and lower density residential development. It is also more rural due to several federal and state parks that have kept large tracts of land undeveloped and in their natural state. The eastern portion of the county has had more suburban development because of its proximity to more commercial development zones and populated areas. Vernon Township was the county's largest in both population and area covering an area if 70.59 square miles. The table below shows the key facts for the county:



Unemployment

The following graphs charts the trailing 18 months and trailing 10 years unemployment rate for the United States, Northeast Region, New Jersey, Newark, NJ-PA MSA Division, and Sussex County.

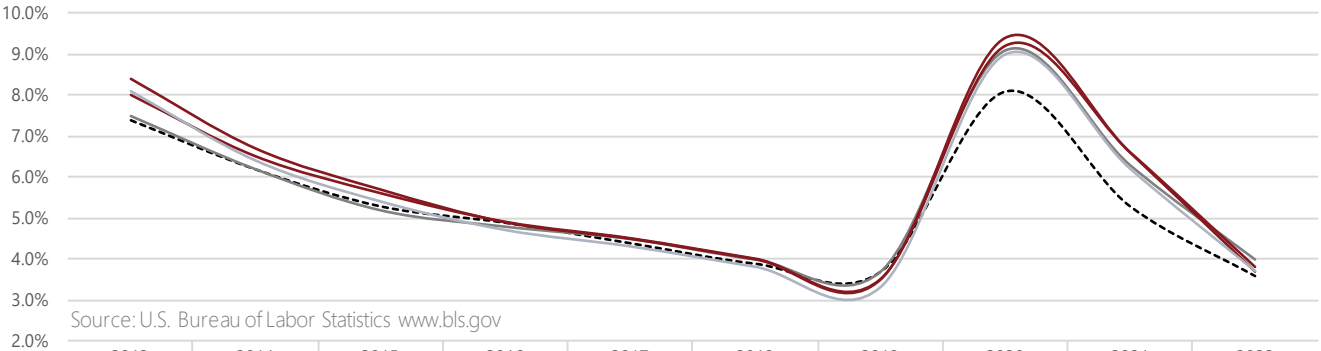
MONTHLY UNEMPLOYMENT RATE (18 MONTHS)



Source: U.S. Bureau of Labor Statistics

	Jun	Jul	Aug	Sep	Oct	2022 Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2023 Nov
Nation	3.6%	3.5%	3.6%	3.5%	3.6%	3.6%	3.5%	3.4%	3.6%	3.5%	3.4%	3.7%	3.6%	3.5%	3.8%	3.8%	3.8%	3.7%
Region	4.0%	4.1%	4.1%	3.4%	3.5%	3.5%	3.5%	4.3%	4.3%	3.8%	3.1%	3.4%	3.8%	3.8%	4.1%	3.5%	3.7%	3.5%
State	3.6%	3.6%	3.2%	2.8%	3.0%	3.1%	3.1%	4.0%	4.1%	3.8%	3.1%	3.8%	4.5%	4.7%	5.1%	4.6%	4.4%	4.3%
Area	3.7%	3.7%	3.2%	2.9%	3.0%	3.1%	3.2%	4.1%	4.2%	4.0%	3.2%	4.0%	4.7%	4.9%	5.2%	4.8%	4.6%	4.4%
County	3.4%	3.6%	3.1%	2.6%	2.8%	3.0%	3.1%	4.2%	4.3%	3.9%	3.0%	3.6%	4.2%	4.5%	4.8%	4.3%	4.1%	4.0%

ANNUAL UNEMPLOYMENT RATE (10 YEARS)



Source: U.S. Bureau of Labor Statistics www.bls.gov

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Nation	7.4%	6.2%	5.3%	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%
Region	7.5%	6.2%	5.2%	4.8%	4.5%	4.0%	3.7%	9.1%	6.3%	4.0%
State	8.4%	6.7%	5.7%	4.9%	4.5%	4.0%	3.5%	9.4%	6.6%	3.7%
Area	8.0%	6.5%	5.6%	4.9%	4.5%	4.0%	3.5%	9.2%	6.6%	3.8%
County	8.1%	6.4%	5.4%	4.7%	4.3%	3.8%	3.3%	9.0%	6.2%	3.7%

As the table above shows, the unemployment rate is now more or less back to pre-COVID levels. However, with the Fed raising rates the economy is slowing which Fed is hoping will lead to higher unemployment; however, has not quite materialized as of the writing of this report. This is needed in order for the Fed to get inflation under control.

Employment

The following chart shows the trailing 10 years employment for the state of New Jersey, Newark, NJ-PA MSA Division, and Sussex County.

STATE & REGIONAL EMPLOYMENT						
YEAR	STATE	% CHG.	AREA	% CHG.	COUNTY	% CHG.
2013	4,147,661	0.0%	1,166,548	(0.1%)	72,728	(1.4%)
2014	4,191,318	1.0%	1,173,127	0.6%	72,262	(0.6%)
2015	4,237,876	1.1%	1,179,255	0.5%	71,918	(0.5%)
2016	4,271,201	0.8%	1,182,751	0.3%	71,667	(0.4%)
2017	4,406,151	3.1%	1,216,765	2.8%	72,659	1.4%
2018	4,420,713	0.3%	1,220,489	0.3%	73,100	0.6%
2019	4,524,292	2.3%	1,246,381	2.1%	74,785	2.3%
2020	4,212,389	(7.4%)	1,161,135	(7.3%)	69,482	(7.6%)
2021	4,357,217	3.3%	1,195,717	2.9%	71,607	3.0%
2022	4,564,113	4.5%	1,248,216	4.2%	74,747	4.2%
CAGR	**1.1%**	**-**	**0.8%**	**-**	**0.3%**	**-**

Source: U.S. Bureau of Labor Statistics www.bls.gov

Based on data above, current employment could be considered to be strengthening considering where we were just under three years ago. Over the past year the Fed has raised interest rates by 525 basis points and indicated it plans three rate cuts in 2024 as inflation has cooled. Wages continue to increase negating the past decades flat wage growth.

Population & Income Trends

Between 2020 and 2023, New Jersey's population grew by 1.18% and it is estimated that the population will grow an additional 0.45% by 2028. This fairly low rate of growth can be attributed to New Jersey having the highest property taxes in the country and one of the highest state income tax rates.

Between 2020 and 2023, Sussex County's population remained stable with a slight increase of 0.06% and it is estimated that the population will decline (0.50%) by 2028.

Between 2020 and 2023, Sparta & Andover population grew by 0.55% and it is estimated that the population of Sparta & Andover declined (0.62%) by 2028.

The table on the following page shows the state, county and town population, number of households, the amount of owner-occupied dwelling units versus renter occupied as well as various income metrics including average, median and per capita incomes. Finally, on the lower right portion of the table, estimates as to the current and projected average and median home values is presented.

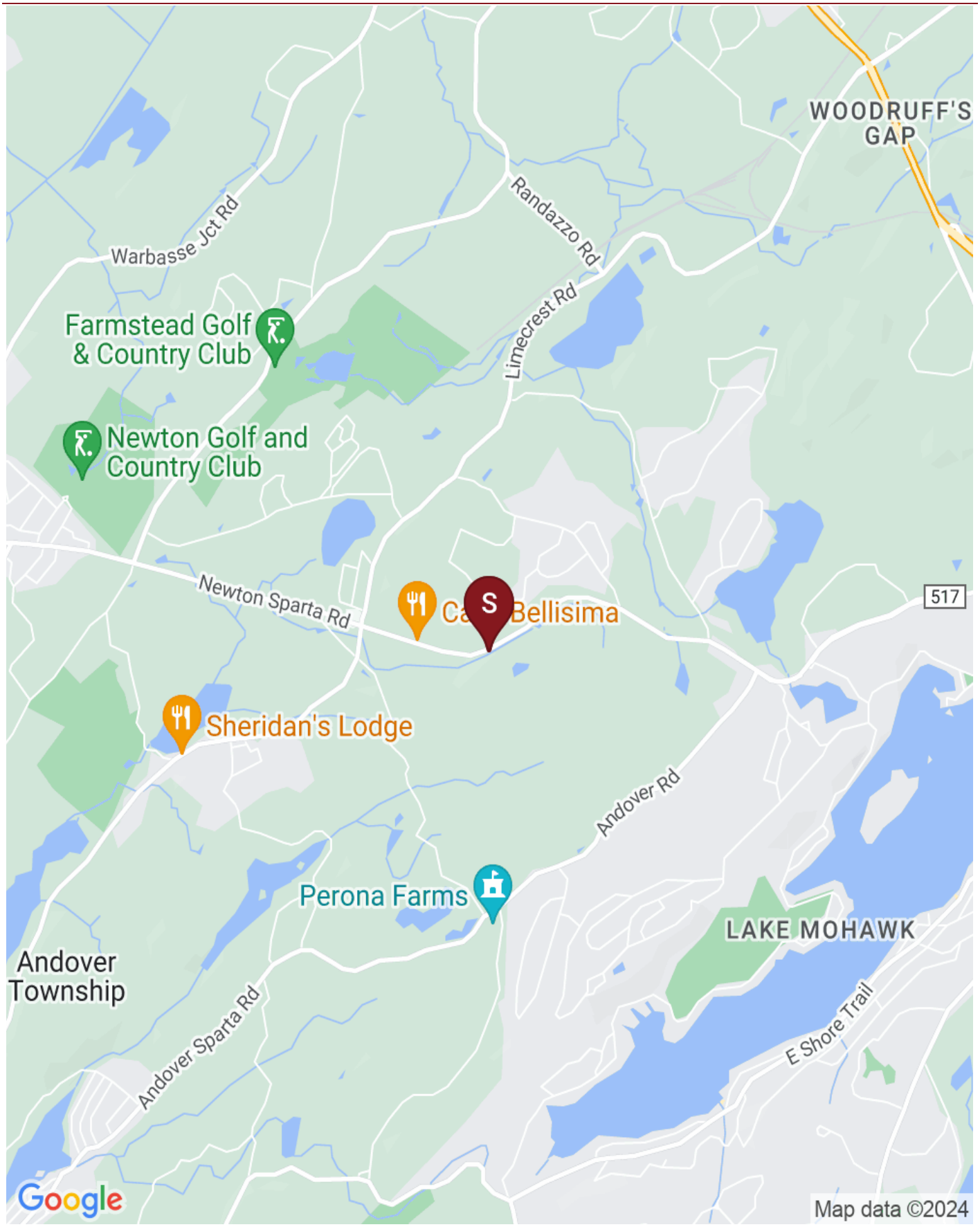
LOCAL AREA DEMOGRAPHICS

DESCRIPTION	NEW JERSEY	SUSSEX COUNTY	SPARTA & ANDOVER	DESCRIPTION	NEW JERSEY	SUSSEX COUNTY	SPARTA & ANDOVER
POPULATION TOTAL				HOUSEHOLDS			
2010 Census	8,791,894	149,165	25,985	2010 Census	3,214,360	54,716	8,921
2020 Census	9,288,994	144,221	25,596	2020 Census	3,426,102	55,915	9,134
2023 Estimate	9,398,155	144,306	25,736	2023 Estimate	3,500,811	56,710	9,297
2028 Projection	9,440,885	143,590	25,577	2028 Projection	3,569,114	57,452	9,398
Δ 2010-2020	5.65%	(3.31%)	(1.50%)	Δ 2010-2020	6.59%	2.19%	2.39%
Δ 2020-2023	1.18%	0.06%	0.55%	Δ 2020-2023	2.18%	1.42%	1.78%
Δ 2023-2028	0.45%	(0.50%)	(0.62%)	Δ 2023-2028	1.95%	1.31%	1.09%
Total Daytime Population	9,066,045	117,290	22,582	**HOUSEHOLDS BY INCOME (2023 ESTIMATE)**			
HOUSING UNITS				<$15,000	7.8%	3.8%	2.6%
Total (2023 Estimate)	3,838,888	63,502	10,008	$15,000 - $24,999	5.5%	4.2%	2.2%
Owner Occupied	58.2%	77.8%	85.9%	$25,000 - $34,999	5.6%	4.3%	2.6%
Renter Occupied	33.0%	11.5%	7.0%	$35,000 - $49,999	8.2%	6.6%	5.9%
Vacant Housing Units	8.8%	10.7%	7.1%	$50,000 - $74,999	13.7%	14.9%	10.2%
Total (2028 Projection)	3,905,289	64,117	10,073	$75,000 - $99,999	11.8%	14.1%	10.6%
Owner Occupied	58.8%	78.7%	86.7%	$100,000 - $149,999	18.1%	21.8%	19.2%
Renter Occupied	32.6%	10.9%	6.6%	$150,000 - $199,999	11.2%	12.6%	13.1%
Vacant Housing Units	8.6%	10.4%	6.7%	$200,000+	18.1%	17.5%	33.6%
AVERAGE HOUSEHOLD INCOME				**AVERAGE HOUSEHOLD SIZE**			
2023 Estimate	$137,727	$139,205	$190,108	2023 Estimate	2.63	2.52	2.71
2028 Projection	$154,304	$154,682	$209,040	2028 Projection	2.59	2.48	2.66
Δ 2023-2028	12.04%	11.12%	9.96%	Δ 2023-2028	(1.52%)	(1.59%)	(1.85%)
MEDIAN HOUSEHOLD INCOME				**MEDIAN HOME VALUE**			
2023 Estimate	$93,214	$102,827	$138,460	2023 Estimate	$437,535	$318,845	$415,562
2028 Projection	$103,505	$109,954	$151,926	2028 Projection	$470,523	$347,617	$447,593
Δ 2023-2028	11.04%	6.93%	9.73%	Δ 2023-2028	7.54%	9.02%	7.71%
PER CAPITA INCOME				**AVERAGE HOME VALUE**			
2023 Estimate	$51,378	$54,722	$68,715	2023 Estimate	$500,565	$348,411	$451,394
2028 Projection	$58,408	$61,907	$76,849	2028 Projection	$526,981	$378,452	$480,266
Δ 2023-2028	13.68%	13.13%	11.84%	Δ 2023-2028	5.28%	8.62%	6.40%

Source: Sites To Do Business Online

Conclusions

Historically, New Jersey and the subject county have been an affordable alternative to New York. Recent increases in real estate & income taxes as well as increasingly restrictive environmental & bureaucratic regulations have tended to reduce that advantage. Supply and demand factors in real estate have changed drastically over the past few years with many suburban residential markets experiencing a spike in demand as many families living in NYC and other densely populated urban areas in the state moving to the suburbs to escape overcrowding and other COVID-19 concerns. Another major factor playing out is the stay-at-home economy taking hold whereby many office jobs can now be done remotely which is reducing the need to be located near job centers. Commercial real estate market conditions have seen pockets of strength in well located industrial, apartment & retail properties with general weakness in the office market. Our outlook for the market area is neutral.


