

APRAISAL REPORT OF REAL PROPERTY
NORTHAMPTON VALLEY COUNTRY CLUB
299 NEWTOWN RICHBORO ROAD
NORTHAMPTON TOWNSHIP
BUCKS COUNTY, PA
PREPARED BY GLEASON REAL ESTATE INC.

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REAL ESTATE APPRAISERS • CONSULTANTS

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CRAIG W. GLEASON, MAI



June 15, 2018

Northampton Township
55 Township Road
Richboro, PA 18954
Attn: Mr. Robert Pellegrino, Township Manager

RE: NORTHAMPTON VALLEY COUNTRY CLUB
299 NEWTOWN RICHBORO ROAD
NORTHAMPTON TOWNSHIP
BUCKS COUNTY, PA

Dear Mr. Pellegrino:

In accordance with your written authorization, I am pleased to transmit herewith my Appraisal Report for the estimated "as is" market value for the subjects fee simple estate in the reference parcel of real estate. The "as is" market value is reported as of April 30, 2018, the effective date of the appraisal and the date of my last property inspection. The appraisal has been prepared for Northampton Township, the intended user of the report. It is my understanding that the intended use of the appraisal will be to establish a sale price for the subject by Northampton Township. This appraisal may not be used or relied upon by anyone other than the intended user, for any purpose whatsoever, without the express written consent of the appraiser. I am willing to discuss my appraisal methodology and valuation process (including independent research and analysis contained in my files) if you so desire. However, I reserve the right to make the ultimate decision regarding the appropriate techniques and the final value opinion.

In accordance with prior agreement between the client and the appraiser, the document presented is an appraisal report prepared in compliance with the Uniform Standards of Professional Appraisal Practice under Standard 1. The reader is assumed to be in possession of the Uniform Standards of Professional Appraisal Practice as published by the Appraisal Foundation. The Scope of Work provided in completion of this appraisal assignment is consistent with what was previously identified as a Self Contained appraisal report.

The following report sets forth my value conclusions, along with supporting data and reasoning which form the basis of my opinions. The value opinions reported are qualified by certain definitions, limiting conditions, and certifications plus extraordinary assumptions #23-28 which are set forth on pages 18 through 20 of this report.

The subject of this appraisal consists the existing Northampton Valley Country Club which consists of an 18 hole daily fee golf course, bar/restaurant and large banquet facility. The site is improved with a one story clubhouse building that embraces 3,888 square feet that includes a pro shop, two business offices, equipment and storage rooms, men's locker room/lavatory and ladies locker room/lavatory plus a grille room with cocktail bar and large outside patio for seasonal dining. The site is also improved with a swim club with tennis courts, two banquet rooms embracing 15,521 square feet, a 6,283 square foot golf cart storage building and an 8,400 square foot greens maintenance building. The improvements are situate on three (3) parcels embracing a net land area of 124.07783 acres which are held in fee simple ownership by Northampton Valley Golf Club Inc. The existing facilities, golf course and site improvements were observed to be in good to average condition with some minor deferred maintenance noted based on my site inspection completed on April 30, 2018.

My analysis concluded in the Highest and Best Use section indicates that continued utilization of the existing improvements as a going concern would **not** represent the Highest and Best Use of the subject as improved. I have analyzed the residential development potential for the subject with an estimated lot yield of approximately 88 detached residential building lots under the parameters of the R-1 Residential zoning ordinance. My "as is" and Prospective market value estimates for the subjects underlying land as a potential development site is somewhat higher to significantly higher than my estimated "as is" market value of \$7,885,000 (Real Estate) for the continued as a golf course with banquet facilities and \$10,900,000 including the contributory value of \$3,015,000 for the furniture, fixtures, goodwill, machinery and equipment in place for the going concern. I have also analyzed the Prospective market value for the subjects 127+ acres of land as if vacant to analyze or test the Highest and Best Use of the subject. In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) I have also analyzed the subject site in "as is" condition with appropriate adjustments applied

to the comparable land sales for the subjects lack of development approvals.

My analysis of the subject site indicates a potential lot yield of eighty-eight (88) detached single family lots under the parameters of the R-1 Residential zoning ordinance. My analysis indicates an "as is" market value of \$11,880,000 for the subject which does not account for any of the furniture, fixtures, machinery and equipment in place that would be liquidated when the going concern is closed. My analysis indicates a liquidation value of \$832,000 for these items and my "as is" market value of \$11,880,000 was adjusted upward to \$12,700,000 to account for these items. Also, at the clients request I have estimated the Prospective market value for the subject assuming it will be sold subject to contingencies for obtaining all final land development approvals for an estimated 88 lots. A Prospective market value of \$15,620,000 is estimated under this premise as of April 30, 2020, the estimated time frame required to obtain all final land development approvals with an estimated Prospective market value of \$16,670,000 after adjustment for the liquidation value (\$832,000) for the furniture, fixtures, machinery and equipment.

Based upon the data analysis and my High est and Best Use conclusions set forth in this report, it is my opinion that the market value estimates for the subjects fee simple interest are summarized as follows:

Market Value Estimate	Date of Value Estimate	Value Conclusion
Prospective Market Value (Real Estate)	April 30, 2020	\$15,620,000
Prospective Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2020	\$16,670,000
As Is Market Value (Real Estate)	April 30, 2018	\$11,880,000
As Is Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2018	\$12,700,000

* **The market values for the subject including the liquidation value for the furniture, fixtures, machinery and equipment in place are all specifically tied to extraordinary assumption #28 on page #20.**

The marketing period that an owner would require to sell the subject property in a competitive and open market at or near the value estimates reported was 9-12 months with an exposure time of approximately 12 months.

I have assumed that there are no hidden or undisclosed conditions of the land or of the improvements which would render the property more or less valuable. Furthermore, I have conducted no review of matters environmental in nature and assume the absence of asbestos, radon and any other environmentally hazardous or sensitive materials or deposits on the property, nor have I conducted a review of matters in nature relating to compliance of the property with the American with Disabilities Act ("ADA") or state or local laws or building codes as they may pertain to the property, and I do not render any opinion as to whether or not nor to the extent or failure to comply with the ADA or such laws or codes may impact on the value of the property.

The analyses contained in this report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by my analysis will vary from my estimates and the variations may be material.

If you have any questions or comments regarding this appraisal report, please feel free to call my office.

Very truly yours,



CRAIG W. GLEASON, MAI
PA. Certified General
Real Estate Appraiser GA-000269-L

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS 104 PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

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CERTIFICATION OF APPRAISER

Except as otherwise noted in the appraisal report, the undersigned do hereby certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct;
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased, professional analyses, opinions and conclusions;
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved;
4. My compensation for the preparation of this report is not in any sense contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, a minimum valuation, the attainment of a stipulated result, the approval of a loan, or the occurrence of a subsequent event;
5. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*;
6. CRAIG W. GLEASON, MAI has made a personal inspection of the property that is the subject of this report;
7. No one has provided significant professional assistance to the undersigned in the preparation of the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal report;
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives;
9. As of the date of this report CRAIG W. GLEASON, MAI is certified by the Commonwealth of Pennsylvania under the general classification (GA-000269-L) until 6/30/2019.
- 10. The appraisal assignment was not based on a requested minimum valuation, a specific valuation or the approval of a loan.**
- 11. I have reviewed and fully understand the Competency Provision and Ethics Provision set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. The reader is advised that I have previous experience in the appraisal of public and semi-private golf courses in Bucks County and the Delaware Valley region.**
- 12. As of the date of this report, CRAIG W. GLEASON, MAI has completed the requirements under the continuing education program of the Appraisal Institute.**
- 13. The reader is advised that I have provided appraisal services on the property which is the subject of this appraisal in February, 2016 for the same intended use and same intended user.**

Craig W. Gleason

CRAIG W. GLEASON, MAI
 PA. Certified General
 Real Estate Appraiser GA-000269-L



VIEW OF BANQUET FACILITY MAIN ENTRANCE



VIEW OF BANQUET FACILITY (NORTHERN ELEVATION)



VIEW OF BANQUET FACILITY (REAR OR SOUTHERN ELEVATION)



INTERIOR VIEW OF BANQUET FACILITY ENTRY FOYER



FRONT VIEW OF CLUBHOUSE BUILDING



VIEW OF CLUBHOUSE BUILDING (WESTERN ELEVATION)



REAR VIEW OF CLUBHOUSE & PATIO



INTERIOR VIEW OF PRO SHOP



INTERIOR VIEW OF CLUBHOUSE (OFFICE)



INTERIOR VIEW OF CLUBHOUSE (GRILLE ROOM)



INTERIOR VIEW OF CLUBHOUSE (LOCKER ROOM)



INTERIOR VIEW OF BANQUET FACILITY (BRIDAL SUITE)



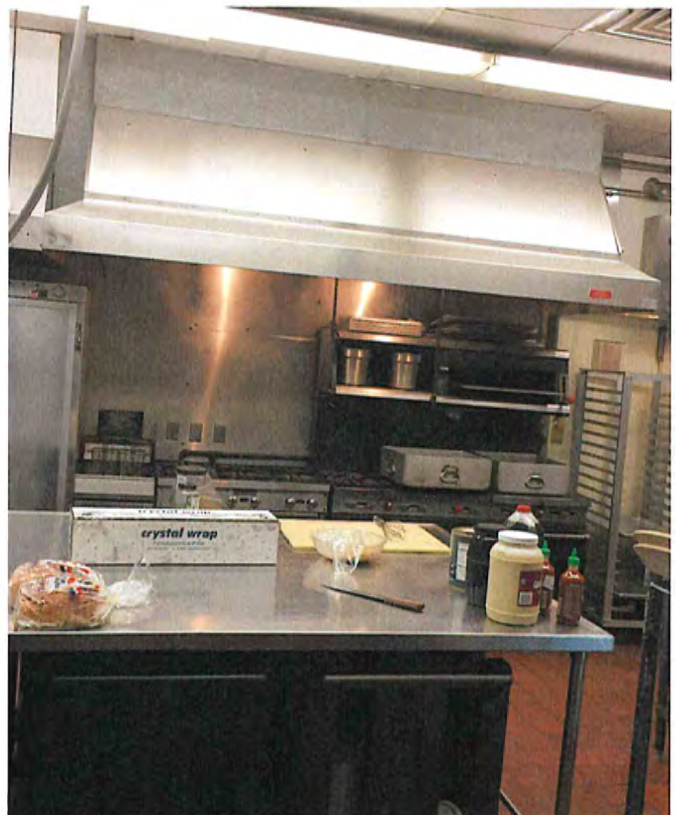
INTERIOR VIEW OF BANQUET FACILITY (LAVATORY)



INTERIOR VIEW OF BANQUET FACILITY



INTERIOR VIEW OF BANQUET FACILITY



INTERIOR VIEW OF BANQUET FACILITY KITCHEN



INTERIOR VIEW OF BANQUET MANAGERS OFFICE



INTERIOR VIEW OF BANQUET FACILITY



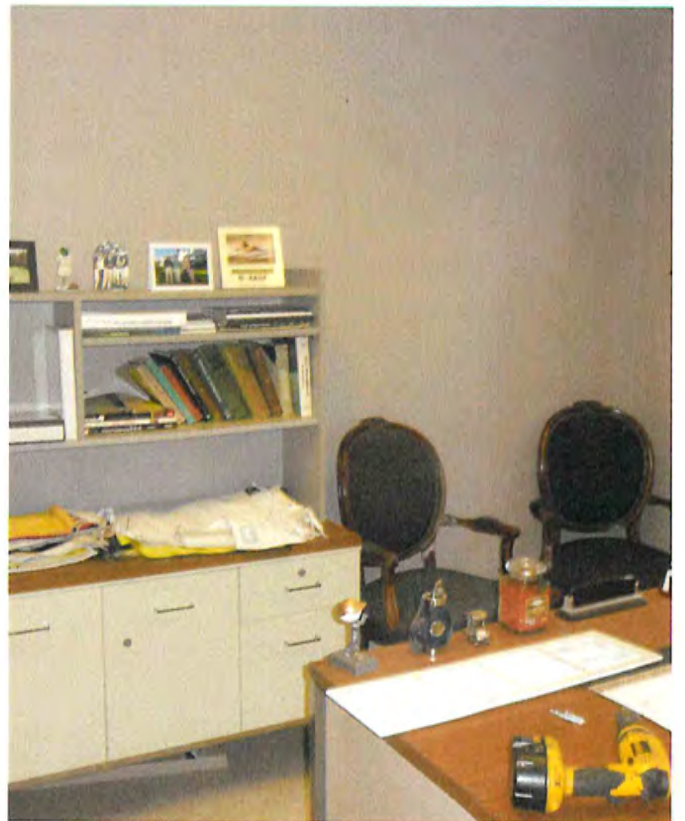
EXTERIOR OF GREENS MAINTENANCE BUILDING



INTERIOR OF GREENS MAINTENANCE BUILDING



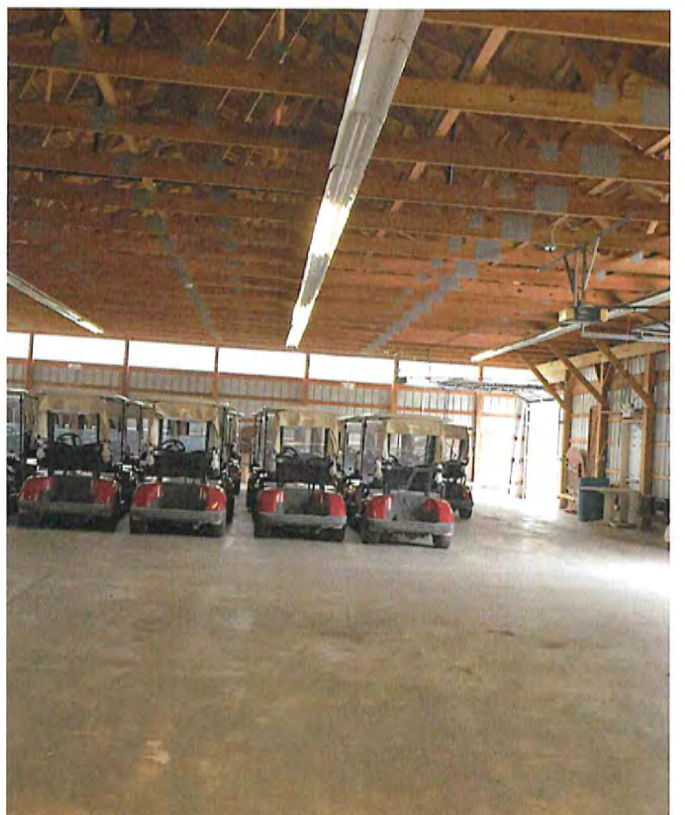
INTERIOR OF GREENS MAINTENANCE BUILDING



INTERIOR OF GREENS MAINTENANCE BUILDING



EXTERIOR OF CART STORAGE BUILDING



INTERIOR OF CART STORAGE BUILDING



VIEW OF HOLE #1 FROM TEE



VIEW OF HOLE #1 GREEN



VIEW OF HOLE #3 FROM TEE



VIEW OF HOLE #4 FROM TEE



VIEW OF HOLE #7 FROM FAIRWAY



VIEW OF HOLE #11 GREEN FROM FAIRWAY



VIEW OF HOLE #13 FROM FAIRWAY



VIEW OF HOLE #18 GREEN



VIEW OF HOLE #15 FAIRWAY



VIEW OF IRRIGATION POND



VIEW OF GOLF DRIVING RANGE



VIEW OF PRACTICE PUTTING GREEN



VIEW OF SWIM CLUB BUILDING



VIEW OF SWIM CLUB POOL



VIEW OF IDENTIFICATION SIGN



VIEW OF PARKING LOT & DRIVING RANGE

ASSUMPTIONS, LIMITING CONDITIONS & CONTINGENCIES

1. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
2. Information provided by parties not employed by us is assumed to be true and correct, and no liability resulting from misinformation is assumed by us.
3. All mortgages, liens, encumbrances, leases and servitudes have been disregarded.
4. I take no responsibility for events, actions, conditions or circumstances affecting the subject property or its market value that take place subsequent to either the date of value contained in this report, or to the date of field inspection, whichever occurs first.
5. No responsibility is assumed by us for hidden or unapparent conditions of the subject property, subsoil or structures which would render it more or less valuable, or for engineering which may be required to discover such conditions.
6. There are no existing judgments or pending or threatened litigation which could affect the value of the property.
7. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
8. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the internal Revenue Code) are anticipated.
9. I have made no survey of the property and have assumed no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
10. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and I have assumed that the property is not subject to surface entry for the exploration or removal of such materials.
11. No responsibility is accepted by us for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters; geologic considerations, such as soils and seismic stability; and civil, mechanical, electrical, structural, and other engineering and environmental matters.
12. If the property is subject to one or more leases, any estimate of residual value may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time the lease (s) expire or otherwise terminate.
13. The value conclusion (s) applies to the real estate only, and does not include personal property, machinery and equipment, trade fixtures, business value, goodwill or other nonrealty items. Income tax considerations have not been included or valued. I make no representations as to the value increment which may be attributed to such considerations.
14. The analyses necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive

environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by my analysis will vary from my estimates, and the variations may be material.

15. The existence of potentially hazardous material used in the construction or maintenance of the improvements, such as the presence of urea formaldehyde foam insulation, asbestos, and/or existence of toxic waste or radon, which may or may not be present on or in the property, was not observed by us nor do I have any knowledge of the existence of such materials on or in the property. We, however, are not qualified to detect such substances. The existence of these potentially hazardous materials may have an affect on value. The client (s) is urged to retain an expert in this field, if needed and/or desired.
16. In completing the appraisal, it is understood and agreed that this report is not intended, and will not be used in connection with a Real Estate Syndication or Syndicates. This report and any liability or obligation on the part of us is invalid if used in connection with a syndication.
17. This appraisal is made for valuation purposes only. It is not intended, nor is it to be construed, to be an engineering report. I am not a qualified structural engineer, therefore, not qualified to judge the structural integrity of the improvements. Consequently, no warranty, representation or liability is assumed for the structural soundness, quality, adequacy or capacities of said improvements and utility services, including the construction materials, particularly the roof, foundations, and equipment, including the HVAC system. Should there be any question concerning same, it is strongly recommended that an Engineering/Construction inspection be obtained. The value estimate (s) is predicated on the assumption that all improvements, equipment, and building services are structurally sound and suffer no concealed or latent defects or inadequacies.
18. I found no obvious evidence of insect infestation or damage, dry or wet rot. Since a thorough inspection by a competent inspector was not performed for us, the subject is assumed to be free of existing insect infestation, wet rot, dry rot, and any structural damage which may have been caused by pre-existing infestation or rot which was subsequently treated.
19. This appraisal report is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. No responsibility is assumed for matters which are of a legal nature, nor is any opinion on the title rendered herewith. Good and marketable title is assumed. Management is assumed to be competent and the ownership to be in responsible hands.
20. By reason of this appraisal report, I am not required to give testimony in court with reference to the property appraised unless arrangements have been previously made therefor. However, I am prepared to give testimony in support of this appraisal report provided that arrangements are made prior to testimony.
21. Disclosure of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute. Therefore, except as hereinafter provided, the party for whom this appraisal report was prepared, may distribute copies of this appraisal report, in its entirety, to such third parties as may be selected by the party for whom this appraisal report was prepared; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatory of this appraisal report.
22. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations media, sales media, or other media for public communication (including, without limitation, prospectuses, private offering memoranda, and other offering material provided to prospective investors) without the prior written consent of the signatory of this appraisal report, to ensure the accuracy and adequacy of such references to this appraisal report.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined by the *Uniform Standards of Professional Appraisal Practice* as “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions¹. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis.” The final value estimates were based on the following extraordinary assumptions:

23. **I have physically inspected the site and there was no visible evidence of hazardous waste or materials, and the final value estimate assumes there are no such materials on the site.**
24. **The subjects estimated land area is 124.07783 acres and was obtained from the Bucks County tax assessors records. My "as is" market value estimates assume that the subjects estimated land area is equivalent to 124.07783 acres.**
25. **My "as is" market value estimate of \$11,880,000 for the underlying land assumes that the Twining Ford Road access is approximately 50' wide providing access to a third public street.**
26. **My "as is" market value estimate of \$11,880,000 for the underlying land assumes that municipal water service and adequate sanitary sewer capacity would be available to service the subject as a 88 lot residential development.**
27. **My "as is" market value estimates of \$10,900,000 for the going concern assumes that the financial statements provided by ownership are an accurate accounting of the subjects historical and potential financial performance.**
28. **The estimated market value of \$2,080,000 for the furniture, fixtures, machinery and equipment in place assumes the information provided by the owner of record is an accurate accounting and valuation of these items that would be included as part of a planned sale of the subject.**

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined by the *Uniform Standards of Professional Appraisal Practice* as “a condition, directly related to a specific assignment, which is contrary to what is known to the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of the data used in an analysis².”

This appraisal was not based on any hypothetical conditions.

¹. *The Appraisal Standards Board (ASB) of The Appraisal Foundation, Uniform Standards of Appraisal Practice (USPAP), (2018-19 Edition), page #4.*

². *Ibid.*

SUMMARY OF SALIENT FACTS & CONCLUSIONS

<u>PROPERTY TYPE:</u>	Daily Fee Golf Course & Banquet/Restaurant Facility
<u>LOCATION:</u>	299 Newtown Richboro Road Northampton Township Bucks County, PA
<u>DATE INSPECTED:</u>	April 30, 2018
<u>DATE OF VALUATION:</u>	April 30, 2018
<u>OWNER OF RECORD:</u>	Northampton Valley Golf Club Inc.
<u>LAND AREA:</u>	124.07783 Acres
<u>TAX PARCEL #:</u>	31-23-3, 31-10-100, 31-24-058 & 31-23-3-1-2
<u>GROSS BUILDING AREA:</u>	37,848 Square Feet (Total)
<u>ZONING:</u>	REC Recreational District
<u>HIGHEST & BEST USE AS VACANT:</u>	Development of a 88 lot residential subdivision under the provisions of the R-1 zoning regulations with a minimum lot size of 40,000 square feet or .918 acres.
<u>AS IMPROVED:</u>	Redevelopment of the existing golf course as an 88 lot residential subdivision with two story colonial style dwellings embracing 3,800 to 5,000 square feet of gross living area with 2-3 car garages, full basements and all of the amenities required by new home buyers in the local marketplace.

MARKET VALUE ESTIMATES:

Market Value Estimate	Date of Value Estimate	Value Conclusion
Prospective Market Value (Real Estate)	April 30, 2020	\$15,620,000
Prospective Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2020	\$16,670,000
As Is Market Value (Real Estate)	April 30, 2018	\$11,880,000
As Is Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2018	\$12,700,000

* The market values for the subject including the liquidation value for the furniture, fixtures, machinery and equipment in place are all specifically tied to extraordinary assumption #28 on page #20.

PURPOSE

The purpose of this appraisal report is to estimate the "as is" market value of the subjects fee simple estate under its Highest and Best Use as of April 30, 2018.

INTENDED USE

The function or intended use of this appraisal will be to establish a potential sale price for the subject by Northampton Township.

INTENDED USER/CLIENT

This report was prepared for Northampton Township's use only; however a copy of the report may be distributed to others assisting or advising the client such as legal counsel, accountants, etc. Even once the report is distributed to the client and other third parties, I will maintain my confidential relationship with Northampton Township **until the intended uses are complete or written release from Northampton Township is provided.**

DEFINITION OF MARKET VALUE

Market Value may be defined as follows:

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 sale¹.

"As Is" Market Value

An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection. This requires that the property be valued according to its highest and best use. However, it does not prohibit valuation based upon reasonably anticipated future events such as the leasing of vacant space, demolition of obsolete buildings, etc.

¹ Code of Federal Regulations; Title 12--Banks And Banking; Chapter I--Comptroller Of The Currency, Department Of The Treasury; Part 34--Real Estate Lending And Appraisals--Subpart C—Appraisals Sec. 34.42 Definitions; Revised as of January 1, 2000.

PROPERTY RIGHTS APPRAISED

The fee simple estate, constituted the real property evaluated in this report. Aside from zoning controls, deed restrictions, and easements of record, the fee simple title was assumed to be free and clear of all liens or encumbrances.

DEFINITIONS

FEE SIMPLE ESTATE

Absolute ownership unencumbered by any other interest or estate, subject only to limitations imposed by governmental powers of taxation, eminent domain, police power, and escheat¹.

IDENTIFICATION OF SUBJECT PROPERTY

The property being appraised consists of an 18 hole daily fee public golf course, swim club with tennis courts and a clubhouse with pro shop, locker rooms, grille room and two banquet rooms. The facility is situated at the terminus of Harmony Drive, approximately 568' north of Newtown-Richboro Road (Route #332), in Northampton Township, Bucks County, Pennsylvania. The building and site improvements are physically identified as Northampton Valley Golf Club with a mailing address of 299 Richboro-Newtown Road, Richboro, PA 18954.

HISTORY OF OWNERSHIP AND OCCUPANCY

Fee title for the subject is currently vested in Northampton Valley Golf Club Inc. by various deeds which are summarized as follows:

<u>PARCEL#</u>	<u>LAND AREA</u>	<u>DATE ACQUIRED</u>
31-23-3	119.601 Acres	4/63
31-24-058	.390 Acres	4/63
31-23-3-1-2	4.0863 Acres	10/80
Total	124.077 Acres	

The subject property was developed as a golf and swim club in 1963 with the addition of a banquet facility in the 1980's and subsequent additions to the banquet rooms in 1988 and 2001. The subject is currently owned and controlled by the Sklar family who operate the subject as a daily fee golf facility with a banquet/restaurant facility that is open to the public. There were no recorded sales within the past five years and the property has not been publicly listed for sale on the open market; however, the owners of record had previously received unsolicited offers from a local developer and Toll Brothers Inc. with the contract sales prices offered based on all final land development approvals being obtained for a new residential development.

The reader is advised that the subject has a substantial food and beverage operation with 2017 gross revenues of \$3,184,949 reported from all food and beverage sales. The 2017 gross sales are approximately 2.25 to 4.0 times higher than revenues generated from similar golf course properties with banquet facilities in the Delaware Valley.

ANALYSIS OF AGREEMENT OF SALE

The client has provided a "draft" copy of an agreement of sale that has not been executed with a sale price of \$12,500,000. The allocation for the Real Estate and going concern are summarized as follows:

1. *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition (Chicago: AI, 1993), Page #90.*

Land	\$9,020,000
Buildings	\$3,192,500
Equipment	\$ 94,000
Fixtures	\$ 16,500
Inventory	\$ 60,000
Event Contracts	\$ 85,000
Truck	<u>\$ 32,000</u>
Total	\$12,500,000

My analysis completed in the valuation section of this report indicates the proposed sale price of \$12,500,000 is **somewhat below market parameters.**

SCOPE OF WORK

Scope of Work is defined as the type and extent of research and analyses in an appraisal or appraisal review assignment¹.

SCOPE OF WORK RULE²

For each appraisal and appraisal review assignment, an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal or appraisal review assignment. Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use. The following information summarizes my Scope of Work for this particular appraisal assignment.

LOCATION & AREA ANALYSIS

Examined Northampton Township and Bucks County public records for demographic data, land use policies and trends and zoning information. Interviewed local real estate brokers active in the subject market area.

SITE DESCRIPTION & ANALYSIS

Consulted Northampton Township zoning department, tax records and reviewed printed tax plat map provided in the addendum. Physically inspected the site on April 30, 2018, walked perimeter of property, and photographed subject site, surrounding area, and street scenes.

