

SELF-CONTAINED APPRAISAL REPORT

*A 61,676± sq.ft. Showroom/Warehouse
Building on a 2.66± acre site(s)*
1776, 1790 North Clinton Avenue & 21 Rau Street
City of Rochester
Monroe County, New York

PREPARED FOR:
Thomas J. Wolanski, P.E.
Clark Patterson Lee
205 St. Paul Street
Rochester, New York 14604

PREPARED BY:
Justin R. Martin
NYS Certified Gen'l R.E. Appraiser #46-50070

REVIEWED & CONCURRED BY:
Kevin L. Bruckner, MAI, CCIM
NYS Certified Gen'l R.E. Appraiser #46-3998

BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES
110 Linden Oaks, Suite B
Rochester, New York 14625

APPRAISAL DATE:
August 3, 2011



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

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



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

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Christopher S. Tillett, MAI, SRA
Kevin L. Bruckner, MAI, CCIM
Alfred T. Rossi, SRA
Patrick W. Cahill, SRA

August 15, 2011

Thomas J. Wolanski, P.E.
Clark Patterson Lee
205 St. Paul Street
Rochester, New York 14604

Dear Mr. Wolanski:

At your request, I have enclosed a ***Self-Contained Appraisal Report*** on the following property...

*A 61,676± sq.ft. Showroom/Warehouse
Building on a 2.66± acre site(s)*
1776, 1790 North Clinton Avenue & 21 Rau Street
City of Rochester
Monroe County, 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 condemnation matter. The intended users of this appraisal report are: The City of Rochester, The Rochester City School District and Clark Patterson Lee.

Based upon the analysis and conclusions presented in the enclosed report, the estimated market value of the fee simple estate as of August 3, 2011, is:

SIX HUNDRED SIXTY THOUSAND DOLLARS - \$660,000

Extraordinary Assumptions:

- ✓ The subject property is assessed significantly above the market value resulting in real estate taxes that are higher than if equitably assessed. The assumption is made that the assessment will be lowered to a figure at the market value estimated in this report; hence, lowering the real estate taxes. The adjusted real estate tax figure based on an equitable assessment is used in the income capitalization approach.

Hypothetical Conditions:

- ✓ None

August 15, 2011

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Re:

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**

Reviewed and Concurred by:



Justin R. Martin
NYS Certified Gen'l R.E. Appraiser #46-50070



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

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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.
- 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 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, 2011.
- I have not performed a professional service, as an appraiser or in another capacity, with respect to the subject property within the immediate past three years of the effective date of this report.



Kevin L. Bruckner MAI, CCIM

Date: August 15, 2011

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.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.
- I have not performed a professional service, as an appraiser or in another capacity, with respect to the subject property within the immediate past three years of the effective date of this 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 of the Appraisal Institute.
- as of the date of this report, I am a New York State Certified General Real Estate Appraiser, certification #46-50070, expiration July 10, 2013.


Justin R. Martin

Date: August 15, 2011

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Address: 1776, 1790 North Clinton Avenue & 21 Rau Street
City of Rochester
Monroe County, New York

Property Owner(s): 21 Rau St. & 1790 North Clinton Ave: Bruce H. Hellman
1776 North Clinton Ave: Bruce, Neil, Glenn, Jeanne Hellman

Property Description: The subject property is a single-story masonry showroom and warehouse building constructed on slab circa 1950 with later additions. The structure has a flat rubber membrane roof in fair condition (there were leaks evident at the time of inspection) and an average overhead clearance in the warehouse space of 14'. The total gross building area is 61,676± sq.ft. according to a provided site plan with approximately 11,320± sq.ft of heated and cooled showroom/office space in fair condition. The remaining space is warehouse heated with ceiling-hung gas space heaters. There is approximately 5,000± sq.ft. of mezzanine space, of which 1,120± sq.ft is finished office with rest being unfinished storage; this space is not included in the gross building area as is customary in the Upstate New York market. The subject has incoming 3-phase 480 volt electrical service and the entire building is sprinklered. The site is comprised of three (3) tax parcels totaling 2.66± sq.ft., is generally level, irregular in shape, and lies within the C-2 (Community Center District). There is adequate on-site parking available via an asphalt surface lot in average condition.

Tax Map Number	091.47-1-5	091.47-1-2	091.47-1-3
Address	1776 N Clinton	1790 N Clinton	21 Rau St.
Site Size	2.36	0.20	0.10
Improvements	Structure	Vacant	Parking Lot

Effective Date of Appraisal: August 3, 2011

Date of Inspection: August 3, 2011

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

Extraordinary Assumptions:

- ✓ The subject property is assessed significantly above the market value resulting in real estate taxes that are higher than if equitably assessed. The assumption is made that the assessment will be lowered to a figure at the market value estimated in this report; hence, lowering the real estate taxes. The adjusted real estate tax figure based on an equitable assessment is used in the income capitalization approach.

Hypothetical Conditions:

- ✓ None

Personal Property and/or Furniture, Fixtures & Equipment included in the market value estimate: None

Highest and Best Use of the Site as if Vacant: To be developed by a commercial use consistent with zoning.

Highest and Best Use as Improved: As currently improved as a single-occupant showroom/warehouse building capable of being converted to a multi-tenant use.

Estimated Market Value of the Fee Simple Estate: **\$660,000**

Sales Comparison Approach Value Estimate:	\$650,000
Cost Approach Value Estimate:	N/A
Income Capitalization Approach Value Estimate:	\$685,000

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, 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:

- ✓ The subject property is assessed significantly above the market value resulting in real estate taxes that are higher than if equitably assessed. The assumption is made that the assessment will be lowered to a figure at the market value estimated in this report; hence, lowering the real estate taxes. The adjusted real estate tax figure based on an equitable assessment is used in the income capitalization approach.

Hypothetical Condition Defined: That which is contrary to what exists but is supposed for purpose of analysis. Hypothetical conditions assume conditions 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

COMPETENCY STATEMENT

Prior to accepting this appraisal assignment, the principal appraiser, an MAI & CCIM, of the appraisal firm of Bruckner, Tillett, Rossi, Cahill & Associates, was informed by the intended user as to the nature of the property, its location and the scope of work required for the appraisal assignment. Based upon the principal appraiser's understanding of the appraisal problem, the principal and/or staff appraiser selected for the assignment has the knowledge and experience to complete this assignment competently. Reference is made to the appraiser's qualifications attached hereto.

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 condemnation matter. The intended users of this appraisal report are: The City of Rochester, The Rochester City School District and Clark Patterson Lee.

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, 13th Edition, page 24* as quoted from the *Federal Register, vol. 55, no. 163, August 22, 1990, pages 34228-34229.*

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, 13th Edition, page 114*

Leased Fee Interest: *An ownership interest held by a 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, 13th Edition, page 114*

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, 13th Edition, page 114*

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 appraisers, Kevin L. Bruckner and Justin R. Martin made contact with the property representative and inspected the property. Neil Hellman, co-owner of the subject accompanied the appraisers on the inspection.
- 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 source involved with the transaction or who has specific relevant knowledge of the transaction.
- The Scope of Work also identifies the type of appraisal whether it be a *Comprehensive* analysis which includes the development of *all applicable* approaches; a *Condensed analysis* which includes the development of the *most applicable* approach and *potentially a secondary approach*; or a *Concise* analysis which includes *only the most applicable* approach. The Scope of Work for this assignment includes a *Comprehensive* analysis.
- 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 used because the subject can be classified as an income producing property and there is adequate data in the market to support estimates for income, expenses and the 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. Market participants would not consider this approach as a reliable indicator of market value.
- 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 ***Self-Contained 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: 1776, 1790 North Clinton Avenue & 21 Rau Street
 City of Rochester
 Monroe County, New York

Owner(s) of Record: 21 Rau St. & 1790 North Clinton Ave: Bruce H. Hellman
 1776 North Clinton Ave: Bruce, Neil, Glenn, Jeanne Hellman

Address	1776 N Clinton	1790 N Clinton	21 Rau St.
Tax Map Number	091.47-1-5	091.47-1-2	091.47-1-3
Deed Liber	10407	9134	9134
Deed Page	535	402	402
Deed Recorded	1/10/2007	3/3/1999	3/3/1999

TAX AND ASSESSMENT DATA

The following information was provided by the county clerk's and city assessor's office. The real estate taxes are true and paid to date. The property appears to be over-assessed, resulting in a high tax figure, which will likely be reduced as this has begun to be challenged by the property owner. The total assessed value of the three parcels that comprise the subject is \$997,800 and the total true taxes are \$57,778, indicating a tax rate of 0.057905. The market value of the subject property is estimated to be \$660,000, which would result in an adjusted tax expense of \$38,217. The adjusted figure is used in the income capitalization approach.

Tax Map #	091.47-1-5	091.47-1-2	091.47-1-3
Assessment			
Land	\$159,300	\$12,000	\$10,000
Improvements	\$814,500	\$500	\$1,500
Total	\$973,800	\$12,500	\$11,500
Equalization Rate	100.00%	100.00%	100.00%
Full Value Assessment	\$973,800	\$12,500	\$11,500
Taxes			
2011 County	\$11,682	\$147	\$136
2010-2011 City & School	\$44,241	\$860	\$712
Total	\$55,923	\$1,007	\$848

ZONING

The zoning for the subject is C-2 (Community Center District). Permitted uses include a variety of commercial and residential uses including: single-family and multifamily dwelling, day-care homes and centers, places of worship and accessory uses, public and semipublic uses, retail sales and services, theaters, offices, food and drink services and mixed commercial/residential uses. Lot and setback requirements are summarized in the following grid. The previous showroom/warehouse use was a legal use. It appears that the subject as a warehouse use only would not conform to zoning; therefore, a warehouse use with some sort of retail or service provided would need to be present at the subject unless a variance is granted by the

city. Furthermore, the building is approximately 16' high, therefore not conforming to the minimum building height requirement of 20'. It is not clear as to whether or not the mezzanine levels in the subject would be considered a second story according to zoning.

C-2 Zoning Bulk and Lot Requirements

		<u>Subject Conformity</u>
Maximum building coverage	70%	Yes
Maximum lot coverage	80%	Yes
Minimum front yard setback	0 to 5 feet	Yes
Minimum side yard setback	0 feet	Yes
Minimum rear yard setback	0 feet	Yes
Minimum building height	2 stories or 20 feet	No
Maximum builing height	25 feet	Yes
Maximum sq.ft.	6,000 sq.ft.	Yes

HISTORY OF THE PROPERTY

The subject is currently listed for sale but due the potential condemnation of the property it has not been sold. There has been moderate interest in the property for a use similar to its previous use. The property is currently on the market with Marshal Industrial Realty. The asking price does not appear to be specific. When asked, Mark Wishman of Marshal, throughout the figure of \$800,000. The listing does not appear on any current listing web sites. There have been no sales that have occurred within five (5) years prior to the effective date of the appraisal.

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 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 208,123 in 2006 (2010 not available yet), a decline of 5.3% since just 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 "Inner-Loop" expressway which 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. Major annual sporting events include the Rochester International golf event on the LPGA tour. In 2003, the PGA tournament championship was played at Oak Hill County 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. Rochester is the world headquarters of Eastman Kodak Company and Bausch & Lomb. Xerox Corporation is another major employer. The top area employers are listed below.

ROCHESTER'S MAJOR EMPLOYERS		
Name	Full-Time Employees	Type of Employer
Univ. of Roch./Strong Memorial Hospital	15,036	Higher education, research and health care
Eastman Kodak Co.	12,500	Imaging materials and equip., research & development
New York State	9,900	Government Services
Xerox Corporation	7,670	Printers, digital presses and printers, supplies & software
Wegmans Food Markets, Inc.	5,549	Supermarket
Rochester City Schools	5,230	Public Education
United States of America	5,130	Government Services
ViaHealth Systems	4,900	Health care
County of Monroe	4,721	Government Services
Unity Health System	3,138	Hospital, nursing homes, housing
Lifetime Health Care	3,614	Health care financing and delivery
City of Rochester	2,913	Government Services
Paychex	2,800	Payroll and human resource services provider
Rochester Institute of Technology	2,767	Higher education
Harris Corp., RF Communications	2,200	Secure voice and data communication products.

