



Donald J. Engels
Senior Vice President
The Hampshire Companies, LLC
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Morristown, NJ 07960
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Email: djengels@hampshireco.com

VIA Hand Delivery

October 10, 2017

Borough of Glen Ridge
Municipal Building
825 Bloomfield Avenue Glen Ridge, NJ 07028
Attn: Michael J. Rohal, Administrator

Re: Designation of One Bay Urban Renewal LLC as Redeveloper of a portion of the HUMC/Mountainside Redevelopment Area

Dear Mayor and Council:

As you are aware, the Borough Council, by Resolution No. 82-15 adopted on May 26, 2015, designated the following parcels of land as an area in need of redevelopment: Block 106, Lot 15 and Block 91, Lot 1 (the "HUMC/Mountainside Redevelopment Area").

One Bay Urban Renewal LLC (the "Redevelopment Entity"), an affiliate of The Hampshire Companies ("Hampshire") respectfully requests that it be designated as redeveloper of Block 106, Lot 15, in the HUMC/Mountainside Redevelopment Area (the "Redevelopment Site"), for the purpose of developing a medical office building pursuant to the HUMC/Mountainside Hospital Redevelopment Plan. In support of that request, enclosed please find a package of qualifications for the Redeveloper and its team of professionals.

Should you require any additional information, please let me know. We look forward to continuing to work with the Mayor and Council on this important endeavor.

Very truly yours,


Donald J. Engels, Senior Vice President

cc: Glenn Pantel, Esq.



Designated Redeveloper Qualifications

One Bay Urban Renewal LLC -
An Affiliate of The Hampshire Companies

RE: HUMC/Mountainside Hospital
Redevelopment Plan

10/1/2017

(i) **Development Team**

Role	Company Name	Primary Contact	Phone #	E-mail
Developer	The Hampshire Companies	Donald Engels	973-615-6851	diengels@hampshrieco.com
Architect	NK Architects	Allen Kopelson	973-539-5353	kopelsona@nkarchitects.com
Civil Engineer	Bohler Engineering	Brad Bohler	908-668-86300	bbohler@bohlereng.com
Traffic Engineer	Atlantic Traffic & Design Engineers	John Harter	908-769-5588	jharter@atlantictraffic.com
Construction Mgr	Avison Young	Edward Walsh	973-898-6363	Edward.walsh@avisonyoung.com
Land Use Counsel	Drinker Biddle and Reath	Glenn Pantel	973-549-7022	Glenn.pantel@dbr.com

Please see attached for the qualifications of each team member

(ii) **List of completed office projects**

49 Market Street, Morristown, NJ - Fox Rothschild Office Building: 45,000 sf Class A office building built to suit for law firm's NJ headquarters. Project was in a Redevelopment Area and performed pursuant to redevelopment agreement with the Town of Morristown. (2017)

Mount Pleasant Medical - 375 Mt Pleasant Ave. West Orange NJ -Redevelopment of a former Pharmaceutical factory building into a 113,000 sf modern medical arts facility. (2009)

175 Park Ave. Madison NJ – 270,000 sf Class A office building. the project was a redevelopment of an obsolete Verizon switching station and was built to suit for Realogy Holding Corp's (NYSE RLGY) World Headquarters (2013)

186 Wood Avenue Woodbridge, 110,000 sf Class A, Platinum LEED certificated – multi tenant office building (2011)

(iii) **Professional References** – Other NJ Municipalities where Hampshire is a designated redeveloper

Mayor John E. McCormac – Woodbridge Township , NJ 732-602-6015

Mayor Tim Dougherty – Town of Morristown, NJ 973-292-6629

Mayor Daniel J. Rieman – Borough of Carteret, NJ 732-541-3801

Leigh Ann Hindenlang – Executive Director, Perth Amboy Redevelopment Agency - (732) 826-0290 Ext. 4028

(iv) **Contractor Contact information**

N/A – The project contractor has not been selected at this time.

(v) *Documentation Evidencing Financial Responsibility*

Hampshire Destination Properties, the controlling member of the urban renewal entity and an affiliate of the Hampshire Companies is the proposed responsible party for the project. Financial statements are enclosed.

(vi) *Estimate offering price and deposit for Land -*

N/A – The proposed redeveloper is sub-leasing the land from Mountainside Hospital who in turn leases it from Mountainside Hospital Foundation

(vii) *Estimated Development Costs*

\$12,000,000

(viii) *Fiscal Impact*

The subject property is located in an area already well served by infrastructure and services from both the Borough of Glen Ridge and the Township of Montclair. The proposed development is not expected to result in a change in the need for local Police and Fire services or equipment. No additional roadways requiring municipal maintenance are proposed. Finally, there will not be any new school children resulting from the development.

Any marginal increase in the cost of municipal services will be more than offset by the increase in municipal tax revenues and other fees such as the COAH – non-residential development fees.

From a broader economic perspective, the proposed development is expected to bring approximately 80 new jobs to the area – 20 physicians and 60 support employees. It will also help to solidify the hospital's competitive position in the marketplace and help to ensure that critical medical services continue.

(ix) *Proposed Public Amenities and benefits*

The development also includes a 5,000 sf plaza located at the intersection of Highland Ave and Bay Ave. In addition, street scape improvements, such as street trees, streetscape lighting and furnishings are also proposed.

As stated above, the proposed medical office building is a critical element of Hackensack UMC Mountainside's strategic plan to attract new physicians to the area. It will enhance the Hospital's ability to compete in the current challenging environment and it will enhance the level of medical care to the local community.

(x) *Estimated Project Schedule (subject to approval process timetable)*

Demolition Start	Dec 2017
Commence Site work	Mar 2018
Core & Shell completion	Sept 2019
TI fit out completion	Nov 2018
Hospital occupancy	Dec 2018

(xi) *Conceptual Plans & Elevations*

Attached

(xii) *Tenant Relocation Plan -N/A*

(xiii) *No Conflict Certification.*

Attached

Design Team Qualifications:



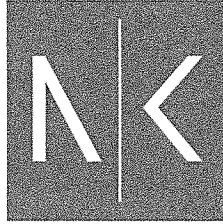
The Hampshire Companies is a privately-held, fully integrated real estate operating company and private equity real estate investment fund manager that has over 60 years of hands-on, cycle-tested experience in acquiring, developing, leasing, repositioning, managing, financing and disposing of real estate. Presently, Hampshire is the sponsor of more than \$1 billion in equity under management in various commingled, fully-discretionary real estate investment funds, with an overall aggregate value of approximately \$2.6 billion.

Hampshire is headquartered in Morristown, New Jersey and has 71 real estate professionals dedicated to creating value on behalf of its investors. It currently owns and operates a diversified portfolio of 200 properties across the country totaling over 17 million square feet.

The Company has a long, successful history of developing a multiple types of real estate. In the 1960s and 1970's Hampshire was a national developer of shopping centers - building over 10 Million sf of retail stores for companies such as Woolco, Caldor and A&P. More recently, Hampshire has been extremely active in redevelopment projects in NJ. Over the past 8 years it has been named designated redeveloper in 6 municipalities and has completing over \$250 Million in developments.

Comparable Project: In 2009, Hampshire purchased a 175,000 sf vacant Organon USA pharmaceutical manufacturing plant and transformed it into a Class A medical arts facility. The project involved converting a portion of the building to subterranean parking, dividing the building into multiple suites and remediating the 14 acre property.





Professional Design Qualifications

INTRODUCTION

NK Architects is a full-service architectural, interior design, planning and structural engineering firm committed to client service and the pursuit of excellence in architecture.

Founded in 1972, we are proud of our sustained growth, our recognition as market leaders in healthcare, education, multi-family housing and corporate interiors, and the completion of numerous significant and award-winning projects. With a staff of 60, NK is a regional firm with offices in New Jersey and New York City, working with clients throughout the country. Our success is due in no small part to the dedication of a very talented and committed staff, an obligation to maintain our core values of integrity, innovation and quality, and the ongoing confidence of our clients.

Our professionals are natural leaders with a passion for their work and an earned authority that enables them to exemplify NK's unique skill and agility. We fully understand and embrace the importance of what we do and take seriously our responsibility to our clients, end users and the environment. We work hard every day to promote this as an integral component of our culture.

As we prepare for greater growth and achievement over the coming years, NK will build upon the traditional values of great architecture, reinforced by developing technologies and a deep appreciation of the sustained impact of our work.

SERVICES

- Architectural Design
- Planning
- Interior Design
- Structural Engineering
- Graphic Design
- Feasibility Studies
- Conditions Assessments

LOCATIONS

95 Washington Street
Morristown, New Jersey 07960

Woolworth Building
233 Broadway, Suite 2150
New York, New York 10279

web: www.nkarchitects.com

tel: (973) 539-5353 fax: (973) 539-0916

tel: (212) 982-7900 fax: (212) 982-8111

email: nk@nkarchitects.com

STAFF

- 23 Licensed Architects
- 3 Licensed Planners*
- 16 Technicians
- 3 Licensed Engineers

- 3 Interior Designers
- 12 Support Staff
- 15 LEED Accredited*

**Are also architects, technicians or interior designers and therefore already included in total employee count*

HEALTHCARE SPECIALTY

NK understands that in today's environment, healthcare design must be predicated on a wide variety of factors. Well before design development, our planning considers our clients' strategic and operational goals, which can encompass intelligence drawn from demographic and competitive analyses, staffing and productivity studies, new technologies and capital solutions. This approach helps ensure success in a project that meets today's competitive demands, maximizes flexibility and adaptability for future, currently unknown needs, and fully supports the organization's strategy.

Our senior healthcare principals are Board Certified Healthcare Architects with advanced educational degrees in management and client- side operational experience. NK has exceptional insight into healthcare's changing needs, a rounded, national perspective on healthcare issues, and a deep understanding of local financial and operational concerns. This vantage point allows NK to act as a true client advocate throughout the entire planning, design and building process.

Our experience touches the full spectrum of the human lifecycle, from labor/delivery and neo-natal suites, emergency departments, operating suites, ambulatory care centers, cancer centers, cardiovascular, psychiatric, rehabilitation, senior care and hospice centers. We are the largest healthcare design firm in New Jersey and are among the top ten healthcare firms in the New York metropolitan area.

Representative Project

Hunterdon Medical Center MOB

Project: Specialty Medical Practice Facility

Location: Flemington, New Jersey

NK's design of this new 38,000 square foot medical office building on the campus of Hunterdon Medical Center takes advantage of the sloped site with a dramatic stone retaining wall and waterfall incorporated into the building's architecture. This allows independent access to the MRI suite and physical therapy practice on the lower level. The building is designed with responsive and progressive sustainable features that include solar sun shades, a geo-thermal heating and cooling system and a solar photovoltaic roof program. This, combined with all LED lighting and clerestory office daylight harvesting, will provide environmentally-responsible long-term benefits for all staff and patients.



