

APPRAISAL REPORT

920 Exchange Street & 91 Violetta Street
City of Rochester, County of Monroe, New York



PREPARED FOR
BERGMANN ASSOCIATES
28 East Main Street, 200 First Federal Plaza
Rochester, NY 14614

PREPARED BY
BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES
500 Linden Oaks, Suite 130
Rochester, New York 14625

APPRAISAL DATE
February 24, 2016



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

A full-service real estate appraisal, analysis and consulting group



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

A full-service real estate appraisal, analysis and consulting group

Christopher S. Tillett, MAI, SRA
Kevin L. Bruckner, MAI, CCIM
Patrick W. Cahill, SRA
Justin R. Martin, MAI
Alfred T. Rossi, SRA (Ret.)

March 11, 2016

Kimberly Baptiste, AICP
Bergmann Associates
28 East Main Street
200 First Federal Plaza
Rochester, NY 14614

Dear Ms. Baptiste:

At your request, I have enclosed an *Appraisal Report* on the following property...

920 Exchange Street & 91 Violetta Street
City of Rochester, County of Monroe, New York

The intended use of the appraisal is to estimate the market value of the fee simple estate as of the effective date of the appraisal to appropriately analyze the subject property for a potential acquisition for the "Vacuum Oil Brownfield Opportunity Area" project. The client is Bergmann Associates. The intended users of this appraisal report are: Bergmann Associates (client) and other participants in the "Vacuum Oil Brownfield Opportunity Area" project.

Based upon the analysis and conclusions presented in the enclosed report, the estimated market value of the fee simple estate as of February 24, 2016, is:

TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS - \$285,000

Extraordinary Assumptions:

- ✓ It is assumed that there are no environmental conditions that would impact the market value or marketability of the subject at its highest and best use (its current use as general storage space).

Thank you for the opportunity to complete this assignment. If you should have any questions or need additional information, please feel free to give me a call.

Sincerely,
**BRUCKNER, TILLET, ROSSI,
CAHILL & ASSOCIATES**

Kevin L. Bruckner, MAI, CCIM
NYS Certified Gen'l R.E. Appraiser #46-3998

TABLE OF CONTENTS

Certification.....	2
Summary of Important Facts and Conclusions	3
General Assumptions and Limiting Conditions	4
Extraordinary Assumptions and Hypothetical Conditions	5
Intended Use and Users of the Appraisal	5
Market Value Defined	5
Estates Defined	6
Scope of Work.....	6
Identification of Property.....	7
Tax and Assessment Data	7
Zoning.....	7
History of the Property.....	9
Regional Description.....	10
Area Description.....	14
Neighborhood Description	17
Property Description.....	20
Highest and Best Use Analysis.....	30
Property As Improved.....	30
Sales Comparison Approach	32
Selection Criteria for Sales Data.....	32
Comparable Sales Data Sheets	33
Comparable Sales Map.....	37
Comparable Sales Grid.....	38
Explanation of Adjustments	38
Reconciliation	39
Exposure Time	39
Professional Qualifications - Kevin L. Bruckner MAI, CCIM	40
Addenda.....	43

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice; and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- no one provided significant professional assistance to the person signing this report except Kaitlin Skelton, a staff research assistant who co-inspected the property and assisted the undersigned in preparing portions of the written report.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
- as of the date of this report, I am a New York State Certified General Real Estate Appraiser, certification #46-3998, expiration November 18, 2017.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.



Kevin L. Bruckner, MAI, CCIM

Date: March 11, 2016

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Address: 920 Exchange Street & 91 Violetta Street
City of Rochester
County of Monroe, New York

Property Owner: John K and Associates Inc.

Property Description: The subject property is a vacant industrial building comprising of a three story 77,760 sq.ft. reinforced concrete warehouse with full basement, an attached one story 55,200 sq. ft. distribution warehouse and an attached one story 8,008 sq.ft. cold storage building. The subject property was built during the period of 1930-1940 per Assessor's records and is nearing the end of its economic life. There are no functional mechanical systems in the building, with the exception of minimal electric for lighting. The 3.66± acre site, which contains frontage along Exchange Street, Violetta Street and the Genesee Riverway Trail, is improved by a 23,000 sq.ft. paved parking lot and chain link fence. The site consists of the two tax parcels identified below.

Tax Map Number(s): 121.69-3-37.004 & 121.69-3-36

Effective Date of Appraisal: February 24, 2016

Date of Inspection: February 24, 2016

Date of Report: March 11, 2016

Value and Interest Appraised: Market value of the fee simple estate.

Extraordinary Assumptions:

- ✓ It is assumed that there are no environmental conditions that would impact the market value or marketability of the subject at its highest and best use (its current use as general storage space).

Hypothetical Conditions:

- ✓ None

Personal Property and/or Furniture, Fixtures & Equipment: None

Highest and Best Use as Improved: As currently improved as a former heavy industrial facility available for general storage use only.

Estimated Market Value of the Fee Simple Estate: \$285,000

Sales Comparison Approach Value Estimate: \$285,000

Cost Approach Value Estimate: N/A

Income Capitalization Approach Value Estimate: N/A

Estimated Exposure Time: 1 Year

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This analysis has been made with the following general assumptions and limited conditions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in the report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The Intended User is urged to retain an expert in this field, if desired.
12. I have not made a specific compliance survey and analysis of the property to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disabilities Act (ADA). It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of the ADA in estimating the value of the property.
13. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
14. Possession of this report, or a copy thereof, does not carry with it the right of publication.
15. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

Extraordinary Assumption Defined: An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an appraisal only if it is required to properly develop credible opinions and conclusions; there is a reasonable basis for the extraordinary assumption; and the use of the extraordinary assumption results in a credible analysis.

Extraordinary Assumptions Related to this Assignment:

- ✓ It is assumed that there are no environmental conditions that would impact the market value or marketability of the subject at its highest and best use (its current use as general storage space).

Hypothetical Condition Defined: 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. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if the use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; and the use of the hypothetical condition results in a credible analysis.

Hypothetical Conditions Related to this Assignment:

- ✓ None

INTENDED USE AND USERS OF THE APPRAISAL

The intended use of the appraisal is to estimate the market value of the fee simple estate as of the effective date of the appraisal to appropriately analyze the subject property for a potential acquisition for the "Vacuum Oil Brownfield Opportunity Area" project. The client is Bergmann Associates. The intended users of this appraisal report are: Bergmann Associates (client) and other participants in the "Vacuum Oil Brownfield Opportunity Area" project.

MARKET VALUE DEFINED

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 the 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 acting in what they consider their best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash and U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

Source: The Appraisal of Real Estate, 14th Edition, page 59.

ESTATES DEFINED

Fee Simple Interest: *The absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Source: The Appraisal of Real Estate, 14th Edition, page 69*

Leased Fee Interest: *The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires. Source: The Appraisal of Real Estate, 14th Edition, page 72*

Leasehold Interest: *The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. Source: The Appraisal of Real Estate, 14th Edition, page 72*

SCOPE OF WORK

Scope of Work is defined by the Uniform Standards of Professional Appraisal Practice ("USPAP") as the type and extent of research and analysis in an appraisal assignment. The Scope of Work outlines the steps taken by the appraiser in this assignment to produce a credible appraisal report and a reliable value estimate. Prior to accepting this appraisal assignment, the client and appraiser agreed upon the Scope of Work necessary. Although not necessarily specific to Scope of Work in USPAP, the type of report format used to report the appraiser's findings, analysis and conclusions is also addressed.

The Scope of Work for this assignment is as follows:

- Prior to accepting the assignment, the intended users of the appraisal report, the appropriate definition of Market Value and the interest to be appraised was identified. Any special assumptions or limiting conditions were also discussed.
- Once engaged, the appraiser made contact with the property representative and inspected the property.
- Relevant data for this analysis as it relates to the property and market was obtained from various public and private sources which are deemed to be reliable by the appraiser. The verification of sale data, rental data and other market data is made with a reliable third-party source, a source involved with the transaction and/or one who has specific relevant knowledge of the transaction.
- In this analysis, the ***Sales Comparison Approach*** is used because there is a sufficient number of recent comparable sales of similar properties in the defined market.
- The ***Income Capitalization Approach*** is not applicable in the valuation of the subject because the subject is either not considered to be a rental income investment property and/or there is insufficient market data available to develop meaningful estimates of income, expenses and a capitalization rate.
- The ***Cost Approach*** is not used in the analysis of the subject property because the building improvements are of an age in which estimates of depreciation and obsolescence would be so arbitrary that the value conclusions would lack reliability.
- The values from the various approaches are reconciled in the Reconciliation section of the report giving most weight the most reliable approaches to value.
- The appraiser's findings and conclusions are contained in this ***Appraisal Report*** in accordance with the *Uniform Standards of Professional Appraisal Practice (USPAP)*.

Special conditions or circumstances of the assignment are as follows:

- None.

IDENTIFICATION OF PROPERTY

Property Address: 920 Exchange Street & 91 Violetta Street
City of Rochester
County of Monroe, New York

Tax Map Number(s): 121.69-3-37.004 & 121.69-3-36

Owner of Record: John K and Associates Inc.

Deed Reference: **Liber:** 10583 **Page:** 00518 **Recorded:** 2/20/2008

TAX AND ASSESSMENT DATA

The following information was provided by the City of Rochester and Monroe County. The real estate taxes are true and paid to date. Based upon the market value estimate in this appraisal, the property appears to be over-assessed.