IMPROVEMENT DESCRIPTION & ANALYSIS

Physically inspected the interior and exterior of the subject buildings and entire golf course obtaining measurements, photographs and a detailed description of the improvements. Interviewed Ms. Judy Axtell (Controller) and Mr. Gary Sklar (General Manager), on April 30, 2018 and several subsequent occasions.

MARKET DATA PROGRAM

Obtained data on improved golf course transfers occurring between 2012 and 2017 which were located in the Delaware Valley area, surrounding tri-state area or considered to be competitive with the subject. Obtained copies of deeds and financing instruments from the courthouse and attempted to contact buyers, sellers, or both to verify transaction data and ensure that sales were at arms length. Details of the verified sales are included in the Sales Comparison Approach.

Interviewed golf professionals, club managers and greens superintendents in the subject market area on revenue, expense and maintenance data for competitive golf courses in the subjects market area.

Under the "competency" provision of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation, an appraiser is required to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report. The client is hereby informed that I have previous experience in the valuation of both daily fee and private golf course valuations. Also, I am an experienced golfer with a registered handicap in the United States Golf Association. In addition, I have played the subject course and several of the competitive private and public courses within the market area.

¹. *The Appraisal Standards Board (ASB) of The Appraisal Foundation, Uniform Standards of Appraisal Practice (USPAP), (2018-19 Edition), page #5.*

². *Ibid, page #12.*

PROPERTY DATA

FLOOD PLAIN

The subject site is bisected by a small creek; however, the site is **not** located within a FEMA identified Flood Plain Area as per map #42017C 0407J and 42017C0426J for Northampton Township, dated 3/16/2015. See Flood Maps in the addenda to this report.

ASSESSMENT/REAL ESTATE TAXES

The 2018 total assessment for the subject property (4 tax parcels) under Act 515 for preferential assessments totals \$755,820. The current millage ratios for the various taxing authorities are as follows:

Township	14.9111 mills per thousand
School	120.7100 mills per thousand
County	<u>24.4500</u> mills per thousand
TOTAL	160.0711 mills per thousand

At this rate total taxes on the property at present are \$99,805. The calculation is as follows:

$$\$755,820 \times .1600711 = \$120,899$$

The current assessment is equivalent to a market value of \$6,934,128 based on the STEB ratio of 10.9% for Bucks County. The reader is advised that a recorded sales price by deed of say \$9,000,000 to \$10,000,000 for the subject Real Estate could trigger a reassessment by Council Rock School District which is standard procedure for Bucks County school districts seeking new revenues to fund teachers pensions and capital improvements. The net impact could result in an increase of approximately \$36,000 to \$53,500.

ZONING

The subject property is zoned REC Recreational District under the Northampton Township zoning ordinance (See addendum) with a minimum lot size of 60.0 acres required. The purpose of this district is to promote spacious recreational uses within the township. Golf courses and country clubs are permitted as a conditional use. The REC ordinance also permits single family residential development under the R-1 Residential guidelines as a conditional use. There are various standards to which a developer must comply. Some of the basic R-1 zoning requirements are summarized as follows:

Zoning Requirements	R-1 Residential District
Minimum Lot Area	40,000 Square Feet
Minimum Lot Width	150' at Building Setback
Front Yard	50'
Side Yards	30' each side.
Rear Yard	50'
Maximum Building Coverage	10%
Maximum Impervious Coverage	20%

My analysis of the zoning ordinance indicates that a “cluster” provision is provided with the density or lot yield calculation based on the land development plan for the traditional R-1 Residential zoning. My interview of

interview of Mr. Michael Solomon, of the Northampton Township planning/zoning department, indicates that development of the subject under “cluster” provision of the R-1 Residential zoning ordinance is also permitted as a conditional use; however, the decision to grant this type of use is based on the land development plan submitted for review.

UTILITIES & STREET IMPROVEMENTS

The subject site has public street frontage at the terminus of Harmony Lane which is a 50' wide two lane macadam paved public street with additional 50' wide access from Twining Ford Road and Arrowhead Road. Public water, sewer, gas, electric and telephone service are available to the site. The onsite irrigation system is also serviced by on-site wells and a pond.

LOCATION ANALYSIS

The objective of this section is to identify and analyze trends and opportunities that may have a bearing on the economics and marketability of the property as described in the previous sections. Since real estate is an integral part of its neighborhood and it cannot be treated as an entity apart from its environment, in this section, the attributes that may influence the highest and best use and market value of the property are explored in detail. The linkages and dynamics of the immediate neighborhood and market area are perhaps the most critical and will be discussed first followed by an analysis of the county as it relates to supporting the socioeconomic trends of the neighborhood.

REGIONAL ANALYSIS

The subject property is situated in Northampton Township, Bucks County, Pennsylvania. Bucks County is a part of Philadelphia Standard Metropolitan Statistical Area. Philadelphia is the geographic and economic center of a dynamic region identified as the Delaware Valley.

The Delaware Valley is comprised of a cluster of nine counties oriented to the Delaware River and united by a common identity reinforced by bonds of culture, industry and commerce. Philadelphia is at the geographic center of the region and has historically provided the focal point of the region's patterns of growth and change. The region includes five counties on the Pennsylvania side of the Delaware River, being Bucks, Chester, Delaware, Montgomery and Philadelphia; as well as four counties on the New Jersey side, to include Camden, Burlington, Gloucester and Mercer. The Delaware Valley is centrally located within the nation's northeast corridor which places a substantial portion of the nation's population within easy driving distance. Major metropolitan areas readily accessible from the region and estimated mileages are as follows:

CITY & STATE	ESTIMATED DISTANCE
New York City, NY	101 Miles
Baltimore, MD	102 Miles
Harrisburg, PA	114 Miles
Washington, DC	143 Miles
Hartford, CT	225 Miles
Albany, NY	262 Miles
Pittsburgh, PA	308 Miles
Boston, MA	315 Miles

POPULATION

The 1980 U. S. Census estimated a regional population of 5,024,671 persons within the Delaware Valley. The 1990 census indicated growth of 3.1% to a level of 5,182,705. According to the Delaware Valley Regional Planning Commission (DVRPC), the population increased to an estimated level of 5,387,407 in 2000, a 3.9% increase. A summary of the data is summarized on the following page.

DELAWARE VALLEY POPULATION

County/State	1990 Census	2000 Census	Percent Change 1990-2000	2010 Census	Percent Change 2000-2010	2017 (Estimated)	Percent Change 2010-2017
Bucks	541,174	597,635	10.4	625,249	4.6	633,624	1.3
Chester	376,396	433,501	15.2	498,886	15.1	523,967	5.0
Delaware	547,651	550,864	0.1	558,979	1.5	568,691	1.7
Montgomery	678,111	750,097	10.6	799,874	6.6	832,043	4.0
Philadelphia	1,585,577	1,517,550	-4.3	1,526,006	0.6	1,587,761	4.0
PA TOTAL	3,728,909	3,849,647	3.2	4,008,994	4.1	4,146,086	3.4
Burlington	395,066	423,394	7.2	448,734	6	458,813	2.3
Camden	502,824	508,932	1.2	513,657	0.9	521,544	1.5
Gloucester	230,082	254,673	10.7	288,288	13.2	297,714	3.3
Mercer	325,824	350,761	7.7	366,513	4.5	373,006	1.8
NJ TOTAL	1,453,796	1,537,760	5.8	1,617,192	5.2	1,651,077	2.1
REGIONAL TOTAL	5,182,705	5,387,407	3.9	5,626,186	4.4	5,797,163	3.0

Source: DVRPC & ESRI

The strongest percentage of growth on the Pennsylvania side as of the 2010 census was evidenced in Chester County and the strongest growth on the New Jersey side was in Gloucester County. It is notable that these counties also had the smallest respective population bases, making each point of absolute growth count higher on a percentage basis. For comparative purposes, it should be noted that the population change from 2000 to 2010 was 3.4 percent for the state of Pennsylvania, 4.5 percent for the state of New Jersey, and 9.7% for the nation as a whole. The estimated 2017 counts provided indicate changes which are significantly lower than the previous decade on the Pennsylvania side with Bucks County reflecting the lowest rate of population growth and limited growth on the New Jersey side with Camden County reflecting the lowest rate of population growth.

HOUSEHOLDS & HOUSING

The following statistics are available from the 2010 census data.

DELAWARE VALLEY HOUSEHOLDS//HOUSING								
County/State	2000 Households	2010 Households	Amount Change 2000-2010	Percentage Change 2000-2010	2000 Housing Units	2010 Housing Units	Amount Change 2000-2010	Percentage Change 2000-2010
Bucks	218,725	234,849	16,124	7.4%	225,498	245,956	20,458	9.1%
Chester	157,905	192,462	34,557	21.9%	163,773	192,462	28,689	17.5%
Delaware	206,320	222,902	16,582	8.0%	216,978	222,902	5,924	2.7%
Montgomery	286,098	325,735	39,637	13.9%	297,434	325,735	28,301	9.5%
Philadelphia	590,071	670,171	80,100	13.6%	661,958	670,171	8,213	1.2%
PA TOTAL	1,459,119	1,646,119	187,000	12.8%	1,565,641	1,657,226	91,585	5.9%
Burlington	154,371	175,615	21,244	13.8%	161,311	175,615	14,304	8.9%
Camden	185,837	204,943	19,106	10.3%	199,679	204,943	5,264	2.6%
Gloucester	90,717	109,796	19,079	21.0%	95,054	109,796	14,742	15.5%
Mercer	125,807	143,169	17,362	13.8%	133,280	143,169	9,889	7.4%
NJ TOTAL	556,732	633,523	76,791	13.8%	589,324	633,523	44,199	7.5%
REGIONAL TOTAL	2,015,851	2,279,642	263,791	13.1%	2,154,965	2,290,749	135,784	6.3%

The owner-occupant ratio and the number of persons per unit describes a relatively tight range throughout the region. It is notable that household size had been declining in the Delaware Valley as it has been on a national basis, resulting in faster paced household growth relative to population growth. For comparative purposes, it should be noted that the average household size for Pennsylvania was 2.62 and 2.81 for New Jersey as of the 2000 census. Pennsylvania household growth was 6.5 percent from 1980 to 1990 and 5.5% from 1990 to 2000, New Jersey experienced 9.7 percent growth during 1980-1990 and 8.9% household growth from 1990-2000.

The owner-occupant ratio and the number of persons per unit describes a relatively tight range throughout the region. It is notable that household size had been declining in the Delaware Valley as it has been on a national basis, resulting in faster paced household growth relative to population growth. For comparative purposes, it should be noted that the average household size for Pennsylvania was 2.62 and 2.81 for New Jersey as of the 2000 census. Pennsylvania household growth was 6.5 percent from 1980 to 1990 and 5.5% from 1990 to 2000, New Jersey experienced 9.7 percent growth during 1980-1990 and 8.9% household growth from 1990-2000.

EMPLOYMENT

The Delaware Valley has a sizeable and diverse employment base. Recent employment statistics and projections are summarized as follows:

DELAWARE VALLEY EMPLOYMENT (Full & Part Time)							
County/State	1990 Census	2000 Census	Change 1990-2000	Percent Change 1990-2000	2010 Census	Change 2000-2010	Percent Change 2000-2010
Bucks	298,410	329,066	30,656	10.3%	339,043	9,977	3.0%
Chester	206,690	235,802	29,112	14.1%	264,170	28,368	12.0%
Delaware	277,930	277,042	(888)	-0.3%	277,300	258	0.1%
Montgomery	374,650	408,704	34,054	9.1%	600,727	192,023	47.0%
Philadelphia	695,620	634,992	(60,628)	-8.7%	647,411	12,419	2.0%
PA TOTAL	1,853,300	1,885,606	32,306	1.7%	2,128,651	243,045	12.9%
Burlington	207,570	221,372	13,802	6.6%	238,898	17,526	7.9%
Camden	253,829	254,262	433	0.2%	268,338	14,076	5.5%
Gloucester	119,640	134,838	15,198	12.7%	158,153	23,315	17.3%
Mercer	170,758	180,174	9,416	5.5%	203,947	23,773	13.2%
NJ TOTAL	751,797	790,646	38,849	5.2%	869,336	78,690	10.0%
REGIONAL TOTAL	2,605,097	2,676,252	71,155	2.7%	2,997,987	321,735	12.0%

Source: DVRPC

Employment growth was impressive in the first half of the previous decade; however, the subsequent recession negated quite a bit of the earlier gains. The 2010 figures continue to show employment growth, though at a far more modest pace. Within the state of Pennsylvania, some 56.9 percent of employment is considered to be white collar, and in New Jersey the ratio is 64.9 percent. These figures compare with a national ratio of 58.0 percent.

Philadelphia's strategic location in the Northeast region has allowed it to maintain its position as the fifth most industrialized region in the nation. In recent years, the MSA has experienced a shift in its economic activity with service/wholesale and retail sectors becoming increasingly important. Paralleling many Northeastern cities, employment losses have occurred in traditionally strong segments that include government and manufacturing. Offsetting these losses have been gains in construction, FIRE, service and wholesale/retail sectors.

As previously noted, the region is conveniently located within the northeast corridor which provides convenient access to a comprehensive network of transportation systems. The highway network is a particular strength of the region. Regional routes serving the area include I-95, which extends north-south from Maine to Florida and provides a focal point to the northeast corridor. U. S. Route 1 basically parallels I-95 and provides a more localized transportation and commercial corridor. The regional turnpike system features the Pennsylvania Turnpike (I-76; 276) extending east-west across the state, and the New Jersey Turnpike, extending north-south. These two regional highways connect within the region at their intersection with the Delaware River. The Pennsylvania Turnpike also has a Northeast Extension which extends north from Plymouth Meeting (Montgomery County) and connects with I-81 in the northeast section of the state. I-76, also known as the Schuylkill Expressway, extends from the Pennsylvania Turnpike to Philadelphia and joins with the Atlantic City Expressway south of the city providing access to Atlantic and Cape May County shore points. I-476, also known as the Blue Route or Mid-County Expressway, provides a limited access outer loop to the Pennsylvania suburban side of the region. On the New Jersey side, I-295 parallels the Delaware River, connecting Trenton, New Jersey with Wilmington, Delaware to the south. I-95 extends east from Trenton, providing a connection with Ocean County shore points. Numerous intermediate routes blanket the region and provide ready accessibility throughout the Delaware Valley. Also, the Pennsylvania Department of Transportation has recently announced plans to connect the PA turnpike with the I-95 expressway in lower Bucks County.

Public transportation is provided to national points by either rail or air. Philadelphia International Airport is centrally situated within the region and provides full service travel throughout the nation and internationally. The airport was recently improved with a new international terminal to replace its outmoded predecessor. The domestic terminals are undergoing an expansion and renovation with expanded parking at this time. Rail transportation is provided by AMTRAK. Metroliner service is extensive to the northeast corridor and provides ready access to the cities listed previously. Access is also available to cities throughout the nation, although this service has been curtailed somewhat in recent years. These sources of national transportation are supplemented by regional systems, most notably SEPTA (Southeastern Pennsylvania Transportation Authority) on the Pennsylvania side and New Jersey Transit on the New Jersey side.

Industrial transport is accommodated throughout the region as well by an intermodal system. CSX has an intensive network of freight lines which connect with other regional systems. Air freight service is available from Philadelphia International Airport. Numerous truck lines are based in the region and operate nationally. The region even boasts a port system which is in the process of undergoing regional coordination.

CONCLUSION

The Delaware Valley is a vast socio-political area which benefits from numerous advantages. Situated centrally within the dynamic northeast corridor, the region has all of the ingredients necessary to realize ongoing success and continued growth. I expect areas throughout the region to continue to be competitive and grow for the foreseeable future.

BUCKS COUNTY ANALYSIS

Bucks County is located in the southeastern quadrant of the state of Pennsylvania, approximately midway on the Boston-Washington Corridor. It is bordered on the north and east by the Delaware River and the Counties of Hunterdon and Mercer in New Jersey. It is bordered on the south and east by the Delaware River and Burlington County, New Jersey. To the north and west are the Pennsylvania counties of Northampton and Lehigh, and to the south and west are the Pennsylvania counties of Montgomery and Philadelphia.

Bucks County's 610 square miles of land area contain 54 municipalities, of which 23 are boroughs and 31 are townships. It is frequently divided into three geographical areas for purposes of discussion and comparison; namely, Upper, Central and Lower Bucks County. The subject of this appraisal is located in Northampton Township, designated by local and regional authorities as part of Central Bucks County.

Upper Bucks County consists of nine boroughs and 12 townships. Its 265 square miles of land area, comprising approximately 43% of the total county area, are located in the northwestern section of the county. Central Bucks County, consisting of six boroughs and 13 townships, contains 231 square miles of land area. This is about 38% of Bucks County's total land area. Lower Bucks County consists of eight boroughs and six townships. Located in the eastern portion of the county, the 231 square miles of Lower Bucks County comprises about 38% Bucks County's total land area with the second largest population of the three areas.

POPULATION

The rapid growth rate of Bucks County in the two decades following 1940 has been unmatched in Pennsylvania and approached by only a few counties throughout the United States. Between 1940 and 1950 the population increased 30%, and between 1950 and 1960 the population increased 113%. An increase of 35% was noted between 1960 and 1970. The population changes in Bucks County between 1980 and 2010, divided regionally, are indicated on the following table.

BUCKS COUNTY POPULATION										
Region	1980 Census	1990 Census	Amount Change	Percent Change 1980-1990	2000 Census	Amount Change	Percent Change 1990-2000	2010 Census	Amount Change	Percent Change 2000-2010
Lower Bucks	249,156	267,504	18,348	7.4%	275,614	8,110	3.0%	275,368	(246)	-0.1%
Central Bucks	159,732	187,991	28,259	17.7%	228,532	40,541	21.6%	247,101	18,569	8.1%
Upper Bucks	70,323	85,679	15,356	21.8%	93,489	7,810	9.1%	102,780	9,291	9.9%
TOTAL	479,211	541,174	61,963	12.9%	597,635	56,461	10.4%	625,249	27,614	4.6%

Source: DVRPC

The Bucks County population was estimated to be 597,635 residents as of 2010, which reflects an increase of approximately 10.4% from 2000. The 2017 estimate obtained from the ESRI demographic report indicates an increase of only 8,375 residents which is an increase of approximately 1.3% from the 2010 total. Bucks County is the third most populous county in the Delaware Valley region.

INCOME

Income levels in Bucks County have consistently increased over the last 20 years. The table on the following page depicts the per capita, average household and median household income levels for Bucks County for 1990, 2000 and the estimates for 2017.

BUCKS COUNTY INCOME STATISTICS							
Category	1990 Census	2000 Census	Amount Change 1990-2000	% Change 1990-2000	2017 Estimate	Amount Change 2000-2010	Percent Change 2000-2010
Per Capita	\$18,292	\$27,430	9,138	50.0%	\$41,903	\$14,473	52.8%
Average Household	\$48,851	\$68,727	19,876	40.7%	\$110,693	\$41,966	61.1%
Median Household	\$43,347	\$59,727	16,380	37.8%	\$83,285	\$23,558	39.4%

Source: DVRPC & ESRI Demographics

All of the income levels from the 2000 census and the 2017 estimates from the ESRI demographic report reflect rates in pace with or slightly in excess of ordinary inflation. The following table shows the household income distribution for Bucks County, estimated for 2000 and 2017.

BUCKS COUNTY HOUSEHOLD INCOME DISTRIBUTION				
Amount	2000 Census # of Households	% of Households	2017 ESRI Estimate # of Households	% of Households
<\$15,000	17,352	7.9%	12,135	5.1%
\$15,000-\$24,999	17,651	8.1%	13,912	5.8%
\$25,000-\$34,999	21,109	9.6%	14,603	6.1%
\$35,000-\$49,999	32,515	14.9%	23,990	10.1%
\$50,000-\$74,999	49,834	22.8%	40,378	16.9%
\$75,000-\$99,999	32,980	15.1%	35,245	14.8%
\$100,000-\$149,999	29,982	13.7%	47,440	19.9%
\$150,000-\$199,999	9,175	4.2%	24,423	10.3%
\$200,000 +	8,175	3.7%	26,122	11.0%
	218,773	100.0%	238,248	100.0%

Source: DVRPC & ESRI Demographics

The ESRI demographic report indicates that approximately 56.0% of households within Bucks County have household incomes in excess of \$75,000 annually and 41.2% earn over \$100,000 which indicates significant retail potential for the county.

EMPLOYMENT

Employers in Bucks County had access to an estimated labor force of 344,400 people within the county as of January, 2011 which increased to 344,588 as estimated by the Pennsylvania Department of Labor & Industry as of January, 2016. The following table illustrates the number of employed residents in Bucks County by industry in 2017.

BUCKS COUNTY EMPLOYMENT BY SECTOR
2000 - 2017

SECTOR	2000	2010	2017
Agriculture/Mining	0.5%	0.2%	1.6%
Construction	7.2%	6.8%	5.4%
Manufacturing	15.5%	11.7%	9.8%
Transportation/Utilities	3.9%	2.4%	2.8%
Wholesale/Retail Trade	17.9%	20.6%	29.4%
Finance, Ins.& R.E.	8.4%	4.7%	5.9%
Services	43.3%	44.4%	39.5%
Government	3.3%	9.2%	5.6%

Source: DVRPC and U.S. Census

The data reflects the shift in employment as manufacturing declined by 36.7% from 2000-2017 while the wholesale/retail trade sector increased by 64.2%. From 1990 to 2000 Bucks County had experienced a 12.8% increase in overall employment. Much of the increase was evident in employment centers such as Newtown, Yardley and Bensalem.

Unemployment rates for the county are summarized as follows:

UNEMPLOYMENT RATES											
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	March, 2018
BUCKS COUNTY	4.7%	7.3%	7.9%	7.6%	7.2%	6.6%	5.2%	4.7%	4.6%	4.2%	4.0%
PENNSYLVANIA	5.3%	8.0%	8.5%	7.9%	7.8%	7.4%	5.8%	5.3%	5.4%	4.9%	4.6%
UNITED STATES	5.8%	9.3%	9.6%	8.9%	8.1%	7.4%	6.2%	5.3%	4.9%	4.4%	4.1%

SOURCE: PA Department of Labor

The Bucks County unemployment rate increased significantly from 3.8% in 2007 to 7.9% in 2010 as several major employers contracted their work force as a result of the recent economic downturn experienced in the second half of 2008. The Bucks County rate has declined by 390 basis points since January, 2010 (7.9%).

HOUSING UNITS

The number of housing units in Bucks County in 1990 was 199,959, an increase of 21.3% from 1980. Between 1990 and 2000, the estimated number of housing units in Bucks County increased by 25,539, or 12.8%. The 2010 totals for the three Bucks County regions are summarized as follows:

BUCKS COUNTY DWELLING UNIT ESTIMATES 1990-2010							
REGION	1990 Census	2000 Census	Amount Change 1990-2000	% Change 1990-2000	2010 Census	Amount Change 2000-2010	Percent Change 2000-2010
Lower Bucks	99,634	105,342	5,708	5.7%	109,109	3,767	3.6%
Central Bucks	67,863	83,816	15,953	23.5%	95,265	11,449	13.7%
Upper Bucks	32,462	36,340	3,878	11.9%	41,582	5,242	14.4%
Total	199,959	225,498	25,539	12.8%	245,956	20,458	9.1%

Source: DVRPC & Bucks County Planning Commission.

The lower rate of increase for the Lower Bucks region reflects the maturity of the region and lack of available land for additional development. The estimated 2017 housing total by ESRI was 251,483 indicating an increase of 5,527 units or a 2.2% increase from the 2010 census.

EDUCATION

Bucks County is divided into 13 school districts providing education from kindergarten through the twelfth grade. Three vocational/technical schools provide vocational opportunities. The two colleges in the county include Bucks County Community College and Delaware Valley College which is in Doylestown. A regional education service center provides special education programs and support services for exceptional children in schools throughout the county. In addition, 18 private and 36 parochial schools are located in the county.

TRANSPORTATION AND UTILITIES

Bucks County is traversed by transportation arteries of all types that connect it with Northeast urban centers and the rest of the country, as well as neighboring counties in Pennsylvania and New Jersey. Interstate 76 (the Pennsylvania Turnpike) crosses the southeast portion of the county and connects it with New Jersey to the east, and Ohio and most of Pennsylvania to the west. Direct access to this toll road is provided by two interchanges in Lower Bucks. Access to the Northeast Extension of the Pennsylvania Turnpike, which connects the northeastern quadrant of the state with the east-west turnpike is provided by an interchange in the western portion of the county. Interstate 95 provides a north-south, high speed route through the county. Extending from Maine to Florida, this limited access roadway connects Bucks County with Mercer County, New Jersey to the north and with Philadelphia to the south. Six interchanges within Bucks County provide direct access to Interstate 95.

Federal and state routes enable access to the surrounding counties. U.S. Routes 1 and 13 are located in the southeastern portion of the county and connect it with New Jersey to the north and Philadelphia to the south. U.S. Route 611 bisects the county in a north-south direction. Passing through the county seat of Doylestown, this route connects Bucks County with Northampton County to the north and Philadelphia (where it becomes Broad Street) to the south. U.S. Route 202 bisects the county in a northeast-southwest direction and also passes through Doylestown. This route connects the county with the King of Prussia area in Montgomery County to the south and Hunterdon County and northern New Jersey to the north. Numerous county roads traverse Bucks County and provide excellent access to the municipalities within the county and the immediately surrounding communities.

Passenger rail service via the Southeastern Pennsylvania Transit Authority (SEPTA) is available to downtown Philadelphia and bordering points. AMTRAK provides intercity passenger service. Passenger bus service is provided by SEPTA and five smaller private lines. Air service is available via the Philadelphia International Airport

and the North Philadelphia Airport. There are two major general-purpose airports designed for business aircraft and cargo hauling located in Doylestown and Quakertown, as well as five secondary airports located throughout the county. Water transportation is served by the ports of Trenton and Philadelphia.

Electric service is provided to all parts of Bucks County on 500,000 volt transmission lines. Generation is by a combination of hydro, steam, and nuclear energy; and it is provided by the Philadelphia Electric Company. Water from artisan wells and the Delaware River is provided by the Lower Bucks County Joint Municipal Authority and a number of local authorities. Bucks County Water and Sewer Authority and a number of local authorities provide sewerage facilities.

RECREATION, CULTURE AND HISTORY

As part of a large metropolitan area, Bucks County is able to provide a selection of recreational and cultural services and activities that is large enough to please practically all tastes. Within the county are 8,500 acres of state parks, 4,300 acres of game lands, and 12 county parks. All provide facilities offering a wide variety of recreational pursuits.

A wealth of tradition, history and the arts has lured many literary, artistic and musical greats to Bucks County. Many art galleries flourish with local works. Numerous historical societies maintain and operate facilities that preserve the historical integrity of the area. Museums and antique shops are found throughout the county, which also offer a wealth of entertainment options for those interested in theater and the arts. In addition to the recreational, cultural, and historical offerings available from within, Bucks County's location and access enable enjoyment of the recreational and cultural facilities of Philadelphia and New York as well.

CONCLUSION

Bucks County's population increase over the last four decades has been dramatic, and increases are expected to continue during this century, albeit at a slower pace. Income levels in Bucks County have consistently increased over the last 20 years. Households and dwelling units have also been increasing. While the closing of the Johnsville Naval Air Base had an adverse impact on the southwestern section of the county, the diversity of the labor force and business enterprises located within Bucks County have softened the economic consequences.

Real estate values in the region had increased steadily during the period from 2002-2007. Local economists have pinpointed the last quarter of 2007 as the beginning of a local and national recession and Real Estate values have been declining in 2008-2010. The most recent national and regional economic data indicate declining employment and manufacturing production levels with significant declines in the residential housing market. Also, the residual impact of the sub-prime mortgage problems are considered a cause for concern; however, this issue is not considered a significant problem in the Delaware Valley or Pennsylvania.

