

## Appraisal ♦ Restricted Use Report Format



**KERIN**



**FAZIO**

Kerin & Fazio, LLC  
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**Retail Building Located at:**

694-696 West Avenue  
Norwalk, CT 06850

**Property of:**

696 West Ave, LLC

**Date of Valuation:**

August 10, 2012

**Prepared for:**

Michael Gray  
c/o Pyramid Real Estate  
20 Summer Street  
Stamford, CT 06901

**Prepared by:**

Jesse J. Merly  
Michael Fazio, MAI



# KERIN



# FAZIO



August 13, 2012

Michael Gray  
c/o Pyramid Real Estate  
20 Summer Street  
Stamford, CT 06901

Re: Appraisal of a Retail Building Located at: 694-696 West Avenue  
Norwalk, CT 06850

Dear Mr. Gray:

At your request and authorization, Kerin & Fazio, LLC has prepared an appraisal presented in a restricted use report format of the market value in the above referenced real property. We have provided the market value of the leased fee interest on an "As Is" basis. The property is owned by Turkey Hill Associates. It is understood that the function of this appraisal is to provide the market value of the subject property in connection with tax planning purposes.

Briefly, the subject is comprised of two single story retail buildings. The front building which contains a CVS is positioned to the front of the site and to the rear of the site is a local footwear store. The improvements are considered to be in average overall condition, they were constructed circa 1935 and 1927. The buildings are situated on a 1.02 acre site located on the southwest corner of the West Avenue and Berkeley Street. According to the owners rent roll the building contains 17,000 of rentable square feet. The subject is currently 100% occupied.

The subject is located on the west side of the West Avenue with good visibility and access. Zoning for the site is CBDD-Central Business Design District-Subarea B. The subject is a legal non-conforming use due to the parking requirement not being met. The Highest and Best Use of the subject is for the continued present use.

In estimating the market value of the subject property, all three approaches to value were considered, the cost approach, sales comparison approach, and income approach. The income approach and sales comparison approach were developed.

Based upon the results of the analyses contained in the following report as of August 10, 2011, the market value of the leased fee interest "As Is" of the subject is concluded:

Six Million Eight Hundred Dollars  
(\$6,800,000)

The appraisal was completed in accordance with the appraiser's best understanding of the current issue of the Uniform Standards of Professional Appraisal Practice (USPAP).

**Kerin & Fazio, LLC**  
*Real Estate Professionals*

1129 Post Road  
Fairfield, CT 06824

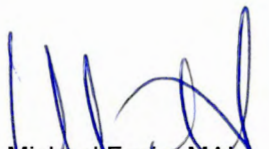
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This appraisal report has been prepared in a restricted format for the purpose of estimating the market value of the subject property for internal use solely by our client. Reliance on this report is limited to our client since this report cannot be understood properly by another party without additional information retained in the office of the undersigned.


The market data and analysis in support of this opinion are retained in the office of the undersigned. A full-format, narrative appraisal report in support of the above value conclusion will be prepared at your request. If you have any questions, or if we can be of further service, please feel free to contact us.

Respectfully submitted,

**Kerin & Fazio, LLC**



Michael Fazio, MAI  
Connecticut RCG.194  
Expires: 4/30/2013



Jesse Merly  
Connecticut RSP.1412  
Expires: 4/30/2013

Scope of Work

**Date of Inspection**

An exterior inspection of the subject was performed on various dates August 10, 2012.

**Ownership and Property History**

The title to the property is currently vested in the name of 696 West Ave, LLC. The property last transferred to its current owners on December 31, 2009 for the recorded consideration of \$6,050,000. To the best of our knowledge the subject has not been offered for sale within the prior 12 months.

**Intended Use and Users of the Appraisal Report**

This appraisal is intended to provide an opinion of the market value of the leased fee interest in the property for the exclusive use of client and client's advisors and its affiliates or subsidiaries participants for tax planning purposes. All other uses and users are unintended, unless specifically stated in the letter of transmittal.

**Date of Value and Interest Appraised**

The date of value and interest appraised is summarized in the following table:

Market Value Date	
Leased Fee "As Is"	August 10, 2012

**Date of Report**

The date of report is August 13, 2012.