Tax & Assessment Information			
Address	920 Exchange Street	91 Violetta Street	Total
Parcel	121.69-3-37.004	121.69-3-36	n/a
Acres	3.52±	0.14±	3.66±
Land Assessment	\$171,700	\$3,000	\$174,700
Improvement Assessment	\$162,500	\$0	\$162,500
Total Assessment	\$334,200	\$3,000	\$337,200
2016 County Taxes	\$4,025	\$36	\$4,061
2016 City/School Taxes	\$15,560	\$207	\$15,767
Total Taxes	\$19,586	\$243	\$19,829

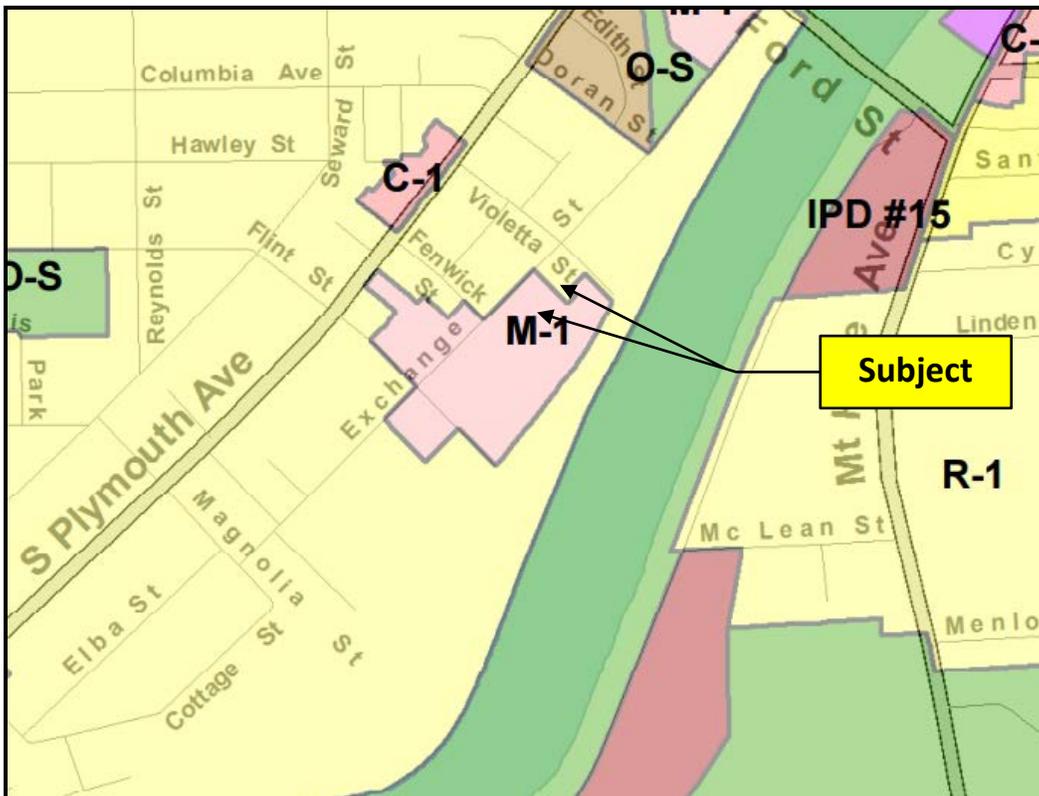
ZONING

The subject is located in the following zoning districts: M-1 Industrial District and R-1 Low Density Residential District. Parcel 121.69-3-37.004 is located in the M-1 Industrial District and parcel 121.69-3-36 is located in the R-1 Low Density Residential District.

Permitted uses in the M-1 Industrial District include research laboratories including testing facilities, corporate headquarters, regional headquarters and their administrative offices, local service offices such as real estate sales, insurance agencies, doctors' offices, or other offices typically found in commercial districts only when in a structure or integrated complex of at least 25,000 square feet of gross floor area, manufacturing, high-tech or light industrial uses, warehouses and wholesale distribution facilities, mixed-use facilities, a minimum of 25,000 square feet at initial development, vehicle repair stations within an existing building, subject to the additional requirements, vehicle and equipment rental, sales and storage within an existing building, subject to the additional requirements, recycling centers, subject to the additional

requirements, technical and vocational schools, animal hospitals and kennels including breeding, boarding and health care, sexually oriented businesses, subject to the additional requirements, including adult arcade, adult cabaret, adult movie theater, limited adult retail store, adult retail store and escort agency, self-service storage, retail sales and service, full-line food store, when in an existing building, subject to the additional requirements, ancillary parking lots and garages, subject to the additional requirements, community garages and parking lots. The following uses are permitted in the M-1 District when located in any existing multistory building or a single-story building not originally designed for industrial purposes: dwelling unit conversions, live-work space, subject to the additional requirements, retail sales and service, low-impact, subject to the additional requirements, specialty retail sales and service, subject to the additional requirements, offices and clinics, bars, restaurants and banquet facilities, entertainment, subject to the additional requirements, public and semipublic uses, day-care centers, funeral parlors and mortuaries, and places of worship. When developed in conjunction with approved industrial uses, the following uses are permitted in the M-1 District, provided that such limited uses constitute no more than 15% of the developed floor area of the project: bars, cocktail lounges and taverns, restaurants, day-care centers when located, arranged and integrated within the development to serve primarily the needs of employees and businesses in and near the M-1 District, retail sales and services and health clubs and similar facilities. Current use as a warehouse facility is permitted.

Permitted uses in the R-1 Low Density Residential District include, attached & detached single-family dwellings, family and group family day-care homes, adult family day-care homes, places of worship, convents and rectories, certain home occupations, and retail sales/service and office space when in an existing structure built for a nonresidential use, operating between the hours of 6:00 a.m. and 9:00 p.m. Current use as a parking lot is permitted.



HISTORY OF THE PROPERTY

There are no known agreements of sale, options or listings current as of the effective date of the appraisal. There have been no known sales that have occurred within three (3) years prior to the effective date of the appraisal. It appears as though the last arm's length transaction occurred in July of 1994, in which the property was deeded to Finger Lake Service Corporation for \$90,000 in cash and a recorded mortgage of \$210,000, for a total sales price of \$300,000. Since then, deeds have been recorded on the subject property however, none of these transactions appear to be arm's length.

REGIONAL DESCRIPTION

The Rochester metropolitan area includes Monroe County and the contiguous counties of Genesee, Livingston, Ontario, Orleans, and Wayne. The City of Rochester, situated on the south shore of Lake Ontario, approximately 70 miles east of Buffalo and 85 miles west of Syracuse, is the third largest city in New York State. Rochester is the focal point of commerce and the County Seat of Monroe County. It has historically been one of the more prosperous economic regions in Upstate New York because of its diverse economy and many community assets.

The population of the Rochester MSA is currently 1,114,402 as of the 2010 Census, an increase of 4.9% since the 2000 Census, which was an increase of 3.4% over the 1990 census. The City of Rochester had a population of 210,565 in 2010 representing a decline of 4.2% since 2000. Per capita incomes throughout portions of the metropolitan Rochester area are some of the highest in Upstate New York. Housing affordability is near average in comparison to other comparable size markets throughout the United States. New home construction has declined overall following recent trends throughout the country albeit there are some active pockets relative to location and price range throughout Monroe County. Rochester has historically outpaced most other areas of Upstate New York in new home construction.

Rochester is a major metropolitan market serviced by the Greater Rochester International Airport. Located in the southwest sector of the city, it is a modern 22-gate airport facility built in 1992 and serviced by the major airlines. The airport also provides service to small aircraft, corporate aircraft and the major air cargo carriers. The interstate highway network to and around Rochester is excellent. Interstate-90, a major east/west transportation corridor in the United States from Boston to Seattle, passes through Monroe County south of the City of Rochester. There are three major interchanges servicing Rochester at both ends of Interstate-490 and one at Interstate-390. I-490 is the major transportation route into Rochester providing access to the former "Inner-Loop" expressway which partially encircles the downtown business district. The "Outer-Loop" expressway, a U-shaped transportation corridor comprised of I-390 on the west and I-590 on the east, intersects with I-390 south, a major north/south transportation corridor in Upstate New York. Other expressways, such as 531, 104, and the Ontario State Parkway, provide access to areas not covered by the above. The modern, extensive and relatively non-congested expressway network allows access to most areas of Monroe County within 15-20 minutes from downtown.

In addition to land and air travel, Rochester is strategically located on the shore of Lake Ontario and along the Erie Canal. The Genesee River, which cuts through the city, is not a transportation route but is a major waterway asset to the community. The Erie Canal, only used for pleasure craft, is another major waterway asset to the community. Lake Ontario is a major transportation route in the United States being part of the Great Lakes chain. Additionally, the area is serviced by rail including various freight carriers and Amtrak.

Rochester is home to several internationally and nationally recognized education institutions. The Rochester Institute of Technology, the largest university in Rochester is a major university specializing in technical and professional fields. The University of Rochester is a nationally recognized graduate and undergraduate university. Strong Memorial Hospital, one of the country's foremost cancer research and treatment centers, is part of the U of R as are the

Eastman School of Music and the Colgate Divinity School. Monroe Community College is rated as one of the best two-year community colleges in the country. SUNY at Brockport, St. John Fisher, Nazareth and Roberts Wesleyan College are the remaining four 4-year colleges in Monroe County.

Typical of most major cities, Rochester has its share of museums including the International Museum of Photography and Film at the George Eastman House (founder of Eastman Kodak Company), The Strong Museum (extensive collection of toys and dolls), and the Rochester Museum and Science Center. Rochester offers a wide variety of cultural attractions including the Rochester Philharmonic Orchestra, Geva Theater and many other smaller music, dance and playhouse facilities. In 2003 and 2013, the PGA tournament championship was played at Oak Hill Country Club, site of two United States Opens and the 1995 Ryder Cup. Rochester is located in the diverse Finger Lakes Region of Upstate New York where there are many year-round recreational and sporting activities available.

The Rochester metropolitan area has long been one of the most stable economic regions in New York State and serves as a major industrial and business hub in Upstate New York. The top area employers are listed below.

