

APPRAISAL REPORT

A 3.9± acre Vacant Industrial Site
415 Orchard Street & 354 Whitney Street
City of Rochester, Monroe County, New York



PREPARED FOR
The City of Rochester
30 Church Street, Room 125B
Rochester, NY 14614

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

APPRAISAL DATE
October 24, 2016



BRUCKNER, TILLET, ROSSI, CAHILL & ASSOCIATES

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



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Christopher S. Tillett, MAI, SRA

Kevin L. Bruckner, MAI, CCIM

Patrick W. Cahill, SRA

Justin R. Martin, MAI, CCIM

Alfred T. Rossi, SRA (Ret.)

November 21, 2016

Paul J. Scuderi
Assistant Director of Real Estate
City of Rochester
30 Church Street, Room 125B
Rochester, NY 14614

Dear Mr. Scuderi:

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

A 3.9± acre Vacant Industrial Site
415 Orchard Street & 354 Whitney 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 potential selling decision. The client is The City of Rochester. The intended user of this appraisal report is: The City of Rochester.

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

FIFTEEN THOUSAND DOLLARS - \$15,000

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

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

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

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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 except Stephanie Brunet, a staff research assistant, who co-inspected the property, researched data, and prepared portions of the written report under the direct supervision of the undersigned.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
- as of the date of this report, I am a New York State Certified General Real Estate Appraiser, certification #46-3998, expiration November 18, 2017.
- I have performed no services, as an appraiser or in any other capacity, regarding the subject property that is the subject of this report within the three year period immediately preceding acceptance of this assignment.
- this report conforms to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA).
- this assignment is not based on a requested minimum valuation, specific valuation, or approval of a loan.



Kevin L. Bruckner, MAI, CCIM

Date: November 21, 2016

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property Address: 415 Orchard Street & 354 Whitney Street
City of Rochester
Monroe County, New York

Property Owner: City of Rochester

Property Description: The subject property is a 3.9± acre vacant brownfield parcel located in the City of Rochester. The parcel was formerly improved by a seven-story industrial building which was demolished in the 1990's. Due to installation of underground storage tanks, electrical transformers, power production and coal storage equipment by the previous industrial uses, there was significant contamination to the site. Clean-up efforts have remediated many of the environmental concerns, although soil and groundwater chemicals remain and have been addressed through a Site Management Plan through the current owner. The site is generally regular in shape and mostly level as a result of previous development; however, it is still covered in debris and concrete slab foundations. Underground tunnels still exist throughout the property. There is a railway that lies adjacent to the southern property line. Albeit on secondary roadways, there is approximately 640' of total frontage included with the site.

Tax Map Number(s): 105.66-3-23 (415 Orchard St) & 105.66-3-24 (354 Whitney St)

Effective Date of Appraisal: October 24, 2016
Date of Inspection: October 24, 2016
Date of Report: November 21, 2016

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

Extraordinary Assumptions:

✓ None

Hypothetical Conditions:

✓ None

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

Highest and Best Use of the Site as if Vacant: To be developed by an industrial use.

Estimated Market Value of the Fee Simple Estate: **\$15,000**

Sales Comparison Approach Value Estimate:	\$58,500
Less Discount at 75% for current site conditions:	<u>-\$43,875</u>
Estimated Market Value of the Fee Simple Estate:	\$14,625
Rounded:	\$15,000

Estimated Exposure Time: **1 Year**

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

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

Extraordinary Assumptions Related to this Assignment:

- ✓ None

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

Hypothetical Conditions Related to this Assignment:

- ✓ None

INTENDED USE AND USERS OF THE APPRAISAL

The intended use of the appraisal is to estimate the market value of the fee simple estate as of the effective date of the appraisal to appropriately analyze the subject property for a potential selling decision. The client is the City of Rochester. The intended user of this appraisal report is: the City of Rochester.

MARKET VALUE DEFINED

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

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

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

ESTATES DEFINED

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

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

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

SCOPE OF WORK

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

The Scope of Work for this assignment is as follows:

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

Special conditions or circumstances of the assignment are as follows:

- None.

IDENTIFICATION OF PROPERTY

Property Address: 415 Orchard Street & 354 Whitney Street
 City of Rochester
 Monroe County, New York

Tax Map Number(s): 105.66-3-23 (415 Orchard St) & 105.66-3-24 (354 Whitney St)

Owner of Record: City of Rochester

Deed Reference: **Liber:** 10705 **Page:** 00335 **Recorded:** 12/01/2008
Liber: 10342 **Page:** 00568 **Recorded:** 08/01/2006

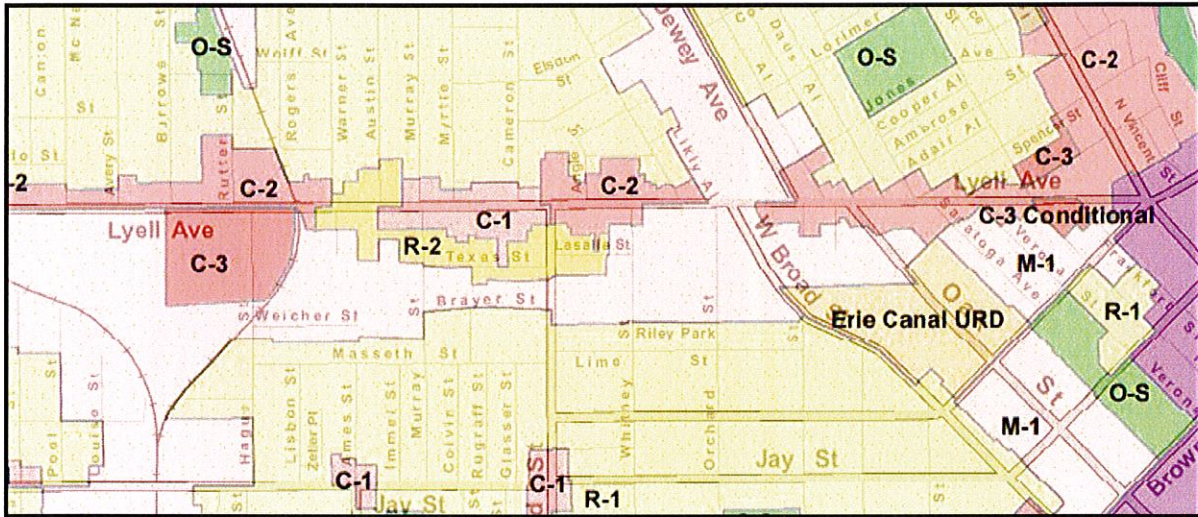
TAX AND ASSESSMENT DATA

The following information was provided by the applicable municipalities and/or taxing districts. Real estate taxes are a major expense and consideration in valuing real property in New York State. Municipalities vary in the frequency of assessment updates and assessors vary in their philosophy of updating assessments based upon a recent sale. Future changes in the assessed value of a property in most cases cannot be accurately forecasted. Oftentimes properties are assessed below their market value but in line with other comparable properties in the municipality. Therefore, notwithstanding anything to the contrary in this report, the subject property is valued based upon its current assessed value and current taxes.

	105.66-3-23	105.66-3-24	Total
Assessment	1.2 acres	2.7 acres	3.9 acres
Land Value	\$54,000	\$121,500	\$175,500
Improvements	\$0	\$3,500	\$3,500
Total Assessment	\$54,000	\$125,000	\$179,000
Equalization Rate	100%	100%	100%
Full Value Assessment	\$54,000.00	\$125,000.00	\$179,000.00
Taxes			
County Taxes 2016	\$650.41	\$1,505.58	\$2,155.99
City Taxes 2016	\$647.03	\$1,497.75	\$2,144.78
School Taxes 2015-2016	\$1,392.17	\$3,222.63	\$4,614.80
Total Taxes	\$2,689.61	\$6,225.96	\$8,915.57

ZONING

The subject is located in the following zoning district: Industrial, M-1. Permitted uses include but are not limited to: research laboratories, corporate headquarters, local service offices, manufacturing, high-tech or light industrial uses, warehouses, vehicle repair stations, recycling centers, animal hospitals, and ancillary parking lots and garages. Lot and setback requirements include: 70% maximum building coverage and 80% maximum lot coverage.

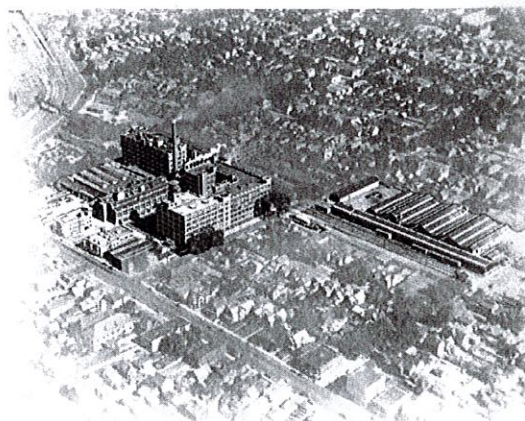


HISTORY OF THE PROPERTY

There are no known agreements of sale, options or listings current as of the effective date of the appraisal. There have been no known sales that have occurred within three (3) years prior to the effective date of the appraisal.

