

GluckWalrath LLP

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Trenton, New Jersey 08611

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Attorneys for Plaintiff, Pemberton Township

PEMBERTON TOWNSHIP, Plaintiff, v. ROCCO BERARDI, ANTONIA BERARDI, DAIRY QUEEN, NU SOUL CAFÉ, GRISSEL CATALAN, JAY'S STUDIO JEWELERS, ELLY PREMIUM LAUNDRY, ERNIES BARBER SHOP, DR. LORRAINE VARELA, DPM, PEMBERTON TOWNSHIP MUNICIPAL UTILITIES AUTHORITY and BOARD OF CHOSEN FREEHOLDERS OF THE COUNTY OF BURLINGTON, Defendants.	SUPERIOR COURT OF NEW JERSEY BURLINGTON COUNTY: LAW DIVISION DOCKET NO. <u>Civil Action</u> VERIFIED COMPLAINT
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The Plaintiff, Pemberton Township (the "Township"), by way of Verified Complaint against Defendants, hereby says:

1. The Township is a municipal corporation of the State of New Jersey located in Burlington County, New Jersey, with municipal offices at 500 Pemberton-Browns Mills Road, Pemberton Township 08068.

2. The Township's Municipal Council previously adopted legislation determining that certain properties located within the Township qualify as an "area in need of redevelopment" under the Local Redevelopment and Housing Law, N.J.S.A. 40A:12A-1 et seq. (the "LHRL"). This redevelopment area, as expanded by subsequent legislation, is known as the Browns Mills Town Center Redevelopment Area. The legislation designating the redevelopment area and the

subsequent legislation expanding the redevelopment area were both adopted prior to the effective date of P.L.2013, c.159.

3. The Township's Municipal Council subsequently adopted legislation approving a redevelopment plan to govern development within the Browns Mills Town Center Redevelopment Area. This redevelopment plan, as amended, is known as the Browns Mills Town Center Redevelopment Plan.

4. The property located at 100 Pemberton Road, Pemberton Township, New Jersey and identified on the Township's official tax map as Block 775, Lot 19 and the property located at Juliustown Road, Pemberton Township, New Jersey and identified on the Township's official tax map as Block 775, Lot 18 (collectively, the "Properties") are located within the Browns Mills Town Center Redevelopment Area and are governed by the Browns Mills Town Center Redevelopment Plan.

5. N.J.S.A. 40A:12A-8(c) of the LRHL authorizes municipalities to acquire land or buildings located within a redevelopment area by eminent domain when such acquisition is necessary for the redevelopment project.

6. The Township has determined that it is necessary to acquire these Properties in order to further the redevelopment of the Browns Mills Town Center Redevelopment Area.

7. The Township is acquiring a fee simple interest in the Properties.

8. The Township obtained an appraisal valuing the Properties, as of a valuation date of March 5, 2018, a copy of which is attached hereto as **Exhibit A**.

9. By letter dated April 10, 2018, a copy of which is attached hereto as **Exhibit B**, the Township extended a written offer to purchase the Properties to the attorney for the owners of record of the Properties, Rocco and Antonia Berardi, for the sum of Nine Hundred Twenty Thousand Dollars (\$920,000.00). The amount of compensation offered by the Township for the

acquisition of the Properties is equal to or greater than the fair market value of the Properties as set forth within the appraisal obtained by the Township. The Township's offer letter enclosed a copy of the appraisal, which disclosed to the owner the manner in which the amount of compensation was calculated, including: (a) map and description of land to be acquired and identity of improvements to be acquired, if any; (b) a statement of the full fair market value, including (c) a description of the appraisal valuation method or methods relied upon as well as (d) a breakdown of the appraised value allocated to the land to be acquired, and improvements to be acquired, if any; (e) an explanation of the costs of rehabilitation; and (f) data concerning comparable sales or leases relied upon in determining the amount of compensation offered, which includes (1) names of seller and purchaser or landlord and tenant, (2) location of property by block, lot, street number, and municipality, (3) date of sale or date and duration of lease, (4) the consideration for the sale or amount of rent, and (5) book and page number of the recording of the deed, and (f) any unusual factors known to the condemnor which may affect value.

10. The Township has been unable to acquire the interests in the Properties described herein through bona fide negotiations with the owners of record of the Properties.

11. The parties appearing of record to have an interest in the Properties are as follows:

- a. Rocco Berardi, the owner of record of an interest in the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a Deed from Brown-Mills Realty Associates dated August 3, 1988 and recorded August 18, 1988 with the Burlington County Clerk's Office in Deed Book 3702, Page 36;
- b. Antonia Berardi, the owner of record of an interest in the property located at Juliustown Road, Block 775, Lot 18, through a Deed from Howard C. Lawrence dated November 11, 1988 and recorded December 19, 1988 with the Burlington County Clerk's Office in Deed Book 3771, Page 272;
- c. Dairy Queen, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- d. Nu Soul Café, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;

- e. Griessel Catalan, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- f. Jay's Studio Jewelers, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- g. Elly Premium Laundry, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- h. Ernie's Barber Shop, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- i. Dr. Lorraine Varela, DPM, a tenant on the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, through a lease with Rocco Berardi;
- j. The Pemberton Township Municipal Utilities Authority, by virtue of any sewer charges that may be due to it relating to the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19;
- k. Board of Chosen Freeholders of the County of Burlington, by virtue of any rights they may have in the property located at 100 Pemberton-Brown Mills Road, Block 775, Lot 19, pursuant to a Road Easement Agreement as set forth in Deed Book 6763, Page 392, who is named as a defendant in this action for notice purposes only as the Township is taking title to the property subject to these rights; and
- l. The Plaintiff, Pemberton Township, by virtue of any taxes or water charges due and owing to it arising from the Properties.

No other person or corporation appears of record to have an interest in the said land and premises, and no other person or corporation who has or may claim an interest therein is known to the plaintiff.

