



APPRAISAL REPORT
801 Seabreeze Boulevard
Fort Lauderdale, Broward County, FL 33316



PREPARED FOR
Ms. Angela Salmon
Assistant to the City Manager - City of Fort Lauderdale
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

PREPARED BY
Joseph J. Blake and Associates, Inc.
5201 Blue Lagoon Drive
Suite 270
Miami, FL 33126



January 3, 2024

Ms. Angela Salmon
Assistant to the City Manager - City of Fort Lauderdale
City of Fort Lauderdale
100 North Andrews Avenue
Fort Lauderdale, FL 33301

Re: 801 Seabreeze Boulevard
Fort Lauderdale, FL 33316

Dear Ms. Salmon:

As requested, we have prepared an appraisal of the property referenced above presented in the attached Appraisal Report. The purpose of the appraisal is to develop an opinion of the following values:

Value	Date of Value	Interest Appraised	Value Type
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	Market Value
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	Market Rent

The subject consists of the 1,609,304 SF of air rights (the "CDD Air Rights Parcel") that are located above a site containing approximately 15.96 acres. The rectangular site is a level and at street grade peninsula that extends westward from Seabreeze Boulevard. The site is flanked by submerged lands improved with marina slips. The uplands are currently improved with a hotel, buildings to support the hotel, structures to support the marina, parking, and ancillary structures. None of the improvements, nor the marina, is included in this valuation. According to the documents provided by the City of Fort Lauderdale, the site is approved for the construction of garage parking (basement and surface), a hotel, residential towers one, two, three and four, a marina village, a ferry building, a marina restaurant and a dockmaster building.

Included in the property is the 1,609,304 SF of air rights (the "CDD Air Rights Parcel") which will be the location of 350 branded residential units, 60 branded residential hotel units, and 256 branded hotel units. This appraisal provides the fee simple value for the 1,609,304 SF of the "CDD Air Rights Parcel."

The appraisal and the attached Appraisal Report have been prepared in conformity with and are subject to the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation (USPAP). In preparing this appraisal, we considered the use of the three most widely recognized approaches to value: the Cost, Income Capitalization and Sales Comparison Approaches. The appraisal is subject to the attached Assumptions and Limiting Conditions and Definition of Market Value.

The appraisal did not use or rely upon unsupported conclusions relating to bias, such as characteristics relating to race, color, religion, national origin, gender, marital status, familial status, age, receipt of public assistance income, disability, group homogeneity, or any other prohibited basis.

Based on the analysis of pertinent physical and economic factors, we have arrived at the following value opinions:

Value	Date of Value	Interest Appraised	Value Opinion
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	\$249,000,000
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	\$15,000,000

EXTRAORDINARY ASSUMPTIONS

The subject is currently improved with a hotel, ancillary buildings, buildings associated with the adjoining marina, and areas for parking. All in-place improvements are not part of this appraisal. This appraisal is based on the extraordinary assumption all improvements on the site will be removed, and no deductions have been made for their removal. We have been asked to provide the value of the 'air rights' associated with the site. The 'air rights' are valued based on fee simple ownership. The air rights valued in this report do not include the ground (surface area) or any other portions of the larger site. This valuation does not consider any easements, agreements, or leases in place at the property for any other portions of the site, and makes the extraordinary assumption that any other uses or agreements would not have impact on the development of the aforementioned air rights. Furthermore, this appraisal is based on the extraordinary assumption that all Perpetual Easements are in place, that are necessary for the successful construction within the aforementioned air rights. This appraisal is not based on any other extraordinary assumptions. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

HYPOTHETICAL CONDITIONS

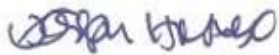
This appraisal is not based on any hypothetical conditions.

The opinion(s) of value are based on exposure times of 6 to 12 months, assuming the property was properly priced and actively marketed.

The attached Appraisal Report summarizes the documentation and analysis in support of our opinions. If you have any questions, please contact the undersigned. We thank you for retaining the services of our firm.

Respectfully submitted,

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Joseph Hatzell, MAI
Partner
Florida-State-Certified General Real Estate Appraiser
No. RZ1302
Expires: November 30, 2024
jhatzell@josephjblake.com

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ADDENDA

Site Plan
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Qualifications of the Appraisers

PROPERTY SUMMARY

PROPERTY APPRAISED 801 Seabreeze Blvd.
PROPERTY ADDRESS 801 Seabreeze Boulevard
 Fort Lauderdale, FL 33316
PARCEL/TAX ID 5042 12 27 0012
PROPERTY LOCATION The subject is located on the west side of A1A, south of Las Olas Boulevard.

PURPOSE OF THE APPRAISAL

Value	Date of Value	Interest Appraised	Value Type
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	Market Value
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	Market Rent

PERTINENT DATES

DATE OF INSPECTION November 13, 2023
DATE OF REPORT January 3, 2024
DATE OF VALUE November 13, 2023

HIGHEST AND BEST USE

AS IMPROVED The redevelopment of the existing improvements with a more intensive use
AS IF VACANT Construction of mixed-use condominium/hotel development

PROPERTY DATA

IMPROVEMENT DATA The subject consists of the 1,609,304 SF of air rights (the "CDD Air Rights Parcel") that are located above a site containing approximately 15.96 acres. The rectangular site is a level and at street grade peninsula that extends westward from Seabreeze Boulevard. The site is flanked by submerged lands improved with marina slips. The uplands are currently improved with a hotel, buildings to support the hotel, structures to support the marina, parking, and ancillary structures. None of the improvements, nor the marina, is included in this valuation. According to the documents provided by the City of Fort Lauderdale, the site is approved for the construction of garage parking (basement and surface), a hotel, residential towers one, two, three and four, a marina village, a ferry building, a marina restaurant and a dockmaster building. Included in the property is the 1,609,304 SF of air rights (the "CDD Air Rights Parcel") which will be the location of 350 branded residential units, 60 branded residential hotel units, and 256 branded hotel units. This appraisal provides the fee simple value for the 1,609,304 SF of the "CDD Air Rights Parcel."

SITE DESCRIPTION The subject's site contains 695,430 SF or 15.96 acres of land.
CURRENT USE As of the date of the value opinion(s), the subject was being used as hotel and ancillary buildings. For the purposes of this report, the subject is valued as air rights.
ZONING "PDD," Planned Development District under the jurisdiction of the City of Fort Lauderdale.
CENSUS TRACT 12-011-0421.00

VALUE SUMMARY

"Value of Air Rights" Fee Simple Value (11/13/2023)	
801 Seabreeze Blvd.	
Land Value	\$249,000,000
Final Value Opinion	\$249,000,000
"Annual Market Rent" (11/13/2023)	
801 Seabreeze Blvd.	
Annual Market Rent	\$15,000,000
Final Value Opinion	\$15,000,000



Current Improvements on Site Looking West



Subject Site – Parking Area



Subject Site – Parking Area



Subject Site – Parking Area



Subject Site – Parking Area Looking East



Marina Adjacent to Subject Uplands



Subject Site – Parking Area



Subject Site – Parking Area



Looking South on Seabreeze Blvd.



Looking North on Seabreeze Blvd.



Looking South on Seabreeze Blvd.

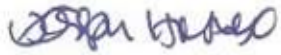


Looking North on Seabreeze Blvd.

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, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment.
- 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*.
- Joseph Hatzell, MAI, has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this certificate.
- As of the date of this report, Joseph Hatzell, MAI has completed the continuing education program for Designated Members of the Appraisal Institute.
- The Appraisal Report is not based on a requested minimum valuation, a specific valuation, or the approval of a loan. In addition, my engagement was not contingent upon the appraisal producing a specific value and neither engagement, nor employment, nor compensation, is based upon approval of any related loan application.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- I am professionally competent to perform this appraisal assignment by virtue of previous experience with similar assignments and/or appropriate research and education regarding the specific property type being appraised.

JOSEPH J. BLAKE AND ASSOCIATES, INC.



Joseph Hatzell, MAI
Partner
Florida-State-Certified General Real Estate Appraiser
No. RZ1302
Expires: November 30, 2024
jhatzell@josephjblake.com

This Appraisal Report is subject to underlying assumptions and limiting conditions qualifying the information contained in the Report as follows:

The valuation opinion(s) apply only to the property specifically identified and described in the ensuing Report.

Information and data contained in the report, although obtained from public record and other reliable sources and, where possible, carefully checked by us, is accepted as satisfactory evidence upon which rests the final opinion(s) of property value.

We have made no legal survey, nor have we commissioned one to be prepared, and therefore, reference to a sketch, plat, diagram, or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the property.

It is assumed that all information known to the client and/or the property contact and relative to the valuation has been accurately furnished and that there are no undisclosed leases, agreements, liens or other encumbrances affecting the use of the property, unless otherwise noted in this report.

Ownership and management are assumed to be competent and in responsible hands.

No responsibility beyond reasonableness is assumed for matters of a legal nature, whether existing or pending.

We, by reason of this appraisal, shall not be required to give testimony as expert witness in any legal hearing or before any Court of Law unless justly and fairly compensated for such services.

By reason of the Purpose of the Appraisal and the Intended User and Use of the Report herein set forth, the value opinion(s) reported are only applicable to the Property Rights Appraised, and the Appraisal Report should not be used for any other purpose.

Disclosure of the contents of this Appraisal Report is governed by the By-Laws and Regulations of the Appraisal Institute.

Neither all nor any part of the contents of this report (especially any opinions as to value, our identity, or the firm with which we are connected, or any reference to the Appraisal Institute or to the MAI Designation) shall be reproduced for dissemination to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without our prior consent and written approval.

We have not been furnished with soil or subsoil tests, unless otherwise noted in this report. In the absence of soil boring tests, it is assumed that there are no unusual subsoil conditions or, if any do exist, they can be or have been corrected at a reasonable cost through the use of modern construction techniques.

This appraisal is based on the conditions of local and national economies, purchasing power of money, and financing rates prevailing at the effective date(s) of value.

We are not engineers and any references to physical property characteristics in terms of quality, condition, cost, suitability, soil conditions, flood risk, obsolescence, etc., are strictly related to their economic impact on the property. No liability is assumed for any engineering-related issues.

Unless otherwise stated in this report, we did not observe the existence of hazardous materials, which may or may not be present on or in the property. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials, may affect the value of the property. The value opinion is predicated on the assumption that there is no such material on or in the property that would cause a loss in value or extend their marketing time. No responsibility is assumed for any such conditions, or for the expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Toxic and hazardous substances, if present within a facility, can introduce an actual or potential liability that may adversely affect marketability and value. Such effects may be in the form of immediate clean-up expense or future liability of clean-up costs (stigma). In the development of our opinion(s) of value, no consideration was given to such liabilities or their impact on value. The client and all intended users release Joseph J. Blake and Associates, Inc., from any and all liability related in any way to environmental matters.

Possession of this report or a copy thereof does not imply right of publication, nor use for any purpose by any other than the client to whom it is addressed, without our written consent.

Cash flow projections are forecasts of estimated future operating characteristics and are based on the information and assumptions contained within the Appraisal Report. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may well vary from the projections contained herein. We do not warrant that these forecasts will occur. Projections may be affected by circumstances beyond our current realm of knowledge or control.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements for 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. Unless otherwise stated in this report, we have no direct evidence relating to this issue and we did not consider possible non-compliance with the requirements of the ADA in forming the opinion of the value of the property.

EXTRAORDINARY ASSUMPTIONS

The subject is currently improved with a hotel, ancillary buildings, buildings associated with the adjoining marina, and areas for parking. All in-place improvements are not part of this appraisal. This appraisal is based on the extraordinary assumption all improvements on the site will be removed, and no deductions have been made for their removal. We have been asked to provide the value of the 'air rights' associated with the site. The 'air rights' are valued based on fee simple ownership. The air rights valued in this report do not include the ground (surface area) or any other portions of the larger site. This valuation does not consider any easements, agreements, or leases in place at the property for any other portions of the site, and makes the extraordinary assumption that any other uses or agreements would not have impact on the development of the aforementioned air rights. Furthermore, this appraisal is based on the extraordinary assumption that all Perpetual Easements are in place, that are necessary for the successful construction within the aforementioned air rights. This appraisal is not based on any other extraordinary assumptions. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

HYPOTHETICAL CONDITIONS

This appraisal is not based on any hypothetical conditions.

INTENDED USER AND USE OF THE APPRAISAL

The intended user of this appraisal is the client, City of Fort Lauderdale. We assume any affiliates, successors and assigns noted herein have the same intended use, knowledge and understanding as the original named client. The intended use of this appraisal is to assist the client with internal decision-making purposes. This appraisal is not intended to be used by any other parties, for any other reasons, other than those which are stated here. Non-identified parties are not intended users of this report.

PERTINENT DATES OF INSPECTION, APPRAISAL VALUE AND REPORT

The date of the report is January 3, 2024. The date of the inspection was November 13, 2023. This Appraisal Report, with its analyses, conclusions, and final opinions of market value, is specifically applicable to the following date(s) of valuation:

Value	Date of Value
"Value of Air Rights"	11/13/23
"Annual Market Rent"	11/13/23

PURPOSE OF THE APPRAISAL AND PROPERTY RIGHTS APPRAISED

Value	Date of Value	Interest Appraised	Value Type
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	Market Value
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	Market Rent

DEFINITION OF VALUE

Value	Value Definition	Value Source
Market Value	<p>Market value means 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:</p> <ol style="list-style-type: none"> 1. Buyer and seller are typically motivated; 2. Both parties are well informed or well advised, and acting in what they consider their own 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.' 	12 C.F.R. § 34.42, 225.62, 323.2, 564.2, 722.2

DEFINITION OF A HYPOTHETICAL CONDITION

According to USPAP, a hypothetical condition is: *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 characteristic 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 the analysis.*

This appraisal is not based on any hypothetical conditions.

MARKETING TIME

To arrive at an estimate of marketing time, we reviewed marketing periods of comparable sales and listings. It is our opinion that a marketing time of 6 to 12 months is considered reasonable for the subject property.

According to the PwC Real Estate Investor Survey, second quarter 2023, the quoted marketing time for development land properties on a national basis ranged from 1 to 15 months, and averaged 8.0 months. The subject's marketing time should be similar to the PwC average since the subject is located in a vibrant market, with continued demand for luxury, waterfront properties.

EXPOSURE TIME

To arrive at an estimate of exposure time, we reviewed exposure periods of comparable sales and listings. Based on a review of the available data, it appears the reasonable exposure period would be similar to the marketing time noted. We are of the opinion that 6 to 12 months is a reasonable exposure time, assuming the property was reasonably priced and actively marketed.

SCOPE OF THE APPRAISAL

The scope of an appraisal assignment is relative to the intended use of the appraisal. The following outlines the extent of property inspection, market data collection, verification and analysis performed for this assignment.

Inspection

Joseph Hatzell, MAI, has made a personal inspection of the property that is the subject of this report. This inspection included the subject site and surrounding neighborhood. Our inspection did not include any improvements on the site, as our valuation is of the subject's air-rights, and does not include any improvements on the site. The inspection was visual in nature, to assess the economic condition of the property, in order to effectively compare it to other properties in the market. We are not engineers, and we did not assess the property from the standpoint of its structural integrity, or to determine whether any latent defects (water leaks, plumbing or electrical problems, etc.) were present.

Subject Physical and Economic Characteristics

The types of information obtained and the sources providing such information are detailed in the following table.

Information Type	Information Sources	
	Received?	Source
Site Plan	Yes	Client
Legal Description	Yes	Client
Zoning Information	Yes	City of Fort Lauderdale
Environmental Report	No	Requested, Not Available
Flood Map	Yes	FEMA
Tax Information	Yes	Broward County Public Records
Demographic Data	Yes	Site to do Business
Appraisal Engagement Contract	Yes	Client

Type of Analysis Applied

The Sales Comparison Approach was applied in this valuation analysis to determine the value of the subject's air rights.

Extent of Data Research

General economic data and market data were reviewed. Comparable sales were compiled from published sources including various reliable publications. Market data compiled for this report include a variety of land sales as well as general and specific market data. These data are a result of research specific to the market and pertinent to the subject. The data were verified by buyers, sellers, brokers, managers, government officials or other sources regarded as knowledgeable and reliable. We provide photographs of all the comparable sales, where available.

Information specific to the subject was provided by the client, owner, and/or representatives of the owner, and is assumed to be correct. Other information, such as zoning and tax records, was obtained from governmental sources. Specific estimates concerning market rent, expenses, vacancy, etc., reflect our judgment based on interpretation of the market data. The reasoning behind such estimates is illustrated throughout each of the approaches to value.

IDENTIFICATION OF THE PROPERTY

The property is commonly known as: 801 Seabreeze Blvd. The property address and tax parcel numbers as identified by the Broward County Property Appraiser/Tax Collector's Office are as follows:

Address	City	County	State	Zip	Parcel ID/Tax ID
801 Seabreeze	Fort Lauderdale	Broward County	FL	33316	5042 12 27 0012

We received a legal description of the subject property and it can be found in the addenda section.

The legal description of the property is assumed to be correct. We have not commissioned a survey, nor have we had one verified by legal counsel. Therefore, we suggest a title company, legal counsel, or other qualified expert verify this legal description before it is used for any purpose.

CURRENT USE OF THE SUBJECT

As of the date of the value opinion(s), the subject was being used as follows. For the purposes of this report, the subject is valued as follows.

Current Use	Appraised Use
Hotel and Ancillary Buildings	Air Rights

HISTORY OF THE SUBJECT

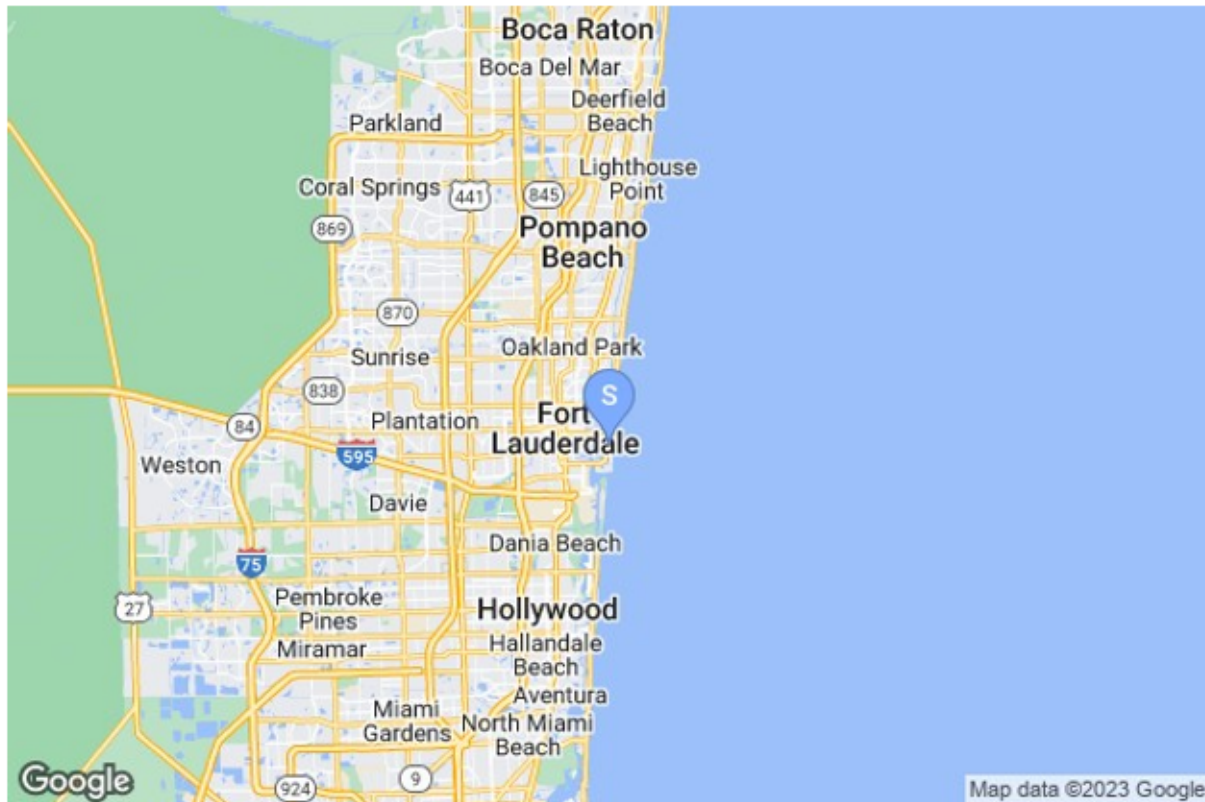
The subject site and adjacent submerged lands are owned by the City of Fort Lauderdale who obtained title from the United State of America on August 27, 1947.

According to publicly available documents, in 2022, The City of Fort Lauderdale signed a 100-year master lease with Rahn Bahia Mar LLC. The tenant has the right to demolish the 47-year-old structure at 801 Seabreeze Boulevard and replace it with a mixed-use development on 39 acres of city-owned land. The plan encompasses 256 new hotel rooms, 360 condo units, and 88,000 square feet of retail and office space. According to the documents provided by the City of Fort Lauderdale, the site is approved for the construction of 2,131,951 SF of building area. A number of agreements have been signed are proposed to be signed to allow for development.

The focus of this appraisal is the fee simple air rights. Bahia Community Development District has been formed with respect to the CDD Public Improvement Area to enable the CDD to acquire the CDD Air Rights Parcel and to perform construction, maintenance and/or operation functions with respect to public improvements to be constructed within the CDD Public Improvement Areas.

We are not aware of any listings, real property transactions, or ownership transfers pertaining to the subject in the three years prior to the date of the value opinion, other than that which is reported here.

AREA MAP



INTRODUCTION

To evaluate the factors that influence a property’s income potential over the projection term, we analyze economic indicators at the macro or citywide level and work down to the more specific micro or subject property level. The subject property is located in the City of Fort Lauderdale, within Broward County and the State of FL. Reference is made to the area map identifying the location of the subject property above. The following analysis includes an overview of the region, as well as historical and projected trends of income, population, and employment for the subject’s area.

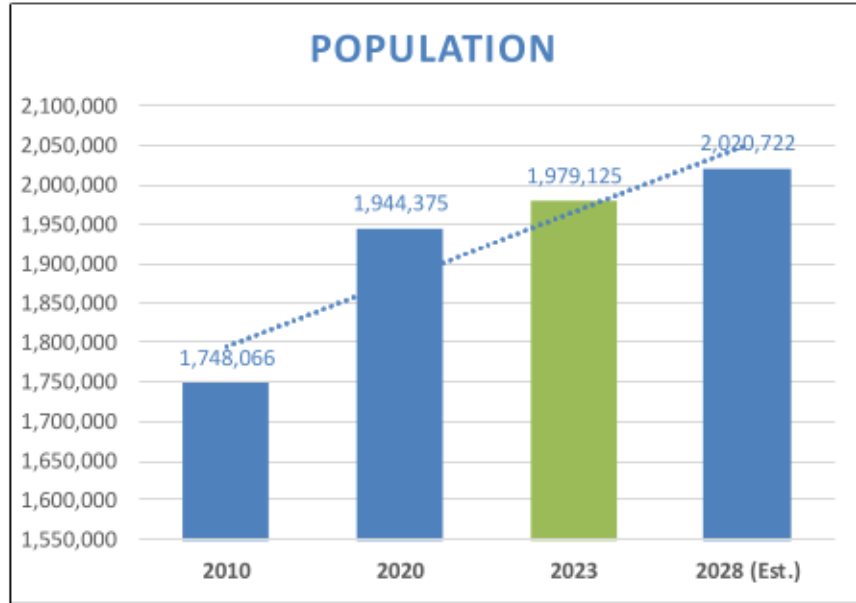
LOCATION

The subject is located in Broward County, FL . Our regional, demographic, and economic analyses are based on data extracted from Site to Do Business/ESRI, U.S. Bureau of Labor Statistics, and the U.S. Census Bureau. This data has been extrapolated from various databases and are the most current available.

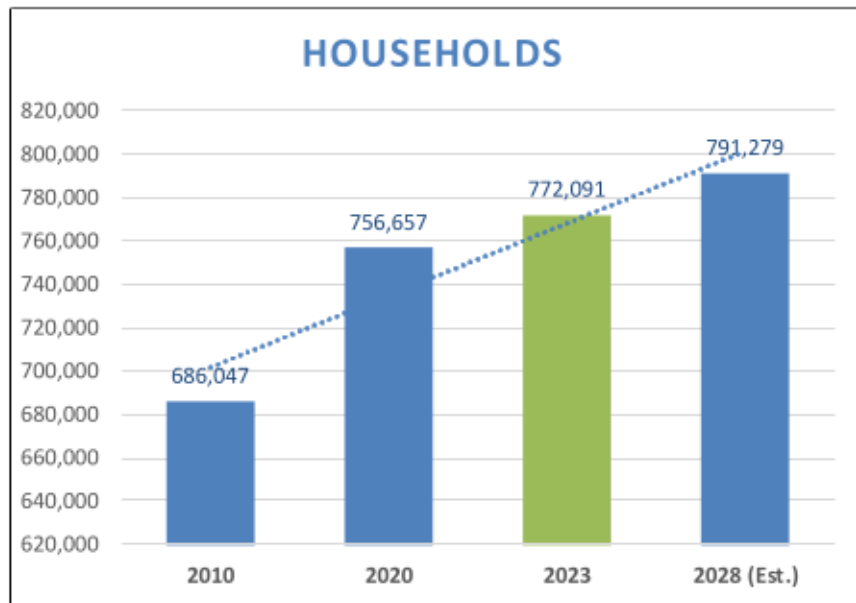
The combined databases include various economic and demographic variables for the subject’s respective area. The Site to Do Business/ESRI database includes population estimates, households, household income, home value, employment by industry and related data. This data is based on 2023 populations with projections through 2028. The U.S. Bureau of Labor Statistics provided area unemployment trends.