Despite significant cleanup efforts thus far, the subject is still considered to be a brownfield site, defined by the Environmental Protection Agency (EPA) as "real property, the expansion, redevelopment, or reuse of which may be complicated by the presence of potential presence of a hazardous substance, pollutant, or contaminant". Originally developed in 1900, the Orchard-Whitney parcel has been host to a number of industrial entities, most recently Delco, a manufacturer of heating systems. According to documents obtained by the City of Rochester, "The operations of these various entities contributed to the presence onsite of brownfield conditions that resulted from installation of bulk storage tanks, electrical transformers, power production and coal storage equipment, all of which combined to create contamination across the property. Environmental assessments and remedial action have been completed on the site. The remaining chemicals of concern in soil and groundwater, as well as, elemental lead and asbestos, are addressed under a Site Management Plan, which requires institutional controls through an Environmental Easement. All buildings that had existed on the site have been demolished; however, numerous foundations and tunnels are still in place. The site has been vacant and fenced off since the mid-1990s."

The site is fully indemnified with an Environmental Easement granted pursuant to Article 71, Title 36 of the New York State Environmental Conservation Law between the City of Rochester and The People of the State of New York in place since September 26, 2016 for the purpose of brownfield cleanup. Nearly \$5 million has been spent on remediation of the site thus far.



Delco Plant circa 1939 (Photo credit: From the collection of the Rochester Public Library Local History Division)

REGIONAL DESCRIPTION

The Rochester metropolitan area includes Monroe County and the contiguous counties of Livingston, Ontario, Orleans, Wayne, and Yates. Nearby Genesee and Seneca Counties are two additional metropolitan statistical areas that make up the Rochester-Batavia-Seneca Falls combined statistical area. The City of Rochester, situated on the south shore of Lake Ontario, approximately 70 miles east of Buffalo and 85 miles west of Syracuse, is the third largest city in New York State. Rochester is the focal point of commerce and the County Seat of Monroe County. It has historically been one of the more prosperous economic regions in Upstate New York because of its diverse economy and many community assets.

The population of the Rochester MSA is currently 1,081,954, a 2.6% increase from 1,054,323 at the 2010 Census, which was a 1.6% increase from the 2000 Census. The City of Rochester had a population of 209,802 in 2015 representing a decline of 0.4% since 2010. 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 partially encircles the downtown business district. The "Outer-Loop" expressway, a U-shaped transportation corridor comprised of I-390 on the west and I-590 on the east, intersects with I-390 south, a major north/south transportation corridor in Upstate New York. Other expressways, such as 531, 104, and the Ontario State Parkway, provide access to areas not covered by the above. The modern, extensive and relatively non-congested expressway network allows access to most areas of Monroe County within 15-20 minutes from downtown.

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

Rochester is home to several internationally and nationally recognized education institutions. The Rochester Institute of Technology, the largest university in Rochester, is a major university specializing in technical and professional fields. The University of Rochester is a nationally recognized graduate and undergraduate university. Strong Memorial Hospital, one of the country's foremost cancer research and treatment centers, is part of the U of R as are the Eastman School of Music and the Colgate Divinity School. Monroe Community College is rated as one of the best two-year community colleges in the country. SUNY at Brockport, St. John Fisher, Nazareth and Roberts Wesleyan College are the remaining four 4-year colleges in Monroe County.

Typical of most major cities, Rochester has its share of museums including the International Museum of Photography and Film at the George Eastman House (founder of Eastman Kodak Company), The Strong Museum (extensive collection of toys and dolls), and the Rochester Museum and Science Center. Rochester offers a wide variety of cultural attractions including the Rochester Philharmonic Orchestra, Geva Theater and many other smaller music, dance and playhouse facilities. In 2003 and 2013, the PGA tournament championship was played at Oak Hill 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. The top 15 area employers are listed below.

Name	Total Local Employees	Type of Employer
University of Rochester/UR Medicine	27,590	Higher education, research, and health care
Rochester Regional Health	15,753	Integrated health care services including 5 hospitals
Wegmans Food Markets, Inc.	13,606	Supermarket
Xerox Corporation	6,396	Document technology and services
Paychex, Inc	4,123	Payroll and human resource services provider
Rochester Institute of Technology	3,993	Higher Education
Lifetime Healthcare Cos. Inc.	3,569	Health insurance, health care services, home care, hospice
Harris Corp.	3,450	Defense company developing advanced technologies
YMCA of Greater Rochester	2,745	Child care services; health, recreation and wellness programs
Tops Markets, LLC	2,588	Supermarket
Sutherland Global Services, Inc.	2,438	Business process outsourcing
Finger Lakes Health	1,851	Health care services
Frontier Communications Corp.	1,800	Communications services
Eastman Kodak Co.	1,750	Consumer, professional, health care and imaging products
Finger Lakes Racing Association, Inc.	1,744	Gambling, thoroughbred racing, food service

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

Rochester has become a service and governmental sector economy with its future becoming more and more dependent upon education, medical research and health service led by the University of Rochester and Strong Health, now Rochester's largest employer. In July of 2014, two of Monroe counties largest employers, Rochester General Health System and Unity Hospital, merged to form Rochester Regional Health System. In total, RRHS now encompasses five hospitals in four counties and has become the second largest employer in Monroe County. The strength of Rochester's economic base and its future will continue to be in technology and research lead by the University of Rochester and its small high tech companies. In early 2012, Kodak announced that it was

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

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

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

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

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

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

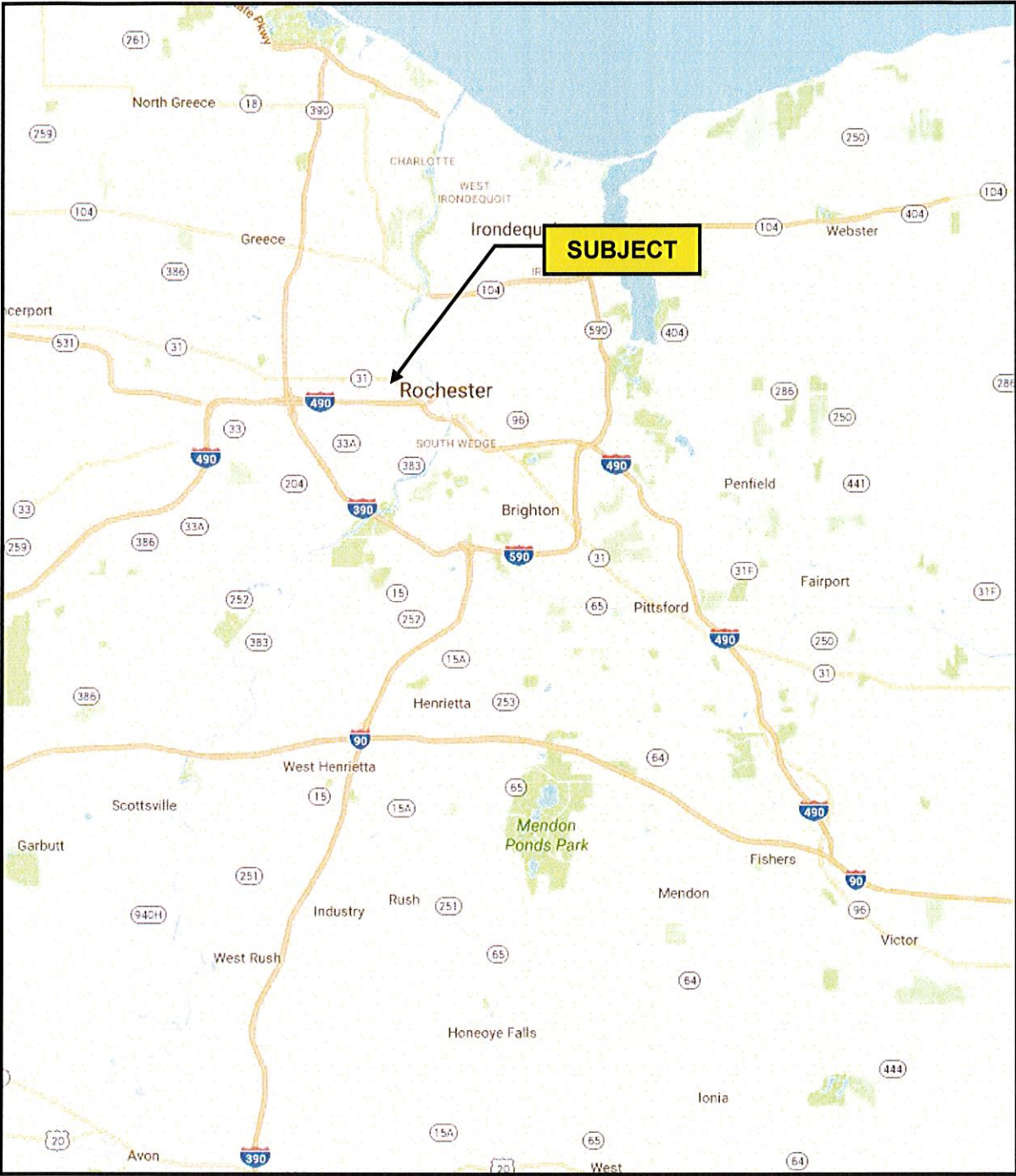
The hotel market in Monroe County has experienced growth over the past decade with the addition of multiple limited-service, full-service and extended stay hotels. The national hotel market has seen year-over-year improvements since the 2009 market floor which was a result of the economic recession beginning in 2007-2008. Looking forward to 2016-2017, PWC's *Hospitality Directions US; Our Updated Lodging Outlook* released in August 2016, reports a supply growth and a deceleration of demand and consequently declining occupancy levels. Over the first two quarters of 2016,

