



March 8, 2024

Elena Kladova  
Eastern Gage, LLC  
1007 Chestnut Street  
Newton, MA 02464

Re: Chestnut Crossing Condominium  
1003-1009 Chestnut Street,  
Newton, MA 02464

Dear Ms. Kladova:

On your behalf, I appraised the above referenced property and prepared the attached appraisal report, which sets forth an identification of the property, the assumptions and limiting conditions, and relevant facts concerning the property, market area, comparable data, and analyses leading to the value conclusion. The appraisal employed all applicable valuation methods and is intended to comply with the standards set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA), as amended, and the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by The Appraisal Foundation. The report is intended exclusively for the use and users as agreed upon in our contract for services and/or reliance language found in the report. No other use or users are intended or authorized.

Located in Newton Upper Falls, the subject property consists of a 4,450 ( $\pm$ ) square foot site improved with a circa 1842 mixed-use building that contains one duplex style four-bedroom apartment and five commercial units occupied as office space and a massage spa. The building covers 60% of the site and features a gross area of 9,400 ( $\pm$ ) square feet, two and three-quarter stories above grade, a partial basement that is fully finished, and one surface parking space (0.1/1,000 SF GBA). On the date of the appraisal, the improvements were in good physical condition. For the present mixed-use, the improvements provide average utility with no atypical incurable obsolescence or adverse external influence, but on-site parking is sub-standard.

In 1987, the subject property was converted to the Chestnut Crossing Condominium that established six condominium units. In a series of transfers from 2011 to 2016, title to the six units was assembled by three affiliated entities: Kladov Realty, LLC, Fay Realty II, LLC and Eastern Gage, LLC. On the date of the appraisal, the building was fully occupied by the owners, and two tenants, all under lease. For the present mixed commercial and residential use, the improvements provide average utility. Aside from limited parking, there is no atypical curable or incurable obsolescence or adverse external influence.

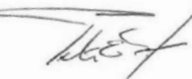
The opinion of value communicated here is based on existing conditions as of the effective date of the appraisal, which is the date the property was inspected. As requested, a condition of the assignment is that the properties are appraised as a single economic entity. Personal property and intangible assets are excluded from the appraisal, which is subject to standard assumptions and limiting conditions on page 69 of the attached report, but it is not contingent on extraordinary assumptions or hypothetical conditions.

After consideration of the data summarized in the attached report, it is the appraiser's opinion that on the date the property was inspected, January 16, 2024, the market value of the leased fee interest in the subject property was **Two Million Three Hundred Fifty Thousand Dollars (\$2,350,000)**.

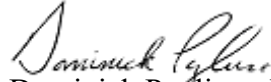
*Exposure Period:* Exposure time is the marketing period prior to the appraisal date that would have been necessary to result in a hypothetical sale at the value estimated. Information compiled during the appraisal process implies an exposure period of less than twelve months.

*Marketing Time:* Data investigated while preparing the appraisal implies that a period of less than twelve months after the date of the appraisal would be required to conclude a sale at the value estimated.

Respectfully submitted:



Peter E. Hatt, Massachusetts Certified General Real Estate Appraiser #695  
Appraiser



Dominick Pugliese, Massachusetts Certified General Real Estate Appraiser #299  
Review Appraiser



# Appraisal Report

On  
1003-1009 Chestnut Street,  
Newton, MA 02464

Prepared By

Peter Hatt, Massachusetts Certified General Real Estate Appraiser #695  
Commonwealth Valuation Group  
395 Totten Pond Road, Suite 303, Waltham, MA 02451

## SUBJECT PHOTOGRAPHS

Property Address: 1003-1009 CHESTNUT STREET, NEWTON, MA

Photographed January 16, 2024



Front View of the Building



Rear View of the Building



Common Area

# SUBJECT PHOTOGRAPHS

Property Address: 1003-1009 CHESTNUT STREET, NEWTON, MA

Photographed January 16, 2024



Unit 1009



Unit 1007B



Unit 1007C

## SUBJECT PHOTOGRAPHS

Property Address: 1003-1009 CHESTNUT STREET, NEWTON, MA

Photographed January 16, 2024



Unit 1003



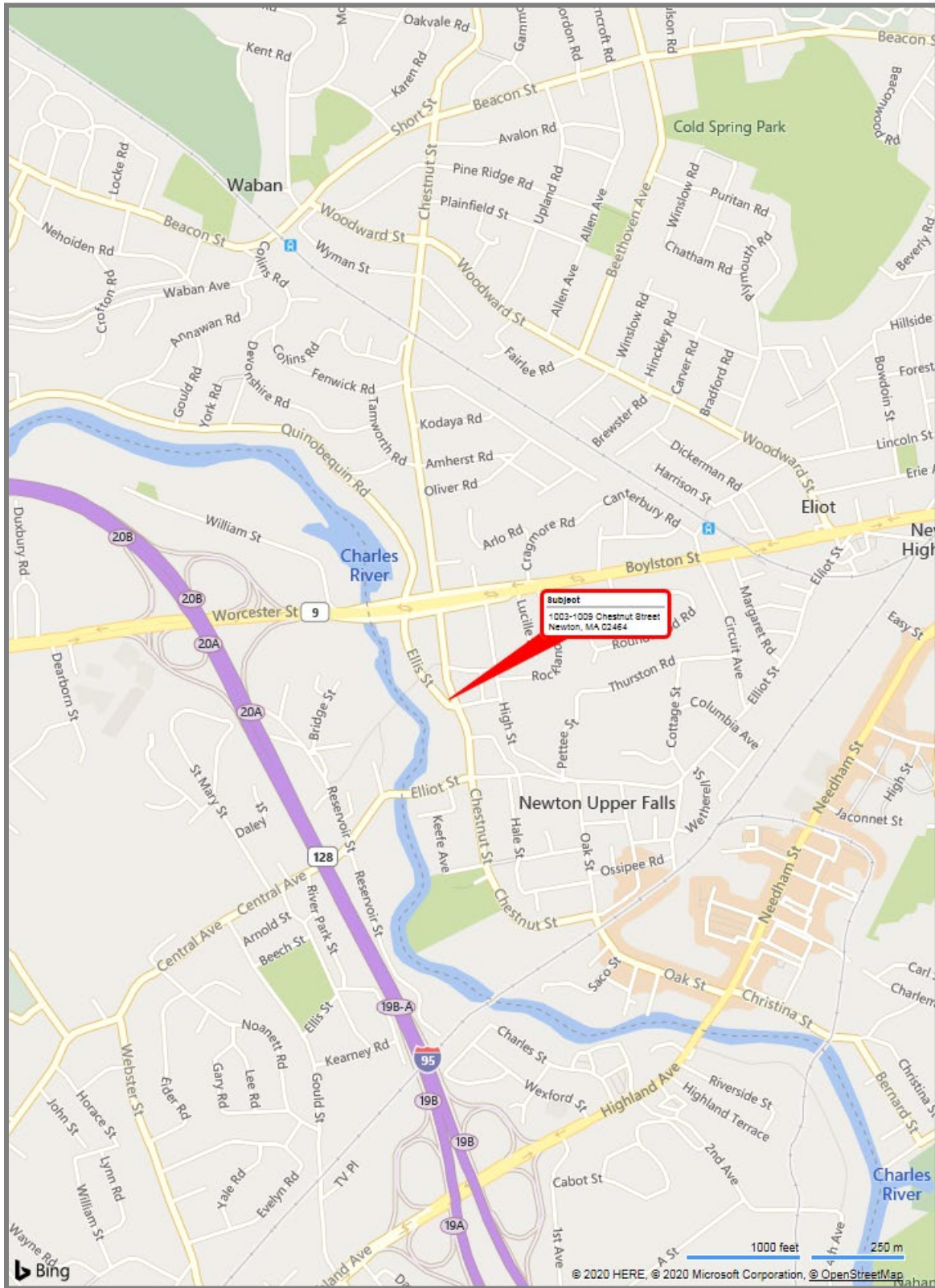
Chestnut Street Looking South –  
Subject Right

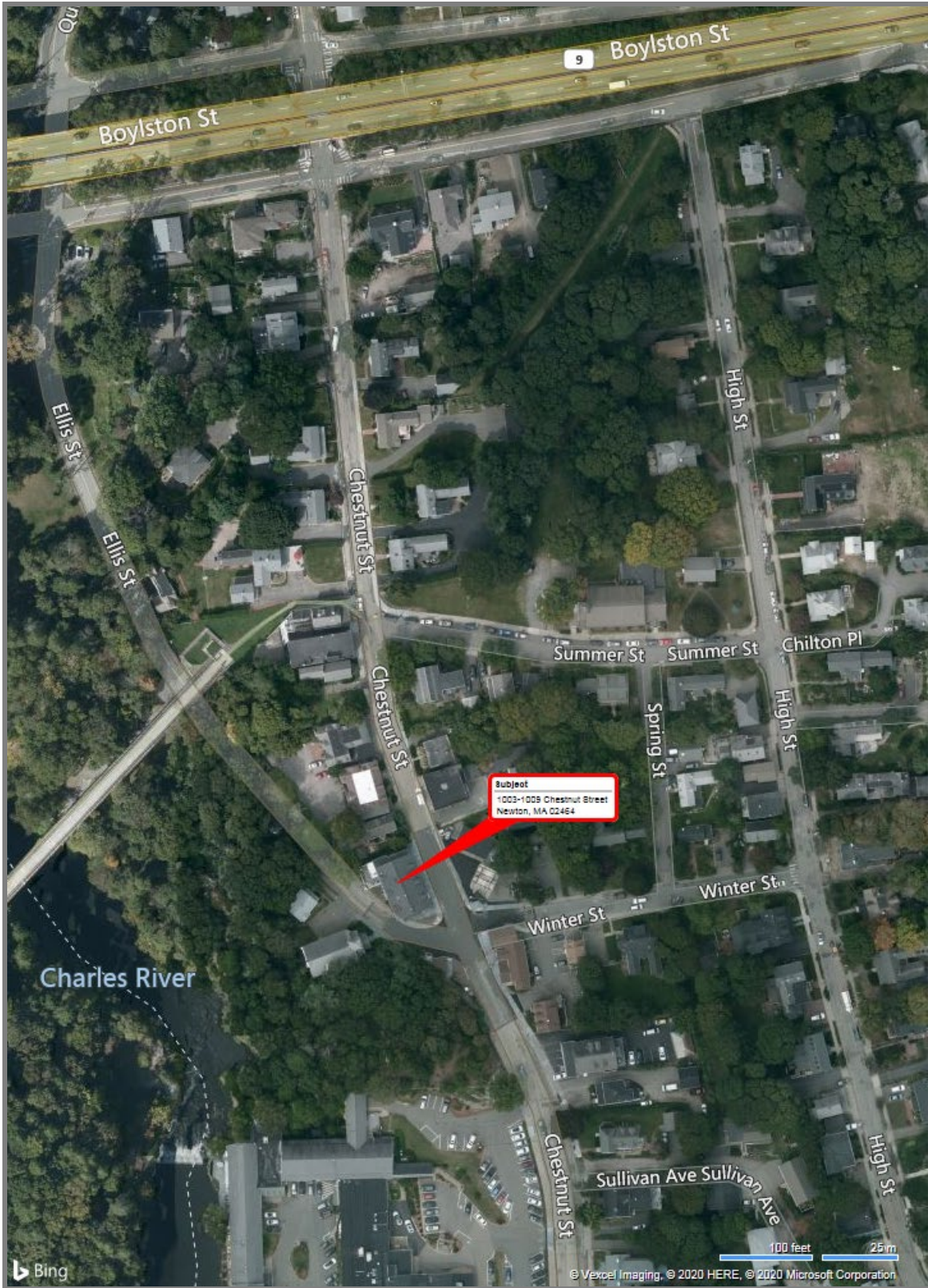


Ellis Street Looking Southeast –  
Subject Left



# LOCUS MAP





1003-1009 Chestnut Street, Newton - Aerial Photograph

**EXECUTIVE SUMMARY**

Street Address: \_\_\_\_\_ Units 1003, 1005, 1007A, 1007B, 1007C and 1009  
1003-1009 Chestnut Street

Community: \_\_\_\_\_ Newton  
Zip code: \_\_\_\_\_ 02464  
County: \_\_\_\_\_ Middlesex  
State: \_\_\_\_\_ Massachusetts

Owner of Record: \_\_\_\_\_ Kladov Realty, LLC, Fay Realty II, LLC and Eastern Gage, LLC

Legal Description - Type: \_\_\_\_\_ Five unit deeds  
Location: \_\_\_\_\_ Middlesex County Registry of Deeds  
Title Reference \_\_\_\_\_ Book 59372, Page 60; Book 67487, Page 102; Book 56996, Page 42; Book 60970, Page 368; Book 61491, Page 468  
Recording Dates: \_\_\_\_\_ June 15, 2011 to June 12, 2016  
Consideration: \_\_\_\_\_ \$1,305,250 (total)

Value Appraised: \_\_\_\_\_ Current Market Value (as is)

Property Rights Appraised: \_\_\_\_\_ Leased fee

Relevant Dates: \_\_\_\_\_ Date of Inspection .....January 16, 2024  
Effective Date of Value .....January 16, 2024  
Date of Report.....March 8, 2024

Assignment Conditions: \_\_\_\_\_ Extraordinary assumptions.....Not applicable  
Hypothetical conditions .....Not applicable  
Jurisdictional exceptions.....Not applicable  
Assemblage .....Not applicable  
Fractional Interests.....Not applicable

Land Area: \_\_\_\_\_ 4,450 SF; 0.1 acres

Zoning: \_\_\_\_\_ Business I District (non-conforming)

Assessment and Taxes: \_\_\_\_\_ FY 2024 \$1,683,100 / \$22,640.80

Flood Hazard: \_\_\_\_\_ FEMA Panel 25017C0553E  
Dated June 4, 2010  
Flood Hazard Zone X

Environmental Conditions: \_\_\_\_\_ No environmental site assessment was available. No hazardous material release tracking number is associated with the subject address in Massachusetts Executive Office of Energy & Environmental Affairs (EEA) on-line database (<https://eeaonline.eea.state.ma.us/portal#!/search>). This appraisal assumes contamination is not present.

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Existing Improvements: \_\_\_\_\_ The site is improved with a single freestanding good quality circa 1842 wood frame mixed residential and commercial building that covers 60% of the site. The 2.75-story building features a gross area of 9,400 SF, walk-up access, a partial finished basement and 1 surface parking space (0.1/1,000 SF). It is divided into six

**EXECUTIVE SUMMARY - CONTINUED**

condominium units consisting of one four-bedroom apartment and five units used as offices, and a massage studio. On the date of the appraisal, the physical condition was good, and for the present mixed-use, the improvements provide average utility with no atypical curable obsolescence or adverse external influence, but the utility is diminished by the limited parking.

Proposed Improvements:  None

Recommended Repairs:  None

Occupancy:  100% occupied by the owner and two tenants

**Property Use**

Existing:  Mixed commercial and residential

Highest and Best:  Mixed commercial and residential

Appraised:  Mixed commercial and residential

Value Indications: Total PSF

Cost Approach:  Not applicable

Sales Comparison:  \$2,350,000

Income Approach:  \$2,100,000

Value Conclusion:  \$2,350,000  \$250.00

Marketing Time Estimate:  Less than 12 months from the appraisal date.

Exposure Time Estimate:  Less than 12 months from the appraisal date.

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## EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

The opinion of value communicated in this report is not contingent on extraordinary assumptions or hypothetical conditions.

## PROPERTY IDENTIFICATION AND HISTORY

Street Address:

- 1) Unit 1003, 1003-1009 Chestnut Street, Newton, MA 02464
- 2) Unit 1005, 1003-1009 Chestnut Street, Newton, MA 02464
- 3) Unit 1007A, 1003-1009 Chestnut Street, Newton, MA 02464
- 4) Unit 1007B, 1003-1009 Chestnut Street, Newton, MA 02464
- 5) Unit 1007C, 1003-1009 Chestnut Street, Newton, MA 02464
- 6) Unit 1009, 1003-1009 Chestnut Street, Newton, MA 02464

Municipal Parcels:

- 1) 51002 0001E
- 2) 51002 0001
- 3) 51002 0001B
- 4) 51002 0001C
- 5) 51002 0001D
- 6) 1002 0001A

Owner of Record:

- 1) Kladov Realty, LLC
- 2) Fay Realty II, LLC
- 3) Eastern Gage, LLC
- 4) Eastern Gage, LLC
- 5) Eastern Gage, LLC
- 6) Eastern Gage, LLC

Legal Description:

- 1) Middlesex County South District Registry of Deeds Book 59372, Pg 60
- 2) Middlesex County South District Registry of Deeds Book 67487, Pg 102
- 3) Middlesex County South District Registry of Deeds Book 56996, Pg 42
- 4) Middlesex County South District Registry of Deeds Book 56996, Pg 42
- 5) Middlesex County South District Registry of Deeds Book 60970, Pg 368
- 6) Middlesex County South District Registry of Deeds Book 61491, Pg 468

The deeds that established current ownership are reproduced in the addenda of this report. Refer to registry Book 18018, Page 279 for the Master Deed of the Chestnut Crossing Condominium recorded April 9, 1987.

Sales History:

- 1) June 25, 2012, grantor: Carolyn Connolly, \$400,000
- 2) June 12, 2016, grantor Frank Gazarian and Karen Lento Gazarian, Trustees of MV Trust, \$250,000
- 3) June 15, 2011, grantor: Christopher Sahagian, \$250,000
- 4) June 15, 2011, grantor: Christopher Sahagian, \$250,000
- 5) January 15, 2013, grantor: Mary Lavin, \$168,000
- 6) March 28, 2013, grantor: Mary Lavin, \$237,250

Research of public records, private data sources, and interviews with knowledgeable parties revealed that the subject property is not under a purchase and sale contract or purchase option

and is not publicly marketed for sale. Additionally, these sources indicate title has not transferred during the past three years.

**Improvement History:** The Massachusetts Cultural Resource Information System lists the subject building as constructed circa 1842. Historically, it served mixed-use as residences, a market and post office. The original Greek revival architectural style remains evident, but twentieth century alterations included complete reconstruction of the interior, a rear addition, and modern storefront windows at the façade.

In 1987, the property was converted to the Chestnut Crossing Condominium and ownership was subsequently dispersed among six unit owners. The current owners consolidated ownership of all six units using three affiliated limited liability companies, and then physically upgraded the building. This consisted of interior rehab and construction of interior finish in the basement.

On the date of the appraisal, the building was fully occupied by two tenants and the owners who do business as AGS Tax Group. A rent roll appears on page 52.

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to provide an opinion of value that is market supported, regulatory compliant, and credible for the intended use and user(s).

### **DEFINITION OF VALUE**

For purposes of this appraisal, market value is defined as “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

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 U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”<sup>1</sup>

### **INTENDED USE AND INTENDED USER**

Eastern Gage, LLC is our client. Eastern Gage, LLC is the intended user of the appraisal. The appraisal is intended for use in connection with the dissolution of a partnership and secondarily as part of a federal tax filing.

No liability is assumed, expressed, or implied by the appraiser(s) for unauthorized use of this report. Only those that have been clearly and explicitly identified as an intended user(s) may rely

<sup>1</sup> Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472

on and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report.

### **PROPERTY RIGHTS APPRAISED**

The property rights appraised are the leased fee estate, which is defined as “an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.”<sup>2</sup>

### **EFFECTIVE DATE OF VALUE**

The effective date of the appraisal is the date the property was inspected, January 16, 2024.

### **DATE OF THE REPORT**

March 8, 2024

### **APPRAISER COMPETENCY**

The signatories to this report have experience appraising property similar to the subject, are licensed to appraise real estate in the Commonwealth of Massachusetts, and are qualified to undertake this assignment through education, training, and experience in preparing reports to comply with the Uniform Standards of Professional Appraisal Practice (USPAP). For reference, the qualifications of the appraisers who prepared this report appear in the addenda.

### **SCOPE OF WORK**

This appraisal provides an estimate of the market value of the leased fee interest in the subject property based on the premise that the analysis reflects conditions that existed on the effective date, which is the date of the property inspection. The intended use of the appraisal, the requirements of the user, characteristics of the property and complexity of the appraisal problem determine the proper scope of work for an appraisal assignment. For this assignment, the scope of work undertaken is as follows.

- Peter Hatt conducted an interior and exterior inspection of the subject property on January 16, 2024.
- I conducted a review of public records pertaining to the subject property’s physical features, sales history, tax assessment and zoning compliance.
- *Methodology* - This appraisal is based on inferred market analysis; that is, the analysis seeks to identify past and current market conditions to infer current and near-term market conditions.

The cost, sales comparison and income approaches are the accepted approaches to value that are available to appraisers. Determinants of the applicability and relevance of each approach to a specific appraisal problem are physical attributes of the appraised property, market conditions and the adequacy of available market data. The cost approach incorporates separate estimates of the value of the unimproved site under its highest and

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<sup>2</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 4<sup>th</sup> ed. (Chicago, IL: 2002)

best use and the value of the improvements, less any accrued physical, functional, or economic depreciation. The sales comparison approach involves comparative analysis of a competitive set of properties that have sold or are actively marketed. Analysis of the appraised property's potential to generate revenue is the basis of the income approach.

- In this assignment, our selected methodology is as follows.

<u>Approach to Value</u>	<u>Applicability to Subject</u>	<u>Applied in Appraisal</u>
Cost Approach	Not Applicable	Not Applied
Income Approach	Applicable	Applied
Sales Comparison Approach	Applicable	Applied

Per terms of our engagement and common appraisal practice, the sales comparison and income approaches are applied in valuation of the subject property, because these approaches are relevant to participants in the subject market segment and because adequate market data was available to support each approach. Due to the speculative nature of estimating depreciation in older buildings, and a scarcity of data necessary to support analysis of the land value, the cost approach was not applicable. Omission of the cost approach to value does not diminish the credibility of the assignment results for the intended use.

The extent of the research and analysis conducted is described within the applicable sections of the report. This consists of the steps taken to compile, verify and analyze market data.

- *Availability of Information* – Our client provided the following information, which is assumed accurate and comprehensive, and is relied on in this appraisal.
  - Calendar Year 2022 Chestnut Crossing Condominium fees
  - Repair and insurance expenses in list format
  - Existing apartment lease to AGS Tax Group Corp
  - Existing apartment lease to Samuel Warren and Kelly Smerling

We requested but were not provided with 1). a lease for the unit occupied as a massage/beauty salon and 2). profit and loss statements for multiple calendar years. We have relied on the information referenced above and additional information provided in verbal and email communications. We believe the available information is sufficient basis for reliable assignment results.

- *Resources* - Sources and publications used in the appraisal process included the Banker & Tradesman on-line service, CoStar, the New England Real Estate Journal, Multiple Listing Service data, the PWC Real Estate Investor Survey, Realtorates.com, the Marshall & Swift Cost Service, records from the Registry of Deeds, and zoning and municipal property records from Newton and other relevant communities.
- *Compliance* - The appraisal is intended to comply with the Uniform Standards of Professional Appraisal Practice (USPAP) and the standards set forth in Title XI of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).
- *Report Format* - This document has been prepared under the Appraisal Report option of Standards Rule 2 of USPAP. The report provides a description of the data, reasoning and analysis that are applied in the appraisal process and is prepared in a manner intended to

present the data relevant to the appraisal problem. However, certain supporting documentation has been retained in the appraiser's work file. The level of detail provided by this report is specific to the needs of the intended user and to the intended use of the appraisal.

## LOCATION, ECONOMIC AND MARKET CONDITIONS

The Commonwealth of Massachusetts often rates favorably among states in national rankings due to excellent health care and education infrastructure, a diverse economic base, good public safety ratings, and attractive geographical features. Regional analysis may focus on the social, economic, governmental, and environmental forces that affect real estate.

<b>Social Factors</b>		
Massachusetts Population	7,029,917	(2020 census)
Massachusetts Population Growth	7.37%	(2010 to 2020 census)
Massachusetts Education Achievement	45%	(bachelor's degree or higher, age 25+)
<b>Economic Factors</b>		
Massachusetts Unemployment Rate	3.2%	(December 2023)
Massachusetts Gross Domestic Product	\$691,460M	(2022) ranked 12 <sup>th</sup> in US
Massachusetts Per Capita Income	\$84,561	(2022 dollars) 129% of national average
Major Industries	Finance, insurance, real estate, professional and business services, education	
<b>Geographic Factors</b>		
Location	Northeast region 200 ± miles northeast of New York City	
Size	10,555 square miles	
Climate	Climate Zone 6, seismic Zone 2A	
<b>Governmental Factors</b>		
Government Services	Broadly available municipal services are subject to state oversight	
Public Education	Grades K-12 in 316 districts w/teacher to pupil ratio of 1:12.6 and average spending of \$18,733/student (2020)	
Transportation Infrastructure	Multi-modal with good connectivity in the Metropolitan Boston region	
Availability of Mass Transit	Good / Regional Transit Authorities (RTAs) provide fixed-route and paratransit services	

Massachusetts is composed of fourteen counties, with 39 cities and 292 towns. Middlesex County, in eastern Massachusetts, encompasses 54 municipalities including Newton.

**Community:** The City of Newton is an affluent suburb that encompasses 18.33 square miles of land immediately west of Boston. Bordering communities are Watertown and Waltham on the north, Weston and Wellesley on the west, Needham on the southwest, the West Roxbury neighborhood of Boston on the southeast, and the town of Brookline and Boston's Brighton neighborhood on the east.

Although a city, Newton is composed of thirteen self-contained villages that lend the community a distinctly suburban character. Nearly half of all land in Newton is in residential use, while another twenty percent is open space. Only about seven percent of land is devoted to business and commercial activity, while the remaining balance is occupied by institutional and other land uses.

Population - In 2020, Newton ranked third most populous of fifty-four municipalities in Middlesex County. As of the census of 2020, it was estimated that there were 88,923 people residing in Newton, or 4,851 per square mile.

From 2010 to 2020, the population increased 4.44%, in contrast to the 8.4% average growth rate in Middlesex County and 7.4% average increase statewide. Per U.S. Census Bureau estimates, from 2010 to 2020, Newton ranked forty-ninth in growth among Middlesex County communities.

*Transportation* – Although Newton is suburban in character with a mostly dispersed pattern of land use, the City’s transportation linkages are both automotive oriented and mass transit. Newton is served by local Routes 9, 16, 30 and may be accessed from two exits (Exits 16 & 17) off Interstate 90 (The Massachusetts Turnpike), a limited access toll-road that bisects the city.

Public transportation is readily available. The Massachusetts Bay Transportation Authority (MBTA) provides service on fixed bus routes, express bus service to Boston, light rail and commuter rail service. The Green Line "D" Branch (Riverside line) is a light rail line running into downtown Boston, about 30 minutes away. Trains run frequently from seven stations in Newton including Chestnut Hill, Newton Centre, Newton Highlands, Waban, and Riverside. A separate commuter rail line that originates at Boston's South Station has stops at Newtonville, West Newton, and Auburndale and continues west to Framingham and Worcester.