**Purpose of Appraisal**

The purpose of this appraisal is to estimate the "As Is" Market Value of the subject property as of the effective date of appraisal. Market value is defined by USPAP, as stated in The Dictionary of Real Estate Appraisal, Fourth Edition, published by the Appraisal Institute, as follows:

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. 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."

## Competency of Appraisers

The appraisers' specific qualifications are included within this report. These qualifications serve as evidence of their competence for the completion of this appraisal assignment in compliance with the competency provision contained within the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The appraisers' knowledge and experience, combined with their professional qualifications, are commensurate with the complexity of this assignment based on the following:

- ❖ Professional experience
- ❖ Educational background and training
- ❖ Business, professional, academic affiliations and activities

The appraisers have previously provided consultation and value estimates for retail buildings and various types of commercial properties in Norwalk and throughout Connecticut.

## Scope of the Appraisal

The scope of this appraisal assignment involves the completion of several steps performed within the guidelines of commonly accepted appraisal procedures. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied, all based upon the purpose of the appraisal and its intended use, as previously outlined. Kerin & Fazio, LLC completed the following steps for this assignment:

- ❖ physically identified and inspected both the interior and exterior of the subject property, as well as its surrounding environs on dates through August 10, 2012; identified and considered those characteristics that may have a legal, economic or physical impact on the subject;
- ❖ physically inspected the micro and/or macro market environments with respect to physical and economic factors relevant to the valuation process; expanded this knowledge through interviews with regional and/or local market participants, available published data and other various resources;
- ❖ conducted regional and/or local research with respect to applicable tax data, zoning requirements, flood zone status, demographics, income and expense data, and comparable listing, sale and rental information;
- ❖ analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value;
- ❖ correlated and reconciled the results into a reasonable and defensible value conclusion, as defined herein; and
- ❖ estimated a reasonable exposure time and marketing time associated with the value estimate presented.

To develop the opinion of value, Kerin & Fazio, LLC performed a Restricted Use Appraisal. This appraisal report has been prepared in a restricted format for the purpose of estimating the market value of the subject property for internal use solely by our client. Reliance on this report is limited to our client since this report cannot be understood properly by another party without additional information retained in the office of the undersigned. The market data and analysis in support of this opinion are retained in the office of the undersigned. A full-format, narrative appraisal report in support of the above value conclusion can be prepared at your request. In this Appraisal, Kerin & Fazio, LLC applied the following approaches:

A cost approach was not applicable for this appraisal.  
A limited income approach and sales approach were applied.

Furthermore, the value conclusion reflects all information about the subject, market conditions, and available data.

## Interest Appraised

Fee Simple interest

## Exposure Time

An estimate of exposure time is not intended to be a prediction of a date of sale, however, it is an integral part of the appraisal analysis and is based on one or more of the following:

- ❖ statistical information about days on the market
- ❖ information gathered through sales verification
- ❖ interviews of market participants.

The reasonable exposure period is a function of price, time, and use. It is not an isolated estimate of time alone. Exposure time is different for various types of real estate and under various market conditions.

Exposure time is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market. It assumes not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable marketing effort. Exposure time is therefore interrelated with appraisal conclusion of value.

Based on the foregoing analysis, an exposure time of six to twelve months is reasonable, defensible, and appropriate. Kerin & Fazio, LLC assumes the subject would have been competitively priced and aggressively promoted regionally.

## Marketing Time

Marketing time is the period a prospective investor would forecast to sell the subject property immediately after the date of value, at the estimated value. The marketing time is an estimate of the number of months it will require to sell the subject from the date of value, into the future. The anticipated marketing time is essentially a measure of the perceived level of risk associated with the marketability, or liquidity, of the subject property. The marketing time estimate is based on the data used in estimating the reasonable exposure time, in addition to an analysis of the anticipated changes in market conditions following the date of appraisal. The future price for the subject (at the end of the marketing time) may or may not equal the appraisal estimate. The future price depends on unpredictable changes in the physical real estate, demographic and economic trends, real estate markets in general, supply/demand characteristics for the property type, and many other factors.

Based on the premise that present market conditions are the best indicators of future performance, a prudent investor will forecast that, under the conditions described above, the subject will require a marketing time of six to twelve months.