RevPAR increased 3.1%, the lowest year-over-year increase since the first half of 2010. Recent trends point to further deceleration due to the decrease in demand growth coupled with supply increases. Occupancy is anticipated to decline, while ADR is projected to increase enough to still create RevPAR growth at a percentage higher than that of inflation. STR has a slightly more positive outlook for the lodging market. The U.S. hotel industry will experience continued performance growth through 2017, according to STR and Tourism Economics' most recent forecast released in June 2016 at the NYU International Hospitality Industry Investment Conference. For total-year 2016, the U.S. hotel industry is predicted to report a 0.4% increase in occupancy to 65.7%, a 4.0% rise in average daily rate to \$124.86 and a 4.4% increase in revenue per available room to \$82.07. During that same period, demand growth (+2.1%) is expected to outweigh supply growth (+1.7%). For 2017, STR and Tourism Economics project the U.S. hotel industry to report flat occupancy, a 3.8% rise in ADR to \$129.66 and a 3.8% increase in RevPAR to \$85.22. Overall, the outlook for 2016/2017 is positive, although there the rate of revenue growth is expected to slow when compared to the previous 7 years.

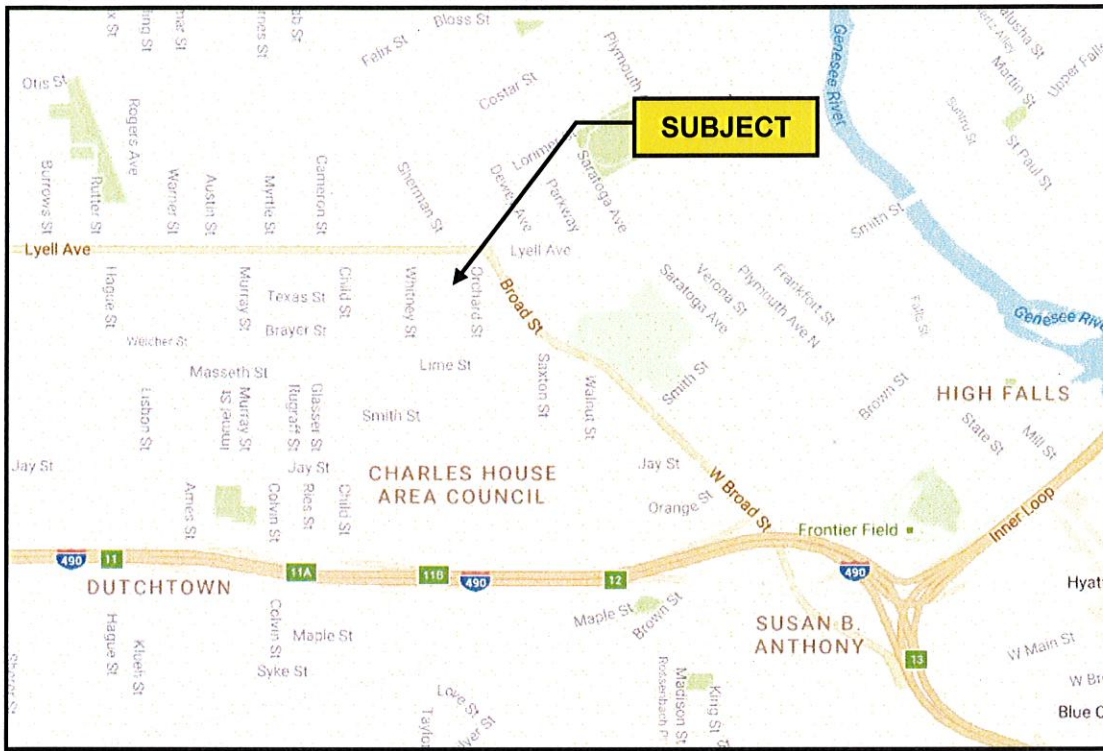
Finally, the apartment market continues to experience strength in both the Downtown market and the suburban market as financing constraints have dampened the single family sales market. Apartments offer the most viable and favored alternative in a market where single-person households, younger people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