WOODRUFF'S GAP
Warbasse Jct Rd
Randazzo Rd
Limecrest Rd
Farmstead Golf & Country Club
Newton Golf and Country Club
Newton Sparta Rd
Bellisima
517
Sheridan's Lodge
Andover Rd
Perona Farms
LAKE MOHAWK
Andover Township
Andover Sparta Rd
E Shore Trail
Google
Map data ©2024

LOCAL AREA ANALYSIS

The subject property is located in Sparta & Andover and the immediate area of the subject is characterized by vacant land on the subject street. The neighborhood is defined by Route 94 to the north; Route 206 to the west; Route 15 to the east; and Andover Mohawk Road to the south. Land uses in the area are primarily vacant along the subject street with residential to both north and south.

DEMOGRAPHICS

The following information reflects the demographics for the subject's area within 1, 3- & 5-mile radius.

LOCAL AREA DEMOGRAPHICS

DESCRIPTION	1 MILE	3 MILE	5 MILE	DESCRIPTION	1 MILE	3 MILE	5 MILE
POPULATION TOTAL				HOUSEHOLDS			
2010 Census	1,128	17,479	38,410	2010 Census	324	6,161	13,930
2020 Census	1,077	17,034	38,099	2020 Census	357	6,224	14,354
2023 Estimate	1,085	16,961	38,279	2023 Estimate	362	6,281	14,564
2028 Projection	1,088	16,859	38,134	2028 Projection	368	6,344	14,752
Δ 2010-2020	(4.52%)	(2.55%)	(0.81%)	Δ 2010-2020	10.19%	1.02%	3.04%
Δ 2020-2023	0.74%	(0.43%)	0.47%	Δ 2020-2023	1.40%	0.92%	1.46%
Δ 2023-2028	0.28%	(0.60%)	(0.38%)	Δ 2023-2028	1.66%	1.00%	1.29%
Total Daytime Population	1,209	16,414	39,384	**HOUSEHOLDS BY INCOME (2023 ESTIMATE)**			
HOUSING UNITS				<$15,000	3.6%	2.7%	4.3%
Total (2023 Estimate)	371	6,762	15,712	$15,000 - $24,999	3.3%	2.3%	4.1%
Owner Occupied	94.6%	84.8%	77.0%	$25,000 - $34,999	1.4%	3.2%	4.0%
Renter Occupied	3.0%	8.1%	15.7%	$35,000 - $49,999	3.9%	6.1%	6.5%
Vacant Housing Units	2.4%	7.1%	7.3%	$50,000 - $74,999	6.4%	9.8%	13.1%
Total (2028 Projection)	375	6,801	15,857	$75,000 - $99,999	3.0%	11.3%	11.7%
Owner Occupied	95.2%	85.7%	78.1%	$100,000 - $149,999	14.1%	20.0%	19.4%
Renter Occupied	2.9%	7.6%	15.0%	$150,000 - $199,999	8.6%	12.9%	12.0%
Vacant Housing Units	1.9%	6.7%	7.0%	$200,000+	55.5%	31.6%	25.0%
AVERAGE HOUSEHOLD INCOME				**AVERAGE HOUSEHOLD SIZE**			
2023 Estimate	$242,425	$184,311	$160,153	2023 Estimate	2.57	2.61	2.56
2028 Projection	$265,458	$202,200	$176,977	2028 Projection	2.54	2.57	2.52
Δ 2023-2028	9.50%	9.71%	10.50%	Δ 2023-2028	(1.17%)	(1.53%)	(1.56%)
MEDIAN HOUSEHOLD INCOME				**MEDIAN HOME VALUE**			
2023 Estimate	$200,001	$132,077	$112,155	2023 Estimate	$526,734	$402,098	$366,354
2028 Projection	$200,001	$144,034	$120,575	2028 Projection	$564,010	$433,490	$392,663
Δ 2023-2028	0.00%	9.05%	7.51%	Δ 2023-2028	7.08%	7.81%	7.18%
PER CAPITA INCOME				**AVERAGE HOME VALUE**			
2023 Estimate	$71,760	$67,818	$60,753	2023 Estimate	$515,793	$442,733	$397,338
2028 Projection	$79,713	$75,595	$68,254	2028 Projection	$554,354	$471,127	$422,334
Δ 2023-2028	11.08%	11.47%	12.35%	Δ 2023-2028	7.48%	6.41%	6.29%

Source: Sites To Do Business Online

ECONOMIC INFLUENCES

The local area economic status is important to recognize as the measurement of income levels provides an indication of the ability of the area population to buy, rent and maintain property. The economic status of an area also provides an indication of the population's appetite for goods and services. Relevant economic information includes income levels, property ownership vs. rent, property rent levels, rent level trends, property vacancy and new construction. The majority of the housing units within 5-miles of the subject are owner occupied which compares similarly to other parts of Sparta & Andover.

ACCESS/PUBLIC TRANSPORTATION

Access to the area is made available via Routes 15, 181 and 206 along with county road 517. Lakeland Bus provides bus service to NYC. The subject area is not served by transit.

ENVIRONMENTAL INFLUENCES

The subject area is considered to be a typical neighborhood with average building size and density. There are no extraordinary topographical features, nuisances of hazards. Public utilities are available in most areas in quantities from public sources (few areas of septic and well remain). The area has both public and private schools in adequate supply and quality.

RECENT OR PLANNED PROJECTS

Within a 5-mile radius of the subject property, there are deliveries to note within the past year. Deliveries include a 15,000-SF office at 51 Main Street, Sparta, a two-building 100-unit apartment complex known as "Water Street Lofts" at 121 Water Street, Newton, and a two-building retail directly adjacent to Water Street Lofts located at 123 Water Street, Newton. Proposed projects to highlight include a 138-unit apartment building at 75 Lafayette Road, Lafayette, a 70-unit apartment building at 53 Sparta Avenue, Sparta, and a neighborhood center at 500-510 Lafayette Road, Sparta.

LOCAL AREA SUMMARY

In conclusion, the subject neighborhood is a mix of commercial and residential in nature with little land left to develop. The neighborhood is in the stability stage of its life cycle with no major land use changes planned. Occupancy levels overall are close to 95% while property maintenance ranges from average to good.

In this section, market conditions which influence the subject property are analyzed. An overview of Industrial supply and demand conditions for the Sussex County market and 5 Mile Radius submarket is presented. Key supply and demand statistics for the most recent quarter, last year and historical averages over the past 10 years are summarized in the tables below.

INDUSTRIAL MARKET AND SUBMARKET DATA SUMMARY (10 YEARS)					
		INVENTORY SUPPLY (SF)		VACANCY (%)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q4	2023	3,830,806	1,763,063	4.4%	4.9%
Q3	2023	3,830,806	1,763,063	5.2%	3.6%
Q2	2023	3,830,806	1,763,063	2.1%	0.3%
Q1	2023	3,830,806	1,763,063	3.8%	0.1%
	2022	3,816,788	1,749,045	2.5%	3.7%
	2021	3,816,788	1,749,045	6.6%	6.3%
	2020	3,561,238	1,503,495	10.7%	5.6%
	2019	3,550,838	1,493,095	7.1%	4.5%
	2018	3,540,438	1,482,695	4.5%	0.6%
	2017	3,533,238	1,482,695	9.6%	9.9%
	2016	3,533,238	1,482,695	12.4%	11.4%
	2015	3,505,718	1,457,095	10.9%	9.6%
	2014	3,505,718	1,457,095	11.6%	9.4%
	2013	3,444,718	1,457,095	12.7%	12.8%
		RENT $/SF		NET ABSORPTION (SF)	
QTR	YEAR	MARKET	SUBMARKET	MARKET	SUBMARKET
Q4	2023	$10.75	$12.00	31,448	(22,077)
Q3	2023	$11.34	$12.00	(117,143)	(59,073)
Q2	2023	$11.97	$12.00	64,305	(2,450)
Q1	2023	$11.84	$12.00	(48,780)	(280)
	2022	$12.34	$9.00	167,535	122,257
	2021	$6.56	$9.00	386,182	219,701
	2020	$6.97	$8.00	(117,221)	(6,450)
	2019	$6.84	$8.58	(83,882)	(48,860)
	2018	$4.65	$4.63	187,958	137,650
	2017	$5.11	$5.62	98,167	22,194
	2016	$5.00	$5.18	(29,531)	(2,726)
	2015	$5.27	$4.39	24,225	(2,600)
	2014	$5.41	$4.73	94,132	48,969
	2013	$5.04	$4.43	91,559	(27,889)

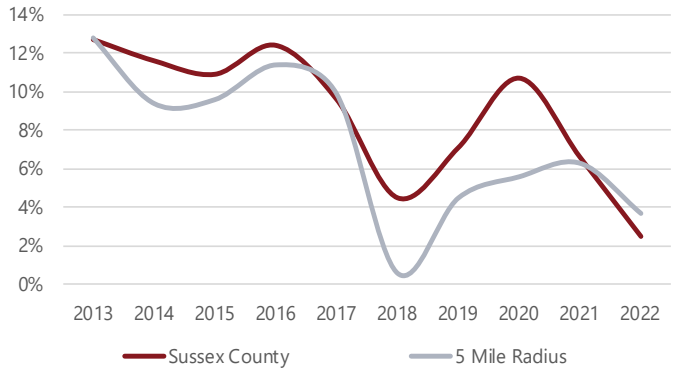
Source: CoStar Property®

The submarket comprises 46.0% of the total market inventory Net absorption was negative for the last year in both the market and submarket. As the data above shows, market conditions have improved over the past 5 years with increasing lease rates and stable vacancy rates despite inventory increases. Keeping this in mind, the rapid rise in demand for e-commerce goods due to the stay-at-home economy, we expect this sector to continue to improve over the next few quarters although at a slower pace as it appears consumer patterns have changed permanently due to COVID-19.

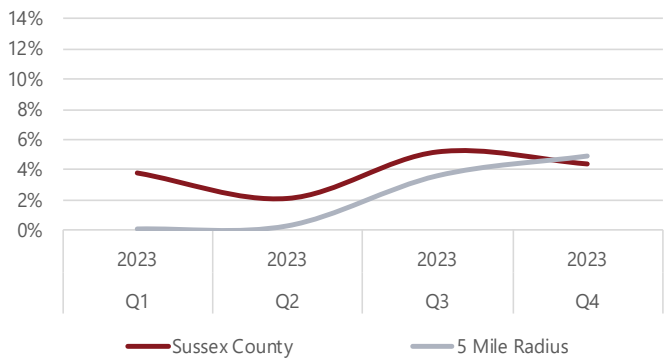
VACANCY

The following tables provide visual illustration of the long term and short term Industrial vacancy for the Sussex County market and 5 Mile Radius submarket.

LONG TERM VACANCY



SHORT TERM VACANCY

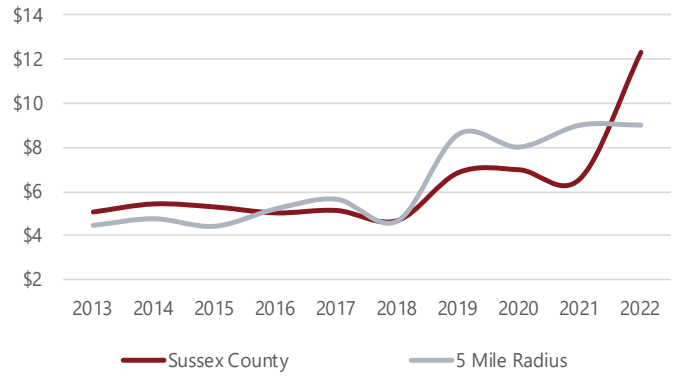


As the data above shows, vacancy has continued to decrease overall with market vacancy at 4.4% and submarket vacancy at 4.9%. The 5-year average vacancy rate is 6.3% in the market and 5.0% in the submarket. We expect vacancy rates to stay stable in the short to medium term given the current demand for industrial space.