12. The Township hereby reserves any and all rights it has or may have to recover from Defendants, in this action, in any subsequent or pending action, or by any administrative means, all costs of remediation and/or cleanup of contamination and/or removal of solid waste and/or sanitary land fill closures that have been incurred or may be incurred in the future by reason of conditions which were in existence on or prior to the date of the filing of this Verified Complaint.

13. The Township further reserves the right to seek, at its sole discretion, any and all available legal, administrative and equitable remedies to compel Defendants to remediate and/or clean up the Properties in accordance with applicable state and federal statutory and regulatory provisions or to remove solid waste or carry out closure of a sanitary land fill if located on the Properties. Pursuant to N.J.S.A. 58:10-23.11g.d.(4), the Township is not liable for the remediation and cleanup costs of any discharge which occurred or began prior to the Township taking title to the Properties acquired under this action or which continues to emanate from the remainder, if any, or from any adjacent property under Defendants' control.

14. The Township has valued the Properties as if remediated or free of contamination and/or solid waste except as noted in the appraisal and subject to paragraphs 12 and 13 above. The Township does not accept liability for pre-existing contamination or solid waste if any is subsequently discovered. The Township reserves the right to amend this Verified Complaint for current contamination remediation costs, and, if additional contamination or solid waste is subsequently discovered within the Property, to move for appropriate relief under law and equity, including, but not limited to, an order requiring the Clerk of the Superior Court to not release any funds remaining on deposit until the contamination is remediated and/or cleaned up or any solid waste is properly removed or closure is carried out in accordance with applicable state and federal standards, and to move for any other relief, including administrative relief, which may be necessary to protect the Township's rights and interests.

WHEREFORE, the Township demands judgment against Defendants as follows:

A. Determining that the Township is authorized to and has duly exercised its power of eminent domain;

B. Ordering that the Township may deposit funds equal to the appraised value of the Properties, and upon the contemporaneous filing and recording of a Declaration of Taking, may

enter onto and take possession of the Properties in accordance with N.J.S.A. 20:3-19;

C. Appointing three disinterested commissioners in accordance with and pursuant to N.J.S.A. 20:3-1 et seq., to fix compensation to be paid for the taking of the Properties;

D. Fixing a date on or before which the report of the commissioners must be filed;

E. Directing that notice be given to the Defendants pursuant to law; and

F. Preserving the reservations set forth within Paragraphs 12 and 13 of this Verified Complaint relating to issues of environmental contamination existing as of or prior to the date of vesting of title and possession pursuant to N.J.S.A. 20:3-19, so that the Township may raise any such claims, or any other claims relating thereto, without being barred by the principles of res judicata, collateral estoppel and/or the Entire Controversy Doctrine. Defendants shall also retain the right to assert any and all defenses to such claims, when and if such claims are raised, except for the defenses of res judicata, collateral estoppel and/or the Entire Controversy Doctrine premises upon this condemnation proceeding.

NOTICE OF TRIAL COUNSEL

In accordance with R. 4:25-4, notice is hereby given that Andrew Bayer, Esq. is assigned to try this case.

GluckWalrath LLP
Attorneys for Plaintiff,
Pemberton Township

By: 
Andrew Bayer

Dated: May 3, 2018

CERTIFICATION PURSUANT TO R. 4:5-1

In accordance with R. 4:5-1, I hereby certify that the within action is not the subject of any other related pending or anticipated litigation in any court or any arbitration proceeding, and that there are no other parties who should be joined in this action.

GluckWalrath LLP
Attorneys for Plaintiff,
Pemberton Township

By: 
Andrew Bayer

Dated: May 3, 2018

VERIFICATION OF COMPLAINT

STATE OF NEW JERSEY)

ss:

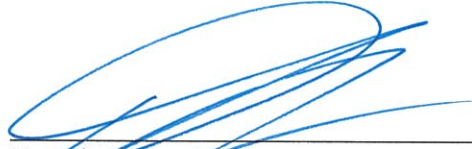
COUNTY OF BURLINGTON)

DENNIS GONZALEZ, of full age, being duly sworn according to law, upon his oath, deposes and says:

1. I am the Business Administrator of Pemberton Township (the "Township"), a municipal corporation of the State of New Jersey having its municipal offices located at 500 Pemberton-Browns Mills Road, Township of Pemberton, County of Burlington, State of New Jersey. The Township is the Plaintiff in this condemnation action and I am authorized to sign this Verification on behalf of the Township.

2. I have read the foregoing Verified Complaint and am familiar with the contents thereof.

3. I hereby verify and affirm that all of the factual allegations set forth within the Verified Complaint are true, except that the allegations contained within Paragraph 11 are true to the best of my knowledge, information and belief based upon a title report obtained by the Township.



Dennis Gonzalez
Business Administrator
Pemberton Township

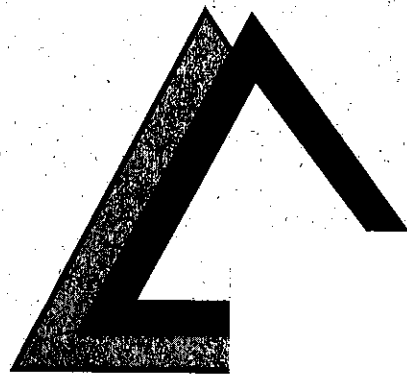
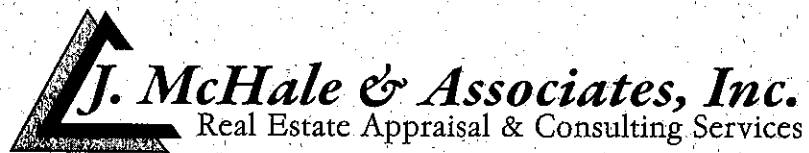
Sworn to and Subscribed
before me this 30 day
of May, 2018