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

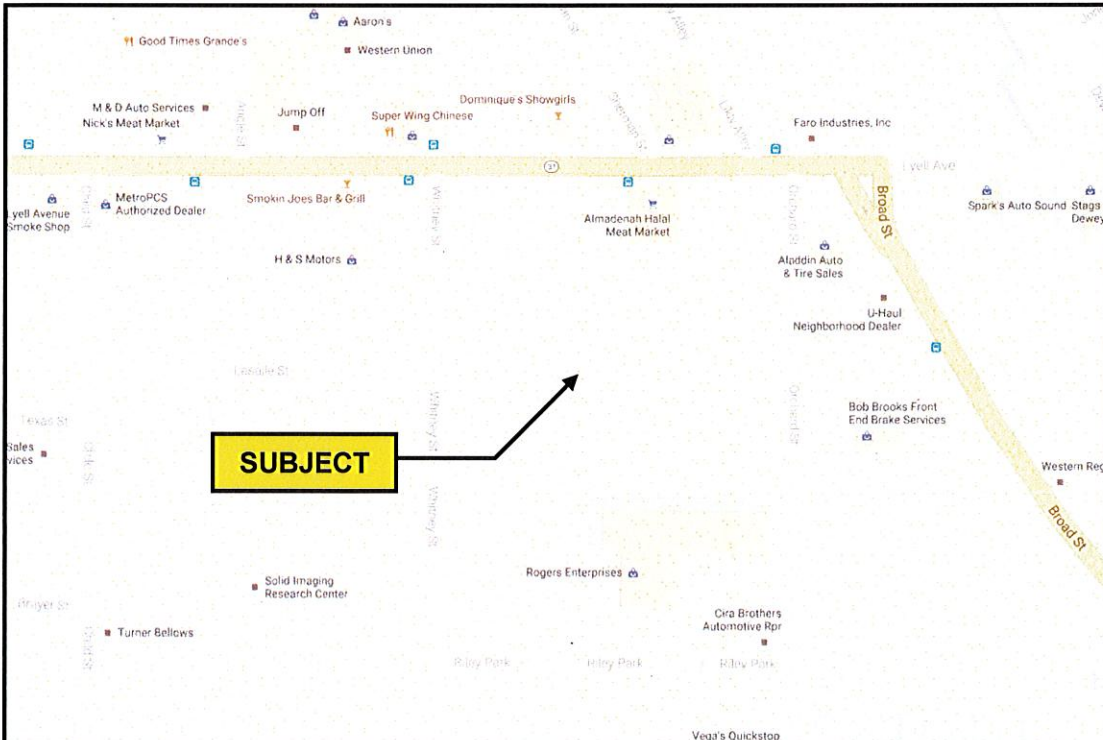
REGIONAL MAP



AREA MAP



NEIGHBORHOOD MAP



NEIGHBORHOOD DESCRIPTION

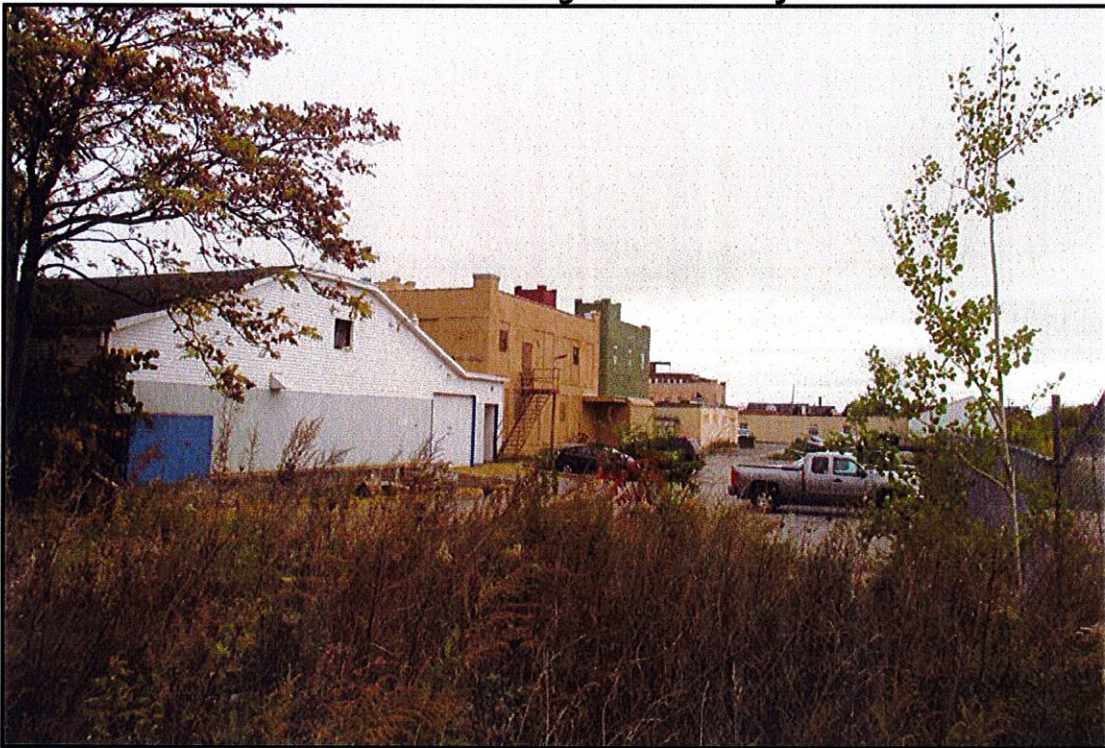
The subject property is located south of Lyell Avenue in the city of Rochester, just northwest of the inner loop. The site is one block from Sahlen's Stadium, a multi-purpose soccer facility constructed in 2006 largely by \$15 million in state subsidies. The site is in close proximity to the Rochester Central Business District, just east of the site, and is conveniently accessible from all directions via a number of primary roadways including; Interstate 490, Lyell Avenue, State Street, and West Broad Street.

The Orchard-Whitney neighborhood was originally developed in the mid-1800's, benefitting from the presence of the Erie Canal, which traversed through the Broad Street area. Railways in the area, specifically to the immediate south of the subject, encouraged industrial development as well. Much of the surrounding uses are industrial with a mix of commercial properties located along Lyell Avenue. Both north and south of Lyell Avenue are residentially zoned neighborhoods which were originally developed by the industrial workers of the area.

South on Whitney



Commercial Buildings North of Subject



PROPERTY DESCRIPTION

General: The subject property is a 3.9± acre vacant brownfield parcel located in the City of Rochester. The parcel was formerly improved by a seven-story industrial building which was demolished in the 1990's. Due to installation of underground storage tanks, electrical transformers, power production and coal storage equipment by the previous industrial uses, there was significant contamination to the site. Clean-up efforts have remediated many of the environmental concerns, although soil and groundwater chemicals remain and have been addressed through a Site Management Plan through the current owner. The site is generally regular in shape and mostly level as a result of previous development; however, it is still covered in debris and concrete slab foundations. Underground tunnels still exist throughout the property. There is a railway that lies adjacent to the southern property line. Albeit on secondary roadways, there is approximately 640' of total frontage included with the site.

Site Size: 3.9± acres

Site Features: Capped brownfield site which is currently vacant and fenced off.

Shape: Regular

Topography: Primarily level with a slope due to stockpiled debris berm adjacent to the railbed which runs along the southern property line.

Zoning: Industrial (M-1)

Front Feet: 332.31' on Whitney and 308.22' on Orchard, however, the parcel has no frontage on the primary roadway, Lyell Avenue to the north.

Utilities: All public including; public water, sewer, electric, telephone, cable, gas and internet.

Parking: No paved parking currently, adequate site

Access: Via Whitney to the west or Orchard to the east

Visibility: Limited from primary roadway (Lyell Avenue) with good exposure on both Whitney and Orchard Streets.

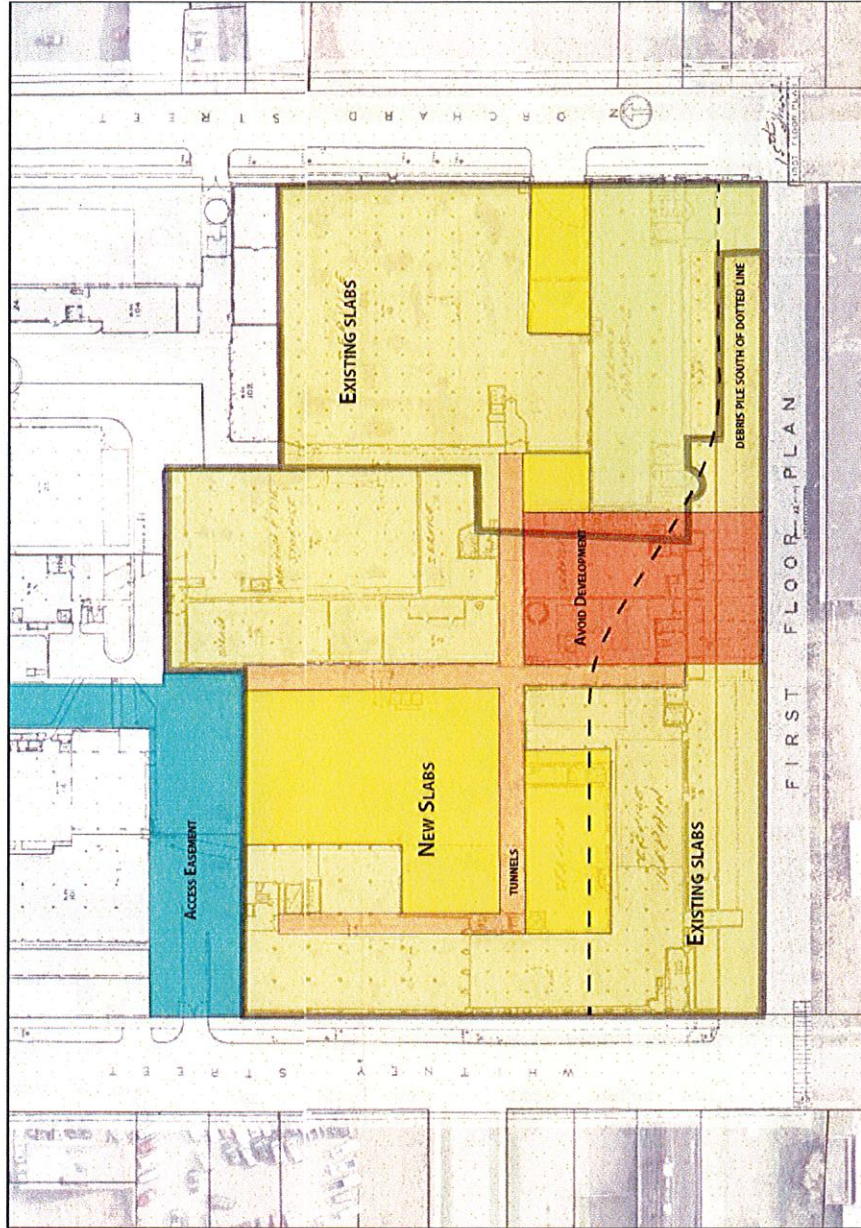
Site Improvements: None. Former buildings have been demolished, although, debris and concrete slabs remain throughout the site. There are a number of underground tunnels that still exist beneath the foundations as well.

Comments: There is a 0.35± acre "no build" portion of the site that is unusable due to subsurface conditions with contaminated materials (see site plans)

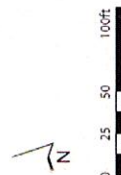
AERIAL



Site Plans for Redevelopment



- DEVELOPABLE:**
Approximately 3.55 Acres
- Existing slabs require 6" +/- slab
Note: Existing first floor slabs shown in drawing are present at the site.
 - New slabs require 8" +/- slab with short piles to rock
 - Tunnels**
Can accommodate H15 axle loading
Buildings require 8" +/- slab to span tunnels
 - Avoid Development**
Approximately .35 acres
Unknown subsurface conditions with contaminated materials
 - Access Easement**
Permanent Easement from Whitney Street