OTHER REPRESENTATIVE PROJECTS

MEDICAL OFFICE BUILDINGS

95 Madison Avenue

Morristown, New Jersey

- Pain Management Treatment Center
- Perinatology Department
- Arthritis Center
- Melanoma Center
- Pain Management Expansion

500 Medical Arts

Hackettstown, New Jersey

CareOne

Marlton New Jersey

- Parking Study for Medical Office Building

Chester Square Medical Complex

Chester, New Jersey

- 50,000 sf Medical Office Building

CrownPoint Group Harrison MOB Harrison, New Jersey

- MOB Feasibility Study

Closter Medical Office Building

Closter, New Jersey

- Physician Office Suites and Closter Dental Group

Diversified Communities

Elizabeth, New Jersey

- Feasibility Study for Medical Office Building

Ear Nose Throat of New Jersey

Nutley, New Jersey

- Medical Office Building Renovation

East Orange General Hospital

East Orange, New Jersey

- Adaptive Reuse of Existing Facility into 75,000 sf Medical Office Building

Drinker Biddle

Drinker Biddle is a national, full-service law firm providing litigation, regulatory and business solutions to public and private corporations, multinational Fortune 100 companies and start-ups. Building on a rich 167-year history, our more than 635 lawyers across 12 offices today uphold our firm's reputation for outstanding legal results and bring a sophisticated, forward-thinking approach to every client engagement.

We combine a comprehensive range of legal services with significant national roles in industries, including—but not limited to—health care, financial services, insurance, energy, retail, education, and pharma and life sciences. Through deep industry knowledge and a commitment to excellence, clients can rely on us to deliver the counsel and insight needed to win complex class actions, close billion-dollar transactions and stay ahead of ever-changing regulations.

Our firm, lawyers and practice groups are routinely recognized for their results, client service and pro bono efforts. Among our recent recognitions:

- In 2017, 13 of our practice groups were recognized as leaders in their fields by Chambers and Partners, a client and peer reference-driven guide to the world's top lawyers
- Intellectual Property Practice Group ranked in the World Trademark Review 1000 for 2017, recognizing the Washington D.C. and Chicago offices, as well as individual lawyers
- Named insurance "Law Firm of the Year" by international industry-leading publication *Reactions Magazine* in 2015 and 2016. Drinker Biddle was also named the number one insurance law firm in five of the six categories in the *Reactions* Legal Survey 2016, namely Litigation, Regulatory, M&A, ILS and Insolvency
- Recipient of the of the Philadelphia Bar Foundation's 2017 Pro Bono Award, a prestigious honor recognizing one firm that "performs outstanding volunteer efforts in providing legal services to those in need."

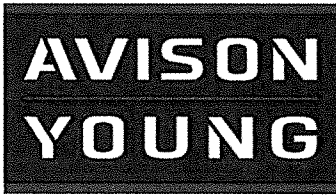
Glenn S. Pantel represents clients in the areas of land development, commercial real estate transactions and related regulatory matters including wetlands issues, ISRA compliance, waterfront development, Mt. Laurel housing, and local zoning and planning approvals. He represents a number of major developers and corporate users in connection with large scale, sophisticated development plans and acquisitions throughout New Jersey and Pennsylvania.

Glenn represents many major developers and corporate users in commercial real estate transactions. Among his recent representative matters:

- Representation of Matrix Development for matters in both New Jersey and Pennsylvania. In New Jersey, in the development of over 10,000,000 square feet of industrial and distribution center

facilities in Robbinsville, Monroe, Burlington, and South Brunswick Townships, New Jersey; and in the acquisition of the Commonwealth Corporate Center, Horsham, Pa., including variances and development of approvals from Horsham Township and Montgomery County; establishment of golf and access easements for an 18-hole Arnold Palmer designed course meandering through and initially under common ownership with the corporate park; implementation of a multimillion-dollar public-private partnership for road improvements; resolution of condemnation issues; addressing environmental matters related to an adjacent U.S. military airport facility.

- Representation of The Hampshire Companies in the acquisition, financing and leasing of several hundred million dollars of industrial, office and retail properties throughout the United States, including a 1,000,000-square-foot mixed-use residential, retail, office, hotel conference center and structure parking complex in Woodbridge at the Metropark Amtrak station; a new retail development project for Dick's Sporting Goods; building disposition and related residential rezoning for PNC Bank headquarters; rezoning and development approvals for a new 280,000-square-foot headquarters for Realogy Corp.
- Representation of Mercedes-Benz USA, LLC in approvals for a 626,000-square-foot warehouse/office facility.
- Representation of Erickson Living Management in rezonings, use variances and site plan approvals for multiple continuing care retirement communities containing more than 4,000 independent living, assisted living and nursing care units.
- Representation of IDI Gazeley (formerly Industrial Developments International, Inc.) on development projects encompassing some 3,000,000 square feet of industrial facilities.
- Representation of Trammell Crow Company in development projects encompassing more than 10,000,000 square feet of commercial and industrial floor area.



Avison Young is the world's fastest-growing commercial real estate services firm. Headquartered in Toronto, Canada, Avison Young is a collaborative, global firm owned and operated by its principals. Founded in 1978, the company comprises 2,400 real estate professionals in 80 offices, providing value-added, client-centric investment sales, leasing, advisory, management, financing and mortgage placement services to owners and occupiers of office, retail, industrial, multi-family and hospitality properties.

Formed by the union of **Graeme Young & Associates** of Alberta (1978) and **Avison & Associates** of Ontario (1989) and British Columbia (1994), Avison Young was created in 1996 to provide clients with more comprehensive real estate services at the local, national and international level. Over the next decade, new offices opened in Toronto West (1997), Montreal (2002), Winnipeg and Regina (2004), Halifax (2006) and Ottawa (2007).

In fall 2008, the shareholders merged the operations to create a single national entity: **Avison Young (Canada) Inc.** As a result, Avison Young became Canada's largest independently-owned commercial real estate services company.

In early 2009, Avison Young opened its first office outside of Canada in Chicago, followed by new offices in Washington DC, Lethbridge AB, Toronto North (2009); Atlanta, Houston, Tysons Corner VA, Boston, Waterloo Region (2010); Dallas, Los Angeles, Las Vegas (2011); Reno, Suburban Maryland, San Francisco, New York City, Charleston, Pittsburgh, New Jersey, Fort Lauderdale, Boca Raton, Miami, Detroit, Raleigh-Durham, Orange County, Denver (2012); San Diego, Charlotte, Sacramento, West Palm Beach, San Mateo, Long Island, Greenville, Tampa, Philadelphia (2013); Columbus OH, London U.K., Thames Valley U.K., Austin, Fairfield/Westchester, Oakland, Cleveland, Orlando, Frankfurt (2014); Munich, Moncton, Minneapolis, Indianapolis, Duesseldorf, Hamburg, Nashville, Knoxville, Hartford, San Antonio, Mexico City, Memphis (2015); Coventry, Jacksonville, Phoenix, Berlin, St. Louis (2016), Bucharest (2017).

Edward Sharp Walsh, P.E.

Principal & Managing Director of Project Management Services | New Jersey

Edward Walsh is the Principal & Managing Director for Avison Young's New Jersey office. Highly regarded as one of the most accomplished and respected professionals in the construction and real estate industries, Mr. Walsh is responsible for business development, increasing profitability and maintaining client relationships.

Mr. Walsh most recently served as Managing Principal and President of The Walsh Company, a multi-service advisory organization that he founded in 2003 and grew into one of the leading client representation and project management services firms in the industry. His responsibilities encompassed overall management of the firm's activities, including business development, client management and assemblage of a more than 50-person team in five offices throughout the Northeast.

Before founding The Walsh Company, Mr. Walsh worked for more than 10 years as a Senior Vice- President at Gale & Wentworth, a diversified real estate investment and services firm. He began his career with Boswell Engineering and also previously held positions with Bomar Builders.

Mr. Walsh is actively involved in helping to raise funds for several nonprofit organizations in Morris & Somerset Counties in New Jersey. He has been recognized for his philanthropic efforts on behalf of United Way, the American Cancer Society, Somerset Hills Learning Institute, Interfaith Food Pantry of Morristown, Employment Horizons and Family Service of Morris County. In 2009 he was appointed to Governor Chris Christie's Environmental Protection Transition Subcommittee and has been serving as Chairman of the Board for the School Development Authority (SDA) since 2010. Mr. Walsh was an active board member for the U.S. Green Building Council from 2011-2013 and was most recently invited to serve on the board of trustees for NAIOP.

Education

Villanova University - Bachelor's of Science degree in civil engineering

Affiliations

- Registered Professional Engineer in New Jersey
- Currently Chairman of the Board for the School Development Authority
- Board member of the U.S. Green Building Council, 2011-2013
- NAIOP Board Member

Significant Projects

- Panasonic, Newark, NJ – 250,000 SF Office/New Headquarters Facility
- BASF, Florham Park, NJ – 300,000 SF Office/New Headquarters Facility
- Wyndham Worldwide, Parsippany, NJ – 250,000 SF Office/New Headquarters Facility
- Wyndham Worldwide, Parsippany, NJ – 200,000 SF Office/New Building
- The Medicines Company, Parsippany, NJ - 180,000 SF Office/New Building
- One Lincoln Street, Boston, MA – 1M SF Office/New Building
- Woodmont Corporate Center, Whippany, NJ – 80,000 SF Office/New Building
- Citigroup, Englewood Cliffs, NJ - 410,000 SF Office/Building Renovation

BOHLERTM

ENGINEERING

Bohler is a land development design firm with more than 20 locations from North Texas to New England, we provide consulting and technical services to developers and their partners across all commercial and residential real estate sectors. Services include: -Due Diligence -Land Surveying -Land Planning -Landscape Architecture -Civil Engineering -Sustainable Design -Permitting & Entitlements -Program Management

The company, is based in Warren NJ and has 35 years of experience in the following development markets:

- Healthcare
- Higher Education
- Hospitality
- Industrial
- Mixed-Use
- Office
- Residential
- Retail

Through its history Bohler has completed 30,000 projects. It currently employs over 700 Professionals throughout its 17 offices on the East coasts

Representative Project

SAINT VINCENT MEDICAL OFFICE | Worcester, MA

Services: Site Civil and Consulting Engineering, Permitting Services

The Saint Vincent Medical Office Building was designed to fill the demand for medical office space in Worcester, MA. The topographically challenged site is now home to this 4-story, 50,000 SF medical office building. Bohler's design included low impact development (LID) techniques to minimize the project's impact on the surrounding environment:





Established in 1990, Atlantic Traffic & Design Engineers, Inc. provides specialized Civil Engineering Consulting Services in the areas of Traffic Engineering and Transportation Planning. The firm has completed thousands of assignments along the East Coast for corporate, private and municipal/public sector clients.

Atlantic Traffic & Design Engineers, Inc. staff provides expertise on access management, traffic circulation, ADA-compliance and transportation related design issues. Safe and efficient accommodation of the traveling public is instrumental to the success of any development project, and is a critical element due to the complexity of the regulatory approval process.