Name	Total Local Employees	Type of Employer
Univ. of Roch./Strong Memorial Hospital	25,773	Higher education, research and health care
Rochester Regional Health System	13,986	Healthcare
Wegmans Food Markets, Inc.	13,582	Supermarket
Xerox Corporation	6,722	Printers, digital presses and printers, supplies & software
Paychex, Inc	3,933	Payroll and human resource services provider
Rochester Institute of Technology	3,781	Higher Education
Lifetime Health Care	3,611	Health care
Sutherland Global Services, Inc.	3,009	Business process outsourcing
YMCA of Greater Rochester	2,841	Community Services
Tops Markets, LLC	2,620	Supermarket
Eastman Kodak	2,300	Imaging Products
Harris Corp. RF Communications	2,100	Communication Systems
Finger Lakes Racing Association, Inc.	1,657	Gambling, Thoroughbred Racing, Food Service

Generally, Rochester and Upstate New York have been historically insulated from the wide up and down economic swings as the economy and economic base are fairly diversified and stable. The area unemployment rate has historically been one of the lowest in New York State between 4%-5% although that rose over the past several years to over 9% but has since declined to an average annual rate for 2014 of 5.8% (Rochester Metropolitan Statistical Area). The current rate is still below the New York State rate of 6.3% and the national rate of 6.2% for 2014. Overall employment and wages are expected to remain stable with slight improvements expected as the overall economy continues to improve. The major employers are quite diversified with a mix of manufacturing, health service and public service employers.

Rochester has become a service and governmental sector economy with its future becoming more and more dependent upon education, medical research and health service led by the University of Rochester and Strong Health, now Rochester's largest employer. The strength of Rochester's economic base and its future will continue to be in technology and research lead by the University of Rochester and its small high tech companies. In early 2012, Kodak announced

that it was entering bankruptcy culminating almost two decades of a gradual decline from its height in 1982 when employment in the Rochester area was over 60,000. Although making national news, the announcement was not unexpected and the impact of Kodak's decline had already been absorbed by the market years ago. The bankruptcy is far more symbolic than having any real material effect on the local economy. Bausch and Lomb, Inc. was recently sold to Canadian-based Valeant Pharmaceuticals. After the close of the sale, Valeant indicated that they will reduce 15% of the workforce as it transitions its headquarters from Rochester to New Jersey which is anticipated to affect its Rochester employee base in the coming years.

Millions of square feet of retail space have been added to the Rochester market over the past twenty years as a result of the outward expansion of the retail hubs which service the growing outer-suburban residential markets. Multiple new community size strip centers were built during this period and two of the area's four regional malls underwent major expansions of 500,000± square feet each. Wegmans and Tops supermarkets continue to expand with new or renovated facilities throughout the area and many new "big box" uses such as Home Depot, Target, Lowes and Kohls have entered the market over the past decade. The retail expansion has slowed because of the national recession and the impact it has had on the retail market in general. With that said, there has been retail development, most of which is located in the city of Rochester. CityGate will be anchored by a Costco, the retailer's first location in Western New York. Another major retail development is College Town, a mixed-use development anchored by a 20,000 sq.ft. Barnes & Noble and 20,000± sq.ft. Bass Pro Shops has announced a new mega-store in the Victor area just off the New York State Thruway. Unlike many other overbuilt retail areas across the country, Rochester has seen very few vacancies with the exception of those national chains that have gone out of business. Even so, some of that vacant space has already been reabsorbed. Some older retail facilities have experienced periods of vacancy, although the sub-markets anchored by Eastview Mall (Victor), the Mall at Greece Ridge Center (Greece) and Marketplace Mall (Henrietta) continue to remain stable. The 2015 Market Outlook prepared by CBRE indicates that retail inventory square footage increased in 2014 with by approximately ~300,000 sq.ft. This increase resulted in slight increase in vacancy to 11.6%, up 0.4% from 2013. In 2013, the vacancy rate for the region reversed its five year climb. Net absorption for the year was effectively zero for a second straight year.

The downtown office market is going through a period of tremendous change with several significant office and mixed-use projects scheduled for delivery in the next 24 months. The biggest development news from the Downtown market is the redevelopment of the former Midtown Plaza in the heart of Downtown. In 2013 Windstream moved into 67,000± sq.ft. of the newly redeveloped Seneca Building. The Pike Company is working to add an additional 66,000± square feet to the Seneca Building which will be occupied by the Democrat & Chronicle Media Group and Gannett Co., Inc. An entity comprising local developers, Buckingham Properties and Morgan Management Company, purchased the 17-story, 357,000± sq.ft. Midtown Building from the City of Rochester and have begun the process of converting it to 150,000± sq.ft. of office and retail space on the first several floors and 181 apartments on the upper floors. In March 2015, Gallina Development purchased the 26-story Chase Tower with plans on redeveloping the upper 14 floors into residential units. Additionally, Monroe Community College purchased 562,000± sq.ft. of space for the development of a Downtown Campus. In total the city of Rochester is home to approximately 7.2± million sq.ft. of office space. City vacancy increased 2.0% in 2014 to end the year at 21%. According to CBRE, the increase was due to a spike in class A office vacancy which offset improvements seen in the class B market.

There has been a relatively smaller amount of suburban office development over the past few years. Gallina Development delivered the final building in its Cambridge Place Office Park with the 2013 completion of a 34,000± sq.ft. building. North Forest Office Space continues to expand their Rochester office portfolio with the completion of new buildings at Crosspointe Professional Park in the Town of Webster, and Penn Fair Office Park in the Town of Penfield. Suburban office inventory has gradually increased over the past decade from about 6.4 to 8.7 million square feet. Inventory remained relatively flat at 8.8± million square feet in 2014. The vacancy rate has decreased over the past few years from 14.0% in 2011 to 12.6% in 2012, 11.3% in 2013, dropping to 11.2% in 2014. The Class A medical office space market has remained stable over the past several years while there is an oversupply of Class B medical office space due to the consolidation of physicians. There is a steady demand for build to suit medical office space. Much of the new construction is largely driven by the on-campus expansion of local hospitals including the 245,000± sq.ft. addition to the University of Rochester's Golisano Children's hospital. Such local hospitals steadily maintain a large amount of off-campus medical office facilities. Older medical office facilities are struggling to compete as the local health care providers and agencies prefer modern, functional facilities to suit an ever changing health care field.

The "flex" industrial market was once a major growing sector as manufacturing and office-warehouse space was in significant demand to satisfy the "out-sourcing" demand of the major manufacturers. However, many of these companies have since cut back as "out-sourcing" demand over the past decade has declined. In fact, "flex" space has become less "industrial" oriented and more "office" oriented as office users are looking for more inexpensive space than Class A space and newer space than what Class B space has to offer. Inventory in the "flex" market has increased from 2.5 million square feet in 2000 to 4.6 million square feet in 2014, an increase of 84% over the past several years. 2014 saw a relatively large delivery of flex space. Notable deliveries included at Lehigh Crossing Business Park in the Town of Victor; a municipality that has benefited from Ontario County's favorable tax incentives for the high tech and manufacturing sectors, 72,000 square feet at Calkins Road Business Park, 40,000 square feet on John Street in the town of Henrietta and 25,000 square feet at Elmgrove Crossing Business Park. As a result of the new supply, the year-end 2014 vacancy rate was reported to be 11.8%, a 1.4% increase from the 10.4% year-end 2013 figure. Moving forward, absorption is anticipated to outpace new supply as deliveries in 2015 are expected to be less than those in 2014.

Overall, 2014 saw minimal changes to the industrial inventory with the metro vacancy rate also remaining relatively stable, ending the year at 13.2%. The suburban industrial market consists of approximately 46.3± million square feet of owner and tenant occupied space and the city consists of approximately 33.2± million square feet. The suburban vacancy rate increased to 11.2%, an increase of 2% from the previous year. The City's vacancy rate decreased to 15.8% in 2014. Overall, the metro market saw positive net absorption with 210,000 square feet of additions and 218,000 square feet of absorption. There still remains an oversupply of older, less functional industrial space throughout portions of the market especially in the city. With that said, industrial occupiers have found it increasingly difficult to satisfy their space requirements in existing facilities, a new ground-up construction of industrial space is once again taking place. Expansions on existing buildings and construction of new product is projected to continue through 2015.

The hotel market in Monroe County has experienced growth over the past decade with the addition of multiple limited-service, full-service and extended stay hotels. The RevPar in the hotel and hospitality market, which in recent years declined, is trending upward. This growth mirrors the national lodging market trends. The national hotel market has seen year-over-year improvements since the 2009 market floor which was a result of the economic recession beginning in 2007-2008. Each of the market surveys indicate a continuing improvement in 2015. The projected market improvement includes ongoing gains in all the major business measurements: lodging demand, occupancy, average daily rate (ADR), and revenue per available room (RevPAR). Smith Travel Research states that the industry's year-end 2014 figures are expected to record a 1.4% increase in occupancy to 64.4% an ADR gain of 3.7% to \$115.53 and an overall RevPAR increase of 8.5% to \$74.42. Supply is expected to end the year with increases of 0.8% and 2.2%, respectively. This indicates the possibility of an increase in hotel development nationwide. In 2015, STR projects occupancy to increase another 1.1%. ADR is projected to rise 5.0% to approximately \$121.37 and an overall RevPAR increase of 6.2% to \$79.06. Overall, the outlook for 2015 and beyond is very positive. In 2014 the market returned to pre-recession levels with further improvement in 2015 with regard to RevPAR.