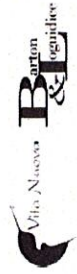


ORCHARD WHITNEY SITE REDEVELOPMENT

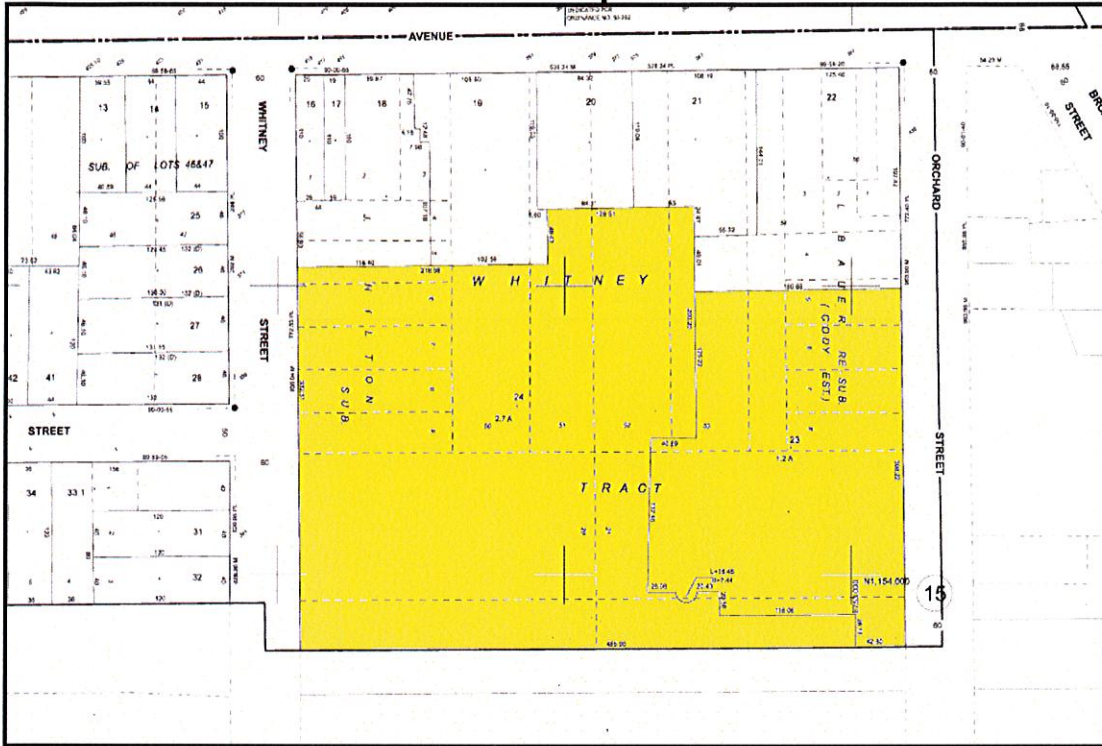
City of Rochester • Monroe County • New York

FIGURE •

April 2016



Tax Map



Parcel from Whitney Street Looking East



Debris Berm at Southern Property Line



Looking North from Whitney



Western Property Line



Remaining Debris from Demolition



HIGHEST AND BEST USE ANALYSIS

Definition

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

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

Site As Vacant

Legally Permissible: The subject is located in the following zoning district: Industrial, M-1. Permitted uses include but are not limited to: research laboratories, corporate headquarters, local service offices, manufacturing, high-tech or light industrial uses, warehouses, vehicle repair stations, recycling centers, animal hospitals, and ancillary parking lots and garages. Lot and setback requirements include: 70% maximum building coverage and 80% maximum lot coverage.

Physically Possible: Physically, the shape, size, and topography of the site, as well as the availability of utilities, allows for most, if not all of the legally permissible uses. However, the site in its current state still requires removal of remaining debris and remedial action to rid the soil and groundwater of chemicals.

Financially Feasible: Development by an industrial use would generate the highest value of the site based on immediate surrounding uses. Although development by a commercial use is possible, it is unlikely to generate a higher value based on lack of frontage on a primary roadway.

Conclusion, As Vacant: To be developed by an industrial use.

SALES COMPARISON APPROACH

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

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

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

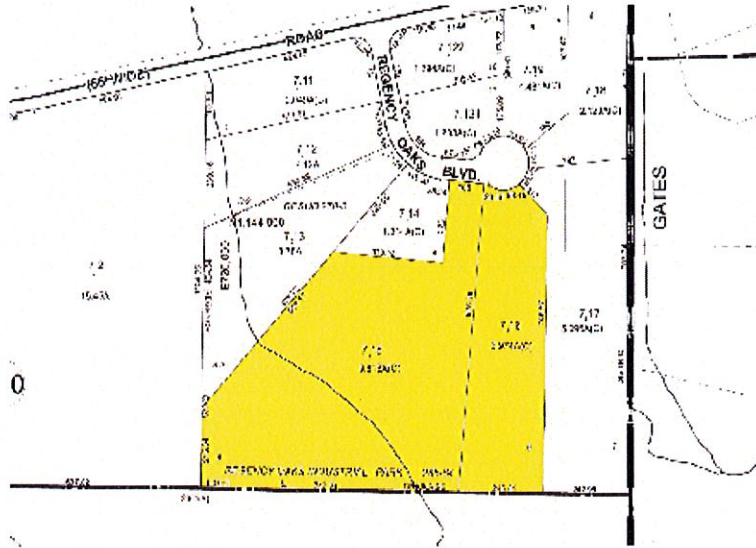
Selection Criteria for Sales Data

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

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

COMPARABLE SALE #1

Class Code: 340 Lot for Industrial Use



Address: 55 & 60 Regency Oaks Boulevard
 Town: Ogdén County: Monroe
 Description: 2 Vacant Parcels of an Industrial Park

State: NY

Sale Price: \$110,000
 Contract Date:
 Deed Recorded: 07/19/2016

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

Frontage Feet: 209.03

Price Per Front Foot: \$526.24

Financing: Cash/Conventional
 Grantor: Bell Properties
 Grantee: Jacqueline Perrotta & Anthony Perrotta

Tax Map Number: 132.02-2-7.15 & -7.16
 Liber: 11727
 Page: 661

Taxes: N/A
 Assessment: N/A
 Zoning: Industrial

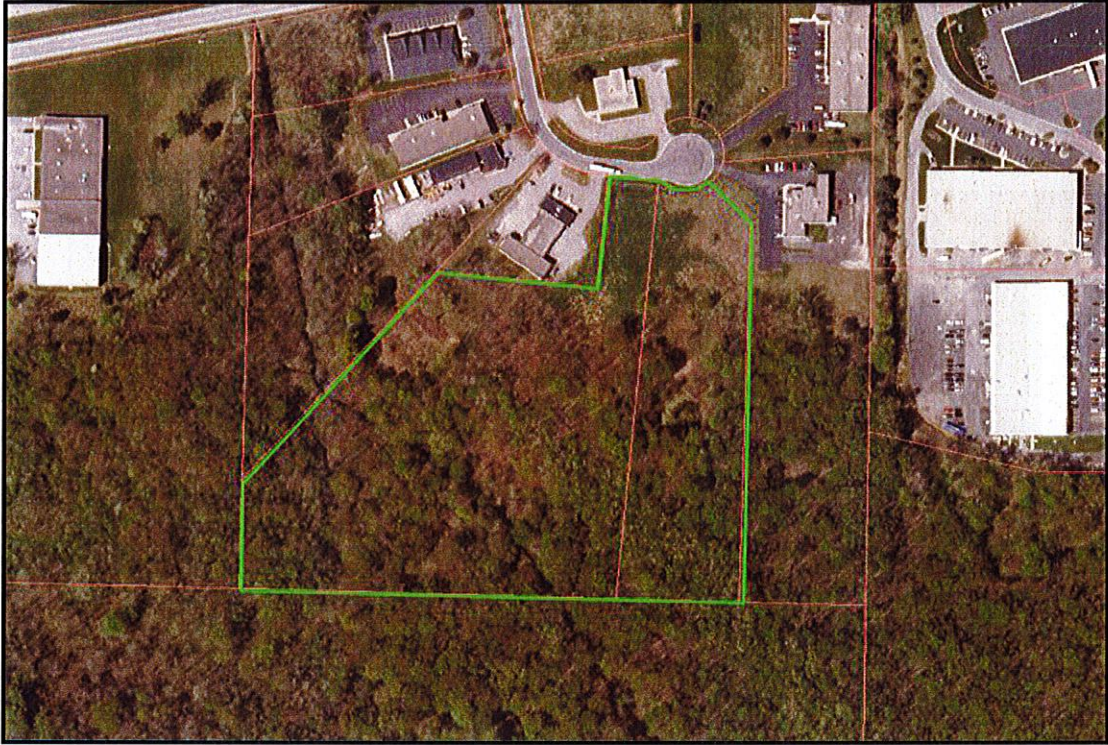
Lot Size: 13.79
 Price Per Acre: \$7,977
 Price Per SqFt: \$0.18

Utilities: Electric
 Gas
 Water
 Sewer
 Other (See Comments)

Verification: Deed, Public Records

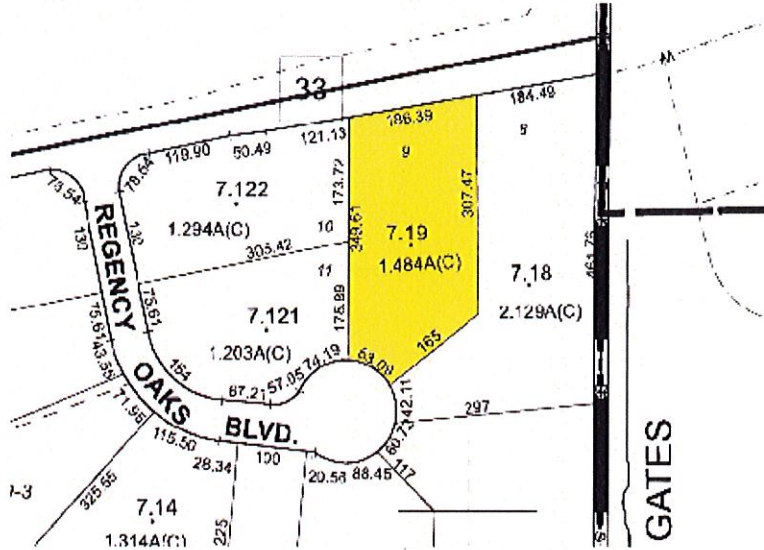
Date: 11/14/2016

This is the 2016 sale of 2 parcels totaling 13.79+- acres in the town of Ogdén. The parcels are 9.81 and 3.97 acres located in Regency Oaks Blvd Industrial Park. The parcels are irregular in shape, level, and clear. The site is serviced by all public utilities and are ready for development. There are 209.03 front feet on Regency Oaks Blvd between the two parcels.