### Comparable Sale 1



**Address:** 345 Main Avenue, Norwalk, CT 06851

**APN:** 5-41-2-0

**Property Type:** Neighborhood Strip Retail Plaza

#### Sale Information

<b>Volume/Page:</b>	3168/189	<b>Sale Price:</b>	\$5,675,000
<b>Sale Status:</b>	Closed	<b>Sale Price/SF Rentable:</b>	\$374.96
<b>Recording Date:</b>	April 22, 2010		
<b>Conditions of Sale:</b>	Arm's Length		
<b>Rights Conveyed:</b>	Leased Fee		
<b>Grantor:</b>	Parkway Plaza, Inc.		
<b>Grantee:</b>	214 <sup>th</sup> Street Realty Group, Inc.		
<b>Confirmed with:</b>	Public Records & Knowledgeable Third Party	<b>Date Confirmed:</b>	August 10, 2012
<b>Confirmed By:</b>	Jesse Merly		
<b>Financing Description:</b>	Utilized as part of a 1031 exchange.		

#### Property Information

<b>Gross Land Area:</b>	1.21 Acres, 52,708 SF	<b>Usable Land Area:</b>	52,708 SF
<b>Parking Spaces:</b>	68	<b>Parking Ratio:</b>	4.49:1,000 sf of GLA
<b>Zoning:</b>	B2	<b>Shape:</b>	Irregular
<b>Gross Building Area (SF):</b>	18,162	<b>Year Built:</b>	1950
<b>Rentable Area (SF):</b>	15,153	<b>Property Condition:</b>	Average
<b>Number of Stories</b>	1	<b>Parking Type:</b>	Surface
<b>HVAC:</b>	Individual gas fired furnaces with central air conditioning		

#### Comments

**Property Comments:** The property was last renovated circa 2000.

**Sale Comment:** The going in capitalization rate was reported to be approximately 8.25%.

**Comparable Sale 2**



**Address:** 696 Post Road (U.S. Route 1), Fairfield, CT 06824  
**APN:** 141/74  
**Property Type:** Retail Shopping Center

**Sale Information**

<b>Volume/Page:</b>	4690/199	<b>Sale Price:</b>	\$16,697,360
<b>Sale Status:</b>	Closed	<b>Sale Price/SF Rentable:</b>	\$273.01
<b>Recording Date:</b>	October 28, 2011		
<b>Conditions of Sale:</b>	Arm's Length		
<b>Rights Conveyed:</b>	Leased Fee		
<b>Grantor:</b>	Fairfield Property, LLC		
<b>Grantee:</b>	UB Fairfield Centre, LLC		
<b>Confirmed with:</b>	Public Records & Knowledgeable Third Party	<b>Date Confirmed:</b>	August 10, 2012
<b>Confirmed By:</b>	Jesse Merly		
<b>Financing Description:</b>	Assumed to be all cash, no financing on record.		

**Property Information**

<b>Gross Land Area:</b>	6.99 Acres, 304,484 SF	<b>Usable Land Area:</b>	304,484 SF
<b>Parking Spaces:</b>	249	<b>Parking Ratio:</b>	3.93:1,000 sf of GLA
<b>Zoning:</b>	DCD	<b>Shape:</b>	Irregular
<b>Gross Building Area (SF):</b>	62,150	<b>Year Built:</b>	1995
<b>Rentable Area (SF):</b>	62,150	<b>Property Condition:</b>	Average
<b>Number of Stories</b>	1	<b>Parking Type:</b>	Surface
<b>HVAC:</b>	Individual gas fired furnaces with central air conditioning		

**Comments**

**Sale Comment:** The going in capitalization rate was reported to be approximately 7.00%. Property was fully leased at the time of sale to Marshalls, CVS and Office Max. The grantee was Urstadt Biddle a Greenwich based REIT.