POPULATION

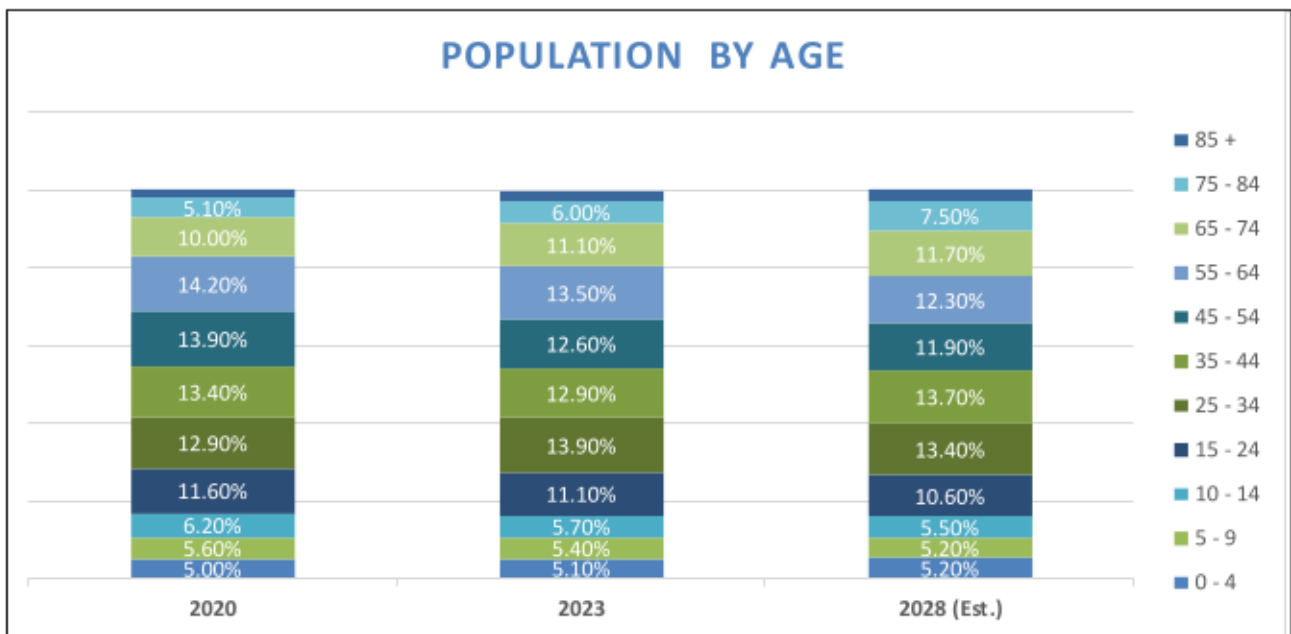
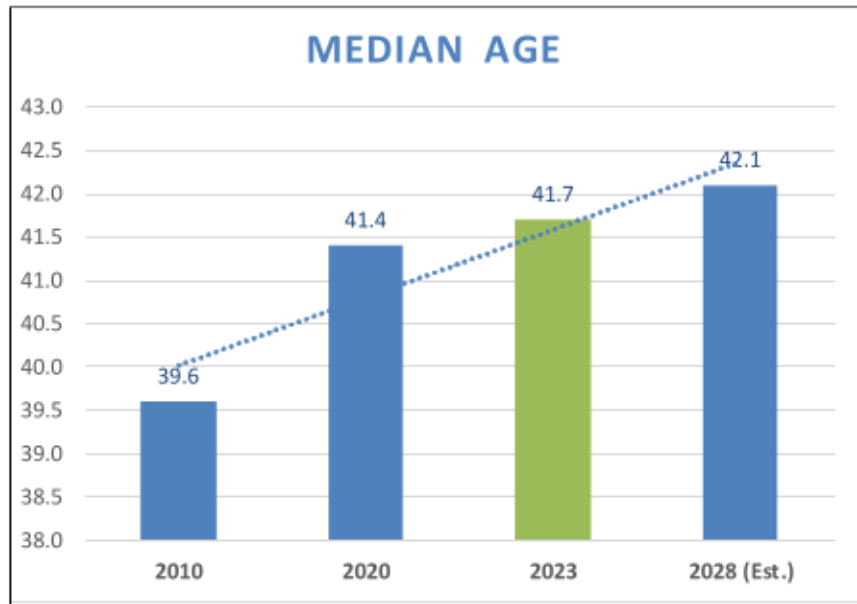
Population within Broward County, FL is currently indicated at 1,979,125 and is expecting an increase to 2,020,722 within five years, an increase of approximately 2.10% over the five-year period, or 0.42% per year. Comparatively, the national population is projected to increase annually by 0.30% over the same period. The current population is higher than the population indicated at the 2020 census, which was 1,944,375. Population at the previous census in 2010 was 1,748,066, indicating a long-term growth rate from 2010 to 2023 of 1.02% per year.

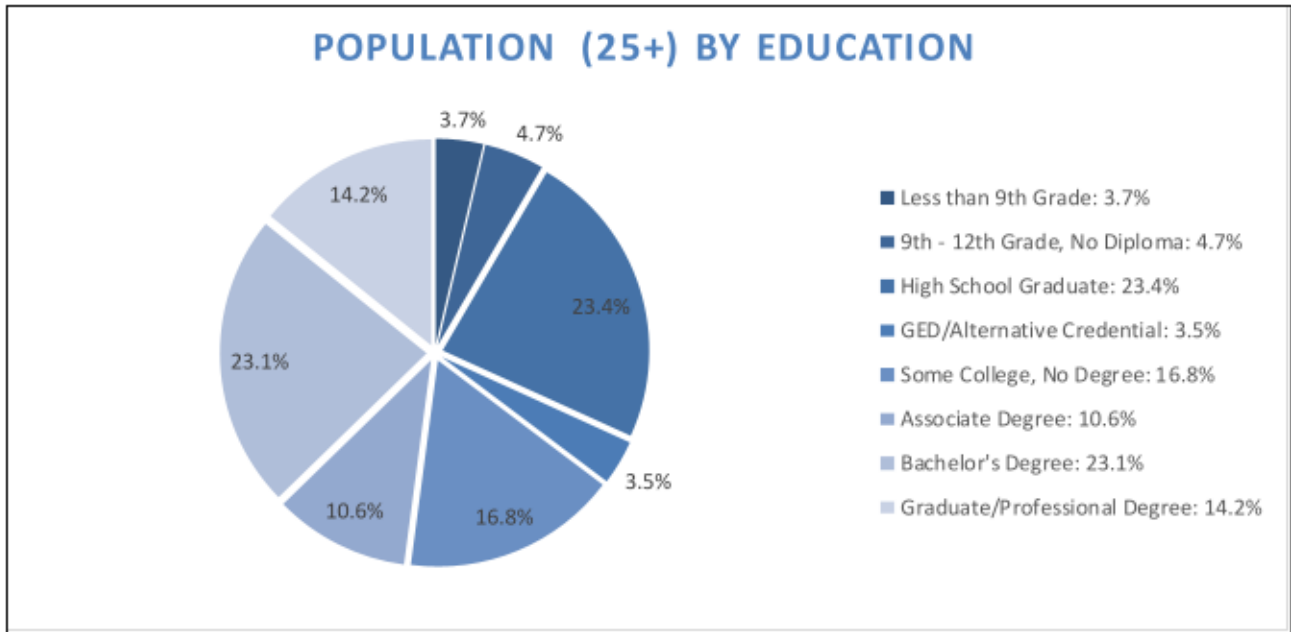


Households are expected to follow a similar trend, with total households within Broward County, FL increasing from 772,091 in 2023 to 791,279 in 2028, with a current 2.54 persons per household. The national average household size in 2023 is 2.53. There were 686,047 households in 2010 and 756,657 households in 2020, indicating a long-term growth rate of 0.96% from 2010 to 2023.



The median age in Broward County, FL is currently indicated at 41.7 years, up from 2010, when the median age was 39.6 years. The population is expected to increase in 2028, with the median age projected as 42.1 years. The median age nationally in 2023 is 39.1.

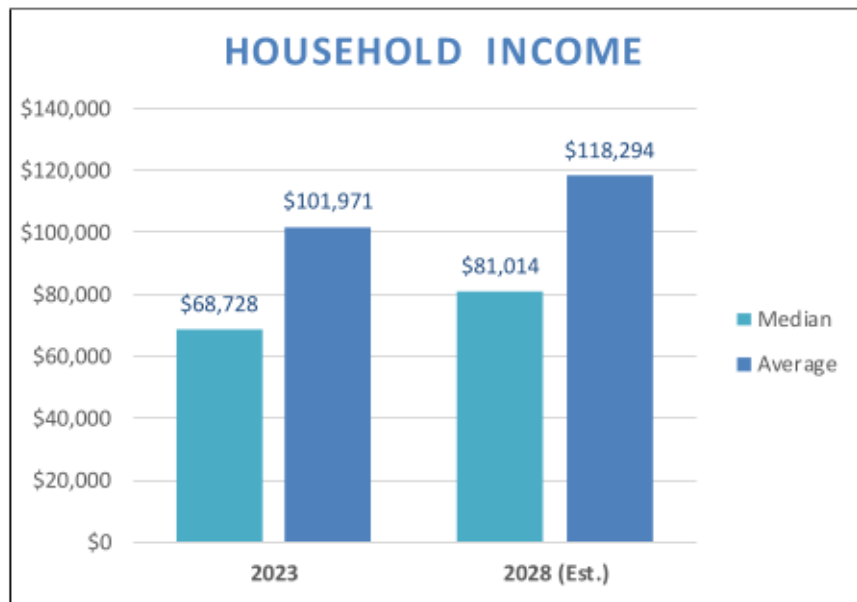


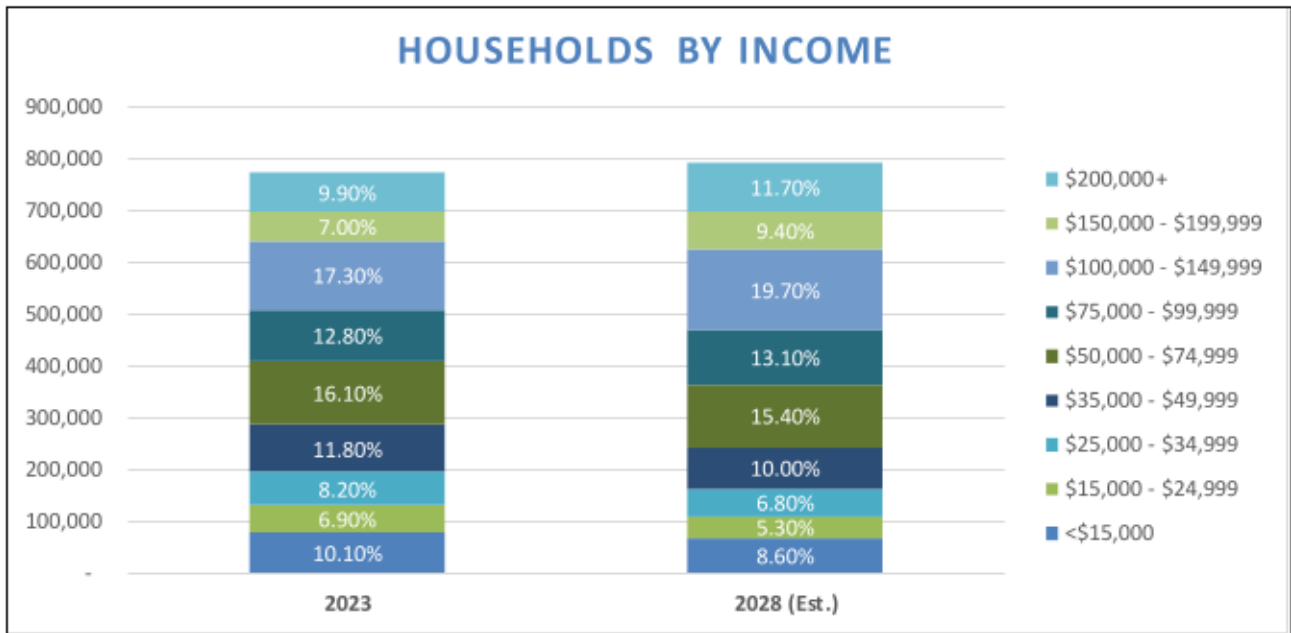
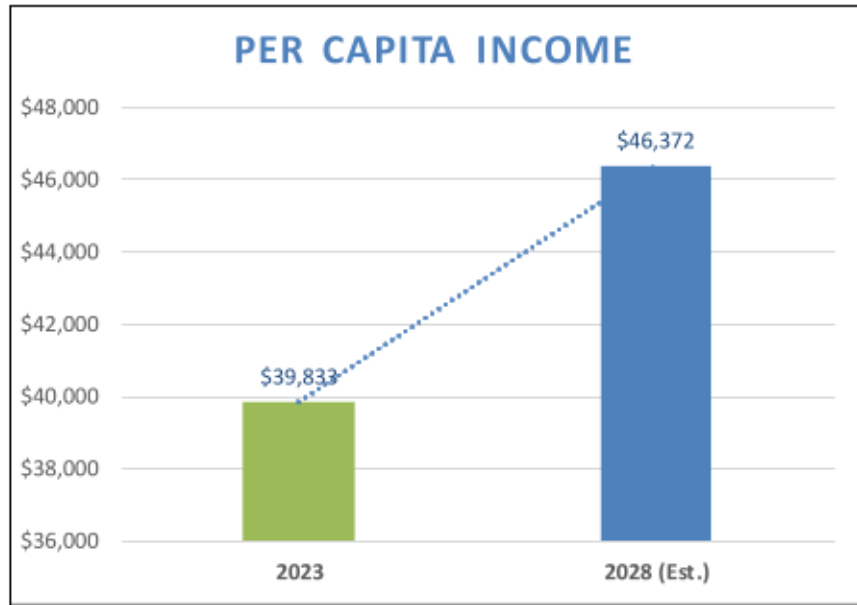


INCOME

Site To Do Business/ESRI reports current median household income at \$68,728, which is forecasted to increase to \$81,014 by 2028, an increase of 17.88%. Similarly, per capita income is expected to increase from its current level of \$39,833 to \$46,372 by 2028, an increase of 16.42%. In 2023, the national median household income is \$72,603 and the national per capita income is \$41,310.

According to ESRI, Broward County, FL has a wealth index of 96, indicating less wealth when compared to the national average of 100.





HOUSING

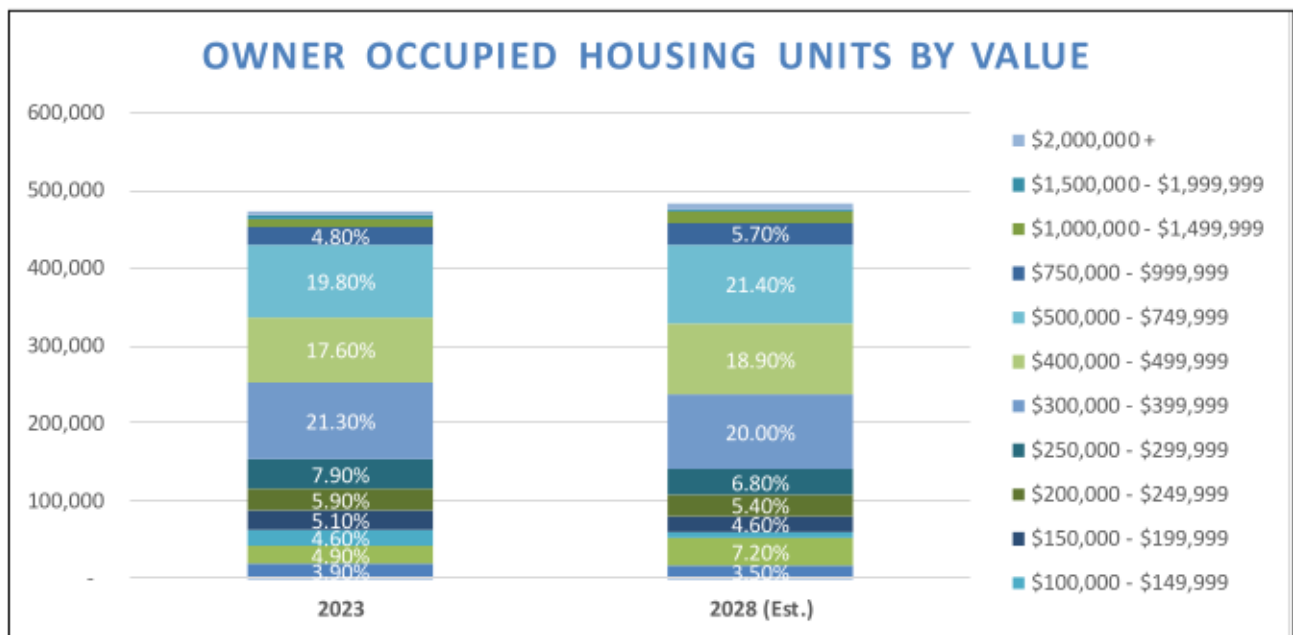
According to Site To Do Business/ESRI, there were approximately 810,388 housing units in Broward County, FL as of the 2010 census. That figure increased to 860,329 housing units as of the 2020 census. Current estimates indicate 875,770 housing units, an increase of 1.79% from the 2020 census. Housing units are forecasted to grow to 898,770 units in 2028, indicating a growth rate of 2.63% over the five-year period.

Owner-occupied units comprise the majority of the housing stock in the area. Current estimates indicate that approximately 53.9% of total housing units are owner-occupied, with 34.3% of units occupied by renters. The balance of the units, 11.8%, are vacant. In 2028, the mix is expected to shift to 53.6% owner-occupied units and 34.4% renter-occupied units. Nationally in 2023, 58.50% are owner-occupied, 31.70% are occupied by renters, and 9.80% are vacant.

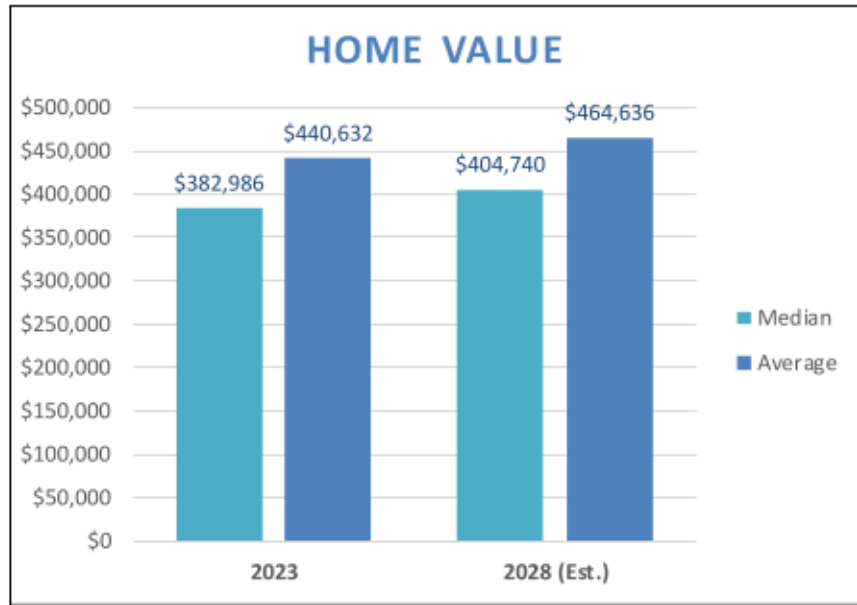
The ESRI Housing Affordability Index (HAI) has a base of 100, representing an area where median income is sufficient to qualify for a loan on a home valued at the median home price and not be cost-burdened, defined as spending more than 30 percent of income on housing-related costs. The higher the index is over 100, the more affordable the housing is in the area. An index of below 100 indicates housing is less affordable and a typical resident cannot purchase a home in the area without being cost-burdened.

Broward County, FL has a Housing Affordability Index of 72, indicating that the median income is not sufficient for a typical resident to purchase a median value home in the area. The national Housing Affordability Index in 2023 is 94, indicating Broward County, FL is less affordable than the national average.

Assuming the national average effective mortgage rate from the Federal Housing Finance Agency (FHFA), a 30-year mortgage, and a 20% down payment, the typical resident in Broward County, FL spends 33.5% of their household income on mortgage payments. Nationally, the percent of income used for a mortgage is 25.60%.

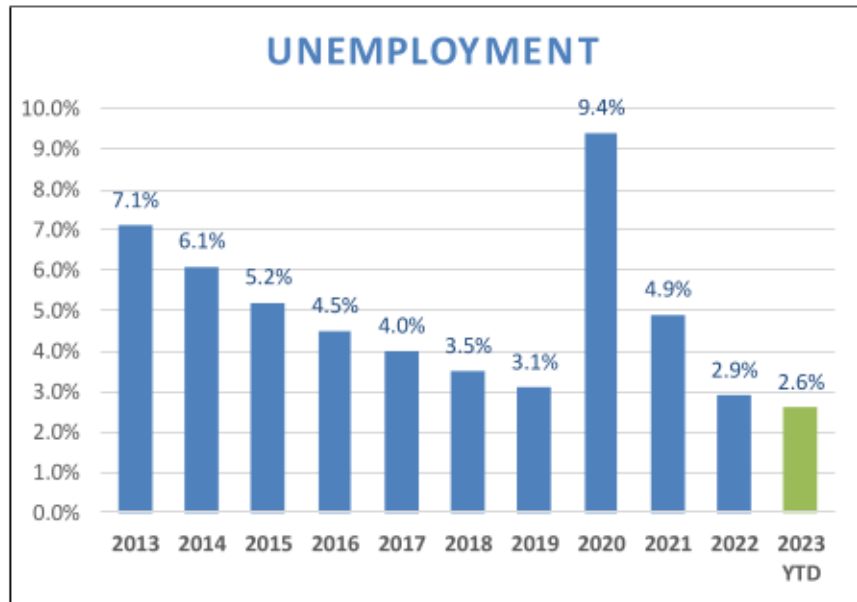


In 2023, the median home value is \$382,986. It is expected to increase to \$404,740 by 2028, indicating an annual home appreciation rate of 1.14%. The median home value nationally in 2023 is \$308,943.

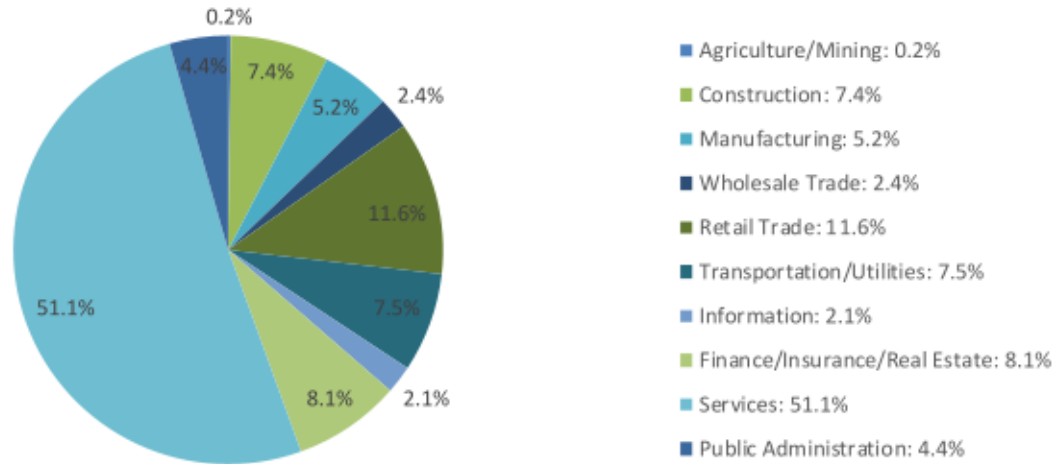


EMPLOYMENT

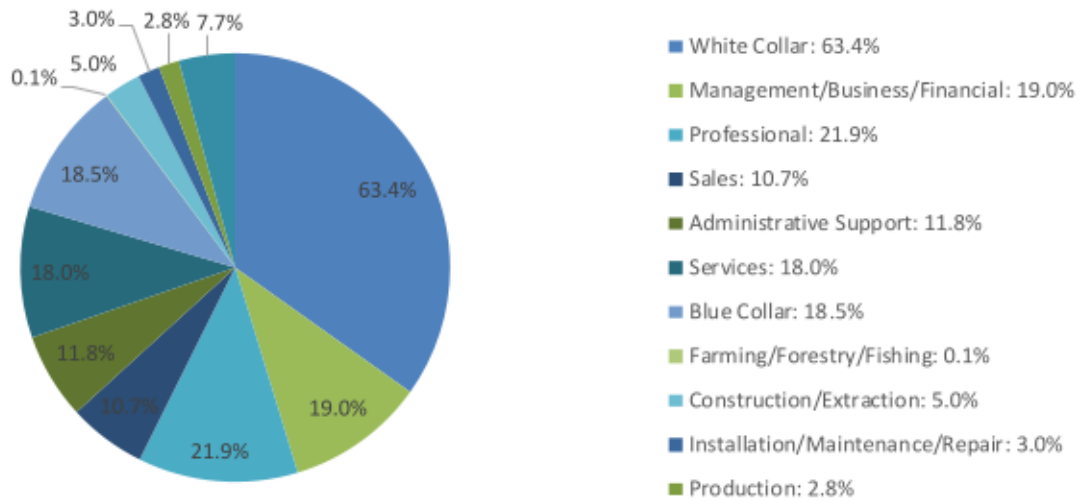
Broward County, FL currently employs 958,402 workers according to Site To Do Business/ESRI. The U.S. Bureau of Labor Statistics currently reports unemployment at 2.9%, as of June 2023, which is lower than the long-term average of 4.9% since January 2013. Unemployment peaked in May 2020 at 17.0%. Year to date, unemployment has averaged 2.6%, down from last year's 2.9% average.