Rochester's employment and economy has been impacted by the recent national recession although not to the extent of many of the hardest hit areas of the country. 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 has risen to 9.1% as of the 1st quarter of 2011 due to the national recession. The current rate is still below the Upstate rate of 9.5%, the New York State rate of 9.5% and the national rate of 10.4%. Overall employment and wages are expected to remain stable with slight improvements expected as the overall economy improves. 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.

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 ended because of the national recession and the impact it has had on the retail market in general. However, 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 2011 Market Outlook prepared by CBRE indicates that retail inventory square footage increased to its highest level ever in 2010 of 22 million square feet. However, retail vacancy has steadily climbed from its low of 7.5% in 2005 to a decade high of 12.5% in 2010. Retail absorption over the past five years has been negative primarily due to several medium to large box spaces going dark.

The downtown office market continues to remain relatively stable with respect to both rent, occupancy and inventory levels, according to the latest Rochester Downtown Development Corporation survey. The biggest development news from the Downtown market is the redevelopment of the former Midtown Plaza in the heart of Downtown. Plans call for Paetec Communications to redevelop the Seneca Building shell and a local development team is proposing a redevelopment of Midtown Tower into apartments and condominiums.

Suburban office space development has been non-existent over the past couple of years due to an existing oversupply of space; however, demand for smaller office units less than 3,000 square feet continues to be strong. Built-to-suit buildings are still being developed as demand dictates. Suburban office inventory has gradually increased over the past decade from about 6.4 to 8.8 million square feet. The vacancy rate has increased from a low of just over 8.0% in 2007 to a current level of just over 14.0%. This has put downward pressure on rents. The recession has impacted the development of new medical office space as the local hospitals have limited expansion and growth in light of the recession; however, there was more activity in 2010 than in 2008 or 2009. Older medical office facilities are struggling to compete as the local health care providers and agencies are preferring 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 3.8 million square feet in 2010 (a stable level since 2008). At the same time, however, vacancy has declined from a high of over 18.0% in 2002 to 11.4% at year end 2010.

Modern and functional warehouse and distribution space remains in adequate demand as evidenced by the net absorption rate remaining positive for an eighth straight year. However, there remains an oversupply of older, less functional industrial space throughout portions of the market especially in the city. The industrial inventory within the City of Rochester remained at 35.6± million square feet. The vacancy rate increased to 10.2% from 2009's rate of 8.7%. Suburban industrial inventory increased approximately 120,000 square feet in 2010 to 47.3± million square feet. The suburban vacancy rate decreased slightly from the 2009 vacancy rate, after three years of vacancy increases. Net absorption in the industry was positive and the 2010 year end suburban vacancy rate was 16.1%.

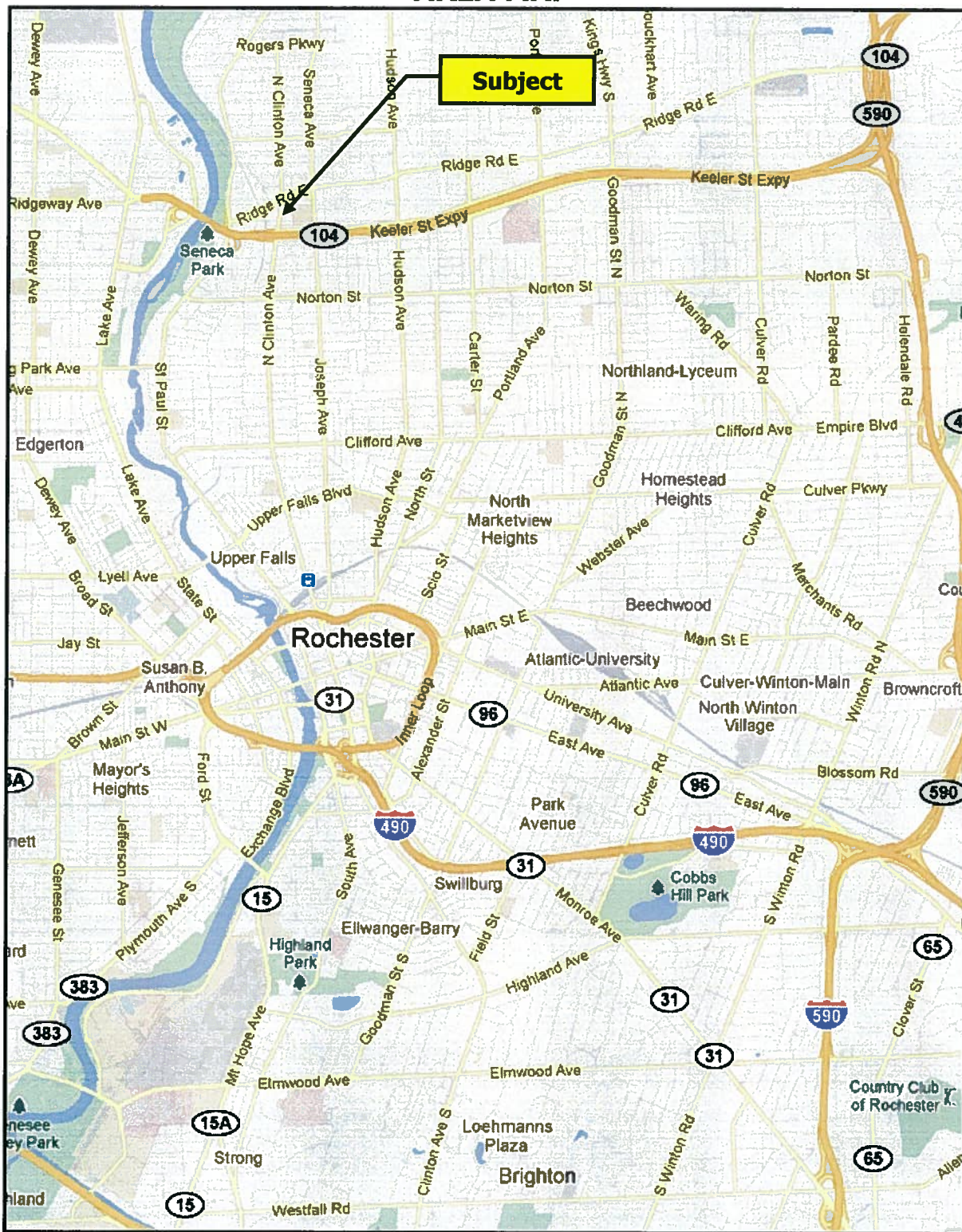
The hotel market in Monroe County has experienced growth over the past decade with the addition of multiple limited-service, full-service and extended stay hotels. The RevPar in the hotel and hospitality market, which in recent years declined, appears to be trending upwards, back towards previous levels prior to the economic downturn. Within the region, 2010 was a better year for the market than 2009, and this trend is projected to continue into 2011 and beyond. The regional industry is anticipating that in 2013, the industry will be fiscally positioned similar to the trends in 2008, prior to the economic down turn. There remains a moderate level of transfers, and the recent addition of the Hampton Inn on Center Place Drive in Greece has brought new inventory into the hotel market. 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. Expansion within the multiple family housing sector includes 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 over the past three years.

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 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.

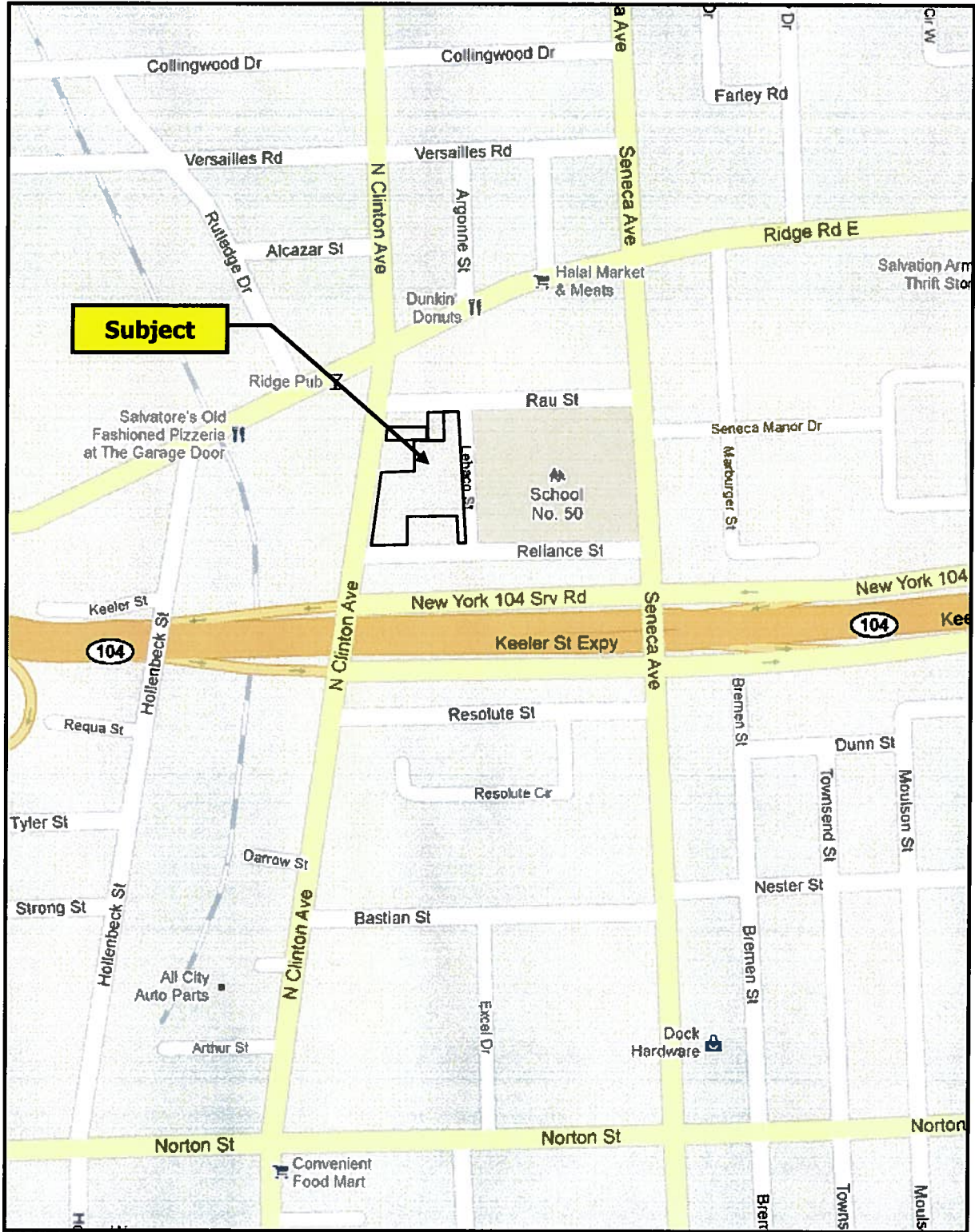
REGIONAL MAP



AREA MAP



NEIGHBORHOOD MAP



CITY DESCRIPTION for the CITY of ROCHESTER

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

GENERAL: The City of Rochester is the population and employment hub of Monroe County. Albeit, the City's population has steadily declined over the past 30 years due "suburban sprawl" common to most Upstate New York cities. Kodak Park, Rochester's largest industrial complex, and Kodak's world headquarters together represent the largest employer in the City, albeit the employment at Kodak has been declining too. Other major industrial employers are primarily located along the Mt. Read Boulevard corridor and Rochester's major office employers are located in the Central Business District.

