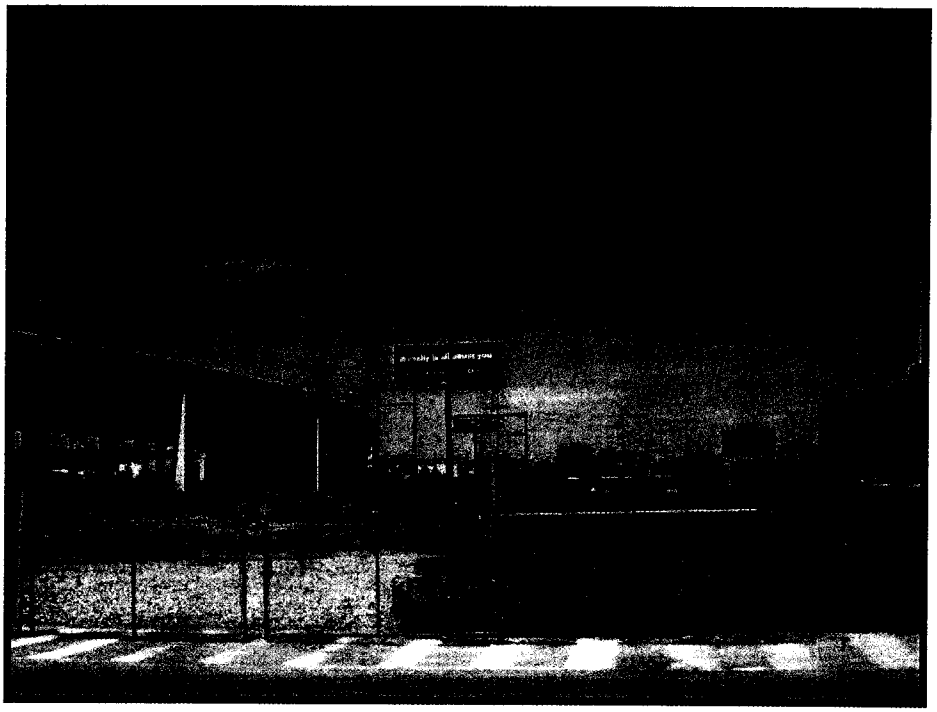
Copy of the
ORIGINAL

Received
MAY 25 2010
DelDOT
R/E North

Appraisal

STATE OWNED PROPERTY
FUTURE SITE OF PENN CINEMA IMAX THEATER
401 S. MADISON STREET
PART OF STATE PARCEL NO. 26-042.00-003
CITY OF WILMINGTON
NEW CASTLE COUNTY, DELAWARE 19801



Prepared May 10, 2010
for
Brenda Riley
North District Appraisal Manager
STATE OF DELAWARE
Department of Transportation
250 Bear-Christiana Road
Bear, Delaware 19701

Reynolds Appraisal Company
2115 Concord Pike
Wilmington, Delaware 19803
Phone 302-575-0955
Fax 302-575-0966

REYNOLDS APPRAISAL COMPANY, INC.

REAL ESTATE APPRAISERS & COUNSELORS

2115 CONCORD PIKE, SUITE 200 • WILMINGTON, DE 19803

TEL 302-575-0955 • FAX 302-575-0966

THOMAS C. REYNOLDS, III SRPA, CRP
TOM@REYNOLDSAPPRAISAL.COM

MAUREEN ZITO
MAUREEN@REYNOLDSAPPRAISAL.COM

May 10, 2010

STATE OF DELAWARE
Department of Transportation
250 Bear-Christiana Road
Bear, Delaware 19701

ATTENTION: Brenda Riley
North District Appraisal Manager

Re: Part of Tax Map No. 26-042.00-003
401 S. Madison Street
City of Wilmington
New Castle County, Delaware 19801

Project Title: Penn Cinema IMAX Theater
Project: Part of Tax Parcel 26-042.00-003
Property Owner: State of Delaware

Dear Ms. Riley:

In accordance with your request, we have made an appraisal of the subject property that consists of part of Tax Map No. 26-042.00-003, 401 S. Madison Street, Wilmington, Delaware, owned by the State of Delaware. The Penn Cinema IMAX Theater Footprint consists of approximately 2.236 acres. The effective date of valuation is April 30, 2010.

The report results in an estimate of the market value of the fee simple interest in the entire property. The intended use of the report is to estimate the value of the land for disposition and land lease rental rate.

Our analyses, opinions, and conclusions have been developed, and this report has been prepared in conformance with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Appraisal Foundation, and Delaware Department of Transportation (DelDOT).

The accompanying report, of which this letter is a part, describes in detail the site, existing site improvements, and methods of appraisal, and contains the pertinent data considered in reaching our value conclusions. The opinions of value are subject to the statement of assumptions and limiting conditions contained in the body of this report.

It is our opinion that the as-is market value of the fee simple interest in the subject property as of April 30, 2010 is:

ONE MILLION SEVEN HUNDRED FIFTY-THREE THOUSAND DOLLARS
($1,753,000)

It is our opinion that the annual land lease rent of the subject property as of April 30, 2010 is:

ONE HUNDRED TWENTY-SIX THOUSAND, SIX HUNDRED TWENTY DOLLARS
($126,620)

We thank you for the information you provided and for the opportunity to complete this engagement. Please do not hesitate to call if we can provide further assistance.

Respectfully submitted,

Thomas C. Reynolds III, SRPA
State Certified General Real Estate Appraiser
Delaware License # X1-0000028

Maureen P. Zito
State Certified General Real Estate Appraiser
Delaware License # X1-0000043

CERTIFICATION

I 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 they are my personal, unbiased and 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 is not 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, the attainment of a stipulated result, or the occurrence of a subsequent event.*
5. *The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.*
6. *I have made a personal inspection of the property that is the subject of this report and have taken all subject and comparable photographs.*
7. *Maureen Zito provided significant professional assistance to the person signing this report.*
8. *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 includes the Uniform Standards of Professional Appraisal Practice.*
9. *I have read, understood and satisfied the competency provision of Uniform Standards of Professional Appraisal Practice.*
10. *As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.*

THOMAS C. REYNOLDS III, SRPA
State Certified Real Estate Appraiser
Delaware License # X1-0000028

May 10, 2010

It is our opinion that the as-is market value of the fee simple interest in the subject property as of April 30, 2010 is:

ONE MILLION SEVEN HUNDRED FIFTY-THREE THOUSAND DOLLARS
($1,753,000)

It is our opinion that the annual land lease rent of the subject property as of April 30, 2010 is:

ONE HUNDRED TWENTY-SIX THOUSAND, SIX HUNDRED TWENTY DOLLARS
($126,620)

We thank you for the information you provided and for the opportunity to complete this engagement. Please do not hesitate to call if we can provide further assistance.

Respectfully submitted,

Thomas C. Reynolds III, SRPA
State Certified General Real Estate Appraiser
Delaware License # X1-0000028

Maureen P. Zito
State Certified General Real Estate Appraiser
Delaware License # X1-0000043

CERTIFICATION

I 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 they are my personal, unbiased and 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 is not 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, the attainment of a stipulated result, or the occurrence of a subsequent event.*
5. *The appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.*
6. *I have made a personal inspection of the property that is the subject of this report and have taken all subject and comparable photographs.*
7. *Maureen Zito provided significant professional assistance to the person signing this report.*
8. *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 includes the Uniform Standards of Professional Appraisal Practice.*
9. *I have read, understood and satisfied the competency provision of Uniform Standards of Professional Appraisal Practice.*
10. *As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.*

THOMAS C. REYNOLDS III, SRPA
State Certified Real Estate Appraiser
Delaware License # X1-0000028

May 10, 2010

TABLE OF CONTENTS

	Page
LETTER OF TRANSMITTAL	i
APPRAISER'S CERTIFICATION	iii
PART I - INTRODUCTION	
SUMMARY OF SALIENT FACTS AND CONCLUSIONS	2
PHOTOGRAPHS OF THE SUBJECT	3
STANDARD ASSUMPTIONS AND LIMITING CONDITIONS	6
SCOPE OF THE APPRAISAL	9
PURPOSE OF THE APPRAISAL	9
SUMMARY OF THE APPRAISAL PROBLEM	10
PART II – FACTUAL DATA	
LEGAL DESCRIPTION / IDENTIFICATION OF THE SUBJECT PROPERTY	12
Tax Map	12
AREA, CITY, AND NEIGHBORHOOD DATA	13
Area Map	13
Regional Data	13
County	15
City of Wilmington	15
Immediate Subject Area	16
Conclusion	18
PROPERTY DATA	19
Site Description	21
Description of Site Improvements	21
Use History	21
Sales History	21
Rental History	22
Assessed Value and Annual Tax Load	22
Zoning and Other Land Use Regulations	22
Zoning Map	23
Flood Map	24

PART III - DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE *26*
Highest and Best Use "As-Vacant" *26*
Highest and Best Use "As-Improved" *27*
APPRAISAL PROCESS *28*
VALUE ESTIMATE BY SALES COMPARISON APPROACH *29*
CORRELATION OF MARKET DATA *35*
ESTIMATE OF MARKET RENTAL RATE *37*

PART IV - EXHIBITS AND ADDENDA

ASSIGNMENT PLAN
HISTORY OF SUBJECT PROPERTY
DEED
QUALIFICATIONS

PART I – INTRODUCTION

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

PROPERTY TYPE	*Vacant Land*
PROPERTY ADDRESS	*401 South Madison Street* *Wilmington, New Castle County, Delaware 19801*
TAX PARCEL NO.	*Part of 26-042.00-003*
PROJECT TITLE	*Penn Cinema IMAX Theater*
PROJECT NO.	*IMAX Footprint*
PROPERTY OWNER:	*State of Delaware*
OCCUPANCY	*None*
SITE	*Rectangular. 2.236± acres or 97,400± square feet.*
ZONING	*W2 – Waterfront MFG/Commercial*
DATE OF INSPECTION	*May 10, 2010*
DATE OF REPORT	*April 30, 2010*
HIGHEST AND BEST USE	*Commercial use*
ASSESSMENT/TAXES	*$TBA/$Exempt*
ESTIMATE OF MARKET VALUE	*$1,753,000*
ESTIMATE OF RENTAL RATE	*$126,620*

PHOTOGRAPHS OF THE SUBJECT

VIEW FROM LOWER BEECH STREET LOOKING NORTH

VIEW FROM S. MADISON STREET AND HOLLINGSWORTH AVENUE LOOKING WEST

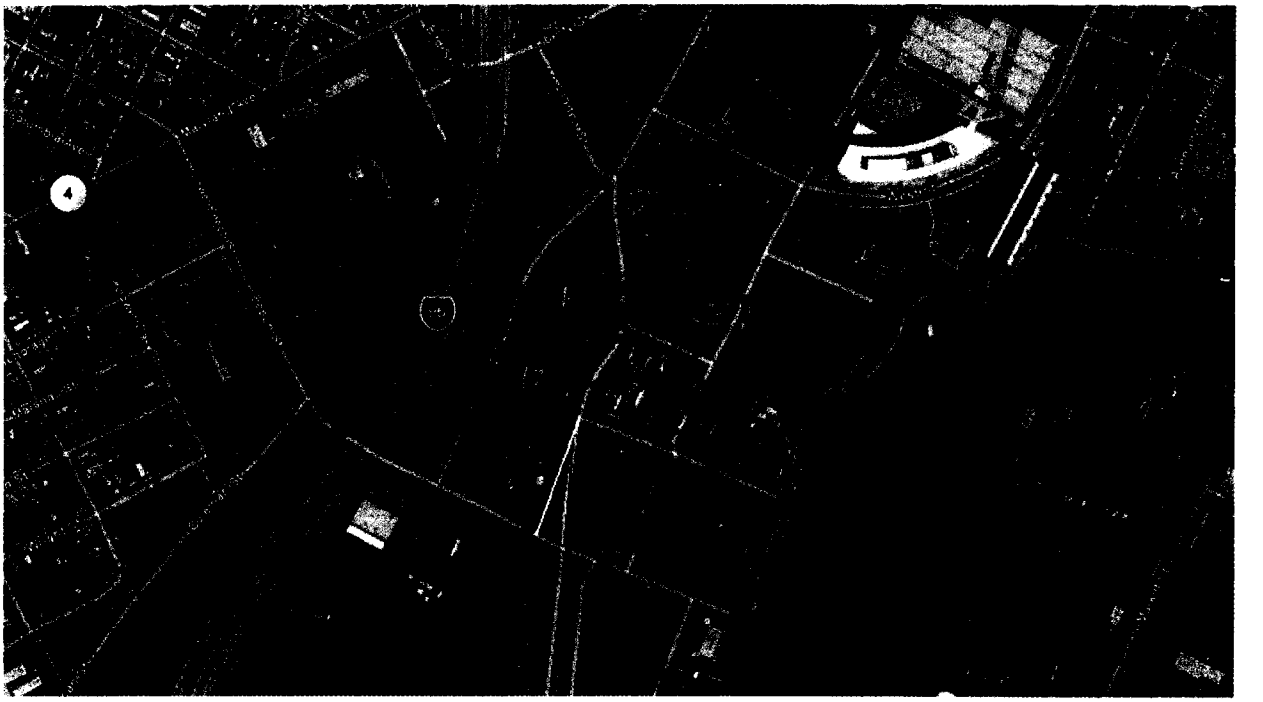
PHOTOGRAPHS OF THE SUBJECT

STREET SCENE LOOKING SOUTH ON S. MADISON STREET

STREET SCENE LOOKING NORTH ON S. MADISON STREET

FOOTPRINT OF IMAX THEATER

Source: Google Maps



STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The Appraisal Report and the value conclusions contained therein are predicated upon and subject to the following assumptions and limiting conditions.