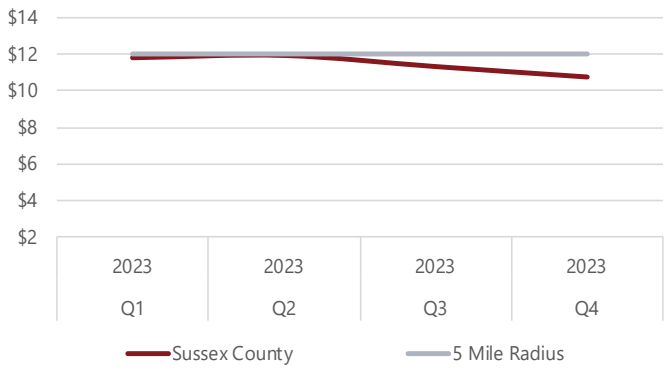
LEASE RATES

The following tables provide a visual illustration of rental Industrial trends for the Sussex County market and 5 Mile Radius submarket in the short and long term:

LONG TERM RENT



SHORT TERM RENT



As the data above shows, asking rents are at $10.75 per Acres in the market and $12.00 per Acres in the submarket. Market rent levels over the past year have changed -12.9% in the market and 33.3% in the submarket while over the past 5-years has changed 131.2% in the market and 159.2% in the submarket. We expect lease rates to stay stable in the short to medium term given the current demand for industrial space.

NEW CONSTRUCTION

The following tables provides the recently delivered and under construction Industrial supply for the Sussex County market and 5 Mile Radius submarket:

DELIVERIES (SF)

QTR	YEAR	MARKET	% OF TOTAL	SUBMARKET	% OF TOTAL
Q4	2023	0	0.0%	0	0.0%
Q3	2023	0	0.0%	0	0.0%
Q2	2023	0	0.0%	0	0.0%
Q1	2023	0	0.0%	0	0.0%
	2022	14,018	0.4%	14,018	0.8%
	2021	255,550	6.7%	245,550	14.0%
	2020	10,400	0.3%	10,400	0.7%
	2019	10,400	0.3%	10,400	0.7%
	2018	7,200	0.2%	0	0.0%

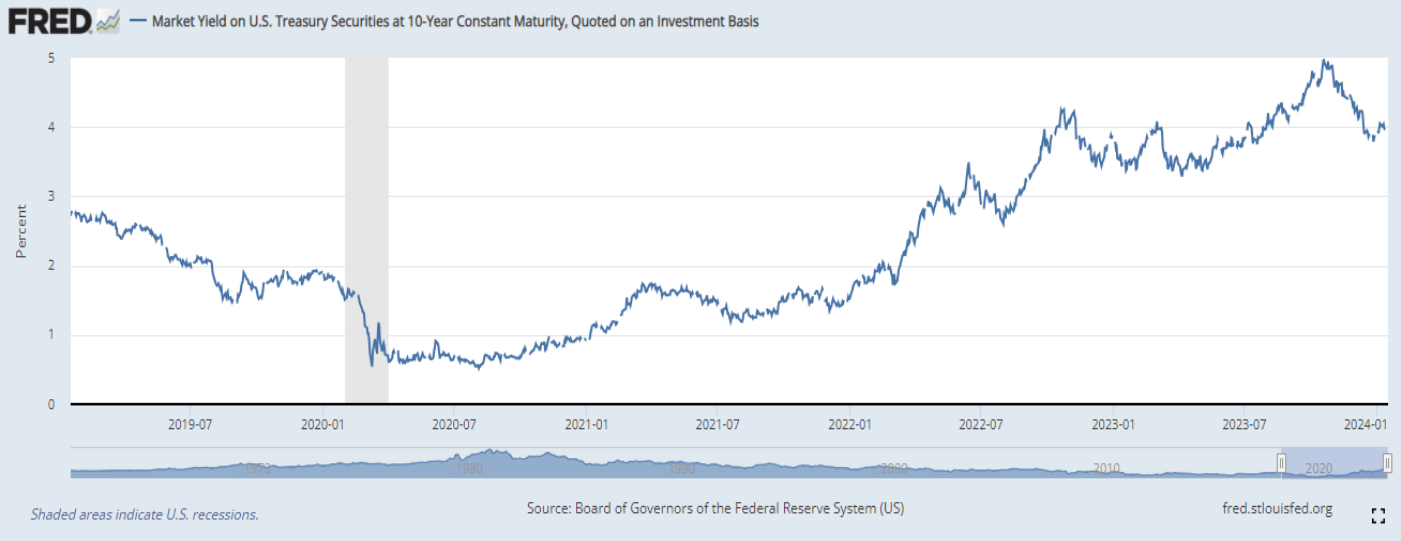
UNDER CONSTRUCTION (SF)

QTR	YEAR	MARKET	BUILDINGS	SUBMARKET	BUILDINGS
Q4	2023	0	0	0	0
Q4	2022	14,018	1	14,018	1
Q4	2021	242,600	4	232,600	3
Q4	2020	214,650	2	214,650	2
Q4	2019	214,650	2	214,650	2

As the tables above show, most of the new construction industrial projects have been delivered in the subject's market. Planned industrial projects in the subject's market include a proposed 500,000 SF distribution center at 1045 Limecrest Road in Lafayette, a proposed 541,250 SF warehouse development at 10 Route 23 in Montague, and a 955,000 SF proposed industrial project on Stickles Pon Road in Andover.

FINANCIAL MARKETS & INFLATION

In this section of the report, we will report on the 10-year treasury rate, currently 4.07% and inflation. The table below shows a 5-year history of the 10-year treasury.



Recent economic developments include slowing growth forecasts but still fairly robust jobs market. Most job growth has been seen in the restaurant & hospitality industry. The table below shows the CPI finally falling within the past year which has lead the Fed to announce in their December 13, 2023 meeting they expect to cut rates three times in 2024:



As of the writing of this report, the Federal Reserve has increased rates ten times (25, 50, 75, 75, 75, 75, 50, 25, 25, 25 and most recently 25 basis points). The Fed has indicated they are done increasing rates and plan to cut in 2024 up to three times as CPI is relatively flat month over month (late 2023) and approaching their target "2%" inflation which is within reach.

SWOT

The following SWOT Analysis chart summarizes the major property strengths and weaknesses while outlining potential opportunities or threats to the subject's competitive position and overall marketability.

STRENGTHS, WEAKNESSES, OPPORTUNITIES & THREATS

STRENGTHS	WEAKNESSES
Location	Wetlands
	Topography
OPPORTUNITIES	**THREATS**
Development opportunities	Tightening lending standards
	COVID-19 variants

MARKET ANALYSIS CONCLUSION

There is economic uncertainty related to inflation; however, the New Jersey real estate market has proven fairly resilient. Even with inflation concerns, we are cautiously optimistic for the subject property type to remain stable over the short and medium terms.

The subject property consists of seven parcels with a total site area of 4,709,707 SF (108.12 AC) which is based on information obtained from Sparta & Andover Assessor. It is perceived that there is no surplus or excess land at the subject. For the purposes of this report we have relied on this site area and reserve the right to amend our analysis upon receipt of a formal legal plan.

Overview

The subject property is comprised of three tax lots spread over two municipalities (Block 103, Lots 2 & 3.02 in Andover Township and Block 7001, Lot 1 in Sparta) totaling 108.120 acres with an appraisers' estimated usable land area of 43.248 acres or 40% of the total land area. The subject is wooded, the topography is sloping, and the shape is irregular. In addition, the site has wetlands, two lakes, and a brook along Newton Sparta Road which allows the property access to be only through the eastern portion of Block 7001, Lot 1. Please note that there is a driveway in the mentioned eastern section of Block 7001, Lot 1 which the appraisers inspected.

Please note that we requested engineering and wetlands assessment reports to have the accurate usable area of the subject property, however, none were provided. In addition, we reached out to Jessica Caldwell-Dykstra from J. Caldwell & Associates who is the planner of the subject's project, but our email and calls were not returned. Therefore, we will rely on our estimated usable land area of 43.248 acres or 40% of the total land area.

SITE INFORMATION

	TOTAL	
APN Number	**SF**	**ACRES**
Block 7001, Lot 1. Qual: QFARM (Sparta)	1,417,878	32.55
Block 103, Lot 3.02. Qual: QFARM (Andover)	498,762	11.45
Block 103, Lot 2. Qual: QFARM (Andover)	2,793,067	64.12
Block 103, Lot 3.02. Qual: B01 (Andover)	0	0.00
Block 103, Lot 3.02. Qual: B02 (Andover)	0	0.00
Block 103, Lot 3.02. Qual: B03 (Andover)	0	0.00
Block 103, Lot 3.02. Qual: B04 (Andover)	0	0.00
TOTAL	**4,709,707**	**108.12**

Number of Parcels	7	
Assessor Parcels	Block 7001, Lot 1. Qual: QFARM (Sparta), Block 103, Lot	
Land Area	Square Feet	Acres
Total Land Area	**4,709,707**	**108.12**
Excess/Surplus Land	No	
Corner	No	
Site Topography	Sloping At street grade	
Site Shape	Irregular	
Site Grade	At street grade	
Site Quality	Average	
Site Access	Below Average	
Site Exposure	Average	
Site Utility	Average	
Utilities	Assume all are available	

Adjacent Properties

North	Residential
South	Vacant
East	Vacant
West	Office/Retail

STREET & TRAFFIC DETAIL

Street Improvements	Type	Direction	Lanes	Lights	Curbs	Sidewalks	Median	Parking	Center Lane	Bike Lane
Newton Sparta Road	Minor arterial	Two-Way	2							
Frontage										
Newton Sparta Road	3,829									

Exposure & Visibility The subject has average exposure and visibility from Sparta Avenue & Newton Sparta Road.

Flood Plain Zone X (Unshaded). This is referenced by Panel Number 34037C0316E, dated September 29, 2011. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems.

Easements A preliminary title report was not available for review. During the property inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there are no adverse easements present. If questions arise, further research is advised.

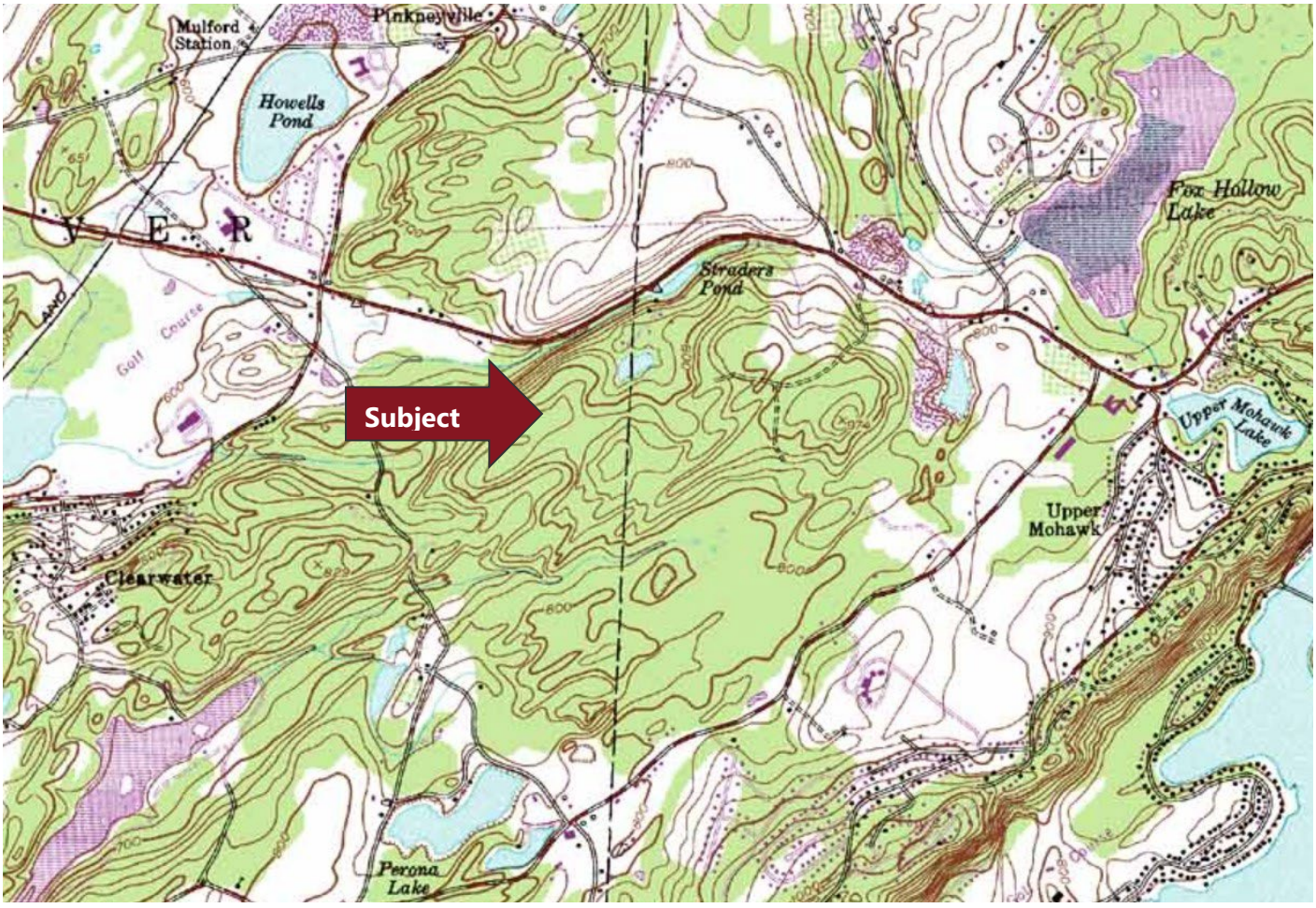
Wetlands Based on the NJGeoWeb map it appears that roughly 8.39-Acres of wetlands is present.

