

APPRAISAL REPORT

APPRAISAL OF

One-story Residential Office Building
Located at
507 SE 11 Court
Fort Lauderdale, Florida 33316

PREPARED FOR

Ms. Luisa Agathon
City of Fort Lauderdale/Office of the City Manager
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

PREPARED BY

The Ernest Jones Company
7090 Taft Street
Hollywood, Florida 33024

October 28, 2019

Ms. Luisa Agathon
City of Fort Lauderdale/Office of the City Manager
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

RE: One-Story Residential Office Building located at 507 SE 11 Court, Fort Lauderdale, FL. 33316

Dear Ms. Agathon:

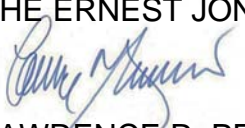
As requested, we have personally inspected and appraised the Residential Office building located at 507 SE 11 Court, Fort Lauderdale, Florida 33316. The purpose of this assignment is to form an opinion of the market value of the Fee Simple Interest in the Subject Property, "as is", as of October 10, 2019, which is also the date of inspection. The only intended use of the appraisal is to assist our client, The City of Fort Lauderdale, with internal decisions including rendering a decision relative to a purchase. The City of Fort Lauderdale is the intended user(s) of this report. We have prepared this appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation effective January 1, 2019.

It is our opinion and conclusion that the market value of the fee simple property interest in the Subject Property as of October 10, 2019 is: **\$1,200,000.**

This transmittal letter is followed by the certification of the appraisal and the report (our file #191010-1OS) presented in an Appraisal Report format, containing 62 pages further describing the subject property and containing the reasoning and pertinent data leading to the estimated value. Your attention is directed to the Scope of Work section of this report which details the steps taken in reaching our value opinion.

Respectfully submitted,

THE ERNEST JONES COMPANY


LAWRENCE R. PENDLETON, MAI
PRESIDENT
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ725


BRUCE OWNBY
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ988

CERTIFICATION

This report was made for, and certified only to The City of Fort Lauderdale. In accordance with USPAP Standards Rule 2-3; The undersigned do hereby certify that to the best of our knowledge and belief, and except as otherwise noted in this appraisal report:

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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

We 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 acceptance of this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.

The following person(s) signing this report has(have) made a personal inspection of the property that is the subject of this report on October 10, 2019, which is also the effective date of Valuation: Bruce Ownby.

No one, unless so stated, provided significant real property appraisal assistance to the person(s) signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute and the State of Florida relating to review by duly authorized representatives of the Appraisal Institute, and the Florida Real Estate Appraisal Board.

As of the date of this report, Lawrence R. Pendleton, MAI, has completed the requirements of the continuing education program of the Appraisal Institute.

Lawrence Pendleton and Bruce Ownby have the necessary education, knowledge and experience to perform this assignment in a competent manner.

THE ERNEST JONES COMPANY



LAWRENCE R. PENDLETON, MAI
PRESIDENT
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ725



BRUCE OWNBY
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ988

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CONDITIONS OF THE APPRAISAL ASSIGNMENT

GENERAL UNDERLYING ASSUMPTIONS

Legal Matters:

The legal description used in this report is assumed to be correct, but it may not necessarily have been confirmed by survey. No responsibility is assumed in connection with a survey or for encroachments or overlapping or other discrepancies that might be revealed thereby. Any sketches included in the report are only for the purpose of aiding the reader in visualizing the property and are not necessarily a result of a survey.

No responsibility is assumed for an opinion of legal nature, such as to ownership of the property or condition of title.

The appraisers assume the title to the property to be marketable; that, unless stated to the contrary, the property is appraised as an unencumbered fee which is not used in violation of acceptable ordinances, statutes or other governmental regulations.

Unapparent Conditions:

The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable than otherwise comparable property. The appraisers are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, waste, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property.

The appraisers assume no responsibility for the studies or analysis which would be required to conclude the presence or absence of such substances or for loss as a result of the presence of such substances. The client is urged to retain an expert in this field, if desired. The value estimate is based on the assumption that the subject property is not so affected.

Information and Data:

Information, estimates, and opinions furnished to the appraisers and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers can be assumed by the appraisers.

All mortgages, liens, encumbrances, and servitudes have been disregarded unless so specified within the appraisal report. The subject property is appraised as though under responsible ownership and competent management.

Zoning and Licenses:

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined and considered in the valuation.

It is assumed that the subject property complies with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the valuation.

CONDITIONS OF THE APPRAISAL ASSIGNMENT (Cont.)

GENERAL UNDERLYING ASSUMPTIONS (CONT.)

It is assumed that the information relating to the location of or existence of public utilities that has been obtained through a verbal inquiry from the appropriate utility authority, or has been ascertained from visual evidence is correct. No warranty has been made regarding the exact location or capacities of public utility systems.

It is assumed that all licenses, consents or other legislative or administrative authority from local, state or national governmental or private entity or organization have been, or can be, obtained or renewed for any use on which the value estimate contained in the valuation report is based.

Flood Insurance Zone

The Flood Insurance Zone has been obtained from the Flood Insurance Rate Map published by the Federal Emergency Management Agency. The map number and effective date from which the flood zone information was taken is indicated in the appraisal. In some cases, the subject property is located close to the boundary of two different flood zones and it is not possible to determine within which zone the subject property is located. In such a case, the most hazardous zone will be indicated. If there is any question, the appraisers urge that an elevation survey be obtained from a professional land surveyor to determine exactly what flood hazard exists.

GENERAL LIMITING CONDITIONS

The appraisers will not be required to give testimony or appear in court due to preparing the appraisal with reference to the subject property in question, unless prior arrangements have been made.

Possession of the report does not carry with it the right of publication. Out-of-context quoting from or partial reprinting of this appraisal report is not authorized. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report.

Disclosure of the contents of this 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 conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the appraisal designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the author.

The distribution of the total valuation in this report, between land and improvements, is applicable only as a part of the whole property. The land value, or the separate value of the improvements, must not be used in conjunction with any other appraisal or estimate and is invalid if so used.

CONDITIONS OF THE APPRAISAL ASSIGNMENT (Cont.)

GENERAL LIMITING CONDITIONS (CONT.)

No environmental or concurrency impact studies were either required or made in conjunction with this appraisal report. The appraisers, thereby, reserve the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental or concurrency impact studies, research or investigation.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers have not made a specific compliance survey and analysis of this property to determine whether or not 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 of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

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

The appraisal report related to a geographical portion of a larger parcel is applied only to such geographical portion and should not be considered as applying with equal validity to other portions of the larger parcel or tract. The value of such geographical portions plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity.

If the appraisal is subject to any proposed improvements or additions being completed as set forth in the plans, specifications, and representations referred to in the report, then all work being performed is presumed to be in a good and workmanlike manner. The appraisal is further subject any proposed improvements or additions being constructed in accordance with the regulations of the local, county, and state authorities. The plans, specifications, and representations referred to are an integral part of the appraisal report when new construction or new additions, renovations, refurbishing, or remodeling applies.

If this appraisal is used for mortgage loan purposes, the appraisers invite attention to the fact that (1) the equity cash requirements of the sponsor have not been analyzed, (2) the loan ratio has not been suggested, and (3) the amortization method and term have not been suggested.

The intended use of this report is not for use in conjunction with a syndication of real property. This report cannot be used for said purposes and, therefore, any use of this report relating to syndication activities is strictly prohibited and unauthorized. If such an unauthorized use of this report takes place, it is understood and agreed that The Ernest Jones Company has no liability to the client and/or third parties.

Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing General Underlying Assumptions and General Limiting Conditions. The appraisers' duties, pursuant to the employment to make the appraisal, are complete upon delivery and acceptance of the appraisal report. However, any corrections or errors should be called to the attention of the appraisers within 60 days of the delivery of the report.

All assumptions and conditions are generally applicable, but any statements to the contrary within the body of this report take precedence.

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Type:	One-story, ±3,000 SF Residential Office building
Address:	507 SE 11 Court, Fort Lauderdale, Florida 33316
Location:	The subject is located on the north side of SE 11 Court which is just east of Federal Highway (A/K/A US-1) in Fort Lauderdale, Florida. It is also one block north of Davie Boulevard which is also SE/SW 12 Street. Davie Boulevard interchanges with I-95 about 1.5 miles west of US-1.
Parcel ID Number:	5042-15-01-0360
Ownership:	Joel R. Lavender & Michael & Pat M. Styles
Client:	The City of Fort Lauderdale
Intended User:	The City of Fort Lauderdale
Intended Use:	Internal Purchase decisions
2019 Assessed Value/Taxes:	\$645,550; RE Taxes: \$12,139.16 (Gross Taxes 2018)
Purpose of the Appraisal:	Form an Opinion of Market Value
Property Rights Appraised:	Fee Simple Interest
Building Size:	±3,000 SF Plus 96 SF for Utility Rooms
Year Built:	1958 Renovated in 1968 and other times.
Land Area:	+13,450 SF or ±0.31 Acres
Zoning:	RO - Residential Office - Fort Lauderdale
Flood Zone:	Zone AH - Map #12086C0557H, rev 08/18/2014
Census Tract:	425.00, Fort Lauderdale- Broward County
Highest and Best Use:	As Currently Developed
Date of Report:	October 28, 2019
Inspection Date:	October 10, 2019
Effective Date of Appraisal:	October 10, 2019

Sales Comparison Approach	\$1,200,000
Income Approach	\$1,165,000
Final Value Opinion:	\$1,200,000

PURPOSE OF THE APPRAISAL ASSIGNMENT

The purpose of this appraisal assignment was to form an opinion of the market value of the Fee Simple Interest in the Subject Property, subject to the assumptions and limiting conditions stated, as of October 10, 2019, which is the date of inspection.

PROPERTY RIGHTS APPRAISED

The property rights being appraised consist of the Fee Simple interest defined as:

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.¹

INTENDED USER

The intended user of the appraisal is The City of Fort Lauderdale.

INTENDED USE

The only intended use for which it was prepared is internal use, including rendering a decision relative to a purchase.

¹ The Dictionary of Real Estate Appraisal, 4th Edition

SCOPE OF WORK

In accordance with USPAP Standards Rule 2-2, an Appraisal Report format must be consistent with the intended use of the appraisal. USPAP's definition of the scope of work is the type and extent of research and analysis in an assignment. The Scope of Work Rule requires the following:

- ***Extent to which the property is identified*** - In performing this appraisal, the Appraisers identified the subject property by name, address, legal description, the property appraiser's map, plat map, aerial maps, deeds, parcel ID numbers on the property appraiser's records, ownership, and a physical inspection of the property.
- ***Extent to which tangible property is inspected*** - We have inspected and photographed the subject property and market area on October 10, 2019. We took interior/exterior photographs that we deemed well representative of the quality and condition of the office building on our recent inspection. Additionally, we researched the subject's listing history in the local MLS service.
- ***Type and Extent of Data Researched*** - Researched and gathered information on ownership, the office real estate market, market area data, regional area data, census data, site data, information on future land use regulations and maps, zoning information and maps, flood zone, plats and aerials, real estate taxes and assessment data. We used County property appraisers - property sale feature as well as MLS, CoStar and LoopNet and other commercial data providers to search for comparable office building sales and rentals. We also keep proprietary office file data on other similar properties that we used in some of our analyses.