Services include:

TRAFFIC ENGINEERING ANALYSIS AND PERMITTING

- DOT Access Permitting
- Traffic Impact Studies
- Highway Capacity Analyses
- Vehicular & Pedestrian Trip Generation Modeling
- Parking Utilization Studies
- Traffic Signal Warrant Analyses
- Vehicle Queueing Analyses
- Transportation Planning
- Expert Testimony
- Litigation Work

TRAFFIC DESIGN AND CONSTRUCTION OVERSIGHT

- Traffic Signal Design
- Traffic Calming
- Roadway Design
- Roundabout Design
- Emergency Vehicle Pre-Emption Design
- Temporary Work Zone Traffic Control Plans
- Roadway Construction Inspection
- Site Circulation Planning & Design

JOHN HARTER, PE – Principal

Since joining Atlantic Traffic & Design Engineers, Inc. in 1993, John has over 20 years of experience with the preparation of Traffic Studies, Traffic Signal Plans, Traffic Signal Timing Directives, Electrical Construction Plans, Signing & Striping Plans, and Traffic Control Plans designed in accordance with County, State and Federal standards. Additionally, John has extensive consultation experience with various Departments of Transportation at County and State levels with respect to site access permitting and off-site improvements. John has been responsible for the preparation of over 1,000 Traffic Impact Analyses, Parking Sufficiency Studies, Traffic Signal Warrant Analyses, and Traffic Accident Reports for developments throughout New Jersey, Pennsylvania, New York and Connecticut. These studies include examination of existing roadway/intersection conditions, review of travel patterns, vehicle gap/queue data, historical accident records, projection of trip generation and development of future traffic volumes, analysis of existing and projected traffic conditions, preparation of conceptual site layouts, intersection improvement designs, site access designs and analysis of sight distance. John has been accepted as an expert engineering witness by Municipal and County boards in New Jersey, Pennsylvania, New York and Connecticut on more than 300 occasions.

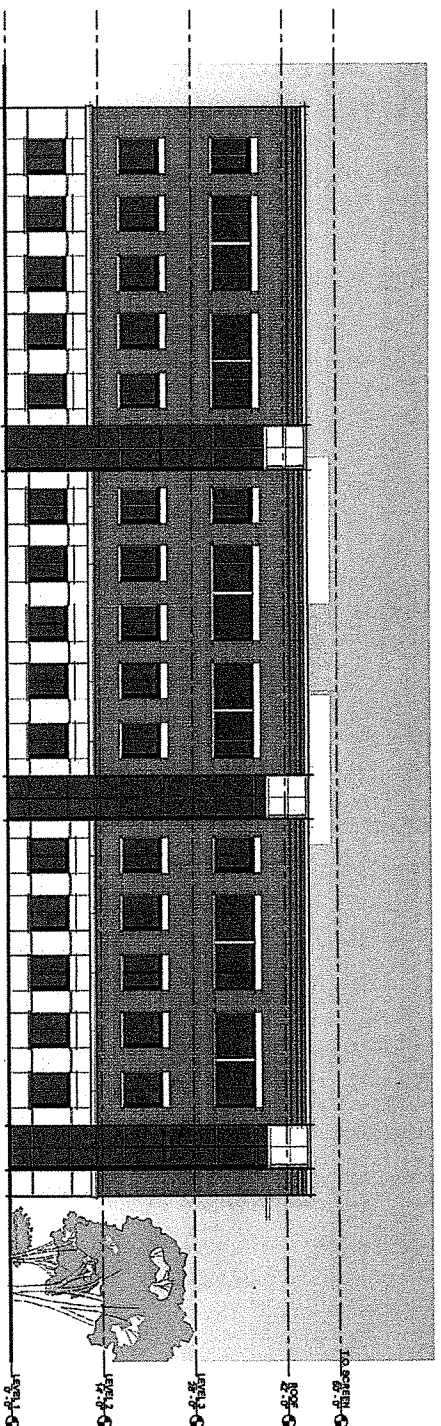


**PROJECT: PROPOSED MEDICAL OFFICE BUILDING
MONTCLAIR, NEW JERSEY**

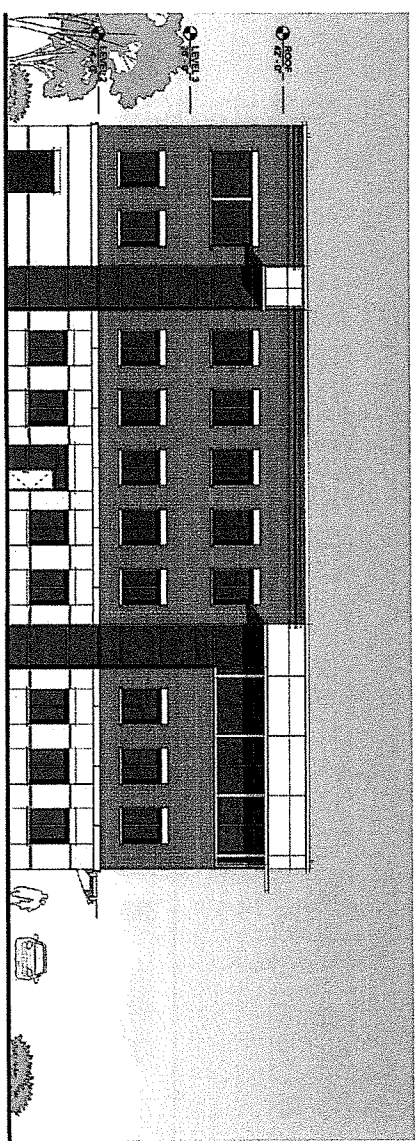
**SOUTH ELEVATION & PERSPECTIVE -
OPTION B.2**

DATE: 03/22/2017
#BX PROJECT NUMBER : 2131.000

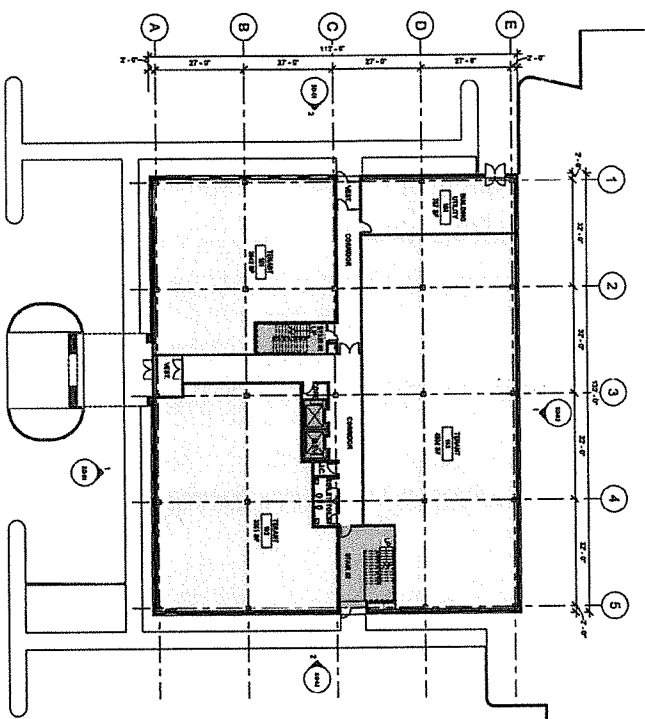




1 NORTH ELEVATION
1/8" = 1'-0"

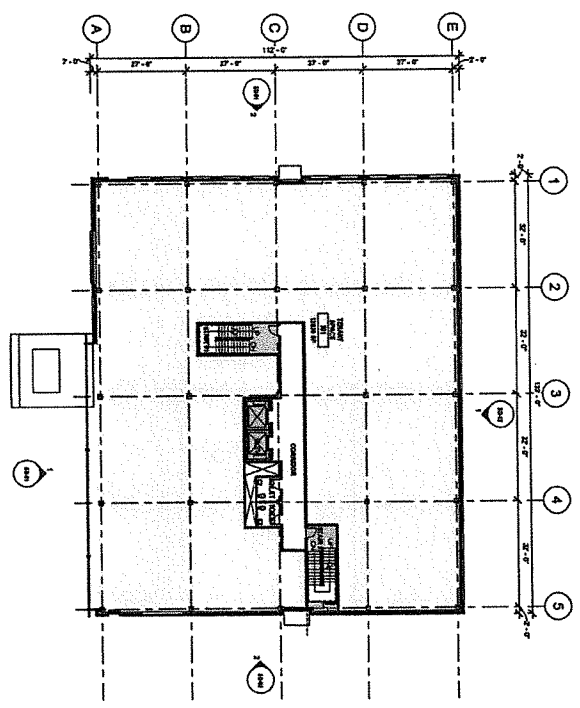


2 WEST ELEVATION
1/8" = 1'-0"



1 FIRST FLOOR PLAN
1/8" = 1'-0"

- PROGRAM LEGEND**
- CORE
 - CIRCULATION
 - VERTICAL CIRCULATION
 - TENANT SPACE



2 SECOND FLOOR PLAN
1/8" = 1'-0"



ARCHITECTS
301 BROADWAY, SUITE 1100
NEW YORK, NY 10004
TEL: (212) 691-1000
FAX: (212) 691-1001
WWW.ABCKORP.COM

THE HAMPSHIRE REAL ESTATE COMPANY
301 BROADWAY, SUITE 1100
NEW YORK, NY 10004
TEL: (212) 691-1000
FAX: (212) 691-1001
WWW.HAMPSHIRE-RE.COM

HAMPSHIRE REAL ESTATE COMPANY
301 BROADWAY, SUITE 1100
NEW YORK, NY 10004
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WWW.HAMPSHIRE-RE.COM

PROJECT: PROPOSED MEDICAL OFFICE BUILDING

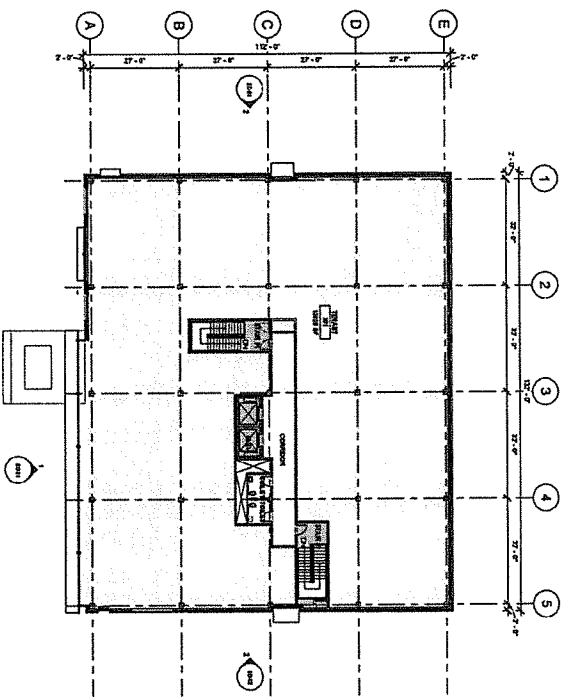
07/07/16
PROGRESS PRINT - NOT FOR CONSTRUCTION

NO.	DESCRIPTION	DATE
1	DESIGN	07/07/16
2	CONSTRUCTION	07/07/16
3	FINAL	07/07/16

SCALE
1/8" = 1'-0"
DATE
07/07/16
BY
J. K. [Signature]
CHECKED
J. K. [Signature]
DATE
07/07/16