Soils A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

Hazardous Waste We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

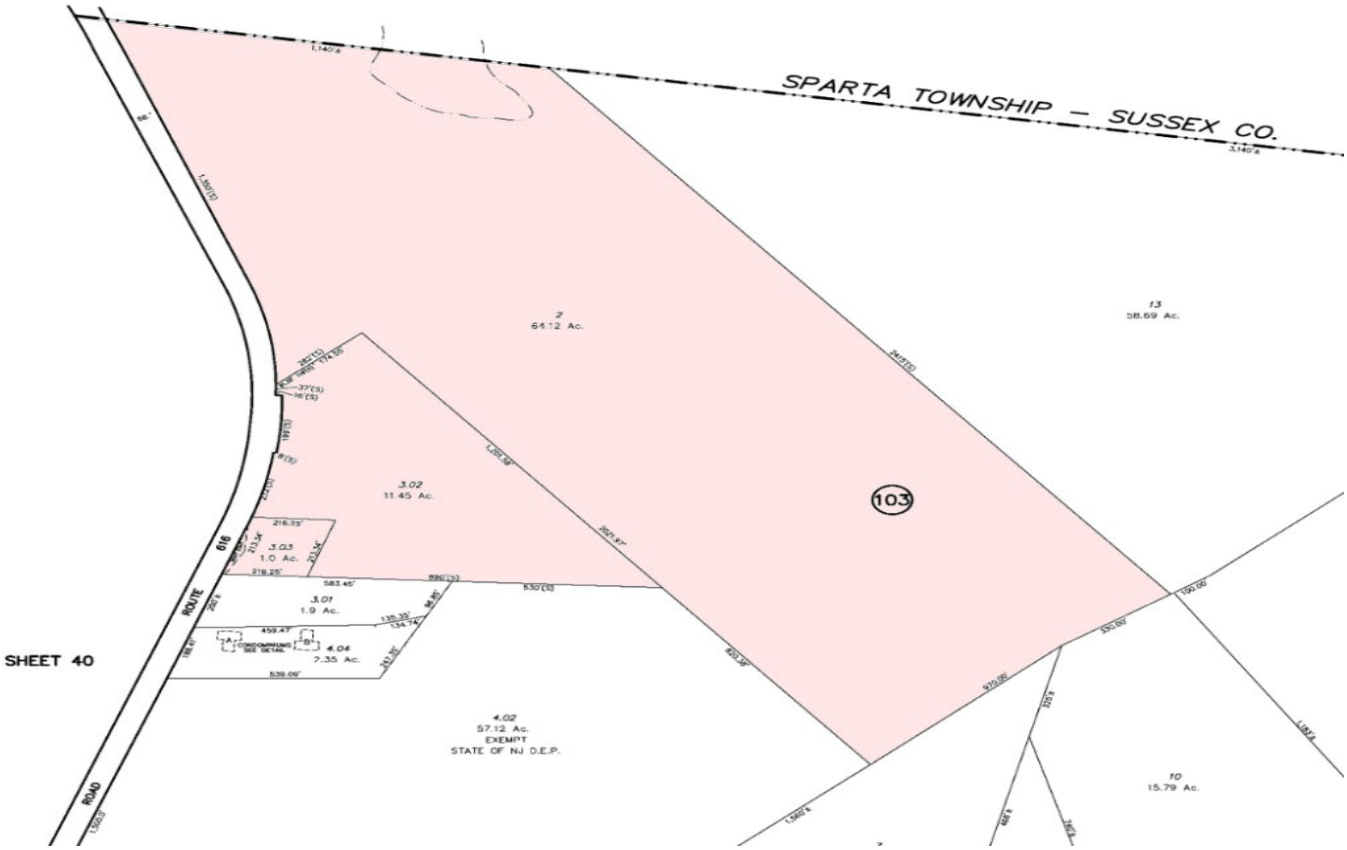
Site Rating Overall, the subject site is considered average as a land site in terms of its location, exposure and access to employment, education and shopping centers, based on its location along a minor arterial. The subject is wooded, the topography is sloping, and the shape is irregular. In addition, the site has wetlands, two lakes, and a brook along Newton Sparta Road which allows the property access to be only through the eastern portion of Block 7001, Lot 1.

Topographical Map

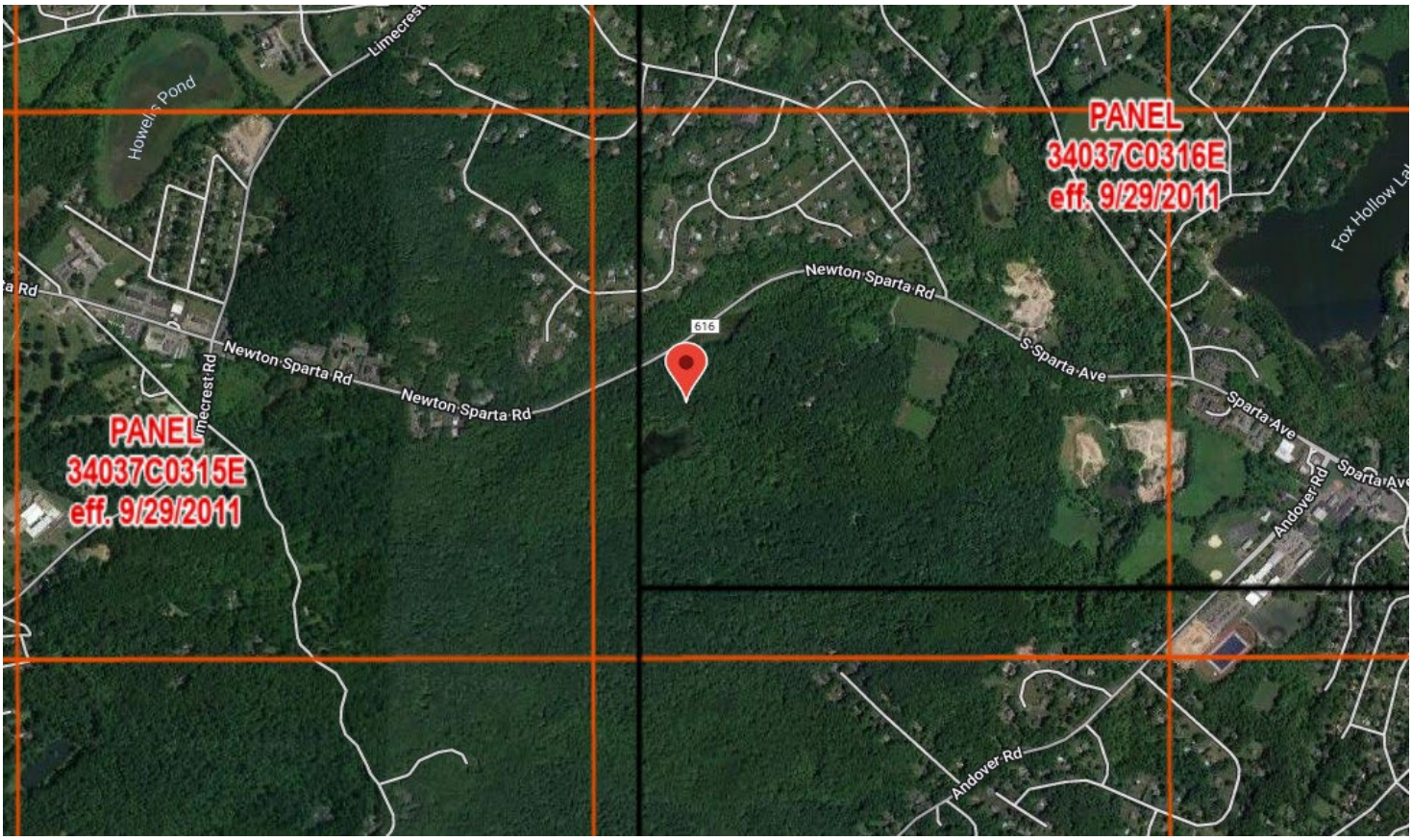




Block 7001, Lot 1 - Sparta



Block 103, Lots 2 & 3.02 – Andover Township


PANEL
34037C0316E
eff. 9/29/2011
PANEL
34037C0315E
eff. 9/29/2011
Newton Sparta Rd
Newton Sparta Rd
Newton Sparta Rd
S Sparta Ave
Sparta Ave
Andover Rd
Andover Rd
Limecrest Rd
616





Site



Site



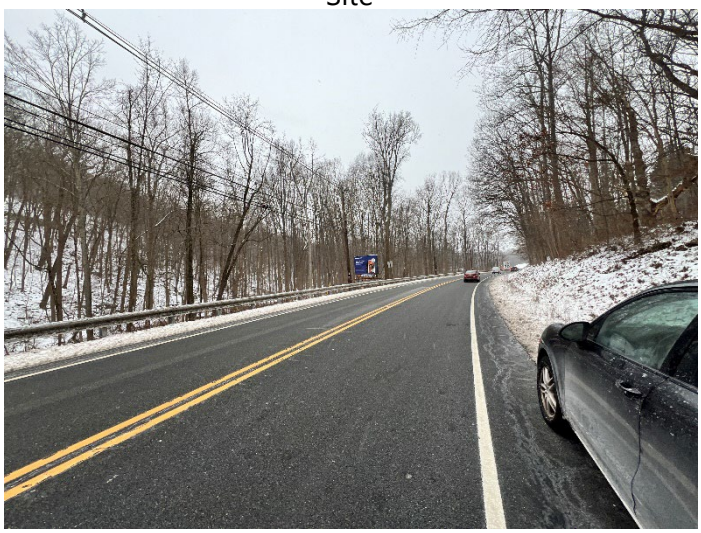
Site



Site



Site



Billboard



Site



Site



Billboard



Site



Site



Site

New Jersey's real property tax is an "ad valorem tax," or a tax according to value. All real property is assessed according to the same standard of value except for qualified agricultural or horticultural land. The standard measure of property value is "true value" or market value, that is, what a willing, knowledgeable buyer would pay a willing, knowledgeable seller on the open market at a bona fide sale as of the statutory October 1 pretax year assessment date. The value of qualified farmland is based upon its productive capabilities when devoted to agricultural or horticultural uses.

Real property is required to be assessed at some percentage of true value established by the county board of taxation in each county. All 21 counties in New Jersey have chosen 100%. New Jersey's equalization program is designed to ensure that each taxing district, as a whole, is treated equitably. Equalized valuations are used to apportion among taxing districts within a county the costs of county government; as a component of the formula used for the distribution of school aid; and for the distribution of costs of school districts covering more than one municipality. The principal part of the work of equalization lies in determining the aggregate true value of all real estate in each of the state's 565 taxing districts. This figure is established by a program of assessment- sales ratio analysis. Procedures of sales data collection and analysis have been developed by the Property Administration Branch of the Division of Taxation, but the success of the process requires the cooperation of every county board of taxation and every local tax assessor. County, municipal and school budget costs determine the amount of property tax to be paid. A town's general tax rate is calculated by dividing the total dollar amount it needs to raise to meet local budget expenses by the total assessed value of all its taxable property. An individual's property taxes are then calculated by multiplying that general tax rate by the assessed value of his particular property. Because of New Jersey's strong "home rule" concept of government, the State does not participate in the making of local budgets, nor does it receive any of the property taxes collected. Last Updated: Friday, 06/08/18

The subject's assessed values and property taxes for the current year are summarized in the following table.

ASSESSMENT & TAXES (2024)

EQUALIZATION RATIO SPARTA	**78.13%**				**TAX RATE SPARTA**	$3.556
EQUALIZATION RATIO ANDOVER	**80.88%**				**TAX RATE ANDOVER**	$4.142
ASSESSOR PARCEL #	**LAND**	**IMPROVEMENTS**	**TOTAL**	**EXEMPTIONS**	**EQUALIZED VALUE**	**TAXES**
Block 7001, Lot 1. Qual: QFARM (Sparta)	$3,100	$0	$3,100	$0	$3,968	$110
Block 103, Lot 3.02. Qual: QFARM (Andover)	$1,200	$0	$1,200	$0	$1,484	$50
Block 103, Lot 2. Qual: QFARM (Andover)	$7,000	$0	$7,000	$0	$8,655	$290
Block 103, Lot 3.02. Qual: B01 (Andover)	$0	$0	$0	$0	0	#REF!
Block 103, Lot 3.02. Qual: B02 (Andover)	$0	$0	$0	$0	0	#REF!
Block 103, Lot 3.02. Qual: B03 (Andover)	$0	$0	$0	$0	0	#REF!
Block 103, Lot 3.02. Qual: B04 (Andover)	$0	$0	$0	$0	0	#REF!
Subtotal	$11,300	$0	$11,300	$0	$14,106	#REF!
Subtotal $/GBA	-	-	-	-	-	-
TOTAL TAXES $/GBA / $ TOTAL					**-**	**#REF!**

Source: Sussex County Assessment & Taxation

The total assessment for the subject is $11,300 and the equalized market value is $14,106. Based on the value conclusion within this report, the subject appears to be in an advantageous tax position. We consider this to be due to all lots being assessed as farmland. Please note that the 2024 tax rate will not be available until August; therefore, we needed to inflate the 2023 tax rate by 2% to arrive at the estimated 2024 tax rate.