SCOPE OF WORK (Cont.)

- ***Type and Extent of Analyses Applied to Arrive at Opinions or Conclusions -***
We reported and analyzed the regional area, market area, site area, land use and zoning regulations and existing improvements for adequacy and suitability for an office building and parking lot. We reported and analyzed the taxes and assessment data for any annual change trends, consistency with comparable office buildings, lot adequacy and reasonableness. We made a Highest and Best Use Analysis.
- We applied the Sales Comparison Approach to valuation to the office building. We collected, inspected, photographed, verified and analyzed comparable office building sales. The sales were compared on an individual basis to the subject property and appropriate adjustments were considered. The market data was correlated and analyzed, resulting in an indication of the “as-is” market value of the Fee Simple Interest in the subject property.
- We also used an Income Approach based on Direct Capitalization, as the subject property can be an income producing investment. We collected comparable rental information and inspected, photographed, verified and analyzed each comparable office building rental. The rental rates were compared on an individual basis to the subject property. An allowance for Vacancy and Collection Loss was estimated and applied. Appropriate operating expenses and reserves were estimated and deducted from the effective gross income, resulting in a stabilized net operating income. The net operating income was capitalized at an appropriate market capitalization rate, resulting in an indication of the market value via the Income Approach.

SCOPE OF WORK (Cont.)

- Determined that the Cost Approach is not appropriate as the subject is a ±61 year-old property. The Cost Approach would not normally be used to value a 61 year-old office building by purchasers, or our peers in this type of assignment.
- Reconciled the market value opinions from the Sales Comparison Approach and the Income Approach and determined a final opinion of market value for the Fee Simple Interest in the office building property.
- It is our opinion that, given the intended use, this scope of work is sufficient to produce credible assignment results that are supported by extensive and correctly completed research, relevant supportive market evidence and data provided in the report, as well as analysis using clear reasoning and logic.

REPORT OPTION

In accordance with our employment agreement, our findings and conclusions are being presented in an **Appraisal Report** format. This report presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses may be retained in the Appraiser's office file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The Appraisers are not responsible for unauthorized use of this report. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice -effective January 1, 2018 through December 31, 2019.

DATE OF VALUE OPINION

The date of the opinion of value is October 10, 2019.

DATE OF INSPECTION

The subject property was last inspected on October 10, 2019.

DATE OF REPORT

The date of this report is October 28, 2019

DEFINITION OF MARKET VALUE

A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America is:²

“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 consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what they considers 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 United States 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.”

REASONABLE EXPOSURE TIME

When developing an opinion of market value, an opinion of reasonable exposure time must be linked to the value opinion. Reasonable exposure time is the estimated length of time 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, assuming adequate, sufficient and reasonable effort. We gathered information through sales verification and discussions with brokers and other market participants. Given the range of 6 to 12 months exposure time indicated by the comparable market data, and the regional average, it our opinion that 6 to 12 months is an appropriate and reasonable exposure time for the subject property at our appraised value, as of October 10, 2019.

² 12 CFR 225.62

IDENTIFICATION OF THE SUBJECT PROPERTY

The street address is 507 SE 11 Court , Fort Lauderdale, Florida 33316. The subject can be identified on the Broward County Property Appraiser's records under the Parcel Folio Number **5042-15-01-0360 for the main site and building.**

LEGAL DESCRIPTION

The Subject property has the following legal description:

Lots 19 & 20, Block 4, of LAUDERDALE, according to the Plat thereof, as recorded in Plat Book 2 at Page 9, in the Broward County Public Records.

OWNERSHIP

We have not been provided with an authoritative title report to ascertain current ownership. However, the public records currently list ownership of the subject property in the name of **Joel R. Lavender , Michael J. and Pat M. Style**. The mailing address of the owner is shown as **313 NE 2nd Street, #1103, Fort Lauderdale, FL 33301.**

HISTORY OF THE PROPERTY

According to the Broward County Public Records, the Subject building was originally built in 1958 and has been renovated over its lifetime. The most recent sale of the subject was in August 2005 for a recorded price of \$325,000 or \$108.33/SF. At present the subject is listed for sale with SVN Commercial Realty with the primary broker being Steven Davis. The asking price is \$1,299,000 or \$433/SF. This listing began in June, 2019.

MARKET AREA ANALYSIS

In *The Appraisal of Real Estate, Twelfth Edition*, a Market Area is defined as:

"The defined geographic area in which the Subject competes for the attentions of market participants; the term broadly defines an area containing diverse land uses."

We have inspected the area surrounding the subject property, examined the land uses, locational attributes and identified external factors that may impact market value to determine appropriate delineation of a market area. The subject's "market area" includes the south - central section of the City of Fort Lauderdale,. The subject market area has the following approximate boundaries:

North Boundary:	Broward Boulevard
South Boundary:	Southeast 17 th Street
East Boundary:	South Federal Highway
West Boundary:	Southwest 4 th Avenue

These boundaries describe an area developed since the 1920's. These boundaries describe the Central Business District of the City of Fort Lauderdale. The market area is divided by Andrews Avenue, Federal Highway, and SE 3rd Avenue which travel in a north/south direction. Andrews Avenue is the dividing line in the city designating whether a thoroughfare is to be classified as a "West" or "East" arterial. The neighborhood is bisected also by Las Olas and Broward Boulevards which travel in an east/west direction. Broward Boulevard is the dividing line within the city designating whether properties are to be classified with a "North" or "South" street address.

Broward Boulevard is the major east/west arterial providing immediate access to the area. Broward Boulevard has an interchange at Interstate-95 approximately 1.9 miles west of the Federal Highway thoroughfare. Additional east/west roadways just to the north or south of the Central Business District which also have interchanges at Interstate-95 and provide some access to the area include Sunrise and Davie Boulevards.

MARKET AREA ANALYSIS (Cont.)

South of the subject property's neighborhood is I-595, a heavily-traveled exchange that links the downtown area, Port Everglades facility, International Airport complex, etc. more conveniently to the westerly located bedroom communities in the County. Andrews Avenue and Federal Highway are the main north/south thoroughfares providing access to the City's Central Business District. Federal Highway has a tunnel at the New River which provides an alternative to the draw bridges over that body of water at Andrews and 3rd Avenues.

Until recently, the central area of Fort Lauderdale had been undergoing a period of growth and expansion which had begun to effect the subject area positively. During the period of 2004 through early 2007, there were 13 major multi-family residential projects with a total of 3,055 dwelling units that were either planned or built.

These projects added a downtown residential component that increased demand for commercial space. These projects range in height from 2 to 33 stories which will radically increase the population density of this area. Additionally, there have been many small townhouse developments built in the Victoria Park neighborhood that is northeast of the subject. There are currently more of these small townhouse developments under construction and being planned. While some residential projects are being built, others may obviously not be built. However, the increase in the population lead Publix Supermarkets to build a new store at the southwest corner of SE 6th Street and Andrews Avenue. This store features two floors of parking over the first floor and was completed in early 2003. There is also a retail plaza that opened in 2000 at NE 6th Street and North Federal Highway.

About nine blocks north of the subject, on the west side of Andrews Avenue is the Broward County Governmental Center and its associated parking garages. On the east side of Andrews is the main Broward County Library and the Museum of Art. This area is also developed with a number of high rise Class "A" office buildings. Florida Atlantic University also has a high rise campus adjacent to the Art Museum which houses the University's School of Architecture and Planning but also offers other complete degree programs as well.

MARKET AREA ANALYSIS (Cont.)

This area is bisected by the “New River” which flows eastward through the downtown area until it reaches the Intracoastal waterway and Port Everglades. The “New River” once served as the main commercial traffic artery in the area and is the reason the City of Fort Lauderdale grew in this area. Today, the City of Fort Lauderdale has developed the banks of the river with a “riverwalk” which allows pedestrians to stroll along the river through the downtown. The Riverwalk connects the Las Olas Boulevard shopping and entertainment area with the Las Olas Riverfront Complex. West of Andrews Avenue along Southwest 2nd Street, is the City of Fort Lauderdale’s Arts and Entertainment District. This area along SW 2nd Street is home the Discovery Center Science Museum and the Broward Center for the Performing Arts. The development along SW 2nd Streets includes a number of shops, restaurants and night clubs.

Summary and Office Market Conditions

Broward County, along with the State of Florida, has grown significantly since 1980. Much of the infrastructure was newly developed during this time and major roadway expansions have been completed in an ongoing effort to keep up with Broward's explosive population growth. With regards to population growth, Broward County's explosive growth has outpaced any other County in Florida since the 1990 census. In the past decade, the population and residential development exploded in the western portions of the County. Commercial development followed which meets the residents’ necessary and frequent shopping, dining and service needs.

Overall, the Downtown Fort Lauderdale sub-market has been fairly stable even with the down turn in the economy particularly the high tech section. However, this sub-market has a good location and many other positive attributes which should help the area as the economy continues to improve.

MARKET AREA PHOTOGRAPHS



View Looking West along SE 11 Court Subject on right



View Looking East along SE 11 Court (Subject to Left)

SITE DATA AND ANALYSIS

Address:	507 SE 11 Court , Fort Lauderdale, Florida
Location:	The subject is located on the north side of SE 11 Court which is just east of Federal Highway (A.K.A. US-1) in Fort Lauderdale, Florida. It is also one block north of Davie Boulevard which is also SE/SW 12 Street. Davie boulevard interchanges with I-95 about 1.5 miles west of US-1.
Site Area:	$\pm 13,450$ square feet or ± 0.31 Acres (per public Records and survey)
Shape:	Basically rectangular
Frontage:	± 100 feet
Site Access:	Both vehicular and pedestrian access at front
Exposure:	Average, the subject has direct exposure along a secondary street
Topography:	Relatively level and at or above road grade
Soil/Subsoil:	We have not been provided with soil boring tests which would indicate if the soil and subsoil conditions are adequate; however, based on the existing site improvements, it is our opinion that the soil and subsoil appears to have sufficient load bearing capacity
Drainage:	There are on-site catch basins in the parking lot and on-street storm sewers. Drainage is considered adequate.
Flood Zone:	Zone AH, National Flood Insurance Program Map Panel #12011 C 0557H, revised 08/18/2014.