1. *Title to the property is assumed good and marketable, and free and clear of liens, restrictions and encumbrances, except as specifically described in the Appraisal Report.*

2. *By reason of this report, we cannot be required to give testimony with reference to the property appraised, unless arrangements have been made previously.*

3. *We have not had any past, present or contemplated future interest in the real estate that was the subject of this appraisal report, and neither the employment to make this appraisal nor the compensation for it were contingent upon the appraised value of the property.*

4. *We have no personal interest or bias with respect to the subject matter of this appraisal report of the parties involved.*

5. *To the best of our knowledge and belief, the statement of facts contained in this appraisal report, upon which the analyses, opinions, and conclusions expressed herein were based, were true and correct. Information, estimates and opinions furnished us, and contained in this report, were obtained from sources considered reliable and believe to be true and correct. However, no responsibility for accuracy for such items can be assumed.*

6. *This appraisal report sets forth all the limiting conditions (imposed by the terms of the assignment or by us, affecting the analyses, opinions and conclusions) contained in this appraisal report.*

7. *This appraisal report has been made in conformity with, and is subject to, the requirements of the code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which we are affiliated, and in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and Title XI of FIRREA.*

8. *All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by us, and anyone acknowledged in this report.*

9. *No change of any items of the appraisal report shall be made by anyone other than us, and we shall have no responsibility for any such unauthorized change.*

10. *Neither all, nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser(s), firm, or professional organizations, or designations shall be disseminated to the public through any public media or communication without the prior written consent and approval by us.*

11. *We assumed no responsibility for matters of a legal nature, nor was any opinion of the title rendered. Good title was assumed. Management was assumed to be competent and the ownership to be in responsible hands. We assumed that there were no hidden or unapparent conditions of the property, subsoil, or structures that would render the property more or less valuable. We assumed no responsibility for such conditions or for engineering, which might be required to discover such factors.*

12. *Exhibits, such as plot or floor plans, if any, were included to assist the reader in visualizing the property, and no responsibility was assumed for their accuracy. We have not made a survey of the property.*

13. *Portions of the property not inspected (if any) were assumed as reported or similar to comparable portions that were inspected.*

14. *Unless it is stated in the report to the contrary, the value estimate was of "real estate only" and excluded personal property, machinery and equipment, business value, and other non-realty items.*

15. *In this appraisal assignment, the existence of potentially hazardous materials used in the construction or maintenance of the buildings – such as Urea-Formaldehyde, foam insulation, and/or toxic waste that may or may not be present on the property – was not observed by us, nor do we have any knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The existence of Urea-Formaldehyde insulation or other potentially hazardous waste materials may have an effect on the value of the property.*

16. *The information contained herein is not guaranteed, but was gathered from reliable sources that are believed to be accurate. No warranty or representation is made as to the accuracy thereof; and it is submitted subject to errors, omissions, change of price, rental or other conditions, etc. No reliability of any kind is to be imposed on the appraiser(s) herein.*

17. *The appraisal report covering the subject property is limited to the surface rights and does not include any inherent subsurface or mineral rights.*

18. *It is assumed that the property is in full compliance with all applicable federal, state, local and private codes, laws consents, licenses, and regulations; and that all licenses, permits, certificates, franchises, and so forth can be freely renewed and/or transferred to a purchaser.*

19. *It the reader is making a fiduciary or individual investment decision and has any questions concerning the material contained in this report, it is recommended that the reader contact DelDOT (the client).*

20. *The appraisers take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of the value contained in this report or the date of our field inspection, whichever occurs first.*

21. *A real estate syndicate means a general or limited partnership joint venture, unincorporated association, or similar organization, which is formed for the purposes of an engaged investment or gain from sale, exchange, trade, or development of such real property on behalf of others, or which is required to be registered with the United States Securities and Exchange Commission or any state regulatory agency that regulates investments made as a public offering.*

22. *The quality of on-site management can have a direct effect on a property's economic viability and market value. The financial forecasts contained in this report assume both responsible ownership and competent management. Any variance from this assumption could have a significant impact on the forecasted value estimate.*

23. *This appraisal is made for valuation purposes only. It is not intended nor to be construed to be an engineering report. The appraisers make no representation or warranty as to the condition, quality or capabilities of the improvements, materials or workmanship. Should there be any question regarding it, it is strongly suggested that an engineering/construction inspection be obtained.*

24. *Projections contained within this report are based upon estimates and assumptions, which are inherently subject to uncertainty and variation depending upon evolving events. Some assumptions inevitably will not materialize and unanticipated events and circumstances may occur. Therefore, the actual outcome may vary from those described within this report and the variations may be material.*

25. *The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA compliance. It is possible that a compliance survey of the property and a detailed analysis of the requirements of ADA compliance could reveal that the property does not comply with one or more of the provisions of the Act. If so, this fact could have a negative effect upon the value of the property.*

26. *This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.*

27. *Our estimate of market value assumes the adequacy and availability of all utilities including but not limited to municipal water and sewer, storm sewer, electricity, gas, and telephone.*

28. *This appraisal report is invalid and may not be relied upon by anyone unless all signature pages have an ink signature and the report is bound in its original cover bearing the name of Reynolds Appraisal Company.*

29. *Disclosure of the contents of this report is governed by the bylaws and regulations of the Appraisal Institute. No part of the report or the identity of the appraiser shall be disseminated to the general public by use of advertising, public relations media, news media, sales media or any other media for public communication, including public and private offerings, memoranda, etc. without the prior written consent of the author of the report. This restriction applies particularly as to the conclusions, the identity of the analysts or any reference to the Appraisal Institute or to the SRPA, SRA and/or MAI designations.*

30. *This report was completed with Maureen Zito, as an assistant to the appraiser, who was present on the inspection and contributed to all phases of the collection of data, analyses and conclusions, as well as myself, Thomas C. Reynolds III, SRPA, CRP.*

SCOPE OF THE APPRAISAL

The subject property is identified as part of New Castle County Tax Map Number 26-042.00-003, on the corner of South Madison and Lower Beech Streets, within the city limits of Wilmington, New Castle County, Delaware. The IMAX Footprint, including some parking spaces, is 2.236± acres.

The scope of our investigation included an overview of the regional and local market, inspection of the subject property and its environs, collection and analysis of market data, inspection of comparable properties, consideration and application of the appropriate valuation methods, and reconciliation and final estimate of value. This data where possible was confirmed and discussed with buyers, sellers, brokers, zoning officials and appraisers.

This valuation incorporates market research, discussions with local market participants, and inspection of the property. Brenda Riley, North District Appraisal Manager for DelDOT was invited to accompany us during the inspection but declined. DelDOT provided a deed and a site plan (Site Layout, Penn Cinema & IMAX Theater Site, RK&K Engineers dated March 25, 2010). Sales information was obtained from the New Castle County Recorder of Deeds office. A complete search of the market was completed via sales in the county, TReND data service, CoStar data service, the Riverfront Development Corporation, participants in the sales, and local brokers.

All three approaches have been considered in this analysis; however, only the Sales Comparison Approach is relevant. The Sales Comparison Approach relies on sales of similar properties. A land-lease rental estimate and terms were also researched and analyzed.

PURPOSE OF THE APPRAISAL

The purpose of this report is to estimate the market value of the fee simple interest of the land. The property is currently vacant land. The intended use of the report is to estimate the value of the land for disposition and a land lease rental rate. The intended user of this report is DelDOT.

As used in this report, "Market Value" is defined by agencies that regulate federally insured financial institutions in the United States as taken from the Appraisal Institute's 12th edition of "The Appraisal of Real Estate".

"DEFINITION OF MARKET VALUE"[1]:
http://www.occ.treas.gov/fr/cfrparts/12CFR34.htm#§%2034.42%20Definitions.
12 CFR Part 34 Subpart C--Appraisals 34.42 Definitions (g)
Market value means 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:

- **a.** *(1) Buyer and seller are typically motivated;*
- **b.** *(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;*
- **c.** *(3) A reasonable time is allowed for exposure in the open market;*
- **d.** *(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- **e.** *(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

[1] Metropolitan Mutual Fire Insurance Co. v. Carmen Holding Co., *220 A. 2nd 778 (Delaware Superior Court 1966).*

SUMMARY OF THE APPRAISAL PROBLEM

The State of Delaware Department of Transportation is considering selling or leasing the subject property. This is part of a multiphase project for the Penn Cinema and IMAX Theater.

The purpose of this appraisal is to estimate the fair market value of the land as well as the potential rental income of the subject property land.

After describing the subject property area and neighborhood data, the highest and best use of the subject property is determined. Based on the highest and best use, and the Sales Comparison Approach are utilized to estimate the value.

To estimate the value of land, area land sales are examined and sales that are comparable to the subject are selected. In the subject case, all sales were selected from the riverfront market segment. Land value for the subject is estimated based on price per square foot of land.

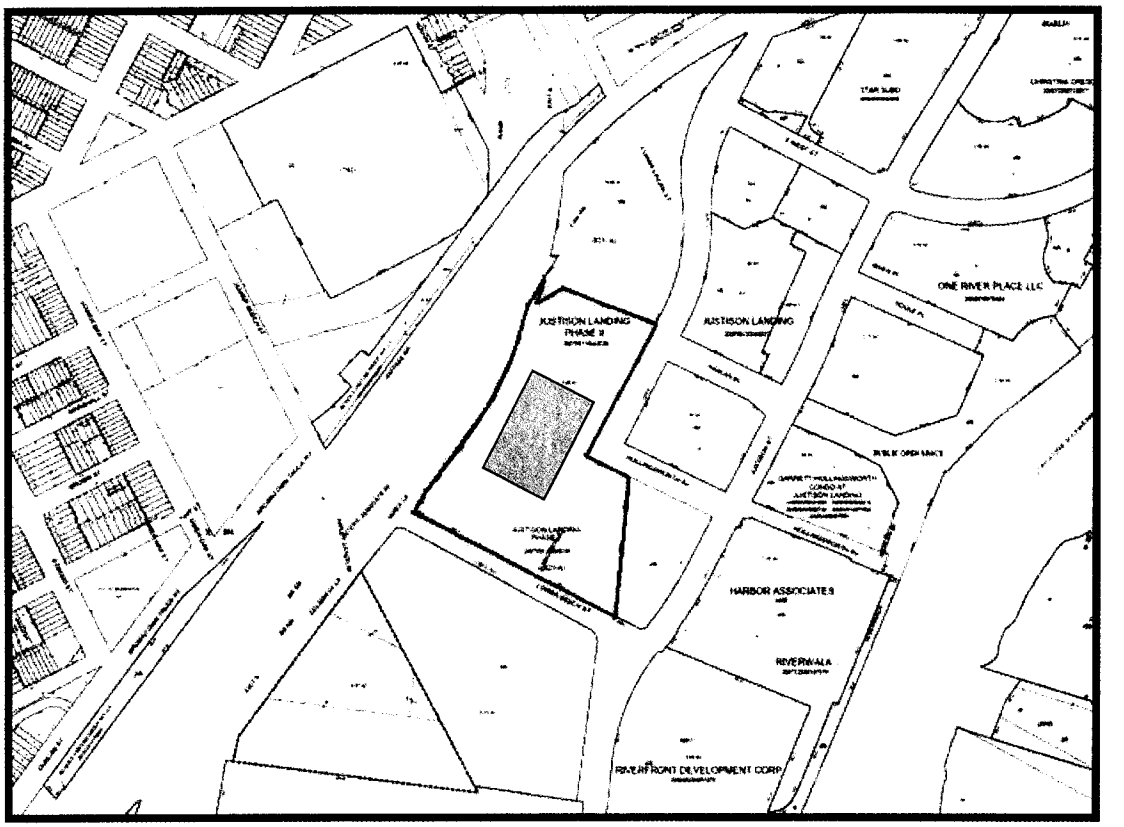
The next step in the appraisal problem is to estimate the rental value of the property.

PART II – FACTUAL DATA

LEGAL DESCRIPTION / IDENTIFICATION OF THE SUBJECT PROPERTY

The subject property is identified as part of New Castle County Tax Map Number 26-042.00-003 on the west side of South Madison Street at Lower Beech Street, within the city limits of Wilmington, New Castle County, Delaware. This is DelDOT Parcel Number IMAX Footprint and contains 2.236± acres of land.

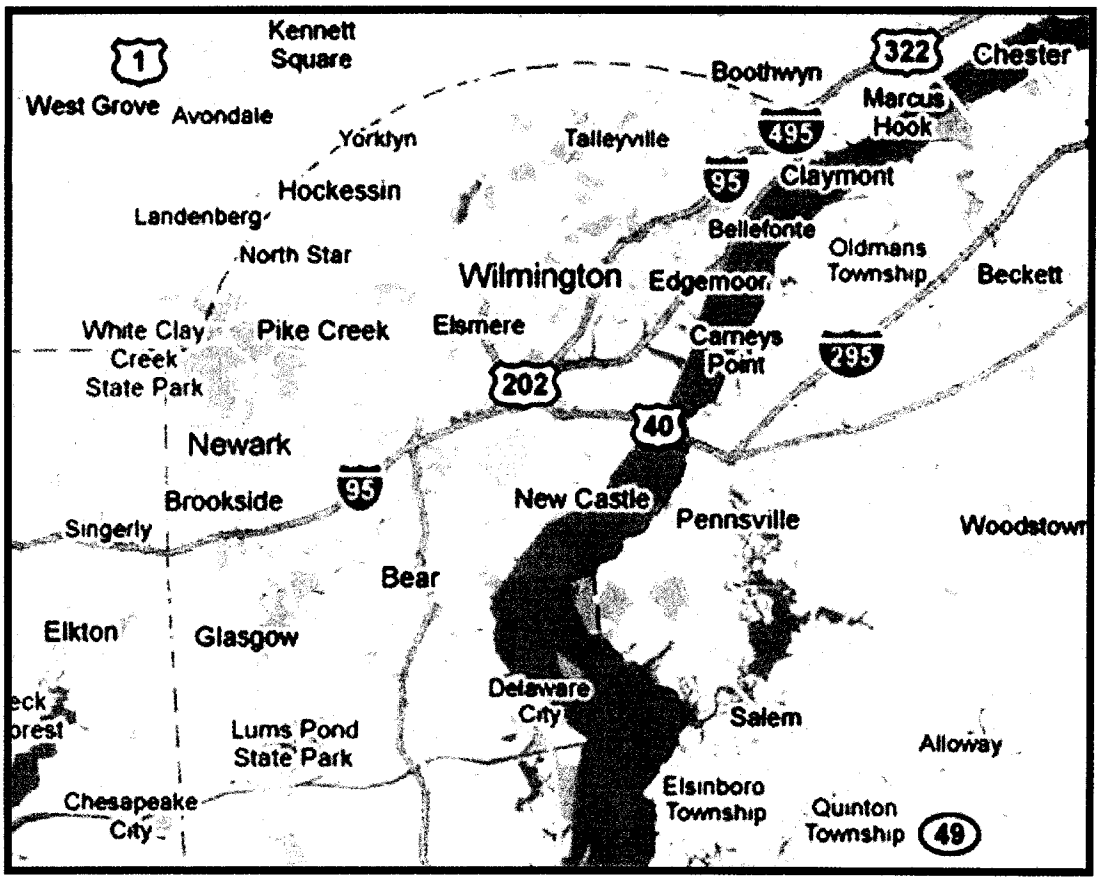
IMAX FOOTPRINT WITHIN TAX PARCEL MAP



AREA, CITY AND NEIGHBORHOOD DATA

The subject is an irregular shaped parcel identified as part of tax parcel 26-042.00-003, 401 South Madison Street, located on the west side of South Madison Street at Lower Beech Street, within the city limits of Wilmington, New Castle County, Delaware.

AREA MAP



Regional Data

Delaware, located on the eastern seaboard of the United States, is bordered by the Atlantic Ocean and the Delaware Bay, as well as by the states of New Jersey, Pennsylvania, and Maryland. With a land area of 1,954 square miles, Delaware ranks 49th in land area among the fifty states. The state's location affords easy access to the major metropolitan areas of the Northeast, with both New York City and Washington, D.C. just one and a half hours away by car.

The state has three counties: New Castle, Kent, and Sussex. There are three major cities in the state: Wilmington, with a population of 72,826; Dover, the state capital, with a population of 34,735; and Newark, the site of the University of Delaware, with a population of 30,014.[2]

[2] U.S. Census Bureau 2006 Estimate.

Delaware is the fourth least populated state in the country, with approximately 885,122 people[3]; however, only six other states are more densely populated. While New Castle County is the most densely populated of the three counties, population growth in Sussex County has exceeded the national average.

Delaware has seven institutions of higher education, three of which are state-supported, including the University of Delaware and Delaware Technical and Community College.

Dominated by the chemical and automotive industries, manufacturing is the largest source of state income and the third largest employer, following services and trade. Financial services and tourism continue to be important factors in the state's economy. The state's major tourist attractions include unique historic sites and museums, and miles of ocean beaches and bay shoreline.