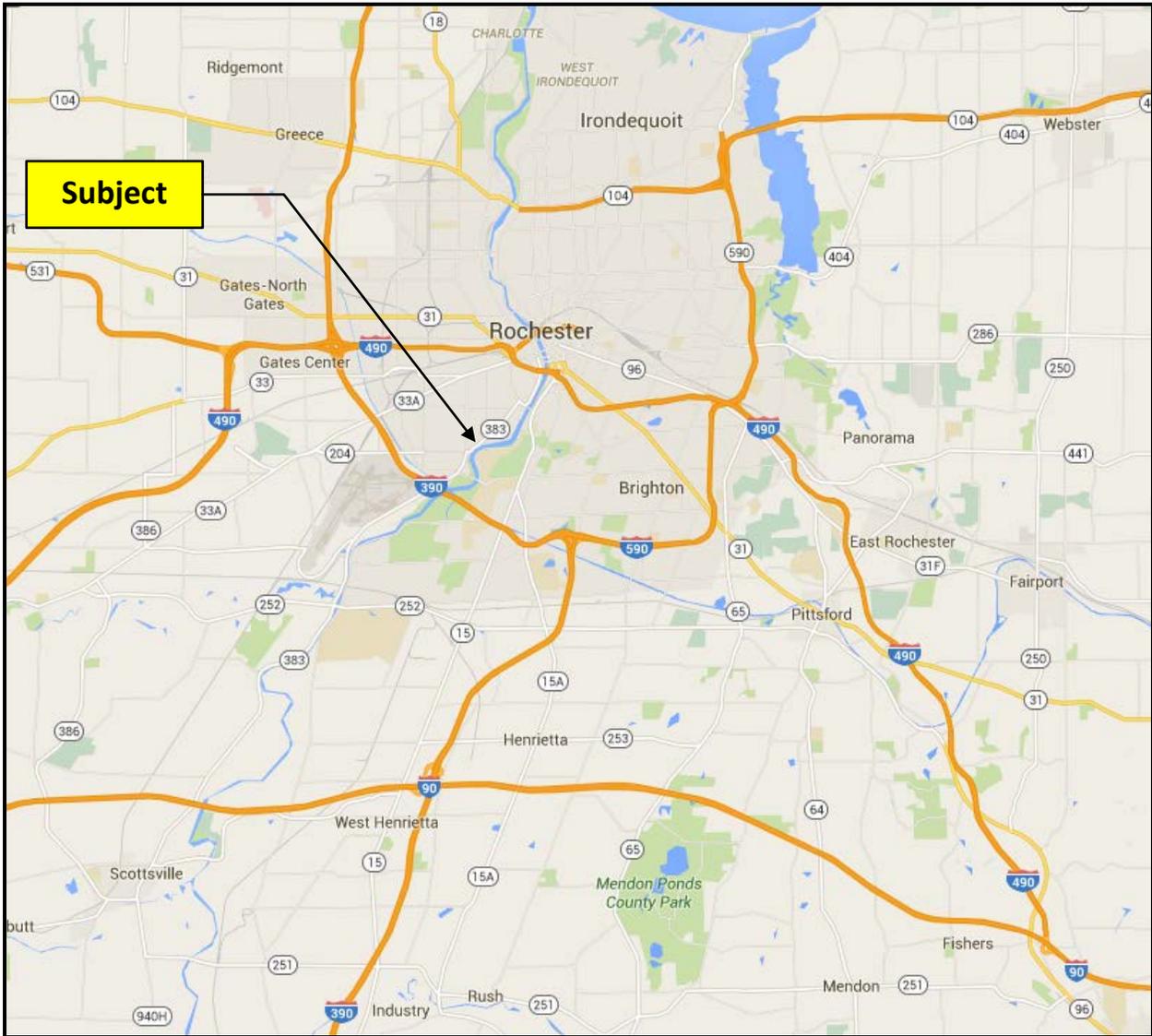
Finally, the apartment market continues to experience strength in both the Downtown market and the suburban market as financing constraints have dampened the single family sales market. Apartments offer the most viable and favored alternative in a market where single-person households, younger people and first time home buyers are having trouble financing purchases. According to the Rochester Downtown Development Corporation, young professionals and students are driving much of the residential rental market growth within the City of Rochester with the highest demand for one-bedroom units. In the suburban market, expansion within the multiple family housing sector has been largely driven by the construction of senior apartment units. The fastest growing market segment over the next decade is expected to be senior housing, although the growth of new assisted and independent living facilities has slowed considerably since 2008.

Of the remaining counties comprising the Rochester metropolitan area, Wayne, Ontario and Livingston Counties are the most actively growing. Wayne County to the east is an agricultural area with a growing population base in the three westernmost towns which border Monroe County. Ontario County in the Finger Lakes Region southeast of Monroe County at over 100,000 people is the largest and fastest growing of the contiguous counties. This is spurred in part by the rapid population growth within the Town of Victor, which has been named one of the fastest growing communities in Upstate New York. There continues to be considerable growth in residential, retail and industrial development especially in the towns comprising the northwest sector of the county adjacent to Monroe County. Livingston County is located directly south of Monroe County, and like Wayne County, is primarily an agricultural area with an expanding population-especially in the towns along the I-390 corridor. Genesee and Orleans Counties to the west of Monroe County are smaller in population and more rural than the aforementioned three counties. The City of Batavia, located in the center of Genesee County, is the largest population and employment center between Buffalo and Rochester.

REGIONAL MAP



AREA MAP



NEIGHBORHOOD DESCRIPTION for the CITY of ROCHESTER

POPULATION: **1980:** 241,741 **1990:** 231,636 **2000:** 219,773 **2010:** 210,565

GENERAL: Rochester has become a service and governmental sector economy with its future becoming more and more dependent upon education, medical research and health service led by the University of Rochester and Strong Health, now Rochester's largest employer. The strength of Rochester's economic base and its future will continue to be in technology and research lead by the University of Rochester and its small high tech companies. In early 2012, Kodak announced that it was entering bankruptcy culminating almost two decades of a gradual decline from its height in 1982 when employment in the Rochester area was over 60,000. Although making national news, the announcement was not unexpected and the impact of Kodak's decline had already been absorbed by the market years ago. The bankruptcy is far more symbolic than having any real material effect on the local economy.

ROADWAYS: There are excellent transportation systems serving the City including the Interstate expressway network comprising I-490 and the former Inner-Loop Expressway, which circles a portion of the Central Business District. Other primary State highways include Routes 18, 31, 33, 15, 96 and 104. Bus transportation is available throughout the City with service to suburban points. Rail and airport facilities are also readily available to the City.

RESIDENTIAL: Residential neighborhoods are scattered throughout the city with the median existing single family home worth \$60,600 according to Zillow.com. There is limited new residential construction in the City except for spot construction of subsidized housing, albeit some new market rate housing has been built. Multiple family housing is prevalent throughout most City neighborhoods in the form of either small 2-4 family houses or apartment buildings.

INDUSTRIAL: The northwest sector of the City along the Mt. Read Boulevard corridor is the most densely developed industrial area in the City with scattered industrial development in the southeast sector. The industrial market in the City is relatively stable with continued new development of high tech, manufacturing and warehouse facilities.

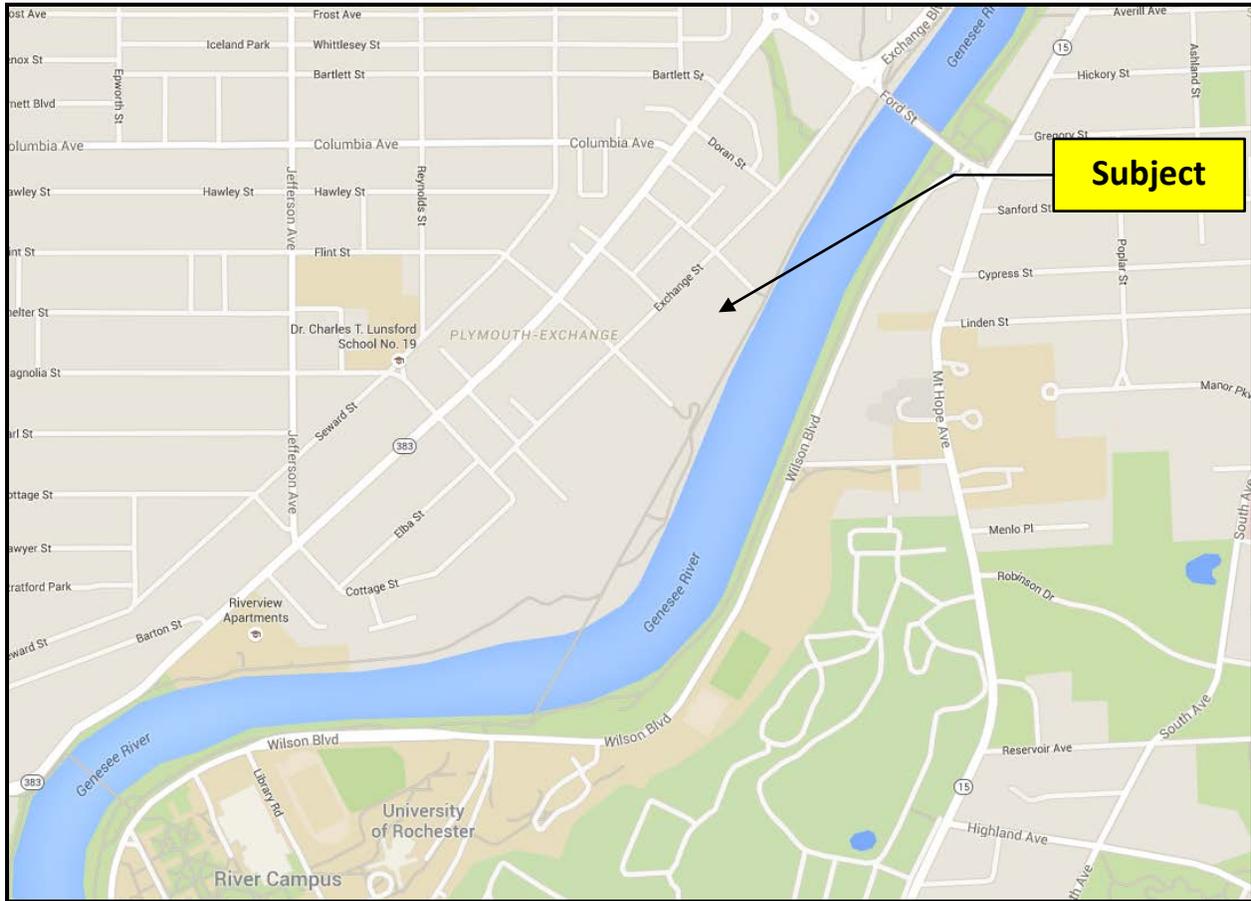
OFFICE: The highest concentration of office space is within the Central Business District with only scattered office buildings located throughout the balance of the City. New office development is generally limited to the CBD.