SITE DATA AND ANALYSIS (Cont.)

Parking: Based on our visit to the site, there appears to be adequate parking

Utilities: Standard utilities are available to the site.

Easements: No adverse easements are apparent or known to the Appraiser.

Encroachments: There are no apparent or known encroachments.

Improvements: A ±3,000 SF one-story, CBS office building, paved driveways and parking areas, concrete walks and curbing and minimal landscaping.

Hazards, Nuisances
and/or Detrimental

Influences: None noted or known to exist

Environmental

Conditions: We were not supplied with an environmental assessment on the subject property. This appraisal is based on the presumption that the subject property is free of any environmental contamination or other hazardous conditions.

Conclusion:

The site size, shape, dimensions, topography, access, frontage, exposure, utility availability and other site characteristics are suited to the existing Residential Office building.

BOUNDARY SURVEY
507 SOUTHEAST 11TH COURT, FORT LAUDERDALE, FLORIDA 33316

ET A 1.5' LONG
EEL BAR WITH A
L DISC STAMPED
"RLS 3707" ON
UNDARY CORNER;
ISED ELEVATION
7' ON DISC FOR
ITE BENCH MARK

LOT 18
BLOCK 4

PROPOSED AWNING

LOT 19
BLOCK 4

LOT 20
BLOCK 4

LOT 21
BLOCK 4

SOUTHEAST 11TH COURT

OF THE TRAVERSE FOR THIS BOUNDARY SURVEY IS ONE PART IN 15,300. THE MINIMUM PRECISION PERMITTED FO
(BY FLORIDA ADMINISTRATIVE LAW IS ONE PART IN 10,000.

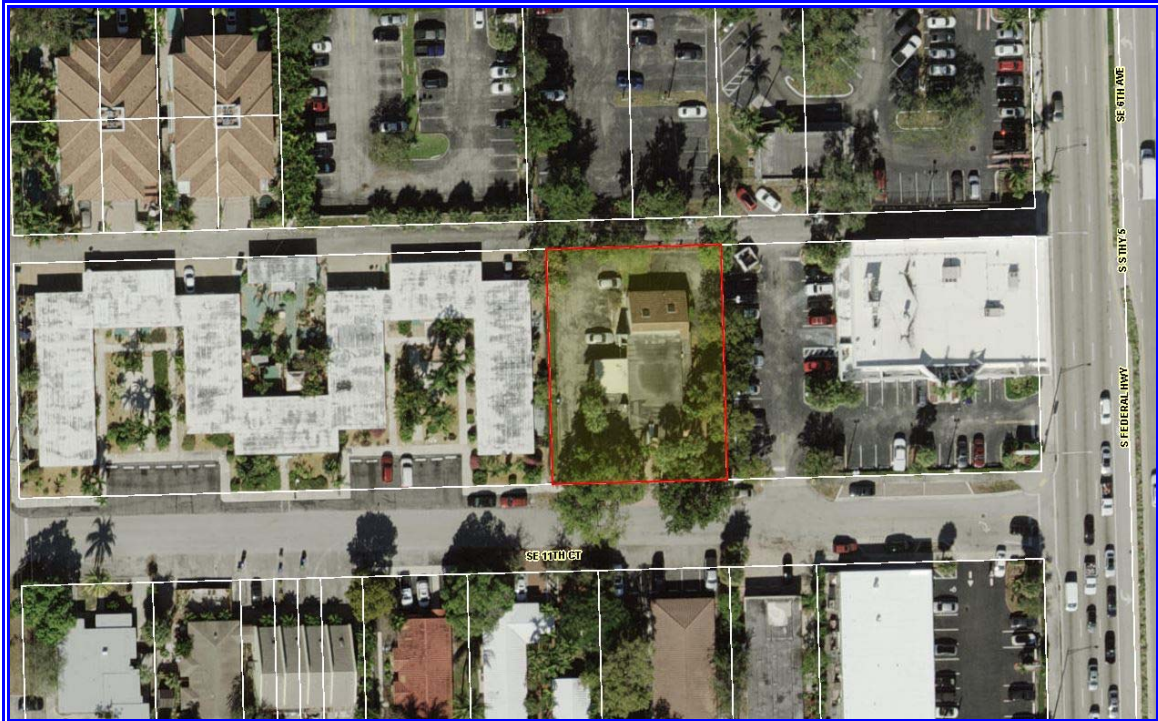
(USED FOR THIS TOPOGRAPHIC SURVEY IS A BRASS DISC ON THE TOP OF THE CONCRETE HANDRAIL AT THE SOUTHE
OVER THE TARPON RIVER ALONG FEDERAL HIGHWAY, ELEVATION 14.09 FEET, BASED ON NATIONAL GEODETIC VERTI
ATIONS ARE SHOWN IN PARENTHESES. (6.18) INDICATES "ELEVATION 6.18 FEET".

LIES IN ZONE X ON THE NATIONAL FLOOD INSURANCE PROGRAM RATE MAP, COMMUNITY-PANEL NUMBER 125105 0218
UGUST 18, 1992.

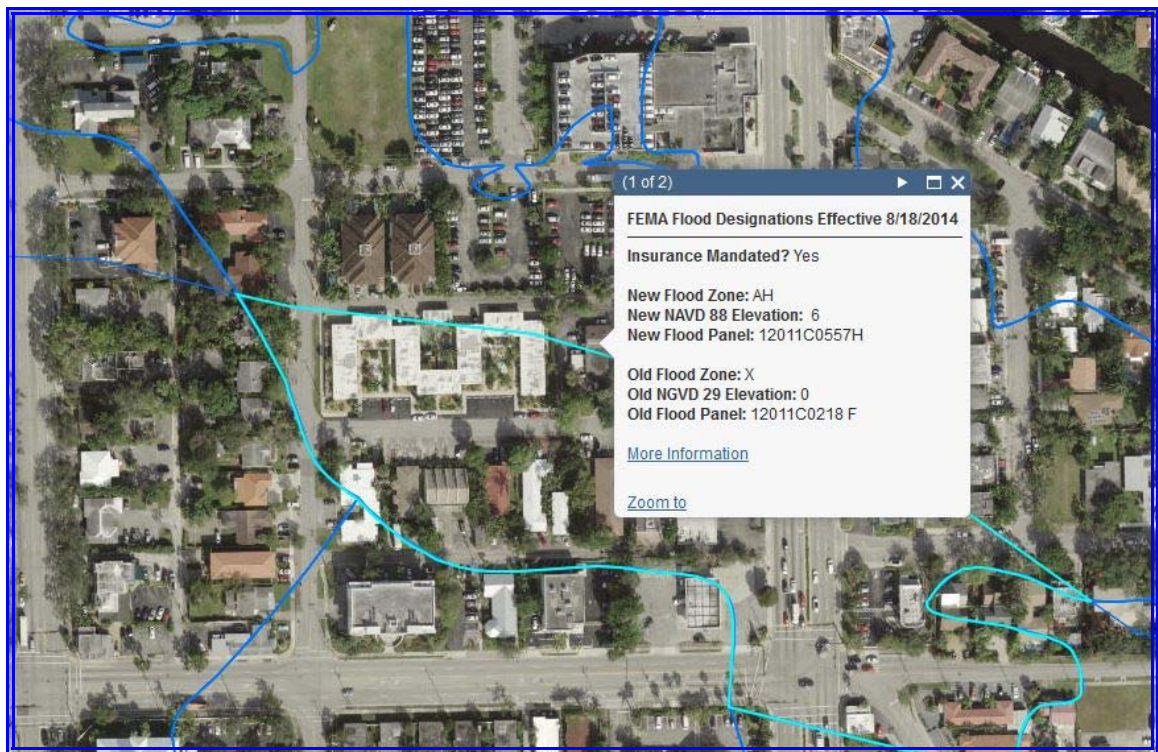
FOUNDATIONS OR STRUCTURES ARE NOT SHOWN. VEGETATION IS NOT SHOWN.

RIGHTS-OF-WAY OF RECORD WHICH COULD BE REVEALED BY A COMPLETE SEARCH OF THE PUBLIC RECORDS MAY NOT B
ASED ON ASSUMED DUE WEST BEARING ALONG MONUMENTS FOUND ALONG NORTH RIGHT-OF-WAY LINE OF SOUTHEAST 1
LOTS 19 AND 20, BLOCK 4, LAUDERDALE, A SUBDIVISION AS SHOWN ON THE PLAT RECORDED IN PLAT BOOK 2, P
ORDS OF DADE COUNTY, FLORIDA; SAID LAND SITUAETE. LYING AND BEING IN BROWARD COUNTY, FLORIDA.

AERIAL VIEW



Aerial View showing Subject



SUBJECT FLOOD ZONE MAP

ZONING

Generally, zoning looks to the future as a result of planning. Its purpose is to promote and maintain a degree of homogeneity in the use of real estate within the confines of a given geographic, political subdivision. The Appraisal Institute, in its book, "The Dictionary of Real Estate Appraisal," Fourth Edition, has defined zoning as:

"The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property."

The subject is zoned, RO - Residential Office. The permitted uses within this district are as follows: Uses permitted: No building or structure, or part thereof, shall be erected, altered or used, or land or water used, in whole or in part, for other than any use hereinafter set out:

- a. Any use permitted in R-4 district of the zoning code in effect on the date immediately prior to the effective date (June 28, 1997) of the ULDR.
- b. Professional, business and financial offices, not including sale, display, storage or handling of merchandise on the premises.
- c. Office and headquarters of trade, business, labor, political, social, religious, economic or other similar organization, not including sale, display, storage or handling of merchandise on the premises.
- d. Retail and service facilities within an office building which may include barbershops, beauty shops, newsstands, and retail stores for sale of books, gifts, flowers, tobacco, drugs and sundries. Such uses shall occupy no more than twenty-five percent (25%) of the floor space of the building.
- e. Medical and dental clinics and hospitals.
- f. Bed and breakfast dwellings.
- g. Active and Passive Park, see Section 47-18.44.

The dimensional requirements for the RO - Residential Office District are as Follows:

Maximum Height:	55 feet
Minimum Lot Size:	5,000
Maximum FAR:	None
Minimum Front Yard:	25'
Minimum Side Yard:	5'
Minimum Rear Yard:	5'

The current use of the subject as a Residential Office building appears to conform to the current zoning with the only area of apparent non-conformity being the subject lack of side yards. However, since the subject was built more than 60 years ago it is considered a legal non-conforming use.