Agriculture plays a vital part in the state economy, with poultry accounting for over two-thirds of agricultural receipts. Soybeans, corn and dairy products are also primary farm products, and almost one-half of the state's land acreage in used for farming.

In the last decade, 63,801 net new jobs have been created in the Delaware economy, a 19 percent increase. The state's labor force has kept pace with the growth job market by expanding faster than the national average over the same period. The state's top employers are listed below.

DELAWARE'S TOP 15 EMPLOYERS

EMPLOYER	PRIMARY BUSINESS	NO. OF WORKERS
State of Delaware	Government	13,500
Christiana Health Care System	Health Care	10,550
DuPont Company	Chemicals, Pharmaceuticals	8,100
Dover Air Force Base	Military Transport	7,600
Bank of America	Banking	7,000
J.P. Morgan Chase & Company	Financial Services	6,000
AstraZeneca	Pharmaceuticals	4,500
University of Delaware	Education	3,850
Mountaire Farms Inc.	Poultry Processing	3,800
Wal-Mart Stores	Retail	3,800
U.S. Government	Government	2,940
Bayhealth Medical Center	Health Care	2,800
Alfred I. duPont Institute	Health Care	2,797
Perdue Farms Inc.	Poultry processing	2,700
Delaware National Guard	Military	2,500

Source: Statistical Overview by Delaware Economic Development Office, updated 2009

[3] U.S. Census Bureau 2009 Estimate.

County

New Castle County is the state's primary economic center; representing a major portion of the state's population and serving as its leading business, service and industrial center. With an area of 437 square miles, or 22% of the area of Delaware, New Castle County contains 60% of the state's population. While New Castle County's population grew 5.9% from 2000 to 2008, Sussex County grew 20.1%.

DELAWARE POPULATION

	2000	2008	%CHANGE 2000-2008
Kent	126,697	155,415	22.7
New Castle	500,625	529,641	5.9
Sussex	156,638	188,036	20.1
STATE	783,960	873,092	11.4

Source: U.S. Census Bureau Estimates for 2008

The highest concentration of population is in the northern end of the county where the city of Wilmington is located, although the southern portion of the county has continued to expand in recent years. The city of Wilmington is about equidistant between New York City and Washington, D.C., twenty-five minutes from Philadelphia International Airport, and ten minutes from the New Castle Airport. The Port of Wilmington is five minutes from the center of Wilmington and has recently expanded its facilities in recent years.

New Castle County has a strong industrial and financial base. The headquarters of DuPont, AstraZeneca and Hercules are located in the county. J.P. Morgan Chase, Citigroup, Inc., First USA Bank/Bank One Corporation, Bank of America and other financial institutions are located in this county.

A good highway network serves New Castle County. Interstate 95, also known as the John F. Kennedy Memorial Highway in Delaware, is the major north/south federal highway, connecting the subject area with Philadelphia to the north, and Baltimore and Washington, DC to the south.

The Delaware Memorial Bridges link the area with southern New Jersey and the New Jersey Turnpike and I-295. State Route 1, the North-South Relief Route in Central Delaware, is a 46-mile controlled-access highway, which stretches from I-95 near Wilmington to Route 13 south of Dover and through to the beach area of Sussex County.

City of Wilmington

The subject property is located in Wilmington, the largest city in the state of Delaware. Wilmington is approximately ten square miles in size, and has a population of 72,826. It is located at the convergence of the Christina River and Brandywine Creek, near where the Christina flows into the Delaware River. Interstate 95 links the city with Philadelphia to the north, the state of Maryland to the west, and New Jersey to the east via Interstate 295. Industries providing area employment include educational, health and social services, finance, insurance, real estate, and rental/leasing, manufacturing and retail trade. Wilmington is the county seat of New Castle County and one of the major cities in the Delaware Valley metropolitan area.

Much of Wilmington's economy is based on its pro-business finance laws and a longstanding reputation for a fair and effective judicial system. Wilmington has become a national financial center for the credit card industry. The Financial Center Development Act of 1981, among other things, eliminated the usury laws enacted by most states, thereby removing the cap on interest rates that banks may legally charge customers. Many major credit card issuers are headquartered in Wilmington.

Wilmington is served by the Wilmington Rail Station, with frequent service between Boston, Massachusetts, and Washington, DC, via Amtrak's Northeast Corridor, with additional local service to Philadelphia, Pennsylvania via SEPTA Regional (commuter) Rail. Two freight railroads also serve Wilmington, CSX and Norfolk Southern.

Immediate Subject Area

Beginning in the 1990s, the city launched a campaign to revitalize the former shipyard area known as the Wilmington Riverfront. This development has created a cultural, economical, and residential niche along the 1.2-mile Riverwalk.

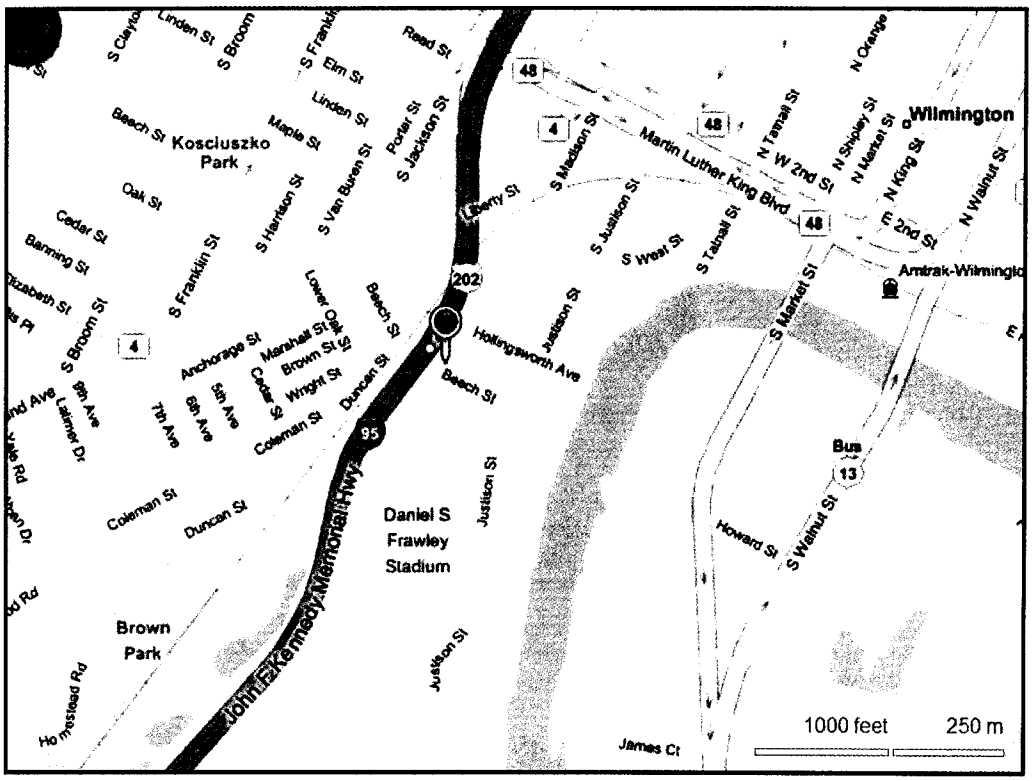
The subject property is located in the heart of Wilmington and very close to the waterfront of the Christiana River. Retail growth along South Madison Street has increased since the improvements made to the riverfront in the last decade. The subject is located west of South Madison Street. Further east, towards the Christina River, new retail development is occurring. Growth in retail is spurred by new residential developments in the area. In the immediate area, older buildings have been demolished and converted to new retail and residential uses. Recent activity in the immediate area is noted below.

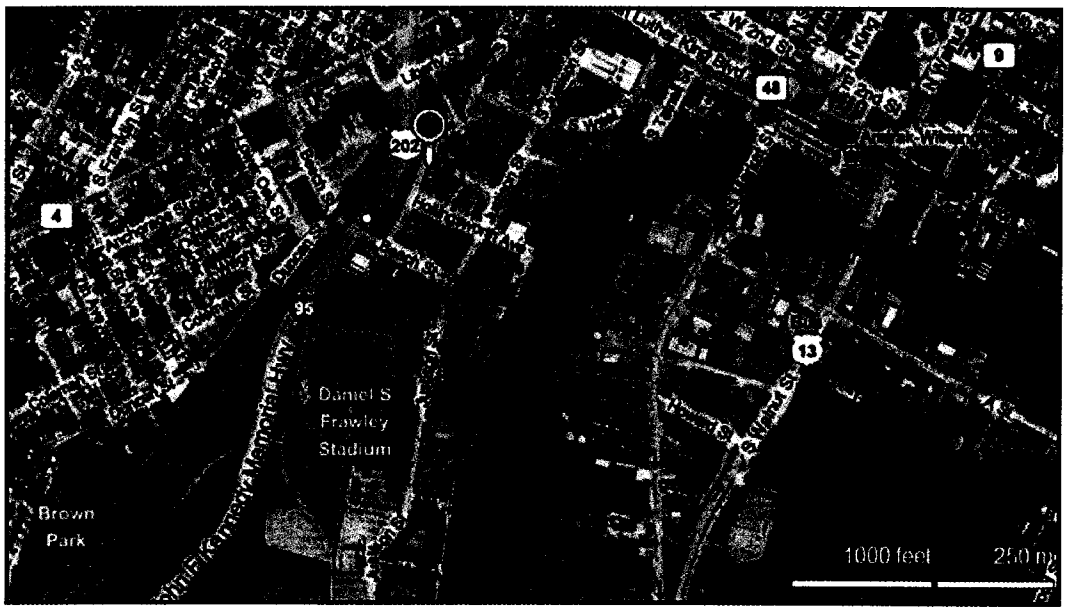
- *Several high-rise elevator apartment buildings and condominiums called Justison Landing, owned by the Buccini/Pollin Group, are a few blocks to the north and east of the subject.*
- *Two blocks east and situated on the Christina River are the Delaware Children's Museum and several restaurants, including Iron Hill Brewery, Big Fish and Timothy's on the Waterfront.*
- *The Riverwalk, a landscaped and paved scenic walkway along the Christina River, runs behind these restaurants.*
- *A large Park-and-Ride lot is directly south of the subject and across Lower Beech Street. This is a* ***free*** *parking lot that is used by a large number of commuters to the city.*
- *Daniel S. Frawley Stadium, home to minor baseball team the Blue Rocks, is one block south.*
- *Several outlet stores are within a few blocks south, including Coldwater Creek.*

In 1996, the Riverfront Development Corporation began. Since then, there has been a tremendous amount of development of condominiums, apartments, office buildings and retail stores along and around the Christina River.

Riverwalk Partners LLC recently announced plans for a 120-room hotel and 100,000-square-foot casino to be located east of Walnut Street on the other side of the Christina River from the subject property. A bill to allow the development of the $100 million casino is currently being proposed in the state legislature. The new casino and hotel would theoretically employ 800 people and draw an estimated 3,000 visitors per day.

LOCAL MAP


Kosciuszko Park
Wilmington
Martin Luther King Blvd
Daniel S Frawley Stadium
Brown Park
John F Kennedy Memorial Hwy
Amtrak-Wilmingto
Bus
1000 feet
250 m


Daniel S Frawley Stadium
Brown Park
1000 feet

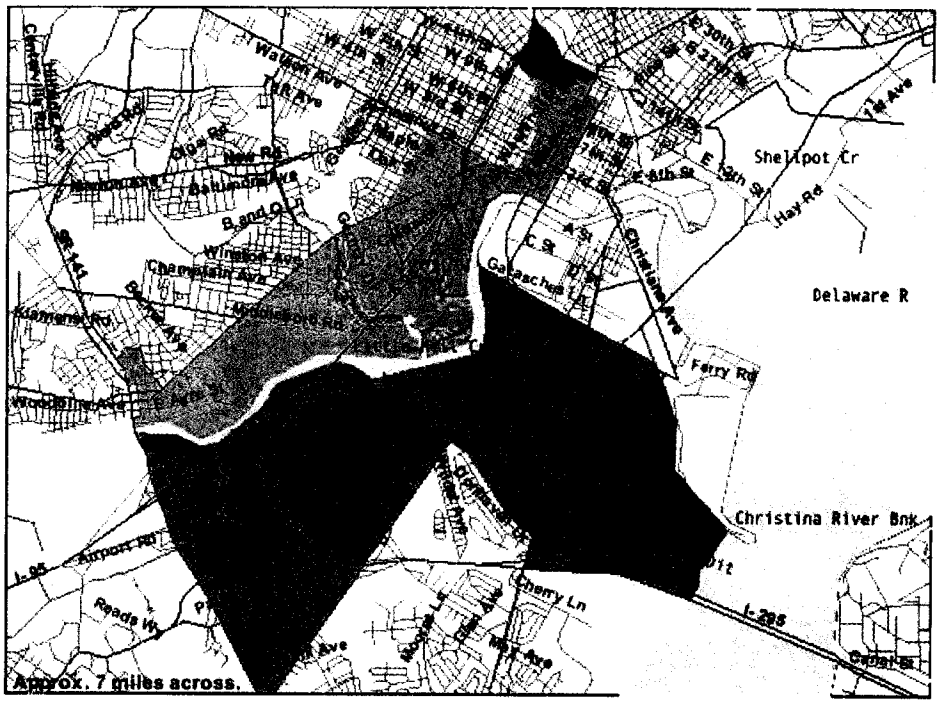
Demographics in the immediate area can be compared to surrounding neighborhoods or zip codes. The subject property is located in the light green area with a median household income of $34,453 compared to $52,419 for New Castle.

TM-P063. Median Household Income in 1999: 2000
Universe: Households
Data Set: Census 2000 Summary File 3 (SF 3) - Sample Data
19801 5-Digit ZCTA, 198 3-Digit ZCTA by Census Tract

Data Classes

Dollars
- 0 - 11490
- 21557 - 28672
- 32969 - 35938
- 37155 - 39847
- 60368 - 60368

Features
- Major Road
- Street
- Stream/Waterbody
- Stream/Waterbody



AREA	MEDIAN HOUSEHOLD INCOME 2000 CENSUS
NEW CASTLE COUNTY	$52,419
SUBJECT ZIP CODE 19801	$28,172
IMMEDIATE SUBJECT AREA	$34,453

Conclusion

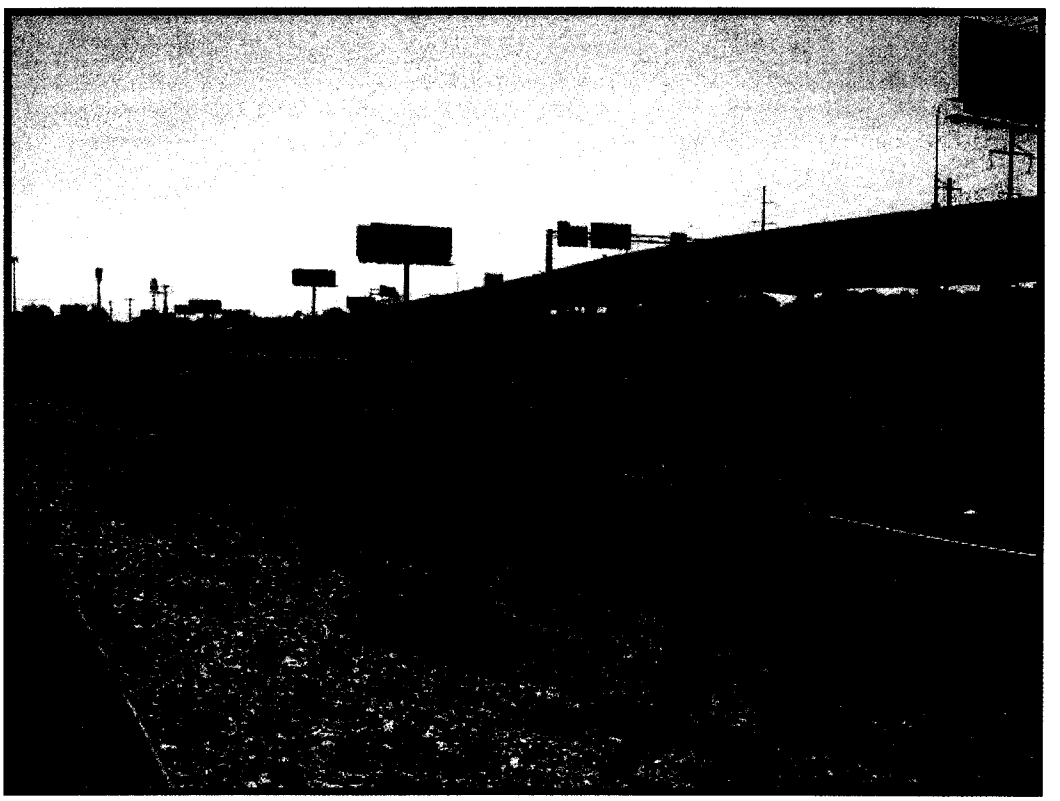
Overall, the immediate area reflects continued growth as development occurs along the waterfront. Good highway access and continued residential and commercial development in the immediate area should continue to support an upward trend in the marketplace.