A-1

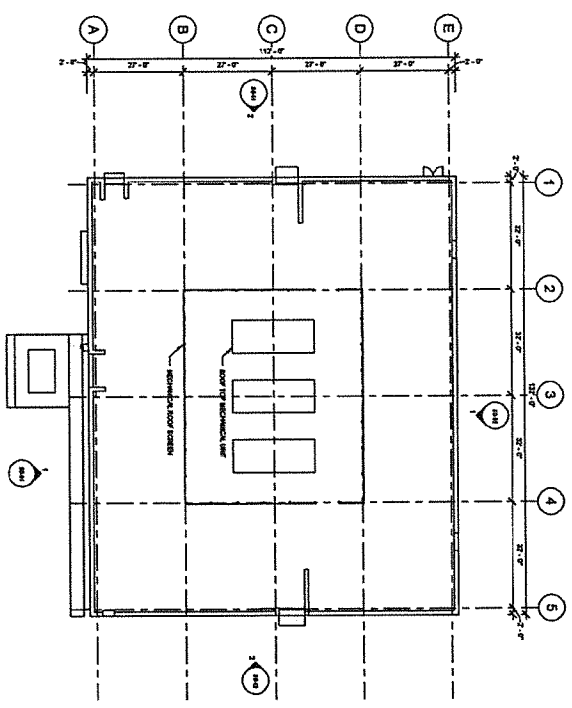
NOT PROJECT NUMBER 313,000



1 THIRD FLOOR PLAN
1/8" = 1'-0"

PROGRAM LEGEND

- CORE
- CIRCULATION
- VERTICAL CIRCULATION
- TENANT SPACE



2 ROOF PLAN
1/8" = 1'-0"



311 HODGSON AVENUE, SUITE 200
ANNAPOLIS, MD 21403
TEL: 410.291.1234
FAX: 410.291.1235
WWW.ARTISTARCHITECTS.COM

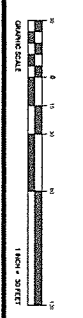
HAMPSHIRE REAL ESTATE COMPANY MOUNTAINSIDE HOSPITAL
ANNAPOLIS, MD 21403

PROJECT: PROPOSED MEDICAL OFFICE BUILDING
DATE: 07.07.16
PROGRESS PRINT - NOT FOR CONSTRUCTION

NO.	DESCRIPTION	DATE
1	REVISION	
2	REVISION	
3	REVISION	
4	REVISION	
5	REVISION	
6	REVISION	
7	REVISION	
8	REVISION	
9	REVISION	
10	REVISION	

A-2

PROJECT NUMBER: 2131088



PARKING REQUIREMENTS					
ITEM	CODE	PERMITTED	PROHIBED		
one (1) vehicle stall only	1-100a	1-101	1-102	1-103	
one (1) commercial stall only	1-100b	1-101b	1-102b	1-103b	
one (1) multi-use stall	1-100c	1-101c	1-102c	1-103c	
one (1) total entry	1-100d	1-101d	1-102d	1-103d	2d
handicap (1) vehicle stall	1-100e	1-101e	1-102e	1-103e	2e
one (1) entrance or 10 stalls	1-100f	1-101f	1-102f	1-103f	2f
one (1) entrance or 10 stalls	1-100g	1-101g	1-102g	1-103g	2g
one (1) entrance or 10 stalls	1-100h	1-101h	1-102h	1-103h	2h
one (1) entrance or 10 stalls	1-100i	1-101i	1-102i	1-103i	2i
one (1) entrance or 10 stalls	1-100j	1-101j	1-102j	1-103j	2j
one (1) entrance or 10 stalls	1-100k	1-101k	1-102k	1-103k	2k
one (1) entrance or 10 stalls	1-100l	1-101l	1-102l	1-103l	2l
one (1) entrance or 10 stalls	1-100m	1-101m	1-102m	1-103m	2m
one (1) entrance or 10 stalls	1-100n	1-101n	1-102n	1-103n	2n
one (1) entrance or 10 stalls	1-100o	1-101o	1-102o	1-103o	2o
one (1) entrance or 10 stalls	1-100p	1-101p	1-102p	1-103p	2p
one (1) entrance or 10 stalls	1-100q	1-101q	1-102q	1-103q	2q
one (1) entrance or 10 stalls	1-100r	1-101r	1-102r	1-103r	2r
one (1) entrance or 10 stalls	1-100s	1-101s	1-102s	1-103s	2s
one (1) entrance or 10 stalls	1-100t	1-101t	1-102t	1-103t	2t
one (1) entrance or 10 stalls	1-100u	1-101u	1-102u	1-103u	2u
one (1) entrance or 10 stalls	1-100v	1-101v	1-102v	1-103v	2v
one (1) entrance or 10 stalls	1-100w	1-101w	1-102w	1-103w	2w
one (1) entrance or 10 stalls	1-100x	1-101x	1-102x	1-103x	2x
one (1) entrance or 10 stalls	1-100y	1-101y	1-102y	1-103y	2y
one (1) entrance or 10 stalls	1-100z	1-101z	1-102z	1-103z	2z
one (1) entrance or 10 stalls	1-100aa	1-101aa	1-102aa	1-103aa	2aa
one (1) entrance or 10 stalls	1-100ab	1-101ab	1-102ab	1-103ab	2ab
one (1) entrance or 10 stalls	1-100ac	1-101ac	1-102ac	1-103ac	2ac
one (1) entrance or 10 stalls	1-100ad	1-101ad	1-102ad	1-103ad	2ad
one (1) entrance or 10 stalls	1-100ae	1-101ae	1-102ae	1-103ae	2ae
one (1) entrance or 10 stalls	1-100af	1-101af	1-102af	1-103af	2af
one (1) entrance or 10 stalls	1-100ag	1-101ag	1-102ag	1-103ag	2ag
one (1) entrance or 10 stalls	1-100ah	1-101ah	1-102ah	1-103ah	2ah
one (1) entrance or 10 stalls	1-100ai	1-101ai	1-102ai	1-103ai	2ai
one (1) entrance or 10 stalls	1-100aj	1-101aj	1-102aj	1-103aj	2aj
one (1) entrance or 10 stalls	1-100ak	1-101ak	1-102ak	1-103ak	2ak
one (1) entrance or 10 stalls	1-100al	1-101al	1-102al	1-103al	2al
one (1) entrance or 10 stalls	1-100am	1-101am	1-102am	1-103am	2am
one (1) entrance or 10 stalls	1-100an	1-101an	1-102an	1-103an	2an
one (1) entrance or 10 stalls	1-100ao	1-101ao	1-102ao	1-103ao	2ao
one (1) entrance or 10 stalls	1-100ap	1-101ap	1-102ap	1-103ap	2ap
one (1) entrance or 10 stalls	1-100aq	1-101aq	1-102aq	1-103aq	2aq
one (1) entrance or 10 stalls	1-100ar	1-101ar	1-102ar	1-103ar	2ar
one (1) entrance or 10 stalls	1-100as	1-101as	1-102as	1-103as	2as
one (1) entrance or 10 stalls	1-100at	1-101at	1-102at	1-103at	2at
one (1) entrance or 10 stalls	1-100au	1-101au	1-102au	1-103au	2au
one (1) entrance or 10 stalls	1-100av	1-101av	1-102av	1-103av	2av
one (1) entrance or 10 stalls	1-100aw	1-101aw	1-102aw	1-103aw	2aw
one (1) entrance or 10 stalls	1-100ax	1-101ax	1-102ax	1-103ax	2ax
one (1) entrance or 10 stalls	1-100ay	1-101ay	1-102ay	1-103ay	2ay
one (1) entrance or 10 stalls	1-100az	1-101az	1-102az	1-103az	2az
one (1) entrance or 10 stalls	1-100ba	1-101ba	1-102ba	1-103ba	2ba
one (1) entrance or 10 stalls	1-100bb	1-101bb	1-102bb	1-103bb	2bb
one (1) entrance or 10 stalls	1-100bc	1-101bc	1-102bc	1-103bc	2bc
one (1) entrance or 10 stalls	1-100bd	1-101bd	1-102bd	1-103bd	2bd
one (1) entrance or 10 stalls	1-100be	1-101be	1-102be	1-103be	2be
one (1) entrance or 10 stalls	1-100bf	1-101bf	1-102bf	1-103bf	2bf
one (1) entrance or 10 stalls	1-100bg	1-101bg	1-102bg	1-103bg	2bg
one (1) entrance or 10 stalls	1-100bh	1-101bh	1-102bh	1-103bh	2bh
one (1) entrance or 10 stalls	1-100bi	1-101bi	1-102bi	1-103bi	2bi
one (1) entrance or 10 stalls	1-100bj	1-101bj	1-102bj	1-103bj	2bj
one (1) entrance or 10 stalls	1-100bk	1-101bk	1-102bk	1-103bk	2bk
one (1) entrance or 10 stalls	1-100bl	1-101bl	1-102bl	1-103bl	2bl
one (1) entrance or 10 stalls	1-100bm	1-101bm	1-102bm	1-103bm	2bm
one (1) entrance or 10 stalls	1-100bn	1-101bn	1-102bn	1-103bn	2bn
one (1) entrance or 10 stalls	1-100bo	1-101bo	1-102bo	1-103bo	2bo
one (1) entrance or 10 stalls	1-100bp	1-101bp	1-102bp	1-103bp	2bp
one (1) entrance or 10 stalls	1-100bq	1-101bq	1-102bq	1-103bq	2bq
one (1) entrance or 10 stalls	1-100br	1-101br	1-102br	1-103br	2br
one (1) entrance or 10 stalls	1-100bs	1-101bs	1-102bs	1-103bs	2bs
one (1) entrance or 10 stalls	1-100bt	1-101bt	1-102bt	1-103bt	2bt
one (1) entrance or 10 stalls	1-100bu	1-101bu	1-102bu	1-103bu	2bu
one (1) entrance or 10 stalls	1-100bv	1-101bv	1-102bv	1-103bv	2bv
one (1) entrance or 10 stalls	1-100bw	1-101bw	1-102bw	1-103bw	2bw
one (1) entrance or 10 stalls	1-100bx	1-101bx	1-102bx	1-103bx	2bx
one (1) entrance or 10 stalls	1-100by	1-101by	1-102by	1-103by	2by
one (1) entrance or 10 stalls	1-100bz	1-101bz	1-102bz	1-103bz	2bz
one (1) entrance or 10 stalls	1-100ca	1-101ca	1-102ca	1-103ca	2ca
one (1) entrance or 10 stalls	1-100cb	1-101cb	1-102cb	1-103cb	2cb
one (1) entrance or 10 stalls	1-100cc	1-101cc	1-102cc	1-103cc	2cc
one (1) entrance or 10 stalls	1-100cd	1-101cd	1-102cd	1-103cd	2cd
one (1) entrance or 10 stalls	1-100ce	1-101ce	1-102ce	1-103ce	2ce
one (1) entrance or 10 stalls	1-100cf	1-101cf	1-102cf	1-103cf	2cf