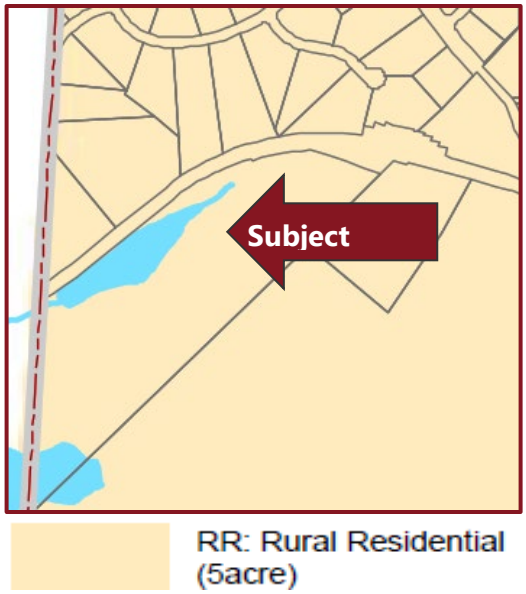
As of the effective date of this report, Block 103, Lots 2 and 3.02 are partially located in the Single-Family Residential (R-2) and the Community Business (CB) zones while Block 7001, Lot 1 is in the Rural Residential (RR). Block 103, Lots 2 & 3.02 are located in Andover Township, and Block 7001, Lot 1 in Sparta. Having said this, the owner is in the process of getting Lots 2 & 3.02 as an area in need of redevelopment which would allow the subject property for additional uses including industrial and outdoor storage. The owner plans on constructing a corporate campus with an industrial area for fleet and truck maintenance, industrial outdoor storage, and office space.

Rural Residential (RR) – Sparta: Permitted uses in the RR zone include single-family dwelling units, agriculture, and gold courses. Conditional uses include kennels, schools and institutions, and churches.

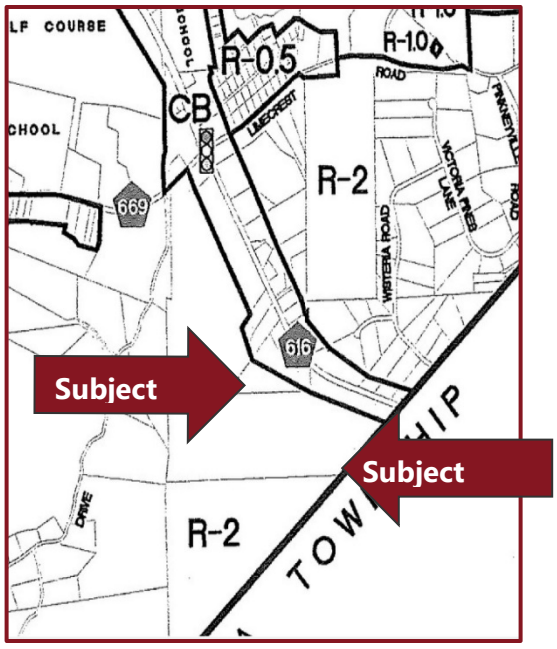
Single-Family Residential (R-2) – **Andover Township**: Permitted principal uses include agriculture, farm or horticulture uses; community shelters; family day care centers; golf courses; lot averaged development options; public parks, playgrounds, conservation areas, municipal facilities; and single-family detached dwellings. Permitted conditional uses include animal hospitals and kennels; country clubs, swim clubs, and outdoor recreational facilities; essential services; places of worship and religious institutions; riding academies and stables; and public and private schools.

Community Business (CB) – **Andover Township**: Permitted uses include agricultural uses, banks and fiduciary institutions, business offices, medical offices, child-care centers, schools, greenhouses, nurseries, golf courses, places of worship, professional offices, restaurants, retail sales, service activities, and single-family homes. Conditional uses include automobile repair services, essential services, and gasoline service stations.

The zoning map can be seen below followed by the bulk and yard requirements of the zone:



Element	***Requirement***
Minimum Lot Area:	5 acres
Minimum Frontage:	250’
Minimum Lot Depth:	N/A
Minimum Front Yard Setback:	75'
Minimum Rear Yard Setback:	75'
Minimum Side Yard Setback:	50'
Maximum Building Coverage:	N/A
Maximum Lot Coverage:	10%
Maximum FAR:	N/A
Maximum Height:	38'/2 ½ Stories



CB Community Business

R-2 Single Family Residential

Element	*R-2*	*CB*
Minimum Lot Area:	87,000 SF	20,000 SF
Minimum Frontage:	200′	100'
Minimum Lot Depth:	N/A	N/A
Minimum Front Yard Setback:	50′ – 70′	40'-100′
Minimum Rear Yard Setback:	40′	50'
Minimum Side Yard Setback:	30′	20'
Maximum Building Coverage:	15%	20%
Maximum Lot Coverage:	N/A	60%
Maximum FAR:	N/A	N/A
Maximum Height:	35'/2 ½ Stories	35'/2 ½ Stories

Zoning Compliance: No survey was provided; however, it appears that the subject is conforming to bulk and yard requirements. The proposed use of a corporate campus with an industrial area for fleet and truck maintenance, industrial outdoor storage, and office space would only be allowed if the subject is deemed an area in need of redevelopment and industrial and outdoor storage uses are included. The appraiser is not an expert in complex land uses and zoning, additional information may be obtained from the appropriate governmental authority or from a land use attorney. For purposes of this appraisal, Meehan Valuation has assumed the information obtained is correct.

Highest and Best Use is defined as the reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value.

To estimate the Highest and Best Use of the subject site, as though vacant and as improved, a use must meet four, sequential criteria. Throughout the analysis of each potential use not eliminated from consideration by one of the four criteria, the appraiser must consider the reasonable probability of such use based not only on supply and demand factors, but also on the nature of development surrounding and near the subject site, land availability and competition among various uses for the subject site.

The four sequential criteria are as follows:

- Physically possible - those uses which are physically possible of being constructed on the site.
- Legally permissible - those uses legally permitted and not limited by such factors as environmental, zoning or deed restrictions.
- Financially feasible - those uses that are physically possible, legally permissible and expected to produce a positive return on the investment.
- Maximally productive - a determination of which among those financially feasible uses will produce the highest rate of return and thus indicate the highest and best use.

AS THOUGH VACANT

- Legally permitted - the most important restriction on the land use is the local zoning ordinance. The subject is within the RR, R-2, & CB which primarily allows for residential and commercial uses. Please note that we have made the hypothetical condition that Block 103, Lots 2 and 3.02 become an area in need of redevelopment and that a corporate campus with industrial and outdoor storage uses are added to the permitted uses within the zoning for these two lots. The site conforms to the bulk requirements of the zone and can be developed with a permissible use.
- Physically possible - the physical characteristics of the subject land (size, shape, location, and topography) allow for a wide range of developable uses. Based on topographical aerial maps and conversations with the owner, Block 7001, Lot 1 will mostly likely be undeveloped due to its topography and will be used to access the subject's proposed building considering that the majority of the building area will be on Block 103, Lot 2. Finally, Block 103, Lot 3.02 will most likely be undeveloped due to its topography concerns and wetlands.
- Financially Feasible – based on supply and demand factors discussed in the Market Analysis section of this report, market conditions are strong enough to support an industrial development.
- Maximally productive – given industrial development would return the highest value to the underlying land, it is considered maximally productive. The ideal improvement would be a corporate campus with an industrial area for fleet and truck maintenance, industrial outdoor storage, and office space as the owner intends to develop.

AS IMPROVED ANALYSIS

Utilizing the three tests described, there are several possible conclusions for the Highest and Best Use of an improved property:

- Demolish the existing improvements in favor of redevelopment according to the ideal improvement, consistent with the highest and best use as vacant. This option applies to properties whose existing improvements no longer contribute to value and/or the cost of demolition and redevelopment is feasible to provide for a return on all redevelopment costs.

- Renovate or reconfigure the existing improvements for a similar or alternate use. This option applies to properties whose existing improvements are not consistent with the ideal improvement, yet deprecation, the physical deterioration and/or functional obsolescence, is curable through renovation, addition and/or reconfiguration.

- Maintain the existing improvements and use as currently configured. In this case, the existing use represents the highest and best use of the property, as improved, and any forms of depreciation that are present are considered incurable.

Conclusion

It has been determined that the improvements no longer contribute to value, and it is feasible to redevelop the property according to its highest and best use as vacant. Please note that we will not deduct demolition costs for the existing structures as the subject has four billboards which will offset this expense.

This section values the subject site by comparing it with substitute land sales or listings within the local market area or in competitive areas throughout the region. Land value is influenced by a number of factors; most notably development and use potential. These factors, as well as others, are factored in the following analysis.

Unit of Comparison

The most relevant unit of comparison for competing land is the $/Acres. All of the comparable sales presented in this section were reported on this basis. Please note that our unit of comparison is based on the total land area of the three lots. We consider this reasonable as the proposed development will be operating as one economic entity.

Adjustments

Adjustments to the comparable sales were considered and made when warranted for expenditures after purchase, property rights transferred, conditions of sale, financing terms, and market conditions.

1. **Property Rights -** All of the sales comparables were fee simple sales under no unusual circumstances; no adjustments needed.
2. **Financing -** The sales all reflected typical cash equivalent, lender-financed transactions and no adjustments were required for financing terms.
3. **Sale Conditions -** None of the comparables required a condition of sale adjustment, as all were confirmed to be arm's length transactions.
4. **Expenditures After Sale -** Expenses that the buyer incurs after purchase (demolition, cleanup costs, etc.). The Sales were adjusted accordingly.
5. **Market Conditions (Time)** – No market conditions adjustments were made given the current state of the capital markets and monetary tightening.

Quantitative Adjustment Process

Quantitative percentage adjustments are also made for location and physical characteristics such as size, location quality, access, exposure, as well as other applicable elements of comparison. Where possible the adjustments applied are based on paired data or other statistical analysis. It should be stressed that the adjustments are subjective in nature and are meant to illustrate the logic in deriving a value opinion for the subject property by the Land Sales Comparison Approach.

Comparable Selection

A thorough search was made for similar land sales in the area. The parameters of the survey were highest and best use, zoning, proximity to the subject, size, and date of sale. In selecting comparables, emphasis was placed on confirming recent sales of sites that are similar to the subject property in terms of location and physical characteristics. Overall, the sales used represent the best comparables available for this analysis. Given the dearth of similarly positioned land sales in the subject's municipalities, it was necessary to expand our search to other municipalities in Sussex County. Sales 1, 3, and 4 were selected as they are land sales located in Andover. Sale 2 was selected as it is a land sale located in the subject's county.

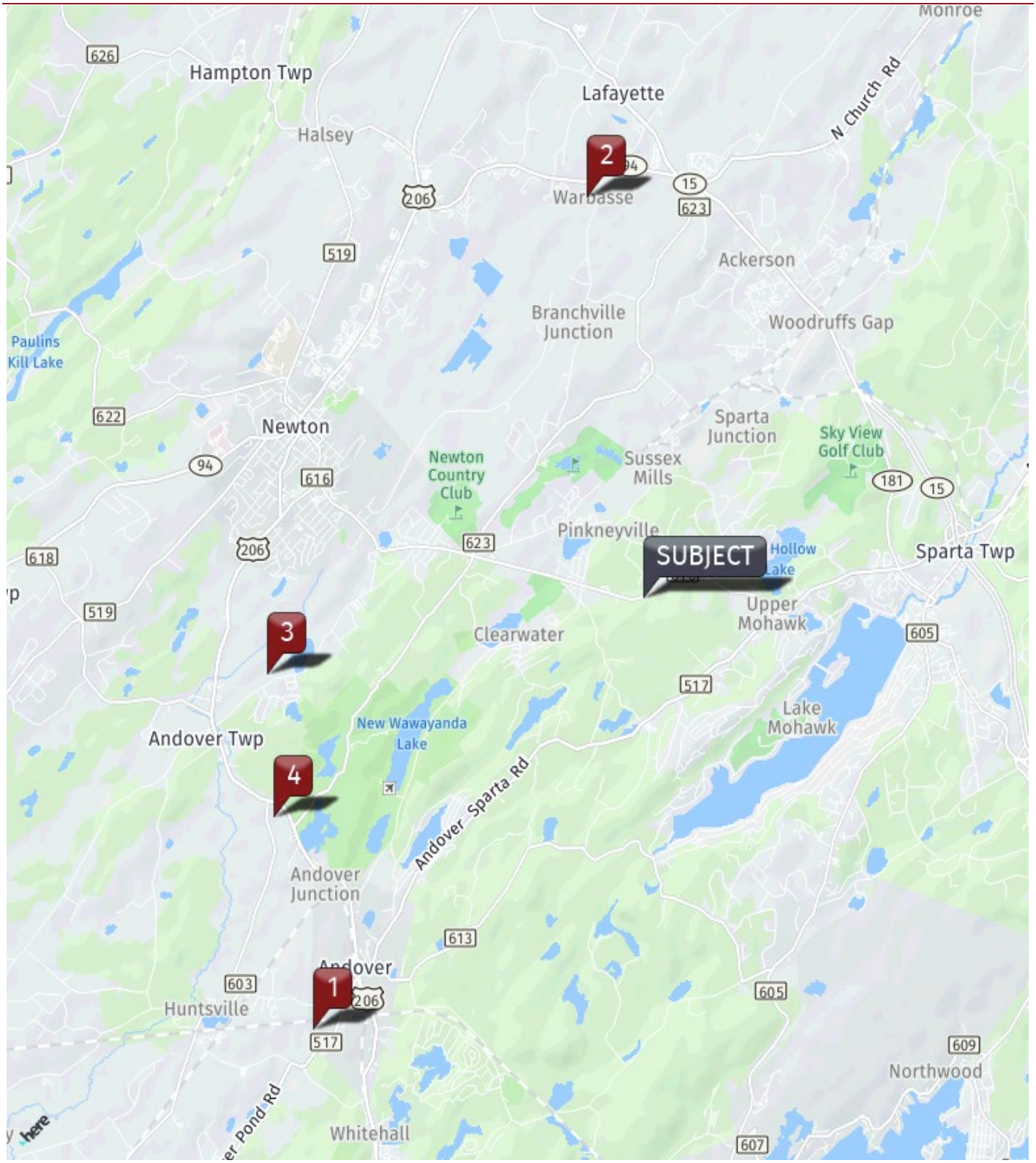
Presentation

The following Land Sales Comparison Table, location map and exhibits summarize the sales data. Following these items, the sales are adjusted for applicable elements of comparison and the site value is concluded. See Addenda for Comparable Data Sheets. Please note that superscript numbers on Sale Information lines reference Adjustments section seen on the previous page.