PROPERTY DATA

Gross Land Area	*2.236± acres (97,400± square feet)*
Shape	*Rectangular*
Topography	*The land is generally level and at street grade.*
Front Footage	*Adequate frontage along South Madison and along Lower Beech Street.*
Utilities	*All public utilities are available.*
Access	*Situated at a lighted intersection at S. Madison and Lower Beech Streets. Ingress/egress from Lower Beech Street and from S. Madison Street. Access to Interstate I-95 is about a half a mile north.*
Zoning	*W-2 Waterfront – Manufacturing/Commercial*
Cartway	*South Madison Street is a two-lane city street with parking spaces on the shoulders. Lower Beech Street is a two-lane road with no shoulders. A traffic light is at the intersection of Madison and Lower Beech Streets. There is an additional left turn lane on Lower Beech Street, but no turn lane on South Madison Street.*
Building Improvements	*None.*
Site Improvements	*Granite curbs and concrete sidewalks with real brick inlay. There are decorative coach lamps providing perimeter street lighting. The tax parcel is surrounded by a chain-link fence and black plastic liners for soil erosion prevention.*
Flood Zone	*The subject property appears to be located inside both AE and X zones of a flood hazard area.* *FEMA Flood Map 10003C0160J January 17, 2007*
Easements	*Typical utility easements. There is an assumption that there will be cross-parking easements.*
Soil Conditions	*No soil report of the subject site was provided or reviewed. The soil maps indicate variable soil conditions characteristic of land found adjacent to urban development and highways. However, it is assumed the soil's load bearing capacity is sufficient to support the proposed structure. There was no evidence to the contrary upon the physical inspection of the property. We assume that there are no adverse conditions or hazardous substances.*

Surrounding Uses	*A combination of commercial, residential, and industrial uses surrounds the subject property. Some of the uses include Frawley Stadium, Riverfront Convention Center, restaurants, museums, employment centers, and residential housing. There are two billboards, one at each end of the larger parcel. There are bus stops on both Lower Beech and South Madison Streets.*
Conclusion	*In summary, the subject has good physical characteristics for commercial use.*

Subject Property



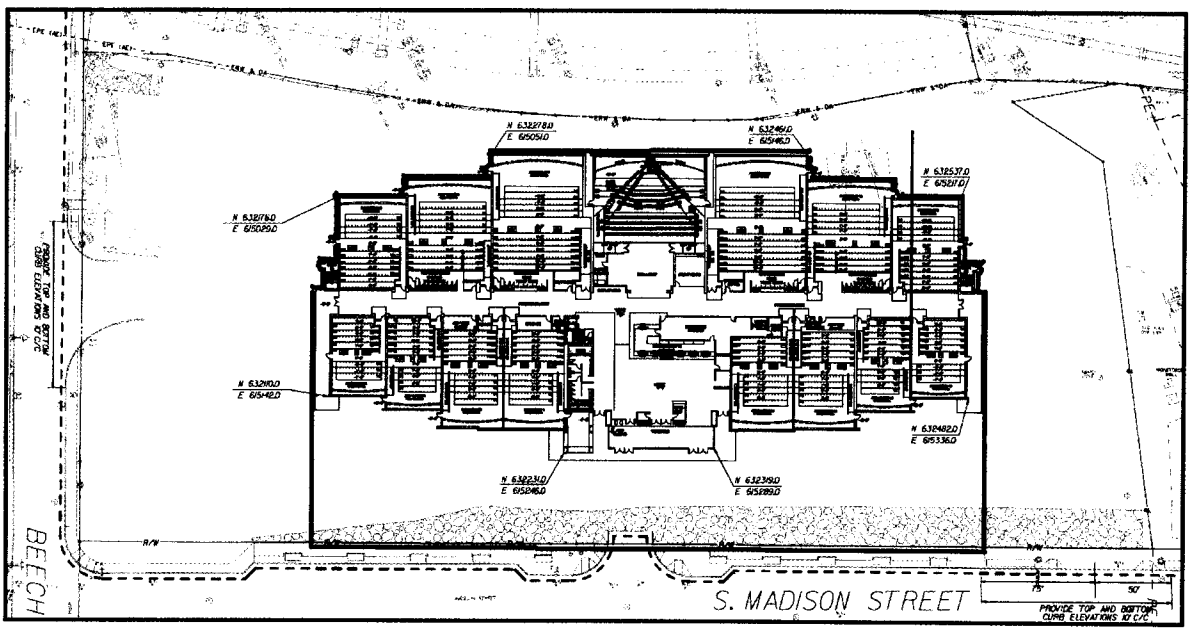
Site Description

The subject property is a rectangular shaped parcel of land located at the intersection of Lower Beech Street and South Madison Street, an arterial roadway between Center City Wilmington and the Riverfront area. The site backs up to a vacated railroad line and the elevated Interstate 95. The land is generally level and at street grade. The site is gravel and dirt and there are no building improvements. The subject property is the footprint of the future IMAX Theater that consists of 97,400± square feet of land or 2.236± acres. The "footprint" is surrounded by vacant land with perimeter concrete sidewalks with real brick inlay, granite curbs, and decorative coach lamps providing street lighting. Public utilities are available. The FEMA flood map 10003C0160J dated January 17, 2007 appears to indicate that the land is situated in both Zone X and AE of the 100-year flood plain. Soil maps indicate urban land soil and udorthents soil, which are characteristic of land found adjacent to urban development and highways like the subject property. These soil conditions are variable. We assume that there are no adverse conditions or hazardous substances affecting the site.

Description of Improvements

There are currently no buildings on the site. Below is a sketch of the ***proposed footprint plan*** *supplied by DelDOT.*

BUILDING SKETCH



TOTAL SITE AREA 2.236± ACRES

Use History

The subject property is currently vacant land. Reportedly, the previous owner, Delmarva Power & Light Company, utilized the land for its operations.

Sales History

The current owner is the State of Delaware, who acquired the property from Delmarva Power & Light Company. (March 15, 2006, Deed # 20060316-0025618). There was substantial site environmental clean up after the State of Delaware acquired the property.

Rental History
The subject property is unoccupied. Previously, the property was owner-occupied by Delmarva Power & Light Company.

Assessed Value and Annual Tax Load
Currently, the property is state owned and is exempt from taxes.

Zoning
The subject property is zoned "W2 Waterfront Manufacturing/Commercial". This district is intended to provide for manufacturing and commercial services along the city waterfront land. Listed below are the General Uses Permitted and some of the standards required for the W2 zoning district.

Uses Permitted As a Matter of Right

- *Any manufacturing fabricating, processing or repair establishment.*
- *Warehousing and wholesale sales.*
- *Laboratory, research or testing.*
- *Carting, express, moving or building terminal or yard.*
- *Automobile services.*
- *Office, bank or other financial institution.*
- *Retail store or service (subject to the limitation on hours of operation).*
- *Commercial marine use.*
- *Commercial recreation.*
- *Hydropower facility.*
- *A sign other than a billboard.*
- *Commercial parking structure or lot.*
- *A dwelling or apartment for a caretaker, watchman or janitor employed upon the premises.*
- *Outdoor storage of construction material or other dry commodities in a series of separate piles each covering one acre or less, subject to the provisions of section 48-356. Materials which are subject to erosion by wind shall be protected by vegetative or other cover, or effective chemical treatment. Materials which are subject to erosion by water or leaching shall be protected through effective soil and sediment control measures.*
- *Group day care homes and day care centers; provided, however, that any such day care facility is an accessory use to the primary use on the premises and that the parking requirements in section 48-443 are met.*
- *Consumer recycling collection centers, without restrictions of hours of operations.*
- *Restaurants/lunchrooms.*
- *Public service uses.*

Uses Permitted Under Zoning Board of Adjustment Approval

- *Residential use other than a dwelling permitted under subsection (b)(13) of this section, and detached single-family dwellings. Family day care home.*
- *Public utility uses.*
- *Passenger terminal, helicopter.*
- *Hotel or motel.*
- *Radio or television tower or antenna.*
- *Nonprofit charitable institutions not correctional in nature.*
- *Bed and breakfast guest facility.*
- *Emergency shelter for the homeless, subject to the requirements specified.*

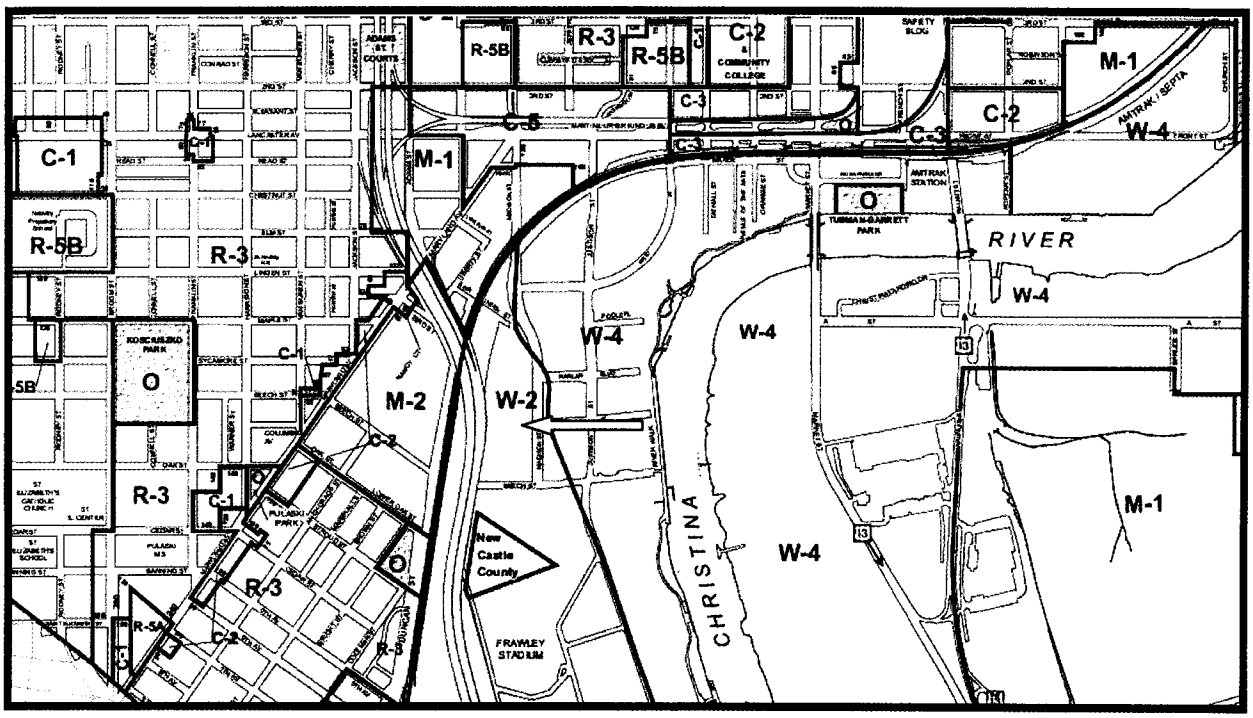
Lot and Building Standards

- *Building Ratio - 0.60*
- *F.A.R – 2.0*
- *Height Limitations – 6 stories*
- *Parking 1/300 sq. ft. of GFA)*

Within the Municipal Code for the City of Wilmington, the Waterfront Manufacturing/Commercial (W2) zoning is a district that operates in compliance with current standards for sound vibration, heat, discharge, glare, order, and air and water quality. Some of the regulations pertinent to this W2 zoning include uses as a matter of right, parking, landscape screening, and building setbacks

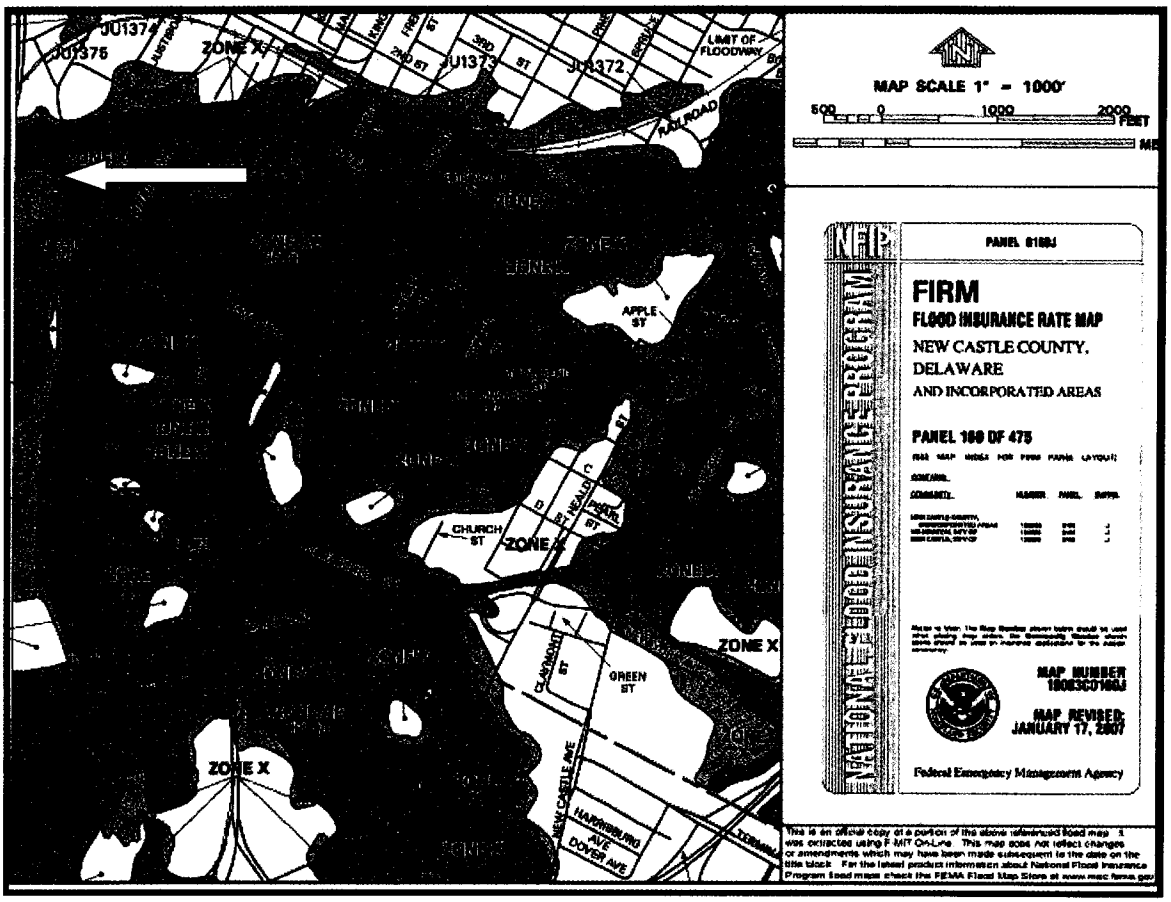
In addition to zoning, there is a cross-access easement with the surroundings lands. We know of no deed restrictions, public or private, that further limit the subject's property use. We are not experts in the interpretation of the complex zoning ordinances but the property appears to conform to existing zoning.