NOTARY PUBLIC

*Attorney-At-Law
State of New Jersey*

EXHIBIT A



Prepared For

Mr. Andrew Bayer, Esq.
Gluck Walrath LLP
428 River View Plaza
Trenton, NJ 08611

Date of Valuation

March 5, 2018

Appraisal Report

Retail Shopping Center
100 Pemberton-Browns Mills Road
Block 775, Lots 18 & 19
Pemberton Township, Burlington County, NJ
JMA File No. 217246

Prepared By

Jerome J. McHale, MAI
NJ SCGRE No. 42RG00023900

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329 Jimmie Leeds Road
Galloway, New Jersey 08201

March 19, 2018

Mr. Andrew Bayer, Esq.
GluckWalrath LLP
428 River View Plaza
Trenton, NJ 08611

Re: Retail Shopping Center
100 Pemberton-Browns Mills Road (Block 775, Lots 18 & 19)
Pemberton Township, Burlington County, NJ
JMA File No. 217246

Dear Mr. Bayer:

In accordance with your request, I have prepared an Appraisal Report. The report is similar to what was formerly known as a "Self-Contained Appraisal Report" under the 2012-2013 USPAP, which is intended to comply with the reporting requirements set forth under the 2016-2017 Uniform Standards of Professional Appraisal Practice (USPAP). The purpose of the appraisal was to provide a market value estimate for the **fee simple interest** of the subject property. The intended use of the appraisal is to serve as a valuation guide for acquisition negotiations and/or condemnation proceedings.

The market value estimate only reflects the value of the real estate and excludes the value of any personalty at the property. The appraiser made a comprehensive physical inspection of the subject property, its market area, and all comparable property information.

The enclosed appraisal report includes the information relevant to the valuation of the property as well as the methodology used to arrive at the value conclusion. It has been prepared in conformity with the Uniform Standards of Professional Practice of the Appraisal Foundation, and the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Based upon the results of the investigation analyses contained in the following report, the fee simple, market value of the subject, as if clean, as of March 5, 2018 is:

NINE HUNDRED TWENTY THOUSAND DOLLARS
(\$920,000)

Estimated Market Value of Lot 18: \$175,000

Estimated Market Value of Lot 19: \$745,000

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The appraised market value is based upon the following Conditions/Assumptions:

1. *It is an Extraordinary Assumption of this appraisal that development approvals for a Concept Plan depicting a mixed commercial/residential development on the site can be obtained. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
2. *It is an Extraordinary Assumption of this appraisal that the heating and cooling system for the former Acme building is not functional. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
3. *While the subject property is on a list of New Jersey Contaminated Sites, it is a Hypothetical Condition of the report that the property is being valued as if remediated or free of contamination and/or solid waste in accordance with applicable New Jersey law.*

This report was prepared for the exclusive use of the client and its legal representation. It may not be distributed to or relied upon by other third parties without the prior written consent and approval by Jerome McHale of J. McHale & Associates, Inc. No portions of the report may be disseminated to the public through news, advertising, or sales media.

Attached is the report with my findings.

Very Truly Yours,
J. McHale & Associates, Inc.



Jerome J. McHale, MAI
NJ SCGREa No. 42RG00023900

Enclosures

*J. MCHALE & ASSOCIATES, INC.***TABLE OF CONTENTS**

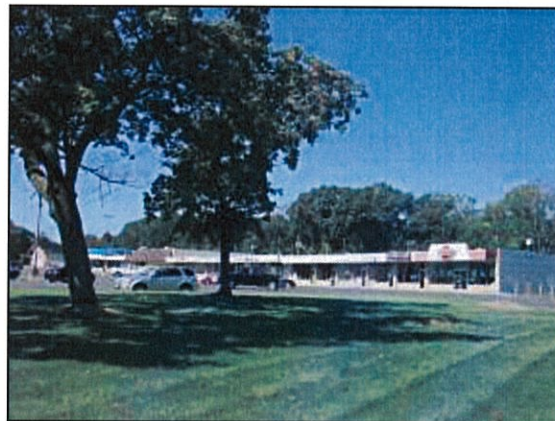
Letter of Transmittal	
Photographs of the Subject Property.....	1
Summary of Facts & Conclusions	2
Identification of Property	4
Purpose of the Appraisal	4
Intended Use and User of the Appraisal	4
Scope of the Appraisal	4
Effective Date & Property Inspection.....	6
Property Rights Appraised.....	6
Definition of Market Value.....	6
Assumptions & Limiting Conditions	7
Extraordinary Assumptions and Hypothetical Conditions	9
Regional Area/Neighborhood Analysis	9
Regional Analysis	9
Neighborhood	15
The Subject Property.....	17
Ownership History	17
Occupancy & Use	17
General Property Identification and Description	18
Physical Characteristics of the Site.....	20
Building Improvements	20
Land Use Controls (<i>Zoning</i>)	35
Highest & Best Use.....	38
Highest & Best Use - As Vacant.....	39
Highest & Best Use – As Improved.....	41
Exposure Time	43
Valuation Process.....	43
Sales Comparison Approach.....	44
Reconciliation	61
Certification of Value	62
Addenda	63
Owner Notification Letters	64
Subject Photographs.....	69
Portion of Zoning Map & Ordinance.....	74
Pemberton Township Planning Board Resolution # P-12-2018	85
Qualifications	90

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Photographs of the Subject Property



**Westerly View of Vacant Former Acme Grocery Store
Located on Lot 19.**



**Westerly View of Retail Strip Center Portion of Subject
Located on Lot 19.**



Northerly View of Vacant Lot 18.