ROADWAYS: There are excellent transportation systems serving the City including the Interstate expressway network comprising I-490 and the Inner-Loop Expressway, encircling 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 \$62,090 in 2010. 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 expand 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 northeast quadrant of the city at the southeast corner of the intersection of North Clinton Avenue and Rau Street, between the Keeler Expressway (Rt. 104) to the south and Ridge Road to the north.

DESCRIPTION: The subject's neighborhood is generally described as commercial in nature along North Clinton Avenue and Ridge Road, transitioning to residential to the north and east. Nearby land uses include: Mixed-use commercial/residential buildings, two neighborhood shopping plazas, a vacant showroom/warehouse, a public school and Seneca Manor apartment complex. The neighborhood is bounded to the north by the Rochester/Irondequoit town/city line, to the east by Hudson Avenue, to the west by the Genesee River and Route 104 to the south. East Ridge Road at North Clinton Avenue is a primary neighborhood retail area with community-level retail development located further east on East Ridge Road.

NORTH CLINTON AVENUE LOOKING NORTH



NORTH CLINTON AVENUE LOOKING SOUTH



PROPERTY DESCRIPTION

- General:** The subject property is a single-story masonry showroom and warehouse building constructed on slab circa 1950 with later additions. Approximately 18% of the structure has office/showroom finish.
- Occupancy:** Currently vacant (owner vacated the property in October 2010)
- # Stories:** One, with mezzanine space (not included in GBA)
- Date Built:** Circa 1950 with later additions
- Square Footage:** 61,676± sq.ft.
- Foundation:** Concrete slab
- Frame:** Steel frame
- Exterior Walls:** Masonry block and brick, with some wood siding over southern portion of building.
- Roof:** Flat rubber membrane. On average the roof is over 30 years with periodic maintenance over the years. There were multiple leaks present at the time of inspection. Roof is in fair condition.
- Electrical:** 3-phase 480 volt incoming. According to Rochester Gas & Electric there are 5 gas accounts at the property.
- Heating/Cooling:** Office and showroom space (18% of GBA) is heated and cooled with HVAC. Remaining warehouse space is heated with ceiling-hung gas-fired space units; no cooling.
- Fire Safety:** Building is 100% sprinklered
- Restrooms:** Men's and women's restrooms adjacent to offices.
- Doors/Docks:** Building is serviced by an 8' x 8' overhead door at grade along the east elevation and a 14' x 10' overhead door at grade along the north elevation.
- Windows:** Minimal fenestration limited to the showroom space which has fixed aluminum frame windows with thermopane glass.
- Ceilings:** Office and showroom space has suspended ceilings with inset fluorescent fixtures. Warehouse space is unfinished.
- Interior Walls:** Office and showroom has drywall walls. Warehouse space is unfinished
- Floors:** Office and showroom has a mix of carpet, vinyl composite tile.
- Layout/Utility:** Layout consists of 11,320± sq.ft. of office and showroom finish in fair condition. The remaining portion of the building is 14' clearance warehouse space divided into multiple sections. There is approximately 5,000± sq.ft. of mezzanine space, of which 1,120± sq.ft is finished office with rest being unfinished storage; this space is

not included in the gross building area as is customary in the Upstate New York market.

Quality/Condition: Construction quality is average and the condition is fair. There are some items of deferred maintenance, such as some masonry damage along the east elevation and some siding damage along the west elevation. The roof has numerous leaks and is in fair condition.

Site Size: 2.66± acres comprising three (3) tax parcels...

Tax Map Number	091.47-1-5	091.47-1-2	091.47-1-3
Address	1776 N Clinton	1790 N Clinton	21 Rau St.
Site Size	2.36	0.20	0.10
Improvements	Structure	Vacant	Parking Lot

Site Features: Generally level and irregular in shape.

Zoning: C-2 (City Center District); subject as a showroom/warehouse is a legal use.

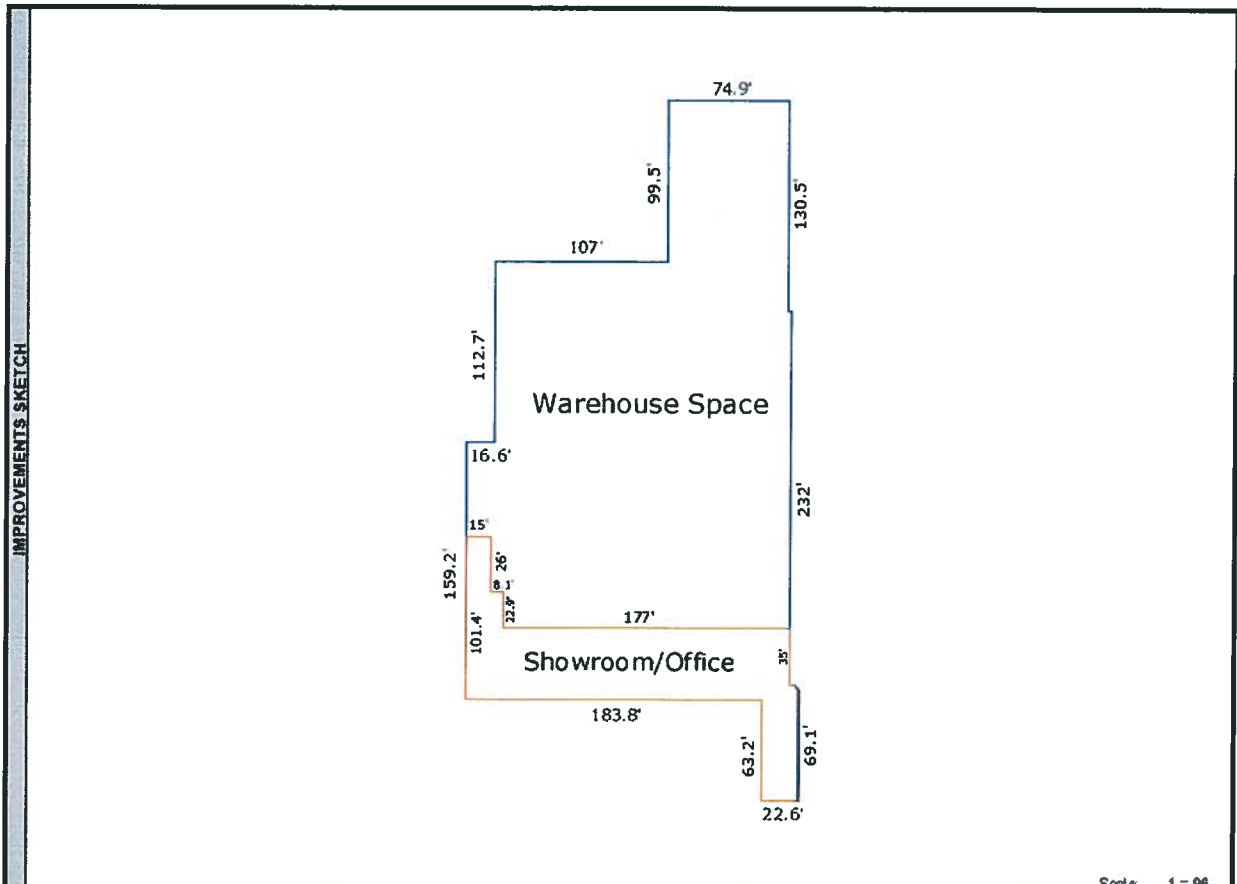
Utilities: All public utilities service the site

Parking: Adequate parking via paved asphalt surface lot in average condition.

Access: There is a curb-cut from Rau Street to access the overhead door on the north elevation. Primary entrance to subject is from North Clinton Avenue.

Site Improvements: There is some security fencing located on parcel 091.47-1-3.