ZONING MAP



FLOOD MAP

The subject property appears to be located inside both AE and X zones of a flood hazard area.
FEMA Flood Map 10003C0160J dated January 17, 2007



PART III – DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

The most widely recognized definition of Highest and Best Use[4] is as follows:

> *"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."*

In all valuation assignments, value estimates are based on use; therefore, an analysis of Highest and Best Use is the basis for all valuation assignments. Like value, highest and best use is a market-driven concept. In highest and best use analysis, the most profitable, competitive use to which a property can be identified. The collection and analysis of the general data used to estimate property value provide the evidence on which highest and best use conclusion is based.

The property's highest and best use must be legally permissible, physically possible, financially feasible, and maximally productive. These four criteria are considered sequentially and conditionally. Although a use may be financially feasible, it would be irrelevant if the use were legally prohibited of physically impossible. Therefore, tests of legal permissibility and physical possibility must be applied before the remaining tests of financially feasibility and maximal productivity.

The highest and best use analysis generally involves consideration of the subject property under two scenarios: "As-Vacant" land and as "As-Improved". The highest and best use of land "As-Vacant" assumes that the subject site is vacant or can be made vacant and available for development. The purpose of determining the highest and best use of use of land as though vacant is to identify its potential use, which governs its value. The highest and best use "As-Improved" addresses whether the existing improvements should be maintained, adapted, or demolished so that the site can be developed with different use. The highest and best use of underlying land may differ from that of the property "As-Improved" if the improvements do not constitute an appropriate use. The purpose of determining the highest and best use of the property is to identify the use that would be expected to produce the greatest value and to assist in the selection of comparable properties.

The four criteria of legal permissibility, physical possibility, financially feasibility and maximal productivity are considered sequentially and conditionally for both the "As-Vacant" and "As-Improved" highest and best use scenarios. The subject property is vacant land therefore; the scenario "As-Improved" is not applicable.

Highest and Best Use "As-Vacant"

Legal Permissibility "As-Vacant"

The legal permissibility of use is governed primarily by the zoning in effect at the time of the appraisal. Legal permissibility also depends on the public restrictions – such as building codes, historic preservation regulations and environmental controls – as well as private or contractual restrictions found in deeds and long-term leases. These public and private restrictions must be investigated because they typically preclude a number of potential uses.

The subject property is zoned "W2 - Waterfront MFG/Commercial". This zoning classification provides for a variety of manufacturing and commercial uses. The surrounding properties are commercial, residential, and office uses. A commercial use would be more likely to assimilate with the neighboring properties than would a manufacturing use in this redeveloping area. Some commercial/retail uses may require a City of Wilmington and/or Zoning Board of Adjustment approval. The new riverfront uses on the west side of the Christina River are mostly office or commercial uses. It would reasonable to assume the City of Wilmington and the Zoning Board of Adjustment would permit various commercial uses.

[4]The Dictionary of Real Estate Appraisal, *4th Edition. Appraisal Institute, Chicago, IL.*

Physical Possibility "As-Vacant"
Physically possible uses are determined by characteristics such as size, shape, location, utility, topography, availability of utilities, and any other physical aspects of the site that would restrict or prevent any of the legal uses of the site.

The tax parcel in which the "footprint" is situated includes frontage along both South Madison and Lower Beech Streets in the primary redevelopment area of the riverfront; therefore, it has good visibility and exposure. South Madison Street is a two-land road and Lower Beech Street a one-lane road. The subject tax parcel is a corner site at a traffic light intersection, and it is relatively accessible from either Lower Beech Street or South Madison Street. The shape, topography, land size, utility, and availability of utilities are suitable for development.

Financial Feasibility "As-Vacant"
The uses that meet the first two criteria are analyzed to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.

The subject zoning would permit a variety of manufacturing or commercial uses. The surrounding uses of the Frawley Stadium, riverfront attractions, restaurants, and residential housing create an atmosphere for continued development along the riverfront area.

Maximal Profitability "As-Vacant"
The use representing maximum profitability is the most financially feasible use that will produce the highest net return. Taking all of the aforementioned factors into consideration, the most likely use appears to be a commercial use that supports the riverfront development.

Highest and Best Use Conclusion "As-Vacant"
Based on the preceding analysis of development trends in the market, commercial development of the subject would produce the highest land value. Development of the subject on a stand-alone basis could accommodate a large recreational building, or retail use of similar size. The access to interstate highways and exposure encourage commercial development.

Considering the four criteria of highest and best use – legal permissibility, physical possibility, financial feasibility, and maximum profitability – it is our conclusion that the highest and best use of the subject site, "As-Vacant", is for a large commercial use in accordance with W2 zoning.

An IMAX theater is the proposed occupant for the subject property. There are limited IMAX theaters in the country. An IMAX theatre has the capacity to record and display images of far greater size and resolution than most conventional film systems. There are five theatres within a fifty-mile radius of Wilmington, located in Philadelphia, King of Prussia, Bensalem and Reading PA, and Cherry Hill, NJ.

The Christina River waterfront area has many different attractions for the leisure industry, such as shopping, a convention center, museums, restaurants, and a stadium. An IMAX theatre would complement and be supported by surrounding uses

Highest and Best Use "As-Improved"

The site is currently vacant and ready to be developed to its highest and best use.

APPRAISAL PROCESS

The appraisal process typically involves application of one or more of the three standard approaches of value. These approaches are known as the Cost Approach, Income Approach, and Sales Comparison Approach. While supply and demand, contribution, anticipation, and other valuation concepts are significant in the valuation process, the theory of substitution is perhaps the most basic.

The Sales Comparison Approach is a set of procedures in which a valuation is derived by comparing the property being appraised to similar properties that have recently sold, applying approximate units of comparison, and making adjustments to the sales prices of the comparables based on the elements of comparison.

In the application of the Sales Comparison Approach, the valuation premise is to estimate the market value contribution of that area taken, or encumbered, to the overall parcel. Utilizing this premise, the appraiser first estimates a unit rate for the overall tract, which is then applied to the affected areas. This unit rate applies equally to the total parcel, and consideration is not given to physical and location characteristics of the affected areas as it relates to the overall parcel. This approach is premised on the idea that each unit of land area contributes equally to the overall site value.

In the Income Approach, the concept of substitution states that an informed, prudent purchaser would pay no more for a property than the cost to acquire a substitute property that will provide an income stream having the same quantity, duration and risk as the appraised property. Because the Income Approach is predicated on future benefits, the principle of anticipation is also extremely important in this valuation technique. With respect to income properties, the appraiser is interested in the future net income stream, which the real property will produce. Net income, obtained by deducting an allowance for vacancy and collection loss and ownership expenses from potential gross income, is converted into value by employing an acceptable capitalization technique.

In the Cost Approach, the theory of substitution dictates that an informed, prudent purchaser would pay no more for an improved property than the cost of constructing an alternative property with the same utility. The Cost Approach provides a market value estimate by adding the value of the improvements after depreciation to a property's land value. Land value is estimated utilizing the Sales Comparison Approach by comparing the subject with recent land sales having similar characteristics and use prospects. Reproduction or replacement cost new of the improvements is then estimated and depreciation from all factors is subtracted to arrive at their depreciated value. Land value and depreciated improvement value are then combined to provide a market value estimate through the Cost Approach.

Reconciliation is the final appraisal step. It is the process by which the relative merits and reliability of each approach are weighed to reach a final value estimate.

In the appraisal of land, the Sales Comparison Approach is the most applicable appraisal technique in that it best displays actual buyer/seller motivations within the subject's locale for these particular property types. In estimating the market value of the subject property, we have utilized the Sales Comparison Approach to estimate the fee simple value of the land as of the date of the appraisal.

Following this analysis of sales, we have summarized some leases to estimate the potential market rent for the subject property at the projected lease terms.

VALUE ESTIMATE BY SALES COMPARISON APPROACH

In the appraisal of vacant land, the Sales Comparison Approach is considered the most applicable. In the Sales Comparison Approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. Data for generally comparable properties is used, and comparisons are made typically by a common unit of comparison to demonstrate a probable price at which the subject property would be sold if offered on the market. In analyzing the subject property, we have considered both its positive and negative factors.

The subject property is a rectangular shaped site situated within tax parcel 26-042.00-003 at the lighted intersection of Lower Beech and South Madison Streets. The site has adequate frontage along Madison and Lower Beech Streets. The site has 2.236± acres or 97,400± square feet of land.

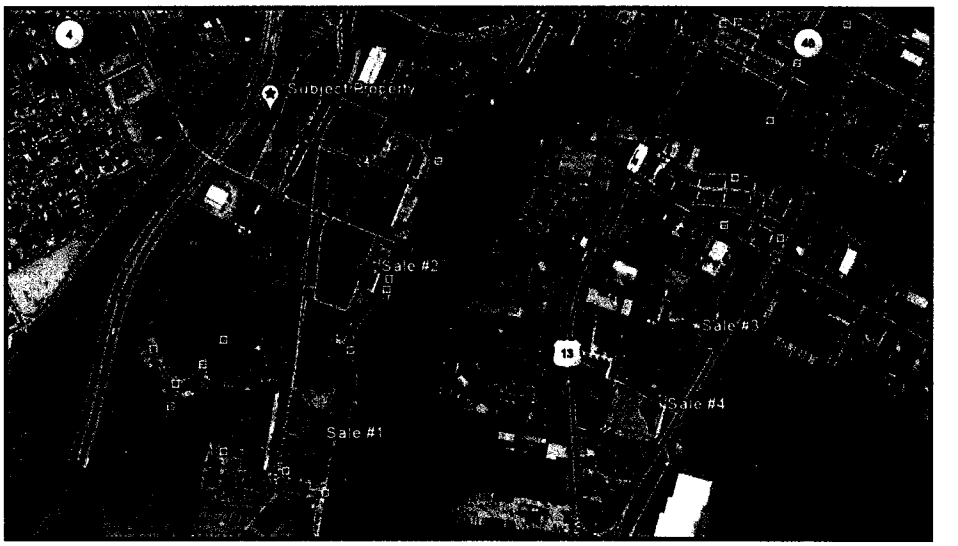
Since each parcel of real estate is unique, adjustments must be made to relate the comparables to the subject. The more important factors, which have been weighed, and which affect the value of the subject in relationship to the comparables analyzed, include:

1. *Real property rights conveyed*
2. *Financing terms*
3. *Conditions of sale*
4. *Market conditions*
5. *Location*
6. *Physical characteristics*
7. *Economic characteristics*
8. *Use*
9. *Non-realty components of value*

A complete search was made of the subject's comparable marketplace for similar type properties. Within the marketplace, we examined numerous commercial sales. Four of the sales have been utilized in our analysis. These sales are summarized on the following pages. A sales adjustment grid follows the sales utilized.

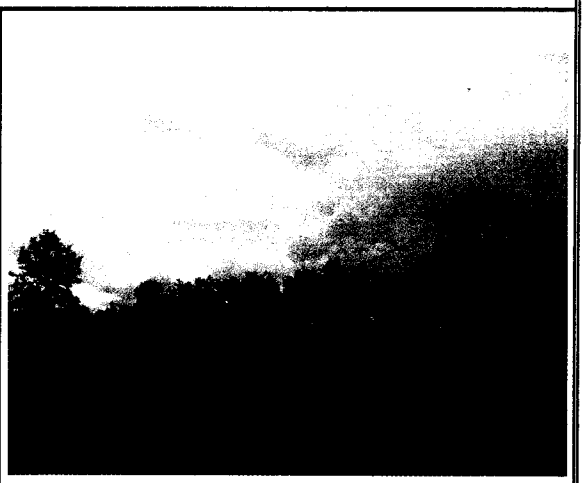
The following map indicates the location of the subject in relation to the comparable data.

COMPARABLE LAND SALES MAP



COMPARABLE SALE #1

Location	820 Justison Street, Wilmington, DE 19801
Tax Parcel	26-049.00-029
Seller	Shipyard Center LLC
Buyer	Riverfront Development Corporation of Delaware
Dates	12/21/2007
Record	20071226-0108308
Consideration	$3,900,000
Zoning	W-4
Acres	2.0
Square Feet	87,120
Price / Acre of Land	$1,950,000
Price / Sq. Ft. of Land	$44.77



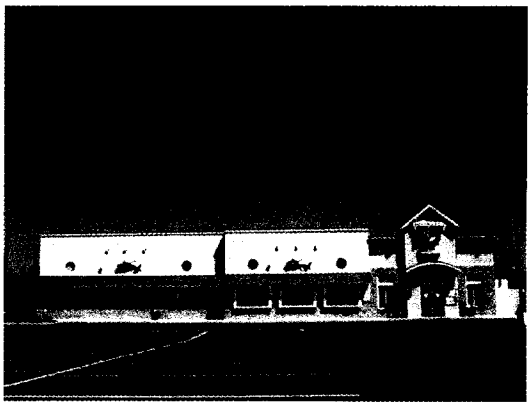
Taken by Tom Reynolds on 5/24/2010

COMMENTS:

This sale is located between the Justison Street and the Christina across the street from the Chase Convention Center. The site is situated along the Riverwalk, and therefore in a flood hazard zone. The parcel is rectangular in shape, generally level and at street grade. At the time of sale, the site was vacant land. The consideration was reported and confirmed by a representative for the buyer. The sale was also verified through public records, deed, and the major subdivision plan. This parcel was part of a larger transaction with seller that involved the acquisition of right-of-ways and easements along streets and other areas near the Riverwalk. Parking rights and the termination of a partnership were part of the deal. The highest and best use at the time of sale was to develop the land in compliance to the current zoning. This land is located in zone AE of a flood hazard area.