### Comparable Sale 3



**Address:** 41 Alvord Lane, Stamford, CT 06902

**APN:** 004/3104

**Property Type:** Free Standing Retail

#### Sale Information

<b>Volume/Page:</b>	9934/98	<b>Sale Price:</b>	\$30,500,000
<b>Sale Status:</b>	Closed	<b>Sale Price/SF Rentable:</b>	\$372.00
<b>Recording Date:</b>	August 5, 2010		
<b>Conditions of Sale:</b>	Arm's Length		
<b>Rights Conveyed:</b>	Leased Fee		
<b>Grantor:</b>	Alvord Investment, LLC		
<b>Grantee:</b>	Cole SS Stamford CT, LLC		
<b>Confirmed with:</b>	Public Records & Knowledgeable Third Party	<b>Date Confirmed:</b>	August 10, 2012
<b>Confirmed By:</b>	Jesse Merly		
<b>Financing Description:</b>	\$15,000,000 mortgage from Farmington Bank.		

#### Property Information

<b>Gross Land Area:</b>	7.09 Acres, 308,840 SF	<b>Usable Land Area:</b>	308,840 SF
<b>Parking Spaces:</b>	332	<b>Parking Ratio:</b>	4.81:1,000 sf of GLA
<b>Zoning:</b>	ML	<b>Shape:</b>	Irregular
<b>Gross Building Area (SF):</b>	81,990	<b>Year Built:</b>	2006
<b>Rentable Area (SF):</b>	81,990	<b>Property Condition:</b>	Good
<b>Number of Stories</b>	1	<b>Parking Type:</b>	Surface
<b>HVAC:</b>	Gas fired furnaces with central air conditioning		

#### Comments

**Sale Comment:** At the time of sale the property was fully occupied by a Stop and Shop grocery store. The reported NOI at the time of sale was \$2,250,534 equating to a going in capitalization rate of approximately 7.38%.

## Income Capitalization Approach

### Summary of Income Approach Analysis

The Income Approach was also a reliable indication of current market value for the subject property since an investor may purchase the property for its income-producing capability. If fully leased, the revenue that can be generated from renting the building is sufficient enough to cover the operating costs providing the investor with a reasonable rate of return.

The income valuation was based on the actual contract rents obtained from the from the subject leases. Operating expenses were based on historical figures and reconciled with current market estimates. Overall, this approach is deemed to provide a reliable indicator of value.

### Income Valuation Worksheet

Rentable SF:	17,000				
Income Breakdown					
Tenant	Unit Sq Ft	\$/SF	\$/MO	Annual Rent	% Of PGI
CVS	12,000	\$ 32.20	\$ 32,200	\$ 386,400	67.19%
Shoe Mart	5,000	\$ 20.22	\$ 8,425	\$ 101,100	17.58%
<i>Reimbursements</i>					
<i>Taxes</i>				\$ 30,122	5.24%
<i>Insurance</i>				\$ 3,000	0.52%
<i>Repairs and Maintenance</i>				\$ 34,000	5.91%
<i>Grounds Maintenance</i>				\$ 8,471	1.47%
<i>Management</i>				\$ 12,000	2.09%
<b>TOTAL SQ FT</b>		17,000			
<b>Potential Gross Income (PGI)</b>				<b>575,093</b>	<b>100.00%</b>
<b>Vacancy and Credit Loss</b>			3.0%	<b>17,253</b>	
<b>Effective Gross Income (EGI)</b>				<b>557,840</b>	<b>97.00%</b>

Expense Breakdown			Per SF
Taxes	\$ 30,122		\$ 1.77
Insurance	\$ 4,250		\$ 0.25
Repairs and Maintenance	\$ 34,000		\$ 2.00
Grounds Maintenance	\$ 12,000		\$ 0.71
Management	\$ 17,000		\$ 1.00
Other Administrative Expenses	\$ 2,400		\$ 0.14
Replacement Reserve	2.5% of EGI	\$ 13,946	\$ 0.82
<b>Total Expenses</b>	<b>\$ 113,718</b>		<b>\$ 6.69</b>
<b>Expense Ratio (Expenses/EGI)</b>		<b>20.39%</b>	
<b>Net Operating Income (NOI)</b>			<b>\$ 444,122</b> <b>\$ 26.12</b>
<b>Capitalization Rate</b>			<b>6.50%</b>
<b>Value</b>			<b>\$ 6,832,643</b> <b>\$ 401.92</b>
<b>Rounded</b>			<b>\$ 6,800,000</b> <b>\$ 400.00</b>