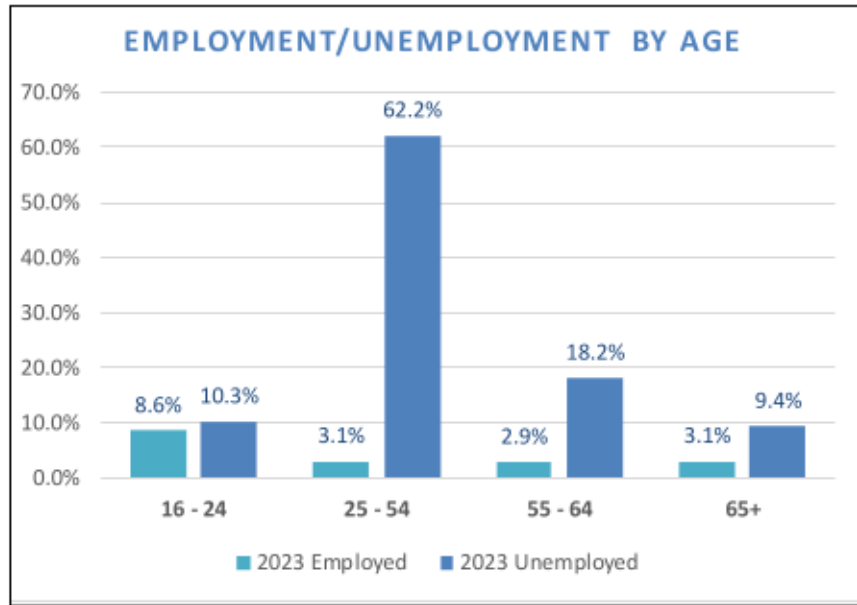


EMPLOYED POPULATION (16+) BY INDUSTRY



EMPLOYED POPULATION (16+) BY OCCUPATION

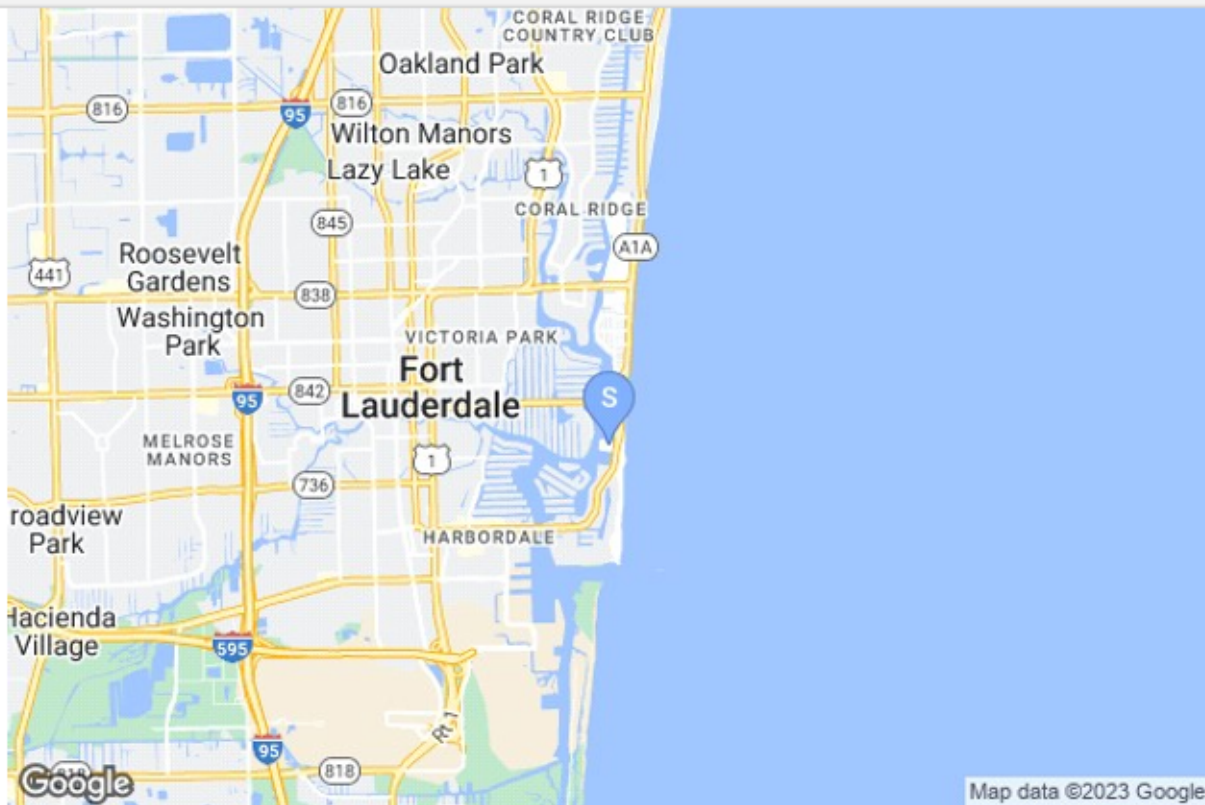




CONCLUSION

Broward County has historically seen population growth, income growth and a trend for expansion. The factors that have led to the area's growth remain in place. This pattern of growth is projected to continue for the foreseeable future.

NEIGHBORHOOD MAP



INTRODUCTION

A property is an integral part of its surroundings and must not be treated as an entity separate and apart from its surroundings. The value of a property is not found exclusively in its physical characteristics; physical, economic, political, and sociological forces in the area interact to give value to a property. In order to determine the degree of influence extended by these forces on a property, their past and probable future trends are analyzed. Therefore, in order to form an opinion of the value of a property, an analysis is made of the area in which the property under study is found. This area is referred to as a neighborhood.

A neighborhood can be a portion of a city, a community, or an entire town. It is usually an area which exhibits a fairly high degree of homogeneity as to use, tenancy, and certain other characteristics. Homogeneity is a state of uniform structure or composition throughout. Therefore, in real estate terminology, a homogeneous neighborhood is one in which the property types and uses are similar. A neighborhood is more or less a unified area with somewhat definite boundaries. As a neighborhood's boundaries serve to limit the physical area that exerts germane influences on a property's value, the boundaries may indeed run concurrent with variations in prevailing land uses or physical characteristics.

LOCATION

The subject is located on the west side of A1A, south of Las Olas Boulevard. The boundaries of the subject's neighborhood are considered to be Las Olas Boulevard to the north, the Atlantic Ocean to the east, SE 17th Street and the Stranahan River to the south and the Intracoastal Waterway to the west. The neighborhood is located in the southeastern portion of the City of Fort Lauderdale and is primarily oriented toward the beach, which runs along the east side of Seabreeze Boulevard.

ACCESSIBILITY

Access is provided from Seabreeze Boulevard (A1A). A1A (Seabreeze Boulevard) contains two lanes in each direction. Access to the neighborhood is via Southeast 17th Street and Las Olas Boulevard. Both roadways travel east west in direction, and connect the neighborhood to US-1, located approximately 2 miles west of the subject.

DEVELOPMENT

The area between the subject's neighborhood and US-1 is primarily comprised of single-family homes on waterfront sites, and commercial uses along SE 17th Street and Las Olas Boulevard. In the immediate neighborhood, the main uses are geared toward tourism, with multiple restaurants, hotels, and residences which are often occupied on a short-term basis, typically by visitors wishing to enjoy the adjacent white-sand beach. Areas on the west side of Seabreeze Boulevard include marina-focused properties.

The subject is an example of such a development. The uplands are flanked by marina slips; home of the Fort Lauderdale International Boat Show. The subject site is slated for redevelopment. According to publicly available documents, in 2022, The City of Fort Lauderdale signed a 100-year master lease with Rahn Bahia Mar LLC. The tenant has the right to demolish the 47-year-old structure at 801 Seabreeze Boulevard and replace it with a mixed-use development on 39 acres of city-owned land. The plan encompasses 256 new hotel rooms, 360 condo units, and 88,000 square feet of retail and office space.

Another example of redevelopment in the subject's neighborhood is Pier 66. Built in 1957 by the Phillips Petroleum Co., the original Pier 66 featured a hotel, marina, and a rotating lounge on top of a 17-story tower. The rotating lounge, known as the Pier Top, attracted locals and tourists, offering 360-degree views of the surrounding area. In 2016, Tavistock Development Company acquired the property and initiated a redevelopment project on the 32-acre site. According to the developer, Phase one construction, which includes the Pier Sixty-Six Hotel and the property's first residential offerings, began in fall 2021 and the hotel is expected to open in 2024. There will be a new 10-story hotel building added just north of the existing tower replacing the current hotel rooms previously existed in the lower lanai buildings that once encircled the property. In addition to the new hotel building, Pier Sixty-Six plans include a new restaurant overlooking the water, an expanded fitness center, additional event and ballroom spaces including a rooftop lawn, and a two-tier pool deck with separate adult-only and family-friendly pools. In addition to the hotel renovation, the plan includes brand new residential offerings including two 11-story condominium buildings each with 31 luxury units ranging from 2,600 to 2,700 square feet. In addition to condos, two four-story resort residence buildings with luxury units ranging from 1,600 to 3,800 square feet are planned with villas located on the north side of the property.

The site to the north of the subject is improved with the International Swimming Hall of Fame and Museum. That facility includes multiple competitive swimming pools, a museum, and a dive center. The aquatic center and dive tower recently underwent a \$47 million renovation. The balance of the facility is currently being renovated after the City of Fort Lauderdale signed a long-term lease with Hall of Fame Partners. A new east building will be constructed with a welcome center, ISHOF museum, a café, a surf simulator machine, about 27,000 square feet of office space, and a roof deck. In addition, the new west building would have a museum gift shop, a café, a teaching pool, a parking garage, exhibit spaces, VIP suites, a grandstand to watch diving, an event center, and a rooftop restaurant.

DEMOGRAPHICS

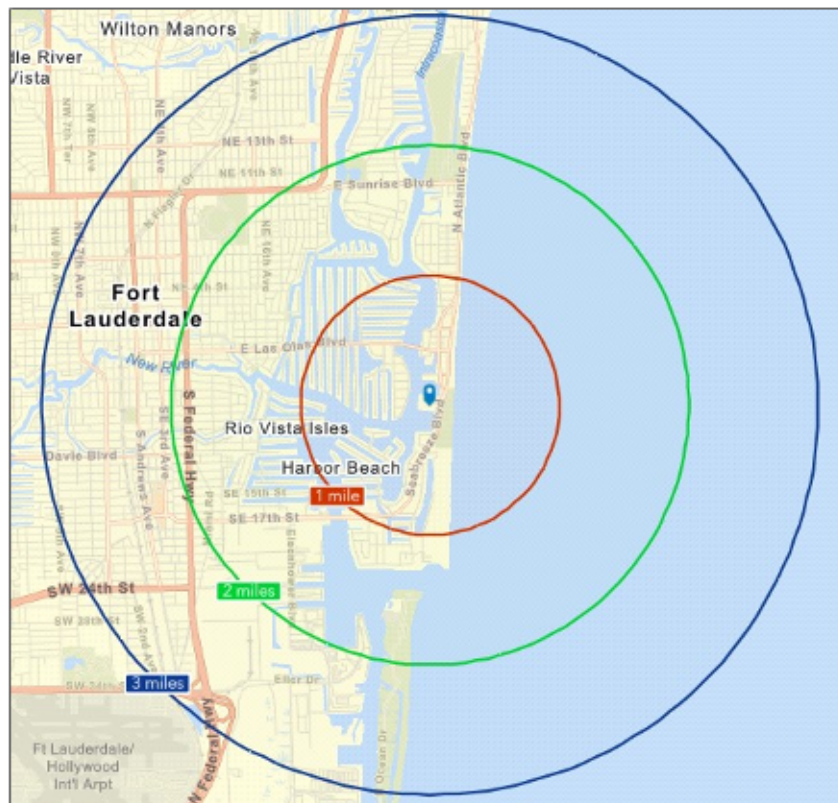
The Site to Do Business is a service that provides demographic data, including historical, current, and forecasted population estimates for a specified region. Patterns of development, density and migration are reflected in the population estimates. A survey of the subject area's population and growth rate is summarized in the following charts, followed by a map of the surveyed area.

Demographics						
Summary	2023			2028		
	1 mile	2 mile	3 mile	1 mile	2 mile	3 mile
Population	5,351	30,074	72,302	5,298	30,387	79,473
Households	3,043	17,344	39,337	3,004	17,564	43,639
Families	1,386	6,123	13,348	1,374	6,217	14,680
Average Household Size	1.76	1.71	1.80	1.76	1.71	1.78
Owner Occupied Housing Units	2,635	9,687	16,767	2,625	9,939	17,116
Renter Occupied Housing Units	408	7,657	22,570	379	7,625	26,522
Median Age	63.0	51.9	44.3	65.3	52.6	43.9
Population by Age	1 mile	2 mile	3 mile	1 mile	2 mile	3 mile
0 - 4	1.4%	2.7%	3.5%	1.3%	2.8%	3.7%
5 - 9	1.6%	2.6%	3.2%	1.4%	2.5%	3.1%
10 - 14	2.2%	2.8%	3.1%	1.9%	2.6%	2.9%
15 - 19	1.8%	2.6%	3.0%	1.6%	2.4%	2.9%
20 - 24	2.0%	3.7%	5.3%	1.7%	4.0%	5.8%
25 - 34	5.8%	13.0%	17.5%	5.3%	13.0%	18.0%
35 - 44	7.2%	13.8%	15.3%	7.2%	13.5%	15.3%
45 - 54	11.5%	13.2%	13.2%	9.7%	12.1%	12.3%
55 - 64	22.1%	17.1%	14.8%	18.9%	15.0%	13.0%
65 - 74	25.9%	17.1%	12.8%	28.4%	17.8%	13.1%
75 - 84	13.6%	8.4%	6.1%	16.9%	10.8%	7.6%
85+	5.0%	3.0%	2.1%	5.5%	3.4%	2.4%
Households by Income	1 mile	2 mile	3 mile	1 mile	2 mile	3 mile
<\$15,000	3.90%	7.00%	8.50%	2.80%	5.70%	6.50%
\$15,000 - \$24,999	3.90%	5.50%	5.40%	2.20%	3.80%	3.60%
\$25,000 - \$34,999	3.20%	5.00%	4.90%	2.10%	4.00%	3.80%
\$35,000 - \$49,999	6.10%	8.20%	9.10%	4.10%	5.90%	7.30%
\$50,000 - \$74,999	10.60%	12.10%	13.10%	8.50%	11.20%	13.00%
\$75,000 - \$99,999	10.00%	10.30%	11.10%	9.20%	10.60%	11.80%
\$100,000 - \$149,999	16.80%	19.90%	20.40%	19.80%	21.80%	21.80%
\$150,000 - \$199,999	7.70%	7.70%	8.30%	11.10%	9.80%	10.70%
\$200,000+	37.70%	24.30%	19.30%	40.20%	27.20%	21.50%
Median Household Income	\$132,517	\$103,136	\$94,272	\$154,446	\$115,278	\$106,271
Average Household Income	\$210,127	\$160,994	\$142,958	\$234,645	\$183,207	\$162,575
Per Capita Income	\$120,464	\$91,166	\$78,022	\$134,098	\$103,626	\$89,516

Source: Site To Do Business

Trends: 2023 - 2028 Annual Rate			
1 mile Radius	Area	State	National
Population	-0.20%	0.63%	0.30%
Households	-0.26%	0.77%	0.49%
Families	-0.17%	0.74%	0.44%
Owner HHs	-0.08%	0.93%	0.66%
Median Household Income	3.11%	3.34%	2.57%
2 mile Radius	Area	State	National
Population	0.21%	0.63%	0.30%
Households	0.25%	0.77%	0.49%
Families	0.31%	0.74%	0.44%
Owner HHs	0.51%	0.93%	0.66%
Median Household Income	2.25%	3.34%	2.57%
3 mile Radius	Area	State	National
Population	1.91%	0.63%	0.30%
Households	2.10%	0.77%	0.49%
Families	1.92%	0.74%	0.44%
Owner HHs	0.41%	0.93%	0.66%
Median Household Income	2.43%	3.34%	2.57%

NEIGHBORHOOD/AREA COMPARISON				
Category	1 mile	2 mile	3 mile	Area
Median Household Income	\$132,517	\$103,136	\$94,272	\$68,728
Average Household Income	\$210,127	\$160,994	\$142,958	\$101,971
Per Capita Income	\$120,464	\$91,166	\$78,022	\$39,833
Average Household Size	1.76	1.71	1.80	2.54
Median Age	63.0	51.9	44.3	41.7



Source: Site To Do Business

LIFE CYCLE

A neighborhood's life cycle usually consists of four stages:

- Growth - a period during which the neighborhood gains public favor and acceptance
- Stability - a period of equilibrium without marked gains or losses
- Decline - a period of diminishing demand
- Revitalization - a period of renewal, redevelopment, modernization, and increasing demand

Source: The Appraisal of Real Estate, 15th Edition

From a general examination, it appears that the neighborhood is in the stability stage of the life cycle; however, the neighborhood is also showing signs of Revitalization. Examples of revitalization includes the subject, which is to be redeveloped with a new hotel and condominium units; Pier 66; and, the International Swimming Hall of Fame, which is undergoing renovations and upgrades. The neighborhood is expected to continue to be in the stability stage for the foreseeable future.

NEIGHBORHOOD ANALYSIS CONCLUSION

In conclusion, the neighborhood has a very good reputation. Proximity to the Atlantic Ocean and the adjacent beach, plus the presence of hotels, marinas, and tourist related improvements have historically been a strong draw for visitors and residents to the neighborhood. We conclude the popularity and continued success of the surrounding neighborhood will serve as a factor in the successful redevelopment of the focus of this appraisal, the Bahia Mar uplands.

NATIONAL DEVELOPMENT LAND MARKET

According to the *PwC Real Estate Investor Survey*, 2nd Quarter 2023 (based on data collected through 1st Quarter 2023):

Development land investors continue to search for opportunities, especially in the apartment and industrial sectors of the industry. They note, however, that holding costs are dramatically higher due to the rise in interest rates over the past year, which could change their strategies for the near term and keep their acquisitions to a minimum. “Deals are requiring further due diligence to meet projected returns,” states an investor. Unfortunately, the current stress in the financial sector is adding additional challenges. “We are looking closely at our banking relationships,” says another.

Total spending on U.S. private construction was up 1.0% on a year-over-year basis in March 2023 (see Table). When looking more closely at these figures, private residential spending was down 10.0% while private non-residential spending was up 21.3% – a significant change from an annual increase of 8.5% in March 2022.

In the nonresidential sector, each segment reported year-over-year increases in spending as of March 2023 except for power. The largest increase was posted for the manufacturing segment – up 62.5% compared to March 2022. The transportation and lodging segments also reported strong year-over-year increases (+33.8% and +38.9%, respectively).

Discount Rates: Free-and-clear discount rates including developer’s profit range from 12.00% to 30.00% and average 19.20% this quarter (see Exhibit DL-1). This average is 50 basis points higher than six months ago, 100 basis points higher than a year ago, and assumes entitlements are in place. Without entitlements in place, certain investors will increase the discount rate an average of 125 basis points.

Growth Rate Assumptions: Growth rates for development expenses, such as amenities, real estate taxes, advertising, and administration, range from 0.00% to 10.00% and average 4.71%. For lot pricing, investors indicate a range from 2.00% to 5.00%; the average growth rate is 3.13%.

Absorption Period: The absorption period required to sell an entire project varies significantly depending on such factors as location, size, and property type. This quarter, the most common preferred absorption period among investors is one to 10 years, averaging 6.9 years.

Forecast Value Change: Over the next 12 months, surveyed investors are mostly optimistic regarding value trends for the national development land market. Their expectations range from a decline of 5.0% to growth of 25.0% with an average expected value change of +3.2%. This average has been on a decline since the second quarter of 2022 when it was +7.0%. It was +4.6% six months ago.

Marketing Period: The typical time a property is on the market prior to selling ranges from one to 15 months and averages eight months – slightly higher than a year ago. (pg. 49)

LUXURY CONDOMINIUM MARKET OVERVIEW

The Broward County residential condominium market has seen significant changes over the last few years, as more population has moved to the area. The following are a summary of some upcoming and under-development properties in the subject's market. Some of the product will potentially complete with the subject. Other developments may not compete with the subject, but do provide additional data pertaining to the overall strength of the market.

The subject is located in the South Beach – Central Beach – Fort Lauderdale submarket. The following is a summary of recently constructed and under construction buildings that would potentially compete with the subject.

Residences at Pier Sixty-Six

This development includes luxury condominiums; the two- to four-bedroom homes feature expansive private



terraces, overlooking Fort Lauderdale's marina and waterways. The new Residences are nestled within the celebrated Pier Sixty-Six property. The 32-acre resort and marina are being completely reimaged by Tavistock Group as a luxury, waterfront destination. Villa One; Villa Two and Condominium One is selling. Units starting at \$3.6M ranging to \$6.2M. The development includes Condominiums, comprised of 31 units and

Resort Residences, two waterfront buildings offering a total of 31 homes. Expected Completion 1st Quarter 2024.

321 At Waters Edge Condo

321 at Waters Edge Luxury Condos is situated along Fort Lauderdale's central beach where several other new properties are located. 321 At Waters Edge has eleven floors, with twenty-three residential units on floors 4 through 11 with access to a 1,381 sq foot Sky Terrace common area. Penthouse units are located on the 11th floor and include a private rooftop Skyview terrace. 321 At Waters Edge is located on the east side of the Intracoastal waterway, north of the Las Olas Bridge and is situated on the widest stretch of Fort Lauderdale's Intracoastal Waterway. Prices at 321 At Waters Edge condo ranged from approximately \$2,100,000 (\$800/SF) to \$3,550,000 (\$1,035/SF).



Adagio Fort Lauderdale Beach



The building is located at 345 Bayshore Drive in Fort Lauderdale. Adagio Residences is a waterfront building with modern design, containing 31 3-Bedroom, 2400 to 3300 Sq feet residences in 11 stories; the top floor penthouse covers the entire floor. There is one unit currently available for \$3,400,000 for a 3BD/4BA unit with 2,746 SF, or \$1,238/SF.

Four Seasons Private Residences

This is a 22-story building with 90 private residences both furnished and unfurnished under development at 525 N. Fort Lauderdale Beach Blvd. The project consists of 42 "Private Residences," which will be delivered designer-ready; and 48 furnished. Four Seasons Oceanfront Condos one- to four-bedroom units will feature stone flooring, Miele, Wolf and Sub-Zero appliances and custom European cabinetry. Building amenities will include a porte-cochere entrance for residents, two pools with cabanas, a fitness center, underground parking with electric car-charging ports and access to the services and amenities of the adjoining 130-room Four Seasons Fort Lauderdale hotel, including fine dining, beach butlers, housekeeping, and butler service. Four Seasons Oceanfront Condos is located on Fort Lauderdale's oceanfront just south of Hugh Taylor Birch State Park. Currently available units range from \$4,100,000 for an 1,857 SF unit (\$2,208/SF) to \$4,950,000 for a 2,242 SF unit (\$2,208/SF).