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Summary of Facts & Conclusions

Property: 100 Pemberton-Browns Mills Road
Pemberton Township
Burlington County, New Jersey

Tax ID: Block 775, Lots 18 & 19

Current Ownership: Lot 18: Antonia Berardi
Lot 19: Rocco Berardi

Property Type: Retail Shopping Center & Vacant Lot

Site: Lot 18 – vacant land, 2.95 acres
Lot 19 – improved, 6.40 acres
Total - 9.35 acres

Frontage: 1,005.85' along Pemberton-Browns Mills Road
598.24' along Juliustown Road
1,604.09' Total

Building Improvements: 14,280 SF Former Acme Grocery Store
26,082 SF Retail Strip Center
40,362 SF Total

Year Built: 1961

Zoning: TC – Town Center District

Real Estate Tax Assessment:

Pemberton Township Assessment		
	Block 775, Lot 18	Block 775, Lot 19
Land	\$104,200	\$1,280,000
Improvements	\$0	<u>\$1,569,900</u>
Total	\$104,200	\$2,849,900

Highest and Best Use As Vacant: Futures development of a mixed commercial/
residential use

Highest and Best Use As Improved: Future demolition and redevelopment of a mixed
commercial/residential use

Valuation Date: March 5, 2018

Estimated Market Value: **\$920,000**

J. MCHALE & ASSOCIATES, INC.

The appraised market value is based upon the following Conditions/Assumptions:

1. *It is an Extraordinary Assumption of this appraisal that development approvals for a Concept Plan depicting a mixed commercial/residential development on the site can be obtained. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
2. *It is an Extraordinary Assumption of this appraisal that the heating and cooling system for the former Acme building is not functional. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
3. *While the subject property is on a list of New Jersey Contaminated Sites, it is a Hypothetical Condition of the report that the property is being valued as if remediated or free of contamination and/or solid waste in accordance with applicable New Jersey law.*

Since the title of the two lots are in the name of different, although related, individuals, the client has requested that the estimated market value be allocated between the two lots. The following estimates are based upon the fact that Lot 19 is the more desirable lot as it is larger and located at a signalized intersection. However, Lot 19 is also improved and the improvements would need to be demolished in order to be ready for its highest and best use as future redevelopment for mixed commercial/residential use.

Estimated Market Value of Lot 18: \$175,000

Estimated Market Value of Lot 19: \$745,000

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Identification of Property

The subject property is two lots located at 100 Pemberton-Browns Mills Road and Juliustown Road, Pemberton Township, Burlington County, New Jersey. It is also identified as Block 775, Lots 18 & 19 and consists of a retail shopping center (Lot 19) and vacant land (Lot 18). A detailed description is in "The Subject Property" section of the report.

Purpose of the Appraisal

The purpose of this appraisal is to provide the market value of the fee simple interest of the subject property as of the valuation date.

Intended Use and User of the Appraisal

The intended use of the appraisal is for acquisition negotiations and/or condemnation proceedings. The Township of Pemberton and its legal representative are the only intended users of this report.

Scope of the Appraisal

The scope of work is defined by the Appraisal Foundation as "the type and extent of research and analyses in an appraisal or appraisal review assignment."¹ USPAP requires that appraisers be prepared to demonstrate that the scope of work performed in an appraisal is sufficient to produce credible assignment results. The scope of work should include, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.²

The subject property is appraised based on the following scope of work.

¹ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice*, USPAP 2018-2019 Edition (Washington, DC: The Appraisal Foundation), Definitions, p. 5

² Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice*, USPAP 2018-2019 Edition (Washington, DC: The Appraisal Foundation), Scope of Work Rule, p. 12.

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Scope Of The Appraisal			
<u>Procedure/Analysis</u>	<u>Yes</u>	<u>No</u>	<u>N/A</u>
• Researched regional, city, and neighborhood data.	√		
• Researched market trends (i.e. inventory, vacancy, sales, days on market, etc.) for the subject property type.	√		
• Data has been collected regarding the physical characteristics of the subject property, neighborhood trends and influences, market trends and influences, typical amenities and utilities, zoning and related controls, as well as the subject's tax assessment.	√		
• Reviewed the following Documents			
• Tax Assessment Map	√		
• Zoning Maps & Zoning Ordinances	√		
• FEMA Preliminary FIRM Map	√		
• Aerial Map	√		
• NJ GeoWeb Wetlands Map	√		
• Various Pemberton Township Planning Board Preliminary, Final & Amended Major Site Plans, and Modification of Phasing Plan	√		
• Property Record Card	√		
• Appraisal Report prepared by Todd & Black, Inc., dated July 9, 2013 that provided some tenant history of the subject.	√		
• Concept Plan showing redevelopment for mixed commercial/residential uses.	√		
• Selective Tenant Leases	√		
• Pemberton Township Planning Board Resolution # P-12-2018	√		
• Analyzed information pertaining to any existing or proposed physical improvements located on the subject site.	√		
• An interior inspection of the subject property, its market area, and all comparable	√		
• Determined the Highest and Best Use of the site as vacant and as currently improved (if applicable).	√		
• Each of the three traditional value approaches -- the Income Capitalization, Sales Comparison, and Cost approaches -- has been considered in arriving at a value conclusion for the subject property.	√		
• All comparable data has been verified through a variety of sources including recorded information at the local and county levels and through conversations with at least one of the parties involved in the transaction.	√		
• Performed an Income Capitalization Approach.		√	
• Performed the Sales Comparison Approach.	√		
• Performed a Cost Approach.		√	
• All research and analyzed information has been utilized in order to come to a final value conclusion for the subject	√		
• Determined reasonable exposure times associated with the concluded value.	√		

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Effective Date & Property Inspection

A certified and regular mail notification letter was sent to the property owners to inform them that my services have been retained by the Township of Pemberton to appraise the previously mentioned property. Peter Wegener, attorney for the property owner, contacted this office and scheduled an inspection for September 15, 2017. The inspection of the property was conducted on September 15, 2017 and Keith Lee, representative for Peter Wegener, was present.

A subsequent exterior only inspection was performed on March 5, 2018 by Jerome McHale. The effective date of the appraisal is March 5, 2018, the date of the most recent inspection. The date of the appraisal report is shown on the letter of transmittal attached with this report.

Property Rights Appraised

This appraisal is of the fee simple interest in the subject property unencumbered by existing financing and all public and private restrictions except as described in this report.