Despite the residential, commercial, and industrial development of the past decades, the county has retained much of its rural flavor and historical heritage. The transportation system and the infrastructure of the county are sound, and the county's access to rich cultural and recreational offerings along with its location between New York and Philadelphia lead us to the opinion that the overall outlook for the county is good.

In summary, the positive factors attributed to the subject's location have provided some stability through difficult time periods. It is my opinion that the amenities offered by the subject location will continue to insure stability and the prospects for future appreciation over the long term are optimistic.

NEIGHBORHOOD ANALYSIS

The purpose of this section is to identify and analyze trends, landmarks and highway linkages which will impact the marketability and market value of the subject. The subject is part of the surrounding neighborhood and as such those neighborhood characteristics which will influence the highest and best use and market value of the subject must be analyzed.

The subject property is located at the terminus of Harmony Drive, approximately 568' north of Newtown-Richboro Road (Route #332), in Northampton Township, Bucks County, Pennsylvania. Northampton Township, which encompasses an area of approximately 26.1 square miles, has witnessed dramatic growth in population over the past twenty years. According to the 2010 U.S. Census, Northampton Township's population was placed at 39,726, which reflects a 0.9% increase over the 2000 U.S. Census population estimate of 39,384. The 2010 population estimate reflects a population density of 1,522 persons per square mile. Situated near the middle of the County, Northampton Township is bordered to the north by Wrightstown Township, to the east by Newtown and Middletown Townships, to the southwest by Warminster and Upper and Lower Southampton Townships and to the northwest by Warwick Township. The subject is located within the Council Rock school district which defines the study area and consists of Upper Makefield Township, Wrightstown Township, Newtown Township and Newtown Borough.

The areas surrounding the subject property may be characterized as primarily residential with the exception of an indoor/outdoor tennis facility and township athletic fields located immediately to the east. The Highland Farms, College Park and Long Lane Farms subdivisions are located within one quarter mile of the subject and consist of 35-55 year old ranch, split level and 2 story colonial style single family detached homes in the \$250,000 to \$500,000 price range. The public Thompson Elementary School and Council Rock Junior High School are located within 1.5 miles of the subject property. The Richboro Shopping Center (86,605 SF) is located 1 mile west and is anchored by a 26,000 square foot Shop N Bag supermarket. Also, the new Addisville Commons mixed-use commercial development is currently under construction located at the northwest corner of Bustleton Pike and Second Street Pike. The complex will consist of a 20,000 square foot two story medical office building and 49,500 square feet of retail space which is currently occupied by WaWa, Uninvest Bank, Dairy Queen and Great Clips. The Churchville County Park and Churchville Reservoir are located one mile southeast of the subject and Tyler State Park is located one mile northeast of the subject.

Statistics obtained from Trend, the regional multiple listing service, indicate that 457 single family homes were sold in Northampton Township in 2017. The sold prices ranged from \$135,000 to \$1,679,095 with an average sale price of \$425,459. The average sale price of \$425,459 represents a 5.4% increase over the average sale price of \$403,580 reported for 2016. I have also reviewed historical statistics regarding existing home prices in Northampton Township which are indicative of recent trends in appreciation for single family home prices which are summarized as follows:

NORTHAMPTON TOWNSHIP

<u>Year</u>	<u>Units Sold</u>	<u>Average Sale Price</u>	<u>Amount Increase</u>	<u>% Increase</u>	<u>High Sale Price</u>	<u>Days on Market</u>
2011	285	\$371,521	-----	-----	\$809,000	89
2012	394	\$363,106	(\$8,415)	-2.3%	\$1,023,743	75
2013	407	\$383,135	\$20,029	5.5%	\$1,050,000	66
2014	402	\$375,475	(\$7,660)	-2.0%	\$1,102,500	55
2015	465	\$388,282	\$12,807	3.4%	\$2,200,000	58
2016	472	\$403,580	\$15,298	3.9%	\$1,785,849	53
2017	457	\$425,459	\$21,879	5.4%	\$1,679,095	47

The most recent statistics for the township indicate increases in the average sold prices in the four of the last six years after the latest economic recession in 2009-10. The average sale price of \$425,459 in 2017 represents a 14.5% increase over the average sale price of \$371,521 reported for 2011. The statistics indicate that the number of units sold has increased from 285 units in 2011 to 457 units in 2017 and the days on market has decreased in five of the last six years which are all positive trends.

The subject is located 4 miles east of the Ginkgo, Cherokee, Jacksonville and Northampton Industrial Parks. The four industrial parks are located on the west side of Jacksonville Road and consist of primarily 10-25 year old one-story industrial buildings ranging in size from 10,000 to approximately 40,000 square feet. The Spring Mill Country Club featuring a fitness club, private 18 hole golf course and public 18 hole par 3 course, miniature golf and driving range is located 3.5 miles west of the subject property.

Commercial land uses in the township are primarily limited to the Richboro area along Almshouse Road, Second Street Pike and Bustleton Pike. There are several neighborhood shopping centers including Richboro Shopping center and Mallard Creek shopping plaza along with gasoline service stations, restaurants and various professional office buildings located along this commercial corridor. Regional shopping is available approximately 8 miles northeast of the subject at the Oxford Valley Mall.

I have analyzed recent demographic information published by the Delaware Valley Regional Planning Commission and the U. S. Census. The population demographics for Northampton and the surrounding municipalities are summarized as follows:

INCOME

Northampton Township is one of the more affluent areas in Bucks County and Pennsylvania as depicted below by the income figures, which are above levels for the county as a whole as previously discussed in the Regional Analysis.

The income levels shown below are reported by the Delaware Valley Regional Planning Commission (DVRPC). Per capita income increased by 47.6 percent over the estimated 1990 level to \$33,028 as of 2000 which is approximately 25% higher than the county average. Average household and median household incomes increased by approximately 39.4 and 37.2 percent over the estimated 1990 levels to \$99,480 and \$81,360 respectively for 2000. The historical and current estimated income levels for Northampton Township are summarized as follows:

NORTHAMPTON TOWNSHIP INCOME STATISTICS							
Category	1990 Census	2000 Census	Amount Change 1990-2000	% Change 1990-2000	2017 ESRI Estimate	Amount Change 2000-2017	Percent Change 2000-2017
Per Capita	\$22,374	\$33,028	10,654	47.6%	\$50,201	\$17,173	52.0%
Average Household	\$71,387	\$99,480	28,093	39.4%	\$142,866	\$43,386	43.6%
Median Household	\$59,282	\$81,360	22,078	37.2%	\$113,852	\$32,492	39.9%

Source: DVRPC & ESRI Demographics

All of the income levels from the 2000 census and the 2017 estimates from the ESRI demographic report reflect rates in pace with or slightly higher than ordinary inflation. The following table shows the household income distribution for Northampton Township, estimated for 2000 and 2017.

NORTHAMPTON TOWNSHIP HOUSEHOLD INCOME DISTRIBUTION				
Amount	2000 Census # of Households	% of Households	2017 ESRI Estimate # of Households	% of Households
<\$15,000	438	3.4%	378	2.8%
\$15,000-\$24,999	722	5.5%	549	4.0%
\$25,000-\$34,999	792	6.1%	604	4.4%
\$35,000-\$49,999	1,416	10.9%	683	5.0%
\$50,000-\$74,999	2,466	18.9%	1,705	12.4%
\$75,000-\$99,999	2,125	16.3%	1,725	12.5%
\$100,000-\$149,999	2,862	22.0%	3,257	23.7%
\$150,000-\$199,999	1,241	9.5%	2,213	16.1%
\$200,000 +	963	7.4%	2,632	19.1%
	13,025	100.0%	13,746	100.0%

Source: DVRPC & ESRI Demographics

The ESRI demographic report indicates that approximately 58.9% of households within the township have household incomes in excess of \$100,000 annually and 35.2% earn over \$150,000 which indicates significant retail potential for the study area.

POPULATION

The population in Northampton Township and the majority of the surrounding municipalities experienced significant growth during the last two decades. According to the U.S. Census, the population for the study area was 70,210 residents as of 2010, which represents a 3.8 percent increase over the 2000 figure of 67,609 residents. The following table presents the 1990, 2000 and 2010 population trends of neighboring Bucks County municipalities.

POPULATION CHANGES IN VICINITY 1990-2010							
Municipality	1990 Census	2000 Census	Amount Change 1990-2000	% Change 1990-2000	2010 Census	Amount Change 2000-2010	Percent Change 2000-2010
Buckingham Twp.	9,364	16,442	7,078	75.6%	20,075	3,633	22.1%
Newtown Township	13,685	18,206	4,521	33.0%	19,299	1,093	6.0%
Upper Makefield Twp.	5,949	7,180	1,231	20.7%	8,190	1,010	14.1%
Northampton Twp.	35,406	39,384	3,978	11.2%	39,726	342	0.9%
Wrightstown Twp.	2,426	2,839	413	17.0%	2,995	156	5.5%
Total	57,466	67,609	10,143	17.7%	70,210	2,601	3.8%

Source: DVRPC & ESRI Demographics

The table reveals moderate population growth in the subjects vicinity in the past decade which is less than Bucks County (4.6%) experienced in the past decade. The overall growth for the area has been stimulated by the continued development of available land and out-migration of residents from Philadelphia and relocation of employees to Bucks County. The 2017 population estimate for Northampton Township by ESRI is 39,189 residents indicating a decrease of 1.14 from the 2010 census data.

HOUSING UNITS

The number of housing units in Northampton Township in 2000 was 13,138 according to the U.S. Census, and increased 5.0 percent as of 2010 to 13,800 housing units. This rate of increase is less than the percentage of increases among a majority of the surrounding municipalities. Figures depicting the increases in housing units for the surrounding municipalities are presented in the following table.

HOUSING UNIT CHANGES IN VICINITY 1990-2010							
Municipality	1990 Census	2000 Census	Amount Change 1990-2000	% Change 1990-2000	2010 Census	Amount Change 2000-2010	Percent Change 2000-2010
Buckingham Twp.	3,283	5,861	2,578	78.5%	7,241	1,380	23.5%
Newtown Township	5,329	6,848	1,519	28.5%	7,438	590	8.6%
Upper Makefield Twp.	2,024	2,598	574	28.4%	3,106	508	19.6%
Northampton Twp.	11,486	13,138	1,652	14.4%	13,800	662	5.0%
Wrightstown Twp	863	986	123	14.3%	1,091	105	10.6%
Total	22,985	29,431	6,446	28.0%	32,676	3,245	11.0%

Source: DVRPC & ESRI Demographics

The 2017 housing unit estimate for Northampton Township by ESRI is 14,90 units indicating an increase of 0.8% from the 2010 census data. As the preceding chart reveals, it appears that the housing supply growth (28.0 & 11.0% increases) has surpassed population growth (17.7 & 3.8% increases) in the Northampton area. It should be noted, however, that this is mainly a function of the nationwide phenomenon of decreasing household size.

The area is served by an integrated network of federal, state and local roadways including the I-95 Expressway located seven miles northeast of the subject. This major artery extends in generally a north/south direction, connecting the area with Trenton, and the State of New Jersey to the north and Philadelphia to the south. The Trevose exit (#351) of the Pennsylvania turnpike is located ten miles southeast of the subject and provides easy access to southern New Jersey to the east and connects the area with employment centers in the Fort Washington and King of Prussia areas to the west. Public bus and rail service are available nearby; however, Northampton Township has traditionally been an automobile oriented community.

Public educational facilities in the area are part of the Council Rock School District which provides education on both the primary and secondary levels. The school district facilities include nine elementary schools, three junior high schools and one high school to service Northampton, Newtown, Upper Makefield and Wrightstown Townships and Newtown Borough Elementary. The elementary, junior high and high school education is located 3 miles east of the subject property in Richboro. Churches of every denomination are available in the area, as are various other cultural and social amenities. The area offers many amenities including accessibility to public transportation, shopping centers, employment centers, housing and recreational facilities in addition to close proximity to Center City Philadelphia and several major highways.

Real estate values in the market area had increased significantly from 2003-2007 due to the record low levels of mortgage interest rates and the abundant supply of mortgage funds available to borrowers with limited or poor credit. Statistics indicate that the retail, industrial and office markets declined significantly in 2008-2009 based on my review and analysis of rental and leasing activity for commercial and industrial properties in the market area. The local residential marketplace also declined in 2008-2009, particularly in the new home market segment due to

problems associated with the sub-prime mortgage market and over built markets. The decline in the local residential marketplace in 2008 was considered to be an anomaly as the basic market fundamentals such as employment levels, income levels and mortgage interest rates were all favorable. The local economy and the commercial, industrial and investment real estate markets declined further in 2009 as unemployment increased significantly. The majority of local Real Estate market analysts surveyed have indicated most markets had stabilized in the second half of 2011 with significant improvement in the apartment, hotel and industrial market sectors noted in 2013-17 and average improvement in other market segments with the local office market lagging behind other market segments.

Northampton Township and the surrounding municipalities have experienced significant growth in the past two decades and this growth is expected to continue because of out-migration of residents from Philadelphia to the surrounding counties. The area and neighborhood exhibit a positive diversity of residential land uses, which should aid in continuing this pattern of growth. The overall character of the subject neighborhood is one of a high-end residential community and a prime location for an upscale residential development due to the proximity to regional highways and supporting infrastructure and amenities. The neighborhood is well served by residential support services and facilities, such as shopping, schools, parks and hospitals. It is my opinion that the amenities offered by the subject location will continue to insure stability and the long term prospects for the future are favorable.

SITE DESCRIPTION

The subject site consists of an assemblage of three irregular shaped parcels with an estimated net land area of approximately 124.07783 acres according to the Bucks County tax assessors records. The site is an irregular shaped interior parcel with 50 feet of lineal access frontage from the terminus of Harmony Drive and an additional 50 feet of access frontage from the terminus of Arrowhead Road which are both township streets. In addition, there is an estimated 50' wide access point on the south side of Twining Ford Road (see extraordinary assumption #25) Also, there is a 25-30 foot wide private driveway located on the northeast side which is shared with the adjacent tennis club and township athletic fields that provides access to the greens maintenance yard from Richboro Newtown Road.

The entire site has a rolling contour and topography through two valleys which pass through the site and golf course. The perimeter of the site adjacent to most residential neighborhoods is wooded with some mature stands of trees along several golf holes. A small stream traverses the site from northeast to southwest and terminates into a pond located in the northeast corner of the site.

Several utility easements including township water, sewer, Verizon telephone and Philadelphia Electric Co. (PECO) traverse the site in various directions providing underground passage for utility lines. The impact of these easements is considered nominal and are typical of the area.

The site is located within Zone C of a 100 year FEMA identified flood plain area which is an area of minimal flooding in which insurance is not required; however, the existing stream and pond are obvious areas of concern. The manager reports that temporary flooding occurs during heavy rainfall; however there is sufficient drainage on the golf course and the impact is minor. There were no adverse physical or external factors noted at time of inspection. The location of the stream and pond have no impact on the existing building improvements and would have a minor impact on development of the site for any alternative use. I have not reviewed a soil map; however, based upon my inspection of the site and surrounding land uses, it appears the site is capable of supporting the existing building improvements and continued use as a golf course and residential development.

RESIDENTIAL DEVELOPMENT POTENTIAL

My analysis of the REC zoning ordinance indicates that residential development under the R-1 Residential ordinance is permitted under Article 140-79 of the Northampton Township zoning ordinance with a minimum lot size of 40,000 square feet or .918 acres. A "cluster" provision is provided as a conditional use within the R-1 Residential zoning ordinance with the minimum lot size reduced to a minimum of 12,000 square feet .275 acres with an average lot size of 15,000 square feet or .344 acres. The maximum density or yield is calculated based on the base (R-1) zoning classification and a land development plan which indicates the lot yield under the base zoning. My interview of Mr. Michael Solomon, of the Northampton Township planning/zoning department, indicates that development of the subject under the R-1 Residential zoning ordinance is permitted as a conditional use.

I have also reviewed correspondence from David W. Connell P. E. Of CKS Engineers Inc. Regarding an estimated lot yield for the subject (see addendum). Mr. Connell which also assumes that the subject property would be developed under the provisions of the R-1 Residential District for Northampton Township. The minimum lot size permitted for detached single family dwellings under the base zoning is 40,000 square feet with a minimum lot width of 150 feet and a 10% open space requirement which reduces the net site area to 111.67 acres. The subject property has adequate access frontage on three public streets with additional shared access from a private driveway. Due to the physical characteristics of the site (potential wetlands, 2 creeks, etc.), I have estimated an allowance of 27.5% of the subjects net buildable site area for streets and other site improvements which is somewhat higher than the standard of 25%. I have estimated a yield of eighty-eight (88) lots which has been calculated as follows:

Net Site Area 27.5% allowance for streets, etc./Minimum Lot Size
 4,864,347 Square Feet x .725 = 3,526,652/40,000 SF = 88.16 or 88 Lots

A yield of 88 building lots indicates a building density of 0.71 dwelling units per acre of gross land area. The site is currently serviced by public water and sewer and for the purposes of this appraisal I have assumed that site would be developed with public water and sanitary sewer systems and that no extraordinary costs will be incurred by a developer of the subject. Also, the reader is advised that there is a lot averaging or "cluster" option available which the subject site would qualify for as a conditional use with a minimum lot size of 12,000 square feet and an average lot size of 15,000 square feet or .344 acres.

GOLF COURSE DESCRIPTION

The subject site is improved with an 18 hole golf course which was constructed circa 1963 and was designed by Edward Ault. The course has been privately owned and operated by the Sklar family since 1963. The design features narrow fairways with bunkers strategically placed. Trees line the perimeter of most holes on the course, and are also found randomly scattered through the layout. The greens were observed to be of above average size with some undulations and adequately maintained.

The par 70 course measures 6,402 yards from the back (blue) tees with a slope of 126 and a course rating of 69.8 and also measures 6,102 yards from the middle (White) tees with a slope/rating of 121/69.8. It consists of twelve (12) par 4 holes, two (2) par five holes with four (4) par three holes which is typical of similar daily fee golf courses in the market area.

The course is rated in the middle to lower end of the range of difficulty when compared to competitive courses. The exception would be the perimeter holes with out of bounds areas along adjacent residential properties and the eighth hole which is a 405 yard par 4 hole which slopes upward from tee to green. A majority of the holes have a straight layout with an average level of difficulty; however, there are fairway bunkers to avoid and the fairways are somewhat narrow which can alter tee and approach shots. Also, there are natural resources such as the two creeks, wetlands, trees, etc. which require players to be accurate with their tee and approach shots. Water hazards are located on five (5) holes and there are four dogleg style holes.

The overall design of the course is considered average as per my inspection, interviews of local players and review of competitive courses in the market area. My interview of greens superintendent Justin Rieth indicates the rough consists of a mixture of fescues and blue grasses. The fairways, greens and tees are a mixture of bent and poe annua grasses. The course has a 50+ year old Toro double row irrigation system with five satellite control boxes that draws from an on-site pond with an on-site well as a backup water source. Additional improvements consist of a practice putting range with nets extending approximately 50' high which is an amenity that is standard for most golf courses and an added source of golf revenues.

The overall condition of the course is rated as average for the market area and in comparison to competitive courses. Several cart paths were noted to be in disrepair and will require patching and/or replacement in several areas. Also, the age of the irrigation system in place is a cause for concern and the estimated replacement cost is in excess of \$300,000. There were no other physical or functional inadequacies noted at time of my inspection on April 30, 2018. The functional utility and appeal of the course is considered to be average in comparison with a majority of the competitive daily fee courses and several newer competitive public golf courses in the market area which include Five Ponds (Warminster) and Makefield Highlands (Lower Makefield) which are both owned by municipalities.

BUILDING & SITE IMPROVEMENTS

The site is presently improved with four structures which are described as follows:

PRO SHOP & GRILLE ROOM

The original section of this building is approximately 52 years of age with an addition in 1975. The building is constructed of wood and steel frame structural components with stucco exterior walls. It has a four ply built-up roof with a gabled fiberglass shingle roof pent, aluminum gutters and downspouts and vinyl covered double and single hung Caradco thermopane windows. The improvements were all constructed on a concrete slab foundation.

This one story building embraces a 3,888 square feet which is utilized as a grille room located in the rear with a 55 person dining seat capacity plus an additional 25 bar seats. Also, there is a patio on the north side with seating capacity for 40 patrons. The middle section of the building contains a small storage room and the mens and ladies locker rooms. The front section consists of two business offices and the golf shop.

The interior finish for the building consists of commercial carpeting, decorated and fabric covered walls and acoustic tile suspended ceilings with recessed and suspended fluorescent lighting. The mens grille has some wood trim and moldings comprised of painted hardwoods.

There are four fiberglass stall showers, three urinals, two commodes and two sinks in the mens locker room. The ladies locker room has two commodes and two sinks. The interior finish for the locker rooms is similar to the grille room with some ceramic tile flooring. Also, there is a fully equipped cocktail bar with commercial equipment and plumbing.

The building has a 200 amp electrical service. Heat is supplied by two electric-powered systems with hot air distribution. There is a 52 gallon electric hot water heater. The entire building is air-conditioned with several roof mounted units of various capacity.

The overall condition of this building is rated as above average with the exterior recently painted. I have estimated an effective age of 25 years for this building with an economic life of 50 years due to the present condition. Thus, the remaining economic life is estimated to be 25 years considering future neighborhood trends, other similar properties in the area, the observed condition of the subject as well as physical life expectancies for a property of this type. There were no physical or functional inadequacies observed.

BANQUET ROOM

The original section of this building is approximately 52 years of age with additions in 1975, 1993-94 and 2000. The building is constructed of wood and steel frame structural components with stucco exterior walls. It has a four ply built-up roof with a fiberglass shingle roof pent and some gabled shingle sections, aluminum gutters and downspouts and vinyl covered Caradco casement style thermopane windows. The improvements were all constructed on a concrete slab foundation.

This one story building embraces a total of 15,521 square feet and is divided into two separate banquet rooms with a 225 person dining seat capacity in the front (Crystal Room) plus an additional 140 seats in the Northampton (rear) banquet room. The middle section of the building contains a commercial kitchen plus a banquet managers office and two bridal consultation rooms.

The interior finish for the building consists of commercial carpeting and some marble tile in the foyer, decorated and fabric covered walls and acoustic tile suspended ceilings with recessed incandescent and suspended fluorescent lighting. There are various candelabra chandeliers and wall mounted light sconces. The kitchen has quarry tile flooring and the lavatories have ceramic tile.

There are two sets of mens and ladies lavatories for each banquet room plus an adjacent coat room. The interior finish for the lavatories is similar to the dining areas with ceramic tile flooring and granite vanity sinks. Also, there is a fully equipped cocktail bar with commercial equipment and plumbing in each banquet room.

The building has a 200 amp electrical service. HVAC is supplied by several roof mounted gas-fired systems with forced air distribution. There are several electric hot water heaters for the kitchen and lavatories. Also, a diesel powered generator was installed as a backup energy source for the pro shop and banquet rooms.

The overall condition of this building is rated as above average with the exterior recently painted. I have estimated an effective age of 25 years for this building with an economic life of 50 years due to the present condition. Thus, the remaining economic life is estimated to be 25 years considering future neighborhood trends, other similar properties in the area, the observed condition of the subject as well as physical life expectancies for a property of this type. There were no physical or functional inadequacies observed.

CART BARN

There is a 16 year old pole barn located west of the banquet rooms and the first tee utilized for golf cart storage. It has 13' ceiling clearance, concrete floor and galvalume metal panel walls and roof supported by wood framing members. The building embraces 6,283 square feet and features a 200 amp electric service, emergency lighting system, suspended fluorescent light fixtures and three (3) 10' x 12' drive-in doors which are electronically operated.

These improvements were observed to be in good condition with an effective age estimated to be 13 years with an economic life of 40 years due to the present condition. Thus, the remaining economic life is estimated to be 27 years considering future neighborhood trends, other similar properties in the area, the observed condition of the subject as well as physical life expectancies for a property of this type. The building lacks heat; however, it is not a requirement for this type of facility which is primarily covered storage. There were no physical or functional inadequacies observed.

MAINTENANCE EQUIPMENT BARN

This is a 17 year old pole barn located northeast of the banquet rooms and the ninth tee utilized for equipment repair and storage. It has 14' ceiling clearance, concrete floor and galvalume metal panel walls and roof supported by wood framing members. The building embraces 8,400 square feet and features a 200 amp electric service, emergency lighting system, suspended fluorescent light fixtures, two (2) 8' x 8' drive-in doors and four (4) 10' x 12' drive-in doors which are electronically operated. The building is partitioned into three sections with a chemical storage room on the west side, equipment storage and repair area in the middle and maintenance office, employee break room and tool room on the east side. The east side and middle sections are heated with propane fired ceiling suspended space heaters and the east side section has central air-conditioning.

These improvements were observed to be in good condition with an effective age estimated to be 14 years with an economic life of 40 years due to the present condition. Thus, the remaining economic life is estimated to be 26 years considering future neighborhood trends, other similar properties in the area, the observed condition of the subject

as well as physical life expectancies for a property of this type. There were no physical or functional inadequacies observed.

POOL AREA

This structure is over 55 years old of masonry (brick over block) construction and consists of the front desk, storage area, mens and ladies pool locker rooms and a pool snack bar. There is an older concrete pool adjacent to these buildings which was renovated in 1993 with new coping and tile work. In addition, two tennis courts, a basketball court and a baby pool are located in this area which is enclosed with cyclone fencing.

RECENT IMPROVEMENTS

The owners of record have provided a list of capital improvements completed in the last two years which includes some new carpeting on one banquet room, office renovations, exterior painting of the clubhouse and banquet facility, new belgian block curbing, etc. The total expenditure was \$320,204 which reflects the above average level of maintenance required to sustain the above average level of banquet sales that has been generated from the subject.

GROSS BUILDING AREA CALCULATIONS

The area calculations were obtained from various building plans provided and my field survey which are summarized as follows:

BANQUET	15,521 SF
PRO SHOP & GRILLE	3,888 SF
POOL BUILDING	3,756 SF
GOLF CART BARN	6,283 SF
EQUIPMENT MAINTENANCE BARN	<u>8,400 SF</u>
TOTAL	37,848 SF

SITE IMPROVEMENTS

The various site improvements include a circular driveway in front of the banquet rooms, extensive landscaping with Belgian block curbing, planter boxes and an irrigation system around the various public buildings. Also noted were two parking lots with a total capacity of 223 cars plus an unpaved (stone) area for an additional 40 cars. Deferred maintenance was noted related to the parking lot surfaces which require some patching and sealing.

SUMMARY

The overall condition of the building and site improvements is rated as good to average with the exception of the parking lots which require some repairs. The floor plans for the public buildings are considered desirable and its functional utility is rated as above average when compared to competitive facilities.

MARKET ANALYSIS

Market Analysis is defined as follows: a study of real estate market conditions for a specific type of property¹. When estimating market value, the appraiser is required to estimate the exposure time linked to the value estimate. Reasonable exposure time is always presumed to precede the effective date of the appraisal. Exposure time may be defined as follows: the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure Time is a retrospective opinion is based on an analysis of past events assuming a competitive and open market².

Marketing time may be defined as follows: an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal³.

Exposure time is different for various types of real estate and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. This statement focuses on the time component.

The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy estimated from the effective date of the appraisal.

The estimate of the time period for reasonable exposure may be expressed as a range and can be based on one or more of the following:

- statistical information about days on market;
- information gathered through sales verification; and,
- interviews of market participants.

Related information garnered through this process include the identification of typical buyers and sellers for the type of real estate involved and typical equity investment levels and/or financing terms. The reasonable exposure period is a function of price, time and use, not an isolated estimate of time alone.