Paramount Fourt Lauderdale Beach



This is an 18-story tower with 95 residences. The newly constructed building offers two acres adjoining Bonnet House's gardens, with tropical landscaping a private pool deck and an oceans-side restaurant. The building is located at 107 North Fort Lauderdale Beach Boulevard. Prices for units currently available range from \$2,195,000 for a 1,750 SF 2BD/3BA unit (\$1,245/SF) to \$13,000,000 for a 4BD/6BA, 5,525 SF unit (\$2,353/SF.)

Selene, Fort Lauderdale Beach

This pre-construction project is located at 3000 Alhambra Street just north of Las Olas Boulevard. The 26-story twin buildings will have a combined 204 luxury condominium units starting at \$900,000. The buildings are slated to be the tallest in Fort Lauderdale Beach. Construction is projected to be completed in late 2024. Features will include a 2.6-acre site, valet parking, beach chair and umbrella service included in association fees, resort style living and amenities with no hotel component, a rental policy with a minimum of 3 months, two times per year, 5,000 SF of retail, restaurant space. The building is pet friendly allowing up to 2 pets.



Conclusion

The subject's sub-market is the location of numerous proposed, under construction and recently completed, luxury condominium buildings. The subject is approved for the construction of four, luxury condominium buildings, to be incorporated with a luxury hotel brand. The subject site allows for direct access to the beach, via an existing, pedestrian walkway over Seabreeze Boulevard. These factors point to the successful development of luxury condominium units on the site. We have considered these factors in our valuation.

BROWARD COUNTY HOTEL MARKET ANALYSIS

According to the CoStar Fort Lauderdale Hospitality Market Analysis, November 2023; Year to date through September, RevPAR and ADR in Fort Lauderdale were up just 1% and occupancy was unchanged. The hotel industry realized strong growth in January and February, primarily due to relatively easy comps against the impacts of the omicron variant in early 2022, but performance weakened significantly in the spring and summer. RevPAR rose 10% in 23Q1, compared to the same period last year, but declined 7% in 23Q2 and 5% in 23Q3.

KEY INDICATORS

Class	Rooms	12 Mo Occ	12 Mo ADR	12 Mo RevPAR	12 Mo Delivered	Under Construction
Luxury & Upper Upscale	13,257	69.4%	\$283.35	\$198.70	0	1,041
Upscale & Upper Midscale	16,949	74.7%	\$156.05	\$116.62	120	288
Midscale & Economy	8,705	69.5%	\$102.68	\$71.35	0	97
Total	38,911	71.7%	\$186.76	\$133.95	120	1,426

Average Trend	Current	3 Mo	YTD	12 Mo	Historical Average	Forecast Average
Occupancy	60.9%	65.3%	72.3%	71.7%	67.9%	71.5%
Occupancy Change	-5.5%	-1.3%	-0.1%	0.7%	-1.4%	0.2%
ADR	\$134.92	\$141.32	\$189.07	\$186.76	\$162.45	\$197.53
ADR Change	-5.1%	-4.2%	0.9%	2.0%	4.2%	2.5%
RevPAR	\$82.15	\$92.32	\$136.66	\$133.95	\$110.35	\$141.24
RevPAR Change	-10.3%	-5.4%	0.8%	2.8%	2.8%	2.7%

Source: CoStar

Group business, which continues to recover from the impacts of the pandemic, has been the best performing segment in 2023. Solid growth in both occupancy and ADR lifted group RevPAR at Luxury and Upper Upscale hotels more than 20%, year-to-date, while transient RevPAR was down 5%. The robust leisure travel that led Fort Lauderdale's recovery from the pandemic appears to have peaked, and markets throughout Florida face increased competition for domestic travelers as the industry resets from the impacts of the pandemic. International travel and cruising have surged, and many urban locations in the U.S. that lagged the recovery in Florida are experiencing strong growth in 2023.

Additionally, the interest rate increases employed to reduce inflation are expected to slow economic growth in late 2023 and early 2024 and could impact consumer spending. Increased competition for U.S. travelers and economic headwinds is forecast to cause RevPAR in Fort Lauderdale to decline about 2% for calendar year 2023, and hotel performance is expected to remain weak in early 2024 before growth improves in the second half of the year. ADR and RevPAR are forecast to grow about 2% for calendar year 2024, and no change in occupancy is expected as growth in supply and demand offset.

The slowdown in demand growth is being matched by slower growth in Fort Lauderdale's room inventory. Room openings total about 350 in 2023, down from 570 in 2022 and well below the average of nearly 1,000 rooms that opened annually between 2017 and 2021. There are 1,400 rooms under construction in Fort Lauderdale, which equates to 3.7% of the market's existing supply. For comparison, 2.7% of the industry's existing inventory is under construction nationwide. The largest project under construction is the 800-room Omni Fort Lauderdale Hotel, which is expected to open in early 2026 adjacent to the Greater Fort Lauderdale/Broward County Convention Center.

Twenty hotels were traded from January through October 2023, down from more than 40 trades during the same period in 2022 as investors contend with higher interest rates and tighter lending standards. There is also some concern that rising costs for property insurance in Florida may deter some potential buyers.

Sales in 2023 include Fort Lauderdale's highest sale price ever. Brookfield Hotel Properties sold the 1,000-room Diplomat Beach Resort to a joint venture between Trinity Real Estate Investments and Credit Suisse Asset Management in February for \$835 million (\$835,000/key).

Performance

Hotels in Fort Lauderdale have encountered significant headwinds after a strong start to 2023. RevPAR was up just 1% through September, compared to the same period last year, with ADR up 1% and occupancy unchanged.

The year-to-date results mask how much hotel performance has slowed as the year has progressed. A 27% increase in January RevPAR helped lift the metric 10% in 23Q1, largely due to relatively easy comparisons against the impacts of the omicron variant in early 2022, before growth decelerated rapidly through the spring and summer.

RevPAR fell about 7% in 23Q2 and was down about 5% in 23Q3. Demand and occupancy trailed prior year levels, but low ADR was the primary contributor to the declines in RevPAR. Occupancy was down about 2% in 23Q2 and 1% in 23Q3 while ADR declined about 4% in each quarter.

Increased competition for U.S. travelers has eroded the pricing power that lifted Fort Lauderdale ADR by 15% in 2021 and 20% in 2022. Many urban destinations that lagged Florida's recovery in 2021 and 2022 are experiencing strong demand growth this year. Additionally, the cruise industry and international travel by U.S. residents have surged in 2023.

The group segment has been a strong performer in 2023 while the leisure travel that was the primary driver of Fort Lauderdale's performance over the past two years appears to be near a peak. Year-to-date, group ADR at Luxury and Upper Upscale hotels was 9% higher than the same time last year, versus a 4% decline in transient ADR, and group occupancy was up 13% while transient occupancy was down 1%.

Although group activity has improved this year, the segment has yet to fully recover from the impact of the pandemic. Year-to-date, group occupancy in Luxury and Upper Upscale hotels was 15% below the same period in 2019 while transient occupancy was up 2%.

In addition to increased competition from international travel and cruises, hotel performance may be impacted by slower economic growth in late 2023 or early 2024. Consumer spending may be slowed by inflation and high interest rates, as the stockpile of excess savings accumulated during the pandemic that helped insulate consumers from these forces has been largely depleted.

As a result, weak industry performance will continue to undermine the strong growth from early in the year. RevPAR is forecast to decline about 2% for calendar year 2023, with lower occupancy due to the softening transient segment accounting for most of the decline.

Hotel performance is likely to remain soft in early 2024 before improving in the second half of the year. Demand is forecast to grow about 2% in 2024, but hotel openings in late 2023 will absorb much of the increase in demand. ADR and RevPAR are forecast to grow less than 2% for calendar year 2024.

Construction

There are 6 properties totaling about 1,400 rooms under construction in Fort Lauderdale, equal to 3.7% of the market's existing rooms. For comparison, rooms under construction nationwide represent 2.7% of the industry's total inventory.

	Property Name/Address	Class	Rooms	Stories	Start	Complete	Brand/Developer
1	Omni Hotel Fort Lauderdale 1950 Eisenhower Blvd	Upper Upscale	801	29	Jul 2022	Dec 2025	Omni Matthews Southwest
2	Terminal 5 Airport Hotel Terminal Dr	Upscale	150	2	Oct 2023	Jul 2026	- JetBlue Airways
3	The Whitfield Las Olas Hotel & Spa 1007 E Las Olas Blvd	Upper Upscale	140	10	Apr 2022	Nov 2025	- Barron Real Estate, Inc.
4	aloft Fort Lauderdale Airport 501 SE 24th St	Upscale	138	9	Mar 2022	Dec 2023	aloft Hotel Verdex Construction LLC
5	Dolce Hotels & Resorts Hollywood 5530 S State Road 7	Upper Upscale	100	6	Jun 2023	Dec 2023	Dolce Hotels & Resorts BSD Capital LLC
6	Tru by Hilton Miramar 14505 SW 27th Way	Midscale	97	5	Aug 2022	May 2024	Tru by Hilton DP Hotel Group

Source: CoStar

More than half of the rooms under construction in Fort Lauderdale are accounted for by one property, the 800-room Upper Upscale Omni Hotel Fort Lauderdale in the Fort Lauderdale Beach Submarket. The Omni will be adjacent to the Greater Fort Lauderdale/Broward County Convention Center, which is currently undergoing an expansion. The hotel is expected to open in early 2026 and will be owned by Broward County government. Fort Lauderdale's hotel inventory is gaining about 350 rooms in 2023, all in the fourth quarter. The 120-room Fairfield Inn & Suites Fort Lauderdale Northwest, in the Coral Springs/Pompano Beach Submarket, opened in October. The 138-room Aloft Fort Lauderdale Airport and the 100-room Dolce by Wyndham Hollywood are scheduled to open by the end of year.

The Dolce by Wyndham is one of Fort Lauderdale's more unique projects. The Upper Upscale hotel is designed to be the first kosher hotel in South Florida, with amenities like a kosher rooftop restaurant and bar, Shabbat elevator that automatically stops on every floor, and manual room keys. Room openings have slowed in 2022 and 2023 after several years of robust growth. About 570 rooms opened in 2022, and 350 are opening in 2023, the fewest since 2016. Fort Lauderdale averaged nearly 1,000 room openings per year from 2017 through 2021. During that time, the focus of development shifted from the Hollywood/Airport Submarket, which added the most rooms in 2017–19, to the Fort Lauderdale Beach Submarket in 2020–22.

Room deliveries are poised to slow even further in 2024 and 2025. Only one property is under construction and expected to open in 2024, the 97-room Tru by Hilton Miramar, and the 140-room Whitfield Las Olas Hotel & Spa is the only property under construction with an opening date in 2025. The Whitfield Las Olas is an Upper Upscale independent hotel in the Fort Lauderdale Beach submarket. Although hotel construction in Fort Lauderdale has slowed, the market's room inventory could experience significant growth in 2025 and 2026 if projects in final planning stay on schedule. There are about 800 rooms in final planning with opening dates in 2025 and more than 900 rooms with opening dates in 2026, in addition to the 800-room Omni that is under construction and scheduled to open in 2026.

However, these timelines are subject to change due to the headwinds affecting construction projects, including higher interest rates and tighter lending standards for construction loans. Additionally, rising costs for property insurance may deter some hotel development in Florida.

Hospitality Sales Data

Hotel sales in Fort Lauderdale have slowed in 2023 as investors contend with rising interest rates and tightened lending standards. Twenty trades occurred in Fort Lauderdale from January through October, the fewest through October in the last 10 years, excluding the pandemic-induced slowdown in 2020. The market averages about 35 trades in a typical year.

In addition to the challenges with debt financing, there is some concern that rising costs for property insurance may become a deterrent to hotel sales in Florida. Hurricane Ian in 2022 and Hurricane Idalia in 2023 made landfall in Florida, causing extensive damage, and prompting significant increases in the cost of property insurance.

Sales activity had been unusually high during the two previous years with more than 60 trades in 2021, the most ever in Fort Lauderdale, and 50 trades in 2022. ADR and RevPAR in Fort Lauderdale experienced a robust recovery in 2021 and 2022, following the onset of the pandemic in 2020, which attracted the attention of investors.

Trades in 2023 have averaged \$55.2 million (\$414,000/key), but the average is greatly skewed by the \$835 million sale of the Diplomat Beach Resort in February. Excluding that transaction, trades in 2023 have consisted of limited-service properties averaging about \$12 million (\$140,000/key). The average transaction price in 2023, excluding the sale of the Diplomat, has been below the 2022 averages of \$13.6 million and \$163,000/key, likely due to high cost of debt.

The highest sale price of 2023, to date, was the February trade of the 1,000-room Diplomat Beach Resort. Brookfield Hotel Properties sold the Upper Upscale resort to a joint venture between Trinity Real Estate Investments and Credit Suisse Asset Management for \$835 million (\$835,000/key). The buyers announced the signing of a management agreement with Hilton to oversee the resort's operations under the Curio Collection by Hilton flag.

Three properties in Fort Lauderdale were part of a five-property portfolio transaction in August. Blackstone sold the Residence Inn Miramar, the Courtyard Miramar, the Residence Inn Plantation, and two properties near Phoenix, AZ., to Three Wall Capital. The total price for the portfolio was \$107.6 million (\$168,000/key).

Some buyers anticipated an increase in distressed sales in 2023 due to the cost of refinancing a maturing loan at current interest rates, but there have been few signs of distress in Fort Lauderdale. There are 26 properties in the Fort Lauderdale market tied to CMBS loans maturing in the next twelve months, including one in special servicing.

The Hilton Garden Inn Fort Lauderdale SW/Miramar is one of 17 that collateralize a \$258 million loan currently in special servicing. The borrower, Dune Real Estate Partners, has exercised two of three available one-year extensions. The current maturity date is December 2023, and the borrower has indicated they plan to exercise their extension option.

Submarket Performance

The subject is located in the Fort Lauderdale/Beach submarket. This submarket consists of 273% of the overall market, with 99 buildings and 10,637 rooms. It is the largest of the Broward County hospitality submarkets. The submarket has experienced an average occupancy of 63.3%; the average daily rate of \$245.48 is the highest of the four submarkets. The RevPAR of \$167.59/night is also the highest of the Broward County submarkets. There are 1,079 rooms under construction, or a 10.1% increase in inventory.

#	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Rooms	% Market	Rank	Bldgs	Rooms	%	Rank	Bldgs	Rooms	% Market	Rank
1	Coral Springs/Pompano Be...	124	8,447	21.7%	4	1	120	1.4%	1	0	0	0%	4
2	Fort Lauderdale/Beach	99	10,637	27.3%	1	0	0	-	-	3	1,079	10.1%	1
3	Hollywood/Airport	152	10,588	27.2%	2	0	0	-	-	2	247	2.3%	2
4	West Broward/Plantation	59	9,241	23.7%	3	0	0	-	-	1	100	1.1%	3

#	Submarket	12 Mo Occupancy			12 Mo ADR			12 Mo RevPAR		
		Rank	%	Year Growth	Rank	Per Room	Year Growth	Rank	Per Room	Year Growth
1	Coral Springs/Pompano Be...	3	70.5%	0.3%	4	\$148.79	2.2%	4	\$104.90	2.5%
2	Fort Lauderdale/Beach	4	68.3%	-0.2%	1	\$245.48	1.6%	1	\$167.59	1.4%
3	Hollywood/Airport	2	73.3%	2.1%	2	\$173.86	1.5%	3	\$127.46	3.6%
4	West Broward/Plantation	1	74.9%	0.8%	3	\$173.49	2.6%	2	\$129.90	3.4%

Source: CoStar

The subject is to be a luxury branded hotel. The following information shows historical statistics for Luxury * Upper Upscale hotels.

LUXURY & UPPER UPSCALE SUPPLY & DEMAND

Year	Supply			Demand		
	Available Rooms	Change	% Change	Occupied Rooms	Change	% Change
2027	5,227,335	0	0%	3,704,588	132,410	3.7%
2026	5,227,335	339,622	6.9%	3,572,178	136,295	4.0%
2025	4,887,713	8,400	0.2%	3,435,883	38,017	1.1%
2024	4,879,313	38,619	0.8%	3,397,868	63,965	1.9%
2023	4,840,694	16,573	0.3%	3,333,901	38,086	1.2%
YTD	3,618,226	13,105	0.4%	2,561,389	62,083	2.5%
2022	4,824,121	246,052	5.4%	3,295,815	444,595	15.6%
2021	4,578,069	540,111	13.4%	2,851,220	1,214,754	74.2%
2020	4,037,958	(193,531)	-4.6%	1,636,466	(1,465,403)	-47.2%
2019	4,231,489	176,978	4.4%	3,101,869	35,592	1.2%
2018	4,054,511	157,204	4.0%	3,066,277	94,019	3.2%
2017	3,897,307	72,450	1.9%	2,972,258	77,130	2.7%
2016	3,824,857	62,449	1.7%	2,895,128	(83,016)	-2.8%
2015	3,762,408	(6,487)	-0.2%	2,978,144	(2,203)	-0.1%
2014	3,768,895	(68,558)	-1.8%	2,980,347	(15,220)	-0.5%
2013	3,837,453	19,811	0.5%	2,995,567	84,614	2.9%

Source: CoStar

LUXURY & UPPER UPSCALE PERFORMANCE

Year	Occupancy		ADR		RevPAR	
	Percent	% Change	Per Room	% Change	Per Room	% Change
2027	70.9%	3.7%	\$294.79	2.5%	\$208.92	6.3%
2026	68.3%	-2.8%	\$287.65	0.1%	\$196.57	-2.7%
2025	70.3%	0.9%	\$287.45	2.4%	\$202.07	3.4%
2024	69.6%	1.1%	\$280.59	0.5%	\$195.40	1.6%
2023	68.9%	0.8%	\$279.20	-2.5%	\$192.29	-1.7%
YTD	70.8%	2.1%	\$286.37	-1.4%	\$202.73	0.7%
2022	68.3%	9.7%	\$286.37	12.1%	\$195.65	22.9%
2021	62.3%	53.7%	\$255.57	9.6%	\$159.17	68.4%
2020	40.5%	-44.7%	\$233.23	4.2%	\$94.52	-42.4%
2019	73.3%	-3.1%	\$223.86	0.1%	\$164.10	-3.0%
2018	75.6%	-0.8%	\$223.61	5.2%	\$169.11	4.3%
2017	76.3%	0.8%	\$212.63	0.1%	\$162.16	0.9%
2016	75.7%	-4.4%	\$212.41	3.7%	\$160.78	-0.9%
2015	79.2%	0.1%	\$204.87	6.5%	\$162.17	6.6%
2014	79.1%	1.3%	\$192.34	8.6%	\$152.10	10.0%
2013	78.1%	2.4%	\$177.06	2.3%	\$138.21	4.8%

Source: CoStar

LUXURY & UPPER UPSCALE SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/Room	Avg Cap Rate	Price/Room	Price Index	Cap Rate
2027	-	-	-	-	-	-	\$478,215	273	7.2%
2026	-	-	-	-	-	-	\$447,337	256	7.3%
2025	-	-	-	-	-	-	\$406,552	232	7.7%
2024	-	-	-	-	-	-	\$384,538	220	7.7%
2023	-	-	-	-	-	-	\$411,562	235	6.8%
YTD	2	\$863M	9.5%	\$431,500,000	\$686,010	-	\$431,129	246	6.4%
2022	2	\$150.7M	2.2%	\$75,339,120	\$519,580	8.0%	\$381,046	218	6.4%
2021	3	\$441.9M	8.2%	\$147,291,667	\$413,354	-	\$343,728	197	6.4%
2020	1	\$23M	0.8%	\$23,000,000	\$239,583	-	\$338,564	194	6.9%
2019	3	\$142.3M	5.6%	\$47,433,333	\$205,043	-	\$355,192	203	7.1%
2018	7	\$610.4M	20.4%	\$87,192,857	\$265,948	5.8%	\$365,488	209	6.8%
2017	2	\$16.2M	0.9%	\$8,100,000	\$167,010	-	\$344,906	197	6.9%
2016	1	\$700K	0.4%	\$700,000	\$17,949	-	\$319,265	183	6.9%
2015	3	\$136.4M	3.7%	\$45,467,000	\$348,139	6.2%	\$290,248	166	6.9%
2014	6	\$1.1B	29.5%	\$188,788,343	\$374,828	7.1%	\$260,365	149	7.0%
2013	3	\$68.5M	2.4%	\$22,825,000	\$272,809	9.0%	\$235,424	135	7.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

Source: CoStar

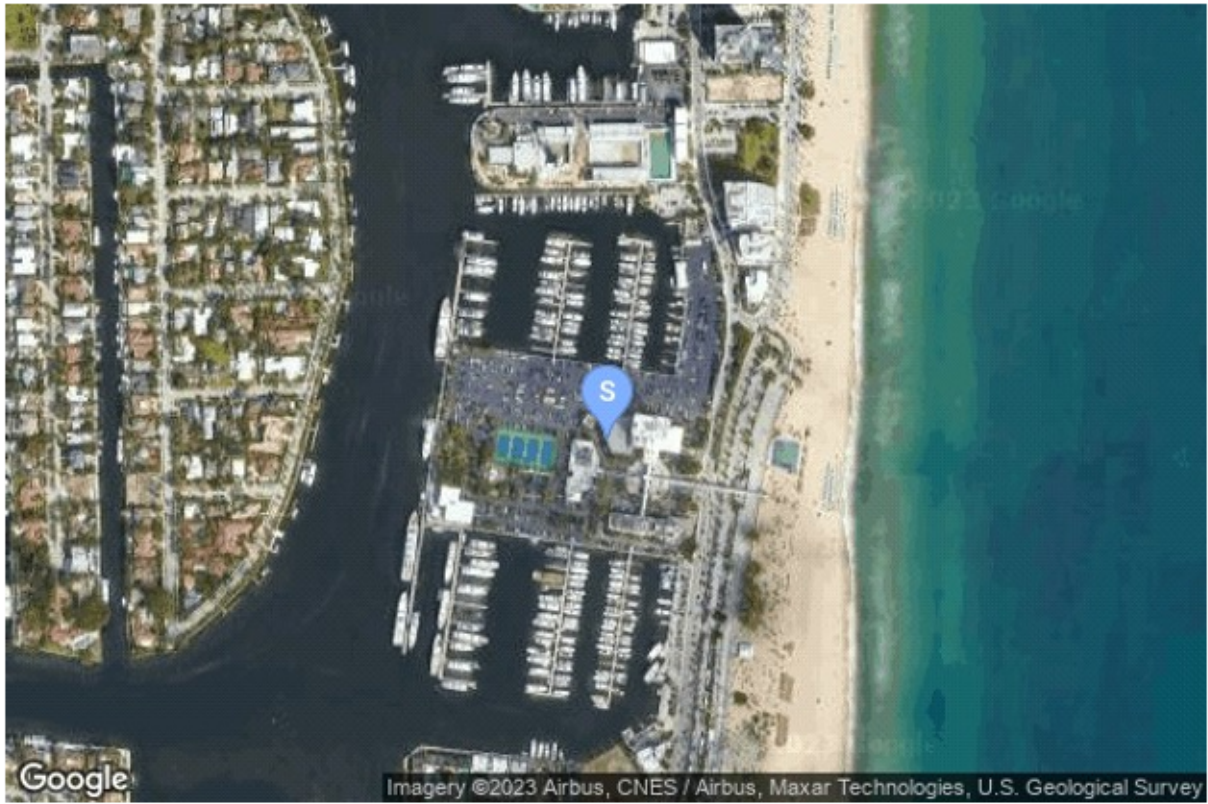
Conclusion

The subject's air rights are to include the construction of a hotel, in addition to four condominium buildings. The current market statistics for luxury hotels historically has been strong, and is projected to remain stable for the foreseeable future. We have considered these factors in our valuation.