COMPARABLE SALE #2

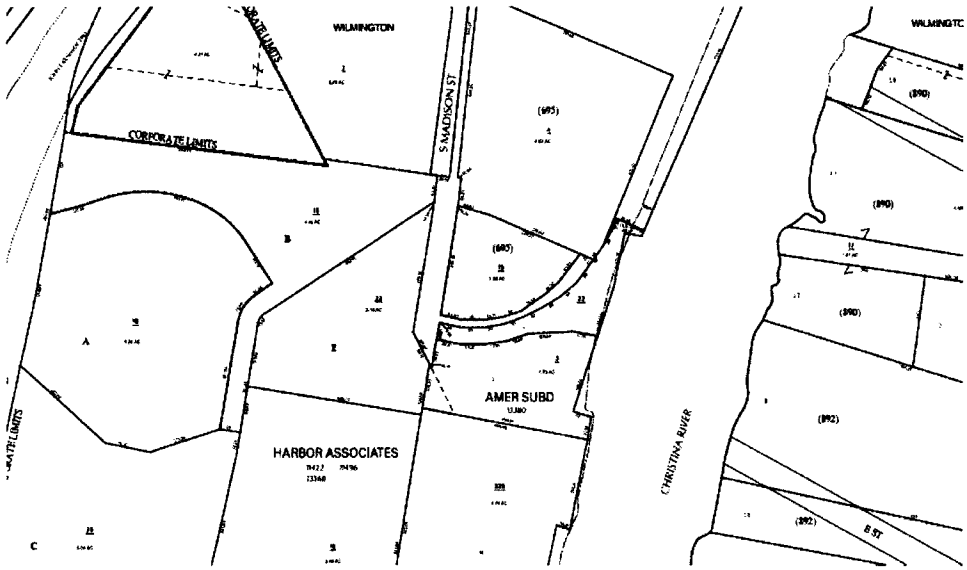
Location	720 Justison Street, Wilmington, DE 19801
Tax Parcel	26-049.00-015
Seller	Peter A. Papa, Jr. & Nancy L. Papa
Buyer	Riverfront Development Corporation of Delaware
Dates	7/16/2008
Record	20080717-0048805
Consideration	$2,850,000
Zoning	W-4
Acres	1.33
Square Feet	57,935
Price / Acre of Land	$2,142,857
Price / Sq. Ft. of Land	$49.19



Taken by Maureen Zito on 5/23/10

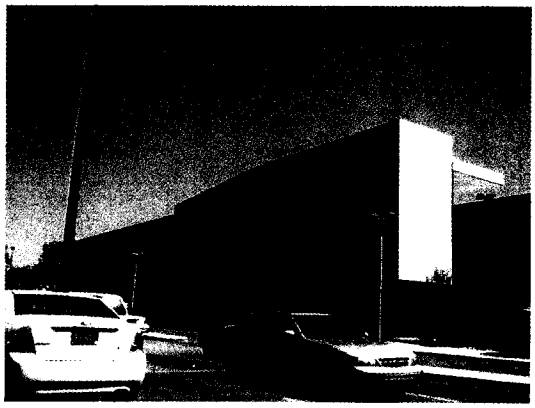
COMMENTS:

This sale is a pie-shaped parcel located between Justison Street and the Christina River. The site is situated along the Riverwalk of the Christina River, and therefore within a flood hazard zone. The land is generally level and at street grade. At the time of sale, the site was improved with a 9,288± square feet warehouse that was subsequently demolished. The sales price of $2,850,000 included $150,000 in site clean up costs paid by the buyer. The cost of demolition was $79,400. The consideration was verified with the buyer, deed, and recorded record subdivision plan. The highest and best use at the time of sale was to develop the land in compliance to the current zoning. This land is located in zone AE of a flood hazard area.



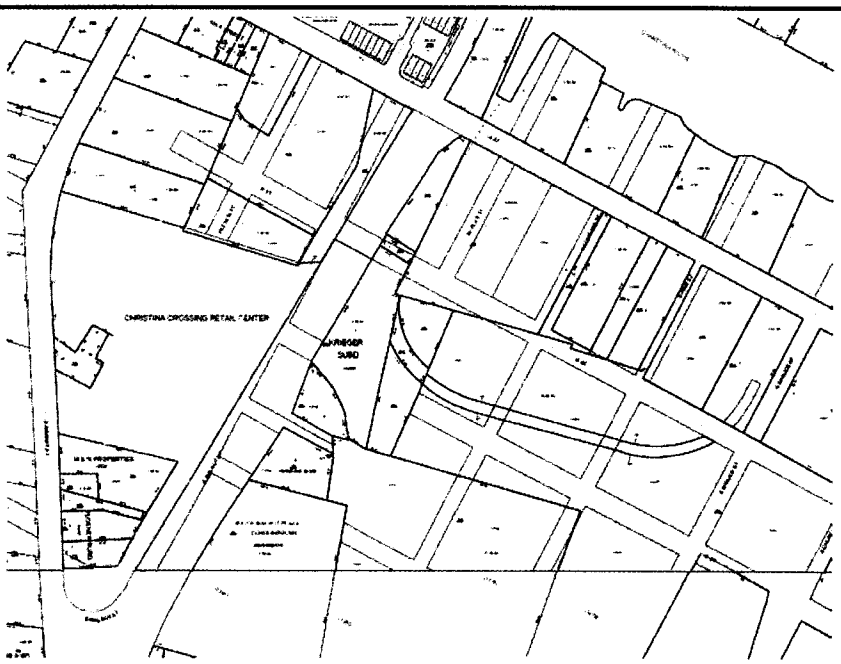
COMPARABLE SALE # 3

Location	400-508 South Market Street, Wilmington, DE 19801
Tax Parcel	26-050.00-016, 018, 019, 020, 021, 022, 023, 028, 065, 066, 069, 083
Seller	Riverfront Development Corporation of Delaware
Buyer	BPG Center Partners I LLC
Date	3/14/2008
Record	201002050006302
Consideration (Total)	$3,490,647
Zoning	W-4
Acres	9.77
Square Feet	425,581
Price / Acre of Land	$357,282
Price / Sq. Ft. of Land	$8.20



Taken by Maureen Zito on 5/23/10

COMMENTS: This sale is an assemblage of parcels between South Market and South Walnut Streets. The assembled parcels have a trapezoidal shape and are generally level at street grade. The sale has frontage on both South Market and South Walnut Streets (Route 13). The buyer has since developed the Christina Crossing Retail Center with a Shoprite grocery store as its anchor. This sale was verified through public records, deed and the seller. The highest and best use at the time of sale was to develop the land in compliance to the current zoning. After the assemblage with the adjoining parcel, the Christina Crossing Retail Center was constructed. This land is located in zone AE of a flood hazard area.



COMPARABLE SALE # 4

Location	600 South Market, Wilmington, DE 19801
Tax Parcel	26-050.00-069
Seller	Paul Erhardt, III & Betsy Erhardt
Buyer	Riverfront Development Corporation of Delaware
Date	11/9/2006
Record	20061113-0106794
Consideration (Total)	$1,250,000
Zoning	W-4
Acres	2.61
Square Feet	113,692
Price / Acre of Land	$478,927
Price / Sq. Ft. of Land	$10.99

Taken by Tom Reynolds on 5/24/2010

COMMENTS:

This sale is located off South Market Street just south of the vacated Howard Street. It is irregular in shape with frontage on both South Market and South Walnut Streets (Route 13). This sale is part of an assemblage for the Christina Crossing Retail Center. This sale was verified through public records, deed, and the buyer. The highest and best use at the time of sale was to develop the land conforming to the current zoning. After the sale, the 34,712± square feet building was demolished. After the assemblage, the Christina Crossing Retail Center was constructed. This land is located in zone AE of a flood hazard area.

LAND SALES GRID

LAND SALE	SUBJECT	1	2	3	4
ADDRESS	401 S. Madison Street Wilmington 19801	820 Justison Street Wilmington 19801	720 Justison Street Wilmington 19801	401-508 South Market Street Wilmington 19801	600 South Market Street Wilmington 19801
DATE	Current	12/21/2007	7/16/2008	3/14/2008	11/9/2006
SALES PRICE	**$1,753,000*	$3,900,000	$2,850,000	$3,490,647	$1,250,000
LAND - ACRES	2.236	2.0	1.33	9.77	2.61
LAND - SQ. FEET	97,400	87,120	57,935	425,581	113,692
ZONING	W-2	W-4	W-4	W-4	W-4
HIGHEST AND BEST USE	Commercial	Commercial	Commercial	Commercial	Commercial
PRICE/ACRE		$1,950,000	$2,142,857	$357,282	$478,927
PRICE/SF		$44.77	$49.19	$8.20	$10.99
		ADJUSTMENTS			
MARKET CONDITIONS		Minus	Minus	Minus	Minus
SALE CONDITIONS		Minus	Equal	Equal	Equal
LOCATION		Minus	Minus	Plus	Plus
SIZE		Equal	Minus	Plus	Equal
DEMOLITION		Equal	Plus	Equal	Plus
OVERALL COMPARABILITY		Superior	Superior	Inferior	Inferior
FINAL ADJUSTED PRICE/UNIT	**$18.00*	$18.13	$21.25	$11.81	$15.83

**Estimate of Value*

The data selected are considered representative of recent historic market activity and are valid, waterfront zoned comparables. All the sales are cash or market financed transactions unless otherwise stated. They are transactions of land purchased for commercial development. Each sale can be adjusted to the subject for various features of dissimilarity, such as conditions of sale, date of sale, location, waterfront location, parcel size, zoning, topography, utility of the land, flood issues, shape, demolition, and accessibility, etc. With respect to size, generally a smaller sized parcel sells for higher unit rate, thereby requiring a downward adjustment, while a larger sized parcel sells for a lower unit rate, thereby requiring an upward adjustment.

Each sale is considered as it relates to the subject and is adjusted for differences, to indicate an applicable unit rate for the subject property. The intention of this analysis is to imitate the perceptions of the market place for this property type. Thus, features of the sales that are inferior to the subject result in an upward adjustment. Sales superior to the subject are adjusted downward. Net adjustment is the result of this comparison, which is then applied to the unadjusted rate to arrive at an adjusted rate. Quantification of the adjustments is based, where applicable, on actual percentage or dollar amounts as reflected by analysis of comparable properties or one of several other means. In the absence of data to quantify specifically any particular adjustment, a more subjective approach must be undertaken, utilizing experience and judgment.

CORRELATION OF MARKET DATA

All of the sales utilized were located in the subject's area. The sales utilized were considered the best available and the most representative of the subject's market value range. All sales were analyzed and compared to the subject property and adjustments were made for various differences.

In the Sales Comparison Approach, adjustments are made to the comparable sales and not to the subject. When a characteristic of a comparable sale is superior to that of the subject property, a downward, or negative adjustment, is made to the comparable sale. Conversely, when a characteristic of a comparable sale is inferior to that of the subject property, an upward or positive adjustment is made to the comparable sales. When a comparable sale and the subject are similar in characteristics, then no adjustment is warranted.

The analysis, which follows, is intended to assist the reader in understanding the thought process with the ultimate result being a reasonable market value conclusion. Since the transaction of real estate occurs in an imperfect market, the use of paired sales to derive quantifiable adjustments, though acceptable in theory, is not always realistic in practice. Even under the best circumstances, the quality and uniformity of data are insufficient to produce accurate results. No two properties are exactly alike and emotion does influence most transactions in some form. Therefore, the reader is cautioned to note that the adjustments developed herein shall not be construed as absolutes, but are provided as a visual aid in demonstrating the logic of our conclusion.

Adjustments were required to reflect the market's reaction to various differences for market conditions, conditions of sale, location, condition, site characteristics and physical characteristics.

- ***Market Conditions*** *refer to changes in the marketplace between the date of the comparable sale and the date of the appraisal (also known as a time adjustment). Within the subject market, there has been decrease in sale prices in the past few years in Wilmington, Delaware with the slowing economy.*

- ***Conditions of Sale*** *refer to the motivation of the buyer and the seller. Comparable #1 involved the acquisition of right-of-ways and easements, parking rights, and a termination of a partnership. Comparable Sales #2, #3, and #4 were considered arms-length transactions.*

- ***Location*** *refers to the positive or negative benefits of a site's location in comparison to the subject property. As noted, sales utilized were from the immediate area or a similar nearby area. Comparable Sales #1 and #2 are located on the same side of the Christina River but are situated directly on the waterfront, a superior location and site characteristic. Comparable Sales #3 and #4 are located on the other side of the river, farther from the more desirable "destination retail area" and access to the interstate highway system. These comparable sales were inferior in location.*

- ***Site Characteristics*** *refer primarily to shape of the site in comparison to the subject's irregular shape, access to the site from the traffic artery, distance from a cross traffic junction, and utility of the land.*

- ***Size*** *affects sales price. Generally, a smaller sized parcel sells for higher unit rate, thereby requiring a downward adjustment, while a larger sized parcel sells for a lower unit rate, thereby requiring an upward adjustment.*

- ***Zoning****: This adjustment refers to the overall utility of the subject property in comparison to the comparables. In particular, the subject's W-2 zoning has similar restrictions as the comparables' W-4 zoning. The W-2 and W-4 zonings have similar prohibited uses, protective controls, hours of operation, parking, landscape screening, height limitations, building setbacks, and floor area ratio in some cases. Many of the permitted uses are the same for each zoning. Both zonings allow commercial recreation, commercial marine use, office bank*

or financial institution, retail store, commercial parking, restaurants, and public service uses. Although each district has its own nuances, the similarities coincide with the riverfront redevelopment and no adjustment was warranted for the slightly different zoning classification.

The market conditions (time) adjustment may be extracted by the use of the paired sales analysis. Other considerations are the trends in investor confidence, market acceptance and absorption. Review of the sales above, as well as the market in general for this type of property, indicates the need for a slightly downward adjustment for time. The subject property is located in a new "destination retail area" of the waterfront in Wilmington.

The demand for commercial development in the immediate area is slightly slowing, but that should turn around as other components of the Waterfront district are completed. All of the comparable sales are located on or near the Christina River in close proximity to the subject property.

***Comparable Sale #1** (820 Justison Street) is a rectangular site in close proximity to the subject property, but it is situated on the waterfront on the same side of the river near the subject property. Investors pay a substantial premium for the waterfront sites with a direct view of the water. This site was vacant at the time of sale, and there were no demolition costs reported. Waterfront properties are more valuable than non-waterfront interior sites, so a downward adjustment is warranted. The site characteristics of shape, size, and access are similar considered similar to the subject. Comparable sale #2 was verified with the Buyer who confirmed that there were some conditions to the sale. This parcel was part of a larger transaction with seller that involved the acquisition of right-of-ways and easements along streets and other areas near the Riverwalk. Parking rights and the termination of a partnership were part of the deal. A downward adjustment is applied to reflect the special motivation of the buyer.*

***Comparable Sale #2** (720 Justison Street) is a slightly irregular shaped site situated on the waterfront, in close proximity to and on the same side of the river as the subject property. Investors pay a substantial premium for the waterfront sites with a direct view of the water. Waterfront properties are more valuable than interior sites, so a downward adjustment is warranted. The site is smaller than the subject property, and it was improved with an older industrial building. The sale price of $2,850,000 included $150,000 in site clean up costs paid by the buyer. The buyer also paid approximately $80,000 in demolition costs.*

***Comparable Sale #3** (401-508 South Market Street) is an assemblage of irregular shaped parcels. This property is situated on the other side of the Christina River from the subject property, in close proximity to more residential neighborhood uses, in the less desirable neighborhood commercial area along the northbound and southbound Route 13 corridor. There is no frontage or view of the waterfront. This area of the Waterfront district is farther away from the desirable and superior "destination retail area" and access to the interstate highway system. The location and commercial appeal were considerably inferior, and this comparable was adjusted upward substantially. This assemblage was much larger in land area and was adjusted upward for site size.*

***Comparable Sale #4** (600 South Market Street) is an irregular shaped parcel of land. This property is also situated on the other side of the Christina River from the subject property, in close proximity to more residential neighborhood uses, in the less desirable neighborhood commercial area along the northbound and southbound Route 13 corridor. There is no frontage or view of the waterfront. This area of the Waterfront district is farther away from the desirable and superior "destination retail area" and access to the interstate highway system. The location and commercial appeal were considerably inferior, and this comparable was adjusted upward substantially.*

SALES COMPARISON CONCLUSION

All of the comparables are sales of land involved in the riverfront development area. Comparable Sales #1 and #2 are located on the same side of the river as the subject property and are regarded as premium, retail destination properties. Comparable Sales #3 and #4 are located on the other side of the Christina River and are considered inferior neighborhood retail properties.