IMPROVEMENT DESCRIPTION AND ANALYSIS

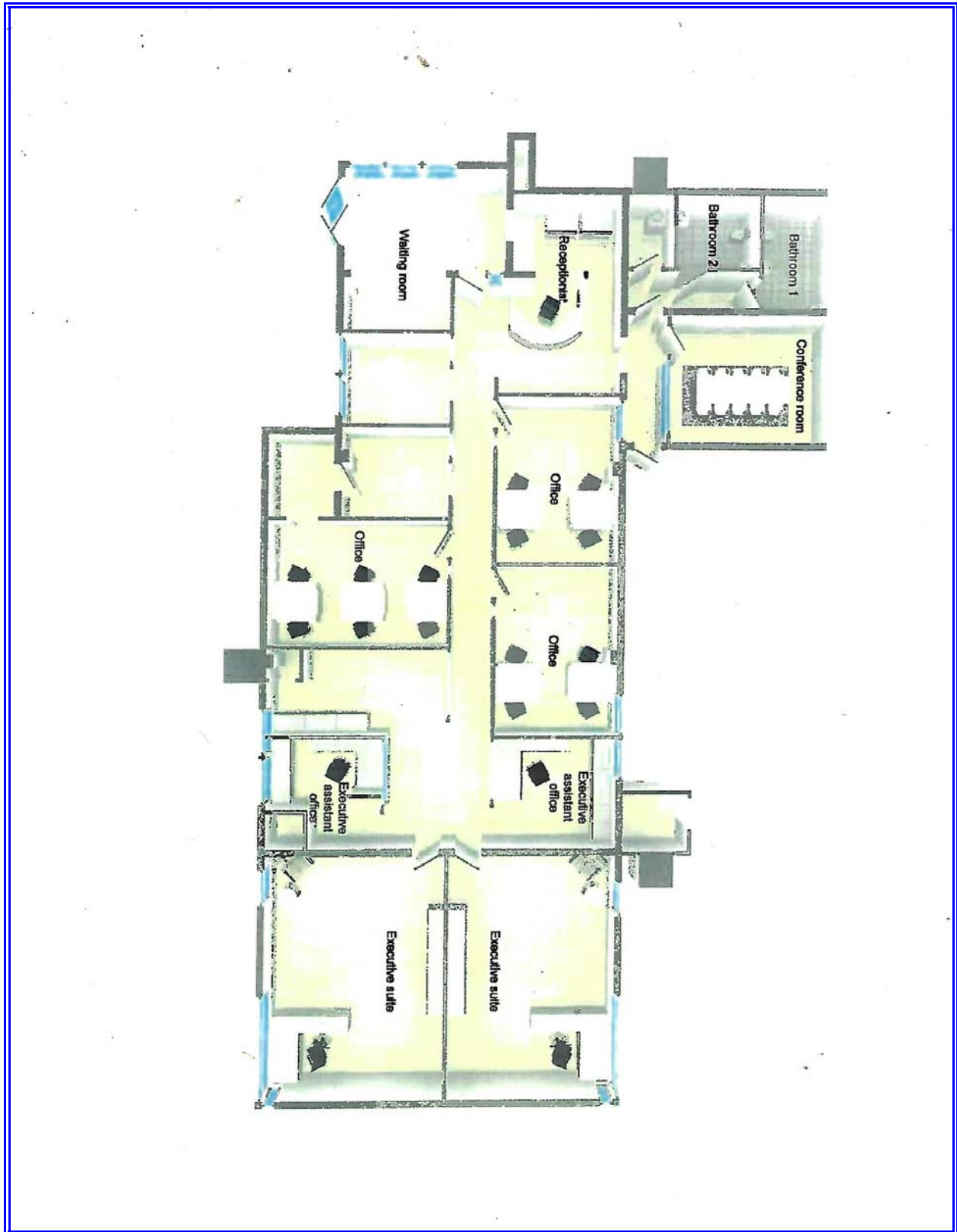
The subject improvements consist of a ±3,000 square foot, one-story office building situated on a 13,450 SF site. According to the Broward County Public Records, the Subject building was originally built in 1958 and has been renovated over its lifetime.

There is a main entrance door into the subject, at the front and other entrance doors at the rear. The interior layout of the subject consists of a front reception area then a hallway running with work areas and offices on each side. At the end of the hallway are two large "Partners" offices which are larger than the other offices. Past the reception area is a short hallway which leads to a conference room and two bathrooms. There is also a small area with a refrigerator and coffee area.

The floors appear to be either laminate or hardwood. The walls are painted drywall and the ceilings have a mixture of fluorescent and incandescent lighting. There are three HVAC units that appear to be almost new.

On the following page there is a floor plan provided by the listing broker and following that are photographs on the exterior and interior of the subject.

FLOOR PLAN



IMPROVEMENT PHOTOGRAPHS



Front View of the Subject Property



Rear and West side of Subject Building

IMPROVEMENT PHOTOGRAPHS



View South along west side of Subject Property looking out of Drive



View of west entrance drive into subject site

IMPROVEMENT PHOTOGRAPHS



View looking north along east entrance drive into subject site.



View rear entrance from alley at rear of property

IMPROVEMENT PHOTOGRAPHS



View along alley at rear (north) of subject looking west



View of typical office in subject

IMPROVEMENT PHOTOGRAPHS



Typical office being used for storage

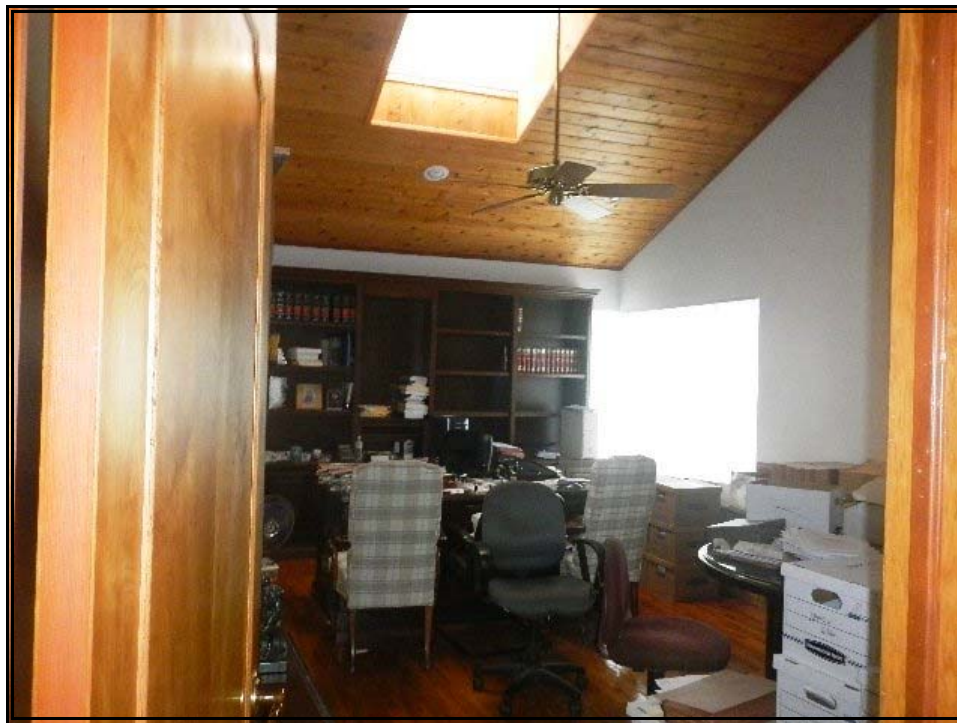


Interior View of work area.

IMPROVEMENT PHOTOGRAPHS

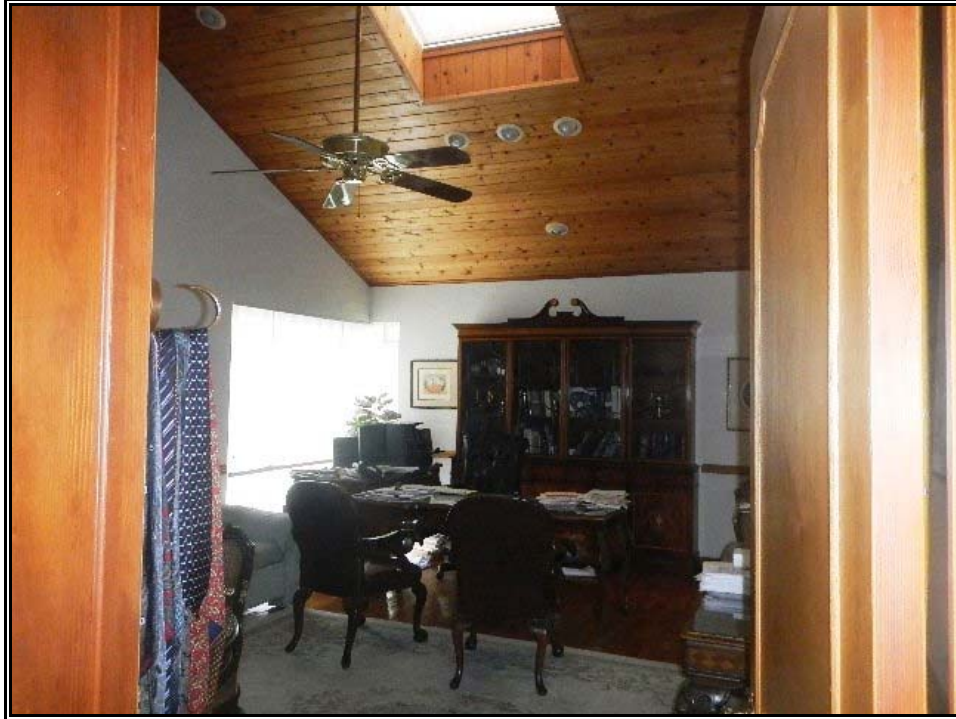


Interior view of another work area



View of large office at north end of building

IMPROVEMENT PHOTOGRAPHS



View second large office at north end of building



View of main hallway

IMPROVEMENT PHOTOGRAPHS



View of assistant work area



View of kitchen area

IMPROVEMENT PHOTOGRAPHS



View of hallway into restrooms



View of Conference Room

TAX AND ASSESSMENT ANALYSIS

The Subject Property is assessed by the Broward County Property Appraiser's office. The 2018-19 assessment and taxes are as follows:

YEAR	LAND ASSESSMENT	BUILDING ASSESSMENT	MARKET VALUE	ASSESSED VALUE/SOH	GROSS TAXES
2018	\$201,750	\$421,410	\$623,160	\$623,160	\$12,139.16
2019	\$201,750	\$443,800	\$645,550	\$645,550	N/A

The Subject Property's land assessment equates too \$15.00 per square foot based on a site area of 13,450. The assessed value of the subject building is \$443,800 which equal's \$147.93/SF

Assessments are used for ad valorem tax purposes only. The Broward County Revenue Collection Division shows that the Subject Property has no unpaid taxes, It should be noted that assessments are not considered indicative of market value and are provided solely for informative purposes.