Housing – Newton’s housing stock of approximately 32,758 units consists of about 54% single-family dwellings, with the balance in condominiums, multi-family dwellings and apartment buildings. Rental units compose nearly 30% of the housing stock and, according to the Massachusetts Department of Housing and Community Development, about 3.6% of all housing is subsidized. Most dwellings in the city were built prior to 1950 and older wood frame multifamily dwellings and single-family homes are abundant. The city is fully built out, but in recent decades, redevelopment has trended toward townhouses, low-rise garden style condominiums and luxury single-family residences.

Housing costs in Newton are high. According to Banker & Tradesman, in 2023, the median sale price of a single-family house was \$1,700,000, up 6% from 2022<sup>3</sup>. Despite high prices, the City’s home ownership rate is 69%. As a residential location, Newton’s appeal lies in its convenient transportation linkages, proximity to employment centers in an around Boston, abundant supporting services and diverse housing opportunities.

*Commerce/Economy* – Newton has a diverse economic base of education, healthcare and social services, and administrative, professional and technical services. According to the Massachusetts Department of Employment and Training, 4,366 business establishments in Newton employed 54,382 people in 2022.

Newton’s population has above average earning capacity. Estimates from the US Census Bureau indicate that, in 2022, the median household income was \$176,373 (Middlesex County average:

<sup>3</sup> *Town Stats*. (2024). Warren Information Systems. [online market report]; available by subscription from World Wide Web @ <http://rers.thewarrengroup.com/sor/tssearch.asp>.

\$121,304), while the per capita income was \$91,282 (Middlesex County average: \$64,197), and about 4.6% of people in Newton were below the poverty level (Statewide Average: 8.2%).

In summary, Newton is an affluent city that benefits from a favorable geographic location well served by major highways and public transportation, and proximate to regional employment centers along Route 128 and in Boston and Cambridge. The favorable location and attractive housing opportunities should provide Newton with continued good appeal as a commercial and residential location.

Locus: The subject is in the Upper Falls section of Newton, which originated in the 17<sup>th</sup> century as a mill village on the Charles River. The Newton Upper Falls neighborhood is bordered by the Town of Needham on the south and west, by Route 9 on the north and by an intense shopping district along Needham Street to the southeast. Originally developed as a commercial village and housing for workers in mills on the Charles River, the area is now primarily a dense suburban residential neighborhood with a small commercial district at the intersection of Chestnut and Oak Streets, and commercial buildings scattered along arterial roads. In 1986, a 68-acre area that encompasses 182 buildings in Upper Falls, including the subject building, was listed as a National Register historic district.

The subject property occupies a lot on the northwesterly corner of Chestnut Street and Ellis Street. Chestnut Street is a minor arterial road that links West Newton and Waban on the north with Newton Upper Falls to the south. Near the subject property, the road experiences light to moderate traffic in two travel lanes. Ellis Street is a secondary two-lane road.

The subject location provides good convenience with above average transportation linkages. About one-quarter mile to the north is Boylston Street, which is State Route 9, and the junction of Route 9 and Interstate 95 (aka State Route 128) is within one-half mile. MBTA buses are routed along Chestnut Street with a stop just south of the subject property at the intersection of Elliot and Chestnut Streets, while the MBTA's Green line commuter rail service is available at Elliot Station about one-half mile from the subject.

The neighborhood is served by public elementary schools, public parks and local branches of the Newton police and fire departments. Convenience shopping and services are available in the neighborhood within one-half mile of the subject property, while a destination shopping district on Needham Street in Newton is about three-quarters of a mile distant.

The subject's immediate locus on Chestnut Street is characterized by diverse land uses that include about 75% residential properties, 10% commercial buildings, 5% institutional uses and 10% open space. Adjacent to the subject are a gas station, apartment buildings and multi-family dwellings opposite on Chestnut Street, while a mixed-use building is immediately to the north. To the west, on the opposite side of Ellis Street, is the Hemlock George Reservation, a 23-acre preserve managed by the Massachusetts Department of Conservation and Recreation.

Despite the presence of the public preserve, the immediate area may be characterized as a densely developed mature suburban neighborhood where the typical improvement is a low-rise 19<sup>th</sup> or early 20<sup>th</sup> century house on a small lot. Maintenance levels are good, and no vacant or derelict buildings are apparent.

The immediate locus is a fully developed, established historic district. Therefore, opportunities for new construction are limited primarily to conversion or adaptive reuse of existing buildings. In recent years, changes have been few. Consequently, the district may be classified as stable.

At the subject location, demand for commercial space is generated primarily by independent businesses with a local trade area. Demand for housing is generated by families and non-family households seeking an attractive convenient location with diverse housing opportunities and prices that are affordable relative to certain other Newton locales.

DEMOGRAPHICS			
Radius	1 Mile	3 Mile	5 Mile
<b>Population:</b>			
2010 Population	11,132	41,980	305,536
2023 Population	12,059	45,597	318,370
2028 Population Projection	12,181	46,185	316,996
Annual Growth 2010-2023	0.60%	0.70%	0.30%
Annual Growth 2023-2028	0.20%	0.30%	-0.10%
<b>Households:</b>			
2010 Households	4,222	15,510	119,448
2023 Households	4,586	16,979	124,344
2028 Household Projection	4,634	17,220	123,499
Annual Growth 2010-2023	0.70%	0.80%	0.60%
Annual Growth 2023-2028	0.20%	0.30%	-0.10%
Owner Occupied Households	3,274	12,843	72,229
Renter Occupied Households	1,359	4,377	51,271
<b>Income:</b>			
Avg Household Income	\$180,868	\$194,320	\$157,863
Median Household Income	\$157,461	\$181,534	\$131,045
< \$25,000	298	1,234	12,185
\$25,000 - 50,000	351	1,201	10,850
\$50,000 - 75,000	435	1,104	12,491
\$75,000 - 100,000	309	1,072	11,507
\$100,000 - 125,000	475	1,264	12,521
\$125,000 - 150,000	339	1,242	10,825
\$150,000 - 200,000	583	2,177	17,460
\$200,000+	1,798	7,686	36,504
<b>Notes</b>			
(1) Source: CoStar			

At left is a demographic profile of the area, summarized at three geographic intervals: one-mile, three-mile and five-mile radius of the subject. The numbers show population growth and a concentration of mid to upper income households are present. The demographic composition of the surrounding area appears to have appeal and utility that are favorable for the present use of the subject property.

Looking forward, social, economic, governmental, and environmental forces that affect real property values are now uncertain but features of the subject district that have affected property values in the past, are likely to contribute to demand for property in the future. It may reasonably be expected that property values in Newton Upper Falls will change commensurate with broader regional trends, but the affluent demographic may

buffer downside risk.

**Economic Conditions:** Certain macroeconomic variables suggest the US domestic economy continues to expand. Gross domestic product (GDP), which is the value of the goods and services produced by the nation's economy less the value of the goods and services used in production, provides a measure of economic performance. The U.S. Department of Commerce estimated that in Q4 2023, GDP increased at an annual rate of 3.3%. This followed a 4.9% rate in the prior quarter. The most recent rate reflected increases in consumer spending, exports, state and local government spending, nonresidential fixed investment, federal government spending, private inventory investment, and residential fixed investment. This was partly offset by increased imports.

Employment serves as another key indicator of economic conditions. The U.S. Bureau of Labor Statistics reported total nonfarm payroll employment rose by 216,000 in December . Job gains occurred in government, social assistance, construction, and health care. The unemployment rate

was unchanged at 3.7%, while the number of unemployed people was little changed at 6.3 million.

In recent months, inflation has factored prominently in the economy. The U.S. Bureau of Labor Statistics reported that the Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3% in December, after it was up 0.1% in November on a seasonally adjusted basis. The all-items index increased 3.4% for the 12 months ending in December. Increases in food, energy and shelter were the largest contributors. The energy index fell 2.0% in the 12 months ending in December.

Inflation may also impact the personal savings rate, which tends to be a procyclical indicator that moves in the same direction as the economy. The U.S. Bureau of Economic Analysis estimate of the personal savings rate in the US was 4.1% in November, up from 4% in the prior month, but well below the peak of 26.6% in March of 2021.

To counter inflation, Federal government agencies have implemented certain contractionary monetary policies. The Federal Reserve Bank's Open Market Committee has implemented a series of increases to the federal funds rate target beginning in March of 2022 and most recently, on July 26, 2023, raised the target rate 25-basis points. Additional rate increases now appear less likely as inflation has moderated from peak levels. Regarding the potential success of federal government efforts to control inflation without pushing the economy into recession, no consensus exists.

The Massachusetts economy has paralleled national trends. MassachusettsBenchmarks, which is a collaboration between the University of Massachusetts Donahue Institute and Federal Reserve Bank of Boston, estimated that in Q3 this year, GDP in Massachusetts increased at a 3.8% annualized rate, after increases of 2.5% and 4% in Q1 and Q2. The most recent change reflected the influence of a strong labor market and strong consumer spending. The tightness in the labor market is reflected in the unemployment rate. In December, the Massachusetts unemployment rate was 3.2%.

Labor Force Data	Jan 2023	Feb 2023	Mar 2023	Apr 2023	May 2023	June 2023	July 2023	Aug 2023	Sept 2023	Oct 2023	Nov 2023	Dec 2023
Civilian Labor Force (thousands)	3,729.8	3,741.5	3,741.7	3,739.0	3,728.2	3,721.0	3,715.7	3,717.3	3,716.2	3,721.6	3,729.0	3,742.9
Employment (thousands)	3,597.4	3,604.2	3,609.0	3,617.1	3,622.7	3,624.9	3,623.7	3,619.1	3,619.5	3,618.9	3,621.2	3,622.6
Unemployment (thousands)	132.4	137.2	132.8	121.9	105.5	96	92	98.1	96.7	102.7	107.8	120.3
Unemployment Rate (%)	3.5	3.7	3.5	3.3	2.8	2.6	2.5	2.6	2.6	2.8	2.9	3.2

MassachusettsBenchmarks outlook calls for slower growth in the fourth quarter of 2023 and in 2024. On the downside, the tight labor market may not have the capacity to support continued strong employment growth and tax revenues imply weaker income and spending.

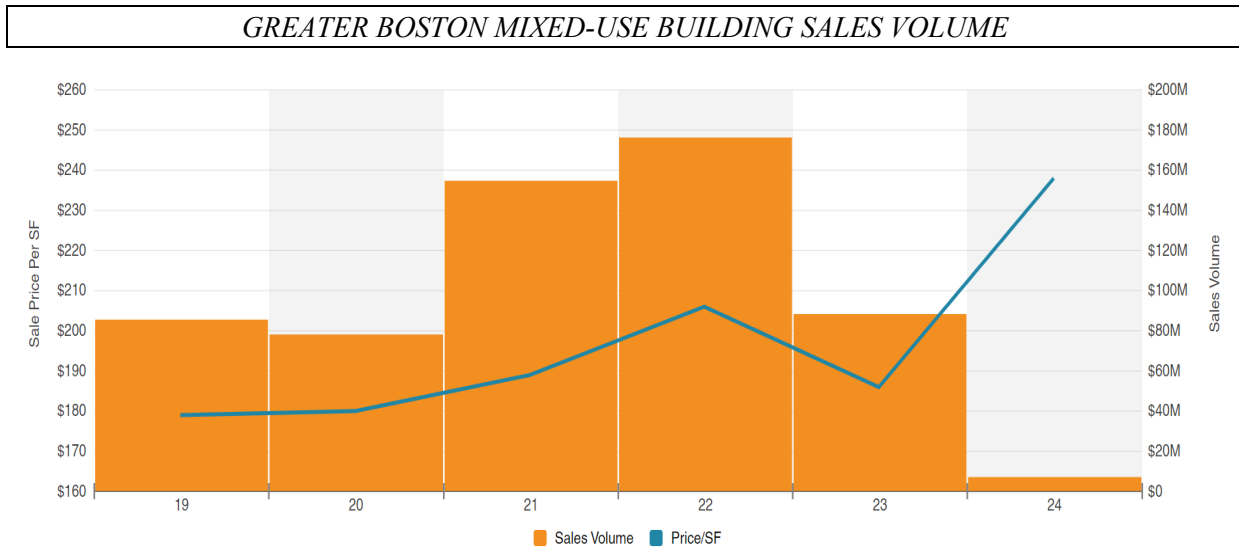
MassachusettsBenchmarks is estimating the state GDP grew at an annualized rate of less than two percent in the fourth quarter of 2023.

In summary, research from the Department of Commerce indicates the US economy grew in each quarter of 2023 and inflation eased from peak levels, while employment remained strong. Going forward, potential economic constraints are persistent inflation, supply chain disruptions

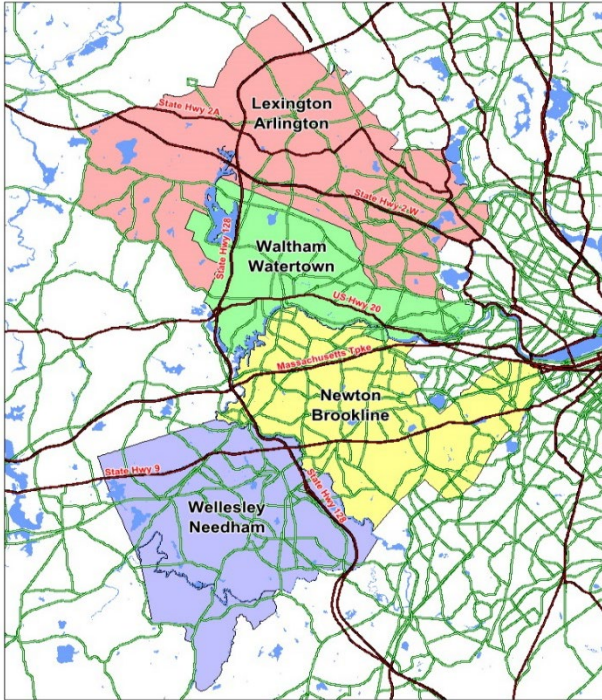
and less accommodative economic policies by the Federal government. In the near-term, forecasts suggest the Massachusetts economy may expand more slowly in the months ahead.

**Market Conditions:** The subject is a mixed commercial and residential asset that supports primarily office and apartment uses. The attributes of the building are consistent with class B properties. This classification applies to buildings that offer space with few amenities and little or no tenant prestige. Class B buildings often have average maintenance and management, and rents that are competitive relative to higher quality facilities.

In Eastern Massachusetts, market metrics for mixed-use properties have been mixed since volume peaked in 2022. Sales volume has declined since 2022 and in 2023, rising interest rates contributed to softer market conditions evident in a decline in market activity, volume, and prices. For example, a graph of sales data from the CoStar Comps service which follows shows sales volume declined in 2023 and the average price per square foot was down 9.7% to \$186 PSF. This trend may be skewed by the small size of the data set, which has diminished as activity declined.



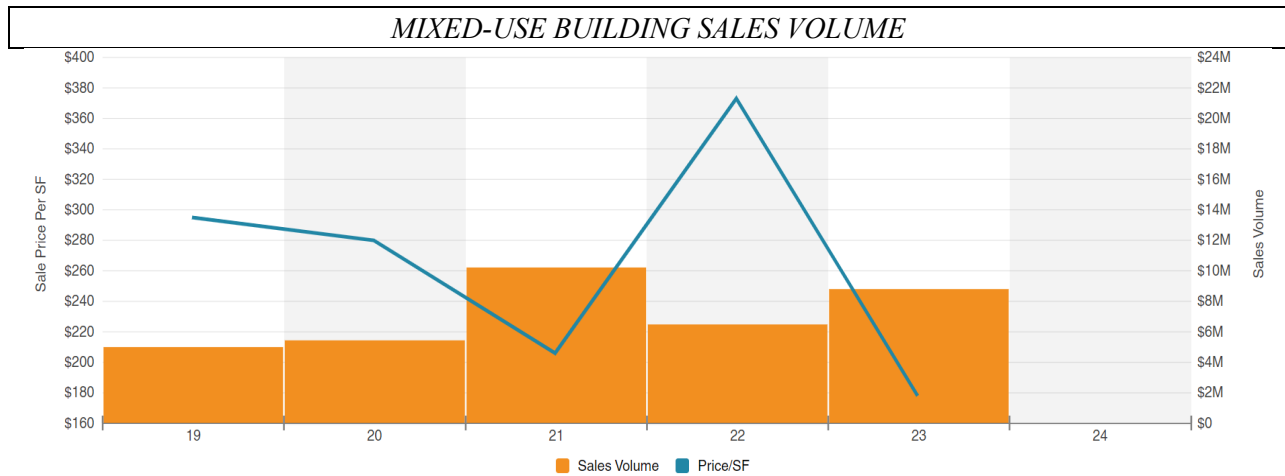
Source: CoStar Realty Information, Inc.; compiled by the appraiser (2019 – 2024 YTD)



The suburban Boston area is composed of several sub-markets, each defined by geographic boundaries that delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. In practice, these submarkets are loosely defined, but Newton is generally accepted as part of the Newton/Brookline Sub-Market that is part of the Route 128 West Sub-Market, which consists of the suburban communities along Route 128 from Needham north to Lexington.

*Sales Trends* - In the Route 128 West Sub-Market, mixed-use building sales volume and prices have fluctuated. As compiled using CoStar Comps service and displayed in an accompanying graph, from 2019 to 2022, this area experienced a 27% increase in the average sale price per square foot, though not in a straight-line fashion. In

2023, sales implied a mean price level of \$180 per square foot. To date, sales concessions have been nonexistent and distressed properties have been rare.



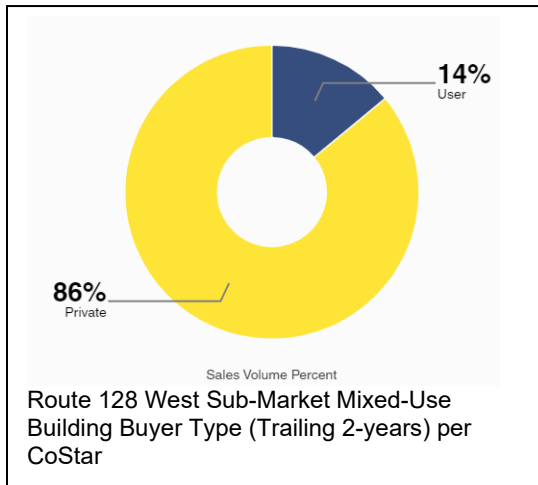
Single Asset Sales in the Route 128 West Sub-Market, 2019 – 2024 YTD (Compiled Using Costar Comps)

ROUTE 128 WEST SUB-MARKET ANALYTICS							
Period	# of Transactions	% of Search	Sales Volume	Average Sale Price	Building SF	Average Bldg SF	Average Price Per Bldg SF
Search	50	100.0%	\$72,986,652	\$1,459,733	327,356	6,547	\$222.96
2024 YTD	-	-	-	-	-	-	-
2023	4	8.0%	\$8,803,000	\$2,200,750	49,495	12,374	\$177.86
2022	5	10.0%	\$6,485,508	\$1,297,102	17,400	3,480	\$372.73
2021	6	12.0%	\$10,220,000	\$1,703,333	49,639	8,273	\$205.89
2020	4	8.0%	\$5,440,644	\$1,360,161	19,435	4,859	\$279.94
2019	3	6.0%	\$5,000,000	\$1,666,667	16,971	5,657	\$294.62

Source: Mixed-use building sales compiled by the appraiser using CoStar Comps

**Marketing Times** – In the past year, the Route 128 West Sub-Market has been characterized by weaker investor interest, increased availability, and lengthening market exposure periods. For conventionally marketed buildings, marketing times of three to eighteen months are the norm.

**Availability** – In the Route 128 West Sub-Market, listings are now more common than in the recent past. Currently, two mixed-use buildings comparable to the subject are actively marketed for sale.



**Supply** – In the heavily developed Route 128 West Sub-Market, construction of new product has been absent in the trailing year. No mixed-use buildings have been delivered, and none are under construction.

**Demand** – The Route 128 West Sub-Market is characterized predominantly by small scale non-institutional grade mixed-use assets that have greatest appeal to local or regional private investors.

**Funding** - Cash transactions are common, accounting for many of the sales I surveyed, but funding for commercial and mixed-use real estate is available, with commercial and regional banks being the primary sources. Beginning in the second half of 2021, interest rates on fixed-rate loans trended higher and now commonly range from over 6% to 8.5% or more depending on the term and risk profile. Loan to value ratios commonly ranged up to 80%.

Nationwide, commercial lending volume has trended lower. Lending activity as measured by the CBRE Lending Momentum Index increased by 1% in Q4—the first quarterly increase since Q1 2022. However, the index was down by 38.1% from a year earlier. Given the current market outlook and reduced risk tolerance, lenders are employing tighter lending standards.

**Commercial Leasing** - In Newton, near the subject, most retail and offices are small scale spaces in mixed-use or commercial buildings that date from the 1800s or early 1900s. In the trailing

twelve months, net absorption in buildings of this type in Newton was positive as 8.8K square feet of space was leased.

In the past year, the leasing market has been characterized by softer demand evident in rising vacancy. Currently, in Newton, the availability rate is more than 10%. No shortage of office or retail space by type or price exists. This affluent suburban location attracts mostly independent small businesses and professionals with a local trade area. To date, despite softer demand, rents have increased modestly and the use of rental concessions remains uncommon.

Newton Leasing Metrics:

	<u>Office</u>	<u>Retail</u>
Rental Rates	\$20.00 to \$60.00 PSF	\$20.00 to \$50.00 PSF
Vacancy	9% to 14%	1% to 4%
Typical Leasing Periods	3 to 12 months	1 to 12 months
Leasing Concession Trends	Negotiable in proportion to the length and value of the lease	Negotiable in proportion to the length and value of the lease
Sublease Offerings	45% of available space	10% of available space

The preceding data was compiled from interviews with rental agents, anecdotal information, and CoStar.

*Apartment Rentals* - Most apartments near the subject in Newton are in wood frame multi-family dwellings and small apartment buildings that date from the 1800s to the early 1900s. In this neighborhood, where land is scarce, new residential construction has been limited. Although prices have increased, condominium conversion remains uncommon. Consequently, the supply of apartments has been stable.

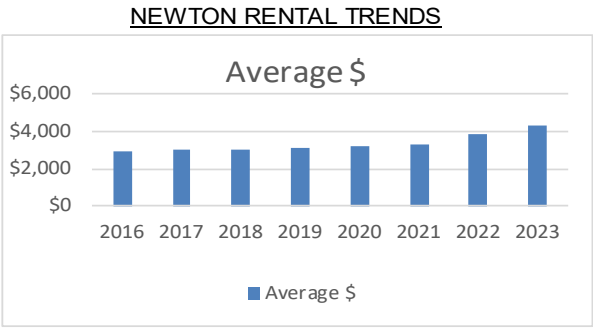
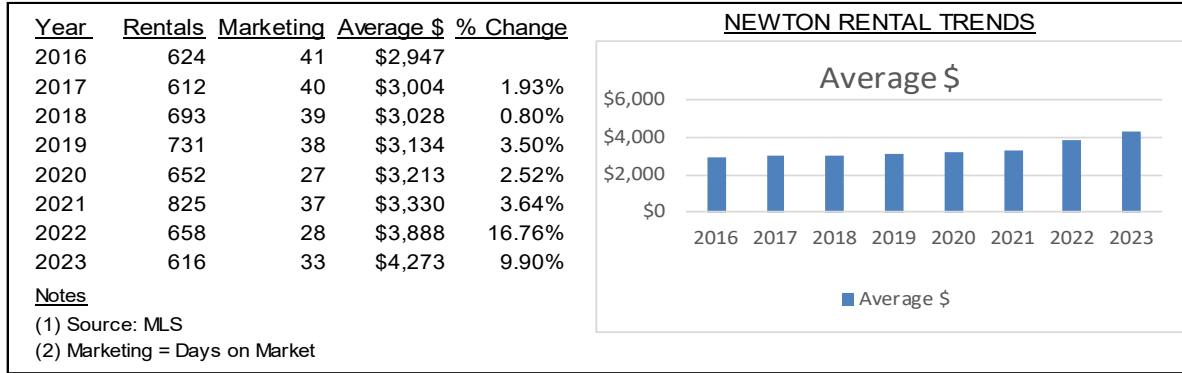
In 1994, rent control was abolished by statewide referendum and it is no longer present in Massachusetts. In this market, apartments are rented on an annual or month to month basis and rents are collected monthly. No oversupply or shortage of apartments by type or price exists in Newton Upper Falls, but the inventory is composed primarily of two- and three-bedroom apartments, while larger apartments and studios are less common. Due to stable fundamental demand, the use of rental concessions has not been widespread.

Newton Rental Market Characteristics:

Rental Rates (monthly)	
	1-Bedroom Units: \$1,500 to \$2,500
	2-Bedroom Units: \$1,850 to \$2,900
	3 or 4-Bedroom Units: \$2,800 to \$6,500
Vacancy	3% to 6%
Leasing Periods	1 to 2 months
Concessions	Scarce
Leasing Commissions	Typically, 1 months' rent paid by tenant

The above rents and vacancy rates are compiled from interviews with rental agents, anecdotal information, and MLS data.

MLS data indicates demand for rentals in Newton Upper Falls has increased, up more than 9% in 2019. Year to date rentals in Newton were down in volume, but substantially higher in price. Citywide, residential rentals had an average marketing period of 33 days in 2023, and an average monthly rent of \$4,273.



Source: Compiled by the Appraiser from MLS Property Information Network

*Forecast* - To date, in the suburban Boston market, commercial real estate prices have been resilient. Going forward, the outlook is uncertain. Underlying prospects for commercial real estate are positive, driven by expanding populations, a vibrant local economic base, and high levels of fundamental demand. In the near term, asset values in Newton are likely to change commensurate with regional trends. In the next several quarters, the risk of a spike in commercial real estate values, in either direction appears low, and while softer market conditions may emerge, a substantial deterioration appears unlikely. However, risk has increased and reasons for concern include persistent inflation, high interest rates, and recession.

**SITE DESCRIPTION**



The site of the Chestnut Crossing Condominium is a somewhat triangular shaped lot that contains 4,450 (±) square feet of land on the northwesterly corner of Chestnut and Ellis Streets. Entirely uplands, the site features gently sloping topography at an elevation consistent with surrounding land and the adjacent public way. All utilities available in the immediate area are

available to the subject site including municipal water and sewer, and the soil conditions and physical features are adequate for the present use.

About 60% of the site is covered by the primary improvement, a freestanding mixed-use building that faces Chestnut Street and abuts a public sidewalk along the roadway. Ancillary improvements consist of a brick walkway and an asphalt surfaced parking area at the rear of the building. Vehicular access is from one curb cut on Ellis Street. On-site parking capacity is one vehicle.

Refer to the addenda of the report for a parcel map and FEMA Flood Insurance Map. A summary site description follows.