My market analysis includes a review of surveys published by prominent market analysts, including the National Golf Foundation who specialize in analysis of golf course trends. In addition, I have conducted my own survey of current activity from competitive courses in the immediate market area.

1. Uniform Standards of Professional Appraisal Practice, 2014-15 Edition, pg. F-75.
 2. Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, pg. #4.
 3. Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, pg. #78.

GOLF COURSE TYPES AND DESIGN OVERVIEW

Golf courses are developed for a variety of purposes, including amenity support for various types of real estate development. Golf facilities can be either municipally or privately owned and be available for public access or limited to play by members and guests or resort patrons. There currently are approximately 15,801 golf courses in the United States with a golf facility defined as at least one nine-hole course. During the past two years, this number has slowly been decreasing as the golf industry experiences a downturn nationally. The following is a description of the various basic types of golf facilities.

Private Clubs are typically composed of between 200 and 500 members per 18holes. These members normally pay an initial fee, which may or may not entitle the member to an equity interest in the club and annual dues to support the ongoing operation of the club. While such clubs are normally organized as not for profit, many are purchased by professional operators and investors for income investment. In the 1950's private clubs accounted for about 60% of all United States golf facilities. By 2004 private clubs represented only 27% of all courses. While private clubs normally restrict play to members and their guests, some open for daily fee play during their early years of operation to market surrounding real estate or to offset costs as membership stabilizes or during periods of distress when membership declines and revenues are down.

Daily Fee Courses constitute approximately 58% of the current golf course supply in the United States. These facilities can also be part of a real estate development or can be "stand alone" facilities. The vast majority of golfers play at either daily fee or municipal courses, which cater to the occasional golfer and are usually (but not always) less expensive than private clubs. Revenues at daily fee facilities come from green fees, annual passes, cart fees, pro shop sales and food and beverage operations. Some are "Mom & Pop" operations while an increasing number are being acquired or built for professional operators and investors. The quality of daily fee golf is improving rapidly and many upscale daily fee facilities compete admirably with private country clubs in terms of providing a quality golf experience.

Municipal Golf Courses represent about 15% of all United States golf courses but are rapidly increasing in number. Many are formerly privately owned facilities, which have been purchased by municipalities to maintain green area or enhance revenues while many, are new construction representing private/public partnerships in conjunction with parks/recreation departments and private developers and managers. While increasing costs is a problem for municipal golf facilities, the availability of favorable financing to develop municipally owned facilities are most advantageous in the current financial environment.

Resort Courses are built to attract tourists and are usually high quality facilities built with the idea of attracting vacation and business travelers. These can be associated with natural, historical or cultural tourist attractions or represent the main destination attraction. Areas such as Hilton Head, South Carolina, many areas in Florida, Pinehurst, North Carolina and Scottsdale, Arizona offer golf as the primary tourist attraction. Many resort courses feature signature architects like Jack Nicklaus and Arnold Palmer with sometimes dramatic and difficult courses which host major golf events.

The subject property currently operates as an 18-hole daily fee golf facility with some golf memberships currently offered providing price discounts and preferred tee times to the member as well as daily fee playing privileges offered to the general public.

GOLF COURSE DESIGNS

All golf courses are based on one or a combination of five basic design types or configurations. These include the "Core" course, the "Single Fairway" course, the "Single Fairway with Returning Nines" course and "Double Fairway" courses both with and without returning nines. These configurations, along with the decision whether to emphasize "strategic", "heroic", or "penal" design are usually based on overall project objectives, operational requirements and site considerations such as soil, topography and vegetation. Few pure examples of each type exist; instead characteristics from each type are usually combined to suit a particular site or specific project.

All types of courses are measured partially against the concept of the "regulation course," which is the result of the idea of par. Par is simply the result of error-free golf and is the score an expert player is expected to make under ordinary playing conditions allowing two putts per hole. A typical regulation course will play to a par between 69 and 73 strokes with typical lengths from approximately 5,000 yards for novice players to in excess of 7,200 yards for the expert. Most regulation courses measure between 6,200 and 6,700 yards from the middle tees normally used by most male adult players.

Typically, a par 72 golf course will have ten par 4 holes, four par 3 holes and four par 5 holes. The term varies from course to course depending on site considerations and project desires. The term championship course is often overused in referring to basic regulation courses. A true championship course is one that is normally a very high quality regulation course; however the term championship course carries no universally accepted definition and is usually used as a descriptive term to measure the challenge and quality of a particular golf course.

Core Course

The core course is characterized by clustering the holes together so that the course is an element unto itself. The holes can be arranged in a continuous sequence, with one starting hole and one finishing hole at the clubhouse, or in returning nines, with two starting holes and two finishing holes at the clubhouse.

This layout requires the least amount of land and is highly efficient to operate because the holes are closer together, increasing the speed of play and reducing maintenance. This layout also provides the least amount of golf course frontage for lots, and is best suited for an operation where real estate is not an issue. This layout is more suitable for generally level sites with minimal elevation changes on the property, and generally requires about 140 acres of land.

Double Fairway, Continuous/Returning Nines

The Double Fairway Continuous layout is characterized by a continuous single loop of adjacent parallel fairways, with one hole starting at the clubhouse and one finishing hole returning to the clubhouse. Two circuits of nine holes characterize the Double Fairway Returning Nines layout, each with adjacent parallel fairways. These configurations might allow some savings in land compared to a single-fairway layout, and allow a slight reduction in maintenance compared to a single-fairway layout, as the tees and greens are adjacent to each other. These layouts are most adaptable for sites with long, narrow valleys or land with potential for development on either side of the golf course.

Single Fairway, Continuous

This type of layout is characterized by a single, open loop starting from the clubhouse and returning to the clubhouse. This layout has the greatest flexibility for adaptability to an existing site, as the course has a limited number of fixed elements: a clubhouse, a starting hole, and a finishing hole. This layout requires the most land, and maintenance is often higher, as the greens and tees are spread out. Additionally, the flexibility of play is reduced, as there is only one starting hole. This configuration provides the maximum golf frontage for real estate development.

Single Fairway, Returning Nines

This layout is characterized by two open loops of returning nines, with the clubhouse in the center. This layout has greater potential for frontage than all the configurations, except the single fairway, continuous. Flexibility and efficiency in operation is a result of the two starting holes. Maintenance is often higher, as the greens and tees are spread out. This configuration is ideal for any course associated with real estate development, and is adaptable to

most types of topography. **The layout of the subject property most closely resembles a Core Course with a Returning Nine layout.**

GOLF MARKET ANALYSIS

MACRO ANALYSIS

Since the game of golf was introduced to this country more than 100 years ago, it had grown dramatically in popularity. The following table represents growth in the golf industry in the United States between 1985 and 2014.

GROWTH OF GOLF IN THE UNITED STATES 1985-2015

Year	Total Golfers (Millions)	Rounds Played (Millions)	Golf Facilities		Total
			Daily Access	Private	
1985	17.5	415	7,485	4,861	12,346
1994	24.3	455	9,316	4,367	13,683
1999	26.4	564	10,910	4,285	15,195
2001	27.6	580	11,376	4,313	15,689
2003	28.4	495	11,546	4,353	15,899
2004	27.3	498	11,690	4,367	16,057
2006	28.7	504	11,608	4,382	15,990
2007	28.8	502.5	11,555	4,415	15,970
2009	27.1	486.2	11,637	4,342	15,979
2010	26.2	475	11,575	4,315	15,890
2011	25.7	463.1	11,612	4,128	15,740
2012	25.9	490.9	11,683	3,936	15,619
2013	24.7	466.8	10,689	3,876	14,656
2014	24.7	458.9	10,479	3,958	14,437
2015	24.1	467.2	10,347.0	3,941.5	14,288.5
2016	23.8	468.7	10,589	3,529	14,118
2017	23.8	456.0	10,483.0	3,454.0	13,937.0
Compound Annual Growth Rate 1985-1994	3.88%	.96%	2.72%	(1.1%)	1.20%
Compound Annual Growth Rate 1994-1999	2.26%	4.79%	3.42%	(0.3%)	2.21%
Compound Annual Growth Rate 2001-2017	(0.86%)	(1.34%)	(0.5%)	(1.24%)	(0.7%)

Source: National Golf Foundation

The statistics reported by NGF indicate significant growth in previous decades and negative or stagnant growth which has not maintained the pace of population growth in the United States in the last 15 years. As of year-end 2017, the United States had 14,794 facilities with 13,937 open and operating 18-Hole equivalent (18-HEQ) courses, according to the NGF's 2018 Edition of its annual Golf Facilities in the U.S. report. The final 2017 count showed a net reduction of 500 18 hole equivalent courses, or a 3.5% contraction from 2014.

Golf Participation

As noted in the preceding table, the number of golfers in the United States had increased at a compound annual rate of 3.88% from 1985 to 1994. Essentially, golf continued to expand at the same rate as the U. S. population during this period. This trend had been reversed in 1994-99 and further declined from 1999-2009.

The total number of adult golfers dropped 3.9% in 2004, from 28.4 to 27.3 million. (Margin of error is plus-or-minus 1.1 million golfers.) Adult golfers are defined as people 18 years of age or above who have played golf at least once during the year. Core golfers (those playing eight or more rounds) dropped 4.7% in 2004, from 13.4 to 12.8 million. (Margin of error is plus-or-minus 800,000 golfers.) Core golfers are adult golfers who played eight or more rounds during the year. The trend was reversed from 2005-07 and the impact of the national "great" recession was noted in 2008-10 with declines in the number of golfers and rounds played.

The number of golfers remained essentially steady in 2011 at 25.7 million. Compared to the 26.1 million recorded in 2010, the estimated drop of 400K golfers is within the range of sampling error. For research purposes, a golfer is defined as a person age 6 or above who played at least one round of golf in a given year. While the estimated number of Occasional golfers (age 6+, one to seven rounds a year) remained unchanged at 11.3 million, we saw a slight decrease in the Core golfer category. Core golfers (age 6+, eight or more rounds a year) fell 2.7%, from 14.8 million to 14.4 million. In 2011, 3.5 million golfers were either first-time beginners (1.5 million) or those who returned after not having played in over a year (2.0 million). Conversely, there were 3.9 million individuals who had played in 2010 but did not in 2011. The number of rounds of golf fell 2.5% during 2011, from 475 million in 2010 to 463.1 million in 2011. This drop in rounds was primarily driven by extremely unfavorable weather in northern regions.

The 4th Quarter 2012 Golf Industry report prepared by the NGF indicates that the total number of golfers was approximately 25.9 million in 2012 which is a 10.1% decrease from the 2007 survey; however, total annual rounds played has only declined by 2.3% since 2007. The 2012 survey also indicated that rounds played in 2012 were 6.0% higher than 2011; however, severe weather condition had adversely impacted rounds played in 2011 on a national and regional basis. NGF expects to see a net decline of between 500 and 1,000 golf courses in the 2010s. Combined with their projected increase in golfers, this means a reversal of the 2000s trend and a rise in golfers and rounds per 18 holes.

The golfer number (participation) appeared to be continuing a stabilization trend in 2014 which was the fourth consecutive year that approximately 25 million golfers played at least one round of golf in 2014. The number of core golfers (eight or more rounds per year) also appeared to have held steady from 2013 figures. Participation appeared to have found its post-recession footing, while positive signs with respect to utilization and interest in playing among non-golfers, showed that golf remained attractive and aspirational to multiple segments of the population despite the impact of the "great" recession.

The 2015 NGF participation numbers show a 2.4% decline to 24.1 million (over the age of 6 who played at least once) from 24.7 million the two previous years. The numbers remained strong in several crucial areas: among committed golfers, beginning golfers and in the number of people interested in taking up the game. While the total drop in golfers from 2014 to 2015 was within the national study statistical margin of error, the results do suggest that a slow leak in overall participation persists. NGF analysis continues to show that attrition is confined mainly to those who never really got into the game. About 80 percent of all golfers, or 20 million of the 24.1 million, make up a committed base who accounted for 94 percent of all rounds played and equipment spending in 2015. Play among this group drove an overall increase in rounds played of 1.8% versus 2014, as reported by the National Rounds Played

Coalition (comprised of NGF, Golf Datatech, PGA of America and NGCOA). Participation declined by 3.6% from 2014-16 with an estimated 23.8 million people who played golf on a course in 2016 with no change in on-course participation for 2017. NGF has started to track off-course participation and another 8.3 million *only* played off-course in 2017, a year-over-year increase of 7%.

Rounds Played

The total annual rounds played had increased at a compound annual growth rate of .96% up until 1993 and then increased dramatically from 1994-99. The rate decreased by 1.6% compounded annually from 1999-2007. The 2009 rounds played survey indicates a 0.6% decrease in rounds played on a national basis from 2008-09. The Mid-Atlantic states (subject segment) survey for 2009 indicated a 0.2% increase over 2008 rounds played for the same time period while national rounds are down by 0.6% with the South Atlantic section of the US market showing a 3.0% decrease.

According to the National Golf Foundation (NGF), the significant growth in the number of rounds played from 1994-99 was fueled by the extra-ordinary increase in the number of core golfers and a significant increase in the Junior Golfer segment. Core golfers are identified as individuals ages 18 or older who played more than 8 rounds in 1999. Junior golfers are identified as individuals ages 12-17 who played more than 1 round in 1999. The number of junior golfers increased by 9.0% to 4.8 million on a national basis.

These two segments were again responsible for increasing this growth rate from 1999-2001 and are the anticipated future of golf participation in the United States. According to the NGF's latest surveys, the game of golf declined somewhat in 2002-03 as rounds played declined during that time period while participation increased moderately. These trends had continued into 2006-09 and were anticipated to continue due to the decline in economic conditions.

Rounds declined approximately 11% or 55 million from 2001-11, however, a significant improvement in 2012 alone recovered half of the decline. Nearly every state experienced a gain versus 2011. The geographic engine for the improvement had been a huge section of the northern half of the country where average year-over-year growth was 9.5%, compared to 3.8% for the rest of the country. This area from the Dakotas to Vermont (technically, the North Central, North East Central and Mid-Atlantic regions) drove up the national numbers... mainly because 44% of all U.S. golf courses and 47% of America's public golf courses are located there.

Improved weather was the biggest influence on increases in rounds played and declines on a year to year basis. The 2013 rounds played report indicates that weather again was a major factor as rounds declined by 4.9% from 2012. PGA Performance Trak reported a 6.9% drop in national playable days in 2013 which was 23 fewer days than 2012 and the lowest performance since their survey was initiated in 2005. Despite poor weather that suppressed first-quarter play in 2014, rounds played finished the year only 1.7% behind 2013, according to the rounds played coalition (comprised of NGF, Golf Datatech, PGA of America and the NGCOA). On a positive note, average rounds per day open were up in 2014 despite a decrease in overall playable days, according to PGA PerformanceTrak. The increase in rounds played per day open is an encouraging indicator of demand and utilization. The average number of rounds played per golfer also continued to increase in 2014. Golfers played slightly more than 18 rounds on average last year, more than one round per golfer compared to 2005, when participation was at its highest. The loss of less frequent players added to the increase in the average, but the sport has benefitted from increased activity among its committed (core) golfers, who are playing two more rounds on average per year than they did in 2005.

Fortuitous weather, especially during the second half of 2014, helped increase national rounds played activity in 2015, resulting in the industry's first year-over-year growth in rounds played since 2012. According to the National Rounds Played Coalition, (comprised of course-reported rounds played submitted to Golf Datatech, NGF, PGA of America and the NGCOA), total U.S. rounds grew by nearly 2% in 2015 as compared to 2014. The increase was due in large part to unseasonably mild temperatures during the fall and early winter months in typically colder regions. Those conditions allowed many courses to remain open late into the year, prompting increased play among golfers that are often sidelined during November and December.

The 2017 NGF rounds played report indicated that 2017 rounds for the Mid-Atlantic states were down 6.9% and also declined by 6.4% in the Philadelphia metropolitan region.

SUPPLY TRENDS (18 Hole Equivalent-EHE)

There was negative net growth in golf facilities in 2006-07 for the first time in six decades, as the number of closures in 2006 and 2007 (146 & 122) exceeded the new openings of 119.5 measured in 18-hole equivalents (18HEQ) in 2006 and 113 (18HEQ) in 2007. This trend is an extreme contrast to the early part of the decade where openings significantly exceeded closures and the number of openings in 2000 had peaked at 400. NGF reports this to be a confluence of events - openings returning to more normal levels and weaker courses being culled from the ranks. NGF reports that primarily the weaker courses that are closing and, in many cases the owners are profiting from long term real estate appreciation and selling the sites for development.

There are several challenges ahead for the golf industry in spite of an increasing golf population potential during the next 10-15 years. As of the beginning of 2009 there were 14,979 18 hole equivalent courses in the United States of which 29.0% were private courses and 71% were public courses. The 2012 NGF facilities report indicated a decline of 360 eighteen (18) hole equivalent courses which was a 2.3% decline from 2009. That was the new reality as only 13.5 eighteen hole courses opened in 2012 and there were 154.5 eighteen hole course closures in 2012 which reflected a 141% negative net change in national supply. This trend continued in 2013-15 with only 17 new eighteen hole courses opened in 2015 and 61 (18 hole equivalents) reopened in 2015. In contrast, there were 177 eighteen hole course closures in 2015 which reflects a net reduction of 148.5 courses or a 1% negative net change in national supply. On the supply side, the total number of U.S. golf facilities declined 1.5% in 2017, with the permanent closure of 205.5 18-hole equivalent courses and the opening of 15.5 new 18-HEQ.

The contraction represents a continued correction in the industry, with supply and demand returning to balance after an unsustainable 20-year period of growth in which the U.S. golf market added more than 4,000 new facilities and increased overall supply by 44%. Since 2006, when the trend of more golf course closures than openings began, the cumulative reduction of the total supply is approximately 7%. As in recent years, these closures were disproportionately seen in lower priced public facilities as 66% of total closures were among courses with sub-\$40 peak greens fees.

Still, the golf course industry remains oversupplied and ultra-competitive. The majority of facilities that shuttered their doors last year were older, lower-end properties that could no longer compete. Yet the availability of public golf remains high with 10,487 (18-HEQs) courses in 2017, which accounts for 75.2% of total supply. For comparison, slightly more than 60% of courses were public in 1986. That number grew to 72% in 2005, the peak period of course supply in this country, and has hovered in the 73% to 75% range since that time. This increase in public golf, coupled with the improved quality of supply due to newer courses replacing older ones that have closed, has benefitted daily-fee golfers. The highly-competitive nature of the industry has also been a boon to golfers by keeping prices stable, while increasing overall value. Interestingly, that public total includes an all-time high of 2,305 municipal (18-HEQs).

On a local basis, there is no new planned private golf courses in Bucks County or the Delaware Valley region. The most recent course closures noted were the public Horsham Valley Golf Club in Horsham, PA which was developed with new semi-custom homes by Toll Brothers and the closing of Island Green golf club in Northeast Philadelphia in 2011 for redevelopment of a pharmaceutical production facility. The facility/project was cancelled; however, the course has been closed for over 6 years and will require significant capital to reopen. Currently the Limekiln Golf Club in Horsham is currently under contract for sale to Matrix Development and Mr. Robin Roberts Jr. reports that golf operations will end after the 2019 season. Finally, Center Square Golf Club is currently under agreement of sale to the Cutler Group Inc. for development of a 474 unit development consisting of attached and detached single family homes along with an assisted living and nursing facility under the guise of a CCRC development which was rejected by township supervisors in 2015. The denial was overturned in Common Pleas court in 2016 and then appealed by the township to Superior Court. A compromise land development plan of 250 residential units has been recently

discussed which would end golf operations in 2019 if the plan is approved.

Mortgage Financing

One of the largest hurdles for the sale or disposition of a golf facility in the present market will be mortgage financing of the purchase. Mr. Steven Ekovich of Marcus & Millichap reports that a recent golf course that he sold was acquired based on a 65% loan to value ratio. He also indicated that some seller financing may be required for most transactions in 2017 as the traditional lenders have either retreated from the marketplace or have significantly increased their underwriting guidelines and equity requirements. Mr. Jeffrey T. Woolson of CB Richard Ellis Company reports that the majority of recent golf courses that he has sold were acquired for cash or conventionally financed based on loan to value ratios ranging from 50-70%. He also indicated that seller financing was required for several transactions as the traditional lenders had either retreated from the marketplace or have significantly increased their underwriting guidelines and equity requirements. This conclusion was confirmed by Mr. Roger Bomgardner of TD Bank who reports that golf course loans are perceived as too risky under current economic conditions. TD Bank was recently involved in a Chapter 11 bankruptcy related to their mortgage on The Links Golf Club @ Kings Grant in Marlton, New Jersey and had entered into a forbearance agreement with the Meadowlands Country Club in Blue Bell in 2014 which has been withdrawn based on the sale to Goodman Properties. Goodman properties is in the process of developing a portion of the golf course for high density residential development and may ultimately develop additional land with retention of 9 golf holes.

LOCAL GOLF MARKET ANALYSIS

In analyzing the market potential for the golf course, the first step is to establish the bounds of the trade area from which the subject will draw. Difficulty and subjectiveness exists in attempting to quantify the limits of a specific trade area, particularly in view of a golf course that competes with many other comparable courses within trade areas that are not rigidly defined. However, based on my observations regarding the physical and locational attributes of the subject area, I believe that the subject's primary trade area would extend for a radius of a 10 miles around the subject property.

Accordingly, I have obtained various demographic data from a number of sources. In particular, I have provided specific information on the subject's market area within a 10 mile radius from ESRI. This information, which has been compiled by the U.S. Census Bureau and other agencies provides a meaningful analysis of the individual demographic and economic components of the trade area and is summarized below.

299 Newtown Richboro Road, Richboro, PA Demographic Summary 10 Mile Ring Source: ESRI							
	2000 Census	2010 Census	2000-2010 Change		2017 Estimate	2010-2017 Change	
			Number	Pct.		Number	Pct.
Population	603,414	620,738	17,324	2.9%	630,064	9,326	1.5%
Households	222,921	234,703	11,782	5.3%	237,892	3,189	1.3%
Owner Occupied Housing Units	165,933	177,628	11,695	7.0%	176,495	(1,133)	-0.6%

As shown, the population in the study area is projected to have increased by only 9,326 persons or 1.5% between 2010

and 2017 which is somewhat lower than Bucks County as a whole which is projected to have increase by approximately 1.5% during the same time period. The population in the “Richboro” market area is anticipated to grow moderately during the current decade according to ESRI. The most recent statistics on households and housing units also indicates moderate growth in the subject market area which is indicative of an area with a somewhat limited amount of land available for development due to an active land preservation program sponsored by Bucks County, Northampton Township and several private land trusts.

299 Newtown Richboro Road, Richboro, PA				
Demographic Summary 10 Mile Ring				
Source: ESRI				
Category	2017 ESRI Estimate	2022 ESRI Estimate	Amount Change 2017-2022	% Change 2017-2022
Per Capita	\$41,182	\$45,919	\$4,737	11.5%
Average Household	\$108,160	\$120,822	\$12,662	11.7%
Median Household	\$81,164	\$88,413	\$7,249	8.9%

Source: ESRI Demographics

The income levels as reported by ESRI are also projected to increase moderately in future years at a pace with anticipated inflation. The household income levels the surrounding 10 mile market area and the dollars spent within this radius are considered to be substantial due to the density of the population.

My analysis of an ESRI report for the Sports, Recreation & Exercise Equipment Expenditures segment indicates that the spending potential index for a 10 mile ring are significantly higher than the national average (100) in all of the nine categories with a spending index of 131 out of a possible 100 rating for this segment and a market potential index (MPI) of 123 out of a possible 100 for playing golf 1+ times per month. Obviously, income levels for the market area are considered to be sufficient to support adequate demand for a middle to lower tier public golf facility. The local demand levels for golf will be analyzed further in the Income Approach section.

MICRO GOLF MARKET ANALYSIS

The “Richboro” market area is recognized as in the middle to upper range of affluence in comparison with the Delaware Valley providing an above average supply of individuals as potential golfers. My interviews of local experts familiar with the local golf industry, including PGA professional Michael Reiley, indicates that the supply of middle to lower end golf courses in the market study area currently exceeds demand.

The Northampton Valley Country Club is a daily fee golf club in existence for over 50 years. It has annual membership fees and daily fee rates in the lower end of the range for competitive courses in the market area and had experienced a decline in the number of rounds played annually from 2007-10 which is consistent with the local competition national trends. It is important to note that two daily fee facilities (Horsham Valley & Island Green) have closed during the last 5 years and rounds have increased for the subject and local competition.

In conclusion, it is obvious that the national and regional golf trends had been declining from 2008-12 with some minor improvement noted in 2013-15 and some minor negative trends in 2016-17. The subjects potential for increasing golf revenues will be hindered by the supply of competitive facilities and declining demand despite the density of the local population.

FOOD/BEVERAGE/BANQUET MARKET ANALYSIS

Restaurant and banquet operations such as the subjects ownership provides offer the sale of food and beverages to a clientele in a specific market area. The restaurant and banquet operation for the subject property have been renovated over the last 10 years to maintain demand for golf outings and other banquet services from the local neighborhood and surrounding communities.

A trade area refers to that area containing people who are likely to purchase food and beverages from this particular location. This type of properties drawing power is fundamentally related to the income levels for the market area. In analyzing the market potential for the subject, the first step is to establish the bounds of the trade area from which the subject will draw. Difficulty and subjectiveness exists in attempting to quantify the limits of a specific trade area; however, based on my observations regarding the physical and locational attributes of the subject area, I believe that the subject's primary trade area would extend for a radius of approximately ten miles. Beyond this point, consumers would be inclined to patronize other restaurants and banquet facilities.

Accordingly, I have obtained various demographic data related to income levels for the market area. In particular, I have provided specific information on the subject's market area within a fifteen mile concentric circle of the subject property from ESRI Inc. This information, which has been compiled by the U.S. Census Bureau and other agencies provides a meaningful analysis of the individual demographic and economic components of the trade area.

The analysis of population and income levels was previously summarized on pages #53-54. The income levels as reported by ESRI are also projected to increase moderately in future years at a pace which is in pace with anticipated inflation. The estimated 2017 household income levels (\$108,160) for the surrounding 10 Mile market area and the dollars spent within this radius are considered more than adequate due to the density of the population. The 2017 estimated average household income of \$108,160 for the study area is 2.3% lower than Bucks County (\$110,693) as a whole.

The 2017 ESRI survey for spending potential related to food and beverages is summarized as follows:

2017 Consumer Spending shows the amount spent on a variety of goods and services by households that reside in the market area. Expenditures are shown by broad budget categories that are not mutually exclusive. Consumer spending does not equal business revenue.			
10 Mile Radius	Spending Potential Index	Average Amount Spent	Total
Food Away From Home	128	\$4,267.50	\$1,015,205,008
Alcoholic Beverages	136	\$754.70	\$179,537,101
<p>Data Note: The Spending Potential Index (SPI) is household-based, and represents the amount spent for a product or service relative to a national average of 100. Detail may not sum to totals due to rounding.</p> <p>Source: Expenditure data are derived from the 2014 and 2015 Consumer Expenditure Surveys, Bureau of Labor Statistics. ESRI forecasts for 2017 and 2022.</p>			

The average household income level estimated for 2015 within the 10 Mile study area (\$108,160) is considered to be average in comparison with the region; however, the retail dollars spent within a ten mile radius are considered above the national averages due to the above average population density. Obviously, income levels for the market area are sufficient to support adequate demand for the existing restaurant and banquet space and the retail spending potential index for each category cited above is well above the national average.