SITE DETAILS	
ADDRESS	801 Seabreeze Boulevard, Fort Lauderdale, Broward County, FL 33316
PARCEL NUMBER	5042 12 27 0012
LEGAL DESCRIPTION	Contained in Addenda
LOCATION	The subject is located on the west side of A1A, south of Las Olas Boulevard.
LOCATION TYPE	Urban
MAP LATITUDE/LONGITUDE	26.1135339/-80.1066555
CENSUS TRACT	12-011-0421.00
SIZE	695,430 SF or 15.96 acres
USABLE LAND	695,430 SF or 15.96 acres
ZONING	The parcel is zoned "PDD," under the jurisdiction of the City of Fort Lauderdale.
BUILDABLE SF	1,609,304 SF
PRIMARY FRONTAGE STREET	A1A (Seabreeze Boulevard)
PRIMARY FRONTAGE STREET LENGTH	Approximately 1,700'
PRIMARY FRONTAGE COMMENTS	A1A (Seabreeze Boulevard) contains two lanes in each direction.
SECONDARY FRONTAGE STREET	The subject does not have frontage on a secondary roadway.
ADJACENT PROPERTIES - NORTH	Bahia Mar Marina and International Swimming Hall of Fame
ADJACENT PROPERTIES - SOUTH	Bahia Mar Marina
ADJACENT PROPERTIES - WEST	Intracoastal Waterway
ADJACENT PROPERTIES - EAST	Atlantic Ocean and beach
TRAFFIC COUNT	32,538
TRAFFIC COUNT YEAR	2022
PROPOSED USE	Condominiums and hotel
NUMBER OF PROPOSED UNITS	410
PROPOSED UNIT TYPE	Condominiums & hotel
PROPOSED UNIT STATUS	Approved
VIEW	Water
ACCESS	Access is provided from Seabreeze Boulevard (A1A)
INGRESS/EGRESS	Ingress/egress is considered to be good.
SITE VISIBILITY	The site is visible to passing motorists and pedestrians.
STREET LIGHTING	Adjacent roadways are lined with pole-mounted, electric street lights.
STREET CONDITION	Adjacent roadways are paved with asphalt and are in good condition.
SIDEWALKS	Adjacent roadways are lined with concrete, pedestrian sidewalks.
CURBS AND GUTTERS	Adjacent roadways are lined with concrete curbs, gutters and storm drains.
LANDSCAPING	The subject's landscaping is typical for the area.
TOPOGRAPHY	The subject's topography is level and at street grade.
SHAPE	The subject site is rectangular.
REQUIRED SITE WORK	Demolition, clear and grade
SOIL CONDITIONS AND DRAINAGE	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
FLOOD ZONE	The site lies within Zone AE. This information was obtained from the National Flood Insurance Rate Map Number 12011C0576H dated August 18, 2014.

FLOOD ZONE DEFINITION	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones. In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to this zone.
OTHER HAZARDS	None noted during inspection
ENCUMBRANCES AND EASEMENTS	There are no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.
ENVIRONMENTAL HAZARDS	There are no known adverse environmental conditions on the subject's site. Please reference Limiting Conditions and Assumptions.
WETLANDS AND WATERSHEDS	No wetlands were observed during our site inspection.
ADEQUACY OF UTILITIES	The subject's utilities are typical and adequate for the market area.
PUBLIC ELECTRICITY	Florida Power and Light
WATER SUPPLY TYPE	Municipal
SEWER TYPE	Municipal
UNDERGROUND UTILITIES	No
POLICE AND FIRE PROTECTION	City of Fort Lauderdale
WATER/PORT ACCESS	The subject is surrounded on three sides by a marina.
SITE IMPROVEMENTS	All site improvements currently in place are projected to be removed and replaced during construction.
CONCLUSION	The subject site is considered well-suited to functionally support its proposed use.

AERIAL PHOTOGRAPH



The subject is zoned "PDD," Planned Development District, under the jurisdiction of the City of Fort Lauderdale.

ZONE DETAILS	
ZONING CODE	PDD
ZONING DESCRIPTION	Planned Development District
PERMITTED USES	Condominiums, hotels, retail uses, marina uses
ZONED DENSITY	70 units per acre
ZONING ALLOWABLE FAR	5.0 (per zoning, subject to site plan approval)
MAXIMUM LOT COVERAGE	Not Applicable
SET BACK DISTANCE	20'
SIDE YARD DISTANCE	20'
INTERIOR SIDE	20'
BETWEEN BUILDINGS	60'
REAR	20'
BUILDING HEIGHT	120' to 144'
COMMENTS	The subject's Future Land Use is Central Beach Regional Activity Center.
AIR RIGHTS - BUILDABLE SF	1,609,304 (based on approvals in place)
ALLOWABLE FAR	2.31 (based on approvals in place)
ZONING CHANGE MADE/REQUESTED?	No

Based on a review of the subject in relation to the PDD zoning district, it appears the subject is a legal and conforming use of the site. However, we are not experts in determining if a property is fully in compliance with all aspects of the zoning code. We suggest interested parties obtain a letter of zoning compliance from the City of Fort Lauderdale to determine if the subject is zoning compliant.

The subject is assessed by the Broward County property appraiser's office, and is taxed by Broward County, City of Fort Lauderdale, Broward County Public Schools. According to public records, it appears there are no unpaid taxes as of the date of this report.

Assessments in the county are done by the any Florida County Property Appraiser's offices. The tax bills are sent in October, and paid by March of the following year. A 4% discount is given to bills paid in November, 3% to those paid in December, 2% if paid in January, and 1% if paid in February. Taxes paid after March are considered delinquent. Since assessments are completed annually, trends in assessed values have generally been increasing, as property values have increased.

School taxes are based on "market value." Non-school taxes are based on "assessed value." These values may be equal or may be different amounts, depending on the property.

The "market value" used to calculate school taxes can be increased with no cap, and is intended to be synonymous with the property's actual market value if it were to sell in the open market.

The "assessed value" used to calculate non-school taxes can be adjusted upward, but has a maximum cap. According to Florida law:

"Constitutional Amendment 1, approved by voters on January 29, 2008, was a provision to limit increases in the annual assessment of Non-Homestead properties to ten percent (10%). The base-year for implementing this change was 2008 and assessments were capped beginning in 2009.

- There is no application for the Non-Homestead Cap as it applies automatically.
- Changes in ownership and use resets the Non-Homestead Cap base year following the change. For example, filing a homestead exemption application removes the Non-Homestead Cap.
- The Non-Homestead Cap limits increases in the assessed value to 10%, excluding School Board assessments."

Therefore, in times of increasing values, the "assessed value" (used to calculate non-school taxes) can fall below the "market value" (used to calculate school taxes).

The "market value" is multiplied by the millage rate(s) associated with the school district. The "assessed value" is multiplied by the millage rate associated with any non-school taxes. The two amounts are added together to arrive at the total ad valorem taxes. Any non-ad valorem taxes are then added to that amount to arrive at the total tax liability.

According to Florida law, if a property sells, then the "assessed value" will increase to the "market value." As I will demonstrate, the "market value" for tax purposes often falls below the actual sales price, and is not to be equated with my concluded opinion of market value.

The following table summarizes the subject's assessment and taxes. The tax data includes the entire parcel, with uplands, and submerged lands.

801 Seabreeze Boulevard	
Parcel ID	5042 12 27 0012
Assessment Year	2023
Tax Authority Land Value	\$99,288,850
Tax Authority Improvements Value	\$78,906,140
Tax Authority Other Value	\$0
Total Market Value	\$178,194,990
Total Assessed Value	\$110,763,530
School Board Millage Rate	6.615600
Non-School Millage Rate	12.201600
School Board Millage Rate Taxes	\$1,178,867
Non-School Millage Rate Taxes	\$1,351,492
Total Tax Rate	18.817200
Tax Rate Per	\$1,000.00
Taxes	\$2,530,359
Special Assessments	\$166,490
Taxes with Special Assessments	\$2,696,849
Early Payment Discount Percentage	4%
Total Taxes	\$2,588,975

Our valuation of the air rights is not impacted by the current or projected taxes.

In determining the highest and best use of the property, consideration was given to the economic, legal, and social factors that motivate investors to develop, own, buy and sell, manage, and lease real estate.

In forming an opinion of the highest and best use of a vacant parcel of land, there are essentially four stages of analysis:

- **Physically Possible Use:** What uses of the site in question are physically possible?
- **Legally Permissible Use:** What uses are permitted by zoning and deed restrictions on the site in question?
- **Financially Feasible Use:** Which possible and permissible uses will produce a gross return to the owner of the site?
- **Maximally Productive:** Among the feasible uses, which will produce the highest return or highest present worth of the site in question?

The following tests must be met in estimating the highest and best use of a vacant parcel: the potential use must be physically possible and legally permissible, there must be a profitable demand for such a use, and it must return to the land the highest net return for the longest period of time. These tests have been applied to the subject's site and are discussed as follows:

PHYSICALLY POSSIBLE

The site is on A1A (Seabreeze Boulevard), in Fort Lauderdale, FL. The underlying site consists of 695,430 SF or 15.96 acres. The subject's topography is level and at street grade. As noted in the Assumptions and Limiting Conditions, we know of no environmental or engineering study that has been conducted on the site to determine subsoil conditions.

Within this appraisal we are valuing the "fee simple air rights" which are located above the site, and are to be used for the construction of a hotel and condominium units. Development within the "air rights" parcel depends on perpetual easements for ingress and egress as well as for structural supports.

Upon analysis of all physical aspects, space, size, shape, terrain, location and others the most supportable highest and best uses of the site, as it relates to physical properties, are retail, residential or hotel, as seen on other sites in the neighborhood..

LEGALLY PERMISSIBLE

The subject's site is zoned "PDD," Planned Development District, under the jurisdiction of the City of Fort Lauderdale, FL. Reference is made to the Zoning section of this report. Permitted uses include Condominiums, hotels, retail uses, marina uses.

Upon analysis of the permitted uses, the most supportable highest and best uses of the site, as it relates to what is legally permissible, are condominiums, hotels, retail uses, marina uses.

FINANCIALLY FEASIBLE

Analysis for financially feasible uses for the site, as if vacant, involves consideration of several criteria. Unlike the physically possible and legally permissible aspects of the highest and best use analysis, many external economic factors serve to prove or disprove financial feasibility. The cost of acquisition, sources of capital, forecast of potential revenue/expenses, reversionary price forecast, property tax implications and measures of risk and yield are all determinant to this analysis. The above financial measures serve to eliminate the uses that would not provide a reasonable return to the land based on an investor's expectations. The cost of land and its development limits the highest and best use of the site, generally to only those uses that are financially feasible.

Within the Market Analysis section of this report, we noted that there are numerous condominium and hotel properties that are proposed, under construction, or have recently been completed, in the subject's market and submarket. This suggests that other property owners believe the construction of luxury condominiums and/or hotels are financially feasible. Therefore, based on the actions of other property owners in the subject's local market, we conclude that financially feasible uses of the site that are physically possible and legally permissible are construction of mixed-use condominium/hotel development.

MAXIMALLY PRODUCTIVE

We considered those uses, as aforementioned, to meet the physically possible, legally permissible, and financially feasible tests of the highest and best use definition. The final criteria for full compliance within the highest and best use of the subject, as vacant, is that of a maximally productive use. We conclude the maximally productive use of the site is construction of mixed-use condominium/hotel development.

HIGHEST AND BEST USE, AS IF VACANT

A final reconciliation of the analysis leads to the conclusion that the highest and best use of the site, as if vacant, is construction of mixed-use condominium/hotel development. Any use would be in keeping with all agreements in place at the property, as well as all perpetual easements in place and/or necessary for the successful development of the "air rights" parcel.

HIGHEST AND BEST USE, AS IMPROVED

We must also determine the highest and best use of the subject, as improved, by analyzing occupancy levels of various surrounding improvements, as well as the general needs within the area. Based on the current conditions of the subject's market, the highest and best use of the subject, as improved, is the redevelopment of the existing improvements with a more intensive use.

IDENTIFICATION OF A LIKELY BUYER

The most likely buyer of a property such as the subject would be a national or regional developer interested in selling or leasing any improvements they might construct on the site.

VALUATION METHODOLOGIES

In appraising a property, there are three traditional valuation methodologies that can be applied: the Cost, Income Capitalization and Sales Comparison Approaches. Selection of one or more of the approaches in the appraisal of a property rests primarily upon the property type and its physical characteristics, as well as the quality and quantity of available market data.

The Cost Approach is based on the premise that an informed purchaser will not pay more for a property than it would cost him or her to construct a property of similar utility. This approach is most applicable when the subject is of new or nearly new construction and the improvements represent the highest and best use of the site. This approach is also particularly useful when appraising unique or special purpose properties where there are few, if any, comparable sales, or leases.

The Income Capitalization Approach is based on the fundamental investment premise that the higher a property's earnings, the higher its value. Investment in an income-producing property represents the exchange of present dollars for the right to receive future dollars. In this approach, a value indication for an income-producing property is derived by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways: one year's income expectancy can be capitalized at a market-derived capitalization rate, or alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified discount rate. The Income Capitalization Approach typically provides the most meaningful estimate of value for income-producing properties.

The Sales Comparison Approach involves delineating appropriate units of measurement from comparable sales, in order to apply them to the subject's property. Adjustments are then made to the sales prices of the comparable properties based on various shared elements. This methodology may be used to value many different types of improved properties and vacant land, as long as there is a sufficient quantity of good-quality market data available. It becomes less reliable as the quantity and magnitude of adjustments increases, and it is generally not applicable to unique or special purpose properties.

The final step in the valuation process is the reconciliation or correlation of the value indications. In the reconciliation or correlation, we consider the relative applicability of each of the approaches used, examine the range between the value indications, and place major emphasis on the approach that appears to produce the most reliable and credible result.

VALUATION METHODOLOGIES APPLICABLE TO THE SUBJECT PROPERTY

The Cost Approach was not utilized because this approach does not reflect the market behavior of typical purchasers of this property type. The Income Capitalization Approach was not utilized because the subject is not an income producing property and this approach does not reflect the market behavior of typical purchasers of this property type. The Sales Comparison Approach was utilized because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

LAND VALUATION

The land, as if vacant, is valued by direct sales comparison, in which sales of comparable sites within the subject's area are analyzed in context with the subject's site. Adjustments are made to compensate for differences between the submitted sales data and the subject for such factors as location, size, shape, topography, utility, and marketability, etc. Land sales are presented to arrive at a \$/SF for the subject. In an effort to locate comparable land sales, a search throughout the subject's area was conducted. The presented sales are valid indicators of land values in the subject's area. Information pertaining to these sales has been verified by the buyer, seller, broker, or other sources considered reliable and having knowledge of the particular transaction when available.

The site is approved for the construction of approximately 2,131,951 SF of building area, of which approximately 476,236 are to be dedicated to garage parking (basement and surface). The balance, or approximately 1,655,715 SF will be dedicated to hotel, residential towers one, two, three and four, a marina village, a ferry building, a marina restaurant and a dockmaster building. Included in the building area is the subject's 1,609,304 SF of "fee simple air rights."

The focus of this appraisal is the "fee simple air rights" that contain 1,609,304 SF, as provided by the City of Fort Lauderdale. The air rights are to be developed in conjunction with perpetual easements to allow for ingress/egress and structural supports to allow for development of the "air rights" parcel.

All the comparable sales are analyzed based on the amount of sellable area associated with each site. Like the subject the comparables would have building square footage associated with parking areas, which were not included in the denominator when arriving at the price/SF of sellable building area for each comparable. Therefore, we will multiply our value conclusion by the subject's 1,609,304 SF that will be dedicated to the condominium and hotel units.

Land Comparable 1



Transaction

Name	900 N. Ocean Boulevard	Address	900 Ocean Boulevard
City	Pompano Beach	County	Broward County
State	FL	Zip	33062
Price	\$30,000,000	Date	12/1/21
Grantor	Various	Grantee	PRH 900 NORTH OCEAN LLC
Recordation	Various	Tax Parcel ID	484331550010
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Assemblage, Redevelopment Project	Verification	Wolfgang Herz Group
Price Per Land SF	\$224.33	Price Per Acre	\$9,771,987
Price Per FAR	\$97.72	Price Per Proposed Unit	\$252,100.84

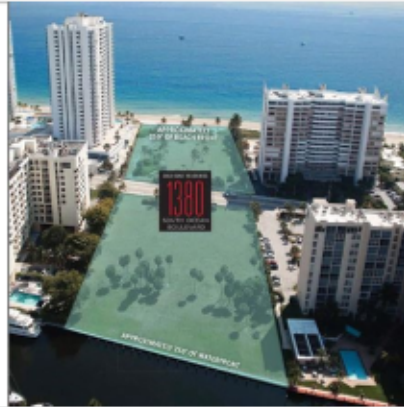
Site

Land SF	133,729	Land Acres	3.07
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Demolition	Utilities	All Available
Zoning	RM-45	Proposed Use	Condominiums
Zoning Type	Mixed-Use	Zoned Density	38.76
Buildable SF	307,010	Allowable FAR	2.30
No. of Proposed Units	119	Proposed Unit Type	Condominiums
Road Frontage	300' North Ocean	View	Ocean
Water Frontage	300' Atlantic		

Comments

The owners of the 46-unit Beach Villa 900 Ocean Boulevard, which was built in 1978, sold their properties to the Miami-based developer, which will eventually terminate the condo. That will give Related Group full control of the 3.07-acre site at 900 N. Ocean Blvd. According to the brokers that helped arrange the sale, the total purchase price represented the individual purchase of each of the 46 units. However, due to confidentiality agreements with the individual unit owners, the selling brokers could not verify the exact amount paid. The reported purchase price appears reasonable based on data from the Broward County property appraisers office. According to plans from the Pompano Beach Building Department, the net sellable area is 307,010 SF; the gross building area is 470,691. The building is to have 119 units and 2019 parking spaces. There will be 8,005 SF of amenity area. The building will contain 21 floors.

Land Comparable 2



Transaction

Name	1380 S Ocean Blvd.	Address	1380 South Ocean Boulevard
City	Pompano Beach	County	Broward County
State	FL	Zip	33062
Price	\$27,500,000	Date	10/1/20
Grantor	1380 South Ocean Boulevard FL LLC	Grantee	1380 Ocean Associates, LLC
Recordation	116776878	Tax Parcel ID	49-43-06-00-0320, 49-43-06-58-0010, 49-43-
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's Length	Verification	Buyer's Press Release
Price Per Land SF	\$136.94	Price Per Acre	\$5,965,293
Price Per FAR	\$115.06	Price Per Proposed Unit	\$115,063.00

Site

Land SF	200,812	Land Acres	4.61
Topography	Level and at street grade	Shape	Generally rectangular in shape
Required Site Work	Typical clear and grade	Utilities	All Available
Zoning	RPUD	Proposed Use	Condominium
Zoning Type	Multifamily	Zoned Density	51.96
Buildable SF	239,000	Allowable FAR	1.19
No. of Proposed Units	239	Proposed Unit Type	NA
Road Frontage	260' Ocean Blvd.	View	Very Good
Water Frontage	260' on Ocean; 260' on Intracoastal		

Comments

The 4.6-acre site at 1380 S. Ocean Blvd. was sold by 1380 S. Ocean Blvd FL LLC, an affiliate of Miami-based Lionheart Capital, led by Ophir Sternberg. The developer obtained approval in 2018 for a 239-unit condo in two towers, plus an 8,000-square-foot residents-only spa and 355 parking spaces. A 30-story tower would rise along the ocean while a 12-story tower would be next to the Intracoastal Waterway. The total sellable area was not provided; however based on the area, we estimate an average unit size of 1,000 SF per unit. The total sellable area is estimated to be 239,000 SF.

Land Comparable 3



Transaction

Name	20 North Ocean Boulevard	Address	20 North Ocean Boulevard
City	Pompano Beach	County	Broward County
State	FL	Zip	33062
Price	\$47,500,000	Date	6/1/23
Grantor	RW Oceanside Land LLC, CF Land Realty, LLC	Grantee	20 North Oceanside Owner LLC
Recordation	118897389	Tax Parcel ID	484331450010 & 484331010360
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's length	Verification	Buyer's Press Release
Price Per Land SF	\$290.79	Price Per Acre	\$12,666,667
Price Per FAR	\$131.58	Price Per Proposed Unit	\$125,000.00

Site

Land SF	163,350	Land Acres	3.75
Topography	Level and at street grade	Shape	Generally Rectangular
Required Site Work	Typical Clear and Grade	Utilities	All Available
Zoning	B-3 PCD	Proposed Use	Mixed-Use
Zoning Type	Mixed-Use	Zoned Density	NA
Buildable SF	360,989	Allowable FAR	2.21
No. of Proposed Units	380	Proposed Unit Type	Condos, Hotel Rooms
Road Frontage	Ocean Blvd.	View	Ocean
Water Frontage	100'		

Comments

This property previously had been approved for the construction of approximately 360,989 SF of mixed-use (hotel, condos, restaurants, retail and event space). The sale was financed by Centennial Bank for \$28.5 million. The lot is located on the north side of Atlantic Avenue, just south of the city's popular fishing pier. The seller, The Chetrit Group site purchased the site for \$42.5 million in 2005. In 2016, the developer secured approval for a 360,989-square-foot project featuring 77 condos, 303 hotel rooms, retail, and restaurants.

Land Comparable 4



Transaction

Name	Echelon (Delray Shore)	Address	1625 S Ocean Boulevard
City	Delray Beach	County	Palm Beach County
State	FL	Zip	33483
Price	\$12,300,000	Date	1/29/20
Grantor	Delray South Shore Club Condominium	Grantee	1625 South Ocean LLC
Recordation	31183-1369	Tax Parcel ID	12-43-46-21-00-004-0150
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Arm's length	Verification	Buyer
Price Per Land SF	\$239.66	Price Per Acre	\$10,439,530
Price Per FAR	\$157.70	Price Per Proposed Unit	\$878,571.43

Site

Land SF	51,323	Land Acres	1.18
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Demolition	Utilities	NA
Zoning	RM	Proposed Use	Condominiums
Zoning Type	Multifamily	Zoned Density	12 du/acre
Buildable SF	77,998	Allowable FAR	1.52
No. of Proposed Units	14	Proposed Unit Type	Condominiums
Road Frontage	A1A	View	Ocean
Water Frontage	120' on Ocean		

Comments

This transaction involved the purchase of a 15-unit time share property built in 1965 that was demolished and will be redeveloped with a boutique three-story ocean front building with 14 units. There is approximately 120 feet of frontage along the Atlantic Ocean.

Land Comparable 5



Transaction

Name	8777 Collins Avenue	Address	8777 Collins Avenue
City	Surfside	County	Miami-Dade County
State	FL	Zip	33154
Price	\$120,000,000	Date	7/27/22
Grantor	Michael I Goldberg, Trustee	Grantee	East Oceanside Development LLC
Recordation	Offer	Tax Parcel ID	14-2235-025-0001
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	See Comments	Verification	Miami-Dade County Courts
Price Per Land SF	\$1,465.45	Price Per Acre	\$63,829,787
Price Per FAR	\$345.32	Price Per Proposed Unit	\$863,309.00

Site

Land SF	81,886	Land Acres	1.88
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Typical Clear and Grade	Utilities	All Available
Zoning	H120	Proposed Use	Condominiums
Zoning Type	Multifamily	Zoned Density	109 du/acre
Buildable SF	347,500	Allowable FAR	4.24
No. of Proposed Units	139	Proposed Unit Type	Condominiums
Road Frontage	200'	View	Ocean
Water Frontage	200' Ocean		

Comments

This is the site of the Champlain Towers South condominium. Based on the marketing materials, the developable portion of the property is west of the bulkhead line and the allowable density is 109 units per acre based on this net acreage. There are substantial setbacks as well as a height max of 120 feet. Based on these limitations, the max density for the site is approximately 139 units. We have estimated an average unit size of 2,500 SF for an FAR of 347,500 SF for the project. The prior development appeared to have maximized the allowable development under the existing zoning so it is reasonable to assume that a similar density project will be built in the future. Hussain Sajwani, a billionaire developer from Dubai, is bidding to buy the site where the Champlain Towers South condo collapsed; this was the offer price, potential bidders may pay a higher price. The price equates to \$600,000/foot of ocean frontage.