HIGHEST AND BEST USE ANALYSIS

A valuation concept that can be applied to either the land or improvements. The Highest and Best Use is that use of a parcel of land (without regard to any improvements upon it) that will bring the greatest net return to the land over a given period of time. The concept of highest and best use can also be applied to a property that has some improvements upon it that have a remaining economic life. In this context, highest and best use can refer to that use of the existing improvements which is most profitable to the owner. It is possible to have two different highest and best uses for the same property, one for the land ignoring the improvements, and another that recognizes the presence of the improvements.

Inherent in reaching any conclusion as the Highest and Best Use of a property is the consideration of the many principles related to valuation. The Principle of Anticipation is predicated on the foundation that value is created by the anticipation of future benefits. It is not based on historical costs, but on what current market participants believe the future benefits of the purchaser will be.

The Principle of Conformity addresses itself to the issue that property achieves its optimum value when the use to which it is put, and the design and layout of any structure situated on the land, blends well with its environs.

The purpose of this appraisal is to give an opinion of market value. The Highest and Best Use analysis identifies the most profitable, competitive uses to which the property can be put. Therefore, the Highest and Best Use of a property is a critical factor of market value.

HIGHEST AND BEST USE ANALYSIS (Cont.)

The Highest and Best Use of a property as improved focuses on the current use of the property and what return it can be expected to produce for each dollar of capital invested.

"The Highest and Best Use of both land as though vacant and property as improved must meet four criteria. The Highest and Best Use must be

1. *Physically possible;*
2. *Legally permissible;*
3. *Financially feasible; and*
4. *Maximally productive."*^[2]

Physically Possible

The factors which are pertinent to physically possible uses of the site **as vacant** include the size, shape, topography, exposure, access, frontage, orientation, depth, the availability of public utilities, and surrounding properties. The subject site is a rectangular shaped parcel with good access to major road systems. Exposure is adequate for most office uses. The site has adequate size, width, and depth for development of only small scale developments. All necessary utilities are available to the Subject site. **As improved**, the existing structure is physically possible by virtue of existence.

Legally Permissible

The subject site was zoned RO - Residential Office District by the City of Fort Lauderdale. This is a relatively liberal office district that is ideally suited to the area and is not overly restrictive as far as a minimum lot area, minimum frontage, setbacks etc. Allowable uses include a wide variety of professional services and offices. Any of these are legally permissible uses for the subject **as vacant**. The current improvements appear to be a legally permissible use **as improved**.

HIGHEST AND BEST USE ANALYSIS (Cont.)

Financially Feasible

The focus of this criteria is which uses are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. Any use of the subject site as vacant that produces an adequate rate of return on investment capital is financially feasible. It is our opinion that some type of office use is a feasible use of the subject **as vacant**. The location is within the small business district with easy access to highway systems lends itself to such a use and should produce an adequate return on the investment. **As improved**, the subject appears to be financially feasible. The property is currently used as a single-user office property.

Maximally Productive

The maximally productive use of the property is that use which should have the highest rate of return on the investment. Typically, the more flexible a building design, the more pool of prospective buyers it will attract and accommodate. It is our opinion that an office building is the Highest and Best Use of the site **as vacant**.

As improved, the subject reflects a typical older building that has been renovated to the current office use in the local market. The structure has been well maintained and should provide many remaining years of economic life. The parking is adequate and the building has a flexible floor plan with good quality construction. It is thus our opinion that the existing use is a maximally productive and highest and best use of the Subject Property.

THE VALUATION PROCESS

The valuation process is a set of procedures an appraiser follows involving up to three approaches to value, depending on both the client's request, assignment conditions, and property type. The purpose and goal of the valuation process is a well-supported value conclusion that reflects all of the pertinent factors that influence the market value of the subject property. The three approaches to value are the Cost Approach, Sales Comparison Approach and the Income Approach. One or more of these approaches are used in the process of forming an opinion of value. The applicable approaches depend on the property type, the intended use of the appraisal and the quality and quantity of data available for analysis. The appraisal process must be adapted and applied to the specific appraisal assignment, in this case, a single-tenant office building.

The office building will be valued based on the Sales Comparison Approach and the Income Approach to value. These two value indications will be reconciled into a final opinion of the "as-is" market value. The Cost Approach would not typically be used in valuing an older office property. Secondly, and more importantly, its underlying assumptions do not reflect the investment rationale of typical investors purchasing older office buildings in the current market. A potential purchaser of a Class B or C single-tenant office building property is going to be primarily interested in the relative lease rates that the building can generate and what are the competitive office buildings selling for...what price am I going to have to pay in the current market for a reasonably equivalent building, rental income, and investment. Therefore, we are not utilizing the Cost Approach in the following valuation process. We feel that utilization of the two valuation approaches is customary by our peers in a similar assignment and will produce an adequate and defensible conclusion of value.

SALES COMPARISON APPROACH

The Sales Comparison Approach, traditionally referred to as the market approach, is the most direct approach to estimating value. In this approach, sales of similar properties in the market are analyzed and compared with the subject property. After thorough analysis, appropriate units of comparison are selected that are commonly utilized in the subject property's market, then these units of comparison are used to arrive at a valid value indication.

The Sales Comparison Approach assumes that the market will determine a price for the Subject Property in the same manner it determines prices of similar properties in the marketplace. This assumption conforms with the definition of market value and is based on the principle of substitution in real estate appraising which states that typical buyers will not normally purchase a property at a higher price than that of similar properties available in the market. Essentially, the Sales Comparison Approach is a form of comparative shopping, whereby an investor compares numerous variables which may affect the income-producing capabilities of a property, then selects the one that meets his investment criteria. Thus, besides the principle of substitution, the economic principle of supply and demand and that of balance are also applied in the Sales Comparison Approach.

The weakness of this approach includes the possibility of inadequate data, all data is of a historical nature, and many times the exact terms of a sale are not totally revealed, which can affect the actual selling price of a property. The strength is that it reflects actual market behavior of typical purchasers under relatively current conditions. The reliability of this approach depends on the comparability of the sales data, verification of the data, conditions of the sale and the date of the sale.

Our scope of work for this approach included searching the Public Records in Broward County for recent sales of similar office properties in the area and other competing areas. Using the Property Appraisers' website as well as commercial research services such as Loopnet, MLS and Costar Comps, we were able to find sales and listings we feel are adequate comparisons to the subject property. The sales all transacted within 10 months of the effective date of this report. Each sale was confirmed with copies of deeds and with knowledgeable parties involved in the transaction (when possible). Each was physically inspected from the curbside and photographed. A summary of each transaction is presented on the following pages including our analysis and reconciliation.

SALES COMPARISON APPROACH (Cont.)



Comparable Sale #1

Location:	416 SE 11 Court, Fort Lauderdale, FL
Sale Date:	August 28, 2019
Consideration:	\$560,000
Terms:	Cash Equivalent - No mortgage recorded with sale
Instrument #:	116030917
Grantor:	Robert E. Walsh
Grantee:	Damadi, LLC
Folio #:	5042-15-01-0610
Building Area (SF):	±1,754 SF per Public Records (Area under Air)
Site Size:	±8,070 SF or ±0.14 Acres
Land to Building ratio:	4.60:1
Zoning:	RO, Fort Lauderdale
Year built:	1948 Renovated in 1960 and some more recently
Building Condition:	Good
Parking:	± 7 Spaces
Sales price per SF of GBA:	\$319.27
Verification Sources:	Public Records, Deed. Seller Broker
Prior sales:	None Noted past five years
Comments:	This is a single- tenant residential office building located on the south side of SE 11 Court near the subject, This building has not been as extensively renovated as the subject and is considered inferior in that respect. Additionally this building sits on a single lot which does give it the flexibility in terms of re-development that the subject has. This building, like the subject has access from the frontage Street SE 11 Court and access from an alley the its rear.

SALES COMPARISON APPROACH (Cont.)



Comparable Sale #2

Location:	212 SE 8 Street, Fort Lauderdale, FL
Sale Date:	June 20, 2019
Consideration:	\$1,400,000
Terms:	Cash Equivalent - No mortgage recorded with sale
Instrument #:	115889286
Grantor(s):	New River Executive Center, LLC
Grantee:	SMA Technology Group, LLC
Folio #:	5042-10-28-0920
Building Area (SF):	±3,391 SF per Public Records (Area under Air)
Site Size:	±14,000 SF or ±0.32 Acres
Land to Building ratio:	4.13:1
Zoning:	RAC-CC, Fort Lauderdale
Year built:	1986
Building Condition:	Good
Parking:	15 Spaces with one covered space.
Sales price per SF of GBA:	\$412.86
Verification Sources:	Public Records, Deed, MLS and LoopNet
Prior sales:	7/2015 - \$960,000 or \$283.10/SF
Comments:	This is a one-story residential office building which was built in 1986 and is in good condition and was only on the market for a brief time. This building is similar in size to the subject property and was developed on two lots, but it does not appear to have access to the rear of the site.

SALES COMPARISON APPROACH (Cont.)



Comparable Sale #3

Location:	320 SE 11 Street, Fort Lauderdale, FL
Sale Date:	May 31, 2019
Consideration:	\$570,000
Terms:	Cash Equivalent - Centennial Bank, the seller, provided a \$456,000 first mortgage at market rates. No affect on the sale price.
Instrument #:	115841806
Grantor:	Centennial Bank
Grantee:	GET'M Q LLC
Folio #:	5042-15-01-0380
Building Area (SF):	±2,170 SF per Public Records (Area under Air)
Site Size:	±8,400 SF or ±0.0.14 Acres
Land to Building ratio:	3.87:1
Zoning:	RO - Fort Lauderdale
Year built:	1955 - Remodeled More recently
Building Condition:	Good
Parking:	± 9 Spaces
Sales price per SF of GBA:	\$262.67
Verification Sources:	Public Records, Deed, Costar and MLS
Prior sales:	None within the past five years
Comments:	This is was a single tenant residential office building located on the north side of SE 11 Street. This building is about one block southwest of the subject. The interior of this building was in average condition but the buyer/investor is re-roofing the building and doing major interior modifications along with other exterior changes. The cost of the changes and upgrades have been estimated to be \$150,000 or \$69.12/SF. Added to the subject acquisition cost the total amount is \$720,000 or \$331.80/SF.

SALES COMPARISON APPROACH (Cont.)