<u>SITE DESCRIPTION</u>	
Land Area:	4,450 (±) square feet (gross) 4,450 (±) square feet (net)
Land Area Source:	Site plan
Site Shape:	Triangular
Street Frontage:	77' on Chestnut Street
Average Depth:	Irregular
Corner Influence:	None
Excess Land:	None
Surplus Land:	None
Topography:	Gently sloping downward from front to rear.
Drainage:	Drainage is primarily off-site.
Wetlands:	None apparent within 100'.
Perennial Waterways:	No perennial waterway is apparent within 200'.
Flood Zone:	National Flood Insurance Program Panel: 25017C0553E Date: June 4, 2010 Zone: X – Outside of 500-year floodplain
Soil Conditions:	No adverse soil conditions are apparent from surface observation. The soil conditions are assumed to be adequate for the highest and best use of the site.
Easements/Encroachments:	No <i>adverse</i> easements/encroachments were apparent at the inspection or in the deed or site plan.
View Amenity:	The view amenity is rated average due to the impact of surrounding natural and manmade features that are typical of the district.
Available Utilities:	Natural gas Electric Municipal water Municipal sewer
Vehicular Access:	One curb cut on Ellis Street
Street Type:	Public – secondary arterial road
Building Coverage:	60% ±
On-site Parking:	1 open space 0 covered spaces 0 garage spaces 1 Total space (ratio: 0.1 spaces per 1,000 SF of gross building area)
Site Improvements:	Parking Area: ..... 1,500 ± SF of asphalt pavement with one unmarked space Signage: ..... Building mounted Lighting: ..... Building mounted fixtures Other: ..... Brick walkway Landscaping: ..... None
Off-Site Improvements:	Typical of the surrounding district, infrastructure present in the public way abutting the site consists of an asphalt surfaced roadway with street lights, above ground electric lines and underground utilities.
Physical Condition:	The limited existing site improvements were observed to be in average physical condition

Underground Storage:	No underground tanks were reported, evident from surface observation or noted in assessor's records.
Environmental Conditions:	The subject is in an area of diverse property uses and potential point sources of contamination. An environmental assessment was not available to the appraiser and detection of contamination is beyond the scope of this assignment and the appraiser's expertise. If deemed necessary, a licensed site professional should be consulted.

Conclusion: The site features gently sloping topography, above average development density relative to the surrounding district, adequate street frontage, good vehicular access, and connections to all necessary utilities. No adverse easements or encroachments are known to exist and field observation and a review of FEMA mapping indicate the site is not proximate to wetland resources, perennial waterways, or floodplains. Per a Massachusetts Executive Office of Energy & Environmental Affairs (EEA) searchable on-line database, the subject site is not identified as a hazardous material release site.

### **BUILDING DESCRIPTION**

The description presented here is based primarily on visual observation of the building conducted on January 16, 2024. The appraiser performed an interior and exterior inspection of all readily accessible areas of the subject property improvements and gained access to tenant spaces on each floor but did not move any personal property or furniture. The roof was not readily accessible and, therefore, was not inspected. All readily observable conditions were noted, but the appraiser is not responsible for determining the structural integrity of the building or functionality of the mechanical systems. The appraisal assumes the building was structurally sound and that all building systems were functional and adequate on the date of the appraisal.

On the site of the Chestnut Crossing Condominium is one 2.75-story circa 1842 building containing one residential apartment and five non-residential units. The improvement is a single freestanding wood frame building constructed in the Greek Revival style and built for mixed-use. The building features two full stories above grade with a partial third floor within the gable roofline that has three small dormers front and rear.

The building contains one duplex style four-bedroom apartment and five commercial units occupied as office space and a massage spa. Unit 1003 is the residential unit whose entrance is a stairway at 1003 Chestnut Street on the northernmost side of the building. The unit is located on the second and third floors and consists of a living room, dining room, kitchen, two bedrooms, a full bath, and a private roof deck on the second floor, with two bedrooms and a full bath on the third floor. Unit 1005 is a ground floor, non-residential unit occupied by a retail tenant as a massage spa. It contains a reception lobby, offices or workspace and a lavatory. Units 1007A and 1007B are second floor office units accessible from a common stairway at 1007 Chestnut Street that also provides access to Unit 1007C, a third-floor office space. Unit 1009 is a non-residential unit on the southeasterly corner whose primary entrance is at 1009 Chestnut Street. It features a reception area, multiple offices and a separate room that may serve as office space.

Common areas consist of front and rear common entrances and stairways that provide access to the first floor, second floor and third floor commercial units. Additional common elements are structural and mechanical elements that are not part of the individual units.

The building has a partial basement that was partly reconstructed as offices/storage space with three lavatories. Interior finishes throughout the building, including the basement, are good quality components including hardwood floors, granite countertops and ceramic tile baths.

Floor area calculations for this building are made using exterior measured dimensions and include openings in floors associated with stairs. Areas that are not fully enclosed, such as roof overhangs, are excluded. As is common appraisal practice, the estimated floor area may be rounded and should not be considered a precise measurement. The gross building area is reconciled from indications that appear in a summary description on a following page. The net building area is as stated in the condominium documents.

Physical Condition: On the date of the appraisal, all major building components appeared to be functional and contributing to the life expectancy of the structure and the effective age, estimated to be 5 to 10 years, is within market norms. On the date of the appraisal, the building was observed to be clean and adequately maintained. No significant deferred maintenance was observed during the inspection and no immediate repairs appeared to be necessary. Due to the effective age of most building components and the clean well-maintained appearance, the overall physical condition of the subject building is classified as good.

Functional Utility: No unusual curable functional obsolescence was noted. The design is appealing; the physical layout is efficient; the mechanical systems appear to be adequate, and the building appears to be compliant with most current design standards and statutory requirements for construction, access and safety. For the present use, the building provides average utility consistent with buildings of similar age and design. However, the utility is diminished by a sub-standard parking ratio.

External Obsolescence: External influences on the building are mostly positive. The locus is in a desirable established district with reasonable conformity in land use, adequate traffic patterns, sufficient infrastructure and no apparent imbalance in competition or anticipated changes in the economic base. Relative to the surrounding district, the building on the subject site conforms adequately in terms of scale, construction, use and development density. No adjacent property appears to be adverse to the present use, marketability of the subject, or the economic life of the building.

Americans with Disability Act Compliance: In Massachusetts, all buildings that are open to the general public are subject to regulations developed by the Massachusetts Architectural Access Board (MAAB) designed to make such buildings accessible to, functional for, and safe for use by persons with disabilities. The regulations have been incorporated into the state building code and, therefore, are enforceable by all local and state building inspectors, as well as by the MAAB.

Accessibility is also governed by the Federal Americans with Disabilities Act of 1990 (ADA), a civil rights law that prohibits discrimination against individuals with disabilities in all areas of public life, including all public and private places that are open to the general public. Building code and ADA enforcement may be triggered by any construction, renovation, remodeling, or alteration of a public building or facility, or a change in use of building from private to public.

As is typical of buildings that are the age of the subject, inspection revealed that certain features of the design and construction may not be in compliance with code or ADA standards. However, the appraiser is not qualified to assess code or ADA compliance, and evaluation by an appropriately qualified professional would be recommended.

**Recommended Repairs:** No immediate repairs are recommended.

A dimensional sketch of the building appears in the addenda of the report. A summary description follows.

<u>BUILDING DESCRIPTION</u>						
Number of Buildings:	1					
Building Type:	Mixed-use (conversion)					
Property Class:	B/C					
Configuration:	Freestanding					
Occupancy:	Multi-tenanted					
Actual Year Built:	1842					
Actual Age (years)	178					
Year Converted/Rehabbed:	2018-2019 interior rehabbed					
Effective Age (years):	10					
Economic Life (years):	55					
Remaining Life (years):	45					
Straight-Line Depreciation	18%					
Gross Building Area (SF):						
Municipal Assessor	n/a					
Lease	n/a					
Measured	9,400					
Concluded (above grade)	9,400					
GBA/floor (SF)	3,418					
GBA/unit (SF)	1,567					
Net Building Area (SF):	7,251					
Common/Mechanical Area %	22.9%					
Basement	Part (64%)					
Finished (SF)	2,480					
Unfinished (SF)	0					
Total (SF)	2,480					
Floors Above Grade:	2.75					
Building Summary:	<u>Floor</u>	<u>Use</u>	<u>Units</u>	<u>Net SF</u>	<u>Gross SF</u>	<u>Common</u>
	1st Floor	office/retail	2	2,812	3,883	27.6%
	2nd Floor	office/residential	3	2,570	3,662	29.8%
	3rd Floor	office/residential	1	1,869	1,869	0.0%
	Total			7,251	9,414	
	Rounded				9,400	
Gross Building Area Source:	Exterior measurements					
Net Building Area Source:	Master deed and plans					
Quality of Construction:	Good class C					
Story Height:	2.75 above grade (plus finished basement)					
Structural System:	Wood frame					

<u>Exterior:</u>				
Foundation:	Stone			
Roof:	Gable with shingle surface; flat deck on rear addition with an adhered EPDM surface (rubber)			
Exterior Walls:	Wood shingle, brick veneer 1 <sup>st</sup> floor, concrete block rear addition			
Windows:	1 <sup>st</sup> floor - double glazed metal casement 2 <sup>nd</sup> – 3 <sup>rd</sup> floors – double-hung with insulated glass			
Exterior Doors:	The front entrances have wood framed doors with tempered glass panels.			
Wall Height:	25' to 30' ±			
Overhead Doors:	None			
<u>Interior</u>				
Unit Summary:	<u>Unit</u>	<u>Use</u>	<u>Floor</u>	<u>SF</u>
	1003	residential (4-bed, 2 bath)	2-3	2,130
	1005	spa	1	1,350
	1007A	office	2	656
	1007B	office	2	725
	1007C	office	3	1,050
	1009	office/spa	1	1,340
Floors:	Carpet, hardwood			
Walls:	Drywall on wood stud partitions			
Doors:	Passageway doors are flush mounted and solid core wood or composite			
Ceilings:	Suspended acoustical tile and drywall			
Ceiling heights:	8' -10'			
Lavatories:	Lavatories on each floor feature 2 -3 modern fixtures and ceramic or composite tile floors. None appear to be compliant with Americans with Disability Act (ADA) standards.			
Insulation:	Unknown – assumed adequate			
Soundproofing:	Unknown – assumed adequate			
<u>Mechanical</u>				
Electric Meters:	6			
Gas Meters:	6			
Water Meters:	1			
HVAC:	Individual gas furnaces and compressors provide forced warm air or forced hot water heat and air conditioning to the individual units.			
Electricity:	(6) 200-amp service panels and meters for each unit			
Lighting:	Mostly overhead 2' x 4' recessed troffers with fluorescent lamps			
Hot Water:	(6) 5 to 30-gallon electric tanks			
Fire Suppression:	None			
Life/Safety:	Hardwired smoke/fire alarm, emergency exit signs and lighting			
Elevator:	None			

Additional Subject Property Photographs



1. Facade



2. Rear of Building



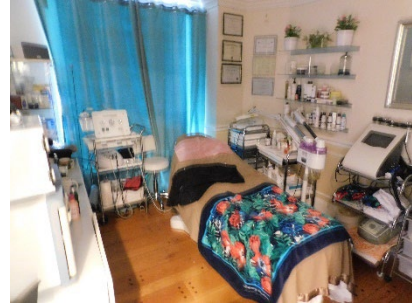
3. Common Stairway



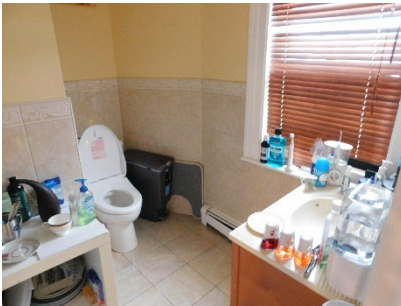
4. Unit 1009



5. Unit 1009



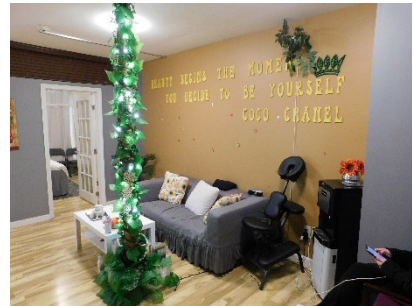
6. Unit 1009



7. Unit 1009



8. Unit 1005



9. Unit 1005



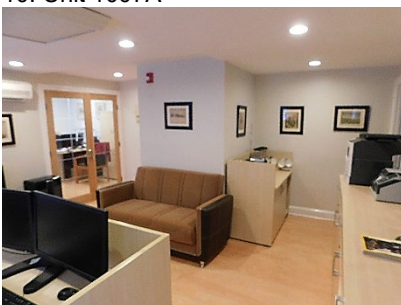
10. Unit 1007A



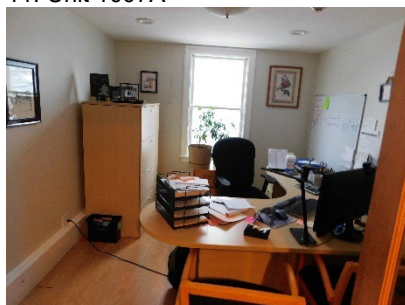
11. Unit 1007A



12. Unit 1007A



13. Unit 1007B



14. Unit 1007B



15. Unit 1007B



16. Unit 1007C



17. Unit 1007C



18. Unit 1007C



19. Unit 1003



20. Unit 1003



21. Unit 1003



22. Basement



23. Basement



24. Basement



25. Gas Furnace



26. Wall Cassette



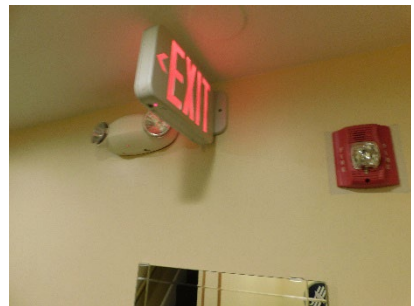
27. Electric Meters



34. Fire Alarm Control Panel



35. Fire Alarm Pull Station



36. Emergency Lighting

**ZONING**

Sources used by the appraiser in performing a review of zoning conformance are as follow:

- Newton Zoning Ordinance Law revised to February 7, 2024
- Newton Zoning Map dated February 12, 2024

Refer to the addenda of this report for a reproduction of the Newton zoning map, which indicates the subject site is located entirely in a Business Zoning District (BU1). Per the zoning ordinance, uses allowed by right in the Business District are as follows.

Residential: .....single-family dwellings, two-family dwellings, dwellings on upper floors

Institutional: .....child care, public uses, religious institutions, education, libraries, museums, community centers, clubs, rail or bus stations and theaters

Commercial: ..... business incubator, car sharing, dry cleaning or laundries, health clubs, printing, offices, banks, parking facilities, personal services, retail sales, service establishments, and restaurants

Industrial: .....none

The Zoning ordinance has provisions for specific additional land uses allowed by Special Permit. Parking regulations are dependent on use. For office use, a minimum of one parking space is required for every 250 square feet of gross floor area, while apartments require 1.25 spaces per unit. Dimensional controls in the district appear in the exhibit that follows.

<i>DIMENSIONAL CONTROLS</i>			
<u>Criteria</u>	<u>Allowed / Required</u>		<u>Compliance</u>
	<u>Business 1</u>	<u>Existing</u>	
Lot Size (SF).....	10,000	4,450	non-conforming
Lot Size Per Dwelling (SF).....	1,200 min	4450	complies
Lot Width.....	none	unknown	complies
Lot Depth.....	none	unknown	complies
Gross Floor Area (SF).....	15,000	9,400	non-conforming
Maximum Floor Area Ratio.....	1.5	2.1	non-conforming
<u>Minimum Setbacks</u>			
Front .....	average	unknown	complies
Side.....	1/2 bld. hgt	3-4'	non-conforming
Rear.....	none	0-5'	complies
Building Height.....	36'	30' ±	complies
Open Space.....	none	0	complies
Dwelling Units Max.....	8.3	1	complies
Car Parking Spaces.....	22	1	non-conforming
<u>Footnotes:</u>			
<i>(1) Source: City of Newton Zoning Ordinance</i>			

Figure 1: Zoning Dimensional Controls

As zoning applies to the subject, the site is a non-conforming lot that is smaller than the minimum size requirement. The building is a non-conforming structure that does not comply with the maximum floor area ratio, or minimum side setback. For the present use, the existing parking does not comply with the minimum required.

A review of municipal Building Department files and county registry of deeds on-line indexes produced no certificate of occupancy or zoning decisions associated with the subject property

address. The Newton Building Department has issued numerous building permits for the subject property addresses and the property assessment reflects the existing use as six commercial and residential condominium units. Per the existence of the above referenced documents, this appraisal assumes the present site, improvements and uses are legal, and that existing non-conformities pre-date zoning. We are told the basement may be permitting issues with the existing basement buildout and that it may not legally be used other than as storage.

Nonconformities are common in Newton and are not adverse to market value. Per Section 7.8 of the zoning ordinance, any legal pre-existing nonconforming structure or nonconforming use may be reconstructed to the previously existing dimensions and floor area if reconstruction is completed within two years.

### **ASSESSMENT AND TAXES**

In Newton, taxes are assessed by the municipality based on the full and fair cash value of real property as estimated by the municipal assessor and bills are issued quarterly. Every five years, the Massachusetts Department of Revenue certifies assessments, while municipal tax rates are certified annually.

Fiscal Year 2024 began July 1, 2023 and ends June 30, 2024. An exhibit that follows displays the Fiscal Year 2024 assessment of the subject property, as estimated by the assessor using a valuation date of January 1, 2023. An exhibit that follows displays the FY 2024 assessment of the subject property, as six individual condominium units, which averages approximately \$235.30 per square foot of building area. Relative to tax comparables in the exhibit, the assessment appears equitable. Therefore, if the property sold, a significant change in the taxes appears unlikely.

In Massachusetts, the Community Preservation Act (the “CPA”) allows municipalities to levy a surcharge on property tax bills and receive state matching funds for recreational, open space, affordable housing, and historic preservation purposes. As of the date of this appraisal, the City of Newton has a 1% surcharge on all property tax bills with no exemptions.

<i>FY 2024 ASSESSMENT &amp; TAXES</i>						
<u>ADDRESS</u>	<u>PARCEL</u>	<u>USE CODE</u>	<u>GBA (SF)</u>	<u>ASSESSMENT</u>		<u>TAX</u>
				<u>LUMP SUM</u>	<u>PSF</u>	
1003 Chestnut St	51002 0001E	102- condo	2,080	\$726,700	\$349.38	\$7,092.59
1005 Chestnut St	51002 0001	3401- office condo	1,350	\$259,400	\$192.15	\$4,754.80
1007A Chestnut St	51002 0001B	3421- prof condo	580	\$111,400	\$192.07	\$2,041.96
1007B Chestnut St	51002 0001C	3421- prof condo	753	\$144,700	\$192.16	\$2,652.35
1007C Chestnut St	51002 0001D	3401- office condo	1,050	\$183,400	\$174.67	\$3,361.72
1009 Chestnut St	51002 0001A	3401- office condo	1,340	<u>\$257,500</u>	\$192.16	<u>\$2,513.20</u>
Total Tax			7,153	\$1,683,100	\$235.30	\$22,416.63
CPA Surcharge (1%)						\$224.17
Special Assessments						\$0.00
Exemptions/Abatements						<u>\$0.00</u>
Total						\$22,640.80
<u>Tax Comparables</u>						
1	465 Centre St	013-mixed-use	5,221	\$1,256,700	\$240.70	
2	382 Watertown St	013-mixed-use	7,752	\$1,615,100	\$208.35	
3	365 Watertown St	013-mixed-use	7,416	\$1,299,500	\$175.23	
4	451 Lexington St	013-mixed-use	8,090	\$1,658,700	\$205.03	
5	1268 Boylston St A	102- condo	1,414	\$418,200	\$295.76	
6	1268 Boylston St B	102- condo	1,813	\$616,900	\$340.26	
7	1276-1278 Boylston St	102- condo	1,105	\$481,900	\$436.11	
8	24 Sullivan Ave	102- condo	2,420	\$830,400	\$343.14	
9	993 Chestnut St 2	102- condo	1,340	\$507,900	\$379.03	
10	450 Lexington St 100	3401- office condo	1,473	\$554,800	\$376.65	
11	1185 Washington St 1	3401- office condo	470	\$96,000	\$204.26	
12	505 Waltham St 3	3401- office condo	1,565	\$660,000	\$421.73	
	Mean:				\$302.19	
<u>Notes</u>						
	(1) Municipal FY 2024 Residential Tax Rate (per \$1K):			\$9.76		
	(2) Municipal FY 2024 Commercial/Industrial Tax Rate (per \$1K):			\$18.33		
	(3) Source: Municipal Assessor's Records					

Figure 2: Subject Property Assessment &amp; Tax Comparables

**HIGHEST AND BEST USE**

Highest and best use is “the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. Four criteria of highest and best use are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”<sup>4</sup>

Appraisal theory suggests a two-part analysis of the highest and best use of improved properties, as though the land were vacant and as it is presently improved. Analysis of the site as though vacant assumes that in the presence of a superior alternative, any existing improvements may be replaced in accordance with the highest and best use.

In this case, the subject building is listed on the Massachusetts Cultural Resource Information System (inventory #NWT.56) and is in local and National Register historic districts, and a

<sup>4</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 4<sup>th</sup> ed. (Chicago, IL: 2002) p. 135

National Register Multiple Resource Area. Although no specific historic value appears to be associated with the subject building, it may be considered historically significant and subject to protection. Therefore, the potential to redevelop the site may be limited and highest and best use analysis may focus on the use as improved.

Use of the Land as Improved: The present mixed-use of the subject property is a legal use that is consistent with the existing pattern of land use at the subject location. Due to the age of the structure, physical depreciation has accrued and, relative to current design standards, functional obsolescence is present in certain features and design elements, but for the present use, the functional utility is adequate, and the physical condition and the utility are within market norms.

Currently, the building operates on a stabilized basis, and it is capable of producing a substantial income stream. As indicated by analysis in sections of the report that follow, the overall property value falls within the range demonstrated by comparable properties and is greater than prevailing land values in Newton. Therefore, the building has a contributory value, and the present use is financially feasible. Although the subject property is a condominium, and the potential exists to sell the individual units, current market conditions are not conducive to a sellout, and a review of recent condominium sales implied that a sellout may not yield a greater present value.

Based on analysis of the property, there does not appear to be a legal, physically possible alternative to the current use that may reasonably be anticipated to result in a higher present value. Therefore, it is concluded that the highest and best use of the subject property is as improved and utilized. Given the characteristics of the property and the limited existing leases that are in place, the primary appeal would appear to be to an end user, but it may also be attractive to investors.

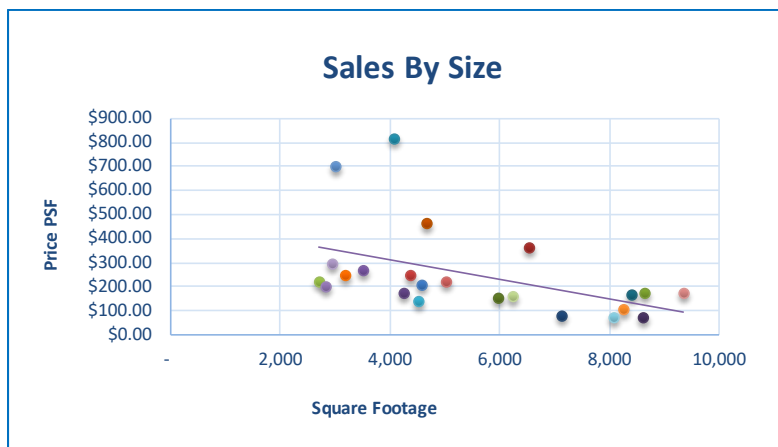
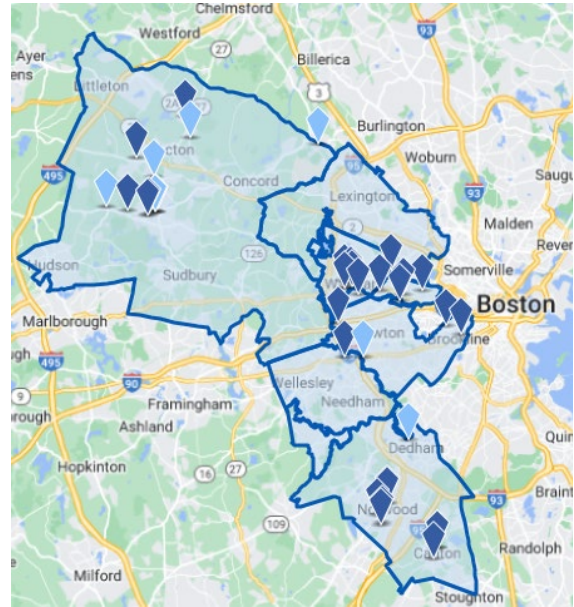
## THE SALES COMPARISON APPROACH

The sales comparison approach is “a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.”<sup>5</sup> In active markets, sales comparison can be a reliable analytical tool; however, the applicability of this approach may be limited by the availability of data.

To analyze the value of the subject, information on sales and listings of improved properties with utility comparable to the subject was compiled from brokers, subscription data providers (MLS, CoStar Comps and Banker & Tradesman) and other published sources through a survey with the following parameters.

- Location: Route 128 West Sub-Market and adjacent sub-markets west of Boston
- Use: Mixed-use buildings
- Date: Approximately January 2021 to present
- Size: 2,500 to 15,000 SF

Research using the broad parameters above revealed six active listings and, as depicted in the accompanying graph, twenty-three sales that closed at prices from \$71.15 to \$818.97 per square foot. Mean and median prices of the closed sales were \$250.41 and \$204.48 per square foot respectively, while the mean building size was near 5,500 square feet.



Source: Compiled by the Appraiser

adjustments are applied for any significant differences. In this case, the primary elements of

Of the data investigated, five sales and two active listings were selected for direct comparison to the subject property. These properties are the most recent and relevant data available. Details of each property cited in the analysis appear on pages that follow this section.

In an exhibit on page 42, the data are compared to the subject property and

<sup>5</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 4<sup>th</sup> ed. (Chicago, IL: 2002) p. 255

comparison are quality of construction, physical condition, parking, basements, cellular antennas, and disparities in land and building area.

Either other contrasts are not pertinent, or the available data is insufficient to support an adjustment. For example, no adjustment for changes in market conditions was applied because the quantity and quality of the data was insufficient to provide a clear indication of a change in value. Alternatively, date of sale was considered in reconciliation of the value indicators.

Adjustments have been applied as a percentage of the sale price and are based on comparisons among matched pairs or groups of sales, market observations, and experience in appraising similar properties. A brief discussion of the adjustments follows.

Elements of Comparison:

- Location: Sale 5 is in a section of Newton where rents and prices are higher and is adjusted minus 10% for a superior location.
- Land Area: Adjustments for differences in land area are applied to each comparable at the rate of 1% per 5,000 SF. Sensitivity analysis was used to determine that this rate of adjustment resulted in the highest degree of correlation of the indicators.
- Parking: Adjustments for on-site parking capacity are applied to each comparable property based on differences in the parking ratio (spaces/1,000 SF of gross building area). The adjustments are applied at the rate of 2% per parking space per 1,000 SF of GBA.
- Building Area: Adjustments for differences in building area are applied to each comparable at the rate of 1% per 2,000 SF. Sensitivity analysis was used to determine that this rate of adjustment resulted in the highest degree of correlation of the indicators.
- Quality of Construction: Sale 5, a modern masonry and steel commercial building with elevator access, is adjusted minus 10% for superior quality of construction. ?
- Physical Condition: Comparables 1 and 4 are adjusted plus 10% to 20% for observed or reported inferior physical condition.
- Basements: Adjustments for basements are applied to the comparables at the rate of 1% per 5,000 SF.
- Other Features: Sale 2 is adjusted minus 5% for two rooftop cellular antenna that generate significant income.