Local Competition

There are only four similar properties that currently offer golf and/or banquet services that are located within 10

Miles of the subject as of the effective date of the appraisal. The properties are summarized as follows:

<u>Location</u>	<u>Proximity to Subject</u>
The Buck Hotel Feasterville, PA	3.0 Miles Southeast
Spring Mill Manor & CC Ivyland, PA	4.0 Miles West
Middletown Country Club Langhorne, PA	6.5 Miles Southeast
Warrington Country Club Warrington, PA	8.5 Miles Northwest

The Buck Hotel and Warrington Country Club offer similar price points for banquets and weddings and Middletown Country Club is at the lower end of the price range for weddings, etc. There is only one private country club offering wedding and banquet services located within 10 Miles of the subject which is the private Spring Mill Country Club and Spring Mill Manor which is operated by the DePaul family. This facility has significantly higher rates and is not considered significant direct competition. In fact, my interview of Mr. Anthony DePaul Jr. indicates that banquet/party sales have declined over 30% since reaching their peak in 2005.

Accordingly, it is my conclusion that the primary competition for wedding/banquet business will come from only two directly competitive facilities with lower household income levels from these locations which indicates the future and continued success of the subjects food and beverage operations will be dependent on competent management in place and continued improvement in the regional economy.

SINGLE FAMILY RESIDENTIAL MARKET ANALYSIS

My review of the township and market study area indicates there is a below average amount of competition within the market area with four active competitive subdivisions within the market area. The competitive projects are summarized on the following pages.

COMPETITIVE DEVELOPMENT #1**Reserve @ Northampton**
Northampton Township**536 Hatboro Road**
Bucks County, PA

Distance from Subject: 1.5 Miles Southwest

Proposed # of Units: 40

Base Sale Prices: \$829,995 (\$285.71/SF)-\$979,995 (\$198.70/SF)

Marketing Commenced: August, 2015

Developer: Toll Brothers

of Units Sold: 38

Rate of Absorption: 1.2 Units Monthly (Historical)

Description of Units

Two-story semi-custom colonial style homes ranging in size from 2,905 to 4,932 square feet of gross living area with 4-5 bedrooms, 2.5-3.5 bathrooms and full basements. The units feature 9' first floor ceilings, raised panel wood cabinetry in the kitchen with granite counter tops, 2-3 car side entry garages and central air conditioning. Lot sizes range from 1.04 to .1.87 acres with public water and sewer.

Comments

Base prices have increased \$50,000-\$70,000 since marketing commenced in August, 2015. The typical buyer has added an average of approximately \$100,000 in extras and upgrades.

COMPETITIVE DEVELOPMENT #2**Saint Leonard's Court**
Northampton Township**1 Quinn Circle**
Bucks County, PA

Distance from Subject:	2.0 Miles Southeast
Proposed # of Units:	9
Base Sale Prices:	\$679,900 (\$228.00/SF)-\$789,900 (\$240.34/SF)
Marketing Commenced:	February, 2018
Developer:	Toner Homes
# of Units Sold:	4
Rate of Absorption:	1.33 Units Monthly (Historical)

Description of Units

Two-story semi-custom colonial style homes ranging in size from 2,982 to 3,288 square feet of gross living area with 4 bedrooms, 2.5 bathrooms and full basements. The units feature 9' first floor ceilings, raised panel wood cabinetry in the kitchen with granite counter tops and stainless steel appliances, 2 car side entry garages and central air conditioning. Lot sizes range from .48 to .74 acres with public water and sewer.

Comments

No base prices increases anticipated with sales concessions of \$.

COMPETITIVE DEVELOPMENT #3**101 Daisy Lane****Northampton Township****Bucks County, PA**

Distance from Subject: 1.5 Miles South

Proposed # of Units: 6

Base Sale Prices: \$639,900 (\$193.91/SF) to \$799,900 (\$193.40/SF)

Marketing Commenced: February, 2016

Developer: Prestige Building Group

of Units Sold: 6 (Sold Out as of June, 2017)

Rate of Absorption: .375 Units Monthly (Historical)

Description of Units

Two-story colonial style homes ranging in size from 3,300 to 4,136 square feet of gross living area with 4 bedrooms, 2.5 bathrooms and full basements. The units feature 9' first floor ceilings, 2 story vaulted ceiling in family room, raised panel wood cabinetry in the kitchen with granite counter tops and stainless steel appliances, 2 car garages and central air conditioning. Lot sizes range from .48 to .60 acres with public water and sanitary sewer.

Comments

\$20,000 to \$30,000 base price increases for last 3 lots.

COMPETITIVE DEVELOPMENT #4**Poets Walk**
Northampton Township**3 Wordsworth Drive**
Bucks County, PA

Distance from Subject:	2.0 Miles West
Proposed # of Units:	54
Base Sale Prices:	\$599,000 (\$211.06/SF) - \$828,000 (\$201.95/SF)
Marketing Commenced:	2008
Developer:	Judd Builders
# of Units Sold:	54 (Sold Out as of February, 2018)
Rate of Absorption:	.33 Units Monthly (Last 18 Months)

Description of Units

Two-story semi-custom colonial style homes ranging in size from 2,838 to 4,100 square feet of gross living area with 4-5 bedrooms, 2.5-3.5 bathrooms and full basements. The units feature 9' first floor ceilings, raised panel wood cabinetry in the kitchen with granite counter tops, 2-3 car side entry garages and central air conditioning. Lot sizes range from .64 to .87 acres with public water and sewer.

Comments

The marketing program was suspended several times since 2010 with 15 lots sold to NVR Homes in 2013-15. Judd builders restarted their marketing program for the remaining 9 lots in September, 2015 with 3 lots sold in 6 months. The remaining 6 lots are the smallest lots in the development and have limited building envelopes restricting construction to the three smallest models offered by the developer.

COMPETITIVE DEVELOPMENT #5**The Estates @ Creekside**
Northampton Township**SE Side of Old Jacksonville Road**
Bucks County, PA

Distance from Subject:	2.25 Miles Northwest
Proposed # of Units:	16
Base Sale Prices:	\$874,900 (\$238.72/SF)-\$989,000 (\$203.75/SF)
Marketing Commenced:	February, 2018
Developer:	DeLuca Builders
# of Units Sold:	1
Rate of Absorption:	.25 Units Monthly (Historical)

Description of Units

Two-story semi-custom colonial style homes ranging in size from 3,665 to 4,853 square feet of gross living area with 4-5 bedrooms, 3.5-4.5 bathrooms and full basements. The units feature 9' first floor ceilings, raised panel wood cabinetry in the kitchen with granite counter tops, 2-3 car side entry garages and central air conditioning. Lot sizes range from 1.20 to 1.80 acres with on-site wells and septic systems required.

Comments

Base prices will be increased by \$10,000-\$20,000 due to recent increases in building materials. The typical buyer is expected to add \$60,000 to \$120,000 in extras and upgrades.

POTENTIAL SUPPLY

There are a total of 25 lots remaining from the five developments surveyed. In addition, I have also reviewed the annual reports of activity by the Bucks County Planning Commission for land development submissions in 2016-2017 under the detached single family category. There are an additional 6 lots recently approved for development on New Road in Northampton Township indicating a total supply of 30 lots which is not a cause for concern.

Conclusion

My analysis of the local marketplace indicates that demand is above average for quality new homes with the highest base prices achieved from \$829,995 (\$285.71/SF) to \$979,995 (\$198.70/SF) from the Reserve @ Northampton development offered by Toll Brothers. Also, the supply of available lots ready for development is considered to be below average with a limited number of larger vacant parcels remaining in the township that are suitable for future single family development.

MARKETING-EXPOSURE TIME

Marketing time is defined as *an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal*². Exposure time is defined as *the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal*¹.

I have interviewed several local real estate professionals including Mr. Richard Goredesky of Colliers Lanard & Axilbund Real Estate, who sold a daily fee golf course in Philadelphia in 2006 within a four month marketing period. He reports that a property similar to the subject could be sold within a 9-12 month time period at a reasonable marketing price due to current market conditions. It is my conclusion that a marketing time of 9 to 12 months would be required for the golf course as a going concern. Also, I estimate an exposure time period of 12 months at my value estimate as a going concern.

My interviews of several local developers reveals that approved residential subdivisions are rarely exposed on the open market prior to sale. I have interviewed Mr. Richard Doyle of Remax Properties (Newtown), who reports that a marketing time of 4-6 months or less would be reasonable for the subject property at a realistic marketing or offering price assuming it was sold subject to contingencies for obtaining land development approvals that may require 24 months or more to obtain final land development approvals. He indicated that the marketing time may increase to 9-12 months if it were to be sold in as is condition without any contingencies for obtaining land development approvals.

I have also interviewed several local realtors familiar with residential development property sales within the market area including Mr. Michael Amoroso of Remax Services. Mr. Amoroso indicates that a property that is similar to the subject could be sold within a 6-9 month time period at a reasonable offering price assuming it was sold subject to contingencies for obtaining land development approvals. Mr. Amoroso has also indicated the marketing time would increase somewhat to approximately 9-12 months if the property was sold in “as is” condition as the number of prospective purchasers would decline.

It is my opinion that a projected marketing time of 9-12 months is realistic for the sale of the subject property in “as is” condition. I have also projected an exposure time of 9 months. The aforementioned conclusions are based on my interviews of local real estate brokers and developers.

It is also my opinion that a projected marketing time of 6 months or less is realistic for the sale of the subject property assuming it was sold subject to contingencies for obtaining land development approvals that may require 24 months or more to obtain final land development approvals. I have also projected an exposure time of 6 months or less under this scenario. The aforementioned conclusions are based on my interviews of local real estate brokers.

1. Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, pg. #4.

2. Uniform Standards of Professional Appraisal Practice, 2018-19 Edition, pg. #78.

HIGHEST AND BEST USE

An analysis of the highest and best use of a property provides the foundation for a thorough investigation of the interaction of market forces. Consequently, highest and best use can be described as the basis on which market value is established. When the purpose of the appraisal is to estimate market value, the highest and best use analysis identifies the most profitable, competitive use to which a property can be applied.

Highest and best use is defined as:

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability.¹

The highest and best use analysis generally involves consideration of the subject property under two scenarios: as vacant land and as presently improved. The highest and best use of the underlying land may be different from the improved property if the improvements do not constitute an appropriate use. The existing use will theoretically continue until such time as the value of the land, less the cost to demolish the existing improvements, exceeds the value of the property as currently improved.

AS VACANT

The *legal permissibility* of a use is governed primarily by the zoning in effect at the time of the appraisal. As described in the zoning and site description sections, the subjects present use as a golf course is considered a legal conforming use and other land uses permitted are limited to residential development of single family detached lots.

The *physical possibility* of a use is determined by the physical aspects of the site itself. The size and location within a given block are the most important determinants of value. In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development. Road frontage(s) and site configuration also play important roles.

The subject contains approximately 124.077 acres of land area with adequate road frontage on several streets. The site configuration is irregular with some wetlands areas; however, the overall site utility is rated as above average with a generally level topography. The site topography is slightly sloping and public water and sewer service and other necessary utilities are immediately available. Overall, there no known physical site characteristics which would pose a major limitation to development of a golf course or residential development.

Financial feasibility implies that the legally permissible and physically possible uses will produce a net return to the owner of the site. The subject is improved with an 18 hole daily fee golf course with banquet/dining facilities with an average level of difficulty and it appeals to the lower to middle end of the consumer price range for public golf courses in the market area. My interviews of local real estate developers indicates that the projected costs for a new lower tier golf course such as the subject is a minimum of \$3,500,000 to \$4,000,000 with costs estimated in excess of \$5,000,000 for a golf course and clubhouse with banquet facilities similar to the subject which would be economically prohibitive for a golf course at the present time.

My interviews of local golf course owners and developers including Mr. Anthony DePaul indicates that adequate demand and price levels can not be obtained for a public or private golf course in the Central Bucks County market area at the present time. Also, a negative developers profit is certain based on my interviews of local golf course operators including Mr. Robert Davis, the managing partner for Ravens Claw Golf Club who verbally reported a loss in excess of \$2,400,000 in the first four years of operation. Finally, my interviews of mortgage lenders indicates that land acquisition and development financing is not available for established developers of golf courses and the underwriting standards are excessively stringent at the present time.

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 3rd Edition (Chicago:AIREA,1993), page 171.

MAXIMALLY PRODUCTIVE

My analysis concluded in the valuation section indicates that development of the subject property as an 18 hole golf club with restaurant and banquet facilities would **not** represent the maximally productive use of the site as if vacant. It is my opinion that an adequate developers profit could not be achieved considering the land acquisition costs, golf course and clubhouse construction costs and all soft costs inherent in the development of an 18 golf course. Also, my interviews of local developers indicates that residential development would be economically feasible at the present time due to a limited supply of approved/unimproved lots in Northampton Township and the surrounding municipalities with above average demand and retail base price levels ranging from \$599,000 (\$211.06/SF) to \$989,000 (\$203.75/SF) SF) for new detached single family dwellings in the local market area.

HIGHEST AND BEST USE, AS IF VACANT

My interviews of golf course developers and managers indicates that construction of a new golf course would not be economically feasible in the local marketplace. My analysis of the local marketplace for new single family dwellings indicates an active level of demand and below average supply of land available for development. In summary, it is my conclusion that the Highest and Best Use of the subject site as if vacant would be for development of a 88 lot residential subdivision. My conclusions are based on the analysis completed in the valuation and market analysis sections of this report.

HIGHEST AND BEST USE, AS IMPROVED

The subject is currently operating as a daily fee 18 hole golf course with a clubhouse facility which has a significant banquet/restaurant operation in place providing revenues in excess of \$4,800,00 over the last two years. My analysis of the comparable land sales and estimated as is market value for the subject as a residential development parcel in "as is" condition indicates that the subjects prospective sale price as a going concern would provide ownership with an economic return that is significantly below the amount generated from the sale of the site for residential development.

Obviously, the value conclusions, as estimated in this report suggest that the development potential for the underlying land will provide a return to ownership above the market value estimated for the going concern or continued use as a golf course at \$10,900,000. This conclusion is further supported by the recent closures of two golf courses which were sold for redevelopment and the current plans in process for the Limekiln and Center Square golf courses which will be closed and redeveloped as residential subdivisions within the next two years.

My analysis of the subject site indicates a potential lot yield of 88 detached single family lots under the parameters of the R-1 Residential zoning ordinance. My analysis of the underlying land value for the subject indicates an "as is" market value of \$11,880,000 which does not account for any demolition expenses. My interview of Mr. Michael Solomon, of the Northampton Township planning/zoning department indicates that retention of the clubhouse, banquet and pool facilities would have to be approved as part of the land development process if a prospective developer attempted to incorporate these facilities as part of a planned residential development utilizing the "cluster" option. Also, my prospective market value estimate assuming the subject were sold subject to contingencies for all final land development approvals indicates a prospective market value of \$15,840,000 could be achieved.

It is my conclusion that the highest and best use of the subject property, as improved, would be for redevelopment of the existing golf course as an 88 lot residential subdivision with two story colonial style dwellings embracing 3,800 to 5,000 square feet of gross living area with 2-3 car garages, full basements and all of the amenities required by new home buyers in the local marketplace. My conclusion is based upon the analysis of market data discussed in the valuation section of this report. Also, it is my conclusion that the existing clubhouse buildings could be incorporated into the proposed development as common area amenities for the residents of the development.

VALUATION THE APPRAISAL PROCESS

The traditional methods of processing market data into a value indication include:

- ▶ Sales Comparison Approach
- ▶ Cost Approach
- ▶ Income Approach

The Sales Comparison Approach assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. The approach utilizes a comparative technique by which recent sales of similar properties are related to the subject. Adjustments are often required for differences in order to reach a value indication. The Cost Approach renders an estimate of value based upon the price of obtaining a site and constructing improvements, both with equal desirability and utility as that of the subject property. The Income Approach renders an estimate of value based upon the present worth of the potential benefits derived from ownership of the subject property.

Due to the age (50+ years) of the improvements on the site and the inherent difficulty in estimating accrued depreciation **and external obsolescence**, the Cost Approach would not be pertinent to these valuations and it is not an approach recognized by local market experts to accurately estimate the value of a golf course at the present time.

I have processed the Sales Comparison Approach and Income Approach to value which are the two most relevant approaches to value for the subject as a going concern for continued use as a golf course with restaurant and banquet facilities. Also, I have processed the Sales Comparison Approach to determine the Prospective market value assuming the subject were to be sold to a prospective purchaser subject to contingencies to obtain 88 residential building lots. I have also estimated the “as is” market value for the subject as a potential residential development site with an estimated yield of 88 lots in compliance with the Uniform Standards of Professional Appraisal Practice.

VALUATION OF GOING CONCERN

INCOME APPROACH

In developing the Income Approach to value, the indicated value is considered to be the present worth of the net income the property will produce either during its remaining economic life or during a projected holding period. Income producing property, by its nature, is typically purchased for investment purposes, and earning power is the most critical which affects a property's value. An investor is essentially trading a sum of present dollars for the right to receive future dollars. The Income Approach to value uses various methods, techniques and mathematical procedures to analyze a property's ability to generate monetary benefits and to convert these benefits into an indication of present value.

Several appraisal principles are important to the Income Approach to value including the principles of anticipation and change, supply and demand, substitution, balance and externalities. The principle of anticipation is perhaps the most important as value is created by the expectations of benefits to be derived in the future. All income capitalization methods, techniques and procedures represent attempts to quantify expected future benefits.

In developing the income approach to value, I have estimated and projected income and expenses for the subject property in the first fiscal year which will be May, 2018 through April, 2019 to estimate the "as is" market value for the subject based on the first years estimated net operating income. The following pages explain my development of the Income Approach in relation to the subject property.

ESTIMATE OF POTENTIAL GROSS INCOME

The first step in the Income Approach is to estimate the potential gross income attributable to the subject which will have income derived from two sources including golf operations and banquet/restaurant operations. To estimate the potential gross revenue for the subject, I have surveyed six properties which are considered competitive with the subject. In addition, I have surveyed several public golf course operators within the Delaware Valley, including Ms. Roseann Lapio who manages three golf facilities with food/beverage/banquet services including the LaMassaria banquet facility in Gilbertsville, PA. which are owned by Sal Lapio Inc. I have researched the fee structures and rounds played for six local competitive golf courses and the analysis is summarized on the following pages. All of the rates quoted are inclusive of a golf cart during peak season.

COMPETITIVE GOLF COURSE #1**LIMEKILN GOLF CLUB****1176 LIMEKILN PIKE****HORSHAM TOWNSHIP****MONTGOMERY COUNTY, PA****FACILITY TYPE:**

Public Course - Daily Fee

ANNUAL # OF ROUNDS:

2012 = 40,000 (27 Holes)

2013 = 39,400 (-1.5%)

2014 = 39,900 (+1.3%)

2015 = 43,000 (+7.8)

2016 = 40,600 (-5.6%)

2017 = 38,000 (-6.4%)

HOLES/PAR/LENGTH:

27/70/6,213 Yards/18 Holes

GREENS FEES:**Regular**

Weekly:

\$49.00

Weekend:

\$59.00 (Cart Mandatory)

Twilight (After 4:00 PM)

\$31.00 (With Cart)

\$36.00 (With Cart)

AMENITIES:

Clubhouse, pro-shop, putting green, snack bar. Busy open course with irrigation. Some limited membership for weekend tee times. Greens fee were increased by \$1.00/round in 2016 after no increase in 2015. Robin Roberts Jr. reports rounds were up by 9.1% from 2014 (39,400).

COMPETITIVE GOLF COURSE #2**BUCKS CLUB**
WEST SIDE ROUTE #263**WARWICK TOWNSHIP**
BUCKS COUNTY, PA**FACILITY TYPE:** Public Course - Daily Fee**ANNUAL # OF ROUNDS:**27,007 (2013)
31,795 (2014)
32,500 (2015)
N/A (2016)
30,000 (2017)**HOLES/PAR/LENGTH:**

18/17/6,531 Yards

GREENS FEES:

Weekly:	\$52.00
Weekly (1:00-4:00 PM)	\$45.00 (Inc. Cart)
Weekly (4:00-Close):	\$30.00 (Inc. Cart)
Weekend (til 1:00PM):	\$65.00 (Inc. Mandatory Cart)
Weekend (1:00-4:00PM):	\$52.00 (Inc. Cart)
Weekend (4:00-Close):	\$35.00 (Inc. Cart)

CART FEES:

Power \$15.00

AMENITIES:

A new clubhouse and pro-shop were constructed in 2004 at an estimated cost of \$2,000,000. Additional amenities include a putting green and snack bar. Good quality open course with irrigation. Membership programs for weekend tee times with discounted greens fees. Greens fees and membership rates were reduced by approximately 7% in 2013 to increase play and all rates remained flat in 2016 and 2017 with the exception of the weekly walking rate (before 12:00) which was increased by \$5.00. Management reports approximately 30,000 rounds (total starts) in 2017 which is a 7.7% decrease from 2015 (32,500) rounds.

COMPETITIVE GOLF COURSE #3**FIVE PONDS GOLF CLUB****1225 STREET ROAD****WARMINSTER TOWNSHIP****BUCKS COUNTY, PA****FACILITY TYPE:** Public Course - Daily Fee**ANNUAL # OF ROUNDS:**

2011 = 39,300

2012 = 42,400 (+7.9%)

2013 = 37,336 (-11.9%)

2014 = 37,799 (+1.2%)

2015 = 39,797 (+5.3)

2016 = 37,600 (-0.5%)

2017 = 38,500 (2.4%)

HOLES/PAR/LENGTH:

18/71/6,326 Yards

GREENS FEES:**Regular**

Weekly: \$57.00 (With Cart)

Friday: \$60.00 (With Cart)

Weekend: \$67.00 (With Cart)

Twilight (After 3:00 PM)

\$42.00 (With Cart)

\$45.00 (With Cart)

\$47.00 (With Cart)

CART FEES:

Power \$15.00 (Twilight & Weekly), (\$20.00 Weekend & \$18.00 Friday)

AMENITIES:

Modern clubhouse and pro-shop, putting green, and snack bar. Busy open township owned course with irrigation. Limited memberships available and carts are mandatory until 1:00PM on weekends and holidays. My interview of Mr. Kevin Bierne of Spirit Golf, the general manager, indicates that rounds played had declined from a high of approximately 42,400 rounds in 2012 to approximately 37,336 rounds in 2013 which is an 11.9% decline due to primarily weather conditions and a management change. The rounds played in 2012 (42,400) increased by 7.9% over 2011 with some of the increase attributed to the closure of Island Green Golf Club in Northeast Philadelphia. Township owned course with resident discounts of \$3-\$5 on weekday rates only. Spirit Golf Management has operated the facility for Warminster Township since 2014.

COMPETITIVE GOLF COURSE #4**MIDDLETOWN COUNTRY CLUB****420 NORTH BELLEVUE AVENUE****MIDDLETOWN TOWNSHIP****BUCKS COUNTY, PA****FACILITY TYPE:** Public Course - Daily Fee

ANNUAL # OF ROUNDS: 29,800 (2015)
 30,000 (2016)
 29,500 (2017)

HOLES/PAR/LENGTH: 18/69/5,771 Yards

	<u>Regular</u>	<u>Twilight (After 3:00 PM)</u>
<u>GREENS FEES:</u>		
	Weekly to 11:00AM: \$46.00 (With Cart)	\$35.00 (With Cart)
	Weekly (Afternoon) : \$41.00 (With Cart)	
	Weekend: \$55.00 (With Cart)	\$39.00 (With Cart)
	Weekend(Afternoon): \$49.00 (With Cart)	

CART FEES: Power \$10.00 (Weekly), \$7.00 (Twilight) & (\$11.00 Weekend)

AMENITIES: Clubhouse with pro-shop, putting green, small restaurant and bar with cocktail lounge and banquet facilities on second floor. Short course with new irrigation and recent renovations. Some golf leagues at 4:00 PM. 75% cart rounds. Township owned course with resident discounts of \$3-\$4 on weekday rates only.

COMPETITIVE GOLF COURSE #5**FAIRWAYS GOLF CLUB**
750 COUNTRY CLUB LANE**WARRINGTON TOWNSHIP**
BUCKS COUNTY, PA**FACILITY TYPE:** Public Course - Daily Fee**ANNUAL # OF ROUNDS:**2015 = 28,200 Rounds
2016 = 28,000 Rounds
2017 = 26,800 Rounds**HOLES/PAR/LENGTH:**

18/65/5,006 Yards

<u>GREENS FEES:</u>	<u>Regular</u>	<u>Twilight (After 3:00 PM)</u>
	Weekly: \$41.00 (With Cart)	\$36.00 (With Cart)
	Friday: \$41.00 (With Cart)	\$36.00 (With Cart)
	Weekend: \$50.00 (With Cart)	\$40.00 (With Cart)

CART FEES: Power \$15.00 (Twilight & Weekly), (\$20.00 Weekend & Friday)**AMENITIES:**

Pro-shop with snack bar and putting green. Short course which caters to beginners and senior citizens. Busy open course with irrigation and good maintenance. Rates have remained flat since 2015 with the exception of a \$1.00 increase for the weekly rate.

COMPETITIVE GOLF COURSE #6
MAKEFIELD HIGHLANDS GOLF CLUB
1418 WOODSIDE ROAD

LOWER MAKEFIELD TOWNSHIP
BUCKS COUNTY, PA

FACILITY TYPE: Municipal Course - Daily Fee

ANNUAL # OF ROUNDS:

2012= 45,345
 2013= 40,921 (-9.8%)
 2014 = 38,993 (-4.7%)
 2015 = 43,918 (12.6%)
 2016 = 42,222 (-3.9%)
 2017 = 42,714 (1.2%)

HOLES/PAR/LENGTH:

18/72/6,619 Yards

GREENS FEES:

	<u>Regular</u>	<u>Twilight (After 3:00 PM)</u>
Weekly:	\$73.00 (With Cart)	\$47.00 (With Cart)
Friday:	\$80.00 (With Cart)	\$57.00 (With Cart)
Weekend:	\$80.00 (With Cart)	\$57.00 (With Cart)

CART FEES:

Power \$12.00 (Twilight & Weekly), (\$20.00 Weekend & Friday)

AMENITIES:

New clubhouse completed in 2004 with pro-shop, snack bar and bar/restaurant with smaller banquet facility. New links style course designed by Rick Jacobsen which opened July 1, 2004 with putting green. Modern course design with irrigation and good maintenance. Township owned course with resident discounts of \$14-\$15. Spirit Golf Management has operated the facility for Lower Makefield Township since 2010. Rates have remained flat since 2015.

PROJECTIONS OF ROUNDS PLAYED

My survey of the six competitive golf course properties indicates that a majority of the courses surveyed have indicated that the number of rounds played declined in 2016-17 due to adverse weather conditions in the spring which is consistent with the national decline in rounds played. Rounds decreased moderately in 2014 for the local market area with additional improvement due to favorable weather in 2015 and improvement in the regional economy. I have requested information on the number of rounds played from 2012-17 from management and the information provided on historical rounds played is summarized as follows:

18 & 9 HOLE ROUNDS PLAYED (All Starts)

2012	2013	Amount Change 2012-13	% Change 2012-13	2014	2015	Amount Change 2014-15	% Change 2013-14	2016	2017	Amount Change 2016-17	% Change 2016-17
45,174	40,908	(4,266)	-9.4%	38,063	38,153	90	0.2%	39,467	39,763	296	0.8%

The six year average for the subjects rounds played is 40,255 which includes all nine hole starts. My interviews of local golf course professionals/manager indicates that most golf courses within the Delaware Valley region experienced a significant increase in rounds in 2015 due to favorable or warm weather in October through December and that 2016-17 rounds were more consistent with normal weather patterns. My analysis of the subject rounds played report summarized above indicates a decrease of 5,411 rounds or 12.0% from 2012-17 which is somewhat higher than most of the competition which Mr. Sklar has attributed to adverse publicity from the proposed sale of the subject in 2015-16. Minor declines in 2016 and 2017 were noted for some of the competition due to poor weather with improvement noted in 2017 at Five Ponds and Makefield Highlands.