BUILDING PLAN

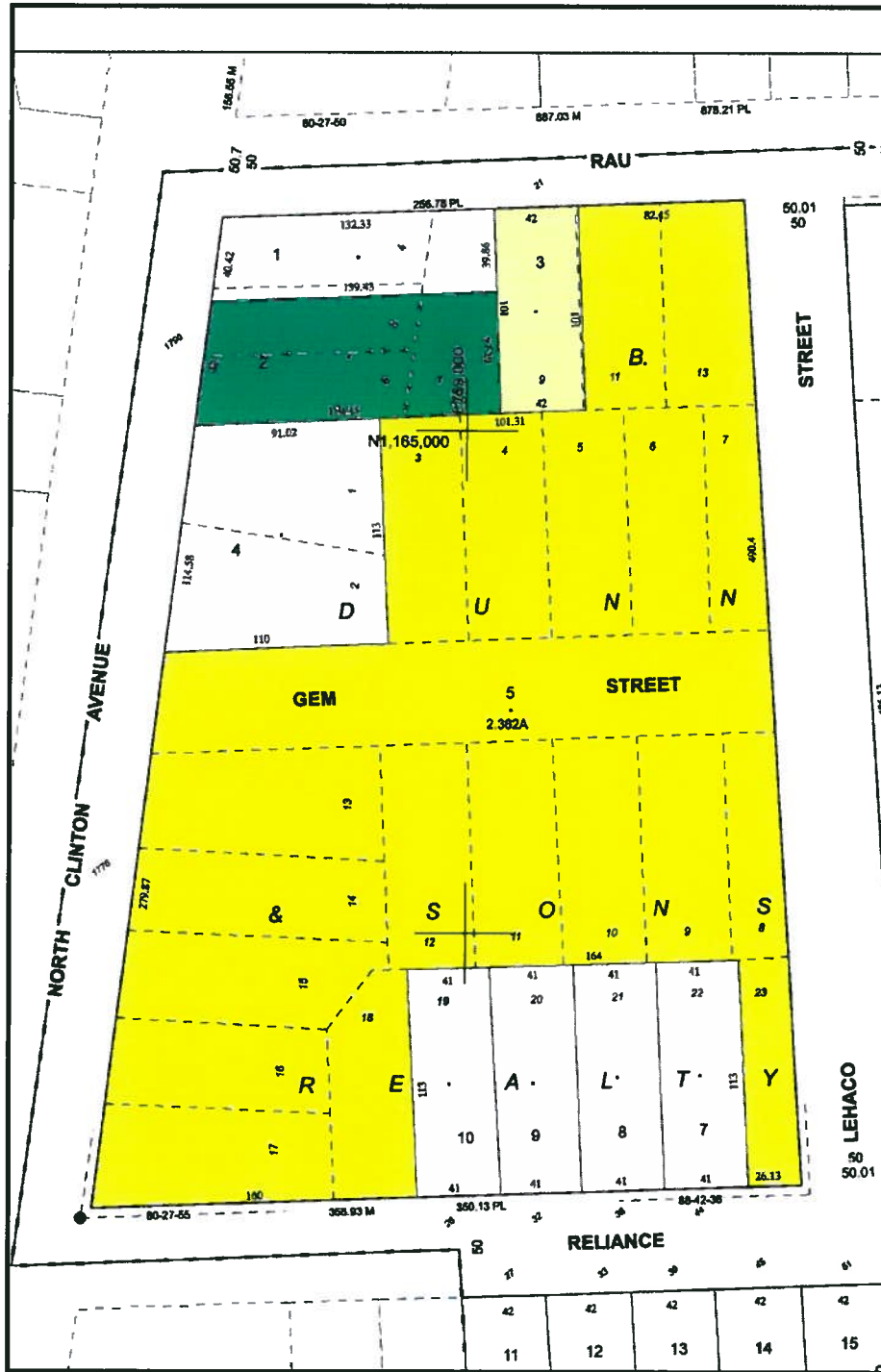


Scale 1 = 96

AREA CALCULATIONS

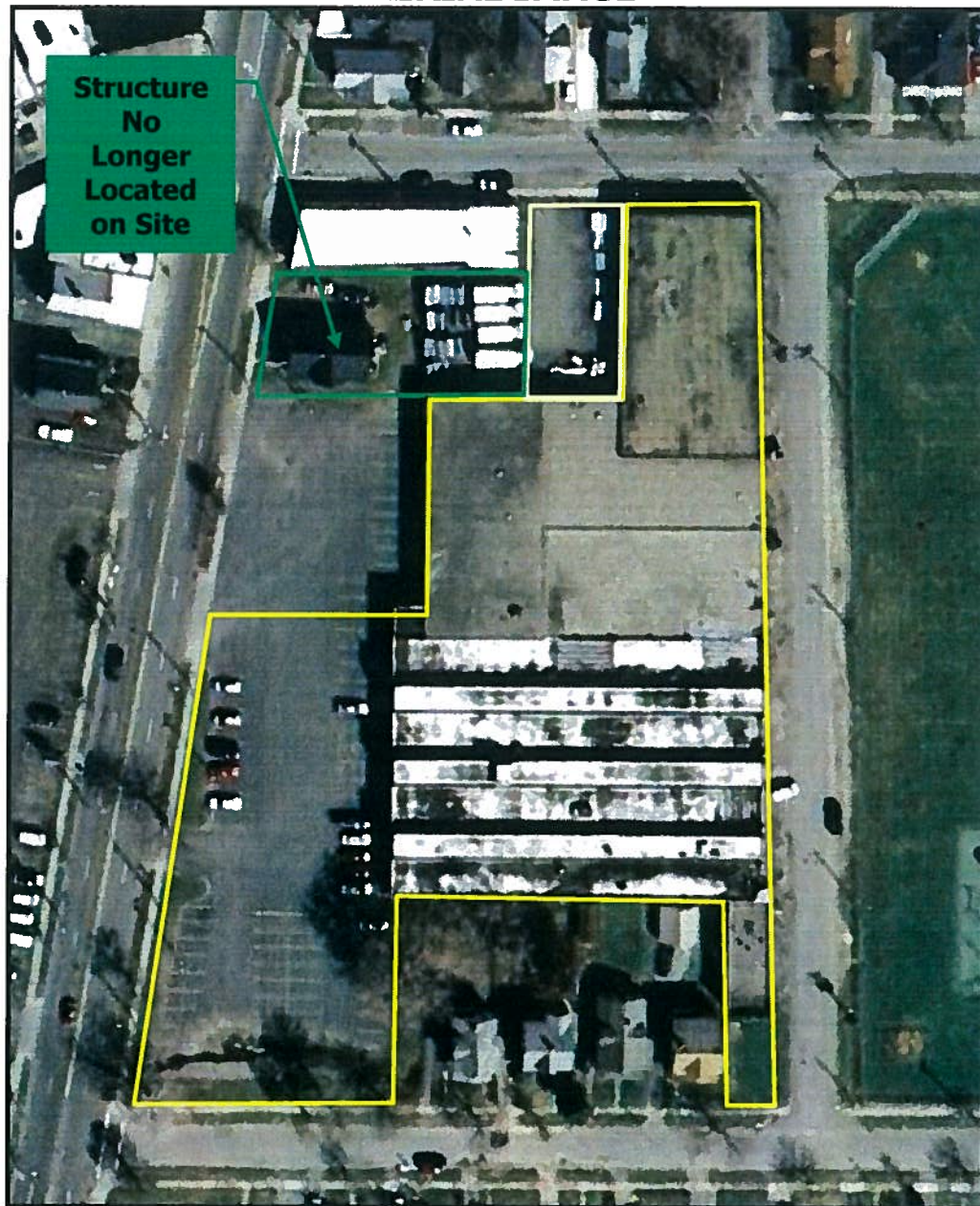
AREA CALCULATIONS SUMMARY				BUILDING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GBA1	First Floor	61675.9	61675.9	First Floor		
USD	Office/Showroom	11320.1	11320.1	0.5 x	3.0 x	2.0
					5.9 x	206.4
					81.7 x	184.6
					150.3 x	201.2
					204.4 x	3.0
					63.2 x	22.6
					99.5 x	74.9
					31.0 x	181.9
						3.0
						1217.9
						15081.8
						30240.4
						613.2
						1428.3
						7452.5
						5638.9
	Net BUILDING Area	(rounded)	61676	8 Items	(rounded)	61676

TAX MAP



- Tax Parcel 091.47-1-5: A 2.36± acre parcel improved with a 61,676± sq.ft. showroom/warehouse building and parking lot.
- Tax Parcel 091.47-1-2: A 0.20± acre unimproved parcel.
- Tax Parcel 091.47-1-3: A 0.10± acre parcel improved with a parking lot.

AERIAL IMAGE



WEST ELEVATION OF SUBJECT



NORTH & EAST ELEVATIONS OF SUBJECT



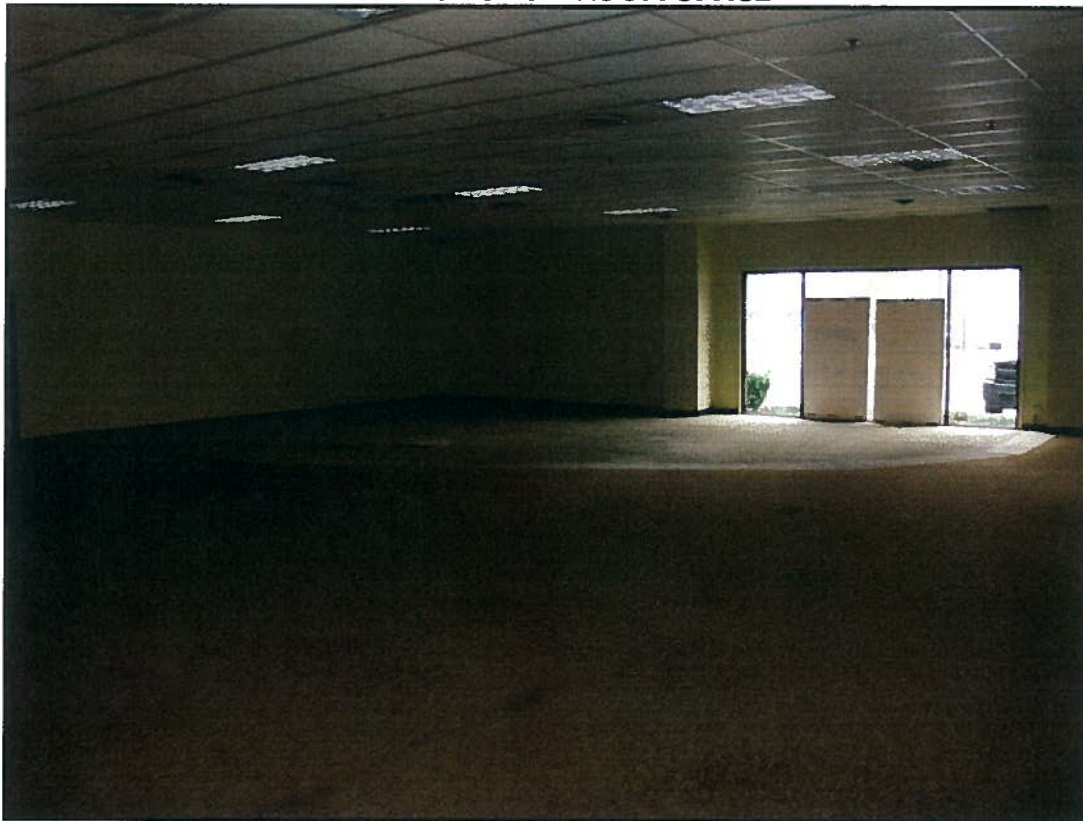
SOUTH & EAST ELEVATIONS OF SUBJECT



WEST ELEVATION OF SUBJECT



VIEW OF SHOWROOM SPACE



VIEW OF OFFICE SPACE



VIEW OF SERVICE COUNTER IN SHOWROOM/OFFICE AREA



VIEW OF WAREHOUSE SPACE



VIEW OF WAREHOUSE SPACE



VIEW OF MEZZANINE 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, 13th Edition, Appraisal Institute, page 277-278

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.

Site As Vacant

Legally Permissible: The zoning for the subject is C-2 (Community Center District). Permitted uses include a variety of commercial and residential uses as discussed in the zoning summary. There are no private deed restrictions known, which would eliminate any of the permissible uses allowed by zoning.

Physically Possible: The shape and topography does not appear to restrict development or require excessive site preparation costs for development of any of the legally permissible uses.

Financially Feasible: It appears feasible to develop the site within the parameters of the legally permissible and physically possible uses outlined above given the location of the property and current market trends, although it is not within the scope of this appraisal to evaluate the feasibility of every potential use of the site. A variety of legally permissible and physically possible uses may be feasible because the development of the site will generate a positive return to the investor.

Conclusion, As Vacant: To be developed by commercial use consistent with zoning.

Property As Improved

Legally Permissible: The subject as currently improved is a legal use as it satisfies the requirements set forth in the C-2 (Community Center District) zoning code.

Physically Possible: As currently improved, the subject is adequately functional for its use. Any future addition(s) to the structure's footprint considered are unlikely. The interior can be reconfigured for a new occupant(s).

Financially Feasible: As currently improved the subject is financially feasible if it were to be leased as it would generate enough income, resulting in a positive return to the investor. Although the conversion or re-development of the existing improvements to an alternate use may be legally permissible and physically possible, it is not necessarily feasible since an alternative use may not generate a higher return or have a higher value than the present use. The subject as improved does provide a positive return on investment for an owner-occupant and the manner in which the interior of the structure is broken-up would facilitate a multi-occupant situation. Thus, the maximally productive use of the property as currently improved would be to continue the present use as a single-occupant retail/service use or a multi-tenant use.

Conclusion, As Improved: As currently improved as a single-occupant showroom/warehouse building capable of being converted to a multi-tenant use.

INCOME CAPITALIZATION APPROACH

The Income Capitalization 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 property with an income stream that has a similar size, length, quality, and risk as the forecasted income stream for the subject property. The Income Capitalization Approach is most applicable in valuing income producing properties where a relatively active rental market for similar type properties exists. There must be adequate market data to support estimates of gross income, vacancy rates, operating expenses and various rates of return.

Two primary methods are used to estimate the present value of the future cash flows from the property. These are the direct capitalization method and the discounted cash flow analysis method. Direct capitalization is the process by which a single year's stabilized net income (I) is capitalized into a value (V) estimate according to the formula $I/R = V$, where R is the capitalization rate. A discounted cash flow analysis is used when the subject is a multi-tenant property or when a long term lease encumbers the property. In the discounted cash flow analysis the value estimate is the present value of the forecasted net income stream generated by the property over the projection period plus the present value of the estimated net reversion at the end of the projection period. Outlined below are the valuation steps.

1. Estimate the potential gross income which includes both rental & miscellaneous income from an analysis of the income from actual leases at the subject property and market data.
2. Estimate the vacancy & collection loss rate from market data. Potential gross income less vacancy & collection loss is the effective gross income.
3. Estimate operating expenses payable by the property owner based upon the rent levels estimated in step 1.
4. The net operating income is the effective gross income less operating expenses.

Direct Capitalization Method (if applicable)

5. Estimate the capitalization rate using market sales data (if available) or a built-up capitalization method such as the equity dividend or equity yield band of investment techniques.
6. The present value is the annual net operating income estimated in step 4 divided by the capitalization rate estimated in step 5.

Discounted Cash Flow Analysis Method (if applicable)

7. Project estimates in steps 1-4 above over the estimated projection period.
8. Estimate the net reversion value at the end of the projection period of n years by capitalizing the $n+1$ years net operating income and deduct future sales costs.
9. The value is the present value of the income stream and reversion using present value factors based upon an estimated discount rate.