The **Fee Simple Estate** is defined as:

"An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation."³

Definition of Market Value

As used within this report, **Market Value** is defined as:

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

- ◆ Buyer and Seller are typically motivated;
- ◆ Both parties are well informed or well advised, and each acting in what he or she considers his or her own best interests;
- ◆ A reasonable time is allowed for exposure in the open market;
- ◆ Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

³ Appraisal Institute, *The Appraisal Of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 72.

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- ◆ 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.⁴

Assumptions & Limiting Conditions

The appraisal report is subject to the following assumptions and limiting conditions set forth as follows. Additional assumptions and limiting conditions may be cited elsewhere in the report.

1. To the best of my knowledge, the statements of facts contained in the appraisal report, upon which the analysis, opinions and conclusions expressed are based, are true and correct. Information, estimates and opinions furnished to us and contained in the report or utilized in the formation of the value conclusion was obtained from sources considered reliable and believed to be true and correct. However, no representation, liability or warranty for the accuracy of such items is assumed by or imposed on us, and is subject to corrections, errors, omissions and withdrawal without notice.
2. Title is assumed to be good and marketable. The appraiser assumes no responsibility for legal matters affecting the property or title, nor does the appraiser render any opinion as to the title.
3. The legal description, areas, and dimensions shown within the report are assumed to be correct.
4. The appraiser has made no survey of the property. Exhibits such as site plans and floor plans are included to assist the reader in visualizing the property, and the appraiser assumes no responsibility.
5. It is assumed that there are no hidden or adverse conditions of the property, subsoil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions or for the engineering/remediation that may be required to remove such condition.
6. The property has been appraised as though free of liens and encumbrances unless so specified within the report.
7. Management and ownership are assumed to be competent.
8. Public, industry and statistical information are from sources that I deem to be reliable. However, no representation as to the accuracy or completeness of such information is being made.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless non-compliance is stated, defined, and considered in the appraisal report.

⁴ Appraisal Institute, *The Appraisal Of Real Estate*, 14th Edition. Chicago, IL: Appraisal Institute, 2013, p. 59.

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10. It is assumed that any mechanical and electrical equipment, which is considered part of the real estate, is in proper operating condition except when noted herein. These include items such as the heating, air conditioning, plumbing, sprinkler, and electrical systems.
11. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in the appraisal report.
12. It is assumed that all required licenses, consents or other legislative or administrative authority from any local, state or federal governmental or private entity have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
13. The appraisal is to be used in whole and not in part. No part of it shall be used in conjunction with any other appraisal. Furthermore, this report and all conclusions are for the exclusive use of the client for the sole and specific purpose(s) stated herein.
14. I am not required to give testimony or be in attendance at any court or administrative proceeding with reference to the property appraised, unless arrangements have been previously made.
15. The value conclusion is subject to formal determination of the existence of any state or federal wetlands or other environmentally sensitive areas including all required buffer zones.
16. No change of any item of the appraisal report shall be made by anyone other than myself, and I shall have no responsibility for any such unauthorized change.
17. No financial information was provided.
18. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the American with Disabilities Act (*ADA*), which became effective on January 26, 1992. It is possible that a compliance survey of the property along with a detailed analysis of the requirements of the Act could reveal that the property is not in compliance with one or more of the Act's requirements. If any items of non-compliance are detected, they could have an impact on the value estimated herein, and thus, I reserve the right to modify the value conclusion if such items of non-compliance are found to be present on the property.

J. MCHALE & ASSOCIATES, INC.

Extraordinary Assumptions and Hypothetical Conditions

A Hypothetical Condition is defined as, *"a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis"*⁵

An Extraordinary Assumption is defined as, *"an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions."*⁶

The appraised market value is based upon the following Conditions/Assumptions:

1. *It is an Extraordinary Assumption of this appraisal that development approvals for a Concept Plan depicting a mixed commercial/residential development on the site can be obtained. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
2. *It is an Extraordinary Assumption of this appraisal that the heating and cooling system for the former Acme building is not functional. If found otherwise, the appraiser reserves the right to modify the value conclusion herein.*
3. *While the subject property is on a list of New Jersey Contaminated Sites, it is a Hypothetical Condition of the report that the property is being valued as if remediated or free of contamination and/or solid waste in accordance with applicable New Jersey law.*

Regional Area/Neighborhood Analysis

Regional Analysis

The present and future potential of any individual property is directly related to its surrounding market environment. The market environment affecting a property is composed of a specific area that is delineated by one or a combination of factors including physical features, economic-financial factors, political-governmental entities, sociological, and location factors.

The subject property is located within the Browns Mills section of Pemberton Township, Burlington County, New Jersey. Burlington County is part of the nine county Delaware Valley River Planning Commission region (DVRPC). The DVRPC comprises the New Jersey counties of Burlington, Camden, Gloucester & Mercer, and the Pennsylvania counties of Bucks, Chester, Delaware, Montgomery, and Philadelphia.

The county is located in the south-central portion of the State with Mercer and Monmouth counties to the north, Ocean County to the east, Camden County, the Delaware River

⁵ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2018-2019 Edition, p. 4.

⁶ *Uniform Standards of Professional Appraisal Practice* as promulgated by the Appraisal Standards Board of the Appraisal Foundation, 2018-2019 Edition, p. 4.

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and the state of Pennsylvania situated at its western and north-western boundaries and Atlantic County to the south. Vast areas in the southern portion remain undeveloped and are often subject to stringent developmental restrictions regulated by the Pinelands Commission and the DEPE's Coastal Area Facilities Review Act (*CAFRA*).

The county encompasses a total land area of 827 square miles and represents the largest county in the State. It is the only county that extends across the entire width of the State aside from Cape May County. Approximately 35% of the land in the county is farmland. As a result of its undeveloped lands and its strategic location, continued expansion is anticipated.