The subjects year to year improvement in subject rounds in 2016 (3.4%) and 2017 (0.8%) is inconsistent with most of the competitive courses which all reported moderate declines in rounds played in 2016 and some improvement in 2017. My market analysis indicates that there is more than adequate demand for weekend tee times within the market area and **all of the course owners/managers surveyed indicated that they typically sellout the morning tee times during holidays and weekends in the summer months.** The subject property reportedly had generated 38,153 total rounds in 2015 which included 5,501 nine hole rounds or 14.4% of total rounds. The rounds reported in 2014 included 6,493 nine hole rounds or 17.1% of total rounds. No information was provided for a breakdown of 9 hole rounds in 2016-17 for the subject.

The rounds reported from competitive courses in 2017 ranged from 26,800 to 43,918 (inc. all starts) rounds with the lower end of the range (Fairways GC) reflective of a shorter daily fee course which caters to beginners and senior citizens. The upper end of the range includes Limekiln Golf Club which is a privately owned facility known for its high maintenance standards and above average number of membership rounds and golf outings due to its 27 holes available. Also, the township owned Makefield Highlands Golf Club is a highly rated golf course favored by avid golfers which is also known for its high maintenance standards. The reader is advised that the rounds reported from all of the competitive courses and the subject include 9 hole rounds and in some cases all starts from the first tee which includes non-revenue rounds for high school golf teams, etc.

All of the managers/owners surveyed have indicated that rounds played have declined from 2001 when golf participation was at peak levels. In addition, two new course openings within the last 15 years at Makefield Highlands Golf Club (Lower Makefield Twp.) and Five Ponds (Warminster Twp.) had adversely impacted the subjects market share as these two courses are owned by the townships and enjoy a competitive advantage with no Real Estate taxes or gross receipts taxes paid. Some of the competitive supply was eliminated with the closure of the Island Green Golf Club in Northeast Philadelphia in 2011.

Accordingly, it is my conclusion that there is sufficient demand to support a projection of 39,500 rounds (inc. 9 holes) per year for the first fiscal year of my analysis considering the subject most recent rounds report, the competition in the market area and recent improvement in the local and national economies, as contrasted with inferior weather in 2016-17, which both have impacted golf participation and the number of rounds played.

REVENUE PER ROUND

My competitive survey indicates a range of weekly greens fee rates (AM) with cart from \$41.00 to \$73.00. My survey also indicates weekend rates ranging from \$50.00 to \$80.00 on weekends and holidays with a cart which is mandatory on weekends at a majority of the courses surveyed. The subjects 2018 rates (see addendum) during the regular season are summarized as follows:

	<u>Greens Fee</u>	<u>With Power Cart</u>
Weekly (Open - 2:30):	\$36.00	\$60.00
Weekly (2:30-Close):	\$25.00	\$41.00
Weekly (After 5:00PM)	\$20.00	\$25.00
Friday (Open - 1:00PM):	\$64.00 (Ride Only)	
Friday (1:00-3:00PM):	\$40.00 (Walk) - \$54.00 (inc. Cart)	
Weekend & Holidays (Open - 1:00PM) :	\$68.00 (Ride Only)	
Weekend & Holidays (1:00-3:00PM) :	\$30.00 (Walk) - \$45.00 (inc. Cart)	

The subject is rated as superior to the Middletown Country Club and Fairways courses which are at the lower end of the price point range from my competitive survey. The Five Ponds and Makefield Highlands courses are considered higher quality courses suited to avid golfers as opposed to the subject which is considered to be in the middle end of the competitive properties and is most similar to the Limekiln golf course.

My survey and subsequent interviews of owners/managers for competitive properties indicates that the average greens fee per round is less than the seasonal rates being quoted due to off season rates, discounted senior rates and twilight special pricing as all of the competitive courses reduce rates during the winter months and will negotiate lower rates for groups in excess of eight players. Also, a majority of the competitive courses offer twilight discounts for rounds started after 1:00 - 3:00 PM. It should be noted that the subjects weekly and weekend rates are also discounted. In addition, the subject generates revenue from different membership classifications with current pricing ranging from \$1,675 for a single person with full membership privileges (plus cart), \$2,250 for a family (H,W & 1 Child) membership with 7 day privileges and \$1,475 for a Senior weekday from Monday to Thursday at any time. It should be noted that the first two membership categories have been reduced by 9.5% and 16.5% respectively from the 2015 rates.

The subjects average golf revenue (dues, greens fees, cart fees, and ancillary income) on a per round basis (inc. 9 holes) from 2014-17 is summarized as follows:

TOTAL GOLF REVENUE PER ROUND PLAYED								
	2014	2015	Change 2014-15	2016	2017	Change 2016-17	2018-19 Projection	2018-19 Projection/Round
Memberships(1)	\$146,572	\$89,940	(\$56,632)	\$140,705	\$161,158	\$20,453	\$160,000	\$4.05
Golf & Cart Revenues(2)	\$1,513,528	\$1,644,288	\$130,760	\$1,440,806	\$1,415,867	(\$24,939)	\$1,450,000	\$36.71
Other Revenues (3)	\$119,571	\$89,940	(\$29,631)	\$101,481	\$110,756	\$9,275	\$105,000	\$2.66
Total Revenues	\$1,779,671	\$1,824,168	\$44,497	\$1,682,992	\$1,687,781	\$4,789	\$1,715,000	\$43.42
Rounds Played	38,063	38,153		39,467	39,763		39,500	
Average Revenue Per Round	\$46.76	\$47.81		\$42.64	\$42.45		\$43.42	

The total revenue generated per round includes all greens fees, cart revenue, pro shop sales and ancillary income was \$46.76/Round in 2014 and increased to \$47.81/Round in 2015 which indicates a 2.2% increase in the revenue generated per round. Most of the operators surveyed have indicated that greens fees and rates remained flat with the most popular rate categories increased by only \$1.00 in 2016-17 due to the competitive environment and no increases in golf participation. I have projected the total annual golf revenue per round will increase by approximately 2.3% to \$43.42 per round for the fiscal year 2018-19 indicating total golf revenue of \$1,715,000 annually which is 6.0% lower than 2015. My projected golf revenues are considered reasonable due to the fact that increased revenues in 2015 were primarily a result of favorable weather in 2015 (delayed winter) and any gains were eradicated by poor weather in 2016-17.

FOOD & BEVERAGE REVENUE

This category would include food and beverage revenue from the restaurant and halfway house, bar and revenues from the banquet facility which also services golf outings and private parties such as wedding receptions. My review of the local market area indicates adequate competition from private banquet facilities within a 10 Mile radius which includes The Buck Hotel located 3.5 miles southeast of the subject in Feasterville, PA and Warrington Country Club located 8.5 miles northwest of the subject in Warrington, PA. The Manor @ Spring Mill Country Club is not considered direct competition due to its higher rates and price point per event.

The following gross revenues for the calendar years for 2014-17 were obtained from the financial statements provided by ownership. The gross revenues from the subjects food/beverage operations are summarized as follows:

FOOD & BEVERAGE REVENUE					
CY 2014	CY 2015	CY 2016	CY 2017	4 Year Average	4 Year Average Revenue/Round
\$3,376,816	\$3,453,658	\$3,603,219	\$3,184,949	\$3,404,661	\$87.61
38,063	38,153	39,467	39,763	38,862	
\$88.72	\$90.52	\$91.30	\$80.10	\$87.61	

The total revenues from food and beverage sales increased by \$226,403 or 6.7% from calendar year 2014 to 2016; however, the 2017 food and beverage revenues declined by \$418,270 or 13.1%. The historical 4 year average from 2014-17 is \$3,404,661 which is 5.5% lower than 2016 revenues. My interview of Mr. Gary Sklar indicates that food and beverage revenues had increased annually from 2010-16 and the decline of 13.1% from 2016 revenues is a result of the publicly announced sale of the subject to Northampton Township resulting in several cancellations. Obviously,

the decline in 2017 is a cause for concern; however, Mr. Sklar has provided a list of event deposits that totals \$934,636 in banquet deposits currently in place for future events booked into November, 2020.

I have also reviewed the financial statements for two comparable properties in Chester County, PA including a privately owned country club and the semi-private Downingtown Country Club. Also, I am directly familiar with the Wedgwood Golf Club in Gloucester County, New Jersey which has a large public restaurant and adjacent banquet facility. The total food and beverage revenues reported from two of these facilities for 2016 and 2017 were 2.25 to 3.5 times lower than the subjects reported food and beverage revenues in 2017. Two of the three comparable properties analyzed were considered inferior to the subjects location and were impacted by superior levels of competition for food and beverage revenues. Obviously, the subjects location is a major factor in generating significant revenues from this department and my historical experience with the subject indicates it has consistently generated higher than average sales volume. The reader is advised that the current ownership/management (Gary Sklar) is primarily responsible for generating these above average annual revenues.

I have assumed that an independent management company or competent ownership/management would be able to maintain the growth of gross sales volume and I have projected \$3,500,000 in revenue from this source in the first year of my analysis which is consistent with the four year average of \$3,404,661 for the subject.

OTHER INCOME/REVENUES

The reader is advised that the income from a Nextel cell phone tower was eliminated by the sale of this asset in 2015. Northampton Township currently leases the swim club portion of the subject at an annual rent of \$57,500 which is effectively net revenue as there are limited operating expenses (\$14,257) incurred by the owners of record in 2017 taxes. My research of the Delaware Valley region indicates swim club properties are rarely leased and there was no comparable rental data to analyze the current contract rent. I have projected \$57,500 annually in other income from this source in the first year of my analysis.

The subject has also generated \$110,756 in other revenues in 2017 that were derived from operations, exclusive of the pool revenue. In addition, \$38,034 in miscellaneous revenue was generated (Purchase discounts, cancellations) in 2017 for a total of \$148,790 in other revenues for 2017.

I have projected other revenues of \$150,000 and adjusted that estimate upwards for pool revenue by \$57,500 to \$207,500 in the first year of my analysis.

SUMMARY

The potential stabilized gross income from operations is summarized as follows:

39,500 Golf Rounds @ \$43.42 =	\$1,715,000
Food, Beverage & Banquet Revenue =	<u>\$3,500,000</u>
TOTAL FROM OPERATIONS	\$5,215,000
Pool Rental & Other Income =	<u>\$ 207,500</u>
TOTAL REVENUE	\$5,422,500

OPERATING EXPENSES

In estimating expenses for the subject, I have considered the historical expenses for the 2016 and 2017 calendar years for the subject. I have analyzed the operating expenses for 2016-17 from a property operated as a private golf club located in Chester County that generated \$3,246,483 in food and beverage revenues in 2016 with \$2,128,271 in golf revenues and \$208,746 in other revenues. Also, I have consulted a local operator of a popular Bucks County banquet facility that specializes in weddings regarding the subjects estimated operating expense projections.

The analysis of individual operating expense categories is difficult as operators will account for the individual expenses under various categories. The most common comparison is made by analyzing total operating expenses as a percentage of total revenues with adjustments for major capital expenditures, depreciation, mortgage

amortization, etc. as a percentage of total revenues. My analysis of the comparable properties surveyed and my projected operating income and expenses for the subject in 2018-19 in the first year of my analysis is summarized as follows:

Category	Comparable #1 CY 2016 Actual		Subject Actual CY 2017		Subject Projections FY 2018-19	
Rounds Played	19,319 (18 Hole Equivalent Rounds)		39,763 (All Rounds)		39,500 (All Rounds)	
Golf & Cart Revenue	\$2,128,001		\$1,687,781		\$1,715,000	
Food & Beverage Revenue	\$3,246,483		\$3,184,949		\$3,500,000	
Other Revenue	\$208,746		\$110,756*		\$207,500**	
Total Revenue	\$5,583,230		\$4,983,486		\$5,422,500	
Total Revenue/Round	\$289.00		\$125.33		\$137.28	
Less Cost of Goods Sold		% of Dept. Revenue		% of Dept. Revenue		% of Dept. Revenue
Golf COGS (1)	\$189,668	8.9%	\$69,404	4.1%	\$77,500	4.5%
Food & Beverage COGS(2)	\$908,087	28.0%	\$645,640	20.3%	\$875,000	25.0%
Total COGS	\$1,097,755	19.7%	\$715,044	14.3%	\$952,500	17.6%
Gross Income	\$4,485,475		\$4,268,442		\$4,470,000	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Golf Maintenance and Operations inc. Payroll (3)	\$1,377,850	24.7%	\$1,021,746	20.5%	\$1,150,000	21.2%
Food & Beverage inc. Payroll (4)	\$1,345,987	24.1%	\$1,168,702	23.5%	\$1,350,000	24.9%
Undistributed Expenses (5)	\$1,010,949	18.1%	\$566,839	11.4%	\$650,000	12.0%
Management Fees	\$0		\$877,889	17.6%	\$270,000	5.0%
Fixed Costs	\$224,736	4.0%	\$209,335	4.2%	\$220,000	4.1%
Total Expenses	\$3,959,522	70.9%	\$3,844,511	77.1%	\$3,640,000	67.1%
Net Revenues	\$525,953	9.4%	\$423,931	8.5%	\$830,000	15.3%
Reserves	\$0		\$0		\$45,400	0.8%
NET INCOME	\$525,953	35.9%	\$423,931		\$784,600	14.5%

* Excludes pool revenue of \$57,500. ** Includes pool revenue of \$57,500.

OPERATING EXPENSE ANALYSIS

COSTS OF GOOD SOLD

Golf

This category represents the cost of pro shop inventory, clothing, clubs, etc. The subjects 2017 costs totaled \$69,404 which was equivalent to 4.1% of department revenue. The comparable golf course reported a 2016 expense of \$189,668 which was equivalent to 8.9% of department revenue. I have estimated a total cost of \$77,500 for the first year of my analysis which is equivalent to 4.5% of estimated department revenues which is similar to industry standards.

Food & Beverage

This category represents the cost of food and beverages, including liquor and other ancillary purchases and items related to this operation. The subjects 2017 costs totaled \$645,640 or 20.3% of department revenues which is a lower percentage than the comparable property which reported a 2017 expense equivalent to 28.0% of department revenue. I have estimated a total cost of \$875,000 for the first year of my analysis which is equivalent to 25.0% of estimated department revenue (\$3,500,000) based on my analysis of the comparable property, industry benchmarks obtained from interviews and information from similar properties retained in my files.

OPERATING EXPENSES

Golf Maintenance & Operations

This expense category includes all wages, payroll taxes and benefits for both the golf operations and course maintenance operations plus other department expenses. The reader is advised that I have adjusted all department wages (\$565,412) upward based on a pro-rata share of payroll taxes and benefits which totaled \$222,183 in 2017.

The subjects 2017 costs totaled \$1,021,746 which was equivalent to 20.5% of total revenues and 60.5% of golf revenues. The comparable golf course reported a 2016 expense of \$1,377,850 which was equivalent to 24.7% of total revenues and 64.7% of golf revenues for a property that achieves a higher golf revenue per round due to its private status. I have estimated a total cost of \$1,150,000 for the first year of my analysis which is equivalent to 67.0% of my projected golf revenues (\$1,715,000) and 21.2% of my estimated total revenues (\$5,422,500) which is consistent with competitive properties and industry standards.

Food & Beverage Operations

This expense category includes all wages, payroll taxes and benefits for the food and beverage department plus other department operating expenses. The reader is advised that I have adjusted all department wages (\$906,577) upward based on a pro-rata share of payroll taxes and benefits which totaled \$222,183 in 2017.

The subject 2017 costs totaled \$1,168,702 or 36.7% of department revenues (\$3,184,949) and 23.5% of total revenues (\$4,983,486) which is lower than industry standards. The comparable golf course property reported a 2016 expense of \$1,345,987 which was equivalent to 41.5% of department revenue and 24.1% of total revenues which is considered to be similar to industry standards. Obviously, the subjects 2017 reported expenses are lower than the comparable property and are also lower than industry standards based on my interviews of local operators. My review of the category expenses for several similar properties and their 2016-17 operating statements indicates that an expense level of approximately 35.0% to 40.0% of department revenue is typical for properties that generate food and beverage revenues that are similar to the comparable property and the subjects costs as a percentage of department revenues and total revenues would be less than the competitive properties analyzed due to the subjects significantly higher revenues.

Accordingly, I have estimated a total cost of \$1,350,000 for the first year of my analysis which is equivalent to 38.6% of my projected department revenues (\$3,500,000) and 24.9% of my estimated total revenues (\$5,422,500) which is consistent with competitive properties and industry standards.

Undistributed Expenses

This expense category includes office payroll (adjusted), general and administrative expenses, marketing and advertising, utilities, clubhouse repairs and maintenance, etc. The subject 2017 costs totaled \$566,839 or 11.4% of total revenues which is below industry standards based on my interviews of local operators including Mr. Robert Kleckner. The comparable golf course reported a 2016 expense of \$1,010,949 which was equivalent to 18.1% of total revenues. In consideration of my previous analysis of the expenses related to food and beverage operations, I have estimated a total cost of \$650,000 for the first year of my analysis which is equivalent to approximately 12.0% of estimated total revenues.

Management Fees

The subject is managed internally by the Sklar family and a Corporate Payroll distribution of \$877,889 was reported for 2017 plus an additional \$19,873 was paid for leasing/repairs on three luxury cars for a total of \$897,762 which was in addition to department managers salaries and wages, etc. that was previously accounted for under department expenses. The total compensation to corporate officers was equivalent to 18.4% of total revenues which is significantly higher than industry standards. As previously discussed the subjects departmental operating expenses were considered to be lower than industry standards and the partnership distribution is considered to be significantly higher than the typical compensation for a general manager.

Typically, a general managers salary is deducted for this service which also includes coordination of the sales and marketing programs and oversight of all operating departments. I have interviewed several local individuals who are directly or indirectly involved with local golf courses. Mr. Terry Fedorchak, the township manager for Lower Makefield Township, reports that Spirit Golf Management is currently paid a base management fee of \$108,000 with an incentive income based on gross sales exceeding approximately \$2,000,000 for golf operations and a limited service restaurant operation and some incentive income was achieved in 2015. All of the salary, payroll taxes and employee benefits for the general manger are paid by Lower Makefield Township and the total compensation paid for managing the entire operation is estimated to be approximately \$220,000. Mr. Jeff Parkhouse reports that Lower Salford Township currently pays Billy Casper Golf Management approximately \$96,000 per year for staffing, accounting, budgeting, consulting, etc. and additional wages for a general manager are paid for by the township. The two properties cited above generated gross revenues of approximately \$3,100,000 and \$2,578,000 respectively in 2017. Accordingly, I have deducted a management fee of \$270,000 or 5.0% of total revenues for the subject due to the subjects substantial food and beverage operation with 2017 revenues of \$3,184,989 which is approximately 2.25 to 4 times higher than revenues generated from similar properties in the Delaware Valley.

Fixed Costs

My analysis of this expense category includes Real Estate taxes, insurance, security contracts, etc. The subjects only costs reported for 2017 were Real Estate taxes (\$111,123), insurance (\$96,023) and \$2,189 for security which totals \$209,335 which was 4.2% of total revenues. The comparable golf course property reported a 2016 expense of \$224,736 which was equivalent to 4.0% of total revenues. I have projected an annual expense of \$220,000 or 4.1% of my projected total revenues from operations (\$5,422,500) for my analysis due to anticipated increases in Real Estate taxes.

Summary

The total operating expenses for the comparable property were equivalent to \$3,959,522 or approximately 70.9% of total revenues which did not include a managers salary or an allowance for capital reserves. My estimated total expenses for the subject property, adjusted downward for a \$270,000 managers salary, are equivalent to \$3,370,000 which is equivalent to 62.1% of total revenue before any accounting for an allowance for capital reserves. I have

Valuation Analysis

Prepared By: GLEASON REAL ESTATE
Analysis Date: 4/30/2018
Property Address: NVGC
Square Foot Area: 37,848

Unit	Income	Calculation Method	# Units or SF Size	Annual	% of PGI
PGI	\$5,422,500.00	\$/Year	37,848	\$5,422,500	100.0%

Potential Gross Income (PGI):	\$5,422,500	100.0%
Vacancy and Collection Loss:	_____	
Other Income:	_____	
Effective Gross Income (EGI):	\$5,422,500	100.0%

Expenses	Amount \$ or %	Calculation Method	Annual	\$/SF
COGS (Golf)	\$77,500	Lump Sum	\$77,500	\$2.05
COGS (Food & Beverage)	\$875,000.00	Lump Sum	\$875,000	\$23.12
GOLF MAINT. & OPERATIONS	#####	Lump Sum	\$1,150,000	\$30.38
FOOD & BEVERAGE OPERATION	135000000%	Lump Sum	\$1,350,000	\$35.67
UNDISTRIBUTED EXPENSES	\$650,000.00	Lump Sum	\$650,000	\$17.17
MANAGEMENT	\$270,000.00	Lump Sum	\$270,000	\$7.13
FIXED COSTS	\$220,000.00	Lump Sum	\$220,000	\$5.81
RESERVES	\$45,400.00	Lump Sum	\$45,400	\$1.20

Total Expenses:	\$4,637,900	\$122.54
Expense Ratio (Expenses/EGI):	85.5%	
Reimbursable Expenses:	_____	

Net Operating Income (NOI):	\$784,600	\$20.73
Capitalization Rate:	9.75%	
Value:	\$8,047,179	\$212.62
Rounded:	\$8,050,000	\$212.69

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interviewed several local golf course operators and key management personnel regarding the total operating expenses for the subject. Those interviewed include Mr. Robert Davis of Ravens Claw Golf Club and Ms. Roseann Lapio, the general manager for three golf courses with restaurant/banquet facilities including Bella Vista Golf Club and LaMassaria banquet facility in Gilbertsville, PA. The information obtained from these sources indicates the subjects "stabilized" operating expenses, exclusive of reserves and a management fee, and based on an estimated total gross revenue of \$5,422,500 should be approximately 60-68% of total revenues which is consistent with my estimated total expenses.

Accordingly, it is my conclusion that my estimated operating expenses are reasonable and will be utilized in my analysis of the first year's estimated income and expense projections.

RESERVE FOR REPLACEMENT

This expense is not typically calculated by property owners. It is prudent to set aside a reserve fund annually for replacement of long-lived and short-lived building and site components. In addition, the furniture, fixtures and equipment (FF&E) components related to the subjects golf course, restaurant and pro shop operations will be fully depreciated over time and will need replacing.

My interview of Mr. Ernie Basile of Spring Hollow Golf Club indicates that he has previous experience with installation of all new equipment for a banquet and restaurant operation with a total seating capacity of 272 patrons from both venues. He reports that the total cost of replacement for new kitchen equipment in 2009 was approximately \$235,000 (\$864/Seat) and he has indicated that current costs are somewhat higher than 2009 with an estimated collective economic life of 15 years. Accordingly, I have projected a total cost of \$1,000 per seat or \$390,000[®] to replace the existing equipment which services the subjects bar, restaurant and banquet operations (390 Seats) with an economic life of 15 years.

My interviews of Mr. Jeff Edwards of North Hills Country Club indicates that maintenance equipment can be leased or purchased and he estimated an average economic life of 20 years for the equipment. I have also interviewed Mr. Robert Duff, the former owner of Island Green Golf Club who purchased all brand new equipment and golf carts in 2001. He estimates that the total replacement cost for his golf course maintenance equipment and carts would be approximately \$400,000, inclusive of a new dump truck. I have estimated a total replacement cost of \$400,000 with an average economic life of 20 years for the golf course maintenance equipment and one new dump truck.

In addition, I have estimated that capital expenditures which will average approximately \$10,000 annually will be required in future years as cart paths deteriorate, etc. plus an additional reserve fund of \$11,354 or \$.30/SF of gross building area (37,848 SF) for total capital improvements to all of the buildings and site improvements. Accordingly, I have deducted an annual reserve expense of \$45,400[®] to account for the replacement of equipment and capital improvements over a typical holding time period. The calculation is summarized as follows:

Golf Course Equipment @ \$400,000 x .035361* =	\$14,144
Food & Beverage Equipment @ \$370,000 x .053767** =	\$19,894
Capital Improvements & Replacements =	\$11,354
TOTAL	\$45,400 [®]

NET OPERATING INCOME

The total expenses of the subject property are annually deducted from gross income, thereby, leaving a residual net income to the investor in the first year of the holding period. The subject is projected to produce net operating income of \$784,600 in the first year of the investment holding period in 2018-19 which is summarized on the following page.

* Sinking Fund Factor @ 3.5% for 20 years.

** Sinking Fund Factor @ 3.0% for 15 years.

DIRECT CAPITALIZATION

The Income Approach is an appraisal technique in which the anticipated Net Income is processed to indicate the capital amount of the interest. Direct Capitalization, the most appropriate method converts the anticipated Net Income into present value by dividing the income by an appropriate Overall Capitalization Rate which reflects the prevailing relationship of Net Income to selling price for comparable properties being sold in the open market. It provides for both a return ON and a return OF invested capital.

The Mortgage Equity analysis was used to develop the Overall Capitalization Rate. The rate reflects a weighted average of the mortgage financing and the equity yield requirements. The mortgage financing is represented by the Mortgage Constant and, presumably, includes capital recovery through amortization. The Equity yield is the "cash throw-off" and is that amount which the equity position generally demands to support an investment. The analysis takes into consideration the following assumptions:

1. The purchaser-investor is typically interested in the cash income that the property will produce to support his equity investment.
2. The typical purchaser-investor is sensitive to income taxes and will behave in a manner allowing maximum tax avoidance.
3. The purchaser-investor typically seeks to take maximum advantage of leverage to enhance his equity return.
4. The purchaser-investor will anticipate a level income flow for the income holding period, as it is relatively short.
5. The purchaser-investor will typically retain the investment only so long as there is cash income advantage in doing so.
6. The purchaser-investor will have discoverable expectations about the reversion (the most probable resale price of the property) at the end of the income projection period.
7. The Overall Capitalization Rate has been derived by the Mortgage Equity Analysis under the following assumptions.*
 - a. That a 20 year, 5.5% mortgage with two points placement, a 70% loan to value ratio and a 5 year balloon will be available with a 1.20 Debt Service Coverage Ratio.*
 - b. That the typical investor would require a 10.0%** cash on cash return on equity (Equity Yield rate). Average anticipated yield rates for investment grade real estate, free and clear of debt, ranged from 6.60 to 7.60% for investment grade real estate. Leveraged yields should generally run higher and I have estimated a yield rate of 10.0% considering the risk level to a golf course investor.
 - c. That the typical holding period for this type of investment property approximates 10 years.
 - d. Consideration has been taken of possible appreciation and depreciation that a prudent investor might reasonably anticipate now as occurring at the end of the holding period. I have estimated appreciation of 0.5% annually over the holding period.

A Basic Capitalization Rate of 6.71% was developed utilizing the Akerson Format and a Debt Service Coverage Ratio analysis indicates a rate of 6.79% which is summarized in the addenda. The average overall rates for investment grade real estate (see PWC survey in addenda) as of the fourth quarter of 2017 ranged from 5.06 to 6.25%. Obviously, a prospective investor would consider the risk level of purchasing an asset such as a golf course as significantly higher than investment grade real estate.

* Rate currently available from Firsttrust Bank as per Mr. Seth Mackler.

** Equity Yield Rate based on those published in the Appraiser News National R. E. Investment Criteria -4th quarter 2017 and local interviews-investors (see addendum).