Comparable Lease #1

Class Code: 711 Warehouse/Distribution



Address: 1040 University Avenue
City: Rochester

County: Monroe

State: NY

Lessor: University Business Center

Lessee: N'Vasion Paintball

Term and Option: 10 Year Term expires on 12/01/2014

Rental: \$151,803/year

Payment Schedule: Monthly

Expense Responsibilities:

Unit Size: 22,725 SqFt
Rent Per SqFt: \$6.68
Average Rent Per SqFt: \$6.68

Insurance:	Landlord:
Common Area Maintenance:	Landlord:
Structural:	Landlord:
Taxes:	Landlord:
Utilities:	Tenant:

Building Data:

Steel warehouse building used for paintball shooting range. University Office Center is a combination of brick and steel buildings housing industrial and retail spaces.

Comments:

This is a lease for \$6.68/sq.ft. gross plus utilities for a 22,725 sq.ft. space. Though this could be considered retail space the interior of the building is comparable to heated warehouse finish.

Comparable Lease #2

Class Code: 711 Warehouse/Distribution



Address: 156 Ames Street
City: Rochester

County: Monroe

State: NY

Lessor: Greenheart LLC

Lessee: Rochester Custom Millwork

Term and Option: 5-years commencing January 2010 with one (1) 5-year option

Rental: \$74,400 annually

Payment Schedule: Monthly

Expense Responsibilities:

Unit Size: 31,100 SqFt
Rent Per SqFt: \$2.39
Average Rent Per SqFt: \$2.39

Insurance:	Tenant:
Common Area Maintenance:	Tenant:
Structural:	Landlord:
Taxes:	Tenant:
Utilities:	Tenant:

Building Data:

One & two-story industrial warehouse facility originally constructed in 1918 with the most recent addition completed in 1986. Total site size is 3.62 acres.

Comments:

The leased space consists of 14' warehouse space with approximately 2,400 sq.ft. of office space in fair condition. Lease terms are triple net with the tenant paying their pro rata share of insurance, common area maintenance and real estate taxes.

Comparable Lease #3

Class Code: 710 Improved Industrial Property



Address: 121 Lincoln Avenue
City: Rochester

County: Monroe

State: NY

Lessor: Lincoln Business & Sports Park Inc.

Lessee: Kour Gynastics

Term and Option: 7 years commencing April 2011

Rental: \$48,000/year

Payment Schedule: Monthly

Expense Responsibilities:

Unit Size: 15,000 SqFt
Rent Per SqFt: \$3.20
Average Rent Per SqFt: \$3.20

Insurance:	Landlord:
Common Area Maintenance:	Landlord:
Structural:	Landlord:
Taxes:	Landlord:
Utilities:	Tenant:

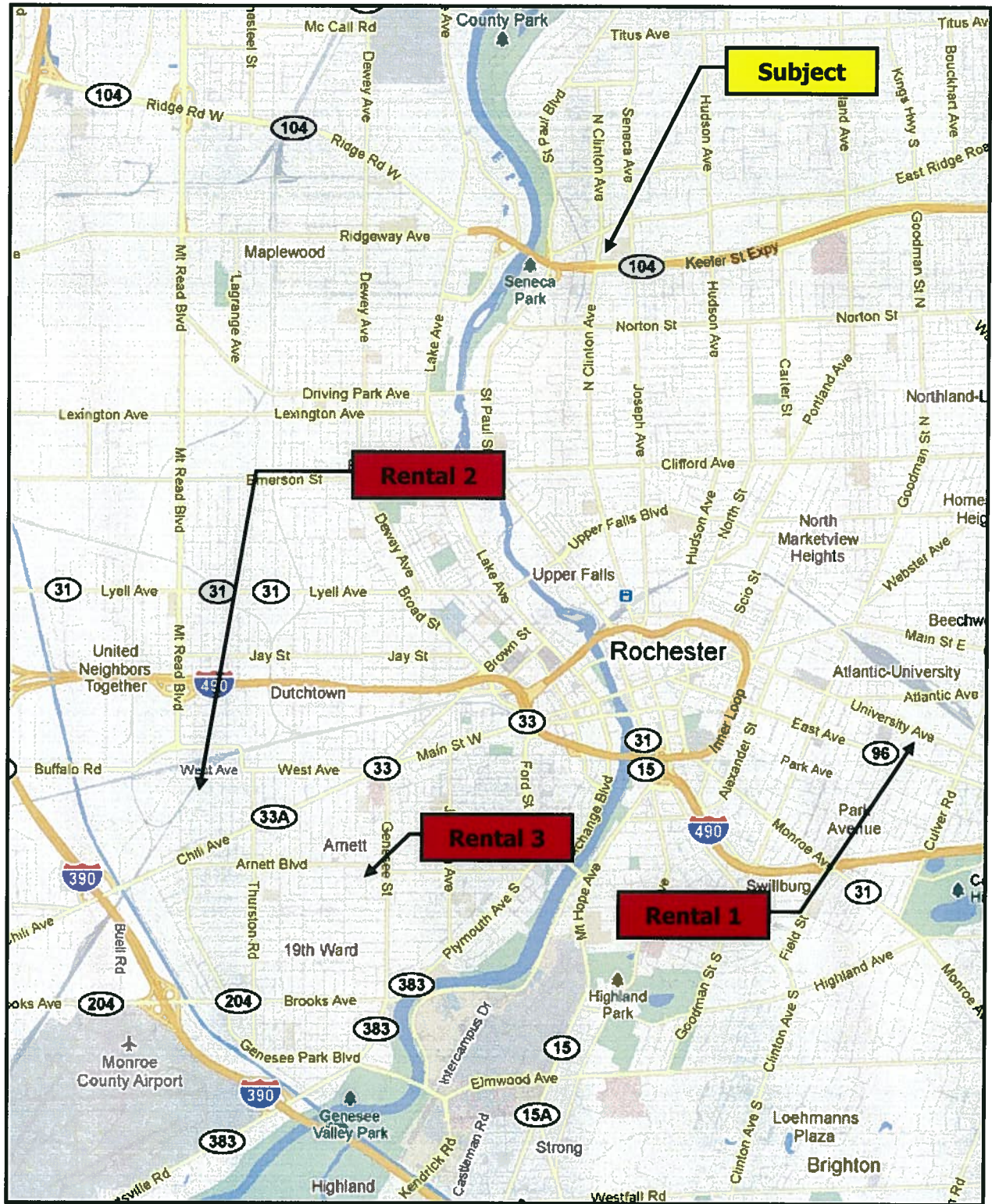
Building Data:

A multi-tenant industrial facility constructed in 1930 totaling 426,312 sq.ft. of which 250,000 is leasable. The is adequate secured parking available on-site.

Comments:

This is the lease of industrial space used for a gymnastics center. The interior has minimal buildout but there are plans to install locker rooms and other miscellaneous improvements at which time to rent will increase to \$84,000/year. The rental rate of \$3.20 represents standard industrial warehouse space.

COMPARABLE RENTAL MAP



Analysis of Market Rental Data

	Subject	Rental 1	Rental 2	Rental 3
Address	1776 N Clinton, et al	1044 University Ave	156 Ames Street	121 Lincoln Ave
Town/City	City of Rochester	City of Rochester	City of Rochester	City of Rochester
Location Rating	Average	Good	Average(-)	Average
Total Gross Building Area	61,676	148,240	76,668	426,313
Leased Area	61,676	22,750	31,100	15,000
Use	Showroom/Warehouse	Paintball Arena	Warehouse	Gymnastics School
Overhead Clearance	14'	14'	12'-20'	20'
Date Built	~1950	1930	1920-1986	1930
Doors/Docks	Adequate	Adequate	Adequate	Adequate
Condition/Quality	Fair/Average	Average/Average	Fair/Average	Fair/Average
LL Expenses	All Except Utilities	All Except Utilities	Structural	All Except Utilities
Rent/Sq.ft.	-	\$6.68	\$ 2.39	\$ 3.20
Location Adjustment		\$ (1.00)	\$ 0.36	\$ 0.48
Economies of Scale Adj.		\$ (1.00)	\$ (0.24)	\$ (0.48)
Clearance Adjustment		\$ -	\$ -	\$ -
Condition/Quality Adj.		\$ (1.00)	\$ -	\$ -
CAM Expense Adjustment		\$ -	\$ 0.20	\$ -
Real Estate Tax Adjustment		\$ -	\$ 0.48	\$ -
Net Adjustment		\$ (3.00)	\$ 0.80	\$ -
Adjusted Rent/Sq.ft.		\$3.68	\$ 3.19	\$ 3.20

Adjustments were considered for location, economies of scale as it relates to building size, clearance, condition/quality and expenses. All adjustments are percentage adjustments converted to dollar adjustments with the exception of the expense adjustments which are based upon expenses at similar properties in the market. Although Rentals 1 & 3 are not used for a similar purpose as the subject, they represent the base rentals of industrial-type spaces with specialized uses; any conversion costs associated with these space's specialized uses are not reflected in the rental rates.

Location: Rental 1 is given a -15% adjustment for its superior location in the University Business Center, which is a popular multi-tenant complex comprised of retail, offices and industrial users. Rentals 2 & 3 are given +15% adjustments for their inferior location in secondary industrial areas of the city.

Economies of Scale: The economies of scale adjustment, if any, is based upon the premise that a property which is smaller (larger) in size than the subject will sell for a higher (lower) price per unit of comparison given all other characteristics being equal. The precise formula used in the sales comparison approach is not applicable in analyzing rental rates as spaces of differing sizes have less of a difference in comparison to sale prices per unit. With that said, Rentals 1 & 3 are given -15% adjustments and Rental 2 is given a -10% adjustment.

Clearance: The overhead clearance of all comparable properties is sufficiently similar such that no adjustment is required.

Condition/Quality: Rental 1 is given a -15% adjustment for its superior condition. The quality and condition of Rentals 2 & 3 are sufficiently similar such that no adjustments are required.

Expenses: Rental 2 is a net lease in which the tenant is responsible for their pro rata share of common area maintenance and real estate taxes; therefore, the rental rate is grossed to include these expenses. The common area maintenance adjustment is based on a market rate of \$0.20/sq.ft. and real estate tax adjustment is based on the actual real estate tax expense on a sq.ft. basis at the property.

In summary, the adjusted market rental range is \$3.19-\$3.68/sq.ft. gross plus utilities. All three comparables, after consideration of adjustments, were deemed to be good indicators of market rent for the subject. The estimated market rental rate for the subject space is estimated to be \$3.40/sq.ft.

Potential Gross Income Estimate

The potential gross income is the estimated market rental rate applied to the gross building area of the subject.

<u>Rental</u> <u>Rate</u>	<u>GBA</u>	<u>Potential</u> <u>Gross Income</u>
\$ 3.40	61,676	\$ 209,698

Vacancy & Collection Loss Estimate

According to CB Richard Ellis' 2011 Market Outlook for the Greater Rochester industrial market, 2010 saw the industrial inventory remain relatively stable while the vacancy rate increased by approximately one-half of a percentage point to 13.6%. Given its office and showroom space, the subject could be classified as a flex commercial industrial space, which according to the 2011 Market Outlook saw a decrease in vacancy to 11.4%. Considering the age and location of the subject it is anticipated that the actual vacancy and collection loss rate of the subject is higher than the market rate of ~12.5%. The vacancy rate is estimated to be slightly higher than the market rate as a typical investor is unlikely to assume the market vacancy rate the market rate is more of a reflection of more modern properties in more industrial areas. Therefore, the vacancy & collection rate is estimated to be 15%.

Vacancy & Collection Loss Rate = 15%

Estimated Operating Expenses

No expense information was provided by the property owner; therefore, the expenses are estimated based on market rates and actual figures provided by the utility company (utilities) and the city & county (taxes & water).

Insurance is estimated based on a market rate for a building that is the subject's size at \$0.30/sq.ft. of GBA or \$18,503 annually, rounded to \$18,500.