Units of Comparison: Analysis of the data resulted in the value indicators arrayed in the table that follows. These consist of the adjusted price lump sum, per square foot of gross building area, and per square foot of gross land area. Also shown are gross income multipliers. In many cases, the income was confidential. Therefore, a multiplier was extracted from the sale by estimating market rate income for the property.

<i>VALUE INDICATORS</i>					
	<u>Minimum</u>	<u>Maximum</u>	<u>Range</u>	<u>Median</u>	<u>Mean</u>
Adjusted Price	\$756,320	\$6,109,301	\$5,352,980	\$1,938,547	\$2,388,404
Adjusted Price PSF Land	\$124.03	\$541.72	\$417.70	\$403.44	\$383.41
Adjusted Price PSF Building	\$175.97	\$283.75	\$107.78	\$252.19	\$231.44
Gross Income Multipliers	9.0	13.2	4.2	11.5	11.5

Figure 3: Array of Value Indicators

Several units of comparison were employed in analysis of the data, but market observation suggests that properties of this type are purchased primarily based on price per square foot of gross building area. Per square foot, the unadjusted prices of the properties cited in the analysis ranged from \$153.10 to \$356.90. Application of adjustments narrowed the range to \$175.97 to \$283.75 per square foot.

Reconciliation of the Sales Comparison Approach: In reconciliation, consideration was given to the value indicated by each property cited in the analysis, but primary emphasis was placed on Comparables 2 through 4, which are the closed sales that required the least gross adjustment. After adjustment, these sales indicated values of \$263.79, \$252.19, and \$175.97 with a mean of \$230.65 per square foot. Less weight was placed on Comparables 1 that required greater adjustment and on Comparables 5 and 6, the active listings.

<i>SELECTED VALUE INDICATORS</i>					
<u>Unit of Comparison</u>	<u>Selected Indicator</u>	<u>Quantity</u>	<u>Indicated Value</u>		
Price Per SF Land	\$500.00	x 4,450 SF	=	\$2,225,000	
Price Per SF Building	\$250.00	x 9,400 SF	=	\$2,350,000	
Gross Income Multiplier	13.0	x \$163,704	=	\$2,128,152	

Figure 4: Selected Value Indicators

After considering the relevant attributes of the subject, such as its relative size, the dates of the sales and recent market developments, and weighting Sales 2 through 4 most heavily, I selected a value indication toward the middle of the range indicated by the

comparable data at \$250.00 per square foot. When applied to the subject, this produces an indicated value of \$2,350,000 (\$250.00 PSF x 9,400 SF above grade).

For other units of comparison, the process of selecting indicators was repeated, again emphasizing specific comparables deemed most similar, and considering market events since the dates of sale. For example, after considering the potential economic characteristics of the subject, a gross income multiplier was selected toward the upper end of the indicated range at 13.

The selected indicators provide a range of values between \$2,128,153 and \$2,350,000. Consistent with market convention and the quality and correlation of the data, greatest weight was placed on price per square foot of building area. Secondary consideration is given to the value indicated by the gross income multiplier, and due to wide variations in size and development density, the price per square foot of land was less relevant. The resulting value indication is \$2,350,000 (rounded).

In summary, during the trailing 1-2 years, market activity has declined and in Newton and the surrounding suburban sub-market, few sales of assets similar to the subject are available for analysis. Consequently, sales from adjacent sub-markets were included in the analysis. The sales cited bracket the subject building in size and are the most relevant currently available, but overall, the physical and economic attributes of the data had a moderate degree of similarity to the subject property.

In summary, the reliability of the sales comparison approach is limited by the small quantity and moderate quality of the available data, the difficulty of accurately reflecting market reaction to differences in the properties through the adjustment process.

The Indicated Value by The Sales Comparison Approach (rounded): **\$2,350,000.**

		<u>Subject</u>	<u>Comparable 1</u>		<u>Comparable 2</u>		<u>Comparable 3</u>		<u>Comparable 4</u>		<u>Comparable 5</u>		<u>Comparable 6</u>		<u>Comparable 7</u>		
Property Data and Comparison to Subject	Address	1003-1009 Chestnut St Newton, MA 02464	893-895 Main Street Waltham, MA 02453		699-709 Moody Street Waltham, MA 02453		192-196 Elm Street Everett, MA 02149		19 Central Street Norwood, MA 02062		447 Centre Street Newton, MA 02458		20 Court Street Dedham, MA 02026		289 Moody Street Waltham, MA 02453		
	Existing Use	mixed-use	mixed-use		mixed-use		mixed-use		mixed-use		mixed-commercial		mixed-use		mixed-use		
	Status	n/a	sold		sold		sold		sold		sold		active		active		
	Price	n/a	\$1,100,000	(\$153.10)	\$3,300,000	(\$277.50)	\$1,950,000	(\$253.68)	\$720,000	(\$167.52)	\$3,150,000	(\$356.90)	\$1,000,000	(\$267.31)	\$5,800,000	(\$191.89)	
	Property Rights Conveyed	leased fee	leased fee		leased fee		leased fee		leased fee		leased fee		leased fee		leased fee		
	Adverse Easements	none	none		none		none		none		none		none		none		
	Conditions of Sale	n/a	conventional		conventional		conventional		conventional		conventional		conventional		conventional		
	Financial Terms of Sale	n/a	cash		conventional		conventional		seller financed		conventional		n/a		n/a		
	Expenditures After Purchase	none	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%	
	Market Conditions / Date of Sale	current	1/16/2024	8/22/2023	0.0%	5/31/2023	0.0%	9/21/2023	0.0%	10/27/2023	0.0%	11/3/2023	0.0%	n/a	0.0%	n/a	0.0%
	Non-realty Components	none	none		none		none		none		none		none		none		
	Adjustment Sub-Total			0.0%		0.0%		0.0%		0.0%		0.0%		0.0%		0.0%	
	Current Cash Equivalent Price			\$1,100,000		\$3,300,000		\$1,950,000		\$720,000		\$3,150,000		\$1,000,000		\$5,800,000	
	Location/District Features																
	Location Type	suburban/good	similar		similar		similar		similar		superior -10.0%		similar		similar		
	Street / Traffic Count	secondary/moderate	arterial/moderate		arterial/moderate		secondary/light		secondary/moderate		arterial/moderate		arterial/moderate		arterial/moderate		
	Corner	non-signalized	signalized		non-signalized		non-signalized		non-signalized		non-signalized		non-signalized		non-signalized		
	Physical Features of the Site																
	Site Area (SF)	4,450	5,982	-0.3%	5,942	-0.3%	4,805	-0.1%	6,098	-0.3%	4,623	0.0%	1,961	0.5%	16,509	-2.4%	
	Topography	gently sloping	similar		similar		similar		similar		similar		similar		similar		
	Accessibility	good	similar		similar		similar		similar		similar		similar		similar		
	Parking Ratio (spaces/1,000 sf)	0.1	0.6	-0.9%	0.4	-0.6%	0.1	0.0%	1.2	-2.1%	0.0	0.2%	0.0	0.2%	0.6	-0.9%	
	Physical Features of the Improvement																
	Floor Area (SF)	9,400	7,185	-1.1%	11,892	1.2%	7,687	-0.9%	4,298	-2.6%	8,826	-0.3%	3,741	-2.8%	30,225	10.4%	
	Design/Appeal	conventional/good	conventional/gd		conventional/gd		conventional/gd		conventional/gd		conventional/gd		conventional/gd		conventional/gd		
	Quality of Construction	good	similar		similar		similar		similar		superior -10.0%		similar		similar		
	Actual Year Built	1842	1910		1900		1910		1920		1949		1830		1900		
	Physical Condition	good	inferior 20.0%		similar		similar		inferior 10.0%		similar		similar		similar		
Basement (SF)	2,480	4059	-0.3%	3769	-0.3%	542	0.4%	2285	0.0%	4413	-0.4%	804	0.3%	11259	-1.8%		
Other	none	none		cellular antennas -5.0%		none		none		none		none		none			
Sub-Total Gross Adjustment			22.6%		7.4%		1.4%		15.0%		20.9%		3.9%		15.5%		
Sub-Total Net Adjustment			17.4%		-4.9%		-0.6%		5.0%		-20.5%		-1.8%		5.3%		
Financial	Gross Annual Income	\$163,704	\$122,145	(est.)	\$261,624	(est.)	\$169,114	(est.)	\$73,066	(est.)	\$238,302	(est.)	\$78,561	(est.)	\$513,825	(est.)	
	Vacancy/Collections Allowance	-\$9,822 -6%	-\$7,329 -6%		-\$15,697 -6%		-\$10,147 -6%		-\$4,384 -6%		-\$14,298 -6%		-\$4,714 -6%		-\$30,830 -6%		
	Operating Expenses	\$42,874 26%	-\$42,751 -35%		-\$91,568 -35%		-\$59,190 -35%		-\$25,573 -35%		-\$83,406 -35%		-\$23,568 -30%		-\$154,148 -30%		
	Net Operating Income	\$111,008	\$72,066	(est.)	\$154,358	(est.)	\$99,777	(est.)	\$43,109	(est.)	\$140,598	(est.)	\$50,279	(est.)	\$328,848	(est.)	
	Gross Income Multiplier		9.0		12.6		11.5		9.9		13.2		12.7		11.3		
	Implied Capitalization Rate		6.55%		4.68%		5.12%		5.99%		4.46%		5.03%		5.67%		
Indicators	ADJUSTED SALE PRICE																
	LUMP SUM		\$1,291,066		\$3,137,035		\$1,938,547		\$756,320		\$2,504,394		\$982,163		\$6,109,301		
	PER SQUARE FOOT LAND		\$215.83	Per SF	\$527.94	Per SF	\$403.44	Per SF	\$124.03	Per SF	\$541.72	Per SF	\$500.85	Per SF	\$370.06	Per SF	
	PER SQUARE FOOT BUILDING		\$179.69	Per SF	\$263.79	Per SF	\$252.19	Per SF	\$175.97	Per SF	\$283.75	Per SF	\$262.54	Per SF	\$202.13	Per SF	
	Simple Average PSF	\$231															

Figure 5: Comparable Sales Adjustment Grid

## COMPARABLE IMPROVED PROPERTY 1



## Property Identification

Property Type: Mixed-use  
 Address: 893-895 Main Street  
 City/State/Zip: Waltham, MA 02453  
 County: Middlesex

## Sale Information

Asking Price: -  
 Sale Price: \$1,100,000  
 Sale Status: Closed  
 Sale Date: August 22, 2023  
 \$ Per SF GBA: \$153.10  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: The Harriet G. Goldman Family, LLC, Kaplan Properties, LLC, Barbara Gordon Lushan Family, LLC, M&P, LLC and the Ira B. Gordon Revocable Trust-1970  
 Grantee: Z&H Realty, LLC (Jinfang Zheng, Manager)  
 Title Reference: Book 81941 Page 109

Confirmation: Costar Comps, Loopnet, deed, assessor's records  
 Sales History: No sales recorded in the prior three-years.  
 Sale Conditions: Conventional  
 Financing: Cash

## Land &amp; Improvements

Land Area: 5,982 SF  
 Building Area: 7,185 SF GBA  
 GBA Source: Assessor's records  
 Buildings: 1  
 Floors: 2  
 Basement Levels: 1  
 Year Built: 1910  
 Year Rehabbed: Unknown  
 Occupancy: Multiple  
 Utility Metering: Separate gas and electric  
 Sprinkler Coverage: 0%  
 Total Parking: 4  
 Street Type: Arterial

## Comments

This off-market transfer closed with the parties self-represented. No concessions, seller financing, atypical conditions, environmental contamination, or unusual deferred maintenance disclosed. This mixed-use building contains two street level retail spaces and two residential units on the upper floor, walk-up access, rear parking, and a central location. The buyer was a local private investor.

## COMPARABLE IMPROVED PROPERTY 2



## Property Identification

Property Type: Mixed-Use  
 Address: 699-709 Moody Street  
 City/State/Zip: Waltham, MA 02453  
 County: Middlesex

## Sale Information

Asking Price: -  
 Sale Price: \$3,300,000  
 Sale Status: Closed  
 Sale Date: May 31, 2023  
 \$ Per SF GBA: \$277.50  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: Ronald Arsenault, Trustee of  
 Arsenault Realty Trust  
 Grantee: Marc Resnick, Trustee of 699  
 Moody Street Realty Trust  
 Title Reference: Book 81609 Page 70  
 Confirmation: Costar Comps, deed,  
 Loopnet, assessor's records  
 Sales History: No sales recorded in the prior  
 three-years.  
 Sale Conditions: Conventional

Financing: \$2,750,000 Winchester Co-  
 Operative Bank

## Land &amp; Improvements

Land Area: 5,942 SF  
 Building Area: 11,892 SF GBA  
 GBA Source: Assessor's records  
 Buildings: 1  
 Floors: 3  
 Basement Levels: 1  
 Year Built: 1900  
 Year Rehabbed: N/A  
 Occupancy: Multiple  
 Utility Metering: Separate gas and electric  
 Sprinkler Coverage: 0%  
 Total Parking: 5  
 Street Type: Arterial

## Comments

After a marketing period of 38 days ± with seller representation by Marcus & Millichap, this sale closed with no concessions, seller financing, atypical conditions, environmental contamination, or unusual deferred maintenance disclosed. This mixed-use building contains four commercial units and ten apartments with two rooftop cellular antenna installations and open rear parking. The building features walk-up access. The location is on an arterial street in the Southside neighborhood. Good physical condition at sale. The buyer was a local private investor.

## COMPARABLE IMPROVED PROPERTY 3



## Property Identification

Property Type: Mixed-Use  
 Address: 192-196 Elm Street  
 City/State/Zip: Everett, MA 02149  
 County: Middlesex

## Sale Information

Asking Price: \$2,095,000  
 Sale Price: \$1,950,000  
 Sale Status: Closed  
 Sale Date: September 21, 2023  
 \$ Per SF GBA: \$253.68  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: 192-196 Elm Street, LLC  
 (Andreas Tsitos, Manager)  
 Grantee: TTAZ Realty, LLC  
 (Toffazzal Housain and  
 Zahidul Islam, Manager)  
 Title Reference: Book 82019, Page 167

Confirmation: MLS, Costar Comps,  
 Loopnet, deed, broker,  
 inspection, assessor's  
 records  
 Sales History: No sales recorded in the prior  
 three-years.  
 Sale Conditions: Conventional  
 Financing: \$1,365,000 Salem Five

## Land &amp; Improvements

Land Area: 4,805 SF  
 Building Area: 7,687 SF GBA  
 GBA Source: Measured  
 Buildings: 1  
 Floors: 1 - 4  
 Basement Levels: 1  
 Year Built: 1910  
 Year Rehabbed: N/A  
 Occupancy: Multiple  
 Utility Metering: Separate gas and electric  
 Sprinkler Coverage: 0%  
 Total Parking: 1  
 Street Type: Secondary

## Comments

After a marketing period of 106 days ± with seller representation by North Shore Realty Advisors, this sale closed with no concessions, seller financing, atypical conditions, environmental contamination, or unusual deferred maintenance disclosed. This freestanding circa 1910 good quality wood frame mixed-use building contains three storefronts at ground level and five apartments including 1 studio, 3 two-bedroom and 1 three-bedroom unit. The building covers 81% of the site and has walk-up access, separately metered utilities, and on-site parking capacity for one vehicle. The renovated building was in good condition and was purchased by local private investors.

## COMPARABLE IMPROVED PROPERTY 4



## Property Identification

Property Type: Mixed-use  
 Address: 19 Central Street  
 City/State/Zip: Norwood, MA 02062  
 County: Norfolk

## Sale Information

Asking Price: \$1,595,000  
 Sale Price: \$720,000  
 Sale Status: Closed  
 Sale Date: October 27, 2023  
 \$ Per SF GBA: \$167.52  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: Brain Kaveney, Trustee of  
 L.R.K. Realty Trust  
 Grantee: Hearth Drake LLC (Haoyang  
 Zhang, Manager)  
 Title Reference: Book 41483 Page 572

Confirmation: MLS, Costar Comps,  
 Loopnet, deed, broker,  
 assessor's records  
 Sales History: No sales recorded in the prior  
 three-years.  
 Sale Conditions: Conventional  
 Financing: \$504,000 seller

## Land &amp; Improvements

Land Area: 6,098 SF  
 Building Area: 4,298 SF GBA  
 GBA Source: Assessor's records  
 Buildings: 1  
 Floors: 2  
 Basement Levels: 1  
 Year Built: 1920  
 Year Rehabbed: N/A  
 Occupancy: Multiple  
 Utility Metering: Separate electric  
 Sprinkler Coverage: 0%  
 Total Parking: 5  
 Street Type: Arterial

## Comments

After a marketing period of 52 days ± with seller representation by Atlantic Commercial Real Estate, this sale closed with no concessions, atypical conditions, environmental contamination, or unusual deferred maintenance disclosed. The seller provided financing. This mixed-use building has a ground floor commercial unit, two apartments, walk-up access, an unfinished basement, and a prominent corner location. Good rehabbed physical condition at sale. The buyer was a local private investor.

## COMPARABLE IMPROVED PROPERTY 5



## Property Identification

Property Type: Office/retail building

Address: 447 Centre Street  
City/State/Zip: Newton, MA 02458

County: Middlesex

## Sale Information

Asking Price: -

Sale Price: \$3,150,000

Sale Status: Sold

Sale Date: November 3, 2023

\$ Per SF GBA: \$356.90

Rights Conveyed: Lease fee

% Interest Conveyed: 100%

Grantor: Bahram Ghassemi, Trustee of Atlas Realty Trust

Grantee: 447 Centre, LLC (Jeffrey Lee, Manager)

Title Reference: Book 82175, Page 577

Confirmation: Costar Comps, Loopnet, deed, assessor's records

Sales History: No sales recorded in the prior three years.

Sale Conditions: Conventional

Financing: \$2,677,500 Bank of America

## Land &amp; Improvements

Land Area: 4,623 SF

Building Area: 8,826 SF GBA

GBA Source: Assessor's records

Buildings: 1

Floors: 2

Basement Levels: 1

Year Built: 11949

Year Rehabbed: Unknown

Occupancy: Multiple

Utility Metering: Separate electric

Sprinkler Coverage: 100%

Total Parking: 0

Street Type: Arterial

## Comments

This off-market transfer closed with the parties self-represented. No concessions, seller financing, atypical conditions, environmental contamination, or unusual deferred maintenance disclosed. This modern masonry and steel building with elevator access contains office space above street level retail with prominent corner exposure. It abuts a municipal parking lot. Good physical condition at sale and purchased by an end user who will occupy part of the building as a doctor's office.

## COMPARABLE IMPROVED PROPERTY 6



## Property Identification

Property Type: Mixed-use  
 Address: 20 Court Street  
 City/State/Zip: Dedham, MA 02026  
 County: Norfolk

## Sale Information

Asking Price: \$1,000,000  
 Sale Price: N/A  
 Sale Status: Active  
 Sale Date: N/A  
 \$ Per SF GBA: \$267.31  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: Jin Peng  
 Grantee: N/A  
 Title Reference: N/A

C

Confirmation: MLS, Costar Comps, broker, assessor's records  
 Sales History: No sales recorded in the prior three years.  
 Sale Conditions: Conventional  
 Financing: N/A

## Land &amp; Improvements

Land Area: 1,961 SF  
 Building Area: 3,741 SF GBA  
 GBA Source: Assessor's records  
 Buildings: 1  
 Floors: 2  
 Basement Levels: 1  
 Year Built: 1830  
 Year Rehabbed: Unknown  
 Occupancy: Multiple  
 Utility Metering: Separate electric  
 Sprinkler Coverage: 0%  
 Total Parking: 0  
 Street Type: Arterial

## Comments

This property has been actively marketed for sale since December 5, 2023 with seller representation by 128 CRE and a reduction in the asking price from \$1,200,000 to \$1,000,000. No concessions or seller financing are offered, and no environmental contamination or unusual deferred maintenance are disclosed. This mixed-use building has two commercial units, three apartments, walk-up access, no parking, and a location on an arterial street. Good physical condition and fully tenant occupied.

## COMPARABLE IMPROVED PROPERTY 7



## Property Identification

Property Type: Mixed-use  
 Address: 289 Moody Street  
 City/State/Zip: Waltham, MA 02453  
 County: Middlesex

## Sale Information

Asking Price: \$5,800,000  
 Sale Price: N/A  
 Sale Status: Active listing  
 Sale Date: N/A  
 \$ Per SF GBA: \$191.89  
 Rights Conveyed: Lease fee  
 % Interest Conveyed: 100%  
 Grantor: Waltham Artists Group, LLC  
 (John Thompson, Manager)  
 Grantee: N/A  
 Title Reference: N/A  
 Confirmation: MLS, Costar Comps, broker,  
 inspection, assessor's records

Sales History: No sales recorded in the prior three years.

Sale Conditions: Conventional  
 Financing: N/A

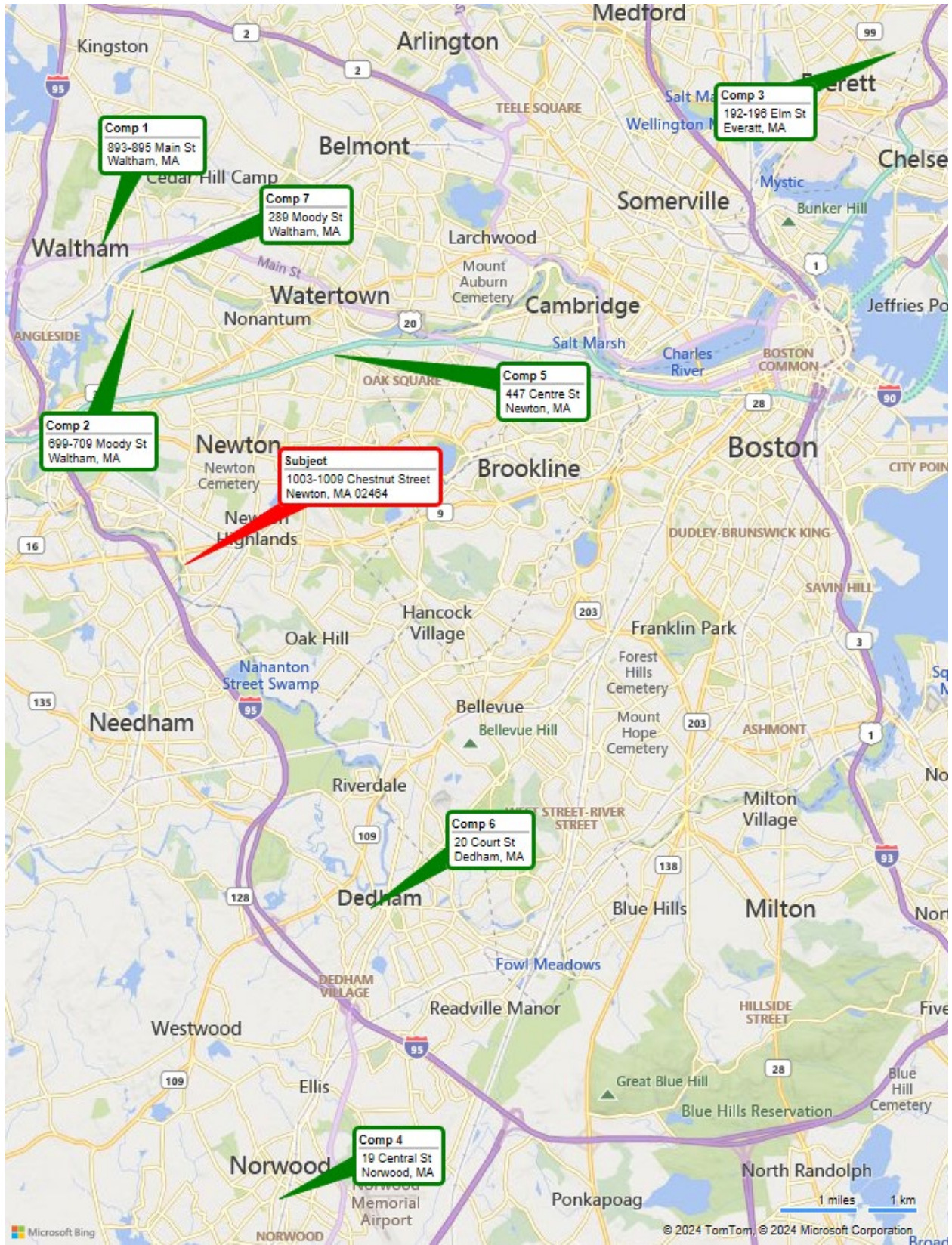
## Land &amp; Improvements

Land Area: 16,509 SF  
 Building Area: 30,225 SF GBA (above grade)  
 GBA Source: Assessor's records  
 Buildings: 1  
 Floors: 2-4  
 Basement Levels: 1  
 Year Built: 1900  
 Year Rehabbed: N/A  
 Occupancy: Multiple  
 Utility Metering: Separate electric  
 Sprinkler Coverage: 0%  
 Total Parking: 17  
 Street Type: Arterial

## Comments

This property has been actively marketed for sale since January 3, 2024 with seller representation by Boston Realty Advisors and an asking price of \$5,800,000. No concessions or seller financing are offered, and no environmental contamination or unusual deferred maintenance are disclosed. This is an attached two to four-story building constructed circa 1900, expanded with a two-story rear addition in the 1950's and adapted to retail use as Jordan's Furniture. In 2005, it was reconstructed for use as ground floor and basement commercial space and seventeen art studios and live/work studios on the upper floors. Building features include a passenger elevator with four stops, common front and rear entrances and a common room and lavatories on the second floor.

Sales Map



## THE INCOME APPROACH

The income approach is “a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. For most properties, this conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.”<sup>6</sup>

Application of the income approach entails the following.

- Analysis of the subject property’s capacity to generate potential gross revenue.
- Forecast allowances for vacancy, collection losses and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential gross income.
- Apply appropriate capitalization methods to convert anticipated net income to an indication of value.

Accepted income capitalization techniques consist of variations on direct capitalization, discounted cash flow analysis or income multipliers. Selection of the most applicable income capitalization technique may be determined by the income pattern. Implicit in direct capitalization is an assumption that the cash flow is constant, while discounted cash flow readily accommodates analysis of irregular income patterns.

However, market convention also warrants consideration. For non-institutional grade properties, investors often favor direct capitalization, which is easier to conceptualize and apply. It is also possible to adjust the results of direct capitalization to reflect changes in the cash flow pattern.

In this case, discounted cash flow analysis, which tends to be best suited to complex properties with varying income patterns, is not applied to the subject property. The subject property occupancy and income are stabilized, or near stable, and direct capitalization is considered to be the most appropriate technique. Gross income multipliers are applicable, primarily as a check on value, and are presented within the sales comparison approach. A summary of each step in the application of the income approach follows.

Potential Gross Income: On the appraisal date, the subject building was occupied by an entity affiliated with the owners who do business as AGS Tax Group, and by two tenants who occupy the apartment and a commercial space used as a massage/beauty salon. The tenants pay base rent plus utilities.