Finally, two of the four comparable sales reported in the Sales Comparison Approach reflect overall rates ranging from 9.55% to 10.1%. All four sales did not include an allowance or reserve for capital replacements and downward adjustments would be required to the capitalization rates reported as my estimated reserve allowance is equivalent to 5.8% of my estimated net operating income. The lower end of the range (9.55%) reflects a daily fee golf course with small banquet room that was underutilized and the overall rate was based on pro-forma projections which included increasing banquet revenues. The upper end of the range (10.1%) reflects a sale which was financially distressed and the buyers pro-forma projections were considered realistic.

Based upon the investor survey, the "Akerson" analysis and the fact that reserves are included in my analysis, I have chosen a rate of 9.75% as being appropriate to capitalize the first year's estimated net operating income of \$784,600. My selection of a 9.75% overall rate also reflects the increased risk of maintaining potential gross revenues in excess of \$5,400,000 and continued control of operating expenses in future years including Real Estate taxes which could possibly be increased significantly if the property was reassessed.

THEN

$$\begin{aligned} \text{Net Operating Income divided Ro} &= \text{Capitalized Value} \\ \$784,600 / .0975 &= \$8,050,000^{\text{®}} \end{aligned}$$

AS IS MARKET VALUE BY THE INCOME APPROACH
(REAL ESTATE)

\$8,050,000

GOING CONCERN VALUATION

Under the "competency" provision of USPAP, an appraiser is required to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report. The client is hereby informed that I **DO NOT** represent myself as an expert in the field of valuation of personal property, machinery, equipment, licenses and/or good will which is inherent of and considered an integral part of a property similar to the subject. The reader is advised that I am an experienced Real Estate appraiser; however, I do not represent myself or my firm as experts in the valuation of personal property, goodwill, licenses or furniture fixtures and equipment which are part of the subject property. A valuation expert familiar with this type of business operation should be retained to accurately estimate the depreciated value in place for all of the subject business assets.

The only information available regarding the valuation of these assets is the consideration of \$500,000 paid for the Furniture, Fixtures, Equipment & goodwill for sale #2 which was anticipated to generate approximately 27.6% of the subjects 2017 gross revenues (\$4,983,486) at the time of sale with clubhouse/dining facilities (8,100 SF) which are approximately 58% smaller than the subject. Finally, the owner of record has supplied an inventory of the Furniture, Fixtures, machinery and Equipment in place (see addendum) with an estimated contributory value of \$2,080,000 which I have adjusted upward to \$3,015,000[®] for the estimated \$934,636 in banquet deposits to be transferred under the subjects asset purchase allocation. Accordingly, I have estimated an "as is" market value of \$11,065,000 (\$8,050,000 + \$3,015,000) for the subject as of April 30, 2018.

AS IS MARKET VALUE BY THE INCOME APPROACH
(GOING CONCERN)

\$11,065,000

SALES COMPARISON APPROACH

INTRODUCTION

The Sales Comparison Approach is a method of estimating market value which uses recently sold market derived, comparable sales. This approach to value assumes that the market will determine a price for the property being appraised in the same manner that it determines the price of comparable, competitive properties. In applying the Sales Comparison Approach, the appraiser employs a number of appraisal principles. One of the major principles is the principle of substitution, which holds that the value of a property, as replaceable in the marketplace, tends to be set by the cost of acquiring an equally desirable substitute property. Other principles inherent in this approach are the principles of supply and demand, balance and externalities. The following pages explain my development of the Sales Comparison Approach.

ANALYSIS OF COMPARABLE SALES

In developing the Sales Comparison Approach, I have researched the market area for recent sales of golf course properties in the Delaware Valley and surrounding areas. Due to a paucity of comparable sales in the Bucks County and Delaware Valley market areas, I have obtained data on four sales which are considered similar to the subject property from Pennsylvania and several surrounding states. I have analyzed the comparable sales and have compared them to the subject property based on the sale price per hole on a unit rate basis for the subject, exclusive of the going concern which includes furniture, fixtures and equipment related to the golf course and a significant food and beverage operation. Prior to making any adjustments, the comparables indicate a unit price range from a low of \$138,889 to a high of \$383,333 per hole.

An outline description of these comparable sales, my analysis and my conclusion as to the estimated market value of the subject property by the direct sales comparison approach are found on the following pages.

COMPARABLE SALE #1

Name/Location: Old York Road @ Chesterfield Golf Club
280 Old York Road
Chesterfield Township
Burlington County, NJ

Tax Parcel: 07-00701-00002

Grantor: Historical Old York Road Country Club

Grantee: Three Putt, LLC

Date of Sale: 4/18/2013

Deed Book/Page: 13068/1664

Consideration: \$3,600,000 (Real Estate)

Financing: \$1,700,000 private financing by JARA Group II, LLC

Verification: Jeff Davis of Fairway Advisors Inc., listing broker

Site Size: 159.078 acres

Course Data:

 Description: 18 Hole Private Golf Club

 Length: 6,764 Yards (Back Tees), 6,336 Yards (Middle Tees)

 PAR: 71

 # of Rounds: 16,500

 # of Members: 290

 Greens Fees: N/A

Course Condition: Good

Facilities Condition: Good

Financial Indicators:

Price Per Acre: \$22,630

Price per Hole: \$200,000

Potential Gross Income (PGI): \$3,475,725 (Pro-Forma)

PGI/Hole: \$193,096

Net Operating Income: \$364,037 (Pro-Forma)

NOI/Hole: \$20,224

OAR: 10.1%

Remarks: The contract sale price was \$3,600,000 with a deed recording of \$900,000. No allocation for F, F & E was available as the majority of the maintenance equipment was leased. Total projected revenues in 2013 were \$3,475,725 indicating a gross income multiplier of 1.035 and the operation had been operating at a loss for several years due to the death of the original principal owner. The site has a rolling to level topography and the course was considered to be in good condition at time of sale. The Gary Player designed course was approximately 18 years old and was constructed at a reported cost of over \$7,000,000. The club was originally launched as a private non-equity club by Edward and Connie Eget who had attempted to sell the property several times to various groups of members and private operators. Building improvements included a large clubhouse with banquet facilities (170 seats), restaurant for member dining and a newly renovated mixed grille room with an estimated gross building area of 16,100 square feet.

COMPARABLE SALE #2

Name/Location: Westwood Golf Club
850 Kings Highway
West Deptford Township
Gloucester County, New Jersey

Tax Parcel: 20-0043300001 (Block 433, Lot #1)

Grantor: Kenneth R. Vogt, et al

Grantee: Kingswood Investment Group, LLC (Christopher Pitts)

Date of Sale: 7/14/2017

Deed Book/Page: 5690/229

Consideration: \$2,650,000 (Real Estate Only)

Financing: \$2,050,000 conventional financing by Republic Bank, \$250,000 PMM by seller @ 5% interest only with 5 year balloon.

Verification: Ken Vogt, representative of Grantor

Site Size: 117.53 Acres

Course Data:

Description: 18 hole Daily Fee Golf Course & Banquet Room

Length: 5,968 Yards (White), 5,732 (Senior) & 5,182 (Red)

PAR: 71

of Rounds: 26,179 (2016 inc. 9 Hole Rounds)

of Members

Greens Fees: \$45.00 weekday with cart, \$56.00 weekend with cart

Course Condition: Above Average

Facilities Condition: Above Average

Financial Indicators:

Price Per Acre: \$22,547

Price per Hole: \$147,222

Potential Gross Income (PGI): \$1,375,000 (Pro-Forma)

PGI/Hole: \$76,389

Net Operating Income: \$253,000 (Pro-Forma)

NOI/Hole: \$14,056

OAR: 9.55%

Remarks: The contract sale price was \$2,650,000 with an allocation of \$2,050,000 for the Real Estate, \$100,000 for the C liquor license, \$100,000 goodwill and \$400,000 for F, F & E which included 78 Club Car electric golf carts, an extensive list of golf course and greens maintenance equipment (owned) plus the furniture, fixtures and equipment in place for the food and beverage operation. Total revenues in 2016 were \$1,172,773 with only \$164,004 in food & beverage revenue; however, the grantee had forecast increasing banquet sales and total revenue of \$1,375,000 in the first year indicating a gross income multiplier of 1.93. The estimated net operating income did not include reserves expense. The site consists of one tax parcel improved with a public access daily fee 18 hole golf course constructed in 1962 with two practice greens, no practice range, a 54 year old two story clubhouse building (8,000 SF) with 43 seat grille room/bar, 80 seat banquet room, a detached 46 year old one story cart storage barn (3,200 SF) and a 25-54 year old one story equipment maintenance building (3,200 SF) plus a 100+ year old residential dwelling occupied by an employee. Family owned daily fee course located in market area with above average golf course competition. The grantor negotiated the sale of the property directly and the grantee will continue operations as a daily fee course with emphasis on increasing food and beverage revenues which had been neglected by grantor.

COMPARABLE SALE #3

Name/Location: Emerson Golf Club
50 Mae Paul Drive, 70 West Mae Paul Drive & 99 Palisade Avenue
Boroughs of Emerson & Oradell
Bergen County, New Jersey

Tax ID: Block 617.01, Lots #7.01, 7.03, 9.0, 9.01 & 10.0 (Emerson),
Block 1105, Lot #17 (Oradell)

Grantor: Emerson Real Estate, LLC

Grantee: Bergen County Improvement Authority

Date of Sale: 12/08/2017

Deed Book/Page: 2815/1285

Consideration: \$7,823,816 (Real Estate Only)

Financing: \$8,500,000 County Bond

Verification: Public records, appraisers file and Gerald Reiner, representative of Grantee

Site Size: 134.06 Acres

Course Data:

Description 18 hole Daily Fee Golf Course & Bar-Restaurant/Banquet Room

Length 6,949 Yards (Blue), 6,487 Yards (White)

PAR 71

Slope/Rating 73.3/126 (Blue) & 70.9/123 (White)

of Rounds N/A

of Members N/A

Greens Fees \$45.00 weekday with cart, \$70.00 weekend with cart

Course Condition: Average

Facilities Condition: Average

Financial Indicators:

Price Per Acre \$58,361

Price per Hole \$434,656

Potential Gross Income (PGI): \$1,504,673

PGI/Hole: \$83,593

Net Operating Income N/A

Remarks: The contract sale price was \$8,500,000 with an allocation of \$7,823,816 for the Real Estate and \$676,184 for F, F & E which was primarily for furniture and some kitchen equipment as the golf carts and a majority of the golf course and greens maintenance equipment was leased. The site consists of six adjacent tax parcels improved with a semi-private 18 hole golf course designed by Orrin E. Smith and constructed in 1963 with one practice green, a practice range, a 54 year old one and part two story clubhouse building (10,198 SF) with pro shop, locker rooms, kitchen, business office and bar/restaurant on first floor and a banquet room with bar on second floor with attached deck. There is an attached one story cart storage barn (4,000 SF) and a one story equipment maintenance building. Privately owned daily fee course located in market area with above average golf course competition. The grantor negotiated the sale of the property directly and the grantee (Bergen County) will continue operations as a daily fee course with emphasis on improving golf course maintenance which had been neglected by the grantor. The majority of the sale property was deed restricted to golf course or open space use only in perpetuity with 5.27 acres on Palisade Avenue classified as excess land (pool & tennis courts) which had multi-family development potential.

COMPARABLE SALE #4

Name/Location: Dunes West Golf Club
3535 Wando Plantation Way
Mount Pleasant Township
Charleston County, South Carolina

Tax ID: 540-00-00-038-041

Grantor: DWGC Charleston, LLC

Grantee: DWGC, LLC (JKM Holdings)

Date of Sale: 3/28/2016

Deed Book/Page: 0540/866

Consideration: \$5,500,000 (Real Estate Only)

Verification: James Feeney of JKM Holdings, representative of Grantee

Site Size: 214.7 Acres

Course Data:

Description: 18 hole Semi-Private Golf Course, Banquet & Meeting Facilities, Tennis/Fitness &

Pool Length: 6,871 (White)

PAR: 72

of Rounds: 28,200

of Members: N/A

Greens Fees: \$75.00 weekday with cart, \$105.00 weekend with cart

Course Condition: Good

Facilities Condition: Good/Average

Financial Indicators:

Price Per Acre: \$25,617

Price per Hole: \$305,556

Potential Gross Income (PGI): \$3,985,000 (Pro-forma)

PGI/Hole: \$221,389

Net Operating Income: \$400,000

NOI/Hole: \$22,222

OAR: 7.27%

Remarks: The contract sale price was \$5,500,000 for the Real Estate with the with an undisclosed purchase price for the F, F & E and some kitchen equipment. Golf carts and a majority of the golf course and greens maintenance equipment was leased. The site consists of multiple tax parcels within a residential development improved with a semi-private 18 hole golf course designed by Arthur Hills and constructed in 1991 with one practice greens, practice range, a 25 year old two story clubhouse building (11,000 SF) with grille room/bar, banquet room, meeting facilities, fitness/tennis and swimming pool, a detached one story cart storage barn and a one story equipment maintenance building. Privately owned semi-private course located in resort area with above average golf course competition. The grantor (Pulte Homes) had acquired a regional home builder that had developed the sale property and surrounding communities. Purchased by a New Jersey based golf course operator which owns two other properties in state and will continue operations as a semi-private course with emphasis on improving memberships and golf revenue. The sale property was deed restricted to golf course or open space use only in perpetuity.

SUMMARY OF COMPARABLE IMPROVED PROPERTY SALES

#	Location	Date of Sale	Holes/Par/Length/ Avg. Greens Fee/ Land Area	Condition Course/ Facilities	COMMENTS	Sale Price/ Hole/ PGI/Hole
1	Old York Country Club at Chesterfield 228 Old York Road Chesterfield Twp. Burlington County, NJ	1/13	18/71/ 6,811 Yards/ N/A/ 177.17 Acres	Good/ Good	The site has a rolling to level topography and the course was considered to be in good condition at time of sale. The Gary Player designed course was approximately 18 years old and was constructed at a reported cost of over \$7,000,000. The club was originally launched as a private non-equity club by Edward and Connie Eget who had attempted to sell the property several times to various groups of members and private operators. Building improvements included a large clubhouse with banquet facilities (170 seats), restaurant for member dining and a newly renovated mixed grille room with an estimated gross building area of 27,500 square feet. Estimated overall rate (OAR) of 10.1% based on pro-forma NOI of \$364,037.	\$200,000/ \$193,096
2	Westwood Golf Club 850 Kings Highway West Deptford Twp. Gloucester County, NJ	7/17	18/71/ 5,968 Yards/ \$56.00/ 117.53 Acres	Above Average/ Above Average	Total revenues in 2016 were \$1,172,773 with only \$164,004 in food & beverage revenue; however, the grantee had forecast increasing banquet sales and total revenue of \$1,375,000 in the first year indicating a gross income multiplier of 1.93. The estimated net operating income did not include reserves expense. The site consists of one tax parcel improved with a public access daily fee 18 hole golf course constructed in 1962 with two practice greens, no practice range, a 54 year old two story clubhouse building (8,000 SF) with 43 seat grille room/bar, 80 seat banquet room, a detached 46 year old one story cart storage barn (3,200 SF) and a 25-54 year old one story equipment maintenance building (3,200 SF) plus a 100+ year old residential dwelling occupied by an employee. Estimated overall rate (OAR) of 9.55% based on pro-forma NOI of \$253,000.	\$147,222/ \$76,389
3	Emerson Golf Club Borough of Emerson Bergen County, NJ	12/17	18/71/ 6,949 Yards/ \$70.00/ 134.06 Acres	Average/ Average	Semi-private 18 hole golf course designed by Orrin E. Smith and constructed in 1963 with practice green, practice range, a 54 year old one and part two story clubhouse building (10,198 SF) with pro shop, locker rooms, kitchen, business office and bar/restaurant on first floor and a banquet room with bar on second floor with attached deck. There is an attached one story cart storage barn (4,000 SF) and a one story equipment maintenance building. Privately owned daily fee course located in market area with above average golf course competition. The grantor negotiated the sale of the property directly and the grantee (Bergen County) will continue operations as a daily fee course with emphasis on improving golf course maintenance which had been neglected by the grantor. The majority of the sale property was deed restricted to golf course or open space use only in perpetuity with 5.27 acres on Palisade Avenue classified as excess land (pool & tennis courts) which had multi-family development potential.	\$434,656/ \$83,593
4	Dunes West GC 3535 Wando Plantation Way Mount Pleasant Twp. Charleston County, South Carolina	3/16	18/72/6,871/ N/A/ 214.7 Acres	Good/ Good- Average	The site consists of multiple tax parcels within a residential development improved with a semi-private 18 hole golf course designed by Arthur Hills and constructed in 1991 with one practice greens, practice range, a 25 year old two story clubhouse building (11,000 SF) with grille room/bar, banquet room, meeting facilities, fitness/tennis and swimming pool, a detached one story cart storage barn and a one story equipment maintenance building. Privately owned semi-private course located in resort area with above average golf course competition. The grantor (Pulte Homes) had acquired a regional home builder that had developed the sale property and surrounding communities. Purchased by a New Jersey based golf course operator which owns two other properties in state and will continue operations as a semi-private course with emphasis on improving memberships and golf revenue. The sale property was deed restricted to golf course or open space use only in perpetuity.	\$305,556/ \$221,389

ANALYSIS OF COMPARABLE PROPERTY SALES

The market data indicates that improved properties with a similar highest and best use as the subject have sold within the range of \$147,222 to \$434,656 per hole before adjustment for the elements of comparison which cause this variation. A synopsis of the four sales reported has been reproduced on the facing page. The methodology for adjusting for elements of comparison is as follows: when an aspect of the subject site is superior to that of an actual transaction, a positive adjustment is made to the unit rate indicated by the comparable sale. No adjustment is required when an element of comparison is similar or equal. The following table is a summary of the elements of comparison between the subject and the comparable market transactions.

Economic Adjustments

The subject property is currently providing significant rental income to the owner of record. My previous analysis indicates the subjects potential gross income (PGI) is equivalent to \$301,250 per hole. All four sales occupied and providing revenues as going concern golf courses at the time of sale and require analysis and comparison with the subjects net operating income. I will compare the comparable sales data with the subject based on an analysis of the relative net operating income for each sale. This format of adjustment factors together much of the locational attributes, physical traits, and economic characteristics of the market data and subject into a single computation. Inherent in this analysis is the fact that the net operating income produced by a property and its corresponding sale price is driven by this basic (NOI/hole) element of comparison. A summary of the adjustment process is summarized as follows:

STATISTICAL ANALYSIS OF COMPARABLE SALES

SALE	Subject PGI/Hole Comparable PGI/Hole	Comparable PGI/Hole	Adjustment Factor	Comparable Sale Price/Hole	Adjusted Sale Price/Hole
#1	\$301,250	\$193,096	1.560	\$200,000	\$312,021
#2	\$301,250	\$147,222	2.046	\$147,222	\$301,250
#3	\$301,250	\$83,593	3.604	\$434,656	\$1,566,401
#4	\$301,250	\$221,389	1.361	\$305,556	\$415,778
				MEAN AVG.=	\$648,862

AS IS MARKET VALUE BY THE SALES COMPARISON APPROACH

18 Golf Holes @ \$400,000 per Hole = \$7,200,000®

RECONCILIATION

The sale prices per golf hole ranged from \$147,222 to \$434,656 per golf hole including land, buildings and amenities. After adjustments for economics, a range of adjusted unit rates from \$301,250 to \$1,566,401 per golf hole is indicated. I have analyzed the market extensively and the sales reported are considered the most reliable guide to value. The indicated mean from the analysis is equivalent to \$648,862 per golf hole including land, buildings and amenities. The reader is advised that the mean average is skewed higher by sale #3 which was influenced by the purchasers interest in preserving open space and preventing multi-family development of the site. After consideration for the various factors, I have estimated an "as is" market value of \$400,000 per golf hole including land, buildings and amenities or \$7,200,000 for the subjects Real Estate only as of April 30, 2018, the effective date of the appraisal.

AS IS MARKET VALUE OF REAL ESTATE BY THE SALES COMPARISON APPROACH

\$7,200,000

GOING CONCERN VALUATION

Under the "competency" provision of USPAP, an appraiser is required to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report. The client is hereby informed that I **DO NOT** represent myself as an expert in the field of valuation of personal property, machinery, equipment, licenses and/or good will which is inherent of and considered an integral part of a property similar to the subject. The reader is advised that I am an experienced Real Estate appraiser; however, I do not represent myself or my firm as experts in the valuation of personal property, goodwill, licenses or furniture fixtures and equipment which are part of the subject property. A valuation expert familiar with this type of business operation should be retained to accurately estimate the depreciated value in place for all of the subject business assets.

The only information available regarding the valuation of these assets is the consideration of \$500,000 paid for the Furniture, Fixtures, Equipment & goodwill for sale #2 which was anticipated to generate approximately 27.6% of the subjects 2017 gross revenues (\$4,983,486) at the time of sale with clubhouse/dining facilities (8,100 SF) which are approximately 58% smaller than the subject. Finally, the owner of record has supplied an inventory of the Furniture, Fixtures, machinery and Equipment in place (see addendum) with an estimated contributory value of \$2,080,000 which I have adjusted upward to \$3,015,000[®] for the estimated \$934,636 in banquet deposits to be transferred under the subjects asset purchase allocation. Accordingly, I have estimated a contributory value of \$3,015,000 for the subjects Furniture, Fixtures, Machinery and Equipment indicating an "as is" market value of \$10,215,000 (\$7,200,000 + \$3,015,000) for the subject as of April 30, 2018, the effective date of the appraisal.

AS IS MARKET VALUE BY THE SALES COMPARISON APPROACH **(GOING CONCERN)**

\$10,215,000

FINAL RECONCILIATION (Going Concern)

The subject consists of an 18 hole daily fee golf course with a small clubhouse, several other outbuildings and a large banquet facility which is currently generating substantial revenues. The improvements are situated on an irregular site with adequate road frontage embracing a net land area of 124.077 acres which is zoned REC Recreational District under the Northampton Township zoning ordinance. The existing facilities, golf course and site improvements were observed to be in good to average condition as of April 30, 2018, the date of my last inspection. My analysis of the local and regional golf course marketplace indicates market conditions had declined significantly with no improvement noted from recent national surveys related to participation rates. My analysis of the local competition indicates minor improvement in rounds played and minor increases in greens fees in 2013-15. The reported trends are similar to the subject's golf operations; however, the subject's food and beverage operations are performing at a level which is significantly higher than competitive properties in the Delaware Valley region.

The application of two of the three conventional approaches to value has produced results which fall within a reasonably acceptable range for the subject's fee simple estate as a going concern which includes the Furniture, Fixtures, Equipment & goodwill depreciated in place. Restated, these are:

Sales Comparison Approach:	\$10,215,000
Income Approach:	\$11,065,000
Cost Approach:	N/A

The two approaches utilized are well supported by data extracted from the market. There are, however, strengths and weaknesses in each approach which need to be reconciled before a final conclusion of value can be estimated.

The Sales Comparison Approach is best applied to a property which is typically bought and sold on a regular basis. When comparative data is scarce, the absolute degree of adjustments required to the market data serves to weaken the effectiveness of this valuation methodology.

The Income Approach is best applied to a property which is planned or designed as an investment. The Income Approach treats real property as an asset which is in competition with the investment capital marketplace. The strength of this approach is that a sufficient amount of market data relating to income, expenses, and capitalization rates is available for analysis in this approach. The weakness of this approach is the variability found in the local and national economies and the uncertainty about future directions. This affects the ability to definitively select capitalization and yield rates which adequately reflect the principle of anticipation.

In the Income Approach, competitive properties were surveyed to estimate the potential revenues to be generated from the subject as a daily fee golf course with additional revenues from a food and beverage operation. Also, reliable estimates of expenses were available for properties of this type. Finally, an overall capitalization rate was used to convert the net operating income into a capital sum. The overall capitalization rate was based upon current market expectations.

In the Sales Comparison Approach, comparable sales of several golf courses were analyzed from the Delaware Valley and other market areas. Each of the sales selected competes in the same or similar markets with the subject for investors. Adjustments to the sales were derived from experience with similar properties with support from real estate brokers, contractors and participants in the marketplace. Two of the four sales reported were sold in 2015 reflecting current market conditions; however, none of the sale properties was generating gross revenues of a similar volume. Thus, I have given the value estimated by this approach secondary consideration in a final value conclusion.

FINAL VALUE ESTIMATE

Two of the three traditional approaches to value have been considered, with their respective strengths and weaknesses. It is my opinion that the Sales Comparison Approach deserves the least weight within this

valuation as the Income Approach is a more accurate reflection of the subjects market value for the going concern based on the current and projected income and operating expenses.

Based on the total analysis contained in this report, it is my considered opinion that the "**as is**" market value for the subject property as a "going concern" with golf course, dining/banquet facilities, including all furniture, fixtures, goodwill and equipment, was \$10,900,000 as of April 30, 2018, the effective date of the appraisal. I have allocated \$7,885,000 to the Real Estate with \$3,015,000 to the furniture, fixtures, equipment, goodwill, etc.

AS IS MARKET VALUE
(GOING CONCERN)

\$10,900,000

SALES COMPARISON APPROACH-LAND VALUATION

An analysis of the property is required to arrive at the as is market value for the subjects land as if vacant to accurately analyze the highest and best use of the subject as presently improved or as a "going concern". I have processed the Sales Comparison Approach to estimate the as is market value of the subject property. In developing an estimate of the as is market value for the 124.07783 acre subject property, I have investigated the market area for recent sales of residential land developed or to be developed with detached residences. I have researched the market area for recent sales of residential development tracts for the purpose of establishing the as is market value of the subject property assuming the site were to be developed as a residential subdivision. I have analyzed the comparable sales and have compared them to the subject property based on the sale price per potential building lot which is a common unit of comparison in the local marketplace.

A map showing the location of the subject and the comparable sales is found on the following page. A description of these sales, my analysis, and my estimate of the as is market value of the subject property as if vacant by the Sales Comparison Approach are located on the subsequent pages.

COMPARABLE SALE #1

Location: 649 Unionville Street &
Lot #81 Unionville Road
East Marlborough Township
Chester County, PA

Seller: Estate of Valeria Pratt

Grantee: Confidential

Date of Sale: 11/03/2017 (Agreement of Sale)

Recording Doc#: N/A (Settlement 30 days of receipt of approvals)

Consideration: \$5,747,369

Verification: Representative of grantee

Tax Parcel #: 61-05-008.0100 & 61-05-0081

Site Description: Two contiguous vacant parcels of residential land containing a combined gross land area of 31.20 acres. The combined site will have 264.54' of frontage on the west side of Unionville Road and an additional 50 feet of access frontage at the terminus of Chalfont Road. The site has a level topography and mostly cleared fields with mature stands of trees along the perimeter and interspersed within the interior of the site. Public water, sewer, electric, etc. are immediately available to the site.

Zoning: RB-Residential (7,000 SF Minimum Lot Size)

Approval: The property was sold subject to final land development approvals to be obtained by the buyer. A preliminary plan was approved by the township planning commission for 42 lots located on a loop street from Unionville Pike that will connect to Chalfont Road. The lots will range in size from 7,250 to 9,413 square feet with an average lot size of 8,086 square feet or .186 acres with approximately 11.0 acres of open space surrounding the 42 lots. Indicated building density of 1.35 units per acre of gross (31.2) land area.

Unit Rate: \$136,843 per approved/unimproved building lot.

Remarks: The sale property qualified for the "cluster" provision of the zoning ordinance by utilizing an additional family owned 31.37 parcel located on the east side of Unionville Road that will be retained by the owners of record with 25.519 acres of land area restricted to open space use that also will be conveyed to the buyer. Indicated building density of .74 units per acre of total gross (56.719) land area.