**Income Approach Indicated "As Is" Value.....\$6,800,000**

## Reconciliation of Value

### Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

<b>"AS IS" SUMMARY OF VALUE CONCLUSIONS</b>	
	<b>"As Is" on August 10, 2012</b>
<b>Cost Approach</b>	<b>Not Applied</b>
<b>Sales Comparison Approach</b>	<b>\$6,800,000</b>
<b>Income Approach</b>	<b>\$6,800,000</b>
<b>Reconciled Value</b>	<b>\$6,800,000</b>
<i>Compiled by: Kerin &amp; Fazio, LLC</i>	

The sales comparison approach is based upon an analysis of actual sales of other similar properties. Comparable sales represent the actions of typical buyers and sellers in the marketplace. When there are an adequate number of sales of truly similar properties with sufficient information for comparison, a range of value for the subject property can be developed. The sales comparison approach was a reliable method of estimating the market value of the subject property. The sales utilized represented arm's-length transactions of similar properties located in the subject's market area. As a result, a reliable estimate of value could be provided to indicate the cost of acquiring a property such as the subject.

The Income Approach was a reliable indication of current market value for the subject property since an investor may purchase the property for its income-producing capability. If fully leased, the revenue that can be generated from renting the building is sufficient enough to cover the operating costs providing the investor with a reasonable rate of return. This approach was more heavily weighted as it most closely mirrors the investors' expectations.

The cost approach was not considered applicable due to the difficulty in estimating physical depreciation. Further purchasers of this type of property do not typically rely on the cost approach when making investment decisions.

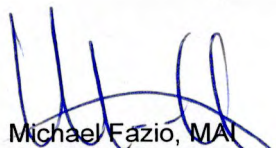
Based on the foregoing, the market value of the subject has been concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
<b>Appraisal Premise</b>	<b>Interest Appraised</b>	<b>Date of Value</b>	<b>Value Conclusion</b>
As Is	Leased Fee	August 10, 2012	\$6,800,000
<i>Compiled by: Kerin &amp; Fazio, LLC</i>			

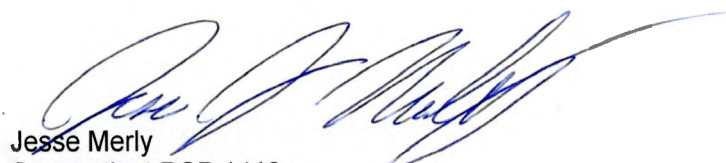
**Certification of Value**

We certify 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, impartial and unbiased professional analyses, opinions, and conclusions.
- ❖ We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
- ❖ Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- ❖ Our 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.
- ❖ This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- ❖ Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation and the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, as well as the requirements of the State of Connecticut relating to review by its duly authorized representatives. This report also conforms to the requirements of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA).
- ❖ The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- ❖ Michael Fazio has completed the requirements of the continuing education program of the Appraisal Institute.
- ❖ Jesse Merly and Michael Fazio have made personal inspections of the property that is the subject of this report.
- ❖ No one provided significant real property appraisal assistance to the persons signing this report.
- ❖ Michael Fazio has extensive experience in the appraisal/review of similar property types.
- ❖ Michael Fazio is currently certified in the state where the subject is located and has completed the continuing education requirements set forth with the State of Connecticut.



Michael Fazio, MAI  
Connecticut RCG.194  
Expires: 4/30/2013



Jesse Merly  
Connecticut RSP.1412  
Expires: 4/30/2013

# Assumptions & Limiting Conditions

## Assumption & Limiting Conditions

We suggest that anyone using this appraisal read the following limiting conditions and assumptions thoroughly. The acceptance and/or use of the appraisal report constitutes acceptance of the following conditions.

In rendering my opinions, we have made certain assumptions and our opinions are conditioned upon and are subject to certain qualifications including, but not limited to, the following:

### Information Used

No responsibility is assumed for accuracy of information furnished by others or from others, including the client, its officers and employees, or public records. I am not liable for such information or for the work of contractors, subcontractors and engineers. The comparable data relied upon in this appraisal has been confirmed with one or more parties familiar with the transaction unless otherwise noted; all are considered appropriate for inclusion to the best of my factual judgment and knowledge.

Certain information upon which the opinions and values are based may have been gathered by research staff working with the appraiser. Names, professional qualifications and extent of their participation can be furnished to the client upon request.