COMPARABLE SALE #2

Class Code: 340 340 Lot for Industrial Use



Address: 30 Regency Oaks Boulevard
 Town: Ogden
 Description: 1.48 AC Vacant Industrial Parcel

County: Monroe

State: NY

Sale Price: \$68,900
 Contract Date:
 Deed Recorded: 06/24/2016

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

Frontage Feet: 249.48

Price Per Front Foot: \$276.17

Financing: Cash/Conventional
 Grantor: LBJ & D LLC
 Grantee: Anthony Perrotta & Jacqueline Perrotta

Tax Map Number: 132.02-2-7.19
 Liber: 11716
 Page: 19

Taxes: N/A
 Assessment: N/A
 Zoning: Industrial

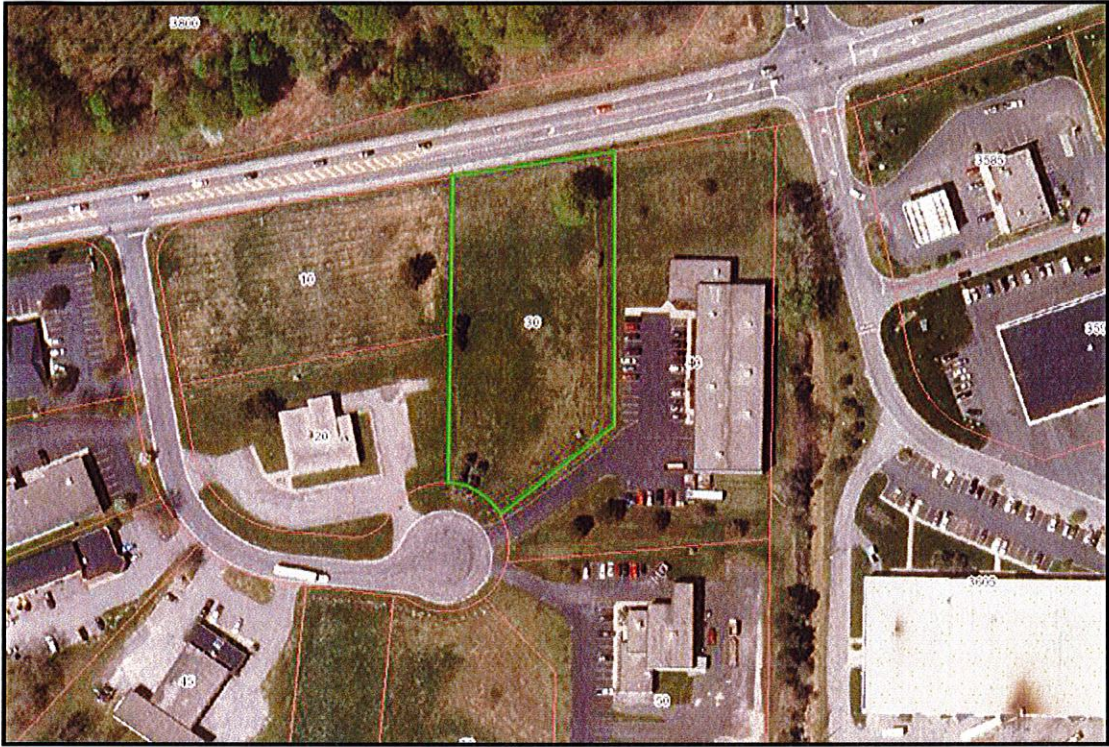
Lot Size: 1.48
 Price Per Acre: \$46,554
 Price Per SqFt: \$1.07

Utilities: Electric
 Gas
 Water
 Sewer
 Other (See Comments)

Verification: Deed, Public Records

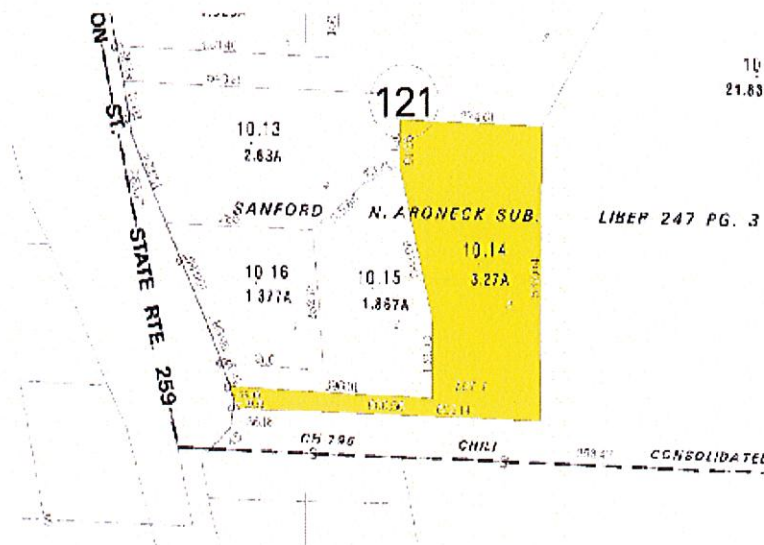
Date: 11/14/2016

This is the 2016 sale of a 1.48+/- acre parcel in the town of Ogden. The parcel is located in Regency Oaks Industrial Park with frontage on primary road, Buffalo Road, as well. The site is level, clear, regular in shape, and is serviced by all public utilities. There are 63.09' of frontage on Regency Oaks Blvd within the industrial park and an additional 186.39' of frontage on Buffalo Road.



COMPARABLE SALE #3

Class Code: 340 Lot for Industrial Use



Address: 3470 Union Street
 Town: Chili
 Description: 3.27 AC Vacant Industrial Parcel

County: Monroe

State: NY

Sale Price: \$69,000
 Contract Date:
 Deed Recorded: 10/27/2016

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

Frontage Feet: 41.8

Price Per Front Foot: \$1,650.72

Financing: Cash/Conventional
 Grantor: David Venniro
 Grantee: USH II, LLC

Tax Map Number: 145.01-1-10.14
 Liber: 11774
 Page: 39

Taxes: N/A
 Assessment: N/A
 Zoning: Industrial

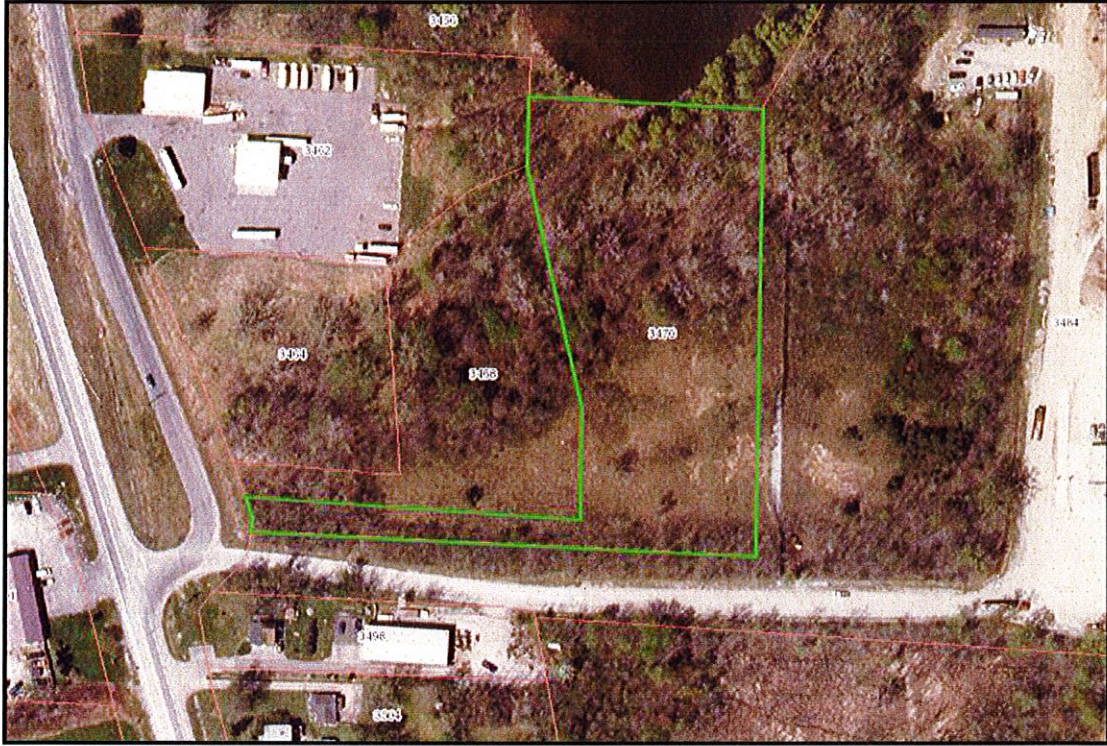
Lot Size: 3.27
 Price Per Acre: \$21.101
 Price Per SqFt: \$0.48