Comparable Sale #4

Location:	514 SE 11 Court, Fort Lauderdale, FL
Sale Date:	December 12, 2018
Consideration:	\$795,000
Terms:	Cash Equivalent -
Instrument#:	115512277
Grantor:	Jessica M. Gurvit, PSY.D, P.A.
Grantee:	VBPS, LLC
Folio #:	5042-15-01-0581
Building Area (SF):	±2,522 SF per Public Records (Area Under Air)
Site Size:	±6,725 SF or ±0.18 Acres
Land to Building ratio:	2.67:1
Zoning:	RO, Fort Lauderdale
Year built:	1955
Building Condition:	Good
Parking:	10 spaces, five in front and 5 in rear
Sales price per SF of GBA:	\$315.23
Verification Sources:	Public Records, Deed, MLS
Prior sales:	No known sales within past 5 years
Comments:	This building was built in 1955 but has been renovated in more recent times. This building, like the subject, does have access from the frontage Street SE 11 Court and access from an alley to its rear. This building's site is much smaller than the subject which limits its potential for being re-developed.

SALES COMPARISON APPROACH (Cont.)

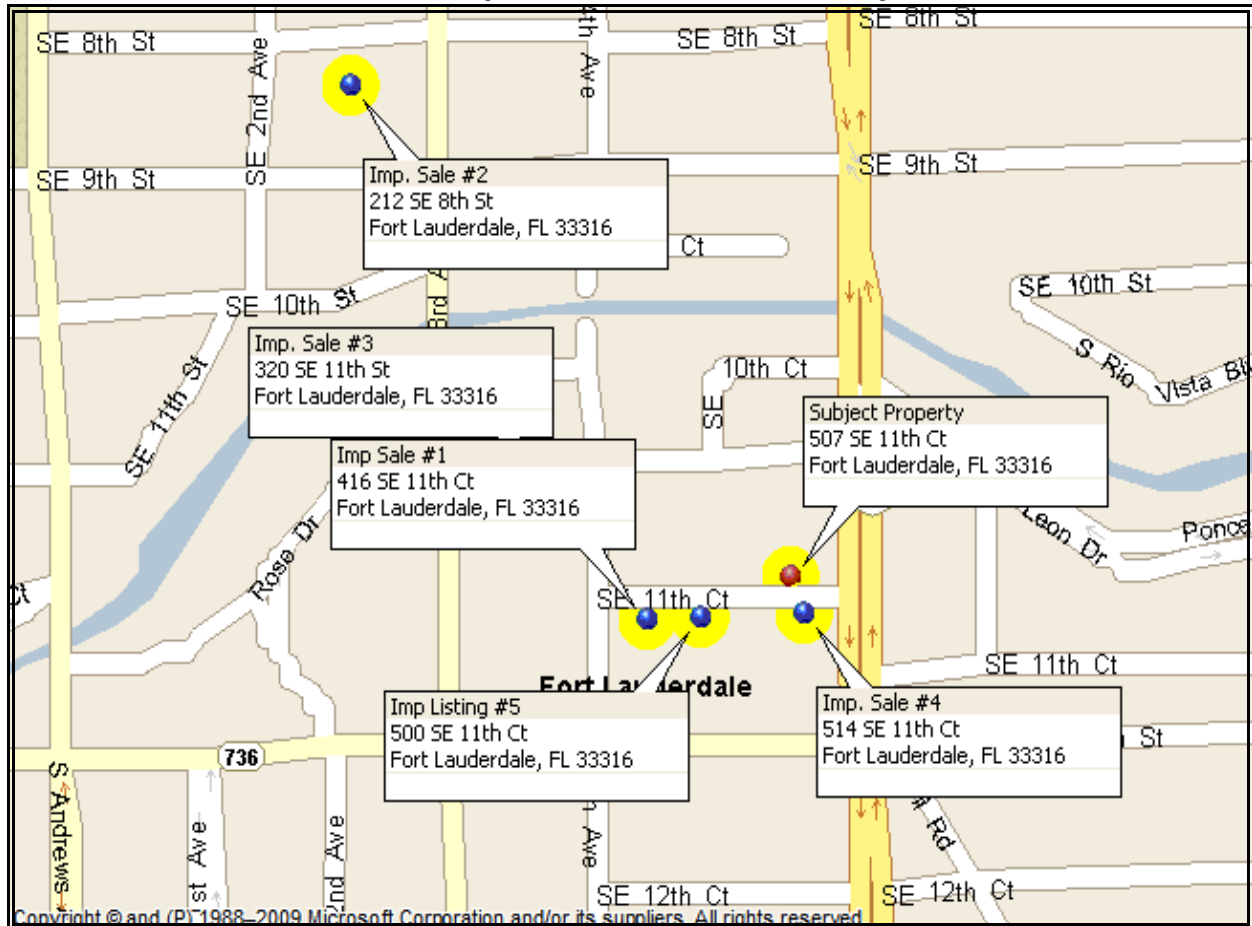


Comparable Listing #5

Location:	500 - 502 SE 11 Court, Fort Lauderdale
Sale Date:	Current
Consideration:	\$1,295,000 Asking Price
Terms:	Cash Equivalent -
Instrument#:	N/A
Grantor:	MAK1500 LLC
Grantee:	N/A
Folio #:	5042-15-01-0600
Building Area (SF):	±2,882 SF per Public Records
Site Size:	±10,088 SF or ±0.0.23 Acres
Land to Building ratio:	3.50.:1
Zoning:	RO, Fort Lauderdale
Year built:	1958
Building Condition:	Good
Parking:	13 Spaces
Sales price per SF of GBA:	\$449.34
Verification Sources:	Public Records, Deed, MLS
Prior sales:	None noted five years prior to sale.
Comments:	This is a one-story residential office building located across the street from the subject. The main building is reported to be 2,014 SF under air while there is a second "cottage which is 868 SF under air. From the listing photos the interiors of both buildings are in excellent condition. On the exterior there is a brick paved driveway and both buildings have metal roofs.

SALES COMPARISON APPROACH (Cont.)

Improved Sales Location Map



SALES COMPARISON APPROACH (Cont.)

COMPARABLE IMPROVED SALES GRID						
SUBJECT	SALE 1	SALE 2	SALE 3	SALE/LISTING 4	LISTING 5	
Location	507 SE 11 Court, Fort Lauderdale	416 SE 11 Court, Fort Lauderdale	212 SE 8 Street, Fort Lauderdale	320 SE 11 Street, Fort Lauderdale	514 SE 11 Court, Fort Lauderdale	500-502 SE 11 Court, Fort Lauderdale
Sale date	Current	8/28/2019	06/20/2019	5/31/2019	12/12/2018	Current
Consideration	\$1,299,000	\$560,000	\$1,400,000	\$720,000(adj)	\$795,000	\$1,295,000
Site Size (SF)	±13,450 SF	±8,070 SF	±14,000 SF	±8,400 SF	±6,750 SF	±10,080 SF
Gross Building Area	±3,000 SF	±1,754 SF	±3,391 SF	±2,170 SF	±2,522 SF	±2,882 SF
Year built	1958/Remodeled	1948/Remodeled	1986/Remodeled	1955/ Remodeled	1955/Remodeled	1958/ Remodeled
Land to Bldg Ratio	4.48	4.60	4.13	3.87	2.68	3.50
Building Condition /upgrades	Good	Avg-Good	Similar	Similar	Similar	Similar
Orientation	Interior	Interior	Interior	Corner	Interior	Interior
Parking	± 13 Spaces	± 7 Spaces	± 15 Spaces	± 9 Spaces	± 10 Spaces	± 13 Spaces
Location	Fort Lauderdale/NBH Street	Similar	Similar	Similar	Similar	Similar
Exposure	Adequate	Similar	Similar	Similar	Similar	Similar
Access	Good	Similar	Similar	Similar	Similar	Similar
ANALYSIS AND QUANTITATIVE ADJUSTMENTS						
Sales price per SF	\$433.00	\$319.27	\$412.86	\$331.80	\$315.23	\$449.34
Age/Building condition		Inferior (+10%)	Similar	Similar	Similar	Similar
Site/Parking		Inferior (+15%)	Similar	Inferior (+15%)	Inferior (+15%)	N/A
Exposure		Similar	Similar	Similar	N/A	N/A
Access/Location		Similar	Similar	Similar	N/A	N/A
Adjusted Price/SF		\$399.09	\$412.96	\$381.57	\$362.51	\$449.34

SALES COMPARISON APPROACH (Cont.)

Improved Sales Analysis

An analysis of the market data indicates a range of \$315.23 to \$412.86 on a price per square foot basis, before any adjustments. All four comparables transacted within ten months of the effective date of valuation. The four sales are all located within the same market area with two of the sales (#1 & #4) being located within one block of the subject on the same street. Sales #2 and #3 are located just blocks away from the subject. We have also provided one listing of a building which is similar in size and is located on the same street as the subject.

The first major adjustments noted was for Sale #3. This is a single tenant residential office building located on the north side of SE 11 Street. This building is about one block southwest of the subject. The interior of this building was in average condition but the buyer has re-roofed the building and is doing interior modifications along with other exterior changes. These costs include new hurricane proof doors and windows, removing old exterior wall screening which were CBS, and executive offices are being added. The cost of the changes and upgrades have been estimated to be \$150,000 or \$69.12/SF. Added to the subject acquisition cost, the total sale amount is \$720,000 or **\$331.80/SF**.

Improved Sale #2 is the most similar to the subject terms of building and sites sizes. We have not adjusted it and its price per square foot sets the upper end of the range of prices per square foot at **\$412.86**. Improved Sales #1, #3 and #4 were adjusted upward 15% for the smaller sites/parking. Sale #1 was also adjusted upward for its older age and condition.

It should be noted that once adjusted the four sales show a range from \$362.51 to \$412.80. Listing #5 has an asking price which is \$449.34/SF and the subject's current asking price is \$433.00/SF. Based on the scope of work of this report and subsequent data presented, we feel that a value of \$400/SF is reasonable for the Subject Property and reflects its market value as of October 10, 2019, the effective date of valuation. It is calculated as follows: Subject's GBA - 3,000 SF at \$400/SF = \$1,200,000.

VALUE OPINION VIA THE SALES COMPARISON APPROACH

\$1,200,000

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach includes a set of procedures through which a value indication for the subject property is derived by converting anticipated benefits into property value. This conversion is accomplished by either:

1. **Direct Capitalization** - A method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step - either by dividing the income estimate by an appropriate income rate or by an appropriate factor.

Direct Capitalization is market-oriented; an appraiser analyses the market evidence and values property by inferring the assumptions of typical investors. Direct Capitalization does not explicitly differentiate between return on and return of capital, because investor assumptions are not specified. However, it is implied that the selected conversion rate will satisfy a typical investor and that the prospects for future monetary benefits, over and above the original investment, are sufficiently attractive.

2. **Yield Capitalization** - A method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield rate.