From the owners, I obtained statements of the rents and copies of the existing leases for AGS Tax Group and the apartment. A copy of the massage/beauty salon was not available. The residential tenant in Unit 1003 has a conventional one-year lease and the rent is \$3,400 per month plus separately metered gas and electric. The rent includes only water and sewer.

<sup>6</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 4<sup>th</sup> ed. (Chicago, IL: 2002) p. 143

The affiliate of the owners, AGS Tax Group, is under a ten-year lease through December 2027 with a level rent of \$10,000 per month plus utilities. The income approach is applied as if the property were operating on a stabilized basis and the owner-occupied space was leased at a market rent. Accordingly, no allowances are made for costs associated with stabilizing occupancy.

The actual rents on the date of the appraisal are summarized in a reconstructed rent roll below.

<i>REPORTED ACTUAL RENTS</i>											
<u>Unit</u>	<u>Tenant</u>	<u>Size (SF)<sup>1</sup></u>	<u>Expiration</u>	<u>Years to</u> <u>End</u>	<u>SCHEDULED RENT</u>			<u>Lease</u> <u>Type</u>	<u>Inspected</u>		
					<u>Monthly</u>	<u>Annual</u>	<u>Per SF</u>				
1	1003	Sam Warren - apartment	2,130	29%	5/31/2024	0.4	\$3,400.00	\$40,800	\$19.15	+ utilities	1
2	1005	Massage/beauty salon	1,350	19%	unknown	-	\$2,000.00	\$24,000	\$17.78	+ utilities	1
3	1007A	AGS Tax Group (owner)	656	9%			\$0.00	\$0	\$0.00	+ utilities	1
4	1007B	AGS Tax Group (owner)	725	10%			\$0.00	\$0	\$0.00	+ utilities	1
5	1007C	AGS Tax Group (owner)	1,050	14%			\$0.00	\$0	\$0.00	+ utilities	1
6	1009	AGS Tax Group (owner)	1,340	18%			\$0.00	\$0	\$0.00	+ utilities	1
<b>Total</b>			<b>7,251</b>	<b>100%</b>			<b>\$5,400.00</b>	<b>\$64,800</b>			<b>6</b>
<u>Notes</u>											
(1) Rentable area is per the condominium documents and excludes the basement.										1/16/2024	

Figure 6: Reconstructed Rent Roll

Analysis of the Residential Rent: To analyze the apartment rent, rental data was compiled from leasing agents and published sources through a survey with the following parameters.

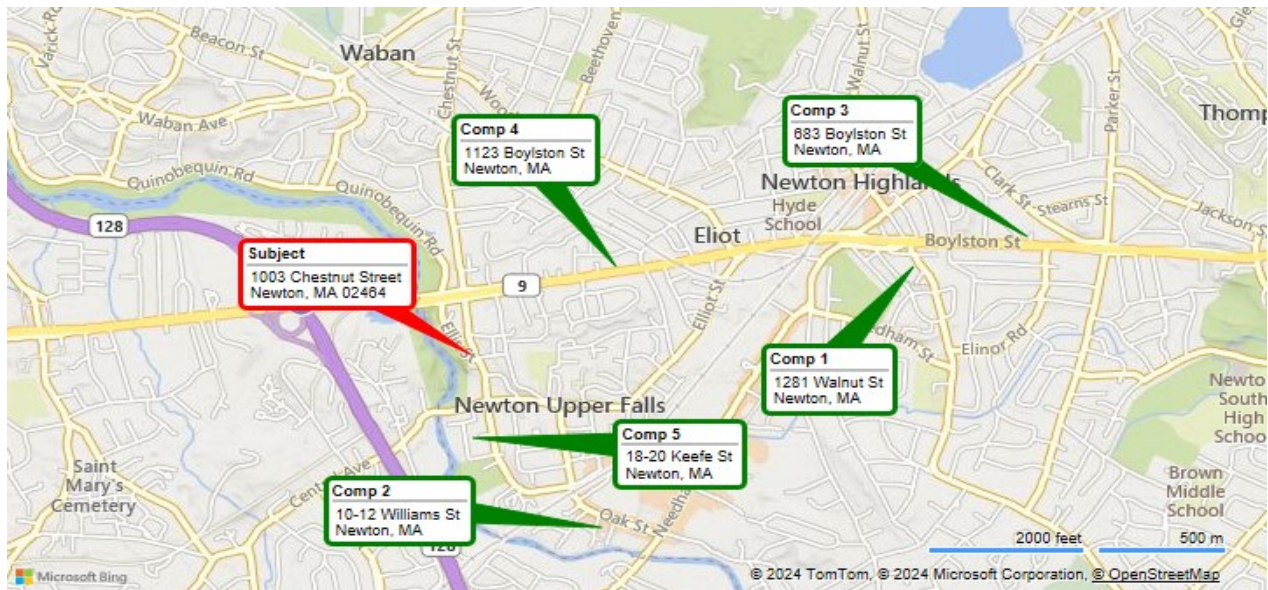
- Location: 1.75-mile radius of the subject property
- Utility: four-bedroom
- Date: February 2023 to present
- Size: 1,200 to 2,500 square feet

Comparable rentals considered most relevant are summarized in the following exhibit.

APARTMENT RENTAL DATA							
Address	# Units	Year Built	Four-Bedroom Apartments				
	# Vac.	Proximity	Size (SF)	Style	Bath	Rent	\$/SF
<b>Subject</b> 1003 Chestnut St, Newton, MA 02464		W,S	2,130	duplex	2	\$3,400	\$1.60
1 1281 Walnut Street, Newton, MA 02461 Survey Date: Nov-2023 Concessions: none reported Rating: good location and condition	2	1880	2,360	duplex	3.0	\$4,850	\$2.06
	0	1.1-mile					
	0%	W,S,P					
2 10-12 Williams Street, Newton, MA 02464 Survey Date: Sept-2023 Concessions: none reported Rating: good location and condition	2	1898	1,905	duplex	1.5	\$3,000	\$1.57
	0	0.6-mile					
	0%	P					
3 683 Boylston Street, Newton, MA 02461 Survey Date: May-2023 Concessions: none reported Rating: average location, good condition	2	1955	1,836	TH	2.0	\$3,500	\$1.91
	0	1.4-mile					
	0%	HW,W,S,P					
4 1123 Boylston Street, Newton, MA 02464 Survey Date: Sept-2023 Concessions: none reported Rating: average location, good condition	2	1928	2,000	duplex	2.0	\$4,500	\$2.25
	0	0.4-mile					
	0%	W,S,P					
5 18-20 Keefe Street, Newton, MA 02464 Survey Date: Sept-2023 Concessions: none reported Rating: good location, excellent rehabbed condition	2	2000	2,435	TH	4.5	\$4,500	\$1.85
	0	0.2-mile					
	0%	P					
<b>Footnotes:</b> 1 - Inclusions: P = parking, H = heat, E = electric, HW = hot water, W = water, S= sewer		Minimum				\$3,000	\$1.57
		Maximum				\$4,850	\$2.25
		Mean	2,107			\$4,070	\$1.93
		Median				\$4,500	\$1.91

Figure 7: Comparable Apartment Rentals

Comparable Rental Map



The comparable rental properties cited in the preceding exhibit are apartments in a variety of residential buildings in Newton locations that are comparable to the subject locus. Rentals 3 and 4 experience traffic influence on Route 9. Rental 5 is superior to the subject in physical condition, while Rentals 1 and 5 are superior due to additional baths, and all of the rentals have superior on-site parking capacity. In terms of size, the rentals bracket the subject unit.

Because of limitations in the quantity and quality of the rental data available for analysis, application of quantitative adjustments to the comparable properties was not well supported. Alternatively, I considered a qualitative ranking of the comparable data. Rentals 2, 3 and 4 were weighted most heavily. After analysis of the comparable data, I estimated that market rent for the subject apartment is approximately \$3,400 to \$3,600 (\$1.60 to \$1.69 PSF). Consistent with terms of the market data, the forecasted rent excludes separately metered gas and electric service and reflects month to month or one-year terms with no concessions.

Analysis of the Commercial Rent: To analyze the quantity and security of the commercial rents, and to forecast income for space that was owner occupied on the appraisal date, requires an estimate of the subject property's market rent. To estimate market rent, information regarding leases and offerings was compiled from leasing agents and published sources through a survey with the following parameters.

- Location: Newton
- Use: Office and ground floor commercial
- Date: January 2022 to present
- Size: 500 to 3,000 SF

Comparable data considered most relevant is summarized in an exhibit on the next page.

COMPARABLE LEASE DATA															
	<u>Subject</u>	<u>Comparable 1</u>		<u>Comparable 2</u>		<u>Comparable 3</u>		<u>Comparable 4</u>		<u>Comparable 5</u>		<u>Comparable 6</u>		<u>Comparable 7</u>	
Address	1003-1009 Chestnut Street Newton, MA 02464	1349 Centre St Newton, MA 02459		73-79 Oak St Newton, MA 02464		1191 Chestnut St Newton, MA 02464		1126 Beacon St Newton, MA 02461		301 Elliot Street Newton, MA 02464		1024 Chestnut St Newton, MA 02464		375-395 Elliot St Newton, MA 02464	
Building Data	Unit 1009							Lower Level							
Property Type	mixed-use	mixed-use		office		office		office		mixed-use		mixed-use		office	
Tenancy	multiple	multiple		multiple		multiple		multiple		multiple		multiple		multiple	
Construction Type	wood frame	wood frame		masonry/steel		masonry/steel		masonry/steel		brick & beam		wood frame		brick/beam	
Actual Year Built	1842	1895		1980		1979		1988		1950		1843		1830	
Physical Condition	good	good		good		good		good		good		good		good	
Lease Data															
Tenant		Lice Clinics of America		Blue Door Mortgage		Luxury Mortgage		Acumotion Acupuncture		Prana Plants		Undisclosed		Available	
Use Type	office/retail	office / retail		office		office		office / retail		office / retail		retail		office	
Commencement Date		Dec-22		Mar-23		Jul-23		Feb-23		Mar-23		Nov-23		immediate	
Lease Term		2-years		3-years		3-years		2-years		3-years		2-years		negotiable	
Initial Rent PSF	\$0.00	\$24.00		\$24.00		\$25.00		\$20.00		\$26.90		\$39.00		\$21.00	
Tenant Improvements	none reported	none reported		none reported		none reported		none reported		none reported		none reported		none reported	
Concessions	none reported	none reported		none reported		none reported		none reported		none reported		none reported		none reported	
Escalations	none reported	none reported		none reported		none reported		none reported		none reported		none reported		none reported	
Effective Rent PSF	\$0.00	\$24.00		\$24.00		\$25.00		\$20.00		\$26.90		\$39.00		\$21.00	
Comparison to Subject															
Market Conditions	Jan-24	similar		similar		similar		similar		similar		similar		similar	
Conditions of Lease	conventional	conventional		conventional		conventional		conventional		conventional		conventional		conventional	
Non-Ready															
Components	none	none		none		none		none		none		none		none	
Location	good	similar		similar		similar		similar		similar		similar		similar	
Rentable Area (SF)	1,340	1,400	0.2%	1,700	1.1%	1,275	-0.2%	1,000	-1.0%	825	-1.5%	1,200	-0.4%	2,906	4.7%
Quality	good	similar		similar		similar		similar		similar		similar		similar	
Physical Condition	good	similar	0.0%	similar	0.0%	similar	0.0%	similar	0.0%	similar	0.0%	superior	-10.0%	similar	0.0%
Utility	average	similar	0.0%	similar	0.0%	similar	0.0%	inferior	10.0%	similar	0.0%	similar	0.0%	similar	0.0%
Parking Ratio	0.0	2.5	-5.0%	2.5	-5.0%	3.6	-7.2%	3.0	-6.0%	0.0	0.0%	1.6	-3.2%	3.0	-6.0%
Expense Treatment	+ utilities	NNN	21.4%	+ utilities	0.0%	+ elec	-2.0%	+ utilities	0.0%	+ utilities	0.0%	+ elec	-1.3%	+ utilities	0.0%
Other	none	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%	none	0.0%
Gross Adjustment			26.6%		6.1%		9.4%		17.0%		1.5%		14.9%		10.7%
Net Adjustment			16.6%		-3.9%		-9.4%		3.0%		-1.5%		-14.9%		-1.3%
Adjusted Rent PSF (gross)		\$27.98		\$23.06		\$22.65		\$20.60		\$26.48		\$33.19		\$20.73	

Figure 8: Rental Adjustment Grid

Comparable Rental Photographs



1). 1349 Centre St, Newton



2) 73-79 Oak St, Newton



3). 1191 Chestnut St, Newton



4). 1126 Beacon St, Newton



5). 301 Elliot St, Newton



6). 1024 Chestnut St, Newton



7). 375-395 Elliot St, Newton

## Comparable Rental Map



The properties cited in the preceding exhibit are leases and offerings of office or office/retail space in a variety of multi-tenanted in Newton. The comparable rentals demonstrate a range of unadjusted rents from \$20.00 to \$39.00 per square foot. We considered several elements of comparison such as conditions of the lease, market conditions, location and other physical attributes and economic characteristics. However, the most significant contrasts between the comparable properties and the subject are size, utility, condition, parking, and treatment of expenses.

### Elements of Comparison:

- |                     |                                                                                                                                                                                                                                     |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Size:               | Adjustments for size differences are applied to each comparable at the rate of 3% per 1,000 SF. Sensitivity analysis was used to determine that this rate of adjustment resulted in a high degree of correlation of the indicators. |
| Physical Condition; | Rental 6 is renovated and in very good physical condition. A minus 10% adjustment is applied.                                                                                                                                       |
| Functional Utility: | Rental 4 is a basement unit that has no windows or natural light and is adjusted plus 10% for inferior utility.                                                                                                                     |

On-site Parking:	Adjustments for differences in on-site parking capacity are applied to each comparable property based on the parking ratio (spaces/1,000 SF of gross building area). The adjustments are applied at the rate of 2% per parking space per 1,000 SF of GBA.
Expense Treatment:	Consistent with market norms, the appraisal assumes the subject unit would be leased net of utilities. The comparables vary in division of expenses from gross plus electric to triple net. Applied adjustments of minus 2.0% to plus 21.4% are based on actual or estimated expenses for each property.

After adjustment, the comparable rents ranged from \$20.60 to \$33.19 PSF with a mean of \$24.96 PSF. In reconciliation, relative to Unit 1009, greatest weight was placed on Rentals 2, 3, and 5, which were considered to be most similar overall. These provided an adjusted rental range of \$23.06 to \$26.48 PSF. After considering relative size, configuration and condition of Unit 1009, market rent is estimated toward the middle of the indicated range at \$23.00 to \$24.00 PSF. Due to the consistency of the commercial units in the building, it is estimated that all would command a similar market rent.

Consistent with terms common in the local market and my analysis of the data, the estimated market rents reflect a gross plus utilities basis, with 1-to-3-year terms and no concessions or tenant improvements.

Actual Rents vs Market Rents: On the date of the appraisal, the subject building was partly tenant occupied with one apartment leased at \$3,400 per month and one commercial space leased at \$17.78 PSF.

As demonstrated by the preceding analysis, the actual rent of \$3,400 per month for the apartment (Unit 1003) is market rent. Therefore, the actual rent is used as the basis of forecasted income.

For Unit 1005, tenant occupied by the massage/beauty spa, the actual rent is below market. Because we could not confirm the lease status of this tenant, income is forecasted using the estimated market rent of \$24.00 PSF.

For the remaining units, which are occupied by AGS Tax Group, an entity affiliated with the property owner, an income stream is forecasted using the estimated market rent of \$24.00 PSF. Note that no income is forecasted for the basement space, which may legally be restricted to use only as storage. This use would enhance the marketability of the above grade units but may not be a source of revenue.

The actual and forecasted rents, which are net of separately metered utilities, are summarized in an exhibit that follows.

ACTUAL AND FORECASTED BASE RENT														
Unit	Tenant	Size (SF) <sup>1</sup>	Expiration	Years to End	RENT								Lease Type	
					SCHEDULED		MARKET		FORECASTED BASE		%			
					Annual	Per SF	Annual	Per SF	Annual	Per SF				
1	1003	Sam Warren - apartment	2,130	29%	5/31/2024	0.4	\$40,800	\$19.15	\$40,800.00	\$19.15	\$40,800	\$19.15	25%	+ utilities
2	1005	Massage/beauty salon	1,350	19%	unknown	-	\$24,000	\$17.78	\$32,400.00	\$24.00	\$32,400	\$24.00	20%	+ utilities
3	1007A	AGS Tax Group (owner)	656	9%			\$0	\$0.00	\$15,744.00	\$24.00	\$15,744	\$24.00	10%	+ utilities
4	1007B	AGS Tax Group (owner)	725	10%			\$0	\$0.00	\$17,400.00	\$24.00	\$17,400	\$24.00	11%	+ utilities
5	1007C	AGS Tax Group (owner)	1,050	14%			\$0	\$0.00	\$25,200.00	\$24.00	\$25,200	\$24.00	15%	+ utilities
6	1009	AGS Tax Group (owner)	1,340	18%			\$0	\$0.00	\$32,160.00	\$24.00	\$32,160	\$24.00	20%	+ utilities
Total			7,251	100%			\$64,800		\$163,704		\$163,704		100%	
Mean						0.4		\$6.16		\$23.19		\$23.19		
Actual vs. Forecasted Rent Variance						152.6%								
Forecasted vs. Market Rent Variance						0.0%								
<u>Notes</u> (1) Rentable area is per the condominium documents and excludes the basement.														

1/16/2024

Figure 9: Reported and Forecasted Rent

Other Income: The subject property generates revenue from rental only. No other income is collected or forecasted.

Vacancy and Collection Loss: On the date of the appraisal, the subject property was fully occupied. Due to the location, good tenant appeal and existing rental agreements, it may be anticipated that during an investment holding period, vacancy would be average or below. In determining an appropriate vacancy forecast, consideration was given to the following survey data.

Survey by the Appraiser Using CoStar Property Database:	Q4 2023	Q1 2024
Newton Retail Vacancy .....	4.6%	6.4%
Newton Office Vacancy.....	14.6%	16.0%
Newton Residential Vacancy .....	3.4%	3.4%

The survey data, observations and discussions with local leasing agents suggest that office and retail vacancy in Newton has increased, while residential vacancy has remained unchanged. After considering the factors that may influence rent collections, and the potential default risk, I forecasted an ongoing vacancy of 6% and 3% for the commercial and residential units, respectively. Relative to the income forecasted, this results in a weighted average vacancy of approximately 5.21%. After adding a collection loss allowance of 1%, the vacancy and loss allowance is 6% (rounded upward).

Operating Expenses: Operating expenses are “the periodic expenditures necessary to maintain the real property and continue production of effective gross income, assuming prudent and competent management.”<sup>7</sup> Based on terms of the actual and forecasted rents, recurring operating expenses that accrue to the property owner are real estate taxes, insurance, property management,

<sup>7</sup> The Appraisal Institute, The Dictionary of Real Estate Appraisal, 4<sup>th</sup> ed. (Chicago, IL: 2002)

utilities not paid directly by the tenants (water, sewer, common electric), and property maintenance and repair.

Historical operating statements for multiple years were requested but not provided. We obtained a list of limited historical amounts for condo fees, real estate tax, insurance and repairs. The reported expenses are summarized in an exhibit on page 64.

The exhibit on page 64 includes an array of expense data from comparable income properties and a reconstructed income and expense statement for the subject property. For each line-item expense, an estimate was made considering both a market estimate and the subject expense history. Consideration was also given to the scale and age of the facility, and the number of tenants. A brief discussion of each major expense category follows.

#### Fixed Expenses:

- The projected *real estate tax* expense is the Fiscal Year 2024 tax of \$22,640.80.
- *Property insurance* expense is projected at \$5,170 annually. This equates to \$0.55 per square foot, which is within the range demonstrated by the expense comparables.

#### Variable Expenses:

- The *property management* line item includes a third-party professional management fee that is based on a percentage of effective gross income and is variable in direct proportion to occupancy. Consistent with prevailing professional management fees that commonly range from 2.0% to 6.0%, the forecast consists of a management fee of 2%. Added to this is a 1% component for administration, which includes bookkeeping, data processing and legal work that are partially variable and tend to increase with occupancy. Currently, the management function is performed by the property owners.
- The *maintenance and repair* function includes all routine recurring preventative maintenance, repairs, janitorial services, and snow removal. While we received no detailed breakdown, the reported historical expense for this category may have included costs of capital improvements reportedly completed in recent years. Therefore, it is given little weight in the forecast. This category is projected at \$6,260 annually based on \$0.67 per square foot, which is the average of the expense comparables.
- The *utility expense* category includes water, sewer and common electric. The utility expense category is forecasted at \$0.25 per square foot, which is toward the low end of the range demonstrated by the expense comparables, but it is consistent with the minimal utilities provided to tenants and low consumption associated with mostly office use.

In addition to the expenses, a reserve for the replacement of short-lived building components, such as the roof, is forecasted. Per a Q1 2024 nationwide survey of investors by RealtyRates.com, respondents reported that retail property reserves ranged from \$0.38 to \$1.15 per square foot with \$0.76 listed as typical. Respondents to the same survey reported reserve requirements for apartment property of \$165 to \$450 per unit with \$418 being typical. After considering the effective age of the appraised structure and the life expectancy of the short-lived

components, a reserve is forecasted toward the low end of the surveyed range at \$0.30 per square foot of area in commercial use (5,121 SF above grade) and \$300 for the one residential unit.

In total, the projected expenses and reserve are \$42,874. This equates to \$4.56 per square foot and 28% of the potential gross income. These figures are supported by the ranges demonstrated by the expense comparables.

Expense Recovery: Consistent with terms of the actual and forecasted rents, no expense reimbursements are projected.

Selection of an Overall Capitalization Rate: Net operating income may be converted to value by the application of an overall capitalization rate. Selection of a capitalization rate that is appropriate to the level of risk inherent in the appraised property and its projected income stream is a matter of judgment and interpretation of market data. Generalized risks associated with all real estate investments include:

- Market risks: these include risk associated with investor preferences or changes in market rent, occupancy, and expense levels.
- Purchasing power: risk that inflation will be other than expected.
- Regulatory: risk that changes in the regulatory or political environment will impact property performance.
- Capital markets: risk associated with changes in the availability or cost of debt and equity capital.

In addition to the generalized risks above, the appraised property may have idiosyncratic risks. The primary risks relate to the income stream. Only a small portion of the forecasted income is guaranteed by lease. Additionally, the rental agreements provide limited ability to pass expense risk through to tenants. Finally, properties of the subject type serve a tenant base comprised of independent households and small businesses, which is inherently riskier than serving credit worthy tenants.

Factors that mitigate the risk are the strong location in an affluent community, good condition of the building and an average forecasted rent that is well within market parameters.

*Extraction* - In selection of a capitalization rate, consideration was given to rates extracted from comparable sales. Few of the market participants or published data sources referenced in preparation of this appraisal reported an overall capitalization rate for a transaction or indicated that the overall rate was a principal determinant of value. Therefore, in the exhibit that appeared on page 42, I extract capitalization rates from sales using actual or estimated market rate income, and estimated vacancy and expenses. The closed sales cited on page 42 imply overall capitalization rates from 4.46% to 6.55% with a mean of 5.36%. In the sales comparison approach, greatest weight is placed on Sales 2 through 4, which implied capitalization rates that averaged 5.3%.

Nationwide surveys suggest that capitalization rates in most markets have increased. For example, a nationwide Real Estate Investor Survey by PricewaterhouseCoopers, found that from

Q3 to Q4 2023, the average overall capitalization rate increased in thirty-seven markets surveyed, up twenty-eight basis points on average, decreased in one market segment, and was unchanged in two, but rates in most of the markets surveyed were higher than a year ago. Given the timing and relative characteristics of the sales from which I extracted rates, it may be expected that an appropriate rate to apply to the subject income stream may now be in the range of about 5% to 6.5% or higher.

RATE EXTRACTION										
Comp No.	Date of Sale	Price	Mortgage	Equity	LTV <sup>1</sup>	NOI	NOI After		Y <sub>E</sub> <sup>3</sup>	R <sub>O</sub> <sup>4</sup>
							Debt Service <sup>2</sup>	Debt Service		
Subject						\$111,008			?	?
1	August-23	\$1,100,000	\$0 (act.)	\$1,100,000	0%	\$72,066	\$0	\$72,066	6.55%	6.55%
2	May-23	\$3,300,000	\$2,750,000 (act.)	\$550,000	83%	\$154,358	\$227,539	(\$73,181)	-13.31%	4.68%
3	September-23	\$1,950,000	\$1,365,000 (act.)	\$585,000	70%	\$99,777	\$112,942	(\$13,165)	-2.25%	5.12%
4	October-23	\$720,000	\$504,000 (act.)	\$216,000	70%	\$43,109	\$41,702	\$1,407	0.65%	5.99%
5	November-23	\$3,150,000	\$2,677,500 (act.)	\$472,500	85%	\$140,598	\$221,540	(\$80,942)	-17.13%	4.46%
6	active	\$1,000,000	\$700,000 (est.)	\$300,000	70%	\$50,279	\$57,919	(\$7,640)	-2.55%	5.03%
7	active	\$5,800,000	\$4,060,000 (est.)	\$1,740,000	70%	\$328,848	\$335,930	(\$7,082)	-0.41%	5.67%
<b>Footnotes:</b>										
(1) Loan to value ratio								Minimum	-17.13%	4.46%
(2) Annual cost estimated using a mortgage interest rate of 6.60% and a 25 amortization period								Maximum	6.55%	6.55%
(3) Y <sub>E</sub> = Equity yield								Mean	-4.06%	5.36%
(4) R <sub>O</sub> = Overall Capitalization Rate										

Figure 10: Equity Yield and Capitalization Rate Extraction

*Mortgage-equity Analysis* - In capitalization rate selection, we also applied a mortgage-equity analysis technique. Mortgage-equity uses a calculation that incorporates mortgage terms and equity yield requirements to arrive at an overall capitalization rate appropriate to a specific property. Inputs include the investment holding period, mortgage terms, an equity yield rate, and a rate of property appreciation or depreciation. A brief discussion of each input in the calculation follows.

- *Forecasted Investment Holding Period:* The most recent PwC Real Estate Investor Survey indicates that investors are utilizing forecast periods that for most market segments range from one to ten years with averages of seven to eight. Consideration of this survey and anecdotal data lead us to forecast an investment holding period of seven years.
- *Mortgage terms:* After consulting a Q1 2024 investor survey by RealtyRates.com and other sources, it was estimated that, for the subject units, a typical borrower may obtain financing with a 70% loan to value ratio, 25-year amortization schedule, and a rate of approximately 6.6%.
- *Equity Yield Requirement:* A Q1 2024 RealtyRates.com nationwide survey indicated that equity dividend rates for class A and B properties ranged from 4.6% to 21.6% with an average of 15.3%. Yield indicators and dividend comparisons published by PwC suggest a downward trend year over year with comparative investment yields below 8%. Equity dividend rates extracted from the sales cited in sales comparison implied negative or low single digit rates. Given the competitive position of the subject, and the current

environment of economic and market risks, an equity dividend rate of 5% is used in the calculation.