### Legal, Engineering, Financial, Structural or Mechanical Nature, Hidden Components, Soil

No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical or engineering nature. No opinion is rendered as to the legal nature or condition of the title to the property, which is presumed to be good and marketable. The property is appraised assuming it is free and clear of all mortgages, liens or encumbrances, unless otherwise stated in particular parts of this report.

The legal description is presumed to be correct, but I have not confirmed it by survey or otherwise. I assume no responsibility for the survey, any encroachments or overlapping or other discrepancies that might be revealed thereby.

I have inspected, as far as possible by observation, the land and improvements thereon; however, it was not possible to personally observe conditions beneath the soil or hidden structural or other components, or any mechanical components within the improvement; as a result, no representation is made herein as to such matters unless otherwise specifically stated. The estimated market value assumes that no such conditions exist that would cause a loss of value. I do not warrant against the occurrence of problems arising from any of these conditions.

It is assumed that there are no hidden or unapparent conditions to the property, soil, subsoil or structures, which would render them more or less valuable. No responsibility is assumed for any such conditions or for any expense or engineering to discover them. All mechanical components are assumed to be in operating condition standard for the properties of the subject's type. The condition of the heating, cooling, ventilation, electric and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements, unless otherwise stated. No judgment is made as to the adequacy of insulation, engineering or energy efficiency of the improvements or equipment.

Information relating to the location or existence of public utilities has been obtained through verbal inquiry to the appropriate utility authority, or has been ascertained from visual evidence. No warranty has been made regarding the exact location or capacities of public utility systems. Subsurface oil, gas or mineral rights were not considered in this report unless otherwise stated.

### Legality of Use

The appraisal is based on the premise that there is or will be full compliance with all applicable Federal, State and local environmental regulations and laws, unless otherwise stated in the report; and that all appropriate zoning, building and use regulations and restrictions of all types have been or will be complied with, unless otherwise stated in the report. It is assumed that all require licenses, consent, permits or other legislative or administrative authority, whether local, State, Federal and/or private, have been or can be obtained or renewed for the use intended and considered in the value estimate.

### Component Values

The distribution of the total valuation of this report between land and improvements applies only under the proposed program of utilization. The separate valuations of land and buildings must not be used in conjunction with any other appraisal, and are invalid if so used.

A report related to an estate that is less than the whole fee simple estate applies only to the fractional interest involved. The value of this fractional interest, plus the value of all other fractional interests, may or may not equal the value of the entire fee simple estate considered as a whole.

A report relating to the geographic portion of a larger property applies only to such geographic portion and should not be considered as applying with equal validity to other portions of the larger property or tract. The value for such geographic portions, plus the value of all other geographic portions, may or may not equal the value of the entire property or tract considered as a single entity.

All valuations in the report are applicable only under the estimated program of the highest and best use and are not necessarily appropriate under other programs of use.

# Assumptions & Limiting Conditions

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## Auxiliary and Related Studies

No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made by us unless otherwise specified in this report or in my agreement for services. I reserve the unlimited right to alter, amend, revise or rescind any of these statements, findings, opinions, values, estimates or conclusions upon any subsequent study or analysis or previous study or analysis that subsequently becomes available to us.

## Dollar Values, Purchasing Power

The value estimates and the costs used herein are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the United States dollar as of the date of value estimate.

## Inclusions

Furnishings and equipment or business operations, except as otherwise specifically indicated, have been disregarded, with only the real estate being considered.

## Proposed Improvements Conditioned Value

For the purpose of this appraisal, on- or off-site improvements proposed, if any, as well as any repairs required, are considered to be completed in a good and workmanlike manner according to information submitted and/or considered by us. In cases of proposed construction, the report is subject to change upon inspection of the property after construction is complete. The estimate of value, as proposed, is as of the date shown, as if completed and operating at levels shown and projected.

## Value Change, Dynamic Market Influences

The estimated value is subject to change with market changes over time. Value is highly related to interest rates, exposure, time, promotional effort, supply and demand, terms of sale, motivation and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property both physically and economically in the marketplace.