Please note that the owner is in the process of getting Lots 2 & 3.02 as an area in need of redevelopment and we have made the hypothetical condition that the subject is deemed that these lots are deemed an area in need of redevelopment, thus, we will value the subject property subject to approvals for industrial development. In addition, we requested engineering and wetlands assessment reports to have the accurate usable area of the subject property, however, none were provided. Therefore, we will rely on our estimated usable land area of 43.248 acres or 40% of the total land area. Finally, we will analyze the subject site with below-average access due to the existence of the brook along Newton Sparta Road which allows the property access to be only through the eastern portion of Block 7001, Lot 1.

LAND SALES COMPARISON TABLE

	SUBJECT	COMP 1		COMP 2		COMP 3		COMP 4	
Address	466 Sparta Avenue & Newton Sparta Road	117 Andover Sparta Road		157 Route 94		248 Stickles Pond Road		662 Route	
City	Sparta & Andover	Andover Township		Lafayette		Andover Township		Andover	
State	NJ	NJ		NJ		NJ		NJ	
Zip	07871	01902		07848		01902		07821	
County	Sussex	Sussex		Sussex		Sussex		Sussex	
SALE INFORMATION									
Transaction Price		$722,700		$1,525,000		$1,200,000		$275,000	
Transaction Price $/Acres		$44,256		$36,962		$12,392		$26,166	
Property Rights [1]		Fee Simple		Fee Simple		Fee Simple		Fee Simple	
Financing [2]		Cash to Seller		Equivalent		Cash to Seller		Equivalent	
Sale Conditions [3]		Arm's Length		Arm's Length		Arm's Length		Arm's Length	
Expenditures After Sale [4]		$0		$0		$50,000	4.2%	$0	
Market Conditions [5]		5/8/2023		9/6/2022		12/3/2021		6/16/2021	
Sale Status		Recorded		Recorded		Recorded		Recorded	
Total Transactional Adjustments		$0	0%	$0	0%	$516	4%	$0	0%
Adjusted $/Acres		**$44,256**		**$36,962**		**$12,908**		**$26,166**	
PHYSICAL INFORMATION									
Acres	108.12	16.33	(20%)	41.26	(10%)	96.84		10.51	(20%)
Location	Average	Similar		Similar		Similar		Similar	
Access	Below Average	Superior	(5%)	Superior	(5%)	Superior	(5%)	Superior	(5%)
Shape	Irregular	Similar		Similar		Similar		Similar	
Flood Zone	Zone X (Unshaded)	Similar		Similar		Similar		Similar	
Entitlements	Subject-to	No Approvals	10%	Subject-to		No Approvals	10%	No Approvals	10%
Usable Area	40% Estimated	100% Usable	(20%)	90% Usable	(20%)	50% Usable		20% Usable	10%
Site Utility	Wooded	Superior	(10%)	Superior	(10%)	Superior	(3%)	Similar	
Proposed Use	Industrial/Commercial	Similar		Similar		Similar		Similar	
Total Physical Adjustments		($19,915)	(45%)	($16,633)	(45%)	$258	2%	($1,308)	(5%)
Adjusted $/Acres		**$24,341**		**$20,329**		**$13,166**		**$24,858**	



COMPARABLE	LABEL	ADDRESS	MILES FROM SUBJECT
COMPARABLE 1	1	117 Andover Sparta Road, Andover Township, NJ, 01902	5.1
COMPARABLE 2	2	157 Route 94, Lafayette, NJ, 07848	3.7
COMPARABLE 3	3	248 Stickles Pond Road, Andover Township, NJ, 01902	3.7
COMPARABLE 4	4	662 Route, Andover, NJ, 07821	4.1

LAND SALE EXHIBITS



COMPARABLE 1



COMPARABLE 2



COMPARABLE 3



COMPARABLE 4

Land Sales Adjustment Discussion

The comparable land sales indicate an overall unadjusted value range from $12,392/Acre to $44,256/Acre, and average of $29,944/Acre. After adjustments, the comparables indicate a narrower range for the subject site between $13,166/Acre and $24,858/Acre with an average of $20,674/Acre. The adjustment process is described below.

Land Sale 1 ($24,341/Acre Adjusted) This is the sale of an unapproved and unimproved triangular site totaling 16.33 acres spread over three lots. Please note that the larger lot along The site is cleared and developable. This is an auction sale and per conversations with the listing broker, the buyer intends to develop an industrial building. Max Spann Real Estate & Auction Company listed the property for sale.

This comparable was adjusted downward for its land area (economies of scale), superior access, superior usable land area, and superior utility (the site was cleared at the time of the sale). Upward adjustments were made for the comparable selling without approvals (time, money, and risk associated with the approvals process).

Land Sale 2 ($20,329/Acre Adjusted) This is an assemblage sale of two parcels totaling 41.259 acres. The larger lot was located primarily in the LI zone. The smaller parcel was situated in the R-5 (residential) zone. The properties were purchased simultaneously from separate owners though marketed together. The property was purchased subject to approval for industrial development; a total of 335,100 SF related to materials manufacturing related to the pharmaceutical industry and a residential subdivision in the southern section of the lot. Approvals were memorialized on September 29, 2022, with contingencies. There is a stream located south of the properties but the southernmost part of Lot 4.03 is in a flood zone and encumbered by wetlands. However, most of the lot is developable.

This comparable was adjusted downward for its land area (economies of scale), superior access, superior usable land area, and superior utility.

Land Sale 3 ($13,166/Acre Adjusted) This is the sale of a 96.84-acre parcel of which approximately 52 acres are usable. Please note that approximate 91 acres are zoned residential while the remaining are zoned commercial. The site is partially wooded, mostly flat, and wetlands are present. At the time of the sale, the property was an abandoned airport with an asphalt runway, hangars, storage containers, access driveways, and other vacant buildings. Please note that we have added $50,000 to the sale price to account for demolition costs. The site sold unapproved and it is located outside of the Highlands Area. Originally, the buyer applied to obtain entitlements for a 12,860 SF auto-related building with auto storage, however, the approvals were not granted. The buyer then intended to get approvals to develop two industrial buildings totaling 750,000 SF plus an additional designated future development area. American Properties marketed the property for sale.

This comparable was adjusted downward for its superior access and its superior utility. Upward adjustments were made for the comparable selling without approvals (time, money, and risk associated with the approvals process).

Land Sale 4 ($24,858/Acre Adjusted) This is the sale of a commercially zoned (inclusive of industrial uses) parcel. The property was previously net leased by Wawa. Wawa never constructed but was honoring the lease and paying rent. The seller was paying the mortgage but once Wawa stopped, it was foreclosed on. This buyer purchased it for his landscaping business and was recently clearing land (2023) to build a light industrial building. Per the broker, the site sold wooded and was unapproved for any development. In addition, he said the land is hard limestone with limestone caverns. Only 2 acres in the front is usable without sewer. Rear would not pass perc testing. NAI James E. Hanson, Inc. marketed the property for sale.

This comparable was adjusted downward for its land area (economies of scale) and its superior access. Upward adjustments were made for the comparable selling without approvals (time, money, and risk associated with the approvals process) and for its inferior usable land area.

LAND VALUE CONCLUSION

The comparables indicate a unit value, based on a general bracketing analysis, between $13,166/Acre and $24,858/Acre. Based on the subject's overall locational and physical features, a unit value conclusion towards the median or $22,500/Acre is supported. The following table summarizes the comparable land sales analysis and applies the unit value conclusion to the site area to provide an indication of the as-vacant land value. Please note that we will not deduct demolition costs for the existing structures as the subject has four billboards which will offset this expense.

LAND SALES COMPARISON APPROACH CONCLUSION (ACRES)

	TRANSACTION	ADJUSTMENT				NET	GROSS
	PRICE	TRANSACTIONAL[1]	ADJUSTED	PROPERTY[2]	FINAL	ADJ	ADJ
1	$44,256	0%	$44,256	(45%)	$24,341	(45%)	65%
2	$36,962	0%	$36,962	(45%)	$20,329	(45%)	45%
3	$12,392	4%	$12,908	2%	$13,166	6%	22%
4	$26,166	0%	$26,166	(5%)	$24,858	(5%)	45%
HIGH	*$44,256*	*4%*	*$44,256*	*2%*	*$24,858*	*6%*	*65%*
AVG	*$29,944*	*1%*	*$30,073*	*(23%)*	*$20,674*	*(22%)*	*44%*
MED	*$31,564*	*0%*	*$31,564*	*(25%)*	*$22,335*	*(25%)*	*45%*
LOW	*$12,392*	*0%*	*$12,908*	*(45%)*	*$13,166*	*(45%)*	*0%*

	SUBJECT ACRES		$/ACRE		VALUE
Total Land Area	108.1200	x	$22,500	=	$2,432,700
INDICATED VALUE (ROUNDED TO NEAREST $50,000)			$22,660		$2,450,000

[1]Cumulative [2]Additive

RECONCILIATION OF VALUE CONCLUSIONS

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Below, the individual strengths and weaknesses of each approach are analyzed.

The **Cost Approach** was not presented in this analysis as the highest and best use of the site is to raze the improvements to make way for an industrial development. The exclusion of the Cost Approach does not diminish the credibility of the value conclusion.

The price per acre method has been presented in the **Sales Comparison Approach**. There have been recent sales of properties similar to the subject in the market area under current market conditions, which increases the validity of this approach.

The **Income Approach** is not a scope requirement for this assignment as we have determined that the highest and best use of the site is to raze the improvements to make way for an industrial with minor commercial development. The exclusion of the Income Approach does not diminish the credibility of the value conclusion.

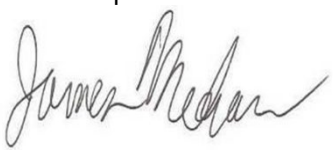
RECONCILIATION OF VALUES

VALUATION SCENARIOS	AS-IS
Interest	Fee Simple Estate
Date	January 18, 2024
LAND VALUE	
LAND CONCLUSION	**$2,450,000**
$/AC Total Land Area	$22,660
FINAL VALUE CONCLUSION	
FINAL VALUE CONCLUSION	**$2,450,000**
$/AC Total Land Area	$22,660

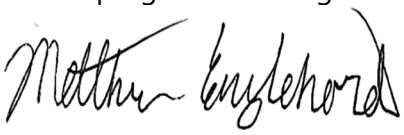
CERTIFICATION

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

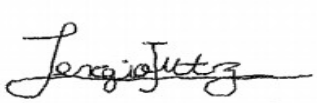
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signers are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signers of this report has no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- We have not performed any services, specifically as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding agreement of this assignment.
- The signers are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics* and *Standards of Professional Appraisal Practice* of the Appraisal Institute, and the *Uniform Standards of Professional Appraisal Practice*, as set forth by the Appraisal Standards Board of the Appraisal Foundation.
- James Meehan, MAI, AI-GRS inspected the property that is the subject of this report.
- Sergio Martinez did not inspect the property that is the subject of this report.
- Matthew Englehardt did not inspect the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the appraisers signing the certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, James Meehan, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.