Land Comparable 6



Transaction

Name	La Costa Condominiums	Address	5333 Collins Avenue
City	Miami Beach	County	Miami-Dade County
State	FL	Zip	33140
Price	\$97,835,049	Date	5/27/21
Grantor	Individual Unit Owners	Grantee	5333 Collins Acquisitions LP (Mast Capital)
Recordation	32531-818	Tax Parcel ID	02-3214-001-0220
Property Rights	Fee Simple Estate	Financing	Cash to Seller
Conditions of Sale	Redevelopment Project	Verification	Knowledgeable Third Party
Price Per Land SF	\$924.27	Price Per Acre	\$40,261,261
Price Per FAR	\$308.09	Price Per Proposed Unit	\$978,350.49

Site

Land SF	105,851	Land Acres	2.43
Topography	Level and at street grade	Shape	Rectangular
Required Site Work	Demolition	Utilities	All Available
Zoning	RM-3	Proposed Use	Condominiums
Zoning Type	Multifamily	Zoned Density	42 du/acre
Buildable SF	317,553	Allowable FAR	3.00
No. of Proposed Units	100	Proposed Unit Type	Condominiums
Road Frontage	Collins Avenue	View	Ocean
Water Frontage	Yes		

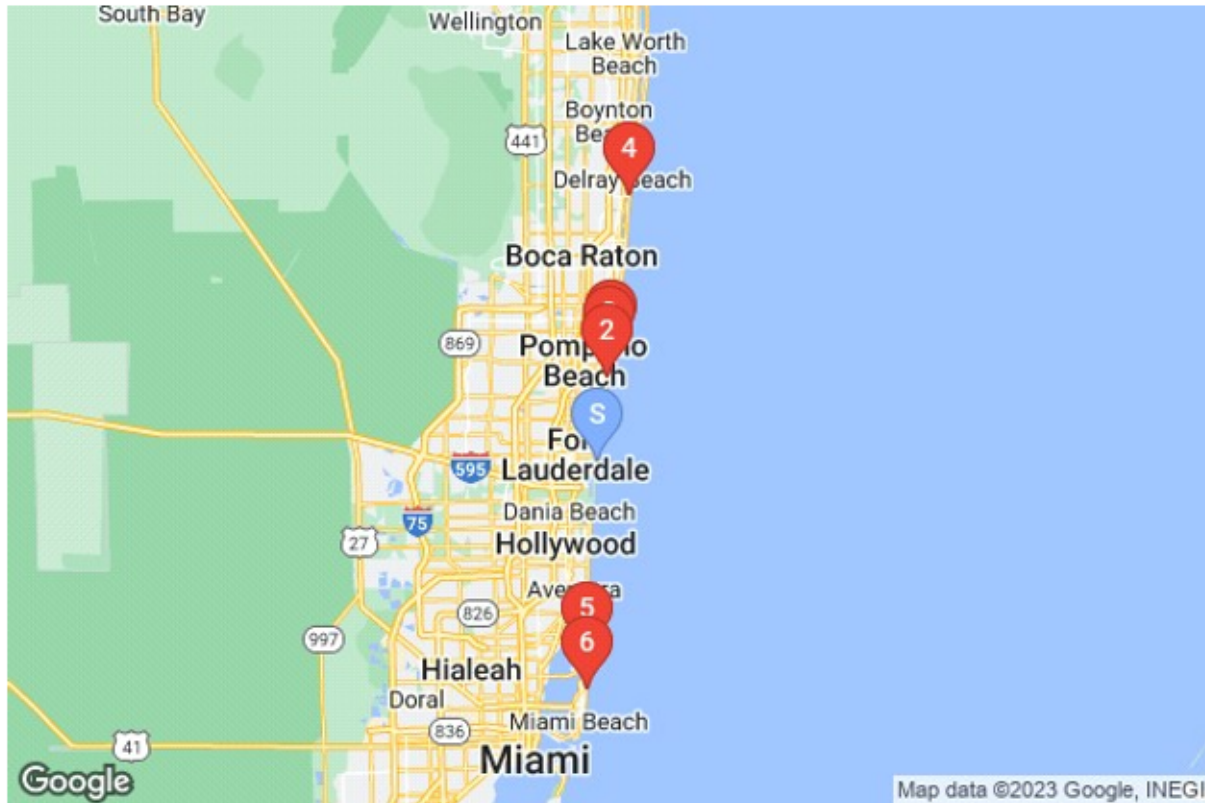
Comments

This sale involved the purchase of 108 of the buildings total 124 condominium units just prior to the condemnation of the building. As such, this transaction does not include the full consideration of the underlying land - there are still 16 unit owners which must be bought out. The building was built in 1964 and has not completed its 50-year recertification which required some work to the property. This building will be demolished and replaced with a 17-story residential tower with 100 units and 183 parking spaces within a 317,980 SF structure. The property features 200' of ocean frontage. Oceanfront lots with lot area greater than 45,000 SF are allowed an FAR of 3.0 and a height max of 200 feet. Based on the price paid for the 108 units that were purchased, approximately \$905,000/Unit, an estimated \$14.50M would have to be spent on the remaining 16 units. This estimate of additional costs required before obtaining all units within the building has not been added to the sale price, but is used only to project how much more might have to be expended before demolition can proceed.

LAND SALES SUMMARY

Comp	Address City	Price Date	Zoning Zoning Type	No. of Proposed Units Price Per Proposed Unit	Allowable FAR Price per FAR	Land SF Price Per Land SF	Land Acres Price per Acre
1	900 Ocean Boulevard Pompano Beach	\$30,000,000 12/01/2021	RM-45 Mixed-Use	119 \$252,101	2.30 \$97.72	133,729 \$224.33	3.07 \$9,771,987
2	1380 South Ocean Boulevard Pompano Beach	\$27,500,000 10/01/2020	RPUD Multifamily	239 \$115,063	1.19 \$115.06	200,812 \$136.94	4.61 \$5,965,293
3	20 North Ocean Boulevard Pompano Beach	\$47,500,000 06/01/2023	B-3 PCD Mixed-Use	380 \$125,000	2.21 \$131.58	163,350 \$290.79	3.75 \$12,666,667
4	1625 S Ocean Boulevard Delray Beach	\$12,300,000 01/29/2020	RM Multifamily	14 \$878,571	1.52 \$157.70	51,323 \$239.66	1.18 \$10,439,530
5	8777 Collins Avenue Surfside	\$120,000,000 07/27/2022	H120 Multifamily	139 \$863,309	4.24 \$345.32	81,886 \$1,465.45	1.88 \$63,829,787
6	5333 Collins Avenue Miami Beach	\$97,835,049 05/27/2021	RM-3 Multifamily	100 \$978,350	3.00 308	105,851 \$924.27	2.43 \$40,261,261

LAND SALES COMPARISON MAP



LAND SALES ANALYSIS

To derive an estimated value of the site, as if vacant, we analyzed the land comparables and have adjusted for varying characteristics.

Property Rights Conveyed

We are proving a value of the subject's fee simple "air rights" or the right to develop on the subject site. The air rights will be owned in perpetuity under fee simple ownership. Development of the air rights will be subject to perpetual easements for access and structural elements. Certain aspects of the overall development, such as parking areas, support services, surrounding lands, etc., will be shared with other portions of the development. The comparable sales were also for fee simple ownership; however, the fee simple ownership extended to all areas of their respective sites. Each comparable is adjusted downward for property rights.

Financing Terms

The financing terms for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of a cash to seller transaction. The comparable sales transferred with similar financing terms and no adjustments are needed.

Conditions of Sale

The conditions of sale for each sale are shown in the adjustment grid. The subject is valued in this report on the basis of an arm's length transaction. The comparable sales transferred with similar conditions of sale and no adjustments are needed.

Market Conditions

In terms of an adjustment for market conditions, from the sales shown, it is somewhat subjective to determine an exact adjustment. Over the past year, increasing interest rates and increasing construction costs have placed downward pressure on land values. At the same time, the continued sale of luxury condominium units at increasing prices have placed upward pressure on land values. We note that the two factors tend to offset each other. We have applied a 0% adjustment to each comparable, annualized from the date of each sale to November 13, 2023.

Location

The adjustment for location reflects the trend that properties in areas of active growth and development, as well as those which offer good accessibility in terms of frontage on major thoroughfares, should sell for a higher price per SF than properties which do not offer these attributes, with all other factors held constant. For hotels and condominium units in Southeast Florida, prices tend to be lower, the farther the property is from Miami.

Comparable Sales 1, 2, 3 and 4 are located in Palm Beach County and northern Broward County, on oceanfront sites. Comparable Sales 5 and 6 are located on oceanfront sites in Surfside and Miami Beach. The subject's Fort Lauderdale Beach location sits south of Sales 1 through 4 and north of Sales 5 and 6. The pricing that could be achieved at the subject will likely be higher than those sites located to the north, and lower than for the sites to the south, for both luxury condominium units as well as for hotel operations. Therefore, Sales 1, 2, 3 and 4 have been adjusted upward. Comparable Sales 5 and 6 are adjusted downward.

Size

In terms of size, it is noted that smaller parcels typically sell for a higher price per SF than larger parcels, with all other factors held constant. The subject consists of air rights to construct four residential condominium buildings plus a hotel building. Typically, larger sites with multiple buildings, take longer time to build, and are often developed in phases. During the construction of the first phase, holding costs, such as taxes and insurance are incurred for the undeveloped portions of the site. We have adjusted all the sites downward to consider the smaller sizes of each comparable.

Zoning

The subject's site is zoned "PDD", Planned Development District, under the jurisdiction of City of Fort Lauderdale, FL. The zoning at the subject allows for approximately the same types of uses as the comparables sales. No adjustments area needed for zoning.

Topography

The subject's site is level and at street grade. The comparable sale offers a similar topography and no adjustments are needed.

Required Site Work

The subject is valued as if vacant and available for development. The comparable sales either require clear and grade or demolition. In the subject's market, older improvements often generate interim income until that time when construction of the new building commences. This interim income can offset holding costs as well as the cost of demolition. We have no market evidence to suggest a premium is pad for existing improvements; neither do we have market evidence that a discount is expected. Therefore, no adjustment is needed for this factor.

Shape

The shape of the subject's site is rectangular. The comparable sales are all of a shape that allowed for many types of development. No adjustments are needed.

Allowable FAR

The total site is to be developed with 1,655,715 SF of interior building area. The subject's floor area ratio (FAR) is 2.38 based on the total allowable 1,655,715 SF of interior building area, divided by the site size of 695,430 SF. Oftentimes significantly higher FARs result in increased construction costs, reducing the amount a developer can pay for a parcel of land. High FARs result in taller buildings that are more expensive to construct.

The comparable sales all have FARs that are generally similar to the subject in terms of the impact on costs associated with construction, and no adjustments are needed.

LAND SALES ANALYSIS CONCLUSION

The previously described adjustments are summarized in the following grid. The percentage adjustments are used to show the emphasis placed on each adjustment, and are not based on a paired sales analysis.

LAND SALES ADJUSTMENT GRID

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Comp 6
Name	801 Seabreeze Blvd.	900 N. Ocean Boulevard	1380 S Ocean Blvd.	20 North Ocean Boulevard	Echelon (Delray Shore)	8777 Collins Avenue	La Costa Condominiums
Address	801 Seabreeze	900 Ocean	1380 South Ocean	20 North Ocean	1625 S Ocean	8777 Collins Avenue	5333 Collins Avenue
City	Fort Lauderdale	Pompano Beach	Pompano Beach	Pompano Beach	Delray Beach	Surfside	Miami Beach
State	FL	FL	FL	FL	FL	FL	FL
Date		12/1/2021	10/1/2020	6/1/2023	1/29/2020	7/27/2022	5/27/2021
Price		\$30,000,000	\$27,500,000	\$47,500,000	\$12,300,000	\$120,000,000	\$97,835,049
Buildable SF	1,609,304	307,010	239,000	360,989	77,998	347,500	317,553
Price per SF		\$97.72	\$115.06	\$131.58	\$157.70	\$345.32	\$308.09
Transactional Adjustments							
Property Rights	Fee Simple Air Rights	Fee Simple Estate	-5%	Fee Simple Estate	-5%	Fee Simple Estate	-5%
Financing	Cash to Seller	Cash to Seller	0%	Cash to Seller	0%	Cash to Seller	0%
Conditions of Sale	Arm's Length	Redevelopment	0%	Arm's Length	0%	Arm's length	0%
Market Trends Through	11/13/2023	0%	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price per SF		\$92.83	\$109.31	\$125.00	\$149.81	\$328.06	\$292.69
Property Adjustments							
Location	Good	Inferior	Inferior	Inferior	Inferior	Superior	Superior
% Adjustment		10%	10%	10%	10%	-15%	-15%
\$ Adjustment		\$9.28	\$10.93	\$12.50	\$14.98	(\$49.21)	(\$43.90)
Land Acres	15.96	3.07	4.61	3.75	1.18	1.88	2.43
% Adjustment		-5%	-5%	-5%	-5%	-5%	-5%
\$ Adjustment		(\$4.64)	(\$5.47)	(\$6.25)	(\$7.49)	(\$16.40)	(\$14.63)
Zoning	PDD	RM-45	RPUD	B-3 PCD	RM	H120	RM-3
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Topography	Level and at street grade	Level and at street grade	Level and at street grade	Level and at street grade	Level and at street grade	Level and at street grade	Level and at street grade
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Required Site Work	Demolition, clear and grade	Demolition	Typical clear and grade	Typical Clear and Grade	Demolition	Typical Clear and Grade	Demolition
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Shape	Rectangular	Rectangular	Generally rectangular in shape	Generally Rectangular	Rectangular	Rectangular	Rectangular
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Allowable FAR	2.31	2.30	1.19	2.21	1.52	4.24	3.00
% Adjustment		0%	0%	0%	0%	0%	0%
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Adjusted Price per SF		\$97.47	\$114.77	\$131.25	\$157.30	\$262.45	\$234.16
Property Adjustments (Net)		5%	5%	5%	5%	-20%	-20%
Property Adjustments (Gross)		15%	15%	15%	15%	20%	20%

LAND VALUE CONCLUSION

All the comparable sales are analyzed based on the amount of sellable area associated with each site. Like the subject, the comparables would have building square footage associated with parking areas, which were not included in the denominator when arriving at the price/SF of sellable building area for each comparable. Therefore, we will multiply our value conclusion by the subject's 1,609,304 SF that will be dedicated to the air rights.

The comparables show a price/SF of sellable building area range of \$97.47 /SF of sellable area to \$262.45 /SF of sellable area on an adjusted basis, with an average of \$166.23 /SF of sellable area.

We have placed strong weight on Comparable Sales 1, 2, 3 and 4 in the final estimate of value. Those sales are located in Broward and Palm Beach Counties and suggest a value in the range of approximately \$93/SF of sellable building area to \$160/SF of sellable building area. However, prices for condominium units tend to increase moving southward in Broward County. Prices for condominium units tend to continue to increase moving southward into Miami-Dade County, which includes the areas of Surfside, Bal Harbor and Sunny Isles.

Pricing for residential and hotel condominium units at the subject would likely be influenced by the pricing in the near-by Sunny Isles, Bal Harbor and Surfside; but also, be influenced by the lower prices that are seen for condominiums in more northern areas of Broward County.

The comparable sales in Broward and Palm Beach County suggest a value in the range of approximately \$93/SF to \$160/SF; the sales in Miami-Dade County suggest a value in the range of \$230/SF to \$260/SF. We place primary weight on the comparables from Broward and Palm Beach County, and secondary weight on the sales from Miami-Dade County.

Based on the subject's waterfront location in Fort Lauderdale, with direct access to the beach via an existing pedestrian overpass, we conclude to a value that at the upper end of the range for the Sales in Broward and Palm Beach Counties.

Based on the comparables and the adjustments made to them, we conclude to a value in the range of \$150.00 /SF of sellable area to \$160.00 /SF of sellable area. We conclude to \$155.00/SF of sellable area.

Land Value Conclusion	\$155.00 /SF
Multiplied by Subject Size	1,609,304 SF of air rights
Indicated Land Value	\$249,442,120
"Value of Air Rights" Fee Simple Value (11/13/2023)	
801 Seabreeze Blvd.	
Indicated Land Value	\$249,442,120
Rounded Final Land Value	\$249,000,000

Higher condominium prices typically translate into higher underlying land values, all other factors being equal. We searched for recent sales of newly constructed condominium units in the subject's submarket. There have been 17 sales of condominium units constructed in 2020 or newer, that are oceanfront buildings. The prices per SF ranged from a low of \$982/SF to a high of \$2,300/SF.

The subject air rights are to be improved with five buildings. Buildings on the eastern side of the site will likely have superior views, and higher prices, than buildings located to the west. We have considered this in our projections.

The subject units will be located on air rights that are subject to long-term easements for access and structural components. Two buildings will have direct ocean frontage. We estimate the subject's overall units should be able to be similar to the prices paid over the last year on similar sites in Broward County. Therefore, we anticipate the subject's units could have a price/SF of sellable area of approximately \$1,200/SF to \$1,300/SF. In the subject's market, underlying land value typically equates to approximately 10% to 15% of the end unit product.

The subject consists of fee simple air rights that are dependent on long term easement agreements. The air rights are owned in fee simple, and owners of condominium units will have ownership in perpetuity. However, a developer would have to be willing to work with other parties that have concurrent interests on the site. We estimate that since a developer would be receiving the full bundle of rights associated with the air rights, but not for the surrounding site, they would consider this when arriving at a purchase price. We estimate a developer would pay a price closer to the middle of the range or 12.5% of end unit product.

We have concluded to \$155.00 / SF of sellable area. The average price/SF for newly constructed condominiums is estimated at \$1,250/SF. Our value conclusion equates to approximately 12.4% of end unit product, which falls in market norms for this type of property.

DETERMINATION OF LAND RENT

The purpose of the appraisal is to provide the:

Value	Date of Value	Interest Appraised	Value Type
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	Market Value
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	Market Rent

In order to determine the Market Rent under each scenario, we provide the following market data to arrive at a rent multiplier. This market derived rent multiplier will be multiplied by the concluded market value.

In order to determine a marked derived rental rate for the subject, we will present various approaches:

1. An analysis of rent multipliers for properties that currently are offered for lease in Southeast Florida
2. An analysis of profit required by developers who lease land, and then sell the sites, with leases in place to third parties
3. Information from published investor’s surveys
4. Current interest rates for property types that could be constructed on the subject

Fundamental to the understanding of market rent for land, is the concept of a “rent multiplier.” Some market participants also refer to a “rent multiplier” as a “land capitalization rate.” For this analysis we will refer to the relationship between market rent and the underlying land value as a “rent multiplier.”

The relationship can also be noted as follows, along with an example.

Market Rent	Divided By	Land Value	Equals	Rent Multiplier
\$60,000	/	\$1,000,000	=	0.06

So, in this example the rent multiplier would be 0.60.

Similarly:

Land Value	Multiplied by	Rent Multiplier	Equals	Market Rent
\$1,000,000	X	0.06	=	\$60,000

We have already determined the subject’s value associated with the air rights. We will determine a market derived rent multiplier to arrive at a reasonable annual market rent.

Market Comparables

We researched parcels of land that are have recently been offered “for sale” and “for rent” in Southeast Florida. The presented parcels offer a range of uses. These particular comparables are not used to value the subject, rather to better understand owners’ expectations in terms of the ratio between an asking price for the sale of a parcel and the rental rate that would be anticipated for that same parcel.

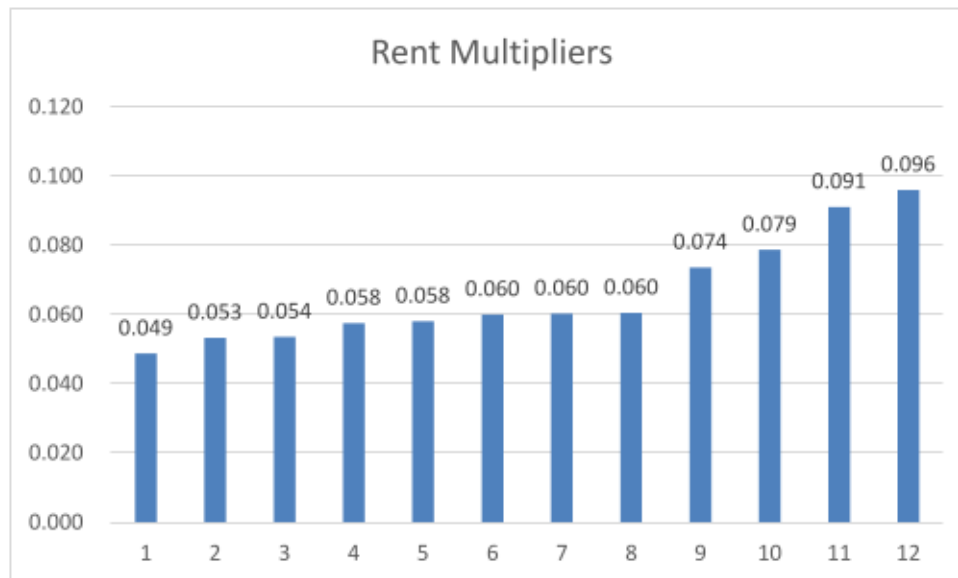
The chart that follows shows that property owners believe to be the market value for a site, along with the market rent for that same site. Dividing the site’s asking rent by the asking price results in a market derived rent multiplier. The following chart summarizes our findings.

Comp.	Address	City	Site Size (SF)	Asking Purchase	Asking Rental	Rent Multiplier	Broker
				Price	Rate		
1	2460 North Australian Ave	West Palm Beach	28,400	\$1,480,000	\$72,136	0.049	Apex Capital Realty
2	5075 NW 79 Avenue	Doral	60,984	\$9,000,000	\$480,000	0.053	NAI Miami
3	13150 NW 32 Avenue	Opa Locka	87,120	\$6,500,000	\$348,480	0.054	JLL
4	19045 NW 2 Avenue	Miami Gardens	20,140	\$1,648,000	\$94,859	0.058	Current Capital RE Group
5	4710 Woolbright Road	Boynton Beach	55,321	\$2,750,000	\$159,878	0.058	Stiles
6	1048 East Oakland Park Blvd.	Oakland Park	18,500	\$1,600,000	\$96,015	0.060	Costa Sol
7	524 N. State Road 7	Hollywood	23,522	\$1,950,000	\$117,610	0.060	Compass
8	18352 NW 2 Avenue	Miami Gardens	52,604	\$2,999,999	\$181,484	0.060	Lifestyle Intl. Realty
9	1193 NW 167 Street	Miami Gardens	21,449	\$1,500,000	\$110,462	0.074	Reategui RE
10	980 South Andrews Avenue	Pompano Beach	24,496	\$1,400,000	\$110,232	0.079	Apex Capital Realty
11	9160 Old Dixie Highway	North Palm Beach	69,260	\$1,975,999	\$180,076	0.091	Keller Williams
12	1177 North State Road 7	Hollywood	17,199	\$1,000,000	\$96,000	0.096	The Property Solutions Guru

Source: CoStar; Compiled by Joseph J. Blake & Associates

The comparables range from a low of 0.049 to 0.096 with an average of 0.66. The median of the comparables surveyed is 0.60. Five of the twelve comparables ranged from 0.058 to 0.060. This suggests that in the Southeast Florida Market, a rent multiplier of 0.060 is quite common.

We note that the asking rent multipliers fall in a relatively tight range.



Secondary Market Comparables

Land owners often purchase a parcel of land, make improvements to that land, lease the land to the operator of a business and then once that lease is in place, sell the leased fee estate to an investor. There is a “spread” between the “rent multiplier” and the income capitalization rate used to purchase the leased fee estate.

The spread is due to the following: potential tenants will bid up the rental price paid for a parcel of land, increasing the rent multiplier. When a property is completed, and a credit tenant is in place, investors will compete to buy the property, increasing the purchase price, but effectively decreasing the income capitalization rate paid.

The math behind this scenario is as follows. Let us say an investor purchases a site for \$1,000,000 and establishes a rental rate of \$60,000; that is at a market derived “rent multiplier” of 0.060.

Once the lease is in place, they then sell the leased fee estate to an investor at a capitalization rate of 4.50%. The developer would make a profit for their efforts as follows:

Land Purchase Price Including Improvements	\$1,000,000
Market Derived Rent Multiplier	0.060
Market Derived Land Rent	\$60,000
Annual Rental Payment	\$60,000
Leased Fee Capitalization Rate	0.045
Leased Fee Value	\$1,333,333
Profit to Developer	\$333,333

So, in this instance, the developer would make a profit of \$333,333. The “spread” between the Leased Fee Capitalization Rate and the Market Derived Rent Multiplier is 150 basis points.

The following chart summarizes comparables of developer rates of return. Higher rates reflect some improvements in addition to the land value resulting in the upper end of the range. These comparables represent actual developer rates of return along with sale capitalization rates.

Comp.	Yr. Blt.	Property Type	Location	Site Size (SF)	Site & Development Costs	Annual NNN Rent (Land Rent)	Return on Cost (Rent Multiplier)	Sale/Market Capitalization Rate	Basis Point Spread
1	2024	Chick-fil-A Ground Lease	SE Florida	68,000	\$6,000,000	\$380,000	6.33%	4.20%	213
2	2020	7-Eleven Ground Lease	SE Florida	60,743	\$4,388,212	\$267,500	6.10%	4.75%	135
3	2018	Bank Branch	SE Florida	19,316	\$1,890,000	\$160,650	8.50%	5.00%	350
4	2018	Medical Office	SE Florida	31,559	\$2,145,600	\$187,740	8.75%	5.19%	356
5	2017	Wawa Ground Lease	SE Florida	81,031	\$6,225,000	\$420,000	6.75%	4.75%	200
6	2014	Bank Branch	SE Florida	20,460	\$3,472,000	\$333,333	9.60%	5.50%	410

Source: Compiled by Joseph J. Blake & Associates

In the examples noted, the spread ranges from 135 basis points to 410 basis points. That is the “rent multiplier” is approximately 135 to 410 basis points *higher* than the leased fee capitalization rate.

Now that there is information as to a reasonable “spread” between the “rent multiplier” and the leased fee “capitalization rate” we can also look at recent sales of parcels with land leases in place.

In theory, you can look at the leased fee capitalization rates, and add approximately 100 to 300 basis points to that rate, to arrive at a “rent multiplier” that would allow the fee simple property owner to earn a profit for their efforts.

We have researched transactions that have similar, but not identical characteristics to determine a market derived capitalization rate. Triple net leased properties with long-term leases provide some insight into current market conditions.