- Utilities:
- Electric
 - Gas
 - Water
 - Sewer
 - Other (See Comments)

Verification: Deed, Public Records

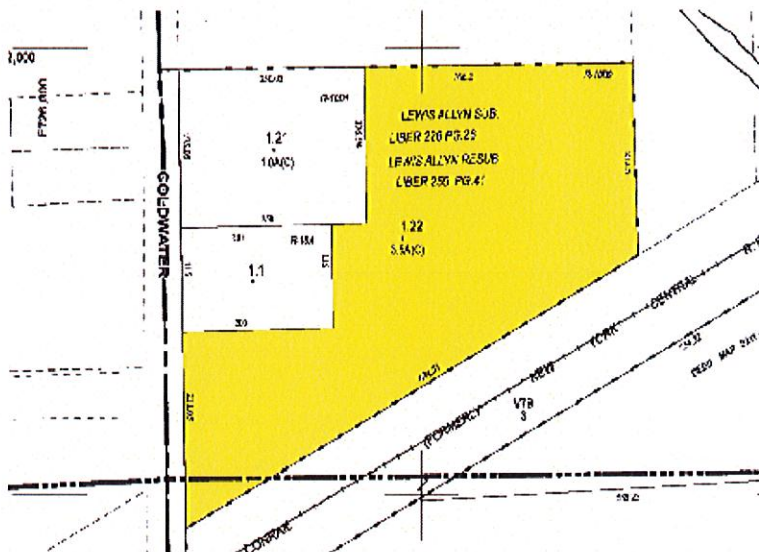
Date: 11/14/2016

This is the 2016 sale of a 3.27+- acre vacant industrial parcel in the town of Chili. The parcel is level, partially wooded, and flag-shaped. The site is serviced by all public utilities. There are 41.8' of frontage on Union Street (State Route 259). The site is conveniently located just north of the I-490 on ramp.



COMPARABLE SALE #4

Class Code: 340 Lot for Industrial Use



Address: Coldwater Road
 Town: Gates
 Description: Industrial Land

County: Monroe

State: NY

Sale Price: \$117,500
 Contract Date:
 Deed Recorded: 09/26/2013

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

Frontage Feet: 211.05

Price Per Front Foot: \$556.74

Financing: Cash
 Grantor: James Z Virail
 Grantee: Phillip Silvarole

Tax Map Number: 133.110-01-001.220
 Liber: 11308
 Page: 565

Taxes: N/A
 Assessment: \$175,000.00
 Zoning: General Industrial

Lot Size: 3.5
 Price Per Acre: \$33,571
 Price Per SqFt: \$0.77

Utilities: Electric
 Gas
 Water
 Sewer
 Other (See Comments)

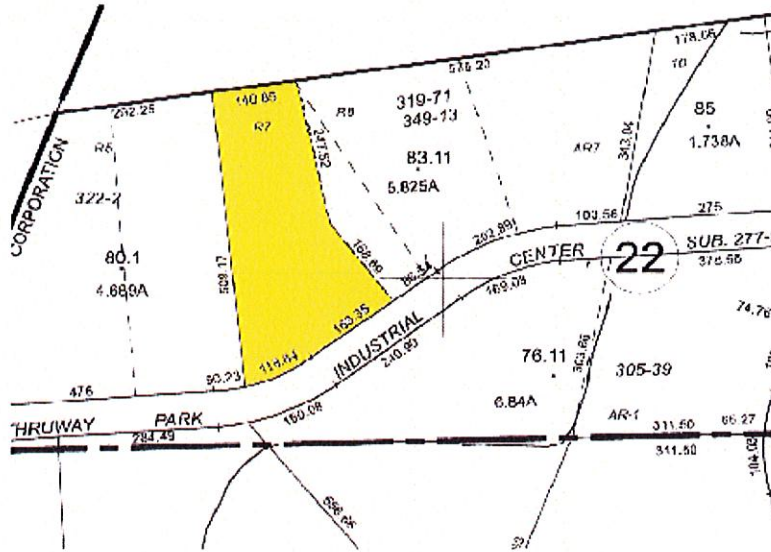
Verification: NYS Form 5217, Assessor

Date: 08/18/2014

This is the sale of a level, open and irregular shaped parcel on the east side of Coldwater Road across from Industrial Park Circle in the Town of Gates just west of the City of Rochester. This is an older industrial area. The site was improved by an asphalt/gravel parking area for outside trailer storage with a chain-link fence and gate. It is adjacent to the railroad tracks.

COMPARABLE SALE #5

Class Code: 340 Lot for Industrial Use



Address: 112 Thruway Park Drive
 Town: Henrietta County: Monroe State: NY
 Description: Industrial land assembled with neighboring property

Sale Price: \$96,000 Days on Market: N/A
 Contract Date: 11/2014 Sale Conditions: Normal
 Deed Recorded: 11/24/2014 Rights Conveyed: Fee Simple

Frontage Feet: 282.19 Price Per Front Foot: \$340.20

Financing: Cash
 Grantor: Thruway Park Transfer Two LLC
 Grantee: AFT Properties of Rocheser LLC

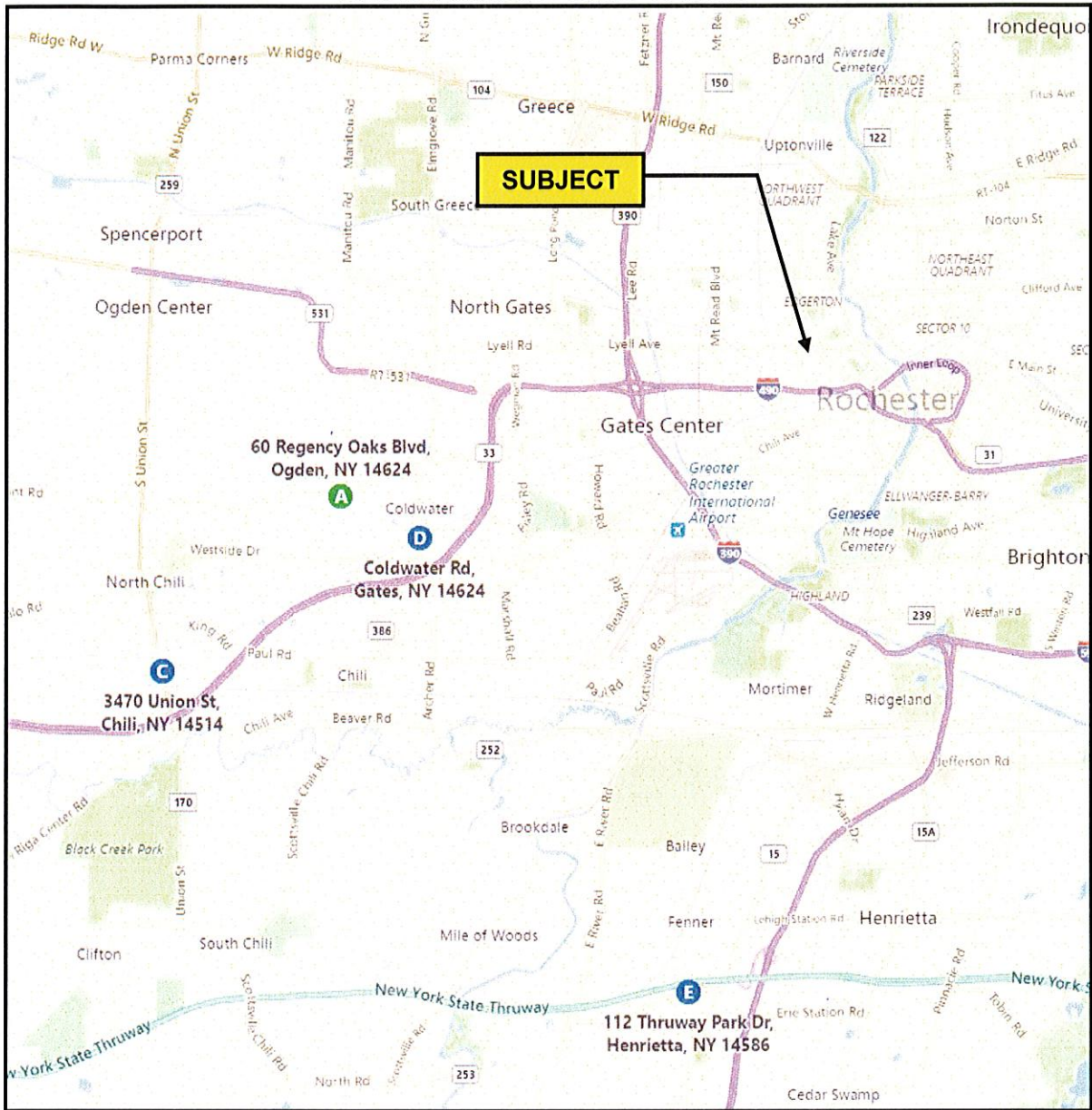
Tax Map Number: 189.010-01-082.100 Taxes: N/A
 Liber: 11472 Assessment: \$38,400.00
 Page: 559 Zoning: Industrial