RETAIL: There are no major retail shopping centers within the City, just smaller neighborhood type centers. Tops supermarkets has built new or expanded facilities in the City. Various drug store chains have developed new facilities throughout the City to fill the void left by the departing supermarket chains and the decline of smaller local supermarkets. Most of the residents travel to the suburbs for major shopping.

OTHER: Rochester has a varied mix of cultural facilities and other attractions within the City. The Genesee River splits the City into an east and west half. The City has a small portion of shoreline on Lake Ontario at Charlotte Beach. There are a number of major parks and cemeteries throughout the City.

LOCATION: The subject property is located in the Plymouth-Exchange Neighborhood, which is bounded by the Genesee River to the East, Corn Hill to the north, and the 19th Ward to the South and West. The neighborhood consists mostly of detached single family residences, with some industrial space along the River. The University of Rochester has continued to expand its sphere of influence into the neighborhood with the recent development of Brooks Landing, which comprises of a hotel, student housing and office/retail space. The subject is situated on the west bank of the Genesee River, with the Genesee River Trail running directly behind it. Adjacent to the subject's south is the 105,000 sq. ft. Food Link Warehouse facility. To the north and west are primarily single family homes.

NEIGHBORHOOD MAP



STREET VIEW

Exchange Street Looking South



Exchange Street Looking North



Violetta Street Looking East



Violetta Street Looking West



PROPERTY DESCRIPTION

General: The subject property is a vacant industrial building comprising of a three story 77,760 sq.ft. reinforced concrete warehouse with full basement (note that since the basement space has the same utility as the balance of the space it is included in GBA), an attached one story 55,200 sq. ft. steel frame distribution warehouse and an attached one story 8,008 sq.ft. cold storage space. The one story warehouse building and cold storage space was a recent victim of vandalism, resulting in non-operational plumbing and electrical systems. The subject property was built during the period of 1930-1940 per Assessor's records and is nearing the end of its economic life. The 3.66± site contains frontage along Exchange Street, Violetta Street and the Genesee Riverway Trail.

Stories: 1-3

Date Built: 1930-1940 per Assessor's records

Square Footage: 140,968 sq.ft. Includes basement space under 3-story building.

Foundation: Reinforced masonry foundation under three story building with full basement, concrete on slab foundation for one story building

Frame: Reinforced concrete frame for three story building, steel frame for first story building

Exterior Walls: Concrete, brick, metal & plywood.

Roof: Flat roof with rubber membrane

Electrical: Minimal electric for lighting purposes only in three story building

Heating/Cooling: No operational heating and cooling

Plumbing: No operational plumbing

Fire Safety: Sprinkler system is non-operational

Security: Alarm system

Restrooms: No functioning restrooms

Doors/Docks: Seven loading docks on the north side of the one story warehouse building and six loading docks on the west side of the three story warehouse building

Windows: Original single pane windows in three story building, no windows in one story building

Miscellaneous: There are two freight elevators in the three story building. There is also a water tower on the roof of the three story building.

Ceilings: Concrete

Interior Walls: Concrete & brick

Floors: Concrete

Layout/Utility: Three story building- open storage space with reinforced columns. One story building – open storage space with steel columns, minimal demising walls.

Quality/Condition: Fair

Site Size: 3.66± acres

Site Features: Frontage along Exchange Street, Violetta Street and the Genesee Riverway Trail which runs along the western shore of the Genesee River.

Zoning: M-1 Industrial District & R-1 Low Density Residential District

Utilities: Site is serviced by all public utilities

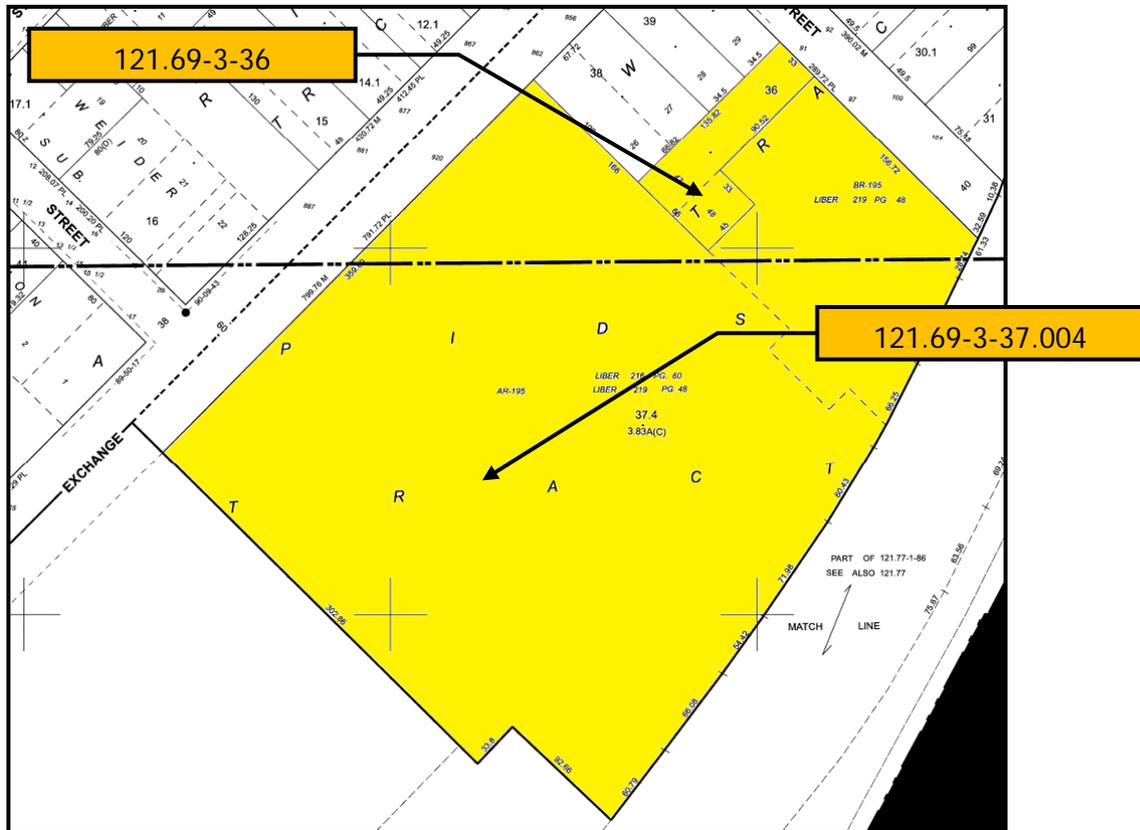
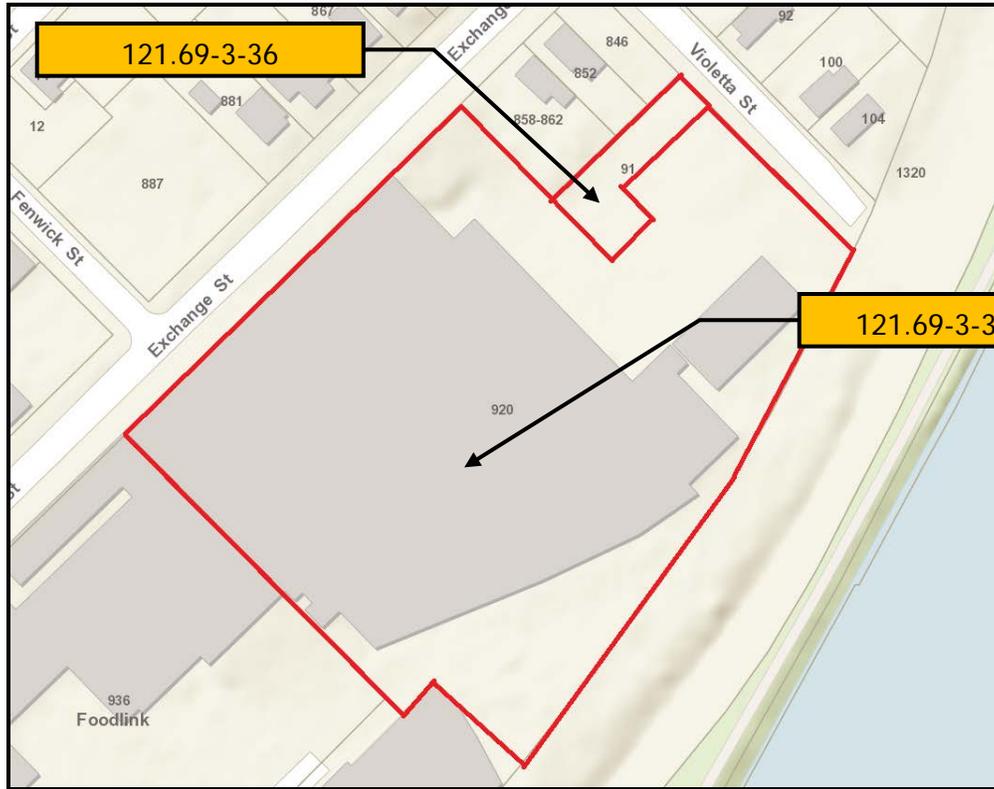
Parking: Paved parking, approximately 23,000 sq.ft.