According to The Bolder Group, *Cap rates in the single tenant net lease sector increased for the sixth consecutive quarter within all three sectors in the third quarter of 2023 to 6.51%. Single tenant cap rates increased to 6.27% (+10 bps) for retail, 7.41% (+14 bps) for office and 6.96% (+16 bps) for industrial in the third quarter. The consistent rise in interest rates continues to be the primary driver for the upward pressure on cap rates. Over the course of the third quarter, the 10 Year Treasury peaked at 4.68% which is almost 100 bps higher than the lowest level of 3.73% during the same time period. (As of November 16, 2023, the 10-year Treasury yield is 4.53%.)*

The persistent rise in interest rates further amplified the pricing dislocation in the net lease market between buyers and sellers. As the gap between buyers and sellers remains consistent, properties are sitting on the market longer. In the third quarter of 2023, the marketing time of net lease properties grew when compared to the prior year by 25% to more than eight months. Furthermore, the supply of net lease product on the market increased by approximately 10%.

As the supply of net lease properties increased, the buyer pool for net lease properties decreased. Across all commercial real estate asset classes, sale transactions decreased by more than 50% through the first three quarters. Accordingly, the amount of 1031 exchange buyers in the market remains limited. 1031 exchange buyers historically made up a large segment of the buyers of properties below \$10 million. With limited 1031 buyers, sellers turned to institutional and REIT buyers. However, increased cost of capital and limited competition pushed cap rates higher for both REITs and private buyers.

Traditionally, the fourth quarter of the year represents greater transaction volume than other individual quarters as funds are looking to fill yearly allocations. However, with many institutional and REIT buyers achieving their target allocations early, the expectation is for a slower than normal quarter. With interest rates and cost of capital at the forefront of investors' minds, the focus will be on the upcoming Federal Reserve meetings. All cash and 1031 buyers, while limited, will look to take advantage of the increased property supply in order to buy assets at higher cap rates. Ultra-low cap rate assets will be concentrated in properties with "one-of-a-kind" attributes in top markets with long term leases and strong tenants.

The following comparable sales represent the purchase of a parcel of land where the tenant was completely responsible for the construction and/or maintenance of the structure subsequently constructed on the sites. These are essentially "land leases."

SELECTED SINGLE TENANT SALES COMPARABLES

Sale Date	Sector	Tenant	City	State	Price	Price Per SF	Cap Rate	Lease Term Remaining
Aug-23	Office	Elevance Health	Richmond	VA	\$66,172,500	\$214	6.50%	12
Aug-23	Industrial	FedEx Freight	Belgrade	MT	\$47,736,194	\$248	6.00%	10
Jul-23	Industrial	Anderson-Dubose	Waren	OH	\$47,000,000	\$223	5.85%	9
Jul-23	Industrial	Wilbert Plastic Services	Easley	SC	\$15,750,000	\$61	6.27%	8
Sep-23	Retail	Stop & Shop	Bristol	RI	\$15,255,241	\$242	6.85%	3
Aug-23	Retail	Kohl's	Katy	TX	\$14,650,000	\$266	6.73%	12
Jul-23	Retail	Sprouts Farmers Market	Lancaster	CA	\$10,570,000	\$455	5.00%	12
Aug-23	Retail	Chase Bank	Brooklyn	NY	\$10,262,500	\$1,283	5.90%	7
Sep-23	Retail	7-Eleven	Sacramento	CA	\$5,981,500	\$1,975	5.35%	13
Aug-23	Retail	Panera (GL)	Queen Creek	AZ	\$5,104,000	--	4.80%	15
Sep-23	Retail	Chick Fil A (GL)	Beaverton	OR	\$5,087,500	--	4.32%	7
Sep-23	Retail	7-Eleven	Haverstraw	NY	\$5,000,000	\$1,648	5.00%	15
Sep-23	Retail	Goodwill	Mankato	MN	\$4,956,000	\$239	6.13%	9
Sep-23	Retail	Walgreens	Tewksbury	MA	\$4,550,000	\$329	6.57%	8

Source: The Bolder Group *The Net Lease Market Report, 2023 Q3*

The sales noted above range from 4.32% to 6.85%. These sales are all triple net leased investments, with credit tenants already in place. As previously noted, there is typically a basis spread between the rent multiplier and the leased fee capitalization rate paid for a completed property with a credit tenant in place.

The capitalization rates ranged from approximately 0.040 to 0.070. Based on this data you would anticipate rent multipliers in the range of approximately 0.050 to approximately 0.100.

Investor's Survey

I also considered national investor's survey data before reaching a capitalization rate conclusion for the subject's sites.

The following table summarizes prevailing land lease capitalization and discount rates. The former reflects initial rates of return on appraised values for vacant land proposed for development. They do not address increases in land lease payments or the reversion but may include percentage rent. The latter are internal rates of return being achieved by landowners on improved properties. As such, they include changes in land lease payments, percentage rent where applicable, and the reversion of the entire property at the termination of the lease.

Total lease terms range from 40 to 99 years, while fixed rent periods range from one to 10 years. Generally, short-term (1-3 years) fixed rent periods auto-adjust based on a national reference rate such as the Consumer Price Index, while long-term (5-10 years) fixed rent periods are based on appraised values but are often subject to negotiation and/or arbitration.

RealtyRates.com INVESTOR SURVEY - 4th Quarter 2023*						
LAND LEASES						
Property Type	Capitalization Rates			Discount Rates		
	Min.	Max.	Avg.	Min.	Max.	Avg.
Apartments	4.29%	10.95%	8.42%	6.89%	11.45%	9.42%
Golf	4.85%	16.09%	10.56%	7.45%	16.59%	11.56%
Health Care/Senior Housing	4.85%	12.25%	9.05%	7.45%	12.75%	10.05%
Industrial	4.65%	11.95%	8.84%	7.25%	12.45%	9.84%
Lodging	4.79%	16.02%	9.13%	7.39%	16.52%	10.13%
Mobile Home/RV Park	4.69%	14.65%	9.69%	7.29%	15.15%	10.69%
Office	4.67%	11.82%	8.55%	7.27%	12.32%	9.55%
Restaurant	5.35%	18.15%	10.35%	7.95%	18.65%	11.35%
Retail	4.49%	12.05%	8.94%	7.09%	12.55%	9.94%
Self-Storage	4.62%	12.05%	9.86%	7.22%	12.55%	10.86%
Special Purpose	5.59%	17.75%	10.69%	7.70%	20.25%	10.91%
All Properties	4.29%	18.15%	9.46%	6.89%	18.65%	10.34%

*3rd Quarter 2023 Data

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Previously we noted that some market participants also refer to a “rent multiplier” as a “land capitalization rate.” For this analysis we will refer to the relationship between market rent and the underlying land value as a “rent multiplier.” In the RealtyRates chart above, the “rent multiplier” is expressed as a “land capitalization rate.”

Land Capitalization Rates for Apartments range from 4.29% to 10.95% with an average of 8.42%. Lodging properties range from 4.79% to 16.02% with an average of 9.13%.

The data presented is rather unprecise; therefore, in the final estimate of an appropriate rent multiplier for the subject, we will place secondary weight on this information. However, it does give a framework for investors’ expectations.

INTEREST RATES

We also considered the rate of return that would be expected from the fee simple owner of the property. Land leases are considered by some developers to be similar to land loans; the land is being provided to the developer, who in turn does not have to purchase the site. Current interest rates are on the rise; this would affect the fee simple owner's expectation for an annual rental rate. We note that a land lease extends for many years; a fee simple land owner would want to include a clause where rents increase at CPI, and/or the rents are reset on a periodic basis, based on updated land values and other market factors.

The average interest rates for lodging range from 4.82% to 13.44% with an average of 7.07%. The lowest average rate noted is for Apartments, which range from 4.32% to 8.37% with an average of 6.36%.

	Commercial Mortgage Rates and Terms										
	Apt.	Golf	Health Care/ Senior Housing	Industrial	Lodging	RV/Camp Mfg Hsg MH Park	Office	Restaurant	Retail	Self Storage	Special Purpose
Spread Over Base											
Minimum	0.75%	1.30%	1.30%	1.10%	1.25%	1.15%	1.10%	1.80%	0.95%	1.07%	2.03%
Maximum	4.80%	9.95%	6.10%	5.80%	9.87%	8.50%	5.65%	12.00%	5.90%	5.90%	11.60%
Average	2.79%	5.19%	3.42%	3.21%	3.50%	4.05%	2.88%	4.73%	3.31%	4.23%	5.05%
Interest Rate											
Minimum	4.32%	4.87%	4.87%	4.67%	4.82%	4.72%	4.67%	5.37%	4.52%	4.64%	5.60%
Maximum	8.37%	13.52%	9.67%	9.37%	13.44%	12.07%	9.22%	15.57%	9.47%	9.47%	15.17%
Average	6.36%	8.76%	6.99%	6.78%	7.07%	7.62%	6.45%	8.30%	6.88%	7.80%	8.62%
Debt Coverage Ratio											
Minimum	1.00	1.20	1.05	1.10	1.05	1.10	1.10	1.10	1.05	1.10	1.15
Maximum	1.86	2.15	2.25	2.05	2.85	2.05	2.15	2.15	2.15	2.50	2.15
Average	1.43	1.54	1.48	1.45	1.54	1.35	1.63	1.57	1.39	1.52	1.70
Loan-to-Value Ratio											
Minimum	55%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Maximum	90%	80%	90%	80%	80%	80%	80%	80%	80%	80%	80%
Average	73%	67%	70%	70%	67%	69%	68%	65%	70%	70%	66%
Amortization (Years)											
Minimum	15	15	15	15	15	15	15	15	15	15	15
Maximum	40	40	40	40	40	40	40	30	40	40	40
Average	26	23	25	25	22	26	30	22	25	28	23
Terms (Years)											
Minimum	3	5	3	3	5	5	3	3	3	3	3
Maximum	40	30	25	30	30	30	30	15	10	10	20
Average	20.50	9.00	13.65	11.46	7.80	9.15	8.00	7.45	6.20	6.10	7.85
Equity Dividend Rates											
Minimum	4.70%	9.18%	7.14%	6.70%	7.48%	7.56%	7.20%	10.10%	7.62%	7.42%	9.95%
Maximum	13.74%	21.69%	16.56%	15.21%	18.85%	17.46%	15.45%	19.73%	17.23%	14.77%	20.61%
Average	9.68%	16.06%	12.32%	11.38%	13.73%	13.01%	11.74%	15.40%	12.91%	11.46%	15.81%

Source: RealtyRates.com Investor Survey, 3rd Quarter 2023 (2nd Quarter 2023 Data)

While not a specific indication of an applicable rent multiplier, this information is considered in our final estimate of an appropriate, market derived multiplier.

CONCLUSION

There is little land available for new development in the area surrounding the subject. Most of the new development in the subject's market represents assemblages and redevelopment of existing, lower density properties. Land in the neighborhoods where the subject is located is in high demand. This demonstrated by the land sales previously presented. Additional information in the Market Analysis section of this report also speaks to the level of investor demand in the surrounding submarket. Furthermore, the subject site is located across from the Atlantic Ocean, with direct views and access to the beach to the east and water views facing north, south, and west. Furthermore, the subject sits adjacent to a marina.

Therefore, the risk associated with long-term development potential on a site such as the subject would be lower than in areas that would be considered less favorably by area developers. The lower risk associated with the presence of other development in the area suggests that builders would bid up the rental payment for the subject site. This would effectively bid up the "rent multiplier" used to determine land rent.

Any developer of the subject site would have to be able to manage and maintain a relationship with The City of Fort Lauderdale, and other stake holders; they would also be responsible for coordinating with the Fort Lauderdale Boat Show which uses the marina each year for their exhibition. In addition, the tenant would work in the political climate in which the site is located, which can change from year to year. Demands from many stake holders would have to be considered, especially since the subject site is owned by a local municipality.

While the City of Fort Lauderdale would likely be a very capable and proactive partner in any development on the site, the complexity of developing in conjunction with all stakeholders site would tend to reduce the number of potential bidders. Financing for this type of development may also be more expensive, reducing the amount of rent a developer would be willing to pay. Approvals from multiple agencies, including local, state and possibly Federal agencies could slow down the pace of development, subjecting the developer to uncertain changes in market forces. Fewer bidders would tend to be a moderating force on the agreed upon rent multiplier. Future purchasers of condominium units may expect a slight discount to their purchase price, due to the long-term land lease, as opposed to fee simple land ownership, which may complicate obtaining financing. In addition, any future association fees may have to incorporate payment of the land lease which may have a negative impact on unit pricing and hotel profits.

We provided various methods of arriving at a reasonable rent multiplier. We consider the most reasonable method of determining an appropriate rent multiplier is the actual comparable properties in Southeast Florida that are currently offered for sale and for rent. These comparables show what land owners in the region expect in terms of a rent multiplier.

Five of the twelve comparables presented ranged from 0.058 to 0.060. This suggests that in the Southeast Florida Market, a rent multiplier of 0.060 is quite common and represents land owners' expectations.

When making our conclusion we considered the comparables presented, information from investors, the national investor survey presented as well as current interest rates for various property types. We also considered the desirability of the site due to its proximity to population centers in Broward County. Finally, we considered the potential, but also the limitations of development. We conclude that a rent multiplier in the range of 0.0575 to 0.0625 is market oriented. We conclude to 0.060.

Calculation of Annual Rent for Subject Air Rights

"Value of Air Rights" Fee Simple Value (11/13/2023)	
801 Seabreeze Blvd.	
Indicated Land Value	\$249,442,120
Rounded Final Land Value	\$249,000,000

"Annual Market Rent" (11/13/2023)	
801 Seabreeze Blvd.	
Indicated Land Value	\$249,442,120
Land Multiplier	6.00%
Adjusted Land Value	\$14,966,527
Rounded Final Land Value	\$15,000,000

"Annual Market Rent" (11/13/2023)	
801 Seabreeze Blvd.	
Annual Market Rent	\$15,000,000
Final Value Opinion	\$15,000,000

The Sales Comparison Approach was employed in the valuation of the subject. We have attempted to summarize all the input data and have briefly explained our methodology in processing and/or analyzing this data. Insofar as we have been able to determine, this data has been obtained from reliable sources and was accepted as being accurate. We give full recognition to the inherent weaknesses in each of the approaches. It should be acknowledged that because the appraisal of real property is not an exact science, professional judgment on our part becomes a component of each of the recognized approaches.

The Sales Comparison Approach is dependent on a direct comparative technique of the sale, or offering of, similar properties. Since no two properties are ever identical, it is necessary to analyze and determine the degree of comparability between the subject and the sale properties for differences. The subject consists of the air rights associated with the uplands at Bahia Mar. The site is owned by the City of Fort Lauderdale; the site is leased to a developer who has the right to construct 2,131,951 SF of building area. Since the underlying site is owned by the City of Fort Lauderdale, the development approvals are considered to be 'air rights.' In order to determine the amount of money a developer would pay for each SF of building area; we researched sales of oceanfront or close to water site that are available for a similar type development. The primary unit of comparison utilized in the valuation of the subject was the price per SF of building area. A number of recent sales of comparable properties were uncovered, and after the adjustment process, we concluded to a value/price per SF of building area for the subject. Since this is the method that a developer would use when reaching a value conclusion for the site, we have relied on this method in the subject's valuation.

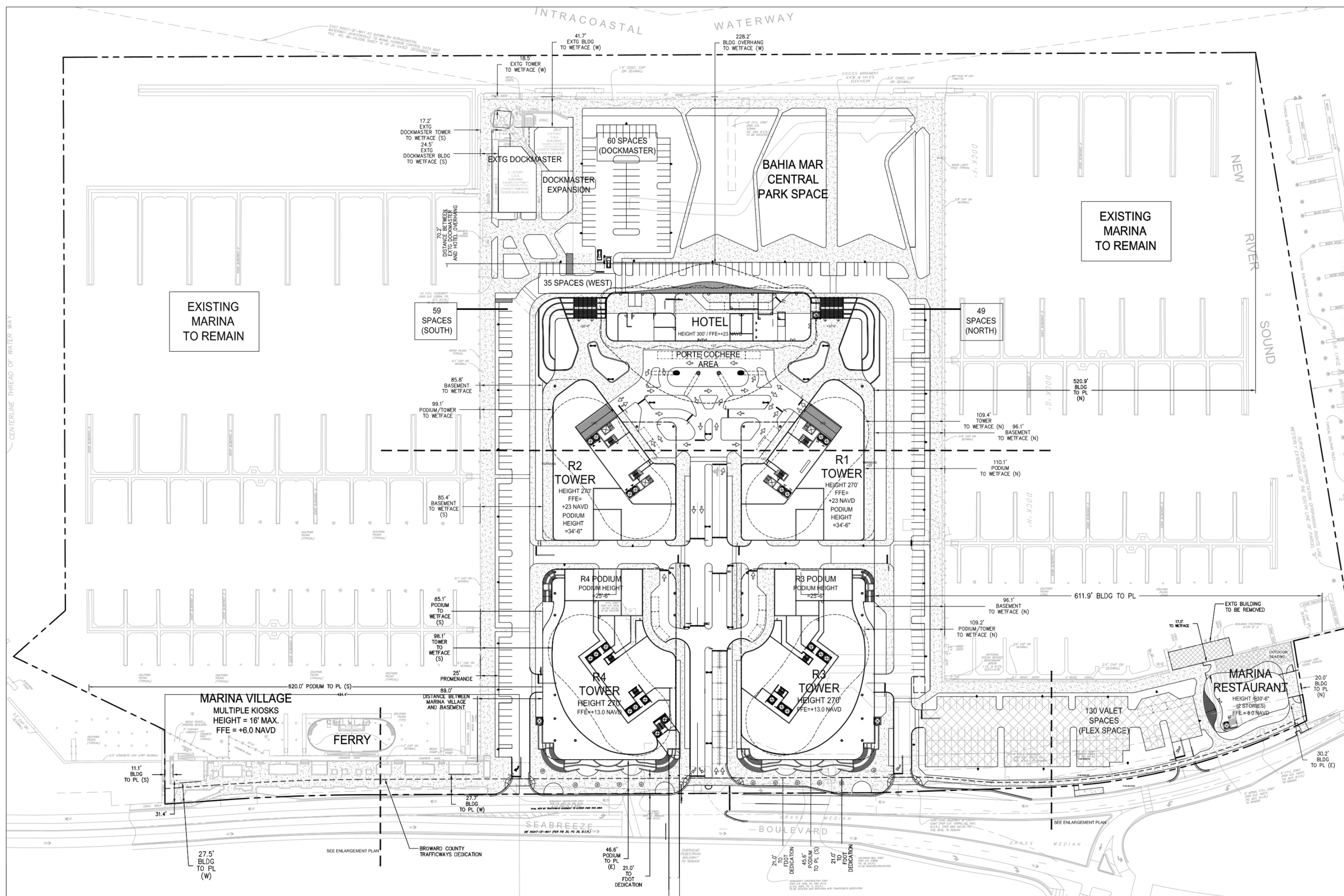
In the final analysis of the subject, we consider the influence of the approaches used in relation to one another and in relation to the subject and, since the property is being appraised as vacant land, the Sales Comparison Approach is the most reliable technique in forming an opinion of the subject's value.

Based on the analysis of pertinent physical and economic factors, we have arrived at the following value opinions:

Value	Date of Value	Interest Appraised	Value Opinion
"Value of Air Rights"	11/13/23	Fee Simple Air Rights	\$249,000,000
"Annual Market Rent"	11/13/23	Fee Simple Air Rights	\$15,000,000

The subject is currently improved with a hotel, ancillary buildings, buildings associated with the adjoining marina, and areas for parking. All in-place improvements are not part of this appraisal. This appraisal is based on the extraordinary assumption all improvements on the site will be removed, and no deductions have been made for their removal. We have been asked to provide the value of the 'air rights' associated with the site. The 'air rights' are valued based on fee simple ownership. The air rights valued in this report do not include the ground (surface area) or any other portions of the larger site. This valuation does not consider any easements, agreements, or leases in place at the property for any other portions of the site, and makes the extraordinary assumption that any other uses or agreements would not have impact on the development of the aforementioned air rights. Furthermore, this appraisal is based on the extraordinary assumption that all Perpetual Easements are in place, that are necessary for the successful construction within the aforementioned air rights. This appraisal is not based on any other extraordinary assumptions. The use of the aforementioned Extraordinary Assumptions might have affected the assignment results.

This appraisal is not based on any hypothetical conditions.



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BAHIA MAR

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Rev:	Date:	Description:
1	02/03/2023	REV1 RESUBMITTAL
2	03/15/2023	REV2 RESUBMITTAL

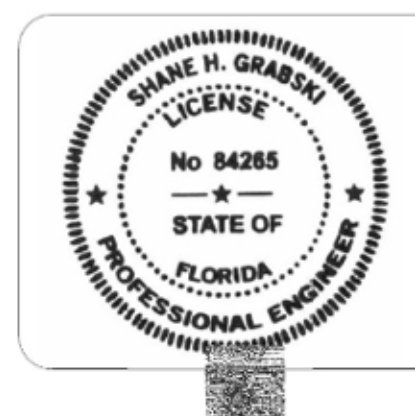
Date: MAR 21, 2023
Project Manager: (SR0D)
Drawn By: (SHG)
Principal in Charge: (JMF)
Project No: 02-0237.04
Scale: 1"=60'

Seal:
Shane H Grabski
Digitally signed by Shane H Grabski
DN: c=US, o=Flynn Engineering Services P.A., dnQualifier=A01410D000, 0017BA425154700004C4C, cn=Shane H Grabski
Date: 2023.03.31 17:11:24 -0400

Project Phase:
DRC SITE PLAN SUBMITTAL

Sheet Title:
OVERALL SITE PLAN

Sheet Number:
C0.1



THIS ITEM HAS BEEN DIGITALLY SIGNED AND SEALED BY SHANE H. GRABSKI, P.E. ON Mar 31, 2023
PRINTED COPIES OF THIS DOCUMENT ARE NOT CONSIDERED SIGNED AND SEALED AND THE SIGNATURE MUST BE VERIFIED ON ANY ELECTRONIC COPIES

Drawing name: F:\2002 jobs\02-0237.04 Bahia Mar 2022 Related\02-0237.04 SITE.dwg
Mar 30, 2023 - 3:56pm

SITE PLAN DATA:

CURRENT USE OF PROPERTY	HOTEL, MARINA, COMMERCIAL
CURRENT LAND USE DESIGNATION	RAC
PROPOSED LAND USE DESIGNATION	RAC
CURRENT ZONING DESIGNATION	SBMHA
PROPOSED ZONING DESIGNATION	PDD*
ADJACENT ZONING DESIGNATION	SBMHA

* Per Sec 47-37A.4, the uses permitted & combination thereof within the PDD district shall be established at the time of rezoning to PDD and consistent with the City's Comp. Plan.

TOTAL SITE AREA (GROSS)	1,732,106 SF / 39.76 acres
TOTAL SITE AREA (NET)	1,683,574 SF / 38.65 acres
UPLAND AREA	695,430 SF / 15.97 acres
MARINA AREA	988,144 SF / 22.68 acres

TOTAL MARINA PERVIOUS EXISTING (WATER)	988,144 S.F.	58.7%
TOTAL MARINA PROPOSED (WATER)	988,144 S.F.	58.7%
TOTAL PERVIOUS EXISTING (LANDSCAPE)	74,022 S.F.	4.4%
TOTAL PERVIOUS PROPOSED (LANDSCAPE)	140,570 S.F.	8.3%
TOTAL IMPERVIOUS EXISTING	564,393 S.F.	33.5%
TOTAL IMPERVIOUS PROPOSED	273,734 S.F.	16.3%
TOTAL BUILDING FOOT PRINT EXISTING	57,015 S.F.	3.4%
TOTAL BUILDING FOOT PRINT PROPOSED (GARAGE)	281,126 S.F.	16.7%

WATER/ WASTE WATER SERV. PROVIDER	CITY OF FORT LAUDERDALE
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MIXED USE PROGRAM:

NUMBER OF BRANDED RESIDENTIAL UNITS	350 UNITS
NUMBER OF BRANDED RESIDENTIAL HOTEL UNITS	60 UNITS
NUMBER OF BRANDED HOTEL UNITS	256 ROOMS
TOTAL SF OF PROPOSED COMMERCIAL (MAIN BUILDING)	54,589 SF
TOTAL SF MARINA RESTAURANT (NORTH)	11,001 SF
TOTAL SF MARINA VILLAGE (SOUTH)	5,764 SF
TOTAL SF FERRY	7,765 SF
TOTAL SF DOCKMASTER (OFFICE SPACE)	8,881 SF
COMMERCIAL SUBTOTAL =	88,000 SF
MARINA & MARINA SERVICES (EXISTING)	222 SLIPS
	10 SLIPS (LIVE ABOARD)
	811 PASSENGERS (CHARTER OPS)
	10 SLIPS (FISHING CHARTERS)
TOTAL SF DOCKMASTER (EXTG MARINA SERVICES)	13,000 SF

*SEE PARKING TABLE FOR DETAILED USES

TOTAL BUILDING GSF:

BUILDING HOTEL	386,974 S.F.
BUILDING TOWER R1	297,511 S.F.
BUILDING TOWER R2	297,511 S.F.
BUILDING TOWER R3	313,942 S.F.
BUILDING TOWER R4	313,366 S.F.
GARAGE PARKING (BASEMENT + GROUND LEVEL)	476,236 S.F.
MARINA VILLAGE (KIOSKS)	5,764 S.F.
FERRY	7,765 S.F.
BUILDING MARINA RESTAURANT	11,001 S.F.
BUILDING DOCKMASTER (EXTG & PROPOSED)	21,881 S.F.