Like Direct Capitalization, Yield Capitalization should reflect market behavior. The method is profit- or yield-oriented, simulating typical investor assumptions with formulas that calculate the present value of expected benefits assuming specified profit or yield requirements. We have used a direct capitalization method to value the subject property.

INCOME CAPITALIZATION APPROACH (Cont.)

We were not provided any historic rental or expense data. Therefore, we have based this analysis on our own survey of local properties and discussions with building owners and agents.

Analysis of Market Rent

We attempted to acquire rent information from similar properties in the Subject Market Area. The four comparable rental properties are summarized in the following pages. The comparables are felt to have similar locations and tenant appeal. Each was confirmed with the listing agent or knowledgeable parties (when possible). Each was inspected from the curbside and photographed.

INCOME CAPITALIZATION APPROACH (Cont.)



Comparable Rental #1

Location:	201 SE 12 Street, Fort Lauderdale
Property Description:	Two-story, Multi-tenant, office building
Building Size (SF):	±7,321 SF
Terms:	Rental Rate - \$25/SF NNN Second FL Office Space
Zoning:	RO - Fort Lauderdale
Verification Sources:	Public Records, Listing Broker, Loopnet
Comments:	This building sits on the corner of SE 2 Avenue and Davie Boulevard about six blocks west of the subject property. This building was constructed in 2016 and completed in 2017. The \$25/SF is the asking rate for the second floor space which is 3,897 SF which can be divided into two 1,949 SF suites. The estimated pass through's will be \$10/SF.

INCOME CAPITALIZATION APPROACH (Cont.)



Comparable Rental #2

Location:	1318 SE 1 Avenue, Fort Lauderdale
Property Description:	One-story building located just south of Davie Boulevard on the east side of SE 1 Avenue.
Space Size (SF):	±1,226 SF area
Terms:	Rental Rate - \$31.32/SF NNN
Verification Sources:	Public Records, Listing Broker
Comments:	This building is in good condition and has 5 parking spaces, 5 offices and a conference room and break room. This is a similar single user office that was originally a residence like the subject.

INCOME CAPITALIZATION APPROACH (Cont.)



Comparable Rental #3

Location:	17 Rose Drive, Fort Lauderdale
Property Description:	Two-Story Multi Tenant Freestanding Office Building.
Space Size (SF):	±4,096 SF Bldg Size with two office suites of 2,048 SF
Terms:	Rental Rate - \$40.00/SF Modified Gross Asking
Verification Sources:	Public Records, Listing Broker and LoopNet
Comments:	This office building is located west of the subject on Rose Drive which is just north of Davie Boulevard. This building has been occupied by Northrop & Johnson Yacht Brokers for more than 20 years. The interior of these office suites are in excellent condition.

INCOME CAPITALIZATION APPROACH (Cont.)



Location:	400 SE 12 Street, #A Fort Lauderdale, FL
Property Description:	One-Story Office Building
Space Size (SF):	±1,113 SF
Terms:	Rental Rate - \$32.99/SF Modified Gross Asking
Verification Sources:	Public Records, MLX
Comments:	This property is located about one block south of the subject property on the south side of SE 12 th Street or Davie Boulevard. Like the subject it is just west of Federal Highway (US-1).

INCOME CAPITALIZATION APPROACH (Cont.)

ADDRESS	DESCRIPTION OF PROPERTY	RENTAL RATE	COMPARISON TO SUBJECT
Rental 1 201 SE 12 Street	±7,321 SF Space	\$25/SF NNN	This building sits on the corner of SE 2 Avenue and Davie Boulevard a six blocks west of the subject property. This building was constructed in 2016 and completed in 2017. The \$25/SF is the asking rate for the second floor space which is 3,897 SF which can be divided into two 1,949 SF suites. The estimated pass through's are \$10/SF.
Rental 2 1318 SE 1 Avenue	±1,226 SF space a one-story office Bldg.	\$31.32/SF NNN Actual	This Building is one block south of Davie Blvd. In the subject market area. It has been extensively renovated, but sits on a small, 6,250 SF site.
Rental 3 17 Rose Drive	±4,096 SF two-story Office Bldg	\$40/SF Modified Gross Asking	This building is located one block north of Davie Blvd. West of the subject.
Rental 4 400 SE 12 Street (Davie Blvd)	± 1,113 SF Office Bldg	\$32.99/SF Modified Gross Asking	This property is located about one block south of the subject property on the south side of SE 12th Street or Davie Boulevard. Like the subject it is just west of US-1.

INCOME CAPITALIZATION APPROACH (Cont.)

Market Rent - Conclusion

We spoke with local owners and leasing agents to confirm typical lease terms and rental rates. The four comparable rental properties are all located near the subject within the same market area. There are two properties which were leased on a triple net basis and two that have asking rates on a modified gross basis. Rental Properties #1 and #2 show \$25/SF and \$31.32/SF both on NNN basis. Both have an estimated pass-thru of about \$10/SF. However, Rental #1 is second floor space in a newly built building and Rental #2 is a small 1,226 SF space. Rentals #3 and #4 are \$40/SF and \$32.99/SF asking on modified gross basis. Based on the subject's size and location we have concluded the market rental rate for the subject would be \$35/SF on a modified gross basis.

Potential Gross Income Conclusion

We will base our estimate of Potential Gross Income (PGI) on the rental rate of \$35.00/SF on a modified gross basis for the entire subject building which is 3,000 SF @ \$35.00/SF = \$105,000.

Vacancy & Collection Loss

The Subject is currently mostly owner-occupied. Vacancy rates will be determined by the market. We found some vacancy rates based on data from local brokers in the area. Based on our research vacancy rates in the office market typically ranged from 5% to 15%. Based on the market data, a 5% stabilized vacancy rate will be utilized in our analysis for the Subject Class C building.

Effective Gross Income is Potential Gross Income of \$105,000 less Vacancy and Collection Loss of 5% (\$5,250) = **\$99,750**.

INCOME CAPITALIZATION APPROACH (Cont.)

Operating Expenses

The market rent is based on a modified gross lease. Therefore, the owner is responsible for many of the expenses of the property. The total expenses include real estate taxes, property insurance, major maintenance/repairs, and management fees. All utilities and routine interior maintenance are typically paid by the tenants in this market.

RE Taxes - The 2018 gross actual taxes were \$12,139.16 based on a SOH value of \$623,160. If the subject sold for our value estimated by the Sale Comparison Approach which was \$1,200,000 it would likely be assessed at about \$1,045,500. Based on the higher assessment the Gross Taxes would be about \$19,865. With a reduction of 4% for prompt payment, it would be reduced to **\$19,070**. We will use this amount as the Real Estate Tax expense.

Insurance - When we examined our files on similarly sized, freestanding office properties in the area we found that property insurance typically ranges from about \$0.75 to \$1.55 per square foot of building area. Therefore, we will estimate an annual insurance expense of **\$3,000**, based on \$1.00/SF.

Maintenance/Repairs - We have estimated **\$1,500** total annually to cover all maintenance and repair the landlord would be responsible for.

Management Fees - For a smaller single-tenant property like the Subject, it may not be necessary to hire outside management, however the owner would be responsible for annual professional fees (legal, accounting, etc.) in order to effectively manage the property. We have allocated **\$2,000 or 2% effective gross** annually to account for these expenses.

The total operating expenses are therefore: **\$25,570**

INCOME CAPITALIZATION APPROACH (Cont.)

Reserve for Replacement

Few owners actually maintain a reserve for replacement preferring to make the expenditure as required. Accepted appraisal practice requires inclusion of a reserve for replacement to keep the property in a viable condition throughout the expected investment holding period. We must allow for an annual reserve for replacement to account for periodic repair and replacement of major capital expense items such as re-paving the parking lot, repainting the building, and roof covering. These expenses typically occur every 5 to 20 years. The Subject building is considered in good overall condition and appears to be well maintained, so it is unlikely that many of the major components will require replacement for several years. It is still appropriate to allocate a reserve replacement so that the funds are available when they occur. We feel that **\$1,500** annually is appropriate.

Net Operating Income

We have established the following operating statement for the subject property:

Potential Gross Income	\$105,000
Less Vacancy & Collection Loss (5%)	(\$5,250)
Effective Gross Income	\$99,750
Less Expenses	(\$25,570)
Less Reserves for replacement	(\$1,500)
Net Operating Income	\$72,680

INCOME CAPITALIZATION APPROACH (Cont.)

Summary & Conclusion

Having estimated a net operating income for the subject property, it is necessary to estimate an overall capitalization rate to convert it into a value indication. We discussed investment criteria with some industrial brokers in the subject market area. Based on these discussions, the concept of overall rates is not typically a driving factor in single-tenant property marketing. The purchasers that we spoke to (almost exclusively owner operators) claimed they bought properties based on immediate need for personal use, but expected a return at the end when the sold.

We have also reviewed sales which have recently occurred in the Broward County Market that we had sufficient information about to derive Overall Rates from. We have presented

Address	Sale Date	Sale Price	Gross Income	Net Income	OAR
1303 N SR 7 Margate	10/31/2017	\$955,000	\$126,060	\$89,023	9.32%
201 NW 70 Avenue, Platantion	07/16/2018	\$2,300,000	\$271,015	\$191,845	8.34%
233 E. Commercial Blvd.	02/19/2019	\$1,100,000	\$93,444	\$60,738	5.52%
3661 W Oakland Park Blvd.	11/01/2018	\$4,400,000	\$383,808	\$196,015	4.45%
9720 W Sample Road, Coral Springs	03/15/2019	\$2,100,000	\$214,000	\$138,500	6.60%
1699 E Oakland Park Blvd.	11/08/2018	\$733,000	\$61,200	\$40,529	5.53%
2655 E Oakland Park Blvd.	09/28/2018	\$1,370,000	\$127,250	\$93,388	6.82%

these sales in the following chart.

We find that typical cap rates for industrial properties in the greater South Florida area to be between 4.45% and 9.32%. This is consistent with data that we have on overall rates for other industrial properties in the South Florida market. We feel that an overall rate of 6.25% is reflective of the market for the subject property.

$$\text{Subject Value} = \frac{\text{NOI}}{\text{OAR}} = \frac{\$72,680}{6.25\%} = \$1,162,880$$

Value via The Income Capitalization Approach
\$1,165,000, rounded

RECONCILIATION AND VALUE CONCLUSION

We have now considered the subject improved property via two approaches to value with the following results:

Sales Comparison Approach	\$1,200,000
Income Capitalization Approach	\$1,165,000

In the Sales Comparison Approach, we analyzed four sales of similar office properties, all either within the same market area as the subject. Two of the four sales were located on the same street as the subject. The two other sales are within walking distance of the subject. This approach best mirrors the office market which the subject will compete in. If purchased as a single-tenant investment or for a user, this approach is extremely relevant. The sales were recent having taken place within 10 months of our date of value and similar and are felt to be a reliable barometer of this sub-market.