Real estate taxes are the adjusted true taxes as discussed in the tax and assessment section of this report. The adjusted city/school and county taxes for the subject total \$38,218.

Utilities are estimated based on budgeted billings provided by Rochester Gas & Electric. According to RGE there are a total of six (6) accounts at the subject, four (4) of which are electric only and average \$38,772 annually. There is one (1) gas only account that averages \$17,820 annually and one (1) combined gas and electric account that averages \$8,280 annually. The total of all the accounts is \$64,872 annually, rounded to \$65,000 or \$1.05/sq.ft., which is in-line with utility expenses found in the market. This expense is only incurred by the landlord during times of vacancy; therefore, the vacancy rate estimated previously is applied to this figure indicating a utility expense during times of vacancy of \$9,750 ($\$65,000 \times 0.15$)

Water usage is billed quarterly by the city of Rochester. The subject has three (3) water accounts with the most recent bill totaling \$815.45/quarter, which indicates an annual expense of \$3,262 rounded to \$3,300 annually. This figure is based on actual usage of the vacant subject. Like the utility expense, this expense is only incurred by the landlord at times of vacancy; therefore, the vacancy rate previously estimated is applied to this figure indicating an expense of \$495 during times of vacancy ($\$3,300 \times 0.15$)

Structural maintenance & repairs is estimated based on a market rate of \$0.15/sq.ft. of GBA or \$9,250 annually.

Lawn Care & Snow Removal is estimated at \$5,000 annually based on expenses found in the market for similar sized parking lots and sites.

Reserves are for the replacement of short-lived items, such as mechanicals and structural components such as the roof, gutters and windows and doors. This expense is estimated based on a market rate of \$0.10/sq.ft. or \$6,168 annually, rounded to \$6,150.

Management is based on a blended market rate for a single-occupant and multi-tenant building of a similar size as the subject. The estimated market rate for a single-occupant building is 3% and 5% for a multi-tenant building. The estimated market rate is a blended rate of 4% of effective gross income.

Legal & professional includes any legal fees and accounting fees associated with the subject and is estimated at \$1,500 annually.

Miscellaneous includes any non-categorized expenses and is estimated at \$1,500 annually.

Definitions of Various Rates of Return

An **equity dividend rate (Re)** is the ratio of annual before tax cash flow to the original equity investment. This is sometimes called the "Cash on Cash" return.

An **equity yield rate (Ye)** is the annualized rate of return on equity which includes equity dividend, mortgage amortization, and any effect of gain or loss from the resale at the termination of the investment. This is called the internal rate of return (IRR).

The **interest rate (Ym)** is the annualized rate of return on borrowed money. The **mortgage constant (Rm)** is the ratio of annual debt service (ADS) to the initial principal amount of the mortgage.

The overall **capitalization rate (Ro)** is the ratio relating net operating income (NOI) to value according to the formula: Value = NOI/Ro

Estimation of Capitalization Rate

Both an Equity Dividend and Equity Yield Band of Investment method are used to estimate the overall capitalization rate because the typical market investor will seek an optimum return on equity by leveraging the investment at the optimum mortgage terms available in the market. Market capitalization rate data extracted from sales is also considered.

The return on equity is measured by both an equity dividend and equity yield rate. A dividend rate measures only the "cash on cash" return on an investment. Whereas a yield rate considers equity build-up through both mortgage amortization and long term market appreciation in addition to "cash on cash" return.

A simple band of investment or weighted average technique is used in the Equity Dividend Band of Investment. The mortgage constant (Rm) multiplied by the loan to value ratio (M) is added to the equity dividend rate (Re) multiplied by the equity position (1-M). The Equity Yield Band of Investment is similar except the equity yield rate (Ye) is used in place of the equity dividend rate (Re). Since yield also considers equity build-up through mortgage amortization and long term market appreciation, the resulting weighted average is "unloaded" for these factors.

The mortgage interest rate and terms are based upon stabilized market estimates for the projection period. The interest rate is estimated at 6.25% with a 20-year amortization period and 75% loan to value ratio. The estimated equity yield and dividend rates are based upon various investor surveys (national or local depending upon property type) and an analysis of sales data, if available. Considering the risk and other investment factors relating to the subject property, the estimated equity yield rate required to attract investment capital is 22% and the estimated equity dividend rate is 18%.

INTEREST RATE	Ym =	6.25%	Equity Yield Band of Investment Method
AMORTIZATION PERIOD (years)	AP =	20	M x Rm = 0.0614
EQUITY YIELD RATE	Ye =	22.00%	Add: (1-M) x Ye = <u>0.0660</u>
EQUITY DIVIDEND RATE	Re =	18.00%	0.1274
% APPRECIATION OVER HOLDING PERIOD	App =	0.00%	Less: P x 1/Sn x M = <u>0.0085</u>
MORTGAGE CONSTANT	Rm =	8.77%	0.1189
LOAN TO VALUE RATIO	M =	70%	Less: % App x 1/Sn = <u>0.0000</u>
PART PAID OFF DURING HOLDING PERIOD	P =	0.3490	Overall Rate (Ro) = 0.1189
SINKING FUND FACTOR @ EQUITY YIELD RATE	1/Sn =	0.034895	Equity Dividend Band of Investment Method
HOLDING PERIOD (Years)	n =	10	M x Rm = 0.0614
			Add: (1-M) x Re = <u>0.0540</u>
			Overall Rate (Ro) = 0.1154

The indicated capitalization range from the two "built-up" methods outlined above is 11.54-11.89%. Additionally, capitalization rates have been derived from the sales outlined below as further market support.

- ✓ A 76,768± sq.ft. multi-tenant industrial property located at 156 Ames Street in the City of Rochester sold in December 2009 for \$675,000, indicating a 10.6% capitalization rate.
- ✓ A 103,070± sq.ft. single-tenant warehouse/distribution facility located at 7318 Victor-Mendon Road in the town of Victor, Ontario County sold in October 2010 for \$2,492,000, indicating a 10.8% capitalization rate.

Both of these capitalization rate comparables represent occupied buildings. Typically, vacant buildings in the subject's market have capitalization rates approximately 100-150 basis points higher; therefore, indicating a rate for the subject of ~11.75%

Based upon the above analysis, the estimated capitalization rate for the subject property is 11.75%.

Income Capitalization Approach Summary

Because the subject is currently owner-occupied and would be leased to a single tenant with no absorption of space to consider, a direct capitalization method is used.

<i>Income Capitalization Summary</i>			
			per sq.ft. of GBA
Total Base Rental Income	\$	209,698	3.40
Vacancy & Collection Loss	15%	\$ 31,455	1.25
Total Effective Gross Income	100%	\$ 178,244	2.89
Insurance	\$	18,500	0.30
Real Estate Taxes	\$	38,217	0.62
Utilities @ Times of Vacancy	\$	9,750	0.16
Water @ Times of Vacancy	\$	495	0.01
Maintenance & Repairs	\$	9,250	0.15
Snow Removal & Lawn Care	\$	5,000	0.08
Reserves	\$	6,150	0.10
Management	\$	7,130	0.12
Professional/Accounting Fees	\$	1,500	0.02
Miscellaneous	\$	1,500	0.02
Total Expenses	32.2%	\$ 97,492	2.08
Net Operating Income	67.8%	\$ 80,752	1.31
Capitalization Rate		11.75%	
Indicated Market Value	\$	687,250	
Round To	\$	685,000	\$ 11.11

INCOME CAPITALIZATION APPROACH VALUE ESTIMATE - \$685,000

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 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.

Six comparable sales representing older buildings in fair condition were selected from the city of Rochester. The comparables had varying interior finish that essentially had no contributory value as after the sale the buildings were renovated for a specific user. Much like the subject would require, the comparables required significant costs associated renovations by the purchaser. All are located in similar locations mixed with commercial, industrial and residential uses with the exception of Sale 6, which is located in an older secondary industrial area surrounded by residential uses.

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

Comparable Sale #1

Class Code: 449 Storage Warehouse



Address: 114-118 & 138 Joseph Avenue

City: Rochester

County: Monroe

State: NY

Description: 2 One-story masonry warehouse buildings, constructed on slab in 1940 & 1964

Sale Price: \$600,000

Contract Date:

Deed Recorded: 07/30/2009

Days on Market: N/A

Sale Conditions: Normal

Rights Conveyed: Fee Simple

Sprinklers: NO

Docks: 8

Clearance: 12.20

Percent Office: 0 %

Financing: First Niagara Bank

Grantor: Bottling Group LLC

Grantee: Foodlink Foundation Inc

Tax Map Number: 106.64-1-1 & 1-58

Liber: 10773

Page: 437

Taxes: \$45,299.00

Assessment: \$808,900.00

Zoning: M-1 Industrial

Utilities: Public

Lot Size: 3.23

Building Size: 59,440

Price Per SqFt: \$10.09

Verification: Deed, Assessor, Site visit, NYS 5217

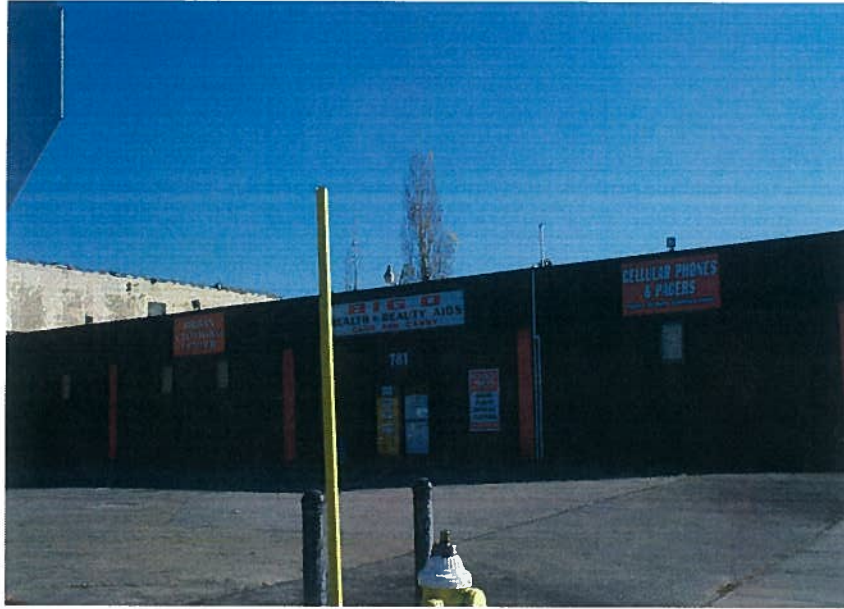
Date: 09/11/2009

This sale includes 2 parcels located east of N. Clinton Ave. TM# 106.64-1-1 is 3.06 acres improved by a 58,240 sq.ft. one-story masonry warehouse, constructed in 1964. TM# 106.64-1-58 is .17 acre improved by a 1,200 sq.ft. one-story masonry warehouse, constructed in 1940. The surrounding area is mixed industrial and residential.

ji

Comparable Sale #2

Class Code: 480 Multi Use/Multi Purpose



Address: 765-771 West Main Street et al
City: Rochester **County:** Monroe
Description: Two-story steel-frame & masonry building constructed on slab in 1940

State: NY

Sale Price: \$350,000 **Days on Market:** N/A
Contract Date: **Sale Conditions:** Normal
Deed Recorded: 11/09/2009 **Rights Conveyed:** Fee Simple

Sprinklers: YES **Clearance:** 14
Docks: 2 **Percent Office:** 15.93 %

Financing: Bay Siqel Inc \$300,000
Grantor: Bay Siqel Inc et al
Grantee: Adnan-Walid Inc et al

Tax Map Number: 120.43-2-4 et al **Taxes:** \$14,344.00
Liber: 10812 **Assessment:** \$234,900.00
Page: 419 **Zoning:** Community Center District