Pemberton Township is situated in the east central portion of the county. It contains 61.284 square miles of land area and is bounded by Southampton and Eastampton Townships to the west, Woodland Township to the south, Ocean County to the east, and Springfield, Wrightstown, and New Hanover Townships to the north. Most development is for residential, commercial, and light industrial.

Land Usage & Development Trends

Residential development for the state, county, and municipality is shown by the tabulation of state, county and municipal building permits issued per year as follows:

Residential Building Permits						
Year	State		County		Municipality	
	Permits	Change	Permits	Change	Permits	Change
2005	38,588		1,475		68	
2006	34,323	-11.1%	2,784	88.7%	26	-61.8%
2007	25,389	-26.0%	1,037	-62.8%	31	19.2%
2008	18,369	-27.6%	976	-5.9%	19	-38.7%
2009	12,421	-32.4%	806	-17.4%	28	47.4%
2010	13,535	9.0%	682	-15.4%	18	-35.7%
2011	12,952	-4.3%	665	-2.5%	22	22.2%
2012	17,939	38.5%	713	7.2%	17	-22.7%
2013	24,185	34.8%	730	2.4%	13	-23.5%
2014	28,155	16.4%	1,000	37.0%	7	-46.2%
2015	30,560	8.5%	892	-10.8%	4	-42.9%
2016	26,793	-4.8%	825	-17.5%	2	-71.4%
Jul-17	14,801		508		1	

As shown in the preceding table, the state had a peak in growth in 2005, but subsequently, the issuance of building permits declined through 2011. The county growth declined from 2006 through 2011. The state and the county generally rebounded since 2011; however, the last two years have seen some limited decline. The municipality has shown a continuing decline since 2005, with very little growth in the last few years.

Major development completed or proposed within the county includes the following:

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- ❖ Planned \$15-\$20 million renovation of the Village of Taunton Forge shopping center in Medford.
- ❖ WW Grainger constructed 1.3 million SF of industrial space in Bordentown in 2016.
- ❖ Burlington Coat Factory constructed 677,000 SF of industrial space in Burlington.
- ❖ Destination Maternity constructed a 410,000 SF warehouse in Florence in 2015.
- ❖ Express Scripts constructed a 250,000 SF distribution center in Burlington in 2014.
- ❖ The Moorestown Mall made improvements to the mall including rebuilding the movie theater and adding an additional five screens, adding five new restaurants with liquor licenses and exterior access, and updated food court.
- ❖ The recently constructed The Avery Townhome Apartments on Route 130 in Willingboro is leasing its luxury apartments. The complex includes a pool and clubhouse.
- ❖ New River Line Business Park, a 105,000 SF mixed-use development adjacent to the New Jersey Transit River Line light rail station in Cinnaminson.
- ❖ Planned \$240,000,000 make-over and redevelopment of the long struggling Burlington Center Mall in Burlington Township, now known as The Marketplace at Burlington. Plans include expanding the traditional mall with an open-air town center that will feature restaurant pad sites, entertainment venues, upscale retail stores, and offices.
- ❖ Cinnaminson Harbour, a townhome, condominium and apartment community built across from the New Jersey Transit River Line light rail station in Cinnaminson that has been constructed in phases over the past 12 years.
- ❖ Radwell International converted the 311,000 SF building formerly used by Express Scripts in the Willingboro Plaza into its world headquarters in 2016.
- ❖ Bordentown Waterfront Development broke ground in 2013, starting with the construction of 159 luxury apartments, known as Rivergate Bordentown Waterfront and began leasing units in November 2014. The 98-acre former shipyard and brownfield is being redeveloped as a transit village with up to 650 housing units, restaurants, retail stores and a rail stop for the Riverline.
- ❖ K. Johnson Enterprises opened Team Campus Bordentown in January 2016 on a 32.7 acre site in Bordentown. It includes a 75,000 SF fitness center, 45,000 SF fieldhouse, Fulton Bank, sports medicine center, and St. Francis Medical Center.

Transportation Data

The region is served by an extensive network of highways and bridges, which provide good access to most portions of New Jersey and the eastern seaboard. Major highways throughout the county include the Interstate 295 (8 interchanges), New Jersey Turnpike (4 interchanges), New Jersey/Pennsylvania Turnpike Connection, US Routes 130 & 206, State

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Routes 38, 68, 70, 72 & 73, the Garden State Parkway and approximately 485 mile of paved county roadways.

Freight rail service has been available throughout the region since the last century. Commuter train service is now available along the riverfront communities and is known as the New Jersey Trans Light Rail System with service between Trenton and Camden cities. Public bus service is available throughout the county and region. Air transportation within the county is available via two small airports, the Flying W and the South Jersey Regional airport. Major air service is available at the Philadelphia International Airport within a 40-minute drive of most portions of the county.

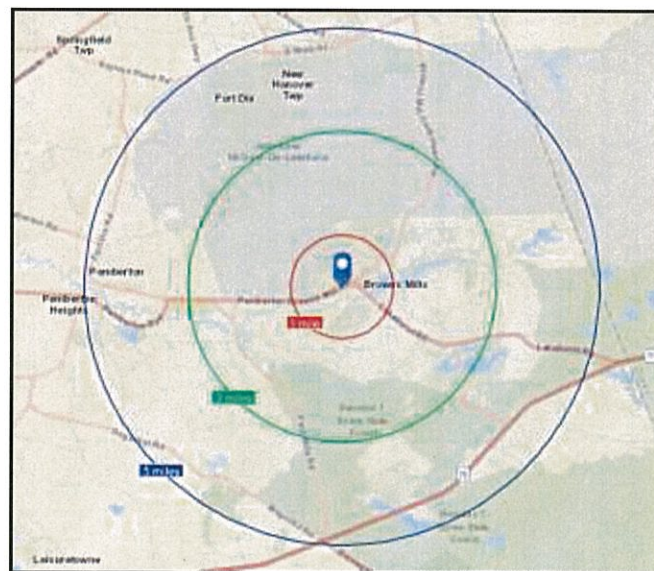
Utilities Data

Most public utilities are available to the more densely populated portions of the county. Public water and sewer are typically municipally owned but now increasingly rely on the water services of the American Water Company due to the depletion of underground aquifers. South Jersey Gas Company and PSE&G provide public gas service. PSE&G, JCP&L and Atlantic Electric provide electricity, while Verizon provides telephone service.