<i>CAPITALIZATION RATE BY MORTGAGE-EQUITY</i>	
<b>Yield Capitalization Formula</b>	
$M \times R_m + Y_e \times (1-M) - M \times P \times SFF + (\Delta_o \times SFF) = R_o$	
M = Loan to value ratio	
R <sub>m</sub> = mortgage capitalization rate	
Y <sub>e</sub> = equity yield	
(1-M) = equity ratio	
P = percent paid off (mortgage)	
SFF = sinking fund factor	
Δ <sub>o</sub> = depreciation/appreciation (change in value)	
R <sub>o</sub> = Overall capitalization rate	
<b>Input Variables</b>	
1 Investment holding period (years)	7
2 Loan to value ratio	70%
3 Amortization period (years)	25
4 Mortgage rate	6.60%
5 Equity yield	5.0%
6 Average annual change in value	0.0%
<b>Calculation</b>	
Loan Ratio x Mortgage Constant	70% x 0.0818 = 0.0572
Equity x Equity Yield	30% x 5.0% = <u>0.0150</u>
Weighted Average:	0.0722
Less Credit for Equity Buildup:	
LTV x %Paid Off x Sinking Fund	
70% x 0.1399 x 0.1228	= -0.0120
Change in Value: Rate x Sinking Fund	
0% x 0.1228	= <u>0.0000</u>
Overall Capitalization Rate:	= 0.0602
Overall Capitalization Rate (rounded):	= <b>6.0%</b>

Figure 11: Mortgage-Equity Analysis

market conditions, an appropriate overall capitalization rate for the subject property would be 5.25%.

<u>Source</u>	<u>Range</u>	<u>Average</u>
Overall capitalization rates extracted from sales on page 42: .....	4.46% - 6.55%	5.36%
National investor survey - institutional grade suburban office <sup>8</sup> .....	5.00% - 8.00%	6.72%
National investor survey - institutional grade medical office <sup>9</sup> .....	5.25% - 10.00%	7.17%
Boston investor survey - office: <sup>10</sup> .....	5.00% - 10.0%	7.38%
Overall capitalization rate implied by mortgage-equity analysis .....	6.0%	
Concluded rate for the subject property:.....	5.25%	

Based on the preceding estimates of income, vacancy and expenses, a reconstructed income and expense statement for the subject follows.

<sup>8</sup> Q4 2023 PwC Real Estate Investor Survey. PricewaterhouseCoopers LLP, Page 3

<sup>9</sup> Q4 2023 PwC Real Estate Investor Survey. Page 3

<sup>10</sup> Q4 2023 PwC Real Estate Investor Survey. Page 3

- *Value Change:* While positive or negative changes in value are possible during the investment holding period, survey data and interviews with brokers and investors suggest that market participants are not anticipating a significant long-term change in values. Therefore, this analysis incorporates no appreciation or depreciation.

As summarized in an accompanying exhibit, the capitalization rate indicated by mortgage-equity analysis is (rounded) 6.0%.

*Reconciliation* – A summary that follows includes data from published investor surveys that may provide a check on the rates obtained by extraction and mortgage-equity analysis. After considering rates implied by extraction, mortgage-equity analysis, and published surveys, it is concluded that, under normal

INCOME AND EXPENSE STATEMENT																	
PROPERTY DATA	Expense Comparables						1003-1009 Chestnut Street										
	1	2	3	4	5	Average	Reported	Forecast									
Comparable Number							CY 2023	%	%	\$/SF	Annual Total						
Gross Building Area (SF)	16,508	3,992	4,678	8,036	6,256	7,894					9,400						
Actual Year Built	1900	1920	1910	1970	1917						1988						
Occupancy	100%	96%	100%	100%	84%						100%						
Included in Rent																	
Water/sewer	x	x	x	x	x						x						
Heat	x			x	x												
Hot Water	x	x	x	x	x												
Electric	x																
<b>REVENUES</b>	<u>\$/SF</u>	<u>\$/SF</u>	<u>\$/SF</u>	<u>\$/SF</u>	<u>\$/SF</u>												
Total Potential Gross Rent	\$15.49	\$15.33	\$30.48	\$23.52	\$16.29		\$184,500	106.4%	100.0%	\$17.42	\$163,704						
Other Income	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0	0.0%	0.0%	\$0.00	\$0						
Reimbursements	\$0.00	\$0.00	\$0.00	\$0.00	\$1.90		\$0	0.0%	0.0%	\$0.00	\$0						
Potential Gross Income	\$15.49	\$15.33	\$30.48	\$23.52	\$18.19		\$184,500	106.4%	100.0%	\$17.42	\$163,704						
Vacancy/Collection Loss	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		\$0	-6.4%	-6.0%	(\$1.04)	<u>-\$9,822</u>						
Effective Gross Income	\$15.49	\$15.33	\$30.48	\$23.52	\$18.19		\$184,500	100.0%	94.0%	\$16.37	\$153,882						
<b>OPERATING EXPENSES</b>																	
<i>Fixed</i>																	
Real Estate Tax	\$1.78	\$2.01	\$3.53	\$3.49	\$2.75	\$2.71	\$22,641	14.7%	13.8%	\$2.41	\$22,641						
Insurance	\$0.35	\$1.33	\$0.76	\$0.55	\$0.96	\$0.79	\$1,434	3.4%	3.2%	\$0.55	\$5,170						
<i>Variable</i>																	
Maintenance - Repair	\$0.77	\$0.00	\$1.20	\$0.75	\$0.61	\$0.67	\$8,392	4.1%	3.8%	\$0.67	\$6,260						
Utilities	\$0.15	\$0.90	\$1.48	\$1.48	\$1.14	\$1.03	\$0	1.5%	1.4%	\$0.25	\$2,350						
Management	\$0.00	\$0.00	\$1.66	\$1.12	\$0.45	\$0.65	\$0	3.0%	2.8%	\$0.49	\$4,616						
Miscellaneous (condo fees)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$9,600	0.0%	0.0%	\$0.00	\$0						
Reserves	\$0.00	\$0.00	\$0.37	\$0.00	\$0.00	\$0.07	\$0	1.2%	1.1%	\$0.20	<u>\$1,836</u>						
Total Operating Expenses	\$3.05	\$4.24	\$9.00	\$7.39	\$5.91	\$5.92	\$42,067	27.9%	26.2%	\$4.56	<u>\$42,874</u>						
Expense Percentage	20%	28%	30%	31%	32%	28%											
<b>Net Operating Income</b>							\$142,433	72.1%	67.8%	\$11.81	<b>\$111,008</b>						
Indicated Stabilized Value - Capitalized at 5.25%											\$2,114,435						
Rounded										\$223.40	<b>\$2,100,000</b>						
<b>Nonrecurring Expenses, Losses, Gains</b>																	
Concessions, Commissions, Rent Loss, TI											\$0						
Other (profit)											\$0						
Total											<u>\$0</u>						
Value Based on Existing Conditions											\$2,100,000						
Rounded										\$223.40	<b>\$2,100,000</b>						
<b>Notes:</b>	Expense Comparable 1: Mixed-use Building, Canton						<table border="1"> <thead> <tr> <th colspan="2">Expense Recovery</th> </tr> </thead> <tbody> <tr> <td>Reimbursable Expenses</td> <td>\$41,038</td> </tr> <tr> <td>Reimbursements at 0.00%</td> <td>\$0</td> </tr> </tbody> </table>					Expense Recovery		Reimbursable Expenses	\$41,038	Reimbursements at 0.00%	\$0
Expense Recovery																	
Reimbursable Expenses	\$41,038																
Reimbursements at 0.00%	\$0																
	Expense Comparable 2: Mixed-use Building, Lawrence																
	Expense Comparable 3: Mixed-use Building, Medford																
	Expense Comparable 4: Mixed-Use Building, Revere																
	Expense Comparable 5: Mixed-use Building, Framingham																

Figure 12: Reconstructed Income and Expense Statement

Allowances for Nonrecurring Expenditures and Rent Loss: The income analysis entailed forecasting income and expenses with allowances for rent loss due to typical vacancy and delinquency, and capitalization of net income using an overall rate and the formula:  $\text{Income} \div \text{Rate} = \text{Value}$ . The result reflects the value of the property at stabilized occupancy.

After obtaining an indication of value at stabilized occupancy, deductions were considered for nonrecurring expenses or losses, such as recommended repairs, differences between actual and forecasted rents, or potential losses associated with near-term lease expirations. In this case, the property is appraised as if operating on a stabilized basis and leased at market rent, and these conditions are not present. Consequently, no deductions for non-recurring expenses or losses are necessary.

Reconciliation of the Income Capitalization Approach: In applying the income approach, a direct capitalization technique was employed, because it is considered best suited to analysis of owner-occupied properties, like the subject, that if fully leased would probably exhibit a stable income pattern. In this case, because the subject does not principally operate as an income producing property, little historical operating information was available. Therefore, an income model was constructed using estimates primarily supported by market data. The availability of relevant comparable rental data was below average, which limits the reliability of the income approach. Its application here is primarily in support of the other approaches to value.

The Indicated <i>Stabilized</i> Value by the Income Approach .....	<b>\$2,100,000.</b>
The Indicated <i>As Is</i> Value by the Income Approach .....	<b>\$2,100,000.</b>

**FINAL RECONCILIATION**

Appraisal of the subject property entailed application of the approaches to value listed below.

Indicated Value by the Cost Approach: ..... Not applicable

Indicated Value by the Sales Comparison Approach: ..... \$2,350,000

Indicated Value by the Income Approach: ..... \$2,100,000

Cost Approach: In this case, the age of the appraised building precludes us from accurately estimating accrued depreciation, and land sales in this fully developed area are scarce. Consequently, the cost approach was not applied.

Sales Comparison Approach: For small mixed-use buildings, like the subject, market participants may consider the sales comparison approach to be the primary indicator of value and often they employ price per square foot of gross building area as a unit of comparison.

In this case, I compared the most recent and relevant sales directly to the subject property and applied quantitative adjustments to the sales for any significant differences with the subject. After adjustment, the sales provided a range of value indicators, but consistent with market convention for properties of the subject type, primary emphasis was placed on the indicated value per square foot of gross building area and gross income multiplier. Relative to other units of comparison, price per square foot and gross income multipliers correlated to the narrowest ranges of value.

Support for the approach was average. Although the data bracketed the subject building in size and included sales from within the local sub-market, recent sales were limited in number and several of the available sales had only a moderate degree of similarity to the subject property. Nevertheless, the sales comparison approach is most applicable, adequately supported and is given greatest weight in reconciliation.

Income Approach: The income approach is best suited to examination of investment properties because it replicates the analysis that investors commonly employ. The applicability of the approach is diminished for small buildings, like the subject, that often have greatest appeal to end users. In part, this is because elements of income analysis, such as capitalization rates, vacancy, and management expenses, may not be a primary consideration for the most probable purchaser.

In applying the approach, a direct capitalization technique was used, because it is considered best suited to analysis of small non-complex properties, like the subject. Therefore, the conversion of the projected net operating income to an indication of value may best be accomplished by applying an overall capitalization rate directly to the income forecasted at stabilized occupancy. In this case, the analysis of rents, vacancy, expenses, and the overall capitalization rate had average support from relevant market data. In reconciliation, the income approach provides secondary support for the value conclusion.

Once again, the analysis and value conclusion are subject to standard assumptions and limiting conditions that appear beginning on page 69 of the report.

After consideration of the data summarized in the report, it is the appraiser's opinion that on January 16, 2024 the as is market value of the leased fee interest in the subject property was **Two Million Three Hundred Fifty Thousand Dollars (\$2,350,000)**.

*Marketing Time:* Data investigated while preparing the appraisal implies that a period of less than twelve months after the date of the appraisal would be required to conclude a sale at the value estimated.

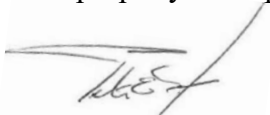
*Exposure Period:* Available data implies that the subject property would have been exposed to the market for less than twelve months had it sold on the date of the appraisal at the value estimated.

## CERTIFICATION

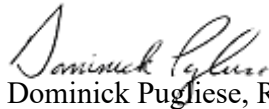
We the undersigned certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analysis, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results, a requested minimum valuation, a specific valuation, or the approval of a loan.
- My 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 the appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with and subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- The undersigned appraisers performed no service, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I, Peter Hatt, have made a personal inspection of property that is the subject of the appraisal. The undersigned review appraiser did not inspect the appraised property.

The property was appraised effective January 16, 2024. Signed this day March 8, 2024.



Peter E Hatt, Principal Appraiser  
Massachusetts Certified General Real Estate Appraiser No. 695



Dominick Pugliese, Review Appraiser  
Massachusetts Certified General Real Estate Appraiser No. 299

## **STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS**

The appraisal is subject to the following assumptions and limiting conditions.

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it presents the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. Complete supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The appraiser is not responsible for unauthorized use of this report.

The values reported herein are an opinion only and not warranted as, or a representation of, fact.

Any distribution of the value in the report applies only under the program of utilization as outlined herein. The separate valuations of sections of the property must not be used in conjunction with any other appraisal and are invalid if so used.

It is an express condition of this report that the appraiser is not required to give testimony or appear in court because of having made this appraisal, with reference to the property in question, unless arrangements have been previously made therefor.

Any sketch in this report is included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

The legal description used in the report is assumed to be correct.

We assume no responsibility for matters legal in character nor do we render any opinion as to the title, which is assumed to be free of any defects.

All existing liens and encumbrances have been disregarded, and the property is appraised as though free and clear under responsible ownership and competent management.

The appraiser is not an attorney at law. The client is advised to consult with his attorney on general rules of law as they apply to the property in question.

This report is for the exclusive use of the client. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by any but the client without the previous written consent of the appraiser or the client and then only with proper qualifications. Unauthorized transmittal of the report or its conclusions to a third party invalidates this report.

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, particularly as to value conclusions, identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute or any licenses or certifications, without the written consent and approval of the appraiser.

Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional organization with which the appraiser is affiliated.

The appraiser undertakes this assignment with the specific understanding that there is no third-party beneficiary to the contract between the client and the appraiser.

We believe to be reliable and assume the correctness and reasonableness of the information that was furnished to us by others, such as estimates of experts, engineers, architects and accountants or statements by government officials, owners, agents and others, but we assume no responsibility for their accuracy. These data are reported without liability to the appraiser.

Information, estimates, physical measurements, dimensions, area and opinions furnished to the appraiser and contained in this report were obtained from sources considered reliable and are believed to be true and correct. However, the appraiser can assume no responsibility for the accuracy of such items.

The market value estimate assumes that there are no hidden or unapparent conditions of the property, subsoil, minerals, aquifers or structures which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors.

The market value estimate assumes there are no concealed conditions of the subsoil or the improvements which would tend to render the property more or less valuable than similar properties. The appraiser is specifically excused from core drilling on the property. Any such investigation should be undertaken by the client or their duly authorized representative.

No percolation testing or engineering was conducted.

All major improvements under appraisal appear to be structurally sound unless otherwise noted in the report. However, the appraiser is not a qualified engineer, and accepts no responsibility for structural or mechanical failures which would not be reasonably obvious in the scope of an appraiser's normal inspection.

The client specifically waives any claim arising out of financial loss due to structural defects in the property and admits that the appraiser's opinion is based on reasonably sound structural conditions.

The appraiser takes no responsibility for the detection of any violations related to conservation, pollution, environmental protection, zoning, subdivision regulations, building codes or any other regulatory statutes, ordinances, bylaws, regulations or other legal constraints.

The appraiser accepts no responsibility for the existence or discovery of liens whether currently existing of hereafter arising on account of any indebtedness or liability to the site in which it is located or if in Massachusetts, to the Commonwealth of Massachusetts arising pursuant to the provisions of MGL Ch. 21E (to Clarify and Improve the Commonwealth's Capability for Responding to Releases of Oil and Hazardous Material and to Recover Response Costs from Persons Responsible for Releases).

In this appraisal, the appraiser has not considered the hazardous material on site used in the construction or maintenance of any building on the property, such as UREA formaldehyde foam insulation, asbestos in any form, or toxic waste which may be present on the property. The appraiser is not qualified to detect such substances. The client is urged to retain an expert in this field if desired.

The study and investigation did not include a critical inspection, testing, hydrostatic testing or any other physical or structural evaluation of above ground or underground storage tanks. The appraiser assumes no responsibility for the condition, utility, fractures or other failures of above ground or underground vessels, tanks, or any pumps, pipes, valves or other attachments. The client is urged to retain a qualified engineer to conduct such evaluations.

In the event this valuation involves new construction, rehabilitation, conversion or any other manner of change, improvement or addition, the value, if reported on an as-completed basis, is subject to the total and full completion of the project described in a first-class manner and in full and substantial compliance with the plans, descriptions and specifications furnished to the appraiser, and such completion is assumed to be within a reasonable time of the date of the report. Intervention of catastrophe, strikes, government actions or any other force majeure will require a revision of this report.

In the event that this report deals with feasibility, competent management of the project is assumed.

No representation is made as to compliance with plans or specifications. The appraiser assumes no liability for deviations from construction specifications.

The appraiser did not make a specific survey to determine if the appraised property complies with the Americans with Disabilities Act (the ADA). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property does not conform to one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property. Because no direct evidence regarding the issue was available, the appraiser did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.

**ADDENDA**

- 1) Subject Deeds
- 2) Assessor's Map
- 3) Zoning Map
- 4) FEMA Flood Insurance Rate Map
- 5) Dimensional Sketch and Plans of the Building
- 6) Engagement Letter
- 7) Appraiser's Qualifications

SUBJECT DEED

Bk: 59372 Pg: 60



Bk: 59372 Pg: 60 Doc: DEED  
Page: 1 of 1 06/26/2012 08:28 AM

QUITCLAIM DEED

Carolyn M. Connolly, and unmarried woman, of 1003 Chest Street, Newton, MA, for consideration of Four Hundred Thousand and 00/100 (\$400,000.00) Dollars paid, grants to KLADOV REALTY LLC a duly organized Massachusetts Limited liability company with a principal place of business located at 248 Elliot Street, Newton, MA 02464, with QUITCLAIM COVENANTS,

The property known as Unit 1003, (the "Unit"), in the Chestnut Crossing Condominium, situated at 1003-1009 Chestnut Street, Newton, MA created by Master Deed dated April 9, 1987, and recorded with the Middlesex County South Registry of Deeds in Book 18018, Page 279, and the Declaration of Trust recorded with said Deeds in Book 18018, Page 298.,

The Unit is more particularly described in (1) the Master Deed, (2) such site and floor plans recorded with said Deeds. The Unit is conveyed with a 17.00% percentage interest in the common areas and facilities, as stated in the Master Deed recorded with said Deeds, as affected by amendments thereto.

Subject to and with the benefit of all easements, restrictions, reservations, rights and agreements set forth in said Master Deed and the Unit Deed, including the use and enjoyment of the common areas in common with all other entitled thereto.

The Unit is conveyed together with the exclusive rights and easements as designated on the plans and in the aforesaid Master Deed.

Property Address: 1003 Chestnut Street, Newton, MA 02464

City of Newton Tax Parcel ID No. 51-0020-0001E0

For Grantor's Title, see deed recorded in Book 19694, Page 474.

The Grantor states that the property conveyed hereby was not homestead property; was not the principal residence of any other person at the time of this conveyance, and that there were no other persons entitled to the protection of the homestead act with respect to the property conveyed hereby.

Witness my hand and seal this 25<sup>th</sup> day of June, 2012.

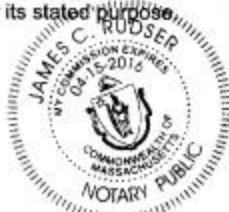
*Carolyn M. Connolly*  
Carolyn M. Connolly

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

MASSACHUSETTS EXCISE TAX  
Southern Middlesex District ROD # 001  
Date: 06/26/2012 08:28 AM  
City# 17005,08941 Doc# 00128761  
Fee: \$1,624.00 Com: \$400,000.00

On this 25<sup>th</sup> day of June, 2012, before me, the undersigned notary public, personally appeared Carolyn M. Connolly, proved to me through satisfactory evidence of identification, which was Mass. Drivers License, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.



*[Signature]*  
Notary Public  
My Commission Expires

LAW OFFICES OF  
JAMES C. RUDSOR  
88 BLACK FALCON DRIVE, S.E. 277  
BOSTON, MA 02116



Bk: 67487 Pg: 102 Doc: DEED  
Page: 1 of 2 06/23/2016 03:52 PM

**CHESTNUT CROSSING CONDOMINIUM  
UNIT DEED**

**GRANTOR:** Frank R. Gazarian and Karen Lento Gazarian, Trustees of MV Trust, formed pursuant to that certain, Declaration of Trust dated December 28, 1999, and recorded with Middlesex County South Registry of Deeds in Book 31001, Page 308, of Edgartown, Massachusetts

**GRANTEE:** Fay Realty II LLC, a Massachusetts limited liability company, of 1007 Chestnut Street, Newton, Massachusetts

**UNIT:** 1005 **PERCENTAGE INTEREST:** 17% **AREA:** 1,350 sq. ft

**UNIT POST OFFICE ADDRESS:** 1005 Chestnut Street, Newton, Massachusetts 02464

**CONSIDERATION:** \$250,000.00

GRANTOR, owner of the UNIT described above in Chestnut Crossing Condominium created by Master Deed dated April 9, 1987, and recorded with the Middlesex County South Registry of Deeds, Book 18018, Page 279, in accordance with the provisions of G. L. c. 183A, grants the UNIT to GRANTEE with QUITCLAIM COVENANTS for the CONSIDERATION stated above.

The UNIT contains the AREA listed above and is laid out as shown on a plan recorded therewith, which is a copy of a portion of the plan filed with the Master Deed and to which is affixed a verified statement in the form provided for in G. L. c. 183A, Section 9.

The UNIT is conveyed together with the above listed PERCENTAGE INTEREST (a) in the common areas and facilities of the Condominium, as described in the Master Deed, and (b) in the Chestnut Crossing Condominium Trust, recorded with said Registry of Deeds in Book 18018, Page 298.

The UNIT is to be used for those purposes and uses permitted from time to time by the City of Newton zoning ordinance and for no other purpose, except as may be expressly permitted by the Trustees in accordance with the provisions of the Chestnut Street Condominium Trust.

The GRANTEE acquires the UNIT with the benefit of, and subject to, the provisions of G. L. c. 183A, relating to condominiums, as that statute is written and as of the date hereof and as it may hereafter be amended, the Master Deed and Condominium Trust referred to above and any by-laws and rules and regulations from time to time adopted thereunder, and

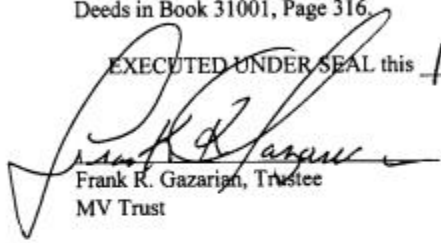
MASSACHUSETTS EXCISE TAX  
Southern Middlesex District ROD # 001  
Date: 06/23/2016 03:52 PM  
Citr# 244892 00187 Doc# 00102872  
Fee: \$1,140.00 Cons: \$250,000.00

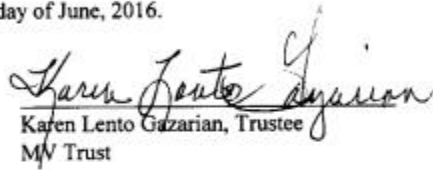
1005 Chestnut Street, Newton, Massachusetts 02464

all matters of record stated or referred to in the Master Deed as completely as if each were fully set forth herein; and subject to real estate taxes attributable to the UNIT which are not yet due and payable.

For grantor's title see Deed dated December 28, 1999, and recorded in said Registry of Deeds in Book 31001, Page 316.

EXECUTED UNDER SEAL this 17<sup>th</sup> day of June, 2016.

  
Frank R. Gazarian, Trustee  
MV Trust

  
Karen Lento Gazarian, Trustee  
MV Trust

COMMONWEALTH OF MASSACHUSETTS

Howard S. Goldman, SS

June 17, 2016

On this date, before me, the undersigned notary public, personally appeared Frank R. Gazarian and Karen Lento Gazarian, Trustees of the MV Trust, each proved to me through satisfactory evidence of identification, being (check whichever applies): (  ) driver's license or other state or federal government document bearing a photographic image, (  ) oath or affirmation of a credible witness known to me who knows the above signatory, or (  ) my own personal knowledge of the identity of the signatory, to be the person whose name is signed on the preceding or attached document, and acknowledged to me that he/she signed it voluntarily for its stated purpose, as Trustees of the MV Trust.

Notary Public  
My Commission Expires Sept 7, 2018  
True Copy Attest  
**HOWARD S. GOLDMAN**  
NOTARY PUBLIC  
My commission expires Sept. 7, 2018

*Handwritten initials*

**CHESTNUT CROSSING CONDOMINIUM**

**UNIT DEED**



Bk: 56996 Pg: 42 Doc: DEED  
Page: 1 of 2 06/16/2011 10:30 AM

Grantor: Christopher M. Sahagian, of Holliston, Massachusetts

Grantee: Eastern Gage, LLC, a Massachusetts limited liability company with an address of 248 Eliot Street, Unit 1, Newton, Massachusetts 02464

Units: 1007A Percentage Interest: 11% Area: 656 sq. ft.  
1007B Percentage Interest: 13% Area: 753 sq. ft.

Unit Post Office Addresses: 1007A and 1007B Chestnut Street  
Newton, Massachusetts

Consideration: Two Hundred and Fifty Thousand Dollars (\$250,000.00)

Grantor, owner of the Units described above in Chestnut Crossing Condominium created by Master Deed dated April 9, 1987 and recorded on April 9, 1987, with the Middlesex County South Registry of Deeds in Book 18018, Page 279, in accordance with the provisions of G.L. c. 183A, grants the Units to Grantee with Quitclaim Covenants for the consideration stated above.

The Units contain the area listed above and are laid out as shown on a plan recorded with said Registry of Deeds in Book 26984, Page 228, which is a copy of a portion of the plans filed with the Master Deed and to which is affixed a verified statement in the form provided for in G.L.c. 183A, Section 9.

The Units are conveyed together with the above listed percentage interest (a) in the common areas and facilities of the Condominium, as described in the Master Deed, and (b) in the Chestnut Crossing Condominium Trust.

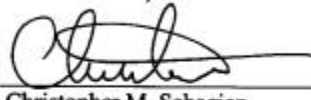
The Grantee acquires the Units with the benefit of, and subject to, the provisions of G.L. c. 183A, relating to condominiums, as that statute is written as of the date hereof and as it may hereafter be amended, the Master Deed and Condominium Trust referred to above and any by-laws and rules and regulations from time to time adopted thereunder, and all matters of record stated or referred to in the Master Deed as completely as if each were fully set forth herein; and subject to real estate taxes attributable to the Units which are not yet due and payable.

Said premises are hereby conveyed subject to and with the benefit of all other rights, easements, restrictions, agreements, takings and covenants of record, to the extent the same are presently in force and applicable, expressly not intending hereby to extend the same if they have expired by operation of law or otherwise.