James L. Meehan, MAI, AI-GRS
Principal
SCGREA No 42RG00213000
January 19, 2024



Matthew Englehardt
Partner
SCGREA No 42RG00284100
January 19, 2024



Sergio Martinez
Associate Appraiser
SCGREA No. 42RG00287400
January 19, 2024

- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This analysis assumes that the information provided for this appraisal accurately reflect the current condition of the subject property.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraisers may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraisers which is not specifically disclosed in this report.
- Without the written consent or approval of the authors 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. This applies particularly to value conclusions and to the identity of the appraisers and the company with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The appraisal has provided exhibits to assist the client(s)/intended user(s) to understand from a graphical standpoint some of the salient issues which impact the subject property. We have made no survey of the property and if further verification is required, a survey by a registered surveyor is advised.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Meehan Valuation, its principals, agents, and employees are limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Meehan Valuation and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.
- The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Meehan Valuation, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance.
- This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.
- Unless otherwise noted herein, a detailed soils study was not provided for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection of the subject property and surrounding properties, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

GLOSSARY

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate.* 15th ed. Chicago: Appraisal Institute, 2020. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal.* 7th ed. 2022. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).
(Dictionary, 7th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 7th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
2. [For shopping centers, t]he amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security, [amenities,] and upkeep. (ICSC) (Dictionary, 7th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (*DCR = NOI/IM*), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary, 7th Edition)

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. (Dictionary, 7th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 7th Edition)

Effective Date

1. The date on which the appraisal opinion applies. (SVP)
2. The date to which an appraiser's analyses, opinions, and conclusions apply; also referred to as *date of value*. (USPAP, 2020-2021 ed.)
3. The date that a lease goes into effect. (Dictionary, 7th Edition)

Exposure Time

1. The time a property remains on the market.
2. An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. (USPAP, 2020-2021 ed.) (Dictionary, 7th Edition)

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. (Dictionary, 7th Edition).

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends, or about the integrity of data used in an analysis. (USPAP, 2020-2021 ed.) (Dictionary, 7th Edition)

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. (Dictionary, 7th Edition)

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. (Dictionary, 7th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (Dictionary, 7th Edition)

Gross Building Area (GBA)

1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.
2. Gross leasable area plus all common areas.
3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically, does not include garage space. (Dictionary, 7th Edition)

Gross Leasable Area (GLA)
Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 7th Edition)

Highest and Best Use
1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)
4. [For fair value determination] The use of a nonfinancial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used. (FASB Glossary) The highest and best use of a nonfinancial asset takes into account the use that is physically possible, legally permissible, and financially feasible. (FASB 820-10-35-10B). The highest and best use of a nonfinancial asset establishes the valuation premise used to measure the fair value of the asset, as follows: (a) The highest and best use of a nonfinancial asset might provide maximum value to market participants through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (for example, a business). (b) The highest and best use of the asset might provide maximum value to market participants on a standalone basis. (FASB 820-10-35-10E) (Dictionary, 7th Edition)

Hypothetical Condition
1. A condition that is presumed to be true when it is known to be false. (SVP)
2. A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts 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. (USPAP, 2020-2021 ed.) (Dictionary, 7th Edition)

Leased Fee Interest
The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
(Dictionary, 7th Edition)

Market Area
The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. (Dictionary, 7th Edition)

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby:

- Lessee and lessor are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their best interests;
- Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and
- The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs). (Dictionary, 7th Edition)

Market Value

A type of value that is the major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined, such as the following.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.
2. Market value is described, not defined, in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal. Comment: *Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.* (USPAP, 2020- 2021 ed.)
3. The following definition of *market value* is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:
   - Buyer and seller are typically motivated;
   - Both parties are well informed or well advised, and acting in what they consider their best interests;
   - A reasonable time is allowed for exposure in the open market;
   - Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
   - The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1992; 59 *Federal Register* 29499, June 7, 1994)
4. The International Valuation Standards Council defines *market value* for the purpose of international standards as follows: The estimated amount for which an asset or liability *should* exchange on the valuation

date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion. (IVS)

5. The Uniform Appraisal Standards for Federal Land Acquisitions defines *market value* as follows: Market value is 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. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary, 7th Edition)

Marketing Time
An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal. (Advisory Opinion 7 and Advisory Opinion 35 of the Appraisal Standards Board of The Appraisal Foundation address the determination of reasonable exposure and marketing time.) (Dictionary, 7th Edition)

Net Operating Income (NOI or I_0)
The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). (Dictionary, 7th Edition)

Obsolescence
One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 7th Edition)

Parking Ratio
A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. (Dictionary, 7th Edition)

Rentable Area
For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 7th Edition)

Replacement Cost
The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary, 7th Edition)

Scope of Work

1. The type of data and the extent of research and analyses. (SVP)
2. The type and extent of research and analyses in an appraisal or appraisal review assignment. (USPAP, 2020-2021 ed.) (Dictionary, 7th Edition)

Stabilized Occupancy

1. The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand.
2. An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life. (Dictionary, 7th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 7th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (*PGI*) made to reflect income reductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss*. (Dictionary, 7th Edition)

QUALIFICATIONS OF APPRAISER & LICENSE

JAMES L. MEEHAN, MAI, AI-GRS

SCGREA No. RG00213 (New Jersey)
GA 003947 (Pennsylvania)
NY46000051060 (New York)



EDUCATION:

Monmouth University, West Long Branch, NJ

Master of Business Administration – Real Estate

University of South Carolina Upstate, Spartanburg, SC

Bachelor of Science - Business Administration

PROFESSIONAL AFFILIATIONS:

Member, Appraisal Institute (MAI)
General Review Specialist, Appraisal Institute (AI-GRS)
Past President of the Metro Chapter of the Appraisal Institute (2018)

EXPERIENCE:

Principal
Meehan Valuation, LLC (2017-present)

Adjunct Professor
Monmouth University Kislak Real Estate Institute (2016-present)

Vice President
Ard Appraisal Company (2009-2017)

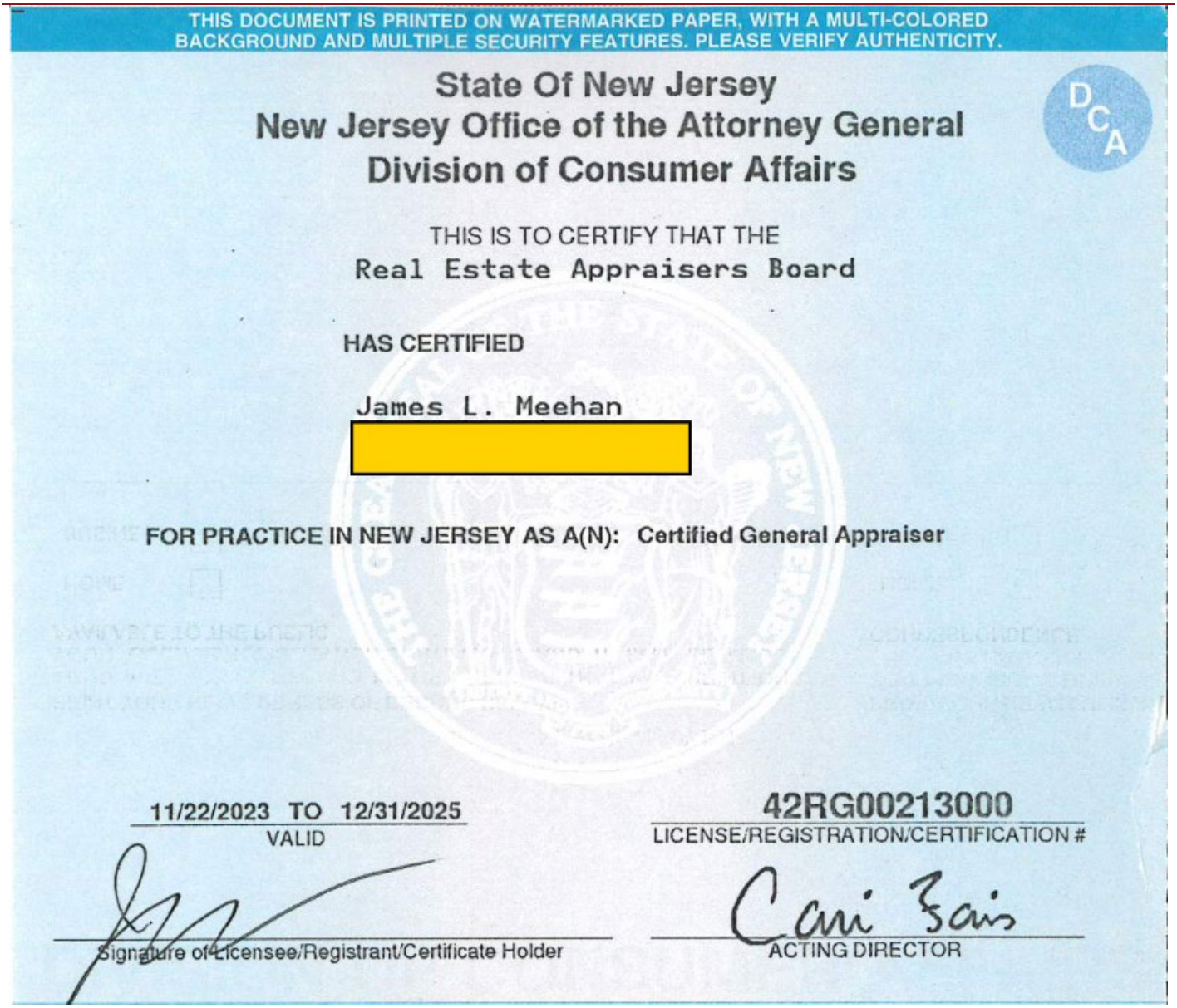
Vice President
Gagliano & Company (2006-2009)

James Meehan has over 15 years of real estate valuation experience in residential, commercial, industrial and special purpose properties primarily in New Jersey, Pennsylvania and New York. Mr. Meehan's experience covers the performance and consultation of property tax appeals, eminent domain, fair market valuations, discounted cash flow analysis & highest and best use studies. Appraisals have been prepared for various clients including government agencies, attorneys, property owners & community, regional and national banks. Additionally, he has extensive experience in appraisal review for various lenders.

Mr. Meehan is an Adjunct Professor at Monmouth University instructing undergraduate students within the Real Estate Valuation and Analysis course. Prior to forming Meehan Valuation, Mr. Meehan specialized in complex financing appraisals with extensive new construction experience and litigation support for a variety of legal matters. He has been qualified as an expert witness before numerous Commissions, County Tax Boards and Superior Court of New Jersey.

PUBLICATIONS:

"State of the Markets", *Mid Atlantic Real Estate Journal* (September 11, 2015)



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State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

HAS CERTIFIED

James L. Meehan
[redacted]

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

11/22/2023 TO 12/31/2025
VALID

42RG00213000
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

Cari Fais
ACTING DIRECTOR

MATTHEW J. ENGLEHARDT
SCGREA No.: 42RG00284100 (New Jersey)
GA 004702 (Pennsylvania)



EDUCATION:

Monmouth University, West Long Branch, NJ

Bachelor's Degree in Business Administration - Real Estate

Appraisal Institute, New York, NY

Basic Appraisal Procedures
Basic Appraisal Principles
Uniform Standards of Professional Appraisal Practice
General Appraiser Sales Comparison Approach
Income Approach Part 1
Income Approach Part 2
General Appraiser Report Writing and Case Studies
Business Practices and Ethics
Real Estate Finance, Statistics, and Valuation Modeling
General Appraiser Market Analysis and Highest & Best Use
General Appraiser Site Valuation and Cost Approach
Commercial Appraisal Review

PROFESSIONAL AFFILIATIONS:

Member, Commercial Real Estate Development Association (NAIOP)
Affiliate, Appraisal Institute

EXPERIENCE:

Partner
Meehan Valuation, LLC (2018-present)

Principal
UnderPass Properties, LLC (2016-present)

Associate Property Manager
Mill Street Properties (2013-2016)

Mr. Englehardt is a graduate of Monmouth University where he received a Bachelor's Degree in Business Administration with a concentration in Real Estate. While attending Monmouth University he was the recipient of the Pozycki Real Estate Scholarship as well as the Somers Family Real Estate Scholarship. Mr. Englehardt has over a decade of experience with mixed-use and multifamily buildings in the Passaic, Bergen and the Ocean County areas.



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State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs

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Real Estate Appraisers Board

HAS CERTIFIED

Matthew Englehardt
101 Crawfords Corner Road
Holmdel NJ 07733

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

12/07/2023 TO 12/31/2025
VALID

42RG00284100
LICENSE/REGISTRATION/CERTIFICATION #

Signature of Licensee/Registrant/Certificate Holder

Cari Fais
ACTING DIRECTOR

SERGIO MARTINEZ
SCGREA No. 42RG00287400



EDUCATION:

Monmouth University, West Long Branch, NJ

Bachelor's Degree in Business Administration – Finance & Real Estate, and Economics

PROFESSIONAL AFFILIATIONS:

Member, Commercial Real Estate Development Association (NAIOP)
Member, International Council of Shopping Centers (ICSC)
Affiliate, Appraisal Institute

EXPERIENCE:

Associate Appraiser
Meehan Valuation, LLC (2020-present)

Real Estate Agent and Purchasing Manager Assistant (2017-2018)
Habitat Constructora y Promotora de Ciudades JIMA

Mr. Martinez is a Monmouth University graduate where he double majored in Finance & Real Estate, and Economics. While attending Monmouth University he was the recipient of the Kislak Real Estate Scholarship as well 1st place in the Kislak Real Estate Competition. Mr. Martinez has over three years of experience in real estate valuations throughout New Jersey.