Schools

The municipality offers a public school system that consists of seven elementary schools (grades PreK-4, PreK-5, or K-4), a single school for intermediate students (6-8 graders), and a high school (grades 9-12). According to Schooldigger.com, a site that reports school rankings, the Pemberton Township School District ranks 546 out of 611 New Jersey school districts.

Demographic information for the surrounding 1 mile, 3 miles, and 5 miles is provided as follows:



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Executive Summary

100 Pemberton Browns Mill Rd, Browns Mills, New Jersey,
Rings: 1, 1, 5 mile radii

Prepared by Esri
Latitude: 39.97032
Longitude: -74.58935

	1 mile	1 miles	5 miles
Population			
2000 Population	4,902	22,016	37,428
2010 Population	4,640	22,240	34,642
2017 Population	4,630	21,841	34,352
2022 Population	4,655	21,827	34,481
2000-2010 Annual Rate	-0.55%	0.10%	-0.77%
2010-2017 Annual Rate	-0.03%	-0.25%	-0.12%
2017-2022 Annual Rate	0.11%	-0.01%	0.07%
2017 Male Population	48.1%	60.7%	57.5%
2017 Female Population	51.9%	39.3%	42.5%
2017 Median Age	38.9	39.7	38.2

In the identified area, the current year population is 34,352. In 2010, the Census count in the area was 34,642. The rate of change since 2010 was -0.12% annually. The five-year projection for the population in the area is 34,481 representing a change of 0.07% annually from 2017 to 2022. Currently, the population is 57.5% male and 42.5% female.

Median Age

The median age in this area is 38.9, compared to U.S. median age of 38.2.

Race and Ethnicity

2017 White Alone	61.0%	59.5%	61.7%
2017 Black Alone	22.7%	25.5%	23.5%
2017 American Indian/Alaska Native Alone	0.5%	0.6%	0.5%
2017 Asian Alone	4.0%	3.1%	3.3%
2017 Pacific Islander Alone	0.1%	0.2%	0.2%
2017 Other Race	4.1%	4.8%	4.9%
2017 Two or More Races	7.6%	6.0%	5.9%
2017 Hispanic Origin (Any Race)	15.9%	18.9%	17.9%

Persons of Hispanic origin represent 17.9% of the population in the identified area compared to 18.1% of the U.S. population. Persons of Hispanic Origin may be of any race. The Diversity Index, which measures the probability that two people from the same area will be from different race/ethnic groups, is 69.1 in the identified area, compared to 64.0 for the U.S. as a whole.

Households

2000 Households	1,801	6,021	10,729
2010 Households	1,744	6,082	10,169
2017 Total Households	1,733	5,933	10,023
2022 Total Households	1,740	5,905	10,004
2000-2010 Annual Rate	-0.32%	0.10%	-0.53%
2010-2017 Annual Rate	-0.09%	-0.34%	-0.20%
2017-2022 Annual Rate	0.08%	-0.09%	0.02%
2017 Average Household Size	2.66	2.78	2.82

The household count in this area has changed from 10,169 in 2010 to 10,023 in the current year, a change of -0.20% annually. The five-year projection of households is 10,004, a change of 0.02% annually from the current year total. Average household size is currently 2.82, compared to 2.80 in the year 2010. The number of families in the current year is 7,169 in the specified area.

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Executive Summary

100 Pemberton Browns Mill Rd, Browns Mills, New Jersey,
Rings: 1, 1, 5 mile radii

Prepared by Esri
Latitude: 39.97032
Longitude: -74.58915

	1 mile	1 miles	5 miles
Median Household Income			
2017 Median Household Income	\$51,023	\$54,723	\$58,461
2022 Median Household Income	\$53,344	\$57,010	\$62,417
2017-2022 Annual Rate	0.89%	0.82%	1.12%
Average Household Income			
2017 Average Household Income	\$62,007	\$66,952	\$72,391
2022 Average Household Income	\$70,168	\$74,972	\$81,757
2017-2022 Annual Rate	2.50%	2.29%	2.46%
Per Capita Income			
2017 Per Capita Income	\$21,542	\$23,012	\$24,919
2022 Per Capita Income	\$26,558	\$25,170	\$27,625
2017-2022 Annual Rate	2.44%	1.81%	2.08%

Households by Income

Current median household income is \$58,461 in the area, compared to \$56,124 for all U.S. households. Median household income is projected to be \$62,417 in five years, compared to \$62,316 for all U.S. households.

Current average household income is \$72,391 in this area, compared to \$80,675 for all U.S. households. Average household income is projected to be \$81,757 in five years, compared to \$91,585 for all U.S. households.

Current per capita income is \$24,919 in the area, compared to the U.S. per capita income of \$30,820. The per capita income is projected to be \$27,625 in five years, compared to \$34,828 for all U.S. households.

Housing			
2000 Total Housing Units	1,945	6,529	11,684
2000 Owner Occupied Housing Units	1,341	4,495	7,164
2000 Renter Occupied Housing Units	460	1,526	3,566
2000 Vacant Housing Units	144	508	954
2010 Total Housing Units	1,867	6,517	10,957
2010 Owner Occupied Housing Units	1,300	4,454	7,181
2010 Renter Occupied Housing Units	444	1,628	2,989
2010 Vacant Housing Units	123	435	788
2017 Total Housing Units	1,867	6,520	11,025
2017 Owner Occupied Housing Units	1,223	4,146	6,752
2017 Renter Occupied Housing Units	510	1,787	3,272
2017 Vacant Housing Units	134	587	1,002
2022 Total Housing Units	1,881	6,551	11,122
2022 Owner Occupied Housing Units	1,223	4,106	6,726
2022 Renter Occupied Housing Units	516	1,800	3,308
2022 Vacant Housing Units	141	645	1,088

Currently, 61.2% of the 11,025 housing units in the area are owner occupied; 29.7% are renter occupied; and 9.1% are vacant. Currently, in the U.S., 55.6% of the housing units in the area are owner occupied; 33.1% are renter occupied; and 11.3% are vacant. In 2010, there were 10,957 housing units in the area - 65.5% owner occupied, 27.3% renter occupied, and 7.2% vacant. The annual rate of change in housing units since 2010 is 0.28%. Median home value in the area is \$181,689, compared to a median home value of \$207,344 for the U.S. In five years, median value is projected to change by 1.85% annually to \$199,093.