Utilities: Public
Lot Size: 0.66
Building Size: 33,890
Price Per SqFt: \$10.33

Verification: Deed, Public records, Site visit, NYS 5217

Date: 11/20/2009

Located south of Brown St, this sale includes 4 parcels. TM# 120.43-2-4 (765-771 Main St) is .42 acre improved by a two-story steel-frame and masonry building. It was constructed on slab in 1940, has 5,400 sq.ft. of small retail (listed above as office) space, and the remainder is storage warehouse. TM# 120.43-2-54 (6 Lamberton Park) is .10 acre parking lot. TM# 120.43-2-55 (4 Lamberton PK) is .10 parking lot. TM# 120.43-2-44 (7 Edgewood Pk) is .04 acre of vacant residential land. The area is primarily commercial. jj

Comparable Sale #3

Class Code: 450 Retail/Commercial Building



Address: 1185-1223 East Main Street
City: Rochester
Description: One-story concrete block building on slab, built in 1940

County: Monroe

State: NY

Sale Price: \$750,000
Contract Date:
Deed Recorded: 09/14/2007

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

Financing: No mortgage recorded
Grantor: SLJ Associates
Grantee: Laidlaw Transit Inc

Tax Map Number: 106.76-1-67
Liber: 10517
Page: 595

Taxes: \$52,525.28
Assessment: \$900,000.00
Zoning: C-2, Community Center Dis

Utilities: Public
Lot Size: 4.62
Building Size: 60.367
Price Per SqFt: \$12.42

Verification: Deed, Assessor, Site visit, NYS 5217

Date: 10/25/2007

Located east of N. Goodman, with 382.86' fronting on the south side of E. Main Street, this is a one-story concrete block building on slab. The front 47,599 sq.ft. of the building is retail, currently a VOA thrift store, and the rear 12,768 sq.ft. is used as a body shop for Laidlaw buses. The building has 7% air-conditioning, and is located in a mixed commercial and residential area. ji

Comparable Sale #4

Class Code: 454 Supermarket



Address: 373 Driving Park Avenue

City: Rochester

County: Monroe

State: NY

Description: One-story masonry grocery store building on slab, built in 1950

Sale Price: \$425,000

Contract Date:

Deed Recorded: 09/21/2007

Days on Market: N/A

Sale Conditions: Normal

Rights Conveyed: Fee Simple

Financing: No mortgage recorded

Grantor: City of Rochester

Grantee: 373 Driving Park Ave LLC

Tax Map Number: 090.82-1-35.1

Liber: 10520

Page: 496

Taxes: \$51,066.56

Assessment: \$840,500.00

Zoning: C-2, Community Ctr Dist

Utilities: Public

Lot Size: 2.23

Building Size: 42,336

Price Per SqFt: \$10.04

Verification: Deed, Assessor, Site visit, NYS 5217

Date: 10/22/2007

Located at the corner of Dewey Ave. with 245' fronting on Driving Park, this is a one-story masonry grocery store built on slab in 1950. It has 100% air-conditioning and sprinklers, and ample on-site parking. The area is mixed residential and commercial, and there is currently a pending permit for sign installation on the existing building. ji

Comparable Sale #5

Class Code: 424 Night Club



Address: 61 Commercial Street
City: Rochester

County: Monroe

State: NY

Description: Two story brick building used as a night club

Sale Price: \$500,000
Contract Date:
Deed Recorded: 05/20/2005

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

Financing: No mortgage found
Grantor: New Boston Rochester Limited Partnership
Grantee: 61 Commercial Realty, LLC

Tax Map Number: 106.78-7-16
Liber: 10126
Page: 567

Taxes: \$33,336.00
Assessment: \$700,000.00
Zoning: CCD Center City Design

Utilities: All public available
Lot Size: 0.62
Building Size: 45,093
Price Per SqFt: \$11.09

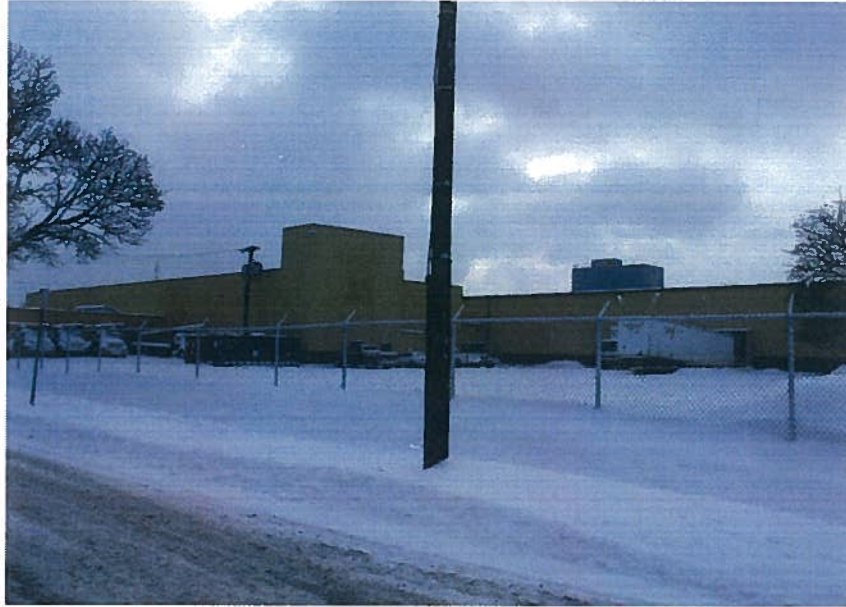
Verification: Assessor, Appraised by BTRCA, Rachel Rosen for Grantee

Date: 11/09/2005

This is the sale of a former Jillian's originally constructed as an industrial building in 1888. The building is 45,093 sq.ft. and was built on slab. The building is fully air-conditioned, sprinklered and alarmed with one elevator. Jillian's was a restaurant with a wide variety of video arcade games, indoor virtual reality roller-coaster rides, and a small bowling alley. The building is located in the High Falls District an area targeted by the city as an entertainment district.

Comparable Sale #6

Class Code: 710 Improved Industrial Property



Address: 156 Ames Street

City: Rochester

County: Monroe

State: NY

Description: Two-story multi-tenant industrial building constructed on slab in 1920

Sale Price: \$675,000

Contract Date:

Deed Recorded: 12/21/2009

Days on Market: N/A

Sale Conditions: Normal

Rights Conveyed: Fee Simple

Sprinklers: YES

Docks: 10

Clearance: 10-20

Percent Office: 12.41 %

Financing: Beacon Federal \$540,000

Grantor: Eltrex Industries Inc.

Grantee: Greenheart LLC

Tax Map Number: 120.33-2-41 & 2-60

Liber: 10828

Page: 566

Taxes: \$36,981.00

Assessment: \$583,800.00

Zoning: Industrial

Utilities: Public

Lot Size: 3.62

Building Size: 76,768

Price Per SqFt: \$8.79

Gross Income: \$180,932.00

Net Income: \$71,375.00

Gross Income Multiplier: 3.73

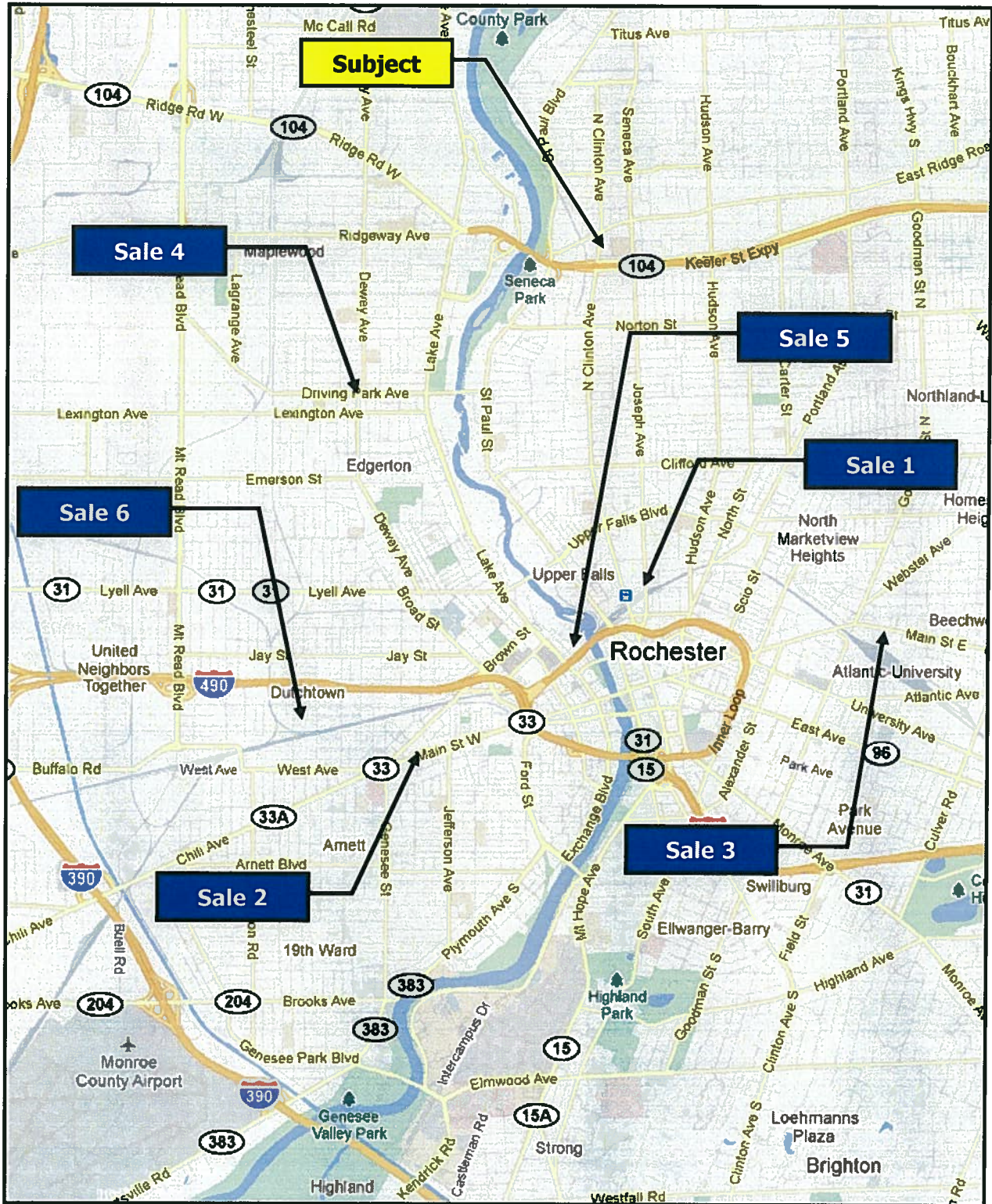
Capitalization Rate: 0.106

Verification: Deed, Public records, BTRCA appraised for sale, Grantee

Date: 01/28/2010

This is a one and two-story industrial warehouse facility with 12.4% of which is finished office space. The original section was built in 1918, with an office area added in 1953, and a major addition in 1986. The original facility contains 28,840 sq.ft. of gross building area which comprises a two story storage area with 1,000 sq.ft. of office. The newer portion contains 41,800 sq.ft. of gross building area of which 34,000 sq.ft. is warehouse, 5,400 is storage, and 2,400 is office. The office area in the western portion of the building was built in 1953 and expanded in 1986; it contains approximately 6,128 sq.ft. There are adequate loading docks and overhead doors servicing the different portions of the structure. Additional site features include security fencing, and adequate parking. ji