The estimate of value in this report is not based in whole or in part upon race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

In the event this appraisal includes the capitalization of income, the estimate of value is a reflection of such benefits and my interpretation of income and yields and other factors which were derived from general and specific market information. Such estimates are made as of the date of the estimate of value. As a result, they are subject to change, as the market is dynamic and may naturally change over time. The date upon which the value estimate applies is only as of the date of valuation, as stated in the letter of transmittal. The appraisal assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinion stated herein.

An appraisal is the product of a professionally trained person, but nevertheless is an opinion only, and not a provable fact. As a personal opinion, a valuation may vary between appraisers based upon the same facts. Thus, the appraiser warrants only that the value conclusions are his best estimate as of the date of valuation. There are no guaranties, either written or implied, that the property would sell for the expressed estimate of value.

## Sales History

Unless otherwise stated, the appraiser has not reviewed an abstract of title relating to the subject property. No title search has been made, and the reader should consult an attorney or title company for information and data relative to the property ownership and legal description. It is assumed that the subject title is marketable, but the title should be reviewed by legal counsel. Any information given by the appraiser as to a sales history is information that the appraiser has researched; to the best of my knowledge, this information is accurate, but not warranted.

## Management of the Property

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management over the entire life of the property. If prudent and competent management and ownership are not provided, this would have an adverse effect upon the value of the property appraised.

## Confidentiality

We are not entitled to divulge the material (evaluation or valuation) content of this report and analytical findings or conclusions, or give a copy of this report to anyone other than the client or his designee, as specified in writing, except as may be required by the Appraisal Institute, as they may request in confidence for ethic enforcement, or by a court of law with the power of subpoena.

All conclusions and opinions concerning the analyses as set forth herein are prepared by the appraisers whose signatures appear. No change of any item in the report shall be made by anyone other than the appraiser, and the firm shall have no responsibility if any such unauthorized change is made.

Whenever our opinion herein with respect to the existence or absence of fact is qualified by the phrase or phrases "to the best of our knowledge", "it appears" or "indicated", it is intended to indicate that, during the course of our review and investigation of the property, no information has come to our attention which would give us actual knowledge of the existence or absence of such facts.

## **Assumptions & Limiting Conditions**

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The client shall notify the appraiser of any error, omission or invalid data herein within 10 days of receipt and return of the report, along with all copies, to the appraiser for corrections prior to any use whatsoever. Neither our name nor this report may be used in connection with any financing plans which would be classified as a public offering under State or Federal Security Laws.

### **Copies, Publication, Distribution, Use of Report**

Possession of this report, or any copy thereof, does not carry with it the right of publication, nor may it be used for other than its intended use. The physical report remains the property of the firm for the use of the client, with the fee being for the analytical services only. This report may not be used for any purpose by any person or corporation other than the client or the party to whom the report is addressed. Additional copies may not be made without the written consent of an officer of the firm, and then only in its entirety.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations effort, news, sales or other media without my prior written consent and approval of the client.

It has been assumed that the client or representative thereof, if soliciting funds for his project, has furnished to the user of this report complete plans, specifications, surveys and photographs of land and improvements, along with all other information which might be deemed necessary to correctly analyze and appraise the subject property.

### **Trade Secrets**

This appraisal was obtained from Kerin & Fazio, LLC or related companies and/or its individuals and consists of "trade secrets and commercial or financial information" which is privileged and confidential. Notify the appraisers signing the report or an officer of Kerin & Fazio, LLC of any request to reproduce this report in whole or in part.

### **Testimony, Consultation, Completion of Contract for Appraisal Services**

A contract for appraisal, consultation or analytical services is fulfilled and the total fee payable upon completion of the report. The appraisers or those assisting in the preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal in full or in part, nor will they be asked or required to engage in post appraisal consultation with client or third parties except under separate and special arrangement and at an additional fee.

Any subsequent copies of this appraisal report will be furnished on a cost plus expenses basis, to be negotiated at the time of request.