Access: The building, parcel 121.69-3-37.004, is accessible from both Exchange & Violetta Streets. The vacant lot, 121.69-3-36, is accessible only from Violetta Street.

Site Improvements: Paved parking, chain link fence

Comments: A portion of the 0.14± acre residential parcel, 121.69-3-36, is improved by the paved parking lot and bisected by the chain link fence. This tax parcel functions as part of the greater warehouse facility, and would only have nominal value if valued individually due to its small size and poor location. Therefore, parcel 121.69-3-36 is considered as part of the greater industrial warehouse site and is not valued separately.

TAX MAP



AERIAL VIEW



View of Three Story Warehouse from Exchange Street



View of One Story Warehouse from Exchange Street



View of One & Three Story Warehouse from Exchange Street Facing Southwest



View of Subject from Violetta Street



View of Loading Docks on the North Side of the One Story Warehouse



View of Cold Storage Building from Violetta Street



View of Cold Storage Building Facing Violetta Street



Rear of Cold Storage Building



Rear of One Story Warehouse



First Floor of Three Story Building



Freight Elevator in Three Story Building



Third Floor of Three Story Building



Third Floor of Three Story Building



Roof of Three Story Building



Roof of One Story Building



Water Tower



Entrance to Cold Storage Space



HIGHEST AND BEST USE ANALYSIS

Definition

The highest and best use of a vacant site or improved property is that reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and results in the highest value. - The Appraisal of Real Estate, 14th Edition, Appraisal Institute, page 333

Legally permissible uses are limited by zoning, environmental conditions, master land use plans, government regulations and private restrictions. Physically possible uses are limited by the physical characteristics of the vacant site or improved property. Financially feasible uses are those uses which are both legally permissible and physically possible which are anticipated to produce a positive rate of return. Of the financially feasible uses, the one use which generates the highest rate of return (i.e. highest value) and is most likely to occur, is the maximally productive use or highest and best use of the vacant site or improved property.

For this analysis, a land valuation is not required, therefore, a detailed analysis of the site as if vacant is not developed. It was determined by analysis, that the value of the site as if vacant does not exceed the value of the property as improved.

Property As Improved

Legally Permissible: The subject is located is primarily located in an industrial zoning (M-1) district with a small portion of the parking lot located in a residential zoning (R-1) district. This M-1 zoning designation allows for a variety of industrial uses and complimentary uses such as retail sales and services, offices, eating and drinking establishments and loft-style living spaces. The current use as a general storage space is a legal use. The use of the residential zoned lot as part of the parking lot is also of legal use.

Physically Possible: Physically, the improvements could be completely reconfigured, renovated or demolished for re-development of the site. However, major physical changes in the existing improvements are not anticipated. The subject property has been vacant for the last three years, during which vandals have removed a significant portions of the electrical and plumbing systems, rendering them inoperable. As a result the current improvements are only reasonably functional as general storage space. There is no excess site; thus, expansion of the improvements is unlikely.

Financially Feasible: The continuation of the present use of the improvements has the potential to generate a positive return on investment and/or have value to an owner occupant. Although conversion or re-development of the existing improvements to an alternate use may be legally possible, it is not necessarily feasible since such renovations to the subject property would be cost prohibitive. The subject property could be demolished and developed, or renovated for industrial and/or commercial use, but such a task would require substantial public funding and would not be financially

feasible for a private investor. Further, the value of the site as if vacant is less than the cost of demolition.

Maximally Productive: The maximally productive use is concluded to be as former heavy industrial facility available for general storage, which is consistent with its current use.

Conclusion, As Improved: As currently improved as a former heavy industrial facility available for general storage use only.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based upon the premise that an informed, prudent, and rational market participant will consider, as an indicator to value, the cost of acquiring a comparable and competitive existing property with similar utility, amenities and location as the subject property. The Sales Comparison Approach is most applicable in active markets where there are recent arm's length transactions to measure value and comparative trends. An inactive market, as defined by either the location or specific property type, limits the applicability of this approach.

Market value is estimated by analyzing comparable sales and listings in the subject's market. This market data is compared to the specific characteristics of the subject using either an adjustment process or a relative comparison analysis. The degree of comparability of the market data will determine the strength of this approach to value. The adjustments are abstracted from market data where applicable. Positive (negative) adjustments are made to the sale when the specific characteristic is inferior (superior) to the subject property. Outlined below are the valuation steps.

1. Research and verify comparable sales data in the subject's market based upon the criteria of comparability specific to the subject property.
2. Summarize the comparable sales data in a grid for comparison to the subject property.
3. Estimate and apply adjustments to the comparable sales for *property rights, financing, sales conditions, market conditions, variations in location and differences in physical characteristics*.
4. Reconcile the adjusted sales prices based upon an appropriate sale price per unit of comparison (i.e. /Sq.Ft., /Unit, or some other unique comparison unit).

Selection Criteria for Sales Data

A variety of sources are utilized in the search for comparable sales data including, but not limited to, local assessor's records, county & state wide databases (i.e. *Land Data Associates & NYSales*), our own office files, other appraiser's files, commercial real estate brokers, web-based sales databases such as *CoStar, Loopnet*, and the *Multiple Listing Service*. Particular attention in selecting the most comparable sales is given to property type, size and location. For the analysis of the subject property, the most comparable sales were selected, from a larger set of sales researched and considered, for the analysis of the subject property.

The sales data is presented on the following pages with the analysis to follow.

Comparable Sale #1

Class Code: 710 Improved Industrial Property



Address: 282 Hollenbeck Street

City: Rochester

County: Monroe

State: NY

Description: Industrial warehouse building built in 1945

Sale Price: \$205,000

Days on Market: 204

Contract Date:

Sale Conditions: Normal

Deed Recorded: 08/04/2011

Rights Conveyed: Fee Simple

Sprinklers: YES

Clearance: 14

Docks: 5

Percent Office: 23.17 %

Financing: No mortgage recorded

Grantor: 155 Paragon Realty LLC

Grantee: BD Wash Properties LLC

Tax Map Number: 091.70-2-33.1

Taxes: N/A

Liber: 11026

Assessment: \$300,000.00

Page: 498

Zoning: M-1 Industrial

Utilities: Public

Lot Size: 2.59

Building Size: 114,800

Price Per SqFt: \$1.79

Verification: NYS Form 5270, CoStar, Assessor

Date: 03/08/2016

The property is an older two story industrial building containing, office, warehouse and light manufacturing space. This is a single tenant facility and has 60 parking spaces. The property was also sold on January 14, 2010 for the sum of \$200,000 or \$1.74/sq.ft.

Comparable Sale #2

Class Code: 710 Improved Industrial Property



Address: 67 & 89 Canal Street
City: Rochester
Description: Downtown Mill Type Building

County: Monroe

State: NY

Sale Price: \$305,000
Contract Date:
Deed Recorded: 09/30/2011

Days on Market: N/A
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Sprinklers: NO
Docks:

Clearance: 13; 18
Percent Office: 0 %

Financing: No mortgage recorded
Grantor: Volunteers of America Western New York
Grantee: 67-68 Canal LLC

Tax Map Number: 120.36-2-1; 2-2
Liber: 11047
Page: 384

Taxes: N/A
Assessment: \$536,600.00
Zoning: CCD Center City District

Utilities: Public
Lot Size: 1.12
Building Size: 151,966
Price Per SqFt: \$2.01

Verification: NYS Form 5217, Loopnet, Assessor

Date: 05/20/2013

5-story masonry and frame industrial mill type building constructed ~1900. Located west of the inner loop highway encircling Downtown Rochester. Buyer plans redevelopment for tenancies after the purchase. Lease rate was listed as "negotiable".

Comparable Sale #3

Class Code: 710 Improved Industrial Property



Address: 333 Hollenbeck Street
City: Rochester
Description: Vacant Industrial Warehouse

County: Monroe

State: NY

Sale Price: \$120,000
Contract Date:
Deed Recorded: 06/26/2013

Days on Market: 485
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Sprinklers: NO
Docks: 5

Clearance: 19'
Percent Office: 0 %

Financing: No mortgage recorded
Grantor: Rochester Midland Corp.
Grantee: Pavel Klimovich

Tax Map Number: 091.70-1-1.001
Liber: 11269
Page: 490

Taxes: N/A
Assessment: \$125,000.00
Zoning: M-1 Industrial

Utilities: Public
Lot Size: 2.68
Building Size: 113,000
Price Per SqFt: \$1.06

Verification: NYS Form 5217, Loopnet, CoStar, Assessor

Date: 03/07/2016

The property is a single tenant, two story industrial warehouse in the north part of the City of Rochester. The property was on the market for one year and four months, with an initial asking price of \$200,000. The property was vacant at the time of the sale and had deferred maintenance that was considered in the price. The site includes 30 paved parking spaces.