COMPARABLE SALES MAP



Sales Comparison Grid							
	SUBJECT	SALE #1	SALE #2	SALE #3	SALE #4	SALE #5	SALE #6
SALES PRICE	N/A	\$600,000	\$350,000	\$750,000	\$425,000	\$500,000	\$675,000
PROPERTY RIGHTS	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE	FEE SIMPLE
Adjustment		0%	0%	0%	0%	0%	0%
FINANCING	TYPICAL	CASH(to seller)	CASH(to seller)	CASH(to seller)	CASH(to seller)	CASH(to seller)	CASH(to seller)
Adjustment		0%	0%	0%	0%	0%	0%
SALES CONDITIONS	NORMAL	NORMAL	NORMAL	NORMAL	NORMAL	NORMAL	NORMAL
Adjustment		0%	0%	0%	0%	0%	0%
DATE OF SALE/APPRaisal	Aug-11	Jul-09	Nov-09	Sep-07	Sep-07	May-05	Dec-09
Adjustment		0%	0%	0%	0%	0%	0%
TIME ADJUSTED NORMAL PRICE		\$600,000	\$350,000	\$750,000	\$425,000	\$500,000	\$675,000
OTHER ADJUSTMENTS							
TOWN/VILLAGE/CITY	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER	ROCHESTER
COUNTY	MONROE	MONROE	MONROE	MONROE	MONROE	MONROE	MONROE
SETTING	CITY	CITY	CITY	CITY	CITY	CITY	CITY
ACCESS	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE
VISIBILITY	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE(-)
OVERALL LOCATION RATING	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE(-)
Location Adjustment		0%	0%	0%	0%	0%	15%
SITE SIZE (in acres)	2.66	3.23	0.66	4.62	2.23	0.62	3.62
ON-SITE PARKING	ADEQUATE	ADEQUATE	LIMITED	ADEQUATE	ADEQUATE	NONE	ADEQUATE
Site Adjustment		0%	10%	-10%	0%	10%	0%
YEAR BUILT	1950	1940 & 1964	1940	1940	1950	1888	1920-1986
OVERALL CONDITION RATING	FAIR	FAIR	FAIR	FAIR	FAIR	FAIR	FAIR
OVERALL QUALITY RATING	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE	AVERAGE
Condition/Quality Adjustment		0%	0%	0%	0%	0%	0%
BUILDING SIZE (Sq.ft.)	61,676	59,440	33,890	60,367	42,336	45,093	76,768
Economies of Scale Adjustment		0%	-12%	0%	-7%	-6%	4%
USE	VACANT SHOWROOM	WAREHOUSE	WAREHOUSE	RETAIL	VACANT	VACANT	MULTI-TENANT
WAREHOUSE CLEARANCE	14'	12'	14'	13'	14'	14'	12'-20'
SPRINKLERS	YES	NO	YES	NO	YES	YES	YES
FUNCTIONAL UTILITY RATING	AVERAGE	AVERAGE(-)	AVERAGE	AVERAGE(-)	AVERAGE	AVERAGE	AVERAGE
Functional Utility Adjustment		5%	0%	5%	0%	0%	0%
OTHER	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other Adjustment		0%	0%	0%	0%	0%	0%
TOTAL OTHER ADJUSTMENTS		5%	-2%	-5%	-7%	4%	19%
FINAL ADJUSTED SALES PRICE		\$630,000	\$343,000	\$712,500	\$395,250	\$520,000	\$803,250
BUILDING SIZE (Sq.ft.)		59,440	33,890	60,367	42,336	45,093	76,768
SALES PRICE/Sq.ft.		\$10.09	\$10.33	\$12.42	\$10.04	\$11.09	\$8.79
SALES PRICE/Sq.ft.		\$10.60	\$10.12	\$11.80	\$9.34	\$11.53	\$10.46

Explanation of Adjustments

Property rights: The property rights transferred are similar, thus no adjustments are required.

Financing: All sales were either cash or conventionally financed resulting in a cash sale to the seller. Any seller financing reflected market rates and terms, thus no adjustments are required. All sales are adjusted to their cash equivalent price, if applicable.

Sales conditions: All sales reflect normal sales conditions, thus no adjustments are required.

Market conditions: All are relatively recent sales occurring during periods of similar market conditions as compared to the conditions which exist as of the appraisal date, thus no adjustments are required.

Location: The locations of Sale 6 is inferior in comparison to the subject; therefore a +15% adjustment is applied. The location of all other sales is sufficiently similar to the subject such that no adjustments are required.

Site: Sales 2 & 5 are on small lots with limited or no on-site parking available; therefore a +10% adjustment is applied. Sale 3 has a significantly larger site in comparison to the subject; therefore a -10% adjustment is applied. The site size and availability of parking at all other comparables is sufficiently similar such that no adjustments are necessary.

Quality/condition: All sales represent properties exhibiting fair condition and average quality construction. No adjustments are necessary.

Building size: The economies of scale adjustment, if any, is based upon the premise that a property which is smaller (larger) in size than the subject will sell for a higher (lower) price per unit of comparison given all other characteristics being equal. The amount of the adjustment is 15% for the first 100% difference in size (using the comparison of the smaller to larger size property) plus an additional 10% for the second 100% difference and an additional 5% for each subsequent 100% difference in size. The adjustments in accordance to the formula are as follows: Sale 2 is given a -12% adjustment, Sale 4 is given a -7% adjustment, Sale 5 is given a -6% adjustment and Sale 6 is given a +4% adjustment.

Functional Utility: The functional utility adjustment is a combination of multiple factors including use, interior overhead clearance and presence of sprinkler systems. The overhead clearance and use of all sales is sufficiently similar such that no adjustments are necessary. Sales 1 & 3 are given +5% adjustments, based on installation costs from the Marshall Valuation Service, for their lack of a sprinkler system.

Other: All sales are sufficiently similar to the subject such that no adjustments are required.

Sales Comparison Approach Summary

Based upon the analysis of the above comparable sales, an adjusted sale price range of \$9.34-\$11.80/sq.ft. results. The average adjusted sale price indicated by the six sales is \$10.64/sq.ft. and the median sale price is \$10.53/sq.ft. All six sales are given similar weight in the final analysis. The estimated market value of the subject property is \$10.50/sq.ft. of gross building area including land.

\$10.50/Sq.Ft. x 61,676 Sq.Ft. = \$647,598
Round to: \$650,000

SALES COMPARISON APPROACH VALUE ESTIMATE - \$650,000

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 applicable in valuing the subject property because there are a number of recent comparable sales of properties which are sufficiently comparable in location and physical characteristics as the subject property. Six comparable sales were selected as they were the most recent and comparable sales found. All adjustments were well reasoned and supported. The final value estimate was well supported by all six sales. This approach is given the most weight in the reconciliation.

The Income Capitalization Approach is applicable in valuing the subject property even though it is owner-occupied because the subject could be leased to a tenant and be an income producing property. Market data is used to support estimates of market rent, vacancy & collection loss and expenses. A direct capitalization method is used to capitalize the income stream into present value. The capitalization rate is estimated using two market accepted methods of building-up a capitalization rate based upon the weighted average of the investment returns on both the mortgage and equity positions. Additionally, market derived data from recent comparable sales is used for support.

The Cost Approach is not applicable 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:	\$650,000
Cost Approach Value Estimate:	N/A
Income Capitalization Approach Value Estimate:	\$685,000

The market value is reconciled using a weighted average from the two approaches. The sales comparison approach is given 75% and the income capitalization approach is given 25%.

	Indicated Market Value from Approach	Weight Given	Weighted Value
Sales Comparison Approach	\$ 650,000	75%	\$ 487,500
Income Capitalization Approach	\$ 685,000	25%	\$ 171,250
Total Reconciled Market Value			\$ 658,750
Rounded			\$660,000

Based upon the analysis and conclusions summarized in this appraisal report, the estimated market value of the fee simple estate of 1776, 1790 North Clinton Avenue & Rau Street, City of Rochester, Monroe County, New York as of August 3, 2011 is:

SIX HUNDRED SIXTY THOUSAND DOLLARS - \$660,000

PROFESSIONAL QUALIFICATIONS

Kevin L. Bruckner MAI, CCIM

Employment

Principal and Managing Partner - 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

Managing Member - KANDA Properties LLC, a commercial real estate investment and management company comprising a portfolio of multi-residential, 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, 2011.

Awarded the CCIM (Certified Commercial Investment Member) designation (2009) by the CCIM Institute.

New York State Real Estate Broker, License #30BR1092859. Expires 9/4/11.

President (2009), 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

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 twenty 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, not intended to be all inclusive)

Lending Clients

Bank of America
Bank of Castile
Bayview Financial
Canandaigua National Bank
Citizens Bank
First Niagara Bank
Genesee Regional Bank
HSBC Bank USA
JP Morgan Chase
Key Bank
Lyons National Bank
NBT Bank
Northwest Savings Bank
Sun Life Insurance Co.
Upstate Bank

Corporations & Institutions

Areoterm U.S.
Buckingham Properties
Cahoon Farms, Inc.
Eastman Kodak Company
Farash Corporation
Hess Corporation
Mark IV Construction
McDonald's Corporation

Pepsi
Rochester Institute of Technology
Salvation Army
SmithKline Beecham
SUNY Brockport
Taco Bell Corporation
University of Rochester
USAirports
Via Health
Wal-Mart Corp.

Municipalities & Public Agencies

City of Rochester
County of Monroe
Development Authority, North Country
Genesee Regional Transportation Auth.
Greater Rochester Int'l Airport
NYS Canal Corporation
NYS Office of General Services
NYS Dept. of Transportation
NYS Dormitory Authority
Rochester Central School District
Rural Opportunities, Inc.
Towns of Brighton, Chili, Canandaigua, Greece,
Henrietta, Macedon, Perinton,
Pittsford & Webster
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. Areas of concentration include most parts of Upstate New York.

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
- Tax Credits
- Auto Service/Sales
- Ice Rinks
- Ground Leases
- Gas Stations
- Movie Theaters
- Development Rights

PROFESSIONAL QUALIFICATIONS

Justin R. Martin

Employment

Staff Appraiser - Bruckner, Tillett & Rossi, Inc. d/b/a Bruckner, Tillett, Rossi, Cahill & Associates, a real estate appraisal and consulting firm located in Rochester, New York; September 2007 to present.

Temporary Member of the City of Rochester Board of Assessment Review – 2010 & 2011

Professional

New York State Certified General Real Estate Appraiser #46-50070. Expires July 10, 2013

Education

State University of New York, College at Brockport - Bachelor of Science – 2005
Major – History, Minor - Anthropology

Other Related Courses and Seminars Successfully Completed

Sponsored by the **Appraisal Institute**

General Appraiser Income Approach (Part 1) – September 2008
General Appraiser Income Approach (Part 2) – March 2010
General Appraiser Site Valuation & Cost Approach – March 2009
General Appraiser Market Analysis & Highest & Best Use – October 2009
General Appraiser Sales Comparison Approach – June 2010
National Uniform Standards of Professional Appraisal Practice Update – April 2011

NYS Accredited Courses

New York State Real Estate Salesperson's Licensing Course – November 2006
New York State Real Estate Appraiser Qualifying Courses – Summer 2007
R1 Introduction to Real Estate Appraisal
R2 Valuation Procedures and Practice
AQ1 Fair Housing Fair Lending, and Environmental Issues
National Uniform Standards of Professional Appraisal Practice
Real Estate Statistics Modeling & Finance – November 2010
Using the HP12C Financial Calculator (GE-3) – December 2010

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, and undeveloped land. Areas of concentration include most parts of Upstate New York.

The function of the assignments is generally to serve clients in mortgage financing, estate, buying/selling decisions, condemnation settlements and tax certiorari matters.

Below is a list of property types appraised and/or assisted with the appraisal of:

- Land
- Mixed-Use Properties
- Multi-family (over 4 units)
- Apartments
- Restaurants
- Government Buildings
- Sports Facilities
- Auto Dealerships
- Ground Leases
- Professional & Medical Office
- Marinas
- Hotels
- Golf Courses
- Flex Buildings/Light Manufact.
- Warehouse/Distribution Buildings

ADDENDA