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Neighborhood

The subject property is located in the Browns Mills section of the municipality at the northwesterly corner of Pemberton-Browns Mills Road and Juliustown Road, a signalized intersection. The neighborhood consists of primarily commercial uses, with some institutional and residential uses, and is designated as part of the Town Center of the municipality.

Pemberton-Browns Mills Road (County Route 530) runs in a southwest to northeast direction. It becomes County Route 667 to the northeast of Juliustown Road and is known as Broadway Street to the north of Trenton Road. It begins in Pemberton Borough to the west and ends at Lakeshore Drive to the northeast. It is primarily a two-lane asphalt paved roadway, but has a third center turning lane in front of the subject. Nearby commercial uses on Pemberton-Browns Mills Road include, CVS Pharmacy, Burger King, banks, medical offices, a hardware store, convenience store and liquor stores. A mobile home community, Lakeshore Village, is located along the subject's westerly boundary.

Juliustown Road (County Route 669) is a two-lane asphalt paved roadway that runs in a northwest/southeast direction from Pointville Road (County Route 630) in the north to Lakehurst Road (and continuation of County Route 530) to the south. It has a mix of commercial and residential uses in proximity to the signalized intersection with Pemberton-Browns Mills Road, but becomes more rural as it runs north.

Public water, sewer, gas, electric, and telephone are available to the property. Concrete sidewalks and curbing are located along both frontages.

It should be noted that the subject is in proximity to Deborah Heart and Lung Center, a world-renowned heart and lung center on Trenton Road. The neighborhood is also influenced by the nearby Fort Dix and McGuire Air Force bases that are within two to four miles northeast of the neighborhood.

The immediate neighborhood contains 50+ year old structures that are typically in average condition. The subject has nearby competition in the newer (less than 20 years old) and well maintained Pine Grove Plaza shopping center on Broadway Street and Trenton Road that is approximately 0.25 miles east. The Plaza is anchored by Peebles department store and Acme Market grocery store. It has a variety of retail stores, food establishments, beauty salons, cell phone companies, and more, as well as a free-standing McDonald's and AutoZone. The website for the Plaza indicates that it has only one vacant unit out of the 16 units for the Plaza (does not include the Acme, McDonald's and AutoZone sites, which are all also occupied).

Overall, the subject site offers a good signalized corner location but suffers from external obsolescence due to the immediate neighborhood being in need of redevelopment and modernization.

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Neighborhood Map



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The Subject Property**Ownership History**

Ownership is currently as follows:

Block 775, Lot 18 - Antonia Berardi
Purchased November 11, 1988 for \$52,500

Block 775, Lot 19 – Rocco Berardi
Purchased August 3, 1988 for \$2,000,000

No arm's length transactions are known to have occurred in the past 5 years. I have not been provided with any information concerning any current listings or offers for sale.

Occupancy & Use

The subject consists of a single-user retail building (former Acme), and a multi-user shopping center. The single tenant building was formerly used as a grocery store and has been vacant since 1996. The second building is a retail strip center consisting of 19 units of varying sizes, designated as Units A through S; however, some units have been combined to create a larger unit. Units E, F & G have been combined to make one retail space and Units R & S have been combined for one larger space. Therefore, as currently configured, the center has 16 rental spaces. Of the 16 units, 10 are vacant. The combined units could be modified to create individual units by replacing the walls between the them. The total vacancy rate as of the effective date of this report is 85%.

Income and expense information was requested in the owner notification letters dated September 7, 2017. Ownership did not provide any lease information. David Benedetti, the Director of Community Development for the township, provided current leases for two units, Unit B, Nu Soul Cafe and Unit Q, Dr. Lorraine Varela.

Unit B Terms of Lease:

Date: April 30, 2015

Term: 5 years

Rent: Year One - \$1,800/month with first month free

Year Two - \$1,872/month

Year Three - \$1,946.88/month

Year Four - \$2,024.76/month

Year Five - \$2,105.75/month

Tenant is responsible for all interior renovations and maintenance, as well as all utilities. The Landlord is responsible for the base year real estate taxes, while the tenant pays any annual increase.

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Unit Q Terms of Lease:

Date: November 18, 2015
 Term: One year, then month to month
 Rent: Year One - \$1,000/month
 Beyond Year One - \$1,050/month

Tenant is responsible for all interior renovations and maintenance, as well as all utilities. The Landlord is responsible for the base year real estate taxes, while the tenant pays any annual increase.

General Property Identification and Description

General Site Information				
Assessor's Parcel Number:	Block 775, Lots 18 & 19			
Address:	Lot 18 – Juliustown Road Lot 19 - 100 Pemberton-Browns Mills Road Pemberton Township, Burlington County, NJ			
Real Estate Tax Assessment (2017)				
Assessment	Block/Lot	Land	Improvement	Total
	775/18	\$104,200	\$0	\$104,200
	775/19	\$1,280,000	\$1,569,900	\$2,849,900
Tax Rate	\$2.226			
Equalization Ratio	103.38%			
Estimated Taxes:	\$65,758.26 (Combined)			
Pemberton Township had a revaluation effective for 2017. While the assessments for both properties increased, the tax rate went down and the taxes for the properties also went down from 2016.				