MASSACHUSETTS EXCISE TAX  
Southern Middlesex District RQD # 001  
Date: 06/16/2011 10:30 AM  
Ctrl: 154362 25477-0507 00102945  
Fee: \$1,140.00 Cens: \$250,000.00

Being the same premises conveyed to this Grantor by deed dated November 2, 2002, recorded with said Registry of Deeds in Book 37202, Page 69, and deed dated March 31, 2005, recorded with said Registry of Deeds in Book 44924, Page 477.

Executed as a sealed instrument this 15 day of JUNE 2011.



Christopher M. Sahagian

COMMONWEALTH OF MASSACHUSETTS

Receipt, ss

On this 15 day of JUNE, 2011, before me, the undersigned notary public, personally appeared Christopher M. Sahagian, proved to me through satisfactory evidence of identification, which was MA DL, to be the person whose name is signed on the preceding document, and acknowledged to me that he signed it voluntarily for its sated purpose.



Notary Public

My Commission expires: 6/2/17



**BORIS B. MAIDEN**  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires  
June 2, 2017

MASSACHUSETTS EXCISE TAX  
Southern Middlesex District ROD # 001  
Date: 01/15/2013 08:51 AM  
Cdn# 180450 06537 Doc# 00011842  
Fee: \$766.08 Cons: \$168,000.00



Bk: 60970 Pg: 368 Doc: DEED  
Page: 1 of 1 01/15/2013 08:51 AM

**QUITCLAIM DEED**

Mary E. Lavin, a married, of 3 Chase 1003 Cahill Park Drive, Framingham, MA, for consideration of One Hundred Sixty-Eight Thousand and 00/100 (\$168,000.00) Dollars paid, grants to EASTERN GAGE LLC a duly organized Massachusetts Limited liability company with a principal place of business located at 248 Elliot Street, Newton, MA 02464, with QUITCLAIM COVENANTS,

The property known as Unit 1007C, (the "Unit"), in the Chestnut Crossing Condominium, situated at 1003-1009 Chestnut Street, Newton, MA created by Master Deed dated April 9, 1987, and recorded with the Middlesex County South Registry of Deeds in Book 18018, Page 279, and the Declaration of Trust recorded with said Deeds in Book 18018, Page 298.,

The Unit is more particularly described in (1) the Master Deed, (2) such site and floor plans recorded with said Deeds. The Unit is conveyed with a 17.00% percentage interest in the common areas and facilities, as stated in the Master Deed recorded with said Deeds, as affected by amendments thereto.

Subject to and with the benefit of all easements, restrictions, reservations, rights and agreements set forth in said Master Deed and the Unit Deed, including the use and enjoyment of the common areas in common with all other entitled thereto.

The Unit is conveyed together with the exclusive rights and easements as designated on the plans and in the aforesaid Master Deed.

Property Address: 1007 Chestnut Street, Unit 1007C, Newton, MA 02464

City of Newton Tax Parcel ID No. 51-0020-0001D

For Grantor's Title, see deed recorded in Book 123012, Page 575.

The Grantor states, under oath, that the property conveyed hereby was not homestead property; was not the principal residence of any other person at the time of this conveyance, and that there were no other persons entitled to the protection of the homestead act with respect to the property conveyed hereby.

Witness my hand and seal this 14 day of January, 2013.

Mary E. Lavin  
Mary E. Lavin

COMMONWEALTH OF MASSACHUSETTS

Middlesex, ss.

On this 14 day of January, 2013, before me, the undersigned notary public, personally appeared Mary E. Lavin, proved to me through satisfactory evidence of identification, which was Mass. Drivers License, to be the person whose name is signed on the preceding or attached document, and who swore or affirmed to me that the contents of the document are truthful and accurate to the best of (his)(her) knowledge and belief and acknowledged to me that (he) (she) signed it voluntarily for its stated purpose.



[Signature]  
Notary Public  
My Commission Expires:

1007 Chestnut Street, Unit 1007C, Newton

87

Return to:  
Law Offices of Steve Ross, P.C.  
83 Speen Street  
Natick, MA 01760



2013 00067955  
Bk: 61491 Pg: 468 Doc: DEED  
Page: 1 of 3 03/28/2013 02:28 PM

**UNIT DEED  
OF THE CHESTNUT CROSSING CONDOMINIUM**

I, Mary E. Lavin of 3 Cahill Park Drive, Framingham, MA 01701, for consideration paid of Two Hundred Thirty Seven Thousand, Two Hundred and Fifty (\$237,250.00) Dollars, of which the receipt and sufficiency is acknowledged, grant to Eastern Gage, LLC, a Massachusetts limited liability company with an address of 1007 Chestnut Street, Suite A, Newton, MA 02464,

1009 Chestnut 87 Unit 1009 Newton

With Quitclaim Covenants, the Unit known as Unit No. 1009 (the "Unit"), located on Chestnut Street, Newton, Middlesex County, Massachusetts, in Chestnut Crossing Condominium (the "Condominium"), a condominium established pursuant to Massachusetts General Laws, Chapter 183A, by Master Deed dated April 9, 1987, recorded with the Middlesex South Registry of Deeds in Book 18018, Page 279 as amended (the "Master Deed") which Unit is shown on the floor plans filed simultaneously with said Master Deed in said Deeds.

Said Unit is conveyed together with:

1. An undivided twenty-five (25%) percent interest in the common areas and facilities of the Condominium described in said Master Deed (the "Common Elements").
2. An easement for the continuance of all encroachments by the Unit on any adjoining units or Common Elements now existing or which may come into existence as a result of settling of the Building, alteration or repair to the Common Elements made by or with the consent of the Trustees of the Chestnut Crossing Condominium Trust as a result of repair or restoration of the Building or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings.
3. An easement in common with the owners of other Units to use any pipes, wires, ducts, flues, cables, conduits, public utility lines and other Common Elements located in any of the other Units and serving the Unit.

Said Unit is conveyed subject to:

MASSACHUSETTS EXCISE TAX  
Southern Middlesex District ROD # 001  
Date: 03/28/2013 02:28 PM  
Ctrl# 182764 0317B Doc# 00067955  
Fee: \$1,083.00 Cons: \$237,250.00

1. Easements in favor of adjoining Units and in favor of the Common Elements for the continuance of all encroachments of such adjoining Units or Common Elements now existing or which may come into existence as a result of settling of the Building, alteration or repair of the Common Elements made by or with the consent

of the Trustees of the Chestnut Crossing Condominium Trust as a result of repair or restoration of the Building or a Unit after damage by fire or other casualty, or as a result of condemnation or eminent domain proceedings.

2. An easement in favor of the other Units to use any pipes, wires, ducts, flues, cables, conduits, public utility lines and other Common Elements located in the Unit and serving such other Units.
3. The provisions of the Master Deed, By-Laws and floor plans of the Condominium recorded simultaneously with and as part of the Master Deed, as the same may be amended from time to time by instruments recorded in Middlesex South Registry of Deeds, which provisions, together with any amendments thereto, shall constitute covenants running with the land and shall bind any person having at any time an interests or estate in the Unit, his family, servants and visitors, as though such provisions were recited and stipulated at length herein.

The Unit shall be used solely for (i) residential purposes and uses accessory thereto permitted from time to time by the City of Newton Zoning Ordinance and shall be occupied by not more than one Family or two persons related by blood, marriage or adoption or (ii) commercial purposes and uses accessory thereto permitted from time to time by the City of Newton Zoning Ordinance.

For my title see Deed recorded with the Middlesex South District Registry of Deeds in Book 23012, Page 571.

*[The signature page follows.]*

EXECUTED as a sealed instrument this 28<sup>TH</sup> day of March, 2013.

Mary E. Lavin  
Mary E. Lavin

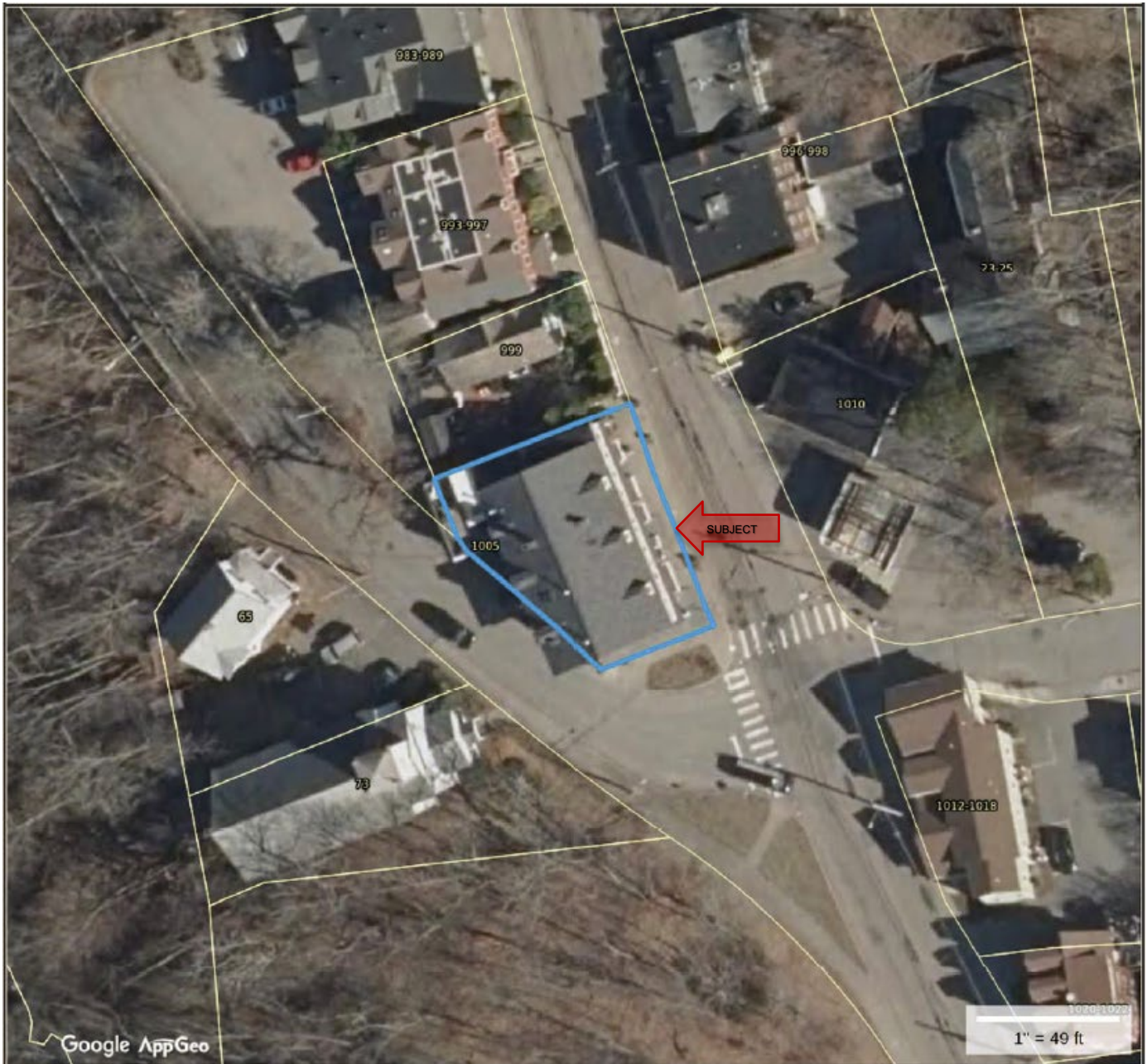
COMMONWEALTH OF MASSACHUSETTS

Middlesex County, ss.

On the date indicated above, before me, the undersigned notary public, personally appeared Mary E. Lavin, proved to me through satisfactory evidence of identification, which was [ ] photographic identification with signature issued by a federal or state governmental agency, [ ] oath or affirmation of a credible witness, [ ] personal knowledge of the undersigned to be the person whose name is signed on this document, and acknowledged to me that her signing above was done voluntarily and for its stated purpose.

[Signature]  
Notary Public  
My Commission Expires: NOVEMBER 9, 2015

# ASSESSORS MAP



### Property Information

**Property ID** 51002 0001MAIN  
**Location** 1003-1009 CHESTNUT ST  
**Owner** 1003-1009 CHESTNUT ST MASTER DEED

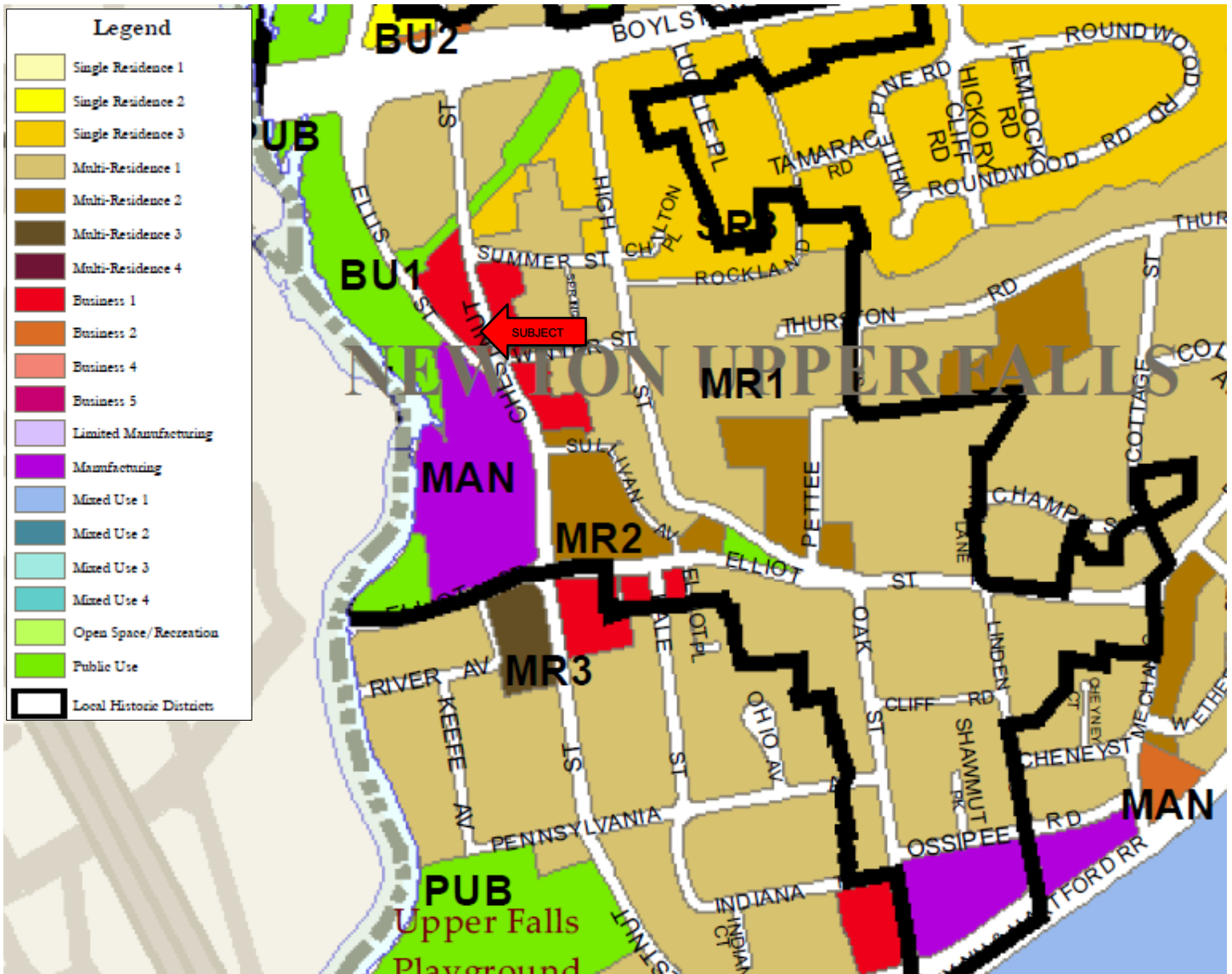


### MAP FOR REFERENCE ONLY NOT A LEGAL DOCUMENT

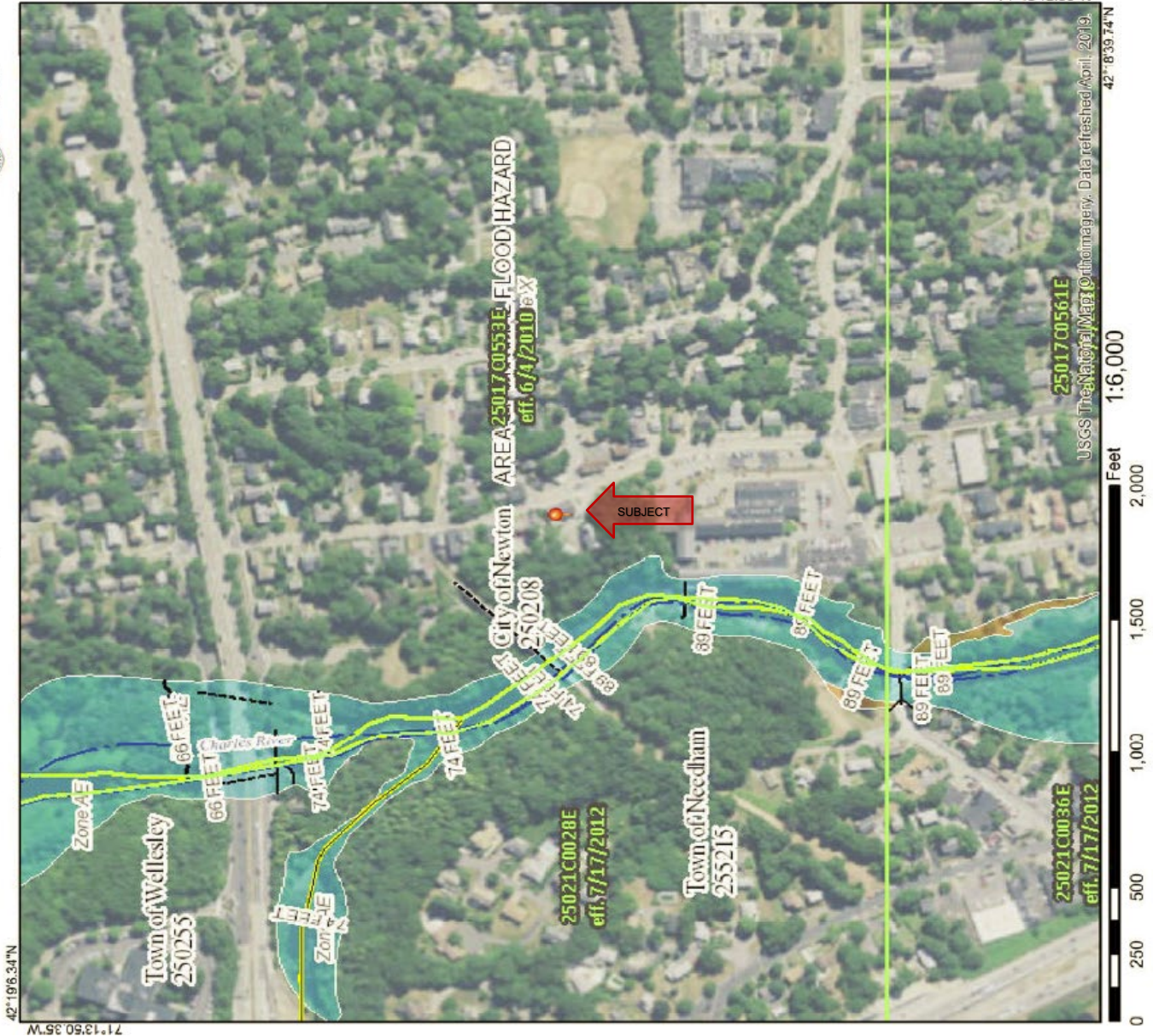
City of Newton, MA makes no claims and no warranties, expressed or implied, concerning the validity or accuracy of the GIS data presented on this map.

Geometry updated 11/09/2018  
Data updated 11/14/2018

# ZONING MAP



# National Flood Hazard Layer FIRMette



# FLOOD INSURANCE RATE MAP

## Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

<p><b>SPECIAL FLOOD HAZARD AREAS</b></p> <ul style="list-style-type: none"> <li>Without Base Flood Elevation (BFE) Zone A, V, AE9</li> <li>With BFE or Depth Zone AL, AH, AH, VE, AR</li> <li>Regulatory Floodway</li> </ul>	
<p><b>OTHER AREAS OF FLOOD HAZARD</b></p> <ul style="list-style-type: none"> <li>0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X</li> <li>Future Conditions 1% Annual Chance Flood Hazard Zone X</li> <li>Area with Reduced Flood Risk due to Levees, See Notes. Zone X</li> <li>Area with Flood Risk due to Levees Zone B</li> </ul>	
<p><b>OTHER AREAS</b></p> <ul style="list-style-type: none"> <li>Area of Minimal Flood Hazard Zone X</li> <li>Effective LCMRs</li> <li>Area of Undetermined Flood Hazard Zone D</li> </ul>	
<p><b>GENERAL STRUCTURES</b></p> <ul style="list-style-type: none"> <li>Channel, Culvert, or Storm Sewer</li> <li>Levee, Dike, or Floodwall</li> </ul>	
<p><b>OTHER FEATURES</b></p> <ul style="list-style-type: none"> <li>Cross Sections with 1% Annual Chance</li> <li>Water Surface Elevation</li> <li>Coastal Transect</li> <li>Base Flood Elevation Line (BFE)</li> <li>Limit of Study</li> <li>Jurisdiction Boundary</li> <li>Coastal Transect Baseline</li> <li>Profile Baseline</li> <li>Hydrographic Feature</li> </ul>	
<p><b>MAP PANELS</b></p> <ul style="list-style-type: none"> <li>Digital Data Available</li> <li>No Digital Data Available</li> <li>Unmapped</li> </ul>	

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

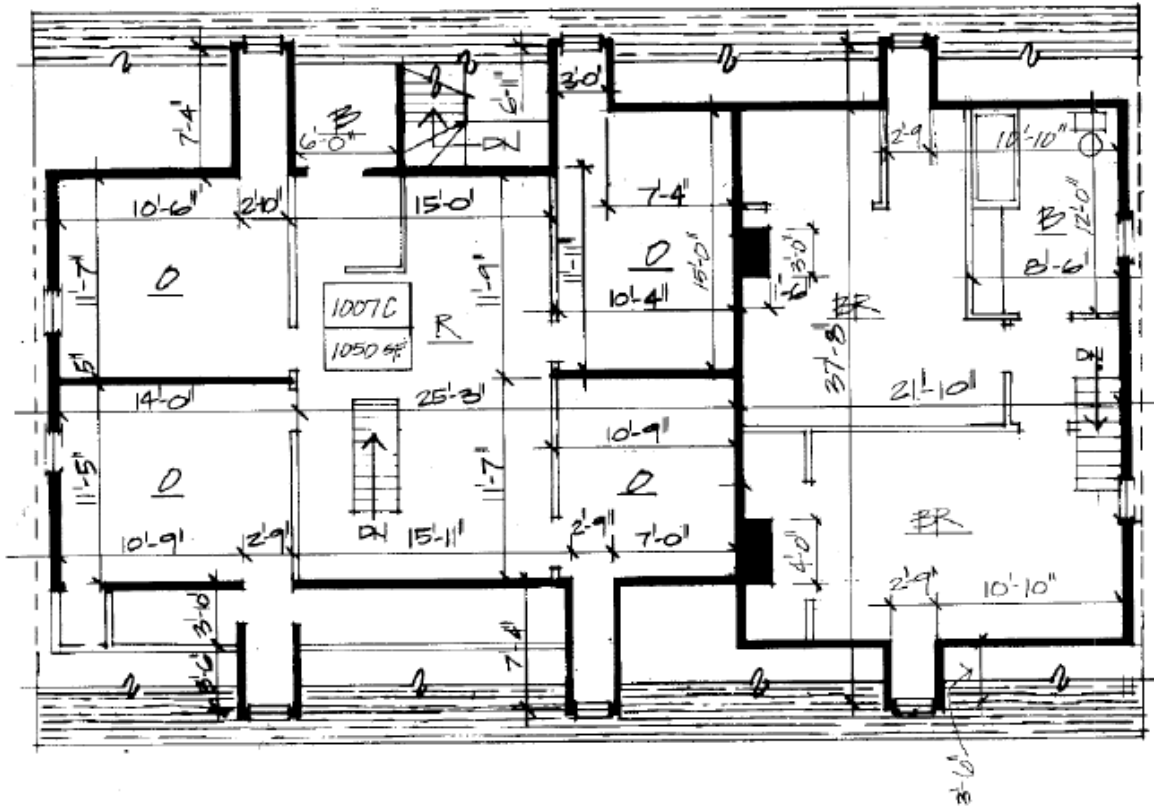
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was expored on 3/27/2020 at 12:26:39 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

# BUILDING SKETCH

THIS BUILDING HAS NO NAME

ROOM KEY	
B - BATHROOM	B - BATHROOM
O - OFFICE	BR - BEDROOM
R - RECEPTION	

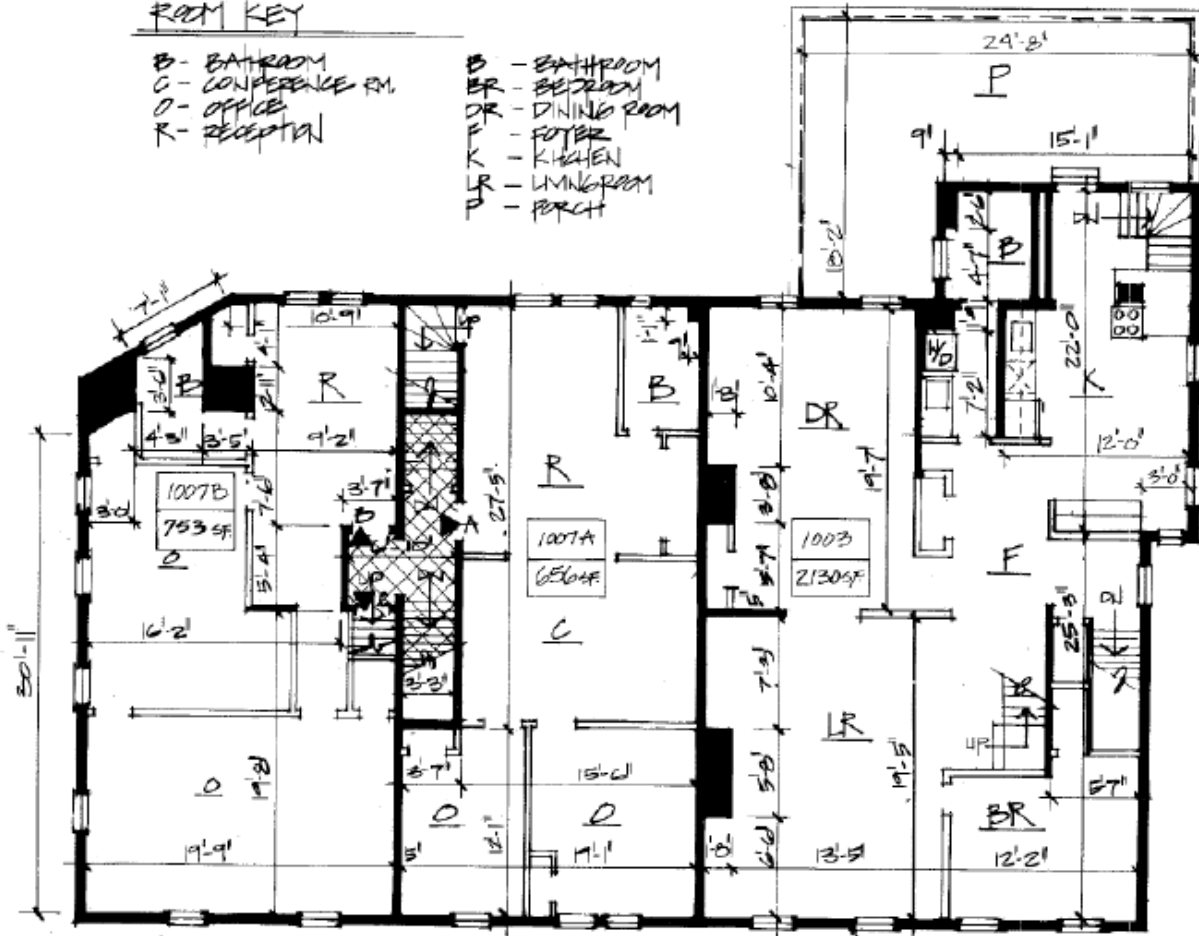


**CONDOMINIUM MASTER PLAN**  
**THIRD FLOOR PLAN**

THIS BUILDING HAS NO NAME

ROOM KEY

- |                    |                  |
|--------------------|------------------|
| B - BATHROOM       | B - BATHROOM     |
| C - CONFERENCE RM. | BR - BEDROOM     |
| O - OFFICE         | DR - DINING ROOM |
| R - RECEPTION      | F - Foyer        |
|                    | K - KITCHEN      |
|                    | LR - LIVING ROOM |
|                    | P - PORCH        |