### **Client's Duty to Indemnify Appraiser**

Client agrees to defend, indemnify and hold harmless Appraiser from any damages, losses or expenses, including attorneys' fees and litigation expenses at trial or on appeal, arising from allegations asserted against Appraiser by any third party that if proven to be true would constitute a breach by Client of any of Client's obligations, representations or warranties made in this Agreement, or any violation by Client of any federal, state or local law, ordinance or regulation, or common law (a "Claim"). In the event of a Claim, Appraiser shall promptly notify Client of such Claim, and shall cooperate with Client in the defense or settlement of any Claim. Client shall have the right to select legal counsel to defend any Claim, provided that Appraiser shall have the right to engage independent counsel at Appraiser's expense to monitor the defense or settlement of any Claim. Client shall have the right to settle any Claim, provided that Appraiser shall have the right to approve any settlement that results in any modification of Appraiser's rights under this Agreement, which approval will not be unreasonably withheld, delayed or conditioned.

**Addenda**

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**Addenda**

**OUTLINE OF QUALIFICATIONS, EDUCATION AND EXPERIENCE**  
**MICHAEL FAZIO, MAI**

**BIOGRAPHICAL DATA**

A graduate of Sacred Heart University, Mike holds a Bachelor's degree in Finance, and a Master in Business Administration degree, respectively. Michael has earned the Appraisal Institute's distinguished MAI membership designation, indicating an advanced level of expertise in the valuation of commercial, industrial and other property types.

**PROFESSIONAL AFFILIATIONS**

Appraisal Institute - MAI Designation, Certificate No. 10216  
Member - Greenwich Board of Realtors  
Certified General Real Estate Appraiser, State of Connecticut # RCG.194  
Certified General Real Estate Appraiser, State of New York # 46000047826  
Certified General Real Estate Appraiser, State of Rhode Island # A01305G  
Connecticut Office of Policy and Management – Certified to Perform Revaluation Functions for Land/Residential/Commercial/Industrial/Supervisor – Certificate No. 853  
Member – International Association of Assessing Officers

**EDUCATION AND TRAINING**

Graduate Sacred Heart University, Connecticut, MBA, Graduate Sacred Heart University, Connecticut, B.S. Finance, New York University, NYC, Investment Banking Certificate

Completed numerous courses and seminars offered by the Appraisal Institute, University of Colorado, University of Houston, Arizona State University, including the following:

- Appraisal of Local Retail Properties
- Online Scope of Work: Expanding Your Services
- Introduction to International Valuation Standards
- Appraising Convenience Stores
- Eminent Domain and Condemnation
- Operating Income Statements
- Analyzing Commercial Lease Clauses
- Real Estate Principles and Practices
- Real Estate Basic Valuation
- Capitalization Theory & Techniques Part A
- Capitalization Theory & Techniques Part B
- Standards and Professional Practices
- Case Studies in Real Estate Valuation
- Significant Cases in CT Assessment Practice
- Online Valuation of Detrimental Conditions in Real Estate
- Business Practices and Ethics
- Professional's Guide to Uniform Residential Appraisal Report
- Mass Valuation Income Approach
- USPAP and the Real World: Changes for 2006
- Report Writing
- Comprehensive Exam
- Construction Overview
- Appraisal of Leased Fee Estates
- Demonstration Report Writing Seminar
- Advanced Report Writing Workshop
- Eminent Domain Valuation

**EXPERT WITNESS BACKGROUND**

Qualified as expert witness in Federal and State Courts

**EMPLOYMENT**

1983 –2003: Independent Fee Appraiser  
President of Fazio & Associates, Inc., Bridgeport, CT  
2004-present: Partner of Kerin & Fazio, LLC, Fairfield, CT

Connecticut Licenses

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

**MICHAEL FAZIO**  
**KERIN & FAZIO, LLC**  
**363 REEF RD**  
**FAIRFIELD, CT 06824**

has been certified by the Department of Consumer Protection as a licensed

**CERTIFIED GENERAL REAL ESTATE APPRAISER**

License # **RCG.0000194**

Effective: 05/01/2012
Expiration: 04/30/2013

  
William M. Rubenstein, Commissioner

STATE OF CONNECTICUT ♦ DEPARTMENT OF CONSUMER PROTECTION

Be it known that

**JESSE J MERLY**  
**363 Reef Road**  
**FAIRFIELD, CT 06824**

has been certified by the Department of Consumer Protection as a licensed

**PROVISIONAL REAL ESTATE APPRAISER**

License # **RSP.0001412**

Effective: 05/01/2012
Expiration: 04/30/2013

  
William M. Rubenstein, Commissioner