one (1) entrance or 10 stalls	1-100cg	1-101cg	1-102cg	1-103cg	2cg
one (1) entrance or 10 stalls	1-100ch	1-101ch	1-102ch	1-103ch	2ch
one (1) entrance or 10 stalls	1-100ci	1-101ci	1-102ci	1-103ci	2ci
one (1) entrance or 10 stalls	1-100cj	1-101cj	1-102cj	1-103cj	2cj
one (1) entrance or 10 stalls	1-100ck	1-101ck	1-102ck	1-103ck	2ck
one (1) entrance or 10 stalls	1-100cl	1-101cl	1-102cl	1-103cl	2cl
one (1) entrance or 10 stalls	1-100cm	1-101cm	1-102cm	1-103cm	2cm
one (1) entrance or 10 stalls	1-100cn	1-101cn	1-102cn	1-103cn	2cn
one (1) entrance or 10 stalls	1-100co	1-101co	1-102co	1-103co	2co
one (1) entrance or 10 stalls	1-100cp	1-101cp	1-102cp	1-103cp	2cp
one (1) entrance or 10 stalls	1-100cq	1-101cq	1-102cq	1-103cq	2cq
one (1) entrance or 10 stalls	1-100cr	1-101cr	1-102cr	1-103cr	2cr
one (1) entrance or 10 stalls	1-100cs	1-101cs	1-102cs	1-103cs	2cs
one (1) entrance or 10 stalls	1-100ct	1-101ct	1-102ct	1-103ct	2ct
one (1) entrance or 10 stalls	1-100cu	1-101cu	1-102cu	1-103cu	2cu
one (1) entrance or 10 stalls	1-100cv	1-101cv	1-102cv	1-103cv	2cv
one (1) entrance or 10 stalls	1-100cw	1-101cw	1-102cw	1-103cw	2cw
one (1) entrance or 10 stalls	1-100cx	1-101cx	1-102cx	1-103cx	2cx
one (1) entrance or 10 stalls	1-100cy	1-101cy	1-102cy	1-103cy	2cy
one (1) entrance or 10 stalls	1-100cz	1-101cz	1-102cz	1-103cz	2cz
one (1) entrance or 10 stalls	1-100da	1-101da	1-102da	1-103da	2da
one (1) entrance or 10 stalls	1-100db	1-101db	1-102db	1-103db	2db
one (1) entrance or 10 stalls	1-100dc	1-101dc	1-102dc	1-103dc	2dc
one (1) entrance or 10 stalls	1-100dd	1-101dd	1-102dd	1-103dd	2dd
one (1) entrance or 10 stalls	1-100de	1-101de	1-102de	1-103de	2de
one (1) entrance or 10 stalls	1-100df	1-101df	1-102df	1-103df	2df
one (1) entrance or 10 stalls	1-100dg	1-101dg	1-102dg	1-103dg	2dg
one (1) entrance or 10 stalls	1-100dh	1-101dh	1-102dh	1-103dh	2dh
one (1) entrance or 10 stalls	1-100di	1-101di	1-102di	1-103di	2di
one (1) entrance or 10 stalls	1-100dj	1-101dj	1-102dj	1-103dj	2dj
one (1) entrance or 10 stalls	1-100dk	1-101dk	1-102dk	1-103dk	2dk
one (1) entrance or 10 stalls	1-100dl	1-101dl	1-102dl	1-103dl	2dl
one (1) entrance or 10 stalls	1-100dm	1-101dm	1-102dm	1-103dm	2dm
one (1) entrance or 10 stalls	1-100dn	1-101dn	1-102dn	1-103dn	2dn
one (1) entrance or 10 stalls	1-100do	1-101do	1-102do	1-103do	2do
one (1) entrance or 10 stalls	1-100dp	1-101dp	1-102dp	1-103dp	2dp
one (1) entrance or 10 stalls	1-100dq	1-101dq	1-102dq	1-103dq	2dq
one (1) entrance or 10 stalls	1-100dr	1-101dr	1-102dr	1-103dr	2dr
one (1) entrance or 10 stalls	1-100ds	1-101ds	1-102ds	1-103ds	2ds
one (1) entrance or 10 stalls	1-100dt	1-101dt	1-102dt	1-103dt	2dt
one (1) entrance or 10 stalls	1-100du	1-101du	1-102du	1-103du	2du
one (1) entrance or 10 stalls	1-100dv	1-101dv	1-102dv	1-103dv	2dv
one (1) entrance or 10 stalls	1-100dw	1-101dw	1-102dw	1-103dw	2dw
one (1) entrance or 10 stalls	1-100dx	1-101dx	1-102dx	1-103dx	2dx
one (1) entrance or 10 stalls	1-100dy	1-101dy	1-102dy	1-103dy	2dy
one (1) entrance or 10 stalls	1-100dz	1-101dz	1-102dz	1-103dz	2dz
one (1) entrance or 10 stalls	1-100ea	1-101ea	1-102ea	1-103ea	2ea
one (1) entrance or 10 stalls	1-100eb	1-101eb	1-102eb	1-103eb	2eb
one (1) entrance or 10 stalls	1-100ec	1-101ec	1-102ec	1-103ec	2ec
one (1) entrance or 10 stalls	1-100ed	1-101ed	1-102ed	1-103ed	2ed
one (1) entrance or 10 stalls	1-100ee	1-101ee	1-102ee	1-103ee	2ee
one (1) entrance or 10 stalls	1-100ef	1-101ef	1-102ef	1-103ef	2ef
one (1) entrance or 10 stalls	1-100eg	1-101eg	1-102eg	1-103eg	2eg
one (1) entrance or 10 stalls	1-100eh	1-101eh	1-102eh	1-103eh	2eh
one (1) entrance or 10 stalls	1-100ei	1-101ei	1-102ei	1-103ei	2ei
one (1) entrance or 10 stalls	1-100ej	1-101ej	1-102ej	1-103ej	2ej
one (1) entrance or 10 stalls	1-100ek	1-101ek	1-102ek	1-103ek	2ek
one (1) entrance or 10 stalls	1-100el	1-101el	1-102el	1-103el	2el
one (1) entrance or 10 stalls	1-100em	1-101em	1-102em	1-103em	2em
one (1) entrance or 10 stalls	1-100en	1-101en	1-102en	1-103en	2en
one (1) entrance or 10 stalls	1-100eo	1-101eo	1-102eo	1-103eo	2eo
one (1) entrance or 10 stalls	1-100ep	1-101ep	1-102ep	1-103ep	2ep
one (1) entrance or 10 stalls	1-100eq	1-101eq	1-102eq	1-103eq	2eq
one (1) entrance or 10 stalls	1-100er	1-101er	1-102er	1-103er	2er
one (1) entrance or 10 stalls	1-100es	1-101es	1-102es	1-103es	2es
one (1) entrance or 10 stalls	1-100et	1-101et	1-102et	1-103et	2et
one (1) entrance or 10 stalls	1-100eu	1-101eu	1-102eu	1-103eu	2eu
one (1) entrance or 10 stalls	1-100ev	1-101ev	1-102ev	1-103ev	2ev
one (1) entrance or 10 stalls	1-100ew	1-101ew	1-102ew	1-103ew	2ew
one (1) entrance or 10 stalls	1-100ex	1-101ex	1-102ex	1-103ex	2ex
one (1) entrance or 10 stalls	1-100ey	1-101ey	1-102ey	1-103ey	2ey
one (1) entrance or 10 stalls	1-100ez	1-101ez	1-102ez	1-103ez	2ez
one (1) entrance or 10 stalls	1-100fa	1-101fa	1-102fa	1-103fa	2fa
one (1) entrance or 10 stalls	1-100fb	1-101fb	1-102fb	1-103fb	2fb
one (1) entrance or 10 stalls	1-100fc	1-101fc	1-102fc	1-103fc	2fc
one (1) entrance or 10 stalls	1-100fd	1-101fd	1-102fd	1-103fd	2fd
one (1) entrance or 10 stalls	1-100fe	1-101fe	1-102fe	1-103fe	2fe
one (1) entrance or 10 stalls	1-100ff	1-101ff	1-102ff	1-103ff	2ff
one (1) entrance or 10 stalls	1-100fg	1-101fg	1-102fg	1-103fg	2fg
one (1) entrance or 10 stalls	1-100fh	1-101fh	1-102fh	1-103fh	2fh
one (1) entrance or 10 stalls	1-100fi	1-101fi	1-102fi	1-103fi	2fi
one (1) entrance or 10 stalls	1-100fj	1-101fj	1-102fj	1-103fj	2fj
one (1) entrance or 10 stalls	1-100fk	1-101fk	1-102fk	1-103fk	2fk
one (1) entrance or 10 stalls	1-100fl	1-101fl	1-102fl	1-103fl	2fl
one (1) entrance or 10 stalls	1-100fm	1-101fm	1-102fm	1-103fm	2fm
one (1) entrance or 10 stalls	1-100fn	1-101fn	1-102fn	1-103fn	2fn
one (1) entrance or 10 stalls	1-100fo	1-101fo	1-102fo	1-103fo	2fo
one (1) entrance or 10 stalls	1-100fp	1-101fp	1-102fp	1-103fp	2fp
one (1) entrance or 10 stalls	1-100fq	1-101fq	1-102fq	1-103fq	2fq
one (1) entrance or 10 stalls	1-100fr	1-101fr	1-102fr	1-103fr	2fr
one (1) entrance or 10 stalls	1-100fs	1-101fs	1-102fs	1-103fs	2fs
one (1) entrance or 10 stalls	1-100ft	1-101ft	1-102ft	1-103ft	2ft
one (1) entrance or 10 stalls	1-10				