Comparable Sale #4

Class Code: 710 Improved Industrial Property



Address: 1237-1261 East Main Street

City: Rochester

County: Monroe

State: NY

Description: Multiple building industrial complex built from 1919 to 1973

Sale Price: \$210,000
Contract Date: 02/2013
Deed Recorded: 11/01/2013

Days on Market: N/A
Sale Conditions: Normal
Rights Conveyed: Fee Simple

Sprinklers: NO
Docks: 3

Clearance: 16
Percent Office: 0 %

Financing: Cash
Grantor: Fedder Industrial Park Inc.
Grantee: 1237-1261 East Main Street LLC

Tax Map Number: 106.76-1-66
Liber: 11323
Page: 381

Taxes: \$22,115.00
Assessment: \$500,000.00
Zoning: Community Center District

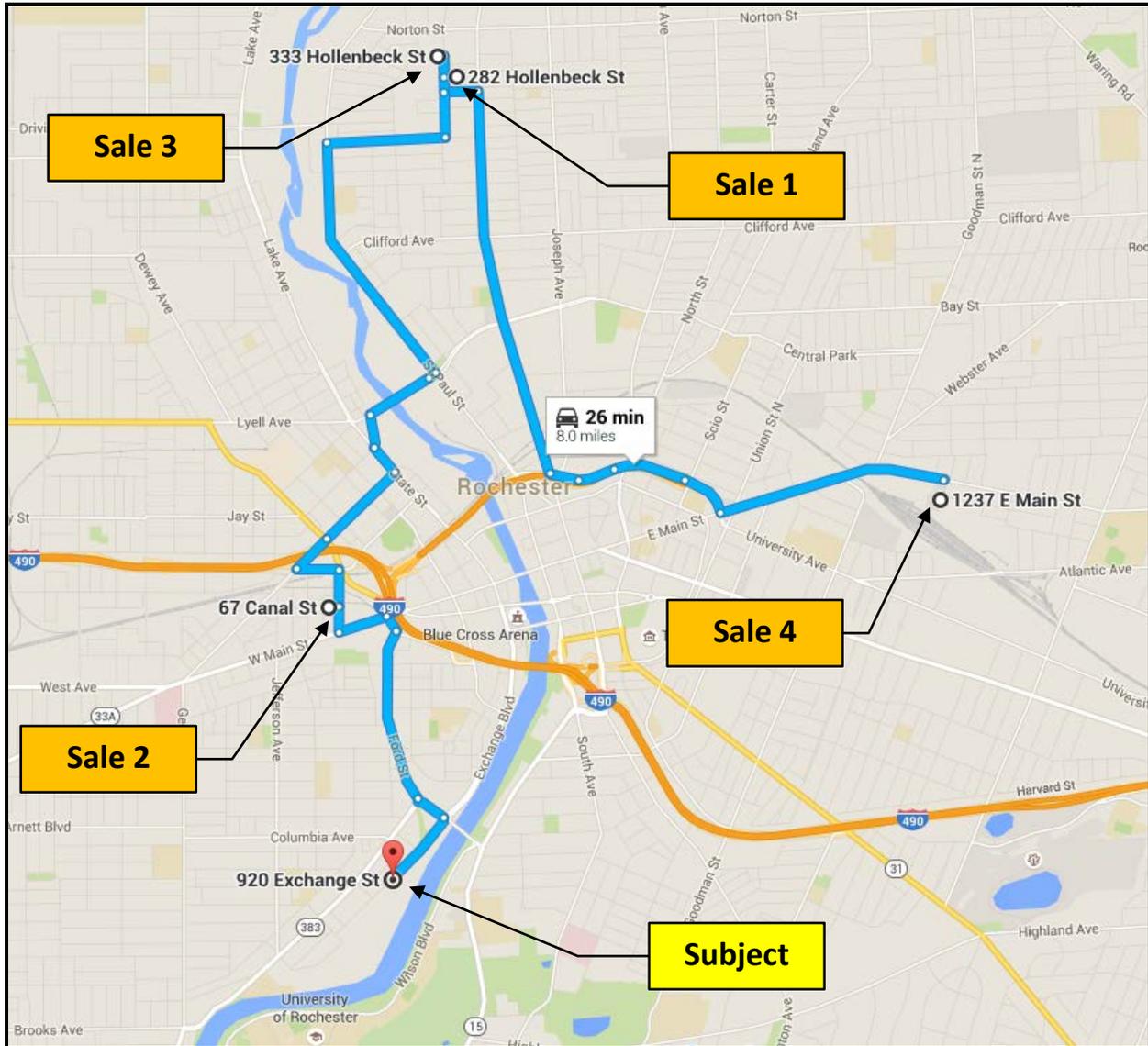
Utilities: All public
Lot Size: 3.7
Building Size: 215,000
Price Per SqFt: \$0.98

Verification: Deed, NYS Form 5217, BTRCA Appraisal, CoStar

Date: 07/01/2015

This is the sale of a multiple building industrial complex constructed in stages from 1919 to 1973. The property consists of five buildings which are masonry construction and suffer from a significant amount of deferred maintenance. 105,000 sq.ft. of the property was leased at the time of sale. There is a boiler building on the property which was found to have some environmental issues and was considered in the negotiation of the sale price.

COMPARABLE SALES MAP



Sales Comparison Grid					
	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4
SALE PRICE		\$205,000	\$305,000	\$120,000	\$210,000
PROPERTY RIGHTS	N/A	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
Adjustment		0%	0%	0%	0%
FINANCING	N/A	CASH(to seller)	CASH(to seller)	CASH(to seller)	CASH(to seller)
Adjustment		0%	0%	0%	0%
SALES CONDITIONS	N/A	NORMAL	NORMAL	NORMAL	NORMAL
Adjustment		0%	0%	0%	0%
DATE OF SALE/APPRaisal	Feb-16	Aug-11	Sep-11	Jun-13	Nov-13
Adjustment		0%	0%	0%	0%
TIME ADJUSTED NORMAL PRICE		\$205,000	\$305,000	\$120,000	\$210,000
OTHER ADJUSTMENTS					
TOWN/VILLAGE/CITY	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER
COUNTY	MONROE	MONROE	MONROE	MONROE	MONROE
SETTING	CITY	CITY	CITY	CITY	CITY
OVERALL LOCATION RATING	FAIR	FAIR	FAIR	FAIR	FAIR
Location Adjustment		0%	0%	0%	0%
SITE SIZE (in acres)	3.66	2.59	1.12	2.66	3.70
PARKING	ADEQUATE	ADEQUATE	ADEQUATE	ADEQUATE	ADEQUATE
Site Adjustment		0%	0%	0%	0%
YEAR BUILT	1930-1940	1945	1920-1953	1907	1919-1973
OVERALL CONDITION RATING	FAIR-POOR	FAIR-POOR	FAIR-POOR	FAIR-POOR	FAIR-POOR
OVERALL QUALITY RATING	FAIR-POOR	FAIR-POOR	FAIR-POOR	FAIR-POOR	FAIR-POOR
USE	INDUSTRIAL STORAGE				
Condition/Quality Adjustment		0%	0%	0%	0%
BUILDING SIZE (Sq.ft.)	140,968	114,800	151,966	113,000	215,000
Economies of Scale Adjustment		0%	0%	0%	0%
STORIES	1-3 STORIES	2 STORIES	1-5 STORIES	2 STORIES	1-5 STORIES
Functional Utility Adjustment		0%	0%	0%	0%
OTHER	N/A	N/A	N/A	N/A	N/A
Other Adjustments		0%	0%	0%	0%
TOTAL OTHER ADJUSTMENTS		0%	0%	0%	0%
FINAL ADJUSTED SALES PRICE		\$205,000	\$305,000	\$120,000	\$210,000
BUILDING SIZE (Sq.ft.)		114,800	151,966	113,000	215,000
UNADJUSTED SALE PRICE/Sq.ft.		\$1.79	\$2.01	\$1.06	\$0.98
ADJUSTED SALE PRICE/Sq.ft.		\$1.79	\$2.01	\$1.06	\$0.98

Explanation of Adjustments

Sales of older industrial buildings located in the City of Rochester within the last five years were researched. The above sales were selected due to their similarity to the subject in terms of size and use as either industrial storage space and/or light industrial manufacturing space. All four the selected sales have fair locations and are multi-story, like the subject. While some of the sales are being occupied and used, all of the sales, like the subject are nearing the end of their economic lives. The dates of sale range from August 2011 to November 2013. As there is a limited market for sales of industrial buildings, the sale prices from year to year are not expected vary significantly during period of August 2011 to February 2016. The sales reflect similar market conditions as compared to the conditions which exist the effective date of appraisal, thus no adjustments are required. As these sales are sufficiently similar to the subject in size, use, age and location, no adjustments are made. Based upon the analysis of the above comparable sales, a sale price range of \$0.98-\$2.01/sq.ft. results. Greater weight is given to the upper end of the range as Sales 1 and 2 were deemed to be the best sales. The estimated market value of the subject property is \$2.00/sq.ft. of gross building area including land.

$$\begin{aligned} & \$2.00/\text{Sq.Ft.} \times 140,968 \text{ Sq.Ft.} = \$281,936 \\ & \text{Round to: } \$285,000 \end{aligned}$$

SALES COMPARISON APPROACH VALUE ESTIMATE - \$285,000

RECONCILIATION

The purpose of the reconciliation is to reconcile the quality and quantity of data available and analyzed within the approaches used; and reconcile the applicability or suitability of the approaches, methods, and techniques used to arrive at the value conclusion(s).

The Sales Comparison Approach is used because there is a sufficient number of recent comparable sales of older industrial buildings in the City of Rochester market to develop a meaning market value estimate.

The Income Capitalization Approach is not used as there is insufficient market data available to develop meaningful estimates of income, expenses and a capitalization rate.

The Cost Approach is not used in the analysis of the subject property because the building improvements are of an age in which estimates of depreciation and obsolescence would be so arbitrary that the value conclusions would lack reliability.

Sales Comparison Approach Value Estimate:	\$285,000
Cost Approach Value Estimate:	N/A
Income Capitalization Approach Value Estimate:	N/A

Based upon the analysis and conclusions summarized in this appraisal report, the estimated market value of the fee simple estate of 920 Exchange Street and 91 Violetta Street as of February 24, 2016 is:

TWO HUNDRED EIGHTY-FIVE THOUSAND DOLLARS - \$285,000

EXPOSURE TIME

Exposure Time Defined: The reasonable amount of time that the property interest at the concluded market value would have required to be exposed on the market during the period immediately before the effective date of the appraisal.