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Sergio A. Martinez

[redacted]

FOR PRACTICE IN NEW JERSEY AS A(N): Certified General Appraiser

12/07/2023 TO 12/31/2025
VALID

42RG00287400
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Signature of Licensee/Registrant/Certificate Holder

ACTING DIRECTOR

LAND SALES

Tranquility Road Land Sale

Comparable 1



Sale Information

Buyer	Sonick Realty, LLC	
Seller	Borough of Andover	
Sale Date	5/8/2023	
Transaction Status	Recorded	
Sale Price	$722,700	$44,256 /AC
Analysis Price	$722,700	$44,256 /AC
Recording Number	10249/1661	
Rights Transferred	Fee Simple	
Financing	Cash to Seller	
Conditions of Sale	Arm's Length	

Property

Land Area	16.33 Acres (711,335 SF)
Number of Parcels	3
Zoning	I, R1.0, and R0.5
Shape	Triangular
Topography	Level
Corner	No
View	No
Easements	None
Environmental	None
Flood Zones	Zone X (Unshaded)

117 Andover Sparta Road
Andover Township, NJ 1902



County
Sussex

Submarket
Sussex County

APN
Block 166, Lot 2. Qual: QFARM,
Block 27, Lot 7, Block 1, Lot 1

Remarks

This is the sale of an unapproved and unimproved triangular site totaling 16.33 acres spread over three lots. Please note that the larger lot along The site is cleared and developable. This is an auction sale and per conversations with the listing broker, the buyer intends to develop an industrial building. Max Spann Real Estate & Auction Company listed the property for sale.

157 Route 94

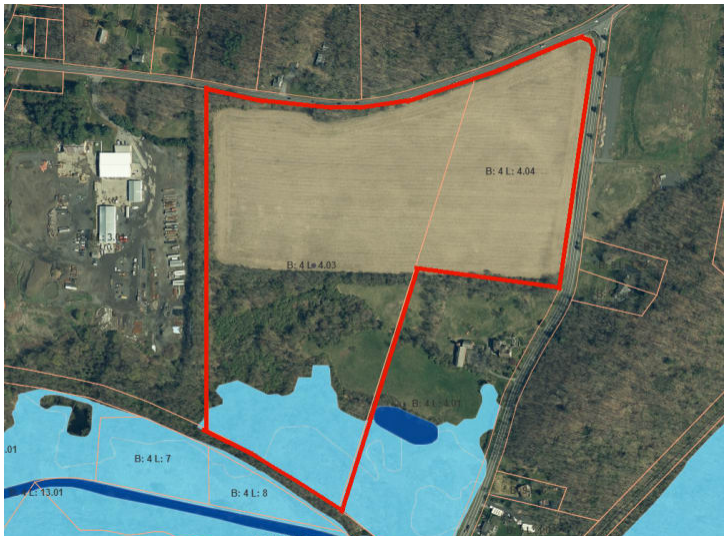
Comparable 2

Sale Information

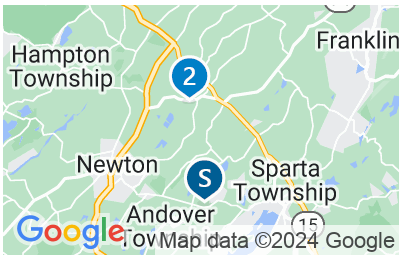
Buyer	RLI Northwest, LLC	
Seller	Diocese of Paterson, WWBD Associates, LLC	
Sale Date	9/6/2022	
Transaction Status	Recorded	
Sale Price	$1,525,000	$36,962 /AC
Analysis Price	$1,525,000	$36,962 /AC
Recording Number	3650/250; 3652/228	
Rights Transferred	Fee Simple	
Financing	Cash Equivalent	
Conditions of Sale	Arm's Length	

Property

Land Area	41.259 Acres (1,797,242 SF)
Number of Parcels	2
Zoning	L-1 & R-5
Shape	Irregular
Topography	Level
View	No
Easements	None
Environmental	None noted
Frontage	1,600' Route 94
Flood Zones	Zone AE, Zone X (Shaded), Zone X (Unshaded)



157 Route 94
Lafayette, NJ 07848



County
Sussex

Submarket
Sussex

APN
Block 4, Lot 4.03 QFARM, Block 4, Lot 4.04 QFARM

Remarks

This is an assemblage sale of two parcels totaling 41.259 acres. The larger lot was located primarily in the LI zone. The smaller parcel was situated in the R-5 (residential) zone. The properties were purchased simultaneously from separate owners though marketed together. The property was purchased subject to approval for industrial development; a total of 335,100 SF related to materials manufacturing related to the pharmaceutical industry and a residential subdivision in the southern section of the lot. Approvals were memorialized on September 29, 2022, with contingencies. There is a stream located south of the properties but the southernmost part of Lot 4.03 is in a flood zone and encumbered by wetlands. However, most of the lot is developable.

248 Stickles Pond Road

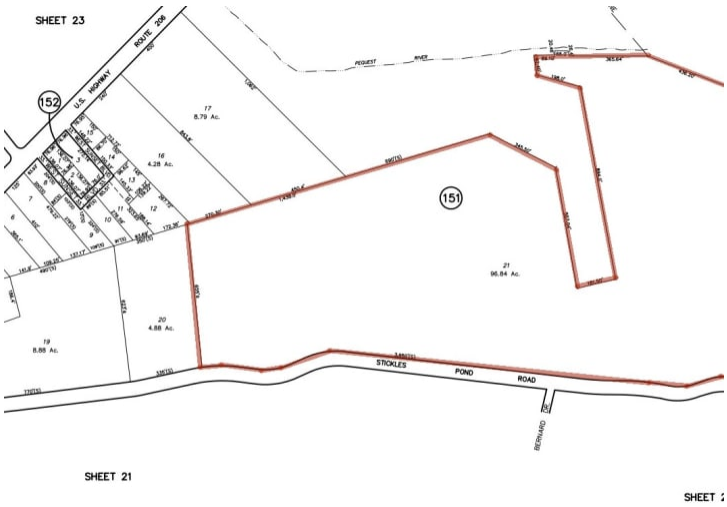
Comparable 3

Sale Information

Buyer	BHT Properties Group	
Seller	PSE&G	
Sale Date	12/3/2021	
Transaction Status	Recorded	
Sale Price	$1,200,000	$12,392 /AC
Analysis Price	$1,250,000	$12,908 /AC
Recording Number	3632/56	
Rights Transferred	Fee Simple	
Financing	Cash to Seller	
Conditions of Sale	Arm's Length	

Property

Land Area	96.84 Acres (4,218,350 SF)
Number of Parcels	1
Zoning	C-I & R-2
Shape	Irregular
Topography	Level
Corner	No
View	No
Easements	None noted per tax map
Environmental	Wetlands
Flood Zones	Zone X (Unshaded)



248 Stickles Pond Road
Andover Township, NJ 1902

County
Sussex

Submarket
Sussex County



APN
Block 151, Lot 31

Remarks

This is the sale of a 96.84-acre parcel of which approximately 52 acres are usable. Please note that approximate 91 acres are zoned residential while the remaining are zoned commercial. The site is partially wooded, mostly flat, and wetlands are present. At the time of the sale, the property was an abandoned airport with an asphalt runway, hangars, storage containers, access driveways, and other vacant buildings. Please note that we have added $50,000 to the sale price to account for demolition costs. The site sold unapproved and it is located outside of the Highlands Area. Originally, the buyer applied to obtain entitlements for a 12,860 SF auto-related building with auto storage, however, the approvals were not granted. The buyer then intended to get approvals to develop two industrial buildings totaling 750,000 SF plus an additional designated future development area. American Properties marketed the property for sale.

662 Route 206

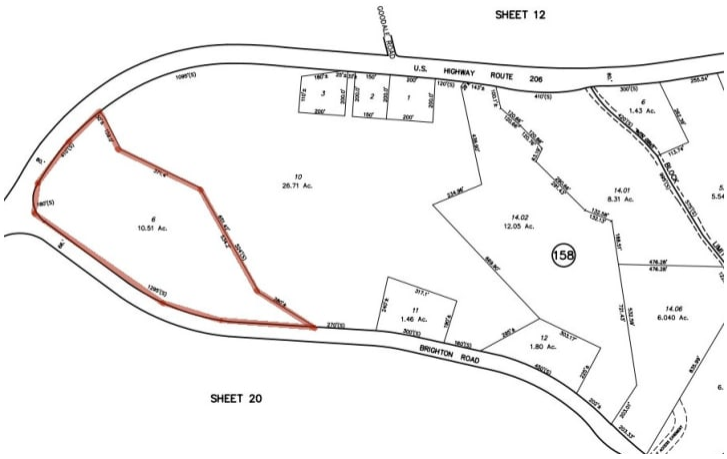
Comparable 4

Sale Information

Buyer	Ringo Properties, LLC	
Seller	Coba Inc	
Sale Date	6/16/2021	
Transaction Status	Recorded	
Sale Price	$275,000	$26,166 /AC
Analysis Price	$275,000	$26,166 /AC
Recording Number	3601/236	
Rights Transferred	Fee Simple	
Financing	Cash Equivalent	
Conditions of Sale	Arm's Length	

Property

Land Area	10.51 Acres (457,816 SF)
Number of Parcels	1
Zoning	HC
Shape	Irregular
Topography	Sloping
Corner	Yes
View	No
Easements	None noted per tax map
Environmental	None
Flood Zones	Zone X (Unshaded)



662 Route
Andover, NJ 07821



County
Sussex

Submarket
Sussex

APN
Block 158, Lot 6

Remarks

This is the sale of a commercially zoned (inclusive of industrial uses) parcel. The property was previously net leased by Wawa. Wawa never constructed but was honoring the lease and paying rent. The seller was paying the mortgage but once Wawa stopped, it was foreclosed on. This buyer purchased it for his landscaping business and was recently clearing land (2023) to build a light industrial building. Per the broker, the site sold wooded and was unapproved for any development. In addition, he said the land is hard limestone with limestone caverns. Only 2 acres in the front is usable without sewer. Rear would not pass perc testing. NAI James E. Hanson, Inc. marketed the property for sale.

ENGAGEMENT LETTER

101 Crawfords Corner Road, 4-116
Holmdel, NJ 07733

Tel: 908-510-0356

James L. Meehan, MAI, AI-GRS
Joseph Wisniewski, MAI
Matthew J. Englehardt
Michael Wholley
Stephen Puccio
Sergio Martinez
Connor Cunningham

Date of Agreement: Wednesday, January 17, 2024

Planet Networks
Robert Boyle
4 Park Place
Newton, NJ 07860

James L. Meehan, MAI, AI-GRS
Principal
+1 (908) 510-0356
jmeehan@meehanvaluation.com

PROFESSIONAL SERVICE AGREEMENT ("Agreement")

This Professional Services Agreement (this "Agreement") is made and entered into on January 17, 2024 (the "Effective Date"), by and between Meehan Valuation and Planet Networks (herein referred to as "Client").

Property Identification	**Land Parcel:** 466 Sparta Ave, (2 lots in Andover & 1 lot in Sparta), NJ 07871 **Industrial Parcel**: 80 Merriam Ave, Newton, NJ 07860
Property Type	Land & Industrial Building (two separate reports)
Interest Valued	Fee Simple Interest
Intended User(s)	The appraisal will be prepared for the above-mentioned client. Intended users include the client and partners only. *Note: No other users are intended by Appraiser.*
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended for internal decision making purposes.
Type of Value	As-Is
Date of Value	Date of inspection
Report Type	Appraisal Report
Level of Analysis	Summary, full highest and best use analysis will be provided on the vacant land parcels.
Professional Fee	**$12,000 for reports to be completed by end of day Friday January 19, 2024.** **Or** **$7,500 for reports to be completed by end of day Tuesday January 23, 2024.**
Payment	Payment in full for either scenario is required, wiring instructions will be forwarded.

SCOPE OF WORK

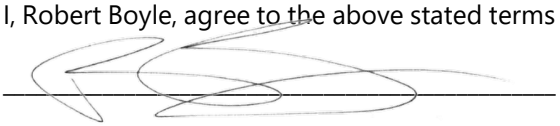
Site Inspection	**Appraiser will inspect the property to the extent possible**
Valuation Approaches	Appraiser will provide the Appraisal in accordance with Uniform Standards of Professional Appraisal (USPAP), The Code of Professional Ethics of the Appraisal Institute, Standards of Professional Appraisal Practice of the Appraisal Institute, and State Licensing Laws. Appraiser will research relevant market data, and perform analysis to the extent necessary to produce credible appraisal results. The scope of work will be included in the Appraisal. *Note: Appraiser shall use all approaches necessary to develop a credible opinion of value.*
Number of Reports	One (1) Electronic Final Appraisal. Hard copies upon request.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within five (5) business days from the date of this letter.

PROPERTY DATA REQUEST

Please forward any additional materials you would consider relevant in the analysis of the subject property. Such items may include, as applicable, an accurate property description, site survey, approvals, title report, any environmental reports or other third party reports, or any other sources of information known to exist that may impact the valuation of the property.

Our ability to honor the terms of this Agreement will require Client's response within five (5) business days. If you have questions regarding the enclosed, please feel free to contact me. Meehan Valuation appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Robert Boyle, agree to the above stated terms and authorize Meehan Valuation to prepare the above referenced appraisal.



_____ Date: 1/17/2024

Robert Boyle

Respectfully,

MEEHAN VALUATION



James L. Meehan, MAI, AI-GRS
Principal