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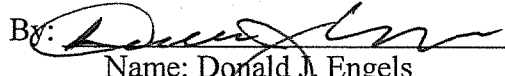
CERTIFICATION

The undersigned, ONE BAY URBAN RENEWAL LLC, a New Jersey limited liability company, the proposed redeveloper (the "Redeveloper") of Block 106, Lot 15 in the Borough of Glen Ridge and Block 4215, Lot 1 in Montclair Township (the "Redevelopment Tract"), hereby certifies that no member of the governing bodies of Montclair Township or the Borough of Glen Ridge, nor any member of any entity acting as a redevelopment agency for Montclair Township or the Borough of Glen Ridge, will receive any pecuniary benefit from the Redeveloper or as a consequence of the redevelopment of the Redevelopment Tract.

This Certification is made this 15th day of October, 2017.

REDEVELOPER:

ONE BAY URBAN RENEWAL LLC, a
New Jersey limited liability company

By: 
Name: Donald J. Engels
Title: Authorized Representative

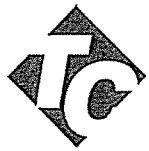
HAMPSHIRE DESTINATION PROPERTIES, L.L.C.
AND SUBSIDIARIES

Consolidated Financial Statements
Year Ended December 31, 2016

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

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Tobin & Collins, C.P.A., P.A.
Certified Public Accountants, Financial & Business Advisors

Independent Auditors' Report

To The Members Of

Hampshire Destination Properties, L.L.C.
Morristown, New Jersey

Report on Financial Statements

We have audited the accompanying consolidated financial statements of Hampshire Destination Properties, L.L.C. (a limited liability company) and Subsidiaries (the Company), which comprise the consolidated statement of assets, liabilities and members' equity (deficit) – income tax basis as of December 31, 2016 and the related consolidated statements of revenues and expenses – income tax basis, changes in members' equity (deficit) – income tax basis and cash flows – income tax basis for the year then ended and the related notes to consolidated financial statements.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the basis of accounting the Company uses for income tax purposes. This includes the design, implementation and maintenance of the internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

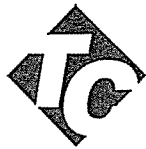
Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We concluded our audit in accordance with the auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

(Continued)

- 1 -



Tobin & Collins, C.P.A., P.A.
Certified Public Accountants, Financial & Business Advisors

Independent Auditors' Report (Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated assets, liabilities and members' equity (deficit) of Hampshire Destination Properties, L.L.C. and Subsidiaries as of December 31, 2016, and the revenues and expenses, changes in members' equity (deficit) and cash flows for the year then ended in accordance with the basis of accounting Hampshire Destination Properties, L.L.C. uses for income tax purposes described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared on the basis of accounting Hampshire Destination Properties, L.L.C. and Subsidiaries uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplemental Estimated Fair Value Information

We have also audited, in accordance with auditing standards generally accepted in the United States of America, the supplemental fair value consolidated statement of assets, liabilities and members' equity (deficit) of Hampshire Destination Properties, L.L.C. and Subsidiaries as of December 31, 2016. As described in Note 12, the supplemental consolidated statement of assets, liabilities and members' equity (deficit) has been prepared by management to present relevant financial information that is not provided by the historical cost consolidated statement of assets, liabilities and members' equity (deficit) and is not intended to be a presentation in conformity with generally accepted accounting principles or the income tax basis of accounting. In addition, the supplemental fair value does not purport to present the net realizable, liquidation, or market value of Hampshire Destination Properties, L.L.C. and Subsidiaries as a whole. Furthermore, amounts ultimately realized by Hampshire Destination Properties, L.L.C. and Subsidiaries from the disposal of assets may vary significantly from the fair values presented. In our opinion, the supplemental fair value consolidated statement of assets, liabilities and members' equity (deficit) referred to above presents fairly, in all material respects, the information set forth as described in Note 12.

Tobin & Collins, C.P.A., P.A.

Hackensack, New Jersey
June 21, 2017

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Assets, Liabilities and Members' Equity (Deficit) - Income Tax Basis (With Supplemental Estimated Fair Value Information) December 31, 2016

ASSETS

	<u>Income Tax Basis</u>	<u>Estimated Fair Value</u>
Assets:		
Investments in real estate (net of accumulated depreciation of \$7,756,579)	\$ 10,713,818	\$ 34,825,300
Investments in real estate ventures	(3,964,037)	14,806,216
Investments in other ventures	(46,581)	145,000
Investments in securities	193,401	127,404
Cash and cash equivalents	2,601,824	2,601,824
Accounts receivable	1,632,856	1,632,856
Other receivables	3,501,331	3,342,519
Deferred costs (net of accumulated amortization of \$314,705)	<u>273,211</u>	<u>273,211</u>
Total Assets	<u><u>\$ 14,905,823</u></u>	<u><u>\$ 57,754,330</u></u>

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Assets, Liabilities and Members' Equity (Deficit) - Income Tax Basis (With Supplemental Estimated Fair Value Information) December 31, 2016

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	Income Tax Basis	Estimated Fair Value
Liabilities:		
Mortgages payable	\$ 17,299,066	\$ 17,299,066
Other notes payable	100,000	100,000
Accounts payable and accrued expenses	292,843	292,843
Security deposits payable	4,421	4,421
Total liabilities	<u>17,696,330</u>	<u>17,696,330</u>
Commitments and Contingencies		
Members' Equity (Deficit):		
Members' equity (deficit)	(2,790,507)	(2,790,507)
Unrealized appreciation in net assets	0	42,848,507
Total members' equity (deficit)	<u>(2,790,507)</u>	<u>40,058,000</u>
Total Liabilities and Members' Equity (Deficit)	<u>\$ 14,905,823</u>	<u>\$ 57,754,330</u>

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Revenues and Expenses - Income Tax Basis Year Ended December 31, 2016

Revenue:	
Revenue from real estate operations	\$3,023,441
Income from investments in real estate ventures	650,205
Income from other ventures	513,041
Total revenue	<u>4,186,687</u>
Operating Expenses:	
Real estate operating expenses	706,013
Management fees	364,795
Professional fees	313,073
Depreciation and amortization	347,950
Total expenses	<u>1,731,831</u>
Net Operating Income	<u>2,454,856</u>
Other Income (Expense):	
Interest income	122,736
Interest expense	(902,853)
Other miscellaneous income	11,603
Fee income	123,050
Net recognized gain on sale of real estate and real estate ventures	89,215
Total other income (expense)	<u>(556,249)</u>
Net Income	<u>\$1,898,607</u>

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Changes in Members' Equity (Deficit) - Income Tax Basis
Year Ended December 31, 2016

Members' Equity (Deficit) - Beginning of Year	\$ (4,689,114)
Net Income	<u>1,898,607</u>
Members' Equity (Deficit) - End of Year	<u>\$ (2,790,507)</u>

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Cash Flows - Income Tax Basis

Year Ended December 31, 2016

Cash Flows From Operating Activities:

Net income	\$ 1,898,607
Adjustments to reconcile net income to net cash provided by operating activities -	
Depreciation and amortization	347,950
Income from investments in real estate ventures	(650,205)
Income from investments in other ventures	(513,041)
Net recognized gain on sale of real estate and real estate ventures	(89,215)
Changes in assets and liabilities -	
(Increase) decrease in:	
Accounts receivable	(52,425)
Increase (decrease) in:	
Accounts payable and accrued expenses	122,744
Net Cash Provided By Operating Activities	<u>1,064,415</u>

Cash Flows From Investing Activities:

Sale of investments in real estate ventures	614,618
Contributions to real estate ventures	(1,760,236)
Distributions from real estate ventures	1,365,308
Distributions from other ventures	916,249
Purchase of real estate	(482,456)
Repayments of other receivables	7,387,883
Advances of other receivables	(8,618,221)
Net Cash Used In Investing Activities	<u>(576,855)</u>

Cash Flows From Financing Activities:

Principal payments on mortgages payable	(517,902)
Proceeds from other notes payable	100,000
Repayments of other notes payable	(6,109)
Payments of deferred costs	(15,187)
Net Cash Used In Financing Activities	<u>(439,198)</u>

(Continued)

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Consolidated Statement of Cash Flows - Income Tax Basis (Continued)
Year Ended December 31, 2016

Net Decrease in Cash and Cash Equivalents	48,362
Cash and Cash Equivalents - Beginning of Period	<u>2,553,462</u>
Cash and Cash Equivalents - End of Period	<u>\$ 2,601,824</u>
Supplemental Disclosure of Cash Flow Information:	
Cash paid during the period for - Interest	<u>\$ 906,112</u>

See independent auditors' report and notes to consolidated financial statements.

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis December 31, 2016

1. General

Hampshire Destination Properties, L.L.C. and Subsidiaries (the Company) was formed pursuant to the laws of the State of New Jersey on April 11, 1996 as East Rutherford '96, L.L.C. The Company's operations consist primarily of creating a diversified portfolio of commercial real estate and other real estate related investments.

2. Summary of Significant Accounting Policies

A) Basis of Accounting –

The accompanying consolidated financial statements are prepared using the accrual basis of accounting in conformity with the income tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The primary difference is that depreciation may be computed using accelerated methods allowed for federal income tax purposes which may cause the fixed assets to be written off in an amount of time that is less than the actual economic life of the assets.

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries which are limited liability companies that own individual investments as follows:

- a. 15 Maple, L.L.C.
- b. GU Manchester Trust
- c. Hackettstown 2006, L.L.C.
- d. Harding 2005, L.L.C.
- e. Mine Brook 2006, L.L.C.
- f. HDP Van Raalte, L.L.C.
- g. Des Moines '81 GP, L.L.C.
- h. Hampton Dstore, L.L.C.
- i. Elder PA 1 Delaware Trust
- j. Hampshire West, L.L.C.
- k. Hampshire Pond Realty Manager, L.L.C.
- l. HDP Valley Westwood, L.L.C.
- m. Sandwich 2005, L.L.C.
- n. HDP D.C. Loan MM, L.L.C.
- o. HDP Alextronics, L.L.C.

All intercompany transactions have been eliminated in consolidation.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

2. Summary of Significant Accounting Policies (Continued)

B) Cash and Cash Equivalents –

For the purpose of the consolidated statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

C) Accounts and Other Receivables –

Accounts and other receivables represent the amount due from tenants and others to whom the Company has loaned funds. The Company does not provide an allowance for doubtful accounts. Instead, specific receivable balances are charged to expense at the time they are determined to be uncollectible in accordance with the provisions of the Internal Revenue Code. During the year, the Company has determined that the full amount of the receivables due from tenants was collectible.

D) Investments in Real Estate –

Investments in real estate assets are stated at cost. Depreciation is computed using the Modified Accelerated Cost Recovery System method (MACRS) with useful lives between 5 years and 39 years.

E) Investments in Real Estate and Other Ventures –

Partnership and limited liability company investments are accounted for using the equity method under which the Company's share of partnership and limited liability company profits and losses are included in income and distributions received decrease the investment. The balance of the investment is reduced below zero when the Company's share of losses and distributions are in excess of their contributions and their share of profits.

F) Deferred Costs –

Deferred costs consist primarily of transaction costs incurred in connection with the financing costs of the acquisition of certain real estate investments and legal fees relating to tenant lease agreements, which are deferred and amortized over the life of the related debt instrument or lease term.

G) Mortgages Payable–

The Company's mortgages payable are reported at the principal amount of the obligations outstanding.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

2. Summary of Significant Accounting Policies (Continued)

H) Concentrations of Credit Risk –

Financial instruments, which potentially expose the Company to concentrations of credit risk, consist of:

Cash and cash equivalents – Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. At times, these balances may exceed federally insured limits. At December 31, 2016, the Company's uninsured cash balance was \$2,066,930.

Tenant Accounts Receivable – The Company leases primarily retail and office property. The terms of the leases generally require base rent payments and reimbursement of certain operating costs. Certain tenants are also required to make a deposit at the inception of the lease. Credit risk associated with the lease agreements is limited to the amounts of rents receivable from tenants less related security deposits. During 2016, 19.21% of the Company's rental income was attributed to space leased by affiliates. At December 31, 2016, 95% of the outstanding accounts receivable balance was due from affiliates. Tenant accounts receivable are included in accounts receivables on the consolidated statement of assets, liabilities and members' equity (deficit) – income tax basis.

Other Receivables – The Company is exposed to credit loss in the event of non-performance by the counterparties to these instruments. The Company may require collateral or other security to support these financial instruments. The Company generally does not perform credit checks or other credit evaluation methodologies on its related party receivables. At December 31, 2016, 71% of the outstanding balance of other receivables was due from related parties.

Investments in real estate and other ventures – The Company's risk of a credit loss is contingent upon the performance of the assets underlying these financial instruments.

I) Income Taxes –

The Company is not subject to Federal income taxes. The members are taxed individually on their proportionate share of taxable income, whether or not distributed, and may be entitled to deduct their proportionate share of any losses. As of the report date, the Company is no longer subject to U.S. federal and state income tax examinations by tax authorities for the years before 2013 and 2012.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

2. Summary of Significant Accounting Policies (Continued)

J) Revenue Recognition –

Rental revenue is recognized when earned from tenants in accordance with the terms of the underlying lease agreements. Included in revenue from real estate operations on the consolidated statement of revenues and expenses are certain tenant reimbursements determined in accordance with the terms of the lease agreements. Interest income is recognized in the period it is earned.