Conclusion: One year

PROFESSIONAL QUALIFICATIONS

Kevin L. Bruckner MAI, CCIM

Employment

- Principal - Bruckner, Tillett & Rossi, Inc., d/b/a Bruckner, Tillett, Rossi, Cahill & Associates, a real estate appraisal and consulting firm located in Rochester, New York; 1993 to present
- President - Rockbridge Realty Group, Inc., real estate brokerage firm specializing in commercial and investment properties; 2010 to present.
- Managing Member - KANDA Properties LLC, a commercial real estate investment, development and management company comprising a portfolio of multi-family, office and retail properties in the greater Rochester and Upstate New York market; 1990 to present
- Vice President - Rynne, Murphy & Associates, Inc., a real estate consultation, appraisal, and business valuation firm located in Rochester, New York; 1986 to 1992
- Staff Appraiser - Eastern Appraisal Associates, Ltd., a real estate appraisal firm located in Rochester, New York; 1983 to 1986

Professional

- Awarded the MAI (Member, Appraisal Institute) designation (1989) by the Appraisal Institute, formerly the American Institute of Real Estate Appraisers.
- New York State Certified General Real Estate Appraiser, Certification #46-3998. Expires November 18, 2017. Also a Certified General Appraiser in South Carolina #6934.
- Awarded the CCIM (Certified Commercial Investment Member) designation (2009) by the CCIM Institute.
- New York State Real Estate Broker, License #10311201667. Expires 1/19/2018.
- Past-President (2009 & 2010), Rochester Area Chapter of the New York State Commercial Association of Realtors (RAC-NYSCAR), Officer & Board Member since 2001
- Past-President (1994), Upstate New York Chapter of the Appraisal Institute, served in many related positions while moving up to President (1988-1994)
- Member/Participant - 1987 & 1988 Young Advisory Council (National) of S.R.E.A.

Articles Published and Seminars Developed

- "Mid-Year Versus Year-End Present Worth Factors in DCF Analysis," The Appraisal Journal, January 1991
- Developed the seminar "Case Studies in the Valuation of Upstate NY Real Estate" for the Upstate NY Chapter of the Appraisal Institute. The seminar has been conducted every year since 2001.
- Developed the seminar "Solving Appraisal Problems - A Practical Approach" for the Upstate NY Chapter of the Appraisal Institute.

Qualified As Expert Witness

United States Bankruptcy Court
New York State Supreme Court

New York State Court of Claims
Pennsylvania Court of Common Pleas

Awards and Recognitions

"2010 President's Award" from the Upstate New York Chapter of the Appraisal Institute "for commitment, dedication and service to the Upstate New York Chapter and the Appraisal Profession"

"Community Ambassador" award presented by the Victor Local Development Corporation at its annual Victor Business Awards luncheon in recognition of the renovation of The Place in Victor Village and promoting new businesses in the Village of Victor

"Meritorious Service" award presented by the Rochester Area Chapter of the New York State Commercial Association of Realtors in recognition for long-standing commitment to the organization as a Board Member and President

Education

State University of New York, College at Fredonia
Bachelor of Science - 1983
Major - Mathematics
Minor - Physics
Concentration - Computer Science
Cum Laude Honor Graduate
Member - National Honorary Mathematics Fraternity

Other Selected Related Courses and Seminars Successfully Completed

Sponsored by the **Appraisal Institute** or its predecessor organizations for the past thirty years...

Land Valuation Assignments	Appraisal of Retail Properties
Appraisal Valuation Modeling	The Appraiser as an Expert Witness
Partial Interest Valuation-Undivided	Subdivision Analysis
HUD Multi-Family Seminar	Discounted Cash Flow Analysis
Partial Interest Valuation-Divided	Feasibility Analysis and Highest & Best Use
Valuation of Detrimental Conditions	Appraising Troubled Properties
Small Hotel/Motel Valuation	Real Estate Risk Analysis
Eminent Domain & Condemnation Appraising	Rate Extraction
Appraisal of Affordable Housing	Reviewing Appraisals
Industrial Valuation	Business Components of a Skilled Nursing Facility
Appraisal of Nursing Facilities	Valuation of Lease Interests
Dynamics of Office Building Valuation	Appraisal of Religious Facilities

List of Representative Clients (Only a sample of recent clients, not intended to be all inclusive)

Lending Clients

Bank of America
Bank of Castile
Canandaigua National Bank
Citizens Bank
ESL Federal Credit Union
Five Star Bank
First Niagara Bank
Genesee Regional Bank
JP Morgan Chase
Key Bank
Lyons National Bank
NBT Bank
Northwest Savings Bank
Steuben Trust Co.
Upstate Bank
Wells Fargo

Corporations & Institutions

Anthony Costello & Sons
Buckingham Properties
Eastman Kodak Company
Mark IV Construction
McDonald's Corporation
Morgan Management
Rochester Institute of Technology
Rochester Regional Health System
University of Rochester
Wal-Mart Corp.

Legal, Accounting & Financial Firms

Barclay Damon
Biersdorf & Associates P.A.
Bond Schoeneck & King

EFPR Group

Empire Valuation Group
Harris Beach PLLC
Herman Katz LLP
Lacy Katzen LP
Phillips Lytle LLP
Woods Oviatt Gilman

Municipalities & Public Agencies

City of Rochester
County of Monroe
Roch. Gen. Regional Trans. Auth.
Greater Rochester Int'l Airport
Various towns and school districts
throughout Upstate New York
United State General Services
United States Postal Service

Scope of Assignments

Real estate appraisal, feasibility, and consultation reports for many types of commercial, industrial, and residential related properties. These include retail, office, industrial, apartments, special purpose, condominiums, planned unit developments, detached single family housing, subdivisions, and undeveloped land. Geographical area of concentration is Upstate New York with assignments in Pennsylvania, Connecticut, Ohio, Virginia, Minnesota and South Carolina. The function of the assignments is generally to serve clients in mortgage financing, estate, buying/selling decisions, relocation, partnership buyouts, tax certiorari, zoning, and matrimonial matters.

Below is a list of property types appraised:

- Agricultural Farms
- Car Washes
- Auditoriums
- Orchards/Crop
- Shopping Centers
- Police/Fire Stations
- Land
- "Big Box" Retail
- Hospitals
- Horse Farms
- All Other Retail
- Airports
- Nurseries/Greenhouses
- Branch Banks/ATMs
- Houses of Worship
- All types of Vacant Land
- High Rise Office
- Community Buildings
- Islands/Waterfront Land
- Professional Office
- Government Buildings
- Multi-family (over 4 units)
- Medical Office
- Schools/Educational
- Apartments
- Funeral Homes
- Heavy Manufacturing
- Condominium Projects
- Veterinary/Kennels
- Light Manufacturing
- Subsidized Housing
- Mixed-Use Row Buildings
- Flex Buildings
- Assisted Living Facilities
- Bowling Alleys
- Air Cargo Facilities
- Nursing Homes
- Marinas
- Warehouse Buildings
- Mobile Home Parks
- Golf Courses
- Distribution Buildings
- Hotels/Motels/Inns
- Country Clubs
- Cold/Freezer Storage
- RV Parks/Campgrounds
- Ski Resorts
- Lumber/Feed Storage
- Seasonal Camps
- Amusement Parks
- Gravel Pits
- Restaurants
- Sports Complexes
- Easements
- Night Clubs/Bars
- Stadiums
- Environmental Issues
- Auto Service/Sales
- Ice Rinks
- Ground Leases
- Gas Stations
- Movie Theaters
- Development Rights

ADDENDA

UNIQUE ID NUMBER 46000003998	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 86791
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR. 11 19 15
BRUCKNER KEVIN L C/O BRUCKNER TILLET & ROSSI I 500 LINDEN OAKS STE 130 ROCHESTER, NY 14625-3884		EXPIRATION DATE MO. DAY YR. 11 18 17
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
		In Witness Whereof, The Department of State has caused its official seal to hereunto affixed. CESAR A. PERALES SECRETARY OF STATE
DOS-1098 (Rev. 3/01)		

920 EXCHANGE ST - 14608

SBL: 121.69-3-37.004

SBL20: 12169000030370040000



City of Rochester, NY
Lovey A. Warren, Mayor



Owner Name:	JOHN K AND ASSOCIATES INC
Owner Address:	5739 DEMITRIOS WAY AVON NY 14414
Frontage:	359.6
Depth:	395.52
Acreage:	3.52
Use Code:	449 - DISTRIBUTION FACILITY
Zoning:	M-1
Land Value:	\$171,700.00
Assessed Value:	\$334,200.00
Tentative Land Value:	\$171,700.00
Tentative Total Value:	\$334,200.00
Sale Date:	/
Sale Price:	\$0.00

1-story	55,200
3-story	58,320
Basement	19,440
Cold Storage	<u>8,008</u>
TOTAL	140,968 ϕ

91 VIOLETTA ST - 14608

SBL: 121.69-3-36

SBL20: 1216900003036000000



City of Rochester, NY
Lovely A. Warren, Mayor



Owner Name:	JOHN K AND ASSOCIATES INC
Owner Address:	5739 DEMITRIOS WAY AVON NY 14414
Frontage:	33
Depth:	135.82
Acreage:	0.14
Use Code:	311 - RESIDENTIAL VACANT LAND
Zoning:	R-1
Land Value:	\$3,000.00
Assessed Value:	\$3,000.00
Tentative Land Value:	\$3,000.00
Tentative Total Value:	\$3,000.00
Sale Date:	/
Sale Price:	\$0.00

Structures

No structures.

Other Structures

No other structures.