The Income Approach was based on comparable rental data, and the overall rate was based on current sales/offerings, discussions with local investors and brokers, as well as published data from surveys on office properties in Broward County and the South Florida Market as a whole. The Income Approach would be considered especially relevant if the subject is being used primarily as an income producing investment.

The two Approaches resulted in reasonably similar value estimates for the Subject Property. Based on the property type, the Sales Comparison Approach was given the most weight. It is our professional opinion that the market value of the Subject Property, in fee simple, as of October 10, 2019, is:

FINAL OPINION OF MARKET VALUE IN FEE SIMPLE

\$1,200,000

(One Million Two Hundred Thousand Dollars)

LAWRENCE R. PENDLETON, MAI
Qualifications

Presently:

President, The Ernest Jones Company
Hollywood, Florida

Education:

University of Florida - Warrington School of Business
Bachelor of Science Degree, 1972
Major - Real Estate and Urban Land Studies

Courses/Seminars:

University of Florida

Real Estate Law, Real Estate Finance,
Real Estate Management, Real Estate Investment Analysis
Urban Land Utilization, Real Estate Appraising
Valuation of Special Purpose Properties

Appraisal Institute / Society of Real Estate Appraisers

Course 101-Principles of Real Estate Value
Course 201-Valuation of Income-Producing Properties
Course R-2-Residential Case Study
Course 202-Applied Income Property Valuation
Litigation Valuation
Standards of Professional Practice (SPP)
Course 430-SPP Part C
Comprehensive Examination
National Association of Independent Fee Appraisers
Course 1-Techniques of Capitalization
Course 2-Residential Real Estate Valuation

Seminars

Narrative Report Writing
Americans w/Disabilities Act(ADA)
Uniform Residential Appraisal Report
Rates, Ratios and Reasonableness
Appraising Nursing Homes
Valuation of Wetlands
Environmental Considerations
National USPAP
Analyzing Operating Expenses
Business Practices & Ethics
Houses to Hotels: The Income Approach
Forecasting Revenue

Cash Equivalency
Understanding Limited Appraisals
How to Verify Market Data
Florida Commercial Construction
Special Purpose Properties/Limited Markets
Regression Analysis
Appraising 2-4 family properties
Subdivision Valuation
Small Hotel/Motel Valuation
Assessment Appeals in Florida
Lease Abstracting & Analysis

LAWRENCE R. PENDLETON, MAI
Qualifications

Affiliations:

The Appraisal Institute:
MAI Designated Member #9442

State of Florida:
Licensed Real Estate Broker Since 1973, BK #68118
National Association of Realtors, Realtor member
South Broward Board of Realtors, Realtor member
State-Certified General Real Estate Appraiser #RZ725

Experience:

Chief Appraiser
The Ernest Jones Company
1972 to Present

Appraised various types of properties including:

Vacant Land	Subdivisions
Shopping Centers	Apartment Buildings
Hotels/Motels	Condominium Complexes/Conversions
Nursing Homes	Hospitals
Medical Buildings	Residences
Condominium units	Automotive Buildings
Car Dealerships	Office Buildings
Industrial Buildings	Self-Storage Facilities
Cold Storage Plants	Special Purpose Properties
Gasoline Stations	Churches
Schools	Camps
Mobile Home Parks	Golf Courses, Country Clubs
Cellular Towers	Marinas

Course Instructor:

Barry College, Miami, Adjunct
Professor of Real Estate Appraising
*Instructor for Residential and Capitalization
Courses*

Instructor -University of Pittsburgh, PA
Residential Real Estate Appraising , NAIFA

Instructor - Freehold, New Jersey
Residential Real Estate Appraising, NAIFA

University of Missouri, St. Louis
*NAIFA Instructor's Certification, 1977
(National Instructor 1977-1980)*

University of Illinois, Champaign - Urbana
*Appraisal Institute/SREA Instructor's Clinic,
1987*

Instructor - Miami, Florida
Appraisal Institute/SREA Course 101, 1988

LAWRENCE R. PENDLETON, MAI
Qualifications

Lenders:

Admiralty Bank	Atico Savings Bank
BankAtlantic	Biscayne Bank
BB&T	Citrus Bank
Chase	Carolina First Bank
Citibank	City National Bank
Equitable Bank	Executive Bank of Fort Lauderdale
First Southern Bank	Floridian Community Bank
Hancock Bank	Gulf Coast Bank
Hemisphere National Bank	Home Federal Bank
Horizon Bank	Independent Bankers
InterBank Savings & Loan	International Finance Bank
Mercantile Bank	M&T Bank (NY)
National Bank of St. Petersburg	Ocean Banks
Optimum Bank	Park National Bank
PNC Bank	Premier Community Bank
Regent Bank	Riggs National Bank (Washington, DC)
River Oaks Bank (Illinois)	St. Paul Insurance Company
SunTrust	Space Coast Credit Union
State Bank of India	TransAmerica Small Business Capital
Teachers Insurance Company of America	TransAtlantic Bank
TD Bank	Tropical Credit Union
US Century Bank	Wachovia
Wells Fargo Bank	Zions First National Bank

Companies:

Amerada Hess Corporation	Broward County PBA
Burger King Corporation	Coca-Cola Bottling Company
Dade County PBA	Employee Transfer Corporation
Merrill Lynch Relocation Management	Prudential Real Estate
Knights of Columbus	The Jockey Club
DeMatteo Monness, LLC	Glenview Capital
Southern States Utilities	Shell Oil Company (Motiva)
Suburban Propane	Seminole Tribe of Florida
Triarc- R.C. Cola	Star Enterprise (Texaco)
Victoria's Secret	Western Electric
YMCA	

LAWRENCE R. PENDLETON, MAI
Qualifications

Government & Municipal:

Federal Deposit Insurance Corporation (FDIC)
Federal National Mortgage Association (FNMA)
Federal Home Loan Mortgage Corporation (FHLMC)
National Oceanic & Atmospheric Administration (NOAA)
Miami-Dade County - H.U.D.
City of North Miami
City of Hialeah
Trust for Public Lands
City of Aventura
City of Hialeah Gardens
City of Hollywood
Town of Hallandale Beach
City of Miramar
North Bay Village
City of Oakland Park
City of Parkland
Broward County, Florida
Orange County, Florida
Village of Miami Shores
Volusia County, Florida
State of Florida
City of Miami Gardens
Town of Davie
City of Miami Springs
Town of Sunny Isles Beach
St Johns Water Management District
South Florida Water Management District
School Board of Broward County
School Board of Palm Beach County
United States Postal Service

Litigation Experience:

Has previously qualified as an expert witness on Real Estate Evaluation in Federal Bankruptcy & State District Courts

International Experience:

Completed assignments throughout the Bahama Islands, Puerto Rico, Costa Rica, Dominican Republic and Nicaragua

Recertification:

I am currently certified under the Appraisal Institute Continuing Education Program

QUALIFICATIONS OF BRUCE OWNBY

PROFESSIONAL QUALIFICATIONS

State Certified General Real Estate Appraiser RZ988

EDUCATION

*Florida Atlantic University, Boca Raton, Florida
Bachelor of Arts, 1984, Major: Political Science*

PROFESSIONAL COURSES COMPLETED

- ▶ *Course 101; Introduction to Appraising Real Property*
- ▶ *Course 102; Applied Residential Property Valuation*
- ▶ *Course 201; Income Property Valuation*
- ▶ *Course 202; Applied Income Property Valuation*
- ▶ *Course 520; Highest & Best Use and Market Analysis*
- ▶ *Course 530; Advanced Sales Comparison & Cost Approaches*
- ▶ *Case Studies in Real Estate Valuation(Exam 2-1)*
- ▶ *Valuation Analysis & Report Writing (Exam 2-2)*
- ▶ *Standards of Professional Practice (Exam 2-3)*
- ▶ *Litigation Valuation Course (Exam 4-0)*
- ▶ *Standards of Professional Practice-Part A*
- ▶ *Standards of Professional Practice-Part B*
- ▶ *Many seminars presented by the Society of Real Estate Appraisers, American Institute of Real Estate Appraisers, the Appraisal Institute and the International Association of Assessing officers.*

- ▶ *Marshall Valuation Service Seminar on using the Marshall Valuation Service*

PROFESSIONAL OFFICES HELD

American Society of Appraisers - South Florida Atlantic Chapter

<i>2006-07</i>	<i>Chapter President</i>
<i>2005-06</i>	<i>Vice President</i>
<i>2004-05</i>	<i>Secretary</i>
<i>2003-04</i>	<i>Treasurer</i>
<i>1993-06</i>	<i>Member of various committees</i>

PROFESSIONAL EXPERIENCE

11/98 to Present	<u>Ownby Research & Consulting, Owner - Appraiser and Market Analyst</u>
11/92 to 1/2000	<u>Worked with Pat Hayes, MAI, ASA, Commercial Appraiser, FDOT Projects.</u>
05/90 to 11/92	<u>R/E Analysts, Inc., Commercial Appraiser</u>
05/89 to 05/90	<u>Cecil L. Neff & Associates, Commercial Appraiser</u>
11/88 to 05/89	<u>AppraisalFirst, Inc., Commercial Appraiser</u>
04/85 to 11/88	<u>Harmon Garrin Associates, Inc., Commercial Appraiser</u>
05/83 to 04/85	<u>Consultants Limited, Inc., Researcher</u>

PARTIAL LIST OF APPRAISAL ASSIGNMENTS

<i>Apartments Buildings</i>	<i>Office Buildings</i>
<i>Car Washes</i>	<i>Single Family Residences</i>
<i>Condominium Offices</i>	<i>Shopping Centers</i>
<i>Feasibility Studies</i>	<i>Retail Showrooms</i>
<i>Gas Stations</i>	<i>Store Buildings</i>
<i>Subdivisions</i>	<i>Leaseholds</i>
<i>Townhouse Projects</i>	<i>Manufacturing Facilities</i>
<i>Trailer Parks</i>	<i>Marinas</i>
<i>Vacant Acreage</i>	<i>Medical Offices</i>
<i>Vacant Land</i>	<i>Warehouses</i>
<i>Avigation Easements</i>	<i>Environmentally Sensitive Sites</i>
<i>Highest and Best Use Studies</i>	<i>Wholesale Plant Nurseries</i>
<i>Citrus Groves</i>	<i>Hotels & Motels</i>
<i>Restaurants</i>	<i>Outdoor Advertising Signs</i>

SPECIAL APPOINTMENTS

Special Master - Broward Circuit Court
Broward County Environmental Quality Control Board 1986 - 1990
Broward County Natural Resource Protection Advisory Board 1990 - 1995