K) Use of Estimates –

The preparation of financial statements in conformity with the income tax basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. The most significant estimates and assumptions for the Company relate to the valuation of the investments in real estate and real estate ventures.

3. Investments in Real Estate

At December 31, 2016, investments in real estate consisted of the following:

Land	\$ 2,697,137
Building	14,827,684
Improvements	<u>945,576</u>
	18,470,397
Less – Accumulated depreciation	<u>(7,756,579)</u>
	<u>\$ 10,713,818</u>

Total depreciation expense for the year ended December 31, 2016 amounted to \$292,987.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

3. Investments in Real Estate (Continued)

As of December 31, 2016, the Company and/or its subsidiaries owned the following real estate:

Type of Investment/Entity	Location	Percent Owned	Income Tax Basis	Estimated Fair Value
Office:				
15 Maple, L.L.C.	15 Maple Ave., Morristown, NJ	100%	\$ 428,959	\$ 1,567,000
Harding 2005, L.L.C.	906 Mt. Kemble Ave., Harding Township, NJ	100%	848,629	1,386,000
			<u>1,277,588</u>	<u>2,953,000</u>
Retail:				
Elder PA 1 Delaware Trust	5800 Peach Street Erie, PA	23%	743,424	2,327,000
Hampton Dstore, L.L.C.	2400 W. Mercury Blvd., Hampton, VA	75%	696,444	1,765,000
GU Manchester Trust	Route 7A and Equinox Road, Manchester, VT	73%	2,781,185	7,150,000
Sandwich 2005, L.L.C.	77 Quaker Meetinghouse Rd., Sandwich, MA	100%	2,674,088	13,480,300
			<u>6,895,141</u>	<u>24,722,300</u>
Hospitality:				
Mine Brook 2006, L.L.C.	27 Mine Brook Road, Bernardsville, NJ	100%	2,161,089	6,750,000
Billboard:				
Alextronics, L.L.C.	1429 Park Street Hartford, CT	100%	380,000	400,000
			<u>\$ 10,713,818</u>	<u>\$ 34,825,300</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

3. Investments in Real Estate (Continued)

At December 31, 2016, minimum future rental payments to be received under non-cancelable operating leases having a term of more than one year are as follows:

Year Ending December 31,	
2017	\$ 2,488,359
2018	2,450,644
2019	2,456,386
2020	1,493,259
2021	1,071,802
Thereafter	<u>3,522,084</u>
	<u>\$ 13,482,534</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued) December 31, 2016

4. Investments in Real Estate Ventures

As of December 31, 2016, the Company owned the following real estate ventures:

Investment	Location	Percent Owned	Tax Capital	Estimated Fair Value
185 W. Broadway, L.L.C.	Wyoming	53.500%	\$ 978,589	\$ 2,055,500
AMSI Land Heritage, L.L.C.	New York	1.945%	20,060	803,300
BH '91, L.L.C.	New Jersey	4.995%	(86,629)	87,000
Convergence Hampshire Opportunity Fund GP, L.L.C.	Various	Various	(27,529)	404,928
2005 Pluckemin Associates, L.L.C.	New Jersey	22.500%	33,719	655,100
Des Moines '81 Associates (GP)	Massachusetts	8.000%	(358,063)	374,700
Des Moines '81 Associates (LP)	Massachusetts	50.000%	(2,036,655)	2,341,600
Dido Retail, L.L.C.	New York	1.556%	(70,553)	715,100
H&M Storage Partners of Pembroke Pines, L.L.C.	Florida	7.692%	246,274	250,000
Hampshire Blair Holdco, L.L.C.	New Jersey	50.000%	305,656	307,500
Hampshire Pond Realty, L.L.C.	New Jersey	50.000%	275,000	350,000
Hampshire Springfield, L.L.C.	Oregon	44.740%	(4,259,378)	0
HDP DC Loan, L.L.C.	Washington DC	1.000%	0	17,000
HGF HDP Miami, L.L.C.	Florida	50.000%	211,588	213,755
HGF HDP Self Storage MM, L.L.C.	Connecticut	35.000%	175,341	175,000
Investors Fund VI, L.L.C.	Various	3.552%	92,885	21,660
Investors Fund VII, L.L.C.	Various	9.612%	291,840	234,080
Investors Fund VIII, L.L.C.	Various	23.077%	1,000,199	1,143,000
JHP Eau Claire 2009, L.L.C.	Various	10.000%	175,670	1,135,800
Newburgh 81 Associates	Pennsylvania	25.000%	(271,811)	244,700
NSP Nutley Associates, L.L.C.	New Jersey	8.340%	(98,145)	539,600
Olney Dstore, L.L.C.	Illinois	69.850%	(590,001)	427,600
THC GP, L.L.C.	Colorado	50.000%	(50)	0
THC Sage Brook MM, L.L.C.	Colorado	46.324%	190,579	215,525
The Hampshire Companies, L.L.C.	Various	5.449%	32,278	664,500
The Hampshire Legacy Fund, L.L.C.	Various	Various	148,540	444,268
The Hampshire Net Lease Fund, L.L.C.	Various	2.535%	(343,441)	985,000
			<u>\$ (3,964,037)</u>	<u>\$ 14,806,216</u>

Income from investments in real estate ventures as reflected on the consolidated statement of revenue and expenses – income tax basis represent the income/(loss) reported to the Company on Internal Revenue Service Form K-1. The total income reported from investments in real estate ventures for the year ended December 31, 2016 amounted to \$650,205.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued) December 31, 2016

5. Investments in Other Ventures

As of December 31, 2016, the Company owned the following other ventures:

Investment	Location	Percent Owned	Tax Capital	Estimated Fair Value
Hylan Partners, L.P.	Various	1.124%	(68,321)	115,000
Metro Fiber Partners, L.P.	Florida	0.973%	21,740	30,000
			<u>\$ (46,581)</u>	<u>\$ 145,000</u>

Income from investments in real estate ventures as reflected on the consolidated statement of revenue and expenses – income tax basis represent the income/(loss) reported to the Company on Internal Revenue Service Form K-1. The total income reported from investments in other ventures for the year ended December 31, 2016 amounted to \$513,041

6. Investment in Securities

As of December 31, 2016, the Company owned the following securities:

Type of Investment	Shares	Estimated Tax Basis	Fair Value
TalentSky, Inc. (Non-marketable)	50,000	\$ 100,000	\$ 125,000
Caladrius Biosciences, Inc. (Marketable)	2,226	93,401	2,404
		<u>\$ 193,401</u>	<u>\$ 127,404</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)

December 31, 2016

7. Concentrations in Real Estate Investments

For the year ended December 31, 2016, the following tenants represented 10% or greater of the revenues from real estate operations:

Shaw's Supermarket	16.6%
The Stop & Shop Supermarket Company, LLC	17.8%
CVS Caremark	13.6%
The Bernard's Inn	10.9%

8. Deferred Costs

At December 31, 2016, deferred costs consisted of:

Financing fees	\$	375,852
Deferred lease commissions		<u>212,064</u>
		587,916
Less: Accumulated amortization		<u>(314,705)</u>
	\$	<u>273,211</u>

Amortization expense for the year ended December 31, 2016 amounted to \$54,963.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued) December 31, 2016

9. Mortgages Payable

At December 31, 2016, mortgages payable consisted of:

22.5% of an 8.86% mortgage payable on the Erie, PA property, secured by the building, monthly payments of \$15,611, including interest, due January 2021.	1,087,089
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73% of a 5.862% mortgage payable on the Manchester, VT property, secured by land and building, monthly payments of \$33,635, including interest, until April 2036, at which time the entire unpaid balance is due.	4,730,716
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4.00% mortgage payable on the Harding Township, NJ property, secured by land and building, monthly payments of \$6,904, including interest until November 2020, at which time the entire unpaid balance is due.	1,092,822
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3.875% mortgage payable on the Bernardsville, NJ property, secured by land and building, monthly payments of \$17,296, including interest. On the fifth anniversary date of the note, March 12, 2020, the interest rate shall be changed to a rate equal to 225 basis points over the prevailing regular rate of three year advances as published by the Federal Home Loan Bank of New York with a floor of 3.75%, until March 12, 2023, at which time the entire unpaid balance is due.	3,159,920
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75% of a 5.25% mortgage payable on the Hampton, VA property, secured by land and building, monthly payments of \$8,131, including interest, until November 2023, at which time the entire unpaid balance is due.	1,043,928
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4.25% mortgage payable on the Sandwich, MA property, secured by land and building, monthly payments of \$35,437, including interest, due November 2021.	<u>6,184,591</u>
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Total Mortgages Payable	<u>\$ 17,299,066</u>
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Mortgage interest expense for the year ended December 31, 2016 amounted to \$882,516.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

9. Mortgages Payable (Continued)

Scheduled principal payments for the mortgage obligations are as follows:

Year Ending December 31,	
2017	\$ 550,890
2018	582,856
2019	616,891
2020	1,577,074
2021	6,306,771
Thereafter	<u>7,664,584</u>
	<u>\$ 17,299,066</u>

10. Line of Credit Payable

The Company has a \$3,000,000 revolving loan agreement with Peapack-Gladstone Bank bearing interest at the Prime Rate, floating, but not less than 3.25% per annum. The agreement expires on September 30, 2017. As of December 31, 2016, there was no outstanding balance on the line. Interest expense for the year ended December 31, 2016 amounted to \$19,920.

11. Other Notes Payable

The Company has a promissory note with Fredrick W. McCollum in the amount of \$100,000 bearing interest at 6.00%, with monthly interest only payments of \$507 until December 6, 2018, at which time the outstanding principal and interest is due. Interest expense for the year ended December 31, 2016 amounted to \$417.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)

December 31, 2016

12. Fair Value Information

The Company has elected to present a supplemental consolidated statement of assets, liabilities and members' equity (deficit) at fair value. At December 31, 2016, internal valuations were performed by the Company of its assets and liabilities. For the investments in real estate and real estate ventures, management performs a valuation using a (i) discounted cash flows using certain market assumptions, including holding period, discount rates, capitalization rates, rent and expense growth rates, future capital expenditures and the ultimate sale of the property at the end of the holding period, which ranges from eight to ten years; (ii) direct capitalization method; (iii) comparable sales method; and/or (iv) cost method. The discounted cash flows are updated quarterly by personnel responsible for the management of each investment and reviewed and approved by senior management at each reporting period. This approach estimates the income stream for a property (typically ten years) and discounts income plus reversion (presumed sale) into present value at the risk-adjusted rate. The direct capitalization method divides the first year's stabilized net operating income by a selected overall capitalization rate to arrive at an estimated value. The sales comparison approach compares recent market transactions to the appraised property. The cost method approach is a valuation technique based on the amount that currently would be required to replace the service capacity of an asset (often referred to as current replacement cost). Generally, the Company considers the income approach as the primary approach in the determination of fair value.

Cash flows are derived from property rental revenue (base rents plus reimbursements) less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit. Property rental revenue is based on leases currently in place and estimates for future leasing activity, which are based on current market rents for similar space plus a projected growth factor. Similarly, estimated operating expenses and real estate taxes are based on amounts incurred in the current period plus a projected growth factor for future periods. Anticipated sales proceeds at the end of an investment's expected holding period are determined based on the net operating income of the investment in the year following the exit date, divided by a terminal capitalization rate.