TOTAL BUILDING GROSS SQUARE FOOTAGE 2,131,951 S.F.

VUA AREA	134,048 S.F.	8.0%
VUA AREA FLEX SPACE	30,788 S.F.	1.8%
PEDESTRIAN WALKS & PLAZAS (HARDSCAPE IN ROW NIC)	86,871 S.F.	5.2%
LANDSCAPE	140,570 S.F.	8.3%

SETBACK TABLE:

	REQUIRED SBMHA (2022 CODE)	PREVIOUSLY APPROVED	PROVIDED PDD
FRONT YARD (EAST) - A1A	20'-0" TO PL	21'-0" RES BLDG TO PL 21'-11" VILLAGE TO PL	25'-0" RESTAURANT TO PL 27'-6" VILLAGE TO PL 45'-7" PODIUM TO PL
SIDE YARD (NORTH)*	20'-0" TO PL	60'-6" RES BLDG TO PL 492'-10" RES BLDG TO PL	20'-0" MARINA RESTAURANT TO PL 520'-10" PODIUM TO PL
SIDE YARD (SOUTH)*	20'-0" TO PL	10'-0" TO PL 516'-7" BLDG TO PL	11'-0" MARINA VILLAGE TO PL 17'-2" (EXTG) EXTG DOCKMASTER TO WETFACE 620'-0" PODIUM TO PL
REAR YARD (WEST)	20'-0" TO PL	45'-0" RES BLDG OVERHANG TO WETFACE 60'-0" RES BLDG TO WETFACE	41'-8" (EXTG) EXTG DOCKMASTER TO WETFACE 18'-6" (EXTG) EXTG DOCKMASTER TO WETFACE 228'-2" HOTEL BLDG OVERHANG TO WETFACE

* As measured per ULDR Sec: 47-12.3

* SBMHA code prior to 2022 for Side Yards was 10' for NORTH and SOUTH YARDS.

DENSITY-RESIDENTIAL

DENSITY (NET):

		PERMITTED (SBMHA)	PROPOSED PDD
TOTAL SITE AREA (net)	350 units / 38.65 acres	70 Units/Ac	9.05 Units/Ac
TOTAL SITE AREA (net)	60 units / 38.65 acres	70 Units/Ac	1.55 Units/Ac
		2,705 Units	10.60 Units/Ac

DENSITY (UPLAND):

			PROPOSED PDD
TOTAL SITE AREA (net)	350 units / 15.97 acres	70 Units/Ac	21.9 Units/Ac
TOTAL SITE AREA (net)	60 units / 15.97 acres	70 Units/Ac	3.8 Units/Ac
			25.67 Units/Ac

DENSITY-HOTEL

DENSITY (NET):

		PERMITTED (SBMHA)	PROPOSED PDD
TOTAL SITE AREA (net)	256 units / 38.65 acres	No Max.	6.6 Units/Ac

DENSITY (UPLAND):

		PERMITTED (SBMHA)	PROPOSED PDD
TOTAL SITE AREA (net)	256 units / 15.97 acres	No Max.	16.0 Units/Ac

FAR:

		PERMITTED (SBMHA)	PROPOSED PDD
TOTAL SITE AREA (gross)	2,131,951/1,683,574	5.0	1.27

Project Name:

BAHIA MAR

Client: **RAHN BAHIA MAR, LLC**
1175 NE 125 STREET, SUITE 102
NORTH MIAMI, FL 33161

Consultants: **LOCHRIE & CHAKAS P.A.** LAND USE ATTORNEY
1400 E BROWARD BLVD. #303
FORT LAUDERDALE, FL 33301

ARQUITECTONICA ARCHITECT
ARQUITECTONICA
2900 OAKS AVE
MIAMI, FL 33133

FLYNN ENGINEERING CIVIL ENGINEERING / LAND PLANNING
FLYNN ENGINEERING SERVICES
241 COMMERCIAL BLVD.
LAUDERDALE-BY-THE-SEA
FL 33308

edsa LAND PLANNER / LANDSCAPE ARCHITECT
1512 E. BROWARD BOULEVARD, SUITE 110
FORT LAUDERDALE, FLORIDA 33301 USA

PHOTOMETRICS
FELLER ENGINEERING
500 NE 3RD AVENUE
FORT LAUDERDALE, FL 33301

TRAFFIC ENGINEER
DC ENGINEERING, INC
12743 NW 13TH COURT
CORAL SPRINGS, FL 33071

Rev:	Date:	Description:
1	02/03/2023	REV1 RESUBMITTAL
2	03/15/2023	REV2 RESUBMITTAL

Date:	MAR 15, 2023
Project Manager:	(SROD)
Drawn By:	(SHG)
Principal in Charge:	(JMF)
Project No:	02-0237.04

Scale: NTS

Seal:

Project Phase:
DRC SITE PLAN SUBMITTAL

Sheet Title:
SITE DATA 1

Sheet Number:
SD.1

FOR DRC REVIEW ONLY - NOT FOR CONSTRUCTION



Site Address	801 SEABREEZE BOULEVARD, FORT LAUDERDALE FL 33316	ID #	5042 12 27 0012
Property Owner	CITY OF FORT LAUDERDALE	Millage	0312
Mailing Address	100 N ANDREWS AVE FORT LAUDERDALE FL 33301	Use	39-06
Abbr Legal Description	BAHIA MAR 35-39 B ALL BAHIA MAR LYING W OF SEABREEZE BLVD R/W LESS PARCEL 1 & LESS N 80 OF PARCEL 34, AND LESS POR LYING WITHIN R/W FOR S ST RD A-1-A PER MISC MB 8-149 & 8-185		

The just values displayed below were set in compliance with **Sec. 193.011, Fla. Stat.**, and include a reduction for costs of sale and other adjustments required by **Sec. 193.011(8)**.

* 2024 values are considered "working values" and are subject to change.

Property Assessment Values					
Year	Land	Building / Improvement	Just / Market Value	Assessed / SOH Value	Tax
2024	\$99,288,850	\$78,906,140	\$178,194,990	\$121,839,880	
2023	\$99,288,850	\$78,906,140	\$178,194,990	\$110,763,530	\$2,696,848.93
2022	\$99,528,980	\$55,791,020	\$155,320,000	\$100,767,650	\$2,355,860.75

2024 Exemptions and Taxable Values by Taxing Authority				
	County	School Board	Municipal	Independent
Just Value	\$178,194,990	\$178,194,990	\$178,194,990	\$178,194,990
Portability	0	0	0	0
Assessed/SOH	\$121,839,880	\$178,194,990	\$121,839,880	\$121,839,880
Homestead	0	0	0	0
Add. Homestead	0	0	0	0
Wid/Vet/Dis	0	0	0	0
Senior	0	0	0	0
Exempt Type	0	0	0	0
Taxable	\$121,839,880	\$178,194,990	\$121,839,880	\$121,839,880

Sales History			
Date	Type	Price	Book/Page or CIN

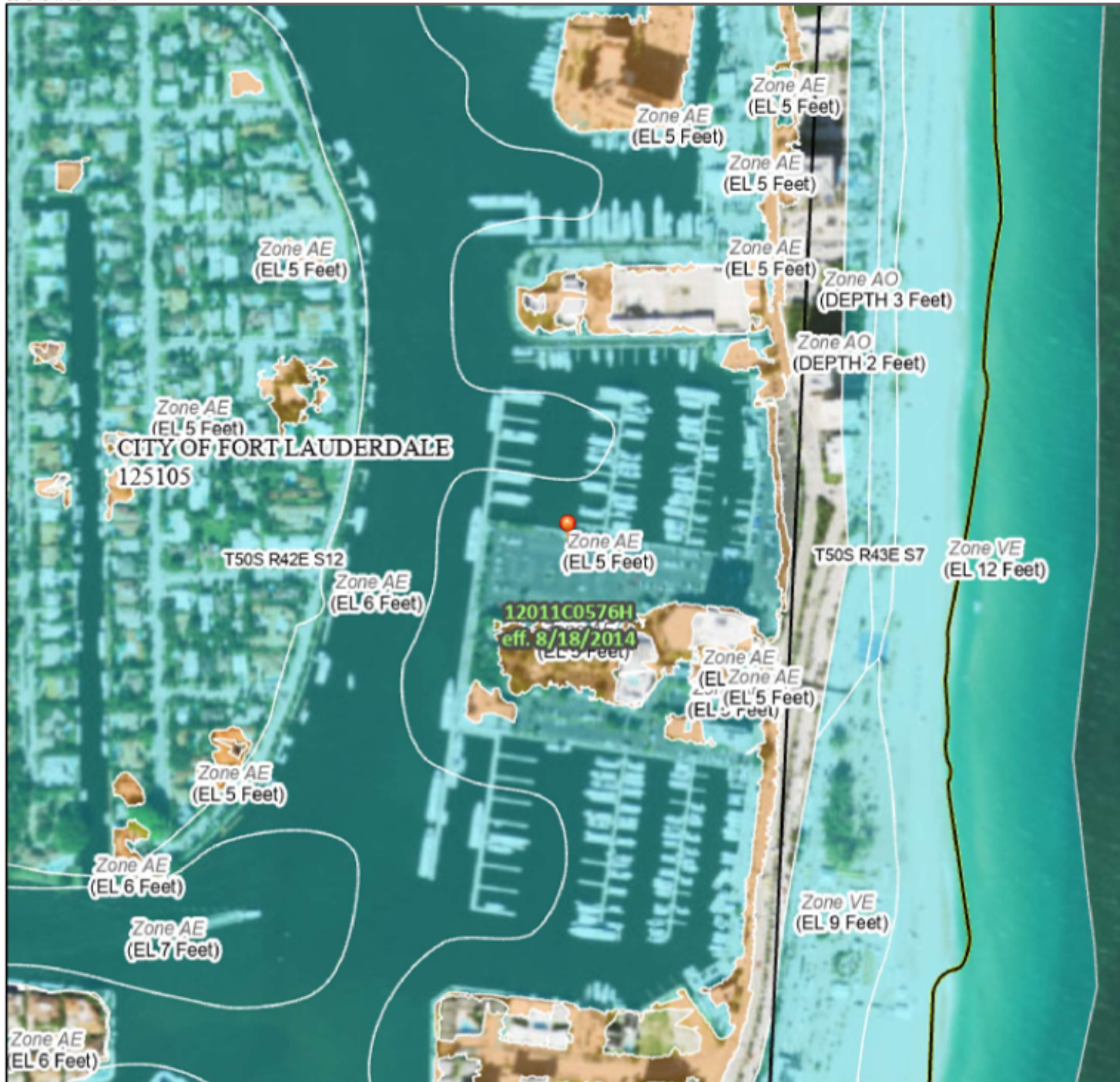
Land Calculations		
Price	Factor	Type
\$125.00	571,609	SF
\$25.00	1,113,509	SF
Adj. Bldg. S.F. (Card, Sketch)		258817
Eff./Act. Year Built: 1976/1975		

Special Assessments								
Fire	Garb	Light	Drain	Impr	Safe	Storm	Clean	Misc
03								FB
S								
258817								\$94,494.86

National Flood Hazard Layer FIRMMette



80°6'46"W 26°7'7"N



80°6'8"W 26°6'35"N

Basemap Imagery Source: USGS National Map 2023

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, A99	With BFE or Depth Zone AE, AO, AH, VE, AR	Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X	Future Conditions 1% Annual Chance Flood Hazard Zone X	Area with Reduced Flood Risk due to Levee. See Notes. Zone X	Area with Flood Risk due to Levee Zone D

OTHER AREAS	NO SCREEN Area of Minimal Flood Hazard Zone X	Effective LOMRs	Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer	Levee, Dike, or Floodwall

OTHER FEATURES	Cross Sections with 1% Annual Chance Water Surface Elevation	Coastal Transect	Base Flood Elevation Line (BFE)	Limit of Study	Jurisdiction Boundary	Coastal Transect Baseline	Profile Baseline	Hydrographic Feature

MAP PANELS	Digital Data Available	No Digital Data Available	Unmapped

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on **11/14/2023 at 3:45 PM** and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized panels may be used for regulatory purposes.

Table with 6 columns: Property ID Number, Escrow Code, Assessed Value, Exemptions, Taxable Value, Millage Code. Row 1: 504212-27-0012, See Below, See Below, See Below, 0312

CITY OF FORT LAUDERDALE
100 N ANDREWS AVE
FORT LAUDERDALE, FL 33301

PAYMENTS MUST BE MADE IN US FUNDS AND DRAWN ON US BANK ACCOUNT.

801 SEABREEZE BLVD
BAHIA MAR 35-39 B
ALL BAHIA MAR LYING W OF
SEABREEZE BLVD R/W LESS PARCEL
1 & LESS N 80 OF PARCEL 34, AND

Table titled 'AD VALOREM TAXES' with columns: Taxing Authority, Millage, Assessed Val, Exemptions, Taxable Val, Taxes Levied. Lists various taxing authorities like Broward County Government and School Board.

Summary row: Total Millage: 18.81720, Ad Valorem Taxes: \$2,530,359.07

Table titled 'NON-AD VALOREM TAXES' with columns: Levying Authority, Rate, Amount. Lists levying authorities like FT Lauderdale Fire-Rescue.

Summary row: Non-Ad Valorem Assessments: \$166,489.86

Summary row: Combined Taxes and Assessments: \$2,696,848.93

Table with 6 columns: If Postmarked By, Nov 30, 2023, Dec 31, 2023, Jan 31, 2024, Feb 29, 2024, Mar 31, 2024. Row 1: Please Pay, \$2588974.97, \$2615943.46, \$2642911.95, \$2669880.44, \$2696848.93

10000000000000000000000000509616202300269684893000000000000

Make checks payable to:

BROWARD COUNTY TAX COLLECTOR
GOVERNMENTAL CENTER ANNEX
115 S. ANDREWS AVENUE, ROOM # A100
FORT LAUDERDALE, FL 33301-1895

Table with 2 columns: Property ID Number, 504212-27-0012

PAY YOUR TAXES ONLINE AT: broward.county-taxes.com

Table with 2 columns: If Postmarked By, Please Pay. Rows for dates from Nov 30, 2023 to Mar 31, 2024.

Return with Payment

PAYMENTS MUST BE MADE IN US FUNDS AND DRAWN ON US BANK ACCOUNT

CITY OF FORT LAUDERDALE
100 N ANDREWS AVE
FORT LAUDERDALE, FL 33301

Please Pay Only One Amount

Term	Definition	Source
Air Rights	The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Air rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot. Air rights do not always include development rights.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
As Is Market Value	The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Interagency Appraisal and Evaluation Guidelines) Note that the use of the “as is” phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States. The concept of an “as is” value is not included in the Standards of Valuation Practice of the Appraisal Institute, Uniform Standards of Professional Appraisal Practice, or International Valuation Standards.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Band of Investment	A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment (i.e., debt and equity, land and improvements).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Condominium	An attached, detached, or stacked unit within or attached to a structure with common areas that are held as tenants in common (an undivided interest) with other owners in the project. The units can be residential, commercial, industrial, or parking spaces or boat docks. These units are commonly defined by state laws in their locations. Because units can be stacked on top of other units, these units can be defined both vertically and horizontally.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Debt Coverage Ratio (DCR)	The ratio of net operating income to annual debt service ($DCR = NOI/I_M$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Deferred Maintenance	Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Depreciation	<ol style="list-style-type: none"> 1. In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. 2. In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Discount Rate (Y)	A rate of return on capital used to convert future payments or receipts into present value.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Effective Gross Income (EGI)	The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Effective Gross Income Multiplier (EGIM)	The ratio between the sale price (or value) of a property and its effective gross income.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Entrepreneurial Profit	<ol style="list-style-type: none"> 1. A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. 2. In economics, the actual return on successful management practices, often identified as coordination, the fourth factor of production following land, labor, and capital; also called <i>entrepreneurial return</i> or <i>entrepreneurial reward</i>. 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Equity Capitalization Rate (R _E)	An income rate that reflects the relationship between one year's equity cash flow and the equity investment; also called the <i>cash-on-cash rate</i> , <i>cash flow rate</i> , <i>cash throw-off rate</i> , or <i>equity dividend rate</i> . (R _E = I _E /V _E , or Pre-Tax Cash Flow/Equity Invested)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Equity Ratio (E)	The ratio between the down payment paid on a property and its total price; the fraction of the investment that is unencumbered by debt.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Excess Land	Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Exposure Time	An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.	Uniform Standards of Professional Appraisal Practice 2020-2021 Ed. (Washington, DC: The Appraisal Foundation, 2019 (extended through December 31, 2023)).
External Obsolescence	A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Extraordinary Assumption	An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.	Uniform Standards of Professional Appraisal Practice 2020-2021 Ed. (Washington, DC: The Appraisal Foundation, 2019 (extended through December 31, 2023)).
Fee Simple Estate	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.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Gross Building Area (GBA)	<ol style="list-style-type: none"> 1. Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. 2. Gross leasable area plus all common areas. 3. For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Gross Leasable Area (GLA)	Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Highest and Best Use	<ol style="list-style-type: none"> 1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. 2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS) 3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
	<p>4. [For fair value determination] The use of a nonfinancial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (for example, a business) within which the asset would be used. (FASB Glossary) The highest and best use of a nonfinancial asset takes into account the use that is physically possible, legally permissible, and financially feasible. (FASB 820-10-35-10B). The highest and best use of a nonfinancial asset establishes the valuation premise used to measure the fair value of the asset, as follows: (a) The highest and best use of a nonfinancial asset might provide maximum value to market participants through its use in combination with other assets as a group (as installed or otherwise configured for use) or in combination with other assets and liabilities (for example, a business). (b) The highest and best use of the asset might provide maximum value to market participants on a standalone basis. (FASB 820-10-35-10E)</p>	
<p>Hypothetical Condition</p>	<p>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.</p>	<p>Uniform Standards of Professional Appraisal Practice 2020-2021 Ed. (Washington, DC: The Appraisal Foundation, 2019 (extended through December 31, 2023)).</p>
<p>Insurable Value</p>	<p>A type of value for insurance purposes.</p>	<p>Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i>, 7th Ed. (Chicago: Appraisal Institute, 2022)</p>
<p>Internal Rate of Return (IRR)</p>	<p>The annualized yield rate or rate of return on capital that is generated within an investment or portfolio over a period of ownership. Alternatively, the indicated return on capital associated with a projected or pro forma income stream.</p>	<p>Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i>, 7th Ed. (Chicago: Appraisal Institute, 2022)</p>

Term	Definition	Source
Leased Fee Interest	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Leasehold Estate (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.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Loan-to-Value Ratio (M)	The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage; also called <i>loan ratio</i> or <i>LTV</i> .	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Marketing Time	An opinion of the amount of time to sell a property interest at the concluded market value or at a benchmark price during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which precedes the effective date of an appraisal.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Market Rent	The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. Implicit in this definition is the execution of a lease as of a specified date under conditions whereby <ul style="list-style-type: none"> • Lessee and lessor are typically motivated; • Both parties are well informed or well advised, and acting in what they consider their best interests; • Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and • The rent reflects specified terms and conditions typically found in that market, such as permitted uses, use restrictions, expense obligations, duration, concessions, rental adjustments and revaluations, renewal and purchase options, frequency of payments (annual, monthly, etc.), and tenant improvements (TIs). 	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Market Value	A type of value, stated as an opinion, that presumes the transfer of a property (i.e. a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the value definition that is identified by the appraiser as applicable in an appraisal.	Uniform Standards of Professional Appraisal Practice 2020-2021 Ed. (Washington, DC: The Appraisal Foundation, 2019 (extended through December 31, 2023)).
Mortgage Capitalization Rate (R_M)	The capitalization rate for debt; the ratio of the annual debt service to the remaining principal balance of the mortgage loan. The mortgage capitalization rate (R_M) is equivalent to the periodic (monthly, quarterly, annual) mortgage constant multiplied by the number of payments per year on a given loan on the day the loan is initiated. $R_M = \text{Annual Debt Service} / \text{Mortgage Principal}$	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Mortgage Debt Service (I_M)	The annualized periodic payment for interest on and retirement of the principal of a mortgage loan; also called total mortgage debt service. The abbreviation IM refers to the annual debt service. These terms often refer to annual debt service, but clarification is often required if they are monthly, quarterly, or annual because many mortgages are paid monthly.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Net Income Multiplier (NIM)	The relationship between price or value and net operating income expressed as a factor; the reciprocal of the overall capitalization rate.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Net Operating Income (NOI or I_O)	The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Net Rentable Area (NRA, Rentable Area)	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Overall Capitalization Rate (R ₀)	The relationship between a single year's net operating income expectancy and the total property price or value (R ₀ = I ₀ / V ₀).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Prospective Market Value "As Completed" and "As Stabilized"	A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. Prospective value opinions are intended to reflect the current expectations and perceptions of market participants, based on available data. Two prospective value opinions may be required to reflect the time frame during which development, construction, and occupancy will occur. The prospective market value—as completed— reflects the property's market value as of the time that development is expected to be completed. The prospective market value—as stabilized— reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (See USPAP Statement 4* and Advisory Opinion 17.) (Interagency Appraisal and Evaluation Guidelines)	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Prospective Opinion of Value	A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not yet achieved sellout or a stabilized level of long-term occupancy.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Replacement Cost	The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Reproduction Cost	The estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Residual Capitalization Rate (R _N)	An overall capitalization rate used to estimate the resale price of a property; usually applied to the anticipated stabilized income for the year beyond the holding period; also called <i>terminal capitalization rate</i> .	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Retrospective Value Opinion	A value opinion effective as of a specified historical date. The term <i>retrospective</i> does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion."	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Sandwich Lease	A lease in which an intermediate, or sandwich, leaseholder is the lessee of one party and the lessor of another. The owner of the sandwich lease is neither the fee owner nor the user of the property; he or she may be a leaseholder in a chain of leases, excluding the ultimate sublessee.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

Term	Definition	Source
Sum of the Retail Values	The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sale prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the <i>aggregate of the retail values</i> or <i>aggregate retail selling price</i> .	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)
Surplus Land	Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.	Appraisal Institute, <i>The Dictionary of Real Estate Appraisal</i> , 7th Ed. (Chicago: Appraisal Institute, 2022)

QUALIFICATIONS OF THE APPRAISER

JOSEPH W. HATZELL, MAI

Mr. Hatzell holds the position of Partner with the Miami office of Joseph J. Blake and Associates, Inc., at 5201 Blue Lagoon Drive, Suite 270, Miami, Florida.

FORMAL EDUCATION

Pennsylvania State University - State College, Pennsylvania
Bachelor of Science in Real Estate

REAL ESTATE AND APPRAISAL EDUCATION

Course Name	Provider
Real Estate Principles and Practices	Pennsylvania State University
Real Estate Law	Pennsylvania State University
Real Estate Finance	Pennsylvania State University
Real Estate Appraisal	Pennsylvania State University
Construction and Building Techniques	Pennsylvania State University
Real Estate Appraisal Principles	Appraisal Institute
Basic Valuation Principles	Appraisal Institute
Capitalization Theory and Techniques, Part A & B	Appraisal Institute
Standards of Professional Practice, Part A & B	Appraisal Institute
Case Studies in Real Estate Valuation	Appraisal Institute
Report Writing and Valuation Analysis	Appraisal Institute
Demonstration Report	Appraisal Institute
Comprehensive Exam	Appraisal Institute

PROFESSIONAL AFFILIATIONS

Affiliation	Number
Appraisal Institute, Designated Member	No. 11394
Florida State-Certified General Real Estate Appraiser	No. RZ 1302

Former Education Chair, South Florida Chapter of the Appraisal Institute
Member - Rho Epsilon Real Estate Fraternity

APPRAISAL EXPERIENCE

Clients served by Mr. Hatzell include banks, savings and loans, institutional investors, development companies, real estate syndicators and various other entities. Responsibilities include preparation of full narrative appraisal and market study reports for a wide variety of property types and purposes, including, but not limited to business parks, office buildings, industrial buildings, shopping centers, traditional and low-income multi-family projects, and vacant land. He has appraised commercial property in the State of Florida since 1989.

CERTIFICATION



Ron DeSantis, Governor

Melanie S. Griffin, Secretary



STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE
PROVISIONS OF CHAPTER 475, FLORIDA STATUTES



HATZELL, JOSEPH W

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EXPIRATION DATE: NOVEMBER 30, 2024

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