Lot Size: 1.92
 Price Per Acre: \$50,000
 Price Per SqFt: \$1.15

- Utilities: Electric
 Gas
 Water
 Sewer
 Other (See Comments)

Verification: Assessor (Nate Gabbert), NYS 5217 Form Date: 04/19/2016
 Vacant industrial lot purchased by a neighboring property owner, American Filtration, for expansion of the their building. The site was needed to satisfy setback requirements for the addition. Now part of 100 Thruway Park Drive. The tax map above shows the parcel prior to assemblage.

COMPARABLE SALES MAP



SALES COMPARISON APPROACH SUMMARY GRID							
Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5		
Address	55-60 Regency Oaks Blvd	30 Regency Oaks Blvd	3470 Union Street	Coldwater Road	112 Thruway Park Drive		
Town/City/Village	Town of Ogden	Town of Ogden	Town of Chili	Town of Gates	Town of Henrietta		
Sale Price	\$110,000	\$68,900	\$69,000	\$117,500	\$96,000		
Property Rights	Fee simple	Fee simple	Fee simple	Fee simple	Fee simple		
Financing	Conventional	Conventional/Cash	Conventional/Cash	Conventional/Cash	Conventional/Cash		
Sales Conditions	Normal	Normal	Normal	Normal	Normal		
Date of Sale/Appraisal	Oct-16	Jul-16	Oct-16	Sep-13	Nov-14		
Exposure	Average	Average	Average(-)	Good	Good		
Location Rating	Good	Good	Good	Good	Good		
Site Size (acres)	3.90	13.79	1.48	3.27	3.50		
Zoning/Use	Industrial (M-1)	Industrial	Industrial	General Industrial	Industrial		
Utilities	All Public	All Public	All Public	All Public	All Public		
Topography	Level	Level	Level	Level	Level		
Site Shape	Regular	Irregular	Regular	Flag Lot	Irregular		
Front Feet	640.00	209.03	249.48	41.82	211.05		
Other	Railway	Stream	None	Partially Wooded	Railway		
Net Adjustment							
Unadjusted Price/Acre	\$7,977	\$46,554	\$21,101	\$33,571	\$50,000		
Adjusted Price/Acre	\$7,817	\$13,501	\$18,991	\$16,786	\$17,500		

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.

Exposure: Sales 2, 4 and 5 are visible from primary roadways, thus adjusted -20% for superior exposure. Sale 3 is a flag lot with only 41.8' of frontage on the main road and as such is adjusted 10% for inferior exposure.

Location: The location of all sales is superior to the subject such that all are adjusted negative 30%.

Site 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. Adjustments are noted in the grid.

Zoning: The zoning designation of all sales is sufficiently similar such that no adjustments are required.

Utilities: All sites are serviced by public utilities, as is the subject, such that no adjustments are required.

Topography/Shape: All sales are sufficiently similar to the subject such that no adjustments are required.

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 \$7,817-\$18,991/acre results. The central tendency of the range is best indicated by the value of \$16,786/acre with an average of \$14,791/acre. Less weight is given to Sale 1 because of the large adjustment required for site size. The estimated market value of the subject property is \$15,000/acre of land.

$$\text{\$15,000/Acre} \times 3.9 \text{ Acres} = \text{\$58,500}$$

SALES COMPARISON APPROACH VALUE ESTIMATE - \$58,500

Discount

The Sales Comparison Approach estimates the value of the land as a completely remediated vacant industrial parcel ready for development. However, due to the current condition of the parcel and the additional remediation that would need to occur prior to redevelopment, a discount of 75% is applied to the market value determined by the Sales Comparison Approach in order to estimate a market value of the parcel in its current condition.

Market Value Estimate As Clean:	\$58,500
Less Discount at 75% for current site conditions:	<u>-\$43,875</u>
Market Value Estimate in Current Condition:	\$14,625
Rounded:	\$15,000

MARKET VALUE ESTIMATE - \$15,000

RECONCILIATION

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

The Sales Comparison Approach is used because there is a sufficient number of recent comparable sales of similar properties in the defined market.

The Income Capitalization Approach is not applicable in the valuation of vacant land.

The Cost Approach is not applicable in the valuation of vacant land.

Sales Comparison Approach Value Estimate:	\$58,000
Cost Approach Value Estimate:	Not Applicable
Income Capitalization Approach Value Estimate:	Not Applicable

Discount

The Sales Comparison Approach estimates the value of the land as a completely remediated vacant industrial parcel ready for development. However, due to the current condition of the parcel and the additional remediation that would need to occur prior to redevelopment, a discount of 75% is applied to the market value determined by the Sales Comparison Approach in order to estimate a market value of the parcel in its current condition.

Sales Comparison Approach Value Estimate:	\$58,500
Less Discount at 75%:	<u>-\$43,875</u>
Estimated Market Value of the Fee Simple Estate:	\$14,625
Rounded:	\$15,000

Based upon the analysis and conclusions summarized in this appraisal report, the estimated market value of the fee simple estate of 415 Orchard Street & 354 Whitney Street, City of Rochester, Monroe County, New York as of October 24, 2016 is:

FIFTEEN THOUSAND DOLLARS - \$15,000

EXPOSURE TIME

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

Conclusion: 1 year

PROFESSIONAL QUALIFICATIONS

Kevin L. Bruckner MAI, CCIM

Employment

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

Professional

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

Articles Published and Seminars Developed

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

Qualified As Expert Witness

United States Bankruptcy Court
New York State Supreme Court

New York State Court of Claims
Pennsylvania Court of Common Pleas

Awards and Recognitions

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

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

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

Education

State University of New York, College at Fredonia

Bachelor of Science - 1983

Major - Mathematics

Minor - Physics

Concentration - Computer Science

Cum Laude Honor Graduate

Member - National Honorary Mathematics Fraternity

Other Selected Related Courses and Seminars Successfully Completed

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

Land Valuation Assignments
Appraisal Valuation Modeling
Partial Interest Valuation-Undivided
HUD Multi-Family Seminar
Partial Interest Valuation-Divided
Valuation of Detrimental Conditions
Small Hotel/Motel Valuation
Eminent Domain & Condemnation Appraising
Appraisal of Affordable Housing
Industrial Valuation
Appraisal of Nursing Facilities
Dynamics of Office Building Valuation

Appraisal of Retail Properties
The Appraiser as an Expert Witness
Subdivision Analysis
Discounted Cash Flow Analysis
Feasibility Analysis and Highest & Best Use
Appraising Troubled Properties
Real Estate Risk Analysis
Rate Extraction
Reviewing Appraisals
Business Components of a Skilled Nursing Facility
Valuation of Lease Interests
Appraisal of Religious Facilities

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

Lending Clients

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

Corporations & Institutions

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

Legal, Accounting & Financial Firms

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

EFPR Group

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

Municipalities & Public Agencies

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

Scope of Assignments

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

Below is a list of property types appraised:

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

ADDENDA

UNIQUE ID NUMBER 44000003998	State of New York Department of State DIVISION OF LICENSING SERVICES	FOR OFFICE USE ONLY Control No. 86791
PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.		EFFECTIVE DATE MO. DAY YR. 11 17 15
BRUCKNER KEVIN L C/O BRUCKNER TILLET & ROSSI I 500 LINDEN OAKS STE 130 ROCHESTER, NY 14625-3884		EXPIRATION DATE MO. DAY YR. 11 18 17
HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER		
In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed. CESAR A. PERALES SECRETARY OF STATE		
DOS-1068 (Rev. 3/01)		