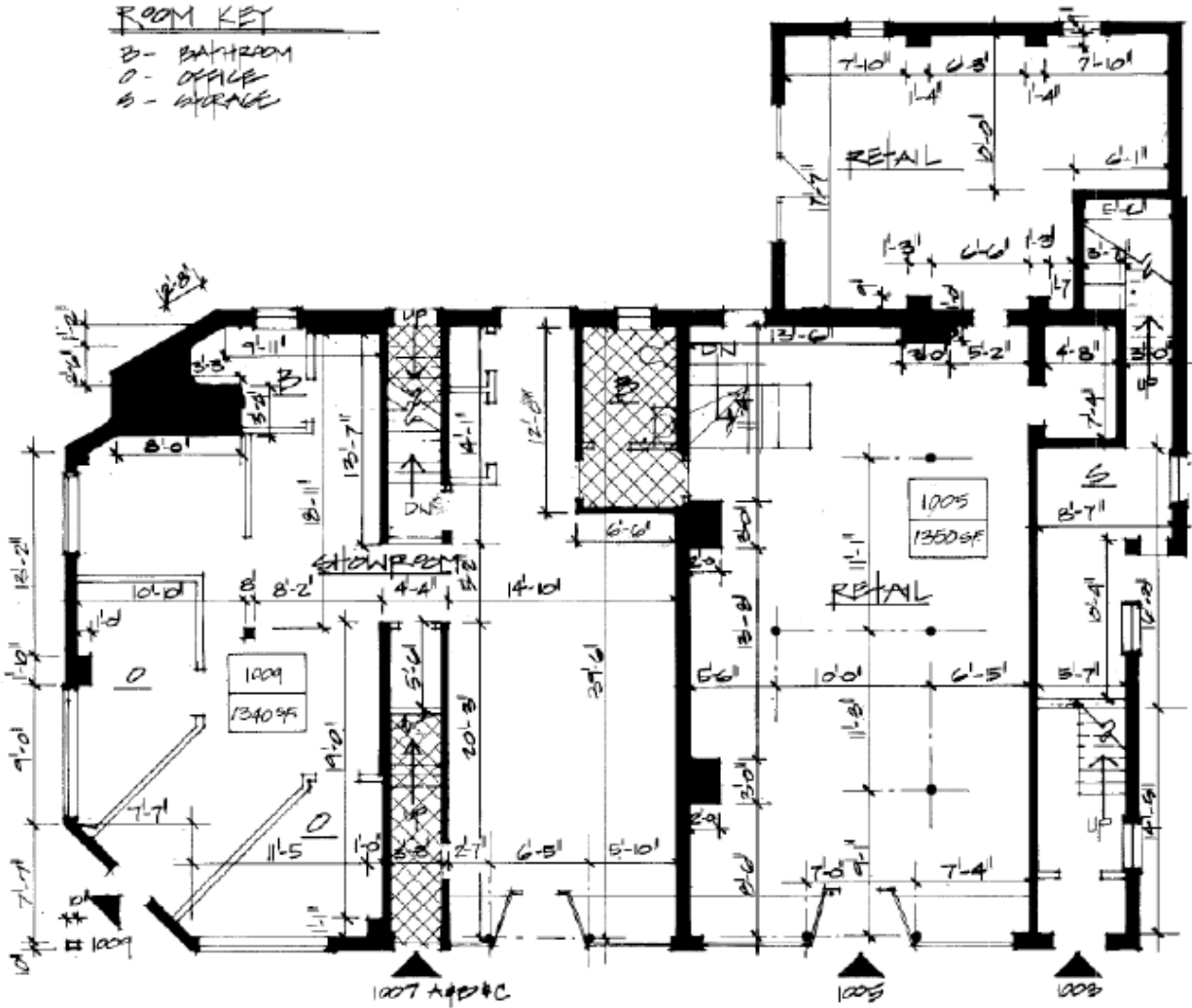
**CONDOMINIUM MASTER PLAN**

**SECOND FLOOR PLAN**

THIS BUILDING HAS NO NAME

ROOM KEY

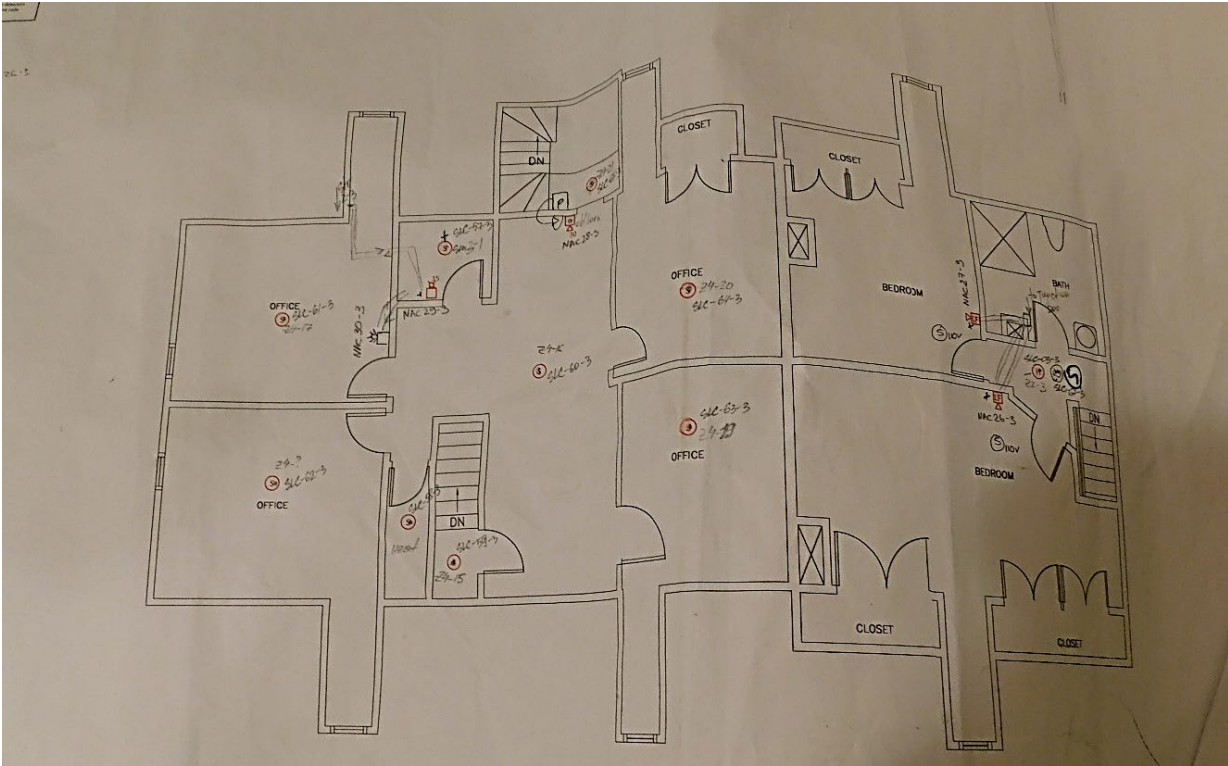
- B - BATHROOM
- O - OFFICE
- S - STORAGE



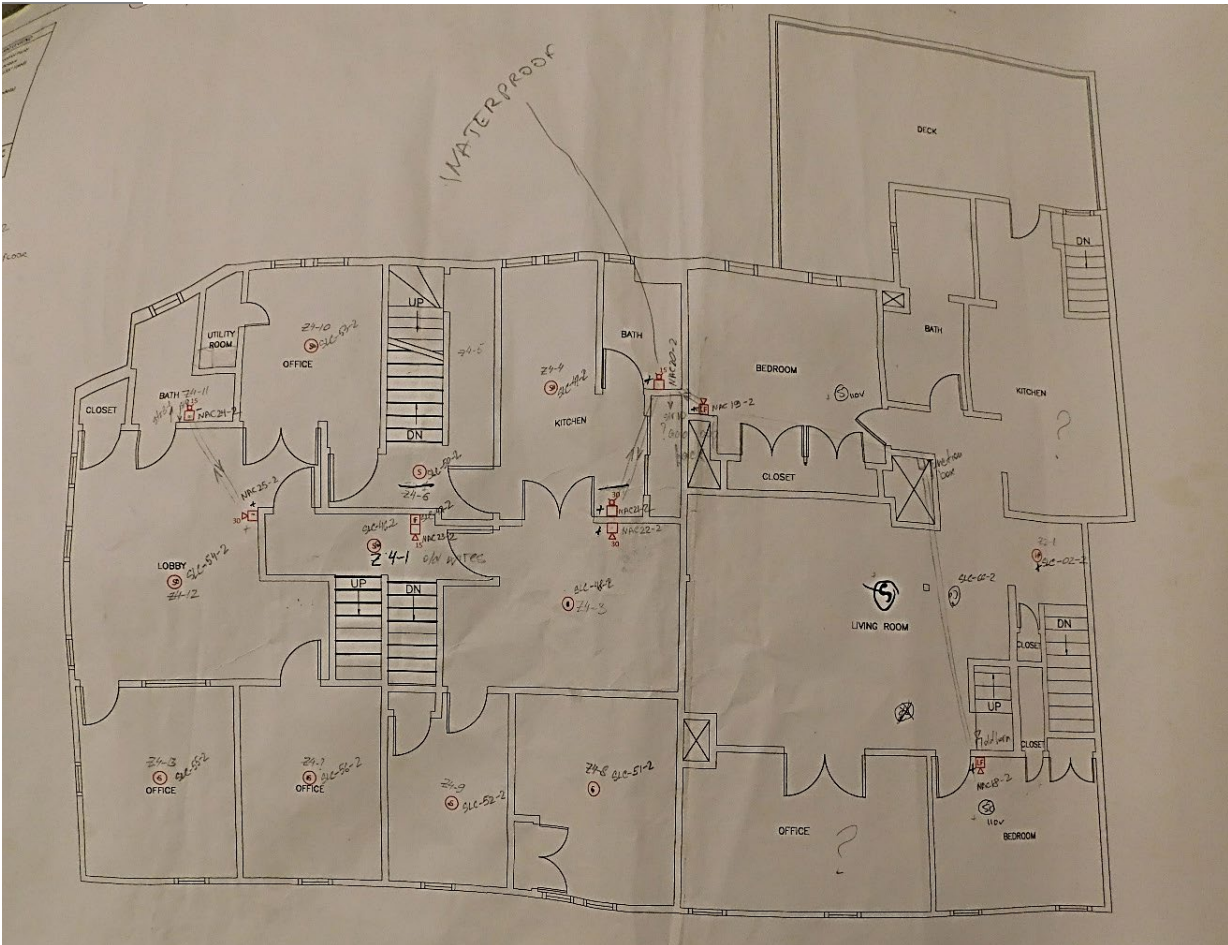
**CONDOMINIUM MASTER PLAN**  
**FIRST FLOOR PLAN**



# FLOOR PLAN - EXISTING CONDITIONS



Third Floor



Second Floor





## ENGAGEMENT LETTER



December 28, 2023

Elena Kladova  
Eastern Gage LLC  
1007 Chestnut Street  
Newton, MA 02464

RE: Real Estate Appraisal  
1003-1009 Chestnut Street  
Newton, MA 02464

Dear Ms. Kladova:

Pursuant to your acceptance of this proposal, we agree to conduct an appraisal of the above-referenced property at 1003-1009 Chestnut Street in the City of Newton, Massachusetts. The purpose of the appraisal will be to estimate the market value of the property based on conditions existing on the date of our inspection. It is my understanding that the appraisal is intended to assist you, the client and intended user of the report, in connection with the dissolution of a partnership and secondarily as part of a federal tax filing. As it is believed that the property is encumbered by lease(s), the interest appraised will be the leased fee estate. If this is not the case, we reserve the right to change the interest appraised.

The appraisal will employ all applicable approaches to value, will be prepared in accordance with the standards required by the IRS and the current Uniform Standards of Professional Appraisal Practice (USPAP), and will be presented in a summary report format that will contain sufficient detail to satisfy the intended use and users. The scope of work in performing the appraisal will include an inspection of the property, a review of zoning requirements and decisions, and other documents and public records pertaining to the property, and a survey and analysis of relevant market activity within a competitive market area. The property will be appraised in accordance with its highest and best use, as determined from our analysis, and the analysis and value conclusion will reflect the highest and best use of the property as of the effective date of the appraisal. Extraordinary assumptions or hypothetical conditions, if any, will only be used after consultation and agreement with you, the client. The appraisal report will include photographs of the subject property and any comparable sales used in the analysis. The estimated completion date for the written appraisal report will be 4 weeks from engagement. Completion of the appraisal within this period is dependent on access to the site for inspection purposes and receiving from you in a timely manner any relevant information needed for the preparation of the report. In this case, the following information is requested:

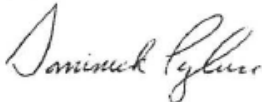
- Plot plan or survey of the site (if available)

- Building plans (if available)
- Copies of the leases
- Real estate operating statements (income and expenses) from the two calendar years preceding the effective appraisal date.

Our fee for this assignment will be \$3,400.00. This fee incorporates all expenses incurred in preparing the report. Payment of 50% of the fee is required in advance, with the remainder due upon completion of the report. Compensation for the appraisal will in no way be contingent on the value estimate or other conclusions. The report will include a signed certification that we have no financial interest in the appraised property.

We will proceed with the appraisal upon receipt of the retainer and a signed copy of this proposal, which will be returned to you with my signature. If you have any questions about our proposal or the work that will be performed, please contact me as soon as possible.

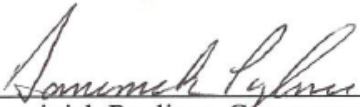
Respectfully submitted,  
COMMONWEALTH VALUATION GROUP



Dominick Pugliese  
President

ACCEPTED AND AGREED:

 \_\_\_\_\_ Date: 1/21/2023  
Elena Kladova or Representative of Eastern Gage LLC

 \_\_\_\_\_ Date: 1/4/2024  
Dominick Pugliese, Commonwealth Valuation Group

COMMONWEALTH VALUATION GROUP  
1003-1009 CHESTNUT ST  
NEWTON, MA 02459  
TEL: 781.890.2550  
FAX: 781.890.2551

## **QUALIFICATIONS OF PETER E. HATT**

**Commonwealth of Massachusetts:** Certified General Real Estate Appraiser #695

### **PROFESSIONAL EXPERIENCE**

September 1996 to the Present

Commonwealth Valuation Group, Waltham, MA

Senior Appraiser: Performing real estate appraisal and consulting services for lending institutions, corporations, and individuals. Experience includes analysis and appraisal of a wide range of complex commercial, industrial and residential properties.

January 1991 to September 1996

Appraisers Collaborative, Boston, MA

Fee Appraiser: Appraisal and consulting services included analysis of office buildings, retail centers, restaurants, industrial/R&D properties, apartments, affordable housing, residential and commercial condominium projects, residential subdivisions, motels, hotels and vacant land. Also experienced in valuing partial interests, and conducting market studies, feasibility analyses, and highest and best use analyses. In March of 1996, assumed responsibility for assigning and reviewing commercial assignments and business development.

November 1990 to March 1993

Long Real Estate Appraiser's, Lynnfield, MA

Fee Appraiser: Appraisal and consulting services included analysis of office buildings, retail centers, restaurants, industrial/R&D properties, apartments, mixed-use properties, residential and commercial condominium projects, residential subdivisions, marinas and vacant land.

April 1988 to January 1991

Garfield Associates, Peabody, MA

Fee Appraiser: Performed appraisal and consulting services including analysis of residential and retail, office, industrial, and special use properties such as health clubs and lodging properties.

October 1987 to April 1988

Cole, Layer, Trumble Co., Vernon, CT

Staff Appraiser: Employed in the appraisal of single family, multi-family, condominium, and commercial property for municipal assessment and taxation purposes.

March 1986 to July 1987

Realconsultants, Inc., Ipswich, MA

Fee Appraiser: Employed in the appraisal of residential and commercial property.

February 1983 to March 1986

Rodier Real Estate Appraisal, Beverly, MA

Fee Appraiser: Employed in the appraisal of residential property.

September 1981 to May 1982

Cole, Layer, Trumble Co., Vernon, CT

Staff; Employed in residential, commercial, and industrial property inspection and analysis.

## **EDUCATION AND SPECIAL TRAINING**

Real Estate Appraisal and Related Courses:

### **North Shore Community College**

1983: Real Estate Principals and Practice

1983: Real Estate Appraisal

### **Boston University**

1993: Real Estate Finance

2001: Practical Legal Knowledge for The Real Estate Professional

2002: Commercial Lease Analysis

### **Northeastern University**

1995: Business Valuation I

### **American Institute of Real Estate Appraisers / Appraisal Institute**

1985: Residential Valuation

1989: Capitalization Theory and Techniques, A

1989: Capitalization Theory and Techniques, B

1988: Standards of Professional Practice

1991: Applied Income Property Valuation

1996: Rates, Ratios and Reasonableness

1996: Appraisal of Retail Properties

2004: Supporting Capitalization Rates

2004: Evaluating Commercial Construction

2004: Uniform Standards of Professional Appraisal Practice Update

2005: Appraising Distressed Property

2005: Introduction to GIS Applications for Real Estate Appraisal

2007: Uniform Standards of Professional Appraisal Practice Update

2008: What Commercial Clients Would Like Appraisers to Know

2008: Analyzing Operating Expenses

2010: Valuing Commercial Green Buildings

2011: Subdivision Valuation

2011: Rates and Ratios: Making sense of GIMs, OARs, and DCF

2014: The Discounted Cash Flow Model: Concepts, Issues and Applications

2014: Online Comparative Analysis

2022: Appraising Automobile Dealerships

### **Massachusetts Board of Real Estate Appraisers**

1988: Income Property Appraisal Seminar

1989: Appraisal Applications for Computer Spreadsheets

1994: Appraising Affordable Housing Seminar

1995: Uniform Standards of Professional Appraisal Practice Update

1995: Evaluations, Limited Appraisals and Reporting Options Seminar

1995: Capitalization Rates Seminar

1996: Making the Most of the Market: Appraisal & Appraisal Users

1998: Uniform Standards of Professional Appraisal Practice Update

1998: Subdivision Planning Seminar

1998: Appraisal Communication Seminar

1998: Sales Comparison Approach Seminar

1998: Commercial Review Seminar

2002: Uniform Standards of Professional Appraisal Practice Update

**McKissock Learning**

2013: Uniform Standards of Professional Appraisal Practice Update

2014: Mold, Pollution and the Appraiser

2014: Essential Elements of Disclosures and Disclaimers

2014: Even Odder – More Oddball Appraisals

2014: Environmental Issues for Appraisers

2015: Uniform Standards of Professional Appraisal Practice Update

2016: Appraisal of Owner-Occupied Commercial Properties

2016: Appraisal of Self-Storage Facilities

2016: Appraisal of Land Subject to Ground Leases

2016: Uniform Standards of Professional Appraisal Practice Update

2018: Income Approach Case Studies for Commercial Appraisal

2018: Appraisal of Fast-Food Facilities

2018: Basic Hotel Appraising – Limited-Service Hotels

2018: Uniform Standards of Professional Appraisal Practice Update

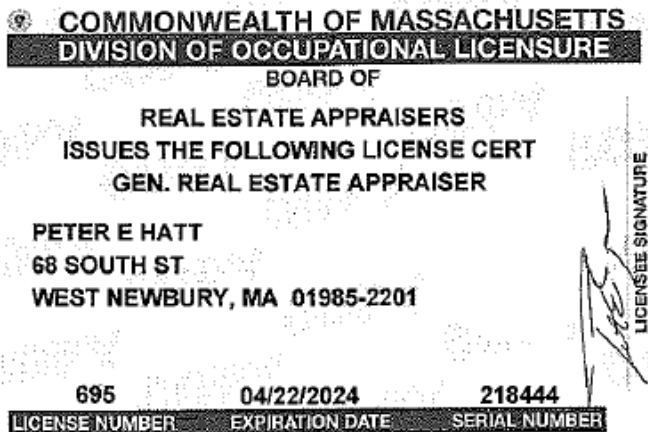
2020: Appraisal of Industrial Incubators

2020: Complex Properties: The Odd Side of Appraisal

2020: The Basics of Expert Witness for Commercial Appraisers

2021: Uniform Standards of Professional Appraisal Practice Update

2022: Appraisal of Industrial and Flex Buildings



## **QUALIFICATIONS OF DOMINICK PUGLIESE**

### **APPRAISAL CERTIFICATIONS**

Massachusetts Certified General Real Estate Appraiser #299

### **PROFESSIONAL EXPERIENCE**

#### **March 1996 to Present**

Commonwealth Valuation Group, Waltham, MA

President: Manage and direct the activities of a full-service real estate appraisal and consulting company. Direct a staff of four residential and two commercial appraisers and review all appraisal assignments. Perform appraisals and provide consulting services related to various types of residential, commercial and industrial properties. Experience includes the appraisal of office buildings, retail/shopping centers, restaurants, marinas, apartments, industrial and R & D properties, schools, hotels and motels, nursing homes, residential and commercial condominium projects, single- and multi-family residences, individual condominiums and vacant land. Additional experience includes conducting Highest and Best Use studies and feasibility analyses.

#### **January 1987 to March 1996**

The Appraisers Collaborative, Boston MA

Fee Appraiser: Provided appraisal and consulting services relating to various types of commercial, industrial and residential properties. Promoted to manager of the commercial appraisal division in March of 1993; responsible for directing a staff of five commercial appraisers, assigning and reviewing all commercial assignments, developing all bids and work proposals, interacting with clients and conducting appraisals of complex commercial, industrial and residential properties.

### **EDUCATION**

#### **Boston University, Boston, MA**

1972: B.A. Degree: Economics

1978-1980: Graduate Study in Urban Economics and Urban Planning

### **APPRAISAL EDUCATION**

#### **Boston University, Boston, MA**

1986: Financial Feasibility and Analysis of Real Estate Investments

#### **Society of Real Estate Appraisers**

1986: Course 101 - Introduction to Appraising Real Property

#### **American Institute of Real Estate Appraisers/Appraisal Institute**

1986: Course IA2 - Basic Valuation Procedures

1989: Course 1BA - Capitalization Theory & Techniques, Part A

1989: Course IBB - Capitalization Theory & Techniques, Part B

1989: Preview 2-4 family form

1990: Standards of Professional Practice

1990: Case Studies in Real Estate Valuation

1990: Report Writing & Valuation Analysis

1991: Valuation of Leased Fee Interests Seminar

1993: Appraising Affordable Housing Seminar  
1994: Contemporary Issues in Commercial Lending Seminar  
1995: Income Capitalization and Discounted Cash Flow Analysis  
1996: Standards of Professional Practice Parts A & B  
1996: Analysis of a Retail Development  
1999: Issues in Fair Lending  
1999: Commercial Property Inspection  
2002: Litigation Skills for Appraisers  
2002: Supporting Capitalization Rates  
2004: Uniform Standards of Professional Appraisal Practice Update  
2004: Evaluating Commercial Construction  
2005: Small Hotel/Motel Valuation  
2005: Appraiser/Client Relationships  
2005: Subdivision Valuation  
2005: Uniform Standards of Professional Appraisal Practice Update  
2007: Uniform Standards of Professional Appraisal Practice Update  
2008: Analyzing Operating Expenses  
2008: Appraisal of Nursing Facilities  
2008: Business Practices and Ethics  
2008: Scope of Work  
2008: Uniform Standards of Professional Appraisal Practice Update 2008/2009  
2011: Valuation of Green Buildings  
2011: Site Use and Valuation Analysis  
2011: Comparative Analysis  
2011: Forecasting Revenue  
2011: Analyzing Distressed Property  
2011: Uniform Standards of Professional Appraisal Practice Update 2010/2011  
2013: Subdivision Valuation  
2013: Uniform Standards of Professional Appraisal Practice Update 2012/2013  
2015: Uniform Standards of Professional Appraisal Practice Update 2014/2015  
2015: Rates and Ratios  
2017: Uniform Standards of Professional Appraisal Practice Update 2016/2017  
2019: Uniform Standards of Professional Appraisal Practice Update 2018/2019

#### **AFFILIATIONS**

**Practicing Affiliate - Appraisal Institute**

**Past Chairman, Board of Assessors – Town of Stow, MA**

**Massachusetts Association of Assessing Officers**

**Member – Community Preservation Committee – Town of Stow, MA**

**COMMONWEALTH OF MASSACHUSETTS  
DIVISION OF OCCUPATIONAL LICENSURE**

BOARD OF  
REAL ESTATE APPRAISERS  
ISSUES THE FOLLOWING LICENSE CERT  
GEN. REAL ESTATE APPRAISER

DOMINICK PUGLIESE  
33 BIRCH HILL RD  
STOW, MA 01775-1308

*Dominick Pugliese*  
LICENSEE SIGNATURE

299      11/03/2025      520541  
LICENSE NUMBER      EXPIRATION DATE      SERIAL NUMBER

**CONTROL # J2150192**

**IMPORTANT**

If your license is lost, damaged or destroyed; is inaccurate; or needs to be corrected, visit our web site at [mass.gov/dpl](http://mass.gov/dpl) for instructions to ensure the proper mailing of your Renewal Application and any other correspondence.

This license is subject to Massachusetts General Laws and regulations. Your license is a privilege, and cannot be lent or assigned to any person or entity under penalty of law. Keep this license on your person or posted as required by law and/or regulations.

- End of Report -