Limited weight was placed on Comparable #1 due to the conditions of sale, such as being part of a larger sale, right-of-way, easement, parking rights, etc. It is difficult to quantify or accurately support market-derived adjustments to reflect the motivations of the buyer and seller. Comparable #1 was included in this report because it is the most recent sale in the immediate riverfront area near the subject property.

It is important to note that most of the prime commercial riverfront land has been or is in the process of being developed. There are only a few remaining sites available directly on the river. As the premium sites situated on the river are successfully developed, the demand for the remaining undeveloped land (non-waterfront) will gradually increase. This increase in demand and decrease in the supply of remaining available land in this waterfront area will put an upward movement on the value of the remaining real estate in this riverfront area.

After considering all factors after adjustments, the sales indicate a range of $11.81 to $21.25 with predominance around $18.00 per square foot. The subject property has 2.235± acres or 97,400± square feet of land. Applying the per-square-foot value to the subject property size of 97,400± square feet indicates a value of $1,753,200.

Indicated value per square foot = $18.00
Subject site in square feet = 97,400
Value of the subject site = $1,753,200
Rounded to $1,753,000

VALUE VIA SALES COMPARISON APPROACH

$1,753,000

ESTIMATE OF MARKET RENTAL RATE

The purpose of this appraisal assignment is to develop an opinion of the "Market Rental Rate" of the land only for the property described in this report.

***Market Rent**, as defined in* The Dictionary of Real Estate Appraisal, *4th Edition, is "The most probable rent that a property should bring in a competitive and open market, reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:*

1. *Lessee and lessor are typically motivated.*
2. *Both parties are well informed or well advised, and acting in what they consider their best interests.*
3. *A reasonable time is allowed for exposure in the open market.*
4. *The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.*
5. *The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.*

ESTIMATE OF THE LEASE RENTALS

A search was made of the subject's comparable marketplace for ground leases of similar type land uses. Some of the leases are in the immediate area and some are located further away from the subject property, but they appeal to the same type investor or user. Within the market place, we examined numerous ground leases for various types of commercial land uses. Eight of the ground leases have been utilized in our analysis. This rental information is summarized on the following pages.

***Rental #1** is the restaurant site of Big Fish Grill, located at 720 South Justison Street on the riverfront in Wilmington. There are 1.33± acres of land, and it is improved with a restaurant of 8,337± square feet of building area. The term of the lease was ten years with a renewable option. There was no rent for the first two years, and starting in year three the annual base rent is $120,000 plus 3% of gross sales or $2.07 per square foot of land. The lessor contributed $600,000 toward the tenant's construction costs.*

***Rental #2** is the restaurant site of Joe's Crab Shack, located at 600 South Justison Street on the riverfront in Wilmington. There is a pad site of 9,200± square feet, and it was improved with a restaurant building of 7,752± square feet. The completed pad included the delivery of utilities, parking lots and sidewalks. The term of the lease was twenty years with a renewal option. The annual rent for years one through five is $114,700, or $12.47 per square foot of land, with CPI increases starting in year six.*

***Rental #3** is the site of Iron Hill Brewery and Restaurant, located at 710 South Madison Street on the riverfront in Wilmington. There is a pad site of 7,335± square feet, and it was improved with a two-story brewery/restaurant building of 12,127± square feet. The completed pad included delivery of utilities, parking lots and sidewalks. The term of the lease is ten years with a renewal option. The annual rent for years one through ten is $125,000 plus 5% of gross over $2.5 million, or $17.04 per square foot of land. The lessor contributed $1 million toward construction costs.*

***Rental #4** is the site of Acme Market, located at the Marketplace at Garden State Park, Cherry Hill, New Jersey. It has a land area of 57,855± square feet. The lease date was December 2005 with a term of 25 years on a "modified gross basis". The initial annual rent was $425,234, or $7.35 per square foot, with a rent step to $8.75 in year eleven. Rental #4 has a superior location in a successful retail center.*

Rental #5 *is the site of a Lowes store located at 2650 MacArthur Road in Whitehall Township, Lehigh County, Pennsylvania. It has a land area of 14.28± acres (622,037 square feet). The site was improved with a one-story Home Center (166,609± square feet GBA). The lease commencement date was February 2007 with an initial term of 20 years. The initial annual rent was $800,000 or $1.29 per square foot of land. This ground lease was purchased for $13,210,000 in March 2008, indicating a 6.06% capitalization rate.*

Rental #6 *is the site of a Red Robin Restaurant in Cranberry Township, New Jersey. It has a land area of 1.82± acres (79,279± square feet). The site was improved with a one-story commercial building (6,400± square feet GBA). The lease commencement date was November 2004 with an initial term of 20 years. The initial annual rent was $1.35 per square foot of land, with a 10% increase every five years. This ground lease was purchased for $1,528,000 in November 2004, indicating a 7% capitalization rate.*

Rental #7 *is the site of a Smokey Bones Restaurant in Cranberry Township, New Jersey. It has a land area of 2.23± acres (97,139± square feet). The site was improved with a commercial building (6,976± square feet GBA). The lease commencement was November 2004 with a term of 20 years, plus a five- and four-year option. The initial annual rent was $0.98 per square foot of land with a 10% increase in year six. This ground lease sold for $1,357,000 in November 2004, indicating a 7% capitalization rate.*

Rental #8 *is the site of an Auto Zone store in Warminster Township, Bucks County, Pennsylvania. It has a land area of 1.24± acres (5,372± square feet GBA). The lease commencement was January 2002 with a term of 20 years. The initial annual rent was $1.57 per square foot of land, with 10% rental increases every five years. This ground lease was purchased for $1,307,000 in July 2004, indicating a 6.5% capitalization rate.*

Typically, the waterfront sites are a premium for commercial uses, and we can expect a higher rental rate. The retail commercial uses require good accessibility with ample parking utility. Additionally, we have surveyed the length of leases and rental increases over the length of the lease. On average, the length of the lease term is ten to twenty years with renewable options.

A survey of the market rental increases for varying leases indicated a range of 5% to 10% in the past. With the current economic conditions, and the slowing real estate market, the market rental rates have started to soften. Capitalization rates ranged from 6% and 7% for land leases in highly successful areas. Rental #1 (Big Fish Restaurant on South Justison Street) had a concession of no rent for the first two years and a landlord contribution of $600,000 toward construction costs.

Considering all factors, we have estimated a market rental rate of $1.30 per square foot of land, or an annual rental rate of $126,620 for the 2.236± acres (97,400± square feet) site.

ESTIMATED ANNUAL MARKET RENT FOR THE SUBJECT PROPERTY

$126,620

PART IV – EXHIBITS AND ADDENDA

Assignment Plan
Thomas C. Reynolds
3/26/2010

Project Name: Penn Cinema IMAX Theater

Project Number: IMAX footprint

Parcel Number: Part of 26-042.00-003

Client: Delaware Department of Transportation
Address: 250 Bear Christiana Road
Bear, DE 19701

Contact: North District Appraisal Manager
Brenda.Riley@state.DE.us 302-326-4485

Intended User(s): DelDOT

Intended Use: Estimate of value for disposition

Type of Value: Market Value

Effective Date: Date of Inspection

Characteristics:

Owner's Name: State of DE
Address: 401 S. Madison St, Wilmington, DE 19801
Phone: 302-326-4485
Type: Industrial land
Legal: Part of 26-042.00-003
Interest: Fee Simple

Definition of Market Value:

http://www.occ.treas.gov/fr/cfrparts/12CFR34.htm#§%2034.42%20Definitions.
12 CFR Part 34 Subpart C--Appraisals 34.42 Definitions (g)

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

(1) Buyer and seller are typically motivated;
(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;
(3) A reasonable time is allowed for exposure in the open market;
(4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Metropolitan Mutual Fire Insurance Co. v. Carmen Holding Co., 220 A. 2nd 778 (Delaware Superior Court 1966)
Simply stated, market value is the price which would be agreed upon by a willing seller and a willing buyer under usual and ordinary circumstances, without any compulsion whatsoever upon the seller to sell or upon the buyer to buy, assuming the highest, best and most valuable use for which the property is reasonably adapted and available.

Extraordinary Assumptions:

Hypothetical Conditions:

Scope of Work:

Inspection: Please notify me when you intend to inspect the property so that the appraisal reviewer may be present.

Identify Property:

- ☒ **Inspection**
- ☒ **Assessor's records**
- ☒ **Owner**
- ☒ **Agent**
- ☒ **Appraisal**
- ☒ **Data Bank**
- ☒ **Buyer**
- ☒ **State Data**

Physical Factors: As they exist on the day of inspection with the ***assumption that there will be a cross-parking easement***

Economic Factors: Consider existing market dynamics for the subject's local marketing area. ***Appraiser to provide a land lease rental estimate along with a projected time frame for the term of the lease.***

Analysis:

- ☒ **Highest & Best Use**
- ☒ **Sales Comparison Approach**
- ☐ **Income Approach (Before & After only)**
- ☐ **Cost Approach**

Extent: **a)** A statement of value of the real property to be acquired and, for a partial acquisition, a statement of the value of the damages and benefits, if an, to the remaining property.

b) A description of comparable sales, including a description of all relevant physical, legal, and economic factors such as parties to the transaction, source and method of financing and verification by a party involved in the transaction.

Type of Report:

- ☐ **Self-Contained**
- ☒ **Summary**
- ☐ **Value Finding**
- ☐ **Before & After**
- ☐ **Other**

Date of Completion: 5/10/2010

NOTE:

5 Year Property History

State Project No. N/A Federal-Aid Project No. N/A

Project Title Penn Cinema IMAX Theater – IMAX footprint

Parcel No. N/A

Tax Assessment Parcel No. Part of 26-042.00-003

Property Owner (Grantee) State of Delaware

Mailing Address 250 Bear-Christiana Road
Bear, DE 19701

Telephone No. 302-326-4485

Parcel Location: New Castle County, City of Wilmington Hundred

Property Area: Deed _____ Assessed 5.96 ac Calculated _____

Previous Owner (Grantor) Delmarva Power & Light Co

Title Source deed

DEED	WILL OR INTESTACY
Instrument 20060316-0025618	Date of Death _____
Dated 3/15/2006	Will Book _____
Consideration $ 10	Ltrs Grnted to _____
U.S.I.R. Stamps $ 0	
Realty Trans. Tax $ 0	In Book _____ Page _____
Covenants/Restrictions See Exhibit A	Comments _____
Outconveyances _____	

PROPERTY ASSESSMENT:

Land Assessment	$ 298,000
Bldg Assessment	$ 0
Total	$ 298,000

PROPERTY TAX:

County	$0
City	$0
School	$0

Must Include **ALL** Conveyances Within the Last Five (5) Years

PREVIOUS CONVEYANCES

No. 2
Date 9/1/1993 Consideration $ 0/$10 Will/Deed Record F16-400/1587-255
Grantor Delmarva Power & Light Co
Grantee Delmarva Power & Light Co

No. 3
Date _____ Consideration $ _____ Will/Deed Record _____
Grantor _____
Grantee _____

No. 4
Date _____ Consideration $ _____ Will/Deed Record _____
Grantor _____
Grantee _____

REMARKS _____

20060316--0025618
Pages: 8 F: $ 02.00
03/16/06 09:11:00 AM
T20060013910
Michael E. Kozikowski
New Castle Recorder DEE

TAX PARCEL No.:
26-042.00-003
PREPARED BY & RETURN TO:
Donald N. Isken, Esquire
Morris, Nichols, Arsht & Tunnell
1201 North Market Street
Post Office Box 1347
Wilmington, DE 19899
File No. 46859

THIS DEED, made as of the 15th day of March, in the year of our Lord, Two Thousand and Six (2006)

BETWEEN **DELMARVA POWER & LIGHT COMPANY,** a corporation of the State of Delaware and Commonwealth of Virginia, party of the first part,

- AND -

STATE OF DELAWARE, by and through its Department of Transportation, party of the second part.

WITNESSETH: That the said party of the first part, for and in consideration of the sum of Ten and 00/100 Dollars ($10.00), lawful money of the United States of America, the receipt whereof is hereby acknowledged, hereby grants and conveys unto the party of the second part, and its successors and assigns:

ALL those certain tracts, pieces or parcels of land situate at South Madison Street and Beech Street, City of Wilmington, New Castle County, Delaware and shown as Parcels 1 & 2 on a plan prepared by VanDemark & Lynch, Inc., Engineers, Planners and Surveyors, Wilmington, Delaware, dated May 11, 1993, entitled "Property Plan and Right of Way and Easement Plan", and recorded September 14, 1993 in the Office of the Recorder of Deeds in and for New Castle County, Delaware at Microfilm No. 11800, being more particularly bounded and described as follows, to-wit:

BEGINNING at the point of intersection of the northeasterly side of Beech Street (at 50 feet wide) and a point in the bed of South Madison Street, said point also being a common line dividing lands of Delmarva Power & Light Company (Deed Record F, Volume 16, Page 400) and lands now or formerly of Harbor Associates (Deed Book 396, page 138);

NCC 102030 03/15/06 16:00:00
$0.00 ST
$0.00

8/2

THENCE from the said point of Beginning and long the said northeasterly side of Beech Street North 49 degrees 14 minutes, 34 seconds West, 568.71 feet to its intersection with the southeasterly right of way for John F. Kennedy Turnpike (Interstate 95);

THENCE by lines of said southeasterly right of way of the John F. Kennedy Turnpike (Interstate 95), the five following described courses and distances:

1. North 42 degrees 03 minutes 03 seconds East, 55.41 feet to a point;

2. North 51 degrees, 09 minutes 34 seconds East, 112.07 feet to a point of curvature;

3. Northeasterly by a curve to the left having a radius of 1,226.25 feet, an arc distance of 276.48 feet to a point of tangency for said curve, said point being distant by a chord of North 44 degrees 42 minutes 04 seconds East, 275.89 feet from the last described point;

4. North 30 degrees 05 minutes 53 seconds East, 147.24 feet to a point; and

5. North 42 degrees, 03 minutes, 03 seconds East, 97.44 feet to a point;

THENCE partially along the said southeasterly right of way for the John F. Kennedy Turnpike (Interstate 95); and lands of Amtrak Railroad, North 46 degrees 22 minutes 04 seconds East, 115.85 feet to a point;

THENCE continuing along said lands of Amtrak Railroad North 54 degrees 21 minutes 13 seconds East, 254.61 feet to a point on the southwesterly side of Lower Linden Street (at 35 feet wide);

THENCE along the southwesterly side of Lower Linden Street, South 13 degrees 53 minutes 10 seconds East, 106.62 feet to a point of intersection with the northwesterly side of said South Madison Street;

THENCE along the Northwesterly lines of said South Madison Street, the two following described courses and distances:

2. South 07 degrees, 07 minutes 34 seconds West 171.50 feet to a point;

3. South 02 degrees 24 minutes 42 seconds West, 159.71 feet to a point;

THENCE by lines of the said bed of South Madison Street, the six following described courses and distances:

1. South 05 degrees 52 minutes 24 seconds West, 54.86 feet to a point;

2. South 16 degrees 31 minutes 17 seconds West 62.43 feet to a point;

3. South 50 degrees 45 minutes 35 seconds West, 43.33 feet to a point;

4. South 44 degrees 32 minutes 28 seconds West, 150.00 feet to a point, a corner for lands now or formerly of Stephen C. Donohoe, etux, (Deed Book 910, Page 96);

5. Along the northwesterly line of lands now or formerly of Stephen C. Donohoe, etux and lines now or formerly of Harbor Park Corporation (Deed Book 801, Page 165), South 24 degrees, 17 minutes, 29 seconds West, 88.90 feet to a point, a corner for said lands now or formerly of Harbor Associates; and

6. Along the northwesterly line of lands now or formerly of Harbor Associates, South 18 degrees 42 minutes 28 seconds West, 363.07 feet to the point and place of Beginning; be the contents what the may.