COMPARABLE SALE #2

Location: Estates at Creekside
 Southeast side of Old Jacksonville Road
 Northampton Township
 Bucks County, PA

Grantor: The Walter B. Gilmour, Sr. and Suzanne G. Gilmour Trust
Grantee: Woodbury Grove Investors, L. P. (DeLuca Homes)

Date of Sale: 10/11/2017
Recording Doc#: 2017-061994
Consideration: \$2,200,000
\$ 105,000* (Site improvements/fees for retained lot)
\$2,305,000 Adjusted Sale Price

Verification: Kevin DeLuca, representative of grantee

Tax Parcel #: 31-004-007-002 to 007-019

Site Description: The sale property is part of a greater 50.744 acre parcel and will contain a gross land area of approximately 31.288 acres and a net land area of approximately 30.885 acres. The 30.885 acre site will have approximately 961.63' of frontage on the southeast side of Old Jacksonville Road. The site has a level to gently rolling topography and is mostly clear fields with mature woods in the north and northwest sections of the site. On site well water and sanitary systems are required.

Existing Building: None

Zoning: AR-Agricultural Residential

Approval: The property was placed under agreement in 2/2016 contingent upon final land development approvals at the buyer's expense. Final subdivision approvals were obtained for 19 lots with three lots consisting of a 3.7 acre lot with a farmhouse, a 14.511 acre agricultural lot and a new 1.245 acre detached single family building lot retained by the sellers. The buyer acquired the remaining sixteen (16) new detached single family lots that will range in size from 1.0 to 2.10 acres with an average lot size of 1.16 acres. The overall building density of the new development is approximately .55 dwelling units per acre of net land area (17 lots/30.885 acres = .55 units/acre). The development will have on site water and sanitary systems.

Unit Rate: \$144,206 per approved/unimproved building lot. (16 Lots)

Remarks: *The grantee is responsible for improving the new building lot retained by the seller at a cost of approximately \$100,000/lot plus the township parks and recreation fee (\$5,000/lot). The developer reported direct site improvement costs of approximately \$100,000 per lot exclusive of on site sanitary systems (\$30,000/lot) and on site wells (\$5,000/lot). The initial base prices will range from \$859,000 (\$244.45/SF) to \$949,000 (\$193.9/SF) for 4 bedroom, 3.5 bathroom detached single family homes ranging in size from 3,514-4,897 square feet. The average base price is \$901,500 and the approved lot price is equivalent to 16.0% of the average initial retail base price.

COMPARABLE SALE #3

Location: Horsham Glen
 1) 328 Witmer Road
 2) Lot #66 Witmer Road
 3) Lot #67 Witmer Road
 4) Lot #94 Witmer Road
 Horsham Township
 Montgomery County, PA

Grantor: Walter Seitz, Edward F. Leher, Jr., Dianne M. Muldoon &
Grantee: Hallmark Homes-Horsham, LLC.
Date of Sale: 6/15/2017
Recording Doc#: Deed Book 6050, Page #s1371, 1376, 1381 & 1386
Consideration: 1) \$1,350,000
 2) \$ 130,000
 3) \$ 130,000
 4) \$ 385,000
 \$1,995,000-Total

Verification: Richard Carroll of Hallmark Homes, representative of grantee
Tax Parcel #: 36-00-11701-008, 36-00-11702-007, 36-00-11703-006 & 36-00-11701-017

Site Description: Four contiguous interior parcels containing a combined gross land area of 15.36 acres with approximately 903.04' of frontage on the northeast side of Witmer Road. The site has a level to gently rolling topography and is mostly clear fields with mature woods in the southwest section of the site. Public water and sewer are available.

Existing Building: Two older residential dwellings that will be removed from the site.
Zoning: R-3 Residential
Approval: The property was placed under agreement contingent upon final land development approvals at the buyer's expense. Final subdivision approvals were obtained for 15 detached single family building lots that will range in size from .74 acres to .74 to 94 acres with an average lot size of 33,977 square feet or .78 acres. The overall building density of the new development is .98 dwelling units per acre of gross land area (15 lots/15.36 acres = .98 units/acre). The development will be connected to public water and sewer.

Unit Rate: \$133,000 per approved/unimproved building lot. (15 Lots)
Remarks: The developer reported direct site improvement costs of approximately \$100,000 per lot and indirect costs of \$18,600 per lot. The initial base prices will range from \$649,990 (\$221.39/SF) to \$789,990 (\$180.73/SF) for 4 bedroom, 2.5-4.5 bathroom detached single family homes ranging in size from 2,936-4,371 square feet. The average base price is \$720,500 and the approved lot price is equivalent to 18.5% of the average initial retail base price.

COMPARABLE SALE #4

Location: 182 Twining Road
Northampton Township
Bucks County, PA

Parcel #: 31-010-082-001

Grantor: Paul R. Hatton & Kathleen Hatton

Grantee: Dexter L. Lanigan & Jaime A. Lanigan

Date: 4/15/2014

Recording Document#: 18310

Consideration: \$1,200,000

Verification: Margaret Weiner of ReMax Centre Realtors, listing agent

Site Description: An irregular shaped corner parcel embracing 19.924 acres with 1,278.56 of non-contiguous frontage on the south side of Twining Road and 482.50' of frontage on the west side Worthington Road. The site has a rolling topography and is mostly cleared with mature trees in the northeast section of the site. Public water and on site sanitary system.

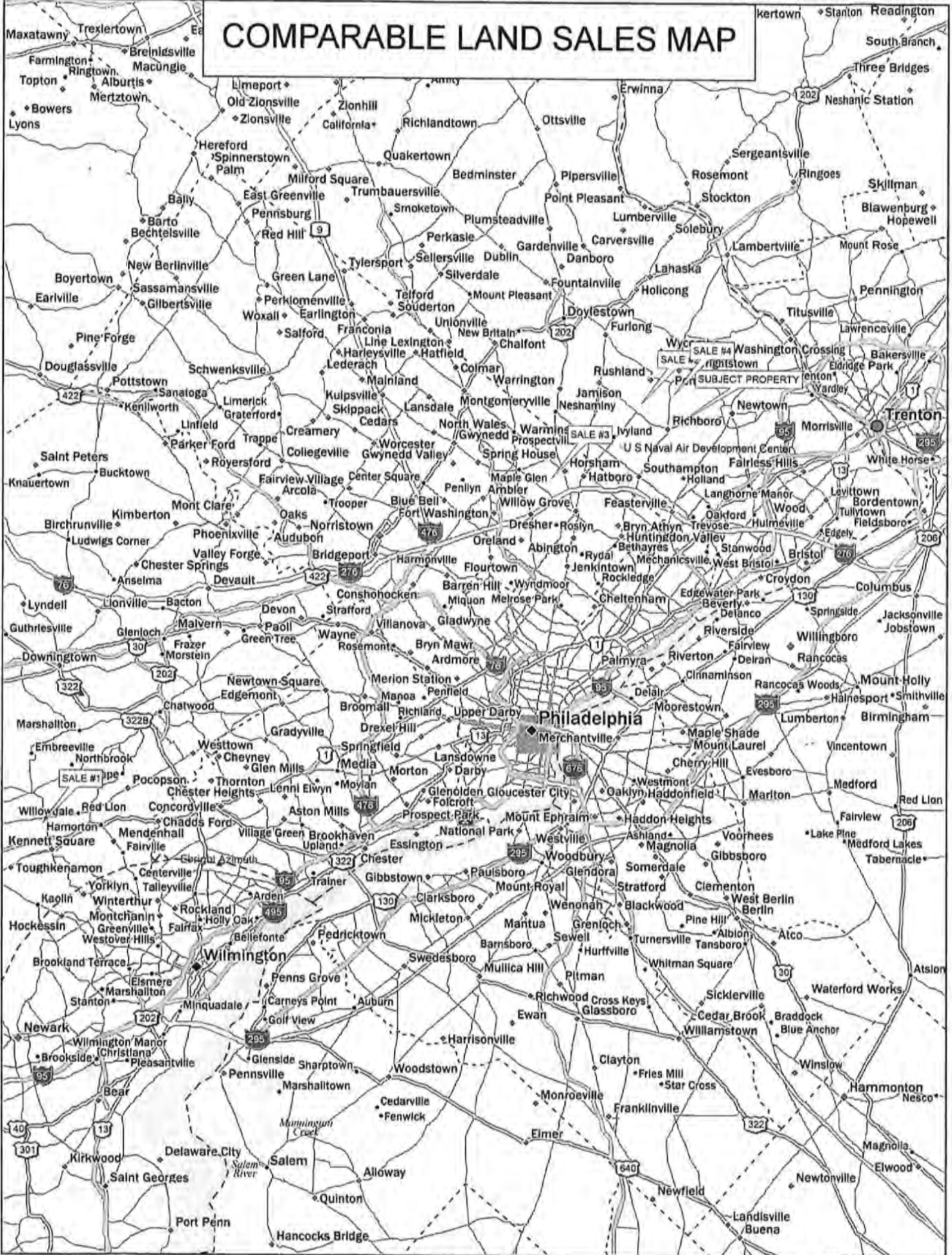
Zoning: CR-Country Residential (2.0 Acre Minimum)

Improvements: None

Unit of Comparison: \$171,429 per potential lot

Remarks: Exposed on the open market for 7 days with a listing price of \$1,500,000. The property was purchased as raw land; however, it had potential for subdivision with an estimated yield of seven (7) lots. The grantee constructed an owner occupied 9,323 square foot detached single family dwelling on the site in 2015.

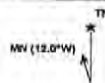
COMPARABLE LAND SALES MAP



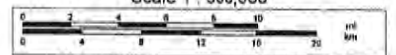
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Scale 1 : 500,000



1" = 7.89 mi Data Zoom 8-6

COMPARABLE LAND SALES SUMMARY

#	LOCATION	DATE	LAND AREA	# OF LOTS	LOT SIZE/ UTILITIES	BUILDING DENSITY	UNIT RATE	COMMENTS
1	649 Unionville Street & Lot #81 Unionville Road East Marlborough Twp. Chester County, PA	11/17	56.719 Acres	42	.186 Acre (Average)/ All Public	.74 Units/ Acre	\$136,843	The sale property qualified for the "cluster" provision of the zoning ordinance by utilizing an additional family owned 31.37 parcel located on the east side of Unionville Road that will be retained by the owners of record with 25.519 acres of land area restricted to open space use that also will be conveyed to the buyer. Indicated building density of .74 units per acre of total gross (56.719) land area. Average retail base prices of approximately \$575,000 (\$175.00/SF). The approved lot price is equivalent to 23.8% of the average retail base price.
2	Estates at Creekside SE side of Old Jacksonville Road Northampton Township Bucks County, PA	10/17	30.885 Acres	16	1.16 Acres (Average)/ On site water and sanitary	.55 Units/Acre	\$144,206	The property was placed under agreement in 2/2016 contingent upon development approvals at th buyers expense. The grantee is responsible for improving the new building lot retained by the seller at a cost of approximately \$100,000/lot plus the township parks and recreation fee (\$5,000/lot). The developer reported direct site improvement costs of approximately \$100,000 per lot exclusive of on site sanitary systems (\$30,000/lot) and on site wells (\$5,000/lot). Initial base prices will range from \$859,000 (\$244.45/SF) to \$949,000 (\$193.9/SF) for detached single family homes ranging in size from 3,514-4,897 square feet. The approved lot price is equivalent to 16.0% of the average retail base price.
3	Horsham Glen 328 Witmer Road Horsham Township Montgomery County, PA	6/17	15.36 Acres	15	.78 Acre (Average)/ All Public	.98 Units/ Acre	\$133,000	Four contiguous parcels sold contingent upon development approvals at the buyers expense for 15 detached single family lots. The developer reported direct site improvement costs of approximately \$100,000 per lot and indirect costs of \$18,600 per lot. The initial base prices will range from \$649,990 (\$221.39/SF) to \$789,990 (\$180.73/SF) for 4 bedroom, 2.5-4.5 bathroom detached single family homes ranging in size from 2,936-4,371 square feet. The approved lot price is equivalent to 18.5% of the average retail base price.
4	182 Twining Road Northampton Twp. Bucks County, PA	11/14	19.924 Acres	7	2.0 Acre (Minimum)/ On-Site	.35 Units/ Acre	\$171,429	Exposed on the open market for 7 days with a listing price of \$1,500,000. The property was purchased as raw land; however, it had potential for subdivision with an estimated yield of seven (7) lots. The grantee constructed an owner occupied 9,323 square foot detached single family dwelling on the site in 2015.

ANALYSIS OF MARKET DATA

The market data indicates that properties with a similar highest and best use as the subject have sold within the range of \$133,000 to \$171,429 per potential building lot before adjustment for the elements of comparison which cause this variation. The methodology for adjusting for elements of comparison is as follows: when an aspect of the subject site is superior to that of an actual transaction, a positive adjustment is made to the unit rate indicated by the comparable sale. No adjustment is required when an element of comparison is similar or equal.

The following table is a summary of the elements of comparison between the subject and the comparable market transactions.

STATISTICAL ANALYSIS OF COMPARABLE SALES

SALE #	SUBJECT	1	2	3	4
Sale Price/LOT		\$136,843	\$144,206	\$133,000	\$171,429
ADJUSTMENTS:					
Property Rights	Fee Simple	1.000	1.000	1.000	1.000
Financing Terms	Cash	1.000	1.000	1.000	1.000
Conditions of Sale	Arms-Length, Contingent on Approvals	1.000	1.000	0.925	1.350
ADJ. SP/LOT		\$136,843	\$144,206	\$123,025	\$231,429
Market Conditions	April 30, 2018	1.000	1.075	1.075	1.125
ADJ. SP/LOT		\$136,843	\$155,021	\$132,252	\$260,358
Location	Good	1.100	1.000	1.050	1.000
Size/# of Lots	124+ Acres/88 Lots	0.975	0.925	0.925	0.900
Avg. Lot Size/Density	.344 Acre-Average (Cluster Provision)/ .71 Units/Acre	1.025	1.000	1.000	1.000
Site Utility	Public Water & Sewer/ Average Site Costs	1.000	1.200	1.150	1.100
Net Adjustment		1.100	1.125	1.125	1.000
ADJUSTED UNIT RATE		\$150,527	\$174,399	\$148,783	\$260,358
MEAN=	\$183,517				

**PROSPECTIVE MARKET VALUE OF 124.07783 ACRE SITE
BY THE SALES COMPARISON APPROACH**

88 Potential Building Lots @ \$180,000 per Lot = \$15,840,000®

NOTE: All adjustments are qualitative and are based upon my experience in the market area and interviews with local brokers and developers. Quantitative adjustments were requested; however, there was insufficient data available to complete a specific quantitative analysis.

ELEMENTS OF COMPARISON

REAL PROPERTY RIGHTS CONVEYED

The first category for comparison for the subject and the four sales is for real property rights conveyed. I have previously discussed that the purpose of this appraisal is to estimate the market value of the subjects fee simple interest. The four sales reported were all fee simple transactions and no adjustments are required to these sales.

FINANCING

The next element of comparison between the subject and the reported sales is the financing terms of the transaction. Market financing in terms of cash or its equivalent is inherent in the definition of market value for the subject as of the effective date. Three of the four comparable sales reported involved an exchange for cash and debt funds at the then prevailing market rates. As market financing with either cash or its equivalency is assumed, no adjustment is required to these sales for this particular element of comparison. Sale #3 involved a purchase money mortgage with market oriented terms and no adjustment is required to this sale.

CONDITIONS OF SALE

Adjustments for this element of comparison reflect the motivations of buyers and sellers in the marketplace. Market value, as defined in this appraisal assumes a buyer and seller are knowledgeable, prudent and not under duress as they are involved in a transaction. These circumstances are commonly referred to as an arm's length transaction. All of the four sales reported have been confirmed as arm's length transactions.

The subject site is classified as "raw" land with no approved land development plans in place; however, my analysis assumes that the subject would be sold to a prospective purchaser assuming a sales contract with contingencies for all final land development approvals. My interviews of local developers, including Mr. Joseph DeLuca, indicates that a majority of land sales that are similar to the subject are sold with these types of contingencies with an estimated time period of 16-24 months to obtain final land development approvals.

My estimate of the subjects Prospective market value assumes that it would be sold subject to contingencies for final land development approvals being obtained by a prospective purchaser. Sales #1, #2 and #3 were sold subject to contingencies which is similar to my analysis of the subject and no adjustments are required to these sales. Sale #4 was sold in "as is" condition with no contingencies for land development approvals which is inferior to the subject and an adjustment of 35% is required for the lack of land development approval contingencies for this sale property.

MARKET CONDITIONS

This element of comparison is commonly referred to as a "time" adjustment and reflects changes in market conditions caused by inflation, deflation, changes in supply and demand and other factors. My interviews of local brokers indicates that stabilization in prices was realized in the first half of 2012 with steady appreciation noted in 2013-14 and significant appreciation noted in 2016-17. Sales #2, #3 and #4 reflect inferior market conditions in comparison to the effective date of this appraisal and upward adjustments are required to these sales. Sale #1 is considered similar to the subject within a relevant range and no adjustment is required to this sale.

LOCATION

The subject is located within close proximity to regional highways and employment centers in a section of the township which has been intensely developed. Two of the four sales are located in Northampton Township and are rated as similar to the subject location and no adjustments are required. Sale #1 is located in the "Kennett Square" section of East Marlborough Township which is further removed from regional highways and employment centers and is rated as inferior to the subject's location and an upward adjustment is required to this sale based on my analysis of retail base prices for the two locations. Sale #3 is located in Horsham Township which has a school district that is rated as inferior to the subjects (Council Rock) an upward adjustment is required to this sale based on my interviews of local brokers specializing in new home sales.

SIZE

The market recognizes an inverse relationship between the size of a site and the corresponding price paid per lot. All four sales are smaller than the subject and downward adjustments of varying degree are required to these sales.

AVERAGE LOT SIZE/DENSITY

The subjects indicated yield of 88 lots indicates a density of .71 units per acre with an average lot size of .344 acres. Sale #1 has a smaller average lot size and similar density which is rated as inferior to the subject requiring a minor upward adjustment to this sale. Sales #2, #3 and #4 are considered similar to the subject within a relevant range and no adjustments are required to these sales.

PHYSICAL/SITE UTILITY

The subject has physical characteristics which will result in average direct or hard costs for site improvements with a gently rolling topography and public water and sewer available in the area from several public streets that dead end into the site. Sale #1 is considered similar and no adjustment is required to this sale. Sales #2 and #4 will require on-site utilities which is rated as inferior to the subject (public water & sewer) and an upward adjustment is required to these sales with a higher adjustment to sale #2 which had some extraordinary improvements required which increased the estimate site improvement costs. Sale #3 has higher than average anticipated direct site improvement costs and an upward adjustment is required to this sale.

I have considered the estimated demolition costs for my analysis of the subject as vacant land. As previously discussed in the site description section, there is a high probability that the subject would be developed under the cluster option and that some of the clubhouse improvements and other site improvements would be retained and incorporated into the development as common area amenities such as the clubhouse buildings, pool, putting green, practice range, etc. Also, the two equipment sheds could be utilized as construction field offices by the developer/builder. Accordingly, I have not made any adjustment or deduction for the costs of demolition as part of my analysis.

RECONCILIATION

The sales price per unit ranged from \$133,000 to \$171,429 per potential lot before adjustment for the elements of comparison which cause this variation. The sales were analyzed and the adjusted unit rates ranged from \$148,783 to \$260,358 per potential building lot. The indicated mean from the analysis is equivalent to \$183,517 per lot.

Applying the adjusted unit rates to the subjects estimated yield of 88 lots indicates a Prospective market value ranging from \$13,093,000 to \$22,912,000. Accordingly, I have estimated a Prospective market value of \$180,000 per potential lot or \$15,840,000 as indicated by the Sales Comparison Approach for the subject as of April 30, 2020, the estimated time frame required for a prospective purchaser to obtain all final land development approvals for 88 lots. The middle to upper end of the adjusted range was selected due to the scarcity of land that is suitable for development and has public water and sewer capacity within Northampton Township.

PROSPECTIVE MARKET VALUE OF LAND

\$15,840,000

AS IS LAND VALUATION

I have also analyzed the subject to estimate the “as is” market value of the underlying land in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation. I have utilized the same four comparable land sales and a majority of my previous analysis with revisions to the adjustment for conditions of sale only. The analysis is summarized as follows:

The market data indicates that properties with a similar highest and best use as the subject have sold within the range of \$133,000 to \$171,429 per potential building lot before adjustment for the elements of comparison which cause this variation. The methodology for adjusting for elements of comparison is as follows: when an aspect of the subject site is superior to that of an actual transaction, a positive adjustment is made to the unit rate indicated by the comparable sale. No adjustment is required when an element of comparison is similar or equal.

The following table is a summary of the elements of comparison between the subject and the comparable market transactions.

STATISTICAL ANALYSIS OF COMPARABLE SALES

SALE #	SUBJECT	1	2	3	4
Sale Price/LOT		\$136,843	\$144,206	\$133,000	\$171,429
ADJUSTMENTS:					
Property Rights	Fee Simple	1.000	1.000	1.000	1.000
Financing Terms	Cash	1.000	1.000	1.000	1.000
Conditions of Sale	Arms-Length, No Contingencies or Approvals	0.725	0.725	0.725	1.000
ADJ. SP/LOT		\$99,211	\$104,549	\$96,425	\$171,429
Market Conditions	April 30, 2018	1.000	1.075	1.075	1.125
ADJ. SP/LOT		\$99,211	\$112,391	\$103,657	\$192,858
Location	Good	1.100	1.000	1.050	1.000
Size/# of Lots	124+ Acres/88 Lots	0.975	0.925	0.925	0.900
Avg. Lot Size/Density	.344 Acre-Average (Cluster Provision)/ .71 Units/Acre	1.025	1.000	1.000	1.000
Site Utility	Public Water & Sewer/ Average Site Costs	1.000	1.200	1.150	1.100
Net Adjustment		1.100	1.125	1.125	1.000
ADJUSTED UNIT RATE		\$109,132	\$126,439	\$116,614	\$192,858
MEAN=	\$136,261				

AS IS MARKET VALUE OF 124.07783 ACRE SITE BY THE SALES COMPARISON APPROACH
88 Potential Building Lots @ \$135,000 per Lot = \$11,880,000®

NOTE: All adjustments are qualitative and are based upon my experience in the market area and interviews with local brokers and developers. Quantitative adjustments were requested; however, there was insufficient data available to complete a specific quantitative analysis.

ELEMENTS OF COMPARISON

The reader is advised that all of the adjustments previously analyzed are the same with the exception of the adjustment for Conditions of Sale under an “as is” bulk land purchase. The adjustment for this element of comparison is analyzed below.

CONDITIONS OF SALE

Adjustments for this element of comparison reflect the motivations of buyers and sellers in the marketplace. Market value, as defined in this appraisal assumes a buyer and seller are knowledgeable, prudent and not under duress as they are involved in a transaction. These circumstances are commonly referred to as an arm's length transaction. All of the four sales reported have been confirmed as arm's length transactions.

The subject site is classified as “raw” land with no approved land development plans in place. My interviews of local developers, including Mr. Wayne Rosen, indicates that a discount or negative adjustment of 30-40% is typically required for the lack of land development approvals for larger parcels that are similar to the subject due to the risk of obtaining a lot yield and the holding costs incurred while land development approvals are being obtained including taxes, insurance, interest and opportunity costs lost from other approved land development projects while capital is invested in the subject.

Sales #1, #2 and #3 were sold subject to contingencies for subdivision approvals which is significantly superior to the subject and corresponding downward adjustments are required to these sales. Sale #4 was sold without any contingencies for subdivision approvals which is similar to the subject and no adjustment is required to this sale.

RECONCILIATION

The sales price per unit ranged from \$133,000 to \$171,429 per potential lot before adjustment for the elements of comparison which cause this variation. The sales were analyzed and the adjusted unit rates ranged from \$109,132 to \$192,858 per potential building lot. The indicated mean from the analysis is equivalent to \$136,261 per lot.

Applying the adjusted unit rates to the subjects estimated yield of 88 lots indicates a value ranging from \$9,604,000 to \$16,972,000. Accordingly, I have estimated an as is market value of \$135,000 per potential lot or \$11,880,000 as indicated by the Sales Comparison Approach for the subject property as of April 30, 2018. The middle to upper end of the adjusted range was selected due to the scarcity of land that is suitable for development and has public water and sewer capacity within Northampton Township.

AS IS MARKET VALUE OF LAND

\$11,880,000

FINAL RECONCILIATION

I have analyzed the subject assuming continued use a going concern with an “as is” market value of \$10,900,000 for the “Going Concern as of April 30, 2018 with emphasis primarily on the Income Approach. The as is market value estimate of \$10,900,000 includes the goodwill, deposits, furniture, fixtures, machinery and equipment in place.

I have also analyzed the Prospective market value for the subjects 127+ acres of land as if vacant which assumes the subject would be sold to a prospective purchaser assuming a sales contract with contingencies for all final land development approvals. The analysis was completed to analyze or test the Highest and Best Use of the subject. In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) I have also analyzed the subject in “as is” condition with appropriate adjustments applied to the comparable land sales for the subjects lack of development approvals.

My analysis of the subject site indicates a potential lot yield of eighty-eight (88) detached single family lots under the parameters of the R-1 Residential zoning ordinance. My analysis indicates an “as is” market value of \$11,880,000 for the subject land as of April 30, 2018. I have also estimated a Prospective market value of \$15,840,000 for the subject as of April 30, 2020, the estimated time frame required for a prospective purchaser to obtain all final land development approvals.

Obviously, the market values estimated for the subject land as a potential development site are higher than my estimated “as is” market value of \$10,900,000 for the going concern including the goodwill, deposits, furniture, fixtures, machinery and equipment in place. My prospective market value of \$15,840,000 for the land assuming the subject would be sold to a prospective purchaser assuming a sales contract with contingencies for all final land development approvals is approximately 45.3% higher than my estimated “as is” market value of \$10,900,000 for the going concern and my estimated “as is” market value for the subject as a potential development site was \$11,880,000 which is approximately 9.0% higher than the going concern value before any consideration of the liquidation value for the furniture fixtures machinery and equipment which could be liquidated if the going concern was closed.

The reader is advised that my estimated land values assume that the going concern would be terminated, including any goodwill, deposits, etc. and would have no market value. My interviews of a local banquet/restaurant operator indicates that the book value of the equipment and furniture, fixtures and equipment in place are significantly more valuable to an operator that would continue to run the going concern and that these components would be discounted to a liquidation value when the going concern is terminated.

My interview of Mr. Robert Duff, a former owner of the Island Green Golf Club, indicates that all of the furniture, fixtures, food/beverage equipment and greens maintenance equipment that was owned was auctioned off or sold in three separate lots. He further reports the total consideration obtained reflected approximately 40% of the book value. Accordingly, I have adjusted the previously estimated contributory value of \$2,080,000 downward by 60% to \$832,000.

FINAL CONCLUSIONS

Accordingly, I have estimated an “as is” market value of \$12,700,000[®] (\$11,880,000 & \$832,000) for the subject, including the machinery equipment and FF & E in place as of April 30, 2018. Also, I have estimated a Prospective market value of \$16,670,000[®] (\$15,840,000 & \$832,000) for the subject, including the machinery equipment and FF & E in place as of April 30, 2020 which are summarized as follows:

Market Value Estimate	Date of Value Estimate	Value Conclusion
Prospective Market Value (Real Estate)	April 30, 2020	\$15,840,000
Prospective Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2020	\$16,670,000
As Is Market Value (Real Estate)	April 30, 2018	\$11,880,000
As Is Market Value (Real Estate & Furniture, Fixtures, Machinery and Equipment)	April 30, 2018	\$12,700,000

* **The market values for the subject including the liquidation value for the furniture, fixtures, machinery and equipment in place are all specifically tied to extraordinary assumption #28 on page #20.**

ADDENDUM