The fair value of each property is calculated by discounting the future cash flows (including the projected sales proceeds), using an appropriate discount rate to determine the fair value of each real estate investment. The significant unobservable inputs used in the fair value measurement of the investments in real estate are discount rates, exit capitalization rates and revenue growth rates. These rates are based on the location, type and nature of each property, and current and anticipated market conditions, which are derived from appraisers, industry publications and from the experience of the manager's acquisitions, asset management and capital markets. Significant unobservable quantitative inputs in the table shown below were utilized in determining the fair value of the Company's investments as of December 31, 2016.

Increases (decreases) in any of the discount rates and exit capitalization rates in isolation would result in a lower (higher) fair value measurement. Increases (decreases) in any of the revenue growth rates or (increases) decreases in any expense growth rates in isolation would result in a higher (lower) fair value measurement.

The fair value of the investment in marketable securities is based on the quoted market price in an active or recent quoted market prices in an inactive market.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)

December 31, 2016

12. Fair Value Information (Continued)

The fair value of the other receivables is based on the expected amounts to be collected.

The application of the foregoing methods for estimating fair value represents the best judgment of management based upon its evaluation of the current and future economic and market conditions. The fair value of the investments is based upon market value, which is defined as “the price received to transfer an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Because of the inherent uncertainty of real estate valuations related to assumptions regarding highest and best use, capitalization rates, discount rates, leasing and other factors, the estimated fair values reflected in the consolidated financial statements may differ from values that would be determined by negotiation between independent parties in sales transactions and the difference could be material.

All other assets and liabilities are valued at their carrying amounts, which approximate fair value, since these are the amounts at which they are expected to be realized.

In determining fair value, the Company applies the provisions of Accounting Standards Codification Topic 820 “*Fair Value Measurements and Disclosures*” (“ASC 820”). ASC 820 defines fair value, expands disclosure requirements and specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company’s market assumptions. These two types of inputs create the following fair value hierarchy:

- a. Level 1 – Quoted prices for *identical* instruments in active markets.
- b. Level 2 – Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.
- c. Level 3 – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable.

The availability of observable inputs can vary from investment to investment and is affected by a wide variety of factors including, for example, property type, tenant quality, lease terms, geography, the liquidity of markets and other characteristics particular to the investment. To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for investments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

12. Fair Value Information (Continued)

Assets measured at fair value at December 31, 2016 were as follows:

Description	Fair Value December 31, 2015	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in Real Estate				
Office	\$ 2,953,000	\$ 0	\$ 2,953,000	\$ 0
Retail	24,722,300			24,722,300
Hospitality	6,750,000			6,750,000
Billboard	400,000			400,000
Total Investments in Real Estate	<u>\$34,825,300</u>	<u>\$ 0</u>	<u>\$ 2,953,000</u>	<u>\$ 31,872,300</u>
Investments in Real Estate Ventures				
Land	\$ 1,808,400	\$ 0	\$ 0	\$ 1,808,400
Retail	4,190,700			4,190,700
Mixed Use	1,675,400			1,675,400
Office	2,055,500			2,055,500
Investment Funds	3,914,436			3,914,436
Self Storage	638,755			638,755
Residential	215,525			215,525
Warehouse	307,500			307,500
Total Investments in Real Estate Ventures	<u>\$14,806,216</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 14,806,216</u>
Investment in Other Ventures	<u>\$ 145,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 145,000</u>
Investment in Marketable Securities	<u>\$ 127,404</u>	<u>\$ 2,404</u>	<u>\$ 125,000</u>	<u>\$ 0</u>
Other Receivables	<u>\$ 3,342,519</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,342,519</u>
Total	<u>\$53,246,439</u>	<u>\$ 2,404</u>	<u>\$ 3,078,000</u>	<u>\$ 50,166,035</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)

December 31, 2016

12. Fair Value Information (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Description	Investments in Real Estate			Investments In	Other
	Retail	Hospitality	Billboard	Other Ventures	Receivables
Beginning Balance	\$23,653,700	\$ 6,750,000	\$ 0	\$ 373,800	\$ 2,112,181
Purchases/Contributions	0	0	400,000	0	8,618,221
Sales/Distributions	0	0	0	(228,800)	(7,387,883)
Total gains or losses included in earnings					
Unrealized gain (loss)	1,068,600	0	0	0	0
Realized gain (loss)	0	0	0	0	0
Transfers	0	0	0	0	0
	<u>\$24,722,300</u>	<u>\$ 6,750,000</u>	<u>\$ 400,000</u>	<u>\$ 145,000</u>	<u>\$ 3,342,519</u>

Investments in Real Estate Ventures

Description	Land	Retail	Mixed Use	Office
Beginning Balance	\$ 1,734,700	\$ 4,723,600	\$ 1,410,600	\$ 1,588,000
Purchases/Contributions	0	0	0	0
Sales/Distributions	0	(457,000)	0	0
Total gains or losses included in earnings				
Unrealized gain (loss)	73,700	(75,900)	264,800	467,500
Realized gain (loss)	0	0	0	0
Transfers	0	0	0	0
	<u>\$ 1,808,400</u>	<u>\$ 4,190,700</u>	<u>\$ 1,675,400</u>	<u>\$ 2,055,500</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

12. Fair Value Information (Continued)

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

<u>Description</u>	Investments in Real Estate Ventures			
	<u>Investment Funds</u>	<u>Self Storage</u>	<u>Residential</u>	<u>Warehouse</u>
Beginning Balance	\$ 4,230,072	\$ 0	\$ 0	\$ 0
Purchases/Contributions	0	638,755	215,575	307,500
Sales/Distributions	(150,000)	0	0	0
Total gains or losses included in earnings				
Unrealized gain (loss)	(165,636)	0	(50)	0
Realized gain (loss)	0	0	0	0
Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>\$ 3,914,436</u>	<u>\$ 638,755</u>	<u>\$ 215,525</u>	<u>\$ 307,500</u>

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued) December 31, 2016

13. Related Party Transactions

In accordance with the Company's Operating Agreement, the Manager shall receive an annual fee (the Management Fee). In exchange for the Management Fee, the Manager will provide asset management, record-keeping, overhead and other administrative services to the Company. The Company shall reimburse the Manager for the reasonable out-of-pocket costs and expenses incurred in the performance of its duties. A fee of 1% per annum of the Equity Value of the Company shall be paid on a quarterly basis and shall be based on the Equity Value of the Company as of the last day of the preceding calendar quarter. Management Fees incurred for the year ended December 31, 2016 amounted to \$364,795.

Affiliates of the Company earn property management fees and accounting fees related to certain of its subsidiaries and investments. Expenses during the year ended December 31, 2016 amounted to \$102,466 and is included in real estate operating expenses and professional fees.

The Company leases rental real estate to affiliates related through common management. This rental income for the year ended December 31, 2016 amounted to \$580,686 and is included in revenue from real estate operations. At December 31, 2016, \$1,545,859 was due from the affiliates and was included in accounts receivable.

The Company has other receivables of \$1,915,405 due from members and entities under common control. The terms of these receivables call for interest at varying rates and are due on demand.

14. Commitments and Contingencies

The Company, has received the consent of its lender, Peapack-Gladstone Bank, to guarantee a construction loan for the Carteret Direct Investment Deal. The Carteret Direct Investment Deal is for the construction of a building on real property owned by 1500 Blair Road 2016, L.L.C. which is located at 1500 Blair Road, Carteret, NJ. The Company is a member of Hampshire Blair Holdco, L.L.C., which is a member of the managing member of 1500 Blair Road 2016, L.L.C. As of the date of the financial statements, the guarantee agreement has not been finalized and executed.

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued)
December 31, 2016

12. Fair Value Information (Continued)

The following table summarizes the quantitative inputs and assumptions used for items categorized in Level 3 of the fair value hierarchy as of December 31, 2016:

<u>Assets</u>	<u>Property/ Type</u>	<u>Fair Value</u>	<u>Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Ranges</u>	<u>Weighted Average</u>
Investments in Real Estate	Retail	\$ 24,722,300	Direct capitalization	Direct capitalization rate	6.80% to 7.50%	7.54%
	Hospitality	6,750,000	Discounted cash flow	Appraisal		
	Billboard	400,000	Various	Based on purchase price during the year		
Total Real Estate Investments		<u>\$ 31,872,300</u>				
Investments in Real Estate Ventures	Land	\$ 1,808,400	Direct capitalization	Direct capitalization rate	3.50% to 5.71%	4.06%
	Retail	4,190,700	Discounted cash flow	Discount rate	6.61% to 7.00%	6.81%
			Direct capitalization	Direct capitalization rate	3.50% to 8.75%	6.34%
	Mixed Use	1,675,400	Direct capitalization	Direct capitalization rate	6.00% to 8.00%	7.25%
	Office	2,055,500	Direct capitalization	Direct capitalization rate	6.71% to 6.80%	6.76%
	Investment Fund	3,914,436	Various	Per managing member, valuation uses direct capitalization, discounted cash flow and other valuation methodologies.		
	Self Storage	638,755	Various	Based on purchase price during the year		
	Residential	215,525	Various	Based on purchase price during the year		
	Warehouse	307,500	Various	Based on purchase price during the year		
Total Investments in Real Estate Ventures		<u>\$ 14,806,216</u>				
Investments in Other Ventures		<u>\$ 145,000</u>	Various	Per managing member, valuation uses direct capitalization, discounted cash flow and cost.		
Other receivables		<u>\$ 3,342,519</u>	Various	Based on amounts expected to be received.		
		<u>\$ 50,166,035</u>				

(Continued)

HAMPSHIRE DESTINATION PROPERTIES, L.L.C. AND SUBSIDIARIES

Notes To Consolidated Financial Statements – Income Tax Basis (Continued) December 31, 2016

15. Subsequent Events

The Company has evaluated subsequent events from December 31, 2016 through June 21, 2017, the date of the consolidated financial statements, for disclosure. Subsequent to year end, the Company entered into the following transactions:

On January 6, 2017, the Company as part of its Settlement Agreement with Convergence Investment I, L.L.C., received a final redemption payment of \$404,928.

On February 6, 2017, the Company was assigned a \$150,000 loan to Circle Squared Alternative Investments, L.L.C. from an affiliated entity.

On February 13, 2017, the Company advanced \$140,000 for a deposit on a property located in Millburn, New Jersey. The Company will be an investor in the entity that will own the property.

On March 7, 2017, the Company invested an additional \$100,000 in TalentSky, Inc. The Company acquired Series A-1 Preferred shares of TalentSky, Inc.

On April 28, 2017, the Company made a capital contribution of \$137,338 to JHP Eau Claire 2009, L.L.C., in which it is a 10% member. The capital contribution was used by JHP Eau Claire 2009, L.L.C. to pay off the outstanding mortgage balance of one of its investments, RIC Lovers Lane Trust.

16. Limited Liability Company

Since the Company is a limited liability company, no member, manager, agent, or employee of the Company shall be personally liable for the debts, obligations, or liabilities of the Company, whether arising in contract, tort, or otherwise, or for the acts or omissions of any other member, director, manager, agent, or employee of the Company, unless the individual has signed a specific personal guarantee. The duration of the Company is perpetual.