BEING more particularly bounded and described in a more recent survey prepared by Rummel, Klepper & Kahl, LLP, Consulting Engineers, dated January 31, 2006 entitled "Justison Landing Delmarva Parcel", Project No. 104-137, as follows, to-wit:

BEGINNING for the same at a point of intersection of the easterly right-of-way line of the land of now or formerly of the Philadelphia and Reading Railroad Company, The Reading Company, and the southerly right of way line of Lower Linden Street, with a width of 35 feet, said point being at the beginning of South 13 degrees 53 minutes 10 seconds East, 106.62 foot line as shown on the Delmarva Power & Light Co. Plat "Property Plan and Right-of-Way and Easement Plan" recorded September 9, 1993 at microfilm number 11800, said point being a punch hole in a concrete monument said point further begin designated as number RX4) on a plat entitled "Plat of Survey, Justison Landing, Delmarva Parcel" recorded or intended to be recorded in the Office of the Recorder of Deeds in and for the County of New Castle, Delaware; with meridian reference to the State of Delaware Grid North NAD 83/91, with a coordinate of North 632,956.0230, East 615,432.6780 as now surveyed,

1) South 20 degrees 55 minutes 17 seconds East, 106.70 feet to a point of intersection of Lower Linden Street and southwesterly right of way line of South Madison Street with a variable width right of way; thence binding on said right of way line

2) South 05 degrees 54 minutes 33 seconds East, 171.50 feet; thence

3) South 10 degrees 37 minutes 25 seconds East, 159.71 feet; thence

4) South 07 degrees 09 minutes 43 seconds East, 54.86 feet; thence

5) South 03 degrees 29 minutes 10 seconds West, 62.43 feet to a point in South Madison Street; thence binding therein

6) South 37 degrees 43 minutes 28 seconds West, 43.33 feet; thence

7) South 31 degrees 43 minutes 17 seconds West, 149.97 feet to the end of the North 10 degrees 57 minutes 00 seconds east, 58.36 foot line of the land of the

State of Delaware as recorded in the Office of the Recorder of Deeds as Instrument No. 20050318-0026018; thence binding thereon, in part and on South 10 degrees 57 minutes 00 seconds West, 58.36 foot line of the land the Delaware Transit Corporation as recorded in said Office of Recorder of Deeds in D.B. 2161-240

8) South 11 degrees 17 minutes 13 seconds West, 88.90 feet to the end of the North 05 degrees 22 minutes 00 seconds East, 845.27 foot line of the land of Harbor Associates as recorded in the Office of the Recorder of Deeds in D.B. 396-138; thence binding thereon

9) South 05 degrees 42 minutes 12 seconds West, 363.07 feet to a point of intersection with the northerly right of way line of Beech Street, having a right of way width of 50.00 feet; thence binding on said right of way line, in part;

10) North 62 degrees 14 minutes 50 seconds West 568.71 feet; to a point of intersection with the aforesaid Philadelphia and Reading Railroad Company; thence departing said Beech Street and binding on said Philadelphia and Reading Railroad right of way line

11) North 29 degrees 02 minutes 47 seconds East, 55.41 feet; thence

12) North 38 degrees 09 minutes 18 seconds East, 112.07 feet; thence

13) Northeasterly, 276.47 feet along the arc of a curve to the left having a radius of 1,226.55 feet, subtended by a chord of North 31 degrees 41 minutes 48 seconds East, 275.89 feet thence

14) North 17 degrees 05 minutes 37 seconds East, 147.24 feet; thence

15) North 29 degrees 02 minutes 47 seconds East, 97.44 feet; thence

16) North 33 degrees 21 minutes 48 seconds East, 115.89 feet; thence

17) North 41 degrees 23 minutes 41 seconds East, 254.46 feet to the point of Beginning; be the contents what they may.

SUBJECT to those items listed in Exhibit A attached hereto and made a part hereof.

BEING the same lands and premises that Delmarva Power & Light Company, a corporation of the State of Delaware and Commonwealth of Virginia, Successor to Wilmington Coal Gas Company, Wilmington Gas & Electric Company and Delaware Power & Light Company, each corporations of the State of Delaware, did grant and convey by deed dated September 1 1993, and recorded in the Office of the Recorder of Deeds in and for New Castle County, Delaware at Deed Book 1587, Page 255, unto Delmarva Power & Light Company, a corporation of the State of Delaware and the Commonwealth of Virginia, in fee, as a correctional deed without consideration for the purpose of

consolidating three contiguous parcels into one parcel and to clarify by metes and bounds the description of the resulting parcel.

ALSO BEING a part of the same lands and premises which The Harlan and Hollingsworth Company, a Delaware corporation, did, by Deed dated September 16, 1893, and recorded in the Office of the Recorder of Deeds in and for New Castle County, Delaware, in Deed Record F, Volume 16, Page 400, grant and convey unto the Wilmington Coal Gas Company, a Delaware corporation.

ALSO BEING a part of the same lands and premises which William S. Hilles and Florence Bayard Hilles, his wife, did by Deed dated September 29, 1904, and recorded in the Office aforesaid, in Deed Record A, Volume 20, Page 158, grant and convey unto Wilmington Gas and Electric Company, a Delaware corporation.

ALSO BEING a part of the same lands and premises which the Mayor and Council of Wilmington, a municipal corporation of the State of Delaware, did, by Deed dated February 10, 1953, and recorded in the Office aforesaid, in Deed Record Y, Volume 52, Page 445, grant and convey unto Delaware Power & Light Company, a Delaware corporation.

GRANTEE'S ADDRESS:
P.O. Box 778
Dover, Delaware 19903

IN WITNESS WHEREOF, the said Delmarva Power & Light Company has caused its name by T.S. Shaw, its _____ President to be hereunto set, and the common and corporate seal of the said corporation to be hereunto affixed, duly attested by its Assistant Secretary, the day and year first above written.

DELMARVA POWER & LIGHT COMPANY

Attest: Diana C. DiAngelis
Asst. Secretary

By: T.S. Shaw (SEAL)
Name: T. S. SHAW
Title: PRESIDENT

STATE OF DELAWARE)
)SS.
COUNTY OF NEW CASTLE)

BE IT REMEMBERED That on this 13TH day of March, 2006, personally came before me, the Subscriber, a Notary Public for the State and County aforesaid, T. S. SHAW, President of Delmarva Power & Light Company, a corporation of the State of Delaware and Commonwealth of Virginia, party to this Indenture, personally known to me to be such, and acknowledged this Indenture to be his/her act and deed and the act and deed of said corporation, and that the act of executing, sealing and delivering this Indenture was duly authorized by resolution of the Board of Directors of said corporation.

Given under my Hand and Seal of office the day and year aforesaid.

William F. Gibbons Jr
Notary Public
Printed Name: _____

My Commission Expires: _____

WILLIAM F. GIBBONS, JR.
NOTARY PUBLIC
STATE OF DELAWARE
My Commission Expires Feb. 7, 2010

EXEMPT
DATE 3/13/06

EXHIBIT A

1. UNDER AND SUBJECT to all applicable covenants, conditions, easements, rights-of-way, reservations restrictions, and agreements of record in the Office of the Recorder of Deeds in and for New Castle County and State of Delaware, including, to the extent applicable, the following:

a. The right, privilege and easement of maintaining sewer in the beds of Shipley Run and Clements Run, as set forth in that certain deed dated February 10, 1953 and recorded in the Office aforesaid in Deed Record T, Volume 52, Page 445.

b. Utility Easement granted to Delaware Power & Light Company dated March 29, 1961, and recorded in the Office aforesaid in Deed Record T, Volume 67, Page 138.

c. Grant on Easement of Fee Property between Delmarva Power & Light Company and Riverfront Development Corporation of Delaware, dated June 11, 1998, and recorded in the Office aforesaid in Deed Book 2480, Page 270.

d. Easement and Maintenance Agreement granted to the State of Delaware by and through the Department of Transportation and Riverfront Development Corporation of Delaware dated September 17, 2002 and recorded in the Office aforesaid at Instrument No. 20020919-0090047.

e. Right of Way and Easement granted to the City of Wilmington as shown on the Plan prepared by VanDemark & Lynch, Inc, Engineers, Planners and Surveyors, Wilmington, Delaware, dated May 11, 1993, entitled "Property Plan and Right of Way and Easement Plan", recorded in the Office aforesaid in Microfilm No. 1180

2. Subject to an Easement and Maintenance Agreement between Delmarva Power & Light Company, Grantor, and the State of Delaware, by and through the Department of Transportation and Riverfront Development Corporation of Delaware, dated October 15, 2002 and recorded in the Office aforesaid at Instrument No. 20021017-0100175.

3. Subject to a Utility Easement Agreement between the State of Delaware by and through its Department of Transportation and Delmarva Power & Light Company, dated March 15, 2006 and intended to be recorded in the Office aforesaid.

4. Subject to a Right of Possession Agreement between the State of Delaware, by and through its Department of Transportation, and Delmarva Power & Light Company, dated March 15, 2006.

5. Subject to a General Lease Agreement between Delmarva Power & Light Company and Delaware Outdoor Advertising, Inc., dated December 20, 1993 (as amended by Addendum dated February 27, 1997), and subsequently assigned to the State of Delaware, by and through its Department of Transportation by Assignment of Lease Agreement, dated March 15, 2006.

6. Subject to Easements, Agreements and Rights-of-way as set forth in Exhibit I to the Purchase Contract dated January 31, 2006, between Delmarva Power & Light Company and the Department of Transportation of the State of Delaware, for the property described in the Deed to which this Exhibit A is attached (the "Purchase Contract"), not shown in item 1 above, as follows, to-wit:

a. Cable Removal Agreement dated October 15, 2002 between Delmarva Power & Light Company and the State of Delaware by and through the Department of Transportation.

7. Subject to a Final Plan of Remedial Action as prepared by the Department of Natural Resources and Environmental Control ("DNREC"), dated September 2004, regarding DNREC Project No. DE-1045, covering the subject property.

8. Subject to Deed Notice by Delmarva Power & Light Company, dated March ___, 2006, and intended to be recorded in the Office aforesaid.

9. Subject to the provisions of Section 7.2 of the Purchase Contract, and such other provisions thereof that are necessary for the proper construction and enforcement of the requirements of said Section 7.2.

STATEMENT OF QUALIFICATIONS

THOMAS C. REYNOLDS, III SRPA, CRP

REYNOLDS APPRAISAL COMPANY
2115 CONCORD PIKE – SUITE 200
WILMINGTON, DELAWARE 19803

PHONE: 302-575-0955
FACSIMILE: 302-575-0966
Tom@ReynoldsAppraisal.com

BUSINESS EXPERIENCE

Reynolds Appraisal Company – 1996-Present
General Appraisal Company – 1980-1996

PROFESSIONAL ASSOCIATIONS

Appraisal Institute

National Board of Directors, Region VI Third Director (PA, NJ, DE, MD & DC) – 2009-2010
Region VI Nominating Committee of the Appraisal Institute – 2006-2007
Delaware Chapter President/Regional Representative of the Appraisal Institute – 2005
Delaware Chapter President/Regional Representative of the Appraisal Institute – 2004
Delaware Chapter President/Regional Representative of the Appraisal Institute – 1992
General Demonstration Report Grader for the Appraisal Institute – 1990-2000
Member of Society of Real Estate Appraisers (forerunner of the Appraisal Institute). Served as Treasurer, Secretary and Vice-President of the Delaware Chapter – 1980-1990
Awarded the SRPA (Senior Real Property Appraiser) designation by the Society of Real Estate Appraisers – 1990

Worldwide ERC

Member Worldwide Employee Relocation Council
Awarded CRP (Certified Relocation Professional)

Relocation Appraisers and Consultants

Member since 1997

National Association of Realtors

Broker – State of Delaware

LICENSES

State of Delaware Certified General Appraiser #X1-0000028

State of Pennsylvania Certified General Appraiser #GA 001076L

EDUCATION

University of Delaware, B.S. in Accounting, 1977

Society of Real Estate Appraisers
Course 101, 102, 201, 202

American Institute of Real Estate Appraisers
Real Estate Investment Analysis
Real Estate Case Studies
Valuation Analysis and Report Writing
Land Valuation Adjustment Procedures
Supporting Sales Comparison Grid Adjustments
Appraisal of Local Retail Properties

Appraisal Institute – Seminars
Business Practices and Ethics – 2009
South Jersey Redevelopment & Growth – 2009
Legislative, Regulatory and Judicial Update – 2009
7-Hour National USPAP Update Course – 2009
Appraisers/Assessors Working Together Through Today's Economy – 2009
Loss Prevention – 2009
Associates Guidance Leadership Program – 2009
Introducing Valuation for Financial Reporting – 2009
PA Appraisal Statutes, Regulations and Board Policies – 2009
Federal Agency Update – 2009
Uniform Standards for Federal Land Acquisition – 2007
National USPAP Update – 2007
National USPAP Update – 2005
Historic Preservation and Value – 2004
Better Models for designing Development – 2004
Complexities of Appraising Resort Real Estate – 2004
Del Dot Processes-Paper to Pavement – 2003
Pennsylvania Appraisal Statutes & Regulations
Current Activities of the Appraisal Foundation – 2002
Appraiser in Urban Renewal and Redevelopment – 2002
Commercial Leases and Capitalization in Real Estate – 2002
Assessment and the role of the Assessor – 2002
Roundtable: What's Happening in Delaware – 2002
Residential Design & Functional Utility – 2001
Review of USPAP – 2001
Serving the Client: The Application and Use of the Streamlined – 2000
What's Happening in the City and on the Waterfront – 2000
ERC's e-Relay Seminar – 2000
Roundtable: The Impact of New Castle County's Unified Development Code – 2000
Relocation Appraising – 1999
Standards of Profession Practice, Part C – 1999
FHA and the Appraisal Process – 1999
FHA Evaluation & Repair – 1999
Appraisal of 2-4 Family Properties – 1999
Appraisal Review – 1998
Real Estate Trends – 1997
Litigation, Expert Witness – 1997
Capital Markets & Discount Rates – 1996
High Tech Appraisal Office – 1996